<div style="border: 2px solid red; padding: 10px;">

CLOSING A FISCAL PERIOD AND FISCAL YEAR

</div>

The Period End Processing section below lists the tasks that should be completed at the end of each fiscal period.

We have also included instructions for additional Year End tasks to assist you in closing, or locking, the current fiscal year and adding and activating the New Year.

> **NOTE**: As a reminder, each year 1099-Misc tax forms in Successware are updated. Be sure you are updated to the latest version of Successware before you print your 1099-Misc forms.

Closing a Fiscal Period

Closing a period prevents any further accounting transactions from being made within the specified time frame.

You close a fiscal period from the PERIODS/YEAR tab of the GENERAL LEDGER SETUP screen.

To close a fiscal period, right-click on the period and select *Update Period Status*. Use the drop-down list to click **Close**.

In addition to closing a fiscal period, you can update the period's status to re-open or lock a period.

Your status options are:

- **Inactive** - the period is prior to the activation date,

- **Open** - the period is open for posting,

- **Locked** - the period is locked to prevent posting from other modules. You can still make journal entries to the period, and

- **Closed** - the period is closed to prevent posting.

> **NOTE:** During the beginning of the NEW year, you will probably need to post transactions to December or November of the PREVIOUS year. To prevent issues, we strongly recommend marking the last two periods of a new year as Inactive. This way no transactions for the PREVIOUS year get posted as a NEW year transaction by mistake.

Period End Checklist

At the end of each fiscal period, you will want to check certain balances to ensure the integrity of your financial reports. Prior to checking these balances and printing financials, the following steps should be completed:

1. **Jobs/Invoices -** make sure that all jobs that should be closed in the fiscal period have been closed and that any related AR invoices have been posted. This includes invoices that are entered to record paid work orders and invoices that are entered as Receivables and have a balance due.

2. **Agreements –** check for missed billings, make sure that all billings for the fiscal period have been processed and posted, cancel old unscheduled visits, and create renewals.

3. **Warranties –** make sure to update reserve balances to zero for all expired warranties with a reserve balance

4. **Accounts Receivable** - make sure that all payments and/or adjustments for the month have been entered, age accounts, and check for out of balance items.

5. **Accounts Payable** - make sure that all vendor invoices, payments, and adjustments for the fiscal period have been posted, age accounts, and check for out of balance items.

6. If you are using the **Payroll** module of Successware - make sure that all payroll periods in the fiscal year have been completed and reconciled.

If you are posting payroll as journal entries - make sure that journal entries have been made for all payroll periods in the fiscal period and that all paychecks have been recorded in the account register.

7. **The Account Register**

   - **Undeposited receipts cash box** - make sure that any cash receipts that were deposited during the fiscal period have been reconciled for deposit and cleared from the cash box.

   - **Petty Cash** - make sure that all payments that were made from petty cash have been entered, all deposits to petty cash have been recorded and the account has been reconciled.

   - **Bank Accounts** - make sure that you have reconciled all bank accounts according to the statement and that you have printed the outstanding items as described in the document Printing Uncleared Items after reconciling a bank account.

   - **Credit Card Accounts** – make sure that you have reconciled all credit cards and lines of credit to their statements.

8. **Inventory** - Make sure that all receipts, adjustments, returns and requisitions have been posted and that all tags have been reconciled (verify parts items on AR Invoice cost entry), verify item quantities, check for items that have fallen below zero, and resolve any serialized tag issues

9. **General Ledger -** Make sure that any journal entries for items such as depreciation have been posted. Once all data entry is complete and all transactions that affect the fiscal period have been posted, print the Balance Sheet for the fiscal period. When the system prompts you to compile unposted transactions, be sure to answer **Yes** or the report will not be accurate.

These instructions were created with the assumption that your starting balances (and comparative detail) were entered in balance and that the prior fiscal period(s) balanced, and that all entries have been posted for the current period.

Items to Compare

Accounts Receivable, Accounts Payable, and Pending Payables

Both the **Receivables** and **Payables Managers** include the **Reconcile** utility. The **Reconcile** utility will compare general ledger balances (for the appropriate account) to the detail and report any discrepancies that it finds. The **Payables Manager** also includes a reconcile option to compare **Pending Payables** which is only affected if Inventory has been activated.

