

Quality declaration **Annual Accounts**

0.General Information on Statistical Products		
0.1	Title	Annual Accounts
0.2	Subject Area	National accounts, gross domestic product
0.3	Responsible Authority, Office, Person, etc.	<p>Ms. Lusya Khachatryan Head Macroeconomic Indicators and National Accounts Division Armstat 3 Government House, Republic Avenue Yerevan, 0010 Republic of Armenia Telephone +374 11 52 39 96 Email lusya@armstat.am, info@armstat.am</p>
0.4	Purpose and History	<p>The main purpose is the calculation of main indicators of National Accounts System of the Republic of Armenia, as well as the provision of accurate and reliable information about macroeconomic indicators according to predefined procedures.</p> <p>The implementation of the System of National Accounts of the Republic of Armenia has started from 1990's, when Armenia adopted change in policy formation for establishment of liberal economic relations, transition to which required implementation of typical accounting system according to exhaustiveness of international concepts, definitions, classification and accounting rules (SNA-93 and ESA-95).</p> <p>Since 2014 Statistical Committee has been made methodological changes in national accounts of Armenia introducing SNA 2008 instead of SNA 1993.</p> <p>Information on main official annual indicators of national accounts system of the Republic of Armenia is available from 1990's.</p>
0.5	Users and Application	<p>The scope of users of information on National Accounts of the Republic of Armenia is broad. The main users are state bodies involved in the economic policy and economic projections processes, as well as other state government and local self-government bodies, public, scientific, financial organizations, business society, mass media, international organizations, etc. with the purpose of making relevant analysis, modeling, as well as projections.</p>

0.6	Information Sources	<p>The calculations are made according to different information sources mainly on the basis of statistical surveys data processed by the Armstat.</p> <p>Monthly, quarterly and annual surveys are conducted for all types of economic activities except for agriculture. The information on latest is collected from 340 000 peasant farms from which 12090 are selected by sampling method, as well as on the basis of information received from about 100 commercial organizations. In addition to the mentioned information sources, data from integrated living conditions survey of households, as well as labor force sample survey conducted by the Armstat is used. Information provided by the Ministry of Finance of RA is used for the calculation of state government services and taxes and subsidies. The Central Bank of RA provides information for calculation of output of financial activity; financial intermediation indirectly measured services, as well as financial sector of the economic.</p>
0.7	Legal Authority to Collect Data	<p>The data are collected based on the Law on "Official Statistics" and "Five Year Statistical Program", as well as the Resolution No. 05-N of RA State Council on Statistics "On Approval of the Procedure for the collection of statistical data" dated 20 June 2016 and Resolution "On Approval of Annual Statistical Program".</p>
0.8	Response Burden	<p>Direct response burden is not available since information is collected by other structural divisions of the Armstat.</p>
Content		
1.1	Description of the Content	<p>The national accounts of Armenia are compiled in accordance with the fundamental concepts, categories, accounts' conception, as well as the other methodological foundations of the System of National Accounts (SNA 2008). Simultaneously, implementation of the ESA 2010 is in the progress. All operations defined in SNA are included. GDP estimate includes all market operations including barter. It covers the whole economy of the Republic of Armenia.</p> <p>GDP is compiled current starting from 2011 from 1st quarter prices, at average annual prices of the previous year and at average annual prices of the reference year. The base year is the previous year. Revaluation of previous year data at comparable prices is made by double deflation method. Physical volume indices, prices and calculation extrapolation method are used for valuation at comparable prices. In the case the latest, the number of employed and other volume indicators describing economic activity type are used.</p>

