LESSON 3

Balance Sheet

Outline

3.1. Introduction: definition and purpose.
3.2. Format of the Balance Sheet.
3.3. Assets.
  3.3.1. Non-current assets.
  3.3.2. Current assets.
3.4. Equity.
  3.4.1. Shareholders’ equity.
  3.4.2. Adjustments for changes in value: amounts recognized directly in equity.
  3.4.3. Grants, donations and legacies received.
3.5. Liabilities.
  3.5.1. Non-current liabilities.
  3.5.2. Current liabilities.
The annual accounts

- Balance Sheet
- Income Statement
- Statement of Changes in Equity
- Cash Flow Statement
- Notes to the Financial Statements

Balance Sheet

- Shows, at a given date, the company's financial position:
  - the economic resources (assets) it controls and
  - where its finance comes from (liabilities and equity)
- From an economic point of view:
  Represents financial resources received either from shareholders (equity) or from external agents (liabilities) that allow the firm to make the necessary investments (assets) in order to be able to develop its business.
Format of the Balance Sheet

A balance sheet can be presented according to two basic formats:
- Horizontal balance sheet
- Vertical balance sheet
The structure of the Balance Sheet reproduces the accounting equation:

\[ \text{Assets} = \text{Owners' Equity} + \text{Liabilities} \]
Horizontal Balance Sheet

- **Assets** appear on the left-hand side and **liabilities** on the right-hand side.
- **Assets** are sorted by liquidity – from less liquid (long-term assets) to more liquid (current assets) – and **liabilities** are sorted by payment – starting with those that will be paid back in the long run (i.e. owners’ equity and long-term liabilities) and finishing with those that are due in the short run (current liabilities).

Liquidity measures how quickly an item can be converted to cash.

A balance sheet usually lists assets and liabilities in the order of their relative liquidity.

Source: Harrison & Horngren (2001)
## Horizontal balance sheet
### Fourth EC Accounting Directive

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities and equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>Ordinary shares</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>Reserves</td>
</tr>
<tr>
<td>Investments</td>
<td>Retained profit</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>Shareholders' equity</td>
</tr>
<tr>
<td>Stocks</td>
<td>Provisions</td>
</tr>
<tr>
<td>Debtors</td>
<td>Financial liabilities</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>Trade liabilities</td>
</tr>
<tr>
<td>Deferred charges</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,763</td>
<td>6,763</td>
</tr>
</tbody>
</table>

## Horizontal balance sheet
### US format

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities and equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>Trade payables</td>
</tr>
<tr>
<td>Deferred charges</td>
<td>Debt</td>
</tr>
<tr>
<td>Receivables</td>
<td>Provisions</td>
</tr>
<tr>
<td>Inventory</td>
<td>Equity</td>
</tr>
<tr>
<td>Fixed assets:</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>Ordinary stock</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>Reserves</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>Retained profit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,763</td>
<td>6,763</td>
</tr>
</tbody>
</table>
### Vertical Balance Sheet

**Assets**
- Liabilities

\[ \text{Assets} - \text{Liabilities} = \text{Owners' equity} \implies \text{Residual claims of owners} \]

- Contributed funds (share capital)
- Earned funds (accumulated profits)

**Equity**

The residual interest in the assets of the enterprise after deducting all its liabilities.

### Balance Sheet - Vertical format

<table>
<thead>
<tr>
<th></th>
<th>€'000</th>
<th>€'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangibles</td>
<td>943</td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>1,988</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>213</td>
<td>3,144</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>1,589</td>
<td></td>
</tr>
<tr>
<td>Debtors and prepaid¹</td>
<td>1,149</td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>881</td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>3,619</td>
<td></td>
</tr>
<tr>
<td>Creditors due in less than one year</td>
<td>(359)</td>
<td></td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td>3,260</td>
<td></td>
</tr>
<tr>
<td>Creditors due in more than one year</td>
<td>(1,500)</td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>(520)</td>
<td></td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td></td>
<td>4,384</td>
</tr>
<tr>
<td>Ordinary shares</td>
<td>2,455</td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>982</td>
<td></td>
</tr>
<tr>
<td>Retained profits</td>
<td>947</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,384</td>
<td></td>
</tr>
</tbody>
</table>
Balance Sheet - Vertical format

7.2 Industrias de Banco, S.A., and subsidiary companies
Consolidated balance sheet

7.3 Format of the Balance Sheet in new P.G.C.

- The Balance Sheet format is established in the new P.G.C. in:
- **Section III. Annual Accounts:**
  1. Rules for the preparation of the Annual Accounts
  2. Normal models of the Annual Accounts
  3. Abbreviated models of the Annual Accounts
Format of the Balance Sheet in new P.G.C.

