



财政部规划教材
“十三五”普通高等教育规划教材

会计专业英语

Kuaiji Zhuanyè Yīngyǔ

主 编 周慧滨 张玥



ACCOUNTING RECORDS

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中国财经出版传媒集团
中国财政经济出版社



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前 言

本书内容主要参考英语国家流行的英文会计教科书相关内容及互联网资源。内容涉及会计的基本概念和框架,会计程序及会计主要问题的表述,同时对会计学科前沿等其他问题也做了浅略的介绍。

全书共分4部分,共24章,包括会计信息系统、财务会计、成本与管理会计和会计最新进展,并在每章后编写了相应的习题,以帮助读者检测、巩固所学内容。本书适合于会计学、经济学、财务管理学本科生、研究生,以及社会自学者和从事会计实务工作者,通过本书学习可帮助学生在阅读会计专业文献的基础上了解会计工作者如何使用英语处理会计日常工作。读者可根据需要选择教学或学习的内容,普通读者学习第1、2部分即可,建议会计专业学生同时学习第3部分,第4部分适合于对会计前沿及交叉学科问题有兴趣的读者。

本书由周慧滨和张玥担任主编,赵慧岩、王军茹、郭佳琳担任副主编,参与编写的人员还有岳昕、何伟承。周慧滨在编写组讨论的基础上拟定编写大纲。本书第1部分由周慧滨(中南林业科技大学)编写;第2部分由张玥(九江学院)、赵慧岩(黑龙江工程学院)编写;第3部分由王军茹(中南林业科技大学)、岳昕(中南林业科技大学)编写;第4部分由郭佳琳(中南林业科技大学)、何伟承(中南林业科技大学)编写。最后由周慧滨对全书内容进行协调、修改并统稿。

由于编者水平有限,书中存在不足在所难免,发现的缺点与错误,欢迎读者批评指正。

编 者
2017年3月

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PART I

Accounting Information System

Chapter 1

Introduction of Accounting System

1.1 Accounting Information System

An accounting information system (AIS) is a system of collection, storage and processing of financial and accounting data that is used by decision makers. An accounting information system is generally a computer-based method for tracking economic activity in conjunction with information technology resources. The resulting statistical reports can be used internally by management or externally by other interested parties including investors, creditors and tax authorities.

Some people think of accounting as a highly technical field which can be understood only by professional accountants. Actually, nearly everyone practices accounting in one form or another on an almost daily basis. Accounting is the art of measuring, describing, and interpreting economic activity. Whether you are preparing a household budget, balancing your checkbook, preparing your income tax return, or running General Motors, you are working with accounting concepts and accounting information.

Accounting has often been called the “language of business.” Every investor, manager, and business decision maker needs a clear understanding of accounting terms and concepts. The underlying purpose of accounting is to provide financial information for decision making about an economic entity. In this textbook the economic entity we concentrate upon is a business enterprise. Business executives and managers need the financial information provided by an accounting system to help them plan and control the activities of the business. For example, management needs answer to such questions as the profitability of each department of the business, the adequacy of the company’s cash position, and the trend of earnings.

Financial information about a business is needed by many outsiders. These outsiders include owners, bankers, other creditors, potential investors, labor unions, government agencies, and the public, because all these groups have supplied money to the business or have some other interest in the business that will be served by information about its financial position and operating results.

1.1.1 Accounting Defined

It seems fitting to begin with a more formal definition of accounting: Accounting is a set of concepts and techniques that are used to measure and report financial information about an economic unit. The economic unit is generally considered to be a separate enterprise. The information is potentially reported to a variety of different types of interested parties. These include business managers, owners, creditors, governmental units, financial analysts, and even employees. In one way or another, these users of accounting information tend to be concerned about their own interests in the entity. Business managers need accounting information to make sound leadership decisions. Investors hold out hope for profits that may eventually lead to distributions from the business (e. g. , “dividends”).

Creditors are always concerned about the entity's ability to repay its obligations. Governmental units need information to tax and regulate. Analysts use accounting data to form their opinions on which they base their investment recommendations. Employees want to work for successful companies to further their individual careers, and they often have bonuses or options tied to enterprise performance. Accounting information about specific entities helps satisfy the needs of all these interested parties. The diversity of interested parties leads to a logical division in the discipline of accounting: financial accounting and managerial accounting. Financial accounting is concerned with external reporting of information to parties outside the firm. In contrast, managerial accounting is primarily concerned with providing information for internal management.

