

Distribution of the national debt: end-March 1985

This article, which continues an annual series, analyses the national debt by instrument and by holders.

The change in debt outstanding (Table A)

During the year ended 31 March 1985 the total nominal value of the national debt⁽¹⁾ rose by over £15.1 billion, only very slightly more than in the previous twelve months (the rate of increase fell by nearly one percentage point to 10.6%). Debt held by official funds,⁽²⁾ when adjusted for gilt-edged stocks held by the Bank of England Issue Department under purchase and resale agreements with the monetary sector⁽³⁾ (and therefore initially included in official holdings), showed an underlying fall of £0.6 billion over the year; market holdings thus adjusted rose by £15.8 billion (12.0%), compared with £16.9 billion (14.8%) in the previous year. The central government borrowing requirement (CGBR) was £10.1 billion in 1984/85, a reduction of £2.2 billion on a year earlier. The net increase in market holdings of debt was not trimmed back so much, primarily because it reflected greater acquisition of financial assets not contributing to the CGBR than in the previous financial year. In 1984/85 a net claim of £4.4 billion on the Bank of England Banking Department was established (arising mainly from a buildup of £4.9 billion in the National Loans Fund's balance with the Banking Department). In addition, while the Issue Department reduced its holdings of

Table A

Market and official holdings of national debt

£ millions, nominal value

Percentage of market holdings in italics

	End-March 1984		End-March 1985	
Market holdings(a)				
Sterling marketable debt:				
Government and government-guaranteed stocks: index-linked	7,033	5.4	9,482	6.5
other	93,562	71.5	103,714	70.7
Treasury bills	1,426	1.1	1,241	0.8
Sterling non-marketable debt:				
National savings: index-linked	4,043	3.1	3,592	2.4
other	16,175	12.3	18,820	12.8
Interest-free notes due to the IMF	2,937	2.2	3,190	2.2
Certificates of tax deposit(b)	2,465	1.9	3,186	2.2
Other	706	0.5	534	0.4
Total	128,347	98.0	143,759	98.0
Foreign currency debt:(c)				
North American government loans	1,959		2,172	
New York bond issue	243		285	
Other foreign currency bonds	353		452	
Total	2,555	2.0	2,909	2.0
Total market holdings	130,902	100.0	146,668	100.0
Official holdings(a)	12,206		11,583	
Total	143,108		158,251	

of which,

nationalised industries' stocks guaranteed by the government

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(a) Market and official holdings have been adjusted to include within market holdings gilt-edged stocks held temporarily by the Bank of England Issue Department under purchase and resale agreements with the monetary sector.

(b) Includes a negligible amount of tax reserve certificates.

(c) Sterling valuation rates:
End-March 1984
£1 = \$1.4430, Can. \$1.8420, DM 3.7425, Yen 324.50, Sw. Fcs. 3.1100.
End-March 1985
£1 = \$1.2300, Can. \$1.6847.

commercial bills by £2.7 billion, it acquired £3.4 billion of British government stocks and export and shipbuilding credit under purchase and resale agreements. A reconciliation of the CGBR and the national debt is set out on page 579.

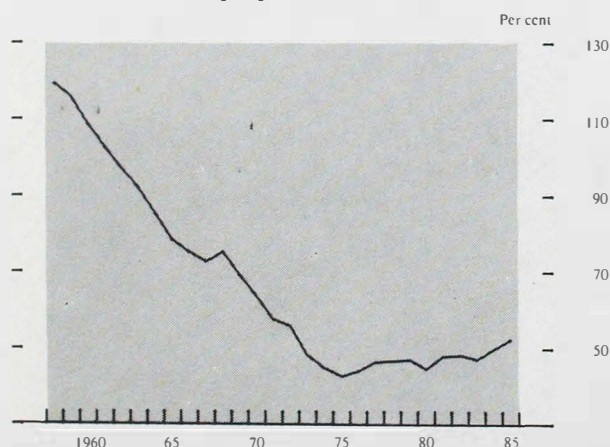
Market holdings of national debt, when expressed as a proportion of annual gross domestic product, rose by 2.5 percentage points from last year, to 52.5% (Chart 1).

