DynamicsCon LIVE

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# Introduction



SEE ME AT LIVE

Closing the Period. A Finance Primer for the non-financial user

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DynamicsCon LIVE
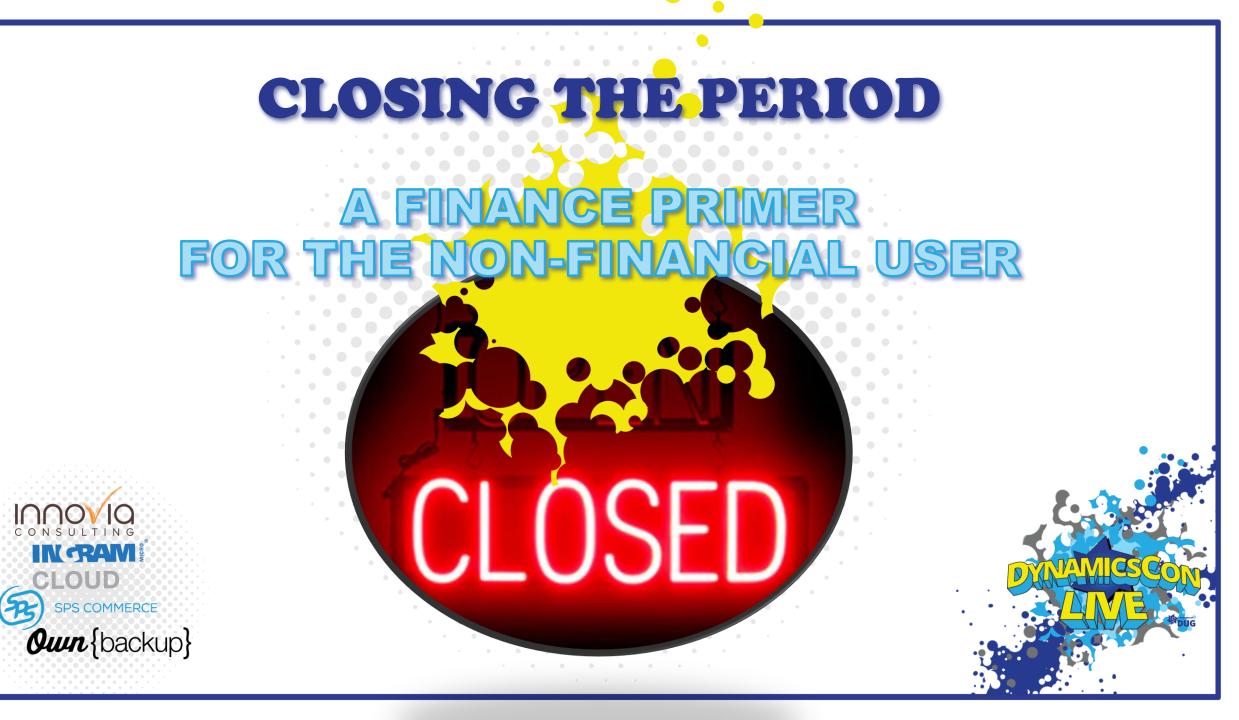
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# Why Do We Close a Period?

## Financial Close

**Integral to all organizations**

**It aims to provide**

**Stakeholders**

**an Accurate Account of the**

**Business' Financial Position**

# Timeline of "A Monthly Close"

**1st**
- Restrict Transactions
- Day 1

**2nd**
- Inventory Close
- Day 2-4

**3rd**
- Reconciliation
- Day 4-8

**4th**
- Adjusting Entries
- Day 8-10

# "CLOSING THE PERIOD"

1. Restriction of transaction posting

# Restriction of Transaction Posting

## Day 0 to 1

- **Month/Fiscal Period – On Hold**
  - Each module can be individually controlled
    - On hold for All, None or members of a particular user group

