Year-end Close Process

Navigate CPA Inc.

Included below is a checklist that can be used to ensure that the books are sufficiently complete so that the year-end process can begin. We are able to assist with any of the items below (if needed), however additional charges will apply.

Description	Steps to complete	Documents to provide
Assets		
Bank accounts	• Reconcile bank balance at year end. • Review bank reconciliation and address any stale dated items (6 months+).	• Bank statement showing the legal owner of the account and the balance at year end. • Bank reconciliation.
Prepaid expenses	• Consider if cash basis or accrual basis is the correct approach (most clients follow the cash basis now, meaning no prepaid expenses get setup). • Reconcile the closing balance in the GL to the corresponding invoices for each item.	• If following cash basis: nothing. • If following accrual basis: prepaid expense reconciliation.
Accounts receivable	• Review the aged listing with the owner and ensure all amounts are expected to be collected. • Make a note where collection is uncertain. • Agree the balance on the AR subledger to the GL.	• Aged Accounts Receivable listing (in excel where possible). • List of any amounts where collection is uncertain.
Inventory	• Count inventory at year end. • Make a listing, in excel or some other spreadsheet style program, that lists the quantity and associated cost per unit for each inventory item. • Post an adjustment so that the inventory balance in the GL matches the inventory listing.	• Inventory Listing (in excel, where possible).
Investments	• Record all investment transactions. • Agree the balance on the year-end statement to the GL.	• Investment statement showing the legal owner of the account and the balance at year end.
Capital Assets	• Record all purchases and disposals to their appropriate accounts. • Note: purchases under $1,000 should be expensed.	• Assets sold in the year: provide the bill of sale. • Assets purchased in the year: asset description and serial/VIN number.
Liabilities		
Accounts Payable	• Review the listing with the owner and ensure all amounts are expected to be paid. • Agree the balance on the AP subledger to the GL.	• Aged Accounts Payable listing (in excel where possible).
Payroll source deductions	• Agree the balance at year end to the remittance made the following month.	• Nothing (we get direct CRA access for all accounts).

Liabilities *(continued)*		
Vacation payable	• Prepare a listing, by employee, at the year end date. • Agree the amount on the listing to the GL.	• Vacation payable listing (in excel where possible).
Corporate tax and GST accounts.	• Ensure payments for each account type are recorded to the correct account type (i.e. GST payments should be coded to the GST account, etc).	• Nothing (we get direct CRA access for all accounts).
Due to related parties	• Agree the balance owing/receivable to the other company's set of books. • If the amounts don't agree, resolve any missing transactions.	• GL listing (in excel, where possible) of the balance for the other company so that we can agree our GL balance to their GL.
Bank loans and lines of credit	• Record any interest or fees on the loan. • Agree the balance on the loan statement to the balance in the GL.	• Statement at year end showing the legal name of the loan holder, along with the balance at year end.
Equity		
Retained earnings	• Agree opening retained earnings to the prior year end financial statements/trial balance (the amount should agree to the penny).	• Nothing (we just need the amount to agree).
Revenues and expenses		
Revenues	• Review total revenues for each revenue type with the business owner.	• Nothing.
Expenses	• Review total expenses for each expense type with the business owner. • Resolve any unusual amounts. • Where you have questions on a transaction, you can either call/email us or post the amount to a single account (i.e. Uncategorized expenses) for our review.	• All we need is your list of questions (if any).