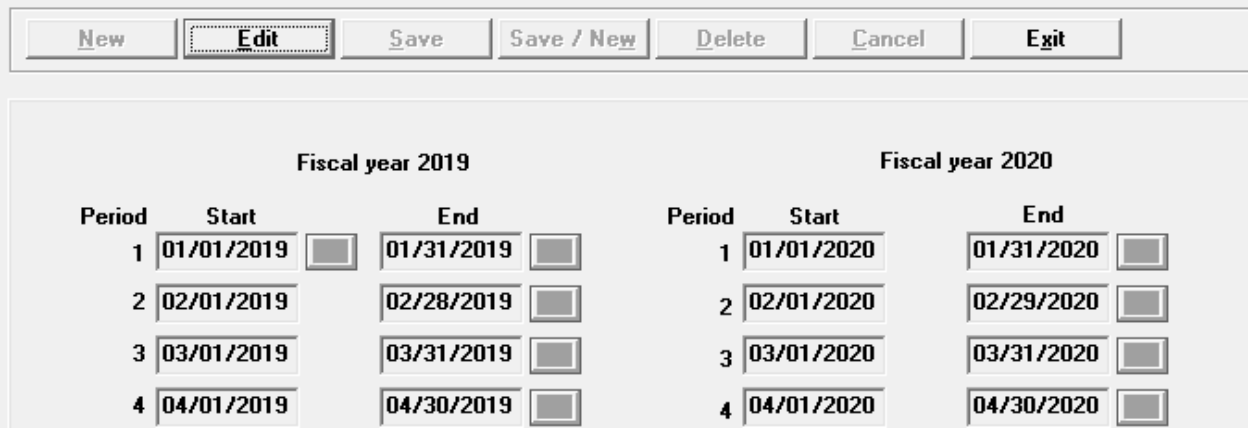
Tips & Tricks #34 – Archiving GL and Changing Fiscal Years Part 2

This installment describes the process of changing a year-end, including the possibility of declaring a short year. These changes can occur with an acquisition, where the purchase date does not coincide with the year-end of the purchased company, and/or the year end of the purchaser is different from that of the purchased company, thus the year end for the new entity must be changed.
In the December installment of Tips and Tricks #32, we introduced the functions of Archiving and Purging prior years of GL transaction details which had become of secondary importance. As this installment builds on that piece, we suggest a review. The functions discussed gave the option to just purge (i.e., destroy the older data, or archive it by moving the data into a separate, easily accessible new target company and then purge it from the original source (production) company. Multiple archives can be made in the sense that, having created Archive company "17" (data up through 2017 e.g.), in two years we could archive fiscal 18 and 19 into a new archive company "19". In this Tips & Tricks, a related function "AdjustGLFiscalYear" will be described.

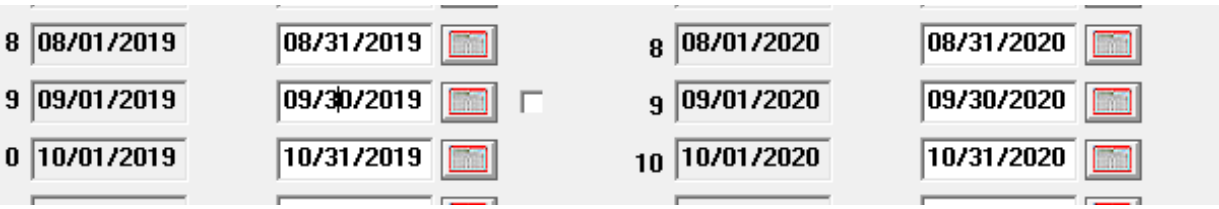
Changing fiscal Years

Having described in Tips & Tricks #32 archiving and purging for efficiency reasons, we can now describe a similar process that allows you to change the fiscal year. Changing a fiscal year is not something that happens often, but when there is a need, this function is very useful and powerful.

Let's assume that we are starting to process data in Q4 of our 2019 Calendar year and our firm is purchased as of September 25th, 2019. There are potentially two options that are available. In the first case, we will be declaring a short year for the purchased company (January 2021 to September 25, 2021) and subsequently, the purchaser will be running a 3 month plus 5 days post-purchase first year (Sep 25th, 2021 to Dec 31st). To do this, go into GL/Accounting period. You will see this standard set of left and right columns, the left for the current year, the right for the next year:

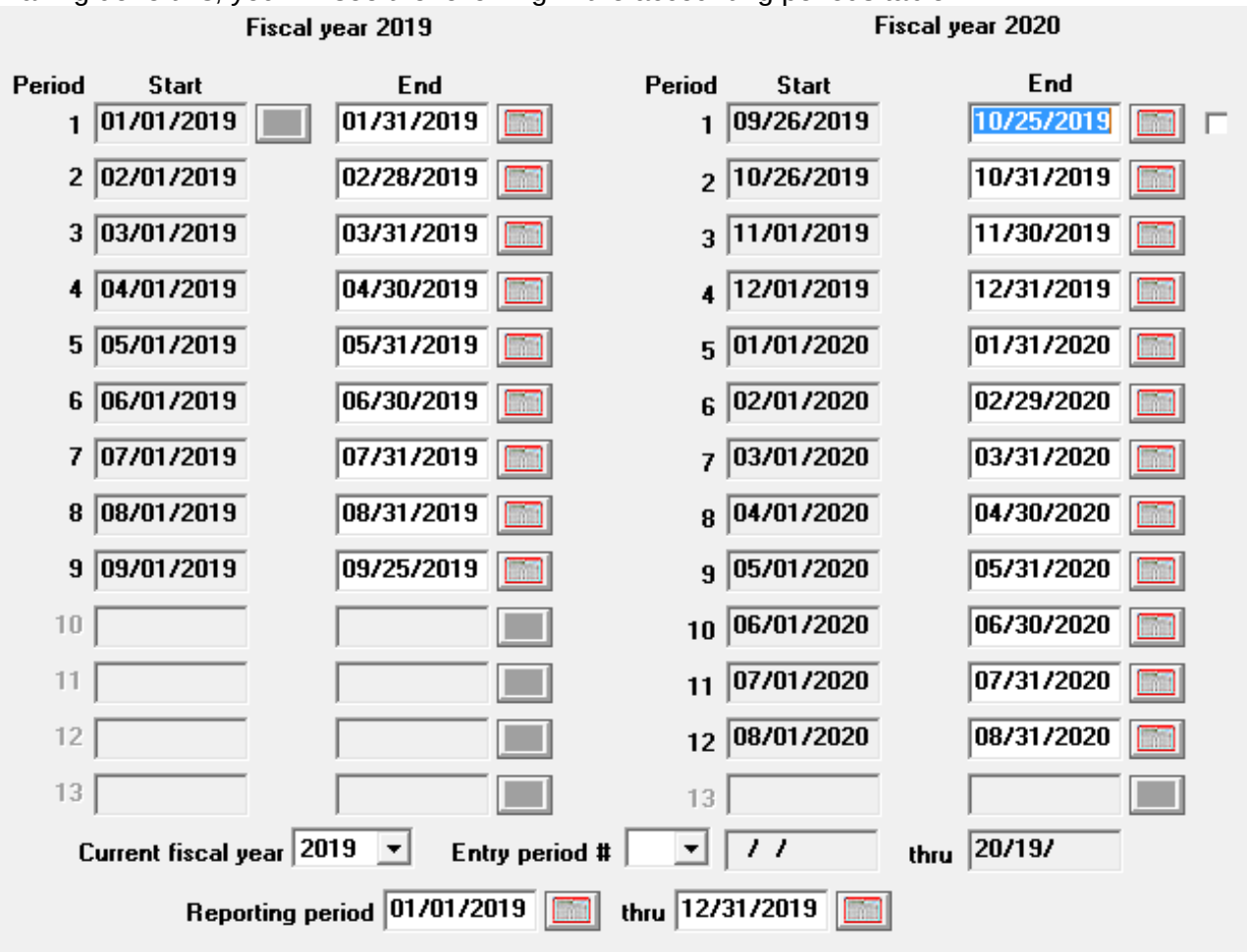


Click ***Edit*** and this will light-up (. i.e., ungrey) the end dates of all the periods in the left and right side. Then left click the closing date of what we want to be the short period - in this case 09/30/19. What we want to do is to change this date to 09/25/2019 and inform the system that this is the last period of the fiscal year. By left clicking the September period end date you will see a small box to the right of the date:



Click the small box (or hit ***F1***). This will clear all the dates after this and will reset the first period of the next year to the first day after the closing date of this period. You will receive a warning that the periods are now less than 12 months. Enter the new date - -9/25/19.

Having done this, you will see the following in the accounting periods table:



Fiscal year 2019			Fiscal year 2020		
Period	Start	End	Period	Start	End
1	01/01/2019	01/31/2019	1	09/26/2019	10/25/2019
2	02/01/2019	02/28/2019	2	10/26/2019	10/31/2019
3	03/01/2019	03/31/2019	3	11/01/2019	11/30/2019
4	04/01/2019	04/30/2019	4	12/01/2019	12/31/2019
5	05/01/2019	05/31/2019	5	01/01/2020	01/31/2020
6	06/01/2019	06/30/2019	6	02/01/2020	02/29/2020
7	07/01/2019	07/31/2019	7	03/01/2020	03/31/2020
8	08/01/2019	08/31/2019	8	04/01/2020	04/30/2020
9	09/01/2019	09/25/2019	9	05/01/2020	05/31/2020
10			10	06/01/2020	06/30/2020
11			11	07/01/2020	07/31/2020
12			12	08/01/2020	08/31/2020
13			13		

