

I. Generic Template for Financial Accounts as provided by the Office for National Statistics, United Kingdom

A. INSTITUTIONAL ENVIRONMENT

A.1 *CoP1 Professional independence / PC1 Professional independence*

A.1.1 Legal basis

The Office for National Statistics (ONS) is the UK's national statistical office and the largest producer of official statistics in the UK. ONS is independent of ministers and instead reports through the UK Statistics Authority to Parliament and the devolved administrations of Scotland, Wales and Northern Ireland. ONS is the executive office of the UK Statistics Authority, which was established on 1 April 2008 by the Statistics and Registration Service Act 2007. Under the Act, the Authority is responsible for promoting and safeguarding the production and publication of official statistics which serve the public good. Further information on the Authority, and the Statistics and Registration Service Act, is available on the UK Statistics Authority website: <https://www.statisticsauthority.gov.uk/>.

Further information on the ONS is available from our ONS website:
<http://www.ons.gov.uk/ons/about-ons/who-ons-are/index.html>

A.1.2 Statistics work programme

The UK National Accounts work programme can be found at:

<http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/about-ons/get-involved/consultations-and-user-surveys/consultations/national-accounts-mid-term-work-plan-2015-to-2018/national-accounts-medium-term-work-plan-2016-to-2018.pdf>

National financial accounts work programmes are principally guided, at European level, by the work programmes of both

- Eurostat - ESTAT Annual Work Programme 2015, under Detailed Objective [04.1] *Macroeconomic accounts*, Activity Code [438] which outlines the objective – “Quarterly and annual National Accounts: Compliance monitoring and quality: Annual assessment of Member States' compliance with the transmission legal requirements, accompanied by regular checks of transmitted data and irregular country visits.” <http://ec.europa.eu/eurostat/web/ess/-/the-european-statistics-annual-work-programme-2015>
- (ii) ECB – From a quarterly perspective the work programme for quarterly financial accounts is determined by the Working Group on Euro Area Accounts (WG EAA) operating under a mandate from the ECB Statistics Committee (STC). This programme is reviewed and updated annually.

A.2 *CoP2 Mandate for data collection/PC2 Mandate for data collection*

A.2.1 Allocation of responsibilities

The annual and quarterly financial accounts as well as the non-financial accounts, Balance of Payments and public sector finance statistics are produced by the Office for National Statistics for the UK.

The ONS is also responsible for the business register and the collection of a wide range of business statistics and social statistics feeding into the compilation of the National Accounts.

These are all compiled in an integrated manner and the publications are also synchronised in terms of release.

A.2.2 Legal basis

The National Accounts programme at the ONS adheres to the full range of accounts described in international manuals such as the System of National Accounts 2008 (SNA 2008), the Balance of Payments and International Investment Position Manual - Sixth Edition (BPM6) and the European System of Accounts 2010 (ESA 2010).

The United Kingdom Statistics Authority has designated the following as national statistics:

- the UK's National Accounts annual publication (known as the Blue Book);
- quarterly United Kingdom Economic Accounts (UKEA);
- the UK's Balance of Payments annual publication (known as the Pink Book).

These are all produced in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics:

<https://www.statisticsauthority.gov.uk/?s=assessment+reports>

Most ONS business surveys are conducted under Section 1 of the Statistics of Trade Act 1947: <http://www.legislation.gov.uk/ukpga/Geo6/10-11/39>

A.3 *CoP6 Impartiality and objectivity / PC6 Impartiality and objectivity*

A.3.1 Advance release calendar

The release calendar giving details of all annual and quarterly financial accounts is available on the Office for National Statistics website. <http://www.ons.gov.uk/ons/release-calendar/index.html>

The quarterly financial accounts are published at t+85 days by the ONS at the same time as the quarterly non-financial accounts and Balance of Payments. We also publish the latest available annual data estimates on a quarterly basis for the open period, for instance in March 2015 the first estimates of 2014 would be published.

A.3.2 Revision policy

Both the annual and quarterly financial accounts (together with the non-financial accounts and Balance of Payments) are subject to revisions resulting from revisions in the source data. This could mean changes each quarter when the financial data are compiled.

ONS publish a [revisions policy document](http://www.ons.gov.uk/ons/guide-method/revisions/revisions-policies-by-theme/economy/index.html) (<http://www.ons.gov.uk/ons/guide-method/revisions/revisions-policies-by-theme/economy/index.html>). The financial accounts revisions are from the start of the previous year on a quarterly basis i.e. June 2015 revisions would be open for Q1 2014. On a Blue book basis revisions are fully open to account for larger changes i.e. in September 2015 data was revised back to 1997.

