Month end Closing and Reconciliation Template for Inventory Distribution Businesses

This Month-End Closing template is provided by Vision 33 Total Care Support as starting place for you to begin your own Standard Operating Procedure. These following are designed to facilitate standard US business practice and GAAP compliance utilizing SAP® Business One 8.8x.

Final review and approval should be made by your CPA or Accounting Management team.

I - Key General Ledger Account Reconciling Reports

1. Accounts Receivable Reconciliation to AR General Ledger Account Balance for the same ending date.
   a. AR Aging run for the last day of the month should balance to Month End Balance Sheet AR G/L Account Balance. (see example A located at the end of this document)
      i. Run the AR Aging with the following setting:
         1. Aging Date = date of the last day of the prior period
         2. Display Customer with Zero Balance = ticked

2. Accounts Payable Reconciliation to AP General Ledger Account Balance
   a. AP Aging should balance to real time AP G/L Account(s) found in your real time Chart of Accounts, G/L balance display.
      i. Run the report with no filters unless you have multiple AP GL accounts then use the Control Account Selection box to select and run the report for each different AP G/L Account separately.
   b. AP Aging run for the last day of the month should balance to Month End Balance Sheet AP G/L Account Balance.
      i. Run the AP Aging with the following setting:
         1. Aging Date = date of the last day of the prior period
         2. Display Customer with Zero Balance = ticked

3. On Hand Inventory value reconciliation to Inventory G/L Account Balance
   a. The Inventory Audit report run with the following settings should balance to real time Inventory G/L Account(s) found in your real time Chart of Accounts, G/L balance display.
      i. System Date From date and to date set to the current date
      ii. Code fields left blank
      iii. Item group set to 'All'
      iv. Properties set to 'Ignore'
      v. G/L Account box left un-ticked

   vi. All warehouse boxes ticked
   vii. Display set to 'Summarize by Accounts'
   viii. Tick the 'Display OB for Items/Accounts with no Transactions'

II - Other Recommended General Ledger Account Balance Reconciling Reports

1) The Amount column total in the 'Goods Receipts PO' option of the Open Items List should balance to 'Goods Received, Not Invoiced' G/L Account Balance (maybe G/L Account may be called other names like 'Purchases Clearing').

   a) Note: If your business processes non-inventory items PO receipts through the Goods Receipt PO document then this report will not balance to the GL. Any open non-inventory item GRPOs total should be subtracted from the report total to balance to GL Account.

2) The Amount column total in the 'A/R Down Payments – Not Yet Fully Applied' combined with the 'A/R Down Payments – Not Paid' option of the Open Items List should balance to 'Deposit on Customer Orders' G/L Account Balance (maybe G/L Account may be called other names like 'Customer Deposits').

3) The Amount column total in the 'A/P Down Payments – Not Yet Fully Applied' combined with the 'A/P Down Payments – Not Paid' option of the Open Items List should balance to 'Prepayments on Purchase Orders' G/L Account Balance (maybe G/L Account may be called other names like 'Prepaid Expenses').

III - Optional - Monthly Transaction Detail Reports to run for the period and review

1) Sales Tax Report
   a) Financials>Financial Reports>Accounting>Tax>Tax Report
2) Check Register Report
   a) Banking>Banking Reports>Check Register
3) Sales Analysis
   a) Sales – A/R> Sales Reports>Sales Analysis
4) Purchase Analysis
   a) Purchasing – A/P>Purchasing Reports>Purchase Analysis
5) Purchase Journal (using the SAP General Ledger report run with settings to report all AP Expense) to report all expense detail posted for the period.
   a) Financials>Financial Reports>Accounting>General Ledger
      i) Un-tick the 'Business Partner' box
      ii) Tick the 'Accounts' box
      iii) Select the Expense G/L Accounts
      iv) Select the Posting Date From and To date for the period
      v) Click on the Expanded button
         (1) Select A/P Invoice and A/P Credit Memo in the Original Journal grid

        - vi) Tick the 'Display Postings Summary'
        - vii) Un-tick the 'Hide Zero Balanced Acct' box
        - viii) Tick the 'Hide Acct with no Postings' box
        - ix) Run the report

