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ENGLISH FOR ACCOUNTANTS

УЧЕБНО-МЕТОДИЧЕСКОЕ ПОСОБИЕ

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ПОПОВА А.С.

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printed bank notes in China. They were reinvented in Europe in the 17th century.

3. Answer the questions using the text:

1. Are the concepts of money and coinage the same?
2. How old is the first money?
3. What did early Stone Age men use as money?
4. Where and when did the first bank notes appear?
5. When and where was the printed money reinvented?

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Предисловие

Данное учебно-методическое пособие разработано в соответствии с требованиями Федеральных государственных образовательных стандартов среднего профессионального образования, Примерной программой «Иностранный язык» для специальностей социально-экономического профиля.

Учебно-методическое пособие «English for accountants» предназначено для студентов первых курсов средних профессиональных и высших учебных заведений сельскохозяйственного профиля, обучающихся по специальности 38.02.01 Экономика и бухгалтерский учет(по отраслям). Пособие включает следующие темы:

1. My future profession. (Моя будущая профессия).
2. Accountancy. (Бухгалтерское дело).
3. Accounting Theory (Теория бухгалтерского дела).
4. Auditing. Introduction. (Аудит. Введение).
5. Financial Audit (Финансовый аудит).
6. Process of Audit (Процесс аудита).
7. Tax. (Налоги).
8. Origins of money. (Происхождение денег).

Целью данного учебно-методического пособия является формирование умения самостоятельно читать литературу по экономическим специальностям с целью извлечения информации из англоязычных источников. Поэтому особое внимание уделяется работе над текстом. Устный и письменный перевод используется на протяжении всего курса обучения как средство обучения, для контроля понимания прочитанного и в качестве возможного способа передачи полученной при чтении информации.

Тема 1: «My future profession»
(Моя будущая профессия)

1. Vocabulary:
accounting - бухгалтерский учет
auditing – аудит
to consider – рассматривать
ownership – собственность
demand - спрос
fixed assets - основные средства
suppliers - поставщики tax - налоги
attentiveness – внимательность

2. Read and translate this text:

My future profession is accounting and auditing. Accountancy profession is one of the most ancient in the world. It appeared 6000 years ago, when primitive people began to control and register their economic activity. The ancient Egypt is considered to be a motherland of accounting. And Ancient Greece is well-known as a birthplace of accounting tools as abacus, just there the first money and coins were created.

In the early 90, when the privatization and various types of ownership forms widely spread, accounting became the most popular specialty, and now it is in high demand. Neither huge company and factory nor shops and banks can't work without accountant. The accountant does the work of the various types of accounting: accounting of fixed assets, the cost of production, payment to suppliers and customers, payroll and taxes. Accountant can work in enterprises of different ownership forms: public, shareholder, cooperative, private, carries out work on various types of accounting. The accountant conducts economic analysis of production processes, as a result he identifies reserves, losses and eliminates non productive expenses. While the state exists with tax system and financial reporting,

The concept of money is often confused with coinage. Coins are a relatively modern form of money. Their first appearance was probably in Asia in the 7th century BC. And whether these coins were used as money in the modern sense has also been questioned. To determine the earliest use of money, we need to define what we mean by money. We will return to this issue shortly. But with any reasonable definition the first use of money is as old as human civilization. The early Persians deposited their grain in state or church granaries. The receipts of deposit were then used as methods of payment in the economies. Thus, banks were invented before coins. Ancient Egypt had a similar system, but instead of receipts they used orders of withdrawal - thus making their system very close to that of modern checks. In fact, during Alexander the Great's period, the granaries were linked together, making checks in the 3rd century BC more convenient than British checks in the 1980s. However, money is older than written history. Recent anthropological and linguistic research indicates that not only is money very old, but it's origin has little to do with trading, thus contradicting another common myth. Rather, money was first used in a social setting. Probably at first as a method of punishment.

Early Stone Age man began the use of precious metals as money. Until the invention of coins, metals were weighed to determine their value. Counting is of course more practical, the first standardized ingots appeared around 2200 BC. Other commonplace objects were subsequently used in the abstract sense, for example miniature axes, nails, swords, etc.

