Startup Success

BOOKKEEPING 101

Bookkeeping 101

Single-Entry Accounting vs Double-Entry Accounting

Single-Entry Accounting: Each transaction is recorded with a single entry into the accounting system.

Double-Entry Accounting: Each transaction requires a corresponding and opposite entry to a different account.

Cash Accounting vs Accrual Accounting

Cash Accounting: Payment receipts are recorded during the period they are received, and expenses are recorded in the period in which they are actually paid.

Accrual Accounting: Expenses are matched with the related revenues and/or are reported when the expense occurs, not when the cash is paid.

The result of accrual accounting is an income statement that better measures the profitability of a company during a specific time period.

Startup Success

MODULE 6 // Organize, Automate, and Outsource

Chart of Accounts

Assets Accounts: what your company **owns**

Liabilities Accounts: what your company **owes**

Equity Accounts: investors' stakes in the company

What does it mean to "balance the books"?

assets = liabilities + equity

Income Statement

Revenue: all income the business receives.

Costs: money spent to buy or manufacture the goods or services that the business sells to its customers.

Expenses: all the money that is spent to run the company which is not specifically related to a product or service being sold.