



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: 12/DD/2006

DESCRIPTION

This document is provided to assist users when performing fiscal year-end closing. The fiscal year-end process requires performing certain procedures in a proper sequence. It is a function that is required only 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. Assign a valid, active GL Account ID for the Retained Earnings GL account to be used in the period-end closing and fiscal year-end closing.
2. Post all prior year transactions and year-end adjustments.
3. Print all the General Ledger reports for the prior year before closing.
4. Back up all data files before closing.
5. Perform period-end closing for the current year for all integrated modules.
6. Recalculate the account balances to ensure that the General Ledger accounts are balanced.
7. Specify which historical balances will be purged.

WHEN TO PERFORM YEAR-END CLOSING

There is no hard and fast rule as to when Fiscal Year-End closing must be performed. It remains the company's discretion when to close a fiscal year. Transaction dates in the system determine the posting period, so it is important to ensure that entries are posted using the proper transaction date. For example, an AP invoice can be entered in January 2005 with Post Date backdated to December 2004 if the transaction pertains to that 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.

The Fiscal Year-End Closing function performs the following:

- Closes Income Statement GL accounts and transfers the resulting net income or loss to the Retained Earnings GL account.
- Keeps Balance Sheet GL accounts open and forwards their corresponding balances to the next fiscal year.
- Closes the company's current fiscal year in the General Ledger and moves it to the next fiscal year.
- Ensures all subsidiary modules and the General Ledger are closed within the same fiscal year and carries forward the ending balances of Balance Sheet accounts of the current fiscal year as beginning balances of the new fiscal year.
- Deletes completed transactions dated prior to the date specified in the Purge Historical Data Before fields in the General tab of the GL Module Setup.

YEAR-END CLOSING PROCESS

NOTE: Screenshots used in this document are taken from AccountMate 7.2 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 integrated 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 completed all the requirements for Fiscal Year-End Closing.
3. Access the Fiscal Year-End Closing function from the Housekeeping menu. The system will then display the Fiscal Year-End Closing window.

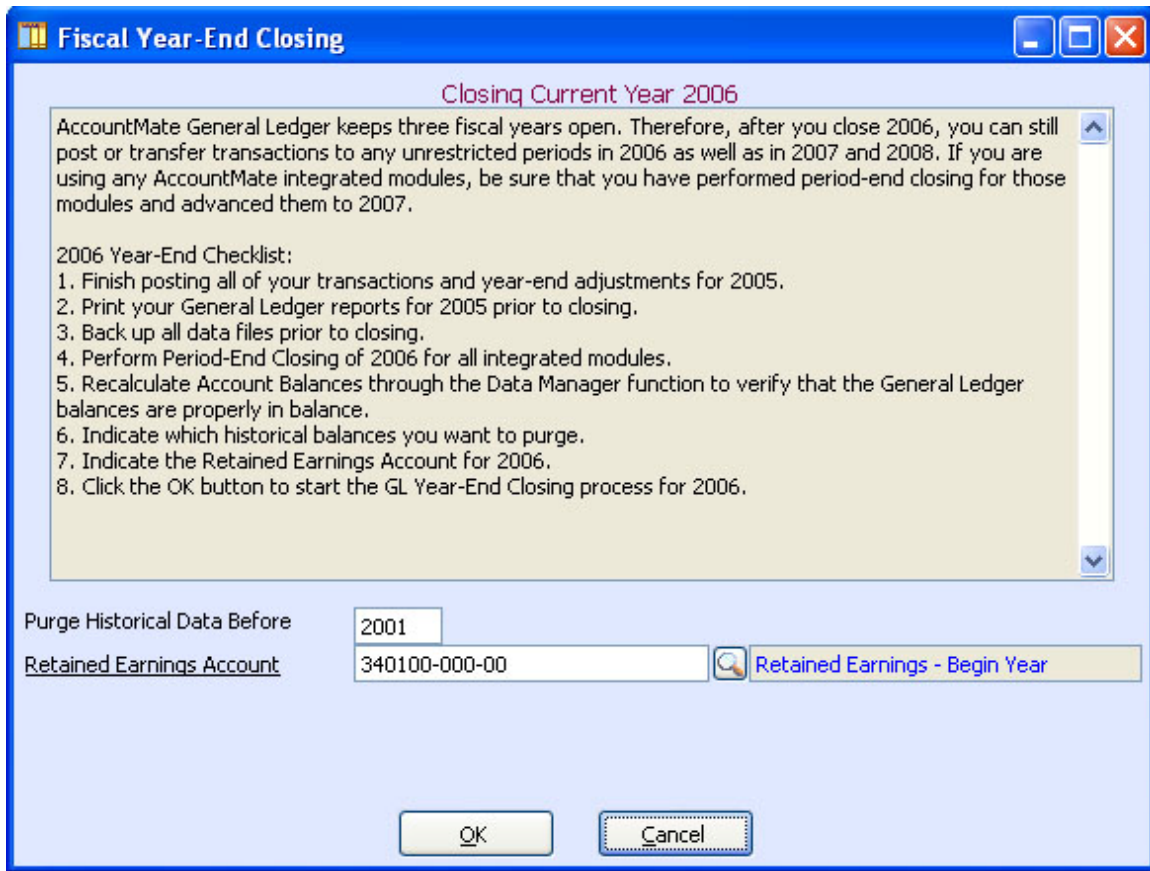


Figure 1-1. Fiscal Year–End Closing Window

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 (1) Tab of the GL Module Setup. 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 restored. You must verify that you have a good backup of your data before proceeding with the Fiscal Year-End close.

