FINANCIAL MANAGEMENT FOR ENTREPRENEURS

Participant Workbook

Youth Employment Services - YES

www.yes.on.ca

Financial Management for Entrepreneurs

Overview and Purpose

This workshop introduces participants to the basics of financial management. Participants first learn the importance of financial management and regular tracking at all stages of developing and running a business. Participants explore the structure and purpose of a budget. They discuss good bookkeeping habits to use on a daily basis. Participants are introduced to the key financial statements of a business: the income statement, balance sheet and statement of cash flows. Finally, participants use the key financial statements to understand the financial health of a business.

Time

The workshop is between three and six hours long.

Learning Outcomes

At the end of this workshop you will be able to:

1. Discuss the importance of financial management at all stages of developing and running a business.
2. Use good financial management habits with your business on a daily basis.
3. Build and maintain a good relationship with your bank.
4. Identify the components of a budget and build a simple budget for your business.
5. Discuss the structure and purpose of the key financial statements for a business.
6. Analyze the financial health of a simple business from its financial statements.
7. Identify different financing options for your business.
8. Identify the different taxes that apply to your business.

Leading Questions

As you complete this workshop, you will think about and answer the following questions:

1. What do you already know about how to manage the financials of a business?
2. Why is it important to monitor the financials of a business on a regular basis?
3. What do you feel are your strengths and weaknesses with financial management?

Workshop Agenda

Introductions and Workshop Overview

1. Key Financial Terms and Concepts
2. Regular Financial Habits
3. Working with Banks
4. Constructing a Budgeting
5. Understanding Financial Statements
6. Financing Our Business
7. Understanding Taxes
8. Review and Wrap-Up
9. Additional Resources

1. Key Financial Terms and Concepts

Match the definitions of the following basic financial terms and concepts that we need to know as we run our businesses.

1. Assets	a. This is the difference between the revenue and expenses of a business. It is also known as the *margin* or the *profit*.
2. Liabilities	b. This is a 3-month period of time in which a business tracks and reports its short term financial performance.
3. Revenue	c. This is the projected revenue, expenses and earnings for a business, usually for a 12-month time period.
4. Expenses	d. This is one of three key financial statements that is used to measure a business' financial performance. It shows the difference between what a business has earned and what it has spent.
5. Earnings	e. This is one of three key financial statements that is used to measure a business's financial performance. It shows where the company's cash has come from and where it has gone.
6. Cash Flow	f. These are the economic resources that a business has. They can include money in the bank, equipment and product inventory.
7. Fiscal year	g. These are the debts or amounts of money that the business owes either a bank, a funder, a shareholder or any individual. This includes money owed immediately or in the future.
8. Quarter	h. This is money that comes into the business that the business earns.
9. Budget	i. This is one of three key financial statements that is used to measure a business' financial performance. It shows the assets and liabilities of a business.
10. Accounts Receivable	j. This is a 12-month period of time in which a business reports its financial performance. Most businesses have this be the same as a calendar year.

11. Accounts Payable	k. This is the difference between the cash coming into a business and the cash going out of the business. If this is positive, the business is healthy; if it is negative, the business may not be healthy.
12. Profit and Loss Statement	l. This is money a business has earned, but has not yet been paid.
13. Balance Sheet	m. This is money that goes out of the business or the costs of running the business.
14. Statement of Cash Flows	n. This is money a business has spent, but has not yet paid.

2. Regular Financial Habits

Why is it important to know our financial position **AT ALL TIMES** when we are building and running our business?

Good financial management starts with our regular financial habits. The following habits will help us keep our fingers on the pulse of our business.

1. **Make strategic decisions about our expenses**. When running our business we need to be strategic about our expenses. Money we don't spend in one area of our business, is money we can use in other parts of our business. Every time we spend money, we need to ask ourselves three questions:
    a. Do we really need to make the purchase? In other words, do we actually need what we will spend the money on?
    b. Is there a less expensive option? We don't always need to purchase the best or most expensive option. Usually a less expensive option will give us just the same result.
    c. Do we need to make the purchase now or can we delay the purchase until later?