- “The Balance Sheet includes, with the appropriate division, the assets, liabilities and equity of the company” (PGC, 2007).
- There are two models:
  - Normal
  - Abbreviated

The firm has the possibility of formulating abbreviated balance sheet if it complies with the following criteria during 2 consecutive years:

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets amount not higher than:</td>
<td>2,850,000 €</td>
</tr>
<tr>
<td>Total net sales revenue amount not higher than:</td>
<td>5,700,000 €</td>
</tr>
<tr>
<td>Average number of employees not higher than:</td>
<td>50</td>
</tr>
</tbody>
</table>
Format of the Balance Sheet in new P.G.C.

- Normal model:

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>LIABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Non-current assets</td>
<td>A) Equity</td>
</tr>
<tr>
<td></td>
<td>B) Non-current liabilities</td>
</tr>
<tr>
<td>B) Current assets</td>
<td>C) Current liabilities</td>
</tr>
</tbody>
</table>

- Assets and liabilities are classified as:
  - Non-current vs. current
Current vs. non-current

Current assets

An asset shall be classified as current when it satisfies any of the following criteria:

• it is expected to be sold, consumed or realized in the entity’s normal operating cycle;
• it is expected to be sold, consumed or realized in the short-term, that is, within twelve months after the balance sheet date;
• it is a financial asset classified as “held for trading” (held primarily for the purpose of being traded); or
• it is cash or a cash equivalent.

All other assets shall be classified as non-current.

Normal operating cycle

The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.
Current vs. non-current

Normal operating cycle

When the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be 12 months.

Current assets include assets (such as inventories and trade receivables) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the balance sheet date.

Current vs. non-current

Current liabilities

A liability shall be classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the entity’s normal operating cycle;
- it is due to be settled in the short-term, that is, within twelve months after the balance sheet date; in particular, those for which the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.
- it is a financial liability classified as “held for trading” (held primarily for the purpose of being traded);

All other liabilities shall be classified as non-current.
### Current vs. non-current

<table>
<thead>
<tr>
<th>Normal operating cycle</th>
<th>When the entity’s normal operating cycle is not clearly identifiable, its duration is assumed to be 12 months.</th>
</tr>
</thead>
</table>

Some current liabilities, such as trade payables and some accruals for employee and other operating costs, are part of the working capital used in the entity's normal operating cycle. Such operating items are classified as current liabilities even if they are due to be settled more than twelve months after the balance sheet date.

### Assets – normal model

<table>
<thead>
<tr>
<th>ASSETS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A) Non-current assets</strong></td>
</tr>
<tr>
<td>I. Intangible assets</td>
</tr>
<tr>
<td>II. Tangible fixed assets</td>
</tr>
<tr>
<td>III. Investment property</td>
</tr>
<tr>
<td>IV. Long-term investments in subsidiaries and associated companies</td>
</tr>
<tr>
<td>V. Long-term financial investments</td>
</tr>
<tr>
<td>VI. Deferred tax assets</td>
</tr>
</tbody>
</table>
Non-current assets

1. Intangible assets

Noncurrent, nonmonetary assets without physical substance that are held for use in the production or supply of goods or services or for administrative purposes and which are expected to be used during more than one period.

1. Research and development.
2. Administrative concessions.
3. Intellectual property, trademarks and others.
5. Computer software.
6. Other intangible assets.

\[
\text{Net of accumulated depreciation} \\
\text{Net of losses for assets impairment} \\
\rightarrow \text{NET BOOK VALUE}
\]
Non-current assets

Assets impairment

→ Possible diminution in value that might be associated with long-lived asset
→ Assets should be periodically reviewed for possible impairment
→ Impairment loss = excess of the carrying amount (net book value) of an asset over its recoverable amount

II. Tangible fixed assets

Assets of physical substance that are held by an enterprise for use in the production or supply of goods or services or for administrative purposes and which are expected to be used during more than one period.
Non-current assets

II. Tangible fixed assets
   1. Land and structures.
   2. Plant and machinery, tools, furniture and other tangible assets.
   3. Tangible fixed assets in progress and advances.

