

The System of National Accounts 1993 - 1993 SNA

Original text of amended paragraphs

In 1999 the UNSC during its 30th session endorsed the proposal of a mechanism for incremental updating of the 1993 SNA in order to maintain the systems relevance in a fast evolving world economy and to resolve ambiguities that may appear during its implementation. Using this incremental update process the following two main changes have been made to the *System of National Accounts 1993* which have been incorporated in the text of the online PDF version of the *1993 SNA*:

1. The functional classifications that have affected chapter XVIII and annex V.
2. The treatment of financial derivatives that has affected the text in many chapters.

The original text for each of the amended paragraphs can be found in this supplement.

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VII. THE PRIMARY DISTRIBUTION OF INCOME ACCOUNT

F. Property incomes (D.4)

3. Interest (D.41)

Introduction

7.93 Interest is a form of property income that is receivable by the owners of certain kinds of financial assets, namely:

- Deposits
- Securities other than shares
- Loans
- Other accounts receivable.

These financial assets are all claims of creditors over debtors. Creditors lend funds to debtors that lead to creation of one or other of the financial instruments listed above. The amount of the debtor's liability to the creditor at any point of time may be described as the principal outstanding. It is the amount that the debtor must repay to discharge the liability and thereby extinguish the creditor's claim over the debtor.

Interest may be defined as follows:

Under the terms of the financial instrument agreed between them interest is the amount that the debtor becomes liable to pay to the creditor over a given period of time without reducing the amount of principal outstanding.

However, the interest may not necessarily be due for payment until a later date and sometimes not until the loan, or other financial instrument matures. Interest may be a predetermined sum of money or percentage of the principal outstanding. If some or all of the interest accruing to the creditor is not paid during the period in question, it may be added to the amount of the principal outstanding or it may constitute an additional, separate liability incurred by the debtor. As explained in chapter XI, there are many different kinds of financial instruments and new instruments are continually being evolved. Interest may therefore be paid in various different ways, not always explicitly described as interest.

Interest rate swaps and forward rate agreements

7.105 Swaps are contractual arrangements between two institutional units who agree to exchange streams of payables on the same amount of indebtedness over time. Common varieties of swaps are interest rate swaps and currency swaps. Interest rate swaps consist of the exchange of interest payments of different character, for example:

- Fixed rate payments for floating or variable rate payments
- One kind of floating rate payments for another
- Fixed rate payments in one currency for floating rate payments in another currency

and so on. The streams of interest payments resulting from swap arrangements should be recorded net of the payments between the two parties to the swap. Neither of the parties is treated as providing a service to the other, but any payments made to third parties, such as specialized brokers, for arranging the swaps are recorded as purchases of services.

7.106 The same principle is applied to transactions under forward rate agreements (FRAs). These are arrangements in which two parties, in order to protect themselves against interest rate changes, agree on an interest rate to be paid on a specified settlement date on a nominal amount of principal that is never exchanged. The only payment that takes place relates to the difference between the agreed FRA rate and the prevailing market rate on the settlement date. The buyer of the FRA receives payment from the seller if the prevailing rate exceeds

the agreed rate, while the seller receives payment if the latter exceeds the former. These payments are recorded as interest receivable and payable.

IX. THE USE OF INCOME ACCOUNT

F. Consumption expenditures incurred by general government and NPISHs (P.3)

2. Expenditures on individual and collective goods and services (P.31/P.32)

The classification of individual and collective government expenditures

9.87 The classification of the functions of government is a classification of transactions designed to apply to general government and its sub-sectors. This classification, which is described briefly in chapter XVIII, is used to help distinguish between expenditure by government on individual services and collective services. By convention, all government final consumption expenditures under each of the following headings should be treated as expenditures on individual services except for expenditures on general administration, regulation, research, etc.:

- 04 Education
- 05 Health
- 06 Social Security and Welfare
- 08.01 Sport and recreation
- 08.02 Culture.

In addition, expenditures under the following sub-headings should also be treated as individual when they are important:

- 07.11 part of the provision of housing
- 07.31 part of the collection of household refuse
- 12.12 part of the operation of transport system.

X. THE CAPITAL ACCOUNT

General introduction to the accumulation accounts and balance sheets

2. Assets

Financial assets

- 10.4 Most financial assets are financial claims. Financial claims and obligations arise out of contractual relationships entered into when one institutional unit provides funds to the other. A financial claim may be defined as:

An asset that entitles its owner, the creditor, to receive a payment, or series of payments, from the other unit, the debtor, in certain circumstances specified in the contract between them.

The claim is extinguished when the liability is discharged by the debtor paying a sum agreed in the contract. In addition, the creditor may receive a series of interest payments: i.e., property income. Financial claims include not only claims on financial intermediaries in the form of cash and deposits but also loans, advances and other credits and securities such as bills and bonds.

- 10.5 Financial assets may now be defined as assets in the form of financial claims, monetary gold, Special Drawing Rights (SDRs) allocated by the International Monetary Fund (IMF), shares in corporations, and certain of the instruments called derivatives. Monetary gold and SDRs are treated as financial assets even though their holders do not have claims over other designated units. Shares, even though their holders do not have a fixed or predetermined monetary claim on the corporation, and certain derivatives, are treated as financial assets by convention. For convenience, the term “financial asset” may be used to cover both financial assets and liabilities, except when the context requires liabilities to be referred to explicitly.

XI. THE FINANCIAL ACCOUNT

A. Introduction

11.1 The financial account records transactions that involve financial assets and liabilities and that take place between institutional units and between institutional units and the rest of the world. The left side of the account (table 11.1, Account III.2) records acquisitions less disposals of financial assets, while the right side records incurrence of liabilities less their repayment. Net incurrence of liabilities less net acquisition of financial assets is equal in value, with the opposite sign, to net lending/borrowing, the balancing item in the capital account. In the SNA, financial assets are classified under seven major categories (the full classification is presented in table 11.2):

F.1 Monetary gold and special drawing rights (SDRs)

F.2 Currency and deposits

F.3 Securities other than shares

F.4 Loans

F.5 Shares and other equity

F.6 Insurance technical reserves

F.7 Other accounts receivable/payable.

Depending upon whether they are assets or liabilities of the unit or sector in question, these categories are listed on both sides of the financial account.

