



METHODOLOGICAL EXPLANATION

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

This methodological explanation relates to the data releases:

- Nonfinancial Sector Accounts, Slovenia, annually (First Release)



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1 PURPOSE

The purpose of the publication is to show the dynamics of annual non-financial transactions and the main aggregates of national accounts by institutional sector. Some of the key statistics are common to all sectors and some are essential only in a particular sector. Examples of key statistics are aggregates of national accounts /balancing items of individual accounts in the sequence of accounts: net lending / net borrowing of the total economy and individual sectors, balance of current transactions with the rest of the world, disposable income of households, etc. Key statistics are also indicators of individual transactions that are presented relative to their share in a particular aggregate: household saving rate, household investment rate, investment rate of non-financial corporations and others.

2 LEGAL FRAMEWORK

- [Annual Programme of Statistical Surveys \(LPSR\) \(only in Slovene\)](#)
- [National Statistics Act \(OJ RS, No. 45/95 and 9/01\)](#)

3 UNIT DESCRIBED BY THE PUBLISHED DATA

The unit described by the published data is an institutional sector, which can be each individual sector of the domestic economy, the rest of the world sector and total domestic institutional sector which represents all domestic sectors joined together and the units of which are resident in the economic territory of the Republic of Slovenia.

The institutional units are grouped into institutional sectors based on common characteristics. So, non-financial companies are grouped into the non-financial corporations sector, financial companies into the financial corporations sector, households into the household sector, etc. An individual institutional sector therefore consists of institutional units observed, while transactions between units (e.g. wages paid by the company and received by households for the work done, property income that households pay to other sectors, received from them, 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

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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

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). A resident institutional unit of a country has a centre of predominant economic interest in 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.

5 SOURCES AND METHODS OF DATA COLLECTION

Data are collected annually.

The sector accounts are a systematic presentation of 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) by all institutional sectors. In line with the definition, the sector accounts are based on a wide and varied range of data sources.

Compilation of annual 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 from various administrative sources above all indirectly, when data sources have already been used in the system of national accounts for estimation of GDP, taxes, investments, employment and are then through them included in compiling sector accounts. Some data sources are direct as they are used exclusively for the purpose of compiling sector accounts in the phase in which data are already incorporated in the national accounts system and then included in the compilation of sector accounts (e.g. data by Central Securities Clearing Corporation (KDD) on dividend payments by paying sector and recipient sector, statistical survey on non-profit institutions carried out by SURS every few years, data on investment income by the Securities Market Agency, data on reinvestment earnings by the Bank of Slovenia).

The main indirect data sources for compiling sector accounts are annual accounting statements of corporations, annual accounting statements of large unincorporated enterprises, annual accounting statements of small unincorporated enterprises, annual accounting statements of public service providers and agencies (indirect budgetary units), annual accounting statements of societies, annual accounting statements of legal persons of private law, central and local government budgets, social security funds (ZZZS, SPIZ), financial statements of monetary institutions, financial statements of insurance undertakings and balance of payments.

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 (annual GDP, government sector account, rest of the world account) and balancing items are calculated in accordance with the sequence of accounts specified in ESA 2010. We also monitor consistency with financial sector accounts via balancing item net lending (+) or net borrowing (-) of the total economy.

6 DEFINITIONS

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. Institutional units are grouped into sectors according to the type of producers and their principal activities and functions that indicate economic behaviour.

a) S.1 Total economy

S.11 Non-financial corporations

The 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

The 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. This sector includes: central bank (S.121), deposit-taking corporations (S.122), money market funds (S.123), investment funds (S.124), other financial intermediaries, except insurance corporations and pension funds (S.125), financial auxiliaries (S.126), captive financial institutions and money lenders (S.127), insurance corporations (S.128) and pension funds (S.129).

S.13 General government

The general government sector (S.13) consists of institutional units which are nonmarket 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. The general government sector includes central government (S.1311), local government (S.1313) and social security funds (S.1314).

S.14 Households

The 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. The 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)

The 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, religious societies, cultural societies, sports clubs, charities, etc.

b) S.2 Rest of the world

The 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 non-financial sector accounts

Balancing items are summary indicators for purposes of macroeconomic analysis and comparisons over time and space.

Non-financial sector accounts are based on a sequence of accounts by institutional sectors. These accounts are current accounts and part of accumulation account –capital account.