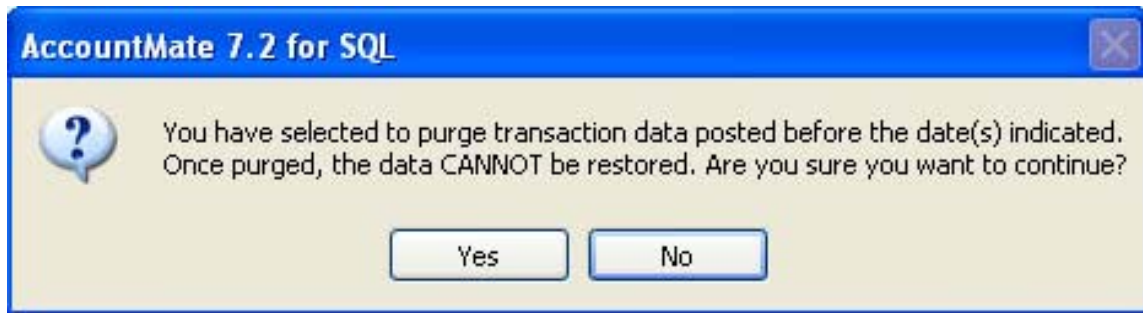


Figure 1-2. Fiscal Year-End Closing: Purge Data Confirmation Window

6. Click Yes if you are ready to continue with the year-end closing. The system will display another message asking you if you want to recalculate account balances.

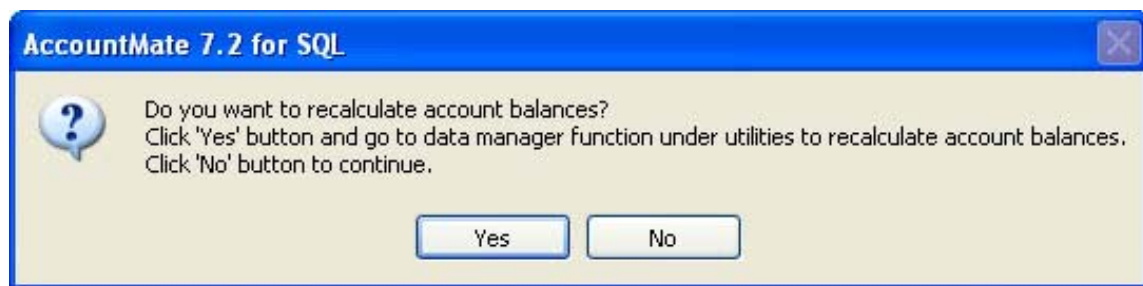


Figure 1-3. Fiscal Year-End Closing: Reminder to Recalculate Account Balances

7. 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 Close. Access the Data Manager function to recalculate GL Account balances.
8. If you decided to proceed with the Fiscal Year-End close, the system will display a dialog window informing you what it intends to do and reminds you to verify that there are no other users accessing the system.

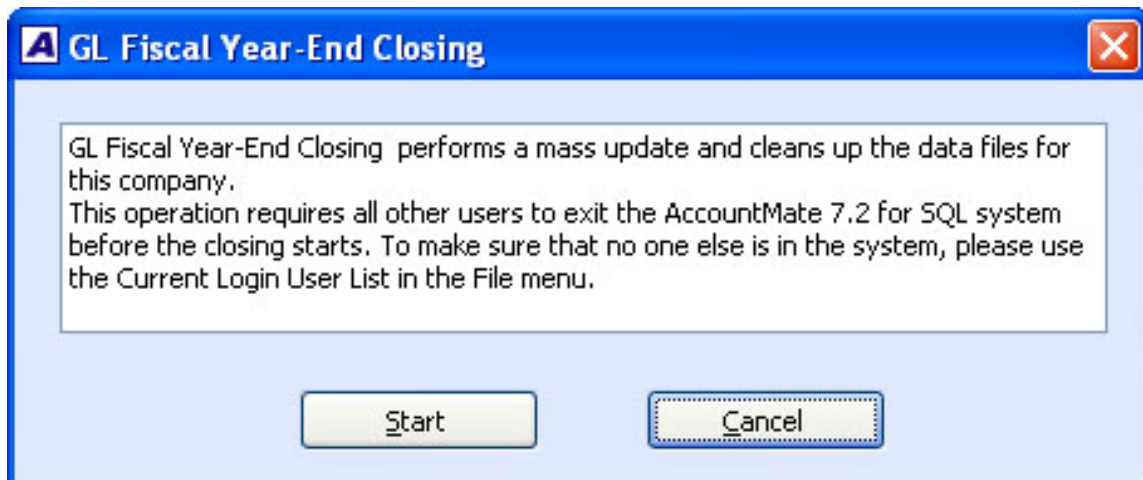


Figure 1-4. GL Fiscal Year-End Closing Dialog Window

9. 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.

