YEAR END

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1. OVERVIEW

Various parts of the year end routine require exclusive access to Sage 200. This means that no other users should be logged into Sage 200 while you complete this process. If this is likely to be inconvenient you may wish to schedule the year end for a quieter period, or if you are carrying out the year end yourself, a weekend or out of hours.

The year end process can take a long time to complete. This is particularly the case if you've got high volumes of transactions or hundreds of nominal codes. You need to allocate sufficient time for the process to be completed without interruption.

If you know that you've got a very large database and are using Sage 200 Professional, you should run the year end routine directly on the Sage 200 server. This will help to minimise network issues and PC resource issues and gives you the best chance of completing the year end without experiencing any problems. If you do experience a problem, you should restore the backup and attempt the year end again.

The year end process does not need to take place on the last day of your financial year. Ideally, the year end should be run when you have posted all of the transactions that relate to your current year. It is likely that the year end may need to take place a couple of months later to allow for any accounting adjustments or late entries to be posted. Sage 200 has no problem with this; you can then run the year end whenever you are ready. You can continue to post transactions dated in your new financial year. This is just the same as postings transactions into any future period. The transactions will post to the customer and supplier accounts, but nothing is posted to the nominal until the period is open.

NB. It is not possible to open a period in the future financial year until you have run the year end.

If you complete the year end and realise you have forgotten to make a posting for the old year, the Prior Year Journal Entry option can be used to adjust your brought forward balances. This feature may need to be enabled by changing a setting on your system. It is important that you use the prior Year Journal Entry feature to make prior year postings, rather than posting a standard journal, as the standard journal will only affect balances in the current financial year (regardless of the date on the journal). It is also worth noting Prior Year Journals can only be posted into the last financial year and no further back.

The year end process itself is not difficult, though there are several steps leading up to the point of running the year end. Some of these steps can be time consuming; however most of the tasks involved are things you do frequently at month end.

If you aren't sure about a step, please seek advice before continuing. It is easier to fix problems as they are encountered, rather than trying to rectify retrospectively.

2. OUTCOMES OF THE YEAR END ROUTINE

The year-end routine performs several important processes:

The old financial year is closed off and the new financial year is opened.

The balances on all Profit and Loss nominal codes is cleared down into a Accumulated Profit nominal code on the balance sheet.

For profit and loss nominals, the year to date balance and the balance this year are set to zero.

For balance sheet accounts, the year to date balance is carried forward to the new year and the balance this year figure is moved to the balance last year.

When periods for the new year are opened, transactions in the deferred posting file are moved to the waiting posting file and can be updated on to the nominal ledger when required.

It is no longer possible to post back into the old financial year. Any standard transactions which are entered with a date relating to the old financial year will be added to the balance of the earliest open period in the new financial year. The only exception to this is the Prior Year Journal Entries feature which can be used to adjust the brought forward balance on nominal codes.

The Profit and Loss section of your nominal ledger is always re-set at year end because it relates to the Profit and Loss of your organisation within the current financial year. Because of this, transactions pertaining to the old financial year are no longer relevant and their balances are moved to Accumulated Profit on the Balance Sheet.

If you wanted to move the Profit and Loss transactions relating to the old financial year from the current posting file into the historical posting file, you would need to run the separate routine in Account Maintenance. This must be done immediately after the year-end has been run and before you open period 1 of your new year.

NB. If you run the Account Maintenance after you have updated your postings to period 1 and there are some transactions dated last year which were in deferred but relate to the new year, these will also be moved to the historical file. A brought forward balance will be added to the nominal code so the account total will be correct but the transaction will be missing from any reports in the current year.

The Account Maintenance will move all the Profit and Loss transactions up to the year end date and it is highly recommended that you do this, unless you have reports based on Profit and Loss transactions that need to show more than one year on the same report.

There is also an option to move Balance Sheet transactions into the historical posting file as part of this routine. However, the cumulative nature of the balance sheet means that these transactions could still be relevant to the new financial year. For example – bank accounts are stored on the balance sheet. The balance on your bank account doesn't change because you ran a year end. Therefore you may want to retain the balance sheet transactions in the current file for a longer period.

