



Year-End Procedures

The following procedures are an outline of the steps required for both calendar year end closing (12/31) and fiscal year closing (which may or may not be the same). Procedures are listed for all packages within the MCMS system. If you have not purchased the package listed, or you are not using the package, you do not need to do anything for that package (the exception to this is General Ledger). Packages are listed in the recommended order of completion. For more detailed instructions, please refer to either the on-line help for each program or to the MCMS Procedures manual.

You should run a complete system backup before doing any Year-End Processing!

These procedures must be run in addition to the regular month end programs unless stated otherwise.

Order Entry

These should be run after all orders and invoices of the previous year have been processed and before any orders and invoices for the first DAY END of the new year.

1) **Month-End Update**

MCMS 4.04 or later: Run the same as for a Month-End. The Current Order Entry Tax Month in the Control file should be for December of the current year since sales tax is on a calendar year basis. If the Control file is incorrect, contact the HOTLINE for instructions on how to proceed. If the Control file month is correct, the program will show you that it will clear the MTD, QTD, and YTD tax authority numbers to be ready for the next year.

MCMS 4.03: Run the same as for a Month-End, but when the program asks "Enter 'M' to zero-out month-to-date or 'Y' to zero-out year-to-date," answer 'Y'. It clears **both** the year-to-date **and** month-to-date tax authority amounts.

2) **Daily Reports** - Run the same as for a Month-End but answer the purge question for Year-End. It clears **both** the year-to-date **and** month-to-date amounts. The Daily Reports can be based either on a fiscal or calendar year basis.

Accounts Receivable

These should be run **after** all orders and invoices of the previous year have been processed and **before** any orders and invoices for the new year are entered. This will keep the year-to-date and previous year-to-date figures in the Customer file from having wrong year data in the totals.

Year-End Processing - This program prints a report of the Year-To-Date Sales, Costs of Goods, and Gross Profit amounts from the Customer file. The program rolls the current year-to-date sales and

costs into the previous year-to-date fields and clears the figures from the current total fields in the Customer file only.

Accounts Payable

Note that there are two year-end processes: 1099s on a calendar basis and regular year end that is run on a fiscal year basis. In A/P revision 8.0 and later, there is an accounts payable procedure manual that is available through help on the A/P menu that has more information.

A/P Calendar Year End

The 1099 processing must be performed at the calendar year end, and the update must be run even if you do not print 1099s. If you do not print 1099s, then you can skip to #6 for the update only (once all transactions have been entered for the year). Both 1099-MISC and 1099-NEC forms are supported.

- 1) Print the **Vendor Analysis Report**. This program will print a detailed listing of the year-to-date purchases and payments by vendor. The year-end program will purge this information, so you need to print this for an audit trail.
- 2) Complete ALL A/P transactions for the calendar year. Transactions for the new year can be entered prior to completing the year-end processing.
- 3) Run the **Vendor 1099 List** and select the option to print vendors missing information. Review the list and make corrections as necessary.
- 4) Complete a data backup. This needs to be done in case there are any problems encountered with the update.
- 5) Verify your Tax Payer ID and address fields are correct in the A/P Control file. Print the 1099s to plain paper, check the figures and layout. Be sure both the numbers and the lineup are correct before proceeding. Do not approve the 1099s.
- 6) Print the 1099s on your forms. Once they have printed ok, approve the forms. This will move the Current 1099 Payments to Last Year in the Vendor Master file. It will move Next Year 1099 Payments to Current Year, and it will zero the Next Year 1099 Payments for each vendor. Everyone CAN be on the system during this process.

A/P Fiscal Year End

The following processing should be performed for fiscal year end:

- 1) Complete ALL A/P transactions for the fiscal year. Transactions for the new year can be entered prior to completing the Year-End processing.
- 2) For versions of A/P prior to A/P 8.0: Print the **G/L Account Distribution Report** with the "N" (new distributions) option. This will post any outstanding A/P transactions to the General Ledger.
- 3) Print the **Vendor Analysis Report**. This program will print a detailed listing of the year-to-date purchases and payments by vendor. The year-end program will purge this information, so you need to print this for an audit trail.
- 4) Complete a data backup. This needs to be done in case there are any problems encountered with the Year-End Update.
- 5) **Year-End Update**. This program will move the Current Year Purchases, Payments, Discounts Taken and Discounts Lost to the Last Year buckets. It will move the Next Year Purchases, Payments, Discounts Taken and Discounts Lost to the Current Year buckets. It will zero the Next Year Purchases, Payments, Discounts Taken, and Discounts Lost buckets. Everyone CAN be on the system during this process.

General Ledger

The General Ledger system can hold 2 years of detail at any one time. Even if you are not using the General Ledger system, you must still go through the closing process so that postings can be made to the new year. When running the Year End, the system doesn't ask which year to close; it automatically closes the oldest year. There is a general ledger procedure manual that you can access through help on your G/L menu that has more information.

You can check which years are open by going to the Company file and viewing your company (usually 1). It will display the dates for the two years currently open.

Complete the steps that follow to close the oldest year. If you are not using the General Ledger system, you can skip the printing of Financial Statements and Trial Balance. You can also skip setting up budgets.

- 1) If you have an A/P version older than 8.0: From the *Accounts Payable* menu, print the **G/L Account Distribution Report** with the "N" (new distributions) option. This will post any outstanding A/P transactions to the General Ledger.
- 2) On G/L Menu run option '**Create Year-End Backup**'. Use defaults.
- 3) Complete all updates for the current year that will create Journals. Also complete all special Journal adjustments.
- 4) Run the **Journal Proof & Posting** option to be sure all Journals have been posted to the General Ledger.
- 5) Print the **Trial Balance** for all accounts, all months in the current year, in detail. This information will be purged, so you will need this report for an audit trail.
- 6) Print all desired **Financial Statements** for the current year. Again this information is going to be purged, so this is your last chance to print these.
- 7) Enter **Budgets** for the new year (optional). This can be done before or after running the Year End Closing.
- 8) Complete a data backup. This needs to be done in case there are any problems encountered with the year-end update. **This backup should be taken out of the rotation, labeled with the date of the backup and the fiscal year that was closed, and saved.**
- 9) A new feature in General Ledger version 8.0 is the option on the menu to "**Create Year-End Backup**". You will run this option IN ADDITION to creating a backup on a tape or other media. This option creates a backup directly on your server and you will have access to this data for years to come. In order to access this data later, you can choose the option on the General Ledger Menu called "View Year-End Backup".
- 10) Run the **G/L Year End** program. You will need to know the Retained Earnings account that you want the system to post your profit/loss for the year to. The Year End Closing program will prompt for a Retained Earnings Account and summarize all Revenue and Expense accounts into a Year Forward entry into that account. All other type records (**A,L,Q**) will be summarized into similar Year Forward records one per account. Once a year is closed, all detail for that account for that year is removed. This program will purge all detail transactions from the General Ledger Detail file for the year being closed, although detail transactions will remain for the current year. All Revenue and Expense accounts will be zeroed. The Next Year Budgets will get moved to the Current Year Budgets, and the month ending dates in the Company file will be set to the new year.

The G/L Year End program will not run if any unposted journal records exist.

IMPORTANT: NEVER change the month ending dates in the Company file!