

# Financial Statements

## Income Statement

Also known as a profit and loss statement (P&L)—is a financial report that summarizes a company's revenues, expenses, and profits or losses over a specific period, typically a quarter or a year. It provides insight into the company's operational performance and financial health.

## Balance Sheet

The primary financial statements used to evaluate a company's financial health. It provides a snapshot of the company's assets, liabilities, and owner's equity at a specific point in time.

## Carry Over

Refer to financial accounts that continue from one accounting period to the next without being closed out. These accounts typically include assets, liabilities, and equity accounts.

## Owners' Equity Statement

The Owner's Equity Statement helps stakeholders understand how equity has changed over time due to various factors like investments, earnings, and withdrawals.

## Closing Entries

Journal entries made at the end of an accounting period to reset the balances of temporary accounts (such as revenues, expenses, and dividends) to zero. This process helps prepare these accounts for the next accounting period and ensures that the net income or loss is transferred to retained earnings in the equity section of the balance sheet.