C. Financial transactions

1. The nature of financial transactions and special cases

Financial assets

11.16 As explained in the general introduction to the accumulation accounts and balance sheets in chapter X, economic assets are entities over which ownership rights are enforced and from which economic benefits may be derived by their owners by holding them, or using them, over a period of time. At a minimum, all financial assets fulfil this definition in that they are stores of value; some financial assets generate property income and/or possibilities of holding gains. Currency and transferable deposits are assets because they can be used directly to acquire goods, services, or other assets. Securities and shares are assets because benefits may be derived in the form of property income and holding gains. Most loans generate property income, and trade credits represent a claim on other financial assets, usually means of payment such as transferable deposits. Most financial assets differ from other assets in the SNA in that there are counterpart liabilities on the parts of another institutional units, i.e., financial assets consist of claims on other institutional units. However, financial assets also include monetary gold, International Monetary Fund (IMF), Special Drawing Rights (SDR), shares in corporations (which their holders treat much the same as financial claims), and certain kinds of derivatives. There are no liabilities outstanding in respect of monetary gold and SDR, while the SNA treats both shares and these derivatives as liabilities by convention.

Financial claims and obligations

11.17 Many types of financial arrangements between transactors are possible. Financial claims and obligations arise out of contractual relationships between pairs of institutional units. Many of these will result in a creditor/debtor relationship between the two parties. In most cases, the relationship between the creditor&Debtor will be unconditional on the part of both parties. Clearly, in such standard financial assets as deposits, securities, and loans, the creditor has an unconditional legal contract to receive property income and repayment of principal, and the debtor has a symmetric unconditional liability. This unconditional relationship does not hold, however, for shares and certain derivative instruments (see paragraphs 11.34 to 11.35 and 11.85 below which otherwise behave as financial assets and are treated as such in the SNA. In

these cases, liabilities are introduced by convention, even though the “debtor” does not have an unconditional liability. A financial claim:

- (a) Entitles a creditor to receive a payment, or payments, from a debtor in circumstances specified in a contract between them; or
- (b) Specifies between the two parties certain rights or obligations, the nature of which requires them to be treated as financial.

Other changes in volume and value of financial assets and liabilities

Monetary gold and SDRs

11.21 The creation or disappearance of monetary gold (referred to as monetization or demonetization of gold) is - unlike transactions in already existing monetary gold - recorded in the other changes in volume account. Similarly, transactions in SDRs appear in the financial account, but the process (called allocation/cancellation) by which SDRs are created or destroyed is recorded in the other changes in volume of assets account (see paragraphs 11.65 and 11.67 below of this chapter and chapter XII).

Valuation

11.22 Changes in the value of financial assets that result from price changes or exchange rate changes are recorded in the revaluation account. When there is a change in ownership and an asset acquired at one price is disposed of at another price, the transactions are recorded at their respective values in the financial account; the disposal value includes the realized holding gain or loss (see chapter XII).

Contingent assets

11.28 In a number of financial arrangements, the contract is conditional on the part of one or both parties, but the arrangement itself has value because it is tradable. When transactions in such arrangements occur, the transactions should be recorded in the financial account. These are discussed further in paragraphs 11.34 to 11.43 below.

2. Exceptions to general rules

11.33 Foreign exchange and gold swaps (not to be confused with interest rate or currency swaps discussed in paragraph 11.37 below) are a form of repurchase agreement commonly undertaken between central banks or between a central bank and banking institutions in a country. Central bank to central bank swaps involve an exchange of deposits and, for each of the two parties, the acquisition of a financial asset (the deposit at the foreign central bank) and the incurrence of a liability (the deposit by the foreign central bank). Central bank to central bank swaps should be recorded as transactions in the financial account. When a central bank acquires foreign exchange from a domestic bank in return for a deposit at the central bank and there is a commitment to reverse the transaction at a later date, this transaction should be treated as a new financial instrument (a loan from the central bank) and recorded as such in the financial account.

3. Financial derivatives

11.34 Many of the recently created financial instruments are linked to a specific financial instrument or indicator (foreign currencies, government bonds, share price indices, interest rates, etc.) or to a particular commodity (gold, coffee, sugar, etc.). The new instruments are therefore often referred to as derivative or secondary instruments. Since risk avoidance is frequently a motivation for the creation of these instruments, they are also often referred to as hedging instruments. Some of these give rise to contingent assets and liabilities and thus are not included in the balance sheets or financial account transactions. Others give rise to property income flows but, as there is no underlying transaction in a financial asset, there are no entries in the financial account. A third class of derivatives may involve conditional rights similar to other contingent instruments, but these derivatives have market value and are tradable; transactions in these derivatives give rise to entries in the financial account. An exhaustive treatment of derivatives is not possible here, and market innovations would render such a treatment incomplete or obsolete within a short period. Nevertheless, some general

guidelines can be given on the basis of existing derivatives, and specific treatment in the SNA can be recommended for several broad classes of derivatives.

- 11.35 The SNA recommends that derivatives should be treated as financial assets and that transactions in them should, in general, be treated as separate (mainly financial) transactions, rather than as integral parts of the value of underlying transactions to which they may be linked as hedges. This is because a different institutional unit will be the party to the derivative transaction than is the case for the underlying transaction that is being hedged. Moreover, the two parties to the derivatives may have different motives for entering into the transaction. One may be hedging, while the other may be dealing in derivative instruments or acquiring the derivative as an investment. Even if both parties are hedging, they may be hedging transactions or risks that involve different financial assets or even transactions in different accounts of the SNA. Therefore, if derivative transactions were treated as integral parts of other transactions, such treatment would lead to asymmetries of measurement in different parts of the accounts or to asymmetries of measurement between institutional sectors.
- 11.36 Any explicit commissions paid to or received from brokers or other intermediaries for arranging options, futures, swaps, and other derivatives contracts are treated as payments for services in the appropriate accounts. Adjustment payments between parties to interest rate swaps are treated, in the SNA, as payments of interest and classified accordingly. Most commodity-related derivatives contracts are closed out before maturity, and a cash payment is made between the two parties; this payment does not include an element of service payment and thus should be recorded within the financial account. For those commodity-related contracts that do proceed to delivery, the ensuing transactions should be recorded in the usual way as a purchase/sale of commodities. All other transactions associated with derivatives are treated in the SNA as financial transactions that are entered in the financial account. These financial transactions in derivatives will include changes in margin deposit accounts, purchases and sales of traded options, warrants and covered warrants, premiums on over-the-counter (OTC) options, payments and receipts of various margins on traded futures and options, and all other payments and receipts relating to investment in derivatives and payments made or received during the life of a derivatives contract, except those specified before as relating to other accounts of the SNA.
- 11.37 Swaps are contractual arrangements between two parties who agree to exchange, according to predetermined rules, streams of payment on the same amount of indebtedness over time. The two most prevalent varieties are interest rate swaps and currency swaps. Interest rate swaps involve an exchange of interest payments of different character, such as fixed rate for floating rate, two different floating rates, fixed rate in one currency and floating rate in another, etc. Currency swaps involve an exchange of specified amounts of two different currencies with subsequent repayments, which include both interest and repayment flows, over time according to predetermined rules. Streams of interest payments resulting from swap arrangements are to be recorded as property income and repayments of principal are to be recorded in the financial account. Within the SNA, the parties to a swap are not considered to be providing a service to each other, but any payment to a third party for arranging the swap should be treated as payment for a service.
- 11.38 Options are contracts that give the purchaser of the option the right, but not the obligation, to buy (a “call” option) or to sell (a “put” option) a particular financial instrument or commodity at a predetermined price (the “strike” price) within a given time span (American option) or on a given date (European option). Many options contracts, if exercised, are settled by a cash payment rather than by delivery of the underlying assets or commodities to which the contract relates.
- 11.39 There are two basic types of options - traded options and OTC options. Options are sold or “written” on many types of underlying bases such as equities, interest rates, foreign currencies, commodities, and specified indexes. The buyer of the option pays a premium (the option price) to the seller for the latter’s commitment to sell or purchase the specified amount of the underlying instrument or commodity on demand of the buyer. By convention, that commitment is treated as a liability of the seller and represents the current cost to the seller of buying out his contingent liability. While the premium paid to the seller of the option can conceptually be considered to include a service charge, in practice, it is usually not possible to distinguish the service element. Therefore, it is recommended in the SNA that the full price be recorded as acquisition of a financial asset by the buyer and as incurrence of a liability by the seller.

