

Guide to Balance Statistics for sector 127 towards foreign countries:

specification for Balance Statistics for sector 127

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Note! The information in the Guide to the survey Balance Statistics for sector 127 is also relevant for this survey. This Guide to Balance of Payment Statistics is an additional aid for filling in the specifics that are requested in the Balance of Payment form.

Webpage for respondents: There now exists a webpage for respondents, www.scb.se/FinBAST. Here you can find the forms as Microsoft Excel documents, and other information.

Deposits (from row 101)

Deposits are funds that are placed in an account in a bank or postal giro, regardless of whether it is a transaction account, deposit account or other type of deposit account. This entry can also include used overdraft facilities (i.e., if the account is overdrawn). The report covers accounts in SEK as well as accounts in foreign currencies.

So-called "inter-company accounts" that a subsidiary has with a parent company or another group company should not be included. Any inter-company accounts with group companies in the rest of the world should only be reported on line 181, Inter-company loans to the rest of the world, in Balance Statistics for sector 127 (i.e., this information is not covered by Balances of Payment Statistics).

Rest of the world

The report covers deposits in the rest of the world. "Rest of the world" means counter parties with foreign addresses. Foreign offices of Swedish enterprises are considered foreign. Foreign offices in Sweden are considered domestic.

Allocation among countries

Information should be allocated among countries based on the counter party's home country.

Thousands of SEK

Amounts should be reported in thousands of SEK. Amounts in foreign currencies should be converted to SEK.

- Transactions during the quarter should be converted using the exchange rate at the time of the transaction.
- Positions should be converted using the exchange rate at the end of the quarter.

Position (market value)

Positions (after potential write-offs or depreciations and including accrued, unpaid, interest) at the beginning and the end of the quarter should be reported. Deposits are stated with a positive amount. Any used overdraft facilities should be reported with a negative sign.

Revaluation

Revaluation occurs when bank balances change due to fluctuations in exchange rates.

Transactions

The net amount of transactions during the quarter should be reported.

- Increases in deposits should be reported without a sign.
- Decreases in deposits should be reported with a negative sign.

Changes in positions due to changes in exchange rates or market valuations should **not** be reported in the Transactions section.

Interest

The report covers interest recorded in the income statement during the quarter. The net amount of interest during the quarter should be reported.

- Interest received should be reported without a sign.
- Interest paid should be reported with a negative sign.

Retroactive reporting

If previously reported values are revised, the new values should be retroactively reported.

Financial derivatives (from rows 121 & 201)

The report covers all types of futures contracts and option contracts, or combinations of these (both inter-company and with other enterprises).

- Interest swaps and cross-currency interest rate swaps should be included in the report.
- For futures swaps, the forward business terms of the swap should be reported in this report.
- Both forward business terms are reported for forward-forward swaps.
- The forward business terms are reported for spot-forward, but the short leg is **not** recorded in this report.

Rest of the world

The report covers contracts concerning financial derivatives that the reporting enterprise has entered into with counter parties in the rest of the world. Contracts with stock exchanges in the rest of the world should be included in the report. Contracts cleared through Nasdaq OMX are **not** included in the report. This is true both for contracts with Nasdaq OMX in its own name and mediation of Swedish or foreign customer contracts. "Rest of the world" means counter parties with foreign addresses. Foreign offices of Swedish enterprises are considered foreign. Foreign offices in Sweden are considered domestic.

Allocation among countries

Information should be allocated among countries based on the counter party's home country.

Thousands of SEK

Amounts should be reported in thousands of SEK. Amounts in foreign currencies should be converted to SEK.

- Flow information during the quarter should be recalculated using the exchange rate on the transaction date.
- Positions should be recalculated using the exchange rate at the end of the quarter.

Position (market value)

This refers to the total market value of derivatives contracts at the beginning and the end of the quarter. Market values of all derivatives contracts in the report should be included, even interest swaps and forward rate agreements (FRAs). The net value of each individual derivatives contract should be included, not the value of the underlying currency legs or instruments. Unrealised positive and negative market values should be accumulated and reported individually.

Revaluation

Revaluation occurs when the market value of the underlying asset changes. This causes the market value of the derivative contract to change. In the case of options, the market value of the derivative contract also changes if the remaining duration decreases.

Flow information - foreign counter parties, net accounting

Options premiums

The value of received/paid options premiums refers to options that were issued or acquired by the reporting enterprise and where the counter party in the options contract is foreign. Received options premiums are entered under "receivables" and paid options premiums are entered under "payables".

