

DIY Accounting Basic Sole Trader – Getting Started

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About this document

This document details the steps required in install and run DIY Accounting Basic Sole Trader with Microsoft Excel 2010 or higher.

The article concludes with a draft income tax calculation generated from the businesses income and expenditure.

Download and Install DIY Accounting

Go to your download link as supplied in your confirmation email. The download links are generated for each purchase. Check your email for your own link:

Automatic installation - Windows

1. Select the link below that matches your computer software
[Download the package for Excel '97 to 2003 \(also compatible with Excel 2007 and OpenOffice\)](#)
[Download the package for Excel 2010 or later \(also compatible with Excel 2007\)](#)
2. Select the option to "Run" or "Open".
3. If prompted, accept security warnings and select to "Run" or "Keep" the file.
3. The installer should start automatically, if not find the downloaded file and run it.

Zip file for manual installation - Windows, Mac OS or Linux

1. Create a new folder for your DIY Accounting files.
2. Right click to select one of links below
[Download the package for Excel '97 to 2003 \(also compatible with Excel 2007 and OpenOffice\)](#)
[Download the package for Excel 2010 or later \(also compatible with Excel 2007\)](#)
3. Click "Save target as...".
4. Select the folder for your DIY Accounting files.
5. Click "Save".
6. Unzip the files to a new folder.

Most operating systems include a tool to unzip files usually by right clicking on the zip file when saved on your computer and clicking 'extract...' or similar.

Figure 1 Download the DIY Accounting Basic Sole Trader

Figure 1- **Download and Install DIY Accounting** - Basic Sole Trader

The second link has the files in the native Microsoft Excel 2010 format. You can also use the Excel 2003 files with Microsoft Excel 2010.

Download the files by right clicking on “Download the package for Excel 2010....” and select “Save As”

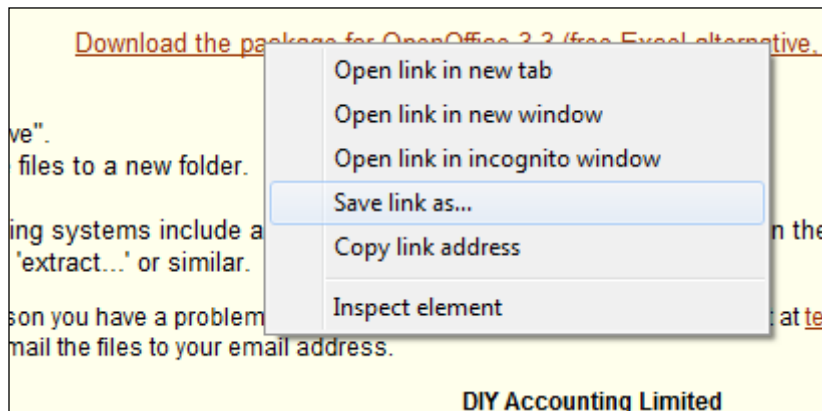


Figure 1 - **Download and Install DIY Accounting** - Save As

Pick a location to save the files, ideally somewhere under My Documents.

