2020 Year End Close Guide for Acumatica

By: Intelligent Technologies, Inc.

Getting Started: Basic Steps

In Acumatica ERP, a financial year is closed automatically when you close the last period of the financial year. Thus, you should close the last period only when the company is ready to close the financial year.

Year-End Closing Procedure Overview

1. Generate periods for the new year and activate at least one of these periods, as described in [this help article](#).

2. Complete the tasks on your company's "year-end" checklist.

3. Close the period in your subledgers.

4. Close the last period in the General Ledger module.

For more details, keep reading this guide. And, to mark off each step as you complete it, [download our checklist](#).

During closing of the financial year, the balance of YTD Net Income account updates the Retained Earnings account, which accumulates the net income over years. After that, the balance of the YTD Net Income account is reset to zero for a new financial year. The balances of the balance sheet accounts are transferred into the new financial year, while balances of other accounts are reset to zero.
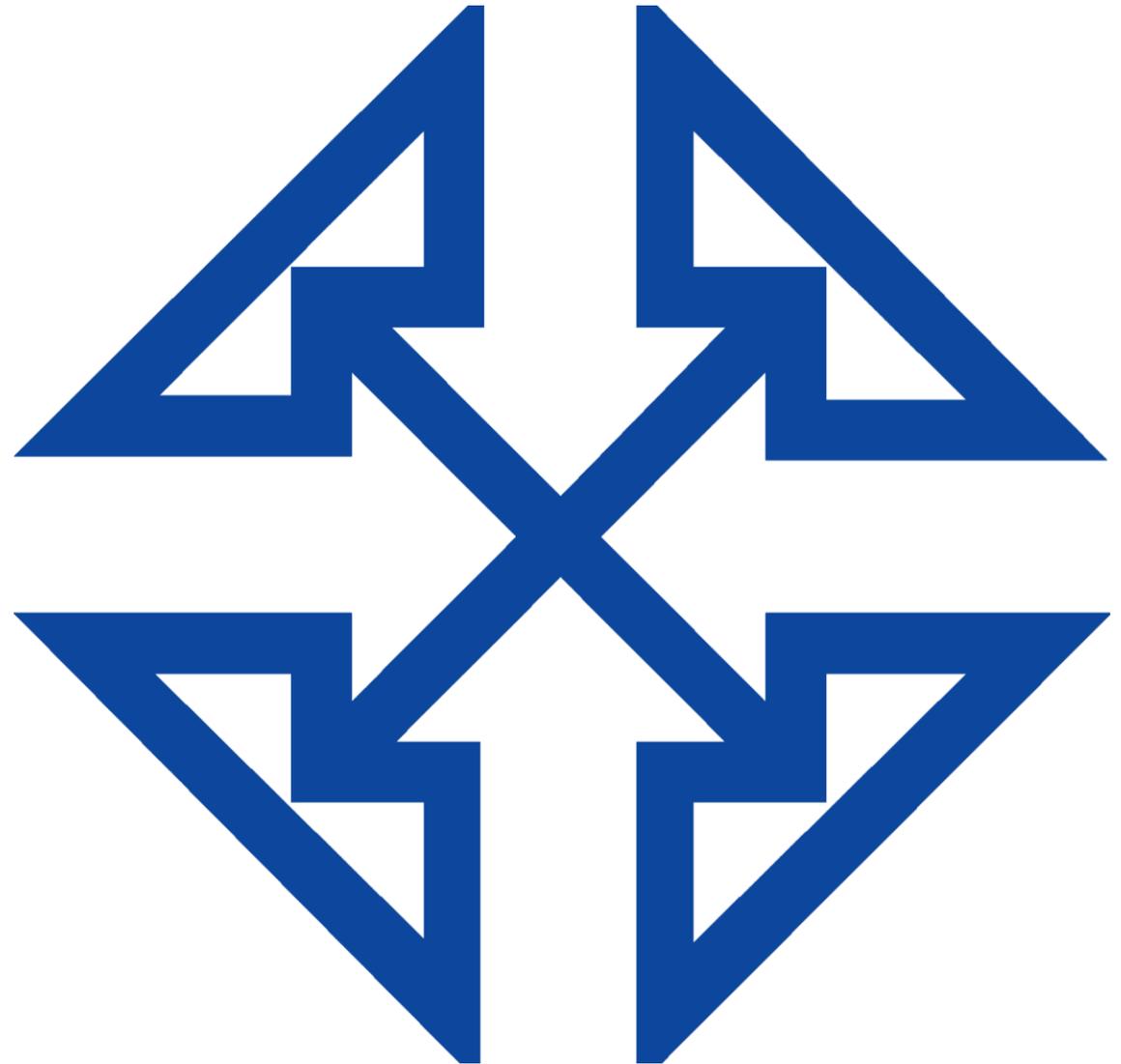
Closing Procedures

Follow your company's internal procedures to determine the prerequisites to closing a financial period. The following tasks might be required before performing a period close:

1. Generating recurring documents and releasing them
2. Performing allocations
3. Performing revaluation of currency accounts
4. Releasing and depreciating of Fixed Assets
5. Making tax adjustments
6. Inventory adjustments
7. Generating and reviewing the trial balance

To close a period in the General Ledger, you must first close the period in the subledger modules your company uses. These may include the following:

