

Banking sector balance sheets

An article in the December 1972 *Bulletin* put the case for the compilation of national balance sheets, discussed the general problems of compilation, and described the figures so far made available for the United Kingdom. It described how the Bank had prepared historical series for some groups of financial institutions, and presented the first results in a quarterly series of integrated balance sheet and flow tables for the deposit banks covering the period 1963–70.

Figures for the whole banking sector are now available and are presented here in much the same form as that used for the deposit banks. They also begin with 1963, but extend to 1972. The relationship between these statistics and the various series already published is summarised in the notes which accompany the tables. Figures for assets and liabilities in foreign currencies are given separately.

As was explained in the article on the deposit banks' figures, the sub-division of the banking sector into different groups of banks has become less meaningful since, in 1971, uniform reserve ratios were introduced for all U.K. banks, and certain agreements covering the borrowing and lending rates of the London and Scottish clearing banks were ended. The balance sheet series for deposit banks alone has not therefore been continued beyond the end of 1970. Most of the series for the "accepting houses, overseas banks, and other banks" grouping (hereafter called non-deposit banks), and also those for the discount houses, have already been published. It is possible, however, that separate balance sheet and flow tables for these two groups, covering 1963–70 for the non-deposit banks and 1963–72 for the discount houses, will be of interest to some readers. The Bank are therefore preparing such tables, which will be made available on application to the Economic Intelligence Department at the address given on the reverse of the contents page.

Work on figures for other groups of financial institutions continues, and it is intended to make further tables available in due course.

Banking sector: integrated balance sheet and flow accounts

£ millions

	Line	1962		1963		1964		End-Dec.
		End-Mar.	Cash flow	End-June	Cash flow	End-Sept.	Cash flow	
Liabilities and share capital								
Deposits:								
Current and deposit accounts:								
Overseas sector	1	2,578	+125	2,703	+157	2,860	- 28	2,832
Other sectors (excluding banking sector)	2	8,480	+272	8,752	+324	9,076	+508	9,584
less 60% of net transit items	3	- 252	+ 45	- 207	- 95	- 302	- 17	- 319
Negotiable certificates of deposit:								
Overseas sector	4							
Other sectors (excluding banking sector)	5							
Net deposits	6	10,806	+442	11,248	+386	11,634	+463	12,097
Banking sector deposits	7	1,679	+187	1,866	- 66	1,800	+291	2,091
Negotiable certificates of deposit held within banking sector								
	8							
Total deposits	9	12,485	+629	13,114	+320	13,434	+754	14,188
Notes outstanding	10	134	+ 6	140	- 5	135	+ 2	137
Issued capital:								
Ordinary shares	11	1,331	+ 2	1,292	+ 8	1,303	+ 4	1,324
Fixed interest securities	12	7	-	7	-	7	-	7
Total financial liabilities and share capital	13	13,957	+637	14,553	+323	14,879	+760	15,656
Assets								
Notes and coin	14	417	+ 28	445	+ 73	518	+136	654
Balances with Bank of England	15	272	+101	373	- 99	274	- 29	245
Balances with other U.K. banks	16	452	+ 68	520	+ 44	564	+138	702
Negotiable certificates of deposit								
Call money with:								
U.K. banks	18	69	+ 11	80	- 8	72	- 5	67
Discount houses	19	867	+ 11	878	+ 12	890	+182	1,072
Overseas sector	20	47	- 4	43	+ 2	45	- 1	44
Other sectors	21	180	+ 7	187	- 11	176	- 6	170
Tax reserve certificates	22	-	-	-	-	-	-	-
Bills discounted:								
Treasury bills	23	1,054	+204	1,258	+195	1,453	+171	1,624
Overseas bills	24	224	+ 21	245	- 1	244	+ 13	257
Northern Ireland Treasury bills	25	-	-	-	-	-	+ 4	4
Local authority bills	26	6	-	6	- 1	5	+ 1	6
Banking sector bills	27	-	-	-	-	-	-	-
Other commercial bills	28	428	+ 9	437	+ 4	441	+ 46	487
Special Deposits with Bank of England	29	-	-	-	-	-	-	-
Investments:								
Government stocks	30	2,428	+ 18	2,463	+ 66	2,548	+ 44	2,568
Local authority debt	31	122	- 3	119	+ 1	120	- 3	117
Other	32	266	+ 17	283	+ 3	286	+ 8	295
Loans and advances to U.K. local authorities	33	441	+ 4	445	+ 20	465	+ 19	484
Other advances:								
U.K. banks	34	10	+ 11	21	- 7	14	+ 5	19
Overseas sector	35	1,409	+ 54	1,463	+ 64	1,527	- 7	1,520
Northern Ireland central government	36	-	-	-	-	-	+ 3	3
Other sectors	37	4,830	+190	5,020	- 62	4,958	+ 68	5,026
plus 40% of net transit items	38	167	- 30	137	+ 64	201	+ 11	212
Total advances	39	6,416	+225	6,641	+ 59	6,700	+ 80	6,780
Net government indebtedness to Bank of England, Banking Department								
Interest accruals	40	346	+ 43	389	- 49	340	- 15	325
	41	27	- 27	-	+ 28	28	- 28	-
Total financial assets	42	14,062	+733	14,812	+338	15,169	+755	15,901
Net financial assets	43	105	+ 96	259	+ 15	290	- 5	245
Transactions within the banking sector	44	9	+ 15	6	+ 8	14	-	14
Transactions with other sectors	45	114	+ 81	253	+ 7	276	- 5	231
Foreign currency items included above								
Liabilities								
Deposits:								
Current and deposit accounts:								
Overseas sector	1	1,176	+ 48	1,224	+ 44	1,268	- 42	1,226
Other sectors (excluding banking sector)	2	91	+ 5	96	+ 11	107	- 2	105
Negotiable certificates of deposit: overseas sector								
	4							
Net deposits	6	1,267	+ 53	1,320	+ 55	1,375	- 44	1,331
Banking sector deposits	7	304	+ 12	316	+ 16	332	+ 66	398
Negotiable certificates of deposit held within banking sector								
	8							
Issued capital: fixed interest securities								
	12							
Total financial liabilities	13	1,571	+ 65	1,636	+ 71	1,707	+ 22	1,729
Assets								
Balances with other U.K. banks	16	248	+ 5	253	+ 24	277	+ 68	345
Negotiable certificates of deposit								
Call money with:								
U.K. banks	18	56	+ 7	63	- 8	55	- 2	53
Discount houses	19	-	-	-	-	-	-	-
Overseas sector	20	-	-	-	-	-	-	-
Other sectors	21	-	-	-	-	-	-	-
Bills discounted:								
Overseas bills	24	16	+ 2	18	+ 3	21	+ 3	24
Other commercial bills	28	-	-	-	-	-	-	-
Investments: other	32	13	+ 6	19	- 1	18	+ 1	19
Loans and advances to U.K. local authorities	33	-	-	-	-	-	-	-
Other advances:								
U.K. banks	34	-	-	-	-	-	-	-
Overseas sector	35	1,077	+ 48	1,125	+ 63	1,188	- 48	1,140
Other sectors	37	23	+ 1	24	+ 8	32	- 2	30
Total financial assets	42	1,433	+ 69	1,502	+ 89	1,591	+ 20	1,611
Net financial assets (=transactions with other sectors)	43	- 138	+ 4	- 134	+ 18	- 116	- 2	- 118

