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| **SoFP element** | **Description** | **Level of estimation / uncertainty** |
| Assets | Resources controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.  Informal: something that is valuable and controlled by the entity. Can be recognised in the SoFP it if can be measured reliability. |  |
| **Non-current assets: assets expected to be held for more than 12 months** | | |
| Intangible assets | An identifiable non-monetary asset without physical substance. For example, software and patents.  Informal: an asset that you cannot touch, which can be separated from the organisation as a whole. | High |
| Tangible assets | An asset held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. and is expected to be used during more than one period. For example, property, plant and equipment.  Informal: an asset you can touch and that is used in the day-to-day activities of the organisation, but not sold to generate revenue | High |
| **Current assets: assets expected to be held for less than 12 months** | | |
| Cash | Amounts held in the bank or that can be readily converted to cash. | Low |
| Trade receivables (also known as trade debtors) | Trade receivables arise when an organisation makes sales or provides a service on credit. The total value of trade receivables for an organisation represents the amount of sales which have not yet been paid for by customers.  Informal: amount owing to the organisation from its customers. | Low |
| Prepayments | Expenses which relate to the following period and have been paid in advance. | Medium |
| Inventory (stock) | Items the company is holding to sell to customers. | Medium |
| **SoFP element** | **Description** | **Level of estimation / uncertainty** |
| Liabilities | A present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.  Informal: something that is owed by the company that can be settled by handing over as asset (typically cash). |  |
| **Non-current liabilities: liabilities expected to be settled after 12 months**  **Current liabilities: liabilities expected to be settled within 12 months**  (Note that the below liabilities can be non-current or current.) | | |
| Loan (debt or borrowings) | Amounts due to a bank or financial institutions. | Low |
| Provisions | A liability of uncertain timing or amount.  Informal: an amount owed where you are not certain of the value or if and when it will be paid. | High |
| Trade payables (also known as trade creditors) | Liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier.  Informal: amount owing to the organisation’s suppliers. | Low |
| Accruals | Expenses which have been occurred in the period but have not yet been invoiced to the entity. | Medium |
| Overdraft | Amounts due to a bank or financial institutions. Usually repayable on demand. | Low |

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| **SoFP element** | **Description** | **Level of estimation / uncertainty** |
| Equity | The residual interest in the assets of the entity after deducting all its liabilities.  The organisation’s obligation to its owners. |  |
| Share capital | The nominal value of the shares issued within equity of an entity.  Informal: represents the sum of money raised by a company through the issue of ordinary shares, and therefore the company’s obligation to its owners in relation to ordinary share ownership. | Low |
| Revaluation reserve | Any increases in the value of non-current assets which are not due to be sold. Revaluing fixed assets upwards is an accounting choice and not required under IFRS. | High |
| Retained earnings | Equity that is generated from accumulated profits over time.  Informal: represents the company’s obligation to its owners in relation to the company’s accumulated profits. | Low |

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| **P&L element** | **Description** | **Level of estimation / uncertainty** |
| Income | An increase in equity that results from an increase in assets or a decrease in liabilities, other than from contributions from equity participants.  Informal Value which is generated from activities. |  |
| Revenue | The number of economic benefits during the period arising from the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants.  Informal: Income generated from sales of goods or provision of services. | High |
| Expenses | Decreases in economic benefits during the accounting period in the form of depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.  Informal: Value which is consumed by activities. |  |
| Costs of sales | Expenses directly attributed to the sales. | Medium |
| Operating and administration expense (O&A expense) | Expenses which relate to the operating activities of the company. Includes staff, rental, depreciation and amortisation expenses. | Medium |
| Interest expense | Expenses which relate to finance costs (for example, interest) on loans which relate to the period. | Low |
| Tax expense | Expenses which relate to a company’s tax obligation for the period. | Medium |

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| **P&L terms** | | |
| Term | Definition | Expenses that have been deducted |
| Gross profit | Represents the profit after deducting the costs associated with making and selling its products or service. | Gross profit represents the revenue less the costs that are directly related to creating the goods sold or service provided. For example:   * cost of inventory sold * raw materials * salaries for staff involved in producing goods or services * energy costs in producing goods or services. |
| Operating profit | Represents the profit after deducting all operating expenses. | Operating profit is the gross profit less costs such as   * Administrative costs * Distribution costs |
| Profit before tax | Represents profit after deducting all expenses, except tax. | Profit before tax is the operating profit less costs such as   * Finance costs * Finance income |
| Net profit for the year | Represents the final profit figure, after deducting all expenses from revenue. | Net profit is the profit before tax less the tax cost. |