

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 has, 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 owns. 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.

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.

- **Financial Records:** Any written way of keeping track of money flowing into and out of your business, whether in the form of cash or credit.
- **Financial Record-keeping:** The process of keeping track of the transactions of your business in monetary terms.
- **Financial Statements:** documents providing information on how the business is going financially. Financial statements organize the information generated by a business into structured formats so as to help you make important planning decisions.
- **Income Statement:** is a historical statement covering a specific period of time and tells you whether a business made a profit or incurred a loss during this time.
- **Indirect Expenses:** Those that do not vary closely with the level of sales, roughly the same as “fixed costs.”
- **Liabilities:** What the business owes, the debts that the enterprise has and which have not been paid by the date the balance sheet is prepared.
- **Net Income:** The amount of money that is left after you have subtracted all expenses from revenues, also known as profit.
- **Revenue:** Money received (or to be received) by a business for goods and services rendered over a given period of time.

Why is financial management important for a midwife?

- **Planning** future steps in business
- Making better business **decisions**
- **Understanding** what really is happening in the business
- Being able to provide **better information** when necessary

Who are the users of the financial information?

First and foremost you, who own and run your business, can use financial information to manage the midwife business. Also, you have to have well-organized financial information for external users, for example, tax authorities and lenders.

Why are we interested in financial statements?

Financial information provides understanding of what is going on financially in the business. Financial statements allow midwives to sort through the large amount of information generated by a business, and to organize it in a meaningful way. These statements provide essential information that enables you to choose actions that will help direct the business's activities successfully. Financial information is like a map of what is going on in your business. It needs to be used in decision-making to take action.

“Just like we keep patient records to know how they are doing and to know whether there is risk of complications and to be able to communicate with others the status of our patient. We need to keep these records for the same purposes for our business.”

- Jean, Private Midwife Clinic Owner, Quezon City
August 22, 2005

Keeping Financial Records

You don't need to be an accountant to keep financial records, and you don't need to hire one! Keeping financial records means organizing and tracking financial information in a way that is consistent and easy to understand – and preferably in a way that will enable you to construct financial statements when necessary.

How to Keep Financial Records

– A Step-By-Step Guide for Midwives



Midwife business owners are extremely busy people with a lot of details to keep track of on a regular basis – details about their clients, details about their families' needs and schedules, and details about their businesses. While many try, it is difficult to keep track of all these details in your head, particularly when it comes to financial information. When you are ready to apply for a loan, it is absolutely necessary to begin keeping track of financial information in an orderly fashion.

Step 1 – The Transaction

A transaction is an activity that takes place in your business.

For example, on July 1 Maria purchased a tricycle for P270,000. She paid for this with cash. This was one transaction. On July 3, she purchased a bed for the clinic, which she paid for partly by cash and partly through a short-term loan. This is another transaction.

These transactions, as well as any other happening in your business need to be recorded. Since it is likely that there will be many of them, there needs to be an orderly way to do this.

Step 2 – The Simple Accounting Worksheet

Accountants keep a complex system of financial records for big businesses. However, numerous smaller ones often either do not have access or can hardly afford such professional services. Hence, we propose a simple but efficient format that will help you keep your records in order and to never lose track of what is happening in your business.

The financial position of your business is reflected in the financial statements – the Balance Sheet and the Income Statement. These statements are prepared using information about your transactions. The Simple Accounting Worksheet for Midwives is organized in a way that will correspond to the lines (called accounts) in these statements.



When writing your financial records, it may be helpful to use colored pencils or pens to keep track – blue for positive numbers, or cash inflows, and red for negative numbers or cash outflows, for example. Or put negative numbers (cash outflows) in parenthesis.

How to Use the Midwives' Simple Accounting Worksheet

The worksheet has two major sections – one contains lines (or accounts) from the **Income Statement** and the other from the **Balance Sheet**.

Records in the Worksheet should be entered daily. Each transaction entered into the worksheet should be documented – either by a receipt, an invoice or other document that confirms the transaction.

For Every Transaction:

1. First column: record the **date** when the transaction occurs.

2. Second column: record the **amount** of the cash involved in the transaction. When you receive money - cash in – record the amount received. When you have an expense – cash out – record the amount paid.
3. Third column: record the amount of the transaction **if it is an income statement account** (income or expense). The amount of the transaction must be recorded in the appropriate account column.
4. Fourth column: record the amount of the transaction **if it is a balance sheet account** (asset, liability, equity). The amount of the transaction must be recorded in the appropriate account column.
5. We need to carefully analyze how to correctly reflect any transaction in the Worksheet so this information gets into financial statements and fully describes changes. Depending on the transaction it could be recorded as an income statement account and a balance sheet account. For example:

- *We paid P500*

In order to

- *Receive P500 worth of bandages*

Two things happened – our cash decreased by P500 **BUT ALSO** our supplies increased by a box of bandages.

