

## GLOSSARY OF DEFINED TERMS

This Glossary contains all terms defined in the 26 accrual basis International Public Sector Accounting Standards (IPSASs) on issue as at December 31, 2008. A list of these IPSASs is located on the inside back cover of the Glossary. This Glossary does not include terms defined in the Cash Basis IPSAS, "Financial Reporting under the Cash Basis of Accounting." Users should refer to that Cash Basis IPSAS for these terms.

Where multiple definitions of the same term exist, this Glossary indicates all IPSASs in which the term appears and the definition that applies to that particular IPSAS.

### Definitions

References to accrual basis IPSASs are by Standard number and paragraph number. For example, 1.7 refers users to IPSAS 1, "Presentation of Financial Statements," paragraph 7. References set out in brackets indicate a minor variation in wording.

Term	Definition	Location
<b>accounting basis</b>	The accrual or cash basis of accounting as defined in the accrual basis International Public Sector Accounting Standards and the Cash Basis International Public Sector Accounting Standard.	24.7
<b>accounting policies</b>	The specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.	3.7, 6.7, 18.8
<b>accrual basis</b>	A basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate. The elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue and expenses.	1.7, 3.7, 4.10, 5.5, 6.7, 8.6, (2.8)

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>active market</b>	A market in which all the following conditions exist: (a) The items traded within the market are homogeneous; (b) Willing buyers and sellers can normally be found at any time; and (c) Prices are available to the public.	21.14
<b>actuarial gains and losses</b>	Comprise: (a) Experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) The effects of changes in actuarial assumptions.	25.10
<b>annual budget</b>	An approved budget for one year. It does not include published forward estimates or projections for periods beyond the budget period.	24.7
<b>appropriation</b>	An authorization granted by a legislative body to allocate funds for purposes specified by the legislature or similar authority	24.7
<b>approved budget</b>	The expenditure authority derived from laws, appropriation bills, government ordinances and other decisions related to the anticipated revenue or receipts for the budgetary period.	24.7
<b>assets<sup>1</sup></b>	Resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.	1.7, 2.8, 5.5, 6.7, 8.6

<sup>1</sup> *Commentary:* Assets provide a means for entities to achieve their objectives. Assets that are used to deliver goods and services in accordance with an entity's objectives but which do not directly generate net cash inflows are often described as embodying "service potential." Assets that are used to generate net cash inflows are often described as embodying "future economic benefits." To encompass all the purposes to which assets may be put, this series of Standards uses the term "future economic benefits or service potential" to describe the essential characteristic of assets.

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>assets held by a long-term employee benefit fund</b>	Assets (other than non-transferable financial instruments issued by the reporting entity) that: <ul style="list-style-type: none"> <li>(a) Are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and</li> <li>(b) Are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in bankruptcy), and cannot be returned to the reporting entity, unless either:               <ul style="list-style-type: none"> <li>(i) The remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or</li> <li>(ii) The assets are returned to the reporting entity to reimburse it for employee benefits already paid.</li> </ul> </li> </ul>	25.10
<b>associate</b>	An entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a controlled entity nor an interest in a joint venture.	6.7, 7.7, 8.6
<b>borrowing costs</b>	Interest and other expenses incurred by an entity in connection with the borrowing of funds.	5.5
<b>budgetary basis</b>	The accrual, cash or other basis of accounting adopted in the budget that has been approved by the legislative body.	24.7
<b>carrying amount (of investment property)</b>	The amount at which an asset is recognized in the statement of financial position.	16.7
<b>carrying amount (of property, plant and equipment)</b>	The amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses.	17.7

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>carrying amount of an asset</b>	The amount at which an asset is recognized in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.	10.7, 21.14
<b>carrying amount of a liability</b>	The amount at which a liability is recognized in the statement of financial position.	10.7
<b>cash</b>	Comprises cash on hand and demand deposits.	2.8, 5.5, 6.7, 8.6, 10.7
<b>cash equivalents</b>	Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.	2.8,
<b>cash flows</b>	Inflows and outflows of cash and cash equivalents.	2.8, 8.6
<b>cash-generating assets</b>	Assets held with the primary objective of generating a commercial return	21.14, 26.13
<b>cash-generating unit</b>	The smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.	26.13
<b>class of property, plant and equipment</b>	A grouping of assets of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the financial statements.	17.13
<b>close members of the family of an individual</b>	Close relatives of the individual or members of the individual's immediate family who can be expected to influence, or be influenced by, that individual in their dealings with the entity.	20.4
<b>closing rate</b>	The spot exchange rate at the reporting date.	4.10