1. Accounts Receivable
2. Accounts Payable **(at year-end you must print out the 1099-MISC Form report and close the year for 1099 payments)**
3. Cash Management
4. Fixed Assets
5. Taxes
6. Inventory
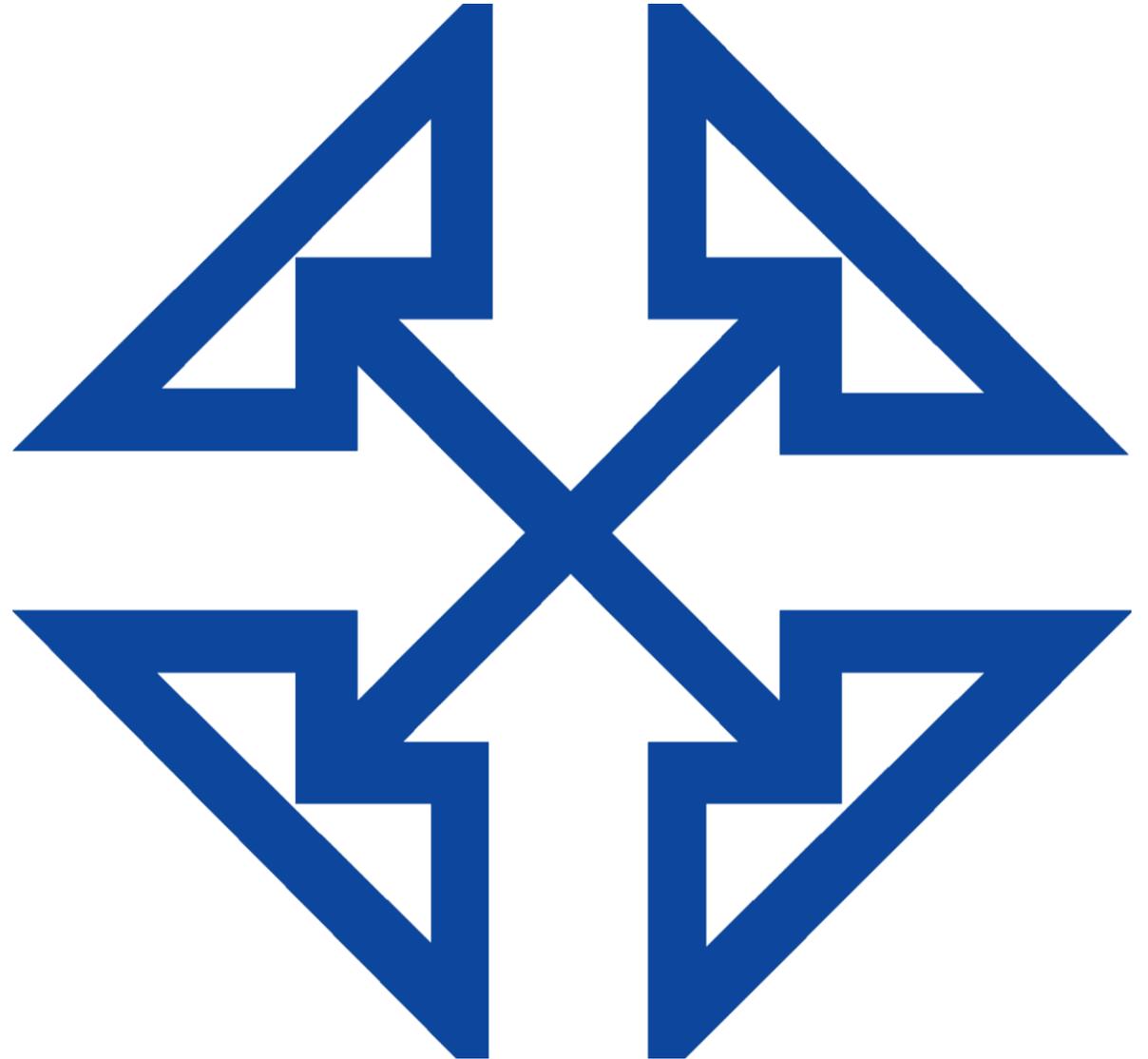
Closing a Period

After all transactions have been posted to a financial period and figures verified, you can close the financial period to prevent users from posting new transactions to it. You must start with the first period and work your way forward. (A financial period can't be closed if the previous one is still open). Yes, it's possible to close multiple periods at once (for instance, all periods of a year).

The process of closing a period consists of the following steps:
1. *Optional:* Closing the period in the subledgers. (You can also close the period in subledgers along with the general ledger after performing period-end activities). See the next page.
2. Generating and posting any recurring transactions.
3. Performing period-end adjustments—that is, posting adjustment transactions (some of which should be reversed at the beginning of the next period).
4. Revaluing general ledger accounts so the balances of the accounts in foreign currencies are revalued using the end-period exchange rate.
5. Reviewing the trial balance and the list of transactions.
6. Reclassifying transactions, if there are errors.
7. Running allocations, if distribution of amounts between branches, accounts, and subaccounts is needed.
8. Closing the period in the general ledger.
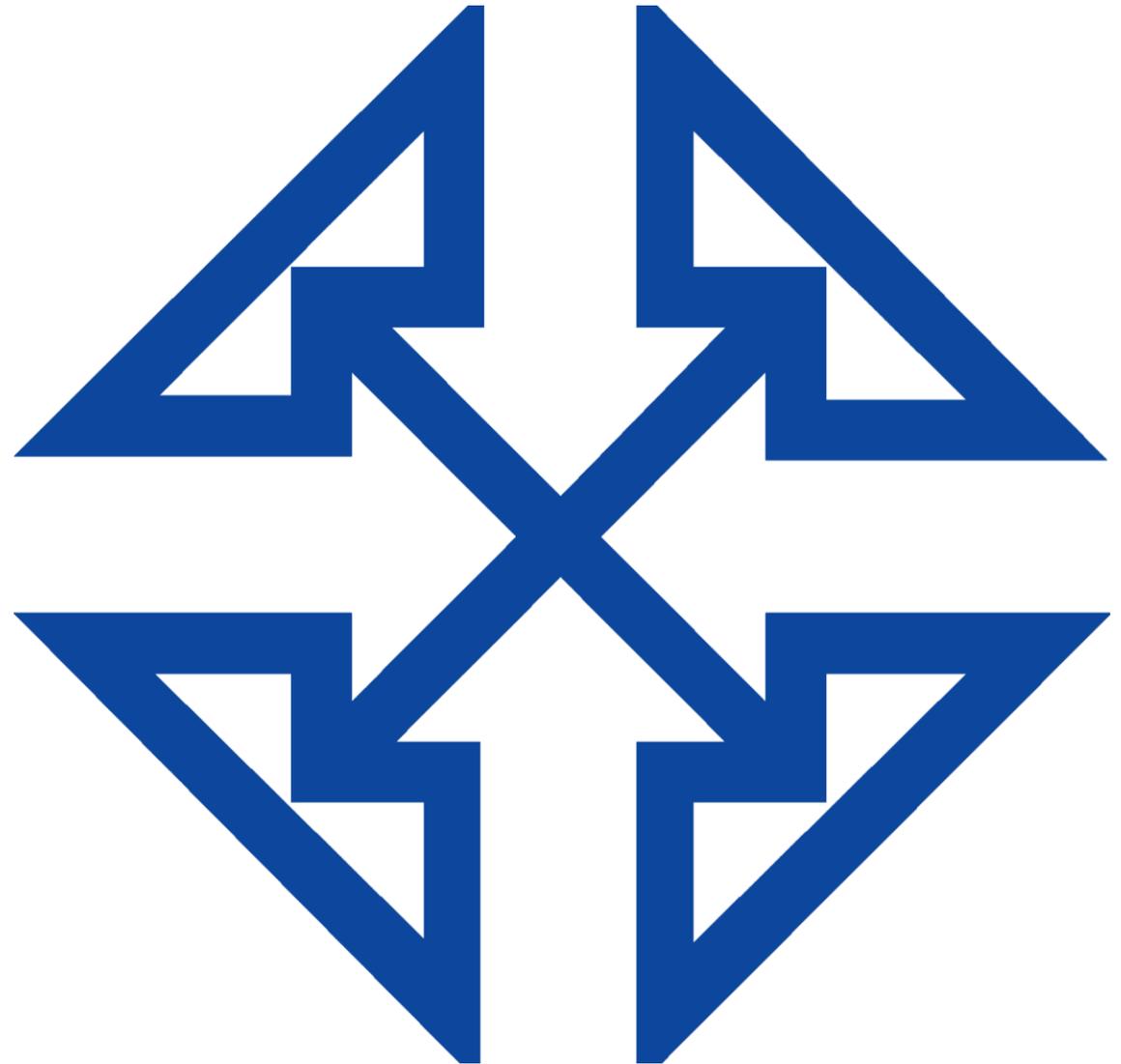
Closing a Period in Subledgers

Although you can close periods in subledgers and in the general ledger at the same time, you may decide to close periods in subledgers (Accounts Payable, Accounts Receivable, Cash Management, Inventory, and Fixed Assets) separately in your system.