Analysis by instrument

During the year the proportion of total national debt in market hands held in the form of non-index-linked

Chart 1

National debt as a proportion of GDP^(a)



(a) National debt (including foreign currency debt but excluding official holdings) outstanding at end-March, as a percentage of GDP at current prices in the years ending 31 March.

(1) All figures are at nominal value unless otherwise indicated. Provisional figures for the national debt, analysed by instrument, but excluding nationalised industries' stocks guaranteed by the government, were published in the June 1985 issue of *Financial Statistics* (pages 151-3). Further details of individual instruments, and changes in the amount of each outstanding, are shown in the *Consolidated Fund and National Loans Fund Accounts 1984-85 Supplementary Statements*, published by HM Stationery Office. For details of the composition of the sterling national debt, see the appendix to this article. The increase of £15 billion in the sterling debt includes £491 million representing the attributable capital uplift during the financial year on the index-linked issues of government stock: in 1983/84 the capital uplift was £300 million.

(2) Debt held by the National Debt Commissioners (other than for the national savings stock register), certain other central and Northern Ireland government funds and accounts, and the Bank of England.

(3) The nominal value of gilt-edged stocks held by the Issue Department of the Bank of England under sale and repurchase agreements outstanding at 31 March 1985 was £813 million. The levels, proportions and changes in national debt referred to in this article have been calculated on the basis that the underlying ownership of these securities rested with the monetary sector and therefore with the market.

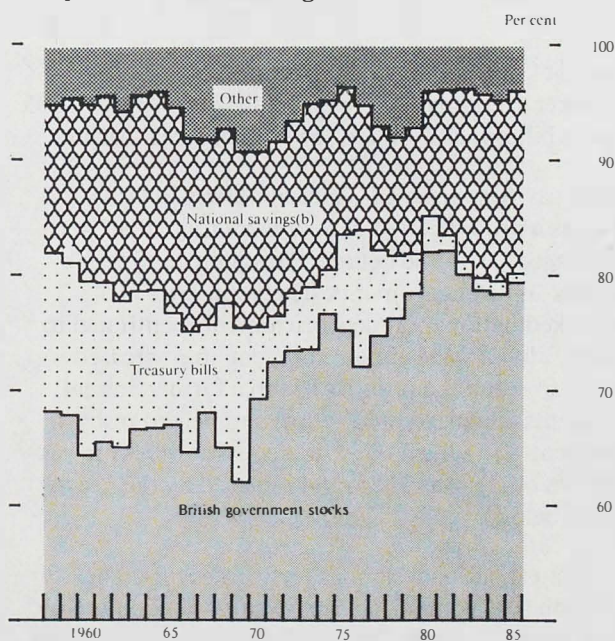
government stock fell from 71.5% to 70.7%. Market holdings of non-index-linked national savings instruments rose from 12.4% to 12.8%. On the other hand, total holdings of index-linked debt⁽¹⁾ rose (from 8.5% to 8.9%), with the drop in indexed national savings instruments (from 3.1% to 2.4%) outweighed by the rise in index-linked government stock. At 31 March 1985 index-linked stocks accounted for 8.4% of government stocks in market hands; a year earlier the proportion was 7.0%.

Gilt-edged stocks

During 1984/85 the authorities issued new stock with a nominal value of £15.6 billion. There was one new issue of index-linked stock totalling £0.4 billion,⁽²⁾ three new issues of non-index-linked stock totalling £3.0 billion⁽³⁾ and two new issues of convertible stock totalling £2.1 billion.⁽⁴⁾ A further large tranche (£1.1 billion) of 9 $\frac{3}{4}$ % Exchequer Stock 1998 was offered to the public in November 1984. Forty-four small additional tranches of existing stock totalling £8.3 billion were issued, fully paid, to the Bank of England; these included ten tranches of index-linked stock totalling £1.3 billion. Six tranches totalling £0.7 billion were issued (also fully paid) to the National Debt Commissioners. Details of individual issues may be found in the series of articles on the operation of monetary policy.⁽⁵⁾

Chart 2

Composition of the sterling national debt^(a)



(a) Market holdings at 31 March of each year.

(b) NSB investment accounts are included within national savings from 1981.

