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НАВИЧОК ЧИТАННЯ ТА ГОВОРІННЯ

ENGLISH FOR ACCOUNTANTS

для студентів ОКР «Бакалавр»

спеціальності «Облік і оподаткування»

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ПЕРЕДМОВА

Посібник “English for Accountants” призначений для студентів напрямку 071 “Облік і оподаткування”.

Посібник включає у собі 18 розділів, що охоплюють широке коло тем з бухгалтерського обліку: цикли бухгалтерського обліку, основна фінансова звітність, система вимірювання у бухгалтерському обліку, напрямки бухгалтерського обліку, користувачі фінансової інформації, оподаткування, вплив процесів глобалізації на професію бухгалтера, тощо.

Тематика та характер учбового матеріалу, що представлений у посібнику, забезпечують формування у студентів професійного словника, вмінь та навичок читання та говоріння у межах професійної тематики, вміння вилучати потрібну для роботи інформацію, навичок письмового перекладу згідно з програмою, складання анотації.

Тексти підібрані з оригінальних сучасних джерел. Перед кожним текстом є англо-українсько-російський словник спеціальних термінів. Обсяг лексико-граматичних вправ забезпечує роботу в аудиторії та самостійну роботу студентів. Посібник включає ряд граматичних вправ, націлених на повторення програмного матеріалу. Також посібник має глосарій основних бухгалтерських термінів, словник ключових понять та абревіатур. Схеми та таблиці полегшують сприйняття лексичного матеріалу. Завдання посібника мають репродуктивний та продуктивний характер.

UNIT I

WHAT IS ACCOUNTING?

Grammar: Indefinite Tenses,
Modal verbs

Wordlist

| | | |
|----------------------------|-----------------------------|--|
| accounting record | обліковий запис | учетная запись |
| assure | забезпечувати | обеспечивать |
| available funds | наявні кошти | наличные средства |
| available income | наявний прибуток | реальная прибыль |
| business decision | ділове рішення | деловое решение |
| expenditures | витрати | расходы |
| interpret | пояснювати | объяснять |
| keep records | проводити облікові записи | вести учетные записи |
| owner | власник | владелец |
| profit | прибуток | прибыль, доход |
| profit-making organization | прибуткова організація | прибыльная организация |
| spend priorities | витрачати першочергово | расходовать в порядке первоочередности |
| sufficient | достатній | достаточный |
| tax | податок | налог |
| tax revenue | збирання податків | сбор налогов |
| transaction | транзакція, операція, угода | транзакция, операция, сделка |

I. Read the text and give the definition to the term 'accounting'.

Every business manager and owner needs good financial information to make good business decisions. Orderly records of business financial activities are called accounting records. Planning, keeping, analyzing and interpreting of financial records and transactions is called accounting.

Transactions include buying and selling of goods and services, acquiring insurance, using supplies. Transactions may be recorded by hand or they may be recorded in a computer system. Of course, the trend today is to use computers since the process is often repetitive and complex, and computers greatly simplify the task.

After the transactions have been recorded, they are usually classified into groups that have common characteristics. For example, all purchases are grouped together, as are all sales transactions. A businessman is thus able to obtain needed information about purchases, sales, and other transactions that occur over a given period of time. The methods used to record and summarize accounting data into reports are called an accounting system. Systems that use computers enable an organization to get financial reports daily if they so desire. One purpose of accounting is to help managers to evaluate the financial condition and the operating performance of the firm so that they may make better decisions. Another is to report financial information

to people outside the firm such as owners, creditors, suppliers, employees, and the government (for tax purposes).

Both large and small profit-making organizations use accounting information to make decisions. Managers and owners use accounting information to decide if the profits are sufficient. Should selling prices be increased or decreased? How many workers should be employed? Should different or additional products be sold? Should the size of a business be increased or decreased? Non-profit organizations, such as churches, social clubs, and city governments must keep expenditures within available income. Direction of non-profit organizations must decide on spending priorities *to stay within the funds available*¹. City government must plan carefully to assure that tax rates are sufficient *to provide adequate tax revenues*². At the same time, city governments keep financial records *to restrict expenditures to priority items*.³ Thus, non-profit organizations also need accounting information as the basis for making decisions.

Inaccurate accounting records often *contribute to business failure*.⁴ Failure to understand accounting information can result in poor business decisions. Accounting training helps business owners and managers to avoid business failure.

NOTES

1. *to stay within the funds available* - оставаться в рамках наличных средств

2. *to provide adequate tax revenues* - обеспечивать соответствующие сборы налогов

3. *to restrict expenditures to priority items* - ограничивать расходы в соответствии с приоритетностью

4. *contribute to business failure* - приводить к банкротству предприятия

II. Answer the following questions:

1. How are orderly records of business' financial activities called?
2. What is accounting?
3. What is called an accounting system?
4. Who uses accounting information?
5. What are the purposes of accounting?
6. Why do they use this information?
7. What can failure to understand accounting information result in?
8. What helps managers to avoid business failure?

III. Find six pairs of opposites.

| | |
|---------------|------------|
| failure | fall |
| decrease | increase |
| poor | non-profit |
| profit-making | success |
| earn | spend |
| rise | rich |

Make up your own sentences using these words.

IV. Put a word or word combination in the correct place to complete the following sentences.

financial records, business failure, accounting, information,
keep expenditures, terms, system, transactions

1. Owners use accounting ... to decide if the profits are sufficient.
2. Non-profit organizations must ... within available income.
3. Planning, keeping, analyzing and interpreting ... is called accounting.
4. Accounting training helps business owners to avoid
5. ... is often referred as the language of business.
6. A lot of accounting ... are used in all phrases of business.
7. ... include buying and selling of goods and services, acquiring insurance ..., using supplies.
8. The methods used to record and summarize accounting data into reports are called an accounting ...

V. Look back at the text and choose the correct words to go together.

- to contribute *to / in* business failure
- to result *to / in* poor business decisions
- to use accounting information *to / for* make decisions
- the size *of / in* a business
- to keep expenditures *within / throughout* available income
- to decide *on / about* spending priorities
- to stay *within / among* the funds available

VI. Read the text without a dictionary and answer the question: "How is accounting used in everyday life?"

Accounting in everyday life

Wage earners must prepare and submit personal income tax reports. Many states and cities require that wage earners submit similar tax reports. Everyone must plan ways to balance expenses with available income. Persons who know basic accounting principles and concepts are better able to plan and keep adequate personal records.

Some persons use knowledge of accounting as a means of earning a living. Almost all persons use knowledge of accounting in personal financial activities.

VII. Read the text and find out its main idea.

Accounting is often referred to as the language of business. Everyone in business must be able to use this language. Typists use accounting terms in typing financial statements and other accounting reports. Sales clerks or general office clerks prepare basic accounting papers. Secretaries use basic accounting language in taking dictation and preparing correspondence. These workers do their jobs better if they have some accounting knowledge and can use accounting terms. Many common accounting terms are used in all phases of business.

VIII. Check your grammar.

Use the verbs in brackets in the Indefinite Tenses and required voice (Active or Passive).

1. The accounting field (to have) many opportunities for young persons.
2. One important decision a person (to make) in a lifetime is how to earn a living.
3. The size of a business (to increase) last year.
4. Accounting language (to use) often in preparing correspondence.
5. Records of business' financial activities (to call) accounting records.
6. Basic accounting papers (to prepare) by sales clerks or general office clerks.

IX. Check your grammar.

Translate into Ukrainian paying attention to the different meanings of the modal verbs and their equivalents.

1. Business managers need good financial information to make good business decisions.
2. Secretaries do their jobs better if they can use accounting terms.
3. An owner of a firm has to decide how many workers should be employed.
4. Everyone in business must be able to use accounting language.
5. You may learn basic accounting principles and concepts.
6. Wage earners must prepare personal income tax reports.

X. Using the information from the texts

1. Describe the functions of accounting.
2. Name the main users of accounting information.

UNIT II

OCCUPATIONAL OPPORTUNITIES IN ACCOUNTING

Grammar: the Present Indefinite Tense

Wordlist

| | | |
|------------------------|----------------------------------|--------------------------------|
| accountant | кваліфікований бухгалтер | квалифицированный бухгалтер |
| accounting clerk | рахівник, конторський службовець | счетовод, конторский служащий |
| bookkeeper | бухгалтер | бухгалтер |
| bookkeeping | ведення облікових регістрів | ведение учетных регистров |
| estimate | оцінювати, обчислювати | оценивать, подсчитывать |
| general office clerk | конторський службовець, секретар | служащий офиса, секретарь |
| host accounting system | централізована система обліку | централизованная система учета |
| overlay system | додаткова/оверлейна система | оверлейная система |
| record | запис, вносити | запись, вносить |
| summarize | узагальнювати | обобщать |
| supervise | спостерігати, завідувати | наблюдать, заведовать |

I. Read the text and distinguish between accountants, bookkeepers and accounting clerks.

The main available accounting jobs can be grouped into major categories. The four major accounting jobs categories are: accountants, bookkeepers, accounting clerks and general office clerks.

Persons who plan, summarize, analyze, and interpret accounting information are called accountants. Persons who do general accounting work plus some summarizing and analyzing are often called bookkeepers. Persons who record, sort, and file accounting information are often called accounting clerks. Persons doing general kinds of office tasks, including some accounting tasks, are called general office clerks.

The US Department of Labor has reported that over 1,800,000 persons are employed as bookkeeping workers and accountants. In addition, many hundreds of thousands of general office clerks do some accounting tasks. Many more persons are employed in areas where some accounting knowledge is needed. Some of these areas include banking, teaching, finance, automated processing, and management.

A computerized accounting system is mostly used. The system comprises a host accounting system, an overlay system, a host report system, and an overlay report system. The host accounting system allows users to store transaction data representing financial transactions. The overlay system allows users to store overlay adjustment data representing adjusting journal entries related to the financial transactions. The host report system allows users to generate host reports based on the transaction entries. The overlay report system allows users to generate overlay reports based on the transaction entries and the overlay journal entries.

Business continues to need accountants, bookkeepers, and accounting clerks. Add to this some other people employed at a company. (Look at the picture below.)

The personnel officer. She is responsible for hiring staff and for staff welfare.

The head of the accounts department. She is responsible for all the money in the firm. She handles payments from customers and wages for the staff.

The audio-typist. She types letters and reports, which are recorded on a tape.

The post room clerk. He collects and sends outgoing post and distributes the incoming post.

The receptionist. She answers the phone and greets visitors.

The office manager. He keeps the office running smoothly. He orders office supplies and arranges for equipment to be serviced or repaired.

The managing director. He is responsible for the overall running of the firm.

The sales manager. He is responsible for supplying goods to customers.

II. Re-read the text to find the answers to these questions.

1. What are the four major categories of jobs in accounting?
2. What three kinds of things do accountants do?
3. How are the persons who record, sort and file accounting information called?
4. Persons doing kinds of office tasks are called general office clerks, aren't they?
5. How many persons are employed as bookkeepers and accountants in the USA?
6. What are the areas where some accounting knowledge is needed?
7. Is the need for accountants and bookkeepers expected to rise in future? Prove it.
8. Look at the picture. What are these persons responsible for?

III. What meaning have the following word combinations in the text?

Available accounting jobs, major categories, to interpret accounting information, to do general accounting work, to summarize and analyze, to be employed, automated processing, in spite of the expanded use of office machines.

IV. Complete each sentences with a word or phrase from the text.

1. Persons who plan, summarize, analyze, and interpret ... are called accountants.
2. Persons who do general accounting work are often called ...
3. Persons who record, sort, and ... are called accounting clerks.
4. General office clerks do general kinds of ...
5. Accounting knowledge is needed in such areas as banking, ..., ..., ...
6. The need for accountants and bookkeepers is expected to rise in spite of ...

V. Check your grammar.

Insert the article (a, an, the or Ø) where it is necessary.

1. Records of ... commercial contracts have been found in ... ruins of Babylon.
2. ... method of ... bookkeeping began with ... development of ... commerce of... Italy.
3. In ...late 18th and early 19th centuries, ... Industrial Revolution provided ... important stimulus to ... accounting and ... bookkeeping.
4. ... rise of ... manufacturing, ... trading and ... shipping made accurate financial records ... necessity.
5. ... history of ... bookkeeping closely reflects ... history of ... commerce, ... industry and ... government.

What new facts have you learned about the history of the method of bookkeeping?

VI. Read the text and find out the difference between a public accountant and a private accountant.

Accountants

Accountants plan accounting systems used by business. Accountants also interpret financial information and check the accuracy of that information. Accountants often supervise work of other accounting workers. In medium to large business, accountants help owners and managers to make financial decisions.

Some accountants work as members of accounting firms that sell accounting services to other businesses. For example, a small grocery store may not need a *full-time*¹ accountant. The owner or an employee normally does the day-to-day accounting tasks. These tasks include recording, summarizing, and basic accounting information. To plan, summarize, analyze, and interpret information, the owner *hires*² an accounting firm. A business selling accounting services to the general public is called a public accounting firm. Public accounting firms provide a variety of accounting services to other businesses and individuals. Accounting services may include all accounting tasks as well as planning an accounting system. Accounting firms may periodically check the accuracy of a business' records and prepare *annual statements*³ and reports.

Some accountants are employed by a single business. Private accountants' work is similar to that done by public accounting firms. However, a private accountant works for only one business.

NOTES

1. *full-time* – полный рабочий день
2. *hire* - нанимать
3. *annual statements* – годовые отчеты

VII. Put these words into the correct order to form the questions. Answer the resulting questions.

1. accountants, do, What, plan?
2. financial decisions, to, Whom, they, help, make, do?
3. work, How, do, some, accountants?
4. do, the owner or an employee, does, What tasks?
5. the owner, hire, does, an accounting firm, Why?
6. may, What, include, accounting services?

VIII. Which words are missing from the following sentences?

1. Accountants interpret financial information and check
2. Accountants help owners and managers to make
3. The owner or an employee normally does the ... accounting tasks.
4. Public accounting firms provide a variety of ... to other businesses and individuals.
5. Accounting firms may periodically check the accuracy of a business' records and prepare annual ... and
6. A private accountant works for

IX. Read the text and explain a bookkeeper's tasks.

Bookkeepers

A bookkeeper's tasks include recording, summarizing, and reporting basic accounting information. In a few businesses, bookkeepers may help owners and managers to interpret accounting information. Many small or medium businesses employ a public

accountant to plan an accounting system. However, a bookkeeper does all the remaining accounting tasks.

Bookkeepers in small firms may do additional general office work. Many businesses want bookkeepers with typing and filing skills. These two general office skills are closely related to the preparation of accounting reports.

X. Read the text and determine accounting tasks to be done by accounting clerks and general office clerks.

Accounting Clerks

Some businesses have large quantities of day-to-day accounting tasks to be done. These businesses do not want their highly-trained accountants doing the routine work. Instead, accounting clerks are responsible for day-to-day accounting tasks. Accountants are then free to plan and interpret financial information as well as supervise other accounting workers.

Accounting clerk's job titles often describe the accounting records on which they work. For example, an accounting clerk working with *payroll records*¹ is sometimes known as a payroll clerk. Other common job titles include *accounts receivable clerk*², *inventory clerk*³, and *vouchers clerk*⁴. These accounting clerks work with a small part of the total accounting activities. However, accounting clerks who know the total accounting system understand the importance of the work being done. Also, knowledge of a total accounting system helps an accounting clerk to *earn promotion*⁵ to more responsible positions.

General Office Clerks

Most office workers do some accounting work. A secretary may *handle cash payments*⁶ from a small cash fund. A typist may type accounting reports. A salesperson may prepare sales invoices.

Accounting tasks performed by general office clerks must be done according to basic accounting concepts and procedures. All persons performing some accounting tasks need to understand a business basic accounting system. General office clerk with a knowledge of accounting better understand the importance of the accounting tasks they do.

NOTES

1. *payroll records* – платежная ведомость
2. *accounts receivable clerk* - кассир
3. *inventory clerk* - кладовщик
4. *earn promotion* – заработать продвижение по службе
5. *handle cash payments* – распоряжаться наличными деньгами

XI. What meaning have the following word combinations in the text?

Large quantities of day-to-day accounting tasks, highly-trained accountants, the routine work, to be responsible for, to supervise accountant workers, a payroll clerk, the total accounting system, a small cash fund, basic accounting concepts and procedures.

XII. Match the names of the jobs with their definitions. (More than one variant is possible).

| A | B |
|--------------------------|---|
| 1. Accountants | a) may handle cash payments from a small cash fund. |
| 2. Bookkeepers | b) type accounting reports. |
| 3. Accounting clerks | c) are responsible for day-today accounting tasks. |
| 4. General office clerks | d) help owners to interpret accounting information and do additional general office work. |
| | e) work with a small part of the total accounting activities. |
| | f) plan accounting system used by business. |
| | g) record and summarize basic accounting information. |
| | h) interpret financial information and check its accuracy. |
| | i) answer the phone and greet visitors. |

XIII. The following sentences have mistakes. Correct them.

1. The accounting jobs can be grouped into three major categories: accountants, bookkeepers and general office clerks.
2. Accounting clerks plan accounting systems used by business.
3. A private accountant may work for a number of businesses.
4. An accounting clerk can't earn promotion to more responsible positions.
5. It isn't necessary for general office clerks to understand a business' basic accounting system.

XIV. Check your grammar.

Put questions to the words underlined.

1. Many small or medium businesses employ a public accountant to plan an accounting system.
2. A small store does not-need a full-time accountant.
3. Bookkeepers need to have typing and filing skills.
4. An accountant clerk working with payroll records is known as a payroll clerk.
5. You may obtain an entry-level job as a general office clerk.
6. Accounting clerks are responsible for day-to-day accounting tasks.

UNIT III
BUILDING CAREERS IN ACCOUNTING

Grammar: Present Tenses

Wordlist

| | | |
|-----------------|---------------------------------------|---|
| be eligible for | бути вибраним, відповідати | быть выбранным, соответствовать |
| beyond | поза, за, зверх | вне, за, свыше |
| career | кар'єра, діяльність, успіх | карьеря, работа, успех |
| complete | закінчувати | завершать |
| designation | призначення на посаду | назначение на должность |
| entry-level job | перший ступінь кар'єри (нижча посада) | первая ступень карьеры (низшая должность) |
| experience | досвід | опыт |
| ladder | сходи | лестница |
| immediately | негайно | немедленно |
| obtain | отримувати, одержувати | получать |
| reason | причина | причина |
| require | вимагати | требовать |
| rigorous | точний, суворий | точный, строгий |
| substitute | змінювати, замінювати | заменять, замещать |

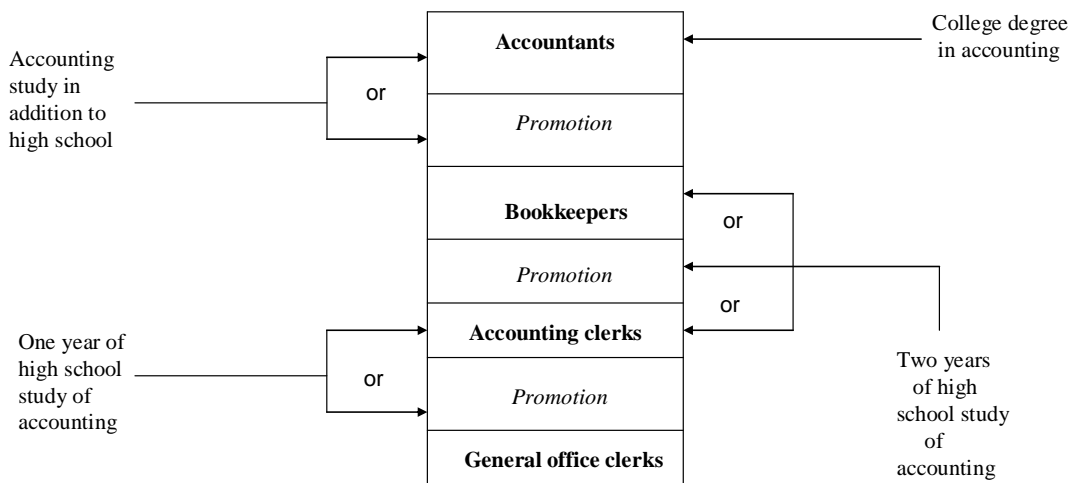
I. Read the text and arrange accountants' jobs in order of their importance.

The first jobs that individuals get are called entry-level jobs. Persons completing high schools accounting study may get entry-level jobs as bookkeepers, accounting clerks, or as general office clerks. Persons with accounting study beyond high school may get entry-level jobs as bookkeepers or accountants.

The illustration below represents careers in accounting. The bottom step of ladder represents those office jobs which are not primarily accounting. These jobs do however include some accounting tasks.

The second career ladder step, accounting clerks, in where most persons with one year of high schools accounting study may find entry-level jobs. Some individuals with two years of accounting study can obtain entry-level jobs as bookkeepers, the third career ladder step. However, persons with both high school accounting study and experience are preferred when promotions are made.

Persons with college accounting education usually obtain entry-level jobs on the top career ladder step as accountants.



Many professional accountants also earn the Certified Public Accountant (CPA) designation. Each state sets standards that persons must meet to earn the CPA. These standards usually include passing a rigorous examination and having a specified amount of accounting experience. In some states, college accounting study can be substituted for some of the required experience. The CPA designation is important to professional accountants. The public knows that CPA's are accounting professionals. Public accounting firms often require that accounting employees earn a CPA to be eligible for promotion to top positions. Many businesses also require that top accounting persons earn the CPA designation.

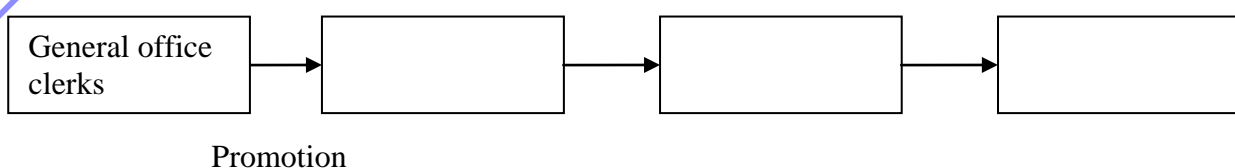
II. Answer the questions.

1. How are the first jobs that individuals get called?
2. What kinds of jobs may be obtained by persons with high school accounting study?
3. What office jobs does the bottom step of ladder represent?
4. What must a person do to earn the Certified Public Accountant designation?
5. Whom do they usually call accounting professionals?

III. What meaning have the following word combinations in the text?

Entry-level jobs, to complete high school accounting study, beyond high school, the bottom step of ladder, to obtain entry-level jobs, to earn the Certified Public Accountant, a specified amount of accounting experience, CPA designation, to be eligible for promotion to top positions.

IV. Complete the accounting career chain.



V. The following sentences have mistakes. Correct them.

1. Persons completing high school accounting study may get jobs as accountants.
2. The second career ladder step is bookkeepers.
3. There are similar standards that persons must meet to earn the CPA in all states.
4. The Certified Public Accountant designation isn't important to professional accountants.
5. General office clerks are known as accounting professionals.

VI. Find the correct translation of the following sentences.

1. The purpose of accounting is to provide information about the economic affairs of an organization.
2. Accounting information is used by the organization's managers, owners, lenders, employees, governmental bodies, customers.
3. Accounting information helps to plan and control the organization's operations to determine how much tax the organization must pay.
4. Accounting provides information through the maintenance of files of data, analysis and interpretation of these data.

1. Бухгалтерская информация используется управляющими организации, владельцами, кредиторами, служащими, правительственными органами, потребителями.
2. Учетная информация помогает планировать и контролировать действия организации, определить, сколько налогов должна платить организация.
3. Бухгалтерский учет обеспечивает информацией посредством записей данных, анализа и объяснения этих данных.
4. Цель бухгалтерского учета - обеспечить информацией об экономическом состоянии организации.

VII. Using the information from the text

1. Name the jobs obtained by persons with higher school accounting study.
2. Describe the process of promotion in accounting.