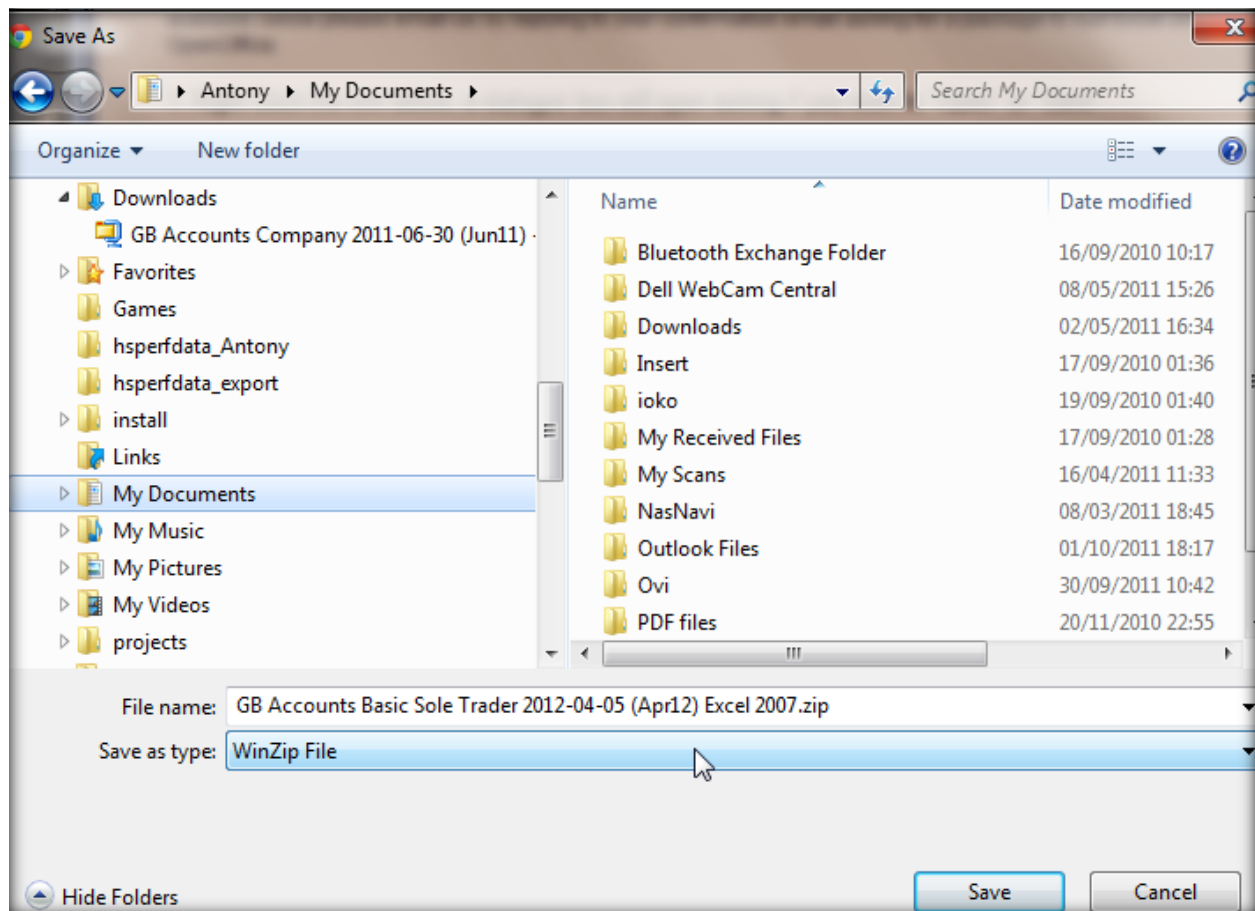


Figure 2 - **Download and Install DIY Accounting** - Select location

Click Save to start the download

Close the Browser window.

Open Explorer, navigate to my documents and locate the downloaded file.

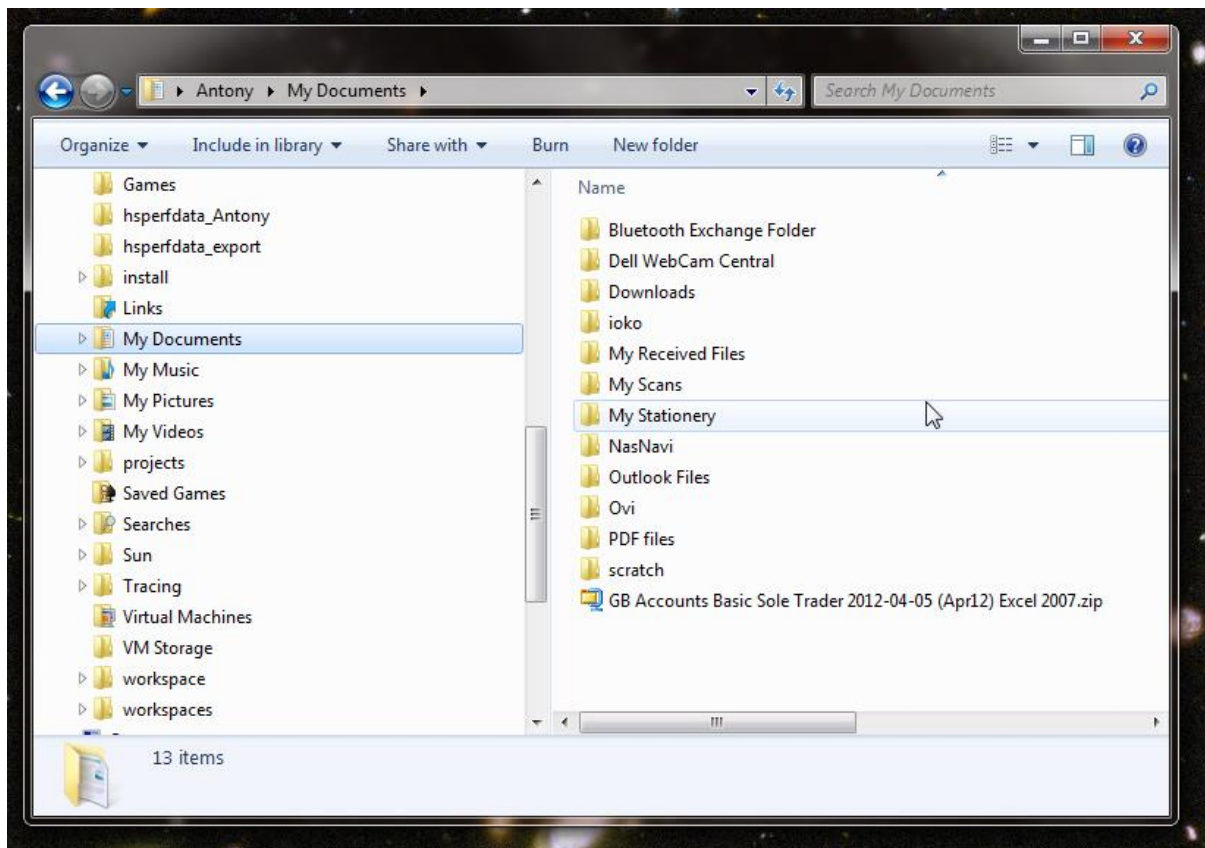


Figure 3 - **Download and Install DIY Accounting** - Zip file saved

Unzip the contents of the zip file to a new folder by right clicking on the zip file and selecting “Extract All...” You’ll be promoted for a folder name. In the next section folder “DIY Basic Sole Trader” was used.

