



About Year End Processes

Preparation for Year End Closing

Year end closing in Microsoft Dynamics NAV involves three steps:

1. Closing the fiscal year using the [Accounting Periods option](#).
2. Generating a year-end closing entry using the [Close Income Statement option](#).
3. [Posting the year-end closing entry](#) along with the offsetting equity account entries.

You are not required to close a year, but doing so will make working in the system easier for you because you will be able to take advantage of the convenient filtering options provided. You also don't have to worry about losing details of transactions when you close because all details are retained, even after you close the year.

When you close at the end of the year, the system moves your earnings from calculated earnings, or the Current Earnings account, to a posted account, or the Retained Earnings account. The system also marks the fiscal year as "closed," and marks all subsequent entries for the closed year as "prior year entries."

The system then generates a closing entry, but it does not post the entry automatically. You are given the opportunity to make the offsetting equity account entry or entries, which allows you to decide how to allocate your closing entry. For example, if your company has several divisions, you can let the system generate a single closing entry for all the divisions, and you can then make an offsetting entry for each division's equity account.

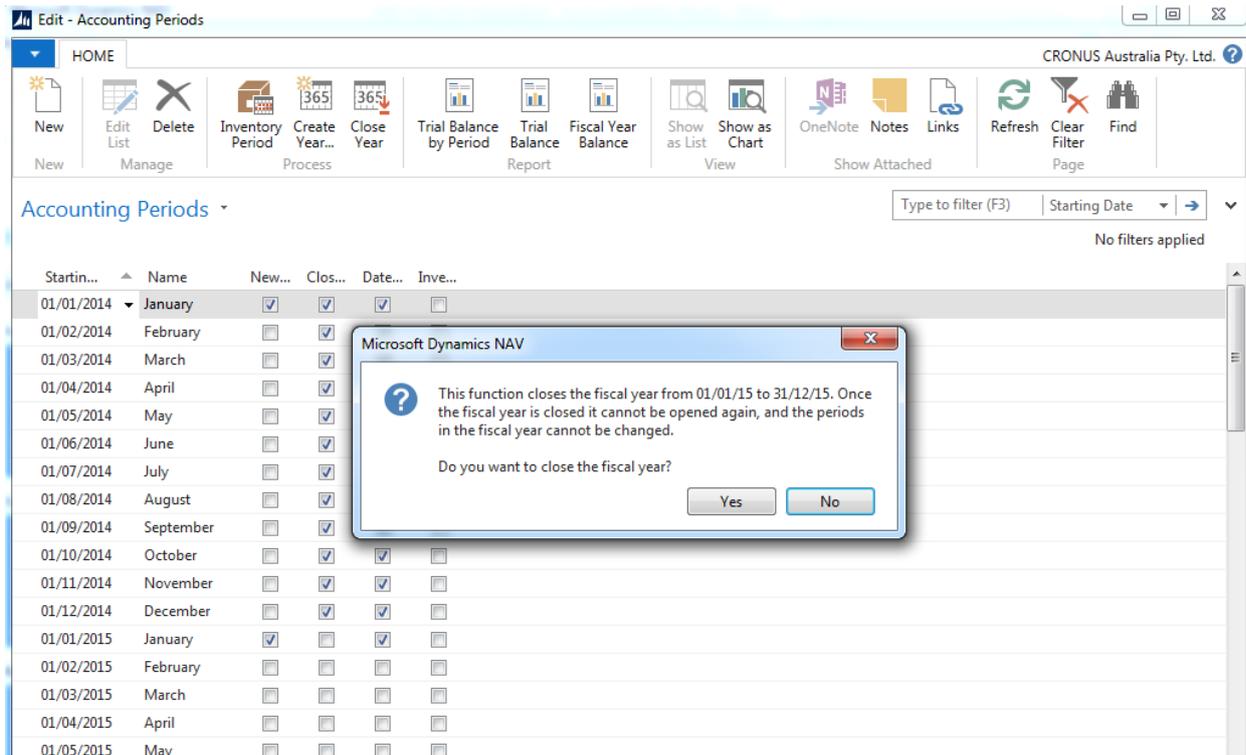
You can post in a previous fiscal year, even after the income statement accounts have been closed, if you run the Close Income Statement batch job again afterward.

Closing Accounting Periods

When a fiscal year is over, you must close the periods that comprise it.

To Close Accounting Periods:

1. Open the [Accounting Periods](#) window.
2. Click Close Year. If more than one fiscal year is open, the program assumes that the earliest one should be closed. It displays a message identifying the year it will close and explains the consequences of closing it.
3. To close the year, click Yes.



