adminsoft

Adminsoft Accounts User Guide

General Ledger
Nominal Ledger

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Adminsoft Accounts Basic User Guide – General Ledger

Introduction

The Adminsoft Accounts user guides generally assume the reader has some basic knowledge of bookkeeping. They are more about how that knowledge applies to Adminsoft Accounts, rather than teaching the fundamentals of bookkeeping. However, this guide is a little different. The first section will discuss the basics of operating a General Ledger, and the rest discusses how that theory is applied to Adminsoft Accounts. So, if you're an experienced bookkeeper, you may want to skip past this first section.

I should point out, that although the title of this guide is 'General Ledger', it is sometimes referred to as 'Nominal Ledger' (notably in the United Kingdom).

What is a General Ledger/Nominal Ledger?

A long time ago, getting accurate information about the financial position of a business or other organization used to be a real problem. Mistakes would often go unnoticed, and getting some information like the total amount you owed to your suppliers, bank, etc., or a total value of your assets was difficult and time consuming. Around five hundred years ago, double entry bookkeeping was invented to solve this problem. It was highly effective, and caught on fast. It's been used ever since, and is still in use today by most computer based accounting systems (even though arguably they don't require it). As double entry bookkeeping has been around for so long, you will find some of the terminology comes from the days when the accounts were hand written into large books. For example, these books were called 'ledgers', or 'journals'. An entry made into one of these books was called a 'journal entry'. Even the term 'bookkeeping' itself harks back to a time when it was done using books.

Some terms like 'cash book' are still used, but no longer have any real meaning in most computer based accounting systems. At one time, all cash transactions would be written into a book, called the 'cash book'. With computerized accounts, cash transactions are treated in the same way as any other transaction. So, although you may see an option like 'Cash Book Report', all it's doing is looking through all the transactions and listing those that were in cash.

So, what do we mean by 'double entry'? In the days when actual books were used, whenever a transaction occurred it would be entered twice, against different accounts. There would be at least one debit amount and at least one credit amount, and all the debits had to add up to the same amount as all the credits (that's how they checked for mistakes), in other words, they had to balance. This still happens in computerised accounting systems, though often these debits and credits are automatically posted for you. A 'posting' is the act of writing a transaction into one of the books (ledgers). Often, it's also called a 'journal entry'.

If you're not familiar with bookkeeping at all, the only time you may have seen 'debit' and 'credit' is on your bank statement. Any amount show in the 'debit' column will reduce your bank balance, and any amount in the 'credit' column will increase it. **To understand double entry bookkeeping you need to completely forget all about that!** In double entry bookkeeping, the 'debit' column is always on the left, sometimes it can decrease the account balance, but sometimes it can increase it, depending on what the account is for. The 'credit' column is always on the righthand side, and like debits, it can increase or decrease an account balance, depending on the type of account. This, probably more than any other feature of double entry accounting is what confuses most people.

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Even very experienced bookkeepers sometimes have to stop and think, 'am I applying a debit or a credit to this account?'

There are five basic types of account: income, expense, liability, asset, and equity.

Income

This is mainly for sales. All your sales will get posted into an income account. But it can also be used for other types of income, such as government grants, rent received, etc.

Expense

Any expenditure in the course of running the business on a day to day basis goes into an expense account. This includes overheads, things like your rent, stationary, telephone and internet connection bills, cost of employing staff, and so on. It can also include the cost of goods sold. If you need to purchase any items to service a customer order, those costs would go into expenses. Note: if you buy stock to store in the hope it will be purchased at a later date, this does not go into expenses, it goes into an asset account for stock. Because it's an investment rather than an expense.

Liability

These accounts show you how much your business owes. This may be a total figure stating how much owed to your suppliers (this account is usually called 'Trade Creditors' or 'Creditors Control'). If your business borrows money, the amount borrowed will be recorded in a liability account. The balance should be reduced as the loan is repaid. If your business owes any tax, the amount will be in a liability account. Note: if you have a bank account with an overdraft, although the account may be overdrawn if you trade using the overdraft (and so your business is effectively borrowing money), bank account balances are normally held in asset type account (in this case the account would have a negative balance).

Asset

These accounts contain the balance or value of anything that is worth something to your business. Bank account balances are usually held in asset type accounts (even if the bank account has an overdraft that's in use). A valuation of your stock will be held in an asset account, because in theory you could sell the stock and turn it into cash. An asset account will hold a total figure for all the money you are owed by your customers (this account is often called 'Trade Debtors' or 'Debtors Control').

Equity

While the other four types of account are fairly straight forward to understand, equity is perhaps a little less prosaic. Some business, such as sole traders and partnerships will not use equity accounts. The total value of the shares issued in a company are held in an equity account. Any profit made during the course of a financial year can be posted in a 'Retained Profit' account. So that it can be used in the following year/s. Sole traders and partnerships do not issue shares, and there is no concept of retained profit. Whereas Adminsoft Accounts will often make automatic postings into the other four account types, it does not make any automatic postings in any equity accounts. All balances in equity accounts need to be posted manually.

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Double entry bookkeeping

Let's look at how a very simple transaction is recorded in double entry bookkeeping. Let's say your business is selling furniture, and you have sold a table for 100.00 for cash. The sale would be recorded like this:

Account	Debit	Credit	
Sales		100.00	(the account type is 'income')
Cash	100.00		(the account type is 'asset')

This is as simple as a transaction can get. In a transaction, the value of all the debits has to equal the value of all the credits. So, as you can see, we've increased the sales account by applying a credit, but we now need to balance that with a debit. So, to increase the balance in the 'Cash' account, we've had to enter a debit. This is one of those debit/credit quirks in double entry accounting I mentioned earlier. Increasing the amount in an 'income' type account will always require a credit. Increasing the amount in an 'asset' type of account will always require a debit.

The 'Sales' account will contain all the sales postings made during your financial year (although you may have more than one sales account in order to break down sales of different things, discussed later). The 'Cash' account will contain all the cash postings you have received, and also any cash you have spent or put into the bank (again, you may have more than one cash account if you wish). This cash may be in a cash tin, your till, or in a safe. All accounts will maintain a current balance. The 'Sales' account balance is cleared down at the end of your financial year ready for the new year. This has to be done, because nothing (except Credit Notes) reduces the 'Sales' account total, so if it wasn't cleared down, the balance would just build up and up for ever. The 'Cash' account, unlike the 'Sales' account, does NOT get cleared down at the end of your financial year, because it's a running total. It's value often gets reduced when you transfer some cash into the bank or you use it to purchase something. So, it doesn't continually build up like the 'Sales' account. Income (for sales) and expense accounts get cleared down, but liability, asset, and equity accounts do not. Adminsoft Accounts does this automatically for you at the start of a new financial year.

You may have more than one income account to handle different sales. Taking our furniture dealer as an example, you may have a sales account to record the sales of new furniture, another one for the sales of used furniture, and perhaps another one for repairs/refurbishment of furniture. Having several sales accounts helps you to keep track of where your sales are coming from. Though you don't want to have more than a handful, otherwise some of your reports from the General Ledger, can be more difficult to read. In Adminsoft Accounts, you can set up Sales Analysis codes, and use these if you want a thorough break down of your sales. Each Sales Analysis code is associated with a 'Sales' account in the General Ledger. When entering a sales invoice, it's the Sales Analysis code you enter in an invoice line that determines which income account gets posted. So, one sales invoice could post amounts to one or several different 'Sales' accounts. The Purchase Analysis codes used for supplier invoices works in the same way, but of course they are making postings to asset (stock, equipment, vehicles, etc.) or expense accounts

You may have just one 'Cash' account, you may have several. For example, if you have two tills, you may have a cash account for each. You will almost certainly have two or more bank accounts. In bookkeeping these are treated the same way as cash. This type of account is called an 'asset'. More accurately, they're called 'current assets'. An 'asset' account type can also include things such as buildings, vehicles, plant equipment, really anything that has a value, but that value cannot be turned into cash as readily as cash itself or a bank account. As a result, they're called 'fixed assets'.

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Unlike 'current assets', the value of 'fixed assets' doesn't usually vary a lot. Plant equipment and vehicles usually depreciate in value, and so every so often a bookkeeper will apply some depreciation transactions to reduce their value. This is discussed in a lot more detail later, in the section about the Asset Register.

Anyway, getting back to our sale. Let's say we had sold the table to a customer, but rather than paying cash at the time of the sale, it was sold on credit, so the customer will pay us later. Our double entry now looks like this:

Account	Debit	Credit	
Sales		100.00	(the account type is 'income')
Debtors	100.00		(the account type is 'asset')

The posting (or 'journal entry' if you prefer) to the 'Sales' account is the same. But, as no immediate payment has been made, we can't post to 'Cash', so instead we post to a 'Debtors' account (often called a 'Debtors Control' account). This type of account is a 'Current Asset'. It's an asset because the customer (who becomes our 'debtor') owes us money, and a 'Current Asset' because, in theory at least, that money will soon turn into cash. At least it should be soon, some customers are better payers than others!

That is basic double entry bookkeeping. Understanding the above, is understanding the most difficult aspect to bookkeeping. So, let's look at another slightly more complicated example.

In this example, we sell the table on credit for 100.00 as above. But this time we need to add 20% VAT to the sale (or it could be Sales Tax). So, the customer will owe us 120.00 in total. Now the postings will look like this:

Account	Debit	Credit	
Sales		100.00	(the account type is 'income')
VAT Control		20.00	(the account type is 'liability')
Debtors	120.00		(the account type is 'asset')

Note, again the total value of all the debits in the transaction add up to the total value of all the credits. Our 'Sales' account figure is the same as in the previous examples, because the table was sold for 100.00, this is not changed by the addition of VAT (or Sales Tax for that matter). It is of course, costing the customer more money now they're having to pay VAT/Sales Tax. As the VAT/Sales Tax has to be paid to the tax authority, the extra 20.00 (the amount of the VAT), goes into a 'VAT Control' account. This account type is a 'liability', because we owe this money to the tax authority. In other words, we're liable for it. As we've charged VAT, the customer now owes us 120.00 and so this is the amount posted to the 'Debtors' account.

In Adminsoft Accounts, when you enter a customer or supplier invoice, these postings into the General Ledger will be made for you. But they'll look very much like the example above. They can get a bit more complicated if you have more than one sales account, and/or want to maintain an account that shows a value for the total Cost Of Goods Sold (often called 'COGS'). But the principle is exactly the same. 'COGS' by the way, is a method of allowing you to produce an accurate report showing your profit at any time. Without operating COGS, you don't know what your profit is until you do a stock check and work out the current value of your stock. This is discussed in detail in the guide for Stock Control/Inventory.

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Some of the most complicated transactions can be generated from payroll. Let's say we have two staff, they get paid monthly by electronic bank transfer, they pay tax, and they are in a pension scheme in which both they and the company contribute. To make it easier, we'll say they both get paid the same amount. Their monthly salary is 1,525.00 each, they each pay 304.80 in tax, 1.01 in pension contribution, and the company makes a pension contribution of 14.42. After tax and pension deductions, each employee is paid 1,219.19   The postings would look like this:

Account	Debit	Credit	
Bank		2,438.38	(the account type is 'asset')
Tax		609.60	(the account type is 'liability')
Salary	3,050.00		(the account type is 'expense')
Pension Control		30.86	(the account type is 'liability')
Pensions	28.84		(the account type is 'expense')

Each column adds up to 3,078.84 These column totals are really hash totals, in that they're sometimes a bit meaningless, although not in this case, as the total represents the total cost of the payroll. The important thing in terms of double entry bookkeeping, is that these totals balance. So, taking the first account first, 'Bank' is exactly that, and you can see that 2,438.38 (ie. 2 x 1,219.19) has been paid out directly to the employees. Next is 'Tax', this account is a liability, because it's the tax we have deducted from each employee's basic salary, and we now owe to the tax authorities. 'Salary' is the total amount of the employee's gross salary (ie. before any deductions). This is an 'Expense' account, because these salaries are costing us: we've paid money to the employees (2,438.38), we now owe the tax authority 609.60, and we owe the pensions company 30.86 The 'Pensions Control' is a liability account, and as just mentioned, it's the pension money we owe to the pension company. It consists of 14.42 x 2 plus 1.01 x 2. Lastly, we have 'Pensions' which is an expense. This account shows how much the company contributed to the employee's pensions. It does not include the money the employees have paid in pension contributions, because that is paid by the employees and so is already in the 'Salary' figure. If we add up the value in the 'Salary' account and the value in the 'Pensions' account, we know how much employing these two staff is costing us. The 'Salary' and 'Pensions' postings could both be made into the one 'Salaries' account. But then you wouldn't know the cost to the company of the employee's pension scheme.

Adminsoft Accounts comes with a payroll, which you may or may not be able to use in your country. Actually, there are two payrolls, one specifically for the United Kingdom, and one for other countries. There is a user guide specifically for the payroll, and it can get quite complicated. One of the good things about it, is that properly setup, it will make these postings for you. If you operate your payroll manually, or use some 3rd party software, you will have to enter these postings manually, perhaps using the 'Enter Journals' option in the General Ledger menu. Though there is a facility in the 'Common / Year End Transactions' option in the General ledger main menu that makes entering the payroll figures a lot easier. This is discussed later on.

There are four main reports for General Ledger: Profit and Loss, Balance Sheet, Cash Flow Statement, and Trial Balance.

Profit and Loss (now often called 'Statement of Income')

This will show all income accounts (used to record sales), so you can see how much you've sold, followed by 'Cost of Sales' accounts, which show how much you've paid to purchase the goods/services sold (these will be 'expense' accounts), and finally 'Expenses' which shows all the

expenses accounts not included in 'Cost of Sales', these are usually things like salaries, rent, internet costs, advertising, travelling, bank charges, and so on. They are basically your overheads.

The object of this report is to check your sales, your gross profit (ie. Sales less cost of sales), and your net profit (gross profit less expenses). This report is used frequently by managers and business owners. It's vital to determine whether your business is making a profit.

The current accounting standard is to list staff salaries under 'Cost of Sales', and director/owner salaries under 'Expenses'. I disagree with this, because unless all or most of your staff operate under zero hours contracts, they're a fairly fixed cost, regardless of your level of sales. So, Adminsoft Accounts by default, still lists ALL salaries under 'Expenses'. But you can change this if you wish.

Current accounting standards also show all outgoing amounts (whether listed under 'Cost of Sales' or 'Expenses') as being enclosed in brackets. So, for example, rent of 1,245.45 would be (1,245.45). To my mind, anyone looking at a set of accounts knows what expenses are, and so enclosing these figures in brackets is unnecessary, and makes the accounts a little harder to read. So Adminsoft Accounts sticks with tradition and doesn't do it. At the time of writing (current version v4.247) the software does not have the option to produce the report to the current account standard, though this may be an option at some point. If you must have the report to current standards, the best thing at the moment is to output it to a spreadsheet and manipulate it as necessary.

Balance Sheet (now often called 'Statement of Financial Position')

Whereas the Profit and Loss report listed all sales and expense accounts (which automatically get cleared down at the end of your financial year, though see later in this guide), the Balance Sheet lists all the asset, liability and equity accounts (which do not get cleared down).

One purpose of this report is to discover the net asset value of your business. It starts by listing all the 'Current Asset' account types, such as cash, bank, stock, and debtors. Then it lists the 'Fixed Assets', such as buildings, vehicles, plant equipment, etc. It then lists 'Long Term Liabilities' such as mortgages, loans, bonds (usually only issue by big companies), etc. and then 'Short Term Liabilities' which include things like short term loans, creditors control (money you owe to suppliers), tax control, etc. The net asset value, is all your assets less all your liabilities. Lastly is 'Equity', which will list shareholder's funds (ie. how much they paid for their shares), and a 'Profit (calculated)' account. This isn't a real account, the balance is calculated so that the value of everything listed under 'Equity' is equal to the net asset value as calculated by subtracting liabilities from assets. As this calculated 'account' isn't real, you can't edit it or post anything to it. Should you want to run your own retained profit account, there is an Equity a/c 3100 "Retained Profit" setup for you when the ledgers were created. To increase the profit in this account, you would debit an income account and credit the retained profit a/c 3100 (there is an option to do this in 'Common / Year End Transactions' in the General Ledger menu). You may wish to create a new Income account specifically for these postings, so that your actual sales figure (probably a/c 4000) remains intact. Postings should be dated the last day of your financial year, and leave the 'Profit (calculated)' figure as zero. From that point, the 'Profit (calculated)' figure will show your profit for the current year.

The name of the 'Profit (calculated)' account can be edited in the General Ledger settings. If the description is removed, the account will not appear in the statement of Financial Position report at all.

One question I'm frequently asked, is how to handle the payment of dividends. Well, this is a two stage process. First, you would debit the retained profit account (a/c 3100) and credit the dividends payable account. This is a Liability account, showing how much money the company now owes in dividends. Often, dividends may be declared, but not paid until sometime later. Next, to record the actual payment, you would debit the dividends liability account, and credit the bank account from which the funds were drawn.   Incidentally, paying tax works in much the same way, but of course you would be using a tax liability account instead of dividend liability. There is an option to help you do this in 'Common / Year End Transactions' in the General Ledger menu

The Balance Sheet can be very difficult to understand, and to maintain properly. There are whole books written about Balance Sheet. It can get very complicated.

