

Standard ERP

Advanced Accounting



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DOWN PAYMENT INVOICES

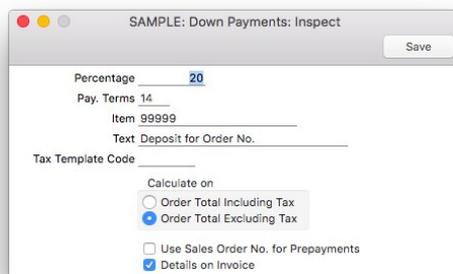
A down payment in the sales order process is an invoice for part of the invoice total that you send to the customer ahead of the delivery of the goods or service.

You should create a down payment invoice when you receive a deposit for an order or if you wish to ask for such a deposit. You should also create a down payment invoice when you need to create General Ledger transactions from generated down payment invoices. You can compose a standard text that will be printed on such invoices, and you can specify that their value will be a certain percentage of the order value. To take advantage of these features for creating down payment invoices, define them using the Down Payments setting in the Sales Orders module.

You can create down payment invoices from orders in the Sales Orders module and from receipts in the Accounts Receivable module.

Set-up

Use the Down Payments setting in the Sales Orders module to indicate the percentage of the order amount that will be charged in the down payment invoice, the text to be included in down payment invoices and the payment term that will be set on the invoices.



Percentage: This field is only relevant for down payment invoices created from sales orders. Use it to specify the percentage of the order total that is to be the value of the down payment invoice. This value will be rounded up or down to the nearest whole number.

If the customer belongs to a customer category with a down payment percentage, that percentage will overwrite this setting.

In the case of down payment invoices created from receipts, the invoice value will be taken from the received value in the receipt row.

Pay Terms: Specify here the payment term to be used in down payment invoices. You cannot use a "Cash" type payment term.

Item: Use this field to specify the default sales account for down payment invoices. This is taken from an item that you have entered in the item register solely for this purpose and whose item number you specify here. This item will also supply the Tax Template code if the Tax Template code field below is empty.

The description of the item will not appear on the invoice.

If you leave this item field blank, the default sales account (and Tax Template code if the Tax Template code field below is also empty) will be taken from the Account Usage A/R setting in the Accounts Receivable module.

Text: Specify here the text that is to appear in the description area in the first row of the down payment invoice. Note that the order number will be added to this text, so a suitable model might be "Deposit for Order No. " (with trailing space).

Tax Template Code: Specify here the default Tax Template code to be used in down payment invoices. This will determine the rate at which tax is charged, and the tax account to be credited.

If this field is empty, the Tax Template code will be taken from the item described above or from the Account Usage A/R setting.

Calculate on Total: These options are only relevant for down payment invoices created from sales orders. Choose the

“Order Total Including Tax” option if you want the value of the down payment to be calculated by applying the percentage specified above to the order total (i.e. including tax) rather than the order subtotal (i.e. excluding tax). If you select the “Order Total Excluding Tax” option then the invoice amount will be based on the order subtotal rather than the order total.

The option that you choose will apply both when the down payment percentage is taken from the field above and when it is taken from the customer category of the customer.

Note that in both cases tax will be calculated on the down payment invoice value using the rate(s) specified in the Tax Template.

Use Sales Order No. for Prepayments: This check box is only relevant for down payment invoices created from receipts. When you enter a receipt in the Accounts Receivable module for a prepayment (i.e. you have received a deposit before you have created a down payment invoice), you should enter an identifying prepayment number on flip D of the receipt row. This can be an arbitrary number of your own generation, the number allocated to the prepayment by the customer or the number of the sales order against which the deposit has been received. Select this option if you wish to ensure the last option is always used (i.e. if a prepayment number must always be a sales order number).

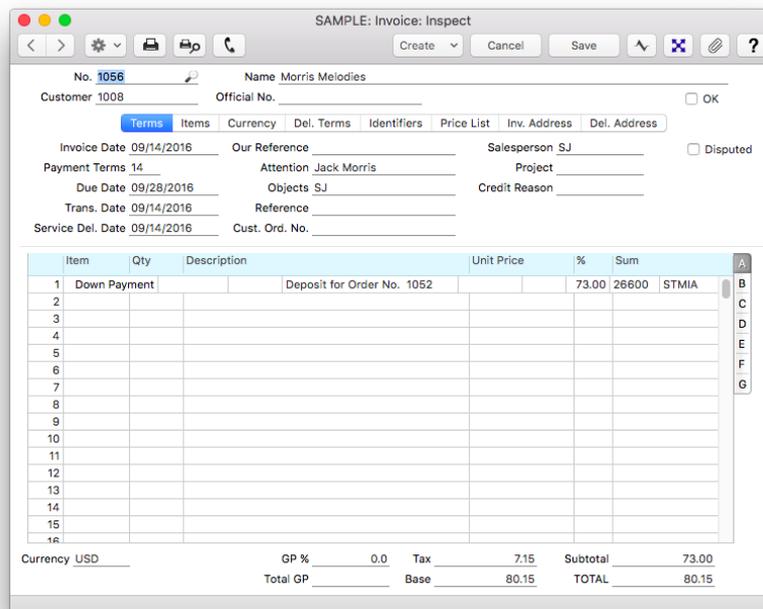
Details on Invoice: By default, a down payment invoice will contain a single row showing the value of the deposit. If you use this option, the order items will be listed separately in the down payment invoice and a separate down payment value will be calculated individually for each one. This can be useful if you have items with different Tax Templates in an order (do not enter a Tax Template in the field above if you are using this option). This option also allows you to apply an individual down payment percentage to a particular order.

Creating Down Payment Invoices from Orders

To create a down payment invoice from a sales order, first enter and save the order. Then open the Create menu and choose the ‘Down Payment Invoice’ function. As soon as you do so, the down payment amount will become visible in the ‘Orders: Browse’ window, making it easy to find orders against which you have issued down payment invoices.

The exact process will depend on whether you are using the ‘Details on Invoice’ option in the Down Payments setting.

Not Using ‘Details on Invoice’: If you are not using the ‘Details on Invoice’ option, a down payment invoice will be created immediately when you select the ‘Down Payment Invoice’ function from the Create menu in an order. The down payment invoice will contain a reference to the order to which it belongs and the down payment amount.



The screenshot shows a software window titled "SAMPLE: Invoice: Inspect". It contains various fields for invoice information:

- No. 1056, Name Morris Melodies
- Customer 1008, Official No.
- Invoice Date 09/14/2016, Our Reference, Salesperson SJ
- Payment Terms 14, Attention Jack Morris, Project
- Due Date 09/28/2016, Objects SJ, Credit Reason
- Trans. Date 09/14/2016, Reference
- Service Del. Date 09/14/2016, Cust. Ord. No.

Below these fields is a table with columns: Item, Qty, Description, Unit Price, %, Sum. The first row is:

Item	Qty	Description	Unit Price	%	Sum
1		Down Payment		73.00	26600
		Deposit for Order No. 1052			STMIA
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					

At the bottom, there is a summary section:

Currency USD, GP % 0.0, Tax 7.15, Subtotal 73.00, Total GP, Base 80.15, TOTAL 80.15

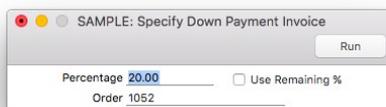
The invoice text ("Deposit for Order No. " in the illustration) is taken from the text field in the Down Payments setting. The down payment amount is a specific percentage of the order value, calculated using the down payment percentage specified in the customer category to which the customer belongs or, if that is blank, the percentage in

the Down Payments setting. In this setting you will also have specified that this percentage will be applied to the order value including or excluding tax. You can change the default Down Payment amount in the invoice if necessary, but not to an amount that is greater than the value of the order.

The item specified in the Down Payments setting also supplies the Tax Template code and thus determines how tax will be accounted for in the General Ledger transaction created from the down payment invoice.

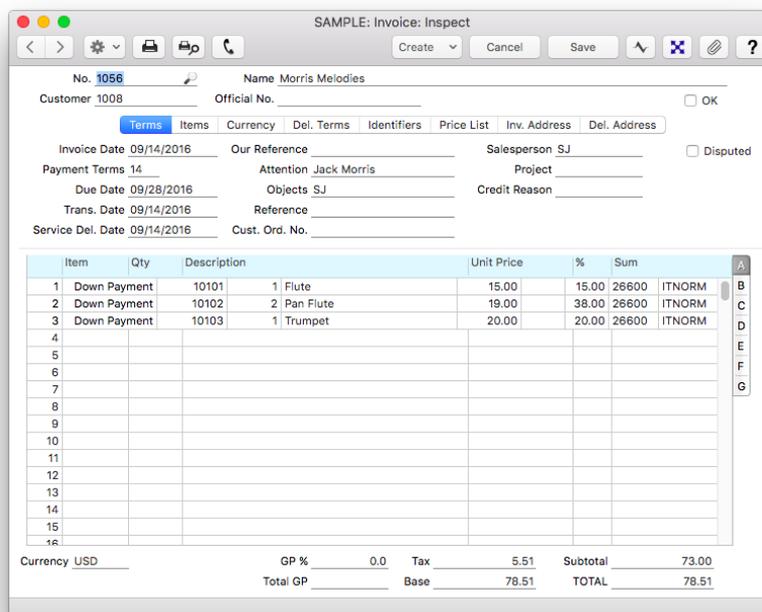
If you create a second down payment invoice from an order, the default down payment amount will be zero. Again, you can change this figure if necessary, but not to an amount that means the total of the two down payment invoices is greater than the value of the order.

Using 'Details on Invoice': If you are using the 'Details on Invoice' option in the Down Payments setting, the 'Specify Down Payment Invoice' window will open when you select the 'Down Payment Invoice' function from the Create menu in an order:



Enter the percentage that is to be used to calculate the value of the down payment invoice (the default is the standard percentage from the customer category or from the Down Payments setting, and you cannot enter a figure greater than 100%). When you select [Run], a down payment invoice will be created.

The 'Details on Invoice' option will mean that the order items will be listed individually in the down payment invoice, the down payment percentage having been applied to the sum of each one. The choice in the Down Payments setting to apply the percentage to the net or total figures will not be used.



Providing you did not enter a Tax Template Code in the Down Payments setting, the Tax Template in each row will be taken from the corresponding row in the Order.

If you try to create a second down payment invoice, it will not be created if you enter a down payment percentage that will mean the total value of the two down payment invoices is greater than the value of the order. You can select the 'Use Remaining %' option in the 'Specify Down Payment Invoice' window to ensure this isn't the case.

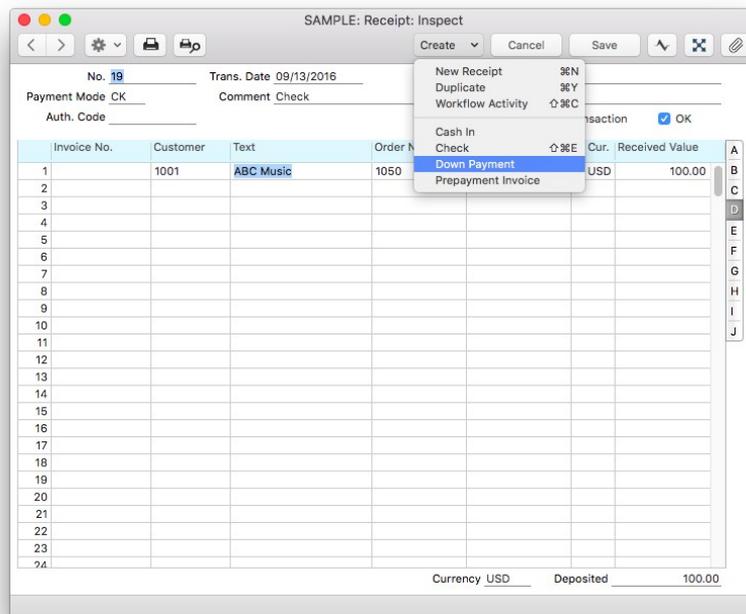
Creating Down Payment Invoices from Receipts

As well as creating down payment invoices from orders as described above, you can also create them from receipts in the

Accounts Receivable module. This can be useful if a customer pays you a deposit for an order before you have issued an invoice.

When you receive a deposit from a Customer, you can enter it as a prepayment. In order for this to be possible you must have ticked the "On Account" box on the 'Terms' tab of the Contact record for the Customer. Create a new receipt and, in the first row, leave the Invoice Number blank and instead specify a Customer Number on flip A and a Prepayment Number on flip D. For the purpose of creating a down payment invoice, this must be the order number of the order against which you have received the deposit. If you enter the Order No. on flip D, all the data will be copied from the order, including the Prepayment No. To make it even easier, you can use Paste Special to obtain a list of Orders from which you can choose the correct one. Change the Received Value to the value of the deposit if this is different.

Mark the receipt as OK and save it in the normal way. Then, to create an invoice for the down payment, ensure the cursor is in the row containing the down payment and select 'Down Payment' from the Create Menu.



An invoice for the down payment will be created immediately, automatically connected to the down payment (so the invoice will immediately be treated as paid). The invoice will be opened in a new window, entitled 'Invoice: Inspect'. This means that it has been created and saved and is being opened for amendment and OKing. It will obey the specifications in the Down Payments setting (i.e. the 'Details on Invoice' option will be followed, the text (such as "Deposit for Order No. ") will be taken from that setting, and the Tax Template Code (and therefore the Tax calculation) and the Sales Account will be taken from the Item specified in that setting).

Processing a Down Payment Invoice

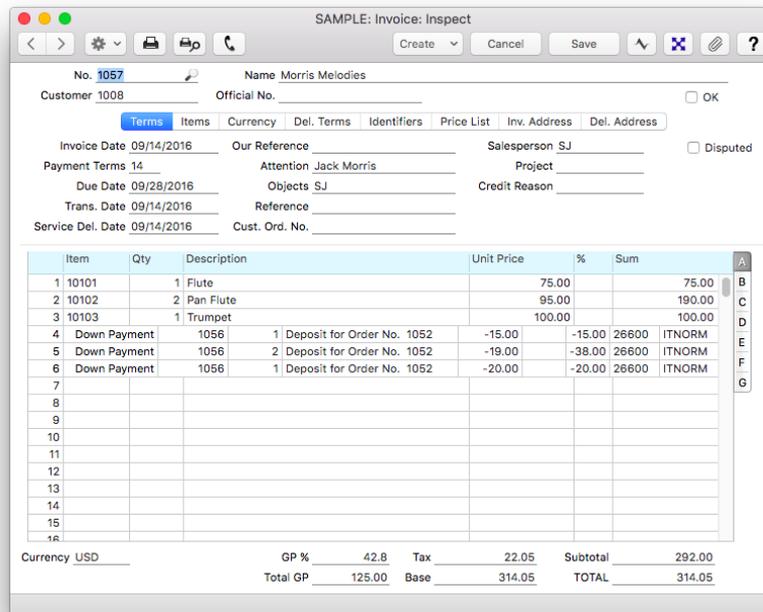
Treat a down payment invoice in the same way as any other invoice: you should OK it before sending it to the customer and for any General Ledger transactions to be created.

When you OK and save the down payment invoice, a General Ledger transaction will be created (if so defined in the Sub Systems setting in the General Ledger module), crediting the down payment account shown in each row of the invoice. The default for this account is the sales account of the item (or of its item group) specified in the Down Payments setting. If this is blank, or if you have not specified an item in the Down Payments setting, the appropriate sales account for the zone of the order will be used, as specified on the 'Sales' tab of the "Account Usage A/R" setting in the Accounts Receivable module. If you need to change the account manually in a down payment invoice to a different one, you will need to remember to change it on the final invoice as well as the system will not copy it from the down payment invoice but will use the default account from settings instead.

Issuing the Final Invoice

When the sale is complete, you will issue the final Invoice from the order. Do this in the usual way, by opening the order in a

record window and selecting 'Invoice' from the Create menu or using one of the invoice creation maintenance routines. The final invoice will contain a reference to the down payment, which will be shown as a deduction from the total. The effect will be that the aggregate total of the down payment invoice and the final invoice will equal the order total.



The screenshot shows a software window titled "SAMPLE: Invoice: Inspect". At the top, there are navigation buttons (back, forward, settings, print, refresh) and a menu with options "Create", "Cancel", "Save", and a help icon. The main form contains the following fields:

- No. 1057 Name Morris Melodies
- Customer 1008 Official No. _____ OK
- Invoice Date 09/14/2016 Our Reference _____ Salesperson SJ Disputed
- Payment Terms 14 Attention Jack Morris Project _____
- Due Date 09/28/2016 Objects SJ Credit Reason _____
- Trans. Date 09/14/2016 Reference _____
- Service Del. Date 09/14/2016 Cust. Ord. No. _____

Below the form is a table with columns: Item, Qty, Description, Unit Price, %, Sum. The table contains the following data:

Item	Qty	Description	Unit Price	%	Sum
1	10101	1 Flute		75.00	75.00
2	10102	2 Pan Flute		95.00	190.00
3	10103	1 Trumpet		100.00	100.00
4	Down Payment	1056 1 Deposit for Order No. 1052	-15.00	-15.00	26600 ITNORM
5	Down Payment	1056 2 Deposit for Order No. 1052	-19.00	-38.00	26600 ITNORM
6	Down Payment	1056 1 Deposit for Order No. 1052	-20.00	-20.00	26600 ITNORM
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					

At the bottom of the window, there is a summary section:

Currency USD GP % 42.8 Tax 22.05 Subtotal 292.00
 Total GP 125.00 Base 314.05 TOTAL 314.05

When you OK and save this invoice, the resulting General Ledger transaction will debit the down payment account(s) mentioned in the original down payment invoice with the down payment amount(s).

Deleting a Down Payment Invoice

If you create a down payment invoice by mistake, you can delete it using this procedure, provided that you haven't OKed it:

1. Remove every row from the invoice or change all quantities to zero.
2. Save the invoice.
3. Delete the invoice using the 'Delete' command on the record menu.

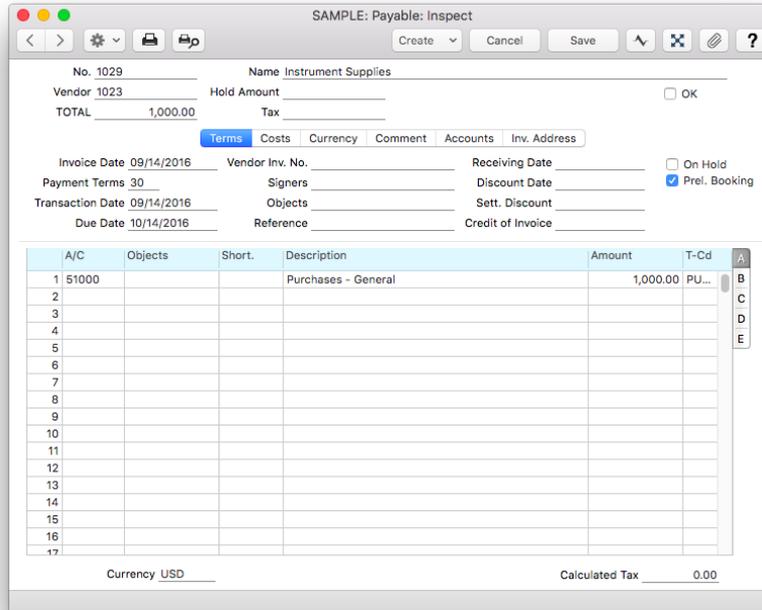
Crediting a Down Payment Invoice

If you need to credit a down payment invoice, you can follow the standard crediting procedure. Open the down payment invoice and select 'Credit Memo' from the Create menu. An alternative method is to create a second down payment invoice from the order. If you are not using the "Details on Invoice" option, the default value of the invoice will be zero. Enter the value to be credited as a negative figure. If you are using the "Details on Invoice" option, enter the appropriate percentage in the 'Specify Down Payment Invoice' window, as a negative figure. The advantage of creating a credit memo is that the down paid amount in the 'Orders: Browse' window will be updated (if you use the second method, the down paid amount in the 'Orders: Browse' window will not be updated as it doesn't include any negative down payments).

PRELIMINARY BOOKINGS FROM PAYABLES

It is possible to make a preliminary booking of a Payable upon arrival. In some companies, Payables are passed around within the organization for some time, in order for the expense to be approved and classified properly.

If you are using the preliminary booking option, you can enter the payable as soon as you receive it. Enter it in the normal way, and simply tick the Prel. Booking check box, as shown in the illustration below.



SAMPLE: Payable: Inspect

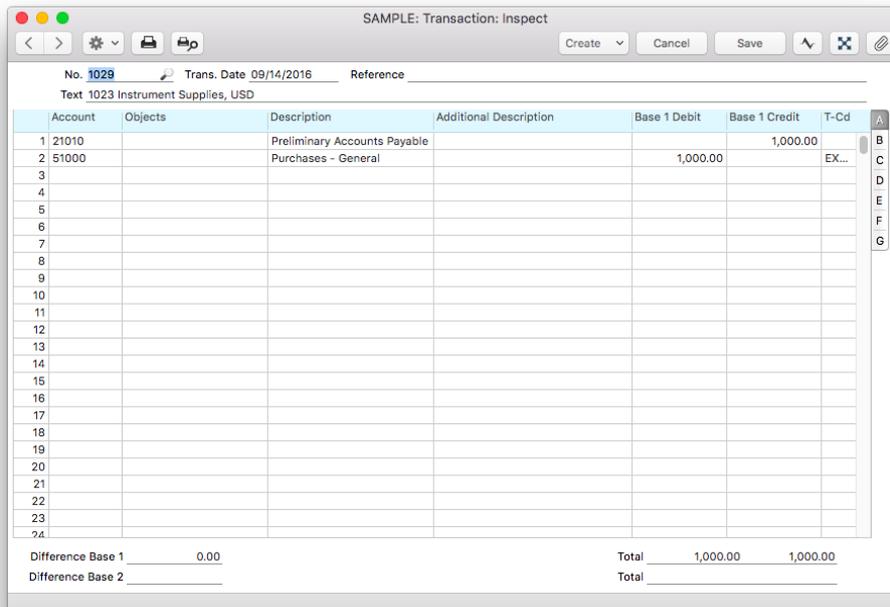
No. 1029 Name Instrument Supplies
 Vendor 1023 Hold Amount _____ OK
 TOTAL 1,000.00 Tax _____

Invoice Date 09/14/2016 Vendor Inv. No. _____ Receiving Date _____ On Hold
 Payment Terms 30 Signers _____ Discount Date _____ Prel. Booking
 Transaction Date 09/14/2016 Objects _____ Sett. Discount _____
 Due Date 10/14/2016 Reference _____ Credit of Invoice _____

A/C	Objects	Short.	Description	Amount	T-Cd
1 51000			Purchases - General	1,000.00	PU...
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					

Currency USD Calculated Tax 0.00

When saving, Standard ERP will create a preliminary General Ledger transaction if defined in the Sub Systems setting. This transaction will contain normal Cost Account and, if appropriate, tax postings, but, instead of the usual creditor account, a preliminary creditor account (defined on the 'Creditors' tab of the "Account Usage A/P" setting) will be credited.



SAMPLE: Transaction: Inspect

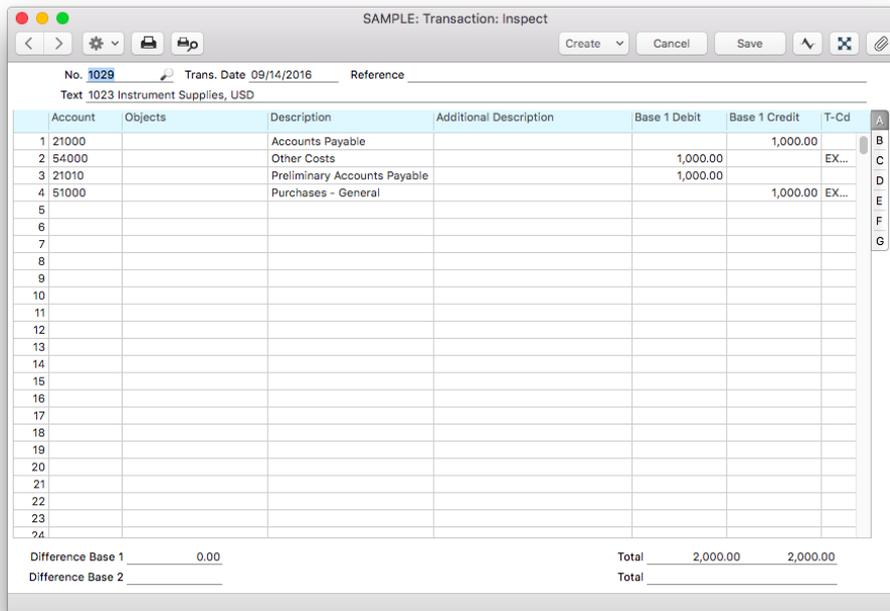
No. 1029 Trans. Date 09/14/2016 Reference _____
 Text 1023 Instrument Supplies, USD

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1 21010		Preliminary Accounts Payable			1,000.00	
2 51000		Purchases - General		1,000.00		EX...
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						

Difference Base 1 0.00 Total 1,000.00 1,000.00
 Difference Base 2 _____ Total _____

Until the Payable has been OKed you can amend it, even though this transaction has been created. On OKing the Payable, a new General Ledger transaction will be created, reversing the posting to the preliminary creditor account, replacing it with a debit to the normal creditor account.

