

General Ledger Year-End Close

The General Ledger module is date sensitive, and can be held open for a number of periods beyond the year-end. Financial statements, however, will not be accurate until the closing process is completed.

- 1. Setup new fiscal year. (Tools - Setup - Company - Fiscal Periods – type in new year & Calculate)
NOTE: Closing December of the new year is recommended so that entries are not inadvertently posted to December of the wrong year.
- 2. Perform Year-End close procedures for all other modules (Payroll, Inventory, Receivables, Payables & Fixed Assets).
- 3. Post final General Ledger adjusting entries.
NOTE: Adjusting entries can also be posted to a closed year. “Allow: Posting to History” must be marked in the General Ledger Setup window. Adjustments to a closed year will print two times on edit lists and posting journals to update both the prior year period and beginning balances for the new year.
- 4. Close all periods for Financial (Tools - Setup - Company - Fiscal Periods - Mark all periods for Financial)
NOTE: This prevents any posting to the General Ledger for these closed periods. To post transactions to these periods, unmark the desired posting period to “re-open”, post, and then “re-close” the period by re-marking the box.)
- 5. Backup Data.
- 6. Perform Check Links on all Financial Series files. (File - Maintenance - Check Links - Series-“Financial”, ALL)
- 7. Backup Data.
- 8. Print an Account List to verify Posting Types. (Reports - Financial - Account - Posting or Explorer/SmartList)
NOTE: This is the most important step of the G/L closing process!!! Be sure Balance Sheet accounts have a Posting Type of “Balance Sheet” and P&L accounts have a Posting Type of “Profit and Loss”.
- 9. Verify Retained Earnings account(s) for closing out Profit & Loss accounts. (Tools - Setup - Financial - General Ledger)
- 10. Verify that “Maintain History: Accounts & Transactions” is marked. (Tools - Setup - Financial - General Ledger)
- 11. Print a final Detailed Trial Balance. (Reports - Financial - Trial Balance - Detailed)
- 12. Print final Financial Statements. (Reports - Financial - Financial Statements)
- 13. Have all users exit current company.
- 14. Close fiscal year. (Tools - Routines - Financial - Year-End Closing)
Recommend to check box to Remove Unused Segment Numbers.
If you receive a message concerning batches not yet posted, click Continue.
NOTE: Please allow **at least an hour** for this process to run. You may want to let it run overnight.
Do NOT Cntl-Alt-Del during the closing process even if it appears to be “Not Responding”. The process is taking place on the server, not the workstation, so the workstation will automatically indicate that the program is “Not Responding” throughout the entire closing process.
- 15. Change column definitions for AFA financial statements to reflect the new year. (Reports - Financial - Adv. Financial) (if applicable)
- 16. Print Summary Trial Balance for current year Balance Sheet accounts to verify beginning balance total equals \$0 (Reports>Financial>Trial Balance-Summary)
- 17. Backup Data.

What the General Ledger Close accomplishes.

1. Transfers current year transaction and period summary amounts to history.
2. Reconciles transaction detail to period summary amounts.
3. Deletes inactive accounts with zero balances and no transactions.
4. Closes Profit and Loss posting type accounts to the Retained Earnings account.
5. Zeros out Profit and Loss accounts and brings balances forward for Balance Sheet accounts.
6. Prints Year-End Closing report.

If you discover, after closing, that an account was assigned an incorrect Posting Type, follow the steps below for your applicable situation.

A. The account should be a Balance Sheet account, but was mistakenly setup as a Profit and Loss account, therefore, no beginning balance was brought forward. To correct this situation use the following steps:

1. Make a backup.
2. Be sure that no users are in the selected company.
3. Make sure that the account(s) is set to the CORRECT Posting Type using the Account Maintenance window.
4. Go to Multicurrency Setup (Tools - Setup - Financial - Multicurrency) and unmark: "Maintain History: General Ledger Account".
NOTE: Before you do this step, make sure you have a currency setup in the Currency Setup window. (Tools - Setup - System - Currency) Make sure that your company has access to the currency. (Tools - Setup - System - Multicurrency Access) Then make sure this currency is defined as your functional currency in the Multicurrency Setup window.
4. Go to General Ledger Setup (Tools - Setup - Financial - General Ledger) and unmark: "Maintain History: Accounts & Transactions". If you forget to do this step, your ending balance for the previous year will be incorrect.
5. In this same window, make sure "Allow: Posting to History" is marked. Choose OK to save.
6. Open last year's last period (Tools>Setup>Company>Fiscal Periods)
7. Go to General Entry (Transactions - Financial - General) and enter the appropriate journal entry, make sure the date is in the last year so that the entry will update beginning balances (12/31/xx).
8. Post this entry. The posting procedure will only affect the current year, because the options for maintaining history have been turned off. It will post a beginning balance transaction in the new year and therefore the accounts will now have the correct balances.
9. Go to General Ledger (Tools - Setup - Financial - General Ledger) and mark: "Maintain History: Accounts & Transactions".
10. Go to Multicurrency Setup (Tools - Setup - Financial - Multicurrency) and mark: "Maintain History: General Ledger Account".
11. In this same window, be sure that "Allow: Posting to History" is still marked. Choose OK to save your changes.
12. Close last year's last period ((Tools>Setup>Company>Fiscal Periods)

B. The account should be a Profit and Loss account, but was mistakenly setup as a Balance Sheet account, therefore, the account will have a beginning balance brought forward for the new year. To correct this situation use the following steps:

1. Make a Backup.
2. Be sure that no users are in the selected company.
3. Make sure that the account (s) is still set to the INCORRECT Posting Type.
4. Go to Multicurrency Setup (Tools - Setup - Financial - Multicurrency) and unmark: "Maintain History: General Ledger Account".
NOTE: Before you do this step, make sure you have a currency setup in the Currency Setup window. (Tools - Setup - System - Currency) Make sure that your company has access to the currency. (Tools - Setup - System - Multicurrency Access) Then make sure this currency is defined as your functional currency in the Multicurrency Setup window.
4. Go to General Ledger Setup (Tools - Setup - Financial - General Ledger) and unmark: "Maintain History: Accounts & Transactions". If you forget to do this step, your ending balance for the previous year will be incorrect.
5. In this same window, make sure "Allow: Posting to History" is marked. Choose OK to save.
6. Open last year's last period (Tools>Setup>Company>Fiscal Periods)
7. Go to General Entry (Transactions - Financial - General) and enter the appropriate journal entry, make sure the date is in the last year so that the entry will update beginning balances (12/31/xx).

For example, if the profit and loss account has a debit beginning balance after the year end close, you would make an entry similar to the one below:

Retained Earnings Debit
Profit and Loss Account Credit

7. Post this entry. The posting procedure will only affect the current year, because the options for maintaining history have been turned off. It will post a beginning balance transaction in the new year and therefore the accounts will now have the correct balances.
8. Go to General Ledger (Tools - Setup - Financial - General Ledger) and mark: "Maintain History: Accounts & Transactions".
9. Go to Multicurrency Setup (Tools - Setup - Financial - Multicurrency) and mark: "Maintain History: General Ledger Account".
10. In this same window, be sure that "Allow: Posting to History" is still marked. Choose OK to save your changes.
11. Correct the account(s) with the incorrect Posting Type by changing the posting type to "Profit and Loss". (Cards - Financial - Account)
12. Close last year's last period ((Tools>Setup>Company>Fiscal Periods)