

Financial Management Training

Study Guide



70-2854A
Database: Train eB2
June 2003

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Preface

How to Use Your Class Materials

Your class materials consist of this *Class Guide* and *Class Activity Guide*. They are yours to keep, and we encourage you to take notes. While your instructor will lecture on the main topics covered in the course, we hope you will take the time to read the explanations in the *Class Guide* as well. You may find it useful to refer back to the *Class Guide* when you are using MFG/PRO at your work location.

Most of the lessons are tied to activities. The data you enter when you are learning the system cannot hurt the training database, but some of the lessons build on earlier entries, so try to keep up with the exercises and ask your instructor if you need help. Some activities are optional, based on the type of work your company does.

Introduction to QAD Inc.

QAD Inc. is a software development company specializing in worldwide manufacturing, distribution, and financial applications. **QAD Inc.** has been providing software, support, and solutions since 1979. Many of the professional staff at **QAD Inc.** are certified by the American Production and Inventory Control Society (APICS).

MFG/PRO is a fully integrated package available on a modular basis. MFG/PRO addresses the entire manufacturing spectrum from repetitive to configure-to-order, including process, batch process, repetitive, make-to-stock, configure-to-order, multiple site, and multinational features.

An integral part of MFG/PRO software is the PROGRESS™ database system. PROGRESS is an advanced, fourth-generation language and relational database system from the Progress Software Corporation. PROGRESS allows for easy modification and customization of MFG/PRO. It also enables MFG/PRO to run under a wide range of computer hardware and operating systems.

Financial Management Course

Scope of Class

The MFG/PRO Financial Management class is designed to teach you how to use the MFG/PRO Accounts Receivable, Accounts Payable, and General Ledger modules. It will also cover other MFG/PRO functions as they pertain to accounting, such as invoicing and purchasing functions.

Who should attend?

This course is meant for accountants, controllers, financial managers, and accounting clerks. In fact, you should attend this class if your job involves any accounting activity. In some cases, it may not be necessary to attend the entire four days—provided you get the *permission of the instructor* in advance. For example, if you are only involved with Accounts Payable, you will need to attend only the introduction on Day 1 and then the purchasing and accounts payable sessions on Day 2. If you are a manager, controller, or MIS person, you should attend all four days in order to have a clear understanding of all of the concepts. You will find the class most useful if, as we go, you think about the procedures you need to set up.

Goal of Class?

By the end of this course you should have a clear idea of how things work and you should be able to use MFG/PRO to perform your daily accounting activities.

Class Format

The format of this class is a combination of lecture, demonstration, and hands-on activities. In these activities, you will have a chance to practice what you are learning. If you have any trouble, please ask the instructor for help. The activities will build upon one another, so you will need to successfully complete each one.

Note to the New Instructor

If this is the first time you have taught this course with these materials, please take the time to read the following suggestions.

Study the structure and organization of your class materials *before* your class begins.

Here is a list of the class materials:

- Financial Management Training Study Guide MFG/PRO, xx-xxxxx
- Financial Management Training Activity Guide MFG/PRO2, xx-xxxxx
- Financial Management eB Instructor Slides, xx-xxxx

The database for use with this class is called **Train**.

Note: We strongly recommend that you update your training database from the latest version of **Train** before you teach the course. We are constantly updating and correcting databases to match training materials. If you use an older version of **Train**, activities may not work!

Lesson 1: System Introduction

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN01010

Figure 1-1

Lesson 1: System Introduction

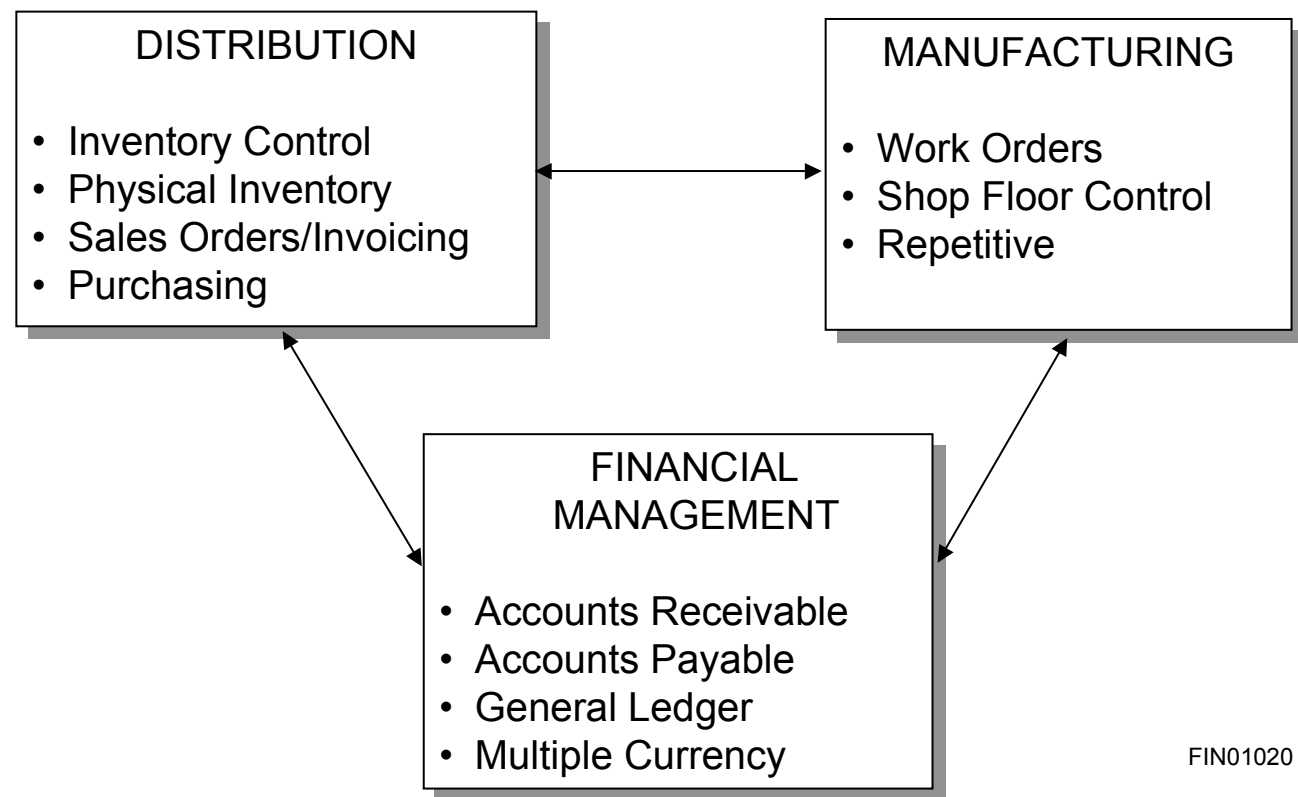
Complete System

MFG/PRO is a software package used by manufacturing and distribution companies to monitor their operations. In manufacturing companies, MFG/PRO keeps track of such things as raw materials, labor, and inventory. Inside a factory, it schedules the movement of work, making sure that you have the right inventory available at each work location and that the right amount is available for sale when the product is finished. It also tracks distribution activities: recording sales and purchase orders, receiving, shipping, and invoicing.

Financial Consequences

Almost every manufacturing and distribution activity has financial consequences, which is why you are reading this. MFG/PRO not only tracks activities, it also records the financial consequences of these activities.

MFG/PRO System Overview



FIN01020

Figure 1-2

MFG/PRO System Overview

Three Parts

MFG/PRO is an integrated system with three major parts: distribution, manufacturing, and financial (Figure 1-3). Before we get into the actual financial modules, it might be useful to look at a few examples of how this integration works.

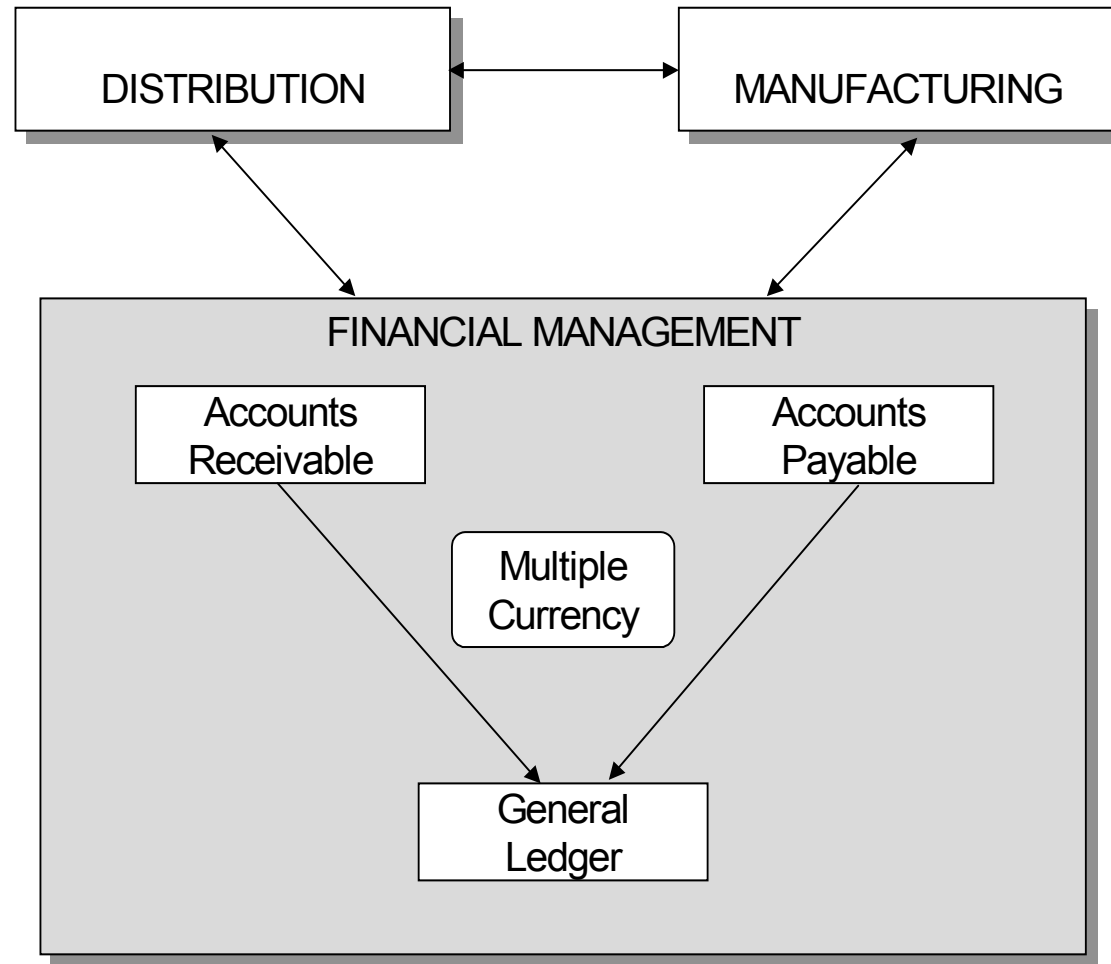
Example: Physical Inventory

Consider physical inventory. This is a process in which you count everything you have in the warehouse. Each item there has a value, and we call this value standard cost. If you actually go out and count the items and discover you have more or less than you expected, it has an impact on assets. MFG/PRO automatically records this discrepancy and updates the general ledger (GL) asset value to reflect this.

Example: Shop Floor Control

Or, consider shop floor control. This is a process in which you record actual labor time expended during manufacturing. Every hour recorded increases the value of your work in process (WIP) and results in an accrued labor expense. MFG/PRO automatically creates the appropriate GL entries.

