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Bitesize GCSE BUSINESS STUDIES

FINANCIAL RECORDS

LORD SUGAR- ENTREPRENEUR

It is imperative that any business keeps a tight financial control on where they're going. Making sure that they don't overstep the mark. Making sure that they can afford to do what they're doing. And that is why I always say that simple maths comes into play. You need to perhaps on a monthly or on a three monthly basis, do some simple calculations yourself. You don't need no sophisticated external accountant to do it, you can do it yourself. It's a matter of how much you've spent, how much you've taken, how much your costs are, and that gives you a wakeup call. And what you mustn't do is overstretch yourself in making commitments that you can't pay for.

DEBORAH MEADEN- ENTREPRENEUR

One of the very first things I do when I get involved with a business is actually ask them, what are the key performance indicators. What is it that actually really drives this business? And I will say, right if I only had two weeks a minute to manage this business, I want to be able to look at one sheet of paper and I want on that sheet of paper I want the four numbers that really, really make a difference. So people need to understand their business, know what drives their business and regularly report on those absolutely key drivers of that business.

DR PAUL THOMAS- TRUFFLES ENTREPRENEUR

Every day we have a database where we input what we've spent, what money's come in and what we're owed. So every day we have a snapshot of the health of the business. But because, ours is a long-term business, so it can take seven years before you even produce one truffle, we have a one-year plan, a five-year plan and a much, much longer plan. So I think financial planning is, is really quite important.

SAIRA KHAN- SKINCARE ENTREPRENEUR

You need to be accountable to people like the Inland Revenue service, to your investors, to your customers, to your shareholders.

HUGH PYM- BBC CHIEF ECONOMICS CORRESPONDENT

For all companies and organisations dealing with money, keeping proper records is crucial, because then you can see where the money's gone, what you've used it for, you can see whether you're making a profit or not. You can see exactly what money's coming in and what's going out. If you don't have any records you can get into real trouble and suddenly find that you're struggling, you're backs are to the wall, and you may even get into trouble with the authorities who monitor the behaviour of companies. Many companies and organisations have to be audited, that means they get an independent firm of accountants to come in and look at their books and say at the end of the year, yes you've made a profit, those figures are fine. You may have made a loss but the figures are still OK and they all stack up. And the auditors need to come in and look at all the records, so if you don't have them, the auditors can't give you that clean bill of health.

SAIRA KHAN- SKINCARE ENTREPRENEUR

The way that I do it, is that I have an accountant. And all of my receipts, all of my bank statements, all of my VAT returns, are done by my accountant.

BEN WALLACE- MARKETING, GOOGLE UK

You don't really have any credibility if you can't take care of the money that you have and if you don't know how you're using it. At our company, we have a very rigorous structure of how we budget and how we plan spend, and how we report the spend kind of by quarter or by month higher up the company. But it's the same if you had a smaller business or if you're an independent individual looking for investment. You need to have kind of a credible view on your kind of your revenue, your budget and your spend, and all aspects of this, even if it might sound a little boring, in order to have respect a, and credibility you need to have from investors.

DEBORAH MEADEN- ENTREPRENEUR

Often you're looking ahead and making big capital investments, when actually kind of guessing what it's going to do. But actually you don't guess. What you do is you look at your historic performance. You look at your key data; it's never going to be more useful. You look at your key data and you say, right we did that and we achieved that, therefore if we do this, we'll probably achieve that. So these historic records help you plan to invest in the future. Because actually if somebody didn't do that and take all of that data and that data wasn't there, we wouldn't have the confidence to invest in the future and we'd just sit in suspended animation.

**WITH THANKS TO OUR CONTRIBUTORS
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