

Pre-Year-End Guide



A Pre-Year-End checklist for Small Business Owners

Pre-Year-End Checklist

As a small business owner, the end of the year is a crucial time to prepare for the upcoming year while ensuring you make the most of the current one. To help you navigate this period effectively, we've prepared a pre-year-end checklist covering eight essential topics:

1. Tax Planning:

- Review your accounting records to ensure accuracy, completeness and compliance.
- Seek advice from a tax professional to explore available reliefs.
- Managing your revenue streams to manage your tax liabilities.
- Review your profit position and plan your dividends accordingly. Ensure you have used your tax-free dividend allowance of £1000 (as of April 2023).

2. Pension Planning:

- Ensure you have a good Financial Advisor, as your accountant is unlikely to be able to advise on pension planning specifics.
- Assess your current pension scheme, if applicable, and make contributions accordingly.
- Stay updated on changes in pension legislation that may impact your business.

3. Capital Equipment:

- Evaluate your business's capital equipment needs for the coming year.
- Consider making significant equipment purchases before year-end to benefit from tax depreciation or write-offs.

4. Budget Plan for Next Year:

- Create a detailed budget for the upcoming year, factoring in your business goals and expectations.
- Include projections for revenue, expenses, and cash flow to guide your financial decisions.



5. Review Management Accounts:

- Analyse your financial statements, profit and loss, and balance sheets for the current year.
- Identify areas where you can cut costs or improve efficiency.
- Use the data to make informed decisions for the year ahead.
- Having a cloud based accounting system like Xero will really help you to view accurate, up-to-date reports at the “click of a button”.

6. Consider Staff Meeting:

- Hold a staff meeting to discuss year-end goals, projects, and deadlines.
- Encourage your team to review their progress, complete pending tasks, and set year-end targets.
- Consider re-warding your staff with a “Trivial Benefit”, as these are benefits you can provide to your employees without triggering a tax liability. Read our article [“What is a trivial benefit?”](#) for more information.

7. R&D (Research and Development):

- Assess your eligibility for R&D tax credits if your business is involved in innovative activities.
- Consult with a specialist as there are numerous changes taking place in 2023.

8. Stock:

- Review your current inventory levels and assess what stock items may need to be written down or sold.
- Plan your stock orders and inventory management for the upcoming year to optimise cash flow.

Additional Tips:

- Maintain accurate records of all financial transactions.
- Keep an eye on the latest tax law and regulations for any changes that might affect your business.
- Consult with financial advisors and your accountants to ensure compliance and maximise financial opportunities.
- Set aside funds for potential year-end bonuses or incentives for your employees.

It is true that most small businesses do not spend time on planning and budgeting, but it is those small businesses that would benefit the most from spending some time out of their business, and work on their business. When planning for your year-end, it's important to start at least 6-8 week before the end of your year, to allow time to implement any actions.