ФГОУ ВПО «Кубанский государственный аграрный университет»

Ц.П. Хмелидзе

**Учебно-методическое пособие**

**по английскому языку**

**для бакалавров и специалистов**

**учетно-финансового факультета**

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Рецензенты:

**О.Е. Павловская** – доктор филологических наук, профессор

**Т.С. Непшекуева** – доктор филологических наук, профессор

**Хмелидзе Ц.П.**

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Данное учебно-методическое пособие предназначено для работы в группах бакалавров и специалистов 2 курса учетно-финансового факультета и состоит из 10 уроков и комплекса упражнений, которые направлены на совершенствование навыков чтения и перевода.

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**Введение**

Предлагаемая методическая разработка предназначена для работы в группах студентов 2 курса учётно-финансового факультета. Методическая разработка включает – тексты по специальности, поурочный словарь специальной лексики, предтекстовые и послетекстовые упражнения с учётом основных разделов грамматики.

Курс состоит из 10 уроков и комплекс упражнений направленных на совершенствование навыков чтения и расширения терминологического словаря.

Целью методической разработки является расширение активного словарного запаса по специальности, а также совершенствование навыков чтения.

Методическая разработка составлена в соответствии с учебным планом и программой по курсу «Английский язык».

**Content**

1. Introduction to Banking and Financial Markets
2. Finance and Financial System
3. Central Banking System
4. Banking System in Russia
5. Bookkeeping as Part of Accounting Cycle
6. Accounting Information
7. Accounting Records
8. Public and Private Accountants
9. Performing an Audit
10. Auditing in Russia

**Unit I**

**Introduction to Banking and Financial Markets**

**Pre text exercises**

**I Vocabulary list**

|  |  |  |
| --- | --- | --- |
| 1. a deposit with a bank |  | вклад в банке |
| 2. to issue a deposit |  | открывать счет |
| 3. to withdraw a deposit |  | изымать вклад; отозвать вклад, взять вклад из банка |
| 4. time deposit/syn.: demand deposit | | срочный вклад |
| 5. sight deposit |  | счет до востребования; текущий счет |
| 6. liability |  | задолженность; n, обязательство;  pl, долги, денежные обязательства |
| 7. to handle a transaction |  | проводить сделку |
| 8. to meet one’s liabilities |  | покрывать свою задолженность |
| 9. owe |  | v, быть должным, задолжать |
| 10. to make a loan |  | давать ссуду |
| 11. to repay a loan |  | возвращать, отдавать ссуду |
| 12. to call (in) a loan |  | требовать возврата займа |
| 13. clearance |  | n производство расчетов через расчетную палату; оплата долга; урегулирование претензий |
| 14. to settle a debt with smb |  | выплатить кому-либо долг |
| 15. to add (up) |  | складывать |
| 16. net amounts |  | зд. окончательные суммы |
| 17. to cash a cheque |  | получить наличные по чеку |
| 18. interest-earning /interest-bearing | | приносящий проценты (доход) |
| 19. government securities |  | государственные ценные бумаги |
| 20. whenever |  | cj, когда бы ни, всякий раз когда |
| 21. fluctuation |  | колебание (цен) |

**II Translate the following words and word combinations:**

Commercial bank; to withdraw a deposit; liability; loan; to settle a debt with smb; to handle a transaction; to make/undertake a transaction; to cash a cheque; short-term; government securities; stock exchange; long-term; price fluctuation; interest-earning/interest-bearing; to meet one’s liabilities;

**III Choose the English equivalents to the following words and word phrases:**

Счёт до востребования; взять (изымать) вклад из банка; покрывать свою задолженность; быть должным, задолжать; давать ссуду; требовать возврата займа; производство расчётов через расчётную палату; выплатить кому-либо долг; окончательные суммы; государственные ценные бумаги; фондовая биржа; колебание (цен); получить наличные по чеку; проводить сделку; выплатить кому-либо долг.

Net amounts; to make a loan; sight deposit; to withdraw a deposit; to meet one’s liabilities; to call (in) a loan; to handle a transaction; to settle a debt with smb; government securities; to cash a cheque; clearance; stock exchange; to owe; fluctuation; to make a loan.

**IV Match the following English expressions with their Russian equivalents:**

to borrow money наличные деньги

to make/undertake a transaction проводить сделку

balance sheet покрывать свою задолженность

to meet one’s liabilities ссуда, заем

loan балансовый отчет

stock exchange кредитор

high-interest securities фондовая биржа

lender высокопроцентные ценные бумаги

cash заимствовать деньги

**Introduction to Banking and Financial Markets**

**V Read the text;**

**Find in the text the answers to the following questions:**

1. What does a balance sheet include?
2. What does a balance sheet show?
3. What do securities show?
4. What are the two most important kinds of deposits?

A commercial bank borrows money from the public, crediting them with a deposit. The deposit is a liability of the bank. It is the money owed to depositors. In turn the bank lends money to firms, households, or governments wishing to borrow.

Commercial banks are financial intermediaries with a government license to make loans and issue deposits, including deposits against which cheques can be written[[1]](#footnote-1).

Major important banks in most countries are included in the clearing system in which debts between banks are settled by adding up all transactions in a given period and paying only the net amounts needed to balance inter-bank accounts[[2]](#footnote-2).

The balance sheet of a bank includes assets and liabilities. We begin by discussing the asset side of the balance sheet.

Cash assets are notes and coins kept in their vaults and deposited with the Central Bank. The balance sheet also shows money lent out or used to purchase short-term interest-earning assets such as loans and bills. Bills are financial assets to be repurchased by the original borrower within a year or less. Loans refer to lending to households and firms and are to be repaid by a certain date. Loans appear to be the major share of bank lending. Securities show bank purchases of interest-bearing long-term financial assets. These can be government bonds or industrial shares. Since these assets are traded daily on the Stock Exchange, these securities seem to be easy to cash whenever the bank wishes, though their price fluctuates from day to day.

We now examine the liability side of the balance sheet which includes, mainly, deposits. The two most important kinds of deposits are sure to be sight deposits and time deposits. Sight deposits can be withdrawn on sight[[3]](#footnote-3) whenever the depositor wishes. These are the accounts against which we write cheques, thus withdrawing money without giving the bank any warning. Therefore, most banks do not pay interest on sight deposits, or chequing accounts.

Before time deposits can be withdrawn, a minimum period of notification must be given within which banks can sell off some of their high-interest securities or call in some of their high-interest loans in order to have the money to pay out depositors. Therefore, banks usually pay interest on time deposits. Apart from deposits banks usually have some other liabilities as, for instance, deposits in foreign currency, cheques in the process of clearance and others.

**After text exercises**

**VI Using the text above complete the following sentences:**

1. Banks borrow money from the public in order to…
2. The clearing system lets banks…
3. The asset side of the bank balance sheet includes…
4. The liability side of the balance sheet includes…
5. The two most important kinds of deposits are known…

**VII Read and translate into Russian the following English sentences or parts of the sentences:**

1. the balance sheet of a bank…
2. the two most important kinds of deposits…
3. before time deposits can be withdrawn…
4. banks can sell their high-interest securities
5. deposits in foreign currency…
6. clearing system…
7. commercial banks are financial intermediaries

**VIII Find the definitions to the following terms:**

current account, cash, liability, stock exchange, securities

1. means of borrowing money and raising new capital issued by companies, financial institutions, governments;
2. deposit which can be withdrawn on demand and which is used by depositor to finance day-to-day personal and business transactions;
3. coins and bank-notes which are in circulation in a country;
4. a market where company stocks and shares as well as government bonds are bought and sold;
5. a form of debt, for instance, a loan;

**IX Change the sentences using the infinitive as a subject:**

Model: It is important to repay loans in time To repay loans in time is important.

1. It is essential to keep economy as close as possible to full employment with low inflation.
2. It is more typical to issue bonds for the period of several years.
3. In Russia, it makes sense (имеет смысл) to pay by plastic card rather than hold hard currency and run the risk of losing out due to fluctuations in exchange rate.
4. It has for centuries been the function of money to serve as a medium of exchange.
5. It is convenient to carry travellers’ cheques (дорожные чеки) abroad because you can cash them whenever you may need.

**X Translate the following sentences with “Complex subject” constructions paying attention to the different forms of infinitive:**

1. When labour is expensive, the quantity of capital demanded is likely to rise.
2. Demand for imports is unlikely to fall when domestic income and output in the country fall.
3. Individual labour supply seems to be inelastic.
4. New methods of economic analysis appear to be required in the near future.
5. Western economies are sure to have rapidly recovered from the 1980-1982 crisis, the worst in post-war years.

**XI Translate the following sentences into English:**

1. Балансовый отчет содержит информацию о фондах и задолженностях фирмы на последний день определенного периода.
2. Банк получает свою основную прибыль, ссужая (давая взаймы) часть денег, отданных на хранение.
3. Проценты, которые банки назначают (charge) за ссуды, обычно выше процентов, предлагаемых вкладчиками.
4. Этот финансовый капитал мог бы быть использован где-то в другом месте, возможно в банковском счете, приносящем доход, или для покупки акций другой компании.
5. Цель переговоров состояла в том, чтобы урегулировать долги правительства России иностранным банкам.

**XII Translate the following sentences paying attention to the infinitive:**

1. Interest payments on government borrowing are known to be included in transfer payments.
2. The demand for money is understood as the quantity required to undertake business transactions.
3. A business considers its land, buildings, equipment as well as stocks, bonds and bank balances to be its capital.
4. The bank has refused to issue a chequing account. Therefore, we’ll have to carry cash on us whenever we want to make a purchase.
5. To reduce his cash holdings (наличные деньги) to a minimum will be only natural for a banker sense they produce no income.

**XIII Find answers to the following questions in the text:**

1. What banks are included in the clearing system?
2. Do commercial banks borrow money from the public?
3. What does a balance sheet include?
4. What are bills?
5. What do securities show?
6. What are the two most important kinds of deposits?
7. On what kinds of deposits do most banks don’t pay interest?

**Unit II**

**Finance and Financial System**

**Pre text exercises**

**I Vocabulary list**

|  |  |
| --- | --- |
| 1. public finance(s) | государственные финансы |
| 2. provision | снабжение, обеспечение |
| 3. turnover(of money/capital) | оборот (денег, капитала) |
| 4. economic entity | экономический субъект |
| 5. network of institutions | сеть учреждений (организаций) |
| 6. unit of government | гос. организация |
| 7. thrift institution | сберегательное учреждение |
| 8. mutual fund | взаимный фонд |
| 9. comprise | включать, охватывать |
| 10. government authorities | правительство, органы гос.власти |
| 11. benefit | выгода, польза |
| 12. financial flows | финансовые потоки |
| 13. encouragement | поддержка, стимулирование, поощрение |
| 14. implementation | выполнение, осуществление |
| 15. revenue (s) | государственные доходы |
| 16. ensuing | последующий |
| 17. expenditure | расходы, затраты |
| 18. forecasting | прогнозирование |
| 19. planning of recurrent and  capital expenditure | планирование текущих и капитальных расходов |
| 20. availability | наличие, доступность |
| 21. determination of the overall deficit | определение, расчет общего дефицита |
| 22. macroeconomic impact | макроэкономическое воздействие |
| 23. extrabudgetary and reserve funds | внебюджетные и резервные фонды |
| 24. subnational governments | органы власти субъектов РФ |
| 25. to compile and present the budget | составить и представить бюджет |

**II Guess the meaning of the following international words and word phrases:**

Financial system, distribution of money, financial firms, funds, capital, public finance, budget, economic functions, sectors of economy, social policy, distribution of resources, economic environment, local government, fiscal year, deficit, fiscal policy, subjects of the Federation, autonomous budget, Ministry of Finance, tax collection, bank, fundamental, process.

