

Year-end closing procedures for General Ledger in Microsoft Dynamics GP

CONFIDENTIAL ARTICLE

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SUMMARY

This article outlines the recommended year-end closing procedures for Microsoft Dynamics GP. This article contains a checklist of the steps in the procedure, detailed information for each step, and a series of frequently asked questions.

INTRODUCTION

Read this article before you follow any steps. For information about technical support for the General Ledger year-end closing procedures, visit the following Microsoft Web site:

<http://www.microsoft.com/dynamics/support/default.aspx>

During the year-end closing routine, all the records that will be moved are put in a temporary table before they are moved to the GL30000 table. You must have free disk space that is equal to the size of the GL20000 table to perform the routine.

An Automated Solution script may be available to perform this task. For more information about the year-end close Automated Solution, visit the following Microsoft Dynamics Web site:

<https://mbs.microsoft.com/customersource/support/selfsupport/AutomatedSolutions.htm>

MORE INFORMATION

Year-end closing checklist

1. [Complete the posting procedures and the closing procedures for other modules.](#)

Note This step is only required if General Ledger is integrated with other modules.

2. [Post the final adjusting entries in General Ledger.](#)

3. [Print an account list to verify the posting type of each account.](#)

4. [Close the last period of the fiscal year.](#)

Note This step is optional.

5. [Optional: Perform file maintenance on the Financial series group of modules.](#)
 6. [Verify the settings in the General Ledger Setup window.](#)
 7. [Make a backup.](#)
 8. [Print a final Detailed Trial Balance report.](#)
 9. [Print the year-end financial statements.](#)
 10. [Set up a new fiscal year.](#)
 11. [Close the fiscal year.](#)
 12. [Close all the fiscal periods for all the series.](#)
- Note** This step is optional.
13. [Adjust the budget figures for the new year, and then print the financial statements.](#)
 14. [Make a backup.](#)

1. Complete the posting procedures and the closing procedures for other modules.

Only follow this step if General Ledger is integrated with other modules. If General Ledger is not integrated with other modules, skip this step.

- a. Post final transactions in all the modules except in General Ledger.
- b. Complete the month-end procedure and the quarter-end procedure for all the modules except for General Ledger.
- c. Complete the year-end closing procedures for each module in the following order:
 1. Inventory

For more information, click the following article number to view the article in the Microsoft Knowledge Base:

[872713](#) Inventory year-end closing procedures in Inventory Control in Microsoft Dynamics GP

2. Receivables Management

For more information, click the following article number to view the article in the Microsoft Knowledge Base:

[857444](#) Year-end closing procedures for Receivables Management in Microsoft Dynamics GP

3. Payables Management

For more information, click the following article number to view the article in the Microsoft Knowledge Base:

[875169](#) Year-end closing procedures for the Payables Management module in Microsoft Dynamics GP

4. Fixed Asset Management

For more information, click the following article number to view the article in the Microsoft Knowledge Base:

[865653](#) The year-end closing procedures for the Fixed Asset Management module in Microsoft Dynamics GP

5. Analytical Accounting

For Microsoft Dynamics GP 10.0 Service Pack 2 and greater, functionality was added to consolidate balances for dimensions in Analytical Accounting. Please review KB 960356 to make sure you have properly marked the dimensions that you want to be consolidated during the year-end process. Please note that there is no separate year-end process that needs to be run in the Analytical Accounting module. When the year-end close process is run for General Ledger, it will automatically consolidate the balances and move the transactions in Analytical Accounting for dimensions that were properly marked.

For more information, click the following article number to view the article in the Microsoft Knowledge Base:

[960356](#) The year-end close procedures for Analytical Accounting in Microsoft Dynamics GP 10.0 Service Pack 2 and in later versions

Note Year-end procedures for Payroll are independent of the procedures in other modules. These procedures are always performed at the end of the calendar year. For more information, click the following article number to view the article in the Microsoft Knowledge Base:

[850663](#) Year-end closing procedures for Microsoft Dynamics GP Payroll

2. Post the final adjusting entries in General Ledger.

The adjusting entries include all the entries that correct errors that were made when transactions were recorded. The adjusting entries also include journal entries that are used to assign revenues or expenses to the period in which the revenues were earned or in which the expenses were incurred.

