

普通高等教育经管类专业系列教材

会 计 英 语

（第2版）

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内 容 简 介

本书是一本为会计英语教学而编写的专业基础教材,按会计学专业主干课程的架构共设11章,主要内容包括:会计概述;交易事项;应收账款;存货与销货成本;投资;有形资产、自然资源 and 无形资产;负债;所有者权益;收入与费用;财务报表;审计。各章由基本知识、核心词汇、拓展阅读和练习题组成。其中,核心词汇可以帮助学生自主学习,减少全英文教材阅读给学生带来的理解上的困难;拓展阅读部分介绍了会计的基本理论、重点和难点,对中外会计准则进行对比,并通过融入会计学中的人生哲理,潜移默化地实现对学生的人生教化和价值引领;练习题可以帮助学生练习并巩固相关知识点。

本书可作为高等院校本科和高职高专会计、审计、财务管理等专业的会计英语课程教材,也可作为广大财会从业人员学习会计英语的专业图书。

本书提供配套电子课件、教案和习题答案。

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前言

随着国际经济贸易的发展和资本的国际流通,经济全球化已经日益深化。而会计学科作为企业经济管理的重要工具,尤其需要与国际接轨。社会主义市场经济的到来使得我国在对外贸易、国际融资、跨境投资等领域飞速发展,培养新型的会计国际化人才已经成为财经类高校的一项重要任务。

本书以国际会计准则和美国会计准则为导向,既有基础会计的基本理论和中级财务会计的进阶会计知识,也有审计学科的基本知识,让学生通过学习会计实务中英文的习惯表达和丰富的会计英语词汇,提高阅读英语会计文献和使用英语处理常规会计业务的能力,培养运用英语进行会计业务操作的能力,满足学生毕业后的工作岗位的实际需要。

本书按会计学专业主干课程的架构共设11章,主要内容包括:会计概述;交易事项;应收账款;存货与销货成本;投资;有形资产、自然资源和无形资产;负债;所有者权益;收入与费用;财务报表;审计。第2版更新了陈旧的数据,与时俱进地更换了大量案例,并在拓展阅读模块中融入会计学的人生哲理,以“立德树人”为根本,帮助教师在开展专业教育的同时培养和塑造学生的价值观,潜移默化地实现对学生的人生教化和价值引领。

本书的创新之处在于每章设置核心词汇、拓展阅读和练习题模块。核心词汇以中英文对照的方式呈现,使学生能够自主学习,减少全英文教材阅读给学生带来的理解上的困难。拓展阅读部分内容丰富,英语较为薄弱的学生可以通过这一部分把握每章内容的精髓,非会计专业的学生可以通过这一部分了解会计的基本理论、重点和难点,还可借助其中对中外会计准则的对比,明确相关会计问题在不同准则下的处理差异。练习题编排合理,题型多样,帮助学生练习并巩固相关知识点。本书提供配套教学资源,包括电子课件、教案和习题答案,可通过扫描右侧二维码获取。



教学资源

本书由张淼、王文杰任主编,负责全书的编写工作。此外,参与编写的人员有李佳钰、陈潇瑜、卢禹燕、彭月、王慧凝、徐旖聪、杨媛等。为了进一步提升本书的质量,东北财经大学会计学院的傅荣教授作为本书的主审,将其多年来对国内外企业会计准则

会计英语（第2版）

的研究成果融入本书的内容体系。

在本书的编写过程中，编者得到了所在学校领导、老师和相关部门的大力支持与帮助，在此表示衷心的感谢！由于时间仓促，水平有限，本书难免存在不足，恳请专家和读者批评指正。

编 者
2023年8月

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Chapter 1

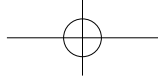
Fundamentals of Accounting

Spotlight

Accounting is commonly referred to as the language of the business world. In business, accounting always serves as a communication tool for numerical information. It is a method that businesses utilize as a means to convey financial information to both their employees and the public. Previously, the accounting languages varied across countries. Today, only two major accounting languages are in use—one in the United States, and the other in Europe and many other parts of the world.

