面向21世纪应用型本科财会专业系列规划教材

KUAIJI YINGYU

会计英语

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前　言

随着我国改革开放和全球经济一体化的日益加快，我国会计发展已经进入与国际趋同的新时期。因英语为国际通用语言，所以会计学领域有很多较前沿的理论和方法都是用英语来表述的。在这种形势下，具备坚实的会计专业素养和较强的专业英语交流能力已经成为我国会计人才培养的基本目标。

为了提高我国会计人员的国际化水平，我们崇尚在校学生要加强对会计专业英语的学习。为此，我们编写了这本会计英语教材，希望学生通过本书的学习能够熟知基本专业术语的英文表达，理解具有一定难度的英文专业资料，能够对一些会计问题用英文进行准确的描述，并依据西方通用会计准则对国际企业会计实务进行准确的会计核算并编制英文会计报表，等等。

本书主要侧重于对财务会计专业知识的介绍，每章涉及内容介绍、英文课文、专业词汇与词组、练习题四部分基本内容，知识点设置合理，便于读者进行系统全面的学习。此外，为了帮助学生直接用英语领悟前沿的会计理论和方法，进一步加深对相关知识点的理解，本书在每章还增设了相关外文文献的阅读资料。此外，为了使学生在英语语境下更好地理解相关专业知识，避免过于依赖翻译资料，本书特意省去了中文译文部分。本书语言通俗易懂，兼顾了学生的专业基础和英语水平，适合广大高等院校的会计专业学生及社会上的自学人士使用。

本书第 1～5 章由山东建筑大学商学院李慧老师编写，第 6～9 章由山东建筑大学商学院孙园园老师编写，第 10～12 章由山东大学管理学院在读博士、山东建筑大学商学院李长娥老师编写。全书由李慧老师负责统筹总纂。

由于编者理论水平和实务知识有限，书中难免存在疏漏与不当之处，敬请广大读者给予批评指正。

编　者

目　　录

Chapter 1
The Overview of Accounting

In this chapter, we will discuss

1. What accounting is.
2. The accounting concepts and principles.
3. What the accounting elements are.
4. What the accounting equation is.
5. The effects of various transactions upon the accounting equation.

1.1 What Is Accounting

Accounting is an information system designed to record, measure, classify, summarize, report and interpret business economic activities by the monetary unit as the main criterion. The accounting information is mainly offered to investors, creditor, managers and other interested individuals or organizations of the business in order to help them make reasonable decision.

Accounting plays an important role in the modern economic society. It records the financial position and operating performance in the past and current period of a business. The information users may use the accounting information to evaluate the liquidity, the current or long-term solvency, and the profitability. Moreover, they can also analyze the future development ability of the business. The change of the financial position and the growth or decline of the past operating performance can tell the users the trends and the ways in which the business may develop in the future.

Accounting can generally be divided into financial accounting and management accounting. Financial accounting always provides the information to external parties about a business's financial position, changes in the position and the operation results. However, management accounting mainly provides information to the management of a business, and it is related to the internal accounting functions of cost determination, planning, control and performance evaluation.

In daily life, many people often regard accounting as a process of the recording of transactions, which is mechanical and repetitive. In fact, the recording of transactions is only a small part of the field of accounting, which is often known as the bookkeeping. Accounting includes not only the maintenance of accounting records, but also the summarizing, reporting and interpreting of the accounting information, the design of efficient accounting systems, the auditing of the operating performance, the planning of income tax, the internal control, the forecasting of future development, and so on. In accounting practice accountants are engaged in their work on the basis of not only the accounting standards and some related accounting regulations but also the professional judgment. So accounting usually is described as an art. You can proficient at recording transaction in a shorter period such as several weeks or months. However, if you want to be a qualified professional accountant or a certified public accountant, many years of study and experience will be needed.

1.2 The Accounting Concepts and Principles

Just as we have seen that the action needs the guidance of the scientific theory, accounting theory provides the rationale or justification for accounting practice. In the accounting theoretical framework, the basic concepts and assumptions are the foundation of other accounting theories. The basic concepts and assumptions are derived from accounting and their involved scope is very broad. Based upon this foundation, the accounting principles provide guidelines or directives to accounting practice. The Generally Accepted Accounting Principles (GAAP) consist of a number of concepts, assumptions and principles.

