

МІНІСТЕРСТВО ОСВІТИ І НАУКИ, МОЛОДІ ТА СПОРТУ УКРАЇНИ
НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ ХАРЧОВИХ ТЕХНОЛОГІЙ

ЗАТВЕРДЖУЮ

Ректор _____
(Підпис) (Прізвище, ініціали)

« ____ » _____ 20 р.

АНГЛІЙСЬКА МОВА

МЕТОДИЧНІ ВКАЗІВКИ

до практичних занять та самостійної роботи
з текстами фахового спрямування
для студентів 3-4 курсів напряму підготовки 6.030509
“Облік та аудит»
денної форми навчання

Реєстраційний номер
електронних методичних
вказівок у НМУ _____

Схвалено
на засіданні кафедри
іноземних мов
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Англійська мова: методичні вказівки до практичних занять та самостійної роботи з текстами фахового спрямування для студентів 3-4 курсів напряму підготовки 6.030509 «Облік та аудит» денної форми навчання / Уклад.: О.В.Березовська, О.А. Левурда, І.П.Тригуб – К: НУХТ, 2011. – с.80

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ВСТУП

Методичні вказівки призначені для студентів 3-4 курсу напряму підготовки 6.030509 «Облік та аудит» денної форми навчання.

Дані методичні вказівки розраховані на студентів, які вичають англійську мову з метою використання її в професійній діяльності.

Тематика, лексичний мінімум, система вправ спрямовані на досягнення головної мети.

Мета даних методичних вказівок – формування комунікативної мовленнєвої компетенції на матеріалі оригінальних текстів фахової тематики.

Методичні вказівки містять автентичні тексти, післятекстові завдання та словник найбільш уживаних професійних термінів, які сприяють подальшому розвитку набутих мовних навичок для задоволення практичних та професійних потреб в сфері діяльності бухгалтерів.

Система завдань будується на фаховій лексиці, спрямована на полегшення засвоєння поданого тематичного та мовного матеріалу, та містить ряд проблемних завдань, що розвивають творче мислення студентів.

Дані методичні вказівки сприятимуть формуванню у студентів професійно орієнтованих комунікативних мовленнєвих компетенцій та є додатковим спонукальним мотивом для удосконалення навичок усного та писемного мовлення в професійній сфері.

При укладанні даних методичних вказівок використовувались автентичні іншомовні джерела: статті з газети Financial Times, матеріали підручників Professional English in Use Finance published by Pearson Longman, Accounting and Finance Market Leader by Sara Helm, published by Pearson Longman, The Accounting Cycle by Larry M. Walter and Christopher J. Skousen, published by BookBoon.

Методичні вказівки складаються з 3 частин. 1 частина – тексти фахового спрямування, які дають визначення основних термінів і понять зі спеціальності «Облік та аудит», 2 частина – тексти із завданнями з газети Financial Times, які розраховані на закріплення основної термінології та розвиток усного мовлення студентів, 3 частина – тлумачний словник основних термінів зі спеціальності «Облік та аудит».

UNIT 1 Accounting and accountancy

1.1. Read the text and be ready to discuss it.

Accounting involves **recording** and summarizing an organization's transactions or business deals, such as purchases and sales, and reporting them in the form of financial statements. In many countries, the accounting or accountancy profession has professional organizations which operate their own training and

examination systems, and make technical and ethical rules: these relate to accepted ways of doing things.

As far as, accounting is concerned with reporting on financial information of 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.

Bookkeeping is the day-to-day recording of transactions.

Financial accounting includes bookkeeping, and preparing financial statements for shareholders and creditors (people or organizations who have lent money to a company). 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 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.

Financial reports prepared under the generally accepted accounting principles (GAAP) promulgated by such standard setting bodies are intended to be general purpose in orientation. This means they are not prepared especially for owners, or creditors, or any other particular user group. Instead, they are intended to be equally useful for all user groups. As such, attempts are made to keep them free from bias (neutral).

Management accounting involves the use of accounting data by managers, as far as they 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. Further,

management may dictate the parameters under which such information is to be accumulated and presented. For instance, 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. Hopefully, such internal reporting is being done logically and rationally, but it need not follow any particular set of guidelines.