Cash Flow Statement

This is sometimes called 'Statement of Cash Flow'. It's not to be confused with an account statement that can be produced for cash/bank accounts. The Cash Flow Statement indicates the flow of cash through the company, that is how much was generated, and where it went.

There are usually three sections: 'Operating Activities' showing cash received and paid out, 'Investing Activities' showing the sales and purchase of fixed assets, and 'Financing Activities' showing things like tax paid, interest paid or collected, and so on.

In some countries, notably the United States, this report is widely used. In other countries, for example the United Kingdom, it is rarely used. At least among smaller companies.

Trial Balance

Back in the days when a ledger was a big handwritten book, the Trial Balance was vital. It would list the debit and credit balance of each account. Like a transaction, in the Trial Balance report the total debits should be the same as the total credits. If they were not, the bookkeeper knew an error had been made. The problem is, it didn't say where the error had been made. And so Trial Balances were produced frequently, so as to reduce the number of transactions that would need to be checked if it was discovered to be out of balance.

With computerised accounting systems, there is an argument for suggesting the Trial Balance is no longer required. As computerised systems are self balancing. In theory. In practice, things can go wrong due to software glitches, operating system glitches, hardware glitches, or the application hangs and has to be terminated using Windows Task Manager, or a user closes down Windows forgetting to properly exit Adminsoft Accounts. Any of these things can result in an incomplete transaction. ie. a transaction that does not balance.   This would show up if you run a Trial Balance report. So, I recommend you run one at least once a month. But at least in a computerised accounting system, the software can find the imbalance for you. Further along in this guide there are instructions on what to do if your Trial Balance doesn't balance.

We've now covered the basics of General Ledger. The next section goes into detail about how the above theory is applied by Adminsoft Accounts.

General Ledger in Practice

Account Details

In the General Ledger (Nominal Ledger) menu, if you select 'Account Details' a form will appear looking like this:

Like many options in Adminsoft Accounts, there is a version of the account details form that is 800 pixels wide. It's that version which is shown above. The wider version, which you will see if you have sufficient screen space (as most users will), is simply wider. In the case of the General Ledger account details, the wider form doesn't present any additional information.

Displaying account details, or looking for an account operates much in the same way as for customer or supplier accounts. Type in the account code and press the 'Enter' key on your keyboard, or click the '**Find**' button. If the account exists, the details will be displayed. If you're not sure what the account code is, leave the '**Account Code**' input field empty and click the '**Find**' button.

When installed, all General Ledger accounts consist of four digits. But they don't have to be, they can be alphanumeric, up to a maximum of 8 characters. You can change an account code at any time, regardless of whether it has any transactions posted to it. To do this, bring up the account details, then edit the '**Account Code**' input field to the desired account code and click the '**Chge**' button. The code will then change to the new edited version. Any references elsewhere in the accounts system to the old account code will now point to the new account code instead.

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'**Type of Account**' can be set to Expense, Income, Asset, Liability or Equity. All accounts will fall into one of those five categories. Selecting one is mandatory.

'**Account archived**' can be selected if the account is no longer used. Then it won't appear in any lists, anywhere. Unless it has a balance on it, then it will continue to appear in some reports. But, if you want to stop using an account, set it as archived. It can be un-archived at any time.

'**Budget Group**' refers to a group of accounts within a budget. See the section on budgets later on in this guide for an explanation. This input field can be left blank.

'**Report Group**' determines which section of the Profit & Loss or Balance Sheet report (depending on account type) the account will appear in. This input field can be left blank.

'**Cash Flw Group**' determines which section of the Cash Flow report the account will appear in. This input field can be left blank.

'**Description**' is the description of the account. This input field must contain something.

'**Cash Book A/c**' allows you to state whether the account is a cash/bank account. It set to '**Y**', then it will be listed as such. Which means it will get included in the option that lists cash/bank accounts, and allows for bank reconciliation.

'**Currency**' refers to the currency of the account. All accounts will default to the ledger currency. However, cash/bank accounts can be set to a different currency, though only if they have no transactions posted to them. It's something that generally you would only set when creating a new cash/bank account.

'**Allow Direct Payments**' specifies if payments can be taken from the account or made into it from one of the 'Money Received' or 'Money Paid Out' options. You can select '**No**', '**Payments Received**', '**Payments Made**', or '**Both**'. So, it's quite possible to have an account that can be used when receiving payments, but not when making payments (and vice versa).

The '**Transactions by Period for the Financial Year**' lists each period in the financial year, with the total debit and credit balances for that period. If you click on a period, the transactions that make up that balance will appear in another list to the righthand side.

The '**General Notes and Documents**' tab, allows you to enter notes about the account. These notes do not appear anywhere else, but may be useful for accounts that have perhaps been created for a special purpose. On the righthand side, it also allows you to add, view, edit or delete any documents associated with the account.

The next image shows the account details form complete with data:
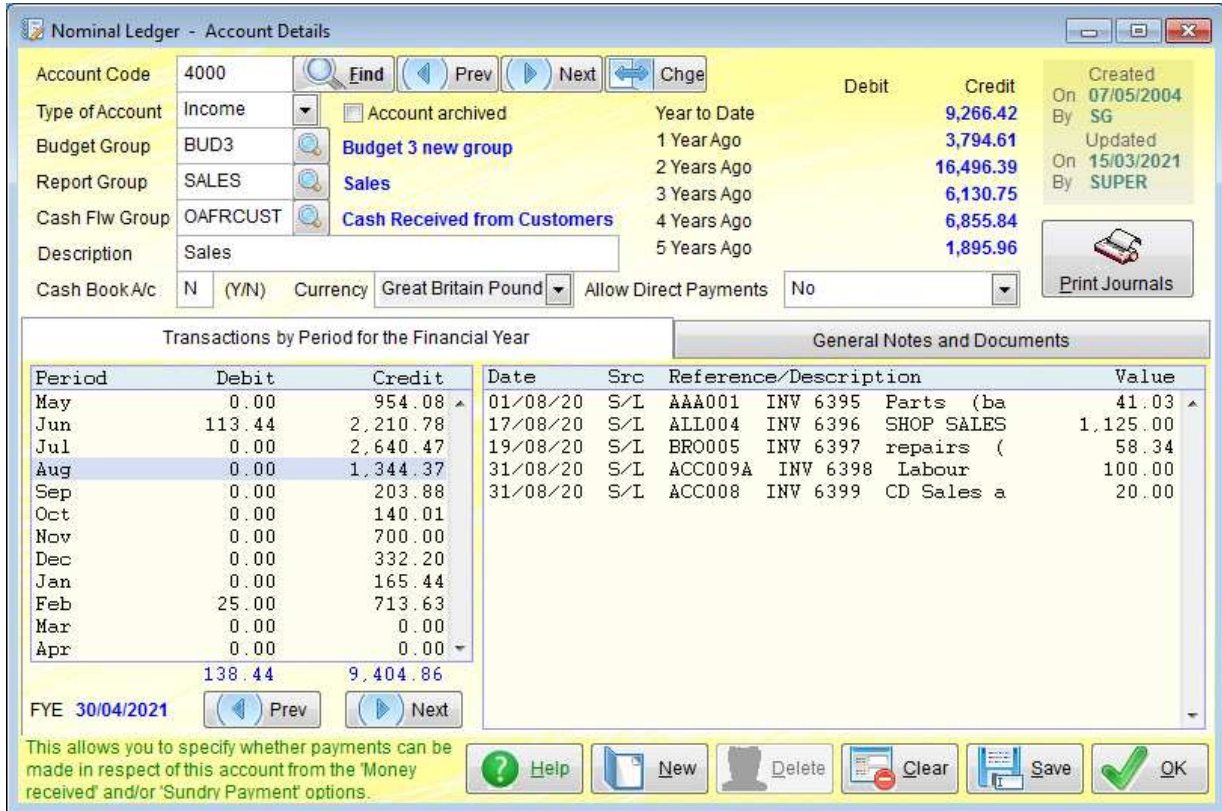
As you can see, it's showing the main income account 'Sales' a/c 4000. The account period balances automatically appear on the left hand side. In this image I clicked the period for 'Aug' and the transactions for that period then appeared on the righthand side. To view the details of any transaction, I just need to do a single left click on it. See the next image below.
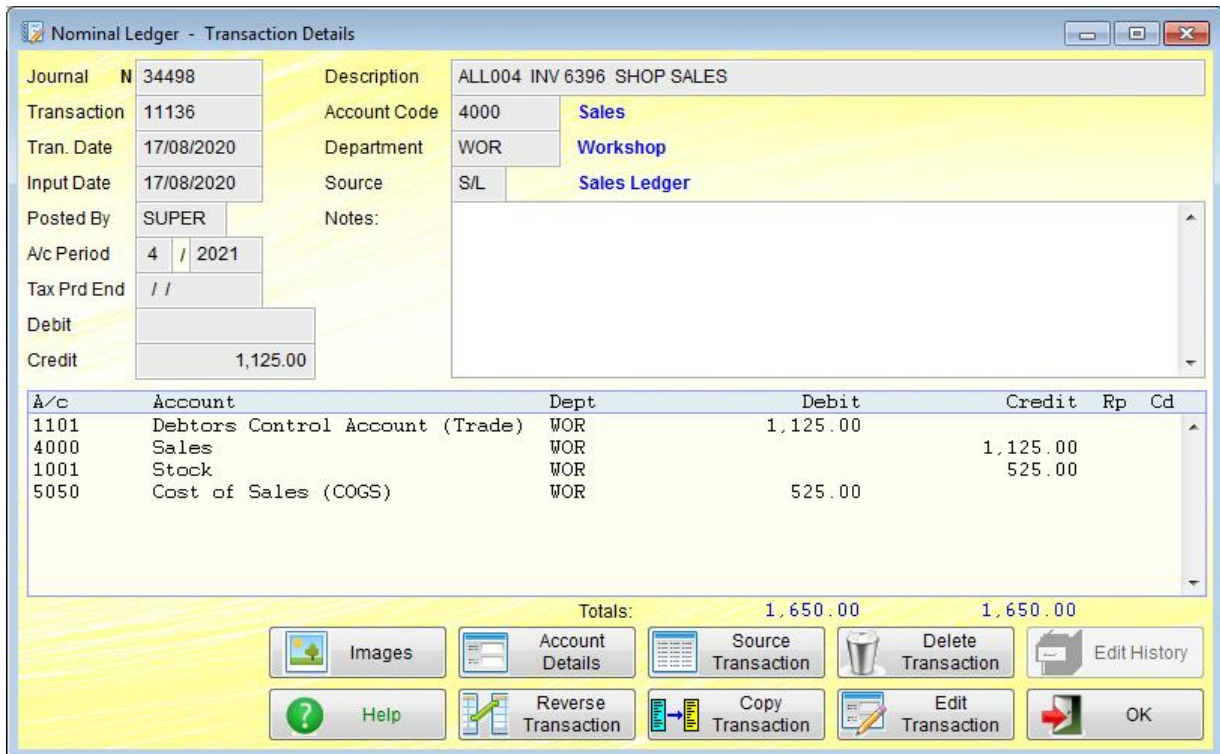
The account details always default to the current financial year. But you can click the **'Prev'** and

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'**Next**' buttons to move backwards and forwards through the financial years.

As you can see, the above image displays pretty much all the information about a General Ledger transaction there is. Starting with the '**Journal**' reference. This is a unique number that identifies the posting being looked at. However, postings are always made in batches. A batch we refer to as a '**Transaction**'. All the postings in a batch (or transaction) will have the same transaction reference number. All the postings (or 'journal entries') listed in the lower part of the transaction details form, are all part of that one transaction. The details in the top half of the form are for the particular posting that was selected in the account details form. You can click on any of the postings in the list to view the particular details of that posting.

You'll see this form contains an input field for '**Notes**'. You can type anything you wish in there. There is no 'save' button. The notes will be automatically saved when you close the form with the '**OK**' button. If you make some notes, then select another posting or exit the form by clicking the ![x] in the top righthand corner, the notes will NOT be saved.

This form showing a transaction, and the various postings that make it up can appear in numerous places within the General Ledger, and in the 'Postings' option in customer and supplier accounts details. So, it's worth covering it in a little more detail here.

'**Images**' allows you to add, view, or delete any images associated with this transaction. Note, the images are for the transaction, and not the individual postings within it. You may want to use it to save a scan of a tax demand, or any documentation around dividends received, insurance payments received in respect of a claim, etc.

'**Account Details**' will display the details of the General Ledger account of the selected posting.

'**Source Transaction**' will display the transaction that generated this General Ledger posting. That may be a sales or purchase invoice, for example. If the transaction was generated within the General ledger itself, perhaps using a 'Money Received', 'Money Paid Out' or an enter journals option, then this button will be greyed out.

'**Delete Transaction**' will allow you to delete the transaction, which of course includes all the postings listed that make up the transaction. If this button is greyed out, it means you can't delete the transaction. Perhaps because it's been reported as part of a Sales Tax/VAT period end, and/or the account period has been closed.

'**Edit History**' will be enabled if the transaction has been edited. Clicking it will show a list of edits. You can click on an edit to see the transaction as it was prior to the edit.

'**Reverse Transaction**' can be a useful option!   If you've entered a transaction and later discover it's wrong, you have three options: 1) delete it (see above), 2) edit it (see below), or reverse it. Clicking this button will open up the 'Enter Transaction/Journals' option, and fill it with postings that are the exact opposite of the transaction selected. You can edit it, or just click 'Post Journals' and it'll create a transaction that effectively reverses the transaction you were looking at.   As well as picking up each posting, the reverse transaction will also pick up the date. So, you may need to edit the date if it's in an account period that's closed.

'**Copy Transaction**' will open the 'Enter Transaction/Journals' option, and populate the input fields with the postings as per the selected transaction. You can edit before posting it if you wish. When

posted, it creates a complete new transaction. This option can be useful for transactions that are sometimes repeated. Although there are options that allow you to enter recurring and standing transactions. These are discussed later in the guide.

'Edit Transaction' will open the 'Enter Transaction/Journals' option, and populate the input fields with the postings as per the selected transaction. You can then edit it, and re-post. This does not create a new transaction (although you can add journals to it), it simply updates the existing transaction. If this button is greyed out, it means you can't edit the transaction. Perhaps because it's been reported as part of a Sales Tax/VAT period end, and/or the account period has been closed.

Entering Journals/Transactions

From the General Ledger menu, there are five ways to enter transactions directly into the ledger: Money Received – Single Account, Money Received – Multiple Accounts, Money Paid Out – Single Account, Money Paid Out – Multiple Accounts, and Enter Transaction / Journals.

The 'Money Paid Out' options, are for recording money paid out of a cash/bank account. The 'Multiple Accounts' version of it does the same thing, but that money can be allocated to any number of asset or expense accounts. Both options can only draw money from one cash/bank account. The 'Money Received' options work in exactly the same way, but of course in reverse. These options are also available in the background 'flow chart' menu. See image below:
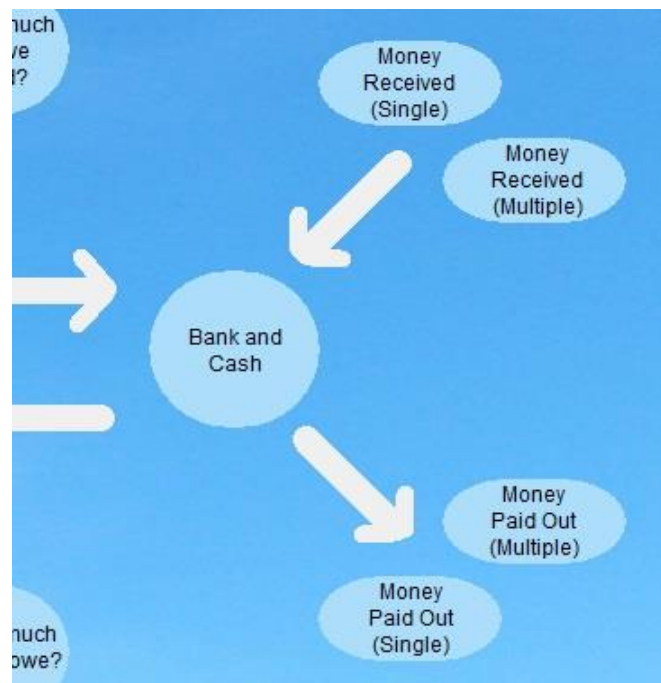
So, when selecting the 'Money Paid Out (Single)' (or 'Money Paid Out – Single Account' as it will appear in the drop down menu) option, you will see a form that looks something like this:

'**Money paid from bank/cash account**' is an input selection field. Click on the small down arrow head to the right of it to select the cash/bank account from the list that drops down.

The '**Create New Account**' button, allows you to create a new cash/bank account.

