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ENGLISH FOR THE FINANCIAL SECTOR

Courses for Master's Degrees in Accounting and Auditing

Third Semester 2021/2022

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 4 Bookkeeping

A- Double-entry bookkeeping

Zaheer Younis works in the accounting department of a trading company “I began my career as a bookkeeper. Bookkeepers record the company’s daily transactions: sales, purchases, debts, expenses, and so on. Each type of transaction is recorded in a separate account — the cash account, the liabilities account, and so on. Double-entry bookkeeping is a system that records two aspects of every transaction. Every transaction is both a debit- a deduction - in one account and a corresponding credit - an addition - in another. For example, if a company buys some raw materials - the substances and components used to make products — that it will pay for a month later, it debits its purchases account and credits the supplier's account. If the company sells an item on credit, it credits the sales account, and debits the customer's account. As this means the level of the company’s stock — goods ready for sale - is reduced, it debits the stock account. There is a corresponding increase in its debtors-customers who owe money for goods or services purchased — and the debtors or accounts payable the account is credited. Each account records debits on the left and credits on the right, If the bookkeepers do their work correctly, the total debits always equal the total credits.”

BrE: debtors; AmE: accounts receivable

BrE: creditors; AmE: accounts payable

BrE: stock; AmE: inventory

B- Day books and ledgers

For accounts with a large number of transactions, like purchases and sales, companies often record the transactions in day books or journals, and then put a daily or weekly summary in the main double-entry records. In Britain, they call the main books of account **nominal ledgers**. Creditors — suppliers to whom the company owes money for purchases made on credit — are recorded in a bought ledger. They still use these names, even though these days all the information is on a computer'.

Note: In Britain, the terms debtors and creditors can refer to people or companies that owe or are owed money, or to the sums of money in an account or balance sheet.

C- Balancing the books

“At the end of an accounting period, for example a year, bookkeepers prepare a trial balance which transfers the debit and credit balances of different accounts onto one page. As always, the total debits should equal the total credits. The accountants can then use these balances to prepare the organization’s financial statements.”

Exercise:

Match the words in the box with the definitions below. Look at A and B opposite to help you.

credit – ledger- debit- creditors- stock- debtors

- 1- an amount entered on the left-hand side of an account, recording money paid out.
- 2- a book of accounts.
- 3- customers who owe money for goods or services not yet paid for.
- 4- an amount entered on the right-hand side of an account, recording a payment received.
- 5- goods stored ready for sale.
- 6- suppliers who are owed money for purchases not yet paid for.

Opinion:

What qualities does a good bookkeeper need? would you like to work as a bookkeeper? if not, which type of accounting do you think is the most interesting, and why?