NB. Please note there are extra steps involved if you are using Consolidation in Sage 200. Please refer to the Consolidation section later in this document.

3. IMPORTANT STEPS BEFORE YEAR END

- Enter all transactions relating to the year being closed. Ensure that all journal adjustments have been entered and that all prepayments, accruals, POP accruals, standard cost variance and any stock journals / adjustments have been entered.

- Update waiting and pending transactions to all ledgers.

- Post all standing orders and direct debits from the cashbook up to the year end date if applicable.

- Post all outstanding invoices on sales and purchase orders up to the year end date.

- Reconcile your cashbooks up to the year end date.

- Ensure that your aged debtors and creditors reports reconcile up to the end of the financial year for the sales and purchase ledgers.

- Ensure you have reconciled any other important nominal codes.

- Produce and spool or print management reports – profit & loss, balance sheet, trial balance, stock valuation, aged debtors and creditors reports.

4. RUNNING THE YEAR END

There are some differences when running the year end in Sage 200 Professional compared to Sage 200 Standard – please follow the relevant section for your version.

4.1. SAGE 200 PROFESSIONAL

1. Close all accounting periods for the year (except the nominal ledger for period 12). This routine can be found in Accounting System Manager > Accounting Periods > Maintain Accounting Periods. All periods must be closed for year end (even if you don't use stock you will need to open and close the period). If the change period status option is greyed out, you will need to request your permissions are changed.

2. Whilst in Maintain Accounting Periods, click on the future financial year tab and ensure that the dates of all periods are correct. This is particularly important if you have recently changed the start / end date of your financial year or if you use 4 - 4 -5 accounting periods.

3. Remove disconnected log ins. This can be found in Accounting System Manager > System Utilities > User Log In Status. Log off any users in the first screen for disconnected log ins.

4. Take a back up of the data. This process needs to take place using SQL Server Management Studio and is generally carried out directly on the server. Please contact Pinnacle Support if you would like us to carry out this step for you.

    NB. This is a very important step and should not be omitted. If there was an issue during the year end process, this back up would be used to restore the data.

    This back up can also be used to create an archive company if you wish to have one set up (Pinnacle can do this at the same time as the back up). It is recommended if you do not create an archive company, a copy of the back up is kept for a period of time on your server.

5. The Sage 200 Verify Data routine makes some rudimentary checks within each of the ledgers to ensure that important information such as account balances and stock levels are correct based on the transactions which have been entered into Sage 200. If there are any discrepancies in your ledgers, this could affect the postings made during the year-end process. Verify Data can be found in Accounting System Manager > System Utilities > Verify Data.

    You should run both the Financials and Commercials options. Use Verify Data to validate all records in every module, if you know you have a backup (with no users and no disconnected logins) always use validate, report and correct anomalies. As validate and report will not report or fix indexing problems. Please Note: Cashbook and Nominal Ledgers force you to use the latter option.

    If you find any fixable errors, you should spool the reports and send them to the relevant departments for review. You can then carry on with the year end.

    If you find any unfixable errors, you should print the reports and send them to Pinnacle Support before continuing with the year end process. Some errors can be overlooked, and most issues can be fixed after the year end is complete, but any fix may not allow you to make adjustments to the year being closed.

*If Verify Data has fixed some errors, it is recommended you take another Backup and use this backup to create an archive company. The archive company is good practice as it gives you a way of referring to the data in its pre-year end state.

6. Once you have run the verify data routine, go back to Maintain Accounting Periods and close the nominal ledger for period 12.

7. The year end process can be found in Nominal Ledger > Period End Routines > Year End.

    Tick the three boxes to confirm you have produced all the reports you need. If you have created an archive company, you can re-produce these reports at any time. Clicking OK will then start the year end process. This could potentially take a long depending on the size of your data.
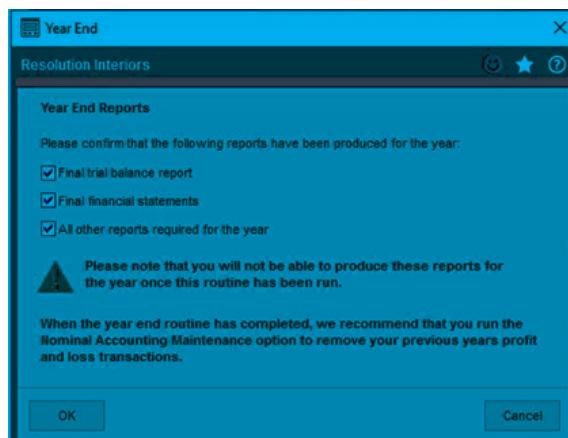
If you experience any error messages such as Time Out errors or Out of Memory Exceptions, you should arrange to have your backup restored and another attempt should be made to run the year end process – either directly on the server or from a more powerful computer.

