

Федеральное агентство по образованию
АМУРСКИЙ ГОСУДАРСТВЕННЫЙ УНИВЕРСИТЕТ
Филологический факультет

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ACCOUNTING AND AUDITING
(Бухгалтерский учет и аудит)

Учебное пособие

Благовещенск

2006

ББК 81.2 Англ.

Печатается по решению
редакционно-издательского совета
филологического факультета
Амурского государственного
университета

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Accounting and Auditing. Учебное пособие. - Благовещенск: Амурский
гос. ун-т, 2006.

Пособие включает тексты по бухгалтерскому учету и аудиту и упражнения по деловой переписке. Пособие дает возможность повысить свой профессиональный уровень владения языком. Пособие предназначено для студентов 2-3 курсов экономического факультета по специальности «Бухгалтерский учет и аудит».

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ВВЕДЕНИЕ

Пособие составлено в соответствии с программой изучения иностранных языков для неязыковых специальностей вузов – "Language for specific Purposes" (Язык для специальных целей). Оно предназначено для студентов-экономистов специальности 080109 (Бухгалтерский учет и аудит).

Основная цель пособия – помочь студентам овладеть терминологией и базовыми понятиями в сфере бухгалтерского учета и аудита, а также подготовить их к самостоятельной работе со специальной и научной литературой в практике делового и профессионального общения.

Пособие состоит из двух частей. Часть I состоит из 8 уроков–тем, или разделов, организованных по тематическому принципу, их структура включает следующие подразделы:

1. Предтекстовые упражнения, цель которых – работа над произношением, изучение основ словообразования, системы синонимов и антонимов. Лексика представлена по частям речи и подлежит активному усвоению.

2. Текст А для изучающего чтения, т. е. для полного усвоения содержания и языковых способов и средств его выражения. Тексты носят обучающий характер. Они включают определения понятий, объяснения их, описания и рассуждения объяснительного характера. Главный методический прием – детальный анализ текста в аудитории с преподавателем с обсуждением общих предметно-понятийных и языковых проблем, выявлением и снятием возникающих трудностей.

3. Послетекстовые упражнения, которые включают упражнения различного характера – на усвоение лексико-грамматического материала, на перевод с английского языка на русский и с русского на английский с учетом возможной множественности и вариативности интерпретаций.

4. Дополнительный текст В для ознакомительного чтения, основная задача работы над которым – достичь понимания основных фактов, содержащихся в тексте, их обобщение, обсуждение, комментарий и оценка.

Часть II – деловая корреспонденция. Цель данного раздела – формирование навыков и умений практического владения основами деловой переписки на английском языке у студентов экономических специальностей.

Раздел “Основы деловой переписки” (“Business correspondence”) состоит из следующих частей:

1. Введение. В данном разделе раскрывается суть базовых понятий по основам деловой переписки, дается несколько практических советов по работе с деловой документацией, приводятся примеры оформления и перечень обязательных составляющих формы делового письма.

2. Основная часть. Рассматриваются наиболее распространенные в сфере деловой переписки формы писем:

письма-запросы,

письма-ответы на запрос,

письма-заказы,

рекламации и претензии и ответы на них,

контракты.

3. Практическая часть. Приводится ряд упражнений, направленный на закрепление и отработку теоретических вопросов по основам деловой переписки.

Пособие создано на основе обобщения опыта работы составителя в студенческих группах экономического факультета Амурского государственного университета.

Pre-text exercises

1. Read the following words:

according, collection, analysis, recording, measurement, relationship, economics, consistent, resources, throughout, fundamental, essentially.

2. Read and translate into Russian the following word- combinations:

financial data, a decision maker, flows of resources, primarily on a practical level, the effects of exchange transactions, the resources of an entity, purely inflationary effects, a financial statement, a conceptual level, measuring in monetary terms.

3. Define what part of speech these words belong to:

according, economics, financial, various, conceptual, consistent, complex, significantly, measurement, commodity, inflation, procedure.

4. Form nouns from verbs (a); adjectives from nouns (b):

- a) to measure; to account; to produce; to report; to communicate; to collect; to strengthen; to allocate; to design; to meet;
- b) finance; speciality; information; production; conception; economy; practice; possibility; success; variety; environment;

5. Learn the following words and word combinations by heart:

accounting information, scarce productive resources, the collection and processing of financial data, assets, debts, to provide guidelines for, in general, thus, the focus of economics, resource inflows and outflows, a fundamental to, to measure and report one's accomplishments, to undergo critical self-analysis, to thrive in direct proportion to, to meet need.

6. Check the meaning of the following words in the dictionary and make up your own sentences:

define (v), process (v), data (n), claim (n), commodity (n), consumption (n), entity (n), cope with (v), exchange (n), transactions (n), environment (n), influence (v), strengthen (v), achieve (v),

face (v), concern (v), allocate (v), primarily (adv), complex (n, adj), relate to (v), ability (n), sound (adj), efficiency (n), design (v), diverse (adj), measurement (n);

1. Read and translate the following texts:

Text “A”

Accounting’s Definition

Accounting can be defined as the collection and processing, analysis, measurement and recording of financial data about an organization and the reporting of that information to decision makers. An accounting system processes data concerning the (a) flows of resources into and out of an organization, (b) resources (i.e. assets) controlled by the organization, and (c) claims against those resources (i.e. debts). Notice that the end products of an accounting system are financial statements that are prepared for decision makers.

Economics has a special relationship with accounting. Economics is the study of how people and society choose to employ scarce productive resources that could have alternative uses to produce various commodities and distribute them for consumption, now or in the future, among various persons and groups in society. Like economics, accounting has a conceptual foundation that provides guidelines for the collection, measurement, and communication of financial information about an organization. In general, accounting reports how an entity has allocated its scarce resources. Thus, accounting collects, measures, interprets, and reports financial information on the same activities that are the focus of economics. Economics explains economic relationships on a conceptual level, whereas accounting reports the economic relationships primarily on a practical level. However, accounting measurements are as consistent with economic concepts as is possible. Accounting must cope with the complex and practical problems of measuring in monetary terms the economic effects of exchange transactions (i.e. resource inflows and outflows). These effects relate to the resources held and the claims against the resources of an entity. It is necessary to stress that the theoretical and practical issues that arise in the measurement process are discussed from the accounting viewpoint.

Text “B”

Accounting operates in a complex environment

The environment in which accounting operates is affected by such forces as the type of (a) government (e.g., democracy versus communism), (b) economic system (e.g. free enterprise

versus socialism), (c) industry (e.g. technological versus agrarian), (d) organizations within that society (e.g., labor unions), and (e) regulatory controls (i.e., private sector versus governmental). Accounting is influenced significantly by the educational level and economic development of the society.

Fundamental to a dynamic and successful society is the ability of each organization to measure and report its accomplishments; to undergo critical selfanalysis; and, through sound decisions, to strengthen itself and grow. Essentially, society, and the various organizations that comprise it, thrive in direct proportion to the efficiency with which scarce resources of human talent, materials, services, and capital are allocated. To achieve their goals, organizations need information about how resources are obtained and used. Accounting information is designed to meet this need.

Accounting is a system that is continuously changing to meet the evolving needs of society. The environmental characteristics of a society are diverse and complex; therefore accounting is always facing new challenges. For example, during a period of significant inflation, special accounting concepts and procedures are able to report “real” effects separately from purely inflationary effects.

Post-text exercises:

1. Fill in the blanks with the right words:

Challenges, characteristics, data, designed, an entity, measurements, relationship, resources, significantly.

1. An accounting system processes ... concerning the flows of resources into and out of an organization, assets and debts.
2. Economics has a special ... with accounting.
3. In general, accounting reports how ... has allocated its scarce resources.
4. However, accounting ... are as consistent with economic concepts as is possible.
5. These effects relate to the ... of an entity.
6. Accounting is influenced ... by the educational level and economic development of the society.
7. Accounting information is ... to meet this need.
8. The environmental ... of a society are diverse and complex; therefore, accounting is always facing new

2. Find synonyms among the following words:

collection, demand, account, assembly, claim, statement, goods, deal, enterprise, commodities, transaction, entity, complex, accounting, complicated, bookkeeping.

3. Find antonyms among the following words:

demand, complex, supply, easy, future, inflow, present, possible, outflow, society, impossible, company.

4. Translate from Russian into English the following word combinations:

Бухгалтерский учет определяется как, контролируемые ресурсы, на понятийном уровне, в денежном выражении, способность измерять и сообщать о своих достижениях, нужды общества, чисто инфляционные влияния.

5. True or false statement

1. Accounting means the collection and processing of financial data of an organization.
2. Economics has no special relationship with accounting.
3. In general, accounting reports how an entity has allocated its scarce resources.
4. The theoretical and practical issues that arise in the measurement process are discussed from the economic viewpoint.
5. The environment in which accounting operates is not affected by any forces.
6. Accounting is not influenced significantly by the educational level and economic development of the society.
7. Accounting information is designed to meet how resources are obtained and used.
8. The end products of an accounting system are financial statements that are prepared for decision makers.

6. Translate the following sentences from English into Russian

1. An accounting system processes data concerning the flows of resources controlled by the organization and claims against those resources.
2. In general, accounting reports how an entity has allocated its scarce resources.
3. Economics explains economic relationships on a conceptual level, whereas accounting reports the economic relationships primarily on a practical level.
4. Accounting must cope which the complex and practical problems of measuring in monetary terms the economic effects of exchange transactions.

5. The environment in which accounting operates is affected by such forces as the type of government, economic system, industry, organizations within that society and regulatory controls.

7. Translate the following sentences from Russian into English

1. Бухгалтерский учет означает сбор и обработку финансовых данных организации.
2. Конечными результатами бухгалтерской системы являются финансовые отчеты, которые готовятся для тех, кто выносит решения.
3. Экономика имеет особые отношения с бухгалтерским учетом.
4. На бухгалтерский учет значительно влияет образовательный уровень и экономическое развитие страны.
5. Бухгалтерская информация предназначена для того, чтобы знать как получают и используют ресурсы.
6. Бухгалтерский учет это система, которая постоянно изменяется, чтобы удовлетворить растущие потребности общества.

8. Comprehension and discussion

1. How can accounting be defined? What is accounting?
2. What data does accounting system process?
3. Are financial statements the end products of an accounting system?
4. Economics has a special relationship with accounting, hasn't it?
5. What is economics?
6. What foundation does accounting have?
7. Does accounting report the economic relationships on a conceptual or a practical level?
8. What forces is the environment affected by?
9. Accounting is influenced significantly by the educational level and economic development of the society, isn't it?
10. What is fundamental to a dynamic and successful society?
11. What is the purpose of accounting information?
12. Does accounting play an important role in the activity of any entity?

9. Render the following texts according to the plan

1. The title (headline) of the text is ... Название (заголовок) текста ...
The text is entitled (headlined)... Текст озаглавлен...
2. The author of the text is...Автор текста...

The text is written by... Текст написан...

The author of the text is not mentioned. Автор текста не упомянут.

3. The text is printed (published) in... Текст напечатан (опубликован) в...

4. The text is about... Текст о ...

The main idea of the text is ... Главная идея текста ...

The text is devoted to ... Текст посвящен...

The author touches upon... Автор касается...

The author deals with... Автор имеет дело с ...

The author reveals (describes, discloses, lays bare)... Автор рассказывает (описывает, разоблачает)...

The author pays (draws) our attention to... Автор обращает (притягивает) наше внимание на ...

It is important (necessary) to stress (to point out, to underline) that... Важно (необходимо) подчеркнуть, что...

According to the text ... В соответствии с текстом...

On the one hand ... С одной стороны...

On the other hand ... С другой стороны...

5. From my point of view... С моей точки зрения...

To my mind... } по-моему

In my opinion... } мнению...

As for me... } Что касается

As far as I am concerned... } меня...

☒ In conclusion I should like to say that ... В заключении я хотел бы сказать, что...

Summing it up... Подводя итог...

I find the text important (interesting, informative, necessary, actual, hard for understanding, dull, worth attention). Я нахожу текст важным (интересным, информативным, нужным, актуальным, трудным для понимания, скучным, заслуживающим внимания).

Conversational phrases

1. Discussion. Opinions

I would like to begin the discussion on the subject by (mentioning)... – Мне бы хотелось начать обсуждение этого вопроса с упоминания

From the point of view of ... – С точки зрения

It has been pointed out that ... – было отмечено, что...

I'd like to say ... – Мне бы хотелось сказать...

I think (suppose, guess, believe, dare say)... – Я думаю(предполагаю, догадываюсь, верю, осмеливаюсь сказать)

Personally I believe (I feel)... – Лично я верю (чувствую)

In my opinion (view)... – По-моему...

As I see it... – Как я понимаю...

My view is that... – Моя точка зрения...

I don't think I would... – Я не думаю, что я смогу...

There's one more thing to be noted... – Есть ещё деталь, которую нужно отметить.

Moreover... – Более того...

What's more...? – Что более...?

It goes without saying... – Само собой разумеется...

To tell the truth... – По правде говоря...

The fact is... – Дело в том, что...

On the whole... – В целом...

As a matter of fact... – Дело в том, что ...

It is interesting to note... – Интересно отметить, что...

I'd like to remark... – Мне бы хотелось отметить...

As a result – В результате

No wonder – Неудивительно

To be more exact – Если быть более точным

In addition... – В добавок ...

On top of that... – В довершение к этому...

Talking of... – Говоря о ...

You may be right, but all the same... – Вы можете быть правы, но всё равно...

There's nothing like... – Нет ничего...

Absolutely marvelous. – Совершенно превосходно.

Generally speaking... – Говоря в общем...

It depends. – Зависит от обстоятельств.

As far as smth is concerned – Что касается

To begin with... – С начала...

It is out of the question. – Об этом не может быть и речи.

Apparently – Очевидно

It is known far and wide... – Широко известно...

Nevertheless – Тем не менее

Frankly speaking – Честно говоря

What a predicament! – Какая досада!

2. Agreeing

I can't help agreeing with you – Не могу не согласиться с вами

Just so. Quite so – Точно

I quite agree here – Я совершенно согласен

Naturally. Certainly. – Конечно

Exactly. Sure. – Точно. Конечно.

Definitely. – Определенно.

Most likely. – Наверняка.

True enough. – Верно.

I should think so. – Я должен думать так

Beyond all about. – Без сомнений.

I won't deny it. – Я не буду отрицать это.

Happy to here that. – Счастлив слышать это.

I fully agree with you. – Я совершенно согласен с вами.

I'm afraid I don't agree. – Боюсь, я не согласен.

I don't think you're right – Не думаю, что ты прав.

I can't agree with you there. – Не могу согласиться с вами.

Disagreeing

I see what you mean, but ... – Я понимаю, что вы имеете в виду, но...

I'm not so sure – Я не уверен

I doubt it – Я сомневаюсь на счет этого

I disagree with you – Я не согласен с вами

You're wrong. You're mistaken. – Вы ошибаетесь

How can you say such a thing! – Как вы могли сказать такое!

On the contrary! – Наоборот!

You can't be serious. – Вы не можете говорить серьезно

I object to it. – Возражаю

Surely not. – Конечно нет

Nothing of the kind (sort) – Ничего подобного

Just the other way round. – Как раз наоборот

Certainly not. – Конечно нет

Impossible. – Невозможно

3. Reacting to news

Oh, really! – Действительно!

Never thought about it. – Никогда не думал об этом.

You don't say so! – Этого не может быть!

Just only fancy! – Только представьте себе!

Indeed? – Действительно?

Why? Is that so? – Неужели это так?

I have no idea. – Не имею понятия.

Looks like that. – Похоже на это.

Goodness knows. – Бог знает.

Does it strike you as unusual? – Тебе это кажется необыкновенным?

I'm surprised. – Я удивлен.

I'm shocked. – Я шокирован.

It's amazing! – Это удивительно!

It's incredible! – Это невероятно!

10. Ask your groupmate to tell about:

- a) accounting definition
- b) processed data
- c) economics study

11. Ask your groupmate questions about:

- a) forces which affect the environment;
- b) significant influence of educational level and economic development of the society upon accounting;
- c) what purpose accounting information serves.

Read the text quickly to say whether the following statements are true or false

Text “C”

What is accounting?

Accounting contains elements both of science and art. The important thing is that it is not merely a collection of arithmetical techniques but a set of complex processes depending on and prepared for people. The human aspect, which many people, especially accountants, forget, arises because:

1. Most accounting reports of any significance depend, to a greater or lesser extent, on people's opinions and estimates.

2. Accounting reports are prepared in order to help people make decisions.

3. Accounting reports are based on activities which have been carried out by people.

But what specifically is accounting? It is very difficult to find a pithy definition that is all-inclusive but we can say that accounting is concerned with: the provision of information in financial terms that will help in decisions concerning resource allocation, and the preparation of reports in financial terms describing the effects of past resource allocation decisions.

Examples of resource allocation decisions are:

Should an investor buy or sell shares?

Should a bank manager lend money to a firm?

How much tax should a company pay?

Which collective farm should get the extra tractor?

As you can see, accounting is needed in any society requiring resource allocation and its usefulness is not confined to "capitalist" or "mixed" economies.

An accountant is concerned with the provision and interpretation of financial information. He does not, as an accountant, make decisions. Many accountants do of course get directly involved in decision making but when they do they are performing a different function.

Accounting is also concerned with reporting on the effects of past decisions. But one should consider whether this is done for its own sake or whether it is done in order to provide information which it is hoped will prove helpful in current and future decisions. We contend that knowledge of the past is relevant only if it can be used to help in making current and future decisions, for we can hope that we shall be able to influence the future by making appropriate decisions but we cannot redo the past. Thus the measurement of past results is a subsidiary role, but because of the historical development of accounting and, perhaps, because of the limitation of the present state of the art, "backward looking" accounting sometimes appears to be an end in itself and not as a means that will help in achieving a more fundamental objective.

