

Glossary of Services

Collaborative Services

This means that I work in conjunction with your existing resources to complete the monthly accounting/bookkeeping services for which you have contracted. Typically, this would involve collaborating with just one individual at your organization – however, your resources could involve an entire staff of individuals, or another third-party company. I would report directly to you, and to your resources, my progress only in the areas in which I have performed work.

Full-Charge Services

Providing this level of service means I would complete and manage ALL accounting and bookkeeping functions associated with your contracted services. I would report directly to you all progress reports and information on a regular monthly basis.

Bank Statement Reconciliation

The process of balancing your monthly bank statement(s) against the corresponding cash account(s) in your general ledger.

Payables Recording

The creation and delivery of billing invoices to your vendors/suppliers, collection of payments, and recording the resulting transactions to the appropriate accounts in your general ledger.

Receivables Recording

The creation and delivery of billing invoices to your customers/clients, collection of payments, and recording the resulting transactions to the appropriate accounts in your general ledger.

Bookkeeping

Recording all journal entries (debits and credits) to the appropriate accounts in your general ledger. Creating and/or maintaining a Chart of Accounts is involved in this task. This chart is a list of all your general ledger accounts, showing the account number and description of each. New accounts are added as needed, and accounts no longer needed are deleted.

Fixed Asset Management

If you have capital assets (buildings, furniture, fixtures, equipment), this task involves management of a schedule showing the items in each category, and their corresponding depreciation and value information. Expenses for these “permanent” items that exceed a certain dollar amount are generally depreciated (capitalized) over time, instead of incurring the entire expense all at once. The total monthly depreciation becomes an expense each month, and the net value of the assets are listed as receivables in your general ledger.

Financial Statements

There are many types of financial statements, but most companies produce the following on a regular monthly basis:

- **Balance Sheet:** This statement shows all the asset, liability, and equity accounts in your general ledger, and their month-end balances. Asset accounts include those for cash, balances billed to customers/clients, and inventory (fixed assets). Liability accounts include those for balances billed to vendors/suppliers, payroll taxes not yet paid to tax authorities, and any balances for amounts paid on a prepaid basis. Equity accounts include balances for capital and owner-invested funds.
- **Income Statement (aka Income & Expense Statement, Profit & Loss (P&L) Statement):** This statement shows all the income and expense accounts in your general ledger, and their month-end balances. Unlike the accounts in the Balance Sheet, those in the Income Statement start at zero (0) each month. The total income each month, minus the total expenses, equals the total profit or loss for the month.
- **Cash Flow Statement:** This statement summarizes the movement of cash that goes in and out of a company. It is designed to measure how well a company manages its cash position, meaning how well the company generates cash to pay its debt obligations and fund its operating expenses. As one of the three main financial statements, it is intended to complement the information derived from the balance sheet and income statement.