

General Ledger Year End Procedures

PURPOSE

The purpose of this document is to outline the steps necessary for a successful Year End close of the MAS 500 General Ledger (GL).

I. SET UP GL OPTIONS

Prior to closing a fiscal year, the customer must configure the following options appropriately to achieve the desired results during year end processing.

Go to the GL Maintenance menu and select Set Up GL Options. Verify the information on the following tabs:

Main Tab

Clear Non-Financial Accounts at Year End. Select this option to clear non-financial account balances for the next fiscal year. This only applies to accounts with an account group of Non-Financial. This option has no affect on Statistical data. If you do not select this option, all non-financial account balances will be carried over to the next fiscal year.

Default Budget – Select a default budget to use for reporting purposes. This budget will also be updated during year end processing if you select Copy Budget as the Year End Copy option.

Year End Copy - Select to copy budget figures, or the current year's actual figures, to the budget specified in the Default Budget option. Select (none) if no budget copy at year end is required. *Note: Depending on the size of your Chart of Accounts, selecting this option may cause your year end close to take a great deal longer than a standard period end process.*

Copy Budget – Select the budget used to update the budget figures for the budget specified in the Default Budget option during year end processing. This field is disabled if (none) or Copy Actual is specified for the Year End Copy option.

Additional Tab

Retained Earnings account. Verify the correct Retained Earnings account is specified.

Number of years to keep Periodic GL History. Select the number of years to keep transaction summary history and account history in the General Ledger. Data older than this will be purged at year end and summarized by account and date if the purge option is selected in Process Period End. See information regarding purging at the end of this document.

Number of years to keep Trans History Detail. Select the number of years to keep transactional detail in the General Ledger. Data older than this will be summarized by date at year end and will be unavailable for reports. See additional information regarding purging at the end of this document.

WARNING: Periodic GL history allows the customer to print historical financial statements and budgets from historical data. Transaction history allows the user to print detailed transaction reports from history. Both account history and transaction history may be purged and therefore render the data unavailable based on the setup of these options. See the 'Default Auto Purge' section for additional information on setting purge options.

Financial Terms Tab

Review the terms used and change as needed for financial reporting purposes.

II. CLOSING THE YEAR

Use the Process Period End task to close the fiscal year. Process Period End will verify there are no un-posted batches for the period, and when selected, perform each of the following tasks: print period end reports, purge GL data, and close the fiscal year. Year End processing is performed when the last period of the current fiscal year is encountered in Set Up Fiscal Calendar. Use the following as a guideline for closing the fiscal year.

1. Complete posting, adjusting, and closing procedures for all subsidiary modules you have purchased and are using.
2. Backup the MAS 500 databases.
3. Complete posting of all pending GL journal transaction batches in Process Journal Transactions using an appropriate posting date.
4. Complete posting of all pending Allocation batches using an appropriate posting date.
5. Print all year end reports as required by your bookkeeper or CPA.
6. Verify applicable GL account balances agree to month-end report balances in modules such as AR, AP, IM, and MC.
7. Make any necessary adjustments to the GL.
8. Reprint year end reports, if necessary.
9. Print final Financial Statements and verify they balance.
10. Backup the MAS 500 databases.
11. Complete year end processing by selecting the Process Period End task from the GL Activities menu. The following options are available:

Print Period End Reports (optional) To select which reports to print, use the Select Reports option and select only the desired reports. You can customize the reports prior to selecting here by opening the individual report task from the GL Reports menu and creating a Saved Setting. Follow these steps:

- From the GL Reports menu, select the desired GL report, for example the GL Trial Balance.
- Enter desired criteria in the Sort and Selection grids, and select print options such as Print Report Settings and Include Zero Balance Accounts.
- Save the report setting and name it "Period End". These report settings will be used when you print reports during period end or year end processing.

Purge GL Data (optional) If the purge data flag is set, the purge will occur before the period is incremented. The purge process uses the parameters configured within the Set

Up GL Options task and will summarize or remove data accordingly. *Note: Selecting this option may increase the duration of your year end close processing time.*

Close Period X-YYYY ending on MM/DD/YY will only be activated if the period selected in the header is the oldest open period; otherwise, this option will be disabled. This option should be selected once all the steps stated above have been completed and account balances are finalized for the year. Note: A period cannot be closed in the General Ledger if that period is still open in a subsidiary module. The user will receive a warning if there is a balance in the suspense account.

12. If the period closed is the same as the Current Fiscal Year and Current Period defined in GL Options, the Current Year and Current Period will be incremented in GL Options. The Status in GL Setup Fiscal Calendar for the period being closed will be set to "Closed".
13. Backup the MAS 500 databases.
14. Adjust budget figures for the New Year as necessary.
15. Print the new period's financial statements and verify that the Balance Sheet accounts have the appropriate beginning balances, Retained Earnings is correct, and the beginning balances for the Income Statement accounts are 0.
16. Make a backup of all company data and place it in safe permanent storage. This gives you a permanent record of the company's financial position at the end of the year, and can be restored if necessary.

III. ADDITIONAL INFORMATION

Journal Entry adjustments are made in GL through the Process Journal Transactions task. Following is a list of common adjustments made before closing a GL period:

- Depreciation/Amortization expense is calculated and booked.
- Loss Provisions are made to applicable accounts.
- Recurring journal entries are noted.
- Allowance is made for Doubtful Accounts.
- Inventory is adjusted to physical counts and analyzed for obsolescence.
- Income and expenses are accrued as necessary.
- Deferred Income is recorded.
- Correction of any errors in prior postings.

