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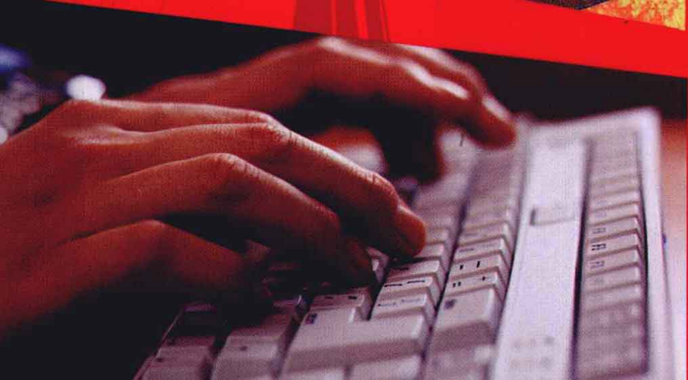
Accounting English

●英汉对照版●

主编/郭　琛



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内容简介

本书是一本为财经类专业会计英语教学而编写的专业教材，以基础会计制度为基础，同时兼顾了西方国家特别是美国的会计习惯做法，对会计的基本理念、基本流程作了详细介绍。内容涉及基础会计理论、财务会计、财务管理、审计的主要内容。书中大量图表能够帮助读者快速、有效地理解会计内容和流程。全书共13章，包括现代会计惯例、会计核算基础、会计账簿分类、试算表与资产负债表、收入表与财务状况变动表、现金与内部控制制度、应收账款与存货、固定资产与无形资产、负债与所有者权益、购货与销售、会计学中的企业、成本会计与税务会计、审计。附录附有词汇表、习题及阅读材料，便于广大读者学习使用。

本书可作为高等院校财经各专业学生的教材，还可供企业经营管理人员业务培训使用，对参加相关资格考试的人员也大有裨益。

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前言

随着全球经济一体化时代的来临，以及对外开放的不断扩大和深入，中国对外经济发展也越来越快，中国贸易国际化程度将进一步加深，各行各业对外贸易业务往来将更加频繁，更多的企业和部门将直接参与到对外经济贸易活动中去，这毫无疑问地就需要大量既懂外语又懂财会业务的专业人才。该书正是在这一背景下编写的会计英语教材，是会计基础知识和标准英文表达的完美结合，适合于双语教学的会计课堂。使用本书的高校学生在迅速掌握会计通用词汇和会计基础知识的同时，还可以学习到纯正的会计英语表达，真正符合外资、合资企业对国际化会计人才的需求。同时本书也可以满足广大会计从业人员迅速了解和掌握相关英文会计表达并提高英语水平的需求。

本书是一本为财经类专业会计英语教学而编写的专业教材，以基础会计制度为基础，同时兼顾了西方国家特别是美国的会计习惯做法，对会计的基本理念、基本流程作了详细介绍。内容涉及基础会计理论、财务会计、财务管理、审计的主要内容。书中大量图表能够帮助读者快速、有效地理解会计内容和流程。

本书编者结合多年的教学经验，通过与外贸进出口公司相关人员的直接合作，并参考在国外学习期间所获得的相关资料，经多年努力编写而成。全书由郭琛担任主编并负责附录和全书的统稿。具体编写分工为：第1,4,5,11章由郭琛编写（承担撰写工作量约90千字）；第6,7,8,9章由朱广华编写（承担撰写工作量约100千字）；第2,3,13章由苏英健编写（承担撰写工作量约50千字）；第10,12章由林欣编写（承担撰写工作量约30千字）。

由于编者水平和学识有限，书中难免出现差错，敬请读者不吝指正。

编　者

2011年2月

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English Part

Chapter One Conventions of Contemporary Accounting

1.1 Basic Conventions

1. The Entity Convention

Accounting conventions are concepts and rules which have been accepted in performing bookkeeping and accounting. They came from a careful observation of accounting practice which revealed patterns of consistent behavior. The existence of conventions was not generally recognized by accountants until the 20th century. They were developed to aid accountants in exercising judgment and estimation in order to limit likely differences in recording similar events by different accountants. The principal convention of contemporary accounting will be discussed. Contemporary accounting divides the community into separate units called "accounting entities". For each accounting entity a self-contained, double-entry accounting system is employed. Transactions between accounting entities are recorded in the accounts of both entities. Each accounting entity interprets transactions from its own viewpoint. For example, the same transaction may be recorded as a sale by one accounting entity and as a purchase by another. Similarly, one accounting entity may record a transaction as an investment, while the other accounting entity may record it as a capital contribution.

In any particular case the identification of the accounting entity may be difficult. Consider, for example, the case of a large chain of retail stores. Is the accounting entity the whole business, a regional operation, a single store or a single department in that store? The answer can be found only by looking at the organization of the business. If a department has its own accounting system and records transactions with other departments, then it is an entity for accounting purpose. If it has no records, then it is not an accounting entity. The accounting entity is, therefore, identified as the smallest unit of activity with a self-contained accounting system.

