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VALUATION OF CERTAIN ASSETS AND LIABILITIES – THE SITUATION IN EUROPE

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Beginning at 9:30 a.m. on the first day**

This document has been prepared by J. Verrinder, EUROSTAT and will be presented under item 1 of the draft agenda

English - Or. English

VALUATION OF CERTAIN ASSETS AND LIABILITIES – THE SITUATION IN EUROPE

1. Introduction

During 2006 the OECD launched a questionnaire survey on the valuation of certain financial assets and liabilities (Annex 1) and reported the results for selected countries to the 2006 Working Party on financial accounts. Eurostat agreed to collect and synthesise the information for EU Member States which are OECD members and for Norway. To reduce the response burden on countries, Eurostat used existing metadata as far as possible and then asked countries to confirm their practices.

The OECD survey concentrated on two sectors (general government and households, plus possibly non-profit institutions) and on three financial instruments (securities other than shares, shares and other equity, insurance technical reserves).

In conducting the analysis, Eurostat has also looked at the reported and implied other economic flows data in countries' annual financial accounts datasets (as published by Eurostat) for the year 2004 to cross-check the valuation coherence between transactions and stocks¹. This analysis has included household and non-profit institution data together, since only this combination of sectors must be reported to Eurostat. It has used non-consolidated data, since these data are most complete across countries. The data are shown in millions of national currency, and the differences as % of opening balance sheet.

It is important to stress that in some cases there are different data sources for provisional and final data. This document is based on the sources and methods used for final annual data as much as possible.

Finally one may note a general tendency amongst countries to record transactions by taking changes in balance sheet data and applying a revaluation adjustment. This may lead to transactions adopting the same recording conventions as balance sheet entries, depending on the type of revaluation adjustment applied – "market prices" recording for transactions may mean that the method adopted approximates market prices (rather than direct data sources). However the document distinguishes between stocks and transactions because in some cases there are differences (for example, direct data on transactions is available at transaction prices).

2. General Government – S13

2.1 *Securities other than shares (liabilities) - F33*

Overall it appears that 17 out of 20 European countries measure liabilities in securities other than shares using market prices at the day of transaction or balance sheet, whilst a further 2 use market prices for some securities. Belgium reports at nominal value.

¹ For Luxembourg the most complete and up-to-date information for general government were taken from the reported quarterly financial accounts of general government. Luxembourg does not currently report annual financial accounts for sectors other than general government.

This compares with three non-European OECD countries (Canada, Korea and Japan) which estimate liabilities in securities other than shares at market value, and one (the US) which measures at par or book value, net of premiums and discounts.

Country	Stocks	Transactions
Austria	Market prices.	Market prices. For transactions with non-residents: the average of closing price at the end of the month t-1 and t is used.
Belgium	Nominal value.	Nominal value.
Czech Republic	Market prices.	Market Prices.
Denmark	Market prices.	Market Prices.
Finland	Market prices for the State. Nominal value for local government.	Market Prices.
France	Market prices for long-term bonds. Nominal value for short and medium term notes.	Market prices for long-term bonds. Nominal value for short and medium term notes.
Germany	Market prices.	Market Prices.
Greece	Market prices.	Market Prices.
Hungary	Market prices.	Market Prices.
Ireland	Market prices.	Market Prices.
Italy	Market prices (by applying listed security indexes to all securities).	Market prices.
Luxembourg	Market prices.	Market Prices.
Netherlands	Market prices.	Market Prices.
Norway	Market prices.	Market prices.
Poland	Market prices.	Market Prices.
Portugal	Market prices.	Market Prices.
Slovak Republic	Market prices.	Market Prices.
Spain	Market prices.	Market Prices.
Sweden	Market prices.	Market Prices.
United Kingdom	Market prices.	Market prices.

