



Tips & Tricks #42 – Something to Put in Your Back Pocket for Year End

Here are some items that may not be on your agenda for closing the month or year, but you should remember (put in you back pocket) for future closing cycles. These are features/steps in PBS associated with closing a month and a year in an application like AP, but which we find that many people don't bother with, even though the steps are quick and easy. None of these are truly critical but they provide feedback information and control on entered dates that can be useful.

These issues touch three different areas of each application – month-end and year-end closing, date validation for transactions and collection of statistics. The primary applications affected are AP, AR and Inventory Control, but similar considerations are found in Payroll and Job Cost.

We are starting with Accounts Payable, however, we will look at similarities to other apps in upcoming installments of Tips & Tricks.

The core of the system is located in the second tab of the AP Control file maintenance (Options) with the setup of the control dates. At the bottom of the screen (Date control information), you will see:

The screenshot shows the "Edit" tab of the AP Control file maintenance screen. The top menu bar includes "New", "Edit", "Save", "Save / New", "Delete", "Cancel", and "Exit". Below the menu, there are three tabs: "General", "Options" (which is selected), and "More options".

1099 information

- Print 1099 forms
- ID type: Business
- Taxpayer ID number: 98-4567845
- 1099 year ending date: 12/31/2022

Immediate printing

- Allow immediate printing
- Default immediate printer: 2 Brother
- Default immediate cash account: 1000-000
- Cash account #13557-000

Label printing return address

- Company name: XYZ Company South
- Address-1: 100 Demo Drive South
- Address-2: P.O. Box 200
- Address-3: Manchester, NH 03102

Date control information

- Current period ending date: 10/31/2022
- Starting entry date: 10/01/2022
- Date control: Warning only
- Ending entry date: 10/31/2022

Here are the three dates that control this portion of the system and the control flag that determines how these are used. These fields are entered when the system is first set up (or converted/upgraded from previous versions) and then generally left alone after that because as you will see, closing the month and year will automatically update them. The Date control field and the Starting/Ending dates are editable at any time. The Current period end date, once entered, is only changeable by using an F2 “special edit” override. This is because it directly affects the accumulation of statistics by vendor for purchases and payments and changing this can have effects on some reporting e.g., in Sales Analysis. (We will discuss resetting these to reasonable values at the end of this installment.)

These fields, as shown above, are as they would be just prior to a month end closing for October. Running the month-end closing will produce:

Date control information

Current period ending date

Starting entry date

Date control

Ending entry date

which has reset these dates for November use - dates used to control the accumulation of statistics and the validation of entered dates in transactions which are described below.

Starting and Ending date

These are used to validate any distribution dates used for a transaction (vouchers, and checks). Entering a distribution date that is “out-of-period” (before or after this date) will produce an error/warning:

General |

Voucher Entry period: 11/01/2022 thru 11/30/2022

Type

Vendor

Cancel vchr Proximo terms Correcting entry

Gets 1099: Yes Terms: Bank Charges 1099 type

1099 type Due days Due date

P.O. # Discount days Discount date

Reccvr #'s AP - Payables... Enter Company 00 XYZ Company SQL DB:

Distrib. date Invoice #

Invoice date Invoice amt

Non disc amt Reference

AP - Payables... Enter Company 00 XYZ Company SQL DB:

Date not in current period.

Note here, that although the distribution date which caused the error is flagged, the (vendor) Invoice date which is also out of period, is not subject to these restrictions because generally speaking you will be entering the date of the vendor's invoice (for aging and terms purposes) even if that date is out of period. (This issue is unique with AP Vouchers because these are the only transactions in the system where two dates - Distribution date and Vendor invoice date -

can be entered independently. In all other transactions, the transaction date e.g., the check date) is also the distribution date.)

There is no actual requirement for the starting and ending dates to correspond to GL/Accounting periods even though generally they will. For example, it may be useful to include the last day of the previous month as the Starting date so that “late” invoices can be entered and distributed to the prior month right up until the GL for that month is closed. So, having Starting/Ending dates of 10/31/22 and 11/30/22 would accomplish this while still retaining a relatively tight control on the dates entered.

