

# Concepts and Definitions

## Gross Domestic Product by Expenditure and Income Approach

### **Household Final Consumption Expenditure:**

This consists of expenditure, including imputed expenditure, incurred by resident households on individual consumption goods and services. This is calculated as a residual.

### **General Government Final Consumption Expenditure:**

This consists of expenditure, including imputed expenditure, incurred by the government at all levels on both individual and collective consumption of goods and services. Individual consumption items are those that are provided to individual households, such as education and health services. Collective consumption items relate to goods and services utilized by society, such as security and infrastructure.

### **Not-for-Profit Institutions Serving Households Final Consumption Expenditure:**

This consists of expenditure, including imputed expenditure, incurred by Not-for-Profit-Institutions-Serving-Households, which consist of organizations such as charities and non-government organizations.

### **Gross Fixed Capital Formation:**

This is measured as the total value of producer's acquisitions, less disposals of fixed assets during the accounting period, plus certain additions to the value of non-produced assets (such as improvements to natural assets) realized by the productive activity of institutional units.

### **Change in Inventories:**

This consists of changes in stocks of outputs that are still held by units that produced them prior to their being further processed, sold, delivered to other units, or used in other ways, measured by the value of the entries into inventories less the value of withdrawals and the value of any recurrent losses of goods held in inventories.

### **Exports of Goods and Services:**

This consists of sales of goods and services to residents abroad, from residents

within Nigeria.

**Imports of Goods and Services:**

This consists of sales of goods and services from residents abroad, to residents within Nigeria.

**Consumption of Fixed Capital:**

This represents the reduction in the value of the fixed assets used in production during the period, that results from physical deterioration, normal obsolescence, or normal accidental damage.

**Compensation of Employees**

Compensation of employees is the total remuneration in cash or in kind payable by employers to employees for the work done. Direct social transfers from employers to their employees or retired employees and their family, such as payments for sickness, educational grants and pensions that do not set up an independent fund, are also imputed to compensation of employees.

**Operating Surplus**

This is equal to the profit that remains for firms after costs have been covered. It includes the profit of those who are self-employed, which is often included in the national accounts under the entry "Mixed Income". It is calculated as a residual.

**Compensation of Employees from the rest of the world (net)**

Compensation of employees receivable from abroad are those that are earned by residents who essentially live inside the economic territory but work abroad (this happens in border areas on a regular basis), or for people who live and work abroad for short periods (seasonal workers) and whose centre of economic interest remains in their home country. Net compensation of Employees from the rest of the world is calculated as the compensation of employees from the rest of the world minus compensation of employees to the rest of the world.

**Property and entrepreneurial income from the rest of the world (net)**

This is equal to the operating surplus earned from non-resident units, plus property income earned from assets owned, minus interest payable in liabilities and rents payable on land or other tangible assets held abroad.

**Other Current Transfers from the rest of the world (net)**

These consist of transfers from non-resident units that are included as either compensation of employees or property and entrepreneurial income. They can

include items such as remittances or net premiums and claims for non-life insurance. It is calculated as the difference between transfers from the rest of the world and transfers to the rest of the world.

### **Net taxes on Products**

This represents total taxes payable on products, minus any subsidies received for the product.

### **Savings**

Savings is measured as the difference between National Disposable Income and total consumption expenditure (of households, government, and Not-for-Profit-Institutions-Serving-Households)

### **Finance of Gross Accumulation**

This is equal to Savings + Consumption of Fixed Capital

### **Net lending to the rest of the world**

This represents savings, minus the value of acquisitions less disposables of financial assets, and less the consumption of fixed capital. Essentially it is the amount that resident units in Nigeria can finance non-resident units.