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# Year-end Procedures

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## Chapter 1

# Year-end Procedures Overview

At the end of each financial year, you'll need to perform a few extra tasks to prepare your MYOB system for the coming year. If you're using MYOB Payroll, you'll need to take some additional steps--such as printing the P14 report at the end of the payroll year.

For many companies, the financial year and the calendar year are the same. That is, their business year begins on 1 January and ends on 31 December. Other companies choose to begin their financial year at some other time; for example, businesses whose sales are cyclical often choose to start the financial year during a slower time of the sales cycle, so the year-end closing process doesn't interfere with their sales efforts at a busier time of the year.

### **Preparing to close your financial year or payroll year**

Although we refer to the activities in this part as "year-end" tasks, you could also think of them as "year-beginning" tasks, since they usually are performed in the first month of the new year and are meant to prepare you for the new year. Here is a small amount of background information about the tasks you should perform before you begin closing a financial or payroll year.

**Note: When your years must be closed**

**Payroll** The payroll year **must** be closed on 5th April.

**Financial** Accounting Plus doesn't require that you close your financial year at any particular time. You can continue to use Accounting Plus for up to 12 months after the last month of your current financial year without concern, since Accounting Plus allows you to track information for the previous, current and next financial years. (If you don't close your financial year at the end of your current financial year, you won't be able to print current information on some reports, however.) In general, it's good business practice to close your previous financial year in the first month of the new financial year, but the choice is yours.

To learn the current financial year of your Accounting Plus company file, choose Company Information from the Setup menu. This window also displays the last Month in Financial Year, the number of Accounting Periods per year and the Conversion Month. The Conversion Month is the first month you started making entries in Accounting Plus.

Before you close the payroll year, complete all pay runs and print year-end forms.

To the best of your ability, be sure that all transactions for the year that's ending are entered in MYOB Accounting Plus **before** you begin closing the year. That way, you can avoid making adjusting Nominal Journal entries in the new year, and your yearly records will be more accurate, making it easier for you to compare your company's performance from one year to the next. If you have an accountant who produces your year-end financial reports, you may need to wait for your accountant to provide you with any adjusting entries that may be needed.

Perform the tasks you usually do at the end of a month. For information about month-end procedures refer to "Month-end Procedures Overview" on page 797.

If your accountant requests an electronic copy of your accounting records, you can use MYOB Accounting Plus to create a comma-separated text file that can be read by CaseWare, a client write-up software package that is popular among accountants. For a step-by-step procedure, see "Working with your company file and CaseWare" on page 858.

### **Printing year-end payroll forms**

You can use Accounting Plus to print your year-end forms and reports. Before you close the previous payroll year and begin the new one, you must print the P11, P14 and P35 reports.

We strongly recommend that you make a backup of your MYOB Accounting Plus company file after printing these forms and before closing the year. Once the year is closed, detailed payroll information is no longer available and P11, P14 and P35 forms and other reports can't be printed for that year. If you've made a backup, however, you can restore that backup and print the necessary documents. For more information see "To make a backup" on page 695 and "To restore a backup" on page 697.

*See the following step-by-step procedure:*

*"To print payroll forms and reports" on page 844*

*"To print the P35 report" on page 845*

### **Backing up your MYOB Accounting Plus company file**

Another very important task you must complete before you close a financial year or payroll year is to perform a backup. After you start a new financial or payroll year, the only way to view the detail of transactions that were purged from the company file during the start a new year process is to restore a backup of the company file.

To ensure that the backup you make is a reliable backup, we recommend, that as a test, you restore the backup before you start the new financial year or payroll year in your company file.

We also recommend that you make multiple backups of your company file, that is, more than one copy of your company file at different locations. The purpose of multiple backups is simple: backups can fail as easily as computers. If the backed-up file is damaged, you're in just as much trouble as you would be without any backup at all.

We recommend that you optimise and verify your company files for errors before you begin the process to start a new payroll or financial year. Optimising and verifying your company file can catch minor inconsistencies in your company's company file before they cause serious problems. For more information see "Optimising company files" on page 689 and "Verifying company files" on page 689.

