FINANCIAL STATISTICS

NOTES AND DEFINITIONS

This *Supplement* gives definitions of items and units employed in the monthly publication *Financial Statistics* in more detail than is possible in the headings and footnotes to the tables in the publication itself. This issue replaces that published in April 1965. The definitions relate to the tables as they appear in Issue No. 48 for April 1966. If further new series are added or changes are made before the next issue of the *Supplement*, additional definitions will be given where necessary in footnotes to the tables.

2. In *Financial Statistics* and this *Supplement* the term British government securities covers both British government marketable securities and British government guaranteed securities.

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I. FINANCIAL ACCOUNTS

Financial accounts are designed to set out the financial transactions of the different sectors of the economy systematically and in a convenient form. They provide a statistical framework for considering financial transactions and enable the transactions of one sector to be directly related to those of other sectors.

The capital accounts given in Table 2 of *Financial Statistics* provide the link between the traditional national income accounts (which are published quarterly in the January, April, July, and October issues of *Economic Trends*) and the quarterly financial transactions accounts given in Tables 3 to 10. Separate capital accounts are given for each of the sectors into which the economy is divided. On the receipts side of these accounts are the sectors' saving or undistributed income (before providing for depreciation, stock appreciation and additions to reserves) and capital transfers. On the payments side are gross domestic fixed capital formation and the increase in the value of stocks and work in progress. The balancing item in the capital account is the sector's net acquisition of financial assets or liabilities. This shows the extent to which each sector's saving (*plus* capital transfers) is on balance more than, or less than, sufficient to cover its expenditure on physical assets. The aggregate of the item 'net acquisition of financial assets' for all sectors should in theory be zero, but in practice it is not. This is because there is a statistical discrepancy in the national income accounts between the estimates of total saving and of total investment by all sectors. This discrepancy is the residual error.

The financial transactions accounts continue the story. They provide details of the financial assets and liabilities acquired by each of the different sectors of the economy, and show the various ways in which the surplus in a sector's capital account is channelled directly, or indirectly, through financial intermediaries, to finance the deficits of other sectors.

Table 3 brings together in the form of a matrix the various financial transactions of each of the different sectors. The matrix provides a two-way classification of assets and sectors, and gives details of the transactions in the various kinds of financial assets by each of the various sectors in the calendar quarter. Assets and liabilities are classified in a uniform way so that it is possible to relate the acquisition of a particular financial asset by one sector to the associated changes in the assets and liabilities of that sector and of each of the other sectors. The final row in the matrix is equal to the total net acquisition of financial assets by each sector, which is also the total in the financial transactions accounts of each of the various sectors. In theory, the aggregate of the various items in each sector's financial transactions account should be equal to the balancing item in the sector's capital account. But in practice it is not. The difference between the two estimates is shown against the heading Unidentified items. The difference arises partly because it is not yet possible to identify all the different transactions in financial assets, partly because of differences in valuation and timing and other statistical discrepancies and partly because the estimates of saving and of investment in physical assets given in the various sector capital accounts are subject to error. The large unidentified items in the financial transactions accounts for the personal sector and for industrial and commercial companies represent, to some extent, unrecorded transactions in stocks and shares and also movements in trade credit. It is hoped that it will be possible, in due course, to provide some details of these transactions. The unidentified item in the account for the overseas sector is the 'Balancing item' in the balance of payments accounts.

A full description of the sources and methods used in compiling the financial accounts is available from the Central Statistical Office on request.

Definition of sectors

Public sector

The public sector comprises the central government, local authorities and public corporations, except that only the Issue Department, but not the Banking Department, of the Bank of England is included. It has been found to be convenient in practice to include the transactions of the Banking Department with the banking sector, and to record all transactions between the central government and the Banking Department as a single net figure under the heading Net Exchequer indebtedness to the Bank of England, Banking Department. There are two minor disadvantages to this treatment. One is that it gives rise to a slight inconsistency, because the figures of saving and of gross fixed capital formation for public corporations include those for the whole of the Bank of England. The second is that all transactions between the Bank of England, Banking Department and the rest of the banking sector are netted out.

The banking sector

The banking sector comprises the United Kingdom offices of three main groups of banks: (*a*) domestic banks (including the Bank of England, Banking Department), (*b*) accepting houses and overseas banks and (*c*) the discount market. In all, about 160 separate institutions are covered.

Other financial institutions

The institutions covered by this sector are hire purchase finance companies, building societies, the special investment departments of trustee savings banks and certain other deposit seeking institutions, insurance companies and superannuation funds, unit trusts, investment trusts quoted on stock exchanges and certain special finance agencies such as the Agricultural Mortgage Corporation and the Industrial and Commercial Finance Corporation. Property investment companies and other similar organisations deriving their income from ground rents or from owning and letting are not included. The Post Office Savings Bank, the ordinary departments of trustee savings banks and the Exchange Equalisation Account are included in the public sector, as their activities are an integral part of the financing operations of the government. Stockbrokers and jobbers are included in the personal sector.

Industrial and commercial companies

These are the companies included within the company sector, as defined in the *National Income Blue Book*, other than those classified as banks and other financial institutions. They are privately controlled corporate enterprises, which are organised for making profits and which are resident in the United Kingdom.

The personal sector

This is defined as in the *National Income Blue Book*. It includes non-profit-making bodies, private trusts and unincorporated enterprises. The net increase in life assurance and pension funds is included in personal saving. These funds are regarded as an asset of the personal sector and as a liability of the other financial institutions sector.

Overseas sector

This is defined as in the *National Income Blue Book* and in the balance of payments accounts. Net acquisition of assets by this sector is equal, with sign reversed, to net investment abroad by United Kingdom residents. This is equal to the balance of payments surplus on current account *plus* capital grants from overseas. The account for this sector covers all financial and capital flows between residents and non-residents. These transactions are recorded partly in the long-term capital account of the balance of payments accounts and partly as monetary movements. In theory, the sum of the transactions included under these two headings should be equal, with sign reversed, to the balance of payments surplus on current account. In practice it is not. The statistical difference between the two is the so-called 'Balancing item' in the balance of payments accounts, which is shown as the unidentified item in the financial transactions account for the overseas sector.

II. EXCHEQUER AND CENTRAL GOVERNMENT

The Exchequer

The Exchequer is the central cash account of the government kept by the Treasury at the Bank of England (and, for a limited range of transactions, at the Bank of Ireland, Belfast). Full descriptions of Exchequer management and sources of Exchequer financing were given in the Treasury evidence to the Committee on the Working of the Monetary System (*Memoranda of Evidence*, Volume I, pages 77 to 83) and in an article published in *Economic Trends*, October, 1959.

The Exchequer is so managed that at the end of every working day the account at the Bank of England carries no more than a small working credit balance. Any excess of payments over receipts is covered by borrowing. Any excess of receipts over payments is used to redeem debt. The result is therefore that apart from small fluctuations in the Exchequer balance from day to day, the total of all the receipts on the Exchequer accounts is the same as the total of all the payments.

Exchequer account

These tables summarise the information given in the Exchequer Return: terms such as revenue and expenditure are used in precisely the same sense as they are used in that Return. The Exchequer Return is published weekly and at the end of calendar quarters.

Revenue

Comprises payments into the Exchequer of interest and dividends, broadcast receiving licences and other miscellaneous receipts in addition to the receipts from the revenue departments.

Interest and dividends: receipts are mainly in respect of interest payable or Consolidated Fund loans but include also:

(*a*) amounts received from the Bank of England, National Coal Board and Cable and Wireless Ltd. to cover interest on compensation stock, etc.;
(*b*) payments from Votes representing interest on advances to Votes for certain capital expenditure;
(*c*) interest received on debts due from other countries following the liquidation of the European Payments Union;
(*d*) interest on amounts subscribed to the European Fund; and
(*e*) receipts of interest and dividends by departments on amounts advanced from Votes and certain dividends paid direct to the Treasury.

Other miscellaneous receipts: receipts by departments, other than interest, which they are not authorised to appropriate in aid of their votes; together with receipts paid direct to the Treasury. The composition of these receipts differs from year to year.

Expenditure

Payments arising from war-time liabilities: the largest item is the repayment with interest of post-war credits, but payments of war damage compensation and post-war refunds of excess profits tax are also included.

Exchequer borrowing and repayments

Terminable annuities: these were issued to the National Debt Commissioners during and immediately after the 1939-45 war for the investment of the savings banks' funds managed by them.

Other debt: this item mainly reflects transactions with foreign governments and international bodies. Borrowing under this head is classified as internal when it is repayable in sterling, but as external when it carries an obligation to repay the lender in foreign currencies or gold. Thus the Canadian credit and loans made by the government of the United States under the Mutual Security Act are classified as external debt, but borrowing from the International Monetary Fund and the International Bank for Reconstruction and Development of the major part of the sterling held by these bodies appears as a change in internal debt.

Special transactions

Civil Contingencies Fund: the main purpose of the Fund is to finance urgent expenditure not yet voted by Parliament. Increases in the Fund's capital appear as a *net issue* and decreases of capital as a *net repayment.*

Subscriptions to the I.D.A.: payment of instalment of the United Kingdom subscription to the International Development Association.

Exchange Equalisation Account: increases (net issue) or decreases (net repayment) in the sterling required to finance the Account's gold and currency holding.

Consolidated Fund loans

These loans are shown net of repayments.

Nationalised industries: comprise the Post Office, the National Coal Board, the Electricity Council, the North of Scotland Hydro-Electric Board, the South of Scotland Electricity Board, the Gas Council, the British Overseas Airways Corporation, the British European Airways Corporation, the British Railways Board, the London Transport Board, the British Transport Docks Board and the British Waterways Board.

Private industry: currently, advances under the Shipbuilding Credit Scheme.

Local authorities and other public bodies: currently comprise local authorities, Northern Ireland Exchequer, New Towns Development Corporations and Commission, Scottish Special Housing Association, Housing Corporation, harbour authorities, Covent Garden Market Authority, Sugar Board, National Research Development Corporation and National Film Finance Corporation.

Other: loans for overseas assistance, for the provision of married quarters for the armed forces and to housing associations *less* repayments of loans made to building societies, loans under the Land Settlement Acts and Compensation payments under the Town and Country Planning Acts.

Summary

This table provides summary totals of receipts and payments on Exchequer account. The definition of Revenue and Expenditure and of Consolidated Fund loans (net) are as in the annual *Financial Statement* presented to Parliament at the time of the Budget.

Exchequer account and Net balance

The conventional Exchequer account, as shown in the Exchequer Return is not a convenient form for the purpose of general financial analysis, because transactions are categorised by types of debt rather than by sources of borrowing. Moreover, most of the transactions of the Exchequer are with official funds and agencies which are themselves engaged in transactions with the public. For instance, National Insurance payments and contributions are brought to account in the National Insurance Funds, all of whose capital is government debt. As the balance on these funds rises and falls, so the Exchequer's indebtedness to the funds is increased or diminished. Similarly, the assets of the Issue Department of the Bank of England are virtually all government debt.

In order to arrive at a figure of borrowing by the central government from the figures given in the Exchequer account, it is necessary to take account of changes in the Exchequer's net indebtedness to these various official funds and agencies, known collectively as Extra-Exchequer funds. After certain adjustments, the consolidated total represents the government's Net balance, as defined in the capital account of the central government. This Net balance is the amount the government has to borrow *less* increase (or *plus* decrease) in its holdings of gold and currency reserves. Details of changes in the financial assets and liabilities of the central government which in aggregate match the Net balance, are given in a subsequent table.

Exchequer account

The content of the Exchequer account in this table is the same as that of the summary Exchequer tables in the *Financial Statement*. It may be noted that not all transactions of the Exchequer are included. All revenue receipts and the greater part of government expenditure are included but issues to or repayments by the Exchange Equalisation Account or transactions with international financial organisations, or transactions in the national debt are not included here.

Extra-Exchequer funds, etc.

This item shows the net changes in the Exchequer's liability to certain official funds and agencies; it also includes Issue Department income.

National Insurance Funds: the net surplus or deficit on National Insurance and Industrial Injuries Funds.

Iron and Steel Realisation Account: the net surplus on the Iron and Steel Realisation Account, that is net receipts of the Iron and Steel Holding Account *less* payments by the Agency to the Exchequer already included in the Exchequer account.

Issue Department income: the profits arising in the Issue Department of the Bank of England, i.e. interest on securities held by the Department and cash payments to the Department on conversions of government securities, *less* expenses of the note issue. This income accrues to the Exchange Equalisation Account and is added to the sterling capital of the Account. Increases in the Account's sterling balance as a result of receipts of Issue Department income are shown in the tables as Issue Department income.

