Unit 4: The Accounting Cycle

Activity 2: The Income Statement

1. Why does the Drawings account exist?
2. When is the drawings account debited?
3. Where do you find the information needed to complete an Income Statement?
4. When has a business earned a net income?
5. When has a business earned a net loss?
6. What is the date on an income statement?

**Help Sam prepare the income statement for his first year of business.**

1. What is Sam’s Net/Loss for income?