

## Assets and liabilities

In order for a company to thrive, it requires assets, in other words anything that it has or owns. Assets fall into three major categories, i.e. current assets, fixed assets and intangible assets. The first group of assets comprises money and everything that can easily be turned into money, e.g. cash in bank, investments that can be sold, money due from clients or merchandise that is going to be sold. The second group of assets is made of things that cannot easily be moved, usually real estate and equipment. The last group of assets is the hardest to define, as it is composed of things that can hardly be seen, for instance know-how, technologies, patents, goodwill (i.e. a company's reputation) or brands that carry certain equity with them (i.e. they are worth a particular sum of money).

Liabilities include everything that a company owes to other entities, such as suppliers, banks or fiscal authorities. They are divided into two groups: current and long-term. The former means that they are payable within a year, whereas the latter - beyond a year.

It is believed that if a company has more assets than liabilities, then it is a going concern. In other words it is capable of turning a profit or has the potential to do so.

The terms in question are defined more realistically by an American entrepreneur and financial tycoon Robert Kyosaki. The notion of assets is described by him as things that makes cash flow towards a company, while liabilities are explained as things that cost money. Therefore, whereas some companies would consider cars an asset, they are in fact a liability, due to the fact that they have to be serviced, maintained and filled up.

*Ex. 1 Find the words or expressions in the text which mean the following:*

- 1) to bring profit and develop: \_\_\_\_\_
- 2) required to be paid or paid back: \_\_\_\_\_
- 3) goods and other items a company sells: \_\_\_\_\_
- 4) expert knowledge a company has: \_\_\_\_\_
- 5) position on the market in comparison with competitors: \_\_\_\_\_
- 6) specific: \_\_\_\_\_
- 7) a player or actor functioning on the market or in the economy: \_\_\_\_\_

- 8) companies that provide goods or services to other companies so that they can do their business: \_\_\_\_\_
- 9) related to taxes: \_\_\_\_\_
- 10)to think of something as: \_\_\_\_\_
- 11)to make up a part of a larger whole: \_\_\_\_\_
- 12)possible, likely to happen in the future: \_\_\_\_\_
- 13)a businessperson: \_\_\_\_\_

**Ex. 2 Match the expressions from the two columns into logical collocations:**

- |             |                        |
|-------------|------------------------|
| 1) to fall  | capital/money          |
| 2) current  | deposits               |
| 3) real     | financial advice       |
| 4) sums due | financial policy       |
| 5) know-    | high returns           |
| 6) long-    | interest               |
| 7) going    | loans                  |
| 8) fiscal   | profits                |
| 9) to owe   | stocks/shares/currency |
| 10)to turn  | takeover bids          |

**Ex. 3 Provide English equivalents of these expressions:**

1) aktywa bieżące	7) płatne do (data)
2) nieruchomość	8) organ podatkowy
3) pasywa długoterminowe	9) uznać coś za coś
4) marka	10) przedsiębiorca
5) towary	11) założenie kontynuacji działalności gospodarczej
6) utrzymanie	12) zatem

**Grammar corner...**

In Business English we usually don't want to be too personal, because our business partners may find it aggressive or they may think that we are looking for someone to blame, in other words that we are blame storming. In order for us to be less personal, we use Passive Voice, i.e. we concentrate on WHAT HAPPENED or WHAT WAS DONE rather than WHO WAS IT DONE BY.

In the text the following phrases were used:

... everything that CAN BE TURNED INTO MONEY, in other words everything that someone can turn into money

... investments that CAN BE SOLD, in other words investments that someone can sell

... IT IS BELIEVED that if a company has more assets than liabilities ..., in other words people generally believe it to be true

In a traditional English sentence we usually talk about SOMEBODY who DOES SOMETHING to SOMETHING ELSE

In a Passive Voice sentence we turn this order around,

e.g. Thomas Edison (SOMEBODY) invented (DID SOMETHING) the light bulb (TO SOMETHING ELSE)

becomes this: The light bulb (SOMETHING ELSE) **WAS INVENTED** (SOMETHING WAS DONE) by Thomas Edison (SOMEBODY).

Please remember that the easiest formula for passive voice is TO BE + the THIRD FORM OF VERB. The third form of verb NEVER CHANGES. The only thing that changes is the verb TO BE (its grammatical tense depends on the tense of the original sentence, e.g. My wife will drive me to the airport => I will be driven to the airport by my wife).

**Ex. 4 Complete the sentences with correct relative pronouns and add commas if necessary:**

- 1) The tax authorities \_\_\_\_\_ (just finish) auditing our company.
- 2) Their assets \_\_\_\_\_ (freeze) next year.
- 3) Their accounting books are \_\_\_\_\_ (check) right now.
- 4) This problem will \_\_\_\_\_ (solve) as soon as possible.
- 5) Much of the company's goodwill \_\_\_\_\_ (lose) because of the corruption scandal.
- 6) Usually such complaints \_\_\_\_\_ (deal) with by our Quality Assurance Department, but this time the boss will deal with it personally.
- 7) Many jobs \_\_\_\_\_ (lose) because the factory had been closed down.
- 8) This company \_\_\_\_\_ (establish) in 1867 by Italian immigrants.
- 9) Company computers must \_\_\_\_\_ (clean) regularly to prevent virus infections.
- 10) Chrysler's quarterly figures \_\_\_\_\_ (just publish) and they are very promising.

GLOSSARY	
to thrive	rozwijać się dynamicznie
assets	aktywa
liabilities	pasywa
intangible	niematerialne
to comprise	stanowić część, składać się z
money due	kwoty należne
merchandise	towar
real estate	nieruchomość
equity	kapitał

<b>entity</b>	podmiot
<b>a supplier</b>	dostawca
<b>the former</b>	ten pierwszy
<b>the latter</b>	ten ostatni
<b>blame storming</b>	szukanie winnych, kozła ofiarnego
<b>audit</b>	badanie, np. sprawozdania finansowego
<b>quality assurance</b>	kontrola jakości
<b>to prevent something</b>	zapobiegać czemuś
<b>quarterly</b>	kwartalny
<b>figures</b>	dane, liczby
<b>promising</b>	obiecujący

**ANSWER KEY:**

**Ex. 1**

1. to thrive
2. due
3. merchandise
4. know-how
5. goodwill
6. particular
7. entity
8. suppliers
9. fiscal
10. comprise
11. potential
12. an entrepreneur

**Ex. 2**

1. to fall into a category
2. current assets
3. real estate
4. sums due within a year
5. know-how
6. long-term liabilities
7. going concern
8. fiscal authorities
9. to owe somebody money
10. to turn a profit

**Ex. 3**

1. current assets
2. real estate
3. long-term liabilities
4. brand
5. merchandise
6. maintenance
7. due on
8. fiscal authority
9. consider something as
10. entrepreneur
11. going concern
12. therefore

**Ex. 4**

1. have just finished
2. will be sold
3. are being checked
4. will be solved
5. has been lost

6. are dealt
7. were lost
8. was established
9. be cleaned
10. have just been published