Start using DIY Accounting Basic Sole Trader

Once the files are unzipped navigate to the folder they have been unzipped to in explorer and view the files in the folder:

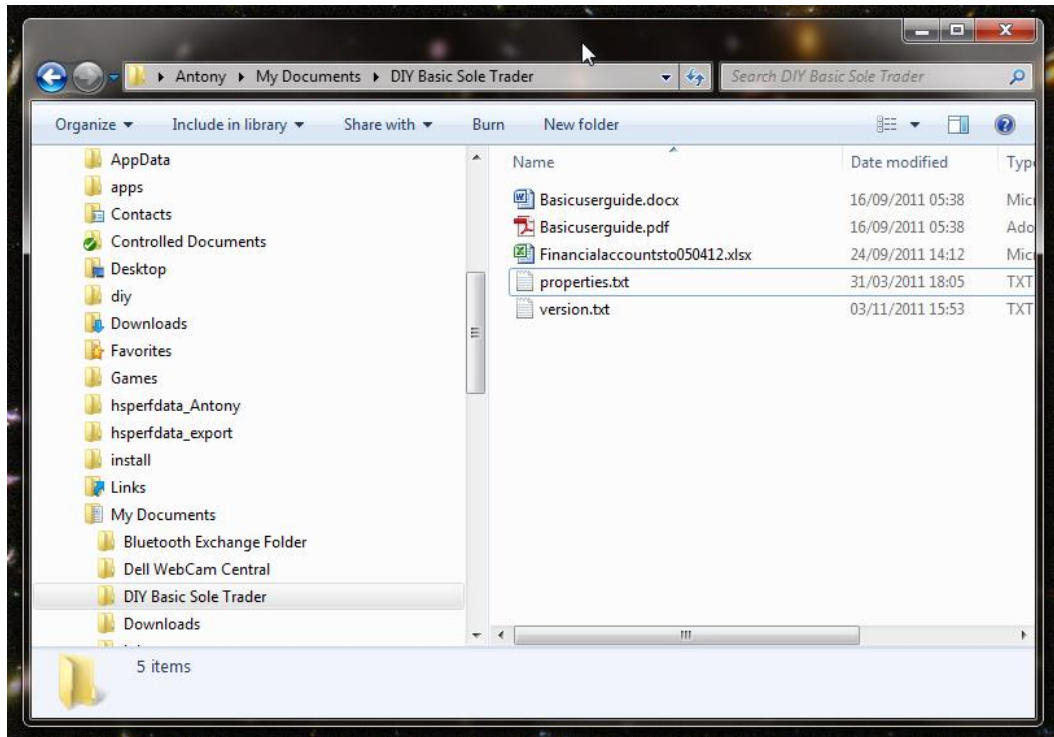


Figure 4 - Start using DIY Accounting Basic Sole Trader - Package unzipped

Double click Financialaccountsto050412 to Open the main accounts file in Excel 2010.

If double clicking doesn't work, right click Financialaccountsto050412 and select Open with..., then select Microsoft Excel from the list.

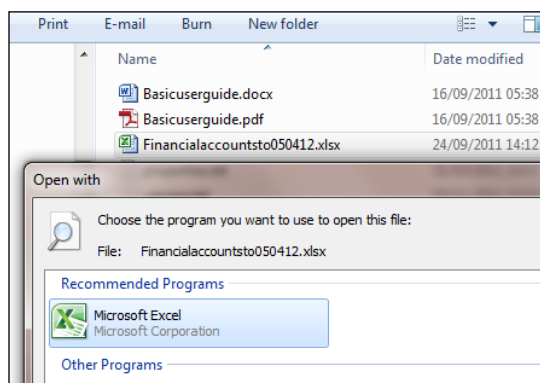


Figure 5 - Start using DIY Accounting Basic Sole Trader – Open with

The financial accounts file should open.

Excel will initially open in Protected View as the files have been downloaded from the internet. Click “Enable Editing” so you can interact with the files.

