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# 财务会计

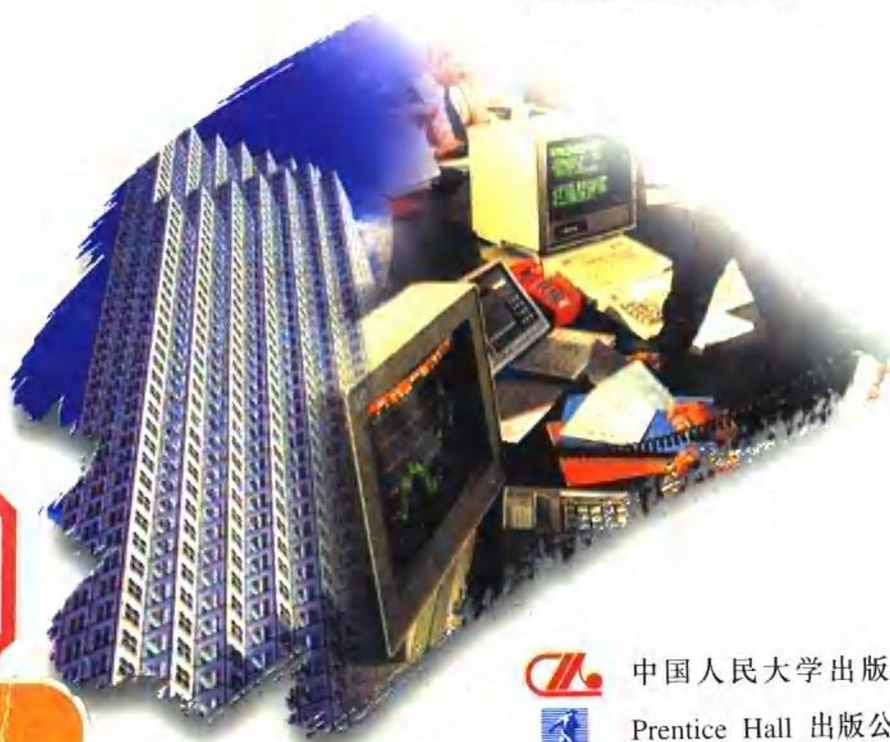
(第二版)

FINANCIAL  
ACCOUNTING

SECOND EDITION

莱斯利·查德维克 著

Leslie Chadwick



中国人民大学出版社



Prentice Hall 出版公司

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## Financial Accounting

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# 《工商管理精要系列·影印版》

## 出 版 说 明

《工商管理精要系列·影印版》是中国人民大学出版社和西蒙与舒斯特国际出版公司继《工商管理经典译丛》之后，共同合作出版的一套大型工商管理精品影印丛书。

本丛书由欧洲著名管理学院和管理咨询公司的教授和专家撰写，它将 90 年代以来国际上工商管理各专业的最新研究成果，分门别类加以精练浓缩，由享誉世界的最大教育图书出版商 Prentice Hall 出版公司出版。每一本书都给出了该专业学生应掌握的理论框架和知识信息，并对该专业的核心问题和关键理论作了全面而精当的阐述。本丛书虽然篇幅不长，但内容充实，信息量大，语言精练，易于操作且系统性强。因此，自 90 年代初陆续出版以来，受到欧洲、北美及世界各地管理教育界和工商企业界读者的普遍欢迎，累计发行量已达数百万册，是当今国际工商管理方面最优秀的精品图书之一。

这套影印版的出版发行，旨在推动我国工商管理教育和 MBA 事业的发展，为广大师生和工商企业界读者，提供一套原汁原味反映国外管理科学研究成果的浓缩精品图书。有助于读者尽快提高专业外语水平，扩大知识面，掌握工商管理各专业的核心理论和管理技巧。

本丛书可作为管理院校的专业外语教材和各类企业的培训教材，对于那些接受短期培训的企业管理者、MBA 学生，以及想迅

速了解工商管理各专业核心领域的师生来说，本丛书更是极具价值的藏书和参考资料。

为了能及时反映国际上工商管理的研究成果，中国人民大学出版社今后将与 Prentice Hall 出版公司同步出版本丛书的其他最新内容并更新版本，使中国读者能借助本丛书，跟踪了解国际管理科学发展的最新动态。

1997 年 8 月

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# Preface

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Many of the managers and executives who attend short courses in accounting and finance, and students involved with non-professional accountancy courses, frequently comment that:

- They don't want to become accountants.
- They have no desire to become expert in the number crunching side of accountancy.

However, they do all appear to have a good idea about what they are really looking for. I have been told on numerous occasions by managers, executives and non-professional accountancy students that what they need to be able to do are the following:

- Acquire a good grasp of the terminology used.
- Understand how the figures which are produced have been arrived at, e.g. how the profit or loss for an accounting period has been calculated.
- Acquire a working knowledge of the important concepts, principles and techniques.
- Interpret and use the information which is generated.
- Know about the limitations of the information produced.

