**Directions**

In Part I, next to each item listed, you will identify which statement the item would appear. You will need to determine whether it would appear on the **income statement (I)**, **balance sheet (B)**, or **statement of cash flows (CF)**. Then, for each group, explain the difference among the items listed. Finally, in Part II, discuss the relationship between the three financial statements.

**Part I**

Set 1:

\_\_\_\_\_ Inventory, ending balance

\_\_\_\_\_ Cost of goods (inventory) sold during the period

\_\_\_\_\_ Cash paid to suppliers during the period

\_\_\_\_\_ Accounts payable, ending balance

Difference:

Set 2:

\_\_\_\_\_ Accounts receivable, ending balance

\_\_\_\_\_ Cash received from customers

\_\_\_\_\_ Sales

Difference:

Set 3:

\_\_\_\_\_ Wage expense for the period

\_\_\_\_\_ Wages payable, ending balance

\_\_\_\_\_ Cash paid for wages during the period

Difference:

Set 4:

\_\_\_\_\_ Property, plant, and equipment, ending balance

\_\_\_\_\_ Cash paid for property, plant, and equipment during the period

\_\_\_\_\_ Cash received from selling property, plant, and equipment during the period

\_\_\_\_\_ Depreciation expense during the period (expense of using property, plant, and equipment during the period)

Difference:

Set 5:

\_\_\_\_\_ Notes payable, ending balance

\_\_\_\_\_ Cash received from borrowing money during the period

\_\_\_\_\_ Cash used to pay off notes payable during the period

\_\_\_\_\_ Interest expense during the period (expense of using borrowed money during the period)

Difference:

**Part II**

Discuss the Relationship between the financial statements identified: