



高等学校英语专业系列教材

# 会计原理

## Accounting Principles

主编：孙耀远 祁 渊



Accounting Principles Accounting Principles Accounting Principles Accounting Principles Accounting Principles  
Accounting Principles Accounting Principles Accounting Principles Accounting Principles Accounting Principles  
Accounting Principles Accounting Principles Accounting Principles Accounting Principles Accounting Principles  
Accounting Principles Accounting Principles Accounting Principles Accounting Principles Accounting Principles

外语教学与研究出版社

FOREIGN LANGUAGE TEACHING AND RESEARCH PRESS



教育部推荐教材

# 会计原理

会计学原理 / Principles of Accounting

第2版 第二版 第二版



中国财政经济出版社

（北京）



高等学校英语专业系列教材

# 会计原理

## Accounting Principles

主编：孙耀远 祁 渊

外语教学与研究出版社  
FOREIGN LANGUAGE TEACHING AND RESEARCH PRESS  
北京 BEIJING

## 图书在版编目(CIP)数据

会计原理 = Accounting Principles: 英文 / 孙耀远, 祁渊主编. — 北京: 外语教学与研究出版社, 2009.4

(高等学校英语专业系列教材)

ISBN 978-7-5600-8577-7

I. 会… II. ①孙… ②祁… III. 会计学—高等学校—教材—英文 IV. F230

中国版本图书馆 CIP 数据核字 (2009) 第 061094 号

出 版 人: 于春迟

项目负责: 孙雪晶

责任编辑: 都帮森 邱 烨

封面设计: 刘 冬

版式设计: 黄 蕊

出版发行: 外语教学与研究出版社

社 址: 北京市西三环北路 19 号 (100089)

网 址: <http://www.fltrp.com>

印 刷: 北京双青印刷厂

开 本: 787×1092 1/16

印 张: 18.25

版 次: 2009 年 5 月第 1 版 2009 年 5 月第 1 次印刷

书 号: ISBN 978-7-5600-8577-7

定 价: 29.90 元

\* \* \*

如有印刷、装订质量问题出版社负责调换

制售盗版必究 举报查实奖励

版权保护办公室举报电话: (010)88817519

物料号: 185770001

# 前言

近年来, 双语课在各高校越来越受到重视, 英文版的《会计原理》在这种形势下应运而生。本教材按照以英语为语言工具、以会计原理为学习目标的教学指导思想编写而成。其特点为:

- 定位于专门用途商务英语 (English for Specific Business Purpose) 中的会计原理学科, 即英语只作为教学工具, 学习任务和学习目标为会计原理。
- 目标为培养复合型、应用型人才。本教材强调会计实践的重要性, 对会计原理中的理论要素做淡化处理。通过本教材的学习, 学生可直接用英语处理会计账务和报表。
- 本教材基于以学生为主体的理念而编写, 即知识的传授、重难点的突破、练习的设计、教学环节的把握、版式的设计等都围绕学生的自学自通展开, 课堂教学假定为在此前提下与教师的讨论过程。
- 由于我国会计准则已基本与国际会计准则接轨, 因此本教材采用国际会计准则。
- 本教材的行文语言为简易英语, 采用国际通用的教材体例, 编有大量的图例、相关问题及答疑等, 尽可能适应学生的视觉需求和学习需求。
- 教材以Scarlett's Bar为主线介绍了一个相对完整的会计循环。

