**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

**Posting Date:** 11/28/2012

## 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.

5. If necessary, **recalculate account balances** to ensure that the General Ledger accounts are in balance. Be sure to **back up the data** 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.
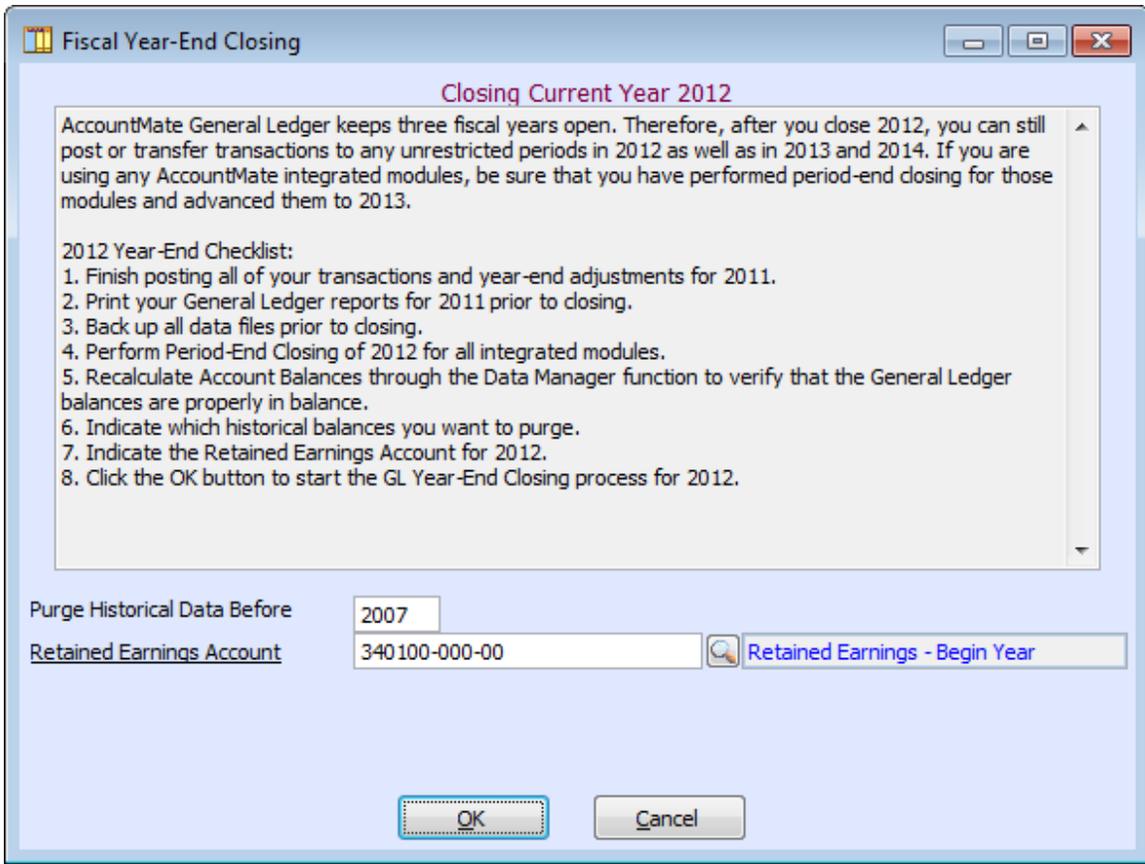
**Figure 1-1. Fiscal Year—End Closing Window**

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.
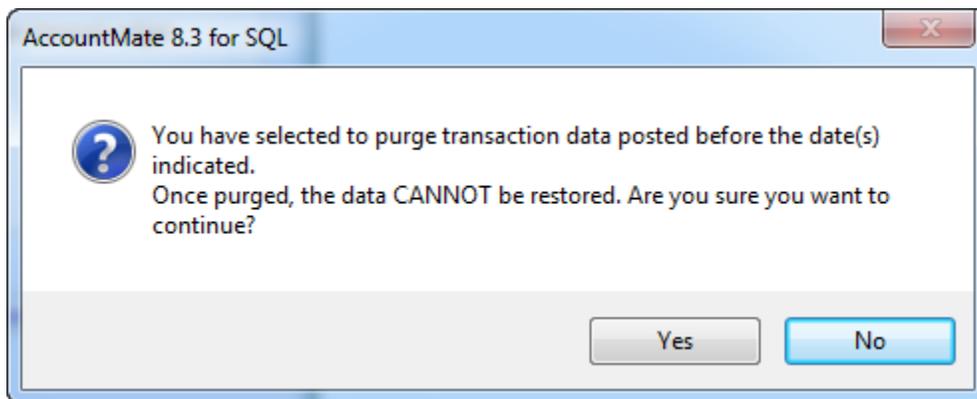


