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ИНОСТРАННЫЙ ЯЗЫК
БУХГАЛТЕРСКИЙ УЧЕТ, АНАЛИЗ И АУДИТ

FOREIGN LANGUAGE
ACCOUNTING AND AUDITING

Методические указания к практическим занятиям для студентов направления подготовки 38.03.01

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Методические указания к практическим занятиям студентов направления подготовки 38.03.01 «Экономика» (Направленность (профиль) «Бухгалтерский учет, анализ и аудит») согласованы с программой дисциплины «Иностранный язык» для студентов неязыковых вузов. Изучение аутентичных научно-технических текстов по бухгалтерскому учету и аудиту на английском языке направлено на совершенствование навыков просмотрового и изучающего чтения, а также расширения словарного запаса студентов бакалавриата в рамках профессиональной тематики.

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ПРЕДИСЛОВИЕ

Методические указания предназначены для практической работы студентов направления подготовки 38.03.01 «Экономика» направленность (профиль) «Бухгалтерский учет, анализ и аудит», изучающих английский язык.

Целью настоящего учебного издания является совершенствование различных навыков чтения и перевода научно-технических текстов. Особое внимание уделяется накоплению активного словарного запаса, который включает наиболее употребительные для специальности термины и слова общетехнического значения.

Предлагаемые методические указания содержат аутентичные тексты на английском языке с разработанным комплексом предтекстовых и послетекстовых упражнений, способствующих активизации познавательной деятельности студентов и повышению уровня мотивации к изучению иностранного языка. Помимо того, предлагаемые задания помогают обучающимся осуществить контроль понимания прочитанного материала, развивают умение ориентироваться в оригинальных текстах, отрабатывают и закрепляют изучаемый лексический материал, осуществляют контроль навыков перевода.

Методические указания направлены на развитие общекультурных компетенций, предполагающих формирование у студентов иноязычных навыков устной и письменной коммуникации для решения задач межличностного и межкультурного взаимодействия, а также способности к самоорганизации и самообразованию.

UNIT I. Introduction

Task 1. **In pairs or small groups, answer the following questions.**
1. What does accounting deal with?
2. What are the main stereotypes about accounting?

Accounting is a glorious but misunderstood field. The popular view is that it's mostly mind-numbing number-crunching; it certainly has some of that, but it's also a rich intellectual pursuit with an abundance of compelling and controversial issues. Accountants are often stereotyped as soulless drones laboring listlessly in the bowels of corporate bureaucracies. But many accountants will tell you that it's people skills, not technical knowledge, that are crucial to their success. And although it's often thought of as a discipline of pinpoint exactitude with rigid rules, in practice accountants rely heavily on best estimates and educated guesses that require careful judgment and strong imagination.

Actually, stereotyping accounting and accountants, either positively or negatively, is useless because accounting involves so many different activities. The short-but-sweet description of accounting is "the language of business." A more formal definition is offered by The American Accounting Association: "The process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information."

However defined, accounting plays a vital role in facilitating all forms of economic activity in the private, public and nonprofit sectors, in endeavors ranging from coal mining to community theater to municipal finance.

Task 2. With a partner, point out the stem in the following words, define their parts of speech and comment on the meanings the suffixes impart to the stems.

Accounting, accountant, knowledge, judgement, imagination, activity, description, definition, information, decision, user

Task 3. Form nouns from the stems of the following words:

Speak, equip, read, educate, preside, regular, learn, own, build, assist, possible, invent, consult, move, equal, present, shop, appoint

Task 4. Form the opposites of the following words. Then try to find out the three ways of forming opposites in English:

understand		legal	
useful		sufficient	
expensive		suitable	
attractive		success	
increase		careful	
profit		positively	

UNIT II. The History of Accounting

Task 1. Before you read the text, try to predict the following:

1. When and where did the first signs of accounting appear?
2. What are the main stages in accounting?

Task 2. Read the following text and check whether your predictions were correct.

The name that looms largest in early accounting history is Luca Pacioli, who in 1494 first described the system of double-entry bookkeeping used by Venetian merchants in his *Summa de Arithmetica, Geometria, Proportioni et Proportionalita*. Of course, businesses and governments had been recording business information long before the Venetians. But it was Pacioli who was the first to describe the system of debits and credits in journals and ledgers that is still the basis of today's accounting systems.