Realised values of derivatives contracts excluding interest swaps and FRAs

Realised values of derivatives contracts refer to:

- Continuous cash settlement.
- The realised value of derivatives contracts that have matured, regardless of whether the contract led to delivery of the underlying instrument, or if the cash settlement occurred at the time of redemption.

The information thus does not refer to the nominal value or market value of the underlying instrument, but to the realised value of the derivatives contract.

The accounts refer to the cash flow recorded in the books during the quarter. All derivatives contracts with positive realised amounts are accumulated individually and entered under "receivables", and all derivatives contracts with negative realised amounts are entered under "payables".

Neither the interest portion of cross-currency interest rate swaps **nor** interest swaps or FRAs (see below) are entered here.

Net of interest swaps and FRAs including interest from cross-currency interest rate swaps

Information on interest swaps and FRAs refers to the net flows recorded in the income statement that such contracts with the rest of the world have given rise to during the quarter. The net flow is entered in one of the columns "receivables" or "payables". In addition to interest swaps and FRAs, interest portions of cross-currency interest rate swaps are also entered here.

Retroactive reporting

If previously reported values are revised, the new values should be retroactively reported.

A more detailed description of how financial derivatives should be entered on the form is provided in Example 1 (see page 8).

Loans made (from rows 131 & 161)

Loans made include loans and converted repurchase agreements (repos, viewed as loans against specific collateral). Loans also include payment claims in conjunction with financial leasing. The report covers loans in SEK as well as loans in foreign currencies.

The report does **not** cover:

- Customer and supplier credit.
- Derivatives contracts. All information should be reported excluding derivatives contracts that have been made.

Rest of the world

The report covers loans to the rest of the world. "Rest of the world" means counter parties with foreign addresses. Foreign offices of Swedish enterprises are considered foreign. Foreign offices in Sweden are considered domestic.

Duration

Short-term loans have an original maturity of up to and including one year.
Long-term loans have an original maturity longer than one year.

Allocation among countries

Entries where the owner relationship (direct or indirect ownership of capital or votes) with the counterpart is less than 10 per cent or is missing completely should be assigned to the counter party's home country.

Thousands of SEK

Amounts should be reported in thousands of SEK. Amounts in foreign currencies should be converted to SEK.

- Transactions during the quarter should be converted using the exchange rate at the time of the transaction.
- Positions should be recalculated using the exchange rate at the end of the quarter.

Position (market value)

Positions (after potential write-offs or depreciations and including accrued, unpaid, interest) at the beginning and the end of the quarter should be reported.

Revaluations

Revaluation consists of, for example, depreciated loans and possible changes in exchange rates.

Transactions

The net amount of transactions recorded in the books during the quarter should be entered, and they should be based on the closing/transaction day.

- Increases in loans should be reported without a sign.
- Decreases in loans should be entered with a negative sign.

The following are reported under Transactions:

- Loans.
- Repayments and redemptions.
- Capitalisation of interest.
- Balancing accounting entries of accrued, unpaid, interest during the quarter.
- Payment of accrued interest.

Changes in positions due to changes in exchange rates or market valuations should **not** be reported in the Transactions section. **Nor** should depreciation of doubtful debts be entered under Transactions.

Interest

The report covers interest recorded in the income statement during the quarter. The net amount of interest during the quarter should be reported. (Capitalised interest and balancing accounting entries for accrued, unpaid, interest, as well as payment of accrued interest, should be reported under Transactions. Capitalised and accrued interest also affects positions.)

Retroactive reporting

If previously reported values are revised, the new values should be retroactively reported.

A more detailed description of how positions, transactions and interest should be entered on the form is provided in Examples 2 & 3 (see pages 11 and 14).

Loans taken (from rows 211 & 251)

Loans taken include loans and repurchase agreements (repos, viewed as loans against specific collateral) as well as received deposits. Loans even include payment obligations in conjunction with financial leasing. The report covers loans in SEK as well as loans in foreign currencies.

The report does **not** cover:

- Loans from Swedish banks/Swedish credit institutions.
- Syndicated loans with Swedish leading banks.
- Customer and supplier credit.
- Derivatives contracts. All information should be reported excluding derivatives contracts that have been made.

Rest of the world

The report covers loans from the rest of the world. "Rest of the world" means counter parties with foreign addresses. Foreign offices of Swedish enterprises are considered foreign. Foreign offices in Sweden are considered domestic.