6) Inventory Stock Adjustments (using the SAP General Ledger report run with settings to report all Goods Receipt and Goods Issue) to report all inventory value lost or found for the period.
    - a) Financials>Financial Reports>Accounting>General Ledger
        - i) Un-tick the 'Business Partner' box
        - ii) Tick the 'Accounts' box
        - iii) Select the P & L G/L Accounts
        - iv) Select the Posting Date From and To date for the period
        - v) Click on the Expanded button
            - (1) Select Goods Receipt and Goods Issue in the Original Journal grid
        - vi) Tick the 'Display Postings Summary'
        - vii) Un-tick the 'Hide Zero Balanced Acct' box
        - viii) Tick the 'Hide Acct with no Postings' box
        - ix) Run the report

IV - Enter and Post any Required Month -End Journal Entries

V - Run Month End Financial Statements and supporting sub-ledger detail reports

1) Balance Sheet
    - a) AR and AP Aging Detail Report
    - b) Inventory Audit Report by GL Account
2) Income Statement (P & L)
3) G/L Trial Balance

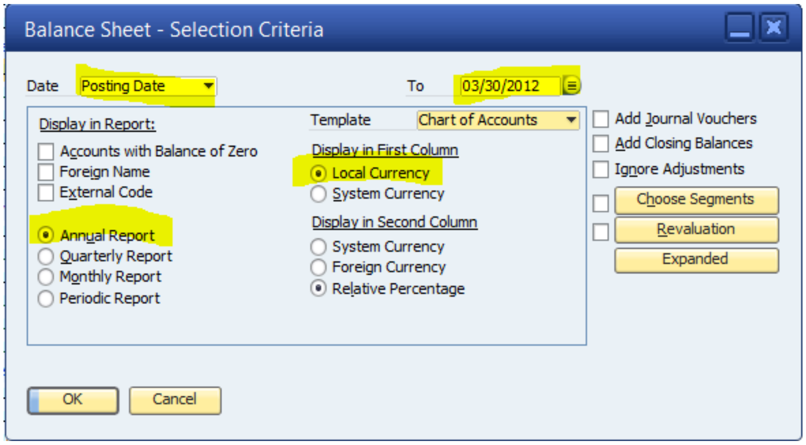
VI - Set Period Status to "Locked" to ensure there are no unauthorized, accidental or unknown postings to the period

1) Administration>System Initialization>Posting Periods
    - a) Use the Drill down arrow to open the prior period that you wish to lock
    - b) Change the 'Period Status' to 'Locked'
    - c) Click on the 'Update' button

VII – Optional System Housekeeping Tasks

1) Business Partner Accounts Reconciliation Tools
    a) The AR or AP Aging Report can be run in the follow manner to help identify Customer or Vendors that have zero account balance but also un-match debit and credit in their account:
        i) Run the AR or AP Aging for the current date with the 'Display Customers/Vendors with Zero Balance' option ticked.
        ii) View the report in 'Collapsed' mode so that you get a summary for each customer or vendor
        iii) Re-sort the Balance Due column by double clicking the header and any customer or vendor accounts that have a zero balance will move to the top of our report.
        iv) The zero balance customer or vendor accounts have some un-match debit and credits or else they would not be included in the Aging report
        v) You can reconcile these accounts by drilling down to the BP Master then to Account balance and use the Internal Reconciliation option
    b) Customer or Vendor Account G/L Detail report can for all open documents that will reconcile to the BP Balance. This report provides a bit more detail than the Aging report and allows you to drill down to corresponding document or Journal Transaction. Use the follow report setting to return open detail that will balance to the customer or vendor open account balance:
        i) Business Partner ticked and Accounts un-ticked
        ii) For just a customers or just vendors select 'none' on the Customer Group or Vendor Group option
        iii) Leave all date selection boxes un-ticked
        iv) Tick the Opening Balance for Period option
        v) Tick the OB from Date of company activity
        vi) Choose the 'Display' option "Not Fully Reconciled'
    c) Business Partner Reconciliation tool can be used to apply (match) debits and credits for a selected Customer or Vendor Account.
        i) Tip: By running the BP Reconciliation under the Semi-Automatic option the system will display a spilt window with un-reconciled Debits on one side and un-reconciled credits on the other side. By sorting the Balance due column in each window finding matching debits and credits becomes easier to do.
2) Un-deposited Funds Account (Incoming Payment cash clearing) should be "zero" with the exception of incoming payments that have not been deposited.
    a) Use the Internal Reconciliation option in the COA G/L Account to match any un-reconciled debits and credits
3) Ensure that all Posted Checks have been confirmed with the AP Check number.
    a) Banking>Check Number Confirmation
        i) Select each of the Bank Accounts that checks are written from
        ii) Clear and date filters
        iii) Click on the 'Ok' button,
            (1) If all Checks have been confirmed correctly have their printing the system will display a red error message stating ' No Matching Records Found'
            (2) If the system does display any un-confirmed checks they should be updated with correct check number the check was actually printed on