If you must make any adjusting entries to allocate revenue, expenses, or depreciation to the year that you are closing, use the Transaction Entry window or the Quick Journal Entry window to make adjusting entries in General Ledger.

If you have to track initial adjusting entries or postaudit entries separate from other fiscal periods, auditing periods can be set up in General Ledger. This feature enables separate tracking of the adjusting entries that are made after the year is closed. For more information about how to create auditing periods, click the following article number to view the article in the Microsoft Knowledge Base:

[871679](#) How to set up an adjusting period in General Ledger in Microsoft Dynamics GP

Note If you are using closing periods and you reconcile, the transactions all move to the first period with the start date.

3. Print an account list to verify the posting type of each account.

The posting type determines whether an account is closed to the retained earnings account or whether an account brings a balance forward to the next fiscal year. If the account balance will be brought forward at the end of the year, the posting type must be set to **Balance Sheet**. If the account balance will be closed to a retained earnings account at the end of the year, the posting type must be set to **Profit and Loss**. Use the Account Maintenance window if you must change the posting type for an account.

Follow these steps to print an account list:

- a. On the **Reports** menu, point to **Financial**, and then click **Account**.
- b. In the **Reports** list, select **All Accounts**, and then click **New**.
- c. In the **Option** box, type **all accounts**.
- d. Click to select the **Inactive Accounts** check box.

Note The year-end close process is designed to delete inactive General Ledger accounts that have no current year activity. For more information, see Q17 in the **Frequently Asked Questions** section.

- e. Click **Destination** to specify a report destination, and then click **OK**.
- f. Click **Print**.

4. Close the last period of the fiscal year.

This step is optional.

You can use the Fiscal Periods Setup window to close all fiscal periods that are still open for the year. This prevents transactions from being posted to the wrong period or to the wrong year.

Notes

- Make sure that you post all the transactions for the period and for the year for all modules before you close the fiscal periods. Later, if you have to post transactions to a fiscal period that you already closed, you must return to the Fiscal Periods Setup window to reopen the period.
- If you use Microsoft FRx, keep one period in the most recent historical year open to prevent the following error message:

FRX Print Engine Failed to Load the Company Calendar.

For more information, click the following article number to view the article in the Microsoft Knowledge Base:

[874932](#) "Failed to Load Company Calendar" checklist for FRx

5. Optional: Perform file maintenance on the Financial series group of modules.

Run the check links procedure on the Financial series group of modules.

6. Verify the settings in the General Ledger Setup window.

If you want to keep historical records, you must click to select the **Accounts** check box and the **Transactions** check box in the **Maintain History** area of the General Ledger Setup window. The account history lets you print financial statements and calculated budgets from historical information. The transaction history lets you print detailed historical trial balances. The transaction history also lets you view the transaction details. If these check boxes are selected, both the account history and the transaction history are updated during the year-end closing routine.

7. Make a backup.

Make a backup of all company data, and then put the backup in safe permanent storage. The backup gives you a permanent record of the company's financial position at the end of the year. The backup can then be restored later if it is required.

8. Print a final Detailed Trial Balance report.

Use the Trial Balance Report window to print a year-end Detailed Trial Balance report.

Note We recommend that you post all transactions for the period and for the year for all modules before you print the Detailed Trial Balance report. If you post additional transactions later, we recommend that you print a new Detailed Trial Balance report.

9. Print the year-end financial statements.

Print any year-end financial statements that are required. The most common financial statements include the following statements:

- Balance Sheet
- Profit and Loss Statement
- Statement of Cash Flows
- Statement of Retained Earnings

10. Set up a new fiscal year.

Before you can perform the year-end closing routine, you must set up a new fiscal year by using the Fiscal Periods Setup window.