Duration

Short-term loans have an original maturity of up to and including one year.

Long-term loans have an original maturity longer than one year.

Allocation among countries

Entries where the owner relationship (direct or indirect ownership of capital or votes) with the counterpart is less than 10 per cent or is missing completely should be assigned to the counter party's home country.

Thousands of SEK

Amounts should be reported in thousands of SEK. Amounts in foreign currencies should be converted to SEK.

- Transactions during the quarter should be converted using the exchange rate at the time of the transaction.
- Positions should be recalculated using the exchange rate at the end of the quarter.

Position (market value)

Positions (after potential write-offs or depreciations and including accrued, unpaid, interest) at the end of the quarter should be reported.

Revaluations

Revaluation consists of, for example, depreciated loans and possible changes in exchange rates.

Transactions

The net amount of transactions recorded in the books during the quarter should be entered, and they should be based on the closing/transaction day.

- Increases in loans should be reported without a sign.
- Decreases in loans should be entered with a negative sign.

The following are reported under Transactions:

- Loans.
- Repayments and redemptions.
- Capitalisation of interest.
- Balancing accounting entries of accrued, unpaid, interest during the quarter.
- Payment of accrued interest.

Changes in positions due to changes in exchange rates or market valuations should **not** be reported in the Transactions section. **Not** should depreciation of doubtful debts be entered under Transactions.

Interest

The report covers interest recorded in the income statement during the quarter. The net amount of interest during the quarter should be reported. (Capitalised interest and balancing accounting entries for accrued, unpaid, interest, as well as payment of accrued interest, should be reported under Transactions. Capitalised and accrued interest also affects positions.)

Retroactive reporting

If previously reported values are revised, the new values should be retroactively reported.

A more detailed description of how positions, transactions and interest should be entered on the form is provided in Examples 2 & 3 (see pages 10 and 12).

Examples

The examples below are intended to serve as a complement to the guide.

Example 1 concerns financial derivatives. The example shows how a futures contract should be entered on the form Balance of Payment Statistics.

Examples 2 and 3 cover loans made and taken, respectively. The examples illustrate the connection between positions, transactions and interest and also show how these variables should be reported on the form Balance of Payment Statistics. Both examples should be read in order to get a complete idea of the connection.

Example 1

Assume that a Swedish enterprise purchases USD forward from a foreign bank situated in London. The following holds for the futures contract:

Contract date: 16/10 2014 Settlement date: 16/4 2015 Forward exchange rate: 8 SEK/USD Amount: 1 million USD, which corresponds to 8 million SEK = 8000 thousand SEK
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Note! Amounts should be reported in thousands of SEK on the form.

This example illustrates how the futures contract should be entered on the form Balance of Payment Statistics, according to the instructions above. Regardless of which quarter during the duration of the futures contract we are in, the following holds when reporting the futures contract on the form:

- Since the counterpart is a bank situated in London, the country code **GB** is entered in the column for **Country Code**.

Quarter, October - December 2014:

The Swedish enterprise enters the futures contract with the foreign bank on 16/10 2014. If the exchange rate changes between 16/10 2014 and 31/12 2014, the futures contract will have a positive or negative market value at the end of December.

- Assume that the spot rate on 31/12 2014 is 7.80 SEK/USD. The Swedish enterprise's held futures contract will thus have an unrealised negative market value of 200 thousand SEK.
- For this quarter, no flow information should be entered on the form.

In summary, for the quarter October - December 2014, the following items should be recorded on the form:

Unrealised market values of outstanding derivatives contracts					
Country code	Assets <i>Row 121</i>		Liabilities <i>Row 201</i>		Revaluation
	Opening balance	Closing balance	Opening balance	Closing balance	
GB	0	0	0	200	-200

Quarter, January - March 2015

- Assume that the spot exchange rate on 31/3 2015 is 8.30 SEK/USD. The Swedish enterprise's held futures contract will thus have an unrealised positive market value of 300 thousand SEK.
- No flow information should be entered on the form for this quarter either.

In summary, for the January - March 2015 quarter, the following items should be recorded on the form:

Unrealised market values of outstanding derivatives contracts					
Country code	Assets <i>Row 121</i>		Liabilities <i>Row 201</i>		Revaluation
	Opening balance	Closing balance	Opening balance	Closing balance	
GB	0	300	200	0	500

Quarter, April - June 2015

The futures contract matures on 16/4 2015.

