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**
Sales Revenue,	700,000	500,000
Less cost of goods sold	500,000	500,000
Gross margin	200,000	0
Less general and administrative expenses	90,000	90,000
Operating Margin	110,000	- 90,000
Less Taxes	7,000	5,000
10. _______ **Income**	103,000	- 95,000.