11. Close the fiscal year.

To close the fiscal year, follow these steps:

- a. Use the appropriate step:
 - In Microsoft Dynamics GP 10.0 or Microsoft Dynamics GP 2010, point to **Tools** on the **Microsoft Dynamics GP** menu, point to **Routines**, point to **Financial**, and then click **Year-End Closing**.
 - In Microsoft Dynamics GP 9.0, point to **Routines** on the **Tools** menu, point to **Financial**, and then click **Year-End Closing**
- b. Specify an account in the **Retained Earnings Account** box.

The account that you specify in the **Retained Earnings Account** box is the account to

which the year's profit and loss accounts are closed. The default account is the account that you specified in the General Ledger Setup window.

All current-year earnings or current-year losses are transferred to the account that you specify in the **Retained Earnings Account** box. If you want to distribute the retained earnings for the year to more than one account, you can specify an allocation account to distribute the retained earnings amount to the appropriate accounts. For example, you could set up an allocation account to divide the earnings between several departments in the business.

Or, you could transfer the year's profit or loss to accounts that contain a specific account segment. This process is known as closing to a divisional retained earnings account. For more information, click the following article number to view the article in the Microsoft Knowledge Base:

[850615](#) How to use divisional retained earnings accounts in General Ledger in Microsoft Dynamics GP

See the "[Frequently asked questions](#)" section for more information about how to close to divisional retained earnings accounts.

- c. Specify the number that you want to use as the first journal entry number for the next fiscal year in the **Starting Journal Entry** box.

You can accept the default number. The default number is one more than the highest journal entry number that is posted for the current year. Or, you can specify a new number. The journal entry number that you specify is used as the journal entry number for the Year-End Closing report.

- d. To start the routine, click **Close Year**.

Important Click **Close Year** one time. If you click more than one time, you will close more than one year during the process. Also, if the progress window appears to stop at 50 percent, do not restart the routine. As long as the hard disk is processing, let the process continue.

If you are maintaining the account history, the year-end closing routine transfers all current-year information for each account in the chart of accounts to the account history. If you are maintaining the transaction history, the year-end closing routine also transfers all current-year information for each account in the chart of accounts to the transaction history. The process then prepares the accounting system for a new fiscal year. In addition to transferring current-year figures to the transaction history and to the account history, the year-end closing routine does the following:

- The year-end closing routine reconciles and summarizes the general ledger balances that accumulated throughout the year.
- The year-end closing routine removes accounts that are marked as inactive if the accounts match the criteria for deleting a posting account. Inactive accounts that have been set up as budget accounts can also be deleted if they have no activity for the year. These accounts can be deleted even if budget amounts from past years are associated with these accounts.
- The year-end closing routine moves all profit and loss account balances to the retained earnings account.
- The year-end closing routine summarizes balance sheet accounts and brings the balances forward as the beginning balances of the account in the new fiscal year.
- The year-end closing routine prints the Year-End Closing report.

When the year-end closing routine is complete, the Year-End Closing report is printed. This

report lists the accounts that were closed and the transactions that were created to close those accounts. The Year-End Closing report is part of the audit trail. Save this report for the company's permanent records. The Year-End Closing report cannot be reprinted.

Note If you use Microsoft SQL Server, and if database maintenance is not automated, we recommend that you perform database maintenance after you close the year. For more information about recommended database maintenance procedures, click the following article number to view the article in the Microsoft Knowledge Base:

[866439](#) Recommended maintenance with SQL Server for Microsoft Dynamics GP databases

12. Close all the fiscal periods for all the series.

This step is optional.

After you complete the closing procedures for all the modules, use the Fiscal Periods Setup window to mark all the periods for all the series as closed. We recommend that you do this to prevent transactions from being posted from any module to any period that you closed. After a period is marked as closed, transactions cannot be posted to the period unless you reopen the period. Later, if you must post a transaction to a closed period, return to the Fiscal Periods Setup window to reopen the period.

