



METHODOLOGICAL EXPLANATION

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QUARTERLY NON-FINANCIAL SECTOR ACCOUNTS OF DOMESTIC SECTORS AND REST OF THE WORLD SECTOR

This methodological explanation relates to the data releases:

- Non-financial sector accounts, Slovenia, quarterly (First Release)



November 2021

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1 PURPOSE

The purpose of the publication is to show the dynamics of quarterly non-financial transactions and the main aggregates of national accounts by institutional sector. Key statistics are set according to their importance in a particular sector. These include the aggregates of national accounts / balancing items of individual accounts - net lending / net borrowing of the total economy and individual sectors, balance of current transfers with the rest of the world, disposable income of households, etc., and indicators of individual transactions that are presented relative to their share in a particular aggregate: household saving rate, investment rate of non-financial corporations and others.

2 LEGAL FRAMEWORK

- [Annual Programme of Statistical Surveys \(LPSR\) \(only in Slovene\)](#)
- [National Statistics Act \(OJ RS, No. 45/95 and 9/01\)](#)
- European System of National and Regional Accounts – ESA 2010 (Regulation (EU) No. 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union) (CELEX 32013R0549)
- Regulation (EC) No. 1161/2005 of the European Parliament and of the Council of 6 July 2005 on the compilation of quarterly non-financial accounts by institutional sector (CELEX: 32005R1161)

3 UNIT DESCRIBED BY THE PUBLISHED DATA

The unit described by the published data is an institutional sector of the domestic economy, in the case of total (domestic) economy a group of sectors, and the rest of the world sector. Total economy includes all institutional units that are resident in the economic territory of the Republic of Slovenia. The institutional units are grouped into institutional sectors on common characteristics (non-financial companies in the sector of non-financial corporations, households in the household sector, etc.). An individual institutional sector therefore consists of institutional units observed, while transactions between units (e.g. compensation of employees paid by the company and received by households for the work done, income tax that households pay to the general government, social transfers by government to households, etc.) and main aggregates calculated from these transactions are the published data.

Units described by the published data:

- S.1 Total economy
- S.11 Non-financial corporations
- S.12 Financial corporations
- S.13 General government
- S.14 Households

- S.15 Non-profit institutions serving households (NPISH)
- S.2 Rest of the world

Rest of the world is not a real sector and consists of non-resident units engaged in transactions with resident units.

4 SELECTION OF OBSERVATION UNIT

The observation units are all resident institutional units of a country that have a centre of predominant economic interest on the economic territory of that country, irrespective of nationality, legal form or presence on the economic territory at the time it carries out the transaction. The centre of predominant economic interest means that a location exists within the economic territory of the Republic of Slovenia where the unit engages in economic activities or transactions on a significant scale (over an indefinite period or a definite but at least a year long period). In the absence of any physical dimension, the residence of an enterprise is determined by the economic territory under whose laws the enterprise is incorporated or registered.

Coverage is full. All resident institutional units within the economic territory of the Republic of Slovenia are included in accordance with the Standard Classification of Institutional Sectors (SKIS).

5 SOURCES AND METHODS OF DATA COLLECTION

Data are collected quarterly.

The sector accounts systematically describe different stages of the economic process (i.e. production, generation of income, distribution and redistribution of income, use of income and financial and non-financial accumulation) for all institutional sectors. In accordance with this definition sector accounts are based on a wide range of data sources.

Compilation of quarterly non-financial sector accounts is not based on a special statistical questionnaire sent to the reporting units. The sector accounts use data collected from existing statistical surveys and administrative sources - either directly (e.g. Quarterly Survey on Performance of Business Entities) or indirectly, in the phase in which data are already incorporated in the national accounts system and then included in the compilation of sector accounts. In the system of sectoral accounts, these data are combined with data from other sources, e.g. balance of payments, central and local government budgets, social security funds (Health Insurance Institute of Slovenia, Pension and Disability Insurance Institute of Slovenia), financial statements for banks and insurance companies, etc.

Not all data for transactions measured are available at the quarterly level. In such cases, a combination of quarterly and annual data source is used. A quarterly indicator is used to assess the movement of a variable and annual

data to determine the level of a variable.

