Distribution of the national debt at end-March 1973

This article continues the annual series which hitherto has appeared in the March *Bulletin*.

Analysis by type of debt

At the end of March 1973 the nominal total of the national debt,[1] including official holdings, was £36,526 million, a rise of £1,126 million (3%) since the previous March. Details are shown in Table A. The increase in the debt was less than half that in the previous year, even though the central government's borrowing requirement, at £1,820 million, was very much larger than in 1971/72 (see Table 1 in the statistical annex). In the main, the smaller rise in the debt was a result of the sizable foreign currency outflow of £1,250 million over the year — largely during June. This brought sterling into the Exchange Equalisation Account and enabled the Government to repay outstanding debt. No detailed analysis of the relationship between a central government borrowing requirement and an increase in the national debt is possible here, because there are large differences in accounting and definition.

Table A
Classification by type of debt
£ millions nominal: *percentage of total debt in italics*

	End-March 1972		Change	End-March 1973	
Marketable debt:					
Government and government-guaranteed stocks	25,342	*72*	+1,727	27,069	*74*
Treasury bills	3,586	*10*	− 493	3,093	*8*
Non-marketable debt:					
National savings securities	3,967	*11*	+ 211	4,178	*11*
Tax reserve certificates	372	*1*	− 154	218	*1*
Ways and means advances	502	*1*	+ 132	634	*2*
Terminable annuities due to the National Debt Commissioners	250	*1*	− 57	193	*1*
Interest free notes due to the International Monetary Fund	1,352	*4*	− 232	1,120	*3*
Other	29	—	− 8	21	—
Total debt	35,400	*100*	+1,126	36,526	*100*

Among the components of the debt, *stocks* rose by as much as £1,727 million. In contrast to the previous year, when a larger increase (of £2,275 million) was entirely in market holdings, this year the rise was confined to official hands (see Table B), with the Issue Department still holding a large proportion of three stocks issued near the end of the year. Market holdings on balance fell by £165 million. Although most categories of holder apart from banks bought sizable amounts, this was outweighed by heavy selling by the banks in a period when their advances were rising sharply. With most of the new issues during the period in the medium-term range, the amount of such stock outstanding rose sharply, by some £2,200 million, mostly reflected in official portfolios.

1 See the notes on page 474 for the definition of the national debt used here.

In all there were six new issues totalling £3,600 million during the year:

3rd May 1972	£500 million 6¼% Treasury Stock 1977 (2nd tranche)
	£500 million 7¾% Treasury Loan 1985/88
17th January 1973	£600 million 9½% Treasury Loan 1999
14th March	£400 million 3% Treasury Stock 1979
	£1,000 million 9% Treasury Convertible Stock 1980
23rd March	£600 million 9% Treasury Stock 1978

Two of the stocks were announced in the March 1973 Budget, and both had unusual features. 3% Treasury Stock 1979 was offered at £75 per £100 nominal, the lowest initial issue price for a government stock since at least 1925 (when a tranche of 3½% Conversion Loan 1961 or after was offered at £76:5*s*.). The stock raised the dwindling volume of short-dated low-coupon gilts and was aimed primarily at investors paying higher rates of tax (government stocks held for over one year are not subject to capital gains tax). 9% Treasury Convertible Stock 1980 was the first government issue for fifty years for which specific conversion terms, available at the holder's option, had been announced at the time of issue (the last, in July 1921, was 5½% Treasury Bonds 1929[7]). The new stock can be redeemed at par in 1980 or converted then into 9% Conversion Stock 2000 at a rate of £110 of Conversion Stock for every £100 of the Convertible Stock. This means that a holder of the Convertible Stock in 1980 will have the option of either obtaining a yield of 10·06% to 2000 from the Conversion Stock or taking cash. Meanwhile, with the firm redemption option ahead, the price of the Convertible Stock — and potential short-term capital gains or losses — will tend to fluctuate less than those of stocks maturing around the year 2000.

Six stocks totalling £1,843 million were redeemed in full:

30th June 1972	£13 million British Transport 3% Stock 1967/72
8th August	£179 million British Gas 4% Guaranteed Stock 1969/72
	£915 million 6¼% Exchequer Loan 1972
1st November	£32 million 4% Funding Loan 1960/90
1st December	£4 million North of Scotland Electricity 2½% Guaranteed Stock 1967/72
15th January 1973	£700 million 6¾% Exchequer Stock 1973

A further £30 million of other stock was redeemed, mainly through the operation of sinking funds.

