UNIVERSITAT JAUME•I

Finance and Accounting Degree

DEGREE FINAL PROJECT

COMPARATIVE ANALYSIS OF THE GENERAL ACCOUNTING PLAN AND ITS ADAPTATION FOR NONPROFIT ENTITIES

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I. INTRODUCTION

In recent years the number of non-profit entities has increased substantially in our country as well as the amount of resources that this entities control. The main reason for this increase could be because it has increased the participation of civil society in tasks that were previously reserved for political powers, also a growing scope of social and economic importance, which has lead the population to demand more services.

This increase has hardly caused any works or investigations and even in the degrees where people study the entities' accounting it has gone undetected.

The non-profit entities are characterized by the fact that they provide social services not motivated by financial gains. **Non-profit entities do not participate in public or private secondary markets and surplus revenue is not shared among its participants. The capital of the entity no longer belongs to the patrimony of the founder, subsequent donors included, and it is reinvested in the entity in order to offer more services to the community.**

These entities obtain funds through donations, grants, membership fees, inheritances, income from the return on their patrimony and income from right intellectual property. Therefore, the income is an aspect that differs from business companies although the expenses are very similar.

The principal legal form of these entities is the foundation and to a lesser extent the association. The first law to appear was Law 30/1994, 24 November, Foundations and the fiscal incentives for participation in activities of general interest. Subsequently, in 2002, and due to the increased number of non-profit organizations and for correct deficiencies that were in the previous one the Act 50/2002, 26 December, on Foundations appeared.

The standards for the adaptation of General Plan Accounting for non-profit entities and action model were available with the implementation of the Royal Decree 1491/2011, October 24. This adaptation involves a framework of essential financial information for nonprofit entities and above all it allows to know the transparent image of entity's patrimony, financial position and changes arising in the economic exercise.

The adaptation standards for non-profit entities were approved in 2011 but they come into effect for those financial periods which begin after January 1, 2012.

They have the same structure as the General Accounting Plan but adaptation contains specific standards regarding non-profit entities.

With the new adaptation the non-profit entities are in the spotlight and the adaptation standards are compulsory for state competition foundations and for associations declared of public utility. The rest of entities apply adaptation standards as well.

II. OBJECTIVES

The aim of this project is to highlight the differences between both accounting standards and also to analyze whether these differences are deep or negligible. The project also studies if the differences are likely to change the data of annual accounts compared to business firms.

This measure is designed to facilitate the compression of the information contained in the annual accounts and to achieve a better management of the entity. Besides, it gives the opportunity to know the transparent view of entity's financial position and the changes originated in the patrimony of fund contributors, partners, beneficiaries and other stakeholders.

In order to achieve this goal I have compared the business General Accounting Plan (Royal Decree 1514/2007 of 16 November) with the adaptation of the General Accounting Plan for non-profit organizations (Royal Decree 1491/2011 of 24 October).

III. STRUCTURE

To achieve the objective of this comparative analysis the project is divided into the following sections:

- **Accounting Framework.** This section has the purpose of providing a clear record of the differences in both standards in aspects like the content of the annual accounts, the foundations, the principles and the basic concepts.
- **Recognition and measurement standards.** In this section we focus on the most significant differences of non-profit entities regarding to companies

business in aspects of standards of obliged application. Therefore, operations are standardized so we can compare the accounting information from two different companies.

- **Annual accounts.** This section tries to analyze the differences between the two standards in respect of content, structure, components and preparation of the annual accounts.
- **Chart of Accounts.** This section goal is to find the differences between the accounts charts of the two standards as well as highlighting those that are most significant.

IV. ACCOUNTING FRAMEWORK

The accounting framework contains the points below in both accounting standards:

1. Annual accounts. Fair image.
2. Requirements of information to be included in the annual accounts.
3. Accounting principles.
4. Elements comprising the annual accounts.
5. Criteria for registration or accounting recognition of elements of annual accounts.
6. Valuation criteria.
7. Accounting principles and standards generally accepted.

The annual accounts, as an expression of the external accounting information, contain significant differences respect to the contents, rationale, principles and basic concepts of the two accounting standards.

The main difference is the new definition of assets in non-profit organizations and their recognition criteria as regards to the pursuit of objectives of a social nature instead of the generation of cash flow or the generation of benefits in the future. In this sense, the definition of assets acquires a social nature and also adds the peculiarity that the Historical Heritage assets at the disposal of the business should be classified as non-current assets:

″ Goods, rights and other resource controlled by the entity, resulting from past events, for which the company is expected to achieve profits or economic performances in the future″. (***General Accounting Plan, 2007***)

″ Goods, rights and other resources controlled by the entity as a result of past events, for which the entity is expected to get profitable returns on their future activity. In particular, those that incorporate service potential users or beneficiaries of the entity will fulfill this definition″. (***Nonprofit entities accounting plan, 2011)***

Table 2. Content of the annual accounts

Annual accounts. General Accounting Plan (RD 1514/2007)	Annual accounts. Nonprofit entities (RD 1491/2011)
Balance sheet	Balance sheet
Income statement	Income statement
Statement of changes in equity	Annual Report
Cash flow statements	
Annual Report	

The annual accounts of non-profit entities include a balance sheet, income statement and the annual report where the elaboration of all the documents is obligatory.

Furthermore, the annual accounts of the profit entities include balance sheet, income statement, and statement of changes in equity, the cash flow statement and annual report. The preparation of the statement of cash flows is not obligatory for companies likely to present the balance sheet, income statement and statement of changes in net assets.

The fact that the Law on Foundations is a higher law and this adaptation is an inferior standard leads to the standards for-profit entities only three documents within the annual accounts are established instead of five as in business firms. It could be the case that in the coming years will appear a new Law on Foundations and in this respect it could be changed, and in that case, the norm for nonprofit entities may be different and take the five documents.

Although the annual accounts of these entities are composed of only three documents does not mean they contain less information than in the business companies. In the sense that this type of entity integrates in the memory an exclusive section for the calculation of cash flows and the income statement includes a section for the summary calculation of changes in equity.

The other components of the annual accounts (income statement and annual report) are defined almost equal in accounting framework and in both standards is permitted its development abridged.

It is noteworthy that payment and collection concepts, which are defined in the Public General Accounting Plan, approved in 1994, do not appear in any of the standards. This could be due to the simplicity of both concepts, which does not carry the need to be introduced in the standards.

The obligatory application of accounting principles, the elements to be recorded in the annual accounts, the criteria for registration or accounting recognition of elements of annual accounts and generally accepted principles and norms do not differ in both plans.

Regarding the evaluation criteria, the adaptation to nonprofit entities includes an eleventh criterion the general accounting plan does not include. This criterion is the replacement cost of an asset, which is the current amount that would be payable if an asset is acquired with the same capabilities except accumulated depreciation, so that its operation, use and enjoyment is reflected.

