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# Year-end Procedures

## Table of Contents

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<b>Chapter 1: Year-end Procedures Overview</b>	<b>791</b>
Preparing to close your fiscal year or payroll year	791
Closing a fiscal year and starting a new one	795
Closing a payroll year and starting a new one	797
Optimizing and verifying your company file	797
<b>Chapter 2: Closing a fiscal year and starting a new one</b>	<b>799</b>
To close a fiscal year	799
<b>Chapter 3: Closing a payroll year and starting a new one</b>	<b>802</b>
To print W-2 forms	802
To print 1099 statements	805
To close a payroll year	807
To enter or change amounts that print on a 1099 statement	809
To enter or change amounts that print on a W-2 form	810
Troubleshooting printing 1099 statements	810

## Chapter 1

# Year-end Procedures Overview

At the end of each fiscal 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 W-2 forms and 1099 statements--each January, as well.

For many companies, the fiscal year and the calendar year are the same. That is, their business year begins on January 1st and ends on December 31st. Other companies choose to begin their fiscal year at some other time; for example, businesses whose sales are cyclical often choose to start the fiscal 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 fiscal 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 fiscal or payroll year.

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

**Payroll** In AccountEdge the payroll year **must** be closed before you can record the first paycheck for the new payroll year.

To learn the current payroll year of your AccountEdge company file and other general payroll information, choose General Payroll Information from the Setup menu.

**Fiscal** AccountEdge doesn't require that you close your fiscal year at any particular time. You can continue to use AccountEdge for up to 12 months after the last month of your current fiscal year without concern, since AccountEdge allows you to track information for the previous, current and next fiscal years. (If you don't close your fiscal year at the end of your current fiscal 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 fiscal year in the first month of the new fiscal year, but the choice is yours.

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

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 AccountEdge **before** you begin closing the year. That way, you can avoid making adjusting General 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 752.

If your accountant requests an electronic copy of your accounting records, you can use MYOB AccountEdge 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 820.

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

You can use AccountEdge to print W-2 forms for your employees and 1099 statements for your vendors to use at tax time.

Information for W-2 forms and 1099 statements is tracked using the Current Payroll Year for your company file. To learn the current payroll year of your AccountEdge company file and other general payroll information, choose General Payroll Information from the Setup menu.

You must print W-2 forms and 1099 statements before you close the payroll year and begin the new one. We strongly recommend that you make a backup of your AccountEdge company file after printing these statements and before closing the year. Once the year is closed, detailed payroll information is no longer available and W-2 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.

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.

You can enter or change amounts that print on W-2 forms and 1099 statements by manually adjusting the amounts that were calculated by AccountEdge. If, for example, you wish to print a 1099 statement for a vendor whom you haven't designated a 1099 vendor, you can enter the amounts you wish to print on the 1099 statement for the vendor. The changes won't affect transactions or reports in AccountEdge; the changes will only print on the W-2 forms and 1099 statements. You can also choose to revert to the amounts calculated by AccountEdge.

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

*“To print W-2 forms” on page 802*

*“To enter or change amounts that print on a W-2 form” on page 810*

*“To print 1099 statements” on page 805*

*“To enter or change amounts that print on a 1099 statement” on page 809*

*“To set up a vendor as a 1099 vendor” on page 623*

*“Troubleshooting printing 1099 statements” on page 810*

### **Backing up your MYOB AccountEdge company file**

Another very important task you must complete before you close a fiscal year or payroll year is to perform a backup. After you start a new fiscal 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 fiscal 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 optimize and verify your company files for errors before you begin the process to start a new payroll or fiscal year. Optimizing and verifying your company file can catch minor inconsistencies in your company's company file before they cause serious problems. For more information see “Optimizing company files” on page 653 and “Verifying company files” on page 654.

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

*“To make a backup” on page 660*

*“To restore a backup” on page 662*

## Closing a fiscal year and starting a new one

Closing a fiscal year is an important process in AccountEdge, 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, AccountEdge takes care of nearly all these processes automatically.

