



Стогній І. В.

ENGLISH FOR ACCOUNTANTS

Київ
2020

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FOR
ACCOUNTANTS**

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Стогній І. В.

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Навчальний посібник «English for Accountants» укладено для студентів спеціальності «Облік та аудит», а також для тих осіб, які хочуть поглибити свої знання фахової англійської мови.

Матеріал у посібнику викладено відповідно до фахової спрямованості та цільових настанов чинної навчальної програми і побудовано за принципом тематичного концентризму.

Посібник складається із п'яти розділів, кожен з яких висвітлює таку фахову тематику: What is Accounting, Accounting versus Bookkeeping, Financial Statements, Financial Statements Introduction, What is Auditing, додатка та списку літератури.

Кожен розділ містить міні-глосарій фахової лексики, адаптовані тексти для читання, граматичний коментар та тренувальні вправи до нього.

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Передмова

Навчальний посібник «English for Accountants» призначений для студентів спеціальності «Облік і аудит» Національної академії статистики, обліку та аудиту, а також для тих, хто хоче поглибити свої знання фахової англійської мови.

Посібник передбачає розвиток навичок усного та писемного мовлення шляхом опанування студентами мовленнєвих моделей, що включають фахові лексичні та найбільш уживані у мовленні граматичні явища.

Матеріал викладено відповідно до фахової спрямованості та цільових настанов чинної навчальної програми і побудовано за принципом тематичного концентризму.

Посібник складається із п'яти розділів, кожен з яких висвітлює таку фахову тематику: What is Accounting, Accounting versus Bookkeeping, Financial Statements, Financial Statements Introduction, What is Auditing, які містять навчальні тексти, глосарій, граматичний коментар, систему вправ та завдань.

Навчальні тексти подано з дотриманням дидактичного принципу поступового нарощування лексичних та граматичних параметрів з метою забезпечення достатнього рівня оволодіння основною професійною лексикою.

Представлений набір вправ спрямований на засвоєння лексики у межах даної професійно-орієнтованої тематики, розвиток навичок читання та перекладу текстів професійно-ділової спрямованості, опанування видів ділової документації та підвищення комунікативної компетенції студентів.

Part 1

WHAT IS ACCOUNTING

1. Read and memorize the following words:

accounting [əˈkaʊntɪŋ] n – бухгалтерська справа

accountant [əˈkaʊntənt] n – бухгалтер

accountancy [əˈkaʊntənsɪ] n – бухгалтерія

to record [rɪˈkɔːd] n – записувати, реєструвати

salary [ˈsæləri] n – заробітна платня

budget [ˈbʌdʒɪt] n – бюджет

to budget for sth [ˈbʌdʒɪt] v – асигнувати, вкладати (гроші, кошти)

to compute [kəmˈpjʊt] v – обчислювати

tax [tæks] n – податок

payroll [ˈpeɪrɔːl] n – платіжна відомість

cost [kɔːst] n – вартість

revenue [ˈrɛvənjuː] n – доходи

profit [ˈprɒfɪt] n – прибуток, дохід

transaction [trænˈzækʃən] n – операція (ділова, банківська)

2. Read and translate the text

What is Accounting

Accounting is an information science used to collect, classify, and manipulate financial data for organizations and individuals.

Accounting is instrumental within organizations as a means of determining financial stability. Accountants are responsible for determining an organization's

overall wealth, profitability, and liquidity. Without accounting, organizations would have no basis or foundation upon which daily and long-term decisions could be made. The budgets for marketing activities, profit reinvestment, research and development, and company growth all stem from the work of accountants. Accounting is one of the oldest and most respected professions in the world, and accountants can be found in every industry from entertainment to medicine.

Accounting professionals are extremely important in almost all functions of business and government. Accountants and bookkeepers prepare and maintain financial records. They make sure that financial records are accurate and prepared correctly. Additionally, they also make sure that tax reports are prepared correctly and paid when they are due. Accounting is the backbone of businesses as this is the only way of knowing what the budget is for the year, the profit, the cost, etc.

The American Institute of Certified Public Accountants (AICPA) defines accountancy as "the art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of financial character, and interpreting the results thereof." The accounting departments in businesses are responsible for all of the money coming in and all of the money going out. This includes salaries, cost of running the building, advertisements, clients' budgets, and anything else that has anything to do with money. It all goes through the accounting department. They keep everything organized in a way that helps the managers and above determine where budget cuts can be made or how much in bonuses can be given.

Accountant positions encompass a wide range of job functions. They may organize and maintain financial records. They may compute financial obligations, such as taxes and payroll. Frequently, accountants review financial operations and make recommendations to management regarding methods to reduce operational costs, increase revenue and increase profits.

3. Define which of the sentences are true (T) or false (F):

- a) Accounting is instrumental within organizations as a means of determining financial stability.

- b) Without accounting, organizations would have good basis or foundation upon which daily and long-term decisions could be made.
- c) Accounting is one of the youngest and most respected professions in the world.
- d) Accountants and bookkeepers prepare and maintain financial journals.
- e) Accountants and bookkeepers make sure that financial records are accurate and prepared correctly.
- f) Accounting is the rock stone of businesses as this is the only way of knowing what the budget is for the year, the profit, the cost, etc.
- g) The accounting departments in businesses are responsible for all of the money coming in and all of the money going out.
- h) Accountant positions encompass a wide range of jobs.

4. Study the words and their meanings:

Accountancy [əˈkauntənsɪ] **n** – is the theory of keeping financial data.

Accounting [əˈkauntɪŋ] **n+adj** – refers to the activity of keeping financial records.

Account [əˈkaunt] **n** – is a record of money received and spent.

Accountant [əˈkauntənt] **n** – is a person who keeps and works with financial records.

5. Fill in the missing words in the sentences below. Choose from the box. You will need to use each word more than once

<i>account</i>	<i>accounts</i>	<i>accountant</i>	<i>accounting</i>	<i>accountancy</i>
----------------	-----------------	-------------------	-------------------	--------------------

- a) Can you check that the figures have been entered correctly in the bank
- b) He's at university studying
- c) The management of the company has not yet decided on their policies.

- d) A bookkeeper writes details of financial transactions in the
- e) Most people in the profession read magazines and journals in order to stay informed.
- f) She's been working as anwith this firm for several years now.
- g) The directors of the company approve the at the end of the year.
- h) The chief has completed the draft for this year.
- i) Each branch maintains its own fullsystem.
- j) They have opened an for the consignment to Bombay.
- k) is really not an exact science.
- l) A business manager needs some knowledge in order to understand what he reads in the company

6. Translate and remember the definitions of key terms. Match choices (a-k) to (1-11)

- a) Accounting system**
- b) Assets**
- c) Fixed assets**
- d) Intangible assets**
- e) Financial accounting**
- f) Bookkeeping**
- g) Journals**
- h) Liquidity**
- i) Current assets**
- j) Managerial accounting**
- k) Accounting**

1 () ... the recording, classifying, summarizing and interpreting of financial events and transactions to provide management and other interested parties the information they need to make better decisions.

2 () ... the methods used to record and summarize accounting data into reports.

- 3 () ... the preparation of financial statements for people outside the firm (for example, investors).
- 4 () ... the provision of information and analyses to managers within the organization to assist them in decision making.
- 5 () ... the recording of business transactions.
- 6 () ... recording devices used for the first recording of all transactions.
- 7 () ... economic resources owned by a firm, such as land, buildings and machinery.
- 8 () ... the ease with which an asset can be converted to cash.
- 9 () ... resources, including cash or non-cash items, that can be converted to cash within a year.
- 10 () ... resources of a permanent nature, such as land, buildings, furniture and fixtures.
- 11 () ... items that are not included in the current and fixed assets categories. This catch-all category includes items such as patents and copyrights.

7. Read and translate the text. While reading pay your attention to the logical order of the passages. Match choices (a-i) to (1-9). Use the grid below

Warren Buffett Invests in Canada, but Should You?

By Gretchen Morgenson

July 7, 2017

The New York Times

The forensic accountant Al Rosen, who founded the Accountability Research Corporation with his son Mark, wants people to be wary of investing in Canadian stocks.

CreditCole Burston for The New York Times

(a) It is a mystery to Mr. Rosen why Mr. Buffett bought into Home Capital Group, a company that has been the subject of a titanic battle between the investors who believe in the company and other investors — short sellers — who do not. Certainly, Mr. Buffett expects to make money on his deal. But in an interview, Mr. Rosen said he thought there was more to the story than the markets yet know.

(b) When Warren Buffett acts, investors notice. And after he took a roughly \$300 million position last month in Home Capital Group, a troubled Canadian mortgage underwriter, some investors saw it as a vote of confidence not only in that company, but also in Canadian stocks over all.

(c) Al Rosen takes a different view. A veteran forensic accountant and independent equity analyst who predicted the collapse of Nortel Networks, the Canadian telecom company, two years before its 2009 demise, Mr. Rosen has a message for people investing in Canadian stocks: be wary.

(d) Mr. Rosen is certain of this: International accounting rules followed by Canadian companies since 2011 are putting investors in Canadian stocks — not just Home Capital Group's — at peril. Canada's rules, which are substantially different from the generally accepted accounting principles (G.A.A.P.) governing American companies, give much more leeway to corporate managers when it comes to valuing assets and recording cash flows. In addition, a 1997 decision by the Supreme Court of Canada has severely limited investors in suing company auditors for malpractice. Combined, these two factors generally make Canadian stocks a danger zone, Mr. Rosen said.

(e) Canadian accounting rules can also mask problems at a company. How else, Mr. Rosen asked, to explain the events leading up to the June 22 bankruptcy filing by Sears Canada? The company's shares trade on both the Toronto Stock Exchange and the Nasdaq market in the United States. Like many retailers, Sears Canada's fiscal year ends in January. It compiled its 2016 annual financial statement in accordance with International Financial Reporting Standards, set by the International Accounting Standards Board, a group of experts from an array of countries.

(f) Mr. Rosen provides forensic accounting services and also works with his son Mark Rosen at the Accountability Research Corporation in Toronto. The two men recently published a book called "Easy Prey Investors: Why Broken Safety Nets Threaten Your Wealth." In Mr. Rosen's view, the international accounting standards followed by Canadian companies allow managers to apply overly rosy assumptions to

the financial figures they report to investors. For a while, these assumptions can propel stock prices — and executive bonuses — well beyond where they would be otherwise, he said.

(g) Sears Canada’s numbers weren’t good. Both revenues and same-store sales had fallen, but it reported shareholders’ equity of 222 million Canadian dollars (about \$171 million) and 1.24 billion Canadian dollars (\$956 million) in total assets. In the report, company management characterized Sears Canada as a going concern. In accounting parlance, that meant the business was expected to operate without the threat of liquidation for the next 12 months.

(h) The auditor for Sears Canada did not challenge this view and assigned the company an unqualified — or “clean” — opinion on April 26. The report fairly represented Sears Canada’s financial position, the opinion said. And that opinion may well have been justified under Canadian rules.

(i) American investors often fail to recognize this, though, because they assume Canadian companies are abiding by American accounting standards. “I’ve been trying to alert investors in the U.S. to this,” Mr. Rosen said in an interview. “But there’s just that belief that Canada is following U.S. standards when it’s not.”

a	b	c	d	e	f	g	h	i
3								

8. Fill in the missing words in the text below. Read and translate the text

Financial accounting differs from managerial accounting because the and analyses are for the people outside of the organization. This information goes to and prospective owners, creditors and lenders, employee unions customers, suppliers, governmental units and the general public. These are interested in the organization’s profits, its ability to pay its, and other financial

information. Much of the information is contained in the, a yearly statement of the financial condition and progress of the Various quarterly reports keep the more current.

- a) Users
- b) Annual report
- c) Information
- d) Bills
- e) Owners
- f) Organization
- g) External users

GRAMMAR BOX

Singular and Plural Nouns

- To make a singular noun into a plural noun, add **-s** or **-es**. Be careful of spelling changes:

brother → brothers

baby → babies

match → matches

leaf → leaves

- Remember the common irregular plural nouns:

man → men

deer → deer

woman → women

fish → fish

child → children

sheep → sheep

person → people

mouse → mice

foot → feet

ox → oxen

tooth → teeth

goose → geese

1. Write the words in the plural in the correct column

Radio, lady, tomato, child, body, bench, teacher, watch, day, fox, loaf, goose, handkerchief, sheep, kiss, fly, tooth, housewife, deer, leaf, ox, body, man shelf,

school, mouse, keyhole, butterfly, life, house, country, strawberry, baby, toy, half, fork, notebook, fish, glass, woman, lizard, foot, person, thief, secretary, dress, potato.

-s	-es	-ies	-ves	<i>Irregular plurals</i>
radios				

2. Complete the sentences. Use the plural of the word in brackets.

1. Are there any good near here? (*restaurant*)
2. I can't find my Where are they? (*key*)
3. I usually have for lunch. (*sandwich*)
4. How many do we need for the salad? (*tomato*)
5. The are in the cupboard, next to the (*glass, dish*)
6. The are on those over there. (*dictionary, shelf*)
7. You can buy fresh in the market. (*fish*)
8. Are there any for me? (*message*)
9. The are in the living room. (*child*)

3. Choose the correct item.

1. A: How many *apple / apples* are there in the bowl?
B: Just three.
2. A: Do you like my new *haircut / haircuts*?
B: Oh, yes. It's lovely.
3. A: would you like a *glass / glasses* of water?
B: No, thanks.
4. A: Do you know those *boy / boys* over there?

B: Yes, they're my brother's friends.

5. A: Mary found two *mice* / *mouse* in her attic yesterday.

B: Oh, how horrible!

6. A: Did you know that Mr. Howard's *wife* / *wives* was a famous violinist?

B: No, I had no idea.

7. A: Could you pass me that *dictionary* / *dictionaries*, please?

B: Yes, certainly.

4. Choose the correct item.

1. The rich *is* / *are* complaining about the high taxes.

2. Her stunning looks *is* / *are* the key to her success.

3. Math *is* / *are* my favorite school subject.

4. They say two weeks *is* / *are* a long time in politics.

5. One of the actors I most admire *is* / *are* Dustin Hoffman.

6. Two of the sights I would most like to see *is* / *are* the Pyramids and Sydney Opera House.

7. There *is* / *are* a lot of sheep in the field.

8. More news of the earthquake *is* / *are* coming in now.

5. Write the plurals of the words given in brackets to complete the sentences

1. Would you bring the bottle and some, please? (*glass*)

2. We cut the cake into (*half*)

3. Would you like some of these (*potato*)

4. We saw a cartoon about and (*cat* / *mouse*)

5. All the had different colored (*house* / *roof*)

6. It was autumn, and the were falling. (*leaf*)

7. Did you make these? (*handkerchief*)

8. We use several for painting the (*process* / *car*)

9. They visited several that night. (*disco*)

10. I've read her but I haven't seen any of her (*book* / *play*)

6. Choose the correct item

1. All of his belongings **was / were** in one small suitcase.
2. Most people **enjoy / enjoys** Christmas.
3. The police **is looking / are looking** for the murderer.
4. The audience **was / were given** free tickets for the next show.
5. Aerobics **do / does** you a lot of good.
6. The young couple **is getting / are** getting married next year.
7. Television news **gives / give** you more information than radio news.
8. Soccer **is / are** a popular game in England.
9. My advice **is / are** to stop smoking immediately.
10. The economics I learnt at school **is / are** out of date now.