Accounting is the important basic work of modern enterprises. It focuses on providing useful information to help enterprises make decisions through a series of accounting procedures. **Identifying, recording, and communicating** the financial transactions of an organization to interested parties are the three fundamental activities of accounting. The quality of fundamental accounting directly impacts the assessment of internal and external conditions of an enterprise. By analyzing financial information, enterprise managers can forecast and evaluate the business situation, and control economic activities. Additionally, they can evaluate the different plans of the enterprise to ensure that it can capitalize on opportunities and mitigate potential risks.

In this book, you will find that the fundamental principles of accounting are consistent. Therefore, by studying these principles presented in this text, you will be well-prepared to comprehend the financial outcomes of companies around the world. This chapter begins with the fundamentals of accounting, which encompasses various information users, forms of enterprise organization, accounting types, accounting standards, the basic assumptions of accounting, the accounting elements, and the accounting equation. It should be emphasized that accounting is essential for all types of corporate organizations.



Text

1.1 Who Use Accounting Data

The financial information that users need depends on the type of decisions they are required to make. Financial information users can generally be classified into two main categories: internal users and external users.

1.1.1 Internal Users

Internal users of accounting information are individuals or groups within a company or an organization who use financial information to **plan, organize, and run** a business. It is related to the daily operations and management of the business.

Some examples of internal users include managers, executives, employees, and the board of directors.

1.1.2 External Users

External users are individuals or organizations who are not part of a company but have a need or desire to access its financial information. They may use this information for various purposes, such as making investment decisions, assessing the company's creditworthiness, or conducting research. External users rely on the accuracy and completeness of a company's financial information to make informed decisions about their interactions with the company.

Examples of external users include investors, creditors, suppliers, customers, regulatory bodies, and the general public.

1.2 Forms of Enterprise Organizations

While many accounting processes apply to all types of companies, variations in the legal structure of a company result in differences in accounting for owners' equity. In this context, we will examine three fundamental forms of ownership structure for business entities: proprietorship, partnership, and corporation.

1.2.1 Proprietorship

A **proprietorship** can also be called a **sole trader**. Most often, it is a business owned

by one person and the owner usually serves as the manager as well. In consequence, proprietorships tend to be retail establishments such as local stores, restaurants, and individual professional businesses such as dentists or attorneys who operate alone.

Starting a proprietorship typically requires only a relatively small amount of capital. The proprietor, who owns the business, is accountable for all profits and losses, and assumes full **personally liable** for all debts of the business.

1.2.2 Partnership

A **partnership** has two or more persons as co-owners. It is a cooperative relationship between people or groups who agree to share responsibility for achieving some specific goal. Usually, a partnership also bears **unlimited joint and several liabilities**. The most basic form of partnership could be when a group of individuals come together to create a business.

A professional entity that provides paid service to its clients with specialized knowledge and skills may form a specialized general partnership, which can be called limited liability partnership. In limited liability partnership, each partner is liable only for his own actions and those under his control. The number of partners can be huge. International accounting firm PwC for example, has over 400 partners in China and Singapore region.

1.2.3 Corporation

A **corporation** is a type of business that is established as a distinct legal entity under corporate law, with ownership divided into transferable shares. The owners of a corporation undertake the limited liability for debts with registered capital, meaning that creditors of the corporation (such as banks or suppliers) can make claims only against the corporate assets, and not the personal assets of the owners. Conversely, in proprietorships and partnerships, owners are typically held personally liable for any obligations of the business.

In most large corporations, ownership shares are publicly traded as stocks. This implies that the company offers ownership shares to the public for purchase, with buyers becoming shareholders or stockholders. Shareholders may transfer all or part of its shares to other investors on the stock exchange. Such corporations usually have a multitude of shareholders numbering in the thousands.

A **limited liability company (LLC)** is a legal form of a company that bears limited liability to its owners in many jurisdictions. However, the LLC's ownership structure differs from the corporation, as its members do not hold shares but rather have legal interests

proportional to their investment. When members of an LLC sell their ownership, they are selling their own interests rather than stock. China does not allow unlimited liability companies to exist.

The differences of organization forms are shown in EXHIBIT 1-1.

