

***BPM7* Chapter 3/2025 *SNA* Chapter 4.  
Flows, Stocks, and Accounting Rules: Annotated  
Outline**



## **BPM7 Chapter 3/2025 SNA Chapter 4. Flows, Stocks, and Accounting Rules: Annotated Outline<sup>1 2</sup>**

*This annotated outline has been prepared jointly to cover the full range of topics to be included in the chapter on Flows, Stocks, and Accounting Rules. In the drafting stage, only those issues that are relevant from the external sector statistics perspective will be included in the BPM; likewise, only those issues that are relevant to national accounts will be included in the SNA.*

*The Annotated Outline mainly uses the 2008 SNA chapter structure (i.e., Chapter 3: Stocks, flows and accounting rules). Changes based on inputs from BPM6/other manuals and other SNA chapters are highlighted in gray and those based on guidance notes/other references are highlighted in yellow.*

### **A. Introduction**

- This chapter discusses the flows, stocks, and accounting rules covering both national and international accounts. As in the *System of National Accounts 2008 (2008 SNA)* Chapter 3, the first section (Section A: Introduction) will have separate sub-sections to briefly introduce the following concepts: stocks and flows, balancing items, grouping stocks and flows into accounts, and accounting rules with no major changes.<sup>3</sup>
- The sub-section on balancing items will include a brief paragraph on balancing items relevant for international accounts.
- The chapter is organized in the following sections: flows (Section B); stocks (Section C); balancing items (Section D); accounting rules (Section E); and symmetry of reporting in international accounts (Section F).

### **B. Flows**

#### 1. Transactions

- As in the *2008 SNA*, this sub-section will cover monetary transactions (exchanges or transfers, rearrangement, rerouting, and partitioning), non-monetary transactions (barter, remuneration in kind, transfers in kind, and internal transactions), and externalities and illegal actions with the following changes.
- Under monetary transactions (rerouting), three additional examples will be added from *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)*, paragraph 3.18

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<sup>1</sup> Prepared by Venkat Josyula (BPM editor) and Peter van de Ven (SNA lead) and cleared by Pete Harper and Carlos Sánchez-Muñoz (SNA/BPM Project Managers).

<sup>2</sup> Given the overarching nature of this chapter, this annotated outline (AO) presents as an overview of the main changes known at this stage, and not a comprehensive view of all the changes to be included in the update of the chapter. Further, the use of “netting” in this chapter will be subject to the final recommendations of GN CM.2.

<sup>3</sup> Further alignment of the terms, “stocks” used in national accounts and “positions” used in external sector, will be achieved during the drafting stage.

covering following items:

- ✓ retained earnings of investment funds
  - ✓ government has a nonresident entity to undertake fiscal functions related government borrowing
  - ✓ implicit taxes or subsidies associated with multiple exchange rate regime
- Text on portioning of assets will be added in continuation to the discussion on partitioning of transactions. Examples based on recording of emission trading permits (GN WS.7), the potential split asset approach for natural resources (GNs WS.6, WS.10, and WS.11) will be included. In addition, the dual use of assets for consumption and production purposes<sup>4</sup> is a relevant example.
  - Following GN C.7, unbundling of various services included in travel packages will be included as an additional example of partitioning, after paragraph 3.68.
  - Monetary transactions from “units facilitating a transaction on behalf of others” (paragraphs 3.69–74) will be called “reassigning transactions”, to be consistent with *GFSM 2014*. Reassignment records a transaction arranged by a third party on behalf of others as taking place directly by the two principal parties involved.

## 2. Other Flows

- As in the *2008 SNA*, this sub-section will cover other changes in the volume of assets and holding gains and losses.
- Depending on the outcome of GN F.18, this may be updated to include crypto assets, as needed.
- It will be clarified that changes in status of existing financial claims/liabilities arising from the change in residence of individuals from one economy to another are treated as other changes in the volume of assets (see *BPM6*, paragraph 3.21).