1.1.2 Financial Accounting

Consider that financial accounting is targeted toward a broad base of external users, none of whom control the actual preparation of reports or have access to underlying details. Their ability to understand and have confidence in reports is directly dependent upon standardization of the principles and practices that are used to prepare the reports. Without such standardization, reports of different companies could be hard to understand and even harder to compare. As a result, there are well organized processes to bring consistency and structure to financial reporting. In the United States, a private sector group called the Financial Accounting Standards Board (FASB) is primarily responsible for developing the rules that form the



foundation of financial reporting. With the increase in global trade, the International Accounting Standards Board (IASB) has been steadily gaining prominence as a global accounting rule setter.

1.1.3 Managerial Accounting

In sharp contrast to financial accounting, managerial accounting information is intended to serve the specific needs of management. Business managers are charged with business planning, controlling, and decision-making. As such, they may desire specialized reports, budgets, product costing data, and other details that are generally not reported on an external basis. GAAP may require that certain research costs be deducted immediately in computing a business's externally reported income; on the other hand, management may see these costs as a long-term investment and stipulate that internal decision-making be based upon income numbers that exclude such costs. This is their prerogative. Such internal reporting is being done logically and rationally, but it need not follow any particular set of guidelines.

1.1.4 A Quality Information System

Both financial accounting and managerial accounting depend upon a strong information system to reliably capture and summarize business transaction data. Information technology has radically reshaped this mundane part of the practice of accounting during the past 50 years. The era of the "green eye-shaded" accountant has been relegated to the annals of history. Now, accounting is more of a dynamic, decision-making discipline, rather than a bookkeeping task.

1.1.5 Inherent Limitations

Accounting data is not absolute or concrete. Considerable amounts of judgment and estimation are necessary to develop the specific accounting measurements that are reported during a particular month, quarter, or year. About the only way around the problem of utilizing estimation in accounting is to wait until all facts are known with certainty before issuing any reports. However, by the time any information could be reported, it would be so stale as to lose its usefulness. Thus, in order to timely present information, it is considered to be far better to embrace reasonable estimations in the normal preparation of ongoing financial reports.

In addition, accounting has not yet advanced to a state of being able to value a business (or a business's assets). As such, many transactions and events are reported based upon the historical cost principle (in contrast to fair value). This principle holds that it is better to maintain accountability over certain financial statement elements at amounts that are objec-

tive and verifiable, rather than opening the door to random adjustments for value changes that may not be supportable. For example, land is initially recorded in the accounting records at its purchase price. That historical cost will not be adjusted even if the fair value is perceived as increasing. While this enhances the “reliability” of reported data, it can also pose a limitation on its “relevance”.

1.2 The Accounting Profession and Careers

To decide to be an accountant is no more descriptive than deciding to be a doctor. Obviously, there are many specialty areas. Many accountants engage in the practice of “public” accounting, which involves providing audit, tax, and consulting services to the general public. To engage in the practice of public accounting usually requires one to be licensed as a CPA (Certified Public Accountant). Auditing involves the examination of transactions and systems that underlie an organization’s financial reports, with the ultimate goal of providing an independent report on the appropriateness of financial statements. Tax services relate to the providing of help in the preparation and filing of tax returns and the rendering of advice on the tax consequences of alternative actions. Consulting services can vary dramatically, and include such diverse activities as information systems engineering to evaluating production methods. Many accountants are privately employed directly by small and large businesses (i. e., “industry accounting”) and not-for-profit agencies (such as hospitals, universities, and charitable groups). They may work in areas of product costing and pricing, budgeting, and the examination of investment alternatives. They may focus on internal auditing, which involves looking at controls and procedures in use by their employers. Objectives of these reviews are to safeguard company resources, assess the reliability and accuracy of accounting information and accounting systems. They may serve as in house tax accountants, financial managers, or countless other occupations. Many accountants work in the governmental sector, whether it be local, state, or national levels. You would expect to find many accountants at the Internal Revenue Service, General Accounting Office, Securities and Exchange Commission, and even the Federal Bureau of Investigation.

1.3 Accounting and Professional Ethics

Because investors and creditors place great reliance on financial statements in making their investment and credit decisions, it is imperative that the financial reporting process be truthful and dependable. Accountants are expected to behave in an entirely ethical fashion, and this is generally the case. To help insure integrity in the reporting process, the profession has adopted a code of ethics to which its licensed members must adhere. In addition, checks and balances via the audit process, government oversight, and the ever vigilant “plaintiff’s at-



torney” all serve a vital role in providing additional safeguards against the errant accountant. If you are preparing to enter the accounting profession, you should do so with the intention of behaving with honor and integrity. If you are not planning to enter the profession, you will likely rely upon accountants in some aspect of your personal or professional life. You have every right to expect those accountants to behave in a completely trustworthy and ethical fashion. After all, you will be entrusting them with your financial resources and confidential information.