'**Reason for payment**' is an input selection field that allows you to select which account to use for the payment. Fox example, if you're paying over what you owe in Sales Tax/VAT to your tax authority, you'll select the Sales Tax/VAT control account. Another example is if you purchased some goods or service, you would select an asset or expense account. Although normally for purchases, even cash purchases, we recommend you use the A/c Payable Ledger (Purchase Ledger).

Not all accounts will appear in the '**Reason for Payment**' list. So, the '**Add Account to List**' allows you to select an account to add to that list. Once added to the list, it will remain in the list. To remove it, you have to go into the account details form and edit the input selection '**Allow Direct Payments**' (discussed above).

'**Description or reference**' allows you to enter exactly that. Something that will remind you what the transaction is.

The '**Add Payment Code**' button will display a list of Payment Type codes. You can then select one, and the code will be automatically added to the left hand side of the **Description or reference**' input field. As this transaction is a payment, this helps to make it obvious how the payment was made when looking through a list or report detailing transactions. Using this facility is optional.

'**Date paid**' is obviously the date of the payment.

'**Amount Paid**' is the amount of the payment, excluding any Sales Tax/VAT. If the amount paid does not contain any tax, then enter the full amount here and ignore the remaining input fields. If the amount does contain Sales Tax/VAT, but you don't know how much, you can ignore this input field and instead go straight to the '**Value Added Tax Code**' input field (or it may say '**Sales Tax**

Code' or similar) and enter a tax code, then skip the next input field and in '**Total Amount Paid**' enter the total amount including any Sales Tax/VAT. The other input field will then be calculated automatically. This can save a lot of time when entering purchases.

Note: you should not enter any purchases that involve any kind of reverse charge VAT, as the General Ledger is not designed to handle reverse charging.

Normally, both the lists that drop down in the top two input selection fields list the accounts in account code order. But, if you select '**List accounts in description order**' option, they will appear in description order instead. Note: this option is sticky, in that if selected, when you next go into the 'Money Paid Out' options or 'Money Received' options, the '**List accounts in description order**' option will still be selected. It remains permanently selected until you unselect it.

The '**Images**' button displays the option that allows you to scan in images, or select existing image files. Allowing you to link images of a tax demand, receipt, etc. to the transaction.

'**Notes**' allows you to enter any notes you wish regarding the transaction. They do not appear anywhere, except when viewing the transaction details on screen.

This option is useful for entering payments, and its sister option 'Money Received', which works in exactly the same way, is also useful for entering any money received. Should a payment require allocation to more than one account, the you need the 'Money Paid Out – Multiple Accounts' or 'Money Received – Multiple Accounts' options. None of these options should be used in cases where a customer is making a payment on account, or is paying an outstanding invoice in an A/c Receivable (Sales Ledger) account. The same applies to payments to suppliers. Payments cannot be allocated to a customer or supplier from these 'Money Received' and 'Money Paid Out' options.

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'**Money paid from bank/cash account**' is an input selection field. Just the same as the previous 'Money Paid Out' option we've been looking at. In fact, the top four input fields are all the same. Except, there is no '**Reason for Payment**' input field. This is because, as you can see, the reason for payment is now below, and consists of multiple input selection fields. As per the previous option, you have to click the small down arrow head to the right of each '**Reason for Payment**' input field to select a reason for the payment, in practice of course, you're selecting an account.

Data is entered into this form in a similar way to entering a sales or purchase invoice. It can be scrolled in the same way using the arrows on the far left hand side, or using the mouse wheel. There is a maximum of 100 lines.

'**Auto Calculate VAT**" (or it may say '**Auto Calculate Tax**'). When selected, after you have entered the tax code and the amount excluding Sales Tax/VAT, this will automatically calculate the tax amount and the total amount. They can be edited, but it will always attempt to recalculate the amounts. If you can't get the figures to match the supplier's receipt, then you may need to unselect this option.

The '**Images**' button displays the image scan window, which allows you to scan in ay images associated with this transaction, or select any existing images on disk.

The '**Add a Reason for Payment**' button allows you to add an account to the list of accounts that are displayed when the small down arrowhead is clicked to the right of the '**Reason for payment**' input selection.

The '**Notes**' button will display a small form allowing you to enter any notes for the transaction.

Both the single and multiple account forms I've discussed above are for organizations that have to deal with just one Sales Tax/VAT. Some have to deal with several, such as a federal tax, state tax, and city tax. In those instances, extra columns will appear, one for each tax. Where the business/organisation does not have to deal with Sales Tax/VAT, there will be no tax related input fields. Where Sales Tax/VAT has to be charged on sales, but is not recoverable on purchases, then the 'Money Paid Out' options will not include any references to Sales Tax/VAT.

Next up, we'll discuss the more complicated way of entering journals/transactions directly into the General Ledger (Nominal Ledger).   In the 'New Transactions' section of the General Ledger drop down menu, select the 'Enter Transaction/Journals' option and you'll most likely see something like the next image:

As you can see, this is a wide form (it's nearly 1200 pixels wide). Provided there is space on screen, this is the one that will automatically appear. If there isn't enough space, a narrower version of the form will appear instead (800 pixels wide). The only difference between the two in terms of the information presented, is that the wider form has a '**Description or Ref.**' column, that allows you to enter a different description for each journal entry (each line) if you wish. In the narrower version, you can only enter one description and that is used for all the journal entries.

In order to show an image in this guide that's clearer, we'll show the narrower version of the 'Enter Transaction/Journals' option.   See the next image:
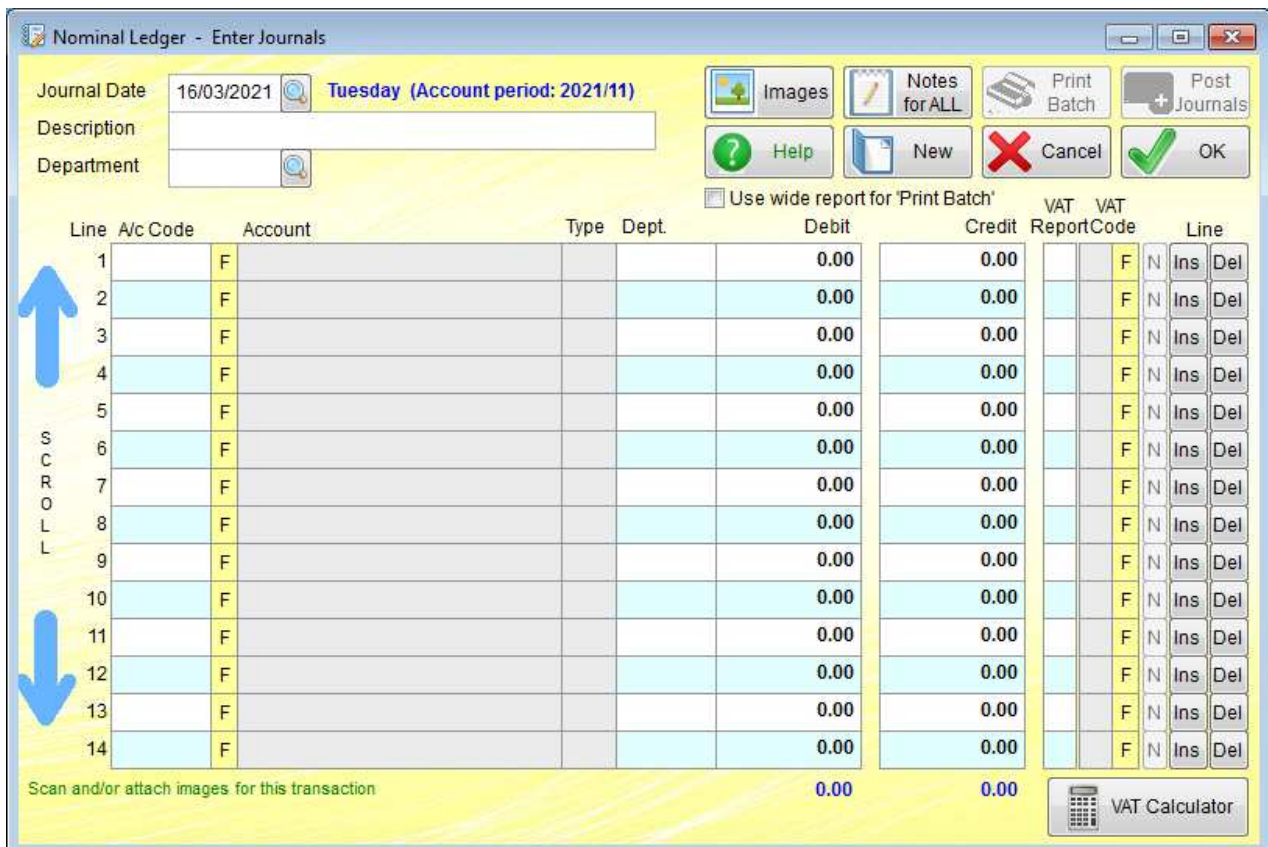
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The '**Journal Date**' is the of course the date the transaction took place. Below that is the '**Description**' input field, which allows you to enter a short description of the transaction. This description will often appear in lists or reports of transactions, so if useful for identify exactly what the transaction is for. It isn't mandatory, you can post the transaction without a description. Below that is the '**Department**' input field. This allows you to select which department the transaction should be attributed to, if any. This isn't mandatory either, and can be left empty.

The '**Images**' button displays the form that allows you to scan in any images that relate to this transaction, or to select any existing image files.

The '**Notes for All**' button allows you to add notes to the transaction. The notes will be applied to each journal entry. You can edit the notes for a particular journal entry by clicking the '**N**' button near the end of each line.

The '**Print Batch**' button will print out a copy of the transaction. You don't have to wait until the transaction is posted, you can print it out at any time, as soon as at least one journal has been entered. This can be useful if you're entering a large transaction with lots of journal entries, and are struggling to get it to balance. When you click the '**Print Batch**' button, it behaves like the 'Print List' button on most lists, and displays a number of options for outputting the report. When you select one, output begins immediately.

The '**Post Journals**' button will be disabled if the transaction doesn't balance. Once the total amount of debits equals the total amount of credits, the button will be enabled.

The '**New**' button will clear the contents of the form, ready for you to enter a new transaction. This can be useful if you've been entering a transaction, and it appears to be messed up. Sometimes, it's just easier to start again!

The '**Cancel**' button will abandon any information you've entered and close the form.

The '**OK**' button will close the form if no journals have been entered. If journals have been entered, but they don't balance, it will ask you if you want to abandon the transaction and close the form. If journals have been entered, and they balance, it will ask you if you want to post the journals before closing the form (you will still have an opportunity to print them after posting).

If **Use wide report for 'Print Batch'** is selected, a wide version of the report will be output. This may be too wide for most printers, but it can be output to Word, Writer, Notepad, or a PDF file.

Now for the actual business of entering journals. In theory, you can enter up to 1,000 journals. That's 1,000 lines!   We do not recommend you enter anywhere near that number. Any mistakes would be very difficult to track down. We recommend you keep transactions as simple as possible, with as few journals as possible. Just as with the other options for entering transactions directly into the General ledger (Nominal Ledger), you can scroll the lines by clicking the arrows to the left hand side, or by using the wheel on your mouse. Most of the time, you won't need to scroll.

So, we start entering journals by first selecting the account code in the '**A/c Code**' column. If you know the account code, you can just type it in. If not, click the '**F**' button to the righthand side of the '**A/c Code**' input field. When an account is selected, the description will appear in the '**Account**' column, and the type of account in the '**Type**' column (this will be Expn, Incm, Asst, Liab or Eqty, short for Expense, Income, Asset, Liability or Equity). If you entered a department code in the

'**Department**' input field above the journal entry lines, then the department code will appear in the '**Dept**' column, you can edit it if you wish. So, some journals can be for one department, and some for another. Lastly, an '**x**' appears to the righthand side of either the '**Debit**' or '**Credit**' column, to indicate which one has to contain a value in order to increase the account balance. So, for example if you have selected an income account, let's say a/c 4000 (which is the default account for sales), then an '**x**' would appear to the righthand side of the '**Credit**' column. Because posting a credit amount to a/c 4000 would increase the sales figure. If you're not familiar with bookkeeping, this simple guide can be useful when trying to figure out which account to debit and which to credit.

Once a valid account has been selected, and you're happy with the '**Dept**' column, you can then enter an amount in either the '**Debit**' or '**Credit**' column. It has to be one of the other, it cannot be both. If you enter a value into the '**Debit**' column, and then enter a value in the '**Credit**' column, the value in the '**Debit**' column will revert to 0.00 (and vice versa). As you enter amounts into the debit and credit columns, a running total of each column is maintained and displayed at the bottom of each column. If the figures are showing in red, it means the total debits do not balance with the total credits. This will happen as you enter the journals. The important bit is when you've finished entering the journals, at that point the figures should be blue. Which means they balance, if they don't balance, they'll stay red. Note: these totals are for all journals entered in to this transaction, not just those displayed over the 14 lines that are visible.

After entering a debit or credit amount, there are two further input columns you may need: '**VAT Report**' and '**VAT Code**' (or they may say '**Tax Report**' and' **Tax Code**'). These are for Sales Tax/VAT purposes. If the journal does not have a tax element (perhaps it's a tax payment itself, or a dividend payment, or loan repayment, etc.) then you can ignore these fields. However, if it's subject to tax, then enter the letter '**G**' in to the '**VAT Report**' ('**Tax Report**') column, and the Sales Tax/VAT code into the '**VAT Code**' ('**Tax Code**') column. The '**G**' is to indicate the journal is for taxable goods (or services), and is to appear in the Sales Tax/VAT period end report, and be processed when the Sales Tax/VAT period end is run. One or more lines will automatically appear below the journal line you have just entered. These will be for the Sales Tax/VAT. See the image below:
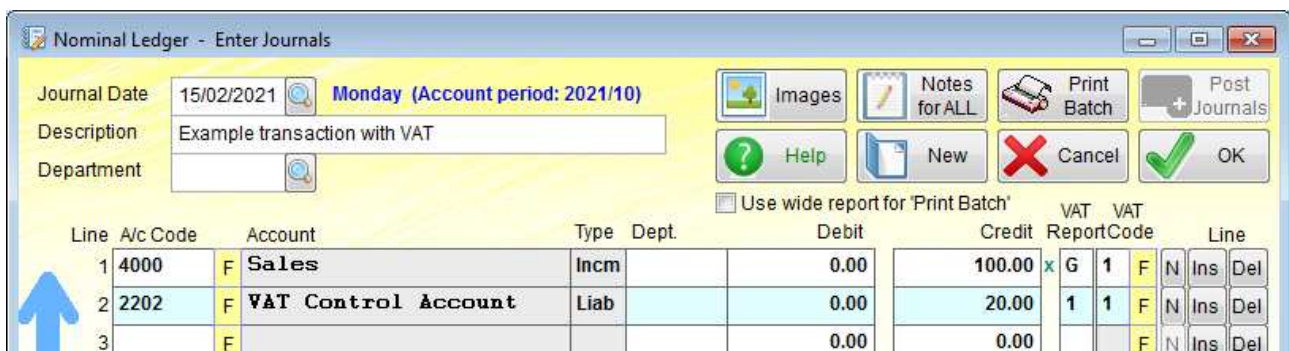
This is recording a sale for 100.00 plus VAT at 20%. As you can see, I've entered 100.00 into the '**Credit**' column, then a '**G**' in to the '**VAT Report**' column, and a '**1**' (as in tax code 1) in to the '**VAT Code**' column. A line showing a/c 2202 VAT Control Account automatically appeared below it, with all the columns filled in for me. The software calculated the VAT amount (20.00 being 20% of 100.00, of course). This tax amount can be edited if you wish. It also put a '**1**' into the '**VAT Report**' column, and another '**1**' into the '**VAT Code**' column. The first '**1**' is to indicate which tax it is. In my case there is only one type of tax, but in some countries there may be federal tax, state tax, city tax, etc. Each one would have its own line. The second '**1**' refers to the tax code, this ties it to the tax code used in the journal line above for goods/service.

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Note: if you go back to a journal line that has one or more journal lines below it, and you then enter a '**G**' followed by a Sale Tax/VAT code, the Sales Tax/VAT journal lines will be inserted below the journal line, pushing down any other lines that already exist. So, if you forget to enter a '**G**', it doesn't matter, you can easily go back and enter it, without losing any other journal lines you may have entered.

The '**F**' button to the right of the '**VAT Code**' ('**Tax Code**') column will display a list of tax codes, allowing you to select one. It works the same was as when entering customer or supplier invoices.

The '**N**' button allows you to enter notes for that particular journal line. If you have used the '**Notes for ALL**' button, it will allow you to edit the notes for that particular journal line.

The '**Ins**' and '**Del**' buttons allow you to insert a bank journal line, or delete a journal line. Again, they work in the same way as they do when entering a customer or supplier invoice.

At the bottom of the form, on the righthand side is a button '**VAT Calculator**' (or it may be '**Tax Calculator**'). If you click this, a small window will appear, which allows you to easily calculate a tax amount, or a tax exclusive figure or a tax inclusive figure. The figures calculated are not automatically plugged into a journal entry, the must be manually input.

