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SETTING ACCENTS

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What companies should keep in mind and do by the year-end?

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→ What companies should keep in mind and do by the year-end?

We have prepared a few recommendations and reminders to enable successful conclusion of year 2022 and submission of the annual report to the State Revenue Service.

1. Inventory

Inventory is checking of the actual status of financial values and cash resources and its reconciliation with accounting data. It is important to carry out inventory in due time, as documents necessary for accounting records are also checked during inventory. The year-end concluding inventory may be carried out up to 3 months before the end date of a reporting year or within one month after it. Therefore, the companies who have already managed to do this can proceed to the next step. However, the ones who have not done it yet can start planning for it.



2. External audit

We would advise to engage external audit service, because in this way more efficient and objective business evaluation and economic analysis is performed. Outsourced audit services, in particular, the one offering a broad range of action and high-level professionalism based on long-term experience, for example, SIA Rödl & Partner, will allow saving money and time. Audit not only enables clarifying the financial condition and verifying the accurate work performed by an accountant, but also provides various recommendations for improving the company operations and accounting.

3. Assessment of the company operations

Assessment of the company operations and economic analysis should be undertaken following verification of the accounting data in order to assess profit and loss and plan for the next year in due time. Positive balance or profit is important for every company, because this also serves as an indicator of the company development and confirmation that the company can attract additional investment for new projects. The company should also pay attention to updating of its accounting policy, as this is an important component of every company. Its existence speeds up accounting processes and ensures more efficient record-keeping.

4. Assessment of the accounting efficiency

The quality of reports and results also depend on the accounting accuracy and competence. It is useful to consider which type of accounting service should be selected, in particular, whether an in-house accountant should be employed, or the service should be outsourced to an accounting company because different approaches may be required depending on the company specifics. SIA Rödl & Partner offers comprehensive accounting services to both small and large companies. We can be your reliable outsourced accountant or help your in-house accounting team to achieve excellence by resolving and organizing various matters, thus allowing saving time and money.

5. Preparation for the next fiscal year

Following evaluation of the company performance the planning for the next year, the budget drafting, setting of new goals and forecasting can be focused on. Recent years have been difficult for businesses starting from the global pandemic up to the current events affecting both the economic and political situation all over the world. Therefore, every aspect of business operation needs to be carefully evaluated. Business planning is important for every company, each employee is directly or indirectly involved, however, the company management plays the main role in the process.

6. Survey of the macro and micro environment of the company

It is also important to examine the macro and microenvironment of the company. Unfortunately, we cannot change the macro environment, we can only consider its effect. We can still survey and plan the microenvironment including competitors, suppliers, brokers, and clients. Based on the year-end data the demand of the next year can be planned, enabling budgeting of revenues and costs related to sales. It is also useful to examine competitors because both success and failures can be used for learning to improve own company and eventually avoid mistakes somebody else has already made. Also, presence or lack of competition should be examined when a new company is established because this serves as an indication if the offered service will be demanded.

7. Personnel welfare policy

Representation expenses and expenses of the personnel sustainability measures, the total amount of which in the reporting year does not exceed five

per cent of the gross wages for employees during the preceeding reporting year for which the state social insurance contributions have been paid, are not taxable for the purpose of the corporate income tax (Section 8.2.7 of the CIT Law). It is worth checking if the budget has not been used until the end of the year to take care of the personnel well-being at the end of the year. Increasingly more companies are considering this policy, as this contributes to the company performance. Employees make a stronger team and receive higher motivation to perform.



Summarizing the above, it can be said that it is important to start collecting and examining documents, results of the reporting year at the conclusion of the year, in order to be able to submit reports in due time and to start planning for the next year. This also allows being prepared to adjust to fluctuating external conditions because now it is particularly important to be flexible and to be able to adapt within a short time. Recent years have not been easy for businesses; however, one should maintain optimism, courage, and broad vision.

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