5. NATIONAL ACCOUNTS

National accounts compiled in the Czech Republic are based on the ESA95 European standard and many additional and specifying regulations. The ESA95 was adopted by the Council Regulation (EC) No 2223/96 as a binding methodological standard for the EU member states in June 1996; however, its full implementation in all the member states underwent a long process, which has been completed virtually after ten years. In the Czech Statistical Office, the first accounts according to that methodology were compiled for the year 1993. Compilation procedures have been then gradually improved and all time series were consequently revised several times.

Nowadays, a new European methodology ESA 2010 is being finished; it results from the SNA 2008 international standard. It will be implemented in all EU member states until the end of 2014 in a co-ordinated way.

The skeleton of the Czech national accounts consists of a set of sector accounts followed by other tables and balances, especially supply and use tables and balances of non-financial assets.

Sector accounts capture all material, income, financial, and other flows among all businesses in the national economy as well as in relation to foreign countries and also results of these flows. The capture of such a complex economic mechanism as the national economy in its complexity and in a rather simple form is enabled by grouping of all businesses in the national economy to several groups according to their prevailing role in the economy (to the so-called institutional sectors) and by arrangement of all the various flow and stock quantities to a system of accounts and tables.

Institutional sectors

National accounts describe the economic process broken down by institutional sector and subsector. Each sector/subsector comprises units similar in basic activities, functions and economic behaviour and belonging to the same type of producer. Each unit is classified only to one sector/subsector. The total economy ***(S.1)*** *consists of* ***resident institutional sectors****, which are the following:*

- ***non-financial corporations (S.11)*** *principal activity of which is production of goods and non-financial services; they include e.g. agricultural, industrial, construction and transport corporations, schools and health establishments (joint-stock companies, cooperatives, state-owned corporations, etc.; also certain semi-budgetary organizations are included);*
- ***financial corporations (S.12)****, which are primarily engaged in financial intermediation or auxiliary financial activities; they include e.g. banks, credit cooperatives, investment funds, investment companies, financial leasing companies, holding financial companies, stock exchanges, insurance companies, and pension funds;*
- ***general government (S.13)****, output of which is designed for individual and collective consumption and that are financed particularly by obligatory payments from units classified to other sectors; they are organisational units of the state (e.g. ministries, central authorities and organizations managed by the authorities), extra-budgetary funds and other central institutions, territorial self-governing units (regions, municipalities, towns, and voluntary associations of municipalities, regional councils of cohesion regions), non-market semi-budgetary organizations, and social security funds (health insurance companies). There are also non-profit institutions and corporations dealt with as non-market units and classified in S.13 in accordance with the criteria of the ESA95;*
- ***households (S.14)****, which include individuals or groups of individuals as final consumers and small entrepreneurs producing market goods and services (craftsmen, self-employed farmers, private medical doctors, lawyers, tax advisors, etc.);*
- ***non-profit institutions serving households (S.15)****, which are non-market producers; they include political parties, churches or religious societies, foundations, trade unions, professional or learned societies, interest organizations or charities, etc.*

National accounts also describe economic transactions with the rest of the world (also referred to as non-residents), i.e. with units seated outside the economic territory of the Czech Republic for at least one year. The ***rest of the world (S.2)*** *is a grouping of units whatever their function and resources are. They include e.g. embassies of foreign countries or international organizations, which were founded and operate under international agreements, or detached parts of parent companies (e.g. branches of manufacturing enterprises, banks and insurance companies). Data for the rest of the world are not included in items of the total economy (S.1).*

In each institutional sector, all production units are grouped also according to the character of their prevailing activity to economic activities. For classification of each production unit to an economic activity the Classification of Economic Activities (CZ-NACE) is used, which is a Czech version of the standard classification of the EU (NACE).

Sequence of accounts

Another characteristic of the national accounts is that all flow and stock quantities are grouped according to their economic character and their arrangement to a system of accounts and tables. General principles of the arrangement and records in the national accounts are basically similar to general principles known from the business accounting.

Each of the accounts in the system is balanced – it results either from the definition of the accounts (goods and services account) or a balancing item is used there, which is then transferred to the next account. Balancing items are recorded in the accounts either as net or gross. The difference in both concepts lies in consumption of fixed capital. The goods and services account is compiled only for the total national economy, while all other accounts are compiled for each institutional sector and subsector, and, naturally, also for the national economy in total.

