



**УКРАЇНСЬКА ДЕРЖАВНА АКАДЕМІЯ
ЗАЛІЗНИЧНОГО ТРАНСПОРТУ**

ГУМАНІТАРНИЙ ФАКУЛЬТЕТ

Кафедра «Іноземні мови»

МЕТОДИЧНІ ВКАЗІВКИ

**з розвитку навичок професійного спілкування
до розмовної теми**

“МІЙ ФАХ – БУХГАЛТЕРСЬКИЙ ОБЛІК ТА АУДИТ ”

**для студентів 2 курсу
факультету економіки транспорту**

(англійська мова)

Харків 2012

Методичні вказівки розглянуто та рекомендовано до друку на засіданні кафедри «Іноземні мови» 17 лютого 2010 р., протокол № 7.

Видання підготовлено відповідно до програми навчальної дисципліни і є складовою частиною навчально-методичного комплексу дисципліни „Англійська мова”.

Методичні вказівки складаються з трьох розділів (*Units*): *Our speciality* (Наша спеціальність), *What is accounting* (Що є бухгалтерський облік) та *Audit* (Аудит). До кожної теми розроблено словник активної лексики.

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Рекомендуються для студентів 2 курсу факультету економіки транспорту.

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Unit 1

OUR SPECIALITY

Active Vocabulary

offer – *v* пропонувати

opportunity – *n* шанс, можливість, перспектива

fields and specialities – напрямки та спеціальності

entrepreneurship – *n* підприємництво

bookkeeping – *n* бухгалтерія, рахівництво

accounting – *n* бухгалтерська справа, фінансовий облік

useful – *adj* корисний

competitive – *adj* конкурентоспроможний

demand – *n* попит

acquire – *v* придбати, купувати, здобувати;

acquisition – *n* покупка, придбання

profound – *adj* глибокий, ґрунтовний

general educational subjects – загальноосвітні предмети

junior – *adj* молодший

senior – *adj* старший

probability – *n* вірогідність

allocation – *n* розміщення

non-profit organization – некомерційна організація

graduate – *n* випускник

enterprise – *n* підприємство

be engaged (in) – *v* займатися чимось

variety – *n* різноманітність

statement – *n* звіт

record – *v* записувати, реєструвати

transaction – *n* справа, угода, операція

compute – *v* обчислювати

cost(s) – *n (pl)* витрати

efficiency gain – виграш у продуктивності

participate – *v* брати участь; *syn* take part

merger – *n* поглинання, злиття

tax – *n* податок

day-to-day – *adj* щоденний, повсякденний

be concerned with – займатися, мати справу з, торкатися

primarily – *adv* перш за все
balance sheet – (бухгалтерський) баланс
profit and loss account – рахунок прибутків та витрат
asset – *n* актив (балансу)
liability – *n* пасив (балансу)
set out – *phr v* складати, представляти, організувати
conventional – *adj* звичайний, традиційний
reverse – *v* міняти місцями
deduction – *n* відрахування
earn – *v* заробляти
gross profit – валовий прибуток

Exercise 1

a) Find synonyms among the following verbs.

Obtain, offer, acquire, make up, propose, compute, record, engage, calculate, register, participate, concern, take part, set out.

b) Translate the sentences with some verbs of section a).

1 Sending goods by road *offers* greater speed and flexibility. 2 It took him a long time to *acquire* the skills he needed to become a professional accountant. 3 Our employees are encouraged to *participate* in the decision making process. 4 The tax changes will *concern* large corporations more than small businesses. 5 All students should *engage* in challenging work and should graduate on the basis of what they know and can do. 6 Last year the company *recorded* a profit of £1.4 million. 7 In all four years of the course, students take units of study in languages, *computing* and business studies. 8 The market traders began *setting out* their displays. 9 The Boston Museum of Fine Arts has recently *acquired* several paintings by Salvador Dali.

Exercise 2

Find the explanations for the following notions: *merger, competitive, demand, transaction, opportunity, tax, graduate.*

Products or prices that are cheaper than others but still of good quality; the need or desire that people have for particular goods and services; a student who has completed a course of studies at a high

school and received a diploma; the combination of two or more companies by the creation of a new organization; the act of gaining possession; advantageous combination of circumstances; a compulsory financial contribution imposed by the government.

Text

We are second-year students of Ukrainian State Academy of Railway Transport. Our Academy dates back to 1930. It has a long history and rich traditions. Nowadays the Academy counts five faculties and offers training in twelve specialities. I study at the Transport Economics Faculty. It offers a wide range of study opportunities of different levels of education for both full-time and extra-mural students. Nowadays there are several Bachelor's, Specialist's and Master's programmes in different fields and specialities: Bachelor of Economics and Entrepreneurship, Bachelor of Management; Specialist and Master of Finance, Accounting and Audit, Business Economics, Marketing, Business Management and Management of Foreign Economic Activity. It is the leading higher educational establishment which trains qualified specialists for the most important branches of Ukraine's national economy.

Our future speciality is bookkeeping accounting and audit. It is one of the most interesting and useful professions. At present it is also quite competitive in the labour market. There is always great demand for qualified bookkeepers, accountants and auditors.

Future specialists acquire profound knowledge in general educational and specialized subjects. General educational subjects such as mathematics, foreign languages, philosophy, psychology, and others are taught during junior courses. Among special subjects delivered mostly to the senior students one can mention history of economic studies, theory of probabilities and mathematical statistics, labour resources allocation and regional economics, money and credit, financial accounting, managerial accounting, accounting in foreign countries, organization and methods of audit, accounting at non-profit organizations, and others.

Accountants are primarily concerned with two accounting documents – *the balance sheet* and *the profit and loss account*. The balance sheet is a summary of the firm's assets, liabilities and capital as at a given date. There are a number of ways in which it can be set out. The conventional way is to list the assets on the right-hand side of the document, and the liabilities and capital on the left. However, an increasing number of firms are showing the sides reversed. Companies normally present the data in 'statement' form showing liabilities as a deduction from assets, to give the capital.

The profit and loss account (usually abbreviated to P&L) shows how the profit (or loss) was made. It covers a period, and this is reflected in the title of the document. Notice the different nature of the items listed. They are descriptions of either how the money was earned, or of how the money was spent. The first part of a P&L, showing the 'gross' profit, is sometimes called a trading account, or trading section of the P&L.

Our graduates work at different industrial enterprises as accountants, bookkeepers, financiers, controllers, auditors. Accountants may be engaged in a wide variety of activities such as preparing financial statements and recording business transactions, computing costs and efficiency gains from new technologies, participating in strategies for mergers and acquisitions, tax strategy, etc. But the main task of accountants is providing the following information: a record of day-to-day transactions; a statement of how well the firm is running over a period of time; a summary of the firm's financial position at a given date; and a guide to future action and decision-making.

We are glad that we have chosen this speciality and we hope that after graduation from the Academy we will become qualified specialists in the field and acquire a good and prestigious job as accountants, bookkeepers or auditors.

Exercise 3

Answer the following questions.

1 When was Ukrainian State Academy established? 2 How many faculties does the Academy count? 3 How many specialities does the

Academy train? 4 What bachelor's programmes does the Academy offer? 5 What faculty and speciality have you chosen? 6 What general educational subjects do the students of your faculty study? 7 What special subjects are delivered to future specialists of bookkeeping accounting and audit? 8 Where can graduates of your faculty work? 9 What are your favourite subjects? 10 What are the most interesting ones? The most boring ones? 11 What do accountants deal with? 12 What are main accounting documents? 13 What essential items are included in the balance sheet? How is it usually made up? 14 Which document provides information on profits and losses?

