

ФЕДЕРАЛЬНОЕ АГЕНТСТВО ПО ОБРАЗОВАНИЮ  
Государственное образовательное учреждение высшего профессионального образования  
АМУРСКИЙ ГОСУДАРСТВЕННЫЙ УНИВЕРСИТЕТ  
(ГОУВПО «АмГУ»)

УТВЕРЖДАЮ  
Зав. кафедрой  
иностранных языков № 1  
\_\_\_\_\_ С.И. Гусева  
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## Английский профессиональный язык

Учебно-методический комплекс

для специальности **080109 «Бухгалтерский учет, анализ и аудит»**

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**Английский профессиональный язык: учебно-методический комплекс** для специальности 080109 «Бухгалтерский учет, анализ и аудит».- Благовещенск: Амурский гос. ун-т, 2006.

Учебно-методический комплекс составлен в соответствии с программой «Английский язык для специальных целей» (Language for Specific Purposes – LSP) и предназначен для самостоятельной работы студентов 3-го, 4-го курсов специальности «Бухгалтерский учет и аудит» (5-7 семестры), а также для тех, кто интересуется вопросами делового общения и желает самостоятельно совершенствовать свои знания английского языка по экономическим специальностям и направлениям.

Цель УМКД – подготовить студентов к самостоятельной работе со специальной и научной литературой и вести беседу по специальности на английском языке.

Большое внимание уделяется повторению грамматики для обеспечения более эффективного практического владения языком.

Тексты УМКД заимствованы из современной английской и американской экономической литературы. Тематика текстов охватывает широкий спектр вопросов монетарной политики, банковских систем, бухгалтерского учета и аудита.

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## *ВВЕДЕНИЕ*

УМКД предназначен для самостоятельной работы студентов 3-го, 4-го курсов специальности «Бухгалтерский учет и аудит» (5-7 семестры), а также для тех, кто интересуется вопросами делового общения и желает самостоятельно совершенствовать свои знания английского языка по экономическим специальностям и направлениям.

Основная цель УМКД – сформулировать задачи и цели обучения английскому профессиональному языку для специальности 080109 «Бухгалтерский учет, анализ и аудит», а также совершенствовать и систематизировать самостоятельную деятельность студентов, развивать навыки и умения чтения, аудирования, двустороннего перевода, расширять лексический запас студентов в области профессиональной терминологии. Кроме того, УМКД нацелен на развитие навыков ведения дискуссии в профессионально-ориентированной речи.

В связи с этим в УМКД представлены пояснительная записка, цели и задачи курса «Английский язык для специальных целей» (Language for Specific Purposes – LSP), перечень основных умений и навыков, приобретаемых студентами при изучении дисциплины, федеральный компонент, критерии оценок, содержание обучения по семестрам, список рекомендуемой литературы по специальности 080109 «Бухгалтерский учет, анализ и аудит». Включение в УМКД требований к зачетам и экзаменам помогает понять, что ожидается от студентов на конкретном этапе обучения, и стимулировать их подготовку к зачетам и экзаменам, соответствующим образом.

В качестве материалов в нем представлены различные виды тестов, тексты с заданиями к ним, образцы деловых писем, контракт, банковская документация, предусмотренные программой подготовки студентов специальности по курсу «английский язык» на неязыковых факультетах вуза. В УМКД приводится общий словарь словосочетаний по темам “Banking” и “Accounting”.

Тексты - материалы страноведческого характера, знакомящие с финансовой и банковской системой Великобритании, США и других передовых стран, а также с системами бухгалтерского учета, как в нашей стране, так и за рубежом.

## **1. Цели и задачи курса «Английский язык для специальных целей» (Language for Specific Purposes – LSP)**

1.1. Цель преподавания учебной дисциплины «Английский язык для специальных целей» - умение соотносить языковые средства с конкретными сферами, ситуациями, условиями и задачами общения, уровень которого на отдельных этапах подготовки позволяет использовать иностранный язык практически как в устной и письменной коммуникации, так и для самообразования.

### *1.2. Задачи изучения дисциплины:*

1. Изучение нового лексико-грамматического материала, необходимого для активного применения, как в повседневном, так и в профессиональном общении.
2. Развитие навыков публичной речи (сообщение, доклад, дискуссия).
3. Развитие навыков чтения специальной литературы с целью получения информации.
4. Знакомство с основами реферирования, аннотирования и перевода литературы по специальности.
5. Развитие основных навыков письма для подготовки публикаций и ведения переписки.
6. Воспитательные задачи – расширение кругозора студентов, повышение общей культуры, привитие уважения к культуре, духовным ценностям стран изучаемого языка.

### *1.3. Перечень основных умений и навыков, приобретаемых студентами*

По окончании обучения студент должен владеть идиоматически ограниченной речью, а также освоить стиль нейтрального научного изложения:

- владеть навыками разговорно-бытовой речи (владеть нормативным произношением и ритмом речи и применять их для повседневного общения);
- понимать устную (монологическую и диалогическую) речь на бытовые и специальные темы;
- активно владеть наиболее употребительной (базовой) грамматикой и основными грамматическими явлениями, характерными для профессиональной речи;

- знать базовую лексику общего языка, лексику, представляющую нейтральный научный стиль, а также основную терминологию своей широкой и узкой специальности;
- читать и понимать со словарем специальную литературу по широкому и узкому профилю специальности;
- владеть основами публичной речи – делать сообщения, доклады (с предварительной подготовкой);
- участвовать в обсуждении тем, связанных со специальностью (задавать вопросы и отвечать на вопросы);
- владеть основными навыками письма, необходимыми для подготовки публикаций, тезисов и ведения переписки;
- владеть основными приемами аннотирования, реферирования и перевода литературы по специальности.

#### *1.4. Структура курса*

В соответствии с действующими учебными планами на полный курс обучения иностранному языку для дневного отделения специальности 080109 отводится 158 часов практических занятий и 101 час самостоятельной работы. Курс изучается в течение 4 лет по следующим семестрам: 5, 6, 7. Курс обучения заканчивается экзаменом.

## **2. Содержание дисциплины**

### *2.1. Федеральный компонент*

Специфика артикуляции звуков, интонации, акцентуации и ритма нейтральной речи в изучаемом языке; основные особенности полного стиля произношения, характерные для сферы профессиональной коммуникации; чтение транскрипции; лексический минимум в объеме 4000 учебных лексических единиц общего и терминологического характера; понятие дифференциации лексики по сферам применения (бытовая, терминологическая, общенаучная, официальная и другая); понятие о свободных и устойчивых словосочетаниях, фразеологических единицах; понятие об основных способах словообразования; грам-

матические навыки, обеспечивающие коммуникацию общего характера без искажения смысла при письменном и устном общении; основные грамматические явления, характерные для профессиональной речи, понятие об обиходно-литературном, официально-деловом, научных стилях, стиле художественной литературы; основные особенности научного стиля; культура и традиции стран изучаемого языка, правила речевого этикета; говорение; диалогическая и монологическая речь с использованием наиболее употребительных и относительно простых лексико-грамматических средств в основных коммуникативных ситуациях неофициального и официального общения; основы публичной речи (устное сообщение, доклад); аудирование; понимание диалогической и монологической речи в сфере бытовой и профессиональной коммуникации; чтение; виды текстов: несложные прагматические тексты и тексты по широкому и узкому профилю специальности; письмо; виды речевых произведений: аннотация, реферат, тезисы, сообщения, частное письмо, деловое письмо, биография.

## *2.2. Языковые знания*

Фонетика – слог, дифтонги, монофтонги, транскрипция, ударение, нейтральная интонация повествования и вопроса.

Лексика – минимум в объеме 4000 учебных лексических единиц общего и терминологического характера, понятие об основных способах словообразования, о свободных и устойчивых словосочетаниях, фразеологических единицах; данный объем лексических единиц является основой для расширения потенциального словарного запаса студентов.

Грамматика - основное внимание уделяется обучению пассивной грамматике, грамматике для чтения необходимой для узнавания основных грамматических явлений в тексте и их понимание. Неличные формы глагола: Причастие I, II, герундий, инфинитив и инфинитивные конструкции.

## *2.3. Задачи в области речевых умений*

Чтение – виды чтения: ознакомительное, просмотровое, поисковое, изучающее; тексты по широкому и узкому профилю специальностей; умение сде-

лать перевод со словарем аутентичного текста по специальности, читать без словаря с опорой на следующие умения: определение основного содержания текста по знакомым опорам, интернациональной лексике и морфологической структуре слова; выделение главной и второстепенной информации; умение реферировать и аннотировать литературу по специальности;

Говорение – диалогическая и монологическая речь с использованием наиболее употребительных и относительно простых лексико-грамматических средств в основных коммуникативных ситуациях неофициального и официального общения; воспроизведение предложений по образцу; ответы на вопросы, создание собственного микротекста с использованием ключевых слов и выражений из текста образца, краткое устное выступление на заданную тему;

Аудирование – понимание диалогической и монологической речи в сфере бытовой и профессиональной коммуникации;

Письмо – умение написать частное письмо, резюме, реферат, тезисы; умение заполнить анкету, бланк, составить контракт, аннотацию, балансый отчет.

### 3. Практический курс

Курс III, IV Семестр V, VI, VII

	080109
Практические занятия	158
Самостоятельная работа	101
Всего	259

Распределение часов и форм контроля по семестрам:

080109		5-й	6-й	7-й
Практические занятия	158	54	72	32
Самостоятельная работа	101	54	30	17
Всего	259	108	102	49
		экзамен	зачет	экзамен

### III курс

- V сем. 1. Business, Banking Correspondence  
(составление мемо, служебной записки, овердрафт, поручение, открытие банковского счета, запрос на получение кредита)  
2. Banking and Finance (The Bank of England, Commercial banks, Retail banks, National savings, etc.)  
3. Financial markets
- VI сем.
1. Accounting's definition, history, accounting equation
  2. Contracts p. I (предмет контракта, цены, общая стоимость, условия платежа)
  3. Contracts p. II. Сроки поставки, упаковка, маркировка, форс-мажор
  4. Business documents (balance sheet, statement of cash flow, statement of owner's equity)

### IV курс

- VII сем. 1. The Account and its Types  
2. Fundamental Concepts of Accounting  
3. Financial Analysis and Audit  
4. По усмотрению преподавателя

### Самостоятельная работа студентов

1. Обязательные самостоятельные занятия студентов по заданию преподавателя (выполнение студентами текущих учебных заданий во внеурочное время – дома, в библиотеке, в компьютерном классе, в читальном зале иностранной литературы).
2. Индивидуальные самостоятельные занятия под руководством преподавателя. Помимо перечисленных форм организации учебного процесса, непосредственно связанных с изучением программного материала по иностранному языку, курс обучения дополняется различными видами внеаудиторной работы, характер которой определяется индивидуальными интересами студентов. К числу таких видов внеаудиторной работы относятся следующие: встречи с носителями языка, участие в научных диспутах, конференциях; различных олимпиадах по иностранному языку, как в стенах вуза, так и на других уровнях.

## **TOPICS FOR REPORTS AND DISCUSSIONS**

### **3 курс**

1. The definition and functions of money.
2. Alternative measures of money.



3. Distinguishing between money and credit.
4. How banks create money.
5. Regulation of banks and financial sector.
6. Financial institutions.
7. Financial markets.
8. Central banks (Bundesbank, European Central Bank, The Bank of Japan).
9. The importance of monetary policy.
10. Tools of monetary policy.
11. Inflation and its relationship to unemployment and growth.
12. The history of the most unusual currencies.
13. Benefits of the Euro.
14. Mechanics of the gold standard.
15. Drawbacks of the Eurocurrency Market.
16. The European Monetary System in Retrospect.
17. Tax issues.
18. Offshore banking.
19. International banking.
20. A waste of money, etc.

#### **4 курс**

1. A History of accounting and accounts.
2. The role of accounting in business organizations.
3. Accounting and business decisions.
4. Risks and return.
5. The regulatory environment of accounting.
6. Professional ethics.
7. Accounting standards throughout the world.
8. Internal Control over payables.
9. The recording process.
10. The income statement.

11. The balance sheet.
12. Accounting principles in selected countries.
13. Credibility and the role of auditing.
14. The auditor's opinion.
15. Distinction between auditing and accounting.
16. Types of audits.
17. Components of internal control.
18. Impact of information technology on the audit process.
19. Types of auditors.
20. Persuasiveness of evidence, etc.

Обучение чтению литературы по специальности включает внеаудиторное чтение – 5, 9, 13 учебная неделя (20 тыс. печ. зн. в каждом семестре), составление конспекта на иностранном языке и представление его в виде доклада на занятии.

### **3. КРИТЕРИИ ОЦЕНОК**

Студент получает оценку *«отлично»* при условиях:

- ознакомительное чтение со скоростью 130 слов в минуту (английский язык) 100 слов (немецкий и французские языки);
- количество незнакомых для студента слов не превышает 2-3% по отношению к общему количеству слов;
- реферат предложенного текста на иностранном языке на одну из пройденных тем объемом 3500 печ.зн. за 45 минут;
- письменный правильный перевод фрагмента текста объемом в 400-500 печ.зн. со словарем при поиске фрагмента из общего фрагмента из общего объема текстов 1500 печ.зн. (время 30 минут);
- беседа с преподавателем по теме статьи без грамматических ошибок.

Студент получает оценку *«хорошо»* при условиях:

- ознакомительное чтение со скоростью 120 слов в минуту (английский язык) 80 слов (немецкий и французские языки);
- количество незнакомых для студента слов не превышает 5% по отношению к общему количеству слов;
- реферат предложенного текста на иностранном языке на одну из пройденных тем объемом 3500 печ.зн. за 60 минут;
- письменный правильный перевод фрагмента текста объемом в 400 печ.зн. со словарем при поиске фрагмента из общего фрагмента из общего объема текстов 1000 печ.зн. (время 30 минут);

- беседа с преподавателем по теме статьи с некоторыми грамматическими ошибками.
- Студент получает оценку *«удовлетворительно»* при условиях:
  - ознакомительное чтение со скоростью 100 слов в минуту (английский язык) 70 слов (немецкий и французские языки);
  - количество незнакомых для студента слов не превышает 10% по отношению к общему количеству слов;
  - реферат предложенного текста на иностранном языке на одну из пройденных тем объемом 3000 печ.зн. за 60 минут;
  - письменный правильный перевод с наличием неточностей и ошибок текста объемом в 400 печ.зн. при поиске фрагмента из общего фрагмента из общего объема текстов 1000 печ.зн. (время 45 минут);
  - беседа с преподавателем по теме статьи с многими грамматическими ошибками.

Студент получает оценку *«неудовлетворительно»* при условиях:

- ознакомительное чтение со скоростью менее 80 слов в минуту (английский язык) 50 слов (немецкий и французские языки);
- количество незнакомых для студента слов не превышает 20% по отношению к общему количеству слов;
- реферат предложенного текста на иностранном языке на одну из пройденных тем объемом 2000 печ.зн. не выполняется за 60 минут;
- письменный перевод с многочисленными ошибками текста и не завершён за 60 минут;
- беседа с преподавателем по содержанию статьи из-за отсутствия перевода не состоится.

### **УСЛОВИЯ ПОЛУЧЕНИЯ «АВТОМАТИЧЕСКОГО» ЗАЧЕТА**

1. Посещение всех практических занятий.
2. Активная работа на практических занятиях.
3. Обязательная самостоятельная подготовка и выполнение заданий и упражнений согласно плану занятий.
4. Выполнение тестов, самостоятельных и контрольных работ на «хорошо» и «отлично».

#### **Перечень и тематика промежуточных форм контроля:**

1. Лексико-грамматические тесты.
2. Подготовка сообщений для монологических высказываний по темам, связанным со специальностью.
3. Подготовка диалогических высказываний.
4. Аннотирование, реферирование тестов по специальности.

**ИТОГОВЫЙ КОНТРОЛЬ ЗНАНИЙ СТУДЕНТОВ**  
**ПРИМЕРНОЕ СОДЕРЖАНИЕ ЭКЗАМЕНАЦИОННЫХ БИЛЕТОВ**

**III курс (V семестр)**  
**CARD 1**

- 1. Подготовить реферированный пересказ статьи и ответить на вопросы преподавателя (30 мин. Без словаря).**
- 2. Составить деловое письмо (письмо-запрос, предложение, жалоба, соболезнование, приглашение овердрафт, поручение, т.д.)**
- 3. Карточка (диалоги)/Карточка (перевод с русского языка на английский язык).**
- 4. Сообщение по одной из пройденных тем (Financial institutions and financial markets/Banking in Britain/ The Federal Reserve System/Deregulation/etc.).**

**IV курс (VII семестр)**  
**CARD 1**

- 1. Ознакомьтесь с содержанием текста и подготовьте реферированный пересказ (время работы 30 мин. Без словаря).**
- 2. Переведите тезисы с русского языка на английский, обращая внимание на изученные грамматические явления и лексический материал).**
- 3. Составьте контракт или балансовый отчет.**
- 4. Сообщение по одной из пройденных тем (Accounting/ Bookkeeping/ Accounts/Business Documentation/Audit/Types of auditors /etc.).**

## THE ECONOMICS OF BANKING AND FINANCIAL MARKETS (практические занятия – 54 часа, самостоятельная работа – 54 часа)

*Your vocabulary (5-7 семестры)*

1. **Account** – a detailed record of all money that a person receives and spends (a summary record of changes in a particular asset, liability, or owners' equity).
2. **Account format** – a classified balance sheet with the asset at the left.
3. **Accountant** – a person whose job is to inspect or keep accounts.
4. **Account payable** – a liability that results from a purchase of goods or services on open account.
5. **Accounting** – the system that measures business activities, processes that information into reports, and communicates these findings to decision makers.
6. **Accounting** – an information system for measurement and reporting of the transformation of resources into goods and services and the sale or transfer of these goods and services to customers.
7. **Accounting controls** – the methods and procedures for authorizing transactions, safeguarding assets, and ensuring the accuracy of the financial records.
8. **Accounting Principle Board (APB)** – the predecessor to the Financial Accounting Standards Board.
9. **Accounting system** – a set of records, procedures, and equipment that routinely deals with the events affecting the financial performance and position of the entity.
10. **Accountancy** – the theory and practice of keeping and inspecting accounts.
11. **Accounts receivable (trade receivables, receivables)** – amounts owed to a company by customers as a result of delivering goods or services and extending credit in the ordinary course of business.
12. **Accounts receivable balance-related audit objectives** – the nine specific objectives used by the auditor to decide the appropriate audit evidence for accounts receivable.
13. **Accounts receivable turnover** – credit sales divided by average accounts receivable.

- 14. Aged trial balance** – a listing of balances in the accounts receivable master file at the balance sheet date broken down according to the amount of time passed between the date of sale and the balance sheet date.
- 15. Aging of accounts receivable** – an analysis that considers the composition of the year-end accounts receivable based on the age of the debt.
- 16. AICPA** – American Institute of Certified Public Accountants, the leading organization of the auditors of corporate financial reports.
- 17. Annual report** – a combination of financial statements, management discussion and analysis, and graphs and charts that is provided annually to investors (report to stockholders containing pertinent financial information).
- 18. APB Opinions** – a series of thirty-one opinions of the Accounting Principles Board, many of which are still the “accounting law of the land”.
- 19. Assets** – economic resources that are expected to help generate future cash inflows or help reduce future cash outflows.
- 20. Assurance services** – independent professional services that improve the quality of information for decision making.
- 21. Attestation service** – a type of assurance service in which the CPA firms issues a report about the reliability of an assertion that is the responsibility of another party.
- 22. Audit** – the inspection of an organization’s annual accounts (an examination of transactions and financial statements made in accordance with generally accepted auditing standards).
- 23. Audit committee** – a committee of the board of directors that oversees the internal accounting controls, financial statements, and financial affairs of the corporation.
- 24. Auditing** – the accumulation and evaluation of evidence about information to determine and report on the degree of correspondence between the information and established criteria.
- 25. Audit report** – the communication of audit findings to users.