***Goods and services account** shows how total sources (production, imports, and net taxes on products) for the total national economy are used (for intermediate consumption, final consumption, capital formation, and for exports). In accordance with the general definition, the total volume of sources is in equilibrium with their uses. Since this account captures flows of goods and services, which have the opposite direction in an economy than flows of money paid for them, the sources and uses are shown on the opposite sides than it is in sector accounts.*

***Current accounts** capture generation, allocation, and redistribution of income and its uses for final consumption. The resulting balancing item is saving (B.8), which is a newly created source for accumulation. Current accounts are: production account, generation of income account, primary distribution of income account (it is further broken down to entrepreneurial income account and allocation of other primary income account), secondary distribution of income account, redistribution of income in kind account, and use of income account. The use of income account has the form of two accounts that are different in their contents – the use of disposable income account and the use of adjusted disposable income account.*

***Accumulation accounts** show for each sector changes in volume and valuation of respective components of its assets and liabilities. The entire set of accumulation accounts consists of the following accounts: capital account (broken down to the change in net worth due to saving and capital transfer account and the acquisition of non-financial assets account), financial account, and other changes of assets accounts (broken down to the other changes in volume of assets account and the revaluation accounts – nominal, neutral, and real holding gains/losses accounts).*

***Balance (asset) accounts** capture values of assets and liabilities, which are at a certain moment (in our case as at the beginning and the end of a calendar year) in holding of a given sector or subsector. The balancing item is net worth, which in the total for the national economy expresses the national wealth, i.e. all non-financial and financial assets after deduction of financial liabilities in relationship to the ROW (non-residents). The importance of a balance for the entire national accounts system is that it makes the sequence of accounts complete, because it shows the final result of records in current and accumulation accounts. Asset accounts are: opening balance, changes in balance, and closing balance.*

***Accounts of the rest of the world (non-residents)** are used to capture transactions between resident units and the rest of the world (non-resident units). The sequence of accounts is similar as for accounts of domestic institutional sectors: goods and services account of the ROW, primary income account and current transfers account of the ROW, accumulation accounts of the ROW (split into capital accounts of the ROW and financial account of the ROW, other changes of assets accounts of the ROW, broken down further to other changes in volume of assets account of the ROW and revaluation account) and balances of the ROW.*

Accounts of the ROW (non-residents) capture flows and stocks between non-residents and residents; they do not capture relationships among non-residents, i.e. they do not show the total for the rest of the entire world. Therefore, the same detailed breakdown of individual flows and stocks in the accounts of the ROW is used in the Czech practice as at resident sectors including detailed breakdown of accumulation accounts and balance accounts.

Characteristics of indicators

*Each indicator in the system of national accounts (transactions, other flows, and stocks) is marked with a code, which is consistent with the ESA95 international standard or results from it. Transactions in goods and services are designated with code **P**, distributive transactions with **D**, balancing items with **Bg** (gross approach incl. consumption of fixed capital) or **Bn** (net approach excl. consumption of fixed capital), transactions in financial instruments with **F**, and other items of accumulation with **K**. Stocks of non-financial assets presented in opening and closing balance sheets are designated with code **AN** and stocks of financial assets including other accounts receivable/payable with **AF**.*

***Output (P.1)** is the value of market and non-market goods and services produced by resident units on the territory of the Czech Republic in a given period. It is composed of:*

- ***market output (P.11)****, which includes, above all, sales of goods and services of own production, trade margin and changes in inventories of work in progress and goods;*
- ***output produced for own final use (P.12)*** *– i.e., especially the capitalization of goods and services, agricultural output of households for own consumption, individual housing construction of households, and imputed rental of households living in own houses and dwellings;*
- ***other non-market output (P.13)****, which is the sum of other non-market output provided at economically insignificant prices (P.131 Payments for the other non-market output) and other non-market output provided free (P.132 Other non-market output, other). The latter is expressed as the difference between operating expenses, inclusive of net taxes on production and imports, spent by the general government and NPISHs on the one hand and their sales of goods and services (P.11 + P.131) and output produced for own final use (P.12) on the other hand.*

Intermediate consumption (P.2) *is the value of the goods and services used up by resident producers in the process of producing other goods (products) and services within the relevant period.*

