

Financial Management

Prosopis Firewood Business

Personal Finance

1. Importance of Personal Financial Management

- a. Provide for personal and family needs
- b. Track personal income and employment goals
- c. Allocate money for saving, spending, and emergency funds

2. Questions to consider for **Personal Finances**

Answering these questions will help you determine how to guide your personal finances

- a. Where do you keep your money?
- b. Do you have any investments?
- c. What contributes to household income?
- d. How do you save money?
- e. Do you have any insurance?
- f. How many people do you support?
- g. What type of budget do you keep for yourself?

3. Questions to consider for **Sources of Income**

Answering these questions will help you determine which sources of income you can rely on for your Personal Financial Management Plan.

- a. What **active** sources of income are available to you?
 - i. Active sources of income come from **salary** or **business income**
- b. What **passive** sources of income are available to you?
 - i. Passive sources of income come from **inheritance, pension, savings, or investments**

4. Questions to consider for **Personal Expenses**

Answering these questions will help you understand where you are spending the money that you are making.

- a. What **fixed expenses** do you have?
 - i. Fixed expenses are **the same every month** (rent, water bill, electric bill)
- b. What **variable expenses** do you have?
 - i. Variable expenses **occur frequently** and are generally **necessities** (food, clothing)
- c. What **discretionary expenses** do you have?
 - i. Discretionary expenses are for items that are **not necessary** or **'wants'**

Needs	Wants
<ul style="list-style-type: none">• Food• Accommodation• Clothes• Time with family• Transportation• Cell phone	<ul style="list-style-type: none">• Eating out• Owning a house• Jewelry/luxury items• Owning a car• Advanced cell phone

Financial Management

Prosopis Firewood Business

5. Budgeting

- a. What is **budgeting**?
 - i. Putting parts of your income toward different expenses.
- b. How to **effectively budget your monthly income**:
 - i. Understand how much of your monthly income is needed for **fixed expenses**. This will not change monthly and will often be due the same time each month.
 - ii. Anticipate how much of your monthly income is needed for **variable expenses**. This will be approximately the same each month.
 - iii. Decide how much of your monthly income you would like to spend on **discretionary expenses**. Remember that these are not always necessary, so can often be avoided.
 - iv. Put the rest of you monthly income into **savings**. This way, if unanticipated costs emerge, you can pay for them without being in debt.
 - v. Review budget routinely

6. Saving

- a. What is **saving**?
 - i. Committing to not spend a certain portion of your monthly income in case unexpected costs arise
- b. What costs might savings be used for?
 - i. Emergencies, future educational needs, unplanned events, buying something new, starting a business, investment, holiday, old age
- c. Why save?
 - i. Control finances and future, meet obligations, wealth, business success, simpler life, as you grow older need more money

7. Spending: How to spend **wisely**

- a. Buy only what you can afford
- b. Keep up with savings
- c. Do not put yourself or family at risk by purchasing items you cannot afford

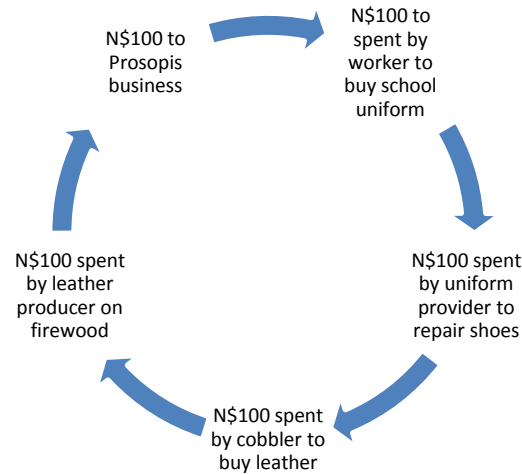
Business Finance

1. Local economic development

- a. If N\$100 comes into Prosopis Firewood business, how might it cycle through community?

Financial Management

Prosopis Firewood Business



2. Business vs. Personal Finances

- a. It is crucial to **separate** business from personal finances!

Do	Do NOT
<ul style="list-style-type: none"> • Have separate bank accounts for yourself and for business • Separate profits from business from your personal income • Only pay yourself the same as all other employees • Share financial statements with other managers and accountant • Keep financial record of all business transactions • Record all money that the business spends • Reimburse employees for spending money on behalf of the business (buying tools, etc.) • Pay employees regularly and appropriately • Keep timesheets so that you know how much to pay employees • Keep extra profits from sales in savings in case the business ever needs it 	<ul style="list-style-type: none"> • Combine your personal bank account and the business' bank account • Combine your income with business income • Take money from the business' profits • Pay yourself more than the other employees • Keep business finances private • Forget to record business transactions • Forget to document where the business is spending money • Forget to document what money is being spent on • Withhold paying employees appropriate salaries • Guess how much you owe employees • Use business profits for your personal gain • Spend all of the money that the business makes on unnecessary items

3. Financial bookkeeping

- a. Record what money **enters** and **exits** the business' bank account
 - i. Reduce any confusion about money flow
 - ii. Ensure that all money is being spent correctly
 - iii. Ensure that employees are all paid appropriately
 - iv. Check that customers are paying correct amount for firewood

