

A decorative graphic on the right side of the page. It features three blue circles of different sizes, each composed of three concentric rings in varying shades of blue. Two thin, light blue diagonal lines intersect the circles, creating a sense of depth and movement.

Business Accounts

User Guide

A basic guide to using our Business Accounts software.

EZPZ Software Limited
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Introduction

This User Guide has been written with the aim of helping you to understand the way the software works and how to carry out common processing tasks.

We have not covered everything in the system here but have tried to focus on the most common processing tasks, those tasks that you are most likely to encounter. The choice of topics covered has also been influenced by the most frequently asked questions over the telephone help line.

This manual is intended to supplement, not replace, the Help file that can be accessed from within the software. Whereas the Help file is a technical reference source that allows you to look up a topic and have it explained in general terms, this manual works through processes in the order a user would typically carry them out.

EZPZ Software

June 2011

Conventions

This chapter summarises the controls and features that are common to all parts of the software. Please take a few minutes to read this chapter and familiarise yourself with its contents.

Common Controls

Grids

Grid controls are widely used throughout the system to display lists of records and for data entry. A grid looks very similar to a spreadsheet in its layout; it is made up of rows and columns and the box where a row and column intersect is referred to as a “cell”.

At the top of each column in the grid is the *column heading*, which contains text telling you what information is displayed in that column. Many of the grids in the software have their column headings programmed to change the order of the records in the list when the column heading is clicked on.

You will recognise such grids by the presence of a blue arrowhead in one of the column headings. The blue arrowhead indicates which column the grid is currently sorted on and also the direction of the sort. An arrowhead pointing downwards indicates that the column is sorted from lowest value at the top to highest value at the bottom. In terms of a column containing text this means sorted from “A” at the top to “Z” at the bottom. If you click again on the column heading containing the arrowhead the direction of the sort is reversed, so that the highest value is at the top and the lowest value is at the bottom, and the arrowhead points upwards.

This change in the ordering of records in the grid is only temporary: once you close the screen and reopen it, the grid assumes its default order again.

You can also use the column headings of a grid to widen or narrow the columns in order that the data in the grid is easier for you to read.

If you move your mouse pointer over the divider line between two column headings the mouse pointer will change shape to become a double-headed arrow. Whilst in this position if you click and hold down your left mouse button you can drag right or left to make the column wider or narrower as required. When you close the screen the new column widths will be “remembered” and used again the next time that screen is opened.



Use the divider line between the column headings to widen or narrow the columns.

A third use of the column headings is to change the order in which the columns are displayed.

Move your mouse pointer over the centre of a column heading then click and hold down your left mouse button. You should see the column heading turn black whilst the rest of the grid becomes faint or “ghosted out”. Keep the mouse button held down and drag the column to where you want it to appear. When you close the screen the new column order will be “remembered” and use again the next time that screen is opened.



Changing the order of the columns in a grid using the column heading.

Buttons

Throughout this Help guide when a button is referred to it is usually denoted by braces. For example, [Delete] would mean we were referring to the "Delete" button.

Many of the buttons seen on various screens throughout the software have similar uses.

The [New] or [Add] button is used to create a new record. You will see it on many of the screens and toolbars in the software. Clicking on the button will usually open another screen with a blank record ready for you to complete.

The [Edit] or [Open] button is used to open an existing record, or document, for editing. When used on the toolbar of a list of records, you can open the record by clicking once on the record in the list with your left mouse button to select it and then clicking on the [Edit] button. You can also open a record from a list by double-clicking on it with your left mouse button. You will then see another screen appear with the details from the record ready for editing.

The [Delete] button is used to delete an existing record. When used on the toolbar of a list of records, you delete the record by clicking once on it with your left mouse button to select it and then clicking on the [Delete] button. Whether a record can be deleted or not will sometimes depend on whether the record is referenced in another data table. Deletion of a record cannot be undone - once a record has been deleted it cannot be recovered.

The [Save] button is used to save the changes you have made to a record. When you edit the details in a record the changes you make do not become permanent until you save them.

Printing Reports

When printing a report you have 4 Output options:

Preview - shows you on screen what the printed results will look like. The toolbar that appears with the preview allows you to move through the pages of the report, zoom in and out of the display, and send a single copy of the whole report to the printer using the current printer settings.

Print - sends the report to the printer. When this option is selected you will be presented with a screen where you can select the page range and number of copies and can set printer options.

File - converts the report to the selected file type and saves it as a file. When the report is run, and this option has been selected, a 'Save as' window will appear enabling you to select the location and file name for the output file. If the 'open file' checkbox is ticked the relevant software application will be opened when the output file has been created.

Email - this option is available in some software titles if the mail client used is Microsoft Outlook or the built in Email Manager. Adds the output document as an attachment to an email.

The following file types are supported for the File and Email options:

- PDF - Adobe Acrobat Document
- DOC - Microsoft Word 2000 document
- DOCX - Microsoft Word 2007 document
- XLS - Microsoft Excel spreadsheet
- HTML - standard HTML file
- RTF - rich-text format file
- TXT - standard text file; any pictures, lines or other drawing elements are excluded when using this format.

The above file formats are generated by converting the native report output to the chosen file format. Not all reports are suitable for conversion and the resulting file, when displayed, may not always match the look of the native report file.

Absolute vs. flow layout

Where you see documents with these options the difference is as follows:

Absolute - the resulting document is created using text boxes to obtain a result that is closest to the native report. This type of document is more accurate but can be difficult to edit and is a larger file size.

Flow - the converter attempts to use proper lines and paragraphs wherever possible. The resulting document may be less accurate but is easier to edit and is a smaller file size.

Tip: if you are printing to a file we recommend you use the PDF file type; it is most accurate and the file cannot be edited by the recipient whereas the other file formats can.



The [Print] button is used to print a report or document. When you see this button on a list screen it will enable you to print the current list.



The [Reports] button opens the reports screen with the reports pertinent to the area of the software you are currently in.

Managing multiple datasets

The software lets you manage multiple sets of data called datasets. Each dataset is stored in its own folder and has its own set of database tables that are maintained independently of any other dataset on your computer.

When you first install and run the program the **Select Dataset** window will appear to enable you to add your first dataset.

Subsequently when you start the program the **Select Dataset** window will appear with your dataset listed. You can add further datasets, or remove datasets that you no longer use, using the controls provided in the **Select Dataset** window.

To open a dataset from the list, click on it to select it and then click the [Open] button. Alternatively, double-click on the dataset in the list. The selected dataset will be opened and will become the current dataset.

Adding another dataset

You can create an additional dataset using the [New] button on the **Select Dataset** window.

Alternatively, if you already have a dataset open within the software, select the **New> Dataset** option from the software's File menu.

In the **New dataset** window that opens, select/enter a location on your system where you want your new dataset to be created.

Your new dataset will be created in its own folder at the location you selected. Enter the name for the new folder that will be created, for example "My Data". The folder name cannot contain the characters \ / * ? or a full stop.

Click on [Proceed] to continue.

Selecting a location for your new dataset

It is very important that you select a location on your system that has full access rights for all user accounts in order that your data can be updated. If you are running the software on a single PC the suggested locations are as follows:

Windows XP

C:\Documents and Settings\All Users\Documents\EZPZ Software\EZPZ program name\Datasets

Windows Vista

C:\Users\Public\Documents\EZPZ Software\EZPZ program name\Datasets

Windows 7

C:\Users\Public\EZPZ Software\EZPZ program name\Datasets

The relevant folder will have been created when you installed the software.

LAN Users

If you are running the software on a LAN you should first create a shared folder to hold all your datasets, on the computer you are using as your server, and name it "EZPZDATA" or similar. You would then select the shared folder on the server as the location for the new dataset.

The New Business Wizard

The **New Business Wizard** will now appear. The wizard will take you through the process of creating your business step-by-step. As you complete each step click the [Next] button at the bottom of the screen to take you to the next one.

Step 1

Enter a unique *Reference code* for this business. The Reference code can be any mixture of letters and numbers up to 10-characters long. Once the new business has been saved, you will not be able to change this code.

Enter your business name and address details as you want them to appear on reports, statements, etc.

Step 2

Enter the contact details for your business in the fields provided.

Step 3

Select your Business type from the dropdown list. The business type can be sole proprietor, partnership or limited company. Selecting the correct business type will ensure the correct nominal account records are created.

Choose whether you want to use the default nominal codes, or whether you want to add your own nominal codes later. If you choose the latter option, just the control account nominal codes will be created.

If you are unsure of which nominal codes option to choose, we recommend you select the Use default nominal codes option.

Step 4

Indicate whether your business is VAT registered by ticking the box as appropriate.

If you are VAT registered select the VAT accounting scheme you use by selecting Standard VAT accounting (usual) or VAT Cash accounting, and enter your VAT Registration Number.

Once your business has been created and you begin entering transactions, you will not be able to alter the VAT status of your business until all transactions have been VAT reconciled. If you are not sure of your VAT status you should check with your accountant.

Step 5

Select the base currency for your business using the dropdown provided. The base currency cannot be changed once you have posted transactions to the system.

Step 6

The final step of the wizard is to enter your financial period dates. Your financial period will usually be one year, but other periods are allowed. The financial period dates cannot be changed once you have posted transactions to the system.

Once you have entered all the details for the new business click on the [Finish] button and confirm that you want to create the new business.

Setting business defaults

Once you have created your business there are additional details that can be set up using the "Business defaults" option on the Settings menu. This will open the **Business defaults** screen.

Address tab

The "Address on stationery" section at the right of the page is used to enter your address as you would like it to appear on invoices, statements, etc. Click on the [Generate] button to generate your default address details from the details in the other fields. You can then edit the address if desired, for example, adding a contact telephone number below the last line of the address.

Limited Company tab

The details on this page should be completed if your business is a limited company.

The details of your Registered Office address should be entered using the fields provided. If this address is the same as that on Page 1, click on the button, labelled "as Page 1", to copy over the details.

Enter your Company Registration No. and the place the company is registered in.

It is a legal requirement, when trading as a limited company, to include details of your registered office on outgoing invoices and statements. The Registered Office footer, at the bottom of this page, is the text that will appear on invoices and so on. Click on the [Generate] button, to the right of this field, to generate the default text. The footer can be edited as required.

Clients

Clients in the software are your customers. Client records are used to store the name and address details of your customers and to record transactions such as invoices and receipts.

The Clients list



Client records are managed via the Clients list. You can open the list by selecting the “Client records” option from the Clients menu or by clicking on the [Clients] button on the main toolbar.

The *Balance* column of the Clients list shows the balance owing on the account based on all the transactions entered on the system. As invoices are posted the client balances will increase. When client receipts are entered, the balances will reduce showing that the client owes less. Where a balance shows in red, because it is negative, the account is in credit.

Adding a new client

Click on the [New] button, on the Clients list toolbar, to start the New Client wizard.

Name details

Enter the name details in the fields provided.

Enter a Code for the new record. The code can be any combination of numbers and letters up to a maximum of 10 characters. Each code must be unique as it is used to identify the record throughout the system. If a record with that code already exists you will be prompted to enter a different one.

Click [Next] to go to the next page.

Address details

Enter the address details in the fields provided.

Using Areas

Addresses can be added more quickly by using *Area Codes*. Click on the [Pick Area] button to display a list of areas, previously entered by you, to choose from. Selecting an area from the list will complete the area, town, county and country fields for you.

If the area you require does not already exist in the list, you can add a new area using the [New] button on the “Pick Area” screen. If you have already entered details for the area, town and county in the client record, these details will be transferred to the new area record.

Click [Next] to go to the next page.

Contact details

Enter the contact details in the fields provided. Up to 4 telephone numbers can be stored. Use the dropdown provided to select the type of telephone being recorded. This is important in the case of mobile numbers to activate additional functionality.

Click [Next] to go to the next page.

Defaults

Edit the defaults for the record as required.

Click [Finish] to save the new record.

Editing an existing client record

To open an existing record for editing, highlight the record in the list and then click on the [Open] button. Alternatively, double-click on the record in the list.

The information in a client record is split over several pages. Click on a tab to bring that page to the front. When the client record first opens the Main page is at the front.

Once you have finished editing the record, click on the [Save] button to update the record. Closing the record without saving changes will cause the changes to be lost.

Main page

Contact details

You can enter up to 4 contact telephone numbers for each client using the fields designated by the telephone icon. Use the dropdown to select the type of telephone number, such "Home", "Mobile", "Business Fax", and enter the telephone number itself in the field provided.

When telephone type "Mobile" is selected the icon will change to a speech bubble. Click on this bubble to send an SMS text message direct to the client's mobile telephone. For more details, please see the section on "SMS Text Messaging".

Ledger page

The Ledger page shows the transactions held on file for the client.

The column headed "TT" shows the transaction type. The following transaction types may appear on the ledger:

- SI – sales invoice, appears as a positive amount in the Charges column. Sales invoices are items charged to the client.
- SC – sales credit note, appears as a negative amount in the Charges column. Sales credit notes are reductions in charged items.
- SR – sales receipt, a client receipt that has been allocated against another transaction. A client receipt show as a positive amount in the Receipts column. Where the transaction is a refund, representing monies paid back to the client, the transaction will appear as a negative amount in the Receipts column.
- SA – received on account, a client receipt that has not been allocated against another transaction. In all other respects this transaction is identical to a sales receipt.
- SD – sales discount, a discount posted when entering a client receipt. A discount appears as a negative amount in the Charges column.

An asterisk * in the column to the right of the *Balance* column indicates that the transaction on that row is unpaid. The term "unallocated" is also used. A "p" indicates that the transaction is part paid.

Whether or not deleted transactions are displayed in the ledger depends on whether the "Show deleted transactions on ledgers" option has been ticked in My Settings (see the Settings menu). If this option has been ticked, deleted transactions will appear in red on the ledger but are *not* included in the balance.



