



An Phríomh-Oifig Staidrimh
Central Statistics Office

Institutional Sector Accounts Non-Financial and Financial 2010

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Introduction

The institutional sector accounts presented in this publication provide an alternative to the set of accounts published in the annual National Income and Expenditure reports. The institutional accounts provide comprehensive information not only on the economic activities of households, non-financial corporations, financial corporations and the government, but also on the interactions between these sectors and the rest of the world. In addition, the accounts link financial and non-financial statistics, thereby allowing for an integrated analysis of non-financial economic activities (such as gross fixed capital formation) and financial transactions (such as the issuance of debt). Important economic indicators can be derived from institutional accounts. These include measures such as the household saving rate, the profit share of corporations and the investment rates of the households and corporate sectors.

Consistency with other CSO statistics

The institutional sector accounts draw on a wide range of sources, including many that are used in the compilation of other sets of CSO statistics. For this publication, the main relationships to other published CSO series are as follows:

- the non-financial accounts are based on, and are largely consistent with, the annual reports on National Income and Expenditure (NIE) and Balance of Payments (BoP) for 2010. However, there are some methodological differences between the data contained in the NIE and BoP reports and those published in the present report. The sector accounts fully comply with the European System of Accounts (ESA95) methodology in order to ensure greater international comparability.
- the financial transaction account is consistent with the balance on the financial account in the Balance of Payments. For methodological reasons the net international investment position (IIP), as published in the financial accounts, differs from the IIP published in the Balance of Payments statistics for the years 2002-2010. This difference is due solely to the inclusion of the item “Liabilities related to the allocation of euro banknotes within the Eurosystem” which appears explicitly on the balance sheet of the Central Bank.

Contents of the publication

The Commentary part of the report refers to a number of key economic indicators for 2010 and earlier years. The summary table contains information on key variables for the 2006 to 2010 period while Table 1 provides detailed non-financial accounts for 2010 only. Financial transaction accounts for 2006 to 2010 are set out in Table 2 while Table 3 contains financial balance sheet data for the same period. The report also contains four appendices containing background notes on concepts and definitions.

It is planned to produce an annual report along the same lines as the present report from 2012 onwards.

Further information

The data tables contained in the present report as well as for earlier years can be downloaded from Database Direct on the CSO Website

Non-financial accounts:
<http://cso.ie/shorturl.aspx/91>

Financial accounts:
<http://cso.ie/shorturl.aspx/92>

For further information contact:

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Website: www.cso.ie

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or Mary Brew at 01 498 4365

Financial accounts:
Contact Derek Stynes at 01 498 4303
or Claire Hanley at 01 498 4369

Commentary

Introduction

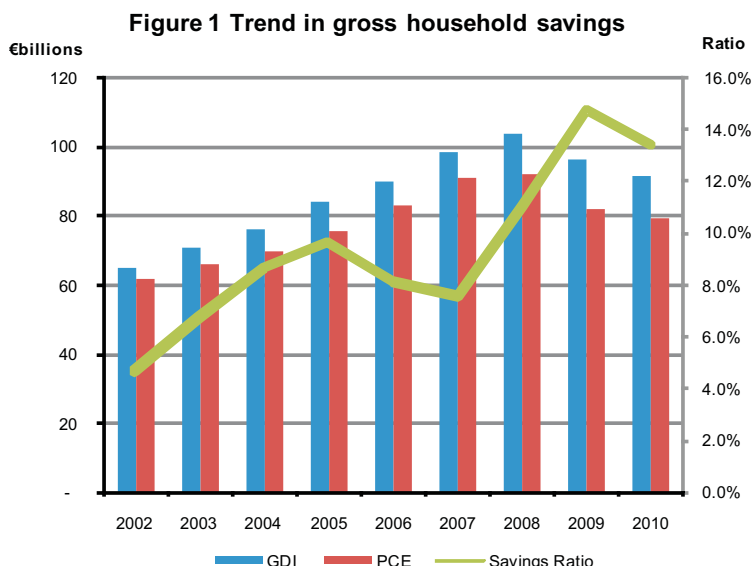
The Institutional Sector Accounts presented in this publication provide an integrated macro economic analysis of the Irish economy. Both the Non-Financial and Financial Institutional Accounts are presented on a sector by sector basis and the commentary emphasises the inter-linkages between the two sets of accounts. A number of key indicators, which help to explain the more significant developments which occurred in 2010 and in previous years, are highlighted for each of the institutional sectors.

Household and Non-profit institutions serving households (S.14 & S.15)

Household savings

Actual gross disposable income of households comprises gross disposable income of households (B.6g) and the adjustment for the change in net equity of households in pension funds reserves (D.8). Household actual gross disposable income declined from €96bn in 2009 to €92bn in 2010. During the same period household final expenditure on goods and services fell from €81.8bn to €79.3bn. As a result the gross savings of households (B.8g) fell from €14.1bn in 2009 to €12.2bn in 2010. Expressed as a percentage of actual gross disposable income the corresponding gross savings ratio was 14.7 per cent in 2009 and 13.4 per cent in 2010.

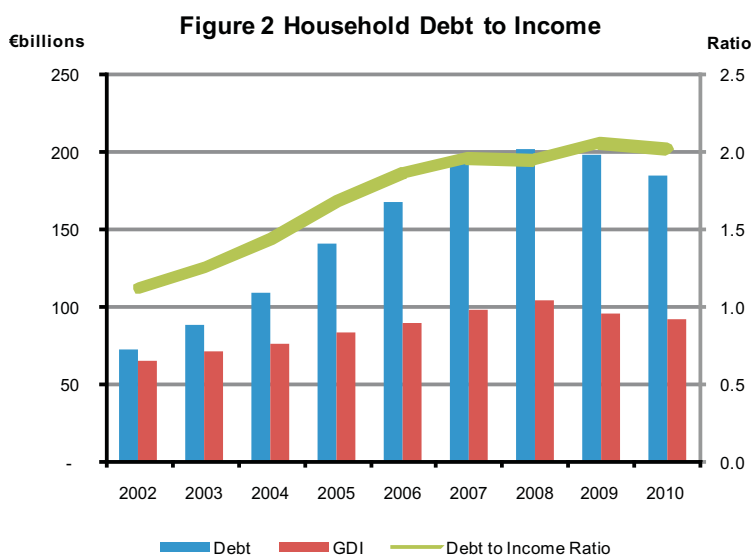
In the period 2002-2008 household actual gross disposable income increased annually from €65bn in 2002 to €104bn in 2008 – an overall increase of 60 per cent. Over the same period household final expenditure on goods and services (P.3) increased by 48 per cent – from €62bn to €92bn. The resultant savings ratio increased by 6.4 percentage points from 4.7 per cent in 2002 to 11.1 per cent in 2008. The evolution of actual gross disposable income, final expenditure on goods and services and the savings ratio is given for the household sector in Figure 1.



Household debt

The balance sheet position in relation to household debt (Table 3 Liabilities – AF.4 Loans) declined from €198bn in 2009 to €185bn in 2010. However, as reported above the actual gross disposable income of households also fell during the same period – from €96bn to €92bn. The resulting household debt to income ratio, which measures the sustainability of household debt, decreased marginally from 206 per cent in 2009 to 201 per cent in 2010.

The period 2002-2008 saw household debt almost trebling from €72bn in 2002 to €203bn in 2008. As already remarked household actual gross disposable income increased by 60 per cent from €65bn to €104bn during these same years. The associated debt to income ratio increased markedly from 111 per cent in 2002 to 196 per cent in 2008. Figure 2 charts the movement in these series for the entire period 2002 to 2010.



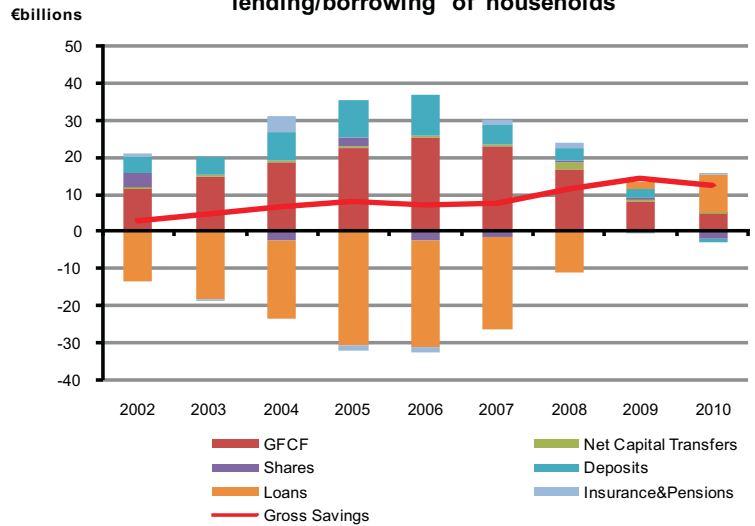
Use of household savings

It is of interest to examine the uses which households have been making of their savings. These savings which peaked at €14.1bn in 2009 have since fallen back to €12.2bn in 2010. Figure 3 sheds some light on the situation. The line graph is the trend in actual household gross savings while the bar chart illustrates transactions in investment and borrowing by households¹.

During the entire period there is a clear link between transactions in loans (Liabilities F.4) and transactions in gross capital formation (GFCF) of households (P.5). The transactions in loans relate predominantly to borrowing to fund investment in property while the capital formation relates to the actual property investments.

During 2009 and 2010 households were no longer borrowing (in net terms) as investment in property fell to levels that could now be financed by the savings of this sector without having recourse to borrowing. In fact the gross capital formation of households fell from a high of €23bn in 2007 to €5bn in 2010. A major use of household savings in 2010 was the repayment of loans or deleveraging, amounting to almost €10bn. The use of household savings to fund transactions in assets e.g. deposits (Table 2 – Assets F.2) and insurance and pension investments (Table 2 – Assets F.6) is also apparent in the graph.

Figure 3 Savings, Investment and net lending/borrowing of households

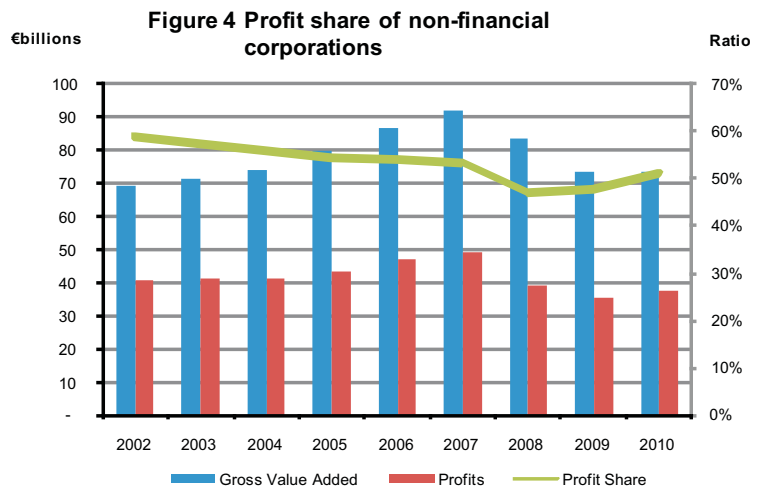


Non-Financial Corporations (S.11)

Profits share of non-financial corporations

The operating surplus (B.2g/B.3g) or profits of non-financial corporations (NFCs) increased from €35.2bn in 2009 to €37.8bn in 2010 (see *Summary Table*). The other main component of value added (B.1g) is compensation of employees (D.1 Uses) or wages and salaries which declined from €37.3bn in 2009 to €34.9bn in 2010. Therefore the improved profit share relates more to a decline in payroll costs for these corporations rather than to an increase in overall value added.

Over the period 2002 to 2007 the value added of NFCs increased steadily from €69bn in 2002 to €92bn in 2007. However, the profit share declined over these years due to larger increases in compensation of employees relative to gross value added. The single largest decline in profit share occurred in 2008 when a fall in value added was exceeded by a greater fall in profits. In 2009 a positive trend emerged in the profit share and continued into 2010.



¹ It is important to make the distinction between balance sheet measures of household debt i.e. the outstanding stock of loans illustrated in Figure 2 and transactions in loans i.e. increases (+) or decreases (-) included in Figure 3

Investment

Expressing gross fixed capital formation as a percentage of gross value added gives the investment rate. This is graphed for non-financial corporations in Figure 5. Gross value added is largely unchanged between 2009 and 2010 while investment fell from €7.5bn to €5.8bn in the same period resulting in a fall in the investment rate between 2009 and 2010.

Gross value added increased from €69bn in 2002 to reach a high point of €92bn in 2007 before declining to €84bn in 2008. Investment followed a similar trend with gross fixed capital formation increasing gradually until 2007. In the period since 2007 sharp annual declines have occurred. The ratio fell from a high of 19 per cent in 2006 to almost 8 per cent in 2010. This decline in the investment rate is reflective of the more difficult trading environment facing these corporations since the economic crisis began in 2008.

Return on equity

The net return on equity is the ratio of entrepreneurial income (B.4g) less taxes on income and wealth (D.5) as a proportion of total equity liabilities (Table 3 – Balance Sheets AF.5). The various components are graphed in Figure 6.

High rates of return on equity investment were experienced by non-financial corporations in the 2002 to 2007 period. However, a sharp decline occurred from 2007 to 2009 reflecting the more difficult trading conditions associated with the international economic crisis. Nevertheless the rate of return bottomed out at a relatively high level of around 10 per cent. This is largely explained by the high concentration of multi-national corporations which have continued to trade profitably since 2007.

Financial Sector (S.12)

The assets side of the balance sheet of financial corporations increased from €3,376bn in 2009 to €3,601bn in 2010 i.e. an increase of 6.6 per cent. During the same period liabilities increased by 5.9 per cent – from €3,403bn to €3,605bn. The net liabilities of financial corporations therefore fell from €27bn to €3.6bn between 2009 and 2010. This improvement was mainly driven by a turnaround in the net asset position of the other financial intermediaries sector (S.123+S.124) from net liabilities of €16.5bn in 2009 to net assets of €6.5bn in 2010. Figure 7 shows the evolution of the three main components of the financial sector from 2006 to 2010.

Significant changes have taken place in the balance sheets of financial corporations in the wake of the global financial crisis. This is particularly notable in relation to monetary financial institutions (i.e. mainly banks). The assets and liabilities of the banking sector peaked in 2008 at €1,864.5bn and €1,870.3bn, respectively. These have since declined to €1,701.4bn and €1,706.8bn.

