

PUBLIC

Tips for Year-End Closing








Solutions from SAP

SAP Business One
Releases 2007 A and
2007 B

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Icons

Icon	Meaning
	Caution
	Example
	Note
	Recommendation
	Syntax

Typographic Conventions

Type Style	Description
<i>Example text</i>	Words or characters that appear on the screen. These include field names, screen titles, pushbuttons as well as menu names, paths and options. Cross-references to other documentation.
Example text	Emphasized words or phrases in body text, titles of graphics and tables.
EXAMPLE TEXT	Names of elements in the system. These include report names, program names, transaction codes, table names, and individual key words of a programming language, when surrounded by body text, for example, SELECT and INCLUDE.
Example text	Screen output. This includes file and directory names and their paths, messages, source code, names of variables and parameters as well as names of installation, upgrade and database tools.
EXAMPLE TEXT	Keys on the keyboard, for example, function keys (such as F2) or the ENTER key.
Example text	Exact user entry. These are words or characters that you enter in the system exactly as they appear in the documentation.
<Example text>	Variable user entry. Pointed brackets indicate that you replace these words and characters with appropriate entries.

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Introduction

This document provides customers and partners with help in carrying out their year-end closing and demonstrates how SAP Business One can support the individual steps of the year-end closing process.

The procedures described in this document do not guarantee the accuracy of the content or the completeness of the year-end closing. You are responsible for carrying out all the appropriate operations and for providing the appropriate documentation to ensure accuracy. You must discuss the process in detail with your tax consultant or the person responsible for your year-end closing.

The procedures described in this document represent a general concept that you apply to your specific situation. The character of this document is generic and globally based on the system procedures. Country-specific regulations and other financial reporting principles are not covered.

System Requirements and Latest Product Updates

For the most recent information on product details regarding the year-end closing process, see SAP Note 800291. This note also provides information about additional queries and tools available for the year-end closing process.

The note is updated regularly and is applicable for the following releases: 6.5, 2004 A, 2005 A, 2005 A SP01, 2007 A, and 2007 B.

You should carry out the actual year-end closing using Release 6.5, 2004, 2005, or 2007 with the latest patch installed. For patch information regarding the year-end closing function, see SAP Note 800291.

Timing Constraints

It is not always possible to reconstruct a report backdated to the cut-off date in SAP Business One. Therefore, we strongly recommend that once you have entered and completed all transactions for the previous fiscal year, and **before** entering any transactions for the new fiscal year, you back up your production database. The backup saves the status of the previous fiscal year.



CAUTION

SAP Business One automatically calculates the item costs for moving average or FIFO. Prior to Release 2005, these were not stored. Generally, this means that you cannot access item costs backdated to a specific cut-off date. (For information, see [Material Valuation](#).) Therefore, we recommend that **after** you enter all transactions for the previous year, and **before** you enter anything for the new fiscal year, you save the item costs as of the cut-off date in a specific year-end price list. You can then use this price list for the evaluation of the inventory backdated to the cut-off date.

If you are working in a release that is earlier than SAP Business One 2004 A PL06 (see SAP Note 80593), you cannot access the open items in a foreign currency backdated to a specific cut-off date when you use the exchange rate differences function. Therefore, after entering all transactions of the previous fiscal year, you must promptly perform the foreign currency valuation. Alternatively, save the status at the end of the fiscal year in a database backup. For an update on this function, see SAP Note 800291.

To ensure that no transactions are entered into the new fiscal year before the previous one is completed, and that the year-end price list has been saved, we recommend that you do not create any new periods yet.



CAUTION

You must manually ensure that all figures are reproducible using the appropriate printouts.

This also applies when you use queries. In this case, we recommend that you export the results to a Microsoft Excel file and print them out.

Preparation

Checks

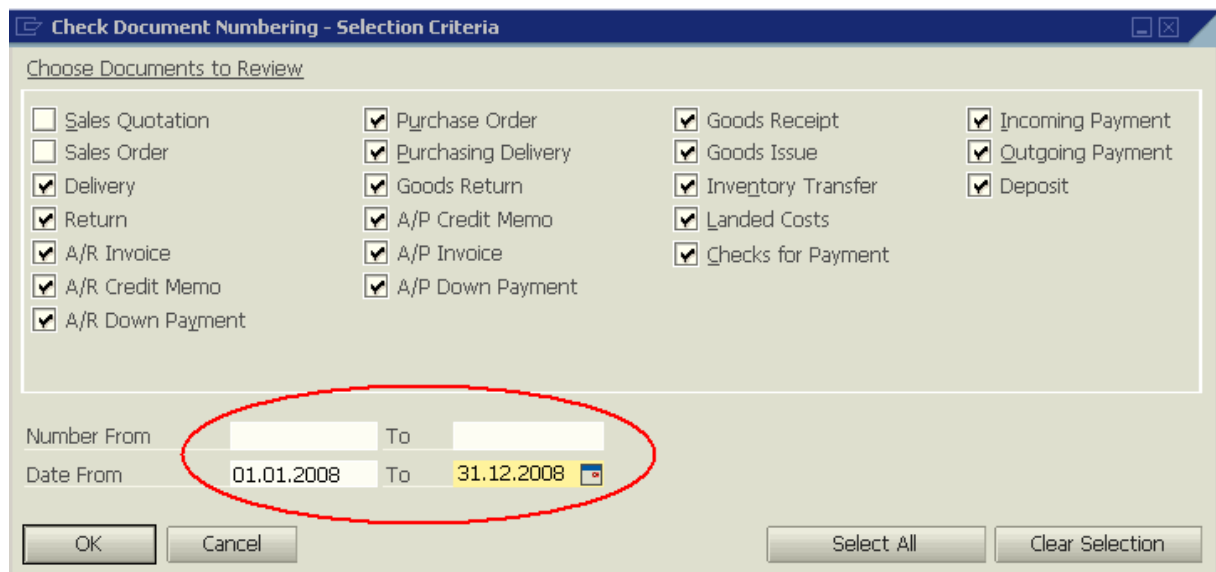
Check Document Numbering Report

The Check Document Numbering report lets you verify the continuity of all documents and ensure that numbers have not been assigned twice. This report checks for any gaps in numbering and for double assignment of numbers within the document number ranges. If no data is found, the assignment of document numbers is correct and without omissions (within the definition).



EXAMPLE

Administration → *Utilities* → *Check Document Numbering*




Check Document Numbering - Selection Criteria

Choose Documents to Review

<input type="checkbox"/> Sales Quotation	<input checked="" type="checkbox"/> Purchase Order	<input checked="" type="checkbox"/> Goods Receipt	<input checked="" type="checkbox"/> Incoming Payment
<input type="checkbox"/> Sales Order	<input checked="" type="checkbox"/> Purchasing Delivery	<input checked="" type="checkbox"/> Goods Issue	<input checked="" type="checkbox"/> Outgoing Payment
<input checked="" type="checkbox"/> Delivery	<input checked="" type="checkbox"/> Goods Return	<input checked="" type="checkbox"/> Inventory Transfer	<input checked="" type="checkbox"/> Deposit
<input checked="" type="checkbox"/> Return	<input checked="" type="checkbox"/> A/P Credit Memo	<input checked="" type="checkbox"/> Landed Costs	
<input checked="" type="checkbox"/> A/R Invoice	<input checked="" type="checkbox"/> A/P Invoice	<input checked="" type="checkbox"/> Checks for Payment	
<input checked="" type="checkbox"/> A/R Credit Memo	<input checked="" type="checkbox"/> A/P Down Payment		
<input checked="" type="checkbox"/> A/R Down Payment			

Number From: To:

Date From: To: 

OK Cancel Select All Clear Selection



NOTE

This report only checks for correct numbering within the specified document number ranges. If gaps exist in the document number ranges, the application does not recognize these gaps as errors in the report.



CAUTION

It is the responsibility of your organization to ensure that the document number ranges have been set up correctly and that authorization settings allow only authorized users to change the number ranges.

Checking the Completeness of Documents

You can use the draft documents function to check whether all accounting-relevant documents are posted. Examples of such documents include:

- Deliveries
- Returns
- Invoices
- Credit memos from purchasing and sales
- Inventory transfers
- Journal vouchers

At this stage, you should also check documents that are not relevant for accounting, for example, orders and purchase orders.



EXAMPLE

Sales → *Sales Reports* → *Document Drafts Report*

Banking → *Banking Reports* → *Payment Drafts Report*

Banking → *Outgoing Payments* → *Checks for Payment Drafts*

Financials → *Journal Vouchers*



NOTE

As regards completeness, only the documents that meet the following criteria are displayed:

- Open
- For all users

The screenshot shows the 'Document Drafts - Selection Criteria' dialog box. The 'User' dropdown menu is set to 'All' and is circled in red. The 'Open Only' checkbox is checked and also circled in red. The dialog lists several categories with checkboxes:

- Sales - A/R
 - Sales Quotations
 - Sales Orders
 - Deliveries
 - Returns
 - A/R Down Payment
 - A/R Invoices
 - A/R Credit Memos
- Purchasing - A/P
 - Purchase Orders
 - Goods Receipt PO
 - Goods Return
 - A/P Down Payment
 - A/P Invoices
 - A/P Credit Memos
- Inventory
 - Goods Receipt
 - Goods Issue
 - Inventory Transfers

Buttons for 'OK' and 'Cancel' are visible at the bottom.



CAUTION

If a draft document refers to a period that is already closed, do not reopen the period to post the document. Instead, enter the document with a posting date from a period that is open.

Checking for Negative Inventory

Before you take inventory, ensure that there is no negative inventory. If there is negative inventory, it is very likely that some goods receipt POs, A/P invoices, or other receipts into inventory have not been posted. You need to post these before you begin inventory counting or any other year-end activities.

To check for negative inventory, use one of the following methods:

- Open the Inventory Status report. In the report, sort by the *In Stock* column. All negative stock is displayed at the top of the list.
- Under *Inventory* → *Items*, use the drag and relate function. Then use a filter with the following condition: *In Stock* is smaller than 0.

