

Contents at a Glance

Introduction.....	1
Part I: Exploring Bookkeeping Basics.....	5
Chapter 1: Deciphering the Basics	7
Chapter 2: Designing Your Bookkeeping System.....	19
Chapter 3: Sorting Out Your Business Road Map.....	33
Part II: Putting it All on Paper.....	47
Chapter 4: Looking at the Big Picture.....	49
Chapter 5: Journaling — The Devil's in the Details.....	63
Chapter 6: Designing Controls for Your Books, Your Records, and Your Money.....	79
Part III: Tracking Day-to-Day Business Operations with Your Books	91
Chapter 7: Purchasing Goods and Tracking Your Purchases	93
Chapter 8: Calculating and Monitoring Sales.....	103
Chapter 9: Paying Your Employees	127
Chapter 10: Paying Employer Taxes and Completing Related Government Reports	141
Part IV: Getting Ready for Year's (Or Month's) End	149
Chapter 11: Depreciating Your Assets	151
Chapter 12: Paying and Collecting Interest.....	161
Chapter 13: Proving Out Your Books	173
Chapter 14: Checking and Correcting Your Books	185
Part V: Putting on Your Best Financial Face.....	201
Chapter 15: Showing Everything's in Balance	203
Chapter 16: Proving Your Profits.....	221
Chapter 17: Doing Your Business Taxes	233
Chapter 18: Getting Ready for a New Bookkeeping Year.....	241
Part VI: The Part of Tens.....	249
Chapter 19: Top Ten Checklist for Managing Your Cash	251
Chapter 20: Top Ten Accounts You Should Monitor.....	255
Chapter 21: Top Ten Problems You Should Practice	259
Index.....	261

<http://www.pbookshop.com>

Table of Contents

Introduction	1
About This Book.....	1
Foolish Assumptions	2
How This Book Is Organized.....	2
Icons Used in This Book.....	3
Where to Go From Here.....	4
 Part 1: Exploring Bookkeeping Basics	5
 Chapter 1: Deciphering the Basics	7
Using Cash or Accrual Method.....	7
Sorting Out Assets, Liabilities, and Equity	12
Tracking the Daily Finances.....	14
Testing Your Work.....	14
Naming the Financial Statements.....	14
Keeping a Paper Trail	16
Answers to Problems on Deciphering the Basics	17
 Chapter 2: Designing Your Bookkeeping System	19
Introducing the Accounts	19
Cycling Through the Bookkeeping Process	24
Seeing Double with Double-Entry Bookkeeping.....	26
Differentiating Between Debits and Credits.....	28
Answers to Problems on Designing Your Bookkeeping System.....	30
 Chapter 3: Sorting Out Your Business Road Map	33
Charting Your Accounts	33
Detailing Your Balance Sheet Accounts	35
Tracking Your Income Accounts	40
Setting Up Your Accounts Road Map.....	44
Answers to Problems on Sorting Out Your Business Road Map.....	46
 Part 11: Putting it All on Paper.....	47
 Chapter 4: Looking at the Big Picture	49
Preparing the Core of Your Financial Details.....	49
Developing Entries for the Ledger	51
Posting Your Entries	55
Adjusting for Errors	59
Answers to Problems on Looking at the Big Picture	60
 Chapter 5: Journaling — The Devil’s in the Details	63
Defining Your Journals	63
Tracking Cash	64
Managing Sales	69
Watching Purchases.....	70
Dealing with Miscellaneous Transactions	71
Answers to Problems on Journaling — The Devil’s in the Details.....	74

Chapter 6: Designing Controls for Your Books, Your Records, and Your Money79

Getting a Handle on Cash.....	79
Organizing Your Record Keeping	85
Protecting Your Business from Theft and Fraud.....	87
Taking Out a Bond.....	88
Answers to Problems on Designing Controls for Your Books, Your Records, and Your Money	89

Part III: Tracking Day-to-Day Business Operations with Your Books 91**Chapter 7: Purchasing Goods and Tracking Your Purchases93**

Detailing and Managing Your Inventory.....	93
Paying Your Bills	99
Answers to Problems on Purchasing Goods and Tracking Your Purchases	101