On the other hand the other financial intermediaries sector has continued to grow both in terms of assets and liabilities throughout the period under review. Assets increased from €1,065.8bn in 2006 to €1612.3bn in 2010 while liabilities

Figure 5 Investment rate of non-financial corporations

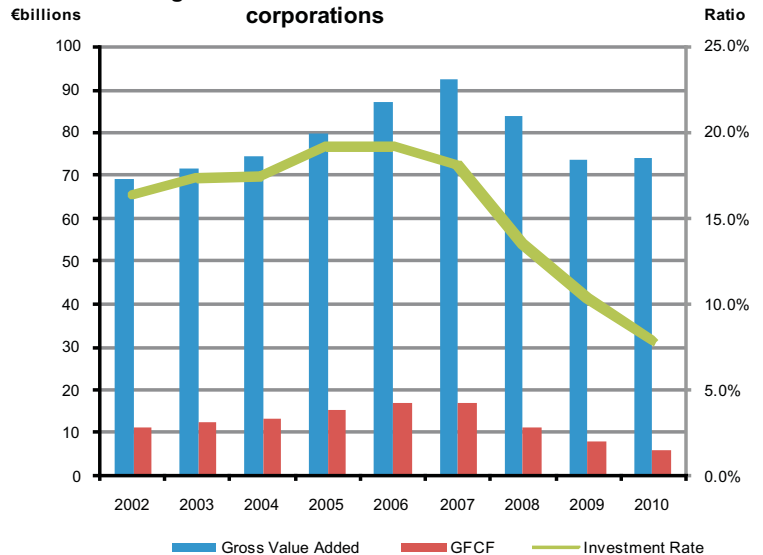


Figure 6 Net return on equity for non-financial corporations

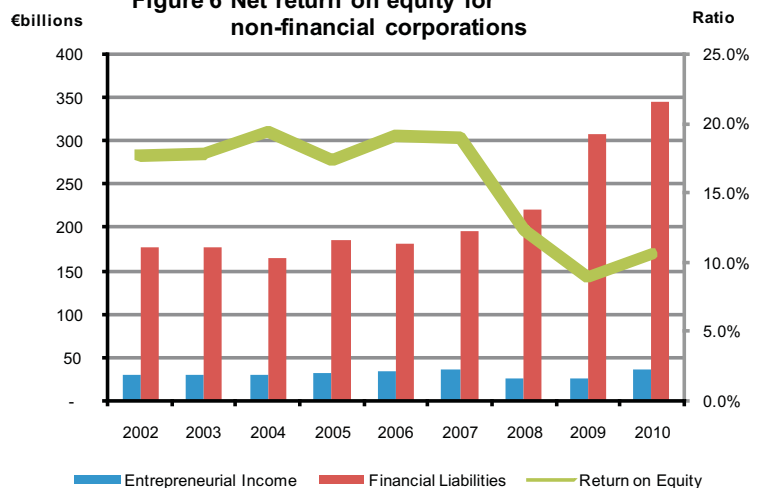
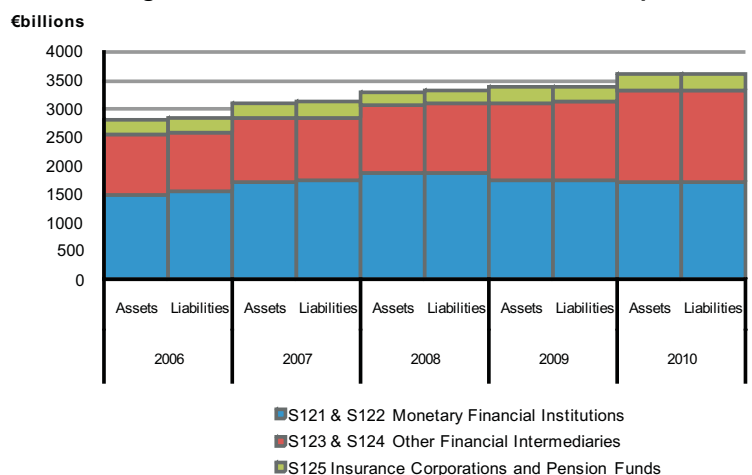


Figure 7 Assets and liabilities of financial corporations



increased from €1,029.4bn to €1,605.8bn over the same period. The resultant net asset position showed a decline from €36.4bn in 2006 to €6.5bn in 2010.

Some of the changes to the balance sheets of the financial sector, arising out of the financial crisis, are apparent in the accounts but some are less evident due to offsetting shifts within the sector. The following outlines the effect on the accounts of some significant events during 2010:

- **NAMA issued debt securities:** The National Asset Management Agency (NAMA) was established to purchase land and development loans from participating credit institutions. By virtue of its legal structure it is treated as a Special Purpose Vehicle (SPV) and is therefore in the other financial intermediaries sector (S.123). Hence the issuing of debt securities, in return for loans that are transferred from these credit institutions, is included in the financial accounts as an increase in debt security assets (AF.33) of credit institutions (S.122) and an increase in liabilities of other financial intermediaries (S.123).
- **Loans assets of credit institutions resident in Ireland:** Loans assets of credit institutions to resident sectors decreased substantially due to the transfer of loan portfolios to NAMA, the writedown of loans to the non-financial and household sectors and the overall downward trend in lending to resident sectors. However, offsetting this, was a substantial increase in loans to the rest of the world sector (S.2). Hence in 2010 the overall loan assets (AF.4) of credit institutions decreased by just 4.7% and 5.5% for the sector as a whole.
- **Government transfers to credit institutions:** Promissory notes were issued by the Irish government to inject capital into credit institutions. These transfers appear in item D.99 Other capital transfers in the capital account of the non-financial accounts while in the financial accounts they are included as a loan asset (AF.42) of credit institutions (S.122) and a loan liability of general government (S.13).
- **Eurosystem monetary policy operations:** Advances to Irish Banks, as part of the Eurosystem monetary policy operations, increased in 2010. These advances are included in the financial accounts as deposit (AF.29) assets of the Central Bank (S.121) and deposit liabilities of credit institutions (S.122). In addition, the Central Bank deposit liability to the ECB increased.

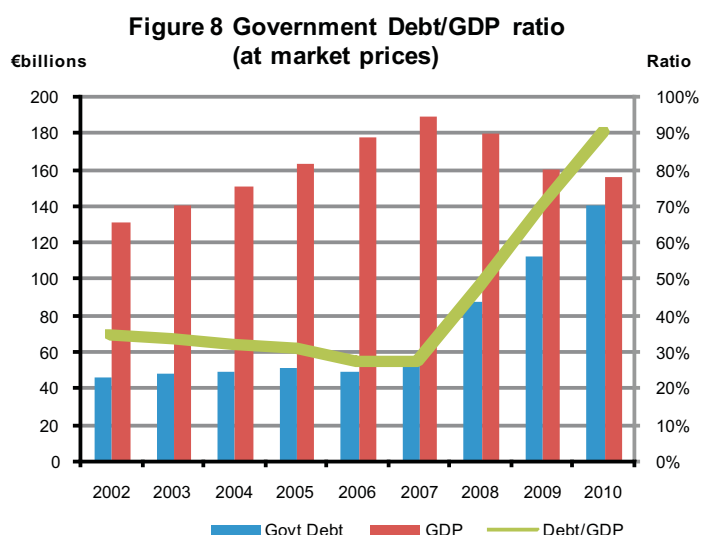
General Government (S.13)

Government finances continued to deteriorate in 2010 following the trend seen in the previous two years. Gross disposable income (B.6g) fell to €16.5bn – a drop of €2.9bn from its 2009 level. This was mainly due to a decrease in tax revenues and an increase in interest payments. Government consumption expenditure fell by €2.4bn during the same period. As a consequence government savings declined by €0.5bn.

The most significant year on year change was the increase of €27.5bn in capital transfers paid by government to financial corporations (S.12). As a result the net borrowing of government increased from €22.8bn in 2009 to €49.8bn in 2010.

Government debt², expressed as a percentage of GDP, which declined between 2002 and 2007, has since risen sharply. This is shown in Figure 8.

The sharp increase in the debt/GDP ratio since 2007 is due to the combined effect of an increase in the numerator (Government debt) and a decline in the denominator (GDP) although the rate of decline in the latter is slowing.



²The stock of government debt, as defined for the purposes of the Excessive Deficit Procedure, is equal to the sum of liabilities of S.13 in the categories AF.2 (Currency & Deposits), AF.33 (Securities other than shares, excluding derivatives) and AF.4 (Loans) valued at book value as opposed to the market valuation used in this publication.

Composition of government debt

The composition of general government debt, which is shown in Figure 9, indicates that the growth in liabilities was dominated by a €31.8bn increase in loans. The significant change in loan liabilities during 2010 relates almost entirely to the promissory notes issued by government. These transactions appear in Table 2 of the financial accounts as a flow of €31.3bn under the category long-term loans (AF.42) as a liability of general government. In the non-financial accounts the recapitalisation of banks appears under the heading 'Other capital transfers' (D.99) from S.13 (government) to S.12 (financial corporations).

General government liabilities rose to €149.5bn in 2010 from €120.9bn in 2009. This was largely explained by the issuance of promissory notes.

On the assets side of the government balance sheet deposits (AF.2) fell from €28.6bn in 2009 to €21.6bn in 2010 – a drop of 24.5 per cent. These assets were mainly used to finance the budget deficit. Total financial assets decreased during this period by €4.3bn with the fall in the value of deposit assets being partly offset by lesser increases in both AF.33 (securities) and AF.5 (shares and other equity) of €1.5bn and €1.9bn, respectively.

In addition to these financial transactions in 2010, gross savings decreased by 3.9 per cent resulting in a deficit of €13bn for the year. As a consequence, overall net borrowing of government (B.9) increased by €27bn to €49.8bn as shown in Figure 10.

Rest of the World Sector (S.2)

The trends in the rest of the world accounts have already been commented on in the IIP and annual current, capital and financial accounts of the Balance of Payments (BoP). The most notable trend is in the current account balance. In the presentation of the sector accounts it is important to note that the rest of the world has the opposite sign to that contained in the BoP statements. The sector accounts are compiled from the perspective of the rest of the world i.e. a current account deficit in the BoP is a surplus from the rest of the world.

The current account deficit with the rest of the world in 2010 should be matched in accounting terms by a financial account surplus. However, the errors and omissions term in the statistics for the rest of the world sector arises because of discrepancies between the financial and current accounts. This is reported in the summary tables as the difference between B.9 and B.9F. This same discrepancy is also reported for S.1 (i.e. the total domestic economy) with an opposite sign.

Figure 9 Composition of general government debt

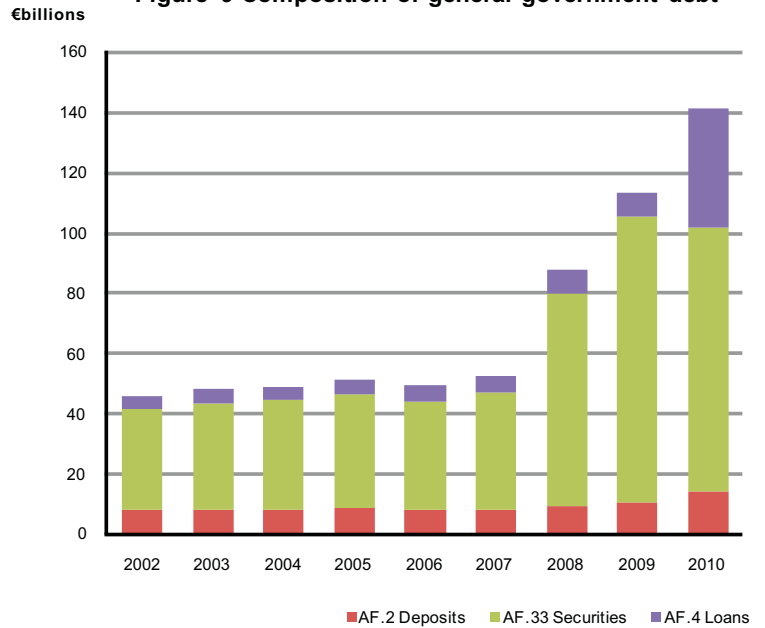


Figure 10 Government savings and net lendings/borrowing

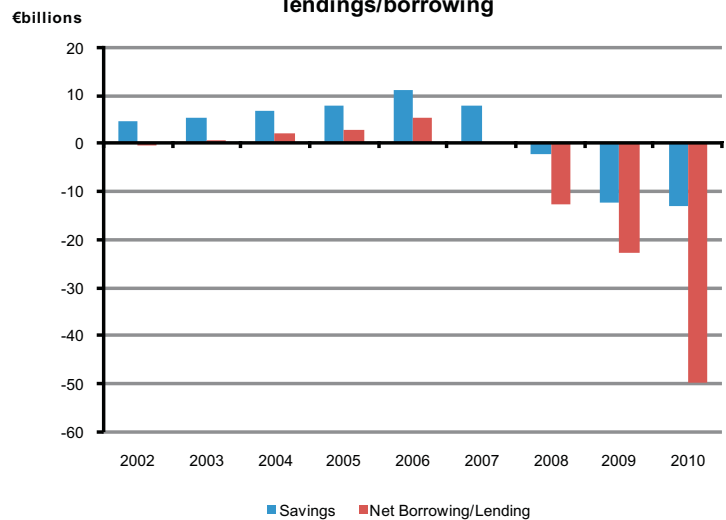
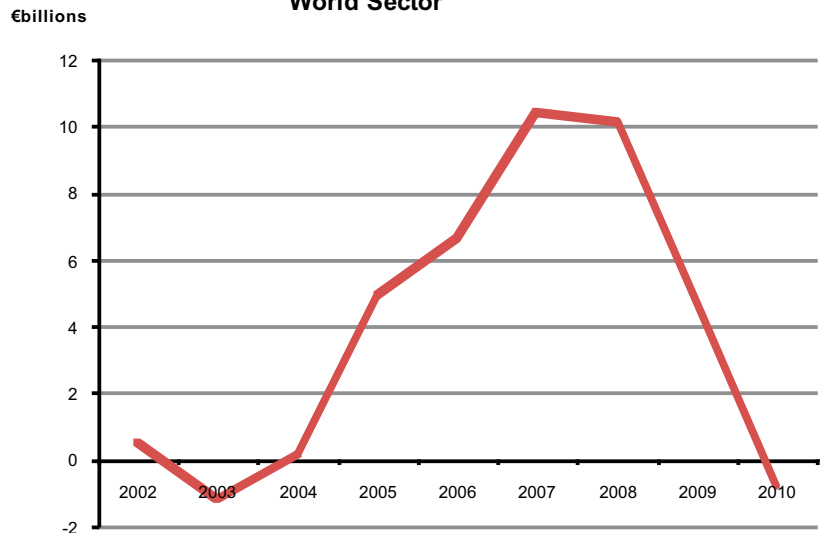


Figure 11 Current Account Balance - Rest of the World Sector



Institutional Sector Accounts
Summary Table
2010

Summary Table - Annual Accounts by Institutional Sector, 2006 - 2010

€ million

Key Variables

	S.2 Rest of World	S.1 Total economy	S.1N Not sectorized	S.11 Non-financial corporations	S.12 Financial corporations	S.13 General government	S.14+S.15 Households including NPISH
(a) B.1*g							
		Gross domestic product					
2006		178,297	22,601	86,812	15,649	20,430	32,805
2007		189,933	22,036	92,109	17,316	22,268	36,203
2008		179,990	20,483	83,613	16,099	23,619	36,177
2009		160,596	16,625	73,557	17,136	22,684	30,592
2010		155,992	14,852	73,743	16,524	21,264	29,608
(b) B.2g/B.3g							
		Gross operating surplus / Mixed income					
2006		82,945	33	46,984	10,042	3,159	22,727
2007		87,675	-970	49,176	11,042	3,335	25,092
2008		78,057	774	39,300	9,721	3,376	24,886
2009		70,413	1,015	35,226	10,854	3,098	20,219
2010		71,028	-184	37,763	10,548	3,043	19,859
(c) D.1_D.4							
		Net Primary Income					
2006		73,390		-23,196	-948	23,300	74,234
2007		76,952		-26,982	-247	23,989	80,192
2008		77,928		-25,479	-58	21,339	82,125
2009		63,184		-24,169	-2,944	15,978	74,318
2010		58,270		-22,862	-2,014	13,838	69,308
(d) B.5g							
		Gross national income = (b + c)					
2006		156,334	33	23,788	9,093	26,459	96,961
2007		164,626	-970	22,193	10,795	27,324	105,284
2008		155,985	774	13,821	9,663	24,715	107,011
2009		133,597	1,015	11,058	7,910	19,077	94,537
2010		129,299	-184	14,901	8,534	16,881	89,167
(e) D.5_D.7							
		Net Current Transfers					
2006		-1,816		-5,245	220	13,071	-9,861
2007		-2,200		-5,187	1,205	12,259	-10,477
2008		-2,465		-3,828	1,380	6,550	-6,567
2009		-2,566		-3,094	1,227	328	-1,028
2010		-2,316		-3,093	1,145	-384	15
(f) B.6g							
		Gross disposable income = (d + e)					
2006		154,519	33	18,543	9,313	39,529	87,099
2007		162,427	-970	17,006	12,001	39,583	94,807
2008		153,520	774	9,993	11,043	31,265	100,444
2009		131,030	1,015	7,964	9,137	19,405	93,509
2010		126,983	-184	11,808	9,679	16,497	89,182
(g) P.3 + D.8							
		Use of disposable income					
2006		-111,215		-2,787	-2,787	-28,632	-79,797
2007		-122,401		-3,286	-3,286	-31,754	-87,361
2008		-125,626		-3,126	-3,126	-33,529	-88,972
2009		-113,717		-2,406	-2,406	-31,939	-79,373
2010		-108,814		-2,340	-2,340	-29,522	-76,952
(h) B.8g							
		Gross saving = (f + g)					
2006		43,304	33	18,543	6,527	10,898	7,303
2007		40,026	-970	17,006	8,715	7,830	7,445
2008		27,894	774	9,993	7,917	-2,264	11,472
2009		17,313	1,015	7,964	6,731	-12,533	14,136
2010		18,169	-184	11,808	7,339	-13,025	12,230