Use the [Set/Clear filter] button to view a subset of transactions, for example, between two dates.

Use the [Print] button to print a copy of the ledger currently displayed on screen.

Viewing/Editing a Transaction

You can view and/or edit a transaction by double-clicking on it.

Proof of Payment

You can print a proof of payment for a receipt transaction by right-clicking over the entry. From the shortcut menu that appears select “Print proof of payment”.

Create invoice/credit note from transaction

You can create an invoice, or credit note, that can be printed by right-clicking over the relevant entry and selecting the “Create invoice/credit note” option from the shortcut menu that appears. Once the invoice, or credit note, has been created it will be added to the Invoices/Credit Notes list from where it can be printed.

Entering an opening balance

If you are setting up the system for a business that has already been trading, you may need to enter an opening balance for some or all of your debtors. For more details see the chapter on “Entering an Opening Trial Balance”.

Defaults page

The Defaults page shows the default nominal code and department selected for this client. These default values are suggested when entering batch invoices or credit notes, or creating printable invoices and credit notes, and this client is selected.

Account status

The account status for an account can be “active” or “dormant”. Accounts having a “dormant” status are excluded from the dropdown lists used throughout the software.

Reminders page

The Reminders page shows details of any reminders held for this client. For more details, see the section on “Reminders”.

Credit Control page

The Credit Control page shows the credit control history for this client. From this page you can add credit control entries and print statements for the client.

For more details see the chapter on “Credit Control”.

Creating invoices and credit notes

Invoices and credit notes can be created that can be printed and sent out to clients.

When the invoice or credit note has been created it can then be posted to become a transaction that will appear on the client's ledger.

Until such time as it is posted, the invoice or credit note can be edited and the details and amount changed. Once it is posted, only certain details can be changed.

To create an invoice or credit note, select the “Create invoices/credit notes” option from the Clients menu or select the “Invoicing” option from the Clients list Tasks menu.

Any invoices and credit notes held on file will be listed on the screen. The columns to the right, headed “Status” and “Printed”, indicate whether the item has been posted and printed respectively. The tick column enables you to select an entry for processing.

Creating a new invoice or credit note

Click on the [New] button to create a new invoice or credit note. In the screen that appears, select whether you want to create an invoice or a credit note.

The following comments relate to the **New invoice** screen but also apply to the **New credit note** screen.

Client

Select the *Client* that the invoice is to using the dropdown lists. The left-hand list has clients sorted in order of account code; the right-hand list is sorted by surname.

The current address for the client (if there is one) will be displayed in the *Address to* field where it can be edited if required.

Invoice No.

The *Invoice No.* suggested is the next available number in sequence. An alternative number can be entered if you wish.

You can change the number, which invoice numbering starts from, to fall in line with your own numbering system, using the “Client defaults” option on the Clients menu.

Our Reference/Your Reference

These two optional references are printed at the top right of the invoice, just below the invoice number and date.

Adding items to the invoice

Items are added to the invoice using the grid on the Invoice Items page. Each row of the grid is one item on the invoice.

To add an item to the invoice, click on the [Add] button.

The **Invoice item** screen will open, showing the number of the next item being added.

Select the *Nominal* account and *Department* as required.

Enter the *Item narrative* as you want it to appear on the invoice. Allow the text to wrap around within the field as you type it.

The *Transaction Details* are the text that will appear on the client ledger when the invoice is posted. You can use the first 50 characters from the invoice narrative, by clicking on the [Update from Item narrative](#) link, or you can enter your own text.

Enter the *Net* amount and the *tax code (Tc)*. If your business is not VAT registered, use tax code 9 so that no tax is added.

If you are VAT registered, use the appropriate tax code. The *tax* amount can be edited as required. The [Calc Net] button can be used to work out the net and tax portions of a gross amount by entering the gross amount in the *Net* field and then clicking on the button.

Once saved, the new invoice item will appear on the Invoice Items page of the Invoice screen and the totals on that page will be updated. Further items can be added as required.

Footer

The Footer tab is used to enter *Payment Terms* and a *Message* for the invoice. These are printed at the bottom of the invoice if entered. Enter a value of -1 if you do not want payment terms to be printed on the invoice. Payment terms do not appear on credit notes.

The VAT Registration Number will be printed at the bottom of the invoice/credit note if entered.

Click on [Save] to save the new invoice. Once saved, the invoice will appear in the list on the Invoices/credit notes screen.

Editing an invoice or credit note

An invoice or credit note can be edited up until such time as it is posted to produce a transaction.

To edit an item double-click on the entry in the list or click on the row the item is on and click on the [Open] button. The invoice (or credit note) screen will open with the details of the invoice available for editing. Details can be changed as described in the previous section on creating a new invoice.

Items can be changed, added or deleted using the buttons on the Invoice Items page.

Using standard items

To avoid having to re-enter details for invoices, you can any invoice item as a *standard item* enabling the same details to be called up when required.

To create a standard item, open a suitable invoice item from an invoice you have previously created. Click on the [Save as] button, at the top right of the screen, to create a new standard item using the details from the current invoice item.

In the **New Standard Item** screen that opens, edit the details as required.

The *List description* will enable you to identify the standard item when you come to select it from a list.

The *Amount* details can be left blank if required.

Click [Save] to save the new standard item.

Recalling a standard item

To recall the details of a previously saved standard item, click on the [List] button on the **Invoice Item** screen. Select the standard item you want to use from the list that appears.

Details will be loaded from the standard item into the current invoice item where they can be edited as required.

You can also add, edit and delete standard items using the “Standard Items” option on the Tasks menu of the Invoices/Credit Notes list.

Selecting invoices/credit notes for processing

Before you can process an item from the invoices/credit notes list, you must first select it. Use the tick box to select a single item. A selected item can be deselected by un-ticking the box.

Click on the red tick in the header of the first column to invert current selections.

Printing invoices/credit notes

Invoices and credit notes are printed using the [Print] button. If items have been selected, only the selected items will be printed. If no items have been selected, you will be asked to confirm that you wish to print all items in the list that have not already been printed. An item can be printed as many times as you wish.

You can edit the report file used to print the invoice using the “Edit invoice template” option on the Tasks menu. If you want to use a different report file, you can change it via the Report Manager option on the Utilities menu.

Posting invoices/credit notes

An invoice or credit note in the list can be considered as no more than a sheet of paper until it is *posted*, when it creates a transaction on the ledger.

Invoices and credit notes are posted using the “Post items” option on the Tasks menu. If items have been selected, only the selected items will be posted. If no items have been selected, you will be asked to confirm that you wish to post all items in the list that have not already been posted.

Once an item has been posted to the ledger, it can be edited but only certain details can be changed.

Deleting invoices/credit notes

Invoices and credit notes are deleted from the list using the [Delete] button. Only items that have been selected will be deleted.

Note: deleting an invoice will not affect any transactions that were created from it.

Grouping invoices

Where you have two or more invoices for the same account you can group these together onto one invoice.

Select the items you want to group together and then select the “Group items” option from the Tasks menu. You cannot group both invoices and credit notes together.

The **Group Items** window will appear, listing the items you have selected to group. Enter the new *Date* and *Reference* as required then click [OK] to group the items.

The items you selected will be grouped together and appear as one item on the Invoices/Credit Notes list from where it can be printed and posted. The original items will be removed from the list.

Batch entry of Invoices and Credit Notes

This option enables you to enter details of invoices and credit notes that have been created outside of the system, for example, using a word processor, and post them directly to the ledgers. Invoices and credit notes entered by this method cannot be printed to send by post. To produce an invoice that can be printed, see the section on “Creating invoices and credit notes”.

Batch entry is carried out by selecting the relevant option on the Clients menu. From the sub-menu select either “Invoice entry” or “Credit note entry”. The relevant batch entry screen will then open. Both options are also available from the toolbar on the Clients list.

Invoices (or credit notes) are entered in the grid, one on each row. The information entered is as follows:

Client	Select the client account using the dropdown in the first column of the grid. The default nominal code and department for the selected client will be used and can be changed if required.
Date	Invoice date.
Ref	Invoice/Credit note number or reference. This number is automatically calculated using the last invoice/credit note number in Client Defaults.
Dept	Department code if you are using departments or cost centres, otherwise leave blank.
Nominal	Nominal code. Enter the nominal code or select it from the dropdown. The selected nominal account cannot be a bank account. A new nominal account can be created by typing in a new nominal code not already in the list and pressing <TAB> or <Enter> on your keyboard. Confirm that you wish to add the new value to the list.
Details	Transaction details as they will appear on the ledger, maximum 50 characters.

Net	The Net amount of the invoice/credit note. If the tax code is other than 9 and only the gross amount is known, you can enter the gross amount in the Net field and use the [Calc Net] button to give a Net/Tax breakdown.
Tc	Tax code. If your business is <u>not</u> VAT registered, use tax code 9.
Tax	Tax amount of the invoice/credit note.

Tip: When adding additional invoices on subsequent rows you can use function key <F6> to copy down details from the cell above.

Using Standard Items

If you have previously created standard Items on your system you can use these to fill in the details on the row you are entering. Click on the [List] button to display a list of standard Items to choose from. Once you have selected the standard item, the details will be copied into the fields on the row of the grid you are currently on. The details can then be edited as required.

Standard items are managed using the option on the Invoices/credit notes list Tasks menu.

When all invoices/credit notes have been entered click on the [Post] button to post the items as transactions to the ledger. Click on [Abandon] to discard the details you have entered without posting them.

The effect on the system of posting a sales invoice

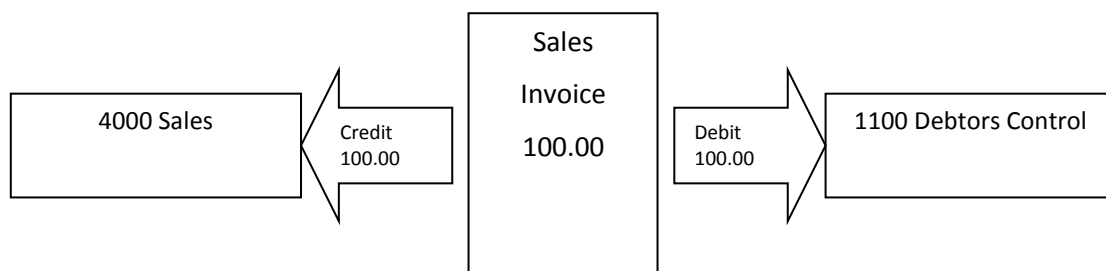
The Client Ledger

Once an invoice has been posted (saved) it will increase the balance owed by the client as displayed in the Clients list.

The invoice will appear on the client ledger. The transaction is of type "SI" (shown in the *TT* column) denoting "sales invoice" and the amount appears in the *Charges* column.

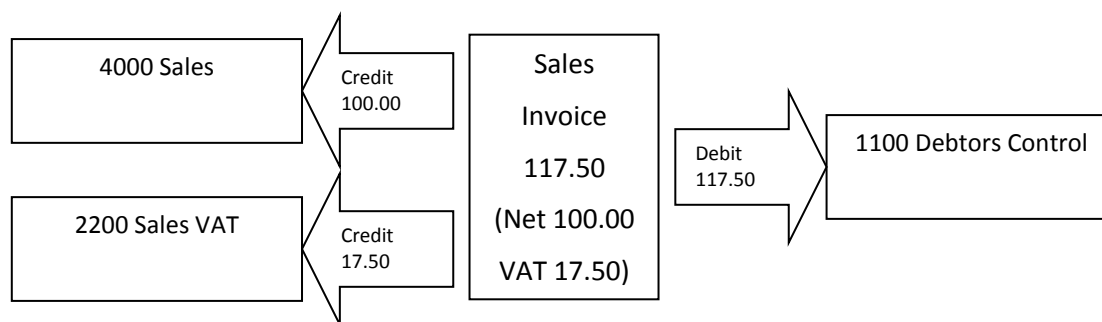
The Nominal Ledger

Because the system uses double-entry bookkeeping, posting an invoice affects two nominal accounts. It will act as a *credit* to one nominal account and a *debit* to the other.



Effect on the Nominal Ledger of posting an invoice for £100.00, no VAT

Furthermore, if the invoice has an amount of tax, the Sales Tax Account will also be affected. For example, an invoice for 100.00 plus VAT at 17.5% would result in the following:



Effect on the Nominal Ledger of posting an invoice for £100.00 + VAT

When we post an invoice a debit is posted to the Debtors Control Account. An easy way to remember this is to think of debtors as having a debt balance. The debit posting increases the debit balance of the Debtors Control Account recording the fact that more is owed.

Client Receipts

When invoices are initially posted they appear as unpaid transactions on a client's ledger.

When a client makes a payment it is entered as a client receipt and allocated against the invoice(s) being paid.

Open the **Client Receipt** screen by selecting the option on the Clients menu or the option from the Clients list Tasks menu.

Bank details section

Select the bank account, that the money is being paid into, using the *Bank* dropdown and enter the *Date* the money was received or paid in. Enter a *Reference* as required; this could be a paying-in slip reference for example.

Account details section

Select the client *Account* using the dropdown lists. The left-hand dropdown has clients listed in order of account code; the right-hand one is in name order.

Any unpaid items for the selected client will be displayed in the grid. Unpaid items are those transactions that have not been fully allocated or paid. This will include any unpaid invoices, unallocated credit notes and any receipts that were previously entered but not allocated. The amount owed by this client is shown as the *Balance*.

Amount section

Enter the amount received from the client in the *Amount* field. Press <Tab> on your keyboard to move to the first row of the grid, in the *Allocate* column.