[7] These bonds were issued with a holder's option to convert into 3½% Conversion Loan 1961 or after on 1st April or 1st October 1922, at a rate of £146 of Conversion Loan for each £100 of Treasury Bonds. By the end of March 1922, £245 million had been issued. £214 million was converted, leaving £31 million outstanding at the end of 1922.

With the Issue Department initially taking up the greater part of the new stocks issued towards the end of the year, there was an associated fall of nearly £600 million in official holdings of *Treasury bills,* despite the increase noted below in the Banking Department's holdings. The banks' holdings were virtually unchanged, although they lent some £720 million indirectly to the Government by way of Special Deposits, which the Banking Department invests in Treasury bills. Overseas holdings – mainly those of central monetary institutions – rose by nearly £100 million. In total, Treasury bills outstanding fell by almost £500 million.

Table B

Changes in holdings end-March 1972 to end-March 1973(a)

£ millions nominal(b)

	Total debt	Treasury bills	Stocks(c) Total	Stocks(c) Up to 5 years to maturity	Stocks(c) Over 5 and up to 15 years	Stocks(c) Over 15 years and undated	Non-marketable debt
Official holdings	+1,422	–586	+1,892	+239	+1,838	–185	+116
Market holdings							
Public bodies	– 51	. .	+ 1	– 5	+ 8	– 2	– 52
Banking sector	–1,012	+ 1	– 976	–810	–166(d)		– 37
Other financial institutions:							
Insurance companies	+ 213	– 2	+ 215	+ 22	+ 91	+102	. .
Building societies	– 135	– 1	– 127	+ 87	– 188	– 26	– 7
Savings banks' investment accounts	+ 193	–	+ 193	+ 8	+ 51	+134	–
Superannuation funds	– 7	– 1	– 6	+ 23	+ 12	– 41	–
Other	– 22	+ 11	– 34	– 3	– 1	– 30	+ 1
Total other financial institutions	+ 242	+ 7	+ 241	+137	– 35	+139	– 6
Overseas holders:							
International organisations	– 193	+ 15	+ 17	+ 17	–	–	–225
Central monetary institutions	+ 178	+ 82	+ 96	– 21	+ 49	+ 68	–
Other	+ 99	–	+ 104	– 44	– 19	+167	– 5
Total overseas holders	+ 84	+ 97	+ 217	– 48	+ 30	+235	–230
Other holders	+ 441	– 12	+ 352	+ 23	+329(d)		+101
Total market holdings	– 296	+ 93	– 165	–703	+ 370	+168	–224
Total debt	+1,126	–493	+1,727	–464	+2,208	– 17	–108

. . not available.

– nil or less than £½ million.

(a) Changes in the mainly nominal amounts held, shown here, do not sum to the cash flows into or out of the central government, shown in Tables 1 and 3 of the statistical annex.

(b) With some exceptions: see notes on definitions and sources.

(c) The changes analysed by maturity include the changes brought about by the passage of time: during the year £252 million of stock passed in this way from the 5–15 year band to the 0–5 year band and £559 million from the over 15 year band to the 5–15 year band.

(d) Statistics for the banking sector do not distinguish between stocks up to 15 years' maturity and stocks over 15 years. On the assumption that the banking sector holds little long-dated stock, the residual figure for "other holders" comprises a rise of about £530 million in medium-dated and a fall of about £200 million in long-dated.

Within non-marketable debt, *I.M.F. notes* fell by £232 million to the lowest total since 1965. The notes (other than those issued as the counterpart of the U.K. subscription) were repaid in full in April 1972, but the United Kingdom subsequently drew on its I.M.F. 'reserve position' to finance the repayment of debt to E.E.C. central banks which had been incurred when sterling was under pressure in June 1972. *Tax reserve certificates* fell by £154 million. Company certificates – which had ceased to be issued after December 1971 — fell by £91 million, leaving only some £75 million outstanding at the end of March 1973. Personal certificates, although remaining on issue until the end of June 1973, fell by £63 million over the year: surrenders during the March tax-paying quarter were much higher than might have been expected on seasonal grounds, probably because the interest rate, unchanged since September 1971, compared unfavourably with rates on alternative investments. *National savings securities*[1] rose by over £200 million, with increases in all the main instruments. The inflow was rather less than the record in the previous year but nevertheless large in comparison with earlier years. However, the inflow decreased fairly steadily during the year, as competing rates rose and, perhaps, as more holders reached the higher limits on holdings introduced in 1971.