Checking for Execution of Payment Runs

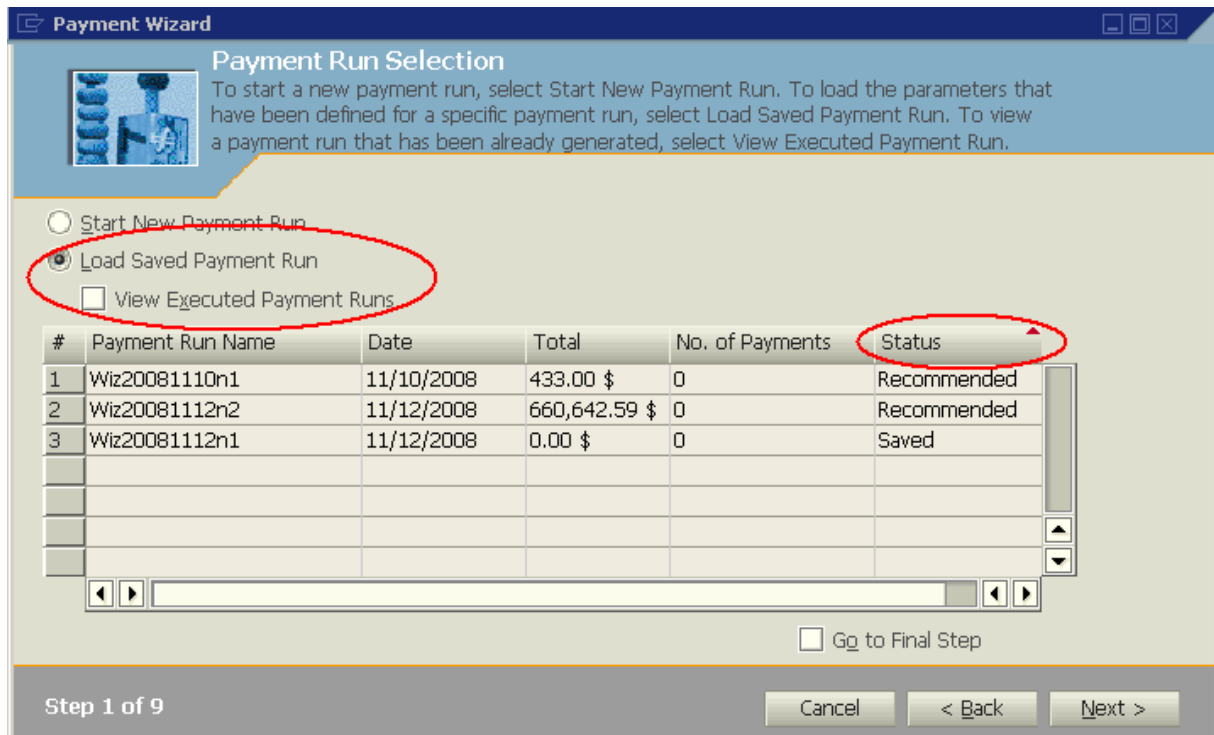
You can use the payment wizard to check whether any saved payment runs that should have been executed have the status "Recommended". This ensures that you do not forget saved payment procedures that belong to previous periods.

In the *Payment Wizard* → *Payment Run Selection* window, select the *Load Saved Payment Run* radio button. To sort all payment runs by status, double-click the *Status* column header.



EXAMPLE

Banking → *Payment Wizard*



Payment Wizard

Payment Run Selection

To start a new payment run, select Start New Payment Run. To load the parameters that have been defined for a specific payment run, select Load Saved Payment Run. To view a payment run that has been already generated, select View Executed Payment Run.

Start New Payment Run
 Load Saved Payment Run
 View Executed Payment Runs

#	Payment Run Name	Date	Total	No. of Payments	Status
1	Wiz20081110n1	11/10/2008	433.00 \$	0	Recommended
2	Wiz20081112n2	11/12/2008	660,642.59 \$	0	Recommended
3	Wiz20081112n1	11/12/2008	0.00 \$	0	Saved

Go to Final Step

Step 1 of 9

Cancel < Back Next >

Checking Statistical and Clearing Accounts

In SAP Business One, you can use statistical and clearing accounts for various business transactions that require a closing balance of zero to guarantee completeness of the business transaction. You must check these accounts.

Examples for using statistical or clearing accounts include:

- Opening balances
- Making external postings (for example, payroll)
- Making any corrections; all clearing accounts should be closed

Inventory

Preparing for Inventory Tracking

First, you must ensure organizationally that no inventory posting takes place during inventory tracking. The simplest way to accomplish this is to lock document numbering for the following document types:

- Sales: delivery, return, invoice, credit memo
- Purchasing: goods receipt PO, return, A/P invoice, credit memo
- Inventory: stock transfer, inventory goods receipt, goods issue
- Production: production order

Even when you lock these documents, you can still enter inventory balances as opening balances or inventory differences. If necessary, you can prevent this by using authorizations.



EXAMPLE

Administration → *System Initialization* → *Document Numbering*

#	Name	Number			String		Remarks	Group	Period Ind.	Lock
		First No.	Next ...	Last No.	Prefix	Suffix				
1	Primary	1	86				1	Default	<input type="checkbox"/>	

Display Series Linked to Selected Period(s) Indicator: All Periods

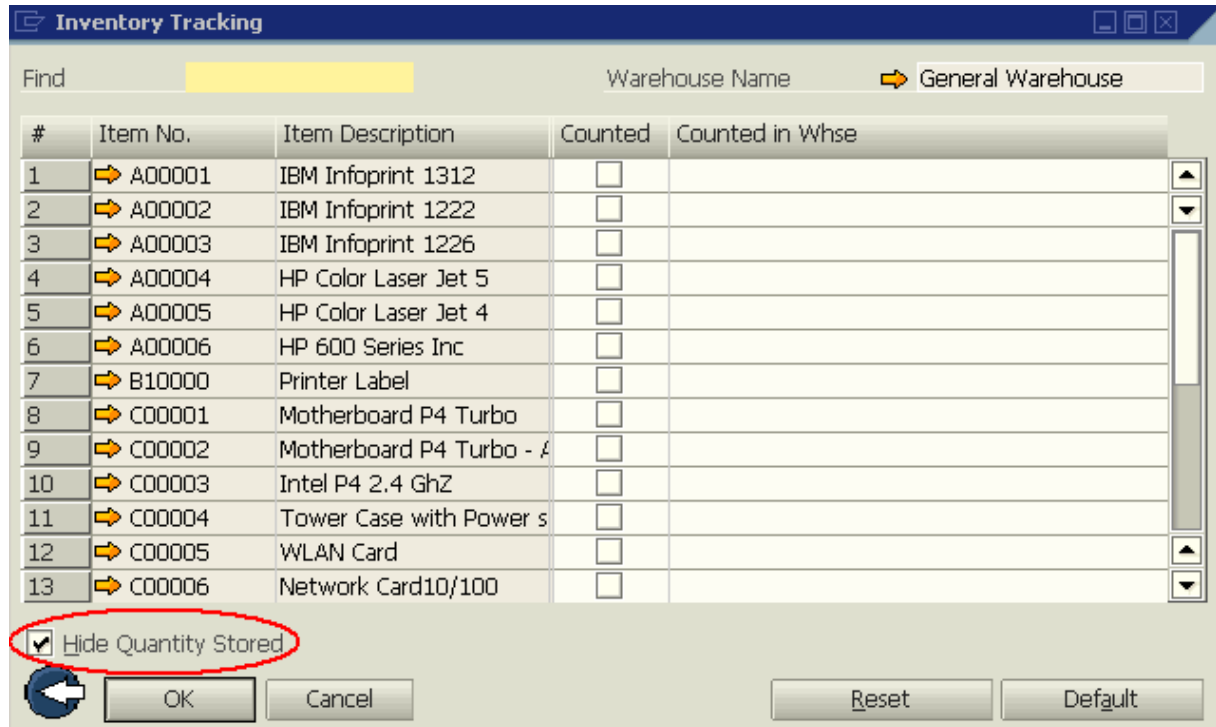
Buttons: OK, Cancel, Set as Default

You can use the *Initial Quantities*, *Inventory Tracking* and *Inventory Posting* function to prepare lists for counting. You can print the count lists from the *Inventory Tracking* tab. We recommend that you use the selection options corresponding to the logistical organization of the warehouse.



EXAMPLE

Inventory → *Inventory Transactions* → *Initial Quantities, Inventory Tracking and Inventory Posting*



The screenshot shows the 'Inventory Tracking' dialog box. At the top, there is a 'Find' field and a 'Warehouse Name' dropdown menu set to 'General Warehouse'. Below this is a table with the following columns: '#', 'Item No.', 'Item Description', 'Counted', and 'Counted in Whse'. The table contains 13 rows of data, each with a number, an item number (e.g., A00001), an item description (e.g., IBM Infoprint 1312), and checkboxes for 'Counted' and 'Counted in Whse'. At the bottom of the dialog, there is a checkbox labeled 'Hide Quantity Stored' which is checked and circled in red. Below the checkbox are buttons for 'OK', 'Cancel', 'Reset', and 'Default'.

#	Item No.	Item Description	Counted	Counted in Whse
1	A00001	IBM Infoprint 1312	<input type="checkbox"/>	
2	A00002	IBM Infoprint 1222	<input type="checkbox"/>	
3	A00003	IBM Infoprint 1226	<input type="checkbox"/>	
4	A00004	HP Color Laser Jet 5	<input type="checkbox"/>	
5	A00005	HP Color Laser Jet 4	<input type="checkbox"/>	
6	A00006	HP 600 Series Inc	<input type="checkbox"/>	
7	B10000	Printer Label	<input type="checkbox"/>	
8	C00001	Motherboard P4 Turbo	<input type="checkbox"/>	
9	C00002	Motherboard P4 Turbo - A	<input type="checkbox"/>	
10	C00003	Intel P4 2.4 GhZ	<input type="checkbox"/>	
11	C00004	Tower Case with Power s	<input type="checkbox"/>	
12	C00005	WLAN Card	<input type="checkbox"/>	
13	C00006	Network Card10/100	<input type="checkbox"/>	



NOTE

To print the inventory lists without quantities, select the *Hide Quantity Stored* checkbox.



CAUTION

You must adhere to the technical GAAP conditions for the inventory. These conditions are not described within this document.

Following are the three possible scenarios for open production orders by the cut-off day:

1. Open production orders with the *backflush* component issue method

In this case, even though the components have physically been removed from inventory and placed into production, SAP Business One shows them as still in inventory. Therefore, it is important to adjust the quantities counted in the warehouses by the quantities counted in production.

2. Completed production orders with the *backflush* component issue method

At the time of completion, the components are removed from the warehouse and the finished product is received into inventory. This means that only the finished products are shown in the warehouse, as long as they have not been removed for sales delivery.

3. Open production orders with the *manual* component issue method

In this case, components are issued manually as soon as the production order is released. Therefore, you must ensure that all manual issues have been completed. Upon manual issue of components, the quantities are removed from inventory and the values are posted from the inventory account to the work-in-progress (WIP) account. As a result, the system no longer shows these items in the warehouse and they do not have to be taken into account during inventory counting.



NOTE

Tips for counting open production orders with the *backflush* component issue method:

- Parent item quantities rejected in the report completion are brought into inventory, even though they may not have been physically brought into inventory at the end of the production process. In the report completion the *Rejected/Completed* quantity field is purely informational. Handle the rejected quantities manually, either by disassembling the item or by issuing the item from inventory in order to correct inventory figures.
- Determine the components of all open production orders, sorted by item, original warehouse, and issue method. Print the result as a count list.
- Perform physical counting in production and enter the results into the count lists.
- Print the count lists for the different warehouses.
- Perform physical counting in the different warehouses.
- Post counting results for each warehouse as follows: Summarize the amounts counted in the warehouse and in production for each item.



CAUTION

If you perform further tasks after the count lists are printed, but before you start the count, we recommend that you document the parameters with which the count lists were created, so that they can be incorporated into the count results at a later stage.

Posting Count Results

You also enter the count results on the *Inventory Tracking* tab.

As soon as you enter an amount in the inventory list for each item, this item is considered to be counted. If the counted quantity is 0, you must manually select the checkbox in the *Counted* column; the *Counted in Whse* field remains blank. You can update the results at any time. This means that you can record the count results one step at a time.

When you have recorded all the inventory quantities, go to the *Inventory Posting* tab to post any discrepancies in quantity.

