



Financial control

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Financial control

- The importance of finance and financial control
- The role of the Finance Director
- The Young Enterprise online accounting system
- The winding up fee
- Online selling



Financial control

Financial control is crucial. It tells you....

- where your money comes from
- where your money goes
- if you have enough funds to buy more supplies
- how much each product costs to make
- how much profit you're making
- which products make the most money
- your winding up fee
- what you can afford to pay in dividends and bonuses



The role of the Finance Director

When starting up the company

- Raise initial capital = sell shares
- Open bank account with HSBC, includes a debit card
- Develop your business plan with the Managing Director

When the company is up and running

- Pay cash into the bank account regularly
- Record every receipt and payment made – double entry system
- Retain all invoices and receipts
- Agree all spending
- Produce regular report to show profit or loss
- Communicate financial position at every meeting



Raising share capital

- Share capital is raised by issuing shares in your company
- Shares cost £1 each
- Someone who buys a share is a 'shareholder' or owner and they will expect a dividend at the end of the year
- Download and complete shareholder register
- Maximum number of shares allowed to be issued is 500 – ie £500
- Each Board Member can own between 1 and 25 shares (max £25)
- You can also sell shares to teachers, friends and family

The Finance Director manages the share issue
and collects the money



Financial decision-making

- You require information from other Board members...and they also require your input for their decisions
- Keep updated on sales and prices, and stock levels
- Keep updated on all purchases, and be involved in major purchase decisions
- Maintain the discipline of demanding and retaining all purchase invoices for your records
- Keep the Board informed of the company's financial position

Tell the other groups what you need from them in the interactive session coming up



The Young Enterprise online accounting system

- The Finance Director should be the only person to edit the company accounts
- The Finance Director ...
 - enters every payment and receipt
 - enters creditors and debtors (if any)
 - creates financial reports
- All students can view accounts and latest reports online



YE Online



Supported by: HSBC UK

[Home](#) [Milestones](#) [Company Finances](#) [Resources](#) [Competitions](#)

MILESTONES

WELCOME TO YE ONLINE

YOUR GUIDE TO COMPANY PROGRAMME - CLICK ON ONE OF THE EIGHT MILESTONES BELOW TO GET STARTED

1. STARTING UP



- + [Milestone 1 Essentials](#)
- + [Understanding the Operating Framework](#)
- + [Your Starting Up Questionnaire](#)

2. CREATING THE BOARD



- + [Milestone 2 Essentials](#)
- + [Setting up the bank account](#)
- + [Discover the different Director roles](#)

3. GENERATING THE IDEA



- + [Milestone 3 Essentials](#)
- + [Brainstorming product/service ideas](#)
- + [What is a Sustainable Business Idea?](#)

4. BUSINESS PLANNING



- + [Milestone 4 Essentials](#)
- + [Get your product/service approved](#)
- + [Planning to be Sustainable](#)

5. LAUNCHING



- + [Milestone 5 Essentials](#)
- + [Finalise your Business Plan](#)
- + [Set up Market Place](#)

6. RUNNING THE ENTERPRISE



- + [Milestone 6 Essentials](#)
- + [Holding Board meetings](#)
- + [Trading with the public](#)

7. WINDING UP



- + [Milestone 7 Essentials](#)
- + [Holding the Winding Up Meeting](#)
- + [Your Report and Accounts](#)

8. LOOKING BACK & NEXT STEPS



- + [Milestone 8 Essentials](#)
- + [Your Looking Back Questionnaire](#)
- + [Developing your CV](#)



Online accounting system

[My Company Info](#) [My Account](#) [My Messages](#) [My Reminders](#)



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COMPANY FINANCES

ACCOUNTS SYSTEM

[Registration Fee Invoice](#)

[Apply for a Bank Account](#)

[Complete End of Year Accounts](#)

[Receipts](#) [Payments](#) [Reports](#) [End of Year](#)

A set of these reports should be generated by your student company at least every month. They provide a snapshot of your student company's financial position including how much profit or loss you have made and what your student company's current assets and liabilities are. Only students with permission to edit the Company Finances can generate new reports.

GENERATE A NEW SET OF REPORTS

Closing stock is the value of any goods that your student company is currently in possession of (materials, work in progress and finished goods). You must update this figure to generate a new set of monthly/interim reports.

Closing Stock - £*

[Generate Reports](#)

LATEST MONTHLY/INTERIM REPORTS

As generated on: Wednesday 12th December 2018

[Profit and Loss Account](#)

[Balance Sheet](#)



Online accounting system

[My Company Info](#) [My Account](#) [My Messages](#) [My Reminders](#) [log out](#)



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COMPANY FINANCES

ACCOUNTS SYSTEM

[Registration Fee Invoice](#)

[Apply for a Bank Account](#)

[Complete End of Year Accounts](#)

Receipts [Payments](#) [Reports](#) [End of Year](#)