Changes happened to two lines (or accounts) – **cash out** (less P500) and **supplies** (plus P500).

In business, money is paid in order to achieve some result – very much like a cause and effect relationship. We pay to obtain materials, equipment, and electricity, to meet obligations necessary to conduct our business. Likewise, we are paid for the provision of some services or goods: *for example, a woman paid us delivery fee of P4,500* – we performed P4,500 worth of work (**deliveries fees** account) which brought us P4,500 in actual money (**cash in**).

Using the Simple Accounting Worksheet we can easily record all the transactions happening in our business.

Step 3 – Create Financial Statements

You can use the information on your Simple Accounting Worksheet to create an Income Statement, Balance Sheet, and Cash Flow Statement, depending on your needs.

Examples to learn from

Follow the examples below of two midwives, and their businesses, to better understand how this Simple Accounting Worksheet can be used. As you read each thing that happens in their businesses, try to find where these transactions are entered on the Simple Accounting Worksheet.

At the end of each example, look at the Income Statement, Balance Sheet and Cash Flow Statements. Check and see if you can find where the information comes from in each example. Ask yourself: which business is doing better?

Example 1: Lourdes Uses the Simple Accounting Worksheet

Lourdes is a midwife who has just started her own private midwife practice from a home-based practice. She named her business “Our Lady of Lourdes Maternal Care Center.”

Some of the business transactions she encountered during her first days of operations are listed below. See how the following transactions are recorded on the Simple Accounting Worksheet.

1. Lourdes invested in her private midwife practice personal savings amounting to P60,000. This was on June 1.
2. On June 2, Lourdes purchased medical equipment from Leo’s Medical Inc. located at Caloocan City amounting to P30,000 paid only half of the amount and promised to pay the other half after one month. It was estimated that the medical equipment will be used for 10 years.
3. Lourdes purchased on cash, 80 pieces family planning supplies for sale at P7 each or a total of P560 on June 3.
4. On June 4, she also purchased on cash, medicines to be used in deliveries amounting to P1,500.
5. On June 5, a client came and purchased on cash, two (2) family planning products at P10 each or a total sales of P20. The cost of each family planning product is P7/ each or total of P14.
6. On June 6, a mother named Linda Cabrera who is living at San Juan, Manila came and gave birth at Lourdes’s clinic, Lourdes charged the patient professional fee of P2,500. Medicines used for this delivery amounted to P680. Linda did not pay anything and promised to return after a week to pay her obligations.

7. That same day, Lourdes received water bill from Maynilad Water amounting to P350. No payment has been made yet.
8. On June 7, she received and paid electric bill to Meralco amounting to P1,200.
9. Pre natal consulting services performed and collected during that day amounted to P800. These included the basic charge for the consults (P600 in total) plus nutritional counseling for two women (P75 each) and a birth plan for one woman (P50).
10. On June 9, Lourdes pays the water bill in transaction number 7.
11. On June 10, Linda Cabrera's husband came and paid her obligations. (Refer to transaction no. 6)
12. Lourdes needs to pay the educational trip of her son Jojo amounting to P350 on June 11. Lourdes used the business money in paying this.
13. On June 12, Uncle Christian gave Lourdes P30,000 as a gift, on the condition that she use the money in her business. He does not expect Lourdes to pay the money back. Lourdes plans to use this money to pay her debt to the equipment supplier and save the rest for her future plans for refurbishing her clinic.(see transaction no.2)