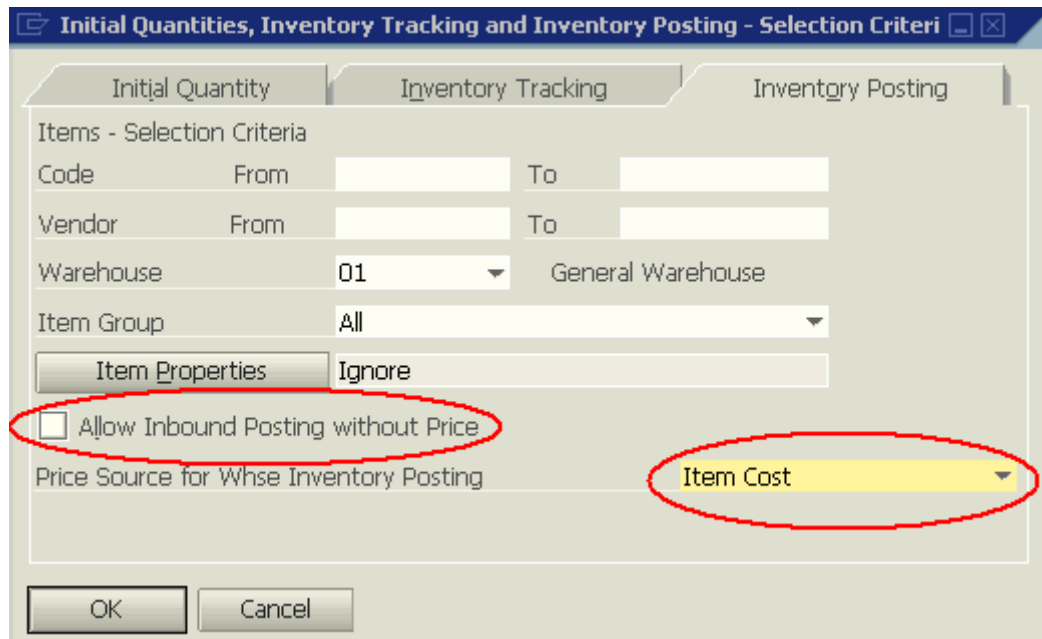
As soon as the inventory evaluation is complete, the system clears the checkboxes in the *Counted* column in the *Inventory Tracking* window .



NOTE

Since some accounting legislations have different rules that apply when it comes to assigning and reassigning valuation methods, check with your accountant before you change inventory values.

You can have different inventory valuation methods for different items. The application takes into account the inventory valuation method for each item when it determines the cost price. To enable this, you must choose a price source from the *Item Cost* field when you run the inventory posting. In this case, the system posts the inventory differences automatically with the applicable item costs.



Initial Quantities, Inventory Tracking and Inventory Posting - Selection Criteria

Initial Quantity | Inventory Tracking | Inventory Posting

Items - Selection Criteria

Code From [] To []

Vendor From [] To []

Warehouse 01 General Warehouse

Item Group All

Item Properties Ignore

Allow Inbound Posting without Price

Price Source for Whse Inventory Posting: Item Cost

OK Cancel



CAUTION

The valuation of inventory differences, as described above, applies only when you perform the inventory counting close to the cut-off date, before transactions for the new fiscal year have been entered.

Therefore, we recommend that you save these item costs in a price list before you enter new transactions. Then, the evaluation basis for the posting of inventory differences has to be this price list.

Also, note the following regarding the posting of inventory differences:

- Where local legislation does not permit manual adjustments in the *Price* column, you must not select the *Allow Posting without Price* checkbox.
- You must manually ensure that the figures are reproducible. **Before** you post the inventory, print the report with the adjusted amounts, and export it to a Microsoft Excel file. After you post the inventory, you will **not** be able to redisplay the report with the original values.



NOTE

In the case of Scenario 3 – Open production orders with the *manual* component issue method – you must post the inventory differences counted in production using manual journal entries. This is necessary because the components have already been removed from inventory. As a result, the offsetting account for the posting of the inventory gain or loss must be the WIP account and not the inventory account. Since differences are posted automatically once the production order is completed, this manual posting must be reversed at the beginning of the new fiscal year.

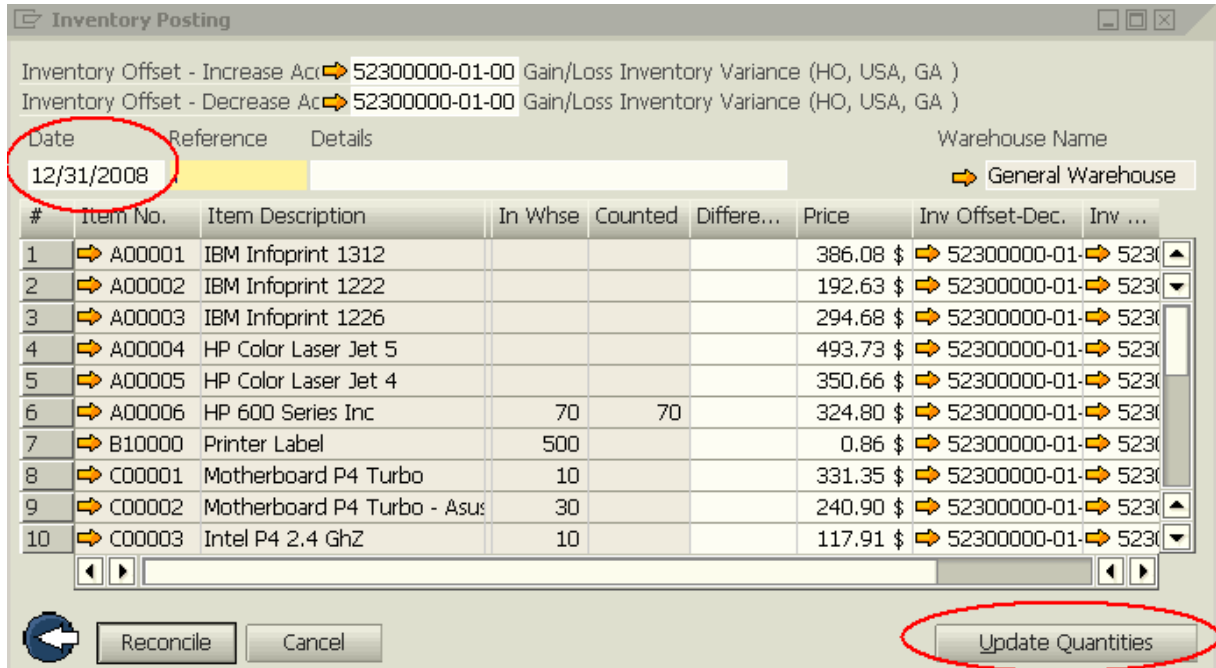


NOTE

The date of the correction should be the same as the date of the count. If further inventory transactions are performed between the time of the count and the time of posting, update the date and choose *Update Quantities*. This updates the report to show the quantities on the date entered.

 CAUTION

The *Update Quantities* feature updates the quantities to the backdated date only. The prices used for valuation are not updated and always show the prices as of the current date when you evaluate by item costs. In order to evaluate by item prices valid for a previous cut-off date, you must use a price list, as described above.



#	Item No.	Item Description	In Whse	Counted	Differe...	Price	Inv Offset-Dec.	Inv ...
1	A00001	IBM Infoprint 1312				386.08 \$	52300000-01-	5230
2	A00002	IBM Infoprint 1222				192.63 \$	52300000-01-	5230
3	A00003	IBM Infoprint 1226				294.68 \$	52300000-01-	5230
4	A00004	HP Color Laser Jet 5				493.73 \$	52300000-01-	5230
5	A00005	HP Color Laser Jet 4				350.66 \$	52300000-01-	5230
6	A00006	HP 600 Series Inc	70	70		324.80 \$	52300000-01-	5230
7	B10000	Printer Label	500			0.86 \$	52300000-01-	5230
8	C00001	Motherboard P4 Turbo	10			331.35 \$	52300000-01-	5230
9	C00002	Motherboard P4 Turbo - Asus	30			240.90 \$	52300000-01-	5230
10	C00003	Intel P4 2.4 GhZ	10			117.91 \$	52300000-01-	5230

Non Perpetual Inventory

If you do not use perpetual inventory management, you need to post the inventory values using a manual posting process in financial accounting.

When you perform inventory counting, you use the Inventory Tracking and Inventory Posting report to check and correct any quantity discrepancies. To update the warehouse quantities only, you also need to perform the inventory posting process. To do this, run the report with the *Allow Inbound Posting without Price* checkbox selected.



Inventory → *Inventory Transactions* → *Initial Quantities, Inventory Tracking and Inventory Posting*

Reclassification of Business Partners with a Negative Balance

At the end of the year, you need to check the balances for business partners and bank accounts and make any necessary reclassifications using manual posting.

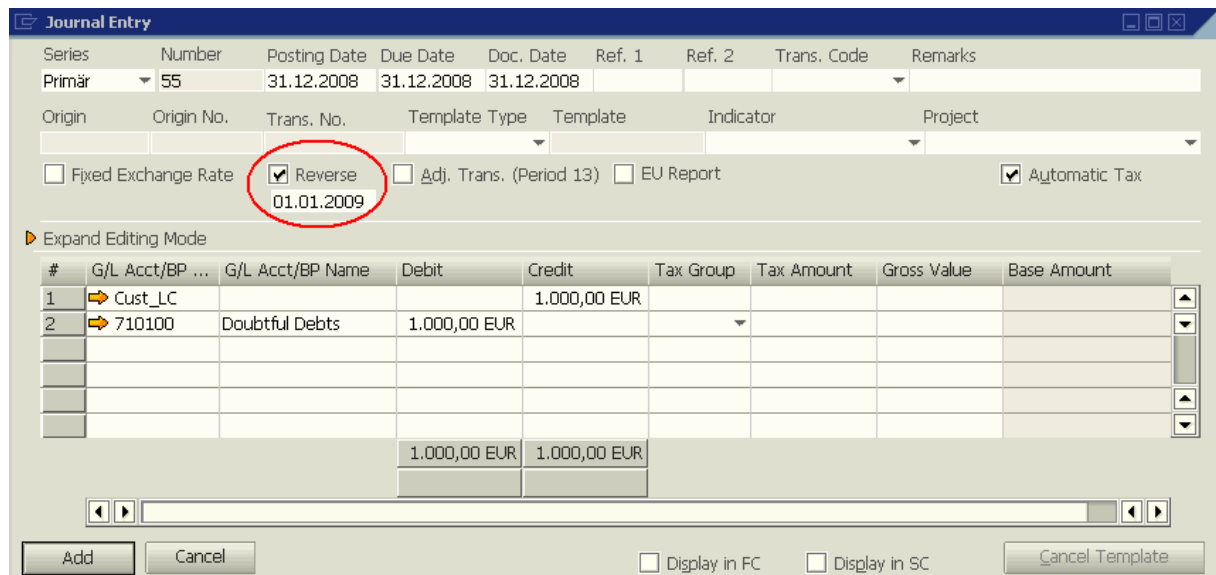
This affects, for example, the following business transactions:

- Postings made for the reclassification of customers and vendors with negative balances
- Bank accounts with a negative balance
- Balance extensions based on the condition that the same business partner has a balance as a customer and as a vendor
- Reporting of doubtful, non-collectible receivables or receivable write-offs



NOTE

Select the *Reverse* checkbox for automatic reversal in the subsequent period if needed for a specific business case. We recommend using a transaction indicator to identify these postings separately.