Cash flow	1964								1965								Line
	End-Mar.	End-Mar.	Cash flow	End-June	Cash flow	End-Sept.	Cash flow	End-Dec.	Cash flow	End-Mar.	Cash flow	End-June	Cash flow	End-Sept.	Cash flow	End-Dec.	
See notes																	
+ 113	2,945	3,042	+162	3,204	+205	3,409	+ 36	3,445	+ 20	3,465	- 14	3,451	+156	3,607	+ 263	3,870	1
- 227	9,357	9,352	+163	9,515	+227	9,742	+ 363	10,105	-201	9,904	+290	10,194	+117	10,311	+ 572	10,883	2
- 71	- 390	- 390	+ 85	- 305	+ 3	- 302	- 99	- 401	+ 10	- 391	+ 58	- 333	+ 3	- 330	- 106	- 436	3
- 185	11,912	12,004	+410	12,414	+435	12,849	+ 300	13,149	-171	12,978	+334	13,312	+276	13,588	+ 729	14,317	4
- 234	1,857	1,901	+ 5	1,906	+ 25	1,931	+ 464	2,395	-210	2,185	+280	2,465	+ 9	2,474	+ 586	3,060	5
- 419	13,769	13,905	+415	14,320	+460	14,780	+ 764	15,544	-381	15,163	+614	15,777	+285	16,062	+1,315	17,377	8
+ 1	138	138	+ 1	139	- 6	133	+ 5	138	- 2	136	+ 5	141	- 5	136	+ 5	141	9
+ 8	1,288	1,288	+ 14	1,196	+ 12	1,338	+ 2	1,338	+ 1	1,320	+ 7	1,330	+ 3	1,376	+ 2	1,527	11
- 410	15,203	15,339	+430	15,663	+466	16,259	+ 771	17,028	-382	16,627	+626	17,256	+283	17,582	+1,322	19,053	12
- 98	556	556	+ 37	593	- 4	589	+ 14	603	- 28	575	+ 39	614	- 69	545	+ 59	604	14
+ 20	265	265	+ 37	302	- 30	272	+ 58	330	- 51	279	+ 45	324	- 45	279	+ 118	397	15
- 107	595	617	- 1	616	+ 53	669	+ 186	855	- 32	823	+ 78	901	+ 20	921	+ 232	1,153	16
+ 19	86	86	- 17	69	- 4	65	+ 11	76	+ 18	94	- 1	93	- 10	83	+ 10	93	18
- 174	898	901	-	901	- 5	896	+ 191	1,087	-130	957	+ 57	1,014	+ 37	1,051	+ 227	1,278	19
- 2	42	42	-	42	- 2	40	+ 12	52	+ 4	56	- 1	55	- 1	54	-	54	20
- 15	155	156	+ 1	157	- 2	155	- 14	141	+ 9	150	- 5	145	+ 26	171	+ 24	195	21
- 481	1,143	1,154	+129	1,283	+199	1,482	- 178	1,304	-568	736	+163	899	+245	1,144	+ 245	1,389	23
+ 33	290	294	+ 31	325	- 25	300	- 5	295	+ 7	289	- 14	275	+ 19	294	+ 30	324	24
- 4	-	-	+ 4	4	-	4	+ 4	8	- 8	-	-	-	+ 6	6	-	6	25
- 2	4	4	+ 3	7	- 2	5	+ 3	8	- 5	3	+ 2	5	+ 5	10	- 3	7	26
+ 11	498	501	- 13	488	- 9	479	+ 129	608	- 7	614	+ 50	664	- 3	661	+ 15	676	27
- 112	2,427	2,428	- 76	2,328	- 73	2,251	+ 46	2,263	- 38	2,223	+ 39	2,255	+ 5	2,280	+ 67	2,349	30
+ 7	124	124	+ 2	126	+ 20	146	+ 3	149	+ 16	165	+ 6	171	+ 13	184	+ 23	207	31
+ 3	302	307	+ 17	324	+ 5	330	+ 8	339	+ 10	349	+ 7	359	+ 7	367	+ 8	377	32
+ 69	553	573	+ 39	612	+115	727	- 104	623	+108	731	-134	597	+ 13	610	+ 71	681	33
+ 9	28	28	- 17	11	+ 18	29	- 18	11	+ 13	24	- 26	2	+ 22	20	- 14	6	34
+ 11	1,531	1,602	+ 39	1,641	+149	1,790	+ 186	1,976	- 46	1,930	+ 37	1,967	+159	2,126	+ 161	2,287	35
- 2	1	1	- 1	-	+ 1	1	+ 5	6	- 6	-	-	-	+ 1	1	+ 5	6	36
+ 345	5,371	5,348	+284	5,632	+ 98	5,730	+ 114	5,844	+434	6,278	+182	6,460	-192	6,268	- 58	6,210	37
+ 48	260	260	- 56	204	- 2	202	+ 66	268	- 6	262	- 39	223	- 2	221	+ 70	291	38
+ 411	7,191	7,239	+249	7,488	+264	7,752	+ 353	8,105	+389	8,494	+154	8,648	- 12	8,636	+ 164	8,800	39
+ 35	360	360	+ 13	373	- 19	354	+ 39	393	- 34	359	+121	480	- 9	471	+ 74	545	40
+ 30	30	30	- 30	-	+ 33	33	- 33	38	+ 38	38	- 38	-	+ 36	36	- 36	-	41
- 357	15,519	15,637	+425	16,038	+514	16,549	+ 723	17,239	-302	16,935	+660	17,591	+285	17,897	+1,330	19,231	42
+ 53	316	298	- 5	375	+ 48	290	- 48	211	+ 80	308	+ 34	335	+ 2	315	+ 8	178	43
+ 1	15	- 4	- 3	7	+ 7	-	- 36	36	+ 28	8	- 35	43	+ 17	26	- 11	37	44
+ 52	301	302	- 2	382	+ 41	290	- 12	247	+ 52	316	+ 69	378	- 15	341	+ 19	215	45
+ 9	1,235	1,311	+123	1,434	+168	1,602	+ 201	1,803	+ 58	1,851	- 62	1,799	+106	1,905	+ 203	2,108	1
+ 14	119	122	- 35	87	+ 16	103	+ 2	105	+ 3	108	+ 12	120	+ 5	125	- 9	116	2
+ 23	1,354	1,433	+ 88	1,521	+184	1,705	+ 203	1,908	+ 61	1,969	- 50	1,919	+111	2,030	+ 194	2,224	4
- 36	362	381	- 54	327	+ 50	377	+ 133	510	+ 28	538	+ 51	589	- 18	571	+ 127	698	6
- 13	1,716	1,814	+ 34	1,848	+234	2,082	+ 336	2,418	+ 89	2,507	+ 1	2,508	+ 93	2,601	+ 321	2,922	8
- 50	295	314	- 36	278	+ 52	330	+ 121	451	+ 24	475	+ 43	518	- 3	515	+ 115	630	12
+ 14	67	67	- 18	49	- 2	47	+ 12	59	+ 4	63	+ 8	71	- 15	56	+ 12	68	13
+ 1	25	26	+ 8	34	+ 7	41	+ 4	45	+ 2	47	+ 2	49	+ 8	57	+ 13	70	16
+ 2	21	22	+ 6	28	+ 2	30	+ 3	33	+ 1	34	-	34	+ 7	41	- 7	34	18
- 10	1,130	1,199	+ 16	1,215	+139	1,354	+ 166	1,520	- 52	1,468	+ 26	1,494	+179	1,673	+ 168	1,841	24
+ 6	36	37	+ 13	50	+ 13	63	+ 6	69	+ 35	104	+ 3	107	-	107	+ 33	140	28
- 37	1,574	1,665	- 11	1,654	+211	1,865	+ 312	2,177	+ 14	2,191	+ 82	2,273	+176	2,449	+ 334	2,783	32
- 24	- 142	- 149	- 45	- 194	- 23	- 217	- 24	- 241	- 75	- 316	+ 81	- 235	+ 83	- 152	+ 13	- 139	33

