

Chapter 12: Other changes in assets accounts – Comments of the worldwide review - Overview

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Comments overview:

Date	Country/AEG member	Internal: format
20/02/2007	Netherlands	Word template
14/02/2007	Mexico	In spanish
14/02/2007	OECD	Word template and PDF document
14/02/2007	Denmark	PDF document
13/02/2007	Norway	Word template
13/02/2007	USA	Word template and PDF document
13/02/2007	IMF	Word template and PDF document
12/02/2007	UNSD	Word template
12/02/2007	European Central Bank	Word template and PDF document
12/02/2007	Eurostat	Word template
12/02/2007	Czech Republic	Word template
12/02/2007	Switzerland	Word document
12/02/2007	Johan Prinloo (AEG)	PDF document
12/02/2007	Australia	Word template
12/02/2007	Germany	Word template
12/02/2007	Israel	Word template and PDF document
13/02/2007	Finland	Word template and PDF document

Chapter 12: Other changes in assets accounts – Part I: General comments

Country	Comment
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OECD	Overall the text is clear, but there some passages, described below, which are not.
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USA	The statements in the text that refer to particular entries in table 12.1 were not updated to match the changes made to table 12.1. These statements in the text are the same as in SNA 93, but the table in the new version is different. [e.g., see para: 12.14, 12.19, 12.24, 12.26]. Also, the text often notes that entries are on the left-side, when in fact the entries are not on the right-side for the new table 12.1. The revised text seems to want to replace the terms “economic appearance” and “economic disappearance” with entry and exit, given the changes made to the table and the text of the introduction. However, the terms, economic appearance and disappearance, are still found later in the text. And, given the change in the order of asset types discussed and the introduction, the terms economic appearances and disappearances are introduced with less adequate explanation than in the prior SNA 93 version.
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IMF	In general, we welcome the review of the chapter. However, the deletion of the formulas previously in the chapter might complicate the understanding of the subject by national accountants.
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UNSD	UNSD is happy with the chapter, except the part relating to life, non-life and pension funds. There are two issues relating to changes in financial assets and liabilities: 1.Changes in life insurance, annuity and pension entitlements due to changes in interest rates should be treated as revaluation. 2.Changes in entitlements due to changes in demographic assumptions on life expectancy and expected remaining working time, etc. should be treated as other changes in volume. These issues are not made clear in the presentation. The editor may discuss these issues in the chapter on revaluation. But it does no harm no mention it here. Para. 12.67 seems to relate to "defined benefits", not "defined contributions". Misspelling error in para 12.63, 5thline, "...some of [t]heir own funds..." Misspelling error in para 12.65, 3rdline, "over [t]her period..."
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ECB

1. Would it not be more straightforward to start with the description of the revaluation account and, afterwards, of the other changes in the volume of assets account?

2. This chapter could achieve its purpose in a more concise and consistent way. For example, there are only two accounts to be discussed. But, the first change of volume account has three functions described and for example, there are five main entries (a) to (e), under the first change of volume account function - as detailed in 19.12 - but as described somewhat differently in the subsequent text headings (19.13), (19.24), (19.31), (19.34) and (19.37). And, under the second change of volume account function, as detailed in 19.45, there are three principal (not principle) causes. In other words, the user finds it difficult - with so much detail - to understand the main general principles at stake.

3. One main suggestion would be to transfer the detail of this chapter into a Guide.

4. Concerning Table 12.1, would it not be better to group first by type of asset and then by type of other changes? In any case, it is rather difficult to link the asset-specific flows of this account with the corresponding transactions shown in two different accounts – the financial account and the capital account.

