UNIVERSITAT JAUME·I

COMPARATIVE ANALYSIS BETWEEN THE BUSINESS GENERAL ACCOUNTING PLAN AND THE GENERAL ACCOUNTING PLAN FOR NON-PROFIT ORGANIZATIONS

BACHELOR’S DEGREE IN FINANCE AND ACCOUNTING

BACHELOR’S DEGREE FINAL PROJECT

Student: David Orihuela Polo

Tutor: Andrés Arnau Paradís

INDEX

1. INTRODUCTION

When we think of non-profit organizations what most people imagine is Greenpeace volunteers trying to save whales or UNICEF doctors helping to fight poverty saving the lives of children in Africa, but what does not usually come to our mind is that these organizations are businesses like any other (with oppsite goals) and, like any other company, need to be accounted in order to keep track of their bills and be aware of the distribution of their funds to avoid some known cases of fraud and scams. But, as they are not entities that maximize profits, they require special accounting laws that we are going to study throughout this dissertation.

The aim of this study is to compare the key differences between the 2007 General Accounting Business Plan and the General Accounting Plan[1] (PGC —as from the Spanish "Plan General Contable"— henceforth) for non-profit organizations published in BOE in 2013. Thus, we will be able to see how accounting has evolved for non-profit organizations from the adaptation they were had of the Royal Decree of 1998 with reference to the old business PGC 1990 to current regulations adapting the PGC to non-profit entities of 2011.

This work begins with an introduction to non-profit entities in which we will differentiate between foundations and associations, speaking later about its legislation focusing on the accounting field. Furthermore, we refer to the adaptation of 1998. After this introduction we will see the differences between both plans breaking down the five parts of the PGC. In the first part of it we will see four major changes in the conceptual framework. Then, we will move on to the rules of recognition and measurement in which we will highlight the nine most important aspects. In the next section, we will see the annual accounts, which are three, instead of five; and finally we will refer to the chart of accounts, ending with accounting definitions and relationships that will see the most significant changes between the two adaptations on the one hand, and the analysis of the most relevant accounts between the two plans on the other hand.

As we will see at the end of this study, the PGC of non-profit organizations shows more changes than we may think beforehand, with very specific accounts, plus a new assessment criterion and a new definition for assets, we will see the new and more synthetic structure of annual accounts.

[1] General Accounting Plan

2. NON-PROFIT ORGANIZATIONS

To better understand this analysis of the most remarkable differences between the two aforementioned General Accounting Plans, we will explain the most important concepts and the most prominent designations from the non-profit business sector.

On the one hand, NGOs are a type of organization which are generally better known and have more global relevance, as they are supported by national and international organizations in order to solve problems at regional, national or international level. Moreover, foundations are closely related to NGOs, since they also are a type of non-governmental organization, but with a different legal definition and a funding that comes from a founding person who decides how the entity will act.

2.1. FOUNDATIONS

According to the Asociación Española de Fundaciones, a foundation is a non-profit organization that, by the will of its creators has its heritage in a lasting way affected to achievement of objectives of general interest, and whose beneficiaries are generic communities of people. These kinds of organizations have very varied objectives; they can deal with the defense of human rights of victims of terrorism and violence, social assistance and social inclusion, civic, educational, cultural, scientific, sports, health, labor, institutional strengthening, development cooperation, of volunteerism, promotion of social action, environmental protection, promotion promotion of the social economy, promotion and care for people at risk of social exclusion, promotion and care for people at risk of exclusion for physical, social or cultural reasons, promotion of constitutional values and defense of democratic principles, promotion of tolerance, development of the information society, or scientific research and technological development.

Foundations are governed by boards of trustees composed of one or more persons designated by the founder, and they aim to meet the general interest objectives. Moreover, the funding of these institutions is received from the income generated by its own assets as well as by contributions, bequests and donations from members.

On the other hand, NGOs —that, as we have already said, are a type of foundation— are private entities, with humanitarian and social objectives and purposes defined by its statutes, created and governed independently of government agencies. The term “Non Governmental Organization” (NGO) was born following the invitation received by some social organizations by the United Nations (UN) in 1960 to attend its meetings as guests. Since the UN is an organization of states, it was sought to differentiate levels. Funding of activities, generally speaking, comes from several sources: grants and contests from public institutions, and to a lesser extent from private entities (welfare projects organized by savings banks, companies, etc.), partners and individuals, etc.

2.2. ASSOCIATIONS

We should also mention, apart from foundations, a very remarkable organization: Associations. An association is an entity set up by a group of associates or partners for the pursuit of a determinate aim in a stable manner, non-profit and with a democratic management. The association usually has legal personality, so that from the moment of its foundation is a person other than the partners themselves, and it owns assets originally endowed by them, which may be used to pursue the goals set out in its statutes . Associations can carry out, besides the activities necessary to achieve its goals, activities that could be considered as business, as long as the benefit of such activities is set aside to the main purpose of the entity or, when appropriate, to other social works.

3. ACCOUNTING STANDARDS OF NON-PROFIT ORGANIZATIONS

This section will be divided into three parts. On the one hand, we will talk about the previous adaptation of non-profit companies from 1998, which referred to the 1990 General Accounting Plan. On the other hand, in the second section, we will refer to the Law on Foundations and, finally, we will go through the Law on Associations.

3.1. 1998 NON-PROFIT BUSINESS ADAPTATION

Before the adaptation of the 2011 General Accounting Plan of non-profit companies, on which this dissertation is primarily based, an adaptation was published in 1998 (Royal Decree 776/1998 of 30 April) that was related to the old 1990 PGC.

When the new and current 2007 PGC came to light, the 1998 adaptation remained in force until 2011. This PGC, in its fifth transitional provision, states that previous adaptations for entities engaged in non-commercial activities will remain in use. Also, in the first additional provision the door for future approvals of sectoral adaptations is still left open.

Finally, just note that after the current adaptation of 2011, the PGC of NPO as well as its PGC of NPO for SMEs was published in 2013.

3.2. LAW OF FOUNDATIONS

In 2002, Ley 50/2002, de 26 de diciembre de Fundaciones[2], was published. In its Article 25 (“Accounting, audit and action plan”) nine major points are highlighted:

1. The foundations must keep an ordered accounting and appropriate to its activity, allowing a chronological tracking of the transactions carried out. In order to do it, they will necessarily have a General Journal and a Book of Inventories and Annual Accounts.
2. The Chairman or the person in charge, according to the statutes of the foundation or the decision taken by its governing bodies, will draw up the annual accounts, which will have to be approved within six months from the close of each tax year by the Board of Trustees. The annual accounts —which comprise the balance sheet, the income statement and a report— form a unit, and they will have to be

[2] Law 50/2002 of Foundations, of 26 December.

written clearly and show the true and fair view of the assets, the financial position and the results of the foundation. The report, apart from completing, expanding and commenting on the information contained in the balance sheet and the income statement, will have to include the foundation's activities, the changes occured in their governing, management and representation bodies, as well as the degree of fulfillment of the action plan, indicating the resources used, their origin and the number of beneficiaries in each of the various actions undertaken, the 19 agreements which, where appropriate, have been carried out with other entities for carrying out these purposes, and the degree of compliance of the rules laid down in Article 27 of the Law in force. The foundation's activities will be detailed following the requirements established by regulation. Similarly, together with the report will appear an inventory of the assets, the contents of which will be developed within the frameworks of the current regulation.

