

# The Five Financial Reports Every Business Must Have

To Grow, Succeed and Avoid Failure





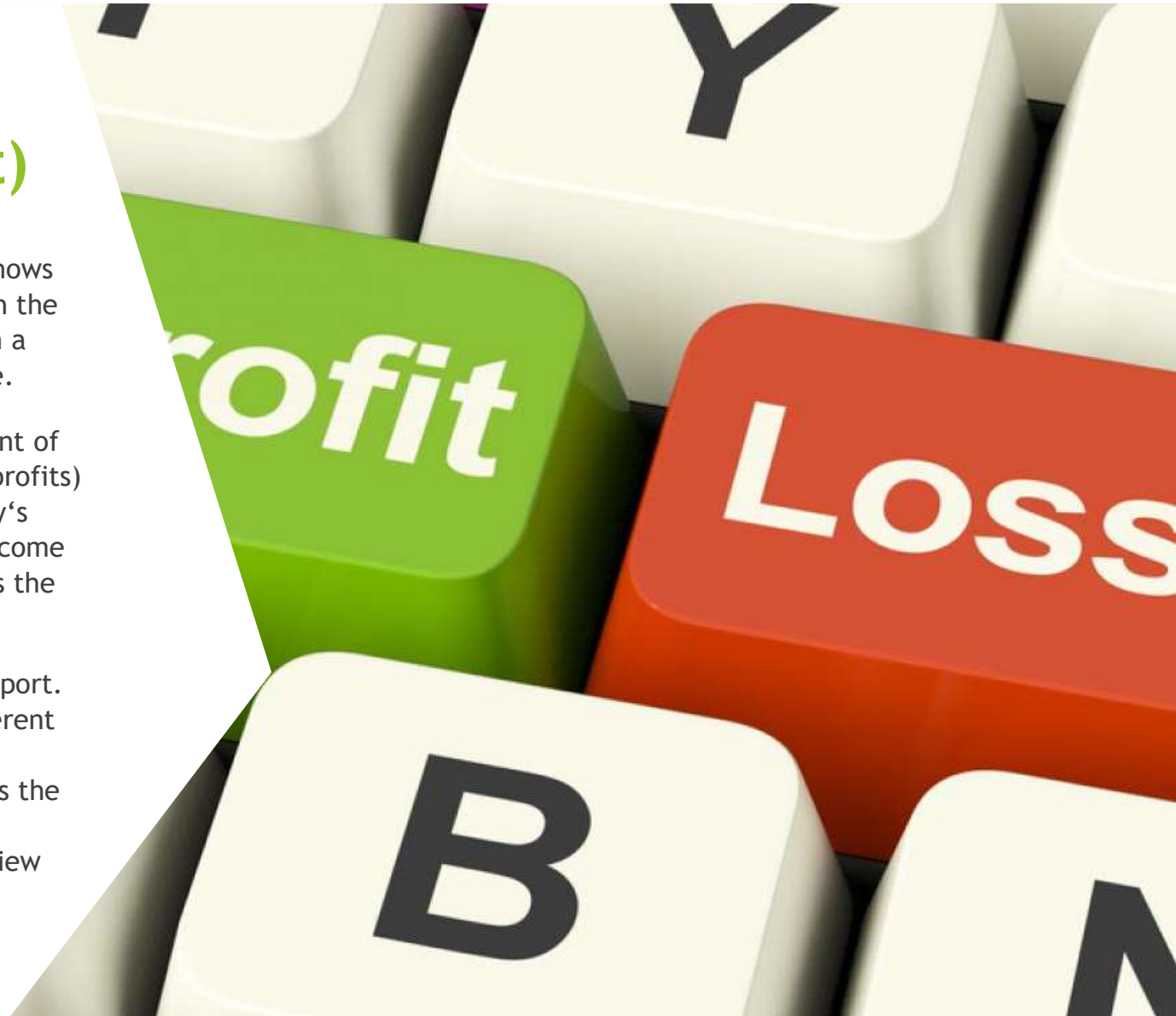
The background features a composite graphic. On the left, a bar chart with several bars of increasing height is shown, with a large, dark grey arrow pointing upwards and to the right, superimposed over it. To the right of the bar chart is a large, 3D pie chart with multiple segments in various colors including yellow, green, blue, and red. The entire scene is set against a light grey background with green geometric shapes on the left and right edges.

