DBA MANUFACTURING
SOFTWARE FOR SMALL BUSINESS

Legacy Financials Conversion Guide

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1   Who Is this Guide for?

Are you using the Legacy Financials accounting configuration?

If your company is currently using the *Legacy Financials* accounting configuration, this guide is for you. It presents the benefits of using a mainstream small business accounting package for your financial processes – receivables, payables, banking, payroll, and financial reporting – and outlines the steps involved in making the conversion.

There is no obligation to make a conversion

Although there are benefits to converting to a mainstream accounting package, you are not obligated to do so. You can continue using the *Legacy Financials* accounting configuration for as long as it meets your financial accounting needs.

If you are not fully satisfied, however, and you wish to expand your financial accounting capabilities to include online banking and bank reconciliation, credit card processing, assisted payroll, cash flow reporting, customer refunds, and other advanced features, you should convert to a mainstream small business accounting package such as QuickBooks, Xero, Sage, or MYOB. The cost is minimal and the conversion process is relatively simple.

Does a conversion make sense for your company?

We urge you to review this guide and give serious consideration to using a mainstream small business accounting package for your financial processes.

Helpful Resources

Financial Transfer Guide

Video - Financial Transfer Overview

Financial Transfer Screenshot Series

2   Using a Mainstream Accounting Package

Financial accounting is separate from WIP accounting

Financial accounting – meaning receivables, payables, banking, payroll, and financial reporting – is a separate set of processes from WIP accounting and can be performed using an outside accounting system. Our *Financial Transfer* can be used to update the outside system with daily vouchers for AR/AP processing and period end account totals to reflect the activities of the manufacturing system.

Consider converting to a mainstream accounting package

If you are using the *Legacy Financials* accounting configuration, we advise you to consider converting your financial accounting processes to one of the mainstream small business accounting packages such as QuickBooks, Xero, Sage, or MYOB. DBA will continue to be used for WIP accounting, but any of the mainstream accounting packages can offer substantial benefits when it comes to financial accounting.

Why we introduced the financial transfer

Our three financial applications – *Accounts Receivable*, *Accounts Payable*, and *Banking* – were standard elements of the system when DBA Manufacturing was first introduced in 2004. By the end of the decade, however, it was apparent that the market for small business accounting software was increasingly dominated by a few popular products such as QuickBooks, Sage, and MYOB. In response, we introduced our *Financial Transfer* capability so that companies using these popular products could use DBA for manufacturing without requiring an accounting system conversion.

Our focus is on WIP accounting with financial transfer

Our accounting expertise is in WIP accounting and absorption costing, which is a highly specialized type of accounting that is not addressed by mainstream small business accounting packages. Therefore, our developmental focus is on WIP accounting with financial transfer, which is where we add the greatest value and benefit to our customers.

The majors are unsurpassed at financial accounting processes

The mainstream accounting packages are unsurpassed when it comes to financial accounting processes -- tracking receivables and payables, receiving payments and paying bills, processing payroll, managing bank and credit card accounts, and financial reporting. These products are now highly advanced and link with credit card companies, banks, and payroll processors to provide online banking and other integrated services.

The majors specialize in payroll processing and services

Payroll is a complex accounting process. It interacts with a great many liability and expense accounts and involves a variety of taxation, human resource, and regulatory issues and requirements. The mainstream small business accounting packages provide an in depth array of payroll features and services as well as linkages to outside processors such as ADP and Paychex.

We use QuickBooks for our financial accounting

Here at DBA Software Inc. we use the latest version of QuickBooks for our own financial accounting. We find it to be an excellent product, especially when it comes to banking, payroll, and financial reporting.

Benefits of using a mainstream accounting package

Because our design cleanly separates financial accounting from WIP accounting, you have the option of converting to one of the mainstream accounting packages, which provides the following benefits:

- Mainstream packages are widely used and supported in the accounting community.

- Mainstream packages stay abreast of payroll, taxation, and regulatory issues and requirements.

- Mainstream packages include integrated payroll and support services and also link with outside payroll processors.

- Mainstream packages link with banks to facilitate online banking and bank account reconciliation.

- Mainstream packages offer extensive financial reporting.

- Mainstream packages offer online editions for a low cost monthly subscription.

The Financial Transfer cleanly separates the two systems

Although the mainstream accounting packages are superb for financial accounting, they are woefully inadequate for any type of manufacturing or inventory processes, including sales orders. Our *Financial Transfer* provides a clean separation of processes between the two systems that keeps the financial accounting system free of any inventory or line item detail.