- 26. Auditor** – a person who carries out an audit (a person who examines the information used by managers to prepare the financial statements and attests to credibility of those statements).
- 27. Auditor's opinion (independent opinion)** – a report describing the auditor's examination of transactions and financial statements. It is included with the financial statements in an annual report issued by the corporation.
- 28. Balance** – the difference between the total left-side and right-side amounts in an account at any particular time.
- 29. Balance sheet /statement of financial position/ statement of financial condition** – one of the major financial statements prepared by the accounting system which shows the financial status of a company at a particular instant in time.
- 30. Balance sheet equation** –  $\text{assets} = \text{liabilities} + \text{owners' equity}$ .
- 31. Bank reconciliation** – the monthly reconciliation, usually prepared by client personnel, of the differences between the cash balance recorded in the general ledger and the amount in the bank account.
- 32. Book of original entry** – formal chronological record of how the entity's transactions affect the balances in pertinent accounts.
- 33. Branch bank accounts** – separate bank accounts maintained at local banks by branches of a company.
- 34. Capital** – a term used to identify owners' equities for proprietorships and partnerships.
- 35. Cash equivalents** – highly liquid short - term investments that can easily be converted into cash.
- 36. Certificates of deposit** – short-term obligations of banks.
- 37. Certified public accountant (CPA)** – a person who has met state regulatory requirements, including passing the Uniform CPA Examination, and has thus been certified; a CPA may have as his or her primary responsibility the performance of the audit function on published historical financial statements of commercial and non-commercial financial entities.

- 38. Charge** – a word often used instead of credit.
- 39. Chart of accounts** – a numbered or coded list of all account titles.
- 40. Classified balance sheet** – a balance sheet that groups the accounts into subcategories to help readers quickly gain a perspective on the company’s financial position.
- 41. Compensating balances** – required minimum cash balances on deposit when money is borrowed from banks.
- 42. Compliance audit** – a review of an organization’s financial records performed to determine whether the organization is following specific procedures, rules, or regulations set by some higher authority; an audit performed to determine whether an entity that receives financial assistance from the federal government has complied with specific laws and regulations.
- 43. Contract** – a legal agreement for the exchange of resources and services.
- 44. Credit** - an entry or balance on the right side of an account.
- 45. Currency** - paper money and coins issued by the federal government.
- 46. Current assets** - assets used by a company in its daily work, such as materials, finished goods, cash (cash plus assets that are expected to be converted to cash or sold or consumed during the next twelve months or within the normal operating cycle if longer than a year).
- 47. Current liabilities** – liabilities that fall due within the coming year or within the normal operating cycle if longer than a year.
- 48. Deadline** - the date or time by which you must complete a certain piece of work.
- 49. Debit** – an entry or balance on the left side of an account
- 50. Debenture** - an agreement to pay back a loan at a fixed interest rate.
- 51. Debtor** - someone who owes money.
- 52. Default** - failure to meet an obligation when it comes due.
- 53. Deficit** - excess to expenses over expected income.
- 54. Depository receipt** - acknowledgement by a US institution that it has purchased a certain number of foreign (non US) shares on behalf of a client.
- 55. Discount** - a percentage or amount taken off the standard price.



- 56. Discount rate** - the interest rate charged by the Federal Reserve on its loans to banks and other financial institutions.
- 57. Discounted loan** - loan from which interest is deducted in advance.
- 58. Disposable income** - income remaining after payment of taxes.
- 59. District bank** - one of 12 banks that make up the Federal Reserve System.
- 60. Dividends** - payment corporations make to their shareholders. The per-share amount is determined by corporate earnings.
- 61. Double - entry system** – the method usually followed for recording transactions, whereby at least two accounts are always affected by each transaction.
- 62. Duty free** - goods allowed to come to the country without being taxed.
- 63. Earnings** - the profit made by a company
- 64. Entity** – an organization or a section of an organization that stands apart from other organizations and individuals as a separate economic unit.
- 65. Expenditures** – the purchases of goods or services, whether for cash or credit.
- 66. Expenses** – decreases in owners’ equity that arise because goods or services are delivered to customers.
- 67. Evidence** – any information used by the auditor to determine whether the information being audited is stated in accordance with established criteria.
- 68. ECU, European Currency Unit** - currency used between EEC governments.
- 69. Excise tax** - a tax levied on the manufacture or sale of a specific item (a tax on perfume, for example).
- 70. Expenditure** - the money that we spent.
- 71. Expenses** - money spent for business purposes which is repaid by the company.
- 72. External funds** - funds, such as loans, that come from outside the firm.
- 73. Federal Advisory Council** - it offers advice to the Federal Reserve System on the nation’s financial problems.
- 74. Federal Reserve Bank** - one of 12 district banks of the Federal Reserve System.
- 75. Federal Reserve System** - group of banks that regulates the U.S. money supply, sets rules designed to keep commercial and savings banks solvent and provides

emergency loans to those banks. Overseen by a board appointed by U.S. presidents. The chairman of that board is very powerful, and his actions are closely watched by investors

**76. Financial accounting** – the field of accounting that serves external decision makers, such as stockholders, suppliers, banks, and government agencies.

**77. Financial statement audit** – an audit conducted to determine whether the overall financial statements of an entity are stated in accordance with specified criteria (usually generally accepted accounting principles).

**78. Financial Accounting Standards Board (FASB)** – a private-sector body that determines generally accepted accounting standard in the United States.

**79. Fiscal year** – the year established for accounting purposes.

**80. General accounting office auditor** – an auditor working for the United States General Accounting Office (GAO); the GAO reports to and is responsible solely to Congress.

**81. General journal** – the most common example of a book of original entry; a complete chronological record of transactions.

**82. General ledger** – the collection of accounts that accumulates the amounts reported in the major financial statements.

**83. Generally accepted accounting principles (GAAP)** – a term that applies to the broad concepts or guidelines and detailed practices in accounting, including all the conventions, rules, and procedures that make up accepted accounting practice at a given time.

**84. Income/profit/earnings** – the excess of revenues over expenses.

**85. Income statement (statement of earnings, operating statement)** – a report of all revenues and expenses to a specific time period.

**86. Independent auditors** – certified public accountants or accounting firms that perform audits of commercial and noncommercial financial entities.

**87. Information risk** – the risk that information upon which a business decision is made is inaccurate.

- 88. Interim periods** – the time spans established for accounting purposes that are less than a year.
- 89. Internal auditors** – auditors employed by a company to audit for the company's board of directors and management.
- 90. Internal revenue agents** – auditors who work for the Internal Revenue Service (IRS) and conduct examinations of taxpayers' returns.
- 91. Invoice** – a bill from the seller to a buyer indicating the number of items shipped their price, and any additional costs (such as shipping) along with payment terms, if any.
- 92. Journalizing** – the process of entering transactions into the journal
- 93. Journal entry** – an analysis of the effects of a transaction on the accounts, usually accompanied by an explanation.
- 94. Ledger** – the records for a group of related accounts kept current in a systematic manner.
- 95. Liabilities** – economic obligations of the organization to outsiders, or claims against its assets by outsiders.
- 96. Long -term liabilities** – obligations that fall due beyond one year from the balance sheet date.
- 97. Management accounting** – the field of accounting that serves internal decisions makers, such as top executives, department heads, college deans, hospital administrators, and people at other management levels within an organization.
- 98. Monetary policy** - use of the Federal Reserve's power to control the supply of money and credit to influence economic activity in the nation as a whole, particularly to control inflation and stimulate economic growth.
- 99. Monetary system** - the system used by a country to provide the public with money for internal use and to control the exchange of its own currency with those of foreign countries.
- 100. Money** Can be anything that it is generally accepted in payment for goods and services.

- 101. Net income** – the remainder after all expenses have been deducted from revenues.
- 102. Notes payable** – promissory notes that are evidence of a debt and state the terms of payment.
- 103. Operational audit** – a review of any part of an organization’s operating procedures and methods for the purpose of evaluating efficiency and effectiveness.
- 104. Owners’ equity** – the residual interest in the organization’s assets after deducting liabilities.
- 105. Physical count** – the process of counting all items in the inventory at a moment in time.
- 106. Posting** – the transferring of amounts from the journal to the appropriate accounts in the ledger.
- 107. Present value** – the value today of a future cash inflow or outflow.
- 108. Private accountants** – accountants who work for businesses, as well as government agencies, and other nonprofit organizations.
- 109. Profitability** – the ability of a company to provide investors with a particular rate of return on their investment.
- 110. Pro forma statement** – a carefully formulated expression of predicted results.
- 111. Proof of cash** – a four-column audit schedule prepared by the auditor to reconcile the bank’s record of the client’s beginning balance, cash deposits, cleared checks, and ending balance for the period with clients’ records.
- 112. Public accountants** – accountants who offer services to the general public on a fee basis including auditing, tax work, and management consulting.
- 113. Public accounting** – the field of accounting where services are offered to the general public on a fee basis.
- 114. Purchase method** – a way of accounting for the acquisition of one company by another, based on the market prices paid for acquired company’s assets.
- 115. Purchase order** – document that specifies the items ordered and the price to be paid by the ordering company.

- 116. Rate of return** – the amount earned by an investor expressed as a percentage of the amount invested.
- 117. Raw material inventory** – it includes the cost of materials held for use in the manufacturing of a product.
- 118. Realizable value of accounts receivable** – the amount of the outstanding balances in the accounts receivable that will ultimately be collected.
- 119. Retained income/ retained earnings/reinvested earnings** – additional owners' equity generated by income or profits.
- 120. Revenues /sales** – increases in owners' equity arising from increases in assets received in exchange for delivery of goods or services to customers.
- 121. Receiving report** – a document that specifies the items received by the company and the condition of the items.
- 122. Reconcile a bank statement** – to verify that the bank balance for cash is consistent with the accounting records.
- 123. Risk assessment for financial reporting** – management's identification and analysis of risks relevant to the preparation of financial statements in conformity with GAAP.
- 124. Short - term liquidity** – an organization's ability to meet current payments as they become due.
- 125. Simple entry** – an entry for transaction that affects only two accounts.
- 126. Source documents** – the supporting original records of any transaction.
- 127. Statement of cash flows (cash flow statement)** – a required statement that reports the cash receipts and cash payments of an entity during particular period.
- 128. Statement of income and retained income** – a statement that includes a statement of retained income at the bottom of an income statement.
- 129. Statement of retained income** – a statement that lists the beginning balance in retained income, followed by a description of any changes that occurred during the period, and the ending balance.

**130. Strategic systems audit** –audit approach based on understanding the client’s business strategies and processes and external relations and factors that impact those strategies.

**131. T – account** – simplified version of ledger accounts that takes the form of the capital letter.

**132. Tangible assets (fixed assets, plant assets)** – physical items that can be seen and touched, such as land, natural resources, buildings, and equipment.

**133. Total asset turnover (asset turnover)** – sales divided by average total assets available.

**134. Transaction** – Any event that both affects the financial position of an entity and can be reliably recorded in money terms.

**135. Trial balance** – a list of all accounts in the general ledger with their balances.

**136. Turnover** – a synonym for sales or revenues in many countries outside the United States.

**137. Uncollectible accounts (bad debts)** – receivables determined to be uncollectible because debtors are unable or unwilling to pay their debts.

**138. Unearned revenue (revenue received in advance, deferred revenue, deferred credit)** – revenue received and recorded before it is earned.

**139. Validity (representational faithfulness)** – a correspondence between the accounting numbers and the events or objects those numbers purport to represent.

**140. Work in process inventory** - it includes the cost incurred for partially completed items, including raw materials, labor, and other costs.

**141. Working capital** – the excess of current assets over current liabilities.

### VOCABULARY EXERCISES

**Task I.** *Translate the following sentences into Russian. Pay special attention to the words in bold. They are your professional vocabulary.*

1. The money that a business spends in order to produce goods and services is its **costs**.

2. **Fixed costs** do not vary in relation to the output level of goods or services, **variable costs** do.
3. **Direct costs** are directly related to the things produced. In manufacturing, for example, direct costs include raw materials and wages and **indirect costs** may include things like social security charges on top of wages.
4. **Overhead costs** or **overheads** are used to mean different things, but usually cover all regular non-production costs of running a business, such as salaries and telephone bills, and can be extended, for example, to include the cost of marketing and R&D activities.
5. A company's financial performance for a period is its results, which it reports in the form of a **profit and loss account**, indicating whether it has made a profit or a loss.
6. The equivalent document in the USA is **the income statement**. A pre-tax profit or loss is one calculated before tax is taken into account.
7. The accuracy of accounts such as the **balance sheet** and the profit and loss account is checked and supposedly guaranteed by the **auditors**, outside accountants who specialize in this.
8. When a company's accounts are represented in a way that makes performance look better than it really is, the company may be accused of window dressing or **creative accounting**.
9. The **bottom line** is an informal way of talking about the results of a company: the so-called bottom line of the profit and loss account. The bottom line also means the final result or the most important aspect of something.
10. **Assets and liabilities** are normally shown on a firm's **balance sheet**: a "photograph" taken, normally once a year, of its financial situation at that time. Firms in a good situation are said to have a strong balance sheet and those that are not, a weak one.
11. Things that are not shown in the balance sheet but in a footnote, for example, are **off-balance sheet**.

12. A company's balance sheet may include provisions for potential losses, such as bad **debts**, debts that may never be paid.

13. If it looks almost certain that a debt will not be paid, it is considered a **write-off** and **written off**.

14. Amounts that a business is waiting to be paid by its customers are **accounts receivable** or **receivables**. Customers owing money in this way are **debtors**.

15. Money that a business owes to its suppliers is **accounts payable** or **payables**. Suppliers waiting to be paid are **creditors**.

16. A company supplying goods or services to another company does not, of course, usually expect to be paid immediately, but after an agreed period. This is a **trade credit**.

17. The **cash flow** of a business is the actual movement of money into and out of it, independently of how much it owes and is owed.

18. **Cash flow** is also used to refer exclusively to cash flowing into a company from sales.

19. When sales reach a level where revenues match costs, a company or product **breaks even**.

20. This is break even or the **break even point**, a crucial figure when calculating the return on investment (ROI) for a given business or product.

**Task 2.** *Match the following nouns on the left with their definitions on the right.*

- |                  |  |
|------------------|--|
| 1. account       | a. a person who works at the counter in a bank   |
| 2. bill          | b. the value of money of one country or the cost of buying currency from another country |
| 3. exchange rate | c. money kept in the bank that can be added to or taken from                             |
| 4. teller        | d. an office of a bank, store that is not the main office                                |
| 5. branch        | e. paper money   |
| 6. interest      | f. the amount of money remaining   |



- |                   |   |
|-------------------|---|
| 7. balance        | g money paid for the use of money   |
| 8. discount house | h. a place where you keep objects of a particular type                                      |
| 9. deposit        | i. a sum of money lent for an agreed period of time and at agreed rate of interest          |
| 10. loan          | j. demand or request for a thing considered one's due                                       |
| 11. charter       | k . a document granting rights, issued by a legislature                                     |
| 12. lend          | l. any of several usually equal payments for something                                      |
| 13. borrow        | m. money left without an organization for safe keeping or to earn interest                  |
| 14. denomination  | n. class of measurement of money.   |
| 15. claim         | o. company or bank on the discount market that specializes in discounting bills of exchange |
| 16. installment   | p. acquire temporarily, promising or intending to return                                    |
| 17. repository    | q. allow the use of money at interest   |

**Task 3.** Complete the gaps with the words from the box.

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<i>credit card</i>	<i>interest</i>	<i>down payment</i>	<i>charges</i>
<i>teller</i>	<i>money</i>	<i>bank balance</i>	<i>in denominations of</i>
<i>bills</i>	<i>installment plan</i>	<i>cheque</i>	

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1. \_\_\_\_\_ is usually the slowest method of payment: your suppliers may have \_\_\_\_\_ from their own bank and also from banks in your country since a

cheque has to be cleared through the international banking system before they receive credit.

2. Americans would say the best way to carry money is to have a major \_\_\_\_\_-like Visa, MasterCard or American Express.

3. American \_\_\_\_\_ comes in coins worth 1¢ (pennies), 5¢ (nickels), 10¢ (dimes), 25¢ (quarters) and 50 ¢, though half dollars aren't very common. Paper money is \_\_\_\_\_ \$1, \$5, \$10 and \$20. Two, fifty and one-hundred dollar \_\_\_\_\_ exist, but they aren't common.

4. Don't be surprised if a bank \_\_\_\_\_ or store clerk looks very closely at a hundred dollar bill to make sure it's real!

5. The credit card company sends you a bill once a month that shows the purchases you made and any \_\_\_\_\_ left to pay from the month before. Usually you have thirty days to pay before they charge you \_\_\_\_\_.

6. Many stores that sell expensive items - home appliances like washing machines and refrigerators, for example – allow their customers to pay for them on the \_\_\_\_\_. Customers make a \_\_\_\_\_ of 10% or more on the purchase price and pay the rest in monthly installments; they also have to pay interest.

7. Most \_\_\_\_\_s in the U.S. open at 9:00 or 10:00 and close between 3:00 and 5:00, but stay open later on Fridays.

**Task 4 a).** *Write the pairs of synonyms.*

Goal, owner, rival, branch, warehouse, paper money, discount, commodity, counterfeit, assets, aim, bank bill, share, securities, banker's acceptance, proprietor, competitor, subsidiary, storehouse, rebate, merchandise, soft money, forged banknote.

**b)** *Find out which of the words in the groups are synonyms. Cross out the odd one.*

1. customer custom client

2. offer treasure coffers

3. maturity date delivery date due date

4. customs officer customer customs official

5. bank charge bank note bank bill

6. destination    delivery    supply
7. paper            publicity    document
8. settlement    payment    clearing account
9. schedule        venture    time-table
10. down payment    advance payment    clearing payment
11. to deposit money    to put money into a bank    to cash a cheque in a bank
12. available    solvent    credit-worthy
13. to make money out of the bank    to get a bank credit    to withdraw money from the bank
14. to raise funds    to give credit    to grant credit    to allow credit    to extend credit
15. consignee    consignor    shipper
16. bill of exchange    craft    draft
17. checking account    clearing account    current account
18. stock    cargo    load
19. to allow a loan    to raise funds    to raise loan
20. debtor    lender    borrower
21. loss    premium    penalty

**Task 5.** *Give the opposites of:*

assets, payables, to turn a profit, short-term debt, liquid assets, marketable securities.

**Task 6.** *Study the following words and word combinations. Make your own sentences, using each of them. Translate the sentences into Russian.*

Risk; riskless; risky; desirable risk-return features; risk-taker; low-risk securities; risk-expose; riskiness; insurable risk; put a risk; run a risk, risk capital; calculated risk; risk on.

**Task 7.** *Differentiate between:*

Risk – hazard – jeopardy - peril.	Income – revenue
Buy- purchase	Profit- return
Expenses- expenditures – costs	Rent- hire –lease

**Task 8.** *Give your own example to show you understand the difference.*

**Task 9.** *Think of the nouns that are commonly used with the following adjectives.*  
Current, surplus, ongoing, efficient, competitive, negligible, profitable, trustworthy.

**Task 10.** *Think of the adjectives and Participles that are commonly used with the noun “account.”*

**Task 11.** *Think of the verbs that are most commonly used with the following nouns.*  
A profit, an account, payment, a cheque, money, a risk, an interest, a stock market, a capital, a number of services, international operations, facilities, bank rate, consumer.

### BANKING SERVICES

**Task 12.** *Fill each blank in the text with the correct word or phrase. Choose from the following list. Use each term once only.*

commission	debited	in full	interest
issued	outstanding	statement	withdraw
credit rating	ATM	loan	default
collateral	bounce	overdraft	financial institutions

Banks offer many services to businesses and their customers. Here are some of the most common:

Many people now have a card which enables them to 1... money from an 2.... .

You feed your card into the machine and key in your PIN (personal identification number) and the amount of money you want. If you have enough in your account, the amount requested will be 3. ... to you up to a daily limit. Your account is automatically 4.... for the amount you have drawn out.

Provided you have a sound 5... , you can get a credit card from a bank and other 6... . To obtain goods or services, you present your card and sign a special voucher. When it receives the voucher, the credit card company pays the merchant minus a 7... and then sends you a monthly 8. ... . Depending on the type of card you have, you will either have to pay 9 .... or be able to pay part of what is owed and pay 10. ... on the balance left 11. ....

