Chapter 3. Accounting Principles

A. Flows and Stocks

3.1 The flows and stocks section will state that data recorded in the international accounts are either flows or stocks. It will describe flows and stocks, show that they are integrated (all changes in stocks between two points in time are fully explained by the flows), and determine the scope of flows and stocks recorded in the international accounts as those involving a resident and a nonresident.

3.2 The section will define flows, distinguish a flow from entries, and distinguish between two types of flows: (i) transactions and (ii) other flows. It will define a transaction as an interaction between two units by mutual agreement or an action within a unit that is analytically useful to treat as a transaction. It will note that mutual agreement means that there was prior knowledge and consent by the units, but it does not mean that both units entered into the transaction voluntarily (for example, taxes in the *GFSM 2001* para. 3.5). It will state that illegal activities are to be treated in the same way as legal activities. The section will systematically describe and give examples of various types of transactions, namely: (i) exchanges and transfers; and (ii) monetary and nonmonetary transactions. It will discuss rearrangements of transactions through rerouting and partitioning to reflect the underlying economic relationship. Examples will be given of rerouting (for example, benefits in-kind for compensation of employees) and partitioning (for example, financial leases, interest/financial intermediation services indirectly measured). The manual will define imputation of transactions. The rationale for making imputations in the international accounts will be spelled out and the various imputations will be specified.

3.3 The section will define and describe two types of other flows (other changes in volume of assets and revaluations or holding gains and losses). It will state that changes in financial claims and liabilities arising from the change in residence of individuals/households will be treated as other changes in volume of assets.

> *[Question: Should changes in financial claims and liabilities owing to the change in residence of individuals be treated as other changes in volume of assets? These flows are results of a change in the classification of the owner's residence status, and hence, they do not constitute transactions. This change will eliminate "migrants' transfers" in the capital account and have no impact on balance sheets. It will have implications for goods and capital, financial, and other changes in financial assets and liabilities accounts.]*

3.4 This section will define stocks, with a reference to the asset boundary, recorded in the external balance sheet, which covers financial assets and liabilities.

B. Accounting System

3.5 The accounting system section will explain the double-entry system used to record flows in the international accounts. Its relationship to business accounting and the quadruple-entry system in the national accounts will be discussed. The importance of conceptual symmetry as well as symmetric reporting by partner economies will be emphasized.

3.6 This section will describe the conventions and terminologies for recording flows in the international accounts. In the current and capital accounts, a credit denotes receivables from exports, incomes, transfers and disposals of nonproduced nonfinancial assets. A debit is used to record payables for imports, incomes, transfers, and acquisitions of nonproduced nonfinancial assets. In the case of the flows in financial instruments, changes in assets and changes in liabilities will be used. These are general terms that apply to both the financial account and other changes in financial assets and liabilities account.

3.7 The use of the terms of *changes in assets* and *changes in liabilities* in the financial account and other changes in financial assets and liabilities accounts will be a change from *BPM5*, which used debit and credit. The proposed terms will bring the financial account into line with the IIP, which in *BPM5* used a different sign convention from the financial account. It will bring consistency with the *1993 SNA* presentation. It will also simplify the interpretation of data; positive or negative changes indicate an increase or decrease, respectively, irrespective of whether the changes refer to assets or liabilities, whereas the increase/decrease under the credit/debit notion depends on whether it refers to assets or liabilities. Furthermore, the new terms are more consistent with the nature of each financial account flow, that is, they reflect better the net value of changes due to all credit and debit entries during an accounting period. The proposed notions are also used in other macroeconomic statistics.

> *[Question: Should the notions of changes in assets and changes in liabilities be adopted in the financial account and other changes in financial assets and liabilities account?]*

3.8 While the debit and credit presentation will not be emphasized for the financial account transactions, it will be noted that it is important to recognize and maintain the accounting identities, for example, a credit is always conceptually matched with a corresponding debit, increase in an asset, or reduction in a liability.

C. Time of Recording

3.9 The section will state that the accrual accounting principle determines the time of recording flows in the international accounts. The time of recording with accrual accounting will be defined, as in *1993 SNA* para. 3.94, that is, economic flows are recorded at the time economic value is created, transformed, exchanged, transferred, or extinguished. It will be contrasted with other time-of-recording principles, such as due-for-payment and cash bases. The importance of the guideline for the time of recording will be linked to the double-entry system and the symmetry of recording by partner economies.