- (1) Although this proportion includes the accrued liability from the index-linking of certain government stocks, it excludes accrued liabilities from index-linking on national savings certificates and SAYE contracts which, together with accrued interest, are normally excluded from the definition of national debt: if included, the proportion of index-linked debt would be 9.5% of total national debt in market hands, compared with 9.1% at end March 1984. As a proportion of market holdings of debt denominated in sterling, the comparable figures are 9.7% and 9.3% respectively.
- (2) This was 24% Index-Linked Treasury Stock 2013.
- (3) These were 11% Exchequer Stock 1989, 11% Exchequer Stock 1990 and 10% Exchequer Stock 2005.
- (4) These were 10% Treasury Convertible Stock 1992 and 9% Treasury Convertible Stock 1989.
- (5) See in particular the tables entitled 'Issues of gilt-edged stock' in the June 1984 *Bulletin*, page 177; September 1984, page 325; December 1984, page 457; March 1985, page 32; and June 1985 page 192.
- (6) The difference between the increase in the nominal value of market holdings of gilt-edged stock and the cash proceeds of official sales in 1984/85 mainly reflects the net discount on the nominal value of new issues and the accrued uplift on index-linked stocks.
- (7) The aggregation of indexed and non-index-linked stock for the purposes of measuring average maturity presents a conceptual difficulty (see the December 1982 *Bulletin*, page 540). This calculation, which gives index-linked stocks a weight reflecting the capital uplift accrued so far, assumes that stocks will mature on their latest possible redemption date and that holders of convertible stocks will not exercise their option to convert into stocks of a later maturity. Table B also illustrates alternatives to these assumptions, viz that stocks which stood above par on 31 March 1985 will be redeemed at the earliest possible date and that all convertible stocks will be converted into stocks of a later maturity.
- (8) If the calculation is made on the assumption that all options to convert will be exercised, the rise is from £5.4 billion to £6.7 billion.

Table B
Average life of dated stock in market hands

Assumptions	Years to maturity at end-March:				
	1981	1982	1983	1984	1985
Latest possible redemption:					
All dated stocks: (a)					
No conversions	12.4	12.1	11.6	10.7	10.4
Maximum conversions	12.5	12.2	11.8	11.6	11.3
Excluding index-linked stocks:					
No conversions	12.4	11.8	11.0	10.1	9.5
Maximum conversions	12.5	11.9	11.2	11.0	10.5
Earliest possible redemption date for stocks standing above par on 31 March:					
All dated stocks: (a)					
No conversions	12.2	11.9	11.1	10.3	10.0
Maximum conversions	12.3	12.0	11.3	11.2	10.9
Excluding index-linked stocks:					
No conversions	12.2	11.6	10.6	9.6	9.1
Maximum conversions	12.3	11.7	10.8	10.5	10.0

(a) Index-linked stocks are given a weight reflecting the capital uplift accrued to 31 March.

During 1984/85 the nominal amount of gilt-edged stock in market hands increased by £12.6 billion. The cash value of net official sales amounted to £11.1 billion:⁽⁶⁾ gross sales totalled £15.3 billion, but during the year some £3.0 billion matured while in market hands and the authorities bought in another £1.2 billion from the market prior to redemption. As a proportion of total market holdings of national debt, gilt-edged stocks rose very slightly from last year to 77.2%.

The average life of dated stocks in market hands fell from 10.7 years at end-March 1984 to 10.4 years at end-March 1985.⁽⁷⁾ When index-linked stocks are excluded, the fall is from just under 10.1 years to 9.5 years (Table B). The fall in average maturity is matched by a rise in the average amount of stock to be redeemed annually in each of the next five years (Table C). When outstanding options on convertible stocks are ignored, the rise is from £6.4 billion at end-March 1984 to £7.9 billion at end-March 1985 (Charts 3 and 4).⁽⁸⁾

