# Starting a New Financial Year

## What is Financial Year?

A **Fiscal Year** (or financial year) is a period used for calculating **annual** (Yearly) financial statements in businesses and other organizations. In many jurisdictions, regulatory laws regarding accounting and taxation require such reports once per twelve months. When you reach the end of an accounting period, you need to "**close the books**."

In India, Financial Year is duration from **1st April** of current year to **31st March** of the following year. However, financial years vary between businesses and countries.

Since there's practically no way that you'll be able to close accounts of one accounting period and then start the work of new accounting period.

**Example:** *In the Financial Year 2012-13, you will be recording current year transactions while the accounts of Financial Year 2011-12 are under closure & audit.*

Hence, you have to work in two accounting periods at the same time.

When you are using a manual accounting system, the easiest way to change Financial Year without closing the accounting period is -

- Simply start a new page for an account.

If it's an account with very little activity leave enough gaps to record adjustments or closing entries and continue.
How Do I Start New Financial Year in Tally.ERP 9?

It’s Simple!

Press **Alt+F2** key to view Change Period screen enter the **New Financial Year Period**, continue voucher entry for new Financial Year as well as previous Financial Year.

- Tally.ERP 9 will update Ledger Closing/Opening Balance.
- This will also bring the ability to see the comparative reports of different Financial Year together.

For detailed procedure on changing the Financial Year [Click Here](#).
# 1. What do I Do?

<table>
<thead>
<tr>
<th>When:</th>
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<tbody>
<tr>
<td>• Last Financial Year accounts are finalized/audited</td>
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<tr>
<td>• Data is accumulated for multiple financial years and data size has increased</td>
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<tr>
<td>• Old data not required for comparison reports.</td>
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</tbody>
</table>

Tally's flexible period-less accounting permits the entry of data for any number of years. This feature has tremendous benefits. The presence of voluminous old data creates unnecessary load on the system. Splitting a financial year enables you to retain most of the benefits while overcoming this system overhead.

In this case you can **Split the Company Data**.

*Note: Please follow the [Pre-split activities](#) before you split the company data.*

### To Split Data in Tally.ERP 9

- Go to Gateway of Tally, Select **F3: Cmp Info**.
- Select **Split Company Data**.
- Select the required **Company** to split the data.
- **Confirm date** as the split point.
- On confirming the periods, two new companies will be created.

For detailed procedure on Split Company Data [Click Here](#).
## II. What do I Do?

<table>
<thead>
<tr>
<th>When:</th>
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<tbody>
<tr>
<td>• Line of Business is Changed</td>
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<tr>
<td>• Merging Accounts of Two Entities (Businesses)</td>
</tr>
<tr>
<td>• Chartered Accountant has asked for changing the Chart of Accounts.</td>
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</tbody>
</table>

In this case you can **Export & Import Balances**.

1. **Export Balances in Tally.ERP 9**
   - Select the **Company** from which the **Masters with Balances** to be Exported
   - Go to **Gateway of Tally > Display > List of Accounts**
   - Click **E: Export**
   - In **Exporting List of Ledgers**
     - Select the **Language & Format**.
     - Define the **Export Location & Output File Name**. Set the option **Open Exported Folder** to **Yes**.
     - In **Type of Masters** field select the required masters from the Type of Masters displayed or select **All Masters** to export all the masters available in the respective company.
     - Set the option **Export Closing Balances as Opening** to **Yes** to export the closing balances.
     - In **To Date** field specify the date up to which the closing balances are to be considered for exporting.

   For detailed procedure on Export Closing Balances [Click Here](#).

2. **Import Balances in Tally.ERP 9**
   - Open the New Company to Import the Exported Closing Balances as Opening Balance.
   - Go to **Gateway of Tally > Import of Data**
   - Select the option **Masters**
   - In Import of Masters screen:
     - In **Import File Name (XML)** specify the **Path** and **Name** of the file from which the data to be imported.
     - **Treatment of entries already existing**: in this field select the option **Modify with New Data**

For detailed procedure on Import Balances as Opening Balances [Click Here](#).
Change the Financial Year (Current Period)

1. In the Gateway of Tally, click on F2: Period or press Alt+F2 key
2. In the Change Menu Period screen, enter the New Financial Year

In the Gateway of Tally, Previous Financial Year 1-4-2011 to 31-3-2012 will be displayed as Current Period as shown:

To change the Current Period in the Gateway of Tally:

- Click on F2: Period button or press Alt+F2 key to view Change Menu Period screen
- In Change Menu Period screen, enter the current Financial Year 01-04-2012 to 31-3-2013

- The Current Period will be changed and displayed as 1-4-2012 to 31-3-2013.

Now, you are ready to record the transactions for the new Financial Year 2012-13.

When the Current Period is changed in Gateway of Tally you SHOULD NOT change the 'Financial Year From' and 'Books Beginning from' dates in Company Alteration Screen.

If the Financial Year From and Books Beginning from dates are changed in Company Alteration screen will result in Loss of Data.
Split Company Data

Pre-Split Activities

In the market there are customers who are using different Releases of Tally. Some of pre-split activities are common across the Releases. Whereas few pre-split activities are applicable for specific series of Releases.

