evo-auction

Financial Controller Essentials
User guide

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BCN

Microsoft Solutions Partner
Microsoft Cloud

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1.1 THE GENERAL LEDGER AND THE CHART OF ACCOUNTS

The general ledger stores your financial data, and the chart of accounts shows the accounts that all general ledger entries are posted to. NAV includes a standard chart of accounts that is ready to support your business.

GENERAL LEDGER SETUP AND GENERAL POSTING SETUP

At the core of your business processes is the general ledger and the configuration of how data is posted to the general ledger. In the **General Ledger Setup** window, you specify how to handle certain accounting issues in your company. This includes invoice rounding details, address formats, and whether you want to use an additional reporting currency, for example. Similarly, in the **General Posting Setup** window, you specify how you want to set up combinations of general business and general product posting groups. You fill in a line for each combination of business posting group and product posting group.

GENERAL LEDGER SET-UP

Most of the procedures for setting up the general ledger is explained on the on-line help, therefore I shall concentrate on areas which cause problems or areas which need more consideration.

The current generation of accounts packages do not have the 'normal' month end procedure where each ledger is closed in turn, restricting the entry of data, until the management accounts are signed off etc.

Currently the majority like NAV are entirely date driven enabling analysis between any date ranges regardless weather it falls in line with the set accounting periods.

The main reason for this is that the systems are far more integrated than the last generation i.e. a sales invoice when posted immediately effects the stock and the general ledger, keeping all ledgers in real time and synchronized as much as possible.

To enable control over the posting dates there are global posting date restrictions and individual. The global restrictions are set-up in the General ledger Setup.

If a purchase order arrives after the period closing date the correct procedure would be use the posting date as today and then use the document date field to reflect the actual invoice date, the due date is calculated on the document date opposed to the posting date therefore is still calculated correctly.

Edit - General Ledger Setup

HOME   ACTIONS   NAVIGATE

| Manage | General | Posting | VAT | Bank | Journal Templates | Show Attached | Page |

- View
- Edit
- Change Global Dimensions...
- Accounting Periods
- Dimensions
- General Posting Setup
- Gen. Business Posting Groups
- Gen. Product Posting Groups
- VAT Posting Setup

General Ledger Setup

General

Allow Posting From:	01/06/2018	
Allow Posting To:	31/08/2018	
Register Time:	☐	
Local Address Format:	City+County+Post Code	
Local Cont. Addr. Format:	First	
Inv. Rounding Precision (LCY):	0.01	
Inv. Rounding Type (LCY):	Nearest	
Allow G/L Acc. Deletion Before:		
Check G/L Account Usage:	☐	
EMU Currency:	☐	
LCY Code:	£	

Local Currency Symbol:		
Pmt. Disc. Excl. VAT:	☑	
Adjust for Payment Disc.:	☐	
Unrealized VAT:	☑	
Prepayment Unrealized VAT:	☐	
Max. VAT Difference Allowed:	0.10	
VAT Rounding Type:	Nearest	
VAT Tolerance %:	10	
Bank Account Nos.:	BANK	
Bill-to/Sell-to VAT Calc.:	Bill-to/Pay-to No.	
Print VAT specification in LCY:	☐	
Use Legacy G/L Entry Locking:	☐	

^ Show fewer fields

Dimensions

Reporting

Application

Reverse Charge

OK

THE CHART OF ACCOUNTS

The chart of accounts shows all accounts. From here, you can open various reports that show your general ledger entries and balances, and where you can close the income statement. For each account, you can open the G/L account card and add or change settings. You can also see a list of posting groups that post to that account.

NAV will prevent you from deleting a general ledger account that stores data that is needed in the chart of accounts.

When you set up the chart of accounts there are some major considerations to make. Mostly in terms of what information is required from NAV.

Information requirements must be considered for:

STATUTORY PURPOSES

To produce the statutory accounts a large amount of information needs to be reported in a recognised format, The balance sheet with the fixed assets at the top down to the capital at the bottom, The P&L with the sales and the costs and appropriate sub totals.

MANAGEMENT ACCOUNTS

Consideration must be given for the information which is currently and possibly required on a regular basis to assist in the running of the company.

INDUSTRY SEGMENT

With an industry whose primary function is within the retail sector the main indicators will be the gross profit, where a company in the service sector will concentrate on the contribution or net profit as most of the costs will be 'below the line'.

Other Considerations Include:

USERS ACCESS TO THE SYSTEM

If the information users have full access to the system and are fully trained, they will have access to the filters and the trendscapes, therefore it may be possible just to have one Sales account, thus allowing the user of the information to analysis the information on which basis they require.