After the Payable has been entered and the preliminary transaction created but before it has been OKed, you can change the cost accounts in any of the Payable rows. These changes will be reflected in the final General Ledger transaction, created when you OK the Payable. Shown below is such a transaction, where the cost account of 51000 used at first has been changed to 54000 before OKing the Payable:



The screenshot shows a window titled "SAMPLE: Transaction: Inspect" with a table of transaction entries. The table has columns for Account, Objects, Description, Additional Description, Base 1 Debit, Base 1 Credit, and T-Cd. The entries are as follows:

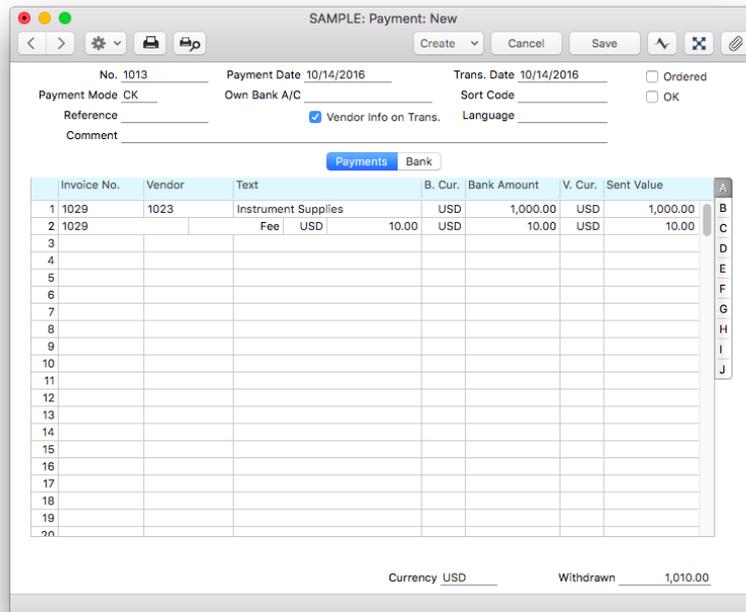
Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1 21000		Accounts Payable			1,000.00	
2 54000		Other Costs		1,000.00		EX...
3 21010		Preliminary Accounts Payable		1,000.00		
4 51000		Purchases - General			1,000.00	EX...
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
Difference Base 1				0.00		
Difference Base 2						
Total				2,000.00	2,000.00	
Total						

You cannot credit a preliminary payable. If you need to do so, you must OK the payable first. This ensures that the General Ledger remains correct.

BANK FEES

If bank charges occur when processing a payment, and if you know how much the fees will be when entering the payment, then you can record these fees in the payment record and so link them to the payable that you are paying.

In a new payment record, start by entering the Payable number in the appropriate field in the first available row. Stay in that line and right-click or control-click anywhere in the row. Depending on how your trackpad is configured, you can also tap with two fingers on a Mac. A function list will appear: select 'Add Bank Fee'. Enter the bank fee in the right-hand value field. If the payment is made in currency the bank fee should be in the bank currency.



The screenshot shows a 'SAMPLE: Payment: New' window with the following details:

- No. 1013, Payment Date 10/14/2016, Trans. Date 10/14/2016
- Payment Mode CK, Own Bank A/C, Vendor Info on Trans. (checked), Language
- Reference, Comment
- Buttons: Payments, Bank

Invoice No.	Vendor	Text	B. Cur.	Bank Amount	V. Cur.	Sent Value
1 1029	1023	Instrument Supplies	USD	1,000.00	USD	1,000.00
2 1029		Fee	USD	10.00	USD	10.00
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

At the bottom of the window, it shows: Currency USD, Withdrawn 1,010.00

When you OK the payment and the General Ledger transaction is created, the bank fee account specified on the 'Creditors' tab of the "Account Usage A/P" setting will be debited. The sent value and the bank fee will be credited to the bank account from the payment mode, while the sent value will be debited to the creditor account (each value in its own transaction row):

SAMPLE: Transaction: Inspect

No. **1013** Trans. Date 10/14/2016 Reference

Text

	Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1	21000		1029 1023 Instrument Supp...		1,000.00		
2	11110		Check			1,000.00	
3	61020		Bank Charges		10.00		
4	11110		Check			10.00	
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							

Difference Base 1 0.00 Total 1,010.00 1,010.00
 Difference Base 2 Total

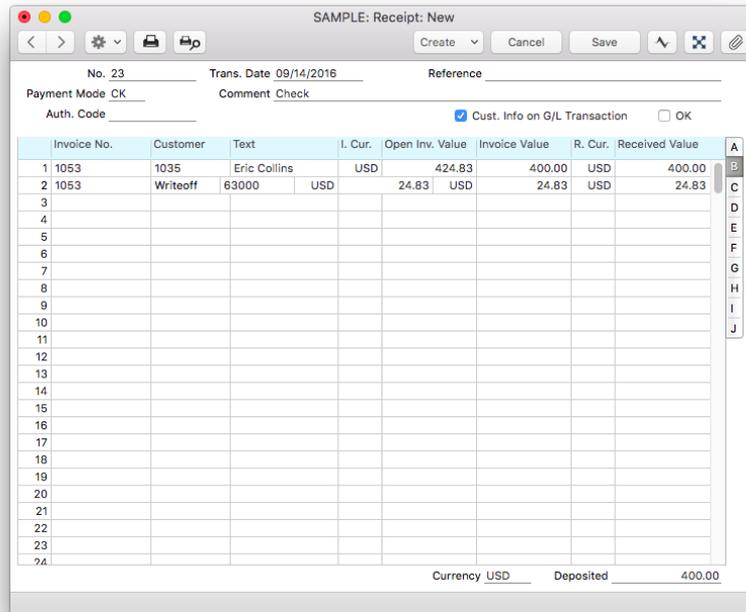
Alternatively, if you do not know what the bank charges will be when processing a payment, you can record them using a manual General Ledger transaction when you receive the bank statement.

You can also use the 'Bank Amount' field on flip I of the payment record for Bank Fee posting. In the General Ledger transaction, the bank fee account specified on the 'Creditors' tab of the "Account Usage A/P" setting will be debited. The amount paid excluding bank fee value will be debited to the creditors account, and the amount paid including bank fee value will be credited to the bank account specified in the Payment Modes setting (total sum of two values in one row which can sometimes make it difficult to reconcile bank statements with postings to the bank account in Standard ERP).

You can also add a bank fee to a receipt using the 'Add Fee' function in a similar manner. In this case, the bank fee account specified on the 'Exchange Rate' tab in the "Account Usage A/R" setting will be debited with the value of the bank fee. The received value less the bank fee will be debited to the bank account from the payment mode, while the full received value will be credited to the debtor account.

WRITE OFFS

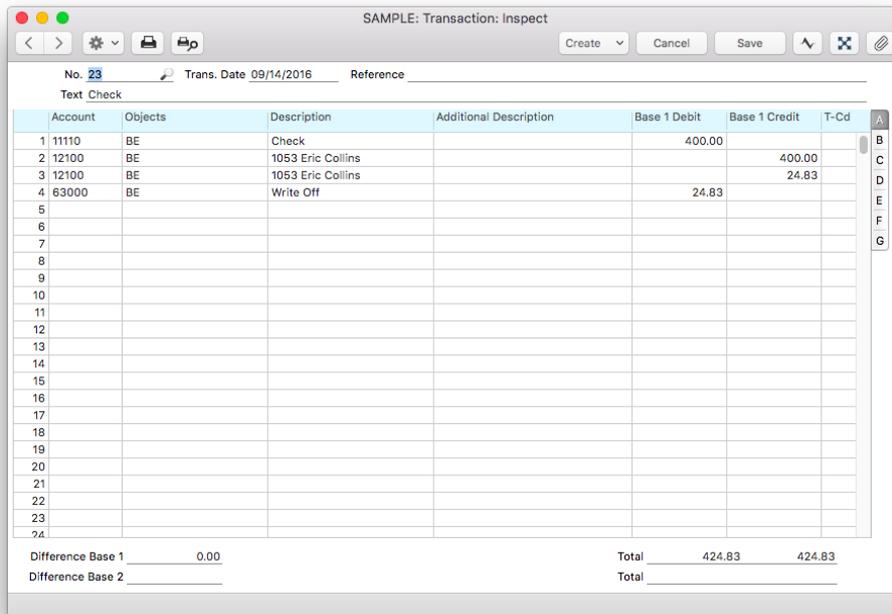
If you need to write off an invoice, you can do so by creating a new receipt record. In the first available row, specify the invoice to be written off and change the received value to zero. If you need to record a partial payment and wish to write off the remaining amount, enter the actual received amount in the "Received Value" field. Stay in that line and right-click or control-click anywhere in the row. Depending on how your trackpad is configured, you can also tap with two fingers on a Mac. A function list will appear: select 'Add Write-off'. A new row will be added to the receipt, containing the invoice number being written off and the phrase "Writeoff". The received value in this row will be set to the remaining outstanding amount (i.e. the remaining outstanding amount will be written off). Change the received value in the new row if you do not want to write off the entire outstanding amount. OK and save the receipt in the usual way.



Invoice No.	Customer	Text	I. Cur.	Open Inv. Value	Invoice Value	R. Cur.	Received Value
1 1053	1035	Eric Collins	USD	424.83	400.00	USD	400.00
2 1053	Writeoff	63000	USD	24.83	USD	USD	24.83
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							

Currency USD Deposited 400.00

When the General Ledger transaction is created, the write offs loss account specified on the 'Debtors' tab of the "Account Usage A/R" setting will be debited with the amount written off.



	Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1	11110	BE	Check		400.00		
2	12100	BE	1053 Eric Collins			400.00	
3	12100	BE	1053 Eric Collins			24.83	
4	63000	BE	Write Off		24.83		
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
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21							
22							
23							
24							

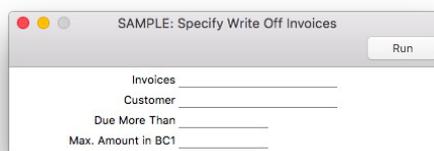
Difference Base 1 0.00 Total 424.83 424.83
 Difference Base 2 _____ Total _____

In the invoice status report for the invoice, the amount written off will be shown as a receipt with a special 'Writeoff' note indicating that the invoice was not simply paid, but written off. This 'writeoff' note will be shown in the periodic customer status report as well (when you print it using the 'Detailed' option).

If you need to write off several invoices, use the 'Write off Invoices' maintenance function in the Accounts Receivable module. This might be necessary when you know with certainty that any outstanding invoices for a particular customer will not be paid, for example because of bankruptcy. You can also use this function to write off small differences remaining on the Accounts Receivable module.

The function will create a single record in the receipt register which will assume the outstanding amount on each of the selected invoices is to be written off. This receipt will not be OKed, and you will therefore be able to modify or delete it. On OKing it, a General Ledger transaction will be created in which the amount written off will be debited to the write-offs loss account specified on the 'Debtors' tab of the "Account Usage A/R" setting.

When you run the 'Write off Invoices' maintenance function, the dialogue box illustrated below will open. You should make an entry to at least one of the fields in this dialogue box, as leaving all the fields blank will write-off all outstanding invoices.



SAMPLE: Specify Write Off Invoices

Run

Invoices _____
 Customer _____
 Due More Than _____
 Max. Amount in BC1 _____

Invoices: Enter a specific invoice number or range of invoice numbers.

Customer: Enter the number of a customer whose unpaid invoices you wish to write off.

Due More Than: If there are some very old invoices in your Accounts Receivable, you can write off those that are overdue by more than a particular number of days. Enter that number of days here.

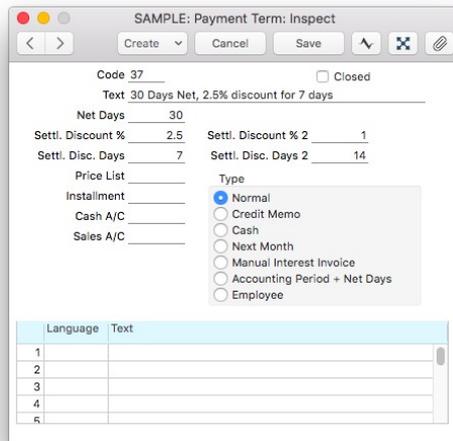
Max Amount in BC1: If you need to write off invoices where the amount outstanding is less than a particular figure, enter that figure here.

SETTLEMENT DISCOUNTS

To encourage customers to pay their invoices quickly, you can offer a settlement discount. For example you can give the customer a normal 30 days to pay the invoice, but if they pay the invoice within 7 days from the invoice date, they will get an additional 2.5% discount. You can set up two levels of settlement discount.

Set-Up

To set this up in Standard ERP, you should create a special payment term.



Language	Text
1	
2	
3	
4	
5	

Net Days: Set the normal credit period (number of days).

Settlement Discount %: Enter the rate of discount for the settlement discount. This will not be used if the Type is "Credit Memo" or "Cash".

Settlement Discount Days: Enter the maximum number of days allowed for a settlement discount term. If the setting is 7 days, the customer will be given the assigned discount if you receive payment within 7 days.

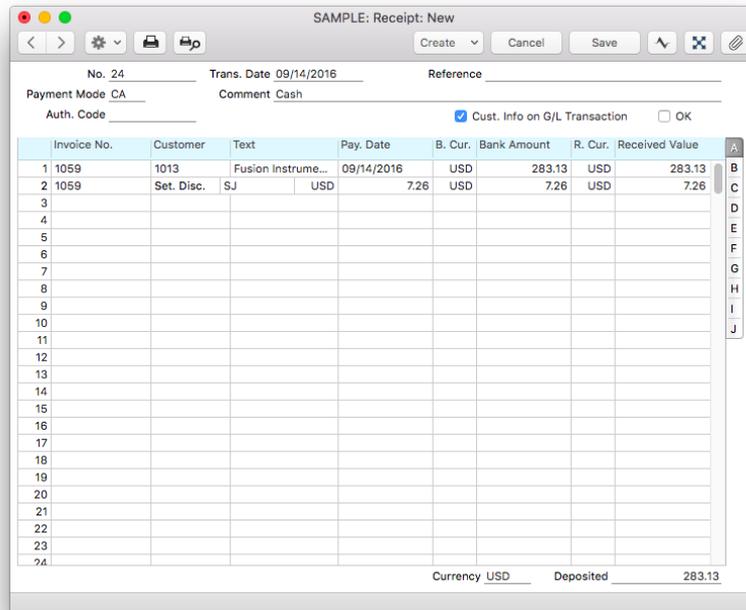
Settlement Discount % 2 / Settlement Discount Days 2 : Use these fields if you want to set an additional level of settlement discount. In the above example if a customer pays for an invoice on day 8-14 from the invoice date they will receive a discount of 1%.

In the "Settl. Discount" fields on the 'Sales' tab in the "Account Usage A/R" setting, choose the settlement discount accounts which will be debited with the discount amount, when invoices specified in receipts are paid in time to be given settlement discounts.

If a settlement discount contains a tax element that should be posted to a separate account, specify the account which will be debited with the tax element in the "Settl. Discount Tax" field on the 'VAT / Tax' tab, also in the "Account Usage A/R" setting. The use of this account depends on local tax legislation.

Receipt

In normal circumstances, when a customer pays an invoice, a settlement discount will be calculated automatically when you enter the invoice number in a receipt. The settlement discount is determined by the payment terms of the invoice and the receipt date.



Invoice No.	Customer	Text	Pay. Date	B. Cur.	Bank Amount	R. Cur.	Received Value
1 1059	1013	Fusion Instrume...	09/14/2016	USD	283.13	USD	283.13
2 1059	Set. Disc.	SJ		USD	7.26	USD	7.26
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							

You can also add a settlement discount manually. After specifying an invoice number in the first available row, change the received value to the figure paid by the customer (i.e. the invoice total less settlement discount). Stay in that line and right-click or control-click anywhere in the row. Depending on how your trackpad is configured, you can also tap with two fingers on a Mac. A function list will appear: select 'Add Settlement Discount'. A new row will be added to the Receipt, containing the phrase "Set. Disc". As a default, the received value of this new row will be set to the figure that remains outstanding on the invoice: you can change this figure as appropriate. When the General Ledger transaction is created, the settlement discount account specified on the 'Sales' tab in the "Account Usage A/R" setting will be debited. If a settlement discount contains a tax element that should be posted to a separate account, specify the account which will be debited with the tax element in the "Settl. Discount Tax" field on the 'VAT / Tax' tab, also in the "Account Usage A/R" setting. The use of this account depends on local tax legislation.

Payment

You can also use settlement discounts in the Accounts Payable module.

When you enter a Payable, the settlement discount amount and the discount date (the date before which you should pay the payable to receive the discount) will be shown on the 'Terms' tab. Both will be calculated using the payment term of the payable and the payable date. You can change them if necessary.

When you pay the payable, the settlement discount will be added automatically to the payment record (in the same way as described above for receipts). There is also an 'Add Settlement Discount' function that you can use to add a settlement discount manually, again as described above.

When you OK the payment, the settlement discount will be credited to the Settl. Discount account that you specify on the 'Creditors' tab in the "Account Usage A/P" setting. If a settlement discount contains a tax element that should be posted to a separate account, specify the account which will be debited with the tax element in the "Settl. Discount Tax" field on the 'Tax' tab, also in the "Account Usage A/P" setting. The use of this account depends on local tax legislation.

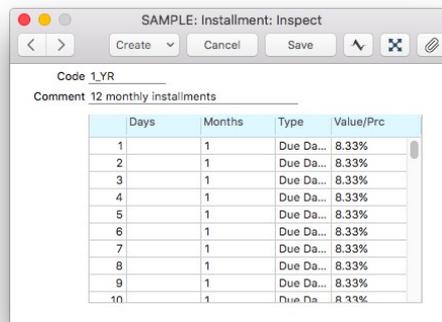
PAYMENT BY INSTALLMENTS

You can specify that Invoices and Payables are payable in installments. You can define installment plans, print installment schedules on invoice documentation, include installments in your debt and credit management reports, and receive or issue payments of individual installments.

Set-up

Installments Setting

The Installments setting is in the Accounts Receivable module. Here you can define the installment plans that you will use in Invoices and Payables. The example installment plan illustrated below will cause twelve monthly installments of equal value to be created from an Invoice or Payable.



Days	Months	Type	Value/Prc
1	1	Due Da...	8.33%
2	1	Due Da...	8.33%
3	1	Due Da...	8.33%
4	1	Due Da...	8.33%
5	1	Due Da...	8.33%
6	1	Due Da...	8.33%
7	1	Due Da...	8.33%
8	1	Due Da...	8.33%
9	1	Due Da...	8.33%
10	1	Due Da...	8.33%

Enter a unique Code and a name and then use the grid to define the installment plan as follows—

Days, Months: Use these two columns to specify how the Due Dates of each installment are to be calculated.

If the period between each installment is to be a certain number of days, specify that number of days in the Days column. If the period between each installment is to be a certain number of months, specify that number of months in the Months column.

If you enter values in both fields (i.e. you enter both a number of Days and a number of Months), they will be added together to calculate the period between installments.

The Due Date of the first installment will be calculated by adding the number of Days and/or Months in the first row of the grid to the Invoice or Due Date. The Due Date of the second installment will be calculated by adding the number of Days and/or Months in the second row to the Due Date of the first installment.

Using the example installment plan illustrated above, the first installment will become due one month after the Due Date, the second installment will become due one month after the first installment, and so on.

Type: In the first row of the grid, use this field to specify how the Due Date of the first installment will be calculated. The Due Dates of subsequent installments will be calculated by adding the number of Days and/or Months to the Due Date of the previous installment, so this field will not have any effect in the second and subsequent rows. Use 'Paste Special' to choose one of the following options:

Due Date: The Due Date of the first installment will be calculated by adding the number of Days and/or Months to the Due Date of the Invoice.

The Due Date of the Invoice will be the Invoice Date plus any Net Days specified in the Payment Term.

Inv. Date: The Due Date of the first installment will be calculated by adding the number of Days and/or Months to the Invoice Date of the Invoice.

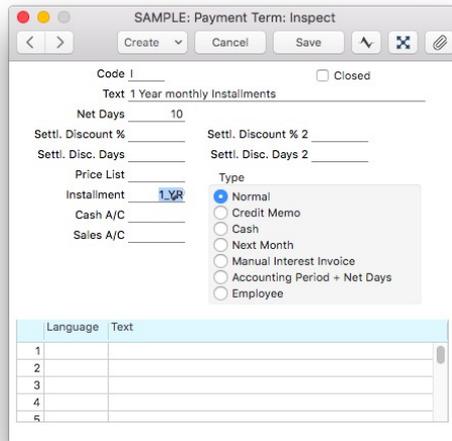
This option will only be operational when creating installments from Sales Invoices: from Payables, it will behave as if you had selected the Due Date option above.

Value/Prc: Specify here the value of the installment. You can enter a fixed amount or a percentage of the Invoice or Payable value. Percentages must be followed by the % sign as in the illustration.

If you enter percentages that do not add up to 100, the percentage in the final row will be ignored and the value of the final installment will be the remaining balance on the Invoice or Payable. For example, if you enter four installments with percentages 25%, 25%, 5% and 10%, the 10% in the last row will be ignored and the final installment will be for 45% of the Invoice value.

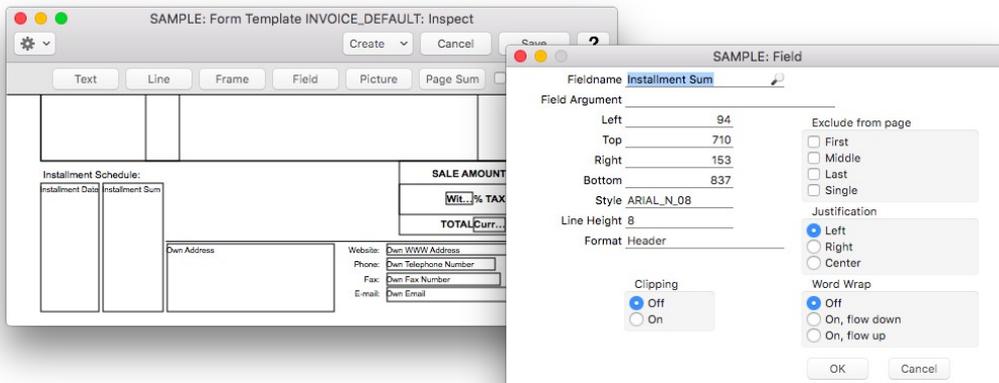
Payment Terms

After creating your installment plans, assign them to dedicated Payment Term records using 'Paste Special' from the Installment field:



Form Templates

When you design the Form Template that will be used when you print Invoices, you can include two fields that will print an installment schedule in a table format. These fields are Installment Date and Installment Sum: as these fields print information in a list format, you should specify Line Heights for them.



Workflow

1. When you need to enter an Invoice or Payable that will be payable in Installments, specify the appropriate Payment Term but proceed as normal in all other respects:

SAMPLE: Invoice: New

No. 1066 Name Best Event Creators Inc.
 Customer 1043 Official No. OK

Invoice Date 10/20/2016 Our Reference Salesperson SJ Disputed
 Payment Terms Attention Samuel Smith Project
 Due Date 10/28/2017 Objects SJ Credit Reason
 Trans. Date 10/20/2016 Reference
 Service Del. Date Cust. Ord. No.

Item	Qty	Description	Unit Price	%	Sum
1 80101	24	Piano Lessons - 1 Year	150.00		3,600.00
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					

Currency USD GP % 100.0 Tax 0.00 Subtotal 3,600.00
 Total GP 3,600.00 Base 3,600.00 TOTAL 3,600.00

2. When you mark the Invoice as OK and save, a normal Nominal Ledger Transaction will be created:

SAMPLE: Transaction: Inspect

No. 1066 Trans. Date 10/20/2016 Reference
 Text 1043 Best Event Creators Inc., USD

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1 12100	DEPT1,SALES,SJ	Accounts Receivables		3,600.00		
2 42000	DEPT1,SALES,SERV,SJ	Service Income			3,600.00	SM...
3						
4						
5						
6						
7						
8						
9						
10						
11						
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13						
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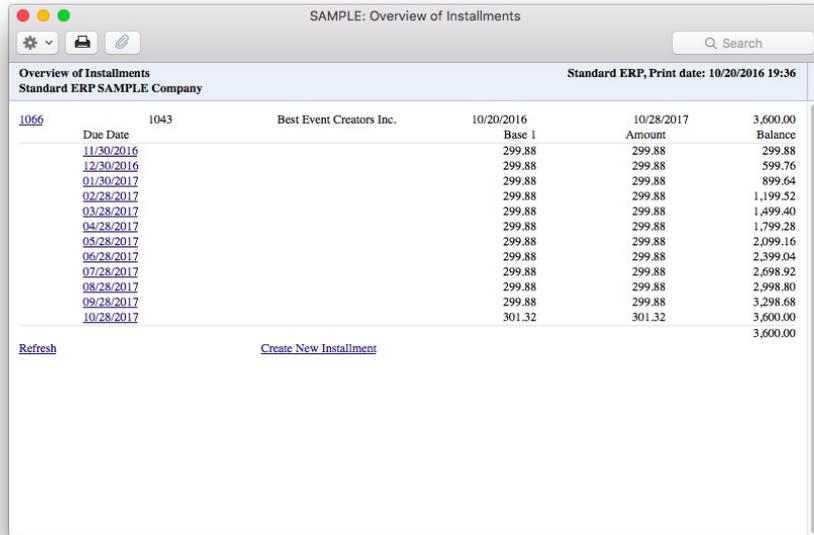
Difference Base 1 0.00 Total 3,600.00 3,600.00
 Difference Base 2 0.00 Total 2,880.00 2,880.00

In this case, the full value of the Item was posted to the Sales Account immediately. If you need the value to be posted gradually to the Sales Account (i.e. in line with the installment schedule), use the Accruals feature described below on page 21.

3. On the sales side, installments will be listed in the Overview of Installments, Periodic Customer Statement (Detailed version) and Receipts Forecast reports. They will also be listed in the Open Invoice Customer Statement (both report and form) and the Accounts Receivable report if you produce them using the Show Installments option.

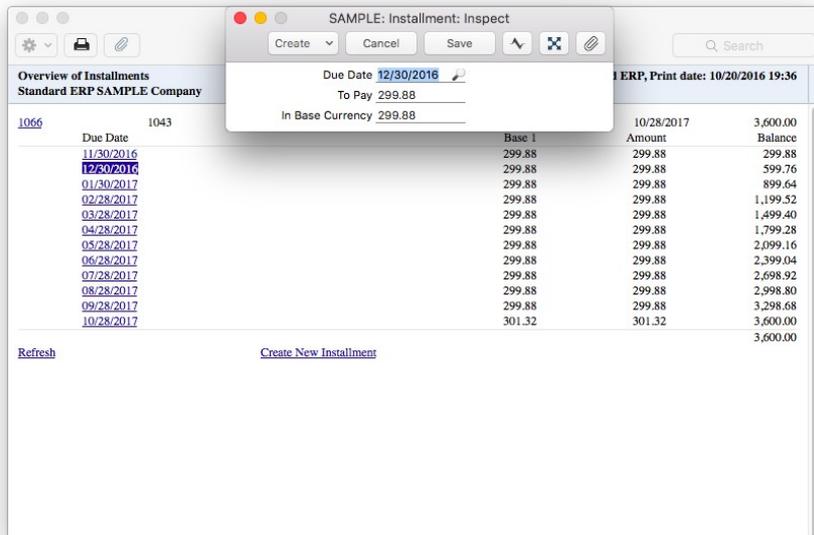
On the purchase side, installments will be listed in the Overview of Installments, Periodic Vendor Statement (Detailed version) and Payments Forecast reports. They will also be listed in the Accounts Payable report if you produce it using the Show Installments option.

- On the sales side only, you can edit an Invoice's open (unpaid) installments if necessary. Open the Invoice in a record window and choose 'Edit Installments' from the Operations menu. A modified version of the Overview of Installments report will be printed to screen, listing the open installments:



Due Date	Base 1	Amount	Balance
11/30/2016	299.88	299.88	299.88
12/30/2016	299.88	299.88	599.76
01/30/2017	299.88	299.88	899.64
02/28/2017	299.88	299.88	1,199.52
03/28/2017	299.88	299.88	1,499.40
04/28/2017	299.88	299.88	1,799.28
05/28/2017	299.88	299.88	2,099.16
06/28/2017	299.88	299.88	2,399.04
07/28/2017	299.88	299.88	2,698.92
08/28/2017	299.88	299.88	2,998.80
09/28/2017	299.88	299.88	3,298.68
10/28/2017	301.32	301.32	3,600.00

To change an existing installment, drill down from a Due Date to open the installment that is due on that date:

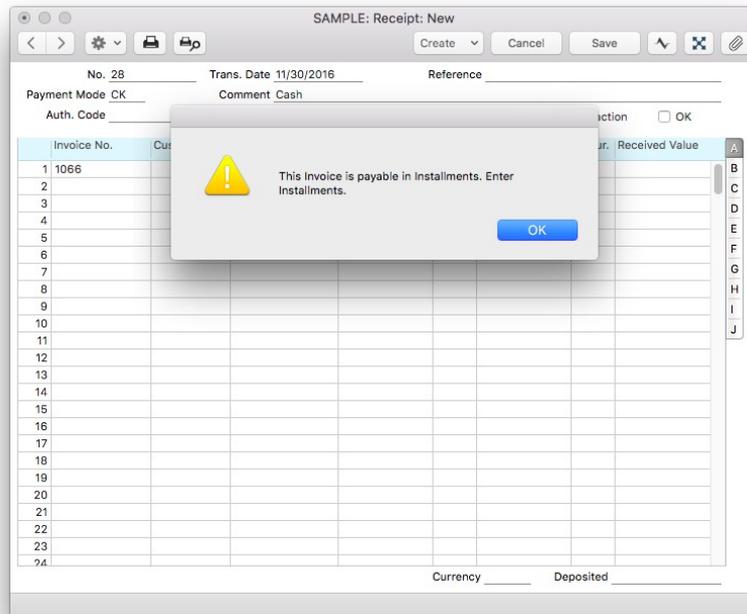


Due Date	Base 1	Amount	Balance
11/30/2016	299.88	299.88	299.88
12/30/2016	299.88	299.88	599.76
01/30/2017	299.88	299.88	899.64
02/28/2017	299.88	299.88	1,199.52
03/28/2017	299.88	299.88	1,499.40
04/28/2017	299.88	299.88	1,799.28
05/28/2017	299.88	299.88	2,099.16
06/28/2017	299.88	299.88	2,399.04
07/28/2017	299.88	299.88	2,698.92
08/28/2017	299.88	299.88	2,998.80
09/28/2017	299.88	299.88	3,298.68
10/28/2017	301.32	301.32	3,600.00

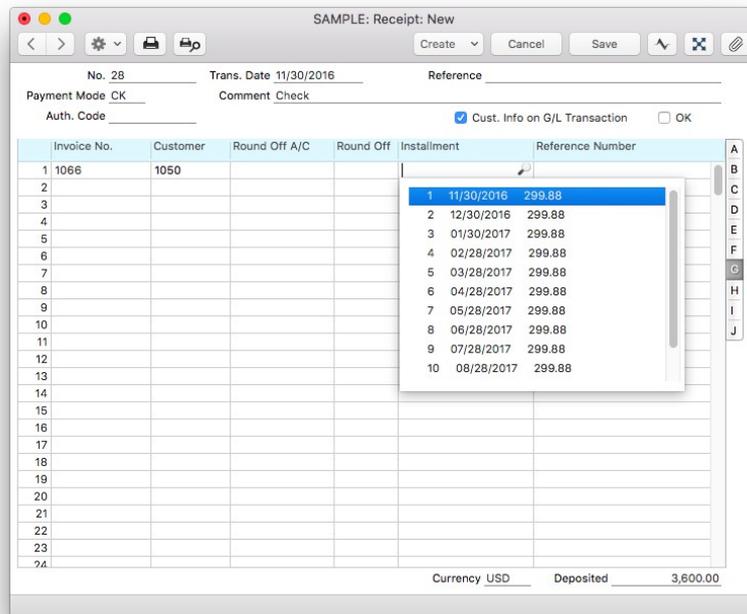
Change the date or the value as appropriate. You can also delete the installment altogether by selecting 'Delete' from the Record menu. If you change the value, the values of the other installments will be recalculated automatically (recalculate the report to see this).

If you need to add an extra installment, drill down from the 'Create New Installment' link at the bottom of the report. The report will be redrawn to show the new Installment, which will have no value. Drill down from its date to open it and enter the correct date and value.

- When you receive or issue payment against an Invoice or Payable that has an installment plan you can enter its Invoice Number on flip A of a Receipt or Payment row respectively in the normal way. When you do so, a message will inform you that the Invoice is payable in installments:



6. Go to flip G and activate 'Paste Special' from the Installment field. A list of open Installments will be opened. This list will show the open (unpaid) Installments of the Invoice that you specified on flip A in the previous step, or all open Installments if you did not specify anything on flip A.



7. Select the Installment being paid: the open value of the installment will be copied to the Received Value field (in a Receipt) or to the Sent Value field (in a Payment).
8. Mark the Receipt or Payment as OK and save in the usual way. The Invoice or Payable will be treated as paid to the value of the installment.
9. If you specify an Invoice Number on flip A as described in step 5 and then do not specify an installment on flip G, the Invoice or Payable will be treated as paid to the value of the Received or Sent Value. By default this will be the full open value and therefore the Invoice or Payable will be treated as having been paid in full.

ACCRUALS IN ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

When you OK an Invoice or Payable, the full amount from each row will usually be posted to the Sales or Cost Account in the resulting General Ledger Transaction. However, this might not be appropriate if an Invoice or Payable is for a service or contract that is spread over time or if it is payable in installments as described in the previous section. In these cases, it would be more suitable if the full amount could be posted to the Sales or Cost Account gradually over the period of the service or contract.

For example, you receive a Payable for a service contract for one year to the value of 120. You might not want the Cost Account to be debited with the 120 at once: it might be more appropriate if it is debited with 10 per month over the year (the contract period), especially if the contract period crosses over into a new fiscal year. From the Payable, the 120 will be debited to a preliminary Account. You will then gradually move the 120 from the preliminary Account to the Cost Account.

This can be accomplished using the G/L Accruals feature.

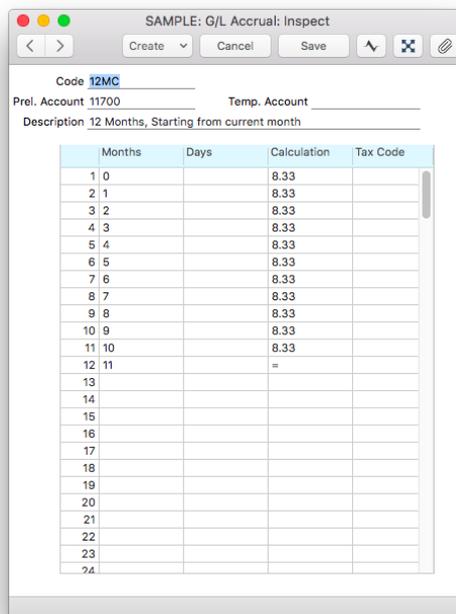
Set-up

G/L Accruals Setting

In the General Ledger, there is a G/L Accruals setting that you should use to define the formulae by which Invoice or Payable amounts will gradually be credited to the Sales or Cost Account.

If you will use the G/L Accruals feature in both Invoices and Payables, you may need to enter separate records in the G/L Accruals setting for each side, as each side will need different preliminary Accounts. In this material, we will illustrate the feature using a Payable as an example: if you need to use the feature in an Invoice, the process is exactly the same.

Illustrated below is a record in the G/L Accruals setting containing twelve monthly transfers, each of 8.33% (i.e. one twelfth of the total):



Months	Days	Calculation	Tax Code
1	0	8.33	
2	1	8.33	
3	2	8.33	
4	3	8.33	
5	4	8.33	
6	5	8.33	
7	6	8.33	
8	7	8.33	
9	8	8.33	
10	9	8.33	
11	10	8.33	
12	11	=	
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			

Code: Enter a unique Code for each N/L Accrual record. Do not use a Code that you have already used for an Autotransaction.

Description: Enter a name for the N/L Accrual record, to be shown in the 'N/L Accruals: Browse' window and the 'Paste Special' list.

Prel. Account: Use 'Paste Special' to specify a preliminary Accrual Account, which will usually be a Balance Sheet Account.

From a Sales Invoice row, this Account will be credited with the value of the Invoice row (excluding tax). You will then gradually move the value out of this Account into the Sales Account.

From a Payable row, this Account will be debited with the value of the Payable row (excluding tax). You will then gradually move the value out of this Account into the Cost Account.

Use the matrix to define the formula that will be used to move values out of the preliminary Account into the Sales or Cost Account.

Months, Days: Use these two columns to calculate when each installment of values will be moved out of the preliminary Account into the Sales or Cost Account.

If an installment date is to be a certain number of months after the Invoice or Payable Date, specify that number of months in the Months column. The day in the month will be the same as that of the Invoice Date. If you enter "0", the installment date will be the same as the Invoice Date.

If each installment date is to be a certain number of days after the Invoice Date, specify that number of days in the Days column.

If you enter values in both the Months and Days fields, the installment date will be the number of days from the beginning of the month. For example, if the Months and Days are both 2 and the Invoice date is October 20, the installment date will be December 2 (the second day of the month that is two months ahead).

Calculation: Specify here the percentage of the Invoice or Payable value that is to be the value of each installment.

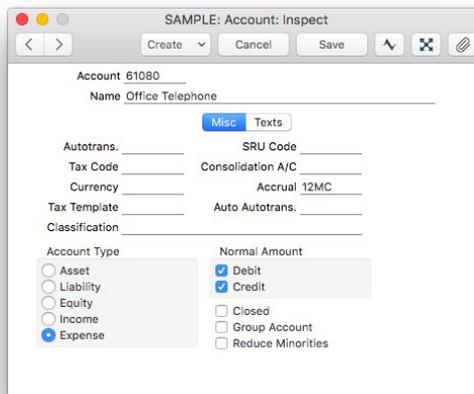
On the final row of the grid, you can enter an equal sign (=) to signify that the value of the last installment is to be the remaining Invoice or Payable amount. This ensures that nothing is lost when reducing the percentage to two decimal places.

Tax Code: If you enter a Tax Code here (or more than one, separated by commas), it will be used in each installment. This will not affect the calculation, but will be used for reporting (e.g. Tax Report).

If you leave this field empty, the Tax Code will be taken from the Invoice or Payable row.

Account Register

If you will always accrue sales or costs made using a particular Account, you can connect the Sales or Cost Account to a record in the G/L Accruals setting, using the Accrual field:



Workflow

1. When you receive a Payable for a service contract for one year, enter the Payable in the usual way, with one exception: go to flip C and use the G/L Accrual field to link to the record in the G/L Accruals setting (you can use 'Paste Special' to choose the correct G/L Accrual record). If you connected the Account to a G/L Accrual record as described above, the G/L Accrual will be brought in automatically.

SAMPLE: Payable: New

No. 1037 Name Network Solutions
 Vendor 1045 Hold Amount _____ OK
 TOTAL 120.00 Tax _____

Invoice Date 09/27/2016 Vendor Inv. No. _____ Receiving Date _____ On Hold
 Payment Terms 30 Signers _____ Discount Date _____ Prel. Booking
 Transaction Date 09/27/2016 Objects _____ Sett. Discount _____
 Due Date 10/27/2016 Reference _____ Credit of Invoice _____

A/C	Objects	Description	Amount	G/L Accrual	Tax
1 61080		Office Telephone	120.00	12MC	
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					

Currency USD Calculated Tax 0.00

In an invoice, the G/L Accrual field is on flip B.

- OK and save the Payable. In the resulting G/L Transaction, the amount from the Payable row will be debited to the preliminary Account specified in the G/L Accrual record:

SAMPLE: Transaction: Inspect

No. 1037 Trans. Date 09/27/2016 Reference _____
 Text 1045 Network Solutions, USD

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1 21000		Accounts Payable			120.00	
2 11700		Other Prepaid Expenses		120.00		EX...
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						

Difference Base 1 0.00 Total 120.00 120.00
 Difference Base 2 _____ Total _____

- A record will also be created in the Simulation register. This will contain the twelve installments in the form of twelve sets of balancing debit and credit postings, each of which credits the preliminary Account and debits the Cost Account with one twelfth of the total amount. You can open this Simulation through the Link Manager in the Payable:

SAMPLE: Simulation: Inspect

No. 160001 Trans. Date 09/27/2016 Reference _____
 Text 1045 Network Solutions, USD P/INV.1037

A/C	Trans. Date	Objects	Description	Additional Description	Debit	Credit	T-Cd
1 61080	09/27/2016		Office Telephone		10.00		
2 11700	09/27/2016		Other Prepaid Expenses			10.00	
3 61080	10/27/2016		Office Telephone		10.00		
4 11700	10/27/2016		Other Prepaid Expenses			10.00	
5 61080	11/27/2016		Office Telephone		10.00		
6 11700	11/27/2016		Other Prepaid Expenses			10.00	
7 61080	12/27/2016		Office Telephone		10.00		
8 11700	12/27/2016		Other Prepaid Expenses			10.00	
9 61080	01/27/2017		Office Telephone		10.00		
10 11700	01/27/2017		Other Prepaid Expenses			10.00	
11 61080	02/27/2017		Office Telephone		10.00		
12 11700	02/27/2017		Other Prepaid Expenses			10.00	
13 61080	03/27/2017		Office Telephone		10.00		
14 11700	03/27/2017		Other Prepaid Expenses			10.00	
15 61080	04/27/2017		Office Telephone		10.00		
16 11700	04/27/2017		Other Prepaid Expenses			10.00	
17 61080	05/27/2017		Office Telephone		10.00		
18 11700	05/27/2017		Other Prepaid Expenses			10.00	
19 61080	06/27/2017		Office Telephone		10.00		
20 11700	06/27/2017		Other Prepaid Expenses			10.00	
21 61080	07/27/2017		Office Telephone		10.00		
22 11700	07/27/2017		Other Prepaid Expenses			10.00	
23 61080	08/27/2017		Office Telephone		10.00		
24 11700	08/27/2017		Other Prepaid Expenses			10.00	
25							
Difference					0.00		
Total					120.00	120.00	

- Once a month, use the 'Generate G/L Accrual Transactions' maintenance routine in the General Ledger to create a Transaction for each installment in the Simulation. This will allow you to move the Payable amount gradually from the preliminary Account to the Cost Account.

SAMPLE: Specify Generate G/L Accrual Transactions

Run

Simulation Period 01/01/2016-12/31/2016

Simulations _____

Object _____

G/L Accruals Until 09/30/2016

Simulation Period: A Transaction will be created for an Installment if it is in a Simulation whose date (in the header) is in the period that you specify here.

Simulations: Enter a Simulation Number (or range of Numbers) to create Transactions from particular Simulations.

G/L Accruals Until: All rows in the selected Simulations with dates earlier than this date will be converted into Transactions. In the example above, the date is 9/30/2016, so a Transaction will be created for the first installment (the first two rows) in the example Simulation:

SAMPLE: Transaction: Inspect

No. 160014 Trans. Date 09/27/2016 Reference

Text 1045 Network Solutions, USD P/INV.1037

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1 61080		Office Telephone		10.00		
2 11700		Other Prepaid Expenses			10.00	
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						

Difference Base 1 0.00 Total 10.00 10.00

Difference Base 2 Total

When the 'Generate G/L Accrual Transactions' routine creates a Transaction for an installment, it will change the Status of the relevant rows in the Simulation (shown on flip B) from "Active" to "Transferred", preventing the creation of another Transaction the next time you use the routine. The routine will only create Transactions from "Active" rows, not from rows with any other Status.

SAMPLE: Simulation: Inspect

No. 160001 Trans. Date 09/27/2016 Reference

Text 1045 Network Solutions, USD P/INV.1037

A/C	Trans. Date	Objects	Status	Debit	Credit	T-Cd
1 61080	09/27/2016		Transferred	10.00		
2 11700	09/27/2016		Transferred		10.00	
3 61080	10/27/2016		Active	10.00		
4 11700	10/27/2016		Active		10.00	
5 61080	11/27/2016		Active	10.00		
6 11700	11/27/2016		Active		10.00	
7 61080	12/27/2016		Active	10.00		
8 11700	12/27/2016		Active		10.00	
9 61080	01/27/2017		Active	10.00		
10 11700	01/27/2017		Active		10.00	
11 61080	02/27/2017		Active	10.00		
12 11700	02/27/2017		Active		10.00	
13 61080	03/27/2017		Active	10.00		
14 11700	03/27/2017		Active		10.00	
15 61080	04/27/2017		Active	10.00		
16 11700	04/27/2017		Active		10.00	
17 61080	05/27/2017		Active	10.00		
18 11700	05/27/2017		Active		10.00	
19 61080	06/27/2017		Active	10.00		
20 11700	06/27/2017		Active		10.00	
21 61080	07/27/2017		Active	10.00		
22 11700	07/27/2017		Active		10.00	
23 61080	08/27/2017		Active	10.00		
24 11700	08/27/2017		Active		10.00	
25						

Difference 0.00 Total 120.00 120.00

Take care when using the 'Generate G/L Accrual Transactions' routine: it will create Transactions from all Simulations in the selection, not just those representing Accruals. Therefore, you can use it as a general function to create Transactions from Simulations. Take care to enter a date in the N/L Accruals Until field and a range of Simulation Numbers in the dialog box: if you do not, Transactions will be created for every row in every Simulation in the selection. If you would like to see the details of the Transactions before they are created, produce an N/L Accrual Transactions report from the General Ledger first.

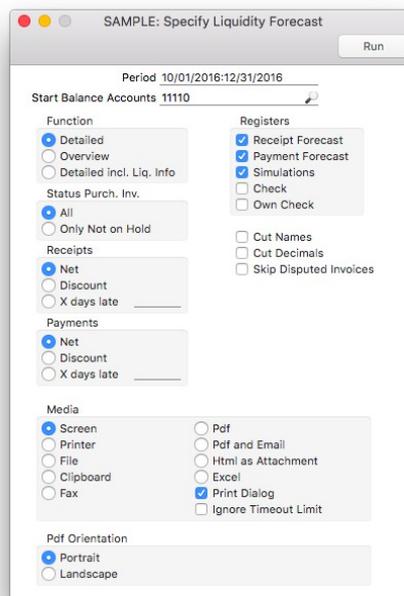
LIQUIDITY FORECAST REPORT

The Liquidity Forecast report in the General Ledger presents a forecast of future payments to and from your company during a specified period. The report will therefore be very useful for cash flow prediction purposes. The forecast is based on the following:

- Unpaid Payables and Sales Invoices. The report will assume that these will be paid on their due dates.
- Any records that you have entered in the Simulation register that post to any of the Accounts listed in the Payment Modes setting. Usually these will be your bank and cash Accounts. For example, you might enter future salary and tax payments as Simulations so that they will be included in this report. When the time comes, you can easily convert these Simulations into Transactions using the 'Transactions' function on the Operations menu of the 'Simulations: Browse' window. This function will change the status of each Simulation row to "Transferred", so it will no longer be included in the Liquidity Forecast report.

When you run the report, specify your bank account in the Start Balance Account field using 'Paste Special'. The report will display the current balance on that Account as an opening balance, list each transaction together with an incremented balance, followed by a theoretical closing balance. If you have more than one bank account, you can enter a range of Accounts in this field separated by a colon (e.g. 11110:11130), or you can enter individual Accounts separated by commas (e.g. 11110,11130).

In this example, we are producing the report on 10/01/2016 and we want to list the expected payments into and out of our bank account during the last quarter of the year:



The default version of the report is 'Detailed', which lists each predicted transaction in the period:

SAMPLE: Liquidity Forecast

Standard ERP, Print date: 10/21/2016 00:54
Period 10/01/2016 : 12/31/2016
Start Balance Accounts 11110

Pay Date	Ser. No	Cust/Sup/AC	Comment	In	Out	Balance
Start balance:						244,508.05
10/01/2016	S/INV:1060	1001	ABC Music	158.10		244,666.15
10/11/2016	S/INV:1063	1023	Instrument Supplies	250.00		244,916.15
10/13/2016	S/INV:1064	1005	Cosmo Instruments	59.16		244,975.31
10/13/2016	S/INV:1065	1005	Cosmo Instruments	59.16		245,034.47
10/14/2016	P/INV:1028	1023	Instrument Supplies		1,000.00	244,034.47
10/14/2016	S/INV:1059	1013	Fusion Instruments	290.39		244,324.86
10/27/2016	P/INV:1034	1005	Cosmo Instruments		750.00	243,574.86
10/27/2016	P/INV:1036	1054	UK Vendor		1,298.70	242,276.16
10/27/2016	P/INV:1037	1045	Network Solutions		120.00	242,156.16
10/31/2016	S/M:100002	11110	Salaries		8,000.00	234,156.16
11/30/2016	S/INV:1066	1043	Best Event Creators Inc.	299.88		234,456.04
12/30/2016	S/INV:1066	1043	Best Event Creators Inc.	299.88		234,755.92
				245,924.62	11,168.70	234,755.92

In this example, the Simulation dated 10/31/2016 contains the salaries that will be payable at the end of the month, while the last two transactions are installment payments that we are expecting to receive against the same invoice (this invoice was issued with an installment plan as described above on page 16).

Returning to the specification window, some of the available options are:

Overview: Instead of listing each transaction individually as illustrated above, this option will display a single line for each day, with a net change figure for that day and the incremented balance.

Receipts/Payments – Discount: The default option ('Net') will list payments as being issued or received on the due dates of each payable or invoice. If you select this option, it will be assumed that invoices with a settlement discount will be paid on the discount date in order to qualify for the settlement discount, and that the settlement discount will be deducted from the payment.

Receipts/Payments – X Days late: Enter a number of days if you want to assume that all Invoices will be paid that number of days later than the due date or discount date.

If an Invoice or Payable is not paid on its due date, there are two options you can follow, to ensure the Liquidity Forecast report remains accurate:

1. If you agree a new due date with the customer or vendor, you can change it in the Invoice or Payable, You can change the due date even after the Invoice or Payable has been OKed. The new due date will be used to calculate ageing in reports such as Accounts Receivable/Payable and the Open Invoice Customer/Vendor Statements.
2. You can create a record for the Invoice or Payable in the Liquidity Report Info setting in the General Ledger:

SAMPLE: Liquidity Info: New

< > Create Cancel Save

No. 1 Trans. Date 10/01/2016

Sales Invoice Payable

Rec. No. 1060 New Pay Date 10/11/2016

Sum 158.10 Base Sum 158.10

Contact 1001 Name ABC Music

Comment New due date agreed with customer

Closed

When you enter a record in the Liquidity Report Info setting, tick one of the options to signify whether you are rescheduling an Invoice or a Payable, and then enter the Invoice or Payable Number in the Rec. No. field using 'Paste Special' if necessary. Information such as the Customer or Vendor and the outstanding amount will be brought in. The default in the New Pay Date field will be the due date of the Invoice or Payable or today's date, whichever is the later. Enter the due date agreed with the customer or vendor in this field.

