Jim2® End of Financial Year Process

This document will explain:

- The key dates and tasks required to prepare Jim2 for the end of the Financial Year.
- The need to formally 'close' the Jim2 database financial information
- The steps to take to 'close' the Jim2 database.
- Why conducting stocktakes are important for your business.
- How to prepare for a stocktake in Jim2.
- What the Historical Balancing Account represents to new users and how to bring the balance in the 3-999 Historical Balancing account back to zero.
- The steps required to close the financial year, manage the server and use the Jim2 Close Financial Year Wizard.

Timeline for Australian Jim2 Users

June 1
- Review all your "Jim2 Lists". Check all lists daily.
- Commence Debtors clean-up:
  - Chase up outstanding debt and collect the payments. Record the payments into Jim2.
  - Write off old debts that you do not expect to collect (Debtor Adjustment Down or Bad Debt).
  - Write off/adjust rounding and other errors which have left debtors owing small amounts (eg. $0.01) (Debtor Adjustment Down or Discount).
  - Allocate all unallocated prepayments and credits.
- Commence Creditors clean-up
  - Finalise any outstanding issues you have with Vendors, including Returns to Vendor.
  - Allocate all vendor credits.
  - Review all vendor payments due. Record vendor payments in Jim2, including direct debit, EFTPOS and credit cards.
- Petty Cash
  - Reconcile petty cash account and reimburse the float.
- Banking
  - Bank all received money.
  - Complete all banking sessions and fix all problems with unbanked funds.

June 23 - 30
- Ensure any Stock Sold in Advance has been back-filled.
- Perform and FINISH your Stocktake(s).
- FINISH all stock adjustments.

June 30
- Final Stock Valuation.
- Final Multicurrency Valuation.
- Archive your Jim2 Database as at June 30. Ensure you perform a backup before trade on July 1 (last activity on June 30).

July 1 – 15
- Reconcile all bank and credit card accounts.
- Complete your June GST Session.

Jim2® Closing the Financial Year Checklist for Australian Jim2 Users

The Closing the Financial Year procedure is integral to maintaining an accurate Jim2 database. We recommend that you complete the following tasks when approaching the end of the Financial Year.

Please note that the Jim2 Closing the Financial Year Procedure is **NOT** reversible, therefore we strongly recommend the following checks be completed and your Accountant is made aware that you are closing the Financial Year in Jim2.

Jim2 General Ledger
- Check the balance in the 3-9999 Historical Balancing account has been brought to zero.
  This is important to new users who have implemented Jim2 in recent years and have not performed the closing process previously. If the 3-9999 Historical Balancing account is showing a figure other than zero, you must complete 'How to clear the 3-999 Historical Balancing Account' process further through this document, before you can close off the financial year in Jim2 and continue trading.

Jim2 Workflow
- Review all active Quotes and check status. Cancel any expired or duplicated Quotes.
- Review all active Purchase Orders and check status. Chase supplier invoices for all those on RECEIVED and FINISH them once the invoice is received. CANCEL any expired or duplicated orders.
- Review all active jobs and invoice any that can be invoiced. CANCEL any expired or duplicated jobs.
- Check your Bank Deposits and resolve any old unbanked transactions. Check for duplicate entries (to be deleted or reversed) and review your debtor records. Otherwise, complete the banking session as normal.
- Check there is no stock sold in advance. Go to Management > Reports > Stock Reports > Stock in Advance Liability. Display the report up to the end of the Financial Year you wish to close.
- Check that your stock value agrees with the General Ledger value. Go to Management > Reports> Stock Reports > Stock Value by GL > Summary.
- Perform a Stocktake – please refer to the section on 'Jim2 Stocktake Preparation' further through this document.

Jim2 Accounting
- Reconcile all accounts:
  - Debtors
  - Creditors
  - Bank Accounts/Credit Cards
  - Petty Cash
  - Resolve any old entries that are still outstanding as they may be impacting on your debtor and creditor records
- Tax/GST compliance has been completed and lodged
- All Multicurrency Revaluations have been completed
- Ensure that all adjusting General Journals issued by your Accountant have been FINISHED
- Print Reports:
  - Stock Valuation by COGS at close of business on June 30 (**NB: you cannot backdate this report**)
  - Stock Value by GL Group> Summary at close of business on June 30.
  - Detailed Aged Receivables (as soon as all June transactions are complete)
  - Detailed Aged Payables (as soon as all June transactions are complete)

How to Clear the 3-9999 Historical Balancing Account

The Jim2 Historical Balancing account is an internally calculated account that tells us that the General Ledger opening balance debits and credits are out of balance, by the figure in that account.