Countable and Uncountable Nouns

- Countable nouns are the things that can be counted. They have a singular and plural form:

book → *books*

glass → *glasses*

- Uncountable nouns cannot be counted. They do not have a plural form:

~~*one milk*~~

~~*two waters*~~

~~*three breads*~~

- We can count some uncountable nouns by using a countable **noun+of** and **a piece of**:

A bottle of water.

A piece of information.

- We use **a/an** with singular countable nouns:

*Has he got **a** car?*

*I'd like **an** apple, please.*

- We use **some** with plural countable nouns and uncountable nouns in affirmative sentences:

*I'd like **some** eggs, please.*

*There's **some** water in the jug.*

- We use **any** with plural countable and uncountable nouns in negative sentences and questions:

They didn't have **any** apples

Did you buy **any** eggs?

They didn't have **any** water.

Have we got **any** milk?

- We usually use **some** in questions when we make offers and requests:

Would you like **some** apples?

Can I have **some** more coffee, please?

- We use **no** to mean "**not one / not any**" with singular and plural countable nouns and uncountable nouns. We use not with an affirmative verb:

There are **no** cars in the city centre.

They had **no** water.

1. State whether the following nouns are countable (C) or uncountable (U)

Luggage	U	Bottle		Ball	
Bridge	C	Toothpaste		Water	
Fruit		Knife		News	
Information		Notebook		Computer	
Textbook		Weather		Advice	
Rice		Language		House	

Child		Paper		Sugar	
Chess		Money		Furniture	
Homework		Dictionary		Wallet	
Trouble		Accommodation		Knowledge	

2. Mark is going to visit London and his friend is giving him some advice. Complete the sentences. Use *a, an, some*.

1. Don't forget to change ***some*** money before you go.
2. Have you got map of the city?
3. Here are addresses of cheap hotels.
4. Take umbrella. It often rains in London.
5. It's a good idea to take raincoat.
6. Pack warm clothes. It's sometimes cold in September.
7. Remember to take camera with you.
8. I want to see your photos!

3. Fill in the blanks with *some, any or no*.

Rita had come to London to find work, but so far she'd had luck finding a job. She didn't have friends in the city and she was beginning to feel lonely. A week had passed with sign of work and Rita was beginning to wonder if there was point in staying in London. She was on her way to the station to find out if there were Trains leaving that evening, when she saw people gathered around the man lying in the street. "Are there doctors around?", shouted someone. As Rita had trained as a nurse, she offered to help and gave the man the kiss of life. He soon regained consciousness and after he and Rita had chatted for time, he offered her a job. Now Rita has worries at all – she is the personal nurse to one of the richest men in London and she doesn't have regrets about not leaving the city that day.

4. Choose the correct item

1. My sister's married, but she hasn't got **some / any** children.
2. I eat **some / any** fruit every day, usually apples and bananas.
3. My father works in **a / an** office and my mother is **a / an** hairdresser.
4. Do you have **a / any** homework this evening?
5. Would you like **some / a** tea?
6. Have you got **a / any** brothers and sisters?
7. I don't put **some / any** salt on my food. I don't like it.
8. The room's empty. There's **no / any** furniture in it.
9. There weren't **some / any** people at the bus stop. I was the only person there.
10. What **a / an** terrible smell! Open the window and let in **a / some** fresh air.
11. Gloria hasn't got **no / any** pets, but she'd like a cat.

Part 2

ACCOUNTING VERSUS BOOKKEEPING

1. Read and memorize the following words:

bookkeeping [ˈbʊkkiːpɪŋ] **n** – бухгалтерія, рахівництво

bookkeeper [ˈbʊkkiːpə] **n** – бухгалтер-рахівник

data [ˈdeɪtə] **npl** - дані (статистичні, математичні)

analysis [əˈnæləsɪs] (*pl analyses*) **n** – аналіз

statement [ˈsteɪtmənt] **n** – (*declaration*) заява; (*finance*) звіт

sale [seɪl] **n** – (*act of selling*) продаж; (*at reduced prices*) розпродаж

purchase [ˈpɜːtʃɪs] **n** – покупка

to purchase [ˈpɜːtʃɪs] **v** - купувати

expense [ɪksˈpɛns] **n** – (*cost*) витрата, вартість

to expense [ɪksˈpɛns] **v** - витрачати

monetary [ˈmɒnɪtəri] **adj** – грошовий (фонд)

transaction [trænˈzækʃən] **n** – (*piece of business*) операція

journal [ˈdʒɜːnl] **n** – (*periodical*) журнал; (*diary*) щоденник

merchandise [ˈmɜːtʃəndaɪz] **n** – товари

2. Read and translate the text

Accounting VS Bookkeeping

Bookkeeping involves the recording of business transactions. It is a rather mechanical process and does not demand the financial training and insights of accounting. Bookkeeping is an important part of accounting, but accounting goes far beyond the mere recording of data. Accountants classify and summarize the data provided by bookkeepers. They interpret the data and report them to management.

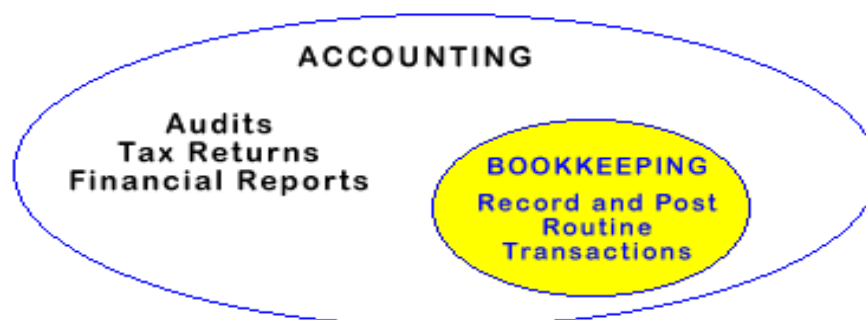
They also suggest strategies for improving the financial condition and progress of the firm. Accountants are especially valuable for income tax preparation and financial analysis.

Now that you have some understanding about what accountants do and for whom they do it, we can get down to the fundamental aspects of bookkeeping and accounting. Accounting, remember, involves the gathering and recording of transactions (for example, the sale of merchandise into storage), and the periodic preparation of financial statements that summarize those transactions.

Now let's study what bookkeepers do. If you were a bookkeeper, the first task you would perform would be to divide all of the firm's paperwork into meaningful categories. Those categories would probably include the following:

- Sales documents (sales slips, cash register receipts, and invoices).
- Purchasing documents.
- Shipping documents.
- Payroll records.
- Bank documents (checks, deposit slips).
- Various expense documents.

If you collected all this information, you would have several piles of papers, much like the piles that are generated in the preparation of income tax forms. If this information is not compressed somehow, it will become too unmanageable. Therefore, the bookkeeper must begin to record the data from the original transaction documents into record books called journals. Journals are the books where accounting data are first entered. The term *journal* comes from the French word *jour*, which means a day. The journal, therefore, is where the day's transactions are kept.



So a bookkeeper is busy keeping the books of account of a business, recording a profit and loss account and compiling the balance sheet.

3. Define which of the sentences are true (T) or false (F):

- a) Bookkeeping involves the recording of business transactions.
- b) Accounting is an important part of bookkeeping, but accounting goes far beyond the mere recording of data.
- c) Accountants classify and summarize the data provided by bookkeepers.
- d) Bookkeeping involves the gathering and recording of transactions and the periodic preparation of financial statements that summarize those transactions.
- e) If you were a bookkeeper, the first task you would perform would be to divide all of the firm's paperwork into meaningful categories.
- f) The bookkeeper must begin to record the data from the original transaction documents into record books called registers.
- g) Journals are the books where accounting data are first entered.
- h) The journal, therefore, is where the week's transactions are kept.
- i) The bookkeeper is busy keeping the books of account of a business, recording a profit and loss account and compiling the balance sheet.

4. Study the key differences between accounting and bookkeeping. Translate in the written form.

Key Differences between Accounting and Bookkeeping:

- 1. Bookkeeping is keeping proper records of the financial transactions of an entity. Accounting is recording, measuring, grouping, summarizing, evaluating, and reporting of transactions of the entity which are in monetary terms.
- 2. The task of bookkeeping is performed by a bookkeeper whereas the task of accounting is performed by the accountant.
- 3. Financial Statement forms a part of the accounting process but not the bookkeeping process.
- 4. Accounting records are taken as a base for taking managerial decision unlike bookkeeping records, in which decision making is difficult.

Bookkeeping is the first step to Accounting.

5. Study the comparison chart and answer the following questions:

BASIS FOR COMPARISON	BOOKKEEPING	ACCOUNTING
Meaning	Bookkeeping is an activity of recording the financial transactions of the company in a systematic manner.	Accounting is an orderly recording and reporting of the financial affairs of an organization for a particular period.
What is it?	It is the subset of accounting.	It is regarded as the language of business.
Decision making	On the basis of bookkeeping records, decisions cannot be taken.	Decisions can be taken on the basis of accounting records.
Preparation of Financial Statements	Not done in the bookkeeping process.	Part of the accounting process.
Tools	Journals and Ledgers.	Balance Sheet, Profit & Loss Account and Cash Flow Statement
Methods / Subfields	Single Entry System of Bookkeeping and Double Entry System of Bookkeeping.	Financial Accounting, Cost Accounting, Management Accounting, Human Resource Accounting, Social Responsibility Accounting.
Determination of Financial Position	Bookkeeping does not reflect the financial position of an organization.	Accounting clearly shows the financial position of the entity.

1. What is the subject of accounting?
2. Where the accounting decisions can be taken?
3. What are the main tools of bookkeeping?
4. What are the main tools of accounting?

5. Does the bookkeeping reflect the financial position of an organization?
6. What are the main methods of bookkeeping?
7. What are the main methods and subfields of accounting?
8. Give the definition of bookkeeping.

6. **Read and translate the text below. Find 5 hidden facts about the accounting profession in it. Write them in your copybook.**

Five Surprising Facts about the Accounting Profession

As you probably know, we'll take any opportunity to shine the light on accountants and honor their contributions. But we make a special point of it on International Accounting Day, which takes place annually on November 10.

To celebrate this year, we're spotlighting five little-known facts about the accounting profession in the slideshow below. Here's one: Mick Jagger may be known for his musical achievements and stage acrobatics, but did you know he could also rock a spreadsheet? And another: The FBI employs more than 2,000 accounting special agents, a boon for those accountants who yearn to use their mad math skills to solve crimes.

Our fun facts might be unexpected, but it's no surprise that the outlook is bright for accounting professionals today. According to the most recent Robert Half Salary Guide for Accounting and Finance, starting compensation in the industry is set to go up 4.7 percent next year. In addition, the demand for skilled accountants continues to be strong in firms across the globe.

What's more, accountants are a happy bunch when it comes to their work. In an Accountemps survey, seven of 10 said they'd stick with their accounting careers even if they could go back in time and change their choice of profession. In the same survey, 45 percent said they pursued the accounting profession because they liked the nature of their work and job

7. Read and translate the text. Match choices (A-F) to (1-6).

6 Interesting Facts about Bookkeeper's Job

Bookkeeping jobs are excellent for individuals with a talent for finance and numbers. There is a wide variation in available positions in this field and the nature of business ensures that that bookkeepers will always be in demand, so we have put together a short list of interesting facts about bookkeeping jobs for your convenience.

1 () There are several different business functions that a bookkeeper may manage and all of them are vital to a successful business. For example, you may be expected to issue payroll checks for a job with a small business or you might be responsible for supporting the accountants of a mid-level firm.

With vital business responsibilities from managing invoices to auditing, bookkeepers ensure that the financial processes of a company are running accurately and efficiently.

2 () According to the United States Bureau of Labor Statistics, the average salary for bookkeeping professionals starts at over \$30,000 per year and this is considerably higher than the average salary of university graduates. Also, entry-level bookkeepers and accountants enjoy a much higher level of job security than many other professions. If you are looking for a competitive wage, then a bookkeeping job is an excellent option for you.

3 () If you are looking for a job where there is always something new to learn, bookkeeping may be a perfect fit for you. Bookkeepers are responsible for all kinds of financial tasks and some of this may include:

- Bill payment
- Bank reconciliation
- Payroll services
- Tax services
- Tax audits

- Ledger keeping
- Accounts payable and receivable

Your job function will depend on the type of bookkeeper job that you are hired for.

4 () As an essential function of any successful business, it is extremely important for managers, entrepreneurs and executives to have a good understanding of bookkeeping processes. Business tycoons like J.P. Morgan, Phil Knight and John D. Rockefeller all started out their careers as bookkeepers.

5 () Bookkeeping requires excellent analytical and management skills. Also, many companies prefer to promote from within and bookkeepers are in excellent positions for advancement due to their intimate understanding of the organizations finances. If you aspire to move up the corporate ladder into a management or executive position, then bookkeeping is an excellent place to begin.

6 () If you are considering a part-time job, then you may want to look into the many options that bookkeeping positions offer. They are especially convenient for individuals with family responsibilities or who attend University classes in the evening. According to <http://www.bls.gov>, one out of every four bookkeepers is employed on a part-time basis.

- A. Bookkeepers perform a wide variety of tasks.**
- B. Several successful business people started out as bookkeepers.**
- C. Every business needs bookkeepers.**
- D. Bookkeeping jobs give you a strong foundation for career advancement.**
- E. Bookkeepers earn a competitive salary.**
- F. Bookkeeping jobs are excellent options for part-time employment.**

GRAMMAR BOX

A lot of / lots of, many, much, (a) few, (a) little

- We use **a lot / lots of, much, many, (a) few** and **(a) little** to talk about quantity.
- We use **a lot of / lots of** (= a large number / amount of) with plural countable nouns and uncountable nouns :
Lots of people have fast Internet connections.
There's a lot of information for travelers in the Web.
- We use **many** with plural countable nouns and **much** with uncountable nouns in negative sentences and questions:
Have you got many films on DVD?
I haven't got much energy at the moment.
- We use **a few** (= a small number of) with plural countable nouns and **a little** (= a small amount of) with uncountable nouns:
Can I ask you a few questions?
I'd like a little milk in my coffee, please.
- We use **few** and **little** to mean “an extremely small number / amount of”:
Few people read poetry these days.
She had little time to study and failed the exam.
- We use **how much / how many** in questions and **not much, not many, a lot, a few** and **a little** in short answers:
A: How many computer games have you got?
B: A lot. / Not many. / Just a few.