GLOSSARY

accounting information system	会计信息系统
decision maker	决策者
accounting entity	会计主体
economic activity	经济活动
investor	投资者
creditor	债权人
tax authority	税务机关
financial information	财务信息
income tax return	所得税申报表
accounting information	会计信息
decision-making	决策
economic entity	经济主体
profitability	盈利能力(水平)
cash position	现金状况
trend of earnings	盈利趋势
outsider	外部人
financial position	财务状况
operating results	经营结果
financial accounting	财务会计
managerial accounting	管理会计
external user	外部使用者
accountant	会计人员, 会计师
intangible assets	无形资产
Financial Accounting Standards Board(FASB)	财务会计准则委员会
International Accounting Standards Board (IASB)	国际会计准则委员会
Generally Accepted Accounting Principles(GAAP)	公认会计原则
accounting measurement	会计计量
historical cost	历史成本

fair value 公允价值

Certified Public Accountant 注册会计师

reliability 可靠性

relevance 相关性

financial statement 财务报表

Internal Revenue Service (美国)国税局

Securities and Exchange Commission (美国)证券交易委员会

accounting professional ethics 会计职业道德

TERMS TO LEARN

Economic Activity: is an activity that aims at production, processing, packaging, selling, distribution, purchase and consumption of goods and services as well as money and wealth with a view to fulfilling some wants/ needs on commercial or self-reliance basis.

Decision making: can be regarded as the mental processes resulting in the selection of a course of action among several alternatives. Every decision making process produces a final choice. The output can be an action or an opinion of choice.

Financial Accounting: focuses on external reporting that is guided by generally accepted accounting principles(GAAP).

Management Accounting: is concerned with the provisions and use of accounting information to managers within organizations, to provide them with the basis to make informed business decisions that will allow them to be better equipped in their management and control functions.

GAAP: is a term used to refer to the standard framework of guidelines for financial accounting used in any given jurisdiction which are generally known as Accounting Standards. GAAP includes the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.

EXERCISES

1-1 Multi-choice Questions

1. Accounting is a service that provides many different users with financial information to make economic decisions.

A. True

B. False

2. Which of the following statements about users of accounting information is incorrect?

A. Management is an internal user.

B. Taxing authorities are external users.

C. Present creditors are external users.

- D. Regulatory authorities are internal users.
3. Which of the following best describes accounting?
- A. records economic data but does not communicate the data to users according to any specific rules
 - B. is an information system that provides reports to stakeholders
 - C. is of no use by individuals outside of the business
 - D. is used only for filling out tax returns and for financial statements for various type of governmental reporting requirements
4. Financial reports are used by
- A. management
 - B. creditors
 - C. investors
 - D. all of the above
5. Internal users of accounting information include all of the following except:
- A. company officers.
 - B. investors.
 - C. marketing managers.
 - D. production supervisors.
6. The underlying purpose of accounting is to provide _____ information for decision making about an economic entity.
- A. production
 - B. marketing
 - C. financial
 - D. research and development
7. Financial information about a business is needed by:
- A. managers
 - B. outsiders
 - C. both A and B
 - D. none of the above
8. Services provided by a public accountant include:
- A. auditing, taxation, and management consulting.
 - B. auditing, budgeting, and management consulting.
 - C. auditing, budgeting, and cost accounting.
 - D. internal auditing, budgeting, and management consulting.
9. The primary purpose of a statement of cash flows is to provide financial information about the cash receipts and cash payments of an enterprise.
- A. True
 - B. False
10. Ethics are the standards of conduct by which one's actions are judged as:
- A. Right or wrong.
 - B. Honest or dishonest.
 - C. Fair or not fair.
 - D. All of these options.

Chapter 2

Accounting Cycle and Bookkeeping

2.1 Accounting Cycle

Series of steps in recording an accounting event from the time a transaction occurs to its reflection in the financial statements; also called bookkeeping cycle. The order of the steps in the accounting cycle are: recording in the journal, posting to the ledger, preparing a trial balance, and preparing the financial statements.