Exercise 4

Complete the following sentences.

1 I study at 2 There are ... faculties in ... which train specialists in ... specialities. 3 I am a ... student of the ... faculty. 4 My speciality is ... 5 The transport Economics Faculty offers training in ... 6 We have chosen the speciality because ... 7 Our Institute was founded in ... and given the status of the Academy in ... 8 I am proud of my Academy because ... 9 Qualified economists are always in great ... in the labour market. 10 Graduates of our Academy can work as ...

Exercise 5

Work in pairs. Make up questions with the given words and answer them.

1 Where (study, do, you)? 2 When (the Academy, was, founded)? 3 Why (you, choose, did, faculty, this)? 4 What subjects (do, study, students, senior, our, faculty, of)? 5 Which (subject, is, interesting, most, the, to, you)? 6 How many (are, faculties, there, our, in, Academy)? 7 What (does, specialists, train, Economics, faculty, Transport)? 8 When (enter, did, the, you, Academy)? 9 When (will, Academy, the, graduate, you, from)? 10 Where (the, graduates, work, do, our, Academy, of)? 11 Which (is, profession, demand, in, great, in, market, labour)?

Exercise 6

Try to explain the choice of your speciality.

1 What do you want to be? How did you decide what to be? 2 Was it always your ambition to do this? 3 What do you have to do to get this job? 4 Are you well-suited to your job? Why do you think so? 5 What position would you like to get?

Exercise 7

Practise the dialogues.

Dialogue 1

Customer: I'd like to deposit some money in my deposit account.

Clerk: Could you complete a paying-in slip please madam?

Customer: Oh yes ... there you are.

Clerk: Could I have your pass book too?

Customer: Yes of course. Here you are.

Dialogue 2

Lady: Excuse me.

Clerk: Yes madam?

Lady: Would you tell me how I go about closing my account?

Clerk: Certainly. First find out how much is in the account. Then write out a cheque to yourself for that amount. Finally, return your cheque book to the cashier.

Lady: I see, thanks a lot.

Clerk: You're welcome.

Dialogue 3

Man: I want to open a joint current account for myself and my wife, please.

Clerk: Ah, I see sir. Well, first you have to see the manager.

Man: Very well.

Clerk: Have you got your passports with you?

Man: Yes of course.

Clerk: A letter of introduction?

Man: Oh no, I'm afraid not.

Clerk: Never mind ... excuse me for a moment.

Exercise 8

a) Look through the following conversational formulas and use them in your own flashes of conversations.

- How have you been? (How are you?)
- For all I know
- I'll be in touch
- Excuse my curiosity
- It depends
- By the way
- Any time you like
- So nice to see you
- It's been a long time (Haven't seen you for ages)
- If I remember right

b) Now role play the following dialogue. Two friends (a fifth-year student of the Transport Economics faculty and a former student of the Academy, now – a bank manager) meet quite accidentally in a cafe.

Maxim: Why, Oleg! So nice to see you. It's been a long time.

Oleg: Hi, Max! Haven't seen you for ages. How've you been?

Max: Just fine. And how are things with you? If I remember right, you graduated last year, didn't you?

Oleg: That's it. Now I work at the 'Privat' bank.

Max: Really? I've heard so much about it.

Oleg: No wonder. The bank has a good business reputation and is quite popular in our city.

Max: Do tell me more about it. What's your position there?

Oleg: I'm just a beginner, you know. Work as a junior bank manager in the Personal Banking Department.

Max: And how do you like your work there? What do you deal with?

Oleg: Well, well, so many questions at once!

Max: Excuse my curiosity. I am graduating this year, so it's time to look for a job. I am interested in possibilities.

Oleg: I see. Actually, there are a lot of things in my responsibility such as meeting with customers, checking their credit history,

opening all kinds of accounts, transferring money for payments, keeping record of financial data and so on and so forth.

Max: How long does your working day last?

Oleg: It depends. I begin to work at 9 sharp and at 6 p.m. my working day is over. But sometimes there is urgent work to do and we stay overtime.

Max: Do you often go on business trips?

Oleg: Rather. Our employees often go to the bank's branches in different cities of Ukraine. Besides, we are constantly upgrading our professional skills and go on trainee practice to the central bank in this country or abroad.

Max: That's great. Have you been abroad already?

Oleg: Not yet. But there's a chance to go on a business trip soon. We are going to share experience and learn new technologies in EFT.

Max: What's that?

Oleg: Electronic funds transfer. You know, telecommunications and computers have revolutionized payment systems. EFT systems speed up the documentation flows as compared with paper-based systems. They handle larger volumes of information and do it with greater accuracy, efficiency and convenience. By the way, have you heard about SWIFT?

Max: Sounds Greek to me.

Oleg: SWIFT stands for the Society for Worldwide Interbank Financial Telecommunications. Banks that engage in foreign trade and foreign exchange transactions find it useful to become part of the international electronic message switching network operated by SWIFT. Our bank is on the way to join it too.

Max: Very interesting indeed. It's a pity I must be going right now. Could you call me or drop in some of these days?

Oleg: Sure. I'll be in touch. Bye.

Exercise 9

Make up your own dialogues based on the situations below.

1 You and your group-mate are the graduates of Ukrainian State Academy of Railway Transport. You meet by chance after a year and discuss your life and job. Ask each other: a) where you work; b) what

your position is; c) whether you like your job; d) how long you work there; e) how long your working day lasts; f) what you deal with; g) what you are responsible for; h) whether you go on business trips.

2 A representative of a well-known company comes to the Academy to invite the graduates of the Transport Economics Faculty and offer them jobs in the sphere of bookkeeping. Ask him as many questions as you only can about your future work and its opportunities.

Exercise 10

Here is a list of words and expressions connected with work. Use your dictionary and divide them into the following categories:

- departments in a company
- hours of work
- money
- losing a job
- applying for a job
- adjectives describing different jobs

Sales, a 9 to 5 job, personnel, accounts, references, a salary, advertising, out of work, rate of unemployment, to go for an interview, a wage, to get a bonus, manual, to make someone redundant, to do overtime, free-lance, a 7% pay rise, an hourly rate, mundane, to earn &10 p.h., skilled, to sack an employee, to work in shifts, to work flexitime, challenging, to get a commission, to fill in an application form, to get a promotion, flexible, to supervise.

Exercise 11

Marcia Garcia tells us about her educational background. Complete each sentence with one of the words or phrases from the box below. You will need to put the verbs into the right tense.

<p><i>apply, graduate (v), grant, higher degree, honours degree, job, option, PhD, place, primary school, thesis, stay on, study, subject, scholarship, secondary school</i></p>
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1 I started at ... in London when I was 5. 2 At the age of 11, I went on to ..., also in London. 3 At 17, I ... to university. 4 I got a ... at Manchester to ... Engineering. 5 In fact I was awarded a 6 But at the end of the first year I changes to another 7 I ... from university in 1988. 8 I have a first class ... in Economics. 9 I decided to ... at university. 10 So I did a ... in business administration at the University of California. 11 During the course, I did an ... on small business development. 12 I found the topic so interesting that I applied for a ... to do a doctorate on the same subject. 13 Once I had got the money, I had to write a 50,000 word 14 So now I have a BA, an MBA and a 15 All I need now is a

Exercise 12

Imagine that you are to introduce yourself, your faculty and Academy to a group of American students. Make a written report on the topic ‘My Speciality’. Touch upon the following issues: the Academy and your faculty; special courses you are delivered; bookkeeping and accounting; our graduates in the labour market of Ukraine; and your personal goals.

