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THE MAIN DIFFERENCES BETWEEN THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT IN PUBLIC AND PRIVATE ACCOUNTING

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Summary

The target of the following study is to analyze the main differences of the accounts of result and balance that are generated after private accounting exists and accounting publishes. For it, there will take as a base the countable regulations that register in both plans of accounting, where there have been appreciated big differences proceeding from the composition of the clear patrimony, since the capital is located in a different way, also criteria oppositions are with regard to certain definitions both of assets and of debit.

For his part, the account of losses and profit has a completely different order, bearing in mind that the main income of the private enterprises comes from the sale of goods or rendering of service, and those of the public entities come of, between others, the taxes and valuations that the taxpayers pay.

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INTRODUCTION

In the following study is to perform an analysis between the main differences that are found in the General Accounting Plan and the General Plan of Public Accounting. Specifically study within the annual accounts, the balance sheet and the profit and loss account. To perform this, it is essential to know the goal of each entity, to then be able to analyze and adapt well tools that provide both plans of accounting.

This work is carried out in order to understand because accounting publishes is dragged by the accounting private when each one has a final objective in its benefits.

The public accounting in Spain has been evolving since years ago taking as a point of reference the accounting policies applied in the business sector, adapted to the characteristics and requirements of public bodies, but trying to conserve the highest degree of uniformity as possible.

The organism who takes charge of the public accounting of Spain is the General Intervention of the Administration of the State (IGAE), which has been in charge throughout last years of encouraging the modernization and reforms of the accounting of the public sector, which is formed by the state public entities (composed by the ministerial departments), the administrations of the autonomous regions, and the local administrations (Town halls and Delegations).

As they indicate Brusca and Martin (2011), that it is the year in which there was published the first General Plan of Public Accounting based on the PGC of 1973, there has been observed the creation and the evolution of a new countable regulation, in order to propose to the public entities a more personalized dealing and to adapt itself better to its needs like the possibility of contrast with the accounting of the private sector.

The main reasons that have led to the elaboration of the General Accounting Plan published 2010 (hereinafter: PGCP), according to points ((Pérez Pérez, 2011) are:

1. First of everything, one has looked for the conciliation of the characteristics of the public accounting in Spain with those of the International Norms of Accounting for the Public sector, since this will constitute an important element to achieve that the financial conditions done by the Public administrations could be compared with those of the different countries.
2. Secondly, it is necessary to bear in mind that in Spain it has always been tried that the criteria both of the public accounting and of the private accounting are related.
3. Finally, one has to take into account the improvement of the information that is included in the annual accounts of the PGCP'10. Increasing the quality and quantity of reports included in the financial statements.

Knowing everything renowned previously and that in the Grade of Finance and Accounting does not give in an obligatory way the public accounting it has considered to realize this study, which takes as a main target to analyze the most important differences that arise from the Balance and from the Account of Results between both plans.

CONTEXTUALIZATION

For a correct comprehension of the topic that will be exhibited next it is necessary that one introduces the main characteristics both of the public sector and of the private one, as well as its targets and the purposes that are chased.

THE PUBLIC SECTOR

The public sector is composed by entities that are recognized how public, but not all of them will carry out its administration under the norms of the General Plan of Public Accounting, since this one applies himself for the companies that realize its activity in the juridical - economic sector. Therefore, certain companies that correspond to the public sector will be able to carry out the managerial accounting.

Between the components of the public sector we find:

- Administration of the State
- Autonomous Communities
- Local Corporations
- Entities that administer social security
- Autonomous Bodies
- Public Enterprises

Analyzing the latest appointed, we know that are of two types: those that are completely public, i.e. the sector pubic comprises the greater part of its capital and address, and on the other hand are joint ventures, which are those that are composed of a private party and by other public. These companies are often found in economic sectors that require large investments to be profitable, as would be the example of energy companies.

The targets of the public sector are faced to the social benefit, since there take place activities that not always are profitable but they have positive recognition between the recipients.

CHARACTERISTICS

- To give services without the intention of maximizing the benefit.
- He is in charge of redistributing the revenue and the wealth.

- The financing that they perceive comes from obligatory payments without compensation, as for example: taxes, fines, sanctions …
- They are taken into account under the General Plan of Public Accounting.

THE PRIVATE SECTOR

The private sector is composed by private enterprises, that is to say, that its property is not state, therefore the direction of these companies is in hand of natural or juridical persons. General Contable is delimited, between others, with the norms established in the Plan.

The components that form it are:

- Anonymous Society
- Limited Company
- Individual Entrepreneur
- Etc.

Are private companies that integrate activities in the public sector through the granting and outsourcing services, usually starts an auction, and enterprise that the get, you may exercise your private activity in the public environment.

The main objective of the private sector, and the more he is opposed to the public sector, is that the companies want to maximize the economic benefits through the marketing of their products or services offered on the market, having for that reason that compete with the other companies that have the same objective.

METHODOLOGY

For the achievement of this study a homogeneous criterion is going to follow for both analyzed annual accounts.