    By asking these questions about our expenditures, we can strategically manage the money going out of our business, to ensure that we have enough money each day to run our business.

2. **Use an organization system for hard copies of receipts and invoices**. Create expense and review folder and binders so that we have hard copy evidence of the money going out of our business and the money coming in.
   a. On a daily basis collect and keep evidence of the money coming into our business—**sales receipts or invoices**—and money going out of our business—**purchase receipts**. Create two folders for these documents, one for our sales receipts and one for our purchase receipts. Whenever new receipts comes in, file them in the appropriate folder.
   b. Once a month tape the purchase receipts on paper, to keep them in chronological order. Number the receipts. Punch the paper with a three-hole punch.
   c. Put your pages in a three-ring binder, grouping the receipt pages by month, separating each month with a labelled tab.
   d. Similarly create a binder for the sales receipts or invoices, once again grouping them by month.

3. **Have an organized bookkeeping system**. The next step is to record the amounts of our sales receipts and purchase receipts, called *bookkeeping*. This allows us to always know how our business is doing at all time. When our business is small, we can record the money coming in and out of our business in simple Microsoft Excel spreadsheets. One spreadsheet totals up our revenue and one spreadsheet totals up our expenses. As our business starts to get bigger, we should switch our bookkeeping to accounting software such as QuickBooks which will then generate financial reports for us.

4. **Have a separate bank account for our business**. It is easier to track how much money we have if we have a separate bank account just for our business.

5. **Check our bank account regularly**. We should monitor our bank account a minimum of once a week, more frequently if we have a lot of money going in or out.

6. **Have a separate business credit card**. Once our business gets bigger, we should separate our business credit card use from our personal credit card use. Having all of our business expenses on one credit card makes it easier to track the money being used for our business.

7. **Put money aside for any taxes we need to pay**. Depending upon the structure, size and profitability of our business we may need to pay different taxes to the government. Once our business makes more than $30,000, we need to charge HST or GST to our customers and then remit that money to the government, either annually (for a small business) or quarterly (for a larger business). If our business is incorporated and makes a profit, we will have to pay corporate income tax. If our business is a sole proprietorship or a partnership, any money we earn goes into our personal income, for which we will need to pay personal income tax. Finally, if we have employees we need to pay payroll taxes. One mistake many business owners make is they don't put the money for tax payments on one side. When it comes time to pay the taxes to the government, they don't have it. So always keep the taxes you need to pay our bank account.

8. **Have a clear and proactive payment collection system**. Sometimes, it is difficult to collect money from our customers, if we work on a project basis or extend a payment plan to our customers. We need to have clear payment terms on all of our sales. We should always ask for a percentage of our fee up front. We can then collect the remaining amounts at certain points in the project. For example, ask for 50% at the beginning of a project, then 25% when the project is half completed, and 25% the project is finished Have penalties for late payment of money owed. Regardless of our payment collection system, we need to be proactive about collecting the money owed to us. Unfortunately, just because we send someone a bill or invoice, doesn't mean they will pay us.

3. Working with Banks

Our bank relationship is important as a small business owner. We need a bank as a place to keep our money and as a channel through which to conduct financial transactions with customers and vendors as we run our small business. We need to be realistic about what banks can and can't do while getting what we need from them. We need to proactively manage that relationship and make sure our bank support us in what we do. Here are some tips to keep in mind:

1. **Understand the type of bank it is**. There are different kinds of banks. There are what are called first tier banks or the Big Five—TD Canada Trust, Scotia Bank, Bank of Montreal, CIBC and Royal Bank. There are second tier banks—for example National Bank of Canada and Laurentian Bank of Canada. There are banks that are subsidiaries of foreign banks. There are credit unions. And there are online banks. Each type of bank has different services they can offer.