Example A – AR Aging Report Reconciling to the Balance Sheet



Balance Sheet - Selection Criteria

Date: Posting Date To: 03/30/2012

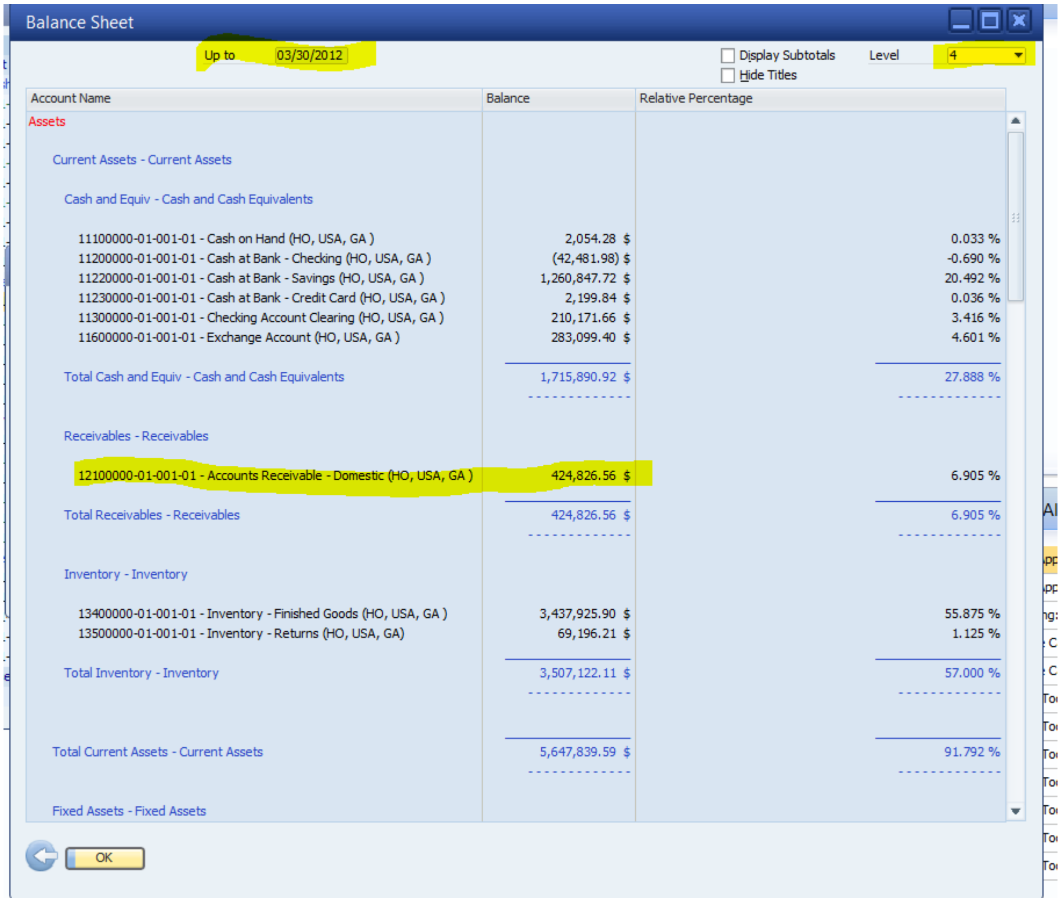
Display in Report:
- ☐ Accounts with Balance of Zero
- ☐ Foreign Name
- ☐ External Code
- ● Annual Report
- ○ Quarterly Report
- ○ Monthly Report
- ○ Periodic Report