Major revisions such as methodological changes or classification changes are implemented through the annual Blue Book processes that are published either in June or September. The ONS communicate detail on such changes through a series of [articles](http://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/articles/nationalaccountarticles/previousReleases) (<http://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/articles/nationalaccountarticles/previousReleases>).

The ONS revisions policy applies to all the accounts produced by institutional sector. In addition the policy applies to non-seasonally adjusted and seasonally adjusted data as well as other areas like regional accounts. In each quarter the ONS policy tends to revise quarters and in each annual exercise more years than the CMFB revisions policy guidance. One of the major drivers is to ensure consistency and coherency across the accounts as well as the consistency of growth rates and levels of the time series over a long period of time. In addition the UK annual accounts are released either in June or September of each year and not always the same quarter each year

B. STATISTICAL PROCESSES

B.1 CoP7 Sound methodology / PC7 Sound methodology

B.1.1 General remarks

The National Accounts are produced in line with international standards, most notably the European System of Accounts 2010 (ESA2010) which is enforced for all European Union (EU) member states through an EU regulation. ESA2010 is in turn consistent with the United Nations System of National Accounts 2008 (SNA08).

The UK's Balance of Payments (BoP) and National Accounts are fully integrated and consistent. This means there is consistency between the UK's Rest of the World sector within the institutional sector accounts and the UK's Balance of Payments (BoP) adheres to the BPM6 which means adjustments are not required to consistency with ESA 2010. The public sector finance statistics are published in line with ESA10 and MGDD

ONS publish documents on National Accounts sources and methods via the National Accounts methodology and articles page that can be found at <http://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/articles/nationalaccountarticles/previousReleases>

B.1.2 Residency and territory

The UK economic territory includes:

- Great Britain and Northern Ireland (the geographic territory administered by the UK government within which persons, goods, services and capital move freely).
- Any free houses including bonded warehouses and factories under UK customs control
- The national airspace, UK territorial waters and the UK sector of the continental shelf.

The UK economic territory excludes

- Crown dependencies (Channel Islands and the Isle of Man)

ESA 2010 also includes territorial enclaves in the rest of the world i.e. embassies military bases , scientific stations, information or immigration offices, aid agencies used by the British government with the formal political agreement of the governments in which these units are located.

But excludes any extra territorial enclaves (parts of the UK geographic territory like embassies and US military bases used by general government agencies of other countries or by institutions such as the EU or international organisations under treaties or by agreement).

Resident units are households, legal and social entities such as corporations and quasi corporations, non-profit institutions, government and 'notional residents'.

B.1.3 Institutional unit definition

The general concepts of the institutional unit as set out in ESA 2010 – the ability to compile a complete set of accounts, autonomy of decision-making, centre of economic interest – are broadly adhered to in the compilation of the financial accounts, non-financial accounts.

B.1.4 Sectorisation and sector delimitation

The classification of institutional units into their appropriate institutional sectors follows the principles and recommendations laid out in the ESA 2010. No significant deviations from these requirements occur in the compilation/production process.

The split of Households (S.14) and Non-Profit Institutions Serving Households (S.15) has not yet been implemented and the sub-sectorisation of financial corporations. Derogations are in place until September 2017.

B.1.5 Instrument identification

Financial transactions and positions are classified into their appropriate financial instrument in accordance with the principles and recommendations of ESA 2010.

B.1.6 Valuation, including derivation of transactions

Transactions in financial assets are valued at the prices at which the assets are acquired or disposed of, excluding:

- Fees and commissions (recorded as payments for services)
- Tax on the transactions (recorded as tax on services).

When securities are issued at a discount the amount recorded in the financial account is the proceeds to the issuer at the time of sale, the difference between this and the face value being treated as interest accrued over the life of the instrument for government bonds. When on the other hand securities are issued through underwriters or other intermediaries and then sold at higher prices to final investors the value recorded is that paid by the investors, the difference in this case being treated as service payments from the issuer to the underwriters.

B.1.7 Time of recording (accrual accounting)

When interest accrues on an instrument the amount accruing in the period is recorded as being re-invested in the same instrument.