PREVIOUS CHART OF ACCOUNTS

Most last generation accounts packages did not have departmental analysis in the same context as current packages, often having the same account type for each department therefore often having several hundred even thousands of account numbers, with the dimensions this is no longer required however most customers do not completely start from scratch with their General Ledger Numbers.

Chart of Accounts

No.	Name	Income/Balance	Account Subcategory	Account Type	Totaling	Gen. Postin...	Gen. Bus. Posting ...	Gen. Prod. Posting ...	Net Change
6164	Buyers Live auction charges	Income Statem...		Posting		Sale	VAT	COMM	-333,169.48
6165	Buyers Droit de suite	Income Statem...		Posting		Sale	VAT	ZERO	-441,684.64
6166	Buyers Import Duty	Income Statem...		Posting		Sale	VAT	VAT	-116,828.40
6170	Buyers credit card charges	Income Statem...		Posting		Sale	VAT	ZERO	-201,914.35
6180	Buyers interest charges	Income Statem...		Posting		Sale	VAT	ZERO	-1,278.13
6190	**Buyers charges total**	Income Statem...		End-Total	6100..6190				-31,128,896.42
6200	**Vendors charges**	Income Statem...		Begin-Total					
6204	DL for B vendors commission	Income Statem...		Posting					
6205	Vendors commission	Income Statem...		Posting		Purchase	NOVAT	COMM	-10,003,450.88
6207	Vendors commissions other sale	Income Statem...		Posting					
6208	TAR vendor commissions	Income Statem...		Posting					336,486.65
6210	Vendors Comm provisions	Income Statem...		Posting		Purchase	VAT	VAT	5,400.00
6215	Vendor misc charges	Income Statem...		Posting		Purchase	VAT	VAT	-32,164.83
6220	Unsold charges	Income Statem...		Posting		Purchase	VAT	VAT	-64,205.41
6225	Uplift hammer prices	Income Statem...		Posting					461,108.38
6230	Advertising charges	Income Statem...		Posting		Purchase	VAT	VAT	-4,995.00
6235	Illustration charges	Income Statem...		Posting		Purchase	VAT	VAT	-1,300,889.30
6236	BfW timed online	Income Statem...		Posting					
6240	Vendor storage charges	Income Statem...		Posting		Purchase	VAT	VAT	-13,770.25
6245	Vendors LDW charges	Income Statem...		Posting		Purchase	VAT	VAT	-1,213,635.85
6246	DL for B vendors LDW	Income Statem...		Posting					
6250	Lotting Fees	Income Statem...		Posting		Purchase	VAT	VAT	-8,355.00
6255	Tipping charges	Income Statem...		Posting		Purchase	VAT	VAT	-673.61

ACCOUNT TYPE

Posting   Posting.

Heading   A heading for a group of accounts.

Total   Total is used when you want the program to total a series of balances on accounts that do not immediately precede the Total account. You use Total when accounts from many different account groupings should be totalled. If you use the Total type, the Totalling field must not be left blank.

Begin-Total A marker for the beginning of a series of accounts to be totalled that ends with an End-Total account.

End-Total   A total of a series of accounts that starts with the preceding Begin-Total account. The total is defined in the Totalling field.

Begin-Total and End-Total are used together to group accounts, for example:

When you select **Indent Chart of Accounts** from the Ribbon, the accounts between Begin-Total and End-Total are automatically indented one space. At the same time, the Totalling field for the account of the End-Total type is filled in based on the accounts in the group.

It is advantageous to let the Indent function fill in the Totalling field for End-Total accounts instead of adding the numbers yourself.

BANK ACCOUNTS SET-UP

You use bank accounts in the NAV to keep track of your banking transactions. Accounts can be denominated in your local currency or in a foreign currency. After you have set up bank accounts, you can also use the check printing option.