Banking sector: integrated balance sheet and flow accounts *continued*

£ millions

	Line	1965		1966		1966		1966		End- Dec.
		End- Dec.	Cash flow	End- Mar.	Cash flow	End- June	Cash flow	End- Sept.	Cash flow	
Liabilities and share capital										
Deposits:										
Current and deposit accounts:										
Overseas sector	1	3,870	+237	4,047	+204	4,251	- 61	4,190	+ 299	4,489
Other sectors (excluding banking sector)	2	10,883	- 74	10,809	+ 58	10,867	+151	11,018	+ 193	11,211
less 60% of net transit items	3	- 436	- 14	- 450	+ 48	- 402	- 17	- 419	+ 68	- 351
Negotiable certificates of deposit:										
Overseas sector	4				+ 5	5	+ 40	45	+ 35	80
Other sectors (excluding banking sector)	5				-	-	-	-	-	-
Net deposits	6	14,317	+149	14,406	+315	14,721	+113	14,834	+ 595	15,429
Banking sector deposits	7	3,060	-163	2,897	+123	3,020	+107	3,127	+ 451	3,578
Negotiable certificates of deposit held within banking sector	8				-	-	-	-	-	-
Total deposits	9	17,377	- 14	17,303	+438	17,741	+220	17,961	+1,046	19,007
Notes outstanding	10	141	+ 2	143	+ 5	148	- 8	140	+ 4	144
Issued capital:										
Ordinary shares	11	1,527	+ 1	1,532	+ 1	1,559	+ 2	1,405	-	1,444
Fixed interest securities	12	8	-	7	+ 2	9	+ 18	26	-	27
Total financial liabilities and share capital	13	19,053	- 11	18,985	+446	19,457	+232	19,532	+1,050	20,622
Assets										
Notes and coin	14	604	- 51	553	+ 38	591	- 65	526	+ 163	689
Balances with Bank of England	15	397	-103	294	+ 94	388	- 90	298	+ 68	366
Balances with other U.K. banks	16	1,153	+ 74	1,227	+ 81	1,308	+ 32	1,340	+ 109	1,449
Negotiable certificates of deposit										
Call money with:										
U.K. banks										
Discount houses	18	93	+ 12	105	- 7	98	- 8	90	+ 27	117
Overseas sector	19	1,278	-153	1,125	- 51	1,074	+ 60	1,134	+ 235	1,369
Other sectors	20	54	- 2	52	- 6	46	+ 17	63	- 6	57
Tax reserve certificates	21	195	- 23	172	-	172	+ 25	197	+ 32	229
Bills discounted:	22				+ 7	7	+ 48	55	+ 30	85
Treasury bills	23	1,389	-238	1,151	+ 18	1,169	+ 20	1,189	- 9	1,180
Overseas bills	24	324	+ 9	333	+ 2	335	-	335	+ 24	359
Northern Ireland Treasury bills	25	6	- 6	-	+ 6	6	+ 3	9	-	9
Local authority bills	26	7	-	7	- 4	3	+ 5	8	+ 27	35
Banking sector bills	27									
Other commercial bills	28	676	- 12	664	+ 9	673	+ 11	684	+ 26	710
Special Deposits with Bank of England	29	96	+ 1	97	+ 1	98	+100	198	-	198
Investments:										
Government stocks	30	2,349	-147	2,202	- 24	2,171	+ 70	2,238	+ 220	2,481
Local authority debt	31	207	+ 31	238	+ 30	268	- 7	261	+ 23	284
Other	32	377	- 9	385	+ 24	412	+ 16	428	+ 1	425
Loans and advances to U.K. local authorities	33	681	+ 2	683	+ 14	697	- 16	681	- 24	657
Other advances:										
U.K. banks										
Overseas sector	34	6	+ 29	35	- 11	24	+ 42	66	- 37	29
Northern Ireland central government	35	2,287	+133	2,360	+303	2,663	+202	2,865	+ 337	3,202
Other sectors	36	6	- 5	1	+ 3	4	- 1	3	+ 3	6
plus 40% of net transit items	37	6,210	+420	6,630	+ 3	6,633	-248	6,385	- 126	6,259
	38	291	+ 9	300	- 32	268	+ 11	279	- 45	234
Total advances	39	8,800	+586	9,326	+266	9,592	+ 6	9,598	+ 132	9,730
Net government indebtedness to										
Bank of England, Banking Department	40	545	- 3	542	- 4	538	+ 59	597	- 8	589
Interest accruals	41	-	+ 35	35	- 35	-	+ 36	36	- 36	-
Total financial assets	42	19,231	+ 3	19,191	+459	19,646	+322	19,665	+1,034	21,018
Net financial assets	43	178	+ 14	206	+ 13	189	+ 90	433	- 16	396
Transactions within the banking sector	44	- 37	+ 23	- 14	- 16	- 30	+ 29	- 1	- 49	- 50
Transactions with other sectors	45	215	- 9	220	+ 29	219	+ 61	434	+ 32	446
Foreign currency items included above										
Liabilities										
Deposits:										
Current and deposit accounts:										
Overseas sector	1	2,108	+123	2,231	+239	2,470	+170	2,640	+ 251	2,891
Other sectors (excluding banking sector)	2	116	+ 11	127	- 1	126	+ 8	134	+ 15	149
Negotiable certificates of deposit: overseas sector	4				+ 5	5	+ 40	45	+ 35	80
Net deposits	6	2,224	+134	2,358	+243	2,601	+218	2,819	+ 301	3,120
Banking sector deposits	7	698	+ 89	787	+ 11	798	+ 52	850	+ 75	925
Negotiable certificates of deposit held within banking sector	8				-	-	-	-	-	-
Issued capital: fixed interest securities	12									
Total financial liabilities	13	2,922	+223	3,145	+254	3,399	+270	3,669	+ 376	4,045
Assets										
Balances with other U.K. banks	16	630	+ 80	710	+ 12	722	+ 57	779	+ 59	838
Negotiable certificates of deposit	17				-	-	-	-	-	-
Call money with:										
U.K. banks										
Discount houses	18	68	+ 9	77	- 1	76	- 5	71	+ 16	87
Overseas sector	19									
Other sectors	20									
Bills discounted:	21									
Overseas bills	24	70	+ 16	86	+ 2	88	+ 8	96	+ 7	103
Other commercial bills	28									
Investments: other	32	34	-	34	+ 1	35	+ 1	36	+ 6	42
Loans and advances to U.K. local authorities	33									
Other advances:										
U.K. banks										
Overseas sector	34	1,841	+144	1,985	+287	2,272	+249	2,521	+ 317	2,838
Other sectors	35	140	+ 12	152	+ 7	159	- 7	152	+ 6	158
Total financial assets	42	2,783	+261	3,044	+308	3,352	+303	3,655	+ 411	4,066
Net financial assets (=transactions with other sectors)	43	- 139	+ 38	- 101	+ 54	- 47	+ 33	- 14	+ 35	21

