Exercise

It is required to perform the calculation of the Self-Financing using both the global and analytical methods based on the following Financial Statements:

Financial Statement as of December 31, 2022			
Cash	500	Long-term bank payables	1.000
Bank	800	Accounts payables	1.200
Accounts Receivables	1.500	Passive note payables	300
Active note receivables	200	Employee severance indemnity provision	800
Property	4.500	Accrued Expenses	700
Equipment	3.000	Provision for Doubtful Accounts	800
Accrued Income and Deferred Expenses	800	Deferred Income	400
		Share capital	4.000
		Reserves	500
		Net income	1.600
TOTAL	11.300	TOTAL	11.300

Financial Statement as of December 31, 2023			
Cash	800	Long-term bank payables	2.000
Bank	1.500	Accounts payables	1.500
Accounts Receivables	2.300	Passive note payables	700
Active note receivables	1.000	Employee severance indemnity provision	1.000
Property	6.000	Accrued Expenses	800
Equipment	5.000	Provision for Doubtful Accounts	1.000
Accrued Income and Deferred Expenses	900	Deferred Income	100
		Share capital	7.000
		Reserves	1.200
		Net income	2.200
TOTAL	17.500	TOTAL	17.500

SOLUTION

Self-Financing
Global Method

Δ Assets=(Total Assets2023-Total Assets2022)= (17.500 - 11.300)

calcolo **6.200**

Δ Share Capital =(Share Capital2023-Share Capital2022)= (7.000 - 4.000)

calcolo **3.000**

Δ Liabilities = (Long-term bank payables+ Accounts payables + Passive notes Payables + Employee severance indemnity provision+ Accrued Expenses)2023 -(Long-term bank payables+ Accounts payables + Passive notes Payables + Employee severance indemnity provision+ Accrued Expenses)2022=(2.000+1.500+700+1.000+800)-(1.000+1.200+300+800+700)=

calcolo **2.000**

S.F. Global Method

Δ Assets - Δ Share Capital - Δ Liabilities=6.200-3.000-2.000= **1.200**

Analytical Method
Δ Net Profits + Δ Reserves + Δ Adjustments to Provisions + Δ Deferred Income

Δ Net Profits
=(Net Income2023-Net Income2022)=2.200-1.600= **600**

Δ Reserves
=(Reserves2023-Reserves2022)=1.200-500 **700**

Δ Adjustments to Provisions
=(Provision for Doubtful Accounts2023 -Provision for Doubtful Accounts2022)=1.000-800= **200**

Δ Deferred Income
=(Deferred Income2023-Deferred Income2022)=100-400= **- 300**

S.F. Analytical method
=Δ Net Profits + Δ Reserves + Δ Adjustments to Provisions + Δ Deferred Income=600+700+200-300= **1.200**