I. 1. Accounting contains elements both of science and art.

2. Accounting does not involve a human aspect.

3. It isn't difficult to find a pithy definition of accounting.

4. Accounting is not needed in any society requiring resource allocation.

5. An accountant is concerned with the provision and interpretation of financial information.

6. Accounting is not concerned with reporting on the effects of past decision.

7. The measurement of past result is a subsidiary role and it isn't a means that will help in achieving a more fundamental objective.

II. 1. What are the main purposes of accounting?

2. Does accounting describe only the past?

3. What is the role of the measurement of the past?

Unit II

Accounting equation

Pre-text exercises

1. Read the following words:

accounting, equation, transactions, associate, book-keeping, alternatives, knowledge, investor, statement, relationships, commitments, data

2. Read and translate into Russian the following word combinations:

the language of business, accounting terms, the actual record-making phase, to need accounting knowledge, to meet its commitments, accounting equation, to supply assets the equality of assets, total capital and liabilities, to make loans to smb.

3. Define what part of speech these words belong to:

business, transaction, manager, investor, accounting, interpretation, management, financial, accordingly, accountant, equation.

4. Form nouns from verbs (a); adjectives from nouns (b):

a) to account, to manage, to transact, to creat, to select, to understand, to own, to meet, to state, to express;

b) difference, actuality, finance, variety, equality, act, truth, benefit, liability.

5. Learn the following words and word combinations by heart:

accounting, the language of business, to describe the transactions, accountant, book-keeping, to aid the management to do smth, to need accounting knowledge, to understand financial statements, to operate at a profit, to meet its commitments, owing to lack of funds, accounting data, assets, liabilities.

6. Check the meaning of the following words in the dictionary and make up your own sentences:

term (n), associate (v), decision (n), relationship (n), financial (adj), experience(n)
issue (n ,v), adjust (v), according (adj), deal (n, v), equal (adj), customer (n),
capital (n, adj), loan (n), equity (n);

Read and translate the following text:

Text “A”

Accounting equation

Accounting is often said to be the language of business. It is used in the business world to describe the transactions entered into by all kinds of organisations. Accounting terms and ideas are therefore used by people associated with business, whether they are managers, owners, investors, bankers, lawyers, or accountants. As it is the language of business there are words and terms that mean one thing in accounting, but whose meaning is completely different in ordinary language usage.

The actual record-making phase of accounting is usually called book-keeping. However, accounting extends far beyond the actual making of records. Accounting is concerned with the use to which these records are put, their analysis and interpretation. An accountant should be concerned with more than the record-making phase. In particular he should be interested in the relationship between the financial results and the events which have created them. He should be studying the various alternatives open to the business, and be using his accounting experience in order to aid the management to select the best plan of action for the business. The owners and managers of a business will need some accounting knowledge in order that they may understand what the accountant is telling them. Investors and others will need accounting knowledge in order that they may read and understand the financial statements issued by the business, and adjust their relationships with the business accordingly.

Probably there are two main questions that the managers or owners of a business want to know: first, whether or not the business is operating at a profit; second, they will want to know whether or not the business will be able to meet its commitments as they fall due, and so not have to close down owing to lack of funds. Both of these questions should be answered by the use of the accounting data of the firm.

The whole of financial accounting is based on the accounting equation. This can be stated to be that for a firm to operate it needs resources, and that these resources have had to be supplied to the firm by someone. The resources possessed by the firm are known as Assets, and ob-

viously some of these resources will have been supplied by the owner of the business. The total amount supplied by him is known as Capital. If in fact he was the only one who had supplied the assets then the following equation would hold true:

$$\text{Assets} = \text{Capital}$$

On the other hand, some of the assets will normally have been provided by someone other than the owner. The indebtedness of the firm for these resources is known as Liabilities. The equation can now be expressed as:

$$\text{Assets} = \text{Capital} + \text{Liabilities}$$

It can be seen that the two sides of the equation will have the same totals. This is because we are dealing with the same thing from two different points of view. It is:

$$\begin{array}{ccc} \text{Resources: What they are} & = & \text{Resources: Who supplied them} \\ & & \\ & & \text{(Assets)} \qquad \qquad \qquad \text{(Capital + Liabilities)} \end{array}$$

It is a fact that the totals of each side will always equal one another, and that this will always be true no matter how many transactions are entered into. The actual assets, capital and liabilities may change, but the equality of assets with that of the total of capital and liabilities will always hold true.

Assets consist of property of all kinds, such as buildings, machinery, stocks of goods, motor vehicles, also benefits such as debts owing by customers and the amount of money in the bank account.

Liabilities consist of money owing for goods supplied to the firm, and for expenses also for loans made to the firm.

Capital is often called the owner equity or net worth.

Post-text exercises:

1. Fill in the blanks with the right words:

book-keeping, relationship, the language of business, financial statements, at a profit, amount, accounting knowledge, resources, equality of assets, liabilities.

1. Accounting is often said to be ...
2. The actual record-making phase of accounting is usually called ...
3. In particular he should be interested in ...between the financial results and the events which have created them.

4. The owners and managers of a business will need somein order that they may understand what the accountant is telling them.
5. Investors and others will need accounting knowledge in order that they may read and understandissued by the business.
6. The managers of a business want to know whether or not the business is operating at
7. The ... possessed by the firm are known as Assets.
8. The total ... supplied by him is known as Capital.
9. The actual assets, capital and liabilities may change, but ... with that of the total of capital and ... will always hold true.

2. Find synonyms among the following words:

deal, accountant, accounting, transactions, help, book-keeper, number, book-keeping, amount, demand, according to, next, in accordance with, following, whole, expenditures, all, expenses, claim, aid.

3. Find antonyms among the following words:

sell, increase, profit, decrease, loss, buy, perfect, value, divide, slowly, split, rapidly, cost, imperfect, complicated, simple.

4. Translate from Russian into English the following word combinations:

язык бизнеса, бухгалтерские термины, финансовые отчеты, работать с прибылью, бухгалтерские данные фирмы, задолженность фирмы, активы состоят из, чистый капитал, метод ведения записей, балансовый отчет, основы бухгалтерского уравнения, требования владельцев бизнеса.

5. True or false statement

1. Accounting is often said to be the language of business.
2. The actual record-making phase of accounting is usually called book-keeping.
3. Accounting is not concerned with the use of records, their analysis and interpretation.
4. The owners and managers of a business won't need some accounting knowledge.
5. The whole of financial accounting is based on the accounting equation.
6. The total amounts supplied by the owner of the business is known as Capital.
7. The equality of assets with that of the total of capital and liabilities will always be different.
8. Capital is often called the owner equity or net worth.

6. Translate the following sentences from English into Russian

1. Accounting terms and ideas are therefore used by people associated with business.
2. However, accounting extends far beyond the actual making of records.
3. An accountant should be interested in the relationship between the financial results and the events which have created them.
4. Probably there are two main questions that the managers or owners of a business want to know.
5. Some of the assets will normally have been provided by someone other than the owner.

7. Translate the following sentences from Russian into English in written form

1. Бухгалтерский учет часто называют языком бизнеса.
2. Существуют слова и термины, которые означают одно понятие в бухгалтерском учете и совершенно другое в повседневном языке.
3. Бухгалтер должен использовать свой опыт, чтобы помочь руководству выбрать лучший план действий для бизнеса.
4. Владелец бизнеса хочет знать будет ли его бизнес приносить прибыль.
5. Ресурсы, которыми обладает фирма, известны как активы.
6. Общее количество средств, предоставленное владельцем, известно как капитал.
7. Активы состоят из собственности всех видов, таких как здания, техника, запасы товаров, транспорт и деньги на банковском счете.

8. Comprehension and discussion

1. How is accounting often said?
2. Where is accounting used?
3. There are words and terms that mean one thing in accounting, but whose meaning is completely different in ordinary language usage, aren't they?
4. What is the actual record-making phase of accounting usually called?
5. What is accounting concerned with?
6. Should an accountant be interested in the relationship between the financial results and the events which have created them?
7. Why will the owners and managers of a business need accounting knowledge?
8. What is the whole of financial accounting based on?
9. Do assets consist of property of all kinds or only money in the bank account?
10. What do liabilities consist of?

9. Speak on accounting and its role in conducting of a business

Unit III

Fundamental Concepts of Accounting

Pre-text exercises

1. Read the following words:

the objective of accounting, to satisfy this objective, relevance and reliability, verifiable, a business entity, comparability, assumption, the scope of accounting, expectations, accounting information

2. Read and translate into Russian the following word combinations:

the primary objective of accounting, a secondary qualitative characteristic, the business environment, personal transactions, a business entity, the going-concern assumption, the national monetary unit.

3. Define what part of speech these words belong to:

decision, reliability, unbiased, verifiable, important, primarily, individual, periodic, addition, customer, accounting, currency.

4. Form nouns from verbs (a); adjectives from nouns (b):

- a) to provide; to satisfy; to decide; to compare; to reflect; to limit; to own; to consider; to organize; to state; to inform;
- b) object; accuracy; second; separation; person; value; nation; period; base; fullness.

5. Learn the following words and word combinations by heart:

relevance, reliability, comparability, assumptions of accounting, the money measurement concept, a set of accounting figures, to bring into of accounting, the dual aspect concept, the realization concept, the cost concept, the accruals concept, materiality, prudence, consistency, the stability of currency.

6. Check the meaning of the following words in the dictionary and make up your own sentences:

primary (adj), satisfy (v), relevance (n), reliability (n), information (n), accurate (adj), primarily (adj), reflect (v), account (v), objective (n), deficiency (n), profit (n,v), payment (n), material (n,adj), assets (n);

Read and translate the following text

Text

The primary objective of accounting is to provide information that helps users to make better decisions. To satisfy this objective, accounting information must have the primary qualitative characteristics of relevance and reliability. Relevance means that information must be capable of influencing decisions. Reliability means that information must be accurate, unbiased and verifiable.

Also, accounting information must have a secondary qualitative characteristic called comparability. This means that users should be able to compare the current information of a business entity with current information about other businesses and with information from prior time periods. Comparability is a secondary characteristic because it is not as important as relevance and reliability.

Assumptions of Accounting

The four assumptions are primarily based on the business environment in which accounting operates. They reflect the scope of accounting and the expectations that set certain limits on the way accounting information is reported.

Separate-Entity Assumption

Each business must be accounted for as an individual organization, separate and apart from its owners, all other persons, and other entities. The personal transactions of the owners are not considered as transactions of the business. A business entity may be a sole proprietorship, partnership, or corporation; but in all cases, it will be accounted for as a separate entity.

Continuity Assumption

For accounting purposes, a business is assumed to have an indefinite life. This assumption is sometimes called the going-concern assumption because accounting assumes that a business will continue to follow its objectives indefinitely. This assumption means that assets can be reported on the balance sheet in terms of their cost instead of the value they would bring if the company were liquidated.

Unit-of-Measure Assumption

Each entity, will account for and report its financial results primarily in terms of the national monetary unit. Therefore, the financial statements of companies in Russia must use the ruble. This assumption implies that the monetary unit is a stable measuring unit, without a changing value. In recent years, this assumption has been questioned as the result of inflation.

Time-Period Assumption

The time-period assumption recognizes that decision-makers require periodic information about the financial condition of a business. The accounting period does not have to conform to the calendar year, and most businesses issue quarterly financial statements (covering a three-month period) in addition to the annual statements.

Basic concepts

The cost concept

It means that assets are normally shown at cost price, and that is the basis for assessing the future usage of the asset. It also states that the cash equivalent cost should be used for recognizing (i.e., recording) all financial statement elements (assets, liabilities, owners' equity, revenue, expenses, gains and losses).

The money measurement concept

Accounting is only concerned with those facts that can be measured in monetary terms with a fair degree of objectivity. This means that accounting can never show the whole of the information needed to give you a full picture of the state of the business or how well it is being conducted. Accounting does not record that the firm has a good or a bad management team.

This means quite simply that just looking at a set of accounting figures does not tell you all that you would like to know about a business.

The realization concept

In accounting profit is normally regarded as being earned at the time when the goods or services are passed to the customer and he incurs liability for them, i. e. this is the point at which the profit is treated as being realised. It can mean that profit is brought into account in one period, and it is found to have been incorrectly taken as such when the goods are returned in a later period because of some deficiency. Also the services can turn out to be subject to an allowance being given in a later period owing to poor performance. If the allowances or returns can be reasonably estimated an adjustment may be made to the calculated profit when they passed to the customer.

The dual aspect concept

This states that there are two aspects of accounting, one represented by the assets of the business and the other by the claims against them. The concept states that these two aspects are always equal to each other.

In other words:

$$\text{Assets} = \text{Liability} + \text{Capital}$$

Double entry is the name given to the method of recording the transaction so that the dual aspect concept is upheld.

The accruals concept

The fact that net profit is said to be the difference between revenues and expenses rather than between cash receipts and expenditure is known as the accruals concept. A great deal of attention is therefore paid to “matching” expenses against revenues.

This concept is particularly misunderstood by people not well versed in accounting. To many of them, actual payment of an item in a period is taken as being matched against the revenue of the period when the net profit is calculated. The fact expenses consist of the assets used up in a particular period in obtaining the revenues of that period and that cash paid in a period and expenses of a period are usually different.

Other important concepts

Materiality

Accounting does not serve a useful purpose if the effort of recording a transaction in a certain way is not worthwhile. Thus if a box of paper-clips was bought it would be used up over a period of time, and this cost is used up every time someone uses a paper-clip. It is possible to record this as an expense every time it happens, but obviously the price of a box of paper-clips is so little that it is not worth recording it in this fashion.

The box of paper-clips is not a material item, and therefore would be charged as an expense in the period it was bought, irrespective of the fact that it could last for more than one accounting period. In other words do not waste your time in the elaborate recording of trivial items.

Firms fix all sorts of arbitrary rules to determine what is material and what is not. There is no law that lays down what these should be, the decision as to what is material and what is not is dependent upon judgment. A firm may well decide that all items under 100 roubles should be treated as expenses in the period which they were bought even though they may well be in use in the firm for the following ten years. Another firm, especially a large one may fix the limit of 1.000 roubles. Different limits may be set for different types of item. It can be that the size and the type of firm will affect the decisions as to which items are material.

Prudence

Very often an accountant has to make a choice as to which figure he will take for a given item. The prudence concept means that normally he will take the figure which will understate rather than overstate the profit. Alternatively, this could be expressed as choosing the figure which will cause the capital of the firm to be shown at a lower amount rather than at a higher one.

This could also be said to be to make sure that all losses are recorded in the books, but that profits should not be anticipated by recording them prematurely.

It was probably this concept that led to accountants being portrayed as being rather miserable by nature; they were used to favouring looking on the black side of things and ignoring the bright one.

However, the concept has seen considerable changes in the last few decades, and there has been a shift along the scale away from the gloomy view and more towards the desire to paint a brighter picture when it is warranted.

The use of the term “prudence” for this concept started in the 1970s. Prior to that it had always been known as “conservatism”, and this latter term will still be found in quite a lot of literature concerning accounting.

Consistency

The concepts already listed are so broad that in fact there are many different ways in which item may be recorded in the accounts. Each firm should, within these limits, select the method which give the most equitable picture of the activities of the business. However, this cannot be done if one method is used in one year and another method in the next year and so on. Constantly changing the methods would lead to a distortion of the profits calculated from the accounting records. Therefore the concept of consistency comes into play. This concept is that when a firm has once fixed a method of the accounting treatment of an item it will enter all similar items that follow in exactly the same way.

However, it does not bind the firm to follow the method until the firm closes down. A firm can change the method used, but such a change is not affected without the deepest consideration. When such a change occurs and the profits calculated in that year are affected by a material amount, then either in the profit and account itself or in one of the reports accompanying it, the effect of the change should be stated.

The assumption of the stability of currency

One does not have to be very old to remember that a few years ago many goods could be bought with less money than today. If one listens to one’s parents or grandparents then many stories will be heard of how little this item or the other could be bought for some years ago. The currencies of the countries of the world are not stable in terms of what each unit of currency can buy over the years.

Accounting, however, uses the cost concept, this stating that the asset is normally shown at its cost price. This means that accounting statements will be distorted because assets will be bought at different points in time at the price then ruling, and the figures totalled up to show the value of the assets in cost terms. For instance, suppose that you bought a building 20 years ago

for 20.000 roubles. You now decide to buy an identical additional building, but the price has now risen to 200.000 roubles. You buy it and the buildings account now shows buildings at a figure of 220.000 roubles. One building is measured cost-wise in terms of the currency of 20 years ago, while the other is taken at today's currency value. The figure of a total of 220.000 roubles is historically correct, but other than that, the total figure cannot be said to be particularly valid for any other use.

This means that to make a correct assessment of accounting statements one must bear in mind the distorting effects of changing price levels upon the accounting entries as recorded. There are techniques of adjusting accounts so as to try and eliminate these distortions.

Post-text exercises:

1. Fill in the blanks with the right words:

information, a secondary, characteristic, objective, period, purposes, statements, versed, assumption, a transaction, accounting, misunderstood.

1. The primary ... of accounting is to provide... that helps users to make better decisions.
2. Comparability is because it is not as important as relevance and reliability.
3. The four ... are primarily based on the business environment in which ... operates.
4. For accounting ... a business is assumed to have an indefinite life.
5. Therefore, the financial ... of companies in Russia must use the rouble.
6. The accounting ... does not have to conform to the calendar year.
7. This concept is particularly ... by people not well ... in accounting.
8. Accounting does not serve a useful purpose if the effort of recording ... in a certain way is not worth while.

2. Find synonyms among the following words:

objective, characteristic, goal, comparison, feature, trust, comparability, reliance, stable, primarily, durable, principally, dual, income, client, revenue, customer, double.

3. Find antonyms among the following words:

important, personal, profit, correctly, deficiency, for, always, possible, waste, impersonal, losses, incorrectly, unimportant, against, excess, never, impossible, save.