Template: Chart of Accounts

Display in First Column
- ● Local Currency
- ○ System Currency

Display in Second Column
- ○ System Currency
- ○ Foreign Currency
- ● Relative Percentage

- ☐ Add Journal Vouchers
- ☐ Add Closing Balances
- ☐ Ignore Adjustments
- ☐ Choose Segments
- ☐ Revaluation



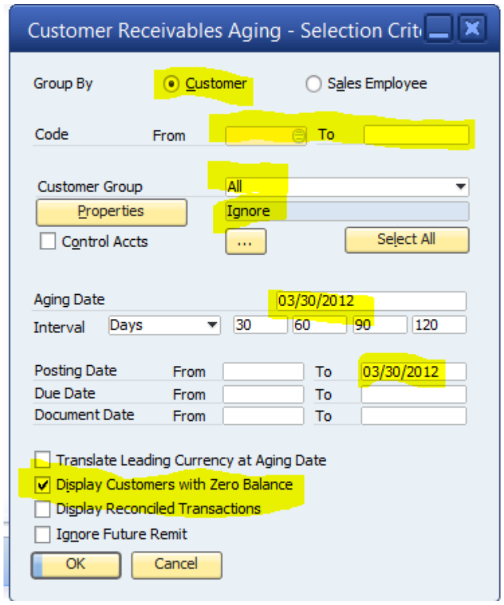
Balance Sheet

Up to: 03/30/2012

☐ Display Subtotals
☐ Hide Titles

Level: 4

Account Name	Balance	Relative Percentage
Assets		
Current Assets - Current Assets		
Cash and Equiv - Cash and Cash Equivalents		
11100000-01-001-01 - Cash on Hand (HO, USA, GA)	2,054.28 $	0.033 %
11200000-01-001-01 - Cash at Bank - Checking (HO, USA, GA)	(42,481.98) $	-0.690 %
11220000-01-001-01 - Cash at Bank - Savings (HO, USA, GA)	1,260,847.72 $	20.492 %
11230000-01-001-01 - Cash at Bank - Credit Card (HO, USA, GA)	2,199.84 $	0.036 %
11300000-01-001-01 - Checking Account Clearing (HO, USA, GA)	210,171.66 $	3.416 %
11600000-01-001-01 - Exchange Account (HO, USA, GA)	283,099.40 $	4.601 %
Total Cash and Equiv - Cash and Cash Equivalents	1,715,890.92 $	27.888 %
Receivables - Receivables		
12100000-01-001-01 - Accounts Receivable - Domestic (HO, USA, GA)	424,826.56 $	6.905 %
Total Receivables - Receivables	424,826.56 $	6.905 %
Inventory - Inventory		
13400000-01-001-01 - Inventory - Finished Goods (HO, USA, GA)	3,437,925.90 $	55.875 %
13500000-01-001-01 - Inventory - Returns (HO, USA, GA)	69,196.21 $	1.125 %
Total Inventory - Inventory	3,507,122.11 $	57.000 %
Total Current Assets - Current Assets	5,647,839.59 $	91.792 %
Fixed Assets - Fixed Assets		



