

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
- \cdot Post manual JE that need to be posted
- Review document drafts
- \cdot 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
- \cdot 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 B	usi	ness One
Compare Audit Stock Report vs Inventory GLs	Modules > Inventory > Inventory Reports > Inventory Audit Report	vs	Mdules > Financials > Financial Reports > Accounting > General Ledger
In antes Counting	Modules > Inventory > Inventory Transactions > Inventory Conting		
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		
Dusiness Dertes Internel Desensiliations	Modules > Business Partners > Business Partners Master Data > Account		
Business Partner Internal Reconciliations	Balance		
Dardy Decempilitations	Modules > Banking > Bank Statements and External Reconciliations >		
Bank Reconciliations	Reconciliation		
Owners Asian Departure AD and AD OLA	Modules > Financials > Financial Reports > Aging > Customer		
Compare Aging Reports vs AR and AP GLS	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	Modules > Reports > Financials > Financial > Balance Sheet / Trail		
Excel.	Balance / Profit and Loss Statement		
Create the new posting year.	Modules > Administration > System Initalization > 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.			
	Modules > Administration > Setup > Financials > GL Account		
GL Account Determinations for next year.	Dtermination > GL Account Dtermination		
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:

Chart of Accounts			_ 🗆 ×
G/L Account Name G/L Account Details Title External Code Currency Confidential Balance ➡	33200000 01 01 01 iod End Closing (HO, USA, GA) Active Account All Currencies Level 4 0.00 \$ -	Equity Level 10 ▼ Stock Equity - Stockholders Equity Common Stock - Common Stock 31100000-01-001-01 - Common Stock (HO, USA, GA) ▼ Paid-In Capital - Paid-In Capital 32100000-01-001-01 - Paid In Capital (HO, USA, GA) ▼ Surplus - Surplus 33100000-01-001-01 - Retained Earnings (HO, USA, GA) 33200000-01-001-01 - Period End Closing (HO, USA, GA)	Assets Labilities Equity Revenues

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

Peri	iod-E	ind (Closing									_ 🗆 ×
For	Closi	ing P	Period	196		Fro	m 2	022-01		То	2022-12	
Re	f. 1		Ref.	2 D	ue Date		Docume	nt Date	Remar	ks		Series
L									For Cl	osing	Period 196	Primary
Op	ening	g Ba	lance									Series
												Primary
#	Ap	. Ac	count	Account (C Balan	B	Balanc	Balance	. R	R	Ref. 3 (Header)	
1		-	411000	Sales Revers	3 048	14	0.00	13 048 14	1		,	
2	F	-	411100	(18 Printer F\$	3,300	.00	0.00	-3.300.00)			
3	F	-	511000	COGS - Do	7,765	.53	0.00	7.765.53	3			
4		-	518000	Resource E	-250	.00	0.00	-250.00	20			
5		-	519000	Resource Cs	-60	.00	0.00	-60.00	20			
6		⇒	523000	Gain/Loss 1	4,172	.89	0.00	94,172.89)			
7		⇒	524000	Gain/Loss I	67	.50	0.00	67.50)			
8		⇒	611000	Travel Exp(\$	-700	.00	0.00	-700.00)			
9		-	611100	Travel Expe	2,079	.62	0.00	2,079.62	2			
10		⇒	611200	Travel Exp(\$	-722	.59	0.00	-722.59)			
)2,631	.45		02,631.45	5			
)	E	xecute	Cancel			✓ <u>C</u> rea	te Auto. F	temarl	ks	<u>S</u> ave	

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.

Chart of Accounts					_ 🗆 ×
G/L Account 33200000 Name [iod End Closs] G/L Account Details	01 001 01 ng (HO, USA, GA)	Level Equity Stock Equity - Stockholders Equity Common Stock - Common Stock 31100000-01-001-01 - Common Stock Paid-In Capital - Paid-In Capital 32100000-01-001-01 - Paid In Capital Surplus - Surplus 33100000-01-001-01 - Retained Earnin 33200000-01-001-01 - Period End Close	,10 (HO, USA, GA) (HO, USA, GA) ngs (HO, USA, GA) sing (HO, USA, GA)	•	Assets Liabilities Equity Revenues

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.

ind							
	Po		Due Date				
# Period Code	Period Name	Period Status	From	То	From	1	Го
196 2022-04	2022-04	Posting Pariod				×	/31/2023
197 2022-05	2022-05	Posting Penod				- ^	/31/2023
198 2022-06	2022-06	Period Code	2022-1	2			/31/2023
199 2022-07	2022-07	Period Name	2022-1	2			/31/2023
200 2022-08	2022-08	Sub-Periods	Month	5			/31/2023
201 - 2022-09	2022-09	No. of Periods	12				/31/2023
202 - 2022-10	2022-10	Period Indicator	Defaul				/31/2023
203 2022-11	2022-11	Category	2022				/31/2023
204 2022-12	2022-12	Period Status	Closing	Period			/31/2023
205 2023-01	2023-01		Unlock	ced			/31/2024
206🜩 2023-02	2023-02	Dates	Unloc	ed Except Sa	les		/31/2024
207🔿 2023-03	2023-03	Posting Date From	Closin	g Period			/31/2024
208 2023-04	2023-04	Due Date From	Locked	1			/31/2024
209🔿 2023-05	2023-05	Document Date From	01/01/	2021 To	12/31/202	3	/31/2024
210 2023-06	2023-06						/31/2024
211 2023-07	2023-07	Start of Fiscal Year	01/01/	2022			/31/2024
		Fiscal Year	2022				

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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.

<u>Contact Innormax</u> today to get started with your customized solution.

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