If you now produce the Liquidity Forecast report using the 'Detailed incl. Liq. Info' option, the Invoice or Payable will be listed as rescheduled:

SAMPLE: Liquidity Forecast

Standard ERP, Print date: 10/01/2016 14:20
Period 10/01/2016 : 12/31/2016
Start Balance Accounts 11110

Pay Date	New Pay Date	Diff	Ser. No	In	Out	Balance
Cust/Sup/AC	Comment			Description		
Start balance:						245,318.05
10/11/2016						245,568.05
1023	Instrument Supplies	0	S/INV:1063	250.00		
10/01/2016	10/11/2016	10	S/INV:1060	158.10		245,726.15
1001	ABC Music			New due date agreed with customer		
10/13/2016		0	S/INV:1064	59.16		245,785.31
1005	Cosmo Instruments					
10/13/2016		0	S/INV:1065	59.16		245,844.47
1005	Cosmo Instruments					
10/14/2016		0	P/INV:1028		1,000.00	244,844.47
1023	Instrument Supplies					
10/14/2016		0	S/INV:1059	290.39		245,134.86
1013	Fusion Instruments					
10/27/2016		0	P/INV:1034		750.00	244,384.86
1005	Cosmo Instruments					
10/27/2016		0	P/INV:1036		1,298.70	243,086.16
1054	UK Vendor					
10/27/2016		0	P/INV:1037		120.00	242,966.16
1045	Network Solutions					
10/31/2016		0	S/IM:160002		8,000.00	234,966.16
1110	Salaries					
11/30/2016						234,966.16
1043	Best Event Creators Inc.	0	S/INV:1066			
12/30/2016		0	S/INV:1066			234,966.16

Entering a record in the Liquidity Report Info setting will not affect the ageing calculation in the Accounts Receivable/Payable reports or the Open Invoice Customer/Vendor Statements, and it also will not affect the 'Overview' and 'Detailed' versions of the Liquidity Forecast report, so you might need to change the due date in the Invoice or Payable as well. The advantage of the Liquidity Report Info setting is the extra information that is shown in the 'Detailed incl. Liq. Info' version of the Liquidity Forecast report.

When the Invoice or Payable is paid or credited, the relevant record in the Liquidity Report Info setting will be marked as Closed automatically. If the Invoice or Payable is partially paid, the relevant record in the Liquidity Report Info setting will be marked as Closed and a new record for the remaining balance will be created. The due date in the new record will be copied from the previous one: you can then change it and add a comment for the report as necessary.

CORRECTIONS IN THE GENERAL LEDGER

In Standard ERP you can easily correct transactions in a legal manner.

You can not alter an entry in your General Ledger without leaving an audit trail. There are two main ways to correct transactions – using a correction mark or an update mark.

1. Create a new transaction to reverse the previous one using a correction mark.
2. Set an update mark on an existing transaction for audit trail and make amendments to that transaction.

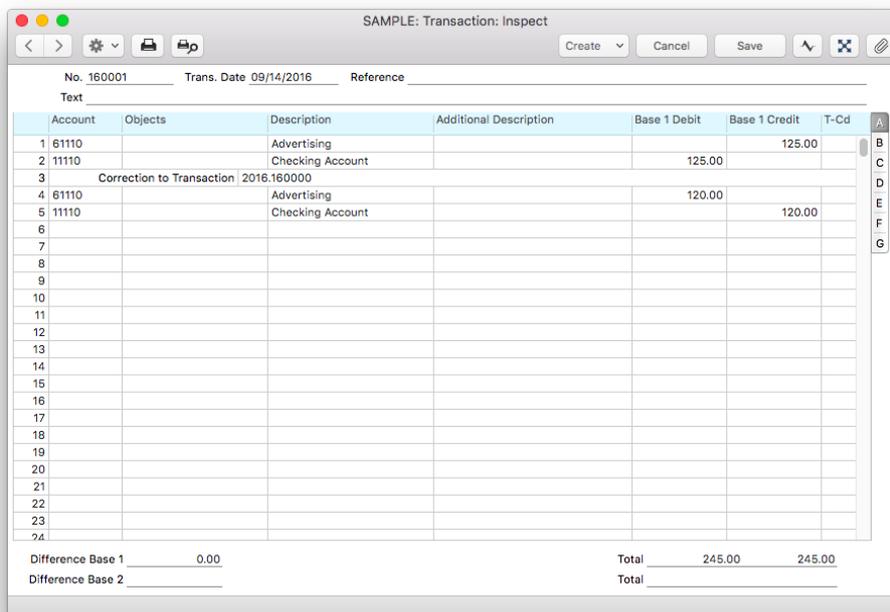
Correction Mark

Using a correction mark you will create a new transaction that both cancels out the previous one and contains the correct postings. The altered transaction will also be marked as being cancelled.

Assume that you have entered the wrong amount, and that you find out only after entering the transaction.

1. Highlight the transaction containing the error in the transaction browse window, Open the Create menu and choose 'Duplicate'. This creates a copy of the erroneous transaction. First you want to remove the error.
2. Select 'Swap Debit & Credit' from the operations menu. This reverses the existing transaction rows (what were credit postings become debit postings and vice versa), thus canceling out the original, erroneous, transaction. As an alternative you can also use the 'Change Sign' option from the operations menu.
3. Then select 'Correction Mark' from the same menu. This will add a new line where you should enter a cross reference to the transaction containing the error.

Enter the journal number of the transaction to be corrected, including the financial year prefix, and then on the following rows add new, correct, postings as in the illustration below.



The screenshot shows a window titled "SAMPLE: Transaction: Inspect" with a table of transaction lines. The window includes a header with fields for "No. 160001", "Trans. Date 09/14/2016", and "Reference". Below the header is a "Text" field. The table has columns for "Account", "Objects", "Description", "Additional Description", "Base 1 Debit", "Base 1 Credit", and "T-Cd".

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1 61110		Advertising			125.00	
2 11110		Checking Account		125.00		
3	Correction to Transaction 2016.160000					
4 61110		Advertising		120.00		
5 11110		Checking Account			120.00	
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
Difference Base 1				0.00		
Difference Base 2						
Total				245.00	245.00	
Total						

Press [Save] when you have finished. The new Transaction will be saved, and the old transaction will be marked as corrected automatically, as shown in the following illustration.

SAMPLE: Transaction: Inspect

No. 160000 Trans. Date 09/14/2016 Reference

Text

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1 61110		Advertising		125.00		
2 11110		Checking Account			125.00	
3	Corrected by Transaction 2016.160001		Reg.Date 09/14/2016			
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						

Difference Base 1 0.00 Total 125.00 125.00

Difference Base 2 _____ Total _____

Update Mark

Standard ERP provides you with an alternative method for correcting entries. In manual ledgers, errors are often corrected or eliminated by striking a line (sometimes in red ink) across the entry. A note is made with the initials of the accountant, and a corrected entry is made using the next unused journal number. Standard ERP provides a similar method.

1. In the transaction browse window, find and open the old transaction you want to change. Select 'Update Mark' from the operations menu. A new line will be added in the transaction, showing your signature and the original date of the transaction.
2. You can now create a (red) line through the row containing the error. To do this, highlight the row by selecting the number to the left of the row. Press the Backspace key on your keyboard to place the correction line across the row. Then you can enter the correct posting in the row below your signature. Save in the normal way.

SAMPLE: Transaction: Inspect

No. 160002 Trans. Date 09/14/2016 Reference

Text

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1 61110		Advertising		125.00		
2 11110		Checking Account			125.00	
3	Signature SJ	Old Trans. Date 09/14/2016				
4 11140		Petty Cash			125.00	
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						

Difference Base 1 0.00 Total 125.00 125.00

Difference Base 2 _____ Total _____

If the error is in the header area of the transaction (i.e., the transaction date is wrong), you can also correct it using the 'Update Mark' function. Select the function and change the date as appropriate. There is no need to use the 'Update Mark' function to change the text or the Reference.

If you are using the "Use Preliminary Transactions" option (set in Transaction Settings), you can freely modify transactions, providing their transaction date falls within a month that has not been closed. There is no need to use the 'Update Mark' or 'Correction Mark' functions in these circumstances, since postings are not considered to be final until the month has been closed. Months are closed using the "Locking setting" in the System module. The "Use Preliminary Transactions" option is not legal in every country, as there is no audit trail when a transaction is changed.

If you discover that a transaction that falls within a closed month contains an error, you cannot correct it using 'Update Mark'. This is because 'Update Mark' modifies the transaction and attempts to save it using the original transaction date. This falls in a period when modifications are not permitted. Therefore, the only way of correcting such transactions is by using the 'Correction Mark' function to create a new, correcting transaction whose transaction date must fall within an open month.

WORKING WITH BUDGETS

The Budget Register

The budgeting process is a means of planning future revenue and expenditure. Once you have decided your company's goals and objectives for a future period, the budgeting process should help you plan how much you need to spend to achieve those objectives, what you should spend it on and how you will fund that expenditure.

Once you have completed the planning process and the fiscal year has begun, you can then use your budgets to monitor your company's performance. Regular reporting will bring any variations from the budget to your attention, which you can then investigate. For example, a shortfall in sales will quickly be revealed if you routinely compare actual sales to budget. Investigation may reveal changing market conditions: and then if necessary, you can then change the focus of your sales force, and you can adjust your expenditure plans to compensate for the reduced funding.

The Budget register in Standard ERP allows you to enter detailed budgets for each account. You can also use objects to break these budgets down by department or other cost center. You can enter budgets for a period (e.g. one year) and then divide them into sub-periods (e.g. calendar months, quarters or four-week periods).

Once you have finalized a budget, you can change it at any time during the current accounting year. This may be tempting, if the actual performance begins to differ greatly from the budget. It is, however, advisable to leave the budget unchanged. Changing a budget will mean that the original planning objectives will be lost. You will no longer be able to compare performance to budget as the year progresses, and so the divergence from the original plan may increase. Simply explaining the divergence as poor budgeting may also hide the real cause. Changing a budget will also prevent a realistic evaluation of the quality of the budgeting process. More than just predicting the future, budgeting is a way of planning that future. Good budgeting is a sign that the manager of the company both understands their business and the market and knows how to plan for and achieve objectives.

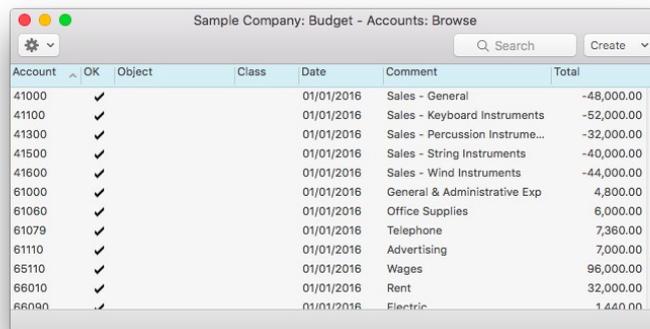
If you do need to make changes to a budget during the current year, you should therefore not change the budget itself. Instead, you should record the changes in the revised budget register provided for this purpose. To encourage this practice, you can mark each budget record as OK, after which you will not be able to change them. However, you can untick the OK check box in a budget record if necessary.

Having entered your budgets, three reports allow you to compare budgets (or revised budgets) with actual figures: the balance sheet, the object/quantity report (which provides this analysis separately for each object/account combination) and the profit & loss report.

Entering Budgets

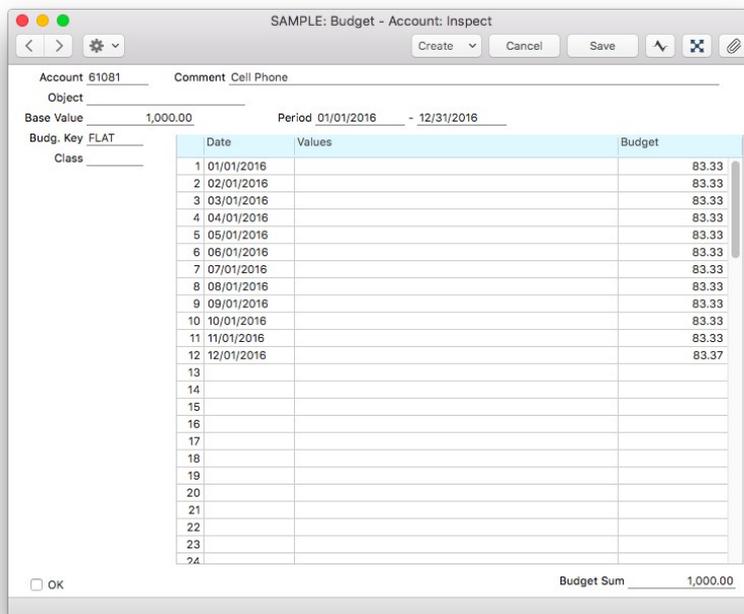
You should enter a separate budget record for each account for a particular period such as fiscal year. If you will be using objects to set budgets for various departments or cost centers, note that when producing a budget, object hierarchy is not applied. This means that when producing a budget for an object on the lower level of a hierarchy it will not automatically be transferred to the objects on the higher level. You should enter separate budget records for each account/object combination. You should then enter an overall master budget for the account, which will be the sum of the various account/object budgets. This is described below.

1. The Budget register is located in the General Ledger module. Change to this module and open the budget register. The budgets browse window will be opened, showing those accounts for which budgets have already been entered.



Account	OK	Object	Class	Date	Comment	Total
41000	✓			01/01/2016	Sales - General	-48,000.00
41100	✓			01/01/2016	Sales - Keyboard Instruments	-52,000.00
41300	✓			01/01/2016	Sales - Percussion Instrume...	-32,000.00
41500	✓			01/01/2016	Sales - String Instruments	-40,000.00
41600	✓			01/01/2016	Sales - Wind Instruments	-44,000.00
61000	✓			01/01/2016	General & Administrative Exp	4,800.00
61060	✓			01/01/2016	Office Supplies	6,000.00
61079	✓			01/01/2016	Telephone	7,360.00
61110	✓			01/01/2016	Advertising	7,000.00
65110	✓			01/01/2016	Wages	96,000.00
66010	✓			01/01/2016	Rent	32,000.00
66090	✓			01/01/2016	Electric	1,440.00

- Open the Create menu in the button bar and choose 'New Budget', or highlight a budget record similar to the one you want to enter, open the Create menu and choose 'Duplicate'. The budget - account record window will open, empty if you used the 'New Budget' option or containing a duplicate of the highlighted budget record.



Account 61081 Comment Cell Phone

Object _____

Base Value 1,000.00 Period 01/01/2016 - 12/31/2016

Budg. Key FLAT

Budg. Key	Date	Values	Budget
1	01/01/2016		83.33
2	02/01/2016		83.33
3	03/01/2016		83.33
4	04/01/2016		83.33
5	05/01/2016		83.33
6	06/01/2016		83.33
7	07/01/2016		83.33
8	08/01/2016		83.33
9	09/01/2016		83.33
10	10/01/2016		83.33
11	11/01/2016		83.33
12	12/01/2016		83.37
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			

Budget Sum 1,000.00

Account: Use 'Paste Special' to choose the account for which you are creating a budget. The account name will be placed in the Comment field automatically.

Object: If you are creating the budget for a certain object, enter the object code here. This allows you to create budgets for different departments. You cannot enter or change the object after you have saved the budget for the first time.

Period: Enter the first and last date of the budget period.

Base Value: Enter the expected total for the budget period as a whole. Remember to enter sales and income values, liabilities and equity as negative (credit) values, and assets and costs as positive (debit) values.

You can treat this figure as a control total for the period. If the period is a year, for example, you can break the figure down into monthly or quarterly totals in the grid area. You can enter these figures in the grid area yourself (in the Values column), aiming to ensure the Budget Sum underneath the grid matches the Base Value, or you can calculate them from the Base Value using a Budget Key that you will specify in the next field.

Budget Key: The Budget Key is a useful tool for breaking an annual budget figure down to sub-period totals using a formula. For example, experience may show that sales of a particular product always follow a set pattern with a certain percentage of the total in each month. Sales of seasonal products will vary depending on the time of year. Alternatively, and more simply, you can use a Budget Key to break an annual rent figure down into twelve equal divisions.

To apply a Budget Key to a budget record, you should first enter a figure in the Base Value field. This should be the total budget figure for the whole period (perhaps a year). Then, choose a Budget Key using Paste Special and then enter the start dates of each month or quarter on separate rows in the grid area. You should have the same number of period divisions (i.e. rows in the grid) as you have entered in the Budget Key record. Then, choose 'Recalculate' from the operations menu. For each row, a total (i.e. a monthly or quarterly total) will be placed in the Budget column. These will be calculated by apportioning the Base Value according to the ratios in the Budget Key. Finally, save the record.

Class: If you want to create multiple budgets for different purposes, you can separate them using budget classes. Enter here a code for a particular budget class using Paste Special. You can define budget classes using the "Budget Classes" setting in the General Ledger. When you compare actual and budget figures in a balance sheet or profit & loss report, you can specify which class of budget is to be used in the comparison.

Matrix: Use the grid area to divide the budget period specified above into sub-periods. You can define any number of periods but, if you are using a budget key, you should have the same number as you have entered for the budget key. If the budget and budget keys have different numbers of periods, the Base Value and Budget Sum figures will not match after you have used the 'Recalculate' function.

Budget sub-periods will help you monitor actual performance against budget. You need to carry out this comparison regularly in order for it to be effective and to identify any discrepancies quickly and as they occur. Some accounts will require closer monitoring than others: for these accounts, you should define a greater number of sub-periods, and you should produce regular comparison reports more frequently. For example, you may need to monitor sales accounts more closely and more frequently than office furniture accounts.

Date: Enter the start date for each budget sub-period. To save labor and reduce the chance for error, the easiest way to enter budget records is to use the 'Duplicate' option available on the Create menu to copy a budget record with the dates already entered. The value that you enter in the next column (the Values column) should be the figure budgeted for the sub-period running from the date on the same line to the next line, meaning that if you run a balance sheet or profit & loss report part way into this period, the report will accrue this value.

Values: Enter budget values for each sub-period.

If you have not specified a Budget Key, you should select 'Recalculate' from the operations menu to move these values to the right-hand column.

If you have specified a Budget Key and Base Value, these values will be treated as extra amounts to be added to the calculated figures in the right-hand column when you use the 'Recalculate' function.

Remember that you can copy budget values from Excel or other tabulated programs and paste them into the matrix.

Budget: The budgeted amounts for each sub-period. These values will be calculated each time you select the 'Recalculate' command from the operations menu.

You should not enter figures yourself in this column. If you have not specified a Budget Key, enter figures for each sub-period in the Values column and then use 'Recalculate' to move them to this column. If you enter figures yourself here, the Budget Sum in the footer will not be updated and so the overall budget record will not be correct.

OK: You can approve the budget by ticking this check box. Once you have done this and have saved the Budget, it will no longer be modifiable. If you do need to change an OKed budget, first remove the check from the OK box and save.

If it becomes necessary to change a budget, you should not do so in the budget itself. Instead, you should enter a new record in the revised budget register. This ensures you keep a record of your original budget forecast. OKing budgets will help ensure you follow this practice.

Budget Sum: This field shows the total budget for the overall budget period. Unlike the figure that you entered in the Base Value field, this figure is calculated automatically: it is the sum of the Budget figures in the grid. Therefore, if you change the budget and recalculate it using the 'Recalculate' function on the operations menu, the Base Value will remain unchanged, so you can make a comparison between the original budgeted figure and the final one. The Budget Sum will also take into account any extra amounts in the values column.

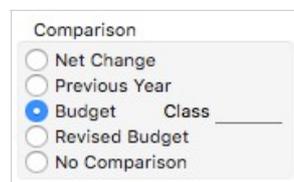
If you cannot explain the difference between the Base Value and the Budget Sum, the probable cause is that the budget has a different number of periods (rows in the grid) to the budget key.

3. When you have entered values in as many rows in the grid as you need, or you have chosen a budget key, select 'Recalculate' from the operations menu and press [Save] to save, or [Cancel] to cancel.
4. Repeat steps 1 to 3 to set budgets for all account-object combinations. Use the 'Duplicate' option available under the Create button to assist with the data entry. You can only save one budget record for each account-

object/period combination.

5. Once you have entered a budget for each account-object combination, you should set an overall budget for each account for the same period. This overall budget record should contain the sum of the separate budgets for each object and will be used when you produce a Balance Sheet or Profit & Loss report without specifying an object. To do this, create a new budget record and enter the account and period. Leave the object field empty. Save the record and then select 'Calculate Sum from Account-Object Budget' from the operations menu. Standard ERP will search for all budgets featuring the account with the various objects that fall in the relevant period and calculate an overall budget by adding them together.
6. Remember, that if the objects entered for account-object budgets are taken from the same hierarchy the value resulting from using this function can be significantly increased by calculating the values from all the budgets mentioned above. An example of this is that if you have entered a budget for a sales account and a "sales department" object, as well as separate budgets for the sales account and the "shop 1", "shop 2" and "shop 3" objects that are under the "Sales department" object in the hierarchy. Careful use of this function is therefore required.

After entering budgets, you can compare budget with actual figures in some General Ledger reports (Balance Sheet, Profit & Loss) by selecting the 'Budget' radio button in the 'Comparison' section in the report specification window. You can also choose a budget class using Paste Special.

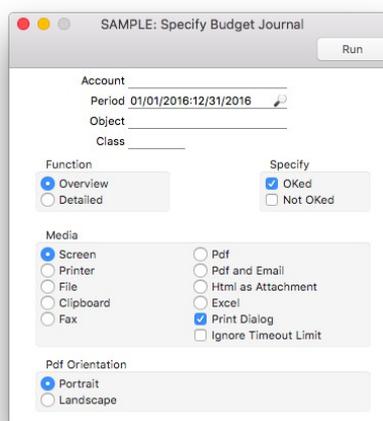


In the case of the Profit & Loss report, you should also specify the budget period.

Printing Budget Definitions

To print a list of budget definitions, follow these steps:

1. In the General Ledger, select "Reports" from the Navigation Center.
2. Choose "Budget Journal" from the list.
3. In the following window, enter the required report period, select OKed and/or Not OKed and press [Run].



4. A list of Budgets will be printed. If you chose the Detailed option, the report will also list the budget figures for the sub-periods.

SAMPLE: Budget Journal

Standard ERP, Print date: 09/26/2016 20:42
Period 01/01/2016 : 12/31/2016
OKed Only

Account	Comment	Object	Class	Start Date	End Date	Sum
41000	Sales - General			01/01/2016	12/31/2016	-48,000.00
41100	Sales - Keyboard Instruments			01/01/2016	12/31/2016	-52,000.00
41300	Sales - Percussion Instruments			01/01/2016	12/31/2016	-32,000.00
41500	Sales - String Instruments			01/01/2016	12/31/2016	-40,000.00
41600	Sales - Wind Instruments			01/01/2016	12/31/2016	-44,000.00
61000	General & Administrative Exp			01/01/2016	12/31/2016	4,800.00
61060	Office Supplies			01/01/2016	12/31/2016	6,000.00
61079	Telephone			01/01/2016	12/31/2016	7,560.00
61110	Advertising			01/01/2016	12/31/2016	7,000.00
65110	Wages			01/01/2016	12/31/2016	96,000.00
66010	Rent			01/01/2016	12/31/2016	32,000.00
66090	Electric			01/01/2016	12/31/2016	1,440.00

Budget Keys

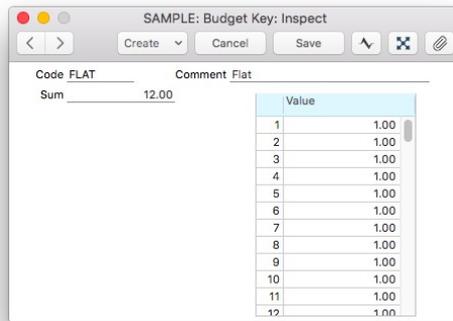
The budget key is one of the tools available in Standard ERP to help in the calculation of budgets. Budget keys allow you to apply a formula to a yearly budget total in order to divide it into smaller sub-period figures.

For example, suppose that for particular accounts each month of the year is budgeted to have the same balance, except June, July and August, which are to have balances half the size of the other months. Enter a budget key with a value of 1 for each of the three summer months, and 2 for the other months. The sum will be 21, which then corresponds to the annual balance. When you select the 'Recalculate' from the operations menu in a particular budget, the system will first divide the total budget sum by 21. Then, or each month, it will multiply the base value by the appropriate ratio (during the summer months: $\text{base value}/21*1$; during the other months - $\text{base value}/21*2$).

When the sum of the Budget Keys is 100, each month will have a certain percentage of the annual figure. You can use percentage values as budget keys, but you don't have to. And remember that if you start entering percentage values that add up to 100, changing a value will also change the sum away from 100. In this case, the method of calculation is alike: calculating budgets for each sub-period the system will divide the total budget sum by 100 and multiply by the appropriate percentage already entered in the value column.

You should define your budget key records in such a way as to co-ordinate with your budgeting methods. For example, if you start with an annual budget figure and break it down into quarterly totals, your budget keys should feature four lines, one for each quarter. If you work to monthly totals, each budget key should have twelve lines, and so on.

