

## Do You Need A New Unit or A New Data Directory?

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### **Do You Need A New Unit or A New Data Directory?**

#### **Units vs. Directories**

**Note:** *If you are running the Currency Exchange Special, please refer to that documentation for the proper way to use units.*

#### **Why you need Units**

1. Units provide a way to track profitability of sales divisions (depts./branches) for a single taxpaying entity. The system has been setup with one unit or division, Unit 0 (zero). Up to 98 more units may be added, however units 98 and 99 are typically reserved for consolidated financial reporting. The system provides several reports that give information by unit (see list under section titled, "What reports can be generated by units?"). Units provide a way to separate income and expenses on a Profit and Loss Statement, which may be generated for each unit if needed.

If each of the divisions (depts./branches) is required to file separate tax returns, then units will not work. In this case, more than one taxpaying entity will need more than one database directory to track the individual companies. If separate Balance Sheet reporting is needed, the use of additional data directories is recommended (see directories section of this documentation).

*Note: Even though you have the ability to have separate Balance Sheets using units, you can not separate Accounts Payable and Commissions by unit. This make balancing impossible for these two accounts.*

2 The use of units is required for bank reconciliation when there are multiple checking accounts to balance. Both Cash Receipts and Checkwriting distinguish which Unit/Bank Account to affect.

3 The use of units has also been beneficial for Partnerships. In this situation, units provides a way for each partner to track their individual income and expenses for tax reporting purposes.

4 Units can be used to allow for multiple Accounts Receivable Accounts. This is not a common practice and requires some caution on the part of the user. If multiple units are setup with a different Accounts Receivable Account for each unit, the customer must be setup in each unit that they do business with. The unit number can not be changed during order entry for this concept to work. Cash receipts must be done for the unit the customer is in to affect the correct accounts receivables account.

### **Why you need Data Directories**

- 1 More than one taxpaying entity - If operating more than one business, division/branch and each is required to file a separate tax return, a separate data directory is needed for each.
- 2 Order/Invoice numbering - If separate numbering sequences are needed for each department, division or branch, then separate data directories should be set up.
- 3 Separate Balance Sheets - If separate Balance Sheets are needed for each department, division or branch, then separate data directories should be setup.
- 4 Change of business format - If ownership changes from being a partnership to a corporation, separate data directories should be setup.
- 5 Separate Payables - The only way ProfitMaker allows tracking of separate payables is by the use of separate directories.

### **Unit Designation**

Company Information - Units are added through this option. Multiple units in Company Information allow for sorting reports by unit and printing by selected units in the reports listed below. Default general ledger accounts for each unit are established through Company Information.

- Masters - If separate Profit & Loss Statements are needed, additional general ledger accounts will have to be setup for each unit. The unit number should also be designated on customer masters. This does not apply to vendors or salespeople since a unit designation is not possible.
- Order Entry - Unit number will default in from the customer master, but can be edited during order entry.
- Print Orders - Preprint unprinted orders and print orders allow you to print for all, select, or a range of units.
- Vouching - To affect a specific unit, general ledger distribution is done to the general ledger account associated with the specific unit.
- Checkwriting - Unit number will default in from Company Information, but

can be changed on the Checkwriting Options screen and this will allow the correct bank account to be affected.

- Printing Invoices – Preprint unprinted invoices allow you to print for all, select, or a range of units. Print invoices requires printing from one unit at a time for correct general ledger posting.

- Cash Receipts – Unit number will default in from Company Information, but can be changed on the Cash Receipts and Adjustments Options screen.

## **Reports Generated by Units**

### **Order/Billing**

- 1) Open Order Report
- 2) Order Tracking Report
- 3) Order Costing Report
- 4) Order History Report
- 5) Monthly Booked Orders Report
- 6) Monthly Billed Orders Report

### **Receivables/Customer**

- 1) Customer Open Invoice Report
- 2) AR Aging Report
- 3) Customer Statements

### **General Ledger**

- 1) Canceled Checks Report
- 2) Deposits Report
- 3) Profit and Loss Statement

## **Handling Units in ProfitMaker**

ProfitMaker is set up with one Unit or Selling Division. This is Unit 0 (zero). You may add up to 98 more. Units are generally used to track the profitability of these selling divisions.