Analysis by holder

Official holdings

Official holdings rose by an unusually large £1,422 million to £10,183 million, or 28% of the total debt (see Table C). All the main holders contributed to the rise.

The *Issue Department's* holdings (at nominal values) rose by £374 million, to £3,772 million. The note issue increased by £425 million in 1972/73, when prices and incomes were rising fast, but there was also a net increase in the department's holdings of non-government debt. The department transferred blocks of refinanced export and shipbuilding credits to the Export Credits Guarantee Department and the Department of Trade and Industry (under arrangements made in March 1972 and described in the June 1972 *Bulletin*, page 206); but this was outweighed by net purchases of local authority debt and commercial bills in day-to-day operations in the money market, mainly in the March quarter when there was a shortage of Treasury bills.

Largely as a result of the issue of the three stocks shortly before the end of the financial year, together amounting to £2,000 million, the department's gilt-edged portfolio was £1,650 million larger at the end of the year than in March 1972, and there was an associated fall in its Treasury bill holdings of nearly £1,300 million. Two of the new issues were in the medium range, and its holdings of medium-dated stocks rose by some £1,435 million. Its short-dated holdings increased by some £200 million; the department was still holding most of the short-dated tap stock issued on 23rd March, whereas the previous year there was no short tap in official hands. Holdings of long-dated stocks were virtually unchanged. The long tap (7¾% Treasury Loan 2012/15) issued in January 1972 was exhausted during the year and was replaced by 9½% Treasury Loan 1999 in January this year.

Government debt held by the *Banking Department* rose sharply, by £660 million, to stand at nearly £1,100 million. The rise was more than accounted for by Treasury bills taken up as the counterpart of Special Deposits called from banks and finance houses between December and March.

Funds which the *National Debt Commissioners* are responsible for investing in government debt[2] grew by some £245 million, to over £4,700 million. Over half of this increase (around £130

1 Excluding accounts with the National Savings Bank and trustee savings banks and accrued interest on national savings certificates: see notes on definitions and sources.

2 With some exclusions: see notes on definitions and sources.

million) came from the National Insurance Funds, which were in unusually large surplus. Most of the remainder came from deposits with the trustee savings banks' ordinary departments, which had an exceptionally good year while the inflow into other forms of national savings was slackening. Over half of the Commissioners' gilt-edged portfolio (which amounted to some £4,400 million at the end of March) consists of long-dated stocks, though in 1972/73 most of the new funds were invested in medium-dated stocks.

Other official holdings rose by nearly £150 million, to over £600 million. Only a small part of these holdings is invested in marketable debt, and the rise was wholly in the form of ways and means advances (through which government departments lend surplus funds overnight to the National Loans Fund).

Market holdings

For the first time since 1969/70, market holdings fell, by nearly £300 million, and at £26,343 million represented 72% of total debt outstanding at the end of the financial year, compared with 75% at the beginning. The largest changes occurred in holdings of gilt-edged stocks, where a reduction of nearly £1,000 million by the banks was largely offset by an increase of over £800 million by other sectors. The overall net change in stocks was thus fairly small (a fall of £165 million), but, within this, medium and long-dated holdings rose by over £500 million, and the average life of dated stocks in market hands rose for the third successive year, from 13·7 years to 14·5 years. Treasury bill holdings rose by nearly £100 million, all on overseas account; the banking sector's holdings were unchanged in spite of the Government's sizable domestic borrowing requirement. A fall of £224 million in non-marketable debt mainly reflected the repayment of £232 million of I.M.F. notes mentioned earlier; among domestic holdings, net surrenders of £150 million of tax reserve certificates were broadly offset by the take-up of £200 million of national savings securities.

The take-up of government debt by the general public, together with calls for Special Deposits, far exceeded the Government's domestic borrowing requirement. Consequently, as already mentioned, the *banking sector's* holdings (including the holdings of the discount market but excluding indirect holdings through Special Deposits) fell sharply, by over £1,000 million. Notably, the sector's holdings of gilt-edged fell by £976 million (its Treasury bill holdings were already small at the beginning of the period).

