

4 Bookkeeping, p.15

4.1 Match the words in the box with the definitions below.

raw materials	credit	creditors	ledger	stock	debit	debtors
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- _____ an amount entered on the left-hand side of an account, recording money paid out;
- _____ a book of accounts;
- _____ customers who owe money for goods or services not yet paid for;
- _____ an amount entered on the right-hand side of an account, recording a payment received;
- _____ goods stored ready for sale;
- _____ suppliers who are owed money for purchases not yet paid for;
- _____ materials that are in their natural state, before they are processed or used in manufacturing.

4.2 Complete the sentences.

- _____ shows where money comes from and where it goes: it is always transferred from one _____ to another one. Every event is entered twice – once as a credit and once as a _____.
- Most businesses record very frequent or numerous transactions in _____ or _____.
- The main account books are called _____, and the book relating to creditors is called the _____.
- In order to prepare financial statements, companies do a _____ which copies all the debit and credit balances of different accounts onto a single page.

4.3 Complete the sentences using 'debit' or 'credit'.

- If you buy new assets, you _____ the cash or capital account.
- If you pay some bills, you _____ the liabilities account.
- If you buy materials from a supplier on 60 days' credit, you _____ the purchases account and _____ the supplier's account.
- If you sell something to a customer who will pay 30 days later, you _____ the sales account and _____ the customer's account.