Financial Systems Overview

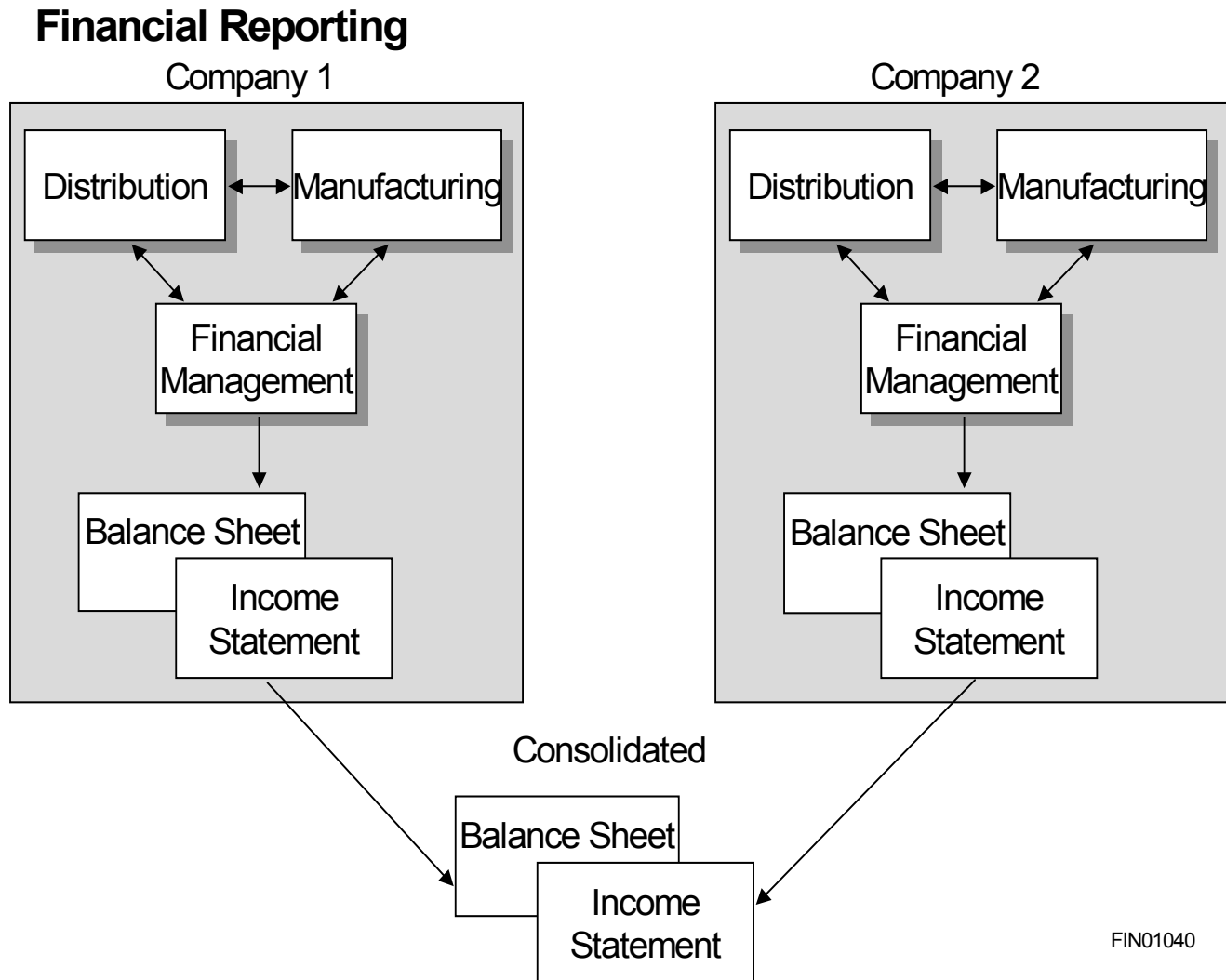


FIN01030

Figure 1-3

Financial Systems Overview

Focus of Class	How and where are these financial consequences recorded and managed? This is the primary focus of this class.
Balances	The essential quantity in financial recording is the account balance: the amount of money in an account. Within MFG/PRO, you are concerned with three kinds of balances: your own, those of your customers, and those of your suppliers. Your own balances are maintained in the General Ledger module (Figure 1-4). Customer balances are recorded in Accounts Receivable and supplier balances in Accounts Payable.
Yours, AR, AP	
Any Currency	All of these balances may be recorded either in your currency or in any foreign currency. The Multiple Currency module helps you manage the effects of changing exchange rates.



FIN01040

Figure 1-4

Primary Output

From the financial viewpoint, the goal of an integrated distribution, manufacturing, and financial system is to produce financial statements: balance sheets and income statements (Figure 1-5). Essentially, these define the activities of a company.

Consolidation

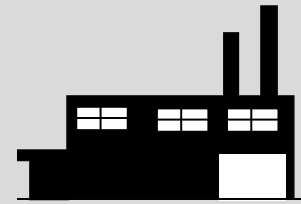
In the real world, many companies do not operate in isolation; they are part of a whole. Often, several companies that are part of a larger corporation need to provide their financial information to the larger company. The process of integrating this information is called consolidation.

**Understand
the Whole**

Even if you are only working within one company, it is important for you to understand how this information may be used by the other companies that you are working with. There are several possibilities.

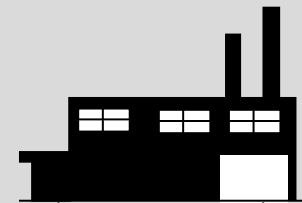
Corporate Organizations

Single Entity

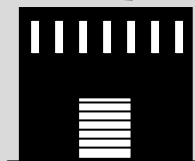


Tokyo

Single Entity
Multiple Sites



Toronto



Ottawa Warehouse



Customer



Windsor Warehouse



Customer

FIN01050

Figure 1-5

Corporate Organizations

Single Company, Single Location

The simplest situation is a single company operating at a single location. In this situation, you will use MFG/PRO to manage your manufacturing, distribution, and financial activities and ultimately produce just one set of financial statements.

Entity

In MFG/PRO, we refer to this type of company as a single financial entity that is required to publish financial reports and file tax returns to the government.

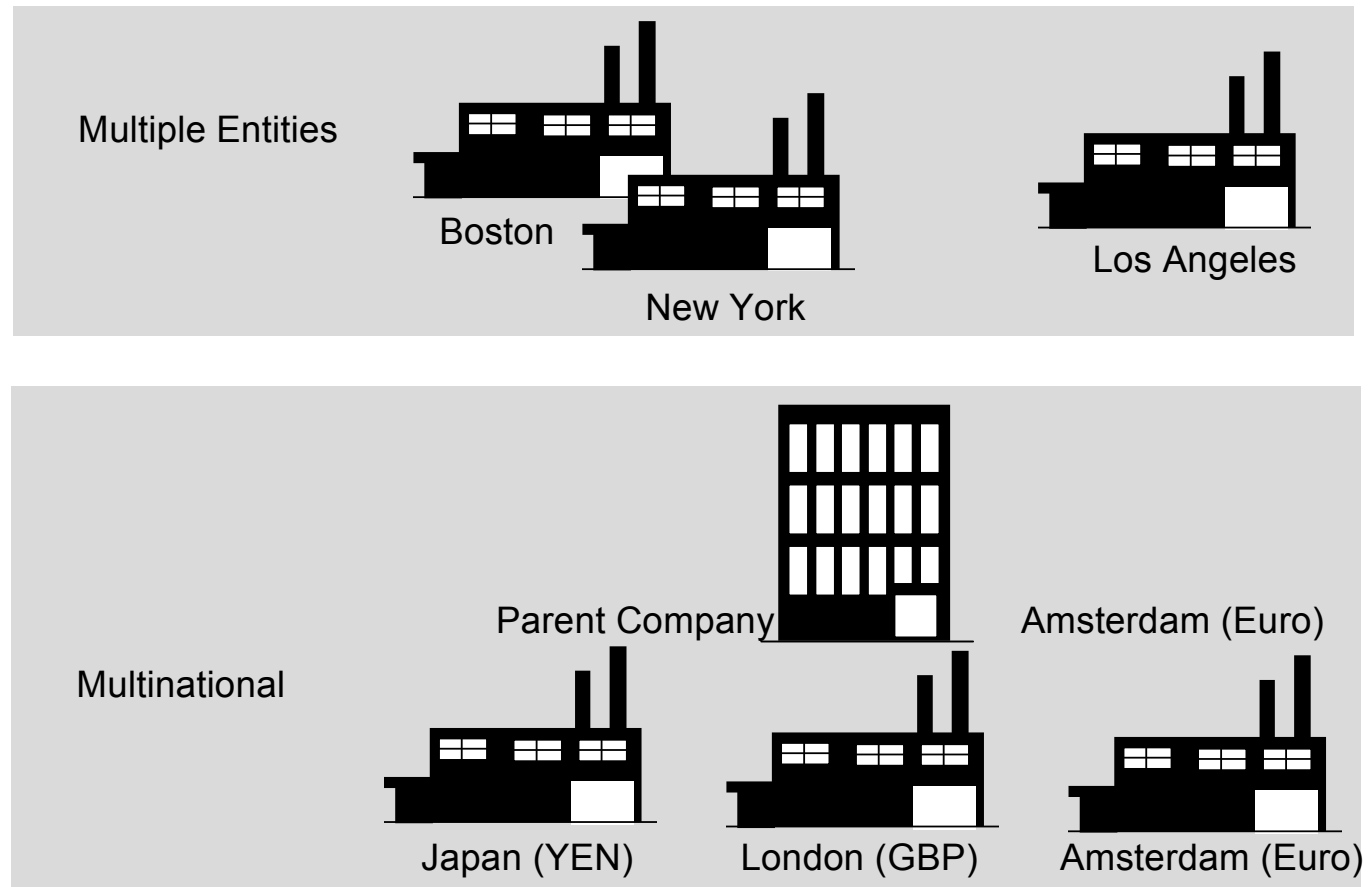
Multiple Sites

Sometimes a company has factories or warehouses in several locations, but it still only needs to produce one set of financial statements. In this case, the company is a single entity with several sites. In MFG/PRO, a site is a unit used for inventory control and planning purposes, but it is not a separate financial unit.

One Database

In both of these situations (Figure 1-5) you will normally use only one computer system and one database to manage operations.

Corporate Organizations



FIN01060

Figure 1-6

Multiple Entities

In a more geographically dispersed corporation, there is often a requirement to produce financial statements and tax reports for more than one location.

Separate Database

For example, if you have a manufacturing facility in New York and one in Los Angeles, each of these may be separate financial entities. To manage this situation, you will normally keep two databases, one for each entity (particularly if both facilities have their own computer systems). This will keep the operating information for the two entities separate and enable you to produce separate financial statements. The consolidation functions of MFG/PRO can be used to combine the financial statements of the two entities, enabling you to print consolidated statements.