On the Manage Financial Periods (GL503000) form, you can find information about the status of periods.

Before you close a period in these subledgers, you should make sure there are no unreleased documents to be posted to the period. (For the fixed assets subledger, the system also checks whether all assets have been depreciated in the period). To close periods, you use the following forms:

- In the accounts payable subledger, the Close Financial Periods (AP506000) form

- In the accounts receivable subledger, the Close Financial Periods (AR509000) form

- In the cash management subledger, the Close Financial Periods (CA506000) form

- In the inventory subledger, the Close Financial Periods (IN509000) form

- In the fixed assets subledger, the Close Financial Periods (FA509000) form

When you close a financial period in the subledger on any of these forms, all preceding open periods will be closed in the subledger as well.

To learn more about closing these specific subledgers, [click here](.).
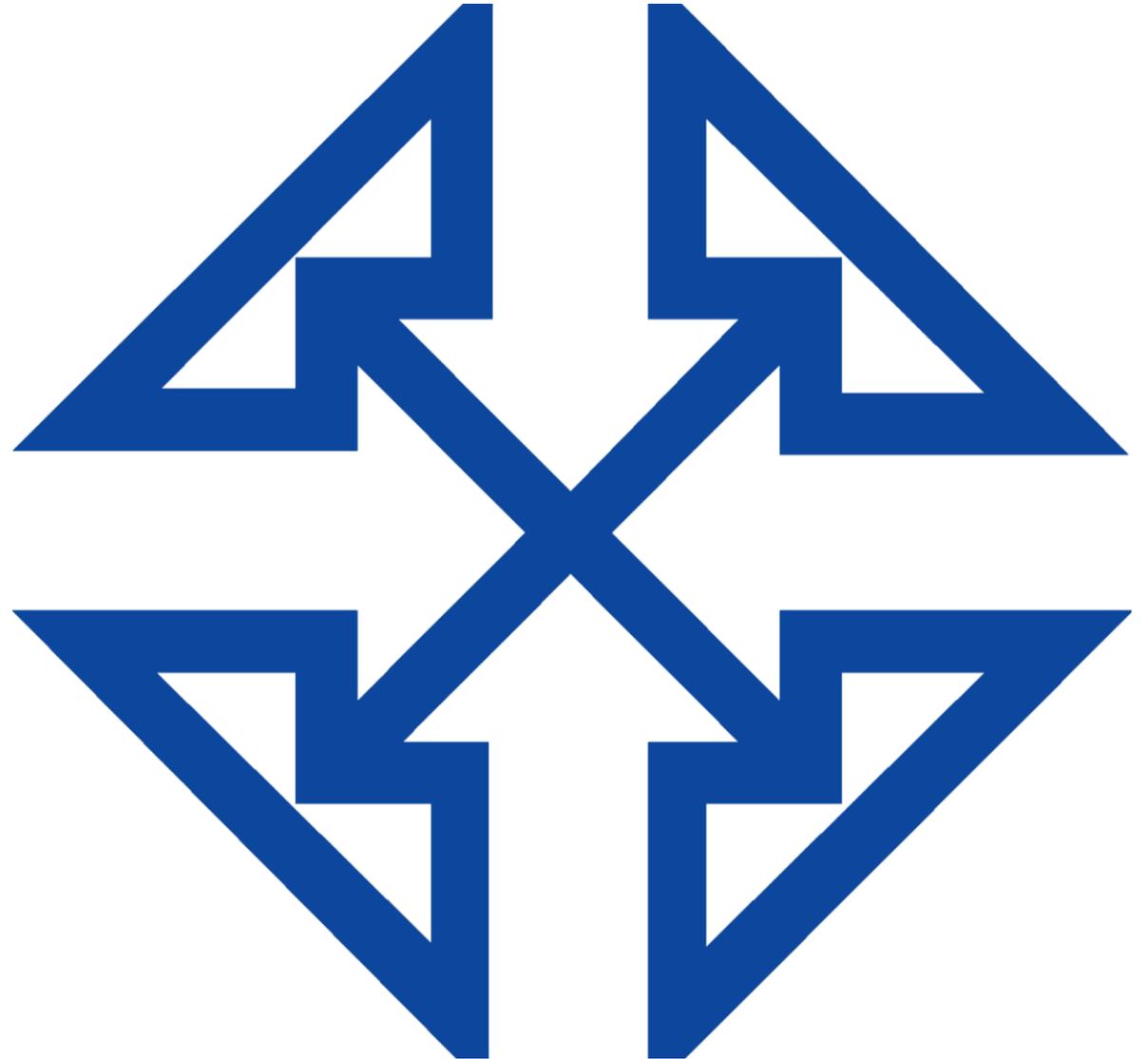
Accounts Receivable