3.10 In describing the accrual principle for assets that are owned by institutional units, the manual will elaborate on the concept "change of ownership." The *1993 SNA* often seems to imply legal ownership (paras. 3.97 and 3.100), but in some instances it relies on the concept of economic ownership when legal ownership remains unchanged (para. 6.118). *BPM5* mentions that the change [in ownership] may be legal, or physical, or economic (para. 111), but it notes cases where no change in legal ownership occurs as exceptions to the change of ownership principle (para. 119). The new manual will propose that "change of economic ownership" would be the proper term for determining the time of recording for transactions in goods, nonproduced nonfinancial assets, and financial assets. In general, a change in legal ownership also involves a change in economic ownership. In some cases, a change of "economic ownership" takes place even though the "legal ownership" remains unchanged (for example, financial leases and transactions between an enterprise and its foreign branches). In other cases, such as for repurchase agreements involving the provision for cash of securities, the risks and rewards attached to the asset remain with the original holder. The proposed new terminology avoids the need for exceptions to the principle that arose in *BPM5*.

> [*Question: Is the proposed use of "change of economic ownership" appropriate? If accepted, a definition of "economic ownership" needs to be added along the lines described in the 1993 SNA (paras. 6.118,10.44, 11.31, 14.58). These paragraphs state that a change in ownership from an economic point of view means that all risk, rewards, and rights and responsibilities of ownership in practice are transferred.]*

3.11 Application of the accrual principle for time of recording to various flows will be discussed. More specific description of the principle will be detailed in relevant chapters, and cross-references to them will be given in this section.

(a) Goods. The change of economic ownership for determining the time of recording goods will be explained. The manual will explain the treatment and timing of recording for financial leases and transactions between an enterprise and its foreign branches. The issues of ownership and recording for merchanting and goods for processing will be discussed. The section will discuss approximations to the change of economic ownership using the time at which transactors record entries in their books. Within the context of change of economic ownership, it will also discuss the timing when goods enter or leave the economic territory of a country. Guidelines of the *International Merchandise Trade Statistics: Concepts and Definitions* concerning the time of recording will be discussed. It will be noted that the time at which goods cross the border can be taken only as an approximation to the time when the change of economic ownership occurs. The section will also explain that a customs-based collection system usually provides a choice of dates at which transactions may be recorded (for example, lodgment of customs declaration, customs clearance of goods). The manual will explain which of these various timings provides a good approximation to the principle of change in economic ownership (references will be made to Chapter 9, Goods and Services, where specific issues will be described).

(b) Services. The recording at the time services are rendered will be described. It will note that services are provided over a period.

(c) Primary incomes. The timing for compensation of employees and interest (accrual basis), dividends (when declared payable), and reinvested earnings of direct investment enterprises (when earned) will be covered. Examples of interest accruing continuously will be given.

(d) Transfers. The timing for recording taxes and other compulsory transfers will be as explained in the *GFSM 2001* para. 3.55, that is, the time at which the activities, transactions, or other events occur that create the government's claim to the taxes or other payments. The change of economic ownership of the resources that are counterpart entries to transfers will be stated as generally determining the timing for transfers.

(e) Nonproduced nonfinancial assets. The recording of transactions in nonproduced nonfinancial assets at the time economic ownership changes will be stated. In the case of financial lease contracts, it will be noted that these involve change in economic ownership.

(f) Financial instruments in general. The change of economic ownership principle for recording transactions in financial instruments will be stated. The recording of financial claims where the counterpart entry to the transaction is in the nonfinancial accounts (such as trade credit) will be dealt with. It will be noted that as interest accrues, the commensurate interest payable/receivable is recorded as part of the associated financial asset/liability. Accordingly, it will be noted that interest is not "paid" in an accrual system—all payments represent a reduction in the outstanding principal. Where counterparties to financial transactions record the transactions on different dates will be discussed.

(g) Invocation of debt guarantees and calling on of collateral. Debt liabilities can be guaranteed by a third party. No treatment of debt guarantees is given in the *1993 SNA* and *BPM5*. Debt guarantees are not treated as financial instruments until the guarantee is invoked.

Invocation of debt guarantees raises issues on how to treat flows between the original debtor and creditor and between the original debtor and the guarantor (the new debtor). A similar issue is how to treat flows between a debtor and creditor when collateral is called by the creditor.

