

UNIT 3. FINANCIAL STATEMENTS

TEXT 3.1 THE BALANCE SHEET

I. Practice the pronunciation of the following words

liabilities [laɪə'bilɪtɪ]

equity ['ekwɪtɪ]

annual ['ænjʊəl]

halves [hɑ:vz]

organizations [ɔ:gənə'zeɪʃ(ə)n]

owe [əʊ]

own [əʊn]

employees [em'plɔɪ'i:]

pension ['penʃ(ə)n]

supplier [sə'plaɪə(r)]

purchase ['pɜ:tʃɪs]

vertical ['vɜ:tɪk(ə)l]

format ['fɔ:mæt]

belonging [bɪ'lɒŋ]

minus ['maɪnəs]

previous ['pri:vɪəs]

economic [i:kə'nɒmɪk]

benefit ['benɪfɪt]

commission [kə'mɪʃ(ə)n]

arranged [ə'reɪndʒ]

II. Read and memorize the following words and word-combinations

current assets - оборотні кошти; оборотний капітал; поточні активи;

fixed assets - основні фонди; основний капітал; основні активи;

liabilities - зобов'язання; заборгованість; борги;

shareholders' equity- акціонерний капітал;

balance sheet - балансовий звіт;

to bring benefits – приносити користь ,
прибуток;

obligation - борг, обов'язок, зобов'язання;

pension payments - пенсійні виплати;

to provide with - надавати; забезпечувати;

to grant credit – давати кредит;

to correspond with - відповідати (чомусь - with, to);

equal - рівнятися; дорівнювати;

share capital - акціонерний капітал;

to raise – збирати;

profit and loss account- рахунок прибутків і збитків;

cash flow statement - звіт про рух грошових коштів; звіт про надходження і виплату грошових коштів; звіт про рух касової готівки;

company law - право, що регулює діяльність компаній; законодавство про господарські товариства; корпоративне право;

to require - вимагати; наказувати; потребувати;

retained earnings - нерозподілений прибуток; нерозподілена виручка.

III. Read and translate the texts

ASSETS LIABILITIES AND CAPITAL

Balance Sheet

Current assets

Fixed assets

Total assets

Liabilities

Shareholders' equity

Total liabilities and
Shareholders' equity

The balance sheet is a document which has two halves. The totals of both halves are always the same, so they balance.

One half shows a business's assets, which are things owned by the company, such as factories and machines, that will bring future economic benefits

The other half shows the company's liabilities, and its capital or shareholders' equity.


Since assets are shown as debits (as the cash or capital account was debited to purchase them), and the total must correspond with the total sum of the credits – that is the liabilities and capital – assets equal liabilities plus capital.

$$\text{Assets} = \text{Liabilities} + \text{Capital}$$


Liabilities often include



loans



taxes that will
soon have to be
paid future



pension payments
to employees



bills from suppliers

companies which provide
raw materials or parts

Most British companies use a vertical format, with assets at the top, and liabilities and capital below.

AmE: balance sheet
or statement of
financial position

BrE: balance sheet

AmE: stockholders equity

BrE: shareholders' equity;

SHAREHOLDERS' EQUITY

Shareholders' equity consists of all the money belonging to shareholders.

Part of this is share capital – the money the company raised

Shareholders' equity is the same as the company's net assets, or assets minus liabilities by selling its shares.