

财会专业英语系列教材


**Financial English**

*(Bilingual Edition)*

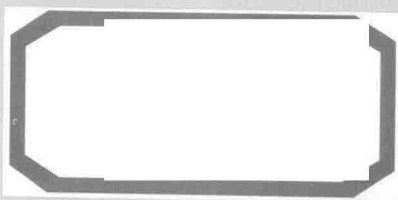
**财务英语**

(双语版)

张其秀 主编

 上海财经大学出版社

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主 编 张其秀

副主编 孔文举 堵微子 樊宏涛



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# 前 言

在世界经济走向全球一体化之际,中国的教育尤其是高校经济与管理类专业的本科教育面临严峻的挑战。这种挑战最直接的表现是对我国经济与管理类人才,尤其是财务会计类专业人才素质的考验。随着中国市场的不断开放,大量的外国企业、财务与会计公司涌入我国,以及国内公司走出国门,需要一大批具有国际社会文化知识、懂外语、熟悉国际法和商业惯例的高级财务与会计管理人才。因此,如何培养具有良好的外语能力和知识结构的应用型国际化财务与会计人才是我国院校高等财会教育所面临的一个紧迫课题。

本教材正是在我国高等教育体制改革和推进应用型本科院校建设的背景下酝酿而成的,并作为高等院校双语版“财会专业英语系列教材”之一,可供应用型本科院校财务管理专业选用。

本会计双语教材具有以下特点:

## 1. 体系完整、结构合理、系统性强

教材以财务与会计为体系,是因为财务与会计知识在整个经济管理领域中具有较广泛的应用性与普及性。财务与会计所提供的信息能为经济社会中的不同角色提供各种决策依据。对本科学生而言,财务与会计课程是财会类专业学生的主干课程,是相关领域专业学生的必修课程,是不同领域学生的公共选修课程。可见,财务与会计课程在当代高校培养复合型人才中的重要地位。

教材体系完整、结构合理,全面包括了财务与会计体系中的基本理论与主要实务内容,具有系统性、连续性、完整性的特点。

## 2. 通俗易懂、深入浅出、适用面广

教材采用英汉对照的双语格式,是适应全面推行教育国际化的需要,也是走向英语化教学模式的过渡。教材基本素材选自英语原版教材,但表述形式力求符合中国人的思维习惯、价值观念与文化特征,深入浅出、通俗易懂,以适应不同层面学生的学习,既适合财会类本科学生、专科学生,也适合其他专业学生及财务与会计实务工作人员的选修、自学之用。

## 3. 内容充实、习题丰富、难易适中

教材内容充实完整,英文习题丰富齐全,在阐述财务与会计理论和实务方法时,既重

视基本理论的深度与广度,又强调具体实务的实际操作方法的运用。选用典型的实例,思路清晰,便于理解。每章都配有一定的英文相关理论和实务的练习题与案例分析题,难度适中,供学生课后复习、练习之用,以方便教师教和学生学,有助于提高学生的财务与会计英语的阅读理解能力与实务操作能力。同时,这也是逐渐引进国际化案例教学模式的过渡形式。

本书的另一个特点是:每章之后都有一个"知识拓展"部分,作为对该章基本内容的一个延伸,使共性的财务与会计中穿插一些个性处理,用于启发学生的思路、开拓学生的视野,使之在掌握财务与会计基础理论与实务的前提下,对相关问题有更深入、更广泛的了解。其中有些是西方财务与会计中的特殊理论与实务,在国内尚属空白。这是本书的一个创意,也是全书的一个亮点,以体现本书的继承性、前瞻性及借鉴性。

虽然本书从一开始就力求编写得精致和有创意,但由于编者水平和时间等方面的限制,书中仍有许多不尽满意之处,一些差错与疏漏也在所难免,有待于再次的修正与完善,并恳请读者的批评与谅解。

## 致 谢

本书由张其秀主编,负责构思全书框架结构体系,制定编排目录与章节,并负责编写第二、三、四及五章,副主编有孔文举、堵微子及樊宏涛,其中:孔文举负责编写第六、七章,堵微子负责编写第一章,樊宏涛负责编写第八章,全书由张其秀统稿总纂。参加本书初稿的部分编写工作的还有:张柯、杨蒙莺、胡灵洁、程婧、乐烨华、葛婧等。正是由于他们的参与及共同努力,才使本书能及时完稿。上海财经大学出版社美编精心设计,责任编辑认真审稿,严格把关,使本书能保证质量、及早问世。在此,一并表示由衷的感谢。

虽然本书的体系、结构及内容是我们自己选择确定的,但实际上对财务理论与实务的阐述都是受到过去使用的许多教科书的启发影响,尤其是参考了许多经典的英文原版财务与会计名著。在此,谨向这些书的原作者表示深切的谢意。

衷心感谢同济大学浙江学院教务处的大力支持并给予出版基金资助,使本教材的编写与出版工作得以顺利、及时完成,并如期出版。

编 者

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# CHAPTER 1

## Business Activities

Every business establishes its goals of operation when it started. Normally, the purpose of a business is to make profit for investors through the goods and services provided. A company that creates and adds value to the owner's profit is called a profit seeking enterprise. In contrast, companies that provide goods and services to help people rather than profit are called non-profitmaking enterprises. The difference between for-profits and not-for-profits is in how those profits are handled. Profits must be held and/or invested back into the organization. In this book, we mainly talk about the profit seeking organization.