Final consumption expenditure (P.3) *includes expenditure on final consumption of households, the general government, and non-profit institutions serving households. Final consumption is the value of goods (products) and services designed to satisfy collective and individual needs. It is broken down from the point of view of the payment (who is usually the payer) and from the point of view of the consumer. Final consumption expenditure is further split into:*

- ***individual consumption expenditure (P.31)****, which is the sum of individual consumption expenditure of households, the general government, and NPISHs. Household expenditure on individual consumption include especially purchases of goods and market services, imputed rental for households living in their own dwellings, value of products produced by households for their own consumption, e.g. fruit and vegetables; products and services provided for free or at a discount and purchases of Czech tourists abroad. Expenditure covered by the general government is defined within the scope of free non-market services in the area of education, health, housing, waste disposal, culture, sports, and the like, and social benefits in kind. Final consumption expenditure of non-profit institutions serving households are set at the level of the free non-market services of these institutions, and the whole of it is considered to be individual final consumption expenditure;*
- ***collective consumption expenditure (P.32)*** *of the general government is set in the scope of its expenditure on collective consumption according to the corresponding functions (COFOG). It is calculated as the difference between the total of free non-market services of all institutional units classified to the general government sector and the non-market output of services for individual consumption.*

Actual final consumption (P.4) *is the sum of actual (final) individual consumption of households (P.41 or the sum of expenditure of households, the general government, and non-profit institutions serving households on individual consumption) and actual (final) collective consumption of the general government (P.42, which is the expenditure of the general government on collective consumption). The actual final consumption (P.4) is thus equal to the sum of all final consumption expenditure (P.3) at the level of the national economy.*

Gross fixed capital formation (P.51) *includes acquisitions, less disposals, of tangible (P.511) and intangible (P.512) fixed assets and additions to the value of non-produced non-financial assets (P.513). The acquisitions of fixed assets include new investments, own investments, technical valuation (reconstruction, modernization), purchases and free acquisitions of existing fixed assets including expenditure on acquisition of fixed assets worth more than CZK 20 thousand. The disposals of fixed assets include sales and free transfers of existing fixed assets.*

Changes in inventories (P.52) *refer to the difference between additions to and withdrawals from inventories adjusted for price changes and accidental damage.*

Acquisitions less disposals of valuables (P.53) *is acquisition of such goods that are not used primarily for production or consumption, do not deteriorate (physically) over time under normal conditions and that are acquired and held primarily as stores of value.*

Exports (P.6) and imports (P.7) of goods and services *refer to the value of goods and services traded among resident and non-resident units. Imports include, for example, the consumption by Czech citizens abroad and, vice-versa, exports include consumption by foreigners in the Czech Republic. Exports are recorded in the FOB prices (prices on the border of the exporting country) and imports are recorded in the CIF prices (prices on the border of the importing country) in the supply and use tables and for the purposes of the GDP estimates. In sectoral accounts, both the exports and imports are captured in the FOB prices.*

Compensation of employees (D.1) *– both in money and kind includes wages and salaries and social contributions paid by employers:*

- ***wages and salaries (D.11)*** *– total remuneration of employees for work they have done. They include wages and salaries for work done for the employer; salaries of members of cooperatives and associates; salaries and uniforms of professional members of the armed forces; contributions to employees for commuting* *to and from work, their meals, cultural and sports interests, and other. They are given before income tax, statutory (mandatory) contributions to general social and health insurance schemes and other deductions, if any;*

- ***employers' social contributions (D.12)** – paid by employers for their employees to general social and health insurance, supplementary pension and health insurance, and direct social assistance provided by employers (non-recoverable assistance paid, e.g. from the social fund) and wage compensation (sickness benefit) paid by an employer in the period of incapacity for work of employees (during the period stipulated by law).*

***Taxes on production and imports (D.2)**: indirect taxes, which include taxes on products (e.g. VAT, duties, taxes on imports, excise duties, etc.) and other taxes on production (e.g. real estate taxes, road tax, air and water pollution charges, etc.). Data on tax revenue adjusted by the time-shift method (deferral) are the basis for the calculation.*

***Subsidies (D.3)** are unrequited payments, which the general government or institutions of the European Union make to producers. They are split into subsidies on products and other subsidies on production:*