Once the Year Process has completed, you'll receive a message asking if you want to open accounting periods for the new financial year.

Say No* to this for the moment.

The system will have produced a Nominal Ledger year end report that you should spool and keep safe, either print or save as a PDF, for future reference if required by auditors.

If you select Yes to open up period 1 this has the potential to cause issues if you have transactions in deferred with a prior year date. The account maintenance routine which you will run next looks at dates rather than period number so these entries would be moved into historical. The balance on the nominal account will be correct, however you would need to view these entries under the Historical Transactions tab in enquiries or if running reports historical reports would need to be selected to see these entries even though they relate to the current year.

8. Run a Trial Balance for period one. Ensure that no Profit and Loss nominal codes have a balance. Balance Sheet nominal codes will have a balance and should agree to the closing Balance Sheet (apart from the Retained Profit figure)

    Keep this trial balance safe – these are your opening balances for the current year and your auditors may ask you for these next year. This report can not be re-run.

The year-end routine should clear down all balances for P&L codes into the accumulated profit nominal code in the Balance Sheet and bring forward any Balance Sheet balances. If this hasn't happened for any Profit and Loss nominal codes and a Brought Forward balance remains or a balance has been removed from a Balance Sheet code, this will suggest that some nominal codes either have an incorrect Reporting Category specified, or that the Reporting Category is configured as a Balance Sheet or a Profit and Loss item incorrectly.

The best way to approach this problem is as follows:
- Restore a backup.
- Adjust the reporting categories on the affected nominal codes, or adjust the type for the reporting category to be Profit and Loss rather than Balance Sheet or visa-versa.
- Re-run the year-end.
- Re-produce the Trial Balance.

9. Once the year-end process has completed successfully and the Trial Balance is correct, you can if you wish take a further backup. This is an optional step for those wishing to refer back to how your system looked immediately post-year end.

10. You need to now check that your system will store historical transactions prior to running the Account Maintenance routine to move your Profit and Loss transactions into the history file
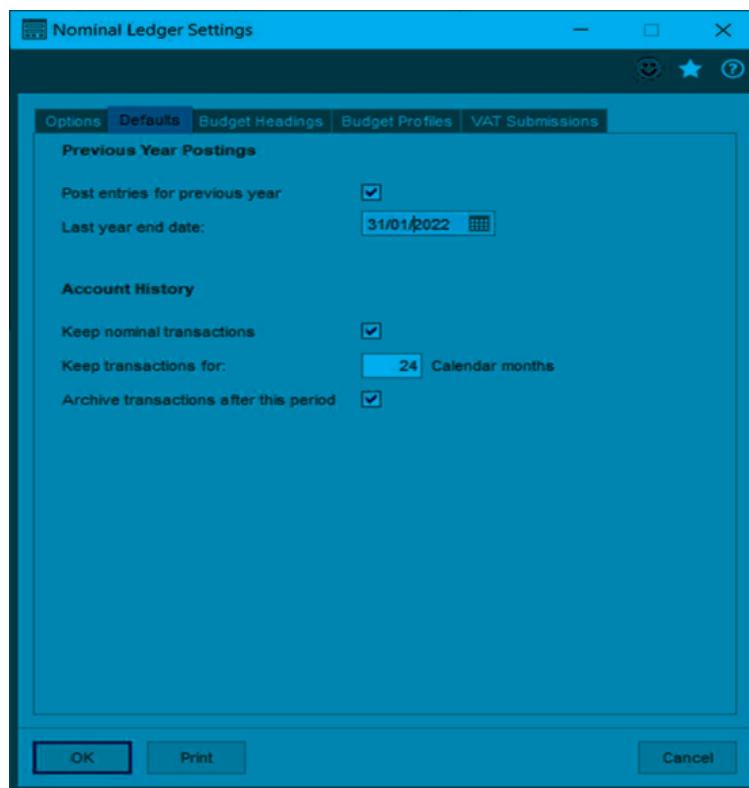
This can be found under Nominal Ledger > Utilities > Ledger Set Up > Ledger Settings. Select the Defaults tab heading and ensure there is a tick within Keep Nominal Transactions and Archive Transactions after this period.