		<p>Final consumption expenditures are calculated by retail turnover data on the basis of adjusted market purchase volume, paid services and production expenditures for own consumption, as well as on the basis of government and non-commercial organizations expenditures. Data is adjusted according to households integrated living conditions survey results, as well as general balance necessity between GDP calculated by production and expenditure approaches is partly taken into consideration. Estimates according to last year prices are made by current prices according to deflation of final consumption and cumulative components by using relevant price indexes.</p> <p>Gross fixed capital formation is calculated according to national statistical reports on capital investments, capital repair expenses, geological work expenses, main cattle/livestock gains, software and data base development expenses, literal and artistic work original acquisition costs, as well as according to the costs for procurement of equipment and durable goods from the state budget. Balance of payments data is also used.</p> <p>Changes in inventories are calculated on the basis of statistical reports submitted by organizations. The value of changes in inventories is defined as difference of input and writes off of goods in inventory stocks. Production value as a result of price change impact (holding gain) is subtracted from value of changes in inventories.</p> <p>Import and export data is used from balance of payments data that is compiled by shuttle trade of individuals on the basis of adjusted customs statistics data.</p> <p>GDP by income side is calculated only on annual basis.</p> <p>Employees' remuneration includes salaries and social security payments made by employers. Those are calculated by accrual method. Salary includes all monetary and all income in kind, regardless the financial source.</p> <p>Import and production taxes include production, import and other taxes. Subsidies are current unrequited not reimbursable payments provided by the government to companies for production, export and sale of goods and services.</p> <p>Gross mixed income and gross profit include the part of value added remaining with the producers after subtracting the</p>
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		<p>expenditures.</p> <p>Reconciliation of accounts is based on the relations of accounts in the system. Valuation of some GDP components is made by recondition of GDP estimates by three methods. Since GDP estimates by production approach is the most preferable, in many cases changes in inventories, as well as consumption expenditures of households are adjusted by expenditure approach, while gross mixed income and gross profit are adjusted by income side. Statistical discrepancies of intermediate data are due to existence of informal non-observed components in some activities. Number of employees in some activity types is compared with the results of the integrated living conditions survey and labor force sample survey. This comparison results in the adjustment of GDP.</p> <p>Production approach is the main method for GDP estimates. GDP difference in accounts by production and expenditure approaches is reflected as statistical discrepancy.</p>
1.2	Statistical Concepts	<p>National accounts of RA are compiled according to the System of National Accounts (SNA-2008) main classification, definitions and concepts, as well as other methodological basis at the same time following the work for implementation of the European System of Accounts (ESA) 2010.</p> <p>All operations in SNA 2008 are included (first paragraph of 1.1) Consolidated accounts of national accounts system, “rest of the world” accounts and agreement between the accounts are compiled.</p> <p>Accounts of goods and services as other all accounts are made of two parts “resources” side, where output and import of goods and services, production taxes and subsidies are reflected, while in “usage” side volume of (intermediate and final) usage goods and services, formation of main and working capital, export of goods and services reflected.</p> <p>Production account reflects operations directly related to production process. Value added is defined in this account that is considered the calculation basis for GDP.</p> <p>Income formation account is the main part of income preliminary distribution account. It reflects structural primary income paid by resident unit who take direct part in production of goods and services. Besides, it reflects primary income types by economic activity types and sectors.</p>

	<p>Primary income distribution account is the second component of primary income account. It describes primary income distribution between residents from production activity and ownership (structural units or sectors).</p> <p>Primary income saldo describes incomes that are formulated at structural resident units as a result of participating in production process, as well as a result of ownership. It is determined as difference between all primary income difference receivable and payable by resident units. Primary income saldo calculated by gross side, that is to say before the consumption of main capital, equals to gross national income by all economy level.</p> <p>Income secondary distribution account reflects the alteration of saldo of structural units or sectors primary income, as a result of receiving transfers without received and transferred social transfers in kind.</p> <p>Managing income usage account reflects the distribution of final consumption expenditures and savings by households, state institutions and nonprofit institutions serving households.</p> <p>Capital transaction account reflects gross fixed capital formation, as well as financing of changes in inventories including distribution of capital transfers between households and “rest of the world”. Savings transferred from use of income account are the main financial source for capital transactions. Other financial sources of these transactions are capital transfers receivable less payable.</p> <p>The balancing item of the capital transactions account is net lending (+), or net borrowing (-).</p> <p>Net lending (+) or net borrowing (-) is defined as the excess or deficit of sources of funds over the expenditures on non-financial assets. At the level of all economy, net lending or net borrowing reflects the value of resources paid to the “rest of the world” or received from “the rest of the world”.</p> <p>During 1990-2006 for GDP calculation by production method the all-union classification of branches of economy (AUCOBONE) was used. During 2004-2006 in parallel the ISIC system was used. Since 2007 NACE 1.1 is in action. Since 2012 the Statistical Classification of Economic Activities (NACE rev. 2) is being used. Data according to NACE Rev. 2 are available since 2008.</p>
2.Time	