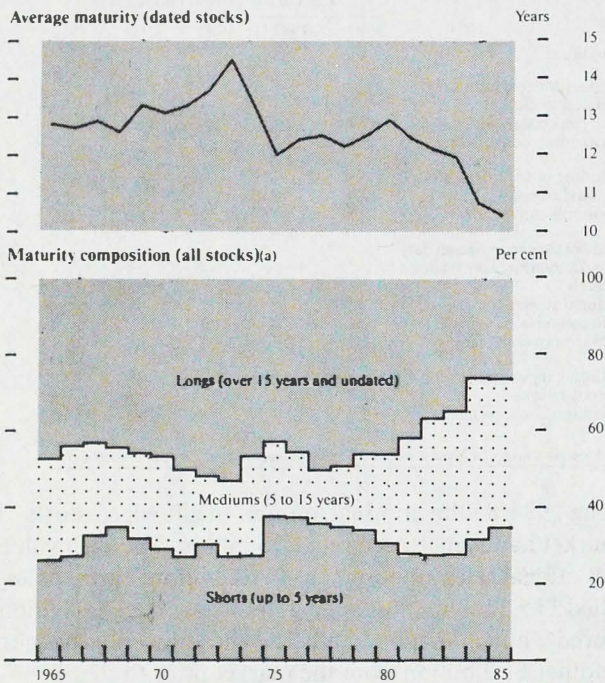
The market value of gilt-edged stocks in market hands rose by £10.3 billion. This is £2.3 billion less than the rise in their nominal value, the difference reflecting the fall

Table C
Average amount of stock in market hands to be redeemed annually over the following five years
£ billions, at end-March

	1981	1982	1983	1984	1985
With no conversions	4.2	4.5	4.8	6.4	7.9
Maximum conversions	4.0	4.3	4.4	5.4	6.7

Chart 3
Residual maturity of market holdings of stocks

At 31 March of each year

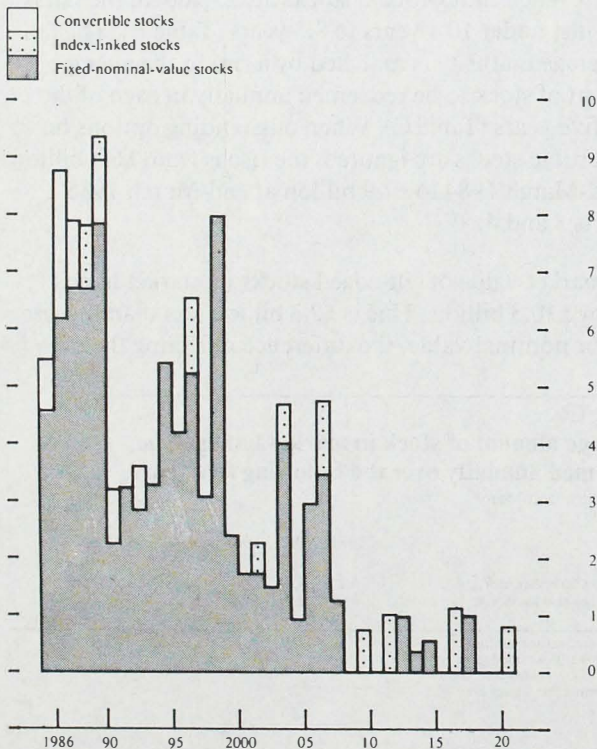


(a) Figures for 1965 and 1966 include official holdings.

Chart 4
Maturities of dated stocks in market hands

Years ending 31 March

£ billions



(1) Excluding accrued interest and index-linked increases. The net increase in these items (some £0.8 billion) and the change in ordinary accounts with the National Savings Bank are included in the national savings contribution to financing the CGBR, the 1984/85 target for which, £3 billion, was reached. Accrued interest, index-linked increments and bonuses outstanding on national savings certificates, Save as You Earn contracts and deposit bonds, and interest accrued but not yet credited to the National Savings Bank investment account totalled £4.6 billion compared with £3.8 billion a year earlier.

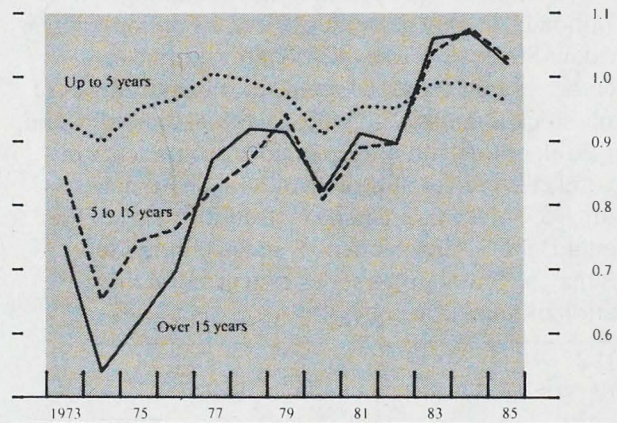
(2) The Second Issue of index-linked national savings certificates was replaced on 1 July 1985.

