Zone&Co

Year-end close checklist:

Key tasks for a smooth financial close.

Year-end closing doesn't have to be overwhelming. Use this checklist to stay on track and ensure accuracy in your financial reporting. Each step was carefully drafted by our controller to help you focus on what matters most and make the process smoother for your team.

P.S. As you go through each task, think about how you can improve the processes and tweak for next year – a little reflection can go a long way in making your financial operations more efficient and less stressful.

> "The key to a successful year-end close is over-communication and cross-collaboration partnership – YE close is a team sport."
>
> **– Saut Sinaga,** VP Controller at Zone
>
> A finance leader with 10+ years of experience in scaling financial operations and leading revenue accounting teams.

1. Prepare and organize

- [ ] **Identify critical deadlines:** Outline all key deadlines for the year-end close activities listed below and the time you need for each of the activities.
- [ ] **Role clarity:** Assign responsibilities to team members to align on expectations and accountability.
- [ ] **Schedule key meetings and block off time for focused work:** Set aside time for key reviews and reconciliations.
- [ ] **Review policies and procedures:** Ensure your accounting policies are up-to-date and meet regulatory standards. If changes occurred throughout the year, confirm they are documented and understood.
- [ ] **Set clear expectations across the organization:** Communicate key deadlines for tasks like submitting bills, booking revenue and filing expense reports, to ensure everyone is aligned and prepared.
- [ ] **Gather relevant financial documents:** Collect all relevant financial documents (bank and credit card statements, payroll reports, account statements for loans, etc.)
- [ ] **Collect all supporting documents and agreements with vendors, suppliers, clients, etc.:** Identify any financial obligations from these contracts, such as payment schedules, billing cycles and obligations, and ensure they are recorded properly.
- [ ] **Review financial audit requirements (if applicable):** Leverage your financial auditor as a partner to streamline the upcoming fiscal year's financial audit work and be prepared to disclose significant events. You can also use the previous year's results to optimize controls, reporting and accounting memos.

Reminder: Allow extra time to receive all documents and send reminders well in advance with submission deadlines. Consider creating purpose-specific online folders for document upload and using a shared digital workspace (e.g., spreadsheet, calendar, PM tool) to track due dates and progress. This will improve collaboration and team visibility.

2. Accounts receivable

- [ ] **Reconcile AR subledger to the general ledger:** Make sure accounts match and investigate any discrepancies.
- [ ] **Review and follow up on overdue payments:** Send final reminders for outstanding invoices and assess collectability.
  - Note: Your customers can access invoices and make payments online easily with the **Stripe payments and cash reconciliation solution for NetSuite.**
- [ ] **Update the allowance for doubtful accounts:** Create an AR aging report and adjust provisions based on customers' financial health.
- [ ] **Review and adjust sales returns and allowances.** Make sure all returns are properly recorded.
- [ ] **Confirm billing accuracy:** Ensure all invoices have been processed to avoid any revenue leaks.
  - Note: If you're on NetSuite, our SuiteApp for **advanced billing and revenue recognition** automatically invoices your customers based on the agreed billing schedule.

Heads up: Pay attention to large or unusual balances that may need to be confirmed directly with customers.

3. Accounts payable

- [ ] **Reconcile AP subledger to the general ledger:** Match accounts and resolve discrepancies.
  - Note: **AP automation solutions** for NetSuite make this process much faster and more accurate.
- [ ] **Review open purchase orders:** Accrue for goods or services received but not yet invoiced.
  - Note: It's also a good practice to host a call with function leads for accruals (e.g. legal, sales or accounting) to note any consulting and/or legal fees incurred but not yet invoiced.
- [ ] **Finalize employee expenses:** Set a clear deadline for expense submissions and approvals.
- [ ] **Prepare an aging report:** Review for accuracy and share with management.
- [ ] **Prepare necessary tax-related documents:** Gather and issue any required IRS or tax authority forms to vendors and contractors for compliance.

Pro tip: Communicate deadlines for expense submissions well in advance to avoid delays in AP processing.

4. Inventory (if you maintain one)

- [ ] **Inventory count:** Conduct cycle or physical inventory counts (depending on company policy).
- [ ] **Inventory reconciliation:** Reconcile physical counts with book records to confirm accuracy.
- [ ] **Review for obsolete or slow-moving inventory.** Write off or adjust values where and as needed.
- [ ] **Conduct an inventory valuation:** Determine the correct cost of goods sold (COGS) for the income statement.
- [ ] **Ensure proper cutoff for goods in transit:** Verify accurate recognition of goods in transit or consignment stock held by third parties.
    - Note: Pay extra attention to consignment inventory and items held by third parties.

5. Fixed assets and depreciation

- [ ] **Review the fixed asset register:** Ensure it reflects all additions, disposals and transfers.
- [ ] **Record depreciation and impairments:** Confirm depreciation calculations are up-to-date and assess any potential impairments.
    - Note: Review asset useful lives to ensure they match company policy and confirm any impairment indicators are considered.
- [ ] **Check lease agreements:** Ensure they are properly accounted for under lease standards.