Summary Table - Annual Accounts by Institutional Sector, 2006 - 2010

€ million

Key Variables

	S.2	S.1	S.1N	S.11	S.12	S.13	S.14+S.15
	Rest of World	Total economy	Not sectorized	Non-financial corporations	Financial corporations	General government	Households including NPISH
(i) Changes in Capital Accounts							
2006		-30,700	33	-9,972	-706	-2,872	-17,184
2007		-30,941	-970	-9,659	-764	-4,789	-14,759
2008		-19,519	774	-2,799	-492	-7,735	-9,267
2009		-5,978	1,015	-198	3,258	-7,472	-2,580
2010		-1,860	-184	1,651	31,057	-34,033	-351
(j) K.1 Consumption of fixed capital							
2006		19,026		7,643	451	2,868	8,065
2007		19,491		8,382	513	3,022	7,574
2008		18,494		8,904	543	2,928	6,119
2009		17,288		8,914	588	2,788	4,998
2010		16,220		8,382	631	2,711	4,496
(k) B.9 Net lending (+) / Net borrowing (-) = (h + i) - j							
2006	6,420	-6,423	67	928	5,370	5,158	-17,946
2007	10,407	-10,406	-1,940	-1,035	7,438	19	-14,888
2008	10,121	-10,119	1,549	-1,710	6,882	-12,926	-3,914
2009	5,949	-5,953	2,030	-1,148	9,401	-22,794	6,558
2010	-88	89	-367	5,077	37,764	-49,769	7,383
(l) Transactions in financial assets							
2006	373,794	560,953		43,463	499,560	5,073	12,858
2007	366,975	484,984		40,019	431,047	4,921	8,997
2008	167,208	315,413		59,860	225,927	20,619	9,008
2009	-29,433	23,832		26,717	-12,386	2,629	6,871
2010	25,495	124,960		11,238	118,444	-4,540	-181
(m) Transactions in financial liabilities							
2006	369,024	565,724		38,425	498,603	-46	28,741
2007	354,925	497,035		37,661	429,549	4,876	24,948
2008	151,073	331,546		57,959	228,617	33,975	10,995
2009	-28,547	22,948		24,567	-24,965	25,343	-1,997
2010	13,106	137,349		9,088	94,042	44,091	-9,871
(n) B.9F Net financial transactions							
2006	4,770	-4,771		5,038	956	5,119	-15,884
2007	12,050	-12,051		2,358	1,498	44	-15,952
2008	16,134	-16,133		1,901	-2,690	-13,357	-1,987
2009	-886	884		2,150	12,579	-22,714	8,868
2010	12,389	-12,389		2,149	24,402	-48,631	9,690
(o) B.9 - B.9F Statistical discrepancy* = (k - n)							
2006	1,649	-1,652	67	-4,110	4,414	40	-2,062
2007	-1,643	1,645	-1,940	-3,393	5,940	-25	1,064
2008	-6,014	6,014	1,549	-3,610	9,573	430	-1,928
2009	6,836	-6,837	2,030	-3,298	-3,179	-80	-2,310
2010	-12,477	12,477	-367	2,928	13,362	-1,138	-2,307

* These sets of accounts occur as a result of the integration of various statistics, among which are the Balance of Payments statistics. The item labelled as the Statistical discrepancy for S.2 Rest of the World is equivalent to the Net errors and omissions item appearing in the Balance of International Payments release.

Institutional Sector Accounts
Non-Financial Tables
2010

Table 1 - Annual Accounts by Institutional Sector, 2010

€million

		Uses					Resources								
		S.14+S.15 Households including NPISH	S.13 General government	S.12 Financial corporations	S.11 Non-financial corporations	S.1 Total economy	Rest of World (S.2)	S.1+S.2 Sum over sectors	S.2 Rest of World	S.1 Total economy	S.IN Not sectorized	S.11 Non-financial corporations	S.12 Financial corporations	S.13 General government	S.14+S.15 Households including NPISH
CURRENT ACCOUNTS															
1.3 ALLOCATION OF PRIMARY INCOME ACCOUNT															
B.2g/ B.3g Gross operating surplus/ Mixed income															
D.1	Compensation of employees						69,797	739	69,058						19,859
D.2	Taxes on production and imports						17,946	400	17,546						69,058
D.21	Taxes on products						15,774	400	15,374						17,546
D.29	Other taxes on production						2,173	0	2,173						15,374
D.3	Subsidies														2,173
D.31	Subsidies on products														
D.39	Other subsidies on production														
D.4	Property income						154,167	84,185	69,982						4,639
D.41	Interest						78,473	30,236	48,237						1,349
D.42	Distributed income of corporations						40,053	30,504	9,548						1,665
D.43	Reinvested earnings on direct foreign investment						31,820	21,248	10,572						0
D.44	Property income attributed to insurance policy holders						3,670	2,196	1,474						1,474
D.45	Rent						151		151						151
B.5g	Gross national income														
							89,167	16,881	8,534	14,901	-184	37,763	10,548	3,043	19,859
1.4 MEMORANDUM: ENTREPRENEURIAL INCOME ACCOUNT															
B.2g Gross operating surplus															
D.41	Interest														441
D.42	Distributed income of corporations														1,328
D.43	Reinvested earnings on direct foreign investment														8,736
D.44	Property income attributed to insurance policy holders														0
D.45	Rent														0
B.4g	Entrepreneurial income, gross						30,482	47,555							0
							29,204	712							37,763
															10,548

Table 1 - Annual Accounts by Institutional Sector, 2010

€million

		Uses					Resources					CURRENT ACCOUNTS										
		S.14+S.15 Households including NPISH	S.13 General government	S.12 Financial corporations	S.11 Non-financial corporations	S.1 Total economy	Rest of World (S.2)	S.1+S.2 Sum over sectors	S.12 Financial corporations	S.11 Non-financial corporations	S.IN Not sectorized		S.1 Total economy	S.12 Financial corporations	S.13 General government	S.14+S.15 Households including NPISH						
1.5 SECONDARY DISTRIBUTION OF INCOME ACCOUNT																						
	B.5g	Gross national income													129,299	-184	14,901	8,534	16,881	89,167		
	D.5	Current taxes on income, wealth, etc.													16,483	74	16,409			16,409		
	D.61	Social contributions													15,747	0	15,747			3,931	11,418	398
	D.62	Social benefits other than social transfers in kind													27,126	599	26,527					26,527
	D.7	Other current transfers													16,554	5,107	11,447			566	115	4,923
	D.71	Net non-life insurance premiums													5,634	0	5,634			5,634	0	
	D.72	Non-life insurance claims													5,634	2,996	2,638			208	17	1,847
	D.74	Current international cooperation													614	529	85				85	
	D.75	Miscellaneous current transfers													4,672	1,582	3,090			0	13	3,077
	B.6g	Gross disposable income																				
		12,363	-1	1,183	2,832	16,378	105	16,483														
		15,747				15,747	0	15,747														
		489	24,759	1,590	0	26,839	287	27,126														
		3,234	3,567	5,855	826	13,482	3,072	16,554														
		1,529	62	221	826	2,638	2,996	5,634														
			0	5,634		5,634	0	5,634														
		1,706	2,975	0	0	4,681	-9	4,672														
		89,182	16,497	9,679	11,808	126,983	-184	126,983														

Institutional Sector Accounts
Financial Accounts Tables

Table 2 Financial Transactions Account 2006-2010, non-consolidated

€ million

		Institutional sector (ESA95)										
		S.2		S.1		Resident		S.13		S.14+S.15		
		Rest of the world		Non-financial corporations		S.12 Financial Corporations		General govt.		Households & non-profit institutions serving households		
		Total economy		Total		S.121+S.122		S.123 + S.124		S.125		
						Monetary financial institutions		Other financial intermediaries & Financial auxiliaries		Insurance corporations & pension funds		
F.1	Gold and SDRs	2006	-9	9	0	9	9	0	0	0	0	0
		2007	-4	4	0	4	4	0	0	0	0	0
		2008	10	-10	0	-10	-10	0	0	0	0	0
		2009	8	-9	0	-9	-9	0	0	0	0	0
		2010	40	-40	0	-40	-40	0	0	0	0	0
F.2	Currency and deposits	2006	102,141	144,460	4,092	127,547	124,327	1,011	2,209	1,208	11,614	
		2007	124,639	78,399	10,134	61,096	46,929	12,529	1,637	714	6,456	
		2008	118,086	152,011	2,098	127,575	123,044	1,377	3,154	18,474	3,865	
		2009	-76,326	-25,909	-142	-32,672	-30,757	-876	-1,038	910	5,994	
		2010	-83,853	54,729	-9,863	72,358	65,940	7,065	-647	-7,006	-759	
F.21	Currency	2006	0	767	70	97	97	0	0	0	600	
		2007	0	1,387	-237	376	376	0	0	0	1,248	
		2008	0	215	53	15	15	0	0	0	147	
		2009	0	3,249	166	-372	-372	0	0	0	3,455	
		2010	0	56	2	-62	-62	0	0	0	116	
F.22	Transferable deposits	2006	10,623	19,188	3,787	9,345	9,200	-139	284	0	6,056	
		2007	-1,692	44,362	3,789	36,682	29,235	6,918	529	0	3,891	
		2008	5,996	2,785	-1,846	7,399	7,865	-941	475	0	-2,767	
		2009	-5,727	-35,234	328	-36,324	-35,027	-1,063	-235	0	763	
		2010	3,746	16,817	-2,005	19,770	18,056	1,830	-116	0	-948	
F.29	Other deposits	2006	91,518	124,505	235	118,104	115,030	1,150	1,925	1,208	4,957	
		2007	126,331	32,650	6,581	24,038	17,318	5,611	1,108	715	1,317	
		2008	112,090	149,011	3,891	120,161	115,164	2,318	2,679	18,474	6,485	
		2009	-70,599	6,075	-635	4,025	4,642	187	-804	910	1,776	
		2010	-87,599	37,856	-7,860	52,650	47,946	5,235	-531	-7,006	73	

Financial Assets

Table 2 Financial Transactions Account 2006-2010, non-consolidated

€ million

		Institutional sector (ESA95)									
		S.2		S.1		S.12		S.13		S.14+S.15	
		Rest of the world		Resident		Financial Corporations		General govt.		Households & non-profit institutions serving households	
		S.11		S.121+S.122		S.123 + S.124		S.125		S.14+S.15	
		Non-financial corporations		Monetary financial institutions		Other financial intermediaries & Financial auxiliaries		Insurance corporations & pension funds		Households & non-profit institutions serving households	
		Total economy		Total		Total		Total		Total	
		S.11		S.121+S.122		S.123 + S.124		S.125		S.14+S.15	
		Non-financial corporations		Monetary financial institutions		Other financial intermediaries & Financial auxiliaries		Insurance corporations & pension funds		Households & non-profit institutions serving households	
F.3	Securities other than shares	2006	106,390	149,198	387	146,936	127,559	11,716	7,661	1,916	-42
		2007	74,596	193,587	103	192,120	129,208	56,576	6,337	1,398	-34
		2008	13,764	20,386	-746	21,247	12,255	8,780	212	-187	72
		2009	-6,803	17,235	1,031	12,108	-33,458	42,075	3,490	3,990	107
		2010	-34,968	-20,158	-1,081	-21,030	-104,034	79,336	3,668	2,035	-82
F.33	Securities other than shares excl. derivatives	2006	102,338	136,025	417	133,609	115,902	10,168	7,539	2,000	-1
		2007	66,996	152,796	85	151,400	90,193	54,569	6,638	1,311	0
		2008	1,932	46,053	-969	47,121	47,034	126	-39	-139	39
		2009	6,421	25,398	855	20,523	-15,997	33,028	3,493	3,924	95
		2010	-34,601	-35,345	-841	-36,461	-106,221	65,880	3,879	1,909	49
F.331	Short-term securities other than shares, excl. derivatives	2006	13,062	67,295	511	66,790	63,264	3,400	126	-7	0
		2007	-18,861	30,722	-166	30,844	5,893	24,911	39	44	0
		2008	-31,687	-11,469	-567	-10,866	-8,969	-2,375	478	-36	0
		2009	14,351	28,378	754	27,781	29,377	-1,544	-52	-157	0
		2010	-31,695	38,604	-559	39,149	28,377	10,134	638	14	0
F.332	Long-term securities other than shares, excl. derivatives	2006	89,276	68,731	-94	66,818	52,637	6,768	7,413	2,007	-1
		2007	85,857	122,074	251	120,556	84,300	29,658	6,598	1,267	0
		2008	33,619	57,522	-401	57,987	56,003	2,501	-517	-103	39
		2009	-7,930	-2,980	101	-7,258	-45,375	34,572	3,545	4,081	95
		2010	-2,906	-73,949	-282	-75,611	-134,598	55,746	3,241	1,895	49
F.34	Derivatives	2006	4,052	13,172	-30	13,327	11,657	1,548	122	-84	-41
		2007	7,600	40,791	17	40,720	39,015	2,007	-301	87	-34
		2008	11,832	-25,667	223	-25,874	-34,779	8,654	250	-48	33
		2009	-13,225	-8,163	176	-8,415	-17,460	9,048	-2	65	11
		2010	-366	15,187	-240	15,431	2,187	13,455	-211	127	-131

