

Period End Maintenance – Month / Year End

This help topic describes a recommended period-end procedure. In most cases an accounting period is equal to a calendar month. Year End procedures vary greatly according to the way the business works and you should liaise closely with your accountant in deciding the appropriate methods and nominal accounts to use when making year-end adjustments.

Tip: Please read this document fully as it answers a good many questions raised by our customers regarding period and year-end procedures.

Please review your backup strategy and ensure you have a good set of backup disks or tapes, adopt a rota for daily, weekly, monthly, yearly backups, and that you verify your backups have actually worked. Also make sure you know how to Restore data. Please see the Help screens, or our web site for a full description of Backup Procedures.

Please, please do not skip backups to save time - It is false economy, and you WILL regret it when one day something goes wrong.

General Procedure

1. Optionally run the **Tools** menu, **Check Data** option as a matter of course. This is good practice and will check all records and balances match up correctly and that there are no imbalances, e.g. on the Trial Balance, before you proceed with the Period End process. You are strongly advised to run Check Data at least every week. Not only does it show that the Millennium data is in good health, but it also quickly makes a “secret” backup of the database that OPSIS will sometimes use for support purposes. This database copy is strictly NOT to be viewed as a substitute for proper data backup procedures.
2. Make sure that you have posted all accounting entries for the current period. Also, allocate as much of the "unallocated cash" as you can so that the total is as low as possible.
3. Perform a reconciliation and final consolidation print for all office and client banks using the **Bank Account** window. Only mark items as **Presented** if they definitely show on the bank statement. **Tip: If in doubt mark as Unpresented.** When confirming to proceed with the consolidation you are asked if the report has printed correctly – do please make sure that the report has finished printing and you definitely know its alright before confirming the consolidation, i.e. it has not become screwed up in the printer. Note: Bank Reconciliation is not tied to month-end – it can be done at any time. However Law Society requirements request that bank reports are done at the same time as other month-end reports to prove that all figures agree and balance.
4. Ensure that all matters previously marked for closure are finally closed (see the Help topic in the Millennium program help screens for Matter Closure Process).
5. Run the following reports monthly:
 - Trial Balance:** Check that there is no imbalance on the system.
 - Matter Listing:** Run Accounting Balances Report 1, in which all totals must equal the master controls. Note: You **must run** the Matter Listing report before you complete the Period End procedure.

Monthly Accounts: This report shows the account transactions for the month.

Balance Sheet

Profit & Loss

New Matter Analysis

Closed Matter Analysis

Also run any other reports that you may require.

Year End reports are same as above, but you must run any additional reports you require to take a snapshot of figures at year end for auditing purposes, e.g.

Outstanding Bills, Unbilled Disbursements, etc. **It is important to take these reports at year-end because it is not possible to produce them at a later date.**

See Additional Notes below for further information regarding backdated postings.

6. Now you **must** backup your database.
7. Use the **Period Maintenance** window to move to the next accounting period or year. When moving to next year, **only click the Next Year button** (you do not need to also click Next Period). If the **Next Year** button is greyed out, this is because you have not closed the previous year.
8. Finally, run the **Accounting Year-To-Date** report.

Additional Notes:

A period can be **Closed** at any time you like, even up to a year later! Although this is not advisable because postings could accidentally be made into previous periods.

A period can be re-opened, and subsequently closed (see later notes).

Leaving period open so other staff can post into new period:

Sometimes the firm may prefer to leave a period open until you have received additional information such as bank statements in order to complete bank reconciliation. In this case it may be necessary to hold off closing the month, but other people in the company (e.g. fee earners) need to proceed with postings and time recording in the new month.

In this case you can use Period Maintenance to move to **Next Period** without closing the previous period (i.e. leave the Closed box un-ticked). This will default the posting programs to use the new period number for transactions.

You would need to be careful to back-date any postings intended for the previous month by changing the period number in the posting program, and also when you are ready to actually complete month-end you must remember to set the Period correctly in the report criteria settings before taking any month end reports such as Trial Balance, Monthly Accounts, Profit&Loss, VAT reports, etc.

YTD Report should only be taken after closing the period because fee earner stats are not written to YTD figures until the period is closed.

Note: It is a law society requirement to produce Bank Reconciliation reports at the same time as other month-end reports to prove that all system figures balance correctly.

