



United Nations Statistics Division
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Comments on draft SNA chapter Chapter 10: The capital account

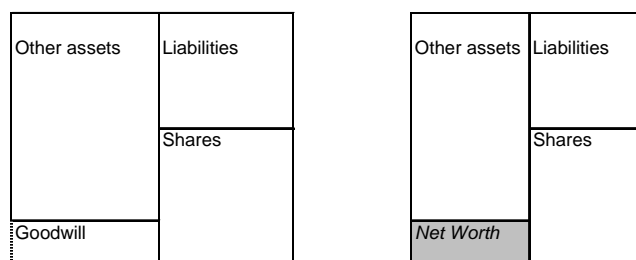
§ 10.14

“Goodwill and marketing assets represent the whole or part of net worth of an institutional unit.”

It seems inappropriate to express goodwill and marketing assets as the whole/part of the net worth.

Explanation:

Goodwill and marketing assets are only accounted for at the time of sale and valued as the difference between the sale value of the corporation and the value of assets and liabilities “classified elsewhere within the SNA asset boundary”. At the time of the sale, net worth is therefore zero (see § 12.34). Before the sale takes place and under the assumption of perfect financial markets, the value of shares and other equity should exactly match the net value of the other assets/liabilities, including goodwill (and marketing assets). However, as the latter is not yet accounted for on the asset side, the value of shares and other equity would exceed the net value of the other assets/liabilities, leading to a negative net worth.



§ 10.180

*“Permissions to undertake specific activities issued by units other than government are rare. They are treated as **payment for a service** or **payment of rent** depending on whether the activity permitted makes **use of a non-produced non-financial asset** belonging to the permit issuer or **not**. An example of the **former** is a hotel offering*

*a concession to a firm to transport hotel guests. An example of the **latter** is an individual renting small amounts of land for use as market garden or allotments.”*

Proposal:

“Permissions to undertake specific activities issued by units other than government are rare. They are treated as ~~payment for a service~~ payment of rent or ~~payment of rent~~ payment for a service depending on whether the activity permitted makes use of a non-produced non-financial asset belonging to the permit issuer or not. An example of the ~~latter~~ ~~former~~ is a hotel offering a concession to a firm to transport hotel guests. An example of the former ~~latter~~ is an individual renting small amounts of land for use as market garden or allotments.”

Explanation:

Because the payment for a service (payment of rent) is related to the non-use (use) of a non-produced non-financial asset.

§ 10.182

Both sets of circumstances refer to permissions issued by government. To our understanding, permissions issued by units other than government (§ 10.180) should also be considered assets provided they are transferable and cover several periods (similar to § 10.13). This should be restated under § 10.180 or § 10.182 as § 10.182 seems to restrict assets to permits issued by government.

§ 10.183 (p. 32)

“Under the second set of circumstances, the value of the asset is the amount at which it changes hands, suitable abated by a factor determined by the length of time the permit remains valid“.

The remaining validity of the permit should already be taken into account in the transaction price and no further correction should be required. Reference to a practical recommendation similar to § 10.13 would be welcome for the second set of circumstances.