2. **Find the best small business banking account**. Banks charge fees for everything that they do for us, as any service provider does. Depending on our account package we may pay for any or all of the following: a monthly account fee, a monthly fee if we have a line of credit, a fee to pay our taxes through an online payment system, a fee to use wire transfer services or to conduct e-transfers, or a fee to write checks. If we are using our line of credit or are not paying off our credit card charges each month, we also owe interest on the money being loaned. These fees and interest can add up and chip away at our bottom line. Visit the banks in the area to find out what they offer with their different small business packages. Compare what they offer and select the best package. They will probably offer to waive some of the fees for a few months to sign you up. If they do, get this in writing and check that they follow through.

3. **Find the best personality fit**. Look for a bank with which we feel comfortable. We can get a sense of a bank's "personality" as soon as we walk into it. Are people smiling? Are they relaxed? Are staff dressed formally or casually? How do they communicate with customers? What types of community programs do they support? All of these things give

us clues as to the bank's personality. If we don't feel there is a good fit with our bank, we will to find it difficult to confide in their staff and to accept advice from them.

4. **Build a relationship with the branch manager.** We need to form a relationship with our bank so that they can get to know us and our business. The people we speak to everyday in banks, in small business account relationship positions and teller positions, tend to have high turnover. There is usually less turnover with branch managers. Spending time building a relationship with our branch manager is the best way to maintain a useful and supportive relationship with our bank.

5. **Understand the structure of banks**. There different departments within a bank that provide us with services, for example IT support, wire transfer services, customer service and branches. These departments function independently of one another. Information that one department has is usually not automatically available to other departments. If what we need from the bank requires information to be shared from one department to another it will take time for required information to be exchanged.

6. **Check your bank records regularly**. Banks are run by humans, who, like all humans, make mistakes. Check that the information they have on our business is correct, including the name of our business and our contact information. With every transaction, check that the right amounts get deposited or withdrawn. Every month, check that the fees they have charged are correct. If we make changes to our account, check that the requested changes have been made. If we have questions about the services they are providing, ask them.

DO NOT USE ANY ORGANIZATION THAT OFFERS QUICK AND EASY LOANS.

Briefly research three banks located near you or that you know of. Try to research different kinds of banks (first tier, second tier, subsidiary, credit union, online bank). Compare and contrast the packages to select the best one for your business.

4. Constructing a Budget

As we run our business we need to create different financial documents that help us stay on track financially. The first of these financial documents is a budget. **A budget** is a document we develop to predict how our business will perform financially over a year. We predict the money that we will have coming into our business and the money going out. As we run our business, we then compare what we predicted with what is actually happening. We compare our budget to our actual financial performance. This helps us make decisions about how to run our business.

There are three main sections to our budget:

1. **Revenue**, the money we predict we will have coming into our business.
2. **Expenses**, the money we predict we will spend.
3. **Profit (Loss),** also called *earnings* or *margin*, the difference between our revenue and our expenses.

We can build a budget month to month or for one year. There are many different formats for budgets. Here is a sample one-year budget for our hypothetical business, Perfect Pet Services.

Projected Revenue	
Dog Walking	$77,820.00
Pet Sitting	$77,820.00
Total Revenue	**$154,560.00**
Projected Expenses	
Accounting	$1,700.00
Cell Phones	$1,200.00
Insurance	$1,200.00
Internet	$360.00
Miscellaneous	$520.00
Motor Vehicles	$3,600.00
Office Supplies	$600.00
Dog Walking Supplies	$1,200.00
Print Advertising	$4,800.00
Website Hosting	$420.00
Total Expenses	**$15,600.00**
Projected Profit (Loss)	**$138,960.00**

With the above budget, the two owners of Perfect Pet Services can choose to split the profit of $138,960.00. They will then each record income of $69,480.00 on their personal tax returns. Alternatively, they can choose to leave some of the money in the business to use to run it and take a smaller amount to record on their personal tax returns.