First of all, there will be identified in the structure of the CCAA those games that are different, bearing in mind that in this alone work they were named those that have a notable difference. As soon as the differences were located, one will look for the information necessary for its justification in the fifth part of the plans of accounting, which is named definitions and countable relations. We will use this part to understand well the concept that goes away to justify and to see in a theoretical way where there resides the difference between the public thing and the private thing.

And to finish, this difference will be the second part of PGC and PGCP that are the rules for the recognition and measurement, where they develop the accounting principles and include criteria and rules applicable to the various transactions or economic facts, as well as to various items of property.

ANNUAL ACCOUNTS

The PGC is formed by the balance sheet, the profit and loss account, statement of changes in equity, the status of cash flows and the memory, all of these have to be formulated according to what is established in the Code of Commerce, on the Consolidated Text of the Public Limited Companies Law, the Law on Limited Liability and in the own General Accounting Plan.

For his part, the PGCP incorporates into the previous annual accounts one more, that it is the state of liquidation of the budget. The annual accounts are formulated based on the norms established in the General Plan of Public Accounting.

Centring in a more detailed way on the purpose of the plans we know that both PGCP and PGC, both try to show its annual accounts as a unit and present its faithful image of the patrimony, of the financial situation, of the hereditary economic result and of the dressmaking of the budget (in case of the public plan), and also to provide useful information for the making of economic decisions.

In reference to the types of annual accounts that are quoted in the plans, it is necessary to know that in case of the PGCP there is not allowed the use of models abridged for the formulation of the same ones, in contrast to the private enterprises, since them one gives the above mentioned the option to present abridged balance been of changes in the clear patrimony and memory, being not obligatory cash flows state. To be able to apply these abbreviations a few certain conditions must be fulfilled during two followed exercises.

BALANCE SHEET

In the presentation of the Statement of condition we meet differences that come from the peculiarities of the quiet norms of recognition and evaluation in the plan of accounting of the public entities.

In the classification of the assets, and although both plans arrange them in not currents and currents, the definition of the last one changes, since in the PGCP one does not refer to the development cycle if not the term of achievement of the assets.

ASSETS

NON CURRENT ASSETS

The first notable difference that there indicates us the PGCP that exists treats so called intangible one as the game of immobilized **“Investments on assets used in diet of lease or transferred”,** this one refers to those assets that are hired or transferred by a period lower than the useful life of the good. How are you operations are more frequent in the public administrations than in the companies, it is considered that the treatment that there must receive the assets received in use for a period lower than the economic life will be taken into account like intangible, since the investments in these increase the value of the immobilized intangible one, unlike what it happens in the PGC of the companies, where the above mentioned investments are imputed to the immobilized material.

The leases will be valued by this renowned game any time in accordance with the norm of recognition and evaluation nº6, it should not be recognized like leasing.

Following with the asset does not current, more specifically in the frozen material, we found a difference mentioned with regard to the existence of a game within the PGC public call **"Historical Heritage Assets"**.

It was logical that the PGC lacks this item since it refers to those assets that are of artistic interest, archaeological or documentary heritage that have historical value and that for the consumer is interesting to visit. This item is related to the account 299, which refers to the deterioration of value for usufruct of assigned tangible assets, so this is that in the event that the administration give it to a third party and there were difficulties for their usufruct, this amount would be paid by the estimated amount to be charged to the account grants, and would be charged with a payment to the account reversal of the deterioration by the usufruct of assigned property, plant and equipment.

These goods present certain characteristics, between others:

- It is slightly probable that its value in cultural, environmental, educational terms and historical artistic he remains correctly reflected in a financial value based on a price of market.
- The legal or statutory obligations can impose prohibitions or important restrictions at its disposal for sale.

- They are irreplaceable and its value can increase with the time, even when its physical conditions turn out to be damaged.
- Its useful life is difficult to estimate, since in some cases this one can be of hundreds of years.

Therefore, these goods will be valued in accordance with the established for the norm 2nd of recognition and evaluation. When they could not be estimated by reliability it will have to report in the memory.

In the balance of the PGC we find inside the non-current asset the group VI that it is named "**Assets by deferred tax",** and this one is nonexistent in the PGCP. The above mentioned difference resides in that the public entities do not pay for the tax on societies, therefore this game does not concern them. In the assets by deferred tax there are gathered the deductible temporary differences that could be compensated in later exercises in which there is negative tax base.

Temporary differences arise from the differences that are found between the accounting and taxation, and are attributable to the assets, liabilities and certain instruments of its own assets of the company, always and when these have future taxation. An item can have value fiscally and not take it accounted for by both not included in the balance sheet.

CURRENT ASSETS

Going on to the Current asset (Pólit Faggioni, 2015) we meet the "**Stock**", which for a public entity it has to continue the following requisites:

- They must be of property of the institution;
- They are tangible;
- They are fungibles, that is to say, they possess a short life come closer to one year, since

- They are used by them for the consumption, transformation or sale;
- To be destined for misional fulfillment and institutional use.

Some examples of stock in a private company are for example:

- Raw Materials
- Semi-finished products
- Finished Products
- Byproducts, waste and recoverable materials
- Etc.