In the two years from March 1971 — which include the introduction of the new arrangements for credit control — there was remarkably little net change in the distribution of government debt held within the banking sector. Although banks other than clearing banks became subject to formal reserve requirements for the first time in September 1971, their direct holdings of government debt did not increase, presumably because these banks preferred to meet the requirements by holding other forms of reserve asset, in particular money at call with the discount market. The only substantial changes in this period were a switch of nearly £100 million from Treasury bills into gilt-edged by the deposit banks (the sizable increase in their gilt-edged holdings following the special take-up of stocks in September 1971 was broadly reversed in 1972/73), and one of some £225 million in the opposite direction by the discount houses, whose Treasury bill holdings had been exceptionally small in March 1971. However, the new régime may have influenced the maturity pattern of stocks held by the sector: its holdings of over-five year stocks had been unusually high in March 1971, and a fall of some £550 million during the succeeding two years reduced them to an historically low point. This was, perhaps, partly under the influence of the new reserve requirement whereby only shorter-dated stock qualified as reserve assets (or, in the case of the discount market, as eligible public sector lending).

As usual, *other financial institutions* channelled part of their growing resources into gilt-edged stocks. But in contrast with the previous year, when they invested a large proportion of new funds in this way, they now preferred short-term assets, equities, loans, and mortgages; and their net purchases of gilt-edged, at £240 million, were the smallest since 1968.

Although building societies' net receipts were heavy, their mortgage lending was even heavier. They consequently ran down their holdings of liquid assets (which include a large proportion of gilt-edged stocks); these had been at a peak in March 1972. The fall showed up mainly in medium-dated stocks: although their aggregate liquidity ratio fell below the point (15%) at which societies are permitted to invest new funds in long-dated, they chose to retain most of the portfolio of long-dated they had built up in the previous year. Superannuation funds' holdings were little changed. On the other hand, insurance companies bought some £200 million net, well below the previous year's exceptional figure but around the same proportion of their total new investment as in most other years. The savings banks also bought nearly £200 million for their investment accounts, and were the only group to invest as much as the previous year in gilt-edged; this reflected the continued growth of their deposits, which have to be invested in public sector debt.

Debt taken up by *overseas holders* (excluding holdings of I.M.F. notes) rose by £310 million, despite the weakness of sterling in the exchange market for much of the year. In recent years these holders have steadily enlarged their portfolios of gilt-edged, and their Treasury bill holdings, after falling steadily from 1964 (if bills held as the counterpart of official assistance are excluded), have risen since 1971. In the year under review their holdings of stocks rose by £217 million, divided fairly evenly between central monetary institutions and the other overseas holders. The increase of £96 million for central monetary institutions was part of a general rise in exchange reserves in sterling: overseas sterling countries as a whole were in balance of payments surplus over the year, and the bulk of their official sterling reserves was guaranteed in terms of the U.S. dollar under the 1968 Sterling Agreements. The actual amount of cash they invested in gilt-edged was, however, well below the amount expressed in nominal terms, because they bought large amounts of undated stock. The amount (£104 million) and maturity pattern of investment by other overseas holders was much as in the previous year, with an increase of around £170 million in long and undated holdings and a modest fall in short-dated. As with central monetary institutions, the cash investment (only £30 million) was considerably smaller than the increase in nominal values.