Only a basic version is required for minimal cost

You can convert to one of the mainstream accounting packages at minimal cost because only a handful of users is required for financial processes and you only need to purchase a basic version such as QuickBooks Pro.

What will be different?

When you use an outside accounting system for financials, the only significant difference in your accounting activities will be a daily AR voucher transfer for any customer invoices and credit memos and a daily AP voucher transfer for any supplier invoices and credit memos. Account totals are transferred in a single batch transaction at period end.

Spreadsheet transfer works with all the packages

Our three data transfers – *AR Voucher Transfer*, *AP Voucher Transfer*, and *GL Summary Transfer* – are made by spreadsheet (CSV file) because it is a universal data transfer format that is supported by virtually all data import utilities.

The ideal accounting solution for a manufacturing business

Using DBA's manufacturing accounting system in combination with a mainstream small business accounting package gives you the ideal accounting solution for a manufacturing company.

3 Accounting Package Selection

DBA Manufacturing can be used with any outside accounting system. We suggest you select a major small business accounting package such as QuickBooks, Xero, Sage, or MYOB.

The Financial Transfer can be used with any accounting system

We've designed our *Financial Transfer* so that it can be used with any outside accounting system. Our three data transfers are made in a one way direction – from DBA to the financial accounting system – by spreadsheet import (CSV file), which is a universal data transfer format that is supported by virtually all data import utilities. No version synchronization or database linking is required.

Select a mainstream package

All the mainstream accounting packages – QuickBooks, Xero, Sage, and MYOB – are excellent solutions for financial accounting. All these products are available with online versions and various country editions.

Only a low cost basic version is needed

Do not order any of the advanced versions of these mainstream packages. The advanced features typically apply to inventory and sales orders, which are handled by DBA. All you need for financial accounting is a basic version (such as QuickBooks Pro) and only for the number of users in your accounting department.

QuickBooks requires a third party import utility

All the mainstream packages except for QuickBooks include data import utilities that can handle our three financial transfers. If you choose QuickBooks, a third party data import utility is required. We recommend the *Transaction Pro Importer*, which works with the desktop and online versions and all country editions.

www.transactionpro.com

4   Setup - Financial Accounting System

In this conversion setup step you will install and initially set up the financial accounting system software.

Install the software according to publisher recommendations

Install the software according to the publisher's recommendations. Keep in mind that the financial accounting system is completely independent from DBA and can be freely installed as desired within publisher guidelines.

Configure the software as needed

Each system typically has a complete set of configuration options for password security, currency, forms printing, and so on. Configure the system as desired.

Turn off inventory, sales orders, and purchasing

If possible, turn off inventory, sales orders, and purchasing because these functions will continue to be handled by DBA and do not need to be exposed to financial accounting system users. .

Do not use a default chart of accounts

If the system offers a default chart of accounts, do not use it because you will manually re-create the DBA chart of accounts in the next conversion step.

5 Setup - Chart of Accounts

In this conversion setup step you will manually replicate the DBA chart of accounts in the financial accounting system.   Prior to embarking on your conversion, we recommend that you read the entire *Financial Transfer Guide* to get a good overview of how the system works.

📘 [Financial Transfer Guide](#)

❓ General Ledger Setup

Replicate the chart of accounts

Through manual entry, replicate the DBA chart of accounts in the financial accounting system, using the same account numbers and descriptions. This will provide continuity between previous financial statements in DBA and future financial statements in the new system.

Account types and classifications will be different

Each accounting package has its own account types and sub-classifications structure. For example, specific account types may be provided for fixed assets, bank accounts, loans, and credit cards. Use the DBA account types, account classes, and groups for guidance, but you may freely make adaptions as needed to fit the classifications provided by the new system.

Banking Accounts

In DBA banking accounts are maintained in a separate table and are cross-referenced to GL accounts. It is more common in other systems for bank accounts and credit cards to be set up as GL accounts specified as bank account and credit card account types. Bank account types typically can be linked to online banking services.

Add the two transfer accounts if needed

There are two accounts that will be needed for AR and AP voucher transfers. These accounts are included in the DBA standard chart of accounts, but if they do not exist in your chart of accounts, they must be added to the charts of accounts in both systems.

    11150   AR Invoice Transfers (Asset)

    20300   AP Invoice Transfers (Liability)

6   Setup - Accounts Cross-Reference

In this conversion setup step you will cross-reference each account number in the financial accounting system's chart of accounts with its corresponding account in the DBA chart of accounts.

Account X-Ref Field

Go to the *Chart of Accounts* screen in DBA. Against each account, populate the *X-Ref Account* field on the *Detail* tab with its corresponding account number in the financial accounting system's chart of accounts.

