

3

Unit Terms used in balance sheets

Activity sheet 3.24.1

1 The following comments relate to *either* a profit and loss account or a balance sheet. Using the letter at the start of each sentence, complete the chart below.

- A It summarises all of the money received and paid out in a year.
- B The final line is the 'net profit'.
- C It could be called a 'snapshot'.
- D It includes 'gross profit'.
- E The last main section heading is 'shareholders' funds'.
- F Two of the main headings are 'assets' and 'liabilities'.
- G 'Sales' and 'cost of sales' are the first two headings.
- H This document must show how all of the money used by the business has been spent.

Profit and loss account	Balance sheet

2 Complete the statements about a balance sheet below by filling in the gaps using one of the following words or phrases.

shareholders' funds	debtors	fixed assets
creditors	cash in bank	share capital
stock	reserves	total current assets

- A _____ is money which the business could spend immediately.
- B The name for all the people to whom a business owes money is _____.
- C People or businesses who owe money to a business are called _____.
- D The total amount of money which a business has in stock, in the bank and is owed by debtors is called _____.
- E Materials bought for production and finished goods in the warehouse are called _____.
- F Profit which has been retained over a number of years is called _____.
- G The original amount of money received from shareholders is called _____.
- H Buildings and equipment are called _____.
- I The name for the sum of share capital, reserves and transfer from the profit and loss account is called _____.