13. Adjust the budget figures for the new year, and then print the financial statements.

Adjust the budget figures by using one of the following windows:

- Excel-Based Budgeting
- Budget Maintenance
- Single-Account Budget Maintenance

Print the "Profit and Loss" statement to verify that profit and loss accounts were closed to the retained earnings account. Print the balance sheet to verify that the balance sheet accounts indicate that the balances were brought forward.

If you are using Advanced Financial Analysis to print the financial statements, you must update the report layout to reflect the current fiscal year. To do this, follow these steps:

- a. On the **Reports** menu, point to **Financial**, and then click **Advanced Financial**.
- b. In the **Reports** list, select the financial statement, click **Open**, and then click **Layout**.
- c. Double-click each column button to verify the Column Definition for the column. For example, double-click the **C1** button or the **C2** button.
- d. If the column type is set to **Period Range**, to **Year-to-Date**, or to **Variable Year-to-Date**, select the current fiscal year in the **Year** list, and then click **OK**.
- e. Repeat steps 13a through 13d for each column of each report.

14. Make a backup.

Make a backup of all the company data, and then put the backup in safe permanent storage. The backup gives you a permanent record of the company's financial position at the start of the new year. This backup can be restored later if it is required.

Frequently Asked Questions

Q1: Do I have to close the fiscal year before the first day of the next fiscal year?

A1: The year-end closing routine does not have to be completed before you start the next fiscal year. However, we recommend that you close the year as soon as possible. For more information about how to print a balance sheet if you have two open years, click the following article number to view the article in the Microsoft Knowledge Base:

[866371](#) How to print a Balance Sheet for the year if the prior year is not a closed year using Microsoft FRx

Q2: Can I make adjusting entries after I close the year?

A2: You can post an entry to the most recent historical year if the **Posting to History** check box is selected in the General Ledger Setup window. If you post an entry to a closed year, a second entry is automatically made that updates the beginning balances for the current fiscal year.

The following tables show an adjusting entry and the way the entry appears in the posting journal.

Adjusting entry

| | | | |
|------------|-------------------------|-------|-------|
| 12/25/2010 | Administration Expenses | \$500 | |
| | Cash | | \$500 |

Posting journal

| | | | |
|------------|-------------------------|-------|-------|
| 12/25/2010 | Administration Expenses | \$500 | |
| | Cash | | \$500 |
| 12/31/2010 | etained Earnings | \$500 | |
| | Cash | | \$500 |

Q3: After I performed the year-end closing routine, beginning balances were brought forward for some of my sales and expense accounts. Some of my asset accounts also closed to the retained earnings account. Why did this problem occur, and what can I do to correct it?

A3: The posting type that is specified in the Account Maintenance window for the account determines whether a balance is brought forward for the account or whether the account is closed to the retained earnings account. Accounts that use the **Balance Sheet** posting type carry a balance forward. Accounts that use a **Profit and Loss** posting type close to the retained earnings account. To resolve this problem, restore from a backup, correct the posting type, and then run the year-end closing routine again.

For more information about how to correct accounts that have an incorrect posting type without restoring from a backup, click the following article number to view the article in the Microsoft Knowledge Base:

[864913](#) How to correct accounts that were set up to use the wrong posting type after you close the year in General Ledger in Microsoft Dynamics GP

Q4: I tried to run the year-end closing routine by using a divisional retained earnings account, but I received the following error message:

Retained Earnings account not found.

What can I do to resolve the problem that causes this error message?

