

YOUR MONTHLY REVIEW

5 Reports Every Successful Business Monitors

Read the numbers together. Turn the review into a short list of decisions, owners, and dates.

Report	The question to answer	Page
Profit & loss (P&L)	Did the business earn a profit?	2
Balance sheet	What do we own and owe?	3
Cash flow statement	Why did cash change?	4
Accounts receivable aging	Who owes us, and what is overdue?	5
Accounts payable aging	What do we owe, and when is it due?	6

A REPEATABLE MONTHLY CHECKLIST

- **Check the setup.** Confirm the entity, currency, reporting dates, and accounting basis. Compare like periods; note any change in method or classification.
- **Check the records.** Ask whether bank and card accounts are reconciled and invoices, bills, payroll, and adjustments are complete.
- **Read all five.** Explain changes from the prior period and budget. Trace profit to cash, then review overdue customer and supplier items.
- **Close with action.** Record each issue, evidence needed, responsible person, and due date. Revisit open actions at the next review.

Use a cadence that fits your cash needs

Review the full pack monthly. Review receivables, upcoming payments, and a forward cash forecast more often when cash timing needs closer attention.

This is a management reading guide, not a complete set of financial statements. Equity statements, notes, and other schedules may also be needed. Examples are hypothetical and independent; none is a client record. General education only - apply it with your accountant to your business and accounting basis.

01 / PERFORMANCE OVER A PERIOD

Profit & loss

The income statement shows revenue, expenses, and profit or loss for a period. Its accounting basis determines when items appear.

WHAT TO READ FIRST

Check revenue, direct costs, gross profit, operating expenses, and the final result. Compare with the prior month, the same period last year, and your budget. Explain the biggest changes before changing spending.

HYPOTHETICAL EXAMPLE / ONE MONTH / USD

Line	Amount	Reading
Revenue	\$100,000	Sales recognized for the month
Direct costs	(\$40,000)	Costs assigned to those sales
Gross profit	\$60,000	Revenue less direct costs
Operating expenses	(\$45,000)	Includes \$3,000 depreciation
Operating profit	\$15,000	Before interest and income tax

This example stops at operating profit. Continue through other income and expenses, interest, and any entity-level income tax to find net profit or loss.

A useful calculation

Gross margin = gross profit / revenue x 100 = 60% here. This is not a target.

QUESTIONS FOR THE REVIEW

- Did sales change because of price, volume, timing, or customer mix?
- Did direct costs or recurring expenses move faster than revenue?
- Are missing bills, unusual entries, or reclassifications distorting the comparison?

CHECK BEFORE ACTING

Profit is not cash. On accrual books, unpaid invoices can increase revenue before collection. Check cash flow and receivables before treating profit as spendable cash.

Sources: SEC: financial statement basics | RFS: reading the statements together. Accessed October 20, 2026.

02 / POSITION ON A DATE

Balance sheet

A snapshot of assets, liabilities, and owners' equity. Read it for the condition of the business, not just whether it balances.

WHAT TO READ FIRST

Start with cash, receivables, inventory if applicable, payables, taxes and payroll owed, and debt. Check supporting schedules and ask what changed since the last close.

HYPOTHETICAL EXAMPLE / MONTH-END / USD

Assets	Amount	Liabilities + equity	Amount
Cash	\$25,000	Accounts payable	\$22,000
Accounts receivable	\$35,000	Other current liabilities	\$13,000
Inventory	\$20,000	Long-term debt	\$25,000
Equipment, net	\$40,000	Owners' equity	\$60,000
Total assets	\$120,000	Total liabilities + equity	\$120,000

Working capital is a starting point

Current assets less current liabilities. In this example: \$80,000 - \$35,000 = \$45,000. That is not \$45,000 of cash: some is tied up in invoices and inventory.

QUESTIONS FOR THE REVIEW

- Do cash balances reconcile, and do receivables and payables match their detailed schedules?
- Is inventory usable, are customer balances collectible, and are loan balances supported?
- Which obligations fall due soon, and what cash will cover them?

CHECK BEFORE ACTING

An equation that balances can still contain errors. Unreconciled accounts, stale receivables, missing liabilities, and unexplained suspense balances need investigation. Read current debt obligations alongside the cash forecast.

Sources: SEC: [balance sheets and working capital](#) | Intuit: [matching aging reports](#). Accessed October 20, 2026.

03 / CASH MOVEMENT OVER A PERIOD

Cash flow statement

Explains the change in cash through operating, investing, and financing activities. It complements the P&L rather than replacing it.