Table C

Estimated distribution of the national debt: 31 March 1973

£ millions

Nominal values:(a) *percentage of total debt in italics*

	Total		Treasury bills	Stocks: Total	Stocks: Up to 5 years to maturity	Stocks: Over 5 and up to 15 years	Stocks: Over 15 years and undated	Non-marketable debt
U.K. official holdings	**10,183**	***27·9***	**1,679**	**7,676**	**1,675**	**2,776**	**3,225**	**828**
Market holdings								
Public bodies:								
Public corporations	68	*0·2*	—	68	41	12	15	—
Local authorities	103	*0·3*	. .	103	25	22	56	. .
Total public bodies	171	*0·5*	—	171	66	34	71	. .
Banking sector:								
Deposit banks	1,536	*4·2*	92	1,439	1,192	247		5
National Giro	15	—	—	15	6	9		—
Accepting houses, overseas banks and other banks	472	*1·3*	33	424	231	193		15
Discount houses	596	*1·6*	437	159	135	24		—
Total banking sector	2,619	*7·2*	562	2,037	1,564	473		20
Other financial institutions:								
Insurance companies	4,171	*11·4*	—	4,171	126	428	3,617	. .
Building societies	1,280	*3·5*	—	1,271	741	441	89	9
National Savings Bank, investment account	347	*1·0*	—	347	37	74	236	—
Trustee savings banks, special investment departments	626	*1·7*	—	626	96	239	291	—
Local authority superannuation funds	470	*1·3*	. .	470	7	29	434	—
Other public sector superannuation funds	215	*0·6*	—	215	33	31	151	—
Private sector superannuation funds	842	*2·3*	—	842	64	161	617	—
Investment trusts	79	*0·2*	1	78	19	13	46	—
Unit trusts	5	—	—	5	1	4	—	—
Other	37	*0·1*	15	21	6	—	15	1
Total other financial institutions	8,072	*22·1*	16	8,046	1,130	1,420	5,496	10
Overseas holders:								
International organisations	1,279	*3·5*	21	126	40	86	—	1,132
Central monetary institutions	2,241	*6·1*	775	1,466	710	205	551	—
Other	1,337	*3·7*	3	1,328	148	227	953	6
Total overseas holders	4,857	*13·3*	799	2,920	898	518	1,504	1,138
Other holders:								
Public Trustee and various non-corporate bodies	200	*0·5*	4	194	19	44	131	2
Private funds and trusts	7,760	*21·2*	. .	3,760	690	900	2,170	4,000
Industrial and commercial companies	164	*0·4*	33	86(b)	881	1,384(c)		45
Other (residual)	2,500	*6·8*	—	2,179				321
Total other holders	10,624	*29·1*	37	6,219	1,590	4,629(d)		4,368
Total market holdings	**26,343**	***72·1***	**1,414**	**19,393**	**5,248**	**3,814**	**10,331**	**5,536**
Total debt	**36,526**	***100·0***	**3,093**	**27,069**	**6,923**	**6,590**	**13,556(e)**	**6,364**
Of which: Nationalised industries' stocks guaranteed by the Government	*1,257*			*1,257*	*449*	*584*	*224*	

. . not available.

— nil or less than £½ million.

(a) With some exceptions: see notes on definitions and sources.

(b) Represents a sample only of companies' holdings: see notes on definitions and sources.

(c) On the assumption that banking sector holdings of long-dated stock are negligible, this figure comprises approximately £420 million medium-dated and £960 million long-dated.

(d) On the above assumption, this figure comprises approximately £1,370 million medium-dated and £3,260 million long-dated.

(e) Of which undated £3,456 million.

"Other holders", the residual group, took up some £440 million and raised their share of the total debt to 29% (or 40% of market holdings). Although this figure will be affected by any errors in the estimates for other sectors, it still probably indicates a significant amount of buying by this group in 1972/73. By contrast with last year, when their holdings of non-marketable debt rose sharply thanks to the buoyancy of national savings, the increase this year was concentrated in gilt-edged stock, despite the general weakness of the market and the comparatively subdued institutional appetite. Identified holdings of gilt-edged by companies were little changed, and this buying will have come largely from the personal sector (including — as well as individuals — unincorporated bodies such as jobbers, stockbrokers, solicitors, friendly societies, trade unions, and charities). Private funds and trusts comprise the largest identified category within "other holders", their gilt-edged holdings being nearly as large as those of the insurance companies. Although affected by the problem of nominee accounts (mentioned in the notes), this category gives an indication of the part played in the gilt-edged market by individuals, private trusts, and executor and trustee companies. These holdings rose by £200 million, their share of the market increasing from 18·3% to 19·4%. However, the number of accounts representing such funds on the Bank's stock register continued to fall, by 103,000 to 1,551,000 (out of the total 1,816,000 on the register), so that the average holding on each account rose by £240 to £2,260. The corresponding average on the National Savings Bank register rose by £60 to £470. Within the group's holdings of non-marketable debt, national savings continued to rise (though not as fast as in the previous year), but this was partly offset by net surrenders of tax reserve certificates.

Notes on definitions and sources

National debt

The total of liabilities in sterling of the National Loans Fund, together with nationalised industries' stocks guaranteed by the Government (as contingent liabilities of the Government these are not strictly part of the national debt, but the markets, and the sources used for the estimates, do not generally distinguish them from government stocks). Excludes that part of the debt which is payable in external currencies (£1,616 million at 31st March 1973), accrued interest on national savings certificates (approximately £566 million), securities tendered in payment of death duties and held by the National Debt Commissioners until redeemed (£35 million), Consolidated Fund liabilities, liabilities of other central government funds, and sundry other contingent liabilities and guaranteed loans. Provisional figures for the national debt as at 31st March (excluding nationalised industries' stocks, but including debt payable in external currencies) are given annually in the May issue of *Financial Statistics.* Firmer figures appear in the *Annual Abstract of Statistics,* and full details are given in the *Consolidated Fund and National Loans Fund Accounts Supplementary Statements* published by H.M.S.O. in December.

