Close the Books: From Trial Balance to Review Pack

Accounting | Advanced | 90-120 minutes (estimate) | ACC-01 and ACC-02 or equivalent

Learning outcomes

Complete a bounded month-end close, then explain the unresolved work. Calculate the result, reconcile it and communicate its limitations.

Method

A balanced trial balance can still contain wrong timing or classification. Apply each supported adjustment with equal debits and credits, roll the affected accounts forward, and build statements from the adjusted balances. A balance-sheet check tests internal consistency; it does not establish completeness of the source ledger.

Smaller worked example

A separate business has $5,000 revenue and $3,000 expense. A missing $200 utility accrual lowers profit from $2,000 to $1,800 and raises liabilities $200; cash is unchanged.

Business context and rules

Fictional Alder Advisory, 30 September 2026. Unadjusted trial balance: debit Cash 20,000, AR 15,000, Prepaid insurance 6,000, PPE cost 30,000, Operating expense 29,000; credit Accumulated depreciation 6,000, AP 12,000, Share capital 20,000, Opening retained earnings 12,000, Revenue 50,000. Debit and credit totals are 100,000 each. Evidence: one of six prepaid insurance months has expired; September depreciation is 500; received but unposted utilities are 1,200; unrecorded September service invoice is 3,000, earned and collectible, unpaid. Ignore tax and distributions. No other adjustments. Expense includes no depreciation or insurance yet.

Original synthetic inputs

Input	Value	Unit
Cash debit	20000	USD
AR debit	15000	USD
Prepaid insurance debit	6000	USD
PPE cost debit	30000	USD
Operating expense debit	29000	USD
Accumulated depreciation credit	6000	USD
AP credit	12000	USD
Share capital credit	20000	USD
Opening retained earnings credit	12000	USD
Revenue credit	50000	USD
Prepaid coverage	6	months
September depreciation	500	USD
Unrecorded utilities	1200	USD
Earned unrecorded service invoice	3000	USD

Required deliverables

Produce four adjusting entries, a full adjusted trial balance using all source accounts, P&L and balance sheet, plus a review memo with evidence, owner and follow-up for each adjustment. Preserve the opening retained earnings balance separately from current profit.

Use formulas for derived amounts and preserve source data. Put narrative deliverables in the workbook response area; expand it as needed. Compare amounts within 0.01 of the stated unit and percentages within 0.1 percentage point. No unsupported balancing plugs.