Eurostat	<p>New recommendations are clearly incorporated. What is not clear is the fact that the new hierarchy of entries in the other change in the volume of assets account is not presented.</p> <p>Paragraph 12.12 gives a list not corresponding to the headings then presented in the chapter. This paragraph should be amended to avoid confusion.</p>
Australia	<p>In the discussion of other changes of volume, there is no mention of the treatment of the sale of an asset from one party to another from the perspective of the holder of the liability (eg, for flow of funds purposes) associated with corporate restructures. The ABS position is that the holder of the liability records one transaction extinguishing the original asset and another transaction creating the new position. The international accounts are suggesting that this should be treated as a reclassification.</p>
Germany	<p>If R&D expenses are not treated as fixed assets, the status of Patents (treated as non-produced assets in the SNA 1993) will have to be restored. All concerned paragraphs will have to be updated in this case.</p> <p>Table 12.1 looks confusing to us, are there intermediate headlines missing?</p>
Israel	<p>As in the other chapters, the clear separation of definitions and explanation of links to other accounts are very helpful.</p> <p>The explanations about the revaluation account now do not include formulas – although the explanations in words fulfill the same role, one could give the formulas as well, some users find it easier to read a formula.</p> <p>See also comments in PDF</p>
Finland	<p>We think that the statements concerning employee stock options in context of creation and exhaustion of financial derivatives (par. 12.44) should be removed. See detailed comments on PDF.</p>
Netherlands	<p>In some cases, changes have been made that do not (directly) relate to the recommendations for changes to the 1993 SNA. In some cases, these changes are for the better. In other cases,</p>

however, I would prefer leaving the 1993 SNA unchanged. Among others, this relates to the following:

- Para. 12.10 and some of the subsequent text in the 1993 SNA gives a nice listing of and introduction to the more detailed description of all relevant items. This is missing in the new draft.
- There seems to be a lot of new text related to changes in classification of assets and liabilities. What is the rationale for the inclusion of this new text?

Chapter 12: Other changes in assets accounts – Part II: Comments on specific draft paragraphs or passages

1. Sections B: As compared with the hierarchy of entries in the other changes in the volume of assets account in the 1993 SNA, the proposed list for the update has been restructured with the intention of making it easier to associate entries in the other changes in the volume of assets accounts with the entries in the other accumulation account chapters including the balance sheet.. Do you find this successful or are there other changes you would suggest?

Country	Comment
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OECD

The structure seems logical.

12.8 This paragraph reads oddly. The opening sentence describes what the function of this account is, specifically to record changes in asset values due to factors other than transactions. One then expects to be told what the nature of these factors is. But the third sentence identifies transactions as a factor. The old paragraph 12.6, which this para replaces, is clearer and should be re-instituted.

Table 12.1 is all over the place and does not make sense.

12.27 This whole paragraph and its heading seem muddled. In addition, there is overlap between paragraphs 12.27 and 12.30. Paragraphs 12.28 to 12.34 in the old SNA are clearer.

12.70 If there is provision for government to claim assets in the case of default, then there would be no need to have a provision for the expected excess of calls under the scheme. Hence, I think the text should read "If the guarantees cover a long period and there is NO provision for government to claim assets in the case of default..." It might be useful to mention explicitly the holding gains that employee stock options attract between the vesting date and the exercise date.

It might be useful to mention explicitly the holding gains that employee stock options attract between the vesting date and the exercise date.

IMF	Yes, we find these changes useful. We have included specific comments in the PDF file.
ECB	See the general comment, above.
Eurostat	We agree with the new hierarchy of entries in the other changes in the volume of assets account.
Czech Republic	We find this successful.
Australia	The new structure seems to work well.
Germany	<p>12.16: We suggest to address here also the case of an upward reappraisal of valuables due to the increased intrinsic value attributed to an object.</p> <p>12.23: We favour to address here also the case, where changes in uses occur as a consequence of a reduced quality due to economic use in the production. This is the case when animals are reclassified from fixed assets to inventories and then sold for slaughtering (especially when the amortisation has not covered the whole reduction in the value of the animals during their use as fixed assets).</p> <p>12.32: We miss a clarification between selling and sub-contracting a transferable contract. In the SNA 1993 subcontracting a transferable contract was recorded as production, whereas selling such contracts was recorded outside the production boundary as other changes in volume.</p> <p>12.34: We see no way to calculate the value of purchased goodwill for a single or individual enterprise. Therefore we advocate that National Accounts should proceed by using macro data instead of calculating assets for individual businesses. In addition we propose to value purchased goodwill and marketing assets only on the basis of statistical data to be gained in accordance with the IAS and IFRS.</p>

12.61: We suggest, to add also animal diseases into the enumeration of possible exceptional losses, otherwise one may conclude that all animal diseases on a large scale have to be treated as catastrophic losses. Further, it would seem helpful to introduce also the unpredictability as criterion for exceptional losses, because some animal epidemic diseases may cover more than one accounting period.

12.79: There is a lack of clarity about how recording the reduction in value of animals reclassified from assets to inventories.