## Who is this book for?

This book, one of the Prentice Hall *Essence of Management* series, has been especially written for those managers and executives attending short

courses, either for reading before the course or during the course. However, students attending business and management courses of a longer duration should find the book helpful as pre-course reading or for reading during their course, e.g. it should be particularly useful for foundation level MBA courses or one semester undergraduate modules.

## Why an essence series?

The books in this series attempt to get to the heart of the subject and explain the concepts and principles involved in a concise, user friendly manner. They have been developed to meet the needs of busy managers/executives attending short courses or those who wish to know more about the subject without having to wade through a mass of information.

## What special features does this book have?

- Each chapter spells out the objectives which it is hoped will have been achieved by the time the study of the chapter has been completed.
- The essence of the subject is provided at the end of each chapter and is much more than a chapter summary.
- A number of self-assessment activities are provided, together with suggested answers and commentary.
- Many of the examples which illustrate financial accounting techniques take the reader through the process step by step.
- It uses a variety of techniques to put over its message, e.g. question and answer sections, diagrams, graphs and open learning.
- It has a user friendly approach.

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# 1

## An introduction to financial accounting

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### Objectives

The principal aim of this chapter is to introduce you to the world of financial accounting. When you have completed this chapter you should be able to do the following:

- ☐ Ascertain the needs of non-financial managers/executives/students regarding financial accounting.
- ☐ Understand why non-financial managers need to know more about financial accounting.
- ☐ Appreciate what financial accounting is concerned with.
- ☐ Identify the users of financial accounting information and why they need the information.

### The quest for financial accounting knowledge

When asked what they want to know about financial accounting some non-financial managers are apt to provide an honest answer, such as:

- ☐ 'Nothing at all, unless I'm forced to.'
- ☐ 'The less I have to learn, the better.'

When asked why they wish to study financial accounting their replies may be equally frank, for example:

- ☐ 'It will look good on my c.v.'

- 'Employers tend to be impressed if you know something about accounting.'

However, the replies from other non-financial managers about what they would like to know about financial accounting are quite numerous, and really help to dictate the objectives of this book, for example:

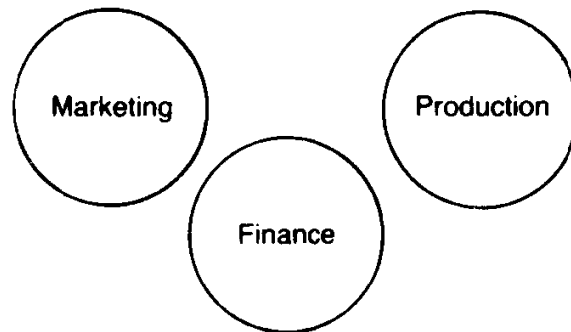
- 'I want to be able to look at a set of accounts and understand them.'
- 'I want to be able to analyze, interpret and evaluate our financial performance.'
- 'I want to understand the principles which govern how we arrive at the profit or loss.'
- 'There's an awful lot of terminology and it would be useful if I could understand the key terms.'
- 'What is a balance sheet?'
- 'What is a trading and profit and loss account?'
- 'What is an income statement?'
- 'What does a statement of source and application of funds or cash flow statement tell us? Is this the same as a funds flow?'
- 'How is depreciation dealt with in the accounts?'
- 'Why are capital and reserves shown as liabilities in the balance sheet?'
- 'What are day books?'
- 'How does the accounting system work?'
- 'Where does all the information and data from which the accounts are prepared come from?'
- 'I'd like to be able to look at the published accounts and be able to compare them.'
- 'What are fixed assets?'

And so on.

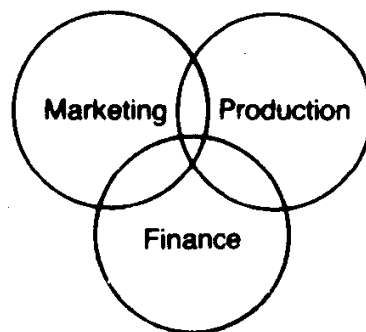
Thus, the principal objective of this book is to respond to the needs of its users, i.e. non-financial managers and non-accounting students.

## Which managers should study financial accounting?

In certain businesses each function may tend to keep itself to itself and their personnel are not encouraged to find out more about what goes on



**Figure 1.1** Business functions operating independently.



**Figure 1.2** Business functions working together.

in the other functions. This is illustrated by Figure 1.1. However, in other businesses personnel are actively encouraged to find out more about the other functions and this is illustrated by Figure 1.2. This, it is hoped, will promote a better understanding of the other functions' activities and problems and promote mutual cooperation and coordination. Thus, marketing and production personnel need to know more about finance and each other, and finance needs to find out more about marketing and production. Individual business functions should not and cannot work in isolation because they are interdependent. They need to realize and appreciate that they are all on the same side and working towards the same objectives of the organization of which they are a part.

## Financial accounting

To explain what financial accounting is all about we will look at a series of questions and answers.

*Question:* What is the end product of financial accounting?

