

Nominal Ledger

End of Year Procedures

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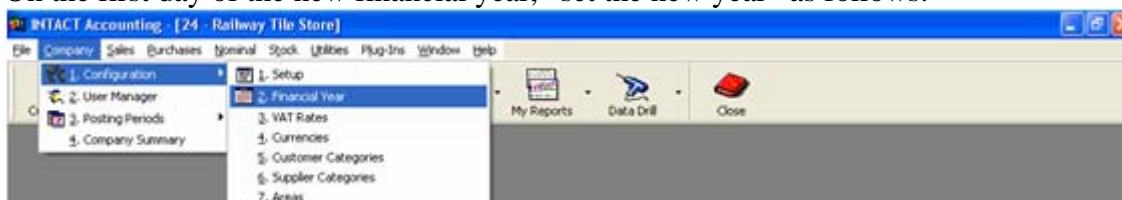
1. Introduction.

Tutorial ALL03 covers the topic of Period Control, the user charged with the responsibility of closing off periods should be fully familiar with its contents. The following is an extract from this Tutorial:-

“Period Locking is very useful when the final period of a financial year has been processed. The Ledger Periods can be Locked, and the system “told” that the new financial year has started. **The Year-End need not be run until the Audit is complete.** Usually on audit completion, year end journal adjustments need to be done. The Last Periods of the previous financial year can be un-locked, the audit adjustments input, the periods re-locked, and all Management Reports re-printed. Then, the End of Year for the previous financial year can be processed”.

2. First Day of New Financial Year.

On the first day of the new financial year, “set the new year” as follows:-



When Option 2 above is chosen, the following screen appears:-

Financial Year Setup

Current Year Start Period: 4.06

13 Period Year ? No

	Period Description	Start	End
Jan	January	1/01	31/01
Feb	February	1/02	28/02
Mar	March	1/03	31/03
Apr	April	1/04	30/04
May	May	1/05	31/05
Jun	June	1/06	30/06
Jul	July	1/07	31/07
Aug	August	1/08	31/08
Sep	September	1/09	30/09
Oct	October	1/10	31/10
Nov	November	1/11	30/11
Dec	December	1/12	31/12
13		/ 0	/ 0

Save Cancel

If the old financial year ended in March 2006, then the Current Year Start period would be displayed as 4.05. **Amend this to 4.06 to indicate that the new year starts in April 2006.** There is no need to amend the Monthly Columns unless your various cut-off dates for the periods within the financial year are different to the calendar end dates.

Having set the start period, press the PageDown key to move the cursor to the SAVE button and press ENTER. Press ENTER again to the next confirmation prompt!

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The effect of telling the system when the new financial year began is illustrated in several ways. The Nominal Daybook / Stock Balances screen now shows the Periods for the new year, eg, old year ended in 3.08, new year starts in 4.08.

New Year
Old Year

HARDWARE					
	2008/09	2007/08	2006/07	2005/06	2004/05
APR	0.00	3261911.00	0.00	0.00	0.00
MAY	0.00	3245600.00	0.00	0.00	0.00
JUN	0.00	3230700.00	0.00	0.00	0.00
JUL	0.00	3200800.00	0.00	0.00	0.00
AUG	0.00	3150300.00	0.00	0.00	0.00
SEP	0.00	3100200.00	0.00	0.00	0.00
OCT	0.00	3452120.00	0.00	0.00	0.00
NOV	0.00	3500125.00	0.00	0.00	0.00
DEC	0.00	3710000.00	0.00	0.00	0.00
JAN	0.00	3675900.00	0.00	0.00	0.00
FEB	0.00	3690000.00	0.00	0.00	0.00
MAR	0.00	3725004.00	0.00	0.00	0.00

Help-F1 Close-ESC

Both customer & supplier Monthly Turnover screens will now show the new year's periods:-

ADDIS LTD [EUR]					
	2008	2007	2006	2005	2004
APR		2,160.32			
MAY		50.00			
JUN					
JUL		351.26			
AUG		1,036.04			
SEP		472.38			
OCT		325.00	1,788.55		
NOV		12,828.62	13,928.33		
DEC		7,227.04	10,211.64		
JAN		335.16	33,239.62		
FEB		191.90	325.00		
MAR			588.00		
Total	0.00	24,977.72	60,081.14	0.00	0.00

Help-F1 Product Analysis-[CR] Close-ESC Print - F7

The stock Monthly Analysis screen will also show the periods for the new year.