Now the fiscal year is closed, and the program places a check mark in the Closed and Date Locked fields for all the periods in the year. Now the fiscal year cannot be opened again and you cannot remove the check mark from the Closed or Date Locked fields.

Note

You cannot close a fiscal year before you create a new one. Notice that when a fiscal year has been closed, you cannot change the starting date of the following fiscal year.

Even though a fiscal year has been closed, you can still post G/L entries to it. When you do this, the entries will be marked as posted to a closed fiscal year - the [Prior-Year Entry](#) field will contain a check mark.

After a fiscal year is closed, you must close the income statement accounts and transfer the year's results to an account in the balance sheet. And you can repeat it each time you post to the closed fiscal year.

Close Income Statement Batch Job

Use this batch job to transfer the year's result to an account in the balance sheet and to close the income statement accounts. You do this by creating lines in a journal, which you then can post.

The batch job processes all G/L accounts of the income statement type and creates entries that cancel out their respective balances (that is, each entry will be the sum of all the G/L entries on the account in the fiscal year). These new entries are placed in a journal in which you

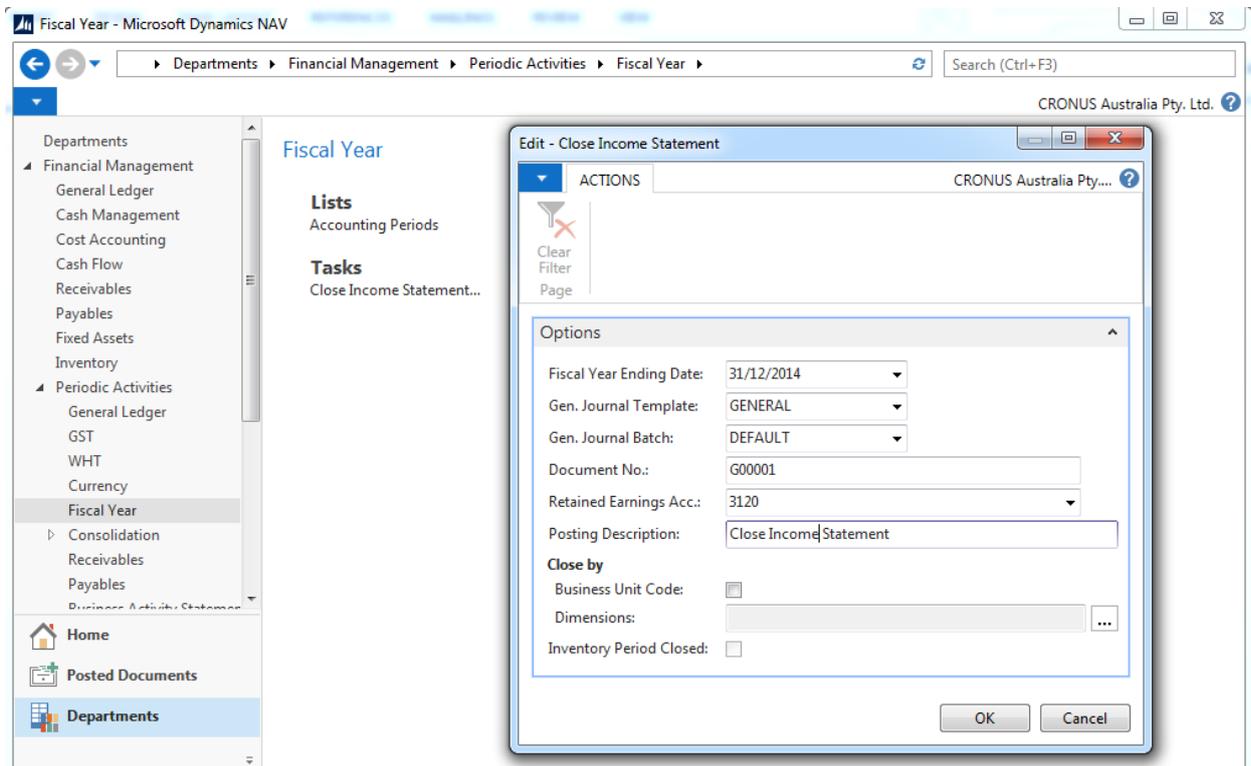


must specify a balancing account and retained earnings account in the balance sheet before posting. When you post the journal, an entry is posted to each income statement account so that its balance becomes zero and at the same time the year's result is transferred to the balance sheet.

You must post the journal yourself; the batch job does not post the entries automatically, except when an additional reporting currency is being used. When an additional reporting currency is being used, the batch job posts entries directly to the general ledger.

The date on the lines that the batch job inserts in the journal will always be a closing date for the fiscal year. The closing date is a fictitious date between the last day of the old fiscal year and the first day of the new year. The advantage of posting on a closing date is that you maintain the correct balances for the ordinary dates of the fiscal year.