Notice that both the *Balance* and *Left to apply* fields have been updated. The *Balance* now includes the amount you just entered. The *Left to apply* amount shows how much we have available to allocate against invoices.

Enter the amount received here

Client receipt

Bank: 1200 Alliance and Leicester (Current) Currency: GBP

Date: 03/06/2013 Reference: Batch total: 0.00

Account: HOMELET IN Homelet Insurance Balance: 0.00

Amount: 18.53 Left to apply: 18.53

#	Date	TT	Ref	Dept	Details	Amount	Unpaid	Allocate	Discount
1682	31/05/2010	SI	119		Landlord Insurance	18.53	18.53	0.00	0.00

Allocate against transactions to be paid using this column

Entering a Client Receipt

We now need to tell the program which items are being paid by this amount by allocating the amount against them. We do this by entering the amount in the cell in the *Allocate* column.

You can either type in the amount to be allocated, in the *Allocate* column, or use the [Pay this] button. As each amount is allocated the *Left to apply* amount will decrease.

Continue in this way for each invoice being paid by this receipt.

Applying a discount

Where you wish to apply a discount against an outstanding invoice this is achieved by entering the amount of the discount in the *Discount* column on the row of the item you wish to discount. A sales discount transaction will then be generated.

For example, say you have an invoice transaction with an outstanding amount of £100.50 for which you have received £100.00. It may be that you do not wish to chase the debtor for the remaining 50 pence and will accept the amount sent in full payment.

In this example, you would enter 100.00 in the *Allocate* column and 0.50 in the *Discount* column. When the receipt is saved, a separate sales discount transaction will be created for the amount you have discounted and will be allocated against the invoice.

Once the *Left to apply* amount is zero, we can save the receipt by clicking on the [Post] button. In the "Transaction details" window that appears, you can edit the default transaction details if you wish.

Tip: The default transaction details can be changed in Client Defaults.

You can print a Proof of Payment for the receipt, to give to the client, if required.

The window will then clear ready for you to enter the next client receipt on this date.

Each receipt you post will appear on the client's ledger.

The effect on the system of client receipts

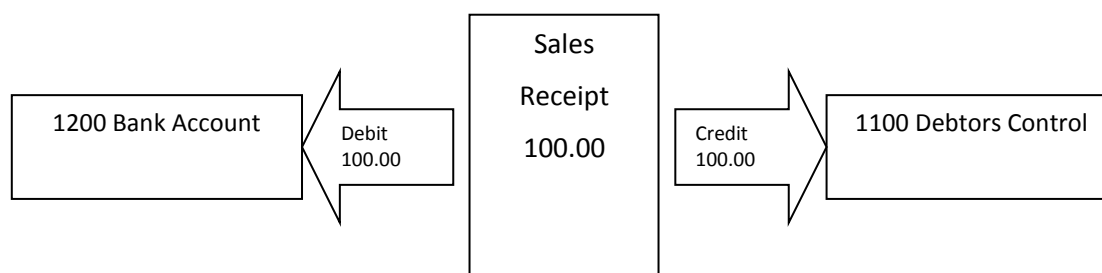
The Client Ledger

Once a client receipt has been posted (saved) it will reduce the balance owed by the client as displayed in the Clients list.

The receipt will appear on the client ledger. The receipt transaction is of type "SR" (shown in the *TT* column) denoting "sales receipt" and the amount appears in the *Receipts* column. If the receipt was not allocated when saved the transaction will be of type "SA" denoting "received on account".

The Nominal Ledger

Because the system uses double-entry bookkeeping, posting a client receipt affects two nominal accounts. It will act as a *credit* to one nominal account and a *debit* to the other.



Effect on the Nominal Ledger of posting a sales receipt for £100.00

As mentioned in the previous section, when we post an invoice a debit is posted to the Debtors Control Account and this increases the debit balance of that account.

When we post a sales receipt, it must be the credit part of the posting that is made to the Debtors Control Account, in order that the debit balance is decreased.

The posting to the bank account must therefore be a debit.

This may be confusing to people who have previously had no experience of bookkeeping. When money is paid in to a bank account the transaction is a debit to that account.

Writing off a bad debt

You may find yourself in the position where the balance owed by a client is never going to be paid and needs to be written off as a *bad debt*.

To carry out this process, select the “Write off to bad debts” option from the Clients menu. If you have the Clients list open, the option is also available from the Clients list Tasks menu.

The **Bad Debt Wizard** will start.

Step 1

Select the account to be written off from the list.

Click [Next].

Step 2

A list of unpaid transactions is displayed for the selected client. Unpaid transactions can include unallocated receipts as well as invoices.

Select the transactions to be written off by clicking on them. Hold down the <Ctrl> key on your keyboard to select multiple items or use the buttons at the bottom of the screen. Click [Next].

Where multiple transactions are selected, and these involve different departments, you will not be able to write them off as one amount. In this case, carry out multiple write-offs, selecting transactions having the same department each time.

Click [Next].

Step 3

Enter the *Date* of the write off and edit the other details as required.

Click on [Finish] to proceed with the write off or on [Cancel] to close the Wizard without processing the write off.

The write off is processed by posting an equal and opposite transaction to the Bad Debts control account. The new transaction is automatically allocated against the transactions being written off.

Thus, where the account balance is owed, a credit note is posted. If the account balance is in credit an invoice will be posted.

Client refund

Where a client has overpaid his /her account and the overpayment is to be repaid to them, use the “Client refund” option on the Clients menu. If you have the Clients list open, the option is also available from the Clients list Tasks menu.

The **Refund Wizard** will start.

Step 1

Select the account from the list.

Click [Next].

Step 2

Page 2 shows the ledger for the selected account and is for information only.

Click [Next].

Step 3

Select the bank account the refund is being repaid from.

The *Reference* field will be updated with the next cheque number in sequence for the selected bank account.

Enter the *Date* of the refund and suitable transaction details.

Enter the *Amount* and the appropriate *tax code (Tc)*. This will usually be 9 unless your business uses VAT Cash Accounting.

Click on [Finish] to post the refund or on [Cancel] to close the Wizard without processing the refund.

Item returned unpaid

Where you find a client has paid his account by cheque, only to find a few days later that the cheque has been returned unpaid by the client's bank, this can be entered onto the system using the “Item returned unpaid” option on the Clients menu. If you have the Clients list open, the option is also available from the Clients list Tasks menu.

The **Unpaid Item Wizard** will start.

Step 1

Select the account from the list.

Click [Next].

Step 2

A list of receipts for the selected account is shown. Select the item that has been returned unpaid by clicking on it in the list. Only one item can be selected.

Click [Next].

Step 3

Enter the *Date* that the item was returned in the field on the left-hand side of the screen.

If a charge for processing the unpaid is to be made to the client, complete the details on the right-hand side of the screen.

Click on the [Finish] button to process the unpaid, or on [Cancel] to cancel the operation.

The receipt will be reversed by the posting of a *negative* receipt for the same amount. Any items that were paid by the original receipt will be adjusted by the appropriate amount.

Tip: This option can also be used to make a refund where the amount of the refund is identical to the amount of the receipt.

Credit Control

The automated credit control process is a structured method of carrying out credit control based on criteria you set up. The process is based on a series of steps to be taken, each of which has a waiting period before being carried out.

How the assessment is carried out

The credit control assessment process works as follows:

1. The unpaid transactions for each client are checked in turn to find the oldest unpaid one. The system notes the date and reference of that transaction. Any pending credit control actions for this account that are dated before this date and that refer to a different transaction are removed.
2. The account balance is calculated based on the processing date entered. No action will be suggested if:
 - a. the account balance is nil
 - b. the account is in credit
 - c. the account balance is below the account credit limit
 - d. the account has been marked "exclude from credit control"
3. If it appears that an action may be required, the system checks the date of the oldest unpaid transaction against the waiting days for step one of the credit control process. If the difference in days between the transaction date and the processing date is more than the number of waiting days, an action is considered necessary.
4. The system then checks the credit control history to see if any credit control actions already exist for this transaction. If an action is found and is marked as completed the system checks what the next step in the credit control process is and how many more days it has to wait before that step is due to be taken. If the next step is due, it will be suggested and added as a pending action.
5. Where the system finds a pending action in step 4 it checks the date, reference and action for the entry. If these are the same as the action it has just decided needs to be taken, the pending entry is updated with the new date and balance. Where the date of the pending action is dated in the future, or it is for a different action, the action is left unchanged and no further action is added.

Carrying out credit control

Select the "Credit control" option from the Clients menu.

Any pending credit control actions, due for processing on or before today's date, will be listed on screen. You can use the dropdowns at the top of the screen to show actions of a specific type, or show actions that have been completed. Tick the "include future actions" box to include actions dated for processing after today's date.

Credit control assessment is carried out automatically each time you start the software, if you have the "Check credit control at start-up" option ticked on the My Settings screen. You can also carry out the assessment by clicking the [Assess] button.

Editing the suggested credit control actions

You can edit any of the entries in the list by double-clicking on the entry. An editing screen will open which you can use to update the entry, enter details of telephone conversations and schedule follow-up actions. A copy of the debtor's ledger is provided for your convenience.

Deleting credit control actions

Items can be removed from the list by first ticking them and then clicking the [Delete] button.

If a pending entry is removed from the list, it may reappear next time a credit control assessment is carried out unless further receipts have been entered on the system.

Care should be taken when removing completed actions. If a completed action is removed, and the transaction on which that item was based is still unpaid, this may reset the credit control process resulting in a previous step being suggested again the next time an assessment is carried out.

Processing printable actions

Those credit control actions that involve printing something are processed by clicking on the [Print] button to open the "Process Printable Actions" window.

In the grid on this screen are listed the printable action types. For each entry is shown the report file this action type uses, the number of pending entries and the number to print.

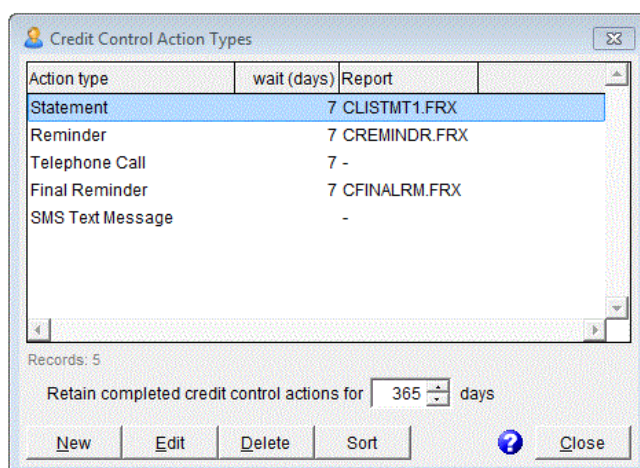
You can change the number to print if you wish to opt for a shorter print run and print the items in batches. For example, if there are 20 statements to print and you enter the number 5 in the number to print column, only the first 5 statements will be printed. Enter 0 (zero) in the column against any items you do not wish to print at this stage.

Once any selections have been made, click on the [Proceed] button to start processing. As processing of each action is completed you will be asked to confirm that you want the pending actions to be marked as completed.

Printing the list

You can print a list of the entries currently shown on screen using the [List] button.

Configuring the steps in the credit control process



The steps to be taken in the credit control process can be configured by clicking on the [Configure] button, at the bottom of the Credit Control window, to open the Credit Control Action Types window.

There are 5 default action types created by the software and you can add your own if you wish.

The first action shown is to send the client a Statement.

We can tell that this is a printable action because the *Report* column shows the name

of the report file that will be used for the statement.

The *wait (days)* column shows how many days must elapse before this action is taken.

In the case of the first action type in the list this action will be suggested if 7 days or more have elapsed since the date of the oldest unpaid invoice.

In the case of subsequent actions this will be the number of days that have elapsed since the date of the previous completed action.

Credit control at the Client level

Credit control at the client level is carried out from the Credit Control page of the client record.

The History section shows the correspondence history for this account. Actions are added as a result of running the automated credit control process or manually by the user.

The *status* of an action will be either “Completed” or “Pending”.

The area at the bottom of this page shows the details of the currently selected entry.

The Defaults section lets you set a credit limit for this account. Credit control actions will not be suggested for this account if the account balance is less than, or equal to, its credit limit.

The “exclude from credit control” option enables you to stop automated credit control for this account. When this option is ticked, the credit control assessment process will ignore the account.

In addition to the automated process generating actions you can add your own actions from this page.

Adding a new credit control action

Click on the [New] button to add a new credit control action.

The Credit Control Action window that appears has four tabs. The Action details tab is split into two sections: the top section details the current action to be taken or recorded, “This action”, and the bottom section lets you diarise a follow-up action, the “Follow-up action”.

Details can only be entered in the “Follow-up action” section if the *Completed* option is ticked in the “This action” section.

In both sections you can select the credit control action type from the dropdown list and enter the date of the action in the *Date* field. Comments on the entry can be typed in the *Details* sections.

A copy of the ledger for this account is shown on the Ledger tab and other credit control actions that have been taken for the account are shown on the History tab.

An example usage might be as follows:

- If you wanted to record details of a telephone conversation you would use the “This action” section. Enter the date the conversation took place, select “Telephone call” from the action type list and enter the details of the conversation. You would then mark the action as completed.
- You could then record a follow-up action in the “Follow-up action” section: maybe you want to be reminded to call the account holder again if he did not keep his promise as detailed in the upper part of the screen.
- Enter the date you want the follow-up action diarised for, select the action type from the list and enter any details as appropriate. When saved, the new entries will appear on the Credit Control page of the account record.

Carrying out a credit control action

You can carry out a credit control action for this account by selecting the required action type from the Actions dropdown and clicking the [Go] button.