Comparing the Detail and General Ledger balances

1. Open the appropriate manager for which you wish to reconcile.

2. To reconcile Accounts Receivable and Accounts Payable select the **Accounts** view. To reconcile Pending Payables, select the **Unposted** view.

3. Right-click in the grid and select *Reconcile*.

4. The system will display a window comparing the GL balance to the detail balance and will indicate if there is a discrepancy.

5. Refer to the When Balances Do No Match section of this document for instructions.

When the Balances do not Match

If the **Reconcile Utility** reports that **Accounts Receivable, Accounts Payable**, and/or **Pending Payables** is out of balance you will stay in the utility to locate any discrepancies.

1. If you find a discrepancy after running the reconcile utility, you will be instructed to select Next for more detail.

2. When you select **Next** the system starts with the current date and works backward to determine what date or dates there are discrepancies. You will be instructed to run transaction reports for the date to determine the cause of the discrepancy.

3. Open the Report Gallery and run the GL Transaction report for the date (in our example 3/15/2004) for the general ledger account you are using for **Receivables**, **Payables**, or **Pending Payables** only. Group the report by **Origin** and group then sort the report by Reference.

   Most discrepancies are a result of Journal Entries that were made to the account or the account was affected by transactions in a different module. By grouping the report by origin those items should be more evident.

   If the discrepancy is NOT from a different origin you will continue and print the "Source" report for comparison.

4. Run the A/R, A/P or A/P Pending Payable Transaction report for the same date. Sort the report by **Reference No**.

5. The two reports will print in the same order so that you can compare the items to determine the discrepancy.

6. Once you have determined what transaction is causing the discrepancy, you will correct it based on how it was originally entered. If it is a journal entry, determine why the journal entry was made, then reverse it. Enter the transaction through Receivables, Payables, or Inventory so that it will affect both the correct manager, and the general ledger.

   If the transaction was entered through the correct module, you will need to reverse it and re-enter it correctly. A common mistake that will make entries that were posted in the correct manner not affect general ledger correctly, would be adjustments that are using an adjustment code that is posting to the wrong account (i.e. an AR credit memo that affects the accounts receivable account instead of Returns and Allowances or a revenue account.)

Account Register

Comparing the Detail and General Ledger balances

- Bank Accounts - compare the reconciled balance to the Balance Sheet's balance for each account.

- Cash Boxes - print the Check Register report for each account, leaving **From Date** blank and **Thru Date** the last date of the fiscal period. Select **Not Cleared** transactions only. The uncleared items should match the account balance on the Balance Sheet.

- Credit Card Accounts – compare the reconciled balance to your bank's statement.

When the Balances do not Match

1. Select *Financial Reports*, then **GL Transactions,** and then **Run Report** from the Report Gallery.

2. For the Posting Date range—enter the 1st date of the fiscal period in **From Date** and the last date of the fiscal period in **Thru Date**.

3. Enter the account number for the cash account that doesn't balance, or use the drop-down menu to select the **Account #**.

4. Use the mouse or spacebar to mark the following origins:

    - Journal Entry
    - Inventory Control
    - Warranty Reserve (installations)

    - Reserve (agreement)
    - Warranty Reserve (service)
    - Deferred Revenue (agreement)

5. Select the icon next to **Group By** to open the grouping options.

6. Double-click on **Origin** to move that to the group chosen side of the form.

7. Run the report.

This report should include any transactions that posted to that account from an origin that should not affect your cash accounts (probably Journal Entries). After identifying the origin of the incorrect entry, you will correct the entry from the source in order to put the account in balance. For instance, if a journal entry was made to the account, determine why the entry was made, reverse it with journal entries. Then enter the transaction correctly (i.e. Miscellaneous Cash Receipt, Misc. Payment, etc.).

If running the report using these options does not find any transactions, it is likely that transactions were posted in error from a valid source (receivables, payables, or account register.) The most common error is adjustments (credit or debit memos, or adjustments in the account register) that were entered using an adjustment code that affects cash.

