

**A1. MATCH THE FOLLOWING EXPRESSIONS WITH THE WORDS BELLOW TO MAKE COMMON COLLOCATIONS.**

**cash, fixed, retained, managerial, accounts, intangible, accrued, balance**

..... assets	..... earnings
..... sheet	..... assets
..... expenses	..... payable
..... accounting	..... flow

**A2. COMPLETE THE SENTENCES USING THE TERMS YOU 'VE JUST PUT TOGETHER.**

1. Companies record their \_\_\_\_\_ at historical cost because they do not need to know their real value: if the company is a going concern they are not for sale.
2. Company profits are usually split three ways: into tax, dividends, and \_\_\_\_\_.
3. A company' s stock market capitalization is usually more than the value of its net assets, because this figure does not include \_\_\_\_\_ such as goodwill.
4. \_\_\_\_\_ are costs incurred in a period that are both unpaid and unrecorded.

**B. Replace the following definitions by a single word or a two-word expression:**

1. regular costs that you have when you are running a business or an organization, such as rent, electricity, wages, etc
2. document showing assets and liabilities
3. amount owed to a firm by its debtors
4. everything we own
5. an official financial record that gives details of all a company's income and expenses for a particular period and shows if it has made a profit or a loss
6. the money, stocks of goods, etc. that are used to run a business, pay employees and produce and sell more goods

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**KEY / C**

1. A current ratio indicates if a firm is capable of covering its most urgent debts.
2. Items which a firm expects to keep for more than one year are called fixed assets.
3. Working capital is the difference between current assets and short-term liabilities.

**KEY / B**

1. overheads
2. balance sheet
3. debtors / accounts receivable
4. assets
5. profit and loss account / income statement
6. working capital

**KEY / A1**

fixed assets, retained earnings, managerial accounting, accounts payable, intangible assets, accrued expenses, balance sheet

**KEY / A2**

1. Companies record their **fixed assets** at historical cost because they do not need to know their real value: if the company is a going concern they are not for sale.
2. Company profits are usually split three ways: into tax, dividends, and **retained earnings**.
3. A company's stock market capitalization is usually more than the value of its net assets, because this figure does not include **intangible assets** such as goodwill.
4. **Accrued expenses** are costs incurred in a period that are both unpaid and unrecorded.

<b>Current assets</b>		<b>Current liabilities</b>	
1a	3,415	1b	1,555
2a	8,568	2b	5,049
3a	5,699	3b	8,593
4a	5,562	<b>Total current liab.</b>	15,197
<b>Total current assets</b>	23,244	<b>Non-current liabilities</b>	
<b>Non-current assets</b>		4b	950
5a	4,500	5b	6,402
6a	950	6b	1,201
7a	6,265	<b>Total non-current liab.</b>	5,553
<b>Total non-current as.</b>	11,715	<b>Total liabilities</b>	20,750
<b>Total assets</b>	<b>34,959</b>	7b	
		8b	10,309
		9b	3,900
		Total	14,209
		<b>Total liabilities and Shareholders' equity</b>	<b>34,959</b>

**Common stock**  
**Shareholders' equity**  
**Deferred income taxes**  
**Accounts payable**  
**Accrued expenses**  
**Short-term debt**  
**Goodwill**  
**Other non-current liabilities**

**Other current assets**  
**Property, land etc.**  
**Accounts receivable**  
**Inventory**  
**Retained earnings**  
**Long-term debt**  
**Long-term investments**  
**Cash and equivalents**

<b>Current assets</b>		<b>Current liabilities</b>	
1a <b>Cash and equivalents</b>	<i>3,415</i>	1b <b>Short-term debt</b>	<i>1,555</i>
2a <b>Accounts receivable</b>	<i>8,568</i>	2b <b>Accounts payable</b>	<i>5,049</i>
3a <b>Inventory</b>	<i>5,699</i>	3b <b>Accrued expenses</b>	<i>8,593</i>
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<b>Non-current assets</b>		4b <b>Deferred income tax.</b>	<i>950</i>
5a <b>Property, land etc.</b>	<i>4,500</i>	5b <b>Long-term debt</b>	<i>6,402</i>
6a <b>Goodwill</b>	<i>950</i>	6b <b>Other non-current lia.</b>	<i>1,201</i>
7a <b>Long-term investm.</b>	<i>6,265</i>	<b>Total non-current lia.</b>	<i>5,553</i>
<b>Total non-current as.</b>	<i>11,715</i>	<b>Total liabilities</b>	<i>20,750</i>
<b>Total assets</b>	<i>34,959</i>	7b <b>Shareholders' equity</b>	
		8b <b>Common stock</b>	<i>10,309</i>
		9b <b>Retained earnings</b>	<i>3,900</i>
		Total	<i>14,209</i>
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