本教材作为商务英语、经济、管理、国际经济与贸易等专业的本科教材, 适用于基础英语教学结束后的大二、大三学生。

本教材供一个学期使用, 需54个学时, 平均每章6课时。各校可根据具体情况选择教学内容和课时。

本书第2至8章由孙耀远编写; 第1章、第9章由祁渊编写。由于作者水平有限, 书中差错难免, 敬请读者赐教。

孙耀远 祁 渊  
2008年11月

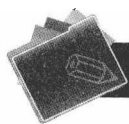
# Contents

Chapter 1	Introduction to Accounting 绪论	1
Topic 1	What Is Accounting 会计的内涵	2
Topic 2	Accounting Elements 会计要素	7
Topic 3	Accounting Equation 会计等式	11
Topic 4	Introduction to Financial Statements 财务报表简介	18
Chapter 2	Double-entry Accounting 复式记账	27
Topic 1	The Accounts 账户	28
Topic 2	Chart of Accounts 会计科目表	33
Topic 3	Double-entry Accounting 复式记账	37
Chapter 3	Journalizing and Posting 登录日记账和过账	45
Topic 1	Accounting Cycle 会计循环	46
Topic 2	Source Documents 原始凭证	48
Topic 3	Journals 日记账	49
Topic 4	Posting 过账	59
Chapter 4	Worksheet and Financial Statements 工作底稿和财务报表	73
Topic 1	Trial Balance 试算表	74
Topic 2	Adjusting Entries 调账分录	80
Topic 3	Worksheet 工作底稿	84
Topic 4	Financial Statements 财务报表	89
Chapter 5	Partnership Accounting 合伙企业会计	97
Topic 1	Forms of Business Organization 企业组织形式	98
Topic 2	Partnership Characteristics 合伙企业的特点	99
Topic 3	Formation of a Partnership 合伙企业的组成	103
Topic 4	Distribution of Partnership Income and Losses 合伙人损益分配	106
Topic 5	Financial Statements of S&K Bar S&K 酒吧的财务报表	111
Topic 6	Admission of a New Partner 新合伙人入伙	115
Topic 7	Withdrawal of a Partner 合伙人撤伙	118
Chapter 6	Corporate Accounting 公司会计	125
Topic 1	Characteristics of a Corporation 股份公司的特点	126

Topic 2 Organizational Structure of a Corporation 股份公司的组织机构	129
Topic 3 Classes of Stocks 股票的种类	131
Topic 4 Accounting Treatment for Stock Issuance 发行股票的会计处理	132
Topic 5 Reporting on Financial Performance 经营成果报告	140
Topic 6 Funding by Stocks vs. Funding by Bonds 股票筹资与债券筹资之比较	148
<b>Chapter 7 Cost Accounting 成本会计</b>	<b>153</b>
Topic 1 Classification of Costs 成本的分类	154
Topic 2 Categories of Inventory 存货的分类	158
Topic 3 Cost of Inventory 存货的成本	158
Topic 4 Accounting for Costs in Manufacturing Business 制造业企业的成本核算	167
<b>Chapter 8 Analyzing Financial Statement 财务报表分析</b>	<b>177</b>
Topic 1 Purpose of Financial Statement Analysis 财务报表分析的目的	178
Topic 2 Benchmark of Financial Statement Analysis 财务报表分析的基准点	178
Topic 3 Horizontal Analysis 水平分析	179
Topic 4 Vertical Analysis 垂直分析	184
Topic 5 Ratio Analysis 比率分析	189
<b>Chapter 9 Internal Control and Auditing 内部控制和审计</b>	<b>199</b>
Topic 1 Overview of Internal Control 内部控制概述	200
Topic 2 The Impact of IT on Internal Control 信息技术对内部控制的影响	205
Topic 3 What Is Auditing? 审计的内涵	208
<b>Key to Exercises</b>	<b>223</b>
<b>Glossary</b>	<b>265</b>
<b>附录一 国际会计准则第1号《利润表》样本</b>	<b>278</b>
<b>附录二 国际会计准则第1号《资产负债表》样本</b>	<b>279</b>
<b>附录三 国际会计准则第1号《所有者权益变动表》样本</b>	<b>280</b>
<b>附录四 国际会计准则第1号《现金流量表》(直接法)样本</b>	<b>283</b>
<b>参考文献</b>	<b>285</b>

# Chapter 1

## Introduction to Accounting 绪 论



### 导 读

本章从会计学最简单的概念、目的和类别等入手,由浅入深地介绍了会计要素、会计等式,并简单地介绍了财务报表。由于财务报表是本课程的重点和难点,因此本章对财务报表的介绍只是为学习者今后的学习做一个知识上和心理上的准备和铺垫,使学习者对此有一个先期印象。

通过本章的学习,应重点掌握:1. 会计要素的分类和含义,包括资产、负债、所有者权益、收入、费用、净收入等六项。2. 会计等式,即 $\text{资产} = \text{负债} + \text{所有者权益}$ 。会计等式是会计学的核心内容,是账务处理的最基本的平衡式。它反映出六大会计要素之间存在的一种恒等关系,反映了财务报表,尤其是资产负债表各类账户之间的平衡关系。无论经济业务发生怎样的变化,会计等式始终成立。3. 使用会计等式记录各种经济业务,通过实践来理解、掌握会计等式。4. 正确解读基本财务报表的编列、数据采集和运算,理解净收入对损益表和资产负债表之间的钩稽关系。