If you need additional money for investments or other major purchases, you can take out a 12... . The bank may need you to offer them something as 13... in case

you 14 ... on your loan. Most good banks offer checking accounts with 15 ... protection so that a check won't 16 .... in case no funds are available in your account.

*b) Choose the word to match the definition.*

1. A sum of money to be paid when a contract is broken.  
a) fee b) penalty c) charges
2. To make the necessary arrangements for starting a business.  
a) to set up a business b) to reorganize a business c) to maintain a business
3. A description of a person's characteristics  
a) character b) profile c) attitude
4. A way of feeling or thinking about someone or something  
a) a motivation b) relationship c) attitude
5. To do business, to buy and to sell.  
a) to trade b) to do research c) to perform
6. A company or a business.  
a) patent b) concern c) budget
7. To go up, to rise.  
a) to plunge b) to upgrade c) to increase
8. To give employment to someone.  
a) to promote b) to hire c) to estimate
9. The power to give orders.  
a) career b) demand c) authority
10. To put in order of importance.  
a) to rank b) to require c) to establish

**Task 13.** *Join the halves.*

1. Before making a loan, potential lenders ...
2. Both profit and non-profit organizations...
3. Public accountants are those who ...
4. Several accounting organizations have formulated ...
5. To do an audit, there must be information in a ...
6. It is important to obtain a sufficient ...
7. The final stage in the audit process is ...
8. Very often the general public ...
9. The function of accounting is to provide certain types of...
10. Auditing is the process of recording, classifying and summarizing economic ...
11. Double-entry bookkeeping is a system of recording accounts where...
12. The preparation of trial balance includes ...

13. A special book known as a journal is used ...
14. The posting procedure consists of ...
15. In bookkeeping a sum of money paid or owed by a business ...
16. One should know that crediting means ...
17. Unlike crediting the debiting procedure means ...
18. Bookkeeping as a part of the accounting cycle deals with ...
19. A bookkeeper is sure to be fully responsible for ...
20. The sum of money gained by a business ...
  - a. serve the general public and collect professional fees for their work.
  - b. quality and volume of evidence to satisfy the audit objectives.
  - c. the audit report.
  - d. quantitative information that management can use to make decisions.
  - e. verifiable form and some standards by which the auditor can evaluate the information.
  - f. determine the borrower's ability to meet scheduled payment.
  - g. confuses auditing with accounting.
  - h. codes of ethics that govern the behavior of their members.
  - i. events in logical manner for the purpose of providing financial information for decision-making.
  - j. deal with budgets, payrolls, rent payments, and the like.
  - k. for recording all primary information about any business transaction.
  - l. recording in an account a sum of money paid out or still owed.
  - m. regular transferring entries from journal to the appropriate accounts in the ledger.
  - n. the accurate performance of the first three steps in the accounting cycle.
  - o. in recorded on the right-hand side of a list of accounts.
  - p. recording all money received by and paid out of a company in special books or computer files.
  - q. the checking of accounts by comparing the total credits with total debits.
  - r. is shown on the left-side of a list of accounts.

s. each sale or purchase is shown as having an effect on both the debit and the credit columns of an account.

t. recording the payment of a sum of money into an account.

**Task 14.** *Before you begin this exercise, be sure that you know the meaning of the words and word-combinations given below. From the list, choose a word or word combination that fits both grammatically and contextually in each blank. Use each word only once and add noun or verb endings if necessary.*

---

Direct costs, fixed costs, income statement, costs, indirect costs, assets and liabilities, earnings, balance sheet, timely information, revenue, entry, depreciation.

---

1. Substance should triumph over form in situations of window-dressing and off- ... financing.
2. It is argued that ... should be brought together on the balance sheet if this is necessary to give a true and fair view, whether or not the information involved is specifically required by legislation.
3. Firms locate their production and other operations internationally for reasons that are more complex than the simple minimization of ... .
4. Mainly because of higher ... a German manufacturing worker costs almost twice as much as per hour as a British one.
5. The ... shows the amount that the company earned during the year.
6. After deducting the costs of goods sold and other expenses, the firm had total ... before interest and taxes of \$10mln.
7. Lufthansa's cost problem is illustrated in a comparison with British Airways, when personnel ... amount to about 24 per cent of revenues against Lufthansa's 33 percent.
8. Any gain in market share fattens profit, because ... are high and variable costs are low.
9. There remains, of course, the risk capital ... .
10. The purpose of adjusting ... is to bring accounts to their proper balances before the financial statements are prepared.

11. This matching of expenses and ... is necessary for the income statement to present an accurate picture of the profitability of a business.

12. Since those interested in the activities of a business need ..., financial statements must be prepared periodically.

**Task 15.** *Translate the following into English.*

1. *External costs* – издержки производства, которые фирма перекладывает на другие предприятия и общество в целом.

2. *Internal costs* – издержки производства, которые покрываются самой фирмой.

3. *Loss* – превышение издержек над доходами.

4. *Profit* – доходы минус издержки.

5. *Revenue* – общая сумма денег, полученная от продаж.

6. *Accounts receivable* – сумма задолженности покупателей организации за купленные ими в кредит товары.

7. *Current assets* – активы, которыми организация намерена владеть в течение года или менее года.

8. *Current ratio* – отношение текущих активов к текущим пассивам. Используется для определения платежеспособности организации.

9. *Double-entry bookkeeping* – принцип, в соответствии с которым каждая операция должна быть отражена в балансовом отчете в двух разных частях для того, чтобы соблюдалось балансовое равенство.

10. *Liquid assets* – активы, включающие монеты и бумажные деньги, банковские вклады и некоторые виды ценных бумаг.

**Task 16.** *Translate the definitions into English and match them with the words given below.*

---

Liquidity, balance sheet, historical cost, assets, accountability, inventory turnover ratio, liabilities

---

1. Материальные ценности, находящиеся в собственности фирмы или отдельного лица.



2. Финансовый документ, показывающий, что находится в собственности фирмы или отдельного лица, а что взято в долг или каковы активы, пассивы и собственный капитал.
3. Все официальные требования по отношению к фирме или частному лицу.
4. Способность активов непосредственно использоваться в качестве средства обращения или быть готовыми к превращению в средство обращения, сохраняя фиксированной свою номинальную стоимость.
5. Необходимость отвечать за результаты какого-либо действия.
7. Цена, по которой действительно были куплены товарно-материальные запасы и основные средства.

**Task 17.** *Substitute appropriate terms from the box for the underlined words or phrases in the sentences below:*

---

Status	agencies	monitored	maintain	independently
Procedure	fee	hire	rigorous	solely

---

1. Many accounting departments have strict entrance requirements; only the most qualified applicants are allowed to enter these programs. \_\_\_\_\_
2. The particular method used to process employee insurance claims may vary from company to company. \_\_\_\_\_
3. The stock market is closely watched every day. \_\_\_\_\_
4. Rather than expend into foreign lines, the dress shop manager chose to deal only with domestic fashion design. \_\_\_\_\_
5. Although the consultant's charge for services was high, his guidance and advice were well worth the money. \_\_\_\_\_
6. The financial condition of a company is reflected in its financial statements. \_\_\_\_\_
7. When the business began to expand, a second bookkeeper was brought in to help keeping the books. \_\_\_\_\_

**Task. 18** *Choose the alternative that best suits the context.*

1. We hope to pay the debt ... a few weeks.  
a) at    b) within    c) for
2. As we sell all over the country this means we need a ... of sales people.

- a) campaign b) gang c) team
3. I ... wear a badge at work. It's a rule.  
a) should b) have to c) can
4. The company spends about 10% of its ... sales on research and development.  
a) whole b) full c) total
5. The ... strategy of our all operating divisions is determined by the business center in Moscow.  
a) total b) global c) universal
6. Our company ... close attention to the environment.  
a) pays b) takes c) gives
7. We use ... bottles and packaging materials.  
a) recycle b) recycling c) recyclable
8. In 1990 the American Council on Economic Priorities chose Colgate-Palmolive as one of the four most socially ... companies in the United States.  
a) respective b) responsible c) respecting
9. ... is the term given to different activities involved in distributing goods from the manufacturer to the final customer.  
a) Retailing b) Marketing c) Distribution
10. In order to make its products known, a firm ... advertise.  
a) can b) may c) must
11. An advertisement on radio or television is called a ... .  
a) movie b) commercial c) sales program
12. A heavy ... was imposed on their company because they broke the contract.  
a) sum b) incentive c) penalty
13. ... is a business system in which a company sells an individual the right to operate a business using its brand-name and reputation.  
a) Retailing b) Franchising c) Wholesaling
14. ... is used to increase sales by making the product or service known to a wider audience.  
a) Promotion b) Research c) Advertising
15. ... we had some problems with transport, we managed to deliver the goods in time.  
a) But b) Although c) Nevertheless
16. ... is the general term covering all forms of selling goods to the public.  
a) Retailing b) Franchising c) Wholesaling
17. ... documents should be sent in triplicate.  
a) The both b) Both c) Both of
18. Each of invoices ... a different reference number.  
a) have b) has c) is having
19. An English proverb says: there are two fools in the market: one asks too little, one asks too ....  
a) many b) much c) few

20. Our team is carrying out the research to determine the best way to ... the employees.  
 a) suit b) motivate c) rationalize
21. Our customers get reminders on ... payments.  
 a) overpaid b) overlooked c) overdue
22. If you pay ... I'll give you a 5% discount  
 a) price b) cash c) bill
23. His ability to anticipate financial ... prevented him from losing a great deal of money.  
 a) growth b) crash c) dip
24. The prices given for buying and selling shares on the stock exchange are known as ....  
 a) stocks b) values c) quotations
25. We are planning to invest a great sum of money in sponsorship in order to improve our firm's ....  
 a) image and reputation b) financial position c) accounts
26. They've just launched an advertising ....  
 a) company b) campaign c) promotion
27. We are doing ... well ... we did last year.  
 a) better ... than b) as ... than c) as ... as
28. Big companies cannot rely exclusively on their ... markets. They have to become more international in their outlook if they want to survive.  
 a) consumer b) competitive c) domestic
29. ... to get in touch with him all day yesterday.  
 a) have tried b) was trying c) have been trying
30. The successful multinational team should be composed of managers who have the right ... in terms of attitude and experience.  
 a) rules b) relationships c) profiles.

**Task 19.** *Choose the right word.*

- (Accountants/Stockholders) prepare reports in financial (items/terms) describing the results of past resources allocation decisions.
- The amount of goods and services known as company (stock-in-trade/real estate) is available for sale at a given time and is shown as an asset on the (accounts receivable/balance sheet).
- (To calculate/To operate) properly the company's manager should rely on information obtained from public survey.
- The greater is the difference between total assets and total liabilities, the greater is the company's (net loss/net worth) often known as the (equity/debt) for corporation.

5. The fundamental accounting (equation/equilibrium) can be written in different forms, for example: assets – liabilities = equity.
6. The company's obligations are known to be classified as current and noncurrent ones, the former being also called (long-term/short term) (liabilities/assets).
7. One should take into account that (accounts payable/goodwill) unlike the real estate belongs to intangible assets, but it can be sold like any other property.
8. The accounting cycle is known to consist of seven main steps, the (bookkeeping/accounting) being responsible for the analysis and interpretation of the (records/entries).
9. Having drawn up the (balance sheet/trial balance), the bookkeeper expects the financial (accounts/statements) to be prepared in the (accounting/managerial) departments.
10. A bookkeeper deals with taxes, cash flow which includes cash (receipts/credits) and (debits/payments), sales, purchases and different other business (activities/transactions).
11. Bookkeepers first (post/record) all the data in the books which are called (ledgers/journals).
15. The record-keeping (accuracy/accurately) can't be checked until total debits and total credits are added together.
12. Disagreement between the total of the (debits/receipts) and the total of the (payments/credits) in the trial balance means that there is an error in the records.
13. A ledger is a book having one page for each (entry/account) in the organization's financial structure, (debits/credits) being shown on the left side.
14. All items of tangible assets should be (posted/listed) accurately before calculating their depreciation.
15. If sources exceed uses, there will be (a balance/ an excess) of cash representing funds provided but not yet put to use in the business.

**Task 20.** Give the English equivalents to the following:

Бухгалтерское равенство; финансовая отчетность; пассивы; бухгалтерский учет по методу двойной записи; проводка; дебет счета; принцип работающего предприятия; преемственность; производственный учет; имеющий силу; главная бухгалтерская книга; первичный документ; внутренняя отчетность; безнадежные долги; дебиторская задолженность; просроченный; товарно-материальные запасы; нематериальные активы; ликвидные активы; активы за вычетом...; себестоимость реализованной продукции; прибыли или убытки; точные данные; отчет о прибылях и убытках; амортизация; основной капитал; уменьшение стоимости активов; оборотный капитал; поток наличных средств; краткосрочные обязательства; срок платежа; платежный баланс; пробный баланс; денежные поступления; ведение учета; торговый баланс; бухгалтер; управленческий учет; составление сметы; ежегодный отчет; управленческая деятельность; приток наличности.

### **Примерные задания для сдачи зачета**

#### **(VI семестр)**

#### **Card № 1**

*1. What is the English for:*

бухгалтерия (бухгалтерский учет); обзор сделки; этапы подготовки бухгалтерской отчетности; получить деньги наличными; кассовая книга (журнал); авансированные средства; отдельный (специальный) счет; складское оборудование; наниматель (арендатор); расходы на коммунальные платежи; продажи в кредит; стороны контракта; полное несоблюдение контракта; векселя к получению; экономическая выгода; проводка; истечение срока, конкурировать на рынке, аккредитив; потребность в возмещении убытков; страхование; просрочка в поставке оборудования.

*2. Give the definition to:*

accounting, return, an effective business, trial balance, expenses.

*3. Answer the following questions.*

1. Who needs accounting information?

2. What must every account format provide for?
3. How does an accountant present results of the analysis of the transactions?
4. *Give the synonyms to the following words:*

the balance sheet, profit and loss accounts, liabilities, decrease, accounting, accountant, earnings, negotiations.

5. *Translate into English.*

1. Бухгалтерский учет формируется средой, в которой он действует.
2. Общая цель финансовых отчетов состоит в том, чтобы предоставить большую часть информации внешним пользователям.
3. Сделка происходит всякий раз, когда предприятие вступает в юридическое соглашение о приобретении средств производства или продажи товаров и услуг.

### **Card № 2**

1. *What is the English for:*

Бухгалтер; ревизор отчетности; денежные поступления; выплата денег; расходы; доходы; данные бухгалтерского учета; оценивать; руководитель; счет в главной книге; подотчетность; главный бухгалтер; зарабатывать прибыль; первичный учет; соотношение; от имени; снять со счета; юридическое соглашение; платеж по открытому чеку; платеж по инкассо; вексель; пособие.

2. *Give the definition to:*

the accounting equation, bookkeeper, cash flow statement, auditing, public accounting.

*Answer the following questions.*

1. What does the study of accounting begin with?
2. How can transactions be classified?
3. What are the main business documents?
4. *Give the synonyms to the following words:*

transaction, profit, chief accountant, legal agreement, revenues, retained income, independent opinion, talks, increase.

*5. Translate into English.*

1. Сделки предприятия – это необработанные данные бухгалтерского учета.
2. Уменьшение или увеличение на счетах записывается в графы «дебит» и «кредит».
3. Названия счетов могут отличаться, но они должны быть логичны и должны использоваться во всех видах бухгалтерских отчетов.

**Card 3**

*1. What is the English for:*

Уставной капитал; остаток; снятие со счета; убытки; заем; расходы; наличные деньги; по номинальной стоимости; платежное поручение; счета дебиторов/кредиторов; долговое обязательство; в кредит; предоплата; счета к оплате; бухгалтерская книга; дипломированный бухгалтер; денежные поступления; в письменной форме; оплатить сумму штрафа по первому требованию; все споры и разногласия; активы; пассивы; доказательство (данные); двойная бухгалтерия.

*2. Give the definition to:*

rate of return; receiving report; managerial accounting; promissory note; accountability.

*3. Answer the following questions.*

1. What is "financial accounting"?
2. What types of account do you know?
3. Is the whole of financial accounting based on the accounting equation?

*4. Give the opposite off:*

Long-term debit; liabilities; profit, visible; debit; account receivable; increase; right side, internal transactions.

*5. Translate into English*

1. Благодаря ежедневным записям о сделках, владелец может избежать ошибок в будущем.
2. Каждая сделка должна записываться дважды.
3. Объектами бухгалтерского учета являются имущество организаций, их обязательства и хозяйственные операции, которые осуществляются предприятиями в процессе их организации.

## BUSINESS CORRESPONDENCE

### *1. A MEMORANDUM*

**A memorandum or memo** is a very common form of business letter which is exchanged between members of the same organization. The memo usually focuses on one message or piece of information, and often requests action to be taken. It may be sent to a single person or group of people.

There are many different techniques used in memo writing, but several basic rules should always be applied:

- Since memos are a little less formal than business letters, it is best to use simple language.
- Keep your memos clear. Use short, simple sentences.
- A memo should not be any longer than one page.
- The opening and closing formula can be more direct, and less formal than in a letter.

*There are the examples of memo.*

1

### MEMORANDUM

*Меморандум (памятная записка)*

---

*INTERNAL MEMORANDUM*

*JAYAL MOTORS*

**TO:** Paul Osman

**FROM:** TOM JAYAL

**DATE:** 6 March 2005

**RE:** Office security

While you were away we received a letter from the tax revenue office which suggested we were avoiding tax. I am meeting Taki Kamal from the bank on Monday to look into the matter, as we could be in a very serious situation.

This letter highlighted another problem which has been worrying me for some time. When I looked for last year's accounts to check the tax situation, I couldn't find them. Perhaps you have moved them for some reason? If so, could you let me have



them as soon as possible, please? If not, however, there is a strong possibility that they have been taken by someone.

I know that in the case of the accounts this is not too serious because anyone can see a copy at the Government Auditors' office, but we do have other papers which are highly confidential and which we would not want our competitors to see. Even though we are a small firm, I think we should be much more careful about locking away confidential papers, while also making sure that they are available for authorized personnel to see.

Perhaps you and I could have a chat about this with Jack when you get back?

TOM

Cc Jack Lom

---

a) Here are the answers to some questions about the memo. Look at the answers and write the questions.

*E.g. Office security.* What is the memo about?

What is the subject of the memo?

1. Tom Jayal.
2. On Monday.
3. The tax revenue office.
4. Last year's accounts.
5. At the Government Auditors' office.
6. The highly confidential ones.
7. No, it's a small firm.
8. Jack Lom received a copy of the memo.

b) Write a memo from Paul Osman to Tom Jayal making the suggestion that Jayal Motors should go into exporting on the Industrial market. Send copies to Jack Lom and Taki Kamal. Keep your memo fairly short, but include these four points:

1. What made you think of the idea?
2. Why is exporting a good idea?
3. Some objections Tom might have and your answers to those objections.
4. Suggest having a meeting to discuss the matter with Jack Lom and Taki Kamal.

a) The paragraphs of Anita Fuchsberger's report got mixed up on the word processor and they were not numbered. Number the correct order you think they should be in. One is done for you as an example.

## 2

### MEMO

*From:* Anita Fuchsberger

*To:* Felicitas Zapp

#### Quarterly report on Office Furniture

3 The first point to stress is that following the acquisition of the Relaxo Group and J.S. Moretti S.p.A. last year, Relaxo International, the renamed division, experienced a year of consolidation and profit growth this year.

Relaxo Systems Furniture in the UK continued its profitable growth pattern. In marketing terms, the major events include extensions to the System M100 screen based furniture range which is proving such a popular product with major British companies. New storage products were also introduced in October. Alhambra, a Spanish desking range, was launched in the UK for the front office furniture market. It was well received and projected sales for next year are encouraging.

Muebles Relax de Espana showed a real profit improvement following the factory investments which have led to more cost-effective manufacture. The order book increased significantly during the year, despite the lack of any real improvement in the business climate in Spain. This was due to the introduction of new desking and storage products, aided by key changes to the sales management structure.

I must apologize for the late submission of my report, but the delay was partly connected with my visit to our Spanish subsidiary in San Sebastian. I had to step in at the last moment for the Sales Manager, who unfortunately suffered a car accident.