Auditing

Auditing means examining a company's systems of control and the accuracy or exactness of its records, looking for errors or possible fraud: where the company may have deliberately given false information.

An internal audit is carried out by a company's own accountants or internal auditors.

An external audit is done by independent auditors: auditors who are not employees of the company.

The external audit examines the truth and fairness of financial statements. It tries to prevent what is called '**creative accounting**', which means recording transactions and values in a way that produces a false result - usually an artificially high profit.

There is always more than one way of presenting accounts. The accounts of British companies have to give a true and fair view of their financial situation. This means that the financial statements must give a correct and reasonable picture of the company's current condition.

Laws, rules and standards

In most continental European countries, and in Japan, there are laws relating to accounting, established by the government. In the US, companies whose stocks are traded on public stock exchanges have to follow rules set by the Securities and Exchange Commission (SEC), a government agency. In Britain the rules, which are called standards, have been established by independent organizations such as the Accounting Standards Board (ASB), and by the accountancy profession itself.

Companies are expected to apply or use these standards in their annual accounts in order to give a true and fair view.

Companies in most English-speaking countries are largely funded by shareholders, both individuals and financial institutions. In these countries, the financial statements are prepared for shareholders. However, in many continental European countries businesses are largely funded by banks, so accounting and financial statements are prepared for creditors and tax authorities.

1.2 What type of work does each person do, and what is the name of each job?

1. I record all the purchases and sales made by this department.
2. This month, I'm examining the accounts of a large manufacturing company.
3. I analyse the sales figures from different departments and make decisions about our future activities.
4. I am responsible for preparing our annual balance sheet.
5. When the accounts are complete, I check them before they are presented to the external auditors.

1.3. Match the two parts of the sentences.

2. In Britain
 3. In most of continental Europe and Japan
 4. In the USA
 5. In Britain and the USA
 6. In much of continental Europe
- a) accounting rules are established by a government agency.
 - b) companies are mainly funded by shareholders or stockholders.
 - c) accounting rules are set by an independent organization.
 - d) the major source of corporate finance is banks.
 - e) accounting rules are set by the government.

1.3. Find verbs in the text that can be used to make word combinations with the nouns below.

<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>an audit</p>	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>standards</p>
<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>rules</p>	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>transactions</p>

1.4. Discuss:

1. Is accounting in your country based on standards, rules, laws, or a mixture of these?

2. What accounting system do international companies in your country use?

UNIT2

Bookkeeping

2.1. Read the text and be ready to discuss it.

Double-entry bookkeeping

Zaheer Younis works in the accounting department of a trading company: He began his career as a bookkeeper. Bookkeepers record the company's daily transactions: sales, purchases, debts, expenses, and so on. Each type of transaction is recorded in a separate account - the cash account, the liabilities account, and so on. Double-entry bookkeeping is a system that records two aspects of every transaction. Every transaction is both a debit - a deduction - in one account and a corresponding credit - an addition - in another. For example, if a company buys some raw materials - the substances and components used to make products - that it will pay for a month later, it debits its purchases account and credits the supplier's account. If the company sells an item on credit, it credits the sales account, and debits the customer's account. As this means the level of the company's stock - goods ready for sale - is reduced, it debits the stock account. There is a corresponding increase in its debtors - customers who owe money for goods or services purchased - and the debtors or accounts payable account is credited. Each account records debits on the left and credits on the right. If the bookkeepers do their work correctly, the total debits always equal the total credits.'

BrE: debtors; AmE: accounts receivable BrE: creditors; AmE: accounts payable BrE: stock; AmE: inventory

Day books and ledgers

For accounts with a large number of transactions, like purchases and sales, companies often record the transactions in **day books** or **journals**, and then put a daily or weekly- summary in the main double- entry records.

In Britain, they call the main books of account nominal **ledgers**.

Creditors - suppliers to whom the company owes money for purchases made on credit - are recorded in a bought ledger. They still use these names, even though these days all

Note: In Britain the terms debtors and creditors can refer to people or companies that owe or are owed money, or to the sums of money in an account or balance sheet.