Reported financial accounts data show that almost all countries have a difference between changes in balance sheets and transactions (i.e. transactions (TR) are not taken as changes in stocks (B/S), or vice-versa). The exception appears to be the Czech Republic. For those countries not reporting revaluations (REV) and other changes in volume (OCV), the largest proportionate differences are observed in Germany, Hungary, and Ireland.

General Government - securities other than shares - liabilities

Country	2003 B/S	2004 TR	2004 REV	2004 OCV	2004 B/S	Difference	% Diff
Belgium	259711.5	-2964.11	:	:	257114.4	367.04	0.1%
Czech Republic	546455	97964	0	-1	644418		
Denmark	730163	2186	3385	0	735735		
Germany	951225	69260	:	:	1049576	29091	3.1%
Ireland	33502	-333	:	:	33977	808	2.4%
Greece	184016	19080	:	:	207096	4000	2.2%
Spain	358019	10077.6	:	:	373212	5115.42	1.4%
France	894234	75177	17821	:	989293		
Italy	1238318	39905.6	11597.4	0	1289821		
Luxembourg	357	-25	:	:	324	-8	-2.2%
Hungary	9369561	1639084	:	:	11253268	244623	2.6%
Netherlands	213444	11818	:	3021	228283		
Austria	143292.9	4381.41	:	:	148159.1	484.75	0.3%
Poland	274434.9	53045.6	:	:	326246.2	-1234.3	-0.4%
Portugal	68992.85	5788.27	:	:	75888.59	1107.47	1.6%
Slovakia	396941	40098	:	:	445064	8025	2.0%
Finland	61488	2240	:	:	63944	216	0.4%
Sweden	1336869	23769	:	:	1386660	26022	1.9%
United Kingdom	354827	34993	:	:	394823	5003	1.4%
Norway	270234.5	-16116	1263.48	-3756	251626		

It is important to recall that the concept of debt used in the European Union's Excessive Deficit Procedure ("Maastricht Debt") is based on the face value of the financial instruments concerned. Eurostat undertakes regular analysis to ensure that the measures of Maastricht Debt are plausible in comparison with the measures of the same financial instruments in financial accounts. This involves making an assumption about the possible rate of accrued interest (not credited directly to the instrument) which may apply to securities other than shares.

2.2 *Shares and other equity (held as assets) – F5*

One may observe a difference in approach depending on the type of shares and equity being considered. All European countries record quoted shares at market prices, whereas the picture for unquoted shares is more mixed. Around one third of countries obtain a market price by applying a market premium to book value, whilst others take book value (the majority) or some other estimation method.

This is in line with the reported experience in non-European OECD countries, where quoted shares are measured at market prices and unquoted shares are measured at book value, face value, or at market value (including estimations to market value).