Exercise 13

Here are some jobs and definitions. Fill in the gaps in the definitions with words from the box below.

specializing, studying, for inspecting its accounts, processing the records, giving administrative support, to inspect its accounts

Trainee accountants

Accountants who are for professional examinations

Bookkeepers

Administrative staff responsible for of a business’s financial activities

Tax accountant

An accountant in a company’s tax affairs

Back-office manager

Person in charge of the staff responsible for to the finance department

Internal auditors

Employees of a company who are responsible

External auditors

People employed by an outside firm of accountants and hired by a company

Exercise 14

Fit each term from the box – the opposite of the underlined word – into one of the extracts from discussions.

cons, contract, decline, divest, fall, fire, lay off, loss, peripheral, reduce, weaknesses, withdraw

1 We have to debate the pros and of this project before we go ahead with it. 2 Let's look at the strengths and of each application in turn and then we'll draw up a shortlist. 3 We expect a rise in sales next year followed by a steady for two years after that. 4 It's simple: we have to increase our prices and our costs. 5 You can see the general position if you look at the profit and account in front of you. 6 Those were the golden years, ladies and gentlemen, when we saw the company expand rapidly and successfully. Unfortunately, demand turned down and we were then forced to our operations to something approaching our current size. 7 We had managed to deposit quite a large sum of money in our account at the beginning of the month but then we had to it almost immediately. 8 We need to concentrate on our core business and sell off out businesses. 9 It's easier to hire people when times are good than to them when times are hard.

Exercise 15

Fit one adverb from the box into each of the extracts from business documents or conversations.

absolutely, actively, conveniently, deeply, extensively, financially, highly, satisfactorily, tactfully, totally, unfairly

1 The new offices are ... situated close to the motorway and to the local railway station. 2 I think what he said was unnecessary, inaccurate and ... unjustified. 3 The new model has been ... tested and you will be impressed by its operation, ease of use and elegant appearance. 4 She said she had been ... dismissed but the court said her employer had been right to sack her. 5 Now that the special project has been ... completed, we can all get on with old jobs again. 6 Dear Sir/Madam, I am ... seeking employment and wonder whether you have any vacancies in your accounts department at the moment. 7 I think we should drop this project right now because I just don't believe that it's ... viable. 8 Your performance in this office over the last two or three months has been ... unsatisfactory. 9 I think the best thing you can do in the circumstances is to ... decline the offer. 10 This book is ... recommended for anyone interested in the workings of international financial markets. 11 – Are you sure? – I'm ... certain.

Exercise 16

Learn some phrasal verbs and then match the beginning of each sentence with its ending, completing each sentence with the correct particle.

break into – *вторгатися*

come into – *успадковувати*

cough up – *перетворювати на капітал*

plough back – *перетворити на капітал*

put aside (by, off) – *відкладати на деякий час*

run through – *витратити велику суму дуже швидко*

set back – *коштувати дуже дорого*

work off – *відпрацювати (борг)*

Beginnings:

1 It is going to take me ages to work ... 2 For the first few years we ploughed ... 3 Do try to put a little bit of money ... 4 I'm grateful to my dad for coughing ... 5 You will certainly come ... 6 Buying a car unfortunately set me ... 7 I want to put off breaking ... 8 Chris started gambling and he ran ...

Endings:

a) ... more than I had anticipated; b) ... some money on your gran's death; c) ... my students debts; d) ... my savings for as long as I can; e) ... enormous sums of money; f) ... enough money for my to buy a car; g) ... all our profits into the business; h) ... each month for a rainy day.

Exercise 17

a) As far as accountants deal in their work with great amount of numbers, they should read and pronounce them correctly. Let's try to say these numbers.

1 12,402	5 .002
2 1.001.111	6 $\frac{1}{4}$
3 21	7 $\frac{1}{2}$
4 .15	8 $\frac{1}{3}$

b) What are these numbers in figures? Write them.

1) one million seven hundred and fifty-four thousand three hundred and twenty-one; 2) one billion; 3) ninety-two; 4) three thousand four hundred and two; 5) one hundred and ninety nine point nine recurring; 6) point nought two; 7) one point eight.

c) What is the answer to these sums? Write the sums and the answers in figures. (Note: K = 1000; m = million.)

1) twelve times eight; 2) thirty eight times two; 3) one hundred and forty four divided by twelve; 4) eight times fifty K; 5) three times one point five m.

d) How do you say following numbers? Choose the correct version in each case.

1 The year 2003:

- a) twenty hundred and three
- b) two thousand and three
- c) twenty three
- d) twenty hundred three

2 \$1 = DM1.46. The exchange rate is:

- a) one point four six Deutschmarks to the dollar
- b) one forty six Deutschmarks for a dollar
- c) one dollar equalling Deutschmarks one point four six
- d) one dollar making one four six Deutschmarks

3 The period from about 1984 to about 1986:

- a) the mid-eighties
- b) the medium eighties
- c) the middling eighties
- d) the midway eighties

4 Seven correct answers in a test of ten items. The result is:

- a) seven over ten right
- b) seven out of ten right
- c) seven on ten right
- d) seven right over ten

5 The dimensions of a rectangle 3 metres in length and 2 metres in width:

- a) three for two
- b) three by two
- c) three across two down
- d) three to two

6 The result of an opinion survey:

- a) One of ten people thin that ...
- b) One in ten people think that ...
- c) One to ten people think that ...
- d) One over ten people think that ...

7 Approximately six:

- a) nearly six
- b) sixish
- c) sixty
- d) sixer

8 At football, Germany 0, Brazil 0:

- a) Germany oh, Brazil oh
- b) Germany zero, Brazil zero too
- c) Germany nil, Brazil nil
- d) Germany and Brazil love

9 3 cm³:

- a) three centimeter cubes
- b) three cubic centimetres
- c) three cubed centimetres
- d) three centimetric cubes

10 3:2 as a ratio:

- a) three over two
- b) three under two
- c) three to two
- d) three at two

Exercise 18

All of these phrases are about money. What do they refer to? Find the correct explanation and match it with the appropriate expression.

Money expressions:

<i>Expressions</i>	<i>Explanations</i>
1 To save up for a rainy day	a) Paying off one's debts.
2 In the red	b) The account is in credit.
3 In the black	c) The account is overdrawn.
4 To line one's pockets	d) It was extremely expensive.
5 To settle up	e) Only just managing to cope financially.
6 To break To have a finger in the pie	f) Putting money aside to cover any unforeseen circumstances or emergency.
7 Even	g) Making a lot of money from something.
8 To be broke	h) Being absolutely without funds.
9 To cost an arm and a leg	i) Having a financial interest in something.
10 To make ends meet	j) Inheriting money.
11 Daylight robbery	

12 To come into money	k) Making neither a profit nor a loss. l) Extortionate costs.
-----------------------	--

Exercise 19

a) Read the text.

Money

If you think that keeping your money under the bed is not a good idea, then you probably have a bank account. In Britain, you can pay in money and you can withdraw money from a current account quite easily, and you can earn interest on a savings or deposit account. You can transfer money to other accounts and you can tell the bank to pay your electricity, telephone and other bills by standing order or direct debit.

Every month, the bank will send you a statement which tells you your balance and by how much you are in the black or in the red. If you are overdrawn, you will probably have to pay interest on the debt.