12.110: The present wording implies the necessity of recording holding gains for work-in-progress products. In SNA 10.132 it is said, that work-in-progress may have to be re-valued when prices change. This may lead to the conclusion that the estimations for work-in-progress have to be corrected without recording any holding gains. We suggest to exclude work-in-progress from holding gains recording.

Israel Seems fine.

Netherlands No comment. Furthermore, please note the general remark under part I.

Chapter 12: Other changes in assets accounts – Part II: Comments on specific draft paragraphs or passages

2. Does it make sense to have information on the other changes in financial assets moved to this chapter instead of, as previously, having them in chapter 11? In the 1993 SNA, the information on the other changes in financial assets was covered in chapter 11, The Financial Account. Do you see any problems with moving this information to this chapter?

Country	Comment
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OECD	I think it makes more sense to have all the items for an account together. No particular problems.
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IMF	Yes, it does make sense to have all the explanations on the other changes in financial assets together in the chapter that deals with other changes in assets accounts. We do not see any problems with moving the information to this chapter.
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UNSD	It is more logical to discuss other changes in volume in financial assets here. However, a note to refer to it is necessary in Chapter 11 on financial accounts.
ECB	We see no problem, here.
Eurostat	We agree with the move.
Czech Republic	We do not see any serious problem with moving information on other changes in financial assets from chapter 11 to chapter 12.
Australia	Agree with placement in this chapter
Israel	Makes sense.
Netherlands	No problem.

Chapter 12: Other changes in assets accounts – Part II: Comments on specific draft paragraphs or passages

3. It is proposed to make the existing annex on the calculation of holding gains and losses an electronic annex, available to all users of the manual but not included in the printed version. Do you have comments on this proposal?

Country	Comment
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OECD	Good idea to keep the manual to one volume.
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IMF	Not all developing countries have enough computer equipment for all national accountants. Therefore, the access to the annex might be limited for some countries.
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UNSD	Agree.
ECB	Please include the annex on holding gains and losses into a Guide.
Eurostat	We do not support this proposal.
Czech Republic	Perhaps there could be also printed version of the annex readable also without computer.
Australia	Agree with this approach
Israel	The annex is quite small. As said above, formulas could be added in the chapter – if not, then the annex may help understanding for users, who find it easier to read formulas than explanations in words.
Netherlands	It depends on the volume of the information. If it is quite small, including it into the printed version can not be a problem.

Chapter 12: Other changes in assets accounts – Part III: Other specific comments (or format of template was not used)

Country	Comment
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Mexico	Comments in Spanish: See pdf
OECD	See pdf or below (comments extracted, edits not) Table 12.1. Is "balancing items" needed? Table 12.1 is all over the place and does not make sense.

12.8 This paragraph reads oddly. The opening sentence describes what the function of this account is, specifically to record changes in asset values due to factors other than transactions. One then expects to be told what the nature of these factors is. But the third sentence identifies transactions as a factor. The old paragraph 12.6, which this para replaces, is clearer and should be re-instituted.

12.12 Should read .. entries relating to recognition and disappearance of produced assets;

12.27 This whole paragraph and its heading seem muddled. In addition, there is overlap between paragraphs 12.27 and 12.30. Paragraphs 12.28 to 12.34 in the old SNA are clearer.

12.58 Should read...changes in the volume of assets account.

After 12.123 It might be useful to mention explicitly the holding gains that employee stock options attract between the vesting date and the exercise date.

Denmark

[See pdf or below \(comments extracted, edits not\)](#)

12.72 We have in Denmark had examples on financial corporations which have got the authorization to take deposits, but doesn't use this possibility. We find that these should still be classified as "other financial intermediaries"

Norway

Table 12.1 Difficult to read. Produced assets are incorrectly presented on the liability side.

12.23 First sentence: suggest "differences" to be replaced by "changes"

12.32 How should "realised" be interpreted? Does it include "sold on the secondary market"?

12.33 Restricted only to positive values?

12.44 The first sentence is a general statement about financial derivatives which is not precise for options. For example, when buying a stock option the asset is introduced into the System as a transaction. For many types of derivatives with zero value at the beginning it is natural that the introduction into the System in the first period is through the other changes in volume account as there are no assets to revalue. But how should the recording in the next periods be when the changes are due to price changes? We would suggest revaluation account. Last sentence: Shouldn't the clearing (the net settlement) be recorded as financial transactions (see 11.88)

12.66/12.67 First sentences in both: contribution should be replaced by benefit

12.89 Last sentence should have been presented earlier in the chapter

Table 12.2 Incomplete and difficult to read

12.104 "Real net worth" is not defined and could be replaced by "net worth in real terms"

12.105 (Real) gains and losses on financial assets will cancel each other out.