Overall, the past year has been a favourable one for the Relaxo Group in all three European regions. This has been the case despite the variable conditions from country to country. The prospects for the coming years look favourable on the whole, and only the situation in the USA may give some cause for concern.

At the same time marketing activity was strengthened by the opening of new showrooms for Relaxo at the new international Design Centre in New York City and for Moretty S.p.A. in the office and factory complex just outside Milan. We also had good production results to show in our three major European regions: the Iberian Peninsula, Northern Europe and the British Isles.

Here are the results of my analysis of the international performance of Relaxo International together with some predictions for the future development of the business furniture market.

The Relaxo companies in Europe traded exceptionally well during the year, and new products were introduced to extend the System 99 executive seating range. The market conditions in Germany and Holland were very favourable and Relaxo looks able to take further advantage of this with systems furniture to be launched in these countries in the next couple of years. The Swiss company continues to develop its own market and last year significantly increased its activity in southern Europe. However, market conditions in the USA were not so favourable for Relaxo Incorporated, but the opening of the showroom in New York should indicate a return to growth in the USA in coming years.

*b) Read the report again and decide which of the statements are **true** or **false**.*

- 1 Anita Fuchsberger wishes she had not to take place of the Sales Manager in San Sebastian.
2. Anita Fuchsberger reports on the development of the business furniture market in the past few years.
3. The newly restructured company had a good year.
4. Production facilities were improved in America and Italy.
5. There were more orders in Spain during the year.

6. The success of the Spanish subsidiary was connected to the change in the business climate.
7. European trade developments helped Relaxo companies to expand the number of new products they were able to sell.
8. Anita Fuchsberger is not sure whether it will be an advantage to introduce new products in the next few years.
9. Relaxo Incorporated are likely to do less well in the USA in the future than they have this year.
10. The most important market development for the UK-based company was the introduction of the Alhambra desking range.

*c) Give the English equivalents for:*

квартальный отчет; извиниться за столь позднее предоставление отчета; поддержка; частично; вмешаться в дело; в последний момент; филиал в Испании; к сожалению; пострадать; в то же время; рыночная активность (деятельность); усиливаться; выставочный зал; хорошие производственные результаты; анализ; международная финансовая деятельность; некоторые прогнозы на будущее развитие; условия рынка; благоприятный; следующие два года; увеличить значительно.

### **ENGLISH BUSINESS LETTERS**

Letter writing is an essential part of business communication. A cheque, a contract or any other business paper sent by mail should always be accompanied by a letter. The letter says what is being sent, so that the recipient should know exactly what you intended to send. It is a typical business letter called "routine".

A well arranged letter will make a better impression on the reader, thus good letters make good business partners.

Nowadays more and more agreements are made in English, for English is a universal business language. Joint ventures, bank loans, and trademark licenses are frequently written in English.

There are three stages of transactions involving business contracts: first - negotiation of terms, second - drafting documents reflecting these terms and third - litigation to enforce or to avoid executing of these terms.

Business letters may be divided into official and semi-official. The first kind of letters is characteristic of those people working in business: an executive, a department manager, a salesman, a secretary or a specialist in business and technology. But also many people may want to buy something, to accept an invitation or to congratulate somebody – this is a kind of semi-official letters. The first kind of letters may in turn be subdivided into such groups as: inquiries, offers, orders and so on.

**An inquiry letter**

HOWARD & PRATT  
Ladies' Clothing  
306, 3d Avenue  
Chicago, ILL. 60602

JACKSON & MILES  
118 Regent Street  
London W1C 37 D  
UK

Gentlemen:

21 Oct, 2006

We saw your women's dresses and suits in your October catalogue. The lines you showed would be most suitable for our market.

Would you kindly send us your quotation for spring and summer clothing that you could supply to us by the end of January next?

We would require 2,000 dresses and suits in each of the sizes 10-14, and 500 in sizes 8 and 16. Please quote c.i.f. Chicago prices.

Payment is normally made by letter of credit.

Thank you for an early reply.

Very truly yours,

***P. Pratt***

P.PRATT. Jr.

Buyer

**NOTES:** In the first part of the letter there is a kind of introduction as a prospective customer approaches supplier for the first time, and it is from this part that we found out that the correspondents are engaged in textile industry.

The second part expresses request for detailed information about the goods in question, their prices and terms of possible transaction.

In this example we come across the abbreviation concerning the terms of delivery that are commonly accepted in business world.

**c.i.f.** – cost, insurance, freight.

If consignment is to be delivered according to c.i.f., then the supplier insures the goods and pays for the whole delivery.

**f.o.b.** – free on board.

If consignment is to be delivered according to f.o.b., then the supplier pays for transportation to port, ship or air shipment and dispatch: and the customer pays for onward transportation and insurance.

**f.o.r.** – free on rail.

It is the same as f.o.b., but for railway transportation.

**C& f** – cost and freight.

If consignment is to be delivered according to c&f, then the supplier pays for the whole delivery and the customer – for insurance.

**The answering letter**

JACKSON & MILES  
118 Regent Street  
London W1C 37 D  
UK

HOWARD & PRATT  
Ladies' Clothing  
306, 3 d Avenue  
Chicago, ILL. 60602

28 Oct, 2006

Dear Sirs,

We are pleased to make you an offer regarding our products in the size you require. Nearly all the models are obtainable and could be delivered to you in March. All other models can be supplied by the middle of January 2007, subject to our receiving your form order by 15th of November. Our c.i.f. prices are understood to be for sea/land transport to Chicago. If you would prefer the goods to be sent by air freight, this will be charged extra at cost.

Suit sizes 8-16 in white, yellow, red, and green, navy blue, black. Sizes 12, 14 also in pink  
per 100 \$2,650.00

Dresses sizes 8-16 in white, yellow, red, green, black  
per 100 \$1,845.00

You will be receiving price-list, cutting of our materials and a colour chart. These were airmailed to you this morning.

Yours faithfully,

***D .A. Leary***

D. A. Leary

Export Department

**The advice of dispatch**

This advice of dispatch follows the order acknowledgement.

JACKSON & MILES  
118 Regent Street  
London W1C 37D  
UK

HOWARD & PRATT  
Ladies' Clothing  
306, 3d Avenue  
Chicago, ILL. 60602

Dear Sirs:

We have pleasure in notifying you that your credit was confirmed by our bank yesterday, 19<sup>th</sup> November. We have had the 1900 dresses collected today for transport by delta Airlines to Chicago on 25<sup>th</sup> November.

Enclosed is our invoice for the goods in question plus the extra charges for air freight, packing list to facilitate customs clearance at your end, certificate of origin, air waybill and insurance policy.

Hoping that this initial order will lead to further business, we are

Yours faithfully

**D.A. Leary**

D.A. Leary

Export department

### **Letter of adjustment**

Letters that are written in response to claims may be called adjustments. These letters are among the most difficult to write as they require under all circumstances patience, tact and diplomacy. You will not lose your customer if you react at his claim promptly.

JACKSON & MILES

118 Regent Street

London W 1C 37D

UK

HOWARD & PRAT

Ladies' Clothing

306, 3d Avenue

Chicago, ILL. 60602

2<sup>nd</sup> December, 2006

Dear Sirs:

The colour of the dresses about which you complain is indeed lighter than should be. Please accept our apologies.

We are sending you a new lot by air this week, and would ask you to return the faulty clothes at your convenience, carriage forward.

Alternatively you may keep this lot for sale as seconds at a reduced price of \$1,120.

You are perfectly correct in saying that packing and insurance costs are normally less for cargo sent by air. May we remind you; however, in this case your request to send goods by air was made at very short notice. It was possible for us to use lighter air freight packing materials, as most of the dresses were ready for shipment by sea freight (please see our letter of 9<sup>th</sup> November).

Furthermore, our insurance is an open policy at a flat rate, and depends on the value of the goods, not the method of transport. For these reasons our invoice № 14596 dated 15<sup>th</sup> November 2006 is still valid, and we look forward to receiving your remittance when due.

Yours faithfully

**D.A. Leary**

D.A. Leary

## Correspondence on tendering

Dear Sirs,

We have pleasure in informing you that the Central tender committee on behalf of our government has invited tenders for carrying out design works, delivery of complete equipment and construction of a thermal power station.

If you wish to participate in tender, please send us the information on the projects, constructed with your assistance, including such data as the cost, the period of the construction (commencement and completion of the work), the volume of works.

As soon as we receive this information from you, we shall register you as participants of the tender and obtain a complete set of tender documents for you. The expenses shall be charged to your account.

It must be noted that the bidding deadline is set for April 30. We are to receive your offer and the necessary documents at least two days before the closing time, so that we can submit them to the tender committee in time.

Probably you will be interested to know that the inspection of the construction site will be fixed for March 15.

We assure you that you can fully rely on our help.

Yours faithfully

*Give English equivalents for the following words.*

С удовольствием сообщаем, что; Центральный тендерный комитет; от имени правительства; объявил; проектные работы; поставка комплектного оборудования; строительство теплоэлектростанции; данные об объектах, построенных с вашей помощью; стоимость; сроки строительства; начало и завершение работ; объем работ; полный комплект тендерной документации; расходы будут отнесены на ваш счет; последний срок подачи заявлений назначен на; заявка; за два дня до окончания приема заявок; вовремя; возможно; осмотр места строительства Подрядчиками; заверяем вас, что вы можете полностью рассчитывать на нашу помощь; с уважением.

*Use the words below to complete the following letter.*

**information    credit-worthiness    statements    customer  
confidence    limit    balance    due**

Dear Mrs Gomez

I refer to your letter of May 18 concerning the ... of D. L. Cromer Ltd.

The company has been a ... of ours for a number of years, and although their credit ... has not reached the level you mentioned, we have found that they are always cleared their ... on the .. dates, settling them on quarterly ....

We trust you will treat this ... in the strictest ...

Yours sincerely

G. Mac Fee

*Read the following letters and choose the best words from the options in brackets.*

1) Dear Mr Osterheld

We were very pleased to receive your ... (correspondence, enquiry, mail) of 14 October 2000-, asking about our leather and sheepskin ... (range, cloths, products)

and terms of ... (dealing, trade, conditions). First let me say that our ... (label, mark, patent) is internationally famous because of the quality of our garments, and we are convinced they will sell very well through your ... (outlets, factories, warehouses). We think you will agree with us when you look through the enclosed ... (manual, catalogue, leaflet) and examine the ... (specimens, examples, samples) we are forwarding separately. You will see from the price-list that we take care of all freight and insurance costs, so the prices are quoted on a(n) ... (c.i.f., ex-works, f.o.b.) basis. We will also allow ... (trade, cash, quantity) discounts for orders over \$10,000, and with the usual trade references, we can arrange for payment by 60-day (bill, letter, draft) of exchange.

Thank you once again for your enquiry, and we are sure you will be impressed by the ... (vast, huge, wide) selection of our garments. Meanwhile, if there are any further details you need, please contact us.

Yours sincerely  
Elena Ornate

*Translate into English giving all possible variants. Divide the letter into logical paragraphs.*

1. Уважаемый мистер Грин!

Подтверждаю с благодарностью получение вашего письма от 25 апреля с.г. с приложенной к нему повесткой дня заседания совета. С удовольствием высылаю Вам отдельным письмом свой доклад для включения в повестку дня. Пожалуйста, подтвердите получение. Я был бы так же признателен, если бы Вы забронировали для меня номер в гостинице на три дня. Заранее благодарю за сотрудничество, остаюсь

Искренне Ваш

2. Уважаемый господин Смит!

Благодарю вас за письмо от 15 сентября с.г. с приложенным к нему списком вопросов, которые Вы бы хотели обсудить на нашей встрече. В соответствии с Вашей просьбой я с удовольствием отвечаю на Ваши вопросы и отдельным письмом высылаю Вам наши предложения. Мы будем очень признательны, если Вы сможете дать нам определенный ответ не позднее середины октября с.г.

С наилучшими пожеланиями  
Искренне Ваш

***Test yourself:***

*1. A letter and a memo: the following phrases are from a letter and a memo. They are all mixed up. Put them in the correct order.*

a) I have asked the Secretarial Supervisor to come and speak to you and she may wish to arrange a later demonstration for her staff.

b) From: Vincenta Enjuanes,  
Purchasing Manager



- c) Subject: Demonstration of word processor
- d) We would be pleased to have you with us on the 3 April as you suggest.
- e) I look forward to meeting you.
- f) Subject: Demonstration of word processor
- g) We would be pleased to have you with us on the 3 April as you suggest.
- h) The Sales Manager of Smart Offices Ltd will visit the firm on 3 April to demonstrate the AX3000 word processor which I am sure will be interesting in seeing.
- i) Please ring my secretary to range a time to meet the Sales Manager. A later demonstration can be arranged for members of your staff to see it.
- j) Dear Mr Devereux
- k) To: Secretarial Supervisor
- l) Thank you for your letter of 12 March offering to come to our firm to demonstrate the AX3000 word processor.
- m) Yours sincerely,  
***Vicenta Enjuanes***  
Vicenta Enjuanes  
Purchasing Manager
- n) V.E.  
**Memo .....**  
Letter .....

## **BANKING CORRESPONDENCE**

### **INQUIRY**

Gentlemen,

We would like to open a current account at your bank. We will appreciate your informing us of your conditions in regard to interest rates, service charges, handling fees, etc.

Yours sincerely...

**ЗАПРОС**

Уважаемые господа!

Мы бы хотели открыть текущий счет в Вашем банке. Мы были бы признательны, если бы вы известили нас о Ваших процентных ставках, банковских комиссионных и тарифах на операционные услуги.

Искренне Ваш ...

### **REQUEST FOR CREDIT**

Gentlemen,

Please let us know about conditions for granting a credit on our current account in the amount of...

Our merchandise in stock which has an approximate value of... will be used as collateral.

We would greatly appreciate an early reply.

Yours sincerely,

### **ЗАПРОС НА ПОЛУЧЕНИЕ КРЕДИТА**

Уважаемые господа!

Просим Вас сообщить нам о Ваших условиях предоставления кредита по текущему счету на сумму....

Товар на складе, приблизительная стоимость которого составляет .... будет использован в качестве покрытия (обеспечения).

Мы будем благодарны за Ваш скорейший ответ.

Искренне Ваш ...

### **OVERDRAFT**

Gentlemen,

With reference to our previous business relations, we would be pleased to receive the conditions, on which you would allow us to overdraw our account at your bank up to the amount of...

We would like to inform you that we intend to make only occasional use of such overdrafts.

Yours sincerely,

## ОВЕРДРАФТ

Уважаемые господа!

Ссылаясь на наши прежние деловые отношения, мы хотим узнать, на каких условиях Вы допустите овердрафт на нашем счете до суммы ....

Мы бы хотели проинформировать Вас о том, что намереваемся использовать овердрафт в редких случаях.

Искренне Ваш ...

### ОСНОВНЫЕ ФОРМЫ РАСЧЕТОВ

**1. Documentary Collection** *инкассовая*

получение банком денег от клиента по счетам, различным сертификатам, отгрузочным и страховым документам.

**2. Letter of Credit** *аккредитивная*

перевод денег банком по поручению и за счет клиента

**3. Open Account** *по открытому счету*

отправление в адрес покупателя товара и товарных документов, оплату которых тот осуществляет в течение срока, обусловленного в контракте

**4. Transfer** *на основе почтовых/ телеграфных переводов*

перевод инвалюты из страны в страну

**5. Cheque** *чековая*

письменное распоряжение банку о выдаче (наличными или перечислением) держателю чека указанной в нем суммы с текущего счета чекодателя

**6. Bill of exchange, draft** *вексельная*

письменное долговое обязательство покупателю уплатить указанную сумму денег к определенному сроку

### LISTENING (BANKING)

**Task 1.** *Listen to the dialogue and answer the questions.*

1. What bank is described in the dialogue?
2. What is the structure of the bank?
3. What document does the speaker use to describe bank organization?

*Presenter:* Ed Walker describes the structure of his bank to Francoise Caie.

*Ed:* OK, there's an organization chart here, Francoise, in the back of the annual report that we can run through, just to make things a little clearer.

*Francoise:* Oh, good.

*Ed:* We were reorganized earlier this year, so the organization is still fairly new. Basically, as you can see, we're split into six line divisions. The first of these, the Banking Division, consists of three geographic groups: Group One the Americas, Group Two Europe, and the Group Three Africa, Asia and the Middle East. All these groups offer a full range of international banking services.

Then there's the Private Banking Division which serves consumers in the domestic and international markets.

The Treasurer's Division has a wide spread of operations which includes investment portfolio management, commercial paper, government and municipal bonds, foreign exchange, bullion, and public finance.

*Francoise:* So there are three operative divisions.

*Ed:* That's right, and these three operative divisions are backed up by another three servicing divisions. Firstly, there's the Administrative Division which covers administrative services as well as personnel, premises and economic analysis. The Financial and Information Systems Division includes the Comptroller's Department, the Corporate Tax Department, and the Systems and Data Processing Department. And then finally, the Corporate Planning Division includes strategic planning and credit policy and administration.

*Francoise:* Yes, I see.

*Ed:* It gets much more complicated than that if we go into detail, but I'll leave the annual report with you, in case you ever need it for reference.

*Francoise:* Right. Thank you very much.

*Presenter:* That was Ed describing the structure of ***a leading American bank.***

*Look at the words in the box. Check any words you don't know with a partner. Then, working together, match the words with the correct definition from the list below*

---

credit policy	bullion	consumers
annual report	line divisions	strategic planning
premises	personnel	commercial paper
domestic	reorganized	municipal bonds
comptroller's department	investment portfolio management	

---

1. A report presented each year, giving details of the company's activities and financial performance during the previous financial year.
2. Formed or structured in a new way.
3. Sections of a company which deal with different products or services from each other.
4. People who buy goods and services.
5. In your own country, not abroad.

6. Management of a client's collected investments.
7. Short – term documents usually sold by big US corporations, promising to pay a specified sum of money on a particular date. They may be sold again by the buyer.
8. Documents issued by a local government authority, promising to repay loans at a certain time.
9. Bars of gold or silver.
10. Employees, staff.
11. Buildings and surrounding land.
12. A department which controls the internal finances of a company.
13. Deciding the main aims of an organization.
14. Plans for the lending money.

**Task 2. a)** *You are going to hear Clive Regis, the Director of a **London merchant bank**, being interviewed about his bank's organization. As you listen, look at these headings. Which one does he talk about and in which order.*

- Structure of the parent company
- Brief history of a bank
- Range services provided
- Recent services

*Presenter:* Clive Regis is interviewed about his bank's organization.

*Interviewer:* First of all, could you tell me how you're organized?

*Clive:* Yes, certainly. Just to give you the background, we were established as a merchant bank as long ago as 1869. We operated independently as one of the major merchant banks in the City until 1976, when Metropolitan and Provincial acquired a one third interest in us, and as of last year we are now a wholly-owned subsidiary of that bank.

*Interviewer:* Oh, really? I didn't realize that.

*Clive:* Mmm. One of the consequences of our acquisition was that we sold off our non-banking related activities, though of course we still cover a full range of international banking services. Now in terms of management structure, we have an Administration Division which looks after all administrative matters. These include planning, group financial control, accounting and audit, computer services, legal services, personnel, premises and so forth.

*Interviewer:* Ah, yes. That's cost centre services then?

*Clive:* That's cost centre services, right. Next we have the Banking Division and they deal with loans, syndicated loans, project finance, overdrafts, documentary credits and correspondent banking.

*Interviewer:* I see.

*Clive:* We're very active in the markets so therefore we have a Dealing Division. They cover foreign exchange, currency options, money market transactions, bonds, floating rate notes, Eurodollars CDs,...

*Interviewer:* CDs?

*Clive:* Certificates of Deposits.

*Interviewer:* Oh, I see. Yes.

*Clive:* CDs, financial futures and bullion. Then there's our Corporate Finance Division which has expanded *quite* rapidly over the last couple of years. They provide advice to a large number of UK and international companies. The activities of the Corporate Finance Division include mergers, takeovers, acquisitions and divestments, as well as stock market and USM flotation in London, and of course capital raising.

*Interviewer:* Mmm, I see.