When a debt guarantee is activated, it will create a new liability. The guarantor now becomes the new debtor and the arrear of the original debtor is extinguished as though repaid (*Debt Guide* para. 2.30). Activation of a guarantee can be considered as acquisition of equity by the guarantor or a capital transfer to the defaulting party (*GFSM 2001* para. 9.33). Alternatively, a financial claim by the guarantor on the original debtor may be considered. Where the original debtor-enterprise is liquidated, capital transfers as well as other volume changes may seem to be possible treatments.

[Question: Is the treatment of invocation of a loan guarantee suitable?]

[Questions: How should flows between the original debtor and creditor and between the original debtor and guarantor be treated when a guarantee is activated? How should flows between a debtor and creditor be treated when collateral is called by the creditor?]

(h) The time of recording of repayments of debts. Arrears will be defined and discussed (along the lines of the *Debt Guide* paras. 3.36–37). The manual will discuss two bases for time of recording repayments of debts, namely, the due-for-payment basis and the accrual basis. The due-for-payment basis is followed in *BPM5* (paras. 123 and 528), *GFSM 2001* (para. 9.19), and *Debt Guide* (para. 2.29). When a debt liability goes into arrears, the due-for-payment basis records transactions as if the repayment of debt liability had been made and then replaced by a new short-term liability. The imputation of transactions gives the impression that the debtor has the ability to repay and borrow. According to the accrual basis, repayments of debts are recorded when they are extinguished (such as when they are paid, or rescheduled, or forgiven by the creditor). Under this approach arrears will continue to be shown in the same instrument.[1] This approach will also avoid complicated and artificial imputations because no transactions will need to be recorded. This treatment is in line, in principle, with the *1993 SNA* (paras. 3.94 and 11.101) and *MFSM* (paras. 179, 225, 238). In order to identify items in arrears in the IIP, either a separate subheading can be added for each instrument having arrears or arrears can be shown as memorandum items.

[Questions: Which time of recording principle is appropriate for recording repayments of debts? (1) the due-for-payment basis (involving imputation of transactions that the liability had been repaid and then replaced by a new short-term debt (representing the arrears)); or (2) the accrual basis (involving no imputation of transactions but continuing to show arrears in the same instrument until the liability

[1] Under the accrual basis, the manual would state that if, when a liability goes into arrears, there is a change of instrument classification, this reclassification will be shown as other changes due to reclassification of instruments.

is extinguished), but either requiring arrears to be shown in the IIP as a subgroup under relevant instrument or to be shown as memorandum or supplementary items?

Do we need subheadings or memorandum items on all arrears or selected arrears or just on arrears for exceptional financing items? Data on arrears on exceptional financing would be needed if an analytic presentation, as published in the IMF's International Financial Statistics, were to be derived on exactly the same basis as at present?]

(i) The time of recording for other changes in the volume of assets, revaluations, and stocks will be considered.

3.12 This section will discuss issues of time zone differences in international transactions, recognize intrinsic uncertainties, and identify some data sources, which often only approximate the required basis. It will encourage timing adjustments where there are major divergences from the required basis (customs-based merchandise trade statistics, ITRS data, interest). The section will follow the treatments and presentation in *BPM5* Chapter VI.

D. Valuation

3.13 This section will describe the general principles for valuation of flows and stocks. It will state that market prices are the basis for valuation in the international accounts. Market prices will be defined and linked to transaction prices. A discussion of how market prices relate to other valuation concepts used in business accounting will be given. In this context, explanations will be given of such notions as book values, amortized values, face value, nominal values, historic cost, and fair values—highlighting where statisticians take a different approach to accountants and why. It will describe cases where nominal values may be of analytical interest (see the *Debt Guide*, para. 16.13). It will explain that actual exchange values in most cases will satisfy the market price concept. Transactions that involve dumping and discounting will be stated to be at market prices. It will define transaction prices for goods and services as inclusive of appropriate taxes and subsidies. It will also explain that the valuation of financial instruments should be exclusive of any commissions, fees, and taxes. This is because both debtors and creditors should record the same amount for the same financial instrument. The manual will note that the valuation of financial instruments, which excludes commission costs, differs from the valuation of nonfinancial assets, which includes any costs of ownership transfer. Many topics are discussed in further detail under individual components in the following chapters. The general principles will be stated in this chapter.

