plant, and equipment, investments, and intangible assets like patents or trademarks. For example, a technology company may list its assets as cash, accounts receivable from customers, computers and servers, and intellectual property rights.

Liabilities: These represent the company's obligations or debts to external parties, such as loans, accounts payable to suppliers, accrued expenses, and long-term debt. Liabilities also include items like deferred revenue or customer deposits. For instance, a manufacturing company may have liabilities in the form of loans from banks, outstanding payments to suppliers, and salaries owed to employees.

Shareholders' Equity: This shows the residual interest in the company's assets after deducting its liabilities. It represents the shareholders' ownership or claim on the company's net assets. Shareholders' equity consists of common stock, preferred stock, retained earnings, and additional paid-in capital. For example, a publicly traded company may have issued common stock to investors, which is recorded under shareholders' equity.

b) **Income Statement:** The income statement, also known as the profit and loss statement or statement of operations, summarizes a company's revenues, expenses, gains, and losses over a specific period, such as a month, quarter, or year. It helps assess the profitability and performance of the business. Here are some components:

Revenues: These represent the company's earnings from the sale of goods or services. Examples include sales revenue, service fees, interest income, or rental income. For instance, a software company may generate revenues from the sales of its software licenses or subscriptions.

Expenses: These are the costs incurred by the company to generate revenues and operate the business. They can include costs of goods sold, salaries and wages, rent, utilities, advertising expenses, and depreciation. For example, a retail store may have expenses such as inventory costs, employee salaries, rent for the store space, and marketing expenses.

Gains and Losses: These are non-operating items that affect the company's profitability. Gains can result from the sale of assets, investments, or the settlement of liabilities at a lower amount than recorded. Losses may arise from asset write-offs, impairment charges, or discontinued operations. For instance, a company may record a gain from selling a piece of real estate or a loss from writing off a non-performing investment.

The net income or net loss is calculated by subtracting total expenses and losses from total revenues and gains. The income statement shows whether the company has generated a profit or incurred a loss during the specified period.