**III Give the Russian equivalents to the following words:**

Budget, distribution, turnover, surplus, funds, saver, intermediary, borrower, company, benefit, comprise, encouragement, implementation, goal, revenue, expenditure, estimate, forecasting, tax, household, provision, ensuing.

**IV Translate the following word combinations into Russian:**

System of monetary relations, use of money, turnover between economic entities, financial intermediaries, thrift institutions, insurance companies, public finance, market-oriented economy, national revenue, revenue and expenditure forecasting, extrabudgetary and reserve funds, sectors of economy.

**Finance and Financial System**

**V Read and translate the text.**

**Find the answers to the following questions in the text.**

1) What is Finance?

2) Name financial intermediaries the savers and Borrowers are connected by?

3) What are the four main functions of Public finance?

4) What is the budget?

Finance is the provision of money at the time when it is needed. It is a system of monetary relations leading to formation, distribution and use of money in the process of it’s turnover between economic entities.

The financial system is the network of institutions through which firms, households and units of government get the funds they need and put surplus funds to work.

Savers and borrowers are connected by financial intermediaries including banks, thrift institutions, insurance companies, pension funds, mutual funds, and finance companies.

Finance in an economic system comprises two parts: public finance and finance of economic entities.

Public finance is the provision of money (by the community through taxes) to be spent by national and local government authorities on[[4]](#footnote-4) projects of national and local benefit. It is a collective term for the financial flows and also the financial institutions of the public sector.

Public finance has the following four functions: a) the provision of essential services; b) the encouragement or control of particular sectors of the economy; c) the implementation of social policy in respect of social services, and d) the encouragement of the growth of economy as a whole.

The major instrument of any financial system is the budget. In a market-oriented economy, the budget is the most important tool for achieving national priorities and goals through the allocation and distribution of resources, and the maintenance of a stable macroeconomic environment.

The budget is an estimate of national revenue and expenditure for the ensuing fiscal year. When expenditure exceeds the revenue the budget has a deficit.

Revenue and expenditure forecasting is the most fundamental step in the process of budget preparation. Adequate planning of recurrent and capital expenditure depends critically on an accurate forecast of revenue availability. The determination of the expected overall deficit in the public sector and therefore the macroeconomic impact of fiscal policy requires accurate forecast of tax collection and expenditures.

In Russia, public finance is a sum of budgets of all levels of subjects of the Federation, extrabudgetary and reserve funds.

An accurate revenue forecast is most critical at the federal level of government but it is also important for all subnational governments because over the last several years they have worked with increasingly autonomous budgets.

Budget preparation at the federal level involves a number of institutions. The Ministry of Finance (MoF) is the central coordinating institution in charge of compiling and presenting the budget. It has major inputs from[[5]](#footnote-5) ministries in various sectors of the economy and the state tax bodies.

**After text exercises**

**VI Find in the text English equivalents to the following phrases:**

Представление финансовых средств, система денежных отношений, создание, распределение и использование денежных средств, оборот денежных средств между экономическими субъектами, сеть организаций, заставить излишние денежные средства работать, быть связанными финансовыми посредниками, включить две составные части, осуществление социальной политики, основной инструмент финансовой системы, расчет доходов и расходов, подготовка бюджета, планирование текущих и капитальных расходов, макроэкономическое воздействие на бюджетно-налоговую политику, работать в условиях все увеличивающейся автономии бюджетов, в подготовку бюджета вовлечен целый ряд организаций, отвечать за составление и распределение бюджета.

**VII Using the text above, complete the following sentences:**

1. When expenditure exceeds the revenue the budget…
2. Finance in an economic system comprises…
3. Finance is the provision of money at the time…
4. The budget is an estimate of national revenue and expenditure for the…
5. Budget preparation at the federal level involves…
6. It is a system of monetary…
7. It is a collective term for the financial flows and also…

**VIII Find the second halves of these sentences:**

|  |  |
| --- | --- |
| 1. Public finance has the following… | a)…financial system is the budget |
| 2. The major instrument of any… | b)…the budget has a deficit |
| 3. When expenditure exceeds … | c)…involves a number of institutions |
| 4. Budget preparation at the federal level… | d)…the most fundamental step in the process of budget preparation |
| 5. Revenue and expenditure forecasting is… |
| 6. Savers and borrowers are… | e)…four functions |
| 7. Finance in an economic system… | f)…connected by financial intermediaries |
|  | g)…comprises two parts |

**IX Are the following statements true or false? Correct the false ones.**

1. Finance is the provision of money at the time when it is needed.
2. Savers and borrowers are connected by financial intermediaries.
3. Public finance has three main functions.
4. The major instrument of any financial system is the Balance sheet.
5. When expenditure exceeds the revenue the budget has a deficit.
6. Budget preparation at the federal level involves a number of institutions.
7. Finance in an economic system comprises several parts.

**X** **Which of the sentences are active and which are passive?**

1. Finance in an economic system comprises two parts.
2. Finance is the provision of money at the time when it is needed.
3. Public finance is the provision of money that is spent by national and local government authorities.
4. Finance system in this country is oriented in a market economy.
5. The budget of the country estimates the government.
6. Fiscal policy requires accurate forecast of tax collection and expenditures.
7. Savers and borrowers are connected by financial intermediaries.

**XI Translate the following sentences:**

1. Finance is the provision of money at the time when it is needed.
2. Finance in an economic system comprises two parts: public finance and finance of economic entities.
3. The major instrument of any financial system is the budget.
4. The budget is an estimate of national revenue and expenditure for the ensuing fiscal year.
5. Revenue and expenditure forecasting is the most fundamental step in the process of budget preparation.
6. Public finance has four main functions.
7. In Russia, public finance is a sum of budgets of all levels of subjects of Federation, extra- budgetary and reserve funds.

**XII Answer the following questions:**

1. What is finance and financial system?
2. What parts does finance comprise?
3. What functions does public finance perform?
4. What is a country’s budget?
5. What does the process of budget preparation include?

**Unit III**

**Central Banking System**

**Pre text exercises**

**I Vocabulary list**

|  |  |
| --- | --- |
| 1. central banking system | система центрального банка |
| 2. monetary system | денежная система |
| 3. to be of importance | быть важным |
| 4. money supply | денежная масса, количество денег в обращении |
| 5. lender n | кредитор, ссудодатель |
| 6. lender of last resort | последний кредитор в критической ситуации, центральный банк |
| 7. liquidity | ликвидность |
| 8. issue (coins and bank notes) v | осуществлять эмиссию (денег) |
| 9. exchange rate | обменный курс |
| 10. intervene | вмешиваться |
| 11. foreign exchange market | рынок иностранной валюты |
| 12. safety | надежность, безопасность |
| 13. reserve requirements | резервные требования |
| 14. oblige | обязывать, принуждать, заставлять |
| 15. deposit | депонировать; вкладывать |
| 16. prudential ratios | «коэффициенты благоразумия» |
| 17. deposit | вклад |
| 18. capital ratio | отношение капитала к активам |
| 19. liquid ratio | отношения ликвидных активов банков к суммарным депозитам |
| 20. target | цель, контрольная цифра |
| 21. refinancing | рефинансирование |
| 22. open market operations | операции на открытом рынке |
| 23. restriction | ограничение (я) |

**II Translate the following international words and word-combinations:**

Central banking system, fiscal policy, function, commercial bank, banking system, private sector, budget deficit, market reforms, Federal Кeserve Ыystem, central bank, deposit, monetary policy, financial problems, inflation, national government, minimum interest rate, main instruments, refinancing of commercial banks, market operations, currency control.

**III Choose the English equivalents of the following words and word combinations:**

A: Денежная система; быть важным; кредитор, ссудодатель; последний кредитор в критической ситуации (центральный банк), обменный курс; резервные требования; рынок иностранной валюты; осуществлять эмиссию (денег); коэффициенты благоразумия; отношение капитала к активам; рефинансирование; операции на открытом рынке.

B: Open market operation; monetary system; refinancing; capital ratio; prudential ratios; lender; to be of importance; lender of last resort; exchange rate; issue (coins and banknotes); reserve requirements, foreign exchange market.

**IV Match the following English word combinations with Russian ones:**

1. exchange rate а) денежная система

2. reserve requirements b) операции на открытом рынке

3. prudential ratios c) резервные требования

4. open market operations d) обменный курс

5. monetary system e) коэффициенты благоразумия

**Central Banking System**

**V Read and translate the text.**

**Find the answers in the text to the following questions:**

1. What is a major sector of any monetary system?
2. What are central banks responsible for?
3. What functions do central banks perform?
4. What is done to ensure the safety of a banking system?

The central banking system is a major sector of any modern monetary system. It is of great importance to the fiscal policy of the national government and the functioning of the private sector.

Central banks such as the Bank of England, the Federal Reserve Board of the US, the Bundesbank of Germany, the Central Bank of Russia function for the government and other banks, not for private customers. They are responsible for the implementation of monetary policy and supervision over the banking system.

In particular, they control the money supply, fix the minimum interest rate, act as lenders of last resort to commercial banks with liquidity problems, issue coins and bank notes, influence exchange rates by intervening in foreign exchange markets.

To ensure the safety of the banking system, central banks impose reserve requirements, obliging commercial banks to deposit a certain amount of money with the central bank at zero interest. Central banks in different countries also impose different “prudential ratios” on commercial banks such as capital ratio and liquid ratio.

In the course of market reforms in Russia the Central Bank has been pursuing moderately tight monetary policy aimed at further reduction of inflation and putting an end to direct budget deficit crediting[[6]](#footnote-6). The CBR has been using the following main instruments of monetary policy:

* fixed targets for the money supply growth;
* refinancing of commercial banks;
* interest rates;
* open market operations;
* commercial banks reserve requirements;
* foreign currency control;
* direct quantity restriction.

**After text exercises**

**VI Find English equivalents to the following Russian phrases from the text:**

Система центрального банка, быть важным (иметь значение), быть ответственным за проведение кредитно-денежной политики, контролировать денежную массу, устанавливать процентную ставку, проблемы нехватки ликвидных средств, осуществлять эмиссию денег, надежность банковской системы, депонировать средства в центральном банке под нулевые проценты, кредитно-денежная политика, процентная ставка, обменный курс, денежная масса, совет управляющих, центральный банк, банковская система, резервные требования, коэффициенты благоразумия, рынок иностранной валюты.

**VII Work on vocabulary and grammar:**

1. Look for and study the following key words in the dictionary:

fiscal, requirements, supply, deposit, reserves, interest, reduction, capital.

1. Think of and add the verbs that are most commonly used with:

money supply, exchange rate, banknotes, safety, requirements, bank reforms operations, restrictions.

1. Think of and add the nouns that are often used with:

to implement, to supervise, to issue, to influence, to ensure, to regulate, to be responsible (for).

1. Match the verbs from (a) with the nouns (b) below.

a) to deposit b) ratios

to control for the government

to function money

to impose inflation

to reduce accounts

**VIII Define the proper tense forms and voice of the verbs in the following sentences:**

1. Central bank of Russia uses some new instruments of monetary policy.
2. In particular, central banks control the money supply and fix the minimum interest rate.
3. Banknotes and coins are issued by the central bank.
4. Different liquidity problems are insured by the Federal Reserve Board.
5. The Central Banking system is a major sector of any modern monetary system.

