



UNIT 5: PAPERWORK – BUSINESS



1. Keep Records.
2. Record Income & Expenses at the Point of Sale.
3. Make an Income & Expense Log.
4. Create an Income Statement.
5. Avoid Selling on Credit.

REPORT

Last Week's Promises:

Business Plan: I will separate my personal and business money. I will create and keep a personal budget.

Home Quality of Life Plan: Choose to improve a specific area from your Home Plan.

Savings: Save money, even just a coin or two.

ACT:

Business Spotlight presentation

REPORT:

COMMITMENTS CHART			
<i>Name</i>	<i>Business</i>	<i>Home</i>	<i>Savings</i>
John C.	yes	yes	yes
Maria T.	no	yes	no
Your Name	?	?	?

DISCUSS:

- What did you learn last week as you kept your promises?
- What problems did you have as you tried to keep your commitments?
- What can we do to help everyone keep weekly promises?



DISCUSS:

- What do you see in this picture?
- Is this boat going to float?

ACT:

Learn the five principles of Paperwork for Business.



DISCUSS:

- Would you feel comfortable with this boat in the middle of the ocean?
- What would you need to know before taking this boat on a long journey?

Principle 1 KEEP RECORDS

CODE:

I DON'T KNOW



MAX: Daniel, I need to be paid for the job I did last week.

DANIEL: I'm sure I paid you.



MAX: The other guy I work for writes everything down. Do you have any records to show you paid me?

DANIEL: No.



JAMES: Good to see you, Daniel. You look busy. Have you made any profit?

DANIEL: Yes, I think so.



JAMES: You think so? What do you mean?

DANIEL: Well, I haven't kept any records. I'm busy making furniture.



JAMES: You don't write down your expenses or income to calculate profit and loss?

DANIEL: James, I'm a carpenter, not an accountant.



JAMES: Daniel, going forward, you must keep records of everything so you will know if your business is successful or not.

VIDEO SUMMARY

Principle 1

KEEP RECORDS

DISCUSS:

- How could records help Daniel know if had paid Max or not?
- How could Daniel keep track of what style, color and number of chairs a customer wanted and when they were going to pick them up?
- What are some other records that would be helpful for a carpenter to keep?
- What are some records your business should keep?

Principle 1

KEEP RECORDS

ACT:

- Turn to page 21 in your workbook or another notebook.
- Write or draw at least three things your business should record.
- Decide how you will keep track of those three things and where you are going to keep those records so you can always use them.

Principle 2

RECORD INCOME & EXPENSES AT THE POINT OF SALE

CODE:

Ways to record income at the point of sale:

- Make a product list and make tally marks during every sale and expense.
- Keep your Income and Expense log at the point of sale and record all sales.

Principle 2

RECORD INCOME & EXPENSES AT THE POINT OF SALE

CODE:

Ways to record income at the point of sale:

- Have an app or cash register that tracks all sales and expenses
- Keep paper receipts of all sales and purchases. Total them up at the end of the day and enter them into your Income and Expense log.

Principle 2

RECORD INCOME & EXPENSES AT THE POINT OF SALE

DISCUSS:

- How would having a list of all of the products and marking the sales help the store owner keep track of what she sold?
- What is the advantage of knowing what you sold and spent each day?
- What is the best way for you to keep records at the point of sale?

Principle 2

RECORD INCOME & EXPENSES AT THE POINT OF SALE

ACT:

- On page 16 in your workbook or another notebook write how you will keep records at the point of sale.

Principle 3

MAKE AN INCOME & EXPENSE LOG

CODE:

- Turn to page 17 in your workbook or on the next slide to the example of Carl's Tree Trimming Business.
- The purpose of an Income & Expense log is to know our Cash Balance by tracking all money coming in and money going out.

