

# PROCESS FOR GENERATING PROFIT AND LOSS STATEMENT

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_

## Steps

1. Review your expenses
2. Prepare your business's net income for each quarter of the year.
3. Itemize your business's expenses for each of those quarters.
4. Subtract expenses from net income to get your earnings per quarter (EBITDA).
5. Get your total interest on any business debts from the year and subtract this from EBITDA.
6. Subtract estimated taxes from your business's net income.
7. Get total depreciation and amortization for the year and subtract from EBITDA.
8. Determine if your net earnings is a profit or a loss.

**The data items that you must be able to provide to construct a P & L statement are:**

- Net Sales
- Cost of Goods Sold
- Selling and Administrative Expenses
- Other Income and Other Expense

**How does your profit and loss get generated? Write up the procedure.**

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

# FINANCIAL ACCOUNT MONTHLY CHECKLISTS

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_

<b>MONTH:</b>	<b>WEEK</b>				
<b>CASH</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Enter purchase invoices.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enter cheque payments.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enter petty cash receipts.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reconcile bank accounts.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reconcile credit card accounts.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reconcile actual account ending balances against financial reports and bank statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Account for all checks in sequence and determine which checks have posted.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Review outstanding checks (more than 60 days old) to assess whether they need to be voided	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Verify restricted cash amounts are in order.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Flag unusual reconciling issues for easy identification the following month	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enter prepayments and accruals journals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enter depreciation journals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enter stock journals (if required).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Run VAT return (if required).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>EXPENSES</b>					
Properly classify all expenses and update them according to their respective schedules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Record new prepaid expenses as assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Calculate amortization on existing prepaid expenses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
File vendor bills & payment records.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Update payroll file.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Prepare & send invoices.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure any accrued expenses can be linked to specific expenses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

# FINANCIAL ACCOUNT MONTHLY CHECKLISTS

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_

<b>MONTH:</b>	<b>WEEK</b>				
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>ACCOUNTS RECEIVABLE</b>					
Post remaining invoices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Record any unapplied credits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Update recurring billing schedule with new business closed during the month	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure AR aging report balance agrees with trial balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Add any non-standard billing terms to AR aging report	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Include collection status on past due receivables (or write them off)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Authorize outstanding credit memos	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>ACCOUNTS PAYABLE</b>					
Post invoices for items received	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Record liabilities for items received but not yet invoiced	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Match purchase orders, receipts, and invoices (and locate any outstanding items)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ask vendors for statement of accounts and settle any disputes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Review A/P aging report for any non-standard terms or unapplied credits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reconcile open purchase orders with financial reports	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>FIXED ASSETS</b>					
Record fixed asset additions and disposals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reconcile balance sheet figures with depreciation schedule costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Analyze depreciation expense for reasonableness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Record proceeds received from the sale of assets					

# FINANCIAL ACCOUNT MONTHLY CHECKLISTS

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_

<b>MONTH:</b>	<b>WEEK</b>				
<b>INVENTORY</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Ensure all inventory activity was recorded on the general ledger	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Record any inventory that has been received but not yet invoiced	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reconcile inventory figures against trial balance to find any discrepancies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Evaluate perpetual inventory for figures that seem unreasonable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Write off excess, obsolete, or planned end-of-life inventory	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Verify that inventory reserve does not need to be updated	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Check inventory and analyze its status.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>DEFERRED REVENUE</b>					
Record new deferred revenue as a liability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Determine if revenue recognition criterion has been met on current contracts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reconcile customer deferred revenue from the previous month with the current month's revenue	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Analyze unusual revenue deferral situations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>SHORT TERM INVESTMENTS</b>					
Generate investment statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Calculate and analyze realized and unrealized gains and losses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>GENERAL</b>					
Meet payroll tax requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Review profit & loss compared to budget and prior years.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Review month-end balance sheet.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Run Balance Sheet.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Review forecasted cash flow.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Check all reports for accuracy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>