Stocks

Classified by final redemption date. 9% Treasury Convertible Stock is classified as maturing in 1980.

Non-marketable debt

Comprises national savings securities (see below), tax reserve certificates, international organisations' holdings of non-interest-bearing notes drawn on the National Loans Fund, terminable annuities due to the National Debt Commissioners (issued between 1943 and 1950 and now gradually being run off), life annuities, ways and means advances (through which government departments etc. lend overnight to the National Loans Fund), debt to the Bank of England (see footnote (*a*) to Table 5 in the statistical annex and pages 56–7 of the Bank's *Report and accounts,* 1971), and various sterling loans from overseas governments. National savings securities comprise national savings certificates (excluding accrued interest), defence bonds, national development bonds, British savings bonds, premium savings bonds, national savings stamps and gift tokens, and the contractual savings schemes (Save As You Earn) of the Department for National Savings and of the trustee savings banks. Ordinary deposits with the National Savings Bank and trustee savings banks are included indirectly, as part of official holdings under the various forms of government debt in which the funds are invested by the National Debt Commissioners. Holdings of the National Savings Bank investment account (which is managed by the National Debt Commissioners) and of the trustee savings banks' special investment departments are regarded as 'market' holdings, because their deposits do not have to be invested wholly in government debt.

Official holdings

The holdings of the Issue and the Banking Departments of the Bank of England, the Exchange Equalisation Account, government departments, the Northern Ireland Government, and the National Debt Commissioners (excluding the National Savings Bank investment account).

Because this article discusses the debt of, or guaranteed by, the central government and not the debt of the whole public sector, official holders are limited to the central government sector and (as in the case of the Bank of England, Banking Department) to bodies which have a rôle in the management of the debt. Local authorities and public corporations are considered to be part of 'the market'.

Public bodies

Public corporations As defined for national income statistics, but excluding the Bank of England. The figures are estimated from information published in public corporations' annual reports.

Local authorities As defined for national income statistics: local government and miscellaneous local authorities in the United Kingdom.

Banking sector

As in Table 11 of the statistical annex, but excluding the Bank of England, Banking Department (which is included among official holders). The figures for stocks are at book value or cost (except for the discount market, where nominal values are used).

Other financial institutions

Estimates are based largely on figures appearing in *Financial Statistics.*

Overseas holders

Treasury bills and stocks held by central monetary institutions and international organisations are as in Table 24 (and additional notes) of the statistical annex. The maturity analysis of stocks is partly estimated. "Other" overseas holdings are estimated from information extracted from the registers of government stocks and from returns from banks and the Crown Agents.

Non-marketable debt comprises interest free notes held by international organisations and various sterling loans from overseas governments. Details are given in the table of National Loans Fund Liabilities in the *Consolidated Fund and National Loans Fund Accounts Supplementary Statements.*

Other holders

Public Trustee and various non-corporate bodies A few identified holders, in particular the Public Trustee, the Church Commissioners, and the Charity Commissioners.

Private funds and trusts Derived chiefly from an analysis of the principal government stock register, which is maintained by the Bank. The accuracy of the analysis is impaired by the large number of nominee accounts, which conceal the beneficial owners' identities. The figures shown in Table C also include an estimate of private holdings on the National Savings Bank's and trustee savings banks' stock registers. The bulk of national savings securities has been allocated to "private funds and trusts". The remainder (some £300 million) is no more than a broad estimate covering other holders (for example charities and friendly societies are allowed to hold national savings certificates and British savings bonds, and the latter may be held also by corporate bodies).

Industrial and commercial companies Gilt-edged holdings are based on quarterly returns to the Department of Trade and Industry by about 200 large companies. This category therefore represents a sample only of company holdings, many of which remain unidentified in the residual category. The holdings are at book values and no attempt has been made to convert them to nominal amounts. An estimate of tax reserve certificates held by these companies is shown under "non-marketable debt". Figures for their Treasury bills are obtained as a residual after other holders of market Treasury bills have been identified, and these figures thus include unidentified holdings by other sectors.