Keys to a Successful Year End Close

Part 1: Getting Started (General Overview)

Part 2: Closing Procedures

Part 3: Closing a Period

Part 4: Closing Periods in Subledger

Part 5: Closing a Period in the General Ledger

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Getting Started: Basic Steps

In Acumatica ERP, a financial year is closed automatically when you close the last period of this financial year. Thus, you should close the last period of a particular financial year only when the company is ready to close the financial year.

Year-End Closing Procedure Overview

1. Generate periods for the new year and activating at least one of these periods, as described in this help article.

2. Complete the tasks on your company's "year-end" checklist.

3. Close the period in your subledgers.

4. Close the last period in the General Ledger module.

For more details, keep reading this guide. And, to mark off each step as you complete it, download this checklist.

During closing of the financial year, the balance of YTD Net Income account updates the Retained Earnings account, which accumulates the net income over years. After that, the balance of the YTD Net Income account is reset to zero for a new financial year. The balances of the balance sheet accounts are transferred into the new financial year, while balances of other accounts are reset to zero.

Closing Procedures

Follow your company's internal procedures to determine the prerequisites to closing a financial period. The following tasks might be required to be completed before performing a period close:

1. Generating recurring documents and releasing them
2. Performing allocations
3. Performing revaluation of currency accounts
4. Release and depreciation of Fixed Assets
5. Tax adjustments
6. Inventory adjustments
7. Generating and reviewing the trial balance

To close a period in the General Ledger, you must first close the period in the subledger modules that are being used. These include the following:

- Accounts Receivable
- Accounts Payable **(*at year-end you must print out the 1099-MISC Form report and close the year for 1099 payments*)**
- Cash Management
- Fixed Assets
- Taxes
- Inventory

Closing a Period

After all transactions have been posted to a financial period and all figures have been verified, you can close the financial period in the system to prevent users from posting new transactions to the period. Financial periods can be closed, starting from the first one of the first financial year. (You cannot close a financial period if the previous one hasn't been closed yet). You can close multiple periods at once (for instance, all periods of a year).

The process of closing a period consists of the following steps:

1. *Optional:* Closing the period in the subledgers. (You can also close the period in subledgers along with the general ledger after performing period-end activities). See the next page.

2. Generating and posting any recurring transactions.

3. Performing period-end adjustments—that is, posting adjustment transactions (some of which should be reversed at the beginning of the next period).

4. Revaluing general ledger accounts so that the balances of the accounts in foreign currencies are revalued using the end-period exchange rate.

5. Reviewing the trial balance and the list of transactions.

6. Reclassifying transactions if there are errors.

7. Running allocations if distribution of amounts between branches, accounts, and subaccounts is needed.

8. Closing the period in the general ledger.

Closing a Period in Subledgers

Although you can close periods in subledgers and in the general ledger at the same time, you may decide to close periods in subledgers (Accounts Payable, Accounts Receivable, Cash Management, Inventory, and Fixed Assets) separately in your system.

On the Manage Financial Periods (GL503000) form, you can find information about the status of periods.

Before you close a period in these subledgers, you should make sure that there are no unreleased documents that are to be posted to this period. (For the fixed assets subledger, the system also checks whether all assets have been depreciated in the period.) To close periods, you use the following forms:

- In the accounts payable subledger, the Close Financial Periods (AP506000) form
- In the accounts receivable subledger, the Close Financial Periods (AR509000) form
- In the cash management subledger, the Close Financial Periods (CA506000) form
- In the inventory subledger, the Close Financial Periods (IN509000) form
- In the fixed assets subledger, the Close Financial Periods (FA509000) form

When you close a given financial period in a subledger on any of these forms, all preceding open periods will be closed in the subledger as well.

To learn more about closing these specific subledgers, .

Subledger Closing Checklists

Accounts Receivable	Accounts Payable
Cash Management	Fixed Assets
Taxes	Inventory

Subledger Closing Checklist: Accounts Receivable

1. Generate the recurring transactions, if any.

2. Print out and review the AR Edit report (AR611000; Finance > Accounts Receivable > Reports > Audit). Release the documents that should be processed in the financial period you are going to close.

3. Apply the open payments, prepayments, and credit memos to the appropriate outstanding AR documents.

4. Write off small balances and credits, if necessary.

5. Generate overdue charges, if necessary.

6. Reconcile the customer balances with the balance of GL accounts by using the AR Balance by GL Account report (AR632000; Finance > Accounts Receivable > Reports > Balance).

7. Prepare the customer statements.

8. Prepare the dunning letters, if required.

9. Revalue the customer accounts that are maintained in a foreign currency, if any.

10. Print out and file the AR Aged Past Due report (AR631000; Finance > Accounts Receivable > Reports > Balance) and other AR reports that are required by your company's policy.

