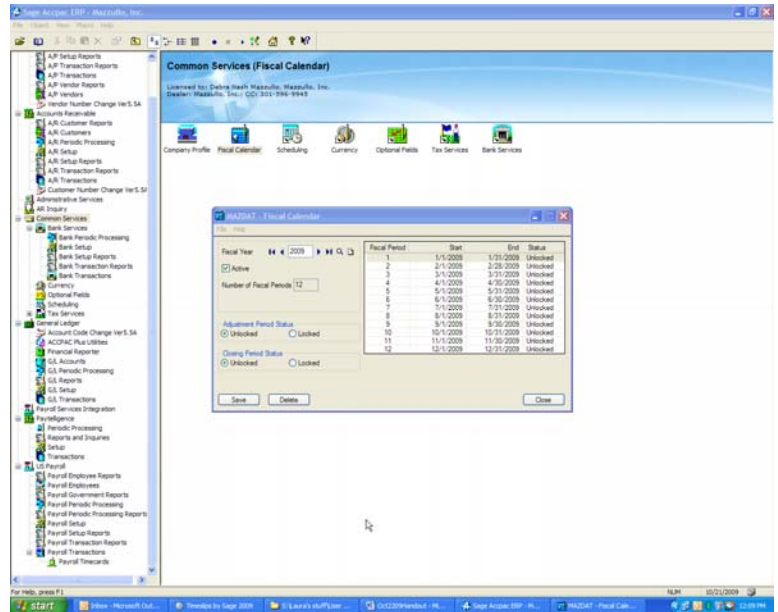


Year end always seems to be an anxious time in accounting departments. After all, it is the culmination point of all the year's work. Financial statements and tax returns are prepared based on the information in your accounting system at this time. Questions come up like how do I do it, when should I 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 ERP 100 and 200 version 5.5 allow for seven years of history and Sage Accpac ERP 500 allows for 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.



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

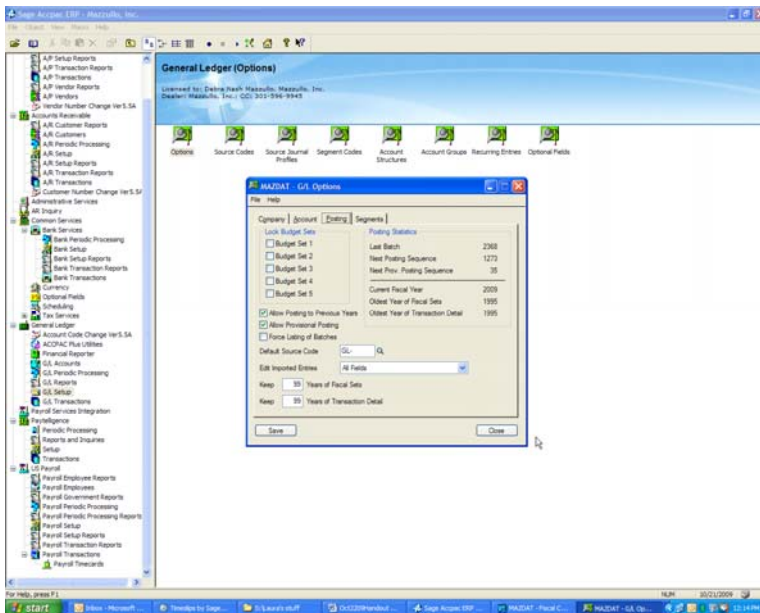
General Ledger up for posting to the new year. Before you do this we recommend the following steps:

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

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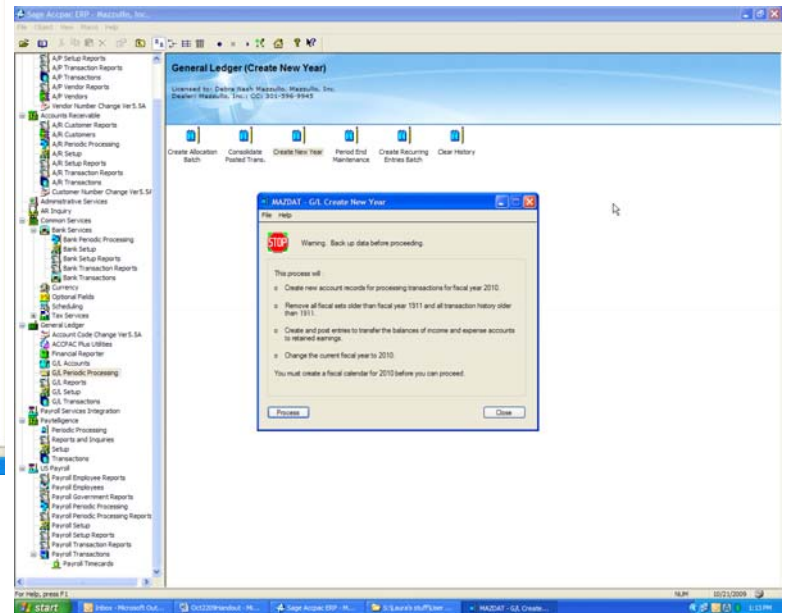
of Fiscal Sets and Keep \_Years of Transaction Detail are what you want them to be. Again, keep in mind that now Sage Accpac ERP 100 and 200 can keep 7 years of history. You may be able to increase the number of years here. Sage Accpac is designed to store this information efficiently and hard drive 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. In the G/L Options window above, also verify the default closing (retained earnings) account is correct.