Financial Assets

Table 2 Financial Transactions Account 2006-2010, non-consolidated

€ million

		Institutional sector (ESA95)									
		S.2 Rest of the world					S.1 Resident				
		Total economy		S.11 Non-financial corporations	S.12 Financial Corporations				S.13 General govt.	S.14+S.15 Households & non-profit institutions serving households	
		S.121+S.122	S.123 + S.124	S.125	S.126	S.127	S.128	S.129	S.130	S.131	S.132
		Monetary financial institutions	Other financial intermediaries & auxiliaries	Insurance corporations & pension funds	Total	S.121+S.122	S.123 + S.124	S.125	S.126	S.127	S.128
F.4	Loans	2006	-2,439	144,132	15,015	129,094	76,337	52,059	697	24	0
		2007	46,343	133,187	2,235	129,848	82,050	48,289	-492	1,103	0
		2008	21,201	138,451	35,655	101,844	15,711	85,233	900	952	0
		2009	15,464	-20,369	15,301	-35,926	-46,074	10,139	10	256	0
		2010	10,077	45,589	12,906	32,654	13,152	19,565	-63	29	0
		2006	-4,132	24,716	-378	25,212	23,379	1,470	363	-117	0
F.41	Short-term loans	2007	36,628	17,351	-2,349	19,699	27,116	-7,291	-125	0	0
		2008	587	26,281	15,508	10,773	149	10,405	219	0	0
		2009	7,507	18,700	6,130	12,570	-1,089	13,498	161	0	0
		2010	12,145	-5,886	22,675	-28,562	-11,916	-16,422	-223	0	0
		2006	1,694	119,416	15,393	103,882	52,958	50,589	334	141	0
F.42	Long-term loans	2007	9,715	115,836	4,584	110,148	54,934	55,581	-366	1,103	0
		2008	20,614	112,170	20,147	91,071	15,562	74,828	681	952	0
		2009	7,957	-39,069	9,171	-48,496	-44,985	-3,359	-152	256	0
		2010	-2,067	51,475	-9,769	61,216	25,068	35,988	160	29	0

Financial Assets

Table 2 Financial Transactions Account 2006-2010, non-consolidated

€ million

		Institutional sector (ESA95)									
		S.2		S.1		S.12		S.13		S.14+S.15	
		Rest of the world		Resident		Financial Corporations		General govt.		Households & non-profit institutions serving households	
		Total economy		S.11		S.121+S.122		S.123 + S.124		S.125	
				Non-financial corporations		Monetary financial institutions		Other financial intermediaries & Financial auxiliaries		Insurance corporations & pension funds	
		Total									
F.5	Shares and other equity	2006	133,935	105,111	21,823	84,877	-267	67,176	17,968	1,096	-2,686
		2007	110,385	48,197	2,592	45,972	550	39,524	5,897	1,155	-1,522
		2008	11,633	-3,882	15,008	-20,675	242	-10,202	-10,715	1,387	398
		2009	25,100	39,084	11,039	30,411	-1,724	20,606	11,529	-2,441	76
		2010	114,029	41,121	5,359	36,337	-1,616	30,349	7,604	1,304	-1,879
F.51	Shares and other equity, excl. mutual funds	2006	7,486	88,419	21,823	68,305	177	64,247	3,881	976	-2,686
		2007	12,542	33,899	2,592	32,474	-1,071	32,783	763	354	-1,522
		2008	20,207	-17,992	15,008	-34,206	1,199	-26,890	-8,515	807	398
		2009	10,076	25,764	11,039	17,102	-503	15,172	2,433	-2,453	76
		2010	5,311	36,605	5,359	32,474	-1,198	32,518	1,153	651	-1,879
F.511	Quoted Shares, excluding mutual funds shares	2006	10,191	60,179	2,853	55,666	1,178	50,614	3,874	790	871
		2007	-9,000	15,036	-9,896	25,686	-495	25,415	767	414	-1,167
		2008	-1,923	-28,113	220	-27,524	1,651	-20,666	-8,509	837	-1,645
		2009	1,527	-3,345	23	-1,190	-1,991	-1,634	2,435	-2,427	250
		2010	115	33,502	109	32,391	422	30,815	1,153	660	343
F.512 + F.513	Unquoted shares and Other equity, excluding mutual funds shares	2006	-2,705	28,239	18,970	12,639	-1,001	13,634	7	186	-3,556
		2007	21,542	18,863	12,488	6,788	-576	7,368	-4	-59	-354
		2008	22,131	10,120	14,789	-6,682	-451	-6,224	-6	-29	2,043
		2009	8,549	29,109	11,016	18,292	1,488	16,806	-1	-26	-174
		2010	5,196	3,103	5,250	83	-1,620	1,703	0	-8	-2,222
F.52	Mutual funds	2006	126,448	16,692	0	16,572	-444	2,929	14,087	120	0
		2007	97,843	14,297	0	13,497	1,621	6,742	5,134	800	0
		2008	-8,574	14,111	0	13,531	-957	16,687	-2,199	579	0
		2009	15,023	13,320	0	13,309	-1,221	5,434	9,096	12	0
		2010	108,717	4,516	0	3,864	-419	-2,169	6,451	652	0

Financial Assets

Table 2 Financial Transactions Account 2006-2010, non-consolidated

€ million

		Institutional sector (ESA95)									
		S.2 Rest of the world					S.1 Resident				
		Total economy		S.11 Non-financial corporations	Total		S.12 Financial Corporations			S.13 General govt.	S.14+S.15 Households & non-profit institutions serving households
					S.121+S.122	S.123 + S.124	S.125				
					Monetary financial institutions	Other financial intermediaries & Financial auxiliaries	Insurance corporations & pension funds				
F.7	Other accounts receivable	2006	16,916	8,626	1,785	5,749	-323	5,303	768	829	264
		2007	-7,486	20,043	24,946	-5,508	-113	-5,694	299	551	55
		2008	10,348	5,246	7,512	-3,692	-1,999	-281	-1,412	-8	1,434
		2009	510	8,380	-454	9,777	2,155	8,150	-528	-85	-858
		2010	16,020	3,046	4,598	-559	-1,710	1,521	-370	-901	-92
F.71	Trade credits and advances	2006	3,914	6,350	6,610	-221	0	-541	321	0	-40
		2007	-5,601	17,345	22,620	-5,292	0	-6,488	1,196	0	17
		2008	9,882	-2,073	957	-2,855	0	-1,409	-1,446	0	-175
		2009	-8,875	-1,294	-93	-1,204	0	234	-1,437	0	2
		2010	3,928	1,607	1,345	258	0	374	-115	0	3
F.79	Other accounts receivable: other	2006	13,002	2,276	-4,825	5,969	-323	5,845	447	829	303
		2007	-1,884	2,698	2,326	-216	-113	793	-896	551	38
		2008	466	7,319	6,555	-837	-1,999	1,128	34	-8	1,609
		2009	9,384	9,674	-362	10,981	2,155	7,917	910	-85	-860
		2010	12,093	1,439	3,253	-818	-1,710	1,147	-255	-901	-94
F.A	Total financial assets	2006	373,794	560,953	43,463	499,560	327,642	137,266	34,652	5,073	12,858
		2007	366,975	484,984	40,019	431,047	258,629	151,224	21,194	4,921	8,997
		2008	167,208	315,413	59,860	225,927	149,243	84,907	-8,223	20,619	9,008
		2009	-29,433	23,832	26,717	-12,386	-109,868	80,095	17,388	2,629	6,871
		2010	25,495	124,960	11,238	118,444	-28,309	137,836	8,916	-4,540	-181

Table 2 Financial Transactions Account 2006-2010, non-consolidated

€ million

		Institutional sector (ESA95)											
		S.2 Rest of the world					S.1 Resident						
		Total economy		S.11 Non-financial corporations	Total	S.12 Financial Corporations		S.13 General govt.	S.14+S.15 Households & non-profit institutions serving households				
		2006	2007	2008	2009	2010	S.121+S.122 Monetary financial institutions	S.123 + S.124 Other financial intermediaries & Financial auxiliaries	S.125 Insurance corporations & pension funds	S.13	S.14+S.15		
F.4	Loans	43,082	84,497	76,389	-25,218	19,535	33,304	36,913	0	35,678	1,236	200	28,195
		98,612	95,033	83,264	20,313	36,131	14,112	55,418	0	55,487	-70	840	24,663
		83,264	66,120	5,290	1,658	6,712	6,712	7,401	0	7,401	-689	1,970	8,462
		20,313	5,290	1,658	6,712	16,652	5,290	16,703	0	16,703	-51	99	-1,728
		36,131	1,658	12,595	12,595	12,595	1,658	12,639	0	12,639	-43	31,391	-9,513
		26,608	6,586	16,408	16,408	16,408	6,586	16,343	0	16,343	64	141	3,473
F.41	Short-term loans	16,987	36,992	1,770	10,181	8,130	6,792	29,644	0	29,644	8	8	540
		25,098	7,821	18,388	6,301	1,257	10,181	-8,029	0	-8,029	-101	41	-321
		4,247	2,011	2,011	1,257	3,184	6,301	11,511	0	11,511	-163	240	499
		2,011	1,257	3,184	3,184	3,184	1,257	3,690	0	3,690	-506	97	-2,527
		72,004	26,718	20,506	20,506	20,506	26,718	19,335	0	19,335	1,171	59	24,722
F.42	Long-term loans	67,510	58,041	81,494	1,925	34,120	7,321	25,766	0	25,843	-78	832	24,123
		51,291	55,939	55,939	-1,011	401	55,939	15,430	0	15,430	-588	1,929	8,783
		33,038	1,925	1,925	1,925	1,925	-1,011	5,303	0	5,192	111	-141	-2,227
		15,288	34,120	34,120	34,120	34,120	401	8,949	0	8,949	463	31,294	-6,986

Liabilities

Table 2 Financial Transactions Account 2006-2010, non-consolidated

€ million

		Institutional sector (ESA95)									
		S.2 Rest of the world					S.1 Resident				
		Total economy		S.11 Non-financial corporations	Total		S.12 Financial Corporations		S.13 General govt.	S.14+S.15 Households & non-profit institutions serving households	
		2006	2007	2008	2009	2010	S.121+S.122 Monetary financial institutions	S.123 + S.124 Other financial intermediaries & Financial auxiliaries	S.125 Insurance corporations & pension funds	2006	2007
F.6	Insurance technical reserves	2006	2007	2008	2009	2010	41	0	26,906	0	0
		-670	7,146	1,559	3,925	-1,276	0	0	26,948	0	0
		26,948	22,923	-6,182	14,109	6,098	0	0	22,923	0	0
		0	0	0	0	0	-24	0	-6,182	0	0
		0	0	0	0	0	0	0	14,109	0	0
		0	0	0	0	0	0	0	6,098	0	0
F.61	Net equity of households in life insurance reserves & pension funds	2006	2007	2008	2009	2010	41	0	17,001	0	0
		0	0	0	0	0	0	0	17,001	0	0
		17,002	12,116	-2,423	14,122	6,279	0	0	12,116	0	0
		0	0	0	0	0	-24	0	-2,423	0	0
		0	0	0	0	0	0	0	14,121	0	0
		0	0	0	0	0	0	0	6,279	0	0
F.611	Net equity of households in life insurance reserves	2006	2007	2008	2009	2010	0	0	18,649	0	0
		0	0	0	0	0	0	0	18,649	0	0
		18,649	11,088	-2,744	13,182	5,379	0	0	11,088	0	0
		0	0	0	0	0	0	0	-2,744	0	0
		0	0	0	0	0	0	0	13,182	0	0
		0	0	0	0	0	0	0	5,379	0	0
F.612	Net equity of households in pension funds	2006	2007	2008	2009	2010	41	0	-1,648	0	0
		0	0	0	0	0	0	0	-1,648	0	0
		-1,648	1,027	321	939	900	0	0	1,027	0	0
		0	0	0	0	0	-24	0	321	0	0
		0	0	0	0	0	0	0	939	0	0
		0	0	0	0	0	0	0	900	0	0
F.62	Prepayments of premiums and reserves against outstanding claims	2006	2007	2008	2009	2010	0	0	9,946	0	0
		-670	7,146	1,559	3,925	-1,276	0	0	9,946	0	0
		9,946	10,808	-3,759	-13	-181	0	0	10,808	0	0
		0	0	0	0	0	0	0	-3,759	0	0
		0	0	0	0	0	0	0	-13	0	0
		0	0	0	0	0	0	0	-181	0	0

Table 2 Financial Transactions Account 2006-2010, non-consolidated

€ million

		Institutional sector (ESA95)										
		S.2		S.1			S.12			S.13		S.14+S.15
		Rest of the world		Resident			Financial Corporations			General govt.		Households & non-profit institutions serving households
				S.1			S.125			S.13		S.14+S.15
		Total economy		S.123 + S.124			Insurance			S.13		S.14+S.15
		Non-financial corporations		Other financial intermediaries & Financial auxiliaries			corporations & pension funds			S.13		S.14+S.15
				S.121+S.122			Monetary financial institutions			S.13		S.14+S.15
		Total		S.123 + S.124			Insurance			S.13		S.14+S.15
				S.121+S.122			Monetary financial institutions			S.13		S.14+S.15
F.7	Other accounts payable	2006	3,212	22,331	18,188	3,411	-1,272	3,658	1,025	185	547	
		2007	4,442	8,114	6,764	365	-817	-28	1,210	700	285	
		2008	-8,743	24,337	-909	22,026	5,138	15,043	1,846	687	2,532	
		2009	9,048	-158	5,265	-4,740	-6,356	3,129	-1,512	-413	-270	
		2010	6,898	12,168	4,770	7,400	-1,846	9,388	-142	357	-359	
F.71	Trade credits and advances	2006	1,604	8,661	6,620	2,090	0	991	1,098	0	-49	
		2007	4,691	7,052	3,538	3,632	0	2,802	830	0	-118	
		2008	-559	8,367	1,083	7,201	0	6,481	720	0	83	
		2009	-1,046	-9,123	-1,547	-7,280	0	-4,468	-2,812	0	-295	
		2010	-701	6,236	6,009	521	0	659	-138	0	-295	
F.79	Other accounts payable: other	2006	1,608	13,670	11,568	1,321	-1,272	2,667	-74	185	595	
		2007	-250	1,062	3,225	-3,267	-817	-2,830	381	700	404	
		2008	-8,185	15,970	-1,993	14,825	5,138	8,562	1,125	687	2,450	
		2009	10,094	8,965	6,812	2,540	-6,356	7,596	1,300	-413	26	
		2010	7,600	5,932	-1,239	6,879	-1,846	8,729	-4	357	-64	
F.L	Total liabilities	2006	369,024	565,724	38,425	498,603	330,909	136,861	30,834	-46	28,741	
		2007	354,925	497,035	37,661	429,549	258,443	146,395	24,711	4,876	24,948	
		2008	151,073	331,546	57,959	228,617	152,822	79,974	-4,179	33,975	10,995	
		2009	-28,547	22,948	24,567	-24,965	-110,384	71,930	13,489	25,343	-1,997	
		2010	13,106	137,349	9,088	94,042	-26,500	114,797	5,744	44,091	-9,871	
B9.F	Net financial transactions	2006	4,770	-4,771	5,038	956	-3,267	406	3,818	5,119	-15,884	
		2007	12,050	-12,051	2,358	1,498	185	4,829	-3,517	44	-15,952	
		2008	16,134	-16,133	1,901	-2,690	-3,579	4,933	-4,045	-13,357	-1,987	
		2009	-886	884	2,150	12,579	516	8,165	3,899	-22,714	8,868	
		2010	12,389	-12,389	2,149	24,402	-1,809	23,039	3,173	-48,631	9,690	