EXHIBIT 1-1 The Differences of Organization Forms

Item	Proprietorship	Partnership	Corporation	LLC
Owner	One owner	Two or more owners	Shareholders	Members
Personal liability of owner for business debts	Personally liable	Personally liable	Not personally liable	Not personally liable

1.3 Two Kinds of Accounting

1.3.1 Management Accounting

Management accounting, also known as **managerial accounting**, is the process of analyzing and interpreting financial information and data to provide internal users with the tools they need to make informed business decisions. The main focus of managerial accounting is to provide relevant and timely financial information to managers within an organization to help them make better decisions related to planning, controlling, and decision-making. It is tailored to meet the specific needs of internal management. It can help managers in developing and monitoring budgets, assessing the profitability of products and services, evaluating investment decisions, and identifying cost-saving opportunities.

The scope of managerial accounting includes a range of activities such as budgeting, cost analysis, variance analysis, performance measurement, and forecasting. It provides managers with detailed information about the financial performance of specific departments or projects within the organization, as well as insight into trends and potential future scenarios.

1.3.2 Financial Accounting

Financial accounting is a branch of accounting that focuses on the preparation and reporting of a company's financial statements to external users, such as investors, creditors, and regulatory agencies. The primary objective of financial accounting is to provide reliable, relevant, and accurate financial information about a company's performance, financial position, and cash flows.

Financial accounting involves the **recording, classifying, summarizing, and interpreting** of financial transactions and events to generate financial statements, including the balance

sheet, income statement, and cash flow statement. These statements provide a comprehensive overview of a company's financial performance, including its revenues, expenses, assets, liabilities, and equity.

Financial accounting is guided by various accounting principles, standards, and guidelines, such as the Generally Accepted Accounting Principles (GAAP) in the United States and the International Financial Reporting Standards (IFRS) in many other countries. The use of these standards helps to ensure consistency, transparency, and comparability of financial information across different companies and jurisdictions.

1.4 Accounting Standards

1.4.1 International Accounting Standards Board

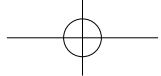
The **International Accounting Standards Board (IASB)** is an independent, global accounting standard-setting organization which headquartered in London, UK, with its 15 board members drawn from around the world. The IASB develops and promotes the use of high-quality financial reporting standards, known as International Financial Reporting Standards (IFRS), which are used by companies and organizations around the world.

The IASB is responsible for developing and maintaining the IFRS, which cover a range of financial reporting topics, including revenue recognition, leasing, financial instruments, and accounting for intangible assets. These standards are used by companies and organizations in over 140 countries, including many of the world's largest economies.

The IASB works closely with national accounting standard-setting bodies and other stakeholders, including investors, regulators, and accounting professionals, to ensure that its standards meet the needs of users of financial statements and are relevant, reliable, and globally accepted.

1.4.2 Financial Accounting Standards Board

The **Financial Accounting Standards Board (FASB)** is an independent, non-profit organization based in Norwalk, Connecticut, USA. The FASB's mission is to establish and improve financial accounting and reporting standards to provide useful information to investors and other users of financial reports. The FASB is recognized as the authoritative standard-setting body for financial accounting and reporting in the United States. The FASB develops and maintains the Generally Accepted Accounting Principles (GAAP), which are widely used



by public and private companies, not-for-profit organizations, and government entities in the United States.

The FASB's standards cover a range of financial accounting and reporting topics, including revenue recognition, leases, and financial instruments. The FASB also provides guidance on emerging issues and conducts research to inform its standards-setting process. Its standards are used by thousands of companies, investors, and other stakeholders to make informed financial decisions.

1.5 Accounting Assumptions and Principles

1.5.1 The Entity Assumption

The entity assumption requires that the transactions of each entity are accounted for separately from the transactions of all other organizations and persons. It is the most basic accounting concept. The accounting entity concept is applied to all organization forms of businesses: proprietorship, partnership, and corporation.

1.5.2 The Going-concern Assumption

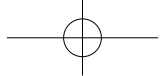
The going-concern assumption is the assumption that ordinarily an entity persists indefinitely. In another word, an entity will remain in operation long enough to use existing assets for their intended purpose. Under this assumption, an entity reports its long-term assets, such as plant and equipment, based on their historical cost rather than the liquidation value.

1.5.3 The Time-period Concept

For accounting information to be useful, it must be made available at regular intervals. **The time-period concept** ensures that accounting information is reported at regular intervals. The basic accounting period is one year, for example, an entity prepares annual financial reports. An entity also prepares financial statements for an interim period, such as a month, a quarter, and a semiannual period.