Series	Number	Posting Date	Due Date	Doc. Date	Ref. 1	Ref. 2	Trans. Code	Remarks
Primär	55	31.12.2008	31.12.2008	31.12.2008				

Origin	Origin No.	Trans. No.	Template Type	Template	Indicator	Project

Fixed Exchange Rate
 Reverse
 Adj. Trans. (Period 13)
 EU Report
 Automatic Tax

01.01.2009

Expand Editing Mode

#	G/L Acct/BP ...	G/L Acct/BP Name	Debit	Credit	Tax Group	Tax Amount	Gross Value	Base Amount
1	Cust_IC			1.000,00 EUR				
2	710100	Doubtful Debts	1.000,00 EUR					
			1.000,00 EUR	1.000,00 EUR				



CAUTION

You must manually ensure that the figures can be reproduced using the corresponding printouts and posting documents.



NOTE

If you are using the doubtful debts calculation in the Aging report, the calculation of the report is based on the gross values (including tax).

You can use the doubtful debts function to calculate doubtful receivable amounts. Depending on legal requirements, ensure that the definitions for the doubtful debts are set correctly. For example, to show 2% of all open receivables as doubtful on the cut-off date, set the definitions to zero days and 2%.

When you post the adjustment directly from the Aging report, you can use only the separate doubtful debts control account. If you need to reduce the doubtful receivables from the regular control account, perform a manual adjustment journal entry.



NOTE

If you select the *Display Credit Balance with Negative Sign* checkbox in *Company Details* → *Basic Initialization* tab, vendors on the debit side are represented by a positive balance and customers on the credit side are represented by a negative balance. If you do not select this option, the values are displayed in the opposite way.

For verification, you can use the *Account Balance* detail view in the business partner master data.

Performing a Year-End Closing

Reconciliation

Reconciliation of Internal Reconciliation Upgrade Journals

If the company database has been upgraded to SAP Business One Release 2007 A or B, check the Internal Reconciliation Upgrade Audit Trail. SAP strongly recommends consulting with the company accountant and reconciling **all** upgrade (RU) journals appropriately, such that the open items can be reflected correctly.

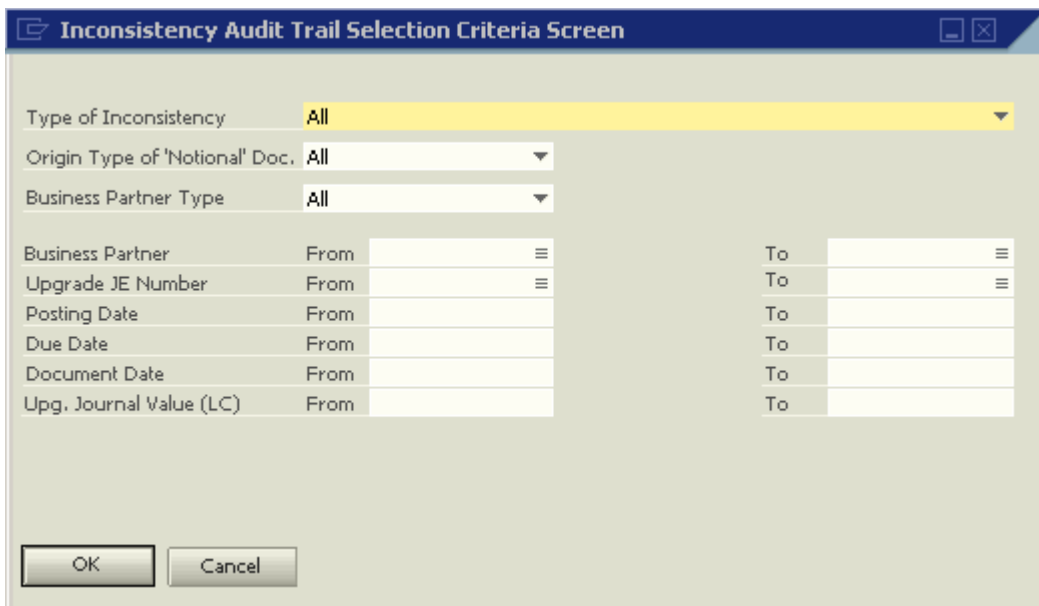
For more information on the new reconciliation engine, see the landing page in your language (*Channel Partner Portal* → *Solutions* → *SAP Business One* → *Support* → *Support Self Help & Library* → *New Reconciliation Engine* → *Enter*) and consult the how-to-guides available for download.

If the menu item *Inconsistency Audit Trail Selection Criteria Screen* is missing from the *Utilities* menu and not available to be displayed and activated in the *Form Settings* window from the main menu, no inconsistencies were detected, and this sub-section may be ignored.



EXAMPLE

Administration → *Utilities* → *Inconsistency Audit Trail Selection Criteria Screen*



Field	From	To
Business Partner		
Upgrade JE Number		
Posting Date		
Due Date		
Document Date		
Upg. Journal Value (LC)		



NOTE

To display all recognized inconsistencies, do not enter any restrictions into the selection criteria window.

The resulting report displays all detected inconsistencies.



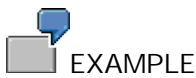
Type of Inconsistency	Journal Entry No.	Journal Entry Row No.	Origin	BP C...	BP Name	Upgrade Journal Row Va...	Applied and Reconciled Do...	Linked Document	Reconciliation No.
Cancelled Reconciliat	323	0	IN 43	1000	Fruits R Us	GBP 313.44			
Cancelled Reconciliat	330	0	IN 58	2500	The Fruit Basket	GBP 315.49			
Partial Exchange Rate	331	0	PS 9	201	Die Obst GmbH	GBP (380.95)			
Partial Exchange Rate	332	0	PS 10	202	Bayrische Frucht Werke GmbH	GBP (380.95)			
Partial Exchange Rate	333	0	PS 14	202	Bayrische Frucht Werke GmbH	GBP (380.95)			
Partial Exchange Rate	334	0	PS 12	5000	The Cornucopia	GBP (380.95)			

To determine whether an RU journal has already been reconciled, follow the instructions outlined in SAP Note 1148042.

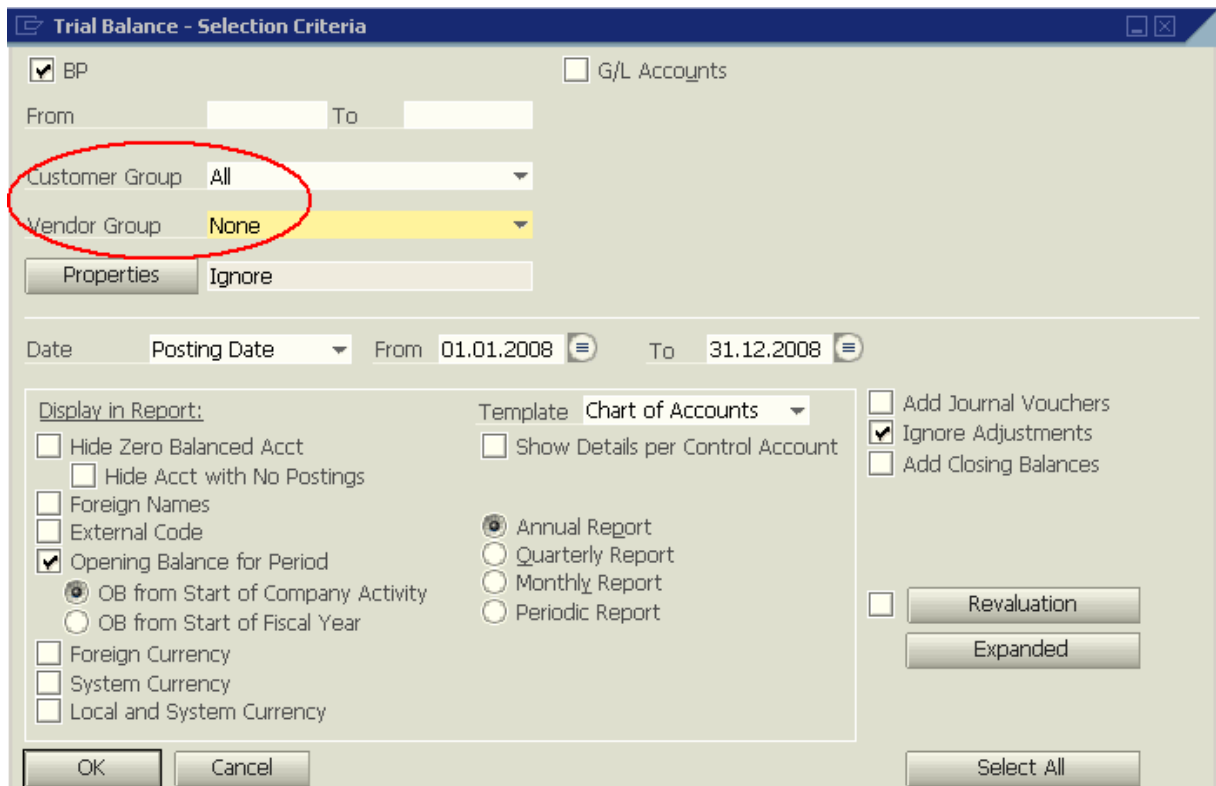
Reconciliation of Open Items and Balances for Business Partners

In SAP Business One, customer and vendor postings are written to balance sheet accounts stored with the business partner.

To verify the accuracy of the postings, use the Trial Balance report. It is helpful to create separate financial report templates for both vendors and customers. You can then use these to display all totals and balances for the relevant balance sheet account, and enhance them by adding the individual balances of the customers or vendors when the report is called.



Reports → Financials → Financial → Trial Balance



BP G/L Accounts

From: [] To: []

Customer Group: All

Vendor Group: None

Properties: Ignore

Date: Posting Date From: 01.01.2008 To: 31.12.2008

Display in Report:

- Hide Zero Balanced Acct
- Hide Acct with No Postings
- Foreign Names
- External Code
- Opening Balance for Period
 - OB from Start of Company Activity
 - OB from Start of Fiscal Year
- Foreign Currency
- System Currency
- Local and System Currency

Template: Chart of Accounts

- Show Details per Control Account
- Annual Report
- Quarterly Report
- Monthly Report
- Periodic Report

Add Journal Vouchers

Ignore Adjustments

Add Closing Balances

Revaluation

Expanded

OK Cancel Select All

**NOTE**

To start the report separately for customers and vendors, select *None* for each group.

To display individual balances for each business partner, increase the value displayed in the *Level* field in the *Trial Balance* window.

If you run the Trial Balance by G/L Accounts report, you need to consider all control accounts that might be assigned to the different business partners (that is, control accounts for assets, doubtful debts, bills of exchange, and so on).

Alternatively, you can use the G/L Accounts and Business Partners report. This report also displays the combination of selected balance sheet accounts and business partners. It is suitable for processing business partner balances and displaying details.

**EXAMPLE**

Reports → *Financials* → *Accounting* → *G/L Accounts and Business Partners*

We recommend that you check the complete reconciliation of business partner accounts at the end of each month. You can use the Customer Receivables Aging report to reconcile the open business partner balances.