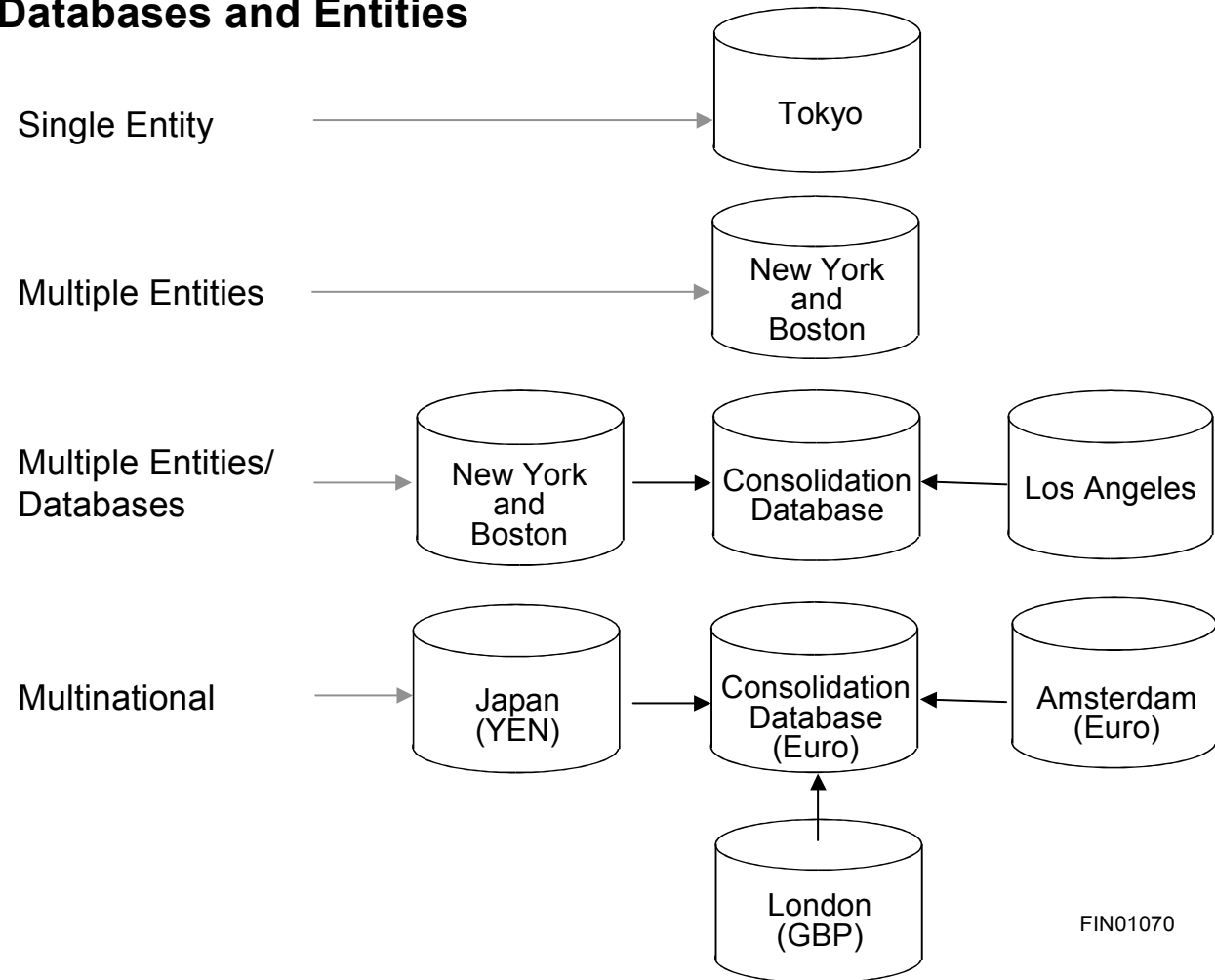
One Database

In some situations, you may choose to run the operations of two separate entities using only one database. This is useful if you have two different factories (New York and Boston) that make different products but share the same market. By using only one database, you can share information such as customer and supplier files between the two entities while producing separate financial statements.

**Multinational
Multiple Entities
Multiple Currencies**

The most complex situation is a multinational corporation in which multiple entities in different countries have a variety of base currencies and sometimes even their own chart of accounts. Here, each entity operates in its own database, with consolidation and account cross-referencing done at the corporate level (Figure 1-6).

Databases and Entities



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Figure 1-7

Databases and Entities

Database per:

You need to look at your own organization to determine how many databases and entities you need to have. You must set up separate databases whenever:

- Currency

- You have multiple companies operating in different base currencies.

- Chart of Accounts

- Each entity has a different chart of accounts (Figure 1-7). (Some countries, such as France, mandate the chart of accounts to use—often quite different from corporate.)

- Financial Calendar

- The financial calendar differs between entities.

Note: To share data between sites, all databases must use the same version of MFG/PRO.

Scope of Class

From now on in this class, we will discuss processing as it takes place within one entity. However, keep in mind how your company (and database) fits into your entire organization.

System/Account Control — General Settings



System/Account Control

Verify GL Accounts: ☒

Base Currency: USD

Entity: 1000

Bank Acct Validation: ☐

Default System Language: US

Audit Trail: ☒

Server Time Zone: EST/EDT

← →

Add Link

FIN01080

Figure 1-8

System/Account Control File

Control Program

The first step in beginning to use MFG/PRO is to set up the System/Account Control program. In MFG/PRO, control programs define how processing takes place within the system. This may be as simple as maintaining the next customer number or as complex as defining product allocation rules. Almost every module has its own control program.

Security

Control programs should be initialized before using any module in the system. Most of the values should not be changed once the system is in use. Access to the control programs should be restricted by password security.

36.1

System/Account Control program must be set up prior to entering any information into the system. This is a special control program used by all modules of MFG/PRO. Mainly, it defines accounting parameters such as currency, and default GL accounts.

The System/Account Control program has two sections. The first section defines the entity, system base currency, system entity, Bank account validation, default system language, audit trail, and the server time zone. (Figure 1-8).

General Settings

Verify GL Accounts

- **Verify GL Accounts.** During data entry, this option verifies that accounts, sub-accounts, and cost centers are valid and that transaction effective dates are entered only for open fiscal periods. Until you finish implementing the General Ledger module, set this to No; reset to Yes before live processing starts.

Base Currency

- **Base Currency.** Company base currency used for all financial reports. All exchange rates are defined in terms of this currency. *Do not reset this once live processing starts.*

System Entity

- **Entity.** Default entity for transactions. All taxes, freight charges, manufacturing costs, etc. will be posted to this entity unless you specify other entities in the transaction. *Do not reset this once live processing starts.*

Bank Account Validation (11,12)

- **Bank Account Validation.** This feature activates 11- or 12-digit bank account validation for electronic funds transfers to European GIRO accounts. Enter 11 or 12 to do this; otherwise,

leave this field blank. Account validation affects Supplier Maintenance, Bank Maintenance, Customer/Supplier Bank Maintenance, and the Payment Selection Register.

Default System Language

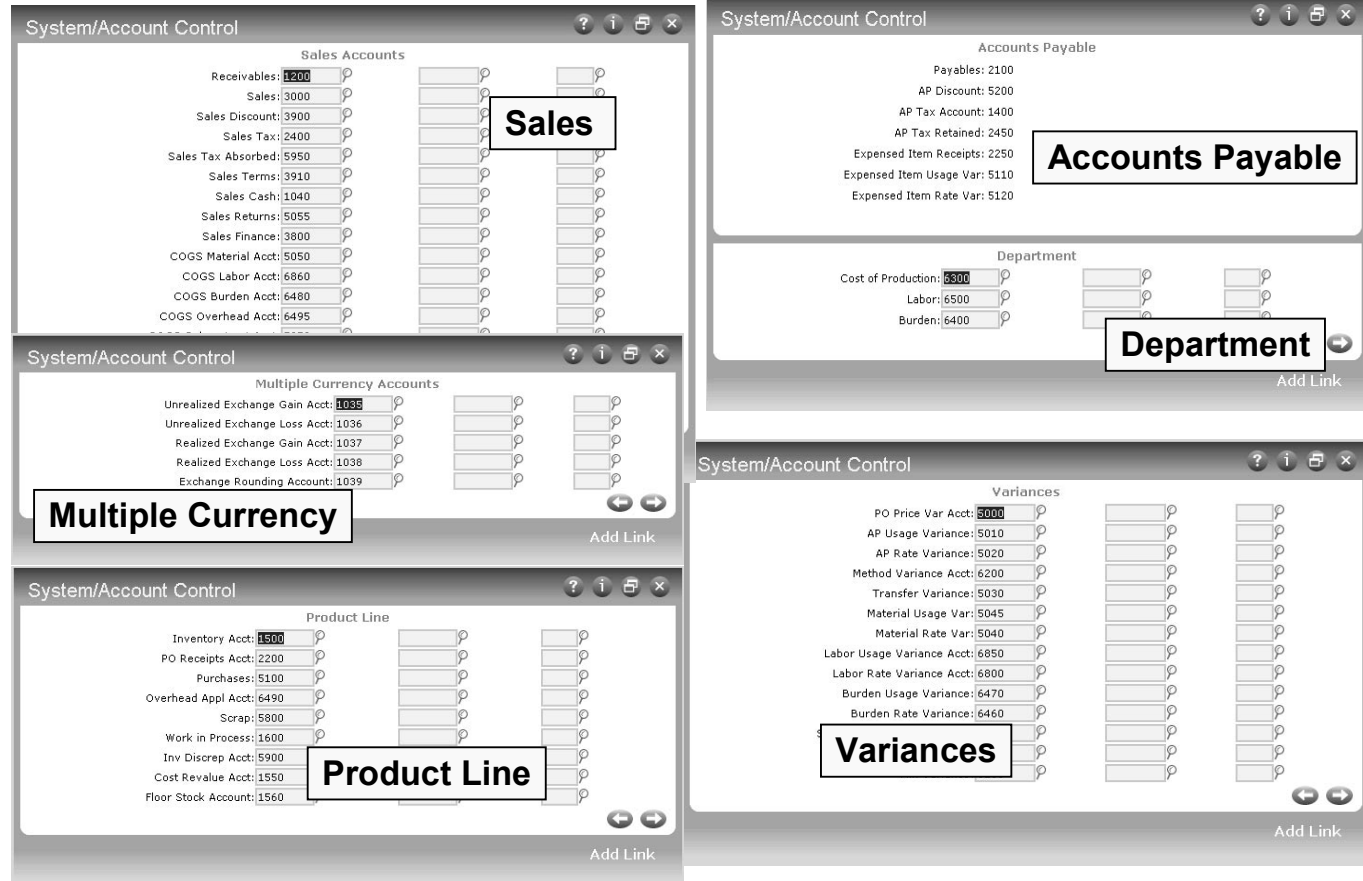
- **Default System Language.** The default language you want the system to use.

Audit Trail

- **Audit Trail.** Determines whether you are to print an audit trail report. When set to Yes, the GL Transaction Audit Trail keeps an audit trail of changes and deletions made to unposted GL transactions. This feature lets you ensure that no unmonitored changes are made to unposted GL transactions.
- **Server Time Zone.** The time zone associated with the server machine for the current MFG/PRO database. The system verifies that this is a valid time zone in Multiple Time Zones Maintenance. If using the optional Service/Support Management module, and the Multiple Time Zone option is activated in Service Management Control, this field is updated by programs in SSM and cannot be modified here. When a new user is created in User Maintenance, the user time zone defaults from the server time zone.

Note: Never change the base currency, once you start live processing, as this can cause account balances to be incorrect.

System/Account Control — GL Accounts



The figure displays five screenshots of the 'System/Account Control' window, each showing a different category of General Ledger (GL) accounts. Each window has a title bar with a question mark, an information icon, a save icon, and a close icon. The 'Sales' window lists accounts like Receivables, Sales, Sales Discount, Sales Tax, Sales Tax Absorbed, Sales Terms, Sales Cash, Sales Returns, Sales Finance, COGS Material, COGS Labor, COGS Burden, and COGS Overhead. The 'Accounts Payable' window lists Payables, AP Discount, AP Tax Account, AP Tax Retained, Expensed Item Receipts, Expensed Item Usage Var, and Expensed Item Rate Var. The 'Multiple Currency' window lists Unrealized Exchange Gain/Loss and Realized Exchange Gain/Loss accounts. The 'Department' window lists Cost of Production, Labor, and Burden. The 'Product Line' window lists Inventory, PO Receipts, Purchases, Overhead Applied, Scrap, Work in Process, Inventory Discrepancy, Cost Revalue, and Floor Stock. The 'Variances' window lists various variance accounts including PO Price, AP Usage, AP Rate, Method, Transfer, Material Usage, Material Rate, Labor Usage, Labor Rate, Burden Usage, and Burden Rate. Each window includes a list of accounts with their respective account numbers and a column of checkboxes for selection. The 'Sales' window has a 'Sales' label, 'Accounts Payable' has an 'Accounts Payable' label, 'Multiple Currency' has a 'Multiple Currency' label, 'Department' has a 'Department' label, 'Product Line' has a 'Product Line' label, and 'Variances' has a 'Variances' label. Each window also has an 'Add Link' button at the bottom right.