Country	Stocks	Transactions
Austria	Market value, except for unquoted equity (book value)	Market value, except for unquoted equity (changes in book value)
Belgium	Market value for quoted equity, unquoted equity in financial corporations and mutual funds shares. Book value for unquoted equity in non-financial corporations.	Market value for quoted equity, unquoted equity in financial corporations and mutual funds shares. Book value for unquoted equity in non-financial corporations.
Czech Republic	Market value, except for unquoted equities (book value).	Market value, except for unquoted equities (book value).
Denmark	Market prices, except for unquoted equities (partly based on cumulated flows).	Market prices, except for unquoted equities (partly based on cumulated flows).
Finland	Market prices, except for unquoted equity (own funds at book value).	Market prices.
France	Market prices except for other equity holdings (partial market valuation)	Market prices for quoted and unquoted shares. Other equity valued at variation of capital, excluding valuation component.
Germany	Market prices except for unquoted equity.	Transaction values.
Greece	Market prices, except for unquoted equity (book value).	Market prices, except for unquoted equity (book value).
Hungary	Market prices (adjusted book value for unquoted equity).	Market prices (adjusted book value for unquoted equity).
Ireland	Market prices for quoted equity. Net asset value or historic cost for unquoted and other equity.	Market prices for quoted equity. Net asset value or historic cost for unquoted and other equity.
Italy	Market prices for quoted and some unquoted equity. Book value for remaining unquoted equity.	Market prices for quoted and some unquoted equity. Book value for remaining unquoted equity.
Luxembourg	Market prices for quoted shares. Book value for unquoted shares.	Market prices for quoted shares. Book value for unquoted shares.
Netherlands	Market prices for quoted shares. Book value for unquoted shares.	Market prices for quoted shares. Book value for unquoted shares.
Norway	Market prices for quoted shares. Book value for other equity.	Market prices for quoted equity and capital contribution. Changes in book value for other equity.
Poland	Market prices for quoted shares. Book value for unquoted shares and other equity.	Market prices for quoted shares. Book value for unquoted shares and other equity.
Portugal	Market prices for quoted shares and mutual fund shares. Own funds or nominal value for unquoted shares and other equity.	Market prices.
Slovak Republic	Acquisition value.	Market prices.
Spain	Market prices for quoted and unquoted shares (the latter by discounted value of expected profits). Own funds or nominal value for other equity.	Market prices for quoted shares, unquoted shares and other equity (funds actually paid).
Sweden	Market prices for quoted shares. Book value for unquoted shares.	Market prices for quoted shares. Book value for unquoted shares.
United Kingdom	Market prices, except for unquoted equity (book value).	Market prices, except for unquoted equity (book value).

Reported financial accounts data show that all countries have a difference between changes in balance sheets and transactions (i.e. transactions (TR) are not taken as changes in stocks (B/S), or vice-versa). For those countries not reporting revaluations (REV) and other changes in volume (OCV), the largest proportionate differences are observed in Belgium, Poland, the UK and Greece.

General Government - Shares and other equity - assets

Country	2003 B/S	2004 TR	2004 REV	2004 OCV	2004 B/S	Difference	% Diff
Belgium	16396.46	-129.9	:	:	20954.27	4687.71	28.6%
Czech Republic	436997	-5920	-12013	27226	446290		
Denmark	227303	-13435	15615	0	229483		
Germany	140474	-6951	:	:	137375	3852	2.7%
Ireland	15567	1614	:	:	17664	483	3.1%
Greece	23444	-336	:	:	26918	3810	16.3%
Spain	57105.83	1724.23	2179	194	61203.5		
France	213116	5753	20011	:	256262		
Italy	114343	527.61	15202.39	0	130073		
Luxembourg	5217	47	:	:	5681	417	8.0%
Hungary	3115319	-176374	:	:	2966969	28024	0.9%
Netherlands	42509	-764	:	1021	42766		
Austria	16564.02	1235.78	:	:	19525.8	1726	10.4%
Poland	152586.9	-7258.9	:	:	174566.8	29238.8	19.2%
Portugal	20078.12	-145.49	:	:	18406.17	-1526.46	-7.6%
Slovakia	187425	-4003	:	:	173530	-9892	-5.3%
Finland	61387	1219	:	:	69635	7029	11.5%
Sweden	724867	15414	:	:	784262	43981	6.1%
United Kingdom	4652	-27	:	:	5470	845	18.2%
Norway	894229.8	11509.7	80119.8	13684.92	999544.2		

3. Households (and NPISHs) – S14 (and S15)**3.1 Securities other than shares (held as assets) – F33**

Most European countries measure assets in securities other than shares using a market price at the day of transaction or balance sheet, though in some cases certain securities are measured at nominal value. This picture is mirrored in the non-European OECD countries, where most countries (with the exception of the US) record market values for many instruments, if not all.

