

**Comments on draft SNA chapter:
Chapter 10: The capital account**

**Deadline for comments: 12 February 2007
Send comments to: sna@un.org**

Your name:	Gallo Gueye
Your country/organization:	Eurostat
Contact (e.g. email address):	gallo.gueye@ec.europa.eu

This three-part template allows you to record your comments on draft chapter 10 easily and, at the same time, makes it easy for us to use your comments in considering revisions to the draft chapter. You may complete any one, any two, or all of the three parts of the template.

Save this template and send it as an attachment to the following e-mail address:
sna@un.org

Part I: General comments

In the space below, please provide any general comments, such as about the clarity with which the new recommendations were incorporated (30 words or less).

Comment:

<p>Comments on Section A:</p> <ul style="list-style-type: none">• 10.9: It would be useful to explain in more detail why services are included in inventories, and to give specific examples.• 10.13: Contracts, leases and licenses – This issue should be revisited in the light of on-going discussions on the nature (non-financial or financial) of the assets concerned. This is also valid for the developments in paragraphs 10.174 to 10.188• 10.16 "capital transfers are unrequited transfers" (also in 10.189) – We would suggest removing the word "unrequited".• 10.17 At the end of the first sentence we suggest adding "of the recipient". At the end of the second sentence we suggest adding "of the payer".
--

Part II: Comments on specific draft paragraphs or passages

In your review of draft chapter 10, you may wish to devote particular attention to the passages listed below. There is space after each issue for any comment you wish to make.

1. Sections B covers produced assets. Much new material has been included originating in the Canberra II Group. Are the additions clear, especially to those not involved in the Canberra II Group work?

Comment:

- 10.34: Which are the services included within the asset boundary which consist of "free-standing capital"? Further explanations as well as a list of specific examples should be provided to the reader.
- 10.42 (b) we suggest adding "productive" before "capacity" in the first sentence.
- Concerning time of recording of terminal costs it should be clarified (either in section B or in section C 10.149, or in both) that when they are either not anticipated or cannot be predicted with reasonable accuracy, they are still recorded as gross fixed capital formation when they occur but may be written off as consumption of fixed capital immediately (see AEG document M2.04/10, p. 2, point v).
- 10.56 NPISH providing collective services seems not consistent with chapter 9 on the convention that all services provided by NPISHs are treated as individual even though some are partly collective in nature.
- 10.84 Italics/bold missing for this definition.
- 10.95 says that "intellectual property products are the result of research, development, etc.": we agree with this definition. But 10.96 says that research and development and mineral exploration are specific forms of intellectual property products: we don't agree with this definition that is not compatible with the one in 10.95. 10.100 and 10.102 give correct definitions of R&D and mineral exploration as expenditures (on activities), not as products. Finally, for the same reasons, in 10.101 the words "result of" should be inserted between the article "the" and "R&D" in the last sentence.
- The remarks above apply also to the classification of assets shown in table 10.2.
- 10.119 the last word "inventories" is missing and erroneously appears at the beginning of paragraph 10.120.
- 10.121 "some goods will be incomplete at the end of one accounting period but will be completed long before the end of the next". The relevance of this sentence is unclear.
- Concerning work in progress, reference is sometimes to goods, more often to output. The case of services (eg architectural or engineering services) would deserve clarification.
- 10.127 should be deleted as it is the same as 10.126. Review numbering.
- 10.131 This paragraph would need clarification. Why not mention construction?
-
- Table 10.2: Would seem better to talk about Research and development *expenditure* and Mineral exploration and evaluation *expenditure* under Intellectual property products

2. Section D1 covers natural resources. Every attempt has been made to harmonise with the asset categories in SEEA and some detail is left optional within SNA though

included in SEEA. Are you satisfied with the balance? If not, what would you propose?

Comment:

- Table 10.3 on page 28 should be 10.4.
- 10.162 table 10.7 should be table 10.4

3. Section D2 covers contracts, leases and licenses. A fuller exposition of these will appear in chapter 17 on Cross-cutting and Other Special Issues. Although it may be difficult to comment without having chapter 17 in hand, are there points missing from this summary that you think should be necessary even in a summary?

Comment:

See general comment on section A. Other specific comments below.

- 10.182: definition in bold/italics could specify "issued by government", as this appears in both sets of circumstances (a) and (b).
- 10.180: we think it would be better to put this rare case after, rather than before, the case of permits issued by government. The second sentence would be clearer if "payment of rent" comes before "service", because of the specification given after "on whether". "latter" and "former" in the following two sentences should be also adapted to this change.

4. It is proposed to omit the annex on costs of ownership transfer. Is there anything missing on this subject from the chapter if the annex is dropped?

Comment:

Yes: the recording and calculation of a holding loss described in 3. and 6. of the annex.

Part III. Other specific comments

(as we have only few other comments on part E we give them below)

Part E:

- 10.189 see comment under part A.
- In part E1 bold/italics are missing.
- Table 10.4 on page 34 should be 10.5

You are welcome to make other comments. Please do so by using Adobe Acrobat Version 6 or 7 to comments directly on the PDF of the draft chapter.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make very detailed comments please send a message to sna@un.org requesting to receive a version of the draft chapter permitting you to comment. To optimize your commenting tools please download Adobe Reader 7.0 for free from <http://www.adobe.com/products/acrobat/readstep2.html>