

BASICS OF BOOKKEEPING



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NC'S #1 SMALL BUSINESS FACILITATOR



WELCOME & AGENDA

- ❑ Please turn Phones to Silent or Vibrate
- ❑ Facilitator & Introductions
- ❑ Follow the Facebook page
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- ❑ Complete Evaluations



REASONS PEOPLE FAIL

- FAILURE TO PLAN PROPERLY
- FAILURE TO MONITOR FINANCIAL POSITION
- FAILURE TO KNOW COSTS
- FAILURE TO PRICE PROPERLY
- FAILURE TO PLAN CASH FLOW
- FAILURE TO MANAGE GROWTH
- FAILURE TO ESTABLISH GOOD BANKING
RELATIONSHIP



BUSINESS COSTS?

- Rent
- Cable
- Internet
- Phone
- Website
- Business Cards
- Flyers
- Office Supplies
- Insurance

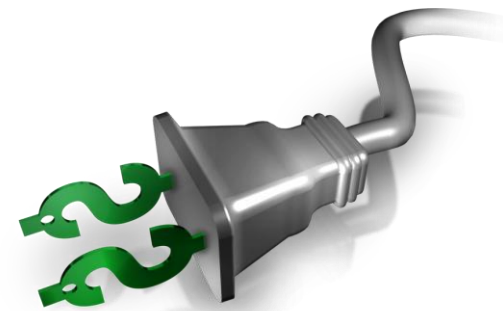
- Services
- Gas
- Travel
- Hotels
- Business Supplies
- Advertisement
- Marketing
- Social Media Accounts



INCOME STATEMENT

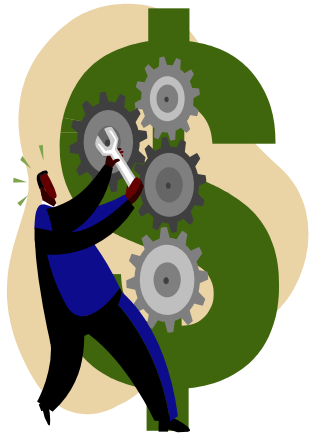
- ❑ An income statement can tell you whether a company made a profit,
- ❑ Basic Income Statement Equation:
 - ❑ Sales Revenue – Expenses = Profits
 - ❑ Expense Categories: Cost of Goods Sold, Operating Expenses, Interest Expense, Taxes
- ❑ Profit does **NOT** equal cash; profit is an accounting concept, not a substitute for a bank statement

- ❑ Income statement
- ❑ Profit and loss account
- ❑ *Profit and loss statement(P&L)*
- ❑ *Revenue statement*
- ❑ *Statement of financial performance*
- ❑ *Earnings statement*
- ❑ *Operating statement*
- ❑ *Statement of operations*



MULTI-STEP METHOD

Gross Sales - Cost of Goods Sold = **Gross Profit**



Gross Profit – Operating Expenses
= **Operating Profit**

(Salaries/Wages, Payroll Taxes, Occupancy Expenses,
Advertising, Travel, Insurance, Utilities, Depreciation, etc.)

Operating Profit - Interest Expense
= Earnings Before Taxes

Earnings Before Taxes - Income Taxes =

Net Profit



BALANCE SHEET

ASSETS

- Current Assets – Cash, A/R, Inventory, Pre-paid expenses
- Fixed Assets – Land, Building, Equipment, Fixtures (less depreciation)
- Other Assets – intangibles (good will, patent, customer list, etc.)

LIABILITIES

- Current Liabilities – A/P, Notes Payable, Current Por. L/T Debt
- Long-Term Liabilities – L/T Loans, Mortgages, etc.

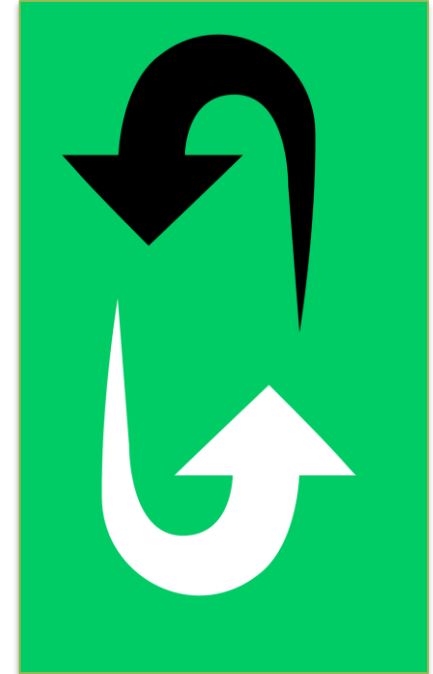
EQUITY

- Owner's Equity
- Retained Earnings
- Additional Paid in Capital



CASH FLOW STATEMENT

- ❑ Shows how cash enters and exits via business operations. Cash flow statements report a company's inflows and outflows of cash.
- ❑ A cash flow statement can tell you whether the company generated cash.
 - ❑ **Cash Flows from Assets**
 - ❑ Cash Flows from Operations
 - ❑ Changes in Operating Working Capital
 - ❑ Changes in Long-Term Assets
 - ❑ **Cash Flows from Financing**
 - ❑ Increase Debt
 - ❑ Increase Equity
 - ❑ Pay Interest/Dividends
 - ❑ Decrease Debt (pay it off)
 - ❑ Decrease Equity (company buys back stock)



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EVENTS

CLASSES

SUMMITS

WEBINARS

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1 ON 1 SESSIONS

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