(3) The 26th Issue, which had been withdrawn on 19 March 1984 carried a tax-free yield of 8.26% if held for 5 years. The 27th Issue (5 April 1984 to 7 September 1984) offered 7.25%, the 28th Issue (8 September 1984 to 11 September 1984) 9.00%, the 29th Issue (15 October 1984 to 12 February 1985) 8.00% and the 30th Issue (13 February 1985 to 25 September 1985) 8.85%.

in gilt prices over the year. Yields rose during the year, on short-dated stocks by 1.2 percentage points, on medium-dated stocks by 0.6 percentage points, and on long-dated stocks by 0.5 percentage points. At end-March 1985 the total nominal value of fully-paid stocks in market hands exceeded their total market value, reversing the position in the two previous years. For long-dated stocks the ratio of market to nominal value fell from 1.07 to 1.02, for medium-dated stocks from 1.08 to 1.03, and only for short-dated stocks (and undated, for which it was 0.34) was it below 1, falling from 0.99 to 0.96 (Chart 5).

Chart 5
Market value/nominal value ratios of fully-paid dated British government stocks in market hands

At 31 March each year



Other debt

The market's holdings of Treasury bills at 31 March 1985 were £1.2 billion, £0.2 billion lower than a year earlier.

National savings raised £2.2 billion during 1984/85 (though as a proportion of debt outstanding⁽¹⁾ they were little changed), with the net increase again confined to non-index-linked instruments. The popularity of index-linked national savings instruments continued to diminish,⁽²⁾ but a third annual supplement (increased by 0.6% to 3.0%) and the promise of three further annual supplements enhanced their return and helped restrain encashments. The third index-linked issue of SAYE was withdrawn on 31 May 1984, and replaced by the Yearly Plan (see below).

Fixed-interest national savings certificates raised nearly £1.3 billion (there was also a rise of some £0.7 billion in accrued interest outstanding), with four new issues being introduced to match changes in interest rates.⁽³⁾ General extension terms, which apply to fixed-interest certificates which have completed their fixed-period terms, were newly promoted during the year in order to highlight the enhanced competitiveness of their variable tax-free interest rates.

Reconciliation of the CGBR and change in debt outstanding for 1984/85

A full reconciliation of the CGBR and the change in market holdings of national debt was contained in the December 1982 *Bulletin*, page 541. In 1984/85, as in 1983/84, the market's holdings of national debt rose by considerably more than the CGBR. In the year ended 31 March 1985 this difference largely reflected an increase in the National Loans Fund balance held with the Banking Department of the Bank of England which, while not adding to the CGBR, required to be financed. The components of the reconciliation for 1984/85 may be summarised as follows:

		£ billions
	Central government borrowing requirement	+10.1
<i>Add</i>	the net acquisition of certain financial assets which are not netted off from the national debt ^(a)	+ 4.2
<i>Add</i>	the increase in the value of certain liabilities, which are excluded from the definition of the CGBR ^(b)	+ 1.1
<i>Subtract</i>	the increase in certain liabilities excluded from the definition of market holdings of national debt ^(c)	- 0.5
	Other items ^(d)	+ 0.9
<i>Equals</i>	Increase in market holdings of national debt	+15.8

(a) The acquisition of such assets does not add to the CGBR; therefore, in the calculation of the financing of the CGBR, their acquisition is deducted from the increase in the proceeds of borrowing. They consist of a net claim on the Banking Department of the Bank of England (which first arose in the year) and also include Issue Department's holdings of commercial and local authority bills and of British government securities and export and shipbuilding credit acquired under purchase and resale agreements, the National Debt Commissioners' holdings of other public sector debt and the Exchange Equalisation Account's holdings of gold and foreign exchange reserves.

(b) Includes the increase in the valuation of certain liabilities, such as the capital uplift on index-linked stocks and the increase in the sterling value of liabilities in foreign currencies.

(c) Principally accrued interest and index-linking on national savings instruments, and notes and coin in circulation.