Full standardization arrived with coins, approximately 700 BC. The first printed money appeared in China, around 800 AD. The first severe inflation was in the 11th century AD. The Mongols adapted the bank note system in the 13th century, which Marco Polo wrote about. The Mongol bank notes were "legal tender", i.e. it was a capital offense to refuse them as payment. By the late 1400s, centuries of inflation eliminated

Тема 8: «Origins of money»
(Происхождение денег)

1. Vocabulary:

origins - начало; истоки

to confuse - 1) приводить в замешательство; 2) смешивать, спутывать

coinage - 1) монетная система; 2) чеканка монеты; 3) металлические деньги issue - 1) выпуск, издание; 2) вопрос (проблема), спорный вопрос

to deposit - 1) вносить, класть в банк, депонировать, сдавать на хранение; 2) давать задаток

granary - амбар для хранения зерна; зернохранилище, зерносклад

receipt - расписка, квитанция

order - 1) приказ; инструкция; предписание; команда; 2) финансовое требование

withdrawal - 1) отзыв, увод; 2) изъятие; 3) отвлечение, уход; 4) расходование (снятие денег)

social setting - социальные условия punishment - наказание, взыскание precious - драгоценный, благородный

ingot - литейная форма; слиток, болванка

commonplace - банальный, обычный, избитый, неоригинальный, ничем не примечательный

miniature - миниатюрный, маленький, изящный

severe - 1) суровый, строгий; 2) жестокий; 3) тяжелый; 4) сильный

to adapt -1) приспосабливать, адаптировать; 2) переделывать

capital offence - 1) серьезное правонарушение; 2) преступление, караемое

смертной казнью

2. Read and translate this text:

There are numerous myths about the origins of money.

accountants will be needed. During the last 5-7 years the demand in accountants is fairly stable. No doubts, its character, scope, requirements for specialists are changing but demand naturally remains. I think that the best candidate for this profession is a person who has such skills as responsibility, attentiveness, also he needs not to forget about good memory and logical thinking, he should be good at math and of course to be keen on accounting.

From childhood I was very keen on math and like to work with numbers, economy was always interesting sphere for me so I attended economical classes at high school. When the time came I easily chose the major at university. So I haven't complain about my choice yet.

3. Answer the questions using the text:

1. What is the future profession of the main character?
2. What is the history of this profession?
3. Is the work of accountant important or not?
4. What work does the accountant?

2. How can taxes be paid?

3. How were taxes paid in medieval Europe?

4. Why were many taxes originally introduced?

5. What kind of document describes what taxes people have to pay?

throughout history. In many pre- monetary societies, such as the Incan empire, taxes were owed in labor. Taxation in labor was the basis of the Feudal system in medieval Europe. In more sophisticated economies such as the Roman Empire, tax farming developed, as the central powers could not practically enforce their tax policy across a wide realm. The tax farmers were obligated to raise large sums for the government, but were allowed to keep whatever else they raised. Many Christians have understood the New Testament to support the payment of taxes, through Jesus's words "Render unto Caesar the things that are Caesar's". There were certain times in the Middle Ages where the governments did not explicitly tax, since they were self-supporting, owning their own land and creating their own products. The appearance of doing without taxes was however illusory, since the government's (usually the Crown's) independent income sources depended on labor enforced under the feudal system, which is a tax exacted in kind.

Many taxes were originally introduced to fund wars and are still in place today, such as those raised by the American government during the American Civil War (1861-1865). Income tax was first introduced into Britain in 1798 to pay for weapons and equipment in preparation for the Napoleonic wars and into Canada in 1917 as a "temporary" tax under the Income War Tax Act to cover government expenses resulting from World War I.

The current income tax in America was set up by Theodore Roosevelt in 1913. It was called The Federal Income Tax and was deducted from incomes at rates varying from 1-7%. But, since then, the American Tax Code has been modified and new taxes have been added, especially over the World War I and II periods. Since World War II, the American Tax Code has increased in size four-fold.