Cash flow	1967						1968						Line				
	End-Mar.	Cash flow	End-June	Cash flow	End-Sept.	Cash flow	End-Dec.	End-Dec.	Cash flow	End-Mar.	Cash flow	End-June		Cash flow	End-Sept.	Cash flow	End-Dec.
	<i>See notes</i>																
+254	4,743	+196	4,939	+135	5,074	+ 42	5,691	5,741	+575	6,316	+ 1,011	7,327	+294	7,621	+ 505	8,126	1
-39	11,172	+289	11,461	+350	11,811	+ 676	12,522	12,595	-304	12,264	+ 487	12,734	+407	13,129	+ 461	13,590	2
-158	509	+ 80	429	+128	301	- 106	407	406	+ 39	367	- 7	374	-115	489	+ 50	439	3
- 1	79	+ 3	82	+ 52	134	+ 65	199	199	+ 53	252	+ 46	298	+103	401	+ 43	444	4
- 1															+ 82	82	5
+ 56	15,485	+568	16,053	+665	16,718	+ 677	18,005	18,129	+363	18,465	+ 1,537	19,985	+689	20,662	+1,141	21,803	6
-129	3,449	+218	3,667	+115	3,782	+ 466	4,473	4,646	- 63	4,583	+ 329	4,912	+ 85	4,997	+ 366	5,363	7
+ 9	9	+ 17	26	+ 14	40	+ 10	50	50	+ 19	69	+ 25	94	+ 73	167	+ 68	235	8
- 64	18,943	+803	19,746	+794	20,540	+1,153	22,528	22,825	+319	23,117	+ 1,891	24,991	+847	25,826	+1,575	27,401	9
+ 4	148	+ 5	153	- 8	145	+ 6	151	151	+ 4	155	+ 7	162	- 8	154	+ 8	162	10
+ 1	1,396	+ 1	1,498	+ 10	1,639	+ 4	1,859	1,859	+ 7	1,988	+ 8	2,132	+ 17	2,171	+ 6	2,285	11
- 1	27		27	+ 7	35		37	37		36		37	- 1	49	+ 1	94	12
- 59	20,514	+809	21,424	+803	22,359	+1,163	24,575	24,872	+330	25,296	+ 1,906	27,322	+855	28,200	+1,590	29,942	13
-133	556	- 11	545	+ 34	579	+ 144	723	723	-143	580	+ 26	606	+100	706	+ 162	868	14
- 63	303	+149	452	-164	288	+ 92	380	380	- 75	305	+ 137	442	-121	321	+ 25	346	15
+ 60	1,509	+133	1,642	+ 94	1,736	+ 233	2,179	2,336	+204	2,540	+ 318	2,858	- 15	2,802	+ 242	3,044	16
+ 9	9	+ 17	26	+ 14	40	+ 10	50	50	+ 19	69	+ 25	94	+ 73	167	+ 68	235	17
+ 2	119	+ 23	142	- 28	114	-	129	129	+ 40	169	+ 33	202	- 7	195	- 40	155	18
-137	1,232	-106	1,126	+216	1,342	+ 180	1,522	1,523	-268	1,255	- 90	1,165	+158	1,323	+ 107	1,430	19
+ 4	61	- 5	56	+ 13	69	- 15	64	64	+ 13	77	- 12	65	+ 5	70	+ 19	89	20
- 44	185	- 31	154	+ 3	157	+ 45	202	203	+ 9	212	-	212	+ 65	277	- 32	245	21
- 17	68	+ 11	79	- 5	74	+ 1	75	75	- 13	62	-	62	+ 3	65	+ 2	67	22
-479	701	+518	1,219	+155	1,374	- 194	1,180	1,182	-520	662	+ 171	833	+ 18	851	+ 220	1,071	23
+ 32	391	- 1	390	- 30	360	+ 3	391	393	+ 73	466	+ 2	468	+ 47	515	- 30	485	24
- 9	-	+ 2	2	+ 6	8	+ 2	10	10	- 10	-	+ 5	5	- 1	4	+ 6	10	25
- 2	33	- 23	10	+ 28	38	-	38	38	- 2	36	+ 5	41	- 27	14	+ 36	50	26
- 1	709	+ 8	717	+ 7	724	+ 35	759	761	- 10	751	+ 105	856	- 53	803	+ 67	870	28
- 1	197	+ 5	202	+ 6	208	+ 6	214	214	-	214	+ 2	216	+ 6	222	+ 4	226	29
+296	2,805	-195	2,609	- 50	2,539	+ 182	2,694	2,699	- 47	2,631	- 301	2,343	+299	2,662	- 234	2,419	30
+ 18	302	+ 10	312	+ 7	319	+ 12	331	339	+ 8	347	+ 23	370	+ 18	388	- 15	373	31
+ 16	442	+ 34	477	-	453	+ 11	477	479	+ 15	493	+ 21	515	+ 23	539	+ 31	631	32
+151	808	- 26	782	+134	916	+ 36	952	1,017	+164	1,154	+ 17	1,154	+151	1,293	- 61	1,232	33
+ 32	61	- 46	15	+ 2	17	- 2	15	30	+ 19	49	- 33	16	+ 41	98	- 7	91	34
- 86	3,116	+211	3,327	+384	3,711	+ 272	4,518	4,565	+628	5,193	+ 1,120	6,313	+305	6,618	+ 684	7,302	35
- 7	-	+ 2	2	+ 1	3	+ 1	4	3	- 3	-	+ 3	3	-	3	+ 1	4	36
+211	6,469	+ 70	6,539	+171	6,710	+ 78	6,823	6,820	+293	7,113	+ 211	7,324	-301	7,023	+ 250	7,273	37
+105	339	- 53	286	- 86	200	+ 70	270	271	- 26	245	+ 5	250	+ 76	326	- 34	292	38
+255	9,985	+184	10,169	+472	10,641	+ 419	11,630	11,689	+911	12,600	+ 1,306	13,906	+121	14,068	+ 894	14,962	39
- 23	566	+ 76	642	-108	534	+ 36	570	570	-135	435	+ 183	618	+ 13	631	+ 67	698	40
+ 31	31	- 31	-	+ 32	32	- 32	-	-	+ 32	32	- 32	-	+ 31	31	- 31	-	41
- 35	21,012	+741	21,753	+836	22,545	+1,206	24,570	24,874	+265	25,090	+ 1,944	27,031	+907	27,947	+1,507	29,506	42
+ 24	498	- 68	329	+ 33	186	+ 43	5	2	- 65	- 206	+ 38	- 291	+ 52	- 253	- 83	- 436	43
+ 22	28	- 60	88	+ 11	77	+ 43	34	34	- 17	51	+ 38	13	- 23	36	- 35	71	44
+ 2	526	- 8	417	+ 22	263	-	29	36	- 48	155	-	278	+ 75	217	- 48	365	45
+ 83	2,974	+188	3,162	+293	3,455	+ 129	4,159	4,190	+599	4,789	+ 1,059	5,848	+223	6,071	+ 594	6,665	1
+ 6	155	+ 18	173	+ 8	181	+ 61	277	255	- 17	238	+ 25	263	+ 31	294	+ 41	335	2
- 1	79	+ 3	82	+ 52	134	+ 65	199	199	+ 53	252	+ 46	298	+103	401	+ 42	443	4
+ 88	3,208	+209	3,417	+353	3,770	+ 255	4,635	4,644	+635	5,279	+ 1,130	6,409	+357	6,766	+ 677	7,443	6
+ 42	967	+153	1,120	+ 66	1,186	+ 117	1,528	1,591	+237	1,828	+ 264	2,092	- 60	2,032	- 37	1,995	7
+ 9	9	+ 17	26	+ 14	40	+ 10	50	50	+ 19	69	+ 25	94	+ 73	167	- 14	153	8
+139	4,184	+379	4,563	+433	4,996	+ 382	6,213	6,285	+891	7,176	+ 1,419	8,595	+370	8,965	+ 626	9,591	13
+ 43	881	+130	1,011	+ 93	1,104	+ 117	1,431	1,479	+211	1,690	+ 230	1,920	- 57	1,863	- 11	1,852	16
+ 9	9	+ 17	26	+ 14	40	+ 10	50	50	+ 19	69	+ 25	94	+ 73	167	- 14	153	17
- 1	86	+ 23	109	- 27	82	-	97	112	+ 26	138	+ 34	172	- 3	169	- 26	143	18
																	19
																	20
																	21
+ 19	122	+ 26	148	- 12	136	- 10	154	154	+ 18	172	+ 8	180	+ 22	202	- 17	185	24
+ 2	44	- 1	43	+ 1	44	- 4	47	47	+ 13	60	+ 2	62	- 5	57	+ 7	64	28
																	32
																	33
- 89	2,749	+166	2,915	+400	3,315	+ 264	4,124	4,162	+631	4,793	+ 1,022	5,815	+352	6,167	+ 674	6,841	34
+ 14	172	+ 33	205	+ 11	216	+ 65	316	287	+ 45	332	+ 37	369	+ 36	405	+ 85	490	35
- 3	4,063	+394	4,457	+480	4,937	+ 442	6,219	6,291	+963	7,254	+ 1,358	8,612	+418	9,030	+ 699	9,729	42
-142	121	+ 15	106	+ 47	59	+ 60	6	6	+ 72	78	- 61	17	+ 48	65	+ 73	138	43