> NOTE: If you followed the recommendation in the previous step and replicated the DBA chart of accounts using the same account numbers, each *X-Ref Account* will be identical to the DBA account number.

7 Setup - Check Printing

In this conversion setup step you will review available check printing formats in the new system and determine whether your existing checks can be used or whether new checks will be required.

Review available check printing formats

Review what the new system offers for check printing formats. Most systems provide a sample company that enables you to experiment with check printing and other processes without affecting live data. Print sample checks to evaluate available print formats.

Order new checks if needed

Ideally, your existing DBA checks can be used, but if they are not compatible with the new system, order checks as needed.

8 Setup - Payment Terms

In this conversion setup step you will replicate customer and supplier payment terms in the financial accounting system.

Terms codes are included in voucher transfers

Payment terms codes are included in daily AR and AP voucher transfers and therefore need to be identical in both accounting systems.

Replicate each terms code

Replicate each *Customer Terms* and *Supplier Terms* code in DBA with a corresponding terms code in the new system. Use the same code and description and make the same settings for discount percentage, number of days, etc.

9   Setup - AR Invoice Item

Create a Non-Inventory (Non Tax) Item in your Financial Accounting system for your AR Invoice vouchers

In this conversion setup step you will create a non-inventory item in the financial accounting system for use with AR voucher transfers.

Non-Inventory Item

Create a non-inventory item in the financial accounting system. It can be an "other charge", "service", "non-inventory part", etc. – anything that is not an inventory item. Make the item <u>non-taxable</u>. Assign the item the following *Sales* account. If a *Cost of Sales* account is required, use this same account.

    11150   AR Invoice Transfer (Asset)

AR Voucher Transfer

When an *AR Invoice Transfer* is made, a single line, voucher-style invoice gets imported into the financial accounting system, in which case this item is used as the line item ID.

10   Conversion Day - Financial Cutoff Date

On financial accounting conversion day, the first step is to post the general ledger and close out your accounting period.

Conversion day can be the first day of any accounting period

Conversion day is the day when you transfer open invoice amounts and beginning account balances to the financial accounting system for live use. Conversion day can be the first day of any accounting period.

Financial Cutoff Date

The first conversion day step is to go to the *Financial Cutoff Date* screen and set the date to the first day of the new accounting period.

Suspend accounting processes until conversion day is completed

Until conversion day is completed, suspend all accounting processes, including customer invoice posting, supplier invoice entry, and batch posting. There is no need to suspend any operating processes.

11   Conversion Day - AR and AP Journal Entry in DBA

Zero out the AR and AP balances in DBA

In this conversion day step you will make a journal entry to zero out the *Accounts Receivable* and *Accounts Payable* account balances in DBA. To get the value of your AR and AP you will need to run a *GL Batch Post* and print a *Trial Balance*.   After you complete this journal entry, you will print another *Trial Balance* in the *Beginning Account Balances* step.

Purpose

When open customer and supplier invoices get transferred in a later step, the amounts in this journal entry will get reversed to establish initial *Accounts Receivable* and *Accounts Payable* balances in the financial accounting system.

Journal Entry

Using the account balances listed on the *Trial Balance*, make the following journal entry in DBA.

Accounts Receivable Balance

Debit   11150   AR Voucher Transfers

Credit   11000   Accounts Receivable

Accounts Payable Balance

Debit   20000   Accounts Payable

Credit   20300   AP Voucher Transfers

12   Conversion Day - Beginning Account Balances

Enter Beginning Account Balances in your Financial Accounting system

In this conversion day step you will manually enter beginning balances in the financial accounting system's general ledger.

Run Batch Posting

The first step on conversion day is to go to the *Batch Posting* screen in DBA and make sure that all pending transactions are posted to the general ledger.

Print the Trial Balance

Print out the *Trial Balance*, which provides the information needed for beginning balances entry.   Your *Account Receivable* and *Accounts Payable* should have a zero balance from the *Journal Entry* that you made in the prior step.

Include zero-value accounts

Select this checkbox to get a complete chart of accounts profile.

Period – From, To

Select the first period of your current fiscal year through the latest period to get year-to-date balances.

Make a beginning balances journal entry

Beginning account balances are entered in the financial accounting system by means of a batch journal entry. There may be a special journal entry for this purpose. Refer to the system documentation for instructions on establishing beginning account balances.

Using the account balances listed on the *Trial Balance*, enter the *Ending Balance* as a single debit or credit amount against each account. When all your entries are completed, the batch should be in balance and should exactly match the account balances in DBA. Post the batch.

13 Conversion Day - Customers Import

In this conversion day step you will import customers into the new system.

Minimal detail is needed for AR processing

Keep in mind that customers are used in the financial accounting system solely for receivables processing, in which case the only information needed is the company name, mailing address, and contact phone and Email. All other information, including tax code, payment terms, and delivery addresses, is stored exclusively in DBA.

Import Fields

Here are the specific fields to be imported:

- Customer Name
- Address 1
- Address 2
- Address 3
- Country
- State
- Postal Code
- Phone
- Fax
- Email

Use the Data Export utility to create your output file

Use the *Data Export* utility on the *File* menu to generate your output file for the fields listed above. Select the CSV file format, which is supported by virtually all data import utilities.

Import the file into the financial accounting system

Import the output file into the financial accounting system using its data import utility. Each field in the output file will be mapped to a corresponding field in the new system.

14   Conversion Day - Suppliers Import

In this conversion day step you will import your suppliers into the new system.

Import Fields

Here are the specific fields to be imported:

- Supplier Name
- Address 1
- Address 2
- Address 3
- Country
- State
- Postal Code
- Supplier Terms
- Phone
- Fax
- Email

Use the Data Export utility to create your output file

Use the *Data Export* utility on the *File* menu to generate your output file for the fields listed above. Select the CSV file format, which is supported by virtually all data import utilities.

Import the file into the financial accounting system

Import the output file into the financial accounting system using its data import utility. Each field in the output file will be mapped to a corresponding field in the new system.

15 Conversion Day - Financial Transfer Setup

In this conversion day step you will set up the *Financial Transfer* accounting configuration in DBA.

Change your accounting configuration

Go to the *Admin – Accounting Configuration* screen and change the configuration from *Legacy Financials* to *Financial Transfer* and click *Next*. You will progress through two more screens, which flag paid or partially paid customer and supplier invoices as transferred. The final step is to click the *Convert* button.

Financial Transfer Setup

The next step is to go to the *Transfer – Financial Transfer Setup* screen and make the following two settings.

Output File Location

Use this setting to designate a destination folder for your transfer files. If you leave this blank, your transfer files will be saved by default to your *ProgramFiles\DBAManufacturing* folder.

AR Invoice Line Item ID

Enter the AR invoice line item ID from the financial accounting system that was created in an earlier conversion setup step.

16   Conversion Day - Open AR Invoice Transfer

Enter open AR Invoices in your Financial Accounting system

In this conversion day step you will transfer open customer invoice amounts to the financial accounting system. The detailed invoice and sales tax remains in DBA and you will now process your customer payments in your Financial Accounting system.

AR Voucher Transfer

Go to the *AR Voucher Transfer* screen where you will see a list of all your open customer invoices. Generate an output file for import into the financial accounting system. Refer to the *Financial Transfer Guide* for details.

❓ AR Voucher Transfer

Import the output file

The output file gets stored in the folder designated in the *Financial Transfer Defaults* screen. In your data import utility, map each of the fields in the output file to its corresponding field in the financial accounting system and perform the import.

17 Conversion Day - Open AP Invoice Transfer

Enter AR Vouchers in your Financial Accounting system

In this conversion day step you will transfer open supplier invoice amounts to the financial accounting system. The detailed PO Invoice and purchase tax will remain in DBA and you will process your bill payments in your Financial Accounting system.

AP Voucher Transfer

Go to the *AP Voucher Transfer* screen where you will see a list of all your open supplier invoices. Generate an output file for import into the financial accounting system. Refer to the *Financial Transfer Guide* for details.

❓ AP Voucher Transfer

Import the output file

The output file gets stored in the folder designated in the *Financial Transfer Defaults* screen. In your data import utility, map each of the fields in the output file to its corresponding field in the financial accounting system and perform the import.

18   Conversion Day - GL Transfer Cleanup

Mark all transactions prior to Conversion Day as transferred

In this conversion day step you will mark all GL transactions as transferred for pre-conversion day accounting periods.   You will not be making a *GL Transfer* import with these historical records   This step prevents the accidental transfer of pre-conversion day accounting periods.

GL Summary Transfer

Go to the *Transfer > GL Summary Transfer > Transfer Tab*.

Make a single transfer entry that covers all transactions from system startup day to your Conversion Date

Go to the *Transfer > GL Summary* screen and go to the *Transfer* tab. You will make a single transfer record that covers your entire date range for the DBA Financials from your initial system startup day to your *Conversion Date*.

1. Enter a Start Date for the first transaction of your DBA System. In this screenshot example, this system was initial setup on Jan 1, 2014.

