

Financial Year-End Checklist

Below are instructions to guide you through preparing your financial year-end information.

Step 1: Complete all transactions for the year

Before you run your final financial reports, all transactions must be completed for that year.

Step 2: Fixed Asset year-end procedures

The following information applies only if you are using Sage FAS for Sage Peachtree with Sage Peachtree Complete Accounting or Sage Peachtree Premium Accounting.

Install the latest Sage Peachtree Fixed Assets Tax Update Service

Periodically, the IRS changes or modifies fixed asset regulations and depreciation limits for the calendar (tax) year. In addition, the form 4265 Depreciation and Amortization schedule changes each year. The Sage Peachtree Fixed Assets Tax Service provides updates for these changes to ensure compliance with the IRS.

Calculate and post fixed assets depreciation amounts

Depreciations must be calculated and posted to the General Ledger before closing the fiscal year in Peachtree. Final depreciation amounts for the current tax year must be included in the Sage Peachtree General Ledger and financial statements before closing the fiscal year.

Depreciation should be calculated in Sage FAS for Peachtree every accounting period.

To calculate and post fixed asset depreciation amounts:

If you subscribe to the Sage Peachtree Fixed Assets Tax Update Service and have received an update, it must be installed before calculating the final Fixed Asset depreciation for the current tax year.

Refer to the Sage Peachtree Fixed Assets Tax Update Service bulletin that accompanies your update for detailed information on government changes to depreciation calculations and asset limits.

1. In Sage Peachtree, go to Tasks, System and change your accounting period to the first accounting period of the current tax year.
2. Open Sage FAS for Peachtree by either going to Tasks, Fixed Assets within Peachtree or by clicking the FAS icon located on your desktop.
3. Make all necessary additions, changes, and dispositions of assets you have set up.
4. Go to File, Edit Company. On the Book Defaults page, verify that the Fiscal Year-End is accurate.
5. To calculate depreciation, go to Depreciation, Depreciate and choose the Group, Book, and month you will be depreciating through and choose Execute. Review the depreciation amounts for accuracy.
6. Once you have calculated depreciation, you can now post. Go to Depreciate, Post Depreciation. Select the

appropriate Group, Book, Period Posting Date and Journal Entry Date. Click the Preview button to preview the journal entries. After reviewing the information, click the Post button to post the journal entries to Sage Peachtree.

7. Repeat the above steps for each accounting period through the end of the tax year.
8. From the Fixed Assets Reports menu, select and print all reports needed for 2011 or the year you are ending or about to close in Peachtree.
9. Once you have finished, make a backup of your Sage FAS data. From the File menu, choose Company Utilities, then select Backup Company. If prompted to close the current company, click Yes. On the Backup Companies window, select the company or companies you wish to backup from the list on the left. In the Save in box at the top, select the location where the Sage FAS Backup file (.BBK) will be saved. Finally, enter a File name for the .BBK file, and click Backup.

Step 3: Reconcile General Ledger accounts to bank statements

You cannot reconcile accounts (for example, checking or credit card accounts) whose bank statements are dated in a closed fiscal year. Therefore, it is recommended that you reconcile these accounts prior to closing the fiscal year.

If you choose to not reconcile accounts using previous bank statements, the items will be available to clear in the new fiscal year. However, the account reconciliation will be difficult to manage and audit.

Step 4: Print year-end reports to keep an historical copy of your information

Print reports to keep an historical hard copy of your accounting information (depending on your company requirements, not all these reports may be needed). These reports will act as a hard copy of your historical Peachtree information; they can be helpful during audits.

List of recommended reports

Accounts Receivable—Sales Journal, Cash Receipts Journal, Customer Ledgers, Customer Statements, Aged Receivables, Taxable/Exempt Sales, Invoice Register

Accounts Payable—Check Register, Aged Payables, Vendor Ledger, Purchase Order Journal, Purchase Journal, 1099 forms

General Ledger—General Ledger Trial Balance, General Journal, General Ledger report

Financial Statements—Balance Sheet, Income Statement, Cash Flow Statement

Payroll— Payroll Check Register, Quarterly Earnings Report, Yearly Earnings Report, Payroll Tax Reports, State Quarterly and Yearly Forms and Federal Forms (940, 941, W-2, and W-3).

Inventory—Inventory Valuation Report, Item Costing Report, Inventory Unit Activity Report, Inventory Profitability Report

Jobs—Job Ledgers, Job Profitability Report, Job Register

Notes:

The Payroll Reports cannot be printed for a closed payroll year.

Step 5: Review reports and make adjustments as necessary

Usually in the last accounting period of a fiscal year, you need to make adjusting entries. These might include the following:

- Write off customer bad debts
- Record old outstanding checks reentered into the bank account as miscellaneous income
- Verify that fixed-asset purchases and dispositions have been properly recorded
- Record depreciation expenses
- Record a physical inventory count and compare to Peachtree quantity on hand
- Manage outstanding notes payable and receivable items and recording- or adjusting-interest expense or income

Once the above adjustments have been made (if necessary), you are ready to begin closing the fiscal year. The type of adjustment required depends on where in Peachtree the correction needs to be made.

- General ledger adjustments are entered in the General Journal Entries window
(Tasks > General Journal Entry)
- Inventory adjustments are entered in the Inventory Adjustments window
(Tasks > Inventory Adjustments)
- Payroll adjustments can be made through Payroll Entry
(Tasks > Payroll Entry)
- Accounts receivable adjustments can be made through Sales/Invoicing or Receipts
(Tasks > Sales/Invoicing or Tasks > Receipts)
- Accounts payable adjustments can be made through Purchases or Payments
(Tasks > Purchase Receive Inventory or Tasks > Payments)

After you have made the necessary adjustments, reprint any affected reports so that you have a correct copy.