



“十三五”普通高等教育会计专业精品系列教材

◎ 编著 蒋海晨 黄钟颖

会计英语

KUAIJI YINGYU



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前言

Preface

经济国际化、市场全球化、资源共享化已是当今社会经济发展的大势所趋。中国融入世界经济大格局的程度越来越高,速度也越来越快。在此背景下,社会和企业的发展对人才的培养也提出更高的要求,需要大批精通专业同时熟练掌握外语的国际化人才。于个人而言,专业技能与外语能力缺一不可,外语能力的欠缺或将限制个人发展。基于此,本书旨在用地道的英语讲解专业财会知识,以帮助学生使用英语流畅阅读,交流会计专业的基础知识与相关理论,并逐步提高阅读英语文献和使用英语处理常规会计业务的能力。

全书共8个单元,以财务活动为主线,内容涵盖财务会计、财务管理、管理会计、审计、会计信息系统等几大方面,采用单元模块编写法,每一单元包含若干章节,其内容布局为:

- ✓ 学习目标(Learning Objectives):使学生明确本章学习重点
- ✓ 对话(Warm-up: Dialogue):便于学生熟悉与本章内容相关的口语表达
- ✓ 课文内容(Text):循序渐进、重点突出地阐述专业知识
- ✓ 单元小结(Chapter Round-up):总结本单元的知识难点与重点
- ✓ 词汇(Glossary):汇总本单元的专业词汇
- ✓ 课后练习(Review Questions, Exercises and Group Activities):包括书面练习、课堂演示、小组讨论、案例分析等多种形式,有助于学生复习巩固本单元知识要点,同时加强口语表达能力,提升英语交流水平
- ✓ 补充阅读(Supplementary Reading):与本单元知识点紧密相关,原汁原味的英文文献选读,帮助学生在原版英文资料中加深对专业知识的理解,同时拓宽专业视野、启发专业思考

此外,书后还附有各单元课文内容的参考中译文,有助于学生更好地理解 and 掌握课文内容。

本书的编写立足于财会专业学生,兼顾会计专业知识和英语学习的双重要求,选编内容多出自英文原版书籍,语言规范标准,有助于读者在专业学习的同时,提升英语理解和表达能力。本书难度适中,条理清晰,内容充实,语言地道,贴近实际,适合高校会计、审计、管理等专业的双语教学,亦可作为涉外企业商务人士的自学或培训用书。

本书由苏州大学商学院蒋海晨老师拟定提纲并负责编写1—7单元内容,苏州大学商学院黄钟颖老师负责编写第8单元内容。在本教材的编写过程中,编者参阅了大量国内外相关的专著、文献和教材,其中参考较多的列在书后参考书目中,在此一并向诸位作者表示诚挚的谢意。鉴于编者水平有限,疏漏、不足之处在所难免,恳请各位专家学者不吝指正。

编者

2018年1月



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Unit One



Introduction to Accounting

Learning Objectives

When you have studied this chapter, you should be able to:

- * explain the role of accounting and identify the different areas of the economy in which accountants work;
- * understand the definition of accounting;
- * identify the main branches of accounting and the potential users of accounting information;
- * outline the common structure of business entities;
- * understand the accounting assumptions, basic rules and qualitative characteristics of accounting information.

Warm-up: Dialogue

Emily: Hello, Kevin. It's nice to meet you. We are looking to hire an accountant. What did you take in university?

Kevin: Nice to meet you. I have a bachelor's degree in commerce and majored in finance and management in the business school.

Emily: That sounds very interesting. Please tell me more about your programs in university.

Kevin: In my programs I studied financial accounting, management accounting, financial analysis, auditing, taxation law, corporation law, and so on.

Emily: Sounds good. Have you got any professional certificate?

Kevin: Not yet. But I'm working on the examinations of CPA now.

Emily: Have you got any working experience related to accounting?

Kevin: Yes, I have been working as an accountant assistant for two years in a local accounting firm.

Emily: That's good. We hope to hire an accountant who can become a partner in our firm in the future.

 **Text****■ Section 1 Accounting as a Profession**

Accounting has developed as a profession over the past hundred years or so, attaining a social status equivalent to that of law and medicine. Different countries have different professional accounting bodies, which represent the interests of their members by lobbying governments, and provide the framework for self-regulation. There exist some major professional accounting bodies in the world, such as American Institute of Certified Public Accountants (AICPA), the Association of Chartered Certified Accountants (ACCA), the Certified General Accountants Association of Canada (CGA-Canada), CPA Australia, The Hong Kong Institute of Certified Public Accountants, etc. Entry to the professional accounting bodies requires a number of conditions to be satisfied. Mostly, people seeking entry must normally hold a degree, successfully complete certain programs or examinations and have appropriate working experience.

