Year End Closing Processes

Overview

This document details the procedure for fiscal year end closing.

Versions

All version; screenshots are from NAV 2009 RTC

Frequency

Annually; may be repeated if additional entries are entered for a closed year.

Procedure at a Glance

Completing the year end closing process in Microsoft Dynamics NAV involves three steps:

1. Closing the fiscal year using the Close Year function on the Account Periods window.
2. Generating a year-end closing entry using the Close Income Statement batch job.
3. Posting the year-end closing entry together with the offsetting equity account entries.

Closing a year is not required by Microsoft Dynamics NAV. However, completing the closing process ensures that balances are displayed only for open year(s) in the Chart of Accounts screen, the Detail/Summary Trial Balance Report and so forth.

Detailed instructions follow.
Closing a Fiscal Year

The first step in the year end closing process is to close the fiscal year. This process manages the periods and dates for fiscal years.

NOTE: A fiscal year cannot be closed before a new one is created

To close the accounting periods, follow these steps:

1. On the Navigation Pane, click Departments (if RTC) → Financial Management → Periodic Activities → Fiscal Year → Accounting Periods.
2. Click Close Year.

3. A message appears about the year to be closed. This year is suggested based on the earliest open year and the corresponding check marks in the New Fiscal Year field.
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4. Click Yes to close the year.

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**NOTE:** To close a non-standard year, add a check mark in the New Fiscal Year check box of the last period to be included in the year to be closed.

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After running the fiscal year closing process:

- The Closed and Date Locked fields of all periods in that fiscal year are updated with a check mark that cannot be removed.
- The period lengths of the closed periods cannot be changed.

After a fiscal year is closed, G/L entries can still be posted to the closed year. When you post in a closed year, entries are marked as prior-year entries.

When subsequent entries are posted to a closed fiscal year:

1. Run the Close Income Statement batch job to transfer the balances to the retained earnings (equity) account.
2. Post the transferred entries.

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**NOTE:** To prevent users from posting entries in a specific period, set a date range in the Allow Posting From and Allow Posting To fields in the General Ledger Setup window.
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Closing Income Statement Batch Job

The second step to closing the fiscal year is to run the Close Income Statement batch job to create the closing journal entry. To run the Close Income Statement batch job,

1. On the Navigation Pane, click Departments (if RTC) → Financial Management → Periodic Activities → Fiscal Year → Close Income Statement. The following screen appears—

![Image of the Close Income Statement screen]

2. Complete the fields as follows—

- **Fiscal Year Ending Date** – automatically populated with the last date in the latest closed fiscal year. This date is used to determine the Posting Date for the journal.

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**NOTE:** The closing entries are posted with a special date Cmm/dd/yy date. Do not change this date in the journal batch.

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- **Gen. Journal Batch** – select the batch.
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- **Document No.** – allow the number to automatically populate with the next available number from the number series for the selected Gen. Journal Batch or entered manually if manual numbers are allowed.

- **Retained Earnings Acc.** – select the retained earnings account. If there are multiple retained earnings accounts or dimensions are used in conjunction with the retained earnings account, you will need to make adjustments in the closing entry once the batch job has created the entry.

- **Posting Description** – specify the text to accompany the entries. The default text is “Close Income Statement”.

- **Close by** – determines how many entries are created by the batch job. The options are:
  - **Business Unit Code:** If this field is selected and the company is a consolidated company separate entries are created for each business.
  - **Dimensions:** For a dimensions selected, one entry is posted for each dimension value combination used in a G/L account. If neither option is used, a single entry is created for each account.

To select Dimension(s), click the ••• beside the dimension field and check the dimension to close by and click OK.

3. Click OK to run the Close Income Statement batch job.

**Posting the Journal**

The Close Income Statement batch job transfers the closing entries to the specified journal batch. The batch job does not post the entries automatically. **So, the final step in the year end closing process is to post the journal.** If there are multiple retained earning accounts or Dimensions on the retained earning account, then make manual adjustments to the journal entry before posting.

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**NOTE:** The Close Income Statement batch job may be run as many times as needed. Be sure to post the journal each time though, otherwise the Close Income Statement batch job will append to your journal and duplicate the closing entries.