Departmental balances and miscellaneous: this item comprises:

(i) changes in balances on the accounts kept by government departments, mainly with the Paymaster General;

(ii) changes in the Postmaster General's cash surplus invested with the Exchequer;

(iii) adjustments to offset (*a*) the increase in issued coin which is included as a receipt in the Exchequer account and (*b*) the difference between net cash receipts by the Exchequer from national savings and the amounts recorded under the heading 'National savings' in the central government's capital account;

(iv) any difference between changes in the gold and currency reserves, appearing in the balance of payments accounts, and the net amount of sterling made available to, or withdrawn from, the Exchequer by the Exchange Equalisation Account (other than changes arising from the transfer to the E.E.A. of the net income of the Issue Department). This difference arises mainly from receipts of interest by the E.E.A., including interest on the government's holdings of foreign currency securities, and from differences in valuation;

(v) payments to international lending bodies (other than the I.M.F.) in the form of increased subscriptions *less* changes in these institutions' holdings of interest-free notes.

Current and capital accounts of the central government

These accounts relate to the central government as defined in the national income accounts. In addition to the ordinary government departments, they include a number of bodies (e.g. Regional Hospital Boards) administering public policy, but without the substantial degree of financial independence which characterises the public corporations; they also include certain extra-budgetary funds and accounts controlled by departments, of which the National Insurance Funds are the most important.

The central government accounts are based partly on cash payments and receipts but also include certain accrual items, such as those arising out of trading activities and the accrued interest on national savings certificates. Detailed notes on the central government accounts are included in *National Income Statistics: Sources and Methods* (H.M.S.O. 1956) and in the notes to the *National Income Blue Book*.

Net balance

The Net balance is the balancing item in the central government's capital account. It is equal to government borrowing *less* increase (or *plus* decrease) in its holdings of gold and currency reserves. The Net balance can also be derived from the Exchequer accounts. An analysis of the Net balance is given in a table following the capital account. The table is in two parts. The first part gives details of the changes in the financial assets and liabilities of the central government which in aggregate match the Net balance. The second part shows the changes in the net indebtedness of the central government to each sector by giving estimates of the total amount of government debt acquired by each of the different sectors, changes in the gold and currency reserves being included in the figures for the overseas sector. The estimated changes in net indebtedness recorded in the second part of the table arise not only from transactions between the government and the sectors, but also from transactions between the various non-government sectors. These changes can be regarded as a measure of each sector's contribution towards financing the central government's Net balance. In order to maintain consistency with the treatment followed in the financial accounts, notes and coin acquired by Scottish and Northern Ireland banks, to cover increases in notes and coin issued by them, are excluded from the figures for the banking sector and included in the figures for the other sectors.

Definition of sectors

The sectors are defined as in the financial accounts.

Definition of items

Net indebtedness to the Bank of England, Banking Department

The government has a net liability to the Banking Department of the Bank of England, which holds government debt of various kinds and at the same time has liabilities to the government, in the shape of the balances of the Exchequer and the Paymaster General at the Bank of England.

This item comprises the sum of the increases in the assets of the Banking Department: ways and means advances; holdings of bank notes and coin; holdings of tax reserve certificates; British government securities; holdings of Treasury bills; holdings of Treasury interest-free notes; *less* increases in the liabilities of the Banking Department: the balances of the Exchequer and Paymaster General at the Bank of England.

The amount of the government's net liability changes as a result of the Bank of England's central banking operations. A rise in this net liability helps to finance the government's Net balance.

Notes and coin

Includes both the increase in notes in circulation (i.e. the increase in the fiduciary note issue *less* the increase in the holding of notes in the Banking Department of the Bank of England) and the increase in issued coin.

National savings

Net receipts from the sale of national savings certificates, defence bonds, national development bonds and premium savings bonds *plus* the estimated increase in accrued interest on national savings certificates. It also includes the net increase in deposits (including accrued interest) with the Post Office Savings Bank and the trustee savings banks (ordinary departments). The figures record changes in savings at the time when payments and withdrawals are made by the public.

Tax reserve certificates

Net receipts from the issue of tax reserve certificates *less* net purchases by the Banking Department of the Bank of England.

Treasury bills

The change in Treasury bills outstanding other than those held by the National Debt Commissioners, the Exchange Equalisation Account, government departments and the Bank of England. Treasury bills held on behalf of central monetary institutions as the sterling equivalent of foreign currency deposits are included under 'Direct borrowing (net) from overseas governments and institutions'.

Marketable securities

Total cash issues of British government securities *less* redemptions including the operations of government sinking funds, and *less* net purchases by the Bank of England and the National Debt Commissioners.

Direct borrowing (net) from overseas governments and institutions

This heading covers the following items which appear in the detailed capital account of the central government given in Table 37 of the *National Income Blue Book:*

(i) borrowing from overseas governments *less* repayments;
(ii) increase in holdings of interest-free notes by the International Monetary Fund;
(iii) the sterling equivalent of foreign currency deposits arising from central bank assistance (part of Other non-marketable debt: Other); *less*
(iv) capital subscriptions to the International Monetary Fund;
(v) German arms deposits (part of Miscellaneous financial receipts (net))

Net change in gold and currency reserves

The figure appearing in the balance of payments accounts.

Certain transactions which arose from the reorganisation of the British Transport Commission under the Transport Act, 1962, appear in the capital accounts of the central government and of public corporations for the first quarter of 1963. Details of these transactions are given in the table on page 15. In the capital account of the government, net receipts from transactions in government securities are netted off from loans to public corporations in order to arrive at the figure of net lending to public corporations in the first quarter of 1963.

The calculation is as follows:

	£ million
Net lending to public corporations	976
less transfer of liability for transport stock	−1,444
plus transfer of British government securities to the government (part of capital redemption funds) ..	42
	−426

Market Treasury bills

Market Treasury bills are the total of Treasury bills outstanding other than those held by the National Debt Commissioners, the Exchange Equalisation Account, other government departments and the Bank of England. They comprise bills issued at the weekly tenders, other than those issued to the Banking Department of the Bank of England for its own account, *plus* any bills—including bills originally issued outside the tender (tap bills)—sold to the market by government departments or the Bank of England *less* any bills purchased from the market by such bodies.

The groups of holders used in this table have the same coverage as those in the analysis of transactions in marketable securities and Treasury bills in the financial accounts.

Treasury bill tender

The figures relate to bills issued at the weekly (normally Friday) tenders. Members of the London Discount Market Association undertake together to tender for the full amount of bills on offer. Other applications are made, for their own account or for the account of their customers in the United Kingdom or overseas, by the Banking Department of the Bank of England and by commercial banks and money-brokers in the United Kingdom.

Tax reserve certificates

The figures of issues and surrenders of tax reserve certificates for persons are taken from Bank of England records. So that the figures may be used with statistics of personal saving in national income accounts, they are related as far as possible to the dates on which the holder's bank account was debited. Applications are usually made through a commercial bank. An allowance is therefore made for the delay between this bank's debiting the holder's account and the application reaching the Bank of England. All applications received at the Bank of England during the first three working days of a quarter are included in the figures for the previous quarter.

The figures for other holders are calculated by subtracting figures for persons from the total amount received into or paid out of the Exchequer in each calendar quarter on account of tax reserve certificates. So far as issues are concerned, the figures for other holders also reflect the timing difference between Exchequer returns and the figures for persons.

Inland Revenue duties

The figures show the aggregate amount of tax actually collected and brought into the department's accounts in the period shown *less* the repayments made during the same period. They differ from the figures of amounts paid into the Exchequer owing to the time taken to realise remittances. In the main the difference represents the variation between the amount of unrealised remittances brought forward from the previous period and that carried forward to the following period.

Amounts collected by other departments on behalf of the Inland Revenue, such as stamp duties paid by means of postage stamps, are included. Amounts collected by the Inland Revenue on behalf of other departments, for example, national insurance graduated contributions and fee stamps are excluded. Excess profits tax post-war refunds are excluded and the income tax deducted therefrom is excluded up to 31 March 1961 but included after that date; the amounts involved are now negligible.

Customs and Excise duties

The figures show the aggregate amounts of duty collected and brought into the department's accounts in the period *less* drawbacks and other repayments. The difference between the net receipts and payments into the Exchequer arises from changes in:

(i) working balances held by collectors;
(ii) remittances in transit; and
(iii) advances out of revenue to meet expenditure under authority of the Exchequer and Audit Departments Act, 1866, Sec. 10.

Purchase tax is remitted to collectors during the quarter following that in which the registered traders have charged the tax. Accordingly, changes in tax rates, etc. are not reflected in receipts until the quarter subsequent to that in which the change became effective. Similarly, beer duty is collected a month in arrear.

Payments under the export rebate scheme are made quarterly in arrears. The figures shown as the cost of export rebates are the total payments. Payments to the Customs and Excise Department from the Ministry of Transport (in respect of the motor vehicle licence duty element in export rebates) are included as a receipt in the column for Other revenue. Similarly, the receipts of hydrocarbon oil duty and purchase tax are unabated in respect of payments of export rebates.

National savings

There are differences between the various series concerning national savings. The series are as follows:

(i) the series issued by the National Savings Committee;

(ii) national savings as shown in the central government capital account (analysis of Net balance by type of asset); and

(iii) receipts into, and issues from, the Exchequer on various national savings items, as shown in the Exchequer Returns.

The main differences between the series arise as follows:

1. Series (i) includes figures for the trustee savings banks (special investment departments) whereas these departments are not covered by the national savings figures in the central government capital account.

Part of the funds of the special investment departments are invested by the trustees in British government securities, Treasury bills, defence bonds and national development bonds. Such purchases are included in:

(*a*) Net receipts from transactions in marketable securities in the central government capital account (analysis of Net balance by type of asset).

(*b*) Receipts and issues in the Exchequer Return for Treasury bills, defence bonds, national development bonds, and government securities (new issues and redemption of maturing issues only).

There is a slight amount of double counting in Series (i) as purchase of defence bonds and national development bonds by the special investment departments are also included in the sales of bonds.

2. Series (i) and (ii) include estimates of the increase in accrued interest outstanding on national savings certificates. In the Exchequer Returns interest is recorded as it is paid under the item Interest and management of the national debt; receipts and issues shown in respect of national savings certificates relate to principal only.

3. Series (i) shows deposits with the Post Office Savings Bank and the trustee savings banks (ordinary departments) including accrued interest; these figures also form part of national savings in the central government capital account. The Exchequer Return includes only the amounts received from, or repaid to, the savings banks funds on Treasury bills, on new issues of government securities or on the redemption of maturing government securities (including terminable annuities).

4. National savings in Series (i) include government stocks held by investors on the Post Office register. In the central government capital account changes in these stocks are included under marketable debt; and in the Exchequer Return, part of redemption of government securities on maturity where appropriate.

5. Series (i) and (ii) do not include issues of national savings stamps and gift tokens. Since August 1961, these are included as a separate item in the Exchequer Return. In the central government capital account they are in Other financial receipts and changes in cash balances. The Exchequer Returns covering August 1961 included a once for all transfer from floating debt to the new item of the amount of the stamps and gift tokens then outstanding (£22·1 million). Since this transfer did not result in new money to the Exchequer, it did not appear in the Exchequer financing tables or in the central government account.

6. The timing of transactions differs between series (i) and (ii) and the Exchequer series.

The terms offered on the main forms of national savings from the period 1955 onwards, giving the dates from which the changes were operative, are shown below. The standard rate of income tax was:

1953/54 and 1954/55 ..	9/–
1955/56 to 1958/59 ..	8/6
1959/60 to 1964/65 ..	7/9
1965/66	8/3

National savings certificates

Interest is free of income tax, surtax and capital gains tax.

