



ClearPath

C F O A D V I S O R Y

BOOKKEEPING & FRACTIONAL CFO SERVICES

What Financial Reports Should a Business Have So They Can Manage Their Finances?



<https://clearpath-cfo.com>



To manage finances effectively, every business should regularly prepare and review a core set of financial reports. These reports provide visibility into profitability, cash flow, and overall financial health. Here are the key financial reports your business should have:

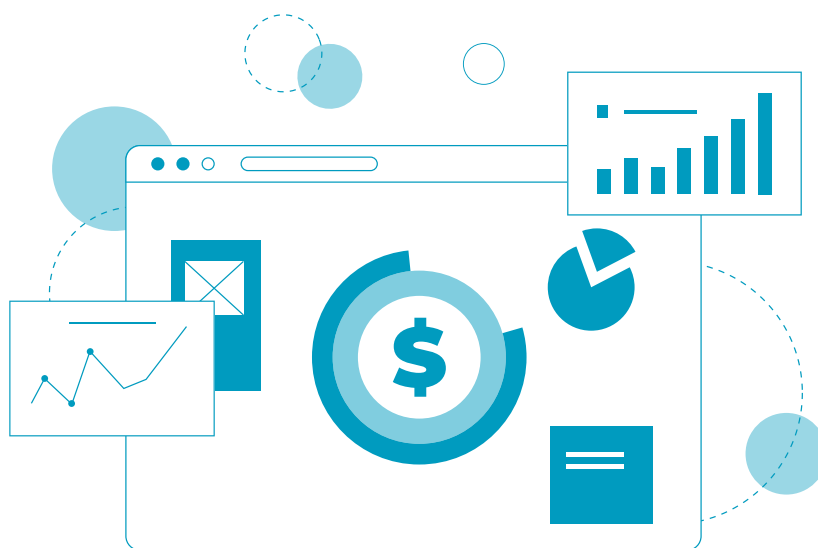
1. Profit & Loss Statement (Income Statement)

Purpose:

Shows revenues, costs, and profits over a specific period (monthly, quarterly, yearly).

Use:

Measures overall profitability of the business. Helps analyze and identify both revenue and expense trends. Tracks business performance over time. Ultimately, this is used to support strategic decision-making.



Ask about the Tax Law Group on our team that focuses on reducing the tax burden of business owners

Typically by
20% to 40%

2. Balance Sheet

Purpose:

Displays assets, liabilities, and owner's equity at a specific point in time.

Use:

Shows what the business owns and owes, helping assess financial stability and solvency.

3. Cash Flow Statement

Purpose:

Tracks inflows and outflows of cash from operating, investing, and financing activities.

Use:

Shows movement of cash from different sources. Used to support business decisions. Helps identify financial risks.

4. Accounts Receivable Aging Report

Purpose:

Lists unpaid customer invoices by age.

Use:

Helps manage collections and cash flow.

Ask about the Tax Law Group on our team that focuses on reducing the tax burden of business owners

Typically by
20% to 40%

5. Accounts Payable Aging Report

Purpose:

Lists what the business owes to vendors by due date.

Use:

Supports timely payments and prevents late fees.

6. Budget vs. Actual Report

Purpose:

Compares actual financial results to the business's budget.

Use:

Identifies areas where spending or income deviates from expectations. Overall, used as a guide for objectives and goals.

7. Break-Even Analysis

Purpose:

Shows the sales volume needed to cover costs.

Use:

Identifies the ongoing burn rate and total monthly fixed costs.

Ask about the Tax Law Group on our team that focuses on reducing the tax burden of business owners

Typically by
20% to 40%

8. Tax Liability Report

Purpose:

Outlines both current and projected tax obligations, including sales, payroll, and income taxes.

Use:

Ensures compliance and avoids penalties.



Ask about the Tax Law Group on our team that focuses on reducing the tax burden of business owners

Typically by
20% to 40%

Sample Reports (Basic):

Profit & Loss Statement

Account	Total
> Income	\$1,003,853.88
> Cost of Goods Sold	\$702,043.52
Gross Profit	\$301,810.36
▼ Expenses	
6100 Advertising & Marketing	32,589.69
> 6200 Labor	\$95,189.85
> 6600 Fixed Overhead	\$58,173.77
> 6800 Variable Overhead	\$95,774.31
> 7000 Business Development	\$11,295.78
7500 Taxes & Licenses	5,316.42
Total for Expenses	\$298,339.82
Net Operating Income	\$3,470.54
Other Income	-
Other Expenses	-
Net Other Income	-
Net Income	\$3,470.54

Balance Sheet

Account	Total
▼ Assets	
> Current Assets	\$269,321.59
Fixed Assets	-
> Other Assets	\$1,500.00
Total for Assets	\$270,821.59
▼ Liabilities and Equity	
> Liabilities	\$51,921.09
> Equity	\$218,900.50
Total for Liabilities and Equity	\$270,821.59

