**Balance Sheet and Income Statement Exercises**

1. State whether each of the following is an asset (A), liability (L), Shareholder’s equity (SE), income (I) or an expense (E).
   1. Paid for advertising run this month \_\_\_\_\_\_
   2. Amounts that the company owes for utilities \_\_\_\_\_\_
   3. Buildings \_\_\_\_\_\_
   4. Items held only to sell to a customer (inventory) \_\_\_\_\_\_
   5. A customer pays for a service provided at the time it is provided \_\_\_\_\_\_
   6. Paying expenses before they are used \_\_\_\_\_\_
   7. Patents \_\_\_\_\_\_
   8. Total profits and losses for all periods \_\_\_\_\_\_
   9. Earning interest on investments this period \_\_\_\_\_\_
2. Using the following information prepare an income statement.
3. Goods provided for cash this period $12,000
4. Goods provided on credit this period $64,000
5. Total amount employees earned for work this period $28,000
6. Utility bill received this period $200
7. Amount it costs to rent the building this period $600
8. Cost of inventory provided to customers $43,000

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1. A company prepared the following balance sheet:

Assets:

Cash $12,000

Accounts payable $22,000

Income $123,000

Salaries payable $4,000

Investments $10,000

Interest earned $6,000

Total assets $177,000

Liabilities:

Accounts receivable $20,000

Equipment $67,000

Patents $88,000

Inventory $29,000

Mortgage $20,000

Cost of goods sold ($62,000)

Supplies $1,500

Total liabilities $177,000

Prepare a corrected balance.