

# NATIONAL AND SECTOR BALANCE SHEETS IN THE UNITED KINGDOM

BY JACK HIBBERT\*

*U.K. Central Statistical Office*

Although national and sector balance sheets have long been regarded as part of the national accounting framework, for a variety of reasons their compilation by official statisticians has been the exception rather than the rule. A programme of balance sheet work in the United Kingdom Central Statistical Office has recently been completed and the results published. The theoretical and practical problems arising in the course of this work are described and discussed. Summary results are given together with an interpretation of the main changes in the sectoral composition of national wealth between 1957 and 1975.

## INTRODUCTION

This paper reports on recent work in the United Kingdom on the estimation of national and sector balance sheets. One important point to be made at the outset is that this work was very much a continuation of earlier work by Revell [1] and Roe [2]. Their pioneering studies of the U.K., in addition to providing estimates for the years 1957 to 1966, established an invaluable blueprint for any subsequent work.

There are two main sections to the paper. The first is concerned with the theoretical framework for the work and the way in which it has been carried out. In the second section of the paper, summary results are given together with some comments on their interpretation.

### A. BACKGROUND, THEORETICAL FRAMEWORK AND METHODS OF ESTIMATION

There are several reasons for compiling sector balance sheets. First there is considerable public interest in the size and distribution of the nation's wealth; secondly reliable sector balance sheets could provide greater insight into how the economy works and thus help with economic forecasting and decision making; and, not least in importance, the work may lead to improved estimates of inter-sector transactions when reconciliation is carried out between asset/liability levels at the beginning and end of a period and the flows during that period. Ideally, work on construction of sector balance sheet estimates should be planned with these three sets of objectives in mind.

\*An earlier version of this paper was presented at the 16th General Conference of the International Association for Research in Income and Wealth, Pörschach, Austria, on the 19-26 August, 1979. The results presented in this paper take account of more recent work, details of which can be found at [10].

### *System of Sector and Asset Classification Used for the U.K.*

A list of the summary sectors, principal sub-sectors and their components, adopted for the U.K. work is given in Appendix 1. The different types of asset used are listed in Appendix 2. In adopting this system of classification attention was paid to the United Nations provisional guidelines contained in [4], but in a number of respects these were not wholly suitable for use in the U.K.

### *Main Approaches to Estimation*

It is not intended that this paper should provide a comprehensive description of the different methods of estimation used in our work. Nevertheless, attention will be drawn to points of particular interest or difficulty. As those familiar with the problems of carrying out such work will be aware, direct observation and measurement may be costly or impracticable and indirect methods may need to be adopted. For the estimation of stocks of fixed assets other than land a perpetual inventory model is available for the U.K. [3]; this method can sometimes be employed for other types of asset. Counterpart sources may provide another indirect means of estimating a given sector's holding of a particular type of financial asset or liability, since it may be possible to measure the counterpart sector's corresponding liability or asset more readily. Sometimes the best that can be done is to derive the estimate of a sector's holding of a particular type of asset as a residual item; this is usually the least satisfactory of the indirect approaches to estimation and may lead to wide margins of error in the results obtained. In practice, however, it may be the only approach possible if a complete set of estimates is to be compiled.

### *Tailormade Inquiries*

In order to obtain results of acceptable reliability it was judged necessary both to extend existing statistical inquiries and mount new inquiries. For banks and some other financial institutions modification and extension of existing inquiries may be sufficient to provide the material needed for sector balance sheets. To a limited extent some of the data collected as a basis for estimating transactions may actually be more appropriate for balance sheet work; for example, balances of foreign currency assets and liabilities can be readily converted into their domestic currency equivalent whereas the estimation of transactions expressed in domestic currency from these balances may be more difficult. The operations of most financial institutions are moreover heavily influenced by their financial asset and liability levels, so that the statistical reporting of these levels, though not necessarily welcomed by the institutions, is nevertheless feasible.

For other sectors the position may be less promising. The national authorities may be able to obtain balance sheet data in a standardised form from public sector institutions, but setting up these arrangements may take some time. Ideally, administrative and statistical requirements will be combined into a single reporting system, but in order to achieve this in practice it will often be necessary to accept data which fall some way short of that aimed for. Similar considerations arise for non-financial institutions in the private sector. Where administrative

and statistical needs can be met from a common reporting system or data source this obviously minimises the form-filling burden placed on reporting institutions. For these reasons the standardisation of commercial accounting procedures and forms of presentation would be of immense potential benefit to the work of the statistician and to the user of the statistics he produces.