VIII. TALKING POINTS.

Read the cases for management decision. Express your own opinion on each case. You may use the following expressions:

- In my opinion ...
- I am of the same opinion ...
- I think ...
- I don't think so ...
- I'd like to...
- From my point of view ...
- I wouldn't say so ...
- I suppose ...
- I consider ...
- Just the contrary ...

Case 1. Michael and Vinney, two high school students, are discussing possible careers they might go into. Michael's brother graduated from high school last year. His brother obtained an entry-level job as an accounting clerk. Michael says he is to spend the rest of his life as an accounting clerk, like his brother. Michael wants a job supervising other workers. Vinney has the same career objective as Michael. However, he is planning to study high school accounting. Is the reasoning of Michael or Vinney better?

Case 2. Arlene is planning her high school course selections. She would like to do accounting work as a career after she completes high school. For this reason she plans to take two years of high school accounting study. However, she is not planning to take any other business courses. Arlene's parents suggest that she ought to take a typewriting course. Whose thinking is better in this matter? Explain.

Case 3. Linda Morrison starts a new business. During the first year, Mrs. Morrison sometimes uses the family car for business purposes. All expenses for operating the car are paid by and recorded as expenses of the business. These expenses include license plates, gasoline, oil, tune-up, and new tires. Are Mrs. Morrison's procedures acceptable? Explain.

IX. Check your grammar.

Form the adjectives with the help of these suffixes. Translate the resulting adjectives.

- ic:** economy, base, history, magnet.
- al:** digit, direction, experiment, form.
- able:** service, sale, reason, value.
- ible:** access, convert, convince.
- ive:** act, elect, direct, effect.
- ful:** gain, use, care, event.
- less:** force, job, use, joy.

Make up your own sentences using these words.

X. Check your grammar.

Use the correct verb form.

1. My friends often (to discuss) possible careers they might go into.
2. We (to discuss) our future professions now.
3. Her brother already (to obtain) an entry-level job as an accounting clerk.
4. All expenses for operating the car usually (to pay) by the company.
5. Ann (to have) the same career objective as Jane.
6. He (to record) all the amounts at the end of the week.
7. She (finish) the college last year.
8. A new typewriter (to sell) for \$600.

UNIT IV
BRANCHES OF ACCOUNTING

Grammar: Indefinite Tenses

Wordlist

| | | |
|------------------------|------------------------------------|---------------------------------------|
| accounting transaction | бухгалтерська операція, | бухгалтерская операция, проводка |
| accuracy | точність, правильність | точность, правильность |
| budgeting | складання бюджету | составление бюджета |
| closely | уважно | внимательно |
| costing | підрахунок собівартості | калькуляция себестоимости |
| external auditor | зовнішній аудитор | внешний аудитор |
| fairness | чесність, законність | честность, законность |
| identify | встановлювати дійсність | устанавливать подлинность |
| internal auditor | внутрішній ревізор | внутренний ревизор |
| manage | управляти, керувати, завідувати | управлять, руководить, заведовать |
| monitor | здійснювати поточний контроль | осуществлять текущий контроль |
| owe | заборгувати | быть должным |
| own | володіти, мати | владеть, иметь |
| requirement | вимога | требование |
| survive | виживати, зберігати працездатність | выживать, сохранять работоспособность |
| target | мета, планове завдання | цель, плановое задание |
| taxation | оподаткування | налогообложение |
| tax avoidance | відхилення від оподаткування | уклонение от налогообложения |
| tax evasion | уникнення від сплати податків | уклонение от уплаты налогов |

I. Guess the meaning of the following international words.

Organization, analyze, information, manager, economy, economic, function, planning, controlling, period, collect, role, audit.

II. Read the text and name the main branches of accounting and determine their functions.

The most important branches of accounting are financial accounting, management accounting, auditing and taxation.

Financial accounting is often defined as recording, summarizing and analyzing an organization's transactions in order to provide useful information for its owners, managers and other stakeholders.

In addition to historical information showing the results of past activities, detailed information will be needed so that management can carry out the functions of:

planning – through the planning process, managers can identify what must be done in order to help to achieve the aims of the firm (examples include budgeting);

controlling – the activities that take place must be managed properly, monitored closely and controlled efficiently;

making decisions – management must focus on how, given a number of alternatives, to select the best course of action so the firm can meet its objectives and targets.

Management is particularly interested in the following:

How much profit has the firm made in a given time period – or, for a non-profit-making organization, how does its income compare with its expenditure?

What does it own, and what does it owe to others?

How likely is it to survive in today's competitive world?

Unlike financial accounting, management accounting collects and analyses financial information for internal purposes. We have already seen that managers seek to plan, control and make decisions: management accounting provides costing, budgeting and other information to help managers.

| | Financial accounting | Management accounting |
|---------------------------|--|---|
| is prepared for: | external reporting; | internal use; |
| is presented: | in a way dictated by external bodies/legal requirements; | in a way designed by the firm's management; |
| consists of: | financial information; | financial and non-financial information; |
| is concerned with: | past data. | past data and future data. |

Auditing

Once information has been collected and accounts have been prepared, external auditors may be employed to check the fairness and accuracy of these accounts. (For some business organizations, such as limited companies, this is a legal requirement.) The role of these external auditors is to protect the interests of the company's shareholders. Internal auditors are also found: unlike external auditors, they are employees of the company who will check the company's various book-keeping and accounting procedures.

Taxation

Accountants may choose to specialize in taxation, seeking to reduce their clients' tax bills – tax avoidance rather than tax evasion. Clients include sole traders, partners and limited company organizations.

III. Translate the following word combinations.

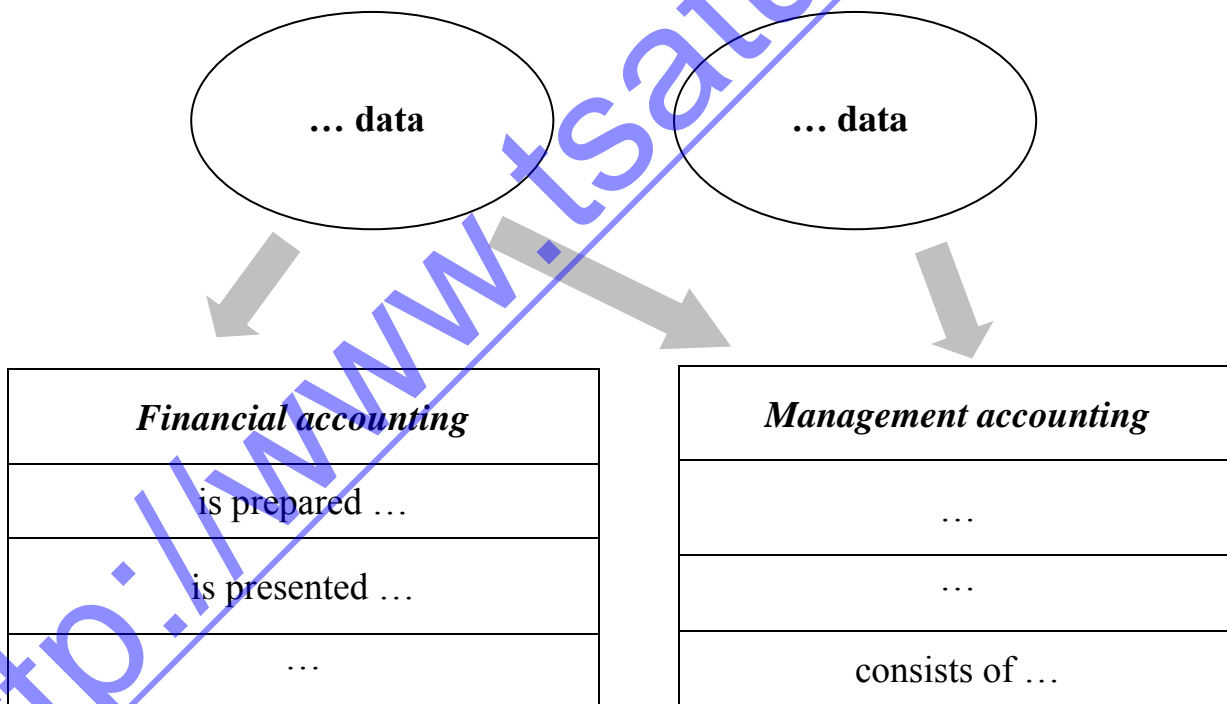
Financial accounting, analyzing an organization's transactions, to achieve the aims of the firm, the planning process, to monitor closely, to meet targets, non-profit-making

organizations, to survive in competitive world, to check the fairness and accuracy of accounts.

IV. Match the accounting terms with their definitions.

- | | |
|--|---|
| <p>1. Management accounting</p> <p>2. Financial accounting</p> <p>3. Planning</p> <p>4. Making decisions</p> <p>5. Controlling</p> <p>6. Taxation</p> <p>7. Book-keeping</p> | <p>a) records and analyzes an organization's activities for its owners, managers.</p> <p>b) The activities of ... must be managed properly and controlled efficiently.</p> <p>c) collects and analyzes financial information for internal purposes.</p> <p>d) helps to identify what must be done to achieve the aims of the firm.</p> <p>e) selects the best course of action so the firm can meet its targets.</p> <p>f) is recording of an organization's accounts.</p> <p>g) is seeking to reduce their clients' tax bills.</p> |
|--|---|

V. Compare financial and management accounting. Determine what they have in common and what is different. Complete the table.



VI. Put a word or phrase in the correct place to complete the sentences.

internal purposes, analyzing, making decisions, past activities, the planning process, external auditors

1. Recording, summarizing and ... an organization's activities are defined as financial accounting.
2. Historical information shows the results of ...
3. Managers can identify what must be done through ...
4. ... is the process of selecting the best course of a firm's action.
5. Management accounting collects and analyzes financial information for ...
6. ... check the fairness and accuracy of a firm's accounts.

VII. Read and translate the concepts paying attention to the difference between them.

Tax avoidance is the (legal) attempt to reduce a client's tax bill to its absolute minimum.

Tax evasion is the illegal non-declaration of taxable income.

VIII. Make the following sentences negative.

1. An accountant records and summarizes firm's activities.
2. Managers have to control the activities efficiently.
3. Useful information was provided to the firm's owners.
4. The course of action will be selected by the firm's manager.
5. The auditor checked the company's accounts.
6. External auditors protect the interests of the company's shareholders.

IX. Form the questions for the sentences of exercise VIII.

Fill in necessary verbs.

1. What _____ an accountant _____?
2. How _____ managers _____ control the activities?
3. What information _____ to the firm's owners?
4. Who _____ the course of action _____ by?
5. What _____ the auditor _____?
6. Whose interests _____ external auditors _____?

X. Using the information from the text

1. Name and describe three functions of management.
2. Distinguish between:
 - a) book-keeping and financial accounting;
 - b) financial accounting and management accounting;
 - c) external and internal auditors' functions.

UNIT V
TYPES OF PRIVATE SECTOR ORGANIZATION

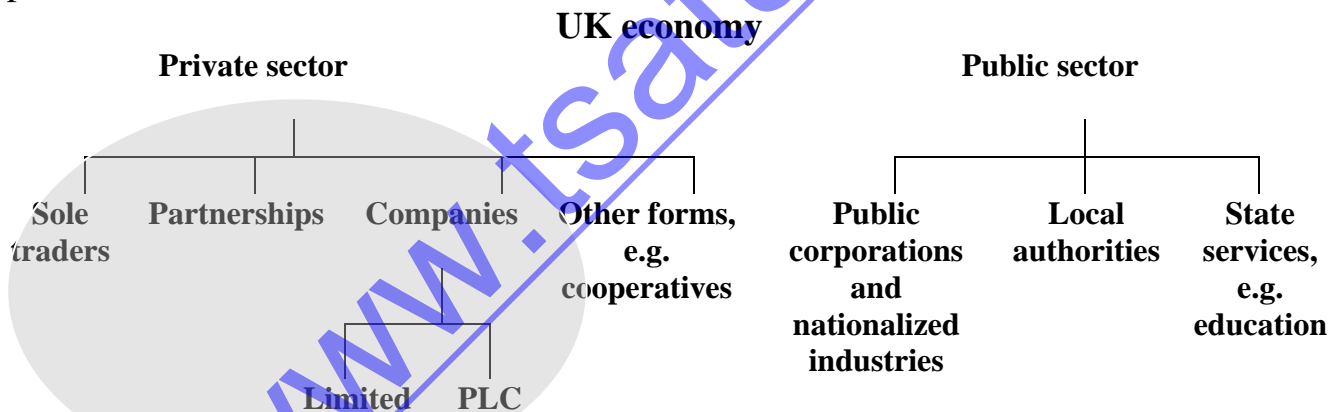
Grammar: Perfect Tenses

Wordlist

| | | |
|-------------------------|---------------------------|------------------------------|
| annual | щорічний | ежегодный |
| appropriate | виділяти, надавати | выделять, присваивать |
| be responsible | бути відповідальним | быть ответственным |
| entrepreneur | підприємець | предприниматель |
| legal existence | законне існування | законное существование |
| limit | обмеження, межа | ограничение, предел |
| limited liability | обмежена відповідальність | ограниченная ответственность |
| partnership | товариство, компанія | товарищество, компания |
| run the company | керувати компанією | управлять компанией |
| sole trader | одноособовий торговець | единоличный торговец |
| unincorporated business | неакціонерна компанія | неакционерная компания |

I. Read the text and determine the main features of unincorporated businesses.

The main types of organizations in the UK economy are found in the private and public sectors.



Private sector firms are owned by individuals, rather than by the state, and these owners – entrepreneurs – seek to make profit by producing and selling their goods and services.

Sole traders and partnerships

A typical example of a sole trader is the traditional "corner shop". Partnerships are again traditionally associated with the professions, such as accountants and lawyers. Many people can be employed by a sole trader organization: the term “sole” refers to the fact that there is a single owner. Sole traders and partnerships are examples of unincorporated businesses. The key features of unincorporated businesses are that:

1. These firms have no separate legal existence from their owner(s). The firms can't enter into contacts in their own name, and the owners are responsible for business debts.
2. There is unlimited liability for these business debts.

Unlimited liability means that the owners of a business have to use their personal wealth to meet any business debts that cannot be paid from their firm's resources.

The main difference in accounting terms is how profit is dealt with. With a sole trader, there is no problem – one person, one profit. With a partnership, however, this single profit must be appropriated-shared out-between (at least) two partners.

Another feature affecting the accounts is that the death or retirement of an existing partner, or the introduction of a new partner, means that the existing partnership ends.

Limited companies

Unlike sole traders and partnerships, limited companies have a separate legal existence from that of their owners (shareholders): the company can take and defend legal actions in its own name. Its shareholders also have the benefit of limited liability.

Limited liability means that owners of a company can only lose the amount they have invested (or have agreed to invest) in the company.

With companies there tends to be a separation of ownership and control. Unlike sole traders and partnerships, where the owners normally run the business themselves, the shareholders of a limited company elect directors (at the AGM – annual general meeting) who then delegate by appointing managers to run the company on a day-to-day basis.

The two classes of company are private, with the word 'limited' or 'ltd' at the end of their name, and public, with 'public limited company' or 'plc' at the end of their name. As their name suggests, PLCs can invite the public to invest in their shares.

II. Answer the questions.

1. What sectors are found in the UK economy?
2. Who are private sector firms owned by?
3. What are the key features of unincorporated businesses?
4. What does unlimited liability mean?
5. What is the difference between limited and unlimited liability?
6. Who run the business in a limited company?
7. What does the name "public limited company" mean?

III. What meaning have the following words and word combinations?

Incorporated business, limited liability, private sector, entrepreneur, partnership, sole trader organization, legal existence, business debts, firm's resources, retirement of an existing partner, separation of ownership and control, annual general meeting.

IV. Match each concept with its definition.

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Limited liability 2. Unlimited liability 3. Private sector firm 4. Unincorporated business 5. Sole trader 6. Entrepreneur 7. Public limited company | <ol style="list-style-type: none"> a) has no separate legal existence from its owners. b) means that the profit belongs to a single owner. c) means that owners of a company can only lose the amount they have invested. d) is owned by individuals, entrepreneurs. e) means that owners of a business have to use their personal wealth to meet debts, that cannot be paid from their firm's resources. f) can invite the public to invest in their shares. g) seeks to make profit by producing and selling goods and services. |
|--|---|

**V. Complete the table using the information from the text.
Explain the difference between limited and unlimited liability.**

| <i>Limited liability</i> | <i>Unlimited liability</i> |
|---------------------------------------|------------------------------------|
| ↓ | ↓ |
| a) ... a separate legal existence ... | a) ... |
| b) ... | b) ... for business debts |
| c) ... | c) ... run the business themselves |

VI. Put a word or phrase in the correct place to complete the following sentences.

a single owner, companies, run the business, business debts, entrepreneurs, a limited company.

1. The owners of unincorporated business are responsible for ...
2. The term "sole" refers to the fact that there is ...
3. Private sector firms are owned by ...
4. Ownership and control are separated in ...
5. The owners of partnerships normally ...
6. The shareholders of ... elect directors, who appoint managers to run the company.

VII. Rewrite the following sentences replacing the words underlined with the expressions from the text which have similar meanings.

1. Many people can get a job in a sole trade organization.
2. The owners are responsible for the firm's debts.
3. The profit must be shared out between (at least) two partners.

4. The owners often manage the business themselves.
5. Entrepreneurs gain income by producing and selling goods and services.

VIII. Check your grammar.

Translate the sentences paying attention to the usage of Perfect Tenses.

1. We have already learned main braches of accounting.
2. Some people have been employed by the firm.
3. Has he made any profit? – Yes, he has.
4. Mr. Black has invested some amount in the company.
5. Have you ever analyzed financial information? – Never.
6. The best course of action has been selected by the firm.

IX. Give at least two examples from your own experience of:

- a) sole traders;
- b) partnership;
- c) private limited companies ('ltd');
- d) public limited companies.

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UNIT VI

THE USERS OF FINANCIAL INFORMATION

Grammar: the verbs 'should', 'would'

Wordlist

| | | |
|------------------------------|---|--|
| adaptability | пристосовування | приспособляемость |
| assess | оцінювати, визначати розмір | оценивать, определять размер |
| assets | активи, капітал | активы, капитал |
| balance sheet | баланс, балансовий звіт, балансовий рахунок | баланс, балансовый отчет, балансовый счет |
| cash flow | потік/рух готівки | поток/движение денежных средств |
| cash flow statement | звіт про рух грошових коштів | отчет о движении денежных средств |
| cease | припиняти | прекращать |
| closure | закриття | закрытие |
| evaluate | оцінювати, встановлювати вартість | оценивать, устанавливать стоимость |
| likelihood | імовірність | вероятность |
| likely return on investments | імовірний прибуток на інвестований капітал | вероятная прибыль на инвестированный капитал |
| liquidity | ліквідність | ликвидность |
| loan | позика, кредит | заем, ссуда, кредит |
| point | головне, суть, перевага | главное, суть, преимущество |
| profit | прибуток, доход | прибыль, доход |
| profit and loss account | звіт про доходи і втрати, фінансовий звіт | отчет о прибылях и убытках, отчет о финансовых результатах |
| profitability | рентабельність, прибутковість | рентабельность, прибыльность |
| stewardship | керування | управление |

I. Guess the meaning of the following international words.

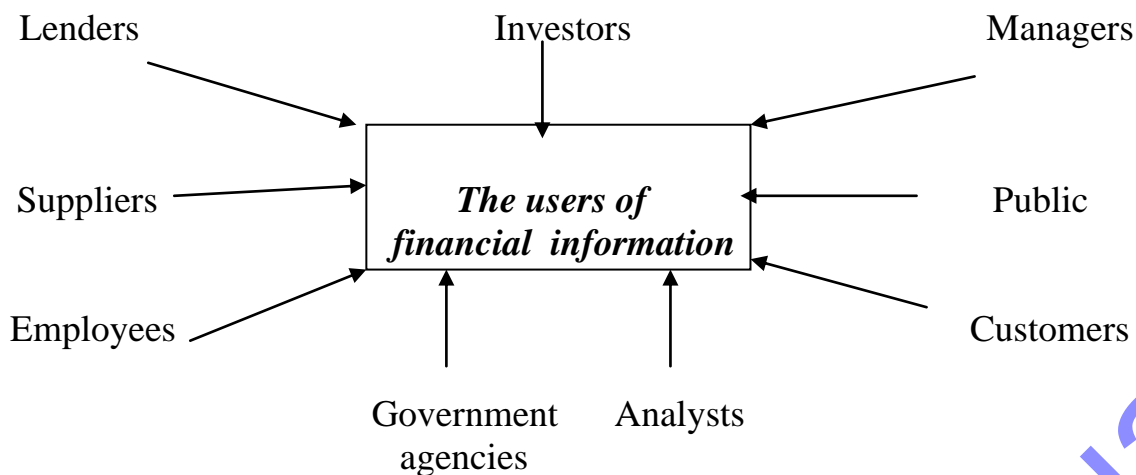
Financial position, investor, public, firm, agency, analyst, business, press, resources, nature, credit, liquidity, balance.

II. Read the text, name the users of financial information and say what they are interested in.

The main point of preparing accounts – and in particular the ‘final accounts’ – is so that people can make judgments about the financial position and performance of the firm. There is a number of different users of this financial information: some of them are internal to the firm, though most are external to it.

Managers, employees and in some cases such as sole traders or investors are internal to the business, and the rest are external.

The figure provides a summary of the main users of financial information.



The profit and loss account provides information on the financial performance of a business in terms of its income and expenditure. External users are interested in the firm's profit level and its profitability. Investors want to know the likely return on their investment. Government agencies are interested in individual firms' profit levels (for taxation purposes) and the country's overall economic performance (national statistics). Analysts in the financial press report on, and the public (who are often potential investors) read about, a PLC's profits and profitability. Internally, management will be judged partly on profits, and the job security of employees also depends partly on profit levels.

Profit is a statement of what the firm has 'made': it is the difference between the firm's income and its expenditure. Profitability is a better measure of success and efficiency because it compares the amount of profit made with the resources used in making that profit. It's vital that you use the term 'profit' and 'profitability' appropriately, especially when you are describing and analyzing an organization's financial performance.

The balance sheet summarizes the financial position of a business at a particular point in time, i. e. what it owns as assets and what it owes in the form of liabilities. Suppliers and other investors will evaluate the nature, quality and age of the firm's assets, e. g. to ensure any credit given or loans made have suitable 'security'. Customers, investors and financial analysts – and, internally, managers and employees – will all be interested in the state of the firm's financial health as shown by the balance sheet.

The cash flow statement provides information on the firm's cash movements. Owners, other investors and suppliers are particularly interested in the organization's liquidity, wanting to check the likelihood that they will be able to get their money back if the organization ceases to operate. Internally, managers and employees also wish to assess liquidity because it is a good measure of the survival prospects of the firm: poor cash flow often leads to business closure.

A firm's liquidity is a measure of its ability to meet its debts as these debts become due for payment. A firm's liquidity is a more important guide than its profitability when assessing its chances of survival in the marketplace. All users of financial statements need information on financial position, performance and adaptability.

| Key term: | POSITION | PERFORMANCE | ADAPTABILITY |
|----------------|--------------------------------------|--|---|
| Key statement: | Balance sheet Cash flow statement | Profit and loss account Cash flow statement | Balance sheet Profit and loss account Cash flow statement |

Financial adaptability refers to how well an organization can adapt to key changes in the economic environment in which it operates.

Financial statements also illustrate the results of the managers' stewardship of the business. The stewardship of a business refers to how efficient managers are in using the resources they have been given by the owners.

III. Answer the questions.

1. What is the main point of preparing accounts?
2. Who are the users of financial information?
3. What do investors want to know?
4. Who is interested in individual firms' profit levels?
5. What is a firm's liquidity?
6. Why are owners particularly interested in the organization's liquidity?
7. Why do managers and employees also wish to assess liquidity?
8. What illustrates the results of the manager's stewardship of the business?

IV. Match the following concepts with their definitions.

Translate them.

