

Bookkeeping Basics

It's a lot easier to figure out what to do with too much money than it is to figure out what to do with too little.

—*my father*



We lose money on every sale, but we make it up
in volume.

—Marty the Tire King, Paramus, New Jersey



Death Taxes

Death

Taxes

Old Age

¿Do you speak spreadsheet?

Income

Fees

Time

Services

Post-Production

Usage

Royalties

Expense Recovery

Markup

Interest

Rentals

Expenses

Fixed

Variable

Billable

Non-Billable

Sales

Testing

Workshops

Chart of Accounts

Schedule C

SCHEDULE C
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business
(Sole Proprietorship)

► Partnerships, joint ventures, etc., must file Form 1065 or 1065-B.
► Attach to Form 1040 or 1041. ► See Instructions for Schedule C (Form 1040).

OMB No. 1545-0074

2003

Attachment
Sequence No. 09

Name of proprietor

Social security number (SSN)

APrincipal business or profession, including product or service (see page C-2 of the instructions)

BEnter code from pages C-7, 8, & 9

CBusiness name. If no separate business name, leave blank.

DEmployer ID number (EIN), if any

EBusiness address (including suite or room no.) ►
City, town or post office, state, and ZIP code

FAccounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ►

GDid you “materially participate” in the operation of this business during 2003? If “No,” see page C-3 for limit on losses . ☐ Yes ☐ No

HIf you started or acquired this business during 2003, check here ☐

Part IIncome

1Gross receipts or sales. **Caution.** If this income was reported to you on Form W-2 and the “Statutory employee” box on that form was checked, see page C-3 and check here ☐

2Returns and allowances

3Subtract line 2 from line 1

4Cost of goods sold (from line 42 on page 2)

5Gross profit. Subtract line 4 from line 3

6Other income, including Federal and state gasoline or fuel tax credit or refund (see page C-3)

7Gross income. Add lines 5 and 6 ►

Part IIExpenses. Enter expenses for business use of your home **only** on line 30.

8Advertising

9Car and truck expenses
(see page C-3)

10Commissions and fees

11Contract labor
(see page C-4)

12Depletion

13Depreciation and section 179
expense deduction (not included
in Part III) (see page C-4)

14Employee benefit programs
(other than on line 19)

15Insurance (other than health)

16Interest:

aMortgage (paid to banks, etc.)

bOther

17Legal and professional
services

18Office expense

19Pension and profit-sharing plans

20Rent or lease (see page C-5):

aVehicles, machinery, and equipment

bOther business property

21Repairs and maintenance

22Supplies (not included in Part III)

23Taxes and licenses

24Travel, meals, and entertainment:

aTravel

bMeals and
entertainment

cEnter nondeduct-
ible amount in-
cluded on line 24b
(see page C-5)

dSubtract line 24c from line 24b

25Utilities

26Wages (less employment credits)

27Other expenses (from line 48 on
page 2)

28Total expenses before expenses for business use of home. Add lines 8 through 27 in columns ►

29Tentative profit (loss). Subtract line 28 from line 7

30Expenses for business use of your home. Attach **Form 8829**

31Net profit or (loss). Subtract line 30 from line 29.

• If a profit, enter on **Form 1040, line 12**, and **also** on **Schedule SE, line 2** (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.

• If a loss, you **must** go to line 32.

32If you have a loss, check the box that describes your investment in this activity (see page C-6).

• If you checked 32a, enter the loss on **Form 1040, line 12**, and **also** on **Schedule SE, line 2** (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.

• If you checked 32b, you **must** attach **Form 6198**.

32a☐ All investment is at risk.