**Figure 1-2. Fiscal Year-End Closing: Purge Data Confirmation Window**

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.
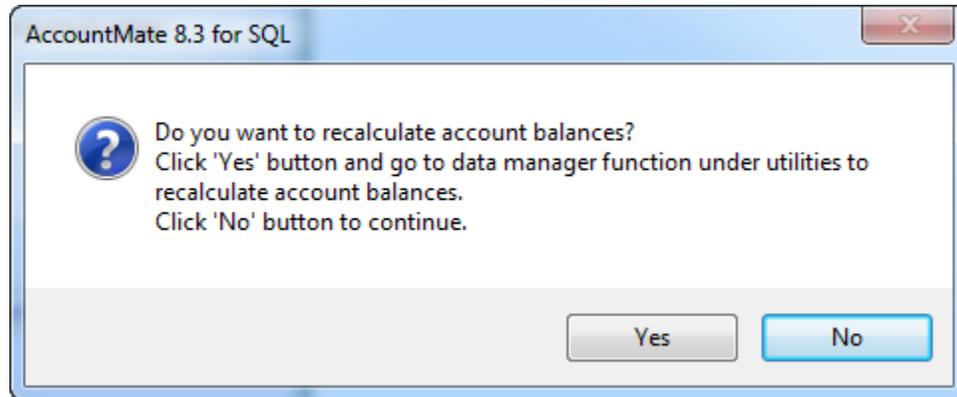


**Figure 1-3. Fiscal Year-End Closing: Reminder to Recalculate Account Balances**

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.
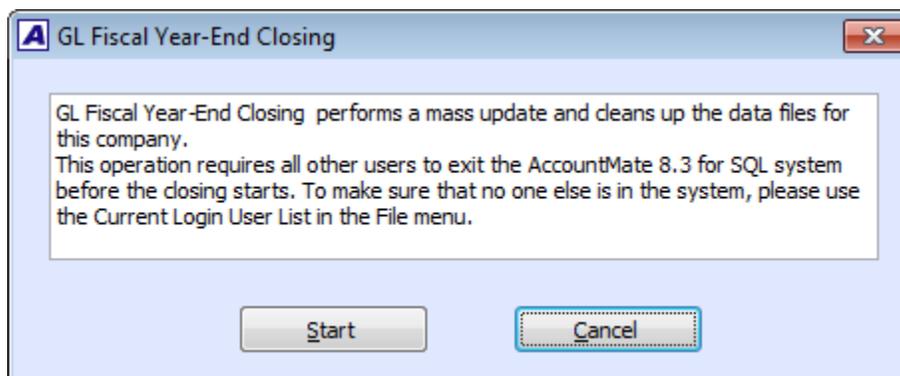


**Figure 1-4. GL Fiscal Year–End Closing Dialog Window**

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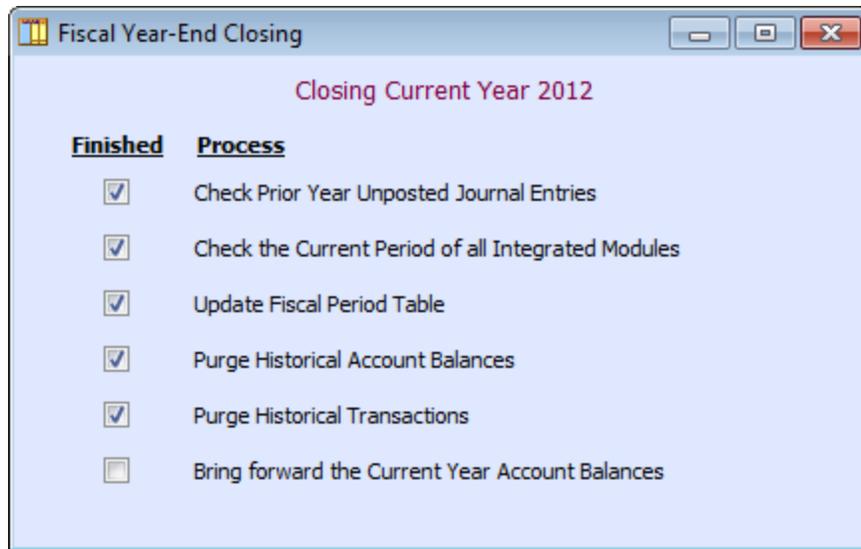
**Figure 1-5. Fiscal Year–End Closing Window Processes**

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.
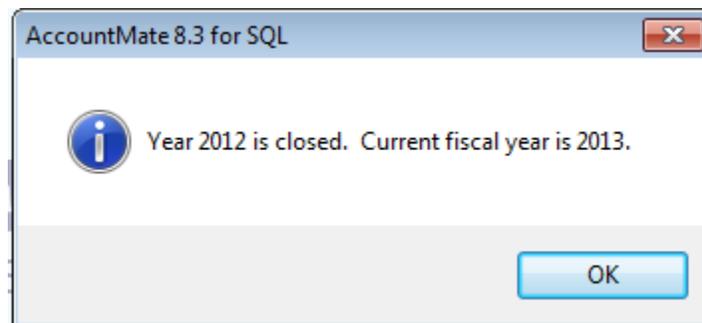


**Figure 1-6. Fiscal Year-End Closing message**

**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 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 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 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 article called ***Year-End Closing Tech Tips***. You can find this in the Year-End Closing Procedures 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.