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SUMER
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Year-end planning for SMEs: Accounting, audit and tax considerations





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For SME leaders and finance teams, year-end often arrives faster than expected. Alongside keeping the business running, there are deadlines to meet, reports to prepare and important decisions to make about the year ahead.

While year-end is often viewed as a compliance exercise, it also provides an opportunity to strengthen financial reporting and make tax-efficient decisions before the financial year closes. Many valuable tax planning opportunities disappear once year-end has passed, making early preparation essential for businesses looking to improve cash flow, minimise unnecessary tax liabilities and plan confidently for future growth.

Why planning ahead matters

Leaving year-end preparation until the final few weeks often creates unnecessary pressure, delays and additional costs.

Planning ahead helps businesses:

- Produce accurate financial information
- Resolve accounting and tax issues early
- Make the audit process more efficient
- Improve communication with advisers
- Give business leaders more time to focus on running the business

Most importantly, it gives you time to make informed commercial and tax decisions before opportunities are lost.

1. Start planning earlier than you think

Begin preparations well before your financial year closes and create a timetable covering key milestones, including:

- Completing reconciliations
- Preparing supporting schedules
- Reviewing significant transactions
- Gathering documentation
- Meeting with your auditors and tax advisers

Starting early gives you greater flexibility to resolve issues before they become time critical.

2. Make tax planning part of your year-end routine

For many SMEs, year-end represents the final opportunity to implement legitimate tax planning before the accounting period ends. Taking advice before your year-end can improve cash flow, reduce future tax liabilities and ensure valuable reliefs aren't overlooked.

Areas worth reviewing include:

- Forecasting your corporation tax liability
- Maximising available capital allowances on qualifying investment
- Whether planned equipment or technology purchases should be brought forward
- Directors' remuneration, dividends and pension contributions
- Research and Development (R&D) tax relief, where applicable
- Loss and group relief opportunities
- VAT treatment of any significant transactions
- The tax implications of acquisitions, disposals or restructuring
- Preparing for upcoming tax changes that could affect your business

Every business is different, but reviewing your tax position before year-end provides far more flexibility than waiting until your year end accounts have been prepared.

3. Review your balance sheet

Ensure every balance sheet account is accurate and fully supported, including:

- Bank reconciliations
- Trade debtors and creditors
- Fixed asset registers
- Inventory records
- Accruals and prepayments
- Intercompany balances
- Loan agreements

Resolving discrepancies early reduces audit queries and ensures both your financial reporting and tax calculations are based on accurate information.

4. Keep supporting documentation organised

Missing documentation is one of the most common causes of audit delays.

Ensure key documents are readily available, including:

- Contracts
- Board minutes
- Lease agreements
- Loan documentation
- Tax correspondence
- Significant invoices
- Legal agreements

Good record keeping supports both the audit process and effective tax compliance.

5. Consider changes to your business

Significant events often require additional accounting treatment or disclosures, including:

- Business acquisitions or disposals
- New funding arrangements
- Property purchases
- Major capital investment
- Restructuring
- Changes in ownership
- Expansion into new markets

Many of these events also have important tax implications. Discussing them with your advisers before year-end can help identify planning opportunities, maximise available reliefs and avoid unexpected tax consequences.

6. Review internal controls

As businesses grow, financial processes evolve. Review whether:

- Financial responsibilities are appropriately separated
- Approval limits remain suitable
- Key reconciliations are completed regularly
- Cyber security controls remain effective
- Fraud risks have changed

Strong controls improve financial reporting, reduce risk and support tax compliance.

7. Review accounting estimates

Review assumptions relating to:

- Bad debt provisions
- Inventory valuations
- Asset impairment
- Warranty provisions
- Useful economic lives of fixed assets
- Going concern assessments

Robust estimates support reliable financial statements and accurate tax reporting.

8. Think beyond compliance

Year-end is an opportunity to review your business and plan ahead.

Ask yourself:

- Are we achieving our strategic objectives?
- Do we have sufficient cash flow for future plans?
- Are we making full use of available tax reliefs and allowances?
- Could planned investment be timed more effectively?
- Is our business structure still appropriate from both a commercial and tax perspective?
- Are our governance and decision-making processes still fit for purpose?

9. Learn from the previous audit

Review recommendations from the previous year and assess whether agreed improvements have been implemented.

Addressing recurring issues can make future audits more efficient while strengthening financial reporting and governance.

10. View your audit as an investment

A successful audit delivers far more than an independent opinion on your financial statements.

It can improve reporting processes, strengthen controls, identify business risks and provide valuable external insight. Combined with proactive tax planning, year-end becomes an opportunity to improve efficiency, support investment decisions and build confidence among lenders, investors and other stakeholders.

Questions to ask your adviser before year-end

- What tax planning opportunities are available before our year-end?
- Have we claimed every relief and allowance we're entitled to?
- Should we accelerate any planned investment?
- Is our directors' remuneration strategy still tax efficient?
- Are there any upcoming tax changes we should prepare for?
- Have any business changes created unexpected tax consequences?
- Are there accounting or audit issues we should address early?

How can Sumer NI help?

At Sumer NI, we're passionate about championing SMEs and helping businesses prosper. We believe great advice should be practical, approachable and focused on what matters most to business leaders.

Whether you're preparing for year-end, reviewing your tax position, strengthening financial reporting or looking to gain greater value from your audit, our team can help you identify opportunities, manage risk and make informed decisions with confidence.

Good year-end preparation is about more than meeting statutory deadlines. By planning ahead, maintaining organised records and taking a proactive approach to tax planning, year-end becomes an opportunity to strengthen cash flow, optimise your tax position and build a stronger foundation for sustainable growth.

If your next year-end is approaching, now is the time to start planning. The earlier you begin the conversation, the more value you'll gain from the process. Get in touch with your local business champion to help guide you through your year-end planning.

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