1. Fill in a little or a few

1. I speak words in Japanese.
2. There wasn't much furniture in the room – just a table and chairs.
3. I live in a very small village. There is a church, a shop and houses – that's all.
4. "Are you going out alone?" "No, I'm going with fiends".
5. There are People to visit us tonight.
6. We've only got time to finish this work.
7. I took books with me to read on holiday.
8. Can I have milk in my coffee, please?
9. She didn't drink anything but she drank water.
10. Can I have just juice, please?

2. Complete the sentences. Use many or much

1. I don't have free time these days, so I don't often cook.
2. There aren't good restaurants in this part of town.
3. How sugar do you take in your coffee?
4. They don't eat eggs. Just one or two a week.
5. How red meat do you eat every week?
6. Howkilos of rice do you want me to buy?
7. I don't drink coffee. It stops me from sleeping at night.
8. We don't buy takeaways. We don't think they're healthy.
9. Do you eat Indian food? We eat it all the time.

3. Match two parts of the sentences

1. How much time	a) do you get from your parents every day?
2. How much homework	b) do you have for doing exercise?
3. How much money	c) does he speak?
4. How much chocolate	d) do you do every evening?
5. How much English	e) do you eat every week?

4. Choose the correct item

A: I went to see a *few* / *a little* flats this morning.

B: Did you like any?

A: One flat was nice. There are *a few* / *a little* shops nearby and it's near the university, but it only gets *a few* / *a little* sunlight, so it's quite dark. And there's *a few* / *a little water* coming in through one of the windows. But there's another problem: we can't move in for *a few* / *a little* weeks.

B: That's not good.

A: Mike, I've invited *a few* / *a little* friends for dinner tonight. Could you give me *a few* / *a little* help to get things ready?

B: Sure. What would you want me to do?

A: Well, we've only got *a few* / *a little* bread left. Could you get some more? And could you wash up *a few* / *a little* dishes for me?

B: Of course. With a pleasure.

5. Choose the correct item

1. I've got *a few* / *a little* money. Let's buy *a few* / *a little* cola.

2. He's got *a few* / *a little* books on the global economy.

3. There are *many* / *much* pieces of bread on the table, but there's *many* / *much* butter.

4. There were *many* / *much* students in the classroom.

5. There's still *a little* / *a few* work to do before we go home.

6. How *many* / *much* milk have we got?

7. The exam was extremely difficult and *little* / *few* students passed it.

8. I'm sorry, but I've got *a little* / *little* money at the moment. I'm afraid I can't lend you any.

9. He has very *a few* / *few* friends and he gets rather lonely.

10. I'm surprised. There aren't *many* / *much* places as nice as this in the area.

11. There's too *much* / *too* many work here for one person to do.

Numerals

- We use **Cardinal numerals** to indicate exact number, they are used in counting. As to their structure, the cardinal numerals from **1** to **12** and **100**, **1000**, **1000 000** are simple words (**one**, **two**, **three**, *etc.*, **hundred**, **thousand**, **million**); those from **13** to **19** are derivatives with the suffix **-teen**; the cardinal numerals indicating **tens** are formed by means of the suffix **-ty**; the numerals from **21** to **29**, from **31** to **39** etc. are composite.

1-12	13-19	20-90	100...
<i>1 one</i>	<i>13 thirteen</i>	<i>20 twenty</i>	<i>100 a (one) hundred</i>
<i>2 two</i>	<i>14 fourteen</i>	<i>21 twenty-one</i>	<i>101 a (one) hundred and one</i>
<i>3 three</i>	<i>15 fifteen</i>	<i>22 twenty-two</i>	<i>102 a (one) hundred and</i>
<i>4 four</i>	<i>16 sixteen</i>	<i>23 twenty-three</i>	<i>two...</i>
<i>5 five</i>	<i>17 seventeen</i>	<i>24 twenty-four</i>	<i>200 two hundred</i>
<i>6 six</i>	<i>18 eighteen</i>	<i>25 twenty-five</i>	<i>253 two hundred and fifty-</i>
<i>7 seven</i>	<i>19 nineteen</i>	<i>26 twenty-six</i>	<i>three</i>
<i>8 eight</i>		<i>27 twenty-seven</i>	<i>1,000 a (one) thousand</i>
<i>9 nine</i>		<i>28 twenty-eight</i>	<i>2,000 two thousand...</i>
<i>10 ten</i>		<i>29 twenty-nine</i>	<i>1,360 one thousand three</i>
<i>11 eleven</i>		<i>30 thirty</i>	<i>hundred and sixty</i>
<i>12 twelve</i>		<i>40 forty</i>	<i>2,645 two thousand six</i>
		<i>50 fifty</i>	<i>hundred and forty five</i>
		<i>60 sixty</i>	<i>100,000 a (one) hundred</i>
		<i>70 seventy</i>	<i>thousand</i>
		<i>80 eighty</i>	<i>1,000,000 a (one) million</i>
		<i>90 ninety</i>	<i>1, 000,000,000 a (one)</i>
			<i>milliard</i>

- We use **Ordinal numerals** to show the order of persons or things in a series. With the exception of the first three (first, second, third) the ordinal numerals are formed from the cardinal numerals by means of the suffix *-th*: *the fifth, the tenth, the twenty-fourth etc.*

1 - 12	13 - 19	20 - 90	100...
<i>1st first</i>	<i>13th thirteenth</i>	<i>20th twentieth</i>	<i>100th hundredth</i>
<i>2nd second</i>	<i>14th fourteenth</i>	<i>21st twenty-first</i>	<i>101st (one) hundred and first</i>
<i>3rd third</i>	<i>15th fifteenth</i>	<i>22nd twenty-second</i>	<i>102nd (one) hundred and second</i>
<i>4th fourth</i>	<i>16th sixteenth</i>	<i>23rd twenty-third...</i>	<i>103rd (one) hundred and third...</i>
<i>5th fifth</i>	<i>17th seventeenth</i>	<i>30th thirtieth</i>	<i>200th two hundredth</i>
<i>6th sixth</i>	<i>18th eighteenth</i>	<i>40th fortieth</i>	<i>300th three hundredth</i>
<i>7th seventh</i>	<i>19th nineteenth</i>	<i>50th fiftieth</i>	<i>400th four hundredth</i>
<i>8th eighth</i>		<i>60th sixtieth</i>	<i>500th five hundredth</i>
<i>9th ninth</i>		<i>70th seventieth</i>	<i>600th six hundredth</i>
<i>10th tenth</i>		<i>80th eightieth</i>	<i>700th seven hundredth</i>
<i>11th eleventh</i>		<i>90th ninetieth</i>	<i>800th eight hundredth</i>
<i>12th twelfth</i>			<i>900th nine hundredth</i>
			<i>1,000th thousandth</i>
			<i>1,000,000th millionth</i>

- Generally, **Ordinal numerals** are used as adjectives and stand before nouns. An ordinal numeral is usually preceded by the definite article *"the"*.

- Pay attention to the differences in the spelling and pronunciation of the following cardinal and ordinal numerals.
 - ✓ *two, twelve, twenty, twenty-two – second, twelfth, twentieth, twenty-second;*
 - ✓ *three, thirteen, thirty, thirty-three – third, thirteenth, thirtieth, thirty-third;*
 - ✓ *four, fourteen, forty, forty-four – fourth, fourteenth, fortieth, forty-fourth;*
 - ✓ *five, fifteen, fifty, fifty-five – fifth, fifteenth, fiftieth, fifty-fifth;*
 - ✓ *eight, eighteen, eighty, eighty-eight – eighth, eighteenth, eightieth, eighty-eighth;*
 - ✓ *nine, nineteen, ninety, ninety-nine – ninth, nineteenth, ninetieth, ninety-ninth;*

- A **Fraction** is a number we need for measuring. When we measure something, such as a length, it will not always be a whole number. Therefore we need numbers that are less than 1, 2 or other figures – numbers that are the parts of these figures: *half of one, a third/ a fourth/ a fifth/ a millionth part of some figure (1/3 means out of 3).*

Common Fractions	Decimal Fractions
$\frac{1}{2}$ <i>a (one) half</i>	<i>0.1 naught (zero) point one</i>
$\frac{2}{3}$ <i>two thirds</i>	<i>0.01 naught (zero) point naught one</i>
$\frac{1}{8}$ <i>one eighth</i>	<i>3.48 three point four eight</i>
$\frac{3}{8}$ <i>three eighths</i>	<i>64.937 six four (sixty four) point nine</i>
$1\frac{1}{3}$ <i>one and a (one) third</i>	<i>three seven</i>
$2\frac{1}{3}$ <i>two and a (one) third</i>	<i>32. 507 three two (thirty two) point five</i>
$1\frac{1}{2}$ <i>one and a half</i>	<i>naught seven</i>

- The first number in fraction, written before slash (/), is called numerator and is expressed by a cardinal numeral. The second number, written after slash (/), is called denominator and is expressed by ordinal numeral. You can use ordinal numeral only in oral speech and in fractions written in words, you don't have to write suffixes "*rd, th, ths*" in written figures. Therefore, you write $1/5$, but you pronounce it and write it in words as *one-fifth*.
- Pay attention that when you write fractions with words, not symbols, you also need to use hyphen (-). For example: $1/7$ will be *one-seventh*. But, when the numerator or denominator is already hyphenated you don't need to use one more hyphen. For example: $1/25$ will be *one twenty-fifth*, **NOT** *one-twenty-fifth*. Here are more examples of fractions, represented by symbols and words:
 - ✓ $1/2$ – *one-half / a half*; $1/3$ – *one-third*;
 - ✓ $1/4$ – *one-fourth / a quarter*;
 - ✓ $1/5$ – *one-fifth*; $1/8$ – *one-eighth*;
 - ✓ $1/9$ – *one-ninth*; $1/10$ – *one-tenth*;
 - ✓ $1/12$ – *one-twelfth*; $1/20$ – *one twentieth*;
 - ✓ $1/32$ – *one thirty-second*;
 - ✓ $1/100$ – *one-hundredth*;
 - ✓ $1/1000$ – *one-thousandth*;
 - ✓ $2/3$ – *two-thirds*; $4/5$ – *four-fifths*;
 - ✓ $3/4$ – *three-fourths / three-quarters*;
 - ✓ $5/8$ – *five-eighths*; $9/10$ – *nine-tenths*;
 - ✓ $7/36$ – *seven thirty-sixths*;
 - ✓ $33/100$ – *thirty-three hundredths*;
 - ✓ $65/1000$ – *sixty-five thousandths*;
 - ✓ $1\ 1/2$ – *one and a half*;
 - ✓ $1\ 1/4$ – *one and a quarter*;
 - ✓ $3\ 2/5$ – *three and two-fifths*;
 - ✓ $6\ 3/7$ – *six and three-sevenths*.

- The decimal point (not a comma) separates the whole from the fraction in decimal fractions in English. Decimals are written in figures. When pronouncing decimals we use the word "point" to represent the dot. The numbers following the dot are pronounced separately. For example when you have the number *1.36* we say "**One point three six.**"
- Pay attention at on how to write and spell **chronological dates**:

<i>763 Seven sixty three (seven hundred (and) sixty-three)</i>	
<i>1800</i>	<i>eighteen hundred</i>
<i>1705 seventeen hundred and five (seventeen five)</i>	
<i>2000</i>	<i>two thousand</i>
<i>2007</i>	<i>two thousand and seven</i>
<i>2013 two thousand and thirteen (twenty thirteen)</i>	
<i>1845</i>	<i>nineteen forty five</i>
<i>1812</i>	<i>eighteen twelve</i>
<i>17th November, 1957</i>	<i>the seventeenth of November, nineteen fifty-seven</i>
<i>November 17(th), 1957</i>	<i>November the seventeenth, nineteen fifty-seven</i>

1. Read and write the following cardinal numerals:

- a) 2; 12; 20; 3; 13; 30; 4; 14; 40; 8; 18; 80; 9; 19; 90
- b) 22; 45; 55; 78; 91; 52; 34; 63; 96; 88; 37; 69
- c) 134; 835; 875; 431; 838; 649; 991; 204; 360; 414; 297
- d) 1, 425; 9, 471; 9,111; 2, 456; 6,147; 5,555; 3, 357
- e) 17, 700; 57,837; 10,203; 92,017; 65,331; 12,443
- f) 325,142; 978,218; 106,008; 1,234,567; 7,125,963; 46,867,405

2. Form, read and write ordinal numerals from the following:

- a) 7; 4; 8; 9; 5; 12; 2; 3; 1; 13; 15; 11; 10
- b) 20; 21; 30; 32; 40; 43; 50; 54; 60; 75; 80; 98
- c) 100; 120; 125; 200; 230; 231; 300; 450; 553; 892

3. Read and write the following dates:

12.06.1956	01.03.1917
09.03.1814	26.04.1986
24.08.1991	23.04.1616
01.01.2000	01.07.1961
25.01.1648	07.07. 2007

4. Answer the following questions:

1. How much is 23 plus 45?
2. How much is 79 plus 56?
3. How much is 145 plus 247?
4. How much is 15 minus 2?
5. How much is 300 minus 11?
6. How much is 1,234 minus 24?
7. How much is 5 multiplied by 5?
8. How much is 15 multiplied by 4?
9. How much is 450 is multiplied by 10?
10. How much is 42 divided by 6?
11. How much is 100 divided by 4?
12. How much is 81 divided by 9?

