UNIT 4: FINANCIAL STATEMENTS

Task 1: Answer the following questions

1. What kinds of financial statements are generated in the field of financial accounting?

2. What does the income statement report?

3. What are the main components of the income statement?

4. How many parts does the balance sheet consist of? What are they?

5. What are reported in the second part of the balance sheet?

6. What does the statement of cash flows explain?

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Task 2: Say if the following sentences are true or false

True/False 1. The balance sheet is sometimes known as the "statement of financial position"

True/False 2. "Results of operations" or "earnings statement" or "profit and loss [P&L] statement") are other terms of " Income statement"

True/False 3. Revenues, expenses, gains, and losses are reported in the income statement.

True/False 4. The operating expenses include salaries, rent, utilities, interest expense and advertising

True/False 5. The balance sheet contains three parts: assets, liabilities, and stockholders' equity at a specified date

True/False 6. The obligations such as Notes Payable, Accounts Payable, Wages Payable, and Interest Payable are reported in the final part of the balance sheet

True/False 7. The difference between the amount of assets and the amount of liabilities is known as the stockholders' equity represented in the last part of the balance sheet

True/False 8. The operating activities section of Cash flow statement expresses how a company's cash and cash equivalents have changed due to businesses.

True/False 9. Amounts spent or received in transactions involving short- term and long-term assets are mentioned as Investing activities

True/False 10. The changes in stockholders' equity are reported in the statement of stockholders' equity at the same time with the income statement and the cash flow statement.

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