4. Translate from Russian into English the following word combinations:

главная цель бухучета, текущая информация о предприятии, личные сделки, денежная единица, календарный год, принципы денежного выражения, расходы, итоговые счета,

принцип двойственности, доходы, стабильность валюты, принцип постоянства, осмотрительность.

5. True or false statement

1. The primary objective of accounting is to provide information that helps users to make better decisions.
2. The personal transactions of the owners are considered as transactions of the business.
3. Accounting does not record that the firm has a good or a bad management team.
4. The dual aspect concept states that these two aspects are not equal to each other.
5. The use of term “prudence” for this concept started in the 1990s.
6. Trading and Profit and Loss Accounts are not multi-purpose documents.
7. Accounting is only concerned with those facts that can be measured in monetary term with a fair degree of objectivity.
8. The prudence concept means that normally an accountant will take the figure which will understate rather than overstate the profit.

6. Translate the following sentences from English into Russian

1. Reliability means that information must be accurate, unbiased and verifiable.
2. Comparability is a secondary characteristic because it is not as important as relevance and reliability.
3. The four assumptions are primarily based on the business environment in which accounting operates.
4. For accounting purposes, a business is assumed to have an indefinite life.
5. Each entity will account for and report its financial results primarily in terms of the national monetary unit.
6. The cost concept means that assets are normally shown at cost price.

7. Translate the following sentences from Russian into English

1. Счета торговли, прибыли и убытков являются многоцелевыми документами.
2. Текущую информацию одного предприятия можно сравнить с текущей информацией другого предприятия.
3. Бизнес может быть представлен в виде частной собственности, партнерства или корпорации.
4. Финансовые отчеты компании в России должны быть в рублевом выражении.
5. Известно, что чистая прибыль это разница между доходами и расходами.

6. Каждая фирма должна выбрать методы, которые дают самую справедливую картину деятельности бизнеса.

8. Comprehension and discussion

1. What is the primary objective of accounting?
2. Reliability means that information must be accurate, unbiased and verifiable, doesn't it?
3. What does unit-of-measure assumption imply?
4. Can the money measurement concept show the whole picture of needed information?
5. Are two aspects of accounting always equal to each other?
6. What is double entry?
7. Has the prudence concept seen considerable changes in the last few decades?
8. Why should each firm select its own methods?

9. Render the following text according to the plan in Unit I

10. Ask your groupmate to tell about:

- a) the objective of accounting;
- b) assumptions of accounting;
- c) basic concepts.

Ask your groupmate questions about:

- a) information which must be accurate, unbiased and verifiable;
- b) other important concepts which exist in accounting;
- c) the role which these concepts play in accounting.

Unit IV

The Basic Structure of Accounting Records

Pre-text exercises

1. Read the following words:

sufficient, book-keeping, records, ledger, entry, account, efficient, purpose, customer, supplier, purchase, cash, inwards, outwards, overloaded, transaction, expenses, income.

2. Read and translate into Russian the following word- combinations:

book-keeping records, to solve in several ways, to divide the ledger into books, the Sales Ledger, the Purchases Ledger, Cash Book, General/Nominal Ledger overloaded, return inwards, credit transactions, the customer's personal account, the supplier's account, return outwards, at regular intervals.

3. Define what part of speech these words belong to:

sufficient, ledger, several, simply, function, specific, alternative, between, charge, account, split, transaction, exactly, total, regular.

4. Form nouns from verbs (a); adjectives from nouns (b):

a) to write; to need; to account; to receive; to contain; to divide; to concern; to purchase; to transfer; to enter; to list; to discuss; to use;

b) sufficiency; simplicity; difficulty; speciality; specification; person; exactness; difference; nomination; function; regularity; total; credit.

5. Learn the following words and word combinations by heart:

to write the book-keeping records in a book; the amount of book-keeping entries; a ledger; a customer's personal account; a supplier's personal account; the Purchases Ledger; the Bought Ledger; Cash Book; General Ledger; Nominal Ledger; the system of double entry; to have charge of smth; Sales Accounts; Purchases Accounts; Returns Inwards and Returns Outwards Accounts; the Sales Journal; the Purchases Journal; the Returns Inwards Journal; the Returns Outwards Journal; to be listed in the Journal.

6. Check the meaning of the following words in the dictionary :

smallest (adj.); possibly (adj.); limitation (n.); purpose (n.); call (v;n.); cheque (n.); split (v;n.); cash (n;v.); pay (n;v.); overload (v.); total (n;adj.);mean (v;adg;n.); list (n;v.); transfer (n;v.); credit (n;v.); debit (n;v.); usually (adv.);

1. Read and translate the following text

Text

With the very smallest type of organisation, it would possibly be sufficient to have the book-keeping records written in just one book. It is called the ledger. As the organisation grew the amount of book-keeping entries needed would outgrow the limitations of the use of one ledger only. This problem could be solved in several ways. One method would be to have more

than one ledger, but the accounts contained in each ledger would be chosen simply by chance. There would be no set method for deciding which account should go into which ledger. This would not be very efficient, as it would be difficult to remember which accounts were in each ledger.

Another method would be to divide the ledger into different books and each book would be for a specific purpose or function. The functions could be:

1. One book just for customers' personal accounts. It is called the Sales Ledger.
2. Another book just for suppliers' personal accounts. It is called the Purchases Ledger or Bought Ledger.
3. A book concerned with the receiving and paying out of money both by cash and cheque is called a Cash Book.
4. The remaining accounts would be contained in a ledger which is called a General Ledger, an alternative name being a Nominal Ledger.

These ledgers all contain accounts and are part of double entry.

If more than one person becomes involved in book-keeping, the fact that the ledger has been divided into different books would make their job easier. The book-keeping to be done would be split between the people concerned, each book-keeper having charge of one or more books.

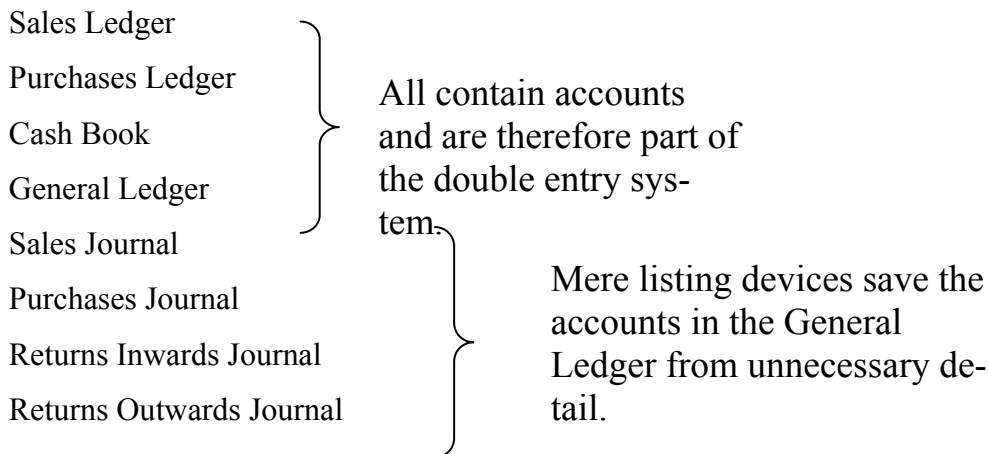
The General Ledger would be used quite a lot, because it would contain the sales accounts, purchases accounts, returns inwards and returns outwards accounts, as well as all the other accounts for assets, expenses, income, etc. When the General Ledger becomes overloaded, we could deal with this problem by taking a lot of the detailed work out of it. Most entries in it would have been credit sales, credit purchases and returns inwards and returns outwards. We can therefore start four new books, for credit transactions only. One book will be for credit sales (the Sales Journal), one for credit purchases (the Purchases Journal) and one each for Returns Inwards (the Returns Inwards Journal) and Returns Outwards (the Returns Outwards Journal).

When a credit sale is made it will be entered in the customer's personal account in the Sales Ledger exactly the same way as before. However, instead of entering the sale in the sales account in the Ledger, we would enter it in the Sales Journal. At regular intervals, usually once a month, the total of the Sales Journal would be transferred to the credit of the Sales Account in the General Ledger.

What this means is that even if there were 1,000 credit sales in the month, only one entry, the total of the Sales Journal, would need entering in General Ledger. This saves the General Ledger from being overloaded with detail.

Similarly credit purchases are entered in the suppliers' account and listed in a Purchases Journal. The total is then entered at regular intervals in the debit side of the Purchases Account.

Returns inwards accounts entered in the customer's personal accounts are listed in the Returns Inwards Journal. The total is then transferred to the debit of the Returns Inwards Account. Returns outwards accounts are entered in the supplier's personal accounts and are listed in the Returns Outwards Journal. The total is then transferred to the credit of the Returns Outwards Account.



Post-text exercises

1. Fill in the gaps with the missing words:

the debit side, the General Ledger, the total, intervals, deal with, overloaded, different, involved, simply, ledger, solved, the book-keeping records.

1. With the very smallest type of organization, it would possibly be sufficient to have... written in just one book.
2. This problem could be ... in several ways.
3. One method would be to have more than one ... but the accounts contained in each ledger would be chosen ... by chance.
4. If more than one person becomes ... in book-keeping, the fact that the ledger has been divided into ... books would make their job easier.
5. When the General Ledger becomes ... we could ... this problem by taking a lot of the detailed work out of it.
6. At regular ... usually once a month ... of the Sales Journal would be transferred to the credit of the Sales Account in the General Ledger.
7. This saves ... from being overloaded with detail.
8. The total is then entered at regular intervals in ... of the Purchases Account.

2. Find synonyms among the following words:

amount, account, remain, quantity, goal, general, report, total, client, decide, stay, aim, common, full, objective, customer, purpose, report.

3. Find antonyms among the following words:

difficult, purchase, complicated, stay, simple, inward, unnecessary, remember, leave, save, spend, irregular, save, easy, forget, outward, necessary, regular.

4. Translate from Russian into English the following word combinations:

бухгалтерские записи; бухгалтерский гроссбух (бухгалтерская книга счетов); кассовая книга; часть системы двойной записи; стать перегруженным; иметь дело с проблемой кредитных операций; занести на счет поставщика; зарегистрировать в журнале; перевести итоговую запись в кредит; личные счета поставщиков; книги для кредитных операций; личный счет клиента.

5. True or false statement

1. As the organization grew the amount of book-keeping entries needed would not outgrow the limitations of the use of one ledger only.
2. Another method would be to divide the ledger into different books and each book would be for a specific purpose or function.
3. These ledgers all contain accounts and are part of double entry.
4. The General Ledger would not be used quite a lot, because it would contain all the other accounts.
5. At regular intervals, usually once a month, the total of the Sales Journal would be transferred to the credit of the Sales Account in the General Ledger.
6. The book-keeping to be done would not be split between the people concerned.
7. One method would be to have more than one ledger, but the accounts contained in each ledger would be chosen simply by chance.
8. Similarly credit purchases are not entered in the suppliers' account and listed in a Purchases Journal.

6. Translate the following sentences from English into Russian

1. With the very smallest type of organization, it would possibly be sufficient to have the book-keeping records written in just one book.

2. There would be no set method for deciding which account should go into which ledger.
3. The remaining accounts would be contained in a ledger which is called a General Ledger, an alternative name being a Nominal Ledger.
4. When the General Ledger becomes overloaded, we could deal with this problem by taking a lot of the detailed work out of it.
5. A book concerned with the receiving and paying out of money both by cash and cheque is called a Cash Book.
6. The book-keeping to be done would be split between the people concerned, each book-keeper having charge of one or more books.
7. However, instead of entering the sale in the sales account in the Ledger, we would enter it in the Sales Journal.
8. The total is then entered at regular intervals in the debit side of the Purchases Account.

7. Translate the following sentences from Russian into English

1. Эта проблема может быть решена несколькими способами.
2. Второй способ состоит в том, чтобы разделить регистр на несколько книг, каждая из которых будет выполнять определенную функцию или служить определенной цели.
3. Все эти книги служат для регистрации счетов и являются частью системы двойной записи.
4. Главным регистром придется пользоваться довольно часто, поскольку в нем будут все счета.
5. С проблемой перегрузки Главного регистра можно справиться путем предохранения его от ненужных деталей.
6. Следовательно, только для записи кредитных операций мы можем завести четыре новые книги.
7. Суммирующая запись поможет избежать перегрузки Главного регистра излишними записями.
8. Книга для регистрации получения и выплаты денег, как наличных, так и в виде чеков, называется кассовой книгой.

8. Comprehension and discussion

1. What is the Ledger?
2. What do the Ledgers contain?
3. Are the Ledgers part of double entry?
4. How can we prevent overloading of the Ledger?

5. Is there any classification of the Ledger?
6. What is the function of each book?
7. Who is in charge of any book?
8. How often are the totals of the Sales Journal transferred to the credit of the Sales Account in the General Ledger?

9. Render the following texts according to the plan in Unit 1

10. Ask your groupmate to tell about:

- a) the classification of the Ledger;
- b) the function of each book;
- c) the method of transactions' recording.

Ask your groupmate questions about:

- a) What the Purchases Ledger or Bought Ledger is used for;
- b) What function of a Cash Book is;
- c) When the General Ledger becomes overloaded.

Unit V

Accounting Information Processing Cycle

Pre-text exercises:

1. Read the following words:

regardless, financial, reporting, collecting, processing, data, external, internally, outputs, primarily, receipt, economic, analysis.

2. Read and translate into Russian the following word combinations:

financial reports, reporting period, accounting period, income statement, balance sheet, statement of cash flows, transaction analysis, chronological order, operating functions.

3. Define what part of speech these words belong to:

financial, information, external, statement, cycle, occur, internally, quality, data, economic, carefully, procedure, transaction, understanding.

4. Form nouns from verbs (a); adjectives from nouns (b):

- a) to account; to collect; to report; to inform; to transact; to generate; to analyze; to form;

b) finance; account; system; process; use; economy; essence; simplicity; direction.

5. Learn the following words and word combinations by heart:

accounting system, financial reports, economic data, internally, economic effects, sound knowledge of concepts, to record a transaction, the calendar year, transaction analysis, the concepts and procedures of accounting.

6. Check the meaning of the following words in the dictionary:

regardless, entity, sequential, throughout, source, depreciation, output, input, equality, format, asset, liability, owner's equity, transfer, appropriate, a loose-leaf ledger, descriptive name, posting a trial balance, financial statement, acceptable.

1. Read and translate the following text:

Text

An accounting system, regardless of the size of a business, is designed to collect, process and report financial information about the entity. Financial reports are prepared at the end of each reporting period, often called the accounting period. For external reporting, the accounting period is one year in length, and it may, or may not, be the calendar year (January 1 to December 31). During each accounting period, the accounting system systematically collects and processes economic data, about all of the transactions completed by the entity.

This collecting and processing activity is called the accounting information processing cycle. It is called a cycle because it is repeated each accounting period for the new economic data. This processing cycle involves a series of sequential phases (steps), starting with collecting information concerning transactions and continuing through the accounting period to the preparation of the required financial statements – income statement, balance sheet, and statement of cash flows.

There are six phases of the accounting information processing cycle.

Phase 1 – collect original data

The first phase in the accounting information processing cycle is the collection of data about each transaction affecting the entity. Data are collected continuously throughout the accounting period as transactions occur. Each transaction that involves external parties usually generates one or more source documents that provide essential information about that transaction. Examples are sales invoices, cash register tapes, purchase invoices, and signed receipts. Documentation

must be generated internally for certain transactions (a) that are not between entities, such as depreciation and the using up of office supplies already on hand, but nevertheless have a particular economic impact on the entity being accounted for and (b) that involve an exchange between two or more separate entities (or persons). The original source documents are not generated by the accounting function but through the various operating functions of a business. The quality of the outputs of an information processing system is determined primarily by the quality of the inputs of original data based on transactions. Therefore, a carefully designed and controlled data collection system is an essential part of an accounting information processing system.

Phase 2 – analyze each transaction

Transaction analysis is the process of studying a transaction to determine its dual effect on the entity in terms of the accounting model. Transaction analysis starts when a business document is available that indicates a completed transaction. Based on transaction analysis, the effects of the transaction are recorded in the accounting system. It's necessary to remember that for each transaction recorded, two separate balances must be maintained:

- (1) Assets = Liabilities + Owners' Equity,
- and (2) Debits = Credits

Transaction analysis requires an understanding of the nature of business transactions, the operations of the business, and a sound knowledge of the concepts and procedures of accounting.

Phase 3 – record transactions in journal

After transaction analysis, the economic effects of each transaction are formally entered into the accounting system in a record known as the journal. The journal is a simple form used to record each transaction using the Debits = Credits format. In a simple situation, each transaction could be recorded directly in the separate accounts for each asset, liability and owners' equity. However, in more complex situations, each transaction should be recorded in one place in chronological order (i.e., in order of date of occurrence). The accounting record designed for this purpose is the journal. Typically, the effects of transaction analysis are recorded first in journal and later transferred to the appropriate accounts. The journal contains a chronological listing of each entry for all of the transactions. Notice that the debit always is listed first and the credit is listed last and intended to avoid incorrect identification.

The journal entry is a physical linking of the dual effects of each transaction. The journal is the place of initial (or first) entry of the economic effects of each transaction.

Therefore, it is called the book of original entry. The journal serves three useful purposes:

1. It provides for the initial and chronological listing of each transaction immediately after its transaction analysis is completed.

2. It provides a single place to record the economic effects of each transaction without further subclassifications of the data.
3. It facilitates later tracing: checking for possible errors; and reconstruction of each transaction, its analysis and its recording.

Knowledge of the approximate date of a transaction often is tracing activities. The journal is the only place in the accounting system where the economic effects of each transaction are linked physically and recorded chronologically.

Phase 4 – post (transfer) data from journal to ledger

A separate account is set up for each asset, liability and owners' equity. An accounting system typically contains a large number of such accounts. Collectively, these individual accounts are contained in a record known as the ledger. The ledger may be organized in many ways. Hand-written accounting systems may use a loose-leaf ledger—one page for each account. In a machine accounting system, a separate machine card is kept for each account. With a computerized accounting system, the ledger is kept on electronic storage devices, but there are still individual accounts under each system. Each account is identified by a descriptive name and an assigned number.

