Intro:

* Get yourself a good accountant (Freelancer or part time in the beginning).
* Keep a copy and if needed the original copy of every sent and received invoice (For example on trello).
* You can use a good accounting software like quickbooks

Definitions of some financial statements:

* Income statement (Profit and Loss statement):
  + Revenue and expenses for a specific period of time (Usually one year – last 12 month). If you do a business plan you should do forecast the income statement for at least the next 12 month.
* Balance Sheet:
  + Is an important document, especially if you trying to raise money for your business or you are trying to sell your business to somebody else
  + It shows all your assets and liabilities. What the business owns, owes, and its net worth.