Accountants generally practice their profession in three main areas: public accounting, commercial accounting and not-for-profit accounting.

Public accountants offer their professional services to the public for a fee. Owing to the sophistication of today's business structure and increasing regulations by government, public accountants tend to specialize in one of four general services: auditing, taxation, management advisory services, or insolvency.

Many accountants are employed in business entities. The entity's senior accounting officer, or the controller, has overall responsibility for directing the activities of the accounting staff, who serves the function of general accounting, cost accounting, budgeting, taxation accounting, internal auditing and accounting information systems.

Another area is not-for-profit accounting. City councils, state governments and the federal government collect and spend huge amounts of money annually. Government accounting is concerned with the efficient usage of its resources and in consistency with the provisions of city, state and federal laws and regulations. Other not-for-profit organizations, such as churches, charities, hospitals and private educational institutions, follow accounting procedures similar to those used in government accounting.

Being a language of business of modern society, accounting is applicable to all types of economic entities, including profit-seeking organizations and not-for-profit entities, which engage in the using of economic resources and the making of economic decisions.

■ Section 2 Accounting Defined

❖ I . Definition of Accounting

Accounting, which is often called the language of business, uses its own special words and symbols to communicate financial information for economic decision made by managers, shareholders, creditors and many others. As a matter of fact, accounting is a service provided for those who need information about an entity's financial positions and performance.

Accounting has been defined as the process of identifying, measuring, recording and communicating economic information to permit informed judgments and decisions by users of the information (see Figure 1-1).

Identifying involves recognizing economic events and determining which of those events represent economic activities relevant to a business. For instance, the selling of goods to a customer, the provision of services to a client and the payment of wages to employees are all economic activities, which are named by accountants as transactions and events.

Measurement must occur before the effects of transactions can be recorded. In our economy, business activity is measured by prices expressed in terms of money, which serves as both a medium of exchange and as a measure of value. Accounting transactions are therefore measured in terms of dollars and cents.

Recording is the process of systematically maintaining a record of all transactions which have affected the business entity after they have been identified and measured. Therefore, Recording provides a history of the economic activities of an entity. Technically, the recorded data must be classified and summarized to be useful in making decisions.

Being the final step of the accounting process, communication can be described as the procedure of preparing and distributing accounting reports to potential users. Identifying, measuring and recording will be pointless if the financial information contained in accounting records cannot be communicated to the potential users. Once the users of accounting information have access to appropriate reports, they are able, after analyzing and interpreting the reports, to make relevant economic decisions.

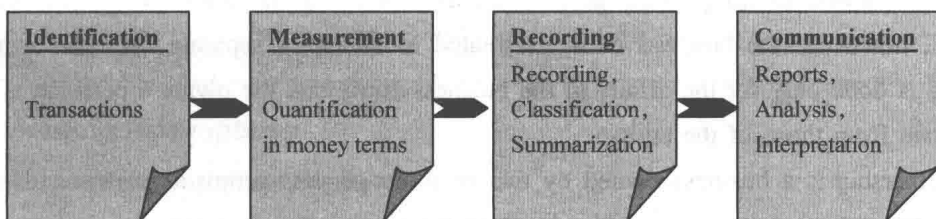


Figure 1-1 Accounting Process

❖ II. Users of Accounting Information

The ultimate objective of accounting is to provide information in reports which can be used by external and internal decision makers, or external users and internal users.

External users are those who are outside a business but have direct interest in it, such as investors, creditors, government agencies, suppliers, customers and the public. They make decisions concerning investing, the granting of credit, the purchasing or sales of goods and services, complying with tax laws as well as other regulatory requirements, and so on.

Internal users include management and employees. Among them, managers must have financial data for planning and controlling the operations of the business entity. Managers need answers to such questions as: What resources are available? How much is owing to outsiders? What is the most efficient production process? What will be the effect of increasing or decreasing selling prices? Employees must also be an important user group of financial information, because they need some assurance about the stability and profitability of the company.

