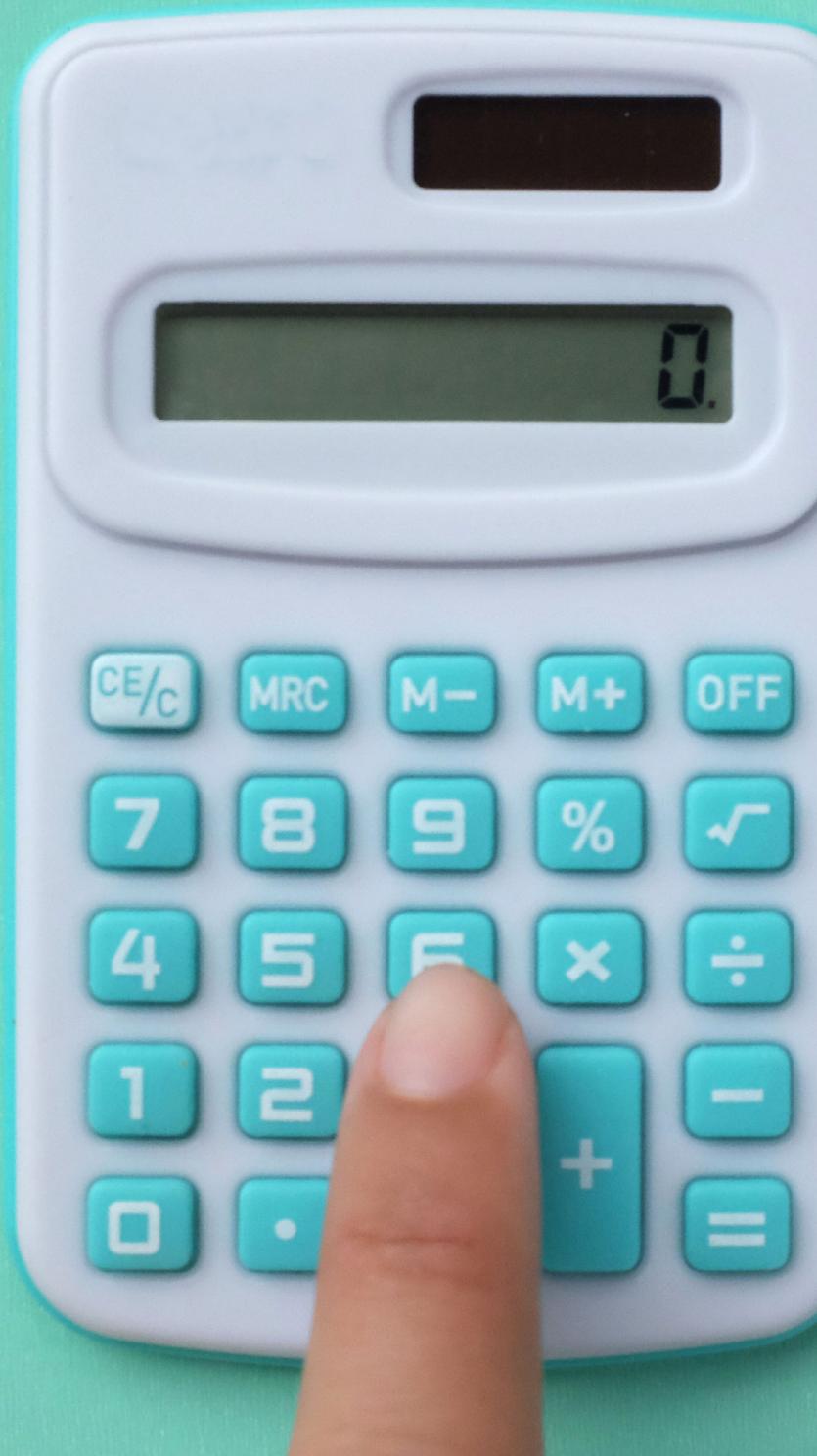


NatWest

NatWest Business Builder

Basics of bookkeeping





Bookkeeping vs Accounting

Bookkeeping



the activity of keeping records and organising your businesses financial data on a day-to-day basis.

VS

Accounting



is process of taking the financial data collated in bookkeeping to prepare reports, give you insights into your business and provide information for assessment by HMRC.



Notes

? Why is bookkeeping important?

An accurate, well-kept set of books is a crucial function to running a successful business. Here's why:



You can check that you're making more money than you're spending.



You'll have reliable financial information for planning and budgeting decisions.



You can see if a cash gap is coming and take steps to avoid it.



You're more likely to find incorrect payments (or even fraud) that might cost you money.



You can complete accurate tax returns.



Having your financial information organised makes it easier for you to work with other parties such as lenders, investors, and accountants.



Recording expenses

Over to you, take some time to reflect on the key expenses for your business and how you manage and record them.

Top Tip – For those of you that have already completed the Cost Structure Module, take time to review and reflect on how any income is being recorded through your bookkeeping processes.

Start-up expenses

Bills and operating expenses

Out of pocket expenses



Recording income

Now take some time to reflect on the income that comes into the business and how you manage and record this.

Top Tip: For those of you that have already completed the Revenue Streams Module, take time to review and reflect on how any income is being recorded through your bookkeeping processes

Invoices

Alternative sales recording

Other income



Notes



FreeAgent's top tips



1. Pick your hour a week

- ✓ The most important step is to create a routine for managing your books. For many businesses this can be as simple as dedicating an hour a week. Remember to block off this time in your diary and set reminders so you don't forget.

2. Your weekly checklist

- ✓ **Keep up to date with your invoices**
If invoicing is taking too much of your time, think about automating parts of the process.
- ✓ **Manage your bills**
Keep a record of outstanding bills to suppliers so you'll always know who you owe, how much you owe, and when to pay.
- ✓ **Reconcile your bank transactions**
Stay on top of your bank transactions so you have an up-to-date view of your cash flow.
- ✓ **Check that your projects are earning enough**
Where's your time best spent? Record all of your costs and unbillable time against your projects to get the full view.
- ✓ **Learn one new thing about your business**
What secrets is your business hiding from you? Turn detective and consider things like reviewing your pricing, understanding seasonality in your business, and monitoring what your competitors are up to.

3. Two-minute daily tasks

- ✓ **Record expenses as you go**
Do you have a receipt in your wallet right now, likely to be forgotten or lost? Take a quick snap of that receipt on your phone.
- ✓ **Track your time on the go**
Going into a client meeting? Track your time there and then, before you forget. Remember to also track time you don't charge a client for, so you can measure your project's profitability.

To find out more about how FreeAgent can help you to nail the admin, take care of tax and see the bigger picture on your business finances, visit www.freeagent.com



Actions

Reflect on the module and write down three key actions that you are going to do to improve the bookkeeping processes for your business.

1. Action one

Completed by:

2. Action Two

Completed by:

3. Action Three

Completed by:

Well done, you have completed the Basics of bookkeeping Module!

Continue to develop the accounting and bookkeeping processes within your business by:

- Ensuring that you have adequate processes in place to manage and record all income and expenses.
- Complete the Business Builder Finance Modules to help you develop solid financial statements for your business.
- Find out more about what FreeAgent can do for your business at www.freeagent.com.

#PowerUp

**THANK
YOU**



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