V. RECOGNITION AND MEASUREMENT STANDARDS

As we have stated before in this section we deal with the most significant differences in nonprofit entities regarding business companies.

The standards for recognition and measurement of nonprofit entities are formulated based on the special nature their assets, which do not generate cash flow, have or on the need to develop particular transactions that appear frequently in this type of entity. For this reason, in some of the standards recognition and measurement a distinction, between those which generate cash flows and for those which do not generate, is done.

Within the standards for recognition and measurement of tangible fixed assets a section with definitions to clarify the previous distinction is included:

- **Goods fixed assets generators of cash flow:** these goods are purchased in order to generate tangible benefits or commercial return through the delivery of services. This profit or performance occurs when the asset is used consistently by the non-profit entities which aim at obtaining profits. A clear example would be the purchase of a machine, which is expected to generate future benefits, included in the production process.

- **Goods fixed assets not generators of cash flow:** the purpose of this type of property is not to generate a commercial benefit. These are, for example, the social economic flows produced by the asset allowing a benefit to the community. Although an asset is maintained with the purpose of create social economic flows it conceivable that it generates commercial returns because of its installations or its components or due to a different or incidental use rather than the primary one. In this case, however, it must be confirmed if the asset can operate independently from the other components and installations members of the active.

  Although the purpose of these goods is not clear and there are further doubts to develop regarding if they can actually generate a performance these assets are classified as cash flow generators until proven guilty. For example, a non-profit organization which works with the disabled, such goods would transport items that are not expected to gain from them in the future.

<u>Tangible Fixed</u>

In this accounting standard for nonprofit entities exists a section for swaps and a clear distinction between swaps of fixed assets that generate cash flows and the ones which do not generate is made. The main difference in this case is the accounting for swap assets which do not generate cash flows and these swaps are stated with the book value of the asset given in exchange as well as the monetary counterparts paid or still outstanding up to the limit of the fair value if the asset received was lower. When withdraw it is translated in its book value. Swaps goods that generate cash flows are valued in the same way as established in the general accounting plan by making the distinction between commercial or non-commercial goods. If generating and no generating swaps are exchanged they must follow the condition of generators.

At the end of the year the nonprofit entities will evaluate whether any tangible assets or any operating unit or service has been deteriorated. The goods, belonging to a holding unit or service, deteriorate when they do not generate cash flows and then the book value of the assets should be reduced in proportion to the limit of its fair value deducting the costs to sell, their replacement cost and zero. There is no difference between the two standards when assessing the deterioration of the goods which create cash flows.

In the accounting adaptation for nonprofit entities there is an additional point regarding the recognition and measurement standards for assets transferred by the entity without remuneration which establishes that the deliveries or disposals of a fixed asset without any payment, permanent or for a time equal or bigger than the useful life of the asset, are accounted as an expense in the income statement by the book value of the transferred asset. If the asset was transferred for less than the useful life period the expense should be recognized for the amount equal to the book value of the right transferred compensatory assets. The amount of this account is reclassified to accumulated depreciation while the systematic depreciation of the asset occurs.

Particular standards about fixed assets.

When in the initial valuation of any solar without buildings, a solar which is included in fixed assets and which do not generate cash flows, the rehabilitation costs are included the repayment of that portion should be depreciated when the service capacity of the asset is reduced.

Historical Patrimony Assets

There is an additional standard for the recognition and measurement of Historical Patrimony Assets which is not included in the General Accounting Plan. These elements are included in Law 16/1985 of June 25, the Spanish Historical Patrimony, and considered deemed appropriate to preserve by artistic or cultural reasons. These elements are not able to be replaced. The relevant changes made in these assets will be accounted considering the impact of these costs, in other words, the amount of these costs will be amortized in a different way to the rest of the element, during the time that changes are performed. The cost of major repairs will be recognized in the book value as a replacement as long as the conditions for their recognition are satisfactory. Historical Patrimony assets will not be subjected to amortization when the service potential is used so slowly that assets' life can be considered indefinite. However, these goods will have to go through major modifications eventually. A good example of historical patrimony could be art: a painting or a sculpture.

Own equity instruments

There is a point in the general accounting plan to the business entities which does not appear in the adaptation for nonprofit entities, and this is the fourth point of the ninth standard valuation. It is called own equity instruments and it is defined as:

> *"An own equity instrument is any agreement that evidences or reflects a residual interest in the assets of the company that issues them after deducting all of its liabilities".* **(*General Accounting Plan, 2007*)**

For example, the own equity instruments of a company are the ordinary shares (preferred shares), the options or other rights to purchase shares from the company.

The adaptation to nonprofit entities does not include this type of instruments because they do not exist in this type of entity. They must avoid the speculation of its resources because the objective of these institutions is a social one, not making profits, so it is logical why there is no regulation for them.

Although these elements do not appear in the standard adaptation, nonprofit entities can make temporary investments in securities or financial instruments traded on regulated markets, provided they are correctly justified and explained, and those who decide the investments must have technical knowledge or, at least, assistance from third parties. This phenomenon only happens when the purpose of the entity is a social one.

Credits and debits for own activity

On the other hand there is an additional standard which includes an adaptation that does not appear in the general accounting plan. This standard is known as credits and debits for own activity:

- Credits for own activity in non-profit entities are the receivables developing the activity of the entity facing recipients, users, sponsors and affiliates.
- Debits own activities are those obligations that were created to grant the transfer of aids to the beneficiaries of the entity with own purposes.

In the case that the credits are given to a zero interest rate or below market value to be accounted at fair value; the difference between the fair value of the loan on the date of grant and the amount paid must reveal the implicit monetary help. Also in the case of aid granted irrevocably, even if the beneficiary has to fulfill some condition shall be accounted at their present value at the time of award (at the origin), and not at the time of payment.

Inventories

Usually, the non-profit organizations are dedicated to the provision of services and not to the delivery of goods, so they do not have at their disposal large inventories as business companies. These entities' inventories hardly generate cash flows, or where appropriate, those used in any business activity undertaken by non-profit entities.

Therefore, by regarding the standards for recognition and measurement of inventories in non-profit organizations is added an important additional aspect: those **inventories received or delivered not generators cash flow** to fulfill the purpose of the entity. Inventories received free by the entity should be accounted for at fair value. On the other hand, deliveries made in fulfilling the purposes of the entity are accounted for as an expense in the income statement by the book value of the goods.

Own expenses and incomes of the nonprofit entities

As explained later, the expenditures are usually similar in business companies and non-profit entities, however, it really differs both are income.