**EXAMPLE**

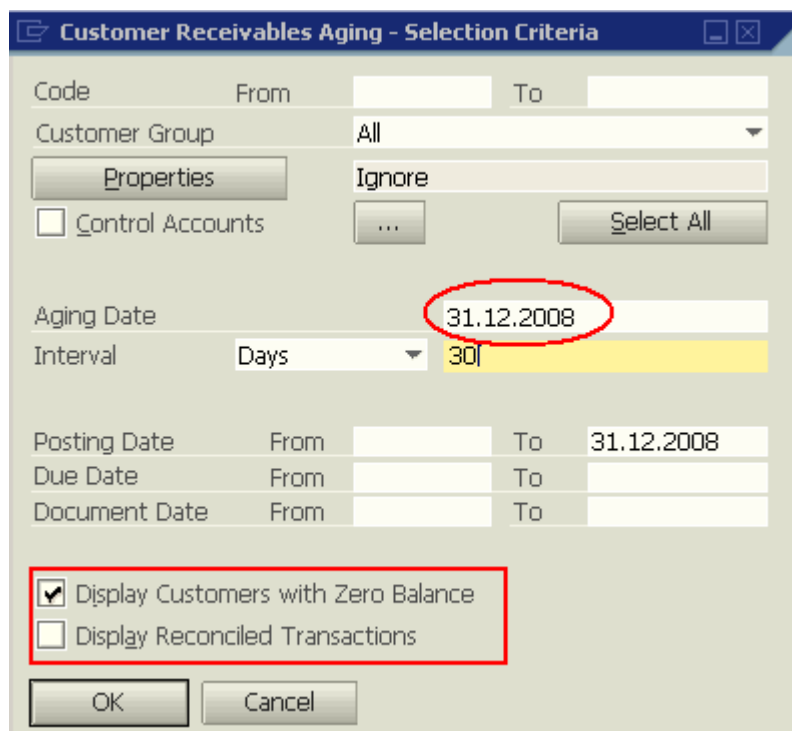
Reports → *Financials* → *Accounting* → *Aging* → *Customer Receivables Aging*

Reports → *Financials* → *Accounting* → *Aging* → *Vendor Liabilities Aging*

**NOTE**

To print the open items backdated to the cut-off date, make sure you set the following parameters:

- Enter the period-end closing date (for example, December 31) as the end date in the posting date range.
- Select the *Display Customers with Amount Zero* checkbox. Otherwise, the report does not take into account any business partners that may have been completely cleared in the new period.



Customer Receivables Aging - Selection Criteria

Code	From		To	
Customer Group		All		
Properties		Ignore		
<input type="checkbox"/> Control Accounts		...		Select All
Aging Date		31.12.2008		
Interval	Days	30		
Posting Date	From		To	31.12.2008
Due Date	From		To	
Document Date	From		To	
<input checked="" type="checkbox"/> Display Customers with Zero Balance				
<input type="checkbox"/> Display Reconciled Transactions				
OK	Cancel			



NOTE

If foreign currencies are used, you must select *Local* in the *Currency* field of the displayed report in order to show a total.

If the balances for the business partners do not match those in the general ledger, we recommend that you run the general ledger reports and the due date reports monthly to reconcile each month separately (if you have not already done so at the end of the month).

Reconciliation of Fixed Asset Accounts

If you are not using the Fixed Assets add-on for SAP Business One, you still need to verify that the fixed asset accounts correspond to the values in fixed asset accounting, which is performed externally from SAP Business One.

With the Fixed Assets add-on for SAP Business One, you can decide whether to use gross or net values. Depending on this setting, you might have to post the depreciation reserve manually to show the final asset values.



CAUTION

If there have been any reductions (for example, discounts) or additional costs (for example, freight) that have to be considered for a correction of the acquisition and production costs (APC), check the acquisitions and retirements from the last year. You must do this manually.

In the case of an acquisition, the entire value of the acquisition and the production costs (APC) is transferred as a journal entry to the asset G/L account. If the invoice is paid with a cash discount, you must manually deduct the gross value of the cash discount from the value of the APC of the asset. To do this, create a credit memo in Fixed Assets with the value of the cash discount or bonus. To add additional charges, for example, freight charges, to the acquisition costs, manually create an acquisition related to the original fixed asset.

For the reconciliation of the asset accounts, you can use the Asset History Sheet report in the *Fixed Assets* add-on for SAP Business One. With this report, you can evaluate the asset data by balance sheet account or by asset class. If you are using the net value method, you can see the net book value (NBV) at the end of the fiscal year in the *NBV End FY* column of the report. For reconciliation using the gross value method, the report shows the APC and the accumulated depreciation separately.



NOTE

The Asset History Sheet report displays the numbers calculated for the date range of the selected fiscal year. If you have discrepancies between this report and the values posted in the Trial Balance report, you have to complete the depreciation runs for this fiscal year in Fixed Assets and make sure all depreciation has been posted.



EXAMPLE

Financials → *Fixed Assets* → *Asset History Sheet*

Asset History Sheet												
Company		DE_AW_03						Report Date				02.11.2004
Depreciation Area		Book depreciation						Fiscal Year				01.01.2004 - 31.12.2004
Asset Class												
Balance Account												
#	Fixed Assets	APC Start FY	Acquisition	Retirement	Transfer	Write-up	Acc. Depr.	NBV Start FY	Depr. In Curr. FY	APC End FY	NBV End FY	
1	* Z-002 - Grundstücke	1.700.000,00	0,00	0,00	0,00	0,00	0,00	1.700.000,00	0,00	1.700.000,00	1.700.000,00	
2	** 0065 -	1.700.000,00	0,00	0,00	0,00	0,00	0,00	1.700.000,00	0,00	1.700.000,00	1.700.000,00	
3	* Z-003 - Gebäude	1.230.000,71	0,00	0,00	0,00	0,00	664.200,71	565.800,00	24.600,00	1.230.000,71	541.200,00	
4	** 0090 - Geschäftsbauten	1.230.000,71	0,00	0,00	0,00	0,00	664.200,71	565.800,00	24.600,00	1.230.000,71	541.200,00	
5	* Z-004 - Maschinen	101.796,60	10.000,00	0,00	0,00	0,00	51.658,60	50.138,00	9.023,00	111.796,60	49.115,00	
6	** 0200 - Technische Anlagen und Maschinen	101.796,60	10.000,00	0,00	0,00	0,00	51.658,60	50.138,00	9.023,00	111.796,60	49.115,00	
7	* Z-005 - Fahrzeuge	0,00	58.980,00	0,00	0,00	0,00	0,00	0,00	2.000,00	58.980,00	56.980,00	
8	** 0320 - PKW	0,00	58.980,00	0,00	0,00	0,00	0,00	0,00	2.000,00	58.980,00	56.980,00	
9	* Z-006 - Betriebsausstattung	0,00	5.000,00	0,00	0,00	0,00	0,00	0,00	1.314,00	5.000,00	2.686,00	
10	** 0400 - Betriebsausstattung	0,00	5.000,00	0,00	0,00	0,00	0,00	0,00	1.314,00	5.000,00	2.686,00	
11	* Z-007 - Geschäftsausstattung	1.559,01	9.991,25	0,00	0,00	0,00	993,01	566,00	824,47	11.550,26	9.732,78	
12	** 0410 - Betriebsausstattung u. gesch	1.559,01	9.991,25	0,00	0,00	0,00	993,01	566,00	824,47	11.550,26	9.732,78	
13	* Z-008 - Geringwertige Wirtschaftsgüter	0,00	410,00	0,00	0,00	0,00	0,00	0,00	410,00	410,00	0,00	
14	** 0480 - GWG bis 410 EUR	0,00	410,00	0,00	0,00	0,00	0,00	0,00	410,00	410,00	0,00	
15	**** DE_AW_03	3.033.356,32	84.381,25	0,00	0,00	0,00	716.852,32	2.316.504,00	38.171,47	3.117.737,57	2.359.713,78	

Reconciliation of Bank and Cash Accounts

For permanent reconciliation of bank accounts with account statements from the bank, you can use the *Process External Bank Statement* window.



EXAMPLE

Banking → Bank Statements and External Reconciliation → Process External Bank Statement

If you do not use this function, you need to check manually that the account statements correspond to the balances in the bank accounts. In this case, you can use the General Ledger report, which displays all postings in one or more accounts within a specified period.



EXAMPLE

Reports → Financials → Accounting → General Ledger

Here, the system displays the credit and debit postings in a separate column.

You can also use this report for the reconciliation of petty cash accounts.



NOTE

If you use clearing accounts for bank postings, you first need to transfer the postings for all the reconciled amounts to the appropriate bank account.

This is always the case, for example, when you are using the Cash & Bank function of the Payment Engine add-on for SAP Business One.

Clearing accounts for each house bank account have to be cleared at year's end.



NOTE

You can write off small discrepancies using the over/underpayment function.

Reconciliation of Allocation and Expense Clearing Accounts

If you use the perpetual system, the application posts purchase documents to one or more allocation accounts. Once a purchase transaction has been completed, the corresponding allocation account must have a balance of zero.

Additionally, if you use freight charges and you mark them as *inventory relevant*, the same procedure applies for the freight charges. The account used for the freight charges amount is the expense clearing account. Once the purchase transaction has been completed, the balance of this account must be zero.

The balances of the allocation accounts and the expense clearing accounts must be reconciled at the end of the year. The remaining balances should correspond to the total of all open goods receipt POs, as well as the open goods returns.

With SAP Business One, you perform reconciliations for these kinds of accounts using the reconciliation function in the Financials module. Generally, you should perform the reconciliation regularly at the end of the month; otherwise, you have a very high number of transactions to reconcile at the end of the year. To simplify the process, you can run automatic reconciliations.

Once the reconciliation for these accounts has been completed, the remaining balance should match the open items in goods receipt purchase orders and returns.



EXAMPLE

Financials → *Internal Reconciliation* → *Reconciliation*



NOTE

This form of reconciliation is useful only if meaningful prices have been used in goods receipts (do not use it if prices are not known at the time of the order and dummy prices were entered until the actual prices were entered at the time of invoicing).



CAUTION

You must manually ensure that the figures can be reproduced using the corresponding printouts and posting documents.



NOTE

The following user actions can cause discrepancies in the allocation or expense clearing accounts that have to be corrected manually:

1. Manual update of the item definition

The definition of an item was changed from inventory item to non-inventory item (or vice versa) in the item master data, and there were open goods receipts or open returns existing for this item at the time the change was made.

The ability to change the item definition from inventory item to non inventory item has been limited starting with SAP Business One 2004 A PL 45, 2005 A PL 12 , and 2005 A SP01 PL07, and is not available in SAP Business One 2007 A and 2007 B

2. Manual postings

Manual postings with journal entries in the general ledger were made using the allocation or expense clearing account. Identify these by drilling down to the balance from the chart of accounts (ensure that you enter the correct start date) and displaying all documents. Then double-click the *Data Source* column and search for the journal entries (JE).

In an A/P invoice for a non-warehouse item, the allocation or expense clearing accounts were selected in this item row in the *G/L Account* field.

3. Manual update of the predefined G/L accounts settings

The allocation and expense account for an item is determined based on the option (warehouse, item group, or item level) selected for the *Set G/L Accounts by* field in *Item Master Data* → *Inventory* tab. This setting can be different for each item. Consequently, select the option *Set GL Account by* for the item and then check if the allocation/expense account was changed for the value selected in this option, that is, changed in either the warehouse, the item group, or the item level.