Current account concerns the generation, distribution and redistribution of income and its use in the form of final consumption. Finally, they enable the calculation of saving, which is an essential factor in accumulation.

- **Gross domestic product (GDP)** is the balancing item of production account for the total economy. It's 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 the production approach is equal to the sum of gross value added of institutional sectors (plus taxes and less subsidies on products). GDP by the expenditure 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 the income 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** 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 of total economy is equal to gross mixed income of the household sector. The 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** 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** is income available to the total economy or to an individual sector for consumption and saving. Gross 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 income largely influences the level of household consumption, which is one of the key criteria of material wellbeing.

- **Gross adjusted disposable income** of the total economy equals the gross disposable income of the total economy. Indicators differ from each other 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 income 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** 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 if the value of disposable income is lower than the value of final consumption (assets may be liquidated or liabilities increased).

- **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** 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.

The capital account records the net transactions in real assets and shows whether this capital expenditure is financed from savings generated within the current period or from borrowing. It is divided into the change in net worth due to saving and capital transfers account and the acquisition of non-financial assets account.

- **Net lending (+) / net borrowing (-)** is a balancing item of 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. This indicator 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.

Gross investment rate of non-financial corporations – is the share of gross fixed capital formation (P51G) in gross value added (B1G) and is expressed as a percentage.

Gross investment rate of households – is the share of gross fixed capital formation (P51G) in the sum of gross disposable income (B6G) and adjustment for the change in pension entitlements (D8) and is expressed as a percentage.

Gross household saving rate – is the share of gross saving (B8G) in the sum of gross disposable income (B6G) and adjustment for the change in pension entitlements (D8) and is expressed as a percentage.

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: <http://www.stat.si/StatWeb/en/Methods/Classifications>

7.2 DATA PROCESSING

DATA EDITING

Data were edited by using appropriate systematic and individual corrections.

For more, see the general methodological explanations [Statistical data editing](#).

WEIGHTING

Weighting was not performed.

SEASONAL ADJUSTMENT

Seasonal adjustment is not applicable.

7.3 INDICES

Indices are not published.

7.4 PRECISION

The precision is not calculated.

7.5 OTHER EXPLANATIONS

Over 70 different transactions and balancing items that follow from the sequence of accounts are published for individual domestic sectors and the rest of the world sector. There are transactions in products and distributive transactions. Financial transactions are the subject of financial accounts, so they are not included in non-financial sector accounts. Distributive transactions may appear in accounts as income or as expenses. Balancing items are calculated for total economy as well as for various sectors by adding up or subtracting the values of certain transactions.

This methodological explanation contains only short definitions of institutional sectors and of the balancing items, which represent the main aggregates of national accounts. Balancing items are shown gross, before the deduction of consumption of fixed capital.

8 PUBLISHING

- SiStat Database: [GDP and national accounts- Non-financial sector accounts](#);
- [Non-financial sector accounts, mio EUR, Slovenia, annually](#)
- [Household saving rate and investment rate in %, Slovenia, annually](#)
- [Main aggregates of non-financial sector accounts \(mio EUR\), Slovenia, annually](#)

Data are published at current prices, in the form of absolute values, in relative values (saving rate and investment rate) in % and in accordance with the Standard Classification of Institutional Sectors.

- First Release (GDP and national accounts, Non-financial sector accounts): »Nonfinancial Sector Accounts, Slovenia, 2020«
- EUROSTAT (Statistical Office of the European Union)

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 year (in September) and the revision covers the last three years. Data are revised in line with other areas of national accounts (annual GDP, government sector account, rest of the world account, etc.). Due to different revision policy of government accounts and annual 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.

Methodological explanation on revision of statistical data is available on <http://www.stat.si/dokument/5299/RevisionOfStatisticalDataMEgeneral.pdf>

9.2 FACTORS INFLUENCING COMPARABILITY OVER TIME

There were no breaks in the time series, so all time points are comparable.

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.
- Methodological explanations:

Annual non-financial sector accounts of domestic sectors and rest of the world [GDP and national accounts, Non-financial sector accounts, mio EUR, Slovenia, annually](#)

- Other methodological materials:

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 <http://unstats.un.org/unsd/nationalaccount/docs/SNA2008.pdf>

Balance of Payments and International Investment Position
<https://www.imf.org/external/pubs/ft/bop/2007/pdf/bpm6.pdf>