(d) Includes the net discount on new issues of stock.

A new fixed-interest national savings instrument, the Yearly Plan, was introduced on 2 July 1984 to replace index-linked SAYE. The new instrument allows the purchase, in twelve monthly instalments, of a variant of the fixed-interest national savings certificate that offers a tax-free return over five years from the date of the first payment.

Other developments during the year included a reduction in the period of notice required for the withdrawal of

income bonds (from six to three months), reductions in the minimum holdings of, and contributions to, deposit bonds (to £250 and then to £100) and an increase from 7% to 7.75% in the implied interest rate on the premium savings bond Prize Fund. Holdings of certificates of tax deposit rose by £0.7 billion to £3.2 billion during 1984/85. Holdings by public corporations of temporary deposits with the NLF fell by £0.3 billion, but they lent £0.1 billion on ways and means advances.

Table D
Distribution of the sterling national debt: summary^(a)
£ billions

	Amounts outstanding at 31 March		Change in 1984/85
	1984	1985	
Market holdings^(b)			
Public corporations and local authorities	1.3	1.0	- 0.3
Monetary sector	7.6	8.0	+ 0.4
Other financial institutions:			
Insurance companies and pension funds	51.0	57.5	+ 6.5
Other	11.8	13.8	+ 2.0
Overseas residents	12.7	13.2	+ 0.5
Individuals and private trusts	31.6	34.7	+ 3.1
Other (including residual)	12.4	15.6	+ 3.2
Total market holdings	128.4	143.8	15.4
Official holdings^(b)	12.2	11.6	- 0.6
Total sterling debt	140.6	155.4	+14.8

(a) A detailed table showing the distribution of the sterling debt at 31st March is included in the appendix to this article.

(b) Market and official holdings have been adjusted to include within market holdings gilt-edged stocks held temporarily by the Bank of England Issue Department under purchase and resale agreements with the monetary sector.

Analysis by holder (Table D)

Holdings of national debt by the monetary sector rose by £0.4 billion, although holdings of British government stocks by the discount market fell by £0.3 billion. Other financial institutions increased their holdings of debt by some £8.5 billion (pension funds' holdings of British government stocks increased by £4.0 billion, insurance companies' by £2.4 billion and building societies' by £1.6 billion).

Holdings by individuals and private trusts rose by £3.1 billion, mainly reflecting increased holdings of national savings: their holdings of gilt-edged stocks are estimated to have risen by £1.2 billion; holdings of index-linked stocks accounted for £0.3 billion of this rise.⁽¹⁾

Externally-held debt denominated in sterling rose by £0.5 billion: there was a £0.3 billion increase in the value of non-interest-bearing notes issued to the IMF, and overseas residents' holdings of gilt-edged stocks and Treasury bills rose by a total of £0.2 billion.

The upward revaluation of liabilities as sterling depreciated against other currencies, together with the assignment to the central government of other public sector debt, was sufficient to outweigh repayments of foreign currency loans and increase the amount of debt denominated in foreign currency.

(1) These are broad estimates derived from the stock registers and other information. They do not include stock held through nominee companies as the beneficial ownership of these cannot be derived from the registers. There were some 1,871,600 identified accounts on the Bank of England stock register for individuals and private trusts at end-March 1985, a fall of over 10,000 on twelve months earlier.

Appendix

Estimated distribution of the sterling national debt: 31 March 1985

£ millions

Nominal values(a)

Market values in *italics*(b)

