

Inventory Year-End Closing Procedures - 2007

Use the procedure described in this section to close the year for Inventory Control and prepare your Inventory records for the new fiscal year. Closing a year transfers all summarized current-year Quantity, Cost and Sales amounts to transaction history for the Items for which you've been keeping summarized Sales History. This procedure also updates each Item's Beginning Quantity to the Quantity on Hand at each Site.

Additional Resources

Refer to the [Inventory Year-End Closing Tips](#).

Refer to the [Inventory Year-End Questions and Answers](#).

Summary Steps

1. [Post all transactions for the year.](#)
2. [Reconcile Inventory Quantities.](#)
3. [Complete a Physical Inventory count and post any adjustments.](#)
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Detailed Steps

1. [Post all transactions for the year.](#)

Be sure that all Invoicing, Sales Order Processing and Inventory transactions for the current year have been entered and posted before you close the year. This is important to ensure that historical information is accurate for the year you're closing and year-to-date amounts are accurately stated for the new year. If you wish to enter future-period transactions before closing the year, create a new batch with new transactions, but don't post it until after the year has been closed.

2. [Reconcile Inventory Quantities.](#)

Reconcile Quantities for all Inventory Items using the Reconcile Inventory Quantities window (Utilities | Inventory | Reconcile) to ensure that your Inventory Control data hasn't become damaged over the course of the year. If any discrepancies are found during the Reconcile process, the Quantities will be adjusted. If adjustments are made, they'll be reflected on the Reconcile Report, along with any Serial Numbers and Lot Numbers that were added for the adjusted Items. If you want to edit these Serial and Lot Numbers, you can use the Item Transaction Entry window (Transactions | Inventory | Transaction Entry) to do so by making adjustment transactions.

3. [Complete a Physical Inventory count and post any adjustments.](#)

1. Use the Stock Calendar Maintenance window (Setup | Inventory | Stock Calendar) to set up and maintain information about when stock counts can be performed, and which days will be "counted" when the system calculates suggested dates for the next stock count for a specific item-site combination.

2. The Stock Count Count Cycle Assignment window (Cards | Inventory | Count Cycle Assign.) can be used if desired to assign one stock count frequency to many items.
3. Create a Stock Count Schedule (Transactions | Inventory | Stock Count Schedule) — a list of the specific items at a specific site that will be counted during a specific count. When you start a stock count schedule, the quantity on hand for each line in the stock count schedule is captured. Later, the actual count number quantities will be compared to the captured values to create default variance transactions. Stock Count Forms can be printed during this process.
4. Use the Stock Count Entry (Transactions | Inventory | Stock Count Entry) window to enter information about the results of your stock counts. When you process a stock count, variance transactions are created. If the Autopost Stock Count Variances option is marked, the transactions also will be posted.

Instead of going through the Stock Count procedure listed above, you could manually create your adjusting entries. Print a Physical Inventory Checklist using the Inventory Activity Reports window (Reports | Inventory) and perform a physical count of your Inventory Items to verify that Quantity on Hand amounts are accurate for all Items. If discrepancies exist, enter the necessary adjustments in the Item Transaction Entry window (Transactions | Inventory | Transaction Entry) and post them.

4. [Print additional reports.](#)

Print any additional reports you'll need for planning or your permanent records, including the Stock Status Report, Purchase Receipts Report, Turnover Report, Transaction History Report, Serial Number List, and Lot Number List. Use selections from the Inventory Reports palette (Reports | Inventory) to print these reports. If you plan to remove sold Purchase Receipts during the year-end closing process, we recommend that you print the Purchase Receipts Report to review the receipts that will be removed.

5. [Make a backup.](#)

Make a backup of all Company data. This is important to ensure that you'll be able to recover quickly should a power fluctuation or other problem occur during the year-end closing procedure.

6. [Close the year.](#)

Closing a year accomplishes the following tasks:

- o Transfers all summarized current-year Quantity, Cost and Sales amounts to transaction history for the Items for which you've been keeping summarized Sales History.
- o Updates the Item's Beginning Quantity to the Quantity on Hand at each Site. Certain reports, such as the Turnover Report, use the Beginning Quantity field for report calculations.
- o Zeros the Quantity Sold field in Item Quantities Maintenance (Cards | Inventory | Item | Qty/Sites) for each Site.
- o Remove Purchase Receipts for Items that have been completely sold.

- Remove any discontinued Items from the Item records that have been completely sold.
- Remove any Lot attributes from the records of Lot Numbered Items if they've been completely sold.
- Updates the Standard Cost of each Item to the current Cost if you're using either the FIFO periodic or LIFO periodic Valuation Method.
- Uses the Inventory Year-End Closing (Routines | Inventory | Year-End Close) to close the year.