The industrial revolution spurred the need for more advanced cost accounting systems, and the development of corporations created much larger classes of external capital providers - shareowners and bondholders - who were not part of the firm's management but had a vital interest in its results. The rising public status of accountants helped to transform accounting into a profession, first in the United Kingdom and then in the United States. In 1887, thirty-one accountants joined together to create the American Association of Public Accountants. The first standardized test for accountants was given a decade later, and the first CPAs were licensed in 1896.

The Great Depression led to the creation of the Securities and Exchange Commission (SEC) in 1934. Henceforth all publicly-traded companies had to file periodic reports with the Commission to be certified by members of the accounting profession. The American Institute of Certified Public Accountants (AICPA) and its predecessors had responsibility for setting accounting standards until 1973, when the Financial Accounting Standards Board (FASB) was established. The industry thrived in the late 20th century, as the large accounting firms expanded their services beyond the traditional auditing function to many forms of consulting, and demand for their services continued to boom throughout the early part of the 21st century.

Task 3. Find English equivalents of the following Russian words / word combinations / phrases in the text.

Акционер, ценные бумаги, метод двойной бухгалтерии, держатель облигаций, главная книга/книга учета доходов и расходов, предприятие/фирма, вести бухгалтерский учет/заносить в бухгалтерскую книгу, учет производственных затрат, внешний источник/поставщик капитала, аудитор/дипломированный бухгалтер, открытое акционерное общество, устанавливать нормы.

Task 4. Do the statements below agree with the information given in the text? Write:

True (T) if the statement is true according to the passage.
False (F) if the statement is false according to the passage.
Not given (NG) if the information is not given in the passage.

1. Luca Pacioli is the founder of current accounting systems.
2. The development of corporations contributed to the development of accounting systems.
3. Accounting became a profession first in the USA and then in Europe.

4. It was not until 1896 that the Association of Public Accountants was created.
5. All private companies had to be certified by the SEC.
6. Accounting industry didn't transform its services till the beginning of the 20th century.
7. Accounting services are now as popular as they used to be.

UNIT III. Branches of Accounting

Task 1. Can you name any branches of accounting? Scan the following text to check your ideas.
Task 2. Read the text carefully and summarise the main characteristics of each type of accounting.

Accounting can be divided into several areas of activity. These can certainly overlap and they are often closely intertwined. But it's still useful to distinguish them, because accounting professionals tend to organize themselves around these various specialties.

Financial Accounting

Financial accounting is the periodic reporting of a company's financial position and the results of operations to external parties through financial statements, which ordinarily include the balance sheet (statement of financial condition), income statement (the profit and loss statement, or P&L), and statement of cash flows. A statement of changes in owners' equity is also often prepared. Financial statements are relied upon by suppliers of capital - e.g., shareholders, bondholders and banks - as well as customers, suppliers, government agencies and policymakers.

There's little use in issuing financial statements if each company makes up its own rules about what and how to report. For example, when preparing statements, American companies use U.S. Generally Accepted Accounting Principles, or U.S. GAAP. The primary source of GAAP is the rules published by the FASB and its predecessors; but GAAP also derives from the work done by the SEC and the AICPA, as well standard industry practices.

Management Accounting

Where financial accounting focuses on external users, management accounting emphasizes the preparation and analysis of accounting information within the organization. According to the Institute of Management Accountants, it includes "…designing and evaluating business processes, budgeting and forecasting, implementing and monitoring internal controls, and analyzing, synthesizing and aggregating information…to help drive economic value."

A primary concern of management accounting is the allocation of costs; indeed, much of what now is considered management accounting used to be called cost accounting. Although a seemingly mundane pursuit, how to measure cost is critical, difficult and controversial. In recent years, management accountants have developed new approaches like activity-based costing (ABC) and target costing, but they continue to debate how best to provide and use cost information for management decision-making.