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As a rule, the Sales Period will have been set to automatically move to the next period, so for the Sales Ledger, the Period Bar should show April 06. The Nominal Ledger and Purchase Ledger will still be shown as March 06 to allow for the input of March dated invoices and journals. Back-office staff will have “Local Period Control” to enable them switch between periods to process the relevant dated transactions.

For the last period of the Financial Year, the normal Month-End Reports as described in Tutorial NL11, are run.

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3. End of Year Procedure.

As previously stated, the Year-End Clear-down does not get processed until the detailed audited Trial Balance is received back from the auditor – **usually months after the year-end date**. On receipt of this audited Trial Balance, there will probably be amendments to some nominal accounts – these can be input by setting the period back to 3.06 (March 06) and entering these “Audit Journals”.

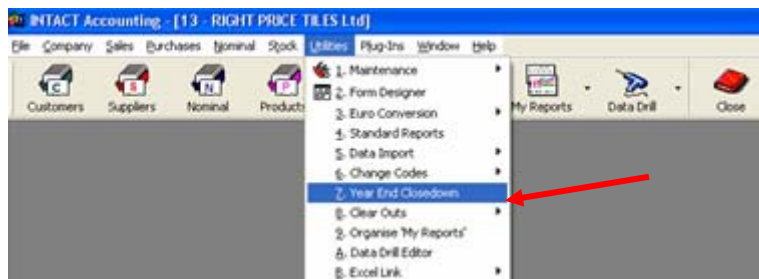
All management reports (Trial Balance, Profit & Loss, and Balance Sheet) should then be re-printed and filed away.

When happy that all is OK, the period 3.06 should then be “Locked” as instructed in Tutorial ALL03.

The END of YEAR CLEARDOWN can now be run. The steps are:-

With all users logged out of the system (and Codebase stopped), take a Backup of the data files. **Two Backups are advised:-**

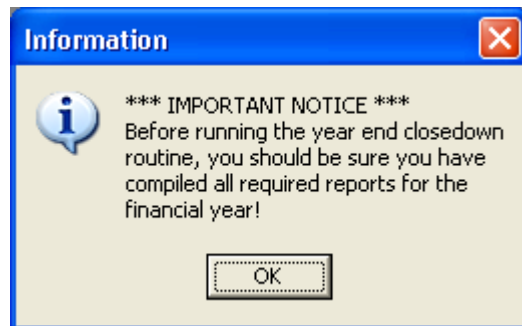
1. 1 onto the Local Drive C of the system administrator. 1 onto a removable media such as a DAT tape or ZIP Diskette, which should be stored in a fireproof safe, or off the premises.
2. Run the End of Year Procedure – the End of Year Procedure is found in the Utilities menu. Option 7 – see menu path:-



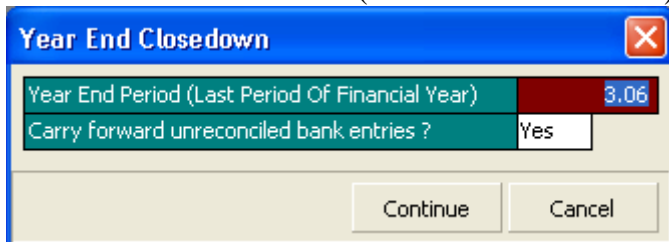
As soon as Option 7 is chosen, the following prompt appears:-