- **Month/Fiscal Period – Open**
  - The new period is Open

# Month/Fiscal Period – Open

COLS

Standard view ∨

## Ledger calendars

| CALENDAR | FISCAL YEAR | FISCAL PERIOD |
|---|---|---|
| Calendar | Start date | Type |
| FY | 1/1/2022 | Operating |
| Description | End date | Comments |
| Jan to Dec | 12/31/2022 | |

**Filter**

Calendar
FY

Fiscal year
2022

Period 3
3/1/2022
3/31/2022

Period 4
4/1/2022
4/30/2022

Period 5
5/1/2022
5/31/2022

Period 6
6/1/2022
6/30/2022

Period 7
7/1/2022
7/31/2022

Period 8
8/1/2022
8/31/2022

Period 9
9/1/2022
9/30/2022

### Legal entities

Update period status ∨   Update module access ∨

| | | Legal entity | Period status | Ledger | Sales tax | Bank | Customer | Vendor | Sales order | Purchasing | Inventory | Production | Project | Fixed assets | Payroll | Expense | Retail Head |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ○ | ↻ | | | | | | | | | | | | | | | | |
| ○ | | DAT | Open | \<All\> | \<All\> | \<All\> | \<All\> | \<Al... | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> |
| | | COLS | Open | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> | \<All\> |

# What does Peter Parker tell people he does for a living?

# "CLOSING THE PERIOD"

1. Restriction of transaction posting
2. Inventory close

A Note on the Timing

# Inventory Close

## Day 2 to 4

- The inventory close process settles issue transactions to receipt transactions
  - Based on the inventory valuation method assigned to item model group
  - Before close or recalculation, issue transactions are posted at the calculated running average cost price

# Inventory Close FIFO Example

| Date | Receipt # | Inv Value $$ | Running average | |
|------|-----------|-------------:|----------------:|---|
| 7/1/2022 | Receipt/Invoice 1 | 99.95 | 99.95 | |
| 7/5/2022 | Receipt/Invoice 2 | 99.95 | 99.95 | |
| 7/6/2022 | Receipt/Invoice 3 | 99.95 | 99.95 | |
| 7/8/2022 | Receipt/Invoice 4 | 101.95 | 100.45 | |
| 7/10/2022 | Receipt/Invoice 5 | 106.95 | 101.75 | |
| 7/16/2022 | Receipt/Invoice 6 | 106.95 | 102.62 | |
| 7/18/2022 | Receipt/Invoice 7 | 106.95 | 103.24 | |
| 7/22/2022 | Receipt/Invoice 8 | 106.95 | 103.70 | |
| 7/25/2022 | Receipt/Invoice 9 | 101.95 | 103.51 | |
| 7/26/2022 | Receipt/Invoice 10 | 101.95 | 103.35 | Current Running Avg |
| 7/27/2022 | Issue 1 | 103.35 | | |
| 7/28/2022 | Issue 2 | 103.35 | | |
| 7/28/2022 | Issue 3 | 103.35 | | |
| 7/29/2022 | Issue 4 | 103.35 | | |
| 7/29/2022 | Issue 5 | 103.35 | | |
| **7/31/2022** | **Inventory Close Completed** | | | |
| 7/27/2022 | Issue 1 | 99.95 | | |
| 7/28/2022 | Issue 2 | 99.95 | | |
| 7/28/2022 | Issue 3 | 99.95 | | |
| 7/29/2022 | Issue 4 | 101.95 | | |
| 7/29/2022 | Issue 5 | 106.95 | | |

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# Executing Inventory Close

Close procedure ⌄   Pre-closing   Calculation ⌄   Reverse   Adjustment ⌄   Recalculation   Details ⌄   Option

Check open quantities   djustment

Check cost prices

Close inventory

**Active** view ⌄

Active

Overview    General    Session    Note

| ◯ | Active | ▽ Date | ↑ | Voucher | Type | Executed | Reve |
|---|--------|--------|---|---------|------|----------|------|

## Close inventory

Parameters    ⌃

**CLOSING**

Period code

CY07

Close inventory up to

7/31/2022

Specification

Item group

A Few NOTES:

◢ PARAMETERS PREVENTING ENDLESS ITERATIONS OF COST CALCULATION

Maximum number of iterations a...