### *Use of Published Accounting Data*

The limitations of accounting data as a basis for estimating stocks of fixed assets at written down replacement costs are well known (paragraphs 9.6 and 9.7 of [4]). Current developments in commercial accounting may well lead to a changed situation at some future time but, for the present at least, other approaches such as perpetual inventory methods are still necessary.

Some researchers have attempted to combine the perpetual inventory method with the use of published accounting data by estimating the relationship between written down historic cost and replacement cost from a perpetual inventory model and applying the results to written down historic cost estimates derived from commercial accounts. There are two main reasons why this approach may be unsatisfactory. First, the appropriate length of life assumptions may differ significantly between those necessary to simulate the stock of written down assets at historic cost appearing in commercial accounts on the one hand and those representing the actual economic lives of those assets on the other.<sup>1</sup> Secondly, the values of real assets used in commercial accounts will usually include some (unknown) element of revaluation from historic cost, particularly in respect of land and buildings. A similar, but slightly different, approach is suggested in paragraph 9.13 of [4]. Here, enterprises in a given stratum are to be sampled for data from which the replacement cost of the fixed assets of the sample units can be estimated. The relationship between these estimates and the book value of the sample enterprises' fixed assets can then be used to estimate replacement cost population values from the book values of all enterprises in the stratum. Though perhaps relatively costly for results of acceptable reliability (depending, of course, on the variability of the relationship between replacement cost and book values) this approach might be worth adopting if one could reasonably expect a stability in the ratios between fixed assets values at replacement cost and in published accounts. There are good reasons for expecting these ratios to be unstable, however, not least because of changing practices in commercial accounting. Thus, for the recommended approach to be successful it might be necessary to carry out frequent sample surveys of the kind suggested rather than infrequent benchmark surveys. Given these difficulties and uncertainties it seems doubtful whether much use can be made of accounts at historic cost for the estimation of the stock of fixed assets, except perhaps at a relatively high cost (including that arising from the information-gathering burden placed on sample enterprises).

<sup>1</sup>It seems likely that one misleading feature of early attempts to convert historic cost accounts to current cost accounts has been the failure to lengthen unduly cautious (i.e. relatively short) length of life assumptions and thus in some circumstances overestimation of depreciation at current cost.

Commercial accounts might seem a more promising data source as a basis for estimating levels of financial assets or liabilities, particularly where these are denominated in fixed money terms. A variety of problems may arise however from the lack of congruence in the accounts of different enterprises which it is intended should be aggregated and/or grossed up to provide the basis for population estimates. Actual or potential problems arise from:

- (a) the use of different accounting periods combined with an atypical balance sheet structure for the enterprise at the end of its accounting period (“window dressing”);
- (b) the asymmetrical treatment of provisions (such as those for bad debts);
- (c) the asymmetrical effect of items in transit leading to an upward bias in trade debtors relative to trade creditors.

No doubt it would be theoretically possible to estimate any biases resulting from factors of this kind, but the information needed to make such adjustments would be both difficult and costly to obtain. The author’s view is that for all these reasons estimates based on non-standardised published accounts are likely to be subject to relatively large margins of error.

#### *Estimates of Land, Buildings and Works*

The UN guidelines [4] suggest that the separation of land from buildings and works may present difficulties when compiling estimates for individual institutional sectors, but that for the national balance sheet separate estimates should be feasible. In the U.K. this has not been possible; as in [1] and [2] the value of buildings and works is simply included with the land on which they stand. Broadly the same methods of estimation (described in Chapter 14 of [1]) have been employed, using for property subject to local rates the rateable value at which it is assessed as the starting point for estimating its market value. This approach is by no means fully satisfactory but seems, on balance, preferable to the use of the perpetual inventory for buildings and works with an arbitrary addition for land (a method used where rateable values do not exist).

One interesting feature of using rateable values as the basis for estimating the stock of land and buildings is that it provides the possibility of an independent check on the perpetual inventory estimates of buildings. In addition to the inclusion, or exclusion, of land in the two sets of estimates there is also, of course, a fundamental difference in the basis of valuation. The perpetual inventory estimates reflect replacement cost while the rateable value based estimates reflect market values. Thus a simple comparison between the levels of these two sets of estimates is unlikely to be very helpful. But because the rateable values at which properties are assessed are expressed at the rental value of particular points of time (changed perhaps only every ten years or so), it is possible to compare the movements over time in the stock of property expressed at constant cost or value, as estimated by the two different approaches.