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

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

- The previous fiscal 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 fiscal year can be changed so it ends in a different month than the previous fiscal year. (If you choose to make this change, check with an accountant about how to report information for a "short" fiscal year.)
- If you wish, the new fiscal year can be changed so it contains 13 accounting periods. If your previous fiscal year used 13 periods but you didn't make any entries in the 13th period, you can also change your new fiscal year so it contains only 12 accounting periods.

Things that *don't* happen when you start a new fiscal 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 fiscal 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 fiscal year included in the file. For example, if your company file is named MYDATA, you might name the historical file MYDATA01. 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 660 and "To restore a backup" on page 662.

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

*"To close a fiscal year" on page 799*

*"To make a backup" on page 660*

*"To restore a backup" on page 662*

## **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.

Since W-2 and 1099 information is tracked using pay history, you must print W-2 forms and 1099 statements before you close the previous payroll year and start the new one. To learn the current payroll year of your AccountEdge company file and other general payroll information, choose General Payroll Information from the Setup menu. For more information see “To print W-2 forms” on page 802 and “To print 1099 statements” on page 805.

We strongly recommend that you make a backup of your AccountEdge company file after printing these statements and before closing the year. Once the year is closed, detailed payroll information is no longer available and W-2 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.

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 660 and “To restore a backup” on page 662.

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

*“To close a payroll year” on page 807*

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

## **Optimizing and verifying your company file**

After you start a new fiscal or payroll year, we recommend that you optimize and verify your company file. Optimizing 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 optimize and verify a company file for use with AccountEdge 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 optimization and verification to take some time.

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

*“To optimize a company file” on page 667*

*“To verify your company file” on page 665*

## Chapter 2

# Closing a fiscal year and starting a new one

## Closing a fiscal year and starting a new one

### ▶ To close a fiscal year

If you haven't already read the Year-end Procedures Overview, see "Preparing to close your fiscal year or payroll year" on page 791 for more information.

Please note that this task requires single-user access. See "Single-user file locking" on page 719 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 fiscal year!**

It's very important that you make a backup before continuing. After you start a new fiscal 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 fiscal 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 Fiscal Year from the sub-menu that appears.
4. Follow the instructions that appear on your computer screen.

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

Once you've established your fiscal year, you are legally limited in your ability to make changes to it. For example, if your fiscal year begins on February 1st, you may not be able to move it to March 1st. Consult your accountant or an MYOB Certified Consultant before considering any such change. (To locate an MYOB Certified Consultant in your area, see <http://www.myob.com/us/service/consultants/index.htm>.)

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

5. After you start a new fiscal year, we recommend that you optimize and verify your company file. Optimizing 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: Optimizing and verifying may take a while**

The amount of time needed to optimize and verify a company file for use with MYOB AccountEdge 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 optimization and verification to take some time.

See also:

“To optimize a company file” on page 667

“To make a backup” on page 660

“To restore a backup” on page 662

“To verify your company file” on page 665

## Chapter 3

# Closing a payroll year and starting a new one

## Printing payroll forms

### ▶ To print W-2 forms

We suggest you read “Printing year-end payroll forms” on page 793 in the Year-end Procedures Overview for additional information about this topic.

**Note: W-2 and 1099 information is tracked using the Current Payroll Year entered for your company file**

To learn the current payroll year of your MYOB AccountEdge company file and other general payroll information, choose General Payroll Information from the Setup menu.

**Warning: You must print W-2 forms and 1099 statements before you close the payroll year and begin the new one**

We strongly recommend that you make a backup of your AccountEdge company file after printing these statements and before closing the year. Once the year is closed, detailed payroll information is no longer available and W-2 forms, 1099 statements 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.

The Set Up W-2 window should be displayed.

1. If you wish, make entries at the top of the window for your control number and employer ID number.
2. Most of the boxes on the W-2 are already set for you by AccountEdge. In the scrolling list on the left side of the window are the titles of boxes numbered 10 through 14. If you *don't* need AccountEdge to calculate the amounts for these boxes continue to step 4. If you need AccountEdge to calculate the amounts for these boxes continue with steps 2 and 3.