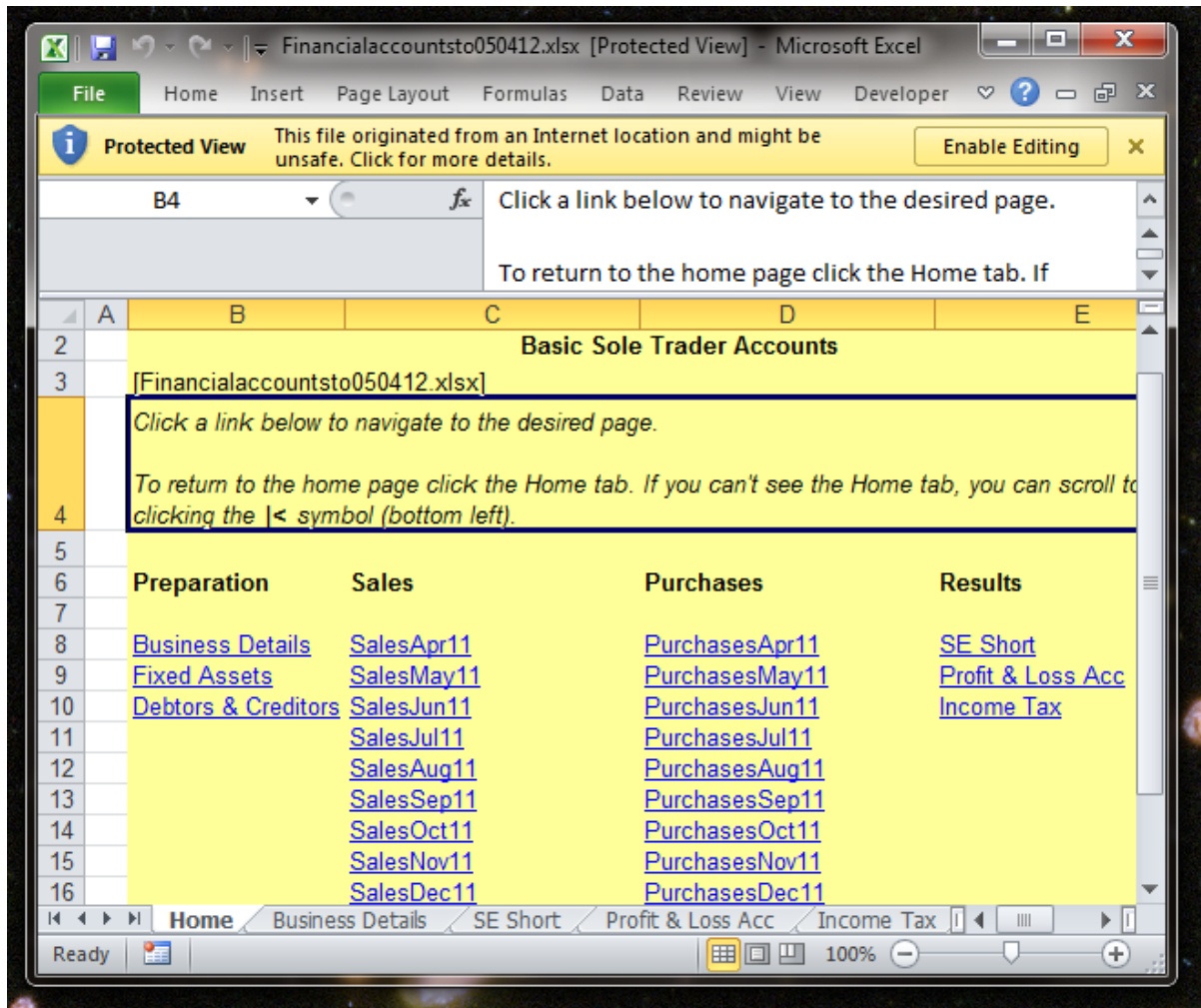


Figure 6 - Start using DIY Accounting Basic Sole Trader – Enable Editing

The Protected View banner will disappear and the home page will be displayed with links to all the other pages. You can also navigate between sheets using the tabs along the bottom of the Excel window.

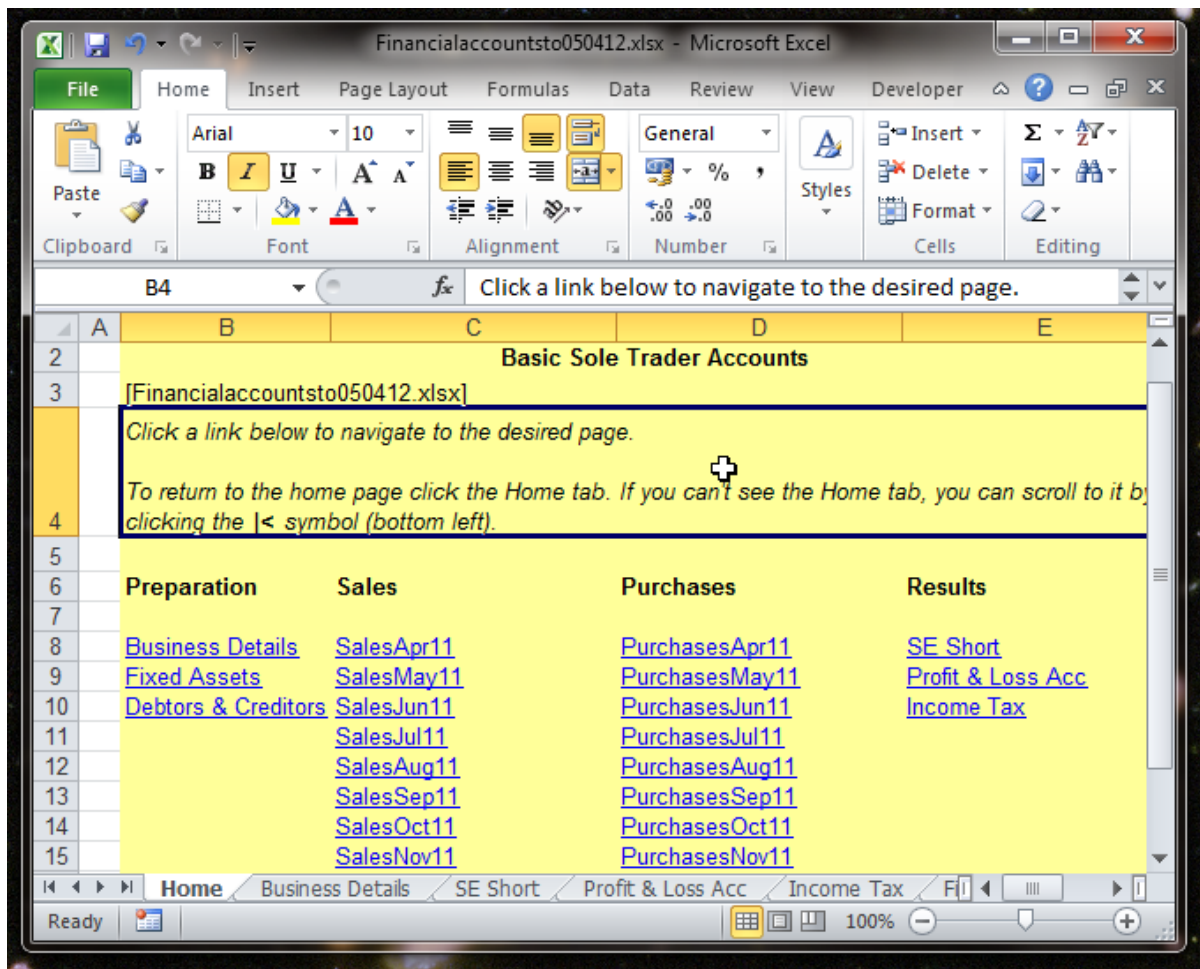


Figure 7 - Start using DIY Accounting Basic Sole Trader – Home page hyper links

Entering First Sales and Purchases

Click the link for PurchasesApr20 (or use the tab along the bottom) to navigate to the first month's purchases sheet.