It's important that after implementing Jim2, to ensure that:
- all General Ledger Opening Balances from your previous system have been entered into Jim2,
- the opening balance debtors and creditors match the General Ledger, and
- the balance in the 3-9999 Historical Balancing account has been brought to zero, using this process.

Important
- You must resolve this as soon as possible as you will not be able to close the first financial year in Jim2 until it is resolved.
- You cannot journal to the Historical Balancing account – it can only be cleared by correcting the GL account opening balances.
- You can print a report to show you what opening balances have been entered so far, to check that they are correct, or identify if any are missing.

Opening Balance Report
Create the Chart of Accounts-Opening Balance report. Go to the Accounts tab > General Ledger, and from the report menu at the top right of the screen select the 'Chart of Accounts – Opening Balance' report and print.
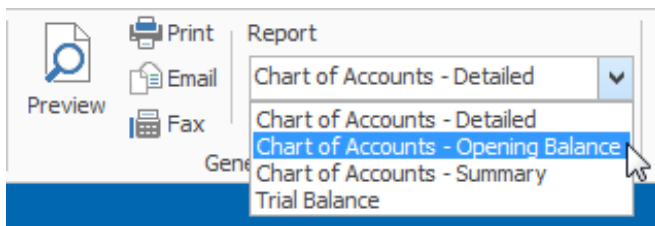
Please note that the Stock on Hand opening balances are generated from the values on the Opening Balance Purchase Orders – the individual SOH account Opening Balances must never be edited.

The 1-XXXX Trade Debtors (Accounts Receivable) and 2-XXXX Trade Creditors (Accounts Payable) accounts have 'Calculated Opening Balance' fields, which are made up of the individual invoices and credits that were brought across into Jim2.

The Trade Debtors and Trade Creditors accounts also have "Opening Balance" fields. The Opening Balance is entered manually on the GL account and it should be the total owed from your previous system. It must match the Calculated Opening Balance, ensuring the variance is zero. This must also be resolved before you can close the first financial year.

To edit the GL Account, visit the Accounts tab > General Ledger > select account > EDIT (or double click the selected GL Account) to see the following screenshot. Enter into the Opening balance field.

Individual Reports

You can print a report to show the individual Opening Balances for Debtors and Creditors. Go to the Management tab > Reports > System > to print these reports.

If you have made any adjustments to the individual Debtor or Creditor opening balance entries, and not changed the opening balance figure to reflect the change, you may have a variance.

If you have identified any opening balance issues and corrected them, and there is still a value in the 3-9999 Historical Balancing account, then you have to decide where to enter this variance value as an opening balance. Open the Edit GL Account as previously outlined.

In most cases any remaining variance will be due to a difference in stock value between your previous system and the actual count and value that is brought across into Jim2.

Important

It is best to seek advice from your external accountant before proceeding further. The accountant may advise you to enter this against a new 5-XXXX COGS account and call it 'Jim2 changeover variance' or something similar.

The balance will then form part of the Profit and Loss result, and clear when you close the first financial year in Jim2.

Jim2® Stocktake Preparation

Why stocktake?
As your business trades throughout the year, stock is:

- purchased and sold
- stolen and damaged
- returned to suppliers
- transferred between locations
- loaned to customers

With all these movements, it is necessary to confirm stock quantities on a regular basis.

Stocktakes are undertaken to confirm that the asset value of your stock is accurate compared to your Jim2 balance sheet, and the quantity of stock is accurate compared to your Stock on Hand quantities in Jim2.

Outcomes of Stocktake
Your gross profit is based on the income from the sales you make, the cost of purchasing your stock, and the management of your stock. There is an impact on your profit when the value of the stock in your stocktake is less than your balance sheet expects, and the loss is recorded as a stock adjustment expense.

Stocktakes should be carried out throughout the year. The stocktake involves counting the stock quantities, and matching these to Jim2. The variances are then recorded as stock adjustments, and will alter your Balance Sheet, your Profit and Loss reports, and your Stock on Hand quantities.