Take a look at the two scrolling lists in the bottom half of the window. In the scrolling list on the left side of the window, each box numbered 10 through 14 on the W-2 form is represented by a field in the list (labeled "W-2 Boxes"). Each of these fields contains a box title and number as it appears on the form. In the scrolling list on the right side of the window, the wages, deductions and taxes that are used to calculate each of the boxes is displayed.

Notice when you click a field in the scrolling list on the left side of the window the title of the scrolling list on the right side of the window changes to reflect the name of the field you clicked on the left. In the next step, you'll use this functionality to mark the elements that will be used to calculate each W-2 box.

3. Highlight a W-2 box name in the scrolling list on the left side of the window, then click the wages, deductions and taxes in the scrolling list in the right side of the window that should be used to calculate the total amount for the box you chose on the left.

When you select a wage, deduction or tax in the scrolling list on the right side of the window, a mark will appear in that item's Select column. If you need to unmark an item you mistakenly selected in the right side of the window, simply click the item's name again.

Follow this step for each box listed on the left.

4. Click OK to accept the entries you've made in this window. The Forms Selection window appears.
5. Choose to print forms for an individual employee or for all your employees.

If you choose All Employees, you can enter identifiers and ZIP codes to restrict your list of employees' form that you want to print.

6. Using the Selected Form field near the bottom of the window, choose the form layout you want to print.

**Warning: Be careful if you plan to customize W-2 forms**

Although you can customize your W-2 forms using AccountEdge, forms that don't match governmental guidelines won't be accepted. We recommend that you use the standard form setup.

7. Click OK to accept the entries you've made in this window. The Review W-2s Before Printing window appears. In this window you can choose specific forms to print, review and change information about each form you selected and mark employee status boxes that may apply.

To review and change the information about each form, click the zoom arrow before the name of the employee to open the W-2 Employee Information window. Any change you make to the amounts in this window will be reflected on the W-2 form. Click

the Recalc button to return the figures to the amount calculated by AccountEdge. In this window you can also mark special employee status boxes that may apply. Click OK to return to the Review W-2s Before Printing window.

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.

8. Click the Print button when you're finished.
9. After you've printed all the forms you need, we strongly recommend that you make a backup of your AccountEdge company file. Once the payroll year is closed, detailed payroll information is no longer available and W-2 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.

See also:

“To make a backup” on page 660

“To restore a backup” on page 662

## Printing 1099 statements

### ► To print 1099 statements

We suggest you read “Printing year-end payroll forms” on page 793 in the Year-end Procedures Overview for additional information about this topic.

**Note: 1099 and W-2 information is tracked using the Current Payroll Year entered for your company file**

To learn the current payroll year of your MYOB AccountEdge company file and other general payroll information, choose General Payroll Information from the Setup menu.



**Warning: You must print W-2 forms and 1099 statements before you close the payroll year and begin the new one**

We strongly recommend that you make a backup of your AccountEdge company file after printing these statements and before closing the year. Once the year is closed, detailed payroll information is no longer available and W-2 forms, 1099 statements 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.

The Forms Selection - Print 1099s window should be displayed.

1. Choose to print forms for an individual vendor or for all vendors.

If you choose All Vendors, you can enter identifiers and ZIP codes to restrict your list of vendors for whom 1099 forms will be printed. Be sure the 1099 Vendors Only selection is marked if you want to print forms for only the vendors who were assigned a 1099 status in the Credit Terms window. (In most cases, this option should be marked.

2. Using the Selected Form field near the bottom of the window, choose the form layout you want to print.

**Warning: Be careful if you plan to customize 1099 forms**

Although you can customize your 1099 forms using AccountEdge, forms that don't match governmental guidelines won't be accepted. We recommend that you use the standard form setup.

3. Click OK to accept the entries you've made in this window. The Review 1099s Before Printing window appears, and you can choose specific forms to print and review and change information about each form you selected.

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.

