

AccountMate Year-End Preparations Article # 1261

Technical Note: Year-End Closing Procedures

Difficulty Level: Intermediate Level AccountMate User

Version(s) Affected: AccountMate 8 for SQL and Express AccountMate 7 for SQL, Express and LAN AccountMate 6.5 for LAN

Module(s) Affected: GL, AR/SO, AP/PO, IC, BR, PR, MI and RA

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DESCRIPTION

This Technical Note is intended to assist users in performing fiscal year-end closing. The fiscal year-end closing process requires that certain steps be done in the 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 in AccountMate 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 subsidiary (i.e. non-GL) 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. Review the **Trial Balance** and **General Ledger Listing** for the fiscal year that will be closed.
- If necessary, recalculate account balances to ensure that the General Ledger accounts are in balance. Be sure to <u>back up the data</u> before performing the recalculation.
- 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 the income statement account balances during fiscal year-end closing.

- 7. Verify the **purge year** 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 other user is accessing the company that is about to undergo fiscal year-end closing. The user who is to close the fiscal year must not run more than one instance of AccountMate. AccountMate does not allow fiscal year-end closing to proceed when there are multiple instances accessing the company which fiscal year will be closed. You can use the Company Access Lock function to prevent other users from accessing the company. This function is available starting in AccountMate 8 for SQL and Express.

WHEN TO PERFORM YEAR-END CLOSING

There is no definite rule as to when fiscal year-end closing must be performed. This decision remains at the company's discretion.

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

- Transaction dates determine the posting period, so it is important to verify that transactions are recorded using the correct transaction date. For example, an AP invoice can be entered in January 2013 with a Post Date backdated to December 2012 if the transaction belongs to the 2012 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 does it restrict any financial reports.
- If you want to restrict the ability to post transactions using dates that belong to one of the closed periods, you can do so using the Posting Period Restrictions function in the General Ledger module. You can set AccountMate to accept entries for a three-year period by unmarking all checkboxes for all three fiscal years (current, prior and future) 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 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 year specified in the Purge Historical Data Before field in the Fiscal Year-End Closing function.
- 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.

- Closes the Other Comprehensive Income GL accounts and transfers their balances to the designated Equity for OCI accounts in preparation for the new fiscal year's transactions. Other Comprehensive Income accounts were introduced in AM 8.3 for SQL and Express.
- Keeps Balance Sheet GL accounts open and carries forward their ending balances to period zero of the new fiscal year to serve as the new year's beginning balances.
- 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 8.3 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 in the GL Housekeeping menu. AccountMate will display the Fiscal Year-End Closing window.

The upper portion of the screen provides users with information about the Fiscal Year-End Closing process. The bottom part allows users to specify which records to purge and verify the Retained Earnings GL account to which AccountMate 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.

🛄 Fiscal Year-End Closing			- • •		
Closing Current Year 2012					
AccountMate General Ledger keeps three fiscal years open. Therefore, after you close 2012, you can still post or transfer transactions to any unrestricted periods in 2012 as well as in 2013 and 2014. If you are using any AccountMate integrated modules, be sure that you have performed period-end closing for those modules and advanced them to 2013.					
2012 Year-End Checklist: 1. Finish posting all of your tra 2. Print your General Ledger re 3. Back up all data files prior to 4. Perform Period-End Closing 5. Recalculate Account Balance balances are properly in balance 6. Indicate which historical bala 7. Indicate the Retained Earnin 8. Click the OK button to start	insactions and year-end eports for 2011 prior to o o dosing. of 2012 for all integrated es through the Data Man ce. ances you want to purge ngs Account for 2012. the GL Year-End Closing	adjustments for 2011. losing. I modules. ager function to verify that process for 2012.	the General Ledger		
Duran Utabaria I Data Dafara					
Purge Historical Data Before	2007				
Retained Earnings Account	340100-000-00	Retained	Earnings - Begin Year		
	OK	Cancel			

Figure 1-1. Fiscal Year–End Closing Window

5. If you entered a value in the Purge Historical Data Before field, AccountMate 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.

AccountMa	ate 8.3 for SQL
2	You have selected to purge transaction data posted before the date(s) indicated. Once purged, the data CANNOT be restored. Are you sure you want to continue?
	Yes No

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. AccountMate will display another message asking 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 so that you can recalculate account balances; otherwise, click **No** to continue with the fiscal year-end closing. You can access the **Data Manager** function to recalculate GL Account balances.
- 9. If you decide to proceed with the fiscal year-end closing, AccountMate 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 same company in AccountMate.

A	GL Fiscal Year-End Closing						
	GL Fiscal Year-End Closing performs a mass update and cleans up the data files for this company. This operation requires all other users to exit the AccountMate 8.3 for SQL system before the closing starts. To make sure that no one else is in the system, please use the Current Login User List in the File menu.						
	<u>Start</u>						

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

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

🛄 Fiscal Year-	End Closing			
Closing Current Year 2012				
<u>Finished</u>	Process			
	Check Prior Year Unposted Journal Entries			
	Check the Current Period of all Integrated Modules			
	Update Fiscal Period Table			
	Purge Historical Account Balances			
	Purge Historical Transactions			
	Bring forward the Current Year Account Balances			

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

11. Once AccountMate 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.

AccountMate 8.3 for SQL	×
Year 2012 is closed. Current fiscal year is 2013).
ок	

Figure 1-6. Fiscal Year-End Closing message

PAYROLL MODULE

Unlike other subsidiary modules, 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. AccountMate requires you to perform W-2/1099 Year-End Closing (i.e. tax year closing) before you can close the December period in PR and proceed with 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 and edit it, 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 article called *Performing W-2/1099 Year-End Closing When the Company's Fiscal Year Is Not the Calendar Year*. You can find this in the <u>Year-End Closing Procedures</u> 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 document called **Payroll Subscription Program Installation Instructions** (a.k.a. ReadMe File) for instructions on how to install payroll tax updates.

SUBSIDIARY MODULES LINKED TO THE GENERAL LEDGER

The year-end closing process for subsidiary modules only involves closing the last period of the current fiscal year at which point AccountMate 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 article called *Period-End Closing Procedures* for more information about the period-end closing process in subsidiary modules. You can find this in the <u>Year-End Closing Procedures</u> 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 article called **Year-End Closing Tech** *Tips*. You can find this in the <u>Year-End Closing Procedures</u> section of the AccountMate website.

Since year-end closing is only done once a year, it is easy to forget just what the process entails. This document helps to simplify things for you with its detailed discussion on how to close your current fiscal year in AccountMate.

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