1. In the top right corner, choose the Search, enter **Bank Accounts**, and then choose the related link.

2. In the **Bank Accounts** window, choose the **New** action.
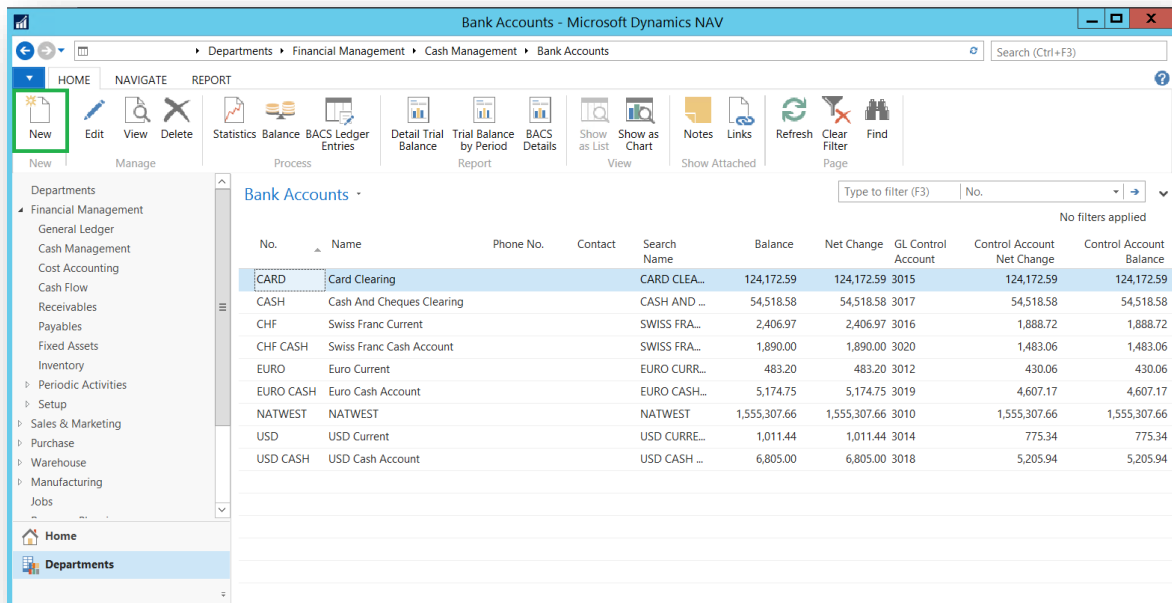
3. Fill in the fields as necessary. Choose a field to read a short description of the field or link to more information.

PETTY CASH

Most companies now treat their petty cash as a Bank Account, transferring monies directly to and from the main Bank Account although it is possible to just use a GL Account. A similar system could be used where for example the companies receives large volumes of cash and cheques say in a sales environment, the till could be treated as a bank whereby hundreds of entries hit the till account and then when the takings are actually banked the transfer made to the actual bank. This ensures that the bank account is reconcilable.

1.2   POSTING GROUP SETUP

Posting groups map entities like customers, vendors, items, resources, and sales and purchase documents to general ledger accounts. They save time and help avoid mistakes when you post transactions. The transaction values go to the accounts specified in the posting group for that particular entity. The only requirement is that you have a chart of accounts.

Posting groups are covered under three umbrellas:

- General - Define who you sell to and buy from, and what you sell and what you buy. You can also combine groups to specify things like the income statement accounts to post to, or use groups to filter reports.

- Specific - Use sales documents, for example, instead of posting directly to the general ledger. When you create entries in the customer ledger, corresponding entries are made in the general ledger.

- VAT - Define the tax percentages and calculation types that apply to who you sell to and buy from, and what you sell and what you buy.

GENERAL POSTING GROUPS

On the General posting groups it gives an option for the default VAT Posting groups, at each stage of a process the VAT posting groups can be amended.
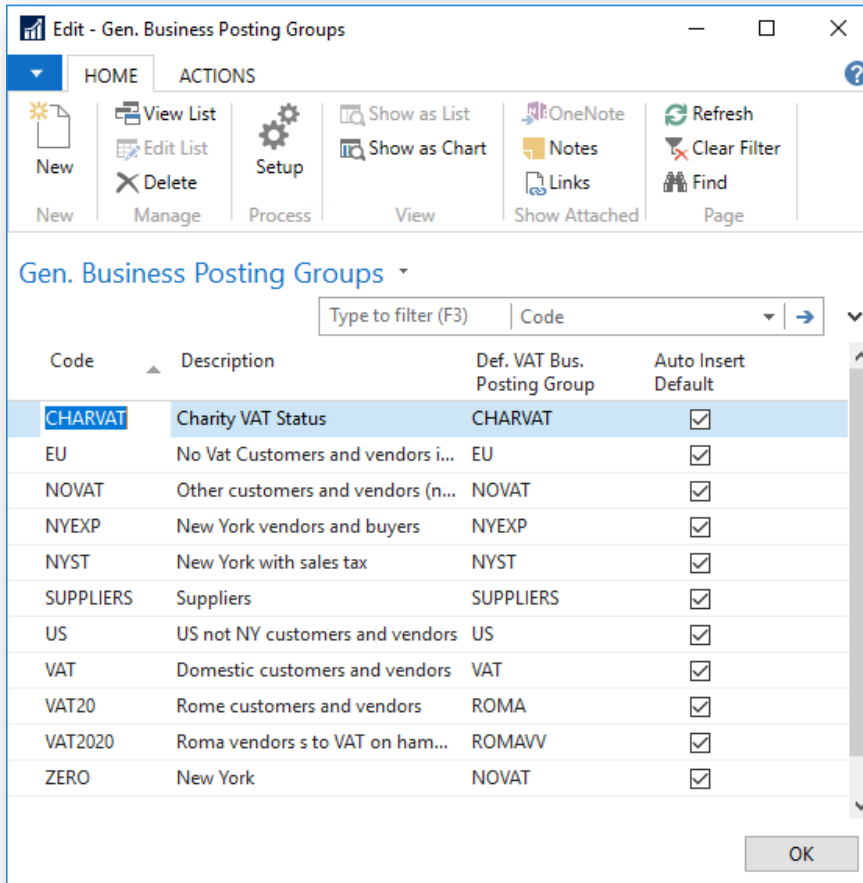
Careful consideration must be given to the setup and the use of the posting groups.