**IX Fill in the preposition where necessary:**

1. Central banking system is a major sector…any modern monetary system.
2. Central banks function…the government and other banks, not…private customers.
3. They are responsible…the implementation…monetary policy and supervision…the banking system.
4. Central banks…different countries also impose different “prudential ratios”…commercial banks.
5. Central banks act as lenders…last resort…commercial banks…liquidity problems.

**X Translate the following sentences into Russian, paying attention to the voice of verbs:**

1. Central banks are responsible for the implementation of monetary policy and supervision over the banking system.
2. The Central Bank of Russia functions for the government and other banks, not for private customers.
3. The central Banking system is a major sector of any modern monetary system.
4. In particular, central banks control the money supply, fix the minimum interest rate, act as lenders of last resort to commercial banks.
5. In the course of market reforms in Russia the Central Bank has been pursuing moderately tight monetary policy.

**XI Match the questions with the answers:**

1) Central banks such as the Bank of England, the Federal Reserve Board of the US, the Bundesbank of Germany, the Central Bank of Russia function for the government and other banks, not for private customers.

2) The central banking system is a major sector of any modern monetary system.

3) Central banks impose reserve requirements, obliging commercial banks to deposit a certain amount of money with the central bank at zero interest.

4) They are responsible for the implementation of monetary policy and supervision over the banking system.

5) In particular, they control the money supply.

* 1. What are the central banks responsible for?
  2. What is a major sector of any modern monetary system?
  3. What do central banks also impose?
  4. What do central banks of different countries function for?

**XII Have you got any new information from the text- Central Banking system?**

**Speak about it.**

**Unit IV**

**Banking System in Russia**

**Pre text exercises**

**I Vocabulary list**

|  |  |
| --- | --- |
| 1. 2-tier [tiə] system | двухуровневая система |
| 2. to be represented (by) | быть представленным (кем-л.) |
| 3. Lombard operations | операции с ломбардными кредитами |
| 4. REPO operations | операции РЕПО |
| 5. special-purpose credit | целевой кредит |
| 6. strengthen | укреплять |
| 7. withdraw | отзывать |
| 8. in the light of | в свете |
| 9. bankruptcy | банкротство |
| 10. authorized capital | уставный капитал |
| 11. reserve for possible losses | резерв на покрытие возможных убытков |
| 12. on loans and securities | по ссудам и ценным бумагам |
| 13. legal base | законодательная база |
| 14. specify | оговаривать, устанавливать |
| 15. tremendous | громадный, потрясающий |
| 16. hypothecation | ипотека |
| 17. obligatory insurance | обязательное страхование |
| 18. to be exempt from taxes | быть освобожденным от налогов |
| 19. tax treatment | налоговый режим |
| 20. apply | применять |
| 21. charges | отчисления |

**II Read and translate the following words and word combinations without a dictionary:**

Banking system, inflation, commercial bank, market operations, to guarantee the stability, Central Bank position, international standards, legal base, representation offices, bank deposits, characteristic, dynamic, minimum of capital, national banking system, financial transformation, monetary policy, financial resources.

**III Give the Russian equivalents to the following words and word combinations:**

2-tier system, monetary policy, ongoing reforms, money supply, economic and financial transformation, interest rate, system of refinancing, types of operations, tremendous progress, currency, to guarantee, stability, pension fund, to strengthen, bankruptcy, charges, to withdraw, special-purpose credit, Lombard operations, authorized capital, tax treatment.

**IV Complete the following sentences with the words given below:**

developing, operations, 2-tier system, commercial banks, dynamic

1. What taxes are paid by…..?

2. The Central Bank is involved in open-market…….

3. The interest rate policy has become more…

4. The banking system in Russia is organized as a……

5. The banking system in Russia is…….

**Banking System in Russia**

**V Read the text.**

**Find the answers to the following questions:**

1. Has the role of CBR changed over the years of the economic reforms?

2. What measures are being worked out to ensure stability of the Russian banking system?

**Foreigner:** What is characteristic of the Russian banking system these days?

**Russian:** The banking system in Russia is organized as a 2-tier system. The first tier is represented by the Central Bank of Russia. The second tier consists of commercial banks as well as branches and representations of foreign banks.

**F:** Has the CBR supported the economic and financial transformation of the country, the ongoing reforms?

**R:** Definitely. By implementing monetary policy the CRB has contributed to controlling the money supply and combatting inflation.

**F:** The interest rate policy has become more dynamic, hasn’t it?

**R:** Yes, the CBR has introduced Lombard and REPO operations, created a new system of refinancing commercial banks and reduced the share of special-purpose credits.

**F:** So, now your commercial banks get credits through auctions and other market mechanisms. Is the CBR involved in open-market operations?

**R:** Yes, our Central Bank acts in the primary market, attracting financial resources to cover the state budget deficit by noninflationary means.

**F:**  Since 1993 the financial sector has been developing fast. Have the changes in your banking system affected the position of the Central Bank?

**R:** The CBR is strengthening its role in regulating banking activities. As elsewhere, the CBR of Russia guarantees the stability of the national currency and banking system. It supervises the activities of commercial banks, issues and withdraws licenses for performing banking operations, etc.

**F:** Now that you’ve mentioned stability of the banking system, I think it’s the most important function of the CBR, particularly in the light of recent bankruptcies.

**R:** You are right. To achieve this, some measures are being worked out to make banks increase1the minimum size of authorized capital to correspond to the international standards.

**F:** I’m sure these measures include provisions about reserves for possible losses on loans and securities.

**R:** They do. The banking system is developing.

**F:** What about the legal base? Is it adequate?

**R:**  More or less. The Law on Banking adopted in 1996 specifies rules for banking activities, for example, types of operations, operations with hard currency, etc.

**F:**  So, foreign banks can be set up and can operate in Russia, can’t they?

**R:** They can have branches and representation offices.

**F:** Your banking system has made tremendous progress. How will it be developing in the future?

**R:** Our experts have prepared drafts of laws which must give a further boost to the development of the banking system. I mean laws on hypothecation, on obligatory insurance of bank deposits and bank bankruptcy.

**F:**  Your Central Bank is exempt from taxes. And what tax treatment is applied to your commercial banks? What taxes are paid by commercial banks?

**R:** Tax on profit, tax on property, tax on income from securities and charges to the Pension Fund, to list the main2.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1 to make banks increase… - чтобы заставить банки увеличивать…(конструкция «винительный» + инфинитив)

2 to list the main - (зд.) которые являются основными налогами

**After text exercises**

**VI Match the following English word phrases with their Russian equivalents:**

1. 2-tier system a. отчисления

2. legal base b. целевой кредит

3. strengthen c. обязательное страхование

4. in the light of d. банкротство

5. bankruptcy e. в свете

6. obligatory insurance f. укреплять

7. special-purpose credit g. двухуровневая система

8. tax treatment h. законодательная база

9. charges i. налоговый режим

**VII Make sentences from these words:**

1. Is, in, system, Russia, banking, as a 2-tier, system, organized.
2. Dynamic, policy, interest rate, more, has become.
3. Commercial, other, get, banks, through, credits, market, auctions, mechanism, and…
4. Our, in, acts, market, the primary, central bank.
5. Branches, foreign, can, and, have, representations, banks, offices.

**VIII Complete the following sentences:**

1. The Banking system in Russia…….
2. The second tier consists of…………
3. The interest rate policy…………….
4. Commercial banks get credits through….
5. The CBR of Russia guarantees the stability….

**IX Match the second halves of these sentences:**

1. The banking system in Russia is organized… a)…has made tremendous progress.
2. The first tier is represented… b)…has become more dynamic.
3. The interest rate policy… c)…as a 2-tier system.
4. Your banking system… d)…by the Central Bank of Russia
5. Since 1933 the financial sector… e)…has been developing fast.

**X Are the following statements true or false? Correct the false ones.**

1. The banking system in Russia is organized as a 2-tier system.
2. The interest rate policy has hot become more dynamic in Russia.
3. Our commercial banks do not get credits through auctions and other market mechanisms.
4. The CBR is strengthening its role in regulating banking activities.
5. Central Bank of Russia is exempt from taxes.

**XI Translate the following sentences and find the right tense forms of the verbs:**

1. The Banking system in Russia is organized as a 2-tier system.
2. The interest rate policy has become more dynamic.
3. The Banking system in Russia is rapidly developing.
4. Stability of the banking system is the most important function of CBR.
5. Different tax treatments are applied to commercial banks.

**XII Answer the following questions:**

1. How is the Russian banking system organized?
2. What are the functions of the CBR?
3. What measures are being worked out to ensure stability of the Russian banking system?
4. How will the Russian banking business be developing?
5. What tax treatment is applied to banks in Russia?

**Unit V**

**Bookkeeping as Part of Accounting Cycle**

**Pre text exercises**

**I Vocabulary list**

|  |  |  |
| --- | --- | --- |
| 1. bookkeeping, n |  | бухгалтерия; бухгалтерский учёт |
| 2. double-entry bookkeeping |  | система бухгалтерского учёта с двойной записью |
| 3. record-keeping, n |  | ведение учёта, учёт |
| 4. financial statements |  | финансовая документация |
| 5. monthly statements |  | ежемесячный бюллетень |
| 6. general journal |  | главный журнал учёта, бухгалтерский журнал, регистр, ведомость |
| 7. general ledger |  | общая бухгалтерская книга, гроссбух |
| 8. ledger posting |  | запись в главную бухгалтерскую книгу |
| 9. to post the journal into the ledger |  | переносить журнальные записи в главную книгу |
| 10. trial balance |  | пробный, предварительный бухгалтерский баланс, частичный пробный баланс |
| 11. to bring accounts to a balance |  | составлять сводный баланс |
| 12. favourable balance |  | активный баланс, положительный баланс |
| 13. unfavourable balance |  | пассивный, отрицательный баланс syn: adverse balance |
| 14. balance of an account |  | остаток счёта |
| 15. balance in hand |  | денежная наличность, наличность кассы |
| 16. balance of trade |  | торговый баланс (отчётность, отражающая результаты участия страны в международной торговле. Являясь составной частью платёжного баланса, она входит в текущий счёт) |
| 17. balance, v |  | подсчитывать, подытоживать, сводить, заключать, закрывать (счета книги) |
| 18. debit of an account |  | дебет счёта, списание средств со счёта |
| 19. debit balance |  | дебетовое сальдо, дебетовый баланс, положительное сальдо |
| 20. debit (to an account), v |  | дебетовать, записывать, вносить в дебет |
| 21. credit account |  | запись в правой части счёта, отражающая приход актива |
| 22. credit balance |  | кредитовое сальдо, кредитный баланс, отрицательное сальдо |
| 23. list, v |  | вносить в список, составлять список |
| 24. error, n |  | ошибка, погрешность |

**II Guess the meaning of the following international words:**

Company, efficient, management, cycle, extensive information, data, status, records, funds, invest, system, general, identify, business, stage, aspect, systematical, products, services, operations, rent, principles, financial, function, analyses, control, interpretation, journals, planning, balance, structure.