3. *Answer the questions using the text:*

1. What is the definition of a tax?

Тема 2: «Accountancy» (Бухгалтерское дело)

1. *Vocabulary:*

accountancy (UK); accounting (US) - бухгалтерское дело, счетоводство

measurement - измерение

disclosure - раскрытие; выдача (сведений); сообщение, разглашение assurance - уверение, гарантия, заверение, уверенность

financial accounting - финансовый учет

auditing - 1) проверка отчетности; 2) ревизия баланса и отчетности; 3) аудит

financial statement(s) - финансовый отчет

adherence - соблюдение, строгое следование правилам

practitioner - практикующий специалист

Chartered Accountant (UK) - дипломированный бухгалтер высшей квалификации; присяжный бухгалтер; аудитор; консультант по налогам

Certified Public Accountant (US) - дипломированный общественный бухгалтер

record-keeping - учет, ведение учета

book-keeping (bookkeeping) - счетоводство, ведение бухгалтерских книг (стадия учета, которая заключается в регистрации хозяйственных операций в учетном регистре)

entry - (бухгалтерская) запись, проводка (на счете, в учетном журнале, в бухгалтерской книге)

transaction - сделка, торговая операция

account -счет, вклад, депозит

to equal - равняться, быть равным

to provide - 1) снабжать (with), предоставлять; 2) обеспечивать (for)

capital assets - основные средства [фонды], материальные внеоборотные [долгосрочные] активы, основной капитал capacity - производственная мощность, производственный потенциал

2. Read and translate this text:

Accountancy (British English) or accounting (American English) is the measurement, disclosure or provision of assurance about information that helps managers and other decision makers make resource allocation decisions. Financial accounting is one branch of accounting and historically has involved processes by which financial information about a business is recorded, classified, summarized, interpreted, and communicated. Auditing, a related but separate discipline, is the process whereby an independent auditor examines an organization's financial statements in order to express an opinion (with reasonable but not absolute assurance) as to the fairness and adherence to generally accepted accounting principles, in all material respects.

Practitioners of accountancy are known as accountants. Officially licensed accountants are recognized by titles such as Chartered Accountant (UK) or Certified Public Accountant (US).

Accountancy attempts to create accurate financial reports that are useful to managers, regulators, and other stakeholders such as shareholders, creditors, or owners. The day-to-day record-keeping involved in this process is known as bookkeeping.

At the heart of modern financial accounting is the double-entry book-keeping system. This system involves making at least two entries for every transaction: a debit in one account, and a corresponding credit in another account. The sum of all debits should always equal the sum of all credits. This provides an easy way to check for errors. This system was first used in medieval Europe, although some believe that the system dates back to Ancient Greece.

According to critics of standard accounting practices, it

повышать; 2) добывать, занимать (деньги); 3) собирать (налоги)

to render - 1) воздавать, платить; 2) давать; 3) оказывать (помощь, содействие); 4) представлять

explicitly - 1) ясно, недвусмысленно; 2) детально, подробно

self-supporting - 1) самостоятельный; 2) зарабатывающий себе на жизнь; 3) на хозрасчете

to do without - обходиться без

illusory - обманчивый, призрачный, иллюзорный, вводящий в заблуждение to exact - 1) требовать (настоятельно); 2) добиваться; 3) взыскивать

income tax act - закон о подоходном налоге

tax code - налоговый кодекс

2. Read and translate the text:

A tax is a compulsory charge or other levy imposed on an individual or a legal entity by a state or a functional equivalent of a state (e.g., tribes, secessionist movements or revolutionary movements). Taxes could also be imposed by a subnational entity.

Taxes may be paid in cash or in kind or as corvee labor. In modern capitalist taxation systems, taxes are designed to encourage the most efficient circulation of goods and services and are levied in cash. In kind and corvee taxation are characteristic of traditional or pre-capitalist states and their functional equivalents. The means of taxation, and the uses to which the funds raised through taxation should be put, are a matter of hot dispute in politics and economics, so discussions of taxation are frequently tendentious.

Public finance is the field of political science and economics that deals with taxation.