The allocation or expense clearing accounts were changed manually in the warehouse definition.

4. Redefinition of freight charges as *Inventory-Relevant*

The definition of freight charges was changed from *Inventory-Relevant* to *Not Inventory-Relevant* (or vice versa) while there were open transactions using this freight definition.

This functionality is not available in SAP Business One 2007 A and 2007 B.

You can correct these discrepancies caused by user actions only by using manual journal entries.

Reconciliation of Inventory Accounts

The GL inventory account balance must correspond to the inventory values when you use average, standard, or FIFO costing methods.

In former year-end closing documents you could only use the Inventory Valuation report to reconcile the inventory accounts.

The Inventory Audit report shows the details for each inventory account. Since the Inventory Valuation report shows only values other than the one set for valuation methods per item, you can no longer use it to determine the inventory account balances; however, you can use it for “What if?” scenarios.

To determine the actual stock balance use the Inventory Audit report.



NOTE

The values contained in G/L accounts, such as the variance accounts, negative inventory adjustment account, miscellaneous inventory gains, miscellaneous inventory losses, and so on, should also be handled within the year in process.

Inventory Audit Report

When you use the Inventory Audit report, take into consideration the following:

You can choose whether you want to run the Inventory Audit report using the posting date or the system date. When you run the report by system date, only inventory transactions whose system date is included in the specified date range are covered, while the Inventory G/L accounts are analyzed based on the posting date. This could lead to cases in which backdated transactions (in which the posting date is earlier than the system date) are excluded from the Inventory Audit report but are included in the inventory G/L account analysis performed for the same date range. To reconcile the inventory account, you should use the posting date. Any backdated postings are marked.



NOTE

There might be discrepancies between the inventory account balance and the balance displayed in the Inventory Audit report. This may occur because of multiple inventory accounts, a changed inventory account, a manual journal entry that was posted to the inventory account, and so on.



Inventory → Inventory Reports → Inventory Audit Report

Inventory Audit Report - Selection Criteria

Posting Date From [] To 31/12/08

Items

Code From [] To []

Item Group []

Properties Ignore

G/L Accounts []

Warehouses

	Location	Whse Code	Whse Name
<input checked="" type="checkbox"/>	▼		
<input checked="" type="checkbox"/>		→ 01	Warehouse 01
<input checked="" type="checkbox"/>		→ 02	Warehouse 02

Expand Collapse

Display

By Items

Summarize by Accounts

Group by Warehouses

Display OB for Items/Accounts with no Transactions

OK Cancel



NOTE

Discrepancies may occur during reconciliation of the inventory accounts. If they are a result of using the wrong G/L account, correct them by using manual journal entries. If the inventory details are wrong, and you also have to correct the related moving average price, do so using the inventory revaluation function, or a more appropriate inventory transaction.



NOTE

Starting with SAP Business One 2007, the inventory revaluation function also supports the FIFO valuation method.



Inventory → Inventory Transactions → Inventory Revaluation

Accrual and Valuation

Accrual

Typical examples of accruals include:

- Revenue
- Payments from rent contracts
- Interest revenue and payments

Normally, such revenue and payments are already distributed across periods by recurring entries. If this is not the case, all revenue and payments that are not yet relevant for the corresponding period need to be analyzed in manual adjustment journal entries.

For easier identification, you can assign specific transaction codes to these manual entries and mark the journal entry to be reversed automatically on the first day of the new period.



NOTE

If you use reserve invoices in SAP Business One, you may have posted revenue for non-delivered goods. Depending on the local requirements, you may need to correct this manually. For more information, see SAP Note 1112701.

Assets Under Construction

Assets under construction must be managed outside of SAP Business One. Manual posting is required for correct time accrual.

Depreciation in the SAP Business One Fixed Assets Add-On

We recommend that you process the depreciation run monthly. When you close the year, you need to check that a depreciation run has been processed for each month. You can see the log of each depreciation run in the *Depreciation Run* window. Double-click one of the depreciation runs to see the details.



EXAMPLE

Financials → *Fixed Assets* → *Depreciation Run*



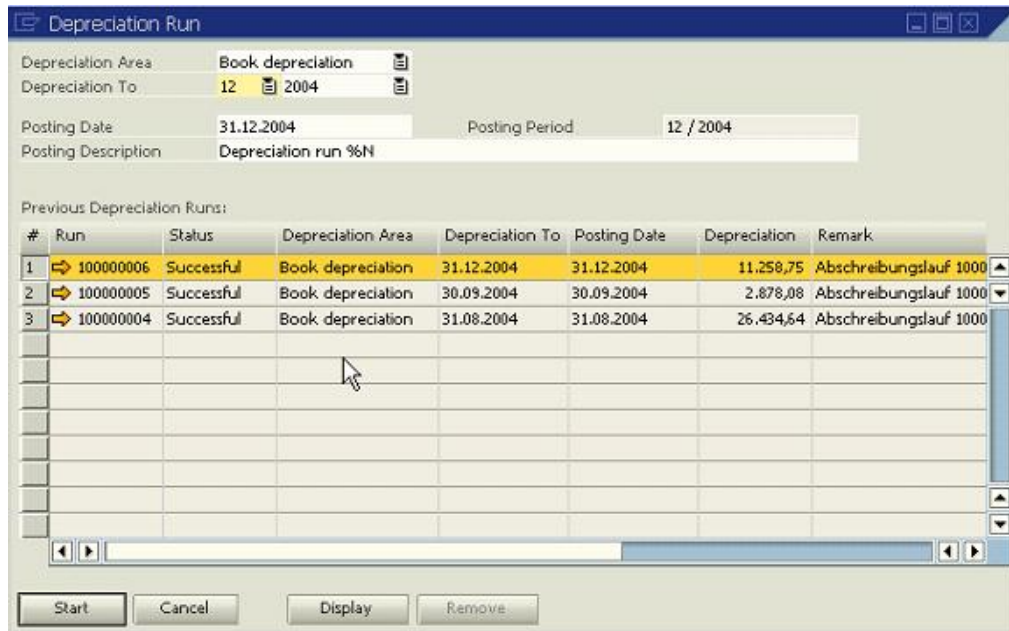
CAUTION

The depreciation run in the Fixed Assets add-on for SAP Business One currently does not include profit centers. Therefore, after the depreciation run is completed, you have to add the profit centers to the journal entries manually.



NOTE

If you use the gross value method for depreciation, even though it has a credit balance, the balance sheet account for accumulated depreciation must be included in the balance on the assets side. With this method, the total balance of both accounts – the asset accounts and the accumulated depreciation accounts – represents the actual asset value.



Depreciation Run

Depreciation Area: Book depreciation
 Depreciation To: 12 2004
 Posting Date: 31.12.2004 Posting Period: 12 / 2004
 Posting Description: Depreciation run %N

Previous Depreciation Runs:

#	Run	Status	Depreciation Area	Depreciation To	Posting Date	Depreciation	Remark
1	100000006	Successful	Book depreciation	31.12.2004	31.12.2004	11,258,75	Abschreibungslauf 1000
2	100000005	Successful	Book depreciation	30.09.2004	30.09.2004	2,878,08	Abschreibungslauf 1000
3	100000004	Successful	Book depreciation	31.08.2004	31.08.2004	26,434,64	Abschreibungslauf 1000

Start Cancel Display Remove

Valuation of Foreign Currencies

The valuation of realized exchange rate differences occurs automatically for payments and receipts. On the closing date, however, the following items normally still need to be revalued according to a period-end rate:

- Open receivables
- Open payables
- Bank balances for bank accounts that are held in foreign currencies
- Balances for any other G/L accounts in foreign currencies

You can use the exchange rate differences function to revalue these stocks.



EXAMPLE

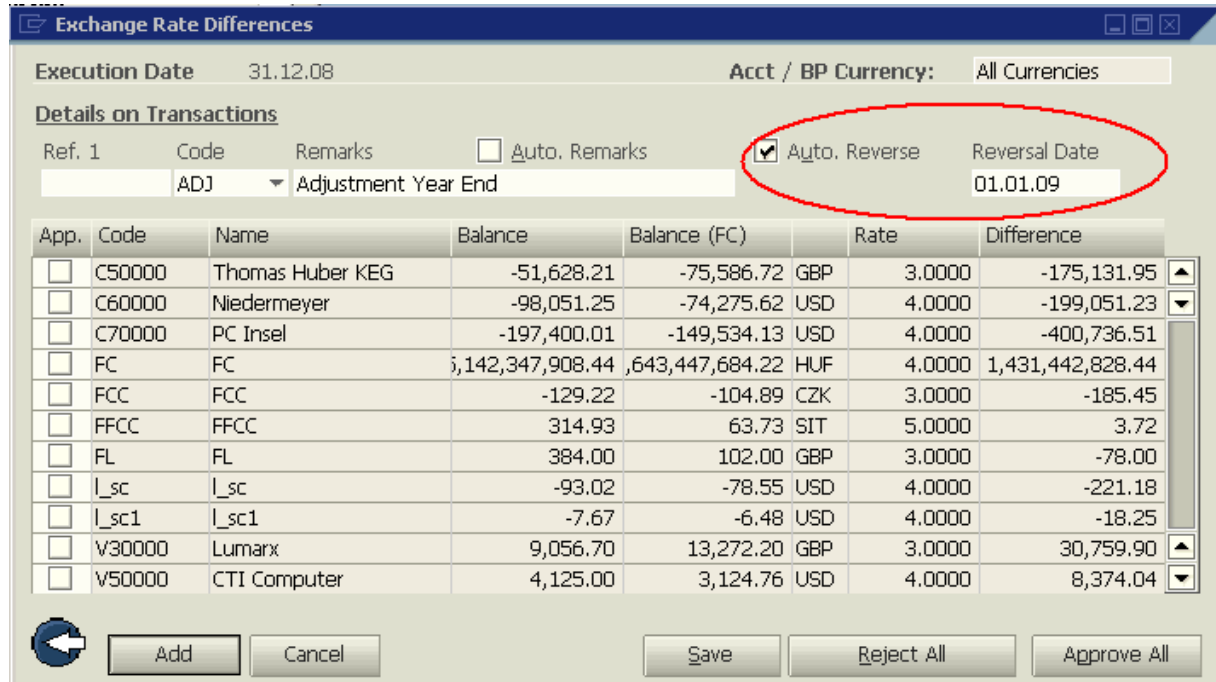
Financials → Exchange Rate Differences

In some countries, foreign currencies are valued according to the imparity principle.

To request that only losses or only profits relating to the current exchange rate be evaluated, select the respective value in the Data Side dropdown list. Select the required option according to the business transaction.

For G/L accounts, the Exchange Rate Differences report displays by default all accounts that have received foreign currencies. However, you can opt to select only accounts relevant for valuation.

We recommend that you create an automatic reverse posting on the first day of the subsequent period.