1954	1 November	9th issue, 15*s.* units. Maximum holding £750 (1,000 units). Compound interest if held for ten years £3 0*s.* 11*d.* per cent. per annum equal to £5 10*s.* 9*d.* per cent. per annum grossed up for income tax at 9*s.*
1955	1 November	Maximum holding £900 (1,200 units).
1956	23 April	Maximum holding £1,050 (1,400 units).
1956	1 August	10th issue, 15*s.* units. Maximum holding £450 (600 units). Compound interest if held for seven years £4 3*s.* 11*d.* per cent. per annum equal to £7 5*s.* 11*d.* per cent. per annum grossed up for income tax at 8*s.* 6*d.* and £6 17*s.* 0*d.* per cent. per annum grossed up for income tax at 7*s.* 9*d.*
1958	5 May	Maximum holding £750 (1,000 units).
1960	11 April	Maximum holding £900 (1,200 units).
1963	13 March	Sales of 10th issue ceased.
1963	13 May	11th issue, £1 units. Maximum holding £300. Compound interest if held for six years £3 15*s.* 9*d.* per cent. per annum equal to £6 3*s.* 8*d.* per cent. per annum grossed up for income tax at 7*s.* 9*d.*
1964	21 April	Maximum holding £600. Compound interest if held for six years £3 15*s.* 9*d.* per cent. per annum equal to £6 3*s.* 8*d.* per cent. per annum grossed up for income tax at 7*s.* 9*d.* and £6 8*s.* 11*d.* per cent. per annum grossed up for income tax at 8*s.* 3*d.*
1966	28 March	12th issue, £1 units. Maximum holding £500. Compound interest if held for five years £4 11*s.* 3*d.* per cent. per annum equal to £7 15*s.* 4*d.* per cent. per annum grossed up for income tax at 8*s.* 3*d.*

Defence bonds

Sold for £5 and multiples of £5. Interest, payable half-yearly, is assessable for income tax and surtax; bonuses are free of income tax, surtax and capital gains tax.

1952	1 September	Maximum holding £1,000. Interest 3½ per cent. per annum. Bonus £3 per cent. if held for ten years. Equivalent to a £3 19*s.* 10*d.* per cent. per annum grossed up net redemption yield assuming standard rate of income tax at 9*s.*
1954	1 November	Maximum holding £2,000.
1955	1 November	Maximum holding £1,000. Interest 4 per cent. per annum. Bonus £3 per cent. if held for ten years. Equivalent to a £4 9*s.* 2*d.* per cent. per annum grossed up net redemption yield assuming standard rate of income tax at 8*s.* 6*d.*
1956	1 May	Maximum holding £1,000. Interest 4½ per cent. per annum. Bonus £5 per cent. if held for ten years. Equivalent to a £5 5*s.* 1*d.* per cent. per annum grossed up net redemption yield assuming standard rate of income tax at 8*s.* 6*d.*
1958	1 May	Maximum holding £2,000. Interest 5 per cent. per annum. Bonus £3 per cent. at end of seven years. Equivalent to a £5 13*s.* 6*d.* per cent. per annum grossed up net redemption yield assuming standard rate of income tax at 8*s.* 6*d.*

1960	15 June	2nd issue. Maximum holding £5,000. Interest 5 per cent. per annum. Bonus £3 per cent. at end of seven years. Equivalent to a £5 12*s.* 6*d.* per cent. per annum grossed up net redemption yield assuming standard rate of income tax at 7*s.* 9*d.*
1963	13 March	Sales of 5% 2nd issue ceased.
1963	25 March	Maximum holding £5,000. Interest 4½ per cent. per annum. Bonus £2 10*s.* 0*d.* per cent. at end of seven years. Equivalent to a £5 0*s.* 7*d.* per cent. per annum grossed up net redemption yield assuming standard rate of income tax at 7*s.* 9*d.*
1964	14 May	Sales ceased.

The net redemption yield is obtained by adding to the rate of interest (*less* income tax at standard rate) the tax-free bonus discounted over the life of the bond. The yields shown above are grossed up for the standard rate of income tax.

National development bonds

First issued 15 May 1964. Sold for £5 and multiples of £5. Interest, payable half-yearly, is assessable for income tax and surtax; bonuses are free of income tax, surtax and capital gains tax.

1964	15 May	1st issue. Maximum holding £2,500. Interest 5 per cent. per annum. Bonus £2 per cent. if held for five years. Equivalent to a £5 12*s.* 1*d.* per cent. per annum grossed up net redemption yield assuming standard rate of income tax at 7*s.* 9*d.*, or £5 12*s.* 8*d.* grossed up net redemption yield assuming standard rate of income tax at 8*s.* 3*d.*
1965	15 September	2nd issue. Maximum holding £2,500.

Premium savings bonds

First issued 1 November 1956. Prizes are free of income tax, surtax and capital gains tax.

1956	1 November	£1 units. Maximum holding £500. Interest was calculated at 4 per cent. per annum free of tax (equivalent to £6 19*s.* 1*d.* per cent. per annum grossed up for income tax at 8*s.* 6*d.* and to £6 10*s.* 7*d.* per cent. per annum at 7*s.* 9*d.*) and formed the pool for prize drawings. Bonds were eligible for the draw six months after purchase. Prizes ranged from £25 to £1,000.
1960	1 August	Maximum holding £800. Interest at 4½ per cent. per annum free of tax (equivalent to £7 6*s.* 11*d.* per cent. per annum grossed up for income tax at 7*s.* 9*d.*). Bonds eligible for draw after three months. Prizes range from £25 to £5,000.
1964	21 April	Maximum holding £1,000. Interest at 4½ per cent. per annum free of tax (equivalent to £7 6*s.* 11*d.* per cent. per annum grossed up for income tax at 7*s.* 9*d.* or £7 13*s.* 2*d.* per cent. per annum grossed up for income tax at 8*s.* 3*d.*). From February 1966 a prize of £25,000 in February, May, August and November each year.

Deposits with Post Office Savings Bank and trustee savings banks (ordinary departments)

Interest 2½ per cent. per annum.

1952	1 March	Maximum deposit £3,000.
1956	6 April	Interest up to £15 per annum free of income tax but not surtax. Interest on first £600 is equivalent to £4 1*s.* 7*d.* per cent. per annum grossed up for income tax at 7*s.* 9*d.*
1960	2 May	Maximum deposit £5,000 on individual holdings.

Deposits with trustee savings banks (special investment departments)

Rates of interest paid on deposits are shown in the table in Section IX. Interest rates and security prices.

1953	16 July	Maximum deposit £1,000 (previously £500).
1956	11 June	Maximum deposit £2,000.
1960	1 August	Maximum deposit £3,000.

III. LOCAL AUTHORITIES

Local authorities are defined as in the national income accounts, that is, as bodies obliged to make annual returns of income and expenditure under Part XI of the Local Government Act of 1933 (and similar legislation in respect of Scotland and Northern Ireland); the local authority sector therefore includes not only authorities with general administrative functions, such as county councils and county boroughs, but also local bodies with special functions, such as water boards and harbour boards.

Current and capital accounts of local authorities

The accounts are based ultimately on the annual returns made under the Local Government Act of 1933 (and similar legislation in respect of Scotland and Northern Ireland), but the estimates for recent periods are derived from a variety of sources, the most important of which are described below.

The quarterly estimates of cash receipts of rates are based on returns made by a sample of local authorities. In the national income accounts payments of rates are recorded on an accrual basis. Because of this, an adjustment item bringing the figures on to a national income basis is included in the current account; it is also included as a contra entry in the capital account.

The quarterly estimates of current expenditure on goods and services are based mainly on a sample inquiry of wages and salaries paid. Further details of the remaining items in the current account were given in *Economic Trends* for October 1964.

Central government capital grants to local authorities are compiled from central government sources and relate to cash payments. The quarterly estimates of gross fixed capital formation are based on quarterly returns from authorities in England and Wales and a sample of Scottish authorities. Capital grants to persons and net lending for house purchase are derived from quarterly returns by local authorities and to the housing departments. Details of local authority borrowing are given in the next section.

Local authority borrowing

Net borrowing is gross borrowing *less* repayments.

The figures cover borrowing from all sources outside the local authority sector, including borrowing from authorities' own superannuation funds. The figures exclude borrowing by one local authority from another, except that no allowance is made for the possible take-up of local authority quoted securities or negotiable bonds by other authorities. Inter-authority debt is however included in the analysis of temporary debt outstanding by terms of repayment.

Borrowing is divided into temporary and longer-term borrowing. Temporary borrowing covers all loans repayable, other than under a stress clause or on the death of a lender, within a year of their inception, including longer-term mortgages repayable by invoking a break clause, unless they were in being at

31 October 1963; longer-term debt within one year of maturity or running on at short notice after maturity is not included. Borrowing by bank overdraft is measured net, that is, where an authority has more than one current bank account it is asked to report any overdraft arising on all such accounts taken together.

The figures for total temporary borrowing, for total longer-term borrowing and for total (longer-term) borrowing from the Public Works Loan Board and the Northern Ireland Government Loans Fund are based on quarterly returns from nearly all local authorities in the United Kingdom. The analysis by source, however, showing separate figures for negotiable bonds and for quoted securities other than bonds, and showing the sectors from which other loans and mortgages are obtained, is based on returns from a sample of authorities. This sample comprises all the larger authorities (county councils, county boroughs, metropolitan boroughs and, in Scotland, counties of cities) and a selection of the smaller authorities, including each quarter in the case of temporary borrowing all authorities whose net temporary borrowing exceeds £100,000 and similarly, in the case of longer-term borrowing, all authorities whose net longer-term borrowing exceeds £100,000. The analysis by source of local authority loans relates to the immediate source, which will not in some cases be the ultimate source; loans from banks, for example, will include sums advanced by banks on behalf of their clients as well as direct advances.

The maturity classification of gross longer-term borrowing is according to expectation of life on the last day to which a particular quarterly return relates. Securities are classified according to date of next ensuing break at lender's option.

Where a loan or mortgage expires and is renewed it is included both as a repayment and as new borrowing.

IV. PUBLIC CORPORATIONS

Public corporations are defined as in the national income accounts. They include the Bank of England (except for transactions of the Issue Department which are treated as transactions of the central government), the companies held by Iron and Steel Holding and Realisation Agency and, from April 1961, the Post Office.

Appropriation account

Gross trading surplus is the total balance on trading account before making any charge for depreciation, interest and taxation. It includes subsidies and Exchequer grants received by the corporations.

Sources and uses of capital funds

Bank lending comprises bank loans and overdrafts and is obtained from the returns made by institutions classified to the United Kingdom banking sector.

Trade credit (net) Changes in credit given *less* that received are obtained from returns made by the corporations.

Borrowing from own superannuation funds is identified from returns made by the superannuation funds.

Miscellaneous financial assets comprise changes in holdings of:

(i) British government marketable securities;

(ii) Local authority debt;

(iii) Bank deposits;

(iv) Loans to private industry (net of repayments);

(v) Loans to overseas residents (net of repayments); and

(vi) Hire purchase debt.

Also included is the difference between accruals of interest charges on bank advances (the basis on which these items are entered in the national income accounts) and the corresponding cash payments.

Certain transactions which arise from the reorganisation of the British Transport Commission appear in the table on Sources and uses of capital funds for the first quarter of 1963. The treatment is shown below:

£ million

	Total	Transfer of liability for Transport Stock	Transfer of capital redemption funds	Write-off of B.T.C. debt to central government
Sources of funds:				
Capital transfers (net receipts	488	—	—	488
Loans from central government	901	1,444	−55	−488
Stock issues *less* stock redeemed	−1,444	−1,444	—	—
Total	−55	—	−55	—
Uses of funds:				
Miscellaneous financial assets	−55	—	−55*	—

* of which £42 million is British government securities.

The figures for 1965 are affected by the write off of £415 million of debt of the National Coal Board in the first quarter, and by £110 million of debt of the British Overseas Airways Corporation in the second quarter.

V. BANKING

United Kingdom banking sector

The banking sector comprises the domestic banks, overseas banks, accepting houses and discount market. The figures relate to the United Kingdom offices of the banking sector. They exclude transactions within the banking sector and, therefore, are not comparable with those shown in other tables in *Financial Statistics*.

Domestic banks

These comprise the London clearing banks, the Scottish banks, the Northern Ireland banks (United Kingdom offices only), the Bank of England, Banking Department and certain other banks whose business in the United Kingdom is mainly concerned with domestic banking (C. Hoare & Co., Isle of Man Bank Ltd., Lewis's Bank Ltd., Royal Bank of Ireland Ltd., Yorkshire Bank Ltd.), and the banking departments of the Co-operative Wholesale Society Ltd., and the Scottish Co-operative Wholesale Society Ltd.

Accepting houses and overseas banks

Sterling investments (other than government securities) and foreign currency assets (other than advances), which in the detailed tables relating to accepting houses and overseas banks are combined under 'other assets' have been allocated to the appropriate headings such as notes and coin, bills discounted, etc.

Current and deposit accounts

Current and deposit accounts (other than those held for United Kingdom banks and discount houses) including net liabilities to offices abroad and deposits and advances from banks abroad. Banks' own internal funds are excluded. No adjustment is made for collections and items in transit. Deposits at the Bank of England, Banking Department (other than bankers' deposits and balances of the Exchequer and Paymaster General) and funds borrowed by the discount market from outside the banking sector are also included.