12.106 Is "may" better than "must"?
Printing errors 12.54 (te), 12.94 (the assets asif they)

USA

[See pdf or below \(comments extracted, edits not\)](#)

- 12.8 Doesn't make clear that transactions are not other changes in volume.
Heading We suggest another word other than "externalities" be used, since its use here is not consistent with
3. how it is used elsewhere in economics.
12.66 Wording needs to be revised so that the sentence doesn't start with "These adjustments" (what
adjustments?)
12.69 Examples would be useful (unless they will be provided in chapter 17).

IMF

[See pdf or below \(comments extracted, edits not\)](#)

- 12.1 Clarify: Only fixed assets and inventories are subject to a decline in value due to physical
deterioration.
Table This table is hard to understand as it is two or even three tables in one.
12.1. Financial assets/liabilities here seem to be out of place. To what type of change in volume do they
refer?
12.14 Paragraph 12.9 in Chapter XII of the 1993 SNA was deleted. This paragraph is useful to show one of
the links between the SNA and the environmental satellite accounts.
12.27 Reductions in the level of proven reserves that reflect changes in technology and relatives prices
seem to be already included in downwards reappraisals of sub-soil resources. See text in paragraph
12.25.
12.37 This sentence is too cryptic: if the reference is to the manner in which forward financial derivatives
establish value, I suggest the text say that.
12.39 Not clear why this needs to be mentioned in the Other Changes Account as it is a transaction.
12.40 Bankruptcy is an inappropriate term (for example, under Chapter 11 of the Bankruptcy Law in the US,
many entities declare themselves bankrupt but may continue to trade for some time, and many
eventually reappear from bankruptcy in due course. "Liquidation" is probably a better word.

- 12.44 If agreement on financial derivatives has been reached between the two parties concerned, as stated in the text, this is a financial transaction and should not be recorded in the other changes in the volume of assets account even at the time of inception of the derivative or if the derivative cannot be valued. In the latter case, the price of the derivative is equal to zero and changes in the value of the derivative would be recorded as revaluations. At a later stage, once the comment period for the SNA Rev. 1 and BPM6 is complete we need to ensure that the texts are consistent.
- 12.53 I thought that, in this section, it wasn't clear how the various treatments were to be entered in the account. Suggest that, for each item, the text state that such an event should be recorded as "...". For example, in para. 12.53, it might state how, when and where changed assumptions about shrinkage of inventories should be recorded.
- 12.70 and? I think "the difference between" should be deleted/
12.73 It would be useful to mention the privatization of public corporations and the nationalization of private or foreign corporations as changes in classification since they are very common.
12.74 This might be shown as an entry in Table 12.1.
12.75 This is not at all clear; in fact, if it is meant to state that restructuring is not a transaction, that is incorrect.
12.76 This doesn't seem correct to me: for example, if a bank has a loan with an entity that is absorbed by another entity, the legal claim has changed. This would make it a transaction: the counterparties to the contract are different. This would apply to other claims and liabilities, and would also apply when an entity split into two (or more) separate units.
12.77 The main clause seems an non-sequitur to the subordinate clause.
12.80 Not sure why they should be specifically for hire cars: suggest "as might be the case when a car owned by a enterprise is sold to a household, and so, thereby, ceases to be included in the economy's capital stock.
12.81 Ensure that the wording here and in the BPM are exactly the same at a later stage.
12.82 I think it would be useful if the criteria to create a security from a traded loan were stated here or the reference back to chapter 11 could be made.
12.83 In this paragraph, "owner's" and "owners'" are both used for the same concept. Which is intended?
12.88 Not needed (but if we wish to use an adjective, I think it should be "arithmetic".)
12.94 {(a), second sentence..} This statement is wrong: transactions must be included, including COFC and accrued interest, plus net other chnages. This error is also found in the three following cases.