**III Give the Russian equivalents of the following words and word combinations:**

Accurate information, status of a company, management, different records, additional funds, accounting system, financial statement, record-keeping, trial balance, cash balance, balance of payment deficit, debit of an account, double-entry bookkeeping, ledger-posting, to bring accounts to a balance, to post the journal into the ledger, balance in hand, balance of trade, favourable balance, credit account, credit balance.

**IV Choose the English equivalents to the following Russian words and word combinations:**

Бухгалтерская книга, гроссбух; разноска по счетам, проводка; пробный, предварительный бухгалтерский баланс; бухгалтерия, бухгалтерский учёт; финансовая документация; запись в главную бухгалтерскую книгу; составлять сводный баланс; активный, положительный баланс; пассивный, отрицательный баланс; платёжный баланс; кредитовое отрицательное сальдо; вносить в список, составлять список; переносить журнальные записи в главную книгу; данные; точный, правильный;

To post the journal into the ledger; data; accurate; trial balance; to bring accounts to a balance; ledger posting; to list; unfavourable balance; ledger; balance of payments; posting; bookkeeping; credit balance; financial statements; favourable balance;

**Bookkeeping as Part of Accounting Cycle**

**V Read and translate the text;**

**Find answers to the following questions:**

1. What kind of information is of great importance for proper company management?
2. What does accounting and bookkeeping mean in general?
3. What is the task of a bookkeeper?
4. What does accounting principles determine?
5. How many cycles is modern accounting system considered to be?

For management of any company to be efficient, extensive and accurate information concerning receipts and payments, assets and liabilities, depreciation of assets and other data about company status are required. Such information being obtained mainly from different records, additional funds and time should be invested in bookkeeping and accounting system.

In general, accounting and bookkeeping mean identifying, measuring, recording economic information about any business, bookkeeping being considered the preliminary stage and part of the larger field of accounting.

The task of a bookkeeper is to ensure the record-keeping aspect of accounting and therefore to provide the data to which accounting principles are applied in the preparation of financial statements. Bookkeeping provides the basic accounting data by systematical recording such day-to-day financial information as income from the sale of products or services, expenses of business operations such as the cost of the goods sold and overhead expenses[[7]](#footnote-7) such as a rent, wages, salaries.

Accounting principles determine which financial events and transactions should be recorded in the bookkeeper’s books. The analysis and interpretation of these records is the primary function of accounting. The various financial statements produced by accountants then provide managers with the basis for future financial planning and control, and provide other interested parties (investors, the government) with useful information about the company.

Modern accounting system is considered to be a seven-step cycle. The first three steps fall under the bookkeeping function, such as: 1) the systematic recording of financial transactions; 2) the transferring of the amounts from various journals to general ledger (also called “posting step”); 3) the drawing up of the trial balance.

Record keeping of companies is based on a double-entry system, due to which each transaction is recorded on the basis of its dual impact[[8]](#footnote-8) on the company’s financial position. To make a complete bookkeeping record of every transaction in a journal, one should consider interrelated aspects[[9]](#footnote-9) of every transaction, and entries must be made in different accounts to keep the ins (receipts) and outs (payments) balanced.

A typical account is known to have two sides; the items on the left side are called debits, while the items on the right side are credits.

Thus, double-entry bookkeeping doesn’t mean that the same transaction is entered twice, it means that the same amount of money is always debited to one account and credited to another account, each record having its own effect on the whole financial structure of the company. Certain accounts are increased with debits and decreased with credits, while other accounts are increased with credits and decreased with debits.

In the second step in the accounting cycle, the amounts from the various journals are usually monthly transferred to the company’s general ledger – a procedure called posting. Posting data to the ledgers is followed by listing the balances of all accounts and calculating whether the sum of all debit balances agrees with the sum of all the credit balances. This procedure known as the drawing up of a trial balance and that follow it usually take place at the end of the fiscal year. By making a trial balance, the record-keeping accuracy can be checked. The trial balance having been successfully prepared, the bookkeeping portion of the accounting cycle is completed.

The double-entry system of bookkeeping enables every company to determine at any time the value of each item that is owned, how much of this value belongs to creditors, the total profit and how much belongs to the business clear of debt. Thus, one advantage of the double-entry system is that its information is complete enough to be used as the basis for making business decisions. Another advantage is that errors are readily detected, since the system is based on equations that must always be in balance.

**After text exercises**

**VI Make the sentence from two proper parts:**

|  |  |
| --- | --- |
| 1. The preparation of a trial balance includes | a. recording in an account a sum of money paid out or still owed.  b. regular transferring entries from the journal to the appropriate accounts in the ledger.  c. for recording all primary (первичный) information about any business transactions.  d. the accurate performance of the first three steps in the accounting cycle.  e. is recorded on the right-hand side of a list of accounts.  f. recording all money received by and paid out of a company in special books or computer files.  g. the checking of accounts by comparing the total credits with total debits.  h. is shown on the left-hand side of a list of accounts.  i. each sale or purchase is shown as having an effect on both the debit and the credit columns of an account.  j. recording the payments of a sum of money into an account. |
| 2. A special book known as a journal is used |
| 3. Double-entry bookkeeping is a system of recording accounts where |
| 4. The posting procedure consists of |
| 5. In bookkeeping a sum of money paid or owed by a business |
| 6. One should know that crediting means |
| 7. Unlike crediting the debiting procedure means |
| 8. Bookkeeping as part of the accounting cycle deals with |
| 9. A bookkeeper is sure to be fully responsible for |
| 10. The sum of money gained by a business |

**VII Choose the proper word from the brackets:**

1. The accounting cycle is known to consist of seven main steps, the ***(bookkeeping / accounting)*** being responsible for the analysis and interpretation of the ***(records / entries)***.
2. Having drawn up the ***(balance sheet / trial balance)***, the bookkeeper expects the final financial ***(accounts / statements)***to be prepared in the ***(accounting / managerial)*** department.
3. A bookkeeper deals with taxes, cash flow which includes cash ***(receipts / credits)*** and ***(debits / payments)***, sales, purchases and different other business ***(activities / transactions)***.
4. Bookkeepers first ***(post / record)*** all the data in the books which are called ***(ledgers / journals)***.
5. The record-keeping ***(accuracy / accurately)*** can’t be checked until total debits and total credits are added together.
6. All items of tangible assets should be ***(posted / listed)*** accurately before calculating their depreciation.

**VIII Are the following statements true or false? Correct the false ones.**

1. Accounting principles determine which financial events and transactions should be recorded in the bookkeeper’s books.
2. Modern accounting system is considered to be a seven-step cycle.
3. The first three steps are not important in bookkeeping.
4. Record-keeping of companies is not based on a double-entry system.
5. A typical account is known to have two sides.
6. By making a trial balance the record-keeping accuracy can not be checked.

**IX Form Gerund from the verbs in brackets. Translate the sentences.**

1. *(To keep)* records accurately is very important both for a company and tax authorities (власти).
2. After *(to post)* the data the bookkeeper began *(to calculate)* debit and credit balances.
3. The bookkeeper remembered *(to record)* the data concerning this transaction on the computer.
4. In *(to decide)* how much labour to employ, the firm looks for the highest possible profit.
5. The accountant is interested in the trial balance *(to draw up)* by the bookkeeper as soon as possible.
6. The company’s manager insists on *(keep)* detail recording of daily sales by salesmen (продавец).

**X Find in the text paragraphs with the passive voice and retell it using passive constructions.**

**XI Translate into Russian the following sentences with infinitive constructions.**

1. In making investment decision a financial manager is sure to use a wide variety of information provided by all departments of the company.
2. For the equipment to be replaced by the new one, the accountant should calculate both physical and moral depreciation.
3. In financing business activities a company is likely to rely to a great extent on short-term financing.
4. The manager expects the circulating capital to be transferred from money into goods within the current month.
5. They seem to run their business successfully due to the proper system of accounting.
6. At the beginning of the 20th century people thought agriculture to depend only upon nature.

**XII Translate the following sentences into English:**

1. В настоящее время система финансового учёта, как известно, состоит из семи ступеней, причём бухгалтерский учёт проводится на первых трёх этапах.
2. Принцип бухгалтерского учёта с двойной записью используется для контроля за финансовым положением предприятия.
3. Следует знать, что типичный счёт состоит из двух частей: левая часть для записей расходов, а правая часть для записей поступлений.
4. Чтобы составить пробный баланс, необходимо произвести разноску по счетам в гроссбух.
5. Составлением пробного баланса в конце бюджетного года завершаются первые три ступени финансового учётного цикла.
6. Финансовый учёт обеспечивает данные для экономического анализа и планирования повышения производительности труда и дохода.

**XIII Answer the following questions:**

1. What role does bookkeeping play in the accounting cycle?
2. What kind of data is collected by a bookkeeper?
3. What is the difference between bookkeeping and accounting?
4. What is the modern concept of the accounting system?
5. What does double-entry bookkeeping mean?
6. When is the bookkeeping cycle considered to be completed?
7. What are the advantages of the double-entry system?

**Unit VI**

**Accounting Information**

**Pre text exercises**

**I Vocabulary list**

|  |  |  |
| --- | --- | --- |
| 1. evaluate (v) |  | оценивать, устанавливать стоимость; давать оценку; |
| 2. financial performance |  | финансовая деятельность |
| 3. financial accounting |  | финансовая отчетность |
| 4. managerial accounting  syn.management accounting |  | управленческая отчетность, учет |
| 5. to deal in |  | торговать (чем-л.) |
| 6. budgeting (n) |  | составление сметы; финансовое планирование; составление бюджета |
| 7. capital budgeting |  | составление сметы  капиталовложений и их  окупаемости; расчет  рентабельности  капиталовложений |
| 8. financial statement |  | зд. финансовый отчет |
| 9. statement of cash flows |  | отчет о движении  денежных потоков |
| 10. income statement |  | отчет о доходах |
| 11. statement of retained earnings |  | отчет о нераспределенной  (реинвестированной) прибыли |
| 12. cash flow |  | поток наличности; движение денежной наличности, движение ликвидности |
| 13. statement of cash flows |  | отчет о движении денежных потоков |
| 14. inflow cash |  | приток наличности |
| 15. outflow cash |  | отток наличности |
| 16. reliable source of information |  | надежный источник сведений |
| 17. generate (v) |  | производить; образовывать |
| 18. disclose (v) |  | раскрывать; показывать |
| 19. summarize (v) |  | суммировать, резюмировать |
| 20. net loss |  | чистый убыток |
| 21. render (v) |  | отдавать, платить |
| 22. to render a service |  | оказывать услугу |
| 23. to render an account for payment |  | предоставлять счет к оплате |
| 25. withdrawal (n) |  | отзыв; изъятие; отмена; аннулирование; отказ; снятие со счета; изъятие вклада |

**II Guess the meaning of the following international words:**

Public, informational, financial, company, category, to classify, commission, association, section, project, analyst, to operate, figure, activity, standard, department, period, interest, efficiency, control, budget, to summarize, rent, design, group, dividend, result.

**III a) Join the following words into synonym pairs:**

To distribute, to deal in, to accept, to spread, to agree, to borrow, to trade, to disclose, to handle, to summarize, to be interested in, to offer, to withdraw, to be concerned with, to evaluate, to make known, to give the main points of smth, to get a loan, to render, to take back, to generate, to determine, to deal with, to produce.

**b) Make all possible word combinations from these adjectives and nouns:**

**Adj:** informational, previous, private, additional, sufficient, annual, net, particular, long-term, current, external, important, general, managerial,

**Nouns:** debt, method, cash, users, period, access, year, events, accounting, income, public, performance, information, support, source, loss.

