

# **The Year-End Close**

---

**3<sup>rd</sup> Edition**

**Steven M. Bragg**

# Table of Contents

---

<b>Chapter 1 – The Year-End Close.....</b>	<b>1</b>
Learning Objectives.....	1
Introduction .....	1
The Calendar and Fiscal Years .....	1
The Year-End Workload .....	2
The Year-End Calendar.....	3
Staffing Issues.....	3
General Accounting Closing Activities.....	4
Annual Performance Reviews .....	4
Destroy Documents .....	5
Create New Files .....	5
Transfer Documents to Long-Term Storage .....	6
Review Journal Entries .....	7
Annual Budget.....	8
Reconcile Accounts.....	11
Update the Chart of Accounts.....	14
The Year-End Book.....	15
The Soft Close .....	16
Summary .....	17
Review Questions .....	19
Review Answers.....	20
 <b>Chapter 2 – Receivables Year-End.....</b>	 <b>21</b>
Learning Objectives.....	21
Introduction .....	21
Verify the Allowance for Doubtful Accounts.....	21
Clean the Receivables Aging Report .....	23
Match the Receivables Aging to the General Ledger.....	23
Summary .....	23
Review Questions .....	25
Review Answers.....	26
 <b>Chapter 3 – Inventory Year-End .....</b>	 <b>27</b>
Learning Objectives.....	27
Introduction .....	27
The Physical Inventory Count.....	27
Verify Inventory Valuation.....	29
Verify Open Jobs.....	29
Examine Cost Pools .....	30
Examine Obsolete Inventory Reserve.....	30
Examine for Lower of Cost or Market.....	30
Review Outstanding Bill and Hold Transactions.....	32

## Table of Contents

Summary .....	33
Review Questions .....	34
Review Answers.....	35
<b>Chapter 4 – Fixed Assets Year-End .....</b>	<b>37</b>
Learning Objectives.....	37
Introduction .....	37
Calculate Year-end Depreciation .....	37
Document Interest Capitalization .....	38
Verify Asset Retirement Obligations .....	38
Investigate Asset Impairment.....	39
Verify Held-for-Sale Assets.....	40
Investigate Repairs and Maintenance .....	40
Derecognize Fixed Assets.....	41
Conduct a Fixed Asset Physical Count .....	41
Verify the Fixed Asset Register.....	41
Complete a Fixed Asset Roll Forward.....	42
Summary .....	43
Review Questions .....	44
Review Answers.....	45
<b>Chapter 5 – Payables Year-End.....</b>	<b>47</b>
Learning Objectives.....	47
Introduction .....	47
Uncashed Checks .....	47
Unremitted Expense Reports.....	47
Delay the Supplier Invoice Cutoff .....	48
Record Within the Correct Period .....	48
Settle Disputed Invoices .....	49
Clean up Prepaid Expenses .....	49
Match Payables Aging to General Ledger.....	50
The Form 1099-MISC.....	50
The Form 1099-NEC .....	55
Treatment of Incorrect Filings.....	58
Form 1099 Administrative Issues .....	59
Summary .....	61
Review Questions .....	62
Review Answers.....	63
<b>Chapter 6 – Payroll Year-End .....</b>	<b>65</b>
Learning Objectives.....	65
Introduction .....	65
Human Resources Inputs .....	65
Bonus Finalization .....	66
Commission Finalization.....	66
Update the Experience Rating.....	67

## Table of Contents

Update the Mileage Reimbursement Rate .....	67
Payroll-Related Tax Filings .....	67
Form W-2 .....	67
Form 940.....	69
Form 945.....	71
Summary .....	72
Review Questions .....	73
Review Answers.....	74
<b>Chapter 7 – Public Company Year-End.....</b>	<b>75</b>
Learning Objectives.....	75
Introduction .....	75
The Public Company Closing Process .....	75
The Form 10-K.....	77
Public Company Record Keeping .....	80
Additional Staffing .....	80
Summary .....	81
Review Questions .....	82
Review Answers.....	83
<b>Chapter 8 – The Closing Checklist.....</b>	<b>85</b>
Learning Objectives.....	85
Introduction .....	85
Closing Checklist.....	85
Summary .....	91
Review Questions .....	92
Review Answers.....	93
<b>Glossary .....</b>	<b>95</b>
<b>Index.....</b>	<b>97</b>