3. Check your 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 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. Perform a data integrity check of General Ledger data in Administrative Services.
5. Make a full backup and that you do not write over.
6. 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.



You can post journal entries to a prior year as long as you allow posting to previous years in the G/L Options and the entry period and the closing period (CLS) of the prior year, as well as the first processing period of the new year, are not locked. Accpac will post your entry and make a second entry in the closing period to close out any amount posted to an income statement account.

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You are able to print the reports and listings you need for your audit trail and files (posting journals, trial balance, financial statements, G/L Listing) for any period of time as long as you have not purged your history.

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.

## Additional Information on Year End Procedures for Subsidiary Ledgers

### Accounts Payable

1. Enter and post all batches of transactions for the year.
2. Print the reports and listings you need for your audit trail and files (posting journals, G/L Transactions, Vendor transactions, Aged Payables, Aged Cash Requirements).
3. Print 1099s for the year (or file them electronically) at any time after the last payments to 1099-subject vendors for the year have been posted. Accumulation and clearing of 1099 data in Accpac ERP is independent of any other year end processes.
4. Use the Create G/L Batch function in Periodic Processing to create G/L batches (if you do not use the option to create G/L batches during posting).
5. Perform an integrity check of Accounts Payable data.
6. Run the Year End function from the A/P Periodic Processing window. You can optionally:

- Reset all batch numbers to 1. **Not generally recommended as this will prevent drilldown inquiry.**
- Clear recurring payable amounts invoiced to date
- Clear activity statistics, which moves vendor activity statistics for the current year to the previous year.
- Clear Invoices paid and Days to pay counters, which resets to zero the Total Invoices Paid and Number of Checks fields in the Vendors window and the Total Days to Pay fields in the Vendors and Vendor Groups windows.

### Accounts Receivable

1. Enter and post all batches of transactions for the year.
2. If you use, recurring charges, process recurring charges using the Create Recurring Charge Batch function in Periodic Processing.
3. If you charge interest to your customers, process interest batches for the period using the Create Interest Batch function in Periodic Processing.
4. Optionally use the Create Write-off Batch function in Periodic Processing to write off uncollectible accounts.
5. Print the reports and listings you need for your audit trail and files (posting journals, G/L Transactions, Customer Transactions, Aged Trial Balance, Aged Overdue Receivables).
6. Use the Create G/L Batch function in Periodic Processing to create G/L batches (if you do not use the option to create G/L batches during posting).
7. Perform an integrity check of Accounts Receivable data.
8. Run the Year End function from the A/R Periodic Processing window. You can optionally:
  - Reset all batch numbers to 1. **Not generally recommended as this will prevent drilldown inquiry.**

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- Clear Activity statistics, which moves customer activity statistics for the current year to the previous year.
- Clear Total recurring charge amounts.
- Clear Invoices paid and Days to pay counters, which resets to zero the Total Days to Pay and Total Invoices Paid fields in the Customers, Customer Groups & National Accounts notebooks.

## US Payroll

1. Complete your last Payroll run.
2. Print the reports and listings you need for your audit trail and files (Payroll register, Payroll G/L transactions).
3. Print quarterly reports and year end reports.
4. Use the Create G/L Batch function in Periodic Processing to create G/L batches (if you do not use the option to create G/L batches during posting).
5. Perform an integrity check of Payroll data.
6. Review employee records and mark terminated employees as terminated; review earnings/deductions and tax entities and mark inactive records, if necessary.
7. Download and install the new year's tax tables.
  - Activate the tax update within each company to make the new tax tables effective. The new tax table must be activated separately on each company database, and all other users must be out of that company in order to activate the update.
8. Log into Accpac as ADMIN. Go to Administrative Services > Data Activation.
9. Select the new Tax Table update and click Activate.
  - To confirm which US Payroll Tax Update is currently active, go to Help > System

Information on the main Accpac menu and look for the US Payroll Tax Update with the red checkmark.

10. In Payroll Setup, modify unemployment and any other tax rates as necessary

## Inventory Control

1. Enter and post all transactions for the year in Inventory, Order Entry and Purchase Orders.
2. Run Day End Processing.
3. Generate the Physical Inventory Worksheet file for your year-end physical count. If possible enter your final counts (although this can be entered and posted later).
4. Print the reports and listings you need for your audit trail and files (posting journals, G/L Transactions, Item Valuation).
5. Use the Create G/L Batch function in Periodic Processing to create G/L batches (if you do not use the option to create G/L batches during posting).
6. Perform an integrity check of Inventory Control data.