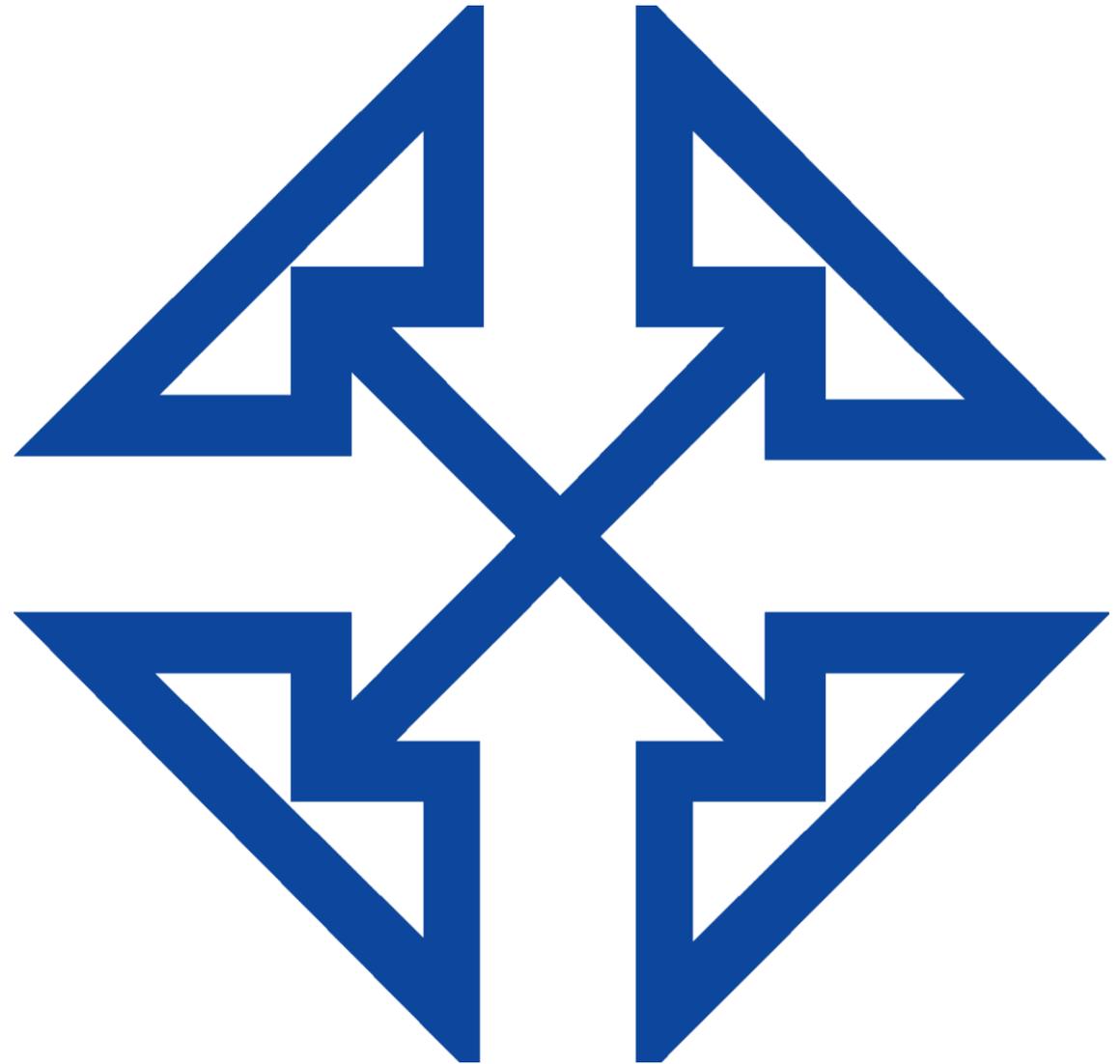Accounts Payable

Cash Management

Fixed Assets

Taxes

Inventory
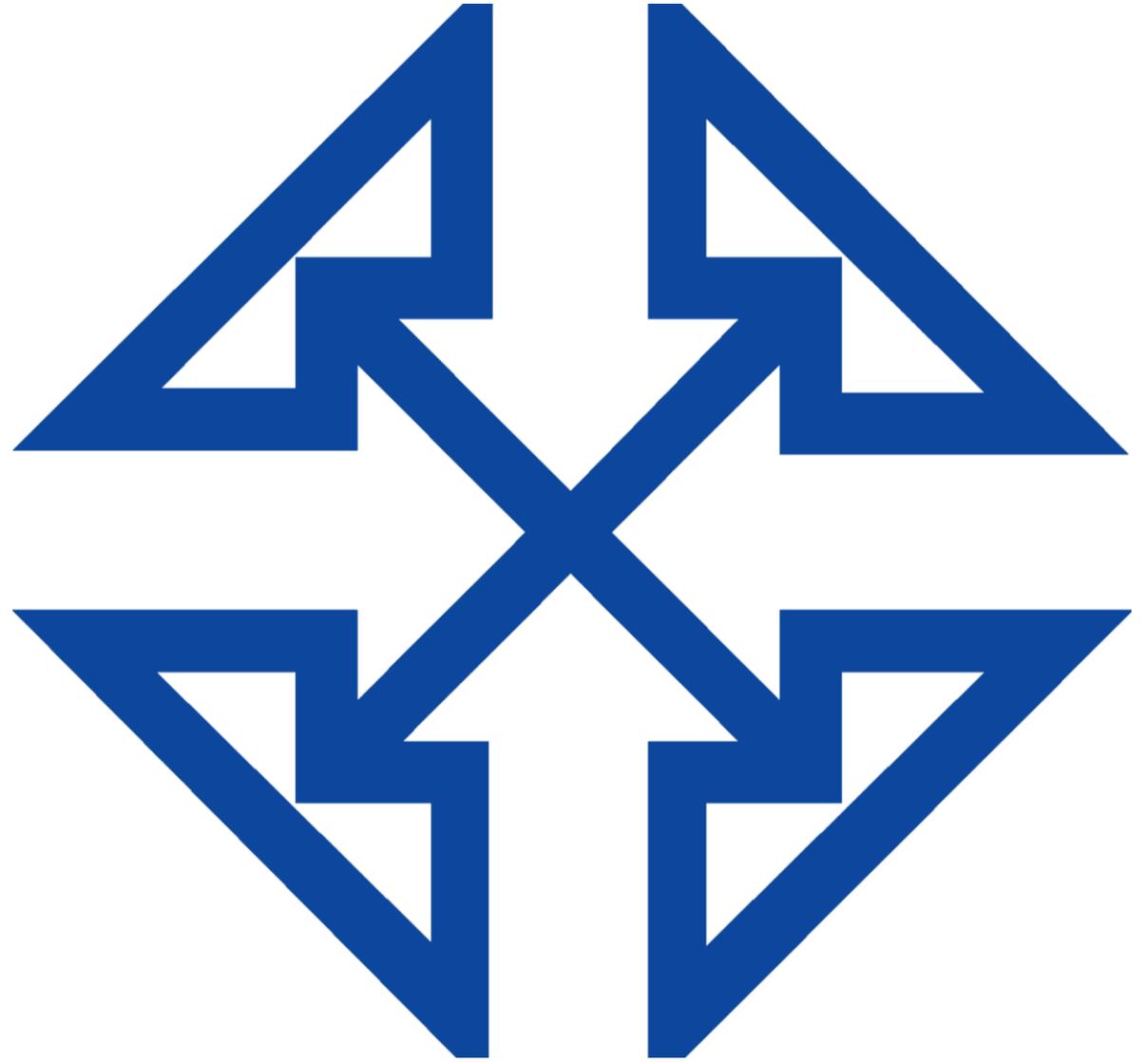
Subledger Closing Checklists

Subledger Closing Checklist: Accounts Receivable

1. Generate the recurring transactions, if any.
2. Print out and review the AR Edit report (AR611000; Finance > Accounts Receivable > Reports > Audit). Release the documents that should be processed in the financial period you're closing.
3. Apply the open payments, prepayments, and credit memos to the appropriate outstanding AR documents.
4. Write off small balances and credits, if necessary.
5. Generate overdue charges, if necessary.
6. Reconcile the customer balances with the balance of GL accounts by using the AR Balance by GL Account report (AR632000; Finance > Accounts Receivable > Reports > Balance).
7. Prepare customer statements.
8. Prepare dunning letters, if required.
9. Revalue any customer accounts maintained in a foreign currency.
10. Print out and file the AR Aged Past Due report (AR631000; Finance > Accounts Receivable > Reports > Balance) and other AR reports that are required by your company's policy.
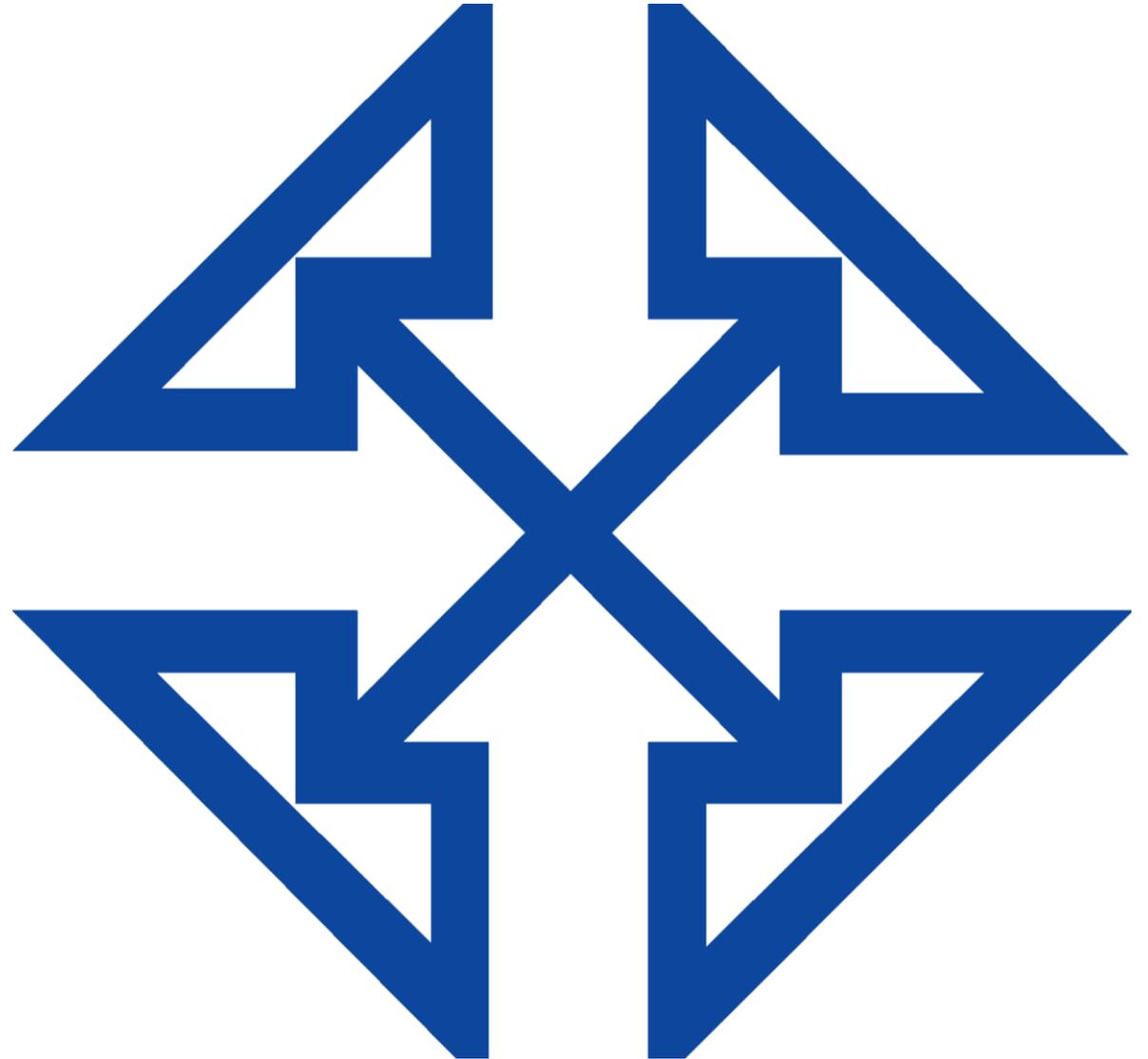11. Close the financial period in the Accounts Receivable module.

Subledger Closing Checklist: Accounts Payable

1. Generate any recurring transactions.