本章的学习难点:1. 正确理解收入和费用。收入只有使资本增加时才构成收入,费用只有使资本减少时才构成费用。2. 用会计等式记账时收入和费用在所有者权益项下的处理方式。3. 会计要素在基本财务报表上的表达。



### Learning Objectives

After reading this chapter, you should be able to:

- ◎ learn the definition, purpose, role and branches of accounting;
- ◎ understand the underlying assumptions of financial accounting;
- ◎ learn the accounting elements and accounting equation;
- ◎ learn how to record transactions in the accounting equation;
- ◎ learn two primary financial statements—income statement and balance sheet;
- ◎ understand the qualitative characteristics of financial statements;
- ◎ know about the standards for the preparation of financial statements.





## Introductory Case

Rosa Scarlett opened a bar. She deposited \$14,000 into a bank account opened specially for her business—Scarlett's Bar. She bought equipment, supplies, inventories, etc. sustained debt and paid expenses. After the first month's operation, she summarized her transactions occurred. The total sales revenue was \$15,000, and the expenses paid was \$4,745. However, she was wondering about the issues as follows:

- How come that her net income reaches \$10,255?
- What are the total assets of her bar at the end of the month?
- How much debt did she sustain during the month?
- How does her accountant present all the financial information?

## Topic 1 What Is Accounting

### 会计的内涵

Accounting is the language of business and, unless one has some understanding of it, business, investments, taxes and money management will be like a foreign language too difficult to understand. This section introduces the definition, purpose, branches, and underlying assumptions of accounting.

### 1.1 Accounting

Accounting is an information system that classifies, records, measures, summarizes, interprets and reports the economic activities of a business with monetary unit as its main criterion. Under this definition three important points call for our attention: (1) accounting involves such activities as classifying, recording, measuring, summarizing, interpreting, reporting and describing; (2) the object of accounting is economic activities of a business; (3) monetary unit is the criterion. Therefore, accounting is a systematic process of measuring the economic activities of a business to provide information about the financial position of a business. It is also a language that provides useful information for business decision-making.

### 1.2 Purpose of Accounting

The purpose of accounting is to provide useful information to those who make economic decisions which often determine the success of a business. While an economic decision involves making the best allocation of resources available, among various alternatives the decision maker has to consider a lot of factors. Take investment for example. The investment

choice alone will depend on many factors, such as the specific alternatives available, current needs, long-term plans, other resources available, and the potential risks and rewards associated with the investment opportunity.

### 1.3 Role of Accounting

Accounting plays a vital role in providing information needed to make knowledgeable economic decisions. The information supplied is in the form of quantitative data, primarily financial in nature, and relates to specific economic entities. An economic entity may be an individual, a business enterprise, or a nonprofit organization. Every entity, regardless of its size or purpose, must have a way to keep track of its economic activities and to measure how well it does in accomplishing its goals. Without accounting information, many important economic decisions would be made blindly. For example, investors would have no way to distinguish between a profitable company and one that is on the verge of failure; bankers could not evaluate the risks of potential loans; managers would have no basis for controlling costs, setting prices, or investing the company's resources.

#### Exercises

- 1.1 Accounting is the \_\_\_\_\_ of business.
- 1.2 Accounting is an information system that classifies, records, measures, summarizes, interprets and reports the economic activities of a business with \_\_\_\_\_ as its main criterion.
- 1.3 The purpose of accounting is to provide useful information to those who make \_\_\_\_\_ which often determine the success of a business.
- 1.4 Accounting plays a vital role in providing information needed to make \_\_\_\_\_ economic decisions.
- 1.5 The information supplied is in the form of quantitative data, primarily \_\_\_\_\_ in nature.



#### Q & A

**Q:** Is the accounting department important in an entity?

**A:** Absolutely yes. We are in an information era and the accounting department is one of the most important departments dealing with information. Financial information from all departments is recorded and summarized by the accounting department. And the information from the accounting department is useful for decision-making in all levels of departments. For example, the accounting department records the money received and

goods sold with the information from the selling department. It also records the money paid and goods purchased with the information from the purchasing department. The investment department and the financing department will use the information recorded by the accounting department to invest or attract money. The production department and the human resource department also need information about products and labor costs recorded. In fact, all the departments are related to the accounting department with financial and non-financial information.