As regards timing, financial transactions should be recorded by the two parties at the same time, aligned with any entries into non-financial accounts which give rise to the claims. If only the financial account is affected then the recording should take place when ownership of the asset is transferred or when the liability is incurred or redeemed as the case may be. In practice, however, there is often a lag between the making of payments and their receipt.

B.1.8 Coverage gaps

The UK currently has derogations. Below is the list relating specifically to tables 6 and 7 for the Eurostat submissions and details of when they will be transmitted

Table	Code and variable	Detailed description of derogation	Period covered by derogation/ transmission delay	First transmission in
6	All variables	Other changes in volume and revaluations, all sectors, non-consolidated	2012-2015	2017
6	All variables	Transactions, assets and liabilities, S.14 - Households and S.15 - Non-profit institutions serving households, non-consolidated (to be provided as total S.14+S.15 until expiration of the derogation)	2012- 2015	2017
6	All variables	Transactions, assets and liabilities, S.121 - Central Bank, S.124 - Non-MMF investment funds, non-consolidated.	1995- 2015	2017
6	All variables	Transactions, assets and liabilities, S.1312 State government, S.1314 Social security funds, non-consolidated.	1995- 2016	(Sept.) 2018
6	F.6 Insurance, pension and standardised guarantee schemes F.61 Non-life insurance technical reserves	Transactions, assets and liabilities, all sectors, non-consolidated	1995- 2015	2017
6	All variables	Nominal holdings gains and losses and Other changes in volume, total economy and all sectors	2012- 2015	2017
7	All variables	Assets and liabilities, S.14 - Households and S.15 - Non-profit institutions serving households, non-consolidated (to be provided as total S.14+S.15 until expiration of the derogation)	2012- 2015	2017
7	All variables	Assets and liabilities, S.121 - Central Bank, S.124 - Non-MMF investment funds, non-consolidated.	1995- 2015	2017
7	All variables	Assets and liabilities, S.1312 State government, S.1314 Social security funds, non-consolidated.	1995- 2016	(Sept.) 2018
7	F.6 Insurance, pension and standardised guarantee	Assets and liabilities, all sectors, non-consolidated	1995- 2015	2017

schemes F.61 Non-life insurance technical reserves			
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B.1.9 Non-consolidation/Consolidation at sectoral level

Both transactions and positions are compiled on a consolidated and a non-consolidated basis in the annual financial accounts.

The full and technically correct consolidation of the Total Financial Sector (S.12) has not yet been completed.

B.1.9.1 As required under the ESA 2010 Transmission programme (Tables 6 and 7)
Consolidated data is compiled available in accordance with the requirements of the ESA 2010 Transmission programme for Tables 610 and 710.

B.1.9.2 Specific issues for instruments covered by private sector debt and credit flow (MIP indicators)

B.1.10 Other major deviations not listed above

None.

B.2 *CoP8 Appropriate Statistical procedures / PC8 Appropriate Statistical procedures*

B.2.1 Missing data

The UK is rich in terms of data sources however, where missing data occurs either estimates are produced using proxies or more importantly counterpart links across sectors are utilised. The map of the main data sources shows the sectors and transactions that have residual data.

B.2.2 Balancing

Although in theory the net lending/borrowing from the financial account and the net lending borrowing from the capital account for each sector should be equal, in practice they are not. The difference between the two balances is known as the statistical discrepancy.

Part of the balancing process of economic accounts statistics for the previous year (years t-1 and earlier) involves assessing and modifying the component variables so the estimates of net lending/borrowing made from the income and capital accounts and from the financial accounts are the same at the level of the whole economy and reasonably close to each other at the sector level. The statistical discrepancies are shown in the table below

Sector statistical adjustments	£ million									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Households and NPISH ¹	-12249	-8996	-9018	10964	-8889	6813	-9065	-11943	-15283	

Private non-financial corporations	10961	9284	2548	895	-1249	1216	3419	10972	11791
Financial corporations	-4850	11493	-9530	-6257	-2632	4218	-5289	-8755	3530
Public corporations	496	365	44	-65	-851	807	943	-78	-49
Central government	295	-865	16	297	93	-991	847	815	-5
Local government	167	819	273	345	294	461	-897	-250	-591
Rest of the world	5180	10891	15669	15749	13235	9541	10044	9241	-8097
Total ²	-	-	-	-	-	-	-	-	8704

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- Non-profit institutions serving
- 1 household.
 - 2 GDP measured by the income approach and GDP measured by the expenditure approach.

