

工商管理外语阅读教程系列丛书
Business Administration Foreign Languages Series

总策划 李桂山



财务会计 英语阅读

Financial Accounting
Selective Reading

编著 于浩淼



北京航空航天大学出版社

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编著 于浩森
主审 张忠明

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图书在版编目(CIP)数据

财务会计英语阅读/于浩森编著. —北京:北京航空航天大学出版社,2004.12

ISBN 7-81077-529-4

I. 财… II. 于… III. 财务会计—英语—阅读教学—高等学校—教材 IV. H319.4

中国版本图书馆 CIP 数据核字(2004)第 092766 号

工商管理外语阅读教程系列丛书

财务会计英语阅读

编著:于浩森

责任编辑:戴瑞安

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北京航空航天大学出版社出版发行

北京市海淀区学院路 37 号(100083) 发行部电话:(010)82317024

<http://www.buaapress.com.cn> E-mail: bhpess@263.net

北京市松源印刷有限公司印装 各地书店经销

*

开本:787×960 1/16 印张:16.25 字数:364 千字

2004 年 12 月第 1 版 2004 年 12 月第 1 次印刷 印数:3 000 册

ISBN 7-81077-529-4 定价:21.00 元

前 言

《工商管理外语阅读教程系列丛书》是天津理工大学国际工商学院的教师们在经过中外合作办学的教学实践和经验总结后编写出的一套外语阅读教材。

本套丛书所选的国外原版阅读文章,涵盖了工商管理专业核心课程的重要领域,反映了当前许多国外工商管理学科最前沿的知识信息。专业语言的语料具有原汁原味的真实性,它能使 学生所获取的专业英语技能在将来的工作中具有实用性。借助本套丛书,读者们能够跟踪了解工商管理科学发展的最新动态。

本套丛书中的每一本都给出了该专业学生应掌握的核心理论知识。为使学生们所学的专业领域中的语言知识得到应用、巩固、扩展和提高,课文后均配有大量的练习。

《工商管理外语阅读教程系列丛书》包括:1) 市场营销英语阅读;2) 财务会计英语阅读;3) 国际商务文化英语选读;4) 管理信息系统英语阅读;5) 战略管理英语阅读;6) 国际商法英语阅读;7) 人力资源管理英语阅读;8) 组织行为学英语阅读;9) 物流管理日语阅读。

本套丛书可作为工商管理专业学生的专业英语阅读教材。对于那些接受短期培训的企业管理者、MBA 学员和教师来说,这套丛书将会更有参考价值。我们希望这套丛书的出版,能进一步促进工商管理专业教学的推广和普及。

我们在此要感谢许多人,他们在本套丛书的编写过程中给予了我们极大的鼓舞和帮助。

我们要感谢加拿大开瑞博大学(the University of the Cariboo)商学院院长布洛克·戴克曼博士(Dr. Brock Dykeman)给予的支持和帮助。

我们要感谢大阪产业大学(Osaka Sangyo University)经营学部流通学科的教授和老师们的给予的支持和帮助。

我们要感谢 Ms. Connie Chen 抽出自己的空闲时间来阅读这套书,并提出了宝贵的意见和有益的建议。我们非常欣赏她的耐心和乐于助人的精神。

我们还要感谢工商管理学科的同人们给予我们的热情指导和帮助,他们是李健教授、张忠明教授、魏津瑜博士等。

天津理工大学国际工商学院

2004 年 2 月

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Pre-reading

A BRIEF LOOK AT ACCOUNTING

Accounting is a profession similar to law and medicine. Such professions continually evolve and change as society and the needs of society change. In recent years, for example, the practice of medicine has changed significantly with the invention and use of lasers. Likewise, the practice of law has changed to reflect new specializations, such as environmental law.

The objective of this introduction is to make you aware of how accounting has changed over the years. This awareness will help you better understand the role and the importance of accounting in society and in your everyday life.

EARLY ACCOUNTING

Just as you may keep a record of the money you spend, people throughout history have maintained records of their business activities. Some of these records were clay tablets that indicated the payment of wages in Babylon around 3600 B. C. Record keeping also existed in ancient Egypt and in the Greek city-states. Some of the earliest English records were compiled by William the Conqueror in the eleventh century. These early accounting records included only some of the financial activities of an entity. A systematic recording of all activities of an entity developed later in response to the needs of the commercial republics of Italy.