The table below gives the results of these comparisons in summary form.<sup>2</sup> Without exception the estimates based on rateable values show a smaller volume

<sup>2</sup>These comparisons cover only that part of the capital stock of buildings for which estimates are based on rateable values; about 60 percent of the value of public sector buildings and works, other than dwellings, is excluded.

COMPARISON OF CONSTANT MARKET VALUE ESTIMATES BASED ON RATEABLE VALUES  
WITH CORRESPONDING PERPETUAL INVENTORY ESTIMATES

		1966 £bn	1969 £bn	1972 £bn	1975 £bn	Percentage increase 1966 to 1975
<i>Estimated stock of developed land and buildings based on rateable values and expressed at end-1975 market values</i>						
Personal sector						
Dwellings		107	120	124	128	20
Other developed land and buildings		7	8	8	9	29
Companies		36	38	41	42	17
Public sector						
Dwellings		54	61	68	74	37
Other developed land and buildings		19	22	24	26	53
<i>Corresponding estimates for stock of buildings based on perpetual inventory and expressed at end-1975 replacement cost</i>						
Personal						
Dwellings	gross	72	78	84	90	25
	net	44	48	53	55	25
Other buildings	gross	11	13	15	16	45
	net	7	9	10	11	57
Companies	gross	44	48	52	56	27
	net	31	34	37	40	29
Public sector						
Dwellings	gross	40	47	53	59	48
	net	33	38	43	47	42
Other buildings	gross	29	36	41	46	59
	net	17	22	26	29	70

increase between 1966 and 1975 than the corresponding perpetual inventory estimates. A number of possible explanations for the differences are:

- (a) that the land component of the estimates based on rateable values has risen less in volume terms than the component relating to buildings;
- (b) that the length of life assumptions in the perpetual inventory lead to upward bias in the estimated growth in capital stock;
- (c) that the price deflators used in the perpetual inventory lead to upward bias in the estimated growth in capital stock;
- (d) that the revaluation of the rateable value of property in 1973, from 1963 to 1973 values, included an element of volume, as well as price, increase.

Further work would be needed before the relative importance of these factors could be established with any real confidence. It seems likely, however, that the most important factor is that the volume of land included implicitly in the estimates based on rateable values increased significantly less over this period than the volume of buildings.

### *Valuation of Reproducible Fixed Assets: Gross or Net Stock*

As indicated in the preceding section, in principle market value has been used as the basis for valuing most land and buildings. For plant, machinery and vehicles estimates at written-down replacement cost derived from the perpetual inventory are used. For land, buildings and works not subject to local rates there does not exist a set of rateable values from which market values can be estimated and reliance must be placed on the perpetual inventory or other methods. Paragraph 6.15 of the UN guidelines [4] suggests that gross, rather than net, stock is the appropriate basis for roads, dams, dikes, breakwaters and similar fixed assets. Gross stock at replacement cost has been adopted as the basis for estimating the stock of roads from the perpetual inventory, but for other types of asset estimates of the net stock have been used. As an approximation to market value, however, it is clear that net stock at written-down replacement cost is not the appropriate basis for valuing assets which have relatively long lives and are regularly repaired and maintained. To a limited extent, therefore, the estimates of reproducible fixed assets are likely to be biased downwards through the use of net stock in inappropriate circumstances.

### *Equity of Households in Pension Funds*

Paragraph 5.31 to 5.35 of the UN guidelines [4] deal with the recommended treatment of households' net equity in life assurance reserves and in pension funds. In constructing estimates for the U.K. we explored the possibility of including as households' equity in pension funds only the liabilities of pension funds to fund members, as recommended in the guidelines. This proved to be impracticable, mainly because the actuarial valuations of fund liabilities available do not provide satisfactory estimates of the present value of future liabilities. The valuations are concerned principally with fund solvency and recommendations for future rates of contribution. There appears to be considerable variation in the discount rates used and though these differences may not be crucial in the context of assessing future rates of contribution, they can affect significantly the present value of expected future payments.

There is, furthermore, much to be said for the argument that normally the only use that can be made of the assets held by pension funds is to pay pensions and other benefits to members. On both practical and conceptual grounds we have chosen therefore to follow a treatment of pension funds in sector balance sheets consistent with that followed in the SNA for transactions. Households' equity in pension funds is simply equal to the market value of the net assets of the funds and thus pension funds themselves have no net worth.