11. You are now ready to run the Account Maintenance routine to move the Profit and Loss transactions to the historical file. This option is found under Nominal Ledger > Period End Routines > Account Maintenance. Select the option under the year end heading to remove Profit and Loss transactions from the previous financial year.
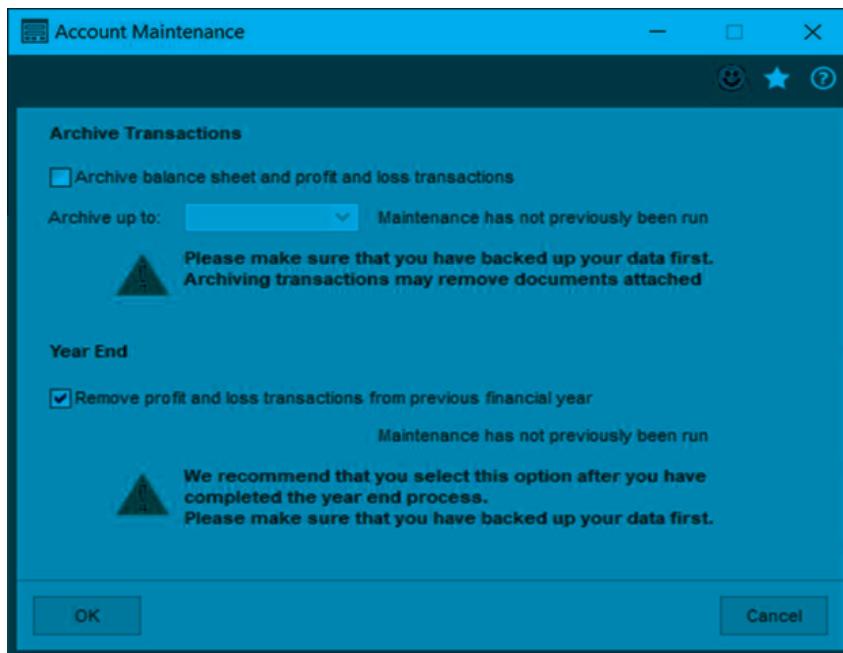
You can also choose to archive transactions for the Balance Sheet, however as mentioned previously the cumulative nature of the balance sheet means that these transactions could still be relevant to the new financial year.

12. Open the accounting period for period one of the new financial year. (Maintain Accounting Periods).

13. Update waiting postings. This can be found under Nominal Ledger > Period End Routines > Update Waiting Postings. This will update the transactions you have posted for the new financial year which have been waiting in deferred. If you have a lot of transactions this process may take a while.

If you do not use Consolidation, your year end process is complete.

If you do use Consolidation, please refer to section 5.

4.2. SAGE 200 STANDARD

1. Close all accounting periods for the year. This routine can be found in Settings > Organisational and Financial > Accounting Periods. All periods must be closed for year end (even if you don't use stock you will need to open and close the period). If the change period status option is greyed out, you will need to request your permissions are changed.

2. Whilst in Accounting Periods, click on the future financial year tab and ensure that the dates of all periods are correct. This is particularly important if you have recently changed the start / end date of your financial year or if you use 4 - 4 -5 accounting periods.

3. Remove disconnected log ins. This can be found in the top right hand corner of Sage by clicking on the cog symbol and selecting User Log In Status. Log off any users in the first screen for disconnected log ins.

4. Take a back up of the data. This process needs to take place through the provisioning portal. Please contact Pinnacle support if you would like us to carry out this step for you.

   NB. <u>This is a very important step and should not be omitted. If there was an issue during the year end process, this back up would be used to restore the data.</u> This back up can also be used to create an archive company if you wish to have one set up.