- | | |
|---------------------------|--|
| 1. Profit | a) compares the amount of profit made with the resources used in making that profit. |
| 2. Profitability | b) refers to how well an organization can adapt to key changes in the economic development. |
| 3. Liquidity | c) refers to how efficient managers are in using the resources of the owners. |
| 4. Stewardship | d) is the difference between the firm's income and its expenditure. |
| 5. Financial adaptability | e) is a measure of a firm's ability to meet its debts as these debts become due for payment. |

V. Put a word or phrase in the correct place to complete the sentences.

the firm's assets, liquidity, profit levels, profitability, business closure, adaptability.

1. External users are interested in the firm's profit level and ...
2. Investors evaluate the nature, quality and age of ...
3. ... is a good measure of the survival prospects of the firm.
4. Poor cash flow often leads to ...
5. All users of financial statements need information on financial position, performance and ...
6. Government agencies are interested in individual firms' ...

VI. Complete the table to show how external users make use of financial statements to assess the stewardship of management.

| <i>Example of external users</i> | <i>Example of use</i> |
|----------------------------------|---|
| Share holders | To evaluate their likely or actual return on the shares invested in the company |
| Government | |
| Lenders | |
| Analysts | |
| Public | |

VII. Check your grammar.

Fill in the gaps with necessary prepositions.

in of with on to for between

1. It's important for investors to know the likely return ... investment.
2. The public are interested ... a firm's profitability.
3. Profitability is a measure ... success and efficiency.
4. Poor cash leads ... business closure.
5. Government agencies evaluate firms' profit levels ... taxation purposes.
6. The difference ... the firm's income and its expenditure is profit.
7. Comparing the amount of profit ... the resources used in making that profit is profitability.

VIII. Check your grammar.

State the function of the verbs "should" and "would" and translate the sentences.

1. It would be difficult for us to prepare a balance sheet.
2. Financial information should be used for assessing a firm's profitability.
3. The accountant stated that the firm's profit would double in a year.
4. Should the accounts are prepared, you may check their fairness.
5. If the income statement were prepared, it would be checked by an auditor.
6. You should consult your manager, if you have some difficulties.

IX. Using the information from the text

1. Name two internal and two external users of financial information. How do they use it?
2. Explain the difference between profit and profitability.
3. Prove that a firm's liquidity is more important than its profitability.

UNIT VII
STEPS IN THE ACCOUNTING CYCLE

Grammar: the Gerund

Wordlist

| | | |
|------------------|--|--|
| accounting cycle | обліковий цикл | учетный цикл |
| accounts payable | кредиторська заборгованість | кредиторская задолженность |
| assemble | збирати | собирать |
| assign | визначати, закріплювати | определять, закреплять |
| capture | охоплювати | охватывать |
| cause | визивати, спричиняти, причина | вызывать, быть причиной |
| credit (“Cr”) | кредит, кредитова сторона рахунку | кредит, кредитовая сторона счета |
| cumulative | сукупний, накопичений | совокупный, накопленный |
| debit (“Dr”) | дебет, дебетова сторона рахунку | дебет, дебетовая сторона счета |
| effect | дія, вплив | действие, влияние |
| equity | акція, власність | акция, собственность |
| event | подія (господарчого життя) | событие (хозяйственной жизни) |
| expense accounts | витратні рахунки | расходные счета |
| in excess of | понад, більш ніж | сверх, больше чем |
| involve | включати в себе, передбачати | включать в себя, предполагать |
| general journal | бухгалтерський журнал | бухгалтерский журнал |
| general ledger | головна книга бухгалтерського обліку | главная книга бухгалтерского учета |
| maintain | зберігати, містити | сохранять, содержать |
| sales slip | касовий чек | кассовый чек |
| source document | первинний документ | первичный документ |
| transfer | акт перенесення, записувати, відраховувати | акт перенесения, записывать, отчислять |
| trial balance | пробний баланс | пробный баланс |

I. Read the text and describe the first two steps in the accounting cycle.

The accounting cycle is usually defined as the formal process by which companies record accounting information, transfer it to specific accounts, and assemble it for the preparation of financial statements.

| | | | | | | | | | | |
|--|---|---|---|--|---|---------------------------------|---|---|---|---|
| 1 Analyze source documents (sales slips, travel records, etc.) | → | 2 Record transactions in journal | → | 3 Transfer (post) journal entries to ledger | → | 4 Take a trial balance | → | 5 Prepare income statement and balance sheet | → | 6 Analyze financial statements |
|--|---|---|---|--|---|---------------------------------|---|---|---|---|

The first two steps in the cycle are called the *general journal* and the *general ledger*. These records are often referred to as the books of the business, a term that has its origin in the past when virtually all journals and ledgers consisted of sheets of paper that were found together in a book format. Although this is not always true today, especially with computerized accounting systems, accounting records are still generally referred to as the books of the business.

Accountants must identify and analyze accounting events, and then record them in a way that enables users to determine the cause and effect of each individual event. This is the first step in the cycle.

To capture both the cause and effect of the event, the accounts to be debited and credited are initially recorded (or journalized) in a general journal as illustrated in the Figure Part A. This journal is a chronological record of accounting events, and includes a place to record the date of the transaction, the account titles to be debited and credited, as well as room for a brief explanation which generally includes a description of the event being journalized and any calculations involved, as well as the initials of the individual who prepared the journal entry. The preparer's initials are helpful in identifying and assigning responsibility for any errors that may be made in the recording process.

There are two separate columns for the amount of the debit and credit entries.

The Figure Part A shows the journal entry to record the purchase of \$250 of supplies on account. Accounts to be debited are always listed first, followed by accounts to be credited. Also, although this is not always the case, names of accounts to be debited are usually listed to the left of the names of accounts to be credited, in keeping with the notion that debits belong on the left and credits on the right side of an account. The entry gives a clear and complete picture of the transaction for future reference, but each entry in the journal shows only the effect of the individual transaction. It does not show the resulting balance of the Supplies or Accounts Payable accounts needed for the preparation of reports. That is the role of the general ledger.

The general ledger is the place where all accounts are maintained. If prepared manually, a general ledger usually includes a separate page for each account. In a computerized accounting system, each account might be maintained in a separate data file. Refer to the Figure Part B, which shows what these accounts might look like.

The general ledger includes a column to record the date of the transaction, a column for an explanation, a reference column, debit and credit columns, and a final column to show the cumulative balance in the account.

The normal balance of any account is a positive balance, and is therefore determined by the type of entry-debit or credit-made to increase that account. For all asset and expense accounts, the normal balance is a debit balance, indicating that cumulative debit entries to that account exceed cumulative credit entries. For all liability, revenue, and owners' equity accounts, the normal balance is a credit balance, resulting from cumulative credits in excess of total debits. If the balance is negative, it will be shown in brackets.

Part A

| General Journal | | | | |
|-----------------|-----------------------------------|------|-------|--------|
| Date | Account Titles and Explanation | Ref. | Debit | Credit |
| 1997 | | | | |
| Sep. 15 | Supplies | 109 | 250 | |
| | Accounts Payable | 204 | | 250 |
| | To record of supplies on account. | | | |

| Part B General Ledger | | | | | |
|--------------------------------|-------------|------|-------|--------|---------|
| Account Name: Supplies | | | | | |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| 1997 | | | | | |
| Aug. 12 | | GJ1 | 300 | | 300 |
| Aug. 31 | | GJ2 | | 275 | 25 |
| Sep. 15 | | GJ3 | 250 | | 275 |
| Account Name: Accounts Payable | | | | | |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| 1997 | | | | | |
| Aug. 10 | | GJ1 | | 500 | 500 |
| Aug. 20 | | GJ1 | 500 | | -0- |
| Sep. 15 | | GJ3 | | 250 | 250 |

II. Re-read the text to find the answers to these questions.

1. What is the accounting cycle?
2. How are the general journal and the general ledger called?
3. When do accountants record accounting events?
4. Where are the accounts initially recorded?
5. Why are the preparer's initials helpful?
6. How are the accounts to be debited and the accounts to be credited listed?
7. What does a general ledger usually include?
8. What is the normal balance?

III. What meaning have the following word combinations in the text?

The accounting cycle, the general journal, the general ledger, debit and credit entries, accounting events, the date of the transaction, a brief explanation, the journal entry, cause and effect, accounts payable, the cumulative balance, the normal balance.

IV. Match the terms on the left with the statements on the right.

- | | |
|---------------------|--|
| 1. General journal | a) is the record of all a company's accounts. |
| 2. General ledger | b) is any amount entered on the left-hand side of an account. |
| 3. Debit | c) is a chronological record of the accounting events which shows the debit and credit sides of each accounting event. |
| 4. Credit | d) is a formal process by which companies record accounting information, transfer it to specific accounts, and assemble it in financial documents. |
| 5. Accounting event | e) is an economic event that is specific to the entity and changes the entity's rights or obligations. |
| 6. Accounting cycle | f) is any amount entered on the right-hand side of an account. |

V. Put a word combination in the correct place to complete the following sentences.

specific accounts, the books of the business, accounting events, debit and credit entries, the general ledger, a positive balance

1. After a company records accounting information it is transferred to ...
2. The general journal and the general ledger are called ...
3. The general journal is a chronological record of ...
4. There are two separate columns for the amount of...
5. The role of ... is to show the resulting balance of accounts needed for the preparation of reports.
6. The normal balance of any account is ..., a debit balance, indicating that cumulative debit entries to that account exceed cumulative credit entries.

VI. Read the text and say what a trial balance is prepared for.

If the debit part of a journal entry was posted properly to its general ledger account, but the credit side was not posted or the wrong amount was posted, the whole equation would be out of balance. To help to discover this type of error prior to the preparation of financial statements, companies prepare a trial balance. It is an internal document, so, unlike financial statements that are prepared for external users in specific formats, there is no requirement that it be prepared in any particular format. However, the trial balance will generally show the account balances in the general ledger in two separate columns – one for debit balances and one for credit balances. Each of these two columns *is totaled*¹ to check for equality.

A trial balance only proves equality of debits and credits. It does not guarantee that the correct accounts have been debited and credited, nor does it help to locate required journal entries that were never made.

It is possible to prepare financial statements directly from a trial balance.

VII. Check your grammar.

State the form and function of the gerund in the following sentences.

1. Repeating English grammar is necessary for the students.
2. After making the report "American Currency" we had a discussion.
3. He went on recording accounts.
4. Her hobby is reading science fiction.
5. I remember his having been interested in the development of British Economy.
6. We are pleased at being students of our university.

VIII. Paraphrase the sentences using the gerund or gerundial complex.

1. We prefer to go to Kyiv by train.
2. My father intends to spend his holidays in L'viv.
3. Nowadays the Ukrainian engineers try to use the latest ideas of the world science.
4. If you pass your Math exam I'll be proud of you.
5. When Ukrainian actors dance I enjoy it.
6. They think they might visit the Museum of Ukrainian Art.

IX. Using the information from the text

1. Explain the difference between the general journal and the general ledger.
2. Prove that a trial balance is important for preparation of financial documents.

UNIT VIII
THE MAIN FINANCIAL STATEMENTS

Grammar: Adverbs

Wordlist

| | | |
|----------------------|--|---|
| cash available entry | наявність готівки запис, проводка, занесення | наличие денежных средств запись, проводка, занесение |
| financial statements | фінансова/бухгалтерська звітність | финансовая/бухгалтерская отчетность |
| imply | мати на увазі, припускати | подразумевать, предполагать |
| keep cash on hand | мати готівку в розпорядженні | иметь наличные средства в распоряжении |
| liability | зобов'язання, пасив, відповідальність | обязательство, пассив, ответственность |
| occur | відбуватися, траплятися | происходит, случаются |
| property | майно, нерухомість, власність | имущество, недвижимость, собственность |
| sales slip | касовий чек | кассовый чек |
| source document | первинний документ | первичный документ |

I. Read the text and name the main financial statements.

After the analysis of the transactions is completed the results of this analysis are presented in financial statements.

Four key financial statements are the following: the balance sheet, the income statement, the statement of cash flows, and the statement of owner's equity.

Financial statements provide the link between accounting and the finance. An accountant's work is pretty much done when he or she prepares and analyzes the financial statements. That is where finance begins. The accountant or finance person's job is to analyze those statements and make recommendations to top management. Naturally, accountants and finance managers may work together to help to interpret the firm's data and make recommendations. A financial statement is merely the summary of all transactions that have occurred over a particular period. Financial statements indicate the financial health of the firm. That is why they are of interest to stockholders (the owners of the firm); banks and bondholders (people who have loaned money to the firm); investors (people who may want to own part of the firm); unions; employees.

To understand accounting, you must be able to read and understand both the balance sheet and the income statement. There is one more financial statement that is critically important: the statement of cash flows. That statement helps managers to see what the sources of cash are and where cash is spent. The idea, remember, is to have cash available when you need it. The statement of changes in cash flows helps managers to

understand where cash is going so that they can keep more cash on hand. Some people say that cash flow statements are more important than the balance sheet and income statement. The truth is that all three statements are very important to all organizations.

A balance sheet is the financial statement that reports the financial condition of a firm at a specific time. It is composed of assets, liabilities, and owners' equity. Note that the income statement reports on the changes over a period of time and the balance sheet reports financial conditions at a specific point in time.

The words *balance sheet* imply that the report shows a balance, an equality between two figures. That is, the balance sheet shows a balance between assets on the one hand, and liabilities plus owners' equity on the other. The following analogy will explain the idea of the balance sheet.

Let's say that you want to know what your financial condition is at a given point in time. May be you want to buy a new house or car and need to calculate the resources you have available to buy these things. First, you would add up everything you own – cash, property, money people owe you, and so forth. Subtract from that the money you owe others (for example, credit card debt) and you have a figure that tells you that, as of today, you are worth so much.

II. Answer the questions.

1. What do financial statements provide?
2. Why may accountants and finance managers work together?
3. What is a financial statement?
4. What are the main financial statements?
5. What is the difference between the balance sheet and the income statement?
6. What balance is shown in the balance sheet?
7. What document shows what the sources of cash are and where cash is spent?

III. What meaning have the following word combinations in the text?

Financial statement, top management, the firm's data, the summary of transactions, a particular period, the financial health of the firm, the balance sheet, the income statement, the statement of cash flows, assets and liabilities, owner's equity, cash available, credit card debt.

IV. Complete each sentence with a word or phrase from the text.

1. A financial statement is ... of all transactions that have occurred over a particular period.
2. Financial statements indicate ... of the firm.
3. ... helps managers to see what the sources of cash are where cash is spent.
4. The balance sheet reports the financial condition of a firm at ...
5. ... is composed of assets, liabilities and owners' equity.
6. The income statement reports on changes ...

V. Match each term with its explanation.

- | | |
|--------------------------------|--|
| 1. Financial statement | a) shows what the sources of cash are and where cash is spent. |
| 2. Balance sheet | b) shows a balance between assets on the one hand, and liabilities plus owners' equity on the other. |
| 3. Income statement | c) reports on changes over a period of time. |
| 4. Statement of cash flows | d) indicates the financial health of the firm. |
| 5. Statement of owner's equity | e) presents changes in the owner's equity during a specific time period. |

VI. Checking facts and ideas. Decide if these statements are true or false.

1. External users are interested in the firm's profit level and its profitability.
2. The balance sheet provides information on the firm's cash movements.
3. The income statement provides information on the financial performance of a business in terms of its income and expenditure.
4. Profitability is the difference between the firm's income and expenditure.
5. The balance sheet shows a balance between assets and liabilities plus owners' equity.

VII. Read the text and explain what the accounting equations mean.

The fundamental accounting equation

Imagine that you don't owe anybody any money. That is, you don't have any liabilities. Then the assets you have (cash and so forth) are equal to what you own (equity). Translated into business terms, you have a fundamental accounting equation that is rather obvious. If a firm has no debts, then:

$$\text{Assets} = \text{Owners' equity}$$

This means that the owners of a firm own everything. If a firm has debts, the owners own everything except the money due others, or:

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

If you add an equal amount to both sides of the equation (you remember this operation from algebra), you get a new formula:

$$\text{Assets} = \text{Liabilities} + \text{Owners' equity}$$

This last formula is the basis for the balance sheet.

VIII. Check your grammar.

Choose the correct adverbs from the box given below to put into the blanks in the following sentences.

| | | |
|----------|--------------|----------------|
| finally | consistently | approximately |
| properly | successfully | currently only |

1. _____, stable economic growth in Britain is one of the most rapid in Europe.
2. _____, more than 8,000 international enterprises operate in France.
3. Foreign businesses can't operate _____ if they are not _____ registered.
4. Britain _____ improves and simplifies its legal base.
5. We _____ completed the initial stage of business undertakings.
6. The expenses would amount to _____ EUR 700.

IX. Translate the text in the written form.

Assets

Assets are what a business owns, but they are also more than that. Assets include productive items (such as equipment, buildings, land, furniture) that contribute to generating income, as well as *intangibles*¹ of value such as patents or copyrights.

Assets are listed according to their liquidity. Liquidity refers to how fast an asset can be reconverted to cash. For example, land is considered highly non-liquid because it takes much time and paperwork to sell land. On the other hand, stock is considered highly liquid because it can be sold within minutes.

Based on liquidity, assets are divided into three categories:

1. *Current assets*² - items that can be converted to cash within one year.
2. Fixed assets – items such as land, buildings, and fixtures that are relatively permanent.
3. Intangible assets – items such as patents, copyrights (that have no real physical form).

NOTES

1. *intangibles* - нематериальные активы
2. *current assets* - оборотные средства

X. Using the information from the text

1. Name the three main financial documents.
2. Explain the difference between the balance sheet and the income statement.
3. Prove that the statement of cash flow is an important financial statement.

UNIT IX
BALANCE SHEET

Grammar: Participles

Wordlist

| | | |
|---------------------|---|--|
| accounts payable | рахунки кредиторів | счета кредиторов |
| accounts receivable | рахунки дебіторів | счета дебиторов |
| amount | сума, кількість; дорівнювати | сумма, количество, составлять (сумму) |
| bond | облігація, тривале зобов'язання | облигация, долговое обязательство |
| current assets | оборотні кошти | оборотные средства |
| current liabilities | короткотермінова заборгованість, що має бути повернена на протязі року | краткосрочная задолженность, подлежащая возврату в течение года |
| deferred taxes | відстрочені податкові платежі | отсроченные налоговые платежи |
| fixed assets | довготермінові активи, необоротні активи | долгосрочные активы, необоротные активы |
| lender | кредитор | кредитор, заимодавец |
| lodge | подати, пред'являти | подать, предъявлять |
| net assets | нетто-активи; активи, зменшені на суму привернутих коштів | нетто-активы; активы, уменьшенные на сумму привлеченных средств |
| on behalf | від імені | от имени |
| retained earnings | нерозподілений прибуток | нераспределенная прибыль |
| total assets | загальна вартість активів | общая стоимость активов |
| wages payable | заборгованість по заробітній платні | задолженность по заработной плате |
| working capital | власні оборотні кошти | собственные оборотные средства |

I. Read the text and describe the major sections of the balance sheet.

A balance sheet describes the resources that are under a company's control on a specified date and indicates where these resources have come from. It consists of three major sections: (1) the assets: valuable rights owned by the company; (2) the liabilities: the funds that have been provided by outside lenders and other creditors in exchange for the company's promise to make payments or to provide services in the future; and (3) the owners' equity: the funds that have been provided by the company's owners or on their behalf.

The list of assets shows the forms in which the company's resources are lodged; the lists of liabilities and the owners' equity indicate where these same resources have come from. The balance sheet, in other words, shows the company's resources from

two points of view, and the following relationship must always exist: total assets equal total liabilities plus total owners' equity. This formula is the basis for balance sheet. This same identity is also expressed in another way: total assets minus total liabilities equals total owners' equity. In this form, the equation emphasizes that the owners' equity in the company is always equal to the net assets (assets minus liabilities). Any increase in one will inevitably be accompanied by an increase in the other, and the only way to increase the owners' equity is to increase the net assets.

Assets are ordinarily subdivided into current assets and noncurrent assets. The former include cash, amounts receivable from customers, inventories, and other assets that are expected to be consumed or can be readily converted into cash during the next operating cycle (production, sale, and collection). Noncurrent assets may include noncurrent receivables, fixed assets (such as land and buildings), and long-term investments.

The liabilities are similarly divided into current liabilities and noncurrent liabilities. Most amounts payable to the company's suppliers (accounts payable), to employees (wages payable), or to governments (taxes payable) are included among the current liabilities. Noncurrent liabilities consist mainly of amounts payable to holders of the company's long-term bonds and such items as obligations to employees under company pension plans. The difference between total current assets and total current liabilities is known as net current assets, or working capital. A simple balance sheet is shown in Table 1.

Table 1: Any Company, Inc.: Balance Sheet as of Dec. 31, 20__

| assets | | liabilities and owners' equity | |
|--------------------------------|---------------|--------------------------------------|---------------|
| Current assets | | Current liabilities | |
| Cash | \$ 100 | Wages payable | \$ 20 |
| Marketable securities | 50 | Accounts payable | <u>160</u> |
| Inventories | 180 | Total current liabilities | \$ 180 |
| Total current assets | <u>\$ 480</u> | Deferred taxes | 10 |
| | | Long-term bonds payable | <u>70</u> |
| | | Total liabilities | \$ 260 |
| Long-term investments | 70 | Owners' equity | |
| Plant and equipment | | Common stock | \$ 100 |
| Original cost | \$ 300 | Additional paid-in capital | 150 |
| Less: accumulated depreciation | 110 | Retained earnings | <u>230</u> |
| | <u>190</u> | Total owners' equity | 480 |
| Total assets | \$ 740 | | |
| | | Total liabilities and owners' equity | <u>\$ 740</u> |

II. Re-read the text to find the answers to these questions.

1. What does a balance sheet describe?
2. How many major sections does it consist of? What are they?
3. How are valuable rights owned by the company called?
4. What are the liabilities?
5. The funds that have been provided by the company's owners or on their behalf are the owners' equity, aren't they?
6. What does the list of assets show?
7. How are assets subdivided?
8. What do current assets include?
9. What may noncurrent assets include?
10. How are the liabilities divided?
11. What is working capital?

III. What meaning have the following word combinations in the text?

To be under a company's control; owned by the company; to make payments; to provide services; to be lodged; to show the company's resources; to be expressed; to be equal; to be accompanied; to increase the net assets; to be subdivided; to be consumed; to be converted; to consist; to be known.

IV. Match each concept with its definition.

1. Total assets
2. Assets
3. Liabilities
4. Current assets
5. Current liabilities
6. The owners' equity

- a) the funds that have been provided by outside lenders
- b) include cash, amounts receivable from customers, inventories
- c) the funds that have been provided by the company's owners
- d) equal total liabilities plus total owners' equity
- e) valuable rights owned by the company
- f) most amounts payable to the company's suppliers, to the employees, or to governments

V. Put a word or phrase in the correct place to complete the following sentences.

the owners' equity, current assets, net assets,
under a company's control, total assets, working capital

1. A balance sheet describes the resources that are ...
2. A balance sheet consists of three major sections: the assets, the liabilities and ...
3. ... equal total liabilities plus total owners' equity.
4. Assets are subdivided into ... and noncurrent assets.
5. The only way to increase the owner's equity is to increase... .
6. The difference between total assets and total current liabilities is known as... .

V. Look back at the text and choose the correct words to go together.

the resources that are *under/at* a company's control
valuable rights owned *of/by* the company
the funds provided *on/by* the company's owners' behalf
be equal *for/to* the net assets
be subdivided *for/into* current and noncurrent assets
be expressed *in/at* another way
amounts payable *for/to* employees

VI. Rewrite the following sentences replacing the words underlined with the expressions from the text which have similar meanings.

1. A balance sheet shows where the resources that are under a company's control have come from.
2. The list of assets show the forms in which the company's resources are given.
3. Total assets amount total liabilities plus total owners' equity.
4. Current assets consist of cash, amounts receivable from customers, inventories.
5. The only way to enlarge the owners' equity is to enlarge the net assets.

VIII. Word building.

Form nouns with the suffixes –er /-or. Translate the resulting nouns.

To report, to invest, to manage, to indicate, to own, to lend, to provide, credit, to divide, to invent, to receive, to consume, to operate, to produce, to collect, to sell, to supply, to govern, to employ, to work.

IX. Check your grammar.

Fill in the gaps with the Participle I or Participle II. Explain your choice.

