
LexisNexis PCLaw Year-End Checklist 2008



LexisNexis PCLaw Technical Support



Year-end Checklist 2008

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Checklist for Closing the Year

When your firm completes its fiscal year, income and expense accounts need to be closed out to capital/equity. Use the below checklist to walk through the End of Year process to ensure that you properly close your fiscal year.

- Back up your system
- Reconcile all bank accounts
- Reconcile your Client Ledger, Billing Fees Journal, and General Ledger to each other
- Produce 1099 forms (US only)
- Close all months except the last month in the fiscal year
- Enter year-end adjusting entries
- Compare budget figures (PCLawPro only)
- Close last month of fiscal year
- Back up your system to save a record of all entries for this fiscal year
- Close the year
- Update Chart of Accounts (if needed)

Backing Up Your System

Before you begin the End of Year process, it is important to back up your PCLaw files. Running a backup provides you with a record of your entries at the time of the backup and allows you to restore your system if you experience any issues in the End of Year process.

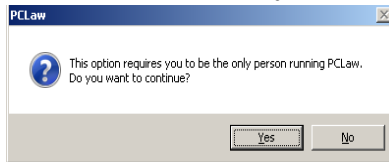
If you use the PCLaw internal backup feature, your data is backed up as a single file to the local, network, or removable drive of your choice. Program files, station settings, and documents are not included in the backup.

If you use an external backup program, have your technician verify that your files have been backed up.

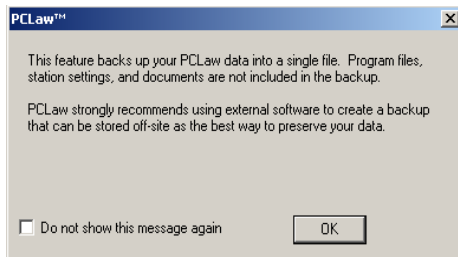
Take the following steps to back up PCLaw using the internal backup feature:

1. Ensure that you are the only person in PCLaw.
2. Click **File** and select **Backup/Restore**, and **Backup Data**.

- Click **Yes** to indicate you are the only person in PCLaw.



- Click **OK** to open the **PCLaw Archive – Export File** window.



- Select where you want to save your backup and name your file.



- Click **Save**.
- Click **Close**.

Reconciling Bank Accounts

Use the Bank Reconciliation tool to reconcile your bank statement in PCLaw to your PCLaw bank journals. PCLaw's Bank Reconciliation compares the bank account statement you receive from your banking institution to the General Bank Journal or Trust Bank Journal in PCLaw to ensure they match.

Before closing your fiscal year, you need to reconcile all of your bank accounts for all months in the fiscal year.

Take the following steps to reconcile your bank account:

1. Click **TOOLS** and select **Bank Reconciliation**.
2. Select **General** or **Trust** to indicate the type of bank you are reconciling.

3. Select the account that you are reconciling in the **Acct** box.
4. Select or enter the end date from your bank statement in the **End Date** box.
5. Enter the Closing Balance from your bank statement in the **Closing Date** box.
6. Click **OK** to open the **Mark Items** screen.

NOTE: For more information on Bank Reconciliation refer to the User Guide in PCLaw **Help** or online at the [LexisNexis® Support Center](#)

Reconciling Client Ledger, Billing Fees Journal, and General Ledger

Before you close your fiscal year, you need to compare the core reports in PCLaw to ensure that they match each other.

Reconciling the Accounts Receivable Balance:

The first value that you need to reconcile in your core reports is the Accounts Receivable balance. All accounting methods need to compare the AR balance on the Client Ledger to the AR balance on the Billing Fees Journal. Firms that use the accrual accounting method also need to compare these balances to the 1200 Accounts Receivable GL account balance (Cash and Modified Cash do not use the General Ledger to track receivables).

Take the following steps to obtain the Account Receivables figure from the Client Ledger:

1. Click **Reports**, and select **Client**, and **Ledger**.
2. Select or enter 1/1/1982 in the **Start Date** box and the last day of the fiscal year in the **End Date** box.

Client Ledger

Common Matters Other

Matter Client Resp Lawyer
<all> <all> <all>

Start Date End Date
1/1/1982 12/31/2008

Totals Only
 Firm Totals Only

Layout
Default

Add... Change... Remove

Adv. Search...