- Assume that the spot rate on 16/4 2015 is 8.40 SEK/USD. The difference between the forward rate of 8 SEK/USD, and the spot rate of 8.40 SEK/USD, gives rise to a profit for the Swedish enterprise. The enterprise will earn a net profit from this contract equivalent to 400 thousand SEK. This amount is reported in the column Derivatives contracts that have matured on the row for receivables.
- Since the futures contract has matured, there is no unrealised market value to report.

In summary, for the April - June 2015 quarter, the following items should be entered on the form:

Unrealised market values of outstanding derivatives contracts					
Country code	Assets <i>Row 121</i>		Liabilities <i>Row 201</i>		Revaluation
	Opening balance	Closing balance	Opening balance	Closing balance	
GB	300	0	0	0	100

Flow information - foreign counter parties, net accounting						
Country code	Options premiums		Realised values of derivatives contracts		Net of interest swaps and FRAs	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
GB	0	0	400	0	0	0

Example 2

Assume that a Swedish enterprise makes a loan (not securities-based) to a foreign enterprise situated in Germany. The following holds for the loan:

Loan date: 1/10 2014 Loan matures: 30/9 2015 Loan interest rate: 6% (fixed interest rate) We assume that the interest is paid each quarter. Currency: SEK Loan amount: 1 million SEK = 1000 thousand SEK

Note! Amounts should be reported in thousands of SEK on the form.

This example illustrates how the loan should be entered on the form Balance of Payment Statistics, according to the instructions above. Regardless of which quarter during the duration of the loan we are in, the following holds when reporting the loan on the form:

- Since it is a loan that matures in exactly one year, the loan should be entered under **Loans made, short-term loans excluding deposits (not including inter-company loans)**.
- Since the counter party is an enterprise situated in Germany, the country code **DE** should be entered in the column **Country code**.
- Since the loan is in SEK, it should be entered on the row **SEK**.

Quarter, October - December 2014

- The two enterprises reach an agreement concerning the loan on 1/10 2014. The loan amount of 1000 thousand SEK is entered in the column Transactions.

- Since this amount will be the Swedish enterprise's claim on the rest of the world, the 1000 thousand SEK should be reported in the column Positions.
- During the quarter, 3/12 of the interest on the loan accrues, i.e., $(6\% \cdot 1000 \text{ thousand SEK}) \cdot 3/12 = 15 \text{ thousand SEK}$. This amount becomes due for payment and is received at the end of December. The amount is reported in the column Interest.

In summary, for the quarter October - December 2014, the following items should be recorded on the form:

Country code	Currency	Opening balance	Revaluation	Transactions	Closing balance	Interest
DE	SEK	0	0	1000	1000	15

Quarter, January - March 2015

- In this quarter, an additional 3/12 of the interest on the loan accrues, i.e., 15 thousand SEK. This amount becomes due for payment and is received at the end of March. The amount is reported in the column Interest.
- The enterprise's loan claim is still 1000 thousand SEK. As a result, an outstanding loan claim of 1000 thousand SEK is entered in the column Positions.

In summary, for the January - March 2015 quarter, the following items should be recorded on the form:

Country code	Currency	Opening balance	Revaluation	Transactions	Closing balance	Interest
DE	SEK	1000	0	0	1000	15

Quarter, April - June 2015

- The reporting for this quarter occurs in the same way as for the January - March 2015 quarter.

In summary, for the April - June 2015 quarter, the following items should be entered on the form:

Country code	Currency	Opening balance	Revaluation	Transactions	Closing balance	Interest
DE	SEK	1000	0	0	1000	15

Quarter, July - September 2015

The loan is repaid on 30/9 2015.

- During the quarter, 3/12 of the interest on the loan accrues, the same as during the earlier quarters, i.e., 15 thousand SEK. This amount becomes due for payment and is received at the end of September. The amount is reported in the column Interest.
- In the column Positions, the value of 0 should be reported since the loan has been repaid.

- In the column Transactions, the repayment of the loan should be entered, i.e., -1000 thousand SEK. Note! This transaction is reported on the form with a minus sign because it involves a decrease in claims on the rest of the world.

In summary, for the July - September 2015 quarter, the following items should be entered on the form:

Country code	Currency	Opening balance	Revaluation	Transactions	Closing balance	Interest
DE	SEK	1000	0	-1000	0	15

Example 3

Assume that a Swedish enterprise takes a loan (not securities-based) with a foreign bank situated in Germany. The following holds for the loan:

Loan date: 1/10 2014
 Loan matures: 30/9 2015
 Loan interest rate: 6% (fixed interest rate)
 We assume that all the interest is paid when the loan matures.
 Currency: EUR
 Loan amount: Amount in EUR corresponding to 1 million SEK = 1000 thousand SEK

Note! Amounts should be reported in thousands of SEK on the form.