To enter budget keys, ensure you are in the General Ledger and select 'Budget Keys' from the settings list. Then open a new budget key record window by selecting Create in the button bar and choosing the 'New Budget Key' option. When the budget key record is complete, save it using the [Save] button.



Code: This is a code that identifies the budget key, when used for budgeting. Only uppercase letters and numbers are allowed.

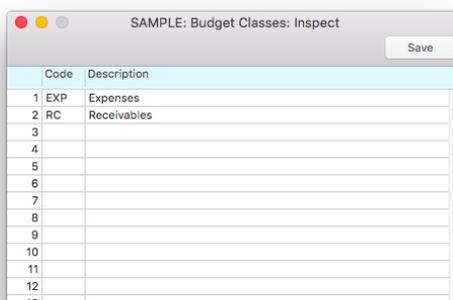
Name: Give the key a descriptive name such as "Flat Budget Key – 12 months" The name is shown in the budget key browse window. Ideally, the name should include a reference to the number of periods (i.e. the number of rows used in the grid, usually 12 for monthly periods or four for quarterly periods). This will help you when entering budget records because these should have the same number of periods as the budget keys they use.

Sum: Standard ERP will fill in this field automatically with the sum of the monthly or quarterly key values.

Value: Enter the period key values.

Budget Classes

You can assign Budget Classes to Budget and the Revised Budget records allowing you to run General Ledger Reports such as the Profit & Loss and Balance Sheet where you can compare actuals with a specified Class of Budget values. The Budget Class selection is available in the following reports: Balance Sheet, Profit & Loss, Revised Budget Journal and Budget Journal.



The Revised Budget Register

Once you have finalized your budgets for a particular financial year, it is generally recommended that you do not change them. Changing a budget will mean that the original planning objectives will be lost. You will no longer be able to compare performance to budget as the year progresses, and so the divergence from the original plan may increase. Changing a budget will also prevent a realistic evaluation of the quality of the budgeting process.

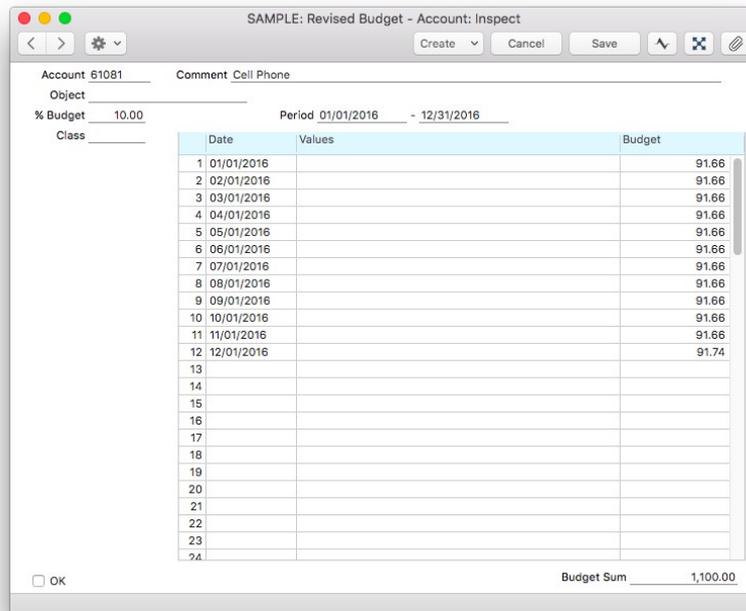
However, it may be that some factors used when calculating the budgets (e.g. market conditions, rates of production etc) change. These changes may mean that it will be misleading to compare actual results with the original budgeted figures. For example, if there is a shortfall in sales, you may then need to re-evaluate some spending budgets to compensate for the reduced funding. Comparing the actual spending figures with the original budgets will become less useful.

In this situation, you will benefit from having some flexibility in your budgeting system. You can use the revised budget register to adjust budgets as necessary, allowing you to evaluate current operations more effectively in the light of changing circumstances.

You can adjust a revised budget at any time, while leaving budgets unchanged to document your original expectations.

To work with the revised budget register, follow these steps

1. To open the revised budget register, ensure you are in the General Ledger and open the revised budgets register. The revised budget browse window is opened.
2. Open a revised budget record from the list if you want to view or modify it. Alternatively, select the Create button and choose 'New Revised Budget' to enter a new record.
3. The revised budget window is very similar to the budget window already described.



	Date	Values	Budget
1	01/01/2016		91.66
2	02/01/2016		91.66
3	03/01/2016		91.66
4	04/01/2016		91.66
5	05/01/2016		91.66
6	06/01/2016		91.66
7	07/01/2016		91.66
8	08/01/2016		91.66
9	09/01/2016		91.66
10	10/01/2016		91.66
11	11/01/2016		91.66
12	12/01/2016		91.74
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			

You can also create a revised budget record by effectively copying and making adjustments to an existing budget record. To do this, first create a new revised budget record and enter the same account, object, period and sub-period dates that you have used in a budget record. Then use the % Budget field and/or Values column in the matrix to make the adjustments as described below. Finally, select 'Recalculate' from the operations menu. Figures from the budget will be brought in, adjusted using the % Budget or Values that you have entered. The budget record does not have to be OKed to use this feature.

The % Budget field allows you to make a percentage adjustment to every figure in the budget record for the same account-object/period combination. Entering "10" to this field, for example, will add 10% to the budget figures, while entering "-10" will subtract 10%. Entering "0" will mean there is to be no adjustment. After entering a % Budget, select 'Recalculate' from the operations menu. The percentage adjustment will be applied to the figures in the budget record, and the results will be placed in the Budget column in the grid. The Budget Sum field at the bottom of the window will also be updated.

The Values column in the grid allows you to add or subtract fixed amounts from individual sub-period figures in the corresponding budget record. Entering "10" in the Values field in a particular row, for example, will add 10 to the figure from the corresponding budget row, while entering "-10" will subtract 10. After entering Value figures, enter 0 in the "% Budget" field and select 'Recalculate' from the operations menu. The fixed amounts will be added to or subtracted from the figures in the budget record, and the results will be placed in the Budget column in the grid. The Budget Sum field at the bottom of the window will also be updated. If you enter both a % Budget and a Value, the percentage will first be applied to the budget figure and then the Value will be added. If the dates in the grid do not match those in the budget record, the 'Recalculate' function will take this into account and unexpected results may be obtained.

Once you have entered a revised budget for each account-object combination, you should set an overall revised budget for each account. This means the sum of the separate revised budgets for each object. This overall revised budget record will be used when you produce a balance sheet or profit & loss without specifying an object. You can do this using the 'Calculate Sum from Account-Object Budget' function on the operations menu in the same way as described for budgets.

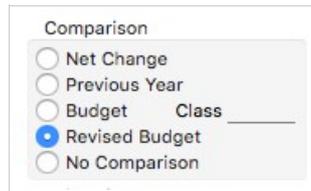
4. Once you have entered one revised budget record, you should enter revised budget records for every account-object combination that has a budget, even those for which no revision is needed. This will ensure that the reports that compare revised budgets with actual figures will be complete. This can be done by filling in the revised budget record as described above, entering "0" in the % Budget field and leaving the Values column empty. When you

select 'Recalculate' from the operations menu, the revised budget will be calculated to be the same as the original budget.

An easy way to enter revised budget records for every account-object combination that has a budget is to use the 'Revised Budget from Budget' maintenance routine. This is described in the next section.

- Three reports allow you to compare revised budgets with actual figures: the "Balance Sheet", the Object/Quantity" report (which provides this analysis separately for each object-account combination) and the "Profit & Loss" report.

As with budgets, you can compare revised budget with actual figures in the Balance Sheet and Profit & Loss reports by selecting the 'Revised Budget' radio button in the 'Comparison' section in the report specification window. You can also choose a budget class using Paste Special.

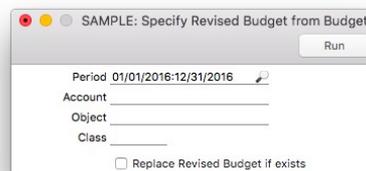


In the case of the Profit & Loss report, you should also specify the budget period.

Creating Revised Budget Records in Bulk

If you need to enter revised budget records for several account-object combinations at once, you can do so using the 'Revised Budget from Budget' maintenance routine. This will create revised budget records by copying budget records. After using this routine to create revised budget records, you can update them with the necessary changes.

To run this maintenance routine, ensure you are in the General Ledger and press the [Routines] button in the Navigation Center. Then press the [Maintenance] button and choose 'Revised Budget from Budget' from the list:



In the specification window, specify the period whose budgets are to be copied. If you need to create revised budgets for a specific account, you can choose that account using Paste Special. Otherwise, if you leave the account field blank, revised budgets will be created from every budget record for the period. Additionally you can choose an object and/or budget class. If a revised budget record already exists for the period specified, you can choose to replace it with a new one by ticking the "Replace Revised Budget if exists" check box. Press the [Run] button to create the revised budget records.

USING OBJECTS

Objects

In traditional accounting, the classification of expenditure and the allocation of different expenses to departments, products, regions etc. is a well-known problem area. In essence, there is a need to present management reports in several different views or dimensions. Normally, there are three basic dimensions used in the accounting of any business:

- The KIND of income or expense - material, labor, transport, telephone etc.
- The COST CENTER, i.e. the department or organizational unit that carries the responsibility for incurring the expense or realizing the revenue.
- The COST BEARER, normally the output, product or service produced.

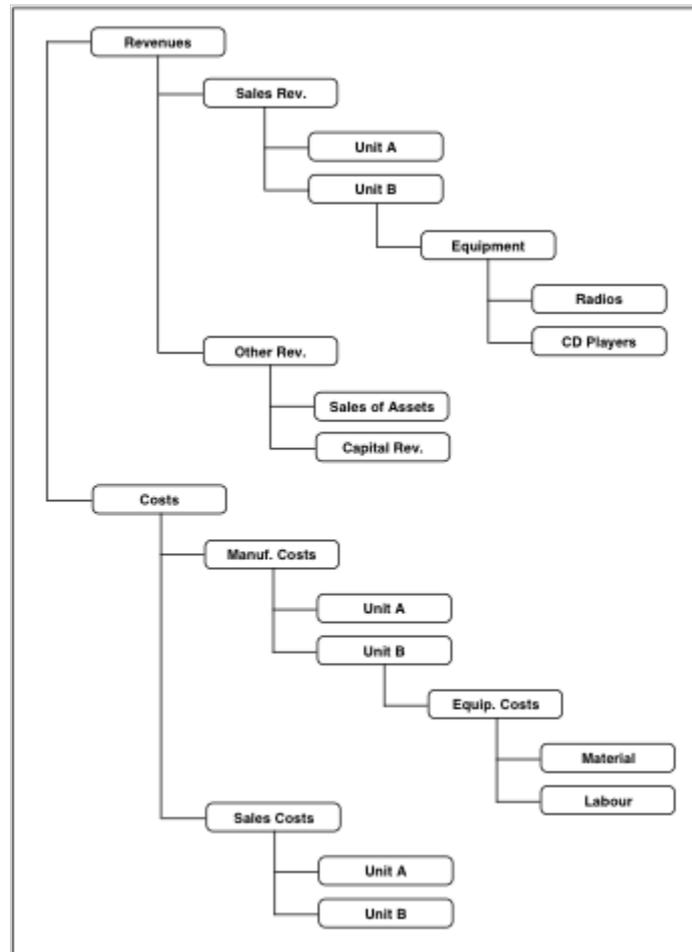
In some businesses, there is a requirement to add further dimensions that are not subdivisions of the above, such as geographical areas.

Conceptually, the accounting situation can be described as a three-dimensional table.

		Cost Centers				
		Unit A	Unit B	Unit C	Unit D	Total
Products	Cars	Revenue Sales Less Discounts Net Sales Material Labour Sales & Distribution Marketing GP2	Revenue Sales Less Discounts Net Sales Material Labour Sales & Distribution Marketing GP2	Revenue Sales Less Discounts Net Sales Material Labour Sales & Distribution Marketing GP2		
	Trucks	Revenue Sales Less Discounts Net Sales Material Labour Sales & Distribution Marketing GP2	Revenue Sales Less Discounts Net Sales Material Labour Sales & Distribution Marketing GP2	Revenue Sales Less Discounts Net Sales Material Labour Sales & Distribution Marketing GP2		
	Buses	Revenue Sales Less Discounts Net Sales Material Labour Sales & Distribution Marketing GP2	Revenue Sales Less Discounts Net Sales Material Labour Sales & Distribution Marketing GP2			
	Other					
	Total					

Revenue	
Sales	100
less Discounts	-10
Net Sales	90
Costs	
Material	-12
Labour	-13
GP	65
Sales & Distribution	-18
Marketing	-8
GP2	49

In traditional accounting systems, each transaction will be classified using the chart of accounts, which is a list of accounts. By definition it is one-dimensional. Through various means, the accounts are divided into sub-classes down one or more levels, and the result is a hierarchical tree structure of classifications.



A result of the hierarchical tree structure classification is inevitably that cost type, profit center and cost bearer classifications are scattered all over the chart of accounts. This makes the description of reports complicated and cumbersome, since data will have to be picked up individually from many different accounts, in order to produce different types of functional result reports.

To simplify the structure many accounting systems subdivide the “account string” into different parts, each indicating cost type, department, project, product etc. This is only a half-way solution. The only logically viable solution to truly multi-dimensional accounting is to use an “object” classification in each accounting transaction. Using this method, the chart of accounts will contain account specifications for the kind of revenue, expenditure, asset, liability or equity, while the objects will represent the remaining information (i.e. cost type, department, project, product etc). Each accounting transaction will consist of an account number, an amount, a date, and one or more object classifications. In the example below, a wages payment for selling radios in Unit C would contain the following information

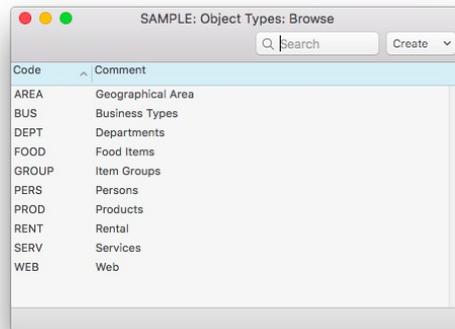
Number	970001
Date	010116
Account	65110 Wages
Text	“Any written description”
Amount	Debit 15420.25
Objects	Unit C, Radio

With this classification, it would be simple to show all transactions entered for a separate product, unit and cost type, or to show a profit & loss statement for a particular section of the business.

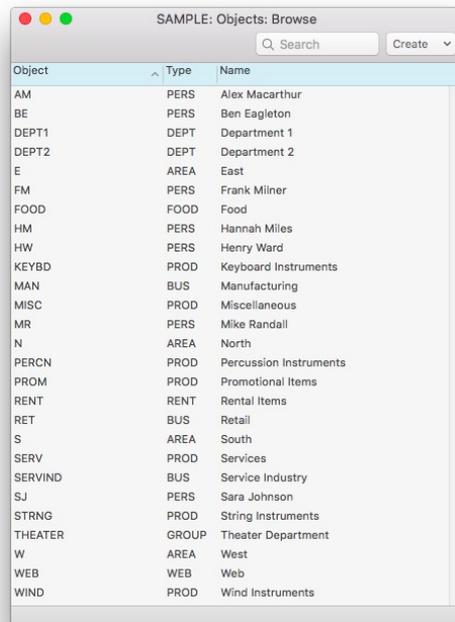
Objects in Standard ERP

Standard ERP supports the use of objects, allowing you to classify your transactions in various ways. In this section, we will illustrate the use of objects. As an example, the requirement to analyze sales by geographical area, type of business, salesperson and type of item. In the case of a business with several offices, objects could also be used to analyze the sales performance of each office. In fact, you can assign up to 30 objects to each transaction (with 20 being a more practical limit), providing very extensive reporting possibilities. To set up such a system, follow these steps

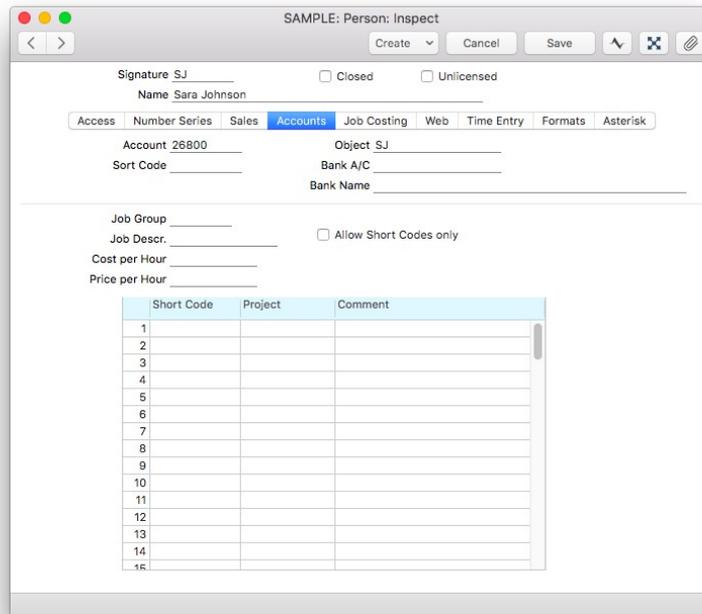
1. The first step is to define object types, using the setting in the General Ledger. In the example, we will need four object types for geographical area, type of business, type of item and sales person



2. The next step is to define the objects themselves, using the object register that is available in both the General Ledger and the System module. Each object should belong to an object type.



3. When you enter a record to the person register in the System module for each member of staff, you can assign one object on the 'Accounts' tab.



Short Code	Project	Comment
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		

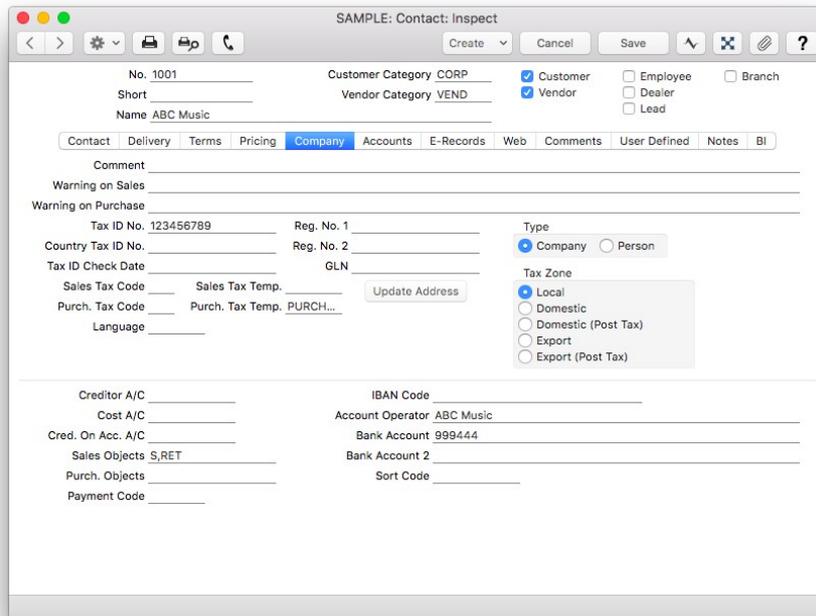
In this example, we will use these staff objects to analyze sales made by each salesperson. They will automatically be transferred to all sales transactions involving the person. These objects are also used in the expenses module. If you will be using this module, it is recommended that you use a different expenses control account for advances and settlements (account 26800 in the illustration above according to the US chart of accounts) for each person. If this is not possible, you should at least use a separate object for each person. If you do not at least have a unique account-object combination for each person, the "Periodic Personnel Statement" report will not be correct because it will not be able to calculate a balance for each person.

4. When you enter a customer record to the contact register, you can assign objects to it. These objects will automatically be transferred to all sales transactions involving the customer. You can assign several objects to a customer: separate each object using commas. The object field can contain up to 60 characters

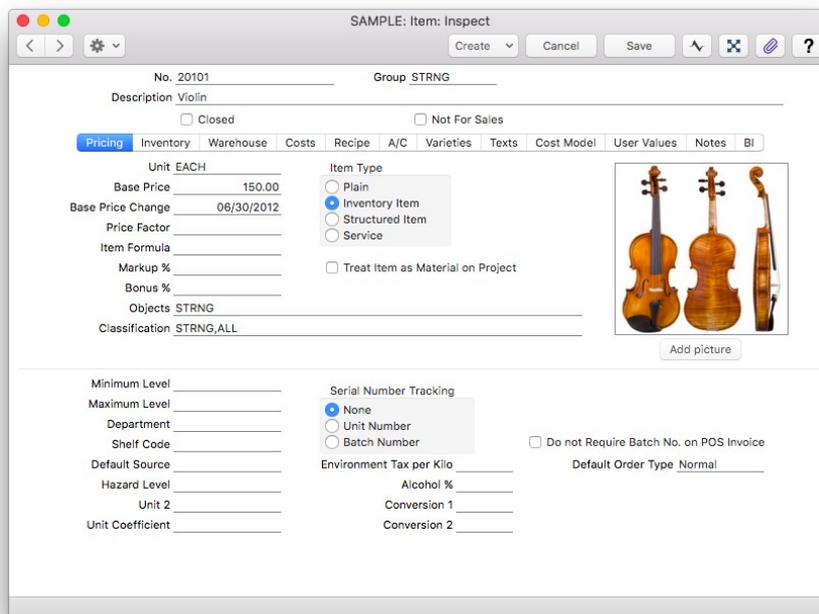
For each customer, enter one object belonging to the AREA and BUS types in the "Sales Objects" field on the 'Accounts' tab, separated by a comma.

You will only be able to use one object per object type on any transaction. There is no need to enter an object representing the salesperson, because this will be supplied to each sales transaction from the person register.

The object field is in some ways similar to the "Classification" field on the 'Contact' card. Both fields can contain several entries separated by commas, and sometimes the information will be the same in both fields. The "Classification" field will provide analysis for CRM purposes (marketing, mail shots, etc.), while the "Object" field will provide accounts analysis in the General Ledger. In this example, the geographical area and type of business of the customer is useful information for both purposes, so it should be entered both in the "Classification" field and in the "Sales Objects" field.



- When you enter each item to the item register, you can similarly assign objects to it, using the “Objects” field on the pricing tab. In this example, enter an object belonging to the PROD type.



- As already mentioned, the objects assigned to each customer, person and item will automatically be transferred to all sales transactions. However, there may be customers or items that do not have objects, perhaps because there was insufficient information to be able to assign the correct objects when the record was first created. Sales transactions using these customers or items will not contain any objects, so the subsequent object analysis will be incomplete or inaccurate. To guard against this, use the “Object Type Control” setting in the General Ledger to ensure that every sales transaction contains objects belonging to the correct types.

SAMPLE: Object Type Control: Inspect

Require Object of certain Type with the following Accounts

Type	Accounts
1 PERS	12100,12110,12120,12130
2 PROD	41000:42000
3	
4	
5	
6	
7	
8	
9	
10	
11	

Save

In the example illustrated above, we have specified that whenever we use accounts 12100,12110,12120 or12130 (i.e. any of our debtor accounts) in a transaction, it must be together with an object belonging to the PERS object type. We will not be able to save the transaction if a required object is missing. Similarly, whenever we use an account between 41000 and 42000 (i.e. any of our sales accounts), it must be together with an object belonging to the PROD object type. Accounts 41000 and 42000 are separated by a colon in the illustration, signifying a range i.e. all accounts between 41000 and 42000.

- Whenever you use the customer in a Sales Invoice or in any record that will eventually lead to an invoice (i.e. quotation, order, project, service order), the customer's objects and that of the Salesperson will be brought in automatically. In the case of the order, they will be visible in the field on the 'Terms' tab. When you add items to the order, their objects will be brought in to flip B of the 'Items' tab.

SAMPLE: Order: Inspect

No. 1053 Name ABC Music

Customer 1001 Official No. _____

Date 09/14/2016 Our Reference _____ Salesperson SJ

Payment Terms 14 Attention Dylan Wilson Project _____

Planned Delivery _____ Objects RET,S,SJ Order Class _____

Dispatch Date _____ Reference _____ Order Type Normal

Dispatch Time _____ Cust. Ord. No. _____ Sales Contract _____

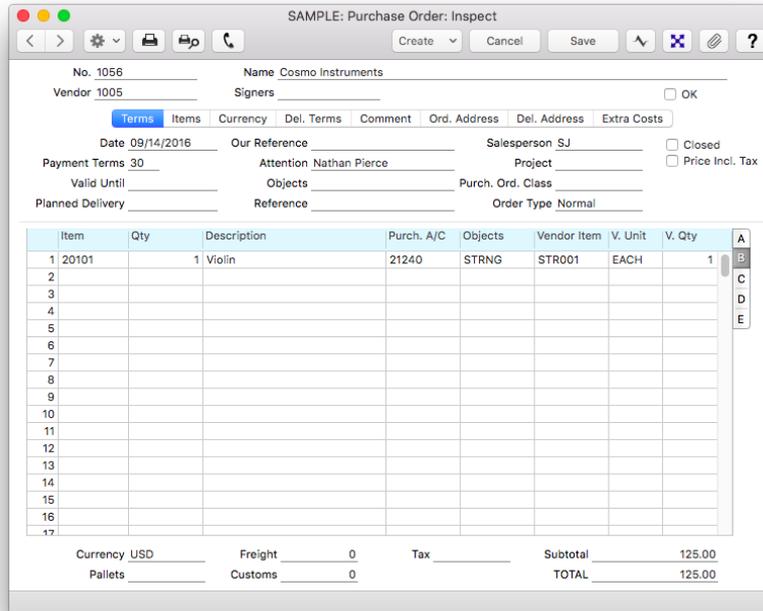
Item	Qty	Description	Cust. Ite...	A/C	Object	T-Cd
1	20101	1 Violin		41500	STRNG	ITNORMA...
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						

Currency USD

GP % _____ Tax 11.10 Subtotal 147.00

Total GP 22.00 Base 158.10 TOTAL 158.10

- If you need to create a Purchase Order for the items on the sales order, the objects from the items will again be brought in to flip B of the Purchase Order.



