

10 The income statement – Part 1

Name: _____ Class: _____ Date: _____

Vocabulary 词汇

Write each word three times. 把每个单词抄写三遍。

English	中文	Write it 3 times (English)
Financial statements	财务报表	_____
income statement	利润表	_____
revenue	营业收入	_____
cost of sales	销售成本	_____
gross profit	毛利润	_____
expenses	费用	_____
operating profit	营业利润	_____
net profit	净利润	_____

Recall

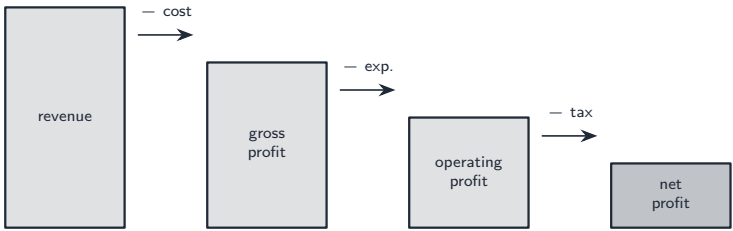
Financial statements 财务报表 are the official records of how a business is doing with money. The first one is the income statement.

New ideas

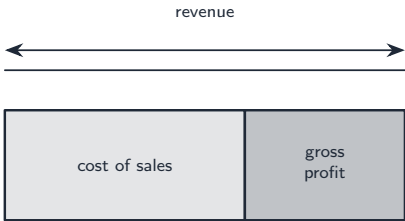
Read these first, then do the Practice.

■ 1 The income statement

The **income statement** 利润表 shows the **revenue** 营业收入 and costs over a year, and the profit left at each stage:



■ 2 From revenue to profit



- **cost of sales** 销售成本 is the direct cost of the goods sold;
- **gross profit** 毛利润 = revenue – cost of sales;
- take off **expenses** 费用 to get **operating profit** 营业利润;
- take off interest and tax to get the **net profit** 净利润.

Watch out: gross profit = revenue – cost of sales; then take off expenses → operating profit; then interest and tax → net profit. The income statement covers a *period* (a whole year), not a single moment.

Practice

Try these in order.

10.1 What does the *income statement* show?

[1]

10.2 Write the formula for *gross profit*. [1]

10.3 Revenue is £500 and cost of sales is £300. What is the gross profit? [1]

10.4 What do you take off gross profit to get *operating profit*? [1]

10.5 Which profit is left right at the end, after interest and tax? [1]

10.6 Challenge. Revenue is £800, cost of sales is £500 and expenses are £200. Work out the gross profit and the operating profit. [2]