

This document outlines the recommended year-end closing procedures for Great Plains. This section contains a summary list of the steps in the procedure. The "More Information" section contains detailed information for each step. The procedure is followed by a series of [frequently-asked questions](#).

The year-end closing procedure includes the following steps:

1.

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

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

2.

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

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.

[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.](#)

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[Print year-end financial statements.](#)

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[Set up a new fiscal year.](#)

11.

[Close the fiscal year.](#)

12.

[Close all fiscal periods for all series.](#)

Note This step is optional.

13.

[Adjust budget figures for the new year and print financial statements.](#)

14.

[Make a backup.](#)

INTRODUCTION

Read this document before you perform any steps. If you have any questions, contact Microsoft Business Solutions Technical Support.

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 Business Solutions Web site:

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

MORE INFORMATION

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

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

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

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

[872713](#) Inventory year end closing procedures - 2007

2. Receivables Management

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

[857444](#) Tips for performing the Receivables Management year end close in release 7.x and 8.0

3. Payables Management

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

[875169](#) Payables Management year end closing procedures

4. Fixed Asset Management

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

[865653](#) What are the recommended Fixed Assets year end procedures

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

3. [850663](#) Payroll year-end closing checklist for 2007

4.

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5. Post the final adjusting entries in the General Ledger module.

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

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 the General Ledger module.

The Second Closing Period feature in the General Ledger module lets you have a second closing period that has the same start date as the last day of the first closing period. This feature lets you add initial adjusting entries in the first closing period and post-

audit entries in the second closing period. This enables separate tracking of the adjusting entries that are made after the year is closed.
For additional information about second closing periods, click the following article number to view the article in the Microsoft Knowledge Base:

[871679](#) Second closing period

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

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6. 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 is going to be brought forward at the end of the year, the posting type must be set to **Balance Sheet**. If the account balance is going to 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:

1. Click **Reports**, click **Financial**, and then click **Accounts**.
2. Select **All Accounts** in the **Reports** list, and then click **New**.
3. Type all accounts in the **Option** field.
4. If you are using Great Plains 8.0 or a later version, click to select the **Inactive Accounts** check box.

Note In Great Plains 8.0, you can deactivate accounts that have a balance. These accounts are still processed during the year-end closing routine according to their posting type.

5. Click **Destination** to specify a report destination, and then click **OK**.
6. Click **Print**.

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7. Close the last period of the fiscal year.

This step is optional.

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

Notes

- o Make sure that you post all the transactions for the period and 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.

- o If you use FRx Reporter, 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 additional information, click the following article number to view the article in the Microsoft Knowledge Base:

[874932](#) "Failed to load company calendar" checklist for FRx

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9. Perform file maintenance on the Financial series group of modules.

Perform the shrink procedure, the rebuild procedure, and then run the check links program on the Financial series group of modules.

Note If your Great Plains installation uses Microsoft SQL Server, you only have to run the check links program.

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10. 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 and lets you view transaction detail. Both the account history and the transaction history are updated during the year-end closing routine if these check boxes are selected.

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11. Make a backup.

Make a backup of all company data, and put the data 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.

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12. Print a final Detailed Trial Balance.

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

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

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13. Print year-end financial statements.

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

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

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14. 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.

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15. Close the fiscal year.

To close the fiscal year, follow these steps:

0. Click **Tools**, click **Routines**, click **Financial**, and then click **Year-End Closing**.
1. Specify an account in the **Retained Earnings Account** field.

The account that you specify in the **Retained Earnings Account** field is the account that the year's profit or loss is closed to. The default account is the account that you specified in the **General Ledger Setup** window.

All current-year earnings or losses are transferred to the account that you specify here. 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 your business.

Or, you could transfer the year's profit or loss to accounts that contain a specific account segment. This is referred to as closing to a divisional retained earnings account. For additional 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

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

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

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.

3. Click **Close Year** to start the routine.

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

- o The year-end closing routine reconciles and summarizes the general ledger balances that accumulated throughout the year.
- o The year-end closing routine removes accounts that are marked as inactive if the accounts match the criteria for deleting a posting account.
- o The year-end closing routine moves all profit and loss account balances to the retained earnings account.
- o 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.
- o 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 your company's permanent records. The Year-End Closing Report cannot be reprinted.

Note After you close the year, we recommend that you perform the shrink procedure on your financial data files to free disk space. Do not perform the shrink procedure or the rebuild procedure if you use Microsoft SQL Server. If you use Microsoft SQL Server and if database maintenance is not automated, we recommend that you perform database maintenance.

For additional information about recommended database maintenance procedures, click the following article number to view the article in the Microsoft Knowledge Base: [866439](#) Recommended SQL database maintenance for Great Plains

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16. Close all fiscal periods for all series.