Each company will need different requirements to meet their own needs, with different weight being given to information, for example an international company may require analysis in great detail on the sales of each country whereas a UK based Company may need the emphasis based on the product line.

GENERAL BUSINESS POSTING GROUPS

Assign this group to customers and vendors to specify who you sell to, and who you buy from. Set these up in the **Gen. Business Posting Groups** window. When you do, think about how many groups you'll need to break down sales and purchases. For example, group customers and vendors by geographical area, or by the type of business.

This informs the system **Where** the Customer or Vendor is based.

Code	Description	Def. VAT Bus. Posting Group	Auto Insert Default
CHARVAT	Charity VAT Status	CHARVAT	☑
EU	No Vat Customers and vendors i...	EU	☑
NOVAT	Other customers and vendors (n...	NOVAT	☑
NYEXP	New York vendors and buyers	NYEXP	☑
NYST	New York with sales tax	NYST	☑
SUPPLIERS	Suppliers	SUPPLIERS	☑
US	US not NY customers and vendors	US	☑
VAT	Domestic customers and vendors	VAT	☑
VAT20	Rome customers and vendors	ROMA	☑
VAT2020	Roma vendors s to VAT on ham...	ROMAVV	☑
ZERO	New York	NOVAT	☑

GENERAL PRODUCT POSTING GROUPS

Assign this group to items and resources to specify what you sell, and what you buy. Set these up in the **Gen. Product Posting Groups** window. When you do, consider the number of groups you'll need to break down sales by product (items and resources) and purchases by items. For example, divide these groups by raw materials, retail, resources, capacity, and so on.

This informs the system **What** is the product or service supplied or purchased.
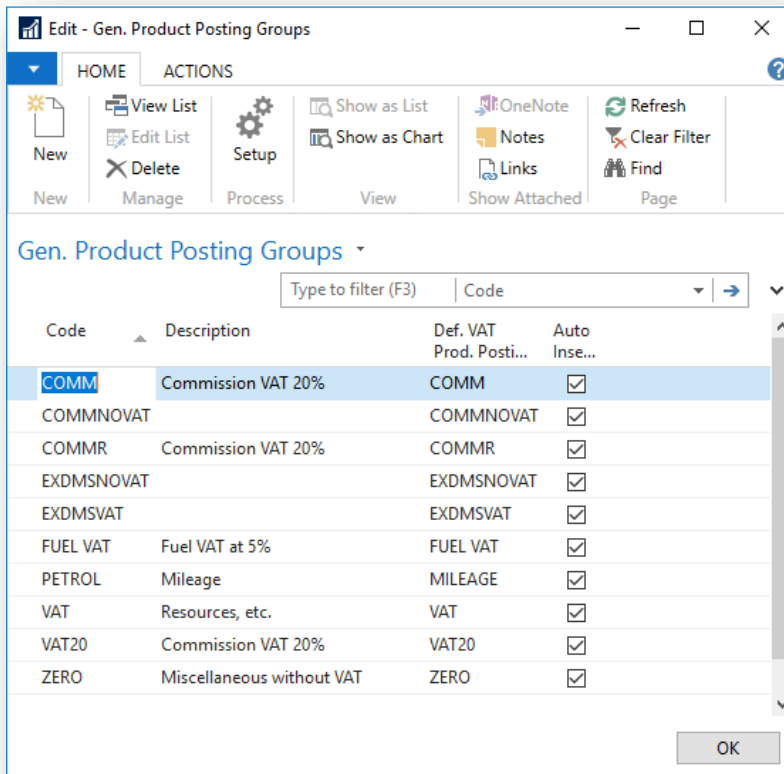
GENERAL POSTING SETUP

Combine business and product posting groups and choose the accounts to post to. For each combination of business and product posting groups, you can assign a set of general ledger accounts. For example, this means you can post the sale of the same item to different sales accounts in the general ledger because customers are assigned to different business posting groups. Set these up in the **General Posting Setup** window.

