Equity

Summary conclusion

Questions

1. Does the AEG:

(a) agree on the principle of flexibility in the approaches to valuing unquoted equity?

(b) accept the proposed approaches towards valuing unquoted equity?

(c) accept to introduce breakdowns of the entry AF5: AF51: equity, AF51.1 quoted shares, AF51.2: unquoted shares, AF51.3 other equity; AF52: investment funds?

(d) agree to include a paragraph to discuss the link between inter-company investment and direct investment?

(e) agree that a conceptual description of Residual Corporate Net Worth is included in the SNA and that it appear as a sub-component of B90?

(f) support a change to the Revaluation Account to include the counterpart of imputed flows linked to re-invested earnings?

Outcomes

(a) The AEG agreed to the principle of flexibility.

(b) The AEG agreed that transaction prices are the preferred means of valuing unquoted equity. The AEG did not rank the other alternative methods proposed for valuing unquoted equity when transaction prices are not available.

(c) To be discussed in the context of the classification of financial assets and liabilities.

(d) The AEG agreed.

(e) The AEG agreed that a description of the concept of Residual Corporate Net Worth would be useful but that a breakdown of total net worth to show this component explicitly in the accounts would not be useful.

(f) The AEG agreed a further articulation of the flows is required in the SNA.