

BOOK-KEEPING FOR BEGINNERS

WHAT IS BOOK-KEEPING?

Book-keeping (sometimes called record-keeping) is simply recording all the money that comes into and goes out of the business. This is essential, as it is very difficult to remember transactions without writing them down. You will need these records for any tax returns. They will also show you how well the business is doing and which products or services are selling best.

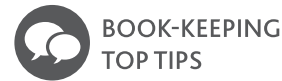
There are several different methods of book-keeping. Below is a simple and easy approach.

RECORDING TRANSACTIONS

- Buy a simple lined notebook to record your transactions.
- Always record money coming into the business (income) on a separate

page to money going out of the business (expenses/costs).

- Every time there is a money transaction, whether it is money earned or money spent, you should record the following:
 - (A) Reference – give every transaction a reference number and then write this on the receipt or invoice before you file it so you can easily find the corresponding paperwork.
 - (B) Date of the money transaction.
 - (C) Description of what was bought or sold and (if known) who the customer or supplier was.
 - (D) How the money was received or paid (cash, electronic or mobile phone payment) and the amount.
 - (E) Category – each transaction should be put into a category such as raw materials, rent, sales.



- Always keep personal and business money separate. Keep the money in separate bank accounts or purses and keep separate records for each.

- Keep receipts or make a note of all money spent and earned in a day rather than trying to remember it later.

- Have a set time each day or week to do your book-keeping. The more regularly you do it, the more comfortable you will get with the process – and also the earlier you can spot any financial problems.

Helen Munshi is an enterprise strategy and training consultant.

Email: helenmunshi9@gmail.com

For an article on the more complex method of double-entry book-keeping, see Footsteps 11: Accounts and records. Visit www.tearfund.org/footsteps to download a free copy.

CASHBOOK MONEY IN (INCOME)			How the money was received				TOTAL	Category of income	
Reference	Date	Description of the transaction	Cash	Debit card	Bank transfer	Phone payment		Sales	Official loan
A001	25/05/2017	Loan received from microfinance company			800.00		800.00		800.00
A002	02/06/2017	Customer AA bought 1 dozen eggs and 1 litre of milk	3.25				3.25	3.25	
A003	02/06/2017	Customer BB bought 2 dozen eggs	4.00				4.00	4.00	
TOTAL			7.25	0.00	800.00	0.00	807.25	7.25	800.00

CASHBOOK MONEY OUT (EXPENSES)			How the money was paid			TOTAL	Category of expenses				
Reference	Date	Description of the transaction	Cash	Debit card	Phone payment		Marketing	Raw materials	Phone	Insurance	Rent
B001	27/05/2017	300 leaflets for marketing	20.00			20.00	20.00				
B002	01/06/2017	Paid June's rent for market stall to local council			80.00	80.00				80.00	
TOTAL			20.00	0.00	80.00	100.00	20.00	0.00	0.00	80.00	