

Business Finance Part 3:

Budgets and Bookkeeping basics

Focus: A budget is an important detailed plan that predicts where you/your business will spend money monthly or annually. In order to obtain accurate financial data, the process of bookkeeping provides real-time information about how much you are actually generating and spending. It is therefore good business practice to maintain both a budget and bookkeeping records.

Bookkeeping is the process of recording all financial transactions made by a business. Bookkeepers are responsible for recording, classifying, and organizing every financial transaction that is made through the course of business operations. A bookkeeper is different to an accountant as the process of bookkeeping records all of the financial transactions for a business, while an accountant's job is to interpret and analyse the data recorded by the bookkeeper.

Common problems/mistakes:

- No budget or bookkeeping system in place;
- Improper or poor record keeping;
- Not reconciling bank accounts.

Why is it important:

- Budgeting and Bookkeeping is the organisation of financial information;
- Makes it easier to locate and provide financial records to appropriate parties;
- Used by management to analyse business performance.

Screen share:

- Creating a budget
- Expenses budget example
- Bookkeeping
- Double entry bookkeeping

Template/checklist:

- Budgeting template

Tips for success:

- Automate whatever you can.
- Do regularly monthly and in-depth quarterly reviews of both;
- Keep your receipts for at least 6 years.

Task: Download the template or choose a suitable software solution from the list provided to keep track of your business's income and expenses.