- 12.98 {Last sentence} I strongly suggest that this statement be removed: it is only too easy to turn this account into a residual, and this gives the compiler the green light so to do. It means, in effect, that all errors and omissions in the other four elements will be dumped into this account.
- Table 12.2. Insert "Changes in net worth due to nominal gains/losses" as sub headings
- 12.105 Not clear what this sentence is saying but I think it is referring to nonfinancial assets. If so, I suggest it be said explicitly.
- 12.106 Is the term "asset" here (first sentence) intended to apply to "liability" as well. If so, the text should say so, as, otherwise, it is inconsistent with the usage in para. 12. 104 (among others).
{Last sentence} I don't think we should use "cash" when it isn't cash. "payable as a financial asset" seems clumsy but it is more accurate. However, there may be a better term that I can't think of.
- 12.108 The present SNA spells out the integration of positions, transactions, other changes, for nonfinancial capital (fixed and inventories). I suggest this document follow that example, and also extend that to financial assets and liabilities.
- 12.103 Title: Monetary assets and liabilities
- 12.114 {Last sentence}This statement is incorrect: Other Changes in Volume (such as write offs or reclassifications) also need to be taken into account.
- 12.117 Puts should also be mentioned, not just calls.
{First part} The treatment of bonds being issued at a premium should also be discussed.
- 12.118 However, changes in market price (prompted by changes in market rates of interest) will not equal changes in value in the value of the instrument that result from the accrual of interest, because the use of the debtor approach is being used for the calculation of interest on debt securities. This needs to be mentioned.
- 12.119 The topical sentence of the paragraph is changes in value that result from changes in creditworthiness. The implication is that the only change is downward, which is not correct, so a discussion of the implications of an upward change in creditworthiness would be helpful. Also, the paragraph then goes on to mention other types of instrument, where downward change in creditworthiness is the only possibility. These might be placed in a separate para. or the topic sentence might be changed.
- 12.121 Residents may also hold foreign currency denominated liabilities
{Last sentence} Again, Other Changes in Volume need to be taken into account as well.

ECB

12.2 What does it mean: 'have important economic consequences'?

12.3 Revaluations are related to changes in the level of prices and not to changes in their structure. Somewhat

misleading.

12.4 'Other' should be included

12.5 In which sense is the account 'similar to the other accumulatton accounts'?

12.9 Mention 'effects of externalities' as said in 12.1.

12.13 What is the difference between 'public monuments' and 'historic monumnets'?

12.17 The definition is a repetition.

12.18 Terms 'reserves' and 'deposits' might be misleading.

12.34 Seem to be as if also households have to record goodwill.

12.38 to 12.43 on debt operations: It might be better to deal with this issue in the cross-cutting chapter because different types of flows (transactions or other changes in volume (OCIV)) have to be recorded. The whole section is not very well written. Starting clear definition of the various operations would be useful. In this context the various terms mentioned in the section should be covered, e.g. (i) debt forgiveness; (ii) debt assumption; (iii) debt rescheduling; (iv) debt write-off; (v) debt write-down; (vi) debtrepudiation; (vii) debt defeasance. Following this, the appropriate treatment should be described. Not clear why there is such a long paragraph on debt defeasance.

12.43 Strange to refer to GAAP.

12.44 Only the last sentence refers to OCIV.

12.46 After the first sentence, why not include paragraph 12.47?

12.62 The sentence is very difficult to understand.

12.66 to 12.69 Why are these paragraphs here and not included in the chapter defining and describing financial assets?

12.76 The treatment of merger and acquisition has to be also covered.

12.84 to 19.91 A rather long description of nominal and real holding gains and losses which is not so relevant in practice. The terms 'asset prices' and 'asset price inflation' should be introduced.

12.92 What is the 'monetary value' compared to the other concepts of value used in the manual?

12.97 This paragraph is rather fundamental introducing a basic identity. The content should be described earlier. In the section describing the various types of holding gains (i) the link between asset prices and consumer prices should be described; and (ii) a method might be outlined how to derive an asset price index.

12.105 What is a 'real net worth'? What is the decline in the real values of monetary assets?

12.106 Based on data derived from security-by-security databases even such data could be directly derived.

12.113, 12.114, 12.117 The distinction between the accrual of interest and price changes has to be made.

12.117 Some repetitions. Where to mention creditor/debtor approach?

Concerning Table 12.1, there are some specific comments: (i) Split of net worth missing / also liabilities instead of assets; (ii) What are main headings? (iii) In title: Other flows and balancing items? (iv) Does a numerical example make sense in which most of the cells are zero or not filled? (v) ROW: S.2; (vi) ROW: No other changes in volume of assets? (vii) What does 'last block' mean? (viii) Sums are missing; they should always match.