Sales Accounts

Receivables:	1200		
Sales:	3000		
Sales Discount:	3900		
Sales Tax:	2400		
Sales Tax Absorbed:	5950		
Sales Terms:	3910		
Sales Cash:	1040		
Sales Returns:	5055		
Sales Finance:	3800		
COGS Material Acct:	5050		
COGS Labor Acct:	6860		
COGS Burden Acct:	6480		
COGS Overhead Acct:	6495		

Accounts Payable

Payables:	2100		
AP Discount:	5200		
AP Tax Account:	1400		
AP Tax Retained:	2450		
Expensed Item Receipts:	2250		
Expensed Item Usage Var:	5110		
Expensed Item Rate Var:	5120		

Department

Cost of Production:	6300		
Labor:	6500		
Burden:	6400		

Multiple Currency Accounts

Unrealized Exchange Gain Acct:	1035		
Unrealized Exchange Loss Acct:	1036		
Realized Exchange Gain Acct:	1037		
Realized Exchange Loss Acct:	1038		
Exchange Rounding Account:	1039		

Product Line

Inventory Acct:	1500		
PO Receipts Acct:	2200		
Purchases:	5100		
Overhead Appl Acct:	6490		
Scrap:	5800		
Work in Process:	1600		
Inv Discrep Acct:	5900		
Cost Revalue Acct:	1550		
Floor Stock Account:	1560		

Variances

PO Price Var Acct:	5000		
AP Usage Variance:	5010		
AP Rate Variance:	5020		
Method Variance Acct:	6200		
Transfer Variance:	5030		
Material Usage Var:	5045		
Material Rate Var:	5040		
Labor Usage Variance Acct:	6850		
Labor Rate Variance Acct:	6800		
Burden Usage Variance:	6470		
Burden Rate Variance:	6460		

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Figure 1-9

Default General Ledger Accounts

Default GL Accounts

The second section of the System/Account Control File (Figure 1-9) defines default GL accounts, sub-accounts, and cost centers that are accessed by many maintenance functions.

Account/ Sub-Account/ Cost Center

Each account is identified by an account code, an optional sub-account code, and an optional cost center code. The General Ledger Control File determines whether sub-accounts and cost center codes are used in your database.

Speeds up entry

It is critical to understand where each of these account codes are used by the system. As we enter data, you will see these accounts; set up correctly, they can streamline data entry and minimize errors.

Note: Do not leave any of these accounts blank, even if they are not used at this time. It could cause you trouble later.

NEXT: Lesson 1 Activities

Basic Data Setup

Lesson 2: Basic Data Setup

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN02010

Figure 2-1

Lesson 2: Basic Data Setup

Before we can begin to process financial information in the system, we need to set up some of the basic data we will use throughout the system. This data will be used by sales, purchasing, and accounting and includes:

- Your company address for printed documents.
- Credit terms for orders—both purchase orders and sales orders.
- Tax information.
- Product lines and items, and their costs and tax rates.
- Sites for inventory storage and valuation.

Company Name/Address

Company Address Maintenance

Company Address

Address: 10000

Name: Quality Products Inc.

Address: Manufacturing Division

Address: One World Way

Address: Consolidated Business Plaza

City: San Diego

State: CA

Post: 92130

Format: 0

Country: United States of America

USA

County:

Attention: Sandra

Attention:

Telephone: 1-800-555-1234

Ext:

Tel:

Ext:

Fax/Telex: 1-800-555-1235

Fax/Telex:

Tax Report: ☐

Name Control:

Last Filing: ☐

Bank Accounts

Bank	Acct Type	EDI	Branch	Bank Account	Begin Date	End Date

Add Link

FIN02020

Figure 2-2

Company Name/Address

Printed Address

The company name and address can be printed on purchase orders, sales quotes, sales orders, invoices, and customer statements. Use Company Address Maintenance (Figure 2-2) to set up each of your own company locations.

You can also set up your company name so that it appears on MFG/PRO screens and reports. Notice that the name Quality Pencil Company appears at the top of the Main Menu screen.

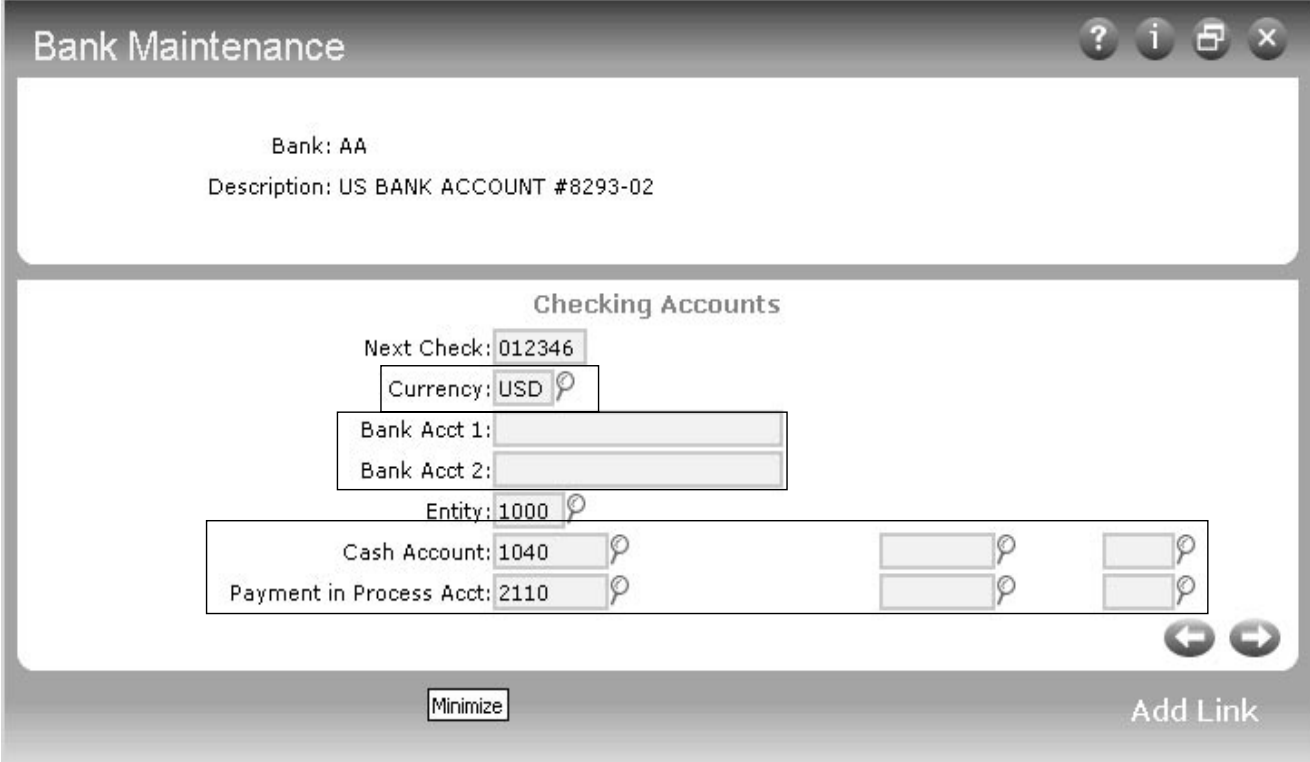
~reports

The ~reports code defines the company name that is printed at the top of all MFG/PRO reports.

Note: Company Address is required in order to set up an Entity.

NEXT: Activity 2.1

Banks



The image shows a 'Bank Maintenance' window with a title bar containing help, info, and window control icons. The window is divided into sections. The top section contains 'Bank: AA' and 'Description: US BANK ACCOUNT #8293-02'. The middle section is titled 'Checking Accounts' and contains several input fields: 'Next Check: 012346', 'Currency: USD' (with a magnifying glass icon), 'Bank Acct 1:' and 'Bank Acct 2:' (each with a text box), 'Entity: 1000' (with a magnifying glass icon), and a table for account mapping. The table has three columns: the first column lists account types, the second column contains account numbers, and the third and fourth columns are empty text boxes. The bottom section contains a 'Minimize' button and an 'Add Link' button. Navigation arrows are located at the bottom right of the main content area.

Bank Maintenance

Bank: AA
Description: US BANK ACCOUNT #8293-02

Checking Accounts

Next Check: 012346
Currency: USD
Bank Acct 1:
Bank Acct 2:
Entity: 1000
Cash Account: 1040
Payment in Process Acct: 2110

Minimize Add Link

FIN02030

Figure 2-3

Banks

Bank codes defined by entity/currency

Bank codes designate bank accounts for receiving customer payments, sending out AP payments, and paying employees. Bank codes are defined by entity and currency, and some AR reports sort by bank code. Bank codes are set up in Bank Maintenance, which you can access from the Multiple Currency, Accounts Receivable, or Accounts Payable (Figure 2-3) modules.

Bank 1, 2

Multiple bank codes can be set up for each bank account (for example, if you process both handwritten and automatic checks on the same account, or if you process transactions in multiple currencies on the same account). You can also use multiple bank codes to maintain separate sequences of payment numbers if you process both drafts and checks from a single bank account. Up to two bank accounts can also be specified for each bank code (for example, one account used for printed checks and the other for electronic funds transfers).

Customer/Supplier Banks Distinct from Bank Maintenance

To handle EFTs (electronic funds transfers) or other EDI (electronic data interchange) transactions, you can define another set of records that identify the bank accounts of your customers and suppliers. Using Customer/Supplier Bank Maintenance, you can specify bank account numbers, account types, and EDI formatting information. Note, however, that MFG/PRO requires customization for complete support of EFTs and other forms of EDI processing.

Cash Book

Use Cash Book Maintenance to record cash inflow and outflow by bank account, in environments where wire transfers are common. When payments are received or created as printed checks, each payment is recorded directly in MFG/PRO. The system automatically updates system records from this information, including supplier and customer balances and the GL cash account.

Wire transfers are processed by the bank rather than the company, so there has to be a way of recording the payment to update system records. MFG/PRO does this by maintaining bank statements in an on-line cash book. When the bank sends a statement—often daily— payments and other amounts such as processing fees or interest are recorded in the cash book. The information on the statement then updates system records.

Cash/PIP Accounts

The cash and payment in process (PIP) accounts default from System/Account Control. The PIP (or cash in transit) account can be used to track AP payments that are recorded in the system but not yet reconciled against the bank statement.

NEXT: Activity 2.2

Credit Terms

Credit Terms Maintenance

Terms Code: 2-30/60

Description: 2% DISC; 1/2 DUE 30/60

Multiple Due Dates: ☒

Disc Pct: 0.00%

Disc Days: 0

Disc Date 1

From:

Discount

Date:

Due Days: 0

Minimum Due Days: 0

Due Date From: 1

Due Date:

Base Date:

Base Days: 0

Grace Days: 0

Terms Interest Pct: 0.00

Daily Overdue Int Pct: 0.00

Seq	Dating	% Due	Description
1	2/10-30	50.00	2% DISCOUNT IN 10;DUE

←

→

Add Link

Seq	Dating	% Due	Description
2	2/45-60	50.00	2% DISCOUNT IN 45;DUE

←

→

FIN02040

Figure 2-4

Credit Terms

2.19.1; Show 2/10-30 and 2/45-60

Credit terms are payment codes that designate due dates and early payment discounts for customers and suppliers. You can designate default terms codes for customers and suppliers. These codes are then used on purchase orders, quotes, sales orders, and other transactions.

Use on Customer/AR

For sales order credit management, the system uses the terms code to identify overdue invoices. On invoices, the terms code is used to calculate due and discount dates. On vouchers, the code determines discount dates and payment discount amounts. After an invoice is posted, accounts receivable uses the credit terms code to calculate finance charges and discounts, review credit, and generate agings, statements, and dunning letters.