1. The assets are valuable rights _____ (owning, owned) by the company.
2. The owners' equity is the funds _____ (providing, provided) by the company's owners.
3. Assets _____ (including, included) noncurrent receivables are called noncurrent assets.
4. Noncurrent liabilities are liabilities _____ (consisting, consisted) of amounts payable to holders of the company's long-term bonds, etc.
5. Net current assets are _____ (knowing, known) as working capital.

X. Translate the text in the written form.

Give the title for it.

The owners' equity of an American company is divided between paid-in capital and retained earnings. Paid-in capital represents the amounts paid to the corporation in exchange for shares of the company's preferred and common stock. The major part of

this, the capital paid in by the common shareholders, is usually divided into two parts, one representing the *par value*¹, or *stated value*², of the shares, the other representing the excess over this amount. The amount of retained earnings is the difference between the amounts earned by the company in the past and the dividends that have been distributed to the owners.

A slightly different *breakdown*³ of the owners' equity is used in most of continental Europe and in other parts of the world. The classification distinguishes between those amounts that cannot be distributed except as part of a formal liquidation of all or part of the company (capital and legal reserves) and those amounts that are not restricted in this way (free reserves and undistributed profits).

NOTES

1. *par value* – номинальная стоимость
2. *stated value* – объявленная стоимость
3. *breakdown* – распределение, разбивка (здесь)

XI. Using the information from the text

1. Describe the sections of the balance sheet.
2. Distinguish between the list of assets and the list of liabilities.

UNIT X
INCOME STATEMENT

Grammar: the verbs 'to have', 'to be'

Wordlist

| | | |
|----------------------------|--|--|
| effect | вплив, дія | влияние, воздействие |
| expenses | витрати | расходы, затраты |
| decline | спад, зменшення | падение, снижение, сокращение |
| depreciation | знецінювання, амортизація, зниження вартості | обесценивание, амортизация, снижение стоимости |
| derive | одержувати, отримувати | получать, извлекать |
| growth | збільшення, зростання | рост, увеличение |
| hold assets | володіти капіталом | владеть капиталом |
| income tax | податок на прибуток | походный налог |
| interest expenses | витрати на виплати відсотків за облігаціями | затраты на выплату процентов по облигациям |
| interest revenue | дохід у вигляді відсотків | доход в виде процентов |
| merchandise | товари | товары |
| net gain | чистий дохід | чистый доход |
| net income | чистий прибуток | чистая прибыль |
| net loss | чисті витрати | чистый убыток |
| obtain | одержувати, отримувати | получать, приобретать |
| operating income | виробничий прибуток | производственная прибыль |
| provision for income taxes | резерв для виплати податків на прибуток | резерв для уплаты налогов на прибыль |
| stock-in-trade | запас товарів, обладнання | запас товаров, оборудование |
| stock of assets | запас капіталу | запас активов (капитала) |
| total revenues | загальні прибутки | общие доходы |
| withdrawal of funds | зняття коштів з рахунку | снятие средств со счета, изъятие |

I. Read the text and tell what the income statement shows.

The company uses its assets to produce goods and services. Its success depends on whether it is wise or lucky in the assets it chooses to hold and in the ways it uses these assets to produce goods and services.

The company's success is measured by the amount of profit it earns – that is, the growth or decline in its stock of assets from all sources other than contributions or withdrawals of funds by owners and creditors. Net income is the accountant's term for the amount of profit that is reported for a particular time period.

The company's income statement for a period of time shows how the net income for that period was derived. For example, the first line in Table 2 shows the company's net

sales revenues for the period: the assets obtained from customers in exchange for the goods and services that constitute the company's stock-in-trade. The second line summarizes the company's revenues from other sources.

The income statement next shows the expenses of the period: the assets that were consumed while the revenues were being created. The expenses are usually broken down into several categories indicating what the assets were used for. In Table 2, six expense items are distinguished, starting with the cost of the merchandise that was sold during the period and continuing down through the provision for income taxes.

The bottom portion of the income statement reports the effects of events that are outside the usual flow of activities. In this case it shows the result of the company's sale of some of its long-term investments for more than their original purchase price. Because this was not part of the company's normal operations, the sale price, costs, and taxes on the sale were kept separate from the operating revenue and expense totals; the income statement shows only a single number, the net gain on the sale.

Net income summarizes all the gains and losses recognized during the period, including both the results of the company's normal, day-by-day activities and any other events. If net income is negative, it is referred to as a net loss.

The income statement is usually accompanied by a statement that shows how the company's retained earnings have changed during the year. Net income increases retained earnings; net operating loss or the distribution of cash dividends reduces it. Any Company started the year with retained earnings of \$213 and added \$52 in net income during the year (from Table 2). Dividends amounting to \$35 were distributed to shareholders during the year, leaving a year-end balance of \$230. This is the amount on the year-end balance sheet (Table 1).

Table 2: Any Company, Inc.: Income Statement for the Year Ended Dec.31, 20__

| | |
|---|---------------|
| Net sales revenues | \$800 |
| Interest and other revenues | 14 |
| Total revenues | <u>\$814</u> |
| Expenses | |
| Cost of merchandise sold | \$492 |
| Salaries of employees | 116 |
| Depreciation | 30 |
| Interest expense | 4 |
| Other expenses | 78 |
| Provision for taxes on ordinary income | <u>\$ 767</u> |
| Operating income | \$47 |
| Gain on sale of investment (less applicable income taxes) | <u>5</u> |
| Net income | \$52 |

II. Re-read the text to find the answers to these questions.

1. What does the company's success depend on?
2. How is it measured?
3. What is net income?
4. What does the company's income statement show?

5. How are the expenses of the period shown?
6. What does the bottom portion of the income statement report?
7. What does net income summarize?
8. What increases retained earnings?
9. What reduces it?
10. When do we speak about a net loss?

III. In the second column select the word combinations equivalent to those in the first one.

- | | |
|----------------------|---|
| 1. income taxes | a) общие доходы |
| 2. interest expenses | b) запас товаров |
| 3. interest revenues | c) чистый доход |
| 4. net income | d) запас активов |
| 5. net loss | e) доходы в виде процентов |
| 6. stock-in-trade | f) затраты на выплату процентов по облигациям |
| 7. stock of assets | g) подоходный налог |
| 8. total revenues | h) чистый убыток |
| 9. retained earnings | i) производственная прибыль |
| 10. operating income | j) нераспределенная прибыль |

IV. Which words are missing from the following sentences?

1. The company's success is measured by the amount of ... it earns.
2. The company uses its ... to produce goods and services.
3. The amount of profit that is reported for a particular time period is termed as ...
4. The assets obtained from customers in exchange for the goods and services constitute the company's ...
5. ... of the period include the assets that were consumed while the revenues were being created.
6. Net income summarizes all the ... and ... recognized during the period.
7. Net income increases ...
8. If net income is negative, it is referred to as a ...

V. Make pair of words from upper and lower lists. Translate the resulting word combinations.

- a) interest, net total, operating, income, ordinary
- b) gain, revenues, loss, expenses, income, taxes, statement

VI. Checking facts and ideas. Decide if these statements are true or false.

1. The company's success depends only on the ways it uses the assets to produce goods and services.
2. Net income is the accountant's term for retained earnings.
3. The expenses are usually broken down into several categories indicating what the assets were used for.
4. Three items are distinguished: cost of merchandise sold, depreciation and interest expense.

5. Net operating loss or the distribution of cash dividends reduces retained earnings.

VII. Using Table 2 determine what the company's income statement shows.

VIII. Check your grammar.

Form questions to the following answers.

1. To produce goods and services.
2. By the amount of profit it earns.
3. Net income.
4. How the net income for that period was derived.
5. The expenses of the period.
6. Six items are distinguished.
7. All the gains and losses during the period.
8. A net loss.

IX. Check your grammar.

State the functions of the verbs "to have" and "to be"

1. Companies have to prepare three financial statements.
2. The funds that total have been provided by the company's owners are the owners' equity.
3. There are two kinds of assets: current and noncurrent assets.
4. The only way to increase the owner's equity is to increase the net assets.
5. Balance sheet has two parts.
6. The net gain on the sale is shown in the income statement.

X. Translate the text in the written form.

Cost of goods sold¹

To calculate how much money a business earned by the selling merchandise over the year, you have to subtract how much it spent to buy the merchandise from the sales revenue. That cost includes the purchase price plus any freight charges paid to bring in the goods plus the costs associated with storing the goods. In other words, all the costs of buying and keeping merchandise for sale, including packaging, are included in the cost of goods sold.

When you subtract the cost of goods sold from net sales, you get what is called gross margin² or gross profit. Gross margin, then, is how much the firm earned by buying and selling merchandise.

In a service firm, there may be no cost of goods sold; therefore, net sales equals gross margin. In a manufacturing firm, we would estimate the cost of goods manufactured. In either case (selling goods or services), the gross margin or gross profit figure doesn't tell you enough. What you are really interested in is net profit or net income. To get that, you must subtract expenses.

NOTES

1. *cost of goods sold* – себестоимость реализованных продуктов
2. *gross margin* – валовая прибыль

UNIT XI
STATEMENT OF CASH FLOWS

Grammar: Prepositions

Wordlist

| | | |
|------------------------|-----------------------------|-----------------------------|
| accounts receivable | кредиторська заборгованість | кредиторская задолженность |
| accounts payable | дебіторська заборгованість | дебиторская задолженность |
| cash payment | платіж готівкою | наличный платеж |
| consolidated statement | зведена звітність | сводная отчетность |
| financing activities | фінансова діяльність | финансовая деятельность |
| inflow | приплив, надходження | приток, поступление |
| investing activities | інвестиційна діяльність | инвестиционная деятельность |
| issuance of bonds | випуск облігацій | выпуск облигаций |
| monetary assets | грошові кошти | денежные средства |
| operating activities | основна діяльність | основная деятельность |
| sale proceeds | прибуток від продажу | выручка от продажи |
| similarly | так само, подібним чином | так же, подобным образом |
| subtract | віднімати | вычитать |

I. Guess the meaning of the following international words.

Company, results, group, invest, finance, category, illustrate, balance, dividend, operation, corporation.

II. Read the text and determine the three major groups of activities cash flows result from.

Companies also prepare a third financial statement, the statement of cash flows. Cash flows result from three major groups of activities: (1) operating activities, (2) investing activities, and (3) financing activities. These three categories are illustrated in Table 3.

This is very different from an income statement. Cash amounting to \$19 was received from the sale of the investment; the income statement included only the \$5 gain, the difference between the sale proceeds and \$14, the amount at which the investment had been shown in the balance sheet before it was sold. Since net income, the top lines in Table 3, included the \$5 gain, the company couldn't include the full net income and the full cash proceeds from the sale of the investment – that would have counted the \$5 twice. Instead, any Company subtracted the \$5 from net income (line 5 in the table) and reported the full \$19 below, under cash from investing activities.

The income statement differs from the cash flow statement in other ways, too. Cash was received from the issuance of bonds and was paid to shareowners as dividends; neither of those figured in the income statement. Cash was also paid to purchase

equipment; this added to the plant and equipment asset but was not subtracted from current revenues because it would be used for many years, not just this one.

Cash from operations is not the same as net income (revenues minus expenses). For one thing, not all revenues are collected in cash. Revenue is usually recorded when a customer receives merchandise and either pays for it or promises to pay the company in the future (in which case the revenue is recorded in accounts receivable). Cash from operating activities, on the other hand, reflects the actual cash collected, not the inflow of accounts receivable. Similarly, an expense may be recorded without an actual cash payment.

To avoid the problems faced a firm must plan its cash flow, it has to know what its cash needs will be. By developing a detailed financial plan, management helps to ensure the long-run success of the firm. The firm analyzes all of the cash changes that have occurred from operating, investing, and financing activities and learns the net change in cash position. The changes in cash flows statement also gives the firm some insight into how to better handle cash so that no cash flow problems occur in the future.

The statement of cash flows shows the flow of cash into and out of a business during a period of time. This statement indicates net cash flow (either inflow or outflow) from operating, investing, and financing activities. Cash flow from operations measures the cash results of the firm's primary revenue-generating activities.

**Table 3: Any Company, Inc.: Statement of Cash Flows
for the Year Ended Dec. 31, 20**

| | | |
|---|--------|------|
| Cash from operating activities: | | |
| Net income | \$ 52 | |
| Depreciation | 30 | |
| Deferred taxes | 3 | |
| Increase in monetary assets other than cash | 2 | |
| Gain on sale of investment | (5) | \$82 |
| Cash from investing activities: | | |
| Purchase of equipment | \$(41) | |
| Sale of investment | 19 | 22 |
| Cash from financing activities: | | |
| Issuance of bonds | \$10 | |
| Cash dividends | (35) | (25) |
| Increase in cash balance | | \$35 |

III. Answer the questions.

1. What are three categories illustrated in the statement of cash flows?
2. What is the difference between an income statement and a statement of cash flows?
3. Is the cash from operations the same as net income?
4. Why must a company plan its cash flow?
5. What does the statement of cash flow indicate?
6. What does it measure? Explain your answer.

IV. Read and translate the following word combinations.

Depreciation, deferred taxes, gain on sale of investment, purchase of equipment, net income, cash dividends, sale of investment, issuance of bonds, increase in monetary assets other than cash, the long-run success.

V. Using the word combinations of table 3 complete the table.

| Cash from operating activities | Cash from investing activities | Cash from financing activities |
|--------------------------------|--------------------------------|--------------------------------|
| | | issuance of bonds |
| | sale of investment | |
| deferred taxes | | |
| | | |
| | | |

VI. Checking facts and ideas.

Decide if these statements are true or false. Correct false statements.

1. Cash flows result from two major groups of activities: investing and operating activities.
2. The income statement differs from the cash flow statement.
3. Cash is not received from the issuance bonds.
4. Cash is paid to shareowners as dividends.
5. Cash is paid to purchase equipment.
6. Cash from operations is the same as net income.
7. All revenues are collected in cash.
8. Revenue is usually recorded when a customer receives merchandise or pays for it.

VII. Using Table 3 determine what is recorded in the company's statement of cash flows.

VIII. Check your grammar.

Fill in the gaps with necessary prepositions.

between to in from under without for of

1. A statement of cash flows is different ... an income statement.
2. Cash is paid ... shareowners as dividends.
3. The difference ... cash and net income is obvious.
4. An expense may be recorded ... an actual cash payment.
5. When a customer pays ... merchandise or promises to pay the company ... the future, revenue is recorded.
6. A balance sheet consists ... three major sections.
7. The resources that are ... a company's control are described in a balance sheet.

IX. Read the text and say what consolidated statements reflect and include.

Consolidated Statements.

Most large corporations in the United States and other industrialized countries own other corporations. Their primary financial statements are consolidated statements, reflecting the total assets, liabilities, owners' equity, net income, and cash flows of all the corporations in the group. Thus, for example, the consolidated balance sheet of the *parent corporation*¹ (the corporation that owns the others) does not list its investments in its *subsidiaries*² (the companies it owns) as assets; instead, it includes their assets and liabilities with its own.

Some subsidiary corporations are not wholly owned by the parent; that is, some shares of their common stock are owned by others. The equity of these *minority*³ shareholders in the subsidiary companies is shown separately on the balance sheet.

NOTES

1. *parent corporation* – материнская корпорация
2. *subsidiaries* – дочерние корпорации
3. *minority* – меньшинство

X. Translate the text in the written form.

Disclosure¹ and auditing requirements.

A corporation's obligations to issue financial statements are prescribed in the company's own statutes or *bylaws*² and in public laws and regulations. The financial statements of most large and medium-size companies in the United States fall primarily within the jurisdiction of the federal *Securities and Exchange Commission (SEC)*³.

A company's financial statements are ordinarily prepared initially by its own accountants. Outsiders review, or *audit*⁴, the statements and the systems the company used to accumulate the data from which the statements were prepared. In most countries, including the United States, these outside auditors are selected by the company's shareholders. The audit of a company's statements is ordinarily performed by professionally qualified, independent accountants.

NOTES

1. *disclosure* - представление компанией сведений о своей деятельности; раскрытие, разглашение
2. *bylaws* – уставные нормы, постановления местной власти
3. *Securities and Exchange Commission (SEC)* – Комиссия по ценным бумагам и биржевым операциям
4. *audit* – проверка, заключение аудитора по финансовому отчету.

UNIT XII
MEASUREMENT PRINCIPLES. ASSET VALUE

Grammar: the Passive Voice

Wordlist

| | | |
|----------------------------|--------------------------------------|--|
| apparent | очевидний | очевидный |
| adopt | приймати | принимать |
| anticipated | той, що очікується | ожидаемый |
| asset value | номінальна вартість активів компанії | номинальная стоимость активов компании |
| cash flow | потік/рух коштів | поток/движение средств |
| deduct | відраховувати, утримувати | вычитать, удерживать |
| delay | затримувати | задерживать |
| estimate | оцінка, кошторис, калькуляція | оценка, смета, калькуляция |
| exceed | перевищувати | превышать |
| expectation | очікування | ожидание |
| imply | мати на увазі | подразумевать |
| interest at the rate | ставка проценту | процентная ставка |
| interest on the investment | процент з капіталовкладень | процент по капиталовложениям |
| likely | вірогідно | вероятно |
| measurement | вимірювання, підрахунок, обчислення | измерение, подсчет, вычисление |
| timing | розрахунок часу | расчет времени |
| value of assets | вартість/оцінка/оцінювання активів | стоимость/оценка/оценивание активов |
| verification | перевірка, контроль | проверка, контроль |
| worth | вартість, цінність | стоимость, ценность |
| worthwhile | вартий | стоящий |

I. Read the text and say what factors value depends on.

In preparing financial statements, the accountant has several measurement systems to choose from. Assets, for example, may be measured at what they cost in the past or what they could be sold for now, to mention only two possibilities. To enable users to interpret statements with confidence, companies in similar industries should use the same measurement concepts or principles.

One principle that accountants may adopt is to measure assets at their value to their owners. The economic value of an asset is the maximum amount that the company would be willing to pay for it. This amount depends on what the company expects to be able to do with the asset. For business assets, these expectations are usually expressed in terms of forecasts of the inflows of cash the company will receive in the future. If, for example, the company believes that by spending \$1 on advertising and

other forms of sales promotion it can sell a certain product for \$5, then this product is worth \$4 to the company.

When cash inflows are expected to be delayed, value is less than the anticipated cash flow. For example, if the company has to pay interest at the rate of 10 percent a year, an investment of \$100 in a one-year asset today will not be worthwhile unless it will return at least \$110 a year from now (\$100 plus 10 percent interest for one year). In this example, \$100 is the present value of the right to receive \$110 one year later. Present value is the maximum amount the company would be willing to pay for a future inflow of cash after deducting interest on the investment at a specified rate for the time the company has to wait before it receives its cash.

Value, in other words, depends on three factors: (1) the amount of the anticipated future cash flows, (2) their timing, and (3) the interest rate. The lower the expectation, the more distant the timing, or the higher the interest rate, the less valuable the asset will be.

Value may also be represented by the amount the company could obtain by selling its assets. This sale price is seldom a good measure of the assets' value to the company, however, because few companies are likely to keep many assets that are worth no more to the company than their market value. Continued ownership of an asset implies that its present value to the owner exceeds its market value, which is its apparent value to outsiders.

II. Answer the questions.

1. How may assets be measured?
2. What is the economic value of an asset?
3. When is value less than the anticipated cash flow?
4. What is present value?
5. What factors does value depend on?
6. How may value be represented?
7. What does continued ownership of an asset imply?

III. What meaning have the following words and word combinations?

The economic value of an asset, to measure assets at their value to their owners, in the terms of forecasts of the inflows of cash, to spend money on advertising, the anticipated cash flow, to pay interest at the rate, continued ownership of an asset, to exceed an asset's market value.

IV. Put a word or phrase in the correct place to complete the following sentences.

present value, the interest rate, continued ownership, amount,
cash flows, a good measure

1. The economic value of an asset is the maximum ... that the company would be willing to pay for it.
2. Value is less than the anticipated cash flow, when ... are expected to be delayed.
3. ... is the maximum amount the company would be willing to pay for a future inflow of cash.

4. The higher ..., the less valuable the asset will be.
5. The sale price of the company's assets is seldom ... of the assets' value.
6. ... of an asset implies that its present value to the owner exceeds its market value.

V. Look back at the text and choose the correct words to go together.

measure assets *on/at* at their value to their owners

economic value *of/in* an asset

express *in/on* terms of forecasts

spend money *for/on* advertising

pay interest *at/for* the rate of 5 percent a year

deduct interest *at/on* investment

depend *on/at* some factors

be represented *with/by* the amount the company obtains by selling its assets

VI. Find the pairs of synonyms.

- | | |
|-----------------|-----------------------------|
| 1. income | a) calculation |
| 2. unpaid bills | b) revenue |
| 3. estimation | c) assets minus liabilities |
| 4. net assets | d) goods |
| 5. merchandise | e) "bad debts" |
| 6. customer | f) audit |
| 7. verification | g) buyer |

Make up your own sentences using these words.

VII. Translate the text in the written form.

What are Revenues?

Inflows or other *enhancements*¹ of assets of an *entity*² or *settlements*³ of its liabilities from delivering or producing goods, rendering services are defined as revenues.

For instance, revenue events occur when Boeing sells airplanes, and when Federal Express delivers packages.

Revenues will always increase assets or reduce liabilities. Revenues are recognized when they have been earned and realized. When a company sells goods or provides services and immediately collects cash or has a reasonable expectation of collecting a known amount of cash as a result of the event, revenue recognition occurs.

Consider the following example. If a medical doctor *completes an examination*⁴ of a patient and immediately collects a \$100 fee, revenue is recognized because it is both earned and realized. However, if the same doctor *donates*⁵ his time to a free clinic where he performs the same examination at no charge, does he recognize any revenue? The answer is no.

NOTES

1. *enhancement* - увеличение

2. *entity* – организация, объект

3. *settlement* – уплата, расчет
4. *complete an examination* – заканчивать осмотр
5. *donate* - жертвовать

VIII. Read the text and complete the sentences with words or word combinations.

*Asset Cost*¹

Accountants are traditionally *reluctant*² to accept value as the basis of asset measurement in the going concern. Although monetary assets such as cash or accounts receivable are usually measured by their value, most other assets are measured at cost. The reason is that the accountant finds it difficult to *verify*³ the forecasts upon which a generalized value measurement system would have to be based. As a result, the balance sheet does not pretend to show how much the company's assets are worth; it shows how much the company has invested in them.

The historical cost of an asset is the sum of all the expenditures the company made to *acquire*⁴ it. This amount is not always easily measurable. If, for example, a company has built a special-purpose machine in one of its own factories for use in manufacturing other products, and the project required logistical support from all parts of the factory organization, from purchasing to quality control, then a good deal of judgment must be reflected in any estimate of how much of the costs of these logistical activities should be "capitalized" (i.e., placed on the balance sheet) as part of the cost of the machine.

NOTES

1. *asset cost* – себестоимость (стоимость) активов компании
2. *reluctant* – неохотно
3. *verify* – проверять, контролировать
4. *acquire* – приобретать, получать

1. Monetary assets are usually measured by ...
2. Other assets are measured at ...
3. The balance sheet shows how much ...
4. ... is the sum of all the expenditures the company made to acquire it.
5. This amount is not always easily ...
6. Accountants are ... to accept value as the basis of asset measurement in the going concern.

IX. Read the text and describe the event called a gain.

Gains

Gains are defined as the increase in *net worth*¹ from "peripheral"² or incidental" transactions. In other words, businesses have a gain if owners' equity increases as the result of any earnings process not considered as revenue.

An event classified as a gain by one company might be considered revenue for another. For instance, although Fly-away would report the truck sale on its income statement as a gain, General Motors Company would report the sale of

trucks as revenue because selling trucks is one of the primary means by which GM *generates*³ income.

Gains, like revenues, are recognized when they are earned and realized. However, gains are generally not thought of as “earned” in the same sense as revenues. For example, if Boeing purchased a piece of land in 1995 for \$10, 000 and sold it five years later for \$15, 000, it would recognize a \$5, 000 gain in 2000, the year of the sale. Although this gain was “earned”, in the sense that Boeing made an intelligent investment that paid off, the company did not have to perform any activity, other than waiting for the land to increase in value. When accounting for gains, recognition is based primarily on when they are realized.