Principle 3

MAKE AN INCOME & EXPENSE LOG

CARL'S TREE TRIMMING BUSINESS

Income & Expense Log (March 1-31)				
1 Date	2 Description	3 Expense	4 Income	5 Balance
Starting Cash Balance				+1500
3/2	Ralph Jones Tree Trim		+200	+1700
3/10	Truck Repair	-100		+1600
3/16	Wages Miguel (2/30-3/15)	-500		+1100
3/19	Pablo Ortega Tree Trim		+400	+1500
3/22	Brown's Orchard Trim		+1000	+2500
3/29	Chainsaw Supply Store	-1500		+1000
3/30	Ward Stump Removal		+400	+1400
Ending Cash Balance				+1400

Principle 3

MAKE AN INCOME & EXPENSE LOG

CODE:

- Date – The date we received or spent the money.
- Description – How we earned money or who we paid money to.
- Expense – The amount we spent, putting a minus sign in front of the number helps us to remember to subtract that amount from the cash balance.

Principle 3

MAKE AN INCOME & EXPENSE LOG

CODE:

- Income – The amount we received, we add this to the cash balance.
- Balance – The amount we have in our cash box or business bank account.

Principle 3

MAKE AN INCOME & EXPENSE LOG

CARL'S TREE TRIMMING BUSINESS

Income & Expense Log (March 1-31)				
1 Date	2 Description	3 Expense	4 Income	5 Balance
Starting Cash Balance				+1500
3/2	Ralph Jones Tree Trim		+200	+1700
3/10	Truck Repair	-100		+1600
3/16	Wages Miguel (2/30-3/15)	-500		+1100
3/19	Pablo Ortega Tree Trim		+400	+1500
3/22	Brown's Orchard Trim		+1000	+2500
3/29	Chainsaw Supply Store	-1500		+1000
3/30	Ward Stump Removal		+400	+1400
Ending Cash Balance				+1400

Principle 3

MAKE AN INCOME & EXPENSE LOG

DISCUSS:

- How much cash did Carl start with?
- How much did that effect Carl's Cash Balance?
- On March 16 how much did Carl pay Miguel?
- Why did Carl pay Miguel?

Principle 3

MAKE AN INCOME & EXPENSE LOG

DISCUSS:

- What is his cash balance at the end of the day?
- What day did Carl buy a new chainsaw?
- How much did it cost?
- Carl wrote -1500 in the expense column. What was his cash balance before he bought the chainsaw?
- What was his balance after he bought the chainsaw?

Principle 3

MAKE AN INCOME & EXPENSE LOG

DISCUSS:

- How much was Carl's beginning cash balance?
- What is Carl's cash balance at the end of March?
- Does Carl have more money or less money than when he started the month?
- Is Carl's business sinking or floating?

Principle 3

MAKE AN INCOME & EXPENSE LOG

DISCUSS:

- From what we have discussed so far would you say Carl is ready to said his business boat into deeper water?
- Why or why not?
- How will you keep your Income & Expense log?

Principle 3

MAKE AN INCOME & EXPENSE LOG

ACT:

- Write in your workbook how you will keep your Income & Expense log.
- Look in your workbook on page 48 or on the next slide at the blank Income & Expense log.
- You can use this blank form to start keeping records.

Principle 4

CREATE AN INCOME STATEMENT

CODE:

- Income Statement: It takes all of the income and expenses from a month, quarter or year to determine if you made a profit during that time period.
- The purpose of an Income Statement is to see if the business made a Profit or experienced a Loss.

Principle 4

CREATE AN INCOME STATEMENT

CODE:

- Turn to page 18 in your workbook or on the next slide and look at the Income Statement for Carl's Tree Trimming Business.