Preparing for Stocktake
Stocktaking requires planning and preparation. It is important that the stock included is tidied and made available for counting.

Here is a checklist for Stocktake Preparation in Jim2:

- As many jobs as possible should be invoiced.
- Minimal number of jobs not invoiced.
- All Purchase Orders on RECEIVED status (with appropriate tax invoices) should be changed to FINISH.
- Backfill all stock sold in Advance. Go to the Stock tab > Extras > Backfill. Click Select All and click Backfill.
- Run a stock list, sorted by Stock On Hand. It is advisable to fix the negatives prior to conducting a stocktake session (transfer stock, or stock adjust, or finish a PO).
- Re-run the Backfill stock sold in Advance.
- Print a list of Stock Sold in Advance that cannot be backfilled. Go to the Management tab > Reports > Stock Reports > Stock in Advance Liability. These stock codes will need to be excluded from the Stocktake session.

As stocktake sessions are conducted by stock location, it is important to suitably arrange the stock in each location. These locations typically include stores, showrooms, warehouses, damaged goods areas, company vehicles, warehouses, etc. Poor layout of stock will lead to a poor count.

Areas of concern are stock on display (away from the general stock), stock that is in cabinets or drawers, stock on Point of Sale counters, stock in offices, stock on loan to customers or staff, and any stock supplied to jobs that haven't been invoiced.

Stocktake Sessions

In Jim2, a stocktake session can be run at any time, and for any selection of stock within a location. This means that you can stocktake the whole showroom, or just one stock code, and report the results in both the accounting and stock control sections of Jim2. This functionality allows you to conduct regular, cyclical stocktakes, which are easier than one annual stocktake.

When a stocktake session is commenced, all stock involved in the session is locked, ensuring accounting transactions can't be passed against these stock codes. When the count has been completed, the results of the count are confirmed, and the session is saved with a FINISH status.

The FINISH status of the stocktake session creates a stock adjustment on Booked, which you can view, investigate, and then FINISH. The finished stock adjustment will have either an expense or income value, which will be posted to your stock adjustment account. The relevant asset accounts in your balance sheet will also be adjusted, to record the variance of stock on hand.

Once the stocktake session, and the stock adjustment have been finished, you will have accurate stock quantities in Jim2.

Adding or managing a Stocktake Session

Once the preparation has been completed, a stocktake session can be commenced. To add a stocktake session, go to the Stock tab > Stocktake, then Add.

A stocktake session is by location, and further filtering can be applied. This filtering can include Report Level groups, allowing you to only require counting of particular product groups.

For the full functionality of Stocktake sessions, see Jim2 Help (F1).

Managing your work practices after completing a Stocktake Session

Once you have completed a stocktake, your company's work practices will then influence the accuracy of your stock records. Accurate management will allow you to correctly report stock valuations based on the information contained in a number of Jim2 reports, as well as the Jim2 General Ledger. Poor work practices will quickly lead to incorrect stock valuation reporting.

Close Financial Year in Jim2®

With the Financial Year Checklist Jim2 Users complete, all users can commence the Close Financial Year procedure. Ensure you have approval from your Accountant to do so (as once the financial year is closed it cannot be reopened).

Jim2 allows you to operate for up to 12 months after the end of the current financial year before it is compulsory to finalise and close off the previous financial year.

Recommended: Prepare to close in the Training Database
To ensure an efficient closing process in the main database with little impact on other users, we suggest that you back up your main database and restore it as a Training database.

This enables you to prepare the Close the Financial Year procedure in the Training database and routinely switch back to the main database to make the required adjustments. With preparation complete, perform the Close Financial Year Wizard for a second time in the main database, which will be a quick process as all the 'red flags' have been addressed.

This is very important as when running the Close Financial Year Wizard in your main database, other users cannot be logged into Jim2 because you must stop the JES (Jim eBusiness Server) instance, complete the close process, then restart the JES instance, where users can then login to Jim2 once again.

Logging off SYS and stopping the JES instance
The user SYS is the JES instance for the Jim2 database and controls the flow of emails, vendor feeds, mobile functionality, etc.