*Clive:* We also have an Investment Management Division which provides services to companies: pension funds, investment trusts, unit trusts and offshore funds. And finally there's a Leasing Division which organizes leasing packages for lessors and lessees. Well, that's who we are and what we do. I think that sums it up.

*Interviewer:* Ah, yes, indeed. Now if we could move to the ...

*Presenter:* That was Clive describing the structure of *a merchant bank in London*.

*b) Listen again to what Clive says about the organization of the bank. As you do so, write in the boxes below the names of the six divisions to which he refers and list their main areas of responsibility.*

Administration division					
-------------------------	--	--	--	--	--

*c) Look at the terms in the left - hand column. Match each one with its correct definition in the right-hand column.*

- |                            |   |
|----------------------------|---|
| 1. merchant bank           | a. The selling - off of interests.  |
| 2. clearing bank           | b. A very large loan for one borrower, arranged by several banks.   |
| 3. wholly-owned subsidiary | c. Money overdrawn on bank accounts to agreed limits.   |
| 4. accounting and audit    | d. Documents promising to pay sums of money at specified time.  |
| 5. syndicated loan         | e. Money placed in countries with very low taxes.   |
| 6. overdraft               | f. The joining of two or more companies into one.   |
| 7. documentary credit      | g. A bank which is a member of a central organization through which cheques are presented for payment.                      |
| 8. correspondent banking   | h. Activities where one bank acts as an agent for another bank.   |
| 9. currency option         | i. A contract where the buyer has the right to demand purchase or sale of a specified currency, but no obligation to do so. |
| 10. bonds                  | j. a bank mainly concerned with the financing of international trade.   |
| 11. floating rate note     | k. An organization which collects and pools   |

- money from many small investors and invest it in securities for them.
12. Eurodollar CD      l. A limited company formed to invest in securities.
13. merger              n. A method of financing international trade where the bank accepts a bill of exchange from the exporter for the invoice amount, in return for receipt of the invoice and certain shipping documents.
15. takeover            o. The buying of a majority of the shares of companies.
16. divestment         p. Contracts to buy or sell currencies, bonds and bills, etc. at a stated price at some future time.
17. USM flotation      q. Note on which interest rates are fixed periodically, and which can be traded on the market.
18. investment trust    r. Document given for a deposit repayable on a fixed date, the currency being dollars which are deposited outside the USA.
19. unit trust            s. The keeping of financial records and their periodic examination.
20. offshore funds     t. The starting of a new limited company, where the shares are not included in the official list on the Stock Exchange.

**Task 3.**

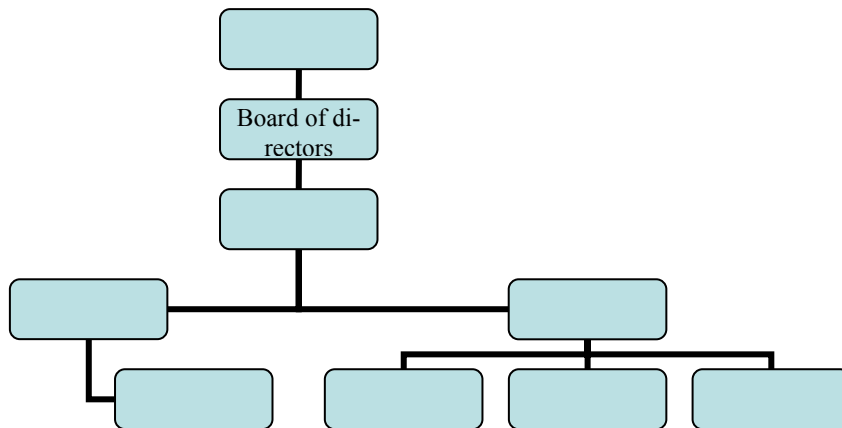
*So far we have heard about and looked at the structure of a large American bank and a British merchant bank. Now we are going to look at the work of a savings bank. Look at the following list of banking services. Put a tick (☐) next to those that are traditionally associated with savings banks.*

---

currency options	personal loans
safe-deposit services	takeovers
deposit accounts	bullion
payment of standing orders	cheque paying services
leasing packages	

---

*Now listen to Kai Larsen describing the organization of **the Scandinavian savings bank** he works for and fill in the organization chart below. Listen twice if necessary.*



*Presenter:* Kai Larsen describes the organization of the Scandinavian savings bank.

*Kai:* In understanding how we're organized how we're organized, it's perhaps first necessary to understand just what we are, and that is a savings bank. This has some important implications as to why we're organized the way we are. As the Capital Savings Bank, founded in 1878, we were the oldest and largest savings bank in the country. In 1980 we merged with the two largest regional savings banks and effectively this now gives us a nationwide network of branches to serve the private customer. Head office of course is here, that's in the central region, and there are two other regional offices. There's a Board of Directors, which is elected by the Board of Trustees of the Bank, and a Managing Director, who has two Deputy Managing Directors who are responsible to him.

The one Deputy Managing Director is responsible for the branch network of offices, and reporting to him are the three Regional Managers, for the northern, central and southern regions.

The other Deputy Managing Director is responsible for the Corporate Business Division, and the formation of this division, really, was one of the main objectives of the merger: to pool our resources and to gain access to the lucrative markets dominated by the commercial banks.

And well, I think we've succeeded. We've still got a long way to go, of course, but we've turned from a savings bank, which, prior to 1970, couldn't accept deposits in excess of the equivalent of ten thousand dollars, because of the regulations, into a commercially competitive bank which last year, for instance, granted an international debenture loan of forty-five million dollars and which had a loan portfolio fifty per cent of which, in terms of volume, related to corporate customers.

And we've done this virtually from scratch, building up our client list of small and medium-sized companies, establishing and expanding worldwide correspondent banking relationships, and of course, making major investment in terms of personnel and technology. In our case, the new organization structure was necessary for us to be able to broaden the scope of our activities.

*Presenter:* Kai, there, telling us about the organizational structure of a Scandinavian savings bank.



Look at the following extracts from Kai's description of the savings bank. Work with a partner and note down what you think the speaker says instead of the words **in italics**. Then listen to the section again and compare your answers with the words Kai actually uses.

- 1.... to understand just what we are and that is a .... .  
(bank set up to accept deposits from members of the public)
- 2... .. in 1878 ... . (set up, established)
- 1.In 1980 we .... .. with the two largest regional savings banks ... .(joined together)
- 2.... and effectively this now gives us a ... .. to serve the private customer ...  
(system of local offices over the whole country)
- 3.5. There's a Board of Directors, which is elected by the Board of ... .. .(people responsible for administering money or property for the benefit of others)
- 4.... to gain access to the ... .. . (markets in which offer a wide range of services to the public, to companies and to other organizations)
5. ... markets dominated by the ... . (banks which offer a wide range of services to the public, to companies and to other organizations)
6. .... .. 1970 ... (before)
7. ... couldn't accept deposits ... .. the equivalent of ... (more than)
8. ... granted an international ... of 45 million dollars ... (loan of money at a fixed rate of interest, involving a certificate of the debt)
9. ... and which had a ... .. 50 per cent of which ... (an entire collection of loans)
10. ...and expanding worldwide .... (arrangements with banks who act for each other)
- 11....major investments in terms of ... .. .(people who work here)
12. ... necessary for us to be able to ... .. . (increase the range or extent of our operations)

You are going to make a short presentation of your bank or company. Look through the list of points below and decide in which order you will use them in your presentation. Then compare your order with that of a partner and discuss any differences.

- Range of services
- Financial structure
- Structure
- Specialized products
- Geographical representation

Use any visual aids, such as diagrams, that will help you.

(from *English for International Banking and Finance*. Jim Corbett. Cambridge University Press, 2004)

## GRAMMAR REVISION

**Task 1. A.** Using *the Gerund* open the brackets and translate the sentences into Russian.

1. (To keep) records accurately is very important both for a company and tax authorities. 2. After (to post) the data the bookkeeper began (to calculate) debit and credit balances. 3. Double-entry bookkeeping speeds up (to check) accounts by (to show) whether they are in balance. 4. The bookkeeper informed the Financial Manager of the first three steps of the accounting cycle (to complete) by his department. 5. The bookkeeper remembered (to record) the data concerning this transaction on the computer. 6. The company's manager insist on (to keep) detail recording of daily sales by all salesmen. 7. The director was against the idea of preliminary meeting (to hold) before the main conference. 8. In (to decide) how much labour to employ, the firm looks for the highest possible profit. 9. The new inexperienced bookkeeper was suspected of (not to detect) the error while (to check) the company's debits and credits. 10. The accountant is interested in the trial balance (to draw up) by the bookkeeper as soon as possible.

**V. Translate into English using the Gerund.**

1. The main task of financial account is to concentrate his attention on (*правильном управлении деньгами компании и подготовке отчетов в соответствующее время*). 2. Any owner of a business is interested in (*управлении компанией*) as efficiently as possible). 3. An increase in stockholders' dividends greatly depends on (*увеличении общих доходов компании*). 4. The company had to compensate for (*повреждение товара*) due to (*неправильной упаковки*). 5. Although stockholders have the right to vote at the general meetings, they are not involved in (*ежедневным управлением компанией*). 6. The company manager and the board of directors are responsible for (*проведение общей политики компании*). 7. The high corporation equity was due to (*снижения производственных издержек и правильного управления капитальными активами*). 8. Programmers of many countries are still thinking of (*улучшении компьютерных программ для обработки бухгалтерской информации*). 9. Both the bank and the company gained from (*подписания соглашения о займе*). 10. The company being unable to pay its debts to the creditors, it was useless to protest against (*продажи недвижимости компании*).

**Task 2.** *Translate into English using the Infinitive and paying attention to its functions.*

1. The task of bookkeeping (*состоит в том, чтобы записывать*) systematically all transactions of the company and (*обеспечивать*) accounting withal necessary data.
2. An error in records of this transaction (*как говорят, была сделана*) at the posting step when the accountant transferred the data from the journal into ledger.
3. (*Для того чтобы была закончена*) the bookkeeper's work, a trial balance summarizing all debits and credits should be prepared at the end of the fiscal year.
4. The board of directors (*ожидает, что управляющий сделает*) a report about the current financial position of the company (*для того, чтобы принять*) proper managerial decisions.
5. The accounts (*знают, что финансовые документы проверяются*) regularly by tax inspectors.
6. The recording of all the company's transactions (*должна вестись*) systematically.
7. (*Чтобы знать*) whether the receipts and payments are in balance, (*необходимо вести*) accurate double-entry bookkeeping system.
8. (*Чтобы фирма успешно работала*), the data about assets, liabilities and debts should be available at any given moment.
9. The profit made on a commodity (*как известно, зависит от*) its production cost.
10. Debit and credit aspects of every transaction (*по-видимому, влияют на*) the financial structure of the account, certain accounts increasing while the others decreasing.

**Task 3.** *Open the brackets paying attention to the verbs and tenses.*

**A.** A nation (to have) its own assets and liabilities, a national balance sheet (to be) not simply the sum of the balance sheets of individuals and firms. A nation's assets also (to consist) of national capital. Such public buildings as public libraries, royal palaces and government offices (to know) (to belong) to the national capital. Publicly (to own) parts the transportation infrastructure or certain natural assets, such as raw material deposits or natural forests (to consider) (to be) national capital as well. These

items (may not) (to include) in the balance sheet of any other entity. Economists also (to argue) that since the most important asset of a nation (to be) its labour force, it (should) (to include) in the balance sheet in some way. Both obligations and liabilities between firms and individuals in the same country (to cancel out) each other, as one person's liability to pay (to be) another person's asset. It is known that practically every nation (to own) either physical or financial asset abroad, foreigners (to own) physical or financial capital within a nation. The accounting of a nation's wealth, therefore, (should) (to take) into account net liabilities to the citizens, firms and governments of other countries.

**B.** At the end of the month or more frequently all journal entries (to post) into the book of accounts (to know) as a general ledger (to consist) of separate pages for each account. The page for each account (to show) its debits and its credits, so that the balance of each account (can) (to determine). As each journal entry (to record) on the (to plan) side of its account, a mark (to place) in the post column of the journal in order (to show) that it already (to record) in the ledger. The date (to use) in the ledger (to be) the date on which the entry first (to record) in the journal. The post column in the account (to use) (to show) which page this entry (to post) to in the ledger.

In addition to the general ledger, a subsidiary ledger (to use) in order (to provide) information in greater detail about the accounts in the general ledger. For example, the subsidiary ledger may (to keep) for the amount of money (to owe) to the company by all its customers, for the wages (to pay) to each employee, for each building or machine (to own) by the company and for amounts (to owe) to each of the company's creditors.

**C.** Accounting as it (to exist) today (may) (to view) as a system of assumptions, concepts, doctrines which (to summarize) in generally (to accept) accounting principles. Many of these principles (to develop) gradually, but only in recent decades these principles (to recognize) as laws. Economic theory (to deal) with several following fundamental accounting concepts.

1. The on-going concept (to state) that the entity that (to be) (to perform) activity and (to be) (to receive) accounting information (must) (to define) clearly and that the relationship (to exist) between the entity and external parties (must) (to understand) clearly.
2. According to the historical - cost principle economic resources (should) (to evaluate) in the terms of amounts of money (to exchange). When a transaction (to occur) the exchange price (to be) a measure of the value of the economic resources that (to exchange).
3. The realization concept (to disclose) that accounting (to take place) only for those economic events to which the entity (to be) a party.
4. In accordance with matching principle income (to calculate) by matching revenues with the expenses incurred in order to obtain that revenue.
5. The accrual concept (to define) revenues and expenses as inflow and outflow of all assets in the course of operating the enterprise.
6. The consistency concept assumes the accounting methods (to use) at a given time (must) (to be) in line with those previously (to use) for describing company performance. Such consistency (to allow) data of different periods (to compare).
7. The disclosure principle (to emphasize) that financial statements (should) (to present) clearly the most useful information.
8. The prudence concept (to require) all entries (to concern) income and revenue (should not) (to record) until money (to receive), but records (to relate) to possible future losses and risk (ought) (to do) as soon as they (to predict).

**Task 4.** *Translate into Russian paying attention to **modal verbs**.*

1. Sometimes the government has to impose trade barriers to protect domestic producers.
2. Developing his strategy a retailer ought to choose the most convenient location for his store.
3. Since productive resources are scarce, alternative uses of available resources have to be considered.
4. All necessary adjustments in a balance sheet are to be made before it is handed over to the Financial Manager for approval.
5. As labour differs from other production factors, social and political problems should be

taken into account by economists in considering factor costs. 6. Any entry is a journal ought to be recorded accurately to avoid errors in further balances. 7. A Central Bank of every country must perform two basic functions. It must be a banker both to the commercial banks and to the government. 8. A standard set of financial statements is to be prepared annually at the end of fiscal year. 9. To evaluate the company's competitiveness one should carry out periodic survey of consumer demand. 10. Additional explanations about the most important transactions have to accompany the financial statements. 11. The main task of financial accounting is to inform stockholders about the company's activity over the previous year. 12. In the course of revision the company's accountant has to ensure access to all financial statements required by the fiscal department. 13. Retained earnings are to be the essential part of the company's total capital. 14. The main purpose of cost accounting is to analyze the cost of producing goods and other expenses and to advise managers on how to increase profitability. 15. The sales department has to discuss the problem of fast transportation of the perishable goods to customers.

**READING COMPREHENSION**  
**A CLOSER LOOK AT FINANCIAL INSTITUTIONS**  
**AND FINANCIAL MARKETS**  
*FINANCIAL INSTITUTIONS*

*A financial institution* is a business whose primary activity is buying, selling, or holding financial assets. For example, some financial institutions (depository institution and investment intermediaries) sell promises to pay in the future. These promises can be their own promises or someone else's promises. When you open a savings account at a bank, the bank is selling you its own promise that you can withdraw your money, plus interest, at some unspecified time in future. Such a bank is a depository institution – a financial institution whose primary financial liability is deposits in checking or savings accounts. When you buy a newly issued government bond or security from a securities firm, it's also selling you a promise to pay in the future. But in this case, it's a third party's promise. So a securities firm is a financial broker that sells third parties' promises to pay. It's a type of marketing firm for financial IOUs.

As a financial institutions sell financial assets, they channel savings from savers (individuals who give other people money now in return for promises to pay it back with interest later) to borrowers (investors or consumers who get the money now in return for their promise to pay it and their interest later).

As economists use the term, *to save* is to buy a financial asset. *To invest* (in economic terminology) is to buy real, not financial, assets that you hope will yield a return in the future. How do you get funds to invest if you don't already have them? You borrow them. That means you create a financial asset that you sell to someone else who saves.

Some financial institutions serve several purposes and their various functions may have various names. For example, a depository institution, such as a commercial bank, may also serve as a *contractual intermediary* – a financial institution that holds and stores individuals' financial assets. Contractual intermediaries intermediate (serve as a go-between) between savers and investors. For example, a pension fund is a financial institution that takes in individuals' savings, relends those savings, but ultimately pays back those savings plus interest after the individual retire. It uses individuals' savings to buy financial assets from people and firms who want to borrow. Similarly, a commercial bank is a financial institution that relends an individual's checking account depositors. A checking deposit is a financial asset of an individual and a financial liability of the bank.

*(By David C. Colander, Macroeconomics, McGraw-Hill Higher Education, 2001)*

Banking and financial market operations in Britain involve a number of special institutions and financial markets which, as a result of deregulating and new legislative frameworks, are increasingly integrating. Many banking and financial institutions are unique to Britain and offer highly specialized services to individuals, companies and sovereign bodies all over the world.

The way in which a bank is organized and operates is determined by its objectives and type of economy in which it conducts its business. A bank may not necessarily be in business to make a profit. Central banks, for example, provide a country with a number of services, while development banks exist to increase the economic growth of a country and raise the living standard of its population. In fact monetary policy is conducted by a central bank – a type of bankers' bank. If banks need to borrow money, they go to the central bank, just as when you need to borrow money, you go to a neighborhood bank. If there's a financial panic and a run on banks, the central bank is there to make loans to the banks until panic goes away. It is the ability to create money that gives the central bank the power to control monetary policy. A central bank also serves as a financial adviser to government. As is often the case with the financial advisers, the government sometimes doesn't like the advice and doesn't fol-

low it. In many countries, such as Great Britain, the central bank is a part of the government, just as this country's department of the Treasury and the Department of Commerce are part of the U.S. government. In the United States the central bank is not part of the government in the same way it is in some European countries.

On the other hand, the aim of commercial banks is to earn profits. They therefore provide and develop services that can be sold at a price that will yield a profit.

A commercial bank which provides the same range of services year after year is less likely to be successful than one which assesses changes in the demand for its products and which tries to match products to its customer's needs. New services are constantly being introduced and developed by commercial banks, and the full-service philosophy of many banks means that they are akin to financial supermarkets, offering a wide variety of services. However, not every bank may want to offer every kind of financial service.

Commercial banks are designed to make a profit for their stockholders. They receive money in the form of deposits, savings or repayments from the public, and then lend it an interest to borrowers. Profit is made primarily from interest. Obviously, banks do not keep most of the money they receive; indeed the bank will have on hand only enough to pay those customers who want to withdraw their money on a given day. A modern bank usually needs no more than 2 percent of its money in cash. Yet law requires this same bank to deposit a sixth or seventh of its resources in non-earning funds.

Many banks offer a combination of wholesale and retail banking. The former provides large-scale services to companies, government agencies and other banks. The latter mainly provides smaller-scale services to the general public. Both types of banking have three essential functions, which are:

- deposits
- payments
- credits.



These three functions are the basis of the services offered by banks. They make it possible for banks to generate profits and to achieve their operating aims. Several factors have combined to make banking an international business. These include the growth of multinational companies and of international capital markets, the increased competition between the banks themselves, and important improvements in communications and transportations. The major banks of the world have established extensive international operations by acquiring banks in other countries, by extending their own branch network abroad and by establishing correspondent relationships with foreign banks so as to develop profitable joint operations. The operations of these major commercial banks are dynamic and rapidly changing, and their organization is of global nature.

### *BANK PERFORMANCE*

Banks necessarily use sophisticated accounting systems to record as clearly as possible what financial situation of the bank is. Normally such a system is based on the principle of double entry, which means that transaction is entered twice, as a credit in one account and as a debit in another account. If we deposit £100 with a bank, for example, the bank enters a debit for the receiver and a credit for the giver. The former represents an asset to the bank, since it is a sum of money at the bank's disposal, as well as a liability, since it will one day have to be repaid.