Agreements, Visits, and Billings

When you finalize the agreements for the year, it is important to make sure that all open visits are canceled and open agreements terminated that have expired and all the billings have been accounted for. Leaving open old visits and agreements and unmade billings can throw the deferred revenue or reserve expense out of balance as well as make the visit schedule and billing schedule off.

Cancelling Old Visits and Old Agreements

Old visits and old agreements that have expired and have passed your company's expiration threshold should be terminated or cancelled. This will allow any unused deferred revenue / reserve expense to be realized. Leaving these old visits and agreements clutters up your agreement list and can make finding the next visit for a location more difficult.

1. You will need to enable the temporary permission, **Batch Terminate**, by:

    a. Opening the **User Manager**, find the appropriate user that will be performing this task.

    b. Right click on that user and select **User Groups…**

    c. Under **Customer Service – 1** tab and the **Agreements** section, find and check the **Batch Terminate** permission
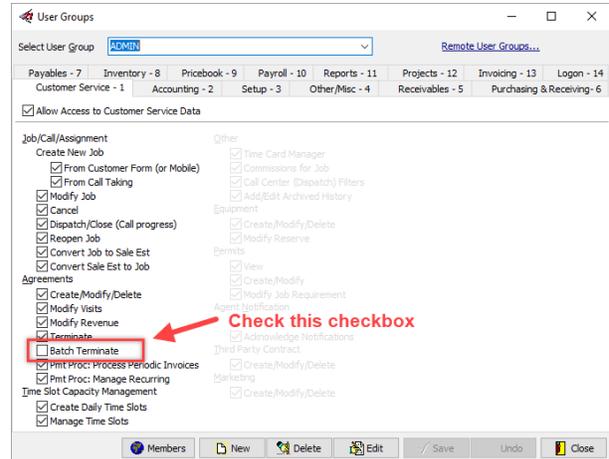
    d. Have the user log out and back out in. If you changed your own permission, you will still need to log out then back in.

> **NOTE:** The batch terminate permission will only take effect once you log out and then back it. Also, it will only stay in effect while you are next logged in. It will turn itself off to prevent users from accidentally batch terminating agreements or batch cancelling visits.
>
> Please note that once an agreement is terminated or visit is canceled, it **CANNOT** be unterminated or uncanceled. Even the Successware support and technical staff will be **UNABLE** to reopen the terminated agreements or canceled visits. **Batch terminate with caution and care**.

2. Open the **Agreement Manager.**

3. Start to search for agreements to terminate or visits to cancel

    a. Cancel Old agreements by selecting the **End Date** view.

        i. Put in a Thru Date of however far back your company's policy requires you to terminate agreements. For example, some companies have a policy to terminate agreements that ended that ended 3 months ago or prior.
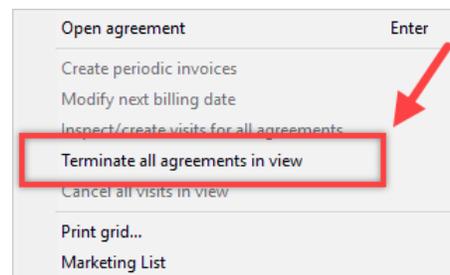
        ii. Apply the **EXP** (expired) filter to make sure that all agreements seen are expired.

        iii. Right click on one of the agreements and select **Terminate all agreements in view**. Only agreements that are in view will be terminated.

        b. Cancel old visits by selecting **Visits Due** view

             i. Enter your date range of the visits you need to cancel based on your company's cancelation policy. You may need to use a very old year like 2000 to get many visits.

             ii. Apply **UN** filter. Only unscheduled visits and visits in view will be canceled.

             iii. Right click select "**Cancel all visits in view**" Only agreements that are in view will be terminated.

             iv. A prompt command will appear to have you confirm that you want to cancel the visits for that date range. Click **Yes**.