DOUBLE-ENTRY SYSTEM

How did the early recording of financial activities evolve into a system of

Pre-reading A BRIEF LOOK AT ACCOUNTING

accounting? The basic system of accounting, which is still used today, was invented by Luca Pacioli, a Franciscan monk. Pacioli was a mathematician who taught in various universities in Perugia, Naples, Pisa, and Florence. He was a close friend of Leonardo da Vinci, with whom he collaborated on a mathematics book. Pacioli wrote the text and da Vinci drew the illustrations.

Pacioli invented what is known as the double-entry system of accounting. A description of the double-entry system was first published in Italy in 1494. This system was strongly influenced by the financial needs of the Venetian merchants. Goethe, the German poet, novelist, and scientist, described the double-entry system as "one of the most beautiful inventions of the human spirit, and every good businessman should use it in his economic undertakings."

What is so special about the double-entry system? It is unique because it records financial activities in such a way that an equilibrium is created within the records. For example, assume that you borrow \$1,000 from a bank. Within a double-entry system, the loan is recorded as \$1,000 of cash received, and at the same time, an obligation is recorded for the eventual repayment of the \$1,000. Each of the \$1,000 amounts is balanced by the other. In a complex business environment, in which an entity may be involved in thousands of transactions daily, this balancing is a valuable control that ensures the accuracy of the recording process.

In spite of the enormous changes in business operations and their complexity since 1494, the basic elements of the double-entry system have remained virtually unchanged. This is a lasting tribute to the significance of Pacioli's invention and his contribution to society.

INDUSTRIAL REVOLUTION

In addition to the invention of the double-entry system, other major events significantly influenced the evolution of accounting. One such event was the Industrial Revolution. The Industrial Revolution occurred in England from the

mid-eighteenth to the mid-nineteenth centuries. It changed the method of producing marketable goods from a handicraft method to a factory system.

The handicraft method of producing goods involved the coordinating of a net work of independent artisans. For example, a textile business would coordinate separate weaving, spinning, and assembly artisans in order to finish completed garments. The final product price would be determined from the sum of the individual artisan rates for work completed plus some profit to the manager for coordinating the activity. There is little need for cost accounting or managerial accounting information in such an environment. The manager only needed a book of accounts to record transactions with the independent artisans and to record receipts for sales from customers.

Under the factory system, businesses took advantage of economies of scale by assembling machinery and labor into a centralized location under the control of a single manager. Economies of scale refer to the benefit obtained by spreading the cost of physical assets over a large quantity of production. The result was an increasing growth in productivity that only "size" could accomplish, — or example, it was during this period that the early steel industry developed.

The factory system, however, introduced a new challenge for managers. No longer were the managers merely coordinators of independent artisans. Instead, the independent artisans were replaced with employees paid according to daily wage rates. In turn, single-manager businesses were replaced by large factories with several layers of management, where senior managers had responsibility over junior managers. As a result, internal reporting measures were needed to guide management in identifying the cost of their products and monitoring the results of operations. The fields of cost accounting and managerial accounting developed to meet these needs.

Even today, the fields of cost accounting and managerial accounting continue to undergo major changes as accountants attempt to more accurately record, estimate, and report information for manufacturing operations.

CORPORATE ORGANIZATION

As you might expect, the Industrial Revolution created a demand for large amounts of money or capital to build factories and purchase machinery. To meet this need for capital, the corporate form of organization was developed. The corporate form of organization was first established in England in 1845. It soon spread rapidly to the United States, which became one of the world's leading industrial nations shortly after the Civil War. In the United States, large amounts of capital were essential for the development of new industries, such as steel, transportation, mining, electric power, and communications. As in England, the corporation was the primary vehicle for raising the capital that was needed.

How does the corporate form of organization raise capital? If you answered "by issuing stock," you are correct. Corporate ownership is divided into shares of stock that can be readily transferred. The stockholders of a corporation normally do not exercise direct control over the operations of the corporation. The management runs day-to-day operations, and the stockholders only indirectly control the corporation through the election of a board of directors. The board of directors sets general policies and selects the officers who actively manage the corporation.