NOTES

1. *net worth* – стоимость имущества за вычетом обязательств, собственный капитал предприятия
2. *peripheral* – частный, второстепенный
3. *generate* – производить

X. Check your grammar. Use the necessary form of the Passive Voice.

1. Assets usually (to measure) at their value to their owners.
2. That amount (to pay) by the company last year.
3. The cash (to receive) in future.
4. Cash inflows (to expect) to be delayed.
5. Interest on the investment already (to deduct).
6. Value may (to represent) by the amount the company could obtain by selling its assets.

XI. Check your grammar.

Put the questions to the underlined words.

1. Revenues are recognized when they have been earned and realized.
2. The revenue can be recorded at the time cash is collected.
3. Information regarding revenues must be reported to external and internal stakeholders.
4. Cash discounts are recorded as contra-revenues.
5. Revenue-related events are reflected in accounting records.
6. It's important to understand the difference between revenues and gains.

XII. Check your grammar.

Put these words into the correct order to form the questions. Answer the resulting questions.

1. are, gains, defined, How?
2. do, When, have, business, a gain?
3. might, a gain, Why, be considered, for one company, revenue, for another?
4. are, recognized, gains, When?
5. based, What, on, is, recognition, of, gains?
6. give, Can, you, examples, events, of, described, a revenue, a gain, and, as?

XIII. Discussion.

For each of the following situations, determine if the event described is a revenue, a gain, or neither. Explain your choice.

- a) Suntaug Books sold an encyclopedia to Children's Learning Center on account. Payment was not received at the moment.
- b) The Milky Way dairy farm sold a delivery truck for an amount exceeding the value of the truck.
- c) Richard Shapiro, an attorney, received \$10 000 from a client for services to be performed next week.

XIV. Using the information from the text

1. Name three factors which value depends on.
2. Sum up the principles of measuring assets.
3. Explain what is meant by the terms "gain" and "revenue".
4. Distinguish between gain and revenue.
5. When are gains and revenues recognized.

UNIT XIII
MEASUREMENT PRINCIPLES. NET INCOME

Grammar: Impersonal Sentences

Wordlist

| | | |
|-------------------------------|--|---|
| allowance | знижка, уцінка | скидка, уценка |
| anticipate | чекати, передбачати | ожидать, предвидеть |
| available | наявний, доступний | наличный, доступный |
| batch | партия виробів, замовлення | партия изделий, заказ |
| beginning inventory | запас товарно-матеріальних цінностей на початок року | запас товарно-материальных ценностей на начало года |
| declining-charge depreciation | дегресивне нараховування | дегрессивное начисление износа |
| ending inventory | запас товарно-матеріальних цінностей на кінець року | запас товарно-материальных ценностей на конец года |
| evidence | дані, факти, доказ | данные, факты, доказательство |
| give up | відмовлятися | отказываться |
| gradually | поступово | постепенно |
| inventory | інвентаризаційний опис, наявні вироби, запас | инвентаризационная опись, наличные товары, запас |
| predict | завбачати, передрікати | предсказывать, прогнозировать |
| reasonable | розумний, обґрунтований | разумный, обоснованный |
| recognize | визнавати, схвалювати | признавать, одобрять |
| straight-line depreciation | рівномірне нараховування | равномерное начисление износа |

I. Read the text and try to explain the concepts ‘straight-line depreciation’ and ‘declining-charge depreciation’.

Some assets give up their services gradually rather than all at once. The cost of the portion of these assets the company uses to produce revenues in any period is that period's depreciation expense, and the amount shown for these assets on the balance sheet is their historical cost less an allowance for depreciation, representing the cost of the portion of the asset's anticipated lifetime services that has already been used. To estimate depreciation, the accountant must predict both how long the asset will continue to provide useful services and how much of its potential to provide these services will be used up in each period.

Depreciation is usually computed by some simple formula. The two most popular formulas in the United States are straight-line depreciation, in which the same amount of depreciation is recognized each year, and declining-charge depreciation, in which more depreciation is recognized during the early years of life than during the later years, on the assumption that the value of the asset's service declines as it gets older.

The role of the independent accountant (the auditor) is to see whether the company's estimates are based on formulas that seem reasonable in the light of whatever evidence is available and whether these formulas are applied consistently from year to year. Again, what is "reasonable" is clearly a matter of judgment.

Depreciation is not the only expense for which more than one measurement principle is available. Another is the cost of goods sold. The cost of goods available for sale in any period is the sum of the cost of the beginning inventory and the cost of goods purchased in that period. This sum then must be divided between the cost of goods sold and the cost of the ending inventory:

$$\begin{array}{rcccl} \text{Beginning inventory} & & & & \text{Cost of goods sold} \\ & + & = & + & \\ \text{Purchases} & & & & \text{Ending inventory} \end{array}$$

Accountants can make this division by any of three main inventory costing methods: (1) first in, first out (FIFO)¹, (2) last in, first out (LIFO)² or (3) average cost. The LIFO method is widely used in the United States, where it is also an acceptable costing method for income tax purposes; companies in most other countries measure inventory cost and the cost of goods sold by some variant of the FIFO or average cost methods. Average cost is very similar in its results to FIFO.

NOTES:

1. *FIFO* – first in, first out - метод оценки запасов по ценам последних закупок, правило обслуживания в порядке поступления.
2. *LIFO* – last in, first out - метод оценки запасов по ценам первых закупок, правило обслуживания в обратном порядке.

II. Answer the questions.

1. What does depreciation represent?
2. What must the accountant do to estimate depreciation?
3. What are the two most popular formulas in the USA?
4. When is straight-line depreciation recognized?
5. When is declining-charge depreciation recognized?
6. What must be divided between the cost of goods sold and the cost of the ending inventory?
7. What are the three main inventory costing methods?

III. What meaning have the following word combinations?

Beginning inventory, ending inventory, declining-charge depreciation, straight-line depreciation, anticipated life-time services, the cost of goods sold, inventory costing method, the oldest batch, income tax, measurement principles.

IV. Put a word or phrase in the correct place to complete the following sentences.

goods available, FIFO, LIFO, declining-charge depreciation, costing methods

1. The two most popular formulas expressing depreciation are straight-line depreciation and ...
2. The cost of ... for sale is the sum of the cost of the beginning inventory and the cost of goods purchased in the period.

3. There are three main inventory...
4. The ... method is widely used in the USA.
5. Under ..., the cost of goods is determined by adding the costs of various batches of the goods available, starting with the oldest batch in the beginning inventory until the total number of units equals the number of units sold.

V. Match accounting concepts with their definitions.

1. Revenue
2. Cost
3. Net income
4. Asset
5. Cost of goods sold
6. Depreciation expense
7. Inventory

- a) is the difference between revenue and expense in a certain time period.
- b) is the portion of the cost of an asset that is deducted from the revenues of the period.
- c) is the amount earned by a company for providing goods and services to customers.
- d) is something that requires the use of business resources.
- e) is a right to use resources that are expected to have future economic benefits for the entity.
- f) is an expense that represent the company's cost of the products sold to customers.
- g) is an asset that the company intends to sell to customers.

VI. Make the pairs of synonyms.

- | | |
|-------------|--------------|
| 1. gains | a) contend |
| 2. losses | b) increases |
| 3. claim | c) decreases |
| 4. revenue | d) buy |
| 5. purchase | e) statement |
| 6. measure | f) income |
| 7. report | g) estimate |

Make up your own sentences using these words.

VII. Agree or disagree.

Explain your opinion on each idea.

1. Accumulated depreciation represents the portion of the cost of the assets that have been used in an effort to generate revenues.
2. Depreciation expense is not included in the expenses of the income statement.
3. Accumulated depreciation and depreciation expense refer to a loss in value or usefulness of the asset.

VIII. Read the text and describe the LIFO and the FIFO methods.

Each purchase of goods constitutes a single batch, acquired at a specific price. Under FIFO, the cost of goods sold is determined by adding the costs of various batches of

the goods available, starting with the oldest batch in the beginning inventory, continuing with the next oldest batch, and so on until the total number of units equals the number of units sold. The ending inventory, therefore, is assigned the costs of the most recently acquired batches. For example, suppose the beginning inventory and purchases were as follows:

| | | | |
|-------------------------|--------------------|----------|--------------|
| Inventory, January 1 | 1,000 units | x \$5.00 | \$5,000 |
| Purchases, March 19 | 800 units | x \$5.25 | 4,200 |
| Purchases, September 12 | <u>1,200 units</u> | x \$5.50 | <u>6,600</u> |
| Total goods available | 3,000 units | | \$15,800 |

The company sold 1,900 units during the year and had 1,100 units remaining in inventory at the end of the year. The FIFO cost of goods sold is:

| | | | |
|--------------------------|------------------|----------|------------|
| Oldest batch | 1,000 units | x \$5.00 | \$5,000 |
| Next oldest batch | 800 units | x \$5.25 | 4,200 |
| Next oldest batch | <u>100 units</u> | x \$5.50 | <u>550</u> |
| Total cost of goods sold | 1,900 units | | \$9,750 |

The ending inventory consists of 1,100 units at a FIFO cost of \$5.50 each (the price of the last 1,100 units purchased), or \$6,050.

Under LIFO, the cost of goods sold is the sum of the most recent purchase, the next most recent, and so on, until the total number of units equals the number sold during the period. In the example, the LIFO cost of goods sold is:

| | | | |
|---------------------------|------------------|----------|--------------|
| Most recent purchase | 1,200 units | x \$5.50 | \$6,600 |
| Next most recent purchase | <u>700 units</u> | x \$5.25 | <u>3,675</u> |
| Total cost of goods sold | 1,900 units | | \$ 10,275 |

The LIFO cost of the ending inventory is the cost of the oldest units in the cost of goods available. In this simple example, assuming the company adopted LIFO at the beginning of the year, the ending inventory cost is 1,000 units in the beginning inventory at \$5 each (\$5,000), plus 100 units from the first purchase during the year at \$5.25 each (\$525), a total of \$5,525.

IX. Check your grammar.

Translate the following sentences paying attention to translation of impersonal sentences.

1. The official currency of the United Kingdom is the pound sterling.
2. There are banknotes of the following denominations: £1, £5, £10, £20, £50 and £100.
3. On the face of English banknotes *one can read* the denomination given both in figures and in words.
4. *One can see* the portrait of Florence Nightingale, the founder of the nursing profession, on the back of the ten pound note.
5. On the twenty pound banknote *one can find* William Shakespeare's portrait.

UNIT XIV

TAXATION

Wordlist

| | | |
|------------------------------|----------------------------------|--------------------------------------|
| <i>corvée</i> | тяжка праця | тяжелая работа |
| <i>claim</i> | стверджувати, заявляти | утверждать, заявлять |
| <i>distortion</i> | перекошування | искажение |
| <i>encourage</i> | заохочувати | поощрять |
| <i>entity</i> | суб'єкт | объект |
| <i>levy</i> | збирати, стягувати | взимать, облагать |
| <i>mortgage</i> | застава, закладна | ипотека, закладная |
| <i>tuition</i> | навчання, плата за навчання | обучение, плата за обучение |
| <i>value added tax (VAT)</i> | податок на додану вартість (ПДВ) | налог на добавленную стоимость (НДС) |

I. Read the text and explain the concept 'taxation'.

What is 'Taxation'.

Taxation refers to the act of a taxing authority actually levying tax. Taxation as a term applies to all types of taxes, from income to gift to estate taxes. It is usually referred to as an act; any revenue collected is usually called 'taxes'.

Taxation is a means by which governments finance their expenditure by imposing charges on citizens and corporate entities. Governments use taxation to encourage or discourage certain economic decisions. For example, reduction in taxable personal (or household) income by the amount paid as interest on home mortgage loans results in greater construction activity, and generates more jobs.

Taxation can also refer to taxes as an abstract concept, an actual dollar amount of tax that has been levied or the material funds that have been received as taxes. Although all of these definitions are technically correct, the one listed above is the most common. Taxation is one of the primary powers of government over the people.

A tax (from the Latin *taxo* 'rate') is a financial charge or other levy imposed upon a taxpayer (an individual or legal entity) by a state or the functional equivalent of a state to fund various public expenditures. A failure to pay, or evasion of or resistance to taxation, is usually punishable by law. Taxes are also imposed by many administrative divisions. Taxes consist of direct or indirect taxes and may be paid in money or as its labour equivalent. A few countries impose almost no taxation at all, such as the Emirates and Saudi Arabia.

The legal definition and the economic definition of taxes differ in that economists do not regard many transfers to governments as taxes. For example, some transfers to the public sector are comparable to prices. Examples include tuition at public universities and fees for utilities provided by local governments. Governments also obtain resources by "creating" money and coins (for example, by printing bills and by minting coins), through voluntary gifts (for example, contributions to public universities and museums), by imposing penalties (such as traffic fines), by borrowing, and by confiscating wealth.

In modern taxation systems, governments levy taxes in money; but in-kind and *corvée* taxation are characteristic of traditional or pre-capitalist states and

their functional equivalents. The method of taxation and the government expenditure of taxes raised is often highly debated in politics and economics. When taxes are not fully paid, the state may impose civil penalties (such as fines or forfeiture) or criminal penalties (such as incarceration) on the non-paying entity or individual.

The purpose of taxes is to raise revenue to fund government. Money provided by taxation has been used by states and their functional equivalents throughout history to carry out many functions. Some of these include expenditures on economic infrastructure (roads, public transportation, sanitation, legal systems, public safety, education, health care systems), military, scientific research, culture and the arts, public works, distribution, data collection and dissemination, public insurance, and the operation of government itself.

When expenditures exceed tax revenue, a government accumulates debt. A portion of taxes may be used to service past debts. Governments also use taxes to fund welfare and public services. These services can include education systems, pensions for the elderly, unemployment benefits, and public transportation. Energy, water and waste management systems are also common public utilities.

Most economists, especially neoclassical economists, argue taxation creates market distortion and results in economic inefficiency unless there are negative externalities associated with the activities that are taxed.

II. Answer the questions.

1. What does taxation refer to?
2. What are the governments' purposes of taxation use?
3. When taxes are not fully paid, what may the state impose?
4. How is a failure to pay or evasion of taxation punishable?
5. What is the purpose of taxes?
6. What types of taxes do you know?
7. When expenditures exceed tax revenue, what does a government accumulate?

III. What meaning have the following word combinations?

Taxing authority, civil penalties, estate taxes, corporate entities, public expenditures, administrative divisions, data collection, public transportation, unemployment benefits, public safety, education, health care systems, tax revenue.

IV. Match the two parts of the sentences.

| | |
|--|--|
| 1. Governments use | a) to fund foreign aid and military ventures. |
| 2. Modern social systems are intended to support the poor and the disabled | b) on a pay-as-you-earn basis. |
| 3. Taxes are applied | c) different kinds of taxes. |
| 4. To create a system of taxation, a nation must make choices | d) regarding the distribution of the tax burden. |
| 5. Personal income tax is often collected | e) by taxes on those who are still working. |

V. Put a word or phrase in the correct place to complete the sentences about different types of tax.

property, total payroll, corporate tax, net profits,
immovable property, death tax, transfer tax

1. Generally the tax is imposed on ... from business, net gains, and other income.
2. ... refers to income, capital, net worth, or other taxes imposed on corporations.
3. Unemployment and similar taxes are often imposed on employers based on
4. A property tax is an a tax levy on the value of ... that the owner of the property is required to pay to a government.
5. Inheritance tax, estate tax, and ... are the names given to various taxes which arise on the death of an individual.
6. In the United States, ... is often charged by the state and (in the case of real property transfers) can be tied to the recording of transfer documents.
7. Recurrent property taxes may be imposed on ... (real property) and some classes of movable property.

VI. Translate the text in the written form.

Value added tax (goods and services tax)

A value added tax (VAT), also known as Goods and Services Tax (G.S.T), Single Business Tax in some countries, applies the equivalent of a sales tax to every operation that creates value. To give an example, sheet steel is imported by a machine manufacturer. That manufacturer will pay the VAT on the purchase price, remitting that amount to the government. The manufacturer will then transform the steel into a machine, selling the machine for a higher price to a wholesale distributor. The manufacturer will collect the VAT on the higher price, but will remit to the government only the excess related to the "value added" (the price over the cost of the sheet steel). The wholesale distributor will then continue the process, charging the retail distributor the VAT on the entire price to the retailer, but remitting only the amount related to the distribution mark-up to the government. The last VAT amount is paid by the eventual retail customer who cannot recover any of the previously paid VAT. For a VAT and sales tax of identical rates, the total tax paid is the same, but it is paid at differing points in the process.

VAT is usually administrated by requiring the company to complete a VAT return, giving details of VAT it has been charged (referred to as input tax) and VAT it has charged to others (referred to as output tax). The difference between output tax and input tax is payable to the Local Tax Authority.

VII. Complete the extract with an appropriate word or phrase from the box.

utilities, commodity, tax burden, state revenue, spend, travel

Sales taxes

Sales taxes are levied when a ... is sold to its final consumer. Retail organizations claim that such taxes discourage retail sales. The question of whether they are generally progressive or regressive is a subject of much current debate. People with higher incomes spend a lower proportion of them, so a flat-rate sales tax will tend to be regressive. It is therefore common to exempt food, ... and other necessities from sales taxes, since poor people spend a higher proportion of their incomes on these commodities, so such exemptions make the tax more progressive. This is the classic "You pay for what you ..." tax, as only those who spend money on non-exempt (i.e. luxury) items pay the tax.

A small number of U.S. states rely entirely on sales taxes for..., as those states do not levy a state income tax. Such states tend to have a moderate to large amount of tourism or inter-state ... that occurs within their borders, allowing the state to benefit from taxes from people the state would otherwise not tax. In this way, the state is able to reduce the ... on its citizens. The U.S. states that do not levy a state income tax are Alaska, Florida, Nevada, Texas, Washington state, and Wyoming. Of the above states, only Alaska does not levy a state sales tax.

In the United States, there is a growing movement for the replacement of all federal payroll and income taxes (both corporate and personal) with a national retail sales tax and monthly tax rebate to households of citizens and legal resident aliens.

VII. Read the text and define the terms 'direct taxes' and 'indirect taxes'.

Direct and indirect taxes

Taxes are sometimes referred to as '*direct taxes*' or '*indirect taxes*'. The meaning of these terms can vary in different contexts, which can sometimes lead to confusion. An economic definition, by Atkinson, states that "...direct taxes may be adjusted to the individual characteristics of the taxpayer, whereas indirect taxes are levied on transactions irrespective of the circumstances of buyer or seller." According to this definition, for example, income tax is 'direct', and sales tax is 'indirect'.

In law, the terms may have different meanings. In U.S. constitutional law, for instance, direct taxes refer to poll taxes and property taxes, which are based on simple existence or ownership. Indirect taxes are imposed on events, rights, privileges, and activities. Thus, a tax on the sale of property would be considered an indirect tax, whereas the tax on simply owning the property itself would be a direct tax.

VIII. Using the information from the text

1. Explain the main purposes of taxation.
2. Name the types of taxes used in Ukraine.
3. Distinguish between 'direct taxes' or 'indirect taxes'.

UNIT XV
MANAGERIAL ACCOUNTING

Grammar: Reported Speech

Wordlist

| | | |
|--------------------------|---|--|
| cost accounting | облік виробничих витрат | учет производственных расходов |
| cost finding | визначення витрат | определение расходов |
| cost and profit analysis | аналіз очікуваних витрат та прибутків | анализ ожидаемых расходов и прибылей |
| cost performance | економічна ефективність | экономическая эффективность |
| division | дивізіон, підрозділ, відділ | дивизион, раздел, отдел |
| explicit plan | докладний/точний план | подробный/точный план |
| facilitate | полегшувати, сприяти | облегчать, способствовать |
| flexible | гнучкий | гибкий |
| managerial accounting | управлінський облік | управленческий учет |
| performance | виконання, робота, продуктивність, ефективність | выполнение, работа, производительность, эффективность, |
| preliminary | попередній | предварительный |
| respond | реагувати, відповідати | реагировать, отвечать |
| revise | змінити, виправляти | изменять, исправлять |
| solely | тільки, виключно | только, исключительно |
| schedule | план, графік, програма | план, график, программа |
| segment | частина, відрізок | часть, отрезок |
| substantial deviations | істотні відхилення | существенные отклонения |
| underlie | лежати в основі | лежать в основе |
| visible | видимий, очевидний | видимый, очевидный |

I. Read the text and say what the budgets are prepared for.

The first major component of internal accounting systems for management's use is the company's system for establishing budgetary plans and setting performance standards. The setting of performance standards requires also a system for measuring actual results and reporting differences between actual performance and the plans.

The simplified diagram in Figure 1 illustrates the interrelationships between these elements. The planning process leads to the establishment of explicit plans, which then are translated into action. The results of these actions are compared with the plans and reported in comparative form. Management can then respond to substantial deviations from plan, e.g. by taking corrective action.

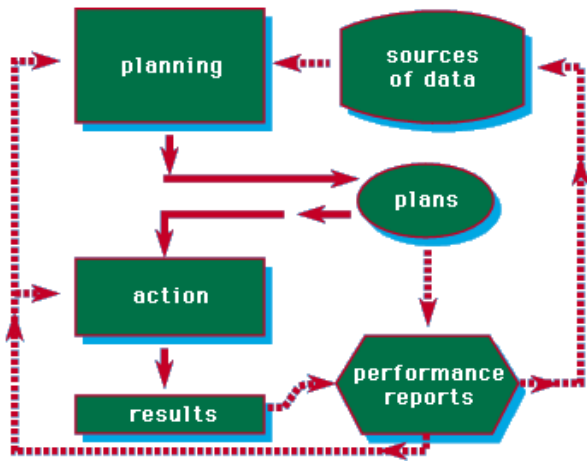


Figure 1: Budget planning and performance reporting.

Although plans can be either broad, strategic outlines of the company's future or schedules of the inputs and outputs associated with specific independent programs, most business plans are periodic plans – that is, they refer to company operations for a specified period of time. These periodic plans are summarized in a series of projected, financial statements, or budgets.

The two principal budget statements are the profit plan and the cash forecast. The profit plan is an estimated income statement for the budget period. It summarizes the planned level of selling effort, shown as selling expense, and the results of that effort, shown as "sales revenue and the accompanying cost of goods sold. Separate profit plans are ordinarily prepared for each major segment of the company's operations.

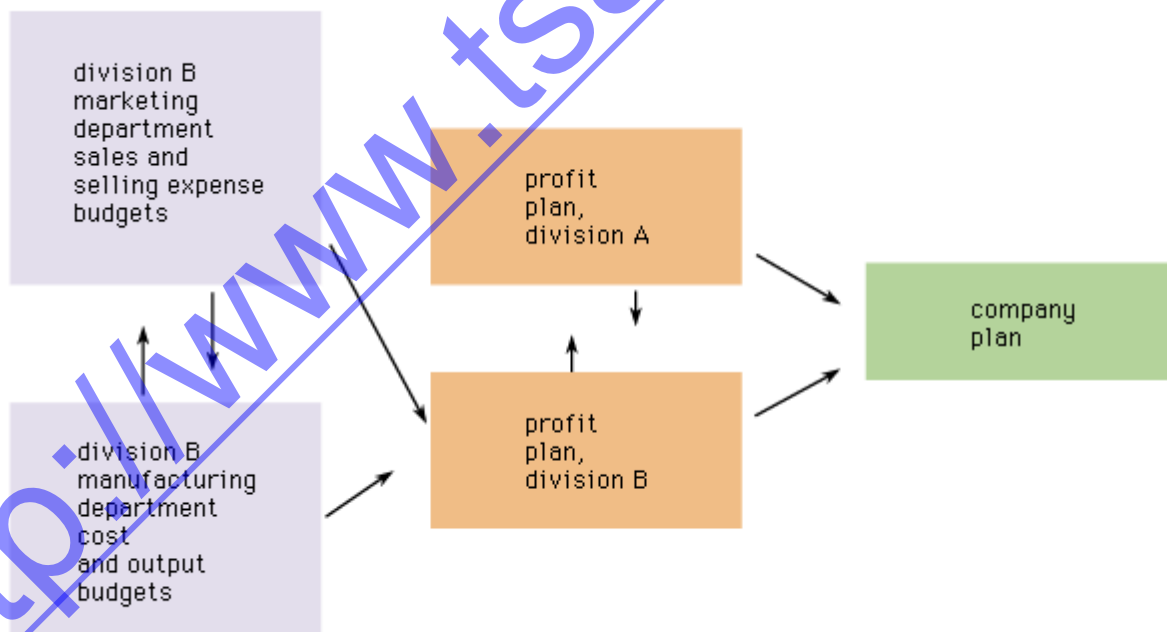


Figure 2: Relationship of company profit plan to responsibility structure.