Use on Supplier/AP Supplier to PO to Voucher

Terms Code/ Description

Set up credit terms in Credit Terms Maintenance (Figure 2-4). The terms code and description print on documents that go out to suppliers and customers. Use the description to summarize the details of the terms.

Multiple Due Dates

You can define credit terms with multiple due dates. First, create a code for each due date condition; then create a code that rolls up the multiple terms. The above screen shows the terms code 2-30/60, which has multiple due dates indicated by codes 2/10-30 and 2/45-60.

Display 2-30/60

Proximo Terms

Some of the fields in Credit Terms Maintenance are used primarily for proximo terms. Proximo terms are used in France and some other countries. They enable you to manage due dates so that you are processing most payments only once a week, once a fortnight, or monthly. To ensure that customers have adequate time to pay, specify the minimum number of days that must elapse between the invoice date and the payment due date.

Disc Days/Due Days

- **Disc Days/Due Days.** The system can calculate discount and due dates from invoice date (1), end of month (2), end of fortnight (3), or end of week (4).

Disc/Due Date From

- **Disc/Due Date From.** Starting date for discount and due date calculations.

Minimum Due Days

- **Minimum Due Days.** Minimum number of days between the invoice date and due date. If the minimum days requirement is not met, the due date is calculated using the next interval specified by the terms. Used in conjunction with proximo terms.

Hyperinflation —

In hyperinflationary environments, the following three fields are important.

- Base Date

- **Base Date.** If your company ships or receives goods in advance of a negotiated invoice date but payment is made relative to the invoice date, you can specify a Base Date as the start date for due date calculations.

- Base Days

- **Base Days.** You can give favored customers a grace period on the payment due date by specifying the Base Days.

**- Credit Terms
Interest**

- **Terms Interest Percentage.** Used to recalculate item prices to keep pace with inflation. On sales, purchasing, and other transactions, the system then increments unit prices based on this percentage. You can override this percentage for individual transactions and items.
- **Grace Days and Daily Overdue Interest Percentage** fields provide additional use:
 - **Grace Days** are the number of days added to the financial due date of an invoice from which interest charges will be calculated. If the payment effective date is later than the financial due date plus grace days the amount of interest due is calculated from the original document due date. If the payment effective date is within the financial due date plus grace days, no interest is charged.
 - **Daily Overdue Interest Percentage** contributes to computation of late payment interest charges; by factoring the daily overdue interest percent by the number of days past the financial due date, MFGPRO calculates late payment interest charges.

Global Tax

Tax Parameters

- Tax Type – What kind of tax?
- Tax Class – Customers, Suppliers, Items, etc.
- Tax Usage – How are items used?
- Tax Base – What % of sales price is taxable?

Tax Jurisdiction

- Tax Zone – Geographic Region

Tax Environment

- Which taxes apply when shipping from zone to zone

Tax Rate

- What % based on Tax type, class, usage, and tax date

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Figure 2-5

Global Tax

MFG/PRO calculates sales tax on purchase orders, most sales transactions, accounts receivable DR/CR memos, and accounts payable vouchers. How it calculates sales tax depends on how you set up your tax information. You must set up Tax Management before you can create customer and supplier records or calculate tax on transactions (Figure 2-5).

GTM by Tax Zone

In Global Tax Management (GTM), the system first identifies the taxes that apply to the ship-to and ship-from tax zones. It then selects tax rates based on the transaction tax date and the item or transaction tax class and usage codes (if any). Tax rates and other information are set up in Global Tax.

Before setting up and using GTM, there are some business issues that users need to consider:

- What types of taxes are required for your business
- What tax rates are required for your customers and suppliers

Setup Process

From a high level, GTM set up requires:

- Defining tax jurisdictions and tax zones
- Defining tax environment elements and tax environments
- Defining tax rates

Within each area, there are additional elements to define.

Tax Management is covered in detail in the Global Tax Management Training Guide.

Product Lines

Product Line Maintenance

Product Line: 1000

Description: Pencil Products

Taxable: ☐

Tax Class:

Default Sub-Account:

Default Cost Center:

Override: ☐

Override: ☐

GL Accounts Used for:

- Inventory
- Sales
- Purchasing
- Work Orders
- Service

Inventory Accounts

Inventory Acct:	1500		0100
Inv Discrep Acct:	5900		0100
Scrap Account:	5800		0100
Cost Revalue Acct:	1550		

Sales Accounts

Sales Account:	3000		0100
Sales Disc Acct:	3905		0100
Exempt Sales Acct:	4400	0100	
COGS Material Acct:	5050		0100
COGS Labor Acct:	6860		0100
COGS Burden Acct:	6480		0100
COGS Overhead Acct:	6495		0100
COGS Subcontract Acct:	5070		0100

Purchasing Accounts

Purchases Acct:	5100		0100
PO Receipts Acct:	2200		0100
Overhead Appl Acct:	6490		0100
PO Price Var Acct:	5000		0100
AP Usage Var Acct:	5010		0100
AP Rate Var Acct:	5020		0100

Service Accounts

Service Labor:	6550		
Service Overhead:	6491		
Service Expense:	7400		
Expense Due:	7410		
Service Returns:	5053		
Deferred Revenue:	3000		0100
Accrued Revenue:	3000		0100

Work Order Accounts

Floor Stock Account:	1560		0100
Material Usage Var:	5045		0100
Material Rate Var:	5040		0100
Mix Variance:	6100		0100
Cost of Production:	6300		0100
Sub Usage Var:	5065		0100
Subcontract Rate Var:	5060		0100
Work in Process Acct:	1600		0100
Method Variance Acct:	6200		0100

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Figure 2-6

Product Lines

Define product lines, then items

Before setting up item records for finished goods, you need to define the product lines to which they belong (Figure 2-6).

A product line is simply a grouping of items. Usually, the grouping is by similarities of manufacture or application and used primarily for planning and accounting purposes. For example, you might set up one product line for raw materials and another for finished goods.

Tax status can be changed for any item.

Taxes are based on the transaction tax environment, tax usage, and tax class. The tax environment represents the set of tax types that applies to the ship-from and ship-to sites/addresses and the customer tax class.

A tax status of Yes does not necessarily mean a tax amount is calculated. You can use tax types and zero-percent tax rates to report tax exemptions.

PL is taxable only if both PL and transactions are taxable.

A product line is considered taxable on transactions only if both the product line and the transaction are taxable. Nontaxable product lines on taxable orders are not taxed. Taxable product lines on nontaxable orders are not taxed either. The tax status of a transaction defaults from the customer or supplier, not the product line.

Tax Class

Tax classes group items taxed at specific rates or that are tax-exempt. Tax classes help determine the default tax environment (set of tax types) for the transaction.

GL Accounts

A product line also links items to GL accounts, sub-accounts, and cost centers to ensure that all transactions for an item are included in financial reporting for sales, cost of goods sold, purchases, work in process, inventory, etc. These accounts default from System/Account Control. The sub-accounts and cost centers default from the first frame in Product Line Maintenance.

Product Lines (Continued)

Inventory Account Maintenance

Product Line: 1000 Pencil Products
 Site: train Training Database Site
 Location:

Default Sub-Account:
 Default Cost Center:

Inventory Acct:	1500	2000	0100
Scrap Account:	5800	2000	0100
Inv Discrep Acct:	5900	2000	0100
Cost Revalue Acct:	1550	2000	0100

**Product Line Accounts
by Site/Location**

Sales Account Maintenance

Product Line: 1000 Pencil Products
 Site: train Training Database Site
 Customer Type: Blank Customer Type
 Channel:

Default Sub-Account: Override: ☐
 Default Cost Center: Override: ☐

Sales Account:	3000	2000	0100
Sales Disc Acct:	3905	2000	0100
COGS Material Acct:	5050	2000	0100
COGS Burden Acct:	6480	2000	0100
COGS Labor Acct:	6860	2000	0100
COGS Overhead Acct:	6495	2000	0100
COGS Subcontract Acct:	5070	2000	0100
Deferred Revenue:	3000	2000	0100
Accrued Revenue:	3000	2000	0100

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Add Link

**Product Line Accounts
by Site/Customer Type/Channel**

Figure 2-7

Multisite

In some organizations, inventory is stored in several different physical locations or sites. These sites may be separate manufacturing facilities or simply storage warehouses. Inventory balances can be maintained by site, as can inventory value. Further, in the Cost Management module, different cost sets can be assigned to each site.

**Accounts by Site,
Product Line, and
Location**

Inventory Account Maintenance (Figure 2-7) enables you to specify the GL inventory, scrap, and inventory discrepancy account codes for a product line by site and location. For example, you might want to designate a separate account for a scrap location. The accounts defined here will override the default product line accounts.

Similarly, Sales Account Maintenance (Figure 2-7) enables you to specify the GL sales, sales discount, and cost of goods sold accounts for a product line by site, customer type, and channel.

Items and Products

Item Master Maintenance

Item Number: 02-0005
Unit of Measure: EA

Description: MECHANICAL PENCIL
(5MM) BLISTER PACKED

Totals

Totals: 0.39 0.57 0.96 ☐ 01/06/97 ☐

GL Cost Data (Site: train / Set: Standard)

Element	This Level	Lower Level	Total	Pri	Category	A/O
Material	0.00	0.51	0.51	☒	Material	☐
Labor	0.11	0.02	0.13	☒	Labor	☐
Burden	0.28	0.04	0.32	☒	Burden	☐
Overhead	0.00	0.00	0.00	☒	Overhead	☐
Subcontr	0.00	0.00	0.00	☒	Subcontr	☐

Add Link

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Figure 2-8

Items and Products

Item Definition

In MFG/PRO, items are defined using functions in the Item Data menu. All of the items that you buy or sell are set up here, along with their description, price, tax status, and standard cost. The price is used as the default selling price and the standard material cost appears as the default purchase unit cost (Figure 2-8). These standard costs are used by the General Ledger module and are called GL costs.

Standard cost system called GL costs.

MFG/PRO is usually operated as a standard cost system. The essential idea of such a system is that all inventory transactions are booked at a single cost, called the standard cost. Differences between actual and standard costs are called variances. If you have purchased the optional Cost Management module, you can also base your GL costs on average cost rather than standard, but in this class, we will cover the basic MFG/PRO system, which uses standard cost.

Standard = 10.00
PO Cost = 12.00
PPV = 2.00

To describe how variances work, picture a purchased item. The standard unit cost is 10.00, but the item is purchased for 12.00. When the item is received, inventory is debited at the standard cost of 10.00 and PO receipts is credited for the purchase cost of 12.00. The remaining 2.00 is debited to purchase price variance. We will cover purchasing and AP variances in more detail later on.

Current Costs

The standard cost should be as accurate as possible, because inventory and margin calculations use that cost. In general, standard cost is updated once a year; during the year, actual costs may vary. In MFG/PRO, current cost is regularly calculated and displayed next to the standard cost.

The Sales Order Repricing and Purchase Order Cost Update enable you to maintain prices and costs for existing, open transactions. This is helpful in hyperinflationary environments, where prices fluctuate frequently, potentially creating large variances.