3.14 Cases when actual exchange values do not represent market prices will be discussed, and the desirability for adjustment will be emphasized. The discussion will cover transfer prices between affiliated enterprises, manipulative agreements with third parties, concessional prices, and concessional interest rates (implicit transfer). A question on concessional interest is raised in Chapter 11, Secondary Distribution of Income Account. Although adjustment should be made when actual exchange values do not represent market prices, it will be recognized that this may not be practical in many cases. The consequences of price adjustment will be explained, for example, if prices of goods are adjusted, associated financial account transactions may also need to be adjusted.

> *[Questions: (i) To what extent should the adjustments be encouraged? (ii) Would it be appropriate to acknowledge difficulties in practice and recommend that all important cases be covered?]*

3.15 Similarly, this section will discuss partitioning of a single exchange of value as viewed by transactors into two or more transactions (e.g., price may include commission for currency conversion, financial leasing, and FISIM).

3.16 It will be stated that the manual follows in general the principle of market prices for the valuation of both flows and stocks. When markets prices are not observable, valuation according to market-price-equivalents provides approximation to market prices. Market prices of similar items when such prices exist will provide a good basis for applying the principle of market prices. It will be noted that for some positions in financial assets and liabilities, it may be necessary to estimate fair values that, in effect, approximate market prices. The present value method can also be used as approximation to market prices. Methods for estimating fair values will be described as in *MFSM* paras. 219–224. The manual will refer to fair value accounting for financial assets as proposed in the *International Accounting Standard 39* (*IAS 39*).

3.17 Cases where market prices are not available or pose specific problems will be discussed. The following cases will be covered:

(a) For loans other than traded loans, the manual will provide guidelines in their valuation taking into account any developments in international accounting standards.

- The current valuation principle is nominal value (including accrued interest) as defined in *MFSM* para. 206 (uses the term "book value"), *BPM5* para. 471, and *Debt Guide* para. 2.32 and Appendix III.
- Another possible valuation principle is "fair value." Proposed amendments to *IAS 39* would considerably broaden the application of fair values. It is not yet certain whether application of fair value in *IAS 39* will cover nontraded loans and deposits. It will be noted that future developments in business accounting toward fair value principles may result in the availability of alternative valuation bases to nominal values in the case of nontraded instruments and that subsequent developments in IAS should be considered by statisticians. Depending on developments in IAS, fair value could be adopted as a valuation basis (i) in all cases, or (ii) for creditors only, or (iii) as a supplementary or memorandum item.
- If nominal valuation is adopted, the manual will clarify the treatment of bad debt and provisions for them. The manual will note that nominal values do not

take into account any provision for bad debts. Because of their analytical usefulness, bad debt provisions and/or expected loan losses should be recorded for the creditor as a memorandum item, as per *MFSM* para. 207. The manual will also clarify issues concerning write-off or write-down as in *1993 SNA* para. 11.23 and *MFSM* para. 194.

[Questions: (i) Should either nominal value or fair value be adopted, and should the valuation not adopted be considered as a memorandum item or a supplementary item?(ii) If fair value is adopted, should it be used for both creditors and debtors or only for creditors? Or (iii) should a decision be postponed until developments in international accounting standards are clear?]

(b) This section will explain the valuation of barter transactions, transfers in kind, and reinvested earnings.

(c) This section will discuss valuation principles for equity where observable market prices are unavailable. Market price equivalent or other fair values will be used. For branches, net equity will be defined to be equal to the sum of all assets, including intangible assets as well as financial, and nonfinancial tangible assets, less debts. The *Benchmark Definition of FDI* (para. 22) did not include nonproduced assets and did not mention intangible assets.

[Question: Is the measurement of net equity of branches appropriate?]

(d) For securities, in general, this section will note that, when securities are quoted on markets with a buy-sell spread, the midpoint should be used to value the instrument. (The spread is an implicit service charge to the dealer, paid by buyers and sellers. Mid-prices are recognized in *BPM5* para.132, with reference to foreign exchange, but not discussed more generally.)

(e) For loans that are traded but not sufficiently to be reclassified as securities, it will be noted that transactions will be valued at market prices. For positions, if nominal values (including accrued interest) are used for both debtor and creditor, an entry is needed for other price changes in the other changes in financial assets and liabilities account. (This follows the Bank of Japan paper (BOPCOM-00/15). *BPM5* para. 471 took the market value for the creditor and the nominal value for the debtor, with supplementary data on the alternative valuation in both cases. It is not clear whether the *BPM5* principle was intended to be limited to discounted loans of heavily indebted countries, or to traded loans generally; or whether it applied only to the transactor or to all creditors of the same loan or class of loan). A reference will be given to the definition of tradability in Chapter 5 Classifications to clarify when loans become securities.