Auditing

Auditing is the examination and verification of company accounts and the firm's system of internal control. There is both external and internal auditing. External auditors are independent firms that inspect the accounts of an entity and render an opinion on whether its statements conform to GAAP and present fairly the financial position of the company and the results of operations. The external auditor's primary obligation is to users of financial statements outside the organization. The internal auditor's primary responsibility is to company management. According to the Institute of Internal Auditors (IIA), the internal auditor evaluates the risks the organization faces with respect to governance, operations and information systems. Its mandate is to ensure (a) effective and efficient operations; (b) the reliability and integrity of financial and operational information; (c) safeguarding of assets; and (d) compliance with laws, regulations and contracts.

Tax Accounting

Financial accounting is determined by rules that seek to best portray the financial position and results of an entity. Tax accounting, in contrast, is based on laws enacted through a highly political legislative process. Tax accountants help entities minimize their tax payments. Within the corporation, they will also assist financial accountants with determining the accounting for income taxes for financial reporting purposes.

Fund Accounting

Fund accounting is used for nonprofit entities, including governments and not-for-profit corporations. Rather than seek to make a profit, governments and nonprofits deploy resources to achieve objectives. It is standard practice to distinguish between a general fund and special purpose funds. The general fund is used for day-to-day operations, like paying employees or buying supplies. Special funds are established for specific activities, like building a new wing of a hospital. Segregating resources this way helps the nonprofit maintain control of its resources and measure its success in achieving its various missions. The accounting rules for federal agencies are determined by the Federal Accounting Standards Advisory Board, while at the state and local level the Governmental Accounting Standards Board (GASB) has authority.

Forensic Accounting

Finally, forensic accounting is the use of accounting in legal matters, including litigation support, investigation and dispute resolution. There are many kinds of forensic accounting engagements: bankruptcy, matrimonial divorce, falsifications and manipulations of accounts or inventories, and so forth. Forensic accountants give investigate and analyze financial evidence, give expert testimony in court and quantify damages.

Task 3. Find explanations/definitions of the following financial statements and give their examples:

balance sheet (statement of financial position), income statement (the profit and loss statement, or P&L), cash flow statement, statement of changes in owners equity

Task 4. Match the words given in the left-hand column with their definitions on the right. There is an extra definition given.

1. income	a. everything a company or a person owns which could if necessary be sold to pay debts
2. entity	b. an amount of money that is paid to someone, or an act of paying money to them
3. assets	c. Say what you think is going happen in the future
4. customer	d. decide on significance, value, or quality of something after carefully studying its good and bad features
5. payment	e. money paid to the government that is based on your income or the cost of goods or services you have bought
6. forecast	f. food, equipment, and other ordinary things needed by people every day
7. costs	g. an organization or a business that has its own separate legal and financial existence
8. tax	h. someone who buys something, especially from a shop
9. supplies	i. the amount of money that a person earns from their work, business or gets from other sources
10. evaluate	j. paid for in advance, before the time when you would normally pay for something
	k. the total amount of money that you must spend on running your home or business

Task 5. Complete the table with other forms of the words. Mark the stressed syllable in each word.

NOUN	VERB	ADJECTIVE
	analyze	
reliability		
		operational
regulation		
		financial
	employ	
government		
	manage	
		effective

Task 6. Complete each sentence with the most suitable form from the table in task 5.

1. She was promoted into some kind of ….. job.
2. They were asking for guarantees of full ….. and wages.

3. Many civil servants are sure that they can ….. better than politicians.
4. The volume of economic activity was ….. by the supply of money.
5. A private company will …..   and build the pipeline.
6. Specialists may be useful to ….. a situation and suggest solutions.
7. Something that is ….. works well and produces the results that were intended.

UNIT IV. The Basics

Task 1. What is the difference between accounting and bookkeeping? Compare your opinion to your partner's one. Scan the article and see if your guesses were correct.

Task 2. Read the article below and answer the following questions.
1. Where are individual transactions recorded nowadays? Where did they use to be recorded by hand?
2. How often are they recorded?
3. What are the main duties of accountants?
4. What auditors are also called accountants?

The Difference Between Accounting and Bookkeeping

Bookkeeping is an unglamorous but essential part of accounting. It is the recording of all the economic activity of an organization - sales made, bills paid, capital received - as individual transactions and summarizing them periodically (annually, quarterly, even daily). Except in the smallest organizations, these transactions are now recorded electronically; but before computers they were recorded in actual books, thus *bookkeeping*.