Table 3 Financial Balance Sheet, end-years 2006-2010, non-consolidated

€ million

		Institutional sector (ESA95)											
		S.2		S.1			S.12 Resident					S.14+S.15	
		Rest of the world		Total economy			S.11 Non-financial corporations		S.12 Financial Corporations			S.13 General govt.	Households & non-profit institutions serving households
				Total			S.121+S.122		S.123 + S.124	S.125		S.13	S.14+S.15
							Monetary financial institutions		Other financial intermediaries & Financial auxiliaries	Insurance corporations & pension funds			
AF.3	Securities other than shares	2006	553,060	882,842	1,781	876,053	631,270	191,471	53,311	4,467	541		
		2007	615,617	1,028,571	1,836	1,020,791	726,331	235,157	59,303	5,461	484		
		2008	735,207	1,121,295	1,217	1,114,249	747,941	306,782	59,526	5,253	575		
		2009	699,208	1,139,540	2,840	1,126,848	705,323	357,850	63,675	9,222	630		
		2010	646,662	1,170,095	1,662	1,157,057	628,083	461,545	67,430	10,882	494		
AF.33	Securities other than shares excl. derivatives	2006	508,931	820,964	1,748	814,500	581,956	180,133	52,411	4,581	134		
		2007	576,311	933,389	1,780	926,496	643,831	224,133	58,532	5,003	111		
		2008	680,804	1,037,045	626	1,031,330	690,220	283,372	57,737	4,921	169		
		2009	660,950	1,087,559	1,526	1,077,009	670,603	344,324	62,082	8,812	213		
		2010	609,031	1,118,741	665	1,107,588	596,821	444,862	65,905	10,276	214		
AF.331	Short-term securities other than shares, excl. derivatives	2006	101,841	318,627	1,004	317,282	298,911	15,676	2,695	341	0		
		2007	72,227	228,446	813	227,242	201,824	21,588	3,830	391	0		
		2008	49,355	195,004	264	194,386	172,465	17,521	4,400	354	0		
		2009	56,602	220,852	1,010	219,645	194,213	21,510	3,922	197	0		
		2010	24,573	301,035	404	300,420	260,363	35,205	4,852	211	0		
AF.332	Long-term securities other than shares, excl. derivatives	2006	407,090	502,337	744	497,219	283,045	164,457	49,716	4,240	134		
		2007	504,083	704,943	967	699,254	442,007	202,545	54,702	4,612	111		
		2008	631,450	842,042	362	836,944	517,755	265,851	53,337	4,567	169		
		2009	604,348	866,708	516	857,364	476,390	322,814	58,160	8,615	213		
		2010	584,458	817,706	260	807,168	336,458	409,657	61,052	10,065	214		
AF.34	Derivatives	2006	44,128	61,878	33	61,552	49,314	11,338	900	-114	407		
		2007	39,307	95,182	56	94,295	82,500	11,024	771	458	373		
		2008	54,403	84,249	592	82,919	57,721	23,409	1,789	332	406		
		2009	38,258	51,981	1,315	49,839	34,720	13,526	1,593	410	417		
		2010	37,631	51,353	998	49,470	31,262	16,683	1,525	606	280		

Financial Assets

Table 3 Financial Balance Sheet, end-years 2006-2010, non-consolidated

€ million

		Institutional sector (ESA95)										
		S.2		S.1			S.1 Resident					S.14+S.15
		Rest of the world		Total economy			S.12 Financial Corporations		S.13			Households & non-profit institutions serving households
				S.11 Non-financial corporations			S.121+S.122		S.123 + S.124			S.125
							Monetary financial institutions		Other financial intermediaries & Financial auxiliaries			Insurance corporations & pension funds
				Total								
AF.4	Loans	2006	160,135	992,115	100,025	886,208	411,770	470,119	4,319	5,882	0	
		2007	234,911	1,060,086	103,962	949,130	492,589	453,149	3,392	6,995	0	
		2008	331,357	1,234,368	153,510	1,072,902	501,781	566,607	4,514	7,957	0	
		2009	347,761	1,218,243	168,032	1,042,041	446,058	591,432	4,551	8,169	0	
		2010	399,105	1,254,117	197,049	1,048,861	421,596	622,423	4,842	8,208	0	
		2006	92,474	224,833	29,013	195,820	95,111	98,920	1,789	0	0	
AF.41	Short-term loans	2007	99,437	245,570	27,619	217,951	123,456	92,962	1,532	0	0	
		2008	125,147	285,668	46,007	239,660	127,805	109,894	1,961	0	0	
		2009	137,517	294,742	51,813	242,929	117,102	123,782	2,045	0	0	
		2010	162,401	263,771	78,123	185,648	62,216	121,551	1,881	0	0	
		2006	67,661	767,282	71,012	690,388	316,659	371,199	2,530	5,882	0	
AF.42	Long-term loans	2007	135,474	814,517	76,343	731,179	369,133	360,187	1,859	6,995	0	
		2008	206,210	948,701	107,503	833,241	373,976	456,713	2,552	7,957	0	
		2009	210,244	923,501	116,219	799,112	328,956	467,650	2,506	8,169	0	
		2010	236,704	990,346	118,926	863,213	359,380	500,872	2,961	8,208	0	

Financial Assets

Table 3 Financial Balance Sheet, end-years 2006-2010, non-consolidated

€ million

		Institutional sector (ESA95)										
		S.2		S.1			S.12			S.13		S.14+S.15
		Rest of the world		Resident			Financial Corporations			General govt.		Households & non-profit institutions serving households
		Total economy		S.1			S.125			S.13		S.14+S.15
		S.11		S.123 + S.124			S.125			S.13		S.14+S.15
		Non-financial corporations		Monetary financial institutions			Other financial intermediaries & corporations & insurance pension funds			General govt.		Households & non-profit institutions serving households
		Total		S.121+S.122			S.123 + S.124			S.125		S.14+S.15
		Total		Monetary financial institutions			Other financial intermediaries & corporations & insurance pension funds			General govt.		Households & non-profit institutions serving households
		Total		S.121+S.122			S.123 + S.124			S.125		S.14+S.15
AF.7	Other accounts receivable	2006	73,509	140,787	80,002	50,286	10,944	27,177	12,165	8,590	1,910	
		2007	57,574	156,424	99,938	45,466	13,919	18,610	12,938	9,123	1,897	
		2008	62,556	168,219	116,405	39,356	11,618	13,440	14,298	9,088	3,369	
		2009	68,733	193,114	117,972	63,519	19,197	29,035	15,287	8,989	2,634	
		2010	89,723	194,722	120,174	63,930	7,450	38,404	18,076	8,089	2,528	
	Trade credits and advances	2006	43,402	82,324	62,519	19,412	0	13,622	5,790	0	393	
AF.71		2007	33,445	88,900	75,142	13,347	149	6,126	7,073	0	411	
		2008	39,194	99,220	84,973	14,012	137	4,516	9,359	0	235	
		2009	37,012	105,073	90,359	14,476	133	6,879	7,464	0	237	
		2010	40,733	104,738	89,349	15,149	133	5,975	9,041	0	240	
	Other accounts receivable: other	2006	30,106	58,464	17,483	30,874	10,944	13,555	6,375	8,590	1,516	
AF.79		2007	24,130	67,524	24,796	32,119	13,770	12,484	5,865	9,123	1,486	
		2008	23,363	68,999	31,432	25,344	11,481	8,924	4,939	9,088	3,134	
		2009	31,720	88,040	27,613	49,043	19,064	22,156	7,823	8,989	2,396	
		2010	48,990	89,983	30,825	48,781	7,317	32,429	9,035	8,089	2,288	
AF.A	Total financial assets	2006	2,289,986	3,521,857	348,234	2,811,038	1,494,713	1,065,803	250,522	51,686	310,899	
		2007	2,569,724	3,843,858	369,231	3,105,069	1,711,945	1,132,803	260,321	58,847	310,711	
		2008	2,716,970	4,124,663	474,698	3,296,852	1,864,528	1,194,382	237,942	71,463	281,650	
		2009	2,870,950	4,312,113	554,707	3,376,241	1,745,955	1,365,049	265,237	76,280	304,885	
		2010	3,056,565	4,600,856	616,368	3,601,172	1,701,380	1,612,274	287,518	71,944	311,372	

Financial Assets

Table 3 Financial Balance Sheet, end-years 2006-2010, non-consolidated € million

		Institutional sector (ESA95)									
		S.2 Rest of the world					S.1 Resident				
		Total economy		S.11 Non-financial corporations	Total		S.12 Financial Corporations		S.13 General govt.	S.14+S.15 Households & non-profit institutions serving households	
					S.121+S.122	S.123 + S.124	S.125				
AF.3	Securities other than shares	2006	818,420	617,483	7,512	573,973	301,578	272,395	0	35,997	0
		2007	941,983	702,205	6,171	656,980	348,955	308,025	0	39,055	0
		2008	1,048,720	807,782	4,409	732,115	249,436	482,679	0	71,259	0
		2009	1,012,973	825,774	6,841	723,898	225,784	498,114	0	95,035	0
		2010	1,023,364	793,392	10,309	695,071	166,153	528,918	0	88,012	0
AF.33	Securities other than shares	2006	769,830	560,065	7,507	516,601	246,801	269,800	0	35,957	0
	excl. derivatives	2007	900,972	608,727	6,149	563,643	257,985	305,658	0	38,936	0
		2008	978,875	738,975	4,340	663,521	188,843	474,678	0	71,115	0
		2009	972,775	775,734	6,519	674,196	184,945	489,251	0	95,019	0
		2010	983,105	744,668	9,714	646,977	130,675	516,302	0	87,976	0
AF.331	Short-term securities other than shares, excl. derivatives	2006	298,117	122,353	0	120,173	95,858	24,315	0	2,180	0
		2007	218,883	81,791	0	75,701	54,087	21,614	0	6,090	0
		2008	200,309	44,050	0	17,749	8,445	9,304	0	26,301	0
		2009	212,755	64,698	0	44,010	35,431	8,579	0	20,688	0
		2010	258,893	66,715	0	55,621	17,528	38,093	0	11,095	0
AF.332	Long-term securities other than shares, excl. derivatives	2006	471,713	437,713	7,507	396,428	150,943	245,485	0	33,778	0
		2007	682,089	526,937	6,149	487,942	203,898	284,044	0	32,847	0
		2008	778,567	694,925	4,340	645,772	180,398	465,374	0	44,813	0
		2009	760,019	711,036	6,518	630,186	149,514	480,672	0	74,332	0
		2010	724,212	677,952	9,714	591,357	113,147	478,210	0	76,881	0
AF.34	Derivatives	2006	48,589	57,417	5	57,372	54,777	2,595	0	40	0
		2007	41,011	93,478	22	93,337	90,970	2,367	0	119	0
		2008	69,845	68,807	69	68,594	60,593	8,001	0	144	0
		2009	40,199	50,040	322	49,702	40,839	8,863	0	16	0
		2010	40,259	48,724	595	48,094	35,478	12,616	0	35	0

Liabilities

Table 3 Financial Balance Sheet, end-years 2006-2010, non-consolidated

€ million

		Institutional sector (ESA95)											
		S.2 Rest of the world					S.1 Resident						
		Total economy		S.11 Non-financial corporations			S.12 Financial Corporations		S.13 General govt.			S.14+S.15 Households & non-profit institutions serving households	
				S.121+S.122		S.123 + S.124	S.125	S.13		S.14+S.15			
Liabilities	AF.5	Shares and other equity	2006	565,155	1,063,264	181,025	881,210	371,705	484,507	24,998	1,029	0	
			2007	572,227	1,133,600	195,608	936,789	414,404	498,600	23,785	1,203	0	
			2008	425,761	998,147	220,269	776,477	383,892	371,475	21,110	1,402	0	
			2009	581,166	1,227,861	306,750	919,512	385,811	509,482	24,219	1,599	0	
			2010	712,610	1,494,780	343,337	1,149,820	441,568	679,949	28,303	1,623	0	
	AF.51	Shares and other equity, excl. mutual funds	2006	505,188	387,109	181,025	205,055	97,549	82,508	24,998	1,029	0	
			2007	512,461	380,143	195,608	183,332	91,197	68,350	23,785	1,203	0	
			2008	365,572	375,343	220,269	153,672	66,974	65,589	21,110	1,402	0	
			2009	504,162	479,528	306,750	171,178	78,618	68,341	24,219	1,599	0	
			2010	624,821	533,183	343,337	188,223	84,073	75,847	28,303	1,623	0	
	AF.511	Quoted Shares, excluding mutual funds shares	2006	354,159	112,700	58,976	53,724	53,724	0	0	0	0	
			2007	354,823	92,652	56,998	35,654	35,654	0	0	0	0	
			2008	199,150	32,496	29,419	3,077	3,077	0	0	0	0	
			2009	264,913	45,481	41,644	3,836	3,836	0	0	0	0	
			2010	337,428	47,631	45,020	2,610	2,610	0	0	0	0	
	AF.512 + AF.513	Unquoted shares and Other equity, excluding mutual funds shares	2006	151,029	274,409	122,049	151,331	43,825	82,508	24,998	1,029	0	
			2007	157,638	287,491	138,610	147,678	55,543	68,350	23,785	1,203	0	
			2008	166,422	342,847	190,850	150,595	63,897	65,589	21,110	1,402	0	
			2009	239,249	434,047	265,106	167,342	74,782	68,341	24,219	1,599	0	
			2010	287,393	485,553	298,317	185,613	81,463	75,847	28,303	1,623	0	
	AF.52	Mutual funds	2006	59,967	676,155	0	676,155	274,156	401,999	0	0	0	
			2007	59,766	753,458	0	753,458	323,207	430,251	0	0	0	
			2008	60,189	622,804	0	622,804	316,918	305,886	0	0	0	
			2009	77,004	748,334	0	748,334	307,193	441,141	0	0	0	
			2010	87,789	961,597	0	961,597	357,495	604,102	0	0	0	

Table 3 Financial Balance Sheet, end-years 2006-2010, non-consolidated € million

		Institutional sector (ESA95)										
		S.2 Rest of the world					S.1 Resident					
		Total economy		S.11 Non-financial corporations	S.12 Financial Corporations		S.13 General govt.	S.14+S.15 Households & non-profit institutions serving households				
		2006	2007	2008	2009	2010	Total	S.121+S.122 Monetary financial institutions	S.123 + S.124 Other financial intermediaries & Financial auxiliaries	S.125 Insurance corporations & pension funds	S.13	S.14+S.15
AF.6	Insurance technical reserves	2006	2007	2008	2009	2010	223,367	428	0	222,939	0	0
		27,281	34,724	38,056	39,113	41,809	236,624	428	0	236,196	0	0
		0	0	0	0	0	207,985	404	0	207,581	0	0
		0	0	0	0	0	232,575	0	0	232,574	0	0
		0	0	0	0	0	250,283	0	0	250,282	0	0
AF.61	Net equity of households in life insurance reserves & pension funds	2006	2007	2008	2009	2010	179,864	428	0	179,435	0	0
		0	0	0	0	0	181,914	428	0	181,486	0	0
		0	0	0	0	0	154,989	404	0	154,585	0	0
		0	0	0	0	0	185,050	0	0	185,050	0	0
		0	0	0	0	0	197,704	0	0	197,704	0	0
AF.611	Net equity of households in life insurance reserves	2006	2007	2008	2009	2010	105,987	0	0	105,987	0	0
		0	0	0	0	0	110,160	0	0	110,160	0	0
		0	0	0	0	0	98,048	0	0	98,048	0	0
		0	0	0	0	0	121,145	0	0	121,145	0	0
		0	0	0	0	0	130,409	0	0	130,409	0	0
AF.612	Net equity of households in pension funds	2006	2007	2008	2009	2010	73,877	428	0	73,448	0	0
		0	0	0	0	0	71,753	428	0	71,325	0	0
		0	0	0	0	0	56,941	404	0	56,537	0	0
		0	0	0	0	0	63,904	0	0	63,904	0	0
		0	0	0	0	0	67,295	0	0	67,295	0	0
AF.62	Prepayments of premiums and reserves against outstanding claims	2006	2007	2008	2009	2010	43,503	0	0	43,503	0	0
		27,281	34,724	38,056	39,113	41,809	54,711	0	0	54,711	0	0
		0	0	0	0	0	52,996	0	0	52,996	0	0
		0	0	0	0	0	47,525	0	0	47,525	0	0
		0	0	0	0	0	52,578	0	0	52,578	0	0