So how did the corporate form of organization affect accounting? The corporate form affected the evolution of accounting because the stockholders needed information about how well management was running the corporation. Since stockholders are not directly involved in day-to-day operations, they must rely on accounting reports in evaluating management's performance. These reports created additional demands upon accounting.

As corporations grew larger, the number of individuals and institutions relying on accounting reports increased. Potential shareholders and creditors needed information. Government agencies required information for purposes of taxation and regulation. Employees, union representatives, and customers requested information to judge the stability and profitability of corporations.

Thus, largely due to the use of the corporate form of organization, accounting had to expand from serving the needs of a few owners to a public role of meeting the needs of a variety of interested parties.

International Accounting

As we discussed, accounting changes to meet the needs of society. As a result, accounting rules and regulations differ significantly among countries, each of which has unique cultural and societal needs. These differences create major accounting problems when a firm has foreign operations in more than one country. In such cases, the firm must adapt its accounting system to the rules and regulations of each country. This increases the costs of recording accounting data and preparing accounting reports. Also, there is potential for confusing the users of accounting reports. To overcome these problems, the accounting profession is seeking to develop uniform international accounting standards.

Socioeconomic Accounting

Accounting traditionally focuses on recording and reporting financial activities of businesses or other specific entities. Recently⁵ there has been a suggestion that accounting should also record and report the impact of organizations on society. This area of accounting is called socioeconomic accounting.

As socioeconomic accounting has evolved, three main areas have been identified for study. The first area is recording and reporting the impact of various organizations on matters that affect the overall quality of life in society. The second area is recording and reporting the impact of government programs on achieving specific social objectives. The third area is recording and reporting the impact of corporate social performance. Corporate social performance refers to the corporation's responsibilities in such areas as water and air quality, conservation of natural resources, and equal employment practices.

The concept of socioeconomic accounting is relatively simple as a theory. However, additional study and research are needed before socioeconomic costs and benefits of various activities can be recorded and reported. For example, the overall impact of a public utility's proposal to build a nuclear power plant is difficult to measure, record, and report.

Managerial Accounting

The role of managerial accounting is evolving as the information needs of managers change. One of the reasons for the change in information needs is total quality management. This new management concept is challenging many of the traditional methods of managing businesses.

Total quality management focuses on two major objectives. First, the business's primary objective is to earn customer loyalty by providing them with superior products and service. Second, the business should attempt to earn customer loyalty by continually improving employees, business processes, and products. This latter emphasis is called continuous process improvement.

Continuous process improvement extends traditional cost accounting and managerial accounting concepts beyond an emphasis of just tire products that customers buy to everything that is done by the employees of the business. Under this philosophy, accountants are expected to provide information that will help managers and employees continually improve and re-engineer the business systems of which they are a part. As a result, cost accounting and managerial accounting systems are being revised to provide new and innovative types of information and reports.

Chapter 1

INTRODUCTION TO ACCOUNTING CONCEPTS AND PRACTICE

In an editorial in The Wall Street Journal, Dennis R. Beresford, Chairman of the Financial Accounting Standards Board, discussed the role of generally accepted accounting principles. He asserted that the primary role of accounting principles should be to truthfully portray the economic consequences of events on the financial statement of a business enterprise. In doing so, Mr. Beresford asserted, "... the truth will set investors free." Mr. Beresford goes on to state that "... Truth in accounting means telling it like it is, without bias or intent to encourage any particular mode of behavior by the user of the information."

(Source: "In Accounting, Truth Above All." letters to the Editor, The Wall Street Journal, March 21, 1994)

Is accounting important to you? Do you use accounting information? The answer to both questions is yes. We all use accounting information in one form or another. For example, if you are thinking about buying a new car, you use accounting information to determine whether you can afford the monthly payments. Similarly, your decision to attend college implies that you considered the benefits (the ability to obtain a higher paying or more desirable job). Most likely, you also considered the related costs of attending college (the costs of tuition, textbooks, and so on).