HISTORY OF TAXATION

Political authority has been used to raise capital

Тема 7: «Tax»
(Налоги)

1. *Vocabulary:*

compulsory - принудительный, обязательный

charge - 1) сбор, поступления, отчисления; цена; комиссия (за услуги); плата; 2) занесение [запись] на счет; запись в долг, долг; дебетовая запись, запись по дебету (счета по учету расходов)

levy - 1) сбор; 2) налог; 3) взимание (налогов); 4) обложение (налогами) to impose - 1) облагать; 2) налагать (обязательство); 3) навязывать; 4) обманывать

secessionist - отступник, раскольник; сепаратист

movement - 1) движение; 2) перемещение, передвижение; 3) действия; 4) поведение

corvee - 1) барщина; 2) рабский труд, тяжелая работа

labor - труд, работа

in kind - натуральный (в форме товаров или услуг, а не денег)

tendentious - предвзятый, пристрастный, тенденциозный

public finance - государственные финансы; государственный бюджет

feudal - феодальный

medieval - средневековый

sophisticated -1) лишенный простоты, изощренный; 2) усовершенствованный; 3) сложный

to enforce - 1) принуждать, заставлять, взыскивать, настаивать; 2) вводить в действие (закон и т.п.)

realm - 1) королевство, царство; 2) область, сфера

tax farmer - откупщик, сборщик налогов, податей

to obligate - обязывать, связывать обязательством (моральным, вытекающим из контракта и т.д.)

to raise - 1) поднимать (производство, цены и т.п.),

has changed little since. Accounting reform measures of some kind have been taken in each generation to attempt to keep book-keeping relevant to capital assets or production capacity. However, these have not changed the basic principles, which are supposed to be independent of economics as such.

3. Answer the questions using the text:

1. What is accountancy or accounting?
2. How we call officially licensed accountants?
2. What is auditing?
3. What is the essence of the double-entry book-keeping system?

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Тема 3: «Accounting Theory»
(Теория бухгалтерского дела)

1. *Vocabulary:*

applied mathematics - прикладная математика

value - 1) ценность; 2) стоимость, стоимостное выражение, цена; 3) валюта;

assets -имущество, средства, авуары, ресурсы, активы

liabilities -долги, денежные обязательства, задолженность

passage -1) проход, проезд; 2) путь; 3) принятие (закона)

to refer - отсылать, направлять, передавать на рассмотрение

entity - экономический субъект, экономическая единица

accounting records - бухгалтерская документация, бухгалтерские документы

non-profit organization - некоммерческая организация

stock - запас, резерв, фонд; инвентарь, имущество

balance - баланс, равенство

to owe - 1) быть должным, быть в долгу перед кем-л.; 2) быть обязанным;

equity -собственный капитал, собственные средства

to wind (wound, wound) up -ликвидировать, закрыть (фирму)

measurement - замер, измерение, размер

balance sheet -(бухгалтерский) баланс, балансовый отчет

algebraically-алгебраически, алгебраическим способом

accounting equation-уравнение баланса, балансовое уравнение

intended use-использование по назначению

income-доход, поступления; заработок

expenses - расходы, издержки

drawings - изъятия

depreciation - амортизация

4. What is the latest step of the audit?
5. What are the main problems in audit?

normally high income. To assess the internal control procedures (checks on the firms internal processes, such as inventory) actually in place. This is an important step as it will allow later to determine if one should carry out basic or advanced investigations. Indeed, if the internal control procedures seem to be reliable, this means there is no need to check accounts further.

Hard close.

This audit precedes the closing date. For a company closing on December 31, the Hard Close would typically occur using numbers as of November 30. Note: some hard closes are performed using the numbers as of the preceding quarter end (i.e. in the above example as of September 30). The purpose is to audit all movements year to date. This audit step is not on the audit during Final.

Final.

This is the latest step of the audit, usually some weeks after the closing. Thanks to the work already done during the Hard Close, only the remaining range between the date of the Hard Close and the closing has to be audited. RATIONALE FOR AUDITING

Audit has some specific features throughout the world but has some main components. One of the main problems in audit is the conflict between the need to control a company and the business relationship. On the one hand, the audit company has to thoroughly check the books, but on the other hand, it has to keep its customer that is its source of revenue. In practical terms, this means that the audit company will try to protect itself by carrying out the minimum checks, but if

it has a slight doubt, it won't go further if the client is a bit reluctant to give out information.