When you've finished entering your journals, and they balance, click the '**Post Batch**' button to post the journals into the General Ledger (Nominal Ledger). When it's posted them, a small window will pop up displaying the transaction reference number (this is a unique reference to that transaction). It will also include a button that will allow you to print the batch if you wish.

Common / Year End Transactions

The is an option in the General Ledger (Nominal Ledger) menu, in the 'New Transactions' section. There are some transactions that even experienced bookkeepers have to think carefully about before entering them into the ledger. We often receive support emails from users wanting to know how to post retained profit, or dividend payments, etc. These transactions are available in this option in such a way as to make posting them much easier.

As of Adminsoft Accounts v4.247, the following options are available:

"Move Profit for the year to Retained Profit" will increase the balance of the retained profit figure (an equity account). It does this by posting against an income account. You may need to setup an income account for this purpose, and not provide a 'Report Type', as you don't want it to appear in the Profit & Loss report as other income accounts would (otherwise it would artificially reduce the reported profit for the period). This would normally be done before doing anything about dividends.

"Declare a Dividend" will move an amount out of an equity account (retained profit) and into a dividend liability account. This is for when the directors of a business have declared a dividend will be paid, but it has not been paid yet, it is only due to be paid at a later date. This is why an amount is moved into a dividend liability account, as that money is now owed to shareholders.

"Pay Dividend/s to Shareholders" will take an amount out of the dividend liability account and distribute it to shareholders (it does this by making one posting into the liability account, and one posting for each shareholder in the bank account where the actual money is coming from). In this option, you will have add each shareholder, and enter how much each shareholder is receiving.

"Set Aside Funds for Corporation Tax" will move an amount from an equity account (usually the retained profit account) into a corporation tax liability account. The accounts will then show that money is owed in respect of corporation tax. It doesn't mean the tax is paid, that's done in the next stage, below.

"Pay Corporation Tax" takes a figure out of the corporation tax liability account (usually setting the balance back to zero), and posts it against the bank account actually used to make the payment.

"Record Figures from a 3rd Party Payroll" does exactly that. There is a payroll built into Adminsoft Accounts, but if you're using another payroll, then after processing each pay period you will need to manually post the figures into the General Ledger (Nominal Ledger). This is sometimes tricky even for an experienced bookkeeper. This option aims to make that process as simply as possible. Note: it does not ask for every available figure from the payroll, only the minimum figures that are required for accounting purposes. It assumes any analysis of payroll data will be performed within the 3rd party payroll software.

As an example of what to expect when using this option. when you go into it, you will see something like this:
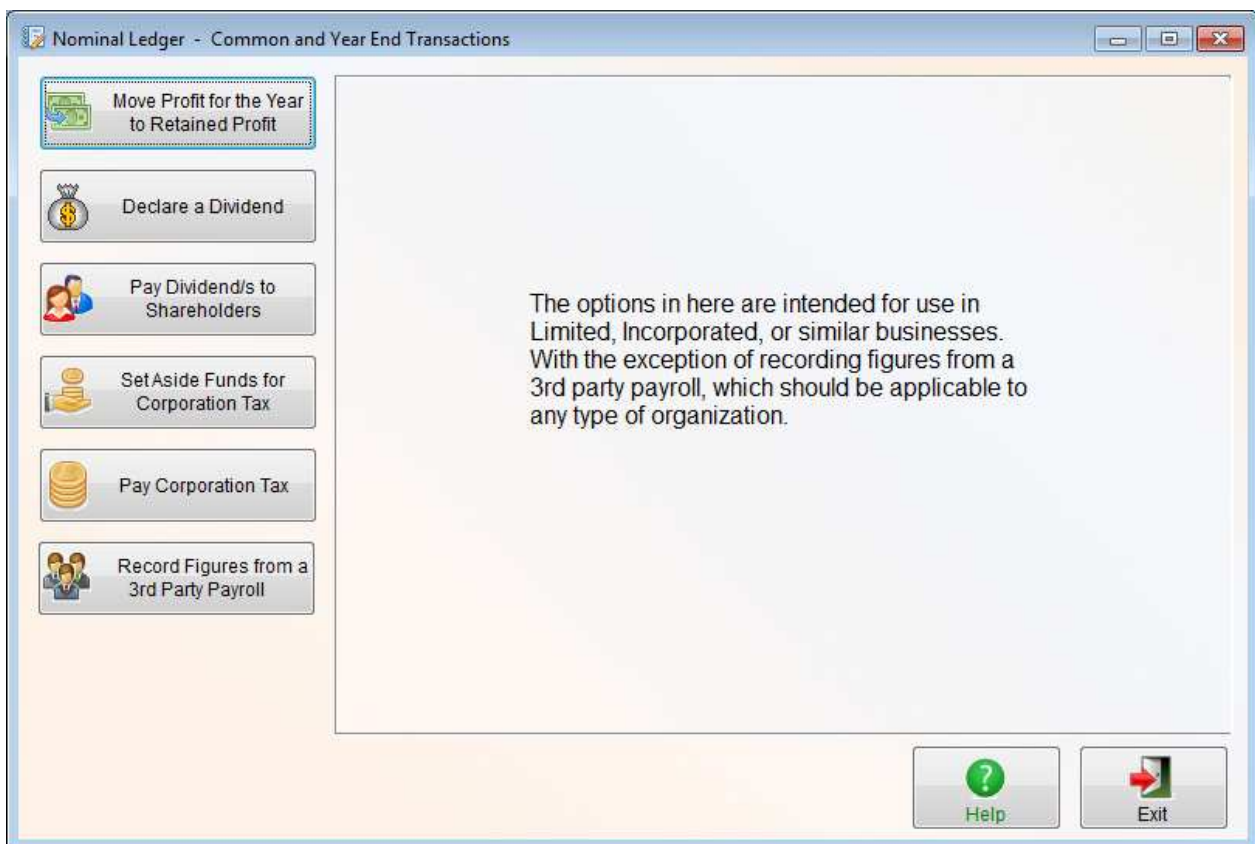
If you then select "Move Profit for the Year to Retained Profit", you will see the following:
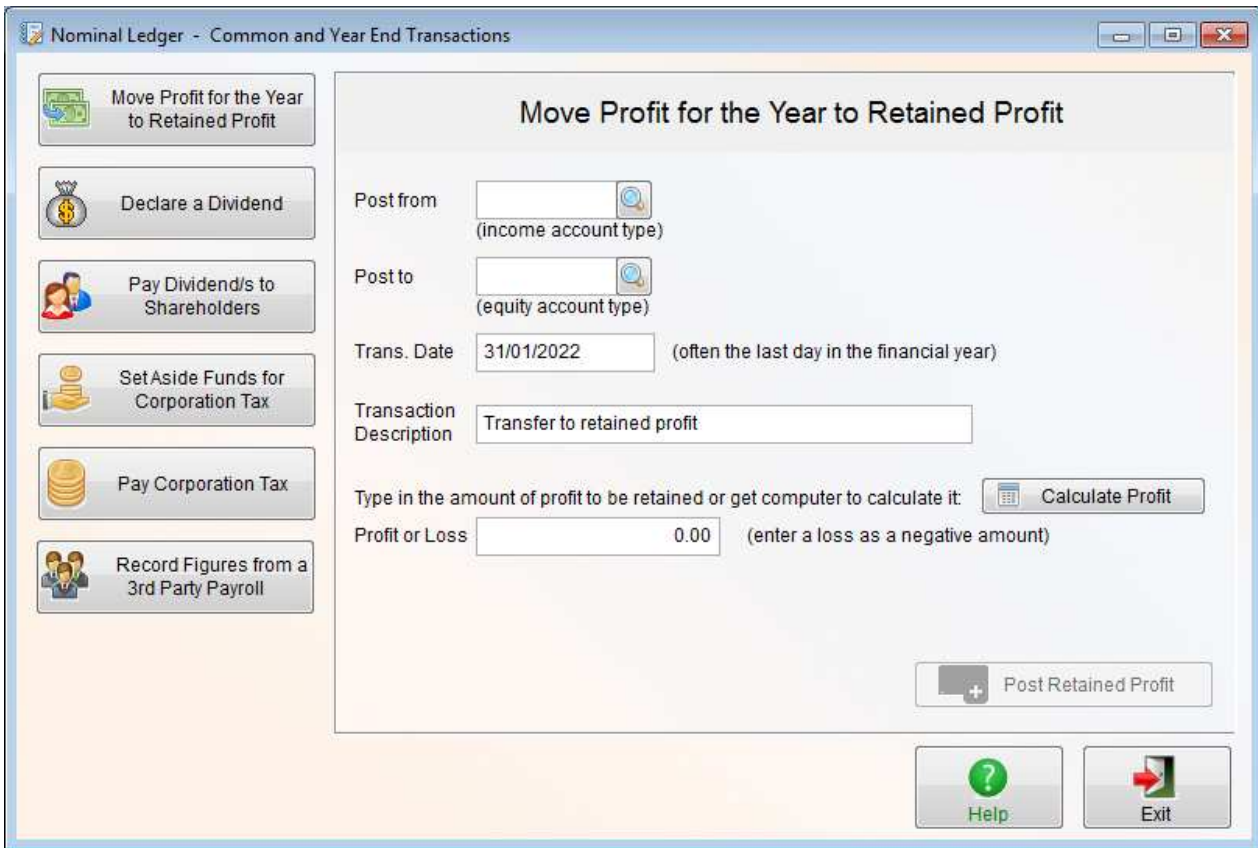
You'll notice there are no debits and credits. It tries to keep things as simple as possible. The most complicated option is probably "Record Figures from a 3rd Party Payroll":
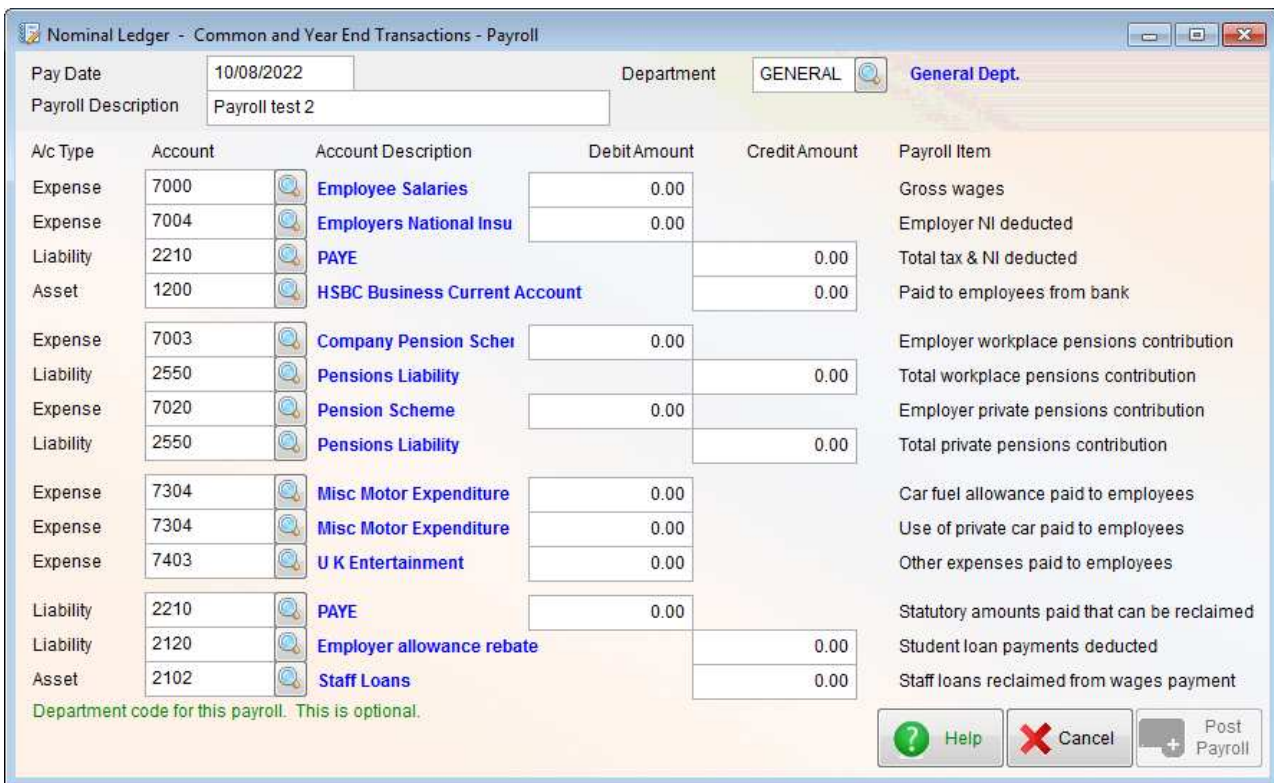
As you can see, this one does resort to using debits and credits, but it has specified which to use for

which function. This particular image is showing payroll items based on the United Kingdom, if you're not in the UK, some of the text will be different. You'll need to click the 'Help' button in this option for information on exactly how to use it. It is actually fairly straightforward. The most difficult aspect may be interpreting the figures presented by the 3rd party payroll software.   The figure for 'Gross wages' for example may contain any additions or deductions to employees pay, or just some of them, or maybe none at all. As you could argue the gross wage figure is just that, the amount the employee has earned. It will vary between different payroll packages.

Most of the accounts in the list on the left hand side will be populated for you. You can edit them at any time. The list of accounts will be saved whenever the option is exited (even if no postings have been made), to save you having to edit them again when you next use the option. Only the top four accounts are mandatory, they are the absolute minimum necessary to post payroll figures. The rest are optional.

Recurring Transactions

Some transactions happen on a regular basis. Perhaps you have a loan or mortgage, and once a month a payment is taken from your bank, or maybe you lease a vehicle or some plant equipment, which is paid once a month or once a week. This is where the 'Recurring Transactions' option can help out. You wouldn't usually use this option for applying depreciation, as that can be done from within the Asset Register. Of course, you have to use the Asser Register, if you'd prefer to maintain a list of assets elsewhere, then you could use this option to apply depreciation.

In the 'New Transactions' section of the General Ledger (Nominal Ledger) drop down menu, select the option 'Recurring Transactions'. A form will appear looking something like this:

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This isn't probably a great example, as it contains test data, which doesn't make a lot of sense when you look at the '**End**' and '**Next**' dates. But you can see the kind of information it presents. Each line is a potential recurring transaction. You can view or edit any of these transactions at anytime by clicking on it, and then clicking the '**Details**' button. You can also copy an existing recurring transaction by clicking on it, and then clicking the '**Copy**' button. This just copies the transaction details and the journals that make up the transaction, it does NOT copy any postings made by the transaction. You can also create a new Recurring Transaction by clicking the '**New**" button. A form will appear, looking like this:

You'll note it looks very similar to the 'Enter Transaction/Journals' option we've been discussing above. In fact, the section for entering each journal is exactly the same. So, I'll just run through the few things that are different.

The large '**List Postings Already Made**' button is greyed out here because we're entering a new recurring Transaction. So, there is no history of postings. If you were viewing an existing Recurring Transaction, they you may be able to click this button, and see a list of all the postings it has generated.

The '**Start Date**' input field can be set to any date you like. Whenever the first transaction is required to be posted. You can backdate it if you wish, but not into an account period that's closed. If you do back date it, the software will generate the necessary postings to catch up, to get it up to date. It can do this when the Recurring Journal is saved (it'll ask you), or later when the option to apply Recurring Journals is run.

The '**End Date**' input field indicates the last date on which the Recurring Journal should be applied. It can be left blank, in which case journals will continue to be generated until you tell it to stop (by entering an end date). Alternatively, instead of an end date, you can enter the number of times you

want the journals to be applied in the '**or total number of transactions**' input field. If you do not want the postings to stop at a particular date or after a particular number of postings, leave this input field set to 0.

The '**Period**' input selection field determines how often the postings are applied. This is either weekly or monthly. It works in conjunction with the input field '**Every**' which is to the right of it. The '**Every**' input field would normally be set to '**1**'. So, if the '**Period**' input selection field was set to '**Monthly**', postings would be made once per calendar month. If the '**Every**' input field is set to '**3**', then they would be made every 3 months (ie. once a quarter). If you only require the postings to be made once a year, set it to '**12**'.   The '**Every**' input field works in the same way if the '**Period**' input selection field is set to '**Weekly**'. Then, of course, the '**Every**' input field refers to the number of weeks.   So, the periods that can be set up are quite flexible. But they do have to be regular. There is no facility for entering a series of dates. For postings that need to be made regularly, but on varying dates, you may want to consider using the 'Standing Transactions' option, which we'll discuss shortly.

Next is an example of a simple recurring transaction for an insurance premium that's paid monthly:

When all the required information is in the Recurring Transaction form, click the '**OK**' button to save it and exit the form. You can go back and edit any of the information, at any time. Even if it has already started posting transactions.