# **#1 Profit and Loss (Income Statement)**

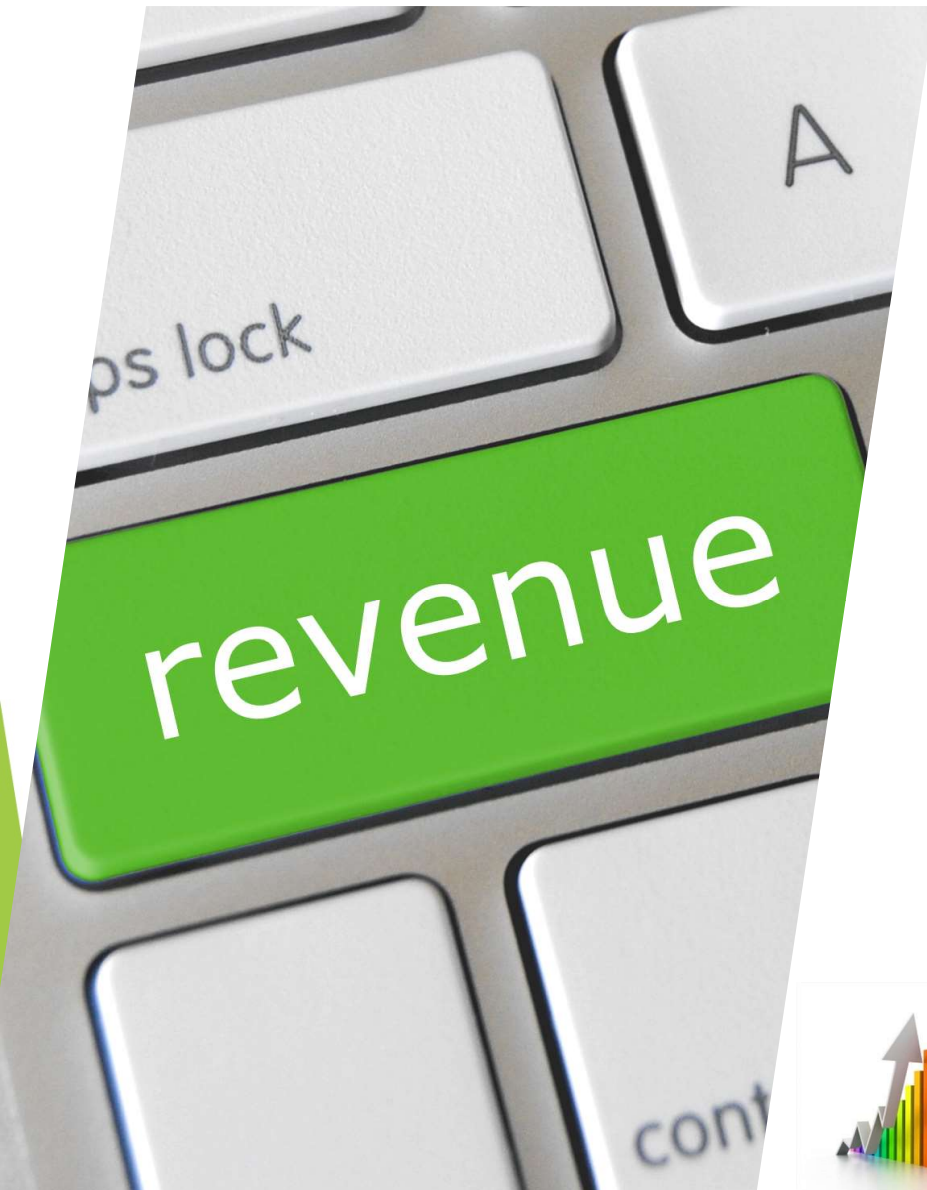


## Profit and Loss (Income Statement)

- ▶ The Profit and Loss is the report that shows all revenue and expense activities, with the resulting net profit or loss that occur in a company for the specific period of time.
- ▶ It is also sometimes called the Statement of Financial Performance (mostly by non-profits) because it shows how well the company's performance is. And It also called an Income Statement (internationally), as it shows the net profit or net loss for the period.
- ▶ All of these names refer to the same report. However, the income statement is different from balance sheet since it only shows transactions, while balance sheet shows the balance of accounts at the end of the periods. There is important data to review on the Profit and Loss Report...







## Income (Revenue)

- ▶ Income (Revenue) refers to sales of goods or services that a company generates during a specific accounting period. The company can use cash basis or accrual basis to recognize its revenues.
- ▶ The Income section shows how much the company earned for the period they are covering.
- ▶ Revenue normally reports as the summary on income statement and you can usually generate a detailed report to support the summary info.