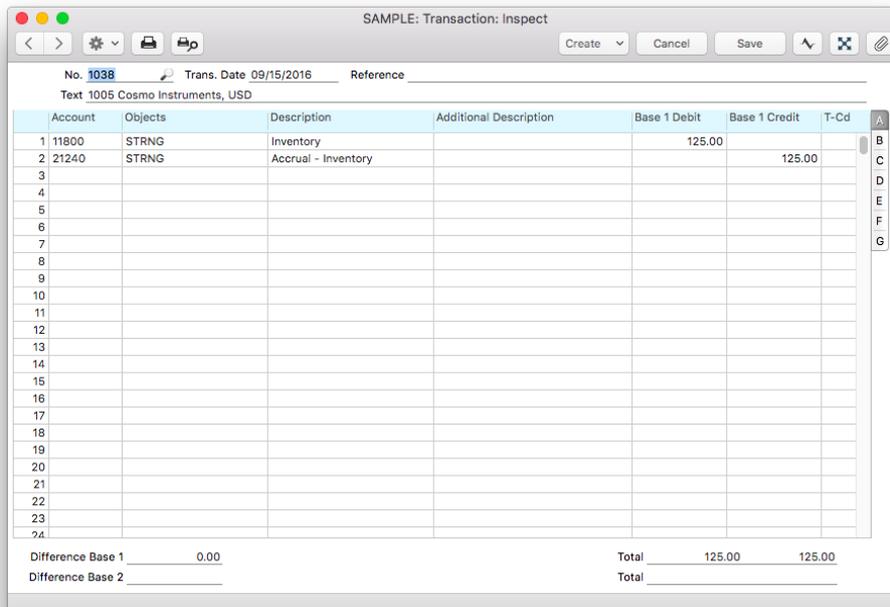
No. 1056 Name Cosmo Instruments
 Vendor 1005 Signers _____ OK
 Date 09/14/2016 Our Reference _____ Salesperson SJ Closed
 Payment Terms 30 Attention Nathan Pierce Project _____ Price Incl. Tax
 Valid Until _____ Objects _____ Purch. Ord. Class _____
 Planned Delivery _____ Reference _____ Order Type Normal

Item	Qty	Description	Purch. A/C	Objects	Vendor Item	V. Unit	V. Qty
1	1	Violin	21240	STRNG	STR001	EACH	1
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							

Currency USD Freight 0 Tax _____ Subtotal 125.00
 Pallets _____ Customs 0 TOTAL 125.00

- From the Purchase Order, these objects will be transferred to the goods receipt.

In the resulting General Ledger transaction, these objects are assigned both to the credit posting to the Purchase accruals account and to the debit posting to the Inventory account.



No. 1038 Trans. Date 09/15/2016 Reference _____
 Text 1005 Cosmo Instruments, USD

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1 11800	STRNG	Inventory		125.00		
2 21240	STRNG	Accrual - Inventory			125.00	
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						

Difference Base 1 0.00 Total 125.00 125.00
 Difference Base 2 _____ Total _____

10. When you create the Payable from the Purchase Order, the objects will again be included.

SAMPLE: Payable: Inspect

No. 1033 Name Cosmo Instruments
 Vendor 1005 Hold Amount _____
 TOTAL 125.00 Tax _____

Invoice Date 09/15/2016 Vendor Inv. No. _____ Receiving Date _____
 Payment Terms 30 Signers _____ Discount Date _____
 Transaction Date 09/15/2016 Objects _____ Sett. Discount _____
 Due Date 10/15/2016 Reference _____ Credit of Invoice _____

A/C	Objects	Short.	Description	Amount	T-Cd
1	21240	STRNG	Accrual - Inventory	125.00	IT...
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					

Currency USD Calculated Tax _____

These will be transferred to the debit postings to the Purchase accruals account.

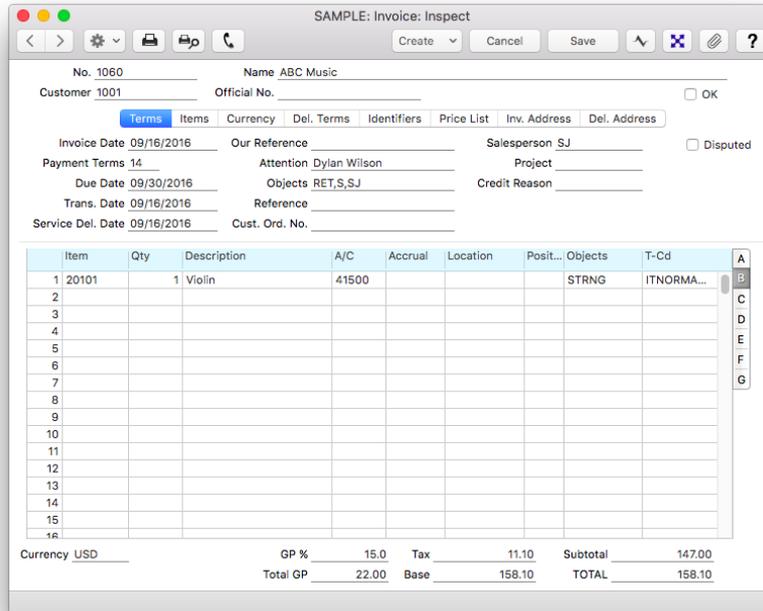
SAMPLE: Transaction: Inspect

No. 1033 Trans. Date 09/15/2016 Reference _____
 Text 1005 Cosmo Instruments, USD

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1	21000	Accounts Payable			125.00	
2	21240	STRNG	Accrual - Inventory	125.00		
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						

Difference Base 1 0.00 Total 125.00 125.00
 Difference Base 2 _____ Total _____

- On the sales side, the customer, person and item objects will all be transferred from the order to the delivery and to the resulting invoice.



No. 1060 Name ABC Music
 Customer 1001 Official No. OK

Invoice Date 09/16/2016 Our Reference Salesperson SJ Disputed
 Payment Terms 14 Attention Dylan Wilson Project
 Due Date 09/30/2016 Objects RET,S,SJ Credit Reason
 Trans. Date 09/16/2016 Reference
 Service Del. Date 09/16/2016 Cust. Ord. No.

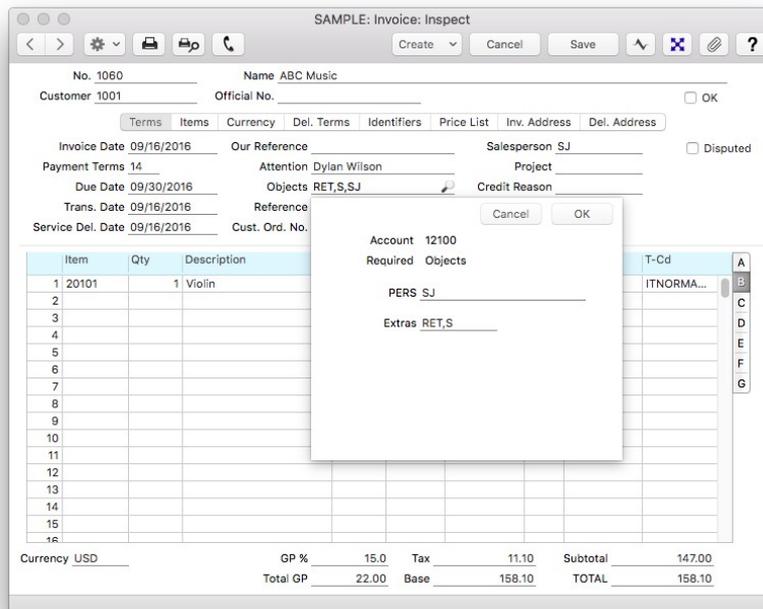
Item	Qty	Description	A/C	Accrual	Location	Posit...	Objects	T-Cd
1		Violin	41500				STRNG	ITNORMA...
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								

Currency USD GP % 15.0 Tax 11.10 Subtotal 147.00
 Total GP 22.00 Base 158.10 TOTAL 158.10

- At any stage in the process, you can change the objects (subject to object type control if you are using that setting) or add extra ones if you need to. If a record already contains an object and you decide to choose a new object using the 'Paste Special' feature, type the comma or colon before opening the 'Paste Special' list. This will cause Standard ERP to add the next object to the one(s) already there. Otherwise, the previous object will be overwritten.

Usually, the 'Paste Special' list of objects will be the standard one in which you can find the object that you need by sorting the list by object, type or name.

However, if you are using the object type control feature, the standard 'Paste Special' list when opened from the Invoice will be replaced by the 'Assisted Object Entry' window.



No. 1060 Name ABC Music
 Customer 1001 Official No. OK

Invoice Date 09/16/2016 Our Reference Salesperson SJ Disputed
 Payment Terms 14 Attention Dylan Wilson Project
 Due Date 09/30/2016 Objects RET,S,SJ Credit Reason
 Trans. Date 09/16/2016 Reference
 Service Del. Date 09/16/2016 Cust. Ord. No.

Account 12100
Required Objects

PERS SJ

Extras RET,S

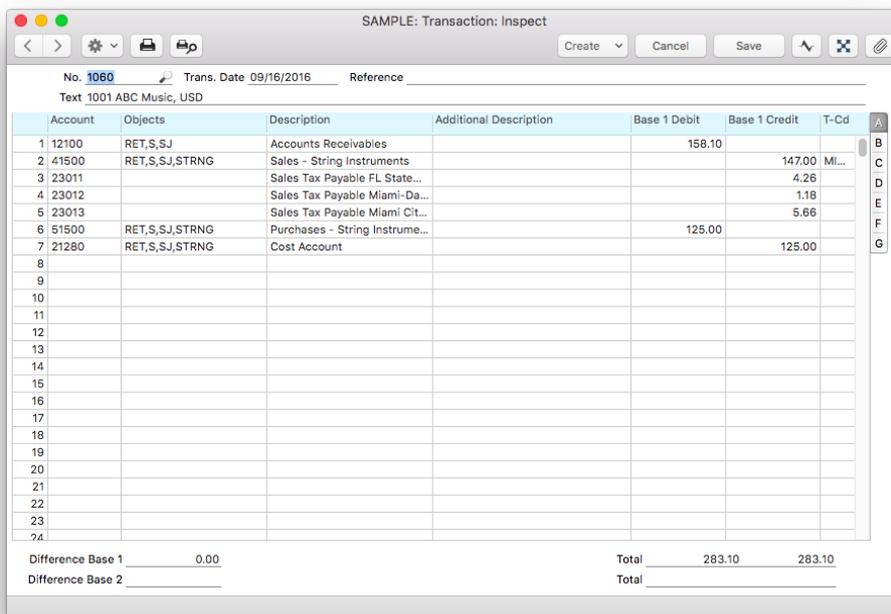
Item	Qty	Description	A/C	Accrual	Location	Posit...	Objects	T-Cd
1		Violin	41500				STRNG	ITNORMA...
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								

Currency USD GP % 15.0 Tax 11.10 Subtotal 147.00
 Total GP 22.00 Base 158.10 TOTAL 158.10

In the example illustrated above, we opened the 'Assisted Object Entry' window from the "Object" field on the 'Terms' card of the Invoice. The window therefore prompts us to enter an object belonging to the PERS object type, since objects belonging to this object type must be used together with the debtor account.

The debtor account is visible on the price list tab of the invoice i.e. the debtor account and the PERS object are connected because they are both on the header level of the invoice. Using 'Paste Special' in the usual way, enter an object belonging to the PERS type in the appropriate field. 'Paste Special' here will only list the objects belonging to the type in question. Use the "Extras" field if you want to add another object belonging to a different type. If we had opened the 'Assisted Object Entry' window from the object field on flip B of the 'Items' tab, the window would prompt us to enter an object belonging to the PROD object type, since an object belonging to that object type must be used together with a sales account. The sales account and the PROD object are connected because they are both on an invoice row.

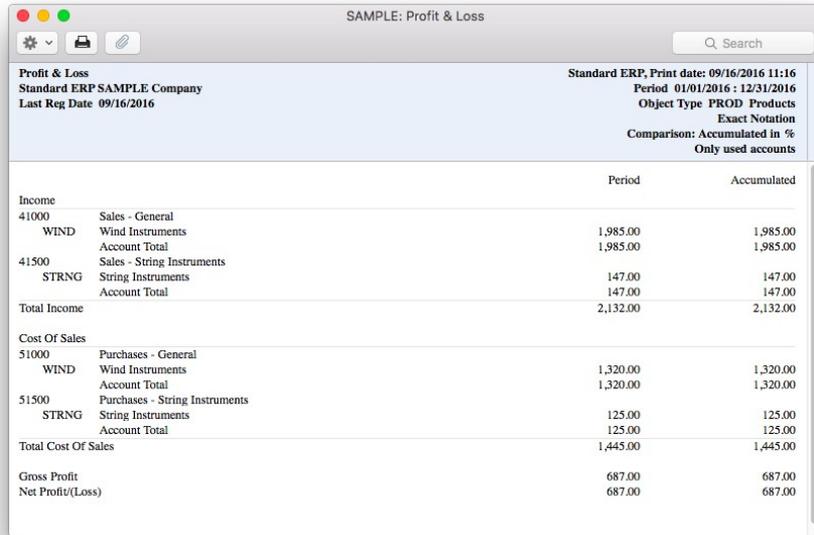
- When we OK and save the invoice, the RET and S objects from the customer, the SJ object from the person and the appropriate object, STRNG, from the item will be attached to the postings to the sales and the cost of sales accounts. These objects will be arranged in alphabetical order automatically



Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1 12100	RET,S,SJ	Accounts Receivables		158.10		
2 41500	RET,S,SJ,STRNG	Sales - String Instruments			147.00	MI...
3 23011		Sales Tax Payable FL State...			4.26	
4 23012		Sales Tax Payable Miami-Da...			1.18	
5 23013		Sales Tax Payable Miami Cit...			5.66	
6 51500	RET,S,SJ,STRNG	Purchases - String Instrume...		125.00		
7 21280	RET,S,SJ,STRNG	Cost Account			125.00	
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
Difference Base 1				0.00		
Difference Base 2						
Total				283.10	283.10	

As in the illustration, the customer and Salesperson objects can be attached to the posting to the debtor account as well. If you want to use this option, tick the "Objects on Debtor A/C" check box in the "Account Usage A/R" setting in the Accounts Receivable module.

14. You can produce a Profit & Loss report for the PROD object type, to compare the profitability of each object belonging to that object type.

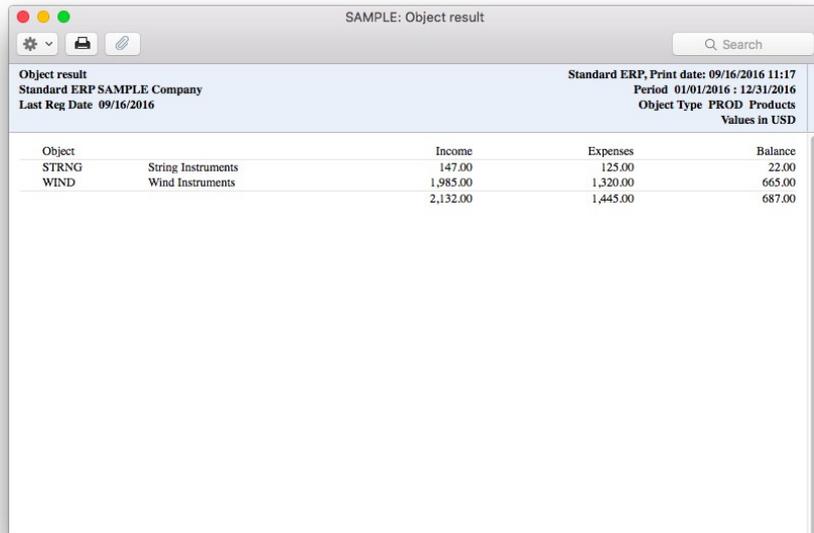


Profit & Loss
Standard ERP SAMPLE Company
Last Reg Date 09/16/2016

Standard ERP, Print date: 09/16/2016 11:16
Period 01/01/2016 : 12/31/2016
Object Type PROD Products
Exact Notation
Comparison: Accumulated in %
Only used accounts

		Period	Accumulated
Income			
41000	Sales - General		
WIND	Wind Instruments	1,985.00	1,985.00
	Account Total	1,985.00	1,985.00
41500	Sales - String Instruments		
STRNG	String Instruments	147.00	147.00
	Account Total	147.00	147.00
Total Income		2,132.00	2,132.00
Cost Of Sales			
51000	Purchases - General		
WIND	Wind Instruments	1,320.00	1,320.00
	Account Total	1,320.00	1,320.00
51500	Purchases - String Instruments		
STRNG	String Instruments	125.00	125.00
	Account Total	125.00	125.00
Total Cost Of Sales		1,445.00	1,445.00
Gross Profit		687.00	687.00
Net Profit/(Loss)		687.00	687.00

15. If you need to see individual profit figures for each object belonging to the PROD object type, produce an Object Results report for this object type.

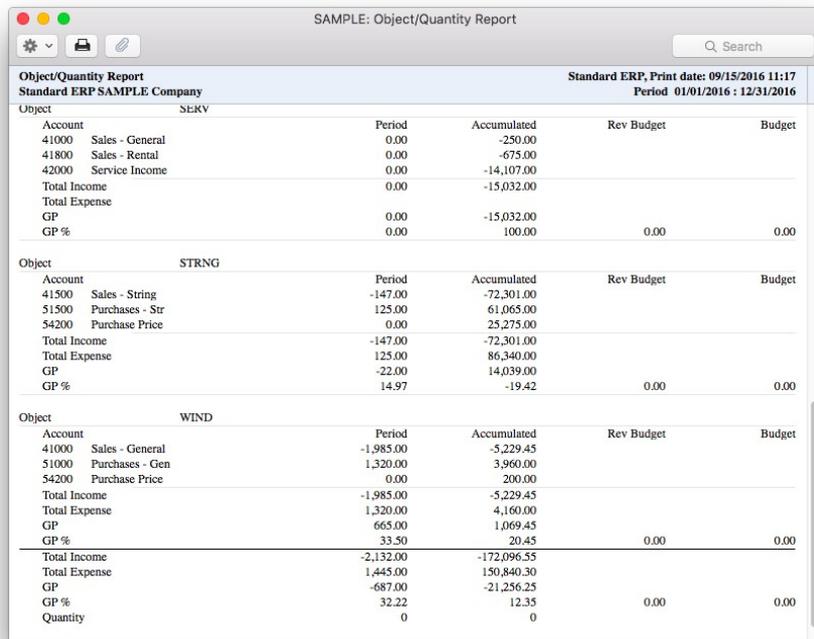


Object result
Standard ERP SAMPLE Company
Last Reg Date 09/16/2016

Standard ERP, Print date: 09/16/2016 11:17
Period 01/01/2016 : 12/31/2016
Object Type PROD Products
Values in USD

Object		Income	Expenses	Balance
STRNG	String Instruments	147.00	125.00	22.00
WIND	Wind Instruments	1,985.00	1,320.00	665.00
		2,132.00	1,445.00	687.00

16. If you need to see individual profit and margin figures for each Object belonging to the PROD object type, produce an Object/Quantity Results report for this Object Type.



Object		Period	Accumulated	Rev Budget	Budget
Object SEKV					
Account					
41000	Sales - General	0.00	-250.00		
41800	Sales - Rental	0.00	-675.00		
42000	Service Income	0.00	-14,107.00		
Total Income		0.00	-15,032.00		
Total Expense					
GP		0.00	-15,032.00	0.00	0.00
GP %		0.00	100.00		
Object STRNG					
Account					
41500	Sales - String	-147.00	-72,301.00		
51500	Purchases - Str	125.00	61,065.00		
54200	Purchase Price	0.00	25,275.00		
Total Income		-147.00	-72,301.00		
Total Expense		125.00	86,340.00		
GP		-22.00	14,039.00		
GP %		14.97	-19.42	0.00	0.00
Object WIND					
Account					
41000	Sales - General	-1,985.00	-5,229.45		
51000	Purchases - Gen	1,320.00	3,960.00		
54200	Purchase Price	0.00	200.00		
Total Income		-1,985.00	-5,229.45		
Total Expense		1,320.00	4,160.00		
GP		665.00	1,069.45		
GP %		33.50	20.45	0.00	0.00
Total Income		-2,132.00	-172,096.55		
Total Expense		1,445.00	150,840.30		
GP		-687.00	-21,256.25		
GP %		32.22	12.35	0.00	0.00
Quantity		0	0		

You can also produce reports for a combination of objects.

As shown above, the object feature is a very powerful one, allowing you to produce profitability reports in the General Ledger for any cost center (e.g. departments, customer and item types, employees and geographical areas) on its own or in any combination.

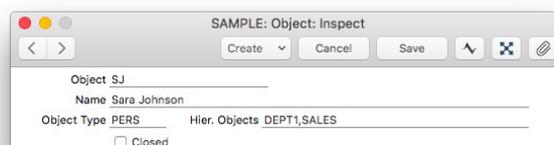
All objects in Standard ERP can span several years. This is a consequence of Standard ERP's continuous database, where the end of year is simply a user-defined reporting interval. The object balances are thus automatically transferred from one fiscal year to the next. This gives you the ability to keep track of the budget and results of an object (e.g. a building project) for several years.

You can close an object, to prevent further postings to it. Working in the object register (in the General Ledger or the System module), tick the "Closed" check box to close it. If you want to open the object again later, simply untick the "Closed" box.

Hierarchical Objects

You can use hierarchical objects. This will be especially useful when you enter General Ledger transactions (journal postings) manually, because in this case no objects will be offered by default, as they were in the sales-orientated example described above.

A hierarchical object is one that consists of a string or sequence of objects, separated by commas. Enter this string in the "Hier. Objects" field as shown in the following example.



Object SJ
 Name Sara Johnson
 Object Type PERS Hier. Objects DEPT1,SALES
 Closed

When you enter the SJ object in a General Ledger transaction, it will be replaced by the string of objects in the "Hier. Objects" field. In the example below, the SJ object has just been entered.

SAMPLE: Transaction: New

No. 160003 Trans. Date 09/20/2016 Reference

Text

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1 61170	SJ	Mileage				
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						

Difference Base 1 _____ Total _____
 Difference Base 2 _____ Total _____

As soon as you press the Tab, Enter or Return key to move to the next field, the string of objects from the definition will replace the object that was typed.

SAMPLE: Transaction: New

No. 160003 Trans. Date 09/20/2016 Reference

Text

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	T-Cd
1 61170	DEPT1,SALES,SJ	Mileage				
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						

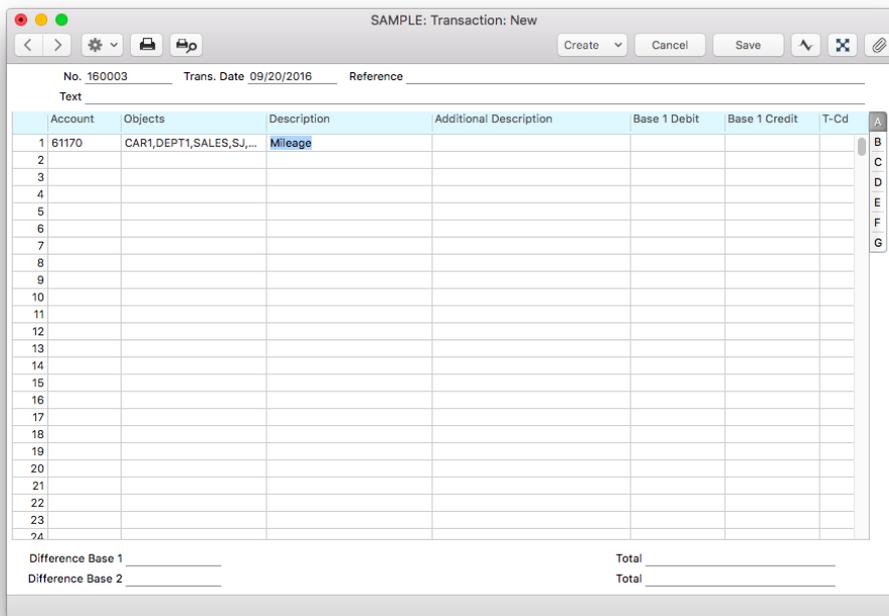
Difference Base 1 _____ Total _____
 Difference Base 2 _____ Total _____

This expansion of the hierarchical object will not take place on screen when you assign it to a particular invoice, customer or item, but it will take place when a General Ledger transaction is generated using that invoice, customer or item. Therefore, whenever you look at the Invoice, you will see SJ in the example above, but when you look at the consequent General Ledger transaction you will see the full object string. Note that the hierarchical SJ object is included in the object string, a useful feature that allows you to work with several levels in your analysis.

Hierarchical objects can be nested i.e. one hierarchical definition can contain another.



