



5.3 Income Statements

What is the importance of financial statement (income statement and balance sheet)?

1. As a performance measurement => To assess if business is successful => profit/loss
2. Included in business plan for investors/bank to obtain financing
3. As a financial forecast/projection
4. To fulfil legal requirements/report to stakeholders

Profit = Revenue - Cost

Profit = Revenue > Cost

Loss = Revenue < Cost

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