

## Analysis of financial statistics: 1972

*The analysis deals mainly with the flow of funds between the various sectors in 1972 as a whole. The fourth quarter of 1972 is the last for which a full set of statistics is available, and comment on the first quarter of 1973 is largely confined to the banking sector, money stock, and central government financing. All quarterly information is based on seasonally adjusted figures. Unadjusted flows for the fourth quarter are given in Table J. Notes on sources, definitions and seasonal adjustments appear on page 159.*

### **Economic developments**

The course of economic activity in 1972 was particularly difficult to interpret as a result of a marked conflict between the three conventional measures of gross domestic product.<sup>1</sup> According to the expenditure statistics there was an increase in real terms of only about 1 $\frac{1}{4}$ % over the previous year. By contrast, the income measure suggests growth of over 2 $\frac{3}{4}$ % between the two years, and the output-based estimate – to which the Central Statistical Office suggest that the greatest weight should currently be attached – indicates an increase of as much as 3 $\frac{1}{4}$ %.

In terms of current prices, because of continuing inflation the growth of G.D.P. was much more rapid, amounting to some 9% according to expenditure estimates (and 11% on an income basis – total domestic factor incomes rose by about 11 $\frac{1}{2}$ % during the year). Personal consumption provided the main expansionary influence, rising by some 13%; there was a big increase in public consumption too, and smaller ones in gross domestic fixed capital formation and in exports of goods and services. The effect on total demand of all these increases was to a certain extent offset by a very large decline in holdings of stocks, which persisted throughout the year, and by the rapid rise in the value of imports of goods and services. A sizable part of this rise reflected the marked increase in prices in the second half of the year associated with both the depreciation of sterling and the world-wide surge in commodity prices.

The pattern of financial surpluses and deficits implied by the income and expenditure of each sector was markedly different from that in the previous year (see Table A). Only the personal sector's overall position remained more or less unchanged. Increases in earnings and tax allowances were only partly spent in the consumer boom, and the ratio of saving to personal disposable income was higher than for many years; but this increase in saving was balanced by a rapid rise in persons' fixed investment, as always for the sector as a whole mainly in new dwellings, where spending was inflated by soaring prices. The sector's financial surplus was accordingly little larger than in 1971.

The company sector (here including banks and other financial institutions) substantially increased its saving and

<sup>1</sup> See the discussion "Measurement of GDP in 1972" in the Central Statistical Office's *Economic Trends* for April 1973.

**Table A**  
**Income and expenditure**

£ millions

Seasonally adjusted

	Income from employment and trading <sup>(a)(b)</sup>	Transfer incomes etc. <sup>(b)</sup>	less Consumption <sup>(c)</sup>	less Current transfer payments	equals Saving	less Gross domestic capital formation <sup>(a)(d)</sup>	less Capital transfers (net payments -)	equals Financial surplus/deficit <sup>(e)</sup>
<b>Personal sector</b>								
1970	30,171	12,618	-31,275	- 8,648	2,866	-1,445	-360	1,061
1971	33,537	13,802	-34,586	- 9,354	3,399	-1,903	-336	1,160
1972	37,351	15,596	-38,919	-10,056	3,972	-2,403	-370	1,199
1971 1st qtr.	8,020	3,245	- 8,176	- 2,232	857	- 379	- 64	414
2nd qtr.	8,302	3,407	- 8,565	- 2,334	810	- 500	- 91	219
3rd qtr.	8,543	3,472	- 8,826	- 2,341	848	- 483	- 89	276
4th qtr.	8,672	3,678	- 9,019	- 2,447	884	- 541	- 92	251
1972 1st qtr.	8,873	3,746	- 9,271	- 2,574	774	- 567	-104	103
2nd qtr.	9,223	3,910	- 9,558	- 2,397	1,178	- 659	- 98	421
3rd qtr.	9,452	3,930	- 9,854	- 2,501	1,027	- 537	- 84	406
4th qtr.	9,803	4,010	-10,236	- 2,584	993	- 640	- 84	269
<b>Company sector<sup>(f)</sup></b>								
1970	5,176	4,395		- 6,324	3,247	-5,000	419	-1,334
1971	5,829	4,972		- 6,923	3,878	-4,463	477	- 108
1972	6,539	5,678		- 7,345	4,872	-4,495	295	672
1971 1st qtr.	1,375	1,210		- 1,501	1,084	-1,206	162	40
2nd qtr.	1,442	1,247		- 1,847	842	-1,177	120	- 215
3rd qtr.	1,535	1,256		- 1,761	1,030	-1,044	114	100
4th qtr.	1,477	1,259		- 1,814	922	-1,036	81	- 33
1972 1st qtr.	1,485	1,305		- 1,691	1,099	- 986	96	209
2nd qtr.	1,609	1,325		- 1,889	1,045	- 996	77	126
3rd qtr.	1,673	1,456		- 1,921	1,208	-1,186	60	82
4th qtr.	1,772	1,592		- 1,844	1,520	-1,327	62	255
<b>Public sector</b>								
1970	1,524	20,049	- 9,056	- 7,491	5,026	-4,173	- 59	794
1971	1,604	21,149	-10,379	- 8,062	4,312	-4,661	-141	- 490
1972	1,759	22,469	-11,638	- 9,531	3,059	-4,802	75	-1,668
1971 1st qtr.	336	4,946	- 2,435	- 1,874	973	-1,229	- 98	- 354
2nd qtr.	416	5,483	- 2,557	- 1,982	1,360	-1,135	- 29	196
3rd qtr.	444	5,246	- 2,667	- 2,015	1,008	-1,114	- 25	- 131
4th qtr.	408	5,474	- 2,720	- 2,191	971	-1,183	11	- 201
1972 1st qtr.	319	5,497	- 2,772	- 2,347	697	-1,137	8	- 432
2nd qtr.	454	5,621	- 2,817	- 2,354	904	-1,224	21	- 299
3rd qtr.	471	5,602	- 2,990	- 2,326	757	-1,189	24	- 408
4th qtr.	515	5,749	- 3,059	- 2,504	701	-1,252	22	- 529
<b>Overseas sector<sup>(g)</sup></b>								
1970								- 688
1971								-1,051
1972								- 18
1971 1st qtr.								- 130
2nd qtr.								- 301
3rd qtr.								- 360
4th qtr.								- 260
1972 1st qtr.								- 59
2nd qtr.								- 115
3rd qtr.								113
4th qtr.								43

(a) Before providing for depreciation and stock appreciation.

(b) Rent and income from self-employment are included with transfer incomes and not with income from trading.

(c) Other than depreciation.

(d) Including stocks.

(e) The sum of sector surpluses and deficits corresponds to the residual error in the national income accounts.

(f) Including financial institutions.

(g) An overseas sector deficit corresponds to a balance of payments surplus on current account.

moved into financial surplus after several years of deficit. Gross trading profits increased by about 12%, but only about half of this rise contributed to the financial surplus, the remainder being accounted for by stock appreciation, which is simultaneously treated as part of capital formation in the national income accounts. The improvement lay essentially in other forms of income, especially net receipts of interest, which were about 14% greater in total. This rise was mainly a result of a massive increase in lending by banks and building societies, and, in the latter part of the year, of much higher rates of interest on bank lending. Companies' capital formation as a whole was more or less unchanged, the effect of the decline in holdings of stocks being approximately offset by stock appreciation and a rise in the value of fixed investment.