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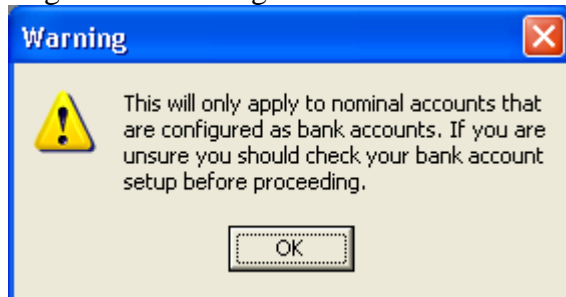
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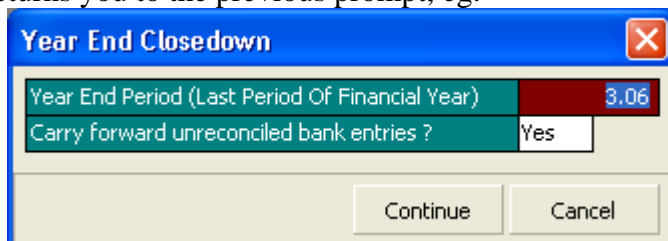
Having pressed ENTER to this prompt, you are asked to confirm the “Last Period of the Financial Year” and you are asked to confirm that you wish to “carry forward unreconciled bank entries” (which is recommended).



Pressing Continue will generate a further “reminder prompt” (self explanatory).



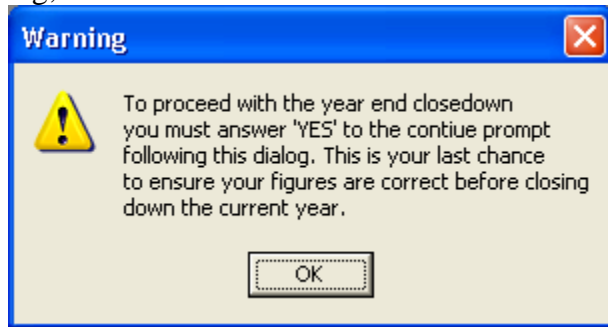
If you are unsure at this stage, about such bank accounts, pressing the ESC key twice will “back you out” of the End of Year procedure! Pressing ENTER on the above prompt, returns you to the previous prompt, eg.



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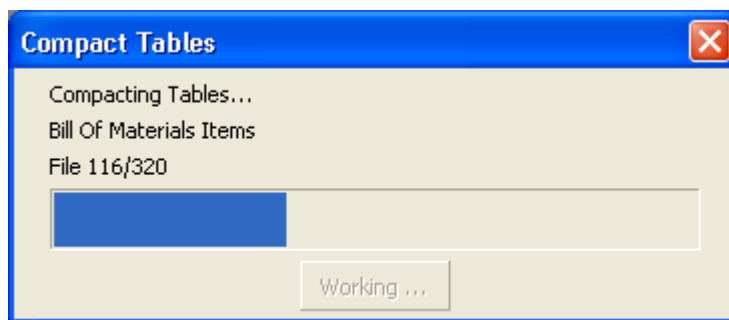
Pressing the Continue button displays the following instructions and Warning;-



Pressing ENTER on the above prompt, displays



You must type YES (*this ensures you are consciously aware of what you are doing and ensures that this procedure cannot be accidentally run*) and then mouse-click the green tick icon to proceed. When processing starts, the following prompts will display to keep you informed.



When the processing is completed, the screen will return to the main menu.

One of the “by-products” of this procedure is that a new company will appear on the Company List, eg:-

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This is a backup of the previous year's transaction data.

3.1 Nominal Stock Balances Clearout.

Immediately, after the YEAR END CLEARDOWN is completed, the following Nominal Journal must be input – this has to do with Closing Stock value at the end of the last Financial Year (March 06 in our example).