In this chapter, we will talk about few things when you're thinking of starting your business, such as the business structure of the company, who participate in the company's management and the business activities of the company.

### 1.1 Types of Business Structure of Organization

If you're getting started in your business ventures, one of the first things you might be thinking about is how to structure your business. Will you be going solo or will you form a partnership? There are a number of types that you can choose from when starting or expanding your business.

There are three common business forms of an organization.

#### 1.1.1 Sole Proprietorship

Sole proprietorship is the simplest type of business to establish. For example, a store or a taxi owned by a single person. There is no distinction between the business and you, the owner. You're entitled to all profits and are responsible for all your business's debts, losses and liabilities.

### 1.1.2 Partnership

A Partnership is an association of people who carry on a business as partners and distribute income or losses between themselves.

(1) A general partnership is an agreement, expressed or implied, between two or more persons who join together to carry on a business venture for profit. Each partner contributes money, property, labor, or skill; each shares in the profits and losses of the business; and each has unlimited personal liability for the debts of the business.

(2) Limited partnerships limit the personal liability of individual partners for the debts of the business according to the amount they have invested.

Because partnerships involve more than one person in the decision making process, it's important to discuss a wide variety of issues up front and develop a legal partnership agreement. They're not legally required, but they're encouraged so that you know from the beginning how you'll make future business decisions.

### 1.1.3 Corporation

A Corporation (sometimes referred to as a C Corporation) is an independent legal entity owned by shareholders. This means that the corporation itself—not the shareholders who own it—is held legally liable for the actions and debts the business incurs.

There are different types of corporations, depending on how their shares are exchanged.

(1) Shares in some corporations are traded in organized equity market, such as the New York Stock Exchange. Companies that are traded in such a market are called public corporations since shares can be bought by anyone in the public. To be traded in an exchange, companies must meet certain financial standards and must provide financial information to the public.

(2) Corporations which do not need or want to sell their shares to the general public or do not wish to provide financial information to the public are called private corporations.

Corporations do not have to be prominent, multinational business. You could organize a local barbershop as a corporation if you want to take the trouble. As corporations are tend to have costly administrative fees and complex tax and legal requirements. Because of these issues, corporations are generally suggested for established, larger companies with multiple employees.

When deciding on a structure for your business, choose the one that best suits your business needs, keeping in mind that there are advantages and disadvantages for each structure. It's important to investigate each option carefully, as choosing your business structure is an important decision.

Your business structure can determine:

- the licenses you require;
- how much tax you pay;
- whether you're considered an employee, or the owner of the business;
- your potential personal liability;
- how much control you have over the business;
- ongoing costs and volume of paper work for your business.

It is important to note that you can change your business structure throughout the life of your business. As your business grows and expands, you may decide to change your business structure, or to restructure your business.

## 1.2 Corporate Organizational Structure

Organizational structure refers to the way that an organization arranges people and jobs so that its work can be performed and its goals can be met. When a work group is very small and face-to-face communication is frequent, formal structure may be unnecessary, but in a larger organization decisions have to be made about the delegation of various tasks. Organizational structures can look very different between small and large businesses, with small business structures generally including fewer layers of management and less employees in the organizational chart.

Most large corporations have the basic following structure (Figure 1-1). It also shows how accounting and finance personnel fit within most companies.

### 1.2.1 Board of Directors

The board of directors does not take part in the day to day activities of the company, but supervise management as representatives of the shareholders. The board includes some members of top management, but should also include individuals from outside the company. The board will elect a chairperson.

### 1.2.2 Chief Executive Officer (CEO)

The top manager of the company is the chief executive officer (CEO). Of course, the millions of shareholders cannot get together to decide on who to hire, so instead, they choose a board of directors to do this for them. Below the CEO are the managers for various parts of the company, such as finance, marketing and operations.

