

**Comments on draft SNA chapter:
Chapter 12: Other changes in assets accounts**

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

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This three-part template allows you to record your comments on draft chapter 12 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:

1. Would it not be more straightforward to start with the description of the revaluation account and, afterwards, of the other changes in the volume of assets account?
2. This chapter could achieve its purpose in a more concise and consistent way. For example, there are only two accounts to be discussed. But, the first change of volume account has three functions described and for example, there are five main entries (a) to (e), under the first change of volume account function - as detailed in 19.12 - but as described somewhat differently in the subsequent text headings (19.13), (19.24), (19.31), (19.34) and (19.37). And, under the second change of volume account function, as detailed in 19.45, there are three principal (not principle) causes. In other words, the user finds it difficult - with so much detail - to understand the main general principles at stake.
3. One main suggestion would be to transfer the detail of this chapter into a Guide.
4. Concerning Table 12.1, would it not be better to group first by type of asset and then by type of other changes? In any case, it is rather difficult to link the asset-specific flows of this account with the corresponding transactions shown in two different accounts – the financial account and the capital account.

Part II: Comments on specific draft paragraphs or passages

In your review of draft chapter 12, 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: As compared with the hierarchy of entries in the other changes in the volume of assets account in the 1993 SNA, the proposed list for the update has been restructured with the intention of making it easier to associate entries in the other changes in the volume of assets accounts with the entries in the other accumulation account chapters including the balance sheet.. Do you find this successful or are there other changes you would suggest?

Comment:

See the general comment, above.

2. Does it make sense to have information on the other changes in financial assets moved to this chapter instead of, as previously, having them in chapter 11? In the 1993 SNA, the information on the other changes in financial assets was covered in chapter 11, The Financial Account. Do you see any problems with moving this information to this chapter?

Comment:

We see no problem, here.

3. It is proposed to make the existing annex on the calculation of holding gains and losses an electronic annex, available to all users of the manual but not included in the printed version. Do you have comments on this proposal?

Comment:

Please include the annex on holding gains and losses into a Guide.

Part III. Other specific comments

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>

- 12.2 What does it mean: 'have important economic consequences'?
- 12.3 Revaluations are related to changes in the level of prices and not to changes in their structure. Somewhat misleading.
- 12.4 'Other' should be included.

- 12.5 In which sense is the account 'similar to the other accumulation accounts'?
- 12.9 Mention 'effects of externalities' as said in 12.1.
- 12.13 What is the difference between 'public monuments' and 'historical monuments'?
- 12.17 The definition is a repetition.
- 12.18 Terms 'reserves' and 'deposits' might be misleading.
- 12.34 Seem to be as if also households have to record goodwill.
- 12.38 to 12.43 on debt operations: It might be better to deal with this issue in the cross-cutting chapter because different types of flows (transactions or other changes in volume (OCIV)) have to be recorded. The whole section is not very well written. Starting with a clear definition of the various operations would be useful. In this context the various terms mentioned in the section should be covered, e.g. (i) debt forgiveness; (ii) debt assumption; (iii) debt rescheduling; (iv) debt write-off; (v) debt write-down; (vi) debt repudiation; (vii) debt defeasance. Following this, the appropriate treatment should be described. Not clear why there is such a long paragraph on debt defeasance.
- 12.43 Strange to refer to GAAP.
- 12.44 Only the last sentence refers to OCIV.
- 12.46 After the first sentence, why not include paragraph 12.47?
- 12.62 The sentence is very difficult to understand.
- 12.66 to 12.69 Why are these paragraphs here and not included in the chapter defining and describing financial assets?
- 12.76 The treatment of merger and acquisition has to be also covered.
- 12.84 to 19.91 A rather long description of nominal and real holding gains and losses which is not so relevant in practice. The terms 'asset prices' and 'asset price inflation' should be introduced.
- 12.92 What is the 'monetary value' compared to the other concepts of value used in the manual.
- 12.97 This paragraph is rather fundamental introducing a basic identity. The content should be described earlier.
In the section describing the various types of holding gains (i) the link between asset prices and consumer prices should be described; and (ii) a method might be outlined how to derive an asset price index.
- 12.105 What is a 'real net worth'? What is the decline in the real values of monetary assets?
- 12.106 Based on data derived from security-by-security databases even such data could be directly derived.
- 12.113, 12.114, 12.117 The distinction between the accrual of interest and price changes has to be made.
- 12.117 Some repetitions. Where to mention creditor/debtor approach?
Concerning Table 12.1, there are some specific comments: (i) Split of net worth missing / also liabilities instead of assets; (ii) What are main headings? (iii) In title: Other flows and balancing items? (iv) Does a numerical example make sense in which most of the cells are zero or not filled? (v) ROW: S.2; (vi) ROW: No other changes in volume of assets? (vii) What does 'last block' mean? (viii) Sums are missing; they should always match.