4. A prompt will occur telling you how many agreements you are going to terminate or visits you will cancel. It will also say that this cannot be reversed.

     a. Check the **Terminate Agreements / Cancel Visits** checkbox.

     b. Fill in the **Post Date** and **Comment.**

     c. Click **Post.**

5. Proceed through the next warning and confirmation that you want to continue by clicking **Yes.**

6. There will be a warning that encourages you to make a backup of your database, make sure that everyone is logged out during the backup and termination/cancelation, and check the results before letting users back in.
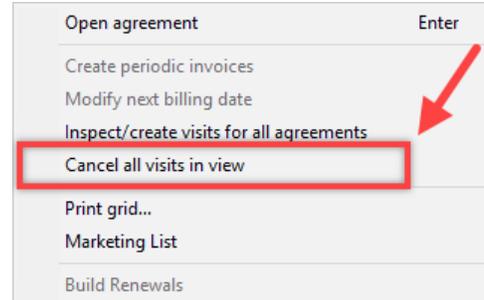
     We recommend these steps so, if something does happen and the wrong agreements/visits are terminated canceled, the backup might be able to be restored. This cannot be done without completely restoring the database and any work done after the backup would be lost.

     Click **Yes** only if you have backed up and are ready to cancel.

7. **ONE FINAL** warning and confirmation will appear

> **NOTE:** After the next step the termination/cancelation of the agreement/visit will be finalized and will not be able to be undone.

8. Once you are ready to terminate the agreement click **Yes.**

Missed Billings

It is important to make sure that all your periodic billings have been accounted for. There may be times that billings are accidentally missed. Missed billings reflect revenue not recorded and will cause future billings to not be created.

1. Open the **Agreement Manager** and select the **Billings Due** view

2. Enter the date range leaving the **From Date** blank and the **Thru Date** as the last day of the period (i.e. 12/31/20XX)

3. You will need to figure out on a case by case basis what to do for each agreement based on your company's policy. You may choose to:

    a. Terminate the agreement if it is too far expired or if you are choosing to terminate the agreement. You can double tap the billing to open the agreement. Then right click and click **Terminate agreement**.

    b. Change the next bill date to skip billings. To do this right click on the billing and select **Modify next billing date**. Type in the date you wish to change the billing to and tap **Enter** on your keyboard. This will only affect the agreement that you are currently selecting

    c. Create the invoice for the billing to charge the customer if the billing is not that old. It is recommended to do this in bulk by handling all other agreements that need to be terminated or have the next billing date modified first.

4. Once the only periodic billings left will be created, right click and select **Create periodic invoices**

Deferred Revenue, Agreement Reserve, and Warranty Reserve

If you are using **Deferred Revenue** for maintenance agreements and/or **Agreement Reserve** for service agreements, and/or **Warranty Reserve** for in-house warranties you will want to compare those totals also.

Comparing the Detail and General Ledger balances

Deferred Revenue

1. Select **Agreements**, then **Agreement Deferral Analysis**, and then **Run Report** from the **Report Gallery**.

2. **Transaction Date Range**—leave the **From Date** blank and enter the last date of the fiscal period in **Thru Date**.

3. Select the **Summary** checkbox and run the report. This process is similar with Agreement Reserve and Warranty Reserve Reports.

4. The **Deferred Bal** should match the Balance Sheet balance for the account.

	Maint Billed	Maint Used	Deferred Amt.	Deferal Chrgs.
Final Totals:	$6,640.20	($5,584.85)	$5,122.70	($4,080.00)
	Maint Bal	$1,055.35	**Deferred Bal**	$1,042.70

Agreement Reserve

1. Select **Agreements**, then **Agreement Reserve Analysis**, and then **Run Report** from the **Report Gallery**.

2. **Transaction Date Range**—leave the **From Date** blank and enter the last date of the fiscal period in **Thru Date**.

3. Select the **Summary** checkbox and run the report.

4. The difference between **Reserve Balance** should match the Balance Sheet balance for the account.

Warranty Reserve

1. Select **Equipment**, then **Warranty Reserve Analysis**, and then **Run Report** from the **Report Gallery**.

2. **Transaction Date Range**—leave the **From Date** blank and enter the last date of the fiscal period in the **Thru Date**.

3. Run the report and go to the last page of the report. (There is no summary button for this report.)

4. The **Reserve Balance** should match the Balance Sheet balance for the account.

When the Balances Do Not Match

1. Select **Financial Reports**, then **GL Transactions**, and then **Run Report** from the **Report Gallery**.

2. Posting Date range—enter the 1st date of the fiscal period in **From Date** and the last date of the fiscal period in **Thru Date**.