	Total debt	Percentage of market holdings	Treasury bills	Stocks			Non-marketable debt		
				Total	Up to 5 years to maturity	Over 5 years and up to 15 years		Over 15 years and undated	
Market holdings									
Other public sector:									
Public corporations	896		3	72		35	37	—	821
Local authorities	96		1	91		23	22	46	4
Total	992	0.7	4	163	161	58	59	46	825
Monetary sector:(c)									
Discount market	373		93	280		278	2	—	—
Other	7,612		196	7,272		5,618	1,604	50	144
Total	7,985	5.6	289	7,552	7,556	5,896	1,606	50	144
Other financial institutions:									
Insurance companies	31,820		20	31,800	32,482	3,852	16,189	11,759	—
Building societies	12,772		—	12,429	12,060	11,434	993	2	343
Local authority pension funds	3,506		—	3,506	3,615	96	1,368	2,042	—
Other public sector pension funds	6,797		—	6,768	6,754	775	3,023	2,970	29
Private sector pension funds	15,330		38	15,292	15,619	867	6,836	7,589	—
Investment trusts	334		—	334	336	170	143	21	—
Unit trusts	600		—	600	617	138	364	98	—
Other	63		—	52	55	7	29	16	11
Total	71,222	49.5	58	70,781	71,538	17,339	28,945	24,497	383
Overseas holders:									
International organisations	4,232		7	1,035		952	83	—	3,190
Central monetary institutions	2,833		484	2,349		1,474	758	117	—
Other	6,182		157	6,024		1,513	4,138	373	1
Total	13,247	9.2	648	9,408	9,408	3,939	4,979	490	3,191
Other holders:									
Public Trustee and various non-corporate bodies	611		109	501	499	104	315	82	1
Individuals and private trusts(d)	34,691		—	14,390	13,709	5,598	6,333	2,459	20,301
Industrial and commercial companies	4,298		133(e)	1,880	8,486	6,336	1,830	2,235	2,285
Other (residual)	10,713		—	8,521					
Total	50,313	35.0	242	25,292	22,694	12,038	8,478	4,776	24,779
Total market holdings (c)	143,759	100.00	1,241	113,196	111,357	39,270	44,067	29,859	29,322
Official holdings (c)	11,583		609	6,861	6,922	2,483	3,581	797	4,113
Total sterling debt	155,342		1,850	120,057	118,279	41,753	47,648	30,656(f)	33,435

of which,

nationalised industries' stocks guaranteed by the government

224 224 143 224

— nil or less than £1 million.

(a) With some exceptions, explained in the accompanying notes.

(b) Some of these estimates are based on reported market values at end-December 1984 and cash transactions in the first quarter of 1985; certain others rely on broad nominal/market value ratios.

(c) Official holders include the Bank of England Issue Department and, exceptionally, the Banking Department. Issue Department's holdings of stocks acquired under purchase and resale agreements, however, have been reclassified in this article to the monetary sector. Monetary sector holdings are at book value.

(d) Direct holdings only; explained in the accompanying notes.

(e) The residual after holders of Treasury bills have been identified: the total may thus include unidentified holdings, and differences in valuation, in other sectors.

(f) Of which, undated £3,242 million.

The data used to estimate the distribution of holdings of the sterling-denominated debt are gathered from various sources, principally the major investing institutions. The quality of individual estimates varies because they are based on statistics supplied primarily for other purposes. Figures shown for individual types of holder, therefore, indicate only broad orders of magnitude and should be used with caution. Some £10.7 billion (6.9%) of debt outstanding cannot be allocated in the breakdown shown here: the residual category includes holdings by unincorporated business, charities, individuals and companies not elsewhere identified, and any net inconsistencies of valuation or definition elsewhere in the table.

National debt

Comprises the total liabilities 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, while the authorities carry out transactions in them in the same way as in government stocks). The total excludes accrued interest (including index-linked increases) on national savings, Consolidated Fund liabilities (including contingent liabilities, eg coin), liabilities of other central

government funds (notably the Issue Department's note liabilities, Northern Ireland government debt and stocks issued by certain government funds), and sundry other contingent liabilities and guaranteed debt. Provisional figures for the national debt as at 31 March 1985 (excluding nationalised industries' stocks) were given in the June 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 1984-85 Supplementary Statements*.

Statistics covering the nominal amount of debt outstanding of central government as defined in the national accounts, local authorities and public corporations (ie the public sector as a whole) are published annually as a supplementary table in *Financial Statistics*. The table will next appear in the February 1986 issue, to include figures up to 31 March 1985.

Stocks

Classified by final redemption date, eg 5 $\frac{3}{4}$ % Funding Stock 1987-91, whose latest redemption is 5 April 1991, is classified in the over 5 years and up to 15 years band.

The nominal value of index-linked gilt-edged stocks has been raised by the amount of index-related capital uplift accrued to 31 March 1985.

