**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 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.
* Cash flow forecast:
  + Shows the cash flowing into and out of the business over a period of time usually every month (Usually we work on 12 month cash flow forecast and then you put in numbers for every month. ).
  + It’s a great tool to manage your business effectively.
  + If you are going to do a Business Plan, you are going to be asked to do a cash flow forecast for the next 2 or 3 years.
* Management Account: It’s an accounts that prepared monthly by your bookkeeper or accountant. And these tell you how your business doing.
* Annual financial statement: These are documents that prepared by your accountant (It’s very important because in some countries like Canada, Those documents are send to CRA Canada revenue agency to determine how much taxis you pay. )
* Budgets:
  + It’s an important part of managing your business.
  + Budgets also known as revenue or cost of sales or expenses.
  + You should develop budgets for your business because it act as guidelines and help you set specific business goals and to see if your goal has been achieved and they crate for you and your partners and employees a cost awareness for your business.
  + It helps you to understand if you can control your cost.