Year End reports:

At year-end it is particularly important to produce any other additional reports you might require for auditing purposes. This is because the general matter accounting reports provide a snapshot of accounting figures at a particular point in time – they cannot be backdated.

Examples are:-

- Outstanding Bills
- Unbilled Disbursements
- Disbursements Paid by Client but Unpaid by Firm
- Client Cash Analysis
- Unallocated Cash
- Billed Disbursements Unpaid by Firm
- Aged Accounting

You should also bear in mind that if you produce these reports for your year-end auditing, but you subsequently make backdated postings into last year (i.e. you have moved into the new year, but left the previous year open to allow for such postings), any such postings effectively invalidate the reports you have produced, and you will need to make a manual adjustment by writing details of the postings onto the reports you printed, e.g. you retrospectively post bills or receive cash to pay bills.

Period End Maintenance Window

The period maintenance window shows what financial periods are open and allows you to do period and year ends.

Access this window from the financial menu: **View → Financial → Period Maintenance**.

2001			Period Status	2002		
Period	Last Posting	Closed		Period	Last Posting	Closed
1	17/05/2001	<input checked="" type="checkbox"/>		1	27/06/2002	<input checked="" type="checkbox"/>
2	17/07/2001	<input checked="" type="checkbox"/>		2	02/07/2002	<input checked="" type="checkbox"/>
3	02/10/2001	<input checked="" type="checkbox"/>		3	17/07/2002	<input type="checkbox"/>
4	02/10/2001	<input checked="" type="checkbox"/>	Current period ->	4	09/08/2002	<input type="checkbox"/>
5	05/10/2001	<input checked="" type="checkbox"/>		5		<input type="checkbox"/>
6	24/10/2001	<input checked="" type="checkbox"/>		6		<input type="checkbox"/>
7	27/11/2001	<input checked="" type="checkbox"/>		7		<input type="checkbox"/>
8	03/01/2002	<input checked="" type="checkbox"/>		8		<input type="checkbox"/>
9	28/01/2002	<input checked="" type="checkbox"/>		9		<input type="checkbox"/>
10	26/03/2002	<input checked="" type="checkbox"/>		10		<input type="checkbox"/>
11	03/05/2002	<input checked="" type="checkbox"/>		11		<input type="checkbox"/>
12	19/06/2002	<input checked="" type="checkbox"/>		12		<input type="checkbox"/>
13		<input type="checkbox"/>		13		<input type="checkbox"/>
14		<input type="checkbox"/>		14		<input type="checkbox"/>
15		<input type="checkbox"/>		15		<input type="checkbox"/>

Year closed Year starts in

Buttons: Help, Refresh, Next Period >, Next Year >, Close

The window shows two years worth of periods, last year on the left hand side and the current year on the right hand side. The date of the last posting is shown against each period.

There are 15 periods available in each year but you will normally use 12. The extra ones are provided for if you want to adjust your accounting year to start in a different month. There is also an *invisible* period 16 used specifically for keeping the year-end journal transfers to the clear-down accounts set for each nominal. This is to help identify and separate these automatic transactions.

*Please note: **Closing** a period is not the same as moving to **Next Period**. Read on to understand the difference between the **Closed** tick boxes compared to the **Next Period** or **Next Year** buttons.*

Closing Periods

Closing each period has the following actions:-

1. It prevents people accidentally posting to it any more.
2. It updates certain brought forward and YTD figures and analysis.
 - a) It posts journal transfers to the nominal clear-down accounts (in the special period 16).

- b) It updates YTD figures for the YTD Report.
- c) It updates New and Completes Matters analysis reports.
- d) It updates Fee Earner history analysis.
- A period can be Closed at any time you like, even up to a year later (though this is not advisable!).
- A period can be Re-Opened, and subsequently Closed.
- A period is **Closed** if there is a tick in the box next to it. Tick the box to close a period. Once a period is closed you cannot post into it – but you can re-open periods by clearing the tick in the box in case you need to post something backdated into a previous period. Just remember to close it again!

You would only Re-Open a closed period if you wanted to make postings into a previous period (obviously this would effectively invalidate any month-end reports you might have produced), but more often Re-Opening a period is used when changes have been made to Budget figures for various Expense, Fee Type, Fee Earner records which need to be written back into the YTD analysis figures before they will appear on the YTD report. This “writing back” only happens as part of CLOSING a period, and so after making such changes to Budget figures you simply Re-Open, then immediately Close again the periods in question.