11. Close the financial period in the Accounts Receivable module.

Subledger Closing Checklist: Accounts Payable

1. Generate the recurring transactions, if any.

2. Print out and review the AP Edit (AP610700; Finance > Accounts Payable > Reports > Audit) report. Release the documents that should be processed in the financial period you are going to close.

3. Apply the open prepayments and debit adjustments to the appropriate outstanding AP documents.

4. Reconcile the vendor balances with the balances of GL accounts by using the AP Balance by GL Account report (AP632000; Finance > Accounts Payable > Reports > Balance).

5. Revalue the vendor accounts that are maintained in a foreign currency, if any.

6. Print out and file the AP Aged Past Due report (AP631000; Finance > Accounts Payable > Reports > Balance) and other AP reports that are required by your company's policy.

7. **At the end of the calendar year, print out the 1099-MISC Form report (AP653000; Finance > Accounts Payable > Reports > Forms) and close the year for 1099 payments.**

8. Close the financial period in the Accounts Payable module.

Subledger Closing Checklist: Cash Management

1. Print out and review the CA Edit report (CA612000; Finance > Cash Management > Reports > Audit). Release the transactions that should be processed in the financial period you are going to close.
2. Import the bank statements for cash accounts, if necessary.
3. Reconcile the cash accounts with the bank statements, if required.
4. Reconcile the cash account balances with the balances of GL accounts by using the Cash Account Transactions form (CA303000; Finance > Cash Management > Work Area > Explore).
5. Close the financial period in the Cash Management module.

Note: Deferred Revenue (Perform the deferred revenue and expense recognition, if necessary).

Subledger Closing Checklist: Fixed Assets

1. Print out and review the Open FA Documents report (FA651000; Finance > Fixed Assets > Reports > Audit). Release the transactions that should be processed in the financial period you are going to close.

2. Depreciate the fixed assets for the period.

3. Reconcile the fixed assets with the balances of GL accounts by using the FA Balance report (FA630000; Finance > Fixed Assets > Reports > Balances).

4. Close the financial period in the Fixed Assets module.

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Subledger Closing Checklist: Taxes

At the end of a tax period:

1. Prepare the tax report.
2. Print out and review the Tax Details report (TX620500; Finance > Taxes > Reports > Balances) and the Tax Summary report (TX621000; Finance > Taxes > Reports > Balances). Make the tax adjustments, if necessary.
3. Reconcile the balances according to the Tax Details by GL Account by Date report (TX622500; Finance > Taxes > Reports > Balances) with the balances of GL accounts.
4. Close the tax period.

Subledger Closing Checklist: Inventory

1. Print out and review the Inventory Edit Summary report (IN610500; Distribution > Inventory > Reports > Audit). Release the transactions that should be processed in the financial period you are going to close.

2. Reconcile the inventory with the balances of GL accounts by using the Inventory Valuation report (IN615500; Distribution > Inventory > Reports > Balances).

3. Close the financial period in the Inventory module.

Closing a Period in the General Ledger

A period is assigned the Closed status only after it has been closed in the general ledger on the Manage Financial Periods (GL503000) form.

Before you close periods, check whether there are unposted documents for the periods that you want to close. To do that, on the Manage Financial Periods form, you select the periods you want to close and click Unposted Documents on the form toolbar. In the Unposted Documents report, which opens, you can review the list of documents that have not been posted to the selected periods.

Closing a period in the general ledger initiates the generation of auto-reversing batches if the Generate Auto-Reversing Entries on Period Closing check box is selected on the General Ledger Preferences (GL102000) form and these batches have been prepared on the Journal Transactions (GL301000) form. If auto-reversing entries should be generated when the applicable period is closed, you should not close the last financial period that was opened; you should always open at least one financial period before you close the last period.

For more information, see the checklist on the next page.

Closing Checklist: General Ledger

1. Generate the recurring transactions, if any.

2. Calculate and post the accruals for the unrecorded expenses and revenue, if necessary.

3. Print out and review the GL Edit Summary report (GL611500; Finance > General Ledger > Reports > Audit). Release the transactions that should be processed in the financial period you are going to close.

4. Review the Post Transactions form (GL502000; Finance > General Ledger > Processes > Daily) and post all batches that should be posted to the financial period that you are going to close, if any.

5. Revalue the GL accounts denominated to foreign currencies.

6. Process the allocations, if necessary.

7. Translate the account balances into the reporting currency, if necessary.

8. Consolidate the subsidiary data into the parent company, if necessary.

9. Print out and file the Balance Sheet report (GL634000), Profit & Loss report (GL635000), and other GL reports that are required by your company's policy.

10. Close the financial period in the General Ledger module.

11. Make the financial period inactive, if necessary.

Get Help

- If you have questions about any of the information covered in this document, or something it didn't address, please don't hesitate to call (336) 315-3935 or email Buzz Zrike at bzrike@inteltech.com.

- Need hands on help with your Year End close? Please let us know ASAP so that we can get you on our schedule.