100

Minimum amount allowed. The a...

1.00

**POST-CLOSING**

Run recalculation after closing

🔵 Yes

**INFOLOG SETTING**

Allow infolog suppression

⚪ No

OK   Cancel

# A Few NOTES to Keep in Mind

- **Patience & Resources**
- **Closed is Closed**
- **Review the Results**

# "CLOSING THE PERIOD"

1. Restriction of transaction posting
2. Inventory close
3. Reconciliation

# Reconciliation

## Day 4 to 8

- **Detail and sub-ledger reports are compared against the G/L, discrepancies identified/explained**

# Example: Janitorial Supplies 07/22

**Trial Balance**

Trial balance

## Standard view *∨

▲ Parameters

**DATE RANGE**

| From date | To date | Date interval |
|---|---|---|
| 7/1/2022 | 7/31/2022 | CY07 ∨ |

**DATA TO INCLUDE**

| Financial dimension set | Posting layer |
|---|---|
| Main account set ∨ | Current ∨ |

[ Calculate balances ]

🔍 Filter

| ○ | MainA... ▽ | Name | Opening b... | Debit | Credit | Closing balance |
|---|---|---|---|---|---|---|
| ○ | 62011 | Janitorial supplies | 312,553.09 | 63,421.82 | 0.00 | 375,974.91 |

**Detail**

### Ledger posting for purchase orders
City of Columbus

| Main account | Name | | | | | | | Amount in transaction currency | | Amount in accounting currency | | Amount in reporting currency | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 62011 | Janitorial supplies | | | | | | | | | | | | |
| Date | Journal number | Voucher | Posting type | Ledger account | Description | | | Debit | Credit | Debit | Credit | Debit | Credit |
| 7/1/2022 | 5370367 | APIN110887834 | Purchase expenditure for | 51-5101-02-62011-2285-000000-RP019----- | Vendor invoice | USD | | 114.98 | 0.00 | 114.98 | 0.00 | 114.98 | 0.00 |
| 7/29/2022 | 5422550 | APIN110901350 | Purchase expenditure for expense | 60-6005-02-62011-6100-000000-SD003-600502---- | Vendor invoice | USD | | 137.18 | 0.00 | 137.18 | 0.00 | 137.18 | 0.00 |
| **Totals** | | | | | | | | | | **63,421.82** | **0.00** | **63,421.82** | **0.00** |
| **Net difference** | | | | | | | | | | **63,421.82** | | | |

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# Why was Batman so serious?

# "CLOSING THE PERIOD"

1. Restriction of transaction posting
2. Inventory close
3. Reconciliation
4. Adjustment entries

# Adjusting Entries

## Day 8 to 10

- **The Debits must equal The Credits!**
  - General Journal and Advanced Leger Entry

# General Journal / Advanced Ledger Entry

## General Journal (GJ) / Advanced Ledger Entry (ALE)

Post financial transactions directly to general ledger accounts as well as other accounts, such as bank, customer, vendor.

Can be set to auto-reverse

### GJ

**Can be used as a traditional double entry**

**Offset accounts controlled by posting definitions**

### ALE

**Developed for Public Sector**

**Controlled by posting definitions**

# Additional Tools

## Currently Available:

- **Financial Close Workspace**
  - [All About the Financial Workspace](#)

## On the Horizon:

- **Financial tags**

- **Analytical reporting options**

- **Automated ledger settlement functionality**

# Summary



| 1st | 2nd | 3rd | 4th |
|-----|-----|-----|-----|
| • Restrict Transactions<br>• Day 1 | • Inventory Close<br>• Day 2-4 | • Reconciliation<br>• Day 4-8 | • Adjusting Entries<br>• Day 8-10 |

**Questions**

**Thank You**

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