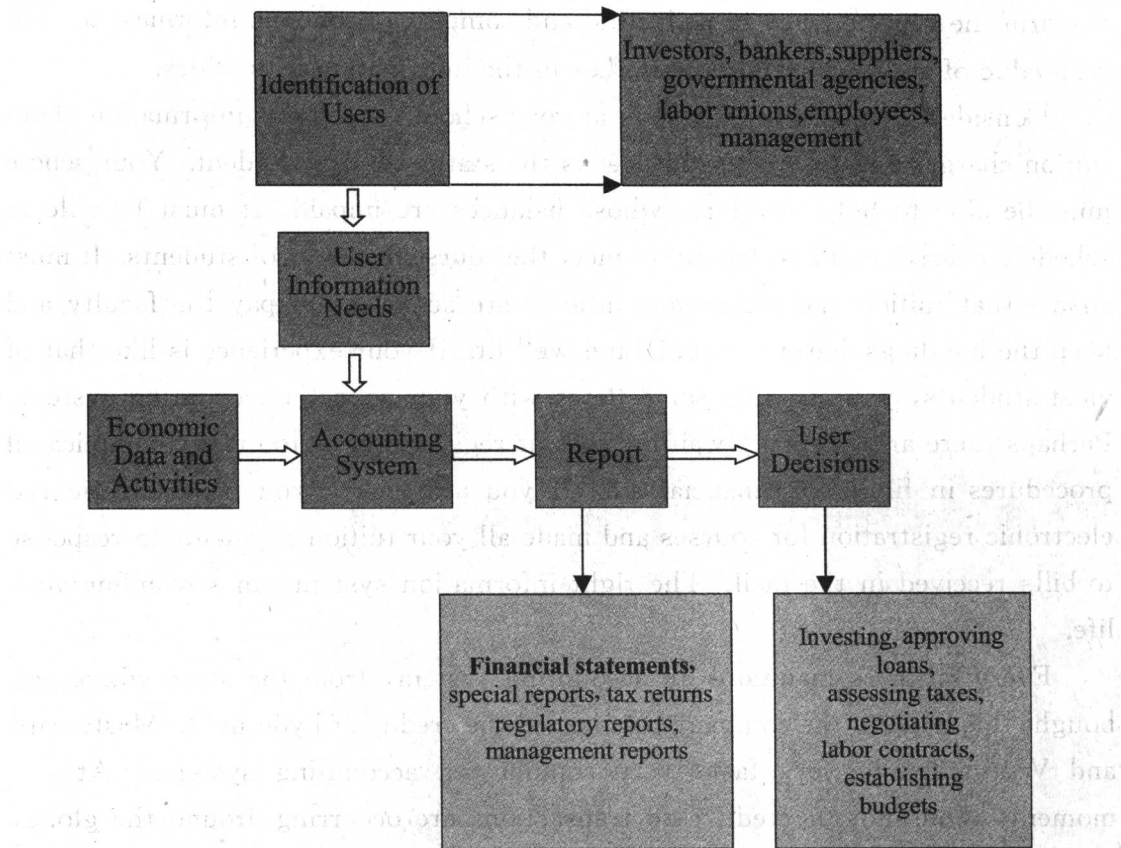
Managers of businesses make decisions similar to this everyday. For example, a manager of a chain of pizza restaurants must decide whether to acquire delivery cars. Accounting information about the pizza restaurants will be a major factor in determining whether the cars should be acquired. Also, this information will be used in determining whether a loan can be obtained to finance the purchase of the cars.

ACCOUNTING AS AN INFORMATION SYSTEM

Accounting may be defined as an information system that provides reports to various individuals or groups about economic activities of an organization or other entity. You might think of accounting as the “language of business,” because it is means by which most business information is communicated. For example, companies distribute accounting reports that summarize their financial performance to their owners, creditors, government regulators, and potential investors.

The process of using accounting to provide information to users is illustrated in Exhibit 1. First, accountants must identify user groups and their information needs. These needs determine which economic data and activities are recorded by the accounting system. Finally, accountants prepare reports that summarize this information for users.

Exhibit 1 Accounting as a Process of Providing Information to Users



THE NATURE OF ACCOUNTING

Accounting organizes and summarizes economic information so that decision makers can use it. The information is presented in reports called financial statements. To prepare these statements, accountants analyze, record, quantify, accumulate, summarize, classify, report, and interpret economic events and their financial effects on the organization.

The series of steps involved in initially recording information and converting it into financial statements is called the accounting system. Accountants analyze the information needed by managers and other decision makers and create the accounting system that best meets those needs. Bookkeepers and computers then

Chapter 1 INTRODUCTION TO ACCOUNTING CONCEPTS AND PRACTICE

perform the routine tasks of collecting and compiling economic information. The real value of any accounting system lies in the information it provides.