To stop the JES (Jim2 eBusiness Server) instance, go to the Jim2 Configuration Manager. You will find this on the server where Jim2 is installed. Go to start menu > Happen Business Folder > Jim2Server > Jim2 Configuration Manager. Double click to open.
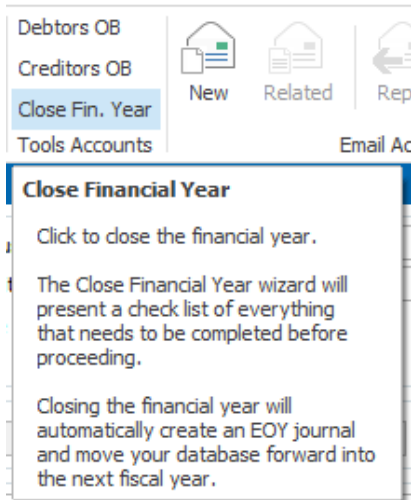
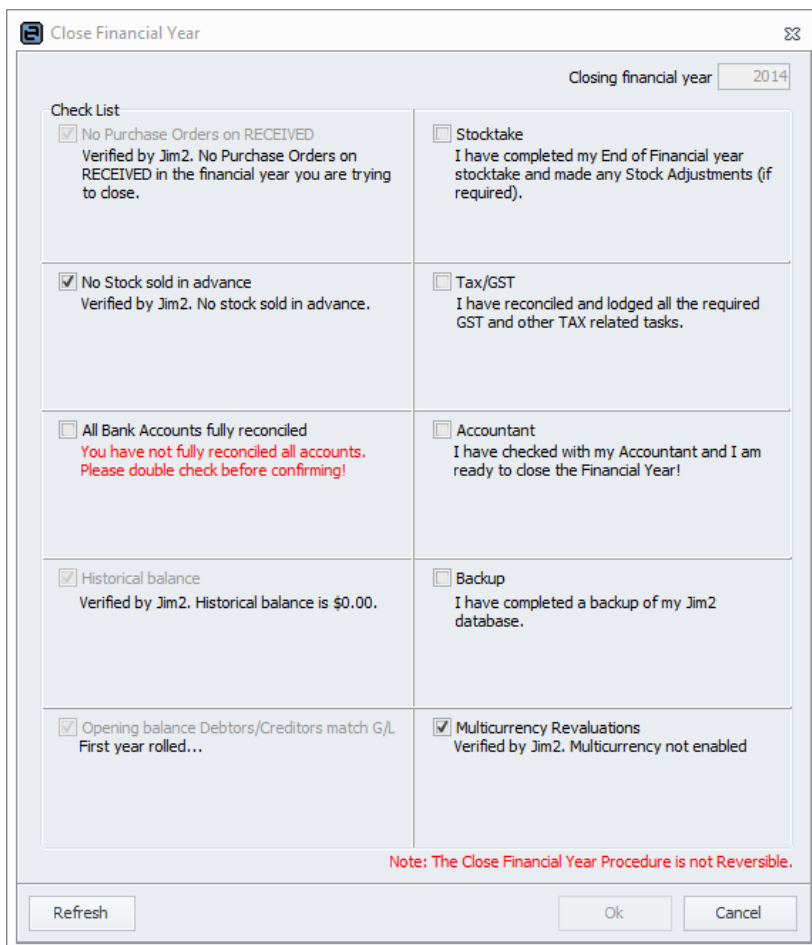Right click on the Jes Instance for the required database and select Stop.
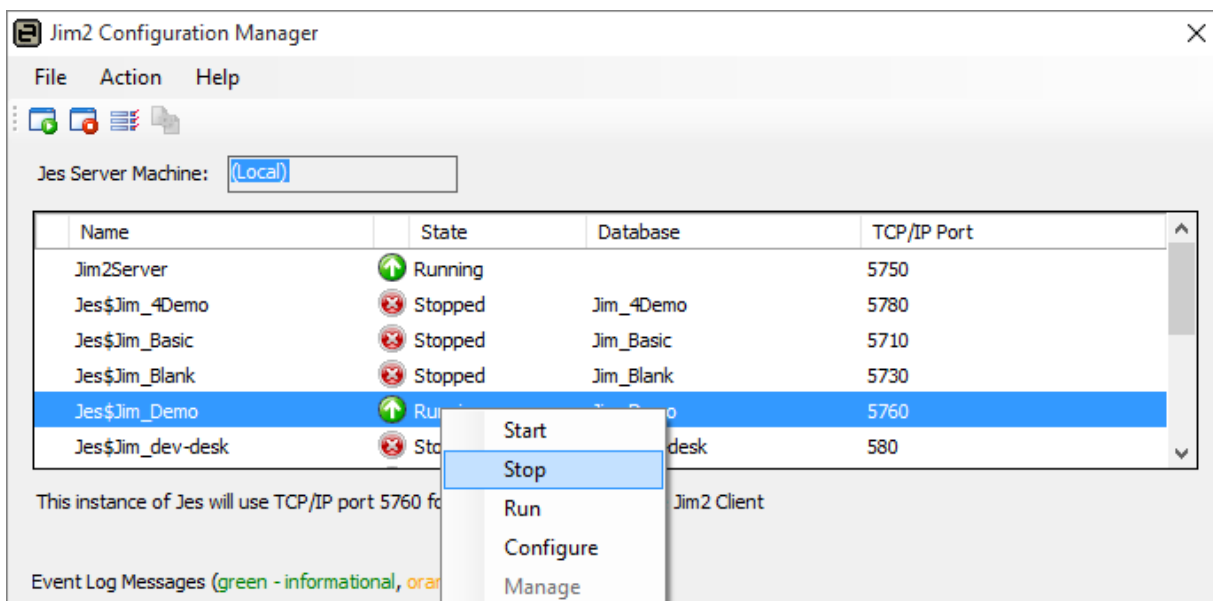
The state indicator confirms it is stopped.

