

# Classification and terminology of non-financial assets

## Summary conclusion

### ***Recommendations/questions***

1. Does the AEG agree with:

(a) the highest level of the classification as follows:

*Non-financial assets*  
*Produced assets*  
*Non-produced assets*  
*Financial assets*

(b) the high level structure for produced and non-produced assets as follows:

*Produced assets*  
*Fixed assets*  
*Inventories*  
*Valuables*  
*Non-produced assets*  
*Natural resources*  
*Contracts, leases and licences*  
*Goodwill and marketing assets*

(c) the breakdown of fixed assets as follows:

*Dwellings*  
*Other buildings and structures*  
*Non-residential buildings*  
*Other structures*  
*Land improvements*  
*Machinery and equipment*  
*Transport equipment*  
*ICT equipment*  
*Other machinery and equipment*  
*Military assets*  
*Cultivated assets*  
*Livestock for breeding, dairy, draught etc.*  
*Vineyards, orchards and other plantations of trees yielding repeat products*  
*Costs of ownership transfer on non-produced assets*  
*Intellectual property products*  
*Research and development expenditure*  
*Mineral exploration and evaluation*  
*Computer software and databases*  
*Computer software*  
*Databases*

*Entertainment, literary or artistic originals*  
*Other intellectual property products*

- (d) the breakdown of inventories as follows:

*Materials and supplies*  
*Work in progress*  
*Work in progress on cultivated assets*  
*Other work in progress*  
*Finished goods*  
*Government military and strategic inventories*  
*Military inventories*  
*Strategic inventories*  
*Goods for resale*

- (e) the breakdown proposed for valuables as follows:

*Precious metals and stones*  
*Antiques and other art objects*  
*Other valuables*

- (f) the detailed categories proposed for natural resources? Does the AEG agree that only first level should be standard and the rest supplementary? Does the AEG consider a parallel classification between land improvements and natural land is desirable?

*Natural land*  
*Natural land under buildings and structures and associated surface water*  
*Natural land under cultivation and associated surface water*  
*Natural recreational land and associated surface water*  
*Other natural land and associated surface water*  
*Subsoil assets*  
*Coal, oil and mineral gas reserves*  
*Metallic mineral reserves*  
*Non-metallic mineral reserves*  
*Non-cultivated biological resources*  
*Natural forests*  
*Other crop and plant resources*  
*Wild stocks of fish and aquatic mammals*  
*In national waters including EEZ*  
*Outside EEZ*  
*Water resources*  
*Aquifers*  
*Other*  
*Other natural resources*  
*Radio spectra*  
*Other*

- (g) the proposal regarding contracts, leases and licences as follows:

*Third party property rights*

*Marketable operating leases*  
*Permissions to use natural resources*  
*Entitlement to future goods and services on an exclusive basis*  
*Of nominated legal persons*  
*Of future production*

- (h) the following format of the capital account entries? Does the AEG wish to suggest more disaggregation?

*Gross fixed capital formation*  
*Acquisitions less disposals of fixed assets*  
*Acquisition of new fixed assets*  
*Acquisition of existing fixed assets*  
*Disposal of existing fixed assets*  
*Cost of ownership transfer on natural resources*  
*Depreciation*  
*Changes in inventories*  
*Acquisition less disposal of valuables*  
*Acquisition less disposals of non-produced assets*

- (i) the following proposals for the “Other changes in volume of assets account”?

***Entries applying to a restricted number of assets***

*Economic recognition of produced assets (K4)*

Public monuments

Valuables

*Increase in the value of natural resources*

Discoveries and upwards reappraisals of sub-soil resources (K3)

Natural growth of uncultivated biological resources (K5)

*Decrease in the value of natural resources*

Extractions and downwards reappraisals of sub-soil resources(K61)<sup>1</sup>

Harvesting of uncultivated biological resources

*Initiation of contract, leases and licences (K3)*

Relating to third party property rights

Fixed assets

Natural resources

Relating to the entitlement to future goods and services

*Termination of contracts, leases and licences (K62)*

Relating to third party property rights

Fixed assets

Natural resources

Relating to the entitlement to future goods and services

<sup>1</sup> The word extraction has been used here to replace depletion. This is in keeping with usage in the SEEA where extraction is used for total removals and depletion for the net effect on the level of reserves.

*Changes in the value of goodwill and marketing assets(K62)*  
***Entries applying to all classes of assets***  
*Catastrophic losses (K7)*  
*Uncompensated seizures (K8)*  
*Other volume change (K9 and K10)*

## **Outcomes**

- (a) The AEG agreed.
- (b) The AEG agreed.
- (c) The AEG was in broad agreement. Changes required from the proposal presented are:
  - “military assets” should be changed to “weapons systems”
  - the word “expenditure” should be dropped from “research and development”
  - the “Other intellectual property products” category should be re-examined as noted above.
- (d) The AEG agreed with the breakdown with one exception: “Military and strategic inventories” should be changed to “Military inventories”; the strategic inventories component (e.g. oil, food) will be allocated to other relevant parts of inventories as now.
- (e) The AEG agreed.
- (f) The AEG agreed with the proposed classification at the top level; the more detailed levels will be optional, depending on the situation in individual countries. The Editor and the UNSD will work together to obtain the best alignment possible between the SNA and SEEA classifications.
- (g) The AEG postponed discussion of this section pending further work on the issue on contracts, leases and licences.
- (h) The AEG agreed with the format and did not wish to have any greater disaggregation. The AEG also agreed that the 1993 SNA term “Consumption of fixed capital” should not be changed to “Depreciation” as recommended by the Canberra II Group.
- (i) The AEG agreed.