Topic 5:

The annual accounts

Ana Mª Arias Alvarez

University of Oviedo
Department of Accounting
amarias@uniovi.es

School of Business Administration
Course: Financial Statement Analysis and Management Control
Bachelor's Degree in Economics

5.1. Introduction.

5.2. The Balance Sheet.

5.3. The Income Statement.

5.4. The Statement of Cash Flows.

5.5. The Statement of Changes in Equity.

5.6. Notes to the Annual Accounts.

5.7. Consolidated Annual Accounts.

5.1: INTRODUCTION.

Spanish General Accounting Plan: Part three

Documents

BALANCE SHEET
Assets, liabilities and equity

INCOME STATEMENT
Income and expenses (profit/loss)

STATATEMENT OF CASH FLOWS
Origin and use of monetary assets representing cash and cash equivalents

STATEMENT OF CHANGES IN EQUITY
“Statement of recognised income and expense” and “Statement of total changes in equity”

NOTES TO THE ANNUAL ACCOUNTS
They complement and expand upon the information provided in the other documents

Preparation

Preparation of Annual Accounts:

Publication, name of the reporting entity and the period to which they refer,…

Structure

Standard o abbreviated, based on:

- Total assets
- Total annual revenue
- Average number of employees

5.2: THE BALANCE SHEET.

Assets = Equity + Liabilities

Assets	Equity + Liabilities
Non-current assets	Equity
	Non-current liabilities
Current assets	Current liabilities

Economic Resources = Financial Structure

BALANCE SHEET LAYOUT

Assets	=	Equity + Liabilities

Non-current assets

- Intangible assets
- Property, plant and equipment
- Investment property
- Non-current investments in group companies and associates
- Non-current investments
- Deferred tax assets

Current assets

- Non-current assets held for sale
- Inventories
- Trade and other receivables
- Current investments in group companies and associates
- Current investments
- Prepayments for current assets
- Cash and cash equivalents

Equity

- Capital and reserves without valuation adjustments
- Valuation adjustments
- Grants, donations and bequests received

Non-current liabilities

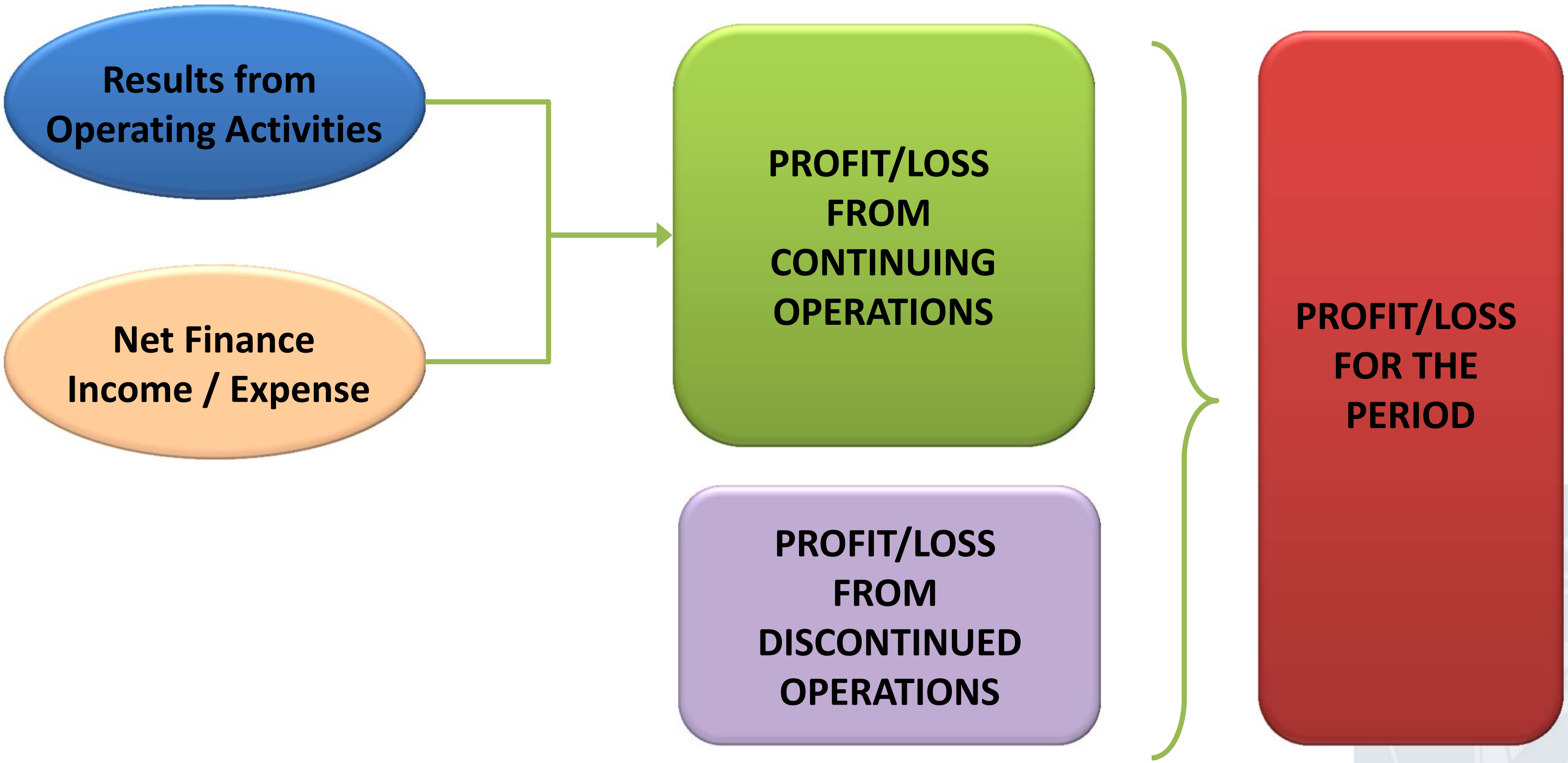
- Non-current provisions
- Non-current payables
- Group companies and associates, non-current
- Deferred tax liabilities
- Non-current accruals