### *Some Important Limitations of the Work to Date*

Some of the conceptual and practical problems of compiling national and sector balance sheets have been discussed above. The problems of estimation not yet satisfactorily resolved bring a degree of uncertainty to the results so far achieved which suggest one should exercise considerable caution in their interpretation. Viewed simply as orders of magnitude indicating broad trends they are nevertheless, in the author's view, useful numbers.

It should be noted, however, that the scope of the estimates still falls short of the data needed for a complete national balance sheet. In particular, nothing has been included for the value of natural resources in the form of fuel and mineral reserves; the value of patents, trade marks and copyrights is also excluded. A further point to note is that, in assessing U.K. claims on, and liabilities to, the rest of the world direct investment is measured at book values.

## B. SUMMARY RESULTS

Although recent estimates of the U.K. national balance sheet and a full set of sector balance sheets were not published until 1980 [10], preliminary estimates for the personal sector were compiled and published in 1978 [5], [6] and [7]. These estimates, prepared in response to a recommendation of the Royal Commission on the Distribution of Income and Wealth that special priority should be given to work on personal sector balance sheet estimates, superseded those previously published by the Royal Commission itself in its First and Fifth Reports [8] and [9]. These results for the personal sector were published in considerable detail together with (in [7]) a very full description of the statistical sources and methods of estimation employed. Here, I propose simply to examine some of the main features of the U.K. national and sector balance sheets of the period 1957 to 1975.

### *Asset Shares of Domestic and National Wealth*

The main feature of the figures in Table B.1 is the growth in the share of domestic (physically located in the U.K.) and national (owned by U.K. residents) wealth represented by dwellings over the period 1957 to 1975. By contrast there was little change in the shares of wealth in other forms, other than the falling share of stocks and work-in-progress and, to a lesser degree, consumer durables.

TABLE B.1  
U.K. DOMESTIC AND NATIONAL WEALTH

	1957		1966		1975	
	£bn	Percentage share of domestic wealth	£bn	Percentage share of domestic wealth	£bn	Percentage share of domestic wealth
Dwellings	19	29	52	35	206	40
Other land, buildings and works	17	26	43	29	144	28
Plant, machinery and vehicles	15	23	29	20	98	19
Stocks and work-in-progress	8	12	13	9	35	7
Consumer durables	6	9	11	7	33	6
Identified domestic wealth	65	100	148	100	516	100
Net external claims	0		1		-2	
Identified national wealth	65		149		514	

The figures in Table B.2 throw additional light on the changes in shares of domestic wealth represented by the different categories of physical asset distinguished. The volume growth in the stock of dwellings was lower than the volume

TABLE B.2  
GROWTH IN MAIN COMPONENTS OF U.K. DOMESTIC WEALTH  
£bn at end 1975 values

	Dwellings	Other land, buildings and works	Plant, machinery and vehicles	Stocks and work-in-progress	Consumer durables
1957	133	81	45	20	14
1960	141	90	52	23	17
1963	152	100	60	24	20
1966	166	110	70	27	23
1969	186	122	81	30	26
1972	197	135	90	32	30
1975	206	144	98	35	33
Percentage increase (annual rates)					
1957 to 1966	2.5	3.4	5.1	3.4	5.7
1966 to 1975	2.4	3.0	3.8	2.9	4.1
1957 to 1975	2.5	3.2	4.4	3.2	4.9

growth in other categories, reflecting the fact that the relative increase in the price of dwellings was significantly greater than that for other categories of physical asset. Similarly, the higher than average growth in the stock of consumer durables was associated with a decrease in their relative prices sufficient, as we have already noted, to lead to a fall in the share of total wealth held in this form.