Banking sector: integrated balance sheet and flow accounts *continued*

£ millions

	Line	1968		1969		1968		1969		
		End- Dec.	Cash flow	End- Mar.	Cash flow	End- June	Cash flow	End- Sept.	Cash flow	End- Dec.
Liabilities and share capital										
Deposits:										
Current and deposit accounts:										
Overseas sector	1	8,126	+ 889	9,015	+2,070	11,085	+ 640	11,725	+ 241	11,966
Other sectors (excluding banking sector)	2	13,590	- 234	13,356	- 85	13,271	+ 153	13,424	+ 535	13,959
/less 60% of net transit items	3	- 439	- 129	- 568	+ 52	- 516	+ 67	- 449	- 64	- 513
Negotiable certificates of deposit:										
Overseas sector	4	444	+ 177	621	+ 261	882	+ 262	1,144	+ 194	1,338
Other sectors (excluding banking sector)	5	82	+ 6	88	- 15	73	+ 29	102	+ 42	144
Net deposits	6	21,803	+ 709	22,512	+2,283	24,795	+1,151	25,946	+ 948	26,894
Banking sector deposits	7	5,363	+ 509	5,872	+1,054	6,926	+ 677	7,603	+ 503	8,106
Negotiable certificates of deposit held within banking sector	8	235	+ 72	307	+ 44	351	+ 31	382	+ 119	501
Total deposits	9	27,401	+1,290	28,691	+3,381	32,072	+1,859	33,931	+1,570	35,501
Notes outstanding	10	162	+ 3	165	+ 3	168	- 9	159	+ 10	169
Issued capital:										
Ordinary shares	11	2,285	+ 7	2,169	+ 20	1,874	+ 4	1,998	+ 2	1,927
Fixed interest securities	12	94	+ 1	88	+ 5	88	-	87	+ 2	85
Total financial liabilities and share capital	13	29,942	+1,301	31,113	+3,409	34,202	+1,854	36,175	+1,584	37,682
Assets										
Notes and coin	14	868	- 151	717	+ 46	763	+ 34	797	+ 129	926
Balances with Bank of England	15	346	- 17	329	- 26	303	- 80	223	+ 7	230
Balances with other U.K. banks	16	3,044	+ 836	3,880	+ 978	4,858	+ 820	5,678	+ 100	5,778
Negotiable certificates of deposit	17	235	+ 72	307	+ 44	351	+ 31	382	+ 119	501
Call money with:										
U.K. banks	18	155	+ 30	185	+ 26	211	+ 4	215	- 20	195
Discount houses	19	1,430	- 285	1,145	+ 73	1,218	- 28	1,190	+ 373	1,563
Overseas sector	20	89	- 6	83	+ 7	90	- 19	71	+ 9	80
Other sectors	21	245	- 19	226	+ 13	239	- 8	231	+ 57	288
Tax reserve certificates	22	67	+ 3	70	+ 4	74	+ 6	80	+ 1	81
Bills discounted:										
Treasury bills	23	1,071	- 443	628	- 108	520	- 14	506	+ 314	820
Overseas bills	24	485	+ 3	488	+ 20	508	+ 31	539	+ 58	597
Northern Ireland Treasury bills	25	10	- 10	-	+ 2	2	- 2	-	+ 5	5
Local authority bills	26	50	- 4	46	+ 21	67	- 19	48	+ 24	72
Banking sector bills	27	-	-	-	-	-	-	-	-	-
Other commercial bills	28	870	+ 43	913	- 30	883	+ 48	931	+ 28	959
Special Deposits with Bank of England	29	226	+ 1	227	- 6	221	+ 2	223	+ 3	226
Investments:										
Government stocks	30	2,419	- 315	2,075	- 68	2,004	- 63	1,948	+ 105	2,068
Local authority debt	31	373	-	373	+ 7	380	+ 14	394	+ 13	415
Other	32	631	+ 14	642	+ 29	659	-	672	- 4	600
Loans and advances to U.K. local authorities	33	1,232	+ 230	1,462	+ 47	1,509	- 62	1,447	+ 41	1,488
Other advances:										
U.K. banks	34	91	+ 35	126	- 28	98	+ 26	124	- 45	79
Overseas sector	35	7,302	+1,088	8,390	+2,330	10,720	+1,047	11,767	+ 291	12,058
Northern Ireland central government	36	4	- 4	-	+ 1	1	+ 6	7	- 1	6
Other sectors	37	7,273	+ 295	7,568	+ 67	7,635	+ 95	7,730	- 103	7,627
plus 40% of net transit items	38	292	+ 86	378	- 34	344	- 45	299	+ 42	341
Total advances	39	14,962	+1,500	16,462	+2,336	18,798	+1,129	19,927	+ 184	20,111
Net government indebtedness to Bank of England, Banking Department	40	698	- 86	612	- 43	569	- 38	525	+ 39	564
Interest accruals	41	-	+ 30	30	- 30	-	+ 31	31	- 31	-
Total financial assets	42	29,506	+1,426	30,900	+3,342	34,227	+1,817	36,058	+1,554	37,567
Net financial assets	43	- 436	+ 125	- 213	- 67	25	- 37	- 117	- 30	- 115
Transactions within the banking sector	44	- 71	+ 91	+ 20	- 37	- 17	+ 67	+ 50	- 85	- 35
Transactions with other sectors	45	- 365	+ 34	- 233	- 30	42	- 104	- 167	+ 55	- 80
Foreign currency items included above										
Liabilities										
Deposits:										
Current and deposit accounts:										
Overseas sector	1	6,665	+ 941	7,606	+2,051	9,657	+ 712	10,369	+ 137	10,506
Other sectors (excluding banking sector)	2	335	+ 14	349	+ 70	419	+ 46	465	- 1	464
Negotiable certificates of deposit: overseas sector	4	443	+ 151	594	+ 251	845	+ 266	1,111	+ 195	1,306
Net deposits	6	7,443	+1,106	8,549	+2,372	10,921	+1,024	11,945	+ 331	12,276
Banking sector deposits	7	1,995	+ 729	2,724	+ 948	3,672	+ 667	4,339	- 37	4,302
Negotiable certificates of deposit held within banking sector	8	153	+ 8	161	+ 19	180	+ 14	194	+ 41	235
Issued capital: fixed interest securities	12	-	-	-	-	-	-	-	-	-
Total financial liabilities	13	9,591	+1,843	11,434	+3,339	14,773	+1,705	16,478	+ 335	16,813
Assets										
Balances with other U.K. banks	16	1,852	+ 716	2,568	+ 958	3,526	+ 659	4,185	- 37	4,148
Negotiable certificates of deposit	17	153	+ 8	161	+ 19	180	+ 14	194	+ 41	235
Call money with:										
U.K. banks	18	143	+ 13	156	- 10	146	+ 8	154	-	154
Discount houses	19	-	-	-	-	-	-	-	-	-
Overseas sector	20	-	-	-	-	-	-	-	-	-
Other sectors	21	-	-	-	-	-	-	-	-	-
Bills discounted:										
Overseas bills	24	185	+ 4	189	- 7	182	+ 21	203	+ 51	254
Other commercial bills	28	1	-	1	- 1	-	-	-	+ 2	2
Investments: other	32	64	+ 2	66	+ 13	79	+ 1	80	+ 4	84
Loans and advances to U.K. local authorities	33	-	-	-	-	-	-	-	-	-
Other advances:										
U.K. banks	34	-	-	-	-	-	-	-	-	-
Overseas sector	35	6,841	+1,090	7,931	+2,324	10,255	+ 973	11,228	+ 251	11,479
Other sectors	37	490	+ 35	525	+ 25	550	+ 63	613	+ 33	646
Total financial assets	42	9,729	+1,868	11,597	+3,321	14,918	+1,739	16,657	+ 345	17,002
Net financial assets (=transactions with other sectors)	43	138	+ 25	163	- 18	145	+ 34	179	+ 10	189