Gen. Bus. Posting ...	Gen. Prod. Posting G...	urch. Inv. isc. Acc...	Purch. Pmt. Disc. Debi...	Purch. Pmt. Disc. Credi...	Purch. Pmt. Tol. Debit...	Purch. Pmt. Tol. Credit...	COGS Account	Inventory Adjmt. ...	Direct Cost Applied A...
CHARVAT	ZERO								
EU	COMM								
EU	MISC								
EU	RAW MAT						7290	7270	
EU	RETAIL						7190	7170	
EU	VAT								
EU	ZERO								
NOVAT	COMM								
NOVAT	COMMNOVAT								
NOVAT	COMMR								

Gen. Bus. Posting Group: Gen. Prod. Posting Group: MISC

SPECIFIC POSTING GROUPS
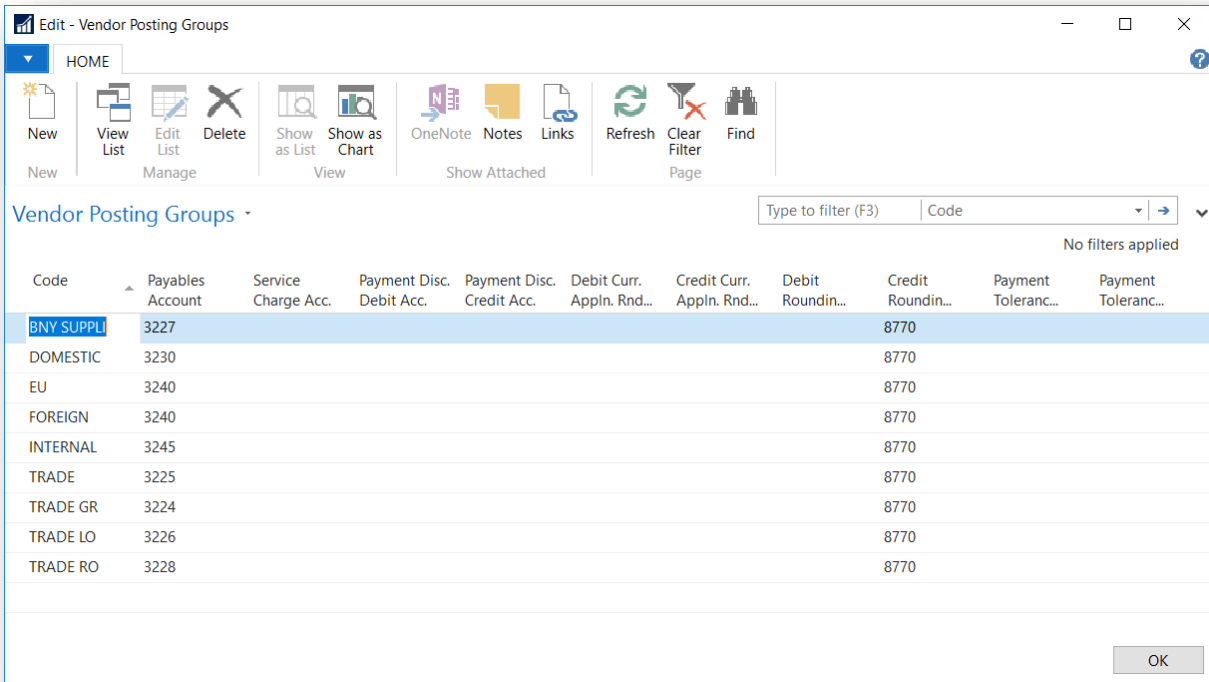
CUSTOMER POSTING GROUPS

Define the accounts to use when you post accounts receivable transactions. If you use inventory with receivables, the general business posting group assigned to your customer, and the general product posting group assigned to the inventory item determine the accounts the sales order lines post to. Set these up in the **Customer Posting Groups** window.