3. Enter the account number for the account that doesn't balance, or use the drop-down menu to select the **Account #.**

4. Use the mouse or spacebar to mark the following origins:

    –   **Deferred Revenue** - all except Accounts Receivable and Deferred Revenue (Agreements).

    –   **Agreement Reserve** - all except Reserve (Agreement).

    –   **Warranty Reserve** – all except Warranty Reserve – Installation and Warranty Reserve – Service

5. Select the Icon next to **Group By** to open the grouping options.

6. Double-click on **Origin** to move that to the group chosen side of the form.

7. Run the report.

This report should include any transactions that posted to that account from an origin that should not affect the account. After identifying the origin of the incorrect entry, you will correct the entry from the source in order to put the account in balance. For instance, if a journal entry was made to the account, determine why the entry was made, reverse it with journal entries, then enter the transaction correctly (i.e., reverse invoice and post it correctly, terminate and re-enter agreement, etc.)

If running the report using these options does not find any transactions, it is likely that transactions were posted in error from a valid source (receivables or agreement manager). The most common error is adjustments—credit or debit memos—that were entered using an adjustment code that affects that account.

> **NOTE:** Check with your Accountant for advice on any other accounts and detail that you should be comparing such as negative Assets, loan balances, and clearing accounts.

Inventory

If your company has the Inventory Count enabled, you will need to make sure that you verify your item quantities are correct by performing a Physical Count and making sure that any items that are marked as < Zero have their Average Cost reviewed.

If you have the general ledger activated for Inventory transactions meaning that Valued Items are tracked, you will want to compare those detail balances to the general ledger balances. If you are only tracking inventory counts and not values, this is not required.

Physical count

If you are using Inventory, you will need to do a physical count to make sure that all of your items have the correct quantity.

> **NOTE**: It is important that you finish your physical count quickly and even perform an Inventory Transaction Freeze while performing your physical count to make sure that the Average Costs and current on-hand quantities remain correct.
>
> **DO NOT** post other inventory transactions the physical count process is being performed. If you know that changes have been made since the physical count was started, you should restart the physical count process to make sure your values are correct.

1. Open the **Inventory Manager** and click on **Adjust** at the bottom of the form

2. In the Adjustment form, enter the Warehouse, Inventory Adjust Code and Date at the top of the form.

3. Right click on the form and select **Physical count**

4. Select the method of Physical Count.

    - All Items in warehouse stock list

    - Items by Category and/or Group

    - Items by Bin

5. Print the Physical Count by clicking **Save** then **Print**. Click **Print** again to print the Warehouse Physical Count Adjustment form or click the **Display** button to see the report.

6. Return to the Physical Count form and click **Edit** to be able to edit the item quantities.

7. For each item:

    a. Tap **Enter** on your keyboard to edit the item.

    b. Fill out the Department (**Dept**) and the current Physical Quantity (**PhyQty**). The current physical quantity is how many you currently have on hand and NOT the difference between what the system has and what you count. The system will calculate the difference for you.

    c. Tap **Enter** on your keyboard to save the item.

8. Once all items have been changed, click **Save**.

9. Once you have reviewed the Physical Count, tap **Post** to post the count and update your Inventory.

How to find and correct < Zero Items

Items that are marked as < Zero have their Average Cost frozen to prevent issues. These items will need to be addressed to confirm they are using the correct Average Cost.

1. Open the **Inventory Manager** and select the **Parts** view.

2. Click **Apply.**

3. Apply the **< ZERO** filter to only see the items that need to be checked.

4. Right click on the item and select **Item value correction …**

5. Make sure that the **Total Qty On-hand** is greater than or equal to zero. If the item has a quantity less than zero, you will need to do an Inventory Adjustment and come back.

6. Click **Next**.

7. You will need to determine if the Average Cost is correct.

    a. If the Average Cost is correct: select the **Value is correct** option.

    b. If the Average Cost is not correct:

        i. Enter the **Average Cost** the system should be changed to

        ii. Enter the **Date** the value correction will be posted for to affect the general ledger

        iii. Select the **Inventory Adjust Code**. This will determine what account affect the general ledger when the value correction is posted.

        iv. Select the **Department** that should be affect.

