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Financial Statements

Financial statements are an important tool for small businesses to track their financial performance and position.

There are three main financial statements that small businesses typically use:

1. The balance sheet: The balance sheet is a snapshot of a business's financial position at a particular point in time. It lists the company's assets (what the business owns), liabilities (what the business owes), and equity (the difference between assets and liabilities).
2. The income statement: The income statement shows a business's revenues and expenses over a specific period of time, such as a month or a year. It is used to calculate the business's net income, which is the profit or loss for the period.
3. The cash flow statement: The cash flow statement shows the inflow and outflow of cash for a business over a specific period of time. It is used to understand how well a business is managing its cash and to identify potential cash flow issues.

Together, these financial statements provide a comprehensive overview of a business's financial performance and position.

They are useful for small business owners to track the success of their business and to make informed decisions about its future.

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