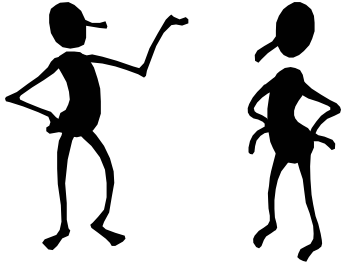


Answer Sheet



Student Lesson 1 – Understanding Vocabulary

Instructions: Help Tony so he can get the loan to open a second restaurant. Choose from the options listed in the box below in answering each question.

1. Pastrami's sold 10 large pepperoni pizzas for \$120 to the DeCesare family. The \$120 that Pastrami's receives is **revenue (sales)**.
2. On Friday morning, Tony purchased an old truck for use in pizza deliveries. The truck would be a/an **asset**.
3. Friday also happens to be payday. Pastrami's has two pizza cooks, Heather and Aurmaudra. Each cook earns \$10/hr. and works 40 hrs/wk. The wages that Tony pays Heather and Aurmaudra would be a/an **expense**.
4. The Tortellini family wished to buy ownership in Pastrami's. They paid Tony cash for part-ownership. In exchange, Tony issued them shares of **stock**.
5. Pastrami's has been getting a lot of orders, so Tony bought a brand new top-of-the-line industrial oven. The oven cost \$1,400. Tony paid \$700 and borrowed the rest from the bank. The amount of money borrowed from the bank represents a/an **liability**.
6. The total amount of money that Tony and the Tortellini family have invested in Pastrami's is known as **owner's equity**.
7. Pastrami's sold lots of pizza last month. When totaling the numbers, you realize that Pastrami's brought in more money than it spent. The extra money that the business keeps is **profit (net income)**.
8. The bank wants to see two financial statements when it meets with Tony on Monday. The first should include totals for what Pastrami's owns, what it owes to banks and the amount of money invested in the business. This financial statement is known as the **balance sheet**.
9. The second financial statement should include totals for what Pastrami's sold, spent and the difference between the two. This financial statement is known as the **income statement**.

Asset	Liability	Owners' Equity
Revenue	Expense	Balance Sheet
Income Statement	Stock	Profit (Net Income)