The counterpart of the surpluses of the personal and company sectors was a deficit of the public sector over three times greater than in 1971. A rise of 12% in current

**Table B**  
**Public sector**

£ millions  
Seasonally adjusted

	1971	1972	1971				1972				1973
	Year	Year	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.
Capital expenditure	+4,661	+4,802	+1,229	+1,135	+1,114	+1,183	+1,137	+1,224	+1,189	+1,252	
less Saving	-4,312	-3,059	- 973	-1,360	-1,008	- 971	- 697	- 904	- 757	- 701	
less Capital transfers (net)	+ 141	- 75	+ 98	+ 29	+ 25	- 11	- 8	- 21	- 24	- 22	
<i>equals</i> Financial surplus -/ deficit +	+ 490	+1,668	+ 354	- 196	+ 131	+ 201	+ 432	+ 299	+ 408	+ 529	
Lending and other transactions (increase in assets +)(a)	+ 515	+ 544	+ 108	+ 131	+ 94	+ 182	- 64	+ 173	+ 151	+ 283	
Import deposits (repayments +)	+ 281		+ 170	+ 110	+ 1						
Unidentified	+ 89	- 148	- 78	+ 137	+ 11	+ 19	- 296	+ 130	- 72	+ 63	
<b>Borrowing requirement (increase +)</b>	<b>+1,375</b>	<b>+2,064</b>	<b>+ 554</b>	<b>+ 182</b>	<b>+ 237</b>	<b>+ 402</b>	<b>+ 72</b>	<b>+ 602</b>	<b>+ 487</b>	<b>+ 875</b>	
<i>Financed by (borrowing -):</i>											
<i>Central government:</i>											
<i>External transactions</i>	+2,875	-1,432	+ 605	+ 510	+ 809	+ 951	- 70	- 923	- 156	- 279	+ 106
<i>Notes and coin with   the public</i>	- 273	- 495	- 117	- 12	- 52	- 39	- 132	- 133	- 91	- 139	- 128
<i>Bank borrowing</i>	- 865	+1,203	- 13	- 157	- 264	- 484	+ 294	+ 856	+ 136	- 61	- 525
<i>Other domestic   borrowing</i>	-2,299	- 702	- 761	- 280	- 617	- 641	- 196	- 112	- 183	- 209	+ 31
	- 562	-1,426	- 286	+ 61	- 124	- 213	- 104	- 312	- 294	- 688	- 516
<i>Local authorities:</i>											
<i>External finance</i>	- 83	- 149	- 9	- 49	+ 4	- 29	- 41	+ 14	- 64	- 58	- 68
<i>Bank borrowing</i>	- 772	- 31	- 189	- 239	- 152	- 192	+ 102	- 61	- 49	- 26	+ 181
<i>Other domestic   borrowing</i>	+ 196	- 340	+ 41	+ 49	+ 14	+ 92	- 116	- 83	- 56	- 81	
	- 659	- 520	- 157	- 239	- 134	- 129	- 55	- 130	- 169	- 165	
<i>Public corporations:</i>											
<i>External finance</i>	- 125	- 29	- 83	- 29	- 6	- 7	- 22	- 9	+ 8	- 6	
<i>Domestic borrowing</i>	- 29	- 89	- 28	+ 25	+ 27	- 53	+ 109	- 151	- 32	- 16	
	- 154	- 118	- 111	- 4	+ 21	- 60	+ 87	- 160	- 24	- 22	
<b>Total net borrowing</b>	<b>-1,375</b>	<b>-2,064</b>	<b>- 554</b>	<b>- 182</b>	<b>- 237</b>	<b>- 402</b>	<b>- 72</b>	<b>- 602</b>	<b>- 487</b>	<b>- 875</b>	

(a) Consisting principally of lending to overseas and private sectors (including refinancing of export credits and public corporations' identified trade credit) and changes in bank deposits.

Table C

Overseas sector<sup>(a)</sup>

£ millions

Seasonally adjusted

Claims on U.K.: increase +/decrease -  
Liabilities to U.K.: increase -/decrease +

	1971		1972				1973				
	Year	Year	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.
<b>Financial surplus +/ deficit -</b>	-1,051	- 18	-130	-301	-360	-260	- 59	-115	+113	+ 43	
<b>Transactions with the U.K. private sector</b>											
Investment flows:											
Transactions in company and overseas securities	+ 97	- 550	- 75	-127	+204	+ 95	-169	-156	-125	-100	
Miscellaneous private investment	+ 99	- 149	+ 27	+ 41	+ 29	+ 2	+ 27	- 57	- 45	- 74	
Other transactions:											
Net external transactions by U.K. banks <sup>(b)</sup>	+1,131	+ 12	+180	+263	+156	+532	+208	-215	- 2	+ 24	+312
Other identified	+ 277	- 66	+170	+ 15	+227	-135	- 42	-166	-133	+276	
Balancing item	+ 348	- 570	+154	+ 31	- 69	+232	-157	-324	+271	-360	
	+1,952	-1,323	+456	+223	+547	+726	-133	-918	- 34	-234	
<b>Transactions with the U.K. public sector</b>											
Lending etc. <sup>(c)</sup>	- 336	- 305	- 73	- 92	-100	- 71	- 59	-115	- 65	- 66	
External finance: <sup>(d)</sup>											
Central government	-2,875	+1,432	-605	-510	-809	-951	+ 70	+923	+156	+279	-106
Local authorities	+ 83	+ 149	+ 9	+ 49	- 4	+ 29	+ 41	- 14	+ 64	+ 58	+ 68
Public corporations	+ 125	+ 29	+ 83	+ 29	+ 6	+ 7	+ 22	+ 9	- 8	+ 6	
	-3,003	+1,305	-586	-524	-907	-986	+ 74	+803	+147	+277	

(a) It has not been possible to include in this table the balance of payments estimates for the 1st quarter of 1973 and revisions to previous quarters, which were released in June and appear in the statistical annex, Table 20.

(b) Other than purchases of securities.

(c) These overseas transactions of the public sector contribute to its borrowing requirement.

(d) These overseas transactions of the public sector are among the items financing its borrowing requirement.

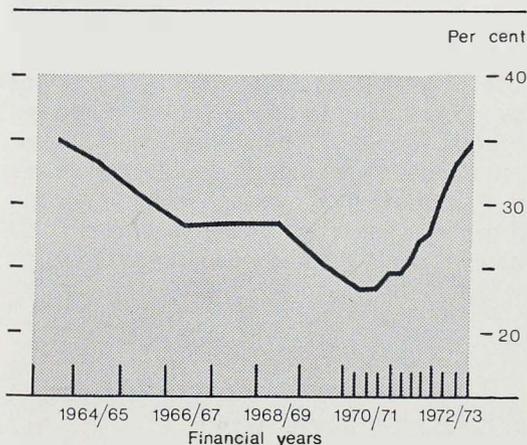
expenditure by far outstripped the increase in current income. Capital expenditure also increased, though at a much more modest rate. The overseas sector was in rough balance over the year; after a surplus on the U.K. balance of payments on current account of £1,050 million in 1971, a deficit emerged in the second half of 1972.

