

START WITH CASH & BANK

Steps 1 to 5. The only figures in the close that are not an estimate.



CLOSE THE PERIOD

1

Lock the Period

Close the month in the accounting file and record who holds the right to reopen it. Nothing below this line is reliable while entries can still move.

TO RECONCILE**2**

Carry Last Month's Open Items Forward

Pull the previous close's unresolved list before starting. An item that survives two closes is a problem, not a pending.

TO RECONCILE

MONEY AT HAND

3

Bank Reconciliation, Every Account

Reconcile each operating, payroll and lottery account to the statement, with uncleared items listed and aged rather than written off.

TO RECONCILE**4**

Registers, Safe and Change Fund Counted

Till floats, safe contents and the change fund counted at every site and tied to the cash accounts as of the closing date.

TO RECONCILE**5**

Deposits in Transit Identified

Every close-of-day deposit either cleared by the bank or listed by site and date, so no day's takings go missing between the register and the ledger.

TO RECONCILE

SOMETHING WORTH KNOWING

A close that starts at the bank is a close you can defend. Every other figure in the statements carries an estimate inside it. **The bank balance does not.**

DIFFERENCES STILL TO RESOLVE

THEN FUEL REVENUE & COST

Steps 6 to 10. The largest number in the business, and the easiest to record from a statement nobody opened.



THE FUEL FIGURE

6

Gallons Sold Tied to Fuel Revenue

Dispenser totalizer and POS gallons agreed to fuel sales recorded in the books, by grade and by site, before the margin is read.

TO RECONCILE

7

Every Load Captured and Agreed

All bills of lading and supplier invoices posted for the month, with the supplier's monthly statement reconciled to accounts payable.

TO RECONCILE

8

Closing Fuel Inventory Valued

Gallons in each tank at the cut-off valued at cost, with the same costing method applied month after month so margin stays comparable.

TO RECONCILE



FUEL TAXES AND VARIANCE

9

Fuel Variance Reviewed and Signed

Monthly over and short measured against the inventory-control threshold, with the result recorded and signed as the regulation requires.

TO RECONCILE

10

Motor Fuel and Prepaid Sales Tax

Excise and prepaid sales tax on fuel recorded the way your state treats them, rather than buried inside cost of goods or netted against sales.

TO RECONCILE

SOMETHING WORTH KNOWING

Fuel is bought by the load and sold by the gallon. If the two are not reconciled in the same month, **the margin you read is not the margin you earned.**

DIFFERENCES STILL TO RESOLVE

Inventory control threshold: 40 CFR 280.43(a), 1.0 percent of flow-through plus 130 gallons monthly. Several states apply a tighter limit.

THEN INSIDE SALES & RECEIVABLES

Steps 11 to 15. Confirm the sale happened, in this month, and at the amount that was actually yours.



THE INSIDE FIGURE

11

POS Department Totals to the Ledger

Department sales from the point of sale agreed to revenue recorded in the books, site by site, with the difference investigated rather than posted away.

TO RECONCILE

12

Agency Items Recorded at Commission

Lottery, money orders, prepaid cards and ATM recorded at commission earned, with the float and the settlement payable carried on the balance sheet.

TO RECONCILE

13

Sales Tax Collected to the Filed Return

Taxable and exempt inside sales reconciled to the return as filed. Note the reason for every difference instead of forcing the accounts to agree.

TO RECONCILE



WHAT IS STILL TO COME IN

14

Fleet, House and Card Receivables Aged

Fleet, private-label and house account balances aged and tied to the control account, with anything past terms reviewed by name.

TO RECONCILE

15

Loyalty, Coupons and Car Wash Codes

Redemptions, manufacturer coupons and wash codes posted against the department that gave up the margin, and the receivable from the vendor recorded.

TO RECONCILE

SOMETHING WORTH KNOWING

Lottery and money orders booked at face value inflate revenue and flatten every margin percentage below it. **The commission is the revenue.**

DIFFERENCES STILL TO RESOLVE

THEN MERCHANDISE & COGS

Steps 16 to 20. Ending inventory decides the profit more than any other entry in the close.



THE COUNT

16

Physical Count Completed and Signed

Count finished at the cut-off, with differences approved and posted by someone other than the person who holds custody of the stock.

TO RECONCILE

17

Inventory Valued at Current Cost

Closing merchandise valued consistently, picking up vendor cost changes that took effect during the month rather than last quarter's cost.

TO RECONCILE

18

COGS Agreed to Purchases by Department

Opening inventory plus purchases less closing inventory agreed to cost of goods sold for each department, not for the store as one number.

TO RECONCILE



WHAT IT IS WORTH

19

Write Down Out-of-Date and Damaged Stock

Expired, damaged and unsaleable product written down in the month it happened. A deferred write-down is borrowed profit, repaid later.

TO RECONCILE

20

Read Gross Margin by Department

Compare margin by department against the last three months. This is the first honest test of whether the P&L is believable.

TO RECONCILE

SOMETHING WORTH KNOWING

Ending inventory sets cost of goods sold. A count taken a week late is **a margin that is wrong for a month**, in both directions.

DIFFERENCES STILL TO RESOLVE

THEN PAYROLL & PAYABLES

Steps 21 to 25. Costs the month incurred, whether or not the month paid them.



PEOPLE COST

21

Payroll Register to the Ledger

Gross wages, withholding, net pay and employer burden tied to the register and to the bank draft, split by site rather than merged.

TO RECONCILE**22**

Accrue Wages at the Cut-Off

Days worked before the closing date but paid in the following month accrued, so each month carries the labor that actually produced its sales.

TO RECONCILE**23**

Payroll Tax Liabilities Agreed

Federal and state payroll tax liabilities agreed to the ledger balances, with deposits confirmed and any difference traced to a specific filing.

TO RECONCILE

WHAT IS STILL TO GO OUT

24

AP Aging Tied to the Control Account

The aging total must equal accounts payable in the trial balance. Review debit balances inside payables separately, as they are usually unclaimed credits.

TO RECONCILE**25**

Accrue Goods Received, Not Invoiced

Fuel and merchandise received before the cut-off with the invoice still to come, accrued. Leaving them out understates cost, liability and inventory at once.

TO RECONCILE

SOMETHING WORTH KNOWING

Wages earned in one month and paid in the next belong to **the month they were worked**, not the month the check cleared the bank.

DIFFERENCES STILL TO RESOLVE

FINISH WITH THE FINAL READ

Steps 26 to 30. Cut-off entries first, then read the statements.



CUT-OFF ENTRIES

26

Prepaid and Accrued Expenses Apportioned

Insurance, licenses, permits, environmental and tank fees, and maintenance contracts spread across the periods they actually cover.

TO RECONCILE**27**

Depreciation and Fixed Assets

Depreciation posted for the month, with dispensers, canopy, tanks, coolers and equipment capitalized rather than written off as repairs.

TO RECONCILE**28**

Notes, Rent and Interest Split

Each loan payment split into principal and interest, with rent, common area charges and any supplier image or supply advances recorded.

TO RECONCILE

BEFORE YOU BELIEVE IT

29

Clearing and Suspense Closed to Zero

Undeposited funds, clearing and suspense accounts must close at nil. A balance here is an unfinished question, carried forward another month.

TO RECONCILE**30**

Read Three Months Side by Side

Review the P&L, balance sheet and cash flow against the prior three months and explain each movement. Only now are the statements worth acting on.

TO RECONCILE

SOMETHING WORTH KNOWING

A suspense balance at close is not a rounding difference. It is the **one entry nobody could explain**, moved forward another month.

DIFFERENCES STILL TO RESOLVE