Each business will have slightly different types of revenue and expenses, so their budgets will look slightly different. Here are some common expenses that we have when we run a business, but these are by no means the only possible expenses.

- ☐ Accounting
- ☐ Advertising and Promotion
- ☐ Cell Phone
- ☐ Credit Card Fees
- ☐ Equipment Rental
- ☐ Insurance
- ☐ Interest and Bank Charges
- ☐ Legal
- ☐ Meals and Entertainment
- ☐ Memberships
- ☐ Miscellaneous
- ☐ Motor Vehicle
- ☐ Office Rent
- ☐ Office Supplies
- ☐ Postage and Courier
- ☐ Printing and Copying
- ☐ Repair and Maintenance
- ☐ Travel
- ☐ Website Design and Maintenance

1. What types of revenue will you have with your business?

2. Which expenses will you have?

3. Create a simple one year budget for the first year of your business following the model above. Create it as a Microsoft Excel document if possible.

5.0 Understanding Financial Statements

In addition to our budget, there are three other financial documents that we use to manage the financial performance of our businesses: the Profit and Loss Statement, the Balance Sheet and the Cash Flow Statement. If we use accounting software such as Quickbooks for our bookkeeping and accounting, the software will automatically create these three financial statements. We will look at the purpose and structure of each of the financial statements in turn.

5.1 The Profit and Loss Statement

The **Profit and Loss Statement** tells us how much money we have made or lost with our business over a specific period of time. It is structured similarly to our budget, showing money that has come in (Revenue), money that has gone out (Expenses) and the difference between the two (Profit/Loss). However, instead of being a prediction of our company's financial performance, the Profit and Loss Statement shows what actually happened. As with budgets, Profit and Loss Statements can be structured in different ways. Here is a sample Profit and Loss Statement for our hypothetical business, Perfect Pet Services.

Revenue	
Dog Walking	$93,850.00
Pet Sitting	$63,780.00
Total Revenue	**$157,630.00**
Expenses	
Accounting	$1,700.00
Cell Phones	$1,200.00
Insurance	$1,200.00
Internet	$360.00
Miscellaneous	$430.00
Motor Vehicles	$5,430.00
Office Supplies	$980.00
Dog Walking Supplies	$2,500.00
Print Advertising	$6,500.00
Website Hosting	$420.00
Total Expenses	**$20,810.00**
Profit (Loss)	**$136,820.00**

Compare the sample Budget and the sample Profit and Loss Statement for our hypothetical business, Perfect Pet Services. Did the company meet our financial expectations? If no, what is different between our expectations and what actually happened?

5.2 The Balance Sheet

The purpose of the **Balance Sheet** is to tell us what our business is worth at a specific point in time. The Balance Sheet has two main sections, Assets and Liabilities plus Equity. The financial statement is called a Balance Sheet because the two sections must be equal or balance:

Assets = Liabilities and Equity

To understand a Balance Sheet we must first understand a number of new financial terms.

1. **Assets** are property owned by your business that have value and are available to meet your financial commitments. or what the company owes plus the shareholder value.

2. **Current assets** are assets that you expect to turn into cash or use within a year.

3. **Accounts receivable** are money owed to your business by your customers or others in your debt.

4. **Fixed assets** are property for long-term use by the business and that are not going to be converted quickly into cash such as land, machinery and equipment.

5. **Liabilities** are a company's legal financial obligations such as loans and credit.

6. **Current liabilities** are a company's debts or obligations that are due within one year.

7. **Accounts payable** are money owed by the business to its creditors.

8. **Equity** is the value of the shares issued by a company.

9. **Retained earnings** is the money not paid to shareholders in previous years but that is kept in the business.

10. **Dividends** are money paid to the shareholders or owners of the business.

