



51A Middle Street Newburyport MA 01950

Phone: 800-588-7039 Fax: 877-902-4284

contact@bhfe.com

www.bhfe.com

Course Information

Course Title: Closing the Books #361421

Number of continuing education credit hours recommended for this course:

CPA: 13 (Accepted in all states)

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX 178025

Texas State Board of Accountancy: 009349

Course Description

Closing the books is one of the key functions of the accounting department. *Closing the Books* reveals how to do so promptly and accurately, so that financial statements can be issued shortly after the end of the reporting period. The course discusses the entire process of how information is summarized into the financial statements, as well as the many reporting formats that are available. It covers the full range of closing steps, and shows how to fine-tune the closing process to achieve a shorter close. In addition, the course addresses the controls and record keeping needed for the closing process. In short, *Closing the Books* can be considered a desk reference for anyone who closes the books on a regular basis.

Program Delivery Method: QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Accounting

Course Level, Prerequisites, and Advance Preparation Requirements

Program Level: NASBA (CPA): Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: None

Advance Preparation: None

Course Content

Publication/Revision date: 8/30/2021.

Author: Steven M. Bragg, CPA.

Final exam (online): Sixty-five questions (multiple-choice).

Instructions for taking this course

Note: Download and save the PDF of this course to your computer for future reference, and to enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window) for easier navigation.

A passing grade of at least 70% is required on the final exam for this course. The exam may be retaken if not passed on the first attempt (no charge).

Complete the course by following the learning objectives listed below and studying the review questions after each major section (or chapter) in the text. Once you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your course.
- Select "Take Exam" for this course and follow instructions.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Assignment & Objectives

- Identify the types of subsidiary ledgers.
- Specify the applications of the different types of trial balances.
- Identify the types of journal entries used to modify account balances and record transactions.
- Recognize the core and delayed steps used to close the books.
- State the methods used to fine-tune the closing process, and which activities do not improve the process.
- Identify bank reconciliation terminology, as well as the applicability of petty cash reconciliations.
- Identify the situations in which revenue can be recorded, as well as how to rebill expenses.
- Identify the methods used to assign costs to inventory and increase the accuracy of inventory records.
- Specify the rules related to fixed asset recordation and impairment, along with associated terms.
- State how accounts payable are handled and the associated expenses recorded.
- Identify the recordation decisions associated with payroll transactions.
- State the formats in which the income statement can be presented, and note the source of income statement information.
- Recognize the proper classification of line items on the balance sheet, and note how the balance sheet is constructed.

- Identify the contents of the statement of cash flows.
- Identify the contents of the statement of retained earnings.
- Identify the types and contents of disclosures that can accompany the financial statements.
- State the criteria used to identify a reporting segment, as well as the required segment reporting.
- Identify the decision points associated with the integral and discrete views of interim reporting.
- Identify the methods used to calculate the various types of earnings per share.
- State the additional steps involved in closing the books of a public company, including the additional types of required approvals.
- Recognize the controls that should be imposed on the closing process.
- Identify the types of records associated with closing the books that should be stored.
- Identify the situations under which a soft close can produce errors, and the benefits of using a virtual close.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written more than 250 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*.

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Preface

One of the most difficult tasks for the practicing accountant is to close the books at the end of each month and produce a quality set of financial statements in a timely manner. From the perspective of the rest of the company, it may be considered the most important accounting function of all. *Closing the Books: An Accountant's Guide* walks you through every aspect of closing the books, including specific closing activities, how to construct the financial statement package, and how to fine-tune the process.

In Chapters 1-3, we address the system within which the closing process is accomplished, including the general ledger and subsidiary ledgers, the trial balance, and different types of journal entries. In Chapters 4 and 5, we delve into the specific steps needed to close the books, as well as how to accelerate the production of financial statements. Next, in Chapters 6-11, we cover the closing activities associated with specific accounting areas, including cash, accounts receivable, inventory, fixed assets, and accounts payable. In Chapter 12-19, we address all aspects of the financial statements that are the end result of closing the books – the income statement, balance sheet, statement of cash flows, disclosures, earnings per share, interim reporting, and more. Finally, we complete the discussion of closing the books in Chapters 20-23 by covering how to close the books of a public company, implement closing controls, set up a record keeping system, and use a soft close or virtual close.

The reader can find the answers to many questions about closing the books in the following chapters, including:

- Can I create financial statements from an extended trial balance?
- When should I use reversing entries?
- Which closing steps can be completed before month-end?
- How can task interdependency analysis improve the closing process?
- Should I use more automation to close the books?
- How do I handle negative cash on the balance sheet?
- How should I record deferred revenue?
- How do I handle delays in the approval of supplier invoices?
- When should I accrue for bonuses?
- What financial statement formats should I use?

Closing the Books is designed for both professional accountants and students. Professionals can use it as a reference tool for improving their existing closing procedures, while it provides students with an overview of the entire process. Given its complete coverage of the closing topic, *Closing the Books* may earn a permanent place on your bookshelf.

Centennial, Colorado
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