

# Ultimate Guide: Year-End Financial Management with TimeSolvPay

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As a lawyer, you want to keep the focus on clients and cases—and when preparing for end-of-year financials and looking ahead to the new year, scrambling with a plethora of files and emails is not how you want to spend your time.

Let's explore what you should do to prepare for your year-end financial management, streamline end-of-the-year tasks, ensure funds for retainer replenishment, and set goals for the new year.

## Preparing for year-end financial management

With the year ending, it's time for law firms to prepare their finances for the new year and take a look back at the previous year's progress. What goes into end-of-year financial management? It should include profitability accounting, billing rate review, and a key performance indicators (KPI) review.

### Profitability accounting

Profitability accounting is a key year-end task that compares a law firm's revenue, [expenses](#), and resources to identify areas for improvement and optimize resource allocation. For example, analyzing income from practice areas like family law versus corporate law can reveal which services are more profitable and where to focus efforts.

By also evaluating client accounts and managing costs, such as unexpected trial expenses or expert witness fees, firms can better budget for future investments, boosting client confidence in the firm's preparedness.

### Billing rate review

One of the important areas to review and adjust is the billing rates for the year. This involves comparing those of the company with those of competitors and the industry at large. Areas of research include:

- the level of inflation
- fluctuation in market demand
- the company's financial position

If you decide to increase your rates, share your data and research to retainer clients, including the value of your services when discussing this change.

### **Key performance indicator (KPI) review**

The end of year is an important time to assess your KPIs.

Metrics such as billable hours and collection rates highlight how well operations are running and the firm's profitability. By comparing these KPIs against data and industry norms, businesses can identify trends, set performance targets, and create pragmatic plans for improvement.

Reviewing these metrics will keep you updated on year-end assessments and position the firm to monitor performance in the coming year.



## The Ultimate Guide to Automating Your Legal Billing and Payments



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To stay competitive in today's legal landscape, law firms must embrace the power of technology, especially when it comes to billing and payments.

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Download our free guide to improve your legal billing and payment process today!

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## Streamlining year-end financial tasks with TimeSolvPay

As the year draws to a close, it's time to get proactive about key financial tasks. [TimeSolvPay](#) can help law firms manage these activities with greater accuracy and efficiency, leaving you more time to wrap up client work.

### 1. Review firm financials

Conduct a detailed analysis of your [financial statements and reports](#). This should include:

- Profit and loss statement
- Balance sheet
- Cash flow statement
- Accounts receivable
- Work-in-progress (WIP) reports

As you review your firm's financials, it's also important to look at metrics like revenue, expenses, profit margins, and cash flow. This data will help identify areas of improvement. To spot trends and issues that need attention, compare this year's performance with those of previous years and your budget targets.

## **2. Make sure all clients are invoiced**

Don't let billable hours go unpaid at the end of the year. Track all hours worked through November and December and run an accounts receivable report to see what payments are still outstanding. Send final invoices to collect outstanding payments. If there are any uncollectible balances, assess what you can write off.

*Using TimeSolvPay simplifies this process by offering easy-to-track invoicing and payment collection, helping you settle balances faster.*

## **3. Settle outstanding bills**

Just like you need clients to pay all their outstanding bills by end of year (EOY), you should do the same with your invoices. Settle all vendor invoices and outstanding expenses before year-end. If necessary, allocate funds to clear these payments to close your books accurately.

*TimeSolvPay allows you to process these payments quickly, ensuring all transactions are documented and streamlined.*

## **4. Review trust accounts**

Ensuring that your firm's trust accounts are properly managed is vital to your firm's standing, and the year-end financial management is an excellent

opportunity to cross-check everything.

As you evaluate reports, check that client ledgers are balanced and that earned fees are moved from trust to the operating account. Review your WIP report to track any remaining time and expenses.

*[Trust accounting](#) can be complicated and unwieldy. TimeSolvPay helps by seamlessly managing these transfers, ensuring accurate tracking of trust account movements.*

## **5. Tackle year-end tax strategy**

Meet with your accountant to discuss year-end tax strategies. What potential deductions could you make? Have you met your state and local tax obligations? Are any estimated payments required before December 31?

*TimeSolvPay's reporting tools can generate detailed financial summaries to assist in your tax planning.*

# **Planning for the next fiscal year**

Just as year-end financial tasks let you end on a strong note, they also help you start off strong, too.

## **Set your budget and forecasts**

First, there is a need to set budgets and revenue forecasts consistent with a firm's strategic objectives. This calls for looking at the firm's past financial performance and seasonal fluctuations in business, and considering anticipated changes in demand by clients or market trends.

With TimeSolvPay's financial tracking, projecting cash flow for future budgets becomes more efficient. Your firm's latest financial information will go a long way to help plan and manage resources through a detailed budget of prospective expenses, investments, and revenue sources.

## **Identify your financial goals**

Aside from budgeting, the establishment of financial objectives and the development of action plans are essential in both guiding and delineating the growth trajectory of the firm. These should be SMART:

- specific
- measurable
- achievable
- relevant
- time-bound

Once those types of goals have been established, develop action plans that delineate the steps required to achieve those goals—whether training programs for attorneys, marketing campaigns, or technology investments—to set a clear trajectory.

Reassessing such goals and action steps on a regular basis helps the firm stay on course toward its financial goals for the year.

### **Communicate with clients**

Finally, year-end [client communication](#) is not just a formality but a valuable opportunity to engage in solid relationships for the coming year.

If there are any changes in firm billing and payment policies that will take place in the new year, make sure clients are informed. Similarly, now is a good opportunity to solicit feedback from clients about their experience with your firm during the past year. This kind of proactive communication positions your firm as a responsive and trustworthy provider who cares about the level of service being delivered.

## **Make your year-end financial management stress-free with TimeSolvPay**

Assessing your law firm's financials, as well as objectives, goals, and KPIs, is a vital step for year-end wrap-ups and new-year planning. It is clear that having the most up-to-date financial information is the driving factor that will set the tone for strategies.

With TimeSolvPay, you can manage billable time and invoices with ease on a secure platform that is convenient and efficient for both you and your clients.

[Start your free trial today.](#)



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