1.5.4 The Monetary Unit Assumption

The monetary unit assumption assumes that all financial transactions and events are recorded in a common monetary unit, such as a dollar or euro. In China, we record transactions in RMB while Americans record transactions in US dollars. The value of RMB changes all



the time. A rise in the general price level is called *inflation*. A decline in the general price level is called *deflation*. Under the monetary unit assumption, we ignore inflation and deflation. Accountants assume that the currency value is stable.

1.5.5 Fundamental Qualitative Characteristics

The **fundamental qualitative characteristics** are a set of characteristics that describe the key attributes of financial information that make it useful for decision-making.

Relevance: Relevant financial information is capable of making a difference in the decisions made by users. To be relevant, information must be timely, have predictive value, and have confirmatory value.

Faithful representation: Financial information should represent faithfully the economic phenomena it purports to represent. To achieve faithful representation, information must be complete (it includes all necessary information), neutral (free from bias), and accurate (it really happened).

The fundamental qualitative characteristics play a crucial role in ensuring financial information is valuable for decision-making. Financial reporting that includes information that is relevant and accurately represents the underlying economic phenomena can assist investors, creditors, and other stakeholders in evaluating an entity's financial position and performance, allowing them to make well-informed decisions regarding their interactions with the entity.

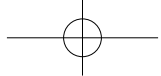
1.5.6 Measurement Principles

Measurement principles are a set of guidelines used to measure and report financial transactions in financial statements. Generally, it includes historical cost principle and fair value principle.

● The Historical Cost Principle

This principle requires that assets and liabilities be recorded at their historical cost (amount paid or received at the time of acquisition). Historical cost reflects the original cost of an asset or liability and is considered a reliable and objective measurement method. However, it does not reflect the current value of an asset or liability.

For example, an example of the historical cost principle would be a company purchasing a piece of land for \$100,000 in 2022. According to the historical cost principle, the company would record the land on its financial statements at the original purchase price of \$100,000. Even if the land has significantly appreciated in value and is worth millions of dollars in the



current market, the company would continue to report the land at its original cost of \$100,000 on its financial statements.

- **The Fair Value Principle**

The fair value principle is an accounting principle that requires assets and liabilities to be reported at their estimated current market value. In other words, the fair value principle requires companies to report their assets and liabilities on their financial statements at the price that they could be sold for on the open market. The fair value principle is intended to provide more accurate and relevant information to investors and other users of financial statements by reflecting the current economic value of a company's assets and liabilities.

For example, if a company owns a stock that has increased in value since it was purchased, the fair value principle would require the company to report the stock on its financial statements at its current market value, which may be higher than its original cost. Similarly, if a company has a liability that has increased in value since it was incurred, the fair value principle would require the company to report the liability on its financial statements at its current market value, which may be higher than the original amount owed.

1.6 Elements of the Financial Statements

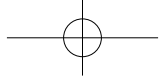
1.6.1 Financial Position

- **Asset**

As mentioned earlier, assets refer to the resources owned by a business. The business uses its assets to carry out various activities, such as production and sales. According to FASB, “An asset is a probable future economic benefit obtained or controlled by an entity as a result of a past transaction or event.” That means an **asset** is an economic resource controlled by the entity as a result of past events, which is expected to produce a future benefit, such as cash, land, plant, and inventory. A coffee shop can identify the coffee machine as an asset, since coffee produced by coffee machine can be sold for money.

- **Liability**

Liabilities are claims against assets—that is, existing debts and obligations. According to FASB, “A liability is a probable future sacrifice of economic benefits arising from present obligations of an entity to transfer assets or provide services as a result of a past event or transaction.” That means a **liability** is a present obligation of the entity arising from past events, which will result in an outflow of resource from the entity. They are debts that are



payable to creditors. For example, a bank loan can be identified as a liability, since an entity needs to pay off the principal and interest within a certain period of time.

- **Owners' Equity**

Equity means ownership. In accounting, equity is the residual value or interest of the most junior class of investors in assets, after all liabilities are paid. If liabilities exceed assets, a negative equity exists. It is a residual value, which equals to assets minus liabilities. There are two main sub-parts in owners' equity: **paid in capital and retained earnings**.

