

The Year-End Close

2nd Edition

Steven M. Bragg

Table of Contents

Chapter 1 – The Year-End Close	1
Learning Objectives.....	1
Introduction	1
The Calendar and Fiscal Years	1
The Year-End Work Load.....	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	8
Annual Budget.....	8
Reconcile Accounts.....	12
Update the Chart of Accounts.....	15
The Year-End Book.....	15
The Soft Close	16
Summary	18
Review Questions	19
Review Answers.....	20
Chapter 2 – Receivables Year-End	21
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
Chapter 3 – Inventory Year-End	27
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.....	31
Review Outstanding Bill and Hold Transactions.....	33

Table of Contents

Summary	33
Review Questions	34
Review Answers.....	35
Chapter 4 – Fixed Assets Year-End	37
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.....	39
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	42
Review Questions	44
Review Answers.....	45
Chapter 5 – Payables Year-End.....	47
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
Treatment of Incorrect Filings.....	53
Form 1099 Administrative Issues	54
Summary	56
Review Questions	57
Review Answers.....	58
Chapter 6 – Payroll Year-End	59
Learning Objectives.....	59
Introduction	59
Human Resources Inputs	59
Bonus Finalization.....	60
Commission Finalization.....	60
Update the Experience Rating.....	61

Table of Contents

Update the Mileage Reimbursement Rate	61
Payroll-Related Tax Filings.....	61
Form W-2	61
Form 940.....	63
Form 945.....	65
Summary	66
Review Questions	68
Review Answers.....	69
Chapter 7 – Public Company Year-End.....	71
Learning Objectives.....	71
Introduction	71
The Public Company Closing Process	71
The Form 10-K.....	73
Public Company Record Keeping	76
Additional Staffing	77
Summary	77
Review Questions	78
Review Answers.....	79
Chapter 8 – The Closing Checklist.....	81
Learning Objectives.....	81
Introduction	81
Closing Checklist.....	81
Summary	87
Review Questions	88
Review Answers.....	89
Glossary	91
Index.....	93