Date control

The switch that determines how these Starting/Ending dates will be used is determined by the setting in the lower left of the Date Control Information, called “Date Control”. It has the following values:

- No control – dates are not checked and the Starting and Ending dates cannot be entered. Since there was no date control in older versions of PBS (and in RealWorld) it is not uncommon for this option to remain in place by default by the conversion. To take advantage of the date control feature, I suggest this be changed to one of the next two values.
- Warning only – dates are entered into the control file and checked during data entry. If an out of period distribution date is entered, the warning/error message seen above is displayed and, on clicking [OK], the program moves on to the next field. If you determine the date was wrong, you can simply go back to correct it.
- Full control – same as “Warning only” except on producing the error message for an out of period entry, the program clears the date field and prompts for another, valid value.

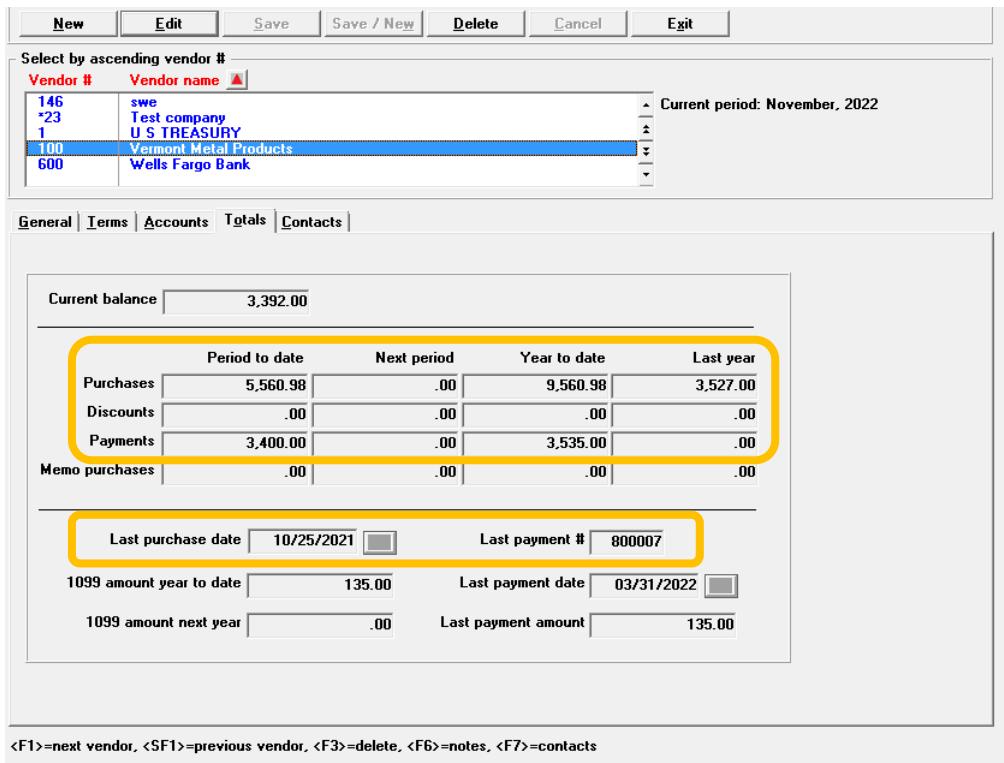
The same rules apply as far as date validation, to the printing/posting of checks – the error message is the same and the results (warning only versus full control) are the same.

Period Ending Date:

The fourth field here is the Period ending date which normally will have the same value as the (data entry) Ending date. This date is a control value acting on the vendor invoice date (not the distribution date) and acts as the water-shed date to determine whether the dollar value of a purchase (voucher) or payment is to be accumulated in the current month's vendor stats or in the next months. Putting the issue of distribution dates aside, PBS keeps track of your purchases by vendor and by month based on vendor invoice date. If a vendor invoice date is less than, or equal to the Period End date, that puts a transaction into the current month, and the current month stats are updated. If the vendor invoice date is into the next month (greater than the Period End date), the accumulation will be into the next month. For example, the normal situation could have a \$1000 voucher or payment done in November and this would update November statistics for the affected vendor for purchases or payments. However, a voucher distributed to November, but with a vendor invoice date of Dec. 5th would be assigned to December statistics if the period end date was 11/30/22.