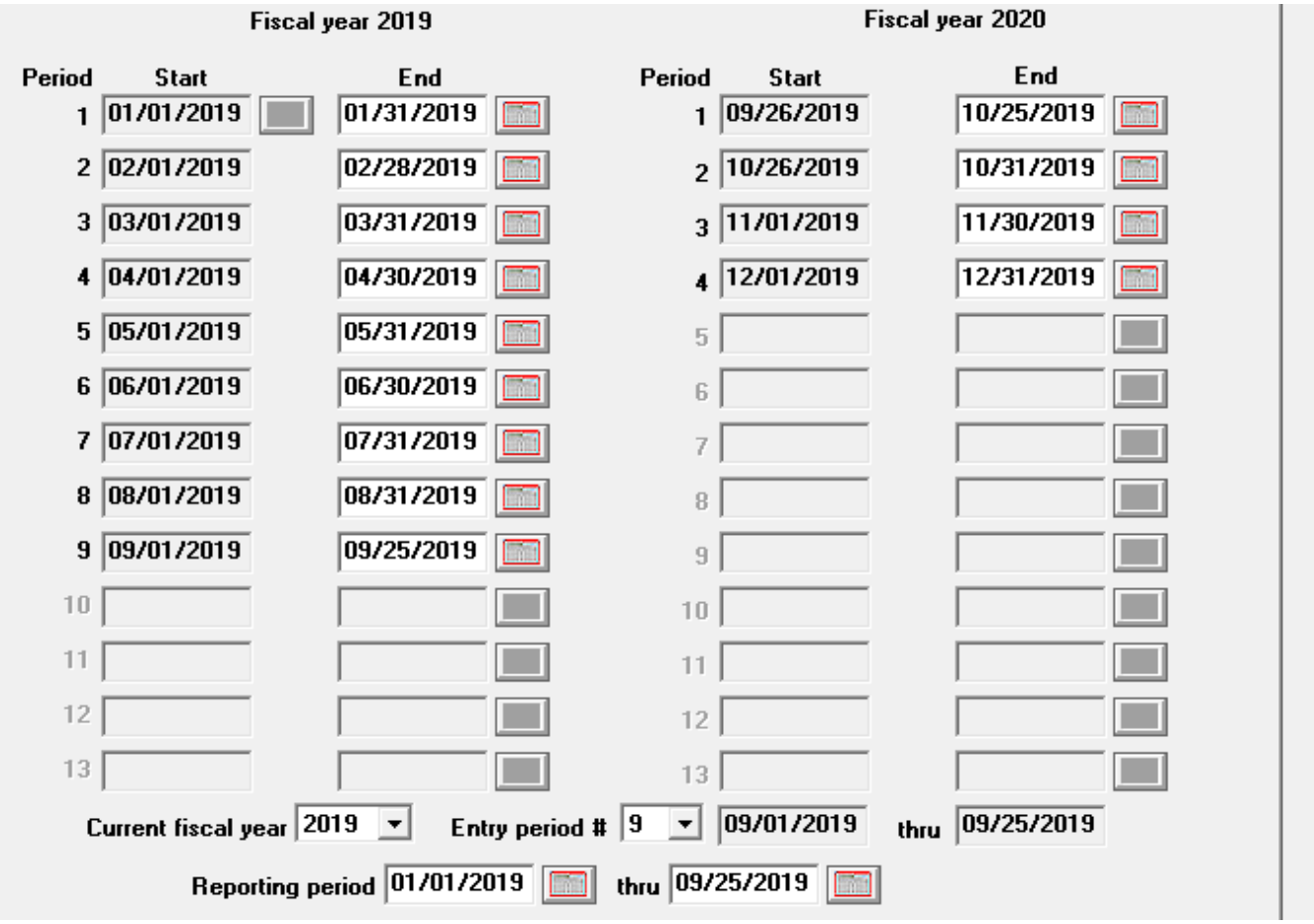
Current fiscal year 2019 Entry period # / / thru 20/19/

Reporting period 01/01/2019 thru 12/31/2019

The program has incorrectly guessed that the first period of the next year should run from 09/26 to 10/25. Correct this by changing the period ending date from 10/25 to 09/30. Now, next-year periods should follow the normal monthly begin/end dates.

Since the purchaser wants to continue with a (short) calendar year we will have to set 12/31/20 as our year-end date. Once again, click the closing date of the 4th period in the "next" year, right column and put an "x" in the little box (or hit F1). This will clear January through August and again give the short year warning. Lastly, modify the Entry period to what is desired and something that is allowed. For example, if you were working in September 2019 when the purchase took place, you would need to change the Entry date to the 9th period of the current year. Similarly, ensure your Reporting period dates are valid. (You will be prompted if you have incorrect dates.)

You will also receive a message the entry period number or reporting periods are not valid for financial statements. This is strictly true because we have not yet updated the accounting periods and the fiscal years – which is next. Ignore this warning. Click ***Save***. The results should appear as this:



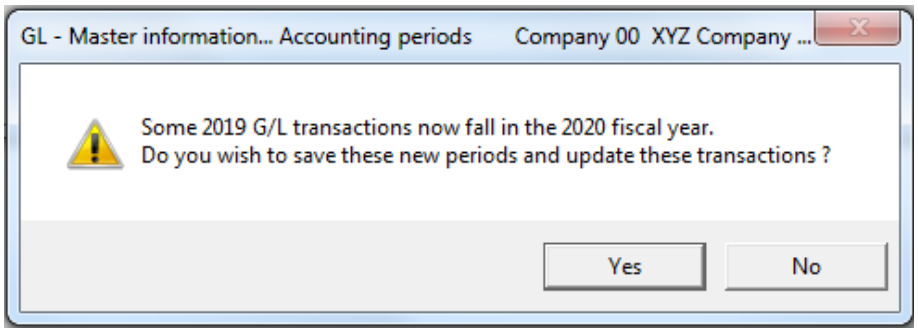
Fiscal year 2019			Fiscal year 2020		
Period	Start	End	Period	Start	End
1	01/01/2019	01/31/2019	1	09/26/2019	10/25/2019
2	02/01/2019	02/28/2019	2	10/26/2019	10/31/2019
3	03/01/2019	03/31/2019	3	11/01/2019	11/30/2019
4	04/01/2019	04/30/2019	4	12/01/2019	12/31/2019
5	05/01/2019	05/31/2019	5		
6	06/01/2019	06/30/2019	6		
7	07/01/2019	07/31/2019	7		
8	08/01/2019	08/31/2019	8		
9	09/01/2019	09/25/2019	9		
10			10		
11			11		
12			12		
13			13		