The accountants design the accounting systems the bookkeepers use. They establish the internal controls to protect resources, apply the principles of standards-setting organizations to the accounting records and prepare the financial statements, management reports and tax returns based on that data. The auditors that verify the accounting records and express an opinion on financial statements are also accountants, as are management, tax and forensic accounting specialists.

Task 3. Read the following text and complete the blanks with words from the box.

amount cash credit journals transactions entry software accounts debit

Double-Entry Bookkeeping

The economic events of a business are recorded as (1) ….. and applied to the (2) ….. (hence *accounting*). For example, the (3) ….. account tracks the amount of cash on hand; the sales account records sales made. The chart of accounts of even small companies has hundreds of accounts; large companies have thousands.

The transactions are posted in (4) ….., which were (and for some small organizations, still are) actual books; nowadays, of course, the journals are typically part of the accounting (5) …... Each transaction includes the date, the (6) ….. and a description.

For example, suppose you have a stationary store. On April 19, a saleswoman for an antiques company visits you, and you buy a lamp for your office for $250. A journal (7) ….. to record the transaction as a (8) ….. to the Office Furniture account and a $250 (9) ….. to Accounts Payable could be written as follows (*Dr.* is the abbreviation for debit, while *Cr.* is for credit):

Date	**Account**	**Dr.**	**Cr.**
April 19	Office Furniture	250	
	Accounts Payable		250
(Bought antique lamp; voucher #0016)			

Each accounting transaction affects a minimum of two accounts, and there must be at least one debit and one credit.

Task 4. In groups, negotiate the best order of the following paragraphs which are the continuation of the previous text and have been mixed.

Keeping Good Accounting Records

(A) *Amount:*The sales price is $250, but you get a 10% discount (to $225) if you pay in 30 days; business is bad, though, so you may need the full 90 days to pay. Similarly, however, you know the antique business is also lousy; even though you agreed to pay $250, you can probably chisel another $50 off the price if you threaten to return it. On the other hand, being in the stationary business, you know one of your customers has been looking for a lamp like that for a long time; he told you in February he'd pay $300 for one.

(B) But the important point is that even the most basic accounting questions - when did a economic event take place? What is the value of the transaction? Which accounts are affected by the transaction? - can get very complex and the right answers prove very elusive. There's no excuse for out-and-out misrepresentation of company results and sloppy auditing that certainly occurs. But the seeming precision of financial statements, no matter how conscientiously prepared, is belied by the uncertainty and ambiguity of the business activities they seek to represent.

(C) So what amounts should you record on April 19 (if indeed you record a transaction on that date)? $250 or $225 or $200 or $300?

(D) Even a seemingly simple transaction like this one raises a host of accounting issues.

(E) *Accounts:*You've debited the Office Furniture account. But actually you buy and sell antiques frequently to your customers, and you're always ready to sell the lamp if you get a good offer. Instead of an Office Furniture account used for fixed assets, should the lamp be recorded in a Purchases account you use for inventory? And if this was a big company, there might be dozens of office furniture sub-accounts to choose from.

(F) Accountants rely on various resources to answer such questions. There are basic, time-honored accounting conventions: standards set forth by various rules-making bodies, long-standing industry practices and, most important, their own judgment honed through years of experience.

(G) *Date:*Suppose you had already agreed by phone to buy the lamp on April 15, but the paperwork wasn't done until April 19. And the lamp wasn't delivered on the 19th, but the 23rd. Or even as you bought it, you were thinking that you didn't like it that much, and there's a strong chance you'll return it by the 30th, when the sale becomes final. On which date - 15th, 19th, 23rd, or 30th - did an economic event occur for which a transaction should be recorded?

Task 5. Complete the following sentences with the correct endings *a-g* from the box below. Think about both the grammar and the meaning. There is one extra ending which you will not need to use.

Debits and Credits

We're accustomed to thinking of a "credit" as something "good" - our account is credited (1) …..; you get "extra credit" for being polite. Meanwhile, a "debit" is something negative - a debit reduces our bank balance; it's used (2) …….

In accounting, debit means one thing: left-hand side. Credit means one thing: right-hand side. When you receive cash - a "good" thing – (3) ……. When you use cash - a "bad" thing – (4) …... On the other hand, when you make a sale, which is nice, (5) …..; when someone returns what you sold, which is not nice, (6) …...