[See pdf or below \(comments extracted, edits not\)](#)

12.11 Externalities have a different meaning in economics

12.21 BUT SURELY IN THIS CASE THE LAND IS CONVERTED FROM WASTE - REQUIRING AN ENTRY IN 'OTHER' CHANGES, SEPARATELY FROM THE GFCF NEEDED TO RECLAIM IT.

12.26 SUGGEST BETTER TO AVOID 'ECONOMIC DISAPPEARANCE OF...' IF POSSIBLE

Entry of 1 mentioned in 6th line could not be found.

12.35 If you buy the shares of a company for 100, you show the market value of the company at the end of the period in your stocks, whatever the goodwill is. The description in paragraph 12.35 is only applied in consolidated accounts [plus a few exceptional cases, related to tax issues], and should not be applied, to our understanding, in the financial accounts.

12.36 See also comment on 12.35 - This paragraph states that goodwill not evidenced by a sale/purchase is not considered an economic asset in the System. Unsure this goes in the direction of comment made for 12.35. But this anyway gives the impression that the SNA excludes goodwill from the recording, while it is taken into account when measuring shares at market value.

12.42 debt forgiveness should be defined, to make clearer the consistency of this paragraph with the previous ones.

12.44 'Initiation and expiry of financial derivative contracts' would appear as a better sub-heading
On first sentence:

WE FIND THIS TREATMENT A BIT STRANGE. TAKE AN INTEREST RATE SWAP (A FIXED INTEREST STREAM SWAPPED AGAINST A VARIABLE STREAM). INITIALLY THE CONTRACT HAS NO MARKET VALUE BECAUSE THE TWO STREAMS ARE CONSIDERED TO HAVE THE SAME PRESENT VALUE. INTEREST RATES THEN FALL. THE FIXED RATE STREAM BECOMES MORE VALUABLE THAN THE VARIABLE RATE STREAM: THE CONTRACT HAS +VE VALUE TO THE RECIPIENT OF THE FIXED RATE STREAM (IT BECOMES AN ASSET IN HIS BALANCE SHEET), AND -VE VALUE (A LIABILITY) TO THE PARTY WHO CONTRACTED TO PAY FIXED INTEREST AND RECEIVE VARIABLE. IT SEEMS TO ME APPROPRIATE TO REFLECT THE APPEARANCE OF THESE POSITIONS IN BALANCE SHEETS IN THE REVALUATION ACCOUNT RATHER THAN IN THE 'OTHER CHANGES' ACCOUNT; THIS IS HOW THE EFFECT OF THE CHANGE IN MARKET RATES ON THE BALANCE SHEETS OF THE HOLDER AND ISSUER OF A FIXED-RATE BOND WILL BE TREATED, AND THE TWO CASES SEEM ANALOGOUS

On last sentence:

NOT SURE IN WHAT CIRCUMSTANCES THIS TERMINAL ENTRY IS NEEDED: EITHER THE STOCK OPTION CAME INTO THE MONEY, IN WHICH CASE THERE WILL HAVE BEEN TRANSACTIONS TO SETTLE CREDITOR/DEBTOR POSITIONS IN THE BALANCE SHEETS OF THE EMPLOYEE AND THE CORPORATION; OR IT DID NOT COME INTO THE MONEY, IN WHICH CASE THE OPTION IS WORTHLESS AND THERE IS NO CREDITOR/DEBTOR POSITION TO SETTLE

- 12.45 3. The effect of ~~externalities~~ external developments on the value of assets
- 12.79 Suggest to put "not practicable, or deemed too fastidious" in italic
{Last sentence} NICE TOUCH! IN FACT THE SAME MIGHT BE SAID ABOUT MUCH OF THE CONTENT OF THE MANUAL - IT MAY BE USEFUL TO SAY SOMEWHERE THAT IT IS A GUIDE TO PRACTICE, NOT EXPECTED TO BE APPLIED LITERALLY AND IN ALL RESPECTS.
- 12.89 {Last sentence} Similarly...: THIS SHOULD BE SAID AT THE BEGINNING OF THE CHAPTER (AND IN OTHER CHAPTERS DEALING WITH FINANCIAL INSTRUMENTS
- 12.102 For example, the nominal holding ~~gains on monetary assets~~ gains on deposits in national currency are zero,
MONETARY ASSETS MAY INCLUDE CERTAIN DEBT SECURITIES, MONEY MARKET FUND UNITS, AND COMPONENTS DENOMINATED IN FOREIGN CURRENCY, ANY OF WHICH MAY REGISTER HOLDING GAINS/LOSSES
- 12.113 Currency, deposits and loans [SUBHEADING NEEDED HERE]
SHOULD THIS SECTION ALSO COVER DERIVATIVES (SEE COMMENT ON PARA. 12.44) AND INDEXED INSTRUMENTS ?

