

Directorate C: National and European Accounts

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Ms Elka Atanasova  
Director  
Directorat Macroeconomic Statistics  
National Statistical Office  
2, P. Volov Str.  
BG – 1038 Sofia

**Subject: Recording of the BDB repayment scheme of certain government liabilities**

Dear Ms Atanasova,

Thank you for your comments to our letter concerning the recording of the BDB repayment scheme.

***Background***

In your letter you made two further proposals:

- record the difference between the nominal amount of the liabilities and the amount of the loan as debt forgiveness (debt cancellation) rather than as revaluation of suppliers' receivables and government payables;
- treat the deposit of the government at the BDB as a deposit and not as a loan;

***Methodological analysis***

With respect to the first proposal, we still think that it would be more appropriate to record the difference between the nominal amount of the liabilities and the amount of the loan as a revaluation of government's liabilities and suppliers' receivables. In fact, we are not convinced about the true nature of the "mutual agreement" between the government and the suppliers.

Therefore, no capital revenue should be recorded in the accounts of Central Government in 2010 but a revaluation of government claims with a corresponding reduction of suppliers' receivables in the Revaluation account. In addition, as already stated in our previous letter, government will pay an interest for the same amount, spread over 2010 and 2011.

With respect to the second proposal, regarding the deposit of the government at the BDB, we understand that there will be many deposits made within one year. In this case paragraph 5.75, ESA 95 would apply and the deposit can be recorded as a transaction in deposits. We take note that paragraph 5.75, ESA 95 foresees that "...short-term loans granted to monetary financial institutions, resident or non-resident, are normally classified in one of the deposit sub-categories...".

In addition, in paragraph 5.74, ESA 95 it is stated that "*...In cases where the initiative is taken by a lender, the transaction is to classify in one of the deposit sub-categories...*"

We would like to remind you that Eurostat has a commitment to publish all official methodological advice. In case you have any objections concerning this specific case, we would appreciate if you let us know.

Yours sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and strokes, positioned above the printed name.

Francois Lequiller

Director