3. Foundations may draw up their annual accounts following the abbreviated models when they meet the requirements laid down regarding business companies. The reference to the net amount of the annual turnover, established in corporate law, shall be deemed related to the value of annual revenue volume delivered by the activity plus, if applicable, the turnover of its business activity.
4. Following the current regulations, a simplified model of keeping accounting records will be developed. This will be able to be applied by foundations in which, at the close of each tax year, at least two of the following conditions are met:
    a. That the total of asset items does not exceed 150,000 euros. For this purpose, total assets shall mean the total shown in the balance sheet.
    b. That the net amount of its annual revenue volume plus, if appropriate, the turnover of its business activity, is less than 150,000 euros.
    c. That the average number of employees during the financial year does not exceed 5.
5. There is an obligation to submit to external audit the annual accounts of all foundations in which, as of year-end, are attended by at least two of the following conditions:
    a. That the total of asset items exceeds 2,400,000 euros.
    b. That the net amount of its annual revenue volume delivered by its activity plus, where appropriate, that of the turnover of his business activity exceeds 2,400,000 euros.
    c. That the average number of employees during the fiscal year exceeds 50.

The audit will be contracted and carried out in accordance with the provisions of Ley 19/1988, de 12 de julio, de Auditoría de Cuentas[3], giving auditors at least one month from the moment they had the formulated annual accounts delivered to write the audit report. The system of appointment and removal of auditors shall be established by regulation.

6. With regard to the circumstances described in paragraphs 3, 4 and 5 above, they will be implemented taking into account the following:
    a. When a foundation, at the close of the tax year, meets two of those aforementioned conditions, or also ceases to fulfill them, although such a situation shall have effects only if it is repeated over two consecutive years.
    b. In the first financial year since its incorporation or merger, foundations will comply with that stated in the paragraphs above if they meet, at the close of that tax year, at least two of the three conditions listed.
7. The annual accounts will be approved by the Board of the Foundation and presented to the Protectorate within ten working days of approval. Where appropriate, they shall be accompanied by the audit report. The Protectorate, having examined and tested its formal adaptation to the current legislation, shall deposit them in the Register of Foundations. Any person may obtain information from the documents deposited in there.
8. The Board shall prepare and submit to the Protectorate, in the last three months of each tax year, an action plan, in which the objectives and activities to be developed during the following year will be pointed out.
9. When economic activities are carried out, accounting for foundations shall comply with the provisions of the Commercial Code, having to prepare consolidated annual accounts when the foundation is in any of the events set forth therein for the parent company. In any case, it should incorporate detailed information in a special section of the report, indicating the distinct wealth assets pertaining to the commercial activity.

3.3. LAW OF ASSOCIATIONS

Referring to associations, in the same year that the Law on Foundations, also the Ley Orgánica 1/2002, de 22 de marzo, Reguladora del derecho de asociación[4] was

[3] Law 19/1988 on Auditing, of 12 July.

[4] Organic Law 1/2002 on Regulation of the right of association, of 22 March.

published. Article 14 (“Documentary and accounting obligations”), highlights three important points:

1. Associations must have an updated roster of its associates, keep an accounting which allows to obtain a true and fair view of the assets, the result and the financial situation of the entity as well as the activities carried out, make an inventory of their property and collect in a book the minutes of the meetings of its governing and representation bodies. They must keep their accounts in accordance with the specific rules that are applicable to them.
2. Members may access all documentation —which is listed in the previous section—, through representative bodies, in the terms established by Ley Orgánica 15/1999, de 13 de diciembre, de protección de datos de carácter personal[5].
3. The accounts of the association shall be approved annually by the General Assembly.

[5] Law 15/1999 on Data protection character staff, of 13 December.

4. DIFFERENCES BETWEEN PGC AND PGC FOR NON-PROFIT ORGANIZATIONS

The fifth rule of Annex I of the 21 rules of adaptation of the General Accounting Plan for Non-profit Organizations of the Royal Decree 1491/2011 talks about the structure of PGC of NPO which is the same as the business PGC for greater comfort and understanding on both sides: Conceptual Framework of Accounting, Accounting and valuation policies, Annual accounts, Chart of Accounts and, finally, Definitions and accounting relations.

Next, we will see these 5 common parts of the PGC broken down in greater depth to highlight significant accounting differences between the two plans.

4.1. CONCEPTUAL FRAMEWORK

The structure of PGC Conceptual Framework of non-profit entities is exactly like the business PGC as seen in the table below we have:

BUSINESS PGC	**NON-PROFIT ORGANIZATIONS PGC**
1 – CONCEPTUAL FRAMEWORK	**1 – CONCEPTUAL FRAMEWORK**
1st Annual accounts. Fair presentation	1st Annual accounts. Fair presentation
2nd Information requirements to include in the ACs	2nd Information requirements to include in the ACs
3rd Accounting principles	3rd Accounting principles
4th Elements of annual accounts	4th Elements of annual accounts
5th Criteria for registration or accounting recognition of elements of financial annual accounts	5th Criteria for registration or accounting recognition of elements of financial annual accounts
6 th Evaluation criteria	6 th Evaluation criteria
7th Generally accepted princples and accounting standards	7th Generally accepted princples and accounting standards

As regards the first part of the PGC, in the conceptual framework of accounting there are four important changes to note:

4.1.1. The first and most important change is that which refers to the **structure of the annual accounts** and its contents. 2002 Laws of Foundations and of Right of association reflect annual accounts consisting of the balance sheet, the income statement and the report, without adding to them neither the statement of changes in net worth nor the cash flow statement. All this is because the aforementioned laws predate the current business PGC approved in 2007. The decision was to incorporate the increases and decreases in net worth during the fiscal year in the income statement, as it was in line with other issuers of international standards such as the Financial Accounting Standards Board (FASB) in the United States of America, or, internally, with Non-profit Entities Comission of the Asociación Española de Contabilidad y Administración de Empresas. All this led to the conclusion that it was not necessary to include the statement of changes in net worth to the annual accounts because that all information in this section can be found within that aforesaid income statement which wider than usual. On the other hand, the other annual account which is missing is the aforementioned cash flow statement which was decided to be simply put it into the report with nothing more to add. In the following table we can see the comparison of how has the distribution of both plans been.

BUSINESS PGC	**NON-PROFIT ORGANIZATIONS PGC**
ANNUAL ACCOUNTS STRUCTURE	
I. Balance II. Income statement III. Statement of changes in net worth IV. Statement of cash flows V. Report	I. Balance II. Income statement Cuenta de resultados (*with Δ NW*) III. Report (*with CFS*)

4.1.2. The second major change within this conceptual framework refers to the **new definition of an asset** that requires replacing the reference to the achievement of earnings or economic returns, with the expectation of obtaining profitable returns in the future activity.

The new definition of an asset under the PGC of NPO is as follows: Assets must be recognized in the balance sheet when the **obtaining of useful yields** from themselves **is likely in its future activity**, and always they can be measured reliably. The accounting recognition of an asset also involves the simultaneous recognition of a liability, a decrease in another asset or the recognition of income or other increases in net worth.

Instead, the business PGC is defined as follows: The assets should be recognized in the balance sheet when the **extraction of profit or economic returns** from themselves **is likely for the company in the future**, always they can be measured reliably. As for recognition, it is equal in both plans.

4.1.3. Another important change is the new evaluation criteria —added apart from all the already existing ones—, the so-called "**replacement cost**", which is the best estimate of the value in use of non-generated assets of cash flow in order to calculate their deterioration.