Current fiscal year 2019 Entry period # 9 09/01/2019 thru 09/25/2019

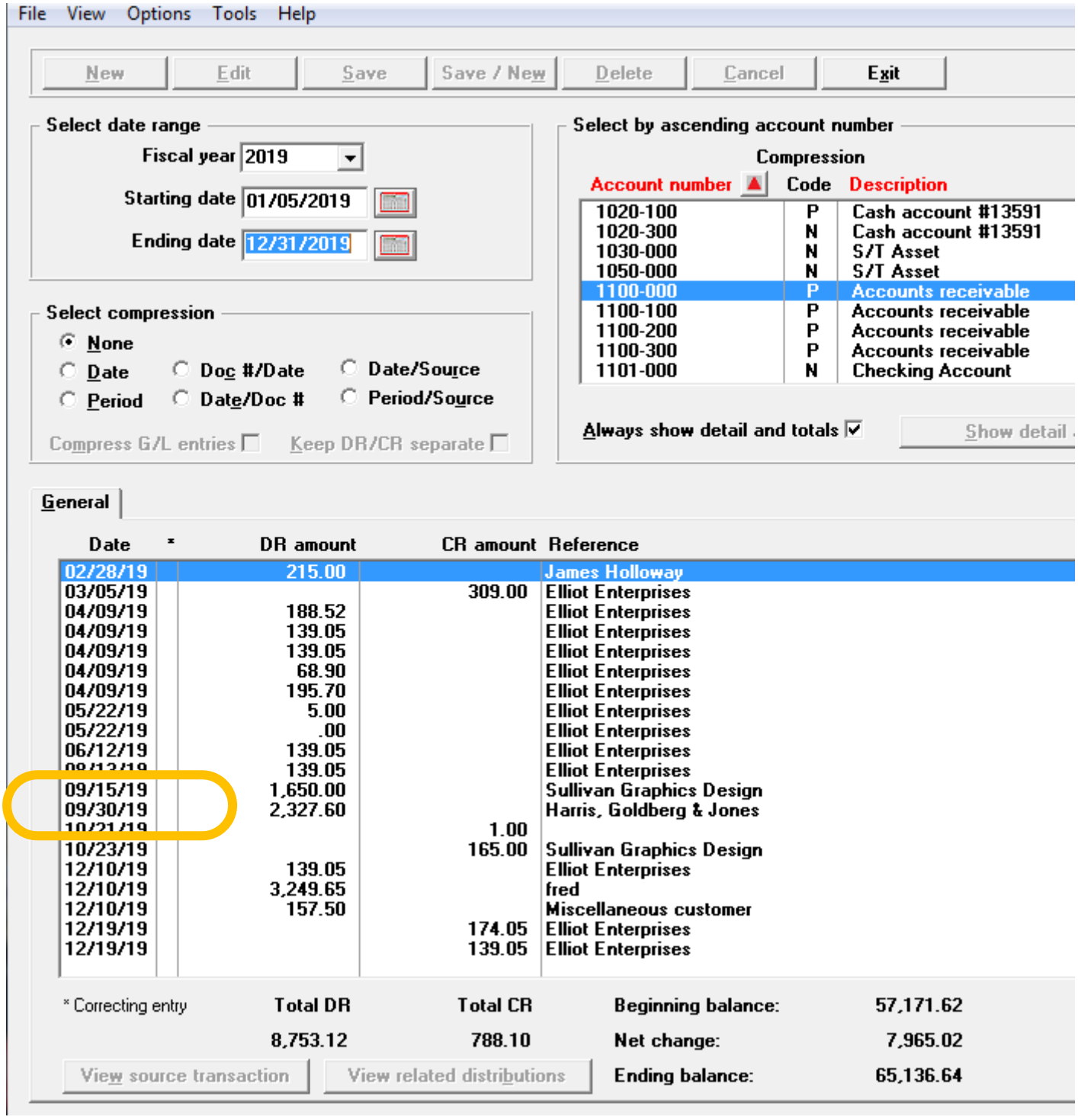
Reporting period 01/01/2019 thru 09/25/2019

Click the ***Save*** button at the top of the screen.

This is where some “magic” happens. The program detects the major changes to the accounting periods and does an analysis of all existing transactions to see if the individual distribution dates are consistent with these new periods. They are not: we now have part of September and all of October through December as part of the next year. The program will reassign these “misplaced” transactions to the correct fiscal year.



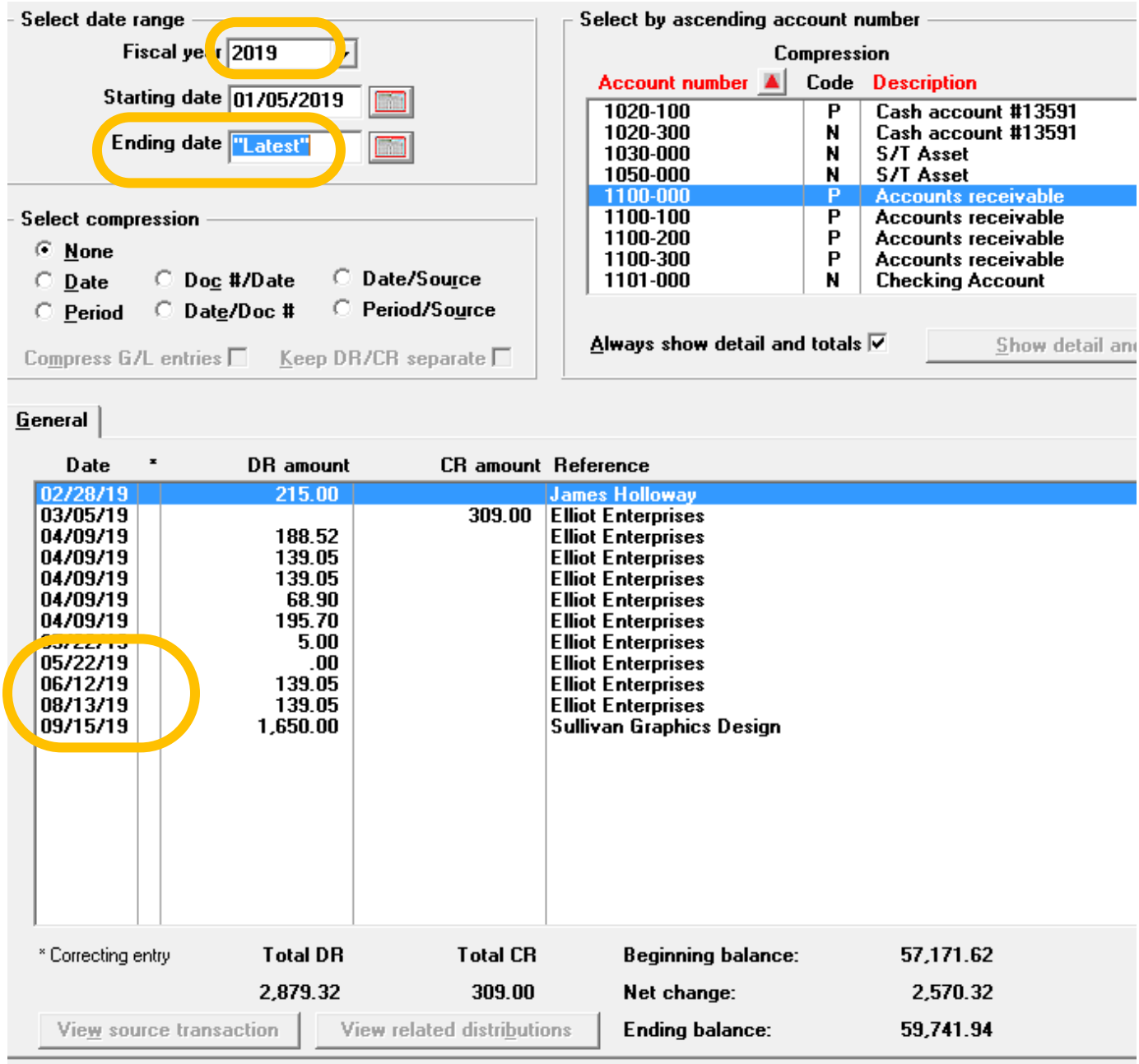
Before we look at the changes, let’s take a look at the “before” picture of a typical account; in this case the A/R account:



Nothing unusual here - transactions running from about the beginning of the year to close to the end of the year.

Note the transactions circled above and remember our new year end is 9/25/2019

As a result of our changes to the periods and the year-end date, only transactions from 01/01/19 through 09/25/19 will be part of the 2019 year. ***Latest*** has been deliberately selected as the end date to highlight this:



Looking at fiscal 2020, we will see the following and ***First*** has been deliberately chosen to highlight the presence of the September through December transactions now moved into 2020:

Select date range

Fiscal year 2020

Starting date "Earliest"

Ending date 12/31/2019

Select compression

None

Date | Doc #/Date | Date/Source

Period | Date/Doc # | Period/Source

Compress G/L entries | Keep DR/CR separate

Select by ascending account number

Compression

Account number	Code	Description
1020-100	P	Cash account #13591
1020-300	N	Cash account #13591
1030-000	N	S/T Asset
1050-000	N	S/T Asset
1100-000	P	Accounts receivable
1100-100	P	Accounts receivable
1100-200	P	Accounts receivable
1100-300	P	Accounts receivable
1101-000	N	Checking Account

Always show detail and totals | Show detail and

General

Date	*	DR amount	CR amount	Reference
09/30/19		2,327.60		Harris, Goldberg & Jones
10/21/19			1.00	
			165.00	Sullivan Graphics Design
12/10/19		139.05		Elliot Enterprises
12/10/19		3,249.65		fred
12/10/19		157.50		Miscellaneous customer
12/19/19			174.05	Elliot Enterprises
12/19/19			139.05	Elliot Enterprises

* Correcting entry	Total DR	Total CR	Beginning balance:	.00
	5,873.80	479.10	Net change:	5,394.70
View source transaction	View related distributions		Ending balance:	5,394.70