# Expenses

- ▶ Expenses are operational costs that occur in the company for specific accounting period. They are ranking from operating expenses like salary expenses, utilities, depreciation, transportation and training expenses to tax expenses and interest expenses.
- ▶ In Expenses Section, all types of expenses records under this section and them subtotal into one line. Those expenses include cost of goods sold, operating expenses and loss on revaluation. The different of these two section create another section called Net Loss or Profit.





# Sample Profit and Loss Report



## [Company Name] Multi Step Income Statement Template

For the Years Ending [Dec 31, 2016 and Dec 31, 2015]

|   | 2016             | 2015             |
|---|------------------|------------------|
| <b>Sales Revenue</b>                            | <b>2,000,000</b> | <b>1,500,000</b> |
| Cost of Goods Sold                              | 1,300,000        | 850,000          |
| <b>Gross Profit (Loss)</b>                      | <b>700,000</b>   | <b>650,000</b>   |
| <b>Expenses</b>                                 |                  |                  |
| Advertising expenses                            | 5,000            | 4,500            |
| Bad debt  | 5,000            | 4,500            |
| Commissions expenses                            | 7,000            | 6,000            |
| Depreciation expenses                           | 9,050            | 8,000            |
| Employee benefits                               | 10,000           | 9,000            |
| Insurance Cost                                  | 4,000            | 4,500            |
| Interest expense                                | 400              | 500              |
| Maintenance and repairs expenses                | 5,050            | 4,000            |
| Office supplies                                 | 3,450            | 5,000            |
| Rent Expenses                                   | 4,950            | 9,000            |
| Research and development                        | -                | 5,000            |
| Salaries and wages                              | 20,000           | 15,000           |
| Travel expenses                                 | 500              | 400              |
| Utilities expenses                              | 8,000            | 7,800            |
| Web hosting and domains expenses                | 1,000            | 1,000            |
| Other expenses                                  | 8,000            | 5,000            |
| <b>Total Operating Expenses</b>                 | <b>89,409</b>    | <b>89,200</b>    |
| <b>Operating Income (Loss)</b>                  | <b>610,591</b>   | <b>560,800</b>   |
| Non-operating revenues, expenses, gains, losses | 50,000           | 40,000           |
| (Less interest expense)                         | 4,000            | 5,000            |
| <b>Income Before Taxes</b>                      | <b>654,591</b>   | <b>605,800</b>   |
| (Less income tax expense)                       | 50,000           | 40,000           |
| <b>Income From Continuing Operations</b>        | <b>714,591</b>   | <b>645,800</b>   |
| <b>Below-the-Line Items</b>                     |                  |                  |
| Income from discontinued operations             | -                | -                |
| Extraordinary items                             | -                | -                |
| Cumulative effect of accounting changes         | -                | -                |
| <b>Net Income</b>                               | <b>714,591</b>   | <b>645,800</b>   |



# Profit and Loss Report Details

*What is some important details to review?*



## ► Sales Revenues:

- This is the total amount of revenues that entity generate in the period of time. This information is shown on the top of income statement. For example, if the entity operating in the selling of clothes, this line will shown the total amount of cloths that entity sales during the months, quarter or annually.
- If the revenue report on monthly, all of others items have to report in monthly. Different accounting principle, might shown different amount of revenues.

## ► Cost of Goods Sold:

- Cost of goods sold are direct cost related to product. These costs are the variable cost that attribute to the goods that sold during the period. These costs are not including the fixed cost and operating expenses for the period and they have to be consistence with revenues that we recognize.
- Cost of goods sold equal beginning inventories plus purchase during the period less ending inventories.

## ► Gross Profits:

- This is the gross operating profit that entity generate for the period. This amount is equal to revenue less cost of goods sold. gross profit report in the third lines of Income Statement and it is the importance information for users of financial information for assessing how profitability of the entity is compare the same kind of entity in the market.

## ► Operating Expenses:

- These expenses are different from cost of goods sold. Operating Expenses are the general administrative expenses that occur during the period to support the operation.
- Those expenses include salary of administrative staff including sales, admin, account, finance audit and others staff which is not directly related to productions. Other expenses that also include in this line are include electricity, repair and maintenance, utilities, gasoline, bank charged, and others operating expenses.



The background features a complex arrangement of semi-transparent geometric shapes. On the left, a series of 3D bar charts with bars in black, grey, green, and blue are visible. A large, dark grey 3D arrow points upwards and to the right. To the right of the arrow is a 3D pie chart with segments in yellow, green, blue, and red. The right side of the image is dominated by a large, abstract shape composed of overlapping green and yellow triangles and polygons. The overall aesthetic is modern and business-oriented.