NEXT: Activity 2.4

Lesson 3: Multinational Setup (Optional)

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN03010

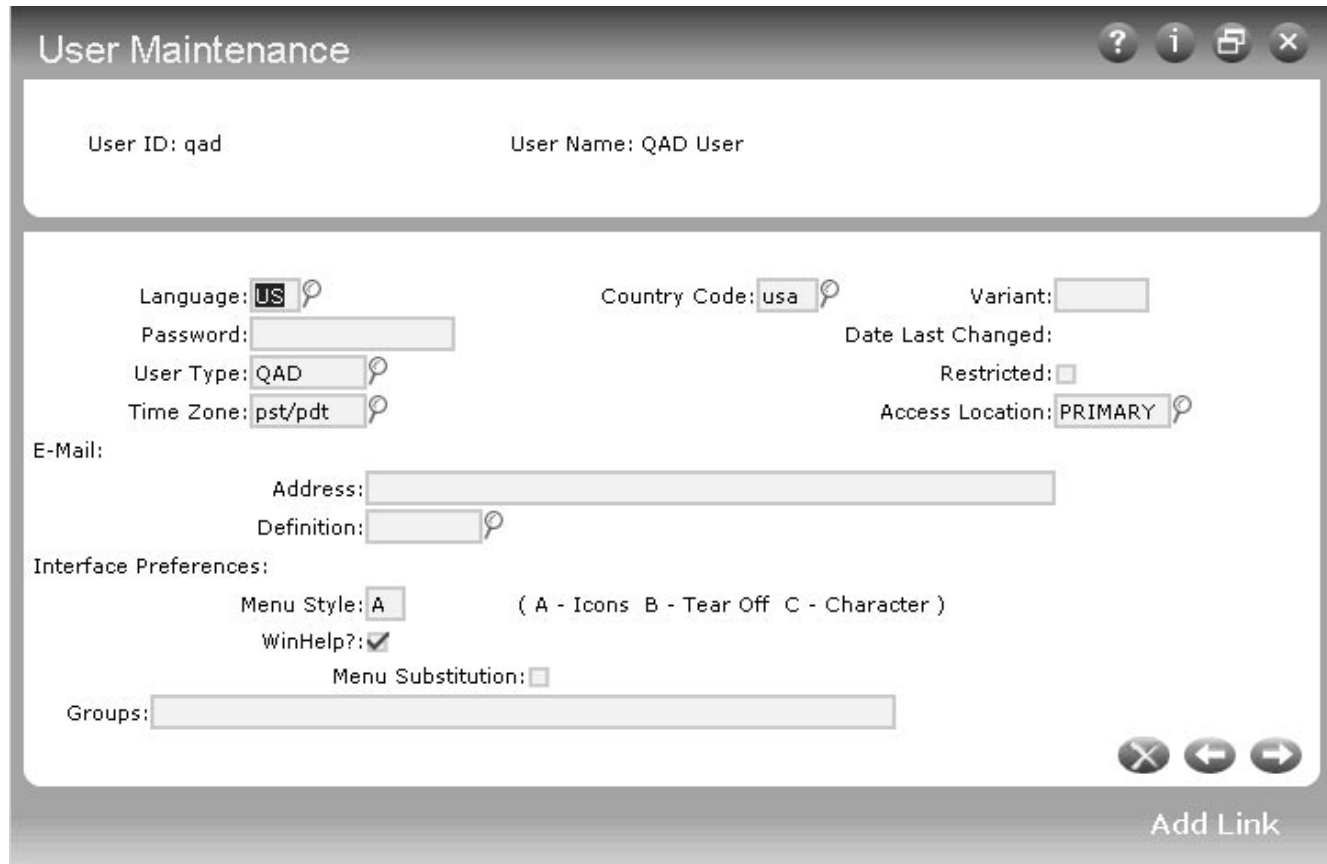
Figure 3-1

Lesson 3: Multinational Setup (Optional)

User-Specific Languages

In a multi-language environment, you can set up MFG/PRO so that screens display and reports print in the user's native language. For example, in Switzerland, users on the same database might want to work in French, German, or Italian. User-specific languages are set up in Language Code Maintenance in the Manager Functions module.

Multiple Languages



The image shows a 'User Maintenance' window with a title bar containing help, info, and window control icons. The window is divided into sections for user identification, profile settings, and interface preferences. The 'User ID' is 'qad' and the 'User Name' is 'QAD User'. The 'Language' is set to 'US', 'Country Code' to 'usa', and 'Variant' is empty. The 'Password' field is empty. 'User Type' is 'QAD' and 'Time Zone' is 'pst/pdt'. 'Date Last Changed' is empty, 'Restricted' is unchecked, and 'Access Location' is 'PRIMARY'. The 'E-Mail' section has an empty 'Address' and 'Definition' field. 'Interface Preferences' include 'Menu Style' set to 'A' (with a note '(A - Icons B - Tear Off C - Character)'), 'WinHelp?' checked, and 'Menu Substitution' unchecked. A 'Groups' field is empty. At the bottom right, there are navigation icons and an 'Add Link' button.

User Maintenance

User ID: qad User Name: QAD User

Language: US Country Code: usa Variant: Password: Date Last Changed: User Type: QAD Restricted: Time Zone: pst/pdt Access Location: PRIMARY

E-Mail: Address: Definition: Interface Preferences: Menu Style: A (A - Icons B - Tear Off C - Character) WinHelp?: Menu Substitution: Groups: Add Link

Figure 3-2

Multiple Languages

Need Translation

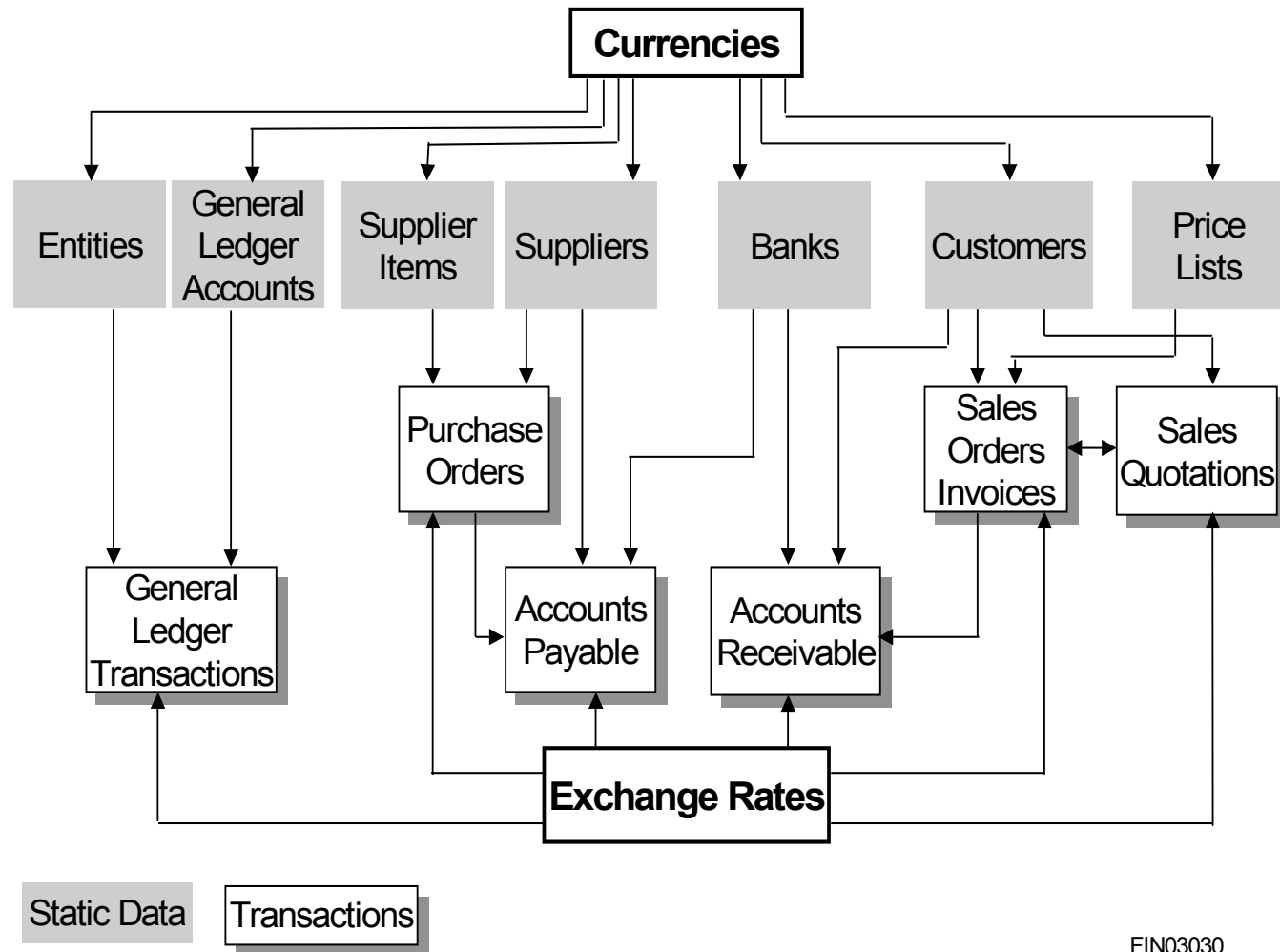
You cannot see screens and reports in a particular language unless your company has purchased a version of MFG/PRO translated to that language.

Throughout the system, you can record comments for customers, suppliers, and transactions in multiple languages (Figure 3-2). You can also select some documents such as AR dunning letters, to print based on language.

Data cannot translate!

Note: Although fields on a screen or report appear in a particular language, the data you enter in the database is not automatically translated. Item descriptions and other user-defined data appear exactly as they were entered.

Multiple Currencies



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Figure 3-3

Multiple Currencies

Base Currency

Your company's base currency is specified in System/Account Control. This is the currency in which all financial results are reported, and it is the default currency for transactions.

Any Currency

However, when you are doing business in other countries, you can specify a foreign currency on any transaction. To simplify transaction processing, you can assign the following to a specific currency:

- General ledger entities and accounts
- Bank accounts
- Customers
- Price lists
- Suppliers and supplier quotes

Separate GL Accts by Currency

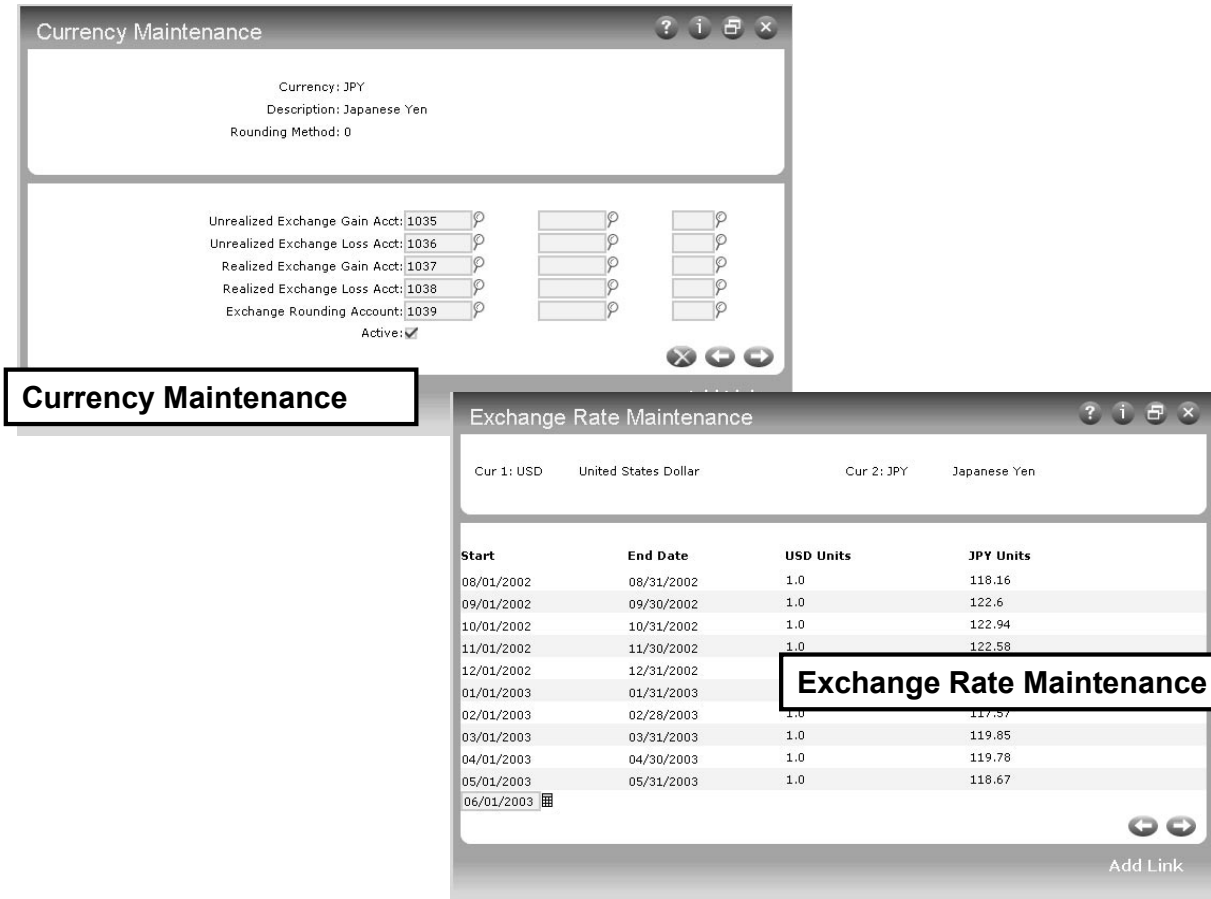
In the general ledger, separate cash and exchange gain/loss accounts are often set up for each currency. This enables you to maintain separate balances by currency and bank account.