When you use the STRA object, it will expand to the combined contents of STRA and SJ.



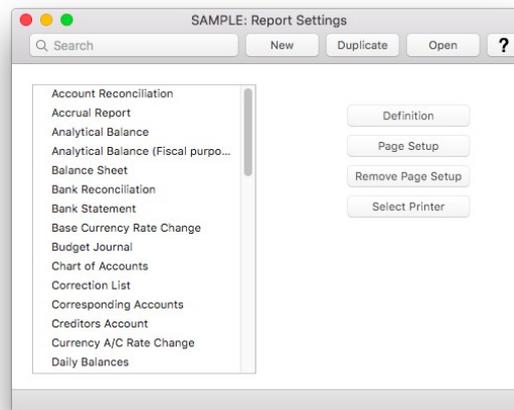
As already mentioned, when you enter General Ledger transactions (journal postings) manually, no objects will be offered by default. The hierarchical object feature will help ensure that anyone entering a General Ledger transaction will attach objects belonging to the appropriate type(s) to each posting. You can use the feature together with the object type control setting described in step 6 of the previous section to make sure that every posting has the correct number of objects, belonging to the correct object types.

DEFINITION OF REPORTS

Report Settings

You can change the appearance and format of some General Ledger reports to suit your specific requirements. This is known as changing the report's definition. The reports for which this facility is available are the balance sheet, key financial ratios, profit & loss report and tax report.

To change a report definition, ensure you are in the General Ledger and select the [Settings] button in the navigation center. Select 'Report Settings' in the subsequent list. Then, highlight a report name in the list on the left-hand side of the 'Report Settings' window and select the [Definition] button.

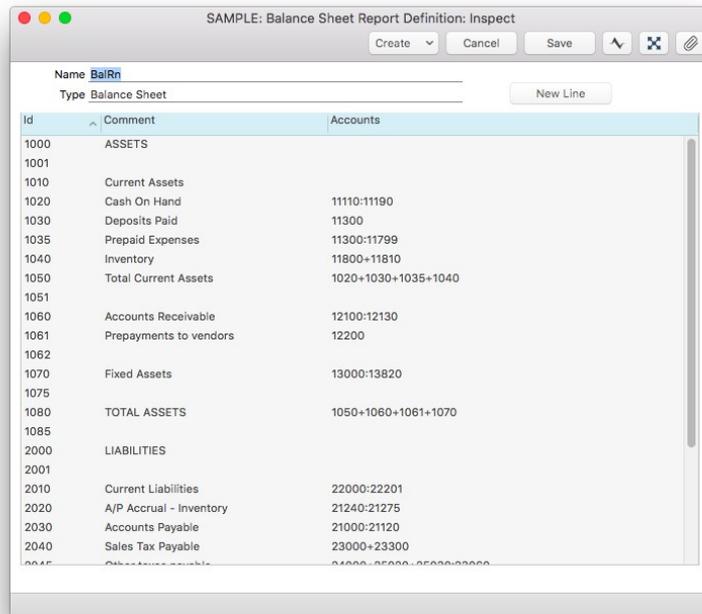


You can only use the [Definition] button with the profit & loss, balance sheet, key financial ratios and Tax reports.

In essence, there are two different sets of functions that you will use when defining reports. "Balance Sheet" and "Profit & Loss" use one set of functions (Balance Sheet/Profit & Loss), and Key Financial Ratios and Tax Report use the other set (Key Financial Ratios/Tax Report).

Defining the Balance Sheet

When you highlight "Balance Sheet" in the list on the left-hand side of the 'Report Settings' window and select the [Definition] button, the window illustrated below will open. This contains the current definition of the balance sheet.

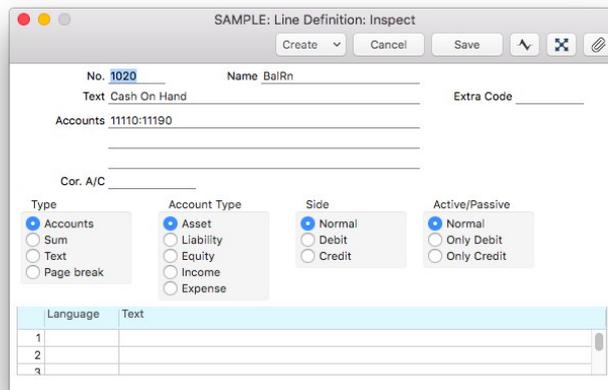


The window shows the balance sheet row by row, as it has been presented up to now. Each row in the definitions list will cause a separate section to be printed in the balance sheet report. The rows are numbered 1000, 1001, 1010, 1020 etc., so there is room to insert new rows in between. You can insert new rows using the [New Line] button.

Open the row marked “1020: Cash On Hand”.

The record window is opened, showing the current definition of the row.

The number identifies the row in the balance sheet, and the text “Cash On Hand” will be printed in the report as a heading for a group of accounts.



The accounts field contains a range of account numbers. Every account in this range will be printed in the balance sheet, under the heading specified in the text field. An alpha sort is used so, in the example illustration above, “11110:11190” effectively means that all accounts whose first four digits are between “1111” and “1119” are to be printed in the report.

The accounts field consists of three rows, with room for a definition 300 characters long. As alternatives to specifying a range of accounts, you can also specify a number of individual accounts, or ranges of accounts, separated by commas.

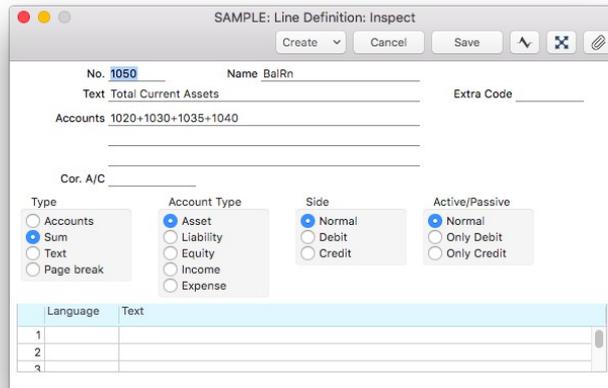
Of the four type options, “Accounts” has been selected, which means that each of the accounts in the range will be printed individually in the report. After the last account in the group, a total for the group will be printed.

You can use the grid to enter various translations of the text (i.e. the report heading or sub-heading). Specify a language in

the first column using 'Paste Special' if necessary, and the appropriate translation in the second column. There is no need to enter a row for your home language. When you print the report, you can specify which language is to be used.

The extra code is used in Russia where the balance sheet is printed using a standard report design that includes line numbers: use this field to specify the correct line number for this row of the report. The extra code only appears in the report when you produce it using the "No Comparison" option.

Go back to the list and open row 1050, "Total Current Assets". The type of this row is "Sum", which means that the total values from rows 1020, 1030, 1035 and 1040 will be added together. The result of this calculation will be printed in the report under the heading "Total Current Assets". The account type is still "Asset", which means that when it is printed in the report, the figure will obey the "Assets" check box in column 1 in the Presentation of Balances setting in the General Ledger.

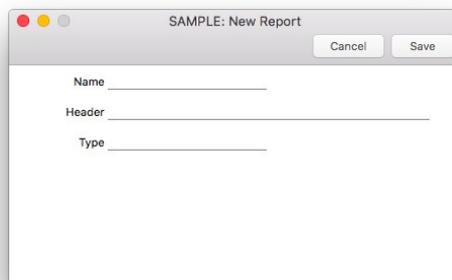


Since the Type is "Sum", the accounts field contains previously defined row numbers (1020+1030+1035+1040), not account numbers. Do not enter account numbers in the three accounts fields if the type is "Sum".

Multiple Balance Sheet Definitions

In some companies there is a requirement for multiple balance sheet definitions. To cater for this requirement, Standard ERP allows you to add more balance sheet reports to the General Ledger. Each of these reports can have its own definition. To add a new balance sheet, follow these steps.

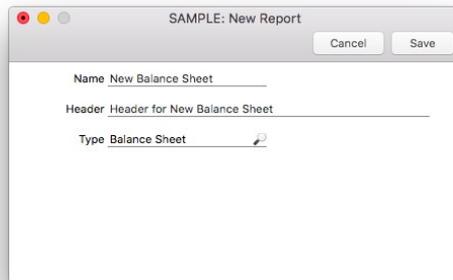
1. Press the [Settings] button in the navigation center and select 'Report Settings' in the subsequent list.
2. When the 'Report Settings' window opens, select the [New] button or, if you would like to copy an existing report including its definition, select the [Duplicate] button. The New Report window opens:



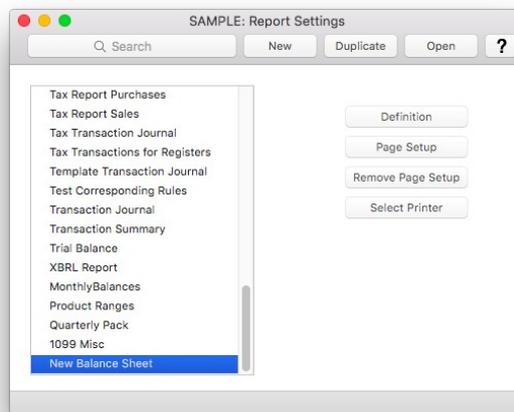
Name: Enter a name for the report. This name will appear in the 'Reports' list.

Header: Enter a second name for the report. This name will be printed in the report header, and will also appear in the title bar of the report window if you print the report to screen.

Type: Use 'Paste Special' from this field to specify the report type (i.e. balance sheet, profit & loss or key financial ratios).



3. Select the [Save] button to save the new report. The 'New Report' window closes, and the new report will be added to the bottom of the list in the report settings window and to the reports list available from the navigation center, using the name specified in the 'New Report' window.



Defining Key Financial Ratios

The key financial ratios report allows for reporting from various data sources across the system using fully user-definable formulae.

To change the report definition of the key financial ratios report, first press the [Settings] button in the navigation center and select 'Report Settings'. Then highlight 'Key Financial Ratios' in the list on the left-hand side of the 'Report Settings' window and press the [Definition] button. The record window for the definition of key financial ratios will be opened.

Most of this window is taken up by a matrix. Use this matrix to define your key ratios: each key ratio will occupy a separate row in the matrix, and each key ratio will cause a separate line to be printed in the key financial ratios report. The following illustration shows a sample list of defined ratios.

SAMPLE: Key Financial Ratios Report Definition: Inspect

Create Cancel Save

Name KeyRn
Type Key Financial Ratios Define Columns

	Code	Comment	Definition	Hide
1	10	SALES	-Result("41000:49999")	No
2				No
3	20	COST OF SALES	Result("50000:55000")	No
4				No
5	30	GROSS PROFIT	KEY(10)-KEY(20)	No
6				No
7	40	OVERHEADS	Result("61000:66090")	No
8				No
9			No
10	50	NET PROFIT	KEY(30)-KEY(40)	No
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

Each row in the key financial ratios report definition matrix should contain a separate key ratio. For each key ratio, enter the following information:

Code: A unique code identifying each key ratio row: this can be used to refer to the key ratio when calculating others (see the illustration).

Comment: The name of the ratio, to be shown on the report.

Definition: The formula used to calculate the value of this key ratio.

Hide: Use 'Paste Special' to select "Yes" or "No". Choose "Yes" if you do not want a particular Key Ratio to be printed in the report. This allows you to use rows for hidden calculations that you can then include in the definitions in later rows (using the KEY command).

You can use the commands listed below in the formulae in the Definition field. These commands are not case sensitive.

Result("Account Code"): This command returns the net change during the period for the account specified in the brackets. Some examples of the use of this command are as follows:

Result("41000"): Returns the net change in account 41000 for the specified period.

Result("41000:41999"): Returns the sum of the net changes in accounts 41000 to 41999 for the specified period. The accounts used are determined using an alpha sort, rather than a numeric one.

-Result("41000:14999"): This is the same as the previous example, but the sign of the final figure is changed. This is useful when displaying figures for sales, which are stored as negative figures in Standard ERP. Prefixing the result command with a minus sign will cause sales to be displayed as positive figures in the report.

Result("41000+41200:41999"): Takes the net change in account 41000 and adds it to the sum of the net changes in accounts 41200 to 41999.

AvgResult("Account Code"): Prints the average monthly posting during the report period to the specified Account or Accounts. For example, if the report period is one year, the command will print the RESULT divided by 12.

CredResult("Account Code"): Prints the total credit posting during the report period to the specified Account or Accounts.

DebResult("Account Code"): Prints the total debit posting during the report period to the specified Account or Accounts.

ObjResult("Account Code","Object Code"): Returns the net change for an account for the specified period and specified object

AvgObjResult("Account Code","Object Code"): Prints the average monthly posting to the specified Account or

Accounts for the specified period and specified object. For example, if the report period is one year, the command will print the OBJRESULT divided by 12.

ObjCredResult("Account Code","Object Code"): Prints the total credit posting to the specified Account or Accounts for the specified period and specified object.

ObjDebResult("Account Code","Object Code"): Prints the total debit posting to the specified Account or Accounts for the specified period and specified object.

Balance("Account Code"): This command returns the closing balance for the Account specified. It therefore differs from the result command in that balances brought forward from previous periods are taken into account.

The command can return the sum of the balances of specified accounts in the same manner as the result command: please refer to the description of the result command above for examples.

CredBalance("Account Code"): Returns the closing credit balance for the Account or Accounts specified.

DebBalance("Account Code"): Returns the closing debit balance for the Account or Accounts specified.

Key("Code"): The value of another key ratio can be included in the calculation. The key ratio referred to must already have been defined. If not, a zero value is used. Therefore, in the example illustration, line 30 must appear below lines 10 and 20.

Note that although the KEY command itself is not case sensitive, the reference to another key ratio is. For example, if you have a key ratio with the Code "TURNO", you can refer to it in another key ratio using key("TURNO") and KEY("TURNO"), but not key("turno").

IfKey("Comparison","print if true","print if false"): IfKey allows you to compare the values of two key ratios and to print the value of one of them, depending on the result of the comparison. You must already have defined the key ratios that you are referring to.

The following examples illustrate the possible comparisons:

IfKey("KEY_A>KEY_B","KEY_A","KEY_B"): If the value of KEY_A is greater than the value of KEY_B, the value of KEY_A will be printed. Otherwise, the value of KEY_B will be printed.

IfKey("KEY_A<KEY_B","KEY_A","KEY_B"): If the value of KEY_A is less than the value of KEY_B, the value of KEY_A will be printed. Otherwise, the value of KEY_B will be printed.

IfKey("KEY_A=KEY_B","KEY_A","KEY_C"): If the value of KEY_A is the same as the value of KEY_B, the value of KEY_A will be printed. Otherwise, the value of KEY_C will be printed.

IfKey("KEY_A>=KEY_B","KEY_A","KEY_B"): If the value of KEY_A is greater than or equal to the value of KEY_B, the value of KEY_A will be printed. Otherwise, the value of KEY_B will be printed.

IfKey("KEY_A<=KEY_B","KEY_A","KEY_B"): If the value of KEY_A is less than the value of KEY_B, the value of KEY_A will be printed. Otherwise, the value of KEY_B will be printed.

VATResult("Account Code","Tax Code"): This command is similar to RESULT, but in calculating the net change during the period for the account specified, only postings with the specified Tax code are taken into account.

The reference to the Tax code is not case sensitive.

The command can return the sum of the balances of specified Accounts in the same manner as the RESULT command: please refer to the description of the RESULT command above for examples.

VATBalance("Account Code","Tax Code"): This command returns the closing balance for the Account specified, with only Transactions with the specified Tax code taken into account. It therefore differs from the VATRESULT command in that balances brought forward from previous periods are taken into account.

AvgVATResult("Account Code","Tax Code"): Prints the average monthly posting to the specified Account or Accounts during the period, taking only transactions with the specified Tax Code into account. For example, if the report period is one year, the command will print the VATRESULT divided by 12.

VATCredResult("Account Code","Tax Code"): This command returns the total credit posting to the account specified during the period, taking only transactions with the specified Tax code into account.

VATDebResult("Account Code","Tax Code"): This command returns the total debit posting to the account specified during the period, taking only transactions with the specified Tax code into account.

APDue(Number of days): This command returns the Accounts Payable total that is overdue for payment by the specified number of days. The last day of the report period is used as the due date. For example, APDue(20) will

return the total that became due 20 days or more before the end of the report period (i.e. that was overdue by at least 20 days on the last day of the period). You must specify a number of days: use APDue(0) if the total is to include all overdue Payables.

APOHDue(Number of days): This command is similar to APDUE above, but Payables marked as On Hold will not be included.

APOnAcc: Prints the On Account balance in Accounts Payable on the last day of the report period. This includes open On Account Payments and Prepayments.

APResult("Account","Vendor"): This command checks any Payables that were issued by the specified Vendor during the report period for any rows with the specified Account and prints the total amount posted to that Account. Some examples of the use of this command are as follows:

APResult("240",""): Prints the total amount posted to Account 240 in Payables received from the following Vendors:

1. The Vendor or range of Vendors specified in the Contact field in the report specification window.
2. Vendors with the Contact Classification specified in the Contact Class. field in the report specification window.
3. All Vendors, if the Contact and Contact Class. fields in the report specification window are both empty.

APResult("200:299","503"): Prints the total amount posted to all Accounts in the range 200:299 in Payables received from Vendor 503.

APResult("200:299","500:599"): Prints the total amount posted to all Accounts in the range 200:299 in Payables received from Vendors 500:599.

APResult("", "503"): Prints the total amount posted to all Accounts in Payables received from Vendor 503.

ARDue(Number of days): This command is the Accounts Receivable equivalent of APDUE above.

ARDPDue(Number of days): This command is similar to ARDUE above, but Invoices marked as Disputed will not be included.

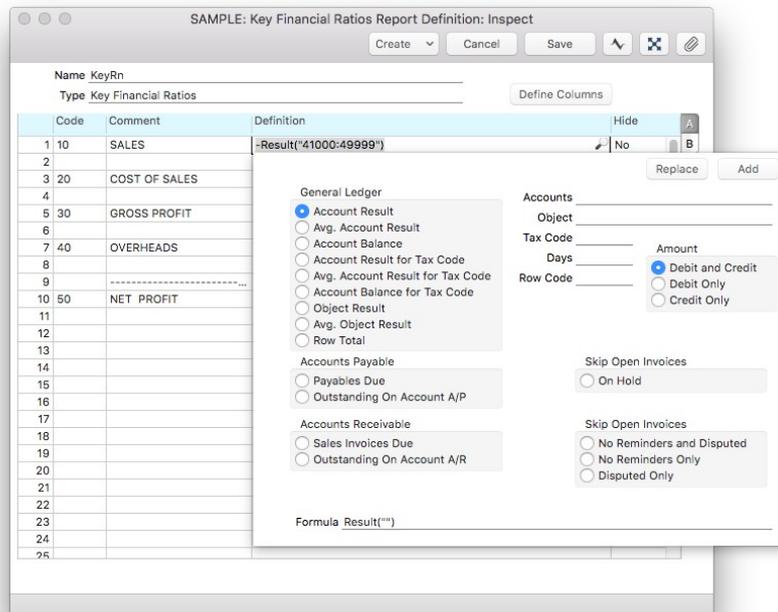
ARNRDue(Number of days): This command is similar to ARDUE above, but Invoices marked as No Reminder will not be included.

ARDPNRDue(Number of days): This command is similar to ARDUE above, but Invoices marked as both Disputed and No Reminder will not be included.

AROnAcc: This command is the Accounts Receivable equivalent of APONACC above.

ARResult("Account","Customer"): This command is the Accounts Receivable equivalent of APRESULT above.

There is an assisted formula entry feature that can help you enter each command correctly. For this you should use the 'Paste Special' command from the Definition field:



The General Ledger section will help you define the commands connected to accounts.

Account Result: equivalent to the Result command

Avg Account Result: AvgResult command

Account Balance: Balance command

Account Result for Tax Code: VATResult command

Avg. Account Result for Tax Code: AvgVATResult command

Account Balance for Tax Code: VATBalance command

Object Result: ObjResult command

Avg. Object Result: AvgObjResult command

With those selections you should also define the accounts and/or object and/or Tax codes using the fields on the right.

Additionally you can define whether the amounts shown should be calculated from debit or credit postings or both (DebResult, CredResult or Result commands, etc).

Row Total: KEY command. With this selection you should also specify a row code on the right hand side

The Accounts Payable section will allow you to print information about the value of overdue Payables (APDue command) and/or outstanding on account payments on the Accounts Payable side (APOnAcc command). If you use the Payables Due option, you can also use the days field on the right side to define the number of days a payable should be due if it is to be included in the printed figure.

It is also possible to skip Payables that are on hold using the "Skip Open Invoices" option (APOHDue command).

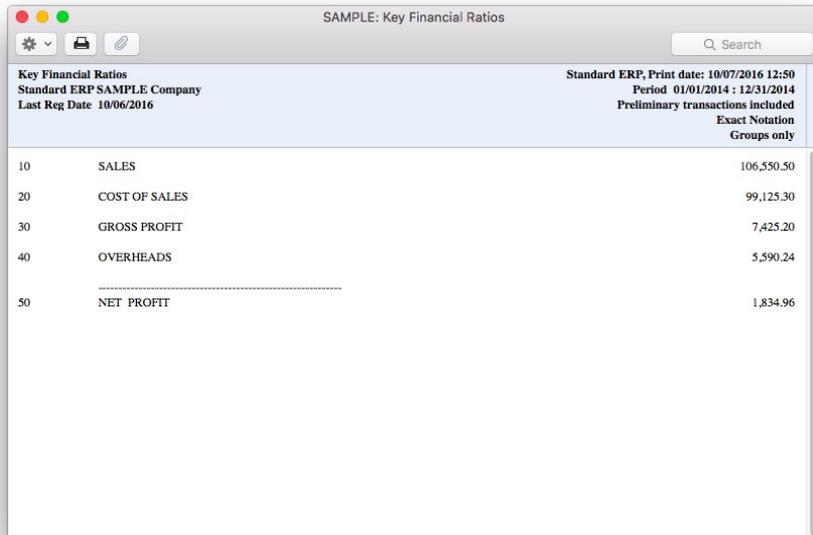
The Accounts Receivable section is similar to the Accounts Payable section.

With each selection made the formula created will be shown in the formula field. To enter the formula to the definition field press the "Add" or "Replace" button in the window.

When you have finished defining key ratios, Select [Save].

When you run the report using the definition illustrated above on page 57, each key ratio will cause a single figure to be printed in the key financial ratios report. The report will display three columns: code, comment and the result from the

definition formula for the report period:

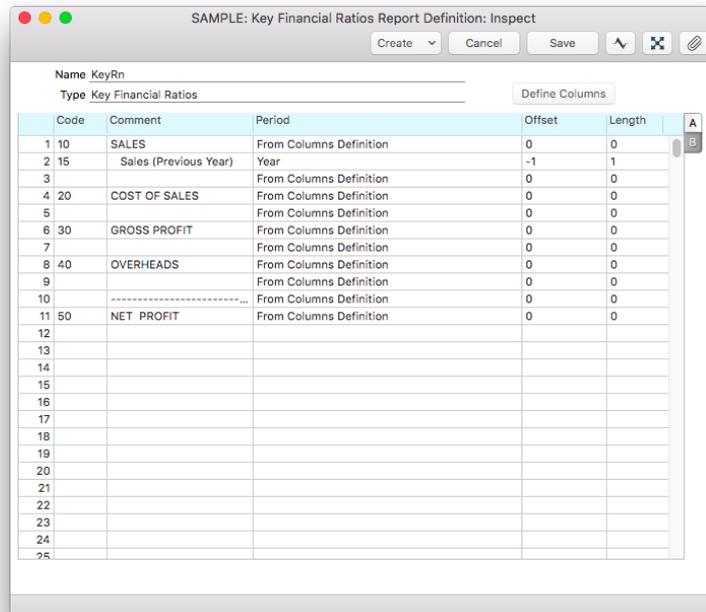


Key Financial Ratios		Standard ERP, Print date: 10/07/2016 12:50
Standard ERP SAMPLE Company		Period 01/01/2014 : 12/31/2014
Last Reg Date 10/06/2016		Preliminary transactions included
		Exact Notation
		Groups only
10	SALES	106,550.50
20	COST OF SALES	99,125.30
30	GROSS PROFIT	7,425.20
40	OVERHEADS	5,590.24
50	NET PROFIT	1,834.96

Flip B – Key Ratios for Different Periods

You can define a key ratio so that it prints a result from a different period to the report period.

To do this, enter the key ratio with formula as already described and then go to flip B:



Code	Comment	Period	Offset	Length
1 10	SALES	From Columns Definition	0	0
2 15	Sales (Previous Year)	Year	-1	1
3		From Columns Definition	0	0
4 20	COST OF SALES	From Columns Definition	0	0
5		From Columns Definition	0	0
6 30	GROSS PROFIT	From Columns Definition	0	0
7		From Columns Definition	0	0
8 40	OVERHEADS	From Columns Definition	0	0
9		From Columns Definition	0	0
10	-----... ..	From Columns Definition	0	0
11 50	NET PROFIT	From Columns Definition	0	0
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

The key ratio in the second row in the illustration will print the total sales figure for the previous year. This is configured as follows:

Period: If you open 'Paste Special' from the Period field, you will see the following options:

From Columns Definition: Will print the calculated result for the selected period (i.e. the period specified in the report specification window).

Month, Year: Will print the result of certain month(s) or year(s), as specified in the Offset and Length columns.