Country	Stocks	Transactions
Austria	Market prices.	Market prices.
Belgium	For AF33 issued by S13: nominal value. For AF33 issued by other sectors: holding by S14 is calculated as the balance of the other holders; with as starting point: market value for AF33 issued by S2 and nominal value for AF33 issued by S11 and S12.	For F33 issued by S13: nominal value. For F33 issued by other sectors: holding by S14 is calculated as the balance of the other holders; with as starting point: market value for F33 issued by S2 and nominal value for F33 issued by S11 and S12.
Czech Republic	Market prices.	Market prices.
Denmark	Market prices.	Market prices.
Finland	Market prices (residual).	Market prices (residual).
France	Market prices for long-term bonds. Nominal value for short and medium term notes.	Market prices, deducting revaluation effects from changes in stocks.
Germany	Market prices.	Market prices.
Greece	No information available.	No information available.
Hungary	Market prices.	Market prices.
Ireland	Market prices.	Market prices.
Italy	Market prices.	Market prices.
Luxembourg	Not compiled	Not compiled
Netherlands	No information available.	No information available.
Norway	Market prices.	Market prices.
Poland	Market prices.	Market prices.
Portugal	Market prices.	Market prices.
Slovak Republic	No information available.	No information available.
Spain	Obtained residually from securities valued at market prices (total issued less holdings of the rest of the sectors).The allocation of such residual holdings between households and non-financial corporations is principally based on the statement of securities deposited with credit institutions.	Obtained from the difference in stocks positions and deducting revaluations & other change in volume adjustments.
Sweden	No information available.	No information available.
United Kingdom	No information available.	No information available.

Reported financial accounts data show that all countries have a difference between changes in balance sheets and transactions (i.e. transactions (TR) are not taken as changes in stocks (B/S), or vice-versa). For those countries not reporting revaluations (REV) and other changes in volume (OCV), the largest proportionate differences are observed in Ireland, Finland, Poland and Spain.

Households and NPISHs - securities other than shares - assets

Country	2003 B/S	2004 TR	2004 REV	2004 OCV	2004 B/S	Difference	% Diff
Belgium	115359.3	-16964.7	:	:	97032.31	-1362.27	-1.2%
Czech Republic ²	19457	6907	-682	-1502	24180		
Denmark	177768	3106	1688	0	182562		
Germany	406474	34734	:	:	431351	-9857	-2.4%
Ireland	613	5	:	:	414	-204	-33.3%
Greece	31294	1039	:	:	34442	2109	6.7%
Spain	37886.53	928.87	:	:	31519.26	-7296.14	-19.3%
France	52036	-177	-1079	:	50299		
Italy	634423.6	51774.7	-1050.3	0	685148		
Luxembourg	:	:	:	:	:	:	:
Hungary	1134966	173701	:	:	1329772	21105	1.9%
Netherlands	43992	305	:	1315	45612		
Austria	23860	2489.8	:	:	26673.97	324.17	1.4%
Poland	8533	-162.9	:	:	10116.1	1746	20.5%
Portugal	18015.48	2943.18	:	:	20380.42	-578.24	-3.2%
Slovakia	14555	308	:	:	14575	-288	-2.0%
Finland	1803	645	:	:	1928	-520	-28.8%
Sweden	98852	7851	:	:	98267	-8436	-8.5%
United Kingdom	48069	-866	:	:	44720	-2483	-5.2%
Norway	28427	3168	434	41	32070		

3.2 Shares and other equity (held as assets) – F5

As for shares and other equity held by government, one may observe a difference in approach depending on the type of shares and equity being considered. Quoted shares are measured at market prices. Unquoted shares and other equity are generally measured at book value or 'own funds'. A similar conclusion may be reached about non-European OECD countries.

² These data for the Czech Republic refer to F3 as a whole (they include F34).

