Are Your Accruals & Prepayments Costing You Money?

www.e2eaccounting.co.uk

Answer 8 quick questions to find out if your books are truly accurate - or quietly working against you

1. **How often do you review and adjust prepayments in your accounts?**

- Every month as part of month-end close — 3 points
- Quarterly when I remember — 2 points
- Only at year end — 1 point
- I'm not sure this is being done at all — 0 points

2. **When an expense covers more than one accounting period (like annual insurance or rent), how is it recorded?**

- Split correctly across each period it relates to — 3 points
- Recorded in full in the month it's paid — 2 points
- My accountant handles it but I don't know how — 1 point
- I'm not sure — 0 points

3. **After an accrual is posted at month-end, is it reversed the following month?**

- Yes, always - it's part of our process — 3 points
- Sometimes, but not consistently — 2 points
- I don't think reversals are being done — 1 point
- I don't know what a reversal is in this context — 0 points

4. **Do you know what your current accruals balance on your balance sheet represents right now?**

- Yes - I can explain every line — 3 points
- Broadly yes but not in detail — 2 points
- Not really. I take my accountant's word for it — 1 point
- I've never looked at it closely — 0 points

5. **Have you ever noticed your profit looking higher or lower than expected at month-end without a clear reason?**

- No - figures are always consistent and explainable — 3 points
- Occasionally but it usually gets resolved — 2 points
- Yes, fairly often and it causes confusion — 1 point
- Yes and we've never fully understood why — 0 points

6. **Are accrued expenses in your accounts supported by documentation or estimates - and do you know which is which?**

- Yes, everything is documented and I know the basis — 3 points
- Mostly documented but some are rough estimates — 2 points
- I'm not sure how they've been calculated — 1 point
- I've never thought about this distinction — 0 points

7. **At year end, does your accountant provide a clear breakdown of all accruals and prepayments posted — and do you review it?**

- Yes, I review and sign off on every adjustment — 3 points
- They send something but I don't fully review it — 2 points
- I receive year end accounts but no detailed breakdown — 1 point
- I just approve whatever is sent to me — 0 points

8. **Has anyone reviewed whether your accruals and prepayments treatment is consistent with UK accounting standards in the last 12 months?**

- Yes, it was reviewed and confirmed recently — 3 points
- Not formally but I believe it's correct — 2 points
- Not to my knowledge — 1 point
- I didn't know this needed reviewing — 0 points

Your Result

Add up your points from all 8 questions and find your result below.

18-24 — Controlled
Your accruals and prepayments are well managed, and your accounts are likely accurate. Still, consider expert review to ensure nothing is silently slipping through.

10-17 — Developing
There are inconsistencies in how accruals and prepayments are being handled. Your accounts may be broadly correct, but could be masking timing errors that affect your true profit picture.

Your score suggests timing errors may be affecting your true profit figure.

Show Me Where the Gaps Are - **Contact E2E**

0-9 — Exposed
Your accruals and prepayments are likely not being handled with the consistency UK accounting standards require. This means your monthly profit figures, balance sheet, and tax position could all be affected - often without any visible warning signs until year end.

Book a Review - **Contact E2E**