**Definitions from IAS 16 – Property, Plant and Equipment:**

**Cost** – is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction.

**Residual Value** is the estimated amount that an entity would currently obtain from the disposal of an asset (after deducting the costs of disposal) if the asset was already of the age and the condition expected at the end of its useful life.

**Depreciable amount** is the cost of an asset, or other amount substituted for cost, less its residual value.

**Depreciation** is the systematic allocation of the depreciable amount of an asset over its useful life.

**Useful Life** is (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.

**Accumulated Depreciation** is the cumulative depreciation of an asset up to a single point in its life.

**Carrying Amount** - is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment.

\[
\text{Carrying Amount} = \text{Cost} - \text{Accumulated depreciation}
\]

**Impairment Loss** is the amount by which the carrying amount of an asset exceeds its recoverable amount.

\[
\text{Impairment Loss} = \text{Carrying Amount} - \text{Recoverable Amount} \quad (\text{must be } >0)
\]

**Recoverable Amount** is the higher of an asset’s fair value less costs to sell and its value in use.

**Fair Value** is the amount exchanged for the goods between knowledgeable willing parties in an arm’s length transaction.

**Value in Use** is the present value of the future cash flows expected to be derived from an asset.