For the sake of simplicity, we assume in this example that the exchange rate is constant during the loan's duration. For actual reporting, the amount in foreign currency should be converted to SEK in accordance with the information provided in the enclosed guide.

This example illustrates how the loan should be entered on the form Balance of Payment Statistics, according to the instructions above. Regardless of which quarter during the duration of the loan we are in, the following holds when reporting the loan on the form:

- Since it is a loan that lasts exactly one year, the loan should be entered under **Loans taken, short-term loans excluding deposits (not including inter-company loans)**.
- Since the counter party is a bank situated in Germany, the country code **DE** is entered in the column for **Country Code**.
- Since the loan is in EUR, Euro, it should be reported on the row **Foreign**.

Quarter, October - December 2014

- The two enterprises reach an agreement concerning the loan on 1/10 2014. The loan amount of 1000 thousand SEK is entered in the column Transactions.
- Since this amount will be the Swedish enterprise's debt to the rest of the world, 1000 thousand SEK should be reported in the column Positions.

During the quarter, 3/12 of the interest on the loan accrues, i.e., $(6\% \cdot 1000 \text{ thousand SEK}) \cdot 3/12 = 15$ thousand SEK. This amount is reported in the column Interest.

- Since the interest has not become due for payment, the enterprise's debt has increased by 15 thousand SEK. This amount is entered in the column Positions.
- To avoid residual balancing errors in the payment balances, the accrued, unpaid, interest amount should also be entered in the column Transactions. Accordingly 15 thousand SEK is entered in the column Transactions.

In summary, for the quarter October - December 2014, the following items should be recorded on the form:

Country code	Currency	Opening balance	Revaluation	Transactions	Closing balance	Interest
DE	Foreign	0	0	1015	1015	15

Quarter, January - March 2015

- In this quarter, an additional 3/12 of the interest on the loan accrues, i.e., 15 thousand SEK. This amount is reported in the column Interest.
- In the column Positions, the outstanding loan debt of 1000 thousand SEK as well as the accumulated accrued interest is entered. The accumulated accrued interest consists of the accumulated accrued, unpaid interest from the earlier quarter, i.e., 15 thousand SEK, as well as the accrued, unpaid, interest from the current quarter of 15 thousand SEK. Thus there is 30 thousand SEK in accumulated accrued interest to report in the column Positions.
- To avoid residual balancing errors in the payment balances, the accrued, unpaid, interest amount should also be entered in the column Transactions. Accordingly 15 thousand SEK is entered in the column Transactions.

In summary, for the January - March 2015 quarter, the following items should be recorded on the form:

Country code	Currency	Opening balance	Revaluation	Transactions	Closing balance	Interest
DE	Foreign	1015	0	15	1030	15

Quarter, April - June 2015

- The reporting for this quarter occurs in the same way as for the January - March 2015 quarter.

In summary, for the April - June 2015 quarter, the following items should be entered on the form:

Country code	Currency	Opening balance	Revaluation	Transactions	Closing balance	Interest
DE	Foreign	1030	0	15	1045	15

Quarter, July - September 2015

The loan is repaid on 30/9 2015.

- During the quarter, 3/12 of the interest on the loan accrues, the same as during the earlier quarters, i.e., 15 thousand SEK. In contrast to previous quarters, this amount becomes due for payment and is paid at the end of September. The amount is reported in the column Interest.
- In the column Positions, the value of 0 should be reported since the loan has been repaid.
- In the column Transactions, the repayment of the loan should be entered, i.e., -1000 thousand SEK. Note! This transaction is reported on the form with a minus sign because it involves a decrease in debt to the rest of the world.
- The interest on the loan becomes due for payment at the end of September. This means that the accumulated interest accrued from previous quarters, i.e., 45 thousand SEK, should be removed from the books this quarter. Accordingly -45 thousand SEK is reported in the column Transactions. Note! Even this transaction is reported on the form with a minus sign because it involves a decrease in debt to the rest of the world.

In summary, for the July - September 2015 quarter, the following items should be entered on the form:

Country code	Currency	Opening balance	Revaluation	Transactions	Closing balance	Interest
DE	Foreign	1045	0	-1045	0	15