Code	Receivables Account	Service Charge Acc.	Payment Disc. Debit Acc.	Payment Disc. Credit Acc.	Interest Account	Additional Fee Account	Add. Fee per Line Account	Invoice Roundin...	Debit Curr. Appln. Rnd...
DOMESTIC	2220							8770	
FOREIGN	2230							8770	
INTERNAL	2255							8770	
VALUATIONS	2221							8770	
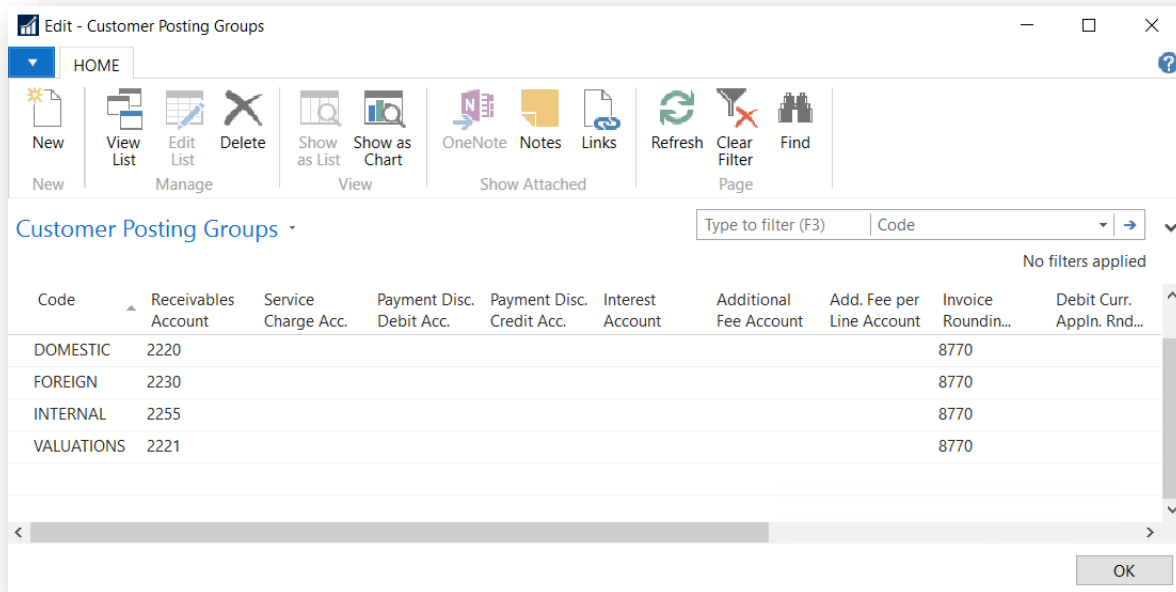
VENDOR POSTING GROUPS

Define where to post transactions for payables accounts, service charge accounts, and payment discount accounts. This is similar to customer posting groups. Set these up in the **Vendor Posting Groups** window.

Code	Payables Account	Service Charge Acc.	Payment Disc. Debit Acc.	Payment Disc. Credit Acc.	Debit Curr. Appln. Rnd...	Credit Curr. Appln. Rnd...	Debit Roundin...	Credit Roundin...	Payment Toleranc...	Payment Toleranc...
BNY SUPPLI	3227							8770		
DOMESTIC	3230							8770		
EU	3240							8770		
FOREIGN	3240							8770		
INTERNAL	3245							8770		
TRADE	3225							8770		
TRADE GR	3224							8770		
TRADE LO	3226							8770		
TRADE RO	3228							8770		

BANK ACCOUNT POSTING GROUPS

Define accounts for bank accounts. For example, this can simplify the processes of tracing transactions and reconciling bank accounts. Set these up in the **Bank Account Posting Groups** window.
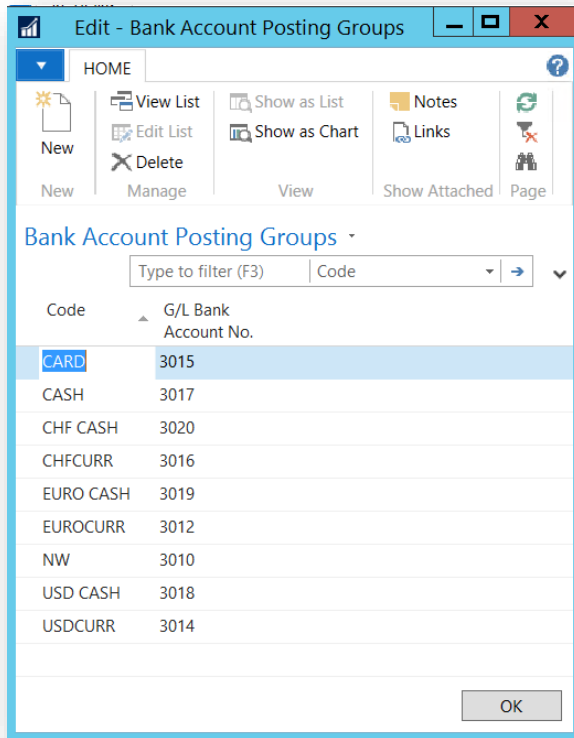
FIXED ASSETS POSTING GROUPS