### Public sector finance and banking transactions

The considerable growth of the borrowing requirement of the public sector was more than accounted for in the position of the central government—the local authorities and public corporations obtained more funds from the central government and their need to borrow outside the public sector declined slightly. There was a marked change in the pattern of financing the total requirement. 1971 had seen a very large currency inflow, and the sterling paid out in consequence had had to be financed from domestic sources. 1972 saw an extremely sharp reversal—and a large currency outflow (mainly at the time of the June crisis), together with other official external transactions, provided the bulk of the public sector's finance (see Tables B and C). On the domestic front, the general public increased its holdings of notes and coin by nearly £500 million (about £225 million more than in 1971) and people

Chart A

Ratio of company liquid assets<sup>a</sup> to total final expenditure



<sup>a</sup> Liquid assets comprise bank deposits, Treasury bills, tax reserve certificates, local authority temporary debt, and deposits with building societies and finance houses, but exclude notes and coin (for which good statistics are not available). The ratio is based on quarterly figures.

invested some £470 million in national savings (about £100 million more). Against this, financial institutions outside the banking system bought only modest amounts of gilt-edged stocks in 1972, after buying on a massive scale in 1971, and persons, instead of buying, sold small amounts on balance over the year: their purchases during the last three quarters were insufficient to match their large sales in the first. The banking system was a heavy seller of gilt-edged (having bought very heavily in 1971) and there was also a substantial fall in their Treasury bill holdings – this fall would have been smaller but for payments of Special Deposits in the fourth quarter. Taking all these factors together, a substantial amount of government debt was repaid to the banks over the year.

A striking development in 1972 was the vast increase in bank lending to the private sector (Table D). The explanation is partly to be found in the demands of borrowers previously subject to stringent restrictions, such as private individuals and property companies, but there was also a particularly rapid rise in advances to companies in general which is more difficult to explain. Part of the explanation is that, prior to the 1973 Budget, capital gains on certain sales of sterling certificates of deposit by industrial and commercial companies (and persons) were free of tax, making it profitable for those able to borrow from the banks at the best rates to finance purchases of certificates from bank advances. Moreover, for short periods during the year, interest differentials made it profitable even for financial companies unable to benefit from the tax loophole, to finance purchases of certificates in the same way. Even so, the increase in the demand for bank advances by companies remains remarkable, especially at a time when their liquidity was historically high – growing from 27% to 35% as a

Table D  
Banking sector

£ millions

Seasonally adjusted

Lending: increase +/decrease -

Deposits: increase -/decrease +

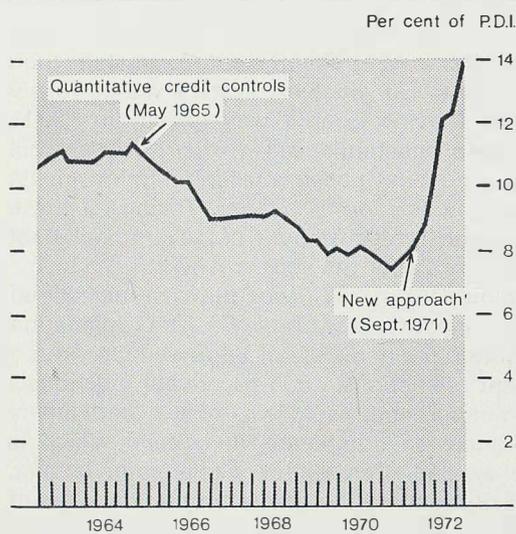
	1971		1972		1971				1972				1973
	Year	Year	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.		
<b>Lending to:</b>													
Public sector	+1,666	-1,026	+ 226	+ 362	+ 400	+ 731	- 491	- 640	- 30	+ 117	+ 228		
Company sector <sup>(a)</sup>	+1,190	+4,162	+ 189	+ 103	+ 404	+ 481	+1,080	+1,170	+ 776	+1,144	+ 944		
Personal sector	+ 666	+2,272	+ 73	+ 83	+ 234	+ 293	+ 514	+ 671	+ 298	+ 791	+ 512		
<b>Total domestic lending</b>	<b>+3,522</b>	<b>+5,408</b>	<b>+ 488</b>	<b>+ 548</b>	<b>+1,038</b>	<b>+1,505</b>	<b>+1,103</b>	<b>+1,201</b>	<b>+1,044</b>	<b>+2,052</b>	<b>+1,684</b>		
<b>Deposits by:</b>													
Public sector	- 39	- 80	- 11	+ 19	- 7	- 40	+ 19	+ 12	+ 2	- 112	+ 21		
Company sector <sup>(a)</sup>	-1,101	-2,957	- 162	- 225	- 93	- 607	- 333	-1,095	- 500	-1,023	- 714		
Personal sector	- 953	-1,767	- 227	- 182	- 287	- 328	- 469	- 401	- 382	- 511	- 534		
<b>Total domestic deposits</b>	<b>-2,093</b>	<b>-4,804</b>	<b>- 400</b>	<b>- 388</b>	<b>- 387</b>	<b>- 975</b>	<b>- 783</b>	<b>-1,484</b>	<b>- 880</b>	<b>-1,646</b>	<b>-1,227</b>		
<b>Net lending to overseas sector<sup>(b)</sup></b>	<b>-1,061</b>	<b>+ 9</b>	<b>- 66</b>	<b>- 85</b>	<b>- 360</b>	<b>- 550</b>	<b>- 227</b>	<b>+ 291</b>	<b>+ 25</b>	<b>- 83</b>	<b>- 229</b>		
<b>Non-deposit liabilities (net)</b>	<b>- 368</b>	<b>- 613</b>	<b>- 22</b>	<b>- 75</b>	<b>- 291</b>	<b>+ 20</b>	<b>- 93</b>	<b>- 8</b>	<b>- 189</b>	<b>- 323</b>	<b>- 228</b>		

(a) Including other financial institutions.

(b) Claims on overseas sector net of overseas deposits.

Chart B

Personal borrowing outstanding as a percentage of annual personal disposable income



proportion of total final expenditure (see Chart A) – and when their capital spending was very light.

Associated with the rapid growth in bank advances was an increase in domestic bank deposits (including certificates of deposit) some £2,700 million bigger than in the previous year, and a rise in the money stock ( $M_3$ ) of about 26%, twice as sharp as in 1971. ( $M_1$  increased by 14%, as against 11% in 1971.)