The ledger contains information that initially was recorded in the journal and then transferred to the appropriate accounts in the ledger. The transfer of information from the journal to the ledger is called posting. This transfer from chronological arrangement in the journal to the account format in the ledger is important because the ledger reflects the data classified as assets, liabilities, owners' equity, revenues and expenses. This reclassification of the data facilitates the subsequent preparation of financial statements. Usually a business will record the transactions in the journal each day and post to the ledger less frequently, say, every few days, of course, the timing of these activities varies with the data processing system used and the complexity of the entity.

To post to the ledger, the debits and credits shown in the journal entries are transferred directly as debits and credits to the appropriate accounts in the ledger. Both, the journal and the ledger have a Folio column for cross-reference between these two records. In the journal, the numbers in the Folio column indicate the account to which the rouble/dollar amounts were posted. In the ledger account the numbers in the Folio column indicate the journal page from which the rouble/ dollar amounts were posted. Folio numbers are used in the posting phase to (a) indicate that posting has been done and (b) provide an “audit train”. The economic data concerning transactions end up in the ledger; therefore it has been called the book of final entry.

Phase 5 – prepare a trial balance

At the end of the accounting period, a trial balance is prepared directly from the ledger. A trial balance is a listing, in ledger account order, of the individual accounts and their respective net ending debit and credit balances. The ending balance shown for each individual account is the difference between the total of its debits and the total of its credits. A trial balance has two purposes:

1. It provides a check on the equality of the debits and credits as shown in the ledger accounts at the end of the period.
2. It provides financial data in a convenient form to help in preparing the financial statements.

Phase 6 – prepare financial statements

This phase is the preparation of the three required financial statements – income statement, balance sheet and statement of cash flows. The trial balance provides basic data that are needed to prepare the financial statements at the end of the accounting period.

Classifications of the Three Required Financial Statements

To make financial statements more useful, classifications of information are included on the financial statements. There are a variety of acceptable classifications used in practice.

Classifications on the Income Statement

An income statement is classified as follows:

- A. Revenues (often classified by type, such as sales, service and interest revenue)
- B. Expenses

Cost of goods sold (an expense)

operating expense:

Selling expense

General and administrative expense

Interest expense

Income tax expense

- C. Income before extraordinary items (A – B)
- D. Extraordinary items (unusual and nonrecurring)

Gains and losses

- E. Net income (C – D)

- F. Earnings per share (EPS)

Classifications on the Balance Sheet

Typically a balance sheet is classified as follows:

- A. Assets (by order of liquidity):

Liquidity refers to the average period of time required to convert a noncash asset to cash.

1. Current assets (short term)

2. Long-term investments
3. Operational assets (property, plant and equipment)
4. Intangible assets
5. Deferred charges
6. Other (miscellaneous) assets

Total assets

B. Liabilities (by order of time to maturity):

1. Current liabilities (short term)
2. Long-term liabilities

Total liabilities

C. Owners' equity (by source):

1. Contributed capital (by owners)
2. Retained earnings (accumulated earnings minus accumulated dividends declared)

Classifications of the Statement of Cash Flows (SCF)

The SCF is classified as follows:

1. Cash flows from operating activities.

Cash flows are associated with earning income.

2. Cash flows from investing activities.

Cash flows are associated with buying and selling productive assets (other than inventory).

3. Cash flows from financing activities.

These cash flows are related to financing the business.

Post-text exercises:

1. Fill in the gaps with the missing words:

activity, phases, continuously, reports, place, format, cycle, internally, effects, chronologically, available, period, starts, simple.

1. Financial ... are prepared at the end of each reporting
2. This collecting and processing ... is called the accounting information processing.... .
3. There are six ... of the accounting information processing cycle.
4. Data are collected ... throughout the accounting period as transactions occur.

5. Documentation must be generated ... for certain transactions.
6. Transaction analysis ... when a business document is ... that indicates a completed transaction.
7. The journal is ... form used to record each transaction using the Debits = Credits
8. The journal is the only ... in the accounting system where the economic ... of each transaction are linked ... and recorded... .

2. Find synonyms among the following words:

report, collect, each, transaction, essential, complete, purpose, information, gather, every, deal, material, full, goal.

3. Find antonyms among the following words:

start, debit, other, order, difference, respective, revenues, external, input, end, credit, disorder, resemblance, irrespective, expenses, internal, output.

4. Translate from Russian into English the following word combinations:

система бухучета, финансовые отчеты, обработка бухгалтерской информации, поступление наличности, сбор данных, эффект двойной записи, анализ сделок предприятия, в хронологическом порядке, запись сделок в журнале, перевести на соответствующий счет, главная бухгалтерская книга.

5. True or false statement

1. An accounting system is not designed to collect, process and report financial information.
2. For external reporting, the accounting period is usually one year in length.
3. The collecting and processing activity is called the accounting information processing cycle.
4. Data are not collected continuously throughout the accounting period.
5. Transaction analysis is the process of studying a transaction to determine its dual effect on the entity in terms of the accounting model.
6. The journal does not contain a chronological listing of each entry for all of the transactions.
7. The journal serves three useful purposes.
8. The transfer of information from the journal to the ledger is called posting.
9. At the end of the accounting period, a trial balance is prepared directly from the ledger.
10. The trial balance does not provide basic data that are needed to prepare the financial statements at the end of the accounting period.

6. Translate the following sentences from English into Russian:

1. Financial reports are prepared at the end of each reporting period, often called the accounting period.
2. This processing cycle involves a series, of sequential phases starting with collecting information concerning transactions.
3. The first phase in the accounting information processing cycle is the collection of data about each transaction affecting the entity.
4. Transaction analysis requires an understanding of the nature of business transactions, the operations of the business and a sound knowledge of the concepts and procedures of accounting.
5. In a simple situation, each transaction could be recorded directly in the separate accounts for each asset, liability and owners' equity.
6. Collectively, these individual accounts are contained in a record known as the ledger.
7. The transfer of information from the journal to the ledger is called posting.
8. Phase six is the preparation of the three required financial statements – income statement, balance sheet, and statement of cash flows.

7. Translate the following sentences from Russian into English:

1. Система бухучета предназначена для сбора, обработки информации о предприятии и составления отчета.
2. Данные собираются непрерывно на протяжении всего отчетного периода.
3. Таким образом, тщательно контролируемая система сбора данных, является существенной частью системы обработки бухгалтерской информации.
4. Журнал это простая форма, используемая для записи каждой сделки, использующей формат дебет равен кредиту.
5. Каждая сделка должна быть записана в одном месте в хронологическом порядке.
6. Главная бухгалтерская книга содержит информацию, которая сначала была записана в журнале, а затем переведена на соответствующие счета в главную бухгалтерскую книгу.
7. Пробный баланс готовится непосредственно из главной бухгалтерской книги в конце отчетного периода.
8. На практике существует разнообразие приемлемых классификаций составления финансовых отчетов.

8. Comprehension and discussion

1. What is an accounting system designed for?
2. How often are financial reports prepared?

3. How many phases are there in the accounting information processing cycle?
4. The quality of the outputs of an information processing system is determined primarily by the quality of the inputs of original data based on transactions, isn't it?
5. What does transaction analysis require?
6. How is the transfer of information from the journal to the ledger called?
7. When and how is a trial balance prepared?
8. What is phase six devoted to?

9. Render the following text according to the plan in the first unit

10. Ask your groupmate to tell about:

- a) the purpose of an accounting system;
- b) the phases of a typical accounting information processing cycle;
- c) classifications of financial statements elements.

Ask your groupmate questions about:

- a) what this processing cycle involves;
- b) in what format the economic effects are entered into the accounting system;
- c) the financial statements which include income statement, balance sheet and statement of each flows.

Unit VI
Balance Sheet

Pre-text exercises

1. Read the following words:

trade, profit, statement, balance, double-entry, status, position, model, measurement, estimate, maturity, stock-holder.

2. Read and translate into Russian the following word combinations:

double-entry system, financial status, accounting model, assets, liabilities, owners', equity, legal claims, total cost, market value, acquisition cost, cash borrowings, definite maturity, income taxes, residual interest contributed capital, retained earning, cash flows.

3. Define what part of speech these words belong to:

statement, entry, financial, particular, frequently, accounting, stockholder, intangible, purport, payable, maturity, lender, directly, equal, employee, primary.

4. Form nouns from verbs (a); adjectives from nouns (b):

a) to complete, to state, to account, to report, to head, to note, to own, to protect, to measure, to value, to show, to understand, to estimate;

b) a trade, finance, basis, physics, resource, origin, current, subject, from, pay, preference, accumulation, equality, variety.

5. Learn the following words and word combinations by heart:

according to, double-entry system, balance sheet, assets, liabilities, owners' equity, stockholder, total cost, market value, financial statement, to meet smb's claims, cash flows, revenues, expenses, net income, primary category, to predict smth.

6. Check the meaning of the following words in the dictionary:

account(n, v), entire(adj), acquire(v), purport(n), primarily(adv), residual(adj), misinterpret(v), objective(n, adj), available(adj), productive(adj), analyst(n), delivery(n), therefore(adv), purchase(n, v);

1. Read and translate the following text:

Text

After the trading and profit and loss accounts have been completed, a statement is drawn up in which the remaining balances in the books are arranged according to whether they are asset balances or liability or capital balances. This statement is called a balance sheet. The balance sheet is a statement of the financial status of the firm as recorded by an accountant.

It is very important to know that balance sheet is not part of the double-entry system. This contrasts with the trading and profit and loss account which is part of double-entry. The purpose of the balance sheet is to report the financial position of a business at a particular point in time. Financial position is the amount of resources (i. e., assets) and the liabilities (i. e., debts) of a business. Therefore, the balance sheet is frequently called the statement of financial position. The accounting model for balance sheet is

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

After the statement heading, the assets are listed on the left and the liabilities and owners' equity (called stock holders' equity for a corporation) on the right. It is necessary to note that the accounting model for the balance sheet is the basic building bloc for the entire accounting process.

Next we discuss the three elements reported on a balance sheet – assets, liabilities and owners' equity.

Assets

Assets are the resources owned by the entity. Assets may be, tangible (physical in character) such as land, buildings and machinery; or they may be intangible (characterized by legal claims or rights) such as amounts due from customers (legal claims called accounts receivable) and patents (protected rights).

An asset should be measured on the basis of the total cost incurred to acquire it. Even if the market value of the land changes the balance sheet will report the land at its original acquisition cost. Balance sheets do not purport to show the current market value of the assets listed. Some unsophisticated users of financial statements do not understand this limitation and can easily misinterpret the financial position of a business.

Accountants do not change the measurement of each asset to reflect the new market values because the acquisition cost is factually objective (i. e., not an estimate), where as the current market value of the assets owned by the entity would have to be estimated at end of each year. The estimate would be subjective because the assets are not sold each year-end. Such subjectivity could reduce the reliability of the financial statements.

Liabilities

Liabilities are the debts or obligations of the entity. They arise primarily because of the purchase of goods or services from others on credit and through cash borrowings to finance the business.

If a business does not pay its creditors, the law may give the creditors the right to force the sale of assets sufficient to meet their claims. Business entities often borrow money by entering in to a formal contract. In this case, a liability called notes payable is created. A note payable specifies a definite maturity or payment data and the rate of interest charged by the lender. Many businesses purchase goods and services on credit that do not involve formal notes. This transaction credits a liability known as accounts payable. Another type of liability arises because income taxes often are paid, at least in part, several months after the balance sheet date. Therefore, a liability to the government, income taxes payable, must be reported until the taxes are fully paid.

Owners' Equity

The accounting model ($\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$) shows that owners' equity is equal to total assets minus total liabilities of the business. Because creditors' claims legally come first, owners' equity represents a residual interest in the assets. Owners' equity sometimes is called net worth. However, the preferable designations are (a) "owners' equity" for a sole proprietorship, (b) "partners' equity" for a partnership, and (c) "stockholders' equity" for a corporation. Owners' equity in a business comes from two sources: (1) contributed capital, which is the investment of cash and other assets in the business by the owners; and (2) retained earnings, which is the amount of accumulated earnings kept in business.

Statement of Cash Flows (SCF)

Each financial statement has a primary purpose. The balance sheet shows the resources that are owned and owed to other by a business at a point in time. The income statement reports the revenues that were earned during an accounting period and the expenses that were incurred to earn the revenue. But revenue is not always equal to cash collected from customers because some sales may be on credit. Also, expenses reported on the income statement may not be equal to the cash paid out during the period because expenses may be incurred in one period and payment made in another. As result, net income (revenues minus expenses) is usually not the amount of cash earned during the period. In fact, many successful companies may earn large amounts of income and, nevertheless go out of business because they do not have sufficient cash to meet their obligations. Because the income statement does not provide any information concerning cash flows, accountants prepare the statement of cash flows (SCF) which reports cash flows from various activities.

There are three primary categories of cash flows in a typical business.

1. Cash flows from operating activities.

These cash flows are directly related to earning income (i. e., normal business activity). Examples of this type of cash flows include cash collected from customers and cash paid to employees.

2. Cash flows from investing activities

This category includes cash flows that are related to the acquisition or sale of productive assets used by the company. Examples include the purchase of a new factory and the sale of a used delivery truck.

3. Cash flows from financing activities

These cash flows are directly related to the financing of the enterprise itself. Examples of these cash flows include cash received from owners for their initial investment in the business and cash used to repay a loan from a bank. Many analysts believe that the SCF is the most important

financial statement because it is useful for predicting the future cash flows that may be available from an investment in a particular business.

Post-text exercises:

1. Fill in the gaps with the missing words:

amount, money, categories, revenues, business, account, market value, earn, net worth, resources, expenses

1. This contrasts with the trading and profit and loss ... which is part of double-entry.
2. Financial position is the ... of resources and the liabilities of a business.
3. Assets are the ... owned by the entity.
4. Balance sheets do not purport to show the current ... of the assets listed.
5. Business entities often ... money by entering in to a formal contract.
6. Owners' equity sometimes is called ...
7. The income statement reports ... that were earned during an accounting period and ... that were incurred to ... the revenue.
8. There are three primary ... of cash flows in a typical ...

2. Find synonyms among the following words:

report, amount, often, customer, value, estimate, reliance, lend, inform, quantity, frequently, client, cost, evaluation, trust, loan.

3. Find antonyms among the following words:

remain, tangible, frequently, purchase, legally, payable, revenues, cash, leave, intangible, seldom, sell, illegally, expenses, unpayable, cheque.

4. Translate from Russian into English the following word combinations:

составить отчет согласно активам и обстоятельствам, быть частью системы двойной записи, финансовый статус фирмы, цель балансового отчета, модель (образец) бухучета, налог на доход, собственный капитал, остаточный интерес, уплатить по обязательству, отразить рыночную стоимость, поступления (потоки) наличности, заимствования наличности, первоначальное капиталовложение, оплатить заем, субъективная оценка, финансовый отчет.

5. True or false statement

1. It is very important to know that the balance sheet is not part of the double-entry system.
2. The balance sheet is not a statement of the financial status of the firm as recorded by accountant.
3. After the statement heading the assets are listed on the left and the liabilities and owners' equity on the right.
4. Assets are not the resources owned by the entity.
5. Balance sheets do not purport to show the current market value of the assets listed.
6. Liabilities are the debts or obligations of the entity.
7. The balance sheet doesn't show the resources that are owned and owed to others by a business at a point in time.
8. Because the income statement does not provide any information concerning cash flows, accountants prepare the statement of cash flows (SCF) which reports cash flows from various activities.

6. Translate the following sentences from English into Russian:

1. After trading and profit and loss accounts have been completed, a statement is drawn up in which the remaining balances in the books are arranged according to whether they are asset balances or liability or capital balances.
2. Therefore, the balance sheet is frequently called the statement of financial position.
3. Assets may be tangible (physical in character) such as land, buildings and machinery; or they may be intangible such as amounts due from customers and patents.
4. Even if the market value of the land changes the balance sheet will report the land at its original acquisition cost.
5. Such subjectivity could reduce the reliability of the financial statements.
6. They arise primarily because of the purchase of goods or services from other on credit and through cash borrowings to finance the business.
7. A note payable specifies a definite maturity or payment date and the rate of interest charged by the ledger.
8. In fact, many successful companies may earn large amounts of income and, nevertheless go out of business because they do not have sufficient cash to meet their obligations.

7. Translate the following sentences from Russian into English:

1. Очень важно знать, что балансовый отчет не является частью системы двойной записи.
2. Балансовый отчет это отчет о финансовом положении фирмы, представленный бухгалтером.

3. Финансовое положение фирмы это количество ресурсов, т. е. активов и обязательств, т. е. долгов бизнеса.
4. Бухгалтерская модель для балансового отчета это активы = обязательства + собственный капитал.
5. Необходимо отметить, что бухгалтерская модель для балансового отчета является основным строительным блоком для всего бухгалтерского процесса.
6. Оценка должна быть субъективной потому что активы не продаются в конце каждого года.
7. Доход не всегда равен наличности, собранной у клиентов, потому что некоторые продажи могут быть в кредит.
8. Существуют три главные категории движения наличности в типичном бизнесе.

8. Comprehension and discussion

1. Does the balance sheet contrast with the trading and profit and loss account?
2. What is the purpose of the balance sheet?
3. What is the accounting model for the balance sheet?
4. Assets are the resources owned by the entity, aren't they?
5. How should an asset be measured?
6. Do accountants change the measurement of each asset to reflect the new market values or not?
7. Why should the estimate be subjective?
8. How do liabilities arise?
9. In what case may law give the creditors the right to force the sale of assets sufficient to meet their claims?
10. What creates a liability known as accounts payable?
11. What does the income statement report?
12. How many categories of cash flows are there in a typical business?

