

Session 12: 2010 Summer Business Building Teleseminar Series

Record-Keeping, Financial Statements, Pricing

Record-Keeping

Set up a record keeping system that is best suited to your business. Get help from your Certified Public Accountant (CPA), banker, business attorney or other professional to know what records to keep and how long to keep them. What you need may vary depending on your legal set up, your accounting periods and your tax obligations. You can also check with your state government and the IRS for specific rules regarding sales and other taxes in your state. Have a separate bank account for your business income.

Your record keeping system should include these records at a minimum:

- Receipts from all transactions and expenses for doing business
- Sales Slips
- Invoices
- Bank Deposit Slips and Bank Statements
- Canceled Checks
- Credit Card Statements
- Contracts and Agreements
- Other Documents that Show Income, Deductions or Credits
- Records of Vendor Statements and Transactions
- Information on Customers Contracts and Sales

Financial Statements

Cash Flow Statement: The cash flow statement shows a schedule of the money flowing in and out of the business including when expenses need to be paid.

Balance Sheet: The balance sheet is generated on an annual basis to provide a summary of the assets, liabilities and equity in the business for the year.

Income Statement or Profit and Loss statement: The income statement is created periodically throughout the year and at least annually. It shows income from sales and how much was spent on various categories to conduct the business. It shows the profit or loss generated by the business.

Pricing

Pricing is a marketing function in a business. The business price structure reflects your brand, is appropriate for the target market and demographics, is set to bring in a profit, and allows you to stay in business. Once you establish your prices, develop your marketing materials to sell your products or services to the target market.