Therefore, the only difference between that exists between the two plans as to stocks lies at the origin of these, but not in its theory.

Another of the items worth mentioning when we speak of differences between the two plans is **"Debtors and other accounts receivable".**

DEBTORS AND OTHER ACCOUNTS RECEIVABLE	
PGCP	**PGC**
1. Debtors for management operations	1. Customers for sales and services
2. Other accounts receivable	2.Customers, group companies and associates
3. Public administrations	3. Sundry debtors
	4. Personnel
	5. Current tax assets
	6. Other credits with Public Administrations
	7. Shareholders (partners) for required disbursements

Source: own elaboration

As we see, the accounts of the private companies contains more headings that public accounting.
The first game of PGCP is called **"Debtors by operations management"** and the PGC **"Clients by sales and benefit**s".

For the PGCP these debtors are those of a budgetary nature with the exception of those related to the disposal of real investment, when do not constitute the normal activity of the entity, or financial assets and liabilities.

Both the public entities and the private enterprises 430 gather initially the account, but the PGCP defines it like “Debtors for recognized rights. Budget of current income”, and the PGC like “Clients“.

Conceptually this account has a great difference between the two plans, since for public accounting this is an account with debit balance that stores the rights that are recognized during the current year and therefore are charged at the same. In public entities will be loaded with compost, among others, to core funding, to active non-current, to financial accounts, to sales and income by nature, to assets in a state of sale, etc.. While the refund will be issued with charge to cash and liquid assets equivalent, charges pending implementation, creditors by IVA rights canceled in the current budget and rights canceled in the current budget.

For its part, the PGC defines it as the credits that it holds with buyers of goods and with users of the services provided by the company provided that they involve their main activity. Their accounting treatment will be the following: will be loaded by the sales with compost in the subgroup 70, by the containers and packaging with a payment to the account 437, and by the financial income, to exist, and credited to the account 762. While that shall be paid from the accounts, inter alia, by the formalization of credit in effect to the 431, due to the cancellation of the debt to the subgroup 57, by customer of doubtful to the account 436, by the taxs to the 709, etc.

Continuing with the first epigraph, in the PGCP we find the account 431, which it names “Debtors for recognized rights. Budgets of closed income” and that the PGC recognizes like “Clients, commercial effects to be received”. The first one defines them as those rights of previous years that to beginning of exercise have not become effective. While the private enterprises define this account as the credits with clients formalized by means of recognized effects of draft, that is to say, those that are in portfolio, discounted, delivered in collection management to the bank and the unpaid ones, whenever they should not qualify to the clients' account of doubtful cashing.

The account 435 of the PGCP called “Debtors by commercial operations” is defined and takes into account identically to the clients' account of the PGC.
The account 4900, “Operations of management” for the public accounting has negative sign inside the current asset, and this is because it refers to the amount of the corrections valorativas for deterioration of irrecoverable credits, and therefore, it will reduce the whole.

In the PGC, the accounts “Packings and packing to be returned for clients” and “Value deterioration for commercial credits” also show negative balance because the first one talks each other of the amount of packings and packing loaded in the invoice the clients but that they have the faculty to be returned, and the second one, it is a question of the corrections valorativas for deterioration of irrecoverable credits that have its origin in the operations of traffic of the company.

Turning to the second heading of PGCP we find "**Other accounts receivable**" that collects the accounts of deferred debts, debtors by VAT, By earned income debtors for collection service, current accounts not bank, which collects the cash held that no reference to related accounts with credit institutions.
For its part, the second section of the PGC refers to those accounts related to the companies of the group that have been formalized as customers either in trade effects or in factoring. The companies of the group or associated are those that are linked in the control, directly or indirectly.

In the third epigraph of the PGC we find “**Different debtors**” that it refers on those credits with buyers of services that do not have the strict clients condition. There will take into account also in this epigraph the amount of the donations and legacies to the development granted that are liquidated by the cash delivery.

In the heading four "**Personnel**" include advances of pay and short-term credit to the staff. These two accounts mentioned do not exist within the accounts of the public entities.

When the PGC names the game “**Assets for current tax**” it refers to the right that the company gathers opposite to the debt that the State property takes as a tax refund.

Spending to the epigraph 6 of the PGC and we find 3 of the PGCP with the accounts related to the "**Public administrations**", for both plans 47 is related to the sub-group. For the private enterprises in this epigraph the debit public funds are included only by VAT, by granted subsidies, by debit social security, and by the reverberated VAT. For his part, the public entities include all the mentioned ones previously including other taxes, like for example the IGIC, that is the Canary indirect tax, about which we will speak further on.

To finish with the debtors, in the PGCP we think “**Shareholders (associates) for demanded payments**” that it refers to the registered share capital dependent on payment which amount has been demanded by the shareholders or participants.