### Other financial flows

In 1972, *persons* borrowed heavily from banks (over three times as much as in 1971) and, to a lesser extent, from finance houses (see Table E). By the end of the year such personal borrowing (mainly to finance current spending) had reached about 14% of annual personal disposable income, well above the previous high point recorded in the mid-sixties (see Chart B). At the same time there was a considerable rise in borrowing to finance house purchase. Surplus personal funds were put mainly into liquid assets: the growth in bank deposits was almost double that of the previous year and the inflow into national savings, despite some tapering off in the second half of the year, was £100 million greater than in 1971. As has been noted, persons

Table E

### Personal sector

£ millions

Seasonally adjusted

	1971		1972		1971				1972				1973
	Year	Year	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.		
Saving	+3,399	+3,972	+ 857	+ 810	+ 848	+ 884	+ 774	+1,178	+1,027	+ 993			
Capital transfers (net)	- 336	- 370	- 64	- 91	- 89	- 92	- 104	- 98	- 84	- 84			
Capital expenditure	-1,903	-2,403	- 379	- 500	- 483	- 541	- 567	- 659	- 537	- 640			
<b>Financial surplus</b>	<b>+1,160</b>	<b>+1,199</b>	<b>+ 414</b>	<b>+ 219</b>	<b>+ 276</b>	<b>+ 251</b>	<b>+ 103</b>	<b>+ 421</b>	<b>+ 406</b>	<b>+ 269</b>			
<b>Borrowing ( - )</b>													
For house purchase	-1,808	-2,678	- 343	- 427	- 505	- 533	- 566	- 681	- 729	- 703			
Bank borrowing <sup>(a)</sup>	- 576	-1,927	- 63	- 68	- 209	- 253	- 459	- 581	- 198	- 691	- 452		
Hire purchase debt	- 195	- 253	- 2	- 31	- 84	- 78	- 71	- 52	- 65	- 65			
Other	- 4	- 6	- 54	+ 94	+ 47	- 91	+ 92	+ 57	- 42	- 113			
	<b>-2,583</b>	<b>-4,864</b>	<b>- 462</b>	<b>- 432</b>	<b>- 751</b>	<b>- 955</b>	<b>-1,004</b>	<b>-1,257</b>	<b>-1,034</b>	<b>-1,572</b>			
<b>Acquisition of financial assets ( + )</b>													
Life assurance and pension funds	+1,966	+2,280	+ 428	+ 501	+ 533	+ 504	+ 557	+ 595	+ 582	+ 546			
Government stocks	+ 466	- 34	+ 229	- 34	+ 171	+ 100	- 131	+ 27	+ 57	+ 13			
Company and overseas securities	-1,285	-1,010	- 141	+ 482	- 315	- 347	- 224	- 315	- 254	- 217			
Unit trust units	+ 46	+ 203	+ 6	+ 10	+ 8	+ 22	+ 24	+ 57	+ 57	+ 65	+ 60		
Bank deposits, notes and coin	+1,118	+2,013	+ 286	+ 188	+ 314	+ 347	+ 535	+ 467	+ 427	+ 580	+ 598		
Building society shares and deposits	+1,961	+2,139	+ 401	+ 450	+ 527	+ 583	+ 588	+ 584	+ 453	+ 514			
National savings	+ 371	+ 472	+ 65	+ 83	+ 73	+ 150	+ 127	+ 175	+ 91	+ 78	+ 59		
Local authority debt	- 235	- 82	- 28	- 34	- 67	- 106	- 5	- 67	- 20	+ 8			
Other	+ 271	+ 319	+ 64	+ 38	+ 52	+ 117	+ 81	+ 82	+ 58	+ 97			
	<b>+4,679</b>	<b>+6,300</b>	<b>+1,310</b>	<b>+ 720</b>	<b>+1,296</b>	<b>+1,370</b>	<b>+1,552</b>	<b>+1,605</b>	<b>+1,451</b>	<b>+1,684</b>			
<b>Identified financial transactions</b>	<b>+2,096</b>	<b>+1,436</b>	<b>+ 848</b>	<b>+ 288</b>	<b>+ 545</b>	<b>+ 415</b>	<b>+ 548</b>	<b>+ 348</b>	<b>+ 417</b>	<b>+ 112</b>			
<i>Unidentified</i>	- 936	- 237	- 434	- 69	- 269	- 164	- 445	+ 73	- 11	+ 157			

(a) Other than for house purchase.

were small net sellers of gilt-edged stocks (after buying nearly £500 million the year before), and their holdings of equities and debentures continued to decline, though more slowly.

*Industrial and commercial companies* moved into substantial financial surplus during the year, but the growth in spending on trade investments and mergers at home and on investment abroad left the sector with about £700 million to finance (see Table F). Although this was much the same as in 1971, the rise in their borrowing from the banks was four times greater than in the previous year. There was also a marked increase in their capital issues; a rising proportion of these was raised abroad, reflecting higher domestic interest rates and an uncertain equity market in the second half of the year. Having raised such

**Table F**  
**Industrial and commercial companies**

£ millions

*Seasonally adjusted*

Assets: increase +/decrease -

Liabilities: increase -/decrease +

	1971		1972				1973				
	Year	Year	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.
Domestic capital formation	+3,930	+3,931	+1,074	+1,048	+ 900	+ 908	+ 861	+ 889	+ 998	+1,183	
less Saving	-3,409	-4,076	- 956	- 715	- 883	- 855	- 958	- 899	- 949	-1,270	
less Capital transfers (net)	- 553	- 373	- 180	- 139	- 133	- 101	- 116	- 97	- 80	- 80	
<i>equals</i> Financial surplus -/ deficit +	- 32	- 518	- 62	+ 194	- 116	- 48	- 213	- 107	- 31	- 167	
Trade investments, mergers, etc. in the United Kingdom	+ 357	+ 532	+ 61	+ 83	+ 128	+ 85	+ 114	+ 124	+ 119	+ 175	
Long-term investment abroad	+ 650	+ 677	+ 209	+ 191	+ 128	+ 122	+ 141	+ 139	+ 172	+ 225	
Import deposits	- 253		- 153	- 99	- 1						
<b>Total requiring financing (+)</b>	<b>+ 722</b>	<b>+ 691</b>	<b>+ 55</b>	<b>+ 369</b>	<b>+ 139</b>	<b>+ 159</b>	<b>+ 42</b>	<b>+ 156</b>	<b>+ 260</b>	<b>+ 233</b>	
Capital issues (including euro-currency issues)	- 443	- 727	- 100	- 83	- 119	- 141	- 136	- 203	- 212	- 176	- 97
Overseas investment in U.K. companies	- 651	- 447	- 206	- 160	- 150	- 135	- 139	- 63	- 116	- 129	
Import credit and advance payments on exports	- 158	- 250	- 50	- 35	- 42	- 31	- 81	- 30	- 53	- 86	
Export credit and advance payments on imports	+ 96	+ 87	+ 39	+ 32	+ 14	+ 11	+ 10	+ 33	+ 27	+ 17	
Bank borrowing	- 730	-2,988	- 183	- 25	- 261	- 248	- 755	- 757	- 617	- 868	- 667
Other borrowing	- 208	- 30	- 114	- 55	- 26	- 13	+ 4	- 29	- 5	-	
Bank deposits, notes and coin	+1,028	+2,273	+ 248	+ 217	+ 149	+ 401	+ 229	+ 646	+ 621	+ 771	+ 553
Other liquid assets <sup>(a)</sup>	+ 140	+ 74	+ 38	- 15	+ 85	+ 32	+ 18	+ 5	+ 23	+ 27	
Other items <sup>(b)</sup>	+ 98	- 5	+ 105	- 95	+ 26	+ 62	+ 78	- 55	- 29	+ 1	
Other overseas transactions (including the balance of payments balancing item) <sup>(c)</sup>	- 477	+ 678	- 303	- 2	- 125	- 47	+ 181	+ 465	- 85	+ 117	
<i>Unidentified domestic transactions<sup>(c)</sup></i>	<i>+ 583</i>	<i>+ 644</i>	<i>+ 471</i>	<i>- 148</i>	<i>+ 310</i>	<i>- 50</i>	<i>+ 549</i>	<i>- 168</i>	<i>+ 186</i>	<i>+ 93</i>	
<b>Total financing</b>	<b>- 722</b>	<b>- 691</b>	<b>- 55</b>	<b>- 369</b>	<b>- 139</b>	<b>- 159</b>	<b>- 42</b>	<b>- 156</b>	<b>- 260</b>	<b>- 233</b>	

