

The Income Statement

The income statement shows the financial performance of a company **over period of time.**

The fundamental accounting equation:

$$\text{Net income} = \text{Total revenues} - \text{Total expenses}$$

Income Statement

<u>Revenues:</u>	
Sales Revenues	XX
Cost of goods sold	XX
<u>Total Revenues</u>	<u>XXX</u>
<u>Expenses;</u>	
Advertising	XX
Rent	XX
Interest	XX
Salary	XX
Other Expenses	XX
<u>Total Expenses</u>	<u>XXX</u>
<u>Net Income</u>	<u>XXXX</u>