**IV Choose the English equivalents to the following Russian phrases:**

Предельные издержки; альтернативные издержки; бюджетные расходы; капиталовложения/инвестиции; денежные расходы; потребительские расходы; полные/общие/совокупные расходы; годовые расходы; предусмотренные издержки; средние расходы; банковские расходы; расходы по финансированию; финансовые расходы; переменные издержки; управленческие расходы; расходы по организации сбыта; расходы на душу населения; предварительные расходы; расходы по хранению; постоянные издержки; сравнительные издержки; снижающиеся издержки; издержки на моральный износ; накладные расходы; издержки нематериального характера.

Budget expenditures; cash expenses; comparative costs; total expenditures/expenses costs; opportunity costs; average expenses/costs; marginal costs; annual expenses/costs; banking expenses; financing expenses/costs; anticipated expenses; obsolescence costs; financial expenses/costs; variable costs; management expenses; fixed expenses/costs; intangible costs; consumption expenditures/expenses; marketing expenses/costs; decreasing costs; preliminary expenses; per capita expenses; storage expenses/costs; capital/investment expenditures; overhead expenses/costs.

**Accounting Information**

**V Read and translate the text;**

**Find answers to the following questions in the text:**

1. Who is interested in accounting information?
2. What are the main differences between financial and managerial accounting?
3. What financial statements are included in an annual report and when are they published?
4. What information can stockholders get from the balance sheet?
5. Why is it important to prepare the statement of a company’s cash flows?

Accounting provides informational access to a company’s financial condition for three broad interest groups. First, it gives the company’s management the information to evaluate financial performance over a previous period of time, and to make decisions regarding the future. Second, it informs the general public, and in particular those who are interested in buying its stock, about the financial position of the company. Third, accounting provides reports for the tax and regulatory departments[[10]](#footnote-10) of the government. In general, accounting information can be classified into two main categories: financial accounting (or public information) and managerial accounting (or private information).

Managerial accounting deals with cost and profit relationships, efficiency and productivity, planning and control, pricing decisions, capital budgeting, etc. Not being generally spread outside the company, this information provides a wide variety of specialized reports for devision managers, department heads, project directors.

A standard set of financial statements is expected to be prepared regularly by financial accounting and published in an annual report at the end of the fiscal year. Being, prepared in accordance with generally accepted accounting principles, these statements include the following items: 1) the balance sheet, 2) the statement of cash flows, 3) the income statement, 4) the statement of retained earnings.

Information relating to the financial position of a company, mainly about assets and liabilities, is presented in a balance sheet. The statement of cash flows shows the changes in the company’s financial position and provides information which is not available in either an income statement or a balance sheet. Thus, the statement of cash flows represents the sources and the uses of the company’s funds for operating activities[[11]](#footnote-11), applications of working capital and data about additional financial support.

Provided the company couldn’t generate sufficient cash to finance its activities, it would be necessary to borrow money and it should be indicated in the statement.

Another financial statement disclosing the results of the company’s activity is known as the income and expense statement. Prepared for a defined time interval, this statement summarizes the company’s revenues, expenses, gains and losses and shows whether a company has made a profit within the period. Income is considered to be the difference between revenues and expenses. If the total expenses exceeded the total revenues during the period, the difference would be the net loss of the company. Revenues are transactions that represent the inflow of assets as a result of operations – that is, the assets received from selling goods and rendering services. Expenses are transactions involving the outflow of assets in order to generate revenue, such as wages, salaries, rent, interest and taxes. In addition to disclosing revenues and expenses, the income statement also lists gains and losses from other kinds of transactions such as the sale of plant assets or the payments of long-term liabilities.

The income statement excludes the amount of assets withdrawn by the owners, in a corporation such withdrawal of assets being called dividends. The separate statement of retained earnings and stockholder’s equity shows investors what has happened to their ownership in the company, how earnings and new stock issuance have increased its value, and what dividends were paid.

Each of these reports contains figures for previous year and for the current period, providing a way of comparing present and past company performance. Being prepared for the use of management, the financial statements contain neither debit nor credit columns. These statements are accompanied by additional data about the particular accounting method used, as well as explanations about the most important events within the previous year.

**After text exercises**

**VI Find in the text synonyms to the following words and word phrases:**

Concerning the future; conclusions about the price; an external part; use of capital; succeeding; fixed interval; wide; a number of; means of supply; yearly report; fulfilment of an action; the month before this one.

**VII Make the sentences from two proper parts:**

1) A balance sheet represents a) about a company’s revenues, expenses,

gains and losses.

2) The statement of cash flows b) relating to the profitability of the

provides the information company and its financial position.

3) The income statement c) the main accounting equation.

summarizes the data

4) The statement of retained d) planning, control, budgeting and pricing

earnings discloses the decisions.

information concerning

5) Financial accounting includes e) stockholders’ equity and dividends.

the information

6) Managerial accounting deals f) about the changes in the financial

with structure of the company

7) Being prepared for the use of g) the financial statements contain neither

management debit not credit columns.

**VIII Using the text above complete the following conditional sentences:**

1. If the accountant expected any losses in future, he…
2. If we consider accounting existing today, we…
3. If we had prepared financial statement, all useful information…
4. If the income were calculated, the matching principle…
5. If there were any relations between the entity and the external parties, they…
6. If a transaction had occurred, the exchange price…
7. If we plan to estimate the company’s performance for some years, the same accounting methods...

**IX Replace the Russian words in brackets with the English equivalents:**

1. After all taxes have been paid, a total amount of money lost by a company is known as **(чистый убыток)**.
2. The accountant **(оценивает)** the company’s activity, records data and prepares statements summarizing what has been recorded.
3. The main aim of the company’s **(ценовой политики)** is to produce maximum profit taking into account the changing market situation.
4. Income from **(предоставленных услуг)** differs from the value of **(источника этих услуг)**.
5. All people **(заняты экономической деятельностью)** as buying, selling or earning income.
6. Banks are closely concerned with **(притоком и оттоком)** of the country’s money.
7. **(Относительно)** the demand for money, one should understand that it depends not only on the scope **(размах, масштаб)** of business transactions, but also on how rapidly the business is done.

**X Fill in the gaps with modal verbs – *can, must, should*:**

1. Due to progressive taxation the government … redistribute (перераспределять) national income among the rich and the poor.
2. Positive economics … be defined as a science concerned with the production, distribution and consumption of goods and services.
3. Local government expenditure … meet a variety of people’s everyday needs: from cleaning the streets to providing local schooling (обучение в школе). It is known that these expenditures … be financed through taxes.
4. According to the most general classifications, capital … be classified as physical, human and financial. The latter … be grouped into fixed and circulating.
5. The money … be exchanged for whatever goods and services a producer requires.
6. The annual GNP figures … be adjusted for price changes before any comparisons in the rates of economic growth … be made.
7. Retained earnings … be essential part of the company’s total capital.

**XI Translate the following sentences into English:**

1. Финансовые отчеты, публикуемые ежегодно для акционеров, представляют также интерес для налоговых органов.
2. Отчеты для управления содержат данные о планировании, о взаимосвязях стоимости и прибыли, о ценообразовании, о составлении бюджета, эффективности и производительности предприятия.
3. Ежегодный отчет содержит следующий набор финансовых документов: балансовый отчет, отчет о прибыли, отчет о денежных потоках, отчет о нераспределенном капитале, причем для сравнения в отчетах приводятся данные за предыдущий год.
4. Отчет о денежных потоках показывает, накопила ли компания достаточно наличных денежных средств для финансирования своей деятельности или необходимо было брать деньги взаймы.
5. Отчет о прибыли представляет данные как о доходах и расходах, так и о прибылях и убытках компании за данный период.
6. Отчет о нераспределенной прибыли включает информацию об использовании акционерного капитала и об уровне дивидендов акционеров.
7. Доходы от предоставленных услуг отличаются от стоимости источника этих услуг.

**XII a) Answer the following questions:**

1. What kind of information is represented in the income statement?
2. How can revenues and expenses be defined?
3. What statement shows the amount of a stockholder’s dividends?
4. Why is it necessary to prepare additional reports?
5. What statement contains debit and credit columns?

**b) Think a little and speak:**

1. In what financial figures and statements the following groups of people are more interested: a) stockholders, b) managers, c) creditors, d) the company’s employees, e) competitors, f) fiscal officials.
2. Why is it necessary to develop similar accounting systems in different countries?

**Unit VII**

**Accounting Records**

**Pre text exercises**

**I Vocabulary list**

|  |  |  |
| --- | --- | --- |
| 1. accounting records |  | бухгалтерские счета, бухгалтерская отчетность |
| 2. transaction |  | сделка |
| 3. to disclose |  | раскрывать, обнаруживать |
| 4. accuracy |  | точность, правильность |
| 5. annual accounts |  | ежегодные счета |
| 6. to enable |  | давать возможность |
| 7. to ensure |  | обеспечивать, страховать, гарантировать |
| 8. to comply |  | исполнять (просьбу, требование и т.п. with), уступать, соглашать |
| 9. stocktaking records |  | книга учета записей |
| 10. accounting date |  | отчетная дата |
| 11. to presume |  | полагать, допускать |
| 12. a prudent basis |  | благоразумный, осторожный, бережливый |
| 13. accrual basis |  | принцип начислений |
| 14. departure |  | (зд.) отклонение |
| 15. Companies Act |  | Закон о компаниях |
| 16. impact |  | воздействие, влияние, столкновение |
| 17. overriding |  | первостепенный |
| 18. requirement |  | требование, потребность |
| 19. statutory books |  | обязательные документы компании |
| 20. going (concern) |  | действующий, работающий |
| 21. profit and loss account |  | счет убытков и прибылей |

**II Give the Russian equivalents to the following words and word combinations:**

Stocktaking records, company accounts, to reflect changes, historical cost, accounting date, annual accounts, from year to year, accounting policy, to prepare annual accounts, accrual basis, Companies Act, traditional method, alternative accounting rules, along with, revenues and expenses, accounting records, statutory requirements, daily receipts and payments, accounting principles.

**III Match the following English word phrases with the Russian ones:**

|  |  |
| --- | --- |
| 1. to prepare annual accounts | a) бухгалтерские счета |
| 2. accounting records | b) правило бухгалтерского учета |
| 3. without modification | c) подготовить ежегодный отчет |
| 4. accounting regulations | d) без изменения |
| 5. stocktaking records | e) действующий (работающий) концерн |
| 6. a going concern | f) влияние инфляции |
| 7. impact of inflation | g) книга учета запасов |

**IV Find the Russian equivalents to the following English words and word combinations:**

accounting records, stocktaking records, accounting date, accrual basis, departure, Companies Act, prudent basis, profit and loss account, annual accounts, to ensure, impact presume, overriding statutory books;

отклонение, принцип начислений, бухгалтерская отчётность, закон о кампаниях, благоразумный (осторожный), принцип начислений, счёт убытков и прибылей, ежегодные счета, обеспечивать – страховать, воздействие – столкновение, полагать – допускать, первостепенный, обязательные документы кампании;

**Accounting Records**

**V Read and translate the text.**

1. Explain what information is disclosed in the text.
2. Say what you have learned from the text about the UK rules for the preparation of accounting records.