EQUITY

The differences that exist between the two plans in regard to equity is seen only with see the structure:

EQUITY
A) Equity
I. Contributed equity
II. Generated equity
1. Results of past exercises
2. Results of exercise
III. Adjustments for change of value
1.Non-financial assets
2. Financial assets available for sale
3. Hedging operations
IV. Other equity increases pending allocation to results
Source: own elaboration from PGCP

EQUITY
A-1) Shareholders equity
I. Capital
1. Authorized capital
2. Uncalled (share) capital
II. Issue stock
III. Reserves
IV. (Own shares and equity)
V. Results of past exercises
VI. Other partner contributions
VII. Result of the excersice
VIII. (Interim dividend)
IX. Other equity instruments
Source: own elaboration from PGC

It is observed that the first point is already different, since in the PGCP we find the contributed patrimony, while in the PGC we find the Capital. The

“**Contributed equity**” defines direct initial as the hereditary contribution, so many dineraria as in goods or rights, as well as the possible later enlargement that could be carried out by assumption of new competitions for the entity.

The "**Capital**" of the PGC is composed by the registered capital and the not demanded capital. The first one is located in the societies who cover mercantile form, any time attending on the economic characteristics of the emission it should not be taken into account like financial debit.

The not demanded capital appears in the clear patrimony with negative sign, therefore it reduces the share capital game and it is a question of registered share capital not demanded from the associates or shareholders, except the not demanded payments corresponding to the financial instruments which countable qualification is that of financial debit.

In the PGC also we find the **“Issue stock”** that it is a question of a component of the clear patrimony that arises for the emission of a compound financial instrument, it is related to the emission of convertible obligations in actions.

The private enterprises carry out this process when the entity is already constituted and she decides to extend its capital allowing the entry of new associates, said otherwise, the company decides to extend its business and for it it expresses new actions.
Once the company decides that he wants to extend its business, the shareholders have the aptitude to decide if the actions will be expressed at the same time, that is to say, to the full nominal value initially, or to put an increase in price or premium in every action. To this difference between the nominal value and the increase in price he is named an issue stock.

Happening to comment on the epigraph “Generated Equity” that the PGCP observes in, we can say that this game in the private enterprises plan would be equivalent to “Reservations“ and to “Result of previous exercises” since the definition indicates that this one waits for the results obtained during the last exercises across the development of the activity that offers in the entity to be able to differentiate this way the results that proceed of previous years and those that come from the current exercise.

Inside the PGC we find the reservations, that they are:

1. Legal and statutory
2. Other reservations.

The reservations are a part of the benefit obtained by the entity that has not been distributed between the associates and therefore they are related to the self-financing. The main advantage of which a company possesses voluntary reservations in its clear patrimony resides in the financing facility in the habitual operations of the entity or in future projects without need to resort to the securing of loans or credits. They are of different types:

- Legal Reserve: in this account will register the reserve established by article 214 of the Consolidated Text of the Public Limited Companies Law, this corresponds to the company should provide a ten per cent of the benefit until the figure will reach at least twenty per cent of the share capital of the company.
- Voluntary Reserves: are composed of those that society is free. Are freely available, thus the origin of the same is not determined by law, is feature allows these reserves can receive any purpose, as for example can be the compensation of the losses of previous years, to comply with the obligations laid down in the statutes of the company, and accumulate reserves voluntary.
- Special Reserves: are defined as reservations endowed by a legal provision on a mandatory basis but at the same time other than those included in the legal reserves. On occasions, the creation of this type of reservations, allows companies to benefit from certain tax incentives. In the special reserves are included statutory reserves, among others.

In the PGCP all these reservations slopes do not exist, as we have already commented, the reservations of the public entities are gathered inside the patrimony generated in the account of Results of previous exercises.

In the "Adjustments for change of value" they appear in both plans, the changes of value of the assets valued to reasonable value with changes in the clear patrimony. The only visible difference in this epigraph is that the PGCP includes the game Fit for evaluation of immobilized not financiers registered across the model of revaluation.

Turning to comment on the heading A. IV "Other wealth gains to be charged to results", refers to the grouping of capital subsidies pending to implement the outcome of the exercise and to which PGC situated under heading A-3 "Subsidies, donations and legacies received".

In the following table there is observed why notable differences between both plans exist in this paragraph.

PGC	PGCP
130. Official capital grants.	130. Subsidies for the financing of non-financial assets and assets held for sale.
131. Donations and legacies of capital.	131. Subsidies for the financing of current assets and expenses.
132. Other grants, donations and bequests.	132. Grants for the financing of financial operations.
Source: own elaboration	

As it is observed in the table, the denominations that are used are completely different, and this is based on the definitions that receive each of them.

On the one hand, the PGC defines the account 130. "**Official subsidies of capital**" as those subsidies received by the public authorities for the establishment or fixed structure of the company, always and when according to the criteria established in the regulations for recording and valuation, such

subsidies are not refundable. And the accounting treatment you receive is the following: is payable by the subsidy received to accounts 47 or 57, for the long-term debts, when subsidies still do not have the name of non-refundable, and charged to the account 172, and by the expenditure of deferred tax liabilities and charged to the account 479.
It is loaded by the part of the subsidy which resides in profit and loss account and credited to the account 746, for the quota to enter by tax and credited to the account 4752, and by the cost of the deferred tax liability of the subsidy recorded in equity and credited to the account 479.