- 11.40 The timing of premium payments on options varies. With some types of options, premiums are paid when the contracts begin, when the options are exercised, or when the options expire. With other types of options, particularly traded options, parts of the premiums are paid on the days of purchase (the purchase price) and the remainders are paid if the market prices of the option decline through the variation margins. Subsequent purchases and sales of options are also to be recorded in the financial account. If an option based on a financial asset is exercised or if a commodity based option proceeds to delivery, the transactions are to be recorded in the SNA according to the nature of the transaction. Whenever initial margin payments and increases or decreases in margin payments are repayable, they should be recorded, as both assets and liabilities, under deposits in the financial account. Changes in the balances on variation margin accounts should be recorded under deposits. Payments into and withdrawals from these accounts will also be reflected in transactions in the traded options or futures contracts to which the variation margin accounts relate, and these payments and withdrawals should be recorded under transactions in securities other than shares.
- 11.41 Warrants are tradable instruments giving the holder the right to buy, under specified terms for a specified period of time, from the issuer of the warrant (usually a corporation) a certain number of shares or bonds. There are also currency warrants based on the amount of one currency required to buy another and cross-currency warrants tied to third currencies. Thus, warrants are a form of options. They can be traded apart from the underlying securities to which they are linked and therefore have a market value. In the financial account, the treatment of warrants is the same as that for options, and the issuer of the warrant is considered by convention to have incurred a liability, which is the counterpart of the asset held by the purchaser and represents the current cost of buying out the issuer's contingent liability.
- 11.42 Transactions with respect to traded financial futures, including those for equities, interest rates, foreign currencies, commodities, etc., are to be recorded in the financial account in a manner similar to options because the former also have transaction value. Non-traded financial futures, which have no market value, are not to be recorded in the SNA as they are contingent positions.
- 11.43 Forward rate agreements (FRA) are arrangements in which two parties, in order to protect themselves against interest rate changes, agree on an interest rate to be paid, at a specified settlement date, on a notional amount of principal that is never exchanged. The only payment that takes place is related to the difference between the agreed forward rate agreement rate and the prevailing market rate at the time of settlement. The buyer of the forward rate agreement receives payment from the seller if the prevailing rate exceeds the agreed rate; the seller receives payment if the prevailing rate is lower than the agreed rate. These payments are recorded as property income in the SNA; as there is no underlying actual asset but only a notional one, there are no entries with respect to forward rate agreement in the financial account.

D. Accounting rules for financial transactions

1. Valuation

- 11.44 Transactions in financial assets are recorded at the prices at which the assets are acquired or disposed of. These prices should exclude service charges, fees, commissions, and similar payments for services provided in carrying out the transactions; these should be recorded as payments for services. Taxes on financial transactions should also be excluded from the values recorded in the financial account and treated as taxes on services within taxes on products. In these respects, care should be taken that the same entry be recorded for both parties to the transaction. When a financial transaction involves a new issue of liabilities, the transaction should be recorded by both creditor & Debtor at the amount of the liability incurred, i.e., exclusive of any fees, commissions, etc., and also exclusive of any prepaid interest that may be included in the price. Similarly, when a liability is reduced or extinguished, the entries in the financial account for both creditor & Debtor must correspond to the reduction of the liability. When a security is issued at a discount, the proceeds to the issuer at the time of sale, and not the face value, are recorded in the financial account. The difference between the issue price and the face value is treated as interest that is accrued over the life of the instrument.

E. Classification of financial transactions

1. Classification criteria

- 11.54 The classification requires reporting of asset categories at the one digit level except for insurance technical reserves (F.6), which must be divided between net equity of households in life insurance reserves and in pension funds (F.61) and prepayments of premiums and reserves against outstanding claims (F.62) and other accounts receivable/payable (F.7), which must be divided between trade credits and advances (F.71) and other (F.79). In the case of currency and deposits, the category can be subdivided between currency, transferable deposits, and other deposits when these subdivisions are useful for analysis. Securities other than shares (F.3) and loans (F.4) may be divided between short- and long-term when such a maturity distinction is useful.
- 11.55 The detail in which the classification is employed depends on the institutional sector to be analysed. The types of financial assets in which households transact are more limited than those for other sectors, and sources of information are generally more limited than those for other sectors. Financial corporations, on the other hand, transact in the full range of instruments, and information on their operations is often the most detailed and timely for any institutional units. Consequently, a detailed breakdown may be developed for financial corporations. It should be noted that the SNA classification scheme is considered to be generally applicable as a framework for classifying financial assets and liabilities and provides a useful basis for international comparison of national data. Presentation of data for individual countries, however, must be tailored to meet their analytical needs and to reflect national practices that include differing institutional arrangements, variety in the extent and nature of national financial markets, varying degrees of complexity of financial assets available, and varying degrees of regulation and other financial control exercised. In all cases, the SNA recommends compiling and presenting data at the first-digit level for asset categories 1 through 5 and at the two-digit level for categories 6 and 7 (see table 11.2). A substantial amount of flexibility, particularly with regard to further breakdowns, is therefore required to match the classification scheme to national capabilities, resources, and needs. In particular, further breakdowns of these categories are desirable for many countries to distinguish important types of assets within categories (such as derivatives within securities and deposits and short-term securities included in measures of money).

