

**WEEK 9: LISTENING**

**I. True (T) or False (F)?**

1. \_\_\_\_\_ The "bottom line" can refer to both the most important thing in general and a specific line on an income statement.
2. \_\_\_\_\_ P&L stands for "Paper and Loss."
3. \_\_\_\_\_ An income statement summarizes a company's financial performance over a period, including sales, expenses, and profit.
4. \_\_\_\_\_ The cost of goods sold is the first expense subtracted from sales revenue.
5. \_\_\_\_\_ Gross margin is the profit remaining after all expenses are deducted.
6. \_\_\_\_\_ General and administrative expenses are a type of operating expense.
7. \_\_\_\_\_ The company in the example had a higher net income in 2011 than in 2010.
8. \_\_\_\_\_ Net income, also known as the bottom line, reflects the company's overall profit or loss.

**II. Fill in the gaps.**
**Getting to the bottom line**

Most people know that the term bottom line means the most important thing, but it's also an 1. \_\_\_\_\_ . It refers to the bottom line of an 2. \_\_\_\_\_ statement. An income statement is also called a P&L. That means 3. \_\_\_\_\_ and \_\_\_\_\_ . A P&L statement shows a summary of a company's financial 4. \_\_\_\_\_ over a period of time. It starts with sales 5. \_\_\_\_\_ .

This is the money a company gets from selling 6. \_\_\_\_\_ . The cost of those goods is deducted from the revenue. Next, the general and administrative 7. \_\_\_\_\_ are deducted. Finally, taxes are 8. \_\_\_\_\_ . The number that remains on the bottom line is called net income. This amount is the company's 9. \_\_\_\_\_ .

INCOME STATEMENT		
	2010	2011
<b>Sales Revenue,</b>	700,000	500,000
<b>Less cost of goods sold</b>	500,000	500,000
<b>Gross margin</b>	200,000	0
<b>Less general and administrative expenses</b>	90,000	90,000
<b>Operating Margin</b>	110,000	- 90,000
<b>Less Taxes</b>	7,000	5,000
<b>10. _____ Income</b>	103,000	- 95,000.