*See the following step-by-step procedures:*

*“To make a backup” on page 695*

*“To restore a backup” on page 697*

## **Closing a financial year and starting a new one**

Closing a financial year is an important process in Accounting Plus, in which a number of tasks are performed to officially close the year that's just ended and to prepare for the new year. Fortunately, Accounting Plus takes care of nearly all these processes automatically.

When you've entered all the information that's required for a financial year, you're ready to close the year and start a new financial year. To learn the current financial year of your Accounting Plus company file and other information about your company, choose Company Information from the Setup menu. This window also displays the last Month in Financial Year, the number of Accounting Periods per year and the Conversion Month. (The Conversion Month is the first month you started making entries in Accounting Plus.)

Things that happen when you start a new financial year include:

- The previous financial year's monthly totals for all accounts are changed to “last year” categories. If “last year” amounts already existed, those amounts will be replaced.
- All closed sales, closed purchases and journal entries assigned to closed sales and closed purchases are purged.
- The balance of your current-year earnings account is transferred to your retained earnings account.
- The balances of your income, cost of sales, expense, other income and other expense accounts are returned to zero.
- If you wish, the new financial year can be changed so it ends in a different month than the previous financial year. (If you choose to make this change, check with an accountant about how to report information for a “short” financial year.)

- If you wish, the new financial year can be changed so it contains 13 accounting periods. If your previous financial year used 13 periods but you didn't make any entries in the 13th period, you can also change your new financial year so it contains only 12 accounting periods

Things that *don't* happen when you start a new financial year include:

- Journal entries assigned to open invoices or sales or purchase orders aren't purged.
- Journal entries assigned to reimbursable expenses that haven't been reimbursed aren't purged.
- Transactions that haven't been reconciled using the Reconcile Accounts window aren't purged.
- Contact log entries aren't purged.
- Any information dated in the new financial year isn't changed.

**Idea: Make a reference copy of your company file before closing the year**

Since closed transactions are purged during the year-end closing process, many MYOB software users choose to make a copy of their MYOB software company file that will be stored on their computer's hard disk so that the previous year's transactions will be easily accessible. (In effect, they are creating a historical copy of their company file.) If you choose to do this, we recommend that you rename the historical company file to reflect the financial year included in the file. For example, if your company file is named MYDATA.PLS, you might name the historical file MYDATA02.PLS. Once the historical company file has been renamed, you can store it in the same directory as your working company file.

For more information see "To make a backup" on page 695 and "To restore a backup" on page 697.

*See the following step-by-step procedures:*

*"To close a financial year" on page 841*

*“To make a backup” on page 695*

*“To restore a backup” on page 697*

*See the following step-by-step procedure:*

## **Closing a payroll year and starting a new one**

When you close a payroll year, all pay history amounts from the year you close are cleared from your company file, and your company file is prepared for a new payroll year.

Before you close the previous payroll year and begin the new one, you must print the P11, P14 and P35 reports.

We strongly recommend that you make a backup of your MYOB company file after printing these statements and before closing the year. Once the year is closed, detailed payroll information is no longer available and P11, P14 and P35 forms and other reports can't be printed for that year. If you've made a backup, however, you can restore that backup and print the necessary reports. (If you do this, be sure to make a copy of your current MYOB company file and restore this copy once you've printed your reports.)

We also recommend that you make multiple backups of your company file, that is, more than one copy of your company file at different locations. The purpose of multiple backups is simple: backups can fail as easily as computers. If the backed-up file is damaged, you're in just as much trouble as you would be without any backup at all. For more information see “To make a backup” on page 695 and “To restore a backup” on page 697.

*See the following step-by-step procedures:*

*“To print payroll forms and reports” on page 844*

*“To print the P35 report” on page 845*

## **Optimising and verifying your company file**

After you start a new financial or payroll year, we recommend that you optimise and verify your company file. Optimising your company file reduces your company file's size and makes your company file more efficient. The Verify Company File utility ensures that your company file is in “healthy” working condition.