Output
 Printer
 Screen
 E-mail
 Editor

Matter: Client: Name:
Re Line:
T/Bals:
Unbd D: A/R: Gen Rtrn: Trust:

Load Last OK Cancel Help

3. Click to check the **Firm Totals Only** box.
4. Click **OK**.
5. Take note of the Account Receivables figure found in the **A/R** column and **End Date**.
6. Compare to the Accounts Receivable figure from the Billing Fees Journal. These numbers should be the same.

Take the following steps to obtain the Account Receivables figure from the Billing Fees Journal:

1. Click **Reports**, and select **Journal**, and **Billing (Fees)**.
2. Select or enter 1/1/1982 in the **Start Date** box and the last day of the fiscal year in the **End Date** box.

The screenshot shows the 'Billing(Fees) Journal' dialog box. It features several sections:

- Filters:** Matter, Client, Resp Lawyer, and Invoice dropdown menus.
- Dates:** Start Date (1/1/1982), End Date (12/31/2008), and Receipts Up To (12/4/2008).
- Options:**
 - Totals Only
 - Firm Totals Only
 - Include Paid Invoices
 - Show Balances As of End Date
- Sort by:** Radio buttons for Matter, Client Name, Invoice, and Date (selected).
- Layout:** A dropdown menu set to 'Default' with 'Add...', 'Change...', and 'Remove' buttons.
- Output:** Checkboxes for Printer, Screen (checked), E-mail, and Editor.
- Buttons:** Load Last, OK, Cancel, and Help.

3. Click to check the **Firm Totals Only** box.
4. Click **OK**.
5. Take note of the Account Receivables figure found in the **A/R Balance** column and **Total** row.
6. Compare to the Accounts Receivable figure from the Client Ledger. These numbers should be the same.

Take the following steps to obtain the Accounts Receivable figure from the General Ledger (Accrual Accounting Only):

1. Click **G/L**, and select **G/L Statements**.
2. Click to check the box for **General Ledger**

The screenshot shows the 'Statements' dialog box with the following settings:

- Statement Selection:** General Ledger (Template: GL), Trial Balance (Template: STBALSM), Income Statement (Template: COMPINC), Balance Sheet (Template: BALSHEET).
- G/L Account Selection:** Range (Start: First Current Asset, End: Last Expense), Selected (button: Select...).
- Previous Report Period:** 12/3/2008 to 12/4/2008 (Type: Non-detailed).
- Current Report Period:** 1/1/2008 to 12/31/2008 (Detailed Report, buttons: Use Previous, Use Default).
- Output:** Printer, Screen, E-mail, Editor.

3. Select the **Selected** radio button under **G/L Account Selection** and click **Select...** to open the **List G/L Accounts** window.
4. Click to select **1200 Accounts Receivable** and then click **OK**.

The screenshot shows the 'List - G/L Accounts' dialog box with a search field and a list of accounts. The account '1200 Accounts Receivable' is selected.

Nickname	Account Name
1000	TD Gen Bank Acct
1098	Petty Cash
1100	Trust Bank Collectio
1101	IDLTA 2.123456789
1200	Accounts Receivable
1201	Provision for Bad Debts
1210	Client Disb Recov
1220	Employee Loans
1230	Employee Draws
1500	Fixed Assets
1501	Deprn Fixed Assets
1600	Furniture & Fixtures
2000	General Liabilities
2100	Trust Funds Owed

5. Enter the start date and end date of the fiscal year into the date range fields.
6. Click **OK**.
7. Take note of the Accounts Receivable figure found in **Balance** column and **Closing Balance – Accounts Receivable** row.

8. Compare to the Accounts Receivable figure from the Billing Fees Journal. These numbers should be the same.

Reconciling the Client Disbursement Recovery

Firms that use the Accrual or Modified Cash accounting systems need to reconcile the Client Disbursement Recovery next. If your firm uses the Cash accounting system, you cannot reconcile this figure because it is tracked as an expense account, so its balance is allocated to net income at the close of each year.

Accrual Systems

For accrual accounting systems, you reconcile the Client Disbursement Recovery figure by calculating the figure from the Client Ledger and comparing it to the 1210 Client Disbursement Recovery GL account balance.

