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ENGLISH FOR THE FINANCIAL SECTOR

Courses for Master students in Finance and Accounting

The academic year 2020/2021

INTRODUCTION

English for the financial sector is reading, speaking, and writing courses for learners of a master's degree 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 3 Accounting Principles

No single source provides principles for handling all transactions and events. Over time, conventional rules have developed that continue to be relevant. Additionally, groups have been authorized to establish accounting standards. The Financial Accounting Standards Board (FASB) assumed responsibility for accounting standards and principles in 1973. It is authorized to amend existing rules and establish new ones. In 1992, the Auditing Standards Board established the GAAP hierarchy. At the highest level of the hierarchy are FASB statements and interpretations; APB opinions were issued from 1959 to 1973 by the Accounting Principles Board (APB), and Accounting Research Bulletins, issued until 1959 by the Committee on Accounting Procedure (CAP); both the APB and CAP were committees of the American Institute of Certified Public Accountants (AICPA).

What type of unit is served by accounting?

Probably no concept or idea is more basic to accounting than the accounting unit or *entity*, a term used to identify the organization for which the accounting service is to be provided and whose accounting or other information is to be analyzed, accumulated, and reported. The entity can be any area, activity, responsibility, or function for which information would be useful. Thus, an entity is established to provide the needed focus of attention. The information about one entity can be consolidated with that of a part or all of another, and this combination process can be continued until the combined entity reaches the unit that is useful for the desired purpose.

Accounting activities may occur within or outside the organization. Although accounting is usually identified with privately owned, profit-seeking entities, its services also are provided to not-for-profit organizations such as universities or hospitals, to governmental organizations, and to other types of units. The organizations may be small, owner-operated enterprises offering a single product or service, or huge multi-enterprise, international conglomerates with thousands of different products and services. The not-for-profit, governmental, or other units may be local, national, or international; they may be small or very large; they may even be entire nations, as in national income accounting.

1- Comprehension:

- Is accounting an art or science?
- Do accounting rules change?
- Search on the internet about the meaning of (GAAP). Do Public companies in the United States must follow GAAP when their accountants compile their financial statements?

2- To Read

The New York Times

Opinion

ECONOMICS: A PRIMARY REASON FOR THE RISE OF INEQUALITY

Blame Economists for the Mess We're In

By Binyamin Appelbaum

Aug. 24, 2019

In the early 1950s, a young economist named Paul Volcker worked as a human calculator in an office deep inside the Federal Reserve Bank of New York. He crunched numbers for the people who made decisions, and he told his wife that he saw little chance of ever moving up. The central bank's leadership included bankers, lawyers and an Iowa hog farmer, but not a single economist. The Fed's chairman, a former stockbroker named William McChesney Martin, once told a visitor that he kept a small staff of economists in the basement of the Fed's Washington headquarters. They were in the building, he said, because they asked good questions. They were in the basement because "they don't know their own limitations."

Martin's distaste for economists was widely shared among the midcentury American elite. President Franklin Delano Roosevelt dismissed John Maynard Keynes, the most important economist of his generation, as an impractical "mathematician." President Eisenhower, in his farewell address, urged Americans to keep technocrats from power. Congress rarely consulted economists; regulatory agencies were led and staffed by lawyers; courts wrote off economic evidence as irrelevant.

But a revolution was coming. As the quarter century of growth that followed World War II sputtered to a close, economists moved into the halls of power, instructing policymakers that growth could be revived by minimizing government's role in managing the economy. They also warned that a society that sought to limit inequality would pay a price in the form of less growth. In the words of a British acolyte of this new economics, the world needed "more millionaires and more bankrupts."

In the four decades between 1969 and 2008, economists played a leading role in slashing taxation of the wealthy and in curbing public investment. They supervised the deregulation of major sectors, including transportation and communications. They lionized big business, defending the concentration of corporate power, even as they demonized trade unions and opposed worker protections like minimum wage laws. Economists even persuaded policymakers to assign a dollar value to human life — around $10 million in 2019 — to assess whether regulations were worthwhile.

The revolution, like so many revolutions, went too far. Growth slowed and inequality soared, with devastating consequences. Perhaps the starkest measure of the failure of our economic policies is that the average American's life expectancy is in decline, as inequalities of wealth have become inequalities of health. Life expectancy rose for the wealthiest 20 percent of Americans between 1980 and 2010. Over the same three decades, life expectancy declined for the poorest 20 percent of Americans. Shockingly, the difference in average life expectancy between poor and wealthy women widened from 3.9 years to 13.6 years.

