

Finance Year End Procedures

Introduction

This document outlines the procedure to follow for each year end close.

The clear-down or archiving of any transaction history or order files is not included as part of these procedures. When Group reporting requirements are finalised, a file archiving and clear-down procedure can also be specified, which may form part of the Year End procedure.

There are some routines that the system enforces before a year end can be carried out, e.g. the spooling of audit trail reports, and others that are strongly recommended, but are not enforced. It is the responsibility of the System Administrator to ensure that the procedures are carried out as recommended.

For each module there is a reports section, those reports shown as *Mandatory* must be printed, other reports are recommended. Where a year end program clears any data, this is highlighted, and the relevant reports which print this data.

It is advisable to take a back-up of the Tetra CS/3 data before the Year End programs are run.

You may wish to add your own specific procedures which are relevant to your local business.

Accounts Receivable Year End

The Accounts Receivable module has a Year End Customer Clear-down option, but the Period End option still needs to be run in Period 12.

Preparation

- Ensure all invoices/credits have been created for the final period, and batches are posted.
- Enter and post all payments received in the final period.
- Enter and post any refunds or journals required for the final period.
- Ensure Commercial Papers transactions processed for final period.(If used)

Reports

Print the following standard reports:

- Invoice Audit Trail (*Mandatory*)
- Cash Audit Trail (*Mandatory*)
- Journal Audit Trail (*Mandatory*)
- Refund Audit Trail (*Mandatory*)
- EC Sales List (*Mandatory*)
- Accounts Receivable Listing

- Aged Debtors Analysis
- Optionally:
 - Foreign Currency Analysis
 - Customer Statements
 - Reminder Letters

Print any monthly/yearly report writer reports defined.

Period End - Period 12

- ◆ Accounts Receivable >
 - ◆ Housekeeping >
 - ◆ Period End

The Period End program requires exclusive access to the accounts receivable files, no other Accounts Receivable options, Sales Order Entry, Invoicing or Commercial Papers Transactions should be run until the period end has completed.

The Period End program performs the following:

- Clears the audit trail files, including Commercial Papers.
- Increments the Period Number.
- Increments the Year Number.
- Re-creates the open item file using ageing dates (Balance Forward type customers only).

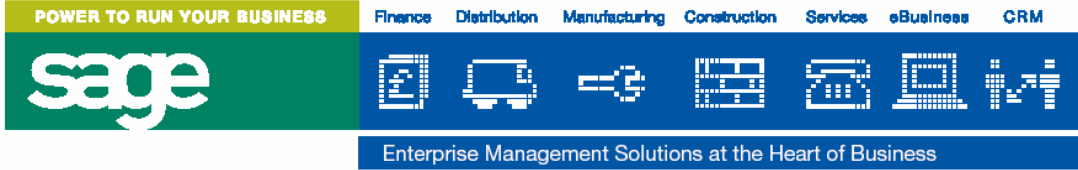
Year End Customer Clear-down

- ◆ Accounts Receivable >
 - ◆ Housekeeping >
 - ◆ Year End Customer Clear-down

The Year End Customer Clear-down program requires exclusive access to the accounts receivable files, no other Accounts Receivable options, Sales Order Entry, Invoicing or Commercial Papers Transactions should be run until the year end has completed.

Enter the following details on the Year End Customer Clear-down screen:

Delete old customers	n	If inactive customers are not to be cleared (default).
	y	If inactive customers are to be cleared prior to the last activity date entered.
Last activity date		Enter date to be used if inactive customers are to be deleted. If there have been no transactions prior to this date, and the balance of the account is zero, then the customer account will be deleted from the master file.
Clear YTD T/O	y	Enter y to clear the Year to Date sales value on the customer master file to zero. N.B the default is n .
Clear Cumulative T/O	n	Enter n to retain the Cumulative Sales value on the customer master file.
Check Order files	y	If deleting inactive customers, to avoid deleting customers with outstanding sales orders.
	n	If not deleting inactive customers.



After the Period End for Period 12 and the Year End Customer Clear-down has successfully completed, transactions can be processed for the new year, including Commercial Papers and Sales Invoicing.

New year transactions can be posted to the General Ledger before the General Ledger year end has been carried out, the period and year number posted to in the G/L is the same as the period and year number posted to in A/R.

Accounts Payable Year End

The Accounts Payable module has a Year End Supplier Clear-down option, but the Period End option still needs to be run in Period 12.