#### *Sector Shares of National Wealth*

In Table B.3 are shown estimates of the net worth of the personal sector, the remainder of the private sector and the U.K. public sector. The increasing share of national wealth represented by the net worth of the public sector over

TABLE B.3  
SHARES OF DOMESTIC SECTORS IN NATIONAL WEALTH

	1957		1966		1975	
	Net worth £bn	Percentage share	Net worth £bn	Percentage share	Net worth £bn	Percentage share
Personal sector	56	86	114	77	292	57
Non-financial companies and financial institutions	14	22	21	14	81	16
Public sector	-5	-8	14	9	141	27
National wealth	65	100	149	100	514	100

the period 1957 to 1975 is particularly marked. Net financial liabilities exceeded the value of the public sector's physical assets in 1957 but the balance has been reversed by 1966 and net worth had increased further as a share of national wealth by 1975. The net worth of the public sector in these three years is further analysed in Table B.4:

TABLE B.4  
COMPOSITION OF PUBLIC SECTOR NET WORTH (£bn)

	1957	1966	1975
Dwellings	6	16	73
Other physical assets	13	29	116
Total physical assets	19	45	189
Equities	—	1	2
less market value of fixed interest securities (net liabilities)	-12	-13	-23
less other net liabilities	-12	-19	-27
Net worth	-5	14	141

A comparison of the changes in the public sector's assets and liabilities with its corresponding transactions over this period is of some interest. Net domestic capital formation by the public sector amounted to about £12bn in the years 1958 to 1966, and to some £27bn in the years 1967 to 1975. This implies £14bn and £117bn respectively for revaluation and other changes. By contrast the financial deficits of the public sector amounted to about £6bn and £19bn over these two periods in comparison with the increases in net financial liabilities of £7bn and £17bn. The effects of holding mainly real assets and net financial liabilities denominated in money terms are very marked.

TABLE B.5  
COMPOSITION OF PERSONAL SECTOR NET WORTH (£bn)

	1957	1966	1975
Dwellings	12	34	128
Consumer durables	6	11	33
Other physical assets	6	11	29
Total physical assets	24	56	190
Equities	11	21	27
Fixed interest securities	5	5	8
Equity in life assurance and pension funds	6	15	34
Other net assets	10	17	33
Net worth	56	114	292

Personal sector net domestic capital formation amounted to about £3bn over the years 1958 to 1966 and about £6bn over the period 1967 to 1975. Thus, as one would expect, revaluations were the main factor in the changing value of the personal sector's stock of physical assets. The sector's net financial assets increased by £26bn and £44bn respectively over the two periods. During the years 1958 to 1966 the personal sector had a financial surplus of about £10bn with a revaluation on equities of around £15bn (there were net sales of equities by the sector amounting to about £4bn). Over the period 1967 to 1975 the personal sector's financial surplus amounted to some £28bn. Revaluation of equities represented an increase of about £18bn, offset by net sales of about £8bn.

The figures in Tables B.6 and B.7 complete the picture for the domestic sectors. Net domestic capital formation by companies was about £13bn during the period 1958 to 1966 and about £26bn during the years 1967 to 1975. This compares with the increased value in the stock of physical assets of £25bn and £90bn respectively. The financial deficits of non-financial companies amounted to some £2bn in the first period and about £10bn in the second, compared with the corresponding increases in net financial liabilities of £18bn and £30bn, the

TABLE B.6  
COMPOSITION OF NON-FINANCIAL COMPANIES' NET WORTH (£bn)

	1957	1966	1975
Physical assets in U.K.	21	45	123
Direct investment overseas (net)	3	4	3
<i>less</i> equities (net)	-11	-23	-37
<i>less</i> market value of fixed interest securities (net)	—	-3	-4
<i>less</i> other financial liabilities (net)	—	-4	-16
Net worth	<u>13</u>	<u>19</u>	<u>69</u>

TABLE B.7  
COMPOSITION OF FINANCIAL INSTITUTIONS' NET WORTH (£bn)

	1957	1966	1975
Physical assets	1	2	14
Equities (net assets)	1	3	12
Fixed interest securities	8	11	16
Other assets (net)	-3	1	2
<i>less</i> personal sector equity in life assurance and superannuation funds	-6	-15	-32
Net worth	<u>1</u>	<u>2</u>	<u>12</u>

main revaluations of financial liabilities arising, of course, on equities. The summary figures given for financial institutions are not of great interest, reflecting mainly the assets held by life assurance and superannuation funds. A more detailed sector balance sheet for this sector would, of course, reveal the large financial assets and liabilities on each side of the balance sheet which are the main feature of its operations.

The figures in Table B.8 complete the picture of the composition of U.K. national wealth by sector and main category of asset. As noted in the closing section of Part A of this paper, the valuation of inward and outward direct investment is at book values. This may have the effect of understating the U.K.'s net external assets in this form.