The amount of time needed to optimise and verify a company file for use with Accounting Plus depends upon the size of the file and the capabilities of the computer you're using. If you have a very large company file and a slower computer with little memory, be prepared for optimisation and verification to take some time.

*See the following step-by-step procedures:*

*“To optimise a company file” on page 702*

*“To verify your company file” on page 700*

## Chapter 2

# Closing a financial year and starting a new one

## Closing a financial year and starting a new one

### ► To close a financial year

If you haven't already read the Year-end Procedures Overview, see "Preparing to close your financial year or payroll year" on page 834 for more information.

Please note that this task requires single-user access. See "Single-user file locking" on page 763 for more information.

1. Print all the reports that you wish to keep that show the previous year's transaction activity. You might consider printing a copy of each journal, because they show all transaction activity for a specified period.
2. Make at least one backup of your company file. Clearly mark this backup and put it in storage as part of your permanent records.

**Warning: Make a backup before closing the financial year!**

It's very important that you make a backup before continuing. After you start a new financial year, the only way to view the detail of transactions that were purged from the company file during the start a new year process is to restore a backup of the company file.

To ensure that the backup you make is a reliable backup, we recommend, that as a test, you restore the backup before you start the new financial year in your company file.

We also recommend that you make multiple backups of your company file - that is, more than one copy of your company file at different locations. The purpose of multiple backups is simple: backups can fail as easily as computers. If the backed-up file is damaged, you're in just as much trouble as you would be without any backup at all.

3. Choose Start a New Year from the File menu, and then choose Start a New Financial Year from the sub-menu that appears.
4. Follow the instructions that appear on your computer screen.

**Warning: Financial years probably shouldn't be changed**

Once you've established your financial year, you are legally limited in your ability to make changes to it. For example, if your financial year begins on 1st February, you may not be able to move it to 1st March. Consult your accountant or an MYOB Certified Consultant before considering any such change. (To locate an MYOB Certified Consultant in your area, see "MYOB Accounting Plus Products and Services" in your Getting Started manual.

In Accounting Plus, and according to the standard used by most accountants, financial years take the name of the calendar year in which they *end*. For example, if your financial year is from 1st October, 2001, to 30th September, 2002, that year is referred to as "financial year 2002."

5. After you start a new financial year, we recommend that you optimise and verify your company file. Optimising your company file reduces your company file's size and makes your company file more efficient. The Verify Company File utility checks your company file for errors and ensures that your company file is in “healthy” working condition.

**Note: Optimising and verifying may take a while**

The amount of time needed to optimise and verify a company file for use with MYOB Accounting Plus depends upon the size of the file and the capabilities of the computer you're using. If you have a very large company file and a slower computer with little memory, be prepared for optimisation and verification to take some time.

See also:

“To optimise a company file” on page 702

“To make a backup” on page 695

“To restore a backup” on page 697

“To verify your company file” on page 700

## Chapter 3

# Closing a payroll year and starting a new one

## Printing payroll forms

### ▶ To print payroll forms and reports

If you haven't already read the Year-end Procedures Overview, see "Printing year-end payroll forms" on page 836 for more information.

Follow these steps to print P14/P60 forms:

1. In the Payroll Command Centre, click Print P14s and P60s to open the Print P14s/P60s window.
2. Choose to print forms for an individual employee or for all your employees.
3. If you choose All Employees, you can enter identifiers to restrict your list of employees' forms that you want to print.
4. Using the Selected Form field near the bottom of the window, choose the form layout you want to print.
5. Click OK to accept the entries you've made in this window. The Review P14/P60s Before Printing window appears, where you can choose specific forms to print and review and change information about each form you selected. You can also select the number of copies you want to print.
6. Mark the forms you want to print by clicking the Print column next to them. If you don't want to print a form that's already marked for printing, click the Print column to unmark it.
7. Click the Print button when you've finished.

