AccountMate Year-End Preparations

Technical Note: Year-End Closing Procedures

Difficulty Level: Intermediate Level AccountMate User

Version(s) Affected: AccountMate 7 for SQL and Express, AccountMate 6.5 for SQL and MSDE, and AccountMate 6.5 for LAN

Module(s) Affected: General Ledger Module and All Integrated Modules

Posting Date: 1/2/2008

DESCRIPTION

This document is provided to assist users when performing fiscal year-end closing. The fiscal year-end closing process requires that certain procedures be done in a proper sequence. It is a function that is performed once a year and is a very important part of the accounting process. This document provides instructions on how to close the fiscal year and addresses frequently asked questions about this process.

SOLUTION

YEAR-END CLOSING CHECKLIST

1. Verify that **period-end closing** has been done through the last period of the current fiscal year for all modules.

2. Post all **prior fiscal year** transactions and year-end adjustments.

3. Verify that there are **no un-posted GL batches** dated in the prior fiscal year.

4. **Recalculate account balances** to ensure that the General Ledger accounts are in balance. Be sure to back up the data before performing the recalculation.

5. Print and review the **Trial Balance** and **General Ledger Listing** for the fiscal year that will be closed.

6. Verify that a valid, active GL Account ID has been assigned to the **Retained Earnings Account** field in GL Module Setup. This is the account that will be used to close out the income statement account balances during fiscal year-end closing.

7. Verify the **purge date** that will be the basis for deleting historical GL account balances.

8. **Back up the company database(s)** before closing. Furthermore, test each

backup to make sure that it is in good condition and can be restored in case problems are encountered during the closing process. **THIS IS A MUST!**

9. Verify that no one else is accessing the company that is about to undergo fiscal year-end closing. Also, the person who is to close the period should not run more than one instance of AccountMate. The system does not allow fiscal year-end closing when there are multiple instances of AccountMate accessing the same company.

WHEN TO PERFORM YEAR-END CLOSING

There is no definitive rule as to when fiscal year-end closing must be performed. It remains at the company's discretion when to close a fiscal year.

In deciding about when to close the fiscal year, be sure to consider the following:

- Transaction dates determine the posting period, so it is important to ensure that transactions are recorded using the proper transaction date. For example, an AP invoice can be entered in January 2008 with Post Date backdated to December 2007 if the transaction belongs to the 2007 fiscal year.

- AccountMate provides a good deal of flexibility when closing the fiscal year because you can post transactions in the current year, prior year, and future year; it does not restrict entries to the prior fiscal year nor restrict any financial reports.

- If you want to restrict the periods to which transactions can be posted, you can do so through the Posting Period Restrictions function in the General Ledger module. You can set the system to accept entries for a three-year period by unmarking all checkboxes in the Posting Period Restrictions function.

- As long as data is not purged, financial statements and reports can be generated for historical years.

The Fiscal Year-End Closing function performs the following updates:

- Checks for un-posted prior year GL journal entry batches.
- Validates that all subsidiary modules (i.e. non-GL modules) have been closed through the last period of the current fiscal year.
- Updates the Fiscal Period Table with information for the new future year.
- Deletes GL transaction records dated prior to the date specified in the Purge Historical Data Before field in the General tab of the GL Module Setup.
- Closes the Income Statement GL accounts and transfers the resulting net income or loss to the Retained Earnings GL account in preparation for the new fiscal year's transactions.
- Keeps Balance Sheet GL accounts open and carries forward their ending balances to period zero of the new fiscal year to serve as the beginning balances for the new year.
- Closes the company's current fiscal year in the General Ledger and moves it to the next fiscal year.

YEAR-END CLOSING PROCESS

NOTE: Screenshots used in this document are taken from AccountMate 7.3 for SQL. Your screens may differ slightly if you are using a different version.

To close the current fiscal year, perform the following steps:

1. Verify that all subsidiary modules have been closed through the last period of the current fiscal year; otherwise, perform the necessary period-end closing process to advance the subsidiary modules to the first period of the next fiscal year.

2. Review the Year-End Closing Checklist section of this document and verify that you meet all the requirements for Fiscal Year-End Closing.

3. Access the **Fiscal Year-End Closing** function from the GL Housekeeping menu. The system will display the Fiscal Year-End Closing window.

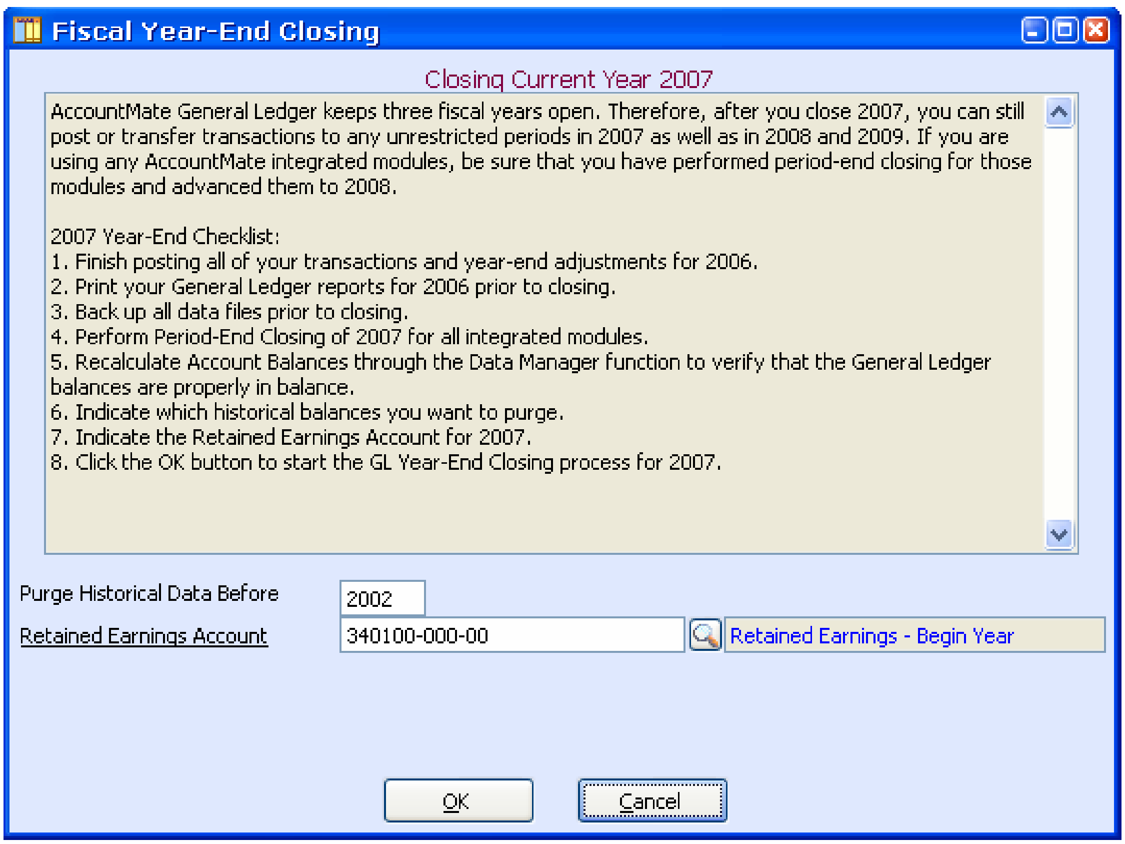

Figure 1-1. Fiscal Year–End Closing Window

The upper portion of the screen provides users with information regarding the Fiscal Year-End Closing process. The bottom part allows users to define which records to purge and the Retained Earnings GL account to which the system will post earnings and losses. The default values in these fields come from the

General tab of the GL Module Setup function window. You can change the values in these fields, if necessary.

4. Click **OK** to proceed.

5. If you entered a value in the Purge Historical Data Before field, the system will display a message informing you that once data is purged, it cannot be retrieved. You must verify that you have a good backup of your data before proceeding with the fiscal year-end closing.

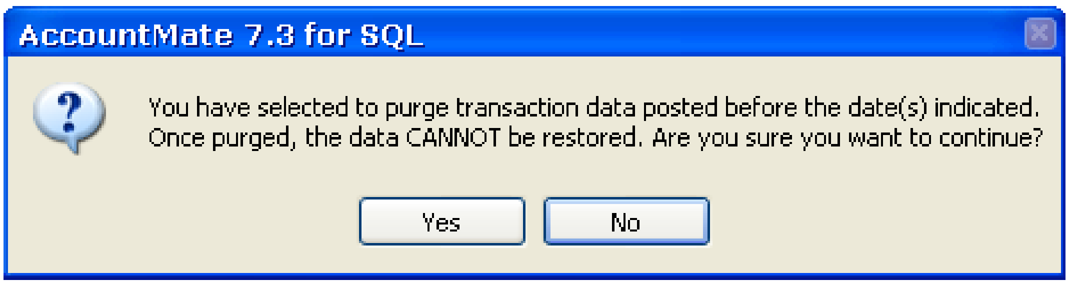

Figure 1-2. Fiscal Year-End Closing: Purge Data Confirmation Window

6. Click **Yes** if you are ready to continue with the year-end closing.

7. The system will display another message asking you if you want to recalculate account balances.

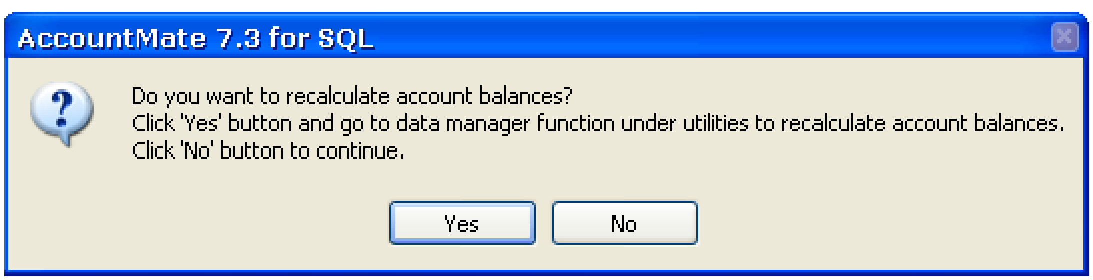

Figure 1-3. Fiscal Year-End Closing: Reminder to Recalculate Account Balances

8. Click **Yes** to quit the fiscal year-end closing process and proceed with the recalculation of account balances; otherwise, click **No** to continue with the fiscal year-end closing. Access the **Data Manager** function to recalculate GL Account balances.

9. If you decided to proceed with the fiscal year-end closing, the system will display a message window informing you what it intends to do and reminding you to verify that there are no other users accessing the system.

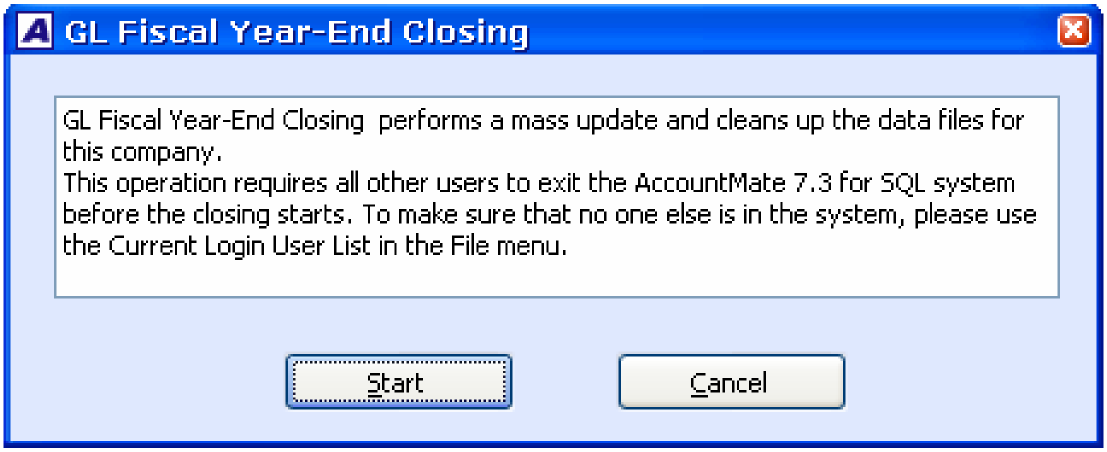

Figure 1-4. GL Fiscal Year–End Closing Dialog Window

10. Click **Start** to initiate the fiscal year-end closing process. The system will display the Fiscal Year-End Closing window showing the processes it performs and its status.

Figure 1-5. Fiscal Year–End Closing Window Processes

11. Once the system has successfully completed the closing process, it will display a message indicating that the fiscal year has been closed and provides information about the new fiscal year.

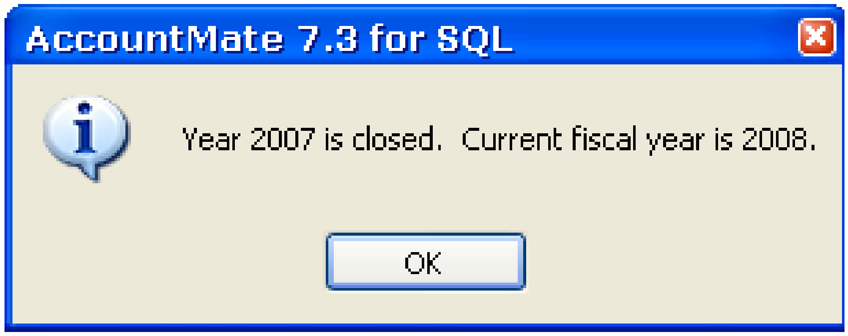

Figure 1-6. Fiscal Year-End Closing message

PAYROLL MODULE

Unlike any other subsidiary module, the Payroll module (PR) requires an extra step before you can move on to the first period of the next fiscal year if your fiscal year ends in December. The system requires you to perform W-2/1099 Year-End Closing (tax year closing) before you can close the December period in PR and proceed with performing fiscal year-end closing in GL. Closing December in the Payroll module involves the following steps:

1. **Perform W-2 information update.**
   Review the prior or current year W-2 information for reporting purposes and edit, if necessary.

2. **Perform W-2/1099 Year-End Closing**
   You must perform W-2/1099 Year-End Closing after December, regardless of when your fiscal year ends. For more information about performing W-2/1099 Year-End Closing, refer to the Online Help or Electronic Manual. If your fiscal year is not the same as the calendar year, refer to the ***Performing W-2/1099 Year-End Closing When the Company's Fiscal Year Is Not the Calendar Year*** document. You can find this in the AccountMate Year-End Closing Procedures section of the AccountMate website.

3. **Install the latest tax updates.**
   To ensure correct payroll tax calculations for the new tax year, install the latest tax updates. Refer to the ***Payroll Subscription Program Installation Instructions*** document on how to install payroll tax updates.

SUBSIDIARY MODULES LINKED TO GENERAL LEDGER

The year-end closing process for subsidiary modules involves only the closing of the last period of the current fiscal year and the system will automatically advance the module to the first period of the next fiscal year. Data will not be purged unless you specified a purge date. Refer to the ***Period-End Closing Procedures*** document for more information about the period-end closing process in subsidiary modules. You can find this in the AccountMate Year-End Closing Procedures section of the AccountMate website.

TECH TIPS

We have compiled a list of frequently asked questions about the fiscal year-end closing process in AccountMate. Refer to the ***Year-End Closing Tech Tips*** document. You can find this in the AccountMate Year-End Closing Procedures section of the AccountMate website.
