

1. Reconcile Bank Accounts

Match all bank transactions in your accounting software to the bank statement.

Identify and investigate any unreconciled or duplicate transactions.

Ensure transfers between accounts are properly matched.

2. Reconcile Payment Gateways & Clearing Accounts

For platforms like PayPal, Stripe, Shopify Payments, Amazon, etc.:

Reconcile balances with actual payout reports.

Confirm fee deductions are correct.

Clear all pending/unallocated amounts from clearing accounts.

Example: Stripe clearing account should reconcile back to \$0 after payouts are posted correctly.

3. Reconcile Sales Data Against Sales Platform Reports

Pull monthly sales reports from Shopify, Amazon, Etsy, etc.

Match gross sales, discounts, returns, shipping income with ledger entries.

Confirm sales by region/country if tracking VAT thresholds.

4. Reconcile VAT on Sales and VAT on Fees

Confirm VAT collected matches sales platform VAT reports or custom calculations.

Reconcile VAT on platform fees (e.g., Amazon, Stripe, eBay).

Record and verify any reverse charge VAT or OSS/IOSS reports.

Tip: Separate VAT by region (UK, EU, rest of world) for compliance clarity.

5. Post Monthly Journal Entries

Record accruals/prepayments (e.g., insurance, subscriptions).

Allocate COGS adjustments if using periodic inventory accounting.

Post currency conversion gains/losses (if selling internationally).

Allocate owners' salary/drawings, depreciation, etc.

6. Reconcile All Clearing Accounts

Includes:

Gift card liability accounts

Store credits, loyalty points, returns reserve

Currency holding accounts

Shopify/Stripe/Amazon settlement accounts

Goal: All clearing accounts should net to zero or match known pending balances.

7. Review and Categorize All Expenses

Ensure expenses are properly categorized by type (advertising, shipping, software, etc.)

Match receipts/invoices to transactions (keep documentation for VAT/tax)

Flag and review any personal or unclear transactions

8. Provide Monthly Management Report

Create a report including key metrics and financial performance:



Key Metrics:

Gross Sales, Net Sales

Refund Rate

Cost of Goods Sold (COGS)

Gross Profit & Gross Margin%

Advertising Spend as % of Sales

Fulfillment & Shipping Costs

Net Profit



Cash Flow Snapshot:

Cash in/out this month

Current bank and gateway balances

Upcoming large liabilities (VAT, inventory purchase, etc.)



Summary Insights:

Trends vs previous months

Areas to improve cash flow/profit

Warnings (e.g., low inventory, high ad spend, VAT threshold alert)

Get in touch with MVP Bookkeeping