The Close Income Statement batch job can be used several times. You can post in a previous fiscal year, even after the income statement accounts have been closed, if you run the batch job again.



Attention

The fiscal year must be closed before the batch job can be run.

You can define how the batch job will be executed by filling in the fields as follows:

Options tab



Fiscal Year Ending Date: Enter the last date in the closed fiscal year. This field must be filled in. The program uses this date to determine the closing date.

Gen. Journal Template: Enter the name of the general journal template that the entries will be placed in. Click the AssistButton to the right of the field to see the existing general journal templates.

Gen. Journal Batch: Enter the name of the general journal batch that the entries will be placed in. Click the AssistButton to the right of the field to see the existing general journal batches.

Document No.: If you filled in the Gen. Journal Template field and the Gen. Journal Batch field, the batch job automatically fills in this field with the next available number from the [number series](#) for the journal batch. You can also fill in this field manually.

Retained Earnings Acc.: Enter the account that the retained earnings entries will be placed in. Click the AssistButton to the right of the field to select the account.

Posting Description: Enter a text that will accompany the entries. The default text is Close Income Statement.

Close by Business Unit Code: Place a check mark if you want an entry to be created for each Business Unit Code.

Close by Dimensions: If you want an entry to be created for each dimension used in the G/L account, click the AssistButton to the right of the field and select the codes of the dimensions.

Inventory Period Closed: This field indicates that the inventory period(s) with ending dates equal to or greater than the last date of the accounting period is closed.

If you do not want to close by business units or dimensions, only one entry will be created for each account.

Click OK to start the batch job. If you do not want to run the batch job now, click Cancel to close the window.

Posting the Year End Closing Entry

After you use the [Close Income Statement](#) batch job to generate the year-end closing entry or entries, you must open the journal you specified in the batch job, and then review and post the entries.

1. Open the [General Journal](#) window.
2. In the Batch Name field, click the AssistButton and select the batch that contains the closing entries.
3. Review the entries.
4. Click the Posting button and select Post.
5. In the posting confirmation window, click Yes.



The screenshot shows a software window titled "Edit - General Journal - DEFAULT-Default Journal Batch" for "CRONUS Australia Pty. Ltd.". The window has a ribbon menu with tabs for "HOME" and "ACTIONS". The "ACTIONS" tab is active, showing various options like "Import Bank Statement", "Apply Automatically", "Apply Manually...", "Post", "Post and Print", and "Test Report...". Below the ribbon, there is a "Batch Name" dropdown set to "DEFAULT". The main area contains a table of journal entries with columns for Posting Date, Document, Incoming D..., Account Ty..., Account No., Gen. Postin..., Gen. Bus. P..., Gen. Prod. ..., Amount, and Bal. Accou... B.

Posting Date	Document ...	Document ...	Incoming D...	Account Ty...	Account No.	Gen. Postin...	Gen. Bus. P...	Gen. Prod. ...	Amount	Bal. Accou... B
C29/01/2016		G00001	0	G/L Account	1220	Purchase	NATIONAL	MISC	323.50	G/L Account
C29/01/2016		G00001	0	G/L Account	8210	Purchase	NATIONAL	MISC	71.79	G/L Account
C29/01/2016		G00001	0	G/L Account	8210	Purchase	NATIONAL	MISC	80.89	G/L Account
C29/01/2016		G00001	0	Bank Account	WWB-OPER...				-476.18	G/L Account
C29/01/2016		G00002	0	G/L Account	5630				36.18	G/L Account
C29/01/2016		G00002	0	G/L Account	5630				18.06	G/L Account
C29/01/2016		G00002	0	G/L Account	8510	Purchase	NATIONAL	MISC	66.34	G/L Account
C29/01/2016		G00002	0	G/L Account	5630				16.90	G/L Account
C29/01/2016		G00002	0	G/L Account	5630				8.43	G/L Account
C29/01/2016		G00002	0	G/L Account	8510	Purchase	NATIONAL	MISC	30.96	G/L Account
C29/01/2016		G00002	0	G/L Account	5630				46.09	G/L Account
C29/01/2016		G00002	0	G/L Account	5630				23.05	G/L Account
C29/01/2016		G00002	0	G/L Account	8510	Purchase	NATIONAL	MISC	84.50	G/L Account
C29/01/2016		G00002	0	Bank Account	WWB-OPER...				-330.51	i/L Account ▼

If an error is detected, an error message is displayed. If the posting is successful, the system removes the posted entries from the journal.

Once posted, an entry is posted to each income statement account so that its balance becomes zero and the year's result is transferred to the balance sheet.