Asset/liability symmetry

- 11.59 All financial claims and the associated liabilities constitute financial assets and liabilities. However, financial assets also include certain assets that cannot properly be described as claims over other designated institutional units when there are no matching liabilities. There are four such types of asset:
- (a) Monetary gold, i.e., gold owned by monetary authorities and others subject to the authorities' effective control and held as a financial asset and as a component of foreign reserves;
 - (b) SDRs, reserve assets issued by the IMF and not considered a liability of the IMF (IMF members, to whom SDRs are allocated, do not have an actual, i.e., unconditional, liability to repay their SDR allocations);
 - (c) Shares, other corporate equity securities, and capital participation (shares are close substitutes for other financial assets from the point of view of the investor. The SNA treats shares as liabilities by convention. However, these liabilities do not represent fixed redemption values, as is the case for many other assets, but claims on the net worth of the corporation);
 - (d) Certain financial derivatives for which liabilities are attributed by convention to the issuer.

2. Summary descriptions of transactions in financial assets and liabilities

- 11.62 Seven main categories of financial assets are distinguished in the SNA and are listed in table 11.2. The contents of each category are described in detail in later sections.

Currency and deposits (F.2)

Other deposits (F.29)

11.72 Other deposits include all claims, other than transferable deposits, on the central bank, other depository institutions, government units, and, in some cases, other institutional units that are represented by evidence of deposit. Typical forms of deposits that should be included under this classification are non-transferable savings deposits, term deposits, and non-transferable deposits denominated in foreign currencies. The category also covers shares or similar evidence of deposit issued by savings and loan associations, building societies, credit unions, and the like; these shares or deposits are legally, or in practice, redeemable on demand or at relatively short notice. Claims on the IMF that are components of international reserves and are not evidenced by loans should be recorded in other deposits. (Claims on the IMF evidenced by loans should be included in loans (F.4).) Margin payments related to options or futures contracts are included in other deposits, as are overnight and very short-term repurchase agreements if they are considered part of national broad money definitions. Other repurchase agreements should be classified under loans. It will often be useful to cross-classify the other deposits category according to: (a) whether the deposits are denominated in national currency or in foreign currencies, and (b) whether they are liabilities of resident institutions or the rest of the world.

Securities other than shares (F.3)

11.74 The category of securities other than shares includes bills, bonds, certificates of deposit, commercial paper, debentures, tradable financial derivatives, and similar instruments normally traded in the financial markets. Bills are defined as securities that give the holders the unconditional rights to receive stated fixed sums on a specified date; bills are issued and traded in organized markets at discounts that depend on the rate of interest and the time to maturity. Examples of short-term securities are Treasury bills, negotiable certificate of deposit, banker's acceptances, and commercial paper. Bonds and debentures are securities that give the holders the unconditional right to fixed money incomes or contractually determined variable money incomes, i.e., payment of interest is not dependent on earnings of the debtors. With the exception of perpetual bonds, bonds and debentures also give holders the unconditional rights to fixed sums as repayments of principal on a specified date or dates.

11.75 New negotiable securities are often issued backed by existing assets such as loans, mortgages, credit card debt, or other assets (including accounts receivable). This repackaging of assets is often referred to as securitization. The creation of the new assets gives rise to entries in the financial account and the new assets should be classified as securities other than shares. The previously existing assets will continue to be reported on the balance sheet of the institutional units that hold them. Loans which have become negotiable de facto should also be classified under securities other than shares. Preferred stocks or shares that pay a fixed income but do not provide for participation in the distribution of the residual value of an incorporated enterprise on dissolution are included. Bonds that are convertible into shares should be classified in this category. The conversion option may be viewed as an asset separate from the underlying security and considered a tradable derivative. Splitting the value of the transaction between the bond and the value of the option can be accomplished by reference to transactions in similar bonds traded without the option. Mortgages are not classified as bonds; they are included under loans.

Long-term (F.32)

11.82 An additional optional subclassification of securities other than shares may be used where financial derivatives are important from the point of view of analysis and policy. The total category "securities other than shares" may be subdivided between "securities other than shares excluding financial derivatives" and "financial derivatives".

Loans (F.4)

11.83 Loans include all financial assets that:

- (a) Are created when creditors lend funds directly to debtors;

- (b) Are evidenced by non-negotiable documents; or
- (c) For which the lender receives no security evidencing the transaction.

This category includes all loans and advances (apart from trade credit and advances receivable or payable, see F.71) extended to business, government, and households, etc., by banks, finance companies, and others. The category includes instalment loans, hire-purchase credit, and loans to finance trade credit. Claims on the IMF that are evidenced by loans should be included in this category. Repurchase agreements not included in national broad money definitions, as well as financial leases and similar arrangements, should also be classified as loans. It is useful to subdivide the category of loans according to the resident sectors and the rest of the world for debtors and creditors, respectively. All sectors may acquire assets and incur liabilities in the form of loans.

XIII. THE BALANCE SHEET

A. Introduction

1. Structure of the account

13.9 In addition to non-financial assets, the balance sheet also includes financial assets and liabilities. Most financial assets are matched by a liability; they come into existence by the establishment of a claim on another institutional unit. However, financial assets also include monetary gold, special drawing rights (SDR) of the International Monetary Fund (IMF), shares in corporations (which their holders treat much the same as financial claims) and certain financial derivatives; there are no liabilities outstanding with respect to monetary gold and SDRs, while the System treats both shares and these derivatives as liabilities by convention.

B. The entries in the balance sheet

3. Financial assets/liabilities (AF.)

Currency and deposits (AF.2)

13.66 For currency, the valuation is the nominal or face value of the currency. For deposits, the values to be recorded in the balance sheets of both creditors and debtors are the amounts of principal that the debtors are contractually obliged to repay the creditors under the terms of the deposits when the deposits are liquidated. Any margin payments related to options or futures contracts are included in other deposits.

Securities other than shares (AF.3)

13.70 The treatment of derivatives is discussed in chapter XI. Traded financial options, traded financial futures and warrants should be included in the balance sheets at market value. Depending on how margin systems operate, it may be appropriate to enter zero for the value of the option, as any profits (losses) will have been received (paid) daily by the holder. The counterpart of these asset entries should be entered as a liability.

13.71 Other financial options should be valued in the balance sheets as either the current value of the option, if this is available, or the amount of the premium paid. A liability should be entered in the sector of the writer of the option to represent, by convention, either the current value of buying out the rights of the option holder or the accrual of a holding gain.

