**System of national accounts: methodological backgrounds**

The System of National Accounts consists of a coherent, consistent and integrated set of macroeconomic accounts in which key macro-economic variables are shown as balances or transactions (e.g. gross domestic product, gross national income, household’s disposable income, net lending/net borrowing, final consumption expenditure, gross capital formation).

Sector accounts are a central part of the System of National Accounts. They provide, by institutional sector, a systematic description of the different stages of the economic process: production, generation of income, distribution of income, redistribution of income, use of income and financial and nonfinancial accumulation. The sector accounts also include balance sheets to describe the stocks of assets, liabilities and net worth at the beginning and the end of the accounting period. The variables/concepts described in the sector accounts include transactions in products, transactions in non-produced non-financial assets, distributive transactions, transactions in financial assets and liabilities, other changes in assets, non-financial and financial assets and liabilities.

The starting point in the annual sector accounts (ASA) compilation process is allocation of each institutional unit into the relevant institutional sectors according to ESA 2010 (European System of Accounts 2010).

Concerning the institutional sector breakdown, ESA 2010 distinguishes five mutually exclusive domestic institutional sectors (established by grouping resident institutional units):

(a) Non-financial corporations (S.11);

(b) Financial corporations (S.12);

(c) General government (S.13);

(d) Households (S.14);

(e) Non-profit institutions serving households (S.15).

The five sectors together make up the total domestic economy (S.1). Non-resident institutional units, involved in transactions with resident units, create the external sector i.e. the rest of the world (S.2).

In Serbian national accounts, a full sequence of non-financial accounts is produced at the level of the total economy as well as for institutional sectors. This includes the Goods and services account for the total economy, and another set of accounts compiled both for all institutional sectors and for the total economy. Existing accounts are:

* Production account,
* Generation of income account,
* Allocation of primary income account,
* Distribution of income account,
* Use of income account,
* Capital account.

For the Rest of the world, SORS produces three accounts: External account of goods and services, External account of primary incomes and current transfers and External capital account.