8. After you've printed all the forms you need, we strongly recommend that you make a backup of your MYOB Accounting Plus company file. Once the year is closed, detailed payroll information is no longer available and P14 forms, P60 forms and other reports can't be printed for that year. If you've made a backup, however, you can restore that backup and print the necessary reports.

**Warning: Be careful if you plan to customise payroll forms**

Although you can customise your P14 and P60 forms using Accounting Plus, forms that don't match governmental guidelines won't be accepted. We recommend that you use the standard form setup provided in Accounting Plus.

9. Click OK to accept the entries you've made in this window. The Review P14/P60s Before Printing window appears, where you can choose specific forms to print and review and change information about each form you selected. You can also select the number of copies you want to print.
10. Mark the forms you want to print by clicking the Print column next to them. If you don't want to print a form that's already marked for printing, click the Print column to unmark it.
11. Click the Print button when you've finished.
12. After you've printed all the forms you need, we strongly recommend that you make a backup of your Accounting Plus company file. Once the year is closed, detailed payroll information is no longer available and P14 forms, P60 forms and other reports can't be printed for that year. If you've made a backup, however, you can restore that backup and print the necessary reports.

► **To print the P35 report**

If you haven't already read the Year-end Procedures Overview, see "Printing year-end payroll forms" on page 836 for more information.

1. From the Reports menu, choose Index to Reports to open the Index to Reports window.

2. Select the payroll tab to display a scrolling list of reports that are associated with the Payroll Command Centre. Scroll to the bottom of the list to display the P35 Deductions Working Sheet selection; highlight this selection.
3. Click the Customise button at the bottom of the Index to Reports window. The Report Customisation window appears. Make sure that all employees will be included in the report and that, if applicable, the “Include Class 1A contributions...” checkbox has been selected. When you’re satisfied with the selections in this window, choose OK to redisplay the Index to Reports window.
4. Choose the Print button.
5. You may also want to repeat the above process for the P11(NIC) and P11(PAYE) reports and store them.

## Closing a payroll year

### ► To close a payroll year

If you haven’t already read the Year-end Procedures Overview, see “Closing a payroll year and starting a new one” on page 839 for more information.

Please note that this task requires single-user access. See “Single-user file locking” on page 763 for more information.

1. Print all the reports that you wish to keep that show the previous year’s transaction activity. You might consider printing a copy of each journal, because they show all transaction activity for a specified period. The Cash Disbursements Journal can be especially helpful, since it shows all “cash paid out” transaction activity, including the paycheques you wrote.
2. Make a backup of your company file. Clearly mark this backup and put it in storage as part of your permanent records.

**Warning: Make a backup!**

It's very important that you make a backup before continuing. When you close the payroll year, all the detailed information for that year is erased and removed from your MYOB system. If you need to reprint payroll reports for the year after it's been closed, you'll have to restore this backup to do so.

To ensure that the backup you make is a reliable backup, we recommend, that as a test, you restore the backup before you start the new payroll year in your company file.

We also recommend that you make multiple backups of your MYOB company file - that is, more than one copy of your company file at different locations. The purpose of multiple backups is simple: backups can fail as easily as computers. If the backed-up file is damaged, you're in just as much trouble as you would be without any backup at all.

3. Choose Start a New Year from the File menu and then choose Start a New Payroll Year from the submenu that appears.
4. Follow the instructions that appear on your computer screen.
5. After you start a new payroll year, we recommend that you optimise and verify your company file. Optimising your company file reduces your company file's size and makes your company file more efficient. The Verify Company File utility ensures that your company file is in "healthy" working condition.

**Note: Optimising and verifying may take a while**

The amount of time needed to optimise and verify a company file for use with Accounting Plus depends upon the size of the file and the capabilities of the computer you're using. If you have a very large company file and a slower computer with little memory, be prepared for optimisation and verification to take some time.

After Optimisation is complete, open your company file and choose Verify Company File from the File menu.

See also:

“To optimise a company file” on page 702

“To make a backup” on page 695

“To restore a backup” on page 697

“To verify your company file” on page 700