## **#2 Balance Sheet**



# Balance Sheet

It show the balance of assets, liabilities and equity at the end of the period of time.

The Balance Sheet is sometimes called the Statement of Financial Position (non-profits). This report shows the values of net worth of the company as well. You can find the company's net worth simply by removing liabilities from total assets.

Balance Sheet or Statement of Financial Position is the financial statement that reports three main importance financial information of entity at the end of balance sheet date. These three important topics of information are Assets, Liabilities, and Equity.





# Assets



1

Assets are the resources belonging to company. Total assets here will report all types of company assets. These include current assets, and non-current assets. Current asset rank above non-current assets.

2

The common examples of assets are land, building, cars, cash in the bank and on hand, inventories and account receivable. Any assets that belong to the owners or shareholders are not included here.

3

In the Balance Sheet, Assets are reported in the first section, above the Liabilities and Equity sections.



# Current Assets



## ► Cash and Cash Equivalence:

- Report the balance of cash and cash equivalence that being to the entity at the reporting date. It could be cash on hand, petty cash, cash deposit in the bank or others financial note that equivalence to cash. Equivalence to cash mean easily convert into cash.

## ► Accounts Receivable:

- Accounts receivable are the receivable amount by entity from its customers as the result of credit sales. This amount is expected to be received in the period of less than twelve months from the reporting date or Balance Sheet date.
- If part of receivables are expected to receive over twelves months, then they have to class into long term assets.

## ► Prepaid Expenses:

- Prepaid is the amount that entity pay to its suppliers in advance to secure, thought, services or products. For example, the company want to purchase computers, and because the computers are limited in the stores, or the computer need to order from outside country, supplier require company to make certain deposit.

## ► Inventories:

- Inventories here include all kind of inventories : Raw material, work in process and finish goods. At the end of the accounting period, the entity usually perform physical count to all inventories and then qualifying them.



# Fixed Assets (Non-Current Assets)



- ▶ **Machinery** need to class and report as non current assets as the useful life of its is longer than one year. The machinery are records in the Balance Sheet at cost. Accumulated Depreciation is based on company's depreciation policies.
- ▶ **Equipment:** This is the kind of equipment that use in the entity which has the useful life more than twelve months period. The same as machinery and others long-term assets, equipment is records as costs.
- ▶ **Leasehold Improvements:** this type of assets happen when the entity does not own the building or office that it is using. The office or building is rent from others and because of business requirement, entity make improvement on its. For example, the entity rent office building. The owner of the building provides only building space. All other decoration, and room for employees are the company's responsibility.
- ▶ **Buildings:** Buildings here could be the office building for head office or brand. they are records as non-current assets and depreciate base on its useful life.
- ▶ **Vehicles:** they are including cars for use in the company or similar types of vehicles are including here. Vehicles rental experience should not records as fixed assets. The expenses should be recorded in income statement.
- ▶ **Long-term Notes Receivable:** This is the same to account receivable that we records in the current assets. The reason we records here because part of receivables are expected to receive in the period of more than twelve months.
- ▶ **Investments:** this is refer to long term investment that expect to be recover into cash in the long term or more than twelve months. The kind of investments is like stock or bond something.
- ▶ **Goodwill:** This kind of assets happen when the entity purchase the new subsidiary while the net book value of assets of those subsidiary are less than what the entity offer.
- ▶ **Trademarks:** the costs of assets that entity purchase probably from the government or professional body.
- ▶ **Patent:** This is the cost that entity purchase the right to operate the services or sales the products in the country. This is normally over a one year period.



## Liabilities: Second Section on Balance Sheet

*There are two types of liabilities...*

### Short-term liabilities

Short-term liabilities is the liabilities that expected to be paid with the period **LESS THAN** twelve months from Balance Sheet date.

### Long-term Liabilities

Long-term liabilities are those that are expected to be paid with a period **GREATER THAN** a twelve month period.



# Shareholders' Equity: Third Item on Balance Sheet

- ▶ Shareholders' Equity, Owner's Equity or Stockholders Equity are called differently in Balance Sheet because of nature of business. For private or individual companies, we usually call it owner's equity. For partnerships and for corporations, we usually call it shareholders or stockholder equity.
- ▶ Total amount of shareholders' equity are the leftover amounts from assets and liabilities as well as from business operation. For example, if the company operating loss, the equity will be reduce eventually.
- ▶ There are many sub-components that are recorded under shareholders' equity. They include: Common Stock, Prefer Stock, Retained Earnings, and Accumulated Other Comprehensive Incomes. All sub-elements that records or class under equity elements are increasing in credit site and decrease in debit site same as liabilities element.





