

## Task 1. Document A

## Worksheet

Watch the presentation on the following link.

<http://www.baruch.cuny.edu/tutorials/statements/>

Click **LAUNCH → START**.

Click on **TOPIC 4**. As you watch and listen to this *Guide to Financial Statements*, answer the questions and take notes on the following. In class, you will be expected to be able to explain it in your own words. You will not be allowed to read.

1. What is the name of the document?

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2. Look at the document. How many parts does the document consist of? How is it divided?

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3. What kind of information does the document provide?

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4. The income statement can also be referred to as the \_\_\_\_\_ or  
\_\_\_\_\_ & \_\_\_\_\_ Account.

5. What formula summarises what this document shows?

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## MODEL DOCUMENT A

Complete the financial document below.

<div> _____ for the Fiscal Year ending December 31<sup>st</sup>, 2003</div>	
	\$1,000,000
	\$500,000
	\$500,000
	\$150,000
	\$ 10,000
	\$340,000
	\$140,000
	\$200,000
	\$100,000
	\$100,000

5. What are the main items in this document? Explain each one.

- **Revenue**, also referred to as \_\_\_\_\_, indicates how much \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- To get the gross profit (**gross** means \_\_\_\_\_) you must subtract \_\_\_\_\_, also known as \_\_\_\_\_, which refers to how much \_\_\_\_\_  
\_\_\_\_\_

Some examples are (*include two examples of your own*): \_\_\_\_\_  
\_\_\_\_\_

This expense would not appear on the income statement of a company that \_\_\_\_\_  
\_\_\_\_\_

- After you arrive at the gross profit, other costs that must be subtracted are: (name and explain what each item means)

a. \_\_\_\_\_

Examples: (*include two examples of your own*): \_\_\_\_\_

If an expense is related to the production and storage of a company's products, then it is would be included in \_\_\_\_\_

b. \_\_\_\_\_

Examples: \_\_\_\_\_

- By subtracting these two items, you arrive at (*the result*) \_\_\_\_\_  
\_\_\_\_\_, which are also called \_\_\_\_\_ or \_\_\_\_\_ for short.
- This amount is used to measure the company's \_\_\_\_\_ by using the following formula:

- Finally, you must deduct:
    - a. \_\_\_\_\_, which is \_\_\_\_\_
- AND
- b. \_\_\_\_\_, which is \_\_\_\_\_

The bottom line shows the **NET INCOME** which can be a positive or negative figure.  
The **income statement equation** is:  
 Net profit = \_\_\_\_\_                      Net loss = \_\_\_\_\_

5. Explain what **accrual accounting system** is and give examples. (Explained on Slides 5-6)

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