[Question: Which treatment is suitable—(i) nominal values for both creditor and debtors, or (ii) market/fair value for both, or (iii) as in BPM5?]

(f) Deposits and accounts payable/receivable give rise to the same issues of nominal and fair values. If nominal value is adopted, the manual will note that deposits at banks and other depository corporations in liquidation will be based on their nominal value until they are written off. However, if significant, these deposits should be shown separately as a memorandum item. The same treatment will be applicable for any other cases of impaired deposits (i.e., where the depository corporation is not in liquidation but is insolvent). The manual will discuss fair value accounting for assets as proposed in the *IAS 39*.

[Questions: (i) Should either nominal value or fair value be adopted, and should the valuation not adopted be considered as a memorandum item or a supplementary item?(ii) If fair value is adopted, should it be used for both creditors and debtors or only for creditors? Or (iii) should a decision be postponed until developments in international accounting standards are clear?]

3.18 This section will describe general principles for conversion of flows and stocks expressed in other currencies to the currency used to compile data. Actual exchange rates for transactions and the rates on the date that balance sheets are prepared for stocks will be stated as the principal basis for currency conversion. The use of daily average or average rate for the shortest period will be discussed. The use of midpoint rate for currency conversion will be stated. It will be noted that the difference between the midpoint rate and the actual rate is treated as charges for financial services. The manual will discuss the principles regarding the conversion of derived measures including certain imputed flows (for example, reinvested earnings of direct investment enterprises). These derived measures and flows relate to a period rather than a particular time. The treatment of multiple official exchange rates will be explained along the lines of the *1993 SNA* (chapter XIX, Annex A). The treatment of parallel rates (black markets) will be discussed along the lines of the *1993 SNA* paras. 14.83–84.

3.19 The need for a unit of currency for compiling the international accounts will be determined. The reasons for compiling international accounts in the national currency (or in another currency in addition to national currency) and the possible usefulness of such data will be discussed. Reference will be made to links to the domestic economy (national currency), international liquidity management (international unit), special issues for high inflation and multiple exchange rates (international unit), global totals, and international comparisons (international unit). It will note that different currencies of denomination are different phenomena.

E. Aggregation and Netting

3.20 The meaning of aggregation and aggregates will be discussed along the lines of the *GFSM 2001* para. 3.81. Gross and netting in the context of international accounts will be spelled out. Aggregations or combinations in which all elementary items are included with their full values are called gross recording. This section will state that gross recording is to be followed in current and capital accounts. It will note that gross recording is also applicable to income on reverse investment where the direct investment enterprise owns less than 10 percent of its direct investor (further described in Chapter 10 Primary Distribution of Income Account). The treatment of returned goods or refunds will be clarified.

> *[Question: Is the proposed treatment of income on reverse investment where direct investment enterprise owns less than 10 percent suitable?]*

3.21 This section will describe the netting principle for transactions in financial instruments (as in *1993 SNA* para 2.84). It will explain that netting means combinations that show net changes (increases less reductions) in a particular asset category on the same side of the balance sheet. The section will recommend netting within the given category of standard components as in *BPM5* para. 324. It will state that other flows (other changes in the volume of assets and revaluations) are also recorded on a net basis. It will state that netting financial assets (changes in financial assets) against liabilities (changes in liabilities) is especially to be avoided. As gross values in some cases are of analytical interest, this section will note the usefulness for such data as supplementary items.

3.22 The section will note that in some cases a clear distinction between assets and liabilities may not be feasible (such as some financial derivatives where transactions occur in both directions). In such cases, it may not be feasible to apply the netting principle, which requires separate presentation of transactions in assets and transactions in liabilities. The section will note that presenting net changes of transactions in both assets and liabilities for such financial instruments may be acceptable.

> *[Question: Which recording basis is preferred for financial derivatives where transactions occur in both directions and it may not be feasible to distinguish between assets and liabilities—(i) net changes separately for transactions in assets and in liabilities) or (ii) net changes of all transactions in both assets and liabilities? Or should both be allowed?]*

> *[Question: Are there other instruments for which transactions in assets may not be clearly distinguished from transactions in liabilities?]*

3.23 Finally, the section will state that stocks of financial assets/liabilities are recorded on a gross basis. It will note that stocks of the same type of a financial instrument held both as a financial asset and a liability are to be presented gross, so that assets are recorded under assets and liabilities are recorded under liabilities.