"Good" and "bad" have nothing to do with debit and credit.

Debit = Left; Credit = Right. That's it. Period.

a.	when we get a profit
b.	you decrease Cash by crediting it
c.	you debit sales
d.	to mean shortcoming or disadvantage
e.	you increase the Cash account by debiting it
f.	when we get a refund
g.	you credit the Sales account

Task 6. Read the text below and summarise the main characteristics of accrual and cash basis accounting.

Accrual vs. Cash Basis Accounting

As we've seen, deciding when an economic event occurs and an accounting transaction should be recorded is a matter of judgment. Accrual accounting looks to the economic reality of the business, rather than the actual inflows and outflows of cash.

Although cash basis statements are simpler and make good sense for many individual taxpayers and small businesses, it results in misleading financial statements. Consider a Halloween costume maker: it conceives, produces and sells costumes throughout the year, but gets paid for its costumes mostly in October. If sales were recognized only when cash was received, October would show an enormous profit while all other months would show losses. Accrual accounting seeks to match the revenues earned during a period with the expenses incurred to generate them, regardless of when cash comes in or goes out.

UNIT V. The Accounting Process

Task 1. Read the title of the article. What do you know about different steps in the accounting process?

Task 2. Before you read the text and check your answers, practice pronouncing the following words:

obscure, nevertheless, cycle, identify, purchase, record (as a verb), ledger, depreciation, current, frequent.

As implied earlier, today's electronic accounting systems tend to obscure the traditional forms of the accounting cycle. Nevertheless, the same basic process that bookkeepers and accountants used to perform by hand are present in today's accounting software. Here are the steps in the accounting cycle:

(1) Identify the transaction from source documents, like purchase orders, loan agreements, invoices, etc.

(2) Record the transaction as a journal entry (see the Double-Entry Bookkeeping Section above).

(3) Post the entry in the individual accounts in ledgers. Traditionally, the accounts have been represented as Ts, or so-called T-accounts, with debits on the left and credits on the right.

(4) At the end of the reporting period (usually the end of the month), create a preliminary trial balance of all the accounts by (a) netting all the debits and credits in each account to calculate their balances and (b) totaling all the left-side (i.e, debit) balances and right-side (i.e., credit) balances. The two columns should be equal.

(5) Make additional adjusting entries that are not generated through specific source documents. For example, depreciation expense is periodically recorded for items like equipment to account for the use of the asset and the loss of its value over time.

(6) Create an adjusted trial balance of the accounts. Once again, the left-side and right-side entries - i.e. debits and credits - must total to the same amount.

(7) Combine the sums in the various accounts and present them in financial statements created for both internal and external use.

(8) Close the books for the current month by recording the necessary reversing entries to start fresh in the new period (usually the next month).

Nearly all companies create end-of-year financial reports, and a new set of books is begun each year. Depending on the nature of the company and its size, financial reports can be prepared at much more frequent (even daily) intervals. The SEC requires public companies to file financial reports on both a quarterly and yearly basis.

Task 2. Give English equivalents to the following words and expressions.

Обычно, выполнять процесс, исходные документы, кредитное соглашение, заказ на покупку, хозяйственная операция, запись в журнале, счет-фактура, оборотно-сальдовая ведомость, подсчитывать, активы, итоговый

Task 3. **Fill in the appropriate prepositions.**

1. Subsidies on basic commodities total ….. 25 per cent of the budget.
2. His office is down the corridor ….. the left.
3. There are reports to be made and money to be accounted …..
4. It was further agreed that the UN would transfer those assets to the African Union ….. the end of UNAMID mandate.
5. Such sort of things like picking beans ….. hand can now be done automatically.
6. These deficits diminish ….. time but never disappear.
7. People in the United Kingdom have depended heavily ….. coal both for industrial and domestic use.