The Recurring Transactions don't post themselves however. Every so often, perhaps once a month,

you will need to run the 'Apply Regular Postings' option, in the 'New Transactions' section of the General Ledger (Nominal Ledger) drop down menu. The option looks like this:
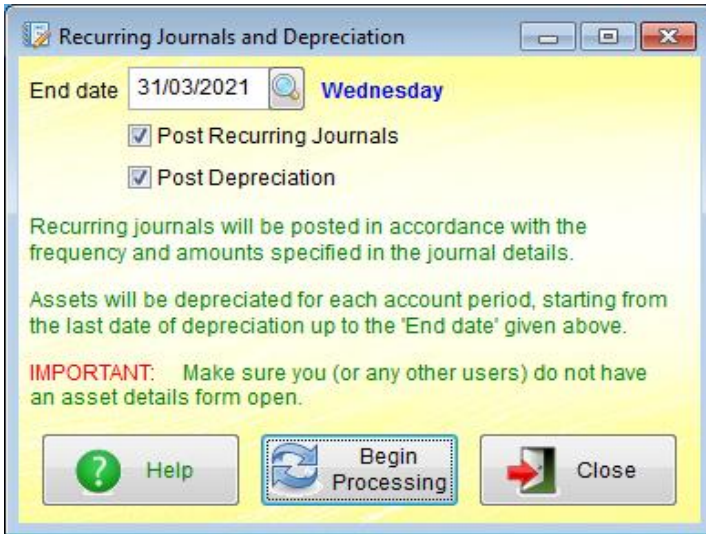
The '**End date**' input field, is effectively the cut off date. It will apply transactions that are due to be made on or before the '**End date**'. There are two types of transaction that can be posted:

'**Post Recurring Journals**' which we have just discussed above, and

'**Post Depreciation**' which is set up in the Asset Register. Which we'll discuss later.

Normally, you'd run both at the same time. Both the options are selected by default. When you're ready, click the '**Begin Processing**' button. The posting take place fairly quickly. Don't worry if you realise you've missed a month, the software will catch up on any postings that were missed.

Standing Transactions

These are transactions that you often need to post, but at varying times, and/or for varying amounts. So, they can't be setup as Recurring Transactions. You'll find this option in the 'New Transactions' section of the General Ledger (Nominal Ledger) drop down menu. When selected, a form will appear looking something like this:
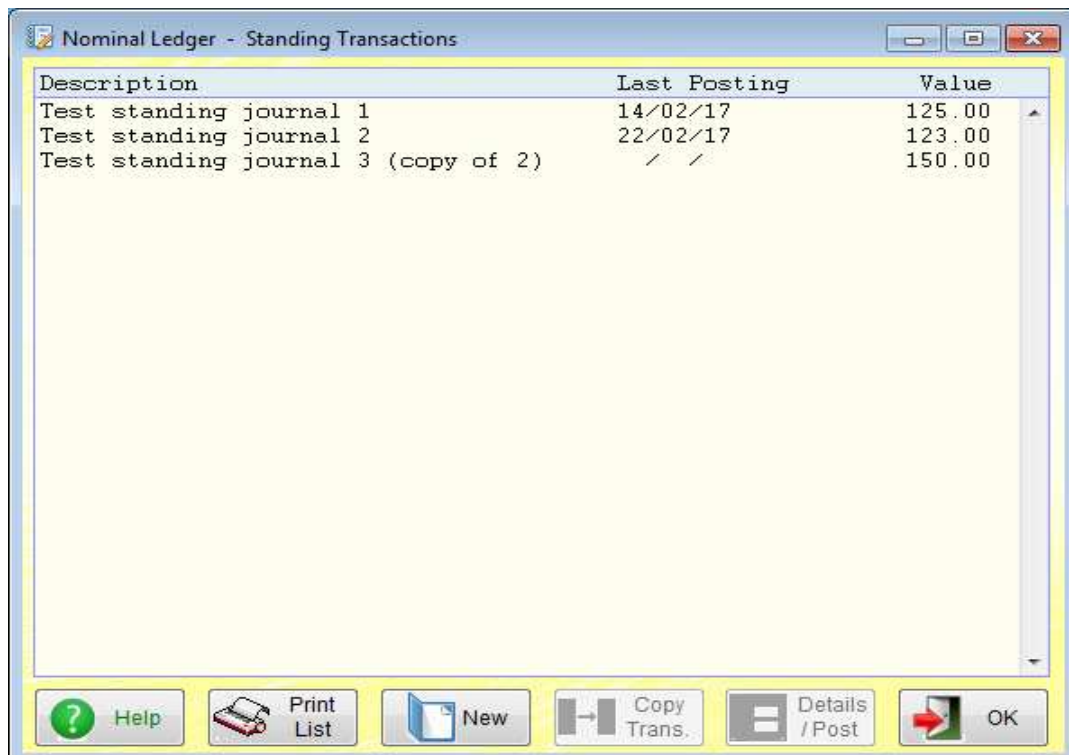
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It's not dissimilar to the Recurring Transactions form. It has the same buttons. The main difference is, these transactions do not get posted in the 'Apply Regular Postings' option discussed on the previous page. To post any of these transactions, you have to select it in this option, then click the **'Details / Post'** button. A form will appear looking something like this:

The main section of this form, where the actual journals are entered, is much the same as the 'Enter Transaction/Journals' option. So, I don't need to go over those columns again. Also, you'll notice in the top righthand corner it tells us how many transactions have been posted in total (the number is for transactions, not journals. In this case 2 transactions would mean a total of 4 journals had been posted, as there are 2 per transaction in our test data), and the date when a transaction was last posted.

Along the bottom, we have the **'List Postings Already Made'** button, which does exactly that. It actually lists the journal entries. You can click on one to see the details of the transaction posted.

The **'Save & Post'** button will save any edits you may have made t the transaction, and then post it to the General ledger (Nominal Ledger), using the **'Transaction date'** above the button. The other buttons are the same as previous forms we've looked at for posting transactions. Except this one has a **'Delete'** button, which will, of course, delete the Standing Transaction. Note: it does NOT delete any transactions posted from the Standing Transaction.

Import PayPal Sales

This option can be found in the 'New Transactions' section in the drop down General Ledger (Nominal Ledger) menu.

This option is used to import sales payments made through PayPal. If some of these payments have already been posted, you can remove them from the list of imported transactions. So, they don't get posted twice. Note: this option only creates transactions in the General Ledger (Nominal Ledger). It does not attempt to locate and/or update any customer accounts. When selected, a form will appear like this:

The large input field at the top is for you to enter the location and filename of the file output from PayPal that needs importing. Before running this option for the first time, click on the '**PayPal Import Options**' button. This brings up a form that allows you to specify exactly how you want the system to handle the transactions. This option is in three sections (or three 'tabs' as we often call them, because each selection is selected by clicking a tab at top of the form). It will look something like the next image:
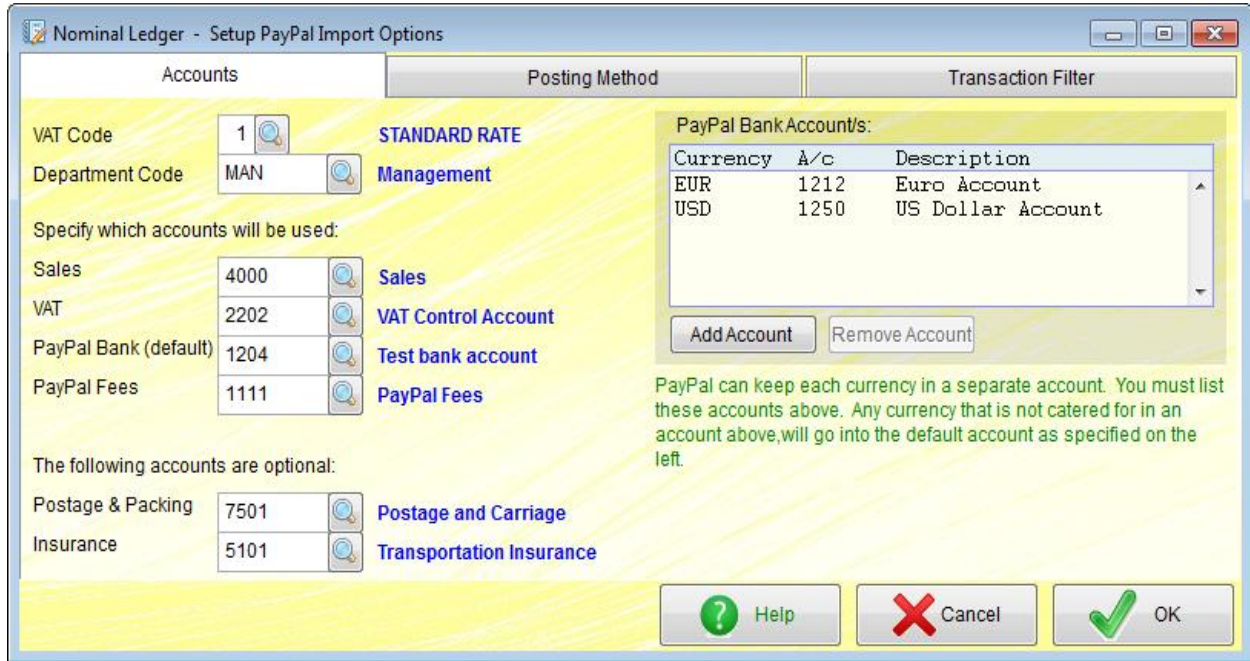
Most of the input fields are self explanatory. Most of the input fields will already be set up for you, but the bottom two that are optional: '**Postage & Packing**' and '**Insurance**' are not. If you want to use these, you will need to specify a General ledger (Nominal Ledger) account, as I have done in the image above. Also, in the '**PayPal Bank Accounts**' list, only one bank will be setup for you, this will be the PayPal bank account in the ledger currency that's created for you when a company/organization is created. In the image above, I've added another PayPal bank account to handle US Dollars. Many business users of PayPal have three accounts created for them by PayPal. One account will be in the currency for their country, plus there is often a US Dollar account and a Euro account.

When you click the '**Posting Method**' tab, we get this:
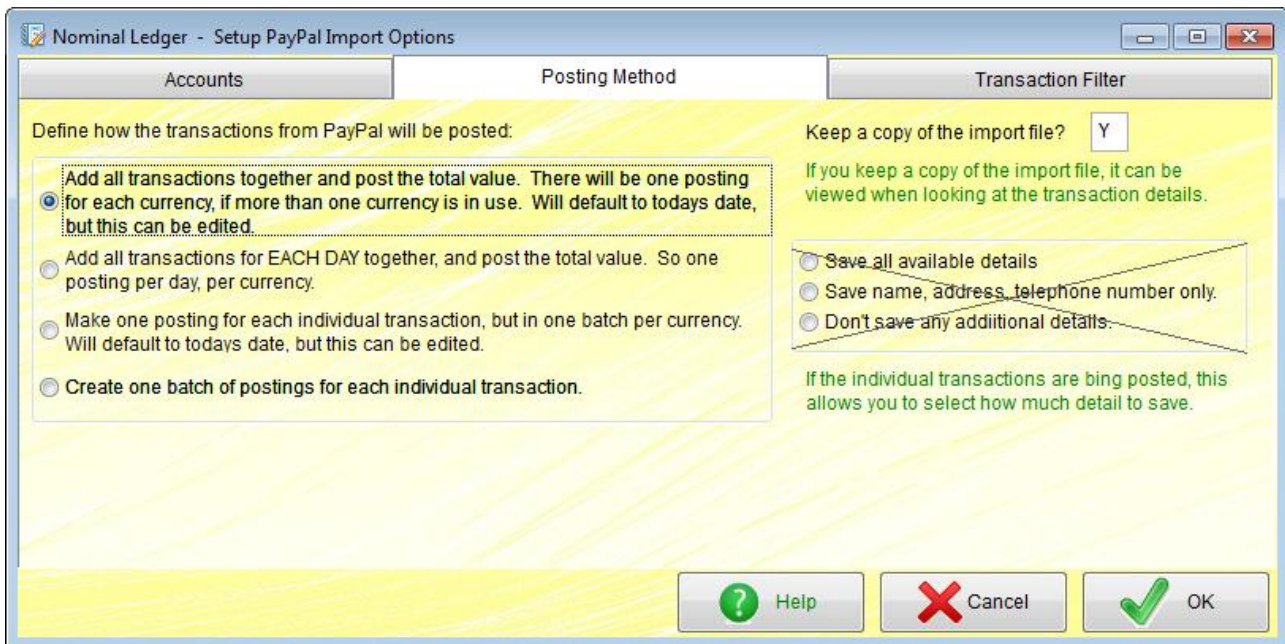
This section controls how the transaction data from PayPal is posted into the General Ledger

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(Nominal Ledger). The main options are on the left hand side of the form. There are four possible main options, and they're fairly well described. The selection of options on the righthand side is crossed out, as you can see. This is because they are irrelevant if either of the top two main options on the left hand side are selected. If either of the bottom two options are selected, the options on the righthand side become active (and the cross vanishes).

Finally, we have the '**Transaction Filter**' section. See below:
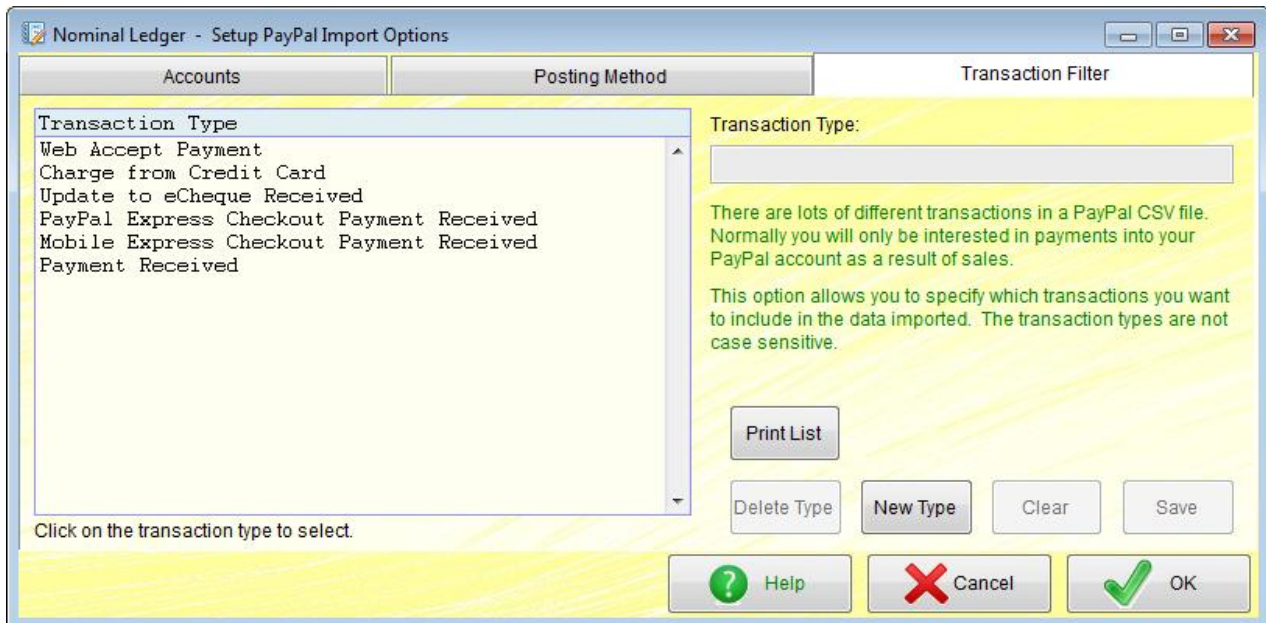
The data file output from PayPal can contain a lot of data we're not actually interested in from the point of view of updating the accounts system. So, this section allows you to specify which PayPal transaction types should be processed.   Six transaction types will already be set up for you. Chances are, they are all you'll need. So, you'll probably rarely, if ever, need to edit this list.

Once you're happy with the PayPal set up options, click the '**OK**' button to save and exit the form.

Before we attempt to import any data, the first thing to do is to back up your data. This is very important, just in case the import and automatic posting does not go as you expected. Once the imported data is posted into the ledger, it cannot be un-posted. At least without you manually locating and deleting each transaction. You'll notice the date and time of the last backup is displayed in the top righthand corner of the main PayPal import form.