Banks are happy to provide other services to their customers. For example, when you want to go abroad, the bank will sell you traveller's cheques or quote you an exchange rate for buying and selling foreign currency. And it will issue you with a credit card to make paying for goods and services easier, provided the bank thinks you are a good credit risk.

b) Find words which mean the following:

1) plastic money; 2) the cost of buying foreign money; 3) a colourful way of talking about a positive amount in your account; 4) a colourful way of talking about a negative amount in your account; 5) you can earn this on a savings account; 6) take money from an account; 7) this tells you how much you have in your account; 8) put money into your account; 9) useful when abroad; 10) when money is taken automatically from your account; 11) when your account is in debit; 12) the amount you have in your account; 13) move money from one account to another.

Exercise 20

a) Read the leaflet on personal financial management given out by a university to its students. Note the collocations (combinations of two or more words which frequently occur together).

keep afloat – не залізати у борги

loan – позика

supplement – додавати, поповнювати

current account – поточний рахунок

campus – гуртожиток

debt – борг

luxuries – делікатесні вироби, коштовності

borrow – позичати

outstanding debt – невиплачений борг

overdraft – перевищення кредиту, овердрафт

interest-free – безпроцентний

***Keeping afloat* – how to manage your finances**

While you're doing your degree, your main *source of income* may be a student loan or, if you're lucky, a grant or scholarship. But you may well still need to *supplement your income* by getting some kind of part-time work. Here are some tips for avoiding financial problems:

- *Open a current account* at the campus bank – they have a team there which specializes in helping students with their financial matters.
- If you *get into debt*, try to *clear your debts* as soon as possible.
- If things are difficult, you may have to economise by, say, *cutting down on luxuries*. This is far better than *running up huge debts*.
- If you have a credit card debt, try to *make a payment* every month, however small. Never exceed your *agreed credit limit*.
- It's a bad idea to *borrow heavily* to repay your debts. Always seek advice from your bank about how to clear *outstanding debts* and *pay back loans*.
- Never *run up an overdraft* if you can avoid it. If you do need one, remember that most banks will offer students an *interest-free overdraft*.

b) Match words from each box to form collocations from the text of section a) and use them to complete the sentences below.

borrow make stay supplement

afloat heavily my income a payment

1 I ... of €500 every month to my credit-card account. 2 When I was a student I got a job in a fast-food outlet to 3 I had no grant or scholarship, so I had to ... to finance my studies. 4 Small firms find it difficult to ... when costs and interest rates are high.

Exercise 21

What do the following abbreviations mean? Check your answers in the article below.

GAAP, IFRS, IAS, IASC

International Accounting

International companies can choose how they present financial information to outside parties. The rules and regulations between countries vary significantly. Accountants worldwide are familiar with the words ‘Generally Accepted Accounting Principles (GAAP)’. Some of the basic principles are:

- the going concern principle
- the prudence principle
- the matching principle
- the consistency principle.

The development of these principles has greatly differed between countries. For example, in most English-speaking countries it is often accepted practice to offset unrealized gains from unrealized losses, or to re-value long term assets upwards, provided sufficient proof of the current value can be shown. This means that accounts can have very different values, depending on whether the company chooses to follow

local accounting standards, International Financial Reporting Standards (IFRS) – formerly the International Accounting Standards (IAS) – or U.S.GAAP. Whether the company can choose is governed by the laws of the country where it is registered. For example, the U.S.A. and Japan currently allow publicly-traded companies to prepare their financial statements using the standards of the International Accounting Standards Committee (IASC), but they must also include a reconciliation to domestic GAAP.

Exercise 22

Use words from each column to make word partnerships. Then match them to the definitions below.

A

outside
accepted
English-speaking
local accounting
publicly-traded

B

company
practice
standards
parties
countries

1 A firm that sells its shares to anyone who wants to buy them. 2 For example, Australia, the U.K., and the U.S.A. 3 The way that most people do something. 4 The rules and regulations which state how accountants operate in a particular place. 5 People or groups who are not involved with the company.

Exercise 23

The article ‘International Accounting’ (Exercise 16) mentions four basic principles of accounting. Match them to the definitions below.

1 _____

This principle is concerned with the timing of the recognition of transactions in the accounts. Items are recorded when the income or expense arises, and are not dependent on the movement of cash.

2 _____

When preparing accounts, one must assume that the enterprise will still be viable in the years to come. Practically all accounting items are affected by this assumption, such as the carrying value of fixed assets and inventories, and the ability to repay debts and other obligations.

3

What value should be given to the numbers in the accounts? It is normal to act pessimistically, so that profits and assets are not overstated, and expenses and liabilities realistically valued.

4

Accounts should be produced using the same principles from one year to the next. Deviations from this principle must be noted and the effects on the accounts shown.

Do you know of any differences in the application of these principles between countries? What should a visiting accountant know about the principle in Ukraine? Make notes, and prepare to brief someone else in the group.

Exercise 24

Read the letter on creative accounting, and then decide if the statements below are true or false.

Hi Javier

At our meeting yesterday you asked me to send you some background info on creative accounting, and in particular off-balance-sheet accounting.

Basically there's quite a bit of flexibility in the way we can interpret the standards and principles of accounting. For example, we may want to report bigger profits so that we can attract investors on the capital markets. On the other hand, smaller profits may be better so that we pay less tax. The problem is that the line between truthful and misleading representation of figures is sometimes very thin, and this is where people get into trouble.

Off-balance-sheet accounting is seen by some as one type of creative accounting. (People have been arguing about it for years, though!) The key point to remember is that the accounting treatment of legitimate business transactions can vary greatly. For example, many companies are involved in leasing for business reasons, and the question for the accountants is how to present the financial implications of such leases in the accounts. In theory, the idea is that leasing an asset (instead of buying it) allows the company to exclude the liability from its accounts.

Hope this helps – give me a call if you have any more questions.

Best wishes

Rupert

Statements:

1 Accountants agree that creative accounting is a good thing. 2 Off-balance-sheet accounting is one way of creative accounting – there are others. 3 Creative accounting is sometimes used to try and attract more investors. 4 Accountants are allowed some flexibility in the way they present accounts. 5 Leasing is actually illegal. 6 Big profits mean paying less tax. 7 When a company leases an asset, the accountant doesn't have to include it in the accounts.

Unit 2

WHAT IS ACCOUNTING

Active Vocabulary

interpret – *v* тлумачити, пояснювати

event – *n* подія

insurance – *n* страхування
trend – *n* тенденція, напрям
repetitive – *adj* той, що повторюється
complex – *adj* складний, змішаний
simplify – *v* спрощувати
purchase – *n* покупка; *v* купувати
occur – *v* траплятися
purpose – *n* ціль, намір
evaluate – *v* оцінювати *evaluation*
measurement – *n* вимірювання, замір
insight – *n* проникнення у суть
beyond – *adv* далеко, за межами
valuable – *adj* цінний
income tax – прибутковий податок
get down to – взятися за
gather – *v* збирати
merchandise – *n* товар
bill – *n* розрахунок
receipt – *n* квитанція, одержання
storage – *n* зберігання, склад
meaningful – *adj* значущий
sales slip – товарний (касовий) чек; *slip* – *n* бланк, талон
cash register – касовий апарат
invoice – *n* рахунок, рахунок-фактура
shipping documents – транспортні документи
payroll record – платіжна відомість (по заробітній платі)
expense(s) – *n* витрати
pile – *n* стіс (паперу)
compress – *v* скорочувати, стискувати
unmanageable – *adj* той, яким не можна керувати
keep the book – вести книгу
compile – *v* складати

Exercise 1

Change the *italicised* words for the synonyms from the active vocabulary.

