

# Recordkeeping for the Small Business

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## Description

The keeping of accurate records is imperative if you are going to succeed at business. This course is designed for those who are starting from scratch and know nothing about the recordkeeping process. By the time you have finished applying the principles taught in this course, you will understand how all of the pieces fit together to develop a simple but accurate set of books that will help you see the trends that are taking place within your operation and provide you with income tax information that can be easily retrieved and verified.

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## Texts

*Keeping the Books* by Linda Pinson and Jerry Jinnett

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## Objectives

- You will identify the functions of recordkeeping.
- You will identify deductible expenses.
- You will define the following terms:
  - ✓ income
  - ✓ revenue
  - ✓ expense
  - ✓ single entry accounting
  - ✓ double entry accounting
  - ✓ general journal
  - ✓ general ledger
  - ✓ revenue and expense journal
  - ✓ petty cash records
  - ✓ fixed assets log
  - ✓ accounts receivable
  - ✓ accounts payable

- ✓ posting transactions
  - ✓ balance sheet
  - ✓ profit and loss statement
  - ✓ pro forma cash flow statement
  - ✓ break-even analysis
  - ✓ asset
  - ✓ liability
  - ✓ net worth
  - ✓ liquidity analysis
  - ✓ profitability analysis
  - ✓ measures of debt
  - ✓ measures of investment
  - ✓ vertical financial statement analysis
  - ✓ horizontal financial statement analysis
  - ✓ home office deductions
  - ✓ estimated tax
  - ✓ social security tax
  - ✓ self-employment tax
  - ✓ Federal Unemployment Tax
  - ✓ taxpayer identification number
- You will build a system of recordkeeping and establish a tax reporting schedule.

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## Course Requirements

1. Read the entire text, completing the assigned exercises found here in your Student Notebook.
2. Earn at least a "B" on all tests.

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## Standards for Grading Assignments

As indicated below, “C” or 2.0 level work is considered average. **Leaders are not average people.** You are therefore expected (required) to put forth the effort necessary to demonstrate at least “B” (3.0) level work or higher on all assignments which you submit. Any which do not will be returned to you with input from your instructor on how you can raise your grade to the expected level. **A course grade will not be given until your assignments demonstrate that you have understood the material presented in the course and allowed your life to be transformed by the Spirit and the Word studied** — the requirements for attaining a “B”.

Your individual assignments (notebooks, tests, reports) will be graded according to the following standards. These grades will be averaged together to determine your course grade. Remember, we are training leaders and leaders are above-average people. Your work will reflect that.

- “D”
  - Indicates barely passing work that is inferior to the average both in quantity and in quality.
  - Manifests a lack of initiative or sense of responsibility or both.
- “C”
  - Average work; either steady work of an acceptable quality, or work of a high quality which is uneven, irregular or fragmentary.
  - May be mechanically or outwardly correct but shows little reflection upon or personal assimilation of the material.
- “B”
  - Intelligently has fulfilled the requirements of this course.
  - Understands the subject matter presented and has applied it to his life in a limited manner but has not really made the truths his own.
- “A”
  - Grasped the material with thoroughness, industry and correctness of detail.
  - Made the material his own by thinking about it and integrating it, using originality, natural ability, and insight.

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## BUS 310 Recordkeeping for the Small Business

# Course Schedule

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### Lesson One

#### Assignment to be completed:

Read Chapters 1 through 3 of *Keeping the Books*, completing the related exercises in your Student Notebook. NOTE: You will need to actually be working with the records of a business for this course. If you are not a small business owner, you may want to create a fictitious business with reasonable financial information. Or, you may think of your household as a small business and track your personal financial records.

As a believer who knows how to find the mind of Christ, you are encouraged not to depend on your own wisdom and abilities to make decisions for your business. Be sure to take the time to hear from the Lord whenever possible.

Complete and correct Self-Test One.

#### Subjects to be explored:

Recordkeeping Basics

Income and Expenses

Cash Accounting vs. Accrual Accounting

#### Related objectives:

- You will identify the functions of recordkeeping.
- You will identify deductible expenses.
- You will define the following terms: income, revenue, expense.

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### Lesson Two

#### Assignment to be completed:

Read Chapter 4 of the text, completing the related exercises.

Complete and correct Self-Test Two.

#### Subjects to be explored:

Essential Records for Small Business

#### Related objectives:

- You will define the following terms: single entry accounting; double entry accounting; general journal; general ledger; revenue and expense journal; petty cash records; fixed assets log; accounts receivable; accounts payable; posting transactions.

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### Lesson Three

#### Assignment to be completed:

Read Chapter 5 of the text, completing the related exercises.

Complete and correct Self-Test Three.

#### Subjects to be explored:

Financial Statements

#### Related objectives:

- You will define the following terms: balance sheet; profit and loss statement; pro forma cash flow statement; break-even analysis; asset; liability; net worth.