The details underlying the profit plan are contained in departmental sales and cost budgets, each part identified with the executive or group responsible for carrying out that part. Figure 2 shows the essence of this relationship: the company's profit plan is really the integrated product of the plans of its two major product divisions. The arrows

connecting the two divisional plans represent the coordinative communications that tie them together.

Many companies also prepare alternative budgets for operating volumes other than the volume anticipated for the period. A set of such alternative budgets is known as the flexible budget. The practice of flexible budgeting has been adopted widely by factory management to facilitate evaluation of cost performance at different volume levels and has also been extended to other elements of the profit plan.

The second major component of the annual budgetary plan, the cash forecast or cash budget summarizes the anticipated effects on cash of all the company's activities. It lists the expected cash payments, cash receipts, and amount of cash on hand, month by month throughout the year. In most companies, responsibility for cash management rests mainly in the head office rather than at the divisional level. For this reason, divisional cash forecasts tend to be less important than divisional profit plans.

II. Answer the questions.

1. What four functions does managerial accounting consist of?
2. What is the first major component of internal accounting systems?
3. How are budget planning and performance reporting interrelated?
4. What are the profit plan and the cash forecast?
5. What is the flexible budget?
6. Who was the practice of flexible budgeting adopted by?
7. When are preliminary cash forecasts used?

III. What meaning have the following word combinations in the text

Budgetary planning, cost finding, cost and profit analysis, performance reporting, substantial deviations, estimated income statement, explicit plans, mutual concern, flexible budget, cost performance, cash forecast.

IV. Match the following concepts with their definitions.

- | | |
|--------------------|--|
| 1. Budget | a) is the process of expressing the company's goals and objectives in quantitative terms |
| 2. Budgeting | b) shows the expected cash receipts from activities for the coming period |
| 3. Cash budget | c) is a plan for the future expressed in financial terms |
| 4. Flexible budget | d) is an estimated income statement for the budget period |
| 5. Profit | e) is a set of alternative budgets for operating volumes |
| 6. Profit plan | f) is revenues minus costs |

V. Put a word combination in the correct place to complete the following sentences.

the cash forecast, cash management, explicit plans, selling expense, the profit plan, the flexible budget

1. The planning process leads to the establishment of ..., which then are translated into action.
2. The two principal budget statements are ... and the cash forecast.
3. The profit plan summarizes the planned level of selling effort, shown as ...
4. A set of alternative budgets is known as ...
5. ... summarizes the anticipated effects on cash of all the company's activities.
6. Responsibility for ... rests mainly in the head office in most companies.

VI. Look back at the text and choose the correct words to go together.

money *to/for* payment of dividends
 anticipated effects *on /to* cash
 evaluation *for/of* cost performance
 on /at different volume levels
 identify *with/to* the executive
 interrelationships *between/of* elements
 respond *on /to* substantial deviations

VII. Read the text, give the title for it and answer the question “What are the functions of accounting personnel in the planning process?”

Planning is a management responsibility, not an accounting function. To plan is to decide, and only the manager has the authority to choose the direction the company is to take. Accounting personnel are nevertheless deeply involved in the planning process. First, they administer the budgetary planning system, establishing *deadlines*¹ for the completion of each part of the process and seeing that these deadlines are met. Second, they analyze data and help management at various levels compare the estimated effects or different courses of action. Third, they are responsible for *collating the tentative plans*² and proposals coming from the individual departments and divisions and then reviewing them for consistency and *feasibility*³ and sometimes for desirability as well. Finally, they must assemble the final plans management has chosen and see that these plans are understood by the operating executives.

NOTES

1. *deadlines* – конечные сроки
2. *collating the tentative plans* – тщательное сравнение пробных планов
3. *feasibility* - выполнимость

VIII Read and retell the text.

Explain the difference between *participative*¹ and *mandated budgeting*².

Budgets are used for planning, communication, coordination, allocation of resources, control and evaluation. Budgets affect people, and people affect budgets. Two processes to deal with these effects are participative budgeting and mandated budgeting. The purpose of participative budgeting is to involve employees in the budget process in anticipation of their acceptance of and willingness to work harder based on their involvement. The purpose of mandated budgeting is to communicate to

employees the goals and objectives of upper-level management. Most companies use budgets that have characteristics of each of these processes. The number and types of budgets prepared by a company depends on whether it is a service, merchandising, or manufacturing firm.

The budgets are prepared during the revenue, conversion, and expenditure cycle planning processes and then are combined in the *cash budget*³ and pro forma financial reports, which are prepared to show the expected results of operations.

NOTES

1. *participative budgeting* - процесс составления бюджета при участии сотрудников компании
2. *mandated budgeting* - процесс составления бюджета руководством компании
3. *cash budget* - бюджет денежных средств

IX. Check your grammar.

Complete the sentences by reporting the speaker's words using a noun clause.

1. The internal affairs official said, "A facsimile may be manufactured without our permission."
2. The teacher stated, "According to the dictionary, a facsimile is an exact copy of something."
3. The lawyer said, "This document has been completed with a facsimile signature. Thus, it does not correspond to the norms of the current legislation."
4. The head of the enterprise said to the accountant, "You must sign this letter to provide power of attorney."
5. The worker remembered, "I obtained a written permit from our administration to receive inventory holdings from a counteragent."
6. The director of the enterprise decided, "I will sign all these tax invoices."

X. Using the information from the texts

1. Give the definition to the term 'budget'.
2. Distinguish between
 - a) the profit plan and the cash forecast;
 - b) participative and mandated budgeting.

Unit XVI COST FINDING

Wordlist

| | | |
|------------------------|--|---|
| accumulate | накопичувати (ся), нараховувати | накапливать(ся), начислять |
| activity-based costing | калькуляція собівартості за видом діяльності, при якій витрати збираються по усьому технологічному процесу | калькуляция себестоимости по виду деятельности, при которой затраты собираются по всему технологическому процессу |
| allocation | розподіл | распределение |
| cost | ціна, вартість, собівартість | цена, стоимость, себестоимость |
| costs | витрати | расходы |
| costing | калькуляція собівартості | калькуляция себестоимости |
| cost driver | причина змінення витрат | причина изменения затрат |
| drive | бути причиною | быть причиной, вызывать |
| fixed costs | постійні (незмінні) витрати | постоянные затраты |
| homogeneous | однорідний, гомогенний | однородный, гомогенный |
| incur | залучати | вовлекать |
| job order costing | калькуляція витрат за виконанням замовлення | калькуляция издержек по выполнению заказа |
| mixed costs | умовно-постійні витрати | условно-постоянные затраты |
| obtain | здобувати, отримувати | добывать, получать |
| output | вироблена продукція | произведенная продукция |
| overhead costs | накладні витрати | накладные расходы |
| prime cost | собівартість | себестоимость |
| process costing | калькуляція витрат виробництва за процесами | калькуляция издержек производства по процессам |
| provisions | резерви | резервы |
| tally | визначати | определять |
| trace | установлювати (ся) | устанавливать(ся) |
| uniform | одноманітний | однообразный |
| variable costs | змінні/перемінні витрати | переменные затраты |

I. Read the text and determine the main methods of cost finding.

A major factor in business planning is the cost of producing the company's products. Cost finding is the process by which the company obtains estimates of the costs of producing a product, providing a service, performing a function, or operating a department. Some of these estimates are historical – how much did it cost? – while others are predictive – what will it cost?

The most fully developed methods of cost finding are used to estimate the costs that have been incurred in a factory to manufacture specific products. The simplest of these methods is known as process costing. In this method, the accountant first

accumulates the costs of each separate production operation or process for a specified period of time. The total of these costs is then restated as an average by dividing it by the total output of the process during the same period.

Process costing can be used whenever the output of individual processes is reasonably uniform or homogeneous, as in cement manufacturing, flour milling, and other relatively continuous production processes.

A second method, job order costing, is used when individual production centres or departments work on a variety of products rather than just one during a typical time period. Two categories of factory cost are recognized under this method: prime costs and factory overhead costs. Prime costs are those that can be traced directly to a specific batch, or job lot, of products. These are the direct labour and direct materials costs of production. Overhead costs, on the other hand, are those that can be traced only to departmental operations or to the factory as a whole and not to individual job orders. The salary of a departmental supervisor is an example of an overhead cost.

A third method of cost finding, activity-based costing, is based on the fact that many costs are driven by factors other than product volume. The first task is to identify the activities that drive costs. The next step is to estimate the costs that are driven by each activity and state them as averages per unit of activity. Management can use these averages to guide its efforts to reduce costs. In addition, if management wants an estimate of the cost of a specific product, the accountant can estimate how many of the activity units are associated with that product and multiply those numbers by the average costs per activity unit.

Product cost finding under activity-based costing is almost always a process of estimating costs before production takes place.

II. Answer the following questions.

1. What is a major factor in business planning?
2. What is cost finding?
3. What are the methods of cost finding?
4. How is the total of the costs of each separate production operation restated in the method of process costing?
5. When is job order costing method used?
6. What are prime costs and overhead costs?
7. What is activity-based costing based on?

III. What meaning have the following word combinations?

Cost finding, process costing, job order costing, prime costs, overhead costs, job lot, activity-based costing, production volume, average costs, efficiency of operations, variable costs, fixed costs, mixed costs, cost drivers.

IV. Find the pairs of opposites.

- | | |
|--------------|-------------|
| 1. reduce | a) output |
| 2. upper | b) cheap |
| 3. seldom | c) easy |
| 4. expensive | d) revenues |
| 5. input | e) raise |
| 6. difficult | f) lower |
| 7. external | g) often |
| 8. costs | h) internal |

Make up your own sentences using these words.

V. Match the concepts with their definitions.

- | | |
|---------------------------|---|
| 1. Cost driver | a) is a cost that is constant in total as the amount of cost driver changes. |
| 2. Fixed cost | b) is a cost that varies in total in proportion to the change in cost driver. |
| 3. Mixed cost | c) is the means of measuring activity that reflects consumption of resources. |
| 4. Variable cost | d) is a process of estimating costs before production takes place. |
| 5. Cost finding | e) is estimating how a cost reacts to changes in the level of operating activity. |
| 6. Activity-based costing | f) is a cost that varies in the same direction as a cost driver but not in direct proportion and has both a fixed and a variable component. |

VI. Complete each sentence with a phrase from the box.

overhead costs, cost finding, prime costs, the company's products, activity-based costing, fixed costs

1. A major factor in business planning is the cost of producing ...
2. The methods of ... are used to estimate the costs incurred in manufacturing specific products.
3. ... can be traced directly to a specific batch, or job lot, of products.
4. ... can be traced only to the factory as a whole and not to individual job orders.
5. ... is based on the fact that many costs are driven by factors other than product volume.
6. When a management decision changes the company's ..., the change is unlikely to be proportional to the change in volume.

VII. The following statements have mistakes. Correct them.

1. A variable cost does not change in total as the amount of cost driver changes.
2. A fixed cost changes in total in direct proportion to the change in the level of cost driver.
3. Process costing can't be used in continuous production processes.
4. Overhead costs are traced to job lot.
5. Activity-based costing is the process of estimating costs after production takes place.

**VIII. Read the text and answer the question:
What does the process of allocation mean?**

Many production costs are incurred in departments that don't actually produce goods or provide salable services. Instead, they provide services or support to the departments that do produce products. Examples include maintenance departments, quality control departments, and internal power plants. Estimates of these costs are included in the estimated overhead costs of the production departments by a process known as allocation – that is, estimated service department costs are allocated among the production departments in proportion to the amount of service or support each receives. The departmental overhead rates then include provisions for these allocated costs.

IX. Translate the text in the written form.

Cost and profit analysis.

Accountants share with many other people the task of analyzing cost and profit data in order to provide guidance in managerial decision making. Even if the analytical work is done largely by others, they have an interest in analytical methods because the systems they design must collect data in forms suitable for analysis.

Managerial decisions are based on comparisons of the estimated future results of the alternative courses of action that the decision maker is choosing among. Recorded historical accounting data, in contrast, reflect conditions and experience of the past. Furthermore, they are absolute, not comparative, in that they show the effects of one course of action but not whether these were better or worse than those that would have resulted from some other course.

For decision making, therefore, historical accounting data must be examined, modified, and placed on a comparative basis. Even estimated data, such as budgets and standard costs, must be examined to see whether the estimates are still valid and relevant to managerial comparisons. To a large extent, this job of review and restatement is an accounting responsibility. Accordingly, a major part of the accountant's preparation for the profession is devoted to the study of methods and principles of analysis for managerial decision making.

X. Using the information from the texts

1. Name all the methods of cost finding you know.
2. Explain the difference between them.

UNIT XVII

PURPOSES OF ACCOUNTING SYSTEMS

Wordlist

| | | |
|---------------|---|--|
| audit | перевірка, ревізія | проверка, ревизия |
| completion | завершення, закінчення | окончание, завершение |
| entail | викликати, спричиняти | влечь за собой, вызывать |
| fictitious | фіктивний, вигаданий | фиктивный, вымышленный |
| fidelity | точність, вірність | точность, правильность |
| lessor | орендодавець | арендодатель |
| observe | наглядати, стежити | наблюдать, следить |
| payroll | платіжна відомість | платежная ведомость |
| reimbursement | компенсація, відшкодування | компенсация, возмещение |
| sample | зразок | образец |
| submit | надавати | предоставлять |
| tax returns | податкова декларація, розрахунок податку | налоговая декларация, расчет налога |
| theft | крадіжка | кража, воровство |

I. Guess the meaning of the international words.

Audit, report, budget, process, factor, operation, system, manager, outsider, document, instruction, check, creditor, duplication, rule, regulation, technique, standard.

II. Read the text and find out what accounting systems provide.

Accounting systems are designed mainly to provide information that managers and outsiders can use in decision making. They also serve other purposes: to produce operating documents, to protect the company's assets, to provide data for company tax returns, and, in some cases, to provide the basis for reimbursement of costs by clients or customers.

The accounting organization is responsible for preparing documents that contain instructions for a variety of tasks, such as payment of customer bills or preparing employee payrolls. It also must prepare documents that serve what might be called private information purposes, such as the employees' own records of their salaries and wages. Many of these documents also serve other accounting purposes, but they would have to be prepared even if no information reports were necessary. Measured by the number of people involved and the amount of time required, document preparation is one of accounting's biggest jobs.

Accounting systems must provide means of reducing the chance of losses of assets due to carelessness or dishonesty on the part of employees, suppliers, and customers. Asset protection devices are often very simple; for example, many restaurants use numbered meal checks so that waiters will not be able to submit one check to the customer and another, with a lower total, to the cashier. Other devices entail a partial duplication of effort or a division of tasks between two individuals to reduce the opportunity for unobserved thefts.

These are all part of the company's system of internal control. Another important element in the internal control system is internal auditing. The task of internal auditors is to see whether prescribed data handling and asset protection procedures are being followed. To accomplish this, they usually observe some of the work as it is being performed and examine a sample of past transactions for accuracy and fidelity to the system. They may insert a set of fictitious data into the system to see whether the resulting output meets a predetermined standard. This technique is particularly useful in testing the validity of the programs that are used to process data through electronic computers.

The accounting system must also provide data for use in the completion of the company's tax returns. This function is the concern of tax accounting. In some countries financial accounting must obey rules laid down for tax accounting by national tax laws and regulations.

III. Answer the following questions.

1. What are the purposes of accounting system?
2. What is the accounting organization responsible for?
3. How are asset protection devices used?
4. What is the task of internal auditors?
5. Why is the technique of processing data through electronic computers used?

IV. What meaning have the following word combinations?

Operating documents, the company's assets, tax returns, reimbursement of costs, employee payrolls, asset protection devices, unobserved thefts, past transactions, fictitious data, predetermined standard.

V. Complete each sentence with a phrase from the box.

accounting systems, past transactions, tax returns, internal auditors, payrolls

1. ... are designed to provide information that managers and outsiders use in decision making.
2. Accounting systems provide data for company ...
3. Accounting organizations prepare employee ...
4. The task of ... is to see whether prescribed data handling and asset protection procedures are being followed.
5. Examining samples of ... for accuracy and fidelity is the task of internal auditors.
6. Providing data for use in the completion of the company's ... is the concern of tax accounting.

VI. Read the text and answer the question: "What is the task of public auditing?"

Audit

Audit is examination of the records and reports of an enterprise by accounting specialists other than those responsible for their preparation. Public auditing by

independent accountants has acquired professional status and become increasingly common with the rise of large business units and the separation of ownership from control. The public accountant performs tests to determine whether the management's statements were prepared in accord with acceptable accounting principles and fairly present the firm's financial position and operating results; such independent evaluations of management reports are of interest to actual and prospective shareholders, bankers, suppliers, lessors, and government agencies.

In English-speaking countries, public auditors are usually certified, and high standards are encouraged by professional societies. Most European and Commonwealth nations follow the example of the United Kingdom, where government-chartered organizations of accountants have developed their own admission standards.

VII. Read the text. Divide it into paragraphs. Give the title for each part. Retell the text.

Bookkeeping

Bookkeeping is the recording of the money values of the transactions of a business. Bookkeeping provides the information from which accounts are prepared but is a distinct process, preliminary to accounting.

Essentially bookkeeping provides two kinds of information: (1) the current value, or equity, of an enterprise and (2) the change in value-profit or loss-taking place in the enterprise over a given period of time. Management officials, investors, and creditors all require such information: management in order to interpret the results of operations, to control costs, to budget for the future, and to make financial policy decisions; investors in order to interpret the results of business operations and make decisions about buying, holding, and selling securities; and credit grantors in order to analyze the financial statements of an enterprise in deciding whether or not to grant a loan.

Although bookkeeping procedures can be extremely complex, basically there are two types of books used in the bookkeeping process – journals and ledgers. A journal contains the daily transactions (sales, purchases, and so on), and the ledger contains the record of individual accounts. The daily records from the journals are entered in the ledgers. Each month, as a general rule, an income statement and a balance sheet are prepared from the trial balance posted in the ledger. The purpose of the income statement or profit-and-loss statement is to present an analysis of the changes that have taken place in the ownership equity as a result of the operations of the period. The balance sheet shows the financial condition of a company at a particular date in terms of assets, liabilities, and the ownership equity.

VIII. Using the information from the text

1. Name all purposes of accounting systems.
2. Describe the company's system of internal control.
3. Explain the function of bookkeeping.

UNIT XVIII

THE EFFECTS OF GLOBALIZATION ON ACCOUNTING

Wordlist

| | | |
|---------------|---------------------------------|----------------------------------|
| credential | освіта, досвід, навички | образование, опыт, навыки |
| epitomize | характеризувати, уособлювати | характеризовать, представлять |
| establishment | створення, установа | создание, учреждение |
| compliance | відповідність | соответствие |
| impose | нав'язувати, налагати | навязывать, налагать |
| overshadow | затінювати, відкидати | затенять, отбрасывать |
| promulgate | поширювати, проголошувати | распространять, провозглашать |
| shortcoming | відсутність, недолік | отсутствие, недостаток |
| threat | загроза | угроза |

I. Read the text and explain the effects of globalization on accounting.

Globalization refers to the ever-changing process of integration and interaction among governments, people and companies. The key three things that promulgate globalization include investment, international trade and information technology. Globalization is like a wave that takes the world to another level and places it to greater heights every day. Notably, globalization process comes with both negative and positive effects on accounting. This is visible in the sense that, globalization imposes new professional and personal challenges on accounting and creates new career opportunities to individuals embracing the incessant accelerating change that epitomizes globalization. Accountants who recognize the opportunities presented by globalization prepare and capitalize on them; hence, they have little or no fear of the challenges that globalization present to the accounting profession and practice. In comparison, accountants denying the foreseeable effects of globalization might face an extremely difficult future of their career.

The International Federation of Accounting firmly believes in the establishment of a single and high quality collection of universal standards, set in the interest of the public by an international professional body. The assumption prior to the emergence of globalization was that a single and high quality collection of accounting standards would increase efficiency in the capital markets.

Globalization is transforming the balance among the many disciplines in the accounting field. Historically, the accounting profession, not only in the United States but also in the entire world appeared to be concentrating on the preparation and auditing of financial statements. Many individuals think of Certified Public Accountants (CPAs) and other practitioners of accounting when mentioning financial accounting. However, in other parts of the world, management accounting discipline is a division of the accounting field. Management accounting and financial accounting are two different professions in such regions. Management accounting, as a sub discipline, deals with financial and non-financial information to support a range of managerial decisions. On the other hand, financial accounting concentrates on financial data only to support both creditors' and investors' decisions on capital

allocation. Management accounting primarily focuses on improving business performance but not ensuring that the business conforms to the set standards. From this perspective, it is obvious that financial accounting overshadows management accounting.

The overshadowing of management accounting because of globalization has resulted in economic challenges promulgated by managerial shortcomings. It is apparent that foreign enterprises heavily depend on management accounting to achieve their objectives in global markets.

Globalization affects three accounting professionals, which include accountants working for Security and Exchange Commission; accountants working for enterprises expanding internationally; and accountants whose skills, knowledge, and abilities limit them to performing compliance-oriented work. The first two categories of accountants are extremely critical because of the diminishing relevance of knowledge, skills and abilities based on GAAP.

Another threat, which is an effect on accountants, is loss of employment. The third category of accountants having limited skills, knowledge and skills are likely to jobs to colleagues possessing additional management accounting abilities. This is because the additional talents match up the talents of the available foreign competitors in order to compete effectively.

On the other hand, other accounting professionals will benefit from the increased globalization. The first most likely group of accountants to benefit is accountants expanding their skills, knowledge and abilities in order to adapt to the changing international standards of accounting. The second most likely group of accountants that will benefit from globalization are accountants complementing their compliance-oriented skills and abilities with performance-oriented skills and abilities of management accounting. These two groups of accountants are capable of taking advantage of career opportunity both in their home country and abroad.

Globalization has made accountants to seek for adjustments in order to meet the universal accounting standards. As a result, accountants having limitations have to widen their knowledge, enhance their skill, abilities and credentials. Many accountants have resorted to acquiring education, which is desirable in for career success in the extremely globalized universe. The internet, which also plays an integral role in globalization, has become one of the most important sources of information. In addition, some accountants take online studies enabling them to acquire the internationally recognized credentials such as the Certified Internal Auditor (CIA) and Certified Management Accountant (CMA).

Globalization has various effects regarding the accepted standards of accounting, which include the rise of alternative standards that assume an important level. Globalization is transforming the balance among the many disciplines in the accounting field.

II. Answer the following questions.

1. What are the key three things that promulgate globalization?
2. What are the positive and negative effects of globalization process on accounting?
3. Which organization has provided the high quality collection of accounting and reporting standards?

4. What three categories of accounting professionals does globalization affect?
5. Why is loss of employment a threat for some categories of accountants?
6. What are the benefits from the increased globalization?
7. How does the internet influence the globalization process in the field of accounting?
8. What is globalization transforming?

III. What meaning have the following word combinations?

Accounting professionals, internationally recognized credentials, universal accounting standards, effects of globalization process, foreign competitors, managerial shortcomings, universal standards.