Table 3 Financial Balance Sheet, end-years 2006-2010, non-consolidated

€ million

		Institutional sector (ESA95)										
		S.2 Rest of the world	Total economy			S.1 Resident			S.13			
			S.11			S.12 Financial Corporations			S.14+S.15			
			Non-financial corporations			S.121+S.122			S.123 + S.124			S.125
			Total	Monetary financial institutions	Other financial intermediaries & financial institutions	Insurance corporations & pension funds	General govt. auxiliaries	Households & non-profit institutions serving households				
Liabilities												
AF.7 Other accounts payable												
	2006	66,612	147,684	100,496	38,048	17,740	12,635	7,673	5,425	3,715		
	2007	64,554	149,444	102,480	34,962	16,857	9,336	8,768	6,125	5,877		
	2008	51,775	179,001	109,000	55,985	24,635	20,495	10,856	6,812	7,205		
	2009	70,725	191,122	117,163	58,922	18,988	30,155	9,779	6,400	8,638		
	2010	85,186	199,258	118,798	64,941	14,474	40,080	10,387	6,755	8,764		
	2006	49,978	75,748	64,791	10,542	0	4,386	6,156	0	414		
AF.71 Trade credits and advances	2007	44,388	77,957	65,197	12,314	0	5,067	7,247	0	446		
	2008	41,789	96,625	76,853	19,255	0	11,291	7,964	0	517		
	2009	48,007	94,078	79,388	12,659	0	7,146	5,512	0	2,031		
	2010	45,589	99,881	83,707	14,402	0	8,347	6,055	0	1,772		
	2006	16,633	71,936	35,705	27,506	17,740	8,249	1,517	5,425	3,301		
AF.79 Other accounts payable: other	2007	20,166	71,488	37,283	22,647	16,857	4,269	1,521	6,125	5,432		
	2008	9,986	82,377	32,147	36,730	24,635	9,204	2,891	6,812	6,688		
	2009	22,718	97,043	37,774	46,263	18,988	23,008	4,267	6,400	6,606		
	2010	39,596	99,377	35,090	50,540	14,474	31,734	4,332	6,755	6,992		
	2006	2,270,982	3,540,697	479,180	2,833,760	1,545,891	1,029,410	258,459	55,705	172,052		
AF.L Total Liabilities	2007	2,520,307	3,893,087	511,906	3,122,075	1,748,525	1,101,562	271,989	60,070	199,036		
	2008	2,566,121	4,275,314	637,895	3,331,945	1,870,297	1,219,144	242,503	95,700	209,774		
	2009	2,690,648	4,491,446	760,708	3,403,191	1,752,171	1,381,506	269,514	120,926	206,620		
	2010	2,898,722	4,757,663	809,136	3,604,796	1,706,786	1,605,775	292,235	149,511	194,219		
	2006	19,004	-18,840	-130,946	-22,722	-51,178	36,393	-7,937	-4,020	138,848		
BF.90 Net financial assets	2007	49,417	-49,229	-142,675	-17,006	-36,580	31,242	-11,668	-1,223	111,675		
	2008	150,848	-150,651	-163,197	-35,093	-5,770	-24,763	-4,561	-24,237	71,876		
	2009	180,302	-179,333	-206,001	-26,951	-6,216	-16,458	-4,277	-44,647	98,264		
	2010	157,842	-156,807	-192,769	-3,624	-5,406	6,499	-4,716	-77,568	117,153		

Appendix 1
Description of institutional sectors

Description of institutional sectors

Institutional units are economic entities that are capable of owning goods and assets, of incurring liabilities and of engaging in economic activities and transactions with other units in their own right. For the purposes of the system, the institutional units are grouped together into five mutually exclusive institutional sectors composed of the following types of units: Non-Financial Corporations, Financial Corporations, General Government, Households and Non-Profit Institutions Serving Households. These five sectors together make up the total economy and each sector can be divided into subsectors. Thus companies, whether engaged in commercial non-financial or financial business, are grouped in a different sector from households, even though the latter are in many cases also engaged in commercial production, and from government or other non-market producers such as voluntary agencies.

The classification system is that of the European System of Accounts 1995 (ESA95). The sectors and sub-sectors distinguished in the present publication are as follows:

S.1 *Resident Economy* is the sum of all the sectors of the domestic economy.

S.11 *Non-Financial Corporations* are corporate bodies producing goods and non-financial services on a commercial basis. They include public limited companies, private companies and other corporate forms of business, whether owned by residents (including the government) or non-residents or both. In particular, therefore, Irish subsidiaries of foreign companies and the Irish branches of foreign companies operating in Ireland on a branch basis are included; while the foreign subsidiaries of Irish companies and the foreign branches of Irish companies operating abroad are excluded (they form part of the Rest of the World sector S.2). The business activities of self-employed persons (quasi-corporations) are in principle to be included here if separate accounts are available for statistical purposes.

S.12 *Financial Corporations* are corporate bodies producing financial services on a commercial basis. As with S.11, they can take various legal forms, with a range of ownership arrangements. In the financial transactions account and in the financial balance sheets, the following sub-sectors are distinguished:

S.121 + S.122 *Monetary Financial Institutions* consists of the Central Bank of Ireland (S.121) and Other Monetary Financial Institutions (S.122). The latter sub-sector consists of credit institutions (banks and building societies), money market funds and credit unions.

S.123 + S.124 *Other Financial Intermediaries (S.123) and Financial Auxiliaries (S.124)*. S.123 includes collective investment schemes (unit trusts, UCITs etc, other than money market funds), companies engaged in leasing and consumer and other lending, securitisation vehicles, treasury companies and a range of other companies engaged in financial intermediation. S.124 covers companies which provide auxiliary financial services, including management and administration of pension funds and mutual funds, custody and related services, insurance and other broking services, and other financial advisory and consultancy services.

S.125 *Insurance Corporations and Pension Funds* consists of life and non-life insurance companies (including reinsurers) and pension funds.

S.13 *General Government* consists of central and local government and the social security fund. Central government includes the National Pension Reserve Fund, and non-commercial agencies owned and funded by government, but does not include commercial state-owned companies (which are proper to S.11 or S.12 as appropriate).

S.14 + S.15 *Households (S.14) and Non-Profit Institutions Serving Households (S.15)*. S.14 consists of persons in their capacity as holders of financial assets or as borrowers. The business assets and liabilities of unincorporated self-employed persons are also mainly reflected in this sector. S.15 consists of non-profit institutions such as charities and non-commercial agencies not owned by the government, such as some schools and hospitals.

S.2 *Rest of the World*. The figures represent the economy's transactions and financial claims on and liabilities to non-residents. The conceptual definition is the same as in the balance of payments (BOP) and international investment position (IIP) statistics. In particular, non-residents include foreign subsidiaries of Irish companies, the foreign branches of Irish companies that operate abroad on a branch basis, and the head offices of foreign companies that operate in Ireland on a branch basis. In the financial balance sheets, the figures therefore also correspond to those in the IIP statistics, but with the opposite convention for labelling assets and liabilities: what are shown in the IIP as assets (of Ireland) appear in these tables as liabilities of the S.2 sector, and vice versa. Because of differences in instrument classifications and in some valuations, the relationships with individual items in the BOP and IIP, and with the aggregate IIP assets and liabilities positions, are not explicit. The net IIP position is in principle the same as the net financial assets of the Total Economy (S.1) in the financial balance sheets table, although it differs purely as a result of the inclusion of a single item – "Liabilities related to the allocation of euro banknotes within the Eurosystem", which is clearly identifiable in the balance sheet of the Central Bank.

S.1N *Not Sectorised*. In the non-financial accounts an additional residual sector is used to report the amounts that appear as the statistical discrepancy in the National Income and Expenditure GDP accounts, arising from the use of two independent estimates of GDP (from the Income and Expenditure approaches). In each of NIE tables 1 and 5, the official estimate of GDP is reported as the average of the two measures, and the discrepancy is therefore displayed as

half the difference between the two independent estimates (and thus with different signs in the two tables). In the sector accounts it appears as the first balancing item in the sequence (in the Gross Value Added item in the Production Account), and is then carried through successive accounts via the balancing item. In the final non-financial account, the full amount of the discrepancy then emerges as the unallocated net lending or borrowing in the economy. In the financial transactions account and in the financial balance sheets, no use is made of the “Not Sectorised” convention. The amount of the discrepancy therefore contributes to the discrepancies for each sector between the net lending/borrowing from the capital account and the net financial transactions from the financial transactions account.

¹ There is one exception. Holdings (by the Central Bank, S.121, as part of Reserve Assets) of Monetary Gold and Special Drawing Rights (asset class AF.1) are not considered to be the liability of any sector, and in particular they are not a liability of the Rest of the World sector (S.2). Accordingly, the Net Financial Asset position of S.2, which would otherwise be equal to the Net Financial Asset position of the Total Domestic Economy (S.1), with sign reversed, in fact exceeds that amount by the amount of the holdings of AF.1.

Appendix 2

Description of detailed non-financial and financial accounts

Description of detailed non-financial and financial accounts

Introduction

Sector accounts present a coherent overview of all economic processes and the roles played by the various sectors. Each economic process is described in a separate account. The accounts describe successively Production, Generation of Income, Primary and Secondary Income Distribution, Final Consumption, Redistribution by means of Capital Transfers, Capital Formation and Financing, and end with the Financial Balance Sheets of each sector. The accounts record economic transactions, distinguishing between uses and resources, (e.g. the *resources* side of the transaction category *D.41 Interest* records the amounts of interest receivable by the different sectors of the economy and the *uses* side shows interest payable.) with a special item to **balance** the two sides of each account. By passing on the balancing item from one account to the next a connection is created between successive accounts.

These accounts are compiled for the Total Economy and include accounts for separate domestic sectors and the Rest of the World sector. In this way the sector accounts describe:

- for each economic process the role of each sector, for instance General Government in Income and Redistribution and Credit Institutions in Financing.
- for each sector all economic transactions and their relation with other domestic sectors and the Rest of the World.

The successive accounts are explained in more detail below.

Non-financial Accounts

Current Accounts:

1.1 Production account

The Production Account shows the transactions that are related to the production process. The Output is recorded as a resource, the Intermediate Consumption as a use. The balance of these two items for the individual sectors is B.1g Gross Value Added at basic prices. The Production Account of the Total Economy is the total of the Production Accounts of the sectors together with the transactions for which there is no sectoral distribution available (Taxes and Subsidies on Products). The balancing item of the Production Account for the Total Economy is B.1*g Gross Domestic Product at market prices.

1.2 Generation of Income Account

This account displays the transactions through which Gross Domestic Product at market prices is distributed to labour (Compensation of Employees), capital (Consumption of Fixed Capital) and government (the Balance of Taxes and Subsidies on Production). The balancing item for the Household and NPISH sector in this account is called Mixed Income because, apart from Operating Surplus, it also contains compensation for work by self-employed persons and their family members. B.2g/B.3g Gross Operating Surplus / Gross Mixed Income is the balancing item for the entire account.

1.3 Allocation of Primary Income Account

This account records, as resources, the income from direct participation in the production process as well as Property Income received in exchange for the use of land, financial resources and other intangible assets. In addition, this account records the Taxes on Production and Imports received by the Government. On the uses side Property Income is recorded as well as the Subsidies paid by the Government.

On this account the interest paid and received are recorded excluding imputed bank services (Financial Intermediation Services Indirectly Measured - FISIM¹). In the National Accounts insurance technical reserves are seen as a liability of insurance enterprises and pension funds to policyholders. Therefore, the receipts from investing these reserves are recorded as payments from insurance enterprises and pension funds to Households, in the form of Property Income attributed to insurance policy holders and pension scheme members. The balancing item of this account for each sector is B.5g Gross National Income; the Primary Income for the Total Economy is the National Income.

1.4 Memorandum - Entrepreneurial Income Account

This Memorandum Account is included for the Financial Corporations and Non-Financial Corporations sectors. In addition to Gross Operating Surplus the account records all the Property Income transactions involving these two sectors. B.4g Entrepreneurial Income presents a more comprehensive measure of corporate profitability.

¹See Appendix 3 for a comprehensive explanation of FISIM

1.5 Secondary Distribution of Income Account

The Secondary Distribution of Income Account shows how Primary Income is redistributed by means of Current Taxes on Income and Wealth, Social Contributions (including contributions to pension schemes), Social Benefits (including pension benefits) and Other Current Transfers. The balancing item of this account is B.6g Gross Disposable Income. For the consuming sectors (Households, NPISH and General Government) this item is passed on to 1.6 Use of Disposable Income Account. For the other sectors the Disposable Income is generally equal to Savings. This is then passed on to the Capital Account.

1.6 Use of Disposable Income Account

This account shows the element of Disposable Income that is spent on Final Consumption and also the element which is saved. As mentioned above, Final Consumption only exists for Households, NPISH and General Government. The net equity of households in pension funds and life insurance reserves is seen as a financial asset that belongs to Households. Changes in these reserves need to be included in the Savings of Households. However, contributions to pension schemes and pension benefits have already been recorded on 1.5 Secondary Distribution of Income Account (as Social Contributions and Social Benefits). Therefore, an adjustment is needed to include in the Savings of Households the change in pension funds reserves on which they have a definite claim. This adjustment is called 'Adjustment for the Change in Net Equity in Pension Funds Reserves'. There is no need for a similar adjustment concerning life insurance because life insurance premiums and benefits are not recorded as current transactions. The balancing item is B.8g Gross Savings.

1.7 External account

This account records the summarised transactions of S.2 the Rest of the World sector, including, on the uses side, Exports of Goods and Services, Primary Incomes and Current Transfers receivable. The resources side of this account includes Imports of Goods and Services together with Primary Incomes and Transfers payable. The balancing item is B.12 Current Account Balance which records the net position with the Rest of the World.

Capital accounts:

1.8 Change in Net Worth due to Saving and Capital Transfers

On this account the Capital Transfers are recorded and combined with Gross Savings and the Current External Balance. The resulting balancing item is B.10.1 Changes in Net Worth due to Savings and Capital Transfers.

1.9 Acquisition of Non-financial Assets Account

On this account Gross Fixed Capital Formation, Changes in Inventories, Acquisitions less Disposals of Valuables and Non-Produced Non-Financial Assets are recorded among the uses. The decline in the value of fixed capital goods caused by consumption of fixed capital goods is recorded among the resources. The balancing item is B.9 Net Lending (+) or Borrowing (-). It shows the amount a sector can lend / invest or has to borrow as a result of its current and capital transactions. It is consistent with the current and capital account balance in the Balance of International Payments.

Financial Accounts:

Table 1 Financial Transactions Account

This account shows the transactions in assets and liabilities of each sector broken down by type of financial instrument. In the context of the preceding Non-Financial Accounts, the amount a sector can either lend/invest or has to borrow (see balancing item B.9) can be tracked in the Financial Transactions Account. For example, a sector which has a negative B.9 is a net borrower and such borrowings may be financed by reducing financial assets or increasing liabilities, or by some combination of both. Similarly, a sector with a positive B.9, a net lender, may decide to increase financial assets or reduce liabilities, or some combination of both.

The B.9F is the difference between a sector's transactions in financial assets and liabilities. This is conceptually equivalent to the B.9 shown in the Capital Account but, due to the statistical discrepancy, referred to as the 'net errors and omissions' in the Balance of Payments statistics, these indicators will differ for certain sectors - namely sector S12 *Financial Corporations*.

