Close Year and Start New Year

Module Guide: Close Year and Start New Year

Module Location

Settings > Accounting Settings > Closing > Close Year and Start New Year

Module Purpose

The **Close Year and Start New Year** module is the final and most crucial step in the accounting cycle. Its function is to formally close the books for the fiscal year that has ended and prepare the system for the next fiscal year. This process will automatically :?

- **Zero-out** the balances of all revenue and expense accounts (nominal/temporary accounts).
- Transfer the net profit or loss for the current year to the **Retained Earnings** account.
- Carry forward the ending balances of all balance sheet accounts (assets, liabilities, and equity) to become the **opening balances** for the new year.

1. Main View (Annual Closing Page)

This page is the control center for executing the year-end closing process. It provides a final checklist and the main action buttons.

View Explanation

- **Checklist**: Provides reminders of critical tasks that must be completed before running the year-end close :?
  - Asset Depreciation
  - Bank Reconciliation
  - Creating Adjustment Journals
- **Year Filter**: A dropdown menu to select the fiscal year that will be closed.
- **Action Buttons**:
  - **Annual Closing**: Likely a sub-process or a report related to the closing.
  - **Close Year & Start New Fiscal Year**: The main action button that will execute the entire annual closing process.

2. Steps for the Year-End Closing Process

- **Complete All Accounting Tasks**: Ensure all tasks on the checklist and all other accounting activities for the year have been completed and verified. This includes making sure all 12 monthly periods have been closed via the **Close Period** module.?
- **Perform a System Backup**: Before proceeding, it is highly recommended to perform a **full backup** of the company data. The year-end closing process is permanent and difficult to reverse.?

- **Select the Correct Year**: Choose the fiscal year to be closed from the **Year** dropdown.

- **Execute the Process**: Click the **Close Year & Start New Fiscal Year** button. The system will likely ask for confirmation again, as this is a very significant action.

- **Confirm**: Approve the confirmation message to begin the process. The system will then run the closing journal entries automatically.

3. Integrated Workflow & Business Process

- After the button is pressed, the system will automatically create one or more **closing entries**. This journal will debit all revenue accounts and credit all expense accounts to zero out their balances, with the difference (net profit/loss) being transferred to the Retained Earnings account that was defined in the **Account Link** module.?

- Once the process is complete, the closed fiscal year will become permanently **read-only**. No transactions can be added, changed, or deleted in that year.

- The closing balances of the balance sheet accounts (Assets, Liabilities, Equity) from the closed year will automatically become the **opening balances** for the new fiscal year.

4. Tips & Important Notes

- **Irreversible Action**: This process is generally irreversible. Ensure all figures are final and the financial statements have

been approved by management before running this module.

- **Importance of Backup**: Failing to perform a backup before this process could have fatal consequences if an error or interruption occurs mid-process.?

- **Strict Authorization**: This is the most critical accounting function. Access to this module must be strictly limited and should only be executed by the Head of Accounting or a System Administrator with authorization from top management.

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