In the standards for recognition and measurement there is another peculiarity that makes reference to the income and expenditure of non-profit entities. This standard argues that the aids granted by the company to third parties are recognized at the time of grant, in accordance with accrual principle. When the difference is in favor of the beneficiary in the accounting of own revenue of the entity the amount agreed upon should be valued and also makes accruals when necessary.

Grants, donations and bequests

This is the standard with more differences regarding business standards and it is explained because the grants represent, in many cases, the main source of funding for nonprofit entities. This does not mean that business companies do not receive grants, but they receive them in very few occasions. For this reason, in the nonprofit entities a high importance is given to the standards in regarding grants, donations and bequests.

The grants represent a translocation involving an increase in the patrimony of the one who receives them and, at the same time, a decrease in the heritage of the dispenser. For the grants to be awarded the recipient must comply with certain conditions. The purpose of the grant is concrete, specific and granted by a public entity meanwhile the purpose of a donation is generic, it does not need to comply conditions to be awarded and is granted by private entities.

Grants can be classified in current operating when granted to a particular production unit in order to changing goods' prices and services or the capital itself. There are grants which are awarded with any particular purpose.

In the recognition and measurement standards for grants, donations and bequests received its accounting is clarified, an accounting which differs from entities for profit. Grants that are not refundable must be accounted directly in equity of the entity to be reclassified in surplus for the year as revenues. If they do not have a specific purpose they are recognized directly in the surplus for the year in which they are recognized. When grants are not refundable they must be directly attributable to equity of the entity in order to be reclassified as income later. In the case of the refundable ones they must be accounted as liabilities until they acquire the status of non-refundable.

In particular, a specific combination of criteria is applied to these entities:

- Grants, gifts or bequests obtained to acquire an asset are only counted as non-refundable at the time the asset is acquired.

When an investment must remain for a number of years is considered non-refundable when made at the end of the year and when there is no doubt that it will extend the years needed.

- Grants, donations or bequests obtained for the construction, improvement, renovation or expansion of an asset will be considered as non-refundable when the years end and when the process has been partially or fully executed.
- If the grants, donations or bequests obtained to finance specific expenses need a plan of action and justification for implementation to obtain them they must be considered not returnable when the year has partially or fully come to an end.

Mergers between nonprofit entities

The criteria included in the General Accounting Plan, approved by the Royal Decree 1514/2007, of November 16 are applied when nonprofits entities merge with each other. It is established that the assets of the entity resulting from the merger is valued at book of each of the entities before the operation and all the headings and items which each entity previously had will be transferred to its equity capital. On the other hand, fees for legal advisers or other professionals involved in the transaction are accounted as an expense in the income statement.

Transfers from non-monetary assets and from services received without consideration, in case that the time is unlimited, must be valued in the asset using perpetual capitalization by the amount attributable to the right to use. However, if they were for a specific length of time they must be accounted in proportion to it. In any case it will be amortized based on the useful life of the asset.

Services received without compensation are recognized as an expense in accordance with its nature and an income as a grant, donation, by the best estimation of the fair value of the service.

Corporate Income tax

If non-profit entities must be taxed by the corporate income tax is an aspect that has always raised questions because this type of entity exercises a social activity of general interest and it has not-for-profit objectives.

Corporate Income Tax taxes the profits obtained by legal entities and as non-profit entities they are legal entities as well so they are passive subjects of the Corporate Income Tax.

These entities can be subject to special arrangements or partially exempt. The tax rate for entities under special regimes is taxed at a rate of 10%, while the partially exempt are rate at 25%.

More information about which are the conditions to belong in one or the other tax system can be found within the annex.

VI. ANNUAL ACCOUNTS

Documents comprising the annual accounts.

The main difference in the annual accounts of both accounting standards are in the integrated documents.

The annual accounts of non-profit entities include the balance sheet, the income statement and annual report to be reflecting a true image of the assets, financial position and results of the activities of the entity.

The annual report must complete, expand and comment on the information contained in the balance sheet and income statement. The annual report must contain a detailed description of the cash flows and the degree of compliance of the entity. In the case that the balance sheet and annual report can be formulated in the abbreviated model it is not obligatory to include information about cash flows.

Formulation of the annual accounts

The annual accounts must be formulated by the management organ of the entity that is responsible for the veracity of the accounts. This is different in the for-profit entities in which the annual accounts are formulated by the entrepreneur or by the administrators.

The period of preparation and approval should not exceed six months after the end of the year but if organizations are subjected to an authorship the annual accounts will be formulated three months after the end of the year.

The annual accounts must be signed by any person who has the authority to do so and if the signature of any of them is missing the reason must be indicated in each document.

Structure of annual accounts

It is established that the annual accounts of nonprofit entities must be adapted to the standard model but they are able to use the abbreviated one in the following situations:

- The Balance Sheet and the annual report could be made abbreviated in those entities in which at least two of the following circumstances happen at the end of the financial year:
    a) When total assets do not exceed EUR 2,850,000.
    b) When the net annual amount of income does not exceed EUR 5.7 million. It is understood as net annual amount of income the sum of items 1 (Income from the own activity) and 2 (Sales and other income from commercial activity).
    c) When the average number of employees during the financial year does not exceed 50.
- The Income Statement could be made abbreviated in those entities in which at least two of the following circumstances happen at the end of the financial year:
    a) When the total assets do not exceed EUR 11,400,000
    b) When the net annual amount of income does not exceed EUR 22.8 million. It is understood as net annual amount of income the sum of items 1 (Income from the own activity) and 2 (Sales and other income from commercial activity).
    c) When the average number of employees during the financial year does not exceed 250

Balance sheet

As previously stated in the accounting framework the most important change that affects in a direct way the elements of the annual accounts is how they are written: assets, liabilities, equity, income and expenses.

The principal differences between each section and subsection within the balance sheet of the General Accounting Plan and among its adaptation for nonprofit entities are shown below:

a) *Non-current Assets*

I. Intangible assets
1. Development
2. Concessions
3. Patents, Licences, Trademarks and Other
4. Goodwill
5. Office applications
6. Other intangible assets

II. Tangible fixed assets
1. Property, plant and equipment
2. Technical installations and other tangible fixed assets
3. Fixed assets under construction and advances

III. Investment property
1. Lands
2. Buildings

IV. Long-term investments in group companies and associates
1. Equity instruments
2. Credits companies
3. Debt securities
4. Derivatives
5. Other financial assets

V. Long-term financial investments
1. Equity instruments
2. Credits companies
3. Debt securities
4. Derivatives
5. Other financial assets

VI. Deferred tax assets

Table 2. Noncurrent assets. Business PGC

I. Intangible assets
1. Development
2. Concessions
3. Patents, Licences, Trademarks and Other
4. Goodwill
5. Office applications
6. Claims on transferred assets for use
7. Other intangible assets

II. Historical patrimony assets
1. Immovable property
2. Archives
3. Libraries
4. Movable property
5. Advances on historical patrimony assets

III. Tangible fixed assets
1. Property, plant and equipment
2. Technical installations and other tangible fixed assets
3. Fixed assets under construction and advances

IV. Investment property
1. Lands
2. Buildings

V. Long-term investments in group companies and associates
1. Equity instruments
2. Credits companies
3. Debt securities
4. Derivatives
5. Other financial assets

VI. Long-term financial investments
1. Equity instruments
2. Credits companies
3. Debt securities
4. Derivatives
5. Other financial assets

VII. Deferred tax assets

Table 3. Noncurrent assets. Nonprofit entities PGC

On the one hand in non-current assets of the adaptation are two significant differences.