A4: Before the routine can continue, the year-end closing routine must validate that all the required divisional retained earnings accounts exist. For example, the Fabrikam, Inc. demonstration company uses an account format of *nnn-nnnn-nn*. The first segment represents the department. A retained

earnings account must exist for each department that has a profit and loss account. For example, if sales account 400-4100-00 exists, but no 400-*nnnn-nn* retained earnings account exists, you receive this error message. For more information about how to close to divisional retained earnings accounts, click the following article numbers to view the articles in the Microsoft Knowledge Base:

[850615](#) How to use divisional retained earnings accounts in General Ledger in Microsoft Dynamics GP

[850741](#) Error message when you try to perform the year-end closing process in General Ledger in Microsoft Dynamics GP: "Retained Earnings account not found"

An Automated Solution script may be available to perform this task, as well as other basic checks on your accounting data to help you prepare to close your fiscal year. For more information, visit the following Microsoft Dynamics Web site:

<https://mbs.microsoft.com/customersource/support/selfsupport/AutomatedSolutions.htm>

Q5: What happens to unit accounts during the year-end closing routine?

A5: Unit accounts are treated as balance sheet accounts. Unit accounts have a balance that is brought forward when the year is closed. For more information about how to clear the beginning balances for unit accounts, click the following article number to view the article in the Microsoft Knowledge Base:

[857582](#) How to clear beginning balances for unit accounts in General Ledger in Microsoft Dynamics GP

Q6: I am preparing to close the year in General Ledger. Must everyone exit Microsoft Dynamics GP before I perform the year-end routine?

A6: We recommend that client computer users stop working in Microsoft Dynamics GP while the year-end closing routine is processing. If users continue to work in the program, their work may be lost if you have problems with the year-end closing routine and need to restore to the last backup.

Q7: I want to allocate the net profit to the retained earnings account or to the capital accounts each month. Also, net profit is supposed to be allocated to three retained earnings accounts or capital accounts. Can I do this?

A7: No, you cannot do this. However, you can specify a non-financial account in the Account Maintenance window. Use a number that is not in your current account numbering scheme. This account acts as a suspense account for the net income or for the net loss. Every month, you can post an adjusting entry to the three capital accounts that you want to adjust. For the offset account, use the suspense account. When the year-end closing routine is finished, use the suspense account as the retained earnings account. This offsets all the manual adjustments that you made to the suspense account during the year. Make sure that the suspense account does not appear on reports.

If you are using Advanced Financial Analysis for financial statements, when you format the balance sheet, put the **NP** line as the last line on the Advanced Financial Analysis statement. Then, put a page break before the **NP** line. The balance sheet must have an **NP** line. However, this line makes the net income or the net loss appear two times. Therefore, format the **NP** line so that it is off the financial statement. You can also use a report type of **Other**.

Q8: Why is the status of some of my financial reports set to Invalid?

A8: If a report is configured to use the accelerator file, any changes that are made to accounts in any one of the following windows causes the status of the financial report printing options to change to **Invalid**:

- Account Maintenance

- Unit Account Maintenance
- Mass Modify Chart of Accounts
- Year-End Closing

Before you print financial statements, you must update the accelerator file. To do this, follow these steps:

- a. On the **Reports** menu, point to **Financial**, and then click **Update Financial Accelerator**.
- b. Click **Update**, and then click **Continue**.
- c. Close the Update Financial Accelerator Information window.

Q9: How are non-financial accounts closed during the year-end closing routine?

A9: If the non-financial account is configured to use the **Balance Sheet** posting type, the account balance is brought forward during the year-end closing routine. If the non-financial account is configured to use the **Profit and Loss** posting type, the account balance is closed to the retained earnings account during the year-end closing routine.

Q10: When I try to post a batch in the General Ledger module, I receive the following message:

Batches cannot be posted while the Year-End Close is in progress.

The year-end closing routine is not being run in General Ledger. What should I do?

A10: To resolve this issue, have all users close all transaction entry windows. Then, delete the SY00800 file if you are running a Microsoft SQL Server database. To do this, run the following statement on the DYNAMICS database.

```
delete SY00800 where BACHNUMB = 'GL_Close'
```

For more information, click the following article number to view the article in the Microsoft Knowledge Base:

[856550](#) Error message when you try to post a transaction in General Ledger in Microsoft Dynamics GP after the year is closed: "Year End Close is still in process and batches cannot be posted"

Q11: I receive the following message when I try to close the year in General Ledger:

Sorry, another user is closing the year.