When you specify the default currency for a customer or supplier, the system can then suggest the default currency for a transaction. For example, if purchase orders for a supplier in New Zealand are normally issued in New Zealand dollars, you can specify this currency in the supplier record. Any POs you create for that supplier then default to that currency.

Trans Cur to/from Base/Entity Curr

Currency codes and exchange rates are defined in Currency Maintenance and Exchange Rate Maintenance. You can set up exchange rates between any transaction currency and the system base currency or an entity currency.

Exchange Rates



The image shows two overlapping windows from the QAD software. The 'Currency Maintenance' window is in the background, and the 'Exchange Rate Maintenance' window is in the foreground.

Currency Maintenance

Currency: JPY
Description: Japanese Yen
Rounding Method: 0

Unrealized Exchange Gain Acct: 1035
Unrealized Exchange Loss Acct: 1036
Realized Exchange Gain Acct: 1037
Realized Exchange Loss Acct: 1038
Exchange Rounding Account: 1039

Active: ☒

Exchange Rate Maintenance

Cur 1: USD United States Dollar Cur 2: JPY Japanese Yen

Start	End Date	USD Units	JPY Units
08/01/2002	08/31/2002	1.0	118.16
09/01/2002	09/30/2002	1.0	122.6
10/01/2002	10/31/2002	1.0	122.94
11/01/2002	11/30/2002	1.0	122.58
12/01/2002	12/31/2002	1.0	117.57
01/01/2003	01/31/2003	1.0	119.85
02/01/2003	02/28/2003	1.0	119.78
03/01/2003	03/31/2003	1.0	118.67
04/01/2003	04/30/2003	1.0	
05/01/2003	05/31/2003	1.0	
06/01/2003			

Add Link

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Figure 3-4

It is common today for business organizations to purchase goods from and sell goods to companies outside their own national borders. As a result, accommodating foreign currencies and establishing exchange rates is a common business practice.

Exchange rates in MFG/PRO are expressed as a two-part ratio representing the calculation required to convert one currency amount to another. Currency codes and exchange rates are used for orders, transactions, and GL accounts.

Exchange Rates

Exchange rates are effective over a period of time. You enter the rate with a starting and ending effective date. These periods are inclusive and cannot overlap. Some companies enter exchange rates daily, weekly, monthly, or quarterly, taking an average or estimate of what they expect the rate to be. Be aware that the exchange rate must be entered or updated before any activity involving those rates can take place. Changes to exchange rates do not affect any previously created transactions.

Spot Rate

On foreign currency transactions such as invoices and vouchers, the system uses the exchange rate for the transaction effective date. A specific exchange rate (spot rate) may be entered on some sales, AR, purchasing, and AP transactions.

Banks

A separate bank record must be defined in Bank Maintenance for each currency in which you plan to receive cash or make payments.

NEXT: Activity 3.1

Lesson 4: Accounts Receivable Data Setup

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN04010

Figure 4-1

Lesson 4: Accounts Receivable Data Setup

Begin with invoicing, then go through AR.

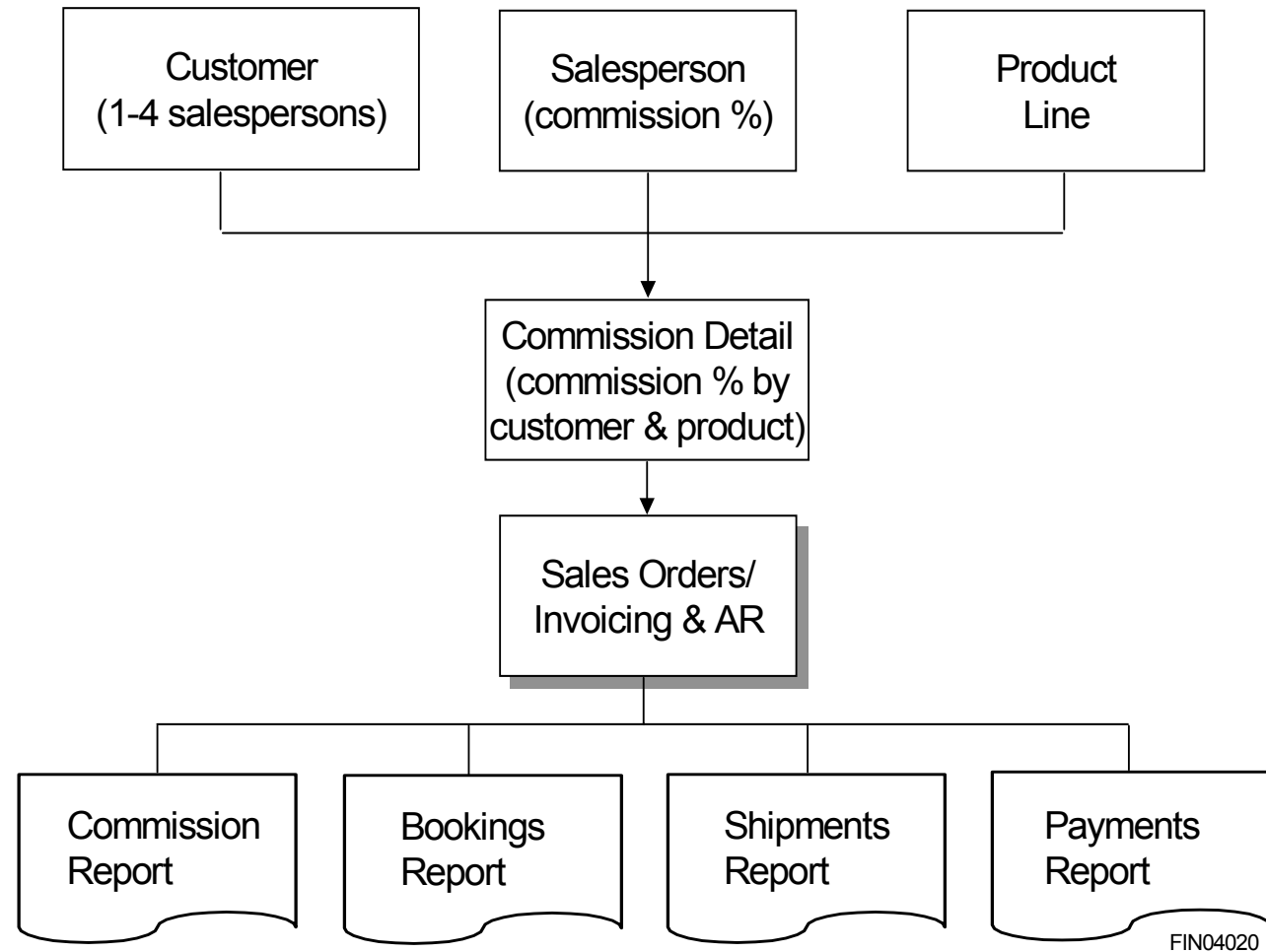
We begin by covering invoicing and accounts receivable functions. We plan to follow the flow of creating an invoice, posting it to accounts receivable, and processing the customer payment. Along the way, we will see how salesperson commissions are recorded, how freight and other charges are billed, how taxes are calculated, how prepayments are processed, and how credits are managed.

First Set Up

Before we can do this, we need to set up:

- Salespersons and commission rates
- Customer names, addresses, and credit information
- Customer shipping addresses
- Freight, service, and special charges
- Control file values for sales orders/invoicing

Salespersons and Commissions



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Figure 4-2

Salespersons and Commissions

When a salesperson gets the credit for an order, a commission is earned as a percentage of the line item, exclusive of trailer charges (Figure 4-2).

Set up commissions in 2.5.1

Set up salespersons in Salesperson Maintenance. Enter their names and addresses, along with their normal commission percentages.

Override on order.

Note: These are simply the default commission rates for the salesperson. You can override this commission rate during sales order entry.

Reports

The system maintains sales bookings and shipments by salesperson and enables you to print reports listing commission amounts by salesperson. Commissions are calculated and listed on these reports; however, they are not posted to Accounts Payable for payment; this must be done manually. Commission payments can be processed in either the Accounts Payable or Payroll modules.

No Posting to AP

Salesperson Shipment/Payment Reports

The Salesperson Shipments Report lists invoices that have been shipped and credited to each salesperson. This makes it possible for you to calculate commissions based on shipments. The Salesperson Payments Report lists invoices that the customer has paid and that have been credited to each salesperson. Unapplied payments are also listed. This makes it possible for you to pay commissions only after the customer has paid the invoice.

NEXT: Activity 4.1

Customer Data

Customer Maintenance

Customer Address

Customer: 1001000
Name: CENTURY HALLMARK
Address: ATTENTION: ACCOUNTS PAYAE
Address: 3020 CENTURY BLVD
Address: P.O. BOX 675
City: LOS ANGELES State: CA Post: 90000
Country: United States of America USA County:
Attention: JANE DOE [2]:
Telephone: 213-555-0394 Ext: [2]:
Fax/Telex: 213-555-0399 [2]:

Address Tax Data

Taxable: ☐
Tax Zone: USA-CA001
Tax Class:
Tax Usage: 5-S-RSL
Tax In: ☐
Tax ID - Federal:
Tax ID - State:
Tax ID - Misc 1:
Tax ID - Misc 2:
Tax ID - Misc 3:
In City: ☐

Customer Data

Sort Name: CENTURY HALLMARK Type: 1000
Salespsn1: 00000005 Multiple: ☐ Region: US
Ship Via: Currency: USD
AR Acct: 1200 Dual Pricing Cur:
Resale: 89-02-03 X82D Site: train
Remarks: BILLING ONLY - USE SHIP TO ON ALL ORDE Lang: us

Add Link

Customer Data

Taxable: ☐ Class: 1
Price Table: SIC:
Discount Tbl: Partial OK: ☒
Fixed Price: ☒

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Figure 4-3

Customer Addresses

**Bill-to/Sold-to
Ship-to**

Customer Maintenance, shown in Figure 4-3, is used to set up and maintain information about customers. You can set up both the sold-to and bill-to addresses in Customer Maintenance, and ship-to addresses in Customer Ship-to Maintenance. These values then default to new orders and invoices.

Next Number

You can assign customer address codes manually or leave the Customer field blank as you enter new customers, and the system will assign a number. You enter a beginning value for system-assigned codes in the Customer Control Program.

Audit Report

Whenever you change a customer record, MFG/PRO generates an audit trail of the old and new values. You can print this audit trail using the Master File Audit Detail Report.

**Watch spelling to
access taxes.**

Note: To correctly calculate taxes based on this information, you must enter the city, state (province), and county using the exact spelling used in tax records.

Format

The Format field determines whether a customer's postal (ZIP) code appears on documents before or after the city/state. In some countries, the postal code appears before the city (e.g., 75000 Paris). 0 indicates that the code appears after; 1 that it appears before. The format defaults from the Addresses/Taxes Control program.

