Simple Accounting Worksheet for Midwives

Just as you need to keep records and understand the health of your patient in order to manage her care, you need to understand the financial health of your midwife practice in order to manage it effectively. The Simple Accounting Worksheet can be the key to midwives who want to understand status of their business, make important financial decisions, and plan.

The Simple Accounting Worksheet is for midwives who are preparing, or who wish to prepare, income statements. Midwives can also prepare a balance sheet and cash flow statement using the information collected on this worksheet.[1]

Key Terms:

- **Assets:** What the business <u>has</u>, the resources that a business uses to generate income

- **Balance sheet:** snapshot of a financial position at one point in time.

- **Cash Flow Planning:** the process of mapping out the inflow and outflows of your business's cash over a period of time so as to ensure there is enough cash available for operations.

- **Direct Expenses:** Those that relate directly to the level of sales, roughly the same as "variable costs."

- **Equity (also known as Capital):** What the business <u>owns</u>. Unlike liabilities, the equity (also known as capital) of a business does not have to be paid back. It therefore represents the money or assets, which have been put into the business by the owner to purchase assets and to keep the business going.

- **Expenses:** Amounts paid by the business for goods and services used in the process of earning revenue (costs necessary for the business to generate revenue and remain in operation).

- **Financial Management**: analyzing and reviewing the financial information of a business so as to make appropriate decisions towards its improved performance.

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[1] For those midwives who are just starting out, and who are not planning to create formal financial statements, the Simple Daily Record may be a good way to start keeping financial records. See the instructions and Simple Daily Record that are also available on the PSP One website.

Banking on Health