First, into the intangible assets is included an additional subsection:

207. Claims on assets transferred for use. This account refers to the value of the right to use goods or assets that the entity has used in the development of their activity. The movement in this account is performed according to the standard of recognition and measurement of 20th grants, donations and bequests.

Secondly, an additional paragraph is added:

Historical Patrimony assets, which includes the following subsections:

240. Immovable property: this account includes the assets listed in Article 334 of the Civil Code (see Annex I) and also the elements that could be considered of the same nature as buildings and as part of them.

241. Archives: this account includes the set of documents that are compiled by the legal, public or private persons in the exercise of their activities in order to perform research, culture, information and administrative management.

242. Libraries: all books, manuscripts and other library materials are included.

243. Museums: this account includes elements of historical, artistic, scientific and technical relevance.

244. Movable property: this account includes the assets which fall outside some of the accounts of the subgroup 24.

249. Advances on historical patrimony assets: this account includes deliveries made to providers, usually in cash, which left on account of future supplies.

b) *Current assets*

There is only one significant difference within current assets:

Business PGC	Nonprofit entities PGC
I. Non-current Assets Held for Sale	**I. Non-current Assets Held for Sale**
II. Inventories	**II. Inventories**
1. Commercial inventories	1. Inventories for own activity
2. Raw materials and other supplies	2. Raw materials and other supplies
3. Works in progress	3. Works in progress
4. Finished goods	4. Finished goods
5. Subproducts, waste and recovered materials	5. Subproducts, waste and recovered materials
6. Advances to suppliers	6. Advances to suppliers
	III. Users and other accounts receivable for own activity
III. Trade and other receivables	**IV. Trade and other receivables**
1. Clients from sales and provision of services	1. Clients from sales and provision of services
2. Clients group companies and associates	2. Clients group companies and associates
3. Sundry debtors	3. Sundry debtors
4. Personnel	4. Personal
5. Current tax assets	5. Current tax assets
6. Other credits with Public Administrations	6. Other credits with Public Administrations
7. Shareholders expenditure required	7. Founders expenditure required
IV. Short-term investments in Group, Multigroup and Associate companies	**V. Short-term investments in Group, Multigroup and Associate companies**
1. Equity instruments	1. Equity instruments
2. Credits companies	2. Credits companies
3. Debt securities	3. Debt securities
4. Derivatives	4. Derivatives
5. Other financial assets	5. Other financial assets
V. Short-term financial investments	**VI. Short-term financial investments**
1. Equity instruments	1. Equity instruments
2. Credits companies	2. Credits companies
3. Debt securities	3. Debt securities
4. Derivatives	4. Derivatives
5. Other financial assets	5. Other financial assets
VI. Short-term accrual accounts	**VII. Short-term accrual accounts**
VII. Cash and other equivalent liquid assets	**VIII. Cash and other equivalent liquid assets**
1. Cash	1. Cash
2. Other equivalent liquid assets	2. Other equivalent liquid assets

Table 4. Current assets. Business PGC

Table 5. Current assets. Nonprofit entities PGC

The difference is the addition of a new section to **Users and others accounts receivable for own activity**, which includes the following accounts:

447. Users, debtors. This account includes loans with users for the delivery of goods and services provided by the entity in the exercise of its own activity.

448. Sponsors, affiliates and other debtors. This account includes loans with sponsors, affiliates and other amounts payable to contribute to the purpose of the activity of the entity.

495. Impairment of credit users, sponsors, affiliates and other debtors.

There are some other differences not as relevant as:

- **a)** Current assets has introduced a subsection to the inventories for own activity.
- **b)** In the general accounting plan the account 558 appears as shareholders (partners) for expenditure required, while adapting for nonprofits this account appears as **founders for expenditure required.**

c) *Equity capital*

A.1) OWN CAPITAL
I. Capital
1. Issued capital
2. Uncalled capital

II. Share premium
III. Reserves
1. Legal and statutory
2. Other reserves

IV. (Own shares and equity instruments)
V. Prior Years' Income
1. Profit to be appropriated
2. (Prior Years' Income negative)

VI. Other shareholder contributions
VII. Earnings
VIII. (Interim dividend)
IX. Other equity instruments
A.2) VALUATION ADJUSTMENTS
I. Available-for-sale financial assets
II. Hedging transactions
III. Others
A.3) GRANTS, DONATIONS AND BEQUESTS

Table 6. Equity Capital. Business PGC

A.1) OWN CAPITAL
I. Functional endowment / Assigned capital
1. Functional endowment / assigned capital
2. (Functional endowment expenditure not required / assigned capital expenditure not required)

II. Reserves
1. Statutory
2. Other reserves

III. Surpluses from previous years
1. Profit to be appropriated
2. (Surpluses from previous years negative)

IV. Surpluses for the year
A.2) VALUATION ADJUSTMENTS
I. Available-for-sale financial assets
II. Hedging transactions
III. Others
A.3) GRANTS, DONATIONS AND BEQUESTS

Table 7. Equity Capital. Nonprofit entities PGC

Own funds section of nonprofits entities is the only one in which there are differences with respect to business companies. Items of capital and share premium are replaced by founding Endowment and assigned capital, which are more suitable for non-profit organizations.

i. *Founding Endowment and Assigned capital:*

100. Founding Endowment

A fundamental difference between the General Accounting Plan and between its adaptation is the requirements to create the entity. To constitute a foundation is required an initial endowment which must be adequate and sufficient for the fulfillment of foundational purposes. The law establishes an initial endowment of EUR 30,000. The initial foundation endowment may consist of goods and rights of any kind. Therefore it could be monetary or non-monetary.

If the initial endowment is monetary the initial outlay may be conducted in a successive form, with an initial outlay of at least a 25 per cent of the EUR 30,000, and the rest must be paid within a maximum period of five years. Therefore the amount of the account 101 comes from the foundational contributions and the results aimed at increasing the Foundation's endowment.

