

Match the terms in column A with the explanations in column B.

A	B
1. common stock	B An accounting of sales, expenses, and net profit for a given period.
2. net assets	C Securities representing equity ownership in a corporation, providing voting rights, and entitling the holder to a share of the company's success through dividends and/or capital appreciation.
3. business combination	D A valuation, in accordance with standard methodology, that is reasonable to all parties involved in a transaction in light of all pre-existing conditions and circumstances
4. retained earnings	E Total assets minus total liabilities of an individual or company.
5. balance sheet	F A quantitative summary of a company's financial condition at a specific point in time, including assets, liabilities and net worth.
6. income statement	G One method of accounting for a company merger, in which the balance sheets of the two companies are combined line by line without a tax impact. Only allowed under certain circumstances.
7. goodwill	H An intangible asset which provides a competitive advantage, such as a strong brand, reputation, or high employee morale. In an acquisition, goodwill appears on the balance sheet of the acquirer in the amount by which the purchase price exceeds the net tangible assets of the acquired company.
8. pooling of interest accounting	I one in which (a) one or more entities are merged or become subsidiaries, (b) one entity transfers net assets or its owners transfer their equity interests to another, or (c) all entities transfer net assets or the owners of those entities transfer their equity interests to a newly formed entity
9. fair value	A Earnings not paid out as dividends but instead reinvested in the core business or used to pay off debt.

Cloze**Huge computer merger drags on**

Wen Dao

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The largest merger deal in China's computer industry drags on, as the country's biggest computer maker Lenovo Group halted the trading of its stocks on the Hong Kong Stock Exchange. 1_____

Hong Kong-listed Lenovo asked the Hong Kong Stock Exchange yesterday morning to halt transactions of its stocks, because it would make an announcement containing price-sensitive deals. 2_____

A Lenovo spokeswoman declined to specify when the statement will be made, only saying the company would follow the rules of the securities regulatory authorities. She also refused to say what the statement will contain.

3_____

The production base, named International Information Product (Shenzhen) Co Ltd (IIPC), is a joint venture between IBM and its long-time partner China Great Wall Group Corp, with IBM holding 80 per cent of the stakes. IIPC is IBM's most important notebook computer production base worldwide and houses its biggest Intel-architecture computer server production facility in the Asia-Pacific region.

Sources close to Great Wall Group said yesterday the Chinese company agreed to sell IIPC's 20 per cent of the stakes in its hand to Lenovo, mainly under the request from IBM. Great Wall's chairman Chen Zhaoxiong said recently 4_____ ne previous pillar of Great Wall Group's business was the original equipment manufacturing (OEM) business to IBM. The Chinese company opened a US\$280-million chip assembly and testing plant in Shenzhen, which was believed to be the beginning of its industrial restructuring.

For Lenovo, the acquisition of IIPC will greatly elevate Lenovo's manufacturing and design capability, according to Huang Yong, a senior industry analyst with the domestic research firm. 5_____ With IBM's reputation and tech-nological design capability in IIPC, Lenovo has a much larger chance to expand overseas, said Huang. The expertise of IIPC in OEM can also help Lenovo open another business line.

Lenovo, the largest PC maker in China, has some difficulties in further expanding or even maintaining its market share due to fierce competition. As its expansion in mobile phone manufacturing and IT services are far from the company's expectations, OEM business can diversify Lenovo's business line.

Since the deal was valued at US\$1-2 billion by some investment banks and Lenovo may not be able to afford it, industry experts estimate Lenovo is likely to pay IBM with some of its stocks, which still allows IBM to have some control over the production facility.

- A. The objective of this merger is to combine with Lenovo to strengthen its market position.
- B. However, the company did not issue any statement yesterday until the market closed.
- C. The focuses of his company were to strengthen self-owned brands and foster new profit growth engines.
- D. Although Lenovo has a strong presence in the Chinese market, its brand influence in the international market is quite small.
- E. However, Lenovo continued to remain silent on a speculated deal to acquire US giant IBM's plant in Shenzhen.
- F. Lenovo has made a huge amount of investments overseas to expand its business and stimulate profit growth.
- G. However, it is widely believed the statement will be related to the acquisition of the world's biggest information technology company IBM's major production base in Shenzhen of South China's Guangdong Province.

Translation

Translate the English into Chinese.

The notion of continuity of ownership is central to the pooling of interests concept. Therefore, an exchange of voting common stock is essential for a combination to be viewed as a pooling of interests. Through the exchange of stock, the shareholder groups of two previously separate companies are joined together, in effect, pooling their interests to share jointly the rewards and risks of ownership from that point forward. Pooling is viewed as different from purchase accounting in that no new assets are invested, nor do any of the original owners withdraw assets or give up their ownership rights by participating in the exchange. A pooling is simply a coming together of previously separate owners. Following this line of thought, there is no purchase or sale of ownership, and there are no grounds for establishing a new basis of accountability.

Translate the Chinese into English.

实质上，并得公司的资产和负债与被并公司的所有普通股股票没有区别，净影响是一样的，尽管合并的形式不一样。当普通股在一个合并形式的并购中互换，并得公司收到的股票以它们的账面价值计入投资。并得公司的股东股本账户受到的影像就如其他被并入公司的净资产受影响的方式一致。

随着股本的交换, 并得公司也许会选择保持被并公司的分离状态并继续以分离公司的形式经营该公司。另一方面, 母公司也许决定清算子公司并且合并子公司所有资产负债到母公司账内。在第二种情况中, 最终影响就和原来的合并即兼并一样。

Key

Match: C E I AFBH GD

Cloze: E B G C D

Translation:

1. 合并法概念的核心是所有权的继续。所以, 发生了具有投票权的普通股的相互转换是企业联合能否看作权益合并的重要标准。在股权交换中, 两个原来分立的持股群合并在一起, 因而, 从那时起, 合并业主收益共享盈利, 共担风险。会计中的“合并法”与“并购法”的区别在于合并中没有新资产的投资, 也没有任何一家原来的企业以参与交换的形式撤出资产, 或放弃他们的企业所有权。一次合并仅是原来分立的企业主的简单加总, 依照这种思路, 从中不发生所有权的买卖, 也没有新会计记账基础的产生。

2. In substance, there may be no difference between acquiring all of a company's assets and liabilities and acquiring all its common stock. The net effect is the same, although the form of the combination is not. When common shares are exchanged in a pooling-type business combination, the stock received by the acquiring company's recorded as an investment at the book value of those shares. The stockholders' equity accounts of the acquiring company are affected in the same way as if the net assets of the other company had been acquired.

Following an exchange of stock, the acquiring company may choose to maintain the separate existence of the acquired company and continue to operate it as a separate company. On the other hand, the parent may decide to liquidate the subsidiary and merge all the assets and liabilities into the parent. In this latter case, the ultimate effect is the same as if the original combination had been a merger.