

THE BALANCE SHEET

A document that companies must publish every year and represents a statement for shareholders and creditors

THE BALANCE SHEET

It is divided into two halves,
and the total of the two
halves correspond, so they
balance

THE BALANCE SHEET

One half shows the company's **assets**, which are things owned by the company that will bring future economic benefits

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The other half shows the company's **liabilities** (money that the company owes or will owe) and its **capital**.

THE BALANCE SHEET - ASSETS

In accounting, assets are
generally divided into
fixed and current assets

THE BALANCE SHEET - ASSETS

Fixed assets (e.g. buildings and equipment): assets the company will continue to use for a long time

THE BALANCE SHEET - ASSETS

Current assets (cash, debtors and stock): assets the company will probably use in the near future

What happened in 2008 to
the accounting standards
and the assessment process
of the banks' assets?

SEE UNIT 6 HELM

**“MARKET LEADER ACCOUNTING AND
FINANCE”**

What happened in 2008 to
the accounting standards
and the assessment process
of the banks' assets?

...

Banks were allowed to account for more of their assets using the **amortised cost method** instead of the **'fair-value' method**.

This way, assets' market value at any specific point in time is not taken into account, which is positive in a period of market volatility.

The change helped troubled European banks reclassify some of their assets and avoid a hit to their earnings.

In a single week, more than €113bn was moved under the new rules. This saved more than €3bn in losses from banks' revenues.

COMPOSITION:

Taking into account global economic crises, should politicians have the right to suddenly change the accounting rules laid down by 'the world's top accounting rule-making body'? Do you think this episode damaged the International Accounting Standards Board's credibility?

Explain your ideas in a short report.

(100-120 WORDS)

Companies' economic forecast

see unit 5 *Market Leader* –
Accounting and Finance

Grammar

- relative clauses:

defining (unit 2.1 *New Total English*);

non-defining

(<https://learnenglish.britishcouncil.org/grammar/intermediate-to-upper-intermediate/relative-clauses-non-defining-relative-clauses>);

defining and non-defining:

<https://dictionary.cambridge.org/it/grammatica/grammatica-britannico/relative-clauses-defining-and-non-defining>

Comment clauses with *which*

We can use a non-defining relative clause, usually at the end of the sentence, to say something about the whole of the main clause:

The army team was unable to make the bomb safe, which meant everyone had to leave the area.

Solzhenitsyn wrote his books while he was still a prisoner, which was very brave.

We use *which*, NOT *who*, *whose*, *that* or *it*, to introduce a comment clause.

We put a comma before *which*:

~~*✗ Solzhenitsyn wrote his books while he was still a prisoner, who was very brave.*~~

✓ Solzhenitsyn wrote his books while he was still a prisoner, which was very brave.

Grammar

- future possibility:

See unit 3.3 *New Total English*

Practice

*Language, vocabulary and
listening comprehension:*

<https://elt.oup.com/student/oefc/finance1/?cc=it&selLanguage=it>