2. Print out and review the AP Edit (AP610700; Finance > Accounts Payable > Reports > Audit) report. Release the documents that should be processed in the financial period you're closing.
3. Apply the open prepayments and debit adjustments to the appropriate outstanding AP documents.
4. Reconcile the vendor balances with the balances of GL accounts using the AP Balance by GL Account report (AP632000; Finance > Accounts Payable > Reports > Balance).
5. Revalue any vendor accounts maintained in a foreign currency, if any.
6. Print out and file the AP Aged Past Due report (AP631000; Finance > Accounts Payable > Reports > Balance) and other AP reports required by your company's policy.
7. **At the end of the calendar year, print out the 1099-MISC Form report (AP653000; Finance > Accounts Payable > Reports > Forms) and close the year for 1099 payments.**
8. Close the financial period in the Accounts Payable module.

Subledger Closing Checklist: Cash Mangement

1. Print out and review the CA Edit report (CA612000; Finance > Cash Management > Reports > Audit). Release the transactions that should be processed in the financial period you're closing.
2. Import the bank statements for cash accounts, if necessary.
3. Reconcile the cash accounts with the bank statements, if required.
4. Reconcile the cash account balances with the balances of GL accounts using the Cash Account Transactions form (CA303000; Finance > Cash Management > Work Area > Explore).
5. Close the financial period in the Cash Management module.