Current liabilities

- Liabilities associated with non-current assets held for sale
- Current provisions
- Current payables
- Group companies and associates, current
- Trade and other payables
- Current accruals

Economic resources	=	Financial structure

5.3: THE INCOME STATEMENT.



5.4: THE STATEMENT OF CASH FLOWS.

Cash and Cash equivalents at Beginning of period

Cash Flows from Operating Activities:

- Profit /Loss for the period (before tax)
- Adjustments for…
- Changes in operating assets and liabilities
- Other cash flows from operating activities

Cash Flows from Investing Activities:

- Payments for investments
- Proceeds from sale of investments

Cash Flows from Financing Activities:

- Proceeds from and payments for equity instruments
- Proceeds from and payments for financial liability instruments
- Dividends and interest on other equity instruments paid

Cash and Cash equivalents at End of period

5.5: THE STATEMENT OF CHANGES IN EQUITY.

A) Statement of Recognised Income and Expense:

-Profit (loss) for the period
-Income and expense recognised directly in equity
-Amounts transfered to the Income Statement

B) Statement of Total Changes in Equity:

- Total recognised income and expense
- Changes in equity due to transactions with equity holders or owners
- Other changes in equity
- Adjustments for changes in accounting policies and corrections of errors

5.6: NOTES TO THE ANNUAL ACCOUNTS.

The notes complement and expand upon the information provided in the other documents comprising the annual accounts

1. Activity of the company
2. Basis of presentation of the annual accounts
3. Distribution of profit/application of losses
4. Recognition and measurement standards
5. Property, plant and equipment
6. Investment property
7. Intangible assets
8. Leases and similar transactions
9. Financial instruments
10. Inventories
11. Foreign currency
12. Taxation
13. Income and expenses
14. Provisions and contingencies
15. Environmental information
16. Long-term employee benefits
17. Share-based payment transactions
18. Grants, donations and bequests
19. Business combinations
20. Joint ventures
21. Non-current assets held for sale and discontinued operations
22. Events after the balance sheet date
23. Related-party transactions
24. Other information
25. Segment information

5.7: CONSOLIDATED ANNUAL ACCOUNTS.

- If a company (parent company) exercises control over the activities of another (subsidiary company), that is, the directors of the parent company dictate the subsidiary company's policies, a "group" is said to exist.

- When there is a group, a set of financial statements is drawn up annually not only for each individual company but also for the group taken as a whole (consolidated financial statements).