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# SAP Business One v10 – How to Perform Year End Closing

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# Introduction

Year End Closing consists of creating specific postings in the system indicating that a fiscal year or posting period has ended.

You can transfer previous profit and loss G/L account balances from one fiscal year or period to another. To carry forward the balances of the P&L accounts to the corresponding account in the balance sheet, you can use the period-end closing function.

## Best Practice for Year End Closing

It's not possible to reverse period end closing transactions once the process is done. For this reason, the best practice for Year End Closing is:

- Compare Audit Stock Report vs Inventory GLs
- Inventory Counting
- Open Items Report
- Review Recurring Postings
- Review Clearing Accounts
- Business Partner Internal Reconciliations
- Bank Reconciliations
- Compare Aging Reports vs AR and AP GLs
- Post manual JE that need to be posted
- Review document drafts
- Run the depreciation
- Print the Balance, Profit and Loss statements, also Trial Balance (PDF and Excel)

## Year End:

- Roll over the balances to the next year
- GL Account Determinations for next year
- Define the new posting year
- If applies - Exchange rate differences
- Backup of the system and run on test company the first time:
  - Open the Closing Period Tool and Select the GLs only - if periods are locked they won't appear.
    - Retained earnings acct = Retained earnings - P&L accts.
    - Period-End Closing = Year-End Closing clearing Acct- Balance Accts reopened on the first day of January.
  - Select the Accounts and Execute, Reference and Date, Closing Year End 2020.
  - Close the periods.

Activities	In SAP Business One	
Compare Audit Stock Report vs Inventory GLs	Modules > Inventory > Inventory Reports > Inventory Audit Report	vs Modules > Financials > Financial Reports > Accounting > General Ledger
Inventory Counting	Modules > Inventory > Inventory Transactions > Inventory Counting Transactions > Inventory Counting / Inventory Posting	
Open Items Report	Modules > Reports > Sales and Purchasing > Open Items List	
Review Recurring Postings	Modules > Financials > Recurring Postings	
Review Clearing Accounts	Modules > Financials > Chart of Accounts	
Business Partner Internal Reconciliations	Modules > Business Partners > Business Partners Master Data > Account Balance	
Bank Reconciliations	Modules > Banking > Bank Statements and External Reconciliations > Reconciliation	
Compare Aging Reports vs AR and AP GLs	Modules > Financials > Financial Reports > Aging > Customer Receivables Aging / Vendor Liabilities Aging	vs Modules > Financials > Financial Reports > General Ledger
Post manual JE that need to be posted ex. Doubtful Accounts.	Modules > Financials > Journal Entry	
Post manual correction JE that need to be posted	Modules > Financials > Journal Entry	
Review document drafts	Modules > Reports > Sales and Purchasing > Document Drafts Report	
Run the depreciation	Modules > Financials > Fixed Assets > Depreciation Run	
Print the Balance, Profit and Loss statement and Trial Balance PDF and Excel.	Modules > Reports > Financials > Financial > Balance Sheet / Trial Balance / Profit and Loss Statement	
Create the new posting year.	Modules > Administration > System Initialization > Posting Periods	
Perform a fiscal year change for Fixed Assets	Modules > Financials > Fixed Assets > Fiscal Year Change	
Roll over the balances to the next year.		
GL Account Determinations for next year.	Modules > Administration > Setup > Financials > GL Account Determination > GL Account Determination	
Define the new posting year.	Change the posting year, if you are working on it.	
If applies - Exchange rate differences.	Modules > Financials > Exchange Rate Differences	
Backup of the system and run on test company the first time:		
Open the Closing Period Tool and Select the GLs only - if periods are locked they won't appear	Modules > Administration > Utilities > Period-End-Closing	
Retained earnings acct = Retained earnings - P&L accts		
Period-End Closing = Year-End Closing clearing Acct- Balance Accts reopened on the first day of January		
Select the Accounts and Execute, Reference and Date, Closing Year End 2020		
Close the periods		

