UNIVERSIDAD DEL VALLE
FACULTAD DE HUMANIDADES
ESCUELA DE CIENCIAS DEL LENGUAJE
LECTURA DE TEXTOS CONTABLES EN INGLÉS

Assets – Liabilities Activity

Luis A. Saldarriaga B.
English teacher (ESP)
luisarcelio@yahoo.com

Noun phrases (I)

- **The percentage of promisory notes given by the business to someone to whom it owes money.**
- **An account receivable that arises from the sale of merchandise on account.**
- **The maturity date of the obligation and other essential descriptive data.**
- **An obligation that is due and payable twenty years after it is incurred.**

Noun phrases (II)

- Liabilities that will be due within a short period and that are to be liquidated out of current funds.
- Collections received in advance for which goods or services will have to be given in the next fiscal period.
- Supplies on hand and prepayments of expenses of a subsequent period.

Connectives (I)

- **When a long-term liability is to be renewed at maturity rather than paid, it should continue to be classed as a fixed liability.**
- **Unlike merchandise inventory and accounts receivable, prepaid expenses are not expected to be sold or realized in cash in the normal course of business operations.**
- **It is expected that some fixed assets will be worn out through use, although they may be sold when they no longer serve the purpose for which they were acquired.**

Connectives (II)

- **Inasmuch as (because) obligations due and payable within a year are classed as current liabilities, it follows that obligations not payable within a year are classed as fixed liabilities.**
- **Although a building may no longer be valuable because of its age or its condition, the land still remains. Because of this difference, it is desirable to show the land value separately.**

Scanning

1. **Give an example of unearned income.**
2. **Give 2 examples of items that are current assets until they are used up.**
3. **Give 2 examples of prepaid insurances.**
4. **Give an example of a fixed liability that becomes a current liability.**
5. **What happens when the maturity of a fixed asset falls within the one-year limitation?**

Balance sheet activity

- **The Crazy Firm has accounts payable of $1.000, a building (value: $10.000), accrued liabilities of $1.000, income taxes payable of $1.000, money orders of $1.000, 3 computers (value: $500 each one), stationery (value: $1.000), mortgage payable of $1.000, and its own warehouse (value: $5.000). Prepare a balance sheet for this firm.**