8. Click **Save**.

Comparing the Detail and General Ledger balances

1. Select **Inventory Control**, then **Inventory Transactions**, and then **Run Report** from the **Report Gallery.**

2. Enter the date range and leave the **From Date** blank and enter the last date of the fiscal period in the **Thru Date**.

3. Check the **Valued Items Only** and **Summary Only** checkboxes.

4. Run the report.

5. The **GL Value** should match Balance Sheet balance for that account.

When the Balances do not Match

1. Select **Financial Reports,** then **GL Transactions,** and then **Run Report** from the **Report Gallery**.

2. For the Posting Date range—enter the 1st date of the fiscal period in **From Date** and the last date of the fiscal period in **Thru Date**.

3. Enter the account number for the cash account that doesn't balance, or use the drop-down menu to select the **Account #**.

4. Select the icon next to **Group By** to open the grouping options.

5. Double-click on **Origin** to move that to the group chosen side of the form.

6. Run the report.

This report should include any transactions that posted to that account from an origin that should not affect the account. After identifying the origin of the incorrect entry, you will correct the entry from the source in order to put the account in balance. For instance, if a journal entry was

made to the account, determine why the entry was made, reverse it with journal entries, then enter the transaction correctly (i.e., reverse invoice and post it correctly, terminate and re-enter agreement, etc.)

If running the report using these options does not find any transactions, it is likely that transactions were posted in error from a valid source (receivables or agreement manager). The most common error is adjustments—credit or debit memos—that were entered using an adjustment code that affects that account.

Once Your Books Are Reconciled

Once you have run all reports and are sure that everything is correct you will **Lock** or **Close** the fiscal period so that no changes can be made.

Locking the Current Fiscal Year

Locking a fiscal period will allow you to make journal entries but will prevent posting to the general ledger from the other modules.

To Lock a Fiscal Period:

1. Select **Setup → General Ledger** from the **Main Menu**.
2. Select Tab 5, PERIODS/YEAR.
3. Highlight the current fiscal year in the left panel of the screen.
4. Right-click on the last fiscal period to select *Update Period Status*.
5. Use the drop-down menu to select the status of **Locked**, then select **Save**.

After completing any/all adjustments required by your accountant you should update the period's status to **Closed**. Closing the period will prevent all posting to the general ledger. You can re-open a closed fiscal period if you have password permission to do so.

Fiscal Year End

At the end of your fiscal year you will complete the normal period end tasks and lock the last fiscal period to prevent further posting.

After completing any/all adjustments required by your accountant you should update the period's status to **Closed**.

Closing the period will prevent all posting to the general ledger. When **Period 12** is closed, the system will calculate your Income Statement accounts and post the results to your **Retained Earnings** account. All Income Statement account balances will be zeroed out to start the new year.

You will also need to add and activate the new fiscal year.

Adding a Fiscal Year

You must add and activate each fiscal period and year for processing in Successware. **To add a fiscal year in General Ledger Setup:**

1. Select **Setup → General Ledger** from the **Main Menu**.

2. Select TAB 5, PERIODS/YEAR.

3. Select the **New Year** button located at the bottom of the screen.

4. You will receive a message indicating the previous year's cannot be created if you have already closed some periods or years. Select **OK** to continue.

5. Enter the description you wish to use for the new year and select **Save**.

The system will add the fiscal periods for the New Year based on your existing period dates.

Important

You will need to open the periods so that you will be able to post to them. To do so:

1. Highlight the first period in the New Year and right-click to select *Update Period Status*.

2. Use the drop-down menu to select the status of *Open*, then select **Save**.

3. **IMPORTANT**: We **strongly** recommend some or all of the new periods to prevent posting to those periods in error. For instance, you may still have December transactions from the PREVIOUS year to enter in January. To prevent posting to December of the NEW year by mistake, December of the NEW year should be made <u>inactive</u>.

   Some people choose to make more than the last period inactive. You will need to Open those periods when you are ready to post to them.

   Highlight the period you wish to make inactive and right-click to select *Update Period Status*.

   Use the drop-down menu to select the status of *Inactive*, then select **Save**. All periods after that one will also be made inactive.

You are now ready to start posting transactions in the New Year.