1. The Accounting Entity Concept

The Accounting entity is the most basic concept, which makes the scope of the accountants' work clearly and definitely. An accounting entity is any economic unit which owns or controls resources and engages in economic activities. Every accounting entity should employ a self-contained, double-entry accounting system. Transactions between accounting entities are recorded in the accounts of both entities separately. Each accounting entity records economic transactions from its own viewpoint. According to this concept, for the convenience of the accounting treatment, all forms of organization are regarded and treated as a separate entity, separate and distinct form its owners, as well as other organizations in any forms. The transactions of different accounting entities should not be confused together. Each accounting entity should be evaluated separately.

The Accounting entity concept is applied to all organizations forms of business: single proprietorship, partnership and Corporation. In addition to the business, the accounting entity concept is also applied to the governments and nonprofit organizations.

2. The Going-concern Concept

The Going-concern concept Supposes that the accounting entity will remain in operation for the foreseeable future. According to this concept, accountants can think that the business will stay in operation long enough to use existing assets to realize their expected purpose. Only according to this accept, the conventional accounting treatments can be feasible such as measuring assets at historical cost. However, under the situation of going out of business, an entity will try to sell all its assets and then special accounting methods will be used. For example, the relevant measure of the assets is their current market value in stead of the historical cost.

3. The Accounting Period Concept

Although an accounting entity is assumed to have an indefinite life, accountants are required to reflect the financial position and the operating result at relatively short time intervals in order to provide the timely information. The accounting information without timeliness will be insignificance for the users. Consequently, the life of a business in divided into time periods of equal length, which are called accounting periods. The Accounting period is normally one year, half a year, one quarter or one month.

4. The Stable-money-unit Concept

Money, such as the dollar, or any other monetary unit, always represent a unit of value, which reflects the purchasing power of goods and services. Money is the most common and basic unit of accounting measurements. All transactions should be measured, recorded and reported in terms of money unit. According to the stable-money-unit concept, the money value or the purchasing power of every money unit is assumed to be constant over time, that is to say, accounting ignores the effect of inflation or deflation in the accounting records. This concept allows accountants to add and subtract dollar amounts as if each dollar has the same purchasing power at any time. However, the value of money generally is changeable more or less as time goes by, especially when the inflation or deflation takes place. When the inflation or deflation rate is high to a certain degree, the accounting information under the stable-money-unit concept will not reflect the real financial position and the operation performance of a business. Then accounting will make appropriate adjustments for accounting measurements and report accounting information in money units of current buying power.

5. The Relevant Principle

As this principle, the accounting information should be meaningful and useful to those who need to know something about a certain organization. Accounting information should be influential to the users' decision-making by helping them to evaluate past, present or future events truly. This principle is also known as the principle of usefulness. In practice, whether information is relevant depend on the feedback value, predictive value, and timeliness of the information. The information should help users understand the past operation exactly and predict outcome of future events. In addition, they should be provided to users timely. If not, the information will lose its effectiveness. Now the relevance is regarded as an important quality characteristic of accounting information.

6. The Objective Principle

The Objective principle requires that accounting records and financial reports should be based on the economic transactions as they actually take place. Since all the users of financial information wish to see the real situation of the business, the accounting records and statements should be as accurate as possible and reflect the financial position and operating results of an enterprise objectively. The reliable data available is the basis of the financial analysis.

7. The Cost Principle

According to this principle, all goods owned and all services received by a company should be recorded in the accounts and appear on financial statements at acquisition cost, such as purchasing prices or manufacturing cost. Acquisition cost is also known as historical cost, which is a more reliable accounting measure for assets than market value. Furthermore, historical cost is easier to get than other measures. According to this principle, all goods and services are recorded at acquisition cost such as purchasing prices and manufacturing cost and appear on financial statements at cost. Because the historical cost is more reliable, this principle suggests that the accounting records should maintain the historical cost of an asset as long as the company holds it.

8. The Materiality Principle

In accordance with general accepted accounting principles, accountant must consider the relative important of any transactions. Accountants should be primarily concerned with significant information and not be overly concerned with those items which have little effect on financial statements. However, there are no precise criteria to determine whether the materiality of a transaction is or not. The accountants' professional judgment is required in accounting practice. An item is judged to be material if it is important enough to influence the decisions of information users. Materiality of an item may depend not only on its amount but also on its nature.