# Year End Closing Process

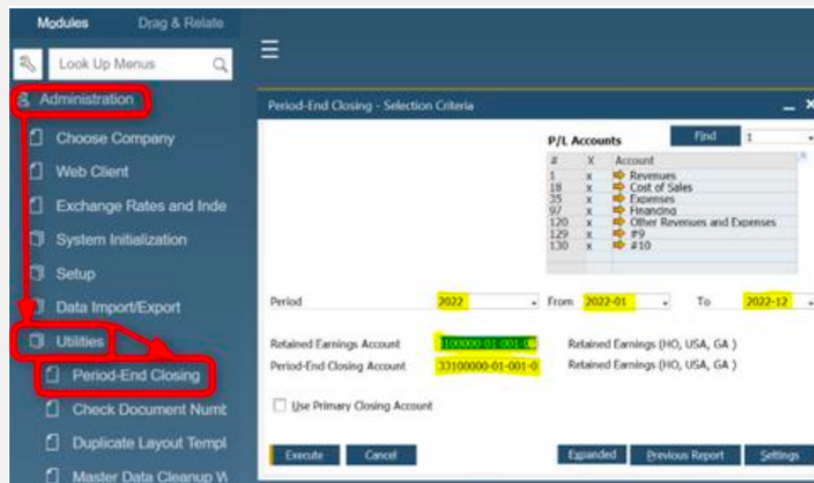
The steps to carry out the process are explained below.

1) Go to the **Menu: Administration > Utilities > Period End Closing** and:

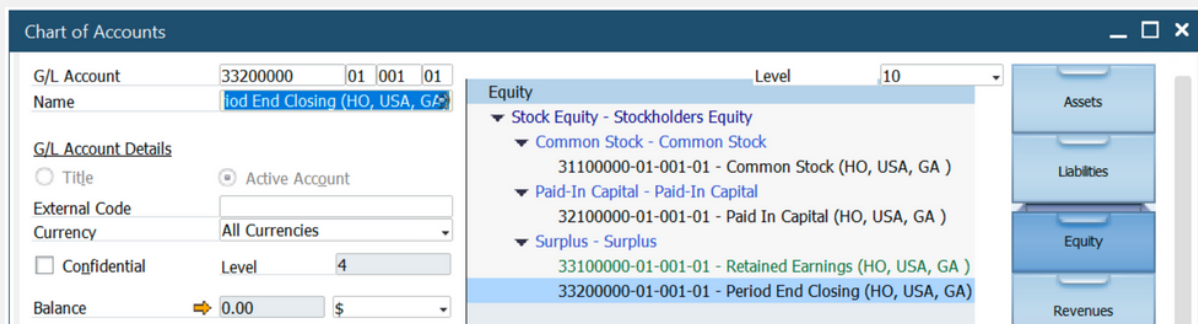
1.1) Select the year that you want to close and the range of months.

1.2) Set the following accounts:

- Retained Earnings – Retained Earnings Account
- Period End Closing – Period End Closing Account



Note: If you do not have the Period End Closing account, please create that account in the Financials > Chart of Accounts > Equity drawer:



2) Click on the *Execute* button. You will then see the screen below:

#	Ap...	Account...	Account...	C...	Balanc...	Balanc...	Balance...	R...	R...	Ref. 3 (Header)
1	<input type="checkbox"/>	411000	Sales Reven	\$	13,048.14	0.00	13,048.14			
2	<input type="checkbox"/>	411100	JB Printer F	\$	-3,300.00	0.00	-3,300.00			
3	<input type="checkbox"/>	511000	COGS - Do	\$	7,765.53	0.00	7,765.53			
4	<input type="checkbox"/>	518000	Resource E	\$	-250.00	0.00	-250.00	20		
5	<input type="checkbox"/>	519000	Resource C	\$	-60.00	0.00	-60.00	20		
6	<input type="checkbox"/>	523000	Gain/Loss I	\$	14,172.89	0.00	14,172.89			
7	<input type="checkbox"/>	524000	Gain/Loss f	\$	67.50	0.00	67.50			
8	<input type="checkbox"/>	611000	Travel Expt	\$	-700.00	0.00	-700.00			
9	<input type="checkbox"/>	611100	Travel Expt	\$	2,079.62	0.00	2,079.62			
10	<input type="checkbox"/>	611200	Travel Expt	\$	-722.59	0.00	-722.59			
					12,631.45		12,631.45			

3) In the *Ref* fields, enter a description for your year-end closing. For example, you may say, *Year-End Closing 2022*.

4) In the *Due Date* and *Document Date* fields, enter the last day of the fiscal year.