### **Step 1**

Decide which General Ledger Accounts to use for this new Unit. Since a Unit is part of your Company, usually only accounts on the Profit & Loss Statement are used. A new Profit & Loss Statement will be added for each new Unit and one Profit & Loss Statement that combines all Units will also be added. If you expect to add more Units, the combined Statement should be added as #99. There will not actually be a unit #99, just the P&L #99.

#### **A. Example Existing Account Unit 1 Unit 2**

Sales 300 3001 3002

Cost of Sales 400 4001 4002

Auto Expense 804 8041 8042

Rent 924 9241 9242

B. Create these files for the new Profit & Loss Statements. At your ASIDTA prompt, type:

Copy PLFILE.DBF PLFILE1.DBF

Copy PLFILE.DBF PLFILE99.DBF

C. Add and sequence the new accounts. Go into Accounting, G/L Accounts and add these accounts. While adding, sequence into P&L #1 (for the new Unit) and #99 (for the combination of all Units). The existing #0 will still be just for Unit #0. When sequencing the new accounts, insert them right after the existing account with the same base number (3001 right after 300, etc.).

D. Add Total Records for the new Sales Accounts. Go into Accounting, Templates, Total Records, print the Report. Look in the Description column for the G/L Account Numbers. A record will need to be added for the new corresponding accounts.

Example: 300, 302, 305 and 600 are listed. 3001, 3021, 3051 and 6001 will be added.

The system will assign the next Record Number. Code must be "S".

Debit/Credit will be blank. Description must be the account number. Level of Totals is 0 (zero). Reprint the report so that you have the new Total Record numbers available.

E. The new Total Records must be sequenced into the Sequence Files for both P&L #1 and P&L #99. These are entered with a dash (-) in front of the record number. These should be added at the beginning of the file, just after the existing Total Records and again after each hard page break (Record -18).

F. Modify Sequence File #1. Print this first. Circle all of your original account numbers. This sequence file will be for Unit #1 only and the other accounts must be deleted. Work from the bottom of the report and delete each record that is for an original account.

When finished, reprint the sequence file. Verify that all new accounts accounts for this Unit are listed and no original accounts are listed.

G. Print Sequence File #99. This is the combined report and should contain the accounts for both Unit #0 and Unit #1. Verify that all accounts for both Units are listed and are in the correct order.

H. Print all Profit & Loss Statements. Verify the accounts on each. The Gross

Profit on #99 should be the total of #0 and #1.

### **Step 2**

Go into Company information and add the new Unit. Modify the General Information and General Ledger Accounts screens to have the correct information.

### **Step 3**

Modify your Customer masters to have the correct Unit Number. If a customer will be buying in each Unit, enter the Unit Number that will be used most often, then during Order Entry, change the Unit Number as needed.

### **Step 4**

You are now ready to do all your work in your multiple units. You can log in and work in Unit 0 all the time. The Unit Number from your Customer Master and/or on your Order will determine the posting for Sales. When vouching, you will enter the correct G/L Account, thus determining the Unit for Costs/Expenses.

**Note:** Commission Expense will all be posted to the Expense Account listed in Unit 0. If you want to track commission expense in each Unit, you must print Customer Invoices by Unit. Run the Commission Update immediately after printing invoices for Unit #0. Then print invoices for Unit #1.

Run the commission Update Again. The Commission updated on this report will be for unit #1. You need to make a Journal Entry to correct your Commission Expense. The Journal Entry would be a Debit to 170 (Unit #1) and a Credit to 700 (unit #0). With version 7.61, the ability to post to different general ledger accounts by salesperson is available.