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>commencement of the lease term</b>	The date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e., the recognition of the assets, liabilities, revenue or expenses resulting from the lease, as appropriate).	13.8
<b>comparable basis</b>	The actual amounts presented on the same accounting basis, same classification basis, for the same entities and for the same period as the approved budget.	24.7
<b>composite social security programs</b>	Programs established by legislation; and (a) Operate as multi-employer plans to provide post-employment benefits; as well as to (b) Provide benefits that are not consideration in exchange for service rendered by employees.	25.10
<b>conditions on transferred assets</b>	Stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.	23.7
<b>consolidated financial statements</b>	The financial statements of an economic entity presented as those of a single entity.	6.7, 6.7, 7.7, 8.6
<b>construction contract</b>	A contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.	11.4

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>constructive obligation</b>	An obligation that derives from an entity's actions where: <ul style="list-style-type: none"> <li>(a) By an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and</li> <li>(b) As a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.</li> </ul>	19.18
<b>contingent asset</b>	A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.	19.18
<b>contingent liability</b>	<ul style="list-style-type: none"> <li>(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or</li> <li>(b) A present obligation that arises from past events but is not recognized because:               <ul style="list-style-type: none"> <li>(i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or</li> <li>(ii) The amount of the obligation cannot be measured with sufficient reliability.</li> </ul> </li> </ul>	19.18
<b>contingent rent</b>	That portion of the lease payments that is not fixed in amount but is based on the future amount of a factor that changes other than with the passage of time (e.g., percentage of future sales, amount of future usage, future price indices, future market rates of interest).	13.8

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>contractor</b>	An entity that performs construction work pursuant to a construction contract.	11.4
<b>contributions from owners</b>	<p>Future economic benefits or service potential that has been contributed to the entity by parties external to the entity, other than those that result in liabilities of the entity, that establish a financial interest in the net assets/equity of the entity, which:</p> <p>(a) Conveys entitlement both to distributions of future economic benefits or service potential by the entity during its life, such distributions being at the discretion of the owners or their representatives, and to distributions of any excess of assets over liabilities in the event of the entity being wound up; and/or</p> <p>(b) Can be sold, exchanged, transferred or redeemed.</p>	1.7, 2.8, 5.5, 6.7, 8.6
<b>control</b>	The power to govern the financial and operating policies of another entity so as to benefit from its activities.	6.7, 7.7, 8.6
<b>control of an asset</b>	Arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.	23.7
<b>controlled entity</b>	An entity, including an unincorporated entity such as a partnership, that is under the control of another entity (known as the controlling entity).	6.7, 8.6, (7.7)
<b>controlling entity</b>	An entity that has one or more controlled entities.	6.7, 7.7, 8.6
<b>cost</b>	The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.	16.7, 17.13

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>cost method</b>	A method of accounting for an investment whereby the investment is recognized at cost. The investor recognizes revenue from the investment only to the extent that the investor is entitled to receive distributions from accumulated surpluses of the investee arising after the date of acquisition. Entitlements due or received in excess of such surpluses are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.	7.7
<b>cost plus or cost based contract</b>	A construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.	11.4
<b>costs of disposal</b>	Incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.	21.14
<b>current replacement cost</b>	The cost the entity would incur to acquire the asset on the reporting date.	12.9
<b>current service cost</b>	The increase in the present value of the defined benefit obligation resulting from employee service in the current period.	25.10
<b>defined benefit plans</b>	Post-employment benefit plans other than defined contribution plans.	25.10
<b>defined contribution plans</b>	Post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.	25.10
<b>depreciable amount</b>	The cost of an asset, or other amount substituted for cost, less its residual value.	17.13



<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>depreciation (amortization)</b>	The systematic allocation of the depreciable amount of an asset over its useful life.	17.13, 21.14
<b>distribution to owners</b>	Future economic benefits or service potential distributed by the entity to all or some of its owners, either as a return on investment or as a return of investment.	1.7, 2.8, 3.7, 4.10, 5.5, 6.7, 7.7, 8.6
<b>economic entity<sup>1</sup></b>	A group of entities comprising a controlling entity and one or more controlled entities.	1.7, 2.8, 4.10, 5.5, 6.7, 7.7, 8.6
<b>economic life</b>	Either: (a) The period over which an asset is expected to yield economic benefits or service potential to one or more users; or (b) The number of production or similar units expected to be obtained from the asset by one or more users.	13.8
<b>employee benefits</b>	All forms of consideration given by an entity in exchange for service rendered by employees.	25.10
<b>entity specific value</b>	The present value of the cash flows an entity expects to arise from the continuing use of an asset and from its disposal at the end of its useful life or expects to incur when settling a liability.	17.13
<b>equity instrument</b>	Any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.	15.9

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<sup>1</sup> *Commentary:* The term economic entity is used in this series of Standards to define, for financial reporting purposes, a group of entities comprising the controlling entity and any controlled entities. Other terms sometimes used to refer to an economic entity include administrative entity, financial entity (*IPSAS 4*, “financial reporting entity”), consolidated entity and group. An economic entity may include entities with both social policy and commercial objectives. For example, a government housing department may be an economic entity which includes entities that provide housing for a nominal charge, as well as entities that provide accommodation on a commercial basis.