5. Read and write out in words the following fractions:

- a) $\frac{1}{5}$; $\frac{1}{7}$; $\frac{1}{25}$; $\frac{3}{8}$; $\frac{5}{9}$; $1\frac{5}{6}$; $1\frac{2}{3}$; $2\frac{2}{25}$; $45\frac{1}{6}$; $12\frac{1}{2}$
- b) 3,5; 2,33; 12,5; 52,53; 0,1; 0,404; 23,06; 25,11; 197,98; 654, 103

Part 3

FINANCIAL STATEMENTS

1. Read and memorize the following words:

statement [ˈsteɪtmənt] **n** – (*declaration*) заява, звіт

collect [kəˈlekt] **vt** – (*gather*) збирати, підбирати

cash [kæʃ] **n** – готівка

cash flow [kæʃfloː] **n** – рух грошової готівки

liability [laɪəˈbɪləti] **n** – (*LAW*) (*responsibility*) відповідальність

income [ˈɪnkʌm] **n** – (*earned*) зробіток, (*from property, investment*) дохід

framework [ˈfreɪmwɜːk] **n** – система, структура

assets [ˈæseɪts] **npl** – активи, власність

distribution [dɪstrɪˈbjʊʃən] **n** – (*of goods*) розповсюдження; (*of profits, weight*) розподілення

profit [ˈprɒfɪt] **n** – прибуток, дохід

equity [ˈekwɪti] **n** – справедливість

gain [geɪn] **n** – (*increase*) збільшення, приріст; (*profit*) прибуток

revenue [ˈrevənju] **n** – доходи *mpl*

revenue account [ˈrevənju əˈkaʊnt] – рахунок надходжень

expense [ɪksˈpens] **n** – (*cost*) вартість

loss [lɒs] **n** – збиток

2. Read and translate the text.

Financial Statements

Financial statements are a collection of reports about an organization's financial results, financial condition, and cash flows. They are useful for the following reasons:

- To determine the ability of a business to generate cash, and the sources and uses of that cash.
- To determine whether a business has the capability to pay back its debts.
- To track financial results on a trend line to spot any looming profitability issues.
- To derive financial ratios from the statements that can indicate the condition of the business.
- To investigate the details of certain business transactions, as outlined in the disclosures that accompany the statements.

The standard contents of a set of financial statements are:

- **Balance sheet.** Shows the entity's assets, liabilities, and stockholders' equity as of the report date. It does not show information that covers a span of time.
- **Income statement.** Shows the results of the entity's operations and financial activities for the reporting period. It includes revenues, expenses, gains, and losses.
- **Statement of cash flows.** Shows changes in the entity's cash flows during the reporting period.
- **Supplementary notes.** Includes explanations of various activities, additional detail on some accounts, and other items as mandated by the applicable accounting framework.

If a business plans to issue financial statements to outside users (such as investors or lenders), the financial statements should be formatted in accordance with one of the major accounting frameworks. These frameworks allow for some leeway

in how financial statements can be structured, so statements issued by different firms even in the same industry are likely to have somewhat different appearances.

If financial statements are issued strictly for internal use, there are no guidelines, other than common usage, for how the statements are to be presented.

At the most minimal level, a business is expected to issue an income statement and balance sheet to document its monthly results and ending financial condition. The full set of financial statements is expected when a business is reporting the results for a full fiscal year, or when a publicly-held business is reporting the results of its fiscal quarters.

3. Answer the questions:

1. What the financial statements report about?
2. Why the financial statements are considered to be useful?
3. What is the standard set of financial statements?
4. Which of the statements shows changes in the entity's cash flows during the reported period?
5. Which of the statements shows the results of the entity's operations and financial activities for the reporting period?
6. What are the functions of supplementary notes?
7. What is the function of the balance sheet?

4. Read and translate the text below. Match the terms with their definitions (A-J) to (1-10).

Elements of Financial Statements

The Financial Accounting Standards Board (FASB) has defined the following elements of financial statements of business enterprises: assets, liabilities, equity, revenues, expenses, gains, losses, investment by owners, distribution to owners, and comprehensive income. According to FASB, the elements of financial statements are the building blocks with which financial statements are constructed. These FASB definitions, articulated in its "Elements of Financial Statements of Business Enterprises," are as follows:

1 () ... are probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events.

2 () ... is the change in equity (net assets) of an entity during a period from transactions and other events and circumstances from non owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

3 () ... are decreases in net assets of a particular enterprise resulting from transferring assets, rendering services, or incurring liabilities to owners. Distributions to owners decrease ownership interest or equity in an enterprise.

4 () ... is the residual interest in the assets of an entity that remains after deducting its liabilities. In a business entity, equity is the ownership interest.

5 () ... are outflows or other uses of assets or incurring of liabilities during a period from delivering or producing goods or rendering services, or carrying out other activities that constitute the entity's ongoing major or central operation.

6 () ... are increases in equity (net assets) from peripheral or incidental transactions of an entity and from all other transactions and other events and circumstances affecting the entity during a period except those that result from revenues or investments by owner.

7 () ... are increases in net assets of a particular enterprise resulting from transfers to it from other entities of something of value to obtain or increase ownership interest (or equity) in it.

8 () ... are probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

9 () ... are decreases in equity (net assets) from peripheral or incidental transactions of an entity and from all other transactions and other events and circumstances affecting the entity during a period except those that result from expenses or distributions to owners.

10 () ... are inflows or other enhancements of assets of an entity or settlement of its liabilities (or a combination of both) during a period from delivering or producing goods, rendering services, or other activities that constitute the entity's ongoing major or central operations.

A. Equity

B. Gains

C. Assets

D. Distribution to owners

E. Investments by owners

F. Liabilities

G. Comprehensive income

H. Losses

I. Revenues

J. Expenses

5. Match each choice (1-9) to (a-i). Use the grid below

Financial Documents

1. a plan of cash income and cash spending for a specific period of time.

2. a document which represents a part the total stock value of a company and which shows who owns it.
3. a formal agreement for the exchange of goods and services in return for payment.
4. a formal description of income and costs for a time period that has finished.
5. a formal description of a company's financial position at a specified moment.
6. a document which states that a named person or company has paid for protection against accidental loss or damage of goods or property.
7. a description of the ways a new business hopes to make money, showing possible income and expenditure.
8. a formal letter with an offer to supply goods or services, containing a description of the project, including costs, materials, personnel, time plans, etc.
9. an official notification from a bank that it will lend money to a customer.

a) Profit and loss account

b) Balance sheet

c) Cash budget

d) Share certificate

e) Tender

f) **Business plan**

g) **Insurance certificate**

h) **Letter of credit contract**

1	2	3	4	5	6	7	8	9

6. Read and translate the text below. Match choices (A-D) to (1-5)

Four Types of Financial Statements

The four main types of financial statements are:

1. (...), also known as the ***Balance Sheet***, presents the financial position of an entity at a given date. It is comprised of the following three elements:

- ***Assets***: Something a business owns or controls (e.g. cash, inventory, plant and machinery, etc)
- ***Liabilities***: Something a business owes to someone (e.g. creditors, bank loans, etc)
- ***Equity***: What the business owes to its owners. This represents the amount of capital that remains in the business after its assets are used to pay off its outstanding liabilities. Equity therefore represents the difference between the assets and liabilities.

2. (...), also known as the ***Profit and Loss Statement***, reports the company's financial performance in terms of net profit or loss over a specified period.

Income Statement is composed of the following two elements:

- ***Income***: What the business has earned over a period (e.g. sales revenue, dividend income, etc)

- **Expense:** The cost incurred by the business over a period (e.g. salaries and wages, depreciation, rental charges, etc)

Net profit or loss is arrived by deducting expenses from income.

3. (...), presents the movement in cash and bank balances over a period. The movement in cash flows is classified into the following segments:

- **Operating Activities:** Represents the cash flow from primary activities of a business.
- **Investing Activities:** Represents cash flow from the purchase and sale of assets other than inventories (e.g. purchase of a factory plant).
- **Financing Activities:** Represents cash flow generated or spent on raising and repaying share capital and debt together with the payments of interest and dividends.

4. (...), also known as the **Statement of Retained Earnings**, details the movement in owners' equity over a period. The movement in owners' equity is derived from the following components:

- Net Profit or loss during the period as reported in the income statement
- Share capital issued or repaid during the period
- Dividend payments

Gains or losses recognized directly in equity (e.g. revaluation surpluses).

Effects of a change in accounting policy or correction of accounting error.

- A. Income Statement
- B. Cash Flow Statement
- C. Statement of Changes in Equity
- D. Statement of Financial Position

7. Complete the sentences below with the words:

Break-even point

Overheads

Core activity

Profitability

Cost of sales

Selling costs

Gross profit margin

Setting-up costs

Net profit margin

Turnover

1. shows how a business might make profits. It is calculated from the relationship between profit and the capital invested in the company, and between profit and turnover.
2. The of a business is the total amount of sales before the costs are deducted.
3. The of a business is the main product or service which the business provides, e.g. for FIAT it is cars.
4. The is the profit the business makes before costs are considered.
5. The are the costs involved in creating a new business.
6. The are the normal costs of a business, which do not change if production rises. They are also referred to as indirect costs or fixed costs.
7. The is a calculation of profit after deducting the cost of sales and overheads.
8. The are all the costs directly associated with production the products.
9. The is the amount of sales a company needs to cover all costs.
10. The are all costs directly concerned with getting customers to buy products and moving them to the customer.

GRAMMAR BOX

Present Tenses

The Present Simple Tense

We use the **Present Simple** to talk about:

- Situations or states that are always or usually true:

We live in a flat.

She reads a lot.

- Habits or events or actions that happen regularly, often with adverbs of frequency (e.g. *always, often, usually*) and other time expressions (e.g. *on Monday, every day, in the morning*):

We usually get up at seven o'clock.

He goes to the gym twice a week.

Affirmative	<i>I/you/we/they speak</i>	<i>He/she/it speaks</i>
Negative	<i>I/you/we/they don't eat</i>	<i>He/she/it doesn't speak</i>
Question	<i>Do I/you/we/they eat?</i>	<i>Does he/she/it speak?</i>
Short answers	<i>Yes, I/you/we/they do.</i>	<i>Yes, he/she/it does.</i>
	<i>No, I/you/we/they don't.</i>	<i>No, he/she/it doesn't.</i>

Spelling Rules for the Present Simple Verbs (he, she, it)

Verb	Rule	Examples
<i>Most verbs</i>	<i>add -s</i>	<i>read→reads sleep→sleeps</i>
<i>Verbs ending in consonant + -y</i>	<i>change -y to -i</i>	<i>fly→flies study→studies</i>
<i>Verbs ending in vowel + -y</i>	<i>add -s</i>	<i>buy→buys play→plays</i>
<i>Verbs ending in -ch, -sh, -ss, -s, -x</i>	<i>add -es</i>	<i>watch→watches miss→misses finish→finishes fix→fixes</i>
<i>Verbs ending in -o</i>	<i>add -es</i>	<i>go→goes do→does</i>

1. Complete the sentences. Use the Present Simple of the verbs in brackets

1. Lorna TV in the evening, but Alice (*often watch / usually read*).
2. I'm often tired. I hard and I very much. (*work, not relax*)
3. My mother to the gym every day, but my father any exercise. (*go, not do*)
4. Sophia in London, but she the weekend in the country with her parents. (*live, often / spend*)
5. Jane and Richard to concerts often, but they to music a lot at home. (*go not, listen*)
6. Angus from Glasgow, but he with the strong Scottish accent. (*come, not speak*)
7. We to town. We the train – it's quicker.

2. Make the following sentences negative. Then give the right information.

1. Winter comes after spring.

Winter doesn't come after spring. It comes after autumn.

2. Birds build nests underground.
3. Lions live in Europe.
4. Pasta comes from France.
5. The temperature rises at night.
6. A Ferrari goes slowly.
7. Brazilians speak Spanish.
8. Ornithologists study insects.

3. Find the mistakes and correct the sentences

1. Jim usually play football at weekends.
2. My father cooking dinner every Sunday.
3. She never watch TV in the morning.
4. Tom is friendly, but he cans be bossy sometimes.
5. Your brother don't go on foot to work.

4. Read the article about Michelin. Complete the text with the verbs given below. The first letter of each verb is given. Translate the text

<i>is</i>	<i>employs</i>	<i>are</i>
<i>supplies</i>	<i>owns</i>	<i>advertises</i>
<i>plans</i>	<i>sponsors</i>	<i>publishes</i>
<i>has</i>	<i>manages</i>	<i>have</i>
<i>live</i>	<i>sells</i>	<i>manufactures</i>

Michelin is a famous old company with a dynamic young chairman. Edouard Michelin *i*..... the great-grandson of the founder of this company, which is based in Clermont Ferrand in the center of France. Michelin *m*..... tires and *s*..... them all over the world. The company *e*..... about 120,000 people and *h*..... annual sales over €14 billion. Goodyear and Firestone *a*..... Michelin's main competitors. Edouard Michelin *m*..... the company using modern methods. At the moment Michelin *s*..... tires to the BMW Williams team. The company has two main markets, Europe and the USA, but *p*..... to develop the Asian market. In the USA it *o*..... the Uniroyal company. It *a*..... a lot on TV and in Magazines and *s*..... racing events. It also *p*..... the famous Michelin guidebooks. Edouard Michelin and his wife *h*..... five children and *l*..... just outside Clermont Ferrand.

5. Fill in the blanks with *do(n't)*, *does(n't)*, *is(n't)*, or *are(n't)*

1. A: Jake drink coffee?

B: Yes, he, but he drink tea.

2. A: Mary live in flat?

B: No, she She lives in the detached house

3. A: Lee Japanese?

B: Yes, he But he live in Japan.

4. A: your grandparents retired now?

B: Yes, they They work anymore.

The Present Continuous Tense

We use the Present Continuous to talk about:

- Something that is happening now:

Wait a minute. I'm looking for my friend.

Listen! Somebody is singing in the room.

- Temporary situations:

She's from Peru, but she is studying in Spain this year.

This firm is carrying on negotiations for the purchase of ore.

- We use the Present Continuous to express action going on at the same time with another action referring to the present time:

If I am sleeping when he comes, wake me up, please.

I shall be reading the newspaper while you are writing your exercises.

- We often use the Present Continuous with the following time words and phrases: *now, right now, at the moment, today* etc:

We're getting ready to go out now.

They are going to the theatre tonight.

<i>Affirmative</i>	<i>Negative</i>	<i>Question</i>
<i>I am reading</i>	<i>I am not reading</i>	<i>Am I reading?</i>
<i>You/we/they are reading</i>	<i>You/we/they are not reading</i>	<i>Are you/we/they reading?</i>
<i>He/she/it is reading</i>	<i>He/she/it is not reading</i>	<i>Is he/she/it reading?</i>

<i>Short answers</i>		
<i>Yes, I am.</i>	<i>Yes, he/she/it is.</i>	<i>Yes, you /we/they are.</i>
<i>No, I am not.</i>	<i>No, he/she/it isn't.</i>	<i>No, you/we/they aren't.</i>

Spelling Rules for Verbs + -ing

<i>Verb</i>	<i>Rule</i>	<i>Examples</i>
<i>Most verbs</i>	<i>Add -ing</i>	<i>Sleep → sleeping</i> <i>Work → working</i>
<i>Verbs ending in -e</i>	<i>Take away the -e and add -es</i>	<i>Live → living</i> <i>Dance → dancing</i>
<i>Verbs ending in -ee</i>	<i>Add -ing</i>	<i>See → seeing</i> <i>agree → agreeing</i>
<i>Verbs ending in -ie</i>	<i>Change -ie to -y and add -ing</i>	<i>Lie → lying</i> <i>Die → dying</i>
<i>Verbs ending in one vowel + consonant</i>	<i>Double the final consonant and add -ing</i>	<i>Stop → stopping</i> <i>Swim → swimming</i>
<i>Verbs ending in two vowels + consonant</i>	<i>Add -ing</i>	<i>Rain → raining</i> <i>Read → reading</i>

1. Complete the sentences with one of the following verbs in the Present Continuous

Come

Happen

Read

Get

Look

Start

Drive

Make

Stay

1. I an interesting book at the moment.
2. I for Miranda. Do you know where is she?
3. It Dark. Shall I turn on the light?
4. They haven't got anywhere. They With friends until they find somewhere.
5. "Are you ready, Abigale?" "Yes, I"
6. Have you got an umbrella? It to rain.