Net deposits

Current and deposit accounts (other than those held for United Kingdom banks and discount houses) and credits in course of transmission, *less* cheques in course of collection and items in transit between offices of the same bank. They overstate the banks' true deposit liability to the public in that they contain items which have been debited to customers' accounts but where the corresponding credits are in suspense or in course of transmission and will ultimately be credited to overdrawn accounts. On the other hand, they understate the banks' liability by items which have been credited to customers' accounts but where the corresponding debit items are in the course of collection or in transit and will be ultimately debited to overdrawn accounts.

Bank advances

Advances (including overdrafts and loans) before providing for bad and doubtful debts. They exclude transactions within the banking sector.

Sectors

The sectors into which gross deposits and advances are analysed are as defined in the national income accounts except that public corporations here exclude the Bank of England, Banking Department. The company sector in national income accounts covers all corporate bodies other than public corporations and includes banks and other financial institutions. Financial institutions comprise insurance companies, hire purchase finance companies, building societies, the special investment departments of trustee savings banks, superannuation funds, investment trusts, unit trusts and certain special finance agencies.

Analysis of bank advances

The figures of bank advances analysed by type of borrower which are given in this table relate to all advances made by member banks of the British Bankers' Association through offices located within Great Britain, irrespective of the borrower's country of residence.

The fifty-five current members of the British Bankers' Association comprise the London clearing banks, the Scottish banks, the Northern Ireland banks, together with The Royal Bank of Ireland Limited, the members of the British Overseas and Commonwealth Banks Association (except the Bank of Ceylon, British and French Bank Ltd.), Ghana Commercial Bank and The National Bank of Nigeria Ltd., and three other banks (C. Hoare and Co., Isle of Man Bank Limited, Yorkshire Bank Limited).

The figures for the London clearing banks, and since November 1960, for the Scottish banks, relate mainly to the third Wednesday in the month; those for other member banks (and, before November 1960, for the Scottish banks) relate to various dates, mostly about the middle of the month. The definition of 'advances' excludes bills discounted and foreign bills negotiated or bought and also 'impersonal' or 'internal' accounts.

Except for the 'personal' advances included in the 'Personal and professional' category, the classification is based on the business of the borrower and no account is taken of the object of the advance or the nature of the security held.

The classification adopted differs in several respects from the *Standard Industrial Classification* (H.M.S.O., 1958). In particular, (*a*) brokers, merchants, agents, wholesalers, importers, exporters, etc., who specialise in a particular class of commodity, are classified under the same heading as the producers of

that commodity, and (*b*) transport undertakings and public utilities owned by local authorities are classified as 'Local government authorities' rather than as 'Transport' or 'public utilities'.

The following notes give particulars of some of the headings:

Iron and steel and allied trades

Includes railway rolling stock (other than locomotives), bridge and constructional ironwork, tools (other than machine tools), nuts, bolts, rivets, etc., hardware, hollow-ware and metal smallware.

Engineering, etc.

Includes locomotives, motor vehicles, cycles and aircraft, machine tools, electrical engineering, wireless apparatus, cutlery, jewellery, clocks and watches, and abrasives, but excludes marine engineering.

Other textiles

Includes clothing (except footwear).

Leather and rubber

Includes footwear.

Food, drink and tobacco

Includes oil seed crushing and refining, etc.

Building materials

Includes cement, refractory fire-clay, bricks, tiles, glazed fire-clay and earthenware, sanitary pipes, asbestos cement and saw-milling.

Public utilities (other than transport)

Electricity, gas and water supply undertakings.

Transport and communications

Includes road, rail, air and inland water transport, docks, wireless and cable services.

Shipping and shipbuilding

Includes shipowners as well as shipbuilding and marine engineering.

Retail trade

Includes hotels, restaurants, etc. and motor garages.

Unclassifiable industry and trade

Includes glass and glass bottles, china and earthenware, paper, printing and publishing, furniture and other woodworking, laundries, etc., together with all minor industries and trades not appropriate to other headings.

Other financial

Includes banking, insurance, building societies, investment trusts, moneylenders and bookmakers.

Personal and professional

Includes executor and trust accounts.

Seasonally adjusted series

The series are obtained using seasonal variations as calculated by computer using a modification of Census method II. Some details of the methods used and on the limitations of the results are given in the *Bank of England Quarterly Bulletins* for June and September 1963. The estimates are subject to revision as later data become available.

Bank of England

Issue Department

Government debt (£11 million) is included in government securities. Issue Department assets excluded from the table (other securities, gold coin and bullion, and coin other than gold coin) were all small in the periods shown.

Banking Department

The only liabilities not shown are Capital (constant at £14·6 million) and Rest (which has fluctuated between £3·1 million and £4·0 million in the periods shown).

Public deposits

All government balances held at the Bank, including the accounts of H.M. Exchequer and H.M. Paymaster General, Savings Banks and Dividend Accounts, those of the National Debt Commissioners and those connected with tax collection and various government funds.

Special deposits

Deposits called, under the Special Deposits Scheme announced in July 1958, from the London clearing banks and the Scottish banks and not at their free disposal. The first call was made in April 1960. Amounts were calculated as percentages of the latest available monthly total deposits of each bank (excluding for the London clearing banks deposits with branches outside Great Britain).

Interest was paid on Special deposits at a rate adjusted weekly to the nearest $\frac{1}{16}$ per cent. per annum to the average rate for Treasury bills issued at the latest weekly tender.

Bankers' deposits

Include the balances, held at the Bank, of the London clearing banks, Scottish banks, the offices in the United Kingdom of other deposit banks (apart from overseas central banks), accepting houses and discount market. Balances of overseas central banks are included in Other accounts.

Other accounts

These also include balances held at the Bank by the Crown Agents for Oversea Governments and Administrations, and the dividend accounts of stocks managed by the Bank other than the direct obligations of the British government.

Discount market

The discount houses included in the table are those institutions which belong to the London Discount Market Association, currently Alexanders Discount Co. Ltd., Allen, Harvey & Ross Ltd., Cater Ryder & Co. Ltd., Clive Discount Co. Ltd., Gerrard & Reid Ltd., Gillett Bros. Discount Co. Ltd., Jessel, Toynbee & Co. Ltd., King & Shaxson Ltd., National Discount Co. Ltd., Seccombe Marshall & Campion Ltd., Smith, St. Aubyn & Co. Ltd., and The Union Discount Co. of London Ltd.

Assets

Other Bills

Mostly commercial bills drawn on banks and firms resident in the United Kingdom and on the London offices of overseas banks. The maximum maturity is not ordinarily longer than six months.

Treasury bills of the Northern Ireland government are included.

British government securities

These are given at nominal value and are mostly with redemption dates of under five years to the final date of maturity.

Other assets

Including a small amount of cash in hand and at banks.

Borrowed funds

Very short-term interest-bearing loans, mainly from United Kingdom and overseas banks. 'Other domestic banks' comprise the United Kingdom offices of the Northern Ireland banks and of certain other banks whose business is mainly in the United Kingdom: C. Hoare & Co., Isle of Man Bank Ltd., Lewis's Bank Ltd., Royal Bank of Ireland Ltd., Yorkshire Bank Ltd., and the banking departments of the Co-operative Wholesale Society Ltd. and the Scottish Co-operative Wholesale Society Ltd. 'Overseas banks and accepting houses', until March 1963, comprised banks whose main business was conducted outside the British Isles; from June 1963 they comprise accepting houses and overseas banks: United Kingdom offices as listed below.

London clearing banks

The London clearing banks are the eleven banks (Barclays Bank Ltd., Coutts & Co., District Bank Ltd., Glyn, Mills & Co., Lloyds Bank Ltd., Martins Bank Ltd., Midland Bank Ltd., The National Bank Ltd., National Provincial Bank Ltd., Westminster Bank Ltd., and Williams Deacon's Bank Ltd.) forming the membership of the London Bankers' Clearing House. They are the principal commercial banks operating in England and Wales.

Seasonally adjusted net deposits and advances

The method used to obtain seasonally adjusted series is described in the *Bank of England Quarterly Bulletin* for March 1966. The estimates are subject to revision as later data become available.

Deposits

Balances on current accounts may be withdrawn or transferred on demand, usually by cheque.

Deposit accounts are not ordinarily operated upon by cheque; balances are subject to agreed notice of withdrawal (seven days' notice since January 1955).

Other accounts cover such items as credits in course of transmission, contingency reserves and various other internal funds and accounts of the banks themselves.

Total liquid assets

Comprises coin, notes and balances with Bank of England, etc.; money at call and short notice; bills discounted. Excludes special deposits with Bank of England.

The ratio of Total liquid assets to Deposits (the liquidity ratio) is the conventional measure of the London clearing banks' liquidity. It does not take account of the extent to which they hold other assets of comparable liquidity, or of the terms on which the deposits are held.

Special deposits with Bank of England

The amounts of special deposits are calculated as percentages of the latest available monthly total deposits of each bank (excluding for certain banks deposits with branches outside England and Wales).

See note under Bank of England.

Investments

These are given at book value.

British government securities normally have definite and relatively early redemption dates.

Other investments include securities issued by local authorities, by Commonwealth governments (other than British government) and by public companies. Investments in affiliated banks and subsidiary companies as shown by the respective balance sheets are not included here.

Advances to customers and other accounts

These include both loans and overdrafts, whether secured (by Stock Exchange securities, title-deeds, life assurance policies, etc.) or unsecured, to public bodies, business undertakings and private borrowers.

The figures of advances to nationalised industries are obtained from the industries themselves and published by H.M. Treasury. The nationalised industries comprise those portions of the coal, transport, airways, gas and electricity industries which are in public ownership and to which bank advances may be made under Treasury guarantee.

Coin, notes and balances with the Bank of England, etc.

The cash holdings of the banks.

Money at call and short notice

Money at call, etc. to the money market comprises all loans to members of the London Discount Market Association for carrying bills of exchange, Treasury bills and other short-term government securities.

Other money at call, etc. includes loans, for periods not exceeding one month, to members of the Stock Exchange, on the security of readily marketable stocks and shares; to bullion brokers; and to money markets in other centres. It also includes balances, in sterling and in specified foreign currencies, with other banks both in the United Kingdom and overseas.

Bills discounted

These are normally held until maturity, and ordinarily the maximum maturity is slightly under three months.

Treasury bills are those issued by the United Kingdom government.

Other United Kingdom bills are commercial bills drawn on United Kingdom residents.

Other bills include Treasury bills of Commonwealth (other than United Kingdom) and foreign governments.

That part of medium-term export credits covered by E.C.G.D. guarantee and re-financeable by the Bank of England, is excluded from Advances to customers and other accounts and included in Bills discounted.

Scottish banks

The Scottish banks are the five banks (Bank of Scotland, The British Linen Bank, Clydesdale Bank Ltd., National Commercial Bank of Scotland Ltd., and The Royal Bank of Scotland) represented on the Committee of Scottish Bank General Managers. They transact virtually all the commercial banking business in Scotland, where they maintain a clearing system; they also have offices in London and a few in the northern counties of England.

The table continues the series published in the *Memoranda of Evidence* submitted to the Committee on the Working of the Monetary System (Volume 2, Statistical Appendix, Table 3).

Deposits

Balances on current accounts may be withdrawn or transferred on demand usually by cheque.

Deposit accounts, which include deposit receipts, are not operated upon by cheque but are repayable on demand. Interest is paid on deposit receipts if lodged for at least 30 days and on the minimum monthly balance in deposit accounts.

Other accounts are such items as credits in course of transmission, contingency reserves and various other internal funds and accounts of the banks themselves.

Notes outstanding

By virtue of the Bank Notes (Scotland) Act, 1845, as amended by the Currency and Bank Notes Act, 1928, and the Coinage Act, 1946, each of the Scottish banks

has the right to issue notes. A small part of this issue, approximately £2·7 million for all banks together, is authorised by the governing Acts, the remainder being covered by Bank of England notes and coin.

Total liquid assets

Comprises coin, notes and balances with Bank of England (excluding special deposits); balances with other banks, etc.; money at call and short notice; bills discounted.

Special deposits with Bank of England

The amounts of special deposits were calculated as percentages of the latest available monthly total deposits of each bank. See note under Bank of England.

Investments

Other investments include securities issued by local authorities, by Commonwealth governments and by public companies. Investments in affiliated banks and subsidiary companies are not included here.

Advances and other accounts

These include both loans and overdrafts whether secured (by Stock Exchange securities, heritable property, life assurance policies, etc.) or unsecured, to public bodies, business undertakings and private borrowers.