# Sample Balance Sheet Report

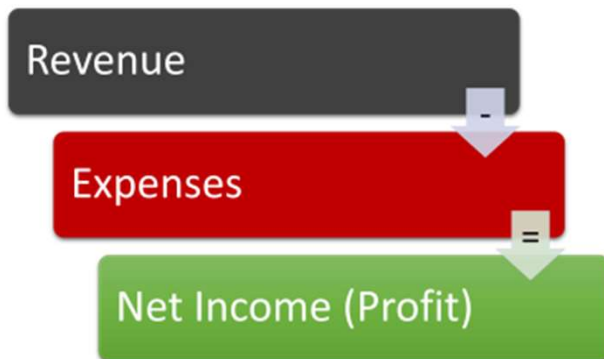


|                                      | Note | As at<br>31 December XXXX<br>USD |
|--------------------------------------|------|----------------------------------|
| <b>ASSETS</b>                        |      |                                  |
| <b>Non current assets</b>            |      |                                  |
| Intangible assets                    |      | 500,000                          |
| Property, Plant and Equipment        |      | 2,000,000                        |
| Deferred tax asset                   |      | 40,000                           |
| Long term deposit                    |      | 110,000                          |
| <b>Total non-current assets</b>      |      | <b>2,650,000</b>                 |
| <b>Current assets</b>                |      |                                  |
| Cash and cash equivalents            |      | 500,000                          |
| Inventory                            |      | 400,000                          |
| Prepayment and other assets          |      | 300,000                          |
| Amount due from related parties      |      | 200,000                          |
| VAT receivable                       |      | 40,000                           |
| <b>Total current assets</b>          |      | <b>1,440,000</b>                 |
| <b>Total assets</b>                  |      | <b>4,090,000</b>                 |
| <b>EQUITY AND LIABILITIES</b>        |      |                                  |
| <b>EQUITY</b>                        |      |                                  |
| Share capital and premium            |      | 1,000,000                        |
| Accumulated losses                   |      | (60,000)                         |
| Convertible loan - equity component  |      | 700,000                          |
| <b>Total equity</b>                  |      | <b>1,640,000</b>                 |
| <b>Non current liabilities</b>       |      |                                  |
| Borrowings                           |      | 500,000                          |
| <b>Total non-current liabilities</b> |      | <b>500,000</b>                   |
| <b>Current Liabilities</b>           |      |                                  |
| Trade and other payable              |      | 600,000                          |
| Deferred tax liabilities             |      | 50,000                           |
| VAT payable                          |      | 500,000                          |
| Short term Liabilities               |      | 800,000                          |
| <b>Total current liabilities</b>     |      | <b>1,950,000</b>                 |
| <b>Total Liabilities</b>             |      | <b>2,450,000</b>                 |
| <b>Total Equity and Liabilities</b>  |      | <b>4,090,000</b>                 |



# Two Very Important Financial Reports

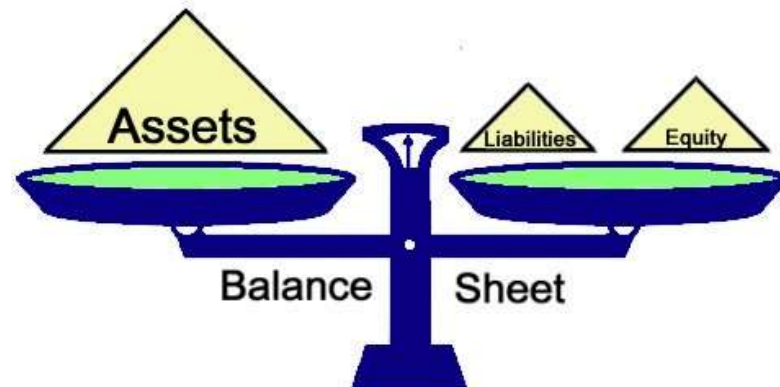
## Profit and Loss Statement



Measures what you *earned* and what you *spent* over a *period of time*.

For Taxes, Business Loans, Government and Investors

## Balance Sheet



Measures what you *have* and what you *owe* at a *specific moment in time*.