Pro tip: Cross-check with procurement records to avoid missing assets. And don't forget about intangible assets – they need proper accounting too.

6. Accruals and prepayments

- [ ] **Review and record accruals:** Partner early with your HR team, legal, marketing and other functional leadership to ensure accruals for items like bonuses, commissions and payroll are up to date.
- [ ] **Update prepaid expense schedules:** Ensure correct allocation across periods, especially for expenses like insurance premiums or subscriptions that cross year-end.
- [ ] **Reconcile and adjust deferred revenue.** Confirm that deferred revenue balances are correct and explainable in a monthly waterfall format.

7. Reconciliations

- [ ] **Reconcile bank accounts:** Ensure bank balances match ledger balances. Resolve any discrepancies promptly.
- [ ] **Reconcile all balance sheet accounts to their subledger:** Verify accuracy across all accounts.
- [ ] **If applicable, ensure intercompany accounts have been properly adjusted.** Resolve any discrepancies.
- [ ] **Reconcile payroll liabilities and loans:** Double-check payroll liabilities and loan balances for accuracy.

8. Financial statements and disclosures

- [ ] **Draft financial statements for review:** Prepare the Balance Sheet, Income Statement, Cash Flow Statement and if applicable, Statement of Equity.
- [ ] **Review financial statements for accuracy:** Ensure statements are complete and free of errors.
  - Tip: If applicable, assign an owner to each business function or GL Account.
- [ ] **Prepare footnote disclosures:** Draft notes that explain key financial items or major events.
- [ ] **If applicable, update MD&A (management discussion and analysis):** Highlight key events and financial performance for the fiscal year.

Reminder: Clear, concise disclosures are key to ensuring understanding by stakeholders.

9. Tax provisions and documents

- [ ] **Gather and review tax documents:** Ensure all necessary forms (W-2s, 1099s, etc.) are complete and correct ahead of tax filing.
- [ ] **Calculate income tax provisions:** Confirm that all tax liabilities are accurately calculated and recorded.
- [ ] **Run a year-end taxable sales report:** Verify compliance and plan for future tax projections.
- [ ] **If applicable, review state and local tax obligations.** Confirm compliance across regions.
- [ ] **If applicable, coordinate with tax advisors:** Work with your tax team to resolve any potential issues.

Reminder: Tax laws change frequently – stay updated on any new regulations.

10. Final review and close

- [ ] **Prepare closing entries:** Transfer income statement balances to retained earnings or the owner's capital account.
- [ ] **Conduct a final review of financial statements:** Verify the accuracy and completeness of all statements.
- [ ] **Lock the financial period in ERP (or any other financial tool you use):** Ensure no unauthorized adjustments can be made after sign-off. Only authorized personnel should have access.
- [ ] **Prepare for external audit:** Organize work papers and documentation and perform a high-level, pre-audit internal review to identify and resolve potential issues before the formal audit.
- [ ] **Recognize the team:** Recognize the hard work and effort that went into closing the year.
- [ ] **Hold a debrief meeting:** Discuss with the team what worked well, where you identified bottlenecks and brainstorm improvements for next year.
- [ ] **Document lessons learned:** Record what worked well and areas for improvement. Use this to optimize the process for the future.

Pro tip: Use this time to think about process improvements and automation opportunities for the coming year and onward.

Your BONUS mini-checklist
to prepare for next year is available on the next page.

Bonus: Mini-checklist for preparing for next year

1. Set financial goals for the new year

- [ ] **Establish major goals:** Think beyond the numbers and envision where finance can drive meaningful change. For example, you might think about **reducing DSO**, upgrading your customer billing and invoicing processes, unifying data across processes or updating/replacing current systems to prepare to scale.
- [ ] **Determine what financial data will be most critical:** What KPIs need sharper focus next year? Do you need better visibility into specific metrics, like **ARR**? Do you need better reports e.g., for **supply chain management** or **SaaS**?
- [ ] **Evaluate public readiness initiatives (if applicable):** What are some of the major obstacles that prevent your organization from going public? Think about the current process in place, control and reporting capabilities.
- [ ] **Verify if your current systems can track these data points:** For example, can your ERP or reporting tool handle these insights effectively or are you facing limitations?
- [ ] **Identify major expenses for year-end opportunities:** If you have surplus budget, think about bringing forward major capital expenditures or investments that will help you hit the ground running next year.

2. Evaluate your financial tech stack

- [ ] **Review your current tools and systems:** Are they **integrated** well with your main financial tool (e.g. NetSuite)? Are manual workarounds still required, indicating a lack of seamless integration between, say, your CRM, CPQ and ERP?

3. Improve efficiency through automation

- [ ] **Identify manual processes:** Take an honest look at what took the most time this year – data entry, reconciling transactions, monthly reporting, etc. If you or your team is spending more time gathering data and fixing errors, than analyzing it, that's something you should flag.
- [ ] **Plan automation initiatives:** Could billing automation reduce errors, or might an AP automation tool help streamline vendor payments? Focus on areas that create headaches at month-end or bottlenecks during reporting.