(a) Treasury bills, local authority debt, tax reserve certificates and deposits with other financial institutions.

(b) Trade credit to public corporations and hire purchase lending.

(c) Most of the balancing item in the balance of payments accounts, especially when large, reflects unidentified transactions between companies and overseas. The whole of it is here regarded in this light in order to distinguish roughly between companies' domestic transactions and their overseas ones. It is deducted from the total amount unidentified in the accounts to leave a rough estimate of unidentified domestic transactions.

large sums, as noted above, they greatly increased their holdings of liquid assets – notably, adding more than twice as much to their bank deposits as in 1971.

*Financial institutions, other than banks* (Tables G and H), increased their financial liabilities by 30% more than in 1971. Their bank borrowing grew rapidly, their capital issues more than doubled, and there was a four-fold increase in net sales of unit trust units. Among their assets, net purchases of gilt-edged stocks were well down on 1971, partly because equities were more attractive; moreover, building societies, often among the heaviest investors in gilt-edged, actually sold stock on balance for the first time since 1968 – because their liquidity ratios fell as their mortgage lending outstripped the growth of their funds. The institutions bought record amounts of equities, over £1,700 million, some £800 million more than in 1971. A notable feature was a big rise in their portfolios of foreign securities, mainly financed by foreign currency borrowing. This was particularly marked in the case of investment trusts, which bought equities abroad on a much greater scale than at home.

**Table G**  
**Financial institutions other than banks**

£ millions

Seasonally adjusted

	1971	1972	1971				1972				1973
	Year	Year	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.
<b>Increase in financial liabilities ( - )</b>											
Life assurance and pension funds	-1,966	-2,280	- 428	- 501	- 533	- 504	- 557	- 595	- 582	- 546	
Building society shares and deposits	-2,030	-2,187	- 414	- 465	- 545	- 606	- 602	- 596	- 465	- 524	- 464
Other deposits	- 279	- 212	- 47	- 50	- 74	- 108	- 5	- 69	- 68	- 70	
Capital issues	- 186	- 439	- 32	- 49	- 55	- 50	- 99	- 230	- 78	- 32	- 33
Unit trust units	- 46	- 203	- 6	- 10	- 8	- 22	- 24	- 57	- 57	- 65	- 60
Other (mainly bank) borrowing	- 403	-1,029	- 20	- 31	- 139	- 213	- 274	- 339	- 150	- 265	
	<b>-4,910</b>	<b>-6,350</b>	<b>- 947</b>	<b>-1,106</b>	<b>-1,354</b>	<b>-1,503</b>	<b>-1,561</b>	<b>-1,886</b>	<b>-1,400</b>	<b>-1,502</b>	
<b>Increase in financial assets ( + )</b>											
Short-term assets <sup>(a)</sup>	+ 115	+ 986	- 115	+ 22	- 23	+ 231	+ 159	+ 547	- 118	+ 396	
Government stocks	+1,382	+ 419	+ 498	+ 232	+ 342	+ 310	+ 240	+ 67	+ 11	+ 101	
Company and overseas securities:											
Ordinary shares	+ 952	+1,756	+ 126	+ 301	+ 265	+ 260	+ 384	+ 578	+ 467	+ 327	
Fixed interest	+ 204	+ 231	+ 25	+ 61	+ 85	+ 33	+ 87	+ 29	+ 45	+ 70	
Loans for house purchase	+1,613	+2,217	+ 310	+ 393	+ 450	+ 460	+ 482	+ 562	+ 608	+ 566	
Long-term lending to local authorities	+ 76	+ 141	+ 16	+ 15	+ 6	+ 39	+ 65	+ 16	+ 53	+ 7	
Hire purchase claims	+ 140	+ 163	+ 15	+ 16	+ 67	+ 42	+ 47	+ 47	+ 22	+ 47	
Other lending	+ 72	+ 100	+ 13	- 22	+ 23	+ 58	- 9	- 35	+ 100	+ 44	
	<b>+4,554</b>	<b>+6,013</b>	<b>+ 888</b>	<b>+1,018</b>	<b>+1,215</b>	<b>+1,433</b>	<b>+1,455</b>	<b>+1,811</b>	<b>+1,188</b>	<b>+1,558</b>	
<b>Net identified financial transactions</b>	<b>- 356</b>	<b>- 337</b>	<b>- 59</b>	<b>- 88</b>	<b>- 139</b>	<b>- 70</b>	<b>- 106</b>	<b>- 75</b>	<b>- 212</b>	<b>+ 56</b>	

(a) Bank deposits, tax reserve certificates, Treasury bills, and local authority temporary debt.

Table H

## Financial institutions other than banks 1972

£ millions

	Total	Building societies	Savings banks investment accounts	Investment and unit trusts	Finance houses	Insurance companies	Pension funds and property unit trusts	Others and unallocated
<b>Increase in financial liabilities ( - )</b>								
Inflow to life assurance and pensions funds	-2,280					-2,280		
Deposits	-2,455	-2,193	-356		- 34			+128
Sales of units	- 296			-241			- 55 <sup>(a)</sup>	
Capital issues	- 439			-361		- 56		- 22
Bank borrowing	-1,032			- 40	-169		- 44	-779
Other borrowing	- 46	+ 3		- 21	- 2	- 11	- 4	- 11
	<b>-6,548</b>	<b>-2,190</b>	<b>-356</b>	<b>-663</b>	<b>-205</b>	<b>-2,450</b>		<b>-684</b>
<b>Increase in financial assets ( + )</b>								
Bank deposits, notes and coin	+ 933	+ 137	+ 3	+208	+ 41	+ 131	+106	+307
Local authority debt:								
Temporary	+ 58	- 69	- 14	+ 52		+ 44	+ 50	- 5
Other	+ 141	- 2	+170	+ 3		- 12	- 19	+ 1
Treasury bills and tax reserve certificates	- 5	- 8	+ 1		- 2			+ 4
Government stocks	+ 419	- 38	+192	- 30		+ 288	+ 20	- 13
Hire purchase claims	+ 163				+163			
Loans for house purchase	+2,217	+2,215				+ 3	- 1	
Company and overseas securities:								
Ordinary shares	+1,756			+553	+ 22	+ 680	+551	- 50
Fixed interest	+ 231		+ 9	+ 35		+ 170	+ 8	+ 9
Other lending	+ 151	+ 3		+ 37	- 21	+ 68	+111	- 47
Purchases of units	+ 92			+ 8		+ 30	+ 54 <sup>(a)</sup>	
Deposits with other financial institutions	+ 55			+ 18		- 3	+ 40	
	<b>+6,211</b>	<b>+2,238</b>	<b>+361</b>	<b>+884</b>	<b>+203</b>	<b>+1,399</b>	<b>+920</b>	<b>+206</b>
<b>Net identified financial transactions</b>	<b>- 337</b>	<b>+ 48</b>	<b>+ 5</b>	<b>+221</b>	<b>- 2</b>	<b>- 131</b>		<b>-478</b>