The balance sheet of a bank gives us a view of its financial situation at one point in time, usually 31 December of a particular year. But we don't know what has happened between two balance sheets. This information is provided by the profit and loss account for the period in question. Neither statement is exactly uniform from bank to bank, but both contain certain essential features.

The largest asset of a bank is normally its total portfolio of loans. Deposits usually constitute the largest liability. Balance sheets usually include the following items listed as assets:

- cash on hand and due from banks – money in vaults, balances with other banks, cheques in process of collection;

- investments – bonds, shares, etc.;
- loans - to companies, the general public ,etc.;
- fixed assets – buildings, equipment , etc.

Items listed in the balance sheet as liabilities are:

- deposits – all money owed to depositors;
- taxes payable – national and local;
- dividends payable – decided on, but not yet paid.

This profit and loss account records in the income of a bank, and here, typically, the items in order of size are:

- interest on loans;
- return on investments;
- fees, commissions, service charges.

The granting of credit provides the largest single source of bank income. Typically, two thirds of an American commercial bank’s early earnings result from interest on loans. Nine out of every ten dollars they lend come from depositors’ funds.

The following items normally constitute the main expenses in a bank’s profit and loss account, again in typical order of size:

- interest paid;
- salaries and other benefits
- taxes.

A bank’s accounting system, then, is designed to record and present the many transactions that take place every day. Substantial reserves over and above statutory requirements are an indication to customers of the bank’s strength, that it has run its business well and has retained profits in the business for future operations. Profitability indicates the effectiveness of a bank’s performance and how well it has managed the resources under its control. Published figures thus provide some essential data on the liquidity, safety and income of a bank.

*Read the dialogue and answer the question: “Why does the speaker visit her bank manager?”*

*Before you read the dialogue match the words with their definitions.*

- |                                  |   |
|----------------------------------|---|
| 1. speculative                   | a. are bonds which offer a high rate of interest, but which are not supported by assets.  |
| 2. speculative purchase          | b. uncertain  |
| 3. peanuts                       | c. a combination of different shares for particular investor.   |
| 4. the city pages                | d. is one where you hope to make a lot of money, but can't be sure of this and you might in fact lose you money.  |
| 5. the market is bullish         | e. means buying and selling shares for quick profits.   |
| 6. playing the market            | f. a very small amount  |
| 7. a portfolio of investments is | g. is the part of newspaper that gives financial news about companies and list share prices.  |
| 8. junk bonds                    | h. when a very a large company is the target of takeover bid, and the bidders cannot raise sufficient finance from the banks and other finance houses; they try to raise mezzanine finance. |
| 9. mezzanine finance is          | i. investors believe that share price will rise.  |

**Richard:** I see. You've got forty thousand pounds to invest. And the aim is high income?

**Francesca:** And capital growth. I was thinking of buying and selling on the currency market – that's how my father made his money- but...

**Richard:** Whoa! That's highly *speculative* and very dangerous. Anyway, times have changed – forty thousand is *peanuts* in the foreign exchange market nowadays. Even

on the stock market, it's frankly not a lot of money, but I think we can make it work for you.

**Francesca:** Every day I read the *city pages* in the newspaper. I think at the moment the *market is bullish*.

**Richard:** Well, it's true that one hundred shares index has been rising this week, but it doesn't necessarily mean that the big investors think it will go on rising. Anyway, I would strongly advise you not to go *playing the market*. Leave that to the big financial institutions – the building societies, insurance companies, pension funds – they've got fund managers who are experts. What you want is a *portfolio of investments* which will give you a good return on your investment.

**Francesca:** Mm, yes! Junk bonds – *mezzanine finance* ...

**Richard:** No, no, no! The whole point of investment is to spread the risk. Look, I'll show you what I recommended the other day to a client in a somewhat similar position to yourself.

*Agree or disagree with the following statements and answer the question mentioned above.*

1. Selling and buying on the currency market isn't speculative and dangerous.
2. The speaker had got forty thousand to invest.
3. The bank manager reads the city pages every day.
4. The market is bullish at that moment.
5. The banker advised the speaker not to go playing the market.
6. He also advised Francesca not to leave money to the big financial institutions.
7. The manager thought that the best way of getting a good return on her investment was a portfolio of investments.

*Read the portfolio Richard Price had arranged for Mrs. Johnson carefully. What would this portfolio consist of?*

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### **Proposed portfolio for Mrs Johnson**

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Holding and security

5000.00 current account (liquidity reserve)

20000.00 bank deposit account	
<i>Total cash (44%)</i>	25000.00
5000.00 Treasury 2% IL 2006	
5000.00 Treasury 9% 1998	
<i>Total gilts (17.5 %)</i>	10000.00
2600.00 James Dancey convertible preference	
2600.00 A&Z redeemable preference	
3000.00 Goodies convertible unit trust	
<i>Total bonds (14.5 %)</i>	8200.00
1200.00 Barwest Bank plc	
1200.00 Foresight Insurance Co	
1200.00 Annandale Glass ltd.	
<i>Total UK shares (6%)</i>	3600
3000.00 Pacific Assets Trust	
2000.00 Trans-Siberian Railroad	
2600.00 Europe Wide unit trust	
2600.00 European Space Development	
<i>Total international shares/bonds (18%)</i>	10.200.00
-----	
Portfolio total cost (excl. initial charges)	57000.00
-----	

**Role play.** You are going to make a short presentation of your bank or company. Look through the list of points below and decide in which order you will use them in your presentation. Then compare your order with that of a partner and discuss any differences:

- range services
- financial performance –structure
- specialized products
- geographical representation.

*Quickly read the text below, which is taken from an annual report of one the world's largest banks. Then choose the best heading from this list.*

**The year in brief**

**Global banking resources**

**Financial review**

**Notes to the accounts**

**Foreign locations**

To service the needs of different client groups effectively, the Bank is organized into three broad groups: the Domestic Banking Group, the Corporate Banking group and the International Banking Group.

The basis of the Bank's strength continues to be its domestic banking operations. The Domestic Banking Group's network of 195 branches provides a full range of banking services nationwide and is the largest network in the country.

The Corporate Banking Group is responsible for servicing the complex needs of over 200 of the nation's largest corporations. Of the Bank's total domestic deposits and domestic loans outstanding, the Corporate Banking Group accounts for 25 per cent and 40 per cent respectively.

The Bank continues to develop and expand its international operations, and in fiscal 1991 foreign earnings surpassed those of the country's other leading banks for the fourth consecutive year. Since January 1 1990, the Bank has opened six new representative offices and has upgraded the Rome representative office into a full service branch. Our strong international presence is currently maintained through 12 branches, 18 representative offices, two agencies and 10 subsidiaries and affiliates.

The International Banking Group includes regional departments which assume responsibility as follows: the Americas; Africa; Middle East and Europe; Asia and Oceania. The Group includes both the Correspondent Banking Department, which is responsible for the Bank's correspondent banking network of some 1,500 institutions and the Merchant Banking Department.

Also within this Group, the International Treasury Department specializes in foreign exchange and funding operations, while the International Planning Department is responsible for strategic planning. The International Business Super-

vision Department is responsible for the assessment of country risk and corporate credits, as well as for systems development and for ensuring compliance with regulations regarding international business.

The Bank continues to respond well to market dynamics both at home and abroad. Part of the Bank's strength lies in the wide spread of its representation and in its ability to develop sophisticated new services to meet the changing patterns in banking opportunities. The Bank's aim is to ensure the continued prosperity of the group by means of its deductions to service and by expanding the scope of its activities, both geographically and functionally. We believe that we have the right organization to do this in the period ahead.

*Based on the information in the text, say whether the following statements are true or false.*

1. The Corporate Banking Group services the needs of 1.500 of the nation's largest institution.
2. The Corporate Banking Group plays an important part in terms of the bank's domestic deposits and domestic lending.
3. 1991 was the fourth year in a row in which the bank earned more money abroad than any other bank in the country.
4. The bank has 30 branches and representative offices abroad.
5. The bank plans to increase its international operations.

#### *THE BANK OF ENGLAND*

The Bank of England in the heart of the City of London in Britain's central bank. It's a banker to the commercial banks and to the Government; manager of the National debt; "lender of last resort", regulator of monetary and credit conditions; and, not least, supervisor of the banking system.

#### *COMMERCIAL BANKS*

This the broad title for institutions involved in the classic banking business of taking deposits and lending money, both in the retail and wholesale markets. In Britain, they include the retail banks and institutions which offer banking services. In June 1994, there were 518 authorized banks including retail banks, merchant banks, branches of overseas banks, discount houses and banking subsidiaries of both banking and non-banking institutions from Britain and oversea

### *RETAIL BANKS*

Retail banks primarily serve individuals and small to medium-sized business. The major retail banks operate through more than 12,148 branches offering cash deposit and withdrawal facilities and systems for transferring funds. They provide current accounts; deposit accounts, various types of loan arrangement; and offer an extending range of financial services.

### *BUILDING SOCIETIES*

Building societies started in the late 18<sup>th</sup> century to pool money, to build houses and to buy land. They currently compete with the retail banks to attract savings from, and provide mortgage finance for the personal sector. Today, they hold more savings than any other deposit-taking institutions. Building societies are “mutual” institutions, owned by their savers and borrowers. Since the Building Societies Act 1986 the societies have been able to provide a wider range of services.

### *INTERNATIONAL BANKS*

In March 1994, there were 255 branches of foreign banks in Britain which, together with firms dealing in foreign securities, employ over 60,000 Britain people. The majority are based in London, including Moscow Narodny Bank, Bank of China and 38 Japanese banks. Citibank of the US is the largest of the 42 banks from the US based in Britain and has extended its activities into the retail banking market and joined the clearing system.

### *MERCHANT BANKS*

Merchant banks are so called because they originate from large merchants engaging in banking activity. Their traditionally important roles were helping foreign governments to raise loans and accepting Bills of Exchange but they are today involved in a range of services including corporate finance, foreign exchange dealings and securities trading.

### *NATIONAL SAVINGS*

National Savings aids government borrowing via a range of savings instruments. These include fixed interest and index-linked Savings Certificates, First Option Bonds and Premium Bonds among others. Part of National Savings, the National Savings Bank, formerly the Post Office Savings Bank until 1969, was set up in 1861 offering deposit services to customers through some 20, 000 Post Office branches. It does not operate in the same way as a retail bank or building society. The National Savings Bank had 20.7 million Ordinary and Investment accounts in June 1994. These amount to some 10.6 billion pounds of the National Savings total which was over 49.4 billion pounds in June 1994.

### *DISCOUNT HOUSES*

The discount houses are unique to Britain and occupy a central position in the British monetary system. They act as intermediaries between the Bank of England and the rest of the banking sector promoting an orderly flow of funds between the authorities and the banks.



### *INVESTMENT INSTITUTIONS*

The investing institutions collect savings drawn from the personal sector and invest them in securities and other assets. The main investment institutions are insurance companies (providing general and life policies) together with insurance broking firms, pension funds, unit trusts and investment trusts. Together, they represent a massive pool of funds for investment.

### *SPECIAL FINANCING INSTITUTIONS*

Operating in both public and private sectors, there are a number of different special financial institutions offering loan finance and equity capital. In the private sector they include finance houses; specialist leasing houses; factoring companies and venture capital companies, each providing an alternative to retail bank funding.

### *THE FINANCIAL MARKETS*

The city of London has long been the nexus of international activity in a number of highly organized financial markets. These include the London Stock Exchange, the sterling money and bonds markets; the foreign exchange markets; Eurocurrency markets; financial futures; bullion, commodities; shipping and freight.

*a) Learn the following vocabulary by heart.*

Bank of England - Банк Англии (Центральный банк)

Commercial Bank - Коммерческий банк

Retail Bank – розничный банк (банк занимающийся обслуживанием мелкой клиентуры)

Building Society - жилищно-строительный кооператив, выполняющий функции сберегательного учреждения; прием вкладов и выдача ссуд на приобретение домов

International Bank - международный банк

Merchant Bank - торговый банк

National savings - национальный сберегательный банк

Discount House - учетный дом

Premium bond - облигация выигрышного займа

Option bond - облигация с правом досрочного погашения

stock exchange - биржа

futures – сделки с длительным сроком, срочные сделки (контракты)

turnover of all capital- полная оборачиваемость капитала

*b) Give English equivalents for the following words.*

А) Частный сектор; ценные бумаги; активы; страховые компании; полисы жизненного страхования; пенсионные фонды; представлять большой источник денежных фондов; действовать как в частном, так и в государственном секторах; конкурировать; выбор (альтернатива); совместные компании; включать в себя; Лондонская фондовая биржа; рынок обмена валют; облигации; товары, погрузка, фрахт; банковская деятельность; ряд финансовых услуг, сделки на фондовой бирже, торговля ценными бумагами.

*B. What is the English for?*

1. банк, обслуживающий мелких клиентов; 2. банк, занимающийся учетом векселей и операциями на денежном рынке; 3. учреждения, специализирующиеся на привлечении сбережений населения и кредитования жилищного строительства; ипотечный кредит; банк, оказывающий помощь правительству; система, включающая в себя 12 резервных банков, которые выполняют функции центрального; центральный банк Англии.

*c) Give Russian equivalents for the following word combinations.*

Banking and financial market operations; new legislative frameworks; to offer highly specialized services to individuals, companies and sovereign bodies all over the world; manager of the National Debt; regulation of monetary and credit conditions; supervisor of the banking system; taking deposits; lending money; branches of overseas banks; banking and non-banking institutions; current account facilities; interest bearing accounts; to provide mortgage finance for.

*d) Make up your own sentences using the words of exercise "c".*

*e) Match the words with their definition.*

-----  
**Discount house, deposit, loan, charter, lend, borrow, denomination, claim, installment, repository.**  
-----

1. A place where you keep objects of a particular type.
2. A sum of money lent for an agreed period of time and at an agreed rate of interest.
3. Demand or request for a thing considered one's due.
4. A document granting rights, issued by a legislature.
5. Any of several usually equal payments for something.
6. Money left with an organization for safe keeping or to earn interest.
7. Class of measurement of money.
8. Company or bank on the discount market that specializes in discounting bills of exchange.
9. Acquire temporarily, promising or intending to return.
10. Allow the use of money at interest.

*f) Answer the following questions*

1. What do banking and financial market operations in Britain involve?
2. What is the Bank of England?
3. What do commercial banks deal with?
4. What do retail banks serve and provide?
5. When did building societies start their activities?
6. How many branches of foreign banks were there in March 1994 in Britain?
7. Which countries represent their foreign banks in Britain?

9. What are traditionally important roles of merchant banks in Britain?
10. What is the National Savings Bank?

*Complete the following sentences.*

1. The essence of bank's activity is ...
2. In preparation for annual general Meeting a bank publishes ...
3. The rate of interest varies from ...
4. The money doesn't belong to ... It belongs to ...
5. The most common means of payment is ...
6. All major foreign banks are represented in the UK by ...

*Suppose you're a bank teller. You've got to answer the tourist's questions about the exchanging rate of his currency. Compose a short conversation using the model:*

EURO 1 = USD 1.0182

One EURO to American Dollar is one zero one eighty two.

*g) Translate from Russian into English.*

1. Во-первых, мне бы хотелось сказать, что уникальная структура банков и финансовых учреждений Великобритании предлагает высококвалифицированные услуги частным лицам, предприятиям и руководителям государств всего мира.
2. Кстати, ежедневный оборот денег на Лондонском рынке иностранных валют составляет около 303 млрд. долларов.
3. Насколько я могу судить, Банк Англии – это банкир коммерческих банков и правительства. Он, также – управляющий государственным долгом, заемщик «на самый крайний случай» и управляющий денежными и кредитными условиями.
4. Что касается коммерческих банков, они включают в себя розничные банки и учреждения, которые предлагают банковские услуги, как на розничных, так и оптовых рынках, например, – торговые банки, филиалы иностранных (зарубежных) банков, учетные дома.
5. На мой взгляд, розничные банки обслуживают как частные лица, так и предприятия среднего и малого бизнеса, предлагая различные условия по вкладам наличных и снятий их со счета, разные системы перевода денежных сумм, разные виды ссуд и более расширенный ряд финансовых услуг.
6. Нельзя не упомянуть и жилищно-строительные кооперативы, конкурирующие с розничными банками. Они предоставляют ипотечный кредит для частного сектора.
7. Позвольте мне сказать несколько слов о международных банках, большинство которых расположено в Лондоне. Они имеют дело с международными

ценными бумагами. Самые известные из них – это Московский народный банк, Банк Китая, 38 японских банков, Банк США.

8. Более того, в Британии существует государственный сберегательный банк, который оказывает услуги государству через ряд сберегательных учреждений.

9. Неудивительно, что центральную позицию в британской денежной системе занимают учетные дома. Они действуют как посредники между Банком Англии и остальным банковским сектором, обеспечивающим поток фондов от государства к банкам.

10. Полагают, что инвестиционные учреждения принимают деньги от частных лиц, а затем инвестируют их в ценные бумаги и другие активы. Среди них – страховые компании, пенсионные фонды и тресты. В общем, они образуют большую сумму денег для инвестиций.

11. В целом, в Британии, как и в частном, так и в государственном секторах, существует огромное количество особых финансовых учреждений, предлагающих различные виды ссуд и первоначальный капитал.

*b) Give English equivalents for the following words.*

центральный банк; коммерческий банк, фирма (банк), занимающийся учетом векселей и операциями на денежном рынке; банк, обслуживающий мелких клиентов; банк, специализирующийся на финансировании внешней торговли, а также на операциях на рынке капиталов, организации слияний и поглощении фирм и предприятий, различных консультационных услугах; расчеты путем взаимного зачета требований (платежей); приказ выплатить предъявителю определенную сумму; банк, специализирующийся на крупных операциях; поглощение одной компании другой; слияние двух и более компаний для образования одной новой; ипотека, передача кредитору права на недвижимость в качестве залога за полученную ссуду; работать как банк, саморегулирование.

*c) Give three forms of the following verbs.*

Seek, pay, lend, serve, borrow, require, withdraw, speak, operate, act, offer, mean, find, know, take into account, cover, measure, issue, rise, ring, say, spend, steal, fall, teach, tell, think, throw, wear, win, leave, lead, let, break, buy, choose, fight, forbid.

*e) Fill the gaps using the words below.*

*Balance, cancelled, deposits, joint account, outstanding, overdraft, reconciled, service charge, statement, withdrawals, pretty, record, reconciles, an overdraft*

1. My wife and I have a checking account in both our names. We have a ... ..

2. We both work and both put money into account. We both make ....

3. But we sometimes get mixed up about the amounts of money we have removed from the account. We get confused about our ....

4. Once or twice the amount remaining in the account has gotten too low. We had too small ....

5. That caused us to write a check for more money than the balance in the account. We had an ....

6. The only way we could straighten out the account was to get a record of our deposits and withdrawals from the bank. We got a ...
7. Of course, we also got the checks which had been stamped to indicate that payment had been made. We got our ... checks.
8. Then we added up the checks that had been written but had not yet been paid by the bank. We totaled our ... checks.
9. We also subtracted from our balance the bank's fee for their services. We subtracted the ... .
10. Finally, we made our records agree with the statement. We ... our account.
11. The checking account ledger is a ... of customer's deposits and withdrawals.
12. The customer ... his statement with his own records.
13. This joint account is ... active.
14. The cashier noticed ... in September.

*Answer the following questions.*

1. What bank are you a customer at?
2. What bank do you have a checking account at?
3. Do you have a joint account?
4. Do you reconcile the bank's records with your own?
5. Is your checking account pretty active?
6. Do you keep a sufficient balance to cover all outstanding checks?
7. What's the bank's service charge?