Jim2 Close Financial Year Wizard

The Close Financial Year Wizard guides you through the checklist that is the closing process. To open the wizard, go to the Tools tab > Tools Accounts section > Close Fin. Year

The wizard displays a checklist to confirm the completion of your end of year procedures. Check tasks that you have completed:

The following table explains each activity in detail.

Jim2® Close Financial Year Wizard Explained

No Purchase Orders on RECEIVED.	The wizard will check your database and automatically set the 'tick' based on the results. All Purchase Orders that are on the Status of RECEIVED, where the received date falls within the Financial Year you are closing, must be marked as FINISHED prior to rolling. This check is Mandatory.
No Stock sold in Advance	The wizard will check your database and automatically set the 'tick' based on the results. It is possible that you may have sold stock (perhaps at $0.00 etc.) so you should determine if this is correct and base your decision on this. If you have sold stock in advance and not generated the related PO or stock Adjustment, your profit will be overstated.
Bank Accounts Fully Reconciled	The wizard will check your database and automatically set the 'tick' based on the results. It is possible that you may have GL accounts flagged as reconcilable that are not important to your EOFY figures. If this is correct base your decision on this.
Historical Balance	The wizard will check your database and automatically set the 'tick' based on the results. The Historical Balance figure in your GL must be $0.00 to be able to close the financial year. This check is Mandatory.
Opening Balance Debtors/Creditors match GL	The wizard will check your database and automatically set the 'tick' based on the results. Opening Balance Debtors and Creditors cannot be out of balance with the figure in the GL to be able to close the financial year. This check is Mandatory.
Stocktake	Confirm you have completed your EOFY stocktake (if required) and completed any Stock Adjustments, Write Downs etc
Tax/GST	Confirm you have reconciled and lodged all the required GST and other TAX related tasks.
Accountant	Confirm you have checked with your accountant PRIOR to completing the Closing the Financial Year Procedure.
Backup	Confirm you have a done a full backup of your Jim2 database PRIOR to completing the Closing the Financial Year Procedure. Note: The Closing the Financial Year Procedure is not reversible.
Multicurrency Revaluations (if multicurrency is enabled)	Multicurrency Revaluations will be included in the EOFY journal.

After completing all checks in the Close Financial Year wizard, the 'OK' button will be automatically enabled and you can complete the Close the Financial Year Procedure.

What next?
Jim2 will perform the following: All Profit and Loss accounts will be adjusted, and the corresponding Profit (or Loss…) will be transferred to your linked Retained Earnings account. An End of Year Journal entry will be automatically created dated the first day of the next financial year. Any closed periods in the Options Tab > Accounts will be cleared and rolled back one year, and the current financial year value will be incremented by 1.

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Restart the Jes (Jim2 eBusiness Service) Instance
Return to Jim2 Configuration Manager to start the Jes Instance (see the previous section where to find it).