This step is optional.

After you complete closing procedures for all modules, use the **Fiscal Periods Setup** window to mark all periods for all 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.

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17. Adjust budget figures for the new year and print financial statements.

Adjust budget figures by using one of the following windows:

- o Excel-Based Budgeting
- o Budget Maintenance
- o 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 balance sheet accounts indicate that the balances were brought forward.

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

3. Click **Reports**, click **Financial**, and then click **Advanced Financial**.
4. Select the financial statement from the **Reports** list, click **Open**, and then click **Layout**.
5. Double-click the first column heading.
6. If the column type is set to **Period Range**, **Year-to-Date**, or **Variable Year-to-Date**, select the current fiscal year in the **Year** list, and then click **OK**.
7. Repeat steps a through d for each column of each report.

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18. Make a backup.

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

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Frequently-asked questions

1. Do I have to close the fiscal year before the first day of my next fiscal year?

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

[866371](#) Printing a Balance Sheet for 2007 when 2006 is an open year using FRx

2. Can I make adjusting entries after I close the year?

You can post 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

12/25/2007 Administration Expenses	\$500
Cash	\$500

3. **Posting journal**

12/25/2007 Administration Expenses	\$500
Cash	\$500
12/31/2007 Retained Earnings	\$500
Cash	\$500

4. 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?

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

[864913](#) Correcting accounts set up with the wrong posting type after year-end close

5. 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 provokes this error message?

The year-end closing routine must validate the existence of all the divisional retained earnings accounts that are required before the routine can continue. For example, Fabrikam, Inc., the Great Plains 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 additional 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

[850741](#) "Retained earnings account not found" error message in General Ledger year-end closing process

An Automated Solution script may be available to perform this task. For more information about error messages that are related to retained earnings accounts that cannot be found, visit the following Microsoft Business Solutions Web site:

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

6. What happens to unit accounts during the year-end closing routine?

Unit accounts are treated as balance sheet accounts. Unit accounts have a balance that is brought forward when the year is closed. For additional 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](#) Query to clear beginning balances for unit accounts

7. I am getting ready to close my year in the General Ledger module. Must everyone quit Great Plains Dynamics before I perform the year-end routine?

We recommend that client computer users stop work in Great Plains while the year-end closing routine is processing. If users continue to work in Great Plains, transactions may have to be entered again if problems occur during the year-end closing routine.

8. I want to allocate my net profit to my retained earnings account or to my capital accounts on a monthly basis. Also, net profit is supposed to be allocated to three different retained earnings accounts or capital accounts. Can I do this?

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 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, but 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**.

9. Why is the status of some of my financial reports set to **Invalid**?

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

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

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

5. Click **Reports**, click **Financial**, and then click **Update Financial Accelerator**.
6. Click **Update**, and then click **Continue**.
7. Close the Update Financial Accelerator Information window.

10. How are non-financial accounts closed during the year-end closing routine?

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.

11. 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 the General Ledger module. What should I do?

To resolve this issue, have all users close any transaction entry windows. Then, make the following changes:

- o If you are using a Pervasive Software Pervasive.SQL database, rename the SY00800.btr file.

- o If you are running a FairCom c-tree database, rename the SY00800.dat file and the SY00800.idx file.
- o If you are running a Microsoft SQL Server database, delete the SY00800 file. To do this, use the following code:

delete SY00800 where BACHNUMB = 'GL_Close'

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

[856550](#) General Ledger year end close still in process and batches cannot be posted

12. I receive the following message when I try to close the year in the General Ledger module:

Sorry, another user is closing the year.

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

To resolve this issue, make the following changes:

- o If you are using a Pervasive.SQL database, rename the GL50100.btr file.
- o If you are using a c-tree database, rename the GL50100.dat file and the GL50100.idx file.
- o If you are using a Microsoft SQL Server database, delete the SY00800 file. To do this, use the following code:

delete SY00800 where BACHNUMB = 'GL_Close'

If you must post the batches before you close the year, click **Cancel**. If you do not have to post the batches before you close the year, click **Continue**.

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

If your year-to-date transaction open file (GL20000) is large, it may take a long time for the year-end closing routine to finish. If your hard disk is still processing, the year-end closing routine has not stopped responding. We recommend that you leave the routine to run. If your 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.

14. If an adjusting entry has been posted to a year that is closed, can I print a corrected Trial Balance Report for that year?

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

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

5. Click **Print**.

15. How does Great Plains determine the financial statement that is printed for the account that I am adding?

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 FRx 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.

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The information in this article applies to:

Great Plains 8.0 General Ledger

Great Plains 7.0 General Ledger