3. Answer the questions using the text:

1. What are the three main steps of financial audit?
2. What is the purpose of the interim review?
3. Describe the audit step called "hard close".

income statement - декларация о доходах
to occur-1) бывать; 2) возникать; 3) встречаться
excess - избыток, излишек
in a similar fashion - подобным образом
totals - итоги
to exceed -превышать, превосходить
retained earnings-нераспределенная прибыль
net profit -чистая прибыль
expenditure - трата, расходование, затрачивание
retained - удержанный, удерживаемый
loss - убыток
net loss - чистый убыток, чистые потери
performance - результативность, производительность, эффективность;
statement of financial performance-отчет о финансовых результатах
profit and loss statement - отчет о прибылях и убытках
common practice - установившаяся практика
accounting system - система учета, бухгалтерская система
posting - оприходование; перенос (записи) в гроссбух
general ledger-главная книга, общий гроссбух
chart of accounts-план счетов, план счетов бухгалтерского учета
to be the case - иметь место, быть верным, правильным
to post - заносить в бухгалтерскую книгу, делать проводку
trial balance - оборотно-сальдовая ведомость
to obviate - избегать; устранять; избавляться
conversely - наоборот, обратно, вспять, назад
to deduce - приходить к заключению, сделать вывод
essential - 1) существенный; 2) неотъемлемый, необходимый

2. Read and translate this text:

The basic concepts of accounting as we understand them today were first published in Italy in 1494 by Luca Pacioli (1445 - 1517). He described them in a section of his book on applied mathematics. Pacioli was a Franciscan monk whose life and work was dedicated to the glory of God.

Accounting is the process of measuring and recording the financial value of the assets and liabilities of a business and monitoring these values as they change with the passage of time. When we refer to a business we could be referring to an individual, a company or any other entity for which accounting records are to be kept (for example a church, club or other non-profit organization). The assets of a business are those things that belong to the business that have a positive financial value i.e. items that could be sold by the business in exchange for money. Examples of assets include land, buildings, vehicles, stock, equipment, rare gold coins, bank accounts with positive balances and money owed to the business by its debtors.

The liabilities of a business are those things that belong to the business but unlike assets have a negative financial value i.e. items that will require the payment of money by the business at some point in the future. Examples of liabilities include unpaid bills, unpaid taxes, unpaid wages, rusty motor vehicles, stock that has passed its use-by date, overdrawn bank accounts and money owed by the business to its creditors.

The equity of a business is defined as the value of the assets minus the value of the liabilities. In other words the equity is the financial value that would be left if all the assets were sold and the money from the sale was used to pay off all the liabilities. Another way of expressing this is to say that the equity is the amount of money that would be released if the business was to be wound up. The assets, liabilities and equity of a business are all financial measurements that relate to a particular point in time. The financial statement that is used to present this information is known as the balance sheet. The balance sheet is a statement of the assets, liabilities and equity of a

Тема 6: «Process of Audit» (Процесс аудита)

1. Vocabulary:

interim - промежуточный, предварительный

review - обзор, проверка, ревизия

sales representative - 1) торговый представитель; 2) агент по продаже товаров; 3) комиссионер

to overstate - 1) завышать (цены); 2) преувеличивать

to assess - 1) определять; оценивать; 2) облагать (налогом)

inventory - опись, список, реестр

hard - 1) твердый, крепкий; 2) тяжелый, трудный; 3) настойчивый, упорный

close - 1) близкий (о времени и месте); 2) закрытие бухгалтерских книг rationale - обоснование

revenue - доход , выручка

2. Read and translate the text :

A financial audit is usually done annually through 3 main steps. 1. Interim review.

This is the first approach to the company. It usually covers the first half of the financial year. For instance, if a company closes its accounts yearly on December 31, the interim review will cover January to June.

The purpose is to understand the business of the company, the environment in which it operates (this includes aspects such as competition, legal requirements, economy, etc), what its main issues are to figure out what audit risks are from an audit point of view. This means, auditors will have to find what kind of mistake (on purpose or not) could be done in this company. For instance, if the income of sales representatives is directly linked to the sales they generate (it's of course never the case), they could try to overstate their figures, leading to an ab-

Because of major accounting scandals (failure by CPA firms to detect widespread fraud), assessing internal control procedures has increased in magnitude as a part of financial audits.