- ***subsidies on products (D.31)** – provided per unit of produced goods and provided services; mostly compensation for losses in production and providing of services; they include, e.g., subsidies on passenger transport, agricultural products, heat, or contributions to semi-budgetary organisations classified to the non-financial corporations sector (e.g. to education);*
- ***other subsidies on production (D.39)** – especially subsidies to cover losses, subsidies on intentional reduction of mining and quarrying activities, subsidies to businesses, and subsidies to enterprises, which employ persons with reduced capacity to work, or subsidies to production from EU funds.*

***Net property income (D.4)** is the difference between receivable and payable income from the ownership of financial and tangible non-produced assets (land, inland water bodies, e.g. ponds, and subsoil assets). It includes interest (on deposits, debentures, and loans adjusted for the value of financial intermediation services indirectly measured - FISIM), imputed interest on insurance, rents on land, dividends, some other income from distributed profit, and drawing of entrepreneurial income.*

***Current taxes on income, wealth, etc. (D.5)** are taxes on income and capital gains (direct taxes), including additional tax payments and tax penalties. They are taxes on income of natural and legal persons and also include taxes on interest, dividends, winnings from betting and lotteries and taxes on purchase and sale of real estate. Data on tax revenue adjusted by the time-shift method (deferral) are the basis for the calculation. Further, they include some of administration charges (e.g. dog fees or entry fees, etc.). Property taxes on financial assets have not been introduced to the tax system of the CR.*

***Social contributions (D.61)** – compulsory and voluntary: are split into actual social contributions and imputed social contributions. Actual social contributions show in total all payments to providers of social benefits, and include contributions to compulsory social, health and compulsory accident insurance and supplementary pension insurance. They are measured broken down by payer (employers for their employees, employees, and the self-employed). Imputed social contributions include direct social assistance from employers (this second imputation results from the need to balance the relation to social benefits).*

***Social benefits other than social transfers in kind (D.62)**: benefits resulting from participation in general social insurance scheme (pensions, sickness insurance benefits, etc.), compulsory accident insurance schemes (paid by employers for their employees), and supplementary pension insurance schemes. They also include social benefits in cash paid by municipalities in the framework of care of the family or care of senior citizens and wage compensation (sickness benefit) paid by an employer in the period of incapacity for work of the employees.*

***Other current transfers (D.7)** include receivable or payable other current transfers. They include non-life insurance payments, payments within the government, current international cooperation and other current transfers. Non-life insurance is recorded as net non-life insurance (i.e. insurance minus insurance services) and insurance compensation (claims). They exclude transactions linked to life insurance, supplementary pension insurance or general social and health insurance. Current transfers within the general government sector comprise non-investment transfers between the state budget and local government budgets; transfers between units of the same subsector are excluded (e.g. between the state budget and public universities). Current international cooperation includes transfers between the Government of the CR and governments of other countries or international organisations (e.g., payments within the European Union and the UN or subsidies from the EU funds, or food, technical and other assistance). The other current transfers include membership subscriptions and financial support to political, trade union, church and similar institutions, payments for humanitarian purposes (current transfers to non-profit institutions serving households), financial assistance and gifts from relatives, maintenance money (i.e. private international transfers), and other transfers not included above (such as winnings or bets up to the level of winnings, fines, sanction and recourse claims, etc.).*

Social transfers in kind (D.63)*: transfers from the general government or from non-profit institutions serving households to households. They refer to the value of goods and services provided, above all, in the form of health and social care, education, housing. They include especially benefits in kind related to health insurance (payments for health aids, medical and dental treatment, medical operations, and the like) paid by health insurance companies to providers of such goods and services. They also include benefits in kind provided by municipalities and the value of goods and services amounting to expenditure of the general government and non-profit institutions serving households on individual consumption.*

Adjustment for the change in net equity of households in pension funds reserves (D.8) *is the amount designed to adjust disposable income of households and pension funds to equalize their savings with changes in insurance technical reserves on the financial account. It is determined as the difference between insurance premiums received and pensions paid. Life insurance of (members of) households is understood as saving in the national accounts.*

Capital transfers (D.9) *are transactions, which result in change of ownership of tangible, intangible, and financial assets. They include capital taxes (inheritance tax and gift tax), investment grants (e.g. from the funds of the EU), and other capital transfers, especially inheritance and gifts of investment nature, privatisation transfers (tangible and financial restitution compensation, free transfers of property except for land), or transfers by virtue of implemented government guarantees and debt cancellation.*