Table 2 Financial balance sheet

This account shows the stock at the end of each year of the financial assets and liabilities of the sector. A change in balance sheet position from year to year can be explained in part by the net transactions during that year. In addition, valuation changes, exchange rate changes and reclassifications can impact on the balance sheet position. Note however that estimates are not available of the stock of non-financial assets (property, equipment, valuables, intangible non-financial assets) and it is not therefore possible to estimate the net worth of each sector or of the total economy.

Appendix 3

Explanation of the variables in the non-financial accounts

Explanation of the variables in the non-financial accounts

Output (basic prices)

Output covers the value of all goods produced for sale, including unsold goods, and all receipts for services rendered. Output furthermore covers the market equivalent of goods and services produced for own use, such as own account capital formation, services of owner-occupied dwellings and agricultural products produced by farmers for own consumption. The output of such goods is estimated by valuing the quantities produced against the price that the producer would have received if these goods had been sold.

Output is valued at basic prices, defined as the price received by the producer excluding trade and transport margins and the balance of taxes and subsidies on products. This is the price the producer is ultimately left with.

Some special cases:

- Distributive trade i.e. retail/wholesale trade in goods where no physical transformation occurs. The value of these services is the difference between the sales value and the purchase value of traded goods.
- Real estate activities not only include services of non-residential buildings and rented dwellings, but also of owner-occupied dwellings. The latter are valued on the basis of rents of comparable rented dwellings.
- Banking mainly deals with financial intermediation, i.e. the acquisition, transformation and issuing of financial assets. The compensation for these services is implicitly included in the interest paid to and received from banks. The value of these imputed bank services is calculated as the margin paid by banks on deposits and received by banks on loans.
- Insurance and pension funding mainly transforms individual risk into collective risk. The value of these services is set as the difference between contributions and benefits. In the case of pension funds and life insurance companies, corrections are made for changes in actuarial reserves.
- Market Output of Government includes local authority rents valued at full unsubsidised prices. However, most Government Output is non-market and is valued as the sum of production costs namely, Intermediate Consumption, Compensation of Employees, Consumption of Fixed Capital and Other Taxes on Production paid by Government itself.

Intermediate Consumption (purchasers' prices)

Intermediate Consumption includes all goods and services used up in the production process in the accounting period, regardless of the date of purchase. This includes for example fuel, raw materials, semi manufactured goods, communication services, cleansing services and audits by accountants. Intermediate Consumption is valued at purchasers' prices, excluding deductible VAT. For companies, which do not need to charge VAT on their sales, the VAT paid on their purchases is non-deductible. It is therefore recorded as a component of Intermediate Consumption.

Not included in Intermediate Consumption are:

- Purchases of goods by retail/wholesale enterprises, which are resold without undergoing any processing.
- Purchases of goods used in the production process with a life span of more than one year. These purchases are recorded as fixed capital formation. The use of these goods is spread over their economic life span and recorded as consumption of fixed capital.

Value Added (basic prices)

Value Added at basic prices by industry is equal to the difference between Output (basic prices) and Intermediate Consumption (purchasers' prices).

Gross Domestic Product/Value Added (market prices)

Value Added at market prices of the total economy (GDP) is calculated as follows:

$$\begin{array}{r} \text{Total Value Added at basic prices of industries} \\ \textit{plus} \quad \text{Balance of Taxes and Subsidies on products} \\ = \quad \text{GDP (Value Added) at market prices} \end{array}$$

VAT, taxes on imports, and subsidies on re-exports, cannot be attributed to individual industries. Therefore, GDP at market prices cannot be broken down completely by sector. Value Added can be valued gross (including Consumption of Fixed Capital) or net (excluding Consumption of Fixed Capital).

Consumption of Fixed Capital¹

Consumption of Fixed Capital represents the depreciation of the stock of produced fixed assets, as a result of normal technical and economical ageing and insurable accidental damage. The Consumption of Fixed Capital is the depreciation of the net stock of produced fixed assets during the year not caused by revaluations because of price changes, new fixed capital formation or discarding of fixed assets.

Compensation of Employees

Compensation of Employees is the total remuneration paid by employers to their employees in return for work done. Employees are all residents and non-residents working in a paid job. Managing directors of limited companies are considered to be employees; therefore, their salaries are also included in the Compensation of Employees. The same holds for people working in sheltered workshops. Compensation of Employees includes both wages and salaries and employers' social contributions.

Taxes on Production and Imports

Taxes on Production and Imports are compulsory payments to the government and the European Union (EU), which are related to production, imports, and to the use of production factors. Taxes on Production and Imports are classified into Taxes on Products and other Taxes on Production.

Taxes on Products

Taxes on Products are related to the value or the volume of products. They are levied on domestically produced or transacted products and on imported products. Taxes on Products are classified into Taxes on Domestic Products, Taxes on Imports, and VAT.

Other Taxes on Production

Other Taxes on Production include all taxes on production paid by producers not related to the value or volume of products produced or transacted. Examples are rates and refuse charges paid by producers.

Subsidies

Subsidies are current payments from the government or the EU to producers, with the objective to influence output prices, employment, or the remuneration of production factors. Subsidies are distinguished between Subsidies on Products and other Subsidies on Production.

Subsidies on Products

Subsidies on Products are related to the value or the volume of products. They can be distinguished between Subsidies on Domestic Products and Subsidies on Imports.

Subsidies on Domestic Products

Subsidies on Domestic Products are related to the value or the volume of domestically produced or transacted products. Examples are EU-subsidies on food products and public transport subsidies.

Subsidies on Imports

Subsidies on Imports are related to the value, or the volume, of imported products that are re-exported without undergoing any processing. These are mainly subsidies on the re-exports of dairy products. Subsidies on Imports cannot be broken down by industry.

Other Subsidies on Production

Other Subsidies on Production include all Subsidies on Production paid to producers, not related to the value or volume of products domestically produced or transacted. These are mainly wage subsidies.

Operating Surplus/Mixed Income

Gross Operating Surplus by industry is the balance that remains after deducting from the Value Added (basic prices) the Compensation of Employees and the balance of other Taxes and Subsidies on Production. The Operating Surplus of the self-employed is called Mixed Income, because it also contains compensation for work by the owners and their family members. Net Operating Surplus/Mixed Income remains after deducting Consumption of Fixed Capital from Gross Operating Surplus/Mixed Income.

¹ For the agricultural sector the figure is based on the perpetual inventory method, carried forward using data on capital formation, and covers machinery, vehicles and equipment and farm buildings. In the case of business concerns included in the other sectors, Consumption of Fixed Capital is based on the estimates derived from the CSO's Capital Stock of fixed assets. For central and local Government an estimate of the depreciation on Government buildings is included. An estimate of the depreciation on dwellings is also included.

Property Income

Incomes that accrue from lending or renting financial or tangible non-produced assets, including land, are defined as Property Income.

Interest

Interest is accrued for the accounting period (i.e. the calendar year in these accounts) for which the underlying claim or liability has been in place. Actual interest payments are corrected for imputed bank services. There is a shift from the actual interest payments to the production, or the consumption, of bank services, i.e. Financial Intermediation Services Indirectly Measured (FISIM). For producers of imputed bank services this results in a decrease of the received interest and an increase in paid interest relative to the actual interest flows. For the consumers of imputed bank services this means an increase in received interest and a decrease in paid interest, compared with the actual interest flows.

FISIM

FISIM represents the margin which banks withhold for themselves in paying interest on deposits or charging interest on loans. In the case of household deposits with financial corporations, it is calculated as the difference between a reference rate (calculated as the effective FISIM-free interest rate on inter-bank business) and the average interest rate, multiplied by the stock of deposits held by households. In the case of loans to households it is calculated as the difference between the reference rate and the average loan rate, multiplied by the stock of loans held by households.

Dividends

Dividends are a form of Property Income received by owners of shares to which they become entitled as a result of placing funds at the disposal of corporations. Dividends are recorded gross, before deduction of dividend tax. This applies also for the taxes on dividends to and from the Rest of the World. Dividends are recorded at the moment they are made payable.

Reinvested Earnings on Foreign Direct Investment

Reinvested Earnings on Foreign Direct Investment are calculated as follows:

	Operating Surplus of the foreign direct investment enterprise
<i>plus</i>	Property Income and Current Transfers receivable.
<i>minus</i>	Property Income and Current Transfers payable, including Dividends (actual remittances) to foreign direct investors and any Current Taxes payable on income and wealth of the foreign direct investment enterprise
=	Reinvested Earnings on Foreign Direct Investment

Property Income Attributed to Insurance Policy Holders

In the national accounts, pension and life insurance provisions are seen as a liability of insurance enterprises to policyholders. Therefore, the investment revenues on these provisions are booked as payments from insurance enterprises to households. Subsequently, households reinvest these revenues as imputed contributions to pension funds and life insurance companies. In the financial accounts the latter transaction is recorded as a component of net equity in life insurance and pension funds reserves.

Rent

Rents on land refers to the rent received by a landowner from a tenant and does not include the rentals of buildings and of dwellings situated on it.

National Income/Primary Income

This includes factor income flows to the Rest of the World, i.e. wages and salaries to non-resident employees, interest and dividends to non-resident investors, retained profits of foreign owned subsidiaries, and branch profits. Income earned abroad is attributed to Ireland. National Income is the sum of GDP and Net Primary Income from the Rest of the World.

Current Taxes on Income and Wealth

Current Taxes on Income and Wealth of corporations consist of corporation tax and dividend tax. These taxes are based on the profits of corporations. Current Taxes on Income and Wealth of Households include all taxes, which are periodically imposed on income and wealth, such as the income tax, capital gains taxes, and other taxes on the net wealth of individuals. Non-periodical levies, such as inheritance tax are defined as Capital Transfers.

Several types of taxes are simultaneously seen as Taxes on Production and Imports when imposed on producers, and as Taxes on Income and Wealth when imposed on consumers. For instance, motor vehicle tax is a Tax on Production when it is imposed on company cars and it is a Tax on Income and Wealth when it is imposed on cars for private use. The treatment of dividend tax results from the recording of dividends, because dividends are recorded gross, i.e. before deduction of dividend tax, dividend tax is in all cases recorded at the receiving sector. The same applies for the dividend tax to and from the Rest of the World.

Social Contributions

Social Contributions include social security contributions, private social contributions (i.e. contributions to pension schemes) and imputed social contributions. Employers, employees, self employed persons and non-active persons pay these contributions. Actually, the employers' part is paid directly to the insurers. However, in the national accounts, the employers' contributions are considered to be part of Primary Income of Households (i.e. the income from direct participation in the production process). Therefore, in the first instance, these contributions are treated as payments by employers to Households, as Compensation of Employees, who are deemed to pay them to the insurers in the income account.

- *Contributions to pension schemes* are based on collective contracts with pension funds and life insurance companies. The contributions are calculated as follows:

$$\begin{array}{r}
 \text{Actual contributions to pension schemes (gross)} \\
 \textit{minus} \text{ Compensation of insurance services (part of consumption of households)} \\
 \textit{plus} \text{ Supplement from investment income} \\
 = \text{ Contributions to pension schemes}
 \end{array}$$

The supplement from investment income is part of the property income attributed to insurance policyholders that relates to pensions.

- *Other private social contributions*; These are contributions paid to private social schemes excluding pension schemes. The contributions to these schemes can be derived in the same way as the contributions to pension schemes.
- *Imputed social contributions*; Imputed social contributions represent the counterpart to the "unfunded employee social benefits" (less any employees' social contributions) paid directly by employers to their (former) employees. It is necessary to introduce this imputation because the direct payments are recorded twice. Firstly they are recorded as employers' social contributions (part of the compensation of employees). Secondly they are recorded as social benefits.

Social Benefits

Social Benefits are transfers to households, intended to relieve them from the financial burden of a number of risks or needs, such as sickness, invalidity, disability, old age, dependants, and unemployment. Social Benefits are classified in social security benefits, social assistance benefits, private social benefits (i.e. pension benefits) and unfunded employee social benefits.

Social security benefits; Social security benefits are paid by social security funds in the field of unemployment, disability, sickness, old age, etc.

Social assistance benefits; Social assistance benefits are payments of the central and local government to households, for which no quid pro quo by the beneficiary is expected.

Pension benefits; Pension benefits are private social benefits in the field of old age, survivors, or disability, paid by pension funds and life insurance companies.

Unfunded employee social benefits; These social benefits are directly paid by employers to their (former) employees, without involving any social security fund. Examples are some civil service pension provisions.

Non-Life Insurance Premiums

Non-Life Insurance Premiums comprise both the actual premiums payable by policyholders to obtain insurance cover during the accounting period, and the premium supplements payable out of the property income attributed to insurance policy holders, after deducting the compensation of insurance services. These premiums provide cover against damage as a result of fires, floods, crashes, collisions, theft, violence, accidents, sickness, etc.

As the compensation of insurance services of non-life insurance enterprises is calculated by subtracting the claims from the premiums (actual premiums and premium supplements), it follows that the total non-life insurance premiums must equal the total non-life insurance claims of the insurance enterprises.

Non-Life Insurance Claims

Non-life insurance claims represent the amounts which insurance enterprises are obliged to pay in settlement of injuries or damage as a result of fires, floods, crashes, collisions, theft, violence, accidents, sickness, etc.

Other Current Transfers

This transaction includes all transactions not mentioned before, which do not have the character of a Capital Transfer. This concerns particularly the Current Transfers within General Government.

Disposable Income

Disposable Income is the balancing item of the Secondary Distribution of Income Account. It shows for each sector its Disposable Income, which remains after the redistribution of primary income by Current Transfers (compulsory or non-compulsory) between the sectors. Total Disposable Income of all resident units is called Disposable National Income, which is equal to National Income plus Net Current Transfers received from the Rest of the World.

Final Consumption Expenditure

Final Consumption Expenditure consists of expenditure incurred by resident institutional units on goods and services that are used for the direct satisfaction of individual needs or wants, or the collective needs of members of the community. Final Consumption Expenditure may take place on the domestic territory or abroad. Final Consumption Expenditure exists only for Households (incl. NPISH) and General Government.

Final Consumption Expenditure by Households

Final Consumption Expenditure by Households includes the following borderline cases:

- Non cash expenditure arising from
 - Income in kind, such as accommodation, food, clothing etc.
 - Services of dwellings, which are occupied by the owners themselves and without any actual rent payments. These services are valued by applying the rents of similar dwellings.
- Goods and services produced for own use, as in agriculture. The value of these products is calculated by applying the market prices for similar products.

It also includes durable consumption goods such as private cars, household appliances, furniture, and clothing. However, the purchases of dwellings by Households are not seen as Final Consumption, but as Fixed Capital Formation by Households.

Final Consumption Expenditure by NPISH

Final Consumption Expenditure by NPISH consists of all the Non-Market Output of this sector, excluding the own account Capital Formation.

Final Consumption Expenditure by General Government

Final Consumption Expenditure by General Government results from the specific recording of Government Output. Only a small part of Government Output is actually sold (Market Output). The larger part of Government Output is paid out of public funds and provided free of charge to all sectors (Non-Market Output).