Country	Stocks	Transactions
Austria	Market prices, except for unquoted equity (book value).	Market prices, except for unquoted equity (changes in book value).
Belgium	For AF511, AF512 and AF52: holding by S14 is calculated as the balance of the other holders; with as starting point: market value for AF511, AF512 issued by S12 and AF52, and book value for AF512 issued by S11. For AF513: book value.	For F511, F512 and F52: holding by S14 is calculated as the balance of the other holders; with as starting point: market value for F511, F512 issued by S12 and F52, and book value for F512 issued by S11. For F513: book value.
Czech Republic	Market prices, except for unquoted equities and other equity holdings (book value).	Market prices, except for unquoted equities and other equity holdings (book value).
Denmark	Market prices for quoted shares. For unquoted shares use method recommended by Unquoted shares Task Force.	Market prices for quoted shares. For unquoted shares use method recommended by Unquoted shares Task Force.
Finland	Market prices, except for unquoted equity (own funds).	Market prices.
France	Market prices except for other equity holdings (partial market valuation)	Market prices, deducting revaluation effects from changes in stocks.
Germany	Market prices for quoted shares. For unquoted shares valuation by own funds ratio.	Market prices for quoted shares. For unquoted shares valuation by own funds ratio.
Greece	No information available.	No information available.
Hungary	Market prices.	Market prices.
Ireland	Market prices for quoted shares. Book value for unquoted shares and other equity.	Market prices for quoted shares. Book value for unquoted shares and other equity.
Italy	Market prices for quoted and some unquoted equity. Book value for remaining unquoted equity.	Market prices for quoted and some unquoted equity. Book value for remaining unquoted equity.
Luxembourg	Not compiled	Not compiled
Netherlands	No information available.	No information available.
Norway	Market prices for quoted shares. Book value for unquoted equity.	Market prices for quoted shares. Changes in stocks and ad-hoc calculations for unquoted equity.
Poland	Market prices for quoted shares. Book value for unquoted shares and other equity.	Market prices for quoted shares. Book value for unquoted shares and other equity.
Portugal	Market prices for quoted shares and mutual fund shares. Own funds for unquoted shares and other equity.	Market prices.
Slovak Republic	No information available.	No information available.
Spain	Obtained residually from shares and other equity valued at market prices (total issued less holdings of the rest of the sectors).The allocation of such residual holdings between households and non-financial corporations is principally based on the statement of securities deposited with credit institutions.	Obtained from the difference in stocks positions and deducting revaluations & other change in volume adjustments.
Sweden	No information available.	No information available.
United Kingdom	No information available.	No information available.

Reported financial accounts data show that all countries have a difference between changes in balance sheets and transactions (i.e. transactions (TR) are not taken as changes in stocks (B/S), or vice-versa). For those countries not reporting revaluations (REV) and other changes in volume (OCV), the largest proportionate differences are observed in Sweden and the UK.

Households and NPISHs - shares and other equity - assets

Country	2003 B/S	2004 TR	2004 REV	2004 OCV	2004 B/S	Difference	% Diff
Belgium	197986.9	7502.98	:	:	227375.2	21885.31	11.1%
Czech Republic	428916	5227	-1133	33282	466292		
Denmark	543861	17969	151491	0	713320		
Germany	879976	-10824	:	:	913214	44062	5.0%
Ireland	65021	2985	:	:	68299	293	0.5%
Greece	65360	5269	:	:	75152	4523	6.9%
Spain	505119.3	15382.81	:	:	562662.1	42160.01	8.3%
France	705048	876	48037	:	763587		
Italy	965722	-15015.6	48559.6	0	999266		
Luxembourg	:	:	:	:	:	:	:
Hungary	4880866	140217	:	:	5401628	380545	7.8%
Netherlands	211102	-6283	:	8964	213783		
Austria	49332.81	3844.77	:	:	56722.86	3545.28	7.2%
Poland	99587.8	-3224	:	:	89910.7	-6453.1	-6.5%
Portugal	91845.77	2527.34	:	:	99069.96	4696.85	5.1%
Slovakia	28590	19296	:	:	47835	-51	-0.2%
Finland	67057	2014	:	:	73631	4560	6.8%
Sweden	1328132	28240	:	:	1629809	273437	20.6%
United Kingdom	458094	1121	:	:	506485	47270	10.3%
Norway	236304.7	36798.73	-4618.13	0	268485.3		

3.3 Insurance technical reserves (held as assets) – F6

Overall 13 European countries measure assets of insurance technical reserves on a "market price" basis³ at the day of transaction or balance sheet, though in some countries only transactions or balance sheets are on a market price basis.