   ➢ Net of accumulated depreciation
   ➢ Net of losses for assets impairment

\[ \text{NET BOOK VALUE} \]

III. Investment property

Real state (land and buildings) being held to:
- earn rentals, or
- for capital appreciation,
- or both,
  rather than for use in production or supply of goods or services, or for administrative purposes, or for sale in the ordinary course of business.
Non-current assets

III. Investment property

An investment property generates cash-flows that are largely independent from the entity’s other assets.
Examples:
- Land held for long-term capital appreciation
- A current vacant building that will be leased out

Net book value

- Net of accumulated depreciation
- Net of losses for assets impairment

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Non-current assets

What about LEASING contracts?

- No necessarily classified as intangible asset
- The assets that is being used should be classified according to its nature (tangible or intangible)

IV. Long-term investments in subsidiaries and associated companies

1. Holdings in equity.
2. Loans to companies.
3. Debt instruments.
4. Derivative financial instruments.
5. Other financial assets.
**Non-current assets**

V. Long-term financial investments
   1. Holdings in equity.
   2. Loans to companies.
   3. Debt instruments.
   4. Derivative financial instruments.
   5. Other financial assets.

**Assets – normal model**

<table>
<thead>
<tr>
<th>ASSETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>B) Current assets</td>
</tr>
<tr>
<td>I. Non-current assets held for sale</td>
</tr>
<tr>
<td>II. Inventories</td>
</tr>
<tr>
<td>III. Trade accounts receivables and other receivables</td>
</tr>
<tr>
<td>IV. Short-term investments in subsidiaries and associated companies</td>
</tr>
<tr>
<td>V. Short-term financial investments</td>
</tr>
<tr>
<td>VI. Accrual accounts</td>
</tr>
<tr>
<td>VII. Cash and cash equivalents</td>
</tr>
</tbody>
</table>
Current assets

I. Non-current assets held for sale

- Providing information about assets and groups of assets and liabilities to be disposed of is of benefit to users of financial statements.
- Such information should assist users in assessing the timing, amount and uncertainty of future cash flows.

An entity shall classify a non-current asset as held for sale if:

- its carrying amount (book value) will be recovered principally through a sale transaction rather than through continuing use, and
- the following circumstances are met:
  - the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets
  - its sale must be highly probable
Current assets

I. Non-current assets held for sale

The sale can be considered as highly probable if:

1. the appropriate level of management must be committed to a plan to sell the asset, and an active program to locate a buyer and complete the plan must have been initiated.
2. the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
3. the sale is expected to qualify for recognition as a completed sale within one year from the date of classification(*)
4. actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

(*) if events or circumstances beyond the entity’s control extend the period to complete the sale beyond one year, the asset will be classified as held for sale if there is sufficient evidence that the entity remains committed to its plan to sell the asset.
Current assets

1. Non-current assets held for sale

It also includes **DISPOSAL GROUPS**:

- group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Assets

<table>
<thead>
<tr>
<th>Tangible fixed assets</th>
<th>Investment property</th>
<th>NCA held for sale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Cash flows?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operating activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accesory activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Disposal of the asset</td>
</tr>
</tbody>
</table>
Current assets

II. Inventories

Assets held, either for sale in the ordinary course of business or in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

1. Commercial (goods for sale).
2. Raw materials and other supplies.
3. Work-in process.
4. Finished goods.
5. Auxiliary products, consumables & replacements.
6. Advances to suppliers.

➢ Net of losses for assets impairment
Current assets

III. Trade accounts receivables and other receivables

Include assets like trade accounts receivable, receivables from affiliated companies, employee receivables, etc.

Trade accounts receivable represents amounts due from customers arising from transactions in the ordinary course of business.

1. Trade accounts receivables for sale and services. (*)
2. Accounts receivables from subsidiaries and associated companies. (*)
4. Employee receivables.
5. Assets for current tax.
6. Other receivables from public authorities.
7. Called subscribed capital receivable.

(*) Net of losses for assets impairment
7. Called subscribed capital receivable.

Subscribed capital receivable:
- Right to receive cash from shareholders for the amount of the capital stock that has been subscribed but has not been fully paid yet.
- The 25% of the subscribed capital and the share premium should be paid at the moment of the subscription.
- Some capital may be collected at separate calls. The shares do not become fully paid until the last call has been made.
Current assets

- Uncalled subscribed capital receivable: it is not an asset.

A) EQUITY

A-1) Shareholders' equity.

I. Capital.
   1. Registered capital.
   2. (Uncalled subscribed capital).

IV. Short-term investments in subsidiaries and associated companies

1. Holdings in equity.
2. Loans to companies.
3. Debt instruments.
4. Derivative financial instruments.
5. Other financial assets.
Current assets

V. Short-term financial investments

1. Holdings in equity.
2. Loans to companies.
3. Debt instruments.
4. Derivative financial instruments.
5. Other financial assets.