Every company must keep accounting records sufficient:

* to show and explain a company’s transactions;
* to disclose the financial position of the company at any time with reasonable accuracy; and
* to enable the directors to ensure that the annual accounts comply with a statutory requirements.

The records must contain entries of daily receipts and payments, the record of assets and liabilities and, where the business involves dealing in goods, stocktaking records and details of goods bought and sold.

The directors of every company have a duty to prepare annual accounts. The accounts must be made up to a company’s accounting date (its financial year-end) and in accordance with the specified accounting principles. In the UK, for example, they include the following:

* The company is presumed to be a going concern.
* Accounting policies are applied consistently from year to year.
* The amount of any item is determined on a prudent basis.
* The accounts are prepared on an accrual basis.

Details of any departure from these principles, the reasons for it, and its effect must be explained in the note to the accounts.

In the United Kingdom company accounts are almost invariably prepared using the historical cost accounting convention, with or without modification to reflect changes in the value of certain assets. However, Company Act 1985 does provide alternative accounting rules which permit companies to recognize a full impact of inflation and changing prices in their accounts.

Along with the rules applying to the preparation of accounts, there is an overriding requirement that the balance sheet must give a “true and fair” view of the state of affairs of the company and that a profit and loss account must give a “true and fair” view of the company’s profit or loss.

Until 1992, cash basis accounting was the only method recognized in Russia. Although the new accounting regulation permits the administration to select a method of recognizing revenue and expenses, the traditional method is still dominant.

**After text exercises**

**VI Using the text above give English equivalents to the following word combinations:**

бухгалтерская отчетность, обнаруживать (раскрывать), финансовое положение, отчетная дата, принцип начислений, применяется постоянно, альтернативные бухгалтерские правила, воздействие (влияние) инфляции, первостепенные требования, счет убытков и прибылей, благоразумный (бережливый), обязательные документы компаний, книга учета запасов, балансовый отчет, ежегодный отчет, ежедневные доходы и расходы, принцип учета;

**VII Are the following sentences true or false?**

1. Every company must show and explain its transactions.
2. The directors of every company have a duty to prepare annual accounts.
3. The accounts must be made up to a company’s accounting date.
4. A company may give a false view of the state of affairs.
5. Details of any departure from the main principles are not explained in note to the accounts.

**VIII Fill in the blanks with the missing words:**

1. The directors of every company ….. to prepare annual accounts.
2. The company is presumed ….. concern.
3. The amount of any item ….. on a prudent basis.
4. The accounts are prepared on ….. .
5. Until 1992, cash basis accounting was only method ….. .

to be a going…, is determined, recognized in Russia, on an accrual basis, have a duty

**IX Match the sentence halves:**

|  |  |
| --- | --- |
| 1. The directors of every company have a duty… | …are almost invariably prepared. |
| 2. In the United Kingdom company accounts… | …keep accounting records. |
| 3. Profit and Loss account must give “a true and fair”… | …the only method recognized in Russia. |
| 4. Until 1992, cash basis accounting was… | …to prepare annual accounts. |
| 5. Every company must… | …view of the state of affairs of the company. |

**X Using the text complete the following sentences:**

* + - 1. Every company must keep…
      2. Until 1992, cash basis accounting was the- only method…
      3. The directors of every company have a duty to prepare…
      4. The accounts are prepared on an…
      5. Accounting policies are applied consistently…

**XI Translate the following sentences.**

1. Every company must keep accounting records.
2. The directors of every company have a duty to prepare annual accounts.
3. In the United Kingdom company accounts are almost invariably prepared.
4. Until 1992, cash basis accounting was the only method recognized in Russia.
5. The traditional method of accounting is still dominant in Russia.

**XII Find the answers in the text to the following questions:**

1. Why must every company keep accounting records?
2. What do the directors of every company have?
3. Who prepares annual accounts of company?
4. According to what principles must the accounts be made?
5. How are company accounts prepared in the United Kingdom?

**Unit VIII**

**Public and Private Accountants**

**Pre text exercises**

**I Vocabulary list**

|  |  |  |
| --- | --- | --- |
| 1. public accountant |  | (дипломированный) частнопрактикующий бухгалтер |
| 2. private accountant |  | бухгалтер, действующий в пределах одной фирмы |
| 3. practise, v |  | (зд.) иметь частную практику |
| 4. judgement, n |  | мнение, суждение |
| 5. certified public accountant |  | дипломированный частнопрактикующий бухгалтер |
| 6. holder of a license |  | владелец/держатель лицензии |
| 7. be authorized |  | иметь право, быть уполномоченным |
| 8. to grant a license |  | предоставлять лицензию |
| 9. state government |  | (зд.) правительство штата |
| 10. to pass an examination |  | сдать экзамен |
| 11. to keep knowledge up to date |  | поддерживать знания на современном уровне |
| 12. integrity, n |  | (зд.) высокая профессиональная репутация |
| 13. confidentiality, n |  | конфиденциальность |
| 14. to be held in low esteem |  | не пользоваться уважением |
| 15. to have much in common |  | иметь много общего |
| 16. auditing, n |  | аудит |
| 17. consulting services |  | консультационные услуги |
| 18. tax planning |  | планирование налогообложения |
| 19. cost accounting |  | производственный учет |
| 20. capital budgeting |  | составление смет капитальных расходов |
| 21. budgeting for current operations |  | составление смет текущих расходов |
| 22. financial information system |  | финансовая информационная система |
| 23. professional body |  | профессиональная организация |

**II Give the Russian equivalents to the following words and word combinations:**

Professional independence, public accountant, limited liability, private accountant, responsibility, preferable, professional corporations, certified accountants, tax returns, to grant a license, highest standards of integrity, much in common, market economy, business firms, judgements, to be held in low esteem, financial information system, budgeting for current operations, capital budgeting, to keep knowledge up to date.

**III Find the English equivalents to the following Russian phrases:**

Заниматься чем-л.; предоставлять услуги на платной основе; дать толчок созданию…; быть предпочтительным; организовать товарищество; избегать ограниченной ответственности; брать на себя ответственность за свои решения; иметь право выдавать лицензию; удовлетворять требованиям в отношении уровня образования и опыта работы; сдать экзамен; профессиональная репутация; конфиденциальность; поддерживать высокие профессиональные стандарты; аудит; иметь много общего; отличаться в значительной степени; производственный учет; составление смет капитальных расходов; составление смет текущих расходов.

To be engaged in; to grant a license; to give boost to the creation; cost accounting; capital budgeting; to be preferable; to form partnership; to take full responsibility for their judgements; to meet educational and experience requirements; integrity; to pass an examination; to maintain the highest standards of integrity; to provide services for a fee; confidentiality; auditing; to have much in common; budgeting for current operations; to avoid limited liability; differ greatly.

**IV Match the English equivalents of the following Russian words and word combinations:**

|  |  |
| --- | --- |
| 1. составление смет текущих расходов | a. integrity |
| 2. производственный учёт | b. tax planning |
| 3. составление смет капитальных вложений | c. budgeting for current operations |
| 4. дипломированный частнопрактикующий бухгалтер | d. cost accounting |
| 5. не пользоваться уважением | e. capital budgeting |
| 6. планирование налогообложения | f. certified public accountant |
| 7. высокая профессиональная репутация | g. to be held in low esteem |

**Public and Private Accountants**

**V Read and translate the text;**

**Find answers in the text to the following questions:**

1. What are public accountants?
2. What are private accountants?
3. What forms of business organization seem preferable to public accountants?

|  |  |
| --- | --- |
| Russian: | I’m sure you know that we are engaged in developing the accounting profession in our country at the moment. In this context we would like to know how the members of the accounting profession are classified in your country. |
| American: | They can be classified by the type of organization they work for. The accounting profession in market economy consists of public and private accountants. Public accountants are independent professionals who provide services for a fee. Accountants who are employed by business firms are known as private accounts. |
| R.: | The changes in our economy along market lines have given a boost to the creation of public accounting firms. What forms of business organization seem preferable to your public accountants? |
| Am.: | Well, some practise alone. Many have formed partnerships with other accountants, and a few have formed professional corporations. I’d say that partnerships are the main form of business organization in the accounting profession. |
| R.: | What explains the popularity of the form, from your point of view? |
| Am.: | The answer, surprisingly, is very simple. Public accountants try to avoid limited liability because they believe that professionals should take full responsibility for their judgements. |
| R.: | What does the title certified public accountant imply? |
| A.: | The title refers to the holder of a license to practise public accounting. |
| R.: | We are introducing a similar practice into our life, too. In this connection I’d like to know what bodies in your country are authorized to grant licenses. |
| A.: | The license is granted by a state government. But I’d like to stress that the license is granted to people who meet educational and experience requirements and pass an examination. All American certified public accountants are expected to keep their knowledge up to date and to maintain the highest standards of integrity, professional independence and confidentiality. I hope you also try and do your best to keep up high professional standards. |
| R.: | Certainly. For many years our accountants were held in very low esteem in our country, now the situation is changing for the better. |
| A.: | I’m glad to hear that. What services do your public accountants offer? I think we have much in common here. |
| R.: | Yes, sure. The main service is auditing. Besides, public accounting firms offer consulting services, some accountants are also active in tax planning and preparation of tax returns. And what about your private accountants? Their work must differ greatly from what our accountants employed by business firms do. |
| A.: | No wonder, you are only entering a market economy. Accountants who work for US business firms have wide responsibilities. Their duties include cost accounting, capital budgeting, budgeting for current operations, tax planning, they must know how to design financial information systems, and do many other things. |
| R.: | I see, we’ll have to go a long way before we create a strong and respected professional body of accountants in Russia. |
| A.: | But it’s worth while the effort[[12]](#footnote-12). |

**After text exercises**

**VI Match the sentence halves:**

|  |  |
| --- | --- |
| 1. We are engaged in…  2. The accounting profession in market economy…  3. What forms of business organization seem…  4. I think we have…  5. The license is granted…  6. I’d like to know what bodies in your country…  7. We are introducing a similar… | 1. …by a state government.  2. …are authorized to grant licenses.  3. ...practice into our life, too.  4. …much in common here.  5. …developing the accounting profession in our  country.  6. …preferable to your public accountants?  7. …consists of public and private accountants. |

**VII Work on vocabulary and grammar:**

1. Study the key words of the unit in the dictionary:

balance sheet, account, depreciation, cost, expenses, assets, loss;

1. Think of the English synonyms to these Russian verbs:

относить (на), отражать (в учете), учитывать;

1. Think of the nouns that are most often used with the following verbs:

to measure, to ensure, to communicate, to prepare, to debit, to credit, to draw up, to disclose, to report

1. Give derivatives of:

account, n debit, n

statement, n manager, n

transaction, n credit, n

consult, v prudence, n

record, n license, n

**VIII Find the sentences with modals:**

1. The accounting profession in market economy consists of public and private accountants.
2. The main service is auditing.
3. Accounting profession can be classified by the type of organization they work for.
4. We will have to go a long way before we create respected professional body of accountants in Russia.
5. Their work must differ greatly from what our accountants do.
6. Partnerships are the main form of business organization in the accounting profession.
7. Public accountants believe that professionals should take full responsibility for their judgements.

**IX Find the sentences that are in Passive:**

1. Accountants who are employed by business firms are known as private accountants.
2. We are introducing a similar practice into our life.
3. The license is granted by a state government.
4. I’m glad to hear it.
5. I’d like to know what bodies in your country are authorized to grant licenses.
6. As far as I know, these concepts are recognized internationally.
7. We are engaged in developing the accounting profession in our country.