IV. Match the two parts of the sentences.

| | |
|---|---|
| 1. Accounting professionals will benefit | a) and personal challenges on accounting. |
| 2. Management accounting focuses on | b) from the increased globalization. |
| 3. Globalization imposes new professional | c) an integral role in globalization. |
| 4. Some accountants take online studies | d) improving business performance. |
| 5. The internet plays | e) enabling them to acquire the internationally recognized credentials. |

V. Complete the extract with an appropriate phrase from the box.

business, need, ventures, audit, investment, accounting

During the last twenty years, in most countries of the world even more in emergent economies - the ... profession has undergone significant changes. Liberalization policies, privatization of state corporate companies, increasing foreign ... and stock market activity, new tax regulations have stimulated the demand for accountancy, audit, and financial services. Laws on accounting standards systems are progressively replaced by the adoption of international accountancy and ... standards. The activities of international audit firms have developed with the expansion of transnational corporation, the multiplication of joint ... and franchised companies. The consequences of these changes have taken different forms in different contexts. There is a clear emphasis on the ... for fundamental change in every aspect of ... from governance and leadership through to approaches to innovation.

VI. Write down the summary of text I.

VIII. Using the information from the text

1. Name opportunities and challenges globalization creates.
2. Describe the benefits of the accounting professionals from the increased globalization.
3. Explain what accountants should do to enhance their skill, abilities and credentials.

KEY TERMS GLOSSARY

| | |
|--|--|
| Account | A record of the accumulated results of accounting events affecting particular asset, liability, or owners' equity items |
| accounts payable | A liability representing the company's obligation to external suppliers of goods or services |
| accounts receivable | An asset representing the company's right to receive money from customers |
| accounting | The recording, classifying, summarizing, and interpreting of financial events and transactions to provide management and other interested parties the information they need to make better decisions |
| accounting cycle | Formal process by which companies record accounting information, transfer it to specific accounts, and assemble it for the preparation of financial statements |
| accounting equation | Assets = Liabilities + Owners' equity |
| accounting event | An economic event that is specific to the entity, is measurable, and changes the entity's rights and/or obligations |
| accounting system | A system used to identify, analyze, measure, record, summarize, and communicate relevant economic information to interested parties |
| actual manufacturing overhead | The amount of overhead incurred during the period, recorded as debits to Manufacturing Overhead for each cost pool when the cost is incurred |
| annual report | The report provided to stockholders and other external users that contains general information about the company as well as the financial statements for the fiscal period |
| asset | A right to use resources that are expected to have future economic benefits for the entity |
| balance sheet (statement of financial position) | The financial statement designed to show the assets, liabilities, and owners' equity of the entity at the end of the period covered by the income statement |
| benefit | Something that provides business resources or reduces consumption |
| bond | A certificate that represents the debt of a company |
| budget | A plan for the future expressed in financial terms |
| budgeting | The process of expressing the company's goals and objectives in quantitative terms |

| | |
|---------------------------|--|
| capital | An owners' equity account in a sole proprietorship or partnership |
| cash budget | A budget that shows the expected cash receipts and disbursements from activities for the coming period |
| chart of accounts | A list of all a company's general ledger accounts by name and number |
| conversion cycle | The sequence of manufacturing events that combines raw materials with labor and other manufacturing resources to produce products |
| cost | Something that requires the use of business resources |
| cost of goods sold | An expense that represents the company's cost of the products sold to customers |
| cost driver | The means of measuring activity that reflects consumption of resources; that which causes costs to change |
| credit (Cr) | Any dollar amount entered on the right-hand side of an account |
| current asset | An asset expected to be converted to cash or consumed within a year |
| current liability | A liability expected to be discharged within a year |
| current ratio | The ratio of total current assets to total current liabilities, which measures the ability of the company to meet its current obligations |
| debit (Dr) | Any dollar amount entered on the left-hand side of an account |
| direct labor cost | The cost of the employees whose jobs directly relate to the manufacture of products |
| economic event | A situation that occurs which, when acted on, affects an entity's wealth |
| equity | Obligations of the business to transfer resources of the company to other parties at some time in the future |
| expenditure | Cash payment made to acquire goods and services, reduce liabilities, or reward owners for their interest in the firm |
| expense | The amount incurred in an attempt to generate revenue |
| expense event | Either a decrease in assets or an increase in liabilities and a decrease in owner's equity resulting from the operations of the business |
| FIFO | First-in, first-out: a cost flow assumption that presumes inventory purchases (costs) are charged to cost of goods sold in chronological order |
| financial accounts | The information provided by the financial accounting subsystem |

| | |
|---------------------------------|---|
| information | |
| financial statements | A collective term used to describe the information communicated to external users by the financial accounting subsystem |
| finished goods inventory | An asset that represents a company's right to use finished products |
| fixed cost | A cost that is constant in total as the amount of cost driver changes but changes per unit as the cost driver changes throughout the relevant range |
| flexible budget | A budget prepared to reflect the actual production level of the period |
| general journal | A chronological record of the accounting events which shows both the debit and credit side of each accounting event |
| general ledger | The record of all a company's accounts |
| horizontal analysis | Comparison of each item on a financial statement with that same item on statements from previous periods |
| historical cost | The cash or cash equivalent value that either changed hands, or became obligated when an accounting event occurred |
| income statement | The financial statement designed to show the revenues, expenses, and the resulting net income for a period of time |
| indirect labor cost | The cost of production employees who do not actually produce the products but provide other needed services |
| internal auditor | A private accountant responsible for assessing the company's internal control system |
| inventory | An asset that the company intends to sell to customers |
| job order costing system | A product costing system that accumulates production costs based on individual jobs or batches |
| LIFO | Last-in, first-out: a cost flow assumption that presumes inventory purchases (costs) are charged to cost of goods sold in reverse chronological order |
| limited liability | The condition which indicates that investors are not personally liable for the debts of the business |
| limited partnership | A partnership composed of one or more general partners and one or more limited partners |
| liquidity | The time required to convert an asset into cash or use it in operations |

| | |
|---------------------------------------|---|
| long-term asset | An asset expected to be used for more than a year |
| long-term liability | A liability expected to be discharged after a year |
| loss | A decrease in assets or increase in liabilities and a decrease in owners' equity resulting from events that are incidental to the ongoing operations of the firm, with the exception of distributions to owners |
| mandated budgeting | A budgeting system that relies on predetermined standards set by upper levels of management that are passed down to lower levels of an organization |
| marketing function | The function responsible for determining the wants and needs of consumers and devising a system for distributing the goods and services they demand |
| merchandise inventory | The goods a company acquires with the intent of selling |
| mixed cost | A cost that varies in the same direction as a cost driver but not indirect proportion, and has both a fixed and a variable component (also known as a semivariable cost) |
| net income (accounting income) | The difference between revenue and expense in a certain time period |
| net price method | A method of recording the acquisition of inventory that assumes the cost of merchandise inventory is the purchase price less any available cash discount |
| nominal account | A temporary account relating to a given period of time |
| owner's equity | The obligation of a business to transfer residual resources to owners in the event that the business ceases operations |
| participative budgeting | A budgeting system that allows individuals who are affected by the budget to have input into the budgeting process |
| product cost | A cost incurred in connection with the production of products for resale in a manufacturing company |
| product mix | In a multiple-product company, the total of all products sold |
| ratio analysis | The relationship between two or more accounts on the same statement or accounts from two different statements related by the transactions they represent |
| raw materials inventory | An asset representing the company's right to use raw materials |
| replacement cost | The cost of producing or otherwise acquiring a similar item |

| | |
|-------------------------------------|--|
| revenue | The amount earned by a company for providing goods and services to customers |
| sales budget | a budget that shows the expected sales for the period in both physicals (quantity) and financial (dollar) terms |
| statement of cash flows | The financial statement designed to show a business's cash inflows and outflows as well as the net change in the cash balance for the same time period as the income statement |
| statements of owners' equity | The financial statement designed to show the changes that occurred in owners' equity for the period of time covered by the income statement |
| trial balance | An internal document showing a company's account or balances to verify the equality of debits and credits |
| variable cost | A cost that varies in total in proportion to the change in cost driver level but remains constant per unit of cost driver throughout the relevant range |
| vertical analysis | Analysis of the relative size of items to a base item within one |

VOCABULARY

A a

| | | |
|---|--|--|
| abacus | рахівниця | счета |
| absorbed overhead costs | розмір накладних витрат | величина накладных расходов |
| absorption costing | калькуляція повної собівартості | калькуляция полной себестоимости |
| absorption rate | нормативна ставка накладних витрат | нормативная ставка накладных расходов |
| account | бухгалтерський рахунок | бухгалтерский счет |
| accountant | кваліфікований бухгалтер | квалифицированный бухгалтер |
| accounting | бухгалтерський облік | бухгалтерский учет |
| accounting clerk | рахівник, конторський службовець | счетовод, конторский служащий |
| accounting cycle | обліковий цикл | учетный цикл |
| accounting equation | балансове рівняння | балансовое уравнение |
| accounting measurement | вимірники в обліку | измерители в учете |
| accounting record | обліковий запис | учетная запись |
| accounting standards | стандарти бухобліку | стандарты бухучета |
| Accounting Standards Steering Committee | Комітет з керування бухгалтерськими стандартами | Комитет по управлению бухгалтерскими стандартами |
| accounting transaction | бухгалтерська операція, проводка | бухгалтерская операция, проводка |
| accounts payable | дебіторська заборгованість | дебиторская задолженность |
| accounts receivable | кредиторська заборгованість | кредиторская задолженность |
| accruals | начислення | начисления |
| accrue | начислювати | начислять |
| accumulate | накопичувати(ся), нараховувати | накапливать(ся), начислять |
| accuracy | точність, правильність | точность, правильность |
| activity-based costing | калькуляція собівартості, при якій витрати збираються по всьому технологічному процесу | калькуляция себестоимости, при которой затраты собираются по всему технологическому процессу |
| actual cost | фактична собівартість | фактическая себестоимость |
| adaptability | приспосовування | приспособляемость |
| advance | авансовий платіж | авансовый платеж |
| advertising expenses | витрати на рекламу | расходы на рекламу |
| allocation (of costs) | розподіл | распределение |

| | | |
|------------------------|--------------------------------------|---|
| allowance | знижка, уцінка | скидка, уценка |
| amalgamation | об'єднання компаній | объединение компаний |
| amount | сума, кількість; дорівнювати | сумма, количество; составлять (сумму) |
| annual report | щорічний звіт | годовой отчет |
| anticipate | чекати, передбачати | ожидать, предвидеть |
| approach | підхід | подход |
| appropriate | виділяти, надавати | выделять, присваивать |
| article of association | установчий документ | учредительный документ |
| assemble | збирати | собирать |
| assess | оцінювати, визначати | оценивать, определять |
| | розмір | размер |
| assessment | оцінювання | оценка |
| assets | активи, капітал | активы, капитал |
| asset value | номінальна вартість активів компанії | номинальная стоимость активов компании |
| assign | визначати, закріплювати | определять, закреплять |
| assure | забезпечувати | обеспечивать |
| audit | перевірка, ревізія | проверка, ревизия |
| auditor | аудитор | аудитор |
| authenticity | аутентичність | аутентичность, подлинность |
| available | наявний, доступний | наличный, доступный |
| available funds | наявні кошти | наличные средства |
| available income | наявний прибуток | реальная прибыль |
| average | середній, середня кількість | средний, среднее количество |

В в

| | | |
|---------------------|--|--|
| bad debts | безнадійні борги | безнадежные долги |
| balance | баланс, сальдо | баланс, сальдо |
| balance sheet | балансовий звіт, балансовий рахунок | балансовый отчет, балансовый счет |
| bank account | банківський рахунок | банковский счет |
| bank charges | вартість послуг банку | стоимость услуг банка |
| bank credit card | банківська кредитна картка | банковская кредитная карточка |
| banknote | кредитний білет, банкнота | кредитный билет, банкнота |
| bank statement | выписка з банківського рахунку | выписка из банковского счета |
| barter economy | бартерна економіка | бартерная экономика |
| batch | партія виробів, замовлення | партия изделий, заказ |
| beginning inventory | запас товарно-матеріальних цінностей на початок року | запас товарно-материальных ценностей на начало года |

| | | |
|----------------------|---|---|
| benefit | вигода. користь, пільга, привілей | выгода, польза, льгота, привилегия |
| bill | рахунок, пред'являти рахунок | счет, предъявлять счет |
| bond | облігація, тривале зобов'язання | облигация, долговое обязательство |
| bond certificate | сертифікат облігації | сертификат облигации |
| bookkeeper | бухгалтер | бухгалтер |
| bookkeeping | рахівництво, ведення облікових реєстрів | счетоводство, ведение учетных регистров |
| book value | облікова/балансова вартість | учетная/балансовая стоимость |
| budget | бюджет, кошторис прибутків та витрат | бюджет, смета доходов и расходов |
| budgeting | складання бюджету | составление бюджета |
| business | бізнес, справа, підприємство | бизнес, дело, предприятие |
| business decision | ділове рішення | деловое решение |
| business transaction | господарська операція | хозяйственная операция |

С с

| | | |
|---------------------|---|--------------------------------------|
| capital | капітал, частка власника | капитал, доля владельца |
| capital assets | основний капітал | основной капитал |
| capital expenditure | капітальні витрати | капитальные затраты |
| capital gain | прибутки від зростання вартості активів | доходы от прироста стоимости активов |
| capital stock | акціонерний капітал | акционерный капитал |
| career | кар'єра, діяльність, успіх | карьера, работа, успех |
| cash | грошові кошти, каса | денежные средства, касса |
| cash at bank | гроші в банку | деньги в банке |
| cash available | наявність готівки | наличие денежных средств |
| cash budget | бюджет грошових коштів | бюджет денежных средств |
| cash disbursements | грошові витрати | денежные расходы |
| cash flow | потік/рух коштів | поток/движение средств |
| statement | звіт про рух готівки | отчет о движении денежных средств |
| cash in hand | готівка | наличные деньги |
| cash payment | платіж готівкою | наличный платеж |
| cause | визивати, спричиняти | вызывать, быть причиной |
| cease | припиняти | прекращать |
| charging | нарахування | начисление |
| chart of accounts | план рахунків | план счетов |
| cheque | чек | чек |
| chief accountant | головний бухгалтер | главный бухгалтер |
| claim | стверджувати, заявляти | утверждать, заявлять |
| closure | закриття | закрытие |

| | | |
|----------------------------------|--|---|
| coin | монета | монета |
| complete | закінчувати | завершать |
| completeness | повне висвітлення | полное освещение |
| completion | завершення, закінчення | окончание, завершение |
| commerce | торгівля, комерція | торговля, коммерция |
| company | корпорація, компанія | корпорация, компания |
| compulsory fee | обов'язковий збір | обязательный сбор |
| conformity | відповідність | соответствие |
| consistency | послідовність | последовательность |
| consolidated accounts | зведені рахунки | сводные счета |
| consolidated financial statement | зведений фінансовий звіт | сводный финансовый отчет |
| consume | споживати, витратити | потреблять, расходовать |
| consumer | споживач | потребитель |
| consumer market | ринок споживачів | потребительский рынок |
| contend | стверджувати, заявляти | утверждать, заявлять |
| conventional | звичайний, нормальний | обычный, нормальный |
| cost | ціна, вартість, собівартість | цена, стоимость, себестоимость |
| costing | калькуляція собівартості | калькуляция себестоимости |
| costs | витрати | расходы |
| cost accounting | облік виробничих витрат | учет производственных расходов |
| cost and profit analysis | аналіз очікуваних витрат та прибутків | анализ ожидаемых расходов и прибыли |
| cost finding | визначення витрат | определение расходов |
| cost performance | економічна ефективність | экономическая эффективность |
| credit ("Cr") | кредит, кредитова сторона рахунку | кредит, кредитовая сторона счета |
| credit terms | кредитні умови | кредитные условия |
| cumulative | сукупний, накопичений | совокупный, накопленный |
| current assets | оборотні кошти | оборотные средства |
| current liabilities | короткотермінова заборгованість, що має бути повернена на протязі року | краткосрочная задолженность, подлежащая возврату в течение года |
| customer | покупець, клієнт | покупатель, клиент |
| customer accounting | облік клієнтів | учет клиентов |

D d

| | | |
|-----------------|---------------------------------|--------------------------------|
| data processing | обробка даних | обработка данных |
| debit ("Dr") | дебет, дебетова сторона рахунку | дебет, дебетовая сторона счета |
| debit card | платіжна (дебетова) картка | платежная (дебетовая) карточка |

| | | |
|-------------------------------|---|--|
| decline | спад, зменшення | падение, снижение |
| decline in market value | зменшення ринкової вартості | снижение рыночной стоимости |
| declining-charge depreciation | дегресивне нарахування | дигрессивное начисление износа |
| deduct | відраховувати, утримувати | вычитать, удерживать |
| deferral | відстрочка | отсрочка |
| deferred taxes | відстрочені податкові платежі | отсроченные налоговые платежи |
| deficit | дефіцит | дефицит |
| deflation | дефляція (зниження рівня цін) | дефляция (снижение уровня цен) |
| delay | затримувати | задерживать |
| deliver | доставляти | поставлять |
| depreciation | знецінювання, амортизація, зниження вартості | обесценивание, амортизация, снижение стоимости |
| depreciation rate | коефіцієнт нарахування зношення | коэффициент начисления износа |
| derive | одержувати, отримувати | получать, извлекать |
| designation | призначення на посаду | назначение на должность |
| direct costing | калькуляція собівартості за перемінними витратами | калькуляция себестоимости по переменным затратам |
| direct costs | прямі витрати | прямые затраты |
| disagreement | незгода (аудиторів) | несогласие (аудиторов) |
| disclosure | розкриття, розголошення | раскрытие, разглашение |
| discount | знижка з ціни | скидка с цены |
| dissolution | ліквідація (підприємства) | ликвидация (предприятия) |
| distribution | розподіл | распределение |
| distribution costs | витрати з реалізації | расходы по реализации |
| dividend | дивіденд | дивиденд |
| dividends received | отримані дивіденди | полученные дивиденды |
| double-entry system | система подвійного запису (система обліку, при якій кожна операція відображається одночасно по дебіту одного, та кредиту другого бухгалтерського рахунку) | система двойной записи |
| double taxation | подвійне оподаткування | двойное налогообложение |

E e

| | | |
|------|-------------------------|---------------------------|
| earn | заробляти, накопичувати | зарабатывать, накапливать |
|------|-------------------------|---------------------------|

| | | |
|----------------------------|---|--|
| earned income | прибуток від основної діяльності | доход от основной деятельности |
| economic entity | суб'єкт, що господарює | хозяйствующий субъект |
| electronic data processing | електронна обробка даних | электронная обработка данных |
| employee | службовець, працюючий за наймом | служащий, работающий по найму |
| employer | наймач, роботодавець | наниматель, работодатель |
| ending inventory | запас товарно-матеріальних цінностей на кінець року | запас товарно-материальных ценностей на конец года |
| end-of-period balance | сальдо на кінець періоду | сальдо на конец периода |
| ending balance | кінцеве сальдо | конечное сальдо |
| error | помилка | ошибка |
| entail | викликати, спричиняти | влечь за собой, вызывать |
| entrepreneur | підприємець | предприниматель |
| entrepreneurship | підприємницька діяльність | предпринимательская деятельность |
| entry | запис, проводка, занесення | запись, проводка, занесение |
| entry-level job | перший ступінь кар'єри (нижча посада) | первая ступень карьеры (низшая должность) |
| equity | акція | акция |
| estimate | оцінка, кошторис, калькуляція | оценка, смета, калькуляция |
| evaluate | оцінювати, встановлювати вартість | оценивать, устанавливать стоимость |
| evaluation | оцінка | оценка |
| event | подія (господарчого життя) | событие (хозяйственной жизни) |
| evidence | дані, факти, доказ | данные, факты, доказательство |
| exceed | перевищувати | превышать |
| excess | перевищення | превышение |
| exchange rate | обмінний курс валюти | обменный курс валюты |
| excise duties | акцизний збір | акцизный сбор |
| expectation | очікування | ожидание |
| expenditures | витрати | расходы |
| expenses | витрати | расходы, затраты |
| expense | кошторис витрат | смета расходов |
| estimates | | |
| experience | досвід | опыт |
| explicit plan | докладний/точний план | подробный/точный план |
| external auditor | зовнішній аудитор | внешний аудитор |

extraordinary
profit

позареалізаційний прибуток

внеереализационная
прибыль

F f

| | | |
|--------------------------------|---|---|
| face interest rate | номінальна відсоткова ставка | номинальная процентная ставка |
| face value | номінальна вартість | номинальная стоимость |
| facilitate | полегшувати, сприяти | облегчать, способствовать |
| fairness | чесність, законність | честность, законность |
| fictitious | фіктивний, вигаданий | фиктивный, вымышленный |
| fidelity | точність, вірність | точность, правильность |
| FIFO (first in, first out) | метод оцінювання запасів за цінами останніх закупок | метод оценки запасов по ценам последних закупок |
| financial activities | фінансова діяльність | финансовая деятельность |
| financial assets | фінансові активи | финансовые активы |
| financial position | фінансовий стан | финансовое положение |
| financial statements | фінансова/бухгалтерська звітність | финансовая/бухгалтерская отчетность |
| fiscal year | податковий/фіскальний рік | налоговый/фискальный год |
| fixed assets | довготермінові активи | долгосрочные активы |
| fixed costs | постійні (незмінні) витрати | постоянные затраты |
| flexible | гнучкий | гибкий |
| flexibility principle | принцип гнучкості | принцип гибкости |

G g

| | | |
|-----------------------------|---|------------------------------------|
| gearing | платоспроможність | платежеспособность |
| general journal | бухгалтерський журнал | бухгалтерский журнал |
| general ledger | головна книга бухгалтерського обліку | главная книга бухгалтерского учета |
| general office clerk | конторський службовець | служащий офиса |
| general partner | головний партнер | главный партнер |
| going concern concept | поняття про діюче/ дієздатне підприємство; концепція безперервності | |
| goods available for sale | товари на продаж | товары для продажи |
| goods flow | рух товарів | движение товаров |
| goodwill | ”гудвіл”, вартість фірми | ”гудвил”, цена фирмы |
| gradually | поступово | постепенно |
| gross margin | валовий прибуток | валовая прибыль |
| gross method | метод ціни брутто | метод цены брутто |
| gross sales | валова сума продажу | валовая сумма продаж |

| | | |
|--------------------|-----------------------|------------------|
| group of companies | група компаній | группа компаний |
| growth | збільшення, зростання | рост, увеличение |

H h

| | | |
|-----------------|--|---|
| hard currency | тверда валюта | твердая валюта |
| head office | головний офіс | главный офис |
| hire | наймати на роботу | нанимать на работу |
| hire purchase | оренда із правом викупу | аренда с правом выкупа |
| hired worker | працюючий за наймом | наемный работник |
| historical cost | початкова (собі)вартість | первоначальная (себе)стоимость |
| hold assets | володіти капіталом | владеть капиталом |
| holding company | холдингова компанія | холдинговая компания |
| holding gain | прибуток від збільшення вартості активів | доход от увеличения стоимости активов |
| holding loss | збиток від зменшення вартості активів | убыток от уменьшения стоимости активов |
| homogeneous | однорідний, гомогенний | однородный, гомогенный |
| hourly rate | погодинна ставка заробітної плати | почасовая ставка заработной платы |

I i

| | | |
|----------------------------|---|---|
| identify | встановлювати дійсність | устанавливать подлинность |
| immediately | негайно | немедленно |
| immovable property | нерухоме майно | недвижимое имущество |
| imply | припускати, підозрювати | предполагать, подразумевать |
| increment | приріст, прибуток | прирост, увеличение |
| index | показник | показатель |
| indirect costs | непрямі витрати | косвенные расходы |
| in excess of | понад, більш ніж | сверх, больше чем |
| inevitably | неминучо | неизбежно |
| inflation | інфляція | инфляция |
| inflow | приплив, надходження | приток, поступления |
| injection | ”впорскування” | ”впрыскивание” |
| income | прибуток, виручка | доход, выручка |
| income tax | прибутковий податок | подходный налог |
| inspection | інспекція, ревізія | инспекция, ревизия |
| interest at the rate | ставка проценту | процентная ставка |
| interest expenses | витрати на виплати відсотків за облігаціями | затраты на выплату процентов по облигациям |
| interest on the investment | процент з капіталовкладень | процент по капиталовложениям |
| interest revenue | дохід у вигляді відсотків | доход в виде процентов |

| | | |
|---------------------------|---|---|
| internal auditor | внутрішній ревізор | внутренний ревизор |
| interpret | пояснювати | объяснять |
| inventory | товарно-матеріальні цінності, наявні вироби, запас | товарно-материальные ценности, наличные товары, запас |
| investing activities | інвестиційна діяльність | инвестиционная деятельность |
| investor | інвестор | инвестор |
| invoice | інвойс | счет-фактура |
| involve | включати в себе, передбачати | включать в себя, предполагать |
| issuance of bonds | випуск облігацій | выпуск облигаций |
| issued share capital | акціонерний капітал | акционерный капитал |
| insurance | страхування | страховка |
| insurance contribution | страховий внесок | страховой взнос |

