

## CHAPTER II

*Estado Financiero*  
FINANCIAL STATEMENTS

*May 2 pnegun*

There are two questions that the owner of a business makes to the accountant periodically:

- (1) What is my profit?
- (2) What is my Capital?

The simple balance of assets against liabilities and capital, provided by the accounting equation, is insufficient to give complete answers. (A) We must know the type and amount of income and the type and amount of each expense for the period in question - (B) It is necessary to obtain the type and amount of each asset, liability, and Capital account at the end of the period. This information is provided by the income statement and the balance sheet.

## Example:

After the transaction for the month of January has been recorded in the books of Mr. John Kelly, the accounts show the following balances.

ACCOUNTS	ASSETS	LIABILITIES AND CAPITAL
CASH	\$ 4,700	
SUPPLIES	100	
EQUIPMENT	2,500	
ACCOUNTS PAYABLE		\$ 1,500
JOHN KELLY, CAPITAL		5,800
TOTAL:	<u>\$ 7,300</u>	<u>\$ 7,300</u>

INCOME STATEMENT

The income statement may be defined as a summary of the revenue, expenses, and net income of a business for a specific period of time. This may be also called a Profit and Loss Statement, or Statement of Operations. Let us know the meaning of the elements.

Revenue. The increase in capital resulting from the delivery of goods or rendering of services by the business. In amount, the revenue is equal to the cash and receivables gained in compensation for the goods delivered or services rendered.

Net Income. The increase in Capital resulting from profitable operations of a business; It is the excess of revenues over expenses for the accounting period.

Expenses. The decrease in Capital caused by the business's revenue-producing operations. In amount, the expense is equal to the value of goods and services used up or consumed in obtaining revenue.

Note that, borrowing cash from a bank does not contribute to revenue and a cash payment is an expense only if it decreases capital.

In many companies there are hundreds and perhaps thousands of income and expense transactions in one month. To lump all these transactions under one account would be very cumbersome and would, in addition, make it impossible to show relationship among the various items.

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## VOCABULARY II

- A -

- 1.- ASK - pedir, rogar, preguntar
- 2.- AT THE BEGINNING OF - a principios de
- ✓3.- AT THE END OF - a fines de
- 4.- ACCOUNTING PERIOD - ejercicio o período contable
- 5.- ALREADY - ya, antes de ahora
- ✓6.- AVAILABLE - disponible, útil, ventajoso
- ✓7.- ACCRUED ITEMS - partidas acumuladas
- 8.- AFFECT - afectar

- B -

- ✓9.- BALANCE - saldo
- 10.- BALANCE SHEET - balance general
- 11.- BUSINESS - negocio
- 12.- BEGINNING - principio, origen
- 13.- BORROWING - pedir prestado
- ✓14.- BEYOND - más adelante, más allá

- C -

- 15.- CONTAINS - contiene
- ✓16.- CAPTIONS - títulos

- 17.- CURRENT - circulante  
 18.- CURRENT ASSETS - activos circulantes  
 19.- CONTRIBUTE - contribuir  
 20.- CURRENT LIABILITIES - pasivos circulantes  
 21.- CASH RECEIPT - ingreso en caja  
 22.- CUMBERSOME - embarazoso, pesado

- D -

- 23.- DEFINED - definió, definido  
 24.- DELIVERY - entrega  
 25.- DUE - exacto, debido, oportuno, vencido  
 26.- DETAILS - detalles

- E -

- 27.- EQUAL - igual  
 28.- ENTER - entrar, introducir  
 29.- EARLIER - al principio

- F -

- 30.- FOR INSTANCE - por ejemplo  
 31.- FIXED ASSETS - activos fijos

- G -

- 32.- GOODS - mercancías, artículos

- 33.- GAINED - ganado  
 34.- GOOD WILL - crédito mercantil

- H -

- 35.- HEADING - encabezado  
 36.- HUNDREDS - cientos  
 37.- HIGHER - más alto

- I -

- 38.- IN PREPARING - al preparar  
 39.- INCURRED - causó, incurrió  
 40.- IN ADDITION - además  
 41.- INSTEAD - en lugar, en vez de  
 42.- INDEX - relación, índice

- J -

- 43.- JOURNAL - diario, libro auxiliar

- K -

- 44.- KNOWN - conocido

## - L -

- 45.- LET US REVIEW - repasemos
- 46.- LUMP - amontonar, agregar
- 47.- LOWER - más bajo
- 48.- LESS - menos, inferior
- 49.- LONG LIVED ASSETS - activos a largo plazo
- 50.- LONG-TERM LIABILITIES - pasivos fijos

## - M -

- 51.- MORTGAGES PAYABLE - hipotecas por pagar
- 52.- MUST - deber
- 53.- MEANINGS - significados
- 54.- MATCHED - igualado

## - N -

- 55.- NET INCOME - utilidad neta

## - O -

- 56.- OVER - sobre
- 57.- OTHER ASSETS - otros activos
- 58.- ORIGINAL - primera, original
- 59.- OPERATING - operación

- 60.- ON HAND - existencia
- 61.- OUGHT - deber

## - P -

- 62.- PROFIT AND LOSS STATEMENT - estado de pérdidas y ganancias
- 63.- PROFIT - ganancia
- 64.- PRODUCE - producir
- 65.- PREPAID RENT - renta pagada por adelantado
- 66.- PREVIOUS - previo, de antemano
- 67.- PREPAID EXPENSES - gastos pagados por adelantado

## - Q -

- 68.- QUALIFIES - califica

## - R -

- 69.- REVENUE - entrada
- 70.- RENDERED - prestado, suministrado
- 71.- REVENUE - ingreso
- 72.- RELATE - estar en relación
- 73.- RECEIVABLES - cuentas y documentos por cobrar
- 74.- RELATIONSHIP - relación
- 75.- RATIO - cantidad, número, relación