The figures of advances to nationalised industries are obtained from the industries themselves and published by H.M. Treasury. The nationalised industries comprise those portions of the coal, transport, airways, gas and electricity industries which are in public ownership and to which bank advances may be made under Treasury guarantee.

Coin, notes and balances with Bank of England

Includes the banks' holdings of each other's notes (but not of a bank's own notes) and Bank of England notes and coin maintained as cover for their note issues in excess of the 'authorised' circulation.

Balances with other banks, etc.

Balances with, and cheques in course of collection on, other banks in the United Kingdom and, before October 1961, the Republic of Ireland.

Money at call and short notice

Money at call, etc. comprises all loans to members of the London Discount Market Association for carrying bills of exchange, Treasury bills and other short-term government securities. It also includes loans, for periods not exceeding one month, to members of the Stock Exchange, on the security of readily marketable stocks and shares, and to bullion brokers; and balances, in sterling and in specified foreign currencies, with other banks both in the United Kingdom and overseas.

Bills discounted

These are normally held until maturity.

Treasury bills are those issued by the United Kingdom government.

Other bills include commercial bills drawn on United Kingdom and overseas residents and Treasury bills of Commonwealth (other than United Kingdom) and foreign governments. They also include that part of medium-term export credits covered by E.C.G.D. guarantee which are re-financeable by the Bank of England.

Northern Ireland banks

The table covers the following seven banks: Bank of Ireland, Belfast Banking Co. Ltd., The Hibernian Bank Ltd., The Munster and Leinster Bank Ltd., Northern Bank Ltd., Provincial Bank of Ireland Ltd. and Ulster Bank Ltd. These banks, together with The National Bank Ltd. (which is also a London clearing bank and is therefore excluded from the table) form the Northern Ireland

Bankers' Association. The Association's members are the only commercial banks operating in Northern Ireland; all but the Belfast Banking Co. Ltd. have offices in the Irish Republic, and the Provincial Bank of Ireland Ltd. has an office in London.

Before March 1963 the figures of certain assets (Balances with Bank of England, Money at call and short notice, Treasury bills and Investments) represented a proportion of the banks' total holdings of such assets equal to the proportion of their total current and deposit accounts which was held at each date by offices in Northern Ireland. From 16 April 1963 the series has been revised, to include the assets held by U.K. offices only.

Notes outstanding

By virtue of the Bankers (Northern Ireland) Acts, 1845 and 1928, as amended by the Currency and Bank Notes Act, 1928, and the Coinage Act, 1946, six banks (Bank of Ireland, Belfast Banking Co. Ltd., Northern Bank Ltd., Provincial Bank of Ireland Ltd., Ulster Bank Ltd., and The National Bank Ltd.) have the right to issue notes. Part of this issue, approximately £2 million for all banks together, is authorised by the governing Acts, the remainder being covered by Bank of England notes and coin. Before April 1963 notes issued by The National Bank (see above) are included in the table; thereafter they are excluded.

Deposits

Balances on current accounts may be withdrawn or transferred on demand, usually by cheque.

Deposit accounts are not operated upon by cheque and are subject to agreed notice of withdrawal.

Other accounts cover such items as credits in course of transmission, contingency reserves and various other internal funds and accounts of the banks themselves.

Coin, notes and balances with Bank of England

Includes the bank's holdings of each other's notes (but not of a bank's own notes) and Bank of England notes and coin set aside as cover for their note issues.

Balances with other banks, etc.

Balances with, and cheques in course of collection on, other banks in the United Kingdom. Before April 1963 the figures included some balances outside the United Kingdom.

Items in transit

This item arises from transfer arrangements between offices of the same bank. Before April 1963 some items in transit between banks were also included.

Money at call and short notice

This consists of very short-term loans, primarily to members of the London Discount Market Association for carrying bills of exchange, Treasury bills and other short-term government securities.

Bills discounted

These are normally held until maturity, and ordinarily the maximum maturity is something under three months. British government Treasury bills are those issued by the government. Other bills include Treasury bills of the Northern Ireland government and commercial bills drawn on United Kingdom and overseas residents.

Investments

These are given at book value. The division of investments held by U.K. offices between British government securities and other securities is not available

before April 1963. Total holdings of British government securities by all offices of the Northern Ireland banks, both in Northern Ireland and in the Irish Republic, are shown in earlier issues of *Financial Statistics*.

Advances and other accounts

These include both loans and overdrafts, whether secured (by Stock Exchange securities, title-deeds, life assurance policies, etc.) or unsecured, to public bodies, business undertakings and private borrowers.

Accepting houses and overseas banks in the United Kingdom

The tables continue those first published in the *Memoranda of Evidence* submitted to the Committee on the Working of the Monetary System, Vol. 2, Statistical Appendix, Tables 6–9. From September 1962 the series has been extensively revised and comparable figures have been obtained from some other banks.

A list of the individual banks covered by the figures up to 1958 appears in the Radcliffe Committee's *Memoranda of Evidence*, Vol. 2, page 200; subsequent figures cover the members at each of the reporting dates shown. Current lists of members of the various groups are given below.

The figures cover the business of all offices of these banks within the United Kingdom. The definitions used, and the changes in definition from September 1962, are described below: fuller details are given in the *Bank of England Quarterly Bulletin* for December 1962.

Overseas residents

These comprise:

(i) all banking offices located outside the United Kingdom, irrespective of the location of the registered (or head) offices; and

(ii) governments, companies, persons, etc., whose registered address or permanent domicile is outside the United Kingdom.

Current and deposit accounts

Bank customers' funds whether transferable or withdrawable on demand (current accounts), or lodged for a definite period or subject to agreed notice of withdrawal (deposit accounts). Sterling equivalents of foreign currency deposits are included. An important point of difference, from September 1962, is that from this date the figures include, in addition to the banks' deposit liabilities, their liabilities on loans and advances (including money at call and short notice) received from other U.K. banks, and their net liabilities on internal accounts to their offices, or to their head office, overseas.

Balances with other United Kingdom banks

From September 1962 the figures include all balances, in sterling and in foreign currency, with other U.K. banks, together with loans and advances to these banks (including any money lent at call or short notice), some of which may previously have been excluded. U.K. banks are defined as banking offices situated within the United Kingdom of members of the groups of banks covered by these tables, of the British Bankers' Association, and of certain other banks carrying on a similar business. (For full details see the *Bank of England Quarterly Bulletin* for December 1962.)

Money at call and short notice

The term 'money market' is confined, from September 1962, to the members (at present twelve) of the London Discount Market Association. Other money at call, and at short notice (up to one month), is shown separately, and is defined as follows:

Loans to jobbers and stockbrokers, including those from Account to Account, to money brokers on the Stock Exchange, to bill brokers and similar money market institutions which are not members of the London Discount Market

Association, and to bullion brokers. The banks' own holdings of tax reserve certificates are also included.

Money lent at call and short notice to U.K. banks is excluded from this heading and included under 'Balances with other U.K. banks'.

Loans to U.K. local authorities

This column includes all deposits with, and loans and advances made to, U.K. local authorities, but it excludes any money which might be placed by the banks with local authorities where the banks were acting solely as agents and had no corresponding deposit liabilities.

British government securities

The figures are given at book value or cost.

Advances and other accounts

Before September 1962 these comprised amounts outstanding on loan and overdrawn accounts, the banks' foreign currency balances with banks and financial institutions overseas (the coverage of which may not have been complete) and the 'other accounts' of the banks themselves. From September 1962 the figures are shown without deduction of provisions for bad and doubtful debts and excluding the 'other accounts': they also exclude advances to other U.K. banks and to U.K. local authorities.

Other assets

Before September 1962 these comprised sterling securities, other than British government securities (excluding trade investments and investments in affiliated banks and subsidiary companies). From September 1962, the figures include trade investments but exclude all investments in other U.K. banks or in other affiliated and subsidiary banks; also included since September 1962 are foreign currency assets not included elsewhere, such as investments and discounted bills denominated in currencies other than sterling.

Accepting houses

Comprises the sixteen current members of the Accepting Houses Committee, namely:

Arbuthnot Latham & Co. Ltd., Baring Brothers & Co. Ltd., Wm. Brandt's Sons & Co. Ltd., Brown, Shipley & Co. Ltd., Charterhouse Japhet and Thomasson Ltd., Antony Gibbs & Sons Ltd., Guinness Mahon & Co. Ltd., Hambros Bank Ltd., Hill, Samuel & Co. Ltd., Kleinwort, Benson Ltd., Lazard Brothers & Co. Ltd., Samuel Montagu & Co. Ltd., Morgan Grenfell & Co. Ltd., N. M. Rothschild & Sons, J. Henry Schroder, Wagg & Co. Ltd., S. G. Warburg & Co. Ltd. (incorporating Seligman Brothers).

British overseas and Commonwealth banks

Comprises the thirty-three current members of the British Overseas and Commonwealth Banks Association, namely:

Australia and New Zealand Bank Ltd., The Bank of Adelaide, Bank of Ceylon, The Bank of India Ltd., Bank of London and South America Ltd., Bank of Montreal, Bank of New South Wales, Bank of New Zealand, The Bank of Nova Scotia, Bank of West Africa Ltd., Barclays Bank D.C.O., The British Bank of the Middle East, Canadian Imperial Bank of Commerce, The Chartered Bank, The Commercial Bank of Australia Ltd., The Commercial Banking Company of Sydney Ltd., Commonwealth Trading Bank of Australia, The Eastern Bank Ltd., The English, Scottish and Australian Bank Ltd., Ghana Commercial Bank, The Hong Kong and Shanghai Banking Corporation, Lloyds Bank (Europe) Ltd., Mercantile Bank Ltd., National and Grindlays Bank Ltd., The National Bank of Australasia Ltd., The National Bank of New Zealand Ltd., The National Bank of Nigeria Ltd., The Royal Bank of Canada, The Standard Bank Ltd., State Bank of India, The Toronto-Dominion Bank, United Bank Ltd.,* Westminster Foreign Bank Ltd.*

* From 31 December 1965 previously included in Other overseas banks.

American banks

Currently comprises thirteen American banks in London, namely:

The American Express Company, Inc., Bank of America National Trust and Savings Association, Bankers Trust Company, The Chase Manhattan Bank, Chemical Bank New York Trust Company, Continental Illinois National Bank and Trust Company of Chicago, First National Bank of Boston, First National Bank of Chicago, First National City Bank, Irving Trust Co., Manufacturers Hanover Trust Company, Marine Midland Grace Trust Company of New York, Morgan Guaranty Trust Company of New York.

Foreign banks and affiliates

Comprises the twenty-one current members of the Foreign Banks and Affiliates Association, namely:

Anglo-Israel Bank Ltd., Anglo-Portuguese Bank Ltd., Banco de Bilbao, Banco Español en Londres S.A., Bank of China, Banque Belge Ltd., Banque Belgo-Congolaise S.A., Banque de l'Indochine, Banque de Paris et des Pays-Bas Ltd. (from 31 March 1965)†, Banque Belge-Italo, British and Continental Banking Company Ltd., British and French Bank Ltd.,* Comptoir National d'Escompte de Paris S.A., Credit Industriel et Commercial, Crédit Lyonnais, National Bank of Greece, Netherlands Bank of South Africa Ltd., Société Centrale de Banque, Société Générale, Swiss Bank Corporation, Živnostenská Banka National Corporation.

Other overseas banks

Currently comprises the Ottoman Bank; ten Japanese banks, namely: Bank of Tokyo Ltd., Dai-Ichi Bank Ltd., Daiwa Bank Ltd., Fuji Bank Ltd., Mitsubishi Bank Ltd., Mitsui Bank Ltd., Nippon Kangyo Bank Ltd., Sanwa Bank Ltd., Sumitomo Bank Ltd., Tokai Bank Ltd.; and thirty other banks, namely: Afghan National Bank Ltd., African Continental Bank Ltd., Bangkok Bank Ltd., The Bank of Baroda Ltd., Bank of Cyprus (London) Ltd., Bank Saderat Iran, Central Bank of India Ltd., Commercial Bank of the Near East Ltd., French Bank of Southern Africa Ltd., Habib Bank (Overseas) Ltd., International Credit Bank Geneva, Intra Bank, S.A., Ionian Bank Ltd., Israel-British Bank Ltd., Leopold Joseph & Sons Ltd., Malayan Banking Ltd., Midland and International Banks Ltd., Moscow Narodny Bank Ltd., Muslim Commercial Bank Ltd., National Bank of Pakistan, Overseas Union Bank Ltd., Rafidain Bank Ltd., Ralli Brothers (Bankers) Ltd., Rea Brothers Ltd., E. D. Sassoon Banking Co. Ltd., Singer and Friedlander Ltd., Swiss-Israel Trade Bank, Trade Development Bank, Ullmann & Co. Ltd., The United Commercial Bank Ltd.