After backing up your data, need to output a .CSV file from your PayPal account. The format of the file must be in PayPal's standard format (with multiple address lines selected, which is the default). If there is any variation in the file format, the data may not be loaded up correctly. A full list of the data fields required is given shortly. As of March 2021, to download the file, when in PayPal click on '**Activity**' on the top menu bar, in the '**Transactions**' section select '**All transactions**'.
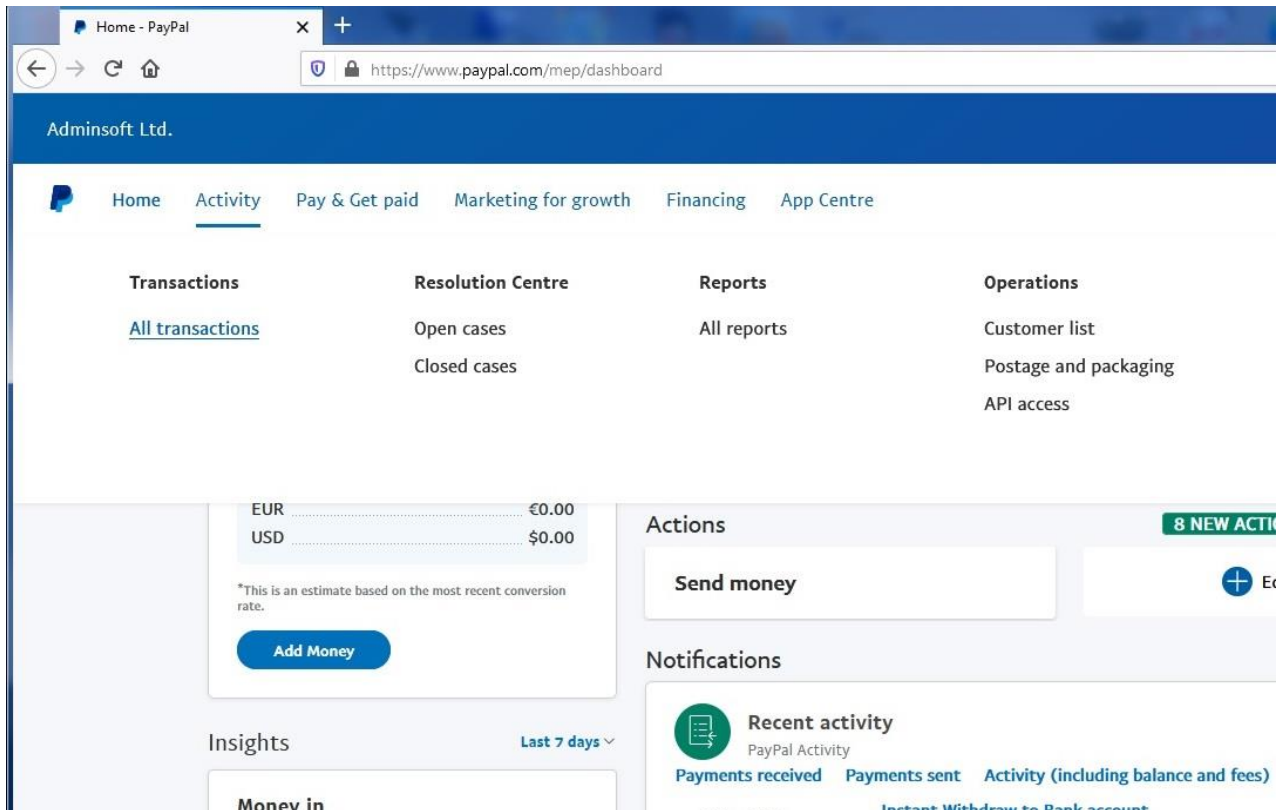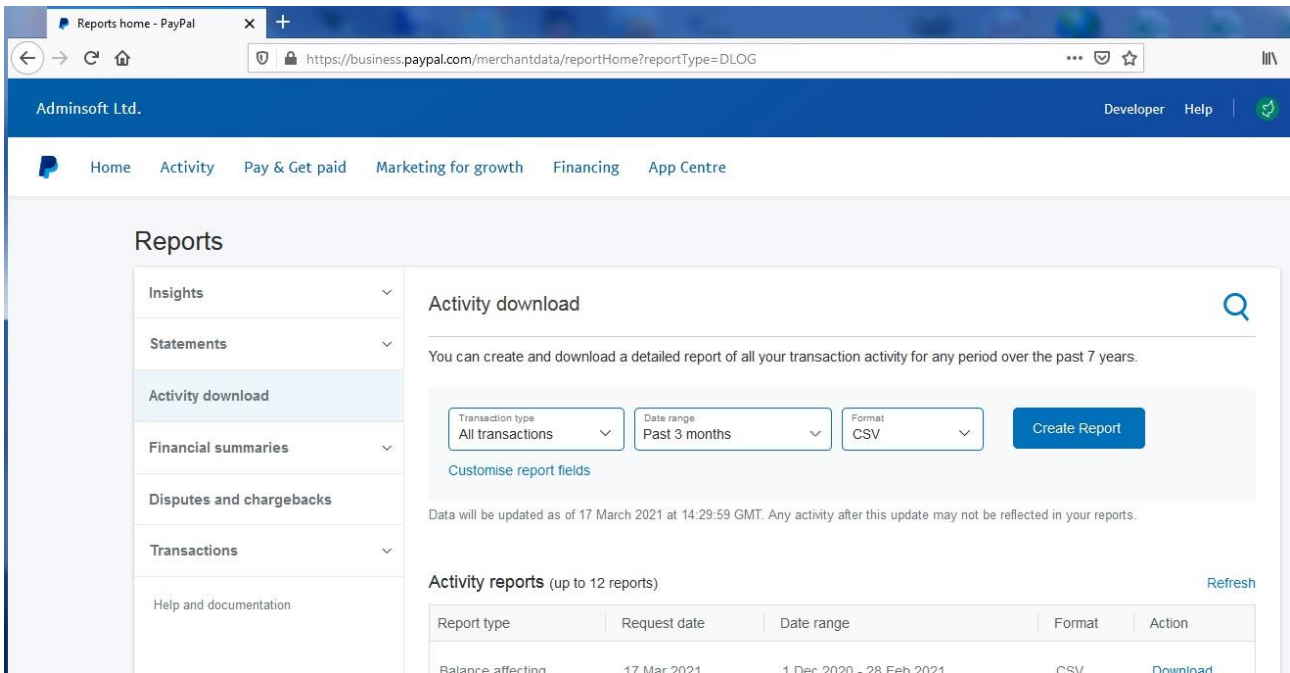
When '**All transactions**' is clicked, the screen will change to:
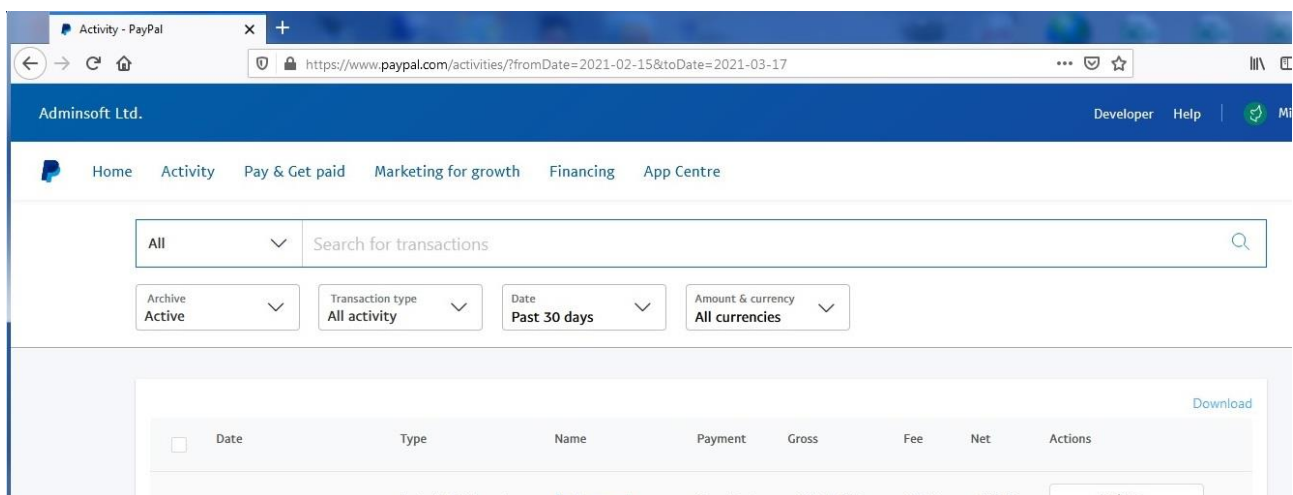
Click on '**Download**' (on the righthand side, it's quite small in the above image). The following screen will appear:

In the input fields in the above screen, for '**Transaction Type**' select '**All Transactions**', select the '**Date range**' as required, leave the '**Format**' set to '**CSV**' (or set it to '**CSV**' if it isn't already). Then click on '**Customize report fields**' (just below the '**Transaction Type**' input field), and a window will open up as below:

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Select the option to include '**Auction details**', then click ' **Save** '. This takes us back to the previous screen. Next, click '**Create report**'. PayPal will email you when the report is ready for download. But it's normally pretty quick. So, if you hang around on that PayPal page for a minute you may see the '**Action**' status against the report change into a '**Download**' link. Click the '**Download**' link to download the CSV data file into your browsers 'Download' folder.

After downloading the PayPal .CSV file onto your PC hard disk (the file will probably be called 'Download.csv'), in the Adminsoft Accounts PayPal option, locate the file using the '**Find**' button (or, you can locate it using Windows File Explorer, and then drag it into the '**Name and location …**' input field). Once located, click on '**Import PayPal Data**'. This will load up the payment transactions into a temporary file. You will be able to view the list of transactions to be posted, and remove any that do not require posting. The form will look something like this:
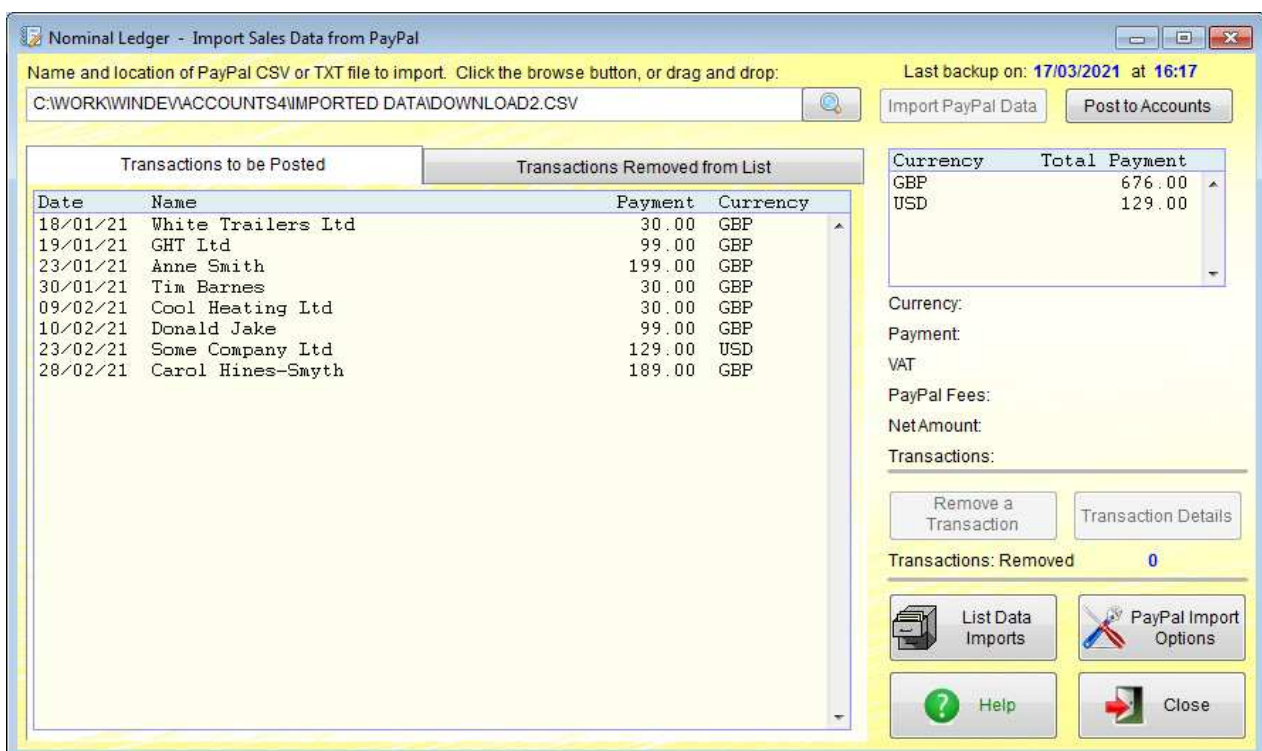
To remove a transaction, click on it, then click the '**Remove Transaction**' button to the right of the list. The transaction will vanish from the main list, and be transferred to the '**Transactions Removed from List**' list. You can click the tab to see all the transactions that have been removed. Any of them can be re-instated if you wish. To view the full details of any transaction, click on it, and then click the '**Transaction Details**' button. A window will appear looking something like this next image:

I should point out, for the purposes of this demonstration all these transactions, and the names of people and businesses are entirely made up, of course. As is all the test data in these guides.

Once you are happy the list is correct, click the '**Post to Accounts**' button. The transactions will then be posted in the General Ledger (Nominal Ledger). Once they have been posted, they cannot be un-posted. Hence the importance of backing up your data before running this procedure. After posting, a small window will appear listing the sales/payment transactions that have been posted. It has an option to print them if you wish. Though you can view previous PayPal data imports at any time by going back into the 'Import PayPal Sales' option, and clicking the '**List Data Imports**' button.

If you're familiar with CSV files, you may want to check your file prior to importing it into Adminsoft Accounts. The first line will contain short descriptions of each data field, and should be structured as follows:

Date   format depending on country
Time   hh:mm:ss
Time Zone   EST, BST, GMT, etc. depending on country
Name   full name of payee
Type   description of transaction type
Status   'Completed', 'Removed' or 'Failed' balance still applied regardless
Currency   'USD', 'EUR', 'GBP' etc. Uses ISO 4217 codes
Gross   amount before fees, +ve if payment into account, otherwise -ve
Fee   fee charged for the transaction, usually -ve, but can be +ve if a refund
Net   amount after fee is deducted, +ve if payment into account, otherwise -ve
From Email Address   email address of customer if payment in
To Email Address   email address of PayPal account if payment in, customer if a refund

Transaction ID   17 character alphanumeric unique ID for transaction, max. length 24 chars
Shipping Address   full address of customers required point of delivery
Address Status   says whether customer address is verified
Item Title   description of item sold or purchased
Item ID   reference for the item, often blank unless it's from eBay
Postage and Packaging Amount
Insurance Amount
Sales Tax/VAT   this will be 'VAT' or 'GST' in some countries
Option 1 Name   specified by seller, maximum length 64 chars
Option 1 Value   specified by seller, alphanumeric, maximum length 200 chars
Option 2 Name   specified by seller, maximum length 64 chars
Option 2 Value   specified by seller, alphanumeric, maximum length 200 chars
Auction Site   if you sell through eBay, this field and the next 3 relate to eBay
Buyer ID
Item URL
Closing Date
Reference Txn ID   links transactions together, uses Transaction ID of the main transaction
Invoice Number
Custom Number
Quantity   quantity if item purchased
Receipt ID
Balance   the account balance, bear in mind each currency has its own account
Address Line 1   customer address line 1
Address Line 2   customer address line 2
Town/City   customer town/city
County   customer state/province/county
Postcode   customer post code
Country   customer country, actual name, not coded
Contact Phone Number   customer telephone number, often blank
Subject   description of item purchased
Note   notes, rarely used
Country Code   two character country code, based on ISO 3166
Balance Impact   effect on account balance, either 'Debit' or 'Credit'

Budgets

In Adminsoft Accounts, you can set up budget figures for one or a range of income and expense accounts in the General Ledger (Nominal Ledger). Budgets are financial year specific, and can be department specific. Note: budgets only relate to the General Ledger (Nominal Ledger), they are not used by the other two ledgers.