Define accounts for different types of expenses and costs, such as acquisition costs, accumulated depreciation amounts, acquisition costs on disposal, accumulated depreciation on disposal, gains on disposal, losses on disposal, maintenance expenses, and depreciation expenses. Set these up in the **FA Posting Groups** window.

VAT POSTING GROUPS

It is imperative for the setup to be correct for NAV to treat VAT correctly. Careful consideration must be given to the general ledger set-up, the VAT Posting Groups for the correct treatment, for example, of Full VAT invoices and European invoices.

The requirements of each Company will be unique and the following examples are suggestions only. They will not necessarily suit the operation of your Company and correct treatment of VAT is your legal responsibility.

To enable NAV to calculate the correct VAT the system basically needs to know 3 bits of information

1. Does the entry relate to a **Sale** or **Purchase**

2. **Where** is the Client (Business Posting Groups)

3. **What** is the product or service (Product Posting Groups)

This information enables NAV to look up the appropriate rate and the correct treatment of the VAT.

VAT BUSINESS POSTING GROUPS

Determine how to calculate and post sales tax for customers and vendors. Set these up in the **VAT Business Posting Groups** window. When you do, think about how many groups you need. For example, this can depend on factors like local legislation, and whether you trade both domestically and internationally.
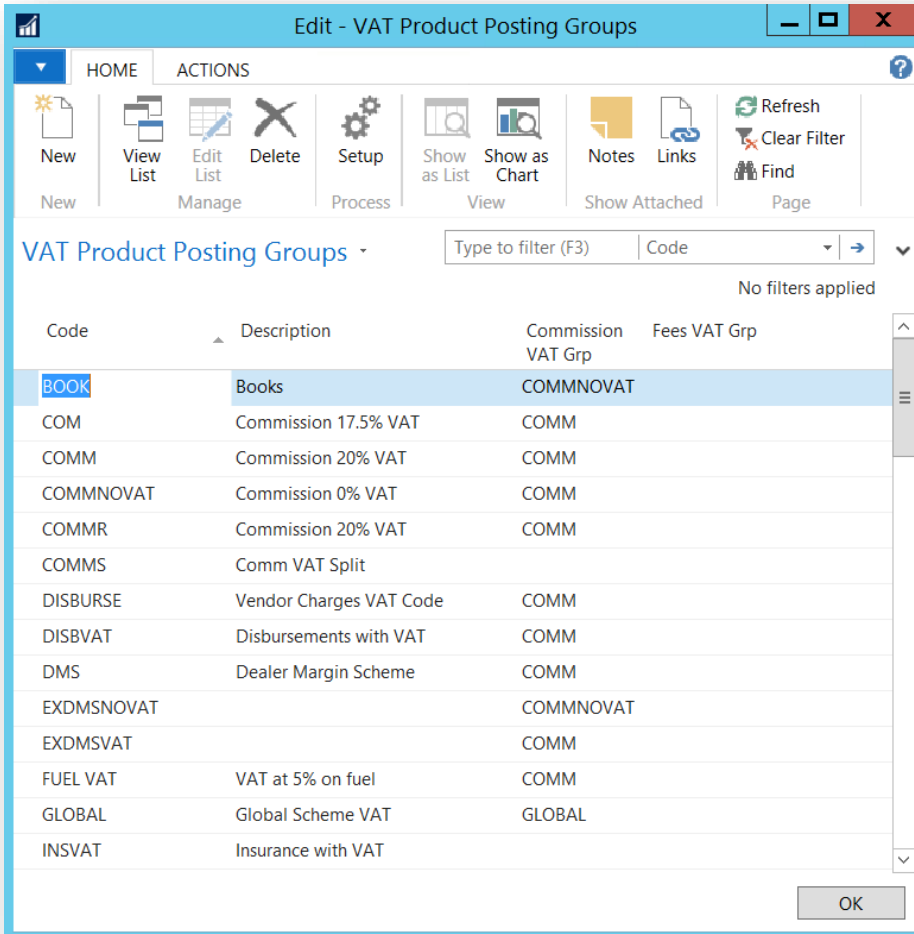
This informs the system **Where** the Customer or Vendor is based.
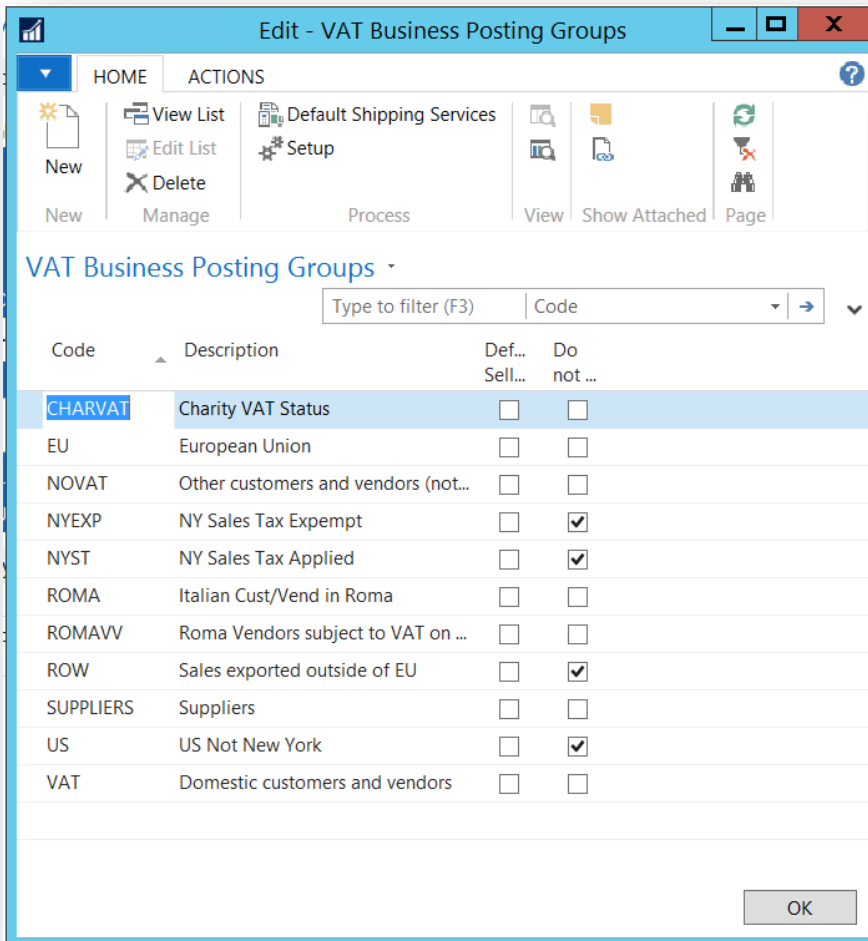
VAT PRODUCT POSTING GROUPS