The background features a collage of abstract geometric shapes and charts. On the left, there's a 3D bar chart with bars of increasing height in shades of purple, blue, green, and yellow. A large, dark grey arrow points upwards and to the right, overlapping the bars. To the right of the arrow is a large, semi-transparent pie chart with segments in yellow, green, blue, and red. The right side of the image is decorated with overlapping green and yellow geometric shapes, including triangles and polygons. The overall aesthetic is modern and professional, typical of a business presentation.

# **#3 Statement of Change in Owner Equity**



# Statement of Change in Owner Equity

- ▶ Statements of change in equity is one of Financial Statements that show the shareholder contribution, and movement in equity. and equity balance at the end of accounting periods. Information that show is this statements include Classification of share capital, total share capital, retain earning, dividend payment, and others related state reserve.
- ▶ Please noted that the statement of change in equity is the result of income statement and balance sheet. Basically, if the income statement and balance sheet are correctly prepared, the statement of change in equity would be corrected too.





# Equity Items

## ► Common Stock:

- Common Stock or Ordinary shares are the same, and this class of shares normally has the voting right. The ordinary share is recording at par value in the balance sheet under equity sections. Detail of it could be found in the statement of change in equity and Noted to Financial Statements.
- This types of stock represent the ownership of corporation. If the corporation go to liquidation, then the holders of this stock have less priority to get payments than others preferred shareholders or lenders.

## ► Retained Earnings or Accumulated Losses/ Profit :

- Retained Earnings or accumulated losses is recording the equity section of balance sheet. This is the accumulation of profits or losses that corporation or entity has earned so far. The balance of return earning could be reduced once the entity make dividend payments to its shareholders or reinvestment.
- It is depending on company's investment and financial strategy. Retain earning can be calculated by accumulation of beginning balance of retain earning plus net income during the year and minus dividend payments during the year.





# Equity Items (Cont'd)

## ► Reserves:

- It is normally the statutory or standard requirement for the company to make reserves for special occasions that could happen unexpectedly. Sometimes it is named Capital Reserve. For example, if the corporation is a bank, then the central banks might require the corporation to have certain amounts of capital reserve for the liquidations.

## ► Dividends:

- Dividend is the amount that reduce the total shareholders' equity. It is what the company pay to its shareholders and mostly decided by the board at the end of the year. Dividend might report as the contract to retained earnings or sometimes it is recorded as the net from retained earnings.





# Sample Report of Changes in Owner/ Shareholder Equity

| (M€)  | Common shares issued |              |                | General reserves and retained earnings | Revaluation reserve | Total         |
|---|----------------------|--------------|----------------|--|---------------------|---------------|
|   | Number               | Amount       | Issue premiums |  |                     |               |
| <b>As of January 1, 2010</b>                                    | <b>2,348,422,884</b> | <b>5,871</b> | <b>27,170</b>  | <b>11,027</b>                          | <b>37</b>           | <b>44,105</b> |
| Balance of cash dividends paid <sup>(a)</sup>                   | -                    | -            | -              | (2,662)                                | -                   | (2,662)       |
| Net income 2010   | -                    | -            | -              | 5,840                                  | -                   | 5,840         |
| Cash interim dividends paid for 2010 <sup>(b)</sup>             | -                    | -            | -              | (2,665)                                | -                   | (2,665)       |
| Capital decrease  | -                    | -            | -              | -                                      | -                   | -             |
| Issuance of common shares                                       | 1,218,047            | 3            | 38             | -                                      | -                   | 41            |
| Changes in revaluation differences                              | -                    | -            | -              | -                                      | 11                  | 11            |
| <b>As of December 31, 2010</b>                                  | <b>2,349,640,931</b> | <b>5,874</b> | <b>27,208</b>  | <b>11,540</b>                          | <b>48</b>           | <b>44,670</b> |
| Balance of cash dividends paid <sup>(a)</sup>                   | -                    | -            | -              | (2,685)                                | -                   | (2,685)       |
| Net income 2011   | -                    | -            | -              | 9,766                                  | -                   | 9,766         |
| Cash interim dividends paid for 2011 <sup>(a)(b)</sup>          | -                    | -            | -              | (4,058)                                | -                   | (4,058)       |
| Issuance of common shares                                       | 5,223,665            | 13           | 160            | -                                      | -                   | 173           |
| Capital increase reserved for Group Employees                   | 8,902,717            | 22           | 288            | -                                      | -                   | 310           |
| Changes in revaluation differences                              | -                    | -            | -              | -                                      | -                   | -             |
| Expenses related to the capital increase reserved for employees | -                    | -            | (1)            | -                                      | -                   | (1)           |
| <b>As of December 31, 2011</b>                                  | <b>2,363,767,313</b> | <b>5,909</b> | <b>27,655</b>  | <b>14,563</b>                          | <b>48</b>           | <b>48,175</b> |
| Balance of cash dividends paid <sup>(a)</sup>                   | -                    | -            | -              | (1,311)                                | -                   | (1,311)       |
| Net income 2012   | -                    | -            | -              | 6,520                                  | -                   | 6,520         |
| Cash interim dividends paid for 2012 <sup>(a)(b)</sup>          | -                    | -            | -              | (4,161)                                | -                   | (4,161)       |
| Issuance of common shares                                       | 798,883              | 2            | 29             | -                                      | -                   | 31            |
| Capital increase reserved for Group Employees <sup>(b)</sup>    | 1,366,950            | 4            | -              | (4)                                    | -                   | -             |
| Changes in revaluation differences                              | -                    | -            | -              | -                                      | (24)                | (24)          |
| Expenses related to the capital increase reserved for employees | -                    | -            | -              | -                                      | -                   | -             |
| <b>As of December 31, 2012</b>                                  | <b>2,365,933,146</b> | <b>5,915</b> | <b>27,684</b>  | <b>15,607</b>                          | <b>24</b>           | <b>49,230</b> |