#### 1.4 Accounting Branches 会计学的类别

When a business applies for a loan from the bank, the bank needs to know the financial position and performance of the business through financial statements. What involves here is called **financial accounting**. Financial accounting is the area of accounting aimed at serving external users. Its primary objective is to provide external reports called financial statements to help users analyze a business' activities. When a business is thinking of how much to spend on advertising and whether to launch another product, **managerial accounting** is involved. Managerial accounting provides information to the decision makers of a business, or internal users. Managerial accounting reports much of the information in financial accounting. But it also reports information not reported to the outsiders of the business. If a business buys equipment or goods for production, the business has to calculate the materials and labor spent on the production. That's when **cost accounting** comes in. Cost accounting is a process of accumulating the information managers need about costs. It helps managers identify, measure, and control costs. A business is required to calculate tax liabilities annually and complete tax forms. This is regarded as tax compliance and tax planning which belongs to the area of **tax accounting**. Tax accounting covers the computation of taxes on what the law defines as income of a business. It helps taxpayers prepare their tax returns and plan future transactions to minimize taxes. When once again the business is using the financial statements to apply for a loan, the bank may require them to be audited. In this case, **auditing** (审计) is referred to. Auditing is a check of a business' accounting systems and records using various tests. It increases the credibility of the financial statements.

#### Exercises

- 1.6 When a business applies for a loan from the bank, the bank needs to know the financial position and performance of the business through \_\_\_\_\_.
- 1.7 The primary objective of financial accounting is to provide \_\_\_\_\_ called financial statements to help users analyze a business' activities.
- 1.8 Managerial accounting provides information to the decision makers of a business, or \_\_\_\_\_.

- 1.9 Cost accounting is involved in the calculation of materials and labor spend on production. It helps managers \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ costs.
- 1.10 Tax accounting covers the computation of taxes on what the law defines as income of a business. It helps taxpayers prepare their tax returns and plan future transactions to \_\_\_\_\_ taxes.
- 1.11 Auditing is a check of a business' accounting systems and records using various tests. It increases the \_\_\_\_\_ of the financial statements.



## Q & A

**Q:** Do you agree that an accountant is a bookkeeper?

**A:** In fact, an accountant today is more than just a bookkeeper. Since accounting software takes most of the manual job, accountants have more time to help the management make economic decisions, for instance, conduct ratio analysis, fulfill performance measurement and work out tax planning.

**Q:** Kate doesn't like numbers. So she thinks it will be better for her to become an auditor instead of an accountant. Is she right at this point?

**A:** No. When an auditor performs an audit, he or she must know how to prepare financial statements as well as auditing standards, because financial accounting is the underlying knowledge for auditing.

## 1.5 Underlying Assumptions 基本假设

As for financial accounting, there are two underlying assumptions—**accrual basis** and **going concern**. These assumptions don't exist actually. They are assumed and used for the convenience of bookkeeping. We must understand them because they are what we take for granted except for contrary conditions.

### 1.5.1 Accrual basis

The effects of transactions and other events are recognized when they occur (Not as cash or its equivalent is received or paid), and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate. That is, revenue is recognized when earned, regardless of when cash is actually collected; and expense is matched to the revenue, regardless of when cash is paid out.

For example, if a business spends \$50,000 on decorating the premises and holds that there is no need of any modification in 5 years, only one-fifths of the \$50,000, that is \$10,000, is regarded as expense for the current year. The remaining \$40,000 is not related to the current year's expenses.

Contrary to accrual basis, **cash basis** is *not* an underlying assumption. Revenue is recorded when cash, checks or credit card deposits are received from customers; and expenses are deducted from revenues when they are paid, regardless of the period they relate to. That's to say, on cash basis, every cent a business gets and pays out in a fiscal year will be recorded as the current year's revenues and expenses, without considering which year they are actually related to.