2.2 Bookkeeping

Bookkeeping is the recording of financial transactions. Transactions include sales, purchases, income, and payments by an individual or organization. Bookkeeping is usually performed by a bookkeeper. The accounting process is usually performed by an accountant. The accountant creates reports from the recorded financial transactions recorded by the bookkeeper and files forms with government agencies. There are some common methods of bookkeeping such as the Single-entry bookkeeping system and the Double-entry bookkeeping system. But while these systems may be seen as “real” bookkeeping, any process that involves the recording of financial transactions is a bookkeeping process.

A bookkeeper (or book-keeper), also known as an accounting clerk or accounting technician, is a person who records the day-to-day financial transactions of an organization. A bookkeeper is usually responsible for writing the “daybooks.” The daybooks consist of purchase, sales, receipts, and payments. The bookkeeper is responsible for ensuring all transactions are recorded in the correct daybook, suppliers ledger, customer ledger and general ledger. The bookkeeper brings the books to the trial balance stage. An accountant may prepare the income statement and balance sheet using the trial balance and ledgers prepared by the bookkeeper.

The double-entry bookkeeping system was codified in the 15th century and refers to a set of rules for recording financial information in a financial accounting system in which every transaction or event changes at least two different accounts. In modern accounting this is

Steps in The Accounting Cycle

Identify the transaction: through an original source document (such as an invoice, receipt, cancelled check, time card, deposit slip, purchase order) which provides:

date
amount
description (account or business purpose)
name and address of other party (if practical)

Analyze the transaction: determine which accounts are affected, how (increase or decrease), and how much

Make Journal entries: record the transaction in the journal as both a debit and a credit.

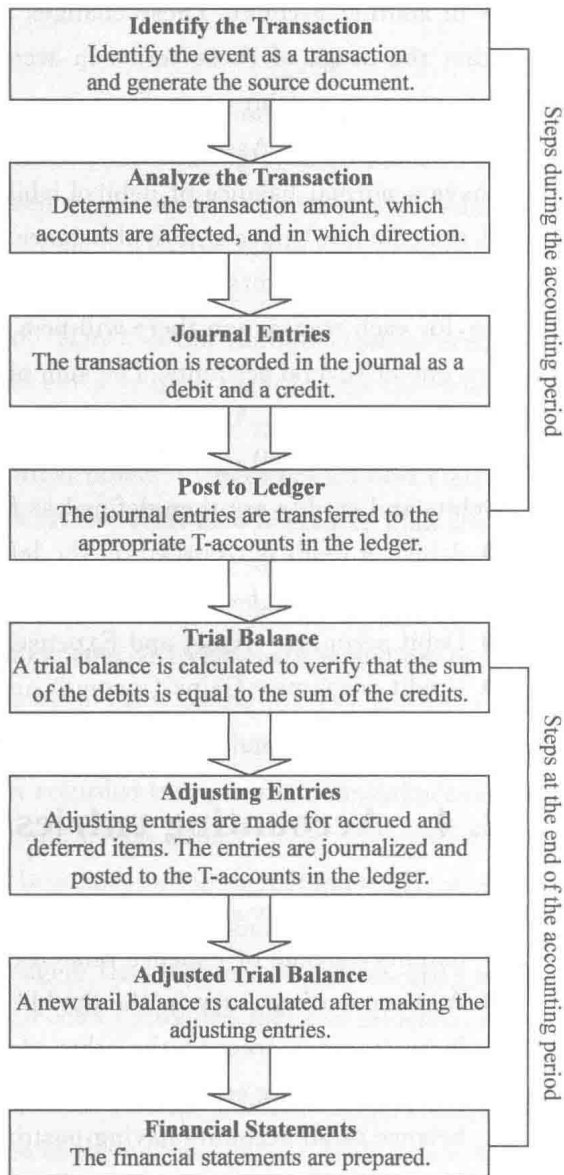
Post to ledger: transfer the journal entries to ledger accounts.

Trial Balance: this is a calculation to verify the sum of the debits equals the sum of the credits. If they don't balance, you have to fix the unbalanced trial balance before you go on to the rest of the accounting cycle. (If they do balance you could still have a problem, but at least it balances!)

Adjusting entries: prepare and post accrued and deferred items to journals and ledger T-accounts.

Adjusted trial balance: make sure the debits still equal the credits after making the period end adjustments.

Financial Statements: prepare income statement, balance sheet, statement of retained earnings, and statement of cash flows. (this can occur at other points in time with appropriate adjustments).



done using debits and credits within the accounting equation:

$$\text{equity} = \text{Assets} - \text{Liabilities}$$

The accounting equation serves as a kind of error-detection system: if at any point the sum of debits does not equal the corresponding sum of credits, an error has occurred.