**X Translate the following sentences paying attention to the tense-forms of verbs:**

1. The accounting profession in market economy consists of public and private accountants.
2. Public accountants are independent professionals who provide services for a fee.
3. The changes in our economy along market lines have given a boost to the creation of public accounting firms.
4. The license is granted by a state government.
5. Accountants who work for US business firms have wide responsibilities.
6. We’ll have to go a long way before we create a strong and respected professional body of accountants in Russia.
7. It is worth while the effort.

**XI Answer these questions:**

1. Who can get a license to practice public accounting?
2. What services do Russian public accountants provide?
3. What are public accountants?
4. What are private accountants
5. How do public accountants organize their activities?

**XII Say in a few words what the text is about. Use the opening phrases:**

It is clear from the text that…;

Among other things the text raises the issue of…;

One of the main points to be singled out is…;

Great importance is also attached to…;

I find the question of… very important because…;

**Unit IX**

**Performing an Audit**

**Pre text exercises**

**I Vocabulary list**

|  |  |  |
| --- | --- | --- |
| 1. accounting records |  | документы учета |
| 2. financial statement |  | финансовая отчетность |
| 3. to offer the opinion |  | сделать заключение (по результатам аудиторской проверки) |
| 4. audit (n) |  | аудит, аудиторская проверка, ревизия |
| 5. build up (v) |  | наращивать, накапливать |
| 6. account(s) audit |  | аудит счетов, ревизия счетов |
| 7. auditor’s opinion |  | заключение аудитора, аудиторское заключение |
| 8. credibility (n) |  | вероятность, правдоподобие, достоверность |
| 9. supervisory board |  | наблюдательный совет |
| 10. indepth audit report |  | детальный аудиторский отчет |
| 11. audit process |  | процесс проведения аудиторской проверки |
| 12. audit procedures |  | методика проведения ревизии/ аудиторской проверки |
| 13. manifold (adj) |  | разнообразный, многосторонний |
| 14. preliminary analytical review |  | предварительный анализ финансово-хозяйственной деятельности |
| 15. (un)intentional (adj) |  | (не)преднамеренный |
| 16. to seek evidence |  | искать доказательства |
| 17. substantive test(ing) |  | независимая проверка |
| 18. tests in totals |  | проверка итоговых чисел |
| 19. inherent risk |  | (зд.) присущий (виду деятельности) риск |
| 20. control risk |  | риск контроля |
| 21. detection risk |  | риск (не)обнаружения |
| 22. approval of the financial statements |  | подтверждение финансовой отчётности |
| 23. to qualify the opinion |  | дать аудиторское заключение с оговорками |
| 24. integrity (n) |  | добросовестность, профессиональная честность |
| 25. the related statement of income |  | соответствующий отчет о прибылях и убытках |
| 26. to comply with regulations |  | соответствовать требованиям, правилам и т.д. |

**II Translate the following word combinations into Russian:**

an independent accountant-auditor, firms accounting records, different types of audits, financial statements audits, income tax audits, environmental audits, administrative audits, supervisory boards, employee representatives, an indepth audit report, to offer the opinion, a mass of delayed work, final judgement, planning and testing stages, inappropriate opinion on financial information, educated and adequately trained, sufficiently;

**III Guess the meaning of the following international words and word combinations:**

Auditing process, types of audits, special agency, confidential, instrument, financial firm, auditors, legal position, financial information, statistical analysis, audit procedures, public interests, control risk.

**IV Choose the English equivalents of the following Russian words and word phrases:**

финансовая отчётность; сделать заключение; документы учёта; вероятность – достоверность; наблюдательный совет; детальный аудиторский отчёт; разнообразный, многосторонний; предварительный анализ финансово-хозяйственной деятельности; искать доказательства; независимая проверка; присущий (виду деятельности) риск; подтверждение финансовой отчётности; дать аудиторское заключение с оговорками; соответствовать требованиям, правилам и т.д.

to seek evidence; substantive test(ing); inherent risk; financial statement; to offer the opinion; accounting records; credibility; supervisory board; indepth audit report; manifold; preliminary analytical review; approval of the financial statements; to qualify the opinion; to comply with regulations;

**Performing an Audit**

**V Read and translate the text;**

**Find answers in the text to the following questions:**

1. What is auditing?
2. What audits are practiced nowadays?
3. What does the auditor’s opinion help establish?
4. How is an audit planned?
5. What do auditors normally start with?

Auditing is a process in which an independent accountant-auditor examines a firm’s accounting records and financial statements and offers an opinion on their accuracy and reliability.

There are different types of audits, for example, financial statements audits, income tax audits, “value for money” audits, environmental audits, administrative audits, financial management audits, etc.

The accountancy profession has built up a significant amount of expertise in performing financial statements audits.

Accounts audits were established as an instrument to protect third parties, the users of accounts, since the auditor’s opinion helps establish credibility of financial statement.

Special bodies of users, such as supervisory boards, employee representatives, government agencies may sometimes need an indepth audit report, which is usually confidential.

It should be stressed that auditors do not monitor, they offer an opinion, and the audit process and audit procedures are complicated and manifold. The auditor’s opinion is gradually being built up from a mass of detailed work to the final judgement through the planning and testing stages. The auditor normally starts with a study of the business environment the audited company is working in and performs a preliminary analytical review.

Then he should direct his attention to the financial statements. Interestingly enough, however, the auditor’s attention is not directed towards the financial statements’ elements as such, but towards the correctness of various assumptions made by the management for their preparation. For instance, the auditor needs to know if figures are complete and accurate and reflect what they should reflect, if income and expenses are recorded in the proper periods and if the legal position is reflected adequately.

The auditor should focus on any misstatement whether it is intentional or unintentional.[[13]](#footnote-13) The management is responsible for the reliability of financial information. If the management is not prepared to take the responsibility it may be hard to complete the audit. In such situations the auditor should seek his own evidence by means of independent audit procedures.

Although the financial statements are the ultimate objectives of an audit, normally such audits cannot be completed without a proper study and evaluation of the accounting system and assessment of the internal accounting controls.

Defining the audit strategy the auditor has to decide whether to rely on internal controls or to resort to substantive testing applying analytical review procedures, such as tests in totals, comparison with budgets or even statistical analyses of figures.

In the planning stage as well as during the performance of audit procedures and, finally, in forming conclusions, “materiality” and “audit risk” are critical elements in the auditor’s judgement. “Materiality” refers to the magnitude or nature of a misstatement (including an omission) of financial information.

“Audit risk” (including three different components – inherent risk, control risk, detection risk) is the risk that an auditor may give an inappropriate opinion on financial information that is materially misstated.

The natural finalization of the audit process is the auditor’s report, reflecting the auditor’s opinion on the financial statements. Unfortunately, audits do not always end up in an approval of the financial statements. Any deviation from the unqualified opinion should be explained in the auditor’s report, including the uncertainty or the disagreement that caused the auditor to qualify his opinion[[14]](#footnote-14).

In order to protect the public interest and the profession’s integrity an individual must be sufficiently educated and adequately trained before being certified to act as an auditor.

Below you will find a sample of an auditor’s opinion:

To the Shareholders of … Ltd.:

We have audited the accompanying balance sheet of … Ltd. as of 31 December … and the related statement of income for the year then ended.

Our audit was conducted in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances to establish whether the balance sheet and related statement complied with Russian regulations and were in agreement with the underlying accounting records.

In our opinion, the balance sheet and related statement of income of … Ltd. referred to above have been prepared in compliance with the relevant Russian regulations and are in agreement with the underlying accounting records.

Moscow,

24 March …

**After text exercises**

**VI Find English equivalents to the following Russian phases from the text:**

Проверять (подвергать ревизии) учетную документацию; давать заключение в отношении точности и достоверности финансовой отчетности; ревизия правильности начисления подоходного налога; аудит оптимального использования денежных средств; аудит мероприятий по защите окружающей среды; ревизия правильности действий руководства; проверка эффективности финансовой деятельности руководства; учетные работники накопили значительный опят в …; аудит счетов является инструментом защиты интересов пользователей финансовой отчетности; заключение аудитора делает финансовую отчетность надежной; наблюдательным советам и ведомствам иногда нужны глубокие аудиторские отчеты, которые являются, как правило, конфиденциальными; аудиторы не контролируют, они дают заключение в отношении точности и достоверности финансовой отчетности; деловая среда, в которой работает проверяемая компания; аудиторы обращают свое внимание на правильность предположений руководства; преднамеренное или непреднамеренное искажение данных; брать на себя ответственность за…; процедура проведения аудиторской проверки; “материальность” и “риск некачественного контроля” являются исключительно важными факторами при формировании заключения аудитора.

**VII Translate the following word phrases, use a dictionary if necessary:**

Accounting records, supervisory boards, accuracy and reliability, income tax, government agencies, auditor’s opinion, preliminary analytical review, accurate figures, intentional misstatement, to seek evidence, financial statements, to take the responsibility, ultimate objectives, audit risk, auditor’s report, to comply with regulations.

**VIII Complete the sentences with the words given below:**

1. There are different…
2. Then he should direct his attention to the…
3. The auditors should focus on any misstatement whether it is…
4. The management is responsible for the reliability of…
5. The natural finalization of the audit process is the…
6. You will find a sample of…
7. Our audit was conducted in accordance with generally accepted…

auditor’s report, financial information, types of audits, intentional or unintentional, financial statements, an auditor’s opinion, auditing standards

**IX Translate the following sentences into Russian and tell the tense-forms of the verbs:**

1. The accountancy profession has built up a significant amount of expertise in performing financial statements audits.
2. Audit process and audit procedures are complicated and manifold.
3. Auditing is a process in which an independent accountant-auditor examines a firm’s accounting records and financial statements.
4. The natural finalization of the audit process is the auditor’s report.
5. Our audit was conducted in accordance with generally accepted auditing standards.
6. The auditor should focus on any misstatement whether it is intentional or unintentional.
7. The auditor normally starts with a study of the business environment the audited company is working in.

**X Choose the second halves of the following sentences:**

|  |  |
| --- | --- |
| 1. The auditor needs to know if…  2. The auditor should focus on any misstatement whether…  3. Although the financial statements are the ultimate objectives of an audit…  4. In the planning stage as well as during the performance of audit procedures and in forming conclusions…  5. “Materiality” refers to the magnitude or nature…  6. The natural finalization of the audit process is…  7. Unfortunately, audits do not always end up in… | …figures are complete and accurate.  …it is intentional or unintentional.  …normally such audits can not be completed without a proper study and evaluation of the accounting system.  … “materiality” and “audit risk” are critical elements in the auditor’s judgement.  …of a misstatement (including an omission) of financial information.  …the auditor’s report.  …an approval of the financial statements. |

**XI Translate the following sentences into English:**

1. Аудит счетов (ревизия счетов) были установлены в качестве инструмента (способа) с целью защиты пользователей счетов.
2. Однако внимание аудитора не направлено на элементы финансовой отчетности.
3. Аудит – это процесс, когда независимый бухгалтер-аудитор проверяет документы учета фирмы.
4. Аудитору нужно знать записывались ли доходы и расходы в соответствующий период времени и адекватно ли отражено реальное (законное) положение фирмы.
5. Если управление не готово брать на себя ответственность, возможно, завершить аудит будет трудно.
6. Аудиторы обучаются соответствующим образом, прежде чем получить сертификат аудитора.
7. По нашему мнению, балансовый отчет был подготовлен в соответствии Российских постановлений (regulations).