*Prepare a small talk on all the following topics:*

1. Investment institutions.
2. Types of financial assets
3. Financial Panics
4. Primary and Secondary Financial Markets.

### **QUESTIONS FOR THOUGHT AND REVIEW**

1. Is the currency in your pocketbook or wallet a real or financial asset? Why?
2. Joe, your study partner, has just said that, in economic terminology, when he buys a bond he is investing. Is he correct? Why?
3. Joan, your study partner, has just made the following statement: "A loan is a loan and therefore cannot be an asset". Is he correct? Why or why not?
4. What is the difference between an investment bank and a commercial bank?
5. State whether you agree or disagree with the following statements:
  - a. If stock market prices go up, the economy is richer.
  - b. A real asset worth \$1 million is more valuable to an individual than a financial asset worth \$1 million.
  - c. Financial assets have no value to society since each has a corresponding liability.

- d. The United States has much more land than does Japan. Therefore, the value of all U.S. land should significantly exceed the value of land in Japan.
- e. U.S. GDP exceeds Japan's GDP; therefore, the stock market valuation of U.S.-based companies should exceed that of Japan-based companies.

## ACCOUNTING AND AUDITING

(практические занятия – 104 часа, самостоятельная работа - 47 часов)

### ЗАДАНИЯ К ЗАЧЕТУ

(VI семестр)

#### Card № 1

1. *What is the English for?*

бухгалтерия (бухгалтерский учет); обзор сделки; этапы подготовки бухгалтерской отчетности; получить деньги наличными; кассовая книга (журнал); авансированные средства; отдельный (специальный) счет; складское оборудование; наниматель (арендатор); расходы на коммунальные платежи; продажи в кредит; стороны контракта; полное несоблюдение контракта; векселя к получению; экономическая выгода; проводка; истечение срока, конкурировать на рынке, аккредитив; потребность в возмещении убытков; страхование; просрочка в поставке оборудования.

2. *Give the definition to:*

accounting, return, an effective business, trial balance, expenses.

3. *Answer the following questions.*

1. Who needs accounting information?
2. What must every account format provide for?
3. How does an accountant present results of the analysis of the transactions?

4. *Give the synonyms to the following words:*

the balance sheet, profit and loss accounts, liabilities, decrease, accounting, accountant, earnings, negotiations.

5. *Translate into English.*

1. Бухгалтерский учет формируется средой, в которой он действует.
2. Общая цель финансовых отчетов состоит в том, чтобы предоставить большую часть информации внешним пользователям.
3. Сделка происходит всякий раз, когда предприятие вступает в юридическое соглашение о приобретении средств производства или продажи товаров и услуг.

## Card № 2

### *1. What is the English for:*

Бухгалтер; ревизор отчетности; денежные поступления; выплата денег; расходы; доходы; данные бухгалтерского учета; оценивать; руководитель; счет в главной книге; подотчетность; главный бухгалтер; зарабатывать прибыль; первичный учет; соотношение; от имени; снять со счета; юридическое соглашение; платеж по открытому чеку; платеж по инкассо; вексель; пособие.

### *2. Give the definition to:*

the accounting equation, bookkeeper, cash flow statement, auditing, public accounting.

### *Answer the following questions.*

1. What does the study of accounting begin with?
2. How can transactions be classified?
3. What are the main business documents?

### *4. Give the synonyms to the following words:*

transaction, profit, chief accountant, legal agreement, revenues, retained income, independent opinion, talks, increase.

### *5. Translate into English.*

1. Сделки предприятия – это необработанные данные бухгалтерского учета.
2. Уменьшение или увеличение на счетах записывается в графы «дебит» и «кредит».
3. Названия счетов могут отличаться, но они должны быть логичны и должны использоваться во всех видах бухгалтерских отчетов.

## LISTENING

### Talk 1. Looking at the trial balance

*Before you listen to Talk 1 match the words and expressions below with their definitions.*

- |                      |   |
|----------------------|---|
| 1. Getting on for    | a. the first three month of the financial year.                         |
| 2. outgoings         | b. anything that involves spending or receiving money.                  |
| 3. overheads         | c. money that you spend.  |
| 4. the first quarter | d. the regular costs of a business, like rent, wages, electricity, etc. |
| 5. transactions      | e. nearly.  |
| 6. leasing           | f. available for use.   |
| 7. drawings          | g. a form of renting.   |
| 8. in hand           | h. money that you take from the business for personal use.              |
| 9. got the hang of   | i. contact them   |
| 10 .get on to them   | j. understood.  |
| 11. funds            | k. money available for use.   |

**Task 1.** *Listen and read.*

*Patrick Flynn runs a Metro-Polo office cleaning franchise. He gets a visit from Arturo Foscatelli, the company's president. Listen to what they say. Why is Arturo visit Patrick?*

*Arturo:* Mr. Flynn? Good morning. I'm Arturo Foscatelli.

*Patrick:* Hello, Mr. Foscatelli. Come on in –do sit down.

*Arturo:* Thank you. As I explained on the phone, I make a point of visiting new members of our organization at least once during their first year of operation. In your case, it seems that things are going well: lots of contracts and morale is high.

*Patrick:* Well, yes, as long as you don't mind working sixteen hours a day.



*Arturo:* Yes, indeed! Now, I wonder if we can put some figures on the performance so far. You've completed your first three months' trading. Do you have any idea what your turnover was, roughly?

*Patrick:* Er-yes-getting on for thirteen thousand pounds.

*Arturo:* Mm. That's well on target. Now, how about the outgoings, especially the overheads? That's always something we have to watch in a new business.

*Patrick:* I must say, Mr. Foscatelli, I think this is where I probably need your advice. I've been recording all my transactions very carefully on the computer, and everything seems to be OK. But I don't really understand this idea of "double entry".

*Arturo:* Don't the figures balance?

*Patrick:* Oh, yes, they balance, but I don't understand what they mean. Look. This is the trial balance I printed out for the first quarter.

**Task 2.** *This is the trial balance that Patrick prepared. Read through it carefully. Which of names are probably those of Patrick's customers? Why does the name Metro-Polo appear here?*

---

<b>METROPOLO</b>	
<i>OFFICE CLEANING</i>	
<b>Trial balance</b>	
as at 31/10/06	
-----	
Purchases	2406.00
Sales	12874.00
Stock at 1/8/006	1050.00
Wages and salaries	3995.00
Advertising	2860.00
Postage	118.00
Petrol	263.00
Telephone	142.00
Premises (rent)	900.00

Gas and electricity	230.00	
Vans (leasing)	840.00	
Equipment (leasing)	390.00	
Bank	3682.00	
Cash	371.00	
Midland Furniture	98.00	
Goodies ltd	205.00	
Wonder-Bar Security	36.00	
Smith & Sons	582.00	
Capital		7260.00
Drawings	3872.00	
Metro-Polo		1500.00
All – Clean Supplies		406.00
	-----	-----
	22040.00	22040.00
Stock in hand 31/10/06		2079.00

---

*Look again at the trial balance and answer the questions below.*

What are the total sales for the period? 2. How much cash has Patrick Flynn got in the bank? 3. How much money did he draw out of the business? 4. How much stock did he have at the start of the period? 5. How much does he owe the franchisor? 6. These figures are for one quarter. What's wages bill going to be for a year, at this rate? 7. Roughly how much money do people owe him?

**Task 3.** *Listen and read.*

*Arturo explains the trial balance to Patrick. Listen to what they say. Is Metro-Polo a creditor or a debtor of Patrick Flynn?*

*Arturo:* Yes, that seems reasonable. What's the problem?

*Patrick:* I know I did a training course on this, but I never really got the hang of it. Which side is which?

*Arturo:* Well, briefly, the left-hand column shows you the debits –that’s where money went to. The right-hand column is the credits-side where money came from. Or we can say that the right –hand side represents the sources of funds, and the left-hand side the uses of funds.

*Patrick:* But I thought debit meant that you owed money to somebody?

*Arturo:* It depends who ‘you’ are, doesn’t it? Look at these four people here – Midland Furniture, Goodies, Wonder Bar and Smith and Sons. They owe you money, right? They are your debtors. Metro-Polo and All-Clean Supplies, on the other hand, are your creditors-you owe money to them.

*Patrick:* But that’s money going out, so why is it on the right-hand side, with sales, which is money coming in?

*Arturo:* Because creditors are people you haven’t paid yet! As long as you don’t pay them, All - Clean and the others are lending money to your business. In effect, they are giving you free use of their money. So you benefit, just as you do from sales.

*Patrick:* Ah! So Midland Furniture and Goodies and the other debtors –they’re doing business with my money?

*Arturo:* Well, until they pay you, yes?

*Patrick:* I’ll get on to them right away!

**Task 4.** *Translate into English.*

Входите и садитесь; как я уже объяснил по телефону; я назначаю встречи с новыми сотрудниками нашей организации; по крайней мере; первый год работы; в вашем случае; высокий моральный уровень; если вы не возражаете; некоторые цифры по работе; оборот; приблизительно; расходы (издержки, платежи, переводы за границу); накладные расходы; наблюдать; идея двойной записи; пробный баланс за первый квартал; покупки; объем продаж; заработная плата рабочих (служащих); реклама; почтовые расходы; арендная плата (рента); долгосрочная аренда машин и оборудования; это кажется обоснованно (разумно); Кратко; левая (правая) сторона баланса; представлять источники денежных фондов.

**Task 5.** Read the text below on bookkeeping. Write a word from the box to fill each of the gaps.

Balance credit double entry outgoings transaction balance debit en-tries income source

..a.. ..b.. bookkeeping is a system which enables the business manager to record all money coming in (..c..) and all money going out (..d..), and to work out the company's progress and present position. For every ..e.. , there are two ..f.. in the ledgers. In one ledger, it is shown on the ..g.. side, and in the other, as a..h.. . Each ledger records transactions of a particular type. By adding the transactions for a period of time, you find the amount needed to..i.. the account. All the balances from different ledgers are added together in the trial balance. If everything has been entered correctly, their totals must ..j.. – that is, they must be equal. The bookkeeper can then go on to prepare the profit and loss account and finally the balance sheet, which shows the state of the business on the date it was drawn up. You can see at a glance the ..k.. and uses of funds.

### **Talk 2. Entering a transaction in the ledger**

*Before you listen to Talk 2 match the words and expressions below with their definitions.*

- |                 |   |
|-----------------|---|
| 1. quite a bit  | a. an accounts' book in which you enter credits and debits for a company or part of the activities of a company.                              |
| 2. ledger       | b. advertising posted to particular people.   |
| 3. mailing list | c. a lot.   |
| 4. direct mail  | d. a list of people or companies that you think may be interested in your company's products; the people you send direct mail advertising to. |
| 5. cash         | e. the training course when someone first joins   |

- 6. b/d brought down
  - 7. the induction course
  - 8. incidentally
- a company, which tells them about the company and how it works.
  - f. any form of money, including cheques, that is paid immediately.
  - g. I add this bit of information because it is interesting, even though it is not crucial to the point I am making.
  - h. from the previous date in the opposite column.

**Task 1.** *Listen and read.*

*Arturo asks Patrick how he finds his customers. Listen to what they say. What is Patrick's most successful method?*

*Arturo:* Judging from your trial balance, most of your customers are quite small. How do you attract them? Just by advertising?

*Patrick:* I spend quite a bit on advertising, as you can see. I think I've done better, though, with direct mail. I keep adding to the mailing list. That reminds me, I bought another fifty pounds' worth of stamps today; I must put them on the computer. Er – now ...

*Arturo:* 'New transaction'. Right, now it's asking you in which ledger you want to enter the transaction.

*Patrick:* 'Purchases'. No! 'Postage'.

*Arturo:* That's better!

**Task 2.** *The print below shows the entries in Patrick's postage ledger. Read through it carefully.*

POSTAGE			
01/08 Cash	50.00	01/08 Opening balance	0
15/08 Bank	50.00		
30/09 Cash	11.04.		
15/10 Cash	6.57	31/10 to P&L a/c	117.61

	-----	-----
	117.61	117.61
	-----	-----
01/11 Balance b/d	117.61	
05/11 Cash	50.00	

---

**Task. 3.** *Listen and read.*

*Patrick asks Arturo about the postage ledger. Listen to what they say. Why does Patrick keep a separate ledger for postage?*

*Patrick:* Suppose I had put postage stamps in the ‘Purchases ledger – what would happen?

*Arturo:* Nothing. The computer won’t know that you made a mistake. The figures will still balance, but you won’t know how much you’ve spent on stamps.

*Patrick:* Right, fifty pounds. Now, why does it ask me how I paid for them?

*Arturo:* Because every transaction has to be entered twice. You’ve debited the postage account, so another ledger has to be credited, and then they balance. How did you pay?

*Patrick:* Cash.

*Arturo:* Right, so hit ‘C’ for ‘Cash’ – then the computer credits the cash ledger. And there you have the principle of double-entry bookkeeping. Invented by Italian merchants in the twelfth century, incidentally.

*Patrick:* Ah! It seems so simple when you explain it. If only I’d paid more attention on the induction course.

*Arturo:* Speaking on the induction courses, did you make up a profit and loss account at the end of your first quarter?

*Patrick:* No! Should I have done?

*Arturo:* Well. It is a condition of the franchise agreement, but don’t worry, you can still do it. Watch! If you select “Profit and Loss” from the menu, and key in the date for the last day of the quarter, the computer will do the rest for you.

**Task 4.** *Translate into English.*

Судя по вашему пробному балансу; привлекать клиентов; с помощью рекламы; напомнить; внести в компьютер; сделка; бухгалтерская книга (регистр); покупки; намного лучше; полагаю; сделать ошибку; цифры; уравнивать (уравнять); наличные; уделить больше внимания; система бухгалтерского учета с двойной записью; говоря о подготовительных курсах; подготовить отчет о прибылях и убытках; в конце первого квартала; условие; сделать все остальное вместо вас.

**Task 5.** *Read the text below on bookkeeping. Write a word or phrase from the box to fill each of the gaps.*

-----  
balance    cash    credit    debit    hand    right    balances    coming in  
debit    left    sales    debit    hand    owes    sales

---

In Britain, the **..a..-..b..** side of the ledger is the debit side, the **..c..- ..d..** side is the credit side. Suppose you sell something for £20, and you allow your customer, Mr. Smith, credit. He says he will pay at the end of the month. You enter this in the **..e..** ledger, as a credit –after all, it’s money **..f..** . To make your books **..g..**, you must also record it on the **..h..** side of a ledger that has Mr. Smith’s name at the top of the page. You **..i..** his account £20, because that is amount he **..j..** you. At the end of the month, Mr. Smith pays his debt of £20. You write this on the **..k..** side of his ledger, so that it **..l..** . But what about the **..m..** ledger? That £20 must now be recorded somewhere else – but where? It depends how Mr. Smith paid. If he gave you a cheque, you **.. n ..** the bank ledger; if he gave you a £20 note, it is recorded as **..o ...**

**Talk 3. Reading the balance sheet**

*Before you listen to Talk 3 match the words and expressions below with their definitions.*

- |                |   |
|----------------|---|
| 1. assets      | a. anything that costs, or will cost; money: taxes, bills, debts. |
| 2. liabilities | b. are buildings, machines, vehicles and other                    |

- items which may be used for many years.
3. fixed assets
  4. current assets
  5. a nice profit
  6. an overdraft
  7. indicators
  8. working capital
  9. on a shoestring
  10. tied up
- d. anything of value which a company uses to carry on its business.
  - e. quite a large profit.
  - f. are stocks, cash and money owed to a company.
  - g. figures that are especially important in telling you how the company is doing.
  - h. money that you have spent from your bank account, even though you didn't have it; a form of loan.
  - i. with very little money
  - j. not available for use.
  - k. money which is available immediately for used to pay for fixed assets.

**Task 1. Document study**

*This Patrick Flynn's balance sheet. It is very unusual for fixed assets to be shown on a balance sheet as 'nil'. Why? Is this a problem for Patrick?*

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**METRO-POLO OFFICE CLEANING (KINGSTON)**

Balance Sheet as at 31/10/06

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*Source of funds*

Capital	7260.00	
Net profit	1759.00	9019.00
	-----	
Less drawings		(3872.00)
		-----
		5147.00
		-----



*Use of funds*

Fixed assets	0	
Current assets		
Stock	2079.00	
Debtors	921.00	
Bank	3682.00	
Cash	371.00	
	-----	7053.00
Less current liabilities		(1906.00)
		-----
		5147.00
		-----

---

**Task 2.** *Listen and read.*

*Arturo starts to comment on Patrick's balance sheet. Listen to what they say. Why does Patrick sound pleased?*

*Patrick:* Why do you say we ought to do the balance sheet now? I thought the accountants only looked at the balance sheet once a year.

*Arturo:* For a small business it can be very useful to look at your balance sheet every quarter, or even every month, especially when you have a computer to do the work for you.

*Patrick:* Well-how am I doing?

*Arturo:* Considering you've only been in business three month, not badly.

*Patrick:* Sales are way over target – we've even made a nice profit!

*Arturo:* Yes, that's good, and that's one reason for keeping accounts, to see how well you've done in the past. But another reason is to see your present position, and to get some idea or where you're going. There are one or two indicators here that you may need to watch.

**Task 3.** *Listen and read.*

*Arturo continues to comment on Patrick's balance sheet. Listen to what they say.*

*What problems does Arturo see?*

*Arturo:* You're running this business on a shoestring; I suppose you realize that. You're under-capitalized, and with no fixed assets you'll find it difficult to get a bank loan on an overdraft. You've very little to fall back on.

*Patrick:* Well, it was you who approved my application for the franchise! You knew how I stood – what my situation was.

*Arturo:* Yes, yes! And I've every confidence in you. All I'm saying is, don't relax. For example, you drew more out of the business in the last quarter than you put in by way of profit.

*Patrick:* Well! Living expenses – you know – what with inflation and all that ...

*Arturo:* Don't look so miserable! You're going to do all right! In fact, there are some very good figures her, but you've got to learn to recognize which they are.

**Task 4.** *Listen and read.*

*Arturo continues to comment Patrick's balance sheet. He sees two further problems.*

*What are they? Does Patrick agree?*

*Arturo:* Do you remember, on the course, what they told you about accounting ratios?

*Patrick:* Er-oh-current assets over current liabilities that was one of them.

*Arturo:* That's the current ratio. It's a test of whether a company can meet its liabilities –whether it can pay its bills.

*Patrick:* Well, all my assets are current assets, so my ratio is about three and half to one! That ought to be high enough.

*Arturo:* On the contrary, it's much too high. More than half your capital is just sitting in the bank. I hope at least it's an interest-bearing account. You've also got a lot of working capital tied up in stock.

*Patrick:* Well, those are cleaning materials, chemicals-you know- what d'you call them - consumables. It's much cheaper to buy in bulk.

*Arturo:* On the other hand, your stocks are tying up capital you may need somewhere else, and they cost money to store, and they are liable to depreciate in storage.

*Patrick:* No, Mr. Foscatelli, I can tell you, I went into all that very thoroughly. I know I've got that bit right.

*Arturo:* Now that's what I like to hear. It suggests you're keeping an eye on the cash flow, and that's a key factor in financial management. By the way, perhaps you can let me have a cheque for your franchise subscription. Then you won't have so much surplus cash floating about in the bank.

**Task 6.** *Translate into English.*

Чистая прибыль; основной капитал; оборотный капитал; дебитор; наличные; комментировать балансовый отчет; бухгалтер; каждый квартал; считая; цель (задание); вести счета; в прошлом; причина; настоящая ситуация (положение); цифры; осознавать; подтверждать; быть уверенным в чем-либо; затраты (издержки); соотношение; долговые обязательства; напротив; по крайней мере; текущий счет с выплатой процентов; намного дешевле: покупать оптом; обесценивать; предполагать; излишки.

**Task 7.** *Find the right word: **cash flow**.*

*Read the text below on cash. Write a word or phrase from the box to fill each of the gaps.*

-----  
assets    capital    creditors    factor    interest    bills    cash  
debtors    flow    cash    profitable    working    tied up  
-----

The movement of money through a firm is called..a.. ..b.. . The company may be successful and..c.. and may own valuable fixed ..d.., but if, at the end of a month, there are ..e.. to be paid and no cheques have come, its financial position may be weak. On the other hand, if the accountant allows a large amount of ..f.. to stay in the bank, when it should be invested and earning ..g.., the board of directors will not be pleased. Control of cash flow is, as Arturo says, a key ..h.. in financial management. Managers complain that ..i.. are slow to pay and ..j.. want to be paid at once. New firms are often short of ..k... Early success can be dangerous. If Patrick Flynn gets a

lot of office-cleaning contracts, he will have to buy stock and take on staff. This will cost money, so his ..l.. capital will increase, and it will be ..m.. in things like vacuum cleaners which will not show a return for several weeks or even months.

