

Welcome to the Webinar on Canada's National Economic Accounts

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We will start the session momentarily.





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Statistics Canada Training Institute

National Economic Accounts

Key Concepts – Accounting Entries

Canada

Today's Lecture: National Economic Accounts

✓ Accounting Entries

Accounting Entries

- Similar to book keeping – a transaction gives rise to two entries in the books of a transactor – a debit and a credit transaction. This is referred to as vertical double-entry bookkeeping.
- For example: Household A purchases food from the grocery store. The household would credit Cash and Debit Groceries.

Dr		Household A		Cr	
Groceries		\$200		Cash	\$200

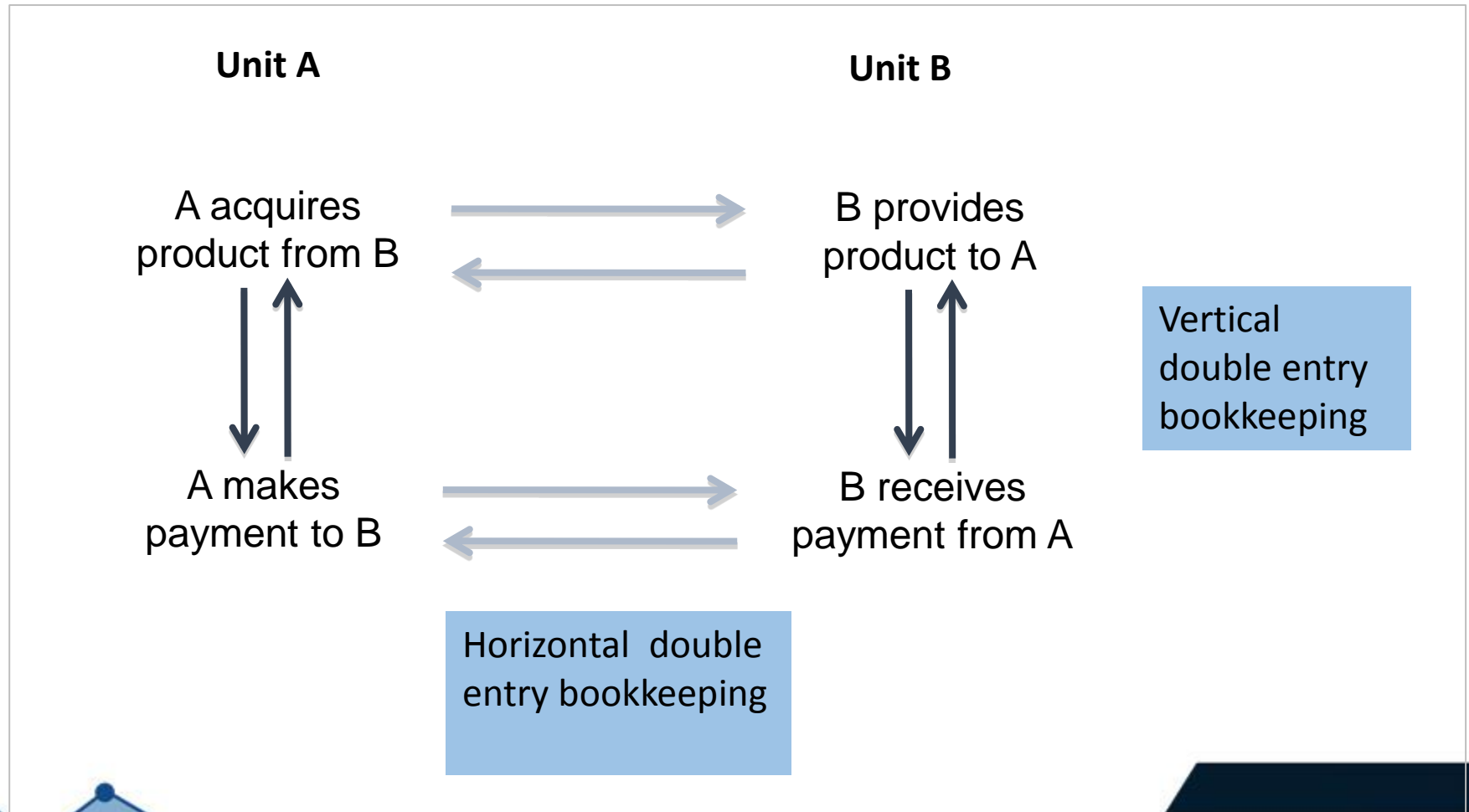
Accounting Entries

- Since each (most) transactions involve two different institutional units, four entries need to be recorded, two for each institutional unit.
- Household A purchases food from the Grocery Store:

Dr	Grocery Store	Cr
Cash \$200	Groceries \$200	

Dr	Household	Cr
Groceries \$200	Cash \$200	

Quadruple accounting brings both vertical and horizontal accounting together.



Quadruple Entry Accounting

- Another way to look at this transaction is that it gives rise to a transaction in the economy wide non-financial (real) account and an entry in the economy wide financial account.

Dr	Non-Financial Account (Real Sector)	Cr
Household Received Groceries \$200		Grocer Provides Groceries \$200

Dr	Financial Account	Cr
Grocer Receives Cash \$200		Household Pays Cash \$200

Quadruple Entry Accounting

- Another way to look at this transaction is that it gives rise to a transaction in the economy wide non-financial (real) account and an entry in the economy wide financial account.

Non-Financial Account (Household)	
Dr	Cr
Groceries \$200	
Financial Account - Households	
Dr	Cr
	Cash \$200

Non-Financial Account (nonfinancial corporations)	
Dr	Cr
	Groceries \$200
Financial Account – nonfinancial corporations	
Dr	Cr
Cash \$200	

Example: A Household purchases a car from a car dealer and pays cash