2. The "Going Concern" Convention

Contemporary accounting assumes the entity will remain in operation for the foreseeable future. This assumption is known as the "going concern" or the "continuity" convention. This assumption does not refer simply to its continued existence. It also assumes that it will continue in the same line of business as those in which it is current. The assumption of continuity is made in the absence of evidence to the contrary. In other words, when it is clear that an assumption of continued existence would result in misleading financial reports, then the assumption is not made. A major problem facing the accounting profession is in identifying the circumstances under which the continuity assumption should be abandoned.

Sometimes company failures occur with the accounting reports continuing to be based upon the going concern convention. These accounting reports are subsequently as misleading. And premature abandonment of the continuity assumption by accountants may cause liquidation if it results in demands by creditors for repayment of accounts outstanding. Authoritative guidelines are needed in this area if continuity is to remain a basic assumption of contemporary accounting.

3. The Monetary Convention

In contemporary accounting, an entity's transactions are recorded in the accounts in the monetary unit of the country in which it is operating. However, in general, financial statements are presented in the currency of the country where the reports are published. The use of money as the unit of account is accepted today without question, but that has not always been the case. For example, such commodities as cattle, salt, shells, and tobacco are said to be employed as a unit of account. The use of money as a unit of account does create some difficulties. In the first place, transactions must be expressed in money before they can be recorded in the accounts. In some cases transactions or events may not have an obvious money amount. Transactions and events of this type are either ignored or assigned a subjective or arbitrary money amount.

The second difficulty associated with the monetary convention is that the value of money is not constant over time. Its purchasing power changes as a result of either inflation or deflation. Accountants conventionally choose to ignore the changes in the purchasing power of money in the accounts. And this will cause some deficiencies in accounting reports.

4. The Consistency Convention

Contemporary accounting assumes that accountants consistently apply accounting procedures from one period to the next. As a corollary, if accounting procedures are changed, the fact of the change and its effect on reported results are supposed to be disclosed in the financial statements. The purpose of this convention is to allow meaningful inter-period comparisons of results of an entity. Without consistency in accounting procedures, management could manipulate a firm's reported results merely by changes in accounting procedures. Under these circumstances inter-period comparisons would have to be treated with skepticism. This convention differs from the others in an important respect. The others describe conventional practices actually used by accountants. The consistency convention, however, involves prescription. This convention is one that accountants ought to follow rather than that is necessary followed.

The consistency convention does not mean that accounting methods cannot be changed. A change should be made if a new procedure would result in financial statements with improved "truth and fairness". If a justifiable change is made, the fact and the effect of the changes should be disclosed. The convention only requires that capricious changes in procedure which can be justified by reference to a "true and fair" view should not be made. The convention does not require an inter-firm consistency in accounting procedures. Two similar firms in the same industry may record a similar transaction in different ways and still comply with the consistency convention. The convention applies only to the accounting practices of a particular entity from period to period. The lack of inter-firm consistency means that analyst needs to exercise a great deal of care in making inter-firm comparisons.

Even, the convention does not mean that there must be an internal consistency in the use of accounting procedures. For example, the convention does not imply that a business depreciates all its assets on same basis or that all discounts allowed are treated as expense. Consistency would allow, for example, that plant and equipment be depreciated on a straight-line basis and that motor vehicles be depreciated on an accelerated basis. All that consistency implies is that the accounting procedures for a particular type of transactions are the same from period to period to the next.

1.2 Continued Conventions

1. The Convention of Conservatism

It is a characteristic of contemporary accounting that accountants act conservatism or prudently in the measurement of profit. In general, this means that accountants use "reasonable pessimism" in measuring revenues and expenses. Revenues are not recorded until they are reasonably certain, but expenses are recorded as soon as they are become probable. Similarly, when accountants have a choice of measurements of cost for assets and liabilities, they will, other things being equal, choose the lowest for assets and the highest for liabilities. The effect of this convention is that reported profits and net assets will be lower than under most alternative assumptions. There are several possible explanations for the convention of conservatism. One is that it is the traditional role of accountants to curb the optimism of management. Accountants are seen as influence, forcing management to assess proposals and expectations in a realistic way to minimize errors arising from over-optimism.

A second explanation is that all conservatism is a natural reaction to uncertainly. Similarly, students will behave conservatively and publicly choose a modest expectation of an exam result even though they may think that they have a good chance for a high grade, accountants faced with uncertainty about futures events also behave conservatively.

A third explanation is that statements users may prefer conservatism to any alternative policy. Given that profit measurement depends upon estimates, conservatism ensures that the actual profit must be at least as high as the reported profit. Conservatism allows confidence in published reports. Whatever profits and net assets may be, they will not be less than those disclosed in the published accounts.

2. The Objectivity Convention

When an accountant has a choice of measurements the most objective will be preferred, other things equal. As far as possible, an accountant will avoid incorporating guesses or estimates in the accounting records and reports. In practical terms, objectivity means that an accountant requires evidence of the existence and the amount of a transaction before recording in the books. For many transactions the evidence is documentary, for example, invoices, receipts, cash register type and credit notes. The documentary evidence is the stimulus for recording transactions.