Date	Where From	Ref	1	2	3	4	5	6	Actions
			Bank	Cash	Sales	Misc. Income	Shares	Bank & Cash Transfers *	
			DR	DR	CR	CR	CR	CR	
19.10.18	Share Sales	Share Sales	£240.00				£240.00		
14.11.18	Cake Sale	Cake Sale	£35.18			£35.18			
26.11.18	Float			£65.00				£65.00	
26.11.18	Walton Fair		£237.00	0	£237.00				
11.12.18	Sales			£282.20	£282.20				
11.12.18	Competition		£50.00			£50.00			
TOTAL			£562.18	£347.20	£519.20	£85.18	£240.00	£65.00	
			TOTAL 1-2 £909.38		TOTAL 3-6		£909.38		

* When entering a Bank & Cash Transfer transaction a corresponding entry must be entered on the Payments tab otherwise your finances will be out of balance. The total of column 6 should equal the total in column 14

[Save changes](#)



Online accounting system

COMPANY FINANCES

ACCOUNTS SYSTEM

Registration Fee Invoice

Apply for a Bank Account

Complete End of Year Accounts

		7	8	9	10	11	12	13	14	Actions	
Date	What is it for?	Bank	Cash	Purchases	Stationery	Rent and Hire	Misc. Expenses	Registration fee	Bank & Cash Transfers *		
		CR	CR	DR	DR	DR	DR	DR	DR		
14.11.18	Paying registration fee	£80.00						£80.00		✗	
19.11.18	Labels	£16.38		£16.38						✗	
26.11.18	Walton Payment	£15.00	0			£15.00				✗	
26.11.18	Initial Supplies	£167.00		£167.00						✗	
26.11.18	Float	£65.00							£65.00	✗	
26.11.18	Website	£15.00		£15.00						✗	
30.11.18	Supplies	£96.19		£96.19						✗	
30.11.18	Thames Lights	£25.00				£25.00				✗	
11.12.18	Woking Fair	£15.00	0			£15.00				✗	
+											
TOTAL		£494.57	£0.00	£294.57	£0.00	£55.00	£0.00	£80.00	£65.00		
		TOTAL 7-8	£494.57					TOTAL 9-14	£494.57		

* When entering a Bank & Cash Transfer transaction a corresponding entry must be entered on the Receipts tab otherwise your finances will be out of balance. The total of column 6 should equal the total in column 14

Save changes



Reports



COMPANY FINANCES

ACCOUNTS SYSTEM

REGISTRATION FEE INVOICE

APPLY FOR A BANK ACCOUNT

COMPLETE END OF YEAR ACCOUNTS

Receipts Payment **Reports** End of Year

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Closing Stock - £*

0

How well are we doing?

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Generate Reports

LATEST MONTHLY/INTERIM REPORTS

As generated on: Wednesday 4th October 2017

Profit and Loss Account

Balance Sheet



Online accounting system

STUDENT COMPANY FINANCES FOR DIFFUSE



PROFIT AND LOSS ACCOUNT

For the period ended: 12.12.18

Winding up fee	20%		
		£	£
A Sales			519.20
B Purchases		294.57	
C Closing Stock		0.00	
D Cost of Sales (B - C)			294.57
Gross Profit (A - D)			224.63
E Stationery		0.00	
F Rent & Hire		55.00	
G Miscellaneous Expenditure		0.00	
H Registration Fee		80.00	
Total Expenses (E + F + G + H)			135.00
Operating Profit (or Loss) (Gross Profit Less Total Expenses)			89.63
Miscellaneous Income			85.18
Net Profit (or Loss)			174.81
		£	
Net Profit Brought Down			174.81
LESS Winding up fee payable to Young Enterprise			34.96
Net Profit after Winding up fee			139.85



Online accounting system



Stock costing £30 pre-Christmas, might make £60 worth of product initially. But if still unsold you start to cut prices. On winding up, unsold stock is worth nothing



Online accounting system

STUDENT COMPANY FINANCES FOR DIFFUSE



BALANCE SHEET

As at: 12.12.18

Current Assets:		£
Stock		0.00
Cash at Bank		67.61
Cash in Hand		347.20
TOTAL A		414.81
Less:		
Current Liabilities:	£	
Bank Overdraft	0.00	
YE Winding up fee	34.96	
TOTAL B	34.96	
BALANCE (C)		379.85
Represented by:		
Issued Share Capital:		
240 shares at £1		240.00
Profit & Loss Account		139.85
Shareholders' Funds (D)		379.85

Note: The total at C should equal the total at D



Winding up fee

- At the end of the year the system calculates the winding up fee
- This is 20% of net profit
- This is payable to Young Enterprise



Online selling

- The only approved way for YE Student companies to sell online and to be covered by Young Enterprise's £10m insurance is through [YE Market Place](#)
- You cannot sell through Amazon or ebay
- You cannot process payments through PayPal or a card machine



Key points for Finance Directors

- Finance is at the centre of the business – you should be involved in all decision making
- You must keep the online accounting system up to date
- You must keep Board Members up to date of cash and profit regularly

If you have any problems or questions:

- Ask your Adviser or Teacher
- Contact John.Alves@YoungEnterpriseSurrey.org.uk copying your teacher and adviser