UNIT VI. Financial Reporting

Task 1. Read the text and put the following parts of the sentences a-l in the gaps 1-12.

a. In absence of RAS guidance
b. Although some continue to have elements of their own national GAAP in reporting standards
c. Rather than being developed by professional bodies
d. IFRS are considered more principles-based than U.S. GAAP
e. The notes will contain information about the company's accounting policies
f. But since they are at the bottom
g. National GAAPs were developed within the prevailing business, legal and social environments of each country

h. Although this exhaustive release of company information increases transparency
i. That were issued by the International Accounting Standards Committee (IASC) from 1973 to 2000
j. Notes contain information that should receive this favorable treatment
k. To meet that requirement
l. IFRS have increasingly been adopted in Russia

Generally Accepted Accounting Principles (GAAP) A key prerequisite for meaningful financial statements is that they be comparable to those for other companies, especially firms within the same industry. (1) ….., statements are prepared in accordance with Generally Accepted Accounting Principles (or, more commonly, GAAP), which "encompasses the conventions, rules and procedures, necessary to define accepted accounting practice at a particular time."

Disclosure One seemingly technical element in accounting standards that is of huge importance is disclosure. Besides the actual numbers on the balance sheet, P&L and statement of cash flows, a great deal of information is also provided in the notes to the financial statements. Some key financial information is put directly into the financial statements in parentheses (e.g. on the balance sheet and the number of shares authorized and issued for common stock). (2) ….. but because the information may be considerable and include tables, it is included as a footnote instead.

The admonition to readers that "the accompanying notes are an integral part of these statements" alerts them to the notes' importance. (3) ….. - and because they are often numerous, lengthy and, at times, impenetrable - more casual users ignore them.

What's included in the notes? There's information on securities held, inventories, debt, pension plans and other key elements in determining the company's financial position. In addition, (4) …... Under GAAP, companies often do have discretion to use varying methods for valuing assets, and recognizing costs and revenue. This "Summary of Significant Accounting Policies" will appear as the first note to the statement or in a separate section. There are other required disclosures external to the financial statements and notes, such as the Management Discussion and Analysis (MD&A), required by the SEC. In all, the list of required disclosures is long, detailed and complex. (5) ….., it does mean that financial statements become unwieldy.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards (IFRS) have gained increasing prominence and are replacing the national GAAPs of many countries, including Australia, Canada and Japan; IFRS has been required for countries in the European Union since 2006. More than 100 nations have now adopted IFRS, (6) …... IFRS are set by the International Accounting Standards Board (IASB), which is the standard-setting body of the International Accounting Standards Committee Foundation (IASC Foundation). Just as the FASB incorporates the rules of former standards-settings bodies, IFRS includes the International Accounting Standards (IAS) (7) …...

There has been much debate in the accounting profession of "principles-based" versus "rules-based" accounting. Principles-based systems offer broader guidelines in accounting treatment, within which accountants exercise their best judgment; rules-based systems are more prescriptive and specific. (8) ….., although there are certainly many specific rules included in IFRS as well (and some observers think they are trending in the rules-based direction).

It's a conundrum: uniform IFRS adoption worldwide would certainly make it easier to compare the financials of companies in different countries. On the other hand, (9) …... On both political and practical levels, it's difficult to eliminate all such individuality and some wonder if it is even desirable.

Russian Accounting Standards For historical reasons, the Russian Accounting Standards (RAS) framework has been determined by the state, (10) …... The primary users of RAS are state and tax authorities, rather than management or third parties. RAS financial statements must include balance sheet, income statement, statement of changes in equity, cash flow statement and explanatory notes. Under RAS, a specific layout is mandatory for the balance sheet and other statements.

The Russian government has been striving to harmonize Russian Accounting Standards with IFRS since 1998. Since 2012, (11) ….., and they are mandatory for consolidated financial statements, while standalone financial statements must be prepared using RAS. IFRS statements are also required for domestic public companies. IFRS are generally deemed more relevant to the needs of investors. The significant differences between the Russian standards and IFRS include:

- The fair value concept is not applied in RAS;
- Non-quoted financial assets are accounted for at cost or amortized cost (less impairment provision);
- Finance leases may be capitalized or expensed by agreement of the parties to the lease contract;
- Property, plant, and equipment are not impaired, though revaluation to the current replacement cost is allowed;
- Useful lives of fixed assets are often in line with the useful lives applied for tax purposes;
- Deferred tax is calculated using the income statement method, although the methodology differs;

- Revenues or expenditures are often recognized after documentation supporing the transaction is received in accordance with the tax rules.