## C. Stocks

- It will have separate sub-sections on benefits, ownership, definition of an asset, financial assets and liabilities, nonfinancial assets, the asset boundary, entry and exit of assets from the balance sheet, and exclusions from the asset boundary with the following changes.
- A separate sub-section on nonfinancial assets will be included prior to the sub-section on asset boundary (to be based on paragraph 3.37). Further, reference will be provided to *System of National Accounts 2025 (2025 SNA)* Chapter 11 “Capital Account”.
- Under the sub-section on ownership, clarification on economic ownership of (non-renewable) natural resources, biological resources, and renewable energy resources will be provided—this will depend on the outcomes of GNs WS.6, WS.8, and WS.11.
- Further, this sub-section will provide a brief guidance on the economic ownership of intellectual property products (IPPs) following the recommendation of GN G.5. It will clarify that the economic

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<sup>4</sup> Refers to the use of assets by households for both production and consumption purposes. For example, a car used for providing taxi services (e.g., Uber) as well as personal use.

ownership for previously produced IPP, depends on the underlying arrangement and recommends using the decision tree from the *UNECE Guide to Measuring Global Production (GMGP)* in determining the economic owners of IPP across an MNE group. It will also clarify that special purpose entities (SPEs) can be the economic owners of IPP assets. For additional details, refer to Section II, *Balance of Payments and International Investment Position Manual, seventh edition (BPM7)* Chapter 15/2025 SNA Chapter 23 Globalization.

- The sub-section on financial assets and liabilities will clarify that the international investment position covers financial assets and liabilities that have an international character (based on *BPM6*, paragraph 3.25).
- In the sub-section on the asset boundary (which covers provisions in paragraphs 3.41), further clarification on provisions (financial asset related, nonfinancial asset related, and unrelated to asset ownership) will be provided following the recommendation of GN WS.9. It will also provide reference (updated Table 13.1 of *2008 SNA*) to *2025 SNA* Chapter 14 “Balance Sheet”.

#### D. Balancing Items

- As in the *2008 SNA*, this section will discuss the balancing items in the flow accounts and balancing items in the stock accounts.
- It will also include balancing items specific to international accounts (to be added from *BPM6*, paragraphs 3.126–129).

#### E. Accounting Rules

##### 1. Types of Accounting System

- This will cover vertical double-entry bookkeeping, horizontal double-entry bookkeeping, and quadruple-entry bookkeeping, clearly indicating their application to national and international accounts. For example, the following additions will be made from the international accounts perspective (based on *BPM6*, paragraphs 3.26–29):
- Vertical double-entry bookkeeping: it will be added that the international accounts for an economy are to be compiled on a vertical double-entry bookkeeping basis from the perspective of the residents of that economy.
- Horizontal double-entry bookkeeping: Following example on dividends payable will be added to illustrate this accounting system in international accounts. At the worldwide level, dividends payable by all economies should be equal to dividends receivable by all economies.
- Quadruple-entry bookkeeping: Definitions, classifications, and accounting principles in the international accounts are derived from the viewpoint of conceptual symmetry as well as symmetric reporting by partner economies. The quadruple approach to transactions in the international accounts is needed for bilateral comparisons and global integrated data.
- Further, conventions and terminologies for recording flows will be discussed (*BPM6*, paragraphs 3.30–31).

## 2. Valuation

- As in the 2008 SNA, this sub-section will cover valuation of transactions, valuation of partitioned flows, special valuation concerning products, valuation of other flows, and valuation of positions of financial assets and liabilities with the following changes.
- Following the general rules, definition of market prices from *BPM6* (paragraph 3.67) will be added.<sup>5</sup>
- Concessional Pricing (paragraph 3.134): Regarding concessional lending, never record a transfer element for concessional lending in the “central framework” of national accounts and external sector statistics, except for concessional loans provided by employers to employees (as per GN F.15). Reference to relevant *BPM7/2025 SNA* chapters will be provided for additional details.
- Valuation of Imports and Exports of Goods (paragraph 3.149): It will be clarified that the current standard for valuing imports and exports of goods using free on board (FOB) will be retained. However, it will be noted that the valuation of imports and exports at the observed transaction value is conceptually preferred and, subject to further testing, will be introduced as the standard in the next version of the manuals (following GN G.1). For additional details, refer to *BPM7* Chapter 10 “Goods Account”.
- Valuation of Positions of Financial Assets and Liabilities
  - ✓ In addition to the text in SNA, relevant parts of *BPM6* text in paragraphs 3.84–87 and 3.90 will be included.
  - ✓ Following GN F.8, explicit guidance to compile stock of debt securities at nominal value, as a supplement to the existing market valuation will be emphasized (and reference to relevant *BPM7/2025 SNA* chapters will be provided for additional details).
  - ✓ Following GN D.2, updated guidance on the valuation of unlisted equity will be briefly mentioned (and reference to relevant *BPM7/2025 SNA* chapters will be provided for additional details).
- Additionally, recommendations of GN AI.1 (still under discussion) may have implications for some of the language on valuation (although no impact on main principles is envisaged at this stage).