Banking sector: integrated balance sheet and flow accounts *concluded*

£ millions

Line	1971				1972						
	End- Dec.	Cash flow	End- Mar.	End- Mar.	Cash flow	End- June	Cash flow	End- Sept.	Cash flow	End- Dec.	
Liabilities and share capital											
Deposits:											
Current and deposit accounts:											
Overseas sector	1	18,632	+ 719	19,351	19,482	+2,072	21,554	+1,782	23,336	+2,147	25,483
Other sectors (excluding banking sector)	2	16,943	+ 612	17,555	17,977	+1,026	19,003	+ 705	19,708	+1,764	21,472
less 60% of net transit items	3	638	- 236	874	871	+ 129	742	- 36	778	+ 1	777
Negotiable certificates of deposit:											
Overseas sector	4	1,376	+ 89	1,465	1,466	+ 69	1,535	+ 158	1,693	+ 465	2,158
Other sectors (excluding banking sector)	5	647	- 82	565	550	+ 434	984	+ 241	1,225	+ 246	1,471
Net deposits	6	36,960	+1,102	38,062	38,604	+3,730	42,334	+2,850	45,184	+4,623	49,807
Banking sector deposits	7	11,380	+1,200	12,580	13,056	+1,053	14,109	+ 997	15,106	+1,754	16,860
Negotiable certificates of deposit held within banking sector	8	2,211	+ 705	2,916	2,970	+ 631	3,601	+ 515	4,116	+ 295	4,411
Total deposits	9	50,551	+3,007	53,558	54,630	+5,414	60,044	+4,362	64,406	+6,672	71,078
Notes outstanding	10	200	+ 12	212	212	-	212	- 5	207	+ 11	218
Issued capital:											
Ordinary shares	11	3,329	+ 2	4,491	4,856	-	4,772	+ 4	4,400	-	5,047
Fixed interest securities	12	177	+ 1	185	205	+ 10	203	-	199	+ 26	224
Total financial liabilities and share capital	13	54,257	+3,022	58,446	59,903	+5,424	65,231	+4,361	69,212	+6,709	76,567
Assets											
Notes and coin	14	837	- 196	641	641	+ 30	671	- 4	667	+ 271	938
Balances with Bank of England	15	254	- 11	243	243	+ 69	302	- 86	216	+ 74	290
Balances with other U.K. banks	16	8,138	+1,281	9,419	9,747	+1,009	10,756	+ 867	11,623	+ 855	12,478
Negotiable certificates of deposits	17	2,211	+ 705	2,916	2,970	+ 631	3,601	+ 515	4,116	+ 295	4,411
Call money with:											
U.K. banks	18	173	+ 58	231	231	+ 58	289	+ 99	388	+ 125	513
Discount houses	19	2,477	- 356	2,121	2,188	- 155	2,033	- 131	1,902	+ 147	2,049
Overseas sector	20	178	- 84	94	94	+ 34	128	- 29	99	+ 204	303
Other sectors	21	380	- 7	373	382	- 53	329	- 12	317	+ 32	349
Tax reserve certificates	22	69	- 17	52	57	-	57	- 3	54	- 1	53
Bills discounted:											
Treasury bills	23	1,375	- 815	560	561	+ 201	762	- 100	662	+ 115	777
Overseas bills	24	594	+ 37	631	631	+ 149	707	- 9	698	- 17	681
Northern Ireland Treasury bills	25	10	- 10	-	-	+ 2	2	+ 5	7	+ 3	10
Local authority bills	26	174	- 21	153	153	- 59	94	+ 45	139	+ 37	176
Banking sector bills	27	-	-	-	77	- 8	69	+ 1	70	- 1	69
Other commercial bills	28	1,362	+ 5	1,367	1,291	+ 8	665	+ 115	780	+ 68	848
Special Deposits with Bank of England	29	-	-	-	-	-	-	-	-	+ 322	322
Investments:											
Government stocks	30	3,138	- 155	2,971	2,994	- 911	2,058	+ 125	2,174	- 173	1,998
Local authority debt	31	805	+ 130	935	937	+ 38	975	+ 11	986	- 41	945
Other	32	996	+ 30	1,034	1,042	+ 147	1,189	+ 19	1,208	- 38	1,186
Loans and advances to U.K. local authorities	33	2,251	- 85	2,166	2,178	+ 62	2,240	- 3	2,237	- 83	2,154
Other advances:											
U.K. banks	34	211	+ 346	557	562	+ 64	626	+ 202	828	+ 191	1,019
Overseas sector	35	16,832	+ 697	17,529	17,553	+2,152	20,026	+1,951	21,977	+2,404	24,381
Northern Ireland central government	36	5	+ 4	9	9	- 1	8	- 6	2	+ 8	10
Other sectors	37	10,300	+1,481	11,781	12,518	+2,139	15,043	+ 771	15,814	+1,795	17,609
plus 40% of net transit items	38	426	+ 156	582	580	- 83	497	+ 23	520	-	520
Total advances	39	27,774	+2,684	30,458	31,222	+4,271	36,200	+2,941	39,141	+4,398	43,539
Net government indebtedness to Bank of England, Banking Department	40	381	+ 18	399	399	- 81	318	+ 85	403	+ 421	824
Interest accruals	41	-	+ 51	51	51	- 51	-	+ 78	78	- 78	-
Total financial assets	42	53,577	+3,242	56,815	58,089	+5,381	63,445	+4,529	67,965	+5,935	74,913
Net financial assets	43	- 680	+ 220	- 1,631	- 1,814	- 43	- 1,786	+ 168	- 1,247	+ 226	- 1,654
Transactions within the banking sector	44	- 127	+ 118	- 9	- 8	- 26	- 34	- 45	- 79	- 41	- 120
Transactions with other sectors	45	- 553	+ 102	- 1,622	- 1,806	- 17	- 1,752	+ 213	- 1,168	+ 267	- 1,534
Foreign currency items included above											
Liabilities											
Deposits:											
Current and deposit accounts:											
Overseas sector	1	15,903	+ 681	16,584	16,584	+2,087	18,671	+1,948	20,619	+2,273	22,892
Other sectors (excluding banking sector)	2	430	+ 99	529	529	+ 83	612	+ 39	651	+ 151	802
Negotiable certificates of deposit: overseas sector	4	1,317	+ 77	1,394	1,394	+ 71	1,465	+ 153	1,618	+ 443	2,061
Net deposits	6	17,650	+ 857	18,507	18,507	+2,241	20,748	+2,140	22,888	+2,867	25,755
Banking sector deposits	7	6,360	+1,124	7,484	7,484	+ 581	8,065	+ 751	8,816	+ 511	9,327
Negotiable certificates of deposit held within banking sector	8	539	+ 227	766	766	+ 143	909	+ 40	949	+ 96	1,045
Issued capital: fixed interest securities	12	20	-	20	20	+ 10	30	-	30	+ 13	43
Total financial liabilities	13	24,569	+2,208	26,777	26,777	+2,975	29,752	+2,931	32,683	+3,487	36,170
Assets											
Balances with other U.K. banks	16	6,127	+ 962	7,089	7,089	+ 453	7,542	+ 785	8,327	+ 489	8,816
Negotiable certificates of deposit	17	539	+ 227	766	766	+ 143	909	+ 40	949	+ 96	1,045
Call money with:											
U.K. banks	18	71	+ 17	88	88	+ 47	135	+ 10	145	- 6	139
Discount houses	19	-	+ 4	4	4	- 2	2	- 1	1	+ 2	3
Overseas sector	20	168	- 87	81	81	+ 26	107	- 24	83	+ 209	292
Other sectors	21	1	-	1	1	+ 1	2	+ 1	3	+ 4	7
Bills discounted:											
Overseas bills	24	227	+ 17	244	244	+ 55	299	- 43	256	+ 31	287
Other commercial bills	28	3	+ 3	6	6	- 3	3	- 2	1	+ 7	8
Investments: other	32	184	- 26	158	167	+ 82	249	+ 10	259	- 41	218
Loans and advances to U.K. local authorities	33	10	+ 1	11	11	-	11	-	11	+ 1	12
Other advances:											
U.K. banks	34	162	+ 141	303	303	+ 83	386	- 43	343	+ 26	369
Overseas sector	35	15,880	+ 810	16,690	16,695	+2,124	18,819	+1,942	20,761	+2,290	23,051
Other sectors	37	1,396	+ 150	1,546	1,546	+ 244	1,790	+ 183	1,973	+ 336	2,309
Total financial assets	42	24,768	+2,219	26,987	27,001	+3,253	30,254	+2,858	33,112	+3,444	36,556
Net financial assets (=transactions with other sectors)	43	199	+ 11	210	224	+ 278	502	- 73	429	- 43	386

Notes on definitions, sources and methods

Banking sector

The banking sector comprises the deposit banks (here including the Banking Department of the Bank of England), the National Giro, the "accepting houses, overseas banks, and other banks" (or non-deposit banks), and the discount houses. Comprehensive lists of the individual institutions included in the sector at 31st December 1966, 31st December 1969 and at 18th October 1972 are given respectively in the Central Statistical Office's *National Accounts Statistics: Sources and Methods* (1968), page 433, the Bank of England *Statistical Abstract*, and the December 1972 *Bulletin*, page 573.¹

The scope of the sector has been expanded frequently to cover new members. The additions fall into two main categories. First, new banks may be formed, or foreign banks may set up London offices. Secondly, institutions previously included in other U.K. sectors may be reclassified as banks. In the first case there are accompanying cash flows, but in the latter case there are changes in the balance-sheet figures which cannot be explained by cash transactions. During the period covered by this article there were three occasions when changes brought about by the inclusion of new contributors were large enough to warrant the publication of two sets of figures for the same date. These were March 1964 (ten new contributors), December 1967 (twelve new contributors), and March 1972 (five new contributors). When there is such a break in the series the problem is not the single one of moving the figures relating directly to the institutions in question from one sector to another: the figures of assets and liabilities for the existing banks must also be reclassified so that the first set of figures still treats the new contributors, for all purposes, as being in other sectors while the second set treats them as being in the banking sector.

Sources

Most of the figures for assets and liabilities outstanding have been taken from the same basic banking returns as are used to compile the figures for the banking sector in the statistical annex (see Table 11). The main differences from these tables are:

- (1) The integrated accounts, unlike the figures in Table 11, include intra-banking sector items, *i.e.* claims on, and liabilities to, other institutions in the sector. Certain other tables have been published for individual groups of banks (see, for example, Table 8 of the annex), but those figures are not all for end-calendar quarters, and intra-sector items are not always separately identified there.
- (2) Certain assets and liabilities are given in more detail in the integrated accounts.
- (3) The figures for holdings of government stocks in the integrated accounts are, as far as possible, at estimated market prices, whereas those in the annex are book values.
- (4) The integrated accounts include issued capital.
- (5) The integrated accounts include investments in other banks.

Consolidation

The figures have not been consolidated. This means that, as already mentioned, they include liabilities and claims arising from transactions between institutions within the banking sector. Intra-sector items are, however, shown separately. This follows the pattern of the figures in the earlier article on the deposit banks.

Scope

The tables cover identified financial assets and liabilities only; they thus exclude holdings of property, equipment and vehicles, whether for own use or leased, and stocks of commodities (though it is possible that a few such stocks have been included by a few banks in "other investments").

Relationship with flow of funds accounts

The integrated tables provide figures for outstanding financial liabilities and assets at the end of each quarter, and for cash transactions (cash flows) during the quarters. Other changes, including exchanges of securities and breaks in the series, are described in detail in these notes.