Preparation

- Ensure all invoices/credits have been entered for the final period, and batches are posted.
- If using Invoice Registration
 - Register all invoices received.
 - Code and Post invoices that have been authorised.
- Create final payments and post payment batch. (N.B. if using Electronic Payments module, do not post the payments batch until confirmation received from the bank)
- Enter and post any journals required for the final period.

Reports

Print the following standard reports:

- Invoice Audit Trail (*Mandatory*)
- Cash Audit Trail (*Mandatory*)
- Journal Audit Trail (*Mandatory*)
- Accounts Payable Listing
- Aged Creditors Analysis
- Optionally:
 - Foreign Currency Analysis

Print any monthly/yearly report writer reports defined.

Period End - Period 12

- ◆ Accounts Payable >
 - ◆ Housekeeping >
 - ◆ Period End

The Period End program requires exclusive access to the accounts payable files, no other Accounts Payable options or Purchase Order Processing option should be run until the period end has completed.

The Period End program in Period 12 performs the following:

- Clears the audit trail files.
- Increments the Period Number.
- Increments the Year Number.
- Re-creates the open item file using ageing dates (Balance Forward type suppliers only).

Year End Supplier Clear-down

- ◆ Accounts Payable >
 - ◆ Housekeeping >
 - ◆ Year End Supplier Clear-down

The Year End Supplier Clear-down program requires exclusive access to the accounts payable files, no other Accounts Payable options or Purchase Order Processing option should be run until the year end has completed.

Enter the following details on the Year End Supplier Clear-down screen:

Delete old suppliers	n	If inactive suppliers are not to be cleared (default).
	y	If inactive suppliers are to be cleared prior to the last activity date entered.
Last activity date		Enter date to be used if inactive suppliers are to be deleted. If there have been no transactions prior to this date, and the balance of the account is zero, then the supplier account will be deleted from the master file.
Clear YTD T/O	y	Enter y to clear the Year to Date Purchase value on the supplier master file to zero. N.B the default is n .
Clear Cumulative T/O	n	Enter n to retain the Cumulative Purchase value on the supplier master file.
Check Order files	y	If deleting inactive suppliers, to avoid deleting suppliers with outstanding purchase orders.
	n	If not deleting inactive suppliers.
Check Stock file	y	If deleting inactive suppliers, to avoid deleting suppliers that are linked to stock items.
	n	If not deleting inactive suppliers.
Check Payment Reference	y	If deleting inactive suppliers, to avoid deleting suppliers that are linked to other suppliers as a Payment Reference account.
	n	If not deleting inactive suppliers.

After the Period End for Period 12 and the Year End Supplier Clear-down has successfully completed, transactions can be processed for the new year, including Purchase Order Invoice Posting.

New year transactions can be posted to the General Ledger before the General Ledger year end has been carried out, the period and year number posted to in the G/L is the same as the period and year number posted to in A/P.

Job Costing Year End

The Job Costing module has a Year End option that is run instead of the Period End in period 12.

Preparation

- Check transactions from other modules have been entered and posted for the final period, which may include:
 - Inventory Control
 - Works Order Processing
 - Sales Order Entry & Invoicing / Accounts Receivable
 - Purchase Order Processing / Accounts Payable
- Enter any miscellaneous Revenue and Expense Transactions for the final period.
- Enter all Time-Sheets for the final period.

Reports

Print the following standard reports:

- Transaction Audit Trails (*Mandatory*)
- Period Transactions
- Job Summary (prints Month to Date and Year to Date figures that are cleared by the Year End)
- Expense/Revenue Analysis (prints Month to Date and Year to Date figures that are cleared by the Year End)

Print any monthly/yearly Project reports that have been defined:

Year End

- ◆ Job Costing >
 - ◆ Housekeeping >
 - ◆ Year End

The Year End program requires exclusive access to the job costing files, no other Job Costing options or other modules posting transactions to Job Costing should be run until the year end has completed.

The Year End program performs the following:

- Clears the audit trail files. (N.B. the year end does not check that the audit trail has been spooled).
- Deletes all posted journals from the Journal file.
- Clears the Period Transaction file
- Re-sets the Summary file Month to Date figures to zero.
- Re-sets the Summary file Year to Date figures to zero.
- Increments the Period Number.
- Increments the Year Number

Cash Management Year End

The Cash Management module has a Year End option that is run instead of the Period End in Period 12.