Data are collected, the value of each transaction is calculated, these values are aligned across sectors, compliance with the other parts of the national accounts is verified (quarterly GDP, short-term public finance statistics, annual sector accounts) and balancing items are calculated in accordance with the sequence of accounts specified in ESA2010. We also monitor consistency with balance of payments and financial accounts.

6 DEFINITIONS

Over 70 different transactions and balancing items for domestic economy sectors and the rest of the world sector are published. Balancing items are calculated for total economy and various sectors by adding up the values of given transactions. This methodological explanation contains only short definitions of institutional sectors and of the balancing items, which represent the main aggregates of national accounts. Some (e.g. GDP) are already compiled for the total economy and quarterly indicators are used to allocate values to sectors, while the majority are calculated for the total economy and for individual sectors. Data for households and NPISH sectors are published only for these two sectors together.

Balancing items are shown gross, before the deduction of consumption of fixed capital.

Institutional sectors

Macroeconomic analysis does not consider the actions of each institutional unit separately, but the aggregate activities of similar institutions. So units are combined into groups called institutional sectors, some of which are divided into subsectors.

S.11 Non-financial corporations

Non-financial corporations sector (S.11) consists of institutional units which are independent legal entities and market producers, and whose principal activity is the production of goods and non-financial services.

S.12 Financial corporations

Financial corporations sector (S.12) consists of institutional units which are independent legal entities and market producers, and whose principal activity is the production of financial services. Such institutional units comprise all corporations which are principally engaged in financial intermediation and auxiliary financial activities.

S.13 General government

General government sector (S.13) consists of institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units

belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth.

S.14 Households

Households sector (S.14) consists of individuals or groups of individuals as consumers and as entrepreneurs producing market goods and non-financial and financial services (market producers). Households as consumers may be defined as small groups of persons who share the same living accommodation, who pool their income and wealth and who consume certain types of goods and services collectively, mainly housing and food. Households as entrepreneurs are sole proprietorships and partnerships without legal status, which are market producers.

Households sector also includes individuals or groups of individuals as producers of goods and non-financial services for exclusively own final use (services of owner-occupied dwellings and domestic services produced by paid employees).

S.15 Non-profit institutions serving households (NPISH)

Non-profit institutions serving households (NPISHs) sector (S.15) consists of non-profit institutions which are separate legal entities, which serve households and which are private non-market producers. Their principal resources are voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by general government and from property income. Examples of NPISH are trade unions, professional or learned societies, political parties, cultural societies, sports clubs, charities, etc.

S.2 Rest of the world

Rest of the world sector (S.2) consists of non-resident units which are engaged in transactions with resident institutional units, or have other economic links with resident units. Its accounts provide an overall view of the economic relationships linking the national economy with the rest of the world. The institutions of the EU and international organisations are included.

Balancing items of sector accounts

Balancing items are summary indicators of the result of the activity of the total economy and institutional sectors and provide key information for purposes of macroeconomic analysis and comparisons over time and space.

Gross domestic product

Gross domestic product (GDP) is the final result of the production activity of resident producer units. There are three approaches (production, expenditure and income approach) to compile and to define GDP. GDP by production approach is equal to the sum of gross value added of institutional sectors (plus taxes and less subsidies on products). GDP by income approach consists of domestic final uses of goods and services (final consumption and gross capital formation), plus exports and minus imports of goods and services. GDP by expenditure approach is measured as the sum of uses in generation of income account, which shows the distribution of income between the production factors

(via compensation of employees and gross operating surplus with mixed income) and government (via taxes on production and imports, and subsidies (-)). GDP is also the balancing item of the total economy production account.

Gross operating surplus

Gross operating surplus is an income that is a result of an activity before taking into account interests, rents and other costs payable or receivable by institutional unit. It represents the part of income that derives from capital used in the production process. It is the basis for calculating the profit share, the key performance indicator of non-financial corporations in national accounts.

Gross mixed income

Gross mixed income of total economy is equal to gross mixed income of the household sector. Household sector also consists of unincorporated enterprises that generate income from self-employment which consists of both capital income and labour income. To distinguish capital from labour income is often impossible and therefore a specific balancing item (characteristic only for the household sector) that includes both types of income is created.

