

Microsoft Dynamics GP: General Ledger Year-End Closing Procedures

Introduction

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.

There are no changes in the 2023 Year-End Update that will affect the General Ledger year-end closing process. Likewise, there have been no changes this year in reference to new functionality related to closing the year in General Ledger.

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 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.



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

Only follow this step if General Ledger is integrated with other modules. Skip this step if General Ledger is not integrated.

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

a. **Inventory**

For more information, click the following article number to view the article in the Microsoft Knowledge Base: [872713](#) Year-End Closing procedures in Inventory Control in Microsoft Dynamics GP

b. **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

c. **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 Payables Management module in Microsoft Dynamics GP

d. **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

e. **Analytical Accounting**

Functionality was added to consolidate balances for dimensions in Analytical Accounting (Back on GP 10.0 SP2). Review [The Year-end close procedures for Analytical Accounting in Microsoft Dynamics GP](#) to make sure you've properly marked the dimensions that you want to be consolidated during the year-end process. (So AA dimension codes are linked to the balance brought forward entries.)

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 (to link AA codes to the BBF entries in the AA tables [not GL tables]).

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

IMPORTANT NOTE



If using AA with Microsoft Dynamics GP 2016, you should be 16.00.0675 or higher before closing the GL year. See Step 9 in the Knowledge Base article above for further details.

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, please contact HOOPS regarding year-end closing procedures for Microsoft Dynamics GP Payroll.

Step 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 give revenue, expenses, or depreciation to the year that you're 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 post audit 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, see [How to set up an adjusting period in General Ledger in Microsoft Dynamics GP](#).

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

Step 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**.

Step 4: (Optional) Close the last period of the fiscal year.



Closing the last period of the fiscal year (under Tools | setup | company | Fiscal periods) to prevent users from posting to the prior year while you're closing it and rolling forward balances.

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

Note: 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.

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

Run the check links procedure on the Financial series group of modules. (To do this, select Microsoft Dynamics GP > Maintenance > Check links > Financial series. Note that check links can't be reversed, so you should always run it in a TEST company first and review the report to make sure you agree with all the changes it made and don't have any surprises.)

Step 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.

Step 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.

Step 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.

Step 9: Print the year-end financial statements.

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

- Balance Sheet
- Profit and Loss Statement



- Statement of Cash Flows
- Statement of Retained Earnings

Step 10: Set up a new fiscal year.

Before you can do the year-end closing routine, you must set up the next fiscal year by using the Fiscal Periods Setup window (under Microsoft Dynamics GP > Tools > Setup > Company > Fiscal Periods.).

Step 11: Close the fiscal year.

To close the fiscal year, follow these steps:

- a. In Microsoft Dynamics GP, point to **Tools** on the **Microsoft Dynamics GP** menu, point to **Routines**, 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 (under **Microsoft Dynamics GP > Tools > Setup > Financial > General Ledger**.).

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

For more information about how to close to divisional retained earnings accounts, see the [Frequently asked questions](#) section.

- 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, please contact HOOPS.

Step 12: (Optional) Close all the fiscal periods for all the series.

(Tools | setup | company | Fiscal periods)

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.

Step 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 (Select **Cards > Financial > Budgets** > select a budget ID > select **Open > using Excel**)
- Budget Maintenance (Select **Cards > Financial > Budgets** > select a budget ID > **OPEN > using Microsoft Dynamics GP**)
- 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:

- On the **Reports** menu, point to **Financial**, and then click **Advanced Financial**.
- In the **Reports** list, select the financial statement, click **Open**, and then click **Layout**.
- Double-click each column button to verify the Column Definition for the column. For example, double-click the **C1** button or the **C2** button.
- 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**.
- Repeat steps for each column of each report.

Step 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: When should the Year End Close for General Ledger be done?

A1: The Year-End Close process for General Ledger should be done after you have completed the year-end close process for all other modules. (See KB [888003](#) for the suggested order to close the modules.)

Q2: What does the Year End Close Process do and /or affect?

- Closes all Profit and Loss (P/L) account balances into Retained Earnings account(s).
- Balance Sheet account balances are rolled forward to the new year by having Balance Brought Forward (BBF) entries created. All open General Ledger records (GL20000) are moved to the historical table (GL30000).
- Inactive General Ledger accounts without a balance and no historical transactions are removed if you are not 'maintaining' inactive accounts.
- The Year that was just closed is marked as historical.
- If installed and activated, the Analytical Accounting (AA) module is also automatically closed along with General Ledger.

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 please email support@hoopsinc.com.

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

12/25/2022	Administration Expenses	\$500	
	Cash		\$500
Posting journal			
12/25/2022	Administration Expenses	\$500	
	Cash		\$500
12/31/2022	Retained 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 number to view the articles in the Microsoft Knowledge Base:

[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"

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.

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'
```

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 Management Reporter. 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](#) 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.

Q18: If I had a failed year end close, can I use the Reverse Historical Year checkbox in the Year-End Closing window in Microsoft Dynamics GP 2013 R2 (and later versions), to try to fix it or 'un-do' it?

A18: This feature was designed to reopen a GL year that was successfully closed. If you get an error message we recommend to make a screen-print of the error message and contact HOOPS for further assistance.

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>