This *happened* many years ago, a growing *tendency*, to *collect* information, *goods* should be transported, a *significant* event, all *costs* of the firm, to *draw up* a schedule for this year, to *explain* the task to the stu-

dents, a *very expensive* cargo, *masses* of old newspapers, to *shorten* the presentation.

Exercise 2

Fill in the gaps with the words from the box.

events, insurance, trend, repetitive, purpose, measurement, valuable, storage, invoice, merchandise

1 Police are trying to reconstruct the sequence of on the night of the murder. 2 As children we suffered through schoolwork that was dull and 3 The town has a tiny general store with wildly overpriced 4 Many Americans cannot afford health 5 We have received an for \$250. 6 Lately there has been a towards hiring younger, cheaper employees. 7 He will not put his furniture in 8 My in writing this book was to draw attention to the problem of global warming. 9 Besides her studio apartment, she also owns a estate in Italy. 10 I can easily change the dress for you, but I'll need your exact

Exercise 3

a) Match the verb with the appropriate definition.

- | | |
|-------------|---|
| a) simplify | 1) to make or compose from other materials or sources |
| b) purchase | 2) to compact into less space |
| c) occur | 3) to obtain (goods, etc.) by payment |
| d) evaluate | 4) to set the amount or value of something |
| e) gather | 5) to happen; to take place |
| f) compress | 6) to make less complicated, clearer, or easier |
| g) compile | 7) to bring things together from different people or places |

b) Fill in the gaps with the verbs from section a) in the appropriate form.

1 The document was by the Department of Health. 2 She took a complex topic and it in a way that we could all understand. 3 There was not enough time to the information before the meeting. 4 A small crowd to watch the fight. 5 Foreign investors are

not permitted to land. 6 Behind the factory is a machine that old cars into blocks of scrap metal. 7 The highest rates of unemployment in the inner urban areas.

Text

Accounting is 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.

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

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

In more basic terms, accounting is the measurement and reporting to various users (inside and outside the organization) financial information regarding the economic activities of the firm. Accounting has been called the language of business, which may make you think accounting is only for profit seeking firms. However, it is also the language used to report financial information about non-profit organizations such as churches*, schools, hospitals, fraternities*, and govern-

mental units. Accounting can be divided into two major categories: managerial accounting and financial accounting. An accountant working for an organization is likely to do both.

**churches* – церкви

**fraternities* – братства

Accounting versus 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 involves the gathering and recording of transactions (for example, the sale of merchandise, the payment of a bill, or the receipt of merchandise into storage), and the periodic preparation of financial statements that summarize those transactions.

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 (for example, the sales slips) 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 day. A 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.

Exercise 4

Answer the following questions on the text.

1 What does accounting involve? 2 What is a transaction? Which ways can they be recorded? 3 What groups can transactions be classified? 4 What is the accounting system? 5 What are the purposes of accounting? 6 What is the difference between profit and non-profit organizations? Give some examples of non-profit organizations. 7 What two types of accounting are mentioned in the text? 8 What do accountants do with the information provided by bookkeepers? 9 What categories can all the firm's paperwork be grouped into? 10 Why is it important to record the data from the original transaction documents? 11 What is a *journal* in accounting? What is the origin of the word?

Exercise 5

Say if these statements true or false.

1 Transactions include only selling of goods and services.
2 Nowadays transactions are recorded only by hand.
3 All transactions are classified into groups of common characteristics.
4 An accounting system is the method of recording and summarizing information.
5 Accounting information is only used for internal users.

6 Accounting records the information only about profit organizations.
7 Bookkeeping and accounting are two independent spheres of economics.
8 It is a usual practice for any firm to divide all paperwork into groups.
9 It is more convenient to record financial events from copies, not from original documents.

Exercise 6

Make notes on the following:

- the definition of the term 'accounting'
- difference between accounting and bookkeeping
- types of transactions

Exercise 7

Read and translate the derivatives of the following words.

Value (valuable, invaluable, valued); mean (meaning, meaningful, meaningless); manage (managed, manageable, unmanageable, management, manager, managerial); compile (compiler, compilation, compiling).

Exercise 8

Say how these nouns are formed.

Producer, worker, financier, purchaser, user, trader, creditor, earner, renter, hirer, borrower, buyer, employer, employee, payer, payee, franchise-holder, lease-holder.

Exercise 9

Fill in the missing words in the sentences below. Choose from the box. You should use each work more than once.

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

1 Can you check that the figures have been entered correctly in the bank? 2 He's at university studying 3 The management of the company have not yet decided on their policies. 4 A book-keeper writes details of financial transactions in the 5 Most people in the profession read magazines and journals in order to stay informed. 6 She's been working as an with this firm for several years now. 7 The directors of the company approve the at the end of the year. 8 The chief has completed the chart for this year. 9 Each branch maintains its own full system. 10 They have opened an for the consignment to Bombay. 11 is really not an exact science. 12 A business manager needs some knowledge in order to understand what he reads in the company

Exercise 10

a) Read the conversation between the Managing Director and the Financial Director.

Charles: Hi Sally. I would like to talk to you about our board meeting next week. Do you know we'll be discussing our debt problems?

S: Of course. Probably our biggest issue at the moment.

Ch: Right. The *shareholders* are getting nervous, and the markets don't like our *level of gearing*. We're getting more and more questions about whether we can service our *debt*, in the long term. It's getting harder to attract new investments. So, I wanted to speak to you about what we can do. We're investing a significant amount in our new factory in Germany so we need to come up with a solution soon. The new factory is very important, and we're looking at *leasing the assets*. And that's where you come in. Tell me what we can do with leases on the balance sheet. What's allowed in this country?

S: Is this a business decision, to lease these assets?

Ch: Let's just say it's one possibility we're looking at.

S: You're thinking that if we lease the assets, we can *exclude* these liabilities from the balance sheet?

Ch: Exactly.

S: You know that the auditors will look very closely at these transactions? The accounting standards or principles if you like, mean that

finance leases must be *disclosed*. If we are the owner of these assets, then we're not going to have a choice.

Ch: And how do we determine the owner?

S: That depends on the conditions in the contract.

Ch: That shouldn't be a problem. And then we can call them ...

S: *Operating leases*. But remember, auditors and markets are now very sensitive to these things. We can't afford to be seen as trying to mislead anyone.

Ch: Of course not. But for the meeting next week, have a think about it. OK?

S: Yeah. I'll try and bring some ideas.

Ch: OK. Bye.

shareholder – акціонер

gearing – платоспроможність

debt – борг

leasing the assets – здавати (брати) в найми

exclude – виключати

disclose – виявляти

operating leases – операційна оренда

b) Answer the following questions. Make a note of the words and phrases that helped you to answer.

- 1 Do Charles and Sally agree that their company has a debt problem?
- 2 What are the consequences of the debt problem?
- 3 Why do they need a solution to the problem soon?
- 4 How does Charles suggest they deal with it?
- 5 Has Charles made a final decision about what to do?
- 6 Do we know whether Sally agrees with Charles's suggestion?

c) Fill in the gaps in the extracts from the conversation.

Ch: The share holders are getting nervous, and the markets don't like our level of g_____. We're getting more and more questions about whether we can s_____ our d_____, in the l_____ t_____. It's getting harder to attract new investments. So I wanted to speak to you about what we can do. We're investing a s_____ amount of our new factory

in Germany so we need to c_____ u_____ w_____ a solution soon. The new factory is very important, and we're looking at leasing the assets.

S: You're thinking that if we l_____ the a_____, we can exclude these l_____ from the balance sheet?

Ch: Exactly.