XIV. THE REST OF THE WORLD ACCOUNT (EXTERNAL TRANSACTIONS ACCOUNT)

D. The external accounts of goods and services and of primary incomes and current transfers

2. The external account for primary incomes and current transfers

Property income

14.122 Property income covers income derived from a resident entity's ownership of foreign financial assets. The most common types of such income are interest and dividends. (Property income is fully discussed in chapter VII.) Interest, including discounts in lieu of interest, comprises income on loans and debt securities, i.e., such financial claims as bank deposits, bills, bonds, notes, and trade advances. Net interest flows arising from interest rate swaps are also included. Dividends, including stock dividends, are the distribution of earnings in respect of the shares and other forms of participation in the equity of public and private corporations.

E. External accumulation accounts

3. Financial account

Financial assets

14.131 Although an extensive discussion of financial assets appears in chapter XI, and is fully applicable to the external financial account, those items of particular importance to the external account will be elaborated upon here. In particular it is appropriate to note that although monetary gold and IMF SDRs are included among foreign financial assets, they have no counterpart liabilities in that they do not represent claims on other units. Also, for corporate equity shares, the liability does not represent a fixed redemption value. In addition, for certain financial derivatives, such as options, liabilities are attributed by convention to the issuer.

14.132 In the determination of which financial assets constitute claims on or liabilities to non-residents, the creditor & Debtor (or transactors) must be residents of different economies. The unit in which the claim or liability is denominated - whether the national currency, a foreign currency, or a unit like the SDR - is not relevant. Furthermore, assets must represent actual claims that are legally in existence. The authorization, commitment, or extension of an unutilized line of credit or the incurrence of a contingent obligation does not establish such a claim, and the pledging or setting aside of an asset (as in a sinking fund) does not settle a claim or alter the ownership of the asset. Although contingent assets and liabilities are excluded from financial items, as noted above, options and related derivatives are included among financial assets and transactions when they are tradable and have a current market value (see chapter XI).

F. Relationship between the current external transactions and accumulation accounts and the balance of payments accounts

14.150 As to the classification of financial items, whereas in the System the primary basis for classification of financial assets is by type of instrument, as reflected in the seven major categories, in the balance of payments accounts the primary basis for classification is by function, i.e., direct (foreign) investment, portfolio investment, other capital and reserve assets. Within those functional areas, the next level of breakdown is by type of instrument, that breakdown encompassing the seven major categories of transactions in financial assets and liabilities classified in the System. However, "securities other than shares" in the System is subdivided in the balance of payments accounts into bonds and notes, money-market instruments and financial derivatives. Also, the two components of insurance technical reserves in the System - net equity of households in life insurance reserves and pension funds, and prepayments of premiums and reserves against outstanding claims - are included indistinguishably in the balance of payments accounts under "other investment", other assets.

XVIII. FUNCTIONAL CLASSIFICATIONS

A. Introduction

18.1 “Functional” classifications are proposed in the System for classifying certain transactions of producers and of three institutional sectors - namely households, general government and non-profit institutions serving households. They are described as “functional” classifications because they identify the “functions” - in the sense of “purposes” or “objectives” - for which these groups of transactors engage in certain transactions. The classifications concerned are:

Classification of individual consumption by purpose

Classification of the functions of government

Classification of the purposes of non-profit institutions serving households

Classification of outlays of producers by purpose.

18.2 The functional classifications serve three purposes. The first is quite specific; as noted in chapter IX, the classification of the functions of government is used to distinguish between collective services and individual consumption goods and services provided by government. Individual goods and services are treated as social transfers in kind and they are deducted from total consumption expenditure of government to obtain actual collective consumption of government. They are also added to individual consumption expenditure of households to obtain actual individual consumption of households. Social transfers in kind identified by the classification of functions of government code-numbers are shown in table 18.1.

18.3 The second purpose is to provide statistics which experience has shown to be of general interest for a wide variety of analytic uses. For example, classification of individual consumption by purpose shows household expenditure on food, health and education services all of which are important indicators of national welfare; classification of the functions of government shows government expenditure on “merit goods” such as health and education services as well as on “bads” such as defence and prison services; classification of outlays of producers by purpose may provide information on the “externalization” of business services, i.e., on the increasing tendency for producers to buy-in catering, cleaning, transport, auditing and other services which were previously carried out as ancillary activities within the enterprise.

18.4 The third purpose of these functional classifications is to provide users with the means to recast key aggregates of the System for particular kinds of analyses, some of which are described in chapter XXI. For example:

- (a) It can be argued that for several analytic purposes, the SNA definition of gross capital formation is too narrow. In studies of labour productivity, researchers often need a measure of “human capital” which is normally derived from information on past expenditures on education. The four functional classifications therefore identify expenditures on education incurred by households, government, non-profit institutions and producers;
- (b) In studying the process of economic growth, researchers sometimes prefer to treat some or all research and development (R&D) expenditures as capital formation rather than as consumption expenditure. Both classification of outlays of producers by purpose and classification of the purposes of non-profit institutions serving households report R&D separately; classification of the functions of government does not presently identify all R&D undertaken by government but it may be possible to do so in a revised version of this classification;
- (c) In studies of household expenditure and saving, some researchers have found it more useful to consider expenditures on consumer durables as capital rather than current expenses. For this reason, classification of individual consumption by purpose provides for the separate identification of expenditures on durable goods;
- (d) In studies of the impact of economic growth on the environment, researchers often need information on expenditures undertaken to repair or prevent damage to the environment. “Outlays on pollution

abatement and control” is a major heading in classification of outlays of producers by purpose, and classification of the functions of government identifies “Sanitary affairs and services, including pollution abatement and control”. It should be noted, however, that certain industry-specific expenditure on pollution control and abatement are included elsewhere in classification of the functions of government without being separately identified.

- 18.5 Tables 18.1 through 18.4 give the main headings of the four classifications. The classification of individual consumption by purpose and the classification of outlays of producers by purpose are provisional and classification of outlays of producers by purpose in particular may be substantially revised before it can be published. The classification of the purposes of non-profit institutions serving households is unchanged from the 1968 version of the SNA. The classification of the functions of government is described in a publication of the United Nations Statistical Office (Series M, No. 70, New York 1980). The classification of the functions of government needs modifying both to identify more precisely social transfers in kind and to identify more fully functions that are of increasing policy concern such as relief of poverty, preventive health care and repair and prevention of environmental damage.