Balancing **the books**

At the end of an accounting period, for example a year, bookkeepers prepare a trial balance which transfers the debit and credit balances of different accounts onto one page. As always, the total debits should equal the total credits. The accountants can then use these balances to prepare the organization's financial statements.

2.2. Match the given words with the definitions below.

Credit, ledger, debit, creditors, stock, debtors

1. an amount entered on the left-hand side of an account, recording money paid out
2. book of accounts
3. customers who owe money for goods or services not yet paid for
4. an amount entered on the right-hand side of an account, recording a payment received
5. goods stored ready for sale
6. suppliers who are owed money for purchases not yet paid for

2.3. Complete the sentences with the words from the text.

1. _____ shows where money comes from and where it goes: it is always transferred from one _____ to another one. Every event is entered twice - once as a credit and once as a _____.
2. Most businesses record very frequent or numerous transactions in _____ or _____.
3. The main accountant books are called _____, and the book relating to creditors is called the _____.
4. In order to prepare financial statements, companies do a _____ which copies all the debit and credit balances of different accounts onto a single page.

2.4. Complete the sentences using 'debit' or 'credit'.

1. If you buy new assets, you _____ the cash or capital account.
2. If you pay some bills, you _____ the liabilities account.
3. If you buy materials from a supplier on 60 days' credit, you _____ the purchases account and _____ the supplier's account.
4. If you sell something to a customer who will pay 30 days later, you _____ the sales account and _____ the customer's account.

2.5. Discuss:

1. What qualities does a bookkeeper need?
2. What you like to work as a bookkeeper?
3. If not, which type of accounting do you think is the most interesting, and why?

UNIT 3 Accounting policies and standards

3.1. Read the text and be ready to discuss it.

Valuation and measurement

Investors in companies want to know how much the companies are worth, so companies regularly have to publish the value of their assets and liabilities. Companies also have to calculate their profits or losses: their managers need this information, and so do shareholders, bondholders and the tax authorities.

Companies can choose their accounting policies - their way of doing their accounts. There are a range of methods of valuation - deciding how much something is worth - and measurement - determining how big something is - that are accepted by law or by official accounting standards. In the USA, there are Generally Accepted Accounting Principles (GAAP). In most of the rest of the world there are International Financial Reporting Standards (IFRS), set by the International Accounting Standards Board. These are technical rules or conventions - accepted ways of doing things that are not written down in a law.

Although businesses can choose among different accounting policies, they have to be consistent, which means using the same methods every year, unless there is a good reason to change a policy: this is known as the consistency principle. The policies also have to be disclosed or revealed to the shareholders: the Annual Report will contain a 'Statement of Accounting Policies' that mentions any changes that have been made. This enables shareholders to compare profits and values with those of previous years.

Areas in which the choice of policies can make a big difference to the final profit figure include depreciation - reducing the value of assets in the company's accounts, the valuation of stock or inventory, and the making of provisions - amounts of money deducted from profits - for future pension payments.

As there is always more than one way of presenting accounts, the accounts of British companies have to give a true and fair view of their financial situation - meaning there are various possibilities - rather than *the* true and fair view - meaning only one is possible.

BrE: depreciation	AmE: depreciation, amortization !
BrE: a true and fair view	AmE: a fair presentation

Historical cost and inflation accounting

The aim of accounting standards is to provide shareholders with the information that will allow them to make financial decisions. This is one reason why in many countries accounting follows the historical cost principle: companies record the original purchase price of assets, and not their (estimated) current selling price or replacement cost. This is more objective, and the current value is not important if the business is a going concern - a successful company that will continue to do business - as its assets are not going to be sold, or do not currently need to be replaced.

However, some countries with regular high inflation, e.g. in South America, use inflation accounting systems, that take account of changing prices. One system used is replacement cost accounting, which values all assets at their current replacement cost – the amount that would have to be paid to replace them now.