This foundation endowment can increase or decrease over the life of the entity, mainly the variation may be due to new contributions made by the founder or also by third parties, also may be due to accounts transfers reserves, surplus income, capitalization of annual revenues obtained or sanitation negative results.

However, the foundation endowment can never decrease as a result of return of capital to the founders, because they do not have any rights to the contributed capital, even in case of liquidation of the entity

101. Assigned capital

This concept refers to the same as above except that the founding endowment is only used by foundations and the assigned capital by associations and other nonprofit entities.

103. Founders / partners for expenditure not required

This account contains the pending disbursement endowment founding in foundations and partnerships. It is included in the net equity with a negative sign.

104. Founders / partners for pending not-cash contributions.

This account contains contributions of founders and partners pending payment that correspond to not-cash contributions.

ii. Reserves:

In the reserves account of non-profit entities are included only those that would use:

111. Statutory reserves

113. Voluntary Reserves

114. Specialty Reservations

115. Reserves for actuarial gains and losses and other adjustments

Therefore, those accounts that are more specific to business entities are not included because they are not of any application for non-profit organizations. Net equity do not include legal reserves, the Reserve for own shares or the Reserves for shares mainstream society.

iii. Surplus from previous years / Surplus for the year:

In this case, the name of the account changes of "*results of previous years*" to "*surpluses from previous years* ". It is more according to these entities because the result cannot be considered as an indicator of the goals and achievements made, but on the other hand, it is useful to know what true financial position of the company is.

Moreover, headings these headings "*Interim dividend paid in the year*" or '*'Contributions of partners to offset losses*" do not appear because non-profit organizations do not have this type of operations.

With reference to passive, a distinction of non-current liabilities and current liabilities must be made depending on when they have to take the refund:

d) Non-current liabilities

Business PGC	Nonprofit entities PGC
I. Long-term Provisions	**I. Long-term Provisions**
1. Long term employee benefit liabilities	1. Long term employee benefit liabilities
2. Environmental actions	2. Environmental actions
3. Restructuring provisions	3. Restructuring provisions
4. Other provisions	4. Other provisions
II. Long term debts	**II. Long term debts**
1. Debentures and other marketable securities	1. Debentures and other marketable securities
2. Debt with Credit Entities	2. Debt with Credit Entities
3. Finance lease liabilities	3. Finance lease liabilities
4. Derivatives	4. Derivatives
5. Other financial liabilities	5. Other financial liabilities
III. Long term debts with group and associated companied	**III. Long term debts with group and associated companied**
IV. Deferred tax liability	**IV. Deferred tax liability**
V. Long term accruals	**V. Long term accruals**

Table 8. Non-current liabilities. Business PGC

Table 9. Non-current liabilities. Nonprofit entities PGC

As we can observe, there are no differences between the structure of non-current liabilities and the general accounting plan, and its adaptation, to non-profit entities.

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e) Current Liabilities

I. Liabilities linked to non-current assets held for sale **II. Short-term provisions** **III. Short-term debts** 1. Debentures and other marketable securities 2. Debt with Credit Entities 3. Finance lease liabilities 4. Derivatives 5. Other financial liabilities **IV Short-term debts with group and associated companied** **V. Trade and Other Payables** 1. Suppliers 2. Suppliers, group companies and associates 3. Sundry accounts payable 4. Personnel (pending payments) 5. Current tax liabilities 6. Other payables to Public Administrations 7. Advances received on orders **VI. Short-term accrual accounts**	**I. Liabilities linked to non-current assets held for sale** **II. Short-term provisions** **III. Short-term debts** 1. Debentures and other marketable securities 2. Debt with Credit Entities 3. Finance lease liabilities 4. Derivatives 5. Other financial liabilities **IV Short-term debts with group and associated companied** **V. Beneficiaries / creditors** **VI. Trade and Other Payables** 1. Suppliers 2. Suppliers, group companies and associates 3. Sundry accounts payable 4. Personnel (pending payments) 5. Current tax liabilities 6. Other payables to Public Administrations 7. Advances received on orders **VII. Short-term accrual accounts**
Table 10. Current liabilities. Business PGC	**Table 11. Current liabilities. Nonprofit entities PGC**

The only discrepancy between both standards is the addition of a new epigraph, Creditors and beneficiaries, in which the debt the entity has acquired as a result of the aids and payments is granted because of the compliance of the entity's goals.

<u>Income statements</u> ***(Annex IV)***

In a for-profit entity, in other words, a business entity, the income statement is presented through the **Profit and Loss Account**, which is already a change in the name of the document. In non-profit entities this document acquires the name of **Income Statement.**

In both entities the standards for measuring the benefit must be the same though the amount of the result changes. Although the result for non-profit organizations is useless because its objective is not profit maximization, the expenditure and income of these entities are simply variations of their patrimony.

In the income statement of business enterprises the revenues and the expenses appear separated. They show a profit or a loss. Therefore, it can be said that this financial statement is necessary for calculating profitability on profitable entities, which main objective is to obtain a profit for its shareholders through the production of a good or trough providing a service.

However, the result obtained in non-profit organizations is not actually a reliable indicator of the good or bad management of the organization as it happens in business enterprises. Non-profit entities have altruistic, humanitarian, community and social objectives demanded by the community rather than the achievement of an economic benefit which will end up in the hands of its members or founders.

As a general standard if a business has successful outcomes its management is consequently better. However, the management of a nonprofit is successful if the result is briefly higher than zero. Nevertheless, strong results indicate the entity does not use the available resources to providing services and, on the other hand, lower results indicate, normally, the goals are being achieved by using savings from previous years. In both entities the result indicates whether the organization is financially viable or not and, obviously, the constant loss can lead them to bankruptcy. Therefore, the calculation result becomes less important in nonprofits and becomes an accessory accounting statement

The structure of the income statement does not differ too much from the income statement of business enterprises because both documents allow knowing the surplus or the deficits obtained by the entity, its composition and breaking it down according to their nature.

Therefore, in the first place is obtained the operating income, which comes from commercial and non-commercial activities made by nonprofits.

Secondly the financial result is obtained, which comes from income from participative patrimony instruments, marketable securities and from other financial instruments, and the costs of obtaining external financing from group companies or third parties.

In the third place the ordinary activities result is obtained, which is the sum of the operating result and the financial result.

In the fourth place the extraordinary results, which come from exceptional operations of the entity, are obtained.

Before taxes result is obtained as well. This is the sum of operating, financial and extraordinary income.

Finally, the positive or negative excess is obtained. In this model are also included some specific sections to collect the economic flows of these nonprofit entities.

The excess resulting from the non-profit entity shall not be distributed among the partners or founders but it will be used to increase the patrimony of the organization.