B. Applying the classifications

- 18.6 In principle, the unit of classification for these four classifications is a transaction or group of transactions; what are being classified are actual or imputed expenditures made in connection with particular functions or to achieve particular purposes. In practice, it will not always be possible to work at such a detailed level.
- 18.7 Classification of individual consumption by purpose is used to classify both individual consumption expenditure and actual individual consumption. The latter is derived from the former by adding social transfers in kind as shown in table 18.1.
- 18.8 Some countries base their estimates of individual consumption expenditure on household budget surveys which frequently collect data according to functional groups of the kind uses in classification of individual consumption by purpose. In these cases, estimates will be directly available of individual consumption expenditure by purpose, although data from such surveys usually need to be adjusted for various kinds of systematic errors and omissions. In many cases, however, estimates of consumption expenditure are built up either from statistics on retail sales or by a “commodity-flow” method in which the total supply of goods and services from domestic production and imports is allocated to intermediate and final uses. In such cases the starting point for applying classification of individual consumption by purpose will be a breakdown of goods and services for household consumption according to type of product or by kind of activity as an approximation to type of product. Several goods and services are multi-purpose - for example, fabrics may be used for clothing or furnishing, diesel fuel can be used for passenger vehicles or for home-heating and insurance services may be for risks relating to housing, transport or health. Some approximation is inevitably involved in conversion to classification of individual consumption by purpose from a product classification and, a fortiori, from a kind of activity classification.
- 18.9 Classification of the functions of government is designed for classifying current transactions (such as consumption expenditure, subsidies and current transfers), capital outlays (capital formation and capital transfers) and acquisition of financial assets by general government and its subsectors. The full list of transactions is given in table 18.2.
- 18.10 For current and capital transfers and for net acquisition of certain financial assets it will usually be feasible to classify transactions by assigning a classification of the functions of government code directly to them. For most other outlays it may not be possible to classify transactions and, as an approximation, the units of classification may have to be agencies, offices, bureaus or project units within government departments. All outlays by the selected classification unit will be assigned a single classification of the functions of government code. It may happen of course that the smallest units that can be identified still perform two or more classification of the functions of government functions; in such cases it will usually be best to make an approximate division of the unit’s outlays among the different functions performed rather than to allocate them all to that which is judged the largest.

- 18.11 Property income payable by government consists almost entirely of interest on the public debt. Although table 18.2 shows property income as an item to be classified by function, it is usually not possible to link interest payments with the function or purpose for which the debt was originally incurred. Probably all, or most, property income will have to be allocated to function 14 - "Expenditures not classified by major group".
- 18.12 The classification of the purposes of non-profit institutions covers the same range of transactions as classification of the functions of government, i.e., current transactions, capital outlays and the acquisition of certain financial assets. Most countries find it difficult to collect detailed information on the activities of non-profit institutions serving households and it is likely that, in general, institutions will have to be assigned in their entirety to one of the eight purposes. Of course, if an institution is known to be multi-purpose - a religious mission that provides education as well as religious services, for example - attempts should be made to divide their outlays between the different purposes served even if this can only be done very approximately. The classification is given in table 18.3.
- 18.13 The classification of outlays of producers by purpose is used to classify certain expenditures by producers - i.e., intermediate consumption, compensation of employees, other taxes less subsidies on production, consumption of fixed capital and gross fixed capital formation. The classification is given in table 18.4.
- 18.14 In principle, classification of outlays of producers by purpose applies to all producers, whether market or non-market, although not all the classification of outlays of producers by purpose categories are of equal interest for both kinds of producers; for example, "Outlays on sales promotion" will not usually apply to non-market producers. It is probable that, in practice, classification of outlays of producers by purpose will mainly be of interest for classifying transactions of market-producers. There is currently very little experience with classifications of this kind. Although the classifications units should be transactions, it seems likely that in practice they will often have to be "cost-centres" or other units mainly serving a particular purpose, such as sales promotion, bookkeeping, employee training, etc.

ANNEX V. CLASSIFICATIONS AND ACCOUNTS

B. Classification of transactions and other flows

3. Transactions in financial instruments (F) (net acquisition of financial assets/net incurrence of liabilities)

F.1 Monetary gold and SDRs

F.2 Currency and deposits

F.21 Currency

F.22 Transferable deposits

F.29 Other deposits

F.3 Securities other than shares

F.31 Short-term

F.32 Long-term

F.4 Loans

F.41 Short-term

F.42 Long-term

F.5 Shares and other equity

F.6 Insurance technical reserves

F.61 Net equity of households in life insurance reserves and in pension funds

F.611 *Net equity of households in life insurance reserves*

F.612 *Net equity of households in pension funds*

F.62 Prepayment of premiums and reserves against outstanding claims

F.7 Other accounts receivable/payable

F.71 Trade credits and advances

F.79 Other accounts receivable/payable, except trade credits and advances

D. Classification of assets

2. Financial assets/liabilities (AF)

AF.1 Monetary gold and SDRs

AF.2 Currency and deposits

AF.21 Currency

AF.22 Transferable deposits

AF.29 Other deposits

AF.3 Securities other than shares

AF.31 Short-term

AF.32 Long-term

AF.4 Loans

AF.41 Short-term

AF.42 Long-term

AF.5 Shares and other equity

AF.6 Insurance technical reserves

AF.61 Net equity of households on life insurance reserves and on pension funds

AF.62 Prepayment of premiums and reserves against outstanding claims

AF.7 Other accounts receivable/payable

AF.71 Trade credits and advances

AF.79 Other accounts receivable/payable, except trade credits and advances

F. International Standard Industrial Classification of all Economic Activities (ISIC), Rev. 3

Tabulation

categories Division Description

categories	Division	Description
A	Agriculture, hunting and forestry	
01	Agriculture, hunting and related service activities	
02	Forestry, logging and related service activities	
B	Fishing	
05	Fishing, operation of fish hatcheries and fish farms; service activities incidental to fishing	
C	Mining and quarrying	
10	Mining of coal and lignite; extraction of peat	
11	Extraction of crude petroleum and natural gas; service activities incidental to oil and gas extraction excluding surveying	
12	Mining of uranium and thorium ores	
13	Mining of metal ores	
14	Other mining and quarrying	
D	Manufacturing	
15	Manufacture of food products and beverages	
16	Manufacture of tobacco products	
17	Manufacture of textiles	
18	Manufacture of wearing apparel; dressing and dyeing of fur	
19	Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear	
20	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	
21	Manufacture of paper and paper products	
22	Publishing, printing and reproduction of recorded media	
23	Manufacture of coke, refined petroleum products and nuclear fuel	
24	Manufacture of chemicals and chemical products	
25	Manufacture of rubber and plastics products	
26	Manufacture of other non-metallic mineral products	
27	Manufacture of basic metals	
28	Manufacture of fabricated metal products, except machinery and equipment	
29	Manufacture of machinery and equipment n.e.c.	
30	Manufacture of office, accounting and computing machinery	
31	Manufacture of electrical machinery and apparatus n.e.c.	
32	Manufacture of radio, television and communication equipment and apparatus	