Execution Date 31.12.08 Acct / BP Currency: All Currencies

Details on Transactions

Ref. 1 Code Remarks Auto. Remarks Auto. Reverse Reversal Date

ADJ Adjustment Year End 01.01.09

App.	Code	Name	Balance	Balance (FC)		Rate	Difference
<input type="checkbox"/>	C50000	Thomas Huber KEG	-51,628.21	-75,586.72	GBP	3.0000	-175,131.95
<input type="checkbox"/>	C60000	Niedermeyer	-98,051.25	-74,275.62	USD	4.0000	-199,051.23
<input type="checkbox"/>	C70000	PC Insel	-197,400.01	-149,534.13	USD	4.0000	-400,736.51
<input type="checkbox"/>	FC	FC	3,142,347,908.44	3,643,447,684.22	HUF	4.0000	1,431,442,828.44
<input type="checkbox"/>	FCC	FCC	-129.22	-104.89	CZK	3.0000	-185.45
<input type="checkbox"/>	FFCC	FFCC	314.93	63.73	SIT	5.0000	3.72
<input type="checkbox"/>	FL	FL	384.00	102.00	GBP	3.0000	-78.00
<input type="checkbox"/>	I_sc	I_sc	-93.02	-78.55	USD	4.0000	-221.18
<input type="checkbox"/>	I_sc1	I_sc1	-7.67	-6.48	USD	4.0000	-18.25
<input type="checkbox"/>	V30000	Lumarx	9,056.70	13,272.20	GBP	3.0000	30,759.90
<input type="checkbox"/>	V50000	CTI Computer	4,125.00	3,124.76	USD	4.0000	8,374.04

Buttons: Add, Cancel, Save, Reject All, Approve All

CAUTION

We recommend that you check the suggested accounts carefully. Very often, you have to differentiate between realized and unrealized exchange rate differences. The system default shows the accounts that are set in the account determination setup and the accounts are normally set for realized exchange rate differences.

If revaluation is also required for the system currency, you should perform this separately. SAP Business One provides the conversion differences function for this purpose.

EXAMPLE

Financials → Conversion Differences

Material Valuation

In most countries, regulations affecting year-end closing dictate how warehouse stocks are valued.

If you do not use the perpetual inventory system, you can use the Inventory Valuation report to support the following valuation types:

- Moving average
- Standard price
- FIFO

EXAMPLE

Reports → Inventory → Inventory Valuation Report

In some countries, material valuation is generally based on the lowest value principle. To perform material valuation according to this principle in SAP Business One, proceed as follows:

1. In Microsoft Excel, manually create a list with the lowest value prices.
2. Load these prices as a price list into SAP Business One.
3. Perform the valuation of warehouse stock according to this price list.
4. Compare the values determined in the report with the inventory values determined in the system, and manually post the discrepancies between them.

These accumulated adjustment postings could be entered in specific accumulated adjustment accounts (in balance sheet accounts and P&L) on the last day of the period. Here we again recommend that you identify these values (by defining a transaction code) and reverse them on the first day of the subsequent period.

**NOTE**

Depending on your local legislation, if you do not evaluate based on the lowest prices, you can use the same procedure with any other price list.

**CAUTION**

You must manually ensure that the figures are reproducible using the appropriate printouts.

You must also document the method for determining the valuation price in a manner such that it can be reproduced (external to Business One).

As a prerequisite for material valuation, you must complete inventory counting, inventory accounts, and correct all differences.

Valuation of Completion of Production Orders and Projects

Depending on the scenario, either the WIP has to be recognized by a manual journal entry or it is already posted automatically by the system.

**NOTE**

Scenario 1: Open production orders with the component issue method *backflush*

In this case, you must post the WIP manually:

1. Determine the components of all open production orders, sorted by item, original warehouse, issue method *backflush*, and evaluated by the correct item costs for each item.
2. Perform a manual adjustment journal entry for the total of all WIP items for each stock account and transfer this value from the inventory to the WIP account.
3. Reverse this adjustment entry at the beginning of the new fiscal year.

Scenario 2: Open production orders with component issue method *manual*

In this case, each component value has been already posted to the WIP account.

**CAUTION**

The WIP in SAP Business One only relates to the direct material costs (value of the components). It does not include any overheads or any other production or labor costs. If you do activate it, you must enter the overheads and any production costs manually.

You can generate the Open Items List report by production orders as a basis for evaluating the quantities planned, completed, rejected and open of the released (but not closed) production orders.

**EXAMPLE**

Reports→*Production* → *Open Items List*

For more complex production orders (including production costs and so on), you may have to include in the concept the estimation of production and the corresponding posting of inventory changes or goods in progress, especially if this has not already been taken into account in an add-on.

Allowances

You must perform any other allowances manually with an adjustment journal entry, for example, allowances for doubtful accounts receivable.

Provisions

There are no functions available to delete or create provisions, for example, pension or vacation provisions. Therefore, you must calculate and post provisions manually.

Accruals

To ensure that the balance is represented correctly, you may have to perform additional analyses, for example, of receivables accounts or payables accounts, to be able to classify different maturities. In this case, you may need to transfer postings to a separate balance area using a clearing account.

Reporting

VAT Report

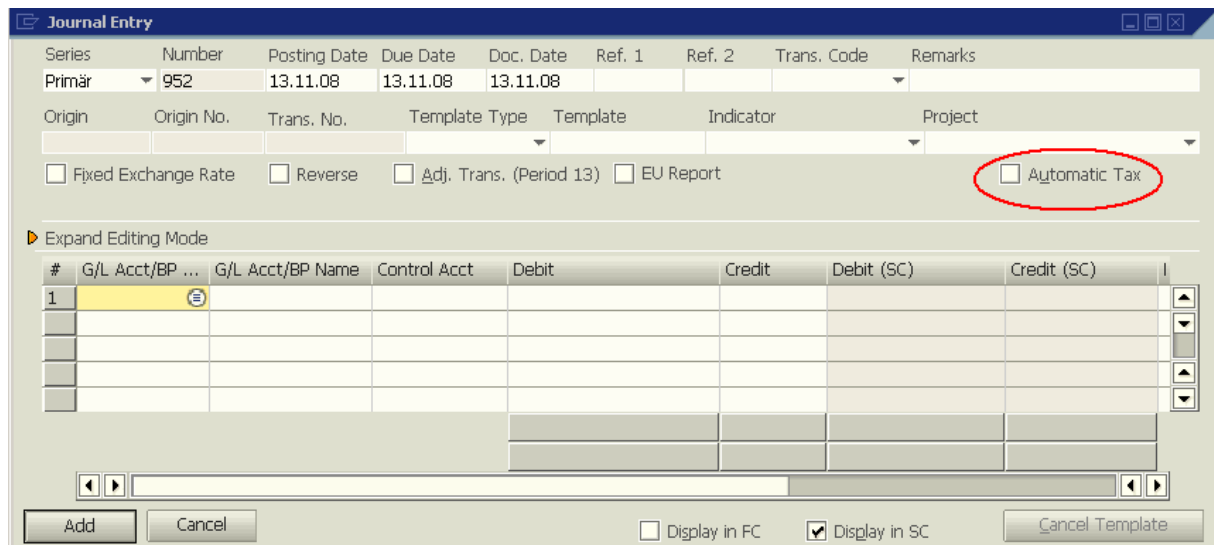
Depending on the localization, you can use the VAT report to help you calculate data for your sales tax return. Afterwards, you must manually transfer the resulting values to the sales tax return.



EXAMPLE

Reports → Financials → Accounting → Tax → Tax Report

You must manually post the transfer postings from the different tax accounts to one tax-payable account. The latter account represents a receivable or payable against the tax authority. To be able to perform this manual journal entry, in the *Journal Entry* window, deselect the *Automatic Tax* checkbox.



The screenshot shows the 'Journal Entry' window in SAP. The 'Automatic Tax' checkbox is circled in red. The window contains the following fields and options:

Series	Number	Posting Date	Due Date	Doc. Date	Ref. 1	Ref. 2	Trans. Code	Remarks
Primär	952	13.11.08	13.11.08	13.11.08				

Origin: Origin No., Trans. No., Template Type, Template, Indicator, Project

Fixed Exchange Rate
 Reverse
 Adj. Trans. (Period 13)
 EU Report
 Automatic Tax

Expand Editing Mode

#	G/L Acct/BP ...	G/L Acct/BP Name	Control Acct	Debit	Credit	Debit (SC)	Credit (SC)	I
1								

Buttons: Add, Cancel, Display in FC, Display in SC, Cancel Template



CAUTION

When you run the final tax report, select all tax codes and ensure that the error report contains no data.



CAUTION

If you use down payment requests, depending on the existence of open, unpaid final invoices related to down payment requests, you may need to enter a tax adjustment at the end of the year. Currently in SAP Business One, the tax and base amounts for the amount of the down payment request are corrected only upon payment of the final invoice. As a result, you must adjust these tax and base amounts with a manual journal entry by the end of the fiscal year and reverse them at the beginning of the new fiscal year. For this adjustment entry, you also need to ensure that the *Automatic Tax* checkbox is deselected (as shown above).

Tax Declaration Box Report

Depending on the localization, you can also use the Tax Declaration Box report to help you calculate data for your sales tax return. In this case, you must define the tax declaration boxes according to the reporting requirements of your tax form. You then need to transfer the resulting values manually to the sales tax return.

You must post manually the transfer postings from the different tax accounts to one tax payable account. For this manual posting, the same rule applies as described for the VAT report. The tax payable account represents a receivable or payable against the tax authority.



Reports → Financials → Accounting → Tax → Tax Declaration Box Report

Tax Reconciliation Report

You can use the Tax Reconciliation report to reconcile the reported tax amounts with your G/L postings.



Reports → Financials → Accounting → Tax → Tax Reconciliation Report



This report shows only transactions that have been entered starting with Release 2004. It does not show previous transactions from an upgraded database.

EU Sales List

A report is provided for determining data for the EU Sales List. After you run the report, you must manually transfer the values to the official form.



Reporting → Financials → Accounting → Tax → EU Sales Report



When you set up tax groups, it is important that you correctly enter the indicators *Triangular Deal* and *Goods Shipment* for the corresponding tax codes.

The values in the EU Sales List consider only the item values. You must manually add any additional freight costs or service values.

INTRASTAT

The Intrastat add-on for SAP Business One enables you to perform the Intrastat declaration for internal European business transactions. The add-on documentation provides detailed information.

Documentation



NOTE

The prerequisite for accuracy and completeness of reports is that you correctly assign all accounts in the chart of accounts to the hierarchies. The same also applies for the financial report templates.



CAUTION

You can mention journal vouchers in the balance sheet, the profit and loss statement, and in the Trial Balance report. Be sure to close all journal vouchers before you run the year-end closing.

Balance Sheet

You can create a financial report template for displaying the balance sheet that enables you to represent the data in different forms, as required. When you print the balance sheet, you can choose between a T-account display and a vertical report form.



EXAMPLE

Reports → Financials → Financial → Balance Sheet



NOTE

To print the Balance Sheet report without journal entries for year-end closing adjustment, select the *Ignore Adjustments* checkbox.

If you want to print the Balance Sheet report at the end of the year, after the year-end closing transaction has been executed, select the *Add Closing Balances* checkbox. In this way, the balance sheet shows the balance of the period-end closing account.



CAUTION

To print the balance sheet from the previous fiscal year correctly with the posted values of the year-end closing account, you must select the *Add Closing Balances* checkbox. This shows the result of the fiscal year you are closing in the period-end closing account. It also shows the balance of the previous fiscal years in the retained earnings account.