This situation is somewhat different from that in non-European OECD countries, where there is more reliance on book value for some instruments (though some others are measured at market prices).

³ The "market price" basis mentioned here refers to way the technical reserves are measured, not to a true price observed on a market, since insurance technical reserves themselves are generally not tradable on a market.

Country	Stocks	Transactions
Austria	Book value (under review).	Market value on quarterly average prices (defined benefit system in the case of life insurance pension fund reserves); all other reserves at book value. Calculation under review.
Belgium	Market prices.	Market prices, deducting revaluation effects from changes in stocks.
Czech Republic	Current price.	Current price.
Denmark	Market prices.	Market prices.
Finland	Market prices.	Market prices, deducting revaluation effects from changes in stocks.
France	Market prices.	Market prices, deducting revaluation effects from changes in stocks.
Germany	Market values.	Differences in stocks.
Greece	No information available.	No information available.
Hungary	Market prices.	Market prices.
Ireland	Market prices.	Market prices.
Italy	Market prices.	Market prices.
Luxembourg	Not compiled.	Not compiled.
Netherlands	No information available.	No information available.
Norway	Market prices.	Market prices, deducting revaluation and other change in volume effects from changes in stocks.
Poland	Market prices.	Market prices.
Portugal	Market prices (based upon the Insurance Corporations and Pension Funds balance sheets accounting standards).	Market prices.
Slovak Republic	No information available.	No information available.
Spain	Market prices.	Market prices, deducting revaluation effects from changes in stocks.
Sweden	No information available.	No information available.
United Kingdom	No information available.	No information available.

Reported financial accounts data show that most countries have a difference between changes in balance sheets and transactions (i.e. transactions (TR) are not taken as changes in stocks (B/S), or vice-versa). Germany, Greece, Italy and the Slovak Republic equate changes in stocks with transactions. For those countries not reporting revaluations (REV) and other changes in volume (OCV), the largest proportionate difference by far is recorded in Ireland, with Hungary also showing a significant difference.

Households and NPISHs - insurance technical reserves - assets

Country	2003 B/S	2004 TR	2004 REV	2004 OCV	2004 B/S	Difference	% Diff
Belgium	131407.1	17623.03	:	:	149674.6	644.43	0.5%
Czech Republic	226160	36285	0	9085	271530		
Denmark	1246261	60527	93476	0	1400263		
Germany	1170278	57699	:	:	1227571	-406	0.0%
Ireland	81078	3927	:	:	94912	9907	12.2%
Greece	6425	640	:	:	7066	1	0.0%
Spain	190755.4	15352.08	:	:	207864.5	1757.04	0.9%
France	906809	81658	7709	:	1020833		
Italy	467754	53388.2	521142	0	521142		
Luxembourg	:	:	:	:	:	:	:
Hungary	1925690	473320	:	:	2519358	120348	6.2%
Netherlands	697946	32220	:	36048	766214		
Austria	62979.33	4629.86	:	:	67969.19	360	0.6%
Poland	40760.1	3616.3	:	:	44258.7	-117.7	-0.3%
Portugal	46150.42	3882.44	:	:	48459.73	-1573.13	-3.4%
Slovakia	63243	10700	:	:	73943	0	0.0%
Finland	33279	2076	:	:	35417	62	0.2%
Sweden	1366586	119130	:	:	1532864	47148	3.5%
United Kingdom	1544313	43122	:	:	1640767	53332	3.5%
Norway	571549.2	52234.16	13487	7321	644591.3		

4. Conclusions

In general the reported situation in European countries is satisfactory from the point of valuation. A majority of countries measure stocks and flows at "market prices", whether arising from direct data sources or based on estimation techniques. The key exception to this statement is for the measurement of unquoted shares and other equity, where a variety of approaches are present⁴. A similar picture may be seen for non-European OECD countries, as reported to the last OECD meeting, with the exception of insurance technical reserves.

