

A Simple Bookkeeping System

by Carol Topp, CPA

Micro business owners need a simple bookkeeping method. The system described here uses single entry bookkeeping, not double entry bookkeeping that is taught to accountants. Record keeping can be done quite simply on paper or in a spreadsheet program on a computer.

1. Divide a sheet of paper into columns (office supply stores sell columnar pads), use graph paper or create a spreadsheet on the computer. Label the columns *Date*, *Check Number*, *Description* and *Income* and leave several columns for expenses. Record every transaction whether from the checking account, credit card or cash.
2. Label each page with the current month. If using a spreadsheet, use a different tab for each month. Record income in one column and expenses several other columns.

Month of: January

Date	Check Number	Description	Income	Advertising	Office	Postage	Meals	Mileage
1/09/200X	Debit card	Website fee		\$ 20.00				
1/10/200X		Income from Client A	\$ 250.00					
1/11/200X	203	Ink			\$12.00			
1/15/200X	204	Brochures		\$ 32.00				
1/15/200X	cash	Lunch with Client B					\$ 8.50	
		Mileage to lunch meeting						12
1/30/200X	205	Stamps				\$ 55.00		
1/30/200X		Mileage to post office						6
Totals			\$ 250.00	\$ 32.00	\$12.00	\$ 55.00	\$ 8.50	18

3. At the end of every month, total the Income and Expense columns. Carry the totals to a summary sheet like the one shown below. The example spreadsheet has columns for purchases of inventory and mileage. Total those columns and carry them onto the summary sheet also.

This summary spreadsheet monitors the business performance every month. A quick glance reveals the major expenses and whether there is a profit, a loss, or break even. This summary spreadsheet also makes tax preparation easy since all the expenses are in categories and summed.

Microsoft Excel - SmallBusinessBookkeeping.xls

	A	B	C	D	E	F	G	H	I
1	Month	Income	Advertising	Office Supplies	Postage	Meals	Total Expenses	Purchased Inventory	Miles
2	January	\$250.00	\$30.00	\$12.00	\$55.00	\$8.50	\$87.00	\$50.00	25
3	February	\$700.00	\$75.00	\$0.00	\$0.00		\$75.00	\$200.00	10
4	March	\$360.00	\$50.00	\$150.00	\$150.00		\$350.00	\$0.00	65
5									
6	Total	\$1,310.00	\$155.00	\$162.00	\$205.00	\$8.50	\$512.00	\$250.00	100
7									
8									
9									
10									

Navigation: January / February / March / Summary

This summary spreadsheet has several uses. It displays the business performance every month. A quick glance reveals the major expenses and whether there is a profit, a loss, or break even. It is also useful for tax preparation since the expenses are in categories and already summed.

Author:

Carol Topp, CPA (www.CarolToppCPA.com) consults with small business start-ups, work-at-home moms and teenagers launching micro businesses. Her website has articles, links and ebooks on starting a small business.