

BOOKKEEPING BASICS

Presented by
Shirley Paul Martin
&
Maxine Cayenne

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Bookkeeping basics

1. Why would you want to learn bookkeeping?
2. Why do lenders need financial information?
3. Some helpful hints to keep in mind when setting up a business
4. Computerized Bookkeeping systems
5. The Accounting cycle
6. Outlining your financial roadmap with a chart of accounts
7. Keeping journals
8. Business registration

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Why would you want to learn bookkeeping?

- Like most business people you probably have great ideas for running your business and just want to get started.
- Slow down , this isn't a race
- All businesses need to keep track of their financial transactions
- Keep your business running smoothly
- Shows where you need to spend more or less money
- Are you buying too much inventory

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Why do lenders need financial information

- They want to make sure that they will be paid back
- Lender will base their funding decision on your credit
- Your suppliers may ask for financials- if you are applying for credit

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Some helpful hints to keep in mind

when setting up a bookkeeping system

- Good organization, you will need some file folders
- Make files for accounts payable, accounts receivable, customers invoices, payroll timesheets, etc.
- You could use colour files for each category

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Computerized bookkeeping systems

- Accounting programs
- Shop around
- Cost anywhere from \$200

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Getting down to the basics

- Before you take on bookkeeping and start keeping books you should be familiar with some key accounting terms.
- Double entry bookkeeping system
- Accounts for the balance sheet:
 - Balance sheet
 - Assets
 - Liabilities
 - Equity

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Getting down to basics (continued)

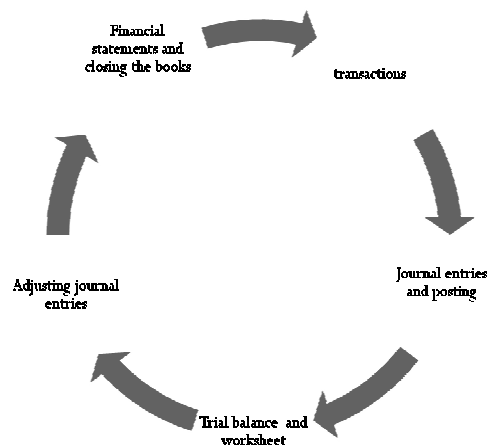
- Terms and accounts related to income statement
 - Income statement
 - Revenue
 - Costs of goods sold
 - Expenses

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(continued)
- other accounting terms

- Accounting period
- Accounts receivable
- Accounts payable
- Depreciation
- General ledger
- Interest
- Inventory
- Journals
- Payroll
- Trial Balance

The Accounting Cycle



Outlining your financial roadmap with a chart of accounts

- This chart is a list of all the accounts a business needs, after all you can't record a transaction until you know where to put it.
- Make a list of accounts that apply to your business
- Don't panic if you can't think of every account you may need for your business
- First part of the chart of accounts is made up of Balance Sheet accounts and then broken down further
- Next are the Income Statement accounts

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Outlining your financial roadmap with a chart of accounts(continued)

- The chart of accounts usually includes three or four columns
- Sample chart of accounts
- [chart of accounts.xls](#)

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Keeping a paper trail and journals

- Starting things off with the point of original entry
- A journal is chronological record of transactions
- Posting to the appropriate accounts
- Simplifying the journal process with computers

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Business Registration

- [..\Desktop\Business Start-up and Registration.htm](#)

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