Financial audits are typically done by external auditors (accountancy firms). Many organizations, including most very large organizations, also employ or hire internal auditors, who do not attest to financial reports. Internal auditors often assist external auditors, and, in theory, since both do internal control work, their efforts should be coordinated.

3. Answer the questions using the text:

1. What is a financial audit?
2. What is the general purpose of audit?
3. Who typically does financial audits?

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business as they exist at a particular point in time.

The relationship between the assets, the liabilities and the equity can be represented algebraically by what is commonly known as the accounting equation. If we use the letter A to represent the assets, the letter L to represent the liabilities and the letter P to represent the equity then the accounting equation is $P = A - L$. This equation states that the equity is the value of the assets minus the value of the liabilities. This equation is more commonly written as $A = L + P$. This equation states that the value of the assets is equal to the value of the liabilities plus the equity. This is just another way of saying the same thing. Because the equity is defined as the value of the assets minus the value of the liabilities then this equation is always true by definition.

A balance sheet is commonly divided into two sections. One section shows the value of the assets and the other section shows the value of the liabilities and the equity. Each section will be broken down into more or less detail depending on the intended use of the balance sheet. Because the accounting equation is always true the totals of each of the two sections of the balance sheet should always be the same i.e. the balance sheet should always be in balance.

The financial measurements we have looked at so far are used to describe the financial position of a business at a particular point in time. For this reason the balance sheet is also known as the statement of financial position. It presents a summary of the business' financial position at a particular point in time. However in order to gain a complete financial picture of a business we need to recognize that the financial position of the business is undergoing constant change.

As a business engages in various commercial activities such as buying, selling, manufacturing, maintaining equipment, paying rent and other expenses, borrowing, lending or investing then the value of the assets, liabilities and equity will change and these changes will have an effect on the balance sheet. The only thing we can be sure about at any point in time is that the accounting equation $A = L + P$ will always apply. In other words even though the balance sheet is always changing from day to day we can be certain that it will always balance or should do so if it has been prepared correctly.

Recognizing that the financial position of a business is constantly changing leads us to the definition of two additional financial measurements that relate to a period of time (unlike assets, liabilities and equity that relate to a particular point in time.) The income of a business is the sum of those things that increase the value of the assets without any corresponding increase in the liabilities or any new investment by the owners of the business. Examples include revenue from the sale of goods, equipment or services supplied, rent or interest received and capital gains. The expenses of a business are those things that reduce the value of the assets without any corresponding reduction in the liabilities or any capital drawings by the owners. Examples include the cost of stock and raw materials, rent or interest paid, electricity bills, telephone, wages, taxes, dividends, depreciation and donations to charity.

The income and expenses of a business are financial measurements that relate to a specified period of time rather than a specific point in time. The financial statement that is used to present this information is known as the income statement. The income statement is a statement of the income and expenses of a business as they occur during a specific period.

If we use the letter I to represent the income over a specified period of time and the letter E to represent the expenses over that same period we can represent the relationship between the assets, the liabilities, the equity, the income and the expenses by using a modified form of the accounting equation as follows $A = L + P + (I - E)$.

This equation states that the value of the assets is equal

Тема 5: «Financial Audit»
(Финансовый аудит)

1. Vocabulary:

financial audit - финансовый аудит

stakeholder - заинтересованная сторона, заинтересованное лицо

regulator - сотрудник регулятивного органа

"attest" function - деятельность по подтверждению

assurance - заверение, уверение

audit report - отчет о результатах аудита

fairly - должным образом

in conformity with - в соответствии с

fraud - обман; мошенничество

to assess - определять; оценивать

internal control - внутренний контроль

magnitude - 1) величина, размеры; 2) значение

external auditor - внешний аудитор

to attest - давать свидетельские показания, заверять, засвидетельствовать

2. Read and translate this text:

A financial audit is the examination of financial records and reports of a company or organisation, in order to verify that the figures in the financial reports are relevant, accurate, and complete. The general focus is to ensure the reported financial statements fairly represent a company's stated condition for the firm's stakeholders. These stakeholders will be interested parties, such as stockholders, employees, regulators, and the like.

Doing a financial audit is called the "attest" function. The general purpose is for an independent party (the CPA firm) to provide written assurance (the audit report) that financial reports are "fairly presented in conformity with generally accepted accounting principles".

to the value of the liabilities plus the equity plus the excess of income over expenses. Another way of writing this equation is A + E = L + P + I.

This equation states that the value of the assets plus the expenses is equal to the value of the liabilities plus the equity plus the income. This is just another way of saying the same thing. However it is helpful to express it in this way when we come to consider the practice of book-keeping below.

The income statement is commonly divided into two sections in a similar fashion to the balance sheet. One section shows the total income and the other section shows the total expenses. Like the balance sheet each section will be broken down into more or less detail depending on its intended use. However unlike the balance sheet the totals of each of the two sections are unlikely to be the same. The difference will usually be shown as a separate item at the bottom of the income statement and if the total income exceeds the total expenses it will be given a title such as retained earnings, net profit or excess of income over expenditure. If the total expenses exceed the total income it will instead be called something like retained loss, net loss or excess of expenditure over income. Income and expenses are financial measurements that relate to the performance of a business during a specified period of time. For this reason the income statement is also known as the statement of financial performance. It describes the performance of a business during a specified period. It is sometimes also referred to as the profit and loss statement.

In order to produce a balance sheet or an income statement it is necessary to have a systematic method of recording all the activities or events that have an effect on the financial measurements (A, L, P, I and E) described above. Traditionally these events were entered by hand into a set of books or accounts. More recently it has become common practice to enter these into a computer accounting system. Each entry is referred to as an entry and the practice of maintaining these entries in the accounts is referred to as book-keeping. The act of placing a particular entry into an account is known as posting. The total of all the entries in an account is known as the balance of that account. The accounts themselves are referred to collectively as the general ledger or sometimes just the ledger.

Because each business will have different assets, liabilities, income, expenses and equity categories the accounts it uses to record its activities will vary from one business to another. This set of accounts that a business creates in the general ledger is known as the chart of accounts.

Each account in the ledger will be categorized into one of the five types of financial measurements described above (A, L, P, I or E.) Because the accounting equation A + E = L + P + I.

Is always true the total of all the A and E account balances in the ledger must be equal to the total of all the L, P and I account balances if the ledger is to represent a logically correct picture of the finances of the business. If this is the case then we say that the accounts are in balance or that the ledger is in balance. For the ledger to remain in balance whenever an entry is posted to an account matching account entries must be posted at the same time to ensure that the total of the A and E account balances remain the same as the total of the L, P and I account balances. For this reason book-keeping is often referred to as double-entry book-keeping.

Most postings consist of two entries but there is no reason why there cannot be three or more entries posted at the same time provided that the ledger remains in balance.

Traditionally a report was prepared showing the total of the A and E account balances and the total of the L, P and I account balances to ensure that these totals were the same. This report was known as a trial balance. Because most computer accounting systems will not allow entries to be posted unless the accounts remain in balance this has in many ways obviated

not an activity which can be performed in a haphazard manner, it is a systematic process based on logic and reasoning. Second, during an examination of financial statements the auditor objectively obtains and evaluates evidence regarding assertions about economic actions and events embodied in the financial statements to ascertain the degree of correspondence between those assertions and established criteria. In the audit of financial statements prepared by a company, the established criteria are generally accepted accounting principles (GAAP). That is, the financial statements must be prepared in accordance with GAAP. Consequently, the auditor must obtain and evaluate evidence to determine whether the assertions (the elements of the financial statements) meet the established criteria (GAAP).

The third and final key aspect of the definition is that auditing involves communicating the results of the audit to interested users. The auditor communicates the findings of the audit process by issuing an audit report. In the audit report, the auditor gives an opinion as to whether the assertions are reported in accordance with the established criteria. For example, in the audit of financial statements the auditor issues an audit report which describes the scope of the examination in the first paragraph and states in the last paragraph whether in his or her opinion the financial statements are fairly presented in accordance with generally accepted accounting principles applied on a consistent basis.

3. Answer the questions using the text:

1. What did auditors do in the ancient Rome?
2. What is the essence of the modern auditing?
3. What are the three key aspects of the definition of auditing?