Note: Differences from Table G arise through the identification here of intra-sector transactions (involving deposits and property and other unit trust units) netted out when the sector is considered as a whole.

(a) Pension funds bought £54 million of property unit trust units.

## Developments in the first quarter of 1973

The central government borrowing requirement in the first quarter amounted to £520 million, some £170 million less than in the previous quarter. The authorities were net sellers of £210 million of gilt-edged stocks to the general public, even after the redemption of 6 $\frac{3}{4}$ % Exchequer Stock 1973, and a further £60 million was invested in national savings. However, the Issue Department bought some £270 million of commercial bills and local authority debt in the course of day-to-day market operations, so that on balance a small amount of debt was repaid to domestic sectors other than banks. In the end, the banking system provided nearly £530 million for the central government, whereas other parts of the public sector were able to repay almost £300 million of bank finance.

Bank lending to the private sector rose by £1,460 million, as against over £1,900 million in the December quarter. Some £300 million of this lending was in foreign currencies, much the same as in the previous quarter.

Financial institutions and the personal sector continued to add to their bank deposits in the first quarter at much the same rate as in the fourth quarter, whereas the growth of deposits by industrial and commercial companies slackened somewhat. Private holders sold about £100 million net of sterling certificates of deposit back to the banking system (after buying £240 million in the last quarter of 1972), largely in expectation or as a result of the elimination of the tax loophole in the Budget. The money stock ( $M_3$ ) rose by £1,360 million in the first quarter, or about  $5\frac{1}{4}\%$ , as against some  $7\frac{1}{2}\%$  in the December quarter. ( $M_1$  rose by only £30 million, just under  $\frac{1}{4}\%$ .)

*Tables J, K and L follow after the notes on sources, definitions and seasonal adjustments.*

## Notes on sources, definitions and seasonal adjustments<sup>1</sup>

### Sources

The main statistical series used in compiling Tables J and L appear in the statistical annex to this *Bulletin* or in the Central Statistical Office's *Financial Statistics* or *Economic Trends*. The seasonally adjusted figures are not published elsewhere.

### Definitions (line numbers refer to Tables J, K and L)

**Public sector** The central government, local authorities and nationalised industries and other public corporations.

**Overseas sector** Non-residents as defined for the balance of payments estimates.

**Persons** Individuals, unincorporated businesses, and private non-profit-making bodies.

**Industrial and commercial companies** All corporate bodies other than public corporations, banks, and other financial institutions.

**Banks** As in Table 11 of the statistical annex.

**Other financial institutions** Insurance companies, pension funds, building societies, investment trusts, finance houses, savings banks investment accounts, authorised unit trusts, property unit trusts, special finance agencies and Crown Agents for Oversea Governments and Administrations.

**Lines 1-4** As defined in the national income and expenditure accounts.

**Line 5** The sum of the financial surpluses/deficits for all sectors equals the residual error in the national income accounts. For the overseas sector, the entry is the counterpart of the U.K. balance of payments on current account.

**Line 6** See footnote (d) to Table 1 of the annex.

**Line 7** The increase in persons' net claims on these funds.

**Lines 9.1 and 9.2** See additional notes to Table 1 of the annex.

**Line 10** Broadly, changes in overseas deposits with the banking sector less lending to overseas by the banking sector.

**Line 11** Those parts of the balance of payments items classified as investment and other capital flows which are not elsewhere included. That part of export credit extended by U.K. banks which is refinanced by the central government is included here.

**Line 12** Changes in Bank of England notes (treated as liabilities of the public sector), in banks' liabilities on account of issues of Scottish and Northern Irish notes, and in coin.

**Line 13** Changes in gross current and deposit accounts of U.K. residents, after the entries for the banking sector and industrial and commercial companies have been adjusted for 60% of transit items (see additional notes to Table 11 of the annex). Changes in domestic holdings of sterling certificates of deposit are included here.

**Line 14** Includes building society shares. Deposits by banks with finance houses are in line 16.

**Lines 15.1 and 15.2** As in Table 3 (2) of the annex.

**Line 16** Advances and overdrafts, money at call and short notice, and transactions in commercial bills; excluding loans for house purchase (included in line 18); lending to local authorities (line 22); and lending to the Northern Ireland Government (line 19). Recorded advances to industrial and commercial companies are adjusted for 40% of the change in transit items (see also line 13).

**Line 18** New loans less repayments, including estimates for banks, and lending by the public sector to housing associations.

**Line 19** Loans between domestic sectors not entered elsewhere, including trade credit given or received by public corporations; and differences between accruals of local authority rates, purchase tax and interest charges (the basis of entries in the national accounts) and the corresponding cash payments.

**Lines 20 and 21** As defined in additional notes to Table 3 (1) of the annex. For Treasury bills (stocks), the entries for persons (industrial and commercial companies) are residuals and include unidentified transactions by industrial and commercial companies (persons) and overseas.

**Line 22** Total identified borrowing by local authorities from outside the public sector.

**Line 23** Net issues on the U.K. market, and euro-currency issues by U.K. companies.

**Line 24** All other transactions. The entries for persons are residuals from the estimates in lines 23 and 24 for all other sectors.

**Line 25** Net sales of units to persons by authorised unit trusts.

**Line 27** The net total for all sectors corresponds to the residual error in the national income accounts.

### Seasonal adjustments

After preliminary adjustments have been obtained for each item which displays seasonality, consistent adjustments have been estimated by a system of balancing, under which the sum of the adjustments for each item over the four quarters in each calendar year is zero and the sum of the adjustments of all sectors for a particular line entry in any quarter is zero. Also, for certain series (such as notes and coin) an adjustment is made to allow for the days of the week on which a quarter begins and ends; but these will not usually completely cancel out over the year. The adjustments take account of the data up to the end of 1971.

<sup>1</sup> Fuller notes were given in the June 1972 *Bulletin*, pages 202-4. A detailed description is given in *An introduction to flow of funds accounting: 1952-70* (Bank of England, August 1972).

