

Hello dear jewelry insider, are you a one-person enterprise wearing all the hats? Or, have you stepped up to professional level and have help allowing you to focus on your specialties? In whatever phase of entrepreneurship you are in, please make sure these important year-end accounting practices are being done.

It will make your life easier for tax season and help you measure your business's progress and overall health for future decisions.

I'm going to assume you're confidently tracking your income and expenses separate from your personal finances and that you have a way that works for you to track your inventory. If you aren't, please stop here and go check out [this list of applications](#) to help you do this. Choose one method, and proceed.

As the New Year approaches, you're going to want to look at 2 main things:

1. Your Net Income
2. Tax Saving Strategies

1. Your Net Income = Income – Expenses and can be found on your Profit & Loss report (a.k.a. an Income Statement).

Make sure all of your bills from vendors have been entered (and, fingers-crossed, paid) to account for inventory that has been added. Then, make sure all of your Other Current Liabilities such as Store Credits from Returns or Gift Cards, as well as Deposits or Down Payments on works-in-progress have been recorded. You'll want to make sure you allocate the appropriate inventory and goods to these types of money to offset that you currently have both, the money and the jewelry.

Check that all your invoices have been paid and send out reminders for aging account receivables. Follow up with anything out on memo, consignment or the like to check on status and collect payment as fit.

2. Meet with your accountant now to plan and implement tax saving strategies because next year is too late.

Be prepared to provide the year-to-date Income Statement and Balance Sheet reports. Use your last year's numbers if you have them, and your current year's reports to project earnings and expenses through the end of the year.

Take advantage of investment opportunities that offer tax savings. Set up a Roth IRA (taxed now) or traditional IRA (taxed later), or a Solo 401k if you're a sole proprietor. These investment opportunities need to be established before year-end, but allow for contributions to be made up to April 15th of the next year.

Your accountant will be able to advise you on, or perform the following procedures.

Year-End Accounting Checklist for Jewelers:

- Complete all transactions for the year.
- Confirm all bills have been entered and paid and all invoices sent and payment received.
- Review reports for discrepancies (see list of recommended reports below)
- Review customer balances and make adjusting entries to write-off as bad debt, forgive, or deem a charitable contribution.
- Review inventory and verify amounts (both physical count and value) are correct. Inventory is often done in January, but now is the time to review current totals and compare them to the beginning of year totals.
- Reconcile all bank and credit card statements
- Review fixed assets, make all necessary additions or disposals and calculate depreciation / amortization. Record depreciation expenses.
- Review prepaid expenses, such as prepaid insurance, taxes or rent, and make adjustments as necessary to accurately record the cost over the relevant period.
- If you have payroll, check that the payroll tax liabilities match the quarterly reports.
- If you have loans, check that the notes payable account matches the bank's current amount.
- Run reports again. Review, and save year-end reports for your records.

List of recommended reports:

Accounts Receivable—A/R Aging Summary, Sales by Customer, Taxable/Exempt Sales, Invoice Register

Accounts Payable—Check Register, A/P Aging Summary, Vendor Ledger, Purchases by Vendor, 1099 forms

General Ledger—Trial Balance, General Journal, General Ledger

Financial Statements—Balance Sheet, Profit and Loss or Income Statement, Statement of Cash Flows

Payroll— Payroll Check Register, Payroll Tax Reports, State Quarterly and Yearly Forms and Federal Forms (940, 941, W-2, and W-3).

Inventory—Inventory Valuation Summary, Physical Inventory List, Inventory Profitability

Jobs—Job Ledgers, Job Profitability

Get on it now, so you can celebrate your business in pure joy with the holiday season.

Warmest wishes,

Maribel Heart

www.accountingforjewelers.com

and

www.theheartdepartment.com