- *Note: For deferred revenue perform the deferred revenue and expense recognition, if necessary.*
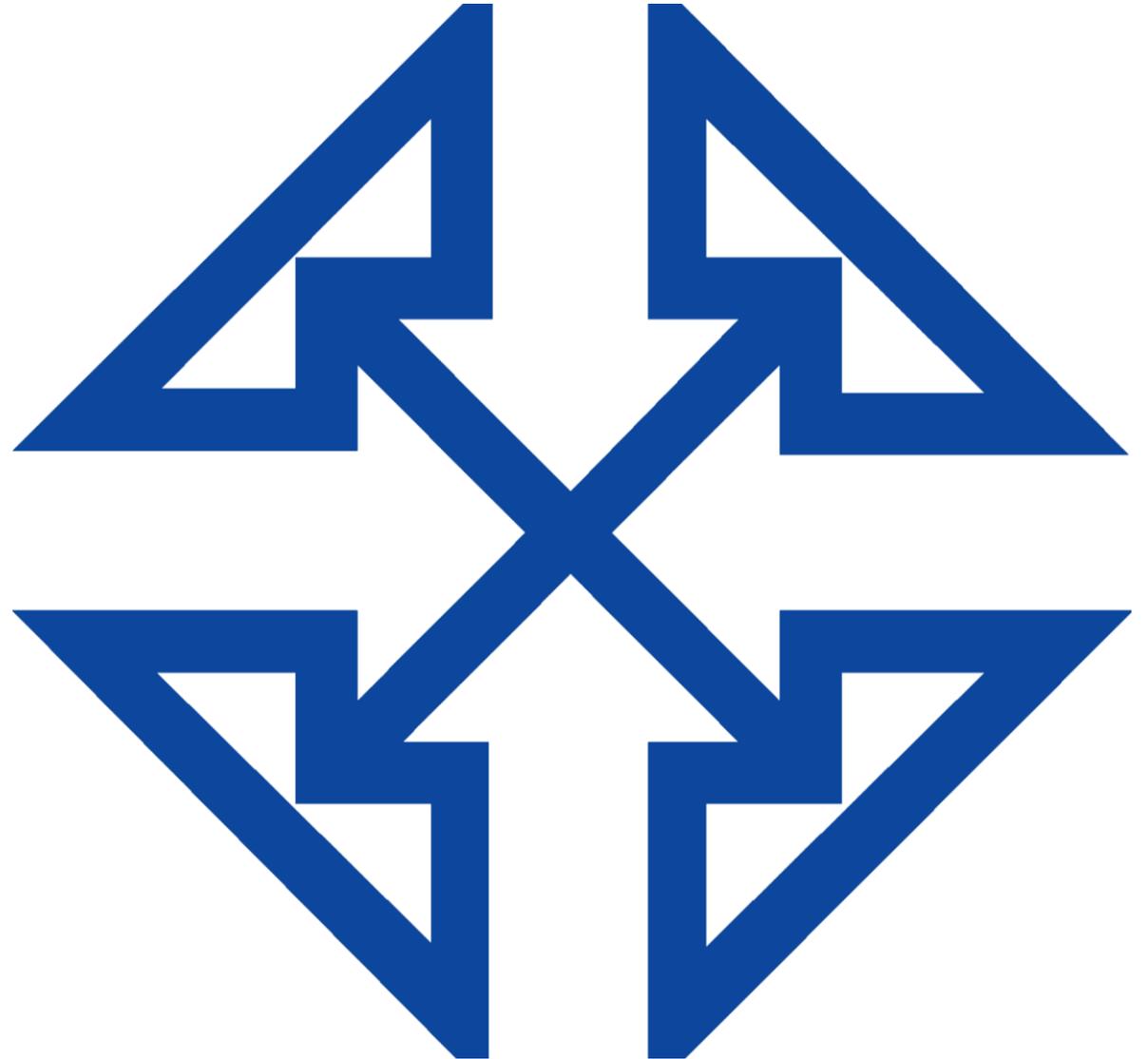
Subledger Closing Checklist: Fixed Assets

1. Print out and review the Open FA Documents report (FA651000; Finance > Fixed Assets > Reports > Audit). Release the transactions to be processed in the financial period you're closing.

2. Depreciate the fixed assets for the period.

3. Reconcile the fixed assets with the balances of GL accounts using the FA Balance report (FA630000; Finance > Fixed Assets > Reports > Balances).

4. Close the financial period in the Fixed Assets module.
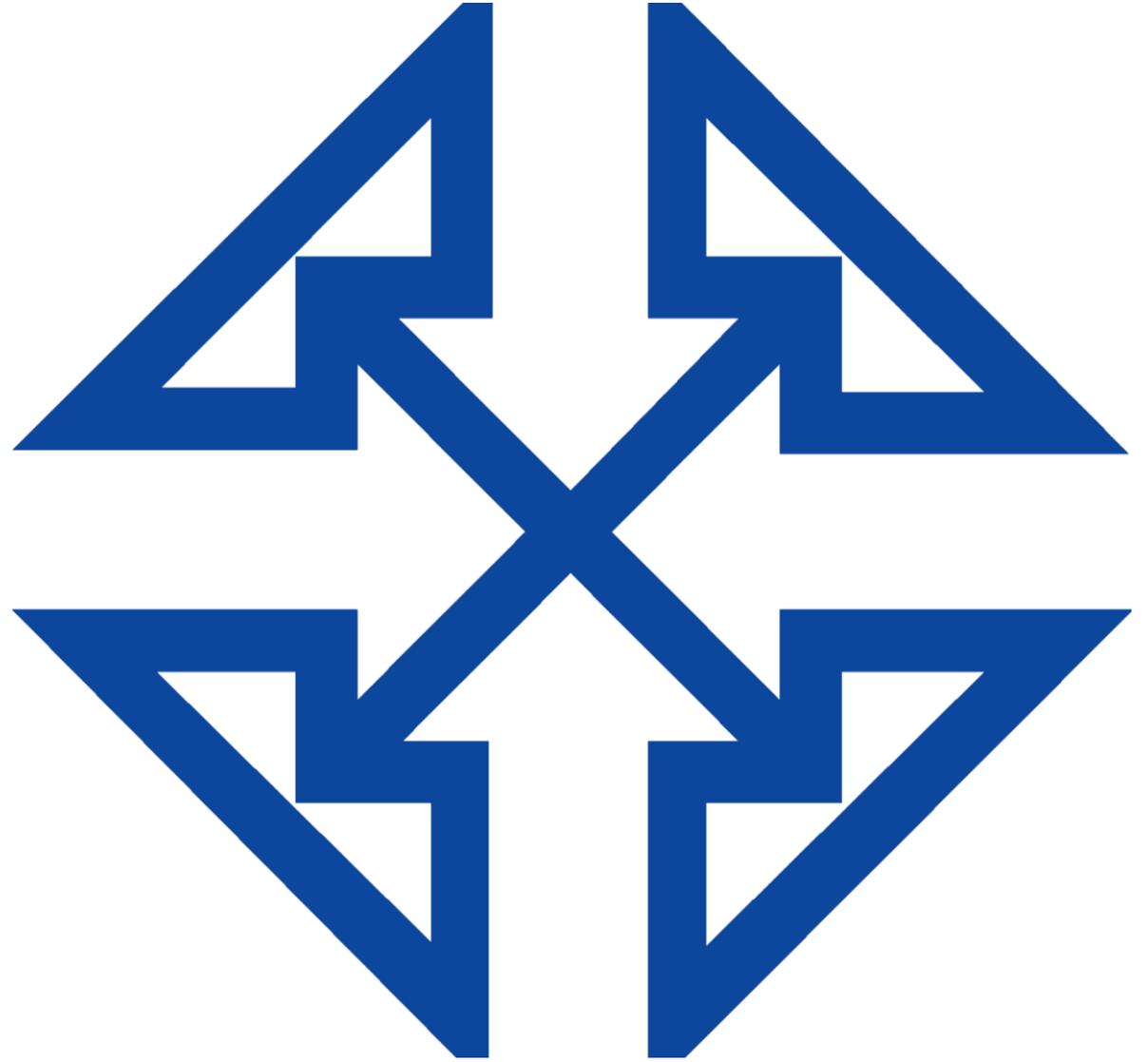
Subledger Closing Checklist: Taxes

At the end of a tax period:

1. Prepare the tax report.
2. Print out and review the Tax Details report (TX620500; Finance > Taxes > Reports > Balances) and the Tax Summary report (TX621000; Finance > Taxes > Reports > Balances).
3. Make tax adjustments, if necessary.
4. Reconcile the balances according to the Tax Details by GL Account by Date report (TX622500; Finance > Taxes > Reports > Balances) with the balances of GL accounts.
5. Close the tax period.

