Microsoft Dynamics GP: Fixed Assets
Year-End Closing Procedures

Introduction
This document outlines the recommended year-end closing procedures for Fixed Asset Management in Microsoft Dynamics and includes a checklist of the steps that you must follow to complete these procedures. The "More information" section contains detailed information about each step. A series of frequently asked questions (FAQ) follows the description of the procedures.

Does the 2023 Year-End Update include any changes for the Fixed Assets module?
> Yes - Luxury Auto Maximum Depreciation Deduction Amounts: The maximum depreciation deduction amounts allowed for luxury vehicles has been updated for assets placed in service in calendar year 2023.

Is there any new functionality I should know about that affects the Fixed Assets Year-End closing process?
> There is no new functionality this year that will affect Fixed Assets year-end closing processes. However, as a reminder, in Microsoft Dynamics GP 2015 and later, a *Fixed Asset Year-End Closing report* was added to the year-end close process. This optional report will print per Book, and show the Asset ID, Description, Cost Basis, YTD depreciation, Accumulated Depreciation, NBV, Placed in Service Date, Depreciated to Date, Quantity, YTD Maintenance, and Status for all assets impacted by the year-end close process. In a single step, you can close the year and print a status report of all the assets that were affected by the close.

When should the Year-End close for Fixed Assets be done?
> We recommend you close all books in Fixed Assets after you close Payables Management (specifically if you're interfacing assets from Payables to Fixed Assets), but before you close the General Ledger year.

Below are other key points to remember:
> **All assets must be 'depreciated through' the last day of the current Fixed Assets year. **This is VERY important** See NOTE below.**
> When you close the year in Fixed Assets, you should do so for each 'Book' you have set up.
> All 'Books' should be closed before you run depreciation for the new year.

> **NOTE:** The last day of the Fixed Assets year can be confirmed by navigating to the Fixed Assets Calendar Setup window: **Microsoft Dynamics GP >> Tools >> Setup >> Fixed Assets >> Calendar**

What does the Year End Close Process do and /or affect?
In the Asset General Window:
- The YTD Maintenance amount is cleared from the Expand last Maintenance Date Window.
- The Quantity is copied to the Begin Quantity field in the Expand Quantity Window.

In the Asset Book Window:
- The YTD Depreciation Amount is cleared.
- Cost Basis is copied to Begin Year Cost field.
- Life to Date Depreciation is copied to Begin Reserve field.
- Salvage Value is copied to Begin Salvage field.

In the Book Setup Window:
- The Current Fiscal Year is incremented to the next year.

What steps should I take to close the year in Fixed Assets?
- <u>You must process depreciation to the last day of the current FA year before you close the year.</u> ***Again, this is important***
- Print all the reports pertinent to the year you are closing before closing the year.
- **Make a backup**

NOTE: You should close the year for <u>**all**</u> **Books**, however, you do not need to close them all at the same time. With that being said, <u>*all books* should be closed before processing any depreciation for the new year.</u>

NOTE: The last day of the Fixed Assets year can be confirmed by navigating to the Fixed Assets Calendar Setup window: **Microsoft Dynamics GP > Tools >> Setup > Fixed Assets > Calendar**

Reminder - DO NOT FLIP the 'Current Fiscal Year' in the Book Setup window:
Do not manually edit the year in the Book Setup window so you can run depreciation for the next year, and then 'flip it back' and proceed to close the current year. If you do this, the year-end process will set the YTD Depreciation field to zero and then at the end of the next year, the GP code will look to this YTD field to see if enough depreciation has been taken for the year and not see the depreciation you had already done in the new year. This will cause your assets to over-depreciate at the end of the next year to try make up for the missing amounts in the YTD field (this manifests as overstated depreciation amounts in the remaining periods of the year or as doubled/tripled amounts in the last period of the year). For this reason, the Current Fiscal Year field in the Book Setup window has been locked down in Microsoft Dynamics GP 2013 and later versions.

Note: Before you follow the instructions in this article, make sure that you have a complete backup copy of the database that you can restore if a problem occurs.

Read this whole article before you perform any one of the steps. If you have any questions, contact HOOPS at support@hoopsinc.com ***or call (715) 831-9737.***

Year-end checklist
Step 1: Perform all the year-end closing procedures for Payables Management in Microsoft Dynamics GP

We recommend you close all books in Fixed Assets _after_ you close Payables Management (specifically if you're interfacing assets from Payables to Fixed Assets), but before you close the General Ledger year. This action guarantees that all the outstanding fixed asset transactions are capitalized. For more information about closing Payables Management, 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

Step 2: Enter all the fixed asset transactions for the current fiscal year

Post all the additions, the changes, the transfers, and the retirements for the current fiscal year.

Note: Transfers and undo retirement transactions should never be performed in a historical year.

