***Online courses***

***Module: technical English***

***Level: Master I Accountancy and Finance***

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***Lecture one***

***Auditing and accountancy***

**Accounting** is an activity of record keeping and preparation & presentation of the financial statement, whereas **Auditing** is an activity of verification and evaluation of financial statement. So, Auditing starts where Accounting ends. These two business terms are many times juxtaposed as they are very closely intertwined with each other. This article excerpt will make an attempt to clear all the differences between Accounting and Auditing.

**Comparison Chart**

| **Basis for Comparison** | **Accounting** | **Auditing** |
| --- | --- | --- |
| Meaning | Accounting means systematically keeping the records of the accounts of an organization and preparation of financial statements at the end of the financial year. | Auditing means inspection of the books of account and financial statements of an organization. |
| Governed By | Accounting Standards | Standards on Auditing |
| Work perrformed by  | Accountant | Auditor |
| Purpose | To show the performance, profitability and financial position of an organization. | To reveal the fact, that to which extent financial statement of an organization gives true and fair view. |
| Start | Accounting starts where bookkeeping ends. | Auditing starts where accounting ends. |
| Period | Accounting is a continuous process, i.e. day to day recording of transactions are done. | Auditing is a periodic process. |

**Definition of Accounting**

Accounting is a specialised language of business, which helps to understand the economic activities of the entity. It is an act of orderly capturing the day to day monetary transactions of the business and classifying them into various groups along with that, the transactions are summarized in a way that they can be easily referred at the time of urgency, thereafter analyzing and understanding the results of the financial statement and finally communicating the results to the interested parties.

The main function of accounting is to provide material information, especially of a financial nature for decision making. Cost Accounting, Management Accounting, Tax Accounting, Financial Accounting, Human Resource Accounting, Social Responsibility Accounting are the fields of Accounting. The primary objectives of Accounting are as under:

* Proper record keeping through Journal, Subsidiary Books, Ledger and Trial Balance
* Determination of the results (profitability position) from the records maintained through Trading and Profit & Loss Account
* Showing the financial position of the entity through Balance Sheet
* Providing necessary information about solvency and liquidity position to the interested parties.

**Lecture two**

**Definition of Auditing**

The audit is a methodical procedure of independently examining the financial information of an entity with the aim of giving an opinion on true and fair view. Here organisation refers to all the entities, regardless of their size, structure, nature and form.

Auditing is a critical, unbiased investigation of each and every aspect of the transaction, i.e. vouchers, receipts, account books and related documents are verified, in order to spot the validity and reliability of the financial statement. Moreover, errors and frauds or deliberate manipulation in accounts or misappropriation etc. can also be detected through detailed scrutiny.

The auditor will inspect the accuracy and transparency of the financial information, compliance with the accounting standards and taxes are properly paid or not. After the complete inspection of accounting books and financial records, he will give an opinion in the form of a report. The reporting on the true and fair view shall be made to the person who appoints the auditor. There are two types of Audit Report, they are:

1. Unmodified
2. Modified
	* Qualified
	* Adverse
	* Disclaimer

The audit can be conducted internally and externally. The task of internal audit is conducted by an internal auditor who is appointed by the management of the organisation for improving its internal control systems and accounting system. External Auditor is appointed by the shareholders of the company

## Key Differences between Accounting and Auditing

The points provided below explain the difference between accounting and auditing, in detail:

1. Accounting is an art of orderly, keeping the records of the monetary transactions and preparation of the financial statements of the company. Auditing is an analytical task which involves the independent evaluation of the financial information to express an opinion on true and fair view.
2. Accounting is governed by Accounting Standards, whereas Standards on Auditing governs Auditing.
3. Accounting is a simplified task, which is performed by the Accountants but Auditing is a complex task, so Auditors are required for performing it.
4. The main purpose of accounting is to reveal the profitability position, financial position and performance of the organization. Conversely, auditing is to check the correctness of the financial statement.
5. Accounting is a continuous activity. Unlike Auditing, which is a periodic activity.
6. End of Accounting is the start of Auditing.

### Conclusion

Accounting and Auditing both are specialised fields, but the scope of auditing is wider than accounting as it needs a thorough understanding of various acts, tax rules, knowledge of accounting standards and standards on auditing as well as communication skills are also required.

Apart from that, confidentiality, integrity, honesty and independence are the basic requirements that is to be maintained while performing the audit procedure. The reports submitted by the auditor are helpful for the users of the financial statement like creditors, shareholders, investors, suppliers, debtors, customers, government, etc. for rational decision making.