Use the following descriptions to learn more about each option:

- **Remove: Discontinued Items** - If you mark the Discontinued Items option, all discontinued Items that have a zero balance will be removed during the year-end closing process. (Items can be designated as discontinued using the Item Maintenance window.) Discontinued Items that have a Quantity On Hand of zero (except for kit components) and do not have any unposted transactions will be completely removed from the Inventory module. Note - If using the Service module, verify whether any discontinued Items exist on any unposted service documents. If so, the documents must be posted before proceeding. The Sales Order Processing, Invoicing, or Purchase Order Processing reports and inquiries will still be able to pull information regarding these discontinued Items, however you will not be able to do a lookup on the Item Number since it has been removed from the Item Master. If you would like to print a report or inquire on the discontinued Item, you will need to include the Item within the Item Number Range.
- **Remove: Sold Receipts** - If you mark Sold Receipts, all Sold Receipts whose Quantity Received and Quantity Sold amounts are equal will be removed. This is an optional step and may not be a procedure that is done every year-end. These values may be helpful when Items are returned through Invoicing so you may not want to remove the Receipts from the file.
- **Remove: Sold Lot Attributes** - If you mark Sold Lot Attributes, values for completely sold Lot Numbers will be removed. For example, you can remove the value red for the Lot attribute color if you've sold all Lot Numbered Items that have been assigned the value red.
- **Update: Item's Standard Cost** - If you mark Item's Standard Cost, the Standard Cost for any Items that have been assigned the FIFO periodic or LIFO periodic Valuation Method will be adjusted automatically to reflect each Item's current Cost or the amount you most recently paid for the Item.

When you've selected all the options you want, choose OK to begin the year-end closing process. While the year is being closed, you won't be able to post, reconcile Quantities, change Valuation Methods or change Decimal Places for Items. We recommend that you shrink (Pervasive.SQL and Ctree only) your Inventory Control data files to make additional space available on your hard disk. Use the Shrink window (File | Maintenance) to shrink data files; refer to the online documentation for that window if you'd like more information about this procedure.

7. [Close the fiscal periods for the Inventory series \(optional\).](#)

You can use the Fiscal Periods Setup window (Setup | Company | Fiscal Periods) to close any fiscal periods that are still open for the year. This keeps transactions from accidentally being posted to the wrong period or year. Be sure you've posted all transactions for the period and year for all modules before closing fiscal periods. If you later need to post transactions to a fiscal period you've already closed, you'll need to return to the Fiscal Periods Setup window to reopen the period before you can post the transaction.

8. [Make a final backup.](#)

Make a final backup of your Company's data files and keep it in safe, permanent storage. This gives you a permanent record of the Company's financial position at the time you closed the year, and can be restored later if necessary.

Inventory Year-End Closing Tips

The year-end close must be done before any transactions for the new year have been posted.

You have the option of marking Discontinued Items, Sold Receipts or Sold Lot Attributes. If marked, all Items, Sold Receipts or Sold Lot Attributes that have a zero balance will be removed during the year-end closing process.

If you mark Update Item's Standard Cost, the Standard Cost for any Items that have been assigned the FIFO periodic or LIFO periodic Valuation Method will be adjusted automatically to reflect each Item's current Cost, which is the amount you most recently paid for the Item.

There is no Year End Closing report for Inventory.

Inventory Year-End Questions and Answers

Q1: How is the Average Cost of an Item updated throughout the year and during the year-end closing process when using the Average Perpetual Method of Costing?

A1: If you're using the Average Perpetual Costing Method, all Receipts for each Item will be averaged to determine the Average Cost. Even if Quantities are sold, the Average doesn't change until another Purchase Receipt for the Item is posted to the Inventory Purchase Receipts File. The year-end closing process doesn't change the Average Cost, but it will remove the Purchase Receipts that have been completely sold. The next time a Receipt is entered, the Average Cost will be revalued with the Receipts that remain in the Inventory Purchase Receipts File.

Q2: Can the Inventory Year-End Closing window (Routines | Inventory | Year-End Close) be used throughout the year to update the standard Cost of Items if using the Periodic Valuation Method?

A2: This is not recommended because the Beginning Quantity field is updated during the year-end closing process. This would make that field incorrect on reports such as the Turnover Report.

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The information in this article applies to:

Great Plains 8.0 Inventory

Great Plains 7.5 Inventory

Great Plains 7.0 Inventory

Great Plains 6.0 Inventory