

Basic Financial Record Keeping

Example A: Daily record

Date/Description	Expense/-	Income/+
1/1/21 Groceries	\$100	
1/15/21 Paycheck		\$250
1/20/21 Electric	\$50	
1/22/21 Phone	\$40	
1/24/21 Groceries	\$100	
1/26/21 Paycheck		\$250
Total	\$290	\$500

Example B: Daily record with balance

Date/Description	Expense/-	Income/+	Balance
1/1/21 Starting Balance			\$500
1/1/21 Groceries	\$100		\$400
1/15/21 Paycheck		\$250	\$650
1/20/21 Electric	\$50		\$600
1/22/21 Phone	\$40		\$560
1/24/21 Groceries	\$100		\$460
1/26/21 Paycheck		\$250	\$710
Total	\$290	\$500	

Example C: Daily record with categories and balance.

Date	House/-	Utilities/-	Vehicles/-	Animals/-	Miscellaneous/-	Income/+	Balance
1/1/21	Starting	Balance					\$500
1/1/21	\$100 Groceries		\$25 Gas	\$20 Feed		\$100 Cow	\$455
1/15/21	\$20 Clothes	\$20 Phone	\$30 parts	\$50 Calf	\$10 Restaurant	\$250 Paycheck	\$575
1/20/21	\$50 Groceries						\$525
1/22/21	\$40 Soap	\$30 Electric	\$60 Parts	\$30 Hens	\$90 Bicycle	\$45 Eggs	\$320
1/24/21	\$10 Meat						\$310
1/26/21		\$25 Water	\$90 Tires	\$45 Meds	\$30 Taxes	\$250 Paycheck	\$370
Total	\$220	\$75	\$205	\$145	\$130	\$645	

Example D: Monthly/Daily record with categories and balance.

Date	House/-	Utilities/-	Vehicles/-	Animals/-	Misc./-	Pay/+	Farm/+	Misc./+	Balance
1/1/21	Starting	Balance							\$500
1/1/21	\$ -	\$ -	\$ -	\$30 -Feed	\$ -	\$250	\$ -	\$ -	\$720
1/2/21	\$100 -Groceries	\$ -	\$ -	\$ -	\$ -		\$600 -Cow	\$ -	\$1,220
1/3/21	\$ -	\$ -	\$40 -Gas	\$ -	\$ -		\$ -	\$ -	\$1,180
1/4/21	\$ -	\$ -	\$ -	\$30 -Feed	\$ -		\$ -	\$50 -Firewood	\$1,200
1/5/21	\$ -	\$ -	\$ -	\$ -	\$20 -Tire		\$200 -Pig	\$ -	\$1,380
1/6/21	\$ -	\$ -	\$20 -Oil	\$ -	\$ -		\$ -	\$ -	\$1,360
1/7/21	\$ -	\$ -	\$ -	\$30 -Feed	\$ -		\$ -	\$ -	\$1,330
1/8/21	\$ -	\$ -	\$ -	\$ -	\$ -	\$250	\$ -	\$ -	\$1,580
1/9/21	\$100 -Groceries	\$ -	\$ -	\$ -	\$ -		\$50 -Chicken	\$ -	\$1,530
1/10/21	\$ -	\$ -	\$40 -Gas	\$ -	\$ -		\$ -	\$ -	\$1,490
1/11/21	\$ -	\$ -	\$ -	\$30 -Feed	\$ -		\$ -	\$ -	\$1,460
1/12/21	\$ -	\$ -	\$ -	\$ -	\$ -		\$600 -Cow	\$ -	\$2,060
1/13/21	\$ -	\$ -	\$20 -Oil	\$ -	\$ -		\$ -	\$ -	\$2,040
1/14/21	\$ -	\$ -	\$ -	\$ -	\$20 -Machete		\$ -	\$ -	\$2,020
1/15/21	\$ -	\$ -	\$ -	\$30 -Feed	\$ -	\$250	\$200 -Pig	\$ -	\$2,440
1/16/21	\$100 -Groceries	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$2,340
1/17/21	\$ -	\$ -	\$40 -Gas	\$ -	\$ -		\$ -	\$100 -Bicycle	\$2,400
1/18/21	\$ -	\$ -	\$ -	\$ -	\$10 -Sprays		\$ -	\$ -	\$2,390
1/19/21	\$ -	\$ -	\$ -	\$30 -Feed	\$ -		\$50 -Chicken	\$ -	\$2,410
1/20/21	\$ -	\$ -	\$20 -Oil	\$ -	\$ -		\$ -	\$ -	\$2,390
1/21/21	\$ -	\$ -	\$ -	\$ -	\$20 -Restaurant		\$ -	\$ -	\$2,370
1/22/21	\$ -	\$ -	\$ -	\$ -	\$ -	\$250	\$600 -Cow	\$ -	\$3,220
1/23/21	\$100 -Groceries	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$3,120
1/24/21	\$ -	\$ -	\$40 -Gas	\$ -	\$ -		\$ -	\$ -	\$3,080
1/25/21	\$ -	\$50 -Cellphone	\$ -	\$ -	\$ -		\$200 -Pig	\$ -	\$3,230
1/26/21	\$ -	\$ -	\$ -	\$30 -Feed	\$ -		\$ -	\$ -	\$3,200
1/27/21	\$ -	\$80 -Electric	\$20 -Oil	\$ -	\$ -		\$ -	\$ -	\$3,100
1/28/21	\$ -	\$ -	\$ -	\$ -	\$20 -Fence		\$ -	\$ -	\$3,080
1/29/21	\$ -	\$50 -Water	\$ -	\$ -	\$ -	\$250	\$50 -Chicken	\$ -	\$3,330
1/30/21	\$100 -Groceries	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$3,230
1/31/21	\$ -	\$ -	\$40 -Gas	\$ -	\$ -		\$ -	\$ -	\$3,190