Common Pre-split Activities

- All Unadjusted Forex Gains/Losses has to be adjusted using Journal entries. Verify that the item "Unadjusted Forex Gain/Loss" does not appear in the balance sheet.
- There are no pending purchase bills/sales bills/purchase orders/sales orders. Check the profit and loss account and Outstandings report for pending purchase/sales bills/purchase/sales orders.
- All the **Statutory Transactions** are properly closed.

**Notes**: On splitting the Company Data the Tax References will not be carried forward to the split company (current accounting year company). Hence, the customers using **Statutory Modules** - **TDS, Service Tax, Excise for Dealer and Excise for manufacturer** ensure that all the statutory transactions are properly accounted.

- **TDS** - Account the **Fourth Quarter TDS Payment** transaction and then split the Data
- **Service Tax & Excise for Manufacturer** - The Opening Balances of **Tax & Input Credit** has to be accounted in the Split Company (Current Financial Year Company)
- **Excise for Dealer & Excise for Manufacturer**: The Excise Opening Stock (Finished Goods in case of Excise for Manufacturer) has to be accounted in the Split Company (Current Financial Year Company).

- Ensure that a **Backup** of the data has been taken.

**Notes**: The customers using **Tally.ERP 9 Release 2.0 and above releases**, who have enabled the option **Enable Auto Backup** for the company can continue to split the data without taking the manual backup.

<table>
<thead>
<tr>
<th>Specific for Release 2.1 &amp; Lower Releases</th>
<th>Specific for Release 3.0 &amp; Above</th>
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</thead>
<tbody>
<tr>
<td>Ensure that all the <strong>Bank Vouchers</strong> are <strong>reconciled</strong> from Bank Reconciliation statement</td>
<td><strong>Verify Company Data Utility</strong>: Verify Company Data is a built-in utility which detects the possible errors that occurs during data verification and provides the respective reason for the errors detected.</td>
</tr>
</tbody>
</table>
Procedure to Split Company Data

- Go to **Gateway of Tally, Select F3: Cmp Info.**
- Select **Split Company Data.**

Select the required **Company** to split the data.

- Tally recommends the Current Financial Year’s Beginning Date based on the existing data. It is recommended that the **Split Point** is set as the beginning of the latest financial year, though Tally permits any date as the split point.
- Split occurs in sets of two periods. Hence, start with the latest period. For example, you need to split a company's five years data (1-4-2008 to 31-3-2012) into two separate companies, select the beginning of the latest financial year first (1-04-2012).

On confirming the periods, two new companies will be created - one with data from 1-4-2008 to 31-3-2012, i.e., for four years, and the other for the period 1-4-2012 to 31-3-2013.

The historical data, for one or more financial years, will be preserved as a single company, and the current financial year, will be preserved as another company. Normally there is no reason or benefit to split the earlier years again into separate companies. If you wish to do so, repeat the steps mentioned above for the earlier period (1-4-2008 to 31-3-2009, 1-4-2009 to 31-3-2010, 1-4-2010 to 31-3-2011 & 1-4-2011 to 31-3-2012).

All the companies are **independent companies** in their own right. Data can be **entered, displayed** and **altered**. For accuracy, compare the key financial reports (Trial Balance, Balance Sheet, Profit & Loss, and Stock Summary etc.) with the historical data for the relevant periods.

**Notes**

As per your requirement, you can **alter the names of the two freshly created companies.**
Export & Import of Balances  
(For Tally.ERP 9 Release 3.0 & Above)

You can export the **closing balances** of the ledgers or stock items or both on any given date and import the same as opening balances to newly created companies.

**Procedure to Export Closing Balances**

- Go to **Gateway of Tally > Display > List of Accounts**
- Click **E: Export**

In **Exporting List of Ledgers** screen:

- In **Language** field select **Default (All Languages)**
- Select the **Format** as **XML (Data Interchange)**
- In **Export Location** field enter the path where the file to be exported.
- In **Output File Name** field enter the required output file name or accept the default filename
- Set the option **Open Exported Folder** to **Yes**
- In **Type of Masters** field select the required masters from the Type of Masters displayed or select **All Masters** to export all the masters available in the respective company.
- Set the option **Export Closing Balances as Opening** to **Yes** to export the closing balances.
- In **To Date** field specify the date up to which the closing balances are to be considered for exporting.

**Example:** **Demo Company** wants to export the closing balance as on **31-3-2012** as opening balance for the current financial year (**1-4-2012 to 31-3-2013**). Hence, in **To date field** **31-3-2012** is mentioned.

- Press **Enter** to Export the file.
Open the New Company to Import the Exported Closing Balances as Opening Balance.

To Import Data

- Go to **Gateway of Tally > Import of Data**
- Select the option **Masters**

In Import of Masters screen:

- In **Import File Name (XML)** specify the **Path** and **Name** of the file from which the data to be imported.
- **Treatment of entries already existing**: in this field select the option **Modify with New Data**

On successfully importing the data you can view the **balances** for **Ledgers** and **Stock Items**.