

What use are financial reports when they can be wrong b...

Published: January 13, 2026, 4:53 am

As the [Financial Times reports this morning](#):

Goldman Sachs has revealed details of about \$5bn in investment losses suffered during the crisis for the first time this week, in a move that will deepen the debate over companies' financial disclosures.

The figures, issued as part of internal reforms aimed at silencing Goldman's critics, show that the bank suffered \$13.5bn in losses from "investing and lending" with its own funds in 2008.

But Goldman's regulatory filings and its executives' comments to investors at the time pointed to about \$8.5bn of losses arising from its investments in debt and equity, as markets were rocked by the turmoil.

The diverging figures, which do not change Goldman's overall results for 2008, are because of the fact that, like many rivals, the bank did not provide a full breakdown of profits and losses from activities carried out with its own resources.

There is, of course, a simple and obvious question that arises. If it is possible to publish the natural statements that are, apparently, true and fair, but which mislead investors on the true nature of losses to the tune of \$5 billion, which can then be subsequently revised without necessitating restatement of the accounts, what use are those financial statements, and what does true and fair mean?

If, as the International Accounting Standards Board says financial statements are prepared to ensure that third parties can make appropriate decisions on the allocation of their resources to companies then material misstatement of data on losses generated is, surely, material to their understanding, a fact indicated by the fact that Goldman has now issued the data for exactly that reason.

The case for increased granularity, and the more robust approach to true and fair which has to be based on a third party and not an entity perspective becomes ever more pressing. [Country-by-country reporting is](#), of course, part of the solution. it would

not have addressed this particular issue, I admit, but with the increased focus upon segment reporting that it would require, necessitating increased disclosure in this area, the chance that losses on own account trading would have been better disclosed would have increased if this its emphasis had been present in financial reporting.