Microsoft Dynamics GP2010
Inventory Year-End Closing Checklist

Inventory Control Year End Closing

What happens when I close the year on Dynamics GP 2010?

- 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.

- 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.

- Zeros the quantity sold field in Item Quantities Maintenance (Cards >Inventory > Item > Qtys/Sites) for each site.

- Removes purchase receipts for items that have been completely sold. (optional)

- Removes any discontinued items from the item records that have been completely sold (optional)

- Removes any lot attributes from the records of lot-numbered items if they have been completely sold (optional)

- Updates the standard cost of each item to the current cost if you are using either the FIFO periodic or LIFO periodic valuation method (optional)

Notes:

Inventory year end needs to be run before Receivables Management or Payables Management.

All Invoicing, Sales Order Processing and Inventory transactions for the current year have to be posted before you close the year.

It is recommended that the Inventory Year End routine process is run before transactions are entered in the new financial year. If this is not done the information on the Item History (Cards > Inventory > History) will not be correct. If you do not use the information in the Current Year and Last Year columns on this field then it is not necessary to close inventory before new inventory transactions are entered.

INVENTORY YEAR-END CLOSING SUMMARY

All users to be logged out of Dynamics GP when processing the Year end

1. Post all transactions for the year.

2. Make a backup of the company database

3. Reconcile Inventory quantities.

4. Run a check links routine on inventory series.

5. Complete a physical inventory count and post any adjustments.

6. Print additional reports.

7. Make a backup of the company database.

8. Close the year.

9. Close the financial period for the Inventory series.

10. Make a final backup of the company database.

DETAILED INVENTORY YEAR-END CHECKLIST

All users to be logged out of Dynamics GP when processing the Year end

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 are 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 do not post it until after the year has been closed.

2. Make a backup of the company database before running reconcile and check links routines.

3. Reconcile Inventory quantities: Reconcile quantities for all inventory items using the Reconcile Inventory Quantities window (Microsoft Dynamics GP>Tools > Utilities > Inventory > Reconcile) to ensure that your Inventory Control data has not 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 will 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.

4. Run check links on the Inventory series.
   (Microsoft Dynamics GP> > Maintenance > Check Links – Select series of Inventory and insert all logical tables).

5. Complete a physical inventory count and post any adjustments:

A. Use the Stock Calendar Maintenance window (Microsoft Dynamics GP>Tools > 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.

B. Use the Stock Count Cycle Assignment window (Cards > Inventory > Count Cycle Assignment) can be used if you want to assign one stock count frequency to many items.

C. Create a Stock Count Schedule (Transactions > Inventory > Stock Count Schedule). This is 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.

D. Use the 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 check box is marked, the transactions will also be posted. To open the Stock Count Entry window, go Transactions > Inventory then click Stock Count Entry.

Instead of following the Stock Count procedure above, you could manually create your adjusting entries. Print a Physical Inventory Checklist using the Inventory Activity Reports window (Reports > Inventory > Activity) and perform a physical count of your Inventory Items to verify that quantity on hand amounts are accurate for all Items.

If differences exist, enter the necessary adjustments in the Item Transaction Entry window (Transactions >Inventory >Transaction Entry) and then post the transactions.

6. 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. Go to (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. We recommend that you print these reports to file so that you can keep a permanent record.

7. Make another a backup of the company database
   This is important to ensure that you will be able to recover quickly should a power fluctuation or other problem occur during the year-end closing procedure.

8. Close the year:
   Use the Inventory Year-End Closing window (Microsoft Dynamics GP>Tools >Routines >Inventory >Year-End Close) to close the year.
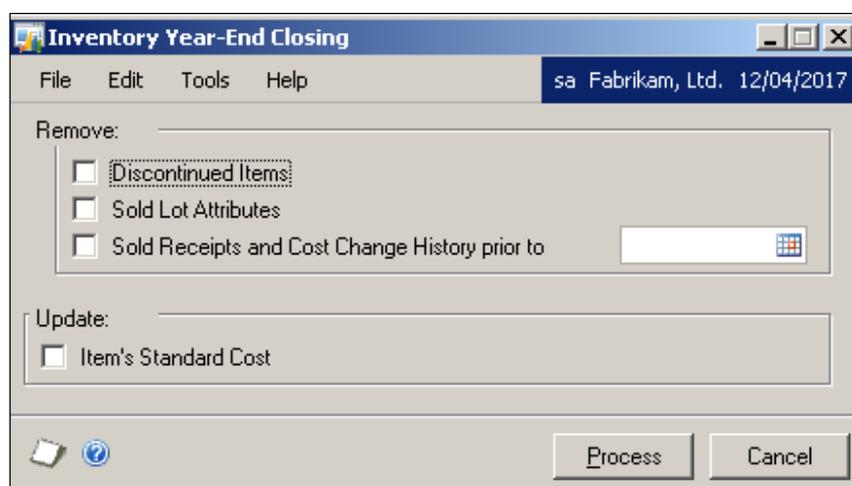
Use the following descriptions to learn more about each *option*:

Remove: Discontinued Items - Mark this option to remove the records for discontinued items that have been completely sold. Items assigned the discontinued item type will be removed from the item records during the year-end closing process, unless there are quantities of the item, or one of the following is true:

•   The item is assigned to a kit.

•   The item is a component of a bill of materials.

•   The item has one or more bills of materials of its own

Note: If using the Dynamics GP 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 file. If you would like to print a report or inquire on the discontinued Item, you will need to include the item with the item number range.

Remove: Sold Lot Attributes - Mark this option to remove all lot attributes for lot-numbered items that have been sold. If you mark this selection, all attribute information will be removed if related item numbers and lot numbers have been sold.

For example, if "red" has been entered as the value for the lot attribute "color," and you've sold all lot-numbered items assigned to this color and value, all information will be removed because the quantity received is equal to the quantity that has been sold.

Remove: Sold Receipts Cost changes History prior to - Mark this option to remove all sold purchase receipts and historical cost changes for items that use Average Perpetual, Last In, First Out (LIFO) Perpetual, or the First In, First Out (FIFO) Periodic valuation method and then enter a date. The sold receipts, quantity sold details, and historical cost changes with dates that come before the date that you've entered will be removed.

Before removing all sold receipts and historical cost changes, we recommend that you print a Purchase Receipts Report and review the receipts that will be removed.

Update Items Standard Cost - Mark this option to update the standard cost of items if you're using either the FIFO periodic or LIFO periodic valuation method. If you choose to update the standard cost, the standard cost of items will be adjusted automatically to the current cost.

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. You do not get a report at the end of this process.

9. Close the financial periods for the Inventory series (optional).
    You can use the Financial Periods Setup window (Microsoft Dynamics GP>Tools > Setup > Company > Financial Periods) to close any financial periods that are still open for the year. This keeps transactions from accidentally being posted to the wrong period or year. Be sure you have posted all transactions for the period and year for all modules before closing financial periods. If you later need to post transactions to a financial period you have already closed, you'll need to return to the Financial Periods Setup window to reopen the period before you can post the transaction. If you want to adjust a historical year you can only process GL journals. The system will automatically adjust the retained earnings account and opening balances.

10. 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.