Right click on the required database which will be marked 'Stopped', and select start.
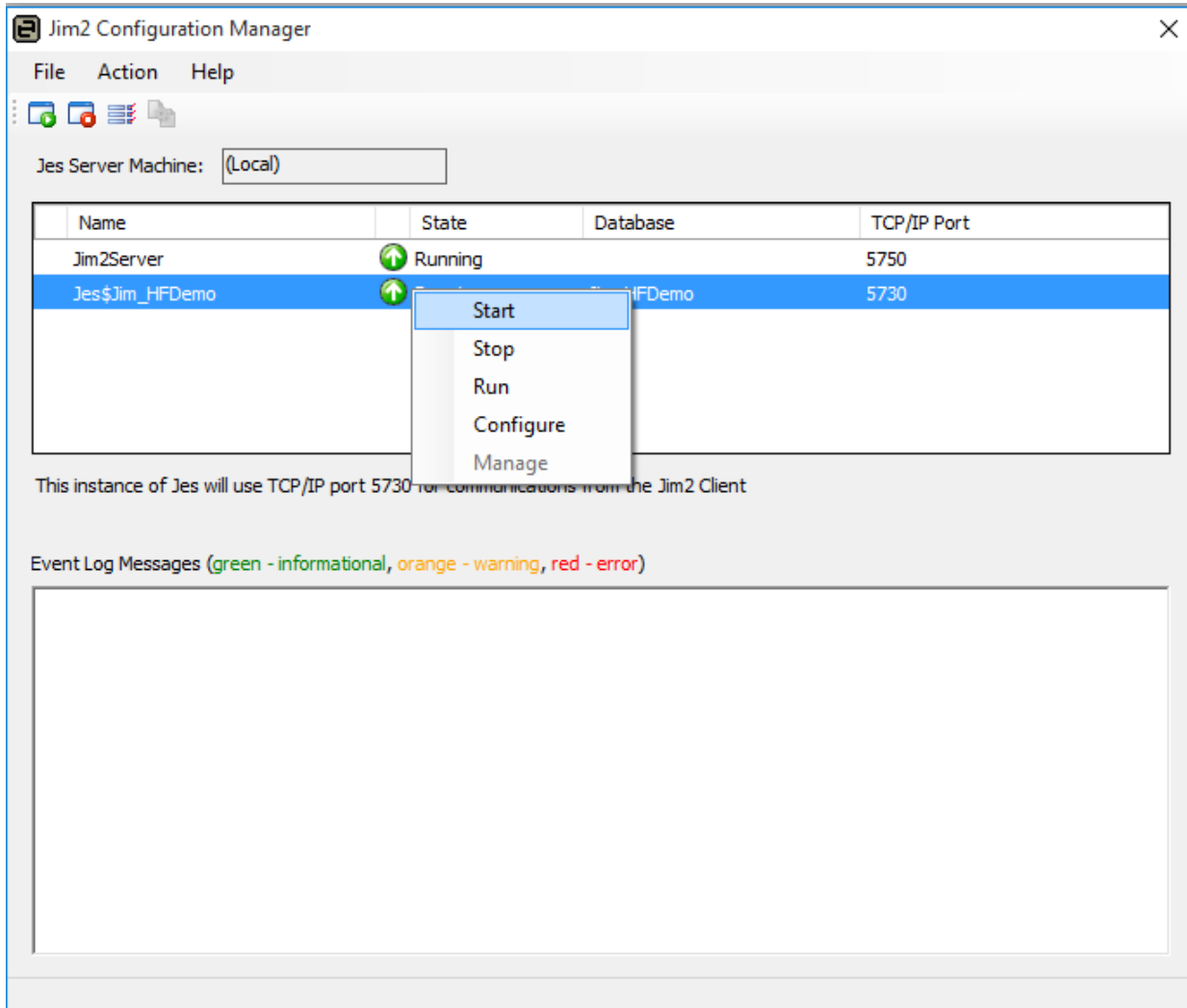
With JES restarted and running, emails, vendor feeds, mobile functionality, etc is resumed.

Close the Jim2 Configuration Manager.

Once this is completed in the main database, you have successfully closed off the financial year in Jim2 and other users can login to Jim2 once again.

Need help?
For further assistance and information, please call Happen Business 02 9570 4696 or email support@happen.biz