Below is a sample Balance Sheet for our hypothetical business, Perfect Pet Services. Note that Perfect Pet Services has a very simple Balance Sheet because the business does not have any fixed assets and that the owners have taken most of the money out of the business (dividends) to pay themselves. Notice that the Total Assets equals the Total Liabilities and Equity.

Assets	
Current Assets	
Business Checking Account	$36,000.00
Accounts Receivable	$2,520.00
Total Current Assets	**$38,520.00**
Fixed Assets	
None	$00.00
Total Fixed Assets	**$00.00**
Total Assets	**$38,520.00**
Liabilities & Equity	
Liabilities	
Current Liabilities	
Accounts Payable	$500.00
Credit Cards	$1,200.00
Total Current Liabilities	**$1,700.00**
Equity	
Retained Earnings	$00.00
Dividends Paid	-$100,000.00
Net Income	$136,820.00
Total Equity	**$36,820.00**
Total Liabilities & Equity	**$38,520.00**

The Balance Sheet is also useful for telling us how well we are collecting money from our customers. If our Accounts Receivable is low, it means our customers do not owe us a lot of money. The Balance Sheet is also useful for highlighting how much money we owe.

Looking at the sample Balance Sheet, answer the following questions:

1. Does the business need to collect a lot of money from its customers?
2. Does the business owe a lot of money?
3. How much money did the owners take out of the business to pay themselves?
4. Why do you think the business doesn't have any Fixed Assets?

5.3 The Cash Flow Statement

The purpose of the Cash Flow Statement is tell us where our money came from and where it went over a specific period of time. We can have cash flow from our **operating activities**, what we do to make money, and we can have cash flow from our **investing and financing activities**, if we are investing our money or have loans. In our hypothetical business, Perfect Pet Services, we don't have any financing activities, so our cash flow statement only has our operating activities in it.

Operating Activities	
Net Income	$136,820.00
Accounts Receivable	$2,520.00
Accounts Payable	-$500.00
Credit Card	-$1,200.00
Dividends	-$100,000.00
Net cash provided by Operating Activities	$37,640.00
Net cash increase for period	$37,640.00
Cash at beginning of period	$0
Cash at end of period	**$37,640.00**

Look at the sample Cash Flow Statement and answer these questions.

1. How much cash does the business have now?

2. Where did the business get its cash from this year (its first year of business)?

3. Where did the business' cash go?

6. Financing Our Business

While we have many different reasons for starting and running a business, one of the reasons is to make money. If our business does not make money, we can't keep running it. However, as the saying goes, it takes money to make money. We need money to get our business off the ground, to keep it running, and to grow it. There are many different ways to access the money that we need at the different stages of our business' life. Some of these ways are easier and less expensive than others. Different financing options are discussed below.

1. **Personal Resources**: Do you have any savings you can contribute or can you contribute part of your allowance. Traditional lenders expect the entrepreneur to contribute some of their money, as much as 50%. For example, if I needed $50,000 to launch my business, a lender might want to see a contribution from me as high as $25,000.

2. **Friends and Family**: Entrepreneurs often get money from family. Need to keep in mind that if business fails and can't pay loan back, that this can create hard feelings. If borrowing from family or friends, treat the loan transaction in a business-like manner.

3. **Bootstrapping.** Once our business is up and running, we can put the profits we earn back into our business to keep the business growing. Using the money generated by our business to finance our growth is called **bootstrapping**. With bootstrapping we may not pay ourselves a lot of money as we grow the business, but we also don't have to rely on money from other sources.

4. **Bartering**. If we don't have money in our business to pay for something we need, we can barter with other businesses. **Bartering** is the exchange of services or products of equal value between two or more people or businesses, without money as part of the transaction. For example, we can provide three dog walks to a graphic designer for the creation of our company logo. Or we can exchange three sessions of pet sitting for help developing our social media plan. There are online bartering sites that connect people and organizations that want to barter for products and services. For example, see Swapsity (http://www.swapsity.ca/) and Barterpay (https://www.barterpay.ca/).