**Table J**  
**Flow of funds: fourth quarter 1972**

£ millions

Not seasonally adjusted

	Line	Public sector	Overseas sector <sup>(a)</sup>	Personal sector	Industrial and commercial companies	Banking sector	Other financial institutions	Residual error
<b>Capital account</b>								
Saving	1	+ 342		+815	+1,578		+378	
Taxes on capital and capital transfers	2	+ 2		- 79	+ 85		- 8	
<i>less:</i>								
Gross fixed capital formation at home	3	-1,230		-576	-1,018		-165	
Increase in value of stocks and work in progress	4	- 46		- 65	- 239		+ 10	
<b>Financial surplus +/deficit</b>	<b>- 5</b>	<b>- 932</b>	<b>- 21</b>	<b>+ 95</b>	<b>+ 406</b>	<b>+215</b>		<b>+237</b>
<b>Changes in financial assets and liabilities</b>								
Assets: increase +/decrease -								
Liabilities: increase -/decrease +								
Net indebtedness of Government to Bank of England, Banking Department	6	- 421				+ 421		
Life assurance and pension funds	7			+555			-555	
Loans by the U.K. Government	8	+ 24	- 30	—	+ 6		—	
Total external currency flow	9.1	- 198	+198					
Other central government external transactions	9.2	- 84	+ 84					
Banks' net external transactions	10		+ 21			- 21		
Miscellaneous investment overseas (net)	11	+ 23	+203		- 214		- 12	
Notes and coin	12	- 435		+ 87	+ 88	+ 260		
Bank deposits of domestic sectors	13	+ 135		+609	+ 899	-2,011	+368	
Deposits with other financial institutions	14		- 35	+650	+ 24		-639	
National savings	15.1	- 59		+ 59				
Tax reserve certificates	15.2	- 5		+ 10	- 3	- 1	- 1	
Bank lending to domestic sectors	16	- 23		-669	- 862	+1,795	-241	
Hire purchase debt	17	+ 17		-110	+ 59		+ 34	
Loans for house purchase	18	+ 37		-694		+ 100	+557	
Other loans and accruals	19	+ 78		-140	+ 105	- 213	+170	
Marketable government debt held by domestic sectors:								
Treasury bills	20	- 120			+ 2	+ 115	+ 3	
Stocks	21	+ 59		+ 13		- 173	+101	
Local authority debt	22	- 77	+ 48	+ 37	+ 17	- 87	+ 62	
U.K. company and overseas securities:								
Capital issues	23		+ 27		- 176	- 26	- 32	
Other transactions	24	+ 1	-127	-217	+ 191	- 38	+397	
Unit trust units	25			+ 63			- 63	
<b>Identified financial transactions</b>	<b>26</b>	<b>-1,048</b>	<b>+389</b>	<b>+253</b>	<b>+ 136</b>	<b>+ 121</b>	<b>+149</b>	
<i>Unidentified</i>	27	+ 116	-410	-158	+ 270	- 55		+237
<b>Total = Financial surplus + /deficit</b>	<b>- 28</b>	<b>- 932</b>	<b>- 21</b>	<b>+ 95</b>	<b>+ 406</b>	<b>+215</b>		<b>+237</b>

- nil or less than £½ million.

(a) It has not been possible to incorporate in the table the revised balance of payments estimates released in June.

**Table K**  
**Flow of funds: fourth quarter 1972**

£ millions

Seasonally adjusted

	Line	Public sector	Overseas sector <sup>(a)</sup>	Personal sector	Industrial and commercial companies	Banking sector	Other financial institutions	Residual error
<b>Capital account</b>								
Saving	1	+ 701		+993	+1,270		+250	
Taxes on capital and capital transfers	2	+ 22		- 84	+ 80		- 18	
<i>less:</i>								
Gross fixed capital formation at home	3	-1,252		-640	-1,183		-144	
Increase in value of stocks and work in progress	4							
<b>Financial surplus +/deficit -</b>	<b>5</b>	<b>- 529</b>	<b>+ 43</b>	<b>+269</b>	<b>+ 167</b>	<b>+ 88</b>		<b>- 38</b>
<b>Changes in financial assets and liabilities</b>								
Assets: increase +/decrease -								
Liabilities: increase -/decrease +								
Net indebtedness of Government to Bank of England, Banking Department	6	- 334				+ 334		
Life assurance and pension funds	7			+546			-546	
Loans by the U.K. Government	8	+ 31	- 37	—	+ 6		—	
Total central government external transactions	9	- 279	+279					
Banks' net external transactions	10		+ 24			- 24		
Miscellaneous investment overseas (net)	11	+ 23	+224		- 235		- 12	
Notes and coin	12	- 254		+ 69	+ 70	+ 115		
Bank deposits of domestic sectors	13	+ 112		+511	+ 701	-1,646	+322	
Deposits with other financial institutions	14		- 45	+617	+ 22		-594	
National savings	15.1	- 78		+ 78				
Tax reserve certificates	15.2	+ 32		- 6	- 24	- 1	- 1	
Bank lending to domestic sectors	16	- 30		-691	- 868	+1,854	-265	
Hire purchase debt	17	+ 17		- 65	+ 1		+ 47	
Loans for house purchase	18	+ 37		-703		+ 100	+566	
Other loans and accruals	19	+ 54		-113	- 3	+ 6	+ 56	
Marketable government debt held by domestic sectors:								
Treasury bills	20	+ 215			+ 2	- 220	+ 3	
Stocks	21	+ 59		+ 13		- 173	+101	
Local authority debt	22	- 198	+ 58	+ 8	+ 27	+ 26	+ 79	
U.K. company and overseas securities:								
Capital issues	23		+ 27		- 176	- 26	- 32	
Other transactions	24	+ 1	-127	-217	+ 191	- 38	+397	
Unit trust units	25			+ 65			- 65	
<b>Identified financial transactions</b>	<b>26</b>	<b>- 592</b>	<b>+403</b>	<b>+112</b>	<b>- 286</b>	<b>+ 307</b>	<b>+ 56</b>	
<i>Unidentified</i>	<i>27</i>	<i>+ 63</i>	<i>-360</i>	<i>+157</i>	<i>+ 453</i>	<i>-275</i>		<i>- 38</i>
<b>Total = Financial surplus + /deficit -</b>	<b>28</b>	<b>- 529</b>	<b>+ 43</b>	<b>+269</b>	<b>+ 167</b>	<b>+ 88</b>		<b>- 38</b>

- nil or less than £½ million.

(a) It has not been possible to incorporate in the table the revised balance of payments estimates released in June.