7. You a lot of noise. Could you be quieter? I to concentrate.
8. Why are all these people here? What ?
9. "You hard today." "Yes, I have a lot to do".

2. Complete the conversations. Use the Present Continuous of the verbs in brackets

1. A: Italian to that man? (*Donna / speak*)
B: Yes, she She it at night school. (*learn*)
2. A: The party? (*you / enjoy*)
B: yes, we We a great time. (*have*)
3. A: What here? (*you/ do*)
B: I for some friends. (*wait*)
4. A: her computer? (*Holly / use*)
B: No, she She any work today. (*not do*)
5. A: the news at the moment? (*they / watch*)
B: No, they They dinner. (*prepare*)

3. Complete the sentences. Use the Present Continuous

1. My Dad watches a lot of sport. This month he the Olympics.
2. You don't usually play well, but today you brilliantly.
3. I usually read novels, but at the moment I anything.
4. He often works on Saturdays, but he today. He is at home.
5. We usually have a lunch at twelve, but today we lunch at two.
6. They don't often save money, but at the moment they to buy a car.
7. She usually runs a marathon every year, but this year she any.

4. Open the brackets. Give the short answers. Use the Present Continuous

1. Anna (*to type*) the documents? — No, She (to speak) to her boss.
2. it (*to get cold*)? — Yes, And the wind (*to get*) stronger.

3.you **(to look)** through the papers? — No, I..... I.....
(to write) a report for the conference now.
4. Bill and Mike **(to mend)** the fence? — Yes,.....
5. your parents and you **(to rest)** in the country house? — No,
..... We **(to spend)** our weekend at the seaside.
6. Edgar **(to play)** a computer game? — Yes,
7.the phone **(to ring)**? — No, Somebody **(to ring)** the door bell.
8. your grandparents **(to rest)**? — No, My grandparents
..... **(to work)** in the kitchen garden.
9. the kitten **(to sleep)**? — No, The kitten..... **(to hide)** somewhere.
- 10..... you **(to slice)** cheese? — No, I I **(to mix)** the vegetable salad.

The Present Simple or the Present Continuous

1. Put the verbs in brackets in the Present Simple or the Present Continuous

1. **(You / come)** tonight?
2. **(He / eat)** rice every day?
3. I **(work)** at the moment.
4. **(He / come)** to London often?
5. He **(play)** tennis now.
6. **(You / come)** To the cinema later?
7. They **(nit / come)** to the party.
8. They **(go)**..... to the restaurant every Saturday.
9. You usually **(arrive)** late.
10. I **(not / not drink)** coffee very often.

2. Choose the correct item.

1. *Why do you wear / are you wearing* a coat? It's hot today.
2. *Do tigers live / Are tigers living* in Africa?
3. *We have / are having* a big party in the garden every summer.
4. *I don't eat / I'm not eating* a lot of chocolate because it's bad for me.
5. Listen, I think someone *calls / is calling* us.
6. This month they *make / are making* a new film starring Johnny Depp.
7. She usually *goes / is going* to see her cousins once a month.

3. Complete the sentences. Use the Present Continuous or the Present Simple

1. IEnglish exercises twice a week. (*to write*)
2. My friend his homework in the afternoon as a rule. (*to do*)
3. My sister her homework now. (*to do*)
4. Don't shout! The baby (*to sleep*)
5. The baby always..... after dinner. (*to sleep*)
6. What..... younow? (*to read*)
7. What books..... you.....for your literature lessons? (*to read*)
8. Whatyour mother usually..... for lunch? (*to cook*)
9. shea cake now? (*to cook*)
10. —(*You, to see*) that man over there? — Which man? The man in the brown jacket? — No, I.....(*to talk*) about the man who(*to wear*) the blue shirt. — Oh, that man!—(*You, to know*) him? — No, I (*not to think*) so. — I (*to know, not*) him either.

4. Complete the sentences. Use the Present Continuous or the Present Simple

1. My wife normally (*work*) at home, but she (*spend*) this month in Italy.
2. Most days, Tom usually..... (*cycle*) to work.
3. When.....the lesson (*start*) today?
4. What's your brother doing? He (*do*) the crossword in the newspaper
He (*do*) it every day.

5. I'm afraid I'll lose this game of chess. I..... **(play)** very badly. I usually.....much better **(play)**.
6. What's she doing? — She **(mend)** her husband's socks. She always..... them. **(mend)**
7. Yes, you can borrow my dictionary. I **(use)** it a lot, but I **(not / use)** it now.
8. We **(not travel)** by train very often.

Part 4

FINANCIAL STATEMENTS INRODUCTION

1. Read and memorize the following words:

partnership [ˈpɑːtnəʃɪp] n – співпраця, участь, компанія

corporation [ˈkɔː.pərɪʃən] n – корпорація, спілка, об'єднання

asset [ˈæsɪt] n – власність, актив

equity [ˈekwɪti] n – акція, капітал

value [ˈvæljuː] n – значення, вартість

evaluation [ɪˈvæljuːeɪʃən] n – оцінка, експертиза

loss [lɔːs] n - витрата

amount [əˈmaʊnt] n – сума, кількість, обсяг

debenture [ˈdebɪntʃər] n - облигація

overdraft [ˌəʊvəˈdraʊt] n – перевищення кредиту

gain [geɪn] n – прибуток, приріст

divergence [ˈdaɪvɜːdʒəns] n – розходження, бездіяльність

2. Read and translate the text.

Balance Sheet Introduction

A **Balance Sheet** is fundamentally a statement of financial position as of a certain date. A balance sheet can be prepared for an individual, a partnership, a corporation or any other entity that has assets and debts.

Balance sheets are typically compiled to report to owners or other interested parties such as lenders, exactly what the company looks like financially at a given point in time. In order to have amounts to report, an entity would need a financial record keeping system that would show balances at the end of a day, week or whatever reporting timeframe was needed.

A basic balance sheet will have three sections: assets, liabilities, and owner's equity. A balance sheet is so named because it must be "balanced" using the formula:

$$\textit{Total assets} = \textit{Total liabilities} + \textit{Equity}$$

The simplest business reporting will typically be done on the "cash basis." Cash basis means simply that a record is made of a transaction, e.g. a sale of goods, when cash changes hands. Let's assume that John Doe borrows \$5,000 from the bank to start a small business selling his childhood collection of baseball cards. John needs the \$5,000 to pay rent on a small storefront and pay for electricity in the store until things get going. John has valued his collection conservatively at \$10,000. Before any sales are made or expenses paid, John's balance sheet would look like this:

Assets

Cash \$ 5,000
Card Collection \$10,000

Liabilities

Bank Loan \$ 5,000

Owner's Equity \$10,000

Every transaction in John's business will have an effect on his balance sheet. As sales are made, there is an increase in cash and a decrease in the value of the card collection. For example, if John sells a card that he valued at the start of the business at \$1.00, for \$2.00, he has made a profit of \$1. Profit or loss is the result of business operations where all expenses and revenue are netted to show the final result. The profit John earned selling the card adds to his equity, balancing the statement.

Accounting has long realized that not all businesses have the luxury of operating on a strictly cash basis. As a result businesses have amounts that are due to them, as when sales are made on credit, and they owe money to other businesses when they buy on credit. These amounts are called receivables and payables and are also reported on a balance sheet so that on a given date, an accurate picture of the business will be reported.

As businesses are incorporated, many other complexities can show up in the balance sheet. Corporations sell ownership shares, typically in classes of stock. The stock will be shown in the equity section along with any restrictions or reservations that may be placed on them.

3. Complete the sentences

1. A Balance Sheet is fundamentally a statement...
2. Balance sheets are typically compiled to report to owners or other interested parties such as lenders...
3. A basic balance sheet will have three sections...
4. Accounting has long realized...
5. As businesses are incorporated, many other complexities...

4. Read and translate the text

The Fundamental Accounting Equation

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

$$\textit{Assets} = \textit{Owner's equity}$$

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

$$\textit{Assets} - \textit{Liabilities} = \textit{Owner's equity}$$

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

$$\text{Assets} = \text{Liabilities} + \text{Owner's equity}$$

This last formula is the basis for the balance sheet. On the balance sheet, you list *assets* in a separate column from *liabilities and owner's equity*. That is simple. The only complicated part is determining what is included in the term assets and what is included in the term liabilities and owner's equity.

Paul's Guitar Shop, Inc.	
Balance Sheet	
December 31, 2017	
Assets	Liabilities
<i>Current Assets</i>	<i>Accounts Payable – 49,000</i>
<i>Cash – 32,800</i>	<i>Accrued Expenses – 450</i>
<i>Accounts Receivable – 300</i>	<i>Unearned Revenue – <u>1,000</u></i>
<i>Prepaid rent – 1,000</i>	<i>Total Current Liabilities – 50,450</i>
<i>Inventory – <u>39,800</u></i>	<i>Long-Term Liabilities – <u>99,500</u></i>
<i>Total Current Assets – 73,900</i>	<i>Total Liabilities – 149,950</i>
Owner's Equity	
Long-Term Assets	Owner's Equity
<i>Leasehold Improvements – 100,000</i>	<i>Retained Earnings – 11,950</i>
<i>Accumulated Depreciation – (<u>200</u>)</i>	<i>Common Stock – <u>10,000</u></i>
<i><u>98,000</u></i>	<i>Total Owner's Equity – <u>21,950</u></i>
<i>Total Long-Term assets – <u>98,000</u></i>	<i>Total Liabilities and Owner's Equity –</i>
<i>Total Assets: 171,900</i>	<i>171,900</i>

Paul's Guitar Shop, Inc.

Balance Sheet

December 31, 2017

Assets

Current Assets

Cash – 32,800

Accounts Receivable – 300

Prepaid rent – 1,000

Inventory – 39,800

Total Current Assets – 73,900

Long-Term Assets

Leasehold Improvements – 100,000

Accumulated Depreciation – (200) 98,000

Total Long-Term assets – 98,000

Total Assets: 171,900

Liabilities

Current Liabilities

Accounts Payable – 49,000

Accrues Expenses – 450

Unearned Revenue – 1,000

Total Current Liabilities – 50,450

Long-Term Liabilities – 99,500

Total Liabilities – 149,950

Owner's Equity

Retained Earnings – 11,950

Common Stock – 10,000

Total Owner's Equity – 21,950

Total Liabilities and Owner's Equity – 171,900

5. Fill in the missing entries in the Balance Sheet below. Choose from the following:

Amounts owned by related companies

Creditors: amounts falling due after one year;

Fixtures and fittings;

Net current assets;

Stock;

Called up share capitals;

Development costs;

General reserve;

Profit and loss account;

Tangible assets

Balance Sheet	£000's		
	£	£	£
Fixed assets			
Intangible Assets			
(1) _____	180		
Goodwill	40	220	
(2) _____			
Land and buildings	600		
(3) _____	20	620	
Investments			
Shares in related companies	4.100		
Loans to related companies	59	4.159	4.999
Current Assets			
(4) _____			
Raw materials	600		
Finished goods	800	1.400	
Debtors			
Trade debtors	1.200		

(5) _____	400		
Called up share capital not paid	500		
Prepayments	400	2.500	
Creditors: amounts falling due within one year			
Debentures	600		
Bank overdrafts	50		
Bills of exchange payable	50	700	
(6) _____			3.200
Total Assets Less Current Liabilities			8.199
(7) _____			
Debentures	100		
Bank loans	100	200	
			7.999
Capital and Reserves			
(8) _____			6.000
Other Reserves:			
Capital redemption reserve	300		
(9) _____	599	899	
(10) _____			1.100
			7.999

6. Read and translate the text.

Introduction to Income Statement

An **Income Statement** is one of the major financial statements used by accountants and business owners. The income statement is sometimes referred to as *the profit and loss statement (P&L), statement of operations, or statement of income*. The Income Statement is a financial report that shows an entity's financial results over a specific period of time. The time period covered is usually for a month, quarter, or

year, though it is possible that partial periods may also be used. This is the most commonly used of the financial statements, and is the most likely statement to be distributed within a business for management review.

We will use income statement and profit and loss statement throughout this explanation.

The income statement is important because it shows the *profitability* of a company during the time interval specified in its heading. The period of time that the statement covers is chosen by the business and will vary. For example, the heading may state:

- ***"For the Three Months Ended December 31, 2014"***
(*The period of October 1 through December 31, 2014.*)
- ***"The Four Weeks Ended December 27, 2014"*** (
The period of November 29 through December 27, 2014.)
- ***"The Fiscal Year Ended June 30, 2014"***
(*The period of July 1, 2013 through June 30, 2014.*)

Keep in mind that the income statement shows revenues, expenses, gains, and losses; it does not show cash receipts (money you receive) nor cash disbursements (money you pay out).

People pay attention to the profitability of a company for many reasons. For example, if a company was not able to operate profitably—the bottom line of the income statement indicates a *net loss*—a banker (lender or creditor) may be hesitant to extend additional credit to the company.

On the other hand, a company that has operated profitably – the bottom line of the income statement indicates a net income – demonstrated its ability to use borrowed and invested funds in a successful manner. A company's ability to operate profitably is important to current lenders and investors, potential lenders and investors, company management, competitors, government agencies, labor unions, and others.

The format of the income statement or the profit and loss statement will vary according to the complexity of the business activities. However, most companies will have the following elements in their income statements:

➤ **Revenues and Gains**

1. Revenues from primary activities
2. Revenues or income from secondary activities
3. Gains (e.g., gain on the sale of long-term assets, gain on lawsuits)

➤ **Expenses and Losses**

1. Expenses involved in primary activities
2. Expenses from secondary activities
3. Losses (e.g., loss on the sale of long-term assets, loss on lawsuits)

If the net amount of revenues and gains minus expenses and losses is positive, the bottom line of the profit and loss statement is labeled as **net income**. If the net amount (or bottom line) is negative, there is a **net loss**.