Non-financial assets (AN) *include produced and non-produced assets. The non-financial produced assets (AN.1) are further split to fixed assets (AN.11), inventories (AN.12), and valuables (AN.13).*

The ***fixed assets (AN.11)*** *include tangible fixed assets (AN.111) and intangible fixed assets (AN.112). The tangible fixed assets include other buildings and structures, machinery and equipment, cultivated assets. The intangible fixed assets include mineral exploration, computer software, and entertainment, literary and artistic originals.*

Inventories (AN.12) *comprise materials and supplies intended for intermediate consumption, work in progress on cultivated assets, finished goods and goods for resale. Inventories include also strategic reserves of the state, constructions reported by producers, and standing timber inventories.*

Valuables (AN.13) *include, e.g. precious stones and metals, antiques, and works of art acquired and held by their owners for the purpose of preserving value.*

Non-financial non-produced assets (AN.2) *encompass tangible non-produced assets (AN.21) (i.e. land, subsoil assets, non-cultivated biological resources, and water resources) and intangible non-produced assets (AN.22) (e.g. patented entities, purchased goodwill, or emission credits).*

Financial assets (F, AF) *comprise means of payment, financial claims and economic assets, which are close to financial claims in nature.*

Monetary gold and special drawing rights (F.1, AF.1)*: monetary gold is a financial asset of the Czech National Bank and part of the foreign currency reserves of the CR. Special drawing rights are international reserves of assets with the International Monetary Fund. Their holders have exclusive and unconditional rights to acquire other reserve assets; they create framework for disposable loans.*

Currency and deposits (F.2, AF.2) *comprise the following in national and foreign currencies: currency (notes and coins in circulation that are commonly used to make payments – F.21, AF.21), transferable deposits (deposits on current and giro accounts, savings books without notice, travellers´ savings books – transferable deposits – F.22, AF.22), and other deposits (F.29, AF.29) – term deposits or deposits restricted in any other way, including saving deposits, and non-negotiable securities, deposit certificates and deposit sheets.*

Securities other than shares (F.3, AF.3) *comprise loan securities and similar instruments (usually transferable), especially short-term bills and treasury notes (with maturity up to one year – short-term securities other than shares, excluding financial derivatives – F.331, AF.331), long-term bills, bonds, etc. (maturity of which exceeds one year or is not specified – long-term securities other than shares, excluding financial derivatives – F.332, AF.332), and data on financial derivatives (F.34, AF.34).*

Loans (F.4, AF.4) *comprise, above all, bank loans (of investment, consumer, mortgage etc. types), other loans (incl. financial leasing loans) and other recoverable financial assistance between institutional units, including relations to the International Monetary Fund or EU member countries (in compliance with the balance of payments). They are divided into (a) short-term loans (F.41, AF.41) with maturity up to one year plus loans repayable on demand and (b) long-term loans (F.42, AF.42) with maturity over one year.*

Shares and other equity (F.5, AF.5) *are the share in assets of corporations and quasi-corporations and express the right to receive income from ownership. They refer to the value reported by institutional units in their assets as participating interest (shares) in materialised and dematerialised forms. In liabilities they are reported predominantly as registered capital of non-financial and financial corporations. Item F.5, AF.5 is measured broken down into 'shares and other equity, excluding mutual funds shares' (F.51, AF.51) and 'mutual funds shares' (F.52, AF.52); the item 'other equity' (F.513, AF.513) contains equity in limited liability companies, cooperatives, etc. The item 'other equity' (F.513, AF.513) also includes changes in government* *shares and equity in public enterprises (state-owned, semi-budgetary organizations classified to the sector of non-financial corporations, or financial corporations). Item F.51, AF.51 is split into quoted shares, excluding mutual funds shares (F.511, AF.511) and unquoted shares, excluding mutual funds shares (F.512, AF.512) since 1999.*