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>equity method (1)</b>	A method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets/equity of the investee. The surplus or deficit of the investor includes the investor's share of the surplus or deficit of the investee.	1.7, 4.10, 6.7, 7.7
<b>equity method(2)</b>	A method of accounting whereby an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post-acquisition change in the venturer's share of net assets/equity of the jointly controlled entity. The surplus or deficit of the venturer includes the venturer's share of the surplus or deficit of the jointly controlled entity.	8.6
<b>events after the reporting date</b>	Those events, both favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue. Two types of events can be identified:  (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and  (b) Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).	14.5
<b>exchange difference</b>	The difference resulting from reporting the same number of units of a foreign currency in the reporting currency at different exchange rates.	1.7, 4.10,
<b>exchange rate</b>	The ratio for exchange of two currencies.	4.10,
<b>exchange transactions</b>	Transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.	23.7, 9.11, 12.9, 16.7, 17.13

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>executory contracts</b>	Contracts under which neither party has performed any of its obligations or both parties have partially performed their obligations to an equal extent.	19.18
<b>expenses</b>	Decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners.	1.7, 2.8, 3.7, 4.10, 5.5, 6.7, 7.7, 8.6
<b>expenses paid through the tax system</b>	Amounts that are available to beneficiaries regardless of whether or not they pay taxes.	23.7
<b>fair value</b>	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.	1.7, 4.10, 7.7, 9.11, 15.9, 16.7, 17.13
<b>fair value less costs to sell (of an asset)</b>	The amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.	21.14
<b>final budget</b>	The original budget adjusted for all reserves, carry over amounts, transfers, allocations, supplemental appropriations, and other authorized legislative , or similar authority, changes applicable to the budget period	24.7
<b>finance lease</b>	A lease that transfers substantially all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred.	13.8

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>financial asset</b>	Any asset that is: (a) Cash; (b) A contractual right to receive cash or another financial asset from another entity; (c) A contractual right to exchange financial instruments with another entity under conditions that are potentially favorable; or (d) An equity instrument of another entity.	1.7, 15.9
<b>financial instrument</b>	Any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.  Commodity-based contracts that give either party the right to settle in cash or some other financial instrument should be accounted for as if they were financial instruments, with the exception of commodity contracts that (a) were entered into and continue to meet the entity's expected purchase, sale, or usage requirements, (b) were designated for that purpose at their inception, and (c) are expected to be settled by delivery.	15.9
<b>financial liability</b>	Any liability that is a contractual obligation: (a) To deliver cash or another financial asset to another entity; or (b) To exchange financial instruments with another entity under conditions that are potentially unfavorable.  An entity may have a contractual obligation that it can settle either by payment of financial assets or by payment in the form of its own equity securities. In such a case, if the number of equity securities required to settle the obligation varies with changes in their fair value so that the total fair value of the equity securities paid always equals the amount of the contractual obligation, the holder of the obligation is not exposed to gain or loss from fluctuations in the price of its equity securities. Such an obligation should be accounted for as a financial liability of the entity.	15.9

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>financing activities</b>	Activities that result in changes in the size and composition of the contributed capital and borrowings of the entity.	2.8, 3.7, 4.10, 18.8
<b>fines</b>	Economic benefits or service potential received or receivable by public sector entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.	23.7
<b>fixed price contract</b>	A construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.	11.4
<b>foreign currency</b>	A currency other than the functional currency of the entity.	1.7, 4.10,
<b>foreign operation</b>	An entity that is a controlled entity, associate, joint venture or branch of a reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity.	1.7, 3.7, 4.10
<b>functional currency</b>	The currency of the primary economic environment in which the entity operates.	4.10
<b>general government sector</b>	Comprises all organizational entities of the general government as defined in statistical bases of financial reporting	22.15