The Government is, by convention, considered to be the consumer of its own Output, because the allocation of Government Output to different users is problematic. In the absence of market prices, Output and Final Consumption Expenditure by General Government is calculated from the production costs as follows:

	Intermediate Consumption
<i>plus</i>	Compensation of Employees
<i>plus</i>	Consumption of Fixed Capital
<i>plus</i>	Other Taxes on Production (paid by the Government)
<i>minus</i>	Other Subsidies on Production (received by the Government)
=	Output (basic prices)
	Output (basic prices)
<i>minus</i>	Sales (=market output)
<i>minus</i>	Own-account Capital Formation
<i>plus</i>	Social Benefits in Kind via market producers
=	Final Consumption Expenditure by the Government

Actual Individual Consumption

Final Consumption Expenditure by Households refers to expenditure on consumption goods and services by Households. In contrast, Actual Individual Consumption refers to the acquisition of consumption goods and services by individuals. The difference between these concepts lies in the treatment of certain goods and services financed by the Government, or NPISH, but supplied to Households as Social Transfers in Kind. By convention, all Final Consumption Expenditure by NPISH, Households, and most of the Final Consumption Expenditure by the Government in the field of education, health, social security and welfare, sport and recreation and culture, are treated as Individual Consumption. So Actual Individual Consumption is:

$$\begin{aligned} & \text{Final Consumption Expenditure by Households} \\ \textit{plus} & \text{ Final Consumption Expenditure by NPISH} \\ \textit{plus} & \text{ Individual Consumption by the Government} \\ = & \text{ Actual Individual Consumption} \end{aligned}$$

Actual Collective Consumption

Services for Collective Consumption (collective services) are provided simultaneously to all members of the community or all members of a particular section of the community. Actual Collective Consumption consists, in particular, of Government expenditures on services in the field of:

- Management and regulation of society
- Security and defence
- Law and order, legislation and regulation
- Public health
- Environment
- Research and development
- Management of infrastructure and economic development

Adjustment for Net Equity in Pension Funds Reserves

Since Households are treated in the Financial Accounts as owners of the pension funds reserves, an adjustment item is necessary to ensure that any excess of contributions to pension schemes over pension benefits does not affect Household Savings:

$$\begin{aligned} & \text{Contributions to pension schemes} \\ \textit{minus} & \text{ Pension benefits} \\ = & \text{ Adjustment for Net Equity in Pension Funds Reserves} \end{aligned}$$

This adjustment is also made for the claims of non-residents on the reserves of Irish insurance companies.

Saving

Saving is the difference between Disposable Income and Final Consumption Expenditure. In the National Accounts Households are treated as owners of life insurance and pension funds reserves. Since contributions to pension schemes and pension benefits are recorded in the Secondary Distribution of Income Account, an adjustment item (Adjustment for Net Equity in Pension Funds Reserves) on the Use of Income Account is necessary to ensure that any excess of contributions to pension schemes over pension benefits does not affect Household Saving.

Exports and Imports (merchandise)

Exports and Imports are valued f.o.b. (*free on board*) for National Accounts purposes. While imports are valued c.i.f. (*cost, insurance and freight*) in the official external trade statistics, adjustments are made to reflect an estimated f.o.b. valuation. These adjustments result from the application of different c.i.f./f.o.b. conversion ratios to the values of Imports from within the European Union and from outside the European Union.

In addition, and in line with EU and ECB requirements, Merchandise Imports from within European Union member states are compiled on the basis of country of consignment rather than country of ultimate origin (as was the case formerly). Some adjustments are also made to the official merchandise trade statistics to conform to the Balance of Payments (BOP) change of ownership and market valuation principles.

In addition, certain exports sales of software licences are included in National Accounts and BOP Service Exports and not in National Accounts and BOP Merchandise Exports. The BOP merchandise figures now include the estimated values of (unrecorded) retail exports of fuel to Northern Ireland and of unrecorded imports of goods for personal consumption from Northern Ireland and elsewhere.

Exports and Imports of Services

Exports and Imports include various categories of service types: *transport, tourism and travel, communications, insurance services, financial services, computer services, royalties and licences, business services etc.* Some specific points of note are:

- Because of the presentation of merchandise imports on a f.o.b. (rather than c.i.f.) basis, the freight element of the c.i.f. to f.o.b. adjustment is included in *transport*.
- The value of *insurance services* provided to non-residents by resident insurers (credit) is estimated as the value of direct and supplementary premiums earned, less the value of claims payable less increases in the actuarial element of insurance technical reserves.
- Exports and Imports of computer software which is embedded in hardware or carried on other physical media are not included in *computer services* but under *merchandise*. Sales and purchases of software transmitted electronically, as well as exports of certain software licences, are recorded under *computer services*.

Current External Balance

The surplus/deficit on the Current Account of the Balance of Payments is equivalent to this item. It consists of:

- Net Exports, the difference between exports and imports of goods and services.
- Net Primary Income from the Rest of the World: Compensation of Employees, Taxes on Production and Imports, Subsidies and Property Income, such as interest and dividends.
- Net Current Transfers from the Rest of the World, such as dividend tax, social security benefits, and other current transfers.

Capital Transfers

Capital Transfers are payments for which no quid pro quo by the beneficiary is expected. They burden the wealth of the payer, or are meant to finance Fixed Capital Formation or other long-term expenditures of the receiver. Capital Transfers can be classified into Investment Grants, Capital Taxes, Other Capital Transfers and Imputed Capital Transfers.

Investment Grants

Investment Grants are capital transfers which are intended to finance Fixed Capital Formation of other units.

Capital Taxes

Capital Taxes are compulsory, non-periodical payments to the government. They are based on the wealth of taxable persons. In practise, they only cover the inheritance tax. Taxes on net wealth of individuals are imposed periodically and are therefore recorded as Taxes on Income and Wealth.

Other Capital Transfers

Other Capital Transfers are capital transfers that cannot be characterised as Investment Grants or as Capital Taxes.

Fixed Capital Formation

Fixed assets are produced tangible or intangible assets that are used in the production process for more than one year. Gross Fixed Capital Formation consists of producers' acquisitions less disposals of fixed assets:

- Tangible fixed assets include the following:
 - Dwellings and non-residential buildings
 - Civil engineering works
 - Transport equipment
 - Machinery, equipment and computers
 - Cultivated assets (trees and livestock).
- Intangible fixed assets include the following:
 - Mineral exploration
 - Computer software
 - Entertainment, literary or artistic originals
 - Other intangible fixed assets.
- Major improvements to land (reclamation, land consolidation and land preparing for building)

Fixed Capital Formation also includes:

- Work in progress of construction, such as unfinished dwellings, non-residential buildings, and civil engineering works, are recorded as fixed capital formation of the client.
- Military structures and equipment, similar to those used by civilian producers, such as airfields and hospitals.
- Improvements to existing fixed assets that go well beyond the requirements of ordinary maintenance and repairs.
- Transfer costs of fixed assets, such as conveyance fees and costs made by real estate agents, architects and notaries.

Changes in Inventories

Inventories consist of all raw materials, semi-manufactured goods, work in progress and final products that producers have in stock at a certain moment. Changes in work in progress are in general considered to be Changes in Inventories. However, work in progress in construction is seen as Fixed Capital Formation of the client and not as Changes in Inventories of the construction industry. This concerns unfinished buildings and civil engineering works.

Increases in inventories occur when goods are produced (or purchased) but not yet sold (or used) in the year under review. Decreases in inventories occur when goods are withdrawn from existing inventories in order to be sold or used in the production process.

The assessment of the changes in inventories is done in such way that gains or losses on inventories caused by price changes are avoided. With this objective, the initial and final stock of each good is valued at the same price – namely, raw materials at the average purchase price in the period, final products at average sales price and work in progress at the average cost price. This valuation method prevents Output, and subsequently Value Added, from being influenced by changes in prices of stocks during the period under review.

Acquisitions less Disposals of Valuables

This transaction consists of the acquisitions less disposals of precious stones, non-monetary gold, antiques, art objects, and jewellery that are acquired and held primarily as stores of value. In the National Accounts this transaction is mostly combined with changes in inventories.

Acquisitions less Disposals of Non-Produced Non-Financial Assets

Acquisitions less Disposals of Non-Produced Non-Financial Assets mainly consist of sales of land by landowners such as farmers to investors in dwellings and non-residential buildings. The valuation of sales and purchases of land is exclusive of VAT and transfer costs. These are included in Fixed Capital Formation.

Net Lending (+) or Net Borrowing (-)

Net Lending (+) or Net Borrowing (-) shows the amount a sector can lend/invest, or has to borrow, given the current and capital transactions in the Sector Accounts.

Appendix 4

Explanation of the variables in the financial accounts

Explanation of the variables in the financial accounts

The scope of the tables is restricted to financial assets and liabilities: in other words, fixed assets and intangibles are not included, except when they are held by residents abroad or by non-residents in Ireland (see AF.5 below). The financial instrument classes distinguished are as follows:

AF.1 Monetary Gold and Special Drawing Rights (SDRs). Monetary Gold (AF.11) and Special Drawing Rights (SDRs) (AF.12) together form part of the Official External Reserves held by the Central Bank and Financial Services Authority of Ireland. In the Financial Accounts statistics they are recorded only on the assets side of the table, as they are not considered to be the liabilities of any sector.

AF.2 Currency and Deposits. This category includes Currency (AF.21), consisting of notes and coins (assets of the holders, liabilities of S.12 and S.13 respectively). It also includes: Transferable Deposits (AF.22), i.e. deposits that are immediately convertible into currency or transferable without restriction; and All Other Deposits (AF.29). Both are assets of the holders, liabilities of the deposit-taking sectors - mainly S.12, but also S.2 and, in respect of government small savings schemes, S.13.

AF.3 Securities Other Than Shares. This category covers Debt Securities other than Equities (AF.33), both Short-Term (AF.331) and Long-Term (AF.332), together with Derivatives (AF.34).

AF.4 Loans. This category covers Short-Term Loans (AF.41), i.e. loans with an original maturity of up to one year or repayable on demand, and Long-Term Loans (AF.42), i.e. loans with an original maturity of more than one year.

AF.5 Shares and Other Equity. This category includes Shares (AF.51), both Quoted (AF.511) and Unquoted (AF.512), and Other Forms of Equity (AF.513). Other Forms of Equity include cross-border investments in unincorporated businesses (branch operations) or fixed assets (such as property). *Shares and Other Equity* also include shares in mutual funds and similar types of collective investment scheme (AF.52).

AF.6 Insurance Technical Reserves covers the Net Equity of Households (AF.61) in both Life Insurance (AF.611) and Pension Fund Reserves (AF.612), together with Prepayments of Insurance Premiums and Reserves for Outstanding Claims (AF.62).

AF.7 Other Accounts Receivable/Payable. This covers Trade Receivables and Payables (AF.71) and all Other Financial Assets and Liabilities (AF.79).

BF.90 Net Financial Assets. This is calculated as total financial assets less total liabilities. Since it excludes non-financial assets (property, equipment, durable goods, intangible non-financial assets etc), it is not a measure of net worth.

B9.F Net Financial Transactions. This is calculated as the total net transactions in financial assets less the total net transactions in liabilities. In principle it should equal the Net Lending/Borrowing(B.9) item from the Non-Financial Accounts.

Interpreting the balance sheets of sectors

The significant involvement of Irish companies, such as banks and other financial companies, in international financial transactions (sector S.123 in particular) tends to result in those entities having very large foreign assets and liabilities relative to other measures of the economy, such as GDP (This is in contrast to other economies which engage less heavily in international financial transactions). In most cases the foreign liabilities of a given sector are, to a large extent, offset by foreign assets, so that the net foreign position of that sector is not out of line with corresponding sectors in a similar economy.

Valuation principles in the financial accounts

In general, balance sheet positions are reported at end-year market value where they are available or can be estimated, and transactions are reported at the actual value of the transaction. This applies in particular to marketable securities (AF.3 and part of AF.5) on both the assets and liabilities sides. However, unquoted equity assets and liabilities (part of AF.5) are in general reported at book value. Foreign assets and liabilities are reported in general on the same basis as in the CSO's International Investment Position statistics. The liabilities under Insurance Technical Reserves of life insurance companies and, especially, pension funds (and the corresponding assets of policy holders and fund members) are estimated primarily from the values of the assets of the companies and the funds, and are not, in general, based on the actuarial liabilities to policy holders and fund members.

The values reported for the Net Financial Assets of each sector must be assessed in the light of these differences in valuation practice. Firstly, the absence of estimates of the non-financial assets means that the Net Financial Assets can not be taken as an estimate of the net worth of the sector. For the Household Sector, for example, the net worth will clearly be much larger than the (positive) Net Financial Assets, as much of the wealth of households is invested in property and durable goods. This is also true, but to a proportionately lesser extent, for the corporate sectors, especially for the Non-Financial Corporate Sector. In general, for these sectors, the Net Financial Assets are typically

negative, partly for this reason, but an additional factor must also be taken into account. The Net Financial Assets of a company as reported in these results will be negative to the extent that the market value of its shares, if this is what is used in the account, exceeds the Net Asset Value as reported in its balance sheet. For the majority of indigenous non-quoted companies the equity liability is captured essentially on the basis of their Net Asset Value as reported in their balance sheet.

Consolidation

In general the results are given on a non-consolidated basis for both sectors and sub-sectors. In other words, a liability of a unit in a sector to another unit in the same sector or sub-sector (such as a deposit received by a bank from another bank) is reported in the liabilities table for the sector of the reporting unit and in the assets table for the lending sub-sector and sector (in this example, in the tables for S.121+S.122 and S.12). A consequence of this is that the aggregate sector S.12 (Financial Corporations) and the groupings of sub-sectors within S.12 (S.121 + S.122, and S.123 + S.124) are also not consolidated. The results for S.1 (Total Economy) are by definition not consolidated; in other words, the entry for any instrument for S.1 is the arithmetic total of the sectors S.11, S.12, S.13 and S.14/15.

Data sources and compilation of the financial accounts statistics

Financial Accounts statistics are in general compiled by assembling and combining statistics drawn from other primary published and unpublished sources such as statistical surveys, administrative records of government agencies and of representative bodies, and academic or other research work. The main sources currently used are the CSO Balance of Payments and International Investment Position statistics including the underlying surveys, and published Central Bank statistics, primarily banking and insurance. Other sources used include government administrative and statistical records, including state-owned companies and accounts and accounts filed with the Companies Registration Office and the statistical reports of representative bodies.

The first phase of compilation involves assembling from these sources the asset and liability positions of each sector for each instrument class at the end of each year, and as far as possible, the net transactions in the year. Where transactions estimates are not available in the primary source, estimates are made by removing from the change in position the estimated effect of revaluations, due for example to price movements in securities, or to exchange rate movements in the case of items denominated in foreign currencies. In the early stages of the work, the positions and transactions are then further allocated to the extent possible to counterpart sectors, based on original information or on preliminary allocation proportions. For many cells in the tables this process yields two estimates, one from each side for example, deposits of government with resident banks, reported as claims on banks in the government statistics and as liabilities to government in the banking statistics). Almost invariably the two estimates differ to some extent, because of differences in such factors as coverage, valuation and timing. Furthermore, for many other cells, only a single-sided estimate is available. This is the case in particular for the Household Sector, for which no direct or primary data are available, and which must be compiled entirely on the basis of counterpart data and estimations.

In the second phase, discrepancies are identified and the tables are balanced. This is done by a mixture of mechanical and judgemental processes to bring about compliance with several accounting identities and conventions. A key requirement is that the sum of all holdings by residents and non-residents of financial assets of a given class should be equal to the sum of all liabilities of that class (also by residents and non-residents). In this operation, priority is given to retaining, as far as possible, consistency with other well-based statistics such as official banking and International Investment Position and Balance of Payments statistics, and government financial statistics. Some of the imbalances that come to the surface inevitably therefore get allocated by default to sectors or instruments for which the primary statistics are less well based. These tend to be S.123 (Other Financial Intermediaries), due to its relatively large size and to a lesser extent, S.11 (Non-Financial Corporations).

