

**Mohamed Boudiaf University of M'sila- Algeria**  
**Faculty of Economics, Business, and Management**  
**Department of Finance and Accounting**

**Dr. Mohamed Diab – Lecturer Professor**

[mohamed.diab@univ-msila.dz](mailto:mohamed.diab@univ-msila.dz)

# **ENGLISH FOR THE FINANCIAL SECTOR**

**Courses for master students in Finance and Accounting**

**The academic year 2022/2023**

## **INTRODUCTION**

English for the financial sector is reading, speaking, and writing courses for undergraduate students in finance and accounting who need to understand and express the key concepts of finance and accounting and even other related areas of business and economics.

These courses aim to:

- \* present you with the language and concepts found in books, newspapers, magazine articles, and websites on finance and accounting.
- \* develop your comprehension of finance and accounting texts.
- \* provide you with opportunities to express finance and accounting concepts by reformulating them in your own words while summarizing and discussing ideas.

## UNIT 11 The other financial statements

### A- The profit and loss account

Companies' annual reports contain a profit and loss account. This is a financial statement that shows the difference between the revenues and expenses of a period. Nonprofit (or not-for-profit) organizations such as charities, public universities, and museums generally produce an income and expenditure account. If they have more income than expenditure this is called a surplus rather than a profit.

At the top of these statements is total sales revenue or turnover: the total amount of money received during a specific period. Next is the cost of sales, also known as the cost of goods sold (COGS): the costs associated with making the products that have been sold, such as raw materials, labor, and factory expenses. The difference between the sales revenue and the cost of sales is gross profit. There are many other costs or expenses that have to be deducted from gross profit, such as rent, electricity, and office salaries. These are often grouped together as selling, general and administrative expenses (SG&A).

The statement also usually shows EBITDA (earnings before interest, tax, depreciation, and amortization) and EBIT (earnings before interest and tax). The first figure is more objective because depreciation and amortization expenses can vary depending on which system a company uses.

After all the expenses and deductions is the net profit, often called the bottom line. This profit can be distributed as dividends (unless the company has to cover past losses) or transferred to reserves.

#### *Searby PLC*

Annual Profit and Loss Account,	1/20__ (£000)
Sales Revenue	48,782
Cost of Sales	33,496
Gross Profit	15,286
Selling, General and Administrative Expenses	10,029
Earnings before Interest, Tax, Depreciation, and Amortization	5,257
Depreciation and Amortization	1,368
Earnings before Interest and Tax	3,889
Interest expenses	237
Income Tax	1,064
Net Profit	2,568

BrE: net profit	AmE: net income
BrE: profit and loss account	AmE: income statement

## **B- The cash flow statement**

British and American companies also produce a cash flow statement. This gives details of cash flows — money coming into and leaving the business, relating to:

- \* operation— day-to-day activities
- \* investing - buying or selling property, plant, and equipment
- \* financing — issuing or repaying debt, or issuing shares.