2.1	Reference Period	Calendar year is a reference year for annual accounts.
2.2	Date of Publication	Annual primary GDP estimate is published with the first estimate of GDP of the fourth quarter by production and expenditure approaches after the reference year at the end of March. The data is being reviewed on the basis of previous year annual data and published at the end of April. Reporting annual data is published on May 5 th after the reporting year, while the exhaustive accounts are published in the fourth quarter.
2.3	Punctuality	In general data collection and processing correspond to national accounts time requirements. Publication of data usually does not deviate from defined schedule.
2.4	Frequency	Annual exhaustive accounts are compiled both by whole economy, as well as by institutional sectors.
3.Accuracy		
3.1	Overall Accuracy	Additional calculations are made for a number of statistical indicators for non-observed economy including “shadow” economy (without illegal activity), which are based on output, number of employees, as well as number of persons taking part in production data received from regular statistical reporting forms, as well as labor force sample survey. Indirect macroeconomic methods using different data sources are also used. Production approach is the main method for GDP annual estimates. Difference between GDP calculated by production and expenditure approaches is reflected as a statistical discrepancy.
3.2	Sources of Inaccuracy	Possible inaccuracy in national accounts data is related to inaccuracy of data received from different sources.
3.3	Measures on accuracy	Difference between GDP calculated by production and expenditure approaches is reflected as a statistical discrepancy.
4.Comparability		
4.1	Comparability over Time	In cases when methodological or other changes are made, e.g. transition to NACE new revision, change of base year, the relevant changes notes are included in publications, as well as calculated (reviewed) time series are presented for previous years.
4.2	Comparability with other Statistics	National Accounts of RA are compiled according to the System of National Accounts (SNA-2008), main classifications, definitions and concepts, as well as other methodological basis at the same time following the work for implementation European System of Account 2010.
4.3	Coherence between Provisional and Final Statistics	GDP quarterly data is reviewed after their primary provision according to annual final reporting data.
5.Accessibility		
5.1	Forms of Dissemination	The following annual data is published in “Social Economic

		<p>Situation of the Republic of Armenia” monthly reports:</p> <ul style="list-style-type: none"> a) GDP by production approach at current prices, at comparable prices of previous year, as well as growth rate of the same period of the previous year, and the structure of GDP. b) GDP by expenditure approach according to final consumption components (distribution of final consumption according to final consumption of households, non-profit organizations serving households, as well as general government, where the latest is distributed between personal and collective consumption, as well as gross capital formation according to gross fixed capital formation and changes in inventories) at current prices, as well as at comparable prices of previous year, and growth rate of the same period of the previous year and GDP structure according to expenditure components. c) GDP at average annual base year (constant) prices according to the main types of economic activities and final consumption components. <p>Annual data of National Accounts is also available in the annual publications:</p> <ul style="list-style-type: none"> a) GDP (at market price) by million AMD, million USD. b) GDP per capita by AMD and USD. c) GDP deflator in percentage compared to previous year. d) GDP physical volume index in percentage compared to previous year. e) production account according to the economic activity types, output, intermediate consumption and gross value added. f) income generation account according to the economic activity types and income elements. g) usage of GDP according to expenditure components. h) national economy sector, nonfinancial corporations, financial corporations, general government, non-profit organizations serving households, households and the rest of the world. <p>At the same time annual data of gross value added of non-financial</p>
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		and financial sectors by main activity types is published according to subsectors (state, national private, under foreign supervision). Annual publications include exhaustive tables excluding tables on financial accounts, expenditures and output.
5.2	Basic Material: Storage and Usability	GDP annual accounts calculated by three methods are posted at the Armstat`s web site under section “Databases”. Section “Publications” of the official website of the Armstat also includes all publications of “Armenian National Accounts” Statistical Handbook by years.
5.3	Documentation	Brief methodological explanations on indicators are published in the “Social Economic Situation of the Republic of Armenia” information monthly reports, “Statistical Yearbook”, while the detailed information is available in related publications. Additional documentation is available in the Metadata subsection of the Statistics section of the Armstat official website, in line with IMF Special Data Dissemination Standards, in Armenian, Russian and English languages, E address: https://www.armstat.am/en/?nid=549 ;
5.4	Other Information	Other information is not available.
6. Supplementary Documentation		
		Information is available under the General Statistical Business-Process Model at https://www.armstat.am/en/?nid=672 .