9. Render the following text according to the plan in the first Unit I

10. Ask your groupmate to tell about:

- a) the purpose of the balance sheet;
- b) the accounting model for the balance sheet;
- c) three main categories of cash flows.

Ask your groupmate questions about:

- a) what financial position is;

- b) where the assets and liabilities and owners' equity are listed;
- c) if revenue is always equal to cash collected from customers.

Unit VII

Methods of Payment

Pre-text exercises

1. Read the following words:

payment, account, bill of exchange, remit, integrity, consignment, contract, competitor, currency, ownership, transfer, demand.

2. Read and translate into Russian the following word combinations:

domestic market, payment in advance, open account, bill of exchange, documentary letter of credit, cash with order, degrees of security, method of trade, cash on delivery, security of payment, overseas buyer, to save money, consignment account, internal banking system, transfer of documents.

3. Define what part of speech these words belong to:

payment, selling, correspondingly, customer, availability, clearly, procedure, pay, ownership, particularly, international, system integrity, procedural, development, buyer.

4. Form nouns from verbs (a); adjectives from nouns (b):

a) to compare, to play, to care, to design, to adopt, to buy, to agree, to save, to settle, to develop, to trade, to export, to transact;

b) prospect, reliability, commerce, possibility, opposition, norm, popularity, simplicity, difficulty, variation, sufficiency, success.

5. Learn the following words and word combinations by heart:

payment in advance, analysis, domestic market, letter of credit, open account, bill of exchange, foreign buyer, number of factors, cash with order, method of payment, availability of foreign currency to somebody, consignment form of payment, value goods, overseas buyer, method of trade, business integrity, export transactions, transfer of documents (money).

6. Check the meaning of the following words in the dictionary:

selling(n), generally(adv), prospective(adj), payment(n), commercial(adj), previously(adv), value(n,v), security(n), export(n,v), goods(n), however(cj, adv), particularly(adv), community(n);

Active vocabulary:

Payment in advance	авансовый платеж
Open account	открытый счет
Bill of exchange	переводной вексель, тратта
Documentary Letter of Credit	товарный аккредитив, документарный аккредитив
Cash with order	1) платежное поручение 2) предъявительская тратта
Cash on delivery	оплата наличными в момент поставки, на- ложенный платеж
Remit	переводить, перечислять деньги
Integrity	целостность
Consignment	1) консигнация 2) партия груза
Payment on presentation	платеж по предъявлению
Payment on demand	платеж по требованию
Bearer	предъявитель, держатель
A bill drawn on	вексель выставленный на...
Settlement	заключение сделки
Sight draft	1) вексель на предъявителя 2) трата на предъявителя
Term draft	срочная трата
Tenor of the bill	срок векселя
Due date	срок погашения кредитного обязательства, срок платежа
Acceptance	1) принятие, акцепт, согласие на оплату 2) акцептование векселя
Face of the bill	номинал векселя
Forward a bill	отправлять, посылать вексель
Collecting bank	банк-инкассатор
Clean bill	недокументированный вексель

Cash against documents	платеж наличными против документов
Promissory note	простой вексель, долговое обязательство
Direct collection	1) прямая инкассация 2) прямой денежный сбор
Reshipment	перегрузка, перевалка
Recoup delay	задержка окупаемости
Default	невыполнение обязательств, неуплата
Notice of dishonour	1) уведомление о неакцептовании векселя 2) уведомление о неуплате векселя
Expiry date	1) истечение срока действия контракта 2) истечение срока опциона
The terms of the credit	условия кредита
Revocable / irrevocable	отзывный / безотзывный
Cancel	аннулировать
Amend	вносить изменения, поправки
Advise a letter of credit	авизовать аккредитив
Advising bank	банк, производящий выплаты по аккредитиву
Confirming bank	подтверждающий банк
Issuing bank	эмиссионный банк
Compatible with	совместный, сочетаемый
Reimburse	погашать (кредит, задолженность)

1. Read and translate the following text:

Text

Compared to selling in the domestic market, selling abroad can create extra problems. Delivery generally takes longer and payment for goods correspondingly can take more time. So exporters need to take extra care in ensuring that prospective customers are reliable payers and that payment is received as quickly as possible.

In the first and in the last analysis, payment for exports depends on the conditions outlined in the commercial contract with a foreign buyer. There are internationally accepted terms designed to avoid confusion about cost and price.

The way exporters choose to be paid depends on a number of factors: the usual contract terms, adopted in an overseas buyer's country, what competitors may be offering, how quickly funds are needed, the life of the product, market and exchange regulations the availability of foreign currency to the buyers, and, of course, whether the cost of any credit can be afforded by the buyer or the exporter.

There are four basic methods of payment providing varying degrees of security for the exporter:

- 1) payment in advance,
- 2) open account,
- 3) Bills of Exchange,
- 4) Documentary letter of Credit.

1. Payment in advance

Clearly the best possible method of payment for the exporter is payment in advance. Cash with order (CWO) avoids any risks on small orders with new buyers and may even be asked for before production begins. However, this form of payment is extremely rare in exporting since it means that an overseas buyer is extending credit to an exporter when the opposite procedure is the normal method of trade. Variations in this form of payment are cash on delivery (COD) where small value goods are sent by Post office parcel post and are released only after payment of the invoice plus COD charges.

2. Open account

An exporter receives the greatest security of payment from cash with order or from cash on delivery. At the other extreme payment on open account offers the least security to an exporter. The goods and accompanying documents are sent directly to an overseas buyer who has agreed to pay with a certain period after the invoice date – usually not more than 180 days. The buyer undertakes to remit money to exporter by an agreed method. The open account saves money and procedural difficulties but the risk to the exporter is obviously greater. It is only successful if an exporter trusts the business integrity and ability of an overseas buyer, something that has probably been established through a sustained period of trading.

A variation of open account payment is the consignment account where an exporter supplies an overseas buyer in order that stocks are built in quantities sufficient to cover continual demand. The exporter retains ownership of the goods until they are sold, or for an agreed period of time after which the buyer remits the agreed price to the exporter. So parallel with the development of international trade throughout the world, the trading community has developed methods of payments which involve the transfer of documents for exported goods using the international banking system

with the aim of speedily settling export transactions at minimum risk to exporters and to overseas buyers.

3. Bill of Exchange (B/E)

A bill of exchange is legally defined as “an unconditional order in writing, addressed by one person to another”, signed by the person giving it, requiring the person to which it is addressed to pay on demand or at a fixed or determinable future time a certain sum of money to or to the order of a specified person, or to the bearer.

In other words an exporter prepares a bill of exchange which is drawn on an overseas buyer, or even on a third party as designated in the export contract, for the sum agreed at settlement.

The bill is called a sight draft if it is made out payable at sight i.e. “on demand”. If it is payable “at a fixed or determinable future time” it is called a term draft, because the buyer is receiving a period of credit, known as the tenor of the bill. The buyer signs an agreement to pay on the due date by writing an acceptance across the face of the bill.

4. Documentary Letter of Credit

By sending documents through the banking system in a documentary bills collections, both an exporter and an overseas buyer have some degree of security in completing the commercial contract. But a more secure method of carrying out the transaction is by a documentary letter of credit. This documentary letter of credit when transmitted through a bank, usually in the exporter’s country, becomes the means by which the exporter obtains payment. The necessary documents, correctly completed, are presented to a bank by the expiry date of the credit. If the terms of the credit are met an exporter can receive payment from a bank. The buyer is in effect providing the exporter with immediate payment in return for a guaranteed assurance from a reputable bank that the export documents required to deliver the goods have been completed to the bank’s satisfaction.

Documentary credits may be revocable or irrevocable. A revocable letter of credit is rather rare nowadays because it means that the terms of the credit can be cancelled or amended by an overseas buyer at any time without prior notice to the exporter. Most letters of credit are irrevocable, which means that once a buyer’s conditions in the letter have been agreed by an exporter, they constitute a definite undertaking by the buyer’s bank and cannot be revoked without the exporter’s agreement. Banks advise letters of credit i.e. on presentation of documents required in a letter of credit, they send them for collection and payment by the issuing bank of an overseas buyer. The letter of credit in this situation is only as good as the strength of the overseas bank involved. An exporter’s advising bank undertakes no responsibility itself to pay the exporter. Even better security is achieved if the irrevocable letter is confirmed by an advising bank. Then the confirming bank stands fully in place of the issuing bank abroad, and provided all the terms and conditions of credit are ful-

filled by an exporter, payment is assured by the banking system without recourse, i.e. without further call on the exporter. So when an exporter has negotiated in the contract with the buyer for a confirmed irrevocable letter of credit then security of payment, as far as humanly possible is achieved. But whether or not the credit is confirmed it is essential that the exporter checks the credit terms immediately to make sure they are compatible with the commercial contract made by the buyer. In dealing with documentary credits the bank is concerned only with the documents to be presented and not with the goods or services involved. Documentary credits may provide for payment at sight or for acceptance of a term bill of exchange by either the issuing bank in a buyer's country or the correspondent bank in the country.

Post-text exercises:

1. Fill in the gaps with the missing words:

advance, payment, contract, money, price, draft, obviously, credit, bank, method, buyer, documentary, letter, acceptance, irrevocable, conditions, methods, ownership, degrees, period, payable, situation, terms, strength, confirmed.

1. In the first and in the last analysis, payment for exports depends on the conditions outlined in the commercial ... with a foreign buyer.
2. There are four basic ... of payment providing varying degrees of security for the exporter
3. Clearly the best possible method of ... for the exporter is payment in...
4. The open account saves ... and procedural difficulties but the risk to the exporter is ... greater.
5. The exporter retains ... of the goods until they are sold, or for an agreed ... of time after which the buyer remits the agreed ... to the exporter.
6. The bill is called a sight ... if it is made out ... at sight i.e. "on demand".
7. But a more secure ... of carrying out the transaction is by a documentary ... of credit.
8. If the terms of the ... are met an exporter can receive payment from a...
9. A revocable letter of credit is rather rare nowadays because it means that the ... of the credit can be cancelled or amended by an overseas ... at any time without prior notice to the exporter.
10. The letter of credit in this ... is only as good as the strength of the overseas bank involved.
11. Even better security is achieved if the ... letter is ... by an advising bank.
12. ... credits may provide for payment at sight or for ... of a term bill of exchange.

2. Find synonyms among the following words:

ensure, choose, competitor, degree, expand, meaning, draft, through, guarantee, select, rival, extent, cheque, significance, extend, across.

3. Find antonyms among the following words:

seller, offer, usual, normal, revocable, security, rarely, agreement, buyer, refuse, unusual, abnormal, irrevocable, danger, often, disagreement.

4. Translate from Russian into English the following word combinations:

внутренний рынок, коммерческий рынок, доступность иностранной валюты, авансовый платеж, открытый счет, переводной вексель, документарный аккредитив, платежное поручение, перечислять деньги, платеж по требованию, срок векселя, отзывной кредит, условия кредита, аннулировать банк, производящий выплаты по аккредитиву, подтверждающий банк, эмиссионный банк, безотзывной кредит.

5. True or false statement

1. Delivery generally does not take longer and payment for goods correspondingly can't take more time.
2. There are four basic methods of payment providing varying degrees of security for the exporter.
3. Clearly the best possible method of payment for the exporter is payment in advance.
4. At the other extreme payment on open account doesn't offer the least security to an exporter.
5. The open account doesn't save money and procedural difficulties but the risk to the exporter is obviously greater.
6. The trading community has developed methods of payments which involve the transfer of documents for exported goods using the international banking system.
7. A bill of exchange is legally defined as "an unconditional order in writing, addressed by one person to another".
8. The buyer signs an agreement to pay on the due date by writing an acceptance across the face of the bill.
9. The documentary letter of credit when transmitted through a bank, doesn't become the means by which the exporter obtains payment.

6. Translate the following sentences from English into Russian:

1. So exporters need to take extra care in ensuring that prospective customers are reliable payers and that payment is received as quickly as possible.
2. However, this form of payment is extremely rare in exporting since it means that an overseas buyer is extending credit to an exporter when the opposite procedure is the normal method of trade.

3. An exporter receives the greatest security of payment from cash with order or from cash on delivery.
4. It is only successful if an exporter trusts the business integrity and ability of an overseas buyer.
5. The exporter retains ownership of the goods until they are sold, or for an agreed period of time after which the buyer remits the agreed price to the exporter.
6. In other words an exporter prepares a bill of exchange which is drawn on an overseas buyer, or even on a third party.
7. If it is payable “at a fixed or determinable future time” it is called a term draft, because the buyer is receiving a period of credit, known as the tenor of the bill.
8. The necessary documents, correctly completed, are presented to a bank by the expiry date of the credit.
9. The letter of credit in this situation is only as good as the strength of the overseas bank involved.

7. Translate the following sentences from Russian into English:

1. В первую очередь платеж за экспорт зависит от условий, обозначенных в коммерческом контракте с иностранным покупателем.
2. Способ, который экспортеры выбирают для оплаты, зависит от ряда факторов.
3. Существует четыре основных метода платежа, обеспечивающие разнообразие степеней безопасности для экспортера.
4. Вариациями в этой форме платежа является оплата наличными в момент поставки.
5. Товары и сопровождающие документы отправляются прямо покупателю, который согласился оплатить за определенный период времени.
6. Вексель называется вексель на предъявителя, «если он выписывается с оплатой по предъявлении, т.е. «по требованию».
7. Посылая документы через банковскую систему как продавец так и покупатель имеют определенную степень безопасности в завершении коммерческого контракта.
8. Товарные аккредитивы могут быть отзывные и безотзывные.
9. Лучшая безопасность достигается, если безотзывной аккредитив подтверждается банком, производящим выплату по аккредитиву.

8. Comprehension and discussion

1. What does payment for exports depend on?
2. How many methods of payment are there? And what are they?
3. Does cash with order avoid any risks on small orders with new buyers?

4. Does an exporter receive the greatest security of payment from cash with order or from cash on delivery?
5. How is a bill of exchange legally defined?
6. What is called a term draft and why?
7. When do an exporter and buyer have some degree of security in completing the commercial contract?
8. Is a revocable letter of credit very often nowadays?
9. What are most letters of credit?
10. An exporter's advising bank undertakes no responsibility itself to pay the exporter, does it?

9. Render the following text according to the plan in the first Unit I

10. Ask your groupmate to tell about:

- a) the best possible method of payment;
- b) basic methods of payment;
- c) the open account.

Ask your groupmate questions about:

- a) what payment on open account offers;
- b) when an exporter can receive payment from a bank;
- c) why an exporter should check the credit terms immediately.

Unit VIII

The Auditing Framework

Pre-text exercises

1. Read the following words:

auditor, auditing, statement, disclosure, enumerate, evidence, exclusively, preliminaries, procedure, ingredient, available, sampling.

2. Read and translate into Russian the following word- combinations:

ingredient auditor, accounting principles, competent professional, set of financial statements, audit assignment, integrity of the system, judgment opinion, firsthand knowledge, business approach to auditing, reliable evidential matter, key justification, statistical sampling.

3. Define what part of speech these words belong to:

auditor, assignment, assume, generally, informative, evidence, whether, financial, marketing, available, undertake, balance, without, though, while, closely, influence, data.

4. Form nouns from verbs (a); adjectives from nouns (b):

a) to assign, to accept, to utilize, to gather, to express, to enumerate, to account, to plan;

b) finance, information, competence, analysis, type, procedure, origin, evidence, usefulness.

5. Learn the following words and word combinations by heart:

audit, auditor, audit assignment, assume, internal control system, financial statement, financial disclosure, priori assumptions, standards of financial reporting, evaluate, environment, jeopardize audit, auditor's evaluation, corroborating information, compilations of data, audit scope.

6. Check the meaning of the following words in the dictionary:

internal(adj), appropriate(adj,v), consistently(adv), current(adj), reject(v), auditing(n), management(n), representation(n), formulate(v), initially(adv), support(n,v), balance(v,n);

1. Read and translate the following text:

Text

When the independent auditor begins an audit assignment, he assumes that (1) the internal control system of the enterprise is appropriate and effective; (2) generally accepted accounting principles have been applied in all accounting processes underlying the financial statements; (3) the generally accepted accounting principles utilized have been applied consistently between the current and the prior periods; and (4) there is an adequate amount of informative financial disclosure in the financial statements and footnotes. Evidence gathering and its evaluation enable the auditors to reject or confirm these prior assumptions. We are thus in a position to define auditing.

Auditing. The analytical process of gathering sufficient evidential matter on a test or sampling basis enables a competent professional to express an opinion as to whether a given set of financial statements meets established standards of financial reporting.

Now we can enumerate the major steps of the auditing process: (1) become acquainted with the firm – its environment and its accounting, personnel, production, marketing, and other systems; (2) review and evaluate the management and the accounting control system in operation; (3) gather

evidential matter on the integrity of the system; (4) gather further evidence related to the representations made in the financial statements; (5) formulate a judgement opinion on the basis of the evidence available.

Getting acquainted. Auditing is an analytical process applied to everyday business situations. Hence it is closely related to existing business practices. Without firsthand knowledge of the nature of these practices and their larger setting, the auditor would have to rely exclusively on available financial data. This would jeopardize both audit efficiency and effectiveness. Therefore a getting-acquainted phase (which usually includes a visit to a client's facilities and certain analytical preliminary test and inquiries) initiates the typical audit process. While "getting-acquainted" preliminaries to the conduct of an audit are standard procedures today, they were quite novel prior to 1965. Initially such procedures were described as the "business approach to auditing".

Control system review. The auditor's evaluation of the control system operating within the enterprise has a direct influence on the scope of the examination he undertakes and the nature of the tests he conducts. However, even though preliminary evaluation of control system is an essential ingredient of planning the audit scope, we must remember that eventually both the system and the data it produces are covered by the audit process.

Evidential matter. Evidential matter supporting financial statements consists of the underlying accounting data and all corroborating information available to the auditor. The auditor tests underlying accounting data by analysis and review, retracing some of the procedural steps followed in the original accounting process and reconciling the events with the information reported.