Term	Definition	Location
<b>Government Business Enterprise<sup>1</sup></b>	<p>An entity that has all the following characteristics:</p> <ul style="list-style-type: none"> <li>(a) Is an entity with the power to contract in its own name;</li> <li>(b) Has been assigned the financial and operational authority to carry on a business;</li> <li>(c) Sells goods and services, in the normal course of its business, to other entities at a profit or full cost recovery;</li> <li>(d) Is not reliant on continuing government funding to be a going concern (other than purchases of outputs at arm's length); and</li> <li>(e) Is controlled by a public sector entity.</li> </ul>	1.7, 2.8, 5.5, 21.14
<b>gross investment in the lease</b>	<p>The aggregate of:</p> <ul style="list-style-type: none"> <li>(a) The minimum lease payments receivable by the lessor under a finance lease; and</li> <li>(b) Any unguaranteed residual value accruing to the lessor.</li> </ul>	13.8
<b>guaranteed residual value</b>	<ul style="list-style-type: none"> <li>(a) For a lessee, that part of the residual value that is guaranteed by the lessee or by a party related to the lessee (the amount of the guarantee being the maximum amount that could, in any event, become payable); and</li> <li>(b) For a lessor, that part of the residual value that is guaranteed by the lessee or by a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.</li> </ul>	13.8

<sup>1</sup> *Commentary:* Government Business Enterprises (GBEs) include both trading enterprises, such as utilities, and financial enterprises, such as financial institutions. GBEs are, in substance, no different from entities conducting similar activities in the private sector. GBEs generally operate to make a profit, although some may have limited community service obligations under which they are required to provide some individuals and organizations in the community with goods and services at either no charge or a significantly reduced charge. IPSAS 6, "Consolidated Financial Statements and Accounting for Controlled Entities" provides guidance on determining whether control exists for financial reporting purposes, and should be referred to in determining whether a GBE is controlled by another public sector entity.

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>impairment</b>	A loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.	21.14
<b>impairment loss of a cash-generating asset</b>	The amount by which the carrying amount of an asset exceeds its recoverable amount.	26.13
<b>impairment loss of a non-cash-generating asset</b>	The amount by which the carrying amount of an asset exceeds its recoverable service amount.	21.14
<b>impracticable</b>	Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.	1.7, 3.7
<b>inception of the lease</b>	The inception of the lease is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease. As at this date:  (a) A lease is classified as either an operating or a finance lease; and  (b) In the case of a finance lease, the amounts to be recognized at the commencement of the lease term are determined.	13.8
<b>initial direct costs</b>	Initial direct costs are incremental costs that are directly attributable to negotiating and arranging a lease, except for such costs incurred by manufacturer or trader lessors.	13.8
<b>insurance contract</b>	A contract that exposes the insurer to identified risks of loss from events or circumstances occurring or discovered within a specified period, including death (in the case of an annuity, the survival of the annuitant), sickness, disability, property damage, injury to others and interruption of operations.	15.9

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>Interest cost</b>	The increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.	25.10
<b>interest rate implicit in the lease</b>	The discount rate that, at the inception of the lease, causes the aggregate present value of: <ul style="list-style-type: none"> <li>(a) The minimum lease payments; and</li> <li>(b) The unguaranteed residual value to be equal to the sum of               <ul style="list-style-type: none"> <li>(i) Fair value of the leased asset; and</li> <li>(ii) Any initial direct costs.</li> </ul> </li> </ul>	13.8
<b>inventories</b>	Assets: <ul style="list-style-type: none"> <li>(a) In the form of materials or supplies to be consumed in the production process;</li> <li>(b) In the form of materials or supplies to be consumed or distributed in the rendering of services;</li> <li>(c) Held for sale or distribution in the ordinary course of operations; or</li> <li>(d) In the process of production for sale or distribution.</li> </ul>	12.9
<b>investing activities</b>	The acquisition and disposal of long-term assets and other investments not included in cash equivalents.	2.8, 4.10, 18.8
<b>investment property</b>	Property (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, rather than for: <ul style="list-style-type: none"> <li>(a) Use in the production or supply of goods or services or for administrative purposes; or</li> <li>(b) Sale in the ordinary course of operations.</li> </ul>	16.7
<b>investor in a joint venture</b>	Is a party to a joint venture and does not have joint control over that joint venture.	6.7, 7.7, 8.6



<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>joint control</b>	The agreed sharing of control over an activity by a binding arrangement.	6.7, 8.6
<b>joint venture</b>	A binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control.	1.7, 4.10, 6.7, 7.7, 8.6
<b>key management personnel</b>	<p>(a) All directors or members of the governing body of the entity; and</p> <p>(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity. Where they meet this requirement key management personnel include:</p> <p>(i) Where there is a member of the governing body of a whole-of-government entity who has the authority and responsibility for planning, directing and controlling the activities of the reporting entity, that member;</p> <p>(ii) Any key advisors of that member; and</p> <p>(iii) Unless already included in (a), the senior management group of the reporting entity, including the chief executive or permanent head of the reporting entity.</p>	20.4
<b>lease</b>	An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.	13.8
<b>lease term</b>	The non-cancelable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, which option at the inception of the lease it is reasonably certain that the lessee will exercise.	13.8

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>legal obligation</b>	An obligation that derives from: (a) A contract (through its explicit or implicit terms); (b) Legislation; or (c) Other operation of law.	19.18
<b>lessee's incremental borrowing rate of interest</b>	The rate of interest the lessee would have to pay on a similar lease or, if that is not determinable, the rate that, at the inception of the lease, the lessee would incur to borrow over a similar term, and with a similar security, the funds necessary to purchase the asset.	13.8
<b>liabilities</b>	Present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.	1.7, 2.8, 5.5, 19.18
<b>market value</b>	The amount obtainable from the sale, or payable on the acquisition, of a financial instrument in an active market.	15.9
<b>material</b>	Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature and size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.	1.7, 3.7
<b>minimum lease payments</b>	The payments over the lease term that the lessee is, or can be, required to make, excluding contingent rent, costs for services and, where appropriate, taxes to be paid by and reimbursed to the lessor, together with: (a) For a lessee, any amounts guaranteed by the lessee or by a party related to the	13.8

Term	Definition	Location
	<p>lessee; or</p> <p>(b) For a lessor, any residual value guaranteed to the lessor by either:</p> <ul style="list-style-type: none"> <li>i. The lessee;</li> <li>ii. A party related to the lessee; or</li> <li>iii. An independent third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.</li> </ul> <p>However, if the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable, for it to be reasonably certain at the inception of the lease, that the option will be exercised, the minimum lease payments comprise the minimum payments payable over the lease term to the expected date of exercise of this purchase option and the payment required to exercise it.</p>	
<b>minority interest</b>	That portion of the net surplus or deficit and of net assets/equity of a controlled entity attributable to net assets/equity interests that are not owned, directly or indirectly through controlled entities, by the controlling entity.	6.7
<b>monetary items</b>	Units of currency held and assets and liabilities to be received or paid in fixed or determinable number of units of currency.	4.10, 10.7
<b>monetary financial assets and financial liabilities (also referred to as monetary financial instruments.)</b>	Financial assets and financial liabilities to be received or paid in fixed or determinable amounts of money.	15.9

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>multi-employer plans</b>	Defined contribution plans (other than state plans and composite social security programs) or defined benefit plans (other than state plans) that: <ul style="list-style-type: none"> <li>(a) Pool the assets contributed by various entities that are not under common control; and</li> <li>(b) Use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.</li> </ul>	25.10
<b>multi-year budget</b>	An approved budget for more than one year. It does not include published forward estimates or projections for periods beyond the budget period.	24.7
<b>net assets/ equity<sup>1</sup></b>	The residual interest in the assets of the entity after deducting all its liabilities.	1.7, 2.8, 5.5,
<b>net investment in a foreign operation</b>	The amount of the reporting entity's interest in the net assets/equity of that operation.	4.10
<b>net investment in the lease</b>	The gross investment in the lease discounted at the interest rate implicit in the lease.	13.8
<b>net realizable value</b>	The estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.	12.9

<sup>1</sup> *Commentary:* "Net assets/equity" is the term used in this series of Standards to refer to the residual measure in the statement of financial position (assets less liabilities). Net assets/equity may be positive or negative. Other terms may be used in place of net assets/equity, provided that their meaning is clear.

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>non-cancelable lease</b>	A lease that is cancelable only: (a) Upon the occurrence of some remote contingency; (b) With the permission of the lessor; (c) If the lessee enters into a new lease for the same or an equivalent asset with the same lessor; or (d) Upon payment by the lessee of an additional amount such that, at inception, continuation of the lease is reasonably certain.	13.8
<b>non-cash-generating assets</b>	Assets other than cash-generating assets.	21.14, 26.13
<b>non-exchange transactions</b>	Transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.	23.7, 9.11, 12.9, 16.7, 17.13
<b>non-monetary items</b>	Items that are not monetary items.	10.7
<b>notes</b>	Contain information in addition to that presented in the statement of financial position, statement of financial performance, statement of changes in net assets/equity and cash flow statement. Notes provide narrative descriptions or disaggregations of items disclosed in those statements and information about items that do not qualify for recognition in those statements.	1.7
<b>obligating event</b>	An event that creates a legal or constructive obligation that results in an entity having no realistic alternative to settling that obligation.	19.18

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>onerous contract</b>	A contract for the exchange of assets or services in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits or service potential expected to be received under it.	19.18
<b>operating activities</b>	The activities of the entity that are not investing or financing activities.	2.8, 18.8
<b>operating lease</b>	A lease other than a finance lease.	13.8
<b>original budget</b>	The initial approved budget for the budget period.	24.7
<b>other long-term employee benefits</b>	Employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related service.	25.10
<b>oversight</b>	The supervision of the activities of an entity, with the authority and responsibility to control, or exercise significant influence over, the financial and operating decisions of the entity.	20.4
<b>owner-occupied property</b>	Property held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes.	16.7
<b>past service cost</b>	The increase in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).	25.10

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>plan assets</b>	Comprise:  (a) Assets held by a long-term employee benefit fund; and  (b) Qualifying insurance policies.	25.10
<b>post-employment benefits</b>	Employee benefits (other than termination benefits) which are payable after the completion of employment.	25.10
<b>post-employment benefit plans</b>	Formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.	25.10
<b>present value of a defined benefit obligation</b>	The present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.	25.10
<b>presentation currency</b>	The currency in which the financial statements are presented.	4.10
<b>prior period errors</b>	Omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:  (a) Was available when financial statements for those periods were authorized for issue; and  (b) Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.  Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.	

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>property, plant and equipment</b>	<p>Tangible items that:</p> <ul style="list-style-type: none"> <li>(a) Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and</li> <li>(b) Are expected to be used during more than one reporting period.</li> </ul>	17.13
<b>proportionate consolidation</b>	A method of accounting whereby a venturer's share of each of the assets, liabilities, revenue and expenses of a jointly controlled entity is combined on a line-by-line basis with similar items in the venturer's financial statements or reported as separate line items in the venturer's financial statements.	8.6
<b>prospective application</b>	<p>Prospective application of a change in accounting policy and of recognizing the effect of a change in an accounting estimate, respectively, are:</p> <ul style="list-style-type: none"> <li>(a) Applying the new accounting policy to transactions, other events and conditions occurring after the date as at which the policy is changed; and</li> <li>(b) Recognizing the effect of the change in the accounting estimate in the current and future periods affected by the change</li> </ul>	3.7
<b>provision</b>	A liability of uncertain timing or amount.	19.18
<b>qualifying asset</b>	An asset that necessarily takes a substantial period of time to get ready for its intended use or sale.	5.5



<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>qualifying insurance policy</b>	<p>An insurance policy issued by an insurer that is not a related party (as defined in IPSAS 20) of the reporting entity, if the proceeds of the policy:</p> <ul style="list-style-type: none"> <li>(a) Can be used only to pay or fund employee benefits under a defined benefit plan; and</li> <li>(b) Are not available to the reporting entity's own creditors (even in bankruptcy) and cannot be paid to the reporting entity, unless either: <ul style="list-style-type: none"> <li>(i) The proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or</li> <li>(ii) The proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.</li> </ul> </li> </ul>	25.10
<b>recoverable amount</b>	The higher of a non-cash-generating asset's fair value less costs to sell and its value in use.	17.13
	The higher of an asset's or a cash-generating unit's fair value less costs to sell and its value in use.	26.13
<b>recoverable service amount</b>	The higher of a non-cash-generating asset's fair value less costs to sell and its value in use.	21.14

Term	Definition	Location
<b>related party</b>	<p>Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. Related parties include:</p> <ul style="list-style-type: none"> <li>(a) Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;</li> <li>(b) Associates (see International Public Sector Accounting Standard IPSAS 7 Accounting for Investments in Associates);</li> <li>(c) Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;</li> <li>(d) Key management personnel, and close members of the family of key management personnel; and</li> <li>(e) Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.</li> </ul>	20.4
<b>related party transaction</b>	<p>A transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the reporting entity or the government of which it forms part.</p>	20.4

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>remuneration of key management personnel</b>	Any consideration or benefit derived directly or indirectly by key management personnel from the reporting entity for services provided in their capacity as members of the governing body or otherwise as employees of the reporting entity.	20.4
<b>reporting date</b>	The date of the last day of the reporting period to which the financial statements relate.	2.8, 14.5
<b>residual value</b>	The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.	17.13
<b>restrictions on transferred assets</b>	Stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.	23.7
<b>restructuring</b>	A program that is planned and controlled by management, and materially changes either:  (a) The scope of an entity's activities; or  (b) The manner in which those activities are carried out.	19.18
<b>retrospective application</b>	Applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.	3.7
<b>retrospective restatement</b>	Correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.	3.7

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>return on plan assets</b>	The interest, dividends and other revenue derived from the plan assets, together with realized and unrealized gains or losses on the plan assets, less any costs of administering the plan and less any tax payable by the plan itself.	25.10
<b>revenue</b>	The gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners.	1.7, 2.8, 5.5, 9.11, 18.8
<b>segment</b>	Distinguishable activity or group of activities of an entity for which it is appropriate to separately report financial information for the purpose of evaluating the entity's past performance in achieving its objectives and for making decisions about the future allocation of resources.	18.9
<b>segment accounting policies</b>	Accounting policies adopted for preparing and presenting the financial statements of the consolidated group or entity as well as those accounting policies that relate specifically to segment reporting.	18.27

Term	Definition	Location
<b>segment assets</b>	<p>Operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.</p> <p>Segment assets include:</p> <ul style="list-style-type: none"> <li>• Receivables, loans, investments or other revenue-producing assets that relate to a segment's segment revenue which includes interest or dividend revenue;</li> <li>• Investments accounted for under the equity method only if the net surplus (deficit) from such investments is included in segment revenue; and</li> <li>• Joint venturer's share of the operating assets of a jointly controlled entity that is accounted for by proportionate consolidation in accordance with IPSAS 8, "Interests in Joint Ventures."</li> </ul> <p>Segment assets do not include income tax or income tax equivalent assets that are recognised in accordance with accounting standards dealing with tax effect accounting.</p>	18.27
<b>segment expense</b>	<p>Expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis to the segment, including expenses relating to the provision of goods and services to external parties and expenses relating to transactions with other segments of the same entity. Segment expense does not include:</p>	

Term	Definition	Location
	(a) Extraordinary items;	18.27
	(b) Interest, including interest incurred on advances or loans from other segments, unless the segment's operations are primarily of a financial nature;	
	(c) Losses on sales of investments or losses on extinguishment of debt unless the segment's operations are primarily of a financial nature;	
	(d) An entity's share of net deficit or losses of associates, joint ventures, or other investments accounted for under the equity method;	
	(e) Income tax or income-tax equivalent expense that is recognised in accordance with accounting standards dealing with tax effect accounting; or	
	(f) General administrative expenses, head office expenses, and other expenses that arise at the entity level and relate to the entity as a whole. However, costs are sometimes incurred at the entity level on behalf of a segment. Such costs are segment expenses if they relate to the segment's operating activities and they can be directly attributed or allocated to the segment on a reasonable basis.	
	Segment expenses includes joint venturer's share of the expenses of a jointly controlled entity that is accounted for by proportionate consolidation in accordance with IPSAS 8, "Interests in Joint Ventures."	

Term	Definition	Location
<b>segment liabilities</b>	<p>Operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.</p> <p>Segment liabilities include:</p> <ul style="list-style-type: none"> <li>• A joint venturer's share of the liabilities of a jointly controlled entity that is accounted for by proportionate consolidation in accordance with IPSAS 8, "Interests in Joint Ventures;" and</li> <li>• Related interest-bearing liabilities if a segment's segment expense includes interest expense.</li> </ul> <p>Segment liabilities do not include income tax or income tax equivalent liabilities that are recognised in accordance with accounting standards dealing with tax effect accounting.</p>	18.27
<b>segment revenue</b>	<p>Revenue reported in the entity's statement of financial performance that is directly attributable to a segment and the relevant portion of entity revenue that can be allocated on a reasonable basis to a segment, whether from budget appropriations or similar, grants, transfers, fines, fees or sales to external customers or from transactions with other segments of the same entity. Segment revenue does not include:</p> <ol style="list-style-type: none"> <li>(a) Extraordinary items;</li> <li>(b) Interest or dividend revenue, including interest earned on advances or loans to other segments, unless the segment's operations are primarily of a financial nature; or</li> <li>(c) Gains on sales of investments or gains on extinguishment of debt unless the segment's operations are primarily of a financial nature.</li> </ol> <p>Segment revenue includes: an entity's share of net surplus (deficit) of associates, joint</p>	18.27