(a) Balance of the 2009 dividend paid in 2010: €2,662 million (€1.14 per share).  
(b) Interim dividend paid in 2010: €2,665 million (€1.14 per share).





The background features a collage of financial-themed graphics. On the left, a 3D bar chart with bars of increasing height in shades of grey, green, and blue. To its right is a large, semi-transparent 3D pie chart with segments in yellow, green, blue, and red. The right side of the image is decorated with overlapping green geometric shapes, including triangles and polygons. The overall aesthetic is modern and professional.

# **#4**

## **Statement of Cash Flows**



# Statement of Cash Flows

- ▶ This financial statement blends information from both the income statement and the balance sheet to give a picture of how cash is flowing in and out of the business.
- ▶ The “Cash Flow from Operations” line on this report is one of the most important of all financial statements for the business owner. It shows the net difference of cash that came in and went out of a business on an operating level over a period of time.
- ▶ Regularly looking at cash flow can give a better perspective on the health of the business.
- ▶ The cash from operating activities is compared to the company’s net income. If the cash from operating activities is consistently greater than the net income, the company’s net income or earnings are said to be of a “high quality”.
- ▶ If the cash from operating activities is less than net income, a red flag is raised as to why the reported net income is not turning into cash.





## Components of the Cash Flow Statement

|            |   |   |  |   |                                   |
|------------|---|---|--|---|-----------------------------------|
| Operations | Cash received from sale of goods and services               | - | Cash paid for operating goods and services                         | = | cash flow from operations         |
|            |   |   |  |   | + or -                            |
| Investing  | Cash received from sales of investments and longterm assets | - | Cash paid to purchase long-term investments                        | = | cash flow from investing          |
|            |   |   |  |   | + or -                            |
| Financing  | Cash received from issue of debt or capital stock           | - | Cash paid for dividends and to repay debt or to buy treasury stock | = | cash flow from financing          |
|            |   |   |  | = |                                   |
|            | { cash inflows  |   | { cash outflows  |   | Net change in cash for the period |




## Sample Cash Flow Statement Report



| <b>Cash Flow Statement</b>                        |                |
|---|----------------|
| For the Year Ended December 31, 2016              |                |
| <b>Cash Flow from Operations</b>                  |                |
| Net income  | 79,000         |
| Adjustments for depreciation                      | 2,000          |
| Adjustments for increase in inventories           | (22,000)       |
| Adjustments for decrease in accounts receivable   | 12,000         |
| <b>Net Cash Flow from Operations</b>              | <b>71,000</b>  |
| <b>Cash Flow from Investing</b>                   |                |
| Cash receipts from sale of property and equipment | 10,000         |
| Cash paid for purchase of equipment               | (12,000)       |
| <b>Net Cash Flow from Investing</b>               | <b>(2,000)</b> |
| <b>Cash Flow from Financing</b>                   |                |
| Cash paid for loan repayment                      | (5,500)        |
| <b>Net Cash Flow from Financing</b>               | <b>(5,500)</b> |
| <b>Net Increase in Cash</b>                       | <b>63,500</b>  |



The background features a large, stylized upward-pointing arrow on the left, composed of several overlapping, semi-transparent geometric shapes in shades of green, yellow, and orange. To the right of the arrow is a large, multi-colored pie chart with segments in shades of green, yellow, orange, and red. The entire scene is set against a light gray background with a subtle grid pattern. The text is centered over the arrow and pie chart.