S: You know that the auditors will look very closely at these transactions? The accounting s_____, or principles if you like, mean that finance leases must be d_____. If we are effectively the owner of these assets, then we're not going to have a c_____.

Exercise 11

Match these words with their meanings.

1 debt	a an agreement between two or more parties, often written
2 lease	b the opposite of assets
3 gearing	c buying or selling something
4 liabilities	d someone who owns parts of a company
5 contract	e money that is owed
6 transaction	f an agreement where the owner of something allows someone else to use it for a specific time for a sum of money
7 shareholder	g the proportion of own capital to borrowed funds when buying an asset or financing a company

Exercise 12

Use *liability*, *liabilities*, *debt*, or *debts* to complete the sentences below.

1 He'll have paid his off by next year. 2 Look at the assets and on the balance sheet if you want to know how the company's doing. 3 Many developing countries are burdened by heavy 4 We need to look at the long-term before we think about any major new purchases. 5 The partnership has limited status. 6 Current are those which are paid off within a year. 7 The company's in to the tune of 10 million.

Exercise 13

a) Here are some ways to agree or disagree with someone. Say which of them mean agreement, and which mean disagreement.

*1 You've got a point there. 2 I see what you mean. 3 Me neither.
4 No way. 5 It's just not on. 6 Fair enough. 7 Point taken.*

Now use the above expressions to respond to the following statements. Note that more than one answer is possible.

1 I think we should work fewer hours. I mean, almost everyone else in this company now works 35-hour week, and look at us! '_____'

2 Can you come in next weekend? 'What again? _____'

3 'I'd like you to prepare the figures for next week's presentation. But this time could you make sure that you put our current client's name on the slides.' '_____'

4 'We need to finish this by next Wednesday. How about if we postpone the department party? There's no other way.' '_____'

5 'Have you had a look at this? It's a disaster, a catastrophe!' 'Hang on, it can't be that bad. Ah, _____.'

6 'Look, we really need to convince the boss that some of the transactions have been wrongly booked. I don't want problems later.' '_____'

7 'They want us to take a pay cut this year.' 'Are you kidding?' '_____'

UNIT 3 AUDITING

Active Vocabulary

ascertain – *v* встановити, удосконалитися

validity – *n* юридична сила, законність

reliability – *n* надійність

assessment – *n* оцінка, оцінювання; *assess* – *v* оцінювати

internal – *adj* внутрішній, *ant external*
express – *v* висловити
due to – *prep* із-за, тому що
constraint – *n* обмеження
assurance – *n* гарантія, впевненість
material error – суттєві помилки
hence – *adv* тому, через те що
statistical sampling – статистична вибірка
adopt – *v* приймати, використовувати
fair – *adj* справедливий; *fairness* – *n* справедливість; *fairly* – *adv* справедливо
misstatement – *n* помилкове твердження
influence – *v* впливати на
gain – *v* добувати
security risk – ризик, пов'язаний з порушенням техніки безпеки
environmental performance – діяльність, пов'язана з охороною навколишнього середовища
conduct – *v* проводити, здійснювати
issue – *v* випускати; *issuance* – *n* випуск, видання
adhere to – триматися чогось, відстоювати
entity – *n* економічна одиниця
irrespective of – незважаючи на
thereon – *adv* на цій підставі
remain – *v* залишатися
in accordance with – згідно з
borrow – *v* позичати
stock – *n* запаси, склад; *stock exchange* – фондовий ринок
regarding – *prep* у відношенні
accurately – *adv* точно, безпомилково
accompanying – *adj* супровідний
relate – *v* бути пов'язаним, відноситися
retain – *v* утримувати
earning(s) – *n* заробіток
cash flow – потік грошей
require – *v* вимагати, повинно бути
reasonable – *adj* розумний
evidence – *n* доказ
disclosure – *n* представлення облікової інформації

significant – *adj* значний, важливий

estimate – *n* оцінка, оцінювання

overall – *adj* загальний, цілий

Exercise 1

Change the *italicized* words for their synonyms from the active vocabulary.

To *do* the work perfectly, *durability* of equipment, to take into account *restrictions*, a *just* statement, to *effect* the environment, to *obtain* results, to *carry out* the research, *regardless of* the weather forecast, the *sign* of their presence, an *important* matter, *general* approach.

Exercise 2

a) Match the verbs with their explanations.

- | | |
|-------------------|--|
| 1) con-
duct | b) to do work, a task, of duty |
| 2) ex-
press | c) to find out the true or correct information |
| 3) per-
form | d) to show a feeling, an opinion |
| 4) ascer-
tain | e) to have an effect on something |
| 5) influ-
ence | f) to obtain or win something |
| 6) gain | g) to do a particular activity (test, experiment) |
| 7) retain | h) to continue to be in a certain state |
| 8) re-
main | i) to take and use something that belongs to somebody else |
| 9) bor-
row | j) to keep something |

b) Fill in the gaps with the verbs from section a) in an appropriate tense form.

1 You could some money from your uncle without paying interest. 2 Many of his ideas popular support. 3 Parents their concerns about their children's safety. 4 We a survey of consumer at-

titudes towards organic food. 5 Several factors are likely to this decision. 6 Many scientists unconvinced by the current evidence. 7 Tests were conducted to whether pollution levels have dropped. 8 The official opening ceremony was by Princess Margaret. 9. The state wants to control of food imports.

Text

The general definition of an audit is an evaluation of a person, organization, system, process, enterprise, project or product. Audits are performed to ascertain the validity and reliability of information; also to provide an assessment of a system's internal control. The goal of an audit is to express an opinion on the person, organization, or system in question, under evaluation based on work done on a test basis. Due to practical constraints, an audit seeks to provide only reasonable assurance that the statements are free from material error. Hence, statistical sampling is often adopted in audits. In the case of financial audits, a set of financial statements are said to be true and fair when they are free of material misstatements – a concept influenced by both quantitative and qualitative factors.

Audit is a vital part of accounting. Traditionally, audits were mainly associated with gaining information about financial systems and the financial records of a company or a business. However, recent auditing has begun to include other information about the system, such as information about security risks, information systems performance (beyond financial systems), and environmental performance. As a result, there are now professions conducting security audits, IS audits, and environmental audits.

In financial accounting, an audit is an independent assessment of the fairness by which a company's financial statements are presented by its management. It is performed by competent, independent and objective persons known as auditors or accountants, who then issue an auditor's report based on the results of the audit.

Such systems must adhere to generally accepted standards set by governing bodies regulating businesses; these standards simply provide assurance for third parties or external users that such statements

present a company's financial condition and results of operations 'fairly'.

The Definition for Auditing and Assurance Standard (AAS) is 'Auditing is the independent examination of financial information of any entity, whether profit oriented or not, and irrespective of its size or legal form, when such an examination is conducted with a view of expressing an opinion thereon'.

Auditing, the oldest area of practice, remains the largest for many firms. An audit is a CPA's (Certified Public Accountants) examination of a company's financial statements in order to express an opinion about the fairness of those statements in accordance with generally accepted accounting principles. When a company wants to borrow funds from a bank or have its stock listed on a stock exchange, it must present statements regarding its financial affairs. Because these statements are prepared by independent auditors, those interested in the information know it has been presented fairly and accurately.

AUDITORS REPORT

Board of Directors, Stockholders, Owners, and/or Management of
ABC Company, Inc.
123 Main St. Anytown, Any Country

We have audited the accompanying balance sheet of ABC Company, Inc. (the 'Company') as of December 31, 2009 and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Ukraine. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement

presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Ukraine.

