Preparing for Year End – August 2017

1. Introduction

The end of the school accounting year is drawing near and most schools have moved to the Sage 50 school accounts software program at this stage. Given that the Sage 50 year end procedures will be new to School accounts personnel, this guide is to assist with preparing for and getting through the Year end as quickly and efficiently as possible.

TAS no longer supported - Vital to purchase and move to Sage 50

For those handful of schools that are still using TAS we would advise to purchase Sage 50 as soon as possible to ensure that the school accounts are fully transferred to Sage for the next Academic year. We would also advise that as much preparatory work as possible should be carried out in Sage 50 in August so that the Chart of Accounts and the supplier list are ready in the Sage package for inputting the final Balances from Tas at 31.8.2017.

Once opening balances are inputted the year end procedure as outlined here can be ran in Sage 50 and this will be the final step in the transition to Sage 50 leaving it ready for the recording of all accounting transactions for the new academic year 2017/2018.

Remember that the TAS accounts package will no longer be supported by the FSSU as and from 31st August 2017 so it is vital that the Sage 50 Schools accounts program is fully in place for the next full financial year 2017/2018.

2. Managing the transition from TAS to Sage 50 – Year end implications

For those schools that moved from TAS to SAGE 50 mid-year, the year-end tasks will involve the accumulation and presentation of the school's accounts data from TAS and from Sage 50. Below we highlight the reports that will be required from both accounts packages to satisfy your Accountant that the TAS balances were transferred across correctly to Sage 50.

Reports required for Accountant to verify accuracy of data transfer to Sage 50

❖ *TAS Reports*

It will be important to produce the following reports from TAS as at the date the accounts were transferred across to Sage 50:

> ➤ The Trial Balance Periods 1 to transfer date (TD) to include BBF.
> ➤ The Profit and Loss, Actual & Budget Columns Periods 1 to TD, (menu 142).
> ➤ The bank reconciliation (442) reports for all Bank accounts
> ➤ The Balance Sheet Periods 1 to TD, (menu 142, tick BBF).
> ➤ Nominal Activity Report Periods 1 to TD (menu 132)
> ➤ Aged Supplier Ledger Report (only applicable to schools operating the purchase ledger on TAS)
> ➤ Aged Sales Ledger Report (only applicable to schools operating the sales ledger on TAS)

The following Sage 50 reports will verify the accurate transfer of opening balances:

1. Trial Balance

➢ Nominal Codes > Trial Balance >

➢ Select to period *date of opening balance transfer from TAS*
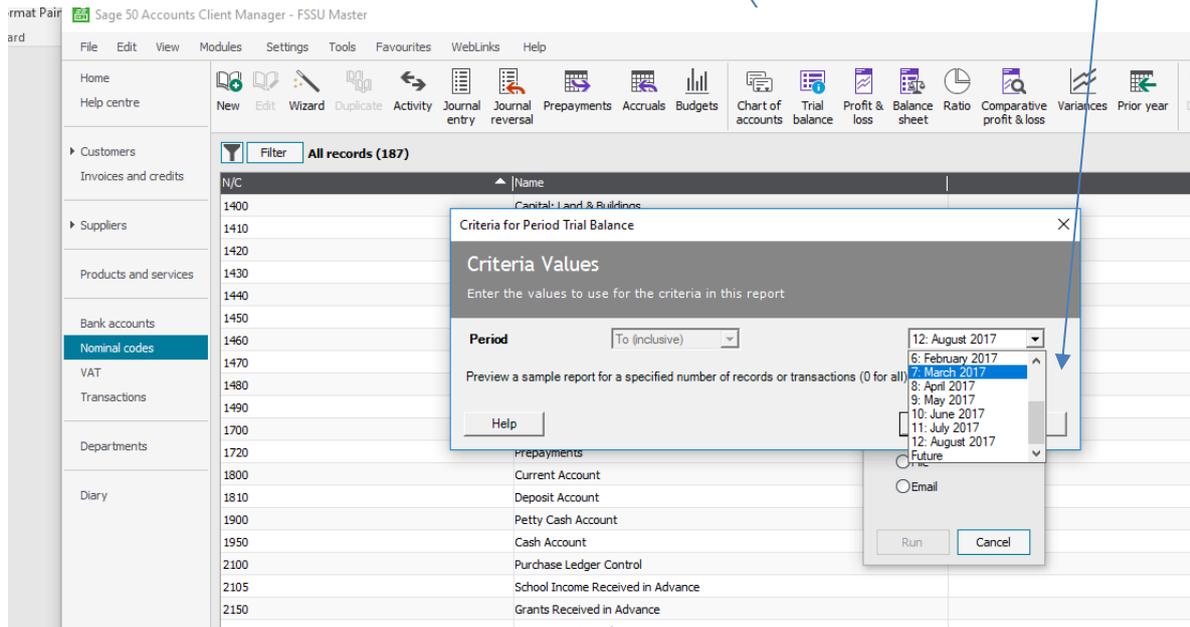
2. Bank Accounts > Activity

The activity report for the date of the opening balances will show the entries for the unreconciled transactions in the relevant bank accounts.

In the example below it shows the movements for March including the entries for the uncleared receipt and payments.