33	Manufacture of medical, precision and optical instruments, watches and clocks
34	Manufacture of motor vehicles, trailers and semi-trailers
35	Manufacture of other transport equipment
36	Manufacture of furniture; manufacturing n.e.c.
37	Recycling
<hr/>	
E	Electricity, gas and water supply
<hr/>	
40	Electricity, gas, steam and hot water supply
41	Collection, purification and distribution of water
<hr/>	
F	Construction
<hr/>	
45	Construction
<hr/>	
G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods
<hr/>	
50	Sale, maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel
51	Wholesale trade and commission trade, except of motor vehicles and motorcycles
52	Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods
<hr/>	
H	Hotels and restaurants
<hr/>	
55	Hotels and restaurants
<hr/>	
I	Transport, storage and communications
<hr/>	
60	Land transport; transport via pipelines
61	Water transport
62	Air transport
63	Supporting and auxiliary transport activities; activities of travel agencies
64	Post and telecommunications
<hr/>	
J	Financial intermediation
<hr/>	
65	Financial intermediation, except insurance and pension funding
66	Insurance and pension funding, except compulsory social security
67	Activities auxiliary to financial intermediation
<hr/>	
K	Real estate, renting and business activities
<hr/>	
70	Real estate activities
71	Renting of machinery and equipment without operator and of personal and household goods
72	Computer and related activities
73	Research and development
74	Other business activities
<hr/>	
L	Public administration and defence; compulsory social security
<hr/>	
75	Public administration and defence; compulsory social security
<hr/>	
M	Education
<hr/>	
80	Education

N	Health and social work
85	Health and social work
O	Other community, social and personal service activities
90	Sewage and refuse disposal, sanitation and similar activities
91	Activities of membership organizations n.e.c.
92	Recreational, cultural and sporting activities
93	Other service activities
P	Private households and activities with employed persons
95	Private households with employed persons
Q	Extra-territorial organizations and bodies
99	Extra-territorial organizations and bodies

G. Central Product Classification (CPC)

Section	Division
0	Agriculture, forestry and fishery products
	01 Products of agriculture, horticulture and market gardening
	02 Live animals and animal products
	03 Forestry and logging products
	04 Fish and other fishing products
1	Ores and minerals; electricity, gas and water
	11 Coal and lignite; peat
	12 Crude petroleum and natural gas
	13 Uranium and thorium ores
	14 Metal ores
	15 Stone, sand and clay
	16 Other minerals
	17 Electricity, town gas, steam and hot water
	18 Water
2	Food products, beverages and tobacco; textiles, apparel and leather products
	21 Meat, fish, fruit, vegetables, oils and fats
	22 Dairy products
	23 Grain mill products, starches and starch products; other food product
	24 Beverages
	25 Tobacco products
	26 Yarn and thread; woven and tufted textile fabrics
	27 Textile articles other than apparel
	28 Knitted or crocheted fabrics; wearing apparel
	29 Leather and leather products; footwear
3	Other transportable goods, except metal products, machinery and equipment
	31 Products of wood, cork, straw and plaiting materials
	32 Pulp, paper and paper products; printed matter and related articles
	33 Coke oven products; refined petroleum products; nuclear fuel
	34 Basic chemicals

- 35 Other chemical products; man-made fibres
- 36 Rubber and plastics products
- 37 Glass and glass products and other non-metallic products n.e.c.
- 38 Furniture; other transportable goods n.e.c.
- 39 Wastes or scraps

- 4 Metal products, machinery and equipment
 - 41 Basic metal
 - 42 Fabricated metal products, except machinery and equipment
 - 43 General purpose machinery
 - 44 Special purpose machinery
 - 45 Office, accounting and computing machinery
 - 46 Electrical machinery and apparatus
 - 47 Radio, television and communication equipment and apparatus
 - 48 Medical appliances, precision and optical instruments, watches and clocks
 - 49 Transport equipment

- 5 Construction work and constructions; land
 - 51 Construction work
 - 52 Constructions
 - 53 Land

- 6 Trade services; hotel and restaurant services
 - 61 Sale, maintenance and repair services of motor vehicles and motorcycles
 - 62 Commission agents' and wholesale trade services, except of motor vehicles and motorcycles
 - 63 Retail trade services; repair services of personal and household goods
 - 64 Hotel and restaurant services

- 7 Transport, storage and communications services
 - 71 Land transport services
 - 72 Water transport services
 - 73 Air transport services
 - 74 Supporting and auxiliary transport services
 - 75 Post and telecommunications services

- 8 Business services; agricultural, mining and manufacturing services
 - 81 Financial intermediation services and auxiliary services therefor
 - 82 Real estate services
 - 83 Leasing or rental services without operator
 - 84 Computer and related services
 - 85 Research and development services
 - 86 Legal, accounting, auditing and book-keeping services; taxation services; market research and public opinion polling services; management and consulting services; architectural, engineering and other technical services
 - 87 Business services n.e.c.
 - 88 Agricultural, mining and manufacturing services
 - 89 Intangible assets

- 9 Community, social and personal services
 - 91 Public administration and other services to the community as a whole; compulsory social security services
 - 92 Education services
 - 93 Health and social services
 - 94 Sewage and refuse disposal, sanitation and other environmental protection services
 - 95 Services of membership organizations
 - 96 Recreational, cultural and sporting services

- 97 Other services
- 98 Private households with employed persons
- 99 Services provided by extraterritorial organizations and bodies