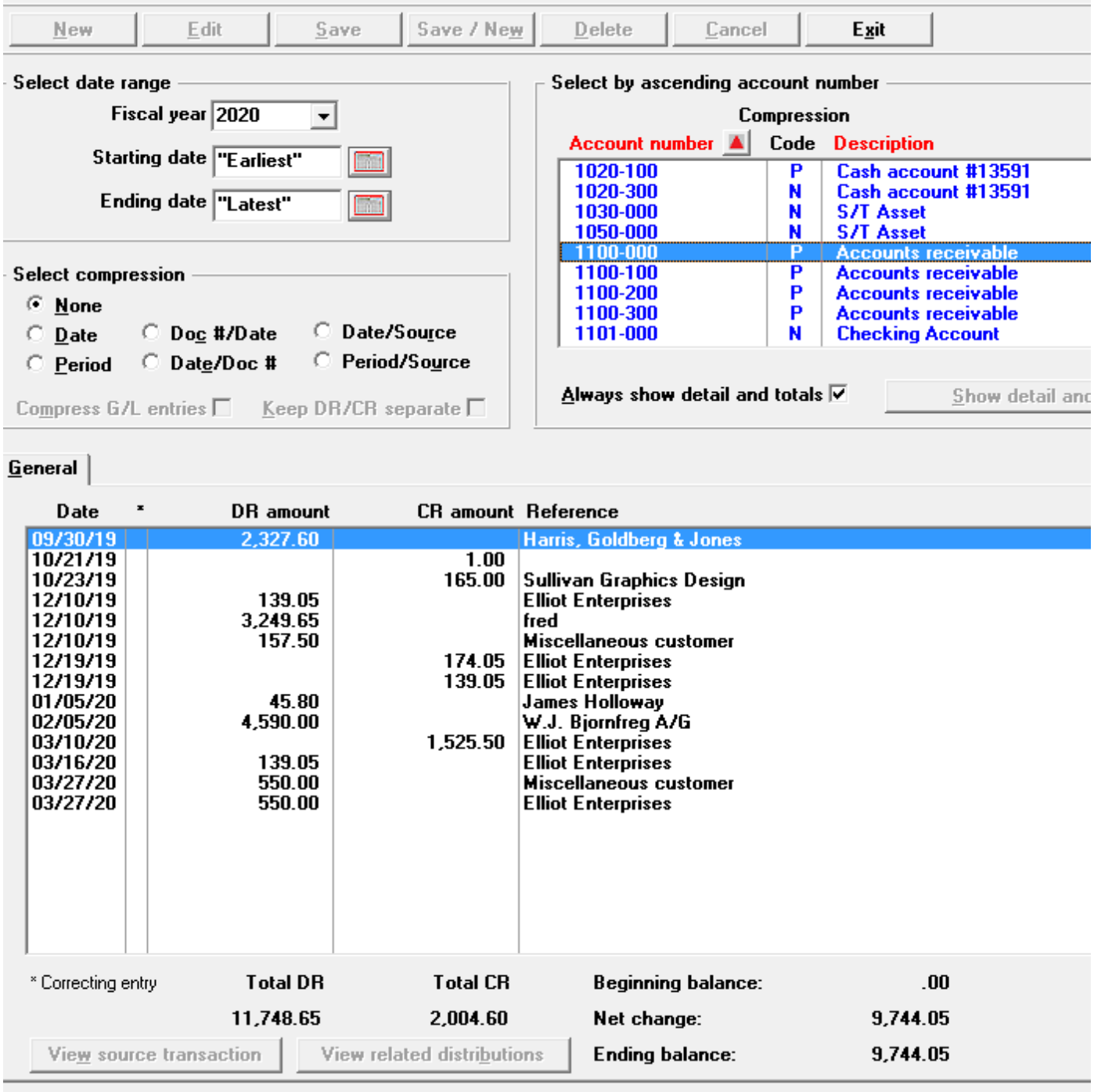
Now, the second option for what the new period configuration might be is if the purchaser a year end sometime during 2020. This could be a full year ending on 09/25/20 or a short year ending on 03/31/20. In choosing this latter option, we would select period 7 instead of period 4 in the steps on page 3 to create a year 3 periods longer i.e., ending 03/31/20:

Fiscal year 2019			Fiscal year 2020		
Period	Start	End	Period	Start	End
1	01/01/2019	01/31/2019	1	09/26/2019	10/25/2019
2	02/01/2019	02/28/2019	2	10/26/2019	10/31/2019
3	03/01/2019	03/31/2019	3	11/01/2019	11/30/2019
4	04/01/2019	04/30/2019	4	12/01/2019	12/31/2019
5	05/01/2019	05/31/2019	5	01/01/2020	01/31/2020
6	06/01/2019	06/30/2019	6	02/01/2020	02/29/2020
7	07/01/2019	07/31/2019	7	03/01/2020	03/31/2020
8	08/01/2019	08/31/2019	8		
9	09/01/2019	09/25/2019	9		
10			10		
11			11		
12			12		
13			13		

Current fiscal year 2020 Entry period # 3 11/01/2019 thru 11/30/2019

Reporting period 11/01/2019 thru 11/30/2019

Having done that, when we view the transactions, we see the following:

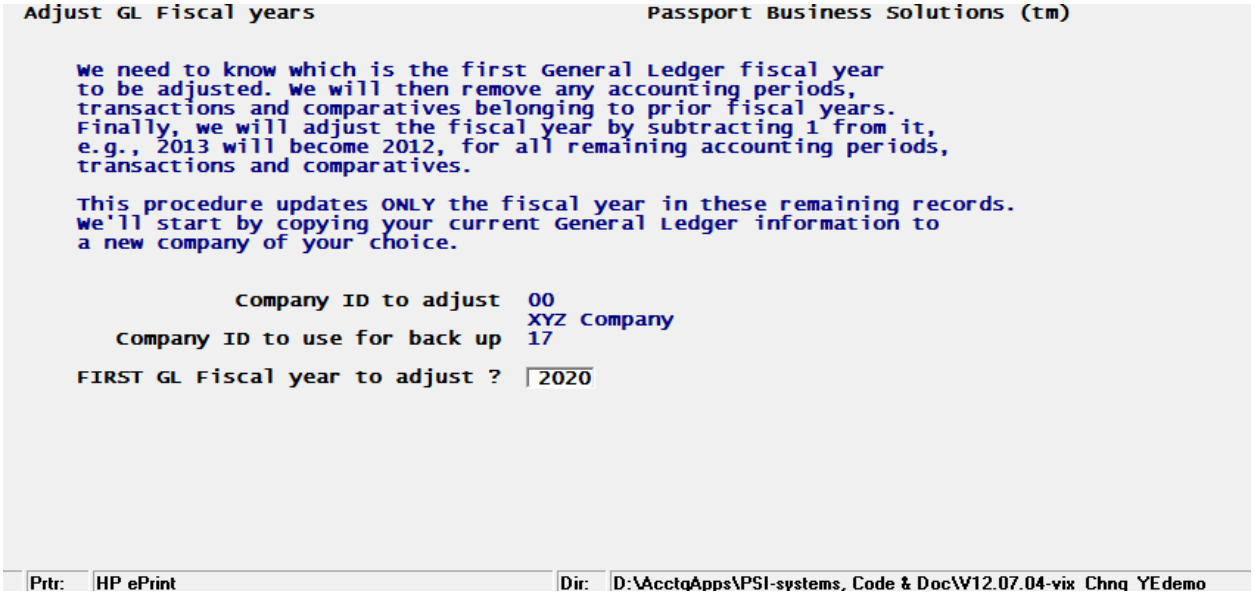


Major Caveat

When you think about it, the purchaser who wants to run September 26th to December 31st (option 1) as a short year will almost certainly want to run it as fiscal 2019 since it ends in December of that same year. But the system can't have two fiscal 2019's. (This problem does not occur if they want a new, non-calendar fiscal year. So, in our example – option 2 – the result we get with the "next" year being 2020 is quite acceptable.)