**Table L**  
**Flow of funds: annual figures**

£ millions

	Line	Public sector			Overseas sector <sup>(a)</sup>		
		1970	1971	1972	1970	1971	1972
<b>Capital account</b>							
Saving	1	+5,026	+4,312	+3,059			
Taxes on capital and capital transfers	2	- 59	- 141	+ 75			
<i>less:</i>							
Gross fixed capital formation at home	3	-4,072	-4,486	-4,672			
Increase in value of stocks and work in progress	4	- 101	- 175	- 130			
<b>Financial surplus +/-deficit -(c)</b>	5	<b>+ 794</b>	<b>- 490</b>	<b>-1,668</b>	<b>- 688</b>	<b>-1,051</b>	<b>- 18</b>
<b>Changes in financial assets and liabilities</b>							
Assets: increase +/decrease -							
Liabilities: increase -/decrease +							
<b>Net indebtedness of Government to Bank of England,</b>							
Banking Department	6	- 276	+ 471	- 443			
Life assurance and pension funds	7						
Loans by the U.K. Government	8	+ 109	+ 98	+ 21	- 83	- 93	- 72
Total external currency flow	9.1	+1,287	+3,228	-1,265	-1,287	-3,228	+1,265
Other central government external transactions	9.2	+ 55 <sup>(b)</sup>	- 353	- 167	- 55 <sup>(b)</sup>	+ 353	+ 167
Banks' net external transactions	10				+ 789 <sup>(b)</sup>	+1,131	+ 12
Miscellaneous investment overseas (net)	11	+ 84	+ 90	+ 204	- 9	+ 232	- 307
<b>Notes and coin</b>							
Bank deposits of domestic sectors	12	- 231	- 243	- 578			
Deposits with other financial institutions	13	+ 44	+ 39	+ 80			
National savings	14				+ 51	+ 54	- 112
Tax reserve certificates	15.1	+ 51	- 371	- 472			
Import deposits	15.2	+ 18	- 81	+ 113			
	15.3	+ 257	+ 281		- 32	- 28	
Bank lending to domestic sectors	16	- 126	- 29	- 146			
Hire purchase debt	17	- 1	+ 16	+ 42			
Loans for house purchase	18	+ 82	+ 105	+ 116			
Other loans and accruals	19	+ 94	- 28	+ 17			
<b>Marketable government debt held by domestic sectors:</b>							
Treasury bills	20	- 553	- 1	+ 617			
Stocks	21	+ 317	-3,226	+ 729			
Local authority debt	22	- 538	- 654	- 423	- 38	+ 83	+ 149
<b>U.K. company and overseas securities:</b>							
Capital issues	23				+ 12	+ 10	+ 28
Other transactions	24	+ 6	+ 79	+ 35	- 88	+ 87	- 578
Unit trust units	25						
<b>Identified financial transactions</b>	26	<b>+ 679</b>	<b>- 579</b>	<b>-1,520</b>	<b>- 740</b>	<b>-1,399</b>	<b>+ 552</b>
<i>Unidentified<sup>(c)</sup></i>	27	+ 115	+ 89	- 148	+ 52	+ 348	- 570
<b>Total = Financial surplus +/-deficit -(c)</b>	28	<b>+ 794</b>	<b>- 490</b>	<b>-1,668</b>	<b>- 688</b>	<b>-1,051</b>	<b>- 18</b>

— nil or less than £½ million.

(a) It has not been possible to incorporate in the table the revised balance of payments estimates released in June.

(b) These items are affected by a change in the method of accounting: see the additional notes to Table 5 of the annex in the *March Bulletin*.

(c) Financial surpluses/deficits for all sectors combined do not in practice sum to zero, although in principle they should do so. The discrepancy arises because the respective estimates of gross domestic product derived from income sources and from expenditure sources do not match. The net total of the "unidentified" entries for all sectors is the counterpart of this discrepancy (the residual error), which in the years shown in this table was as follows:

1970	1971	1972
+167	+489	-185

Personal sector			Industrial and commercial companies			Banking sector			Other financial institutions			Line
1970	1971	1972	1970	1971	1972	1970	1971	1972	1970	1971	1972	
+2,866	+3,399	+3,972	+2,823	+3,409	+4,076							1
- 360	- 336	- 370	+ 483	+ 553	+ 373	+424	+469	+796	- 64	- 76	- 78	2
-1,260	-1,667	-2,178	-3,333	-3,303	-3,532							3
- 185	- 236	- 225	-1,103	- 627	- 399	-564	-533	-564				4
<b>+1,061</b>	<b>+1,160</b>	<b>+1,199</b>	<b>-1,130</b>	<b>+ 32</b>	<b>+ 518</b>	<b>-204</b>	<b>-140</b>	<b>+154</b>				5
						1970	1971	1972	1970	1971	1972	
+1,758	+1,966	+2,280				+ 276	- 471	+ 443	-1,758	-1,966	-2,280	6
- 2	-	-	- 25	- 21	+ 48				+ 1	+ 16	+ 3	7
												8
						- 789(b)	-1.131	- 12				9-1
			- 35	- 290	+ 112				- 40	- 32	- 9	10
												11
+ 120	+ 165	+ 246	+ 201	+ 108	+ 249	- 90	- 30	+ 83	+ 278	+ 181	+ 933	12
+ 822	+ 953	+1,767	+ 121	+ 920	+2,024	-1,265	-2,093	-4,804	+ 278	+ 181	+ 933	13
+1,659	+2,208	+2,466	- 10	+ 47	+ 45				-1,700	-2,309	-2,399	14
- 51	+ 371	+ 472										15-1
+ 1	+ 24	- 8	- 6	+ 69	- 76	- 21	- 16	- 21	+ 8	+ 4	- 8	15-2
			- 225	- 253								15-3
- 59	- 576	-1,927	-1,125	- 730	-2,988	+1,391	+1,754	+6,093	- 81	- 419	-1,032	16
- 46	- 195	- 253	-	+ 39	+ 48				+ 47	+ 140	+ 163	17
-1,246	-1,808	-2,678				+ 40	+ 90	+ 345	+1,124	+1,613	+2,217	18
- 57	- 4	- 6	- 291	- 71	- 125	- 1	- 1	+ 5	+ 255	+ 104	+ 109	19
- 227	+ 466	- 34	+ 9	- 1	- 21	+ 550	+ 5	- 599	- 6	- 3	+ 3	20
- 80	- 235	- 82	- 119	+ 25	+ 126	- 410	+1,378	-1,114	+ 320	+1,382	+ 419	21
						+ 483	+ 772	+ 31	+ 292	+ 9	+ 199	22
- 869	-1,285	-1,010	- 233	- 443	- 727	- 27	- 29	- 43	- 55	- 186	- 439	23
+ 89	+ 46	+ 203	+ 349	+ 398	+ 589	+ 94	+ 213	+ 158	+ 811	+1,156	+1,987	24
									- 89	- 46	- 203	25
<b>+1,812</b>	<b>+2,096</b>	<b>+1,436</b>	<b>-1,389</b>	<b>- 203</b>	<b>- 696</b>	<b>+ 231</b>	<b>+ 441</b>	<b>+ 565</b>	<b>- 593</b>	<b>- 356</b>	<b>- 337</b>	26
- 751	- 936	- 237	+ 259	+ 235	+1,214							27
<b>+1,061</b>	<b>+1,160</b>	<b>+1,199</b>	<b>-1,130</b>	<b>+ 32</b>	<b>+ 518</b>				<b>+158</b>	<b>-225</b>	<b>- 74</b>	27
						<b>-204</b>	<b>-140</b>	<b>+154</b>				28