- 12.114 The nominal holding gains on assets of fixed monetary value denominated in domestic currency are always zero.
NECESSARY TO ADD THESE WORDS - MANY OTHER ASSETS DENOMINATED IN DOMESTIC CURRENCY MAY EXPERIENCE HOLDING GAINS
- 12.116 {Last sentence} These remarks also apply to bills

Eurostat

New table 12.1 is unclear. On the basis of the new classification, it would be better to use the presentation of the table in the present SNA, distinguishing 3 groups (produced assets, non-produced assets, financial assets/liabilities) and inside each group describing which flows occur according to the new classification.

Paragraph 12.40 discusses the case where a creditor recognises that a claim can no longer be collected. It should be precised here that taxes unlikely to be collected by government should not be treated in other change of volume account. Eurostat proposes to add the following sentences at the end of paragraph 12.40: "By derogation from the general principle, this heading does not include taxes and social contributions payable to the general government that the general government unilaterally recognises as unlikely to be collected. Taxes and social contributions payable to the general government and unlikely to be collected are, in the same accounting period which has generated the liability, neutralised in the calculation of the net lending/net borrowing of the general government sector and of the counterpart sectors."

We agree with the inclusion of equalisation provisions in this chapter, but it is both included in paragraphs 12.63 to 12.65 under "other volume changes in financial assets and liabilities" and in paragraph 12.83 under "changes in classification and structure". Some additional recommendations would be helpful in these paragraphs.

Switzerland

§ 12.33 "The value of the contract, licence or lease treated as an asset is equal to the net present value of the prevailing price over the contract price. It will decline as the period of the agreement declines and the difference in price is no longer evident." For the sake of clarity, we think that this type of adjustments should be considered as "other changes in volume".

§ 12.73 and table 12.1 "... on the right-hand side of the account for non-financial corporations is an increase in loan liabilities (1)." The amount differs from the one in table 12.1.

§ 12.117 "As explained in ~~chapter VII~~ paragraph 11.28 (or 12.118), ..."

South Africa

[See pdf or below \(comments extracted, edits not\)](#)

12.58 ..the reminder should also be recorded in the other changes the volume of assets account.

Australia

12.8 - '...financial assets for which there is neither an actual nor notional liabilities'. We understand that gold is the only example, this could be stated.

12.15 - This paragraph states that when an asset on the balance sheet is reclassified (eg, to a public monument), the change in value associated with the reclassification is treated as an other change in volume. As no volumes have changed, the revaluation should be treated as such, with only the classification change treated as an other change in volume. The treatment outlined implies a causality associated with the classification change when it could be the valuation change causing the reclassification.

12.16 – The last sentence doesn't seem quite right; how could the counterpart entry to a transaction recorded in the capital account be recorded in the other changes in volume account? It is not clear to us why there should be any capital account entry for the sudden appearance of a valuable.

12.18 - This paragraph addresses the issue of the situation in which it becomes viable to exploit a particular subsoil asset. The final sentence suggests that this can occur because of technological progress or change in relative prices. It might be helpful to note that the relative price change being referred to is the price of the outputs that would be produced as a result of the exploitation of the subsoil asset. (We note that relative price change of inputs could also be a cause but this would be much less common.)

12.25 - This paragraph is difficult to grasp as it currently stands, suggest a rewording.

12.26 – Should the unwinding of the discount associated with subsoil assets valued on an NPV basis be treated as an appearance of the asset, or should it be deducted from the actual value of extractions to get a 'net' depletion measure. (If you think about the analogy with fixed assets, consumption of fixed capital equals the value of the assets service flow used up in the period less the unwinding of the discount.)