Subledger Closing Checklist: Inventory

1. Print out and review the Inventory Edit Summary report (IN610500; Distribution > Inventory > Reports > Audit).
2. Release the transactions to be processed in the financial period you're closing.
3. Reconcile the inventory with the balances of GL accounts using the Inventory Valuation report (IN615500; Distribution > Inventory > Reports > Balances).
4. Close the financial period in the Inventory module.
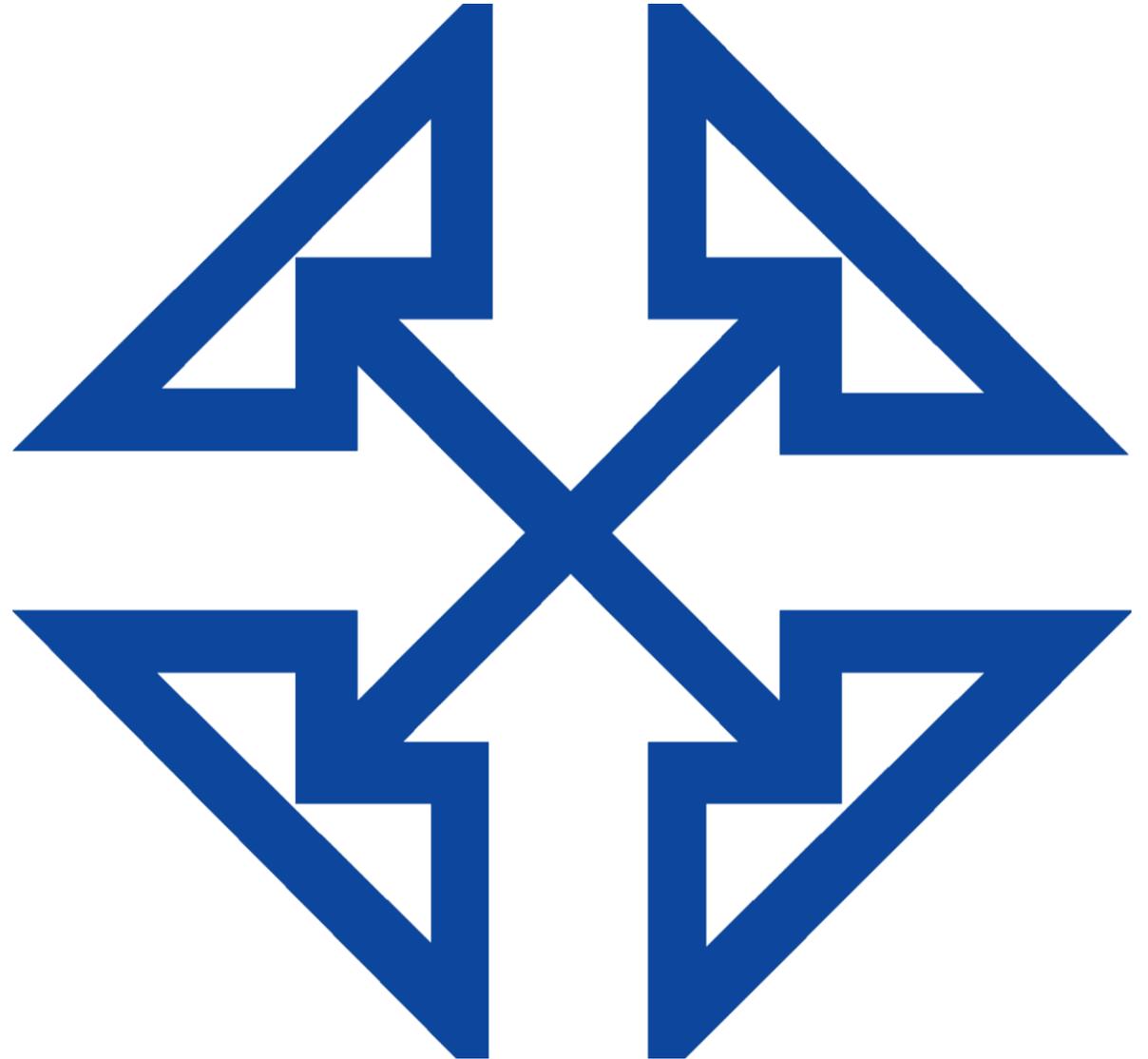
Closing a Period in the General Ledger

1. A period is assigned the Closed status only after it has been closed in the general ledger on the Manage Financial Periods (GL503000) form.

2. Before you close periods, check if there are unposted documents for the period you're closing. To do that, on the Manage Financial Periods form, select the periods you want to close and click Unposted Documents on the form toolbar. In the Unposted Documents report, which opens, you can review the list of documents that have not been posted to the selected periods.

3. Closing a period in the general ledger initiates the generation of auto-reversing batches, if the Generate Auto-Reversing Entries on Period Closing check box is selected on the General Ledger Preferences (GL102000) form and these batches have been prepared on the Journal Transactions (GL301000) form. If auto-reversing entries should be generated when the applicable period is closed, you should not close the last open financial period. You should always open at least one more before closing the last period.

• **For more information, see the checklist on the next page.**
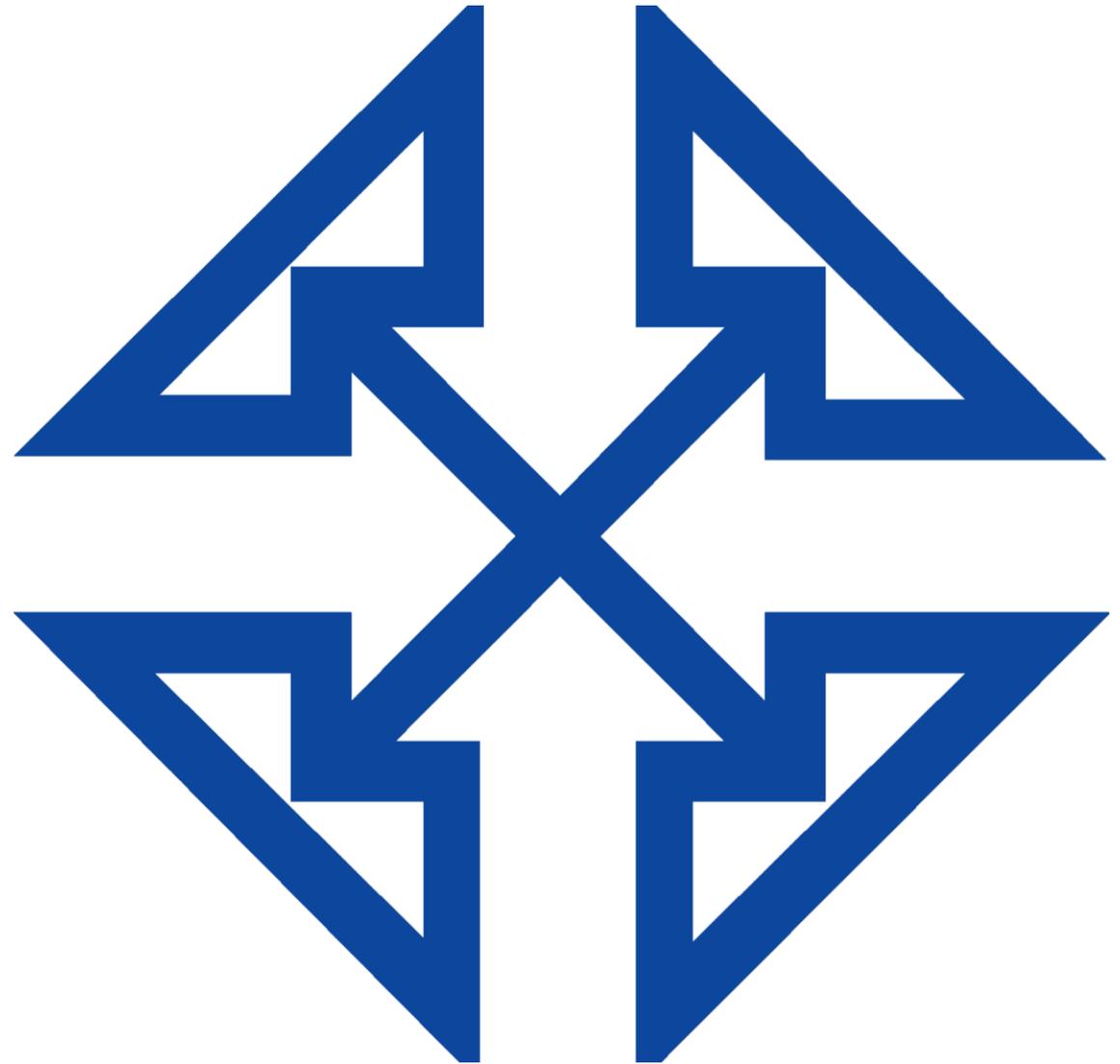
Closing Checklist: General Ledger

