Bookkeeping Honour

1. What is bookkeeping?

2. Define the following terms
    a. Asset

    b. Liability

    c. Income

    d. Expense

    e. Profit

    f. Bank overdraft

    g. Credit card

    h. Bank statement

    i. Bank interest

3. How can you become a bookkeeper or accountant – what do you need to study?

Practical Example

You work in one if the JD Sports stores in town.

- *Example customer – bought £20 shoes that cost us £2 to make.*
- Customer A - bought yeezy trainers for £800, it cost us £500 to buy them from Kanye West
- Customer B - bought air Jordans for £300, it cost us £50 to get them made in China, then we had to pay £100 for them to be delivered to our shop

- Customer C - bought a pair of black addidas trainers last week but wants to return them. The customer had paid £100 for them and it had cost us £10 to buy them. We gave them a refund
- Customer D - bought two pairs of Nike trainers one in orange and the other in blue. She paid £75 for each of them. It cost us £5 to make each pair of shoes
- Customer E - buys sliders for £10. They cost us £9 to make. He wore them for 1 hour and returned them back to the store the same day because they were torn and were no longer usable. He was VERRRRY angry. We gave him a full refund.

Please tell me how much 1) income, 2) expenses and 3) profit arose as a result of the shoe sales reported above?

	Income	Expense	Profit
Example customer	£20	£2	£18
Customer A			
Customer B			
Customer C			
Customer D			
Customer E			
Total			

HOMEWORK

Imagine you have finished school and have your dream job. Now you own a house, and you earn so much money you even own a super car (e.g. Bentley, Ferrari, Lamborghini, Rolls Royce etc).

Every month, your job pays you £10,000. You get paid on the 1st of each month. We are in the month of February which has 28 days.

Your household bills are as follows

Monthly expenses:

- Tithe – XX – how much is tithe? (paid on the 1st)
- Offering - £250 (paid on the 1st)
- Mortgage (payment for house) - £4,000 (paid on the 2nd)
- Car - £2,000 (paid on the 12th)
- Gas and electricity - £200 (paid on the 15th)
- Water - £100 (paid on the 1st)
- Gym - £20 (paid on the 28th)
- Council tax - £500 (paid on the 9th)
- Donation to cancer research UK - £100 (paid on the 9th)

- Savings - £500 (paid on the 1st)

Weekly expenses:

- Fuel - £100
- Bread - £10
- Beef - £20
- Chicken (organic free range) - £10
- Chunks - £5
- Lunch - £100
- Bottled Water - £50
- Eggs (free range organic) £3
- Baked beans - £3
- Takeaway - £20
- Rice - £2
- Vegetables - £20

1. **Prepare a budget showing money left in the bank account at the end of each week and at the end of the month**

Example of how to do it

	1st to 7th Feb Week 1	8th - 14th Feb Week 2	15th - 21st Feb Week 3	22nd - 28th Feb Week 4	1st - 28th Feb Total for month
Money in (income): Salary	£20	£20	£30	£10	**£80**
Money out (expenses): **Paid once a month** phone bill		£10			**£10**
Paid every week lunch	£5	£5	£5	£5	**£20**
Bank balance at end of week & month(money in minus money out)	**£15**	**£5**	**£25**	**£5**	**£50**

Date	1st to 7th Feb Week 1	8th - 14th Feb Week 2	15th - 21st Feb Week 3	22nd - 28th Feb Week 4	1st - 28th Feb Total for month
Money in (income): Salary					
Money out (expenses): **Paid once a month** Tithe Offering Mortgage Car Gas Water Gym Council Donation Savings					
Paid every week Fuel Bread Beef Chicken Chunks Lunch Bottled water Eggs Baked beans Takeaway Rice Vegetables Rice Vegetables					
Bank balance at end of week & month (money in minus money out)					

2. Based on your income and expenses, are you spending your money wisely? If so, why do you say so?

3. Is there anything you need to change about your lifestyle? If so, what.

4. If you cannot afford your bills for the month, what can you do to help yourself?

5. Using the example above, name one Asset and one Liability.