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in accordance with - согласуясь с (чём-л.), в соответствии с (чем-л.) consequently - следовательно, поэтому, в результате, вследствие to determine - определять, устанавливать

to meet (met, met) - 1) встречать(ся); 2) столкнуться (с) (with); 3) удовлетворять, отвечать

findings - полученные данные, добытые сведения

to issue - 1) выпускать в обращение, издавать; 2) выписывать; 3) выставлять audit report -отчет о результатах аудита

scope - 1) размах, охват; 2) сфера (деятельности); 3) пределы; рамки, границы; 4) масштаб

consistent - 1) последовательный; 2) стойкий; 3) совместимый; согласующийся

basis - базис, основа; основание

2. Read and translate this text:

"In God we trust, all others we audit". This quote sums up a basic viewpoint of some professionals towards auditing. Auditing has existed in one form or another since ancient times. Records show that auditing activity was part of early life in Babylonia, China, Greece, and Rome. One ancient meaning for the word "auditor" was a "hearer or listener". In Rome, auditors heard transactions as they took place. They observed the events as they happened and were able to recount the responsibilities and obligations to which each party was bound. Modern auditing, as defined by the American Accounting Association, is a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to interested users.

An examination of the definition of auditing reveals that there are three key aspects of the definition. First, auditing is

the need for a trial balance. An entry that increases the balance of an A or E account or reduces the balance of an L, P or I account is known as a debit. An entry that reduces the balance of an A or E account or increases the balance of an L, P or I account is referred to as a credit. Traditionally hand-written books were divided into two columns. Debits were entered into the left-hand column and credits into the right. In fact the traditional definition of a debit is an entry on the left-hand side of an account. Conversely a credit was defined as an entry on the right-hand side of an account. In order for the ledger to remain in balance the total debits must equal the total credits.

It is interesting to note that neither of these definitions of debit and credit are intuitive or immediately obvious. Neither can they be deduced easily from their commonly understood meanings. This partly explains why students who are learning accounting for the first time have difficulty understanding the meaning of debits and credits. The traditional definitions come from the commonly established practice of manual double-entry book-keeping that puts debits on the left and credits on the right.

It is worthwhile repeating the more precise definitions of debit and credit given above as they are derived from the accounting equation since familiarity with them is essential for a proper application of accounting practice to the process of setting up and maintaining a general ledger.

A debit is an entry in a general ledger account that increases its balance if it is an A or E account and reduces its balance if it is an L, P or I account. A credit is an entry in a general ledger account that reduces its balance if it is an A or E account and increases its balance if it is an L, P or I account.

3. Answer the questions using the text:

1. Who invented the basic concepts of modern accounting?
2. What does the process of accounting imply?
3. What does the assets mean?

4. What are the liabilities of a business?
5. What is the equity?
6. What is a balance sheet?
7. What is the income of a business?
8. What are the expenses of a business?
9. What is the income statement?
10. What is a debit?
11. What is a credit?

Тема 4: «Auditing. Introduction»
(Аудит. Введение)

1. Vocabulary:

quote - выдержка, цитата

sum up -резюмировать; суммировать; реферировать, обобщать; подводить итог; конспектировать records - документы, записи

activity - 1) деятельность; 2) активность, оживление (спроса, рынка)

transaction - 1) дело, сделка; 2) операция (торговая); 3) ведение дел

to recount - рассказывать, излагать подробно

obligation - обязательство, долг, обязанность

to be bound - быть обязанным

objectively - объективно, реально, действительно;

obtaining - получение, достижение

evaluating - оценивание

evidence - 1) основание; 2) данные, факты; 3) доказательство

regarding - относительно, касательно

assertion - утверждение, отстаивание (прав, претензий)

to ascertain - 1) устанавливать; определять;2) индивидуализировать (о продаваемом товаре)

established - 1) учрежденный; установленный; 2) признанный

criteria -критерии

to communicate -сообщать, передавать (to)

haphazard -1) случайный; 2) бессистемный

manner - 1) способ, метод; 2) образ действий

reasoning - 1) продуманность; 2) рассуждение; 3) умозаключение

to embody - 1) воплощать в жизнь, олицетворять, заключать в себе, содержать; 2) объединяться