

**Comments on draft SNA chapter:  
Chapter 3: Flows, stocks and accounting rules**

**Deadline for comments: 30 September 2007  
Send comments to: [sna@un.org](mailto:sna@un.org)**

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Submission date:	24-9-2007

This three-part template allows you to record your comments on draft chapter 3 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.

Especially when providing comments in Part III of the template, you are encouraged to focus on the new passages of the draft text. To facilitate this process, a file comparing the existing text and the draft text is available on the website under the following link: <http://unstats.un.org/unsd/sna1993/projectmanagement/drafts/Chapter3dv2cdv0.pdf>

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

In general, we support the new text proposals and recommendations. More specifically, we are very pleased with the proposals on the important accounting rules that bring BPM6 and SNA closer together.

In our opinion, chapter 3 as a whole is a very clear and readable chapter describing some important general principles on stocks, flows and accounting rules.

**Part II: Comments on specific draft paragraphs or passages**

In your review of draft chapter 3, you may wish to devote particular attention to the passages listed below. For ease of reference, we have identified the relevant paragraphs.

For each passage, a Word table is provided for you to use in making your comments. There is a row for general comments at the top of the table. Thereafter please use a separate row for each paragraph on which you wish to make detailed comments.

Definition of an asset

Questions about the adequacy of the *1993 SNA* definition of an economic asset led to the issue being among the forty-four considered during the Update. An AEG meeting concluded that the 1993 definition did not adequately cover risk, demonstrable value and constructive obligations.

1. Section B, about stocks, opens with a new and fuller definition of an asset than appeared in the *1993 SNA*. Paragraphs 3.18 – 3.28 describe the concepts of benefits and of legal and economic ownership, and then paragraphs 3.29 - 3.30 present the new definition. Are these paragraphs clear?

General comment	Yes.
3.18	Yes.
*	Click here and start typing.

\* Insert rows in this Word table for each paragraph on which you wish to comment.

Accounting rules: additions from *BPM6*

Section E presents the accounting rules of the System. Text from the draft *BPM6* has been added to the text from the *1993 SNA* in several places. These additions help implement the agreement to align the two manuals where appropriate. Of several additions (see file comparing the 1993 text with the present draft, where they are apparent), two in particular may be of interest.

2. Paragraphs 3.106 – 3.111 discuss quadruple entry accounting. Are these paragraphs clear and appropriate to the *SNA*?

General comment	We consider these paragraphs on quadruple-entry accounting as being very important, because they describe the basic principles for national accounts. Generally speaking the text is clearly written, but see also our comments in part III below.
3.106	Yes.
*	Click here and start typing.

\* Insert rows in this Word table for each paragraph on which you wish to comment.

3. Paragraphs 3.113 – 3.128 are about valuation of transactions. In particular, paragraphs 3.113-3.114 explain how “market prices” should be interpreted. Are the paragraphs clear and appropriate for the SNA?

General comment	Yes
3.113	Yes
*	Click here and start typing.

\* Insert rows in this Word table for each paragraph on which you wish to comment.

#### Discounted present value of expected future returns

Section E.2 discusses valuation, beginning with the relatively straight-forward cases when actual exchange values represent market prices and then moving to the more difficult cases, including those where market-price equivalents must be used.

4. Paragraph 3.126 notes, as did the *1993 SNA*, that when none of several methods to represent market-price equivalents can be applied, flows and stocks can be recorded at the discounted present value of expected future returns. Does the description of this method strike an appropriate tone given the greater use and acceptance of this method since the *1993 SNA*?

General comment	Yes.
3.126	Yes.

### **Part III. Other specific comments**

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

If you don't have Adobe Acrobat Version 6 or 7 and would like to make detailed comments, please send a message to [sna@un.org](mailto:sna@un.org) requesting a version of the draft chapter that permits 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>

Para. 3.17: We wonder whether the items (a), (b), (c) and (d) can really be considered as the core of the quadruple entry method, as is suggested in paragraph 3.17. In our opinion, the essence of the quadruple entry method is better described in paragraphs 3.107 and

Para. 3.109: (1) registration of a transaction within a unit by at least two entries that balance (vertical consistency) and (2) registration of a transaction between two units for the same amount (horizontal consistency). Maybe these two core principles of the quadruple entry method can also be mentioned in paragraph 3.17?

Para. 3.31 – 3.34: Paragraph 3.31 ends with “From this a financial claim can be defined”. However, paragraph 3.32 starts with the definition of a financial liability, whereas a financial claim is only defined much later on, in paragraph 3.34. One may want to reconsider the sequence of these paragraphs?

Para. 3.40: Typo: Two full stops at the end of the first sentence.

Para. 3.46: Text should be added or paragraph should be deleted.

Para. 3.50: We wonder whether it is needed to describe institutional units in full, as in the case of (a) – (c). In our opinion, description in full length in chapter 4 is sufficient.

Para. 3.60: The second sentence of paragraph 3.60 (“In the first ... category”) describes the ‘theory’ behind the first kind of rerouting. However, the second type of rerouting is not described in general terms. We suggest adding such a description here.

Para. 3.96: This paragraph discusses other changes. However, half way this paragraph (“For valuables, ... valuables”), an example is mentioned of an event that is a transaction (and not an other change). In our view this example should not be mentioned here. One may consider moving the example to the end of the paragraph, while making clear that contrary to the rest of the paragraph this example describes a transaction instead of an other change.

Para. 3.102: In our opinion, the importance of the balancing items should be stressed more explicitly, e.g. by introducing an extra sentence in this paragraph like the following: “The balancing items of separate sectors and the total economy can be considered as key indicators for economic developments. They are frequently used for macro-economic analyses and comparisons”.