## Purpose of table 3.105

Table 3.105 provides a reconciliation between the two main aggregates of general government finances : the **deficit according to the Maastricht definition**, which corresponds to the difference between revenues and expenditures during year N, and the **change in debt according to the Maastricht definition** between the end of year N-1 and the end of year N (increase or decrease).

Two elements must be considered in order to reconcile these two figures. First, every euro of deficit must be financed either by a decrease in general government assets (decrease of treasury for instance), or by an increase in liabilities (increase in borrowing by issuing securities for instance). Therefore, the public deficit is equal to the change in net liabilities = change in liabilities minus change in assets. Second, the debt according to the Maastricht definition represents only a part of the whole liabilities. Some liabilites may therefore change without altering Maastricht debt. All in all, three corrections on public deficit are needed to obtain the debt variation :

1) adding to the deficit the net acquisitions of financial assets ( = acquisitions less disposals of assets) ;
2) and subtracting the changes in liabilities that are not recorded in the Maastricht debt, namely:
- "payable accounts", which are generally short-term liabilities that do not bear interest, like a bill pending payment for instance, and
- "difference between interests accrued and paid", that are excluded by convention from the Maastricht debt.

Nota Bene : table 3.105 presents a line of balance between "payable acccounts" and "receivable accounts".

3) Finally, "changes in volume" that may affect the public debt without affecting the deficit must be taken into account. They consist mainly in valuation effects for the debt in foreign currencies, or gains or losses upon repurchasing of debt securities.

A last correction, purely statistical, is introduced: the accounting equation "deficit = change in net liability" is verified only when referring to **the deficit coming from the financial account.** The first line of table 3.105 records a slightly different aggregate, namely the **deficit coming from the non-financial account**. The gap between these two measures of deficit is recorded on line (5).

## Kwowing more on table 3.105

Table 3.105 is a simplified version of the table showing the bridge from the deficit to the change in debt notified twice a year by Insee to Eurostat according to the excessive deficit procedure (EDP). This table is available at the following address: http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/excessive_deficit/edp_notification_tables
The methodology used to compile the Maastricht debt is presented in an Insee methodological note available at the following address: http://www.insee.fr/en/indicateurs/ind40/Dette_m-EN.pdf

## Describing lines of table 3.105

| | |
|---|---|
| **General government deficit - D** | Difference between revenues and expenditures during year N |
| **Acquisitions less disposals of assets, excluding other receivable accounts (1)** | |
| F2 Currency and deposits | Deposits in national and foreign currencies |
| F3 Debt securities | Debt securities (bonds) |
| F4 Loans | Credits granted |
| F5 Equity and investment fund shares | Equity shares and investment fund shares |
| F71 Financial derivatives | Financial derivatives are financial instruments dedicated to risk management (swaps, options, etc) |
| **Change in financial liability not included in Maastricht debt, excluding other payable accounts (2)** | |
| F28, F38, F48 Accrued interest (including spreading of premiums and discounts) | Difference between interest accrued and paid corresponds to interests generated during the year but not yet paid (because they are paid only at the anniversary date for instance). Spreading of premiums and discounts (from issuances above/below nominal value) are also included here. |
| F66 Provisions for Standardised guarantees | Provisions for calls under standardised guarantees are financial claims that holders of standardised guarantees have against institutional units providing them. |
| F71 Financial derivatives | Financial derivatives are financial instruments dedicated to risk management (swaps, options, etc) |
| **Change in volume impacting Maastricht debt (3)** | |
| K10, K12, K13 Changes in sector classification and other volume changes in financial liabilities | Changes in classification include "change in sector classification and structure" of an institutional unit, and change in classification of assets and liabilities. Other changes in volume are generally statistical gaps. |
| K11 Appreciation/depreciation of foreign-currency debt | Effects of exchange rates on the value of the debt issued in foreign currencies |
| K14 Redemptions/repurchase of debt above(+)/below(-) nominal value | Gains or losses occurring when the France Treasury Agency (AFT) repurchases debt securities |
| **F8 Balance of receivable / payable accounts (4)** | Payable accounts include trade credits and all other accrual corrections |
| **Statistical gap B9nf - B9f (5)** | B9nf = net-borrowing as compiled in the non-financial accounts<br>B9f = net-borrowing as compiled in the financial accounts |
| **Change in the debt according to the Maastricht definition = D+(1)+(2)+(3)+(4)+(5)** | |