Take the following steps to calculate the Client Disbursement Recovery figure using the Client Ledger:

1. Click **Reports**, and select **Client**, and **Ledger**.
2. Select or enter 1/1/1982 in the **Start Date** box and the last day of the fiscal year in the **End Date** box.
3. Click to check the **Firm Totals Only** box.
4. Click **OK**.
5. Take note of the totals on the **End Date** row of the **Unbilled CHE** and the **Unbilled RECOV** columns.
6. Take note of the total on the **General Retainer** row.
7. Add the **Unbilled CHE** total to the **Unbilled RECOV** total and then subtract the total **General Retainer**.
8. Compare to the Client Disbursement Recovery from the General Ledger Account 1210. These figures should be the same.

Take the following steps to obtain the Client Disbursement Recovery figure from the General Ledger:

1. Click **G/L**, and select **G/L Statements**.
2. Check the checkbox for **General Ledger**
3. Select the **Selected** radio button under **G/L Account Selection** and click **Select...** to open the **List G/L Accounts** window.
4. Click to select **1210 Client Disbursement Recovery** and then click **OK**.
5. Enter the start date and end date of the fiscal year into the date range.
6. Click **OK**.
7. Take note of the Client Disbursement Recovery figure found in **Balance** column and **Closing Balance – Client Disbursement Recovery** row.

8. Compare to the Client Disbursement Recovery calculated from the Client Ledger. These figures should be the same.

Modified Cash Systems

In Modified Cash accounting systems, you reconcile the Client Disbursement Recovery figure by calculating the figure from the Client Ledger and Billing Fees Journal and comparing it to the 1210 Client Disbursement Recovery GL account balance.

Take the following steps to calculate the Client Disbursement Recovery figure:

1. Click **Reports**, and select **Client**, and then **Ledger**.
2. Select or enter 1/1/1982 in the **Start Date** box and the last day of the fiscal year in the **End Date** box.
3. Click to check the **Firm Totals Only** box.
4. Click **OK**.
5. Take note of the totals on the **End Date** row of the **Unbilled CHE** and the **Unbilled RECOV** columns.
6. Take note of the total on the **General Retainer** row.
7. Add the **Unbilled CHE** total to the **Unbilled RECOV** total and then subtract the total **General Retainer**.
8. Click **Reports**, and select **Journal**, and then **Billing (Fees)**.
9. Select or enter 1/1/1982 in the **Start Date** box and the last day of the fiscal year in the **End Date** box.
10. Click to check the **Firm Totals Only** box.
11. Click **OK**.
12. Take note of the Outstanding Disbursements figure found in the **Disbs** column and **Total** row.
13. Add the total Outstanding Disbursement figure from step 12 to the total from step 7 to determine your Client Disbursement Recovery figure.
14. Compare to the Client Disbursement Recovery from the General Ledger Account 1210. These figures should be the same.

Take the following steps to obtain the Client Disbursement Recovery figure from the General Ledger:

1. Click **G/L**, and select **G/L Statements**.
2. Click to check the **General Ledger** box.
3. Select the **Selected** radio button under **G/L Account Selection** and click **Select...** to open the **List G/L Accounts** window.
4. Click to select **1210 Client Disbursement Recovery** and then click **OK**.
5. Enter the start date and end date of the fiscal year into the date range.

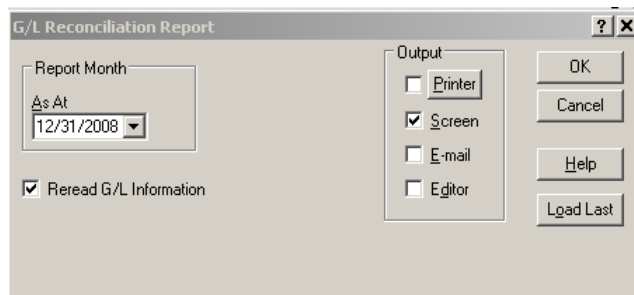
6. Click **OK**.
7. Take note of the Client Disbursement Recovery figure found in **Balance** column and **Closing Balance – Client Disbursement Recovery** row.
8. Compare to the Client Disbursement Recovery calculated from the Client Ledger and Billing Fees Journal. These figures should be the same.

Reconciling the Sub-Ledgers to the General Ledgers

The final values to reconcile are those of the sub-ledgers. You need to compare the totals to the related accounts in the General Ledger.