Gross balance of primary income / GNI

Gross national income (GNI) consists of all primary income of resident institutional units (compensation of employees, taxes on production and imports less subsidies, property income (income minus expenses), operating surplus and mixed income). Primary income is the income which resident units receive by virtue of their direct participation in the production process, and the income receivable by the owner of financial assets (dividends) or natural resources (rents). GNI equals GDP minus primary income payable by resident units to non-resident units plus primary income receivable by resident units from non-resident units.

Gross disposable income

Gross disposable income is income available to the total economy or to an individual sector for consumption and saving. Disposable income of the total economy is the sum of disposable incomes of all institutional sectors and is equal to the national income, adjusted for current transfers between resident units and non-resident units (plus received from abroad minus payable abroad). Current transfers are current taxes on income, wealth, etc., social contributions and benefits and other current transfers. Gross disposable income is of particular importance for the household sector as the level of household consumption, which is one of the key criteria of material well-being, largely influences the level of household consumption.

Gross adjusted disposable income

Gross adjusted disposable income of the total economy equals the gross disposable income of the total economy. Indicators vary for the sectors involved in the redistribution of part of final consumption expenditure. Redistributed are general government and NPISHs expenditures for individual goods and services which are part of disposable income (but not part of adjusted disposable income) of general government and NPISHs. The concept of

adjusted disposable income takes into account that those goods and services are ultimately consumed by the households. Therefore in order to derive adjusted disposable income, disposable income of households is increased, while disposable incomes of general government and NPISHs are decreased for the corresponding value. These transactions are shown in the accounts as social transfers in kind.

Gross saving

Gross saving is the part of disposable income (or adjusted disposable income) that is not spent for final consumption (or actual final consumption). Actual final consumption equals the value of goods and services that households actually consume, even if their acquisition is financed by the government or NPISHs (see also the definition of gross adjusted disposable income).

Gross saving represents the link between current and accumulation accounts. Its value is positive if the value of disposable income is higher than the value of final consumption (surplus may be used to obtain funds or for repayment of liabilities), or negative (assets may be liquidated or liabilities increased).

Net lending (+) / net borrowing (-)

Net lending (+) / net borrowing (-) represents, if positive, net resources that total economy makes available to the rest of the world, or if negative, net resources that the total economy receives from abroad. A positive value of the indicator for an institutional sector indicates that this sector is (directly or indirectly) financing other sectors and a negative that it borrows from other sectors. Typically, households are net lenders and non-financial corporations are net borrowers. This indicator is also known as surplus (+)/deficit (-).

Net lending (+) / net borrowing (-) of the total economy is equal to net lending (+) / net borrowing (-) of the rest of the world with the opposite sign.

Net lending (+) / net borrowing (-) is the balancing item of the capital account and an important link between non-financial and financial accounts. The balancing item of the capital account is conceptually identical to the balancing item of the financial account. The discrepancy between them is mostly due to different data sources used in the calculation of non-financial and financial accounts.

The balance of goods and services

The balance of goods and services is the difference between imports of goods and services and exports of goods and services. A positive value indicates that the total economy has generated a surplus with the rest of the world in the trade in goods and services. The balance of goods and services is the balancing item of the external account of goods and services, which is part of the rest of the world account. Its value (as well as the value of other indicators) is shown from the rest of the world perspective, with the opposite sign.

Current external balance

Current external balance is the surplus (if positive) or the deficit (if negative) of the total economy with the rest of the world in current transactions (trade in

goods and services, primary incomes and current transfers). Current external balance is the balancing item of the external account of primary incomes and current transfers and is shown as all the other items in the rest of the world account from the rest of the world perspective.

7 EXPLANATIONS

7.1 CLASSIFICATIONS

Institutional units are allocated to sectors according to the Standard Classification of Institutional Sectors (SKIS). More about the classification can be found at: <https://www.stat.si/StatWeb/en/Methods/Classifications>.

7.2 DATA PROCESSING

DATA EDITING

Data editing was not performed.

WEIGHTING

Weighting was not performed.