The analysis above also raises some interesting questions about the measurement and reporting of data on revaluations and other changes in volume. Where countries compile revaluation and other changes in volume accounts specifically, or estimate revaluations when calculating transactions from changes in stocks, one might expect there to be a certain quality assurance. Some countries may examine the implied differences between stocks and transactions as a general "quality measure". But the large diversity of implied other economic flows (both a positive and negative signs, particularly for securities other than shares and insurance technical reserves) seen from the data above raises some questions about the consistency of valuation of stocks and transactions data. This topic may be more appropriately discussed under agenda point 3.

⁴ Eurostat's Task Force on Unquoted Shares has suggested a common methodology for valuing unquoted shares, but European countries are not obliged to use this methodology.

Annex 1 – OECD questionnaire on valuation of financial assets and liabilities

While the SNA recommends that all stocks of financial assets and liabilities are recorded at “market price”, it appears that the extent to which this recommendation is applied by OECD countries in their financial accounts is variable. It seems also that, sometimes, the estimate for flows (*net acquisition of financial assets* or *net incurrence of financial liabilities*) may include a part which should be in principle included in the revaluation account and not in the transaction account. This may happen when flows are obtained by difference between two stocks valued at market prices without any correction made for revaluation of held assets/liabilities.

In this context, it is important that we include in the “user metadata” of the OECD financial accounts database⁵, a clear statement on the type of valuation used to estimate financial assets, liabilities and corresponding transactions for your country. Most users suppose that the SNA is applied extensively and therefore assume that financial stocks are at market prices and that flows do not include revaluations. They should be notified if this not the case. However, we often lack this information and therefore we are in need to ask you to help us by responding to this survey, which result will be up-loaded in our database and made available to the public.

Because users focus on **households**⁶ and **general government** financial assets and liabilities, we have limited this survey to these two sectors. Also because valuation issues matter essentially for the categories **F3 “Securities other than shares”, F5 “Shares and other equity”, and F6 “Insurance technical reserves”** the survey will be limited to these categories. This will simplify your response.

We would like you to quantitatively illustrate, using existing data, the amount of revaluation for each of the entry referred to in this survey for a recent year. Please therefore complete the proposed quantitative tables. **We have pre-filled the data when we have the information.** However these pre-filled data may be obsolete by now.

In order to illustrate an appropriate response, please also find in annex the response of France. We recommend that you read the answer of France who has kindly accepted to test this survey to understand the degree of precision of the information that we would welcome.

Results will be presented at the WPFS meeting on October 10.

PLEASE RETURN TO MICHELE CHAVOIX MANNATO BEFORE SEPTEMBER 22, 2006
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⁵ Each one of you has direct access to the OECD.STAT database, through the OLIS network. An extract of the database is also available on the OECD web:
http://www.oecd.org/document/59/0,2340,en_2825_495684_30202683_1_1_1_1,00.html

⁶ However, as the data often regroups NPISHs with Households, the grouping Households + NPISH can be used in the response.

Country:Email of respondent:.....SURVEY ON VALUATION METHODS FOR FINANCIAL ACCOUNTS**I. S13 General Government:****F5: Shares and other equity held by general government:****Stocks:**

Can these assets held by government be qualified as at “market prices”? If yes does it mean that quoted shares owned by government are valued at stock market prices? What about government’s unquoted shares (in particular shares of government in unquoted public enterprises, for example the share of government in the Central Bank)?

Answer:**Flows:**

Does the corresponding flow (Net acquisition of F5) correctly reflect transactions at market prices of the day of the transaction excluding any revaluation on held assets? If not, is it that this flow is partly or totally obtained using the difference between two stocks valued at market prices?