Indicate the tax calculations needed for the types of items or resources you buy or sell.

This informs the system **What** is the product or service supplied or purchased.

Code	Description	Commission VAT Grp	Fees VAT Grp
BOOK	Books	COMMNOVAT	
COM	Commission 17.5% VAT	COMM	
COMM	Commission 20% VAT	COMM	
COMMNOVAT	Commission 0% VAT	COMM	
COMMR	Commission 20% VAT	COMM	
COMMS	Comm VAT Split		
DISBURSE	Vendor Charges VAT Code	COMM	
DISBVAT	Disbursements with VAT	COMM	
DMS	Dealer Margin Scheme	COMM	
EXDMSNOVAT		COMMNOVAT	
EXDMSVAT		COMM	
FUEL VAT	VAT at 5% on fuel	COMM	
GLOBAL	Global Scheme VAT	GLOBAL	
INSVAT	Insurance with VAT		

VAT POSTING SETUP

Combine tax business posting groups and tax product posting groups. When you fill in a general journal line, purchase line, or sales line, we'll look at the combination to identify the accounts to use.

In this table you can combine tax business posting groups and tax product posting groups. When you fill in a general journal line, purchase line, or sales line, the system will look at the combination to identify the accounts to use.

USER ERROR

The most common User error is posting incorrectly directly to the g/l, for the purposes of VAT on expenses and road fuel scale charge.

The VAT on expenses can be dealt with by tighter control on the input of the expense lines, however, in the circumstances where a separate line is necessary then ensuring the correct g/l account number and General Product Posting Group (which is carried from the g/l account) is used will post to both the g/l entry table and the VAT ledger table making reconciliation possible.

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