7. Complete the sentences:

1. An Income Statement is also known as...
2. The Income statement is a document....
3. The income statement is important because...
4. The income statement shows...
5. A company's ability to operate profitably is important to...
6. The format of the income statement or the profit and loss statement...
7. Most companies will have the following elements in their income statements...

8. Fill in the missing words in the sentences below. Choose from the box.

<i>administrative expenses</i>	<i>cost of sales</i>	<i>distribution</i>	<i>divided</i>
<i>extraordinary</i>	<i>ordinary</i>	<i>retained</i>	<i>turnover</i>

1. As AZ Designs Ltd is a small printing company, all their printing contracts are known as activities.
2. Recently, a film a fill company paid AZ Designs a large amount of money to use the company's premises when they were making a film. This was recorded in the Profit and Loss Account as income.
3. Income which the company makes in its normal activities is known as
4. At the end of the year, some of the profits may be shared out among the shareholders who will receive a
5. The costs of getting the goods to the customers are shown as costs in the Profit and Loss Account.
6. Materials which are used up in manufacturing and workers' wages are recorded as
7. The secretary's salary and expenses incurred in the office are shown as
8. The company may decide to keep some of the profits at the end of the year and the amount is shown as profits.

9. Match the items (1-10) with the entries (a-j) from a Trading P&L Account.

1. The value of stock at the end of the year has been deducted to arrive at this figure.
2. Bank interest of the overdraft.
3. Dividends from investments in shares with voting rights in other companies.
4. Net invoiced amounts for sales.
5. This year's profits which will not be paid out to investors.
6. The delivery drivers' wages.
7. Money received for rent on buildings which have been let for a short time as they are not being used.
8. This money will probably be paid out to shareholders.
9. Telephone, stationary and legal fees.
10. An overprovision for corporation tax from last year.

Profit and Loss Account	£000's	
a) () Turnover		900
b) () Cost of sales		550
Gross profit	60	350
c) () Distribution costs	45	
d) () Administrative expenses		105245
Other operating income	15	55
	20	300
e) () Income from shares in related companies	10	
Income from other fixed asset investment		
Other interest receivable		45
		345
f) () Interest payable		18
Profit on ordinary activities before taxation		327
g) () Tax on profit on ordinary activities	18	109
Profit on ordinary activities after taxation	6	218
h) () Extraordinary income		
Tax on extraordinary profit		12
Profit for the financial year		230
Retained profits from last year		40
	60	270
	130	
Transfer for general reserve		
i) () Proposed ordinary dividend		190
j) () Retained profits carried to the next year		80

10. Read and translate the text

Statement of Cash Flows Overview

The Statement of Cash Flows is a part of the financial statements issued by a business, and describes the cash flows into and out of the organization. Its particular focus is on the types of activities that create and use cash, which are operations, investments, and financing. Though the statement of cash flows is generally considered less critical than the income statement and balance sheet, it can be used to discern trends in business performance that are not readily apparent in the rest of the financial statements. It is especially useful when there is a divergence between the amount of profits reported and the amount of net cash flow generated by operations.

There can be significant differences between the results shown in the income statement and the cash flows in this statement, for the following reasons:

- There are timing differences between the recordation of a transaction and when the related cash is actually expended or received.
- Management may be using aggressive revenue recognition to report revenue for which cash receipts are still some time in the future.
- The business may be asset intensive, and so requires large capital investments that do not appear in the income statement, except on a delayed basis as depreciation.
- Many investors feel that the statement of cash flows is the most transparent of the financial statements (i.e., most difficult to fudge), and so they tend to rely upon it more than the other financial statements to discern the true performance of a business.

Cash flows in the statement are divided into the following three areas:

- **Operating activities.** These constitute the revenue-generating activities of a business. Examples of operating activities are cash received and disbursed for product sales, royalties, commissions, fines, lawsuits, supplier and lender invoices, and payroll.
- **Investing activities.** These constitute payments made to acquire long-term assets, as well as cash received from their sale. Examples of investing activities

are the purchase of fixed assets and the purchase or sale of securities issued by other entities.

- **Financing activities.** These constitute activities that will alter the equity or borrowings of a business. Examples are the sale of company shares, the repurchase of shares, and dividend payments.
- There are two ways to present the statement of cash flows, they are: **the direct method** and **the indirect method**. The direct method requires to present cash flow information that is directly associated with the items triggering cash flows, such as:
 - Cash collected from customers
 - Interest and dividends received
 - Cash paid to employees
 - Cash paid to suppliers
 - Interest paid
 - Income taxes paid

Few organization collect information as required for the direct method, so they instead use the indirect method. Under the indirect approach, the statement begins with the net income or loss reported on the company's income statement, and then makes a series of adjustments to this figure to arrive at the amount of net cash provided by operating activities.

11. Complete the sentences:

1. The Statement of Cash Flows is...
2. The Statement of Cash Flows can be used...
3. Many investors feel that the statement of cash flows is...
4. Cash flows in the statement are divided...
5. There are two ways to present the statement of cash flows...
6. The direct method requires to present...
7. Under the indirect approach...

12. Fill in the missing words or phrases in the sentences below. Choose from the box.

Cash Accounts

authorization batch beneficiary brought carried cleared contra
discrepancies petty cash remitter threshold transaction

1. Small amounts of money which are paid out for things such as petrol, soap, and bus fares are usually recorded in the book.
2. The account which receives payment is known as the while the account sending payment is the
3. Each single movement of money in the account is known as a
4. At the beginning of each month the balance from the previous month is recorded at the top of the account as forward and at the end of the month as balance forward.
5. The bank statement should be checked against the cash book to make sure the figures are the same and that there are no
6. When several payments are made by computer banking they are normally transmitted to the bank together in a
7. If double entry has taken place within the cash book the item does not need to be entered in another book as double entry and the item is known
8. When a cheque is received and paid into an account it will be debited to the account once it has been
9. Before instructions can be transmitted to the bank it is necessary to have from one, two or possibly three executive officers.
10. There will normally be a maximum amount of money which can be transferred from an account and this is known as the

GRAMMAR BOX

Past Tenses

The Past Simple Tense

We use the Past Simple to talk about:

- single actions that are started and finished in the past, often with the definite time expressions like *yesterday, last week, a year ago* etc.:

I finished college a year ago.

It was Sunday yesterday.

- actions that happened regularly in the past, often with expressions of frequency like *often, always, every week* etc. or duration like *for a year, when I was a child* etc.:

My Father *always helped* me with my French.

I *played* football every week when *I was a child*.

- states and situations that were true in the past but are not true now:

I lived in London when I was young, but now I live in Liverpool.

My parents didn't travel much when they were young.

- To form the past simple of regular verbs we add **-ed** to the verb:

walk – walked

play – played

like – liked

- We use **did / did not (didn't) + infinitive** in negative sentences and questions:

I didn't like the film.

Did you play tennis last Saturday?

Affirmative		<i>Ann</i>	<i>visited</i>	<i>her friend</i>
Negative		<i>Ann</i>	<i>didn't visit</i>	<i>her friend</i>
Question	Did	<i>Ann</i>	<i>visit</i>	<i>her friend?</i>

Spelling Rules for Verbs + -ed

Verb	Rule	Examples
<i>most verbs</i>	<i>add -ed</i>	<i>ask – asked</i> <i>help - helped</i>
<i>verbs ending in -e or -ee</i>	<i>add -d</i>	<i>arrive – arrived</i> <i>agree – agreed</i>
<i>Verbs ending in consonant + -y</i>	<i>change -y to -i and add -ed</i>	<i>study – studied</i> <i>try – tried</i>
<i>Verbs ending in vowel+ -y</i>	<i>add -ed</i>	<i>play – played</i> <i>enjoy – enjoyed</i>
<i>Verbs ending in one vowel + consonant</i>	<i>double the final consonant and add -ed</i>	<i>stop – stopped</i> <i>plan – planned</i>
<i>Verbs ending in two vowels + consonant</i>	<i>add -ed</i>	<i>rain – rained</i> <i>repeat - repeated</i>

➤ Some verbs do not form the past simple with **-ed**. They are irregular:

eat – ate

drink – drank

find – found

go – went (see Irregular Verbs in Appendix)

Affirmative		<i>they</i>	won	<i>the prize</i>
Negative		<i>they</i>	didn't win	<i>the prize</i>
Question	Did	<i>they</i>	win	<i>the prize</i>

1. Complete the sentences. Use the Past Simple of the verb in brackets

1. I a really good film on TV last night. (*watch*)
2. The bus fifteen minutes late yesterday. (*arrive*)
3. I on my friend for an hour on the phone yesterday. (*chat*)
4. We basketball at primary school. (*not play*)
5. My sister French at University. (*study*)
6. He At a fantastic hotel on holiday last summer. (*stay*)
7. My friends To go out last Sunday night. (*not want*)
8. I the summer holidays when I was a child. (*love*)
9. The rain After fifteen minutes ago. (*stop*)
10. They jazz when they were young, but now they like it. (*not like*)

2. Write the words in the correct order to complete the sentences

1. film? / like / you / Did / the /
2. you / many / did / ask? / How / people /
3. a / have / time? / they / Did / good /
4. did / weekend? / the / What / do / we / at /
5. she / DVD? / Where / that / did / buy /
6. party / on / your / go / Saturday? / he / Did / to /
7. did / yesterday? / Who / you / see /

3. Correct the sentences

1. Did he went to the university yesterday?
2. Why did you to go home early?
3. Where you did learn English?
4. Did she works today?
5. What do you this yesterday?
6. Did they last night phone you?

4. Put the verbs in brackets into the Past Simple

Dan: Where (**go**) for your last holiday, Suzie?

Suzie: I (**go**) cycling in France with two friends.

Dan: Oh yes? How (**get**) to France?

Suzie: We (**catch**) the ferry to Cherbourg.

Dan: (**stay**) in hotels?

Suzie: Only twice, when the weather (**not be**) very good. The rest of the time we (**camp**), so we (**not spend**) much money.

Dan: (**rain**) much?

Suzie: No, the sun (**shine**) most days.

Dan: (**have**) any problems?

Suzie: Well, I (**fall**) of my bike once, and we (**forget**) to take any tea bags, but we (**not have**) any mechanical problems!

Dan: What (**do**) in the evenings?

Suzie: we (**find**) a campsite, then we (**go**) shopping in the nearest village, (**cook**) a big dinner, (**eat**) lots of food, and (**drink**) wine. It (**be**) great!

Dan: When (**get back**)?

Suzie: We (**fly**) last Sunday, but we (**not want**) to leave France!

5. Complete the story. Use the Past Simple of the verb in brackets

“Last week my mother (**lend**) me her car and I (**drive**) to a nearby town. I parked the car in a side street and I (**do**) some shopping. When it (**be**) time to go home, I realized that I (**not remember**) where the car I (**spend**) about an hour looking for it, but I (**not find**) it. I (**feel**) really stupid. Finally, I (**ring**) my mother. Fortunately, she (**not get**) angry. She (**tell**) me to leave the car and come home. So I (**catch**) a bus and the next day we (**go**) back together and (**find**) the car”.

The Past Continuous Tense

We use the Past Continuous to talk about:

- an action that was in progress at a particular time in the past, often with time expressions *like at one o'clock, last night* etc. The action started before that time and continued after that time:

Dick *was making* his report *at seven o'clock*.

At one o'clock yesterday *we were having lunch*.

- an action or state that continued for a long time, often with expressions like *all day, all morning* etc.

Ann *was playing* the piano the *whole morning*.

I was working all day yesterday.

- two actions that were in progress at the same time in the past, often with the word *while* (notice when we use a comma):

Jim *was washing* the car *while* Amanda *was watching* TV.

While Kelly *was working* in the garden, her children *were cooking* the supper.

We use the Past Simple, not the Past Continuous, with state verbs: *appear, believe, consider, like, seem, want, wish* etc.:

I heard a noise outside.

~~I was *hearing* noise outside.~~

<i>Affirmative</i>	<i>I / he / she / it was walking</i>	<i>We / you / they were walking</i>
<i>Negative</i>	<i>I / he / she / it was not walking</i>	<i>We / you / they weren't walking</i>
<i>Question</i>	<i>Was I / he / she / it walking?</i>	<i>Were we / you / they walking?</i>
<i>Short answers</i>	<i>No, I / he / she / it wasn't.</i>	<i>No, we / you / they weren't</i>

1. Complete the sentences. Use the Past Continuous of the verbs in brackets

1. I at home one day, feeling miserable. (**sit**)
2. It and I about my summer holidays. (**rain, think**)
3. Later that day, I the Internet. (**surf**)
4. I for anything in particular. (**not look**)
5. Then I found an interesting site. A new airline cheap flights to India. (**advertise**)
6. Some of my friends round India. (**travel**)
7. They were in Delhi and they a wonderful time. (**have**)
8. Suddenly, it seemed like a good idea to join them and two days later I at home in cold, miserable England; I to Delhi! (**not sit, fly**)
9. When I got off the plane, my friends to meet me. (**wait**)

2. Make up the sentences using the Past Continuous

1. We / to plant / the trees / all morning / yesterday.
2. Frank / to work / in the garage / from 2 till 5 o'clock last Saturday.
3. Children / to train / in the gym / at 7 o'clock yesterday.
4. It / to snow / heavily / all the day / last Monday.
5. At 11 o'clock yesterday morning / Mr. Brooks and his son / to wash / the car.
6. Nelly / to talk / on the phone / at 3 o'clock yesterday.
7. Some girls / to play / tennis / at this time / yesterday.
8. You / to have / lunch / from 1 till 2 o'clock last Wednesday.
9. Some workers / to load / the boxes / into the lorry / at that time,
10. Alice / to clean / the flat / at 11 the afternoon / yesterday.

3. Put the verbs in brackets into the Past Continuous Tense

1. Pam and Bob (**to ski**) all the day last Sunday.
2. Margaret (**to shop**) with her cousin from morning; till evening yesterday.
3. The secretary (**to prepare**) the report for her boss at 10 o'clock yesterday morning.
4. The police (**to chase**) the burglars for two hours yesterday.

5. Little Den (*to play*) chess with his grandpa at 6 o'clock last Friday.
6. Nick and Martin (*to work*) in the science laboratory from 3 to 7 o'clock in the evening last Thursday.
7. At 5 o'clock yesterday we (*to sit*) at an outdoor cafe.
8. Sandy and I (*to study*) for our English test all the day last Tuesday.
9. The doctor (*to examine*) a patient when the ambulance arrived yesterday.
10. You (*to plant*) the flowers from 9 to 11 o'clock on Friday morning.