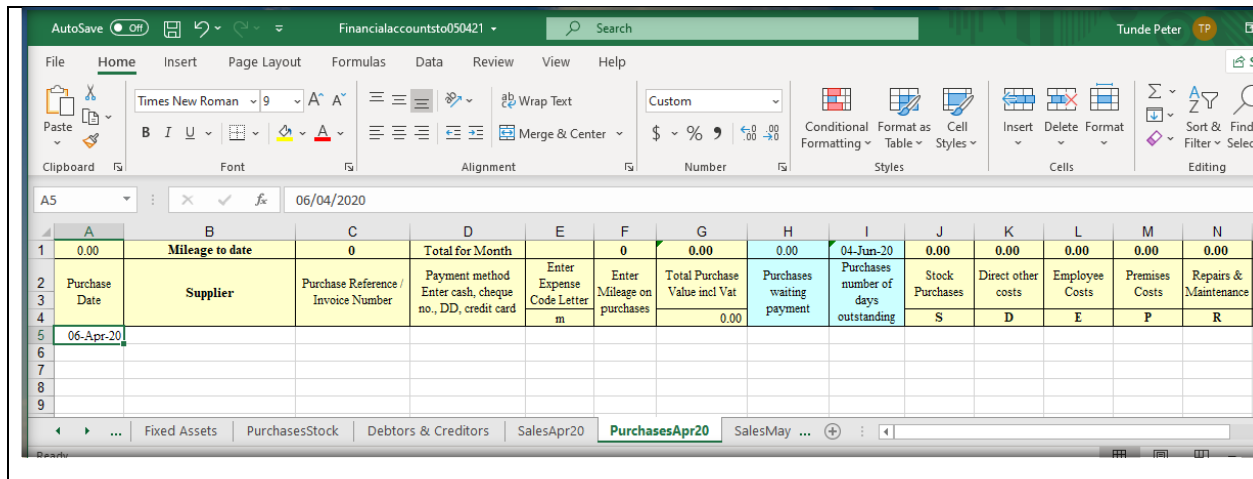


Figure 8 - Entering First Sales and Purchase – Purchases – Before entry

In the first month we'll buy £5000 worth of stock (purchase code S) and pay £500 in rent (purchase code P). Enter this data:

Financialaccounts050421 > PurchasesApr20 > A5 : 06/04/2020
 Financialaccounts050421 > PurchasesApr20 > B5 : Big Cheese Wholesale
 Financialaccounts050421 > PurchasesApr20 > D5 : Cash
 Financialaccounts050421 > PurchasesApr20 > E5 : S
 Financialaccounts050421 > PurchasesApr20 > G5 : 5000
 Financialaccounts050421 > PurchasesApr20 > A6 : 30/04/2020
 Financialaccounts050421 > PurchasesApr20 > B6 : Village Retail Park
 Financialaccounts050421 > PurchasesApr20 > D6 : Cheque
 Financialaccounts050421 > PurchasesApr20 > E6 : P
 Financialaccounts050421 > PurchasesApr20 > G6 : 500

The Purchases sheet should now look like this:

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	0.00	Mileage to date	0	Total for Month	0	5,500.00	0.00	04-Jun-20	5,000.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00
2	Purchase Date	Supplier	Purchase Reference / Invoice Number	Payment method Enter cash, cheque no., DD, credit card	Enter Expense Code Letter m	Enter Mileage on purchases	Total Purchase Value incl Vat	Purchases waiting payment	Purchases number of days outstanding	Stock Purchases	Direct other costs	Employee Costs	Premises Costs	Repairs & Maintenance	Gen Admin Postage Tel & Stationery	Motor Expenses
3																
4	06-Apr-20	Big Cheese Wholesale		Cash	s		5,000.00			5,000.00						
5	30-Apr-20	Village Retail Park		cheque	P		500.00						500.00			
6																
7																
8																
9																

Figure 9 - Entering First Sales and Purchase – Purchases – After entry

Either go back to the home page and click the link for SalesApr20 (or use the tab along the bottom) to navigate to the first month's sales sheet.

	A	B	C	D	E	F	G	H	I	J	K	L
1				Total for Month	0	0.00	0.00	0.00	04-Jun-20	0.00	0.00	
2	Sales Date	Customer Name	Sales Invoice or reference	Receipt record Cash, Bank deposit, Dr Cr Card	Sales Mileage	Gross Sales Value	Other Income (start up grants)	Sales Value not yet received	Number of Days Outstanding	Sub contractors only	CIS Tax Deducted	CIS Certificate reference
3												
4												
5												
6												
7												
8												

Figure 10 - Entering First Sales and Purchase – Sales – Before entry

In the first month we'll just trade for two weeks and to save time here, the weekly takings will be listed as just two entries of £1000. Enter this data:

Financialaccounts050421 > SalesApr20 > A4 : 17/04/2020

Financialaccounts050421 > SalesApr20 > B4 : Cheese sales (wk3)

Financialaccounts050421 > SalesApr20 > D4 : Cash

Financialaccounts050421 > SalesApr20 > F4 : 1000

Financialaccounts050421 > SalesApr20 > A5 : 24/04/2020
 Financialaccounts050421 > SalesApr20 > B5 : Cheese sales (wk4)
 Financialaccounts050421 > SalesApr20 > D5 : Cash
 Financialaccounts050421 > SalesApr20 > F5 : 1000

The Sales sheet should now look like this:

	A	B	C	D	E	F	G	H	I	J	K	L
1				Total for Month	0	2,000.00	0.00	0.00	04-Jun-20	0.00	0.00	
2	Sales Date	Customer Name	Sales Invoice or reference	Receipt record Cash, Bank deposit, Dr Cr Card	Sales Mileage	Gross Sales Value	Other Income (start up grants)	Sales Value not yet received	Number of Days Outstanding	Sub contractors only CIS Tax Deducted	CIS Certificate reference	
3												
4	17-Apr-20	Cheese sale (wk3)		cash		1,000.00						
5	24-Apr-20	Cheese sale (wk4)		cash		1,000.00						
6												
7												
8												

Figure 11- Entering First Sales and Purchase – Sales – After entry

First Stock take

Not all the stock was sold in the first month so after a month end stock take, we'll need to update the stock figures. Either go back to the home page and clicking the link for Purchases Stock (or use the tab along the bottom) to navigate to the Purchases Stock sheet.

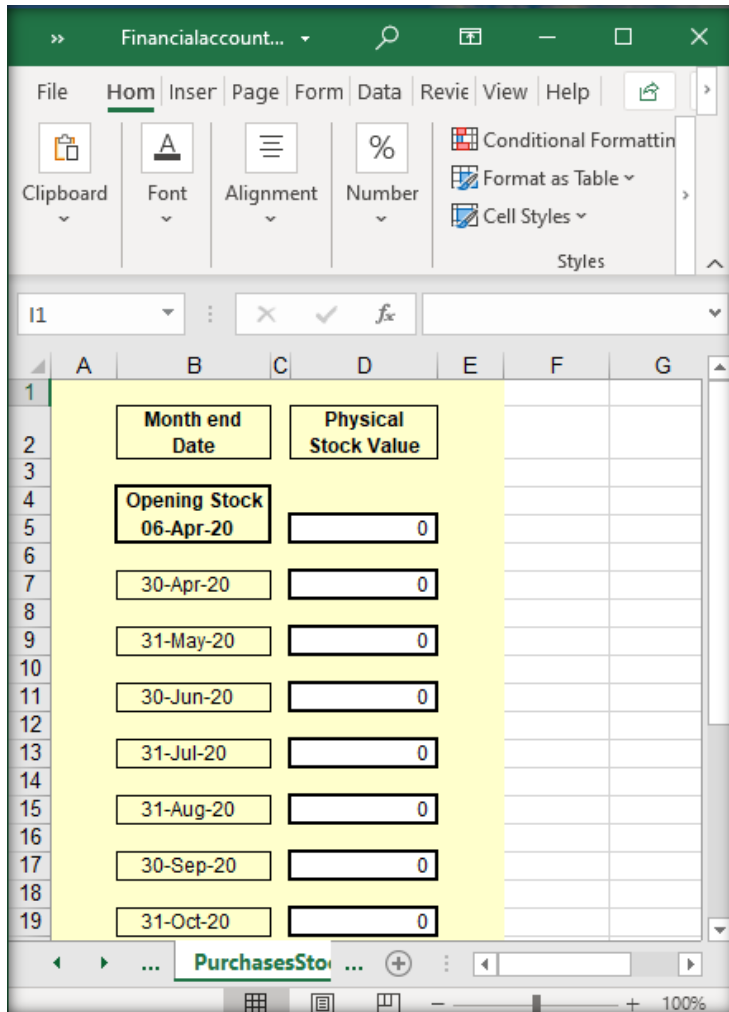


Figure 12 - First Stock take – Before entry

We still have £4000 value of stock from Aprils purchases left so enter this in the stock sheet:

Financialaccounts050421 > PurchasesStock > D7 : 4000

To show as below:

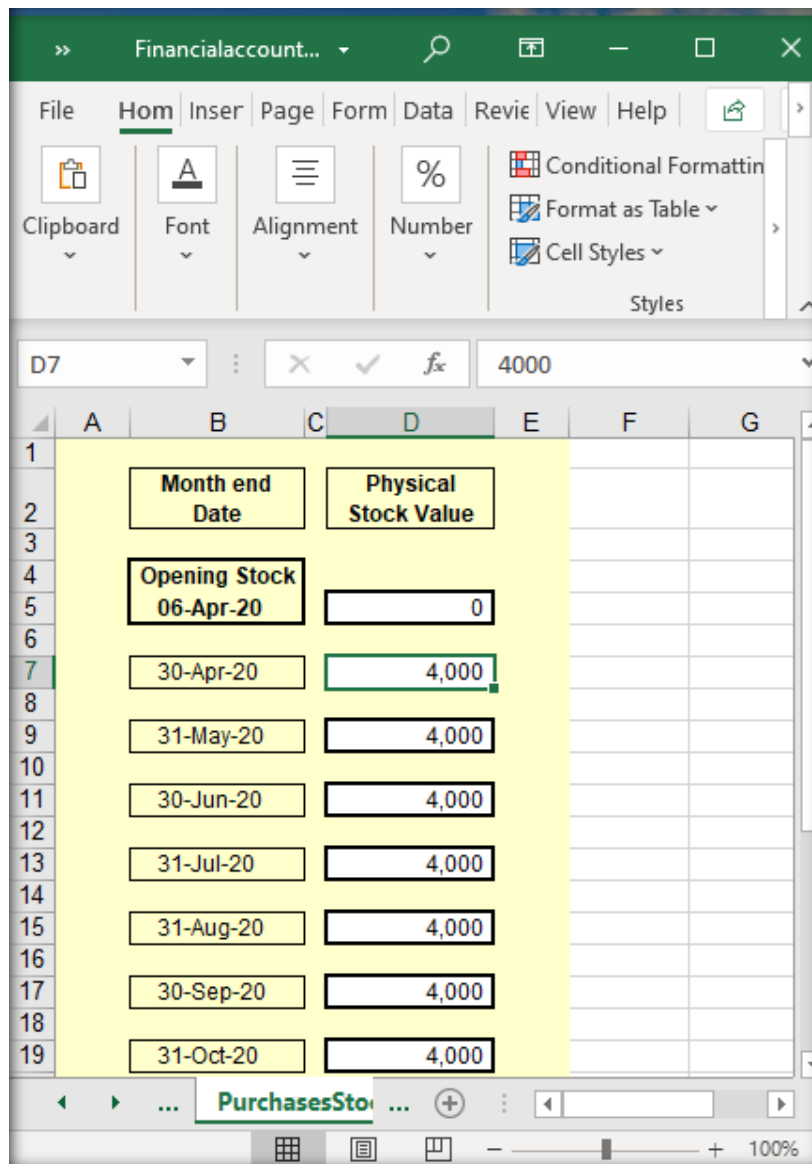


Figure 13 - First Stock take – After entry

First Month End accounts

Check the Profit and Loss by either going back to the home page and click the link for Profit & Loss Acc (or use the tab along the bottom) to navigate to the Profit & Loss Acc sheet.

	TOTAL 2020-21	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
Profit & Loss Account							
Sales Turnover	2,000	2,000	0	0	0	0	0
Cost of sales	1,000	1,000	0	0	0	0	0
Other direct costs	0	0	0	0	0	0	0
Gross Profit	1,000	1,000	0	0	0	0	0
Employee costs	0	0	0	0	0	0	0
Premises costs	500	500	0	0	0	0	0
Repairs	0	0	0	0	0	0	0
General admin expenses	0	0	0	0	0	0	0
Motor expenses	0	0	0	0	0	0	0
Travel & subsistence	0	0	0	0	0	0	0
Advertising & promotion	0	0	0	0	0	0	0
Legal & professional	0	0	0	0	0	0	0
Bad debts	0	0	0	0	0	0	0
Interest, finance charges	0	0	0	0	0	0	0
Other expenses	0	0	0	0	0	0	0
Total Expenses	500	500	0	0	0	0	0
Net Profit/Loss	500	500	0	0	0	0	0
Less Capital Allowances	0						
NET TAXABLE PROFIT	500						
Any Other Business Income	0	0	0	0	0	0	0

Figure 14 - First Month End accounts – Profit and Loss

You'll see a profit of £500 even though £5500 was spent and only £2000 of income was taken. This is because there is still £4000 in stock to sell so the "cost of sale" for the April takings was £1000.

Check the draft Income Tax calculation on the Income Tax sheet.

£500 profit is below the standard personal allowance so no PAYE tax or class 4 National Insurance payments are due.

TAXATION CALCULATION 2020-21		This section an indication and for your information only	
Profit from Self employment	500.00		
Minus Personal Allowance 2020-21	12,500		
Total income on which tax is due	0.00		
Income Tax first band	0	20%	0.00
Income Tax second band	37501	40%	0.00
Income Tax payable	0.00		
Deductions by contractors	0.00		
<i>Amounts Payable by 31 January 2022</i>			
Class 4 NI Contribution Lower - Upper profits	9%		0.00
Class 4 NI Contribution Upper profits	2%		0.00
TOTAL Income Tax & NI Liability			0.00
FUTURE TAX LIABILITY (if over £500)		This section for your information only	
		Amount	

Figure 15 - First Month End accounts – Draft Income Tax calculation

More Sales and Purchases, and Stocktaking

A second month's trading sells some of the original stock for £16,000 and more stock is purchased with £5000 and the monthly rent of £500 is paid.

Entries in Sales for May 2020:

Financialaccounts050421 > SalesMay20 > A4 : 01/05/2020
 Financialaccounts050421 > SalesMay20 > B4 : Cheese sales (wk1)
 Financialaccounts050421 > SalesMay20 > D4 : Cash
 Financialaccounts050421 > SalesMay20 > F4 : 4000
 Financialaccounts050421 > SalesMay20 > A5 : 08/05/2020
 Financialaccounts050421 > SalesMay20 > B5 : Cheese sales (wk2)
 Financialaccounts050421 > SalesMay20 > D5 : Cash
 Financialaccounts050421 > SalesMay20 > F5 : 4000
 Financialaccounts050421 > SalesMay20 > A6 : 15/05/2020
 Financialaccounts050421 > SalesMay20 > B6 : Cheese sales (wk3)
 Financialaccounts050421 > SalesMay20 > D6 : Cash
 Financialaccounts050421 > SalesMay20 > F6 : 4000
 Financialaccounts050421 > SalesMay20 > A7 : 22/05/2020
 Financialaccounts050421 > SalesMay20 > B7 : Cheese sales (wk4)
 Financialaccounts050421 > SalesMay20 > D7 : Cash
 Financialaccounts050421 > SalesMay20 > F7 : 4000

Leaving The May Sales looking like this:

	A	B	C	D	E	F	G	H	I	J	K
1				Total for Month	0	16,000.00	0.00	0.00	04-Jun-20	0.00	0.00
2	Sales Date	Customer Name	Sales Invoice or reference	Receipt record Cash, Bank deposit, Dr Cr Card	Sales Mileage	Gross Sales Value	Other Income (start up grants)	Sales Value not yet received	Number of Days Outstanding	Sub contractors only	CIS Certificate reference
3											
4	01-May-20	Cheese sale (wk1)		cash		4,000.00					
5	08-May-20	Cheese sale (wk2)		cash		4,000.00					
6	15-May-20	Cheese sale (wk3)		cash		4,000.00					
7	22-May-20	Cheese sale (wk4)		cash		4,000.00					
8											
9											
10											