While the PGCP refers to the account 130 as those received for the fixed structure of the company is always that according to the valuation rule no.18 are non-refundable. Included in equity within: other wealth gains to be charged to results. The accounting treatment they receive is the following : are paid at the close of the financial year and charged to the account 940 and are loaded, by the allocation to the account of the economic result patrimonial with compost to the 840.

Therefore, the difference more notable among both plans with respect to the account 130 is not theoretical, since the definition is the same, it is a book difference that makes the various plans to register in a different account.

The PGC defines the account 131. **“Donations and legacies of capital”** as the amount delivered by companies or individuals for their use in the fixed structure of the company, which is the active non-current, provided that these have the character of non-refundable rates. Their accounting treatment is identical to the account 130 discussed earlier.

The General Plan of Public Accounting collects the account 131 to impute the financing of current assets and non-financial expenditure, provided that its own chargeable event shall perform in the exercises next to the receipt of the subsidy.

They will be in the equity of the balance, specifically in the epigraph IV. Contablemente pays at the end of the exercise, for the received whole, with charge to the account 941. It is loaded at the end of the exercise, in such a way that:

- If the subsidy is destined to finance current assets, when its alienation takes place or low in inventory, 841 will realize a fertilizer to the account.
- If the subsidy will be used for the expenses financing, 841 will be loaded by the imputation on the account of the hereditary economic result of the received subsidy, in the same exercise in which there will be earned the expenses that are financed, with fertilizer also to the account.

Finally, according to PGC, the account 132. Other subsidies, donations and legacies, although both conceptually and for accounting purposes it should be borne in mind that has the same consideration that the two accounts listed above, it is known that they are those that are received with the purpose of financing programs that will generate costs in the near future.

For the PGCP the account 132. "**Subsidies for the financing of financial operations**" refers to those that are involved in, as its name indicates, to the financing of assets and financial liabilities. Are valued with what is established in the NRV nº18, and should appear in the equity.

Their accounting treatment is the following: to be paid at the end of the exercise, by the total perceived, and charged to the account 942. Will be charged at the end of the exercise by the amount recorded in the account economic equity and credited to the account 842.

Following with the Subsidies and passing on to comment on the second part of the manuals, we note that there is a significant difference in the rules for the valuation of each plan.

The PGCP aims the following nuances of transfers and subsidies:

The transfers have as an objective the delivery for cash or in kind between different public administrations and, of these public entities to other public or private and individuals, all of them without counterpart on the part of the beneficiary of the transfer, to be directed to finance operations or activities not singled out.

While the subsidies keep the above with the exception that they are destined for an end, purpose activity or specific project, which gives the beneficiary an obligation to comply with the conditions and requirements that have been established for that the subsidy becomes non-refundable. In the event that there are doubts about compliance with these conditions, the subsidy will be refundable and the operation must be treated as a liability in the beneficiary entity and therefore in an asset in the entity contributor.

Both transfers and subsidies carried out an increase in the equity of the entity that receives, and a reduction of the net worth of the grants.

For the recognition of accounts both in transfers and subsidies, the PGCP recognizes two sides: on the one hand those granted, and on the other the received. This is due to that being an entity publishes, this is same who grants, generating an expense in the moment in which the entity receiving has met the conditions. The received are accounted for as income attributable to equity and is where they come into play the items 8 and 9 of PGCP and were charged to the result of the exercise by a correlation according to where they came from the costs:

- Subsidies to finance expenses: there will be reflected in the result the same exercise in which the above mentioned expenses are earned.
- Subsidies for assets acquisition: they will apply to the result of every exercise in relation to the useful life of the good.
- Subsidies for debits cancellation: they will be imputed to the result of the exercise in which the above mentioned cancellation takes place.

The PGC, on the contrary, recognizes two forms of receive subsidies, donations and legacies, that are, or by a third party or by the part of the partners or the owners, which the latter correspond to the non-public.

With respect to those received by third parties, the PGC suggests that the non-refundable rates is accounted for as income attributable to equity and Iran recognizing in the profit and loss account as income as and when it is consuming the subsidy, provided by establishing a systematic basis and rational. Those who have a character-refundable shall be recognized as a liability until they can be considered as non-refundable.

The types of SDL that the PGC recognizes are:

- To assure minimal profitability or to compensate deficits.
- To finance specific expenses.
- To acquire assets or to cancel debits.
- Without specific purpose.

On the other hand, the SDL granted by the partners is recognized directly in equity, regardless of the shape.

LIABILITIES

Turning to comment on the liabilities side the first notable difference we find is the composition of the heading "**Provisions**" in both schemes, because the summary would be as follows:

LONG-TERM PROVISIONS	
PGCP	PGC
142. Long-term provision for liabilities	140. Provision for long-term employee compensation
143. Long-term provision for dismantling, retirement or rehabilitation of non-financial assets	141. Tax provision
148. Long-term provision for transfers and subsidies	142. Long-term provision for liabilities
149. Other long-term provisions	143. Long-term provision for dismantling, retirement or rehabilitation of non-financial assets
	145. Provision for environmental actions.
	146. Provision for restructurings.
	147. Provision for transactions with payments based on equity instruments.
Source: own elaboration	

As we see, the account 140 only has the PGC since it is defined as the rights that the worker possesses opposite to the company, its main characteristic is the suspense that exists with regard to its entire quantity or the date of its expiration, as for example there can be the fees post-employment or the services for incapability.