Non-Financial Account (Household)	
Car \$20,000	
Financial Account - Households	
	Cash \$20,000

Non-Financial Account (nonfinancial corporations)	
	Car \$20,000
Financial Account – nonfinancial corporations	
Cash \$20,000	

Example: A Household purchases a car from a car dealer and pays 50% cash and takes out a loan for the remainder

**Non-Financial Account
(Household)**

Car \$20,000

**Non-Financial Account
(nonfinancial corporations)**

Car \$20,000

**Financial Account -
Households**

Cash \$10,000

Cash \$20,000

Loan \$10,000

**Financial Account –
nonfinancial corporations**

Cash \$20,000

**Financial Account –
Financial corporations**

Loan \$10,000

Cash \$10,000

Example: A Household purchases a \$10,000 bond from the government

Non-Financial Account (Household)	
Financial Account - Households	
Bond \$10,000	Cash \$10,000

Non-Financial Account (Government)	
Financial Account – Government	
Cash \$10,000	Bond \$10,000

Example: A Household pays \$3000 in income tax to the government

Non-Financial Account (Household)	
	Household current transfers paid \$3,000

Financial Account - Households	
	Cash \$3,000

Non-Financial Account (Government)	
Government Current Transfers received \$3,000	

Financial Account – Government	
Cash \$3,000	

Example: A Household pays itself \$2000 in (imputed) rent for housing services received from their own (owned) dwelling

Non-Financial Account (Household)	
	Housing Services \$2,000

Financial Account - Households	
	Cash \$2,000

Non-Financial Account (Household)	
Housing Services \$2,000	

Financial Account – Household	
Cash \$2,000	

Recap: Accounting Entries

- ✓ National Economic Accounting relies on a quadruple entry accounting system in order to properly record the interactions between the transactors in the economy.
- ✓ Entries are recorded in the non-financial (or real) accounts and in the financial accounts.
- ✓ The fact that National Economic Accounting relies on quadruple entry accounting ensures the system (and data) are robust and a high quality.

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