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Statement of changes in equity

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Changes in equity of the company between two balance sheet dates reflect an increase or a reduction in net assets, respectively of the wealth. Raising capital may occur when the unit encounters financial difficulties, but also when it is in a prosperous situation and wants to expand business. In both cases the company needs new money funds that prefer to obtain from the capital raise than from resort to loans. There are situations when equity changes are not generated directly by the company's activity, but only by transactions with shareholders (new capital contributions and dividend payments). The most common changes in equity are rooted in operational and financial activity, very rarely in extraordinary work. These influences appear in the profit and loss account, where revenues will increase equity and costs contribute to reduce equity.