If a printable action is selected, a print window will appear. In the case of a statement, select the type/date range using the *Selection* dropdown, in the “Statement options” section, to choose the range of transactions you want included on the statement.

When the statement has printed, the credit control history will be updated. If there is a pending statement action it will be updated and marked as completed. If there is no pending action a new completed action will be added to the history.

Printing the credit control history

Click on the [Print] button to print the credit control history for this account.

Aged Debtor report

The Aged Debtor report is one of several tools that can help you manage client arrears.



Open the Clients list and click on the [Print Reports] button on the toolbar.

There are 2 types of Aged Debtor report listed; double-click on the one named “Aged Debtor report” to run it.

In the selection screen that opens enter the date you want the report produced at. Transactions dated up to and including this date will be included in the report. Click on [Proceed] to run the report.

The report lists the accounts that had a balance outstanding at the date entered as shown in the *Balance* column. The columns to the right of the *Balance* column are used to indicate how old the transactions are that make up that balance.

You may find some of the clients listed have zero balances. This is because, although the balance is zero, the transactions that make up the balance have not been allocated against each other and so the transactions remain technically unpaid and are included in the report.

By default, the columns are based on periods of 1 calendar month each. You can change the basis for the periods using the Client Defaults option.

If we ran the report based on a date of 30/04/2008 the *Current* column would include transactions that were not fully paid and whose transaction date lay in the current month, that is to say the period 01/04/2008 to 30/04/2008.

Continuing along the columns working to the right, and based on the date of 30/04/2008, gives the following:

- **1 month** - transactions dated between 01/03/2008 and 31/03/2008
- **2 months** - transactions dated between 01/02/2008 and 28/02/2008
- **3 months** - transactions dated between 01/01/2008 and 31/01/2008
- **Older** - transactions dated before 01/01/2008

Thus, the longer a transaction remains unpaid, the further to the right of the report it moves.

Clients that have transactions in the *3 months* and *Older* columns indicate a more serious problem than those clients that don't have transactions in those columns and this report can help us focus our efforts on recovering possible future bad debts.

The “Aged Debtor report (transactions)” report has a similar layout to the first one in that the same columns are used to show the balance for the clients and to indicate how old the balances are, but it also lists the transactions that make up that balance.

Suppliers

Suppliers are integral to any business as they are the individuals that supply the goods and services every business needs in order for it to trade. The money spent with suppliers constitutes part of the expenditure of the business.

The reason I say “part of the expenditure” is because, in bookkeeping terms, expenditure is recorded using both supplier transactions and bank/cash transactions. The distinction between the two types is worth taking a few minutes over.

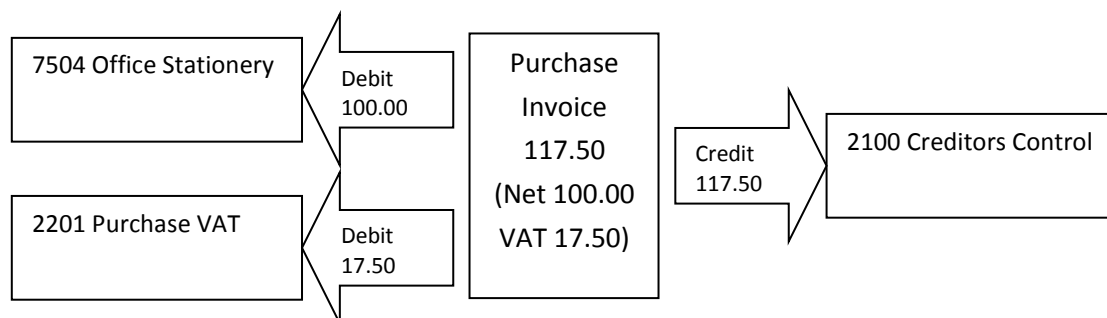
In bookkeeping a *supplier* transaction is one that involves a supplier account.

There are 5 types of supplier, or *purchase*, transactions each of which is denoted in the system by a 2-character code:

- PI – Purchase Invoice
- PC – Purchase Credit Note
- PP – Purchase Payment
- PA – Payment on Account
- PD – Purchase Discount

The two commonest transaction types you will encounter are the purchase invoice (PI) and the purchase payment (PP).

A *purchase invoice* records the fact that the business owes money to the supplier for the provision of goods or services. The effect of posting a purchase invoice on the nominal ledger is shown in the diagram below.



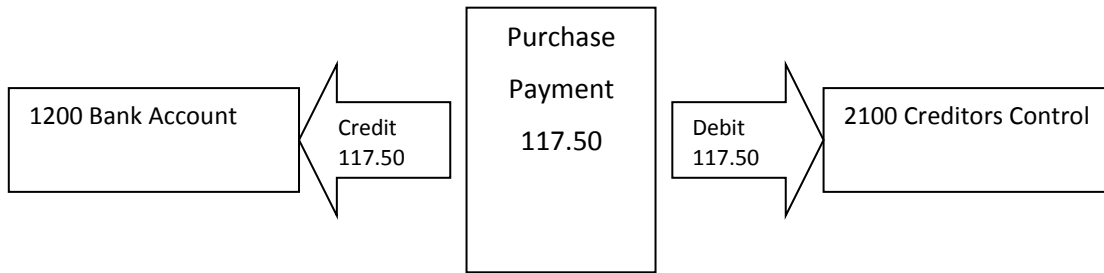
Effect on the Nominal Ledger of posting a purchase invoice for £100.00 + VAT

When a purchase invoice is posted it is initially an unpaid transaction reflecting that the business owes this amount to the supplier. The Creditors Control Account is used to keep a running total of the amount owed to suppliers.

As most supplier invoices involve some period of credit, such as “payment terms 30 days from invoice date”, the use of the Creditors Control Account is very important in bookkeeping.

Imagine that you receive an invoice from a supplier dated 21/03/2008 on 30 day terms and your year end is 31/03/2008. Because the invoice has not been paid at the year end the amount has to appear as a creditor in the Balance Sheet as this shown in the Creditors Control Account.

A *purchase payment* records the fact that the business has paid the purchase invoice. To continue with our example above the diagram below shows the effect on the nominal ledger of posting a purchase payment.



Effect on the Nominal Ledger of posting a purchase payment of £117.50

Notice that the posting to 2100 Creditors Control is this time a debit. The purchase payment counters the effect that the purchase invoice had on the Creditors Control Account showing that the amount is no longer owed.

Notice also that, because this is double-entry bookkeeping, if the posting to the Creditors Control Account is a debit then the posting to the bank account must be a credit. In bookkeeping when you credit a bank account it means you take money out of the account.

The Suppliers list



Supplier records are managed via the Suppliers list. You can open the list by selecting the “Supplier records” option from the Suppliers menu or by clicking on the [Suppliers] button on the main toolbar.

Adding a new supplier

Click on the [New] button, on the Suppliers list toolbar, to start the New supplier wizard.

Name details

Enter the name details in the fields provided.

Enter a Code for the new record. The code can be any combination of numbers and letters up to a maximum of 10 characters. Each code must be unique as it is used to identify the record throughout the system. If a record with that code already exists you will be prompted to enter a different one.

Click [Next] to go to the next page.

Address details

Enter the address details in the fields provided.

Click [Next] to go to the next page.

Contact details

Enter the contact details in the fields provided. Up to 4 telephone numbers can be stored. Use the dropdown provided to select the type of telephone being recorded. This is important in the case of mobile numbers to activate additional functionality.

Click [Next] to go to the next page.

Defaults

Edit the defaults for the record as required.

Click [Finish] to save the new record.

Editing an existing supplier record

To open an existing record for editing, highlight the record in the list and then click on the [Open] button. Alternatively, double-click on the record in the list.

The information in a supplier record is split over several pages. Click on a tab to bring that page to the front. When the supplier record first opens the Main page is at the front.

Once you have finished editing the record, click on the [Save] button to update the record. Closing the record without saving changes will cause the changes to be lost.

Main page

Telephone Numbers

You can enter up to 4 contact telephone numbers for each supplier using the fields designated by the telephone icon. Use the dropdown to select the type of telephone number, such “Home”, “Mobile”, “Business Fax”, and enter the telephone number itself in the field provided.

When telephone type “Mobile” is selected the icon will change to a speech bubble. Click on this bubble to send an SMS text message direct to the supplier’s mobile telephone. For more details, please see the section on “SMS Text Messaging”.

Ledger page

The Ledger page shows the transactions held on file for the supplier.

The column headed “TT” shows the transaction type. The following transaction types may appear on the ledger:

- PI – purchase invoice, appears as a positive amount in the *Invoices* column. Purchase invoices are items charged to you by the supplier.
- PC – purchase credit note, appears as a negative amount in the *Invoices* column. Purchase credit notes are reductions against invoices.
- PP – purchase payment, a supplier payment that has been allocated against another transaction. A supplier payment show as a positive amount in the *Payments* column. Where the transaction is a refund, representing monies paid back to you by the supplier, the transaction will appear as a negative amount in the *Payments* column.
- PA – paid on account, a supplier payment that has not been allocated against another transaction. In all other respects this transaction is identical to a purchase payment.
- PD – purchase discount, a discount posted when entering a supplier payment. A discount appears as a negative amount in the *Invoices* column.

An asterisk * in the column to the right of the *Balance* column indicates that the transaction on that row is unpaid. The term “unallocated” is also used. A “p” in this column indicates that the transaction is part paid.

Whether or not deleted transactions are displayed in the ledger depends on whether the “Show deleted transactions on ledgers” option has been ticked in My Settings (see the Settings menu). If this option has been ticked, deleted transactions will appear in red on the ledger but are *not* included in the balance.



Use the [Set/Clear filter] button to view a subset of transactions, for example, between two dates.

Use the [Print] button to print a copy of the ledger currently displayed on screen.

Viewing/Editing Transaction

You can view and/or edit a transaction by double-clicking on it.

Remittance Advice

You can print a remittance advice for a payment transaction by right-clicking over the entry. From the shortcut menu that appears select "Print remittance advice".

Defaults page

Select the Defaults page to choose a default nominal code and department and to enter a credit limit for the supplier. The default nominal code will be suggested whenever you enter invoice details using the supplier's account code.

Account status

The account status for an account can be "active" or "dormant". Accounts having a "dormant" status are excluded from the dropdown lists used throughout the software.

Batch entry of Invoices and Credit Notes

This option allows entry of invoices and credit notes received from suppliers.

Batch entry is carried out by selecting the option on the Suppliers menu. From the sub-menu select either "Invoice entry" or "Credit note entry". The relevant batch entry screen will then open. Both options are also available from the toolbar on the Suppliers list.

Fast tracking Supplier Payments

When entering supplier invoices, and if the payment details are known, you can optionally post the supplier payment at the same time as the invoice by entering the relevant details in the columns at the far right of the grid labelled "Paid date", "Bank Ac" and "Cheque No.".

Invoices (or credit notes) are entered in the grid, one on each row. The information entered is as follows:

Supplier	Select the supplier account code using the dropdown in the first column of the grid. A new supplier account can be created by typing in a new supplier account code in the first column of the grid and pressing <Tab> or <Enter> on your keyboard.
Date	Invoice date.
Ref	Invoice/Credit note number or reference.
Dept	Department code if you are using departments or cost centres, otherwise leave blank
Nominal	Nominal code. Enter the nominal code or select it from the dropdown list. The selected nominal account cannot be a bank account. A new nominal account can be created by typing in a new nominal code not already in the list and pressing <Tab> or <Enter> on your keyboard.
Details	Transaction details as they will appear on the ledger, maximum 50 characters.
Net	The Net amount of the invoice/credit note. If the tax code is other than 9 and only the gross amount is known, you can enter the gross amount in the Net field and use the [Calc Net] button to give a Net/Tax breakdown.

Tc	Tax code. If your business, or the supplier, is not VAT registered, use tax code 9 and enter the gross amount of the invoice in the Net field.
Tax	Tax amount of the invoice/credit note.
Fast track columns - applies to supplier invoices only	
Paid date	The date of the payment, for example the date of the cheque.
Bank Ac	The nominal code of the bank account from which the payment was made.
Cheque No.	The cheque number. The next cheque number in sequence will be suggested when you select the bank account.

Tip: When adding additional invoices on subsequent rows, you can use function key <F6> to copy down details from the cell above.

When all invoices/credit notes have been entered, click on the [Post] button to post the items as transactions to the ledger.

Supplier payments

A supplier payment is a payment to a supplier in respect of an invoice entered on the system.

Open the **Supplier payment** screen by selecting the option from the Suppliers menu or from the Suppliers list Tasks menu.

Bank details section

Select the bank account, that the money is being paid out of, using the *Bank* dropdown and enter the *Date* the money was paid.

The *Reference* field will have been completed with the next cheque number in sequence for the selected bank account and can be edited if required.

Account details section

Select the supplier *Account* using the dropdown lists. The left-hand dropdown has suppliers listed in order of account code; the right-hand one is in name order.

Any unpaid items for the selected supplier will be displayed in the grid. Unpaid items are those transactions that have not been fully allocated or paid. This will include any unpaid invoices, unallocated credit notes and any payments that were previously entered but not allocated. The amount owed to this supplier is shown as the *Balance*.

Amount section

Enter the amount paid to the supplier in the *Amount* field. Press <Tab> on your keyboard to move to the first row of the grid, in the *Allocate* column.

Notice that both the *Balance* and *Left to apply* amounts are updated. The *Balance* now includes the amount you just entered. The *Left to apply* amount shows how much we have available to allocate against invoices.

We now need to tell the program which items are being paid by this amount by allocating the amount against them. We do this by entering an amount in the relevant cell in the *Allocate* column.

You can either type in the amount to be allocated, in the *Allocate* column, or use the [Pay this] button. As each amount is allocated the *Left to apply* amount will decrease.