Using Local Period Control, set the Nominal period back to the 1st. period of the current financial year, and then input the Journal:-

- Debit a/c 100 (Opening Stock – P&L) with the Closing Stock value
- Credit a/c 999 (Retained Profit) with the Closing Stock value

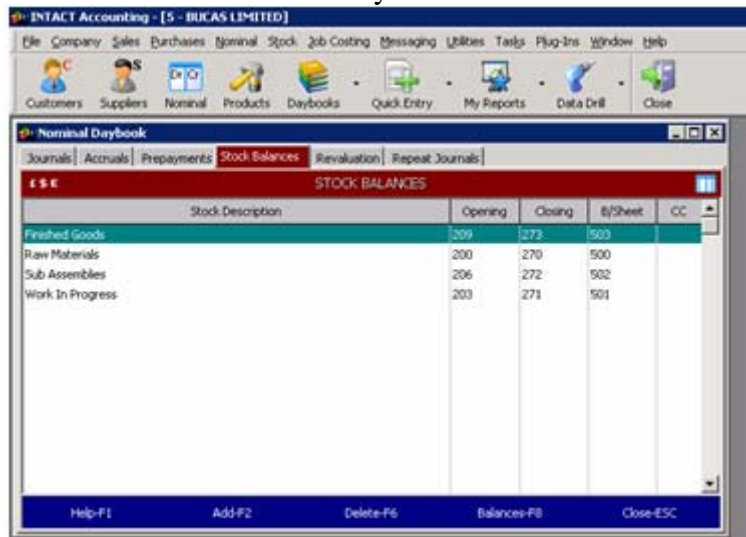
If you have more than one category of Stock, eg., in addition to Finished Goods, you have say, Raw Materials, WIP, etc, then a “Debit Journal” is required for each category with the corresponding Credit entries going to a/c 999.

This next procedure is very important and must be done immediately after the above Journal is posted.

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Go back to the Nominal / Daybook / Stock Balances section, eg.,



For **each Stock category**, press F8 to display the balances, eg

Monthly Closing Stock Balances					
Finished Goods					
	2006/07	2005/06	2004/05	2003/04	2002/03
April	595590.10	634310.00	0.00	0.00	0.00
May	0.00	637299.00	0.00	0.00	0.00
June	0.00	737135.47	0.00	0.00	0.00
July	0.00	696406.00	0.00	0.00	0.00
August	0.00	687586.00	0.00	0.00	0.00
September	0.00	470281.18	0.00	0.00	0.00
October	0.00	447059.00	0.00	0.00	0.00
November	0.00	513615.00	0.00	0.00	0.00
December	0.00	499845.06	0.00	0.00	0.00
January	0.00	516328.00	0.00	0.00	0.00
February	0.00	540200.00	0.00	0.00	0.00
March	0.00	595590.10	0.00	0.00	0.00

Immediately, press ESC and Save – this has the effect of Zeroising all of the monthly balances for the previous year (2005/06 in our example).

If the above procedure is not done, the Opening Stock amount will be “double” in the Trial Balance, P & L and Balance Sheet.

At the end of April and subsequent periods, “resume normal procedures” by entering the Closing Stock values for each stock category.

The next area to be addressed is Bank Reconciliations.

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3.2 Year End & Bank Reconciliations.

The Year-End Closedown Procedure will bring a B/F balance into each bank account's reconciliation – this has to be cleared out immediately.

- Go to Nominal / Reconciliation, copy (CTRL & C) the Opening Statement Balance as displayed on the screen (also make a note of this figure “to be sure”).
- Enter into the Reconciliation detail screen and select this B/F balance (by using the spacebar). Press ESC and SAVE changes.
- Immediately, re-enter the Reconciliation screen and alter the Opening Statement Balance by Pasting (CTRL & V) - **the original B/F balance.**
- Enter into the detailed reconciliation screen, select any transaction and immediately, de-select it, press ESC and SAVE.
- Immediately, print off a hard copy of the Reconciliation for your records.

This completes the Year-End procedure.