HYPOTHETICAL EXAMPLE / ONE MONTH / USD

Line	Amount	Meaning
Opening cash	\$25,000	Cash at the start of the month
Operating cash flow	+\$8,000	Net cash from day-to-day operations
Investing cash flow	(\$12,000)	Equipment purchase in this example
Financing cash flow	+\$5,000	Net borrowing in this example
Net cash change	+\$1,000	$\$8,000 - \$12,000 + \$5,000$
Closing cash	\$26,000	\$25,000 opening + \$1,000 change

CONNECT PROFIT TO CASH

On accrual books, profit can differ from operating cash because of non-cash expenses and changes in receivables, inventory, payables, and other operating balances. Ask for the reconciliation when the difference is unclear.

QUESTIONS FOR THE REVIEW

- Is day-to-day trading generating cash, or is borrowing funding the gap?
- Did equipment purchases, debt payments, or owner transactions explain the change?
- Does closing cash agree with the relevant balance sheet cash total?

Statement versus forecast

The statement explains a completed period. A cash forecast estimates future receipts, payments, and shortfalls. Use both; a positive historical balance does not promise enough cash for next week's payments.

Sources: SEC: cash flow statements | RFS: free cash flow forecast template. Accessed October 20, 2026.

04 / MONEY CUSTOMERS OWE

Accounts receivable aging

Groups unpaid customer invoices by how long they are past due. Use the detail to turn an overdue total into specific follow-up.

SET IT UP CORRECTLY

Use the intended as-of date. These A/R and A/P examples use due-date aging; invoice-date aging measures time since issue, not days overdue. For QuickBooks historical tie-outs, select Report date and use the same accrual reporting date. Reconcile aging to the gross A/R control account, then deduct any separate credit-loss allowance to reach net balance-sheet receivables.

HYPOTHETICAL EXAMPLE / MONTH-END / USD

Days past due	Open amount	Review prompt
Current / not overdue	\$18,000	Confirm due dates and expected receipts
1-30 days	\$9,000	Check receipt of invoice and payment timing
31-60 days	\$5,000	Resolve disputes or missing documents
61-90 days	\$2,000	Review promises, exposure, and next steps
91+ days	\$1,000	Assess collectibility with your accountant
Total receivables	\$35,000	Tie to gross A/R at the same date

QUESTIONS FOR THE REVIEW

- Which customers explain the oldest and largest overdue amounts?
- Are unapplied payments, credits, incorrect due dates, or disputes creating a false balance?
- Who owns the next contact, what was agreed, and when will the issue be checked again?

Do not read aging as guaranteed cash

Current invoices may still be paid late. Use invoice detail and customer communication to forecast realistic receipts. Collection and write-off decisions need separate review.

Sources: Intuit: [A/R aging](#) | Intuit: [report-date matching](#) | Xero: [aging basis](#) | Intuit: [credit-loss allowance](#). Accessed October 20, 2026.

05 / MONEY OWED TO SUPPLIERS

Accounts payable aging

Shows unpaid supplier bills by due status. Use it to check what is owed, resolve exceptions, and plan the next payment run.

WHAT TO READ FIRST

This example uses due-date aging; invoice-date aging measures time since issue. Check the as-of date, vendor detail, credits, and payment status. Reconcile to A/P on the same accrual reporting date. Investigate differences before releasing payments.

HYPOTHETICAL EXAMPLE / MONTH-END / USD

Days past due	Open amount	Review prompt
Current / not overdue	\$12,000	Plan by exact due date and agreed terms
1-30 days	\$6,000	Confirm status and approved payment plan
31-60 days	\$3,000	Resolve disputes, credits, or missed bills
61-90 days	\$1,000	Confirm vendor and supply implications
91+ days	\$0	Check for older items and stale entries
Total payables	\$22,000	Tie to the A/P balance at the same date

QUESTIONS FOR THE REVIEW

- Are bills genuine, approved, recorded once, and reduced by the correct credits?
- Which payments are due before the next reliable customer receipts?
- Are supplier bank-detail changes independently verified before payment?

Aging is only part of the cash plan

The current bucket can hide bills due tomorrow or weeks later; use exact due dates. A/P also excludes obligations recorded elsewhere, such as payroll, tax, and debt. Include those in the cash forecast.

Sources: Intuit: [A/P aging explained](#) | Xero: [due-date vs invoice-date aging](#) | RFS: [payable controls](#). Accessed October 20, 2026.

Need help making the reports useful? Contact [Remote Financial Services](#) to discuss bookkeeping, monthly close, and reporting.