Business PGC	**NPO PGC**
Evaluation criteria	
1. Historical cost or cost	1. Historical cost or cost
2. Fair value	2. Fair value
3. Net realizable value	3. net realizable value
4. Current value	4. Current value
5. Value in use	5. Value in use
6. Cost of sales	6. Cost of sales
7. Amortized cost	7. amortized cost
8. Transaction costs attributable to a financial asset or liability	8. Transaction costs attributable to a financial asset or liability
9. Book value or in books	9. Book value or in books
10. Residual value	10. Residual value
-	11. Replacement cost

The PGC of NPO defines the Replacement Cost of an asset as the current amount to be paid if an asset with the same capacity or service potential is acquired, less, where appropriate, cumulative amortisation calculated on the basis of such cost, as to reflect the functioning, use and enjoyment of the asset already made, subject to also consider technical obsolescence that could affect it. In the assets subject to amortisation this cost is depreciated to reflect the asset in its current condition and consider thus, the service potential already consumed the asset. In its calculation should not be included overcapacity or about the potential inefficiencies of service required for the asset, without prejudice to the ability to keep some extra service for safety reasons, appropriate to the circumstances of the activity of the entity. An asset may be replaced by reproduction or by replacing the service potential. In determining the replacement cost will be considered the lowest amount resulting from the previous less, where appropriate, cumulative amortisation that corresponded to that cost.

As for the other endpoints see that there is no change so it is understood that their valuation is the same for both plans.

4.1.4. And finally, in the fourth and final amendment, it stands out how the confluence of the own activity and the commercial activity in the same annual accounts have been resolved. Article 25.9 of the Law on Foundations, of state jurisdiction, provides that when economic activities take place, the accounting for these entities will comply with the provisions of the Commercial Code. Article 23 of its Regulations on development states that foundations may develop their own activities as well as commercial activities, **identifying between economic activity and commercial activity**. Article 23.2 of the aforementioned Regulation shows that business activities are those conducted by the entity, which receives a market price for the service provided, whether or not related to the foundational purposes, being it complementary or accessory. In order to preserve comparability in the internal accounting model, the accounting principles applied by these entities should not differ from those applied by the companies.

4.2. ACCOUNTING PRINCIPLES AND VALUATION STANDARDS

In this section we will find more changes in the conceptual framework.

BUSINESS PGC	NON-PROFIT ORGANIZATIONS PGC
2 – ACCOUNTING PRINCIPLES AND VALUATION STANDARDS	**2 – ACCOUNTING PRINCIPLES AND VALUATION STANDARDS**
1st Development of the Accounting Conceptual Framework	1st Development of the Accounting Conceptual Framework
2nd Fixed tangible assets	2nd Fixed tangible assets
3rd Special rules on fixed tangible assets	3rd Special rules on fixed tangible assets
4th Property investments	4th Property investments

5th Intangible assets	5th Intangible assets
6th Special rules on intangible assets	6th Special rules on intangible assets
7th Non-current assets and disposal groups, held for sale	7th Non-current assets and disposal groups, held for sale
8th Leasing and other similar transactions	8th Historical Heritage assets
9th Financial Instruments	9th Leasing and other similar transactions
10th Stock	10th Financial Instruments
11th Foreign currency	11th Credits and debits delivered for the own activity
12th VAT and other taxes	12th Stock
13th Income taxes	13th Foreign currency
14th Income from sales and servicing	14th VAT and other taxes
15th Provisions and contingencies	15th Income taxes
16th Liabilities for l/t remuneration to the personnel	16th Expenses and revenues related to non-profit organizations
17th Transactions with payments based on equity instruments	17th Income from sales and servicing
18th Grants, donations and legacies received	18th Provisions and contingencies
19th Business Combinations	19th Liabilities for l/t remuneration to the personnel
20th Joint ventures	20th Grants, donations and legacies received
21st Operations between group companies	21st Mergers between non-profit organizations
22nd Changes in accounting policies, errors and accounting estimates	22nd Joint ventures
23nd Events subsequent to the close of tax year	23rd Operations between group companies
-	24th Changes in accounting policies, errors and accounting estimates
-	25th Events subsequent to the close of tax year

The second part of the PGC talks about the recognition and measurement rules. In this part we will discuss the nine changes to the business PGC. For this reason, we understand that all other rules remain the same.

4.2.1. Tangible fixed assets which do not generate cash flow.

The business PGC defines the loss of value of property of a tangible fixed asset as the one of higher price between its fair value less the sales costs and its value in use. In the case of non-profit organizations whose object is not to obtain economic performance and, therefore, their assets are not intended to generate cash flows, it is difficult to determine the fair value of these assets and its value in use under the reference to cash flows cannot be determined. It was thought right to follow the Order EHA/733/2010 of public companies for assets which do not generate cash flows. This order supersedes the value in use by the depreciated replacement cost when carrying out the impairment test. In the case of other countries, such as Australia, they have adopted similar criteria to the amortisation of the replacement cost to account for the impairment of these assets. But an added difficulty arose, and that is to identify the two categories of fixed assets, generators and non-generators of cash flows. To the first ones are applied the general criteria of the Plan on impairment, losses and swaps, and to the second ones are applied what is detailed below.

It should be noted that in those cases where it cannot be clear whether an asset has the primary purpose of generating a commercial return or not, there is a presumption that, unless there is clear evidence to the contrary, those assets belong to the category of assets which generate cash flows.

Another change is the accounting treatment of swaps with respect to goods non-generators of cash flows, which was adopted as similar to the non-commercial exchanges. In the event that the company is in possession of assets generators of cash flows, it will apply the business General Accounting Plan to recognize and value the swap operations, losses and impairment of fixed assets.

It is also stated the criterion to be followed when there are previously recorded impairment losses, the fair value of the asset received exceeds the book value of the delivered one.

Besides, the contributions made as foundation endowment or social fund should be recognized by their fair value. The contributor shall account for this transaction as an expense. When they are exceptional and of significant amount, they will be shown in the item "other outcomes".

Lastly, assignment operations without compensation when the entity is acting as the assignor are considered, and the regulations on standard grants, donations and legacies analyze the different assumptions when it is the beneficiary of the assignment.

4.2.2. Special rules on research and development expenses that could be qualified as assets generators of cash flows.

In connection with the intangible fixed assets, the definition and recognition criteria of an asset which is set out in the conceptual framework requires to be precised in the third regulation of treatment of research and development costs that meet the requirements for being classified as assets which do not generate cash flows.

4.2.3. Historical Heritage assets.

In this regulation a debate on whether or not kept the rules for valuing such assets arose in 1998. Most preferred not to introduce differences from the general model in order to recognize them initially by its fair value, in the case of not being able to estimate them reliably, their value would have to be estimated by the amount paid for the conditioning costs.

The difficulty in estimating the fair value of these assets led to decide that a good indicator of that value could be the amount for which they are insured, the value in alternative use, the price at which was acquired by the donor, or the amount it has in its own accounting. Where there are several values, the most reliable one, according to the conceptual framework of accounting, will be applied.

The criterion of non-repayment of such goods must be justified, crediting that the useful life of these assets is indefinite. Also, it should be ensured that the asset will not suffer any wear and that the holder will ensure its protection and conservation.

As for repairs or restorations of Historic Heritage assets, in order to preserve their value they must be depreciated. The cost of rehabilitation or something similar should also be amortized, but at the same their economic benefits are obtained.

Finally, if the assets are rooted in its own entity, unless proven otherwise, it is presumed that the requirement mentioned above is not fulfilled, so they should be depreciated.