Insurance technical reserves (F.6, AF.6) *show changes in the net equity of households in life insurance reserves and supplementary pension insurance reserves (F.61, AF.61) (i.e. change in technical reserves for life insurance, insurance claims, payments of financial obligations, payments of yields from resources invested by insurance corporations in the name of the insured, other life insurance reserves) as well as changes in prepayments of insurance premiums and reserves for outstanding claims (F.62, AF.62) (i.e. reserves for insurance premiums of other periods; insurance claims; settlement of extraordinary risks; bonuses and discounts). This item does not comprise changes in reserves connected to general social and health insurance. Since 2004 they have been recorded as gross, i.e. including the relationship to reinsurers.*

Other accounts receivable/payable (F.7, AF.7) *include trade credits (i.e. receivables/payables from supplier-customer relations except for bank credits and loans to pay business credits) and advances for goods and services (F.71, AF.71), and other accounts receivable/payable, excluding trade credits and advances (F.79, AF.79), which are not accounted for in other items of the financial account and are related e.g. to taxes, social contributions, interest, wages, etc.*

Consumption of fixed capital (K.1) *is the reduction in the value of fixed assets due to wear and tear and obsolescence. For all types of fixed assets it is calculated by the perpetual inventory method (PIM) in the entire time series.*

Acquisitions less disposals of non-financial non-produced assets (K.2) *includes acquisitions less disposals of land and other tangible non-produced assets (K.21) and acquisitions less disposals of intangible non-produced assets (K.22). Nevertheless, costs of ownership transfers of non-produced assets are included in the gross fixed capital formation (P.51). Acquisitions less disposals of tangible non-produced assets are in equilibrium for the national economy as a whole because all owners of these assets are considered as residents.*

Other changes in volume (K.3 – K.10 and K.12) *record the impact of extraordinary and unpredictable events on the volume of assets. National accounts record the appearance of non-produced assets such as economic appearance of non-produced assets or introduction of emission credits (K.3) and of produced assets (K.4), natural growth of non-cultivated biological resources (K.5), economic disappearance of non-produced assets (K.6) such as depletion of natural resources, catastrophic losses (K.7), uncompensated seizures (K.8), other volume changes in non-financial assets n.e.c. (K.9) (e.g. transfers of land, losses due to fire, theft or losses on insect-infected inventories). They include also other changes in volume due to changes in the classification to sectors and classification of assets and liabilities, and due to changes in classifications and structure (K.12).*

Nominal holding gains/losses (K.11) *show a change in the value of assets (of both liabilities and net worth) resulting from changes in the level and structure of prices. From an analytical point of view it is very important that the system splits nominal holding gains/losses (K.11) to neutral holding gains/losses (K.11.1) and real holding gains/losses (K.11.2). Neutral holding gains/losses express a change in the general price level (for all assets and liabilities they are calculated by the only price index for final national use excluding change in inventories). Real holding gains/losses are calculated as the nominal minus neutral holding gains/losses and express the value, which was gained or lost by the owner of a given asset or liability during the reference period in relation to the price movement of other assets.*

Gross domestic product (B.1g) or net domestic product (B.1n) *– gross domestic product at purchaser prices is estimated based on a production, expenditure, and income method. The production method is based on the sum of the value added and net taxes on products. The expenditure method is the sum of expenditure on final consumption, gross capital formation, and net exports. The income method is based on the sum of compensation of employees, gross operating surplus, and mixed income, and net taxes on production and imports.*

Operating surplus – gross (B.2g) or net (B.2n) *includes mainly profits of enterprises (adjusted by holding gains), interest and other income from ownership of capital, i.e. property and entrepreneurial income. It is determined as the balancing item between the gross value added, compensation of employees and net taxes on production and imports. The operating surplus in the sector of households is recorded only at the activity of living in own dwelling.*

Mixed income – gross (B.3g) or net (B.3n) *is the sum of income from business (profits) and income from work activities of the self-employed.*

Entrepreneurial income – gross (B.4g) or net (B.4n) *is a balancing item of the entrepreneurial income account; it is an adjusting item corresponding to the concept of current profit before distribution and income tax as normally used in business accounting.*

National income – gross (B.5g) or net (B.5n) *is a balancing item of the distribution of primary income account, i.e. income resulting from the use of production factors (labour, land, and capital including net taxes on production and imports); it is the sum of* ***primary income balances*** *for respective resident sectors.*

Disposable income – gross (B.6g) or net (B.6n) *results from the generation and distribution of income and thus it is the balancing item of the secondary distribution of income account. It is an amount, which businesses can give to final consumption and saving, i.e. to accumulation in tangible, intangible or financial assets.*