The figures for cash transactions with other sectors have been compiled in the same way as those in the flow of funds accounts. The methods are described in greater detail in *An introduction to flow of funds accounting: 1952-70* (Bank of England, 1972). Those lines of the Bank's flow of funds matrix (see page 442) which have equivalents in the balance sheet tables are as follows:

	Flow of funds matrix	Integrated balance sheet and flow accounts
Net government indebtedness to Bank of England, Banking Department	Line 6	Line 40
Banks' net external transactions	10	1, 4, 20, 24, 35
Notes and coin	12	10, 14
Bank deposits of domestic sectors	13	2, 3, 5
Tax reserve certificates	15.2	22
Bank lending to domestic sectors	16, 18	21, 28, 37, 38
Other loans and accruals	19	25, 32 (part), 36, 41
Treasury bills	20	23
Government stocks	21	30
Local authority debt	22	26, 31, 33
U.K. company and overseas securities:		
Capital issues	23	11, 12
Other transactions	24	32 (part)

Lines 44 and 45 divide the total net cash flow between, respectively, the net total of transactions within the banking sector and the net total of transactions with other sectors, line 45 therefore being the sum of the lines listed above. The intra-sector transactions relate to those lines of the integrated tables not listed above (excluding totals), *i.e.* line 44 is the sum of lines 7, 8, 15, 16, 17, 18, 19, 27, 29, and 34.

Foreign currency items

The foreign currency elements of the figures are given separately as a sub-section of the main tables. Until December 1971, detailed and comprehensive figures

¹ The Banking Department of the Bank of England and the National Giro should be added to this last list, and the two discount brokers omitted.

for foreign currency items were reported only by the non-deposit banks; their figures were, of course, by far the most important. For other institutions, foreign currency figures were available from statistics of external liabilities and claims collected for the balance of payments accounts. However, these did not always provide sufficient detail of assets and liabilities, and some broad assumptions have had to be made in classifying the various items. Most of the changes (other than cash flows) in the foreign currency figures in the fourth quarter of 1971 are explained by the change-over to the newly-reported figures.

When compiling their returns the banks have not always been able to identify foreign currency deposits from overseas in cases where other U.K. banks act as agents in placing the funds. As a result of this, and of other factors, particularly, it is thought, differences of timing, there are discrepancies between total reported lending to banking sector institutions and total identified borrowing from such institutions. As the operations of banks acting as agents were considered to be by far the most important reason for these discrepancies, it has been assumed, for the purposes of these tables, that they represented deposits from overseas, thus bringing the tables into line with the treatment adopted for the flow of funds accounts. The figures for deposits from other banks have been adjusted so as to eliminate the discrepancies, and the figures for overseas deposits correspondingly amended.

Cash flows have generally been calculated as differences between the balances reported at the beginning and at the end of each quarter. Practice varies from one bank to another, but it is thought that most of them convert their figures to sterling at the market rate of exchange on the reporting date. Up to August 1971 changes in sterling valuation arising from the variation of the middle closing exchange rate on either side of parity were probably negligible. The calculations have been adjusted, however, to exclude revaluations in 1967 as a result of the devaluation of sterling; details are given in the entries for individual lines below. Since August 1971, sterling has either floated or moved in a wider band around its central rate: consequently, the movements in reported totals in terms of sterling will often include sizable elements of revaluation. However, these cannot be quantified.

Inter-bank sterling difference

The figures of liabilities and assets arising from transactions within the banking sector, as given in line 44, should net out to zero, but they do not. The differences given in line 44 relate only to transactions in sterling (those in foreign currency have, as explained above, been assumed to relate to deposits from overseas). There are a number of reasons for these discrepancies; these are touched on in the note on page 313 of the September *Bulletin*. The figures generally record more liabilities of banks to banks than the corresponding assets. In the four years 1963-66 the discrepancies were relatively small and reached £50 million only at the end of 1966. They did not reach £100 million until 1971. In the latest year, 1972, the end-quarter discrepancies varied from £9 million to £120 million.

Notes on the compilation and definition of the figures

General notes come first; notes on changes in balance sheets which do not reflect cash flows follow separately.

Lines 3 and 38, Transit items These comprise transit items both between institutions in the banking sector and between offices of the same bank. They appear in an individual bank's balance sheet both as credit items (e.g. standing orders) and as debit items (e.g. cheques in course of collection). When banks' figures are aggregated, these items may give rise to double counting of deposits from customers outside the banking system or, where overdrawn or loan accounts are concerned, to the understating of advances made to such customers. In accordance with the treatment adopted for the calculation of reserve ratios and elsewhere, it is assumed that 60% of the total value of debit items less credit items affects deposits. This proportion is therefore deducted from gross deposits in the calculation of net deposits; the remaining 40% is added to advances.

Lines 4, 5, 8, and 17, Negotiable certificates of deposit Certificates expressed in foreign currencies were first issued by the non-deposit banks in May 1966 and by the deposit banks in January 1972. The banking sector's holding of these certificates was reported, and, in the period covered by these tables, it is assumed that the remainder was held by overseas. Sterling certificates were first issued by the non-deposit banks in October 1968 and by the deposit banks in September 1971. Holdings by the banking sector and by other financial institutions are reported direct, while those held by overseas are obtained from the balance of payments statistics; the remainder is attributed to industrial and commercial companies.

Line 7, Banking sector deposits From March 1972, when certain finance houses were reclassified as banks, this heading includes liabilities in the form of bills discounted with U.K. banks and discount houses (the corresponding assets are in line 27).

Line 10, Notes outstanding These are the liabilities of Scottish clearing banks and Northern Ireland banks in respect of issues of their own bank notes.

Lines 11 and 12, Issued capital For the reasons set out in the article on the deposit banks' figures, these figures are, so far as possible, at estimated market values. Those for quoted issues have been compiled from nominal amounts of capital outstanding and from stock exchange prices. Those for unquoted issues have, in the main, been roughly estimated at market prices, but certain issues have been left at book value (e.g. those of banks which are subsidiaries of other banks, whose corresponding investments in line 32 are at book value).

Line 14, Notes and coin U.K. notes and coin only, including Scottish and Northern Ireland notes.

Line 15, Balances with Bank of England Excludes Special Deposits (line 29).

Lines 24 and 28, Overseas bills and Other commercial bills Adjustments are made to the reported figures, transferring sterling acceptances by U.K. banks on behalf of non-residents from "other commercial bills" to "overseas bills". This is on the assumption that these acceptances were all discounted within the U.K. banking sector and reported by the banks and discount houses concerned as U.K. bills (apart from a bank's discounts of its own sterling acceptances on behalf of non-residents, which are assumed to be reported as overseas bills). From end-June 1967, the

discount houses' holdings of public corporation bills are included within other commercial bills. From end-June 1972 onwards, export and shipbuilding fixed rate credits eligible for refinancing by the Bank of England Issue Department, and short-term export finance classified by the banks as U.K. bills and included under these headings, are reclassified as advances. Such credits actually refinanced with the Issue Department were not, at any time, included as assets by the banks concerned.

Line 27, Banking sector bills See the note on line 7.

Line 30, Government stocks The figures of holdings by the deposit banks and the discount houses have been specially estimated at market value. It was not possible to make any reliable estimates for the other banks, so their holdings are as reported, at book value. The holdings of these other banks, however, are fairly small — about 20% of the total for the banking sector both in March 1963 and in December 1972. Moreover, these banks mostly hold short-term stocks, whose book values will often be little different from their market values.

Line 31, Local authority debt Comprises local authority bonds, quoted securities other than bonds, and mortgages. The figures are as reported by the banks, at book value. Figures for stocks and bonds were not always available separately, and it was not found possible to produce reasonably accurate estimates of their market values. As regards mortgages, book values are almost certainly face values, which are probably the most useful for these tables anyway, as mortgages are not often bought and sold.

Line 32, Other investments Comprises overseas government, provincial, and municipal securities, trade investments, other securities, and investments in other U.K. banks. The latter, which are not included in Table 11 of the statistical annex, are partly estimated, for holdings are not reported by non-deposit banks. The figures include £2 million of Northern Ireland government securities throughout the period. Figures are all at book value; market values would be particularly difficult to determine for those securities which are unquoted, such as most investments in subsidiaries. Holdings are small in relation to those of government stocks, so the use of book values is not thought likely to reduce the usefulness of the tables in general.

Line 33, Loans and advances to U.K. local authorities Includes funds lent in the local authority temporary money market, as well as direct lending to individual authorities by way of deposits, advances or overdrafts.

Line 34, Advances to U.K. banks Excludes advances by the non-deposit banks, which are reported under "balances with other banks" and included in line 16. For the deposit banks, advances to U.K. banks unavoidably includes not only genuine claims on other U.K. banks, but also what the reporting banks term "other accounts", a category which includes various internal accounts and provisions for bad and doubtful debts. It was not possible to isolate advances to other U.K. banks, but the whole of this item is treated here as such, on the assumption that the bulk of the changes were in advances to other banks.

Lines 35 and 37, Advances to overseas sector and Advances to other sectors From end-June 1972 these categories include certain items previously classified as bills (see the note on lines 24 and 28 above).