Simple Accounting Worksheet for Midwives: Lourdes Answer Sheet

DATE	CASH		Income Statement																	Balance Sheet						Remarks					
	IN	OUT	Family planning counseling fees	Family planning services	Sale of family planning products	Pre natal consultation	Post Natal Consultation	Other Maternal Care Services	Child Care Products and Services	Deliveries (birth) fees	Fees for other services	Sales of other products	Wages (midwife, cleaner, etc.)	Rent	Telephone	Water, Electricity	Transportation	Other Expenses	Cost of stocks/inventory for sale	Cost of Supplies	Accounts Receivable	Inventory for sale	Other Current Assets (Supplies)	Medical equipment (cost)	Other assets		Liabilities (debts)	Capital			
6/1	60,000																											60,000			
6/2		(15,000)																									30,000		15,000	Owe Leo P15,000 on 6/12.	
6/3		(560)																											560		80 condoms
6/4		(1,500)																											1,500		Medicines for deliveries
6/5	20				20															(14)									(14)		
6/6										2,500											(680)								2,500	(680)	Linda C owes me P2,500
6/6																(350)															Water bill due
6/7		(1,200)														(1,200)															Electric paid
6/7	800					800																									2 nutrition consults 1 birth plan
6/9		(350)																													Water bill paid
6/10	2,500																												(2,500)		Linda C paid up
6/11		(350)																													Jojo's trip
6/12	30,000																														Thank Uncle C!
TOTAL	93,320	(18,960)			20	800				2,500						(1,550)				(14)	(680)	0	546	820	30,000		15,000	89,650			



Financial statements can be prepared based on the Simple Accounting Worksheet

Below you can see how to prepare these financial statements from information in Lourdes' worksheet.

Look at Lourdes' Income Statement below. See if you can see where each of the numbers came from on the Simple Accounting Worksheet.

Do the same for the Balance Sheet and Cash Flow.

Important note on the Balance Sheet and Cash Flow Statements

When you create your own balance sheet using the Simple Accounting Worksheet, be sure to add carry-over items from previous periods. For example, if you purchased a facility last year, the value should still be on your balance sheet even though it isn't recorded in this month's Simple Accounting Worksheet. The same would go for debts that have been incurred or are owed to you from previous periods.

With the Cash Flow Statement, be sure to enter in the starting balance of cash, which would be what was left at the end of the previous period, and wouldn't be on the Simple Accounting Worksheet for the current period.

Our Lady of Lourdes Maternal Care Center
Income Statement
June 30, 2007

	Monthly
REVENUES (Income)	
Deliveries (births)	2500
Family Planning Services	
Counseling	
Injection for Family Planning	
IUD	
Other Family Planning Services	
Maternal Child Care Services	
Pre-Natal Consultation	600
Tetanus Toxoid Vaccination	
Birth Plan Development	50
Nutrition Information for Pregnant and Lactating Women	150
Post-natal Consultation	
Other Maternal Care Services	
Treatment of Child Diarrhea	
Newborn Screening	
Other Child Care Services	
Family planning products	20
Other services	
Other products	
Interest on deposits	
TOTAL REVENUES (Income)	3320
EXPENSES	
Cost of Medical Supplies	680
Cost of Stocks (Family planning products, drugs, vitamins for sale)	14
Wages (midwife, cleaner, etc.)	
Rent	
Water	350
Electricity	1200
Telephone	
Forms / Stationery/ Brochures	
Insurance fees	
Transportation	
Training fees	
Interest Expense	
Other Expenses	
TOTAL EXPENSES	2244
EARNINGS (LOSS) BEFORE TAXES	1076
Income Tax Expense	
NET INCOME (LOSS)	1076

**Our Lady of Lourdes Maternal Care Center
Balance Sheet
June 30, 2007**

ASSETS		LIABILITIES	
Current assets		Current liabilities	
Cash	P74,360	Short-term borrowings	
Accounts Receivable	0	Accounts Payable	15,000
Interest-bearing deposits		Income Tax Payable	
Inventory	546	Other Current Liabilities	
Supplies	820		
Other Current Assets			
A. Sub-total Current Assets	75,726	C. Subtotal Current Liabilities	15,000
Non-Current Assets		Long-term liabilities	
Equipment (cost)	30,000	Long Term Debt	
(Less: Accumulated Depreciation)		Other Liabilities	
Net Fixed Assets and equipment		D. Sub-total long-term liabilities	
Building(s)			
Land		E. TOTAL LIABILITIES (C + D)	
Other Assets		EQUITY	
B. Sub-total Non-Current Assets	30,000	Contributions from owner	90,000
		Previous years' accumulated profit/loss	
		Current year profit/loss	1,076
		Withdrawals for personal use	(350)
		F. TOTAL EQUITY	90,726
TOTAL ASSETS (A+B)	P105,726	TOTAL LIABILITIES + EQUITY (E+F)	P105,726

**Our Lady of Lourdes Maternal Care Center
Cash Flow Statement
June 30, 2007**

A. BEGINNING BALANCE	-			
B. CASH IN:				
Cash from owner	90,000			
Cash from debtors	2,500			
Cash in from services	800			
Cash in from sales	20			
C. TOTAL CASH IN (A+B)	93,320			
CASH OUT:				
Cash Out for Investment	15,000			
Cash Out for Labor				
Cash Out for Materials/inventory	560			
Cash out Supplies	1,500			
Cash out for operation	1,550			
Loan Repayment- Interest				
D. TOTAL CASH OUT	18,610			
E. CASH END OF PERIOD (Total Cash In – Total Cash out) {C-D}	74,710			
F. FUNDS FOR FAMILY	(350)			
G. CASH END OF PERIOD (after family expenses, becomes beginning balance for the next period) {E-F}	P74,360			