F. Symmetry of Reporting

3.24 The importance of symmetry of reporting by counterparties will be emphasized. The consistency of reporting by both parties/economies involved in a transaction or position will be explained for time of recording, valuation, and definitions and classifications. Their importance for bilateral comparisons, global imbalances, and regional and global aggregates will be noted. Cases where parties may take different perspectives will be noted.

G. Derived Measures

3.25 This section will define and discuss derived measures in the international accounts. These measures are economic constructs derived as a balancing item from two or more aggregates. For example, current account balance, net lending/borrowing, net international investment position, etc. are important derived measures in the international accounts. A list of all derived measures in the standard presentation of the international accounts will be presented in this section.

ACCOUNTING PRINCIPLES

References

BPM5 chapters 5, 6, and 7;

1993 SNA chapter 3;

BPT paragraphs 9-65;

IMTS chapter I;

GFSM chapter 3.

Changes from *BPM5*

(a) *Changes proposed*:

Treat "migrants transfers" as an "other change," rather than as a transaction (para. 3.3).

Use "changes in assets" and "changes in liabilities," instead of "debits" and "credits" in financial account and other changes in financial assets and liabilities account (para. 3.7).

Debt guarantees are not treated as financial instruments until the guarantee is invoked, in which case, the creation of the new liability will be treated as a financial account transaction (the guarantor becomes the new debtor and the arrear of the original debtor is extinguished as though repaid) (para 3.11(g)).

Net equity of branches to be equal to the sum of all assets, including intangible assets as well as financial, and nonfinancial tangible assets, less debts (para. 3.17(c)).

All capital account transactions are proposed to be recorded on a gross basis (para. 3.20).

Income flows arising from reverse investment where the direct investment enterprise owns less than 10 percent of its direct investor are also to be recorded on a gross basis in consistency with gross recording of current account transactions (para. 3.20).

Balancing items will be dealt with more explicitly (para. 3.25).

(b) *Changes raised as an option*:

Use the term "change of economic ownership" rather than just change of ownership or legal ownership (para. 3.10).

How should flows between the original debtor and creditor and between the original debtor and guarantor be treated when guarantee is activated? Several possibilities depending on circumstances could be acquisition of equity by the guarantor, or a capital transfer to the defaulting party, or a financial claim by the guarantor on the original debtor, or other volume changes (para. 3.11(g)).

Which time of recording principle for repayments of debts is appropriate: (1) the due-for-payment basis (involving imputation of transactions that the liability had been repaid and then replaced by a new short-term debt (representing the arrears); or (2) the accrual basis (involving no imputation of transactions but continuing to show in the arrears in the same instrument until the liability is extinguished), but either requiring arrears to be shown in the IIP as a subgroup under relevant instrument or to be shown as memorandum or supplementary items (para. 3.11(h)).

Encourage the use of adjustments of actual exchange values when they do not represent market prices (para. 3.14).

Possibility of adopting fair values for nontraded loans and deposits either for both creditors and debtors or for creditors only. If nominal valuation is adopted, possibility for memorandum or supplementary items on data according to fair values. Similar issues for loans traded but not sufficiently to become securities (para. 3.17(a)).

Whether traded loans (not sufficiently to be reclassified as securities) should be valued at (i) nominal values for both creditor and debtors, or (ii) market/fair value for both, or (iii) as in *BPM5* (para. 3.17(c)).

Whether recording on the basis of (i) netting principle (i.e., separately for transactions on assets and liabilities) or (ii) net changes in both assets and liabilities is preferred for financial derivatives where transactions occur in both directions and it may not be feasible to distinguish between assets and liabilities? Or should both be allowed (para. 3.22)?

Glossary

Accrual basis of recording
Aggregates
Arrears
Balancing items
Book values
Cash basis of recording
Collateral
Debit/credit
Derived measures
Double-entry bookkeeping
Due for payment
Exceptional financing
Exchanges
Fair values

ACCOUNTING PRINCIPLES

Flows
Gross recording
Guarantee
Historic cost
Net acquisition of financial assets
Net incurrence of liabilities
Netting
Nominal values
Multiple official exchange rates
Other changes in volume of assets
Revaluation
Stocks
Time of recording
Transactions
Valuation