Preparation

- Ensure Payments/Receipts have been posted from A/P and A/R for the final period.
- Enter and post any Payments/Receipts required for the final period in Cash Management.
- Generate any Standing Orders.
- Enter and post statements from the bank.

Reports

Print the following standard reports:

- Audit Trail (**Mandatory**)
- Bank Reconciliation
- Optionally:
 - G/L Currency Revaluation
 - VAT Analysis
 - G/L Distribution Analysis/Post (Mandatory if not posting transactions directly to G/L).

Print any other monthly/yearly reports defined in Report Writer

Year End

- ◆ Cash Management >
 - ◆ Housekeeping >
 - ◆ Year End

The Year End program requires exclusive access to the cash management files, no other Cash Management options or other modules posting transactions to Cash Management should be run until the year end has completed.

The Year End program performs the following:

- Removes closed items from the transaction file.
- Transfers the current year movements to the previous year movements in the Bank Account file.
- Updates Cash Management with next period postings.
- Archives revaluation histories to CBARCHDIR
- Increments Cash Management Period Number.
- Increments Cash Management Year Number.

Transactions for the new year can be processed after the Year End has successfully completed.

Payments and Receipts from Accounts Payable and Accounts Receivable for the new year can be posted to Cash Management before the year end, as transactions are maintained for future periods, like the General Ledger.

Fixed Assets Year End

Preparation

- Enter any new Assets or Add-on Assets
- Enter any Disposals
- Make any amendments or adjustments
- Run the Depreciation Calculation
- Print the Depreciation Details report
- Make any adjustments if necessary
- Run the Depreciation Calculation again if any adjustments made

Reports

Print the following standard reports:

- Additions Audit Trail (*Mandatory*)
- Adjustments Audit Trail (*Mandatory*)
- Disposals Audit Trail (*Mandatory*)
- Depreciation Details Report
- General Ledger Distribution Analysis (*Mandatory*)
 - This report can be run as many times as required during the period, change the prompt Final Run? to y when ready to do the period end, and as well as a report, a posting file is created, the actual posting to the General Ledger is carried out separately, see below.

Year End

- ◆ Fixed Assets >
 - ◆ Housekeeping >
 - ◆ Post G/L Distributions

Enter the following details:

Summary or detail?	d	Post one movement to each G/L account for each Asset.
	s	Post one movement per G/L account containing the totals of all Assets.
Journal number		Journal number for the G/L journal transaction
Journal date		Journal date. The date must be within the current General Ledger period.
Journal description		Journal description for the General Ledger journal.

- ◆ Fixed Assets >
 - ◆ Housekeeping
 - ◆ Year End

The Year End program requires exclusive access to the fixed asset files, no other Fixed Asset options should be run until the year end has completed. The Year End will not run until the General Ledger distributions have been posted.

The Year End program performs the following:

- Increments the Fixed Assets period and year number
- Sets to zero all Year to Date figures.
- Deletes from the Asset Register all assets disposed of before the specified financial period, and produces a report of the assets deleted
- Resets the status of the Fixed Asset module to READY for calculation

Once the Year End has successfully completed, day to day activities can be resumed for the new year.

General Ledger Year End

The General Ledger has a separate Year End option that is run instead of the Period End in Period 12.

Preparation

- Ensure the Year End of all subsidiary modules have been carried out.
- Enter and post Journals for the final period.
- Check for any suspended journals, and post or delete them if not required.
- Ensure that the totals of all the Profit and Loss accounts and all the Balance Sheet accounts are zero, as follows:
 - Create a special Year End Profit and Loss account, if it has not already been created.
 - Enter and post a two line journal using the Year End Profit and Loss account and the Balance Sheet Profit and Loss account to offset the total profit and loss figure.
 - Alternatively, create a journal and enter a movement line for every Profit and Loss account in the General Ledger and offset the total against the Balance Sheet Profit and Loss account.

Reports

Print the following standard reports:

- Journal Audit Trail (*Mandatory*)
- Detail Trial Balance - Final(*Mandatory*)
- Summary Trial Balance
- Journal Listing
- Commitment Report (if posting commitments from Purchase Requisitions)

Print the following Report Writer or G/L Special Reports:

- Local monthly/yearly management reports
- Local monthly/yearly legal and fiscal reports (e.g. VAT Reports etc.)
- Report used for Hyperion data entry

Year End

- ◆ General Ledger >
 - ◆ Housekeeping >
 - ◆ Year End

The Year End program requires exclusive access to the general ledger files, no other General Ledger options should be used or data posted to the General Ledger from other modules, until the year end has completed.