4.2.4. Credits and debits for own activity.

The first thing that stands out is the regulation of loans at zero interest or interest below market where the difference between the fair value of the loan on the date of grant and the amount delivered reveal monetary aid granted.

Another important aspect is the accounting treatment of multiannual aid granted by the entity, whose granting reveals a liability at initial time and some collection right on the recipient (here is where the discussion of how it should be evaluated such debt started). On the one hand, what seemed the most appropriate solution was to recognize the expense and the liability for the current value of aid and, next, update the dept by accounting for the financial expenses. Some thought that this approach was very complex and that it was advisable to acknowledge the help and the debt at face value or liabilities at their current value, and account for the difference with the expenses in an offset account.

Once both appreciations were considered, the recognizing of the expense and the liability at their current value has thrived, but still exists the possibility of registration by the nominal value in cases in which the entity chooses the criteria for recognition and valuation of micro-entities.

4.2.5. Stock which does not generate cash flows.

The stock provided without any charge or for a symbolic or reduced amount lower than their market value case must be expensed in the income statement at their book value.

In the case of the existence of a possible impairment for these stock non-generator of cash flows, a similar criterion to that described for immobilized will be used.

4.2.6. Income taxes.

The accounting treatment of the expenses related to the income taxes included in the adaptation clarifies that the results from the exempt economic activities will originate an appropriate adjustment for the sole purpose of calculating the tax base, which will imply, thanks to their nature permanent difference, a lower current tax.

4.2.7. Expenses and revenues of non-profit entities.

The aid granted will be recognized at the time that the grant is approved, as the accrual states. Besides, the treatment done for organizations of future events that should be recognized in the income statement of the entity as an expense at the time incurred is clarified.

Regarding the accounting of own revenue of the entity, implies that the supply of goods and services accounted are accounted for the agreed amount, always that they satisfy the logic behind these entities. That is, when the difference favours either the beneficiary or user as an expression of support and service provided by the entity in pursuit of its goals.

4.2.8. Grants, donations and bequests received.

To start with, the company will only act as a mere intermediary when it is not the beneficiary of the aid. On the other hand, the entity will act on their own in cases where even though the contributor imposes a condition, for example, a restriction in the use of funds received for a particular purpose that has been willing to be promoted, the entity retains control of the funds received and, accordingly, it should be the one which ultimately sets the criteria for its distribution.

It also highlights that the accounting treatment of non-monetary aid received (in particular the provision of services), did not qualify as such those that lend volunteering, that is, individuals who selflessly work with the organization to play a work outside the course of their business or professional activity.

4.2.9. Mergers between non-profit entities

Finally, in this ninth latter regulation, general aspects related to the accounting treatment of mergers between non-profit organizations are standardised, being solely applicable to restructuring operations involving only non-profit organizations.

4.3. ANNUAL ACCOUNTS

In the third part we find the annual accounts, which, as we discussed in the first modification of the conceptual framework, are made up of the balance sheet, the income statement and the report.

In order to facilitate the comparability of financial information, following the PGC, format devined models have been developed, with concrete and mandatory designations. Three models of annual accounts have been developed: the common one, the abbreviated one and simplified one. Institutions may formulate the annual accounts following the abbreviated model whenever they meet the requirements laid down regarding commercial companies. In this regard, the reference to the net amount of the turnover, established in corporate law, is thought to be made at the annual revenue volume of its own activity plus, if applicable, the annual turnover of its business. Abbreviated models also apply, with the necessary adaptations, to entities that choose to follow the recognition and measurement criteria included in the second part of the General Accounting Plan for SMEs.

4.3.1. BALANCE

In this section we will analyze the two balances through the use of tables, so we will be able to see more clearly the added or deleted sections in each block. We will start analyzing non-current assets in which, as illustrated below, the rights to use assets leased out have been added within the intangible assets. In addition, all goods on the Historical Heritage as well as its advance have been added. We see that the other items remain unchanged.

BALANCE	
Business PGC	NPO PGC

ASSETS	
A) NON-CURRENT ASSETS	
I. INTANGIBLE ASSETS	*I. INTANGIBLE ASSETS*
	6. Rights on assets leased in use
-	*II. GOODS ON HISTORICAL HERITAGE*
	1. Real Estate
	2. Archives
	3. Libraries
	4. Museums
	5. Movable patrimony
	6. Advances on Historic Heritage assets
II. TANGIBLE FIXED ASSETS	*III. TANGIBLE FIXED ASSETS*
III. PROPERTY INVESTMENTS	*IV. PROPERTY INVESTMENTS*
IV. INVESTMENTS IN GROUP AND ASSOCIATES	*V. INVESTMENTS IN GROUP AND ASSOCIATES*
V. LONG-TERM FINANCIAL INVESTMENTS	*VI. LONG-TERM FINANCIAL INVESTMENTS*
VI. DEFERRED TAX ASSETS	*VII. DEFERRED TAX ASSETS*

As for current assets we see how in the general scheme of non-profit entities non-current assets held for sale have been deleted, as it is not under the interest of such entities. On the other hand, within stock, we observe how the first section changes its denomination to goods for commercial activity. Another change occurs within trade and other receivables, where paragraph number seven is renamed as founders for capital calls, and not shareholders, as in the business plan. We can also note that the group's investments exchange the word “companies” with “entities”. The remaining sections remain the same.

ASSETS A) CURRENT ASSETS	
	-
I. NON-CURRENT ASSETS HELD FOR SALE	
II. STOCK	I. EXISTENCIAS
1. Commercial	1. Goods for the activity
-	*II. USERS AND OTHER DEBTORS RELATED TO THE OWN ACTIVITY*
III. TRADE DEBTORS AND OTHER RECEIVABLES	*III. TRADE DEBTORS AND OTHER RECEIVABLES*
7. Shareholders for capital calls	*7. Founders by capital calls*
IV. INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES IN THE SHORT TERM	*IV. INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES IN THE SHORT TERM*
V. SHORT-TERM FINANCIAL INVESTMENTS	*V. SHORT-TERM FINANCIAL INVESTMENTS*
VI. SHORT-TERM ACCRUALS	*VI. SHORT-TERM ACCRUALS*
VII. CASH AND CASH EQUIVALENTS	*VII. CASH AND CASH EQUIVALENTS*

Now we analyze net worth, in which many changes are observed. To begin with, the non-profit PGC does not have as many items as the business one. We can see how the capital is replaced by foundation endowment or social fund. Reserves are renamed as only statutory and the “legal” word no longer appears. Negative results from previous tax years, as we already know, in the non-profit the word “result” result is no longer used, but the word “surplus”. We see how share premium, shares and holdings in own equity, other contributions from partners, dividend and other net worth instruments disappear because these kinds of items are not used in such entities.