**XII Say in a few words what the text is about. Use the opening phrases:**

The text looks at (the problem of…)

The text deals with the issue of…

It is clear from the text that…

Among other things the text raises the issue…

The problem of … is of great importance…

**XIII Answer these questions:**

1. What do auditors direct their attention to when they analyze financial statements?
2. What responsibilities do managers (directors) undertake with regard to the audit?
3. What are the responsibilities of auditors?
4. Do auditors study and evaluate the accounting system and the internal accounting control during the audit? Do they rely on internal controls?
5. What are the most critical elements in the auditor’s judgement?
6. Who has the right to act as an auditor

**Unit X**

**Auditing in Russia**

**Pre text exercises**

**I Vocabulary list**

|  |  |  |
| --- | --- | --- |
| 1. statutory requirement |  | установленное законом требование |
| 2. in force |  | действующий |
| 3. “true and fair” view of the business’s financial position |  | точное отражение финансового положения компании |
| 4. to find faults |  | находить недочёты |
| 5. profit and loss account |  | счёт прибылей и убытков |
| 6. chartered public accountant |  | дипломированный частно -  практикующий бухгалтер |
| 7. consultancy, n |  | предоставление консультационных услуг |
| 8. to render a wide range of services |  | предоставлять широкий перечень услуг |
| 9. tax return |  | налоговая декларация |
| 10. maintenance of accounting |  | ведение системы бухгалтерского учёта |
| 11. enterprise management |  | управление предприятием |
| 12. financial statements |  | Финансовая отчётность |
| 13. foreign trade transaction |  | внешнеторговая сделка |
| 14. foreign currency operation |  | операция с иностранной валютой |
| 15. institutional infrastructure |  | институциональная инфраструктура |
| 16. audit chamber |  | аудиторская палата |
| 17. professional competence |  | профессиональная компетентность |
| 18. to be entitled |  | иметь право |
| 19. statutory audit |  | аудит, предписанный законом |
| 20. professional qualifications |  | профессиональные квалификационные требования |
| 21. practising certificate |  | свидетельство, дающее право заниматься аудиторской деятельностью |
| 22. consolidated accounts |  | сводная отчётность |
| 23. accounting |  | управленческий учёт |
| 24. insolvency, n |  | неплатёжеспособность |
| 25. civil and commercial law |  | гражданское и коммерческое право |
| 26. employment law |  | закон о занятости |

**II Guess the meaning of the following words and word combinations:**

Industrialized, economy, market, regulations, financial organization, business position, process, consultancy services, management, client, document, analysis, principles, auditing firms, auditors, professional competence, infrastructure, tax law, basic principles, professional qualification, commercial law;

**III Give the Russian equivalents of the following word combinations:**

Statutory requirement, market economy, joint ventures, annual financial statements, auditing organization, financial authority, balance sheet, profit and loss account, chartered public accountants, consultancy services, tax returns, maintenance of accounting, audit chamber, consolidated accounts.

**IV Match the following Russian words and word phrases with their English equivalents:**

|  |  |
| --- | --- |
| 1. действующий | 1. consultancy |
| 2. аудиторская палата | 2. tax return |
| 3. закон о занятости | 3. consolidated accounts |
| 4. консультационные услуги | 4. to find faults |
| 5. налоговая декларация | 5. employment law |
| 6. сводная отчётность | 6. audit chamber |
| 7. находить недочёты | 7. in force |

**Auditing in Russia**

**V Read and translate the text;**

**Find answers in the text for the following questions:**

1. What forms of business organization are audited in Russia?
2. Why is the auditing profession developing fast in Russia now?
3. What responsibilities do the UK auditors take?

|  |  |
| --- | --- |
| Englishman: | In most industrialized countries audit is a statutory requirement applying to limited companies. Are there any similar regulations in force in Russia? |
| Russian: | The transition to a market economy has led to the establishment of new market mechanisms and creation of new institutions. Under the legislation in force, joint ventures are required to submit their annual financial statements, audited by an auditing organization, to the local financial authority. |
| En.: | As far as I know, you didn’t use to have auditing firms in the past. Are there any auditors now? |
| R.: | Yes, there are. This profession is developing very fast. There are hundreds of auditing firms in every big city now. |
| En.: | In the UK the auditor is responsible for ensuring that the accounts show a “true and fair” view of the business’s financial position and performance. What is auditing in your country? |
| R.: | As elsewhere, auditing in our country is a process in which an independent accountant examines a firm’s records, analyses financial statements and offers an opinion on their accuracy and reliability. If the auditor doesn’t find faults he confirms the Balance Sheet and the Profit and Loss Account. |
| En.: | I see, we have much in common here. Our auditors, as a rule, are chartered public accountants, too. Besides, our auditors are very active in consultancy. |
| R.: | Due to the specific business environment, auditors in our country render a very wide range of consultancy services. |
| En.: | I suppose they help their clients to prepare tax returns and give advice on the maintenance of accounting and organization of internal control. |
| R.: | Not only. Our auditors also give advice on how to set up businesses, how to improve an enterprise management, explain to their clients rules for performing foreign trade transactions and foreign currency operations. |
| En.: | It is widely believed in the UK that if auditors are to play their proper part to in the national economic development, they must be independent of pressures not simply from clients but also, as far as practicable, from government or state agencies. |
| R.: | The majority of our auditors fully share this point of view. Besides, we believe that an independent, effective and efficient profession requires a strong institutional infrastructure. Audit chambers have been set up throughout our country. |
| En.: | It’s nice to hear it. Besides, the strength and prestige of a professional body depends on the professional competence. Who is entitled to carry out statutory audits of accounting documents in Russia? |
| R.: | Only auditors having a license. We know that the professional qualifications for auditors in the UK are very high. What are they? |
| En.: | Well, our standards in this field are really very high. Every chartered accountant undergoes several years of intensive professional training culminating in examinations of a very high standard. Even then, further experience and study are required to obtain a practising certificate. |
| R.: | What subjects do the examinations cover? |
| En.: | A very wide range, I must say. They include auditing, analysis and critical assessment of annual accounts, general accounting, consolidated accounts, cost and management accounting, internal audit, legal and professional standards relating to the statutory auditing, company law, the law on insolvency, tax law, civil and commercial law, employment law, basic principles of financial management, ets. |
| R.: | It’s not surprising that your accountants and auditors are respected the world over. |

**After text exercises**

**VI Match the following Russian expressions with their English equivalents:**

Проведение аудиторской проверки является требованием, установленным законом; в соответствии с существующим законодательством; финансовая отчётность, проверенная аудиторской фирмой; аудит быстро развивается; финансовая отчётность даёт истинную картину финансового состояния; обнаружить недочёты; подтвердить счёт прибылей и убытков; активно заниматься консультационными услугами; правила осуществления внешнеторговых сделок и операций с твёрдой валютой; организовать аудиторскую палату.

Audit is a statutory requirement; financial statements show “true” and “fair” view of the business’s financial position; to find faults; rules for performing foreign trade transactions and foreign currency operations; to set up audit chambers; audit is developing very fast; under the legislation in force; financial statements audited by the auditing firms; to confirm profit and loss account; to render a wide range of consultancy services.

**VII Work on vocabulary and grammar:**

1. look for and study the key words of the unit in the dictionary:

audit(ing), auditor, auditor’s opinion, auditor’s report, records;

1. think of and add the verbs that are most commonly used with:

opinion, audit, auditor’s report, internal controls, effective and efficient profession;

1. think of and add the nouns that are most often used with:

to complete, to perform, to submit, to develop, to examine, to confirm;

1. match the verbs from (a) with the nouns from (b) below:

a): b):

|  |  |
| --- | --- |
| to submit | management |
| to examine | services |
| to render | advice |
| to give | a firm’s records |
| to improve | financial statements |

**VIII Using the text above complete the following sentences:**

1. In most industrialized countries audit is…
2. There are hundreds of auditing…
3. In the UK the auditor is responsible for…
4. The majority of our auditors fully share…
5. It’s not surprising that your accountants and auditors…

**IX What is false and what is true. Correct the false sentences:**

1. The transition to a market economy has led to the establishment of new market mechanisms.
2. There are no auditing firms in Russia.
3. Auditing is not developing in Russia.
4. In the UK the auditor is responsible for ensuring that the accounts show a “true and fair” view of the business’s financial position.
5. Professional qualifications of auditors in Russia are really very high.

**X Find the second halves of the following sentences:**

1. In most industrialized countries audit is…
2. This profession…
3. Auditing in our country is a process in which an independent…
4. If the auditor doesn’t find faults he confirms…
5. It’s not surprising that your accountants and auditors…
   1. …are respected the world over.
   2. …the Balance Sheet and the Profit and Loss Account.
   3. …a statutory requirement applying to limited companies.
   4. …is developing very fast.
   5. …accountant examines a firms records.

**XI Find in the following sentences the proper tense-forms and voice of the verbs, translate the sentences:**

1. In most industrialized countries audit is a statutory requirement applying to limited companies.
2. Under the legislation in force, joint ventures are required to submit their annual financial statements.
3. If the auditor does not find faults, he confirms the Balance Sheet and the Profit and Loss Account.
4. In Russia only auditors having a license are entitled to carry out statutory audits of accounting documents.
5. It’s not surprising that your auditors and accountants are respected the world over.

**XII Answer these questions:**

1. Why is the auditing profession developing fast in Russia now?
2. Why is it that Russian auditors offer a wide range of services?
3. What conditions can ensure existence of an independent, effective and efficient auditing profession?
4. What professional qualifications exist for auditors in the UK?
5. What examinations do the UK auditors take?

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1. to write cheques against the account – выписывать чеки против счета [↑](#footnote-ref-1)
2. to balance accounts – уровнять, погасить счет; сбалансировать статьи расходов [↑](#footnote-ref-2)
3. on sight – по предъявлению (без предварительного уведомления) [↑](#footnote-ref-3)
4. Money to be spent on…-средства, которые пойдут на…

   В данном случае инфинитив употребляется в функции определения. В русском языке инфинитив, определяющий существительное, во многих случаях равен по значению определительному придаточному предложению. Сказуемое такого предложения выражает действие, которое должно произойти в будущем. [↑](#footnote-ref-4)
5. It has major inputs from…- Оно получает основную информацию от… [↑](#footnote-ref-5)
6. direct budget deficit crediting – прямое кредитование бюджетного дефицита [↑](#footnote-ref-6)
7. overhead expenses – накладные расходы [↑](#footnote-ref-7)
8. dual impact – двойное воздействие [↑](#footnote-ref-8)
9. interrelated aspects – взаимосвязанные аспекты [↑](#footnote-ref-9)
10. Tax and regulatory departments – отделы по налогообложению и регулированию деятельности компаний [↑](#footnote-ref-10)
11. Opening activities – управленческая деятельность [↑](#footnote-ref-11)
12. it’s worth while the effort – это стоит затрачиваемых усилий. [↑](#footnote-ref-12)
13. should focus on any misstatement whether it is intentional or unintentional – следует обращать внимание на любое искажение независимо от того, является ли оно преднамеренным или непреднамеренным [↑](#footnote-ref-13)
14. … that caused the auditor to qualify his opinion – которые заставили аудитора внести оговорки в свое заключение (выразить особое мнение) [↑](#footnote-ref-14)