# **#5**

## **Budget vs. Actual Report**



## Sample Budget vs. Actual Report

|                                 | TOTAL               |                   |                     |                 |
|---------------------------------|---------------------|-------------------|---------------------|-----------------|
|                                 | ACTUAL              | BUDGET            | OVER BUDGET         | % OF BUDGET     |
| Income                          |                     |                   |                     |                 |
| Design income                   | 1,275.00            | 1,300.00          | -25.00              | 98.08 %         |
| Discounts given                 | -89.50              |                   | -89.50              |                 |
| Landscaping Services            | 4,324.08            | 3,275.00          | 1,049.08            | 132.03 %        |
| Pest Control Services           | 70.00               |                   | 70.00               |                 |
| Sales of Product Income         | 912.75              | 1,000.00          | -87.25              | 91.28 %         |
| Services                        | 503.55              | 500.00            | 3.55                | 100.71 %        |
| <b>Total Income</b>             | <b>\$6,995.88</b>   | <b>\$6,075.00</b> | <b>\$920.88</b>     | <b>115.16 %</b> |
| Cost of Goods Sold              |                     |                   |                     |                 |
| Cost of Goods Sold              | 405.00              | 400.00            | 5.00                | 101.25 %        |
| <b>Total Cost of Goods Sold</b> | <b>\$405.00</b>     | <b>\$400.00</b>   | <b>\$5.00</b>       | <b>101.25 %</b> |
| <b>Gross Profit</b>             | <b>\$6,590.88</b>   | <b>\$5,675.00</b> | <b>\$915.88</b>     | <b>116.14 %</b> |
| Expenses                        |                     |                   |                     |                 |
| Advertising                     | 74.86               | 75.00             | -0.14               | 99.81 %         |
| Automobile                      | 312.81              | 305.00            | 7.81                | 102.56 %        |
| Equipment Rental                | 112.00              | 75.00             | 37.00               | 149.33 %        |
| Insurance                       | 241.23              | 241.00            | 0.23                | 100.10 %        |
| Job Expenses                    | 602.63              | 535.00            | 67.63               | 112.64 %        |
| Legal & Professional Fees       | 565.00              | 500.00            | 65.00               | 113.00 %        |
| Maintenance and Repair          | 940.00              | 700.00            | 240.00              | 134.29 %        |
| Meals and Entertainment         | 28.49               | 35.00             | -6.51               | 81.40 %         |
| Office Expenses                 | 18.08               | 20.00             | -1.92               | 90.40 %         |
| Rent or Lease                   | 900.00              | 900.00            | 0.00                | 100.00 %        |
| Utilities                       | 188.45              | 185.00            | 3.45                | 101.86 %        |
| <b>Total Expenses</b>           | <b>\$3,983.55</b>   | <b>\$3,571.00</b> | <b>\$412.55</b>     | <b>111.55 %</b> |
| <b>Net Operating Income</b>     | <b>\$2,607.33</b>   | <b>\$2,104.00</b> | <b>\$503.33</b>     | <b>123.92 %</b> |
| Other Expenses                  |                     |                   |                     |                 |
| Miscellaneous                   | 2,666.00            |                   | 2,666.00            |                 |
| <b>Total Other Expenses</b>     | <b>\$2,666.00</b>   | <b>\$0.00</b>     | <b>\$2,666.00</b>   | <b>0.00%</b>    |
| <b>Net Other Income</b>         | <b>\$ -2,666.00</b> | <b>\$0.00</b>     | <b>\$ -2,666.00</b> | <b>0.00%</b>    |
| <b>Net Income</b>               | <b>\$ -58.67</b>    | <b>\$2,104.00</b> | <b>\$ -2,162.67</b> | <b>-2.79 %</b>  |



## Budget vs. Actual Report

- ▶ The Budget vs. Actual report compares the budgeted amounts that were earlier projected against the actual numbers generated from the activities of that period.
- ▶ This report allows for an in-depth, line-by-line analysis of the company's income and expense activities, and whether expectations were missed or met.
  - ▶ You can identify the areas that either were over or under the budgeted projections by percentage or amount
  - ▶ Helps you to make any adjustments, if needed, to keep your business goals on track based on solid numbers, not assumptions
- ▶ This report is best reviewed on a monthly, quarterly and annually basis.