(Roger Owen. BBC Business English. London. 1992)

## **READING COMPREHENSION TEXT 1**

*What do you know about accounting? How old is it? What century does it date back? When you hear the word 'accountant', what kind of work do you draw in your mind?*

### **HISTORY OF ACCOUNTING**

**Accounting** has been called 'the language of business'. Perhaps a better term is the 'language of financial decisions'. The better you understand the language, the better you can manage the financial aspects of living.

Accounting has a long history. Some scholars claim that writing arose in order to record accounting information. Account records date back to the ancient civilizations of China, Babylonia, Greece, and Egypt. The rulers of these civilizations used accounting to keep track of the cost of labour and materials used in building structures like the great pyramids.

Accounting developed further as a result of the information needs of merchants in the city-states of Italy during the 1400s. In that commercial climate the monk Luca Pacioli, a mathematician and friend of Leonardo da Vinci, published the first known description of double-entry bookkeeping in 1494.

The **double-entry accounting system** — in which for every 'debet dare' there is a 'debet habere' - has evolved to the point where it is very much like the present day system. Debet dare and debet habere are Latin terms meaning 'should give' and 'should have' respectively.

The pace of accounting development increased during the Industrial Revolution as the economies of developed countries began to mass-produce goods. Until that time, merchandise had been priced based on managers' hunches about cost, but in-

creased competition required merchants to adopt more sophisticated accounting systems.

In the nineteenth century, the growth of corporations, especially those in the railroad and steel industries, spurred the development of accounting. Corporation owners - the stockholders-were no longer necessarily the managers of their business. Managers had to create accounting systems to report to the owners how well their businesses were doing.

The role of government has led to still more accounting developments. When the federal government started the income tax, accounting supplied the concept of "*income*." Also, government at all levels has assumed expanded roles in health, education, labour, and economic planning. To ensure that the information that it uses to make decisions is reliable, the government has required strict accountability and compliance with standards in the business community.

**Accounting standards** may be defined as «... uniform rules for external financial reporting applicable either to all or to a certain class of entity». Accounting standards may be viewed as a method of resolving potential conflicts of interests between the various user groups which have access to company accounts. The various groups have different objectives, information needs, and capacities for the generation and interpretation of information and, therefore conflicts may arise between groups outside the entity. It is a role of accounting standards to attempt to reconcile the conflicts. A number of important issues for the accounting profession should be mentioned here. These issues are as follows:

- *Reliability*. Accounting information should be reliable in use.
- *Uniformity*. The pressure for the standardization of accounting practices is to ensure a uniformity of treatment of data and hence an identity of the meaning of information.
- *Comparability*. Reliability and uniformity are integrated in the notion of comparability.
- *Judgment*. Accountants say that they should be allowed to exercise some judgment

in interpreting data. This implies that some variety should be allowed for in the procedures available for transforming data into information.

Accounting practice and financial reporting regulation have shown great variety internationally. In recent years there has been growing interest in the harmonization of international accounting. Factors which have stimulated the movement towards harmonization have included the increasing internationalization of business, the importance of multinational companies in the world economy, and the development of international capital markets. In 1973 the **International Accounting Standards Committee (IASC)** was established in an attempt to coordinate the development of accounting standards internationally.

*Translate into English.*

Бухгалтерский учет зародился в эпоху Итальянского Возрождения. В это время была изобретена двойная запись, которая дала толчок к дальнейшему развитию частного капитала. Практически ни у кого нет сомнений в том, что местом возникновения является Северная Италия и временем ее появления считается XIII в. С развитием бухгалтерского учета связаны имена: итальянского счетовода Николо д' Анастасио; итальянского теоретика и юриста Франческо Вилла (он определил цель учета в контроле за движением хозяйственных ценностей); Джузеппе Чербони (создатель учения по логической записи фактов хозяйственной деятельности); Фабео Беста (определил учет как науку об экономическом контроле); швейцарского ученого И.Ф. Шера; французских ученых Е. Леоте и А. Гильбио; американских представителей И.Фишера и Д.Скотта и др.

Систематизировать учет первым начал францисканский монах Лука Пачоли, который создал исторический «Трактат о счетах и записях»(1494г.), в котором раскрывается смысл учетных записей.

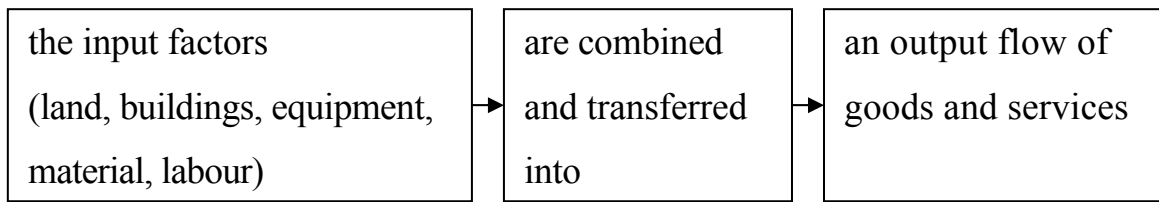
Принято считать, что двойная бухгалтерия в долитературный период находилась на этапе становления, делала самые первые шаги, что в трактате Луки Пачоли обобщены лучшие методы ведения учета, известные в то время. На са-

мом деле это не так. В трактате описан предельно упрощенный вариант двойной бухгалтерии, распространенный среди мелких и средних торговых компаний. С момента появления двойной записи бухгалтерский учет приобрел вид строгой и логичной системы. В XV в. с началом промышленной революции определился юридический статус профессии бухгалтера. Тогда же было введено понятие амортизации средств труда и появились представления о разных формах счетоводства. В XVII в. Бухгалтерский учет был дополнен понятием баланса и приобрел законченный вид. Главной задачей двойной бухгалтерии является исчисление финансового результата. Однако, в США, стране-лидере мирового бухгалтерского учета, еще в 1960-х гг. XX в. пришли к мнению, что главным документом бухгалтерской отчетности является отчет о прибылях и убытках, а не баланс. Исчисление финансового результата – не только основная, но и наиболее сложная для бухгалтера задача. Бухгалтерский учет существует уже свыше 600 лет и находится в постоянном развитии. Постоянно меняются хозяйственное и налоговое законодательство, методология учета, а также принципы построения финансовой отчетности организаций. В России бухгалтерский учет как наука получил свое развитие в первой половине XIX в. Основателями российского бухгалтерского учета были К.И. Арнольд, И.Н. Ахметов, Э.А. Мудров.

## TEXT 2

### WHAT IS ACCOUNTING?

The study of accounting begins with the understanding of the way in which accountants see the business enterprise. Accountants frequently refer to a business organization as an accounting entity or a business entity. A **business entity** is any business organization such as a hardware store or grocery store that exists as an economic unit. As an economic unit, the business enterprise acquires, organizes and transforms factors of production in its activity of producing goods and services. This activity may be presented as the following.



The accounting interpretation is an abstraction of the reality portrayed above. The business enterprise is viewed as a system of monetary flow, instead of a system of physical flows. In accounting, business activities are associated with **transactions** and, indeed, are limited to transactions. Thus, unless there is a transaction there is no observable business activity.

A transaction occurs whenever the firm enters into a *legal contract* for the acquisition of means of production or the sale of goods and services. Business activities which do not lead to transactions remain unrecognized in accounting. Transactions involving the acquisition of factors of production lead either to an *outflow* of money immediately or an obligation to pay money at a later date. Transactions by which the firm sells goods or services lead to an *inflow* of money or the right to receive money at a future date. The accounting interpretation of business activities leads to further analysis of these transactions.

First, transactions between the firm and its markets – both its supply markets and its selling markets - are defined as «**external transactions**». The totality of «external transactions» forms the subject matter of **financial accounting**. General purpose of financial statements (reports) is to provide most of the information needed by external users of financial accounting. These financial statements are formal reports providing information on a business entity's financial position (**solvency**), cash inflows and outflows, and the results of operations (**profitability**). Financial accounting information is historical in nature, reporting on what has happened in the past. Hence, the external users rely on relevant and reliable financial statements to make present decisions about future events.

Second, transactions within the firm, consisting of the exchanges which occur between the various departments are defined as «**internal transactions**». The totality



of «internal transactions» forms the subject matter **of cost or managerial accounting**. Managerial accounting information provides special information for the managers of a business entity. The kind of information used by managers may range from very broad, long-range planning data to detailed explanation of why actual costs varied from costs estimates. The purpose of managerial accounting is to generate information that a manager can use to make sound internal decisions.

*Give the English equivalents to the following words and word combinations.*

Экономическая единица (самостоятельное хозяйственное подразделение); учетное подразделение; склад готовой продукции; приобретать (покупать); затраты производственных факторов; выпуск продукции; описывать; наблюдаемый; приобретение (поглощение); внешняя деловая операция; платежеспособность (кредитоспособность); отток прибыли; приток; следовательно; внутренняя хозяйственная операция; совокупность (множество); управленческий учет; долгосрочный; оценивать (составлять смету); порождать (вызывать); обоснованный; финансовое счетоводство; обязательство выплатить деньги позже; приобретение средств производства; рынок, на котором цены устанавливаются спросом; рыночная конъюнктура; предмет финансового счетоводства; внешние пользователи; формальные отчеты; исторический по своей природе; полагаться на относительные и надежные финансовые отчеты; принимать решения о будущем в данный момент; сделки внутри фирмы; рассматривать как систему; данные долгосрочного планирования.

*Complete the following sentences.*

1. A business entity is ...
2. The business enterprise is viewed as ...
3. Transactions lead to ...
4. The totality of external transactions forms ...
5. The totality of internal transactions forms ...

*Answer the following questions.*

1. What does the study of accounting begin with?

2. In what way may the activity of an organization be presented?
3. What is business activity associated with in accounting?
4. When does a transaction occur?
5. What business activities are recognized in accounting?
6. How can transactions be classified?
7. What is financial accounting?
8. What is managerial accounting?

## **AUDITING**

*What do you know about auditing?*

*How can we translate the word into Russian?*

*What is auditor's job supposed to be?*

*The answers to these questions can be found in the following texts.*

*Auditing* is the process by which a competent, independent person accumulates and evaluates evidence about qualifiable information related to a specific economic entity for the purpose of determining and reporting on the degree of correspondence between the quantifiable information and established criteria. This definition includes several key words and phrases. Let's discuss each of them.

*Qualifiable information and established criteria.* To do an audit, there must be information in a verifiable form and some standards (criteria) by which the auditor can evaluate the information. Quantifiable information can and does take many forms. It is possible to audit such things as a company's financial statements, the amount of time it takes an employee to complete an assigned task, the detail cost of a contract, and individual tax return. The criteria for evaluating qualitative information can also vary considerably. For example, in auditing a vendor's invoice for the acquisition of raw materials, it is possible to determine whether materials of the quantity and stated description were actually received, whether the proper raw material was delivered considering the production needs of the company, or whether the price charged for the goods was reasonable.

*Economic entity* is a legal entity, such as a corporation, unit of government, partnership, etc. Whenever an audit is conducted, the scope of the auditor's responsibilities must be made clear. The primary method involves defining the economic entity and the time period, the last typically being one year, but may be for a month, a quarter, several years, and even the life time of entity.

*Accumulating and evaluating evidence.* Evidence is defined as any information used by the auditor to determine whether the quantifiable information being audited is stated in accordance with the established criteria. Evidence takes many different forms, including oral testimony of the auditee (client), written communication with outsiders, and observations by the auditor. It is important to obtain a sufficient quality and volume of evidence to satisfy the audit objectives.

*Competent, independent person.* The auditor must be qualified to understand the criteria used and competent to know the types and amount of evidence to accumulate to reach the proper conclusion after the evidence has been examined. The auditor must also have an independent mental attitude. Independence cannot be absolute by any means, but it must be a goal that is worked toward and it can be achieved to a certain degree. Even though an auditor is paid by a company, he or she may still be sufficiently independent to conduct audits that can be required and can be relied upon by users.

*Reporting* is the communication of the findings to users. The final stage in the audit process is the audit report. Reports differ in nature, but in all cases they must inform readers of the degree of correspondence between quantifiable information and established criteria. Reports also differ in form and can vary from the highly technical type usually associated with financial statements to a simple oral report in the case of an audit conducted for a particular individual.

Very often the general public confuses auditing with accounting. It happens due to the fact that most auditing is concerned with accounting information, and many auditors have considerable expertise in accounting matters. Auditing is the process of recording, classifying and summarizing economic events in a logical manner for the pur-

pose of providing financial information for decision making. The function of accounting is to provide certain types of quantitative information that management and others can use to make decisions. In addition, accountants must develop a system to make sure that the entity's economic events are properly recorded on a timely basis and at a reasonable cost.

In auditing accounting data, the concern is with determining whether recorded information properly reflects the economic events that occurred during the accounting period. Since the accounting rules are the criteria for evaluating whether the accounting information is properly recorded, any auditor involved with these data must also thoroughly understand rules. In addition to understanding accounting, the auditor must also possess expertise in the accumulation and interpretation of audit evidence. Determining the proper audit procedures, sample size, particular items to examine, timing of the tests, and evaluating the results are problems unique to the auditor.

### **TYPES OF AUDIT**

Three types of audit are the main ones: operational audits, compliance audits, and audits of financial statements.

*Operational audits* is a review of any part of an organization's operating procedure and methods for the purpose of evaluating efficiency and effectiveness. At the completion of an operational audit, recommendations to management for improving operations are normally expected. In operational auditing, the reviews are not limited to accounting. They can include the evaluation of organization structure, computer operation, production methods, marketing, and any other area in which the auditor is qualified. In this sense, operational auditing is more similar to management consulting than to what is generally required as auditing.

*Compliance audits.* The purpose of the compliance audits is to determine whether the auditee is following specific procedures or rules set down by some higher authority. A compliance auditing could include determining whether accounting personnel are following prescribed procedures, reviewing wage rates for compliance with

minimum laws, or examining contractual agreements with bankers and other lenders, etc.

*Audits of financial statements.* This type of auditing is conducted to determine whether the overall financial statements are stated in accordance with specific criteria. The assumption underlying an audit of financial statements is that they will be used by different groups for different purposes. Normally, the criteria are generally accepted accounting principles.

1. What is auditing?
2. What is the difference between auditing and accounting?
3. Speak about each 'component' of the definition of auditing.
4. What types of auditing have you read about?

*Make up the sentences. Put them down into your notebooks. The first word is given to you.*

**Assets**, enterprises, and, plant, property, financial, and, include, in, investments, equipment, subsidiaries, leases, other. 2. **Assets**, transactions, from, non-cash, arise, may, past, be, events, which, cash, or. 3. **Liabilities**, obligations, include, financial, long-term, similar, loans, and, debentures, and, plans, payables, short-term, pension, overdrafts, and, bank, loans. 4. **Equity**, enterprise, of, is, the, residual, reporting, a, assets, arising, the, from, deduction, the, from, liabilities, of. 5. **Revenues**, enterprise, are, the, inflows, of, enhancement, activities, of, normal, assets, that, the, arise, of, in, course, the. 6. **Expenses**, activities, are, outflows, normal, or, enterprise's, depletions, the, of, ,course, in, the, that, assets, arise, of.

*Insert prepositions.*

1. Accountants frequently refer ... a business organization as an accounting entity.
2. Business activities are limited ... transactions.
3. First of all the firm must enter... a legal contract... the acquisition of means of production.
4. It means an obligation to pay money ... a later date.
5. Transactions ... the firm occur between the various departments.

6. The input factors are transferred ... goods and services.
7. Usually it is done ... a yearly basis.
8. Accounting is concerned ... providing information ... managers.
9. Transactions lead ... an outflow of money.
10. Accountants provide most of the information needed by external users of financial accounting.
11. Financial statements are formal reports providing information ... a business' financial position.
12. The external users rely ... relevant and reliable financial statements.
13. They provide detailed explanations ... why actual costs varied ... cost estimated.
14. They must decide ... how much merchandise inventory to keep ... hand

*Translate the following theses into English.*

**A) Активы и обязательства в бухгалтерском учете**

Хозяйственные средства подразделяют на группы - внеоборотные и оборотные активы. К внеоборотным активам относятся: основные средства; здания, сооружения, машины, оборудование, вычислительная техника, транспортные средства, инвентарь, инструмент и др.

Особенностью основных средств является то, что они участвуют не в одном, а нескольких кругооборотах средств капитала. В процессе эксплуатации они постепенно изнашиваются и переносят свою стоимость на издержки производства (готовый продукт) или обращения по частям.

Процесс переноса стоимости основных средств в затраты организации в течение нормативного срока их использования называется амортизацией.

Нематериальные активы – средства, не имеющие вещественной материальной формы, но способные приносить их владельцу непосредственный доход и обеспечивать необходимые условия для его извлечения. Их используют в хозяйственном обороте организации в течение длительного времени, т.е. свыше 1 года.

Оборотные активы отличаются от внеоборотных тем, что они могут быть обращены в деньги или полностью использованы в ближайшем будущем. К ним относятся: материально-производственные запасы; готовая продукция; товары; расходы будущих периодов; налог на добавленную стоимость по приобретенным ценностям; средства в текущих расчетах; денежные средства.

#### *Б) Ревизия как инструмент контроля*

Ревизия – глубокий и всеобъемлющий метод финансового контроля.

Это полное обследование хозяйственной деятельности экономического субъекта с целью проверки ее законности, правильности, целесообразности, эффективности.

Ревизии могут быть полными или частичными, комплексными и тематическими, документальными и фактическими. Ревизии проводятся различными государственными и негосударственными органами.

Качество ревизии во многом зависит от правильного подобранного количественного и качественного состава ревизионной комиссии.

Ревизионная комиссия не вправе вмешиваться в оперативную, распорядительную и производственную деятельность должностных лиц предприятий.

Ответственность за соблюдение порядка ведения кассовых операций возлагается на руководителей предприятий, главных бухгалтеров и кассиров.

Предложения и рекомендации по устранению выявленных в ходе проверок недостатков, а также причин и условий, способствующих совершению хищений и злоупотреблений, обязательны к выполнению предприятиями.

#### *В) Баланс*

Баланс фирмы представляет собой документ, отражающий в стоимостном выражении ее активы и источники их формирования на определенную дату, обычно на конец квартала или года. Он составляется на основе данных бухгалтерского учета и разделяется на две равновеликие группировки показателей – актив и пассив. В активе показатели группируются по составу и размещению

средств, в пассиве - по источникам их формирования. В годовых отчетах баланс проводится на начало и конец финансового года.

Баланс отражает взаимосвязь активов фирмы и источников финансирования, структуры собственного и привлеченного капитала, а также его использования в хозяйственном обороте.

В практике фирм встречаются различные формы составления баланса. Наиболее распространенной из них является форма двусторонней таблицы, в левой части которой, называемой активом, указываются состав и размещение средств, которыми располагает фирма, в правой, называемой пассивом, - источники финансирования ее деятельности.

### **QUESTIONS FOR THOUGHT AND REVIEW**

1. Explain the relationships among audit services, attestation services, and assurance services, and give examples of each.
2. Discuss the major factors in today's society that have made the need for independent audits much greater than it was 50 years ago.
3. Distinguish among the following three risks: risk-free interest rate, business risk, and information risk. Which one or ones does the auditor reduce by performing an audit?
4. Identify the major causes of information risk and identify the three main ways information risk can be reduced. What are the advantages and disadvantages of each?
5. Explain what is meant by determining the degree of correspondence between information and established criteria.
6. In the conduct of audits of financial statements, it would be a serious breach of responsibility if the auditor did not thoroughly understand accounting. However, many competent accountants do not have an understanding of the auditing process. What causes this difference?
7. What are the differences and similarities in audits of financial statements, compliance audits, and operational audits?
8. List five examples of specific operational audits that could be conducted by an internal auditor in a manufacturing company.



9. What knowledge does the auditor need about the client to follow a strategic systems audit approach in an audit of historical financial statements? Explain how this knowledge may be useful in performing other assurance or consulting services for the client.

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