Certain complex IFRS topics such as Joint Arrangements, Hedging, Pension Plans, Share-Based Payments, etc. are not covered in RAS. (12) ….., entities may choose to apply relevant IFRSs.

Appendix 1. Self-essesment

Accounting plays a vital role in facilitating all forms of economic activity in the private, public and nonprofit sectors. Now that you've learned what accounting's all about, let's review the key points covered. There is the beginning of the sentence you need to complete.

 Accounting is the process of …..

 Luca Pacioli …..

 ….. spurred the need for more advanced cost accounting systems.

 The Great Depression led to the creation of …..– this increased the need for accounting because companies had to file reports with the SEC.

 There are six main types of accounting: …..

 Bookkeeping is …..

 Double-entry accounting refers to ….. system that applies to financial transactions. When cash is received, the cash account is …..; when it is used, the cash account is …...

 In accounting, debit entries appear ….., while credit entries appear …….

 Accrual accounting measures the ….. and …… of a company by recognizing economic events regardless of when cash transactions occur.

 Cash basis accounting recognizes ….. and …… at the time the cash is actually received or paid out. However, this measure can lead to misleading financial statements.

 A balance sheet relies on the basic accounting equation ….. = ….. + ……

 The income statement shows a company's ….. and …...

 The statement of changes in owner's equity reconciles the various components of OE on ….. for the start of the period with the same items at the end of the period.

 The statement of cash flows shows the sources and uses of ….. during the period.

 A key prerequisite for meaningful financial statements is that they be …… to those for other companies, especially firms within the same industry. To meet that requirement, statements are prepared in accordance with …….

 Disclosure is a ….. element in accounting. ….. to the financial statements include additional, but essential, information about those statements.

 Outside the U.S., ….. have gained increasing prominence and are replacing the national GAAPs of many countries, including Australia, Canada and Japan.

Appendix 2. Texts for written translation

Text 1. Remote auditing best practices

Many firms are conducting at least some of their audit procedures remotely, which introduces new risks to engagements.

The remote environment makes communication in particular a challenge. When auditors are on-site, they can easily visit the office of the CFO or other personnel if they need a question answered. In a remote audit, practitioners need to commit to pursuing the same information even if it slows the process.

“That’s something I’ve been drilling with my team,” said Sibi Thomas, CPA, CGMA, a partner with the Nonprofit, Government & Healthcare Group at Marks Paneth LLP. “Just because you’re not there doesn’t mean you can’t talk to them.”

Sharing information and documents can be another challenge practitioners face with remote audits. Hoffman said that at times her staff has conducted audit procedures by sharing screens with clients through Zoom calls or Microsoft Teams. Other times, cloud-based secure portals are used for sharing documents. Completing audits may not be easy for firms and audit clients that do not possess this technology.

Seeing documents during a videoconference or in a portal can help auditors gain comfort. But extra effort still is needed to verify documents as legitimate. To make sure documents are unaltered, practitioners may choose to use video transmission technology to watch clients scan documents to be sent to the auditor.

“You still need to make sure the evidence you’re getting from them is reliable and not being tampered with,” Thomas said.

Text 2. Technology during the pandemic

The transition to remote work has been made possible by leveraging technology, and firms of all sizes are investing in transformation tools and innovation technologies. “Use of technology has made our and our clients’ jobs easier,” said Satpal Nagpal, CPA, partner and leader of the audit practice at Green Hasson Janks. “It has been brought to the forefront, and people have been empowered.”

Auditors are using data tools to extract client general ledger data and perform analysis remotely, which takes some of the burden of providing audit support off clients. Auditors can look at large amounts of data and relationships, filter data to identify and focus on higher-risk transactions, and craft responsive audit steps.

Technology capabilities of clients and staff can be a significant challenge. Jeff Kovacs, CPA, CGMA, assurance partner at Cohen & Company directs audit innovation at his firm and has worked to train staff "to think like data scientists." Some clients have sophisticated systems and professionals, but others do not. "The quality of client transactional data is paramount to transforming the audit," Kovacs said. "If the data quality is not sufficient to permit the use of transformative technology, you cannot raise audit quality." In these situations, Kovacs and his firm help clients understand what good data looks like so they can move toward improving the data and systems used to collect it. Auditors may have to modify their procedures to work with the data they do have.