Accountants prefer objectivity for two reasons. First, it makes the accountant's job easier. Routine rule-following is easier than a careful examination of each transaction to determine a reasonable amount for recording purpose. Second, reliance upon documentary evidence and generally accepted accounting procedures provides accountants with some support if their professional competence is questioned. It is a more convincing defense to produce evidence to support accounting records or to argue that generally accepted procedures were used than to assert that the entries seemed reasonable at the time.

3. The Materiality Convention

It is contemporary accounting practice to record and report separately only those transactions which are material. An item is judged to be material if it is important enough to influence the decisions of statement users. Some items are material because they are large. For example, a large bad-debt write-off would usually be regarded as a material event. Some items are material because they are small. For example, a very low inventory figure may be judged to be material if it reflects unfavorably on a firm's liquidity. Some items may be material if they differ significantly in amount from the same item in earlier periods. For example, a small bad-debt write-off may be judged material if it is twice as large as normal. Some items may be judged to be material solely because of their nature and regardless of their relative size. For example, the sales figure would probably be material no matter how large, how small or how variable it was. Materiality has two principal applications. One is in the processing and the other is in disclosure. In recording process, accountant must decide how much detail is necessary. Are separate ledger accounts needed for every asset or could some assets be grouped under a general heading, for example, "plant and equipment"? In general, ledger accounts would be maintained only if they contained material data. All not-material items would be aggregated in "sundry accounts". In other words, the decision of accounting system should be strongly influenced by considerations of materiality.

The second aspect of materiality relates to disclosure. Accountants use the notion of materiality as a criterion to decide how much detail to include in financial reports. If a piece of information is not material, then it should not be disclosed separately. For example, nowadays nearly all published financial statements omit cents and mostly show dollar amounts rounded to the nearest thousand. Any greater detail is judged to be not material.

4. The Accounting Period Convention

It is contemporary accounting practice to measure the result of an entity's operation over a relatively short period and to present a balance sheet at frequent intervals. The economic activity of a business is continuous. All transactions are recorded in the accounts and change the picture of the firm, as revealed in financial statements. The firm changes continuously as it carries out its operations. Changes cease only when the firm ceases operations. In this world of continuity of operations and change, accountants are required by law to report on financial position and results at least annually. This requirement for annual reporting is a relatively modern development. Even as late as the 19th century major businesses presented financial statements at irregular and lengthy intervals. Annual reporting probably arose from the demands of investors, owners, creditors and taxation authorities who were not prepared to wait until the end of a firm's life before the success of its operation was measured.

The accounting period convention does, however, lead to difficulties. First, it should be realized that the shorter the reporting period the greater the need for estimates and judgment. Over a short period, few transactions will be completed and there will be more accruals and deferrals than for longer period. Incorporating accruals and deferrals into the accounts increase the subjectivity of financial statements. In addition, financial reports for short periods may provide misleading impressions of the long-run prospects for the firm. A balance sheet represents a "snapshot" of the entity's financial position at an instant of time. Immediately before and after the date of the balance sheet, the financial position is different. Bye the time the balance sheet is published the financial position of the firm may have changed dramatically. As a result, the balance sheet is out of date the day after the end of the accounting period, and by the time it is published, it is of historical interest only.

Chapter Two   Accounting Basis

2.1   Accounting Equation and Double Entry

1. Accounting Equation

(1) Fundamental Equation

For a business, its funds come from two aspects: capital which the business owners input and funds which is borrowed from others besides the owners. The funds of business exist as assets. In accounting, assets are properties that are owned and have monetary value; for instance, cash, inventory, buildings, equipments. Funds borrowed from others are named as liabilities. Liabilities are amounts owned to outsiders of business, such as notes payable, accounts payable, bonds payable.

Capital is the interest of the owner in an enterprise, also known as owner's equity or net assets. It is the part that assets in an enterprise belong to the owners. Assets, liabilities and capital are three basic elements in an enterprise which represent the financial status of an enterprise. They can be connected by fundamental equation called balance-sheet equation, also called fundamental accounting equation. The equation is:

$$\text{Assets} = \text{Liability} + \text{Capital}$$

This equation shows that assets come from liability and capital. One part of assets in the business belong to the owners and the other part should be used to repay the liability. The equality of the assets on one side is with the claims of the creditors and owners on the other side.

(2) Expanded Accounting Equation

The management goal of a business is to gain profit. In course of realizing the profit, on one hand revenue is achieved while goods is sold or the service is offered; on the other hand corresponding expense is occurs which happens to achieve revenue. Thus the balance between revenues and expense forms the profit of the current period in a business. There is another accounting equation to show this relationship of revenue, expense and profit; The equation is:

$$\text{Revenue} - \text{Expense} = \text{Profit}$$

This accounting equation is named expanded accounting equation. It shows the matching relationship between revenue and expense.

2. Double-entry

Double-entry bookkeeping is the method that a business records the transaction in the books