3.2. Match the two parts of the sentences.

1. Companies' managers, investors, creditors and the tax authorities all.
 2. There are different ways of doing accounting but companies have to be consistent,
 3. Companies have to disclose or make known
 4. The historical cost principle is that the price paid to buy assets,
 5. A going concern usually doesn't
-
- a) and not their current value, is recorded in accounts.
 - b) need to know the current market value of its assets.
 - c) need to know about the size of profits or losses.
 - d) which accounting methods they are using
 - e) which means regularly using the same methods.

3.3. Are the following statements true or false?

1. Companies are told which accounting policies to use.
2. Companies can change their accounting policies whenever they like, as long as they disclose this in their Annual Report.
3. Companies could produce several profit figures, depending on how they depreciated their assets, valued their inventory, etc.
4. There is only one correct interpretation of a company's financial position, and company accounts must show this.
5. In a lot of countries, companies do not record the current value of their assets.
6. In countries with high inflation, companies value their assets at their current replacement cost.

3.4. Complete the table with words from the text and their related forms. Put a stress mark in front of the stressed syllable in each word. The first one has been done for you.

verb	Noun(s)	adjective
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	Calculation	--
--		consistent
--		conventional
measure		--
present		--
		valuable

3.5. Discuss:

- Which are the most important accounting standards or rules in your country – GAAP, IFRS, IAS, or something else?

UNIT 4 Accounting assumptions and principles

4.1. Read the text and be ready to discuss it.

Assumptions

When writing accounts and financial statements, accountants have to follow a number of assumptions, principles and conventions. An assumption is something that is generally accepted as being true. The following are the main assumptions used by accountants:

- The separate entity or business entity assumption is that a business is an accounting unit separate from its owners, creditors and managers, and their assets. These people can all change, but the business continues as before.
- The time-period assumption states that the economic life of the business can be divided into (artificial) time periods such as the financial year, or a quarter of it.
- The continuity or going concern assumption says that a business will continue into the future, so the current market value of its assets is not important.
- The unit-of-measure assumption is that all financial transactions are in a single monetary unit or currency. Companies with subsidiaries - that is, other companies that they own - in different countries have to convert their results into one currency in consolidated financial statements for the whole group of companies.

BrE: financial year	AmE: fiscal year
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Principles

The following are the most important accounting principles (as well as the consistency principle and the historical cost principle):

- The full-disclosure principle states that financial reporting must include all significant information: anything that makes a difference to the users of financial statements.

- The principle of materiality, however, says that very small and unimportant amounts do not need to be shown.

- The principle of conservatism is that where different accounting methods are possible, you choose the one that is least likely to overstate or over-estimate assets or income.

- The objectivity principle says that accounts should be based on facts and not on personal opinions or feelings. Accounts, therefore, should be verifiable: it should be possible for internal and external auditors to show that they are true. This isn't always possible, however: depreciation or amortization, and provisions for bad debts, for example, are necessarily subjective - based on opinions.

- The revenue recognition principle is that revenue is recognized in the accounting period in which it is earned. This means the revenue is recorded when a service is provided or goods delivered, not when they are paid for.

- The matching principle, which is related to revenue recognition, states that each cost or expense related to revenue earned must be recorded in the same accounting period as the revenue it helped to earn.

4.2. Match the accounting assumptions and principles (1-6) to the activities they prevent (a-f).

1. Conservatism principle
2. Matching principle
3. Separate entity assumption
4. Revenue recognition principle
5. Time-period assumption
6. Unit-of-measure assumption

- a) showing a profit divided into US dollars, euros, Swiss francs, etc.
- b) publishing financial statements for a 15-month period, because this will show better profits.
- c) waiting until customers pay before recording revenue.
- d) waiting until customers pay before recording expenses.
- e) listing the owners' personal assets in a company's financial statements.
- f) valuing assets and estimating future revenue at the highest possible figures.

4.3. Complete the sentences.

1. A company's _____ does not have to begin on 1 January, like the calendar year.

2. If an American company owns a company in Britain, this is a _____.
3. Multinationals, with companies in lots of different countries, combine all their results in one set of _____.
4. Every entry in a company's accounts must be _____: there must be a document available showing that it is true.