1.6.2 Business Performance

- **Revenue**

An entity creates **revenue** by provide goods and services to customers. In many countries, revenue is referred to as turnover. In accounting, revenue is often referred to as the “top line” due to its position on the income statement at the very top. This is to be contrasted with the “bottom line”, which denotes net income. Revenues will increase the net income as well as the owners' equity of an entity.

- **Expense**

In common usage, an **expense** is an outflow of money to another person or group to pay for an item or service, or for a category of costs. For a tenant, rent is an expense. For students, tuition fee is an expense. Buying food, clothing, and furniture is often referred to as an expense.

In accounting, expense has a very specific meaning. It is an outflow of cash or other valuable assets from a person or company to another person or company. According to International Accounting Standards Board, an expense is defined as “decreases in economic benefits during the accounting period in the form of outflows or depletion of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants”. **Expenses** are decreases in economic benefits during the accounting period in the form of outflow of assets. Expenses will decrease the net income as well as the owners' equity of an entity.

- **Income**

Income is also called **profit** or **earnings**. Income refers to the money that an individual or a household receives in exchange for providing goods or services or from investments. It can take various forms, such as wages or salaries earned from employment, profits earned by a business, interest or dividends earned on investments, rental income from property, or other sources.

In economics, income is often classified into different categories such as gross income, net income, disposable income, and discretionary income. Gross income is the total income earned before any deductions, while net income is the income remaining after deducting taxes and other expenses. Disposable income is the income available after deducting taxes and other necessary expenses such as housing, food, and transportation. Discretionary income is the income left over after deducting necessary expenses, which can be used for non-essential expenses such as entertainment or vacations.

1.7 Accounting Equation

The **accounting equation**, also known as the balance sheet equation, is a fundamental principle in accounting that describes the relationship between a company's assets, liabilities, and equity. The accounting equation can be expressed as follows:

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

In other words, the assets of a company are equal to the sum of its liabilities and equity. This equation must always be in balance, which means that the total value of the assets must be equal to the total value of the liabilities and equity. In addition, the other accounting equations are shown in EXHIBIT 1-2.

EXHIBIT 1-2 The Other Accounting Equations

$\begin{aligned}\text{Assets} &= \text{Liabilities} + \text{Owners' equity} \\ \text{Assets} &= \text{Liabilities} + \text{Paid in capital} + \text{Retained earnings} \\ \text{Income} &= \text{Revenues} - \text{Expenses}\end{aligned}$
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1.8 Accrual Basis and Cash Basis

Accrual basis and cash basis are two methods of accounting used to record and report financial transactions.

1.8.1 Accrual Basis

Accrual basis of accounting is a method in which revenues and expenses are recorded when they are earned or incurred, regardless of when the cash is received or paid.

Under the accrual basis, revenue is recognized when it is earned, and expenses are recognized when they are incurred, even if payment is not received or made until a later date. This method provides a more accurate picture of a company's financial performance, as it reflects the timing of transactions rather than just the cash flow.

1.8.2 Cash Basis

Cash basis is an accounting method that recognizes the impact of transactions on the financial statements only when a company receives or pays cash.

Cash basis of accounting is a method in which revenues and expenses are recorded only when cash is received or paid. Under the cash basis, revenue is recognized when cash is received, and expenses are recognized when cash is paid. This method is simpler and easier to use, but it may not accurately reflect the timing of transactions, especially for companies with significant accounts receivable or accounts payable.

The choice of accounting method can have a significant impact on a company's financial statements and tax liabilities. GAAP requires most businesses to use the accrual basis of accounting. It's important to understand the advantages and disadvantages of each method and choose the one that is best for your business.

Core Words

Internal users	内部使用者
External users	外部使用者
Proprietorship	个人独资企业
Partnership	合伙制企业
Corporation	股份有限公司/集团公司
Limited liability company	有限责任公司
Public company	上市公司
Management/Managerial accounting	管理会计
Financial accounting	财务会计
International Accounting Standards Board (IASB)	国际会计准则委员会
Financial Accounting Standards Board (FASB)	财务会计准则委员会
The entity assumption	会计主体假设
The going-concern assumption	持续经营假设

The time-period concept	会计分期假设
The monetary unit assumption	货币计量假设
The historical cost principle	历史成本原则
The fair value principle	公允价值原则
Asset	资产
Liability	负债
Owners' equity	所有者权益
Revenue	收入
Expense	费用
Income	利润
The accounting equation	会计等式
Accrual basis	权责发生制
Cash basis	收付实现制