EQUITY AND LIABILITIES	
A) EQUITY	
A-1) Own funds	
I. CAPITAL	I. FOUNDATION ENDOWMENT/SOCIAL FUND
1. Registered capital	1. foundation endowment/social fund
2. Uncalled capital	2. Non-required fundation endowment/non-required social fund
II. SHARE PREMIUM	-
III. RESERVES	*II. RESERVES*
1. Legal and bylaw	*1. Bylaws*
IV. SHARES AND HOLDINGS IN OWN EQUITY	-
V. RESULTS FROM PREVIOUS YEARS	*III. EXCEDENTES DE EJERCICIOS ANTERIORES*
2. Negative results from previous years	*2. Excedentes negativos de ejercicios anteriores*
VI. OTHER SHAREHOLDERS CONTRIBUTIONS	-
VII. PROFIT FOR THE YEAR	*IV. EXCEDENTE DEL EJERCICIO*
VIII. INTERIM DIVIDEND	-
IX. OTHER NET WORTH INSTRUMENTS	-
A-2) Adjustments for changes in value	
I. FINANCIAL ASSETS AVAILABLE FOR SALE	*I. FINANCIAL ASSETS AVAILABLE FOR SALE*
II. HEDGERS	*II. HEDGERS*
III. OTHER	*III. OTHER*
A-3) Grants, donations and legacies	
	I. GRANTS
	II. DONATIONS AND LEGACIES

Finally, we see how non-current liabilities remains the same in both plans and how current liabilities eliminate the item of liabilities associated with non-current assets held for sale, as well as it happens with current assets. Moreover, the non-profit PGC adds the item beneficiaries and creditors because of their importance, as it will be discussed later.

EQUITY AND LIABILITIES B) NON-CURRENT LIABILITIES	
I. LONG-TERM PROVISIONS	I. LONG-TERM PROVISIONS
II. LONG-TERM DEBTS	II. LONG-TERM DEBTS
III. DEBTS WITH GROUP COMPANIES AND ASSOCIATES	III. DEBTS WITH GROUP COMPANIES AND ASSOCIATES
IV. DEFERRED TAX LIABILITIES	IV. DEFERRED TAX LIABILITIES
V. LONG-TERM ACCRUED	V. LONG-TERM ACCRUED

EQUITY AND LIABILITIES B) CURRENT LIABILITIES	
I. LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	-
II. SHORT-TERM PROVISIONS	I. SHORT-TERM PROVISIONS
III. SHORT-TERM DEBTS	II. SHORT-TERM DEBTS
IV. SHORT-TERM DEBTS WITH GROUP COMPANIES AND ASSOCIATES	III. SHORT-TERM DEBTS WITH GROUP COMPANIES AND ASSOCIATES
-	-
V. TRADE CREDITORS AND OTHER PAYABLE ACCOUNTS	IV. TRADE CREDITORS AND OTHER PAYABLE ACCOUNTS
VI. SHORT-TERM ACCRUALS	V. SHORT-TERM ACCRUALS

4.3.2. INCOME STATEMENT

The income statement is the one with the most significant changes as it has become, from a document in which only the income and expense recognized in profit or loss were reflected, a model that presents all changes in net worth, distinguishing the following concepts:

- Surplus for the year
- Income and expense directly assigned to net worth
- Reclassifications to the surplus for the year
- Adjustments for changes in criteria and errors
- Contributions and decreases of the foundation endowment or social fund

The balance of the income statement is made up of contributions and decreases in the foundation endowment or social fund, and all income and expenses for the year and previous years needed to be recorded in the present due to a change of mind or the offset of an accounting error.

As indicated above, in the General Accounting Plan and the General Accounting Plan for Small and Medium Enterprises, said information is shown in the balance of the statement of changes in equity. The profit and loss account shows the profit or loss of the year independently.

The new income statement shows the changes in net worth that bring cause of trades directly related to increases or decreases in the foundation endowment or social fund. This approach aims to identify the variation of unenforceable resources originated in the tax year as an indicator of the ability to develop the objectives in the following years. An assimilation of the concept of endowment or social fund contributions to the definition of income, and its decrease in spending is not intended, but the aim is to show the economic background of the transaction, which, unlike contributions to capital of commercial companies, does not seek its recovery plus a profit, but to provide economic viability to a particular project, in whose realization, these funds could eventually be consumed.

Next we will take a look at the picture and we will see the large number of items added by non-profit entities.

INCOME STATEMENT	
Business PGC	*NPOs PGC*
A) CONTINUED OPERATIONS	**A) EXCEDENTE DEL EJERCICIO**
1. Net amount of the turnover	1. Income from the own activity
-	2. Expenses by grants and others
2. Changes in inventories of finished and ongoing goods	3. Changes in inventories of finished and ongoing goods
3. Work performed by the company for its assets	4. Work performed by the company for its assets
4. Procurements	5. Procurements
5. Other operating income	6. Other operating income
6. Staff costs	7. Staff costs
7. Other operating expenses	8. Other operating expenses
8. Amortisation and amortisation	9. Amortisation and amortisation
9. Allocation of subsidies for non-financial assets and others	10. Allocation of subsidies for non-financial assets and others
10. Excess provisions	11. Excess provisions
11. Impairment and loss on disposal of fixed assets	12. Impairment and loss on disposal of fixed assets
A.1) OPERATING PROFIT	**A.1) SURPLUS OF ACTIVITY**
12. Income	12. Financial income
13. Financial Expenses	13. Financial Expenses
14. Change in fair value of financial instruments	14. Change in fair value of financial instruments
15. Exchange differences	15. Exchange differences
16. Impairment and gains on disposal of financial instruments	16. Impairment and gains on disposal of financial instruments
A.2) FINANCIAL RESULTS	**A.2) SURPLUS OF FINANCIAL TRANSACTIONS**
A.3) RESULT BEFORE TAXES	**A.3) SURPLUS BEFORE TAX**
17. Income tax	18. Income tax
A.4) INCOME FROM CONTINUED OPERATIONS	**A.4) Change in net worth recognized in the surplus for the year**
B) DISCONTINUED OPERATIONS	**B) Income and expense recognized directly in equity**
18. Profit for the year from discontinued operations net of taxes	**B.1) Changes in net worth by income and expenses recognized directly in net worth**
A.5) PROFIT FOR THE YEAR	**C) Reclassifications to the surplus for the year**
	C.1) Change in net worth by surplus reclassification exercise

	D) Changes in net worth by income and expenses directly recognized in net worth
	E) ADJUSTMENTS BY CRITERIA CHANGES
	F) ADJUSTMENTS BY ERRORS
	G) CHANGES IN THE FOUNDING ENDOWMENT OR SOCIAL FUND
	H) OTHER CHANGES
	I) TOTAL INCOME, CHANGES IN NET WORTH FOR THE YEAR

4.3.3. REPORT

Three models —the common, the abbreviated and simplified ones— are incorporated. The use of either model of memory depends on the size of the non-profit entity, so the abbreviated model should be used only by the organizations that meet the requirements in the General Accounting Plan for Small and Medium Enterprises. Moreover, the simplified model must be used exclusively by entities that, having met these requirements, choose to apply specific criteria for micro-entities.

Addressing the special features of the activity carried out by these financial subjects and in compliance with the provisions of the specific regulations, these models incorporate sections intended to provide information on the following matters:

- Real members of Historical Heritage
- Members and other debtors of the own activity
- Beneficiaries and creditors
- Activity report
- Application of patrimonial elements to own purposes.
- Administrative expenses
- Inventory

The activities report and the implementation of the heritage elements to their own aims constitute two of the most relevant information to be supplied by these organizations and, in some cases —as with the foundations of state competition—, the relevant substantive rule requires as binding content.

It is also important to highlight that the entities which perform own activities together with economic/commercial activities should incorporate to the model of report they use a new section called "assets used for business activity", which must differentiate, between the elements of assets, between income and expenses, those assigned to the activity or commercial activity, also determining the surplus corresponding to each of these activities.

Finally, note that while the report collects relevant information to verify the degree of implementation of each activity or the degree of compliance with the objectives, the action plan is not part of the annual accounts although information on the degree of compliance has been used in order to later incorporate it into the report.