1. Generate the recurring transactions, if any.
2. Calculate and post the accruals for the unrecorded expenses and revenue, if necessary.
3. Print out and review the GL Edit Summary report (GL611500; Finance > General Ledger > Reports > Audit).
4. Release the transactions that should be processed in the financial period you're closing.
5. Review the Post Transactions form (GL502000; Finance > General Ledger > Processes > Daily) and post any batches which should be posted to the financial period that you're closing.
6. Revalue the GL accounts denominated to foreign currencies.
7. Process the allocations, if necessary.
8. Translate the account balances into the reporting currency, if necessary.
9. Consolidate the subsidiary data into the parent company, if necessary.
10. Print out and file the Balance Sheet report (GL634000), Profit & Loss report (GL635000), and other GL reports that are required by your company's policy.
11. Close the financial period in the General Ledger module.
12. Make the financial period inactive, if necessary.
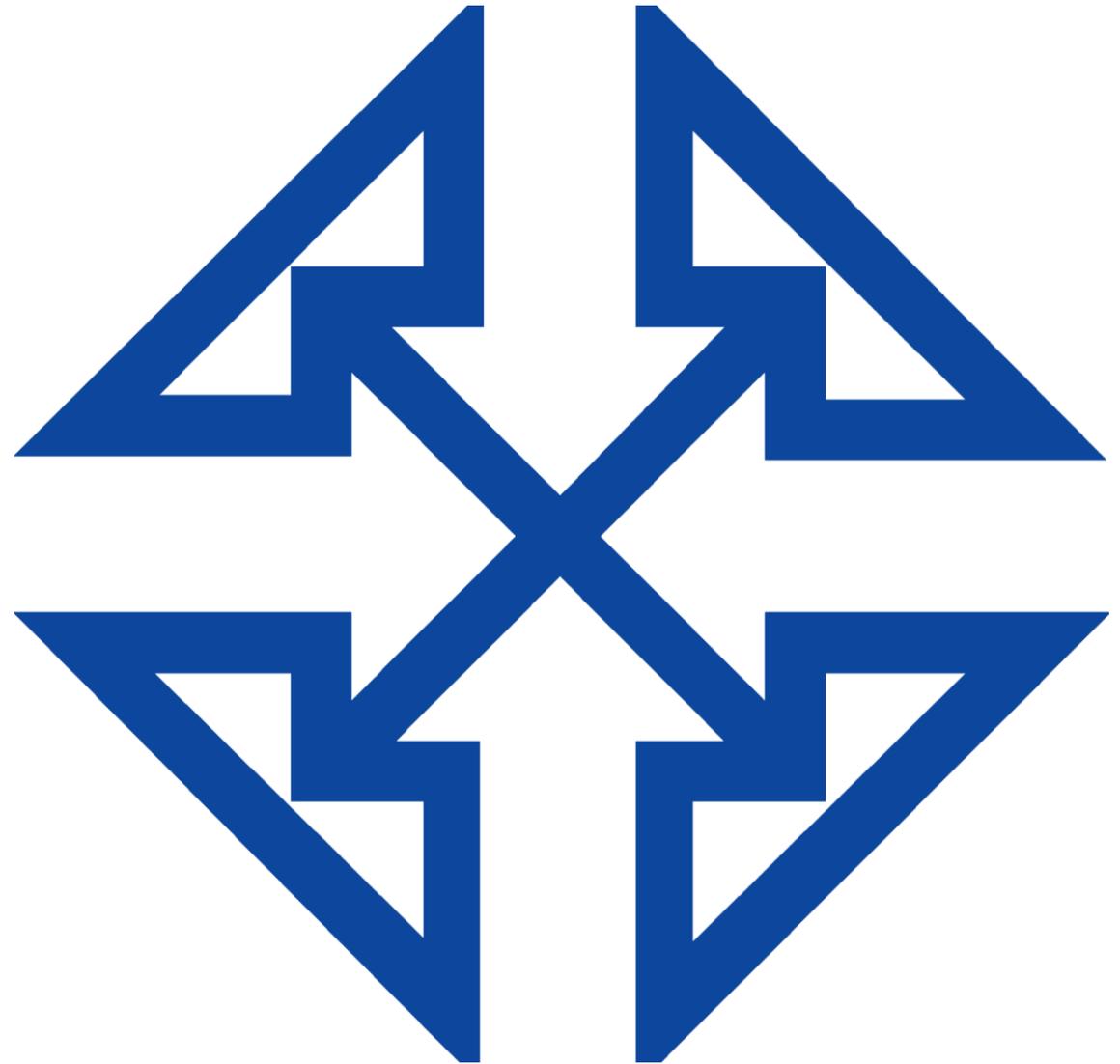
1099-MISC Changes and FAQs

- For your 2020 taxes (filed in 2021), the IRS has revived an old tax form last used in 1982. This form, called the 1099-NEC, will affect your filing requirements for all non-employee compensation, including freelance, contracted, consultant, or vendor-based work. The 2020 1099-NEC will replace Form 1099-MISC for reporting most non-employee compensation.

- To help with the transition, the 1099-NEC is supported in the Acumatica 2019 R2 onwards (19.200).

- Not sure which Acumatica build your company is running? Check by looking at the bottom of your login screen, where the build number is listed.

- Questions about the 1099-NEC? Check out this FAQ.