VI. Accrual accounts

Expenses paid in advance
Interest paid in advance
Current assets

VII. Cash and cash equivalents

1. Cash

2. Cash equivalents
   Financial instruments that:
   - are readily convertible to know amounts of cash,
   - in the date of acquisition the original maturity is three months or less,
   - have negligible risk of changes in value, and
   - are used in the usual entity's cash management.

Format of the Balance Sheet in new P.G.C.

- Normal model

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>LIABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Non-current assets</td>
<td>A) Equity</td>
</tr>
<tr>
<td>B) Current assets</td>
<td>B) Non-current liabilities</td>
</tr>
<tr>
<td></td>
<td>C) Current liabilities</td>
</tr>
</tbody>
</table>
Liabilities - normal model

<table>
<thead>
<tr>
<th>LIABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) EQUITY</td>
</tr>
<tr>
<td>A-1) Shareholders’ equity</td>
</tr>
<tr>
<td>A-2) Adjustments for changes in value</td>
</tr>
<tr>
<td>A-3) Grants, donations and legacies received</td>
</tr>
</tbody>
</table>

Equity

<table>
<thead>
<tr>
<th>A) EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-1) Shareholders’ equity</td>
</tr>
<tr>
<td>I. Capital.</td>
</tr>
<tr>
<td>1. Registered capital.</td>
</tr>
<tr>
<td>2. (Uncalled subscribed capital).</td>
</tr>
<tr>
<td>II. Additional paid-in capital (share premium).</td>
</tr>
<tr>
<td>III. Reserves.</td>
</tr>
<tr>
<td>1. Legal and statutory.</td>
</tr>
<tr>
<td>2. Other reserves.</td>
</tr>
<tr>
<td>IV. (Shares in the entity held by the entity).</td>
</tr>
</tbody>
</table>
Equity

A) EQUITY

A-1) Shareholders’ equity

V. Prior years' income.
   1. Non-distributed income.
   2. (Prior years' negative income).

VI. Other owners' contributions.

VII. Income for the year.

VIII. (Dividends paid in advance).

IX. Other equity instruments.

A-2) Adjustments for changes in value

I. Financial instruments available for sale.

II. Hedging operations.

III. Other.
Equity

A-2) Adjustments for changes in value

- Revenues and expenses that are directly recognized in Equity, until that according to the Recognition and Valuation Standards they are transferred to the Income Statement.

Equity

A-2) Adjustments for changes in value

I. Financial instruments available for sale

- Adjustments derived from the valuation at fair value of financial instruments that are valued at fair value through equity. In particular, from the valuation of available for sale financial instruments.
**Equity**

A-3) Grants, donations and legacies received

- Grants, donations and legacies,
- non returnable,
- received from third parties that are not shareholders, and
- that are pending of being transferred to the Income Statement

---

**Liabilities - normal model**

**B) NON-CURRENT LIABILITIES**

I. Long-term provisions.
   2. Environmental actions.
   4. Other provisions.

II. Long-term debt.
   1. Debentures and other negotiable securities.
   2. Long-term debt payable to credit institutions.
   3. Long-term debt from leasing contracts.
   4. Derivative financial instruments.
   5. Other financial liabilities.

III. Long-term debt payable to subsidiaries and associated companies.

IV. Deferred tax liability.

V. Long-term accrual accounts.
Non-current liabilities

I. Long-term provisions

Liabilities that comply with the definition and recognition criteria of the conceptual framework, but there is uncertainty:

- regarding the amount of the liability or
- regarding the date of settlement.

That implies that a provision will be recognized only when:

- A past event has created a legal or constructive obligation
- An outflow of resources is probable
- The amount of the obligation can be estimated reliably
Non-current liabilities

1. Long-term provisions

- The amount recognized as provision is the best estimate of settlement amount at balance sheet date \( \rightarrow \) present value.
- Requires a review of provisions at balance sheet date to adjust for changes in estimate.

In measuring the provision, where the effect of the time value of money is material:
- It is necessary to discount the provision, using a pre-tax discount rate that reflect current market assessments of the time value of money and those risks specific to the liability that have not been reflected in the best estimate of the expenditure.
- Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.
## Non-current liabilities

### I. Long-term provisions

| | 142. Provisions for other responsibilities. |
| | 143. Provision for decommissioning, restoration or rehabilitation of fixed assets. |
| | 147. Provision for share-based payment transactions. |

---

### Example:

**Provision for other responsibilities.**

Estimated future expense or loss which is necessary to face up probable or actual responsibilities, derived from ongoing litigations, compensations or possible liabilities of undetermined amount.
Non-current liabilities

Example: Provision for other responsibilities.