In the table below we will see the comparison between the contents of the common reports of both plans, and it will help us see the fundamental differences among which reduced items by non-profit entities can be highlighted.

CONTENTS OF COMMON REPORTS

Business PGC	NPOs PGC
1. Activity of the entity	1. Activity of the entity
2. Basis for the provision of annual accounts	2. Surplus for the year
3. Application of results	3. Accounting policies and valuation
4. Accounting policies and valuation	4. Tangible fixed assets
5. Fixed tangible assets	5. Historical Heritage assets
6. Property investments	6. Users and other debtors of the own activity
7. Intangible assets	7. Beneficiaries - Creditors
8. Leases and other similar transactions	8. Equity
9. Financial Instruments	9. Stock
10. Stock	10. Tax matters
11. Foreign currency	11. Income and Expenses
12. Fiscal situation	12. Mergers between non-profit entities and business combinations
13. Income and Expenses	13. Activity of the entity. Application of patrimonial elements to own purposes. Administrative expenses
14. Provisions and contingencies	14. Operations with related parties
15. Environmental information	15. Other information
16. Long-term emuneration for employees	16. Cash flow statement
17. Transactions with payments based on equity instruments	17. Inventory
18. Grants, donations and legacies	
19. Business combinations	
20. Joint ventures	
21. Non-current assets held for sale and discontinued operations	
22. Subsequent events to the close of the year	
23. Operations with related parties	
24. Other information	
25. Segment information	
26. Information on emission allowances of greenhouse gases	
27. Information on deferred payments to suppliers in the year	

4.4. CHART OF ACCOUNTS

The new developments in the chart of accounts of non-profit entities can be found in this forth section of this dissertation. When writing it, we have tried to respect as far as possible the structure of the subgroups of the business General Accounting Plan as well as the names of the specific accounts and the breakdown of the accounts in four digits, as it was already done in the 1998 adaptation regarding the 1990 PGC.

Moreover, the possibility that non-profit entities engage in commercial activities together with their own activities is anticipated. In this case, they must keep the accounts required by the Commercial Code and its supplementary provisions. We have tried to respect all the subgroups and accounts required so the entities that must compulsorily apply this adaptation, as well as the entities that voluntarily choose to apply it, can account for all the activities undertaken.

4.5. DEFINITIONS AND ACCOUNTING RELATIONS

The new accounting definitions and relations that match mostly with those in the adaptation of 1998 —where the effort to identify the necessary changes to the 1990 PGC was already made, both in the definitions and the movement of some accounts in order to adapt them to the peculiarities of non-profit entities— are gathered in the fifth and final part of the annual accounts,

Regarding the accounting records now presented, as they were already being collected in the previous adaptation, they describe the most common reasons for credit and debit of the accounts without exhausting the possibilities that each one of them can hold.

As it already happened with the 1998 adaptation, the fourth and fifth sections are discretionary, but it is advisable that if this option is used, similar designations are used to facilitate the preparation of the annual accounts whose structure and rules that develop their content and presentation are required.

4.5.1. CHANGES FROM 1998 TO 2011

In this section we will see the major developments that have been included in the adaptation of 2011, regarding the previous one:

1. In the subgroup 14, **account 145 ("Provision for repairs and maintenance of assets of Heritage")**, which reflected the estimated required to cover repairs and "extraordinary" conservation of the goods under the subgroup "Historical Heritage Assets" **has been deleted**.

   In the registration and valuation rules it is stated that when a good from the Historical Heritage is incorporated, the amount of the costs required to perform these actions should be estimated and identified. These costs will be amortized as a separate component of the cost of the asset until the date when the major repair takes place, moment in which it will be treated —for accounting purposes— as a situation, usubscribing any amount associated to the reparation that may remain in the carrying amount of that good.

   This approach is something new regarding the adaptation of 1998, where it was set that Historic Heritage assets could not be subject to amortisation, but a compensation fund should be constituted whose budget should be systematically made over time, so that when the time of major repairs came, the entity could have the necessary resources to cope with it.

2. In group 2 an account within the subgroup 20 is included, under the name "Rights on leased assets in use", in order to account for disposals of non-monetary assets received free of charge. In return, the company will record the corresponding imputed income directly in net worth, and it will be reclassified to the surplus as an income on a systematic and rational basis, according to the criteria in the eighth regulation of the 2011 adaptation.
3. In the subgroup 28, **the account "Assignments of use without compensation" is included** to record the assignment of non-monetary assets made by the company without remuneration, when the assignment occurs for less than the useful life of the assignmentred asset period.
4. The **group 3, 4 and 5 shows no significant changes** compared with the previous adaptation of 1998.
5. The subgroup 65 presents a new arrangement to show the grants made by these entities. In particular, the account 651 of the previous adaptation 651 has been

integrated into the account 650, so that now it includes **a new account 651** under the name of **"Non-monetary aid"** in order to collect the amount for which assignments of property without compensation should be accounted. Within these accounts, each entity may open subaccounts of four or more digits that contain the specific costs of its activity. However, as in the adaptation of 1998, it is sugested to go on with the distinction between individual monetary and non-monetary aids to entities, or made through other entities or institutions.

6. In the subgroup 72 the own revenues of the entity that normally represents the main source of funding are still collected, distinguishing between the origin of the income different entities obtain for their own activity. **The change of name of the account 720** should be highlighted, since it is now called **"Dues of partners and affiliates"**, being this way the **account 721** called from now on **"User fees"**.

4.5.2. MOST IMPORTANT ACCOUNTS

Having analyzed the 6 major changes in this section regarding the previous adaptation of 1998, we will now conduct a comprehensive and simplified analysis of the groups, subgroups and major accounts in the adaptation of 2011:

GROUP 1. BASIC FINANCIAL GROUP

10. CAPITAL

100. Foundation endowment: On this account the amounts of fundation endowments and the surplus to increase the foundation endowment are collected. This account is compared to the business General Accounting Plan with account “100. Share Capital”, which is the account where the initial contribution of the partners in order to create a company is reflected.

This account works just like the social capital, charging when capital decreases and being credited in the creation or in possible capital increases.

101. Social Fund: the name of this account is identical to that of business PGC, and includes the amount of the contributions made in associations and the surplus intended to increase the Social Fund. Its movement is exactly the same as the one of the account 100. Foundation endowment.

103. Founders/associates for uncalled capital: the mirror (as we will call it from now on in order to compare the accounts with the business PGC) of this account is called 103. Partners for uncalled capital, and it reflects the foundation endowment or social fund to be disbursed in foundations and associations. This account represents the net worth of the balance with a negative sign, reducing the account of social fund or foundation endowment (100 and 101).

This account will be charged or credited with the same criteria of the business PGC.

104. Founders/associates for outstanding non-cash contributions: its mirror is the account 104. Partners for outstanding cash contributions. As we can note both in this account as in the previous one, the only change in its denomination is in the words “founders/associates” insted of “partners”. On this account the contributions of founders and associates undisbursed that give outstanding non-cash contributions in foundations and associations are collected. Like in the account 103, it is shown in net worth of balance, with a negative sign, reducing the account of social fund foundation endowment (100 and 101).

This account is credited as the account 103 and is charged as 104 account of the business PGC.

12. SURPLUS PENDING APPLICATION

120. Carryover: The mirror of this account has exactly the same number and designation, but earnings undistributed by the company and not included in other accounts are included in the carryover of the business plan. The non-profit plan reflects exactly the same, but as it does not search for profiting, it is not undistributed earnings anymore, but the "surplus".