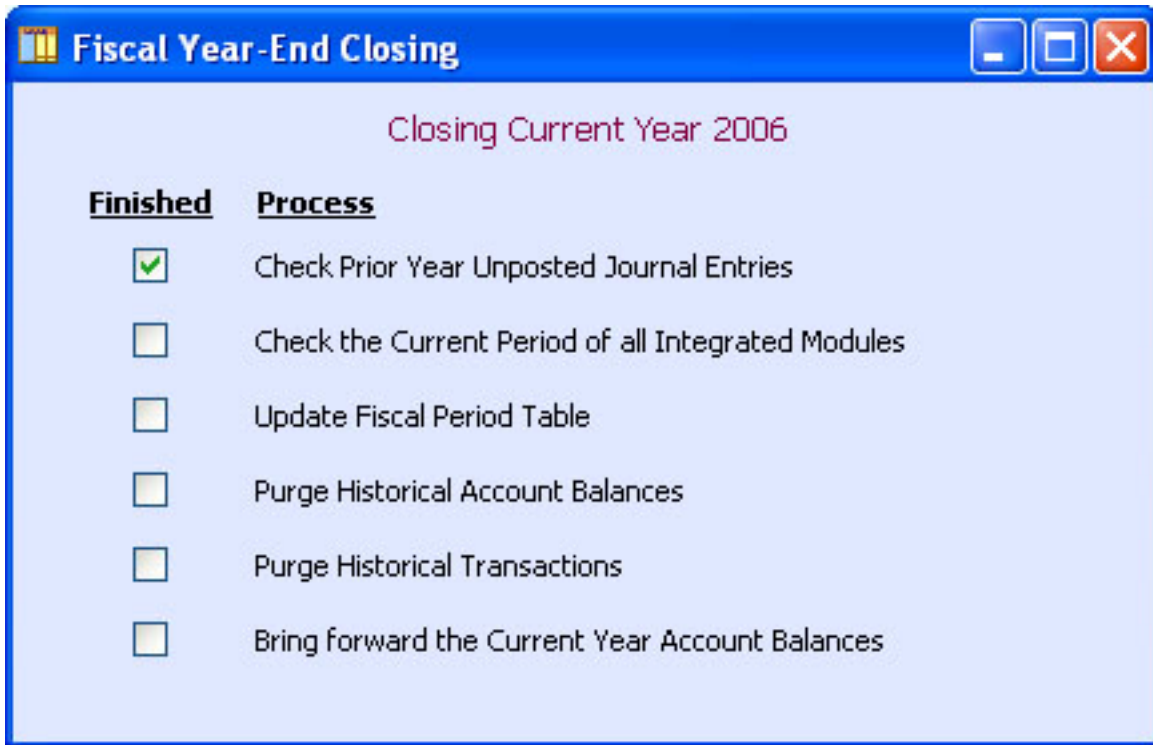


Figure 1-5. Fiscal Year-End Closing Window Processes

10. 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 on the new current fiscal year.

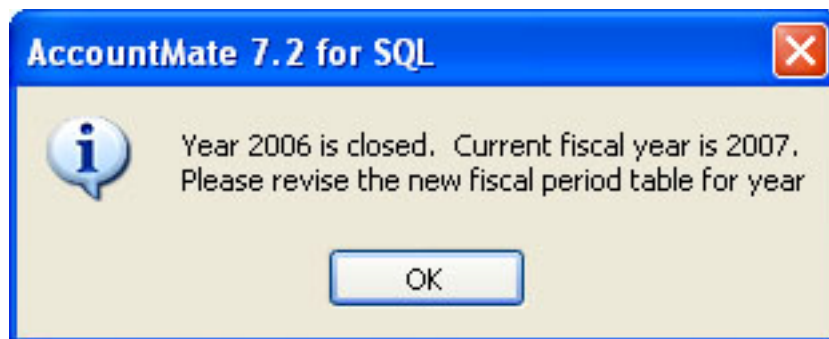


Figure 1-6. Fiscal Year-End Closing message

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. The system

requires you to perform W2/1099 Year-End Closing (tax year closing) before you can close the last period of the fiscal year in PR and proceed with performing fiscal year-end closing in GL. Closing of the Payroll module involves the following steps:

1. Perform W2/1099 Year-End Closing

You must perform W-2/1099 Year-End Closing in December, regardless of your fiscal year. For more information on performing W2/1099 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.

2. Perform W-2 information update.

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

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.

TECH TIPS

We have compiled a list of frequently asked questions when performing Fiscal Year-End Closing in AccountMate. Refer to the [Year-End Preparations Tech Tips](#) document.

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