Although Accounting is not less, it also requires complete knowledge of the accounting standards, principles, conventions and assumptions as well as Companies Act rules and tax laws. The procedure of auditing is conducted only when the accounting is done properly so; it cannot be neglected.

**Lecture three**

**Banks**

 **Objectives:** by the end of the lesson, students should be able to:

-know what is a bnak

-different services of a bank.

-kinds of banks.

**Introduction**

You know people earn money to meet their day-to-day expenses on food, clothing, education of children, housing, etc. They also need money to meet future expenses on marriage, higher education Business Studies of children, house building and other social functions. These are heavy expenses, which can be met if some money is saved out of the present income. Saving of money is also necessary for old age and ill health when it may not be possible for people to work and earn their living. The necessity of saving money was felt by people even in olden days. They used to hoard money in their homes. With this practice, savings were available for use whenever needed, but it also involved the risk of loss by theft, robbery and other accidents. Thus, people were in need of a place where money could be saved safely and would be available when required.

**1-What is a bank/services of a bank**

Banks are such places where people can deposit their savings with the assurance that they will be able to withdraw money from the deposits whenever required. People who wish to borrow money for business and other purposes can also get loans from the banks at reasonable rate of interest.

Bank is a lawful organisation, which accepts deposits that can be withdrawn on

demand. It also lends money to individuals and business houses that need it.

Banks also render many other useful services – like collection of bills, payment of foreign bills, safe-keeping of jewellery and other valuable items, certifying the credit-worthiness of business, and so on. Banks accept deposits from the general public as well as from the business community. Anyone who saves money for future can deposit his savings in a bank. Businessmen have income from sales out of which they have to make payment for expenses. They can keep their earnings from sales safely deposited in banks to meet their expenses from time to time. Banks give two assurances to the depositors .

a. Safety of deposit, and

b. Withdrawal of deposit, whenever needed.

2--**Banks ‘activities**

On deposits, banks give interest, which adds to the original amount of deposit. It is a great incentive to the depositor. It promotes saving habits among the public. On the basis of deposits banks also grant loans and advances to farmers, traders and businessmen for productive purposes. Thereby banks contribute to the economic development of the country and well being of the people in general. Banks also charge interest on loans. The rate of interest is generally higher than the rate of interest allowed on deposits. Banks also charge fees for the various other services, which they render to the business community and public in general. Interest received on loans and fees charged for services which exceed the interest allowed on deposits are the main sources of income for banks from which they meet their administrative expenses.

The activities carried on by banks are called banking activity. ‘Banking’ as an activity involves acceptance of deposits and lending or investment of money. It facilitates business activities by providing money and certain services that help in exchange of goods and services. Therefore, banking is an important auxiliary to trade. It not only provides money for the production of goods and services but also facilitates their exchange between the buyer and seller. You may be aware that there are laws which regulate the banking activities in our country. Depositing money in banks and borrowing from banks are legal transactions. Banks are also under the control of government. Hence they enjoy the trust and confidence of people. Also banks depend a great deal on public confidence. Without public confidence banks cannot survive.

**3-- Distinction between banks and moneylenders**

You may be thinking that a bank is like a moneylender who provides funds to borrowers and

charges interest on the loan. But it is not so. A bank is quite different from a moneylender. A

bank performs two main functions. Firstly, it accepts deposits, and on that basis it lends money. The moneylenders, on the other hand, advance money out of their own private wealth and usually do not accept deposits from others. The following table shows the distinction between a bank and moneylender.

**Basis Banks Moneylenders**

1. Entity Bank are organised institutions. Moneylenders are individuals.

2. Activity Banking activities Activities of moneylender

 include acceptance may not include

 of deposits as well as acceptance of deposits.

 lending of money.

3. Clients Banks meet the needs Moneylenders meet

 of people in general the needs

 and the business of agriculturists and

 community in particular. poor people.

4. Security Banks accept tangible Moneylenders generally

 and personal security accept gold, jewellery

 against loans. or land as security

 for giving loan.

5. Process of The process of The process of

Recovery of recovery is recovery is

loans. flexible. rigid and strict.

6. Interest Rate Interest charged by Rate of Interest

 banks on loan is is decided by the moneylender

 governed by RBI. and is normally very high.

**4--Role of Banking**

Banks provide funds for business as well as personal needs of individuals. They play a significant role in the economy of a nation. Let us know about the role of banking.

It encourages savings habit amongst people and thereby makes funds available for productive use.

It acts as an intermediary between people having surplus money and those requiring money

for various business activities.

It facilitates business transactions through receipts and payments by cheques instead of currency.

It provides loans and advances to businessmen for short term and long-term purposes.

It also facilitates import export transactions.

