

Ask SCORE

3 FINANCIAL REPORTS EVERY SMALL BUSINESS OWNER SHOULD UNDERSTAND

After setting financial goals and a budget for your small business, it is crucial to monitor how well your company is performing. Is it on track to achieving its revenue and profitability goals? Is it controlling its costs?

Even if you have contracted the help of an accountant, it is helpful to develop your understanding of your business's financial affairs. One way to accomplish that is to become familiar with and regularly review the following reports.

- Profit and Loss Statement
- Balance Sheet
- Cash Flow Statement

Profit And Loss Statement (P&L)

Also called an "Income Statement," your company's P&L report indicates if your business is profitable and how profitable it is during a given period of

time (such as for the past month, past quarter or past year).

A P&L statement is made up of the following main sections:

- Total income
- Total expenses
- Net income (Your income minus expenses)

It is helpful to compare recent P&L info with that of a past period of time (such as a month this year with the same month last year) to identify if your company's profitability is improving or if there might be some issues you need to address. For example, if your sales are up but your profits are down, you would want to investigate which costs have increased to the extent that they are harming your bottom line.

(Continued on page 44)

CLARK INDUSTRIAL SUPPLY INC.

301 West High Street • Pottstown, PA 19464

610.705.3333

www.clarkindustrialsupply.com

AEROQUIP



- Performance Products
- Hydraulic Hose & Fittings
- A/C Hose & Fittings
- Weatherhead/Brass
- Metric & BSP Fittings
- Industrial Rubber Products

ECCO

- Light Bars
- Flashing Lights
- Back-up Alarms



INDUSTRIAL HARDWARE SUPPLIES

ON SITE EQUIPMENT REPAIR SERVICE

ROUTE 422 BUSINESS ADVISOR



DINING GUIDE



Speck's Drive-In (610) 489-2110

"Chicken at its finest!" 

3969 Ridge Pike, Collegeville, PA 19426
www.speckschicken.com
Family owned and operated since 1953

Hours:
 Mon – Fri 10am – 9pm
 Saturday 11am – 9pm
 Sunday 12:00pm – 8pm

• Broasted Chicken	• Sides
• Sandwiches	• Milkshakes
• Soups	• Kid's meals
• Salads	• Party Orders





Proudly serving craft beer and locally sourced food.

NOW OPEN!

1161 Ridge Road
 Pottstown, PA 19465
 (610) 469-6419




hareshillbrewingco.com
 @hareshillbrewing
 @hareshillbrewing




www.gracies21stcentury.com
 610-323-4004

21st Century Cafe' & Catering
 CIVILIZED DINING
 in the Country

"A Restaruant Like No Other"

Find us on  at Gracie's 21 Century Cafe and Catering

1534 Manatawny Road,
 Pine Forge, PA 19548

**Luncheons
Dinners
Beer
Cocktails**

Serving the area since 1960,
 Route 100 South, Pottstown

Ye Old Coventry Pub

610-323-5790 | Open every day at 11.00 A.M.

**Famous for
Hand-Carved
Beef &
Home-made
Snapper Soup!**



CALL 610.323.6253 TO PROMOTE YOUR BUSINESS IN THE DINING GUIDE

We're Here For All Your Ups & Downs



**Serving Montgomery, Berks
and Chester Counties
& Surrounding Areas**

HIC#: PA150881

25+ Years Experience!

Sales - Service - Installation - Residential - Commercial



**Get a Free
Estimate**

610.220.5168
info@bcgds.com

BCGARAGEDOORPRO.COM

**Support Local
Small Businesses!**

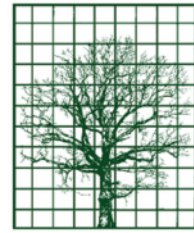
Reppert's
Own Made Candies

Chocolates, Candies & Gifts for Valentine's Day, Easter,
Mother's Day, Halloween, Thanksgiving, Christmas &
Wedding Gifts. *Large selection of new products!*

610-689-9200
info@reppertscandy.com
www.reppertscandy.com



2708 W. Philadelphia Ave., Oley, PA 19547



Established 1975

**LUDGATE
ENGINEERING
CORPORATION**

ENGINEERS • SURVEYORS • LAND PLANNERS

Call 610-404-7330

www.ludgate-eng.com

10 Vanguard Drive, Suite 100, Reading, PA 19606

ASK SCORE

(Continued from page 43)

Balance Sheet

Your Balance Sheet provides a snapshot report of your company's finances—assets, liabilities and equity—at a given moment in time. It summarizes what your business owns and what it owes. Investors who are considering funding your company will want to see your balance sheet before committing.

Most often, the report shows company assets on the left and liabilities plus equity on the right to represent the following accounting equation:

$Assets = Liabilities + Owners' Equity$

The totals on each side should match, hence the name "Balance" Sheet.

Running this report at any time can give you helpful insight. Most business owners—sometimes with the help of accountants—review it at the end of a month, quarter or year.

Cash Flow Statement

Your Cash Flow Statement sheds light on:

- When cash is flowing into your company
- From where cash is flowing into your company
- When cash is flowing out of your company
- From where cash is flowing out of your company

It lists your incoming and outgoing transactions, showing how your business has earned and spent money over a period of time.

It is valuable because even a business that shows a profit on its P&L statement can run into money problems if its income is not arriving in time to be able to pay employees or to cover bills when they are due. By looking at your Cash Flow Statement, you can detect gaps and start making changes so you will have sufficient cash reserves and avoid shortfalls that could hurt your ability to conduct business and your reputation.

Money Isn't Everything — But Managing It Isn't Optional.

By learning to read and interpret your P&L Statement, Cash Flow Statement and Balance Sheet, you will have a better sense of where you are on your course to meet your financial goals.

The accounting software you use probably has these reporting options built into it, or you can ask your bookkeeper or accountant to run the reports for you. You will also find templates to create reports through the SCORE website at <https://www.score.org/resource/business-planning-financial-statements-template-gallery>.

To gain a better understanding of how to use the reports to manage your business, talk with your accountant and a SCORE mentor.

Since 1964, SCORE "Mentors to America's Small Business" has helped more than 10 million aspiring entrepreneurs and small business owners through mentoring and business workshops. More than 11,000 volunteer business mentors in over 320 chapters serve their communities through entrepreneur education dedicated to the formation, growth and success of small businesses. For more information about starting or operating a small business, contact SCORE TriCounty. You can call 610.327.2673, email tricity@scorevolunteer.org or visit the website at www.tricity.score.org.

SCORE is funded in part through a Cooperative Agreement with the U.S. Small Business Administration. All opinions, conclusions, and/or recommendations expressed herein are those of the author and do not necessarily reflect the views of the SBA.

ROUTE 422 Business Advisor

**Promote your business in the
Route 422 Business Advisor!
Call (610) 323-6253**