



3.4 Final accounts

# Terminology exercise



**Check that you understand the terminology used in this subtopic by dragging the correct word into each space.**

The final accounts of a business are shown in two important statements. The first of these is the statement of

or loss, also

known as the income statement. This statement records the sales revenues and costs of the business in order to determine profits. The

is the difference

between sales revenues and cost of sales. The profit before

is gross profit less

expenses. Non-profit enterprises record a instead of a profit.

The second important final account statement is called the statement of position, also

known as the balance sheet. This statement records the values of a business's , which are all the items that are owned by the business. It also records the

, which are all the

debts of the business. Non-physical items of value owned by the business, known as assets, are also recorded.

Trucks, machinery and buildings are examples of

Examples of

assets – or fixed assets. These  
experience \_\_\_\_\_, which  
is the fall in the value of these types of  
assets over the time.

profit

interest and tax

intangible

gross profit

depreciation

assets

liabilities

surplus

non-current

financial

✓ Check

H-P