Take the following steps to ensure that the sub-ledgers reconcile to the General Ledger:

1. Click **Reports**, and then select **G/L Reconciliation**.



2. Select or enter the last day of the fiscal year in the **As At** box.
3. Click to check the **Reread G/L Information** box.
4. Click **OK**.
5. Ensure that there are no differences listed in the **Differences** columns, either **Client/Journal** or **Journal/G/L**.

NOTE: If you have any figures in the differences columns, refer to the "[Balancing the G/L Reconciliation Report](#)" PDF document found in the PDF Document Library of the LexisNexis® Support.

Producing 1099 Forms (US only)

Firms in the United States may be required to submit 1099 forms for certain suppliers.

Take the following steps to run a report listing 1099 vendors:

1. Click **Reports**, and select **Accounts Payable**, and **1099 Listing**.

The screenshot shows the '1099 Listing' dialog box with the following settings:

- Vendor:** <all>
- Threshold amount:** 600.00
- 1099 type:** Misc
- Payment Date:** Start Date: 1/1/2008, End Date: 12/31/2008
- Include:** General Checks, Trust Checks
- Include Vendors:** Active, Inactive, Both
- Output:** Printer, Screen, E-mail, Editor

2. Enter the beginning and end dates of your fiscal year in the **Start Date** and **End Date** fields.
3. Enter the current threshold amount required by the IRS in the **Threshold Amount** box.
NOTE: If you do not know the current threshold, contact your accountant.
4. Click to check the **General Checks** and **Trust Checks** boxes to indicate the payments you want to include.
5. Click **OK**.

After you ensure that the totals on the **1099 Listing** are correct, take the following steps to print the 1099 Forms:

1. Click **Reports**, and select **Accounts Payable**, and **1099 Forms**.

2. Enter the beginning and end dates of your fiscal year in the **Start Date** and **End Date** fields.
3. Enter the current threshold amount required by the IRS in the **Threshold Amount** box.
NOTE: If you do not know the current threshold, contact your accountant.
4. Click to check the **General Checks** and **Trust Checks** boxes to indicate the payments you want to include.
5. Click **OK**.

Closing the Months

You need to close all months within the fiscal year before you can close the year, but you need to leave the final month in the fiscal year open until you enter all year-end adjustments. After you have entered your year-end adjustments, then close the final month of the fiscal year.

Take the following steps to close a month:

1. Ensure that you have reconciled all bank accounts for the month.
2. Ensure that you do not need to enter any other entries for the month.
3. Click **G/L**, and select **G/L Statements**.

4. Enter the beginning and end day of the month you are closing in the date range fields.
5. Click to check the boxes for the financial statements (General Ledger, Income Statement, Balance Sheet, or Trial Balance) that your firm keeps for records.
6. Click **OK**.
7. Click **G/L**, and select **End of Month**.

8. Ensure that the month listed is the one you want to close.
9. Click **OK**.

Making Year-End Adjustments

Often, firms do not run their end of year immediately when the calendar year ends. This is because accountants sometimes require year-end adjusting entries before closing the fiscal year.

When you receive these entries from your accountant, enter the adjustments by dating them to the last day of the fiscal year.

The method for entering year-end adjusting entries depends on the GL accounts you need to adjust.

Some GL accounts are associated with a journal. If you enter an adjusting entry for one of the reserved, or control, accounts you will put the GL account out of balance with its journal. We recommend that you do any adjustments required to reserved accounts through the features associated with that account. The following table provides a list of these control accounts and the preferred entry method for any adjustments.

G/L Nickname	Reserved Account	Accounting Method	Recommended Entry
1000 to 1098	General Bank	All	General Check or Firm Receipt
1100 to 1198	Trust Bank	All	Trust Check or Trust Receipt
1200	A/R	Accrual	Change/Write Off Bill
1210	Client Disb Recov	Accrual/Modified	Expense Recovery
2000	General Liabilities	Accrual	New or Open Payable
2100	Trust Funds Owed	All	Trust Check or Trust Receipt
2400	GST/VAT Payable	Canadian/UK/Australian	General Check w/ GST cat Y
2450	Sales Tax Payable	All	General Check w/GST cat P
5010	Client Disb Exp	Cash	Expense Recovery

For all non-reserved accounts, take the following steps to enter year-end adjusting entries to G/L accounts:

1. Click **G/L**, and select **General Journal**, and then **G/L Adjustment**.

The screenshot shows the 'Create G/L Adjustment' window. At the top, there are fields for 'Date' (12/31/2008) and 'Reference' (J0004). Below these are buttons for 'OK', 'Cancel', 'Print', and 'Help'. An 'Explanation' field is present with a 'Spell...' button. A checkbox labeled 'Show Journal Entry on GST Journal' is unchecked. The main area is a table with columns: G/L Acct, Description, Debit, and Credit. The table contains two rows: 5200 Client Development (Debit 150.00) and 5030 Advertising & Promo (Credit 150.00). At the bottom, there are 'Recurring Entries' buttons ('Create', 'Use') and summary fields: 'Debits: 150.00', 'Credits: 150.00', and 'Balance: 0.00'.

G/L Acct	Description	Debit	Credit
5200	Client Development	150.00	
5030	Advertising & Promo		150.00

2. Enter the last day of the fiscal year in the **Date** field.
3. Enter an explanation the adjustment in the **Explanation** field.
4. Enter all of the adjustments provided by your accountant.
NOTE: The total debits must equal the total of all the credits.
5. Click to check the box for **Show Journal Entry on GST Journal** if you added GST Payable (2400) as one of the adjusting entries. (For firms collecting GST only)
6. Click **OK** to post the adjustments.

Comparing G/L Budget Figures (Available for PCLawPRO only)

If your firm uses the G/L Budget Figures feature, take the following steps to run comparative G/L statements with your budget figures:

1. Click **G/L**, and select **G/L Statements**.
2. Enter the beginning and end day of the month you are closing in the date range fields.
3. Click to check the boxes for the financial statements (General Ledger, Income Statement, Balance Sheet, or Trial Balance) that you want to run.
4. Select the template in the **Template** field for each financial statement selected that displays budget information.
5. Click **OK**.

Comparing Lawyer Budget Figures (Available for PCLawPRO Version 6.6 or higher only)

If your firm uses the Lawyer Budgeting feature, take the following steps to run a comparative budget report:

1. Click **Reports**, and select **Productivity**, and **Lawyer Budgeting**.
2. Select or enter the beginning date of the fiscal year in the **Start Date** box and the last day of the fiscal year in the **End Date** box.
3. Select the radio button for the comparison you want to display in the report (**Budget vs. Worked**, **Budget vs. Billed**, or **Budget vs. Collected**)
4. Click **OK**.

Closing the Year

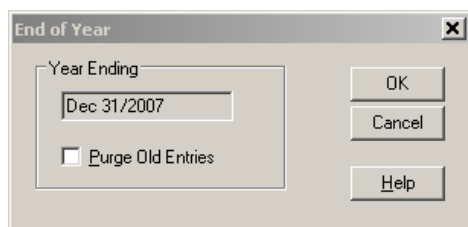
Before you close the year, verify that the following conditions have been met:

- All banks accounts are reconciled for all months of the fiscal year.
- The accountant's adjusting entries are entered.
- Financial Statements are printed and compared.
- The last month of the fiscal year is closed.

You should also run a backup immediately before closing the year to keep in your electronic records.

Take the following steps to close the year:

1. Click **G/L**, and select **End of Year**.



2. Ensure that the **Year Ending** date is the last month of the fiscal year.
3. Check the **Purge Entries** box if you want to summarize all entries that are over two years old and not associated with an open matter.
4. Click **OK**.
5. Print or save a copy of the **End of Year Adjusting Entries** report
NOTE: You cannot print this report again once you close it.
6. Close the **End of Year Adjusting Entries** report.

Updating the G/L Chart of Accounts

If you, or your accountant, want to make any changes to your General Ledger Chart of Accounts, make those changes after you close your fiscal year.

PCLaw v9.3x New G/L Features

New features in PCLaw version 9.3x allow you to send a copy of your General Ledger data to your accountant. The accountant can make GL adjustments and then export their changes back to the firm.

Year-End Resources

For more information on year-end procedures, refer to the following resources:

PCLaw Support Center

<http://support.lexisnexis.com/PCLaw9/>

PCLaw User Guide

For an updated User Guide, in PCLaw select **Help** and select **User Guide**.

Refer to the following chapters:

- Bank Reconciliation
- Closing the Month/Closing the Year
- Accounts Payable