J j

| | | |
|---------------------|--|--|
| job order | замовлення на виробництво | заказ на производство |
| job order costing | калькуляція витрат за виконанням замовлення | калькуляция издержек по выполнению заказа |
| joint stock company | акціонерне товариство | акционерное общество |
| joint venture | спільне підприємство, спільна діяльність | совместное предприятие, совместная деятельность |
| journal | обліковий реєстр | учетный регистр |
| journal entry | запис в журналі | запись в журнале |
| journalising | реєстрація господарчих операцій в журналі | регистрация хозяйственных операций в журнале |

K k

| | | |
|-------------------|---|--|
| keep cash on hand | мати готівку в розпорядженні | иметь наличные средства в распоряжении |
| keep records | вести бухгалтерський облік | вести бухгалтерский учет |
| know-how | виробничий досвід та знання (секрети); "ноу-хау" | производственный опыт и знания (секреты); "ноу-хау" |

L l

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|------------------|--------------------------------|------------------------------|
| labour costs | витати на оплату праці | затраты на оплату труда |
| lease accounting | облік оренди | учет аренды |
| leasehold | право оренди | право аренды |
| ledger | регістр бухгалтерського обліку | регистр бухгалтерского учета |
| legal capital | статутний капітал (фонд) | уставной капитал (фонд) |
| legal existence | законне існування | законное существование |
| lender | кредитор | кредитор, заимодавец |
| lessee | орендатор | арендатор |

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|---------------------------------|--|---|
| lessor | орендодавець | арендодатель |
| letter of credit | акредитив | аккредитив |
| leverage | платоспроможність | платежеспособность |
| liability | зобов'язання, пасив, відповідальність | обязательство, пассив, ответственность |
| license | ліцензія | лицензия |
| likely return on investments | імовірний прибуток на інвестований капітал | вероятная прибыль на инвестированный капитал |
| limited liability | обмежена відповідальність | ограниченная ответственность |
| limited liability company | компанія з обмеженою відповідальністю | компания с ограниченной ответственностью |
| liquidity | ліквідність (здібність підприємства сплатити свою кредиторську заборгованість) | ликвидность (способность предприятия оплатить свою кредиторскую задолженность) |
| loan | позика, кредит | заем, ссуда, кредит |
| lodge | подати, пред'явити | подать, предъявить |
| long-term bonds | довгострокові облігації | долгосрочные облигации |
| long-term liabilities | довгострокова кредиторська заборгованість | долгосрочная кредиторская задолженность |

M m

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|---------------------------------|---|---|
| maintain | зберігати, містити | сохранять, содержать |
| maintenance | обслуговування | обслуживание |
| manage | управляти, керувати, завідувати | управлять, руководить |
| management | адміністрація/керівництво компанії | администрация/управление компании |
| managerial accounting | управлінський облік | управленческий учет |
| mandated budgeting | процес складання бюджету керівництвом компанії | процесс составления бюджета руководством компании |
| manufacturing costs | виробничі витрати | производственные расходы |
| manufacturing overhead costs | виробничі накладні витрати | производственные накладные расходы |
| margin | (торговельна) знижка | (торговая) скидка |
| marginal costing | калькуляція собівартості за змінними витратами | калькуляция себестоимости по переменным затратам |
| marginal revenue | додатковий прибуток | добавочный доход |
| market economy | ринкова економіка | рыночная экономика |
| market value | ринкова вартість | рыночная стоимость |
| marketing research | вивчення ринку збуту | изучение рынка сбыта |

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|---------------------------------|---|--|
| mark up | торговельна націнка, надбавка до собівартості товарів | торговая наценка, надбавка к себестоимости товаров |
| means of storing up measurement | засіб накопичення вимірювання, підрахунок, обчислення | способ накопления измерение, подсчет, вычисление |
| merchandise | товари | товары |
| merchandise accounting | облік у торгівлі | учет в торговле |
| merger | злиття | слияние |
| mixed costs | умовно-постійні витрати | условно-постоянные затраты |
| modification | модифікація, видозміна | модификация, видоизменение |
| monetary assets | грошові кошти | денежные средства |
| monetary measure | грошовий вимірник | денежный измеритель |
| mortgage | застава, іпотека | закладная, ипотека |
| monitor | здійснювати поточний контроль | осуществлять текущий контроль |
| mutual obligations | взаємні зобов'язання | взаимные обязательства |

N n

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|-----------------------------|---|---|
| net assets | нетто-активи; активи, зменшені на суму привернутих коштів | нетто-активы; активы, уменьшенные на сумму привлеченных средств |
| net gain | чистий дохід | чистый доход |
| net income | чистий прибуток | чистая прибыль |
| net loss | чисті витрати | чистый убыток |
| net monetary assets | чисті грошові активи | чистые денежные активы |
| net method | метод нетто-ціни | метод нетто-цены |
| nominal accounts | номінальні/тимчасові рахунки | номинальные/временные счета |
| nominal currency | номінальна валюта | номинальная валюта |
| nominal value | номінальна вартість | номинальная стоимость |
| non-interest bearing note | безвідсотковий вексель | беспроцентный вексель |
| nonmonetary assets | негрошові кошти/активи | неденежные средства/активы |
| normal balance | нормальне сальдо | нормальное сальдо |
| non-for-profit organisation | бюджетна (неприбуткова) організація | бюджетная (неприбыльная) организация |

O o

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|--------------|------------------------------|------------------------------|
| objectivity | об'єктивність | объективность |
| observe | наглядати, стежити | наблюдать, следить |
| obsolescence | застарілість, моральний знос | устаревание, моральный износ |

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|----------------------|---------------------------|--------------------------|
| obtain | одержувати, отримувати | получать, приобретать |
| occur | відбуватися, траплятися | происходит, случается |
| offshore zone | офшорна зона | оффшорная зона |
| off-staff worker | позаштатний робітник | внештатный работник |
| on half pay | на півставки | на полставки |
| on the security of | в заставу | под залог |
| opening balance | сальдо на початок періоду | сальдо на начало периода |
| operating activities | основна діяльність | основная деятельность |
| operating income | виробничий прибуток | производственная прибыль |
| output | вироблена продукція | произведенная продукция |
| overhead costs | накладні витрати | накладные расходы |
| overpay | переплата | переплата |
| owe | заборгувати | быть должным |
| own | володіти, мати | владеть, иметь |
| owner | власник | владелец |
| owners' equity | (власний) капітал | собственный капитал |

P p

| | | |
|-------------------------|--|--|
| paid-up (share) capital | оплачений акціонерний капітал | оплаченный акционерный капитал |
| participative budgeting | процес складання бюджету за участю співробітників компанії | процесс составления бюджета при участии сотрудников компании |
| partnership | партнерство, товариство | партнерство, товарищество, общество |
| payroll | платіжна відомість | платежная ведомость |
| payroll register | розрахунково-платіжна відомість | расчетно-платежная ведомость |
| performance | виконання, робота, продуктивність | выполнение, работа, производительность |
| pledge | застава | залог |
| point | головне, суть, перевага | главное, суть, преимущество |
| portfolio | портфель цінних паперів | портфель ценных бумаг |
| post | складати проводки | составлять проводки |
| premises | приміщення | помещения |
| premium | премія | премия |
| prepayment | авансовий платіж | авансовый платеж |
| present value | поточна вартість | текущая стоимость |
| price competition | конкуренція в ціноутворенні | конкуренция в ценообразовании |
| pricing | ціноутворення | ценообразование |
| prime cost | собівартість | себестоимость |
| principal | номинал | номинал |

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|-----------------------------|---|---|
| process costing | калькуляція витрат виробництва за процесами | калькуляция издержек производства по процессам |
| processing | обробка (даних) | обработка (данных) |
| product costing | калькуляція собівартості | калькуляция себестоимости |
| product costs | собівартість продукції | себестоимость продукции |
| product development | розвиток виробництва, розробка продукту | развитие производства, разработка продукта |
| product planning | розробка нових продуктів | разработка новых продуктов |
| profit | прибуток, доход | прибыль, доход |
| profitability | прибутковість | прибыльность |
| profit and loss account | звіт про доходи і втрати, фінансовий звіт | отчет о прибылях и убытках, отчет о финансовых результатах |
| profit-making organisation | прибуткова організація | прибыльная организация |
| profit margin | рентабельність | рентабельность |
| promising product promotion | перспективний продукт сприяння у продажі (напр., реклама) | перспективный продукт содействие в продаже (напр., реклама) |
| property | майно, нерухомість, власність | имущество, недвижимость, собственность |
| provision | резерв | резерв |
| proxy | доручення | доверенность |
| purchase order | замовлення на купівлю | заказ на покупку |
| purchase price | ціна покупки | цена покупки |
| purchasing power | покупательська сила | покупательская сила |
| purchases discount | знижки з закупок | скидки с закупок |
| put into account | покласти на рахунок | положить на счет |

Q q

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|-------------------------|--------------------------------|---------------------------------|
| qualifications | застереження, обмеження | оговорки, ограничения |
| qualified audit opinion | аудиторська думка | аудиторское мнение |
| quick ratio | коефіцієнт строгої ліквідності | коэффициент строгой ликвидности |

R r

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|-----------------|--|--|
| ratio analysis | аналіз з використанням фінансових коефіцієнтів | анализ с использованием финансовых коэффициентов |
| real accounts | реальні рахунки | реальные счета |
| realized profit | фактичний прибуток | фактическая прибыль |
| receipt | надходження | поступления |
| receivables | дебіторська заборгованість | дебиторская задолженность |

| | | |
|-----------------------|---|---|
| reconciliation record | вивірка, звірка запис, вносити | выверка, сверка запись, вносить |
| redemption | погашення акцій/боргу | погашение акций/долга |
| reliability | надійність | надежность |
| remainder | залишок (на рахунку) | остаток (на счету) |
| remuneration | оплата за зроблені послуги, винагородження | оплата за оказанные услуги, вознаграждение |
| requirement | вимога | требование |
| resale | перепродаж | перепродажа |
| residual income | залишковий прибуток | остаточная прибыль |
| retained income | нерозподілений прибуток | нераспределенная прибыль |
| return | віддача, повернення | отдача, возврат |
| revenue(s) | прибуток, виручка | доход, выручка |
| revenue recognition | визнання прибутку | признание дохода |

S s

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|-----------------------------|--------------------------------|--|
| salary | оклад | оклад |
| sales | реалізація | реализация |
| sales budget | план з реалізації | план по реализации |
| sales discount | знижки з ціни продажу | скидки с продажной цены |
| sales on account | продаж товарів в кредит | продажа товаров в кредит |
| sales proceeds | прибуток від продажу | доход от продажи |
| sales slip | касовий чек | кассовый чек |
| sales tax | податок з продажу | налог с продажи |
| salvage value | ліквідаційна вартість | ликвидационная стоимость |
| securities | цінні папери | ценные бумаги |
| segment | частина, відрізок | часть, отрезок |
| selling expenses | витрати на збут | расходы на сбыт |
| selling price | ціна продажу | цена продажи |
| share capital | акціонерний капітал | акционерный капитал |
| share | акція, частка, пайка | акция, доля, пай |
| shareholder | акціонер | акционер |
| short-term assets | короткострокові оборотні кошти | краткосрочные оборотные средства |
| short-term liquid assets | ліквідні активи | ликвидные активы |
| source document | первинний документ | первичный документ |
| statement of cash flow | звіт про рух грошових коштів | отчет о движении денежных средств |
| statement of owners' equity | звіт про рух власного капіталу | отчет о движении собственного капитала |
| stewardship | керування | управление |
| stock | акція, інвентар, резерв | акция, инвентарь, резерв |
| stock certificate | акціонерний сертифікат | акционерный сертификат |

| | | |
|----------------------------|-------------------------------------|---------------------------------------|
| stockholder | акціонер | акционер |
| stock-in-trade | запас товарів, обладнання | запас товаров, оборудование |
| stock of assets | запас активів (капіталу) | запас активов (капитала) |
| straight-line depreciation | рівномірне нарахування зносу | равномерное начисление износа |
| substitute | змінювати, замінити | заменять, замещать |
| substantial deviations | істотні відхилення | существенные отклонения |
| sufficient | достатній | достаточный |
| summarize | узагальнювати | обобщать |
| supervise | спостерігати, завідувати | наблюдать, заведовать |
| supply and demand | пропозиція і попит | спрос и предложение |
| surplus | перевищення прибутків над витратами | превышение доходов над расходами |
| survive | виживати, зберігати працездатність | выживать, сохранять работоспособность |

T t

| | | |
|-----------------|-------------------------------------|-----------------------------------|
| T-account | T-модель рахунку; схема рахунку | T-модель счета; схема счета |
| tangible assets | матеріальні активи | материальные активы |
| target | мета, планове завдання | цель, плановое задание |
| tax | податок | налог |
| taxable income | прибуток, що обкладається податком | налогооблагаемый доход |
| tax allowance | податкова пільга | налоговая льгота |
| taxation | оподаткування | налогообложение |
| tax avoidance | відхилення від оподаткування | уклонение от налогообложения |
| tax credit | податковий кредит | налоговый кредит |
| tax evasion | уникнення від сплати податків | уклонение от уплаты налогов |
| tax revenue | збирання податків | сбор налогов |
| terminal value | остаточна сума | окончательная сумма |
| title | право власності | право собственности |
| total assets | загальна вартість активів | общая стоимость активов |
| total income | підсумковий прибуток | итоговая прибыль |
| total revenues | загальні прибутки | общие доходы |
| trade credit | комерційний кредит | коммерческий кредит |
| trademark | торгова марка | торговая марка |
| transaction | транзакція, операція, угода | транзакция, операция, сделка |
| transfer | акт перенесення, об'єкт передавання | акт перенесения, предмет передачи |
| trial balance | пробний баланс | пробный баланс |

| | | |
|------------------|---------------------------|----------------------------|
| true recognition | достовірне відображення | достоверное отражение |
| trustee | довірена особа | доверенное лицо |
| truthfulness | вірогідність (інформації) | достоверность (информации) |
| turnover | товарообіг | товарооборот |

U u

| | | |
|--------------------------|-----------------------------|--------------------------------|
| unappropriated profits | нерозподілений прибуток | нераспределенная прибыль |
| uncollectible accounts | безнадійні борги | безнадежные долги |
| unearned revenues | прибутки майбутніх періодів | доходы будущих периодов |
| unit cost | собівартість виробів | себестоимость изделий |
| unincorporated business | неакціонерна компанія | неакционерная компания |
| unlimited liability | необмежена відповідальність | неограниченная ответственность |
| unqualified audit report | аудиторська думка | аудиторское мнение |
| unrealised loss | нереалізований збиток | нереализованный убыток |
| unrealised profit | нереалізований прибуток | нереализованная прибыль |
| unrecorded expenses | нараховані витрати | начисленные расходы |
| unrecorded revenue | нараховані прибутки | начисленные доходы |
| useful life | термін експлуатації | срок эксплуатации |
| utilities | інженерні мережі | инженерные сети |

V v

| | | |
|-----------------------|--|--|
| valuation | оцінювання | оценка |
| valuation issue | проблема оцінювання | проблема оценки |
| value added tax (VAT) | податок на подану вартість (ПДВ) | налог на добавленную стоимость (НДС) |
| value of assets | вартість/оцінка/оцінювання активів | стоимость/оценка/оценивание активов |
| variable costing | калькуляція собівартості за змінними витратами | калькуляция себестоимости по переменным затратам |
| variable costs | змінні/перемінні витрати | переменные затраты |
| vertical analysis | вертикальний аналіз | вертикальный анализ |
| voting stock | акції із правом голосу | акции с правом голоса |
| voucher | ваучер, розписка | ваучер, расписка |
| voucher check | чек-розписка | чек-расписка |
| voucher system | система ваучерів | система ваучеров |

W w

| | | |
|-----------------|-----------------------------|--------------------------------|
| wages | заробітна платня | заработная плата |
| wages expenses | витрати на заробітну платню | расходы по заработной плате |
| wages payable | заборгованість по зарплаті | задолженность по зарплате |
| warehousing | складування товарів | складирование товаров |
| wholesale value | оптова ціна | оптовая цена |
| wholesaling | оптова торгівля | оптовая торговля |
| withdrawal | зняття коштів з рахунку | снятие денег со счета |
| working capital | власні оборотні кошти | собственные оборотные средства |
| working papers | робочі документи | рабочие документы |
| work sheet | робоча таблиця | рабочая таблица |
| worth | вартість, цінність | стоимость, ценность |
| write off | списання | списание |

<http://www.tsatu.edu.ua/m/>

ABBREVIATIONS

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|--|--|
| a/c или асс или acct = account | счет |
| A/P = accounts payable (USA) | счета к оплате |
| A/R = accounts receivable (USA) | счета к получению |
| AAA = American Accounting Association (USA) | Американская бухгалтерская ассоциация |
| ABC = activity based costing | калькуляция себестоимости по виду деятельности |
| ACCA = Chartered Association of Certified Accountants (UK) | Ассоциация присяжных бухгалтеров |
| ACCG = accounting | бухгалтерский облик |
| acq. = acquisition | приобретение |
| AIS = accounting information system | система обработки учетных данных |
| AP = accounting period | отчетный период |
| APR = annual percentage rate | годовая процентная ставка |
| AR = audit risk | аудиторский риск |
| ASB = Accounting Standards Board (UK) | Бюро бухгалтерских стандартов |
| AVE = average | средний |
| b/d = brought down | сальдо (по счету), перенесенное на противоположную сторону счета |
| b/f = brought forward | сальдо (по счету), перенесенное на следующую страницу |
| B/S = balance sheet | Баланс |
| bal. = balance | сальдо |
| BAA = British Accounting Association | Британская бухгалтерская ассоциация |
| BOD = Board of Directors | Совет директоров |
| BOP = balance of payments | баланс платежей |
| BPS = balance per bank statement | остаток на счете по выписке банка |
| C/N = credit note | документ, аннулирующий ранее выставленную счет-фактуру |
| C/S = common stock (USA) | обыкновенные акции |
| CA = chargeable assets | налогооблагаемые активы |
| CA = Chartered Accountant | присяжный бухгалтер |
| CA = current assets | оборотные средства |
| Cap Ex = capital expenditure | капитальные затраты |
| CB or C/B = cash book | кассовая книга |
| CBA = cost benefit analysis | сравнительный анализ затрат и результатов |
| CF = cash flow | движение денежных средств |
| CFA = cash flow accounting | кассовый принцип учета |
| CL = current liabilities | краткосрочная кредиторская задолженность |
| Co. = company | компания |
| COS = cost of sales | себестоимость реализации |
| CPA = Certified Public Accountant (USA) | присяжный бухгалтер |
| Cr = credit | кредит |

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| CT = corporation tax | налог на прибыль компании |
| Dep = depreciation | износ |
| Dept = department | отдел |
| DL = direct labour (costs) | прямые затраты на оплату труда |
| Dr = debit | дебет |
| DR = Directors' Report | Отчет директоров компании |
| end. bal. = ending balance (USA) | конечное сальдо |
| EPS = earnings per share | прибыль на акцию |
| ex div или xd = ex dividend (without the dividend) | без дивиденда |
| FA = fixed assets | долгосрочные внеоборотные активы |
| FASB = Financial Accounting Standards Board (USA) | Бюро стандартов финансового учета |
| FC = fixed costs | постоянные расходы |
| FIFO = first in first out (method) | метод оценки запасов по ценам последних закупок |
| FRS = Federal Reserve System (USA) | Федеральная резервная система |
| FS = financial statements | финансовые отчеты |
| FY = financial/fiscal year | финансовый / фискальный год |
| G/L = general ledger | Главная книга |
| GAAP = generally accepted accounting principles (USA) | Общепринятые бухгалтерские принципы |
| GM = gross margin | валовая прибыль |
| GW = goodwill | "гудвилл", цена фирмы |
| H/W = hardware | средства вычислительной техники |
| H/C = historical cost | первоначальная стоимость |
| HP = hire purchase | аренда с правом выкупа |
| hrs = hours | мн.ч. слова "час" |
| I/S = income statement (USA) | Отчет о прибылях и убытках |
| IASC = International Accounting Standards Committee | Комитет по международным бухгалтерским стандартам |
| IFA = International Federation of Accountants | Международная федерация бухгалтеров |
| Inc. = incorporated (USA) | акционерный; зарегистрированный как корпорация |
| IT = income tax | налог на доходы |
| K = kilo | тысяча (например \$ 18 K = \$ 18,000) |
| LIFO = last in first out (method) | метод оценки запасов по ценам первых закупок |
| Ltd. = limited liability company (UK) | компания с ограниченной ответственностью |
| LTD = long-term debt (USA) | долгосрочный долг |
| ltr = litre | литр |
| m/c = machine | машина |

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| m/u = mark up | торговая наценка, надбавка |
| m = metre; million | метр; миллион |
| MC = marginal cost | добавочная себестоимость |
| mfr = manufacturer | изготовитель |
| mgmt = management | руководство, администрация |
| Mkt = market | рынок |
| MR = marginal revenue | добавочный доход |
| MV = market value | рыночная цена |
| N/L = nominal ledger | Главная книга |
| NBV = net book value | балансовая стоимость |
| NCA = net current assets | нетто-оборотные активы |
| O/H = overheads | накладные расходы |
| OS = operating system | операционная система (ЭВМ) |
| OTS = off-the shelf | готовый программный продукт |
| P/p = prepayment | предоплата, авансовый платеж |
| p.a. = per annum | в год |
| P/L a/c = Profit and loss account | Отчет о прибылях и убытках |
| PAT = profit after tax | прибыль после налогообложения |
| PAYE = pay as you earn | уплата налогов при начислении заработной платы |
| PCB = petty cash book | кассовая книга |
| P/c = public limited company (UK) | открытая акционерная компания с ограниченной ответственностью |
| Prod " = production | производство |
| PV = present value | текущая стоимость |
| Qtr = quarter | квартал (три месяца) |
| qty или q = quantity | количество |
| rec'd = received | получено |
| Ref. = reference | ссылка |
| RI = residual income | остаточная прибыль |
| RM = raw materials | сырье |
| ROI = return on investment | отдача на инвестиции |
| S/E = stockholders' equity (USA) | собственный капитал |
| S/H = shareholder | акционер |
| S/W = software | программное обеспечение |
| SC = share capital | акционерный капитал |
| SEC = Securities and Exchange Commission (USA) | Комиссия по ценным бумагам и биржевым операциям |
| SP = sales proceeds | доход от реализации |
| SP = selling price | продажная цена |
| std = standard | стандарт (ный) |
| t/f = transfer | перенос, перечисление сумм |
| T/o = turnover | товарооборот |
| TB = trial balance | пробный баланс |

TC = total cost
TI = total income
URP = unrealised profit
var. = variance
VAT = value added tax
VC = variable (manufacturing) costs

VO = variable (factory) overheads

w/p = working papers

WC = working capital
WIP = work in progress or work in process
xd или ex div = ex dividend
y/e = year end(ing)
Y/A = year of assessment
Yr = year

общая сумма затрат
итоговая прибыль
нереализованная прибыль
отклонение
налог на добавленную стоимость (НДС)
переменные (производственные)
затраты
переменные общезаводские накладные
расходы
рабочие документы (аудиторской
проверки)
собственные оборотные средства
незавершенное производство

без дивиденда
конец года
год налогообложения
год

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