Continue in this way for each transaction being paid by this payment.

Applying a discount

Where you wish to apply a discount against an outstanding invoice this is achieved by entering the amount to be discounted in the *Discount* column on the row of the item you wish to discount.

For example, say you have received an invoice from a supplier for an amount of £100.50 and have unwittingly sent a payment to the supplier for £100.00 which he has accepted as full payment.

In this example, you would enter the £100.00 in the *Allocate* column and would enter an amount of £0.50 in the *Discount* column. When the payment is saved, a separate Purchase Discount transaction will be created for the amount you have discounted and will be allocated against the invoice.

Once the *Left to apply* amount is zero, we can save the payment by clicking on the [Post] button. In the “Transaction details” window that appears, you can edit the default transaction details if you wish.

Tip: The default transaction details can be changed in Supplier Defaults.

You can print a Remittance Advice, to send to the supplier along with the payment, if required.

The window will then clear ready for you to enter the next supplier payment on this date.

Each payment you post will appear on the supplier’s ledger.

Writing off bad debts

Although unlikely to occur this option facilitates the writing off of supplier transactions to bad debts.

The process is very similar to that found in the same section under “Clients”.

Supplier refund

Where you have overpaid a supplier account and the overpayment is refunded to you by the supplier, use the “Supplier refund” option on the Suppliers menu.

For details on how to process the refund see the section headed “Client Refund”.

Item returned unpaid

Where you make a payment to a supplier by cheque, and your bank subsequently returns your cheque as unpaid, this can be entered onto the system using the “Item returned unpaid” option on the Suppliers menu.

For details on how to process the unpaid item see the corresponding section in “Clients”.

The Nominal Ledger

When any business trades, its *profit* is the difference between its income (what it takes in) and its expenditure (what it pays out). If expenditure exceeds income then instead of a profit we make a *loss*.

$$\text{PROFIT (or LOSS)} = \text{INCOME} - \text{EXPENDITURE}$$

The above formula is okay but it doesn't really tell us enough. It wouldn't be enough just to know that your expenditure in a year was £50,000; you would want to know what that money was spent on.

By analysing your expenditure and grouping it into what you spent on rent and rates, repairs, and motor expenses and so on, you can monitor and plan what you spend on each and gain more control over your business.

The same applies to income; if your income comes from multiple products or services you would want to know how that income was made up so that you could promote the more profitable ones.

The Nominal Ledger

The *Nominal Ledger* forms the basis for the analysis of income and expenditure that goes on in any bookkeeping system.

The Nominal Ledger is simply a list of those items mentioned above, such as motor expenses, and provides us with a means of keeping a total of what we have spent on each of those items throughout the financial year.

Each item in this list is termed a *nominal account*.

Each nominal account has a name, for example "Miscellaneous Motor Expenses", and a *nominal code* that is unique to that nominal account, that is to say no two nominal accounts can have the same nominal code. We use 4 numbers for a nominal code although you could use numbers and letters if you wanted to up to a maximum of 4 characters.

In the case of the "Miscellaneous Motor Expenses" nominal account its nominal code is 7304. If we were referring to this account in the text we would write it as 7304 Miscellaneous Motor Expenses.

The Nominal accounts list



You can view and maintain the nominal accounts on your system by selecting the "Nominal account records" option from the Nominal menu or by clicking the [Nominal] button on the main toolbar.

The Nominal accounts list shows each nominal account along with its current balance. The balance of an account will be either *debit* or *credit* and the total of all debit and credit balances, shown at the bottom of the screen, should always be equal.

Note: a nominal account that has a zero balance might still have transactions: the debit and credit transactions when added together may cancel each other out.

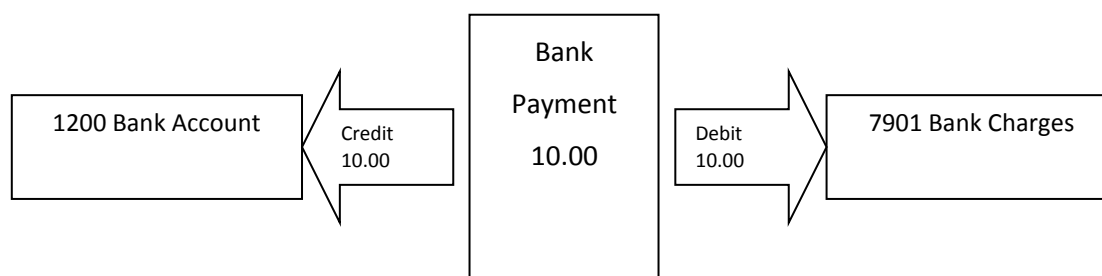
When a transaction is *posted*, the term used for saving a transaction, it will usually affect 2 nominal accounts. This is where the term "double-entry bookkeeping" comes from.

In order to differentiate between the 2 nominal accounts we refer to the second nominal account as the *control account*.

Control accounts work just the same as other nominal accounts but they are special in that they must exist for the system to work properly. You can view a list of the control accounts on the system by selecting the “Control accounts” option from the Nominal menu.

When a transaction is posted the posting to one nominal account is a debit whilst the posting to the other is a credit. Debit and credit are bookkeeping terms the meaning of which may differ from what you are used to. For example, you may be used to the idea that your bank account is overdrawn when it has a debit balance. In bookkeeping terms a bank account with a debit balance has money in it, whilst a credit balance means the bank account is overdrawn!

The effect on the nominal ledger of posting one type of transaction, a bank payment, is shown below. In the case of a bank payment the nominal account is the expense that the payment is for, in this case bank charges, whilst the control account is the bank nominal account used.



Effect on the Nominal Ledger of posting a bank payment

If at any time you added up all the debits and all the credits in the nominal ledger, the two amounts should be equal and the system therefore balances.

Exceptions to the Rule

I mentioned earlier that posting a transaction would usually affect two nominal accounts. There are two exceptions to this rule that I would like to draw your attention to.

- **Journals** – a journal is a special type of transaction used to move amounts from one nominal account to another. Each journal affects only one nominal account and does not have a control account.

To ensure that the principle of double-entry bookkeeping is adhered to, there will always be at least 2 journals posted together as a batch, but there could be many more. Furthermore, a journal will be for either a debit amount or a credit amount. When journals are posted, the sum of all the journal debits will equal the sum of all the journal credits.

The simplest example to quote is the transfer of funds from one bank account to another, say where a cheque is cashed at the bank and the money is moved to the Petty Cash Account. Although this transfer is covered by the Bank to bank transfer option on the Bank menu (see elsewhere) we can get exactly the same effect by posting the journals ourselves (A bank to bank transfer is actually posted as a pair of journals).

- **VAT** – when a business is VAT registered the picture becomes a little more complex. Each transaction has a Net amount and a Tax amount. The Gross amount is the Net and Tax amounts added together.

When a transaction having tax is posted, the tax amount goes to a special VAT tax nominal account whilst the net amount is posted to its designated nominal account. The gross amount is posted to the control account. The transaction therefore affects 3 nominal accounts!

Nominal Categories

The first level of analysis of income and expenditure comes from the use of *Nominal Categories*. These nominal categories form the main headings used when producing the Profit and Loss Account (sometimes referred to as the Income and Expenditure Account) and the Balance Sheet.

You can examine the nominal categories used by the system by selecting the “Nominal categories” option on the Nominal menu.

Here are the default nominal categories:

Profit and Loss Account includes:	Balance Sheet includes:
Sales/Income	Fixed Assets
Purchases	Current Assets
Direct Expenses	Current Liabilities
Overhead	Capital & Reserves

Direct vs. Indirect Expenses

If you examine the nominal categories on the Profit and Loss Account side of the above table you will see that there is one category for Sales (or Income) but three categories for expenditure.

These 3 expenditure categories are best explained using an example.

Gilbert Threadneedle's shoelace business

Year 1

Gilbert Threadneedle started in business selling shoelaces on a street corner.

At the end of the first year of trading Gilbert's Profit and Loss Account would have featured the following entries:

Income - the money Gilbert obtained from selling shoelaces

Purchases - the money Gilbert spent buying the shoelaces

Year 2

Gilbert decides that he is going to expand his business as there is obviously a market for shoelaces. He employs 2 salesmen and gets them to stand on different street corners to the one he stands on.

At the end of the 2nd year Gilbert finds that his income is 3 times what it was in the 1st year as are his purchases.

The wages that Gilbert pays to his employees appear in the **Direct Expenses** section of his Profit and Loss Account. A *direct expense* (or variable cost) is one that varies in proportion to sales.

You can see that the reasoning here would be that the more salesmen Gilbert employs the more his Income would increase and so would his Direct Expenses.

Year 3

For the third year Gilbert decides to go big time.

He realises that if he buys shoelaces in larger quantities he can buy them direct from the manufacturer at such a good price that he could become a wholesaler himself. So he rents a warehouse to store the shoelaces in and employs a secretary who will look after the administration side of things, and a man to work in the warehouse who will take care of distribution.

At the end of the 3rd year Gilbert now finds there are entries in the **Overheads** section of his Profit and Loss Account. *Overhead* is a term used for an indirect expense (or fixed cost). An *indirect expense* is an expense that varies little, or not at all, in proportion to sales. In our example the rent that Gilbert has to pay for the warehouse will be the same no matter what level his income rises or falls to and so it is classed as a fixed cost or overhead.

Can you identify any other costs that will be overheads rather than direct expenses?

We can now give a summary of what is included in the 4 sections of the Profit and Loss Account.

Income – sales of shoelaces both retail and wholesale

Purchases – cost of buying the shoelaces from the manufacturer

Direct expenses – salesmen's wages, advertising costs, delivery and packaging costs

Overheads – rent & rates, admin & warehouse wages, telephone, electricity, stationery, etc.

Gross vs. Net Profit

We can now introduce two more accounting terms that expand the idea of profit.

Gross Profit (or Gross Loss) is the profit (or loss) made just on trading i.e. before deduction of overheads.

Net Profit (or Net Loss) is the profit (or loss) made after deduction of overheads.

$\text{GROSS PROFIT} = \text{INCOME} - \text{PURCHASES} - \text{DIRECT EXPENSES}$

$\text{NET PROFIT} = \text{INCOME} - \text{PURCHASES} - \text{DIRECT EXPENSES} - \text{OVERHEADS}$

Or

$\text{NET PROFIT} = \text{GROSS PROFIT} - \text{OVERHEADS}$

Nominal Sub-categories

The second level of income and expenditure analysis comes from the use of *Nominal Sub-categories*. These sub-categories are listed under the main headings when producing the Profit and Loss Account and Balance Sheet.

For example, the **Overheads** category includes the following sub-categories:

- Salaries and Wages
- Rent and Rates
- Heat Light and Power
- Motor Expenses
- Travelling and Entertainment
- Printing and Stationery

Each nominal account in the nominal ledger is assigned to a nominal sub-category.

For example, nominal account 7502 Telephone belongs in nominal sub-category Printing and Stationery which in turn belongs in the Overheads nominal category.

So, when you print a Profit and Loss Account the Overheads section could include a line for Printing and Stationery and the amount shown on this line would be the total of all the transactions that were for nominal account 7502 Telephone as well as any other nominal account that belonged in the Printing and Stationery sub-category, such as nominal account 7504 Office Stationery.

A listing of the nominal categories, sub-categories and code ranges is shown in **Appendix A**.

You can also print a Nominal categories report from the **Nominal account categories** screen. The report shows the nominal categories, sub-categories and their nominal accounts as they are on your system.

Adding a Nominal Account

Suppose we wanted to add a new nominal account to record valuation fees.

The question is what nominal code should we use for the new account?

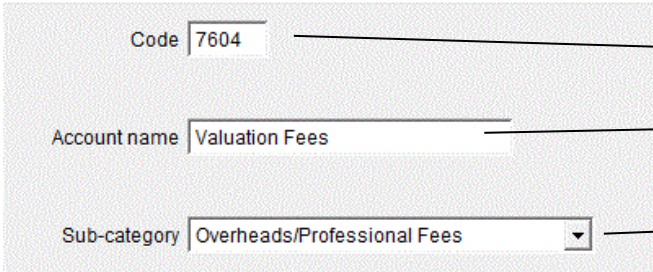
If you look at **Appendix A** you will see that there is a nominal sub-category "Professional Fees" in the "Overheads" nominal category. This would seem to be the right place for the new account.

Appendix A shows us that the nominal code range for the Professional Fees sub-category is 7600 to 7699. If you take a look at the nominal accounts list you will see that we have a series of accounts starting with 7600 Legal Fees that confirm that this is the right code range for the new account.

The next unused code in the sequence is 7604. We will use this code for the new nominal account.

Open the Nominal accounts list and click on the [New] button on the toolbar to start the new nominal account wizard.

Enter 7604 in the *Code* field. The code can be any combination of text and numbers up to 4 characters long.



The screenshot shows a form with three fields. The first field is labeled 'Code' and contains the text '7604'. The second field is labeled 'Account name' and contains the text 'Valuation Fees'. The third field is labeled 'Sub-category' and is a dropdown menu showing 'Overheads/Professional Fees'. Three lines with arrows point from text annotations to these fields: 'Enter 7604 in the Code field' points to the Code field, 'Enter "Valuation Fees" in the Account name field' points to the Account name field, and 'Select the nominal sub-category' points to the Sub-category dropdown.

Adding a new nominal account

Enter "Valuation Fees" in the *Account name* field then, from the *Sub-category* dropdown select "Overheads /Professional Fees".

Save the new record by clicking [Finish].

The above is not a hard and fast rule when it comes to choosing the code for a new nominal account. We could have used a code such as 4901 in the above example and, as long as we selected the correct nominal category for the nominal account, it would still have been included in the right place when we ran the Profit and Loss Account.