Step 3: Depreciate all assets through the last day of the current fiscal year

1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Routines > Fixed Assets > Depreciate**.
2. In the **Depreciation Target Date** box, type the last date of the current fiscal year.
3. To insert all the fixed asset books, click **All**.
4. Click **Depreciate**.
   NOTE: It is **very important** to **depreciate all assets** through the last day of the current FA Fiscal Year. If all assets are not depreciated through the last day of the current FA Fiscal Year prior to processing the year-end-close, depreciation amounts will be incorrect. Please see Q3 and A3 in the FAQ section below for more information.

Step 4: Perform the GL Posting (GL Interface) process (This step is optional.)

1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Routines > Fixed Assets > GL Posting**.
2. In the **Beginning Period** box, type _2023-012_.
   Note: The _2023-012_ placeholder represents period 12 of the fiscal year 2023. If you are not running on a calendar fiscal year, or if you have more than 12 periods, the period that you type is different.
3. In the **Ending Period** box, type _2023-012_.
4. In the **Transaction Date** box, type the last date of the current fiscal year, or type the date when you need the posting to affect the general ledger.
5. Click **Continue**.
6. When you receive a message that the batch number is being created, click **Continue**.
7. In the Report Destination window, select the **Printer** check box, and then click **OK**.
   Note: You may want to keep this report as part of the year-end financial records.

Step 5: Run any year-end reports that you want to keep as part of the year-end financial records

The year-to-date depreciation amounts for previous fiscal years are not kept in Fixed Asset Management. Therefore, you must print any reports that contain this information before you close the year.

There are several reports available for fixed assets. We recommend that you print the following reports:

- Annual Activity
  To print the Annual Activity report, select **Reports > Fixed Assets > Activity**.

- Additions
  To print the Additions report, select **Reports > Fixed Assets > Transaction**.

- Retirements
  To print the Retirements report, select **Reports > Fixed Assets > Transaction >** and select **Retirements** in the **Reports** list.

- Transfers
  To print the Transfers report, select **Reports > Fixed Assets > Transaction >** and select **Transfers** in the **Reports** list.

- Depreciation Ledger
  To print the Depreciation Ledger report, select **Reports > Fixed Assets > Depreciation >** and select **Depreciation Ledger** in the **Reports** list.

- Property Ledger
  To print the Property Ledger report, select **Reports > Fixed Assets > Inventory**, and select **Property Ledger** in the **Reports** list.

- Fixed Assets to General Ledger Reconciliation
  To print the Fixed Assets to General Ledger Reconciliation report, select **Reports > Fixed Assets > Activity**, and select **Fixed Assets to General Ledger Reconciliation** in the **Reports** list.

If you have more than one fixed asset book, we recommend that you also print the following reports:

- Book to Book Reconciliation
  To print the "Book to Book Reconciliation" report, select **Reports > Fixed Assets > Comparison**.

- "Book to Book YTD Depreciation Comparison"
  To print the "Book to Book YTD Comparison" report, select **Reports > Fixed Assets > Comparison**, and then select **Book to Book YTD Depreciation Comparison** in the **Reports** list.

Step 6: (Optional) Guarantee that the Fixed Assets calendar is built correctly.
1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Setup > Fixed Assets > Calendar**.
2. Select a Calendar and then click **Verify**. When you are prompted to verify the periods, click **OK**.
3. In the Report Destination window, click **Screen**, and then click **OK**.

Step 7: Verify that the quarters are set up correctly for all the fiscal years
1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Setup > Fixed Assets > Quarter**.
2. Make sure that the following boxes are not empty:
   - **Start Date**
   - **Mid Date**

- o **End Date**

Note: These boxes must exist for each quarter. If any box is empty, type the appropriate date in that box.

Step 8: Create a backup

This backup should be stored off-site together with the rest of the year-end documentation. This backup gives you a permanent record of the company's financial position at the end of the year. Additionally, this backup can be restored later if it is required. Making a backup guarantees that you can quickly recover if a power fluctuation or other problem occurs during the year-end closing procedures.

To create a backup in Microsoft Dynamics GP, follow these steps:
1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Maintenance > Backup**.
2. In the **Company Name** list, click the company name.
3. Change the path of the backup if you must, and then click **OK**.

Step 9: Perform the fixed assets year-end closing routine
1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Routines > Fixed Assets > Year End**.
2. Verify that the fiscal year that is displayed for each book is the current fiscal year. (The current fiscal year is the year that you are closing.)
   Note: If the fiscal year that is displayed for a book is not the current fiscal year, see Q1 in the "Frequently asked questions (FAQ)" section.
3. Click a book that you want to close, and then click **Insert**. Repeat this step until all the books that you want to close have been inserted.
4. Click **Continue** to start the process. Click **Continue** to confirm.
5. You will be prompted to confirm that you have depreciated assets though to the last day or the current FA year. If not, be sure to click **NO** here and do that before you can continue to close the year. If you have, click **Yes**.