Example 2: Tender Loving Care Maternal Clinic

Antonia Santiago, is a midwife who would like to set up her new clinic. She thinks of a name and realized that “Tender Loving Care Maternal Clinic” best describes her customer service. During the set up and operations which happened on the Month of September 4, 2007 she encountered the following transactions and situations:

- Sept 4 Antonia withdrew her personal savings account amounting to P50,000 and invest it in her new business “Tender Loving Care Maternal Clinic”
- Sept 5 Antonia noticed that she had an old set of medical equipment costing P15,000 which she can bring in her new clinic to start of.
- Sept 5 Antonia went to the national health insurance office to find out the necessary documents for her to be accredited. She incurred a transportation expense amounting to P150
- Sept 6 She purchased inventory for sale amounting to P3,000 which comprise of 300 units of family planning products or a unit cost of 10 each and medical supplies worth P5,000.
- Sept 7 Mrs. Claire Cortez gave birth at TLC Maternal Clinic, Antonia charged the patient professional fee of P3,500. Medicines used for this delivery amounted to P750. Before the discharge, the patient managed to pay Antonia and was very happy for the services.
- Sept 8 A customer came and asks Antonia regarding birth control. Antonia gave advice regarding different methods of birth control and charged the customer P100 for the consultation.
- Sept 8 The same customer followed the advise of Antonia and purchased 5 cycles FP products with a selling price of P20 each. The cost of each FP was P10 each.
- Sept 9 Received electric bill amounting to P300, Antonia advised the collector to come back next week for the payment.
- Sept 10 A patient named Silvia comes in asking for pre natal check up. Antonia charged the patient P150 for the check up.
- Sept 15 Antonia purchased sterilizer amounting to P3,500 because she thinks that she needs to replaced her old one. Since the supplier of the sterilizer is her friend she managed to pay half of the amount only and the remaining balance will be paid after one month

- Sept 16 Antonia was informed regarding new technical skills for the midwife training and attended the same. The cost of the training was P500.
- Sept 17 Antonia received water bill amounting to P650 and managed to pay it on the same date
- Sept 18 Cely Lazaro, new patient referred by Claire Cortez, gave birth to TLC Maternal Clinic. Antonia charged her P4,500 because the delivery took a very long time and she used medical supplies amounting to P950. Cely Lazaro managed to pay her P2,000 only and promised Antonia that the remaining balance will be paid after two weeks.
- Sept 20 Antonia withdrew money from her business for family foods amounting to P1,000.
- Sept 22 Antonia thinks that she needs to purchase stationery for the business and thinks of getting it done next week. She budgeted an amount for this amounting to P100.

Simple Accounting Worksheet for Midwives: Tender Loving Care Maternal Clinic

DATE	CASH		Income Statement																	Balance Sheet						Remarks			
	IN	OUT	Family planning counseling fees	Family planning services	Sale of family planning products	Pre natal consultation	Post Natal Consultation	Other Maternal Care Services	Child Care Products and Services	Deliveries (birth) fees	Fees for other services	Sales of other products	Wages (midwife, cleaner, etc.)	Rent	Telephone	Water, Electricity	Transportation	Other Expenses	Cost of stocks/inventory for sale	Cost of Supplies	Accounts Receivable	Inventory for sale	Other Current Assets (Supplies)	Medical equipment (cost)	Other assets		Liabilities	Capital	
9/4	50,000																											50,000	
9/5																								15,000				15,000	equipment
9/5		(150)															(150)												PhilHealth visit
9/6		(3,000)																					3,000						300 cycles OC
9/6		(5,000)																						5,000					
9/7	3,500								3,500											(750)									
9/8	100		100																										
9/8	100				100																		(50)						5 cycles sold
9/9																(300)										300			Electric - to pay next week
9/10	150					150																							Sylva
9/15		1,750																						3,500		1,750			Sterilizer, need to pay rest by 10/10
9/16		500																(500)											training
9/17		650														(650)													Water paid
9/18	2,000								4,500											(950)	2,500		(950)						Cely to pay P2,500 in 2 wks
9/20		1,000																									(1,000)	Groceries, etc.	
TOTAL	55,850	12,050	100		100	150				8,000						(950)	(150)	(500)		(1,700)	2,500	2,950	3,300	18,500		2,050	64,000		