3. Overview and Timeline of Tasks in preparation for the Year end

By this time, you should have a few bank reconciliations completed successfully and will have produced the BOM reports from Sage thereby building confidence and gaining a proficiency in the use of Sage 50. It is important to continue to use Sage 50 regularly and to keep the data input up to date as this practice will enhance your confidence and enable a quick turnaround at year end.

It is important to note that **Sage is date driven** and **it will allow entry of the bank payments and receipts for September 2017** before processing year end **and they will show as future transactions**. However, it will not be possible to run the BOM reports for the new academic year until the Year end procedure is run in Sage 50.

The actual Sage 50 year-end process is straightforward and will only take a few minutes to run. All the hard work is involved in finalising the bank accounts and the running and checking of reports for the August month end.

Tasks for July – August 2017

- ❖ If still using TAS please buy Sage 50 package, check that the Sage 50 COA is ready for inputting opening balances from TAS
- ❖ Maintain daily data entry to keep school accounts up to date
- ❖ Ensure that the bank accounts reconcile and follow up any differences
- ❖ Get Petty cash and Visa accounts up to date
- ❖ Ensure that all VAT, RCT and PAYE returns are up to date and recorded in the Accounts
- ❖ Purchase and Sales ledger- see below

Purchase Ledger and/or Sales Ledger

- Run Aged Creditor Report and review for incorrect entries. Old unpaid entries may be as a result of invoices being entered twice or the payment being entered as a bank payment instead of a supplier payment.
- Remove duplicate entries and follow up any debit balances in creditors. Copy invoices may be required.
- Ensure all payments and credit notes are allocated against invoices where appropriate

Tasks to Mid-September 2017

Finalise and report on the accounts for the full year to August 2017

1. Ensure that all accounts data is entered in Sage 50 up to the end of August
2. Ensure all Bank accounts are reconciled to the bank statement as at 31.8.2017
3. Run all the BOM reports for August month end
   a. Bank Reconciliation report at 31.8.2017 for all bank accounts
   b. BOM Income and Expenditure Account for the full year to 31.8.2017
   c. BOM Balance Sheet for the full year to 31.8.2017 to include BBF
   d. Aged Supplier list if applicable
   e. Aged Customer list if applicable
4. Print or save a PDF version of all relevant financial reports including the Nominal activity report

❖ All the relevant reports should be reviewed with the Principal and the Finance Committee in mid-September and ensure that they are satisfied with *the first draft* of Accounts.

❖ In the meantime, Sage will allow the processing of September transactions and this will help to keep the accounts up to date even before the year end is run

❖ Once clearance is received from the school accounts review meeting then the Year End can be run in Sage 50. It is not necessary to await clearance from the Accountants.

Other general tasks

➢ Check that your year-end file includes all the reports to verify that opening balances were transferred correctly as per section 2 of this guide

➢ The Accountant will also require payroll information relating to the relevant months and ensure that the P35's, payslips and monthly payroll reports are available to them

➢ Make a list of any prepayments and accruals which would need to be adjusted for in the final accounts. Take time to think about any payments you may have made that relate to next year or payments that you should provide for such as bonuses or bills from an event near year end.

➢ List any receipts that relate to next year and note where they are recorded in the accounts

Note: The deadline for passing the school financial information to your Accountant is 30th September 2017

Checklist for schools making the transition to Sage 50 at 31.8.2017
Follow Section 2 of the Sage 50 Manual for guidance on inputting opening balances

- **In TAS:** Run the Trial Balance (142 report) and include the opening balances
- Also run the 442 report and the Aged Creditor Balances where relevant
- **In Sage 50:** Ensure that the financial year commences in September 2016
- The date for the opening Balances in Sage 50 is the 31.8.2017
- Complete the list of tasks as per Tools > Opening Balances
- Ensure the final TB in both TAS and Sage 50 agree
- Then ready to run year end in Sage 50 as per section 4 of this guide
- Once year end is run check that the Financial Year start is September 2017

4. A summary of the Year end procedure in Sage 50

Refer to the notes in Section 8 of the Sage 50 manual which in summary are:

- Run the check data under File > Maintenance > Check Data
- Check the Chart of Accounts under Nominal Codes > Chart of Accounts > Check
- Ensure that the Financial Year is set to September 2016
- Change the program date to 31.8.2017
- Take two backups

Running the Financial Year end

- Tools > Period End > Year end
- Select to archive data as this will enable you to view prior year data
- Run Year end
- Always select the option to print the year end journal report

After running year end

- Run a Brought Forward Trial Balance
- Ensure that there are no income and expenditure codes on this report
- Check your data under File > Maintenance > Check Data
- Back up data and mark accordingly
- Do not clear the audit trail at this time.
- Ensure the financial year is set to September 2017
- Sage 50 is now ready for importing the budget figures for 2017/2018 using the Sage 50 Budget template. As always enter the budget figures in column D of the template

The year-end process moves the total value on each Income & Expenditure code into the retained earnings code on the last day of the financial year. After running year end in Sage 50, if September 2017 transactions were already inputted then they will appear as current year transactions. The BOM reports will now reflect these transactions along with the newly updated budget figures while the balance sheet codes will have balances carried forward. Finally, when running the Balance Sheet, it is important that you run it from the *Balance Brought forward* to the relevant month in the current academic year 2017/2018.