With regard to the account 141, also possesses only the General Plan of Accounting why it refers to the dear amount that the company gathers for the tributary debts, since its payment is indeterminate as for quantity and dates.

The accounts 142 and 143 possess both plans and the treatment that receive so much theoretically as contablemente is the same.

The accounts 145, 146 and 147 only them gathers the PGC. The first one is defined as the obligations or commitments obtained by the company that are of indeterminate quantity and that will be used to prepare or to repair the damages on the environment. The second one refers to the amount estimated for the costs that could arise from a restructuring, which is the form or way in which a company is organized or structured.

Happening to the last one, 147 it is defined as the estimated amount of the obligation that is assumed when there is realized a deal paid with instruments of the patrimony that are liquidated by an effective amount, which will be based on the value of the said instruments.

On the other hand, the PGCP has dealings 148 and 149 that are not in the PGC. This is because the first ones refer to the provision for transferences and subsidies, and therefore there are defined as the estimated amount of the granted subsidies, of which some condition is still dependent on fulfillment for its perception. It seems logical that the PGC does not gather this account since there are the public entities those that grant the above mentioned subsidies.

The account 149 refers to the provisions as there can be for example the legal ones, the implicit ones, which have quantity and unknown expiration. The PGCP includes in this account the provisions for environment, unlike the PCG, which uses the only account for this concept.

In the private plan accounting we find, within the current liabilities, a heading called " liabilities associated with non-current Assets held for sale", refers to the individual assets for which it seeks to recover the amount through its sale, instead of by their continued use. The company what counts as held for sale whenever you book value be recoverable through its sale and for this they have met certain requirements:

- The asset must be available in good condition for immediate sale.
- Its sale must be highly probable, and have to attend the following circumstances:

- Or there has to be a commitment on the part of the company and have initiated a program to carry out the sale.
- Or the price must be corresponding to its current fair value.
- Or the sale must be completed in the year following the date of their classification.
- Or does it have to be unlikely to cancel the sale.

Spending to the epigraph V of the PGC and the IV of the so called PGCP "**Creditors and accounts to be paid**", we see that the accounts that compose them have certain differences.

The PGCP does not use in any case the term "**Providers**" and names to the account 400. "**Creditors for recognized obligations of the current budget of expenses**". It is defined as the obligations that are recognized during the current exercise that they will have charge on credits.
The PGC, for his part 400 defines the account. As the debts that are born opposite to the suppliers of goods and goods, and also those debts that come from the services used in the productive process.
The PGCP takes into account it with fertilizer to the basic financing while the PGC pays for the accounts of the sub-group his 60.

The account 401, which the PGCP names "**Creditors for recognized obligations. Budgets of closed expenses**" and the PGC "**Providers, commercial effects to be paid**", also has a different meaning in both plans, giving him the PGCP a character of obligation of payment on credits of previous exercises which payment has not been executed. The PGC faces it to the commercial sense, since it refers to those debts that arise from the providers but to the characteristic of which they are formalized in commercial effects.

Spending to the accounts 405 and 406 of the PGCP they are named "**Creditors by commercial operations. Current budget**" and "**Creditors for commercial operations. Closed budgets**.", respectively. They refer to that part of the recognized obligations that are born as a consequence of commercial operations, these accounts, on having been speak about public accounting, they will only be used when the income budgets it includes the result of commercial operations. Both accounts differ in the context of the time, since the first one refers to the debts of the current exercise, while the second one refers to those debts of previous exercises that were not settled.

For his part, the PGC defines the accounts 405. "**Providers, other parts linked**", and 406. "**Packings and packing to be returned providers**". The accounting of the private enterprises refers to them for commercial debts in previous accounts. The account 406 appears in the statement of condition with negative sign, since it is a question of the amount of the packings and packing that the providers load in invoice and that have return capacity, therefore 400 will reduce the account.

PGCP	PGC
41. NON-BUDGET CREDITORS	**41. VARIOUS CREDITORS**
410. IVA creditors supported	410. Creditors for services rendered
411. Creditors due to budget expenditure	411. Creditors, commercial bills payable
412.Creditors for recognized obligations. Cash Advance.	419. Creditors for joint operations
413. Creditors due to pending budget operations	
416. Advances for assets built or acquired for other entities.	
418. Creditors for return of income and other deductions	
419. Other non-budget creditors	
Source: own elaboration	

Spending to the sub-group 41 and as it is observed in the previous table, private and public accounting they differ in big aspects.

The first account that we locate, 410, is different both in name and in concept, since the PGCP defines creditor as an account for those debts to third correspondents to the Value-added tax, any time this one has the condition of deductible, while the PGC her defines as the debts with third that do the function to give services and that it is not possible to recognize after them definitely like providers.