Customer Receivables Aging - Selection Crit

Group By ● Customer ○ Sales Employee

Code From To

Customer Group All

Properties Ignore

☐ Control Accts

Aging Date 03/30/2012

Interval Days 30 60 90 120

Posting Date From To 03/30/2012

Due Date From To

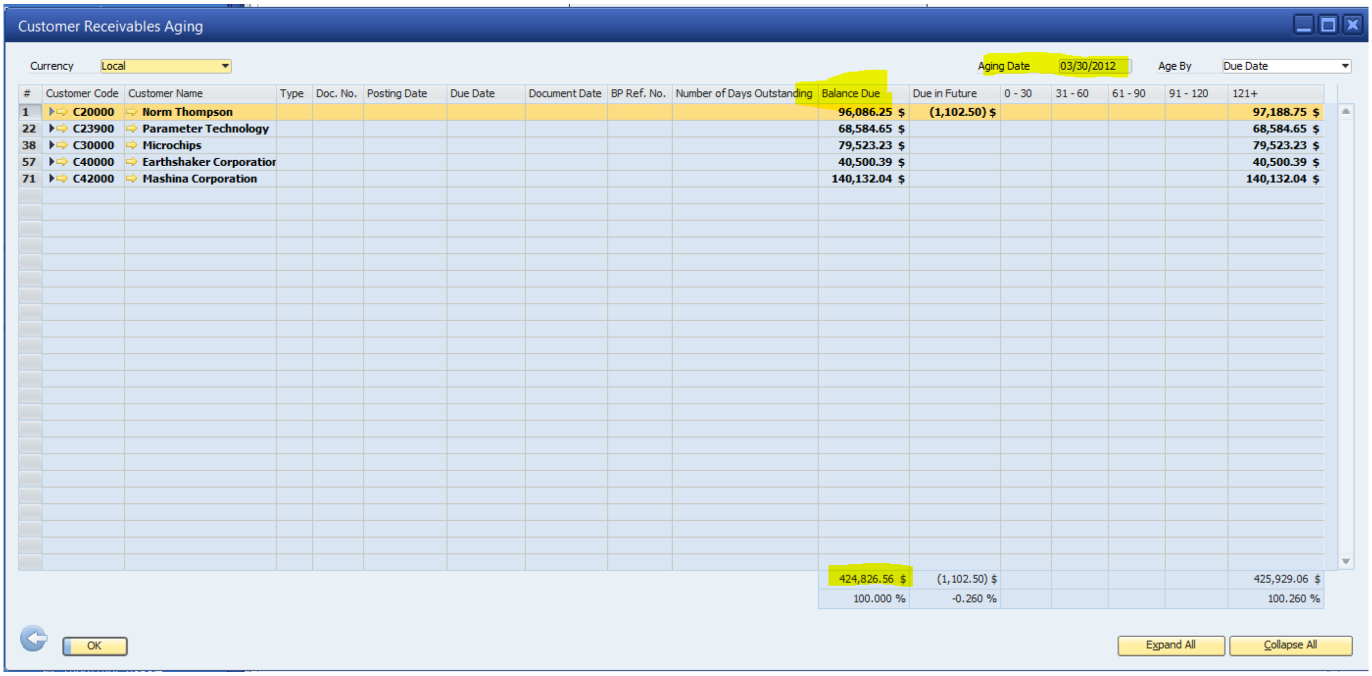
Document Date From To

☐ Translate Leading Currency at Aging Date

☑ Display Customers with Zero Balance

☐ Display Reconciled Transactions

☐ Ignore Future Remit



Customer Receivables Aging

Currency Local

Aging Date 03/30/2012

Age By Due Date

#	Customer Code	Customer Name	Type	Doc. No.	Posting Date	Due Date	Document Date	BP Ref. No.	Number of Days Outstanding	Balance Due	Due in Future	0 - 30	31 - 60	61 - 90	91 - 120	121+
1	**C20000**	**Norm Thompson**								**96,086.25 $**	**(1,102.50) $**					**97,188.75 $**
22	**C23900**	**Parameter Technology**								**68,584.65 $**						**68,584.65 $**
38	**C30000**	**Microchips**								**79,523.23 $**						**79,523.23 $**
57	**C40000**	**Earthshaker Corporatior**								**40,500.39 $**						**40,500.39 $**
71	**C42000**	**Mashina Corporation**								**140,132.04 $**						**140,132.04 $**
										424,826.56 $	(1,102.50) $					425,929.06 $
										100.000 %	-0.260 %					100.260 %