Statistics

The statistics we have been talking about are stored in the fourth tab (Totals) for each vendor:

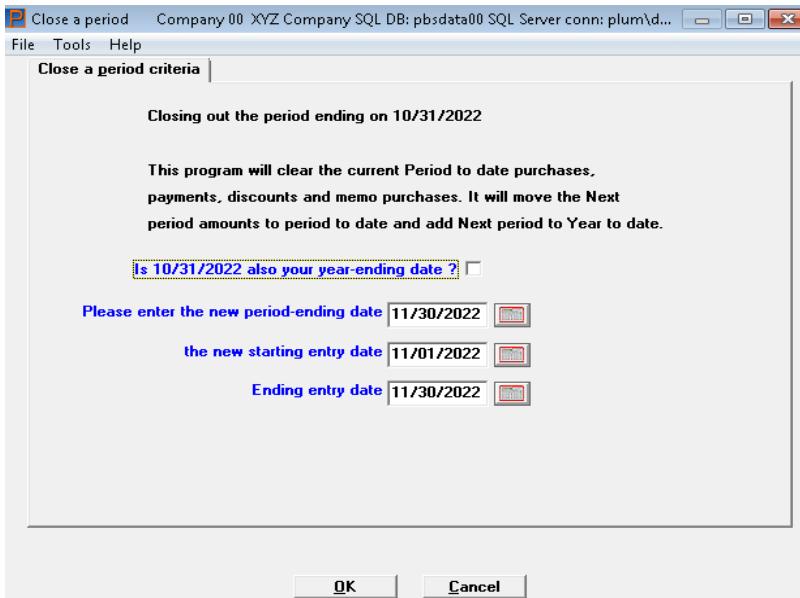


The screenshot shows the 'Statistics' window with the 'Totals' tab selected. At the top, there are buttons for New, Edit, Save, Save / New, Delete, Cancel, and Exit. Below these is a list of vendors with columns for Vendor # and Vendor name. The vendor '100 Vermont Metal Products' is selected. To the right, a message says 'Current period: November, 2022'. Below the list are tabs for General, Terms, Accounts, Totals, and Contacts. The 'Totals' tab is active, showing a table of transaction amounts. A yellow box highlights the 'Period to date' and 'Next period' columns for purchases, discounts, payments, and memo purchases. Below the table are fields for 'Last purchase date' (10/25/2021) and 'Last payment #' (800007), also highlighted with a yellow box. At the bottom, there are additional fields for '1099 amount year to date' (135.00), 'Last payment date' (03/31/2022), '1099 amount next year' (.00), and 'Last payment amount' (135.00). A note at the bottom left says '<F1>=next vendor, <SF1>=previous vendor, <F3>=delete, <F6>=notes, <F7>=contacts'.

Note the current (PTD) and the Next period column for each transaction type. Also note the program keeps track of the last activity dates for this vendor. This is useful when questions of keeping a vendor as “active” come up.

Closings

With the preceding paragraphs in mind, we can now look at how the AP Month End closing is done and what it accomplishes. To close a period, go to the “Close a period” menu entry:



The screenshot shows the 'Close a period' dialog box. The title bar says 'Close a period Company 00 XYZ Company SQL DB: pbsdata00 SQL Server conn: plum\d...'. The menu bar includes File, Tools, and Help. The main area is titled 'Close a period criteria' and contains the following text: 'Closing out the period ending on 10/31/2022'. Below this, a note states: 'This program will clear the current Period to date purchases, payments, discounts and memo purchases. It will move the Next period amounts to period to date and add Next period to Year to date.' There are three checkboxes: 'Is 10/31/2022 also your year-ending date?' (unchecked), 'Please enter the new period-ending date' (11/30/2022), 'the new starting entry date' (11/01/2022), and 'Ending entry date' (11/30/2022). At the bottom are 'OK' and 'Cancel' buttons.

In this example, as is indicated by the first line of the screen, we are in October but are about to close this period and start November. Since we also assume our accounting year is calendar, our October closing does not correspond to closing the year i.e., the check-off box in mid-screen is unchecked. We can also see the new month control dates as described above, that will be used once this is activated by clicking [OK].

What the Closing does

There are two results of the closing. First the watershed Period ending date is changed and with that, the statistics are adjusted. If this is a month-end closing, then the following are done:

- Keeping in mind that the data for this month's stats (PTD) and this year's stats (YTD) have been kept up to date by the individual postings, moving from October to November will involve clearing the PTD value so the month starts clean and leaving the YTD alone. However, if the Next Period has a value in it, move that value to the PTD value and clear the Next Period value.
- Write the new Period End date and entry Start and End dates into the control file.