#### CONCLUSION

The summary results given in this paper show how major changes in the composition of national wealth have occurred over the last twenty years or so,

TABLE B.8  
COMPOSITION OF NET EXTERNAL CLAIMS (£bn)

	1957	1966	1975
Direct investment oversea (net)	3	4	3
Equities (net U.K. assets)	1	2	4
<i>less</i> fixed interest securities (net U.K. liabilities)	1	—	-3
<i>less</i> other U.K. liabilities (net)	-5	-5	-6
Net external claims of U.K.	0	1	-2

both in terms of the categories of asset held and more especially in the distribution of net worth among the institutional sectors. Since the paper was first written more detailed results have been published [10].

The precise role of the UN guidelines [4] in the development of this work is not altogether clear. As a conceptual framework for the construction of national and sector balance sheets the document is certainly invaluable, but as a source of guidance on methods of estimation it probably has less to offer. This is perhaps inevitable given the diversity of circumstances with which the statistician may be faced when attempting to put together a set of balance sheet estimates. Our experience in the U.K. does raise one very important question, however, which is whether the nature of the work is such that it is appropriate to national statistical offices. In the author's view the answer to this question depends upon the quality and availability of the basic data upon which the estimates can be based. There is a point, well-known to economic statisticians and compilers of national accounts, at which the estimates may be as much a function of the compiler's personal judgement as of the basic data underlying them. It is arguable that the results of the official statistician's work should not fall into this category but should be subject to quantifiable margins of error derived objectively. In order to achieve this a great deal more basic data of known quality may be needed than would be thought necessary by the academic researcher willing to "chance his arm." The official statistician may thus be faced with something of a dilemma. On the one hand many users are anxious to see work of this kind developed by official agencies to a stage where the results are available in more detail than the kind of summary estimates given in this paper. On the other hand this may require a significant increase in data collection for this to be achieved at a level of reliability acceptable to the official agency.

#### ACKNOWLEDGEMENTS

I should like to thank two colleagues in the U.K. Central Statistical Office, Bob Armitage and Colin Pettigrew, without whose help it would have been impossible to prepare the paper for the 1979 conference. Work on the personal sector estimates, published in [7], was mainly in the hands of David Reid. The responsibility for the estimates given in the paper is, of course, mine, however, and the views expressed are my own.

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## APPENDIX 1

### INSTITUTIONAL SECTORS USED IN U.K. BALANCE SHEET WORK

Summary Sectors	Principal Subsectors	Components
1.0 Personal Sector	1.1 Individuals, trusts, unincorporated businesses	
	1.2 Non-profit-making bodies serving persons	1.21 Universities and colleges
		1.22 Trade Unions
		1.23 Friendly Societies
		1.24 Housing Associations
		1.25 Charities
	1.26 Other non-profit-making bodies	
2.0 Industrial and commercial companies		2.1 Oil companies
		2.2 Shipping companies
		2.3 Property companies
		2.4 Other non-financial companies
3.0 Banking sector		3.1 Discount Houses
		3.2 Rest of Banking Sector
4.0 Other Financial Institutions	4.1 Savings Banks	4.1 Trustee Savings Banks (new departments)
		4.2 National Savings Bank (investment accounts)
	4.2 Finance houses	
	4.3 Building Societies	
	4.4 Unit and investment trusts	4.41 Authorised unit trusts
		4.42 Investment trusts
		4.43 Property unit trusts
		4.51 Long term funds
		4.52 General funds
	4.5 Insurance companies	4.61 Private funds
4.62 Local authority funds		
4.6 Pension funds	4.62 Local authority funds	
	4.63 Other public sector funds	

APPENDIX 1 (cont.)

Summary Sectors	Principal Subsectors	Components
	4.7 Additional financial institutions	4.71 Check traders 4.72 Factors 4.73 Miscellaneous deposit taking companies 4.74 Financial holding companies 4.75 Leasing companies 4.76 Miscellaneous financial institutions
5.0 Overseas sector		
6.0 Public sector	6.1 Central government	6.11 Social Security funds 6.12 Other central government
	6.2 Local authorities	
	6.3 Public corporations	6.31 Financial public corporations 6.32 Non-financial public corporations