### 1.5.2 Going concern

The financial statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the business entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

Continued with the example that a business spends \$50,000 on decorating the premises and will not decorate again within 5 years. In this case, the business views the \$50,000 as the expense for 5 years because the business is assumed to last for 5 or more than 5 years. This assumption is referred to as going concern. Otherwise, if the business has any intention to sell the premises, expenses as well as net income will be calculated in another way instead of using a 5-year period to apportion the \$50,000.

**Liquidation basis** is contrary to going concern which is *not* an underlying assumption. Individual assets and liabilities are adjusted to estimate net-realizable values which may result in either a net write-up or write-down of net assets/equity. In the above example, if the business intends to sell the entire enterprise, the value of assets equals to what is left after selling them.

## Exercises

- 1.12 Under accrual basis of accounting, revenue is recognized when earned, regardless of when cash is actually \_\_\_\_\_; and expense is matched to the revenue, regardless of when cash is \_\_\_\_\_.
- 1.13 Which of the followings are the two underlying assumptions for financial accounting?  
A. Cash basis      B. Going concern      C. Accrual basis      D. Liquidation basis
- 1.14 On cash basis of accounting, revenue is recorded when you receive \_\_\_\_\_, checks or credit card deposits from your customers; and expenses are deducted from revenues when they are \_\_\_\_\_, regardless of \_\_\_\_\_.
- 1.15 Going concern means that the business entity has neither the \_\_\_\_\_ nor the \_\_\_\_\_ to liquidate or curtail materially the scale of its operations.
- 1.16 On liquidation basis, individual assets and liabilities are adjusted to estimated \_\_\_\_\_ values which may result in either a net write-up or write-down of net assets/equity.



## Q & A

**Q:** In what situation should accrual basis and cash basis be used?

**A:** For profit-oriented entities, accrual basis is usually used. For non-profit entities, cash basis is commonly used.

**Q:** When is the going concern assumption not suitable?

**A:** When a company goes bankruptcy owing to operation failure, or merges for special purpose, the company needs to prepare the financial statement at liquidation basis. At this time, the going concern assumption is not suitable.

## Topic 2 Accounting Elements

### 会计要素

Accounting elements include assets, liabilities, equity, revenues, expenses, and net income. The first three are the basic accounting elements that describe the amounts of resources and claims to resources at a specific time and that make up the basic accounting equation. The last three accounting elements, that is, revenues, expenses, and net income describe events that affect a business' gains and losses during a period of time and make up the expanded accounting equation. Definitions of these accounting elements are as follows:

### 2.1 Assets 资产

Assets are resources controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Assets can be classified into **current assets** and **non-current assets**.

Assets that satisfy any of the following criteria can be classified as current assets:

- (a) It is expected to be realized, or is intended for sale or consumption in the entity's normal operating cycle;
- (b) It is held primarily for the purpose of trading;
- (c) It is expected to be realized within twelve months after the balance sheet date; or
- (d) It is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

Assets that do not meet the definition of current assets shall be classified as non-current assets.

It is important to distinguish between current assets and non-current assets. The point is that they are presented in different sections in the balance sheet and used for different purposes in financial analysis.

## 2.2 Liabilities 负债

Liabilities are present obligations of the entity arising from past events, the settlement of which are expected to result in outflows of resources from the entity. Like assets, liabilities are usually classified as **current liabilities** ( 流动负债 ) and **non-current liabilities**.

Liabilities that satisfy any of the following criteria shall be classified as current liabilities:

- (a) It is expected to be settled in the entity's normal operating cycle;
- (b) It is held primarily for the purpose of being traded;
- (c) It is due to be settled within twelve months after the balance sheet date; or
- (d) The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Liabilities that do not meet the definition of current liabilities shall be classified as non-current liabilities.

## 2.3 Equity 权益

Equity is the residual interest in the assets of the entity after deducting all its liabilities. It represents the net assets available after all obligations have been satisfied. Obviously, if there are no liabilities, the total assets are exactly equal to equity.

When a business is owned by one person, the equity is shown as "capital" or "owner's equity." When it is owned by stockholders, it is shown as "shareholders' equity" or "stockholders' equity." Equity is affected by the results of a company's operations. If a business is profitable, equity is increased; if a business suffers a loss, equity is decreased.

## 2.4 Revenues 收入

Revenues refer to increases in the resources of a business from the sale of goods or services. The increases are derived primarily from the normal operations of the business. For manufacturing and merchandizing businesses, revenues derive from the sale of merchandise. For a service business, revenues generate from the fees it charges for the services it provides. Revenues can also be earned from other activities, for example, from charging interest or collecting rent. Note that a cash receipt qualifies as revenue only when it helps increase equity. Thus, cash borrowed from a bank is not revenue but simply a liability.

## 2.5 Expenses 费用

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Like revenues, expenses represent flows of resources during a period of time, but expenses are outflows whereas revenues are inflows. In amount, the expenses are equal to the



value of goods or services used up in gaining revenues. Please note that a cash payment can be regarded as an expense only if it decreases equity. Thus, purchasing supplies, which is an exchange of one asset for another, is not an expense. Please also note that dividend payments and drawings are not expenses since they are not related to revenue-producing operations of a business.

## 2.6 Net Income<sup>1</sup> 净收入

Net income is the residual amount that remains after expenses have been deducted from revenues. If revenues exceed expenses, there is net income and the amount is a positive figure; if expenses exceed revenues, there is a net loss and the amount is a negative figure.

It is important to note the difference between revenues and net income. Both concepts represent an increase in the net assets of a firm. However, revenues represent total resource increases; expenses are subtracted from revenues to derive net income or net loss. Thus, whereas revenue is a “gross” concept, net income (or net loss) is a “net” concept.

### Exercises

- 1.17 Accounting elements include assets, liabilities, equity, \_\_\_\_\_, \_\_\_\_\_, and net income.
- 1.18 Assets are resources controlled by an entity as a result of \_\_\_\_\_ events and from which \_\_\_\_\_ economic benefits are expected to \_\_\_\_\_ the entity. liabilities are \_\_\_\_\_ obligations of the entity arising from \_\_\_\_\_ events, the settlement of which are expected to result in \_\_\_\_\_ of resources from the entity.
- 1.19 Cars produced by a motor manufacturer for sale are the \_\_\_\_\_ assets of the motor manufacturer.  
Cars bought by a super market for daily use are the \_\_\_\_\_ assets of the super market.  
An old machine supposed to be sold right after the balance sheet day is a \_\_\_\_\_ asset.  
A machine bought for new production line is a \_\_\_\_\_ asset.
- 1.20 A company bought \$40,000 goods and promised to pay within three months. This is a \_\_\_\_\_ liability.  
A company obtained a loan of \$400,000 from a bank and promised to pay two years later. This is a \_\_\_\_\_ liability.

1. net income 是目前较为通用的一个会计术语，但是在国际会计准则中则采用 profit 一词。



- 1.21 Equity is the \_\_\_\_\_ in the assets of the entity after deducting all its \_\_\_\_\_.  
Net income is the residual amount that remains after \_\_\_\_\_ have been deducted from revenues.
- 1.22 When a business is owned by one person, the equity is shown as “\_\_\_\_\_” or “\_\_\_\_\_.”
- 1.23 Revenues refer to increases in the resources of a business from the \_\_\_\_\_ of goods or services.
- 1.24 The money gained by selling an old equipment of a food manufacturer \_\_\_\_\_ revenue.  
The money received as additional investment from investors \_\_\_\_\_ revenue.  
The money gained by selling a new medicine for a medicine manufacturer \_\_\_\_\_ revenue.
- 1.25 An expense is a \_\_\_\_\_ in economic benefits during the accounting period in the form of \_\_\_\_\_ or depletions of assets or incurrences of liabilities that result in \_\_\_\_\_ in equity, other than those relating to distributions to equity participants.
- 1.26 The money a company pays for electricity fee \_\_\_\_\_ expense.  
The money a company pays for renting a building \_\_\_\_\_ expense.  
The money a company pays for constructing a building \_\_\_\_\_ expense.
- 1.27 If revenues exceed expenses, there is \_\_\_\_\_ and the amount is a positive figure; if expenses exceed revenues, there is a \_\_\_\_\_ and the amount is a negative figure.



### Q & A

**Q:** Are the accounting elements the same in different entities?

**A:** As for the size of entities, there are small, middle and large entities. As for the type of entities, there are service, commercial and manufacturing entities. As for the organization of entities, there are **sole proprietorship**, **partnership**, and **corporation**. The basic accounting elements are the same, but slight difference might exist when we talk about a specific account. So you may attempt to compare the accounts used in different entities during the following chapters. That will be helpful for your learning.