



PesaPlan Learning Hub – Business Finance Guide

Introduction to Business Finance

Business finance is about **managing money in a business context**: acquiring, using, and growing funds. For SMEs in Kenya, poor financial planning is one of the top reasons businesses fail.

- **Personal vs business finance:** Mixing them creates confusion and tax issues.
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Sources of Business Finance

- **Bootstrapping:** Use personal savings to start small.
 - **Bank loans:** Require collateral, but structured.
 - **Grants & competitions:** Offered by NGOs or accelerators.
 - **Angel investors/VCs:** For scalable startups.
 - **SACCOs & chamas:** Community lending with flexible terms.
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Step-by-Step Guide: Managing Business Finances

1. Open separate business accounts.
 2. Record all income & expenses — even small ones.
 3. Prepare monthly **cash flow statements**: Track inflows/outflows.
 4. Budget for reinvestment: Don't consume all profits.
 5. Save for taxes: Avoid penalties with KRA.
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Scaling Up

- Reinvest profits: E.g., restock inventory.
- Leverage affordable loans: Use them for expansion, not consumption.
- Use tech tools: POS systems (like KopoKopo), QuickBooks, or Excel.
- Plan growth: Expand only with a strategy, not just ambition.