Enter the following details on the General Ledger Year End screen:

Create next year's currency records?	y	This will copy the currency code and type details from the outgoing year to the new year. It will not, however, copy the currency rates to the new year. You will therefore have to set up the rates for the new year before you can begin to enter transactions again.
	n	No currency details will be copied from the current year to the new year. New currency codes and rates will have to be created manually for the year.
Zero balance carried forward?	n	Put the closing balance for the old year into the opening balance field for the new year. (Default) . This only applies to balance sheet accounts, profit and loss accounts must always start the year with a zero balance.
	y	NOT RECOMMENDED. This will set the opening balance for all accounts to zero.
Zero previous year movements?	n	Move the movements for this year, to the last year movements field in the posting code file. (Default) .
	y	NOT RECOMMENDED. Sets all the last year movement fields in the posting code file to zero.

The Year End program performs the following:

- Checks that the Journal Audit Trail has been spooled since the last transaction was posted to the General Ledger.
- Checks if the Detail Trial Balance has been spooled since the last transaction was posted to the General Ledger.
- Checks that the Year End procedure for all the other ledgers has taken place.
- Ensures that all posting codes that have been set up with a debit or credit indicator, actually have respective debit or credit balances. Any that are different are reported to the system log, where they can be viewed. Corrections will have to be made before the year end procedure can continue.
- Ensures that the totals of all profit and loss accounts and balance sheet accounts are zero.
- Moves the old year's movements to the last year movements fields in the posting code file.
- Optionally creates currency codes in the new year.
- Creates opening balance transactions using the old year's transactions.
- Allows next year's budgets to be set. (Further details on this have not been included, as it is understood that all Budgets are entered directly in Hyperion and are not relevant Tetra CS/3).
- Increments the General Ledger Period number.
- Increments the General Ledger Year number.
- Opens the adjustment period.
- Any commitments (from Purchase Requisitions) for the previous year that are not outstanding will be cleared down.
- Any commitments (from Purchase Requisitions) for the current year will become previous year commitments.
- Any commitments (from Purchase Requisitions) records for the next year will become current year commitments.

When the Year End has successfully completed, the Adjustment Period will be open to make adjustments for the old year (see 2.15 Adjustment Period), and transactions for the new year can be processed.

Adjustment Period Year End

Posting to the Adjustment Period

Adjustments can be made using the General Ledger Journal Entry option in the normal way, but specify the year indicator as **A** for adjustment period, leave the period indicator blank.

Preparation for Closing the Adjustment Period

The Adjustment Period can remain open until the next year end if required.

Ensure all adjustment journals have been entered and posted, and that there are no suspended journals.

As with the General Ledger Year End, the totals of all the Profit and Loss accounts and all the Balance Sheet accounts, must balance to zero in the Adjustment Period. If necessary create a balancing journal as before.

Reports

Print the following standard reports:

- Journal Audit Trail (*Mandatory*)
- Detail Trial Balance (*Mandatory*)
(Year Indicator is **L** for Last Year, and Period Range is **A - A**)

Print any G/L Special Reports or Report Writer reports that you have defined to include the Adjustment Period.

Close Adjustment Period

- ◆ General Ledger >
 - ◆ Housekeeping >
 - ◆ Close Adjustment Period

The Close Adjustment program requires exclusive access to the general ledger files, no other General Ledger options should be used or data posted to the General Ledger from other modules, until the Adjustment Period has been closed.

The Close Adjustment Period performs the following:

- Checks that the Journal Audit Trail has been spooled.
- Checks that the Detail Trial Balance for Adjustments has been spooled.
- Ensures that all posting codes that have been set up with a debit or credit indicator, actually have respective debit or credit balances. Any that are different are reported to the system log, where they can be viewed. Corrections will have to be made before the adjustment period can be closed.
- Ensures that the totals of all profit and loss accounts and balance sheet accounts are zero.
- Transfers all the adjustments period's movements for each balance sheet account to their current year opening balances, for both account codes and posting codes.
- Updates the transactions and journal audit files with the journal created.

Closes the Adjustment Period

For further information on Troubleshooting the Nominal Ledger year end procedure please refer to the Nominal Ledger Year End Troubleshooting document on the support web site at the following location:- <http://www.sageenterprisesolutions.com/support/files/financechanmenu.asp>