Tender Loving Care Maternal Clinic Income Statement

	Monthly
REVENUES (Income)	
Deliveries (births)	8000
Family Planning Services	
Counseling	100
Injection for Family Planning	
IUD	
Other Family Planning Services	
Maternal Child Care Services	
Pre-Natal Consultation	
Tetanus Toxoid Vaccination	
Birth Plan Development	
Nutrition Information for Pregnant and Lactating Women	
Post-natal Consultation	
Other Maternal Care Services	
Treatment of Child Diarrhea	
Newborn Screening	
Other Child Care Services	
Family planning products	100
Other services	150
Other products	
Interest on deposits	
TOTAL REVENUES (Income)	8350
EXPENSES	
Cost of Medical Supplies	
Cost of Stocks (Family planning products, drugs, vitamins for sale)	50
Wages (midwife, cleaner, etc.)	
Rent	
Water	650
Electricity	300
Telephone	
Forms / Stationery/ Brochures	
Insurance fees	
Transportation	150
Training fees	500
Interest Expense	
Other Expenses	
TOTAL EXPENSES	3350
EARNINGS (LOSS) BEFORE TAXES	
Income Tax Expense	
NET INCOME (LOSS)	5000

**Tender Loving Care Maternal Clinic
BALANCE SHEET**

ASSETS		LIABILITIES	
Current assets		Current liabilities	
Cash	43800	Short-term Loans	
Accounts Receivable	2500	Accounts Payable	2050
Inventory/Stocks	2950		
Supplies	3300		
Sub-total Current Assets	52550	Subtotal Current Liabilities	2050
Non-Current Assets		Long-term liabilities	
Equipment (cost)	18500	Long Term Loan	
Buildings		Sub-total long-term liabilities	
Land			
		TOTAL LIABILITIES	2050
		EQUITY	
Sub-total Non-Current Assets	18500	Contributions from owner	65000
		Previous years' accumulated profit/loss	
		Current year profit/loss	5000
		Withdrawals for Personal Use	(1000))
		TOTAL EQUITY	69000
TOTAL ASSETS	71050	TOTAL LIABILITIES + EQUITY	71050

Tender Loving Care Maternal Clinic Cash Flow Statement

	June	July	August	September
A. BEGINNING BALANCE				
B. CASH IN:				
Cash from owner	50,000			
Cash from debtors				
Cash in from services	5750			
Cash in from sales	100			
C. TOTAL CASH IN (A+B)	55,850			
CASH OUT:				
Cash Out for Investment	1750			
Cash Out for Labor				
Cash Out for Materials/inventory	8000			
Cash out Supplies	1,500			
Cash out for operation	1300			
Loan Repayment- Interest				
D. TOTAL CASH OUT	11050			
E. CASH END OF PERIOD (Total Cash In – Total Cash out) {C-D}	44800			
F. FUNDS FOR FAMILY	(1000)			
G. CASH END OF PERIOD (after family expenses, becomes beginning balance for the next month) {E-F}	43,800			

Midwife Schedule of Financial Reporting

Name of Statement	Description of the Statement	Where You Get the Information	When The Statement Should Be Compiled
Simple Accounting Worksheet	A record of ALL your businesses' financial transactions	This is a record of all your transactions. Everyday you need to record when someone pays you, when you pay for something, receivables, and payables.	Everyday
Income Statement	Captures the revenues and expenses of your business for a specified period of time	The information for the income statement comes from the Accounting Worksheet. At the end of every month you can take the total amounts recorded in your Worksheet income statement columns and transfer this to the income statement.	Monthly
Balance Sheet	Is a picture of everything the business owns, has, and owes on a specific day	The information for the balance sheet comes from the Accounting Worksheet. At the end of every month you can take the total amounts recorded in your Worksheet balance sheet column and transfer this to the income statement.	Monthly
Cash Flow Statement	A record of the inflow and outflow of the businesses' cash	The information for the cash flow statement comes from the Accounting Worksheet. At the end of every month you can take the total amounts recorded in your Worksheet cash in and cash out column and transfer this to the income statement.	Weekly/Monthly

Now it is your turn!

Do you think that this Simple Accounting Worksheet can help you?

Print out blank Simple Accounting Worksheets and try to use it for one month.

At the end of the month, create an income statement, balance sheet and/or cash flow statement for your own business. Ask yourself:

- Does anything surprise you?
- What have you learned that you didn't know before using the Simple Accounting Worksheet?