

# Common financial information by allbusiness editors

[Finance](#)



Website link: <http://www.allbusiness.com/accounting-reporting/reports-ments/1259.html> Common Financial Reports Throughout the fiscal year accountants record, organize and keep track of all transactions of a company. At the end of the fiscal year, which is also known as the accounting cycle, accountants use this information to prepare the financial statements. There are four common financial statements:

#### 1. Income Statement:

Income Statement basically lists and categorizes all expenses and revenue incurred by the firm during the accounting cycle. It starts from Sales or revenue generated, in case of service organizations; then subtracts all expenses and losses from sales and adds up all revenue and income. The difference is net income and net loss.

#### 2. Statement of Capital:

This statement shows changes in owner's capital account during the accounting cycle. The capital account shows how much does the owner owns; owner can reinvest in the business which is added in capital account, s/he can withdraw capital which is also termed as drawings and is subtracted from the capital account.

#### 3. Balance Sheet:

Balance Sheet shows how much your company own, owe and your company's equity. Balance Sheet is based on equation:  $\text{Assets} = \text{Liabilities} + \text{Equity}$ . Balance Sheet provides a snapshot of the company at a specific time,

usually end of accounting cycle and this is also known as statement of financial conditions.

#### 4. Statement of Cash Flow:

It list down all cash inflow (money coming in the company) and all cash outflow (money going out of the company) by categorizing them into revenues, long-term financing, sales of non-current assets, increase in current liability account and decrease in current assets account.

#### Reference

Common Financial Reports. Retrieved May 20, 2009, from All Business Web site: <http://www.allbusiness.com/accounting-reporting/reports-statements/1259-1.html>

[com/accounting-reporting/reports-statements/1259-1.html](http://www.allbusiness.com/accounting-reporting/reports-statements/1259-1.html)