Ask about the Tax Law Group on our team that focuses on reducing the tax burden of business owners

Typically by
20% to 40%

Cash Flow Statement

Full name	Total
OPERATING ACTIVITIES	
Net Income	1,766.38
Adjustments to reconcile Net Income to Net Cash provided by operations:	
1000 Accounts Receivable	31,126.00
2110 Capital One	-782.68
Total for Adjustments to reconcile Net Income to Net Cash provided by operations:	\$30,343.32
Net cash provided by operating activities	\$32,109.70
INVESTING ACTIVITIES	-
FINANCING ACTIVITIES	
3020 Partner Distributions	-24,320.32
Net cash provided by financing activities	-\$24,320.32
NET CASH INCREASE FOR PERIOD	\$7,789.38
Cash at beginning of period	\$106,416.08
CASH AT END OF PERIOD	\$114,205.46

Accounts Receivable Aging Report

Customer	Current	1-30 Days	31-60 Days	61+ Days	Total
Client A	20,000	10,000	5,000	-	35,000
Client B	15,000	8,000	-	-	23,000
Client C	5,000	-	-	-	5,000
Client D	-	-	-	16,000	16,000
Client E	10,000	2,000	3,000	4,000	19,000
Client F	-	12,000	-	-	12,000

Accounts Payable Aging Report

Vendor	Current	1-30 Days	31-60 Days	61+ Days	Total
Supplier A	10,000	5,000	-	-	15,000
Supplier B	8,000	3,000	2,000	-	13,000
Supplier C	1,000	-	1,000	-	2,000
Supplier D	25,000	8,000	-	-	33,000

Ask about the Tax Law Group on our team that focuses on reducing the tax burden of business owners

Typically by
20% to 40%

Budget vs Actual Report

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income	\$553,036.90	\$484,254.22	\$68,782.68	114.20 %
Cost of Goods Sold	\$401,595.23	\$369,072.18	\$32,523.05	108.81 %
GROSS PROFIT	\$151,441.67	\$115,182.04	\$36,259.63	131.48 %
Expenses				
6100 Advertising & Marketing	5,244.46	30,125.00	-24,880.54	17.41 %
6200 Labor	74,694.99	88,432.50	-13,737.51	84.47 %
6600 Fixed Overhead	29,287.68	12,500.00	16,787.68	234.30 %
6800 Variable Overhead	79,563.27	68,200.00	11,363.27	116.66 %
7000 Business Development	11,045.64	9,000.00	2,045.64	122.73 %
7500 Taxes & Licenses	2,434.08		2,434.08	
Total Expenses	\$202,270.12	\$208,257.50	\$ -5,987.38	97.13 %
NET OPERATING INCOME	\$ -50,828.45	\$ -93,075.46	\$42,247.01	54.61 %
NET INCOME	\$ -50,828.45	\$ -93,075.46	\$42,247.01	54.61 %

Break-even Analysis

Item	Amount (USD)
Fixed Costs	150,000
Selling Price per Unit	1,000
Variable Cost per Unit	400
Break-even Units	250

Tax Liability Report

Tax Type	Amount (USD)
VAT Payable	15,000
Income Tax Payable	48,000
Withholding Tax	5,000
Total Tax Due	68,000

Ask about the Tax Law Group on our team that focuses on reducing the tax burden of business owners

Typically by
20% to 40%

Report	Use
Profit & Loss	Shows revenues, costs, and profits over a specific period
Balance Sheet	Displays assets, liabilities, and owner's equity at a specific point in time
Cash Flow Statement	Tracks inflows and outflows of cash from operating, investing, and financing activities
Accounts Receivable Aging	Lists unpaid customer invoices by age
Accounts Payable Aging	Lists what the business owes to vendors by due date
Budget vs Actual	Compares actual financial results to the business's budget
Break-Even Analysis	Shows the sales volume needed to cover costs.
Tax Liability Report	Outlines both current and projected tax obligations, including sales, payroll, and income taxes

Ask about the Tax Law Group on our team that focuses on reducing the tax burden of business owners

Typically by
20% to 40%



ClearPath

C F O A D V I S O R Y

BOOKKEEPING & FRACTIONAL CFO SERVICES

California

1255 Treat Blvd
Walnut Creek CA, 94597
CA Phone: 925-315-7890

Texas

325 N. St. Paul Street,
Suite 3100, Dallas,
Texas 75201
TX Phone: 214-210-0337
info@clearpath-cfo.com

New York

41 Flatbush Avenue
Brooklyn, NY 11217
NY Phone: 718-210-3604

Georgia

260 Peachtree Street
NW, Suite 2200, Atlanta,
Georgia 30303
GA Phone: 404-330-9009

<https://clearpath-cfo.com>