32b☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11334P

Schedule C (Form 1040) 2003

	employee” box on that form was checked, see page C-3 and check here	1		
2	Returns and allowances	2		
3	Subtract line 2 from line 1	3		
4	Cost of goods sold (from line 42 on page 2)	4		
5	Gross profit. Subtract line 4 from line 3	5		
6	Other income, including Federal and state gasoline or fuel tax credit or refund (see page C-3)	6		
7	Gross income. Add lines 5 and 6	7		

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising	8			19	Pension and profit-sharing plans	19		
9	Car and truck expenses (see page C-3)	9			20	Rent or lease (see page C-5):			
10	Commissions and fees	10			20a	a Vehicles, machinery, and equipment	20a		
11	Contract labor (see page C-4)	11			20b	b Other business property	20b		
12	Depletion	12			21	Repairs and maintenance	21		
13	Depreciation and section 179 expense deduction (not included in Part III) (see page C-4)	13			22	Supplies (not included in Part III)	22		
14	Employee benefit programs (other than on line 19)	14			23	Taxes and licenses	23		
15	Insurance (other than health)	15			24	Travel, meals, and entertainment:			
16	Interest:				24a	a Travel	24a		
16a	a Mortgage (paid to banks, etc.)	16a				b Meals and entertainment			
16b	b Other	16b				c Enter nondeductible amount included on line 24b (see page C-5)			
17	Legal and professional services	17				d Subtract line 24c from line 24b	24d		
18	Office expense	18			25	Utilities	25		
28	Total expenses before expenses for business use of home. Add lines 8 through 27 in columns	28			26	Wages (less employment credits)	26		
29	Tentative profit (loss). Subtract line 28 from line 7	29			27	Other expenses (from line 48 on page 2)	27		
30	Expenses for business use of your home. Attach Form 8829	30							
31	Net profit or (loss). Subtract line 30 from line 29.	31							
	• If a profit, enter on Form 1040, line 12 , and also on Schedule SE, line 2 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.								
	• If a loss, you must go to line 32.								
32	If you have a loss, check the box that describes your investment in this activity (see page C-6).								
	• If you checked 32a, enter the loss on Form 1040, line 12 , and also on Schedule SE, line 2 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.								

32a ☐ All investment is at risk.

32b ☐ Some investment is not

in — out = profit

Income — Expenses

Profit & Loss

	A	B	C	D
1				
2				
3		P&L, September 2004		
4				
5				
6		Income		
7			Assignment Billings	
8			Stock Sales	
9			Equipment Rental	
10			Other Income	
11				
12			Total Income	0
13				
14		Expenses	Advertising	
15			Car and Truck	
16			Contract Labor	
17			Depreciation	
18			Insurance	
19			Interest	
20			Legal and Professional	
21			Office	
22			Rent-Equipment	
23			Rent-Property	
24			Repairs	
25			Supplies	
26			Tax and License	
27			Travel	
28			Meals	
29			Entertainment	
30			Utilities	
31			Wages	
32				
33			Photographic Media	
34			Models	
35			Props	
36			Other Materials	
37				
38				
39			Total Expenses	0
40				
41			Profit or (Loss)	0

$$\text{assets} - \text{liabilities} = \text{equity}$$

Balance Sheet

	A	B	C	D	E	F
1						
2						
3		Balance Sheet, September 2004				
4						
5						
6		Assets				
7			Cash In Banks			
8				Checking	2755	
9				Savings	7787	
10			Other Cash			
11				Petty Cash	45	
12			Equipment			
13				Photographic	15000	
14				Computers	5500	
15				Office	2800	
16			Real Estate			
17				Office & Studio	92000	
18						
19			Accounts Receivable		12978	
20						
21					Total Assets	\$138,865
22						
23		Liabilities				
24			Leases			
25				Truck	5523	
26			Wages			
27			Loans Payable			
28				Mortgage	41000	
29				Credit Cards	6234	
30			Accounts Payable		238	
31			Taxes Payable		756	
32						
33					Total Liabilities	\$53,751
34						
35					Equity	\$85,114
36						
37					Equity + Liability	\$138,865
38						
39						
40						
41						

Get Help Before You Need It

Assignment 2

1. Read chapters 3, 4, 6
2. Download and study Schedule C.
3. For your eyes only, make an estimate on your annual income needs.
4. Create a working template for a Profit & Loss statement and a Balance Sheet for the business you described last week.