The account 411 defines in the private enterprises of a way similar to the account 410, with the peculiarity of which in 411 the payment will be realized by means of commercial effects. The PGCP defines this account as that one who gathers the debts that they have not conquered at the end of the exercise and that are related to the earned expenses or goods and services received in advance.

Happening to 412, only we find it in the accounting of the public entities, this is due to the fact that one admits like the obligations that they are had recognized with charge on credits represented for the authorization of advances of treasury, in accordance with the regulation applicable to the public entity.

The account 413 gathers the obligations derived from realized expenses or goods and received services that have not been applied to the budget yet.

For his part, 416 it refers to the advances that are received to finance constructions or assets procurement for other entities.

The account 418 gathers the obligations to pay quantities derived from budgetary income previously collected, as a consequence of the return has been accepted.

The account we find 419 in both plans, but with a significant difference, since the PGCP recognizes as all those accounts creditors that have not been gathered in any of the previous ones, and the PGC like the debts with third that are participants in the operations regulated by the Code of Commerce.

If we refer to those accounts that are related to the Public administration inside the debit of both plans, we see that there are concepts that are similar and different different. Inside the accounts that they defer we think that the private accounting recognizes the rights opposite to the State property for debtor of VAT, for the granted subsidies and for the tax refund. While the private accounting recognizes the debts of the State property with regard to the VAT, for IGIC and for other concepts. The IGIC is the Indirect Tax General Canario and it continues the same functioning as the VAT.

Also, the PGCP also recognizes certain debts as Organisms of Social Prevention, as there are the Social security, the MUFACE (General Mutuality of Civil Officials of the State), for MUGEJU (Mutuality General Judicial), for ISFAS (Social Institute of the Armed forces) and for other organisms.

Both the PGC and the PGCP recognize after the State property creditor for VAT and for practised retentions, but for his part the PGC incorporates the accounts of the State property creditor for tax of societies and for the subsidies to be restored. While the PGCP recognizes after the State property creditor for IGIC.

To finish with the liabilities, accounting private collects the heading of advances to customers that defines as deliveries mainly in cash that you provide to customers in concept of future supplies.

INCOME STATEMENT

In the same way that the PGC, the account of the economic result of the property of the PGCP expresses the result of this annual account obtained in the exercise and is formed by the income and expenditure, with the exception of those who are charged directly to equity as laid down in the rules for the recognition and valuation.

In the case of public entities, one of the major problems we have is the little utility that receives the account of results already that the manager that the present will be judged by what it achieved and by as you organize, not by what they save.

In both plans this annual account has different nomenclature, since PGC called Profit and Loss Account and the PGCP, an account of the economic result Patrimonial.

To carry out its implementation will spend the same criteria both in public accounting and in private, as the expenses were classified in relation to their economic nature and for its position in the balance sheet will be used the portrait format, providing the reader with a better understanding of the same.

INCOME STATEMENT	
PGC	PGCP
A) Continued operations	1. Tax revenues and social contributions
1. Net amount of turnover	
2. Change in stocks of finished products and in proce	2. Transfers and subsidies received
3. Works performed by the company for its assets	
4. Procurement	3. Net sales and services rendered
5. Other operating income	
6. Personal expenses	4. Change in inventories of finished products and in progress of production and impairment
7. Other operating expenses	
8. Amortization of property, plant and equipment	5. Work performed by the entity for its fixed assets
9. Allocation of non-financial fixed assets and other	6. Other ordinary income
10. Provisions excess	7. Provisions excess
11. Impairment and result on disposals of fixed asset	**A) Total ordinary revenue (1+2+3+4+5+6+7)**
A.1) Operating income (1+2+3+4+5+6+7+8+9+10+11)	8. Personnel expenses
12. Financial income	9. Transfers and Grants Granted
	10. Procurement
13. Financial expenses	11. Other ordinary management expenses
	12. Amortization of property, plant and equipment
14. Change in fair value in financial instruments	**B) Total ordinary management expenses (8+9+10+11+12)**
15. Exchange differences	**I. Result (saving or dissaving) of ordinary management (A + B)**
16. Impairment and loss on disposal of financial instruments	13. Impairment of value and income from disposal of non-financial assets and assets held for sale
A.2) Financial result (12+13+14+15+16)	14. Other non-ordinary items
	II. Result of non-financial operations (I+13+14)
A.3) Profit before taxes (A.1 + A.2)	15. Financial income
B) Interrupted operations	16. Financial expenses
	17. Financial expenses charged to assets
18. Income for the year from discontinued operations net of taxes	18. Change in fair value of financial assets and liabilit
	19. Exchange differences
	20. Impairment, write-offs and disposals of financial assets and liabilities
	III. Result from financial operations (15+16+17+18+19+20)
A.5) Profit for the year (A.4 + 18)	**IV. Net profit (savings or deficit) for the year (II+III)**

As it is observed in the table, the main income, called income of ordinary management, of the public entities comes from the tributary income and social quotations, transferences and received subsidies, clear sales and rendering of service, change of stock, works realized for its immobilized one and excesses of provisions. While for the private enterprises its income comes principally from the sales and rendering of service, there can be also subsidies that are imputed to the result of the exercise.