B.2.3 Annual and quarterly alignment

Annual Benchmarking of the some of the financial inquiries is carried out to align quarterly indicators to annual sources.

Map of main data sources																							
Country	UK																						
Name of Institution	Office for National Statistics																						
Year	2015																						
	Assets										Liabilities												
	S11	S12K	S124	S12O	S128	S129	S13	S14+S15	S2		S11	S12K	S124	S12O	S128	S129	S13	S14+S15	S2				
	NFC	MFI	non-MMF	FC	IC	Pension Fu	Gov	HH&NPISH	RoW		NFC	MFI	non-MMF	FC	IC	Pension Fu	Gov	HH&NPISH	RoW	Key			
F11	Mondetary gold								BoE												BoE	Bank of England	
F12	SDRs								BoE												Sur	Survey	
F21	Currency	*PO bal/Sur	BoE/Sur	BoE/Sur	BoE/Sur	Sur	Sur	BoE	*	BoE/Sur				BoE/Sur			BoE			BoE/Sur	PO	Post office	
F22	Deposits, transferrable	*BoE/Sur	BoE/Sur	BoE	BoE/Sur	BoE/Sur	BoE/Sur	BoE	*BoE	BoE				BoE/Sur*			BoE/Sur*				NSB	National saving bank	
F29	Deposits, other	PO	*PO	NSB/BoE	NSB/BoE	BoE/Sur	BoE/Sur	NSB/BoE	*NSB/BoE	NSB/BoE	NSB/BoE			NSB/BoE	NSB/BoE		NSB/BoE				DA	Devolved Administrations	
F3	Debt securities		*BoE/Sur		*Sur/BoE	BoE/Sur	BoE/Sur	BoE/Sur/DA/CGA	N/A	*BoE/DA	Sur			BoE/Sur/LSE			BoE/Sur/LSE				*BoE/Sur	CGA	Central government accounts
F4	Loans	HMT	BoE/Sur		GF/BoE/Sur	Sur	Sur	CGA/PSA	Sur	*	BIS/Sur	BoE		GF/BoE/Sur	Sur	Sur	CGA/PSA	BoE/GF	BoE	LSE		London Stock Exchange	
F511	Listed shares	Sur	Sur		Sur/BoE	Sur/BoE	Sur/BoE	Sur/CGA	Sur	*Sur/BoE				BoE/Sur	BoE/Sur	BoE/Sur	BoE/Sur				GF	Government finances	
F512	Unlisted shares	*Sur/CGA						CGA			BoE/Sur	BoE/Sur	BoE/Sur	BoE/Sur	BoE/Sur	BoE/Sur					EIB	European Investment Bank	
F519	Other equity	Sur	BoE/Sur	BoE/Sur	BoE/Sur			Sur/HMRC	Sur/HMRC	Sur/HMRC										Sur	BIS	Bank for International Settlements	
F52	Investment fund shares/units		Sur	Sur	Sur/BoE	Sur	Sur		*Sur	Sur/HMRC		Sur	Sur								*Sur/HMRC	PSA	Public Sector Accounts
F61	Non life tech res		Sur	Sur	Sur	Sur	Sur	GF		Sur				Sur							HMT	Her Majesty's Treasury	
F62	Life insurance and annuities					Sur/BoE	Sur/BoE		Sur/BoE					Sur/BoE							HMRC	Her Majesty's Revenue and Customs	
F63-F65	Pension entitlements																						
F66	Standardised guarantees																						
F7	Financial derivatives	Sur/BoE	Sur	Sur	Sur			Sur/CGA						Sur							Sur		
F81	Trade credits and advances																						
F89	Other accounts exc F81		Sur		Sur						Sur		Sur										

* Residual sector for respective instrument i.e. the sector (assets or liabilities) wher source is available but most likely adpated to achieve horzonal consistency

** Pure residual calculation as no source data for a meaningful plausibility check is available

Difference source for quarterly and or preliminary data

1) Quarterly survey (representative (slightly bias towards large NFC) covering about 60% of NFCs) grossed up to benchmark from annual NFC balance sheets (finalised at Q4+x months)

2) Different source and/or adjustment for transactions

For transactions main source is BoP

Transactions partially adjusted to improve (vertical) consistency with non-financial accounts B9

Other explanations

^ Corporate balance sheet data contributes significantly to this item also

^^ Transactions estimated from supervisory data

Insurance and pensions at annual intervals are sourced from administrative regulatory (e.g. PRA) and supplemented by ONS surveys at quarterly intervals

C. STATISTICAL OUTPUT

C.1 *CoP11 Relevance / PC11 Relevance*

At national level the financial accounts of the institutional sectors are published and disseminated in an integrated presentation together with the non-financial sector accounts.