SEASONAL ADJUSTMENT

In the framework of quarterly sector accounts some data series (balancing items and certain aggregates for the total economy) are seasonally adjusted, from the first quarter of 1995 onwards.

For seasonal adjustment of time series we use the TRAMO/SEATS method. A time series model is set up, and it is revised in detail and corrected about once a year. By using the model, the time series is decomposed into:

- the trend-cycle component (which consists of the trend and cyclical movements over a period longer than one year),
- the seasonal component (which consists of the seasonal effects and the calendar effects; the calendar effects are composed of the working day effect, the leap-year effect, the holiday effect and the Easter effect),
- the irregular component (which consists of random fluctuations and some outliers).

Seasonally adjusted data are original data from which the seasonal and calendar effects are eliminated.

For more, see the general methodological explanations [Seasonal adjustment of time series](#).

7.3 INDICES

Indices are not published.

7.4 PRECISION

The precision is not calculated.

7.5 OTHER EXPLANATIONS

8 PUBLISHING

- SiStat Database: [GDP and National Accounts](#) - Non-financial Sector Accounts. Data are published at current prices, in the form of absolute values, and in accordance with the Standard Classification of Institutional Sectors. Seasonally adjusted values are published for some important time series for the total economy.
- First Release (GDP and National Accounts, Non-Financial Sector Accounts): »Nonfinancial Sector Accounts, Slovenia«.
- [National Accounts on the Economic Crisis in Slovenia](#).
- [EUROSTAT \(Statistical Office of the European Union\)](#).
- [European Central Bank \(ECB\)](#).
- [The Organisation for Economic Co-operation and Development \(OECD\)](#).

9 REVISION OF THE DATA

9.1 PUBLISHING OF PRELIMINARY AND FINAL DATA

Revision policy of national accounts is defined by ESA 2010 and does not determine the status preliminary or final data. Data are regularly revised in accordance with the revision policy every quarter and the revision covers all quarters of the current year. Once a year (in September), data are revised also for the previous four years and brought in line with the newly revised data of annual sector accounts and other areas of national accounts (annual and quarterly GDP, short-term public finance statistics, balance of payments, etc.). Due to different revision policy of short-term public finance statistics and quarterly sector accounts, occasional discrepancy between these two data sets may occur.

In the case of "one-off" revisions, which are due to major changes in the methodology such as revision of the European System of Accounts - ESA (the last one was in September 2014), the whole data series are revised. The goal to revise the whole data series is also pursued at all other methodological

changes.

9.2 FACTORS INFLUENCING COMPARABILITY OVER TIME

There are no breaks in time series, so all points in time are comparable. Methodological explanation on revision of statistical data is available on: <http://www.stat.si/dokument/5299/RevisionOfStatisticalDataMEgeneral.pdf>.

10 OTHER METHODOLOGICAL MATERIALS

Methodological materials on SURSs website are available at <https://www.stat.si/statweb/en/Methods/QuestionnairesMethodologicalExplanationsQualityReports>.

- Questionnaire:
 - SURS does not collect data for this survey by using a questionnaire.
- Quarterly Non-financial Sector Accounts – European inventory of sources and methods: [https://ec.europa.eu/eurostat/documents/499359/6294062/Quarterly-non-financial-sector-accounts-European-inventory-sources-and-methods-\(ESA95\).pdf/fd0aaf9b-fa6a-484d-8dbb-89156e88c50f](https://ec.europa.eu/eurostat/documents/499359/6294062/Quarterly-non-financial-sector-accounts-European-inventory-sources-and-methods-(ESA95).pdf/fd0aaf9b-fa6a-484d-8dbb-89156e88c50f).
- European System of Accounts ESA2010: <https://ec.europa.eu/eurostat/documents/3859598/5925693/KS-02-13-269-EN.PDF/44cd9d01-bc64-40e5-bd40-d17df0c69334>.
- System of National Accounts 2008, EC – IMF – OECD – UN – WB, New York, 2009: <https://unstats.un.org/unsd/nationalaccount/docs/SNA2008.pdf>.
- Balance of Payments and International Investment Position Manual: <https://www.imf.org/external/pubs/ft/bop/2007/pdf/bpm6.pdf>.