

Closing the financial year

Accounting and finance

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Closing the financial year

Lock periods, close your books for the year and carry balances forward safely.

Advanced · About 30 minutes · Version 1.0 · Updated 17 November 2026

Overview

At the end of the financial year you check your accounts, post year-end adjustments, then **close** the year. Closing moves the year's profit or loss into retained earnings, and locks the period so nothing changes later by accident.

Prerequisites

The Accounts Manager role. Agree the steps with your accountant or auditor.

Steps

1. Check and adjust

1. Make sure all invoices, payments and bank transactions are entered. See Bank accounts and bank reconciliation.
2. Post depreciation. See Depreciation.
3. Count stock and correct differences. See Opening stock and stock counts.
4. Post accruals and prepayments by journal entry.
5. Review the **Trial Balance**. See Financial reports.

2. Create the next fiscal year

Search for **Fiscal Year** and add the new year, so new transactions can be posted. See Currency, fiscal year and accounting periods.

3. Close the year

1. Search for **Period Closing Voucher** and click **Add**.
2. Set the **Posting Date** to the last day of the year, the **Fiscal Year**, and the **Closing Account Head**, which is the retained earnings (or reserves) account.
3. Save and **Submit**. Income and expense balances are transferred, and the year's profit or loss goes into the closing account.

4. Lock the period

1. Search for **Accounting Period** and click **Add**, choose the dates, and list the document types that are **closed** (for example Sales Invoice and Journal Entry).

2. Or set **Accounts Frozen Till Date** in **Accounts Settings** to the last day of the year. Only users with the role named in **Role Allowed to Set Frozen Accounts and Edit Frozen Entries** can post before this date.

Practical example

On 15 January the accountant finishes the audit adjustments, creates the Period Closing Voucher dated 31 December, and sets *Accounts Frozen Till Date* to 31 December. A later invoice dated 28 December is refused, so the signed accounts do not change.

Important notes

- Close only after the auditor agrees the figures. Cancelling a closing voucher is possible, but should be rare.
- Take a backup or data export before closing. See Backups, logs and security.
- Opening balances for the new year are carried forward automatically from the closed accounts.

Common mistakes

- Closing before depreciation or stock adjustments.
- Forgetting to create the next fiscal year.

Troubleshooting

If you cannot post a late correction, ask the user who can set frozen accounts to temporarily allow it, or post it in the new year with a note.

Next steps

Return to Financial reports.

Related documentation

- Currency, fiscal year and accounting periods
- Financial reports
- Journal entries and opening balances