Adjusted disposable income – gross (B.7g) or net (B.7n) *is a balancing item of the redistribution of income in kind account. It consists of disposable income of sectors adjusted for social transfers in kind between sectors. In the total for the entire national economy it is the same as the disposable income (B.6).*

Saving – gross (B.8g) or net (B.8n) *is a balancing item of the use of income account. It is an amount, which is (if the saving is positive) available for acquisition of tangible, intangible, and financial assets or for lowering of financial liabilities or which (if the saving is negative) has to be provided by lowering these assets or by an increase of the liability. Nevertheless, total resources of accumulation for respective sectors are either higher or lower by the effect of capital transfers. In the general government, NPISHs and households sectors, saving is the difference between disposable income and final consumption. It equals disposable income in other sectors.*

Net lending (+) or borrowing (-) (B.9)*: amount that a given sector can lend to or has to borrow from another sector. For the whole national economy, net lending (+) or borrowing (-) equals to net resources that the economy made available to or borrowed from the rest of the world. In the general government sector, taking into account swap interest and FRA (forward rate agreement) interest, the government surplus or deficit (EDP B.9) is evaluated in relation to GDP, according to the Maastricht criteria (3%). Item B.9 is the balancing item of the capital account and should correspond to the same item in the financial account, where it shows total changes in financial assets and liabilities. As a rule, there is a statistical discrepancy between the two approaches to calculation of the balancing item. It reflects inaccuracies, errors, mistakes and the use of different information sources involved in compiling and processing of data from accounting statements or statistical reports. There is also an influence of inconsistent adherence to methodology for individual items. In the process of balancing, the final statistical discrepancy of respective non-financial and financial transactions is minimized and, in the end, placed to other accounts receivable/payable (F.7).*

Changes in net worth (B.10) *express changes in the value of assets and liabilities during the accounting period and summarize amounts captured in the accumulation accounts, i.e. changes in net worth due to saving and capital transfers, changes in net worth due to other changes in the volume of assets and changes in net worth due to nominal holding gains/losses.*

External balance of goods and services (B.11) *– when it is positive there is a surplus for non-residents and a deficit for the domestic national economy and the vice-versa when it is negative.*

Current external balance (B.12) *is the result of transactions taking place between resident and non-resident institutional units in primary and secondary distribution of income.*

Net worth (B.90)*: for the national economy in total also the term national wealth is used. The net worth of the national economy in total is the sum of net worth of institutional sectors. It is the value of non-financial assets of the national economy in total plus the balance of financial assets and liabilities to the rest of the world (non-residents).*

Valuation

Due to transport costs, trade margins and taxes on products less subsidies on products, the producer and the user of a given product usually perceive its value differently. In order to be as close to the views of both producers and customers as possible, the system records all uses at purchaser prices, which include transport costs, trade margins and taxes less subsidies on products, while output is recorded at basic prices, which exclude these components. Imports and exports of commodities are measured at prices at the frontier. Total imports and exports are valued at the exporter's customs frontier, or free on board (FOB). Foreign transport and insurance services between the importer and exporter's frontiers are not included in the value of goods but are recorded under services.

Basic price *is the price receivable by the producer from the purchaser for a unit of a good or service produced as output excluding tax payable on that unit as a consequence of its production or sale (i.e. taxes on products), but inclusive of subsidy received on that unit as a consequence of its production or sale (i.e. subsidies on products). It excludes transport charges invoiced separately by the producer. It includes all transport margins charged by the producer on the same invoice, even if they are included as a separate item on the invoice.*

Purchaser price *is the price the purchaser actually pays for a product at the time of purchase. It is composed of the basic price plus and minus the following items:*

plus taxes less subsidies on products (but excludes deductible taxes like VAT on the products);

plus transport charges paid separately by the purchaser to take a delivery at the required time and place;

minus deductions for any discounts for bulk or off-peak purchases from standard prices or charges;

minus interest or service charges added under credit arrangements;

minus extra charges incurred as a result of failing to pay within the period fixed at the time the purchases were made.

This valuation is in compliance with the methodology of the European System of Accounts 1995 (see Chapter 1 (points 1.54 and 1.55) and Chapter 3 (points 3.06 and 3.48) of the ESA95 for details).

