

Report on the Outcome of the Global Consultation on the Draft 2025 SNA

Chapter 14: Balance sheet

49 comments were received from 18 respondents.

Question 1 – Have the agreed recommendations been reflected appropriately?

No substantive issues were raised.

Two minor additional issues were raised which are considered relevant for inclusion:

- Paragraph 14.11: To arrive at a more logical ordering of the text, it is proposed to move the sentences on changes in assets and liabilities, starting with “In addition, ...”, to paragraph 14.12. Paragraph 14.12 would then read as follows (changes highlighted by underlining): “The second part of table 14.1 consists of a summary of the entries in the capital, financial, other changes in volume of assets and revaluation accounts grouped by type of asset. The entries for fixed assets, for example, show the totals of the entries for fixed assets in each of the capital account, the other changes in volume of assets and liabilities account and the revaluation account. Changes in the ownership between residents and non-residents of non-produced non-financial assets are recorded in the capital accounts. However, changes in ownership of natural resources and other immovable assets typically do not give rise to an international transaction in non-financial assets, because notional resident units are generally identified as the owners of these immovable assets. Under these entries for the changes in assets and liabilities there is a breakdown showing how much of the change in net worth is due to saving and capital transfers, other changes in the volume of assets and liabilities, and holding gains. There is no entry carried forward from the financial account because the changes in net worth due to saving and capital transfers are completely exhausted by changes in transactions in financial and non-financial assets”. [Note: Already done.]
- Paragraph 14.63: For reasons of clarification, it is proposed to add “(i.e., the resource rent)” after “economic benefits”.

Question 2 – Is the material in the chapter clear?

No substantive issues were raised.

Three minor additional issues were raised which are considered relevant for inclusion:

- Paragraph 14.67: It is proposed to change “any interest and implicit financial services on loans and deposits” to “bank interest (i.e., SNA interest minus implicit financial services on loans and deposits)”.
- Paragraph 14.73: In line with the previous proposal, it is proposed to change “This amount should include any accrued interest that has been earned but not been paid. It should also include any amount of implicit financial services on loans and deposits (the difference between bank interest and SNA interest) due on the loan that has accrued and not been paid” into the following (changes highlighted by underlining): “This amount should include any accrued interest that has been earned but not been paid. In the case of loans provided by

financial intermediaries, the accrued interest refers to the bank interest (i.e., SNA interest plus implicit financial services on loans and deposits)”.

- Paragraph 14.115: It is proposed to change the terms “financial assets related provision” and “non-financial assets related provisions” to “provisions related to financial assets” and “provisions related to non-financial assets”.

Question 3 – Are there any errors in the chapter, or inconsistencies within this chapter or with other chapters?

One substantive issue was raised.

Issue 14.3.1: The recording of repayable margins in cash related to financial derivatives keeps raising questions, partly related to some divergences in the guidance provided in the 2008 SNA and the guidance provided in ESA 2010 (the latter also providing the possibility of a recording as loans). For this chapter, the issue was raised in relation to paragraph 14.67.

Proposed response: The issue has been discussed by the BPM and SNA editorial teams. It was agreed to focus on the current treatments in the 2008 SNA and BPM6 rather than the ESA 2010. It was also agreed to use objective criteria for the classification, instead of leaving it to the discretion of compilers. Considering these factors, it is proposed to include the following guidance, which would be consistent with the 2008 SNA and BPM6, in both the 2025 SNA and BPM7: “Repayable margin payments in cash related to financial derivatives contracts are included in other deposits, if the debtor’s liabilities are included in broad money. Otherwise, they are included in other accounts receivable/payable”. In addition to paragraph 14.67, this guidance will also affect paragraphs 12.64, 12.136 and 25.81 (as well as paragraphs 5.43, 5.51, 5.94 and 8.39 of BPM7).

Six minor additional issues were raised which are considered relevant for inclusion:

- Paragraph 14.3: In view of consistency with paragraph 17.16, it is proposed to change the sentence “Furthermore, when a natural resource is the subject to a resource lease, the asset is recorded in the accounts of the legal owner, often government, and the extractor, in line ...” into the following (changes highlighted by underlining): “Furthermore, in the case of a natural resources, the legal owner may allow the resource to be used for an extended period of time in such a way that in effect the user controls the use of the resource during this time with little if any intervention from the legal owner. In such cases, the asset is recorded in the accounts of the legal owner, often government, and the extractor, in line ...”.
- Paragraph 14.12: At the end of the paragraph, it is proposed to change “changes in transactions” to “transactions.”
- Paragraph 14.58: It is proposed to delete the reference to the “least-cost-alternative”, in view of the point that it is not considered a valid method for use in a national accounts context due to its reliance on counterfactuals.
- Paragraph 14.73: In view of a further alignment with BPM7, it is proposed to change the sentence “The other factors should be restricted to re-assessments in view of a formal, publicly known process” to “The other factors should be restricted to re-assessments in cases there is evidence of loan deterioration due to publicly known events (e.g., in the context of bank recovery operations)”.

- Paragraph 14.98: It is proposed to add a reference to credit default swaps, by changing the start of the sentence “The market value of a forward contract can switch between an asset position and a liability position ...” into the following: “The market value of forward contracts, including credit default swaps, can switch between an asset position and a liability position ...”.
- Figure 14.1: The consistency of terminology in the figure versus the terms used in the relevant text will need to be checked.

Question 4 – Are there any other concerns?

No substantive issues were raised.

No additional issues requiring changes of the current text were raised.

Disagreement with agreed recommendations for the update of the 2008 SNA – provided for information only

There were no recommendations regarding which five or more respondents disagreed.

Substantive concerns with 2008 SNA text unaffected by agreed recommendations – provided for information only

There were no substantial concerns regarding the 2008 SNA text unaffected by agreed recommendations.

Other points for reflection:

Some respondents made additional comments or suggestions which may need further reflection, as follows:

- Consistency between chapter 14 and chapter 25 (e.g., paragraphs 14.96 and 14.98).
- The possibility of presenting the classification hierarchies to the October 2024 meeting of the AEG.