In the top section of the General Ledger (Nominal Ledger) drop down menu, select the 'Budgets' option. A form will appear looking something like this:
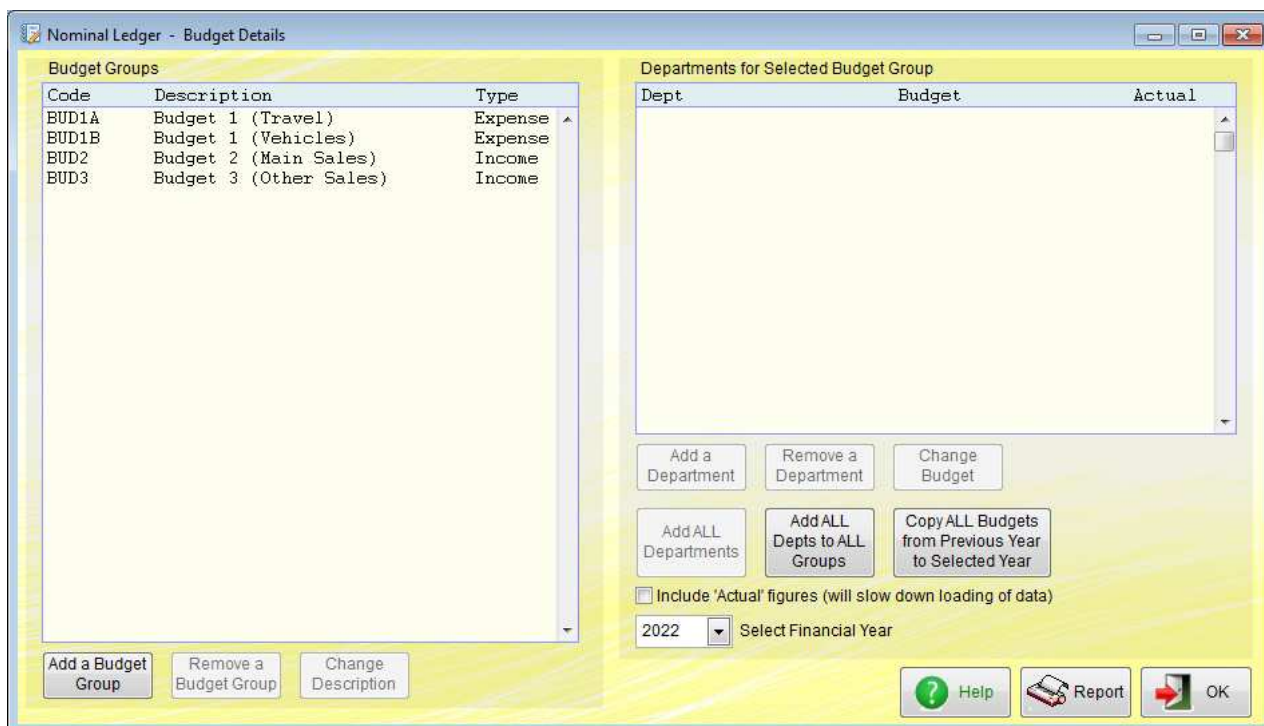
First thing to do is check the input selection '**Select Financial Year**'. This defaults to the current financial year. Any budgets created only apply to the year as specified by the '**Select Financial Year**' input selection. This also applies to any departments associated with a budget. To operate budgets you need to set up a '**Budget Group**' for the items of expenditure or income you wish to track. In 'Account Details' in the General Ledger (Nominal Ledger) menu, there is an input field for '**Budget Group**'. This field allows you to assign the selected account to a '**Budget Group**'. This is why we refer to it as a 'group', because each '**Budget Group**' can consist of one or more accounts.

Although you need to specify what each '**Budget Group**' type is (ie. expense or income), the accounts associate with a group do not have to be the same type. If you mix types, when reporting budget figures their values will be added or subtracted accordingly. For example, if you have a budget group of type 'Income'. Any sales/income figures will appear as positive numbers, but any expenses in that group would appear as negative numbers, and affect the total figure accordingly. Note: budgets cannot be set for the other account types, namely asset, liability and equity.

To enter a budget figure for a '**Budget Group**', click on the '**Add a Department**' button. If you leave the department code blank, the budget figure you enter will be for ALL departments combined. For many businesses, this will be sufficient. However, if you wish to departmentalize your budgets, you may enter a department code, and the budget figure you enter will be for that particular department. Budget figures are for the financial year. It's not possible to set different figures for different account periods within a financial year.

To view the departments and annual budgets setup for a '**Budget Group**', select the group in the '**Budget Group**' list, and the information will be displayed in the righthand list '**Departments for Selected Budget Group**'.

If you do not enter any department codes, you will not be able to run a budget report for a specific department. If you mix, in other words, if you add a department but leave the department code blank, but also enter some budgets for specific departments, the ALL departments figure will be added to any specific departments when reporting on ALL departments, making the total figure

higher than it actually is.

Below is a screen image showing the four budget groups as in the precious image, but this time I've selected the first one, BUD1A (Budget 1 Travel), you'll see the four departments I have set up appear, along with a budget amount for each, and the actual expenditure, as I selected the '**Include 'Actual' figures**' option (just below the department list).
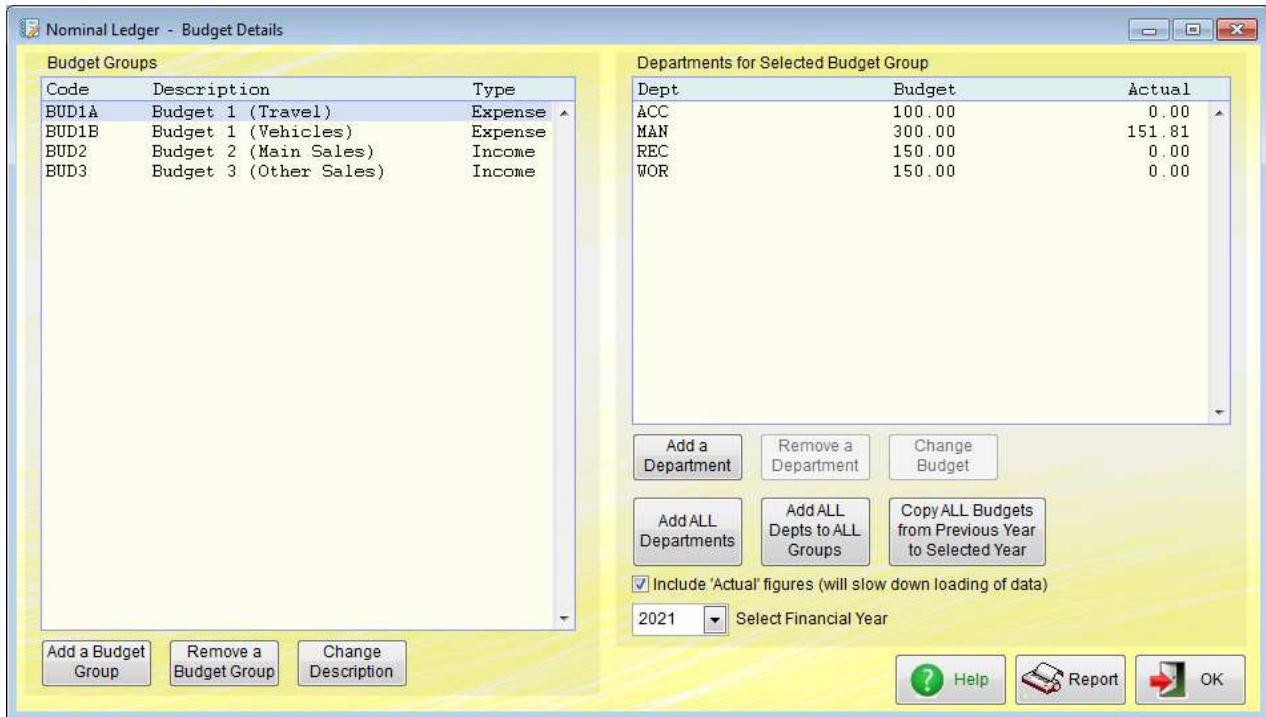
As the budget figures are for the financial year, so the '**Actua**l' figures listed are for the year to date. If you're viewing the current financial year. If viewing a previous financial year, obviously they'll be for the whole year.

The '**Add ALL Departments**' button will add all departments to the department list for the budget group that is selected in the budget group list. If a department already exists in the list, it will not be duplicated.

The '**Add ALL Depts to ALL Groups**' button will add all departments to the department list for all the budget groups. In other words, each budget group will have its own list of departments. In the screen image, we have four budget groups. This test system has four departments setup in it, so clicking this button would generate a list on the righthand side of 16 departments. Four for each budget group.

The '**Copy ALL Budgets from Previous Year to Selected Year**' button will create an exact copy of the budget from the previous year for the currently selected year. This means all departments that were associated with each '**Budget Group**' will also be setup. So, unless you need to change departments, or change which accounts are associated with a '**Budget Group**', you can simply go through it and edit the annual budget figures.

You can edit the budgets at any time, it doesn't matter if you're part way through a financial year. Changing the budget figures, changing departments, adding or removing budget groups, etc.

To produce a report on budgets, you can click the '**Report**' button in the budgets form, or in the '**Reports**' section of the General Ledger (Nominal Ledger) drop down menu, you'll see the option '**Budgets**'.   Selecting this produces a small window:
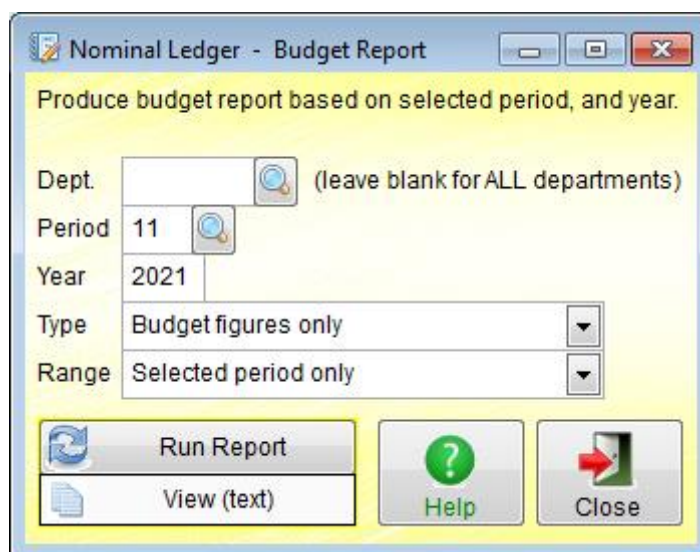
You can produce a report that will show the budgets for all departments if you leave the '**Dept**' input field empty. Note, if reporting for all departments, it does not display each individual department, it reports each budget group and the totals for that group (as discussed early in this section on budgets, if you created a 'department' with no actual department code, the figures will be inflated). While the option to setup budgets asks for the budget figures for the year, this report produces the figures for a given account period. To arrive at the budget figure for the account period, it takes the figure for the year and simply divides it by the number of account periods in the financial year.

'**Type**' input selection field allows you to specify what information you want to appear on the report. The default 'Budget figures only' will list all the budget groups along with figures for the budget for the year, the account period, and the actual figure for the account period. The selection 'Include account figures' will list each account that went to make up the figures for the budget group. The selection 'Include transactions' will do exactly that. Each transaction that was included in the figures will be listed.

'**Range**' input field allows you to select whether it's reporting for just one account period, which is the default, or whether it's reporting year to date (based on the account period and account year as specified in the frost two input fields). If reporting year to date, then it will produce a figure for the budget for the year, budget year to date, and actual year to date.

Asset Register

Nearly all organizations will buy and sell assets at some point. These are things like office furniture, plant equipment (drilling machines, CNC machines, moulding and pressing equipment, forklift trucks, etc.), vehicles, property, and office equipment, including computers, servers, printers and so on.   Tax laws vary from country to country. In some countries, you can purchase an asset up to a certain value, and write off 100% of the purchase cost against tax in the first year. In which

case, in may not be worth maintaining a list of these assets, they can simply be purchased as an 'expense' item. It depends on the law in your country, and general accounting practice.

The Asset Register in Adminsoft Accounts, allows you to maintain a list of assets purchased (and sometimes subsequently sold or scrapped). An asset record is not created automatically, it has to be created manually. Also, a purchase or sale transaction of an asset cannot be created from within the asset record. What it can do automatically is depreciation. This will be discussed in detail shortly.

When you select the option 'Asset Register' on the top section of the General Ledger (Nominal Ledger) drop down menu, a form will appear looking something like this:

The form lists all assets in the register. You can filter them by department if you wish, using the '**Department**' input selection field above the list. You can also filter it to only show existing assets, by unselecting the '**List all assets**' option in the bottom left corner. As you can see, I've got a few assets in here. It's all test data that's been entered over the years, so the descriptions do not reflect the more meaningful descriptions we'd expect to see in a 'proper' accounts system. The '**Book Value**' is the current value of the asset. This is the original cost of the asset less any depreciation. You can see in the list some assets have been depreciated to zero. Also, any asset that has been sold or scrapped will have a '**Book Value**' of zero. If an asset has been scrapped, the date it was scrapped will be in the '**Sold**' column.

We'll start by looking at how to enter a new asset into the register. First, click the '**New Asset**' button, a form will appear like this:

The '**Asset Code**' in the top left hand corner is greyed out, this is because a unique asset code will be generated automatically when the new asset is saved.

'**Description**' input field is mandatory. You are required to enter a short description of the asset.

'**Department**' input field is optional, it can be left empty. You can enter a department code, or click the find button to the righthand side of the input field.

'**Asset Type**' input field is mandatory. You need to enter the asset type code, or click the find button to the righthand side of the input field. There are four asset types created for you during installation. These are 'EQUIP' for Office Equipment, 'FURN' for Furniture & Fittings, 'PLANT' for Plant & Machinery, and 'VEH' for Motor Vehicles. Each asset type is setup with General Ledger (Nominal Ledger) accounts for depreciation, and a depreciation rate of 25% on a 'Straight line' basis. They can be edited and added to in the 'Asset Types' option in the General Ledger (Nominal Ledger) setup menu. The accounts and depreciation information setup in an Asset Type will be used as the default settings in the new asset. If you click the find button in the Asset Details form, there is also a button in there to go to the Asset Type setup option.

'**Depreciation**' is an input selection field. This describes how the asset is depreciated. The options are '**Straight Line**', '**Reducing Balance**', and '**Sum of Digits**'.

Straight Line depreciation calculates depreciation based on a fixed percentage per financial year. For example, if you purchased an asset for 1,000 at the start of your financial year and set the depreciation rate to 25%, then the depreciation would be 250.00 each year, until the total amount of depreciation matched the cost of the asset. In effect, making it worth zero. However, you can enter a '**Scrap Value**', which means the net worth of an asset will only be depreciated down to the level of the '**Scrap Value**'. Depreciation is applied each account period. The total depreciation for the year

is divided by the number of account periods in the financial year, and that amount is charged each account period. The charge for depreciation will be the same each account period until no more charges for depreciation are required.

Reducing Balance depreciation works in a similar way to **Straight Line** depreciation described above. Except the amount of depreciation posted each account period steadily reduces. For example, if you purchase an asset for 1,000 and set the **Reducing Balance** depreciation to 25%, in the first financial year it will post a total of 250 in depreciation (if the asset was purchased at the start of the year). The following year, the depreciation is based on the cost of the asset less any depreciation already made. In our case that would be 1,000 – 250 leaves us with a net asset value of 750. So, in the second year the depreciation would be 25% of that 750. ie. 187.50

Sum of Digits depreciation is similar to **Reducing Balance**, in that the initial depreciation is high and then gets lower as time goes on. The difference is that whereas **Reducing Balance** will keep going, with the net asset value just steadily getting smaller and smaller, but never actually reaching zero, **Sum of Digits** allow you to set a specific lifetime of the asset in financial years, and at the end of that life time the asset is depreciated to zero. If you set '**Depreciation**' to '**Sum of Digits**', the input field '**Annual Rate**' will change to '**Asset Life**', in which you need to enter the number of years over which you want to asset to be depreciated. This can be a very useful tool for depreciation, as most assets depreciate more in their early years, and then after a certain period they are worthless or near worthless.

Note: there is no facility with any of the above depreciation methods for accelerated depreciation, such as Double Declining Balance. If the rate of depreciation needs to be accelerated, you will have to do this manually by editing the rate of depreciation of the asset every so often.

'**Scrap Value**' input field allow you to enter an amount below which the net value of an asset (ie. asset cost less any depreciation) will not go. This works with all depreciation methods.

'**Notes**' is there for you to enter any information you wish regarding the asset that you think may be useful.

'**Expense Account for Depreciation Charge**' is the General Ledger (Nominal Ledger) account that will be posted with an amount of depreciation each account period. A balancing posting is made against the account specified in '**Asset Account for Accumulated Depreciation Charge**', which is in effect a running total of the amount the asset has been depreciated. Note, the actual asset account that was posted with the cost of the asset when purchased is not touched during depreciation. It continues to contain the full cost of the asset. On asset disposal (whether sold or scrapped), you will have to make manual posting between the asset account holding the full cost of the asset, and the account that contains the accumulated depreciation charges. The amounts will be the same if the asset has been depreciated to zero. But if it has not, the balance may need posting to an income account.

Once set up, depreciation is handled automatically. But, to apply the depreciation charges you must run the 'Apply Regular Postings' option in the General ledger (Nominal Ledger) menu, preferably once each account period. Don't worry if you accidentally miss a period, it will make the necessary postings in any missed periods.

'**Depreciation Charged this Period**' is an input field, but it's updated by the 'Apply Regular Postings' option. Along with the '**Depreciation Charged Year To Date**' input field, they are used

by the software to work out the amount of depreciation in the next account period. You can edit these figures, but I'd advise against it unless you know exactly what you're doing.

'**Total Depreciation Charged**' is an input field that like the two above it is maintained by the 'Apply Regular Postings' option. It's used by the software (along with the '**Scrap Value**') to determine when to stop depreciating an asset. This also can be edited.

Note: if you edit any of the three input fields above, the postings into the General Ledger (Nominal Ledger) will not balance with the depreciation as shown in these input fields.

As we're creating a new asset record, we'll need to fill in the purchase details, as below:

'**Asset Cost**' is the actual cost of the asset (less any Sales Tax/VAT if the tax is recoverable). This figure is mandatory, as the depreciation will be based on this figure.

'**Purchased On**' is of course the date of the purchase. This is mandatory, as is used as the starting date for depreciation.