Year X: Lawsuit against the company. The lawyers of the company believe that it is unlikely that the company is found guilty.
Year X+1: Due to the evidence presented in the trial, the lawyers believe that there is a great probability that the company will be found guilty. They estimate that the lawsuit will be resolved in 18 months and that the company will have to pay 3,000 as a compensation.
Year X+3: In July the sentence is pronounced and the company has to pay 2,900 in a 3 months time.

Non-current liabilities

Example: Provision for other responsibilities.
Year X: There is no legal or constructive obligation.

→ No provision is recognized.
→ Information in the Notes to the financial statements
Non-current liabilities

Example: Provision for other responsibilities.
Year X+1: There is a legal or constructive obligation, of undetermined amount and settlement date, but which can be estimated reliably.
Present value = \( \frac{3,000}{(1+0.05)^{1.5}} = 2,788 \) (assuming a discount rate of 5%)

| 2,788 | (678) Exceptional expenses | to | (142) Provision for other responsibilities | 2,788 |

Year X+2: The value of the provision has to be increased due to the passage of time.
Present value at the end of X+2 = \( 2,788 \times (1.05)^1 = 2,927 \)
Increase in value = 2,927 - 2,788 = 139

| 139 | (660) Financial expenses from capitalization of provisions | to | (142) Provision for other responsibilities | 139 |
Non-current liabilities

Example: Provision for other responsibilities.
Year X+2: It had been estimated that the sentence was going to be pronounced in X+3, therefore the provision has to be classified as short-term:

\[
\begin{array}{|c|c|c|}
\hline
2,927 & (142) \text{ Provision for other responsibilities} & \text{to} & (5292) \text{ Short-term provision for other responsibilities} & 2,927 \\
\hline
\end{array}
\]

Non-current liabilities

Example: Provision for other responsibilities.
Year X+3: The sentence is pronounced in July and the company has to pay 2,900 by the end of September.

First, the provision has to be valued at present value \((30/6/X+3) = 2,927 \times (1.05)^{0.5} = 3,000\)

\[
\begin{array}{|c|c|c|}
\hline
73 & (660) \text{ Financial expenses from capitalization of provisions} & \text{to} & (5292) \text{ Short-term provision for other responsibilities} & 73 \\
\hline
\end{array}
\]
Non-current liabilities

Example: Provision for other responsibilities.
Year X+3: The sentence is pronounced in July and the company has to pay 2,900 by the end of September.
Second, the provision is now a liability → the amount and the date of settlement is certain

<table>
<thead>
<tr>
<th>3,000</th>
<th>(5292) Short-term provision for other responsibilities</th>
<th>to</th>
<th>(521) Short-term debt (7952) Excess of provision for other responsibilities</th>
<th>2,900</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(521) Short-term debt</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(7952) Excess of provision for other responsibilities</td>
<td></td>
</tr>
</tbody>
</table>

Non-current liabilities

V. Long-term accrual accounts

- Long-term advances from customers towards future sales or services rendered
### Liabilities - normal model

#### C) CURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Liabilities linked to non-current assets held for sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>II. Short-term provisions.</td>
</tr>
<tr>
<td>III. Short-term debt.</td>
</tr>
<tr>
<td>1. Debentures and other negotiable securities.</td>
</tr>
<tr>
<td>2. Short-term debt payable to credit institutions.</td>
</tr>
<tr>
<td>3. Short-term debt from leasing contracts.</td>
</tr>
<tr>
<td>4. Derivative financial instruments.</td>
</tr>
<tr>
<td>5. Other financial liabilities.</td>
</tr>
<tr>
<td>IV. Short-term debt payable to subsidiaries and associated co.</td>
</tr>
</tbody>
</table>

#### V. Trade accounts payable and other payable.

| 1. Trade accounts payable for purchases and services. |
| 2. Accounts payable to subsidiaries and associated companies. |
| 3. Sundry accounts payable.                            |
| 4. Salary payable.                                    |
| 5. Liability for current tax.                         |
| 6. Other payables to public authorities.              |
| 7. Customer advances.                                 |
| VI. Short-term accrual accounts.                      |
Current liabilities

- Liabilities linked to non-current assets held for sale:
  - The liabilities of a disposal group classified as held for sale are also presented separately from other liabilities in the balance sheet.
  - Those assets and liabilities are not offset and presented as a single amount.