Money supply

Any definition of the money supply is arbitrary. In the table, money supply covers (*a*) notes and coin held by United Kingdom residents other than banks, and (*b*) net deposits by United Kingdom residents with the institutions classified to the banking sector. The figures for deposits relate to both sterling and non-sterling deposits on deposit and current accounts, after deducting items in transit, etc., and inter-bank deposits.

A *supplementary table* included in the April 1966 issue gives figures of money supply in each of the years 1952–1965. Because complete information for the banking sector is not available before 1963, the figures are on a different basis from those given in the regular table. In particular, they exclude deposits with the discount market and the figures for net deposits with domestic banks include deposits held by non-residents.

Currency circulation

The series showing the estimated circulation of notes and coin with the public relates to the total note issues of the Bank of England, the Scottish banks and Northern Ireland banks, *plus* the estimated total of United Kingdom silver,

* From 31 December 1965 previously included in Other overseas banks.
† Before 31 March 1965 included in Other overseas banks.

cupro-nickel, bronze and nickel-brass coin in circulation (excluding coin in the Bank of England, Issue Department), *less* notes and coin held by the Bank of England (Banking Department), by the Scottish and Northern Ireland banks (as published in the London and Belfast Gazettes) and by the London clearing banks.

Bank clearings

Debit clearing

The clearings reported by the London Bankers' Clearing House represent the total of bankers' effects (cheques, drafts, bills, interest warrants, etc.) passed through the clearing house for collection from the banks. They exclude cheques, bills, etc. drawn on and paid into offices of the same bank.

The figures are published under two regions: (*a*) Town, restricted to cheques bills, etc. paid into and drawn on Town Clearing Offices in the City of London, and (*b*) General, which covers cheques, bills, etc. drawn on Offices in the rest of England and Wales (apart from those passed through the Provincial and other purely local clearings) and includes those drawn on but not paid into Town Clearing Offices.

Provincial clearings represent, with certain minor exceptions, cheques, bills, etc. paid into and drawn on selected branches in the following twelve towns:

Birmingham, Bradford, Bristol, Hull, Leeds, Leicester, Liverpool, Manchester, Newcastle-upon-Tyne, Nottingham, Sheffield and Southampton.

Credit clearing

A credit clearing, similar to the debit clearing (see above), was instituted at the London Bankers' Clearing House in April 1960, to cover, in the first instance, payment by traders' credit (including salary and pension payments effected through the traders' credit machinery) and standing order payments. In October 1960, the scheme was extended to include credits paid in over the counter by customers for transmission to accounts at other banks. In March 1961, a further stage was introduced enabling credits to be paid in at any clearing bank by a member of the public (whether having a banking account or not) for transmission to a banking account anywhere in the United Kingdom; for certain organisations this stage was delayed until October 1961.

The figures exclude credit transfers between offices of the same bank.

VI. OTHER FINANCIAL INSTITUTIONS

Summary of other financial institutions

The institutions covered by this table are hire purchase finance companies, building societies, special investment departments of trustee savings banks and certain other deposit seeking institutions: insurance companies, superannuation funds, unit trusts, investment trusts quoted on United Kingdom stock exchanges and certain special finance agencies such as the Industrial and Commercial Finance Corporation. The summary shows the sources and uses of the capital funds of these institutions. As far as possible, transactions between the constituent institutions are excluded.

Building societies

The figures for shares and deposits exclude government loans. The figures for other liabilities (other, that is, than shares and deposits and specific and general reserves) include interest accrued but not paid, government loans, bank loans and sundry creditors.

From January 1965 the statistics are based on returns from a sample of about 100 societies, with assets amounting to about 85 per cent. of total building society assets; almost all societies with assets exceeding £10 million are included, together with about one in three of societies with assets less than £10 million but exceeding £5 million, about one in six of societies with assets less than £5 million but exceeding £1 million, and about one in sixty of societies with assets less than £1 million.

The pre-1965 statistics are based on annual and quarterly samples smaller than the sample now used, together with the annual statistics of the Registrar of Friendly Societies based on the annual statutory returns made to the Registrar of all building societies.

Hire purchase finance companies

The figures, which are partly estimated, relate to the same hire purchase finance companies as are in the table on Hire purchase and other instalment credit.

In the assets and liabilities table, the item Hire purchase, credit sale and other instalment credit outstanding relates to agreements entered into directly by finance companies *plus* amounts owed on agreements discounted with them by retailers. The figures in the Hire purchase and other instalment credit table, on the other hand, relate only to the amount owed on direct agreements with the finance companies.

The figures are not presented as an aggregate balance sheet of the finance companies; for instance, some fixed assets such as buildings and office equipment are omitted. Before December 1962, although the amount of hire purchase, credit sale and other instalment credit outstanding included unearned finance charges (the 'service charge' element which will accrue to the finance companies from future repayments under hire-purchase contracts), the counterpart of these finance charges was not provided for amongst the liabilities. However, from December 1962, unearned finance charges have been included in the liabilities.

Also from December 1962, loans on inter-company account have been excluded from the figures in order to give a truer picture of loans made in the ordinary way of business and to prevent the figures from being affected by these 'institutional' arrangements.

Hire purchase and other instalment credit

Instalment credit

The figures relate mainly to hire purchase agreements but include other forms of instalment credit, for example, credit sale agreements and personal loans repayable by instalments. Sales against credit club vouchers issued by retail co-operative societies and sales against credit checks, issued by check-issuing companies and exchanged in shops, are not included. Sales on non-instalment credit terms, such as against monthly charge accounts, are also not included.

Goods covered

Hire purchase and other instalment credit sales of durable goods are nearly all financed by durable goods shops and finance houses.

Durable goods shops (covering sales of furniture, carpets, soft furnishings, radio and television sets, cookers, refrigerators, washing machines and other domestic electrical goods, pedal cycles and perambulators) directly finance most of their instalment credit sales, the balance being directly financed by finance houses. The durable goods shops category corresponds with that distinguished in the statistics of retail trade. Department stores are excluded.

Finance houses also directly finance nearly all credit sales of motor vehicles and caravans together with a substantial amount of farm, industrial and commercial equipment and other non-household goods.

Debt

Estimates relate to the balance of instalments to be paid. Some of the debt owing directly to shops is discounted with finance houses but this discounted debt is included in the figures for shops. The figures for finance houses comprise only the debt on agreements entered into by them directly with users of goods, and exclude debt on their other financing activities (discounting of retailers' agreements, financing of dealers' stocks, etc.).

New business

Hire purchase and other instalment credit sales of shops are valued at the credit price of the goods (that is, including deposits and, where the credit is provided by the shop, credit charges). Figures relate to all the instalment credit sales of shops whether financed by the shops or by finance houses, in contrast to figures of debt to shops which relate only to that part which is directly financed by the shops. Figures of new business of shops therefore duplicate to some extent the figures of new business of finance houses.

New credit extended by finance houses is the credit price of the goods *less* deposits but including charges. As with their figures of debt, figures relate only to agreement entered into by finance houses with users of goods.

Sources of the figures

The value of credit sales by durable goods shops (£303 million) in 1961 was derived from the census of distribution. The index numbers are projections of this figure calculated by means of monthly returns from a sample of durable goods shops comprising showrooms of gas and electricity boards, co-operative societies and a panel of retailers, multiple and independent.

The index numbers of new credit extended by finance houses are related to the 1961 averages. Index numbers compiled on the 1957 base have been scaled down so that they are now related to 1961 = 100 by applying a factor obtained by dividing the 1957 average index by the average monthly figures for 1961. The relative importance of the various types of goods included remain as established in the comprehensive census of finance houses which was carried out in respect of 1957. On this basis the value of new credit extended by finance houses in 1961 is estimated at £574 million. As in the case of the durable goods shops, the index numbers are projections of figures calculated by means of monthly returns from a sample of finance houses—all the largest and a selection of the smaller ones.

The totals of debt outstanding are projections of the end-1961 figures, £289 million for durable goods shops, £27 million for department stores, £107 million for other instalment credit retailers and £618 million for finance houses. Statistics are published in greater detail each month in the *Board of Trade Journal.*

Quarterly series

The method used in deriving this series differs slightly from that described in the September 1961 issue of *Economic Trends*. The figures for new credit extended by finance houses now include household goods whereas formerly they were excluded. The estimates of new credit extended by shops now relate only to goods which the shops finance.

Unit trusts

The returns cover all unit trusts authorised by the Board of Trade under the Prevention of Fraud (Investments) Act, 1958. They are collected in the main through the Association of Unit Trust Managers but include also the returns of trusts whose managers are not members of the Association.

Investment trusts

Returns are made by members of the Association of Investment Trusts and other companies listed as investment trusts by the London Stock Exchange.

Net current assets exclude contingent assets and liabilities such as claims on, or sums due to, the Inland Revenue or the accrued liability for loan interest. They include (in Other short-term assets or borrowing) sums due from, or to, stockbrokers on account of securities sold or purchased and still awaiting settlement.

Insurance companies

The figures cover all members of the British Insurance Association (B.I.A.) whose parent company is registered and whose head office is in the United Kingdom. The Commonwealth companies that are members of the B.I.A. were not approached. Figures for members of the Association of Collecting Friendly Societies are also included, an allowance being made for those smaller collecting friendly societies which are not members of the B.I.A.

The returns include assets held in respect of money remitted by overseas branches and subsidiaries but they exclude direct investment by a United Kingdom company in its overseas branches or subsidiaries as well as financial assets held by or on behalf of these branches, even if held in the United Kingdom.

Agents' balances, etc. consist of agents' balances, outstanding premiums, accrued interest, outstanding interest, dividends and rents and life interests and reversions. Inward treaty balances and amounts due from reinsurers are included when due by overseas companies as well as by companies in the United Kingdom. Marine department inward treaty balances are also included, but not amounts due from overseas agents. No deduction has been made for amounts due to reinsurance companies, outstanding claims and sundry creditors.

For further details see *Board of Trade Journal*, 2 July 1965 (page 18).

Superannuation funds: summary

The figures combine those given for the separate pension and superannuation funds of local authorities, public sector (excluding local authorities), and of the private sector. In addition, the summary includes an item not included in the component tables: net receipts by the central government from certain pension funds, such as those of the National Health Service, teachers, Forestry Commission, etc., which are considered to be loans to the parent organisation (central government). The pension funds of the Stationery Office and the Atomic Energy Commission are not included in this item.

Superannuation funds: public sector (excluding local authorities)

The figures are based on quarterly and annual returns received from those funds which are available for investment by their trustees. The main superannuation arrangements in the central government sector are excluded. The funds cover mainly employees currently employed in the nationalised industries but also include some pre-nationalisation funds and certain other funds (these are: British Council superannuation scheme, Commonwealth War Graves Commission superannuation scheme, Indian family pension funds and National Industrial Fuel Efficiency Service superannuation scheme).

Superannuation funds: local authorities

The figures of annual holdings are compiled from returns covering virtually all of the local authority superannuation funds in the United Kingdom. The quarterly figures are based on returns from a sample covering over 90 per cent. of the assets of these funds. Estimates are included for the non-reporting funds.

Superannuation funds: private sector

The figures are compiled from returns received by the Board of Trade from a sample of self-administered superannuation and pension funds of the private sector. They relate to holdings of, and transactions in, the assets of private sector funds, including those of companies (including funds of any subsidiary companies) and non-profit-making bodies, whose investment policy is managed from within the United Kingdom. Estimates are included for funds not included in the sample or which have not responded. Funds which operate primarily through insurance companies and funds of local authorities, public corporations or central government are not included.

All funds approached are asked to give their holdings of assets at end-year at current market values. For end-1962 about one-third and for end-1963 and end-1964 about one-half either gave figures for the accounting date nearest to end-year or valued their assets at cost or at book values.

The assets of the funds making returns to the Board of Trade are estimated to amount to about 80 per cent. of the assets of all private sector self-administered pension funds.

For further details see *Board of Trade Journal*, 9 July 1965 (page 83).

Trustee savings banks: special investment departments

The special investment departments are not included in the Exchequer group nor in the central government sector. Deposits received by the special investment departments are included in the figures of national savings by the personal sector, but are not included in the figures of receipts of national savings by the public sector. The figures are shown as part of the series provided by the National Savings Committee.

VII. COMPANIES

Appropriation account of companies

The estimates in this table refer to privately controlled corporate enterprises which are organised for making profits and which are resident in the United Kingdom. They cover registered public companies, private companies, co-operative societies and building societies. The area covered by the company sector has changed over time, because of nationalisation and denationalisation, the transfer of the residence of companies between this country and abroad, and because of the incorporation of unincorporated businesses.