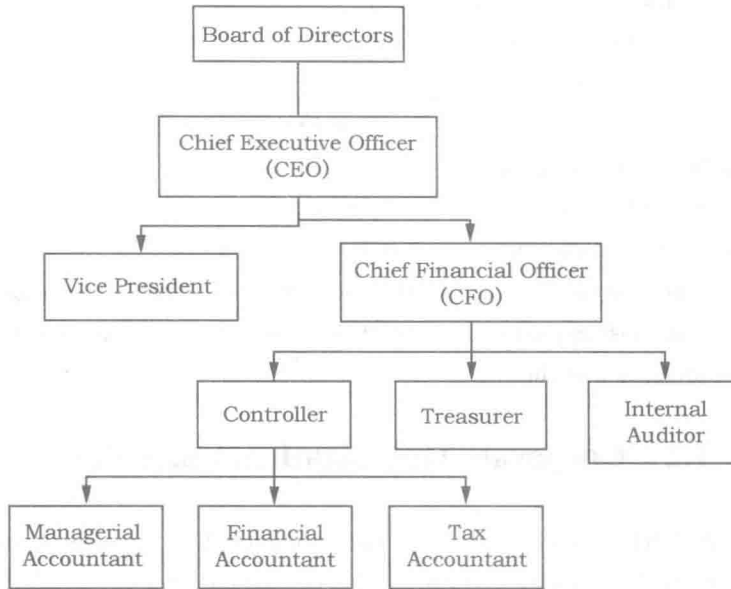


Figure 1-1 A Typical Organization Chart

### 1.2.3 Chief Financial Officer (CFO)

The chief financial officer (CFO) is in charge of all finance and accounting functions within the organization and typically reports to the chief executive officer. For large companies, the financial operations of the company are usually including controller, treasurer and internal auditor.

#### (1) Controller

The controller is responsible for managing the accounting staff that provides managerial accounting information used for internal decision making, financial accounting information for external reporting purposes, and tax accounting information to meet tax filing requirements. The three accountants the controller manages are as Managerial accountant, Financial accountant and Tax accountant.

#### (2) Treasurer

The treasurer is responsible for obtaining financing, projecting cash flow needs, and managing cash and short-term investments for the organization. It reports directly to the CFO. Banks, manufacturers, or insurance companies are the types of businesses that employ at least one treasurer. Within large corporations, the company may keep hundreds of financial profes-

sionals on staff, overseen by the corporate chief financial officer.

### (3) Internal Auditor

An internal auditor is responsible for confirming that controls within the company are effective in ensuring accurate financial data. The internal auditor often verifies the financial information provided by the managerial, financial, and tax accountants (all of whom report to the controller and ultimately to the CFO). If conflicts arise with the CFO, an internal auditor can report directly to the board of directors which consists of select board members.

## 1.3 Daily Business Topics in Accounting and Finance

Most people don't realize the importance of the accounting and finance department in keeping a business operating without hitches and delays. That's probably because accountants oversee many of the back-office functions in a business—as opposed to sales. Have you ever seen a company's accounting department in action?

The following list gives you a pretty clear idea of the back-office functions that accountants perform:

### 1.3.1 Payroll

The total wages and salaries earned by every employee every pay period, which are called gross wages or gross earnings, have to be calculated. Based on detailed private information in personnel files and earnings-to-date information, the correct amounts for income taxes and several other deductions from gross wages have to be determined.

Payroll is a complex and critical function that the accounting department performs. Many businesses outsource payroll functions to companies or banks that specialize in this area.

### 1.3.2 Cash Collections

All cash received from sales and from all other sources has to be carefully identified and recorded, not only in the cash account but also in the appropriate account for the source of the cash received. The accounting department makes sure that the cash is deposited in the appropriate business accounts and that the business keeps an adequate amount of coin and currency on hand for making change for customers.

Accountants balance the business's chequebook and control access to incoming cash receipts. In larger organizations, the treasurer may be responsible for some of these cash flow and cash-handling functions.



### 1.3.3 Cash Payments (Disbursements)

A business writes many cheques during the course of a year. The accounting department prepares all these cheques for the signatures of the business officers who are authorized to sign cheques. The accounting department keeps all the supporting business documents and files to know when the cheques should be paid, makes sure that the amount to be paid is correct, and forwards the cheques for signature. We also have to know, in nowadays, E transfer is more and more popular than cheque payments.

### 1.3.4 Procurement and Inventory

Accountants usually are responsible for keeping track of all purchase orders that have been placed for inventory (products to be sold by the business) and all other assets and services that the business buys. A typical business makes many purchases during the course of a year, many of them on credit. This area of responsibility includes keeping files on all liabilities that arise from purchases on credit so that cash payments are processed on time.

The accounting department also keeps detailed records on all products that the business holds for sale and, when the products are sold, records the cost of the goods sold.

### 1.3.5 Property Accounting

A typical business owns many different substantial long-term assets called property, plant, and equipment—including office furniture and equipment, retail display cabinets, computers, machinery and tools, vehicles (autos and trucks), buildings, and land.

Except for relatively small-cost items, a business maintains detailed records of its property, both for controlling the use of the assets and for determining the appropriate amount of depreciation for accounting and tax calculations. The accounting department keeps these property records.

### 1.3.6 Financial Reports

Financial reports or statements are crucial for tracking the financial health of your business. They're also important for setting goals, making sound business decisions and obtaining finance. These statements record your business's performance, letting you analyze and identify where you're strong and not-so-strong in your finances. This list gives details of the three primary financial statements in the running of a business.

(1) Balance sheet: A summary of the business's financial position at the end of the ac-