For example you usually run the report for the current month, and you need a column displaying the results for the previous month. In this case you would define the Period as “Month”, the Offset as -1 referring to one month prior to the selected period (i.e. the period specified in the report specification window) and Length 1 to define that you want to get the result of 1 month.

If you usually run the report for the whole year but you would like to display quarterly results in different columns then you would define for the first quarter the Period as “Month”, Offset as 0 and Length 3. For the second quarter, the Period will again be “Month”, the Offset 3 and the Length 3 etc.

The Offset is always calculated based on the first date in the period selection in the report.

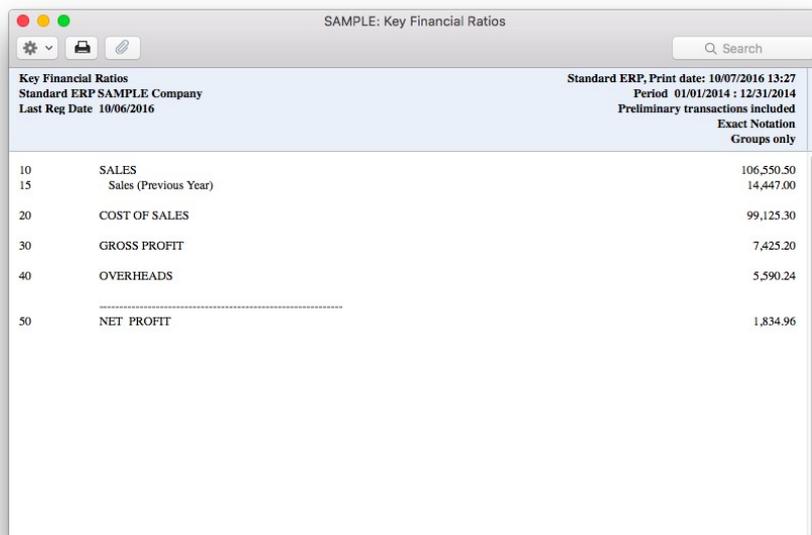
Fiscal Year to Date: This selection will give you the result of the formula for the fiscal year to date. If the Offset is 0, this will be the fiscal year in which the first date in the period selection falls, if the Offset is -1, it will be the previous fiscal year, etc..

Fiscal Year: This selection will give you the result of the formula for the entire fiscal year. Again, you can use the Offset field to specify the fiscal year, and you should also specify a Length (i.e. the number of fiscal years).

Offset: By default the selected period will be begin at the start date specified in the report specification window. The “Offset” field allows you to offset the period by any value backwards or forwards. In row 2 in the illustration above, the Period is specified as “Year” and the “Offset” as -1. This means the key ratio will print the result for the year beginning one year before the report start date.

Length: Insert a number of the elements specified in the “Period” field to determine the length of the period. In row 2 in the illustration above, the Period is specified as “Year” and the Length is 1. This means the length of the period is one year.

This is the result:



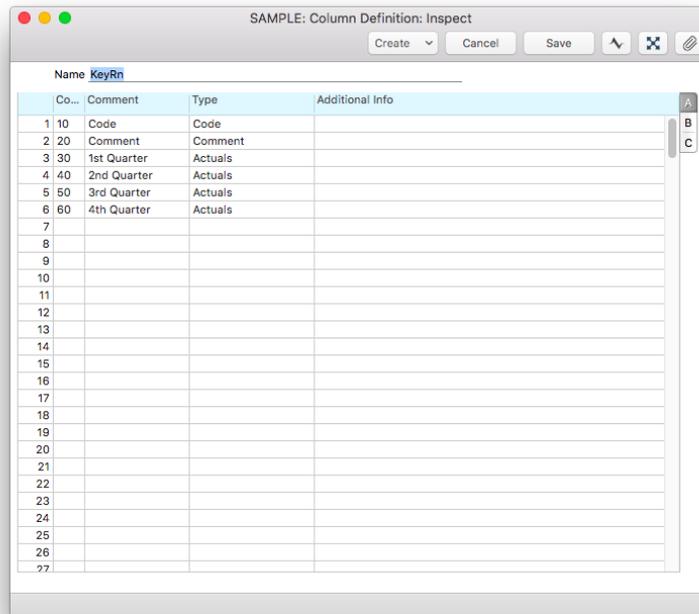
Key Financial Ratios		Standard ERP, Print date: 10/07/2016 13:27
Standard ERP SAMPLE Company		Period 01/01/2014 ; 12/31/2014
Last Reg Date 10/06/2016		Preliminary transactions included
		Exact Notation
		Groups only
10	SALES	106,550.50
15	Sales (Previous Year)	14,447.00
20	COST OF SALES	99,125.30
30	GROSS PROFIT	7,425.20
40	OVERHEADS	5,590.24
50	NET PROFIT	1,834.96

Adding Columns

If you have many Key Ratios, listing them with various periods as described above might result in a long report in which comparison between the various periods is not easy. An alternative is to add column definitions to the report. This will allow you to print information from different periods in separate columns. You can also have columns that print information related to different objects.

To define the columns for the report select the [Define Columns] button.

A new window will open up where you can enter the columns you would like to see in the report.



Each row that you add to the matrix will cause a separate column to be printed in the key financial ratios report, as follows:

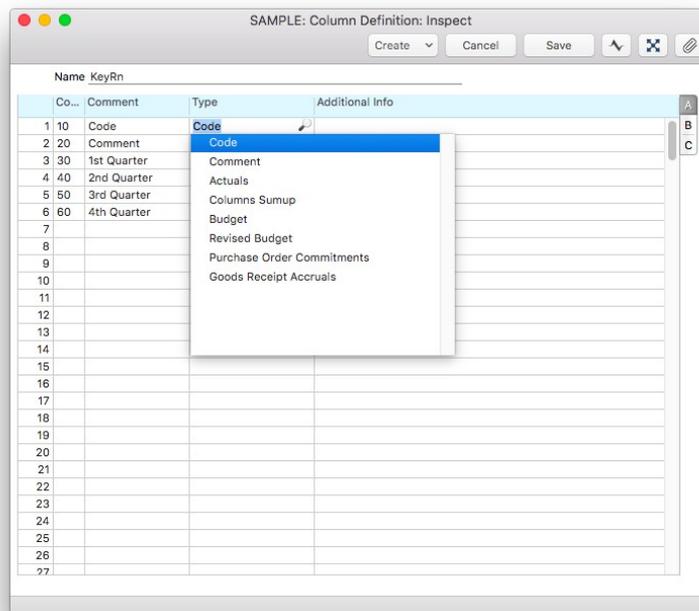
Code: Specify here the code for the column. This can be used in future calculations.

Comment: Specify here the comment for the column. The comment will be printed in the report as the column header.

Type: For each of the columns you should specify the type by choosing the 'Paste Special' command. The various options are described on the next page.

Additional info: If a column should display figures calculated from those displayed in previous columns, set the type to "Columns Sumup" and enter the calculation formula here.

The various Type options are:



Code: This will show the key ratio code from the definition window

Comment: This will show the key ratio comment of the definition window

Actuals: Figures calculated using the key ratio formula will be printed.

Columns Sumup: Prints the sum of certain columns. In the additional info field, specify which columns are to be used in the calculation. For example if you would like to sum the column marked with code 1 and the column marked with code 2, then enter in the additional info field: column("1")+column("2").

Budget, Revised Budget: This will show the budgeted amounts for the account(s) used in the key ratio formula.

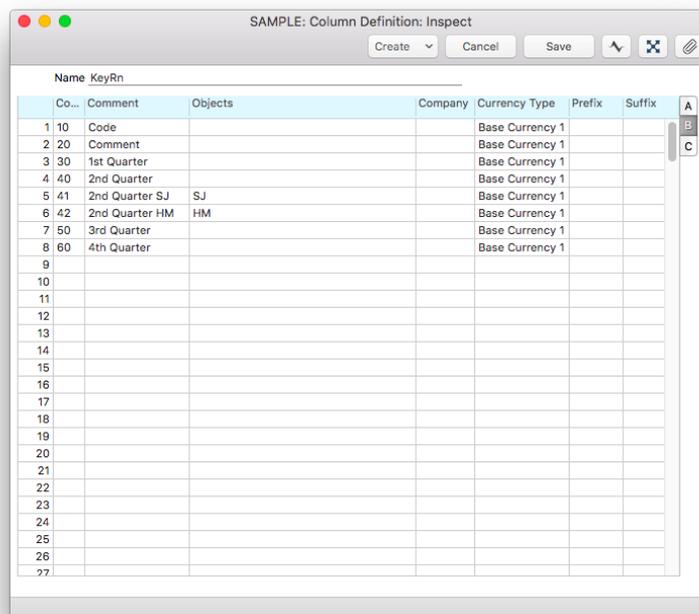
Purchase Order Commitments: This will show the value of OKed, but not received or invoiced Purchase Orders in the purchase account is one of the accounts used in the key ratio formula.

Goods Receipt Accruals: This will show the value of Purchase Orders received into Inventory, but not yet invoiced. Again, to be included in the figure, the purchase account in a Purchase Order row should be one of the accounts used in the key ratio formula.

Specifying different columns allows you to print information from various periods or for different objects.

In the example above, our first key ratio will print our sales turnover: our formula is RESULT(41000:41999) which will print the net change in all our sales accounts (accounts in the range from 41000:49999).

On flip B you can alter this calculation so that it prints the results for these accounts when used in combination with certain objects.



Name	KeyRn	Co...	Comment	Objects	Company	Currency Type	Prefix	Suffix
1	10		Code			Base Currency 1		
2	20		Comment			Base Currency 1		
3	30		1st Quarter			Base Currency 1		
4	40		2nd Quarter			Base Currency 1		
5	41		2nd Quarter SJ	SJ		Base Currency 1		
6	42		2nd Quarter HM	HM		Base Currency 1		
7	50		3rd Quarter			Base Currency 1		
8	60		4th Quarter			Base Currency 1		
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								

Object: Specify here the Object you would like to get the result for.

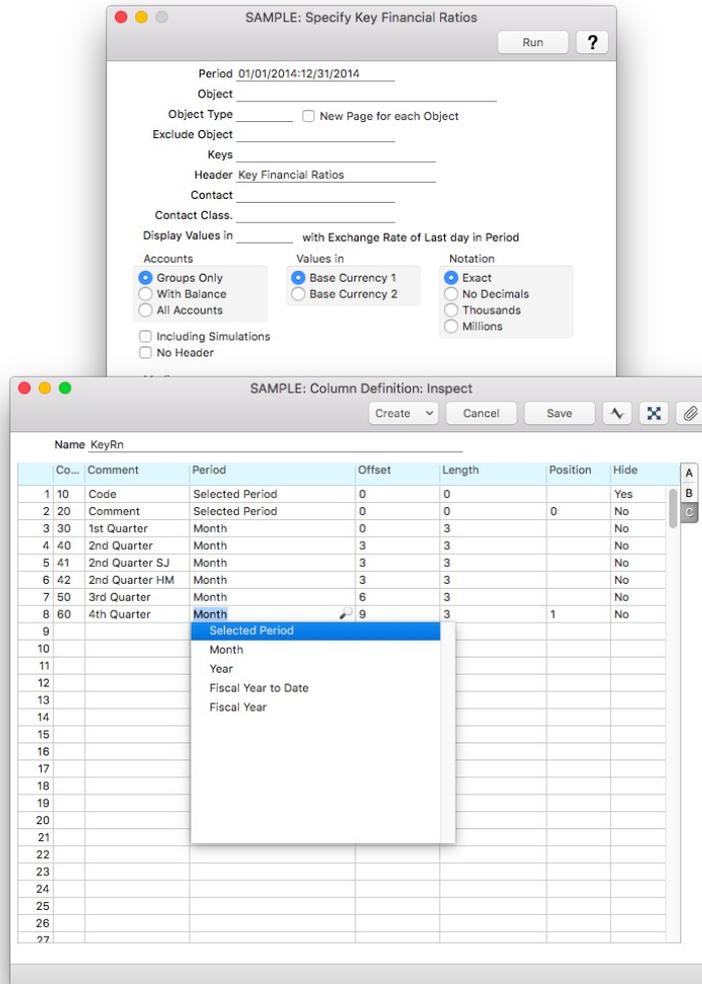
On flip C, you can specify that each column will print the sales turnover for different periods:

If you open 'Paste Special' from the Period field as illustrated above, you will see the a number of options. These are the same options as on flip B of the 'Key Financial Ratios Report Definitions' window (described above on page 62), with the exception that the first option is named 'Selected Period'. The Offset and Length fields are the same as previously described as well.

When you have finished defining the columns save your work.

To run the key financial ratios report, remain in the General Ledger, open the reports list from the navigation center and select the key financial ratios report or the key financial ratio type report that you created yourself.

The report specification window for the key financial ratios report has the following selections:



Period: Use 'Paste Special' to choose the report period. If you have used the period options in the report definition then the first date in the period will be used to calculate offset.

Object: Use 'Paste Special' to select from the objects register. The report will be run for the selected object.

Object Type: Use 'Paste Special' to select object types. If the object type is selected then the report will contain separate sections for each object in the selected type.

Exclude Object: Enter here the object that you want the report not to show.

Keys: To run the report for a certain key ratio only, specify here the row code from the definition window. You can enter several row codes separated by commas.

Header: Specify a title for the report here.

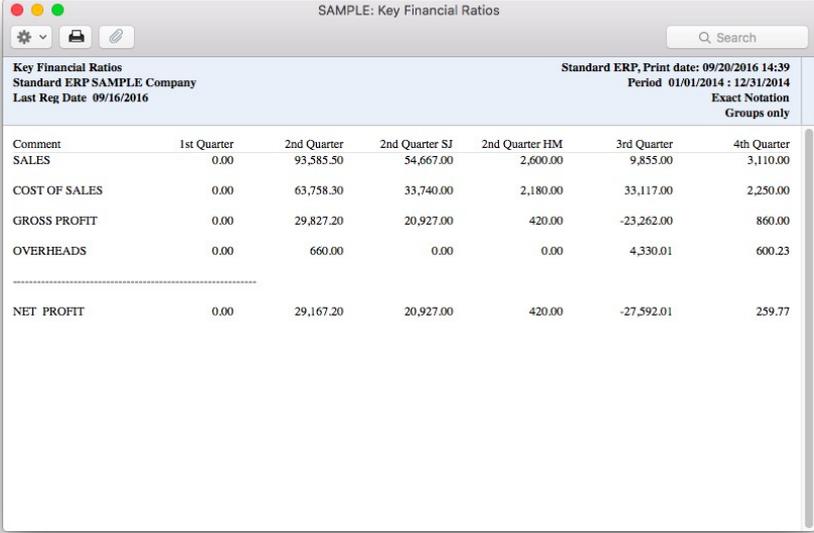
Accounts Groups Only or With Balance: Groups only will give the result of each key ratio. If you select with balance, then the system will also list each account that is used in a certain row and that has a result or balance at the end of the report period.

Notation: Specify here if you would like to see the report results as exact, without decimals, in thousands or millions.

Display Values in: Specify the Currency that is to be used in the report. Leave the field empty to use your home Currency (Base Currency 1).

Including Simulations: Check this box if you want to include simulated transactions in your report. Simulation rows of "Invalid" and "Transferred" Status will not be included.

Using the example report definition with columns described above, the report would look as follows:



Key Financial Ratios		Standard ERP, Print date: 09/20/2016 14:39				
Standard ERP SAMPLE Company		Period 01/01/2014 : 12/31/2014				
Last Reg Date 09/16/2016		Exact Notation				
		Groups only				
Comment	1st Quarter	2nd Quarter	2nd Quarter SJ	2nd Quarter HM	3rd Quarter	4th Quarter
SALES	0.00	93,585.50	54,667.00	2,600.00	9,855.00	3,110.00
COST OF SALES	0.00	63,758.30	33,740.00	2,180.00	33,117.00	2,250.00
GROSS PROFIT	0.00	29,827.20	20,927.00	420.00	-23,262.00	860.00
OVERHEADS	0.00	660.00	0.00	0.00	4,330.01	600.23

NET PROFIT	0.00	29,167.20	20,927.00	420.00	-27,592.01	259.77

The illustration of the key ratio definitions shows examples of the various methods of calculating a key ratio. There are a few things to remember.

As the calculation uses Standard ERP's internal values, balances on e.g. sales accounts will be shown as negatives, since they are normally in credit. You can solve this simply by reversing the sign for all such calculations: an example of this is in the first key ratio in the illustration. The examples also show how to group different Accounts.

The value of a well-structured chart of accounts is easily noticed here. If all income related accounts are found in a consecutive series, summing them all up becomes simple.

Examples of Key Financial Ratios

Acid Test = Cash and Near Cash ÷ Current Liabilities: This measures the ability to meet current debt. It is a stringent test since it discounts the value of inventories. The rule of thumb is 1-to-1. A lower ratio indicates illiquidity. A higher ratio may imply unused funds.

Current Ratio = Current Assets ÷ Current Liabilities: This is another measure of the ability to meet current obligations. It is less accurate than the acid test for the very near term, but it is probably a better measure for six months to a year out, since it contains receivables and inventories as well as cash and near cash. The rule of thumb is 2-to-1, though this will be affected by seasonality.

Receivables Turnover = Sales ÷ Receivables: This measures the effectiveness of credit and collection policies. If your ratio is reducing, collection efforts may be improving, sales may be rising, or receivables are being reduced. If your ratio is increasing, sales credit policies may be changing, collection efforts may be flagging, or sales may have taken a nosedive.

Caution: This ratio depends on when receivables are measured and the seasonality of the business. Careful bookkeeping is also essential. The same applies to inventory turnover: Make sure that the measures are comparable from month to month. Use average receivables (inventories) if you can.

Days Receivables = $30 \div \text{Receivables Turnover}$: This is another way of looking at receivables. It is particularly useful in explaining graphically what changes in credit and collection operations do to a business.

Inventory Turnover = $\text{Cost of Goods Sold} \div \text{Average Inventory}$: A measure of how well inventory is managed. Most businesses have a steady Inventory turnover. Compare your figures from year to year, asking yourself what causes the inevitable fluctuations. Small fluctuations are probably due to the flow of work. If you produce one jumbo jet a year, your Inventory picture will be very different from that of a dealer of ripe tomatoes.

Days Inventory = $30 \div \text{Inventory Turnover}$: Another way of monitoring inventory. This is controlled by your Inventory ordering patterns (among other considerations), so be careful how you interpret it.

Gross Margin Rate = $\text{Gross Margin} \div \text{Sales}$: Permits the comparison of margins over months with dissimilar sales. Ideally, this should hold pretty steady in good months and bad, but it depends on your business. It can distort fluctuations if sales are erratic.

Net Profit Rate = $\text{Net Profit} \div \text{Sales}$: An overall batting average: The aim is consistency over the long haul, not just short-term stardom.

Return on Investment (ROI) = $\text{Net Profit} \div \text{Net Worth}$: (Note: Net worth might show up on your financial statements as shareholder's equity.) Another profitability ratio, best looked at occasionally, because it tends to magnify short-term shifts in thinly capitalized companies.

Return on Assets (ROA) = $\text{Net Profit} \div \text{Total Assets}$: A better profitability measure than ROI. ROA shows how well you're using your assets. However, since profits are a volatile short-term measure, this should also be taken with a grain of salt. The long-term trend is what matters. A large investment in fixed assets to handle growth will seriously alter this ratio.

All ratios must be taken in context. The reason to look at them on a monthly basis is to make sure that you spot trends as they develop, not afterwards. If you are doing something exceedingly well, you need to know it. And if something is wrong, it's better to find out sooner rather than later.

GENERAL EXERCISES

Theoretical Exercises

1. Why should a company do book keeping?
2. Why is input and output tax booked to different accounts?
3. Why does a company normally have more cost accounts than income accounts?
4. Why is income registered using negative values in the Profit & Loss report, technically?
5. What is the difference between the General Ledger Report and the Transaction Journal?
6. Should the "Last year's profit" account be in the Balance Sheet or in the Profit & Loss report?
7. Why would a company want to do their accounting using the "cash method"?
8. What is an accrued cost? Why should it be booked as a cost before the year end and then reversed on the first day of the next fiscal year?

General Accounting Exercises

You are running a transportation company that in addition to selling transportation services, also sells potatoes. You will do the book keeping for 2016 and the year end transactions.

Register the events below. Write in the transaction text the event that each transaction corresponds to.

- The owner (you) pays 1,000.00 into the company's bank account and registers it as shares.
- During July a truck is bought for 50,000.00 (excl. tax). The truck is paid for during October. The truck should be written off over a five year period.
- During August 2500 bags of potatoes are bought for the price of 10.00 per bag (excl. tax), paid with cash. The potatoes are sold during the period September-December for the price of 12.00 (incl. tax) per bag. Make one transaction per month for the sales (you select the amount). At the end of the year there are still 300 bags unsold.
- During the period July-December transportation services to a value of 80,000.00 (excl. tax) are delivered. The cost of gas is 8,000.00 (excl. tax) during the period. (You select the amount per month.) At the end of the year 10,000.00 of the delivered services are still unpaid.
- Phone costs for the period July-December are 3,000.00 (excl. tax).
- During the period July-December Inventory is bought for the price 5,000.00 (excl. tax). The inventory is written off over 3 years.

Print Profit & Loss, Balance Sheet and General Ledger reports for 2016.

Practical Exercises

1. Accounts Receivable Exercises

1.1 Create a new customer

- Enter name and address and phone number.
- Set Payment Terms to 30 days net.
- Organization number 564352-5647 (Reg. No. 1)

1.2 Create a new item.

- Enter code, name, base price, cost price and set the item type to Plain.

1.3 Create a new invoice for the customer that you created in exercise 1.1. Add quantity two of the new item that was created in exercise 1.2. Run the Accounts Receivable report and check that the invoice is present in the report.

1.4 Compare the Tax report and the Profit & Loss report for the period where the invoices and the transactions are registered. Write down the sales figures from the two reports below:

Tax Report: _____

Profit & Loss report: _____

Why is there a difference? _____

If the reports show different figures, why and how can you correct the error?

(Use drill down in the Profit & Loss report to see the transactions in the General Ledger that are the basis for the report and to find possible errors.)

1.5 Export a database text backup. The backup should be stored in the Backup folder and be named TB[YYMMDD].txt

2. Accounts Payable Exercises

2.1 Add a new Vendor. Enter name, address, payment terms, org no and phone number. Register three different Payables with three different due dates.

2.2 One of the payables was registered on the wrong date. Change the date to 10 days before on one of them. Before you correct the payable, run the Accounts Payable report and make sure that the number of open payables is the same before and after your change.

2.3 Bring up the Payment Forecast report and check when the Payables are to be paid. Let Standard ERP create a payment suggestion for the three payables. Check the payment and add a bank fee of 10.00. Order and OK the payment.

3. General Ledger Exercises

3.1 a) Create a new Tax code for 25% tax.

b) Add a new cash account with account number 701 for cash that you have in your local office.

3.2 Create a General Ledger transaction for this event:

- Sales, 1000.00 excluding 25 % tax (250.00). The customer pays with cash.

3.3 Create a General Ledger transaction for this event:

- Inventory for 300.00 excluding 25 % tax (75.00) is bought. You pay from your bank account 700.

3.4 Run a profit & loss report for the period when the transactions above were registered. Find the transaction for Inventory and open it by using drill down.

3.5 You forgot to register the invoice fee. Make an update mark and erase the rows for bank account and tax. Add the following lines: invoice fee of 4.00, tax 76.00, and 380.00 that is paid from the bank account.

3.6 Recalculate the Profit & Loss report.

APPENDIX

Terminology in Different Versions of the English Language

The language used in this material is US English. There are slight differences between the various versions of the English language, which can lead to confusion. This table should help to clear this up. Sorted alphabetically.

British	USA	Canada	Australia + New Zealand	Singapore
Cheque	Check	Cheque	Cheque	Cheque
Colour/coloured	Color/colored	Colour/coloured	Colour/coloured	Colour/coloured
Credit Note (CN)	Credit Memo (CN)	Credit Memo (CM)	Credit Note (CN)	Credit Note
Dialogue	Dialog			
Instalment	Installment			
Jewellery	Jewelry	Jewellery	Jewellery	Jewellery
Licence (noun)	License	Licence	Licence	Licence
Mileage Claim	Miles	Way Lists	Mileage Claim	Mileage Claim
Miles	Miles	KM	KM	KM
Mobile	Cell	Mobile	Mobile	Mobile
Nominal Ledger (NL)	General Ledger (GL)	General Ledger (GL)	General Ledger (GL)	General Ledger (GL)
Post Code	ZIP Code	Post Code	Post Code	Post Code
Profit and Loss Statement	Income Statement	Income Statement	Statement of Profit or Loss	Statement of Profit or Loss
Purchase Ledger	Payable (PL = AP)	Payable (PL = AP)	Purchase Ledger	Purchase Ledger
Sales Ledger	Receivable (SL = AR)	Receivable (SL = AR)	Sales Ledger	Sales Ledger
Salesman	Salesperson	Salesperson	Salesman	Salesperson
Stock	Inventory	Inventory	Stock	Inventory
Stocktake	Inventory Count	Inventory Count	Stocktake	Inventory Count
Stock Depreciation	Inventory Adjustment	Inventory Adjustment	Stock Depreciation	Inventory Adjustment
Supplier	Vendor	Vendor	Supplier	Vendor
VAT	Sales Tax or Tax	Tax (ideally GST/PST)	GST	GST/SST/HST