Answer:

Illustration of changes in stocks and revaluations:

General Government	Stock End 2003	Stock End 2004	Net acquisition in 2004	Revaluation in 2004
F5 Assets: Shares and other equity.				?
<i>Of which Quoted shares</i>	?	?	?	?
<i>Of which Unquoted shares</i>	?	?	?	?
<i>Of which Mutual funds</i>	?	?	?	?
<i>Of which Other equity</i>	?	?	?	?

F3: Securities other than shares issued by general government:**Stocks:**

Can these liabilities of general government be qualified as at “market prices”? If yes what is the exact meaning of “at market prices”? Are there sufficient secondary markets to obtain a good estimate of the market price of all government bonds? If there is no such market, do you make your own estimation of the value of government bonds using the net present value method based on market interest rates? Do there remain bonds valued at nominal price?

Answer:**Flows:**

Does the corresponding flow (Net incurrence of F3) correctly reflect transactions at market prices of the day of the transaction excluding any revaluation on held assets? If not, is it that this flow is partly or totally obtained using the difference between two stocks valued at market prices?

Answer:

Illustration of changes in stocks and revaluations:

General Government	Stock End 2003	Stock End 2004	Net incurrence in 2004	Revaluation in 2004
F3 Liabilities: securities other than shares.				?

II. S14 (and S15): Assets of Households (and NPISHs⁷):

F3: Securities other than shares:

Stocks:

Can these assets of households be qualified as at “market prices”? If yes what is the exact meaning of “at market prices”? Are there sufficient secondary markets to obtain a good estimate of the market price of all these securities? If there is no such market do you make your own estimation of the value of bonds using the net present value method based on market interest rates? Do there remain bonds valued at nominal price?

Answer:

Flows:

Does the corresponding flow (Net acquisition of F3) correctly reflect transactions at market prices of the day of the transaction excluding any revaluation on held assets? If not, is it that this flow is partly or totally obtained using the difference between two stocks valued at market prices?

Answer:

Illustration of changes in stocks and revaluations:

Households and NPISHs	Stock End 2003	Stock End 2004	Net acquisition in 2004	Reevaluation in 2004
F3 Assets: securities other than shares.				?

F5: Shares and other equity held by households

Stocks:

Can these assets held by households be qualified as at “market prices”? If yes does it mean that quoted shares owned by households are valued at stock market prices? What about unquoted shares: can they be considered to be at “market prices”? If yes, can one assume that their value is correlated to the price of quoted shares?

Answer:

Flows:

Does the corresponding flow (Net acquisition of F5) correctly reflect transactions at market prices of the day of the transaction excluding any revaluation on held assets? If not, is it that this flow is partly or totally obtained using the difference between two stocks valued at market prices?

⁷ Your response can cover Households alone, or Housholds + NPISHs, whatever the simpler for you.

Answer:

Illustration of changes in stocks and revaluations:

Households and NPISHs	Stock End 2003	Stock End 2004	Net acquisition in 2004	Reevaluation in 2004
F5 Assets: Shares and other equity.				?
<i>Of which Quoted shares</i>	?	?	?	?
<i>Of which Unquoted shares</i>	?	?	?	?
<i>Of which Mutual funds</i>	?	?	?	?
<i>Of which Other equity</i>	?	?	?	?

F6: Insurance technical reserves

Stocks

Can these assets held by households be qualified as at “market prices”? In particular are life-insurance reserves held by households at market prices?

Answer:

Flows:

Does the corresponding flow (Net acquisition of F6) correctly reflect transactions at market prices of the day of the transaction excluding any revaluation on held assets? If not, is it that this flow is partly or totally obtained using the difference between two stocks valued at market prices?

Answer:

Illustration of changes in stocks and revaluations:

Households and NPISHs	Stock End 2003	Stock End 2004	Net acquisition in 2004	Revaluation in 2004
F6 Assets: Insurance technical reserves.				?