Non-marketable debt

Comprises national savings (see below), certificates of tax deposit, tax reserve certificates, the International Monetary Fund's holdings of interest-free notes drawn on the National Loans Fund, deposits with the National Loans Fund, 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 page 56 of the Bank's 1971 *Report and accounts*), non-marketable stocks issued to the National Debt Commissioners, and a sterling debt to an overseas government.

National savings comprise national savings certificates (excluding accrued interest and index-linked increases), income bonds, deposit bonds, premium savings bonds, gift tokens, the contractual savings scheme (Save as You Earn) of the Department for National Savings (excluding accrued interest and index-linked increases), the Yearly Plan and deposits with the National Savings Bank investment account (excluding interest not yet credited to accounts); the definition also includes outstanding holdings of British savings bonds and national savings stamps (these instruments are no longer issued). Ordinary deposits with the National Savings Bank and the trustee savings banks' claim on the Fund for Banks for Savings are only included in this analysis indirectly, to the extent that the funds are reinvested in government debt (see below under official holdings).

Official holdings

The holdings of the Issue and Banking Departments of the Bank of England, government departments (including the Paymaster General), the Northern Ireland government, and the National Debt Commissioners.

In accordance with national accounting practice, the ordinary department of the National Savings Bank is included in the central government, and its holdings of government debt (invested through the National Debt Commissioners) are included in official holdings. Holdings of the trustee savings banks are regarded as 'market' holdings, as are those of local authorities and public corporations.

Market holdings

Public corporations

As defined for national income statistics, but excluding the Bank of England.

Local authorities

As defined for national income statistics.

Monetary sector

Comprises the UK offices of institutions either recognised as banks or licensed to take deposits under the Banking Act 1979, together with the National Girobank, the trustee savings banks and those institutions (including branches of mainland banks) in the Channel Islands and the Isle of Man which opted to participate in the monetary control arrangements introduced in August 1981, but excludes the Bank of England Banking Department (which, in this article, is included among official holders). Market values are based on information reported by the banks at end-1984, using cash transactions in the quarter to end-March 1985. The maturity analysis of stock holdings is partly estimated from the principal government stock register, which is maintained by the Bank.

Other financial institutions

Estimates are based on figures reported by the institutions and published in *Financial Statistics*. Most stock holdings are estimates from market value holdings at end-1984 and using cash transactions in the quarter to end-March 1985. 'Non-marketable debt' now includes deposits with the National Savings Bank investment account, which are estimated from records of the Department for National Savings.

Overseas holders

The figures for Treasury bills held by overseas residents relate solely to holdings identified in returns provided by the UK banking system, but the coverage is thought to be reasonably complete. Any underrecording will be reflected in an overestimate for holdings by the residual category, industrial and commercial companies (see below). Holdings and maturities of stocks are each partly estimated from information extracted from the registers of government stocks and from returns from banks and the Crown Agents; in the case of stocks, the residual category is 'other (residual)' and any underrecording of overseas holdings will appear there (see below).

Non-marketable debt comprises interest-free notes held by the International Monetary Fund, and a sterling debt to an overseas government. Details are given in the table of National Loans Fund liabilities in the *Consolidated Fund and National Loans Fund Accounts 1984-85 Supplementary Statements*.

Other holders

Public Trustee and various non-corporate bodies comprises a few identified holders, in particular the Public Trustee, the Church Commissioners, and the Official Custodian for Charities.

Individuals and private trusts are 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 identity of the beneficial owners. The figures shown in the table also include an estimate of private holdings on the national savings stock register. The bulk of national savings securities has been allotted to 'individuals and private trusts'. The remainder (about £2,190 million) is no more than a broad estimate covering other holders not identified elsewhere (for example, charities, friendly societies, registered companies and other corporate bodies trading for profit are allowed to place deposits with the National Savings Bank investment account; national savings certificates may also be held by charities, trustees and friendly societies).

Industrial and commercial companies' holdings of gilt-edged stocks are based on quarterly returns to the Department of Industry by about 250 large companies, grossed up roughly to give a broad estimate for all industrial and commercial companies. The holdings are at book values (generally purchase values) and no attempt has been made to convert them to nominal or market values. An estimate of holdings of certificates of tax deposit is shown under 'non-marketable debt'. Figures for Treasury bills held by all companies are obtained by residual, after other holders of market Treasury bills have been identified; these figures thus include unidentified holdings by other sectors.