If your Year to Date Report is not showing analysis of fees by Fee Earner or Executive or New & Completed Matters analysis does not show, then this is also probably because you have not closed the corresponding period. You need to do this for the analysis to be written.

Closing Year

You cannot close the last **Year** until you have closed all **Periods** for last year.

Before you close your year, consider the points discussed in the Accountants Adjustments section later in this document.

Closing the year will carry the nominal balances forward to the new year (in special period 16) or transfer them to a clear down account if the nominal has one set up. Certain types of nominal (e.g. Income) must have a clear-down account set up. Clear-down accounts help by reducing the need to make journal adjustments between nominal accounts that would otherwise clear down into the general liability or profit and loss accounts.

Warning: Once a year is closed **it cannot be re-opened**. Before you Close the year be sure you have set up all the required clear-down accounts and finished all postings to any periods for the year. You are strongly recommended to make a separate manual Year End Backup to keep separate and safe. This may come in useful for if anything goes wrong, or simply to restore and review accounts information in a couple of years time for auditing purposes.

The **Year closed** box specifies if last year (the year in the left hand column of the Period Maintenance screen) is closed. Tick the box to close the year. You will be given some warning messages asking if you have made a backup, and that the program will enter single-user mode. You must request other users to log out.

Once you have Closed the year you will find the brought forward figures now show in the various accounting reports. Period 16 is the special period number used to distinguish balances brought forward by the year-end process.

Note: Closing the year is not the same as moving to the Next Year. It only “completes” the year showing under the left hand column, whereas clicking the **Next Year** button moves the “*last year*” out of Period Maintenance, the “*current year*” becomes “*last year*” by moving from the right-hand to the left-hand column, and the “*new year*” now appears under the right-hand column. You will not be able to click **New Year** until you have Closed the last year if there were any last year figures, i.e. if the firm has been using Millennium for more than one year (the New Year button will be greyed out until you have Closed the last year).

After moving to the new year, your balances for the year you have just finished working in (now called “*last year*”) will not be carried forward into the “new year” until the last year is closed – but you don’t have to Close the year straight away (again see the Accountants Adjustments section later). **Closing** is not the same as **moving** into the new year!

Notes regarding year-end Trial Balance:

A question we often get asked at year end is; “*Why do my Trial Balance figures not match my Bank balances or Matter Listing totals?*”.

The reason is simply because you have probably not CLOSED the last year yet. You may have used Period Maintenance to close each PERIOD, and you may also have clicked the **Next Year** button, but you have not yet ticked the **Year Closed** box.

Really you shouldn’t compare figures on the Trial Balance with other reports such as Bank Reconciliation reports, or the Matter Listing, but rather compare the figures with the control figures shown only on the Trial Balance.

The explanation for the discrepancy is that when you have moved to the new year but not closed the year, the various control balances and nominal Brought Forward transactions have not yet been posted into the new year. This is only done when you tick Year Closed.

Until this is done the last year and the new year are effectively financially separate, and in effect to see the proper totals for Trial Balance you would need to print off last year period 12 trial balance, and new year period 1 trial balance and add the figures shown in each together! Of course you don’t really have to do that but this analogy explains the difference. So just remember to tick the Year Closed box after you have made any final year-end adjustments that you or your auditors deem necessary.

Starting Month

Specify the starting month of your financial year in the **Year starts in** box. This value is used when producing various Legal Aid documents that show the period as a month name. If you do not use Legal Aid document production you need not worry about this setting.

Next Period Button

To move to the next period use the **Next Period** button. It is strongly recommended that you make a backup of your data before you do this. If you are using the

Millennium backup system you will be asked if you want to make a backup automatically.

Warning: Do not click **Next Period** twice. This is in fact pretty difficult to do because of the warning messages you get. However on occasion some users have inadvertently advanced by two periods. This would cause the YTD Report figures to show incorrect Budget v Actuals figures, and the only way to correct this is to restore the data.