Basic Chart of Accounts – Numbering System

- (1)000 – 1999 Assets
- (2)000 – 2999 Liabilities
- (3)000 – 3999 Equity
- (4)000 – 4999 Income or Revenue
- (5)000 – 5999 Expense/Cost of Goods Sold



The chart of accounts will help you understand the past and look towards the future. The chart of accounts helps you keep your business accounting error-free and straightforward. This allows you to quickly determine your financial health, then you can make intelligent decisions moving forward.

When setting up your line items for the first time, keep it simple. Make sure that your line items have titles that make sense to you and your accountant. Use straightforward titles like “bank fees,” or “bottling equipment.”

(1)000 – 1999 Assets

The asset accounts will include anything you own that has value, like a building, land, equipment, vehicles, valuables, and inventory. Asset accounts track what you paid for the property, but they also follow things like depreciation.

Asset accounts also include things that are liquid, such as your checking account, other bank accounts, accounts receivable and notes receivable. The chart of account streamlines various asset accounts by organizing them into line items so that you can track multiple components easily.

(2)000 – 2999 Liabilities

Liability accounts include things like bank loans, mortgages, personal loans, promissory notes, income taxes payable, payroll taxes, credit card balances, and your bills, which most accountants classify under accounts payable.

When entering a loan into your company’s chart, enter only the amount of the loan. Log just the principal amount. When you make each monthly payment and enter the payment in your accounting system, you will split the payment into an amount subtracted from what you owe, and an amount of interest paid, which will go into an expense account.

(3)000 – 3999 Equity

The Equity account category holds the owners (or owners') residual interest in the business after the liabilities are paid. Accounts in this category include common stock; owner's investments and draws; retained earnings; and opening balance equity.

(4)000 – 4999 Income or Revenue

Income category tends to be what business owners underutilize the most. Some types of income are easy and cheap to generate, others require considerable effort, time, and expense. It makes sense to create separate line items in your chart of accounts for different types of income.

You can then compare the profit levels and cost of goods sold, allowing you to better determine your financial health. When compiling this category, consider anything that brings money into the company, including things like interest income.

(5)000 – 5999 Expense/Cost of Goods Sold

Expense accounts represent any money that you've spent. It allows you to keep track of money that you no longer have.

It's also a good idea to break up expenses into separate accounts, such as direct costs and overhead costs. Within each line account, you can create sub-categories for the various expenses associated with each category. Direct cost categories are the items that increase and decrease when production does the same. Overhead costs are items that tend to be fixed and not based on production change, such as insurances, taxes and utilities.

For large companies the extended numbers are of value beyond the standard primary five, Otherwise these are entered as line items in their respective categories.

(6)000 – 6999 Overhead Costs or Expenses

(7)000 – 7999 Other Income

(8)000 – 8999 Other Expense

Basic Chart of Accounts – Numbering System

1000 Assets

- 1005 Beginning Balance
- 1010 Cash on Hand
- 1015 Bank
 - 1018 Checking 1
 - 1020 Checking 2
 - 1022 Savings 1
 - 1024 Savings 2
- 1030 Accounts Receivable
 - 1032 Customer A
 - 1034 Customer B
- 1040 Land
 - 1042 Tract 1
 - 1044 Tract 2
- 1050 Equipment
 - 1052 Item A
 - 1054 Item B
- 1060 Inventory
 - 1062 Item 1
 - 1064 Item 2
- 1070 Depreciation
 - 1072 Depreciation on A
 - 1074 Depreciation on B

2000 Liabilities

- 2010 Loans
 - 2012 Loan A
 - 2014 Loan B
- 2020 Credit Card
 - 2022 Credit Card A
 - 2024 Credit Card B
- 2030 Mortgages
 - 2032 Item 1
- 2040 Credit Lines
 - 2042 Credit A
- 2050 Payroll taxes

3000 Equity

- 3010 Opening Balance Equity
- 3020 Owners Equity
 - 3022 Owner A
 - 3024 Owner B
- 3030 Owners Draws
 - 3032 Owner A
 - 3034 Owner B
- 3040 Retained earnings

4000 Income

- 4010 Products
 - 4012 Product A
 - 4014 Product B
- 4020 By-Products
 - 4022 By-Product A
 - 4024 By-Product B
- 4030 Interest Income
- 4040 Storage income
 - 4042 Building 1
- 4050 Transportation Income
 - 4052 Truck 1
 - 4054 Truck 2

5000 Expense "COGS" Cost of Goods Sold

- 5010 Direct Cost
 - 5012 Feed
 - 5014 Meds
 - 5016 Stock
 - 5018 Direct Labor
- 5200 Overhead
 - 5220 General Labor
 - 5221 Electric
 - 5222 Water
 - 5223 Phone
 - 5224 Internet
- 5250 Sales
 - 5251 Sales Person
 - 5252 Sales Literature
- 5260 Misc. Expense