This occurs because the period-end closing transaction posts the result of the period to the period-end closing account with the last day of the fiscal year as the posting date. Additionally, this routine creates a second posting, whereby this result is taken again from the period-end closing account and posted to the retained earnings account. This is done with the first day of the new fiscal year as the posting date. As a result, the balance of the period-end closing account shows the result of the year to be closed, while the balance of the retained earnings account shows the result of the previous fiscal years.

To analyze discrepancies in the balance sheet, you can proceed as follows:

- i. Start a totals list and a list of balances (Trial Balance) as a monthly report.
- ii. Determine in which month the first discrepancies occur:
- iii. Start the General Ledger report and test the different transactions with the *Expanded* button chosen, or use the Document Journal report, which provides a clearer overview by also allowing you to display totals for credit and debit.

Profit and Loss Statement

To display the profit and loss statement (P&L), you can also create a financial report template to display the data in the format required.



Reports → Financials → Financial → Profit and Loss Statement



CAUTION

If you want to print a P&L at the end of the year, after the balance transaction has been executed, ensure that the *Add Closing Balances* checkbox is not selected. Otherwise, the P&L will be zero, since all P&L accounts would be closed by the period-end closing routine with the posting date of the end of the fiscal year.

If you print the P&L at the beginning of the new fiscal year after processing the year-end closing transactions, the *Add Closing Balances* checkbox must be selected in order to show zero balances in the current year.

Trial Balance

You can also create a financial report template to display the totals list and a list of balances (Trial Balance) in the format required.



EXAMPLE

Reports → Financials → Financial → Trial Balance



NOTE

To display the *Opening Balances* column, under the *Display in Report* section select the *Opening Balance for Period* checkbox and then the *OB from Start of Company Activity* radio button. This displays the opening balances after the year-end closing has been processed as of the first day of the reporting period.

The *OB from Start of Fiscal Year* radio button lets you show opening balances if they were entered using the opening balances utility.

Other Reports

Journal

Here you can generate the Transaction Journal report for *All Transactions*.



Reports → Financials → Accounting → Transaction Journal Report

Account Itemization for Balance Sheet and P&L

To view this itemization, print the balance or the P&L of the lowest level account.



Reports → Financials → Financial → Profit and Loss Statement

Account Statement List for Customers and Vendors

In the Trial Balance report, you can select business partners. Individual vendors and customers are displayed in Level 5. Business partners are also displayed according to customer group/vendor group.

If you want to print the customers and vendors separately, select *None* for the customer group or vendor group that you do not want to print.

Open Items List

You can use the Aging reports for business partners to generate a list of open items.



Reports → Financials → Accounting → Aging → Customer Receivables Aging

Reports → Financials → Accounting → Aging → Vendor Liabilities Aging

Account Statements

You can use the General Ledger report to generate account statements for individual accounts and individual business partners.



Reports → Financials → Accounting → General Ledger

Asset History Sheet

If you are using the Fixed Assets add-on for SAP Business One, you can print the Asset History Sheet report for the appendix of the year-end documentation.



Financials → Fixed Assets → Asset History Sheet

**CAUTION**

Since the Asset History Sheet report in SAP Business One shows values calculated according to the depreciation information, you must reconcile the fixed asset accounts before you run the report. In this way, you ensure that the values shown in the Asset History Sheet report correspond to the values posted.

To obtain a detailed presentation of all acquisitions, retirements, transfers, and write-ups, you can use the accounting reports based on the journal entries. You can identify journal entries originating in the Fixed Assets add-on by the reference “/SBOFA” in the *Ref1* field and the detailed description.

Inventory Listing

To present a detailed list of your inventory values, use the Inventory Valuation report run on the price list with year-end item costs. For information about this report, see the description of the inventory account reconciliation, above.

**EXAMPLE**

Reports → Inventory → Inventory Audit Report

Valuation According to Other Accounting Principles

You must perform valuation by any other generally accepted accounting principles using manual transfer postings. This document does not cover this procedure.

Series	Number	Posting Date	Due Date	Doc. Date	Ref. 1	Ref. 2	Trans. Code	Remarks
Primär	952	13.11.08	13.11.08	13.11.08				

Origin: Origin No. Trans. No. Template Type Template Indicator Project

Fixed Exchange Rate
 Reverse
 Adj. Trans. (Period 13)
 EU Report
 Automatic Tax

Expand Editing Mode

#	G/L Acct/BP ...	G/L Acct/BP Name	Control Acct	Debit	Credit	Debit (SC)	Credit (SC)

You can exclude adjustment postings from financial reports such as balance sheets, trial balances, P&L statements, the general ledger, and the document journal.

Fiscal Year Change and Fixed Assets

Once you create new periods in SAP Business One, they can be automatically transferred to the Fixed Assets add-on. To do this, access the definition of the fiscal years in the Fixed Assets add-on and choose *Refresh*.



Administration → *Definitions* → *Fixed Assets* → *Fiscal Years*

At the end of the fiscal year, after fixed assets have been reconciled, you perform a fiscal year change. As a result, all fixed assets are carried forward into the new fiscal year. When you perform the fiscal year change, select the *Close Fiscal Year* option to close the previous fiscal year.

After you perform the fiscal year change, you can only add transactions for fixed assets into a new fiscal year. This fiscal year change is effective for Fixed Assets add-on only; it does not have any effect on other SAP Business One modules.



Financials → *Fixed Assets* → *Change Fiscal Year*

Period-End Closing

To carry forward the balances of the P&L accounts to the corresponding account in the balance sheet (or several different balance sheets), you can use the period-end closing function. You can store the results initially as a report and then post them at a later stage.

If you make postings after the balances carried forward have been entered, you need to restart the period-end closing routine to include these subsequent postings.



EXAMPLE

Administration → *Utilities* → *Period-End Closing*



NOTE

When the balance is carried forward, the balances of the P&L accounts are posted to a clearing account on the same day (the last day of the period). Therefore, the balances are reduced to zero. On the first day of the subsequent period, the clearing account is posted to the corresponding balance carried forward to the account in the balance sheet.



NOTE

You can specify the same account in both *Retained Earnings Account* and *Period-End Closing Account* fields in the *Period-End Closing – Selection Criteria* window. For example: an account named **Profit or Loss of Fiscal Year**.



CAUTION

Before the balance is carried forward, check the accounts in the P&L appendix, and, if necessary, do not carry these forward (for example, if they are statistic accounts).

There are localizations (AT, BE, CL, CR, CZ, ES, FR, GT, HU, IT, MX, PT, SK), where it is also possible to carry forward the balances of balance sheet accounts, and business partners. In this case, for an easier audit of the journal entries we recommended that you run the tool three times, as follows:

1. In the *Period-End Closing – Selection Criteria* window, select only the *BP* checkbox (do not select the *Accounts* checkbox)
2. Select only the *Accounts* checkbox and then select the balance sheet drawers only
3. Select only the *Accounts* checkbox and then select the profit and loss drawers only

Please refer to country specific documentation for further information

Closing the Period

Setting the current period only applies to one workstation. This means that you can use the authorization for period definition to control which users can define a period as current.



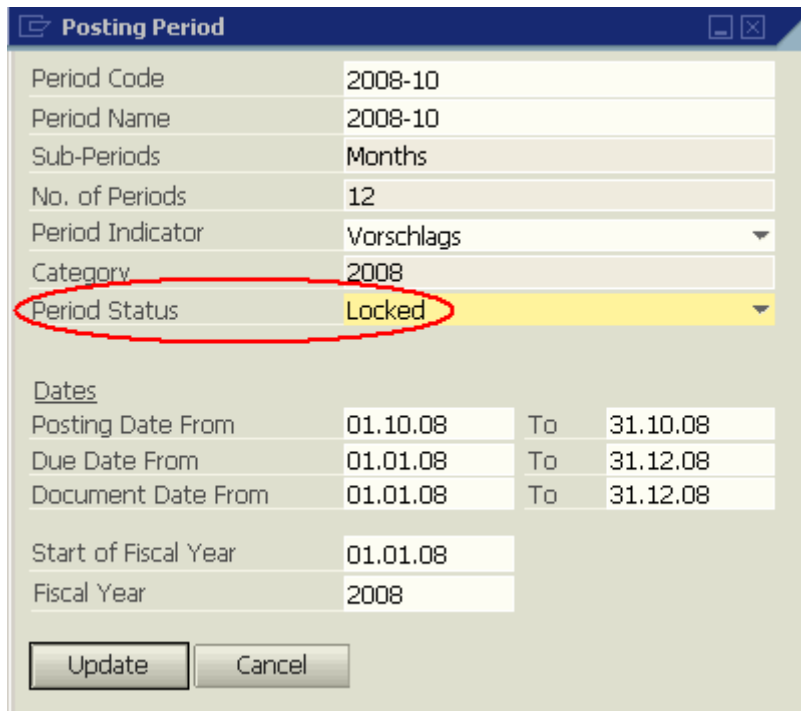
EXAMPLE

Administration → System Initialization → Posting Periods



NOTE

You can protect a closed period against accidental postings by assigning it the status *Locked*.



Posting Period			
Period Code	2008-10		
Period Name	2008-10		
Sub-Periods	Months		
No. of Periods	12		
Period Indicator	Vorschlags		
Category	2008		
Period Status	Locked		
Dates			
Posting Date From	01.10.08	To	31.10.08
Due Date From	01.01.08	To	31.12.08
Document Date From	01.01.08	To	31.12.08
Start of Fiscal Year	01.01.08		
Fiscal Year	2008		
Update Cancel			



NOTE

For more information about posting periods in SAP Business One 2007, see "How To Work with Multiple Open Posting Periods" at <http://channel.sap.com/sbo/documentation>.

Checklist

No.	Task	Responsible	Date	Completed
1	Entry deadline for orders and purchase orders All orders and purchase orders for the old period should be entered in the system.			<input type="checkbox"/>
2	Perform preparation work <ul style="list-style-type: none"> • Document numbering • Completeness of transactions • Negative stock • Payment runs • Statistical and clearing accounts 			<input type="checkbox"/>
3	Posting deadline for A/P and A/R <ul style="list-style-type: none"> • Invoices • Credit memos • Deliveries • Returns 			<input type="checkbox"/>
4	Perform inventory counting			<input type="checkbox"/>
5	Posting deadline for all sub ledgers			<input type="checkbox"/>
6	Close period Period Status = Closing Period			<input type="checkbox"/>
7	Create new periods for the new fiscal year Set the new period as current.			<input type="checkbox"/>
8	Perform reconciliation <ul style="list-style-type: none"> • Business partners • Fixed assets • Bank and cash accounts • Allocation and expense clearing accounts • Inventory accounts 			<input type="checkbox"/>

No.	Task	Responsible	Date	Completed
9	Determine accruals and valuation <ul style="list-style-type: none"> • Accruals • Assets under construction • Depreciation • Valuation of foreign currencies • Material valuation • Work in progress • Allowances 			<input type="checkbox"/>
10	Provisions and transfer postings			<input type="checkbox"/>
11	Posting deadline for general ledger			<input type="checkbox"/>
12	Period-end closing <ul style="list-style-type: none"> • Document numbering • New periods • Fiscal year change in fixed assets • Period-end closing 			<input type="checkbox"/>
13	Final closing of the old period Period Status = Locked			<input type="checkbox"/>
14	Reporting Create and print reports			<input type="checkbox"/>

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