'**Purchased From**' allows you to enter the suppler account code, or you can click the find button to the right of the input field. Once you've selected a supplier account, you can click the '**Locate Inv**' button to select the actual invoice for the asset. There is another '**Purchased From**' input field just below it, which will be populated with the supplier details automatically (if selected, in which case the input field will become read-only). If there is no supplier account, you can just enter the supplier's details straight into the larger '**Purchased From**' input field. Both these input fields are optional, but it's usually worth taking the time to fill them in for future reference.

Entering any of the purchase details above does not create any transactions or generate any postings. They are purely for information purposes.

Next we have the input fields that need to be filled in when the asset is sold or scrapped.

'**Sold for**' input field is the amount you received for the asset. If it was literally thrown away and you received nothing for it, leave this at 0.00

'**Sold On**' is the date you disposed of the asset. If you no longer own the asset, this input field is mandatory. Otherwise the software considers the asset to still be in your ownership, and so possibly still subject to depreciation.

The '**Sold To**' input fields work in exactly the same way as the '**Purchased From**' input fields. Like them, they are optional, but you may find it worthwhile filing them in for future reference.

'**Delete Asset**' button will do exactly that. It will delete an asset, regardless of the status of the asset. It will ask you first, just to make sure you really do want to delete.

'**List Docs**' button allows you to maintain a list of documents associated with the asset. When selected, a window like this appears:
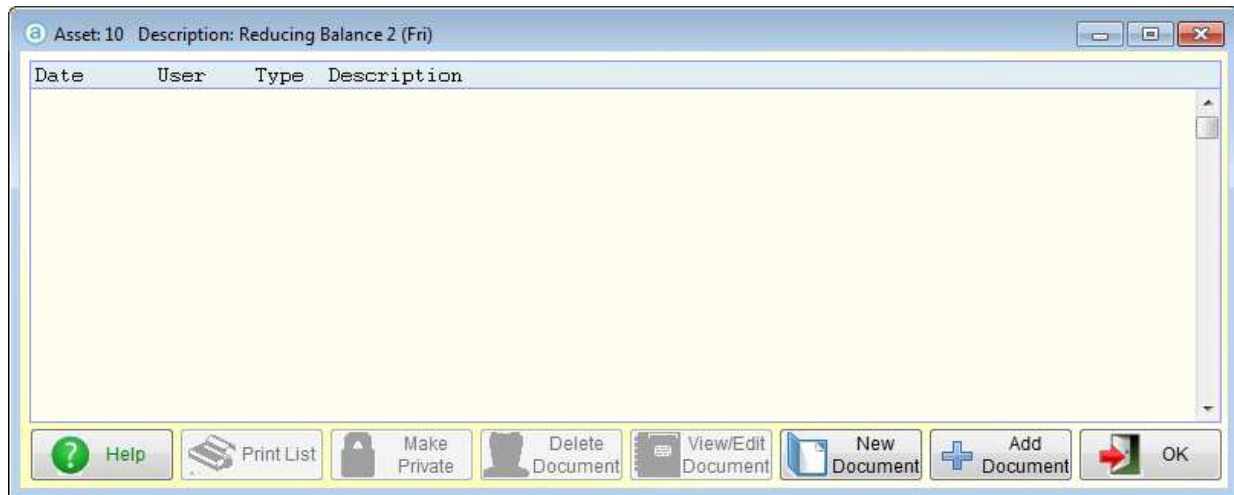
It's actually the same document window that's used in various other places within the accounts system, and maybe be useful for attaching guarantee documents, item specifications, purchase or sales invoices, etc.

'**Images**' button allows you to select image files on your hard drive that are associated with the asset.

'**Edit History**' button displays a list of edits made to an existing asset. It only records changes to things that will affect the calculation of the asset depreciation. It can be very useful if an asset does not appear to be depreciating as you expected, you can use this option to check to see if any of the figures have been edited. If the button is greyed out, then there are no edits to report.

'**List Depn Postings**' lists all journal entries created in the 'Apply Regular Postings' option to depreciate the asset. If the button is greyed out, it will be because there are no postings for his asset.

'**Cancel**' button will abandon anything typed into the form and exit. If entering details of a new asset, all those details will be lost.

'**OK**' button will save all details entered into the form and exit.

In the 'Reports' section of the General ledger (Nominal Ledger) drop down menu, there is an 'Asset Register' report. It can produce a report for any given financial year, and filter by department and/or asset type if required. The report will list each asset, along with the asset cost, total depreciation in previous year, total depreciation for current year, and the net asset value (or 'Book Value', this is the asset cost less all depreciation). The depreciation figures are taken from journal postings made in to the General Ledger (Nominal Ledger), and not the figures as they appear in the asset details (although they should be the same unless the figures in the asset details have been edited). Note, the report is 157 characters wide, and so will be too wide for most printers. You may be able to view it only.

When the Trial Balance Doesn't Balance

There is an option in the General Ledger setup menu to deal with this. From the top menu bar: Setup -> General Ledger -> Fix Out of Balance Postings The window that appears will look like this:
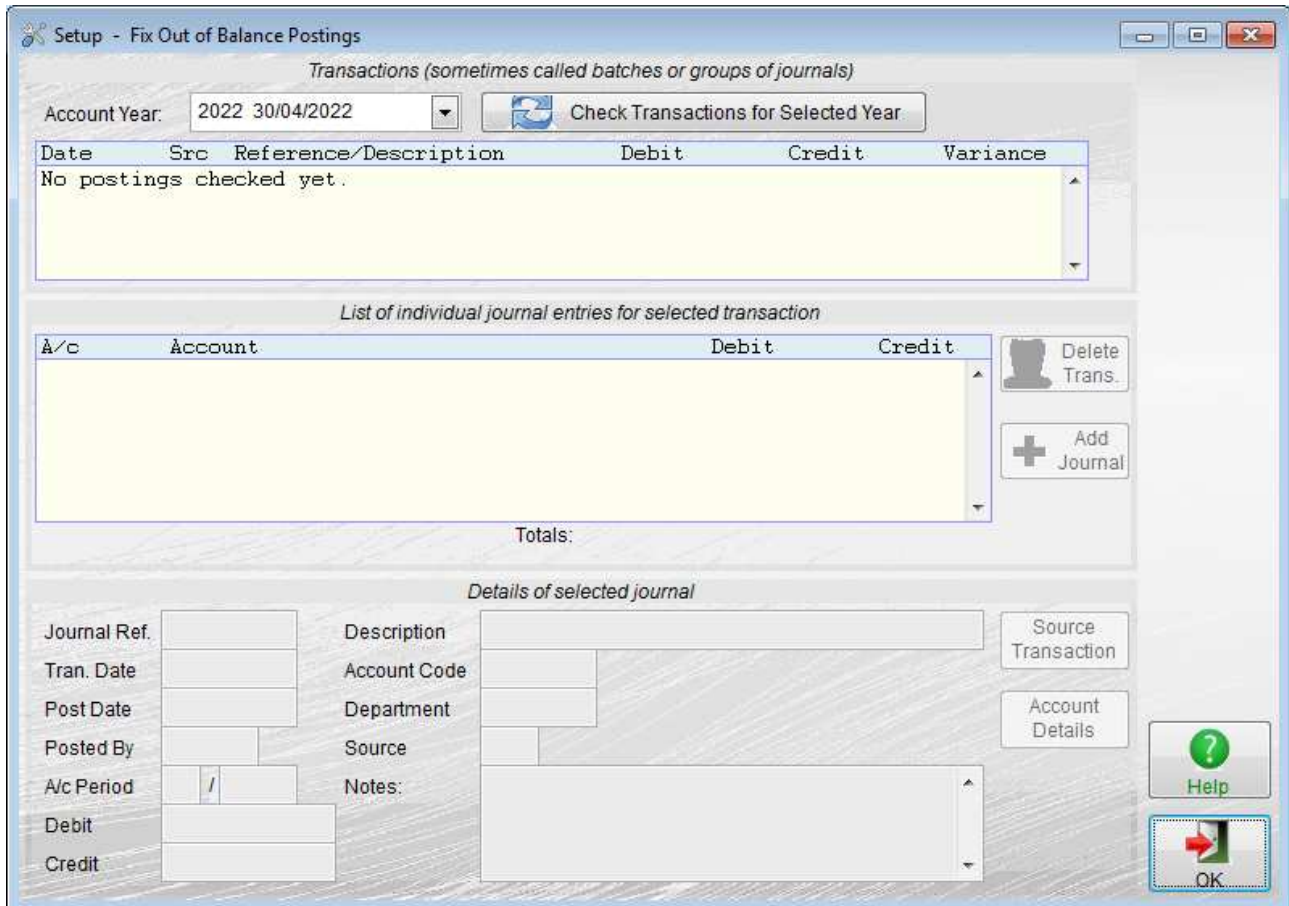

It works by checking each financial year (so you can specify a year, but not an accounting period). It defaults to the current financial year. Click the large '**Check Transactions for Selected Year**' button to run a check. It may take a few seconds to a minute, depending on how many transactions it has to look through, when done it'll report any transactions that are out of balance.

Remember, a transaction is a collection of journal entries. A batch or set of journals if you like. The debits and credits that make up the transaction must balance, and this option reports any transactions where they do not balance. You may already be aware of a problem having looked at a Trial Balance report. Whereas a Trial Balance report tells you there's a problem, it doesn't tell you where the problem is. This option does, and allows you to correct it.
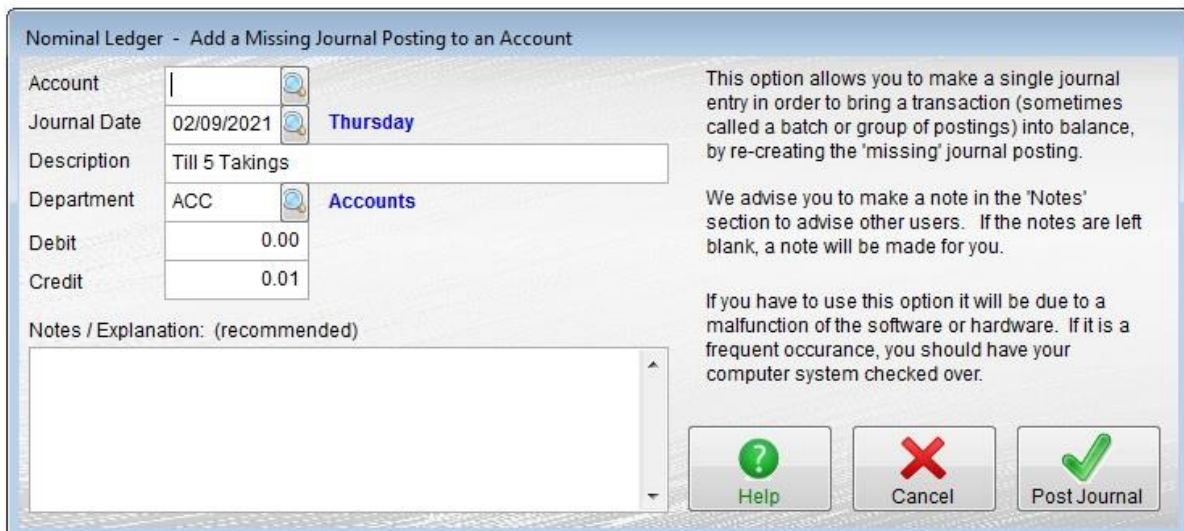
In theory, a computer based accounts system such as Adminsoft Accounts should always balance. Every customer or supplier related transaction is automatically posted for you into the Nominal Ledger (General Ledger). A user cannot make postings directly into the ledger without them being double entry (ie. the total debit and credit amounts must balance).   This is fundamental to all double entry accounting systems. However, in practice, stuff happens! Things like power fluctuations, computer crashes, hardware glitches, static discharge, software errors, etc. can all cause an accounts system to go out of balance.

If this option detects any transactions that do not balance, it may look something like this:
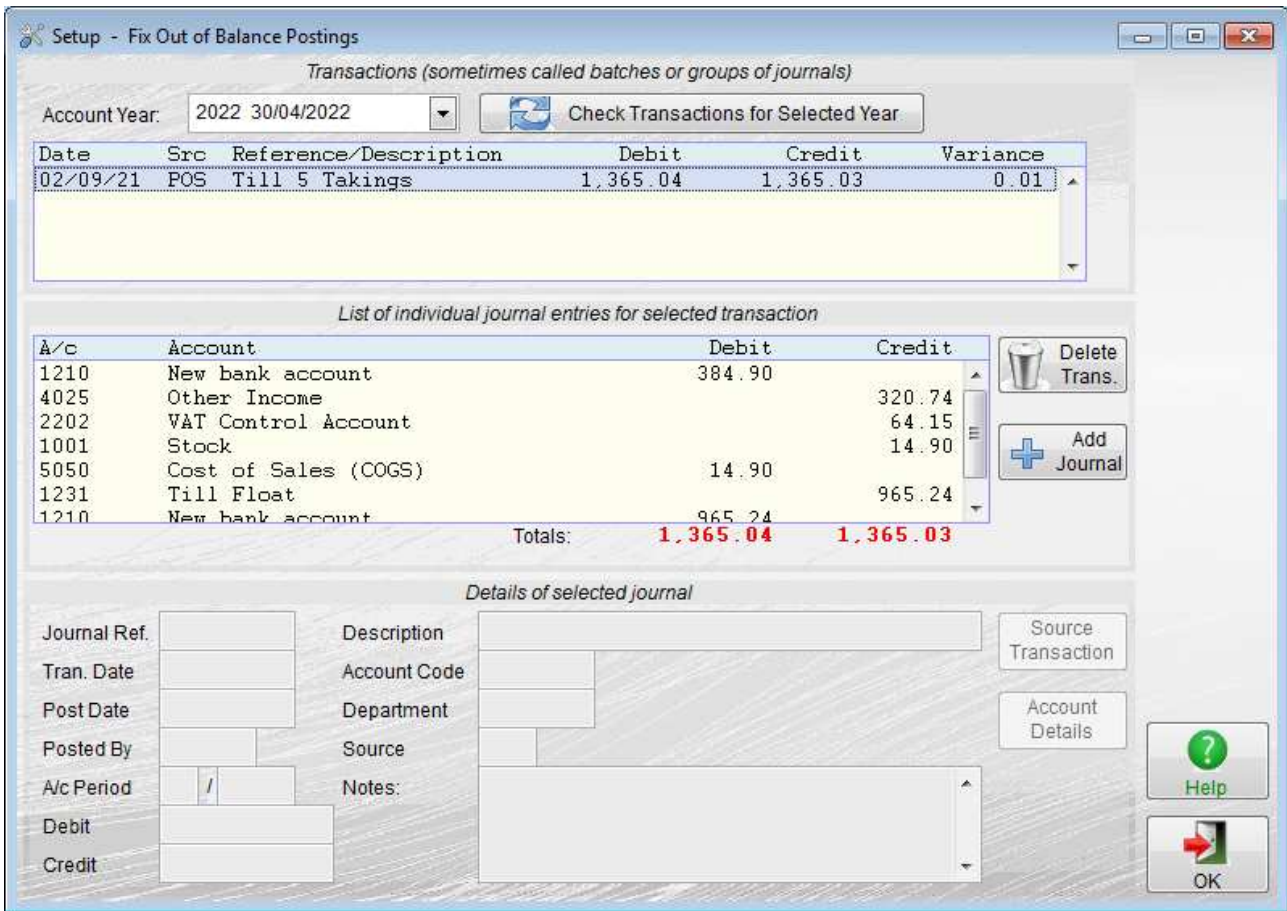
Once any transactions that do not balance have been discovered, you can set about fixing the problem. A single left click on any transaction will display a list of the individual journal postings that make up that transaction (which I've already done in the window above). Usually, postings don't balance because one or more journals are missing. If you can see what's missing, you can click the button marked '**Add Journal**' to re-enter the lost journal posting. You can enter several journal postings if necessary. Once the transaction balances, this button will be disabled (greyed out). When you click the '**Add Journal**' button, a small window will appear:

You'll note, it's automatically entered the necessary amount required to make the transaction balance. A credit of 0.01 in this case. All you need to do is select a General Ledger (Nominal Ledger) account. Note: you don't have to accept the amount automatically entered into the debit or credit input field, you can edit it. You cannot enter an amount into both the debit and credit input fields, it has to be one or the other.

Getting back to the main 'Fix Out of Balance Postings' option, you can also delete the whole transaction with the '**Delete Trans.**' button. However, if the transaction originated from a customer or supplier transaction, that original transaction will of course lose its associated General Ledger (Nominal Ledger) postings. This could generate a query at some point in the future. Also, it could be flagged up as a problem should you run the 'Database - Integrity Check' option.   Best to avoid deleting transactions that are related to customers or suppliers, if possible.

You cannot delete individual journal postings.

You can see further information on a journal by left clicking on it. Details will then appear in the '**Details of selected journal**' section below. See the next image:

If the transaction was automatically generated by another module (ie. not from the General/Nominal Ledger), then you will be able to click the '**Source Transaction**' button to see what the original transaction looked like. This may give you a clue as to what journal/s are missing. The '**Account Details**' button will simply display the details of the General/Nominal Ledger account for the selected journal.

*** *end of document* ***