AUDITOR'S SIGNATURE

Auditor's name and address

Date of the report's issuance

Exercise 3

Answer the following questions on the text.

1 What is an audit? Give a definition. 2 What is the main goal of any audit? 3 What is the difference between the 'traditional' audit and audit of nowadays? What other information about the system does recent auditing include? 4 What is the document demonstrating the result of an auditor's work? 5 Are there any standards auditors should follow? Who sets them? 6 When do companies should present statements of their financial affairs? 7 How do you understand 'internal users of information' and 'external users of information'? 8. Why is it important that financial statements should be presented by independent auditors?

Exercise 4

Find in the text what do these abbreviations stand for?

IS, AAS, CPA

Exercise 5

What does an auditor do? Look at the following activities and decide which ones are normally done internally or externally.

1) spends time getting to know the business as well as the environment and the industry in which it operates; 2) analyses the internal business and financial systems used to make and record transactions; 3) gathers evidence on the financial control systems and the figures in

the financial statements; 4) gives advice on the business methods and transactions of the company; 5) examines financial statements to determine whether they conform to generally accepted accounting principles; 6) prepares the financial statements in accordance with the generally accepted accounting principles of the country where the enterprise operates; 7) examines the management report and determines whether it conforms to the financial statements; 8) guarantees the correctness of the figures presented; 9) provides consulting services; 10) presents a written report to the management of the company, describing whether the accounting records, financial statements and management reports conform to legal requirements; 11) maintains confidentiality and independence.

Exercise 6

a) Read the conversation between a partner in an audit firm and the Chief Financial Officer of a French company.

Claude: Hi Janet. Great, you got my message. Thanks for getting back to me so quickly.

J: You're welcome. How can I help?

C: Well, it's about your preliminary report. There are a couple of things I think we need to discuss.

J: Yeah, sure. No problem. I have it in front of me.

C: The first point is on page eleven, third paragraph. What do you mean, exactly?

J: OK. Let's have a look. Capitalization of costs in your factories. We think that these costs should be expenses in the P&L.

C: But ... no, sorry. I'm afraid I disagree. They were necessary for the upgrade of our plant. Surely you agree that we have to keep up with the competition?

J: Yes, of course. But lots of the items we tested are clearly normal repair and maintenance expenses. You can't really justify including such costs under machine upgrades.

C: I see it differently. Our machines have been developed to produce a wider variety of products, to improve the running efficiency of the equipment, to keep us in business. This was a sizeable investment on our part. The figure we're talking about shows the commitment we've

made to the future. I mean, we're going to be getting benefits from these upgrades for years. Our balance sheet should show this.

J: I'm sorry. These figures are too material for us to ignore.

C: Companies do this all the time and, I might add, their auditors accept it. I suggest you consider this again. I'm sure you'll find it's reasonable when you think about how important these investments were to this company.

J: All right. We'll look at these costs again. Let's move on the next point.

b) Decide if the statements which follow are true or false.

1 Janet wants to talk to Claude about a report. 2 Janet thinks that capitalization of costs should be expenses in the P&L. 3 Claude agrees with Janet on this point. 4 Claude thinks capitalization of costs should be classed under machine upgrades. 5 Claude's reasoning is that the upgrades are really investments in the future. 6 Janet agrees to reconsider her opinion.

Exercise 7

a) Read and translate the text.

THE FUTURE OF ACCOUNTING

The traditional view of accountants as merely '*bean counters*' is slowly becoming a thing of the past. For centuries, accountants have been employed to report on the numbers. They have sat there in their little corner, surrounded by stacks of paper and computer printouts, and have told us whether or not we have made a profit. But more and more, accountants are finding that management doesn't need them to report on the numbers. With today's technology, management already has access to software programs which do this work for them.

So what will the future accountant do? According to Mr Hamilton-Smythe, the Managing Director of KHZ Enterprises, the large international manufacturing company, accountants will be employed 'to help companies change the numbers. Their expertise and knowledge of the business will be called upon to prepare strategies. They will become consultants and advisers. And their skills will need to change accord-

ingly. They will be involved in international meetings, in giving presentations, running international teams, writing reports, and making decisions.'

This is going to require a significant change in the general public's opinion of accountants, who in turn will need to develop skills not traditionally associated with the job. The image of the guy in the corner with the stacks of paper will change to one of a high flyer, someone who is critical to the success of the organization.

bean counter – бухгалтер, рахівник

b) Answer the following questions.

- 1 What do you think the future of accounting looks like?
- 2 What skills will you need to be successful in the profession?
- 3 How will you prepare yourself for the future?

Exercise 8

Single out the main points of the text 'The future of accounting'. Use the following opening phrases:

The title of the text is...

The text deals with the issue of...

It is clear from the text that...

One of the main points to be singled out is ...

It further says that ...

Exercise 9

Read these statements about globalization and the role of accountants. Which opinions (if any) do you agree with?

1 Accountants are responsible for reporting on the future profitability of an international merger or takeover. It is the accountants who produce financial information so they are best equipped to analyse the numbers of a potential partner or target. The accountants should see the opportunities for growth.

2 Accountants are only responsible for checking the figures provided by the company or organization. They have no skill in seeing opportunities for companies to expand.

3 Accountants have no people skills. They are not trained in the finer art of communication. They should therefore be left in their offices to punch the numbers. They can't be let loose with representatives from the potential partner!

4 Accountants nowadays have ever-increasing responsibilities. They are on the boards of directors of companies all over the world. They are involved in negotiations and meetings every day. They are no longer machines dressed up in suits. They have had to improve their communication and interpersonal skills.

5 Accounting rules are basically the same all over. Maybe we'll have to learn a few more things, but our job will be basically the same.

6 Accounting regulations are different in every country. Globalization will lead to accountants having to be up to date on the latest developments, and not only those of the country they work in.

How do you think globalization has affected – or will affect – you? What about the next generation of accountants? How do you think their jobs will be different?

Exercise 10

Choose the option which makes most sense.

‘Have a look at this. Last year was really good. Profits *fell* / *rose* dramatically after we launched Glenogen. And here you can see how it affected the rest of the market. CFL remained *stable* / *gradual*, which was a bit of a surprise, but Junfil was hit quite badly – sales *increased* / *decreased* to almost not-existent. Now look here. This next graph shows what we think will happen next year. Good news again. Everything's *going up* / *down*.’

Exercise 11

Fill in the gaps to complete the passage, choosing from the words in the box.

accounts, books, receipts, public, firms, stocks, write down, depreciate, Companies, VAT, reconcile, invoices, auditors, Exchange, annual

An official examination, the audit, is made of the accounts of a business; this is usually done once each year. Independent descend on a company and examine all the company's accounts for the previous year; this is known, colloquially, as 'checking the

The auditors attempt to all the bank statements, checking them against the and They check all the company's; if the value of any of them has decreased during the year, they its value to a realistic one – many items with time and use. Although returns have to be submitted to the Customs and Excise authorities every three months, they are checked again during the audit.

A company – one of which the shares are quoted on the Stock – must lodge its accounts in House, where they are available to the public, and to possible investors.

The audit is a legal requirement in Britain; many professional of accountants only do this work and do not need to undertake any other type of work.

Exercise 12

Match the following sentences with the words or phrases on the right.