2.3 Debits and credits

Double-entry bookkeeping is governed by the accounting equation. If revenue equals expenses, the following (basic) equation must be true:

$$\text{assets} = \text{liabilities} + \text{equity}$$



For the accounts to remain in balance, a change in one account must be matched with a change in another account. These changes are made by debits and credits to the accounts. Note that the usage of these terms in accounting is not identical to their everyday usage. Whether one uses a debit or credit to increase or decrease an account depends on the normal balance of the account. Assets, Expenses, and Drawings accounts (on the left side of the equation) have a normal balance of debit. Liability, Revenue, and Capital accounts (on the right side of the equation) have a normal balance of credit. On a general ledger, debits are recorded on the left side and credits on the right side for each account. Since the accounts must always balance, for each transaction there will be a debit made to one or several accounts and a credit made to one or several accounts. The sum of all debits made in any transaction must equal the sum of all credits made. After a series of transactions, therefore, the sum of all the accounts with a debit balance will equal the sum of all the accounts with a credit balance.

Debits and credits are then defined as follows:

- debit: A debit is recorded on the left hand side of a T-account
- credit: A credit balance is recorded on the right hand side of a T-account
- Debit accounts=Asset and Expenses (also debit money received into bank accounts)
- Credit accounts=Gains (income) and Liabilities (also credit money paid out of bank accounts)

2.4 Accounting entries

- The double-entry accounting system records financial transactions in relation to asset, liability, income or expense related to it through accounting entries.
- Any accounting entry in the double-entry accounting system has two effects: one of increasing one account, the other of decreasing another account by an equal amount.
- If the accounting entries are recorded without error, at any point in time the aggregate balance of all accounts having positive balances will be equal to the aggregate balance of all accounts having negative balances.
- The double-entry bookkeeping system ensures that the financial transaction has equal and opposite effects in two different accounts.
- Accounting entries use terms such as debit and credit to avoid confusion regarding the opposite effect of the accounting entry e. g. If an accounting entry debits a particular account, the opposite account will be credited and vice versa.
- The rules for formulating accounting entries are known as “Golden Rules of Accounting”.
- The accounting entries are recorded in the “Books of Accounts”.

2.5 Books of accounts

It does this by ensuring that each individual financial transaction is recorded in at least two different nominal ledger accounts within the financial accounting system. The two entries have equal amounts and opposite signs, so that when all entries in the accounts are summed, the total is exactly the same: the accounts balance. This is a partial check that each and every transaction has been correctly recorded.

The transaction is recorded as a “debit record” (Dr.) in one account, and a “credit record” (Cr.) entry in the other account. The debit entry will be recorded on the debit side (left-hand side) of a nominal ledger account and the credit entry will be recorded on the credit side (right-hand side) of a nominal ledger account. A nominal ledger has a Debit (left) side and a Credit (right) side. If the total of the entries on the debit side is greater than the total on the credit side of the nominal ledger account, that account is said to have a debit balance.

An example of an entry being recorded twice for double-entry bookkeeping would be a supplier's invoice for stationery costing \$ 100. The expense or Debit entry is Stationery Nominal Ledger a/c \$ 100 Dr (showing that \$ 100 has been spent on stationery) and the Credit entry is to the Supplier's Control Nominal Ledger a/c \$ 100 Cr (showing that we now owe the supplier \$ 100). This transaction has now been recorded twice in the financial accounting system and the total value is \$ 100 for both Debit and Credit values.

Double entry is used only in nominal ledgers. It is not used in daybooks, which normally do not form part of the nominal ledger system. The information from the daybooks will be used in the nominal ledger and it is the nominal ledgers that will ensure the integrity of the resulting financial information created from the daybooks (provided that the information recorded in the daybooks is correct).

(The reason for this is to limit the number of entries in the nominal ledger; entries in the daybooks can be totalled before they are entered in the nominal ledger. If there are only a relatively small number of transactions it may be simpler instead to treat the daybooks as an integral part of the nominal ledger and thus of the double-entry system.)

However as can be seen from the examples of daybooks shown below, it is still necessary to check, within each daybook, that the postings from the daybook balance.

The double entry system uses nominal ledger accounts. From these nominal ledger accounts a Trial balance can be created. The trial balance lists all the nominal ledger account balances. The list is split into two columns, with debit balances placed in the left hand column and credit balances placed in the right hand column. Another column will contain the name of the nominal ledger account describing what each value is for. The total of the debit column must equal the total of the credit column.

From the Trial balance the Profit and Loss Statement and the Balance Sheet can then be