Its move also coincides with its mirror, but only in the crediting to the account 129. Referring to debit, the business one will go to subgroup 57 or 11 accounts, and in the non-profit one it is charged only to subgroup 11 accounts.

121. Negative surplus from previous years: In this account, as expected, it happens the same as in previous ones; its mirror changes the denomination "surplus" to "results". Its move also coincides with its mirror.

129. Surplus for the year: is the same as the previous result has changed over this account and still collecting benefits in the business plan. In the PGC nonprofit collects surplus calculated in practice as business profit. His movement is identical to its corporate mirror.

GROUP 2. NON-CURRENT ASSETS

20. INTANGIBLE FIXED ASSETS

207. Rights on leased assets in use: This account is totally new, mainly because it has no mirror; i.e., there is no account in the business PGC with code 207 within intangible fixed assets, since it goes from account 206 to 209. This account reflects the value of the right to use assets or goods that the entity uses in developing its business. For further development of this section we must take a look at the second of those six sections outlined above under the heading of definitions and accounting relations.

24. HISTORICAL HERITAGE ASSETS

This subgroup accounts are new, since they have no business mirror. The subgroup 24 of the business PGC are long-term investments in affiliated parties that in the non-profit PGCof non-profit companies move to subgroup 25 to make room for this new subgroup 24 of Historical Heritage assets. Subgroups 25 and 26 become the subgroups 26 and 27 respectively, thus covering the space left the nonexistent business PGC subgroup 27.

The accounts that form this subgroup are:

240. Real estate: Are those included in Article 334 of the Civil Code,

241. Archives: Are organic sets of documents,

242. Libraries: Collections of books, manuscripts and other materials available to be read in a public room or by temporary loan.

243. Museums: Collections of historical, artistic, technical, scientific value, or any other cultural nature.

244. Movable property: Those non-integrated in the accounts above.

The movement of these accounts (From 240 to 244) is the same as that of any other tangible fixet assets, collecting profit or loss (which also could have been called “surplus”) thanks to its its sale as well as the use of the account 249, described below.

249. Advances on Historic Heritage assets: Are deliveries to suppliers "in anticipation" of future supplies.

28. ACCUMULATED AMORTISATION OF FIXED ASSETS AND OTHER ALLOWANCE ACCOUNTS

283. Assignment of use without compensation: This account is completely new, so it will not either have a business mirror, since in the subgroup 28 of the business PGC there are only accounts 280, 281 and 282. It is the third change we have explained above in the new adaptation of 2011 compared to that of 1998. It is an adaptation of allowance account for assignments of non-monetary assets made without compensation or when the assignment occurs for a period shorter than the useful life of the assignmentred asset.

In the event that the assignment would affect a separate wealth asset different of land or buildings, an account of four digits with a negative sign will be created in order to compensate the item in which said display element will be shown.

Given the importance of this account, we will see its movement with greater detail by the debit and credit entries that should be made.

Will be paid: During the assignment of non-cash asset equivalent to the provisions for amortisation that should have been made during the period of assignment to the good, with a charge to the account 651.

(651) Non-monetary aid	to	(283) Assignment of use without compensation

Will be charged: As the service potential of the assignmentred asset is consumed, reclassifying by crediting accounts from subgroup 28.

(283) Assignment of use without compensation	to	(28X) Accumulated amortisation and other allowance accounts

29. IMPAIRMENT OF NON-CURRENT ASSETS

299. Impairment of Historical Heritage assets: As it is logical to expect, following the creation of new accounts of Historic Heritage assets as tangible fixed assets, they must be accompanied by a corresponding impairment. Therefore, this valuation allowances due to value impairment does not have a reference account in the business PGC, since the last acccount of 29 is 298. Its movement will be the same as that of any other value impairment account, but with its specific accounts.

GROUP 4. CREDITORS AND DEBTORS BY OPERATIONS RELATED TO THE ACTIVITY

41. BENEFICIARIES AND OTHER CREDITORS

412. Beneficiaries, creditors: We are again studying a new account, because its business mirror does not exist (we have a PGC between the features 411 and 419). The account includes debts as a result of aid. It will appear in liabilities. It will be paid to the expense accounts of monetary and non-monetary aids (650 and 651) and will be charged when the debt to cash accounts or to account 728 is canceled if its refund is granted.

44. OTHER USERS AND DEBTORS

447. Users, debtors: It could be said that this account is the opposite of the one above, and has no mirror in the business PGC (PGC between the features 446 and 449). The account includes loans with users due to supplies of goods and services. It will appear on the active current balance. Its movement will be a charge to 721 and a payment to treasury or 655).

448. Sponsors, affiliates and other debtors: It is another new account without a mirror, as numbering follows the previous one, which includes loans to individuals listed in its denomination for the purpose of contributing to the activity of the entity. It will appear on the current active of the balance. Its movement is a charge to accounts of the subgroups 13, 17 and 72. The payment is identical to the account 448.

46. PERSONNEL

464. **Delivery for expenses to be justified**: We are again facing a new account that does not exist in the business PGC (PGC exists between accounts 460 and 465). This account records payments made to the staff for further justification. It will appear on the active current of the balance. Its movement is with charge to treasury and with payment to expenditure to justify their deliveries and, in case there is a surplus, to treasury accounts.

47. PUBLIC ADMINISTRATION

4707. Public treasury, debtor for collaboration in the delivery and distribution of subsidies (Article 12, Grants Act): This account is totally new regarding the business PGC, since from 4708 it goes to 4709. Its movement is of charge to treasury and of credit to 4757.

4757. Public treasury, creditor for grants received as a collaborating entity (Article 12, Grants Act): As the account above, we have a new business account regarding the business PGC, as it goes from 4752 to 4758. Its movement is of credit to treasury and of charge to 4707 or treasury.

49. VALUE IMPAIRMENT BY OPERATIONS OF THE ACTIVITY AND SHORT-TERM PROVISIONS.

495. Value impairment of credits from users, sponsors, affiliates and other debtors: As it has happened with all of the group 4 accounts, this is also a new account without a mirror. Business PGC leaves a PGC from the account 493 to 499. This account includes the allowances for value impairment of bad loans from the accounts designated in the title. They appear in the balance sheet offsetting accounts 447 and 448. Their movement is identical to the one of account 490.

GROUP 5. FINANCIAL ACCOUNTS

55. OTHER NON-BANKING

551. Current account with employers and others: The designation of this account regarding its mirror changes. Instead of “current account with partners and administrators”, the non-profit PGC happens to change this name to “employers and others”. This account includes current assets accounts of cash with employers. In the current assets of the balance the sum of debit balances will appear, while in the current liabilities there will be the sum of credit balances. It will be charged and paid to treasury.

558. Founders and associates for capital calls: On this account, as in the one above, the designation in reference to its mirror changes, replacing the word "partners" for capital calls to “founders and associates” for capital calls. This account reflects the foundation endowment or social fund, pending disbursement. It will appear on the active current of the balance and its movement will be of charge to the accounts 103 and 104 and of credit to treasury.