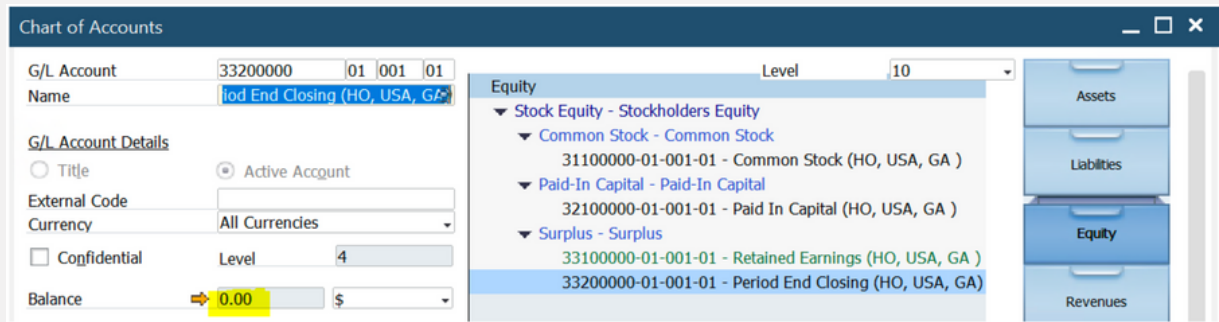
5) In the **Approved** column, tick all the boxes. This means that you want to close off all the profit and loss accounts into your Retained Earnings in your balance sheet.

6) Click the *Execute* button.

Once done, it will create two journal entries as follows:

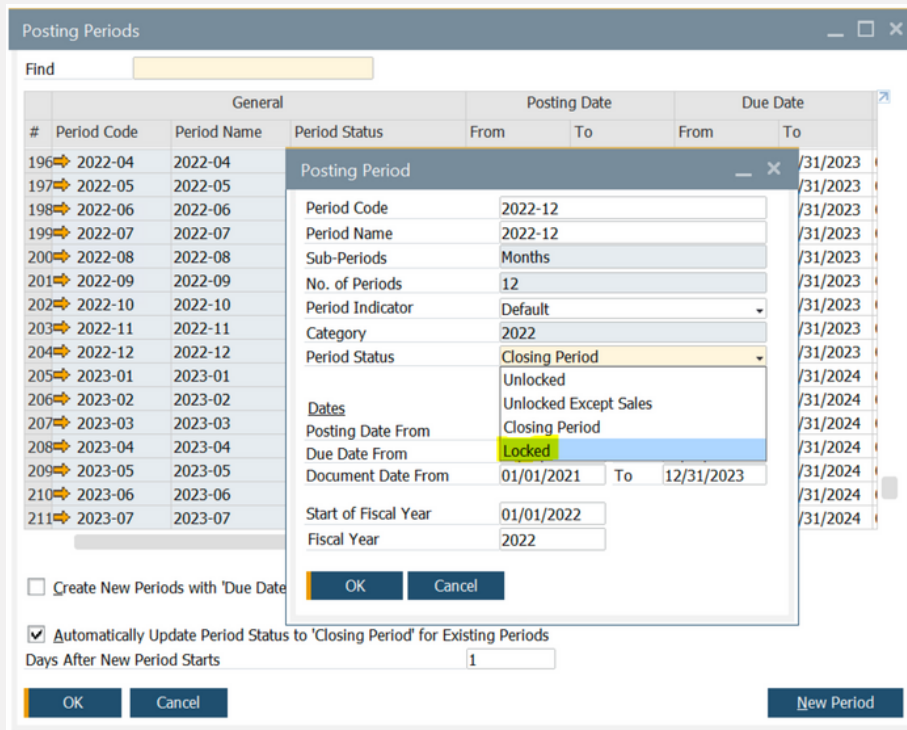
- D. P/L Accounts vs C. Period End Closing
- D. Period End Closing vs C. Retained Earnings

As you can see in the image below, the *Period End Closing* account will be zero. This will be a clearing account only. Please do not post anything to this account.



7) **Lock** the Periods of the Closed Year. This will ensure that no one can post transactions:

7.1) Go to **Administration** > System Initialization > Posting Periods. Click on the golden arrow and select **Locked** in the Period Status field.



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Innormax can help guide you through the analysis and implementation of the most suitable solution for your company. Our consultants have a long track record of helping businesses of all shapes and sizes succeed in many different industries in the area of traceability.

Using our resources and supporting technology like SAP Business One Lot Tracking & Batch Traceability, we are the trusted advisors you need to help your business succeed.

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