Gross trading profits relate to profits before providing for depreciation and stock appreciation and before deduction of tax and interest payments. The estimates are based upon tax data and seek to measure the actual profits made during the period. There are three sources of information:

(i) tax assessment data;

(ii) special reports and forecasts of profits made to the Inland Revenue by companies above a certain size in advance of the submission of their full accounts; and

(iii) information about quarterly profits obtained from a sample of about 1,200 companies, whose profits amount to about one half of the total for all companies.

The estimates of quarterly profits from the sample are used to convert the profits figures from the other sources to a calendar-year basis.

Rent and non-trading income refers solely to income arising in the United Kingdom. It consists mainly of interest paid on public debt held by companies; interest accruing on hire purchase debt, building society mortgages and on bank advances made to the personal and public sectors; and rent received by property companies from letting land and buildings. Income from investments in other companies is excluded.

Income from abroad is calculated after deduction of depreciation but before payment of taxes. Company income from abroad consists of income on portfolio investment abroad and on direct investment. Income on direct investment includes the earnings (whether remitted to United Kingdom or not) of non-resident branches; the dividends and parent companies' share of undistributed income of non-resident subsidiaries; and interest on loans by United Kingdom parent companies to these branches and subsidiaries. From 1963, the income of United Kingdom insurance companies from their overseas branches and subsidiaries is included in direct investment income.

Dividends on preference and ordinary shares are the dividends paid out in the period reckoned before deduction of income tax. Payments to other companies are excluded. Dividends paid by United Kingdom subsidiaries to their overseas parent companies are also excluded, since these are included in profits due abroad and taxes paid abroad.

Other dividend and interest payments consists largely of debenture interest and interest accruing on bank and building society deposits. Also included in this item are companies' current transfers to charities.

Profits due abroad and taxes paid abroad include the whole of the profits of United Kingdom subsidiaries—whether distributed or not—accruing to non-resident parent companies. Profits are reckoned after deducting depreciation.

Included with these United Kingdom branches and subsidiaries are those of non-resident oil companies.

Payments of United Kingdom taxes on income consist of payments of income tax and profits tax by companies to the Inland Revenue *less* the amounts companies deducted from their payments of dividends and interest. As a result of the Finance Act, 1965, companies paid income tax and profits tax for the last time on the profits and non-trading income assessed to income tax in the financial year 1965-66. On their income assessed in later years, they will pay corporation tax and also income tax on their distributed income.

Undistributed income is the balancing item in the table and comprises company saving before providing for depreciation, stock appreciation, and additions to tax and dividend reserves.

Sources and uses of capital funds of industrial and commercial companies

Industrial and commercial companies are defined as in the financial accounts, they relate to all companies other than those classified as banks and other financial institutions. This table brings together, in summary form, the various series which are set out in full in the capital and financial transactions accounts of industrial and commercial companies.

Liquid assets comprise notes and coin, Treasury bills, tax reserve certificates, local authority bills and temporary money, deposits with banks, building societies and hire purchase finance companies, trade debt of public corporations (net) and also miscellaneous short-term home assets. The latter item is the difference between accruals of local authority rates, purchase tax and interest charges (that is, the basis upon which these items are entered in the national income accounts) and the corresponding cash payments.

Bank lending covers advances, commercial bills and money at call.

Cash expenditure on acquiring subsidiaries in the United Kingdom: these figures include a small allowance for cash purchases of unincorporated businesses as going concerns. The series is based largely on reports of bids and deals published in the press.

Overseas share and loan capital: the figures are taken from balance of payments statistics. They exclude expenditure by oil companies.

Other identified overseas assets: the figures cover both short and long-term assets, including the acquisition of overseas share and loan capital by oil companies.

Unidentified items (residual) is the balancing item in the table. This represents, to some extent, unrecorded acquisitions of stocks and shares (trade investments and marketable securities) and movements in trade credit. Any statistical errors in the appropriation and capital accounts of companies would also be reflected in this item.

Income and finance of quoted companies

The figures in these tables are derived from an analysis by the Board of Trade of the annual accounts of about 2,300 companies whose shares are quoted on a United Kingdom stock exchange.

The companies included are those with assets of £0·5 million or more, or income of £50,000 or more, who are mainly engaged in the United Kingdom in manufacturing, distribution, construction, transport and certain other services. Companies are not included whose main interests are in agriculture, shipping, insurance, banking, finance and property and those operating wholly or mainly overseas.

Wherever possible the analysis is based on the consolidated accounts of groups of companies, including the balance sheets and profit and loss accounts of subsidiary companies within each group. The statistics are not therefore confined to activities in the United Kingdom but include the activities of some subsidiaries operating overseas whose accounts are consolidated with those of the group.

The figures relate to a fixed population of quoted companies in 1964; thus, if companies within this population amalgamate, their place is taken by the new companies. Companies granted stock exchange quotations after 1964 are not included. The figures relate to companies' accounting years ending between 6 April of the year shown and 5 April of the following year.

These tables replace those showing appropriation of income, balance sheet summary and sources and used of capital funds published since December 1962, and reflect a revised system of analysing company accounts introduced at the end of 1964.

For details of the changes arising from the revisions see *Board of Trade Journal* for 11 February 1966.

VIII. CAPITAL ISSUES AND STOCK EXCHANGE TRANSACTIONS

Capital issues

The estimates relate to new money raised by issues of ordinary, preference and loan capital (public issues, offers for sale, issues by tender, placings, and issues to shareholders and employees) by quoted public companies and local authorities in the United Kingdom and by overseas public companies and public authorities (including local authorities and international organisations). The estimates include United Kingdom local authority bonds (of not less than one year) issued to or through the agency of banks, discount houses, issuing houses or brokers. Mortgages, bank advances and any other loans redeemable in twelve months or less are excluded, as also are loans from United Kingdom government funds. Issues to shareholders are included only if the sole or principal share register is maintained in the United Kingdom. Issues in foreign currencies are included to the extent of estimated subscriptions made in the United Kingdom to those loans which United Kingdom institutions took a leading part in arranging. Estimates of issues are based on the prices at which securities are offered to the market. Subscriptions are recorded under the periods in which they are due to be paid. Redemptions relate to fixed-interest securities of the kinds included as issues; conversions are included in the gross figures of both issues and redemptions.

The division between United Kingdom and overseas company borrowers is determined by the location of the registered office. United Kingdom local authorities include, in addition to local governments, such public bodies as water, dock and harbour boards. Special finance agencies are quoted public companies engaged in the provision of medium and long-term finance to industry (e.g. I.C.F.C.). The industrial classification in the third part of the table is according to the primary occupation of the borrowing company or group and is based on the *Standard Industrial Classification* (H.M.S.O., 1958).

A fuller description of the estimates is given in the *Bank of England Quarterly Bulletin* for December 1961 where they were first published.

Stock exchange transactions

The figures for the London stock exchange represent the sum of brokers' purchases on behalf of clients plus the sum of their sales on behalf of clients; that is, the transfer of a security from one member of the public to another counts as two deals. The Scottish figures are not comparable because any such transfer negotiated between two Scottish brokers is regarded as one deal. There is also an unknown element of duplication between the two series.

IX. INTEREST RATES AND SECURITY PRICES

British government securities: prices and yields

Yields

The gross flat yield on a security is the annual amount receivable in interest expressed as a percentage of the purchase price. The net flat yield is the gross

flat yield *less* income tax at the standard rate (currently 8/3 in the £). These yields are used mainly for irredeemable or undated stocks, where the absence of a fixed redemption date does not permit the calculation of any certain capital gain or loss; and they are comparable with rates of interest obtainable on deposits, mortgages and other investments that offer no capital gain or loss. For investors whose only concern is annual receivable income (e.g. life interests) these yields are a measure of their return on dated securities also; but most investors in these stocks will be concerned, in addition to the annual income, with the capital gain or loss arising from the difference between the price at which they were purchased and the price at which they will be redeemed at a known date (or range of dates).

The gross redemption yield comprises the gross flat yield together with an apportionment of the calculated capital gain or loss on dated securities held to redemption. It is an appropriate measure of the gross annual return on these securities, if held to maturity, for investors who either pay no tax (e.g. pension funds) or pay tax on income and capital profits alike (e.g. security dealers). It provides a convenient means of comparing the annual return on dated securities with different nominal rates of interest.

The net redemption yield is similar to the gross redemption yield except that income tax at the standard rate is deducted from dividends. From April 1965 the net redemption yield allows also for tax (currently at 30%, for individuals) on capital gains to redemption. From May 1965, however, it ignores any appreciation between the lowest price at which the stock was issued and its redemption price; such appreciation is exempt from capital gains tax.

The net redemption yield grossed up at the standard rate of income tax is not an actual return to any class of holder. It provides, for those who pay tax only on income, a notional gross return on dated securities which can be compared with other gross returns containing no tax-free or low-taxed element, such as income (before tax) on investments which offer no capital gain or loss, e.g. deposits, or on which the capital gain or loss cannot be calculated in advance, e.g. equities.

Grossed-up net yields on national savings are shown in notes on Section II.

Tax reserve certificates

The rates of interest (free of tax) paid on tax reserve certificates for the period from 1955 to end-1958 were as follows:

From	1954	14 July	1%
	1955	21 February	$1\frac{1}{4}$%
		21 March	$1\frac{1}{2}$%
		11 July	$1\frac{3}{4}$%
		10 September	$2\frac{1}{2}$%
	1956	29 February	3%
	1957	25 September	$3\frac{1}{2}$%
	1958	29 March	$3\frac{1}{4}$%
		7 June	3%
		20 August	$2\frac{1}{2}$%
		29 November	$2\frac{1}{4}$%

Company security prices and yields

F.T.—Actuaries share indices

This new series has been published from 26 November 1962. The figures are taken from the F.T.—Actuaries share indices which are published daily in the *Financial Times*. Details of the constituents and computation of the indices are given in the booklet *Guide to the F.T.—Actuaries Share Indices* (St. Clements Press Limited). The prices taken are middle market prices at close of business. The base date is 10 April 1962 (the starting date of the short-term capital gains tax). Monthly and annual figures are arithmetic averages of those for working days.

Ordinary shares

These indices are weighted arithmetic averages of the percentage price changes of the constituent shares since 10 April 1962; weights for each constituent are the total market values of the shares issued at the base date modified to maintain continuity when capital changes occur, e.g. rights issues, or when constituents change, e.g. when companies disappear owing to take-overs or new companies become large enough to qualify for the indices.

The Industrial share index for 500 shares comprises three main groups (capital goods, consumer durable goods and consumer non-durable goods) together with chemical, oil, shipping and miscellaneous groups. To form the All Classes Index an index for 94 equity shares of financial and property companies is combined with the Industrial share index.

Dividend yields: these are the totals of the last year's dividends, up to the most recently declared, payable on the capital of constituents expressed as percentages of total market valuation.

Earnings yields: earnings, as calculated from the latest available reports and accounts, are expressed as percentages of total market valuation. From August 1965 earnings are taken as gross profit *less* corporation tax and other charges and gross preference dividends; the range given relates to earnings with corporation tax at 40% and at 35% respectively. Previously earnings were taken as net profit (gross profit *less* income tax, profits tax and other charges and net preference dividends) grossed up for income tax.

Preference stocks

The prices used are middle market prices at close of business adjusted for accrued interest *less* income tax at the standard rate. There are 20 component stocks and the price index is 1/20th of the sum of the percentage changes in prices of these stocks. Yields are the arithmetic averages of those calculated on each stock.

Debenture and loan stocks

The index and yield for debenture and loan stocks are calculated from the price changes of fifteen medium-term stocks with an average term to maturity of about twenty years. The stocks are divided into three groups according to redemption date and the price factors and yields for the three groups are combined in a weighted average to provide a price index and gross redemption yield appropriate to a stock of exactly twenty years duration. The weights for the various groups change daily.

Financial Times index of industrial ordinary shares

This is a geometric index, calculated and published by the *Financial Times* twice daily, at noon and at the close of Stock Exchange business for the day. Figures shown in the table are closing figures. The base date is 1 July 1935, which equals 100. Constituents of the index are thirty market leaders, representing a cross-section of British industry. Dividend and earnings yield calculations are also geometric.

A fuller description of the composition and compilation of the index is given in the *Financial Times*, 5 March 1960, page 7.

The Times indices of industrial ordinary share prices

These figures are taken from *The Times* daily index numbers of Stock Exchange security prices. Full details of the composition and compilation of the index numbers are given in the booklet, *The history, method of calculation and first revision of* The Times *Stock Exchange indices* (The Times Publishing Company Ltd.).