4. Put the verbs in brackets into the correct form

1. your neighbour (*to play*) the violin at 10 o'clock yesterday evening? — No, he He (*to listen*) to some rock group at that time.
2. you (*to take*) a shower at 8 o'clock in the morning? — Yes, I
3. Pam (*not to watch*) a show on TV at that time. She (*to wash*) the vegetables for the salad.
4. Ella (*to feed*) the swans swimming in the lake while David (*to take*) some photos.
5. the car (*to move*) fast while the children (*to cross*) the street? — No, it The man in the car (*to drive*) very slowly.
6. Betty and Sally (*to gather*) apples all the morning yesterday? — Yes, they I (*to wash*) them and our Granny (*to make*) apple jam.
7. Little Tom and his friend (*to play*) with a puppy in front of the house while Tom's grandpa (*to read*) a newspaper.
8. The siren (*to wait*) while the ambulance (*to drive*) towards the place of the accident.
9. it (*to snow*) as you (*to walk*) home? — Yes, it and a cold wind (*to blow*).

The Past Continuous and the Past Simple

- We can use the Past Simple and the Past Continuous together to talk about an action that happened while another action was in progress. We can use the Past Continuous for the longer action that was in progress. We use the Past Simple for the shorter action:

*The children **were making** a fire **when** the rain began.*

*Anna **was writing** on the blackboard **when** the bell rang.*

- We often use **when** before the action in the Past Simple and **while** before the action in the Past Continuous. Notice when we use a comma:

*I was sleeping **when** the telephone rang.*

***When** the telephone rang, I was sleeping.*

*The phone rang **while** I was sleeping.*

***While** I was sleeping, the telephone rang.*

- We use **the Past Simple + when + the Past Simple** to say that one action happened after another action:

*We **had** dinner **when** Kim arrived.*

***When** Kim arrived, we **had** dinner.*

(First Kim arrived. Then we had dinner.)

1. Complete the sentences. Use **when** and **while**

1. Was it snowing you went to bed last night?
2. They had lunch they were waiting for the plane.
3. she put new batteries in the toy, it started working again.
4.i was walking home, I fell over and cut my knee.
5. Helen didn't say hello I saw her in the morning.
6. You were out jogging, Frank brought your book back.
7. Did everybody go home the concert finished.

2. Complete the sentences. Use the Past Continuous of the verbs in brackets

1. While I (*to copy*) the exercise, my friends (*to describe*) a picture.
2. When we came in, the children (*to clean*) their desks.
3. We met her at the bus stop. She (*to wait*) for the bus.
4. Some of the children (*to ski*) while other children (*to skate*). Everybody (*to have*) a lot of fun.
5. When we came the family (*to get*) everything ready for Christmas. Bob and Helen (*to decorate*) the Christmas tree.
6. The girls (*to feed*) the birds in the garden while the boys (*to make*) a bird-house.

3. Complete the sentences. Use the Past Continuous or the Past Simple of the verbs in brackets

1. An amazing display of traditional-style canoeslast week in Portland (*to open*).
2. Last month, we the most amazing opportunity to head down to Nashville (*to have*).
3. These ladies an apartment when they both English in Jakarta, Indonesia (*to share, to teach*).
4. Last year we too tired even to make quality home design (*to be*).
5. While the tourists at the beach, animators coffee in the bar (*to dance, to have*).
6. Last time there a snowfall in November in 2016 (*to be*).
7. A Qatari sheikh more than £1billion on his art collection last year (*to spend*).
8. The hot-blooded and furious Tybalt a grudge against Romeo (*to bear*).
9. While we to a dive site we the advantages of Utila, the smallest and most unspoiled of the Bay Islands of Honduras (*to boat, to discuss*).

10. In the late 1600s, the British all non-English ships from trading with colonies (*to forbid*).
11. We busy building our new country house that year (*to be*).
12. Our friend's dog us as we around the neighborhood (*to follow, to walk*).

4. Choose the correct verb form of the Past Simple or Past Continuous to complete the sentences

1. The film was rubbish, so we *left / were leaving* the cinema and *went / were going* to the cybercafé.
2. I *didn't like / wasn't liking* the program we *watched / were watching*, so I *turned / was turning off* the TV.
3. Dave *rang / was ringing* me while I *did / was doing* my homework.
4. As I *fell / was falling* asleep, I *heard / was hearing* a strange noise.
5. I *dropped / was dropping* my keys while I *ran / was running* for the bus.
6. The competition judges *didn't know / weren't knowing* whose food they *tasted / were tasting*.

5. Make up the sentences using the Past Continuous and the Present Simple

1. While / I / do / the washing up / I / break / a glass.
2. Your mother / ring / while / you / have / a bath.
3. When / we / see / them / they / buy / food / for the party.
4. While / she / shop / she / meet / an old friend.
5. We / park / our / car / when / we / have / the accident.
6. What / you / read / when / I / come / into the room?
7. While / I / chop / the onions / I / cut / my / finger.
8. The children / do / the home task / when / the mother / come.
9. What / you / look for / when / I

Part 5

WHAT IS AUDITING

1. Read and memorize the following words and word combinations:

audit [ˈɔːdɪt] n – аудит, перевірка

solidity [səˈlɪdɪti] n – надійність, солідність

to manage [tə ˈmænɪdʒ] v - керувати

report [rɪˈpɔːt] n - доповідь

internal audit [ɪnˈtɜːnl ˈɔːdɪt] – внутрішній аудит

external audit [ɪkˈstɜː.nəl ˈɔːdɪt] – зовнішній аудит

independent audit [ɪndɪˈpendənt ˈɔːdɪt] – незалежний аудит

compliance [kəmˈplaɪəns] n – дотримання, відповідність

accuracy [ˈækjʊrəsi] n – точність, правильність

to prove [tə pruːv] v – доводити, підтверджувати

deduction [dɪˈdʌkʃən] n – висновок, дедукція

opportunity [ˈɒpəˈtjuːnəti] n – можливість, перспектива

to check [tə tʃek] v – перевіряти, контролювати

to estimate [tə ˈestɪmət] v - оцінювати

evaluation [ɪˈvæljuːeɪʃən] n – оцінка, експертиза

fiscal affairs [ˈfɪsɪkəl əˈfeəz] – фінансові справи, фінансова сфера

fairness [ˈfeərnəs] – справедливість, чесність

2. Read and translate the text

What is Audit

An audit is the examination of the financial report of an organization – as presented in the annual report – by someone independent of that organization. The financial report includes a balance sheet, an income statement, a statement of changes in equity, a cash flow statement, and notes comprising a summary of significant accounting policies and other explanatory notes.

The purpose of an audit is to form a view on whether the information presented in the financial report, taken as a whole, reflects the financial position of the organization at a given date, for example:

- Are details of what is owned and what the organization owes properly recorded in the balance sheet?
- Are profits or losses properly assessed?

When examining the financial report, auditors must follow auditing standards which are set by a government body. Once auditors have completed their work, they write an audit report, explaining what they have done and giving an opinion drawn from their work. Generally, all listed companies and limited liability companies are subject to an audit each year. Other organizations may require or request an audit depending on their structure and ownership.

Audit alludes to a process of independent checking of financial records of an organization, so as to give an opinion on the financial statement. It can be grouped into two categories, namely, *Internal Audit and External Audit*.

Internal Audit is not compulsory by nature but can be conducted to review the operational activities of the organization. In this type of auditing, the work area is determined by the entity's management.

By Internal Audit, we mean that an unbiased and systematic appraisal function, performed within the business organization, with the purpose of reviewing the day to day activities of the business and providing necessary suggestions for the improvement.

Internal audit performs a wide spectrum of activities such as:

- Evaluating the accounting and internal control system.
- Examining the routine operational activities.
- Physical verification of inventory at regular intervals.
- Analyzing financial and non-financial information of the organization.
- Detection of frauds and errors.

The main aim of the internal audit is to increase the value of an organization's operation and to monitor the internal control, internal check and risk management system of the entity. An Internal audit is conducted by the internal auditors who are the employees of the organization. It is a separate department, within the organization where a continuous audit is performed throughout the year.

On the contrary, **External Audit** which is obligatory for every separate legal entity, where a third party is brought to the organization to perform the process of Audit and give its opinion on the Financial Statements of the company. Here the working scope is determined by the respective statute.

The periodic, systematic and independent examination of the financial statements of the company conducted by a third party for specific purposes, as required by statute is known as External Audit. The main aim of external audit to publicly express an opinion on:

- The truthfulness and fairness of the financial statement of the company
- The accounting records are complete in all respects and prepared as per the policies outlined by GAAP (Generally Accepted Accounting Principles) or not.
- All material facts are disclosed in the annual accounts.

For carrying out an external audit, the auditor is appointed by the members of the company. He should be independent, i.e. he should not be connected to the organization in any way so that he can work in an impartial way without any influence. The auditor has the right to access books of accounts to obtain necessary information and provide his opinion to the members by way of the audit report.

Internal Audit and External Audit are not opposed to each other. Instead, they complement each other. External Auditor may use the work of the internal auditor if

he thinks fit, but it does not reduce the responsibility of the external auditor. Internal Audit acts as a check on the activities of the business and assists by advising on various matters to gain operational efficiency.

On the other hand, external audit is entirely independent in which a third party is brought to the organization to carry out the procedure. It checks the accuracy and validity of the annual accounts of the organization.

3. Define which of the sentences are true (T) or false (F):

- a) An audit is the examination of the financial report of an organization.
- b) When examining the financial report, auditors must follow auditing standards which are set by a managerial body.
- c) Once auditors have completed their work, they write an annual report, explaining what they have done and giving an opinion drawn from their work.
- d) Audit alludes to a process of independent checking of financial records of an organization.
- e) Internal Audit is compulsory by nature and can be conducted to review the operational activities of the organization.
- f) An Internal audit is conducted by the internal auditors who are the employees of the organization.
- g) External audit gives its opinion on the Financial Statements of the company.
- h) The main aim of external audit to publicly express an opinion on physical verification of inventory at regular intervals.
- i) Internal Audit and External Audit are not opposed to each other.

4. Read and translate the text. Match choices (a-e) to (1-5)

What Are Auditing and Accounting?

Auditing and accounting are both key parts of your business's financial record-keeping process, but they're somewhat different in focus. Accounting is the much broader field, and it includes everything to do with organizing and managing the money that flows through your company. Auditing is a specialized field within the larger world of accounting.

1 (...) Even a small company is a relatively complex thing. Keeping track of all of your transactions – whether they revolve around iron ore, billable hours or colorful kids' toys – is the only way to know what's happening with your business. Keeping track of the business you do is what accounting is all about. Your accounting has a record of every purchase, every expense, every sale and every dollar of payroll. Maintaining an accurate set of books is crucial for a number of reasons: Among other things, it gives you the information you need to manage your company, it helps you prove the solidity of your company to lenders and investors, and it keeps you on the right side of the IRS.

2 (...) It's hard to run a company successfully if you don't know where your money is going or coming from, and that's one of the key functions of accounting. Management accounting keeps you up to date on your company's performance, helps you identify places where you're underperforming, and usually provides the information you need to correct any problems. It's also the information you need to make long-term plans or to launch new projects.

3 (...) If your books are kept properly, in accordance with generally accepted accounting principles, or GAAP, it's possible for outside lenders and investors to make a proper "apples-to-apples" comparison between your company and others. For lenders, this affects how much credit you can have and what interest rates you'll pay. For investors, it means they can fairly assess how much risk or opportunity your company brings to the table.

4 (...) Keeping your accounts in good order is especially crucial every year when tax time rolls around. First and foremost, having an accurate set of books means you'll know exactly how much state and federal tax you need to pay. Just as importantly, it's how you validate the expenses and depreciation you've deducted. If you miss out on deductions because of poor bookkeeping, that's money you've left on the table. If you claim deductions you're not entitled to, or don't handle them properly, then you've left yourself open to a closer look from the IRS, and that's never a comfortable feeling.

5 (...) Like medicine, the field of accounting includes plenty of areas of specialization. Auditing is one of those, and it's the accounting world's answer to the question "who watches the watchers?" Auditors are the accountants who verify the accuracy of other accountants' work and in some cases, the integrity of your whole accounting system. If you're a nonprofit or a public company, you'll need to have your financial statements audited every year to vouch for their accuracy. Private companies don't have to do that, but it's still a good idea to have audits conducted by an outside firm on a regular basis. The auditor can tell you if there are any problem areas in your bookkeeping, or if your accountants have made significant errors. In a worst-case scenario, if the audit uncovers outright fraud or embezzlement, you might need to call in a forensic auditor. That's a sub-field that specializes in criminal cases, identifying how funds were misappropriated and who was responsible.

- a) The Role of Auditing**
- b) Management Information**
- c) The Big Picture**
- d) Tax Time**
- e) Investor Information**

5. Study the types of audits. Match choices (a-e) to (1-5)

- a) Financial audits**
- b) Operational audits**
- c) Compliance audits**
- d) Informational System audits**
- e) Integrated audits**

1 (...) review the level of compliance with internal policies or external regulatory requirements.

2 (...) typically involve a focus on financial controls as they relate to reporting. These audits focus on accounting controls present in the general ledger or sub-ledger

systems. Financial statement auditing is the focus of our external auditors. Internal Audit will complement the work they perform based on an agreed plan.

3 (...) look at the overall infrastructure and network of the University and the controls that relate to the security of the network and the systems that are maintained in support of the goals of the University. They also include technical operations, data center operations, project management procedures, and application controls.

4 (...) look at controls that address financial, operational, compliance and information systems risks. These audits are typically centered on a business cycle or a specific part of a cycle or process.

5 (...) focus on the review and assessment of a business process. The activities of the business process may result in a direct or indirect financial impact to the organization such as the collection of student tuitions or patient account balances. Internal Audit primarily focuses on operational audits but can extend the scope to include accounting procedures that can impact financial reporting.

6. Read the text below, match the phrases in italics to one of the terms in the box. Use the grid below

Operational Control Brings Financial Rewards

A key aspect of managing company finances is keeping control of operations. Operations mean all aspects of organizational activity.

Many businesses and organizations have a *(1) strategic approach* to management. Good operational control is essential. One important tool is the *(2) strategic business unit (SBU)*. With this approach it is possible to see the individual *(3) contribution* that each product makes to the overall company profitability.

A further tool is the idea of the *(4) break-even point*. Using this tool, prices may be raised or cut, but with a proper understanding of the effect.

Business should also make sure that there is a continually low level of *(5) inventory*.

Holding components of finished products is a waste of resources. It is better to operate a **(6) just-in-time (JIT) approach**. Storage is therefore kept to a minimum.

