

A man and a woman are looking at a laptop in an office setting. The woman is on the left, looking at the screen with a slight smile. The man is on the right, looking at the screen and pointing at it. The background is a blurred office environment with a desk and a chair.

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THE QUICK START
GUIDE TO TO
YOUR FINANCIAL
YEAR-END

An introduction for start-ups and small businesses

THE QUICK START GUIDE TO YOUR FINANCIAL YEAR-END

And what it means for your small business

What is your 'year-end'?

Your financial year-end (also called your 'accounting year-end') is a key date in your business calendar. It's when the financial year finishes for your business. Businesses have different financial year-ends.

At your year-end you (or your accountant) should prepare annual accounts, detailing your sales, costs and profit/losses for the financial year.

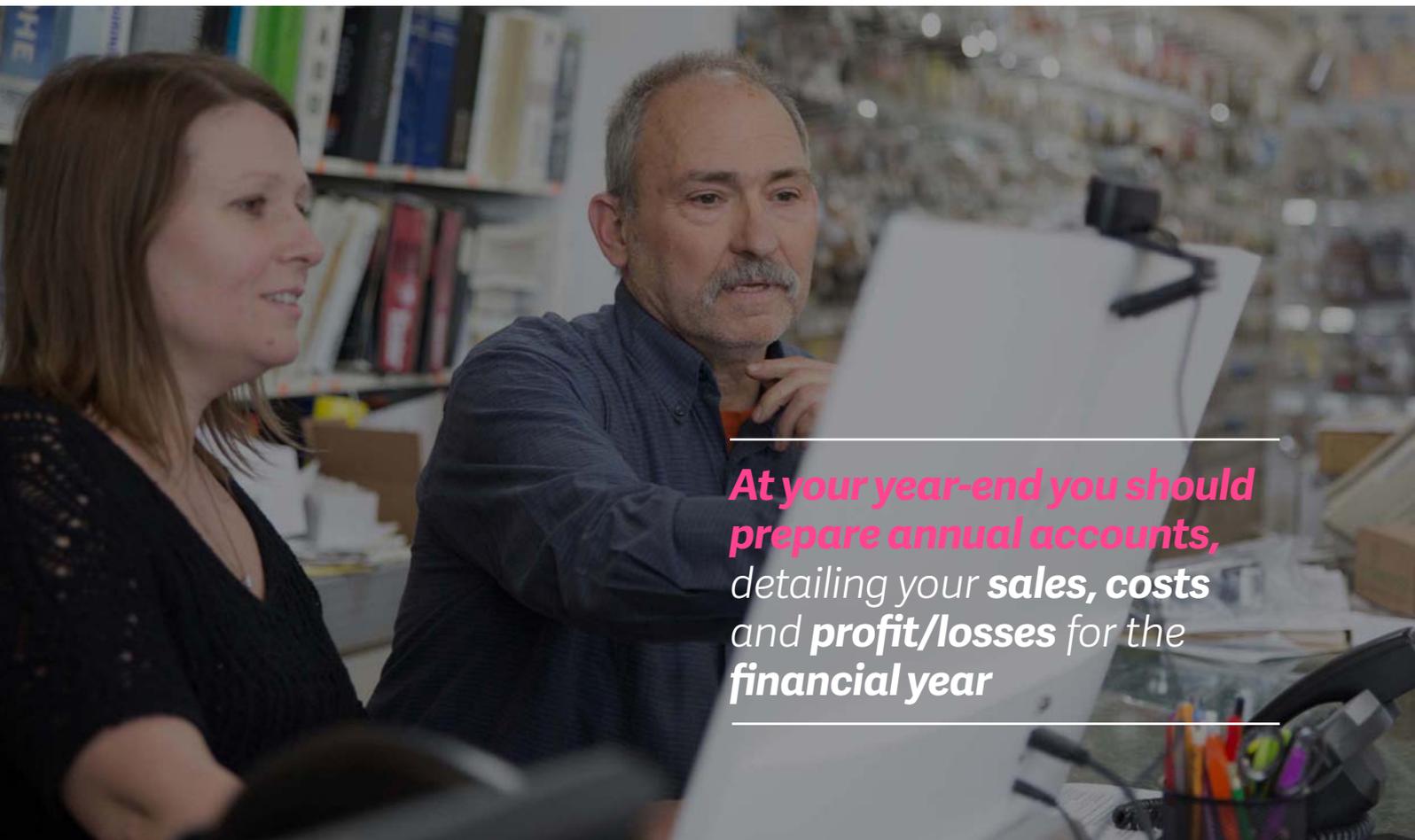
If you own or run a limited company, by law you (or your accountant) must prepare annual accounts and send them to Companies House and to any shareholders. You may also want to send a copy to interested parties such as your bank. The figures in your annual accounts can help you complete your corporation tax return.

If you are self-employed, you aren't legally obliged to prepare annual accounts, but it can help you to complete your self-assessment tax return, which must be submitted to HMRC by 31 October in paper form or by 31 January if you file online.

Choosing your financial year-end

If you're self-employed, you decide your financial year-end date. If you set up a company, Companies House will give you an 'accounting reference date' to use for your accounts, which will be at the end of the month, one year later.

Either way, after your first accounting year-end, the next one will automatically be a year later (unless you choose to change your year-end).



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The date you choose can affect how soon you **must pay tax** on your profits, so you may **want to take advice from an accountant on the best date**

Many businesses choose 31 December to match the calendar year. You may prefer 31 March, to tie in with the date when tax rates and rules usually change. Or you might choose a quiet time of year for your business, when you have more time to sort out financial paperwork.

The date you choose can affect how soon you must pay tax on your profits, so you may want to take advice from an accountant on the best date for your circumstances.

Year-end accounts

The year-end accounts you produce will depend on your requirements and those of Companies House, HMRC and your shareholders or any lenders.

Typically, your accounts include:

- a profit and loss account, showing how profitable your business was
- a cash flow statement, illustrating how money flowed into and out of your business
- a balance sheet, showing your business's financial position at its year-end.

Limited companies must make sure that their accounts give the information required by Companies House, in the **correct format**. Smaller companies don't have to provide as much detail as larger ones.

Making it easy

You can produce annual accounts yourself, although many micro businesses choose to pay an accountant to prepare and submit theirs. As well as saving time and ensuring accuracy, a reliable accountant might be able to help you with tax planning and financial management.

Whether you use an accountant or not, you need to make sure your accounting records provide all the necessary information. It's much easier if you have a well organised, regularly updated accounting system, rather than having to sort out everything at your financial year-end.

It helps if you can tidy up any loose ends in the run-up to your financial year-end. For example, by chasing outstanding debts.

Get help

Other businesses may be able to recommend an accountant. Another option might be professional associations such as **ICAEW** and **ACCA**.

Government website **GOV.UK** offers further advice on annual accounts and tax returns.

Sage One Accounting makes it easy to keep your financial records up-to-date and to produce profit and loss, cash flow and balance sheet statements. Your financial data is securely stored online and can be easily shared with your accountant or bookkeeper.