



Year-end accounts preparation and checklist from The Finance Department

As the year looms closer, it's time for business owners and Directors to get a real hold on their accounts. Doing a little bit of housekeeping, preparation and getting your accounts in order will make doing your tax and filing your accounts a breeze. Saving you time and money in the long run.

Here is some guidance on your year-end accounts preparation from Xero

1. Decide on employee bonus payments

If you decide to reward your employees with bonuses, don't forget about tax. Bonuses are subject to income tax – just like regular pay. If understandably you want to wait to pay the bonus after year end, simply accrue for the bonus and employers' national insurance cost and reverse when payment is made. This ensures the cost is included within the correct financial year and lower your Corporation Tax Bill.

2. Protect your cash balance

Consider delaying payments to your suppliers by a few days to keep your cash balance high. Whilst the supplier liability will be recorded on your Balance Sheet a higher cash balance is still favourable and helps improve some of the ratios used by Credit Agencies.

3. Employee Expenses

Ensure all your employee expenses are processed before year end to include the cost in the correct tax year, and again, reduce your Corporation Tax Liability.

4. Review your control accounts – an easy exercise to miss

Review your PAYE, Pension, Wages, VAT control accounts, make sure that these reflect the true position of liabilities. Also check your accruals, prepayments, deferred income etc. If your Balance Sheet is not correct, the likelihood is that your Profit & Loss Account will be incorrect too!

5. Scrutinize your balance sheet and P&L report for what you did well – and what you didn't

Use your accounting software to generate Balance sheet and Profit & Loss reports. Then identify what your business did well, and where there's room for improvement next year.

6. Use your cash reports to understand how much cash you have on hand

Businesses live or die by their cash flow – it's one of the biggest issues for small companies, so use your accounting software to generate your cash flow statement. Xero apps add-ons such as Float can help you manage your cash flow forecast easily if you prefer to look forward rather than back.

7. Estimate your potential Corporation Tax Liability

Too many business owners fail to accurately estimate their tax payments, we recommend to keep this money safe and in a separate bank account. By starting now you should have time to put the right amount of money aside. The current corporation tax rate is 19% of your net profit (with effect 1st April 2017) so estimate your corporation tax liability so that there are no surprises! There will be adjustments that your accountant will make as part of the end of year process, adjusting for Capital Allowances and Research & Development Tax credits but better to be prepared.

8. Confirm when your Corporation Tax is due for payment

Make sure you know when the Corporation Tax is due, 9 months after your year end.

9. Think about whether you'll need to request a tax payment extension

HMRC will help you here. Talk to them and check out their website for information about how to apply. Do this as early as you can, because there are penalties for late payment.

10. Review insurance policies, cover and rates

Talk to your insurance company to see if they have any recommendations and talk to other insurers too, to ensure you have the best deal. Double check that you have all statutory and recommended insurance cover, professional indemnity, public liability, employer's liability, Directors and Officers cover etc.

11. Arrange a meeting with your bookkeeper, accountant and/or financial advisor (that could be us!)

Each of these will have work to do for your business at year end. Talk to them and make lists of tasks that they need to carry out which will help them focus on your business at this busy time of year.

12. Review your client list, and make sure all contact information is up-to-date

You can kill two birds with one stone here. Go through your contacts database and make sure everybody's details are correct. While you're doing this, send them an email thanking them for their business this year, they'll remember you.

13. Review your goals for the year – and make some new ones for next year

Did you achieve everything you intended to last year? If so, great. If not, try to find out why. Making goals for the coming year can help keep you motivated as your business grows. Review them regularly to stay on track. We can help create a Budget that can be imported into [Xero](#) so you can compare monthly progress next year.

And that's your year-end accounts prepared!

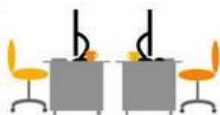
If this seems daunting or time consuming, please give us a call. We will be happy to help and can even take this burden off your hands. Simply [contact us here](#) or call 01392 495483.

About The Finance Department

The Finance Department offers businesses of all sizes a unique and more flexible accounting solution. From bookkeeping to management accounts and an outsourced finance department, The Finance Department allows business to scale and adapt their financial services simply and easily in line with changing business demands.

Find out more at www.finance-department.co.uk

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