At international level annual financial accounts data is required by Eurostat and ECB to produce three of the headline MIP Scoreboard indicators which help in identifying macroeconomic imbalances for a given economy. The data supports the assessment of vulnerabilities and interconnectedness for financial stability purposes by the European Systemic Risk Board (ESRB).

The quarterly financial accounts are required under the MUFA Guideline to assist the ECB in the production of the Euro Area accounts and support the Euro system in its task to define and implement the single monetary policy.

C.2 *CoP12 Accuracy and reliability / PC12 Accuracy and reliability (including stability)*

C.2.1 Accuracy and reliability

Stringent quality assurance is carried out by time series analysis to check for anomalies in data and outliers. Source data is queried with suppliers to identify any anomalies or to confirm the economic stories.

Automated checks are in place to check for alignment across sectors i.e. assets equals liabilities, sectors equate to UK level and annuals equate to quarterly data.

C.2.2 Internal consistency

In qualitative terms the accounts are closely scrutinised during the balancing stage of production to identify anomalous time-series issues and/or unusually large revaluations. These are investigated and explanations sought for their occurrence. Once the results are at a draft stage they are assessed in light of the scale of revision to the results in comparison to earlier vintage(s) and significant revisions are explored.

In general terms the compilation and production (including balancing) processes contain, along the way, various means by which quality and accuracy are monitored. However, apart from the analysis of the B.9/B.9F discrepancy in 3.4, there is currently no framework in place which would facilitate an easy cross-country comparison of reliability and accuracy.

C.3 *CoP13 Timeliness and punctuality / PC13 Timeliness (including punctuality)*

C.3.1 National requirements

Publication of quarterly data usually occurs at T+85 days after the latest reference quarter.

Publication of annual data usually occurs at T+10 months after the latest reference year.

C.3.2 International requirements

In the EU, the ESA 2010 transmission programme requires reporting of annual data at T+9 months. The quarterly data requirements under ESA2010 are T+90 days for the non-euro area countries (for the Euro area countries this requirement is T+85 days).

For the IMF, quarterly financial accounts are required at t+4 months in SDDS Plus.

C.4 *CoP14 Coherence and comparability / PC14 Consistency and comparability*

C.4.1 External consistency

The annual and quarterly financial accounts are completely consistent and coherent with the corresponding non financial accounts, Balance of Payments and the public finance statistics. The statistics for the rest of the world sector are also consistent and coherent with the Balance of Payments.

In both the annual and quarterly financial accounts the net financial transactions (B.9F) for S.2 (Rest of the World) is consistent with the published BOP. In the annual accounts the financial net worth (BF.90) of S.2 is consistent with the published net IIP from the Balance of Payments statistics whereas this constraint is not strictly adhered to in the quarterly financial accounts.

Data for the General Government (S.13) sector, in both the annual and quarterly accounts is consistent with the most recent vintage of the QFAGG.

Consistency with the non-financial sector accounts is determined, from year to year, largely by the extent of the net errors and omissions. The vertical discrepancy (B.9 – B.9F) for each institutional sector is monitored for anomalous and systematic deviations.

C.4.2 Time and back-data consistency

There are no significant breaks in the annual time-series. The series is ESA 2010 compliant (excluding the derogations as outlined above) and consistent across its time span.

C.4.3 Consistency across frequencies

For the financial account levels quarter 4 equals the annual data. For Flows the annual data equates to the corresponding four quarters of the calendar year that it relates to.

Annual Benchmarking is carried out to align quarterly data to annual sources.

C.5 *CoP15 Accessibility and clarity / PC15 Accessibility and clarity*

C.5.1 Data

National annual and quarterly financial accounts are published and available from the ONS website

<https://www.ons.gov.uk/economy/nationalaccounts>

Links to international organisations' data repositories are listed below.

ECB <http://sdw.ecb.europa.eu/reports.do?node=1000002779>

Eurostat <http://ec.europa.eu/eurostat/data/database>

OECD http://stats.oecd.org/Index.aspx?DataSetCode=FIN_IND_FBS#

C.5.2 Metadata

Metadata on the financial accounts is available as part of the electronic publication and is found by following the link below.

<http://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts>