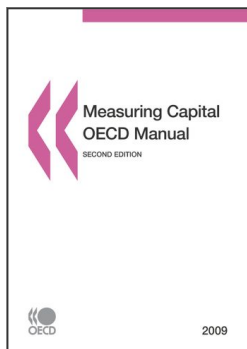


# Glossary

Term	Définition
Age-efficiency profile	Describes an asset's productive capacity over its service life. The index is set to equal one for a new asset and becomes zero when the asset has reached the end of its service life. The decline in productive capacity is a result of wear and tear of the asset.
Age-price profile	Index of the price of a capital good with regard to its age. The age-price profile compares identical capital goods of different age at the same point in time. Typically, the age-price profile declines with increasing age.
Balance sheet	Statement, drawn up at a particular point in time, of the values of assets owned by an institutional unit or sector and of the financial claims ( <i>i.e.</i> liabilities) incurred by this unit or sector
Capital gains	→ Holding gains
Capital input	The physical contribution of capital in the production of output. Capital input is measured as the flow of capital services into production
Capital services	→ Volume of capital services
Capital services price	→ Unit user cost
Consumption of fixed capital	"The decline, in the course of the accounting period, in the current stock of fixed assets as a result of physical deterioration, normal obsolescence or normal accidental damage" (SNA definition). "Depreciation" and "CFC" are used as synonyms in this <i>Manual</i> .
Compensation of employees	The total remuneration, in cash or in kind, payable by enterprises to employees in return for work done by the latter during the accounting period
Cost of capital	→ Value of capital services
Cohort of assets	Set of assets of the same kind and of the same age
Depreciation	The expected decline in value of a fixed asset as it ages → Consumption of fixed capital
Depreciation profile	Value loss of an asset due to aging, expressed as percentage of the value of a new asset
Depreciation rate	The rate of depreciation of an <i>s</i> -year old asset is the difference in the price of an <i>s</i> -year old asset and an <i>s</i> +1 year old asset, expressed as a proportion of the <i>s</i> -year old asset
Economic rent	Income generate by an asset when used in production. → Value of capital services
Ex-ante rate of return	Rate of return expected by investor
Ex-post rate of return	Realised rate of return – observed net operating surplus divided by the net stock of assets
Financial lease	A contract where the risks and reward of ownership are de facto transferred from the legal owner to the user of the asset
Gross capital stock	The stock of assets surviving from past investment and re-valued at the purchasers prices of new capital goods of the current period
Gross fixed capital formation	Total value of a producer's acquisitions, less disposals, of fixed assets during the accounting period plus certain additions to the value of non-produced assets such as land improvements
Historic prices	Capital stocks valued at historic prices are valued at the prices at which the assets were originally acquired.
Holding gains and losses	Holding gains and losses may accrue during the accounting period to the owners of financial and non-financial assets and liabilities as result of a change in their prices. Holding gains and losses are sometimes referred to as capital gains or as revaluation items
Mixed income	The surplus or deficit accruing from production by unincorporated enterprises owned by households; it implicitly contains an element of remuneration for work done by the owner, or other members of the household, that cannot be separately identified from the return to the owner as entrepreneur but it excludes the operating surplus coming from owner-occupied dwellings
Net capital stock	→ Wealth capital stock
Net present value	Value of discounted expected flows of benefits from using an asset in production; equals stock value of an asset in equilibrium

Term	Définition
Obsolescence	Loss in value of existing capital because it is no longer technologically suited to economic conditions or because technically superior alternatives become available. Obsolescence is typically described as a value phenomenon, not one that affects the physical services provided by a capital good. However, obsolescence can affect an asset's economic service life and hence the total volume of capital services it delivers.
Operational lease	A contract where produced assets are put at the disposal of an asset user for relatively short periods of time in return of a rental and where the owner of the asset retains responsibility for maintenance and repair
Opportunity cost	Evaluation placed on the most highly valued of the rejected alternatives or opportunities
Perpetual inventory method (PIM)	Approach towards estimating capital stocks by cumulating flows of investment, corrected for retirement and depreciation (in the case of net stocks) or efficiency losses (in the case of productive stocks)
Productive capital stock	The stock of a particular type of asset surviving from past periods and corrected for its loss in productive efficiency. Productive stocks constitute an intermediate step towards computing flows of capital services. The assumption is made that capital services flows are in fixed proportion to productive stocks.
Quantity of capital services	The flow of productive services provided by an asset that is employed in production. The volume of capital services reflects a physical (quantity) concept, not to be confused with the wealth concept of capital. The volume of capital services is the appropriate measure for capital input in production analysis.
Real values/prices	Values/prices that have been deflated with a general price index, typically the consumer price index
Rate of return (nominal)	Risk-adjusted return on investment per dollar of investment
Rate of return (real)	$(1 + \text{nominal rate of return}) / (1 + \text{general rate of inflation}) - 1$
Rents on land	Rents on land are a form of property income; they consist of the payments made to a landowner by a tenant for the use of the land over a specified period
Rents on subsoil assets	Rents on subsoil assets are a form of property income; they consist of the payments made to the owner of a subsoil asset by the institutional unit for the permission to extract the subsoil deposit over a specified period
Rental (on fixed assets)	Rental on fixed assets is the amount payable by the user of a fixed asset to its owner, under an operating lease or similar contract, for the right to use that asset in production for a specified period of time
Rental price	Price for using one unit of productive stock during a particular period of time. The rental price is the price for capital services from an asset that is rented on the market → rental.
Rental value of a particular type of asset	Rental price of a particular (type) of asset multiplied by the rented productive stock of a particular (type) of asset. Equals the value of capital services purchased by the lessee.
Resource rent	The economic rent of a natural resource
Retirement	Act of putting an asset out of service because it has reached the end of its service life
Revaluation	→ Holding gains and losses
Service life	Economically useful life of an asset
Total rental value	Sum of the rental values of all productive assets
Unit user cost	User cost per constant dollar of the productive stock of an asset. Unit user costs are the price for capital services from an asset that is used by its owner. Unit user costs and capital services price are used synonymously.
Value of capital services from a particular type of asset	The income generated by assets when used in production. Calculated as unit user costs of a particular (type) of asset multiplied by the productive stock of a particular (type) of asset. "Economic rent" is a synonym for value of capital services.
Wear and tear	The loss in an asset's physical capacity to contribute to production. Wear and tear is normally modelled as a function of the asset's age. Wear and tear is the main element that shapes the age-efficiency function.
Total value of capital services	Sum of the value of capital services from all productive assets
Volume index of capital services	When there are several types of assets that deliver flows of capital services, a volume index of capital services is constructed as a weighted average of the proportionate changes in the quantity of capital services of each asset. Each asset's share in the total value of capital services constitutes the appropriate weight for the volume index.
Wealth capital stock	→ Net capital stock



**From:**  
**Measuring Capital - OECD Manual 2009**  
Second edition

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264068476-en>

**Please cite this chapter as:**

OECD (2009), "Glossary", in *Measuring Capital - OECD Manual 2009: Second edition*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264068476-27-en>

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