APPENDIX 2

ASSET CLASSIFICATION USED IN U.K. BALANCE SHEET WORK

Summary category	Components
1.1.0 Stocks and work in progress	1.1.1 Materials and fuel 1.1.2 Work in progress 1.1.3 Finished goods
1.2.0 Vehicles, plant and machinery	1.2.1 Plant and machinery 1.2.2 Road vehicles 1.2.3 Other vehicles
1.3.0 Developed land and buildings	1.3.1 Dwellings 1.3.2 Other building and works
1.4.0 Undeveloped land	1.4.1 Agricultural land 1.4.2 Amenity land
1.5.0 Other tangible assets	1.5.1 Subsoil assets 1.5.2 Fisheries 1.5.3 Historic monuments 1.5.4 Consumer durables
2.1.0 Non-financial intangible assets	2.1.1 Leases and concessions 2.1.2 Patents, trademarks and copyrights
3.1.0 Cash and sight deposits	3.1.1 Monetary gold, official reserves, SDRs 3.1.2 Net position in the IMF 3.1.3 Notes and coin 3.1.4 Sight deposits at U.K. banks 3.1.5 Current accounts at trustee savings banks
3.2.0 Other deposits	3.2.1 Special deposits with Bank of England 3.2.2 Other deposits with banking sector 3.2.3 National Savings deposits 3.2.4 National Savings certificates and bonds 3.2.5 Building Society shares and deposits excluding "Save as You Earn" (SAYE) 3.2.6 Deposits with finance houses 3.2.7 Deposits with savings banks 3.2.8 Deposits with other financial institutions 3.2.9 SAYE (National Savings and Building Society): index linked

APPENDIX 2 (cont.)

Summary category		Components
		3.2.10 SAYE (National Savings and Building Society): other
		3.2.11 Temporary deposits with local authorities
		3.2.12 Deposits with Friendly Societies
		3.2.13 Certificates of tax deposit
		3.2.14 Import deposits
3.3.0	Bills and short-term bonds	3.3.1 Treasury bills: counterpart of central bank assistance
		3.3.2 Treasury bills: other
		3.3.3 Local Authority bills
		3.3.4 Certificates of deposit
		3.3.5 Public corporation bills
		3.3.6 Non-interest bearing notes
		3.3.7 U.K. commercial bills
		3.3.8 Overseas commercial bills
		3.3.9 Other bills
3.4.0	Long-term bonds	3.4.1 British Government (and Government guaranteed securities)
		3.4.2 Northern Ireland Government securities
		3.4.3 Local Authority listed securities and negotiable bonds
		3.4.4 Other public corporation securities
		3.4.5 Listed debenture and loan stock
		3.4.6 Unlisted debenture and loan stock
		3.4.7 Overseas Government and municipal securities
		3.4.8 Overseas company debenture and loan stock
3.5.0	Shares and other equities	3.5.1 Listed preference shares
		3.5.2 Unlisted preference shares
		3.5.3 Listed ordinary shares
		3.5.4 Unlisted ordinary shares
		3.5.5 Unit trust units
		3.5.6 Property unit trust units
		3.5.7 Retail co-operative shares
		3.5.8 Overseas ordinary and preference shares
		3.5.9 Direct investment: book values
		3.5.10 Direct investment: net worth
		3.5.11 Transnational property holdings
		3.5.12 Warrants
3.6.0	Loans	3.6.1 Bank lending (market loans, loans and advances)
		3.6.2 Short-term bank lending to local authorities as customers
		3.6.3 Other official short-term claims/liabilities overseas
		3.6.4 Other short-term loans
		3.6.5 Hire purchase and other instalment debt
		3.6.6 Net Central Government debt to Bank of England banking department
		3.6.7 Other Central Government borrowing from overseas
		3.6.8 Local authorities and public corporations foreign currency loans from abroad
		3.6.9 Central Government loans to public corporations
		3.6.10 Long-term loans to local authorities
		3.6.11 Inter-government loans and other official long-term assets abroad
		3.6.12 U.K. subscriptions to international organisations
		3.6.13 Refinanced export credits

APPENDIX 2 (cont.)

Summary		Components	
		3.6.14	Loans for house purchase
		3.6.15	Other public sector loans to private sector
		3.6.16	Loans by pension funds to parent organisations
		3.6.17	Other long-term loans
3.7.0	Trade credit, advances and accounts outstanding	3.7.1	Trade creditors/debtors in U.K.
		3.7.2	Trade creditors/debtors overseas
		3.7.3	Advance and progress payments on imports and exports
		3.7.4	Other accounts payable/receivable
3.8.0	Equity on insurance and pension funds		
3.9.0	Accrued interest, tax, and other accruals		