The expenses of non-profit organizations are practically the same as in business enterprises (especially if they have the same nature) and they represent resources that have been used in the financial year. These are, for example, staff costs, running expenses (telephone, electricity, and so on), or financial expenses. But there are some cases in which the costs are different in both entities.

The incomes of non-profit organizations are quite different from those from business enterprises. In regular companies the income comes mainly from the sales of goods or from the provision of services but in these types of entities the income comes mainly from:

a) **Associates and affiliates fees:** they constitute a fixed income.
b) **Income from promotions, sponsors and collaborations.**
c) **Grants, donations and bequests.**
d) **Sales from commercial activity:** There are entities that perform business activities together with non-profit activities and, in this case, the resulting goods or services in the production process of commercial activities receive a financial evaluation. These activities are considered accessory in these nonprofit entities.
e) **Others**

Annual Report

It is well-known that the annual report is used to complete, expand and comment the information contained in the documents that form the annual accounts. The annual report is a document marked by flexibility when providing information.

The standard adapted for nonprofit entities includes some specialty with respect to memory. For example, entities that perform non-profit activities and which also carry out commercial activities need to distinguish whether the fixed assets, the inventories and the expenses are connected with business operations or not. They have to create a specific section called: Equity items related to market activity.

The annual report for these entities should have a social character and specify the objectives, the goals and how to achieve them. The report should also contain assessments of the impact on society, assessments about the valuation to the voluntary participant and its value to the entity.

The annual Report could be the solution for some deficiencies other models have and it could add clear and subjective information as well as reasons why a criterion or another have been chosen or, finally, why some decisions have been taken. Moreover, it could be used to detail the social activities of the entity, to indicate where the domicile of the entity and its legal form is and to indicate if an activity has been developed outside the registered office.

Information about cash flows

The information related to the origin and the use of effective monetary assets and cash equivalents must be shown in the thirtieth section of the memory unlike in business enterprises.

The entity should classify the movements by activities and indicate the net variation during the year.

Treasury is relevant in business enterprises and even more in non-profit organizations since many times new projects cannot be undertake due to lack of liquidity.

VII. CHART OF ACCOUNTS, DEFINITIONS AND ACCOUNTING ENTRIES

As stated above this section aims to find differences between the chart of accounts from both standards and, subsequently, highlight the most relevant aspects

In the most significant cases the names of the accounts have been changed and also their breakdown in more numbers. Specific accounts for these non-profit entities have been added.

The accounts of non-profit entities that differ from the accounts of business enterprises are shown in the Annex IV.

Group 1 Basic financing, there are several differences:

a) In the standard of non-profit organizations the following accounts appear: assigned capital and Foundation endowment. They are the capital the members and the founders have invested. Furthermore, in the standard for business enterprises appear the account for social capital, which reflects the contributions made contributions that cannot be demanded.
b) In the Standard of non-profit entities the accounts 108 and 109 of shares and own equity instruments do not appear because they lack this type of goods.
c) 121 and 129 accounts' name has been changed by using the word "surpluses" instead of "result".

Group 2, Non-current assets:

a) In the section of intangible assets appears a new account, the 207, for rights on assets ceded in use together with their corresponding amortization and impairment.
b) The epigraph 24, the one for historical patrimony assets, is included because these goods are characteristic of non-profit entities and, therefore, they need specific accounts.

Group 3, Inventories:

a) The only difference is the new designation for account 30, which has been baptize as "inventories for own activity".

Group 4, Creditors and debtors from operations of the activity:

a) In the first place group's name has been changed and subsequently baptized as "creditors and debtors from operations of the activity" instead of the former "creditors and debtors from commercial operations".
b) The name of the accounts of various creditors has changed as well baptizing several beneficiaries and creditors.
c) The accounts 4480 (Sponsors), 4482 (Affiliates), and 4489 (Other receivables) have been added since these are the collection rights of this entity.

Group 5, Financial Accounts:

a) The only difference this group contains is the omission of the accounts whose activities are not performed in this entity. Accounts such as 501 (Short-terms obligations and convertible bonds), 502 (Shares or units regarded as short-term financial liabilities), 507 (Dividends of shares considered as financial liabilities), 526 (Interim dividend payable) and 557 (Interim dividend to account).

Group 6, Purchases and expenses:

a) The expenditures of these entities are added.
b) A new section is added: 65. Monetary aid of the entity and other management expenditures.

Group 7, Sales and revenues:

a) Revenues that are exclusive to these types of entities, such as the new 72 section, are added: revenues of the entity including quotas from the associated and from the affiliated, user quotas, fundraising promotions, sponsors revenues, sponsorship and corporate collaborations.

VIII. CONCLUSIONS

The primary objective of this final project, has been analyzing the differences between two accounting standards: General Plan Accounting for Non-profit Organizations and General Accounting plan for business

Following the structure of the project, the conceptual framework of accounting for non-profit entities acquires a social character changing the definition of assets and expanding the number of recipients for whom financial statements are addressed. Social activities' beneficiaries as well as the general public are welcomed as a result of the goals these entities have. The assets of the nonprofit entities must contribute to attaining the objectives set by them which, unlike business firms, will not achieve more benefits though the objective is to improve the quality and quantity from the services rendered. The principles and criteria of business firms can be applied to the preparation of the financial statements of non-profit entities.

Regarding valuation and registration rules in nonprofit organizations it must be said this is the section that contains more differences in relation to business firms. The most significant changes are the introduction of a new concept, assets not generators of cash, and also new standards for historical patrimony assets. The rules for Own Equity Instruments are omitted because of the lack of relation with these entities and, above all, the importance of grants, donations and legacies is highlighted since they are their greatest source of income. On the other hand, they have little presence in business firms. In concept like grants, donations and bequests not only monetary deliveries are included, the work done by volunteers is included as well even though the accounting treatment does not differ significantly from business firms.

The documents which integrate the financial statements also change but, in fact, this does not produce significant differences in the information contained therein. They include a few documents but, at least, the annual report and the income statement include information on cash flows and changes in equity. However, the income statement should not be interpreted as an indicator of good or bad management of the institution because highly results means the entity does not provide all the social services that could provide so it is not fulfilling its objective appropriately.

The structure of the financial statements presents relevant changes in assets for its new social focus, in the income statement because a new paragraph is added to the calculation of changes in equity, and equity because of the absence of shareholders. New sections are introduced and several names change according to non-profit organizations considering that these documents require a different interpretation.

Regarding the chart of accounts, the groups with significant differences are the followings: 1. Basic Financing and groups 6 and 7 of expenditure and income, especially in income since the non-profit organizations receive it from other sources.
In the end, accounting for non-profit organizations differs from that of business firms in a few details. What really changes is the interpretation of accounting information due to its social nature.

