

RETAIL ACCOUNTING SYSTEM SETUP CHECKLIST

This Retail Accounting System Setup Checklist turns best practices into clear, actionable steps you can implement immediately. Use it to build a stronger financial foundation, protect your cash flow, and gain real visibility into your profitability.

PHASE 1: FINANCIAL FOUNDATION

- Separate business and personal accounts
- Choose accounting method (Cash vs Accrual)
- Select inventory valuation method (RIM, FIFO, etc.)
- Set up chart of accounts tailored for retail

PHASE 2: INVENTORY CONTROL

- Configure SKU-level tracking
- Define markup vs margin targets
- Set reorder points
- Schedule physical inventory counts
- Establish shrinkage tracking procedure

PHASE 3: CASH FLOW PROTECTION

- Build rolling 13-week cash flow forecast
- Define vendor payment schedule
- Review receivables weekly
- Monitor inventory turnover rate

PHASE 4: REPORTING & REVIEW

- Monthly P&L review
- Balance sheet review

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- Gross margin by product category
- Expense category variance review
- Quarterly valuation method assessment

INVENTORY VALUATION COMPARISON CHART

Method	Best For	Pros	Risks
RIM	High-volume retailers	Simple	Distorted margins w/ markdowns
FIFO	Inflationary environments	Higher net income	Higher taxes
LIFO	Cost volatility	Matches current costs	IRS complexity
Weighted Avg.	Large identical SKUs	Smooths pricing swings	Less precision

RETAIL FINANCIAL HEALTH SCORECARD

- Gross Margin % Target: _____
- Inventory Turnover Benchmark: _____
- Current Ratio Target: _____
- Cash Runway (Months): _____