

Table of Contents

Introduction.....	6
Case Study #1 - Darren	6
Mixing Business and Pleasure – with No Paper Trail	6
Case Study #2 - Sarah.....	7
All Mixed Up and No Map to Guide Her.....	7
Case Study #3 – Jason.....	8
Clean as a Whistle but No Systems on Go.....	8
Avoiding the Headaches	9
SECTION ONE.....	11
What This Guide Teaches You	12
The Benefits of Squeaky-Clean Books	13
How Bookkeeping Helps With Loans and Investments	14
Aren't There Accountants for This?.....	17
Reason One: Save Time and Money.....	18
Reason Two: We're All Human.....	18
Reason Three: A Team Effort.....	19
When You Shouldn't Do Your Own Bookkeeping.....	20
Bookkeeper and Accountant: The Big Difference	22
A Paper Trail	23
How Are You Going to Keep Track?.....	26
The Shoebox Method.....	26
The Envelope Accounting Method	27
The Spreadsheet Method	28
The Accounting Software Method.....	29
You Still Need Some Training.....	30
An In-Depth Look at Software and Online Resources	33
A List of Popular Accounting Software	33
The Disadvantages of Accounting Software.....	34
A Warning about Personal Finance Software.....	35
An Alternative: Online Invoicing Systems	37
If You Want to Upgrade Your System	40

SECTION TWO	43
Getting Started: Bookkeeping Terms	44
Chart of Accounts	45
General Ledger	49
Debit.....	49
Credit	49
A Word on Debits and Credits	50
Income	50
Expense	51
Asset	52
Liability	53
Depreciation.....	53
Amortization	54
Cost of Goods Sold.....	54
Profit and Loss (or Income) Statement.....	55
Balance Sheet.....	56
Balance Sheet Sample	58
More on Depreciation.....	59
Section 179 Depreciation.....	60
An Expense? Or Cost of Goods Sold?	64
The Next Step: Cash versus Accrual Basis	67
Cash-Based Model	67
Accrual-Based Model.....	67
Which Model is Best for you?	68
How to Record Credits and Debits.....	71
It's All About Give and Get.....	71
Some Common Debit and Credit Transactions	74
Business in a Personal Home	76
Writing Off Personal Expenses as Business Related	79
Here's What You Can Do.....	81
Better Bookkeeping? Budget!	83
All the Income Isn't Really Yours	83
Watch Your Cash Flow	84
How to Make a Budget.....	86
Almost There!	89
 ANNEX	 92
The Ultimate Setup List.....	93
Preparing for Income Tax Time.....	103