Financial Management

Prosopis Firewood Business

- b. How to fill out template (see above)
 - i. Start each new template on a new line
 - ii. Record date of transaction so that all managers know when transaction occurred and transaction can be tracked later
 - iii. Mark an “x” under “Withdrawal” or “Deposit” to indicate which type of transaction took place
 - iv. Describe what the transaction was (ex: Employee Salaries, Bought new Chainsaw, Payment from Sakkie for 34 tons of firewood, etc.)
 - v. Describe who was involved in transaction (ex: business and hardware store in Mariental, business and GVC)
 - vi. Mark an “x” under “Cash,” “Check,” or “Direct Deposit” to indicate how transaction was made
 - vii. Record how much money was involved in transaction. **(+)** indicates that money was added to bank account and **(-)** indicates that money was taken from bank account
 - viii. Add or subtract amount from **vii.** to determine how much money is remaining in account.
 - ix. Check your financial records with the bank monthly to ensure that amounts are the same.
4. Purchasing Contracts
 - a. Record what is being purchased for business
 - i. Keep track of business expenses and their frequency
 - ii. Track who purchases items for business
 - iii. Appropriately reimburse employees for spending personal money on business items
 - iv. Ensure that managers approve of what is being purchased

Purchasing Contract – Prosopis Harvesting Group

Name: i.	ID NO: i.
Date: i.	

Item(s) to be Purchased	Amount Requested (N\$)	Anticipated Date of Purchase
ii.	ii.	iii.
Total	ii.	

Signature

Team member: v.	Team leaders: vi.
Comments: vii.	

- b. How to fill out template (see above)
- i. Employee who is purchasing item fills out Name, ID, and Date of request
 - ii. Employee who is purchasing item lists what they are purchasing and how much they would like to request for the purchase. Use a new line for each proposed item. Total amount to be spent at bottom of form.
 - iii. Employee who is purchasing item identifies when they intend to make purchases
 - iv. Employee who is purchasing item and team leaders discuss purchases to check that **prices are appropriate and items are necessary**
 - v. Employee who is purchasing item fills signs off on contract, acknowledging agreement
 - vi. All team leaders sign off on contract, acknowledging agreement
 - vii. Any additional comments written

Financial Management

Prosopis Firewood Business

5. Proof of Purchase

a. Document what was purchased

- i. Remember who needs to be reimbursed for their purchase
- ii. Collect receipts for what was purchased
- iii. Ensure that employees are only using company money to purchase company items

Proof of Purchase – Prosopis Firewood Business

i. **ATTACH RECEIPT(S) FROM PURCHASES TO THIS FORM**

Name: ii.	ID NO: ii.
Date: ii.	

Item Purchased	Amount Spent (\$)	Date of Request	Date of Purchase
iii.	iii.	iv.	iv.
Total	iii.		

Signature

Team member: vi.	Team leaders: vii.
Comments: viii.	

b. How to fill out template (see above)

- i. ATTACH ALL PURCHASING RECEIPTS TO FORM OR DO NOT EXPECT A REIMBURSEMNT
- ii. Employee who purchased item fills out Name, ID, and Date

Financial Management

Prosopis Firewood Business

- iii. Employee who is purchasing item lists what they purchased and how much they actually spent on purchase. Use a new line for each proposed item. Total amount actually spent at bottom of form.
 - iv. Employee who is purchasing item identifies when they requested funds and when they purchased the items
 - v. Employee who purchased items and team leaders discuss check over purchases so that item is accounted for
 - vi. Employee who is purchasing item fills signs off on contract, acknowledging that item is property of Prosopis Firewood business
 - vii. All team leaders sign off on contract, acknowledging that item is property of Prosopis Firewood business and that employee will be reimbursed
 - viii. Any additional comments written
6. Paying Employees
- a. Pay employees every week
 - b. All employees (including managers) should be paid \$250/wk (\$50/day)
 - c. If employee works half day, should be paid \$25 for that day
 - d. If employee is absent, should not be paid during
 - e. This allows for some savings, budget for salaries can be increased as profits increase
7. Getting a loan from SME Bank
- a. In case Prosopis Firewood business does not have enough funding to get through startup costs
 - b. Products and services
 - i. Working capital for the purchase of raw materials and overheads and pre-operating costs.
 - ii. Revolving working capital loan gives you a line of credit which can be paid off over one to five years. Once you have repaid 25% of the loan, you can withdraw funds up to the original limit, without affecting your monthly repayments.
 - iii. Term Loans/Leasing/Hire Purchase for Asset Acquisition (factory, building, furniture/fittings, computers, machinery & equipment and vehicles).
 - iv. Bank Guarantees/Letter of Credit/Trade Finance a flexible financing solutions to assist SMEs comply with tender requirements and access to funding after the Tender process.
 - v. Start-up funding for starting up a new business venture or diversifying your business.
 - c. Special features
 - i. Mentorship and advisory service
 - ii. Easy to apply
 - iii. Flexible Loan options

Financial Management

Prosopis Firewood Business

- iv. Dedicated Relationship Manager to cater to your business needs
- d. Requirements
 - i. Namibian ID/ Valid passport of shareholders, directors or sole owner
 - ii. Business documents
 - iii. Proof of business registration
 - iv. Founding statement