## 3. Time of Recording

This sub-section will cover all the items as in the 2008 SNA with the following changes.

- Time of Recording of Redistributive Transactions (paragraph 3.171): (i) not record fine/penalty transactions until the unit issuing the fine has an “unconditional claim to the funds” and if a judgment or ruling is subject to further appeal, an unconditional claim exists “when the appeal is resolved” (specifically for balance of payments), following GN C.8; and (ii) guidance on the time

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<sup>5</sup> Various definitions in updated SNA/BPM will be consistent following the recommendations of the combined Glossary to be developed by the CMTT (still under discussion).

recording of deferred or waived rental payments (*IMF Special Series Note on Recording of Deferred or Waived Rental Payments*).

- Time of Recording Transactions in Financial Assets and Liabilities: details on the time of recording of employee stock options and one of (nonstandardized guarantees) will be added from *BPM6*, paragraphs 3.58–59.
  - Time of Recording of Transactions in Nonproduced Nonfinancial Assets will be added as a new item (based on *BPM6*, paragraph 3.53).
  - Timing Adjustment for International Transactions: additional details from *BPM6* paragraphs 3.61–66 will be included.
4. Unit of Account and Currency Conversion (*BPM6*, paragraphs 3.92–108)
- As in the *BPM6*, this will cover the following topics—unit of account, domestic versus foreign currency, currency of denomination and currency of settlement, and currency conversion principles.
5. Aggregation, Netting, Consolidation
- As in the *2008 SNA*, it will cover the principles of aggregation, netting, and consolidation with the following additions from *BPM6*.
  - Aggregation: specific details relevant for international accounts will be added from *BPM6*, paragraphs 3.109–113.
  - Netting: specific details for international accounts will be added from *BPM6*, paragraphs 3.114–121.

#### **F. Symmetry of Reporting in International Accounts**

- This section will be based on Section G, Chapter 3, *BPM6*.

## Schematic Overview

A	<p>Introduction</p> <ol style="list-style-type: none"><li>1. Stocks and Flows</li><li>2. Balancing Items</li><li>3. Grouping Stocks and Flows into Accounts</li><li>4. Accounting Rules</li></ol>
B	<p>Flows</p> <ol style="list-style-type: none"><li>1. Transactions</li><li>2. Other Flows</li></ol>
C	<p>Stocks</p> <ol style="list-style-type: none"><li>1. Benefits</li><li>2. Ownership</li><li>3. The Definition of an Asset</li><li>4. Financial Assets and Liabilities</li><li>5. Nonfinancial Assets</li><li>6. The Asset Boundary</li><li>7. Entry and Exit of Assets from the Balance Sheet</li><li>8. Exclusions from the Asset Boundary</li></ol>
D	<p>Balancing Items</p>
E	<p>Accounting Rules</p> <ol style="list-style-type: none"><li>1. Types of Accounting System</li><li>2. Valuation</li><li>3. Time of Recording</li><li>4. Unit of Account and Currency Conversion</li><li>5. Aggregation, Netting, Consolidation</li></ol>
F	<p>Symmetry of Reporting in International Accounts</p>

### References (to be updated)

- Guidance Notes AI.1, C.7, C.8, CM.2, D.2, G.1, G.5, F.8, F.15, F.18, WS.6, WS.7, WS.8, WS.9, WS.10, and WS.11. These guidance notes are posted at [Update of the \*Balance of Payments and International Investment Position Manual, sixth edition \(BPM6\)\*](#) (imf.org) or at [List of Guidance Notes for the 2008 SNA Update](#) (unstats.un.org)
- *IMF Special Series Note on Recording of Deferred or Waived Rental Payments*
- *2008 SNA* Chapter 3, *BPM6* Chapter 3, *GFSM 2014* Chapter 3, *MFSMCG* Chapter 5

### Key Stakeholders Consulted

- System of National Account and Balance of Payments Manual editors
- IMF Statistics Department Financial Institutions Division and Government Finance Division