The point is that maintaining the coding structure of the nominal accounts list makes it easier to follow and easier for you to locate a nominal account in the many dropdown lists that they appear in throughout the system.

Prepayments and accruals

Prepayments and accruals are used to split payments for items that span several months into equal monthly amounts.

This can be important if you print your Profit and Loss Account each month and use the information to manage your business.

For example, a telephone bill may be quarterly: entering it without any adjustment would distort your monthly accounts, showing one month with a large expense and two months with none at all. By splitting the amount over 3 months we get a truer picture in the accounts.

Prepayments

Prepayments are used when a payment is made in advance for a service.

For example, if a business received a rate demand covering the period from the 1st April for 10 months and the total was entered with that date, the profit and loss account would be misleading.

Imagine printing the Profit and Loss Account at the end of April; the amount shown for Rates would be for a full year and the profit for April would be reduced accordingly. To remedy this situation, and show only 1-month worth of rates, we could set up a prepayment.

Accruals

Accruals are the opposite of prepayments in that you are recording the fact that, at some point in the future, you anticipate receiving a charge that covers a period of more than one month.

For example, consider that in 3-months' time you anticipate receiving a quarterly telephone bill for around £300. In the next 2 months the Profit and Loss Account will contain no amount for telephone expenses, but in the third month there will be an amount of £300. This £300 would be more reasonably shown as £100 per month.

Adding a new prepayment or accrual

Select the "Prepayments and accruals" option from the Nominal menu, or select the option from the Nominal list Tasks menu, to open the **Prepayments and accruals** list.

Click on the [New] button on the toolbar to create a new record.

Select the *Type of entry* required, either "Prepayment" or "Accrual".

Select the *Nominal account*. This must be the same as that used when posting the invoice that the entry is being created for.

Depending on the type of entry selected, the Prepayments (or Accruals) account is the nominal code for the Prepayments (or Accruals) Control Account in the nominal ledger. The defaults are 1199 Prepayments and 2199 Accruals.

Enter *Details* in the field provided. These will form the transaction details used for each posting.

Enter the amount and the number of months over which the amount is to be split.

The net amount is used if your business is VAT registered. The reason for this is that in the original invoice only the net amount shows up in the Profit and Loss Account. The tax element is accounted for in the VAT account in the Liabilities section of the Balance Sheet.

If your business is not VAT registered you should enter the gross amount in the *Amount (Net)* field.

Save the new entry then close the screen to return to the **Prepayments and accruals** list with the entry added. Prepayments are shown in the list as type "P", Accruals as type "A".

Posting prepayments and accruals

Prepayments and accruals are not posted automatically, but by opening the **Prepayments and accruals** list and clicking on the [Post] button when you want postings to be made. This would usually be done at end of each month, but can be done at any time.

In the screen that appears enter the *Posting date* and click on [Proceed] to make the postings. Once postings have been made the **Prepayments and accruals** list will update to show the number posted so far.

How postings affect the nominal ledger – Prepayments

To give you an idea of how the postings for a prepayment work let's use as an example an invoice for an amount of £120.00 for a 12 month subscription. The invoice is posted for the full amount as a supplier invoice in the usual way.

The initial posting of the supplier invoice debits account 8201 Subscriptions with 120.00.

The first posting of the prepayment does the following:

- The full amount of 120.00 is posted as a journal credit to 8201 Subscriptions, effectively reversing the supplier invoice. A journal debit is posted to 1199 Prepayments.
- An amount of 10.00, being 120.00 divided by 12 months, is then posted as a journal debit to account 8201 and credited to account 1199.

In the Profit and Loss Account for the month a figure of just 10.00 will show for this expense. The prepayments account, 1199, will have a debit balance of 110.00. This balance appears in the Current Assets section of the Balance Sheet.

When prepayments are posted at the end of subsequent months an amount of 10.00 will be debited to 8201 Subscriptions and credited to 1199 Prepayments each time. The balance in the prepayments account will reduce each month until, at the end of 12 months, it returns to nil and the full 120.00 will have then been debited to 8201 Subscriptions.

How postings affect the nominal ledger – Accruals

Accruals are somewhat the reverse of prepayments in the way that they work.

When an accrual is set up there is no invoice to post as it will arrive at some time in the future. That, after all, is why we are setting up the accrual.

As an example, consider a quarterly telephone bill we are expecting in three months' time. It is anticipated that the bill will be for around £300.00.

An accrual is created for £300.00 split over 3 months.

The posting of the accrual does the following:

- For each of the 3 months an amount of 100.00, being 300.00 divided by 3 months, is posted as a journal debit to account 7502 Telephone and credited to 2199 Accruals.
- When the third and final posting is made an additional journal is posted for the full amount to reverse the postings to the Accruals account. In our example the full amount of 300.00 is posted as a journal credit to 7502 Telephone and a journal debit to 2199 Accruals.

The actual supplier invoice is then posted when it is received in month 3. If the actual invoice turned out to be for £309.00 there would be a slight unevenness in the postings, but this would be better than not using the accrual at all.

Automated entries

Automated entries make it easier for you to process transactions that are repeated on a regular basis, for example, weekly or calendar monthly. This is an ideal way of dealing with standing orders and direct debits from a bank account.

Once the details of an automated entry have been set up, repeat transactions can be posted at the click of a button with the transaction's date calculated by the program.

Select the "Automated entries" option from the Nominal menu, or select the option from the Nominal list Tasks menu, to open the **Automated entries** list.

Creating a new automated entry

Click on the [New] button on the toolbar to create a new automated entry.

Details tab

Select the *Type of entry* you want to create. The following types are available:

- Sales Invoice
- Sales Credit Note
- Purchase Invoice
- Purchase Credit Note
- Bank Payment
- Bank Receipt
- Cash Payment
- Cash Receipt
- Journal

If the type of entry is a sales invoice, sales credit note, purchase invoice or purchase credit note, an *Account* dropdown list will be visible on screen so that you can choose the relevant account. The *Bank account* dropdown list will not be visible for these entry types, as they are not associated with a bank account.

If the type of entry is a bank or cash transaction, the *Bank account* dropdown list will be visible but the *Account* dropdown list will not. Select the relevant bank account from the list.

If the type of entry is a journal, neither the *Bank account* nor the *Account* dropdown list will be visible. Instead you will see two nominal dropdowns, one for the debit part of the journal and one for the credit part.

Enter *Details* for the entry as you wish them to appear in the transaction each time it is posted.

Enter the *Amount* of the regular instalment by entering the *Net* figure and *Tc* (tax code) as appropriate. The *Tax* amount will be calculated automatically by the program but can be edited as required.

References tab

Enter a suitable reference and select the department as required.

Instalments tab

Enter the *Start date* for the automated entry. This is the date of the first instalment.

Select the *frequency* of the instalments using the dropdown. The first posting will be made with the Start date as its date. Subsequent postings will be made in line with the frequency selected.

Select the *until further notice* option if you want instalments to continue until you stop them.

Select the *number of instalments* option, if there are a fixed number of instalments to be made for this entry, and enter their number.

The *next due* date will initially have the same value as the start date for the automated entry.

Tick the "adjust date if it falls on a weekend" option if you wish to use bank processing dates. When this option is ticked, the transaction date will be adjusted, at the time of posting, if it falls on a Saturday, Sunday or public holiday to be the date of the next bank business day.

The *Date of last instalment* and *Processed to date* fields will be blank until the first posting is made.

First / Last instalment tab

If the amount of the first and/or last instalment is different from the amount of the regular instalment, enter details on this tab. In the case of an automated entry where the "until further notice" option is selected on the Details tab, any amount entered for the last instalment will not be used.

Click on the [Save] button to save the new automated entry.

Editing an entry

To edit an entry, select it from the list and then click on the [Edit] button. Alternatively, double-click on the entry.

If no instalments have been processed for this entry all the details will be available for editing. Once instalments have been processed, you will not be able to change some of the details, such as the frequency.

You can use the *Next due* date field to control the date of the next posting. This can be used to miss out instalments, by entering a later date than that scheduled, or to repeat an instalment, by resetting the date to an earlier one. The *Next due* date cannot be earlier than the *Start date* for the automated entry.

Ending an "until further notice" automated entry

If you want to stop an automated entry, which is set as "until further notice", from making any further postings you can do so by selecting the *number of instalments* option. This will update the number to post value with the number of instalments already processed and no further instalments will be made.

Deleting an automated entry

To delete an automated entry, select it from the list and then click on the [Delete] button. The entry will be deleted from the list and no further instalments will be processed. Deleting an automated entry will not affect any transactions that have already been created from it.

Suspending posting of an entry

If you wish to suspend processing of an entry, tick the 'place on hold' option.

If you decide to reinstate an entry that was previously suspended, remove the tick from the box. Remember to edit the next due date to be the date of the next instalment required.

Processing automated entries

Automated entries can be processed at any time using the [Post] button on the Automated entries screen. This will open the Post automated entries screen showing a list of entries due to be posted as at the date shown. Changing the date will rebuild the list and show postings due at the new date.

The date values in the *Due date* column and the text in the *Transaction detail* column can be edited, if required, prior to posting the entries.

Tick the entries you want to post then click on the [Post] button.

Checking for automated entries due

The software will check to see if any automated entries require posting at today's date, each time the program is started, if the option on the Start-up tab of the My Settings window is ticked. If there are, these will be displayed on the "Things to Do List".

Entering an Opening Trial Balance

When a business has been operational for one or more years, it is likely to have various opening balances that need to be entered on the system to represent the position of the business on the day you start using the software.

The usual method of entering opening balances is to use the figures from the Balance Sheet of your last year's accounts. However, any date can be used as the starting date so long as you are able to calculate the opening balances at that time.

In order to enter opening balances we need the following information at the selected date:

- Balance Sheet
- Unpaid Client invoices or payments in advance
- Unpaid Supplier invoices or payments in advance

It is recommended that opening balance transactions are entered with a date that is the day before the current financial period starts. For example, if the current financial year we are working on starts on the 1st April 2007, we would enter our opening balances with a date of 31/03/2007.

Example Balance Sheet

EZPZ Rentals Limited, Balance Sheet as at 31/03/2007

	DR	CR
Fixed Assets		
Fixtures and Fittings	345.00	
Office Equipment	976.00	
Current Assets		
Debtors	120.00	
Bank	1749.00	
Cash	45.50	
VAT Refund due	75.25	
Liabilities		
Creditors		505.25
Capital Account		
Shares		2.00
Reserves		2803.50

Client Opening Balances

We start by entering the opening balances for the clients. Client opening balances are entered via the client record.



Open the Clients list by selecting the option from the Clients menu or by clicking on the [Clients] button on the main toolbar.

Locate the required client in the list and double-click on it to open the client record.

Go to the Ledger page and then click on [Enter Opening balance](#). The **Client Opening Balance** screen will appear.

Select the Transaction type:

- **Invoice** – where the client account is in arrears
- **Credit Note** – where the client account is in credit

Enter the rest of the details, including the *amount*, as required.

Click on [Proceed] to post the opening balance.

The opening balance will be posted as a *sales invoice (SI)* or as a *sales credit note (SC)*, as appropriate, to 9998 Suspense Account and will appear on the client's ledger.

Supplier Opening Balances

Supplier opening balances are entered via the supplier record.



Open the Suppliers list by selecting the option from the Suppliers menu or by clicking on the [Suppliers] button on the main toolbar.

Locate the relevant supplier in the list and double-click on it to open the supplier record.

Click on the Ledger page and then click on [Enter Opening balance](#). The **Supplier opening balance** screen will appear.

Select the Transaction type:

- **Invoice** – where the balance is owed to the supplier
- **Credit Note** – where the supplier account is in credit

Enter the rest of the details, including the *amount*, as required.

Click on [Proceed] to post the opening balance.

The opening balance will be posted as a *purchase invoice (PI)* or as a *purchase credit note (PC)*, as appropriate, to 9998 Suspense Account and will appear on the supplier's ledger.

VAT on Opening Balances

Opening balance transactions are usually posted using the gross amount with a tax code of 9 so that they have no tax amount. This is because the original tax amount, if there was one, would have been accounted for in the previous financial year.

If the business is VAT registered and uses the VAT Cash Accounting scheme you would post the opening balances with their original Net/Tax split and use a tax code of 1. This is because, in that Scheme, VAT is calculated from payments. The Net/Tax split has to be copied from the invoice to the payment when the payment is posted and allocated so the opening balance transaction must have the correct Net/Tax split.

Reversing Nominal Ledger balances

Having entered opening balances for clients and suppliers, balances will have been created in the nominal ledger as a result.



You can view these balances by clicking on the [Nominal] button on the main toolbar to open the Nominal accounts list.

An example is shown below:

Account code	Account name	DR	CR
1100	Debtors Control Account	120.00	
2100	Creditors Control Account		505.25
9998	Suspense Account	385.25	

In this example, we have posted opening balances for clients totalling 120.00 and opening balances for suppliers totalling 505.25.

As both types of opening balance postings are made to the Suspense account, the balance in 9998 Suspense Account is equal and opposite to the totals of the combined Debtors and Creditors.

Before we can enter the opening trial balance, the current balances in these nominal accounts need to be reversed. This is to avoid duplication as the opening trial balance, taken from your accounts balance sheet, also contains figures for debtors and creditors.

The nominal balances are reversed by posting journals for equal and opposite amounts. Thus the balance of the Creditors Control Account, of 505.25 credit, is reversed by posting a debit for the same amount.

Open the **Journal entry** screen by selecting the “Enter journals” option from the Nominal menu.

Each row of the grid is used to enter one journal transaction. Each transaction will have either a debit or a credit value but cannot have both. Before the journals can be posted, the total of the debit transactions must equal the total of the credit transactions so that the *Batch total* is zero.