H. Classification of individual consumption by purpose (COICOP) (one and two digit levels)

- 1. Food, beverages and tobacco
 - 1.1 Food
 - 1.2 Beverages
 - 1.3 Tobacco
- 2. Clothing and footwear
 - 2.1 Clothing
 - 2.2 Footwear
- 3. Housing, water, electricity, gas and other fuels
 - 3.1 Gross rents
 - 3.2 Regular maintenance and repair of dwelling
 - 3.3 Other services relating to the dwelling
 - 3.4 Electricity, gas and other fuels
- 4. Furnishings, household equipment and routine maintenance of the house
 - 4.1 Furniture, furnishings and decorations, carpets and other floor coverings and repairs
 - 4.2 Household textiles
 - 4.3 Heating and cooking appliances; refrigerators, washing machines, similar major household appliances, including fittings and repairs
 - 4.4 Glassware, tableware and household utensils
 - 4.5 Tools and equipment for the house and garden
 - 4.6 Goods and services for routine household maintenance
- 5. Health
 - 5.1 Medical and pharmaceutical products and therapeutic appliances and equipment
 - 5.2 Non-hospital medical and paramedical services
 - 5.3 Hospital services
 - 5.4 Sickness and accident insurance services
- 6. Transport
 - 6.1 Purchase of vehicles
 - 6.2 Operation of personal transport equipment
 - 6.3 Transports services
- 7. Leisure, entertainment and culture
 - 7.1 Equipment and accessories, including repairs
 - 7.2 Recreational and cultural services
 - 7.3 Newspapers, books and stationery
- 8. Education
 - 8.1 Educational services
 - 8.2 Educational materials
 - 8.3 Ancillary educational services

- 9. Hotels, cafes and restaurants
 - 9.1 Catering
 - 9.2 Accommodation services
- 10. Miscellaneous goods and services
 - 10.1 Personal care
 - 10.2 Personal effects n.e.c.
 - 10.3 Communications
 - 10.4 Social services
 - 10.5 Financial services n.e.c.
 - 10.6 Other services n.e.c.

I. Classification of the Functions of the Government (COFOG)

- 01 General public services
 - 01.1 Executive and legislative organs, financial and fiscal affairs, external affairs other than foreign aid
 - 01.2 Foreign economic aid
 - 01.3 Fundamental research affairs and services
 - 01.4 General services
 - 01.5 General public services n.e.c
- 02 Defence affairs and services
 - 02.1 Military and civil defence administration and operation
 - 02.2 Foreign military aid
 - 02.3 Defence-related applied research and experimental development
 - 02.4 Defence affairs n.e.c.
- 03 Public order and safety affairs
 - 03.1 Police and fire protection
 - 03.2 Law courts
 - 03.3 Prison administration and operation
 - 03.4 Public order and safety affairs n.e.c.
- 04 Education affairs and services
 - 04.1 Pre-primary and primary education affairs and services (ISCED levels 0 and 1)
 - 04.2 Secondary education affairs and services (ISCED levels 2 and 3)
 - 04.3 Tertiary education affairs and services (ISCED levels 5, 6 and 7)
 - 04.4 Education services not definable by level (ISCED level 9)
 - 04.5 Subsidiary services to education
 - 04.6 Education affairs and services n.e.c.
- 05 Health affairs and services
 - 05.1 Hospital affairs and services
 - 05.2 Clinics, and medical, dental and para-medical practitioners
 - 05.3 Public health affairs and services
 - 05.4 Medicaments, protheses, medical equipment and appliances or other prescribed health-related products
 - 05.5 Applied research and experimental development related to the health and medical delivery system
 - 05.6 Health affairs and services n.e.c.

- 06 Social security and welfare affairs and services
 - 06.1 Social security affairs and services
 - 06.2 Welfare affairs and services
 - 06.3 Social security and welfare affairs n.e.c.
- 07 Housing and community amenity affairs and services
 - 07.1 Housing and community development
 - 07.2 Water supply affairs and services
 - 07.3 Sanitary affairs and services including pollution abatement and control
 - 07.4 Street lighting affairs and services
 - 07.5 Housing and community amenity affairs and services n.e.c.
- 08 Recreational, cultural and religious affairs and services
 - 08.0 Recreational, cultural and religious affairs and services
- 09 Fuel and energy affairs and services
 - 09.1 Fuel affairs and services
 - 09.2 Electricity and other energy sources
 - 09.3 Fuel and energy affairs and services n.e.c.
- 10 Agriculture, forestry, fishing and hunting affairs and services
 - 10.1 Agriculture affairs and services
 - 10.2 Forestry affairs and services
 - 10.3 Fishing and hunting affairs and services
 - 10.4 Agricultural research and experimental development n.e.c.
 - 10.5 Agriculture, forestry, fishing and hunting affairs and services n.e.c.
- 11 Mining and mineral resource affairs and services, other than fuels; manufacturing affairs and services; and construction affairs and services
 - 11.1 Mining and mineral resource affairs and services, other than fuels
 - 11.2 Manufacturing affairs and services
 - 11.3 Construction affairs and services
 - 11.4 Mining and mineral resource affairs and services n.e.c.; manufacturing affairs and services n.e.c.; and construction affairs and services n.e.c.
- 12 Transportation and communication affairs and services
 - 12.1 Road transport affairs and services
 - 12.2 Water transport affairs and services
 - 12.3 Railway affairs and services
 - 12.4 Air transport affairs and services
 - 12.5 Pipeline transport and other transport system affairs and services
 - 12.6 Transportation system affairs and services n.e.c.
 - 12.7 Communication affairs and services
 - 12.8 Transportation and communication affairs and services n.e.c.
- 13 Other economic affairs and services
 - 13.1 Distribution trade affairs and services including storage and warehousing; hotel and restaurant affairs and services
 - 13.2 Tourism affairs and services
 - 13.3 Multipurpose development project affairs and services
 - 13.4 General economic and commercial affairs other than general labour affairs
 - 13.5 General labour affairs and services
 - 13.6 Other economic affairs and services n.e.c.
- 14 Expenditures not classified by major group
 - 14.0 Expenditure not classified by major group

J. Classification of the purposes of the non-profit institutions serving households (COPNI)

1. Research and scientific services
2. Education services
3. Health services
4. Welfare services
5. Recreational, cultural and related services
6. Religious services
7. Services of professional and labour organizations and civic associations
8. Miscellaneous services not elsewhere classified

K. Classification of outlays of producers by purpose (COPP) (one and two digit levels)

1. Outlays on current production programmes
2. Outlays on repair and maintenance
 - 2.1 Outlays to make good breakage and to keep fixed assets in good working order
 - 2.2 Outlays on cleaning and general housekeeping
3. Outlays on engineering and related technological work
 - 3.1 Outlays on engineering and technological work
 - 3.2 Outlays on fashion designing and other artistic design work
4. Outlays on research and development
 - 4.1 Outlays on basic research
 - 4.2 Outlays on applied research
 - 4.3 Outlays on experimental development
5. Outlays on pollution abatement and control
6. Outlays on sales promotion
 - 6.1 Outlays on direct sales effort
 - 6.2 Outlays on advertising
 - 6.3 Outlays on sales promotion, not elsewhere classified
7. Outlays on external transportation
8. Outlays on employee training, welfare and morale
9. Outlays on general administration