- | | |
|--|----------------------|
| 1 The holder of these has lent the company money but has no voting rights. | a) subsidiary |
| 2 A group of six accountants have decided to form an association to carry on business in common and make a profit. | b) group |
| 3 The investors give these people the power to run the company. | c) not-profit-making |
| 4 This company holds more than 50% of the voting shares in another company. | d) stock exchange |
| | e) partnership |

5 Members of the public can only invest in this company if they are invited to do so.

6 Investments in many companies can be made by buying shares on this market.

7 The public at large can be share holders in this company.

8 The golf club was set up with the intention of not making profit.

9 Fifty-one per cent of the voting shares of this company are held by another company.

10 This is the meeting which is held once a year for the shareholders.

11 This exists when several companies are in a relationship of owning and being owned.

f) directors

g) private limited

h) debentures

i) public limited

j) holding company

k) annual general meeting

Exercise 13

Fill in the missing prepositional phrases in the following sentences. Choose from the following:

agree with, blame for, caused by, difference between, in line with, insist on, reason for, refer to, responsible for, suspicious of

1 The auditor discovered that there was a the cash book and the bank balance. 2 If the entries in the accounts are not clear, he can the original invoices. 3 You must an official signature on all large order. 4 The auditor must check that the records are the company requirements. 5 The auditor must ask the any large discounts of allowances. 6 The auditor is checking the reason for any changes in the accounts. 7 The authorities will the auditor any mistakes in the accounts. 8 The auditor must check that the purchase invoices the entries in the Purchases Journal. 9 The auditor should be any short-cut methods of correcting errors. 10 Mistakes may be the wrong steps used in the original accounting process.

Exercise 14

Fill in the gaps to complete the passage, choosing from the words in the box. The first one has been done for you.

books, receipts, public, firms, stocks, write down, depreciate (знецінюватися), Companies, VAT (=value added tax,), reconcile (узгоджувати), invoices (рахунки-фактури), auditors, Exchange, annual

An official examination, the audit, is made of the accounts of a business; this is usually done once year. Independent descend («нагрянути») on a company and examine all the company's accounts for the previous year; this is known, colloquially, as 'checking the

The auditors attempt to all the bank statements, checking them against the and They check all the company's; if the value of any of them has decreased during the year, they its value to a realistic one – many items with time and use. Although returns (звітні дані) have to be submitted to the Customs and Excise authorities every three months, they are checked again during the audit.

A company – one of which the shares are quoted on the Stock – must lodge (передавати інформацію) its accounts in House, where they are available to the public, and to possible investors.

The audit is a legal requirement in Britain; many professional of accountants only do this work and do not need to undertake any other type of work.

Exercise 15

Read the texts about becoming an accountant in the United States and the United Kingdom. How does the process of becoming an accountant in Ukraine compare to those describe above?

CPA

The body which represents the interest of accountants in the U.S. is the American Institute of Certified Public Accountants (AICPA). To

become a CPA, the applicant must meet the requirements of the state where he/she wishes to practice, as established by the law of that state and administered by the state boards of accountancy.

To qualify for certification, the applicant must:

- 1) study accountancy at a collage or university
- 2) pass the CPA examination, which consists of four sections:
 - Business Law and Professional Responsibilities
 - Auditing
 - Accounting and Reporting – Taxation, Managerial, and Governmental and Not-for-Profit Organizations
 - Financial Accounting and Reporting – Business Enterprises;
- 3) have professional work experience in public accounting.

Most states require a qualified CPA to carry out regular professional training.

Chartered Accountant

The major accounting body in the U.K. is the institute of Chartered Accountants in England and Wales (ICAEW).

To become a Chartered Accountant, the applicant must:

- 1) have sufficient school or university education;
- 2) apply for a training contract with a recognized company, which will give him/her three years' work experience;
- 3) pass the ICAEW's exams on:
 - Accounting;
 - Audit and Assurance;

 - Business Finance;
 - Business Management;
 - Financial Reporting;
 - Taxation;
- 4) as well as prove his/her knowledge on Commercial and Common Law, and then with further exams on:
 - Business Environment;
 - Business Life Cycle;

- Advanced Case Study.

Exercise 16

Write a report describing the general accounting rules and practices in Ukraine. What standards are used to prepare financial information? How is off-balance-sheet accounting treated in your country? How is leasing reported in accounts?

Exercise 17

There are many proverbs to do with work. Match a line from column A with a line from column B to form an English proverb.

A	B
a A bad workman	while the sun shines.
b If a job is worth doing	make light work.
c Make hay	what you can do today.
d Many hands	for idle hands.
e Too many cooks	makes you healthy, wealthy and wise.
f Early to bed and early to rise	blames his tools.
g Never put off till tomorrow	it's worth doing well.
h The devil makes work	catches the worm.
i All work and no play	spoil the broth.
j The early bird	makes Jack a dull boy.

What do the proverbs mean? Do you agree? Translate into Russian some of the proverbs you have in your language about work.

Exercise 18

a) Read the job advertisement in the newspaper column CLASSIFIED concerning a vacant position of a chief accountant for a well-known firm.

THE COMPANY NEEDS THE CHIEF ACCOUNTANT, WHO WILL:

- maintain accounts payable ledger
- supervise banking and cash activities,
- supply contracts
- reconciliation of bank statements
- deal with local tax authorities
- supervise the accounting department
- cooperate with internal and external auditors.

THE REQUIREMENTS INCLUDE:

- excellent English
- degree in accounting
- knowledge of the Ukrainian and Western accounting systems
- proper computer skills (SAP, SUN or other computerized accounting systems)
- familiarity with SWIFT
- ability to work independently.

b) Do you stand a good chance? If you feel like applying for a job, write a letter asking for an interview and send your resume. Study the examples below.

Maria Solovyeva
42, Artyoma St., apt. 6
Kharkiv, 61077, Ukraine
Tel.: + (057) 7120645

Brown & Co,
14, Pushkinskaya St.,
Kiev, 01004

Ukraine

Dear Sir

I am writing you because of your advertisement in the Sunday, March 12, issue of the Kyiv Post. 10 years of bookkeeping experience have qualified me to seek employment at a company like yours. Please consider me an applicant.

You will find additional information about my qualifications in the enclosed resume. I would appreciate your granting me an interview.

Yours faithfully

M. Solovyeva

Enc. Resume

RESUME

Maria Solovyeva
42, Artyoma St., apt. 6
Kharkiv, 61077, Ukraine
Tel.: + (057) 7120645

<i>Objective</i>	A position as a chief accountant
<i>Summary Qualifications</i>	Experienced accounting professional who works well under pressure, has good oral and written communication skills, knowledge of computers and administrative abilities; 10 years experience in public and private finance; strong managerial experience and substantial knowledge in local and western accounting. Kept all books of account, general ledgers, and balance sheets at the end of fiscal year, prepared financial statements and production planning forecasts.
<i>Experience 1999 – present</i>	Credit Bank, Kharkov. Senior financial manager. Responsible for choosing long- and short-term financing techniques, in charge of account books, statements, new

	ideas in planning.
<i>1995 – 1999</i>	Social Insurance Fund, Kharkov. Accountant. Prepared accounts payable, accounts receivable and financial statements, handled cash and kept checking receipts, kept all books of account, general ledgers and balance sheets.
<i>1993 – 1995</i>	Universal Business Systems, Kharkov. Controller. Responsible for financial accounting – preparation of the firm’s financial statements, operating budgets and reports to various local and state agencies.
<i>1992 – 1993</i>	Privat Bank, Kharkov. Bank teller, assistant book-keeper. Handled cash, prepared accounts payable and accounts receivable.
<i>Education</i> <i>1987– 1992</i>	Ukrainian State Academy of Railway Transport Bachelor of Economics and Entrepreneurship
<i>Personal</i>	Married, one child
<i>References</i>	Available upon request

МЕТОДИЧНІ ВКАЗІВКИ

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