Note: Do not use the **Next Period** button to move to the next year! It would only take you into the next period, e.g. period 13. In other words, when doing the period 12 month end you use the **Next Year** button, **not Next Period**. The only exception to this is when you are making an adjustment to the month your year starts in, in which case you may want to deliberately move into period 13, 14 or 15. In any event you will be warned by the following message:

“You are about to move from period 12 to 13. Mostly you will only need 12 periods in the year. Are you absolutely sure you want more than 12 periods this year?”

Next Year Button

To move to the next year use the **Next Year** button. It is strongly recommended that you make a separate backup of your data before you do this. If you are using the Millennium backup system you will be asked if you want to make a backup automatically.

You must close all periods in the last year (left hand column) before you can close last year, **and** if you have been using Millennium for more than one year you must have closed last year before you can click the **Next Year** button.

Note: **Closing** the year is not the same as moving to the **Next Year**. It only completes the year showing under the left hand column, whereas clicking the **Next Year** button moves the “*last year*” out of Period Maintenance, the “*current year*” becomes “*last year*” by moving from the right-hand to the left-hand column, and the “*new year*” now appears under the right-hand column. You will not be able to click **New Year** until you have Closed the last year (the New Year button will be greyed out until you have done so).

Once you have moved to the new year, be quite sure you have produced all accounting reports you require before proceeding with postings. General matter accounting reports take a snapshot in time and cannot be backdated.

Setting up Year End clear-down accounts for Legal Aid SPAN accounts

Legal Aid block contracting SPAN accounts are classed as Output VAT and therefore are set up as **Income** type nominal accounts. However this insists on a clear-down account being set up.

Cashiers often set up these Civil and Criminal Legal Aid SPAN accounts to use the Profit & Loss year-end clear-down account, but this results in the SPAN accounts year end brought forward figures being mixed into the Profit & Loss clear-down account figures, which you probably will want to journal back out again.

The correct solution is, before you perform Year End, to set up two new YE clear-down a/c's to keep the brought forward figures separate from the Profit/Loss Clear-down account.

These will be ordinary **Nominal** type nominal accounts, and should be set up in the same region of the **Chart of Accounts** as the current SPAN a/cs, e.g. **Current Liabilities**.

Next, change the Civil and Criminal SPAN accounts to use the corresponding new YE clear-down accounts instead of the Profit&Loss clear-down.

Perform Year End as normal.

Accountants Adjustments

Any adjustments requested after your accountants have performed the year-end audit can be made either in period 12 of the year you intend to close, or period 1 of the new year.

Your accountants may be happy to work with you and use the Trial Balance and Balance Sheet reports to check through the accounts and make any adjustments into period 12, before you close the year. However the Brought Forward figures for the new year will not be carried forward until the previous year has been closed. If they need the Year to Date report as well then you will have to close the year and make the adjustments in period 1 of the new year. Again this is a matter of working preference as to whether you wish to tie-up all loose ends in the last year, or make adjustments in the new year.

Adjustments using Nominal Posting

Your accountant may ask you to make several adjustments to nominal accounts as part of the year-end process. They may request you to Debit some accounts (e.g. Building Improvements) and Credit others, and then adjust the profit and loss accounts to make the bank balance.

Your accountant should be made aware that it is not possible to post directly to certain special control accounts, e.g. Unpaid Fees or Unpaid VAT control accounts, Input or Output VAT control accounts (VAT adjustments should be made to the VAT Liability nominal), Disbursement control account.

To assist the process create a year-end adjustments nominal in the Chart of Accounts, under the **Capital & Reserves** section, and the **Reserves** sub-section as a **normal** nominal account. Name it simply “YE Adjustments Account”.

You can then use this nominal to make any adjustments which will keep the transactions separate from any bank accounts and after all adjustments between the various nominals and profit & loss accounts have been made it should result in a zero balance in the adjustments account.

Then use Nominal Postings for the adjustments:

Source a/c is the Nominal accounts you have been requested to adjust (tick **Nominal** in the posting program), tick **Payment** for Credits, and **Receipt** for Debits.

Destination account is the “YE Adjustments” nominal you just set up.

(Obviously if the adjustment involves a Bank instead, you should tick the **Bank** box for the **Source** account).

Make all postings as necessary.

Then for profit & loss adjustments use the appropriate profit & loss account as specified by the accountant, e.g. “Partners Capital”, as the **Source** account, choose Payment or Receipt as required, and use the “YE Adjustment” nominal again as the **Destination** account.