Line 41, Interest accruals In the flow of funds matrix an adjustment is necessary because of the practice in the national accounts of entering interest on bank deposits and advances each quarter as it accrues, although the changes in deposits and advances as derived from the reported quarterly balances are not affected until bank accounts are actually credited and debited — often during June and December. The very rough calculations which are made for this adjustment suggest that at end-March and end-September the accrued interest on bank advances is greater than that on deposits, so that in the national accounts net amounts are owed to the banks. It is these amounts which are shown here.

Changes other than cash flows

As noted earlier, the differences between balances at the beginning and ends of quarters do not always coincide with the cash transactions during the quarters, because of changes in value, exchanges of securities, breaks in the series, and so on. Details of such changes, where known, for each relevant category of liability and asset are as follows. In each case, the calculation of the flows has been adjusted accordingly.

Line 1, Deposits by overseas sector There was a decrease of £60 million in the first quarter of 1966 when overseas banks' balances on inter-branch accounts were reported net by every bank for the first time; this is accompanied by a corresponding drop in advances (line 35). Because of the devaluation of sterling, the change in these deposits in the fourth quarter of 1967 included an increase in the sterling equivalent of foreign currency deposits; this is estimated at £575 million. In December 1971, new information was obtained from the deposit banks concerning the foreign currency content of their figures; this meant a revision to the inter-bank foreign currency discrepancy and thus (see general description of foreign currency items above) a decrease (of £34 million) in the figures for deposits from overseas.

Line 2, Deposits by other sectors (excluding banks) Because of the devaluation of sterling, the change in the fourth quarter of 1967 included an increase in the sterling equivalent of foreign currency deposits; this is estimated at £35 million. As a result of accounting changes in 1968, the figures of deposits were reduced by £27 million in the first quarter, £17 million in the second, and £12 million in the third, accompanied by corresponding changes in advances (line 33). From March 1971, deposits of the Northern Ireland Government were reported gross (they had previously been netted against overdrafts), and reported deposits rose by £4 million, as did advances (line 36).

Line 4, Certificates of deposit held by the overseas sector In September 1971, certain banks' foreign currency balances, previously omitted in error, were reported for the first time. Consequently there was a decrease of £5 million in the calculation of overseas holdings of certificates of deposit. Lines 8, 17, and 35 were also affected by the new figures.

Line 7, Banking sector deposits Because of the devaluation of sterling, the change in the fourth quarter of 1967 included an increase in the sterling equivalent of foreign currency deposits; this is estimated at £225 million. The new information about foreign currency transactions received in the fourth quarter of 1971 (see the note on line 1) produced an increase of £34 million here.

Line 8, Certificates of deposit held within the banking sector See the note on line 4 for an increase of £5 million in September 1971.

Line 11, Issued capital: ordinary shares As the amounts of quoted shares outstanding are at market value, there are changes in the total in most quarters because of movements in market prices. There are also balance-sheet changes when, for instance, a take-over of a company is financed by an issue of shares, or when capital is consolidated after the take-over of another bank.

Line 12, Issued capital: fixed interest securities Changes may occur for reasons similar to those just noted for ordinary shares.

Line 16, Balances with other U.K. banks Because of the devaluation of sterling, the change in the fourth quarter of 1967 included an increase in the sterling equivalent of balances in foreign currency; this is estimated at £210 million. With effect from 30th September 1968, certain banks' balances with other banks were reclassified as advances to other banks (line 34). This reduced the total for this line (and increased the total for line 34) by £41 million.

Line 17, Certificates of deposit held within the banking sector See the note on line 4 for an increase of £5 million in September 1971.

Line 18, Call money with U.K. banks Because of the devaluation of sterling, the change in the fourth quarter of 1967 included an increase in the sterling equivalent of call money in foreign currency; this is estimated at £15 million.

Line 20, Call money with overseas sector Because of the devaluation of sterling, the change in the fourth quarter of 1967 included an increase in the sterling equivalent of call money in the form of foreign currency; this is estimated at £10 million. (No figures for call money in foreign currency are given in the lower section of the table, but it is believed that some is included there within advances.)

Line 21, Call money with other sectors With the introduction of reserve ratios in September 1971, more detailed information began to be reported for some items, and £25 million previously classified as call money with the private sector was found to be tax reserve certificates (and switched to line 22).

Line 22, Tax reserve certificates See the note on line 21 above.

Line 24, Overseas bills Additional information provided from March 1965 about the banks' discount of their own sterling acceptances, reduced the figure of overseas bills held in March 1965 by £13 million (and correspondingly increased the figure for other commercial bills in line 28). Because of the devaluation of sterling in November 1967, the December figures included an increase in the sterling equivalent of overseas bills in foreign currency; this is estimated at £28 million. The reclassification of refinable credits at end-June 1972 (see the other note on line 24 on page 462) reduced the figure by £73 million (the reclassification also affects lines 28, 35, and 37).

Line 25, Northern Ireland Treasury bills Additional information provided from September 1971 increased the figure by £2 million for bills previously counted as private sector bills (line 28).

Line 28, Other commercial bills See the note on line 24 above for an increase in March 1965 of £13 million, and the note on line 25 for a reduction of £2 million in September 1971. The reclassification of refinable credits at end-June 1972 (see the note on line 24 on page 462) reduced the figure by £634 million.

Line 30, Government stocks As noted in the earlier note on this line, the figures of holdings by the deposit banks and discount houses have been specially estimated at market values. However, changes in reported book values have generally been used as an approximation to cash flows. With the renationalisation of steel in the third quarter of 1967, £14 million of steel securities held by the banks were converted into government stock (there was a corresponding reduction in line 32). At end-December 1969, the London and Scottish clearing banks and the Northern Ireland banks introduced new accounting procedures associated with fuller disclosure of their profits and reserves. Securities were reported at amortised cost instead of at purchase cost. This produced upward revisions to their book values of £73 million in the fourth quarter of 1969 and a further £2 million in the first quarter of 1970; lines 31 and 32 are similarly affected. Changes in accounting procedures in the Bank of England also affected the figures in the first quarter of 1971 (see also the note on line 32).

Line 31, Local authority debt There was a revaluation of £8 million in the fourth quarter of 1969 (see the note on line 30).

Line 32, Other investments The figures of holdings are generally as reported at book value. Estimated cash transactions, which have been compiled from a detailed examination of quarterly changes, differ from changes in book values for a number of reasons. Some examples are acquisitions of securities against new issues during take-overs, the consolidation of balance sheets following mergers, the difference between the cash proceeds of a sale of securities and the old book value, and the writing-down of book values. In the third quarter of 1967 £14 million of steel securities were converted into gilt-edged stock (see the note on line 30). Because of the devaluation of sterling, the change in the fourth quarter of 1967 also included an increase in the sterling value of foreign currency securities — estimated at £7 million. There was a revaluation of £8 million in the fourth quarter of 1969 following the accounting change mentioned in the note to line 30. Changes in accounting in the first quarter of 1971 also brought an increase in the figure for the Bank of England, Banking Department; this affects lines 30, 37, and 40 as well (for further detail see the additional notes to Table 5 in the statistical annex in the March 1973 *Bulletin*).

Line 33, Loans and advances to local authorities Accounting changes in 1968 reduced the figures by £27 million in the first quarter, £17 million in the second, and £12 million in the third (line 2 is correspondingly affected).

Line 34, Advances to U.K. banks See the note on line 16 for an increase of £41 million in the third quarter of 1968.

Line 35, Advances to overseas sector See the note on line 1 for an increase of £60 million in the first quarter of 1966. Because of the devaluation of sterling in November 1967, there was an increase in the

sterling equivalent of foreign currency advances estimated at £535 million. Reported advances to overseas fell by £7 million in the fourth quarter of 1970 following accounting changes arising from the merger of two banks. Previously unreported advances of £53 million boosted the figure for the third quarter of 1971 (see the note on line 4). The reclassification of refinanceable credits at end-June 1972 (see the note on line 24 on page 462) increased the figure by £321 million.

Line 36, Advances to the Northern Ireland central government See the note on line 2 for a rise of £4 million in the first quarter of 1971.

Line 37, Advances to other sectors The reported total for the fourth quarter of 1967 included an increase estimated at £35 million in the sterling equivalent of foreign currency advances because of the devaluation of sterling. Changes in accounting procedure by the Bank of England increased the figure for the first quarter of 1971 (see the note on line 32). The reclassification of refinanceable credits at end-June 1972 (see the note on line 24 on page 462) increased the figure by £386 million.

Line 40, Net government indebtedness to Bank of England, Banking Department Changes in accounting procedure increased the figure in the first quarter of 1971 (see also the note on line 32).