Figure 16 - More Sales and Purchases, and Stocktaking – Sales

Entries in Purchases for May 2020:

Financialaccounts050421 > PurchasesMay20 > A5 : 31/05/2020
 Financialaccounts050421 > PurchasesMay20 > B5 : Village Retail Park
 Financialaccounts050421 > PurchasesMay20 > D5 : Cheque
 Financialaccounts050421 > PurchasesMay20 > E5 : P
 Financialaccounts050421 > PurchasesMay20 > G5 : 500
 Financialaccounts050421 > PurchasesMay20 > A6 : 31/05/2020
 Financialaccounts050421 > PurchasesMay20 > B6 : Big Cheese Wholesale
 Financialaccounts050421 > PurchasesMay20 > D6 : Cash
 Financialaccounts050421 > PurchasesMay20 > E6 : S
 Financialaccounts050421 > PurchasesMay20 > G6 : 5000

Leaving The May Purchases looking like this:

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	0.00	Mileage to date	0	Total for Month	Enter Expense	Enter Mileage	0	0.00	04-Jun-20	5,000.00	0.00	0.00	500.00	
2	Purchase Date	Supplier	Purchase Reference / Invoice Number	Payment method Enter cash, cheque no., DD, credit card	Enter Expense	Enter Mileage	Total Purchase Value	Purchases waiting payment	Purchases number of days outstanding	Stock Purchases	Direct other costs	Employee Costs	Premises Costs	
5	31-May-20	Village Retail Park		Cheque	P		500.00						500.00	
6	31-May-20	Big Cheese Wholesale		cash	S		5,000.00			5,000.00				

Figure 17 - More Sales and Purchases, and Stocktaking – Purchases

The May stock purchase is not sold and there remains £3000 in stock from April so the stock take will show £8000 in stock:

Enter:

Financialaccounts050421 > PurchasesStock > D9 : 8000

To show:

File Home Insert Page Layout Formulas Data Review						
F10		X ✓ fx				
	A	B	C	D	E	F
1		Month end Date	Physical Stock Value			
2						
3						
4		Opening Stock				
5		06-Apr-20	0			
6						
7		30-Apr-20	4,000			
8						
9		31-May-20	8,000			
10						
11		30-Jun-20	8,000			
12						
13		31-Jul-20	8,000			

Figure 18 - **More Sales and Purchases, and Stocktaking** – Stocktaking

More Month End accounting

With 2 months of trading the business is now showing a Net profit of £15,000. Check the Profit and Loss Account:

File Home Insert Page Layout Formulas Data Review View Help							
E6		=PurchasesMay20!\$J\$1+PurchasesStock!\$D\$7-					
	A	C	D	E	F	G	H
1	Profit & Loss Account	TOTAL	Apr-20	May-20	Jun-20	Jul-20	Aug-20
2	2020-21						
4	Sales Turnover	18,000	2,000	16,000	0	0	0
6	Cost of sales	2,000	1,000	1,000	0	0	0
7	Other direct costs	0	0	0	0	0	0
9	Gross Profit	16,000	1,000	15,000	0	0	0
11	Employee costs	0	0	0	0	0	0
12	Premises costs	1,000	500	500	0	0	0
13	Repairs	0	0	0	0	0	0
14	General admin expenses	0	0	0	0	0	0
15	Motor expenses	0	0	0	0	0	0
16	Travel & subsistence	0	0	0	0	0	0
17	Advertising & promotion	0	0	0	0	0	0
18	Legal & professional	0	0	0	0	0	0
19	Bad debts	0	0	0	0	0	0
20	Interest, finance charges	0	0	0	0	0	0
21	Other expenses	0	0	0	0	0	0
22	Total Expenses	1,000	500	500	0	0	0
24	Net Profit/Loss	15,000	500	14,500	0	0	0
26	Less Capital Allowances	0					
28	NET TAXABLE PROFIT	15,000					
30	Any Other Business Income	0	0	0	0	0	0
32	Income Tax	500					
33	National Insurance	495					
35	Net Income after Tax	14,005					
37	Enter Drawings (optional)	0					

Figure 19 - More Month End accounting – Profit and Loss

Some of the profits could be taken as “Drawings” from the business but some money will need to be set aside for taxation. The final personal taxation tax bill will take into consideration other factors such as charity donations or income from other sources. The income tax calculation only looks at the business income to provide a useful guideline:

Financialaccountsto05... Tunde Peter TP

File Home Insert Page Layout Formulas Data Review View Help

E10 $=SUM(E8:E9)$

TAXATION CALCULATION 2020-21		This section an indication and for your information only	
Profit from Self employment			15,000.00
Minus Personal Allowance 2020-21			12,500
Total income on which tax is due			2,500.00
Income Tax first band	0	20%	500.00
Income Tax second band	37501	40%	0.00
Income Tax payable			500.00
Deductions by contractors			0.00
<i>Amounts Payable by 31 January 2022</i>			
Class 4 NI Contribution Lower - Upper profits		9%	495.00
Class 4 NI Contribution Upper profits		2%	0.00
TOTAL Income Tax & NI Liability			995.00

Figure 20 - More Month End accounting – Draft Income Tax calculation

Back on the profit and loss we can see the amount of income available for drawings:

NET TAXABLE PROFIT	15,000	
Any Other Business Income	0	0
Income Tax	500	
National Insurance	495	
Net Income after Tax	14,005	
Enter Drawings (optional)	0	

► ...

Profit & Loss Acc

Income ..