Control operations should focus on quality, service, and efficiency and effective evaluation of the processes involved. There are three kinds of operational control: **(7) precontrol, (8) concurrent control** and **(9) postcontrol**.

The benefits of good operational control are shown in terms of increased profit and long term security for the business.

a	a focus on the quality of inputs in the production process
b	analysis of each separate product as a separate cost centre
c	goods in storage
d	gross profit margin
e	planning, controlling and monitoring all the activities of the business, so that efficiency is maintained, waste is cut to a minimum, quality is enhanced, customer satisfaction improves and profitability goes up
f	policy of taking delivery of goods only when they can be used and producing to order
g	monitoring quality after the production or output of service
h	evaluation of the conversion of inputs to outputs as it happens
i	demonstrating the volume required at a certain price to produce the required profit

1	2	3	4	5	6	7	8	9

7. Read and translate the text in the written form

The Difference between Internal and External Audit

There are multiple differences between the internal audit and external audit functions, which are as follows:

- Internal auditors are company employees, while external auditors work for an outside audit firm.

- Internal auditors are hired by the company, while external auditors are appointed by a shareholder vote.
- Internal auditors do not have to be CPAs, while a CPA must direct the activities of the external auditors.
- Internal auditors are responsible to management, while external auditors are responsible to the shareholders.
- Internal auditors can issue their findings in any type of report format, while external auditors must use specific formats for their audit opinions and management letters.
- Internal audit reports are used by management, while external audit reports are used by stakeholders, such as investors, creditors, and lenders.
- Internal auditors can be used to provide advice and other consulting assistance to employees, while external auditors are constrained from supporting an audit client too closely.
- Internal auditors will examine issues related to company business practices and risks, while external auditors examine the financial records and issue an opinion regarding the financial statements of the company.
- Internal audits are conducted throughout the year, while external auditors conduct a single annual audit. If a client is publicly-held, external auditors will also provide review services three times per year.

In short, the two functions share one word in their names, but are otherwise quite different. Larger organizations typically have both functions, thereby ensuring that their records, processes, and financial statements are closely examined at regular intervals.

8. Match the underlined phrases to similar phrases in the box

<i><u>budgeted income statement</u></i>	<i><u>capital employed</u></i>	<i><u>current assets</u></i>
<i><u>current liabilities</u></i>	<i><u>debtors</u></i>	<i><u>net income</u></i>
<i><u>turnover</u></i>	<i><u>work-in-progress</u></i>	<i><u>stock</u></i>

A study of profitability must look at the relationship between:

- (2) **income after all costs** have been deducted and (3) **total invoiced sales**;
- Net income and the amount of (4) **money invested in the business**.

A study of a company's ability to make enough cash should show:

- if the planned cash is satisfactory;
- if (5) **people who owe money** are likely to pay on time;
- (6) **work which has been contracted but not yet invoiced** or (7) **finished goods** which will one day be sold;
- if the relationship between fixed assets and (8) **cash or other items of value which can easily be converted into cash** is satisfactory;
- if the relation between current assets and (9) **debts due for payment** is satisfactory, i.e. current assets should be much greater than liabilities.

Management should be careful with forecasts, because budgeting is not a science and forecasts cannot be exact.

9. Match the definitions each one to an appropriate explanation on the right

1. Company accounts	a) The description of income and expenditure in a specific accounting period.
2. Profit and loss account	b) Items of value which are not easily changed into cash but which the business need.
3. Balance sheet	c) Documents showing income, expenditure, assets and liabilities, sales records etc.
4. Opening balance	d) Major spending on large items necessary for the business, such as property or equipment.
5. Closing balance	e) Cash items, or items that can easily be changed into cash for the present financial year.
6. Capital expenditure	f) The amount of money held in cash or near cash at the end of the accounting period.
7. Fixed assets	g) The cost of borrowing from a bank.

8. Current assets	h) Money made by the company, less all costs, but before tax has been paid.
9. Pre-tax profit	i) The amount of money held in cash or near cash at the start of the accounting period.
10. Interest paid	j) The overall picture of assets and liabilities.

GRAMMAR BOX

The Present Perfect Tense

- We use The Present Perfect Tense to talk about an action that happened in the past and has a result in the present:

I have forgotten her name. (I can't remember it now.)

I have lost my phone. (I can't find it now.)

- To form the Present Perfect, we use has / have + past participle:

<i>Affirmative</i>	<i>I / you / we / they have eaten</i>	<i>He / she / it has eaten</i>
<i>Negative</i>	<i>I / you / we / they have not eaten</i>	<i>He / she / it has not eaten</i>
<i>Question</i>	<i>Have I / you / we / they eaten?</i>	<i>Has he / she / it eaten?</i>
<i>Short answers</i>	<i>Yes, I / you / we / they have.</i>	<i>Yes, he / she / it has.</i>
	<i>No, I / you / we / they have not.</i>	<i>No, he / she / it has not.</i>

- We often use ***just*** (a very short time ago), ***already*** (before now) and ***yet*** (up to now) with the Present Perfect:

It ***has just*** stopped raining. (It stopped raining a short time ago.)

Tom ***has already*** gone to bed. (He went to bed before now.)

The train ***has*** not arrived ***yet***.

Already and ***just*** come after have / has. ***Yet*** comes at the end of the sentence or question.

- We can use the Present Perfect Tense to talk about experiences in our lives up to now:

I have flown in a helicopter.

She has not eaten Chinese food.

- We often use **ever** and **never** when we talk about experiences:

We have never been to New York. (We use **never** in statements.)

Have you ever ridden a horse? (We use **ever** in questions to mean “at any time”.)

Ever and **never** come between **has / have** and the past participle.

- We use the Present Perfect + **for / since** to talk about an action or state that started in the past and continues in the present:

I have lived here for six years.

We have not seen Paul since Friday.

- If the action is finished, we use the Past Simple. Compare:

I have lived here for six years. (I live here now.)

I lived here six years. (I don't live here now.)

1. Complete the sentences. Use the Present Perfect of the verbs in brackets

1. I'm sorry we can't change these shoes. You them. (**wear**)
2. Peter to take his wallet with him. It's on the table. (**forget**)
3. They all their exams. They have two more tomorrow. (**not do**)
4. Sarah's feeling a bit lonely. Her best friend to France (**move**)
5. I don't know if Rob's coming. He to my invitation. (**not reply**)
6. The neighbors our ladder. I hope they return it soon. (**borrow**)
7. I think I my umbrella at work. I can't find it anywhere. (**leave**)
8. You can't go to the bank. It raining. (**not stop**)

2. Write sentences. Use *already* or *yet* and the Present Perfect Tense

1. I / wash / the kitchen floor.
2. Sarah and Jane / not / do / the washing up.

3. Mark / take out / the rubbish?
4. Paul / tidy / the living room.
5. Martin and Bill / put / the furniture back?
6. Sue / not to throw away / the old magazines.
7. You / tidy / the CDs?

3. Complete the conversation. Use the Present Perfect of the verbs in the brackets

A: Hi. Are you going to the Paul Wells concert on Saturday night?

B: I don't know. I (*never / hear*) of him.

A: He's great!

B: (*you / see*) him in concert before?

A: No, I This the first time that that he (*play*) here. He (*not tour*) much, but my sister (*see*) him and she says he's really good.

B: Where's he playing?

A: At the Dome. (*you / ever / go*) to a concert there?

B: No, why?

A: Well, it's quite small, so you get a really good view of the stage. Look, I (*buy*) his new CD. I (*not hear*) it yet. Would you like to go to my place to listen to it?

B: OK. Great.

4. Restate each sentence, first with *for*, then with *since*, using the Present Perfect of the verb in brackets

Example: In 2014 (five years ago) we moved to Washington. (live)

We have lived in Washington for 5 years.

We have lived in Washington since 2014.

1. Three months ago (in June) Tom went to work in a bank. (*work*)
2. Twenty minutes ago (at 8:40) Peter began to study. (*study*)
3. Burma became independent in 1946. (*seventy years ago*), (*be independent*).
4. Two hours (at 9:45) Mary began listening to the radio. (*listen*)

5. Thomas Rogers became a doctor in 2009 (ten years ago). (*be a doctor*)
6. Mrs. Reed joined the club two weeks ago. (*on March, 1*)
7. Sheila was married in 2017 (two years ago). (*be married*)

5. Complete the following sentences with the correct Present Perfect forms

1. Mrs. Snowa fantastic cake. (*make*)
2. Debbie a new bike. (*buy*)
3. I my little dog yet. (*not feed*)
4. Sally and Jenny a new CD player. (*get*)
5. Chriswood for a raft. (*not find*)
6. The pupils their homework. (*not do*)
7. Nick can't play football today. He an accident with his bike.

(have)

8. Liz her homework yet. (*not finish*)
9. Julia to school today? (*be*)
10. What You for lunch today, Mum? (*make*)
11. Billhis cage, but hethe dishes yet. (*tidy up, not*

wash)

12. Sandra a lot of things for her birthday party, but she the cakes yet. (*buy, not make*)

6. Complete the following sentences with the correct Present Perfect negative

1. I (*not clean*) my football boots.
2. They (*not start*) their meal.
3. I (*not do*) my homework.
4. He (*not win*) all his matches this year.
5. My brother and I (*not see*) any films this week.
6. It's my birthday party today. I (*not invite*) many people.
7. He (*not wash*) his hands. They're very dirty.
8. Mum's really bad. We (*not tidy*) our room!

7. Complete the article. Use the Present simple or the Present Perfect of the verbs in brackets

One of the people I admire most **(be)** my grandfather. He was born in a small village and he **(live)** there all his life. He **(never / travel)** to another country, but he **(know)** a lot about the world because he **(read)** newspapers every day. He **(be)** a farmer since he was fourteen and he still **(get up)** early and **(go)** to work in the fields. He's 85 now, but he **(not want)** to retire. I **(visit)** my grandfather every summer since I was a child and I always **(look forward)** to seeing him. He **(tell)** incredible stories. He is the most interesting person I **(ever / meet)**.

8. Complete the pairs of sentences. Use the Present Perfect in one sentence and the Past Simple in the other

1. I **(know)** _____ her for six years.
I **(know)** _____ him when I was at school.
2. He **(live)** _____ in Paris from 1997 to 2000.
He **(live)** _____ in New York since 2001.
3. Where's Pete? I **(not see)** _____ him for ages.
I **(not see)** _____ Pete last night.
4. We **(be)** _____ at primary school from 1993 to 1998.
We **(be)** _____ in this class since September.
5. I **(not watch)** _____ this video yet.
I **(not watch)** _____ a video at the weekend.

9. Put the verbs in brackets in the Past Simple or in the Present Perfect

1. I _____ **(never/ be)** to the USA. I _____ **(want)** to go there last summer but I couldn't.
2. He _____ **(live)** in this street all his life.
3. His father _____ **(come back)** to London last Sunday.
4. Yan _____ **(write)** a letter to Nick two days ago.
5. He _____ **(send)** his letter yesterday.

Appendices
Irregular Verbs

Infinitive	Past Simple	Participle II
be (am, is, are)	was, were	been
beat	beat	beaten
become	became	become
begin	began	begun
bend	bent	bent, bended
bind	bound	bound
bite	bit	bitten, bit
blow	blew	blown
break	broke	broken
bring	brought	brought
build	built	built
burn	burnt, burned	burnt, burned
buy	bought	bought
cast	cast	cast
catch	caught	caught
choose	chose	chosen
come	came	come
cost	cost	cost
cut	cut	cut
do	did	done
draw	drew	drawn
dream	dreamed, dreamt	dreamed, dreamt
drink	drank	drunk
drive	drove	driven
eat	ate	eaten
fall	fell	fallen
feed	fed	fed

feel	felt	felt
fight	fought	fought
find	found	found
fly	flew	flown
forbid	forbade, forbad	forbidden
forget	forgot	forgotten
forgive	forgave	forgiven
forsake	forsook	forsaken
freeze	froze	frozen
get	got	got
give	gave	given
go	went	gone
grow	grew	grown
hang	hung, hanged	hung, hanged
have	had	had
hear	heard	heard
hide	hid	hidden, hid
hit	hit	hit
hold	held	held
hurt	hurt	hurt
keep	kept	kept
know	knew	known
lead	led	led
learn	learnt, learned	learnt, learned
leave	left	left
let	let	let
light	lighted, lit	lighted, lit
lose	lost	lost
make	made	made

mean	meant	meant
meet	met	met
mistake	mistook	mistaken
pay	paid	paid
put	put	put
read	read	read
ride	rode	ridden
ring	rang	rung
rise	rose	risen
run	ran	run
say	said	said
see	saw	seen
sell	sold	sold
send	sent	sent
set	set	set
shake	shook	shaken
shine	shone	shone
show	showed	shown
shut	shut	shut
sing	sang	sung
sit	sat	sat
sleep	slept	slept
speak	spoke	spoken
spell	spelt, spelled	spelt, spelled
spend	spent	spent
stand	stood	stood
steal	stole	stolen
stick	stuck	stuck
sweep	swept	swept

swim	swam	swum
take	took	taken
teach	taught	taught
tear	tore	torn
tell	told	told
think	thought	thought
throw	threw	thrown
understand	understood	understood
upset	upset	upset
wake	woke	woken
wear	wore	worn
win	won	won
write	wrote	written

Adjective + Preposition

Afraid of

Angry about (something)

Angry with (somebody)

Bad at

Bored with

Brilliant at

Careful with

Crazy about

Different from

Famous for

Fed up with

Frightened of

Full of

Good at

Interested in

Kind to

Married to

Nice to (someone)

Nice of (someone) to (do something)

Pleased with/about

Polite to

Proud of

Ready for

Rude to

Sorry about/for

Sure of

Surprised at/by

Terrible at

Worried about

Tired of

Verb + Preposition

Agree with (something)

Insist on (doing something)

Agree with (someone) about
(something)

Know about (something / someone)

Apologize to (someone) for (something)

Listen to (something / someone)

Approve of (something / someone)

Look after (something / someone)

Argue with (someone) about
(something)

Look for (something / someone)

Arrive at (place)

Look at (something / someone)

Look like (something / someone)

Ask (someone) about (something)

Pay for (something / someone)

Reply to (something / someone)

Believe in (something / someone)

Suffer from

Belong to (someone)

Talk to (someone) about (something /
someone)

Communicate with (someone)

Tell (someone) about (something /
someone)

Complain about (something / someone)

Depend on (something / someone)

Disagree with (something / someone)

Thank (someone) for (something /
doing)

Dream about (something / someone)

Think about (something / someone)

Feel like (something / doing something)

Forget about (something / someone)

Wait for (something / someone)

Hear about (something / someone)

Worry about (something / someone)

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