12.41 – In the second sentence, to prevent confusion “Changes in value” could be used to replace “write-downs”. In the third sentence, we suggest that “accounting purposes” could be added to “regulatory or supervisory requirements”

12.44 This paragraph states that derivatives are introduced to the balance sheet and removed from the balance sheet (when activated) through other changes in volume. The ABS understanding of the treatment of derivatives is as follows:

(i) Forwards generally are introduced to the balance sheet with zero value. They then change value through revaluations. When they are activated, they are extinguished through a transaction.

(ii) Options are introduced to the balance sheet with a transaction (valued at the value of the premium). They then change value through revaluations (and may change to a zero value and expire). When they are activated, they are extinguished through a transaction. It is only when an option expires with a non-zero value that an other change in volume occurs.

Also, the discussion on ESOs is inconsistent with paragraph 13.89, which states that ESOs enter the balance sheet as an offset to accrued compensation of employees between the grant date and vesting date, suggesting that the counterpart transaction is in the financial account. We believe that the form of recording suggested in 13.89 is correct, and that paragraph 12.44 is incorrect as it currently stands.

12.53 - Some clarification on the issue of revisions in assumptions would be useful. It is possible that the assumptions underlying COFC calculations are wrong and have been for the whole time series in which case the whole time series should be revised. The paragraph could be interpreted as saying that in such a situation a step change be introduced through the other change in volume account. We think the intention of the paragraph is to note that where economic circumstances change during a period such that the earlier assumptions regarding COFC are no longer applicable then the consequent change in the value of asset from beginning to end of period should not all be regarded as COFC - some amount should be shown as an other change in volume.

12.66 and 12.67 – We think that ‘ defined contribution’ in the first sentence of each of these paragraphs should be ‘defined benefit’.

12.68 and 12.69 – The information on ABO vs PBO is good material, but the ABO/PBO affects parts of the accounts as well the other changes in assets accounts.

12.75 and 12.76 - These paragraphs suggest treating the creation or elimination of assets and liabilities through corporate restructures as other changes in volume. The ABS preference is that these are treated as transactions.

Israel

[See pdf or below \(comments extracted, edits not\)](#)

12.42 Could be explained more

12.59 ??

12.91 Why give a definition in italics, when it is explained below that it will not be used in NA?

12.101 The paragraph could perhaps be omitted

12.102 The problem in this paragraph is explained later

12.112 Increase in inventories is also a problem for measuring the GDP from the expenditure side.

Finland

[See pdf or below \(comments extracted, edits not\)](#)

12.44 According to the proposed recording of ESOs there will not be any entry in other changes in volume of assets accounts due to creation and exhaustion of ESOs. Only changes in market values of ESOs between the vesting date and the exercise date are recorded in this account (namely the revaluation account). This sentence should be removed.

Netherlands Section 2: The heading 'Appearance and disappearance of assets other than by transactions is too general. It does also include items under section 3 etc.

Para. 12.23 and 12.29: Double, at least partly?

Para. 12.25 and 12.27: Double?

Para. 12.36: In our opinion, one should make possible the recording of marketing assets evidenced by a recognition in the business accounts, not only marketing assets evidenced by sale/purchase.

Para. 12.37: It may be useful to include a small example here.

Para. 12.41: It is stated here that write-downs that reflect the actual market values should be recorded in the revaluation account. In our opinion, write-downs always reflect a reduction of the (market) value of an asset. Interpreted as such, para. 12.41 is inconsistent with para. 12.40.

Para. 12.44: ???

Para. 12.62 (including heading above para. 12.62): One should add 'n.e.c.' here.

Para. 12.65: It is not clear how this paragraph relates to other changes in the volume of assets.

Para. 12.66-69: It could be clarified here (or more generally elsewhere) how to deal with changes in the discount rate.

Para. 12.69: It is suggested that ABO is affected by expectations about future promotions. As we understand it, this can not be true. Furthermore, there still is the question of whether or not allowing for flexibility (ABO versus PBO) regarding the valuation of the relevant entitlements.

Para. 12.71-76: It is not clear how to deal with e.g. the change from an unincorporated enterprises to an incorporated enterprise. As I see it, this is not a change in classification and structure, but a transaction in financial and non-financial assets. The example in para. 12.73 seems to suggest otherwise.

Para. 12.97: The fourth item should also include holding gains (and losses) on assets acquired and disposed of within the accounting period.

Para. 12.100: Wouldn't it be preferable to use the price index that is most relevant for each institutional sector?

Para. 12.114: "... on assets ..." should be replaced by "... on assets with fixed monetary value ...".