ZAZEN TAX

Agency Year-End

About an hour, mostly cut-off, and the cut-off is the accounts: an agency's profit lives in WHEN work is recognised, and the year end is where that gets decided properly.

Agency .... **Year end** .... **Prepared by** ....

Project businesses have soft edges: work half done, invoices half raised, bonuses half promised. The checklist hardens the edges while the choices are still cheap.

1. The WIP cut — about 15 minutes

- [ ] **Percentage complete per live project, from the project lead**
  Against the plan, not the burned hours: hours measure cost, not progress. The WIP and Revenue Recognition Workbook holds the cut.
- [ ] **Accrued income recognised where work runs ahead of billing**
  Earned but unbilled is income of THIS year, however unromantic the tax timing.
- [ ] **Deferred income held where billing ran ahead**
  Deposits and stage payments for work not yet done are a liability, not a strong finish.

2. The ledger hardened — about 10 minutes

- [ ] **Chase or provide for the doubtful debts**
  A provision needs evidence of doubt; VAT bad debt relief arrives once an invoice is six months past due. Chasing in month eleven beats providing in month thirteen.
- [ ] **Freelancer accruals for work done, uninvoiced**
  The bench invoices late; the cost belongs to the year the work happened.
- [ ] **The pitch ledger closed for the year**
  New business costs are real costs: the season's total against the wins is a board number, and the Pitch Cost and Win Rate Calculator prices next season.

3. The people decisions — about 15 minutes

- [ ] **Bonuses decided and minuted before the year end**
  A bonus deducts in the year when it is committed by the year end and paid within nine months. Decide in the year, not in the audit.
- [ ] **The utilisation and rate review, on actuals**
  The Utilisation and Recovery Calculator on the year's real numbers: the two leaks sized, the card repriced, the targets reset.
- [ ] **The hire plan against the pipeline**
  Next year's hires priced with the Next Hire Break-Even Calculator against demand that actually exists in the pipeline tracker.

> THE NUMBER THE YEAR END EXISTS FOR
>
> Recognised profit follows the WIP cut, and the WIP cut follows honest percentages. Ten optimistic points across four projects invents profit that next year has to quietly repay, with corporation tax already gone.

4. The reliefs and the claims — about 10 minutes

- [ ] **Kit and fit-out through the annual investment allowance**

Machines, screens, studio kit: normally in full in year one, invoices kept.

- [ ] **Consider the R and D position honestly**
  Most agency work is skilled and not R and D; genuine platform or tooling development can be. The SaaS hub's R and D resources draw the line properly.

- [ ] **Staff costs of the £50 and £150 kind**
  Trivial benefits and the annual function exemption, within their limits, cliff edges respected.

5. The handover about 10 minutes

- [ ] **One folder to the accountant**
  The WIP cut, the portfolio tracker, the accruals, the bonus minutes and the kit invoices: February becomes assembly, not archaeology.

- [ ] **Book the planning conversation before the year closes**
  Bonus timing, kit timing and the dividend position die at midnight on the year end; the meeting belongs in the final quarter.

Zazen Tax

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