*Answer:* The end product of financial accounting, frequently referred to as the final accounts, consists of the following:

- ☐ A trading and/or profit and loss account.
- ☐ A balance sheet.
- ☐ A cash flow statement.

In addition, various statistics are produced using accounting ratios, tabulations, graphs and charts. We will look at most of these areas in later chapters.

*Question:* From what source data are the final accounts prepared?

*Answer:* A multitude of source data, consisting of invoices, vouchers, credit notes, copy sales invoices, bank statements, etc. The original data not only provide some verification of a transaction, but may also be used to write up the books of account.

*Question:* How are the final accounts prepared?

*Answer:* The final accounts referred to above are arrived at by the application of the accounting concepts. The recording system uses a storage location called an account to record and accumulate details of a specific item of expenditure, for example the motor vehicles expenses account, or specific revenues received, for example the sales account. A separate account is kept for each item/group of items as dictated by the degree of analysis required.

The accounting concepts are dealt with in the next chapter and a brief description of how the financial recording systems work will be covered in Chapter 3.

*Question:* For whom are they prepared?

*Answer:* There are many users/parties interested in the accounts of a company/organization. These include the following:

- ☐ The owners/shareholders.
- ☐ The directors/management.
- ☐ The creditors, i.e. suppliers of goods on credit.
- ☐ The investors, if it is a public limited company.
- ☐ The Customs and Excise in the United Kingdom.
- ☐ The tax authorities (the Inland Revenue in the United Kingdom).
- ☐ The Registrar of Companies, if it is a limited company.

Many of the sets of accounts which are prepared do tend to be drawn

up with the tax authorities in mind, and this one factor may determine the figures which are produced.

*Question:* What do the users want the accounts for?

*Answer:* A variety of purposes, for example:

- The owners/shareholders use them to see if they are getting a satisfactory return on their investment, and to assess the financial health of their company/business.
- The directors/managers use them for making both internal and external comparisons in their attempts to evaluate performance. They may compare their own financial analysis of their company with industry figures in order to ascertain their company's strengths and weaknesses. Management are also concerned with ensuring that the money invested in the company/organization is generating an adequate return and that the company/organization is able to pay its debts and remain solvent.
- The creditors want to know if they are likely to get paid, and look particularly at liquidity, which is the ability of the company/organization to pay its debts as they become due.
- Prospective investors use them to assess whether or not to invest their money in the company/organization.
- The Customs and Excise and Inland Revenue in the United Kingdom use them for value added tax (VAT), and income and corporation tax purposes.
- The Registrar of Companies uses them to satisfy the legal obligations imposed by the Companies Act 1985/89. The Registrar of Companies will file the accounts and make them available for inspection as directed by the Act.

## An introduction to financial accounting: The essence

Financial accounting is concerned with:

- The collection, filing and storage of financial data.
- The recording of business transactions in the books of account.
- The application of the accounting concepts.
- The preparation of the final accounts, which may consist of: a trading

and/or profit and loss account; a balance sheet; and a cash flow statement. These may be prepared for internal or external reporting purposes.

- The analysis and interpretation of financial accounts. This could involve comparisons with earlier years for the same company/organization and/or comparisons with other companies/organizations or with industry averages.
- In many instances, the management of the credit control function.
- The development of systems of internal control.

### *The non-financial manager and financial accounting*

In today's complex and diverse business environment it is essential that all business functions cooperate, coordinate and communicate effectively with each other. Rather than working in isolation from each other, they should work together in harmony. This requires mutual trust and understanding and an appreciation of each other's point of view. This is why non-financial managers (and non-financial students) need to gain an appreciation of financial accounting. They want to be able to look at the financial information and understand it, use it, interpret it and be aware of its limitations.

### *The users of financial accounting information*

There are numerous users of financial accounting information, many of whom are motivated by self interest, such as the directors, the managers, the shareholders, the creditors and would-be investors. Thus, a lot of time and effort is spent on financial analysis and the evaluation of performance.

## Further reading

- Berry, A., *Financial Accounting: An Introduction* (Chapman and Hall, 1993).  
Pizzey, A., *Accounting and Finance: A Firm Foundation* (Cassell, 1994).  
Watts, J., *Accounting in the Business Environment* (Pitman, 1995).



## 2

# The concepts of financial accounting

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## Objectives

Having studied this chapter you should be able to do the following:

- Appreciate how the application of the various concepts affects the measurement of business income and the valuation of assets and liabilities.
- Understand the way in which the following concepts are applied:
  - (a) money measurement;
  - (b) realization;
  - (c) conservatism (prudence);
  - (d) materiality;
  - (e) matching (accruals);
  - (f) cost;
  - (g) going concern;
  - (h) entity;
  - (i) consistency;
  - (j) disclosure;
  - (k) objectivity/fairness;
  - (l) duality;
  - (m) verifiability.
- Calculate the following:
  - (a) the sales which would be recorded in the sales account for a specified period of time;
  - (b) the expense for a period in which there is an accrual or a prepayment.