Nagpal said, "One positive thing that came out of this crazy year is that some old-school clients who did not have technology really didn't have a choice. It was the only way to have their accounting team function and get the audit done."

Text 3. Changes in firm practices

Remote working has driven changes in how auditors work, regardless of office size or location.

Green Hasson Janks has a single office with 150 employees. "We have online audit planning meetings and created a remote auditing task force that has come up with consistent processes and procedures across audits, toolkits, and checklists," Nagpal said. "Audit seniors are making recommendations about risk assessments and explaining why they are changing risk ratings, so they learn to think about risks more critically. Accountability has increased."

At Cohen & Company, which has more than 650 professionals in 10 offices, audit teams have meetings to kick off the audit season. “Each engagement partner takes a highly active role in planning and directing audit team focus on areas that need heightened skepticism and judgment and crafting the appropriate audit response,” Kovacs said.

Staff training is especially important because employees are not in the office. Many firms are conducting training remotely, including targeted training on audit risks during COVID-19. In addition, firms are holding monthly remote audit department meetings and issuing periodic guidance to make sure all staff are up to date. “In the current environment, it’s important to remind people of the foundational principles of documenting judgments and conversations, gathering and evaluating audit evidence, and exercising professional skepticism,” said Jen Haskell, CPA, chief auditor at Deloitte.

Text 4. Cybersecurity provides opportunities for auditors to serve

Cybersecurity challenges require a response from every sector of the economy. Public company auditors can do their part by providing services to clients beyond the financial statements, according to a Center for Audit Quality (CAQ) report published Tuesday.

Auditing standards require financial statement auditors to obtain an understanding of how the company uses IT and the impact of IT on the financial statements. This includes an understanding of the extent of the company’s automated controls as they relate to financial reporting, the IT general controls that are important to the effective operation of automated controls, and the reliability of data and reports produced by the company and used in the financial reporting process.

But IT generally has an impact on clients that extends far beyond their financial statements. A company’s overall IT platform includes systems and related data that address not only financial reporting processes but also the operational and compliance needs of the entire organization.

Practitioners also can provide advisory or attestation services on company-prepared cybersecurity information, as many times public companies provide voluntary disclosures about their cybersecurity risk management.

Opportunities for auditors include:

- **Assessment engagements.** Auditors can provide services to help companies identify key areas of cybersecurity risk, discover gaps in processes and controls, and develop effective controls.
- **Attestation engagements.** Practitioners can perform an examination engagement in accordance with the AICPA's attestation standards to provide an independent report on whether management's description of the cybersecurity risk management program meets the specifications of the company's reporting framework. The criteria in the AICPA's SOC for Cybersecurity framework can be used to underpin such an engagement.

The report from the CAQ, which is affiliated with the AICPA, also contains considerations for boards of directors related to cybersecurity.

"As the scale and complexity of cybersecurity challenges has grown exponentially in recent years, investors and other stakeholders may find information beyond the disclosures required by the Securities and Exchange Commission helpful for decision-making," CAQ Executive Director Julie Bell Lindsay said in a news release. "In their public interest role, auditors could bring additional discipline to voluntary cybersecurity disclosures and company cybersecurity risk management programs, enhancing stakeholders' trust and confidence in such information."

Text 5. Skills and knowledge needed to enter the external auditing profession

The requirements of those entering the auditing profession are demanding. Audits are performed in teams where each auditor is expected to complete tasks requiring considerable technical knowledge and expertise, along with leadership, teamwork, and professional skills. In terms of technical knowledge and expertise, auditors must understand accounting and auditing authoritative literature, develop industry and client-specific knowledge, develop and apply computer skills, evaluate internal controls, and assess and respond to fraud risk.

In terms of leadership, teamwork, and professional skills, auditors make presentations to management and audit committee members, exercise logical reasoning, communicate decisions to users, manage and supervise others by providing meaningful feedback, act with integrity and ethics, interact in a team environment, collaborate with others, and maintain a professional personal presence. While external auditors at all types of audit firms need these skills, the work environment at larger versus smaller audit firms differs.

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ИНОСТРАННЫЙ ЯЗЫК
БУХГАЛТЕРСКИЙ УЧЕТ, АНАЛИЗ И АУДИТ

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