No one else is trying to close the year. What should I do?

A11: To resolve this issue, delete the SY00800 file if you are using a Microsoft SQL Server database. To do this, run the following statement in SQL Query Analyzer on the DYNAMICS database.

```
delete SY00800 where BACHNUMB = 'GL_Close'
```

Q12: I am performing the year-end closing routine in General Ledger and it appears to be stopped at 50 percent. My workstation seems to have stopped responding. What should I do?

A12: If the year-to-date transaction open file (GL20000) is large, it may take a long time for the year-end closing routine to finish. If the hard disk is still processing, the year-end closing routine has not stopped responding. We recommend that you let the routine run. If the hard disk is not processing, we recommend that you restore from a backup. Then, follow the steps in this article again, starting at step 5.

Q13: If an adjusting entry has been posted to a year that is closed, can I print a corrected Trial Balance report for that year?

A13: Yes, you can print a corrected Trial Balance report for the year that is closed. To do this, follow these steps:

1. On the **Reports** menu, point to **Financial**, click **Trial Balance**, and then click **New**.
2. In the **Option** field, type **With Adjustments**.
3. In the **Include** area, click to select the **Posting Accounts** check box.
4. In the **Year** area, click to select the **History** check box, and then select the historical year in the **Year** list.
5. Click **Destination** to specify a report destination, and then click **OK**.
6. Click **Print**.

Q14: How does Microsoft Dynamics GP determine the financial statement that is printed for the account that I am adding?

A14: The category determines the type of financial statement that is printed when you use quick financial statements for the account that you are adding. The category is either the Balance Sheet category or the "Profit and Loss" category. You must format the reports to print the accounts that you want in Advanced Financial Analysis and in Microsoft FRx. The posting type is used during the year-end closing routine to determine the accounts that close to the retained earnings account and to determine the account that carries a balance forward. The posting type does not affect the financial statements.

Q15: When I tried to perform the year-end closing routine, I received an error message that stated that a single-use batch or a quick journal transaction had not been posted. What does this error message mean?

A15: When you try to perform the year-end closing routine, you may receive the following error message:

A single use batch or quick journal transaction has not been posted yet. Do you want to continue closing?

You receive this error message if an unposted single-use batch or an unposted quick journal transaction exists in General Ledger. This error message does not prevent you from continuing with the year-end closing routine. If you do not want to post the single-use batch or the quick journal transaction, continue with the year-end closing routine.

Q16: When I try to perform the year-end closing routine in General Ledger, why do I receive the following error message:

[Microsoft][ODBC SQL Server Driver][SQL Server]Violation of PRIMARY KEY constraint 'PK##0671112'. Cannot insert duplicate key in object '##0671112'

A16: The year-end closing transactions contain a currency that is not assigned to an account. For more information about how to resolve this issue, click the following article number to view the article in the Microsoft Knowledge Base:

[950019](https://msdynamics.com/950019) Error message when you try to perform the year-end closing routine in General Ledger in Microsoft Dynamics GP: "Violation of PRIMARY KEY constraint 'PK##0671112'"

Q17: Why did the year-end closing process delete some GL accounts that may be tied to budgets?

A17: The year-end closing process will delete GL accounts that are marked as inactive and have no activity in the current year.

For more information about inactive GL accounts and the year-end close process, click the following article number to view the article in the Microsoft Knowledge Base:

[2452542](#) Inactive GL accounts deleting during the Year-End Close process for General Ledger in Microsoft Dynamics GP

APPLIES TO

- Microsoft Dynamics GP 2010
- Microsoft Dynamics GP 10.0
- Microsoft Dynamics GP 9.0, when used with:
General Ledger

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