Month-End Close Projects

Every department makes decisions that require accurate financial insight. Without monthly reports, other functions and processes can come to a standstill. By shortening the close process, it will free up more of the accounting team's time that can be dedicated to other important projects.

What is Month-end Close?

In accounting, a month-end close is a series of steps a business follows to review, record, and reconcile account info, and to make sure that all transactions are accounted for.

What does a month-end close entail?

- Recording daily operational financial transactions
- Recording accounting system modules and subsidiary ledgers
- Recording monthly journal entries
- Reconciling balance sheet accounts
- Preparing financial statements
- Management review
- Closing out accounting systems for the month

Reconciliation

Reconciliation, the process of ensuring that the money leaving an account matches the actual money spent, is the most important aspect of a month-end close.

Income Statement (IS)

The income statement is synonymous with Profit & Loss (P&L). Income statements covers a period of time such as year-to-date or a quarter of the year. The income statement should contain the following:

- Revenue
- Cost of goods sold
- Gross margin
- Overhead

Balance Sheet

The balance sheet looks at a specific point in time. If your balance sheet isn't reconciled, you cannot trust your income statement. The balance sheet should contain the following items:

- Assets
    - Cash
    - Accounts receivable
    - Inventory
    - Fixed assets (equipment, buildings, etc.)
- Liabilities
    - Accounts payable
    - Accrued liability
    - Debt (LOC, lease, etc.)
- Equity
    - Any ownership

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