If this is a year end, then in addition to the month-end changes

- move the current YTD value into the last-year YTD value and place the current PTD value into the current YTD. This will usually be zero unless there was a value in the Next period entry which is moved to the PTD and YTD value.

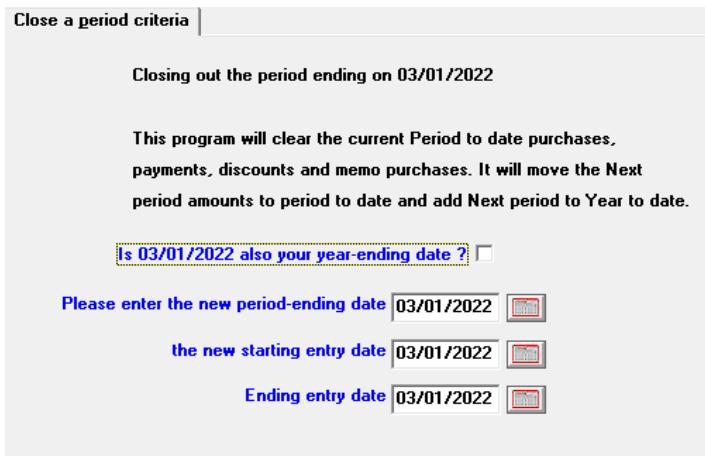
Note that doing this close only updates the PTD and YTD values for the vendor and closes the AP fiscally for the year. It does not close the year for 1099's which has to be a separate set of steps both because the 1099 year is mandatorily calendar, where the fiscal year may not be. There are typically reporting requirements to be satisfied for closing the 1099 year, and this will be covered in a future installment.

Fixing up the statistics and the period control dates.

You may find that the last time a Month End Close was done on AP was in say 2018 and so, basically all the numbers in the statistics are trash. We do have to keep in mind that all the statistics are rolling totals so there is no easy reset to get the right numbers into the Vendor's totals fields.

First fix up the dates and reset the statistics.

If the control dates are not in the current year, you will have to run one or two year-end closes to both reset the PTD but also the YTD and prior year YTD. Let's say you want to set up for January 2023. The easiest way is to do this process before your fiscal year end, clear the accumulators and realize that the last of the current month will not be right but January will. To do this, in November set up to run a closing that includes the year-end. Here is the "before" sample picture:

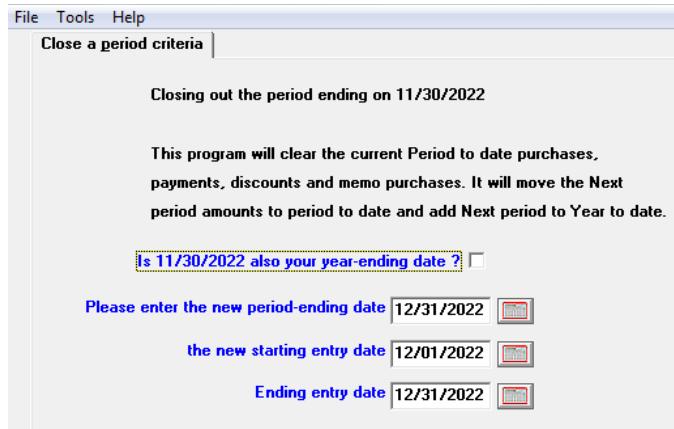


Set the screen up as follows:

- year-end close is checked off
- Period end date is 11/30/22
- Starting/Ending (entry) dates are 11/01 and 11/30

This will clear the current month PTD and move the incorrect/trash YTD value for 2022 into last year YTD. It will also move the presumably trash PTD value into the current YTD.

When it comes closing November you will see the following:



Run this November month-end closing and then when it comes time, close December as a year-end. This process will accumulate part of November and all of December in a regular fashion and so when you close December it will move only the November/December 2022 numbers into the last year YTD. If you want none of November in the last year YTD, run the November closing as a year-end as well. In either case, going forward, January and the rest of 2023 will be correct.

Last point - you can always manually update the statistics for any vendor by going to the tab 4 of the vendor entry, clicking into the one of the greyed-out fields and doing the F2 override. Since this manual step would have to be done for each and every vendor you want to correct, it is likely that you would only do this for your most important, most active vendors.