Consider the accounting system at your school. It collects information about tuition charges and payments and tracks the status of each student. Your school must be able to bill individuals whose balances are unpaid. It must be able to schedule courses and hire faculty to meet the course demands of students. It must ensure that tuition and other cash inflows are sufficient to pay the faculty and keep the buildings warm (or cool) and well lit. If your experience is like that of most students, you can find some flaws with your school's accounting system. Perhaps there are too many waiting lines at registration or too many complicated procedures in filing for financial aid. If you are lucky, you have experienced electronic registration for courses and made all your tuition payments in response to bills received in the mail. The right information system can streamline your life.

Every business maintains an accounting system, from the store where you bought this book to the company that issued the credit card you used. Mastercard and Visa maintain very fast, very complicated accounting systems. At any moment, thousands of credit card transactions are occurring around the globe, and accounting systems are keeping track of them all. When you use your charge card, it is read electronically and linked to the cash register, which transmits the transaction amount over phone lines to the card company's central computer. The computer verifies that your charges are within acceptable limits and approves or denies the transaction. At the same time the computer also conducts some fairly careful security checks. For example, if your credit card were being used simultaneously to buy groceries in Ithaca and to make long distance phone calls in Korea, the credit card computer might sense that something is wrong and require you to call a customer service representative before the charges could be approved. Without reliable accounting systems, credit cards simply could not exist.

ACCOUNTING AS AN AID TO DECISION MAKING

Accounting information is useful to anyone who must make decisions that have economic consequences. Such decision makers include managers, owners, investors, and politicians. For example,

When the engineering department of Apple Computer developed the iMac, an accountant developed a report on the potential profitability of the product, including estimated sales and estimated production and selling costs. Managers used the report to help decide whether to produce and market the product.

Jill runs a small consulting firm and has five employees who service clients. In deciding who to promote (and who to fire), Jill produces reports each month of the productivity of each employee and compares productivity to the salary and other costs associated with the employees' work for the month.

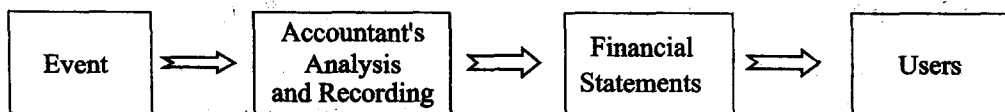
An investor considering buying stock in either General Motors or Volvo would consult published accounting reports to compare the most recent financial results of the companies. The information in the reports helps the buyer decide which company would be the better investment choice.

A senator debating a new low-income housing plan needs to know how the proposed plan will affect the country's budget. Accounting information shows how much the plan will cost and where the money will come from.

A lender considering a loan to a company that wants to expand would examine the historical performance of the company and projections the company provided about how the borrowed funds are to be used to produce new business.

Accounting helps decision making by showing where and when and where money has been spent and commitment have been made, by evaluating performance, and by indicating the financial implications of choosing one plan instead of another. Accounting also helps predict the future effects of decisions, and it helps direct attention to current problems, imperfections, and inefficiencies, as well as opportunities.

Consider some basic relationships in the decision-making process:



Our focus includes all four boxes. All financial accounting courses cover analysis and recording and preparing financial statements. We pay more attention to the underlying business process and to the way in which the financial reports help decision makers to take action.



Glossary

1. **quantify** express or measure the quantity of 确定数量
2. **accumulate** make or become greater in number or quantity; come or gather together 累积
3. **bookkeepers** person who keeps accounts, eg of a business, public office 记账员;簿记员
4. **faculty** all the teachers, lecturers, professors etc in one of these 学院或系科的全体教授
5. **registration** recording 登记,注册
6. **streamline** make more efficient (by simplifying, getting rid of, wasteful methods, etc) 使更为有效率;使...现代化
7. **verify** test the truth or accuracy of 鉴定;核对
8. **simultaneous** happening or done at the same time as 同时发生的;同时的
9. **consult** go to a person, a book, etc for information 咨询



Key terms

Accounting . (会计) The process of identifying, measuring, and communicating economic information to permit informed judgments and decisions by users of the