

Concerns: Revision of reporting requirements regarding profit/loss

Dear Madam/Sir,

Please be informed of the following revision in reporting requirements regarding profit/loss on equity investments on the liability side of the balance sheet (Sub form PD-C). The revision concerns the treatment of results from revaluations of assets, which should be excluded from the statistical definition of profit/loss. It concerns revaluations due to price changes, exchange rate changes, impairments or redemptions (of financial assets). On PD-C such revaluations should be reported as price changes or exchange rate changes.

For example: your enterprise owns an non-resident equity investment which declines in value resulting from an impairment of EUR 200 bln. Furthermore, this equity investment makes an (operational) profit of EUR 50 bln. Hence, according accounting standards a loss before tax of EUR 150 results. As usual, you report this loss on the Sub form WVA-R. However, at Sub form PD-C this result is split in a profit of EUR 50 bln and a price change of EUR -/- 200 bln (equal to the price change reported on Sub form AD-C).

The above is furthermore explained in the notes on the annual and monthly reports for the balance of payments published on the DNB website. In addition you can check whether you determined the profit/loss on Sub form PD-C correctly using the 'Helpfile balance sheet and P&L of SFI's 2012'. Finally you can always turn to your account manager in case you have any queries.

Yours sincerely,

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