9. The Consistency Principle

The Consistency principle implies that accounting methods should be consistent from one period to the other and once the methods are employed they should not be arbitrarily changed. If the Changes are necessary, the Changes, reasons for them and their impact on the entity's financial position and operating results should be disclosed in notes to the financial statements. This principle can help the information users understand the changes of financial position and operating results more reasonably.

10. The Conservatism Principle

According to the conservatism principle, accountants should remain the cautious attitude to the transactions when recording and reporting them, especially those that will lead to the gloomy position or bad financial results. It means that accountants should be conservative in choosing the one that has the least favorable impact on net income when there are two or more alternative accounting methods. Accounting should follow the conservatism principle so as to determine the possible loss and expense reasonably and fully consider the risk or uncertainty inherent in business situations.

11. The Accrual-basis Accounting Versus Cash-basis Accounting

There are two widely used bases of accounting: the accrual-basis and the cash-basis. In accrual-basis accounting, accountants should recognize the impact of a transaction when it occurs. When a business provides a service, makes a sale, or incurs an expense, accountants will enter the transaction into the journals, whether or not cash has been received or paid. However, in cash-basis accounting, accountants should not record a transaction until cash is received or paid. Cash receipts are treated as business revenues, and cash payments are treated as business expenses.

According to the generally accepted accounting principles, a business should use the accrual basis, because accrual-basis accounting offers more complete and useful information for decision-makers than cash-basis accounting does. There are several concepts closely associated with the accrual-basis basis, which are the accounting period concept, the matching principle and so on.

12. The Matching Principle

The Matching principle requires that revenues and expenses should be matched each other.

On one hand, if the cost is consumed or expired in generating revenues of selling goods or providing services, that is to say, the cost contributed to revenue, the cost becomes an expense which is matched with the revenue on basis of the relationship of cause and effect. On the other hand, if there is no causation between the cost and the revenue and they belong to the same period, they should be recorded and reported in the same period. The measurement process is very fundamental to the accrual-basis accounting. Moreover, the ultimate purpose of the matching principle is to compute the net income or loss by subtracting the expenses from the revenues.

1.3 The Accounting Elements

Financial accounting information is classified into six categories of assets, liabilities, owner's equity, revenues, expenses, and net earnings (or net loss). The six kinds of accounting information is also called accounting elements, which are the main content of financial statements. To understand these accounting elements fully is the best start in studying financial accounting.

1. Assets

Assets are economic resources owned or controlled by an enterprise, which are measurable by money value, including all property, rights as a creditor to others, and other rights. Generally assets can be classified into current assets and non-current assets. Current assets are those assets that will be consumed or realized within one year or an operating cycle longer than a year, including cash, cash deposits, short-term investments, accounts receivable, prepayments, and inventories, etc. Non-current assets are composed of long-term investment and those economic resources that are held for operational purpose, including machinery and equipment, building and structures, natural resources, and intangible assets, etc.

2. Liabilities

Liabilities are debts caused by the past transaction, borne by an enterprise at present, measurable by money value, which will be paid to the creditor using assets or services. Liabilities can be classified into current liabilities and long-term liabilities. Current liabilities are those debts that will be paid off within one year or an operating cycle longer than a year, including short-term loans payable, notes payable, accounts payable, advances from customers, accrued expenses, and taxes payable, etc. Long-term liabilities refer to those debts that will be redeemed beyond a year or an operating cycle longer than a year, including long-term loans payable, and long-term accounts payable, etc.

3. Owner's Equity

Owner's equity means the interest or the claim of the investors to the net assets of the enterprises. Net assets are the difference between the amount of assets and the amount of liabilities. Owner's equity includes owner's investment in a business and accumulated operating results since the beginning of the operation. In a corporation, owner's equity can also be called the stockholders' equity.

4. Revenue

Revenue is the economic resources flowing into a business as a result of providing goods and services during a given accounting period. The Common revenues include sales revenue, service revenue and investment revenue. The Increasing of revenue will increase owner's equity.

5. Expenses

Expenses are the outflow of a business's economic resources resulting from earning revenue or the cost of the operational activities for the business. The Common expenses include the cost of goods sold, selling expenses, financial expenses and administrative expenses, etc. Increase in expenses will decrease owner's equity.

6. Net Income

Net income (or net loss) is the result of matching revenue with expense. When revenue exceeds expenses, net income occurs, otherwise net loss occurs. The realizing of net income, or profit, is the most important goal of an enterprise.