Mohamed Boudiaf University of M'sila- Algeria

Faculty of Economics, Business, and Management

Department of Finance and Accounting

Dr. Mohamed Diab - Professor Lecturer

mohamed.diab@univ-msila.dz

ENGLISH FOR THE FINANCIAL SECTOR

Courses for undergraduate students in Finance and Accounting

The academic year 2020/2021

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 9 The balance sheet 2: assets

A- Fixed and current assets

Mackenzie Inc, New York Balance Sheet 31 December 20 ($'000)

Current assets	
Cash and equivalents	3.415
Accounts receivable	8,568
Inventory	5,699
Other current assets	5,562
Total current assets	23,244
Non-current assets	
Property, plant and equipment	4,500
Goodwill	950
Long-term investments	6,265
Total non-current assets	11.715
Total assets	34,959

In accounting, assets are generally divided into fixed and current assets. **Fixed assets** (or **non-current assets**) and investments, such as buildings and equipment, will continue to be used by the business for a long time. **Current assets** are things that will probably be used by the business in the near future. They include cash — money available to spend immediately, debtors — companies or people who owe money they will have to pay in the near future, and stock.

If a company thinks a debt will not be paid, it has to **anticipate the loss** — take action in preparation for the loss happening, according to the conservatism principle. It will write off or abandon, the sum as a **bad debt**, and **make provisions** by charging a corresponding, amount against profits: that is, deducting the amount of the debt from the year's profits.

B- Valuation

Manufacturing companies generally have a stock of raw materials, work-in-progress — partially manufactured products — and products ready for sale. There are various ways of valuing stock or inventory, but generally, they are valued at the lower of cost or market, which means whichever figure is lower: their cost— the purchase price plus the value of any work done on the items - or the current market price. This is another example of conservatism: even if the stock is expected to be sold at a profit, you should not anticipate profits.

C- Tangible and intangible assets

Assets can also be classified as tangible and intangible. Tangible assets are assets with a physical existence — things you can touch - such as property, plant and equipment. Tangible assets are generally recorded at their historical cost, less accumulated depreciation charges — the amount of their cost that has already been deducted from profits. This gives their net book value.

Intangible assets include brand names — legally protected names for a company's products, patents — exclusive rights to produce a particular new product for a fixed period, and trademarks — names or symbols that are put on products and cannot be used by other companies. Networks of contacts, loyal customers, reputation, trained staff or "human capital', and skilled management can also be considered as intangible assets. Because it is difficult to give an accurate value for any of these things, companies normally only record tangible assets. For this reason, a going concern should be worth more on the stock exchange than simply its net worth or net assets: assets minus liabilities. If a company buys another one at above its net worth — because of its intangible assets — the difference in price is recorded under assets in the balance sheet as goodwill.

Exercise:

Find words and expressions in A, b and C opposite with the following meanings:

1- an amount of money that is owed but probably won't be paid

2- the accounting value of a company (assets minus liabilities)

3- a legal right to produce and sell a newly invented product for a certain period of time

4- the historical cost of an asset minus depreciation charges

5- the amount a company pays for another one, in excess of the net value of its assets

6- a legally protected word, phrase, symbol or design used to identify a product

7- to accept that a debt will not be paid

8- to deduct money from profits because of debts that will not be paid

9- products that are not complete or ready for sale

10- the amount of money owed by customers who have bought goods but not vet paid for them