5. **Special Entrepreneurship Funding Programs**. For different profiles of entrepreneurs (youth, women or indigenous) there may be different types of grants and loans available from community-based, non-profit or government programs. Here are some examples:
   - Access Community Capital Fund (http://accessccf.com/)
   - Futurpreneur Canada (www.futurepreneyr.ca)
   - Rise Asset Development (https://www.riseassetdevelopment.com/)

   Research the programs that are available in your community for your profile. If you decide to apply, make sure you complete the application in detail and provide all of the information and documents requested.

6. **Banks.** Banks have different financing options that they offer small businesses such as a personal or business lines of credit, a business loan or a mortgage against a property. A banks website will detail all the financing options. However, it is important to understand the criteria that banks or other financial institutions have for providing financing to small businesses. They use the **Five C's of Credit**.

   A. **Conditions**: What is the current condition of the industry you are in? Is it growing? Is it declining? Is it being disrupted?
   B. **Capital**: What is your personal investment in the business?
   C. **Character**: Do you have the ability and personality to run the business?
   D. **Capacity to repay**: Will your business make enough money to repay the loan within a reasonable timeframe?
   E. **Collateral**: What security is being offered against the loan? Most banks will require some kind of security against the loan, for example a house or other property.

1. Research at least two of the special entrepreneurship funding programs described in item number 5 above to identify their requirements and their application process.

2. From the entire list of financing options, identify three possible, realistic sources of funding for your business.

7. Understanding Taxes

There are several different types of tax that we may pay with our business. We will look briefly at the three most relevant in this section: income or corporate tax, HST/GST and payroll taxes.

7.1 Income or Corporate Tax

We are required to pay taxes on the profits of our business in one of two ways.

If our business is a Sole Proprietorship, or Partnership we use the T1 General income tax return that we use to declare personal income. The only difference is that we add in the forms required for my business like an income statement. We fill out only one income tax return for both our personal income and our business.

If our business is a Corporation, we need to complete a T2 Corporate tax return. We also need to complete the T1 General income tax return to report our personal income and salaries received from the corporation. In total, in this case, we need to fill out two tax returns.

For more information on personal and business income tax returns go to https://www.canada.ca/en/services/taxes/income-tax/business-or-professional-income.html You can also consult with your accountant for advice.

7.2 HST/GST

GST stands for **Goods and Services Tax**, a federal tax on most product and service purchases. This tax is 5% of the transaction. HST stands for **Harmonized Sales Tax**, which is a combination of the GST and a Provincial Sales Tax (PST). Some provinces in Canada use an HST while other provinces in Canada use a GST or a GST plus a separate PST. In Ontario an HST of 13% of the transaction is used.

As a business we are required to register to collect and submit HST if our total annual revenues before expenses are $30,000 or more for four consecutive quarters or any single quarter. We can register for the HST/GST when we register our business, at which time we will be given a Business Number (BN).

Once our business is registered, we must charge HST on our sales of taxable goods and services. We can also claim input tax credits (ITCs), credits against the HST tax that we need to submit to the government, for the HST we pay on purchases and expenses for our business.

We may choose to voluntarily register to collect HST, even though our annual revenue is less than $30,000. Registration allows us to get the ITCs, which is like getting a 13% discount on all our purchases. Additionally, if you do not register for the HST, then when you make a sale and don’t charge HST you are letting your customer know that you are a new and small business.

For more information on registering for HST and to get a Business Number go to https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/account-register.html. You can also consult with your accountant for advice.

Here is a simple example of how HST works. If we provide dog walking services for a customer for $100.00 our invoice would look like this:

Dog walking services	$100.00
HST (13%)	$13.00
Total Amount Due	$113.00

Here is a simple example of how we report HST to the government. In the first year of business, our two owners of Perfect Pet Services had revenues of $157,630.00. The HST that they charged on these sales would have been $157,630.00 x 13% for $20,491.90 HST.