The auditor's evidential material is the result of tests, selected observations, and statistical sampling where large compilations of data are involved. The auditor must always balance the natural desire for more evidential matter to support an opinion against the costliness and social usefulness of completely reconstructing the underlying data and processes that produced the financial statements. One key justification for independent audits, as we have seen, is the economy that results from producing expert opinion-based judgments from limited but reliable evidential matter.

Post-text exercises:

1. Fill in the gaps with the missing words:

justification, available, statements, audit, judgment, gathering, eventually, system, enumerate, confirm, assignment, accounting, evidential, procedures, business, process

1. When the independent auditor begins an audit ..., he assumes that the internal control ... of the enterprise is appropriate and effective
2. Evidence ... and its evaluation enable the auditors to reject or ... these prior assumptions.

3. Now we can ... the major steps of the auditing process.
4. Auditing is an analytical ... applied to everyday ... situations.
5. Initially such ... were described as the “business approach to auditing”.
6. We must remember that ... both the system and the data it produces are covered by the ... process.
7. Evidential matter supporting financial ... consists of the underlying ... data and all corroborating information ... to the auditor.
8. One key ... for independent audits, as we have seen, is the economy that results from producing expert opinion-based judgments from limited but reliable ... matter.

2. Find synonyms among the following words:

assignment, valuation, auditing, key, appropriate, gathering, preliminary, evidential, judgment, function, suitable, evaluation, collection, audit, tentative, obvious, opinion, clue.

3. Find antonyms among the following words:

dependent, possible, limited, closure, reject, compiled, justification, reliable, independent, disclosure, impossible, easy, unlimited, confirm, accusation, unreliable.

4. Translate from Russian into English the following word combinations:

независимый аудитор, общепринятые бухгалтерские принципы, дать определение аудиту, сбор достаточного материала, главные этапы аудиторского процесса, система бухгалтерского контроля в действии, существенная составная часть планирования, финансовые отчеты состоящие из, поддержать мнение аудитора.

5. True or false statement

1. The independent auditor assumes that the internal control system of the enterprise is appropriate and effective.
2. There is no an adequate amount of informative financial disclosure in the financial statements and footnotes.
3. There are six major steps of the auditing process.
4. Auditing is an analytical process applied to everyday business situations.
5. We must remember that eventually both the system and the data it produces are covered by the audit process.
6. Therefore a getting-acquainted phase doesn't initiate the typical audit process.
7. The auditor tests underlying accounting data by analysis and review.

8. The auditor's evidential material is not the result of tests, selected observations, and statistical sampling where large compilations of data are involved.

6. Translate the following sentences from English into Russian:

1. The generally accepted accounting principles utilized have been applied consistently between the current and the prior periods.
2. Evidence gathering and its evaluation enable the auditors to reject or confirm these a priori assumptions.
3. Auditing is closely related to existing business practices.
4. While "getting-acquainted" preliminaries to the conduct of an audit are standard procedures today, they were quite novel prior to 1965.
5. Evidential matter supporting financial statements consists of the underlying accounting data and all corroborating information available to the auditor
6. Without firsthand knowledge of the nature of these practices and their larger setting, the auditor would have to rely exclusively on available financial data.
7. The auditor must formulate a judgment opinion on the basis of the evidence available.
8. One key justification for independent audits, as we have seen, is the economy that results from producing expert opinion-based judgments from limited but reliable evidential matter.

7. Translate the following sentences from Russian into English:

1. Аудит – это аналитический процесс сборки достаточного материала с целью проверки финансового состояния предприятия.
2. Аудит стал неотъемлемой частью деловой практики предприятия.
3. Существует пять основных этапов аудиторского процесса.
4. Когда независимый аудитор начинает свою проверку, он предполагает, что в финансовых отчетах используются общепринятые бухгалтерские принципы.
5. Одним из главных этапов аудиторского процесса является знакомство с фирмой, её бухгалтерией, производством, штатом и другими системами.
6. Другим этапом является обзор и оценка руководства и системы контроля бухучета в действии.
7. Оценка аудитором системы контроля действующей внутри предприятия имеет прямое влияние на природу его проверок.
8. Доказательный материал аудитора является результатом проверок, избранных наблюдений и огромного количества статистических данных.

9. Независимый аудитор должен сформулировать свое заключение на основе доказательного материала, имеющегося у него в распоряжении.

8. Comprehension and discussion

1. What does the independent auditor assume when he begins an audit assignment?
2. Do evidence gathering and its evaluation enable the auditor to reject or confirm his assumptions?
3. What is auditing?
4. How many major steps are there in the auditing process? Will you describe each step?
5. Auditing is an analytical process applied to everyday business situations, isn't it?
6. Is auditing closely related to existing business practices?
7. What initiates the typical audit process?
8. Has the auditor's evaluation of the control systems operating within the enterprise a direct influence on the scope of his tests?
9. Evidential matter supporting financial statements consists of the underlying accounting data and all corroborating information available to the auditor, doesn't it?
10. Why is the economy one key justification for independent audits?

9. Render the following text according to the plan in the first Unit I

10. Ask your group mate to tell about:

- a) assumptions of the independent auditor;
- b) major steps of the auditing process;
- c) a getting acquainted phase

Ask your group mate questions about:

- a) if the analytical process of gathering sufficient evidential matter meets established standards of financial reporting;
- b) how standard procedures today were described initially;
- c) **why the auditor must always balance the natural desire for more evidential matter.**

Words to be remembered:

- | | |
|-----------------------------|---|
| 1. bookkeeper | бухгалтер |
| 2. accountant | ревизор отчетности, бухгалтер |
| chartered accountant | дипломированный бухгалтер, бухгалтер-эксперт, аудитор |

certified public accountant(Am.)	дипломированный бухгалтер, ревизор
3. controller	контролер, ревизор
4. cash	наличные деньги, наличный расчет
5. flow	поток (денег)
6. receipts	денежные поступления
7. disbursement	выплата денег
8. sale	продажа
9. purchase	закупка
10. transaction	сделка
11. appropriate	соответствующий
12. book	бухгалтерская книга
13. entry	бухгалтерская запись, проводка
14. journal	журнал (бухгалтерский)
15.to post	переносить в главную книгу (бухгалтерскую)
16. ledger	главная книга
17.expenditure	расходы
18. earnings	доходы
19. balance	баланс (бухгалтерский)
trial balance	пробный баланс
20. responsibility	ответственность
21. to interpret	толковать, интерпретировать
22. data	данные
23. to determine	определять
24. expansion	расширение
25. to advertise	рекламировать
advertising campaign	рекламная кампания
26. sophisticated	сложный
27. accounting	бухгалтерский учет
28. officer	должностное лицо
29. to measure	оценивать, определять
30. performance	деятельность, действие
31. executive	руководящий работник, руководитель

Translate the following text into Russian.

BOOKKEEPERS, ACCOUNTANTS AND CONTROLLERS

Bookkeepers, deal with taxes, cash flow, which include cash receipts and cash disbursements, sales, purchases and different business transactions of the company. Bookkeepers first record all the appropriate figures – in the books of the original entry, or Journals. At the end of a period usually a month – the totals of each book of original entry are posed into the proper page of the **Ledger**. The Ledger shows all the expenditures and all the earnings of the company. On the basis of all the totals of each account in the Ledger, the bookkeeper prepares a **Trial Balance**. Trial Balances are usually drawn up every quarter. The **accountant's** responsibility is to analyse and interpret the data in the Ledger and the Trail Balance.

The accountant is to determine the ways in which the business may grow in the future. No expansion or reorganization is planned without the help of accountant. New Products and advertising campaigns are also prepared with the help of the accountant. The work of accountants is rather sophisticated. Many accountants have special certificates after they pass examinations in Institute of Accountants. Certified accountants in England are called **chartered accountants**. In the U.S.A. the certified accountants are called **certified public accountants**. But it is not necessary to have a certificate to practice accounting. Junior employees in large companies, for example, often practice accounting and then take the examination. The chief accounting officer of a large company is the **Controller**, or **Comptroller**. Controllers are responsible for measuring the company's performance. They interpret the results of the operations, plan and recommend future action. This position is very close to the top executives of the company.

Words to be remembered

1. audit	аудит, ревизия
2. auditor	аудитор, бухгалтер-ревизор
3. to review	просматривать
review	просмотр, рассмотрение
4. to perform	выполнять
5. to fix	фиксировать, устанавливать
6. interval	промежуток
at fixed intervals	через фиксированные промежутки времени
7. quarter	квартал
	поквартально, раз в квартал

quarterly	годовой, ежегодный
8. annual	ежегодно
annually	раз в полгода
semiannually	время
9. time	неполное количество рабочих часов
part-time	работать неполный рабочий день
to work on a part-time basis	сохранять, поддерживать
10. to maintain	внутренний
11. internal	предлагать, наводить на мысль, говорить о
12. to suggest	чем-либо
	нарушение правил, неправильность
13. irregularity	обнаружить, открыть
14. to discover	открытие
discovery	быстрый, своевременный
15. prompt	своевременно, немедленно
promptly	полный
16. complete	полно
completely	долг, обязанность
17. duty	уменьшить
18. to reduce	незаконное присвоение
19. misappropriation	определять, обнаруживать
20. to identify	раскрывать, открывать
21. to detect	обманный, мошеннический
22. fraudulent	решение, разрешение
23. solution	дело
24. affair	отчет
25. report	мнение, заключение, отзыв
26. opinion	нераспределенный
27. retained	анализ, проверка, испытание
28. test	процедура, порядок
29. procedure	

Translate the following text into Russian.

Auditors are usually independent certified accountants who review the financial records of a company. These reviews are called **audits**. They are usually performed at fixed intervals – quarterly, semiannually or annually. Auditors are employed either regularly or on a part-time basis. Some large companies maintain a continuous internal audit by their own accounting departments. These auditors are called **internal auditors**.

Not so many years ago the presence of an auditor suggested that a company was having financial difficulties or that irregularities had been discovered in the records. Currently, however, outside audits are a normal and regular part of business practice.

Auditors see that current transactions are recorded promptly and completely. Their duty is to reduce the possibility of misappropriation, to identify mistakes or detect fraudulent transactions. Then they are usually requested to propose solutions for these problems.

Thus auditors review financial records and reports to the management on the current state of the company's fiscal affairs in the form of **Auditor's Report** or **Auditor's Opinion**.

Here is a specimen Auditor's Opinion:

AUDITOR'S OPINION
The Board of Directors Johnson and Co.
I have examined the Balanced Sheet of Johnson and Co., as of 31 December, 2005, as well as the related Statements of income and retained earnings and changes in the financial position for the year ending on that date. My examination was made in accordance with generally accepted standards of auditing. It included tests of the accounting records and those other procedures that I considered necessary. In my opinion, the accompanying Balance Sheet and Statement of Income and Retained Earnings present fairly the financial condition of Johnson and Co., on 31 December, 2005
Daniel H. Peterson Certified Public Accountant
New York, N. Y. 30 January, 2006

1. Will you discuss the texts in the form of a dialogue.
2. Speak on a professional line of an accountant.

PART II

“Business correspondence”

I. ВВЕДЕНИЕ

На современном этапе развития общества, с появлением различных форм собственности и с бурным ростом количества совместных предприятий и коммерческих структур наиболее остро стоит вопрос о языковой компетентности персонала фирмы, предприятия, ведущих внешнеэкономическую деятельность.

Успех фирмы зависит не только от степени профессионализма персонала, личностных характеристик каждого человека, но и от уровня его образованности в области иностранных языков.

Деловое общение в форме переписки предполагает владение всем арсеналом языковых средств в этой области. Способность грамотно перевести деловое письмо и составить ответное послание является одним из составляющих успеха Вашего предприятия.

Следует отметить, что стиль деловой переписки отличается от разговорного и предполагает употребление несложных синтаксических конструкций, полное отсутствие эмфатических предложений, сложных грамматических конструкций, оборотов речи, принятых в разговорном стиле, а также характеризуется определенным набором лексических средств. Необходимо также учесть, что в современном английском языке существует тенденция к так называемой открытой пунктуации, то есть к сведению количества знаков препинания до минимума.

Современное деловое письмо должно быть предельно кратким, понятным, вежливым и доброжелательным, а его язык – простым.

Правила и традиции ведения переписки с годами меняются, но некоторые основы написания коммерческого письма остаются неизменными.

Если Вам нужно перевести письмо с русского языка на английский, прежде всего прочитайте его целиком, чтобы понять главную мысль послания, а потом посмотрите, нет ли в нем лишних слов, загромождающих текст и затрудняющих понимание смысла; нет ли в нем излишних витиеватостей, которые вполне можно заменить простыми и понятными словами. Если есть – уберите все лишнее и замените непонятные и затрудняющие понимание смысла выражения.

Прежде чем переводить, определите форму делового письма, подберите необходимые фразы и выражения для начала и конца. После перевода отложите текст, если время позволяет это сделать, а потом перечитайте его. Вы легко обнаружите все, что утяжеляет стиль и не несет смысловой нагрузки.

I.I. Практические рекомендации к написанию делового письма.

1) Необходимо быть осторожными с числительными. Не следует забывать, что в английском написании десятичных дробей после целого числа ставится точка, а не запятая, как в русском языке: 2.5 (рус.: 2,5). В больших числах каждые три цифры справа налево отделяются запятой, а не точкой: 25,250 (двадцать пять тысяч двести пятьдесят).

2) Частное деловое письмо пишется от руки, каждый абзац начинается с красной строки.

3) Даты можно писать по-разному. В Англии при обозначении даты письма ставится порядковое числительное с нужным окончанием:

7th April, 20...

Можно написать и без окончания – *23 March, 20 ...*

После написания месяца ставится запятая; точка после даты необязательна. Название месяцев следует писать полностью.

В США принято писать дату иначе – *April 7, 20...*

Этот способ написания часто используется в международной практике.

4) Не стоит применять в современной деловой переписке устаревшие выражения и канцеляризмы:

in receipt of our favour, we beg to acknowledge receipt of your letter, with reference to your letter, in reply to...

5) Следует избегать сокращений типа: *ult., inst.,* и *prox.* Вместо этого пишут полностью – *last month, this month, next month.*

Следует писать: *We have received it, ...* вместо *We have received same.*

6) Не следует писать вначале фразы:

With regard to your request...

In connection with...

In respect of...

Все это примеры канцеляризов.

7) Выражение *Enclosed please find* (к чему прилагается) устарело, вместо него следует писать: *We enclose...*

8) Следует писать: *Please let us know* или *tell us* вместо устаревшего: *Please be good enough to advise us.*

9) Письма обычно пишут только на лицевой стороне бланка. Если письмо не помещается на одном листе, используется лицевая сторона нескольких листов, дополнительные листы нумеруются.

I.II. Основные составляющие делового письма.

Заголовок бланка – это отпечатанное типографским способом название организации или фирмы, отправляющей письмо, ее почтовый адрес, адрес для телеграмм, телефон, телекс и телефакс, например:

MITCHELL ELECTRONICS COMPANY LIMITED St. Mirren Avenue, London E 15 3 ET TELEPHONE: 01-386 9239 TELEGRAMS: MELEC LONDON
--

Если

, размещать Ваш адрес (как отправителя) следует справа вверху. Не нужно указывать здесь свое имя, оно будет следовать за Вашей подписью. Русские названия внешнеторговых объединений справа вверху. Их пишут латинским шрифтом в транскрипции, принятых для всех иностранных языков. Номер Вашего телефона можно указать внизу.

Дата – всегда пишется справа вверху (под Вашим адресом, если письмо написано не на бланке, или ниже типографского заголовка бланка).

Ссылка – перед адресом получателя, как правило, печатают указание на ссылку, которую отправитель письма просит упомянуть в своем ответе. Обычная ссылка – это инициалы составителя письма и машинистки. Например:

Our Ref: MRE/JNK (при отправлении)

Your Ref: BAT/SN (при получении), где MRE – инициалы автора письма (M.R. Etherington), JNK – инициалы машинистки.

Адрес получателя – (inside address) пишется слева вверху, под ссылкой. Если письмо адресовано конкретному лицу, его имя, фамилия должны быть написаны так, как они даны в справочниках или в его личной подписи на полученных от него письмах.

Ниже пишется название фирмы, под ним – номер дома, улица, город, штат или графство, последней пишется страна. Ставить запятую после написания названия улицы или округа не обязательно. Если Вы не знаете фамилии нужного Вам должностного лица в фирме или организации, в которую пишете, достаточно написать название организации. Но даже если Вы знаете нужную Вам фамилию, название организации писать необходимо, одного адреса недостаточно.

Обращение – пишется слева, а не в центре. Обращение *Dear Sir* уместно, когда Вы пишете конкретному лицу, если Вы не знакомы. Если же Вы лично знакомы, следует обратиться к адресату по имени: *Dear Mr. Jones*. Если Вы пишете в фирму, в обращении ставится *Dear Sirs*.

Заголовок – краткое указание относительно содержания или темы письма. Это делается для того, чтобы адресат сразу понял, о чем идет речь: если переписка в отношении како-

го-то товара, заказа идет уже какое-то время, адресат по заголовку сразу увидит, что речь идет именно об этом товаре или заказе. Например:

Your Order No 1257/S.

Имеется в виду ответ на заказ № 1257/S.

Заключительная формула вежливости – если Вы не знакомы с адресатом, можно написать *Yours faithfully* или *Sincerely yours*. Иногда можно встретить и такие формы: *Yours truly*; *Sincerely yours*; *Sincerely*; *Very truly yours*.

Подпись – ставят над напечатанной фамилией автора от руки. Договоры, чеки, финансовые документы должны подписываться законно уполномоченными на то лицами. Если рядом с подписью стоят две буквы *p.p.* (*per pro*), это означает – «по договоренности».

The layout and parts of a business letter (Расположение и части делового письма)

The ordinary business letter comprises the following principal parts: The Date (дата), The Inside Address (внутренний адрес), The Opening Situation (вступительное обращение), The Subject Heading (заголовок к тексту), The Opening Paragraph (начальный абзац), The Body of the Letter (текст письма), The Closing Paragraph (конечный (заключительный) абзац), The Complimentary Closing (заключительная формула вежливости), The Signature (подпись), Enclosures, Postscripts and copies sent (отметка о наличии приложения и постскриптумов, отметка о направлении копий в другие места).

The English business letter

The Secretary,

The Western Wheat Co. Plc,

64, Darwin Road,

LIVERPOOL, 16,

England.

(The inside address)

Dear Sir,

(The opening Salutation)

Abt: **ORDER №. 1367**

(The Subject Heading)

We thank you for your letter of 23rd of January and are writing to inform you that ...

(The Opening paragraph)

2nd February, 200..

(The date)

.....
.....
.....

(The Body of the Letter)

We hope that these alterations will be acceptable to you and expect your reply as soon as possible.

(The Closing Paragraph)

Yours faithfully,
(The Complimentary Closing)
per pro. THE ORIENTAL TRADING CO. LTD

J. BROWN
Manager
(The signature)

Enc: Above alterations (1 pages)
(Enclosures and postscripts)

The American business letter

February 2, 200..

The Sales Manager,
The Eagle Press Inc,
24 South Banc,
BOSTON,
Mass 02110,
USA

Gentlemen:

.....
.....
.....

Yours truly, Mrs. J. Brown

Answer the following questions:

1. What are the parts of the business letter?
2. What is the difference between the English and American ways of writing the date?
3. What is the difference of writing the inside address in England and in Russian?
4. How do the English and Americans write the opening salutation and the complimentary closing?
5. What is the difference in placing the subject heading in English and in Russian business letter writing?
6. When is the phrase "For the attention of ..." used?
7. What is the opening paragraph intended for?
8. What phrases do you know that may be used in the opening paragraph?
9. What is the main principle of dividing the letter into paragraphs?
10. What words are used to fit the paragraphs together smoothly?
11. What is the closing paragraph intended for?
12. What phrases do you know that may be used in closing paragraphs?
13. Why should the writing of the signature be consistent?
14. What should you remember about enclosures and why?
15. Why do you think writing of postscript is considered to be bad?
16. What is a "window" envelope?
17. Is the "window" envelope widely used in our commercial practice? Why?
18. What is the proper Opening Salutation for a partnership?
19. To who is it recommended to address your business letters if you write to a limited liability company?
20. If you want a letter addressed to a firm to reach a certain person, how you would indicate this?

II. ОСНОВНАЯ ЧАСТЬ

II.1. Письма-запросы

ESSENTIAL VOCABULARY:

Enquire (inquire) – запрос

offer – предложение

tender – письменное предложение

price-list – прейскурант

latest – последний, новейший

specification – спецификации (точные данные о размере, весе, цвете)

sample – образец (торговый)
 quotation – котировка, курс, цена
 to quote – назначать цену
 advertisement – объявление, реклама
 available for sale – готов к продаже (о товаре)
 range – набор, номенклатура
 to quote a price – назначать цену
 terms of payment – условия платежа
 to require – нуждаться, требовать
 delivery – поставка

Цель писем-запросов – необходимость получения информации о ценах на тот или иной вид товаров и услуг.

Рекомендации: необходимо сделать ссылку на источник информации о фирме-производителе товара (e.g. We have seen an advertisement in this month’s “Office news” about your range of pocket calculations).

II. II. Ответы на запросы

ESSENTIAL VOCABULARY:

discount – скидка
 the catalogue is out of print – каталог весь разошелся
 in duplicate – в двух экземплярах
 in triplicate – в трех экземплярах
 bulk – большое количество

Цель писем-ответов на запрос – уточнение о готовности продать данный товар, сообщение потенциальному покупателю точной стоимости, определение точной стоимости возможности предприятия продать тот или иной товар в данном количестве по данной цене.

Рекомендации: каждый ответ на запрос должен начинаться с формулы вежливости (e.g. Thank you for your letter of...)

SAMPLE №1

Письмо-запрос	Письмо-ответ на запрос
<p><i>A.Q.Electronics Ltd.,</i> <i>Calle Estoril 1701,</i> <i>Barcelona</i></p> <p>REF: LHR/CT</p>	<p>Standard Office Furniture Ltd., Cantley Rd., London, Sw 4 9HX.</p> <p>Your Ref: JNR/CT</p>

<p>The Sales Manager Standard Office Furniture Ltd., London, SW4 9HX</p> <p style="text-align: right;">12th October 20...</p> <p>Dear Sirs,</p> <p>We have read an article in “Office News” about your range of visible record system filing cabinets. We are interested in introducing modern filing system in our main office. We also wish to install an electronic system for the storage and retrieval data.</p> <p>Please send us price-list and catalogue of your manual and electronic data processing systems <u>f.o.b. (1)</u> London if possible. We are particularly interested in type TW 37, so we should be obliged if you would enclose more detailed information about this particular model.</p> <p>Yours faithfully,</p> <p>J.N. Rodriguez Office Manager</p>	<p>Our Ref: PJM/JA</p> <p>The office Manager A.Q. Electronic Ltd., Calle Estoril 1701, Barcelona</p> <p style="text-align: right;">18th October, 20...</p> <p>Dear Sirs,</p> <p>Thank you for your letter of 12th October, enquiring about our range of office equipment. We enclose our latest catalogue and price-list with this letter, together with a brochure on filing cabinet type TW 37.</p> <p>All prices are quoted f.o.b. London.</p> <p>We look forward to receiving your order. If you require further information, please know.</p> <p>Yours faithfully,</p> <p>P.J. Morris Sales Manager</p>
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(1) F.O.B. – или (ам.) F.O.B. vessel – франко борт судна, франко вагон - *фоб*

II. III. Письма-заказы.

ESSENTIAL VOCABULARY:

form of order – бланк заказа

to notify, to advise – извещать

advice note – извещение

merchandise – товары, грузы

Certificate of Origin – свидетельство о прохождении груза

indent, contract – контракт

open (closed) indent – контракт на приобретение товара у любой фирмы (у конкретной фирмы)

conditions specified herein – условия, перечисленные в заказе

to place an order – заказать, разместить заказ

at your expense – за ваш счет

at your risk – на ваш риск

in full - полностью

Цель писем-заказов – составление договора на поставку товара, способа доставки, об оплате, фрахте и страховке.

Рекомендации: важно правильно оформить ссылку на источник информации, ее номер, можно требовать специальных документов на товар в этих письмах (свидетельство о происхождении товара, фактуру и т.д.).

В международной переписке существуют специальные бланки для экспортных заказов.

SAMPLE №2

Form of Order

Moscow,.....20...

Dear Sirs,

Order No. Trans No.

Please supply and deliver the goods described below on the terms and conditions specified herein and on the reverse of this order as well as those attached to the order,

TYPE OF EQUIPMENT:.....

.....TOTAL

AMOUNT OF ORDER:.....

DELIVERY: free on board.....

DELIVERY TIME:.....

TERMS OF PAYMENT:.....

CONSIGNEE: Postal address -

Destination -

MARKING: In English -

In Russian -

Quantities, description, prices and technical conditions – on the following pages ...

This order contains.....

Item	Quantity	Description	Price per unit/ Amount

..... (Organization) (President)

.....Manager ofDepartment.

II.IV. Письма-рекламации, претензии и ответы на них.

ESSENTIAL VOCABULARY:

complaint – жалоба, рекламация

letter of complaint – рекламационное письмо

discrepancy – несоответствие

packing list – сопроводительный список, перечень

penalty clause – пункт о штрафах (за невыполнение условий договора)

pilferage – хищение, кража

replacements – замена, возмещение

warehouse – склад

with the exception of – кроме, за исключением

in accordance with, according to ... – в соответствии с ...

on condition that – при условии, что ...

unfortunately – к сожалению...

Цель писем-рекламаций – выражение претензий по поводу поставки не того товара, несоответствия качества заказанного товара условиям, оговоренных в контракте, несоответствия количества товара, плохой упаковки, сроков поставки, испорченности товара.

Рекомендации: чтобы выразить неудовлетворение в мягкой форме используются следующие выражения:

Unfortunately, 127 forks were missing.

We regret to inform you that ...

We were very much regret ...

Письмо с серьезными претензиями обычно начинается так:

We very much regret to inform you that the quality of the merchandise is inaccessible.

Вы можете вежливо указать на ошибку поставщика:

Perhaps, your forwarding agent(экспедитор) made a mistake.

Perhaps, the contents of Case No. 13 were for a different order.

We assume that your forwarding agent made a mistake.

ОТВЕТЫ НА РЕКЛАМАЦИИ.

Цель - объяснение причин случившихся с товаром неприятностей, заверение в том, что все вопросы будут рассмотрены, составление договора на замену товара, указание неправоты партнера (если этот факт присутствует).

Рекомендации: отвечать на претензии нужно сразу, а ответ можно начать со следующих фраз:

We trust the goods are suitable.

I trust that the representative (представитель) is helpful to you.

We trust the goods are to your satisfaction.

The delay was beyond our control. (Задержка поставки произошла по независящим от нас обстоятельствам.)

ESSENTIAL VOCABULARY:

Для выражения сожаления:

We are very sorry to hear that ...

We are very sorry that ...

We regret very much that ...

Для сообщения об исправлении ошибки:

We are arranging to (send replacements on) ...

We have arranged ...

Для объяснения причин ошибки:

The delay was caused by ...

Для извинения и уверения в том, что подобное больше не повториться:

We sincerely apologize for ...

Please, accept our sincere regrets at any inconvenience caused to you by our mistake ...

We will ensure that similar mistakes do not occur again ...

We will do everything we can to ensure that goods are departed in time in future ...

SAMPLE № 3

Letter of Complaint	Reply to the Letter of Complaint
<p>Dear Sirs,</p> <p style="text-align: center;">Order No. JAD/17556</p> <p>We regret to inform you that four of the twenty cases containing your consignment of alarm clocks were inadequately packed. We must insist on an immediate replacement for the four cases, and we must ask you to follow our instructions more carefully in the future/</p> <p>Yours faithfully, J. N. Rodrigues Office manager</p>	<p style="text-align: right;">9th August, 20...</p> <p>Dear Sirs,</p> <p style="text-align: center;">Your Order No. JAD/17556</p> <p>We received your letter of the 3RD August yesterday.</p> <p>We regret very much the damage caused to your goods.</p> <p>We have been in touch with our packers and we have asked them to send a detailed report.</p> <p>In the meantime we have arranged for the dispatched of four replacement crates, and we have asked our packers to carry out packing instructions carefully.</p> <p>We apologize for any inconvenience caused by the error. We shall ensure that the similar mistakes do not occur again.</p> <p>Yours faithfully, P. J. Morris Sales manager</p>

EXERCISES

I. Read the letters and define their type.

II. Read the following letters and find out the mistakes there.

<p>1) Dear Sirs!</p> <p>Thank you for your letter of the 4th April 20..</p> <p>.....</p> <p>.....</p> <p>Good buy,</p>

<p>C. A. Atkins Esq. 147 Macduff Road Thamesbank, London NW11 8HX 9th April, 20...</p>
<p>2) Dear Sir, Thank you for your letter of the..... </p> <p>Our Ref: Mary Stain Your Ref: John Good</p> <p>Faithfully,</p> <p>Encl.</p>

III. Write down the words and word combinations necessary for:

- a. the letters of complaint;
- b. the letter of order;
- c. the letters-replies to complaints;
- d. the letters of enquire.

IV. Write down the enquiry.

V. Write down the reply to the enquiry.

VI. Give the English equivalent for the Russian ones.

Заказ, оформить заказ; заголовок письма, подпись, заключительная формула вежливости, приложение, обращение, контракт, согласно которому покупатель приобретает товар у определённой фирмы; свидетельство о происхождении груза; извещение, контракт на приобретение товара у любой фирмы; условия заказа; хищение, кража; сопроводительный список, склад, несоответствие, к сожалению, кроме, за исключением; в соответствии с ..., письмо-заказ, ответ на жалобу, заголовок письма, заключительная формула вежливости, обращение, подпись, ссылка, назначить цену, объявление, реклама; прейскурант, условия платежа, поставка, котировка, курс, цена; нуждаться, требовать; спецификации, предложение, ответ на рекламацию, условия, перечисленные в заказе; товары, груз; контракт, разместить заказ, деловое письмо.

VII. Translate from English into Russian.

1. Unfortunately we have found the discrepancy in the packing list.
2. We regret to inform you about pilferage of 120 cases in your Order №. 1245|25A.
3. We'd like to receive the latest price-list and specifications of your goods.
4. The delivery would be accessible in case the terms of payment are suitable.
5. We should be obliged if you send us a catalogue.
6. Please quote us for this merchandise.
7. Conditions specified herein are not discussed in the indent.
8. Will you place an order? Don't forget about the Certificate of Origin.
9. We enquire about your catalogue in duplicate.
10. Perhaps, your forwarding agent made a mistake.

VIII. Translate the following sentences from Russian into English.

1. Спасибо за Ваше письмо от 15 мая, в котором Вы интересуетесь стоимостью нашего оборудования для офиса.
2. Мы рады Вам сообщить, что для постоянных клиентов у нас предусмотрены скидки в размере 15%.
3. Мы приносим свои извинения за некоторую задержку с ответом на Ваше письмо.
4. Прилагаем копию письма фирмы по поводу вашего заказа.
5. Мы вынуждены напомнить Вам, что Вы задерживаете срок оплаты.
6. Мы были бы рады иметь возможность дальнейшего сотрудничества с Вами.
7. Мы выражаем уверенность в том, что наши отношения сложатся благоприятно для продолжения нашего бизнеса.
8. По нашему мнению в сложившихся обстоятельствах мы испытываем трудности с осуществлением своевременных поставок оборудования.
9. Что касается Вашей просьбы, мы высылаем Вам каталог нашей продукции (см. Приложение №1) и надеемся вскоре получить заказ на нашу продукцию.
10. Мы заинтересованы в приобретении всех образцов Вашей продукции. Мы сожалеем, что нет печатных материалов о Вашей продукции, но надеемся получить образцы.
11. Мы сожалеем, что не можем согласиться с Вашими требованиями.
12. Мы с сожалением узнали, что 12 коробок с товаром доставлены Вам с повреждениями.
13. Мы можем посоветовать Вам, предъявить претензию страховой компании.
14. Товары были тщательно отобраны и упакованы в соответствии с Вашими требованиями.

15. Мы бы хотели, чтобы груз был осмотрен специалистами.
16. Мы оцениваем убытки в 50 тысяч рублей.
17. Мы предъявляем Вам претензию в связи с низким качеством следующих товаров: принтеров, мониторов и сканеров.
18. Мы с сожалением узнали, что Вы не удовлетворены товарами, доставленными по Вашему заказу № 71.
19. Если Вы не примете наше предложение, рекламация будет передана в суд.
20. Мы будем признательны за быстрый ответ.

IX. Imagine the situation when you are:

- a. a Sales Manager and you have to write the complaint with delay in delivery;
- b. an accountant who has found the loss in some packages of goods your company ordered last month. Help your manager write down the complaint in connection with shortage in weight.

X. Prepare the form of order and fill it (place the order).

XI. Dictation correction.

XII. Translate the following letters.

1. Уважаемые господа!

Настоящим сообщаем, что ввиду определенных обстоятельств порт временно закрыт, и мы не можем поставить Ваше судно под загрузку.

Мы будем Вам очень признательны, если Вы задержите загрузку оборудования до нашего уведомления о прекращении этих обстоятельств.

Надеемся, что эта кратковременная задержка не скажется принципиально на графике поставок.

С уважением ...

2. Уважаемые господа!

Благодарим Вас за Ваше письмо от 23 января 2006 г., в котором Вы предложили нам услуги при размещении заказов на публикацию рекламных объявлений наших клиентов в журналах, издающихся во Франции.

Наши клиенты заинтересованы в Вашем предложении и хотели бы получить полную информацию в отношении журналов, в которых Вы намерены помещать их рекламные объявления. В частности, они хотели бы знать круг их читателей, тираж и расценки за публикацию одноразовых рекламных объявлений.

С нетерпением ждём Вашего скорейшего ответа.

С уважением ...

3. Уважаемые господа!

В подтверждение нашего телефонного разговора от 12 мая 2006 г., просим вас сообщить о готовности рекламных объявлений и своевременно предоставить нам образцы, подготовленные к опубликованию.

Заранее благодарны за Ваше внимание к нашему заказу.

С уважением ...

Приложение: фото- 5 экз.

тексты- 5 экз.

марки- 5 экз.

III. Contracts

ESSENTIAL VOCABULARY:

hereinafter	далее в данном документе (здесь)
joint venture	совместное предприятие
to refer	ссылаться
referring to	ссылаться на
reference	ссылка
to conclude a contract	заключить контракт
subject of the contract	предмет контракта
syn: object of the contract	
according to...	как указано в...
description of goods	наименование товара
integral	неотъемлемый
to be considered an integral part	считаться неотъемлемой частью
value	стоимость
the total value	общая стоимость
warehouse	склад
freight	фрахт
insurance	страхование
delivery	поставка
time of delivery	срок поставки
terms of delivery	условия поставки
to determine	определять

to indicate	указывать
air waybill	авианакладная
to issue	выписывать, выдавать, выпускать,
lot	партия
partial	частичный
partial shipment	частичная отгрузка
to conform to	соответствовать
sample	образец
packing	упаковка
to pack	упаковывать
marking	маркировка
to mark	маркировать
in accordance with.	в соответствии с...
rule	правило
to provide	обеспечивать
safety	безопасность
full safety	полная безопасность
storage	хранение
to store	хранить, складировать
notification	уведомление
to notify	уведомлять
to be obliged to do smth.	быть обязанным сделать что-либо
to transfer	перевести
transfer	перевод
to make a transfer	сделать перевод
account to	счет
smb's account	на чей-либо счет
for smb's account	за чей-либо счет
balance	остаток
receipt	получение; квитанция
insurance policy	страховой полис
packing list	упаковочный лист
acceptance report	акт приемки
to accept	принимать
arbitration	арбитраж

dispute	спор
to arise (arose, arisen)	возникать
a dispute arose out of smth.	спор возник из-за чего-либо
to settle	урегулировать
settlement	урегулирование
in settlement of	для урегулирования
amicable	дружеский
in an amicable way	дружеским путем
amicably	дружески
recourse	обращение
without recourse to smb.	без обращения к кому-либо
court	суд
law	закон
court of law	суд
party	сторона (контракта)
to refer	передать
to refer a matter to arbitration	передать дело в суд
award	награда
arbitration award	решение арбитража
binding	обязательный
legal	юридический
signature	подпись

Useful Phrases

to negotiate an order	вести переговоры о заказе
to fulfill execute/carry out/ perform an order	выполнять заказ
fulfillment/execution/performance of an order	
in the course of the fulfillment of an order	выполнение заказа
to prevent fulfillment of an order (a contract)	
complete (partial) fulfillment of an order	в ходе выполнения заказа
obligation	помешать выполнению заказа (контракта)
to fulfill obligations under a contract	полное (частичное) выполнение заказа
	обязательство

to cancel an order in whole (in part)	выполнить обязательства по контракту аннулировать заказ полностью (частично)
cancellation of an order	аннулирование заказа
volume of an order	объем заказа
validity of an order	срок действия заказа
to be valid	быть действительным
The Contract is valid for 3 months (up to December, 2005).	Контракт имеет силу три месяца (до декабря 2005 г.).
an order (a contract) form	бланк заказа (контракта)
an order (a contract) for the goods	заказ (контракт) на товар
a large order (a contract)	большой заказ (контракт)
substantial	значительный
small	маленький
further	дальнейший
relevant	соответствующий
official	официальный
formal	формальный
original	первоначальный
repeat	повторный
firm	твердый
trial	пробный
sample	как образец
under/against/on an order (a contract)	по заказу (контракту)
to place an order with smb. for smth.	размещать заказ у кого-либо на что-либо направить заказ кому-либо
to give/send an order to smb.	заказать что-либо у кого-либо
to order smth. from smb.	заказать со склада
to order from stock	получить заказ от кого-либо
to secure/obtain an order from smb.	принять заказ
to accept an order	подтвердить принятие заказа
to confirm the acceptance of an order	формальное подтверждение заказа
formal confirmation of an order	пересмотреть заказ (контракт)
to revise an order (a contract)	отозвать заказ
to withdraw an order	составить контракт
to draw up/make up a contract	заключить контракт

to make/conclude/sign a contract	направить контракт на подписание
to send a contract for signature/signing	при подписании контракта
while signing a contract on/upon signing a contract	условия контракта
terms/conditions/terms and conditions of a contract	соблюдать условия контракта
to observe the terms of a contract	несоблюдение условий контракта
non-observance of the terms of a contract	условия (пункты) контракта
provisions of a contract	пункт (параграф) контракта
a clause of a contract	сформулировать пункт контракта
to word a clause of a contract	формулировка пункта
the wording of a clause	стороны, заключившие контракт
parties/sides to a contract contracting parties	подготовить (составить) контракт
to prepare a contract	подготовить проект контракта
to prepare a draft contract	подготовить новый вариант контракта
to prepare a revised contract	
to specify/stipulate/state/ provide for smth. in the contract	предусмотреть что-либо в контракте
to make/introduce alterations to a contract	внести изменения в контракт
modifications/alterations/ amendments of a contract	изменения контракта
to make/introduce an amendment to a contract	
to amend a contract	внести изменения в контракт
contract obligations	изменить контракт
contract undertakings	обязательства по контракту
contract requirements	обязательства по контракту
contract period/term	требования по контракту
contract changes	срок контракта
contract alterations	изменения контракта
contract modifications	изменения контракта
contract price	изменения контракта
	цена по контракту

1. Subject of the Contract

1.1. The Seller has sold and the Buyer has bought the machinery, equipment, materials, and services ("Equipment") as listed in Appendix 1 being an integral part of this Contract.

2. Prices and Total Value of the Contract

2.1. The Total Contract Value is as follows:

Equipment and engineering FOB U.K. port + documentation	£ _____
Supervision, start-up and training	£ _____
Spare and wear parts	£ _____
Freight	£ _____
Total price GIF Odessa	£ _____
Discount	£ _____
Total Contract Value	_____

2.2. The prices are understood to be CIF Odessa including cost of packing, marking, loading on board a ship, stowing and fastening the equipment in the hold, and the cost of the materials used for this purpose.

2.3. The prices are firm for the duration of the Contract and shall not be subject to any revision except on account of any mutually agreed changes or modifications to equipment specification and/or quantities listed in Appendix 1 to this Contract

3. Time of Delivery

3.1. The equipment specified in Appendix 1 of the present Contract is to be delivered within two (2) months from the date of opening the Letter of Credit specified in Clause 4.1 of this Contract.

3.2. The delivery date is understood to be the date of the clean Bill of Loading issued in the name of the Buyer, destination Odessa, Ukraine.

4. Terms of Payment

4.1. Within thirty (30) days from the date of signing this Contract, the Buyer is to open in favour of the Seller an irrevocable confirmed Letter of Credit with CityBank, London, for hundred per cent (100%) of the total contract value. The Letter of Credit is to be valid for three (3) months.

4.2. Payment from this Letter of Credit at the rate of hundred per cent (100%) of the total contract value is to be effected in GB pounds against the following shipping documents:

4.2.1. Original Bill of Loading issued in the name of the Buyer, destination Odessa, Ukraine.

4.2.2. Shipping Specification.

4.2.3. Certificate of Quality.

4.2.4. Certificate of Origin.

4.2.5. Packing List.

4.2.6. Insurance Policy.

5. Technical Documentation

5.1. Within five (5) days from the delivery date the Seller shall send two (2) sets of the technical documents as listed in Appendix 2 to the address of the Buyer.

5.2. All instructions on the drawings are to be in English, with all the instructions contained in Items 1, 2, 3, and 4 of Appendix 2 translated into Russian.

6. Guarantee of the Quality of the Equipment.

6.1. The guarantee period is twelve (12) months from the date of the start-up of the equipment, that is reflected in an appropriate Act signed by the representatives of the Parties to the present Contract, but not more than eighteen (18) months from the date of delivery of the equipment.

6.2. If the equipment proves to be defective or faulty during the guarantee period, the Seller has at its expense at the choice of both Parties either to remedy the defects or to replace the faulty equipment with new equipment of good quality which is to be delivered without delay to the port of delivery.

7. Packing

7.1. The equipment is to be shipped in Export Sea packing suitable for the type of equipment delivered. Packing should also be suitable for transshipment in transit and reasonable long storage of the equipment.

7.2. Each container is not to exceed the following dimensions:

Length = 2,500 mm, width = 2,500 mm, height = 2,500 mm.

7.3. The Seller is responsible to the Buyer for any damage to the equipment resulting from inadequate packing of the equipment.

8. Marking

8.1. All the containers are to be marked on three (3) sides. Each container should bear the following markings made in indelible paint (in Russian and English):

Contract No.

Seller: Continental Equipment Pic (Address)

Buyer: TST Systems Ltd. (Address)

Railway Station of Destination: Kiev

Container No.:

Gross weight: ___kg

Net weight: ___ kg

Case dimensions cm (length x width x height)

8.2. If a case requires special handling it should bear additional marks: "Fragile", "Top" or "This side up", etc.

9. Shipping Instructions and Notifications

9.1. Within twenty-four (24) hours after shipment, the Seller is to inform the Buyer by fax regarding the date of shipment, the Bill of Lading number, number of containers, their weight, the vessel name.

10. Insurance

10.1. The Seller is to take care of and cover expenses for insurance of the equipment under the Contract from the moment of its dispatch up to the moment of its arrival at the port of Odessa.

11. Sanctions

11.1. In the event of delay in delivery of the equipment the Seller is to pay the Buyer a penalty at the rate of 1.0% of the total contract value for every week of delay. However, the total amount of penalty for delay in delivery is not to exceed 10% of the total contract value.

11.2. While calculating penalty for delay, the amount of days comprising over half of a calendar week is considered to be a full week.

12. Force Majeure

12.1. The Parties are released from their responsibility for partial or complete non-execution of their liabilities under the Contract should this non-execution be caused by the force majeure circumstances including, but not limited to: fire, flood, earthquake, and if these circumstances have had a direct damaging effect on the execution of the present Contract.

12.2. The Party which is unable to fulfill its obligations under this Contract is to inform the other Party within ten (10) days from the beginning of force majeure circumstances.

13. Arbitration

13.1. The Seller and the Buyer will take all possible measures to settle amicably any disputes or differences which may arise out of the present Contract or in connection with it.

13.2. If the Parties do not come to an agreement, all the disputes and differences are to be submitted for Arbitration in Stockholm, Sweden, in accordance with the rules and regulations of the Chamber of Commerce in Stockholm and applying the substantive laws of Sweden.

14. Other Terms

14.1. The Seller upon written consent of the Buyer shall be permitted to substitute equipment of comparable quality and conforming to the technical requirements for any item of equipment that may not be available for one reason or another.

14.2. Any changes, amendments or supplements to the terms and conditions of this Contract shall be valid only if set forth in a written document duly signed by authorized representatives of both Parties to the present Contract.

14.3. After the Contract has been signed all the preliminary agreements, discussions and correspondence between the Parties concerning this Contract are to be considered null and void if conflicting with this Contract.

14.4. The Contract becomes effective and comes into full force from the date of signing.

15. Legal Addresses of the Parties

SELLER (ПРОДАВЕЦ): Continental Equipment Pic 9 North Road Brighton BN1 5 JF England

for and on behalf of the Seller (от имени и по поручению Продавца)

Alfred Rogers

Chairman (Президент)

EXERCISES

I. Read and translate the following contract

Ottawa

14 December 200..

CONTRACT No.

GLC Electronics Ltd.

hereinafter referred to as the Sellers on the one part and

Florida Soft Ltd.

hereinafter referred to as the Buyers on the other part, have concluded the present Contract for the following:

Subject of the Contract.

1.1 The Sellers have sold and the Buyers have bought on conditions C.I.F. Lincoln, Florida

the following equipment: 5 pieces of H 24 Model 3/61G

in full conformity with the technical characteristics and in complete scope of supply specified in Appendix No. 1.

Prices and Total Value.

2.1 The total value of the equipment, spare parts, tools, technical documentation and services in the volume of the present Contract amounts to USD 35,270 (say thirty five thousand two hundred and seventy).

2.2 The prices for item are specified in Appendices Nos. 2,3.

2.3 The prices are firm and subject to no alterations.

2.4 The prices are understood C.I.F. Lincoln, Florida

or in accordance with other basis conditions of delivery including the cost of packing, marking and other delivery expenses.

Terms of Payment.

3.1 Payments at the rate of 85 percent of the volume of the delivered equipment are to be effected in

USD

(currency)

within 60 days of the date of receipt by the Buyers of the following documents for collection:

3.2 The Sellers' invoice (one in the original and two copies) where contract number is to be indicated.

3.3 Full set of clean on board bills of lading issued destination Lincoln, Florida, USA

in the name of John Barley, Florida Soft

3.4 15 percent of value of the delivered equipment are to be paid upon expiration of the guarantee period provided the equipment corresponds to the qualitative and quantitative indices stipulates in the Contract.

Payment of this amount is to be effected upon expiration of the guarantee period provided there are no grounded claims from the Buyers.

3.5 All Bank expenses for collection are to be paid as follows:

- all expenses of the Bank of the Sellers' country to be borne by the Sellers.
- all expenses of the Bank of the Buyers' country to be borne by the Buyers.

Time of Delivery.

4.1 The delivery under the present Contract is to be effected not later than March 1, 2006

4.2 The date of delivery is considered the date of clean on board bill of loading.

Packing and Marking.

5.1 The equipment is to be shipped in export packing corresponding to the nature of each particular type of equipment.

5.2 The packing is to secure the full safety of the goods from any kind of damage and corrosion during its transportation.

5.3 The goods are to be packed so as not to allow for their free movement inside the package when it changes its position.

5.4 The sellers shall be responsible for damage to the goods owing to the improper packing.

5.5 The marking shall be clearly made with indelible paint stating as follows:

Contract No.

Trans No.

Case No.

Net weight

Gross weight

Dimensions in cubic meters (length, width, height)

5.6 The packages for which special handling is required shall have marking: "Handle with care", "Top", "Do not turn over".

5.7 The Sellers are responsible for additional transport and storage charges incurred due to the dispatch to a wrong address caused by improper or incorrect marking.

Sanctions.

6.1 In the event of the Sellers' delay in the supply against the dates stipulated in the Contract the Sellers are to pay to the Buyers penalty at the rate of 0.5 percent of the value of goods not delivered in due time for every week of the delay within the first four weeks and 1 percent for every subsequent week but not more than 10 percent of the value of the equipment not delivered in due time.

6.2 The penalties will be deducted from the Sellers' invoices when they will be paid by the Buyers. In case the Buyers for any reason do not deduct the penalty when paying the Sellers' invoice the latter are obliged to pay the penalty at the first request of the Buyers.

6.3 Should the delay in delivery exceed four months the Buyers shall have the right to cancel the Contract or a part thereof.

6.4 Should the shipment of the equipment not be notified or be notified with delay, the Sellers are to pay to the Buyers penalty at the rate of 0.1 percent of the value of the equipment already shipped.

Guarantee .

7. The Sellers guarantee:

7.1 That the equipment to be supplied has been manufactured in full conformity with description, technical specification and with the conditions of the Contract.

7.2 The period of guarantee of the trouble-free operation of the equipment is to be 12 months from the date of putting it into operation, but not later than 18 months from the date of shipment. The above period will be accordingly extended if start-up of the equipment is deferred or the operation of the equipment is stopped.

7.3 If the defects cannot be eliminated, the Buyers have the right to reject the defective equipment or to request a corresponding reduction from price.

In case the Buyers reject the equipment it is returned to the Sellers for the latter's account and the Sellers are to repay the sums paid by the Buyers with 8 percent interest per annum.

7.4 If during the guarantee period the equipment proves to be incomplete or/and defective or/and not in conformity with the Contract conditions, the Sellers are to eliminate the detected defects immediately at the Buyers' request by means of repairing or replacing the defective equipment or parts thereof with new ones of good quality.

In this case the Buyers are entitled to demand from the Sellers payment of a party as for delay in delivery at the rate and in accordance with the procedure stipulated in Clause 6 of the present Contract beginning from the date when the claim has been made till the date of delivery of new equipment.

7.5 All the transport charges and other expenses connected with return or/and replacement of the defective equipment are to be borne by the Sellers.

Force Majeure.

8.1 The parties are released from responsibility for partial or complete non-fulfillment of their liabilities under the present contract, if this non-fulfillment was caused by circumstances of Force Majeure, namely: fire, flood, earthquake, war, provided these circumstances have directly affected the execution of the present Contract.

In this case the time of fulfillment of the Contract obligations extended for the period equal to that owning which such circumstances last.

8.2 The Party, for which it became impossible to meet obligations under the Contract, is to notify the other Party of the above circumstances immediately, but not later than ten days of moment of their beginning.

8.3 The written evidence issued by the respective Chamber of Commerce will be a proof of the above indicated circumstances.

8.4 If these circumstances last longer than six months, then each Party will be entitled to cancel the whole Contract or any part of it. In this case neither Party shall have the right to demand any compensation from the other Party, the Sellers undertake in this case immediately to reimburse the Buyers for all advanced amounts paid by the latter under the present Contract.

Arbitration.

9.1 All disputes which may arise in connection with the present Contract will be settled as far as possible by means of negotiations between the Parties. If the Parties do not come to an agreement, the matter is to be submitted for settlement to Arbitration, with its seat in Stockholm, Sweden.

9.2 The Party, which wishes to refer the dispute to Arbitration shall notify the other Party by registered letter stating there the name and the address of the arbitrator as well as the subject of the dispute, date and number of the Contract. Within 30 days of receipt of the above letter one other Party shall choose its arbitrator, and inform the first Party of it by a registered letter stating the name and the address of the arbitrator chosen.

9.3 If the Party notified of the dispute being submitted to Arbitration fails to choose its arbitrator, the latter will be appointed within 30 days by the President of the Chamber of Commerce in Stockholm.

9.4 Within 30 days the arbitrators shall choose an Umpire. If the arbitrators fail to agree upon the choice of the Umpire, the latter will be appointed by the President of the Chamber of Commerce in Stockholm, Sweden.

9.5 The award is to be issued by a majority of votes in accordance with the terms and conditions of the present Contract, and also the rules of Swedish Material Law.

General Conditions.

10.1 All taxes, duties and customs expenses on the territory of the Sellers' country are borne by the Sellers.

10.2 In case of the cancellation of the Contract the Parties agree upon the return to the Sellers of the defected equipment. All expenses on storage and transportation of the equipment are borne by the Sellers.

10.3 After the Contract has been signed all the preceding negotiations and correspondence pertaining to it become null and void.

10.4 The Sellers have the right to assign to the third Parties the fulfillment of the present Contract only on the Buyers' written consent.

10.5 In case of non-fulfillment or improper fulfillment by the Sellers of their obligations under the present Contract, the Sellers are to reimburse to the Buyers the losses suffered by them.

II. Make up your own contract.

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СТ. ПРЕПОДАВАТЕЛЬ КАФЕДРЫ ИНОСТРАННЫХ ЯЗЫКОВ № 1

Accounting and Auditing. Учебное пособие.

Изд-во АмГУ. Подписано к печати . Формат . Усл. печ. л. ,

уч.-изд. л. . Тираж 100. Заказ

Отпечатано в типографии АмГУ.