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business software solutions

Year End Procedures

Year end always seems to be an anxious time in accounting departments. After all, it is the culmination point of all the year's work. Financial statements and tax returns are prepared based on the information in your accounting system at this time. Questions come up like how do I do it, when should I do it, what will happen if I need to make an adjustment later, what did I do last year? It is only something that we do once a year and so quite understandably, we are a little nervous.

First of all I would like to calm your fears. Sage Accpac ERP makes year end a non-issue. It is a date-sensitive accounting system designed to hold multiple years of history and have multiple years open at the same time. To be specific, Sage Accpac Corporate Edition allows five years of history and Sage Accpac ERP allows 99 years of history. All reports are date sensitive. This means that you can print them with a "cutoff date" in the past. No transactions entered after that time will be included in the reports. W-2s, 1099s, open invoice reports, general ledger transaction listings, etc. can all be printed for a previous year after you have begun processing a new year's transactions.

Typically the **first** step in year end is opening up the subsidiary ledgers to process transactions for the new year. This is done as follows:

Go to Common Services > Fiscal Calendar. Click on the "New" icon or type in the new year and press tab. This will create all of the fiscal periods for the next year. Then click add. You are done. You may want to "lock" some of the fiscal periods so that no one accidentally posts to an incorrect fiscal period. For example, I always recommend locking January of the previous year because it's common to forget to use the new year. Locking any fiscal period is just a toggle. You can always come back and unlock a fiscal period if you need to post transactions to it.

In version 5.1, in Common Services > Company Profile on the Options tab, there are new features which allow you to set up an error message for anyone attempting to enter transactions into a subsidiary ledger if they try to use a locked period.

The **second** step in year end is closing the subsidiary ledgers. In accounts receivable and accounts payable, under the periodic processing icon, there is a year end function. Under the year end function there are several choices, most of which we strongly recommend that you DO NOT do. The only option that we recommend that you do is Clear Activity Statistics and Clear Invoices Paid and Days to Pay Counter. In fact, year end in AR and AP is only important if you rely on the year to date statistics. We strongly recommend that you DO NOT "reset all batch numbers" because it clears all transaction history and you lose the wonderful drill down audit trail that Sage Accpac provides.

The **final** step in year end is creating the new year in General Ledger. This opens the

General Ledger up for posting to the new year. Before you do this we recommend the following steps:

1. Go to General Ledger > GL Setup > Options. Click on the posting tab and note the Current Fiscal Year, Oldest Year of Fiscal Sets and Oldest Year of Transaction Detail. Make sure that the Keep _ Years of Fiscal Sets and Keep _Years of Transaction Detail are what you want them to be. Again, keep in mind that Corporate Edition can keep 5 years and Enterprise Edition can keep 99 years of history. Sage Accpac is designed to store this information efficiently and hard drive storage is probably the most cost effective storage you can buy. Sage Accpac will **automatically** delete information that is outside of these criteria when you create the new year.

2. Check you Chart of accounts to be sure that all balance sheet accounts are set up as balance sheet accounts and that all Income statement accounts are

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set up as income statement accounts. You can do this by going to the GL, Chart of Accounts, and scrolling down each account noting the “type” of account.

3. If you have multiple retained earnings accounts and have segments that are used in closing, make sure that your income and expense accounts have correct “close to segment” filled in. Otherwise, the default retained earnings account will be used for closing.

4. Make a backup. We recommend a full backup to a hard drive, not a zip or a dump. Create a backup folder under Sage Accpac on the shared drive if you have enough space and copy your data folders to the backup folder. If you do not have enough space on the shared drive, perhaps a local drive on one of the workstations has enough space.

5. Finally, go to General Ledger > Periodic Processing > Create New Year and click on process. The system will create a closing entry to the Closing period. When you post transactions to a prior year, this closing entry will automatically be updated.

We often get asked about clearing history and deleting inactive records at year end. First of all, we would like to stress again that Sage Accpac is a very good place to store this information, it keeps it easily accessible and hard drive storage is actually cheaper than physical storage space should you choose to store print copies. Also, if you do decide to do some clearing, there is no reason for it to be done in combination with year end.

We hope you find this helpful. As always, if you have any questions or want further clarification, please give us a call at 301-596-9945.

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