For his part, in the account of Losses and Profit the first result that is obtained is that of development, which is defined as the number that gives turned out to the difference between the income and the expenses generated by the normal operation of the company. To this result he is met also like Result Before Interests and Taxes. The result obtains from the sum of the clear amount of the business number, the change of stock and the works realized by the company for its assets less the supplies. Him other development income joins this result and there are reduced to him the expenses of personnel, other operating expenses and the amortization. There is added to him to the result the game of other income and operating expenses. Inside other development income we would find the subsidies, and inside other operating expenses we would find, for example, the taxes.

In the account of the Economic Result Equity the first result is the result of regular management. Represents To the extent that revenues from ordinary management cover the full costs of regular management, which are the costs of personnel, transfers and subsidies granted, supplies and depreciation of fixed assets.
As main difference with regard to PGC, we must be clear that in the public entities is not treated with operating results, i.e. profits or losses, but that we speak of savings in the event that the income exceed the costs, or on the contrary, dissaving in the case that the costs exceed the income.

Following with the vertical order that has the public entities, we have the result of the non-financial transactions, which includes the expenditure and revenue to come from the deterioration of value and results by disposal of fixed assets not financial and also other items not ordinaras, as can be for example, refunds, which correspond to payments derived from economic costs that have little relative importance and which is to be allocated to the result of income of the entity, and also exceptional revenues, which are those benefits of significant amount that due to their economic nature should not be included or in the accounts of the group 7 or Group 9.
In summary we would say that this result includes the results originating outside the normal activity of the entity, and shows us the extent to which it had been

possible to cover the management costs with revenue management, without taking into account the results from the financial operations.
This section is a great difference to PGC, since the purpose is to show an account that contains a greater clarity in the information presented so as to facilitate both their understanding as its elaboration.

For his part, in the PGC after the development result, we find the financial result, which is calculated by the difference between the income and financial expenses that have been generated during the exercise that is analyzed. The first ones are caused by the financial investments that the company carries out, so much if they come from immobilized financier or from instruments of patrimony. While the expenses come from the operations of financing of the commercial operations and of the financial operations carried out in order to maintain or to extend the structure of the assets of the company.
The benefit or loss that it is obtained of the alienation of temporary financial investments one is anticipated for the difference between the value of alienation and the value of acquisition.
The dividends might be an example of financial revenue on account distributed that recover for actions or shares that are possessed of other companies. Anexample of financial expense would be the commissions that receive the banks from themselves for management and account maintenance.

The PGCP continuing with, we come to the **result of the financial operations**, which finds certain resemblance to the financial result of the PGC, since it includes the expenses and financial income derived from the debt interests or credits, the obtained ones from the reasonable value of the assets and financial debits, as well as the falls and alienations of the same ones and also of the change differences.

The following result of the plan of the private enterprises is the **result before taxes**, that there is the result of the sum of the result of development more the financial result. Once obtained this one, we will go on to the Result of the exercise proceeding from the continued operations, which results from the multiplication of the result before taxes for the current tax type. Some of the

accounts that can be included in this isolated current imposed sound, deferred tax, negative adjustments in the imposition on benefits and positive adjustments in the imposition on benefits.
The difference between the current tax and the deferred tax resides in that the first one is the whole to be paid for the fiscal profit of the current period, or of past periods, and therefore, it is recoverable. While the deferred tax corresponds to the tax dependent on payment or on recovery for next periods.

To finish with the account of economic result-patrimonial we find the the net **result for the year** (savings or dissavings), is obtained as the sum of the results of non-financial transactions and of financial operations, and its sole purpose is to show the extent to which income have covered the total cost of the exercise, since as we mentioned previously, the main objective of the public entities, and in contrast to the private, is not to make a profit.

Ending with the account of results of PGC we find the continued operations, which it is the solution of the sum of the result before taxes and the tax on benefits that has been generated in the current exercise.

Finally, the end of PYG is formed by the discontinuous operations, since this one divides in two big blocks, on one hand, continued operations, where there is included the result of the development, financial result, turned out before taxes and result of the exercise proceeding from continued operations. For his part, the discontinuous operations refer to the result of those deals derived from the components alienated or classified as available for the sale and, therefore, they must fulfill the condition of maintained for the sale.

CONCLUSION

With the arrival of the PGCP in 2010 it has been observed that public accounting approaches increasingly to accounting in private with the order to be as similar as possible, which implies a process of adaptation to these entities.

However, and as has been studied in this work, the differences could not be removed completely. It should be recalled that the purpose of this study is to analyze the asymmetries highlights of which exist at present between the balance sheet and the profit and loss account between the two plans. These differences have their basis in order to be served by each accounting, because the private is performed with the objective of obtaining benefits and the public are looking for the social benefit.

For a good understanding of all these aspects should know that the definitions of certain assets and liabilities differ between both plantes, also that the sources of funding are different which causes a structure of equity totally different, and for its part, the result of the exercise involves a procedure heterogeneous among PGC and PGCP.

This homogenization is necessary because in the event that the two accounting systems follow the same approach would be much more easily comprehensible to the analyst.

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