Extended Reading

1. 资产

资产是指由企业过去的交易或者事项形成的、由企业拥有或者控制的、预期会给企业带来经济利益的资源。

2. 负债

负债是指由企业过去的交易或事项所形成的、预期会导致经济利益流出企业的现时义务。

3. 所有者权益

所有者权益是指资产扣除负债后由所有者应享的剩余权益，即一个会计主体在一定时期所拥有或可控制的具有未来经济利益资源的净额。会计方程式“资产 - 负债 = 所有者权益”清楚地说明了所有者权益实质上是一种剩余权益，是企业全部资产减去全部负债后的差额，体现企业的产权关系。所有者权益有以下特征：

(1) 所有者权益是企业可长久使用的资金来源, 除非发生减资、清算的情况, 否则企业不需要偿还所有者权益;

(2) 企业在清算时, 所有者权益的清偿列在负债之后;

(3) 所有者权益的满足由企业实现的收益程度决定, 所有者凭借所有者权益参与利润的分配。

所有者权益的形成渠道有三条:

(1) 所有者投入的资本;

(2) 所有者投资后的经营增值, 如留存收益;

(3) 直接计入所有者权益的利得和损失。

4. 收入

收入是指企业在日常活动中形成的、会导致所有者权益增加的、与所有者投入资本无关的经济利益总流入。

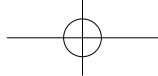
按照中国的会计准则, 收入按照业务比重进行确认, 主要包括主营业务收入、其他业务收入和投资收益等。而本书基于国际会计准则, 收入多按照企业业务类型进行分类, 分为服务收入(service revenue)、销售收入(sales revenue)、租金收入(rent revenue)等。具体业务处理会在后续章节讲解。

5. 费用

费用是指企业在日常活动中发生的、会导致所有者权益减少的、与向所有者分配利润无关的经济利益的总流出。在我国会计准则中, 习惯将成本和费用分开核算。和收入一样, 成本若按照业务所占比重进行分类, 可分为主营业务成本和其他业务成本; 而国际会计准则习惯不区分, 直接使用已销商品成本(cost of goods sold)来进行核算。对于期间费用, 我国习惯按照费用的用途将其分为销售费用、管理费用和财务费用, 但国际会计准则没有这种分类, 而是采用更为细化的会计科目, 如广告费(advertising expense)、人工费(salary expense)、房租费(rent expense)等。

6. 利润

会计利润是指企业的总收益减去所有显性成本或者会计成本以后的余额。会计利润是根据会计准则计算的结果。计算的基本方法是, 按照实现原则确定一定期间内的收入, 按照配比原则确定同一期间的费用成本, 将收入与相关费用成本相减, 即企业在这—会计期间的利润。为了便于使用者对企业经营情况和盈利能力进行比较和分析, 利润



表中按多步式对当期的收入、费用和支出项目按性质加以归类，按利润形成的主要环节列示一些中间性利润指标，如营业利润、利润总额、净利润等。

7. 会计起源

关于我国会计的起源，有多种不同的说法。有人讲在夏禹时代，大禹王曾在江南茅山召开过一次诸侯会议，考评诸侯的功绩。这次记功大会刚结束，大禹王便死了。当时，诸侯们举行了隆重的葬礼，把他的遗体安葬在了茅山上。为了纪念大禹和他主持的这次会议，诸侯商定，把茅山更名为“会稽山”，而这个“会稽”就是今天“会计”的起源。

在远古时代，当文字尚未发明的时候，各路出猎者向部落首领报告猎物数目时是用口头语言表达的。不同种类的猎物是多少，总共多少，都要求正确、真实地表达出来，不允许隐瞒和虚报。这种正确而无隐藏的口头计算与报告便构成了“计”字的另一层含义。“零星算之为计，总和算之为会”，是西周时代对会计概念的总结。你认为会计是从什么时候开始出现的呢？

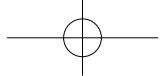
8. 古代会计小故事——傅山与“龙门账”