Note: Microsoft Dynamics performs the following procedures during the year-end closing routine:
- In the Asset General Information window, the **Quantity** field is copied to the **Begin Quantity** field of the Expand Quantity window.
- In the Expand Last Maintenance window, the **YTD Maintenance** amount is cleared.
- In the Asset Book window, the **YTD Depreciation Amount** is cleared.
- The following procedures are performed:
  - o The **Cost Basis** field is copied to the **Begin Year Cost** field.
  - o The **LTD Depreciation** field is copied to the **Begin Reserve** field.
  - o The **Salvage Value** field is copied to the **Begin Salvage** field.
- In the Book Setup window, the **Current Fiscal Year** field is increased by one.

Note: A report is not generated during the fixed assets year-end closing routine for Microsoft Dynamics GP 2013 and prior versions. For Microsoft Dynamics GP 2015 and higher versions, a Fixed Asset Year-End Closing report is optional to print. This optional report will print per Book, and show the Asset ID, Description, Cost Basis, YTD depreciation, Accumulated Depreciation, NBV, Placed in Service Date, Depreciated to Date, Quantity, YTD Maintenance, and Status for all assets impacted by

the year-end close process. In a single step, you can close the year and print a status report of all the assets that were affected by the close.

Frequently asked questions (FAQ)

Q1: The fiscal year that is displayed for my book in the Asset Year End window isn't the year I want to close. I closed the year displayed last year, and I haven't yet closed the current year. What should I do?

A1: See the answer for Q4.

Q2: I have closed General Ledger in Microsoft Dynamics GP, and I now realize that I have not yet closed Fixed Asset Management. Can I perform the fixed assets year-end closing routine at this point?

A2: We recommend that you close General Ledger last, after all the subsidiary modules have been closed. However, Fixed Asset Management can be closed after General Ledger is closed. The GL Posting (GL Interface) process can be performed, and then the transaction or transactions can be posted to the closed year or to the historical year in the general ledger. For more information about the GL Posting (GL Interface) process, see step 4 in the "Year-end checklist" section.

To post transactions to the historical year in the general ledger, make sure that the following options are selected in the General Ledger Setup window:
- **Allow Posting to History**
- **Maintain History Accounts**
- **Maintain History Transactions**

Note
- To access the General Ledger Setup window in Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Setup > Financial > General Ledger**.

The posted transaction will update the historical year, and it will roll forward as a beginning balance to the open year. If any expense accounts or any revenue accounts were included in the transaction, they will automatically close out to the Retained Earnings account or accounts.

Q3: I ran the year-end routine in Fixed Asset Management, and then I ran depreciation in the New Year. I see that the depreciation is highly overstated and that some assets have a negative number in the "Net Book Value" field. Why is the system calculating so much depreciation?

A3: This problem occurs if the following conditions are true:
- The year was closed.
- The assets were not depreciated through the last day of the fiscal year.

Consider the following example:
- The fiscal year is a calendar year (January 1 through December 31).
- The assets were depreciated through December 28 when the year was closed.

In this example, depreciation will be incorrect the next time that depreciation is run. The system does not recalculate the yearly rate when the year-end closing routine is performed. Therefore, fixed assets take a full year of depreciation in the last few days that remain in the previous year (December 29 through December 31). The rate of depreciation is the yearly rate currently on each asset. Additionally, if there are assets that are near the end of their original life, the **Net Book Value** field may become negative.

There are two workarounds for this problem:
- **Recommended workaround:**
  Restore the data from a backup, run depreciation through the last day of the year, and then perform the year-end closing procedures.
- **Alternative workaround:**
  Reset life on all the assets.

Note: If amounts on the assets have ever been entered for the **YTD Depreciation** field or for the **LTD Depreciation** field, resetting life on the assets will change these amounts, and the result may be different. If you change the **YTD Depreciation** field or the **LTD Depreciation** field by resetting life on the asset, you will cause inconsistencies between Fixed Asset Management and General Ledger. These inconsistencies must be explained.

Q4: Instead of completing the year-end routine for Fixed Asset Management, I manually changed the "Current Fiscal Year" field in the Book Setup window to the next year. Do I have to go back and run the year-end closing routine, or can I continue to process activity in Fixed Asset Management for the New Year?

A4: If no activity, such as additions, changes, transfers, retirements, or depreciation, has been run for the New Year, the **Current Fiscal Year** field in the Book Setup window can be changed back to the previous year, and then the year-end closing routine can be processed.

If any activity, such as additions, changes, transfers, retirements, or depreciation, has been run for the New Year, restore the data from a backup, and then continue with the year-end closing routine.

In either situation, the year-end closing routine must be run. If the year-end closing routine is not completed, the amount in the **YTD Depreciation** field will be overstated on any report that includes assets that were retired or that were fully depreciated in the previous year. If the year-end closing routine is not performed, the amounts in the **YTD Depreciation** field will not be cleared. The amounts in the **YTD Depreciation** field will not be zeroed out. Therefore, these amounts will be incorrectly included in the reports for the New Year.

YEAR-END RESOURCES

Partner — Contact HOOPS for more information or if you need assistance with any of the items mentioned above. Call (715) 831-9737 or email support@hoopsinc.com.

IRS Forms and Publications — Available at http://www.irs.gov/Forms-&-Pubs