❖ III. Classification of Accounting

Modern accounting serves a wide range of users who have various economic interests in business entities. Accordingly, accounting is categorized into two basic branches: financial accounting and management accounting. Financial accounting is related to the preparations of financial reports for users mainly outside the business, while management accounting mainly provides information to internal management for decision-making.

■ Section 3 Accounting Assumptions and Rules

❖ I. The Structure of Business Entities

The three most common structures for profit-seeking entities are sole traders or single proprietorships, partnerships and companies.

A single proprietorship or, sole trader, is a business entity owned by one person. Many small service enterprises, retail stores and professional practices are operated as single proprietorships. The owner of a single proprietorship business supplies cash other assets to the business, is entitled to all profits, and is legally liable for its debts. From an accounting standpoint, however, the business entity is treated as an entity separate from its owner, and accounting is done only for the affairs of the business entity and the owner's personal affairs are kept separate from those of the entity.

A partnership is a business owned by two or more persons acting as partners. No special legal requirements need be met to form a partnership. All that is necessary is an agreement among the people joining together as partners. Although the partnership agreement may be oral, a written agreement is preferred in order to facilitate the resolution of disagreements which may arise between partners. The partners supply the resources and share the profits and losses.

Partnerships are not separate legal entities. Consequently, the individual partners are personally liable for the debts of the partnership. From an accounting viewpoint, however, partnerships are treated as entities separate from their owners. Like single proprietorships, partnerships are widely used for small service enterprises, retail stores and professional practices.

A company or corporation is a separate legal entity formed under the Corporations Law. Its owners are called shareholders, because their ownership interests are represented by shares in the company. Because a company is a separate legal entity, shareholders in a limited company are not liable for the company's debts once the shares held have been paid for in full. This feature is known as the limited liability principle.

Separate legal entity status enables a company to conduct its business affairs in its own name as if it were a legal person. Thus, a company can buy, own and sell property; it can sue or be sued in its own name; and it can sign contracts with others. In essence, a company is treated as a legal entity with all the rights, duties and responsibilities of a person. Shareholders are free to sell all or part of their shares at any time. This ease of transferability of ownership, coupled with the limited liability for company debts, generally adds to the attractiveness of investing in company shares. Profits are distributed to shareholders in the form of dividends.

The comparisons between single proprietorship/partnerships and corporation are listed in Table 1-1.

Table 1-1 Comparisons Between Single Proprietorship/Partnerships and Corporation

	Single proprietorship/partnerships	Corporation (Limited companies)
Formation	Simple and cheap to set up.	Complex and expensive.
Capital structure	<ul style="list-style-type: none"> * Owners provide capital only. * No shares can be issued. The life of the business is usually limited. * Owner has total liability for debts. 	<ul style="list-style-type: none"> * Large potential membership to provide capital and resources. * Ownership is transferable by selling shares, so the life of the company is theoretically unlimited. * Shareholders' liability is limited to the amount of their contribution.
Management	Owners themselves are involved in management.	CEO/Professional manager is responsible for daily operation.
Profitability	Profits are distributed only to the owners.	Profits can be distributed to shareholders as dividends or retained in the business.
Tax inference	Tax advantage (Tax shield).	Dual tax.

❖ II. Accounting Assumptions

1. The accounting entity assumption

If the transactions of an entity are to be recorded, classified and summarized into financial statements, the accountant must be able to identify clearly the boundaries of the entity being accounted for. Under the accounting entity assumption, the assets, liabilities and business activities of the entity are kept completely distinguishable from those of the owner of the entity

as well as from those of other entities. A separate set of accounting records is maintained for each entity, and the financial reports prepared represent the financial position and performance of that entity only.

2. The going concern assumption

The going concern assumption states that the entity will continue in operation in the foreseeable future and there is no intention to put the entity into liquidation or to make drastic cutbacks to the scale of the operations. In the event that the management is planning the sale or liquidation of the entity, the going concern assumption and the cost assumption are set aside and the financial reports are prepared on the basis of estimated sales or liquidation values. When this occurs, the reports should identify clearly the basis upon which values are determined.

3. The period assumption

Users of financial information, however, need timely information for decision-making purposes. Accountants must therefore prepare periodic reports on the performance, financial position, financing and investing activities. There are also statutory requirements for entities to determine periodic profit figures, e. g. for taxation. Such things require the division of the life of the entity into arbitrary equal time intervals, which is known as the period assumption. As a result of this assumption, profit determination is often referred to as a process of matching the revenues recognized during the period with the expenses incurred in that period.

