

12-Step Year-End Checklist

Reconcile All Accounts (bank/credit card)

To begin with, complete all account reconciliations. This is the best way to ensure you have posted all transactions to your accounting records. They ensure that your General Ledger balances to your bank and credit card statements.

Invoices

Above all, verify that you have sent invoices to all customers for services rendered or work performed.

Receivables

Follow up with customers who owe you money. Send them past-due statements and/or give them a reminder call. Moreover, now is the time to decide whether to write-off any receivables that you haven't been able to collect throughout the year.

Inventory

Ensure your inventory balance is accurately reflected on the balance sheet. The best way to do this is to do an inventory count. Also, you will need the following balances to prepare your tax return: 1) Jan 1st inventory balance, 2) inventory purchases made throughout the year, 3) inventory sold throughout the year, 4) inventory adjustments and 5) Dec 31st closing inventory balance.

Assets

Verify the assets listed on your balance sheet are still in use. If you sold or disposed of, you will need the dates and values of sale/disposal. Ensure that any new assets acquired are added to your balance sheet.

Depreciation

Verify existing asset depreciation values and additionally, post any remaining depreciation entries.

Expenses & Accounts Payable

Make sure all expenses and payables are current. Most of this work should have already been completed as a result of the bank reconciliations completed in #1.

Loans/Notes Payable

Another key point includes validating loan balances are accurate and that all interest and principal payments recorded are correct.

Contractor Payments

While this aspect doesn't apply to all businesses, it is gaining importance for the CRA. So, if you are in the construction industry and sub-contracted work over the year, now is a good time to compile information for preparation of the T5018 - Statement of Contract Payments.

Payroll, GST/HST & Workers Compensation

In this case, verify all government remittance account balances against filed submissions. Making sure everything is in balance will then prevent discrepancies with the CRA and other government agency records.

Adjusting Entries

After you have gone through all of the above, double-check your financial statements - does everything make sense? Have you accounted for all sources of income? All expenses? Remember no receipt = no deduction. Furthermore, make any adjusting entries as necessary and post any required accruals.

Back-Up Your Files

And finally, ensure you back-up your files to prevent data-loss.