The base date for index numbers before 1964 is 2 June 1959 and thereafter 2 June 1964. Each index number is a weighted arithmetic average of the prices

of all shares included in that index. The weight given to each share is proportionate to the market value of the issue on 31 March 1964 (or, before June 1964, to the average market value on two dates: 1 July 1958 and 27 October 1959).

The index for all classes covers 150 shares: 50 large companies (over £30 million market capitalisation) and 100 smaller companies. The indices for capital goods and consumer goods each relate to 43 companies producing wholly or mainly capital goods or consumer goods respectively.

The prices used for computation of the indices are the daily closing prices given in the Stock Exchange price list in the City columns of *The Times*. Where any price is affected by a new issue of shares through a 'rights' issue, capitalisation of reserves, etc., the price used for computation of the index number is adjusted accordingly.

Monthly and annual figures are the averages of working days.

Short-term money rates

Commercial bills: discount market buying rates

Trade bills (3 months): the rate at which trade bills are discounted depends on their quality. The figures shown are market rates for bills of good average quality. Some trade bills are discounted at lower rates.

Deposits with hire purchase finance houses

The spread of rates quoted are those given by some of the main hire purchase finance houses for new deposits of a fixed term of three or six months. These 'fixed' rates do not vary automatically with Bank rate during the currency of the deposit. Rates are to some extent subject to negotiation and different rates may be paid on large amounts.

Trustee savings banks: special investment departments

Mean nominal deposit rates are higher than the actual average rates paid because interest is paid on complete pounds deposited for full monthly periods reckoned to the 20th day of each calendar month. It is estimated that the average rates paid are about 0·05 lower than mean nominal rates.

Bank rate

The minimum rate at which members of the discount market may discount British government Treasury bills or approved bills of exchange at the Bank of England. The Bank of England also makes advances to the discount market against the security of such bills or of British government securities with five years or less to final maturity, at a rate which is not less than Bank rate.

Bank rate for the period 1932 to end-1959 was as follows :

From 1932	30 June ..	2%
1939	24 August ..	4%
	28 September	3%
	26 October	2%
1951	8 November	2½%
1952	12 March ..	4%
1953	17 September	3½%
1954	13 May ..	3%
1955	27 January	3½%
	24 February	4½%
1956	16 February	5½%
1957	7 February	5%
	19 September	7%
1958	20 March ..	6%
	22 May ..	5½%
	19 June ..	5%
	14 August ..	4½%
	20 November	4%
1959	No change	

Building societies: rates of interest

The new rates recommended by the Building Societies Association are maximum rates for shares and deposits and minimum rates for mortgages. The quoted rates on shares and deposits are net of income tax where this is paid by societies at the agreed composite rate. The latest composite rates for fiscal years are as follows: 1959/60, 5*s.* 1½*d.*; 1960/61, 5*s.* 4*d.*; 1961/62, 5*s.* 5*d.*; 1962/63, 5*s.* 6*d.*; 1963/64, 5*s.* 5*d.*; 1964/65, 5*s.* 10*d.*; 1965/66, 6*s.* 2*d.* Changes in the rates by individual societies which are members of the Association are not made simultaneously.

X. OVERSEAS FINANCE

Gold and convertible currency reserves

These are the sterling equivalents of the gold and convertible currencies held in the Exchange Equalisation Account. Gold is valued at 250*s.* per ounce fine and currencies at parity.

International Monetary Fund: United Kingdom tranche position

The United Kingdom total tranche position is the amount which the United Kingdom may draw from the Fund without raising the Fund's holding of sterling beyond 200 per cent. of quota. The quota was increased in 1959 from $1,300 million (£464 million) to $1,950 million (£696 million).

Balance of payments

The items in this table are more fully defined in *United Kingdom Balance of Payments, 1965* (H.M.S.O. 1965).

Current account

Imports f.o.b., exports and re-exports f.o.b.: the Overseas Trade Accounts of the United Kingdom are the basis of the balance of payments figures, but certain adjustments are made in respect of valuation and coverage. The principal adjustment is the deduction of freight and insurance from the Trade Accounts' figures of imports.

Government: this covers all United Kingdom government current expenditure and receipts not appropriate to visible trade or to other invisible transactions.

Transport—shipping: receipts and payments for freight, charter hire, port disbursements and passage money. The figures relate to both tankers and dry cargo vessels.

Transport—civil aviation: receipts and payments for passenger fares, freight, charter hire and airport disbursements.

Travel: personal expenditure by United Kingdom residents in foreign countries and by foreign residents in the United Kingdom.

Other services: all other service transactions. Components include payments and receipts in respect of education, royalties, commissions and banking (excluding interest earnings); foreign government agencies' expenditure in the United Kingdom, including United States and Canadian Forces' expenditure other than payments to United Kingdom government departments; and net earnings in respect of insurance and merchanting transactions.

Interest, profits and dividends: this covers investment income remitted from, or to, the United Kingdom for payment of interest and dividends (after deduction of local taxes) *plus* profits (after deduction of depreciation) whether remitted or retained for reinvestment. Components include income on direct and portfolio investment and interest on external sterling liabilities and claims, inter-government loans, bank credits and medium and long-term trade credits. From 1963, the item includes the direct investment income of United Kingdom insurance companies from the operations of their overseas branches, subsidiaries and associates; previously this was included as part of the credit entry for general insurance earnings in 'other services'.

Private transfers: the net value of private assets passing from resident to non-resident ownership, or *vice-versa*, without a *quid pro quo*. The item includes private gifts of money and of goods sent by parcel post to or from non-residents (other than Forces abroad) and transfers of assets by migrants other than their personal or household belongings.

Long-term capital account

Inter-government loans (net): the total of loans by the United Kingdom government to other governments and *vice versa less* repayments.

Other United Kingdom official long-term capital (net): long-term investment and disinvestment in the rest of the world by official bodies.

Private investment (net): the net total of all other long-term investment and disinvestment by the United Kingdom in the rest of the world, and investment and disinvestment by the rest of the world in the United Kingdom. The figures include re-investment of retained profits.

Balancing item

The amount necessary to balance the account; it represents the net total of the errors and omissions in all other items.

Monetary movements

Miscellaneous capital: changes in foreign currency balances held outside the Exchange Equalisation Account and all other identified transactions (mainly of a short-term monetary nature) not specifically provided for in other items.

In the balance of payments presentation in *Financial Statistics* Miscellaneous capital also includes in 1959 changes in the United Kingdom balance in the European Payments Union and, from 1963, changes in liabilities in overseas sterling area currencies (net).

The types of liability and claim included in the latter item are similar to those described under External liabilities and claims of United Kingdom banks in non-sterling currencies. Before 1963, liabilities in overseas sterling area currencies formed part of overseas sterling holdings.

Change in liabilities in non-sterling currencies (net): changes in official liabilities and in the net total of United Kingdom banks' liabilities and claims in non-sterling currencies. For a description of the categories of liabilities and claims included in the United Kingdom banks' series see below.

Change in external sterling liabilities (net): for periods to the end of 1962, the figures shown are changes in the net total of overseas sterling holdings and sterling acceptances outstanding; for subsequent periods they represent changes in external liabilities *less* claims in sterling. Liabilities to the International Monetary Fund are excluded from both series; they are taken into account in the item Change in account with I.M.F. For a description of the categories of sterling liabilities and claims which make up the series see below.

Change in official holdings of non-convertible currencies: the change in the sterling equivalent of the Exchange Equalisation Account's currency holdings, which were not convertible at the relevant dates.

Change in account with I.M.F.: the figures are the net total of:

(i) the United Kingdom subscription in gold to the I.M.F. on the occasion of the increase in quotas in 1959 (−);
(ii) United Kingdom drawings from the Fund (+);
(iii) United Kingdom repurchases from the Fund (−);
(iv) drawings in sterling from the Fund by other countries (−);
(v) repurchases in sterling by other countries (+); and
(vi) I.M.F. administrative and operational expenditure (−) and receipts (+). Receipts include charges payable in sterling on drawings from the Fund by the United Kingdom or overseas sterling area countries.

Change in gold and convertible currency reserves: the change in the sterling equivalent of the gold and convertible currencies held in the Exchange Equalisation Account.

United Kingdom external liabilities and claims in sterling

The categories of sterling liabilities and claims included in the series are as follows:

Liabilities

Current and deposit accounts.

United Kingdom Treasury bills.

Commercial bills and promissory notes: bills of exchange (sight and usance), including cheques for collection, and documents drawn on, and promissory notes made by, United Kingdom residents and lodged on account of overseas residents, where the proceeds have still to be received.

British government securities held for banks and central monetary institutions overseas, but not for other holders: at nominal value and excluding issues by overseas public authorities guaranteed by the United Kingdom government.

Claims

Advances and overdrafts.

Commercial bills and promissory notes: bills of exchange (sight and usance), documents drawn on, and promissory notes made by, overseas residents and held for a United Kingdom resident where the proceeds have still to be received.

Acceptances outstanding.

A full description of the series and of the ways in which it differs from the former series of overseas sterling holdings appeared in the *Bank of England Quarterly Bulletin*, for June 1963.

External liabilities and claims of United Kingdom banks in non-sterling currencies

The categories of liabilities and claims included in the series are as follows:

Liabilities

Deposits and advances received from overseas residents and commercial bills drawn on United Kingdom residents and held by the banks on behalf of their overseas customers.

Claims

Deposits with, and advances to, overseas residents, notes and coin, Treasury bills and similar short-term paper, commercial bills drawn on overseas residents and owned by the reporting institutions or held by them on behalf of their United Kingdom customers, and claims on overseas customers arising from acceptances.

British government economic aid

This table shows the economic aid given from public funds by the United Kingdom government to developing countries. A full description of this aid, including a table setting out the analysis by recipient country or institution is given in *Overseas Development: The Work of the New Ministry* (Cmnd. 2736). An analysis by recipient country or institution is also included in the *Annual Abstract of Statistics*.

The figures in the table relate to disbursements made during the relevant period and not to commitments entered into. The payments are of two kinds:

(i) payments under arrangements made directly with the recipient country (bilateral aid); and

(ii) contributions to multilateral agencies.

Bilateral aid

British bilateral aid is extended in two ways; financial aid for capital development and technical assistance.

Financial Aid is given in the form of grants and loans for development projects, general development programmes, relief and reconstruction following natural disasters, assistance during emergencies and for budget support. The loans include Exchequer advances to the Commonwealth Development Corporation, but not total investment overseas by the Corporation.

Technical assistance includes education and training in Britain for persons from overseas; assistance towards the training of overseas nationals in their own countries; the supply of advisers, teachers and other operational personnel to work overseas and to maintain overseas public services; the supply of equipment and the conduct of surveys and research. It does not include expenditure in the fields of training and teacher supply by the British Council as part of its own overseas activities.

The loans figures are gross, but figures of grants and technical assistance are reported net of minor receipts and overissues.

Multilateral aid

The figures show the total contributions to multilateral aid giving agencies.

Agencies offering financial aid include the International Bank for Reconstruction and Development, the International Development Association, the Indus Basin Development Fund, the United Nations Relief and Works Agency, the United Nations Fund for Civil Assistance in the Congo and the United Nations World Food Programme.

Agencies offering technical assistance consist mainly of the United Nations Development Programme and the United Nations Children's Fund. The figures do not include contributions to the United Nations and its specialised agencies only part of whose budgets are spent on technical assistance.

Developing countries

The definition of developing countries used in constructing this table is that adopted by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (O.E.C.D.). This comprises all countries except members of O.E.C.D. (other than Greece, Spain and Turkey, which are treated as developing countries), the Sino/Soviet countries, Australia, New Zealand, South Africa, Finland and Japan.

Foreign exchange rates

The exchange rates for Australia, New Zealand, South Africa, Bombay and Karachi were:

Australia (£A to £100) (selling rate): 125 to 13 February 1966. From 14 February 1966 a new unit—the dollar—was established on the basis of £A1 = $ A2. The new selling rate ($ A to £100) = 250 throughout

New Zealand (£NZ to £100) (selling rate): 100·375 throughout.

South Africa (£SA to £100) (selling rate): 1955 to 13 February 1961, 99·875. From 14 February 1961 a new unit—the Rand—was established on the basis of £SA 1 = Rand 2. The new selling rate (Rand to £100) = 199·75.

Bombay (pence per rupee) (averages of daily mean rates): 18·00 throughout.

Karachi (pence per rupee) (averages of daily mean rates): 18·00 throughout.