It helps in national development by providing credit to farmers, small-scale industries and

self-employed people as well as to large business houses which lead to balanced economic

development in the country.

It helps in raising the standard of living of people in general by providing loans for purchase

of consumer durable goods, houses, automobiles, etc.

**-Activities an banking**

Match the definition on the left with the **letter** of the term on the right:

**a** - statement
**b** - overdraft
**c** - variable (adj.)
**d** - credit rating
**e** - funds
**f** - debit card
**g** - authorize (v.)
**h** - fees (n.pl)
**i** - PIN number
**j** - direct deposit

Haut du formulaire

1. an estimate of how trustworthy a person is in fulfilling his/her financial commitments, often based on his/her financial history -> 

2. a secret code --> 

3. when you take out more money than is available in your account, sending the account into a "negative balance" --> 

4. a card which allows someone to access the money in his/her account immediately (electronically) --> 

5. money --> 

6. a method of payment which electronically deposits money into your checking or savings account --> 

7. to approve --> 

8. a list of all the activity (transactions) in a bank account, usually sent out per month -->

9. charges (n.pl.) --> 

10. something that changes over time --> 

***Activity two***

***Choose the most suitable word or phrase underlined in each sentence:***

a. I haven’t got enough money, I’m afraid. Could you **borrow**/**lend** me some?

b. It’s a good school, but the **fares**/**fees** are rather high.

c. This car is too expensive. We can’t **afford**/**pay** it.

d. It was a very good meal. Can we have **the account**/**bill** please?

e. There’s a small flat **to hire**/**let** in Bridge Street.

f. How much do you **earn**/**gain** in your new job?

g. She’s a good dentist, but she doesn’t **charge**/**spend** too much.

h. I bought this coat in the sales. It was **decreased**/**reduced** a lot.

i. Jack made his **fortune**/**treasure** buying and selling property.

j. How much do you **reckon**/**value** that house would cost?

Bas du formulaire

**Lecture four**

**Objectives:**

**By the end of this lesson my students should be able to:**

**-to know what is money.**

**-use of money**

**-what does money serve for**

**What is money**

**mon·eys** or **mon·ies**

**1.**A medium that can be exchanged for goods and services and is used as a measure of their values on the market, including among its forms a commodity such as gold, an officially issued coin or note, or a deposit in a checking account or other readily liquefiable account.

**2.**The official currency, coins, and negotiable paper notes issued by a government.

**3.**Assets and property considered in terms of monetary value; wealth.

In short, money can be anything that can serve as a

• store of value, which means people can save it and use it later—smoothing their purchases over time;

• unit of account, that is, provide a common base for prices; or

• medium of exchange, something that people can use to buy and sell from one another.

Perhaps the easiest way to think about the role of money is to consider what would change if we did not have it.

If there were no money, we would be reduced to a barter economy. Every item

someone wanted to purchase would have to be exchanged for something that person could provide. For example, a person who specialized in fixing cars and needed to trade for food would have to find a farmer with a broken car. But what if the farmer did not have anything that needed to be fixed? Or what if a farmer could only give the mechanic more eggs than the mechanic could reasonably use? Having to find specific people to trade with makes it very difficult to specialize. People might starve before they were able to find the right person with whom to barter.

But with money, you don’t need to find a particular person. You just need a market in which to sell your goods or services. In that market, you don’t barter for individual goods. Instead you exchange your goods or services for a common medium of exchange—that is, money. You can then use that money to buy what you need from others who also accept the same medium of exchange. As people become more specialized, it is easier to produce more, which leads to more demand for transactions and, hence, more demand for money.

## Medium of Exchange

An object becomes a medium of exchange when it is consistently used as an intermediary to trade goods or services. This can be seen by the phrase on all American dollar bills, "This note is legal tender for all debts, public and private." In the absence of money, there would be a barter system, which is strictly the exchange of goods or services for othe

goods or services. Currency takes the place of a barter system and allows for simpler exchanges.

## Value of Money

In economics, money must be a unit of account. An object is a unit of account when it is used to value other goods or debts. In this instance, money acts as an object to value other objects. For instance, if a horse became a unit of account, than it would be used to value other objects, such as five goats equal one horse. Although factors within economics (such as supply and demand) cause the value of money (and therefore objects) to fluctuate, those objects retain a worth based upon monetary values.

## Store of Worth (value)

Money must also have the ability to maintain its value even when stored. For instance, a token that is good for a ride on a ferry can be stored and will continue to maintain a value for one ferry ride; however, if the ferry no longer exists, the token will no longer have any value. Money can be stored for long periods of time and still have its original value.