Notes on Tables

*Tables **5**-1 to **5**-20. **Income generation, distribution and use indicators, assets and liabilities indicators***

***Goods and services account** (Tables **5**-1 and **5**-2) shows the real flows of goods and services in the economy. It covers total resources (output and imports) of goods and services and their use broken down into intermediate consumption, final consumption, gross capital formation (of fixed capital, including valuables and changes in inventories) and exports. It also records taxes and subsidies on products, as the output is valued at basic prices and uses at purchaser prices.*

There is a balance in the goods and services account (no balancing item). It is part of the national accounts for the national economy as a whole.

FISIM (P.119), i.e. financial intermediation services indirectly measured (recorded as the difference between interest received and interest paid by banks) were previously included in output of the financial institutions sector and in intermediate consumption of a nominal unit. The consumption of FISIM is now allocated to intermediate consumption or to final consumption of respective sectors and economic activities provided with FISIM, or classified as exports.

*Tables **5**-3 to **5**-18 provide an overview of key macroeconomic indicators for the total national economy as well as broken down by economic activity and institutional sector. They characterize non-financial transactions (transactions in goods and services, distributive and capital transactions) and financial transactions. They also show the relation to the rest of the world, net worth including its changes, non-financial and financial assets, and liabilities.*

*Lack of continuity of closing (year 2008) and opening (year 2009) balances in the Table **5**-17 is caused by a revision of capture of emission credits in 2009–2011. The change in the capture was made in relation to the notification process of the government deficit and debt, from which a recommendation resulted not to capture the coming into existence of a non-produced asset in the general government sector provided that it is subsequently handed over to other sectors for free. A revision of preceding years will be made by an occasional revision of the national accounts in 2014.*

*Tables **5**-19 and **5**-20. **Government deficit** and **Government debt** present in the form of time series an overview of indicators which affect the deficit and debt of the general government sector (mentioned above) broken down by subsector. The definition of the government deficit and debt complies with international standards and regulations of the EU authorities.*

The deficit of general government budgets is the amount of net borrowing (-B.9) of general government; the surplus of general government budgets is the amount of net lending (+B.9) of general government. Net lending (+) or borrowing (-) adjusted for swap interest and FRA (forward rate agreement) interest, i.e. EDP B.9 (Excessive deficit procedure) – provides the basis for the assessment of budget implementation of the general government according to the Maastricht criteria. Items D.4, D.7, and D.9 are consolidated, i.e. transfers within each of the subsectors of general government are not counted in.

The government debt (in nominal value) is the sum of payables resulting from received currency and deposits, issued bills and securities other than shares excluding financial derivatives, and loans (AF.2+AF.33+AF.4).

*Table **5**-21. **Detailed tax and social contribution receipts of the general government sector***

Current taxes (D.2 and D.5) and capital taxes (D.91) and social and health insurance contributions (D.61), which are the source of income of the general government sector (subsectors). The data are in compliance with national accounts data for S.13 and ESA95 rules. The calculation is based on the time shift method, which allows the elimination of effect of taxes (tax "income") that probably will never be collected. In view of that the items under D.995 are blank.

*Table **5**-22. **General government expenditure by function (COFOG)***

Expenditure shows general government spending by function. Its breakdown corresponds to the international Classification of the Functions of Government (COFOG). Expenditure transactions and transfers (purchases, wage payments, subsidies, interest, etc.) of organisational units of the state, state funds, and territorial self-governing units are classified to appropriate groups. Expenditure of other general government (e.g. semi-budgetary organisations, public research institutions, etc.) is classified for the government unit as a whole by unit's principal activity because detailed data on the purpose of expenditure of a given government unit are missing.

*Tables **5**-23 to **5**-29.* ***Non-financial assets indicators***

The tables provide a view of the structure of non-financial assets by economic activity and their total volume, acquisitions and disposals. The stocks of fixed assets are given in terms of net (book) replacement costs, i.e. in terms of purchaser prices reduced by cumulated fixed capital consumption.

*   *   *

Further data on annual and quarterly national accounts including results of the national accounts revision since 1995 can be found on the web page of the Czech Statistical Office at:

- www.czso.cz/eng/redakce.nsf/i/gdp_national_accounts_ekon