Enter the *Date*. As previously mentioned, it is recommended that opening balance transactions are entered with a date that is the day before the current financial period starts. In the screen that appears advising you this date is outside of the current financial period, confirm that you want to use this date.

Enter “O/BALANCE”, or something similar, in the *Reference* field.

Enter the details and amounts of the journals as required.

Tip: when entering details in the grid you can use function key <F6> on your keyboard to copy down details from the cell above.

When you have entered all the details and checked that the batch total is zero, click on the [Post] button to post the journals to the nominal ledger.

Once the journals have been posted all the nominal accounts in the nominal list will have a zero balance.

We can now proceed with entering the opening trial balance.

Entering the opening trial balance

The opening trial balance for the business is entered by posting journals as explained above.

Example Opening Balance Journals

Code	Nominal account	Tc	DR	CR
0030	Office Equipment	9	976.00	
0040	Furniture and Fixtures	9	345.00	
1100	Debtors Control Account	9	120.00	
1200	Bank Current Account	9	1749.00	
1230	Petty Cash	9	45.50	
2100	Creditors Control Account	9		505.25
2202	VAT Liability	9	75.25	
3001	Shares	9		2.00
3100	Reserves	9		2803.50
	Totals		3310.75	3310.75

Bank Accounts

Bank accounts play an important part in any bookkeeping system. I have yet to come across a business that does not use a bank account to receive and pay out money!

Bank accounts are nominal accounts that are marked by the system as bank accounts so that they can take part in those functions involving the receipt and payment of money.

The Cash Account, in turn, is a special type of bank account.

The Bank Accounts list



Bank accounts are managed via the Bank Accounts list. You can open the list by selecting the “Bank Accounts” option from the Bank menu or by clicking on the [Bank] button on the main toolbar.

As mentioned above, bank accounts are nominal accounts and as such they are also included in the Nominal Accounts list.

When you look at the balance of a bank account in the Nominal Accounts list it will show up as either a debit or a credit balance.

In bookkeeping:

- A bank account with a debit balance has money in it
- A bank account with a credit balance is overdrawn

The balances of the bank accounts in the Bank Accounts list are shown as positive or negative in keeping with normal practice.

Adding a new bank account

Click on the [New] button on the Bank Accounts toolbar to start the new bank account wizard.

Enter a code for the new account in the *Code* field. The code can be any combination of text and numbers up to 4 characters long and must be unique, i.e. there cannot be 2 nominal accounts with the same code. Once the record is saved you will not be able to edit the code.

Enter a name for the new bank account in the *Account name* field.

The *Sub-category* for the bank account will automatically be selected as “Current Assets/ Bank Accounts”.

Click on the [Next] button.

The value in the *Last cheque number* field is used by the program to calculate the next cheque number in sequence when processing payments from a bank account. Enter the number of the last cheque that was written for this account. Enter “-1” to disable auto-increment for the account.

Save the new record by clicking on [Finish] and return to the Bank Accounts list.

Setting the Default Bank Account

The default bank account is the one that will be suggested whenever you deal with a transaction that involves a bank account and you are presented with a list of bank accounts to choose from.

To select the default bank account, open the Bank Accounts list and highlight the bank account you want to make the default. From the Tasks menu, select the “Set as default” option.

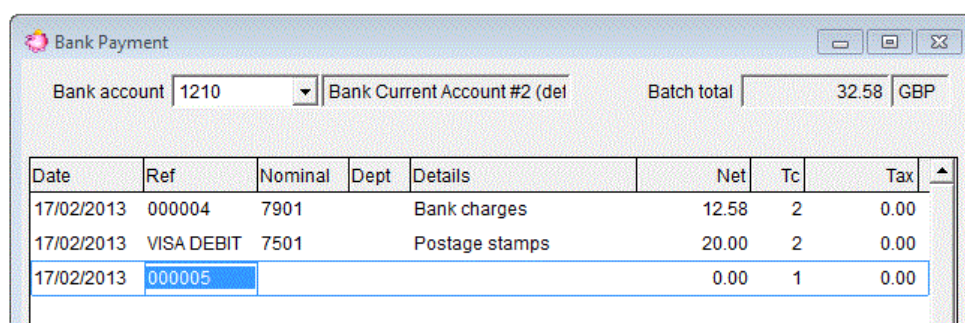
Bank/Cash Receipts and Payments

Bank/Cash receipts and payments are receipts and payments for which no invoice has been entered on the system. See also the section on “Suppliers” for payments where invoices have been entered on the system.

Bank/Cash receipts and payments are entered via options on the **Bank** menu. They can also be entered using the options on the **Bank Accounts** Tasks menu.

In the **Bank Receipt** (or **Bank Payment**) screen that opens, transactions are entered using the rows of the grid. Each row represents one transaction when posted.

Select the *Bank account* from the dropdown list. All the entries in the grid, when saved, will be posted to this bank account. If the selected bank account is the cash account, the transactions will be posted as cash receipts or payments; otherwise they will be posted as bank receipts or payments.



The screenshot shows the 'Bank Payment' window. At the top, there's a 'Bank account' dropdown set to '1210' and a 'Batch total' field showing '32.58 GBP'. Below this is a table with columns: Date, Ref, Nominal, Dept, Details, Net, Tc, and Tax. The table contains three rows of data:

Date	Ref	Nominal	Dept	Details	Net	Tc	Tax
17/02/2013	000004	7901		Bank charges	12.58	2	0.00
17/02/2013	VISA DEBIT	7501		Postage stamps	20.00	2	0.00
17/02/2013	000005				0.00	1	0.00

Entering bank payments

The details that can be entered on each row of the grid are as follows:

Date Date of the receipt/payment.

Ref Reference. Cheque number or paying-in slip number.

Nominal Nominal code. The nominal code cannot be another bank account (see bank to bank transfer below) or a control account. If the required nominal code is not in the list you can add it by typing in the new code and pressing <TAB> or <Enter> on your keyboard. Confirm that you wish to add the new value to the table and you will be presented with a New Nominal record to complete.

Dept Department code. Select a department if you are using cost centres, otherwise leave blank.

Details Transaction details, maximum 50 characters.

Amount Enter the amount of the transaction in the *Net* column.

If the business is VAT registered, enter the appropriate tax code in the *Tc* column. The amount of tax will be calculated for you and displayed in the *Tax* column. The amount can be edited if required.

Where the Net/Tax split for the transaction is not known, enter the gross amount of the receipt in the *Net* column and the applicable tax code in the *Tc* column. Click on the [Calc Net] button and the program will calculate the Net and Tax amounts for you.

If the business is not VAT registered, use tax code 9.

Tip: when entering details in the grid you can use function key <F6> on your keyboard to copy down details from the cell above.

When all entries have been completed save them using the [Post] button.

The screen cannot be closed if the grid contains completed entries. These must be saved or abandoned first.

Supplier Invoice or Bank Payment?

In bookkeeping, expenditure is recorded using both supplier transactions and bank/cash transactions. The distinction between the two types is important as it will help you to decide which type of transaction to use.

The main question to ask oneself, when deciding which type of transaction to use, is “Does the invoice I am entering have a *period of credit* or was it paid at the time the goods, or services, were purchased?”

If the invoice has terms printed on it such as “payment due in 30 days” then that is a period of credit. If the date on which you were charged for the goods, in other words the date on the invoice, is different to the date that you actually made payment then there is a period of credit involved.

If there is a period of credit involved you should enter the invoice as a supplier invoice using the “Batch entry of invoices/credit notes” option on the Suppliers menu. When you pay the invoice you should enter the payment as a supplier payment using the option on the Suppliers menu.

Notice that there is a distinct meaning to the phrase “supplier invoice” in bookkeeping: it does not just mean an invoice from a supplier but is a specific type of transaction.

If there is no period of credit involved you can save work for yourself by entering the details as a bank/cash payment. This involves just one transaction instead of the two transactions, invoice and payment, required by the supplier route.

The disadvantage with a bank/cash transaction is that it has no reference to a supplier account so unless you record the name of the supplier in the transaction details you have no record of who you bought the goods from.

The above is not a hard and fast rule. If you purchase goods regularly from the same supplier and always pay for them in cash you can still create a supplier account and record the invoice by entering a supplier invoice and supplier payment albeit with the same date.

Bank to bank transfer

This option is used to record the movement of money from one bank account to another.

Use the dropdown lists to select the *From* and *To* bank accounts.

Enter the rest of the details as required, then click [Proceed] to process the transfer.

Bank to bank transfers are posted as journals: a journal credit is posted to the bank account the money is leaving and a journal debit is posted to the bank account that the money is going into.

Once the transfer has been posted, the fields will clear ready for you to enter the details for another transfer.

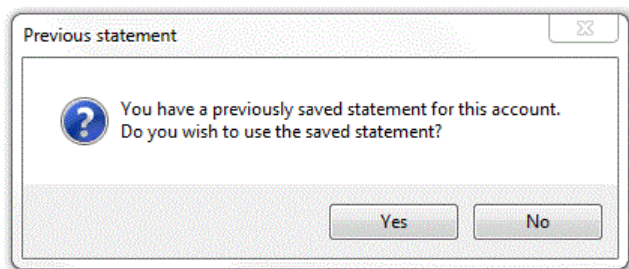
Bank Reconciliation

The bank reconciliation process involves checking that the bank entries on your system agree with the entries on your bank statements. Using this process can show up errors in data entry where, for example, you may have mistyped an amount. Reconciliation should ideally be carried out each time a bank statement is received.

To carry out bank reconciliation, select the "Bank reconciliation" option from the Bank menu. Alternatively, bank reconciliation can be run from the Bank Accounts list when open; select the bank

account to be reconciled from the list then select the "Reconcile account" option from the Tasks menu.

If a previous reconciliation has been saved but not completed, you will be asked if you want to use the saved statement. Click [Yes] to use the saved statement or [No] to start over.

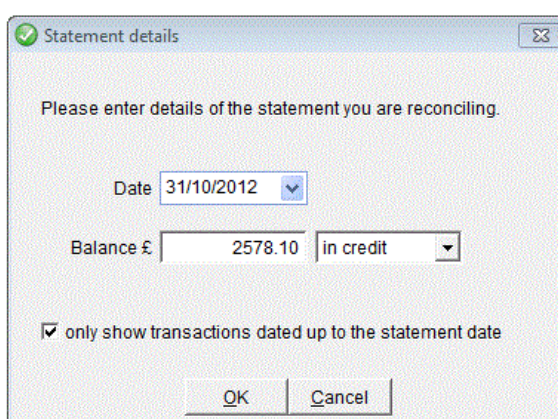


If a previously saved reconciliation is not found, or if you selected [No] on the previous screen, the Statement details window will appear next.

Enter the date of the statement you are reconciling to and its closing or end balance. If the transactions tick box is ticked, the reconciliation window will only contain transactions that are dated on or before the statement date you enter.

It is not essential to enter the statement details but it can help with the reconciliation process.

Click [OK] to launch the Reconciliation window.



The reconciliation window

The reconciliation window is split into two halves.

The upper half, labelled "Items not yet reconciled", lists the transactions that have not yet been reconciled for this account.

The lower half, labelled "Items that appear on this statement", is used to move transactions into, where the transactions appear on the statement being reconciled.

The calculation, at the bottom of the Reconciliation window, shows the difference between the reconciled balance and the statement end balance. This difference will be equal to the total of the transactions that appear on the statement and that need to be selected on screen to enable the reconciled balance to agree with the statement end balance.

Where transactions have previously been reconciled for the selected account, the total of the reconciled transactions, and the date of the last reconciliation will show as an entry in the lower half of the window with "Last reconciled balance" as the details. In the screenshot below, the last reconciliation was carried out for a statement dated 05/04/2011. The total of all reconciled transactions shows as 1,526.50, and the amount is positive, indicating a credit balance.

The reconciliation is carried out by working through the bank statement and matching each entry on the statement to a corresponding entry in the "Items not yet reconciled" section. As each entry is matched, we double-click on it, or click on the [Move item] button, to move it into the "Items that appear on this statement" section. In so doing, the amounts in the Reconciled balance and Difference fields, at the bottom of the window, will be updated.

When all matching items have been moved into the bottom list, and assuming all the transactions that are on the bank statement have already been entered in the software, we would expect the Reconciled balance field to show £1,359.50, the same as the Statement end balance, and the Difference field £0.00.

The top half of the window shows transactions not yet reconciled.

Double-click on an item, or use the button, to move it into the bottom half of the window if it appears on this statement.

Items not yet reconciled -167.00

Date	TT	Reference	Account	Details	Receipts £	Payments £
08/04/2011	SR			Client Receipt	195.00	
11/04/2011	SR			Client Receipt	138.00	
24/04/2011	PP	100025		Part Payment		500.00

Items that appear on this statement

Date	TT	Reference	Account	Details	Receipts £	Payments £
05/04/2011				Last reconciled bala	1,526.50	

Reconciled balance - Statement end balance = Difference

1,526.50 1,359.50 167.00 ☐ show individual transactions

Reconcile Save Print ? Close

The reconciled and difference amounts will change as each item is moved in or out of the bottom list.

Grouped vs. individual transactions

How the bank transactions are displayed on screen will depend on whether or not the "show individual transactions" box is ticked.

If the "show individual transactions" box is ticked the individual transactions, as they were posted, will be shown.

If the "show individual transactions" box is not ticked the transactions will appear grouped. Transactions having the same transaction type, date, reference and detail are grouped together and shown as a single item, similar to the way in which they appear on a bank statement.

Note: ticking or un-ticking the "show individual transactions" box will clear any transactions you have moved into the lower grid and put them back into the upper grid.

