بسمه تعالی

دانشکده فنی و حرفه ای الزهرا شیراز

فایل ارائه مجازی درس زبان فنی

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ترم بهمن 98

Unit 1

Section two

Further Reading

Accounting and internal control

To be successful, a business must make decision that enable it to operate profitably and to stay solvent. A company that has sufficient cash to pay its debts promptly is said to be solvent.

In contrast, a company that finds itself unable to meet its obligations as they fall due is called insolvent. a company that become insolvent may be forced by its creditors to stop operations and end its existence.

How do business executives know whether a company is earning profits or incurring losses ? How do they know whether a company is solvent or the answer to both these questions in on word is accounting.
accounting is the process by which the profitability and solvency of a company can be measured.

accounting also provides information needed as a basis for making business decision that will enable management to guide the company on a profitable and solvent course. For specific examples for these decisions, consider the following questions.

What prices should the firm set on its products ? if production is increased , what effect will this have on the cost of each unit produced ?

will it be necessary to borrow from the bank? how much will costs increase if a pension plan is established for employees? It is more profitable to produce and sell produce A or produce B? shall a given part be manufactured or be bought from suppliers? Should an investment be made in new equipment ?

all these issues call for decisions that should depend, in part at least , upon accounting information. It might be reasonable to turn the question around and ask: what business decisions could be made intelligently without the use of accounting information?

example would be hard to find. We have already stressed that accounting is a means of measuring that results of business transactions and of communicating financial information.

In addition , the accounting system must provide the decision maker with productive information for making important business decisions in a changing environment.

The topic of internal control goes hand-in-hand with the study of accounting. we have stressed that business decisions of all types are based at least in part upon accounting information, management needs assurance that the accounting it receives is accurate and reliable. this assurance comes from the company’s system of internal control.

A system of internal control consists of all the measures taken by an organization for the purpose of(1)protecting its resources against waste, fraud, and un efficiency; (2) ensuring accuracy and reliability in accounting and operating data; (3)securing compliance with company policies , and(4)
Evaluating the level of performance in all divisions of the company. in short , a system of internal control includes all of the measures designed to assure management that the entire business operators according to plan.

A basic principle of internal control of internal control is that no one person should handle all phases of a transaction from beginning to end .when business operations are so organized that two or more employees are required to participate in every transaction, the possibility of fraud is reduced and the work of one employee gives assurance of the accuracy of the work of another.

The principle reason for many business documents and accounting procedures is to achieve strong internal control. therefore, we shall discuss various internal control concepts and requirements throughout our study of accounting.

Section three

Translation activities

Scope of accounting

Accounting is a broad subject. Do not confuse it with bookkeeping. arithmetic is a small part of the broad discipline of mathematics; book- keeping is a small part of the broad discipline of accounting. accountants design their systems after considering the type of information desired by managers and other users. Bookkeepers and computers then perform the more routine takes of following detailed procedures established by accountants.

Managers, investors, and other interested groups usually want the answers to two important questions about an organization: how well did it do during a given period? And where does the organization stand on a given day? The accountant answer these questions with two major financial statements- an income statement and balance sheet. To obtain these statements, accountants analyze, record, quantify, accumulate, summarize, classify, report, and interpret the numerous events and their financial effects on the organization.

Accounting helps decision making by showing where and when money has been spend and commitments have been made by evaluating performance, and by indicating the financial implications of choosing one plan versus another. some type of accounting is an essential ingredient to the smooth functioning of almost all organization, cultures, and economics.

The End