2. Enter a Thru Date of your Conversion Date

3. Type in a Note with "Historical - Pre Financial Transfer" and select the Apply button

4. Select the Net Debit or Net Credit option

5. Clear the check for Consolidate X-Ref Account

6. Select the Output Button. You can close the screen. <u>You will not be performing a transfer/import of this data</u>.

Confirm	✕
❓ Do you wish to flag the transactions behind these totals as Transferred?	
<u>Y</u>es	<u>N</u>o
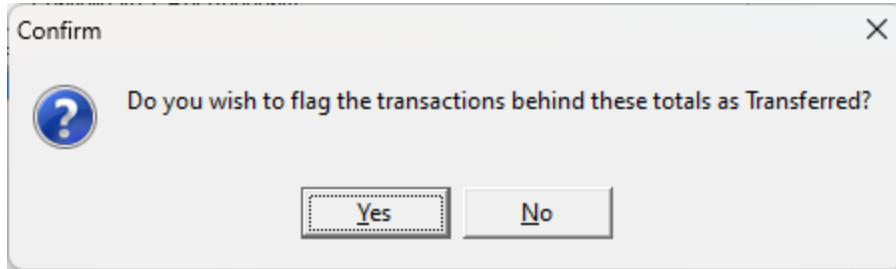
7. Select Yes to the prompt and your transactions will all be marked as transferred.

Congratulations! Financial accounting conversion day is completed.

19   Post-Conversion Day

This chapter reviews how each of your financial accounting processes are performed after conversion day is completed.

Customer invoices

Customer invoices are generated and posted in DBA. The *AR Voucher Transfer* screen is used to transfer one-line style voucher invoices to the financial accounting system for receivables processing. See the *Financial Transfer Guide* for details.

Customer credit memos

Customer credit memos containing returned inventory items are generated and posted in DBA and are transferred to the financial accounting system through the *AR Voucher Transfer* screen. Customer credit memos with no inventory items can be entered directly in the financial accounting system. See the *Financial Transfer Guide* for details.

Customer deposits

Customer deposits are entered in the financial accounting system and are applied to AR voucher invoices.

Customer payments

All customer payment processes are performed in the financial accounting system.

PO-related supplier invoices

PO-related supplier invoices are entered and matched with POs in DBA. The *AP Voucher Transfer* screen is used to transfer one-line voucher style invoices to the financial accounting system for payables processing. See the *Financial Transfer Guide* for details.

PO-related supplier credit memos

PO-related supplier credit memos containing returned inventory items are entered in DBA and are transferred to the financial accounting system through the *AP Voucher Transfer* screen. Supplier credit memos with no inventory items can be entered directly in the financial accounting system. See the *Financial Transfer Guide* for details.

Non-PO supplier invoices and credit memos

Supplier invoices that are not associated with POs are entered directly as supplier bills and credit memos in the financial accounting system.

Supplier payments

All supplier payment processes are performed in the financial accounting system.

Banking and credit card processes

All banking and credit card processes are performed in the financial accounting system.

Payroll processes

All payroll processes are performed in the financial accounting system.

Taxation reporting and payment

Tax reporting is done using data views and reports in DBA. Tax payment is made through accounts payable in the financial accounting system. See the *Financial Transfer Guide* for details.

GL Summary Transfer

Each period end account totals in DBA are transferred to the financial accounting system to reflect the activities of the manufacturing system. See the *Financial Transfer Guide* for details.

20 FAQs

Am I obligated to convert to a mainstream accounting package?

Although there are benefits to converting to a mainstream accounting package, you are not obligated to do so. You can continue using the *Legacy Financials* accounting configuration for as long as it meets your financial accounting needs.

If you are not fully satisfied, however, and you wish to expand your financial accounting capabilities to include online banking and bank reconciliation, credit card processing, assisted payroll, cash flow reporting, customer refunds, and other advanced features, you should convert to a mainstream small business accounting package. The cost is minimal and the conversion process is relatively simple.

Can you recommend a particular accounting package?

We are completely neutral regarding which accounting package to choose and whether you should use a desktop or online version. The major small business accounting packages – QuickBooks, Xero, Sage, and MYOB – are all full featured and are widely used and supported. Any one of them will significantly improve your financial accounting processes.

Should I wait until fiscal year end to make the conversion?

The conversion has no impact on your fiscal year and can be performed at the start of any accounting period. You will run financial reports in DBA to cover that portion of the year when DBA was used for financial accounting. All future financial reports from conversion day forward will be run in the financial accounting system.