Therefore, to understand this kind of information and to study the accounts of nonprofit entities we must understand what these entities are and what they represent to society in the first place.

IX. ANNEXES

ANNEX I

Law 49/2002 of 23 December on the tax regime for nonprofit entities and tax incentives for patronage

Entities Special Regime

All the entities embraced by this regime must present and declare their exempt and non-exempt rents.

The tax rate taxed in this regime is 10 per cent for non-exempt income.

The following entities can be included in this regime:

- Foundations.
- Associations of public utility.
- Development cooperation associations and delegations from foreign foundations.
- The delegations from foreign foundations which are enrolled in the Foundations Register.
- Spanish Sports Federations of regional level.
- Nonprofit entities' federations and associations regarding previous points.
- More entities such the Spanish Red Cross, the Catholic Church, and so on.

These entities must fulfill the requisites below in order to obtain benefit from Law 49/2002 and to apply the special tax regime:

- Pursuing objectives of general interest.
- At least a 70 per cent of its rents and revenues must be earmark for these objectives.
- Revenues not related to statutory purposes by economic operations must not exceed a 40 per cent of total revenues.
- Patrons, associates founders, board directors or their family members up to the fourth degree of consanguinity cannot be the main recipients of entities' services.
- Positions such as patron, representative and executive must be free.

- In case of dissolution the patrimony should be earmarked for other entities which pursue goals of general interest.
- Be registered in the suitable register.
- Comply with the accounting requirements.
  - Meet the conditions reporting of annual accounts in accordance within legislation and within the corresponding register.
- Prepare an annual report to identify the income, the expenditure and the percentage of participation

Regime of Partially-exempt Organizations

This regime is applied to entities which do not beneficiate from LAW 49/2002 of 23 December on the tax regime of non-profit entities and tax incentives for patronage. They do not beneficiate because they do not fulfill the previous requirements or, maybe, because they actually comply the requirements but they have chosen a different regime.

These entities must comply with the standards of corporation tax which quote them as partially exempt entities. Article 122 expounds these entities will not have to present the income tax if they comply with the following requirements:

a) Total income cannot exceed EUR 100,000 per year.
b) Revenue from rent not exempted subject to withholding cannot exceed EUR 2,000 per year.
c) Non-exempt rents are subject to withholding.

Entities which do not comply with previous requirements must present the corporate income tax.

ANNEX II

Article 334. Immovable Property

Is considered as immovable property:

1. Lands, buildings, roads and, in general, constructions adhered to the ground.
2. Plants, trees and the resulting fruits while attached to the land or when participating as an integral part of a building.
3. The elements attached to an immovable that cannot be removed without causing damage.
4. Statues, reliefs, paintings and more ornamental objects placed by the owner of the property revealing a permanent purpose.
5. Machines, vessels, instruments or implements intended for exploiting any good in the building and placed by the owner of the property. They contribute to the needs of the holding.
6. Nurseries animals, dovecotes, beehives, fish ponds or similar breeding when the owner has placed or preserved them with the aim of keeping them attached to the estate permanently.
7. Mines, quarries and slag heaps while its raw material remains attached to the site. River channels and standing water as well.
8. Dikes and buildings, even if they are floating, when intended to remain in a fixed point of a river, a lake or a coast.
9. Administrative public works concessions, easements and rights over immovable property.

ANNEX III

Chart of Accounts. Non-profit entities

GROUP 1

Basic Financing

10. CAPITAL.

100. Endowment foundation.

103. Founders and associates for uncalled capital.

1030. Founders for uncalled capital.

1034. Associate for uncalled capital.

104. Founders and associates for non-monetary pending contributions.

1040. Founders for non-monetary pending contributions.

1044. Associates for non-monetary pending contributions.

11. RESERVES.

111. Statutory reserves.

12. SURPLUS PENDING APPLICATION

121. Prior periods' surplus

129. Surplus for the period

13. GRANTS, DONATIONS, BEQUESTS AND OTHER VALUE ADJUSTMENTS.

130. Official capital grants.

1300. Government subsides.

1301. Subsides from other public administrations.

GROUP 2

Non-current assets

20. INTANGIBLE ASSETS.

207. Rights on leased assets in use.

24. HISTORICAL PROPERTY ASSETS

240. Immovable property

2400. Monuments.

2401. Historic Gardens.

2402. Historical ensembles.

2403. Historic Places.

2404. Archaeological zones.

241. Files.

242. Libraries.

243. Museums.

244. Movable assets

249. Advances on Historical Patrimony Assets

2490. Advances on property of the Historical Patrimony

2491. Advances on Historical Patrimony files

2492. Advances on libraries belonging to Historical Patrimony.

2493. Advances on museums belonging to Historical Patrimony.

2494. Advances in movable assets of Historical Patrimony

28. ACCUMULATED DEPRECIATION OF FIXED ASSETS AND OTHER CORRECTIVE ACCOUNTS.

280. Accumulated depreciation of intangible assets.

2807. Accumulated depreciation of assets leased rights to use.

283. Cessions use without consideration.

2830. Cessions use of intangible assets.

2831. Cessions use of tangible assets.

2832. Cessions use of investment property

29. IMPAIRMENT OF NON-CURRENT ASSETS

2907. Impairment of assets leased rights to use.

299. Impairment of assets of the Historical Patrimony

2990. Impairment of immovable assets.

2991. Impairment of files.

2992. Impairment of libraries.

2993. Impairment of Museums.

2994. Impairment of movable assets

GROUP 3

Inventories

30. GOODS FOR ACTIVITY.

300. A Goods.

301. B Goods.

302. A Articles.

303. B Articles.

GROUP 4

Payable and debtors operations activity

41. BENEFICIARIES AND OTHER PAYABLES.

412. Beneficiaries and creditors.

448. Sponsors, affiliates and other debtors.

4480. Sponsors.

4482. Affiliates.

4489. Other debtors.

46. PERSONAL.

464. Deliveries to justify expenses.

47. PUBLIC ENTITIES

4707. Taxation Authorities receivables for the collaboration in the delivery and distribution of grants (Article 12 within the Law on Grants).

4757. Taxation Authorities, taxes payable by grants received in respect of collaborating entity (Article 12, Act Grants).

