Creating a Fiscal Calendar

Fiscal calendars define the periods during which you report financial statements.

Fiscal calendars can have different purposes. You might need one calendar for quarterly financials that use a 4-4-5 calendar, and another calendar that handles taxes for the year.

Within Kinetic, you set up multiple calendars to handle these different financial schedules.

During this course, you first learn why you need fiscal calendars.

You next see how to enter a fiscal calendar, add its years, and generate its periods.

Then learn how to manually enter periods for fiscal years that do not follow a regular schedule.

Objectives

- What Are Fiscal Calendars?

- Entering a Fiscal Calendar

- Manually Creating Fiscal Periods

What Are Fiscal Calendars?

Fiscal calendars define, maintain, budget, and report your financial statements. Your fiscal year likely does not match the calendar year.

This might seem odd, but there is a reason for this difference. Your company may have seasonal sales that fluctuate, schools and universities start their fiscal years based on the school year, or the US Government's fiscal year starts in October and you need to align statements with that schedule.

Whatever the reason, reporting financial results through a fiscal year generates a more accurate picture of your company's progress, as it better reflects the business cycles you follow.

Fiscal calendars have three main components. The fiscal calendar itself is the shell, and it defines its purpose within your business cycle. For instance, you may have a fiscal calendar for financial reporting and another for taxes during the calendar year.

Then inside each calendar, enter as many years as you need. These years cannot overlap, and you cannot have gaps between years either. If you have a 2022 and a 2024 fiscal year, you need a 2023 year to fill the gap.

Then within each year, you have periods. Typically, you have 12 periods, but that's not always true. For some reporting, you may have a quarterly calendar. Set up as many periods as you need.

Once you set up a fiscal calendar, assign it to one of your company books. You can only assign one fiscal calendar to a book.

One last thing, don't confuse fiscal calendars with production calendars. A production calendar defines the day-to-day schedule your manufacturing center uses to produce and deliver products. A fiscal calendar defines the years and periods required to report financial activity.

Entering a Fiscal Calendar

To create a fiscal calendar, launch Fiscal Calendar Maintenance. From the landing page, tap New.

Enter a Code and a Name for the calendar, like Sales and Sales Cycle Monthly. Save the calendar.

Now expand the Fiscal Year card and tap New Fiscal Year. The next available year displays in the row. The Start Date also defaults to the first available date in the year.

Enter the End Date for the fiscal year. This typically is a year minus a day. So the End Date is the last day of the year, December 31st.

You next enter how many periods will be in this fiscal year. The Number of Periods defines how many you allocate for the year. If this calendar has a previous fiscal year, the default is the number of periods in the previous year.

If you report monthly, this value is twelve, quarterly, this value is 4, annually, this value is 1. For this example, let's enter twelve.

The next column defines the closing periods for the fiscal year. Closing periods indicate the number of times throughout the year you finalize your balance and make restatements. Usually, this value is zero or one.

If you separate your year-end adjustments for auditors, you may need more closing periods. So, you might also call a closing period an adjustment period instead.

Now add periods to this fiscal year. You must add all periods for one year before you enter the next fiscal year.

Do this by tapping the link for the Fiscal Year. Both the Fiscal Year and Fiscal Period cards display.

Since you have set up the Number of Periods, generate them automatically. Tap the Overflow menu and select Generate Periods.

The Generate Periods panel slides on. Verify that the options are correctly set up. In this example, the Start Date and End Date define the entire year.

The Period Duration is 1 and the Duration Type is set to Month(s). This is the regular interval the system uses to generate the periods. You can also set the Duration Type to Week(s) or Day(s), but for this example, let's keep it set to months.

Tap Generate. The system creates twelve fiscal periods. Tap Ok.

The periods display in the Fiscal Period card. Review the Start Date, End Date, and Number of Days for each period.

You have set up the fiscal calendar. Tap Save.

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Manually Creating Fiscal Periods

While you often set up fiscal periods that use a regular series of dates, sometimes periods cannot be the same length. To handle these exceptions, you manually enter fiscal periods.

For example, you may end a fiscal period five days after the closing month ends. During these five days, you can still make transactions, but they will not post until the start of the next period. Because of this, the next period starts on the sixth day of the next month.

You might also use a 4-4-5 calendar where your year is divided into quarters, or four sets of 13 weeks, but the periods in the quarters group into two 4-week period and one 5-week period.

Since your periods are not normal lengths, you cannot automatically generate them. Instead, you directly enter them in the Fiscal Period card.

Start by selecting the year on the fiscal calendar to display the Fiscal Year and Fiscal Period cards. On the Fiscal Period card, tap the New Fiscal Period icon.

The system creates the first period, setting the Start Date as the first day of the fiscal year. Now enter the End Date on which you need this period to stop.

Keep manually adding periods to finish the fiscal year. As you add them, the Start Date for the next period is automatically set to the day after the End Date on the previous period. You can only add as many periods as you defined on the fiscal year.

When you finish manually adding periods, save the Fiscal Calendar.

Recap

Let's review how you set up fiscal calendars.

During this course, you first learned why you need fiscal calendars.

You then saw how to enter a fiscal calendar, its years, and generate its periods.

You then learned how to manually enter periods for fiscal years that do not follow a regular schedule.

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