We should also take into account the fact that this new owner will not necessarily want to have the prior owner's books conjoined to his own books. So, this may be our way out – we will archive the old company's books to a new

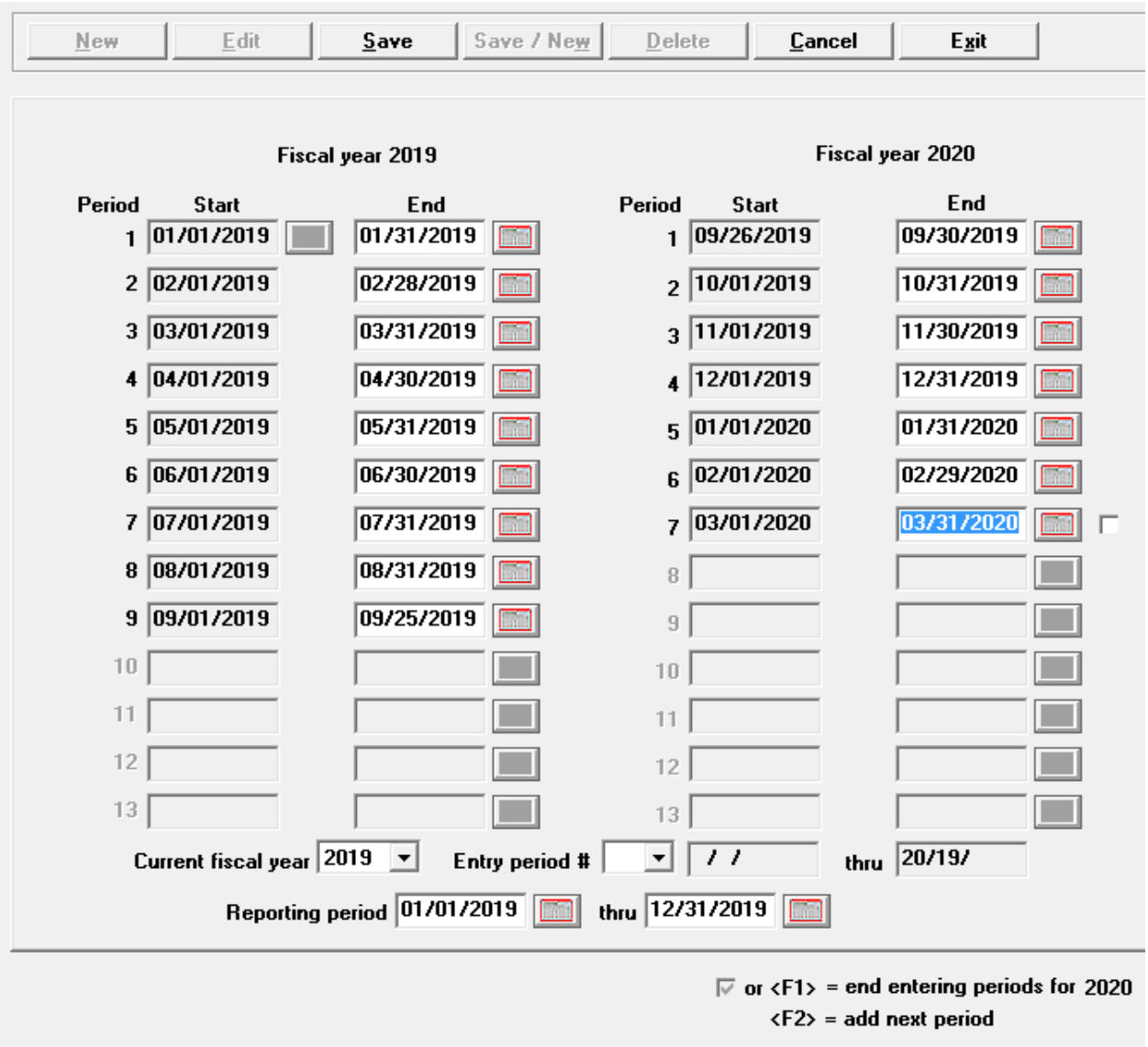
archive company. And when we do that, we have the opportunity to rename the first of the remaining fiscal years to 2019 because at that point the (old) 2019 will have been removed. The program to do this is a sister program described in T&T #32 and is called ***AdjustGLFiscalYear.bat.*** It is located in the top-level of the PBS system (ask your system admin if you need help here.)
When you run the program, you will see the following:



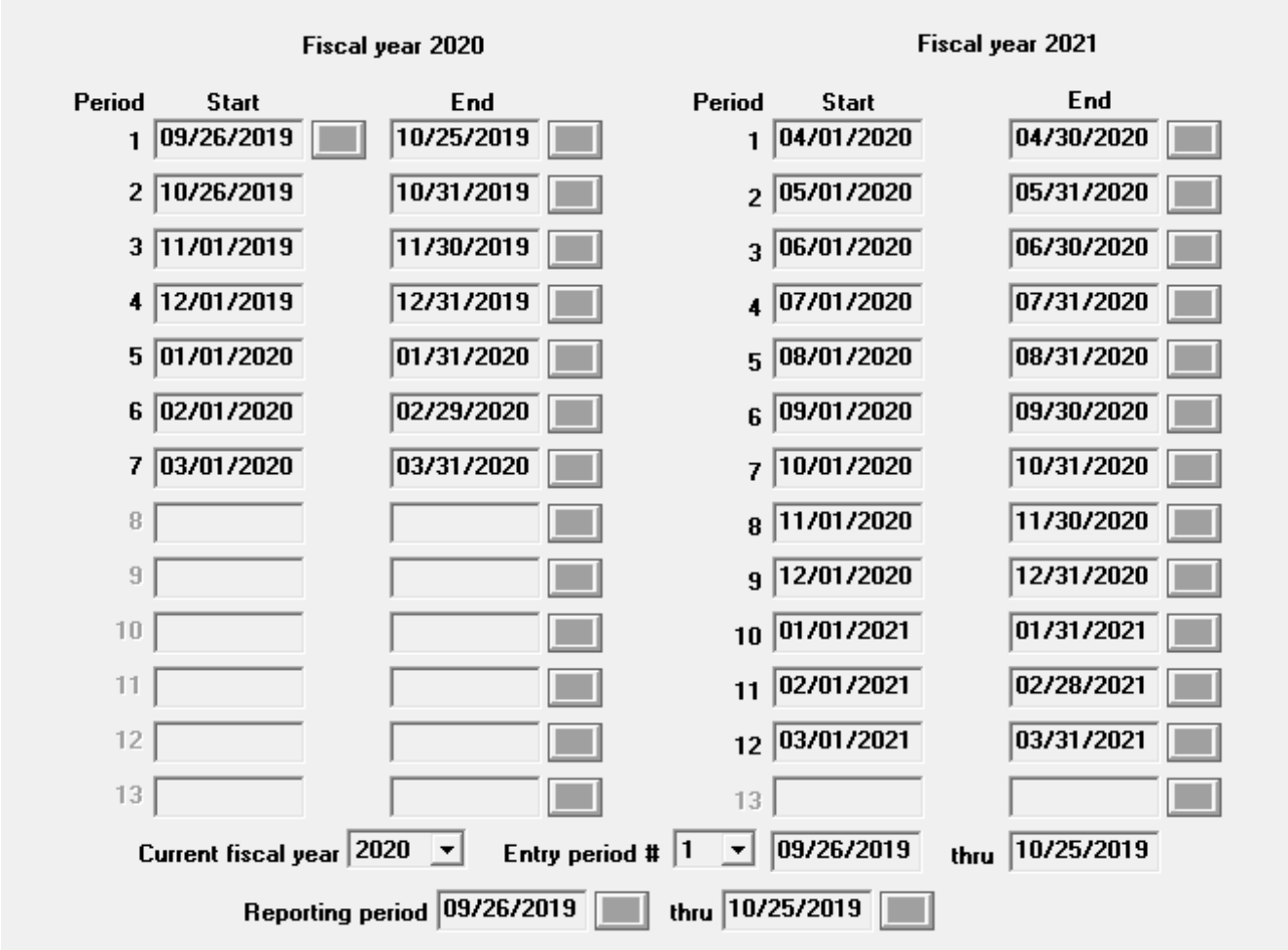
- Run the batch file and login as an administrator.
- The company to adjust is the one where you want to change the fiscal year designation - in this case “00”.
- The company to use as backup is a new company that will be created to take the data for the fiscal year to be archived (in our case 2019 and prior) and archive it so we can reassign the current 2020 as 2019.
- The first GL fiscal year to adjust works with the previous field: we want to archive 2019 and earlier years and change 2020 to be 2019. The program of course will renumber any other later years by subtracting 1 from the fiscal year number. (In our case this does not apply since 2020 is our “next” year and there are no more fiscal years after that).
- Check your results. A new company should exist -company “19” that contains all GL transactions from the old fiscal 2019 and prior. The current production system should have 2019 as the current year but have the data that previously was in 2020.

Several final thoughts:

- Doing this sort of manipulation can be scary stuff. That is one of the reasons we have been quite detailed with descriptions and screen shots. The most important part of this is to make a backup of your data. Have your system/IT person make a specific backup of your accounting system before you start this, and test to ensure it can be used for restoring the system.
- If possible, one way of doing this safely is to have your system administrator create a full copy of the system – a test copy – so that you can play with it, try this or other new processes out with no downside, if for some reason it fails. A copy of your live data in the test system makes the testing realistic – real vendors, familiar GL accounts etc. In addition, having a test system or test company is always a good idea. It provides a "play" area to try new features, explore new ways of doing things including posting and follow up reports without fear of altering the real books.
- Since major changes to the system are taking place, you will want everyone out of PBS (not just the GL).
- Closing these short fiscal years will behave normally, although you may have to adjust the "next" fiscal year. However, by default, the program will generate a full twelve months for the next year. This means closing this configuration:



Will produce this configuration:



Fiscal year 2020

Period	Start	End
1	09/26/2019	10/25/2019
2	10/26/2019	10/31/2019
3	11/01/2019	11/30/2019
4	12/01/2019	12/31/2019
5	01/01/2020	01/31/2020
6	02/01/2020	02/29/2020
7	03/01/2020	03/31/2020
8		
9		
10		
11		
12		
13		

Fiscal year 2021

Period	Start	End
1	04/01/2020	04/30/2020
2	05/01/2020	05/31/2020
3	06/01/2020	06/30/2020
4	07/01/2020	07/31/2020
5	08/01/2020	08/31/2020
6	09/01/2020	09/30/2020
7	10/01/2020	10/31/2020
8	11/01/2020	11/30/2020
9	12/01/2020	12/31/2020
10	01/01/2021	01/31/2021
11	02/01/2021	02/28/2021
12	03/01/2021	03/31/2021
13		

Current fiscal year 2020 Entry period # 1 09/26/2019 thru 10/25/2019

Reporting period 09/26/2019 thru 10/25/2019

Which should be what you desire.