傅山是明末清初山西帮商人，他参考当时官厅会计的“四柱清册”记账方法，设计出一种适用于民间商业的会计核算方法——“龙门账”。龙门账的要点是将全部账目划分为进、缴、存、该四大类。“进”指全部收入；“缴”指全部支出；“存”指资产并包括债权；“该”指负债并包括业主投资。当时的民间商业一般只在年终办理结算(称之为年结)，年结就是通过“进”与“缴”的差额，同时通过“存”与“该”的差额，平行计算盈亏。“进”大于“缴”就是盈利，反之则为亏损。它与“存”“该”的差额相等。也就是说，进-缴=存-该。傅山将这种双轨计算盈亏并检查账目平衡关系的会计方法形象地称为“合龙门”，“龙门账”因此而得名。“龙门账”的诞生标志着我国复式簿记的开始。

Exercises

1. Which enterprise organization has only one owner? ()

- A. Sole trader.
- B. Partnership.
- C. Limited liability company.
- D. Corporation.



- 2. The final result of which kind of accounting is the financial statement? ()**
- A. Management accounting. B. Financial accounting.
C. Auditing. D. Cashier.
- 3. Why does a going-concern assumption exist? ()**
- A. Because the business will not go bankrupt.
B. Because we can't predict the risk of a corporate.
C. Because the accounting methods of bankruptcy liquidation are different.
D. Because it is the most basic accounting principle.
- 4. Which costing method is the most reliable? ()**
- A. Historical cost. B. Fair value.
C. Replacement cost. D. Present value.
- 5. Which one is not the interim period of financial statement? ()**
- A. Annual report. B. Semiannual report.
C. Quarter report. D. Month report.
- 6. Which of the following is the nature of asset? ()**
- A. Asset is controlled by an entity.
B. Asset can bring the entity future benefit.
C. An asset is a probable future economic benefit obtained or controlled by an entity as a result of a past transaction or event.
D. Asset is something owned by an entity due to a present event.
- 7. If the entity has \$8,000 in asset, and \$2,000 in liability, how much is the owners' equity? ()**
- A. \$6,000. B. \$10,000.
C. \$3,000. D. \$2,000.
- 8. If the entity has \$10,000 in expense, and \$4,000 in revenue, what is the business performance? ()**
- A. \$14,000 net income. B. \$14,000 net loss.
C. \$6,000 net income. D. \$6,000 net loss.
- 9. Which accounting subject is affected by net income? ()**
- A. Inventory. B. Cash.
C. PPE. D. Retained earnings.
- 10. When will an entity use cash basis? ()**
- A. An entity never uses cash basis. B. When identifies revenue.

- C. When identifies expense. D. When making statement of cash flow.

11. Which of the following is the nature of liability? ()

- A. Liability is an obligation of the entity.
B. Liability can bring the entity future loss.
C. Liability is a present obligation of the entity arising from past events, which will result in an outflow of resource from the entity.
D. Liabilities are debts that are payable to debtors.

12. Which of the following is not the internal users? ()

- A. Managers. B. Executives.
C. Employees. D. Suppliers.

13. Which characteristics are Fundamental qualitative? ()

- A. Faithful representation. B. Similarity.
C. Relevance. D. Interactive.

14. What are the differences among proprietorship, partnership, limited liability company, and corporation?

15. What are the differences between financial accounting and management accounting?

16. Identify the missing amount for each equation.

Total assets	=	Total liabilities	+	Stockholders' equity
?		180000		200000
300000		100000		?
250000		?		140000

17. Classify the following items as an Asset(A), a Liability(L), or a Stockholders' equity(E).

_____	Account receivable	_____	Account payable
_____	Merchandise inventory	_____	Notes payable
_____	Supplies	_____	Equipment
_____	Common stock	_____	Salary payable
_____	Retained earnings	_____	Dividend
_____	Prepaid expenses	_____	Land

18. Indicate whether each of the six statements presented below is true or false. If false, indicate how to correct the statement.

1. The three steps in the accounting process are identification, recording, and communication. ()
2. The two most common types of external users are investors and company officers. ()
3. Managerial accounting activities focus on reports for internal users. ()
4. The primary accounting standard-setting body headquartered in London is the International Accounting Standards Board (IASB). ()
5. The historical cost principle dictates that companies record assets at their cost. In later periods, however, the fair value of the asset must be used if fair value is higher than its cost. ()
6. Relevance means that financial information matches what really happened; the information really existed. ()