4.4. Complete the table .The first one has been done for you. Then complete the sentences below with words from the table.

verb	noun	adjective
assume		—
	disclosure	—
—	objectivity	
recognize		—
—	subjectivity	
	verification	

1. Both the internal and the external auditors have to _____ the accounts.
2. Companies have to _____ all relevant financial information in their annual reports.
3. Despite the _____ principle, accountants have to make some subjective judgments.
4. Even if a company is going through a bad period, for accounting purposes we _____ it's a going concern.

UNIT 5 Depreciation and amortization

5.1. Read the text and be ready to discuss it.

Fixed assets

A company's assets are usually divided into current assets like cash and stock or inventory, which will be used or converted into cash in less than a year, and fixed assets such as buildings and equipment, which will continue to be used by the business for many years. But fixed assets wear out - become unusable, or become obsolete - out of date, and eventually have little or no value.

Consequently fixed assets are depreciated: their value on a balance sheet is reduced each year by a charge against profits on the profit and loss account. In other words, part of the cost of the asset is deducted from the profits each year.

The accounting technique of depreciation makes it unnecessary to charge the whole cost of a fixed asset against profits in the year it is purchased. Instead it can be charged during all the years it is used. This is an example of the matching principle.

Note: BrE: fixed assets; AmE: property, plant and equipment

Valuation

Assets such as buildings, machinery and vehicles are grouped together under fixed assets.

Land is usually not depreciated because it tends to appreciate, or gain in value. British companies occasionally revalue - calculate a new value for - appreciating fixed assets like land and buildings in their balance sheets. The revaluation is at either current replacement cost - how much it would cost to buy new ones, or at net realizable value (NRV) - how much they could be sold for. This is not allowed in the USA. Apart from this exception, appreciation is only recorded in countries that use inflation accounting systems.

Companies in countries which use historical cost accounting - recording only the original purchase price of assets - do not usually record an estimated market value - the price at which something could be sold today. The conservatism and objectivity principles support this; and where the company is a going concern, the market value of fixed assets is not important.

Depreciation systems

The most common system of depreciation for fixed assets is the straight-Sine method, which means charging equal annual amounts against profit during the lifetime of the asset (e.g. deducting 10%-M the cost of an asset's value from profits every year for 10 years). Many continental European countries allow accelerated depreciation: businesses can deduct the whole cost of an asset in a short time. Accelerated depreciation allowances are an incentive to investment: a way to encourage it. For example, if a company deducts the entire cost of an asset in a single year, it reduces its profits, and therefore the amount of tax it has to pay. Consequently new assets including huge buildings, can be valued at zero on balance sheets. In Britain, this would not be considered a true and fair view of the company's assets.

5.3. Match the words in the box with the definitions below.

appreciate	obsolete	current assets
revalue	fixed assets	wear out

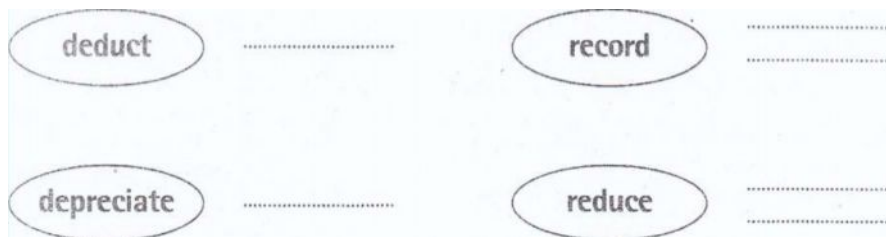
1. assets that will no longer be in the company in 12 months' time
2. to increase rather than decrease in value
3. out of date, needing to be replaced by something newer

4. assets that will remain in the company for several years
5. to become used and damaged
6. to record something at a different price

5.4. Match the nouns in the box with the verbs below to make word combinations. Then use some of the word combinations to complete the sentences below.

costs	fixed assets	market value
profits	value	purchase price

1. Because we..... the, we don't have worry about the market



value of fixed assets.

2. To depreciate....., we..... part of their from profits each year.
3. Because land usually appreciates, companies do not generallyits..... on the balance sheet.

5.5. Match the two parts of the sentences.

1. All fixed assets can appreciate if there is high inflation,
2. Accelerated depreciation allows companies to
3. Fixed assets generally lose value, except for land,