Chapter 8: Calculating and Monitoring Sales103

Taking in Cash	103
Selling on Credit	108
Checking Your Register	112
Discounting Sales	114
Recording Sales Returns and Allowances.....	118
Monitor Collections from Your Customers.....	121
Writing Off Bad Accounts.....	122
Answers to Problems on Calculating and Monitoring Sales.....	124

Chapter 9: Paying Your Employees127

Setting Up Payroll.....	127
Collecting Employee Payroll Taxes.....	130
Figuring Out Net Pay.....	132
Calculating Payroll	132
Depositing Taxes	136
Answers to Problems on Paying Your Employees	138

Chapter 10: Paying Employer Taxes and Completing Related Government Reports.....141

Paying Social Security and Medicare Taxes.....	141
Filing Unemployment Reports and Paying Taxes	143
Covering Workman's Compensation.....	145
Maintaining Employee Records.....	147
Answers to Problems on Paying Employer Taxes and Completing Related Government Reports.....	148

Part IV: Getting Ready for Year's (Or Month's) End 149**Chapter 11: Depreciating Your Assets151**

Understanding Depreciation.....	151
Depreciating Your Assets	155
Setting Schedules	158
Recording Depreciation Expenses	158
Answers to Problems on Depreciating Your Assets	159

Chapter 12: Paying and Collecting Interest	161
Determining Interest Types	161
Determining Interest on Debt	163
Recording Interest on Short-term Debt	166
Separating and Paying Interest on Debt	168
Booking Interest Income	169
Answers to Problems on Paying and Collecting Interest	170
Chapter 13: Proving Out Your Books	173
Checking Cash	173
Closing Journals	174
Reconciling Bank Accounts	178
Posting to the Ledger	181
Answers to Problems on Proving Out Your Books	182
Chapter 14: Checking and Correcting Your Books	185
Doing a Trial Balance Worksheet	185
Making Adjustments	189
Reworking Your Chart of Accounts	195
Answers to Problems on Checking and Correcting Your Books	197
<i>Part V: Putting on Your Best Financial Face</i>	<i>201</i>
Chapter 15: Showing Everything's in Balance	203
Exploring the Balance Sheet	203
Gathering the Numbers	203
Preparing the Statement for Prime Time	205
Working with Your Balance Sheet Numbers	211
Answers to Problems on Showing Everything's in Balance	217
Chapter 16: Proving Your Profits	221
Exploring the Income Statement	221
Formatting the Income Statement	223
Preparing the Numbers	225
Analyzing Your Income Results	227
Answers to Problems on Proving Your Profits	231
Chapter 17: Doing Your Business Taxes	233
Exploring Business Types	233
Tax Reporting	235
Determining Sales Taxes	238
Answers to Problems on Doing Your Business Taxes	239
Chapter 18: Getting Ready for a New Bookkeeping Year	241
Finalizing the Ledger	241
Reviewing Customer Accounts	243
Assessing Vendor Accounts	244
Deleting Accounts	245
Preparing to Restart Business Cycle	246
Answers to Problems on Getting Ready for a New Bookkeeping Year	248

Part VI: The Part of Tens 249**Chapter 19: Top Ten Checklist for Managing Your Cash.....251**

Charting the Way.....	251
Balancing Your Entries	251
Posting Your Transactions.....	252
Tracking Customer Collections.....	252
Paying Bills Accurately and on Time.....	252
Planning Profits	252
Comparing Budget to Actual Expenses	252
Comparing Sales Goals to Actual Sales	253
Tracking Cost Trends	253
Making Pricing Decisions	253

Chapter 20: Top Ten Accounts You Should Monitor255

Cash	255
Accounts Receivable	255
Inventory.....	255
Accounts Payable.....	256
Loans Payable.....	256
Sales	256
Purchases.....	256
Payroll Expenses	256
Office Expenses	257
Owner's Equity	257
Retained Earnings	257

Chapter 21: Top Ten Problems You Should Practice259

Identifying Accounts and Using Double-Entry Bookkeeping.....	259
Keeping Journals	259
Paying Bills and Managing Inventory	259
Tracking Sales.....	260
Testing Your Balance.....	260
Reporting Income.....	260
Closing the Books and Starting Over.....	260

Index 261