4. If you want to review or change the amounts that will be printed on a particular vendor's 1099 form, click the arrow that appears next to the vendor's name. The Vendor 1099 Information window appears. Make any changes you like, then click OK to return to the Review 1099s Before Printing window.
5. When you're ready to print the 1099 forms, click the Print button. The documents you've selected will be printed.
6. After you've printed all the forms you need, we strongly recommend that you make a backup of your AccountEdge company file. Once the payroll year is closed, detailed payroll information is no longer available and 1099 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.

See also:

"To make a backup" on page 660

"To restore a backup" on page 662

"To set up a vendor as a 1099 vendor" on page 623

"Troubleshooting printing 1099 statements" on page 810

"To enter or change amounts that print on a 1099 statement" on page 809

## 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 797 for more information.

Please note that this task requires single-user access. See "Single-user file locking" on page 719 for more information.

**Note: What is the current payroll year of your MYOB AccountEdge company file?**

To learn the current payroll year of your MYOB AccountEdge company file and other general payroll information, choose General Payroll Information from the Setup menu.

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 paychecks 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 W-2s, 1099 statements or 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 optimize and verify your company file. Optimizing 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: Optimizing and verifying may take a while**

The amount of time needed to optimize and verify a company file for use with AccountEdge 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 optimization and verification to take some time.

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

See also:

“To optimize a company file” on page 667

“To make a backup” on page 660

“To restore a backup” on page 662

“To verify your company file” on page 665

► **To enter or change amounts that print on a 1099 statement**

If you haven't already read the Year-end Procedures Overview, see “Printing year-end payroll forms” on page 793 for more information.

The Review 1099 Forms Before Printing window should be open.

1. Click the zoom next to the vendor whose amount you wish to change. The 1099 Vendor Information window appears.
2. Change the amounts you wish. An asterisk appears next to the amount to indicate the amount has been changed.

If you wish to revert to the original AccountEdge calculated amount, click the Recalc button.

## ▶ **To enter or change amounts that print on a W-2 form**

If you haven't already read the Year-end Procedures Overview, see "Printing year-end payroll forms" on page 793 for more information.

The Review W-2 Forms Before Printing window should be open.

1. Click the zoom next to the employee whose amount you wish to change. The W-2 Employee Information window appears.
2. Change the amounts you wish. An asterisk appears next to the amount to indicate the amount has been changed.

If you wish to revert to the original AccountEdge calculated amount, click the Recalc button.

## ▶ **Troubleshooting printing 1099 statements**

**Situation 1: \$0.00 is displayed for a vendor in the 1099 Vendor Information window.**

**Solution 1:** No payments have been made to the vendor since the vendor was designated a 1099 vendor. Only payments made to the vendor after the vendor is set up as a 1099 vendor will be tracked for the 1099 statement. If you set up a vendor as a 1099 vendor in the middle of the payroll year, for instance -- 1099 statements are based upon the payroll (calendar) year -- any payments made to the vendor before you set up the vendor as a 1099 vendor won't appear. To calculate the amount, you may wish to use the Vendor payments report. Customize the report for the period in the calendar year previous to the date you set up the vendor as a 1099 vendor and add that amount to the 1099 statement. If you wish to learn how to add those payments to the 1099 statement, see "To enter or change amounts that print on a 1099 statement" on page 809.

**Solution 2:** 1099 statement amounts are based upon the current payroll year entered for the company file. If the payroll year displayed in the General Payroll Information window isn't the year for which you want to print the 1099 statements, you must

change the payroll year to the current year by performing the Start a New Payroll Year process. To learn how to do this, see “Closing a payroll year and starting a new one” on page 797.

**Situation 2: No amount is displayed for a vendor in the 1099 Vendor Information window.**

**Solution:** This vendor has not been designated as a 1099 vendor. To learn how to set up a 1099 vendor, see “To set up a vendor as a 1099 vendor” on page 623. If you wish remove the vendor from the list in this window mark the selection 1099 Vendors Only in the previous window -- Forms Selection - Print 1099s window. If you wish to enter amounts for this vendor and print a 1099 statement, click the zoom arrow next to the vendor’s name. For more information, see “To enter or change amounts that print on a 1099 statement” on page 809.