GROUP 6. PURCHASES AND EXPENSES

65. MONETARY AID OF THE ENTITY AND OTHER EXPENSES OF MANAGEMENT

650. Monetary aid: in this subgroup 65 we note that it has been added "monetary aid of the entity" before other management expenditure is as it was called in the common PGC. As for the bill 650 we see that its business mirror is called “losses for doubtful trade receivables”, which shows that it is not linked with the current designation "monetary aid", as this account reflects the amount of benefits of monetary nature granted directly to individuals or families and institutions, and conducted in accordance with the aims of the entity. Cited as an indication, grants, scholarships, board and lodging, awards, social cooperation and health care. Its movement will be of charge as in any expenses account to the account 412 beneficiaries, creditors or checkbooks.

651. Non-monetary aid: As it happens with monetary aid account, this non-monetary aid account is not related to its business mirror (results of operations in common). This account includes the amount of the non-monetary benefits granted to individuals or families and institutions, and conducted in accordance with the aims of the entity. Its movement is analogous to the account 650.

If the non-monetary aid consists in the assignment of a non-monetary asset without compensation for a period shorter than the useful life of the assigned asset, as stated in the registration and valuation standard, it will be charged by the amount of the fair value of the right to use, crediting the account 283, asset compensatory.

(651) Non-monetary aid	to	(283) Assignment of use without compensation

From this point on, all other expenses accounts are new, so none of them will have a mirror in the business PGC. Therefore, we will simply name them:

653. Compensation of costs for benefits of collaboration

654. Reimbursement of expenses to the governing body

655. Losses from bad debts arising from the activities

6560. Assigned profit

6561 Loss incurred

658. Repayment of grants, donations and bequests received, pertaining to the own activity of the entity

659. Other current operating losses: This account is the same as it is in the business PGC, and it is also called in the same way. They are the ones that even taking into account the nature, are not included in the previous accounts. In particular, the annual adjustment of jigs and tools will be reflected.

GROUP 7. SALES AND INCOME

72. OWN REVENUE OF THE ENTITY

720. Dues of associates and affiliates: Here the non-profit organizations PGC has used the space left free by the business PGC between subgroups 71 and 73 to incorporate this new subgroup 72 of own revenue of the entity. In particular it has created this new account 720 of dues of associates and affiliates that works like any other income, charging to treasury accounts or debtors. This is one of the most important accounts for a non-profit entity, as it reflects money received by "charity" of partners without asking anything in return.

721. User Fees: This account works as the one discussed above and it is also one of the most important accounts, as it reflects one of the main sources of income of the entity through regular basis fixed income, received through fees of affiliated persons . Some of the most important are the fees for participation in conferences, workshops, seminars, as well as those arising from supply of goods, social or welfare benefits.

Other important bills that we highlight are:

722. Promotions for fundraising

723. Income from sponsors and collaborations

728. Income for reimbursement of aid and allowances

5. CONCLUSIONS

Once the foundations and associations with their respective laws and accounting nature of the five parts of General Accounting Plan for non-profit entities have been analyzed, we can draw the following conclusions. To begin with, it has been of paramount importance to look at the previous adaptation published in 1998 in order to be able to contrast the differences regarding the current adaptation of 2011, apart from facing both the non-profit and business Accounting General Plans.

On the one hand, we see that in the conceptual framework the same structure as in the business Accountant General Plan has remained, with seven sections with the very same name, in which one of the most important developments has been the change in the structure of the annual accounts, going from 5 to 3 large documents in which the profit and loss are merged with the statement of changes in equity on one hand and, on the other hand, the report absorbs cash flow statements, thereby simplifying the work of such entities.

Moreover, the new definition of assets also indicates a major change, since as it is based on companies which do not look for future benefits, they will now start to search profitable future returns, making clear the intention of not earning money thanks to assets. Besides, within the conceptual framework, the new assessment criterion called "replacement cost" is added, and in the final section of this first part of the PGC economic activities and commercial activities are identified.

As for the registration and valuation standards we can see how we have gone from 23 standards in the business plan to 25 in the non-profit plan, as some have been deleted and other ones have been added, and even some others are modified. The most important ones that we choose to highlight are the Tangible fixed assets non-generators of cash flows —which cannot determine its value in use—, credits and debits of the activity that stand out for the regulation of loans at zero interest or below market interest and, finally, grants, donations and bequests received in which the non-profit entity will act as a mere intermediary in the case it is not the beneficiary of the aid.

As for the third part of the plan, which refers to the annual accounts, as we have already said before, the balance remains the same, but the profit and loss account shows the changes in net worth with respect to increases or decreases in the foundation endowment or social fund. Regarding the report, we see that it includes three models:

common, abbreviated and simplified; and we also see the how cash flows are introduced into the aforesaid report.

Finally, in terms of chart of accounts and accounting definitions and relations we have seen on the one hand some changes between the 1998 adaptation and the one from 2011, highlighting the new accounts of rights on assets leased in use and the disposals of use without compensation. Also, after carrying out a comparison of the most important accounts with its mirror in the business plan, we see how many of them are essential for non-profit entities as monetary and non-monetary aid in the block of costs, and fees of associates and affiliates on the block income.

6. BIBLIOGRAPHY

- España. Real Decreto 1491/2011, de 24 de octubre, por el que se aprueba las normas de adaptación del Plan General de Contabilidad de las entidades sin fines de lucrativos y el modelo de plan de actuación de las entidades sin fines lucrativos. *BOE*, 24 de noviembre de 2011, número 283. http://www.boe.es/boe/dias/2011/11/24/pdfs/BOE-A-2011-18458.pdf

- España. Real Decreto 1514/2007, de 16 de noviembre, por el que se aprueba el Plan General de Contabilidad. *Suplemento BOE*, 20 de noviembre de 2007, número 278. http://www.boe.es/boe/dias/2007/11/20/pdfs/A47402-47407.pdf

- España. Real Decreto 1515/2007, de 16 de noviembre, por el que se aprueba el Plan General de Contabilidad de pequeñas y medianas empresas y los criterios contables específicos para microempresas. BOE, 21 de noviembre de 2007, número 279. http://www.boe.es/boe/dias/2007/11/21/pdfs/A47560-47566.pdf

- España. Resolución del 26 de marzo de 2013, del Instituto de Contabilidad y Auditoria de Cuentas por la que se aprueba el Plan de Contabilidad de las entidades sin fines lucrativos. BOE, 10 de abril de 2013, número 86. http://www.boe.es/boe/dias/2013/04/10/pdfs/BOE-A-2013-3781.pdf

- España. Resolución del 26 de marzo de 2013, del Instituto de Contabilidad y Auditoria de Cuentas por la que se aprueba el Plan de Contabilidad de las pequeñas y medianas entidades sin fines lucrativos. BOE, 9 de abril de 2013, número 85. http://www.boe.es/boe/dias/2013/04/09/pdfs/BOE-A-2013-3736.pdf

- España. Ley 50/2002 de 26 de diciembre, de Fundaciones. BOE, 27 de diciembre de 2002, número 310. http://www.boe.es/boe/dias/2002/12/27/pdfs/A45504-45515.pdf

- España. Ley Orgánica 1/2002, de 22 de marzo, Reguladora del derecho de asociación. http://www.boe.es/boe/dias/2002/03/26/pdfs/A11981-11991.pdf

- España. Real Decreto 776/1998, de 30 de abril, por el que se aprueban las normas de adaptación del Plan General de Contabilidad a las entidades sin fines lucrativos y las normas de informacion presupuestaria de estas entidades. http://www.fomento.gob.es/NR/rdonlyres/95B9277D-05D4-46F6-B574-2D0FB2AD8E41/117965/RD7761998.pdf

- Asociación Española de Fundaciones http://www.fundaciones.org/es/cuentasanuales