5. The year end process can be found in Period End Routines > Year End.

   Tick the three boxes to confirm you have produced all the reports you need. If you have created an archive company, you can re-produce these reports at any time. Clicking OK will then start the year end process. This could potentially take a long depending on the size of your data.

   If you experience any error messages, you should arrange to have your backup restored and another attempt should be made to run the year-end process.

   Once the Year Process has completed, you'll receive a message asking if you want to open accounting periods for the new financial year. Say no to this at this point.

   The system will have produced a Nominal Ledger year end report that you should spool and keep safe, either print or save as a PDF, for future reference if required by auditors.

   * Once you have run the year end process, you will be prompted to run the Verify data option. It is recommended you do this to check for discrepancies in your data.

6. Run a Trial Balance for period one. Ensure that no Profit and Loss nominal codes have a balance. Balance Sheet nominal codes will have a balance and should agree to the closing Balance Sheet (apart from the Retained Profit figure)

   <u>Keep this trial balance safe – these are your opening balances for the current year and your auditors may ask you for these next year. This report can not be re-run.</u>

   The year-end routine should clear down all balances for P&L codes into the accumulated profit nominal code in the Balance Sheet and bring forward any Balance Sheet balances. If this hasn't happened for any Profit and Loss nominal codes and a Brought Forward balance remains or a balance has been removed from a Balance Sheet code, this will suggest that some nominal codes either have an incorrect Reporting Category specified, or that the Reporting Category is configured as a Balance Sheet or a Profit and Loss item incorrectly.

The best way to approach this problem is as follows:

- Restore a backup.
- Adjust the reporting categories on the affected nominal codes, or adjust the type for the reporting category to be Profit and Loss rather than Balance Sheet or visa-versa.
- Re-run the year-end.
- Re-produce the Trial Balance.

7. Open the accounting period for period one of the new financial year, (Maintain Accounting Periods). This will then update the transactions you have posted for the new financial year which have been waiting in deferred. If you have a lot of transactions this process may take a while.

If you do not use Consolidation, your year end process is complete.

If you do use Consolidation, please refer to section 5.

5. CONSOLIDATION

If you are using different base currencies – please see our separate Consolidation guide on how to produce an accurate balance sheet for year end accounts. This process would need to be done before the year end procedure is run.

5.1. CONSOLIDATION SAGE 200 PROFESSIONAL

Please note Sage do not recommend posting directly into the Parent company when using Consolidation. However, if you do post directly please follow the relevant steps below :

Consolidation sage 200 professional

1. Run year end in all companies including the group (including the account maintenance option)
2. Clear consolidated balances in all companies including the group company
3. Zero balances in the group ONLY

Running Year end when the group IS used for direct postings.

In accounting system manager > system settings – ensure the option to update the nominal ledger immediately is unticked.

1. Run year end in all companies including the group (including the account maintenance option)
2. Clear consolidated amounts within all of the Sage companies including the group
3. Open period 1 within the group company and update waiting postings, check that the waiting posting file is empty
4. Open period 1 within the subsidiary companies, do not update waiting postings.
5. Consolidate the subsidiary to the group company
6. Delete the waiting postings in group company
7. Update the waiting postings within sub companies ensuring that the current posting file is empty.
8. Consolidate as normal.

If you use the group for direct postings but don't have update option unticked and postings are updated, it will bring across the balance sheet totals at P1 and not just movement. Therefore, your balance sheet will be duplicated in value.

If you do not have a back up to go back to, you will have to journal back out of P12 the balance sheet totals to accumulated profit.

5.2. CONSOLIDATION SAGE 200 STANDARD

Please note Sage do not recommend posting directly into the Parent company when using Consolidation. If you do post directly into the Parent Company, please contact Pinnacle Support for advice before running the year end.

To run the year end :

1. Run year end in all companies including the group
2. Clear consolidated balances in all companies including the group company
3. Zero balances in the group ONLY

If you use the group for direct postings, it will bring across the balance sheet totals at P1 and not just movement. Therefore, your balance sheet will be duplicated in value. You will then have to journal the period 12 balance sheet totals to accumulated profit.

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