Rising inequality also is straining the health of liberal democracy. The idea of "we the people" is fading because, in this era of yawning inequality, there is less we share in common. As a result, it is harder to build support for the kinds of policies necessary to deliver broad-based prosperity in the long term, like public investment in education and infrastructure.

Economists began to enter public service in large numbers in the middle of the 20th century, as policymakers struggled to manage the rapid expansion of the federal government. The number of economists employed by the government rose from about 2,000 in the mid-1950s to more than 6,000 by the late 1970s. At first they were hired to rationalize the administration of policy, but they soon began to shape the goals of policy, too. Arthur F. Burns became the first economist to lead the Fed in 1970. Two years later, George Shultz became the first economist to serve as Treasury secretary. In 1978, Volcker completed his rise from the Fed's bowels, becoming the central bank's chairman.

The most important figure, however, was Milton Friedman, an elfin libertarian who refused to take a job in Washington, but whose writings and exhortations seized the imagination of policymakers. Friedman offered an appealingly simple answer for the nation's problems: Government should get out of the way. He joked that if bureaucrats gained control of the Sahara, there would soon be a shortage of sand. He won his first big victory in an unlikely battle, helping to persuade President Nixon to end military conscription in 1973. Friedman and other economists showed that a military comprised solely of volunteers, recruited by offering market-rate wages, was financially viable as well as politically preferable.

The Nixon administration also embraced Friedman's proposal to let markets determine the exchange rates between the dollar and foreign currencies, and it was the first to put a price tag on human life to justify limits on regulation. But the turn toward markets was a bipartisan affair. The reduction of federal income taxation began under President Kennedy. President Carter initiated an era of deregulation in 1977 by naming an economist, Alfred Kahn, to dismantle the bureaucracy that supervised commercial aviation. President Clinton restrained federal spending in the 1990s as the economy boomed, declaring that "the era of big government is over."

Liberal and conservative economists conducted running battles on key questions of public policy, but their areas of agreement ultimately were more important. Although nature tends toward entropy, they shared a confidence that markets tend toward equilibrium. They agreed that the primary goal of economic policy was to increase the dollar value of the nation's output. And they had little patience for efforts to limit inequality. Charles L. Schultze, the chairman of Mr. Carter's Council of Economic Advisers, said in the early 1980s that economists should fight for efficient policies "even when the result is significant income losses for particular groups — which it almost always is."

A generation later, in 2004, the Nobel laureate Robert Lucas warned against any revival of efforts to reduce inequality. "Of the tendencies that are harmful to sound economics, the most seductive, and in my opinion the most poisonous, is to focus on questions of distribution." Accounts of the rise of inequality often take a fatalistic view. The problem is described as a natural consequence of capitalism, or it is blamed on forces, like globalization or technological change, that are beyond the direct control of policymakers.

But much of the fault lies in ourselves, in our collective decision to embrace policies that prioritized efficiency and encouraged the concentration of wealth, and to neglect policies that equalized opportunity and distributed rewards. The rise of economics is a primary reason for the rise of inequality. And the fact that we caused the problem means the solution is in our power, too.

Markets are constructed by people, for purposes chosen by people — and people can change the rules. It's time to discard the judgment of economists that society should turn a blind eye to inequality. Reducing inequality should be a primary goal of public policy.

The market economy remains one of humankind's most awesome inventions, a powerful machine for the creation of wealth. But the measure of a society is the quality of life throughout the pyramid, not just at the top, and a growing body of research shows that those born at the bottom today have less chance than in earlier generations to achieve prosperity or to contribute to society's general welfare — even if they are rich by historical standards.

This is not just bad for those who suffer, although surely that is bad enough. It is bad for affluent Americans, too. When wealth is concentrated in the hands of the few, studies show, total consumption declines and investment lags. Corporations and wealthy households increasingly resemble Scrooge McDuck, sitting on piles of money they can't use productively.

Willful indifference to the distribution of prosperity over the last half century is an important reason the very survival of liberal democracy is now being tested by nationalist demagogues. I have no special insight into how long the rope can hold, or how much weight it can bear. But I know our shared bonds will last longer if we can find ways to reduce the strain.

BIBLIOGRAPHY:

1- Burton S. Kaliski - Encyclopedia of Business and Finance-Macmillan Library Reference, Year: 2006.

2- The New York Times, Aug. 24, 2019