Refer to your accountant or bookkeeper for further information regarding adjustments.

Year End processing and Period End processing are essentially identical. The most significant difference is that Year End processing can generate the new Budget for the following year.

Transactions can only be posted to "open" periods. Any closed periods can be re-opened through Set Up Fiscal Calendar; however, once a period is "re-opened" that period and all future periods will need to be re-closed. Any transaction posted to a prior period will change the related reports and financial statements. Therefore, the ability to "open" a closed period should be subject to management approval.

IV. DEFAULT AUTO PURGE

Your MAS 500 software is designed to automatically purge data at preset time periods for each individual module. You can change the default purging periods to suit your particular needs.

Purging data is not usually necessary. Our research shows that most customers want to keep records much longer than the default period. We recommend disabling the feature. If you do not wish to purge your data at a specific time, follow the instructions below to DISABLE automatic purging.

Make sure to backup your MAS 500 databases prior to purging.

See the list below for preset or default automatic data purges for individual modules. We suggest you change the purge value fields in the Set Up (xx) Options task for each registered module to **999**. Note: (xx) = module abbreviations.

Common Information (CI)

Sales Tax	24 Periods
Sales Tax History	5 years

General Ledger (GL)

Sales Tax History	1 Year
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Accounts Payable (AP)

Voucher and vendor data	24 Months
Vendor data	5 Years

Accounts Receivable (AR)

History retained by month	24 Months
History retained by year	5 Years

Multicurrency (MC)

Exchange Rates	4 Months
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Cash Management (CM)

Bank Account History	5 Years
Bank Transactions	24 Months
Bank Statements	24 Months

Purchase Orders (PO)

Purchase Orders	24 Months
Requisitions	24 Months
Receivers	24 Months

Inventory Management (IM)

Inventory History	5 Years
Purchase Product Line	5 Years
Lot/Serial Transactions	5 Years
Inventory Transactions	24 Months
Outdated Prices	24 Months
Inactive Item	4 Months

Sales Order (SO)

Sales Orders	24 Months
Shipments	24 Months
Quotes	6 Months
Sales Analysis History	5 Years

Go to Set Up Options in each individual module and reset your purge fields to **999**.

If you feel you need to purge data, have your SQL database administrator or your Best Authorized Channel Partner perform this task for you.

Sage MAS 500 ERP Support Bulletin



DATE: November 10, 2005
TO: Sage MAS 500 Customers and Channel Partners
RE: Processing 1099s for Year 2005

January 31st is not far off and we all know what that means...It's almost time to process 1099s! Sage would like your 1099 processing to run as smoothly as possible. Please review this document carefully as it contains valuable information regarding 1099 processing with Sage MAS 500. **1099 printing and Magnetic Media reporting for 2005 are available on versions 6.1, 6.2, 6.3, and 7.0 -- prior versions will not be supported.**

Before processing 1099s on versions 6.1, 6.2, 6.3, and 7.0 you must download the December service pack, or monthly update, which includes 1099 updates. These downloads will be available in mid-December via our Web site at

<http://support.sagesoftwareonline.com/mas500/support/updates/default.cfm>.

Forms

Sage MAS 500 supports the following forms: 1099-DIV, 1099-INT, and 1099-MISC. Sage MAS 500 prints 3 different vendors or individuals per form on the 1099-INT form, and 2 vendors or individuals on the 1099-DIV form and 1099-MISC form. Please order your forms accordingly. Order only forms with the tear-off strip on the right. If you plan on using a local forms provider, be prepared to make minor form adjustments in Crystal Reports. Sage only supports the printing of 1099s to a Laser Jet printer.

You may purchase the appropriate 1099 forms from Sage's preferred forms provider, Altec, and they can be reached at (800) 765-7751.

For online IRS assistance, the IRS home page is <http://www.irs.gov> .

A list of all available forms and publications can be found at:

<http://www.irs.gov/formspubs/index.html>, and Magnetic Media instructions and Forms instructions can be found in the following document <http://www.irs.gov/pub/irs-pdf/p1220.pdf>.

Magnetic Media / Electronic Reporting

The Magnetic Media program creates a file called IRSTAX. You will be prompted for the drive on which to save the file. The file may be saved to your hard drive or 3½" diskettes ONLY. Sage MAS 500 does not support filing magnetic media via tape. You may file 1099s electronically; however, please refer to the publications noted above for instructions to do so.

Entering Vendor 1099 Beginning Balances

Sage MAS 500 enables you to set 1099 beginning balances by vendor. This task is especially useful when a company implements Sage MAS 500 in the middle of a calendar year. The user can either manually enter the beginning balance data or import it. This task is available on all currently supported versions of Sage MAS 500.

Edits and Corrections

Sage MAS 500 enables you to edit or make corrections to 1099 vendor information and amounts. You can edit 1099 data before submitting records, as well as unsubmit records so that further pre-submission corrections can be made to the data.

You can enter and flag corrections requested by the IRS. Some types of corrections requested by the IRS require submission of both the original (incorrect) 1099 form and the corrected 1099 form. After corrections have been made, you can then re-submit the corrected 1099 forms and original 1099 forms, if required. The transaction types that need both the original and corrected copies of the 1099 forms are automatically printed together during the printing process.

Please refer to Sage MAS 500 Online Help for additional information on processing 1099s.