Principle 4
CREATE AN INCOME STATEMENT

CARL'S TREE TRIMMING BUSINESS

Income & Expense Log (March 1-31)				
Date	Description	Expense	Income	Balance
Starting Cash Balance				+1500
3/2	Ralph Jones Tree Trim		+200	+1700
3/10	Truck Repair	-100		+1600
3/16	Wages Miguel (2/30-3/15)	-500		+1100
3/19	Pablo Ortega Tree Trim		+400	+1500
3/22	Brown's Orchard Trim		+1000	+2500
3/29	Chainsaw Supply Store	-1500		+1000
3/30	Ward Stump Removal		+400	+1400
Ending Cash Balance				+1400

Income Statement (March 1-31)	
Starting Cash Balance	+1500
Income	
Tree Trimming	+1600
Stump Removal	+400
Total Income	+2000
Expenses	
Truck Repair	-100
Wages Miguel	-500
Chainsaw Supplies	-1500
Total Expenses	-2100
Profit (or Loss)	-100
Ending Cash Balance	+1400

Principle 4

CREATE AN INCOME STATEMENT

DISCUSS:

- How much did Carl pay to get his truck fixed this month?
- How much did Carl earn trimming trees this month?
- What was the total income Carl earned from March 1 to March 31?
- What were Carl's total expenses?
- How much more did Carl spend than he earned?

Principle 4

CREATE AN INCOME STATEMENT

ACT:

- Make a Practice Income & Expense Log and Income Statement.
- Turn to page 18 in your workbook or to the next slide to the blank practice Income & Expense Log and Income Statement
 - Remember, this is only a practice.

Principle 4
CREATE AN INCOME STATEMENT

PRACTICE INCOME & EXPENSE LOG AND INCOME STATEMENT

Income & Expense Log ()date				
Date	Description	Expense	Income	Balance
Starting Cash Balance				
Ending Cash Balance				

Income Statement ()date	
Starting Cash Balance	
Income	
<i>Total Income</i>	
Expenses	
<i>Total Expenses</i>	
Profit (or Loss)	
Ending Cash Balance	

Principle 4

CREATE AN INCOME STATEMENT

ACT:

- Did you make a profit on your practice Income Statement?
- Usually income statements are made monthly. Why would it be helpful to have an income statement each month?
- What will be your greatest challenge in keeping an Income and Expense Log and making an Income Statement monthly?
- How can we help each other keep these records in your own business?

Principle 5
AVOID SELLING ON CREDIT

PEOPLE DON'T PAY

People don't pay you like they promise to. You lose time and money trying to collect the debt they owe you.

HARD TO KEEP RECORDS

Credit is harder to record because no money goes into your cash box. You need to keep a separate record of money you are owed called "Accounts Receivable."

COSTS YOU MONEY

If you have taken out a loan for your business and then start giving credit without charging interest then you are losing money.

Principle 5

AVOID SELLING ON CREDIT

DISCUSS:

- What is credit?
- Are there times we should offer credit? When and why?

ACT:

- On page 19 of your workbook or another notebook write or draw your policy on credit for your business.

Principle 5

AVOID SELLING ON CREDIT

ACT:

- On page 19 of your workbook or another notebook write or draw your policy on credit for your business.

PAPERWORK – BUSINESS PRINCIPLES SUMMARY

1. Keep Records.
2. Record Income & Expenses at the Point of Sale.
3. Make an Income & Expense Log.
4. Create an Income Statement.
5. Avoid Selling on Credit.

COMMITMENT

Business Plan Commitment:

- I will develop a pan to record sales at the point of sale.
- I will keep an Income & Expense Log for my business.
- I will create an Income Statement for my business from last month.

COMMITMENT

Home Quality of Life Commitment

- I will thoughtfully choose one or two areas of my Quality of Life Wheel and write down goals to improve this week.
- I will be specific with my written goals and follow through.

Savings Commitment

- I will add to my savings – even if it's just a coin or two

COMMITMENT

DISCUSS:

- Who would like to share their Home Quality of Life Commitment this week?
- Which commitment will be the easiest to keep for you this week?
- Which commitment will be the hardest?

COMMITMENT

ACT:

- Meet now with your Action Partner for this week. Discuss your business ideas and decide how you will contact and encourage each other during the week to keep your commitments. Say your commitments out loud.