49. IMPAIRMENT OF RECEIVABLES OPERATIONS ACTIVITY AND SHORT TERM PROVISIONS.

495. Impairment of credits users, sponsors, affiliates and other debtors.

GROUP 5

Financial accounts

55. ACCOUNTS BANK ACCOUNTS OTHER THAN

558. Founders and associates for calls on equity.

GROUP 6

Purchases and expenses

60. PURCHASES.

600. Purchases of goods for the activity.

6060. Prompt payment discounts on purchases of goods for the activity.

608. Purchase transactions returns and similar operations.

6080. Purchase of goods for returns to activity

6090. Volume discounts of goods for the activity**.**

61. CHANGES IN INVENTORIES

610. Changes in inventories of goods for the activity.

65. MONETARY AID MANAGEMENT ENTITY AND OTHER EXPENSES.

650. Monetary aid.

6501. Individual monetary aid.

6502. Individual monetary aid.

6503. Monetary aid made through other entities or institutions.

6504. Monetary aid of international cooperation.

651. Nonmonetary aid.

6511. Individual non-monetary aid.

6512. Nonmonetary aid agencies.

6513. Nonmonetary aid made through other entities or institutions.

6514. Nonmonetary aid of international cooperation.

653. Compensation costs from benefits of collaboration.

654. Reimbursement of expenditure to the boards of directors.

655. Losses from bad debts arising from the business.

656. Results of operations in common.

6560. Transferred benefit (manager).

6561. Losses Incurred (non-trustee venture or associate)

658. Refund of grants, donations and bequests, in relation with activity of the entity.

67. LOSSES ON NON-CURRENT ASSETS AND EXCEPTIONAL EXPENSES

671. Losses on property, equipment and Historical Patrimony Assets**.**

69. IMPAIRMENT LOSSES AND OTHER CHARGES

691. Impairment losses on tangible assets and Historical Patrimony Assets.

6911. Impairment of Historical Patrimony Assets.

6931. Impairment of goods for the activity.

694. Impairment losses on credits from the activity.

695. Provision for operations of the activity.

6954. Provision for onerous contracts.

6959. Provision for other operations of the activity.

GROUP 7

Sales and income

72. OWN INCOME OF THE ENTITY.

720. Quotes of partners and affiliates.

721. Quotes users.

722. Promotions for fundraising.

723. Revenue from sponsors and collaborations.

7230. Sponsorship.

7231. Advertising Sponsorship.

7233. Enterprise Collaboration.

728. Revenue for reimbursement of aids and allocations.

74. GRANTS, DONATIONS AND BEQUESTS.

745. Grants transferred surplus for the year.

748. Other subsidies transferred surplus for the year.

77. GAINS ON NON-CURRENT ASSETS AND EXCEPTIONAL INCOME

771. Gains on tangible assets and Historical Heritage assets.

79. EXCESS AND APPLICATIONS OF PROVISIONS AND IMPAIRMENT LOSSES.

791. Reversal of impairment of tangible assets and Historical Patrimony Assets.

7931. Reversal of impairment of goods for the activity.

ANNEX IV

A) CONTINUING OPERATIONS
1. Revenue
a) Sales
b) Services rendered
2. Changes in inventories of finished goods and work in progress
3. Work carried out by the company for assets
4. Supplies
a) Merchandise used
b) Raw materials and other consumables used
c) Subcontracted work
d) Impairment of merchandise, raw materials and other supplies
5. Other operating income
a) Non-trading and other operating income
b) Operating grants taken to income
6. Personnel expenses
a) Salaries and wages
b) Employee benefits expense
c) Provisions
7. Other operating expenses
a) External services
b) Taxes
c) Losses, impairment and changes in trade provisions
d) Other operating expenses
8. Amortization and depreciation
9. Non-financial and other capital grants
10. Provision surpluses
11. Impairment and gains/(losses) on disposal of fixed assets
a) Impairment and losses
b) Gains/(losses) on disposal and other
A.1) RESULTS FROM OPERATING ACTIVITIES (1+2+3+4+5+6+7+8+9+10+11)
12. Finance income
a) Dividends
a1) Group companies and associates
a2) Other
b) Marketable securities and other financial instruments
b1) Group companies and associates
b2) Other
13. Finance expenses
a) Group companies and associates
b) Other
c) Provision adjustments
14. Change in fair value of financial instruments
a) Trading portfolio and other
b) Proceeds from available-for-sale financial assets
15. Exchange gains/(losses)
16. Impairment and gains/(losses) on disposal of financial instruments
a) Impairment and losses
b) Gains/(losses) on disposal and other
A.2) NET FINANCE INCOME/(EXPENSE) (12+13+14+15+16)
A.3) PROFIT/(LOSS) BEFORE INCOME TAX (A.1+A.2)
17. Income tax expense
A.4) PROFIT/(LOSS) FROM CONTINUING OPERATIONS (A.3+17)
B) DISCONTINUED OPERATIONS
18. Profit/(loss) from discontinued operations, net of income tax
A.5) PROFIT/(LOSS) FOR THE PERIOD (A.4+18

Table 12. Income Statements. Business PGC

A) SURPLUS OF THE YEAR
1. Revenues from the activity
a) Associates and affiliates fees
b) User contributions
c) Income from promotions, sponsors and collaborations
d) Grants, donations and bequests (surplus of the year)
e) Refunds to aids and assignments
2. Sales and other income from commercial activity
3. Expenses for aid and others
a) Cash aid
b) Non-cash aid
c) Collaborations expenses and governing body
d) Repayment of grants, donations and bequests
4. Changes in inventories of finished goods and work in progress
5. Work performed by the entity for its assets
6. Supplies
7. Other activity incomes
8. Personnel expenses
9. Other activity expenses
10. Amortization of fixed assets
11. Grants, donations and bequests of capital transferred surplus of the year
12. Provision surpluses
13. Impairment and gains/(losses) on disposal of fixed assets
A.1) SURPLUS OF ACTIVITY (1+2+3+4+5+6+7+8+9+10+11+12+13)
14. Finance income
15. Finance expenses
16. Change in fair value of financial instruments
17. Exchange gains/(losses)
18. Impairment and gains/(losses) on disposal of financial instruments
A.2) SURPLUS OF FINANCIAL TRANSACTIONS (14+15+16+17+18)
A.3) SURPLUS BEFORE INCOME TAX (A.1+A.2)
19. Income tax expense
A.4) Change in net equity recognized in the surplus of the year (A.3 + 19)
B) Income and expense recognized directly to net equity
1. Grants received
2. Donations and bequests received
3. Other income and expenses
4. Tax effect
B.1) Change in net equity of income and expense recognized directly in equity (1+2+3+4)
C) Reclassifications surplus for the year
1. Grants received
2. Donations and bequests received
3. Other income and expenses
4. Tax effect
C.1) Change in net equity for reclassifications surplus for the year (1+2+3+4)
D) Changes in net equity for income and expense recognized directly to net equity (B.1+C.1)
E) Adjustments for changes in criteria
F) Adjustments for errors
G) Changes in the foundation endowment or social fund
H) Other changes
I) TOTAL RESULT, CHANGES IN NET EQUITY FOT THE YEAR (A.4+D+E+F+G+H)

Table 13. Income Statements. Nonprofit entities PGC

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