<b>Term</b>	<b>Definition</b>	<b>Location</b>
	ventures, or other investments accounted for under the equity method only if those items are included in consolidated or total entity revenue; and a joint venturer's share of the revenue of a jointly controlled entity that is accounted for by proportionate consolidation in accordance with IPSAS 8, "Interests in Joint Ventures."	
<b>separate financial statements</b>	Financial statements presented by a controlling entity, an investor in an associate or a venturer in a jointly controlled entity, in which the investments are accounted for on the basis of the direct net assets/equity interest rather than on the basis of the reported results and net assets of the investees.	
<b>short-term employee benefits</b>	Employee benefits (other than termination benefits) which fall due wholly within twelve months after the end of the period in which the employees render the related service.	25.10
<b>significant influence</b>	The power to participate in the financial and operating policy decisions of an activity but is not control or joint control over those policies.	7.7, 8.6
<b>spot exchange rate</b>	The exchange rate for immediate delivery.	4.10
<b>state plans</b>	Plans other than composite social security programs established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation.	25.10
<b>stipulations on transferred assets</b>	Terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.	23.7
<b>tax expenditures</b>	Preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.	23.7



<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>taxable event</b>	The event that the government, legislature or other authority has determined will be subject to taxation.	23.7
<b>taxes</b>	Economic benefits or service potential compulsorily paid or payable to public sector entities, in accordance with laws and or regulations, established to provide revenue to the government. Taxes do not include fines or other penalties imposed for breaches of the law	23.7
<b>termination benefits</b>	Employee benefits payable as a result of either:  (a) An entity's decision to terminate an employee's employment before the normal retirement date; or  (b) An employee's decision to accept voluntary redundancy in exchange for those benefits.	25.10
<b>transfers</b>	Inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.	23.7
<b>unearned finance revenue</b>	The difference between:  (a) The gross investment in the lease; and  (b) The net investment in the lease.	13.8
<b>unguaranteed residual value</b>	That portion of the residual value of the leased asset, the realization of which by the lessor is not assured or is guaranteed solely by a party related to the lessor.	13.8
<b>useful life (of a lease)</b>	The estimated remaining period, from the beginning of the lease term, without limitation by the lease term, over which the economic benefits or service potential embodied in the asset are expected to be consumed by the entity.	13.8

<b>Term</b>	<b>Definition</b>	<b>Location</b>
<b>useful life (of property, plant and equipment)</b>	Either:  (a) The period over which an asset is expected to be available for use by an entity; or  (b) The number of production or similar units expected to be obtained from the asset by an entity.	17.13, 21.14
<b>value in use of a cash-generating asset</b>	The present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life	26.13
<b>value in use of a non-cash-generating asset</b>	The present value of the asset's remaining service potential.	21.14
<b>venturer</b>	A party to a joint venture and has joint control over that joint venture.	8.6
<b>vested employee benefits</b>	Employee benefits that are not conditional on future employment.	25.10

### **Accrual IPSASs on Issue at December 2008**

Accrual International Public Sector Accounting Standards on issue as at December 31, 2008 are:

IPSAS 1	“Presentation of Financial Statements” (December 2006)
IPSAS 2	“Cash Flow Statements” (May 2000)
IPSAS 3	“Accounting Policies, Changes in Accounting Estimates and Errors” (December 2006)
IPSAS 4	“The Effects of Changes in Foreign Exchange Rates” (April 2008)
IPSAS 5	“Borrowing Costs” (May 2000)
IPSAS 6	“Consolidated and Separate Financial Statements” (December 2006)
IPSAS 7	“Investments in Associates” (December 2006)
IPSAS 8	“Interests in Joint Ventures” (December 2006)
IPSAS 9	“Revenue from Exchange Transactions” (June 2001)
IPSAS 10	“Financial Reporting in Hyperinflationary Economies” (June 2001)
IPSAS 11	“Construction Contracts” (June 2001)
IPSAS 12	“Inventories” (December 2006)
IPSAS 13	“Leases” (December 2006)
IPSAS 14	“Events after the Reporting Date” (December 2006)
IPSAS 15	“Financial Instruments: Disclosure and Presentation” (December 2001)
IPSAS 16	“Investment Property” (December 2006)
IPSAS 17	“Property, Plant and Equipment” (December 2006)
IPSAS 18	“Segment Reporting” (June 2002)
IPSAS 19	“Provisions, Contingent Liabilities and Contingent Assets” (October 2002)
IPSAS 20	“Related Party Disclosures” (October 2002)
IPSAS 21	“Impairment of Non-Cash-Generating Assets” (December 2004)
IPSAS 22	“Disclosure of Financial Information about the General Government Sector” (December 2006)
IPSAS 23	“Revenue from Non-Exchange Transactions (Taxes and Transfers)” (December 2006)
IPSAS 24	“Presentation of Budget Information in Financial Statements” (December 2006)
IPSAS 25	“Employee Benefits” (February 2008)
IPSAS 26	“Impairment of Cash-Generating Assets” (February 2008)