4. The monetary assumption

The monetary unit assumption requires that only those things that can be expressed in money are included in the accounting records. Accountants assume that data expressed in terms of money are useful in making economic decisions and that the monetary unit represents a realistic value that can be used to measure net profit, financial position and changes in financial position. Any events which cannot be quantified in terms of money cannot be listed in the entity's accounting information system. However, this does not preclude the reporting of non-monetary information in footnotes to the financial reports, if such information is relevant to economic decision-making.

❖ III. Other Accounting Rules

1. Historical cost principle

It requires that assets are recorded at cost when they are obtained or the expenditures incurred on acquisition rather than fair market value. This principle provides reliable information, which removes the opportunity to provide subjective and biased market value.

2. Accrual principle

It means that revenues and expenses are recognized in the accounting period in which they are earned or incurred, even though the cash receipts or payments occurs at another time or even in another accounting period. It is the use of accrual principle that accomplishes much of the matching of revenues and expenses, because most transactions involve purchases and sales at one

point in time and cash payments and receipts at some other points.

3. Matching principle

It requires that all expenses incurred in generating revenues during a period of time be deducted from the revenue earned. In other words, all the expenses related to given revenue should be matched with and deducted from that revenue for the determination of periodic income. This results in an accurate measure of the net income or net loss for the period.

4. Full disclosure principle

It means that the financial statements and notes or explanations should include all necessary information to prevent a reasonably astute user of the financial statements from being misled. Under this principle, all the information necessary for the users' understanding of the financial statements must be disclosed. For example, certain provisions of leases, significant amounts of purchases commitments, and notices of pending lawsuits or settlements should be disclosed in the notes to the financial statements.

❖ IV. Qualitative Characteristics of Accounting Information

1. Reliability

Information is reliable if: users can depend on it to represent what it is supposed to represent and it reflects the substance of the transactions that have taken place; it is free from bias and material error and is complete; and it has been prudently prepared.

2. Relevance

The information provided should be that which is required to satisfy the needs of information users. In the case of company accounts, clearly a wide range of information will be needed to satisfy the interested parties already identified.

3. Materiality

It is concerned with the magnitude of financial information to assess whether it may be omitted, misstated or not disclosed separately without having the potential to affect adversely the economic decisions made by users of a particular set of general-purpose financial reports. The materiality of an item may depend not only on its relative amount but also on its nature. For example, the discovery of a \$10,000 bribe is a material event even for a large company. Accountants make judgments based on their knowledge of the company and on past experience, and users of financial statements generally rely on the accountants' professional judgments.

4. Substance over form

The accountant would be concerned more with the economic substance rather than the legal form of a transaction. For example, certain types of equipment leases are handled in the accounting records as if the entity had purchased the items rather than acquiring them under a lease. In substance, the transaction is treated and reported as a purchase of the item even though legal ownership of the item may never be contemplated.

5. Comparability

Information should be produced on a consistent basis so that valid comparisons can be made with information from different periods and with information produced by other sources (for example, the accounts of similar companies in the same line of industry). Comparability is more effective when different entities use the same accounting practices, including the same measurement and reporting standards.

6. Prudence

In selecting between alternative procedures, or alternative valuations, the one selected should be the one which gives the most cautious presentation of the business financial results or position. In other words, more confirmatory evidence is required about the existence of an asset or gain than is required about the existence of a liability or loss.

7. Understandability

Information needs to be capable of being understood by users who have a reasonable knowledge of business and accounting and are willing to study the information provided with reasonable diligence.

8. Timeliness

The usefulness of information is reduced if it does not appear until long after the period to which it relates, or if it is produced at unreasonably long intervals. What constitutes a reasonable interval depends on the circumstances; management of a company may need very frequent information to run the business efficiently; but shareholders are normally content to see accounts produced annually.

Chapter Round-up

- Accounting has played an important role in modern society. The main purpose of accounting is to provide financial information to a variety of users to make economic decisions.
- Accounting is defined as the process of identifying, measuring, recording and communicating economic information.
- There are mainly two groups of accounting information users; external users and internal users. Consequently, accounting can be split into two branches: financial accounting and management accounting.
- There are a couple of basic assumptions and rules underlying the conceptual framework for the purpose of establishment of financial reports.
- The accounting information is expected to possess a number of qualities when expressed in financial reports.