Carrying out the reconciliation

The suggested procedure for carrying out reconciliation, using a bank statement, is as follows:

- Before beginning to reconcile your bank statement, ensure that the *reconciled* balance shown on the screen is the same as the opening balance on the bank statement. If the two amounts do not agree, you should leave the reconciliation and try to find out why there is a discrepancy before continuing.

- For each entry on your bank statement locate the corresponding entry in the "Items not yet reconciled" grid. Click on the entry to select it then click on the [Move item] button to move the entry into the lower grid. When you move an entry from one grid to the other the Reconciled and Difference amounts will be updated. If you move an entry into the "Items that appear on this statement" grid in error you can move it back by selecting the entry and clicking on the [Remove item] button. You can also move an entry, from one grid to the other, by double-clicking on it.
- Continue in this way until the "Items that appear on this statement" grid contains all the transactions that appear on your bank statement. At this point, the *reconciled* balance on screen should equal the closing balance on your bank statement. If this is the case, click on the [Reconcile] button to mark the selected transactions as reconciled. When you next open the Account Reconciliation window, those transactions will no longer appear.

Saving your current position

If you are unable to complete the reconciliation for any reason you can save your current position using the [Save] button. This will record the items in the "Items that appear on this statement" grid so that they can be reloaded next time you carry out reconciliation of this account.

Posting adjustments

Where there is a transaction on your bank statement that does not appear in the Account Reconciliation window, because it has not yet been entered on the system, you can enter the transaction using the [Adjustment] button.

When you click on the [Adjustment] button the "Post adjustment" window will open.

Enter the details of the adjustment as required and enter the amount of the adjustment in either the *Payment* or *Receipt* field. Once saved, the adjustment transaction will appear in the "Items that appear on this statement" grid of the Reconciliation window if the transaction is dated on or before the Statement End Date.

Adjustment transactions are posted as bank payments or bank receipts; as such, they should not be used where the missing transaction relates to the sales or purchase ledgers.

Un-reconciling transactions

If you find that you have reconciled a transaction in error, you can correct this by editing the transaction and blanking the transaction's bank reconciled date. A transaction can be edited via the "Edit transactions" option, on the Utilities menu, or an appropriate ledger screen.

Contacts

You can record details of your contacts using *Contact* records.

Examples of contacts are banks, plumbers and solicitors although you are not limited to recording details of just these types of contacts.



Contact records are managed using the Contacts list. To open the Contacts list, select the “Contacts” option from the Contacts menu or click on the [Contacts] button on the main toolbar.

Adding a new contact

Click on the [New] button, on the Contacts list toolbar, to start the New Contact wizard.

Name details

Enter the name details in the fields provided.

Enter a Code for the new record. The code can be any combination of numbers and letters up to a maximum of 10 characters. Each code must be unique as it is used to identify the record throughout the system. If a record with that code already exists you will be prompted to enter a different one.

Click [Next] to go to the next page.

Address details

Enter the address details in the fields provided.

Click [Next] to go to the next page.

Contact details

Enter the contact details in the fields provided. Up to 4 telephone numbers can be stored. Use the dropdown provided to select the type of telephone being recorded. This is important in the case of mobile numbers to activate additional functionality.

Click [Next] to go to the next page.

Defaults

Select the default *contact type* for the record.

Click [Finish] to save the new record.

Editing an existing Contact

To edit an existing contact record, highlight the entry in the Contacts list then click the [Open] button or, alternatively, double-click on the entry to open the Contact record.

Deleting a Contact

To delete a contact, highlight the entry in the Contacts list then click on the [Delete] button. The entry will be deleted from the list.

Reminders

Reminders are used in the system to remind you of something that needs doing in the future.

When you create a reminder it has a *due date* set by you. Each time you start the program a check is carried out for any reminders whose due date is on or before today's date. If any are found, they are displayed on the "Things To Do List". This option can be disabled in My Settings.

So, once a reminder's due date has been reached, it will keep displaying until such time as you delete it or change its status to "completed".

The Reminders list

The Reminders list is opened from the File menu. Move to the "Open" option then select "Reminders" from the sub-menu.

The reminders that are displayed in the Reminders list are controlled using the dropdowns and date box at the top of the list. When the Reminders list is opened, today's date is used by default and reminders whose due date is on or before this date are displayed. To view reminders set for a date in the future, change this date to a suitable future date.

Adding a New Reminder

Click on the [New] button to add a new reminder.

Enter the date on which you want to be reminded of the event in the *Due date* field.

Enter the date on which the action needs to be taken in the *Action date* field. This is an optional user value and is not used by the software.

If you have created user records, and the reminder is to be allocated to a particular user, select the *User* from the dropdown. The dropdown will not appear where no user records have been created.

Reminders can be created for various object types - select the relevant one from the *Object type* dropdown. Where an object type other than 'General' is selected, choose the relevant object from the *Object* dropdown that appears.

Note: where the only type of object on the system is the 'General' object, the Object type and Object dropdowns will not be visible.

Select the type of reminder from the *Reminder type* dropdown.

Optional *Notes* can be entered as required.

Click on the [Save] button to save the new reminder.

Repeating reminders

There may be occasions when you want to be reminded to do something every year, or every month. You can set a reminder to repeat itself so that you don't have to remember to create a reminder each time you want one.

On the **Repeat reminder** tab choose how often you want the reminder by selecting the frequency from the *Repeat every* dropdown.

Enter the "*until*" date if you want reminders to stop after that date, otherwise leave the field blank.

When a reminder becomes due, the system will check if the reminder is set to repeat. If it is, the date that the next reminder should appear is calculated from the frequency and a new reminder record is created.

Stopping a repeating reminder

In the case of a repeat reminder, the next reminder record is created when the due date of the first reminder is reached.

Thus if you create a reminder with a due date of 18th August, set to repeat monthly, when the 18th August is reached the first reminder is displayed and a new reminder, with the same details, is created for 18th September.

This is a very simple system and works quite well, but to stop a reminder from repeating you have to do the following:

1. Open the Reminders list.
2. Change the due date to one sufficiently far in the future to show all future reminders in the list.
3. Edit each of the reminders in the repeating sequence blanking the value in the "Repeat every" section to stop them repeating.

Deleting a reminder

To delete a reminder, highlight the entry in the list then click on the [Delete] button.

Pending reminder records are retained on the system for a set number of days after their due date. You can change the number of days reminders are kept for by clicking on the [Keep days] button. Reminders that are older than this number of days, and whose status is "pending", will be removed from the system at start-up.

Keeping Reminders after acting on them

You may want to keep a reminder, after you have acted on it, as a record that a task has been carried out. This can be achieved by changing the status of the reminder from "pending" to "completed". Reminders whose status is "completed" will not be removed by the system and you will not be notified of them. To view completed reminders, select the "completed" or "all" option from the Status dropdown on the Reminders list.

Disabling Reminders

If you want the system to stop notifying you of due reminders at start-up, un-tick the option on the My Settings screen.

Reminder Types

When you create a reminder you select a *reminder type* for it. The reminder type can be used when viewing, or printing, a list of reminders so that only those of a selected reminder type are displayed.

Each reminder type is specific to a type of object.

Reminder types are managed using the "Lookup tables" option on the Settings menu. In the screen that opens, click on the [Reminder types](#) link, on Page 1, to open the **Reminder types** screen.

Adding a reminder type

To add a new reminder type, open the **Reminder types** screen and click on the [New] button. In the window that appears, select the *Object type* and enter a description in the *Reminder type* field.

Click [Save] to save the new record.

If the reminder type does not already exist, it will be added to the list and will be available when you next create a reminder.

Deleting a reminder type

To delete a reminder type, highlight it in the Reminder types screen and click on the [Delete] button. If the reminder type has not been used in the system, it will be deleted.

SMS Text Messaging

The SMS Text Messaging feature works by sending your text message as an email to an SMS service provider who then forwards it to the mobile telephone number you supply.

In order to use this facility you will need an account with us and a supply of text credits, which can be purchased via our website. Please contact us if you want to have an account set up for you.

Please note that this facility will not work with email accounts that are of the "GMAIL" type.

Configuring

Select the "SMS Text Messaging" option from the Utilities menu to open the SMS Text Messaging window.

Select the "Configure" option from the Tasks menu to open the SMS Server Details window.

Account details tab

Select "EZPZSMS" as the Service provider. Other service providers are not supported by the software.

Enter the following information as provided:

- Account Code
- Password
- Reply to - this will be sent with your message to let the recipient know where the message has come from. This can be a text string, maximum 11 characters, or your telephone number. Telephone numbers must include the STD code and should not include spaces so that they are exactly 11 digits long e.g. 01709878828. If you use your telephone number the recipient can reply to the text message.

Mail Server details tab

These are the details of the mail server you use for sending emails.

Enter details for the SMTP Server, From email address, Username and Password. These details are the same as those entered in your email software, Outlook, Outlook Express, etc., for sending emails.

By default, email messages are sent from EZPZ using standard port 25. If your email service provider requires you to use a different port number, enter it in the field provided.

Click on [Save] to save the details.

Sending Messages

Select the "SMS Text Messaging" option from the Utilities menu to open the SMS Text Messaging window.

Click on the [New] button to open an SMS Text Message window.

Click on the [To:] button to display a list of database records containing mobile telephone numbers.

In the Choose recipients window that opens use the arrow buttons to move the entry(ies) in the left-hand list into the right-hand "Message recipients" list.

You can filter the left-hand list to show only those numbers for a particular object type using the dropdown at the top right of the Choose recipients window. For example, selecting "Contact" from the object dropdown will rebuild the left-hand list to show only contact records that have a mobile number.

If you have created SMS distribution lists, these will show in the left-hand list if the object dropdown shows "All addresses" or "List". Selecting a distribution list as message recipient will add all the mobile numbers for members of that list to the SMS text message.

You can also send a message to a telephone number that is not on your system. Enter the telephone number in the "Tel:" field, on the SMS Text Message window, and then click on the [Add] button to add the telephone number to the recipients list.

Enter the text you want to send in the "Message to send" field. A standard text message is 160 characters in length. Messages longer than this will be sent as multiple text messages. Text messages are charged at a rate of 1 text credit per 160 characters of part thereof. Thus, a text message that is 170 characters in length will use 2 text credits.

Click the [Send] button to send the message to the selected recipient(s).

Appendix A – Default Nominal layout

Range Lower	Upper	Sub-category	Nominal Category					
0010	0019	Property	Fixed Assets	Balance Sheet				
0020	0029	Plant and Machinery						
0030	0039	Office Equipment						
0040	0049	Furniture and Fixtures						
0050	0059	Motor Vehicles						
0100	0199	Goodwill						
1000	1099	Stock	Current Assets		Balance Sheet			
1100	1198	Debtors						
1199		Prepayments						
1200	1209	Bank Accounts						
1210	1239	Deposits and Cash						
1240	1299	Bank Accounts						
2100	2198	Creditors	Current Liabilities			Balance Sheet		
2199		Accruals						
2200	2202	VAT Liability						
2210	2219	Taxation						
2220	2229	Wages						
2300	2399	Creditors: Long Term						
2500	2599	Directors Loan Accounts						
3000	3099	Capital					Capital & Reserves	Balance Sheet
3100	3399	Reserves						
3400	3499	Drawings						
4000	4099	Income	Income	Profit & Loss Account				
4100	4199	Overseas Income						
4200	4299	Sale of Assets						
4900	4999	Other Income						
5000	5199	Purchases	Purchases				Profit & Loss Account	
5200	5299	Stock						
6000	6099	Labour	Direct Expenses		Profit & Loss Account			
6100	6199	Sales Commission						
6200	6299	Sales Promotion						
6900	6999	Misc Expenses						
7000	7099	Salaries and wages	Overheads					
7100	7199	Rent and rates						
7200	7299	Heat Light and Power						
7300	7399	Motor Expenses						
7400	7499	Travelling						
7500	7599	Printing and Stationery						
7600	7699	Professional Fees						
7700	7799	Equipment Hire						
7800	7899	Maintenance						
7900	7999	Bank Charges						
8000	8099	Depreciation						
8100	8199	Bad Debts						
8200	8299	General Expenses						
9998	9999	Suspense/Mispostings						

Glossary of Bookkeeping Terms

Balance Sheet	A report summarising the financial position of a business at a specific date.
Bank payment	An expenditure transaction that does not involve a supplier or period of credit.
Bank receipt	An income transaction that does not involve a client or period of credit.
Credit	One of the postings made in a double entry transaction, the other being a debit. The postings can be considered the opposite of each other.
Creditor	One that the business owes money to.
Debit	One of the postings made in a double entry transaction, the other being a credit. The postings can be considered the opposite of each other.
Debtor	One that owes money to the business.
Double-entry bookkeeping	The name given to a bookkeeping system where the posting of a transaction affects two nominal accounts.
Income & Expenditure Account	See Profit and Loss Account
Journal	A transaction that moves an amount from one nominal account to another. Each journal affects only one nominal account. Two or more journals must be posted at the same time to maintain double entry bookkeeping rules.
Nominal code	A code used to refer to a nominal account.
Nominal account	An item in the nominal ledger.
Nominal ledger	A list of nominal accounts used to keep a total, and provide analysis, of income and expenditure. The basis of producing the Profit and Loss Account and Balance Sheet.
Posting	The permanent recording, or saving, of a transaction.
Profit and Loss Account	A report summarising income and expenditure and the resulting profit or loss over a specified period.
Proof of payment	A sheet that can be printed to give to a client as proof or acknowledgement of a payment received.
Supplier	One that provides goods or services to a business.
Supplier invoice	An expenditure transaction. A supplier invoice is often payable after a specified period from the invoice date has elapsed.
Supplier payment	A transaction required to pay a supplier invoice.
Sales receipt	A transaction required to pay a client invoice.

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