

ACCOUNTING**A. Reading****General Comprehension**

In this section you are given a text to read. You should first read it through, even if you do not understand it all, looking especially at the way it is set out in paragraphs. This will give you a general idea what it is about and how it is arranged.

Now look at the following questions and read the passage through to find the answers. Remember that you do not need to understand every word in order to answer the questions. You will probably need to read it several times.

Accounting is the system that measures business activities process information into reports, and communicates these findings to decision makers. Decision makers normally base their decision on accounting reports. The documents that report on an individual's or organization's business in monetary amounts are known as financial statements. Because of this, accounting is often called the language of business or better still the language of financial decisions. The better we understand the language, the better we can manage the financial aspects of living.



Is our business making profit? Are sales strong enough to expand our production capacity? Can we allocate some of the profit to a new instrument project? The most intelligent answers to business questions like these are based on accounting information. Decision makers use the accounting information to develop sound business plans.

The user and uses of accounting information vary. The users include individuals, business, investors and creditors, financial analysts, employees and labour union, taxing authorities and other users. Business managers use the accounting information to set goals for their organizations, to evaluate their progress towards these goals and take corrective action if necessary. Potential investors use the financial statement to evaluate what return they can reasonably expect on their investment. Potential lenders use the accounting information to determine the borrower's ability to meet the scheduled payments. Financial analysts use the accounting information to advise their clients, or employers about various instrument alternatives. Employees and labour unions use the accounting information to evaluate salary and fringe benefit packages.

(Adopted from *Accounting (2nd edition)* by Horngren & Harrison, p 2-4)

Exercise 1

Answer the following questions.

1. What is the topic of the passage?
2. Why is accounting called the language of financial decisions?
3. What is the end product of the accounting work?
4. What does accounting mean to potential investor?
5. List the things accounting does!

Exercise 2

Do a survey based on these guiding questions:

1. Do your parents support you financially?
 2. Do you work to get pocket money?
 3. Do you record your income?
 4. Do you record your spending?
 5. Why did you (not) record your income and spending?
 6. What are the advantages of recording your income and spending?
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B. *Vocabulary*

Exercise

Use appropriate word forms in the bracket in the following sentences.

1. Accounting (process) information into report.
2. Decision makers normally (base) their decision on accounting reports.
3. The users and ___ of accounting information (vary).
4. Financial analysts (use) accounting information to advise their clients.
5. Potential investors (use) the financial statement to (evaluate) what return they (expect) on their investment.

Exercise

Write a report about the resource of your survey about your friends in income and spending.

C. *Grammar*

Look at the following sentences.

- a. Accounting measures business activities.
 S V O
- b. Documents that report on an individual's business in monetary amounts are financial statements.
 S V A

Exercise 1

State whether the sentence **SVO** or **SVA** patterns.

- 1) Decision makers base their decision on accounting reports.
- 2) Accounting is the language of business.
- 3) We can manage the financial aspects of living.
- 4) Our business is making a profit.
- 5) Sales are strong enough to expand our production capacity
- 6) We can we allocate some of the profit to a new instrument project.
- 7) The most intelligent answers to business questions like these are very important.
- 8) Decision makers use the accounting information to develop sound business plans.
- 9) The users include individuals, business, investors and creditors, financial analysts, employees and labour union, taxing authorities and other users.
- 10) Business managers will be very busy setting goals for their organizations, evaluating their progress towards these goals, and taking corrective action if necessary.

Exercise 2

Write sentences using the simple present tense based on these words. Use the **SVO** pattern.

1. process
2. invest
3. communicate
4. return
5. payment
6. develop
7. borrow
8. employees

Exercise 3

Now, write sentences using the simple present tense using the **SVA** pattern.

1. process
2. important
3. creditors
4. helpful
5. investment