They also had expenses of $20,810.00 on which they paid $2,705.30 in HST. These are their ITCs. They then have to submit the difference to the government (HST collected minus ITCs): $20,491.90 HST collected minus $2,705.30 HST paid, for a submission of $17,786.60 HST to the government.

For more information on reporting HST to the government go to: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/gst-account/file-a-gst-hst-return.html. You can also consult with your accountant for advice.

7.3 Payroll Taxes

If we have people working for us, we have to first identify if they are a contractor (someone who is independent of our company) or an employee. If they are a contractor they give us an invoice for the work they complete for us. If they are an employee, they receive a pay check from us. To determine if someone working for us should be considered a contractor or an employee we use the information at https://www.canada.ca/content/dam/cra-arc/formspubs/pub/rc4110/rc4110-18e.pdf.

If the people working for us are employees then we have to submit payroll taxes to the government. The first step in this process is to set up a payroll account with the government by following the instructions at https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll.html.

Depending on the type of work people are doing for us, we may also have to set up an account with the Workplace Safety and Insurance Board (WSIB). To set up this account follow the instructions at
https://eservices.wsib.on.ca/portal/server.pt/community/eservicespublic/eregistration.
You can also consult with your accountant for advice.

Research the three different taxes in more depth using the websites provided above. Note important information such as: when the taxes will apply to your business, how to register to pay the taxes, and how frequently the taxes have to be paid when they apply.

8. Review and Wrap-Up

8.1 Review

1. Key Financial Terms and Concepts
2. Regular Financial Habits
3. Working with Banks
4. Constructing a Budgeting
5. Understanding Financial Statements
6. Financing Our Business
7. Understanding Taxes
8. Review and Wrap-Up

8.2 Complete the concept checking quiz as a class.

8.3 Ask any final questions.

9. Additional Resources

Small Business Budgeting: Antonina Greer
https://www.youtube.com/watch?v=8p_SpQBfQ9Q
This video is not overly entertaining, however, it takes the viewer through a clear, step-by-step process for building a budget using a spreadsheet. It is worth viewing all the way through.

The Income Statement Explained: The Four Week MBA
https://www.youtube.com/watch?v=HrBMenizbL8
This is a short, simple explanation of the Income Statement. It is a great place to start in understanding the Income Statement.

Introduction to the Income Statement: Khan Academy
https://www.youtube.com/watch?v=Z7C4cz2HkeY
This is an introductory module for high school level accounting, focusing on the Income Statement. It adds a bit more information than the first video.

What is the Balance Sheet? The Four Week MBA
https://www.youtube.com/watch?v=NkbCHQKxXXY
This is a short, simple explanation of the Balance Sheet. It is a great place to start in understanding the Balance Sheet.

Introduction to Balance Sheets: Khan Academy
https://www.youtube.com/watch?v=mxsYHiDVNlk
This is an introductory module for high school level accounting, focusing on the Balance Sheet.

Introduction to Financial Statement: Derek Rhoton
https://www.youtube.com/watch?v=4sGEtZcLdx8
This is an introductory module for first year university students. It is based on the system in the United States, however, it does provide some good additional information on the financial statements for people who want to know more.

Business Models Explained: The Four Week MBA
https://www.youtube.com/playlist?list=PL_Brz2Wbpxk6ajJqnc4UJ2KMqQJk0qEPP
This series of short and very interesting videos shares how different organizations make money. Included in the series are explanations of Airbnb and WhatsApp.

One Minute Business Models: The Four Week MBA
https://www.youtube.com/playlist?list=PL_Brz2Wbpxk4XM3zEUxdbOmRtGlTsHOKe
This series of short videos shares the business models of large organizations such as Google and Facebook.