Sort Name

Customers are normally sorted alphabetically on reports. This can be changed using the Sort Name field in Customer Maintenance. For example, if Quality Pencil Company has a customer called The Card Store, you can enter the sort name as Card Store, The.

Site

The Site field in the Customer Data frame identifies the site from which orders for this customer are normally shipped. The site “train” is the default site in the training database.

Customer Data

The second section of the Customer Maintenance screen records default sales information such as the customer's salesperson(s), their currency for sales orders, and their accounts receivable GL account. You can also assign a default price list (created in Price List Maintenance) to each customer.

Customer Tax Data

Tax Data

Taxes are based on the transaction tax environment, tax usage, and tax class. The default tax environment represents the set of tax types that applies to the ship-from and ship-to sites/addresses and the customer or supplier tax class.

Customer Credit Data

Customer Maintenance

Customer Address

Customer: 1001000
Name: CENTURY HALLMARK
Address: ATTENTION: ACCOUNTS PAYAE
Address: 3020 CENTURY BLVD
Address: P.O. BOX 675
City: LOS ANGELES
State: CA
Post: 90000
Format: 0
Country: United States of America
USA
County:
Attention: JANE DOE
[2]:
Telephone: 213-555-0394
Ext: [2]:
Fax/Telex: 213-555-0399
[2]:
Added: 05/15/1987

Customer Credit Data

Credit Limit: 100,000
Terms: 2/10-30
Credit Hold: ☐
Credit Rating: 1
DB Number: 019203
PO Required: ☐

Disc Pct: 0.00%
Finance Charge: ☒
Statement: ☒
Statement Cycle: 12/1
Dun Letter: ☒
Last Payment: 10/01/1991

Bill To:
Last Credit Review:
Last Credit Update: 01/06/1997
High Credit: 25,725
High Date: 09/06/1991
Last Sale: 10/14/2002

←

→

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Figure 4-4

Customer Credit Data

Credit information can be set up for each customer and accessed during order entry, invoicing, and collections (Figure 4-4).

Credit Limit Credit Hold

The Credit Limit field lists the customer's credit limit. If a customer's order plus his/her AR balance exceeds the credit limit, a warning will appear during order entry and shipment. You may respond by placing an order on hold. If the customer is on hold, sales orders will be automatically placed on hold as they are entered and pick/pack lists cannot be printed. The credit hold does not prevent shipping or invoicing.

You can update credit limits for a range of customers based on percentages or the time elapsed since credit limits were changed (Customer Credit Limit Adjustment).

PO Required

Indicates that a PO must be specified before sales orders can be created for this customer. If Yes, the sales order line item frame cannot be accessed until a purchase order is specified for this customer.

Discount

If the customer normally receives an order discount in addition to price list discounts, this percentage is entered in the Disc % field. The discount percentage must fall between -99.99 and +99.99 percent. Access to this field may be password restricted.

Finance Charge Dun Letter Statement

Customers who are liable for finance charges should have Finance Chg set to Yes. It is also possible to flag customers to receive dunning letters for past due invoices. Customer statements can also be printed. Statement Cycle is used to identify how often they are to be printed, such as monthly (MO) or quarterly (QT).

System - Maintained

The last four fields in the Customer Credit Data section display the latest data on the customer's high credit, high date, last sale date, and last payment date. The high credit is the largest amount of credit you have ever extended to the customer or the maximum open AR balance you allowed.

Bill-to

If you leave the Bill-To field blank, the system assumes the bill-to is the same as the sold-to. On transactions, credit data and currency default from the bill-to.

NEXT: Activity 4.2

Customer Shipping Addresses

Customer Ship-to Maintenance

Customer Address

Customer: 1001000
Name: CENTURY HALLMARK
Address: ATTENTION: ACCOUNTS PAYAB
Address: 3020 CENTURY BLVD
City: LOS ANGELES
County:
State: CA
Country: United States of America
Postal Code: 90000
Format: 0

Customer Ship-To

Code: 10010001 Temporary: ☐
Name: WESTWOOD HALLMARK
Address: WESTWOOD SHOPPING CENTE
Address: 70 SUNSET STRIP
Address: BLOCK B-2
City: WESTWOOD
Country: United States of America
Attention: MRS. SUSAN KNAPPER
Telephone: 213-555-0293
Fax/Telex:
Sort Name: WESTWOOD HALLMARK
State: CA
Postal: 90029
USA
County:
[2]:
[2]:
[2]:
Ext:
Ext:
Language: us
Format: 0

← →

Add Link

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Figure 4-5

Customer Shipping Addresses

Enter Customer Code Use -1, -2

If orders are shipped to addresses different from the billing address, you set them up in Customer Ship-to Maintenance (Figure 4-5).

Access the customer by entering the customer code; then enter a new code for the ship-to address. You may want to enter a variation of the customer code to designate the ship-to, such as the customer code followed by a -1, -2, etc.

Customer Ship-to Maintenance is normally used to set up the regular shipping locations for the customer. These should be set up as Temporary = No. One-time ship-to addresses are entered directly into the sales order. You can delete these from Customer Ship-to Maintenance once the invoice is paid and the payment is archived/deleted.

To set up additional information about a ship-to address, such as credit terms, currency, and tax status, first create the ship-to address in Customer Ship-to Maintenance. Then recall the ship-to address in Customer Maintenance and modify the related information there.

Address Codes

Company:

- Address Code
- Customer Data

Customer:

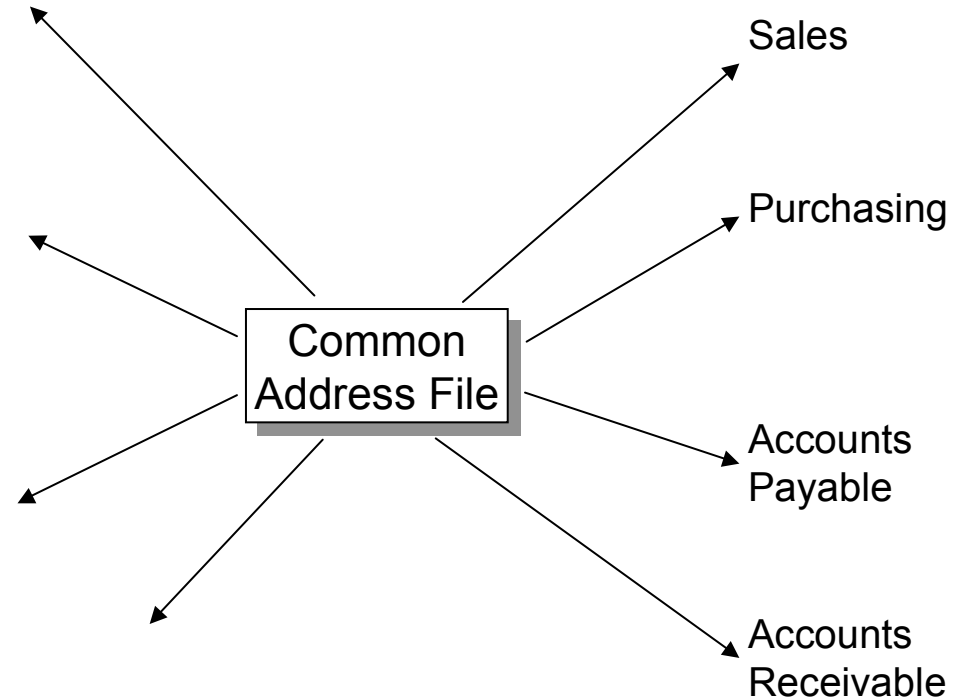
- Address Code
- Customer Data

Supplier:

- Address Code
- Supplier Data

Salesperson:

- Address Code
- Salesperson Data



FIN04060

Figure 4-6

Address Codes

Address Code

Every address in the system is identified by an address code (Figure 4-6). In the activities where you added a salesperson or customer, the first step was to enter an address code (we used salesperson 99, customer 100). This code calls up the addresses that appear on sales orders, invoices, and other screens and reports.

Company/Customer/ Supplier/Salesperson

Company address codes are used in purchasing and sales. Customer codes are used in sales and accounts receivable. Supplier codes are used in purchasing and accounts payable. Salesperson codes are used for commission reporting and sales analysis.

Common Address File

Company, customer, supplier, and salesperson address codes are stored in the same database file. This means that customer 123 would have the same address as a supplier identified with address code 123. This allows you to store the name and address only once if a customer is also a supplier.

Different Numbering Scheme

Since the address codes are in the same file, it is a good idea to have a different numbering scheme for company, customer, supplier, and salesperson codes so that you will never accidentally overwrite the wrong record during data entry. In the student demo database, you may notice that customer codes have been set up to begin with 1, 2, or 3, and supplier codes with 5, 6, or 7.

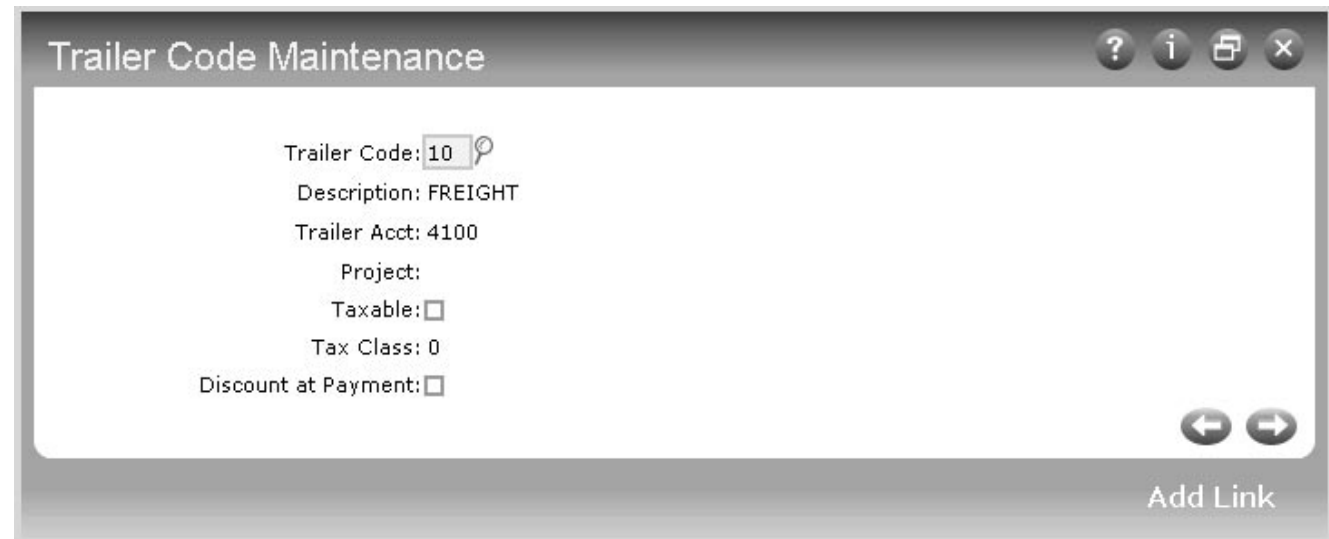
Automatic Numbers

Address codes can be assigned sequentially by the system. Enter the starting number in the respective control file.

Address List Type

An address code list type is automatically assigned to addresses based on where they were entered. Addresses can also be associated with a user-defined list type. This allows you to group addresses for reporting purposes. You set up these address list types in Address List Type Maintenance.

Trailer Codes



The screenshot shows a software window titled "Trailer Code Maintenance". The window has a standard Windows-style title bar with a question mark, information, and close button. The main content area contains the following fields:

- Trailer Code: 10 (with a magnifying glass icon)
- Description: FREIGHT
- Trailer Acct: 4100
- Project:
- Taxable: ☐
- Tax Class: 0
- Discount at Payment: ☐

At the bottom right of the window, there are two navigation buttons (left and right arrows) and a button labeled "Add Link".

FIN04080

Figure 4-7

Trailer Codes

Add-On Charges**Freight****Customs****Duty**

In addition to the line item charges and tax amounts, orders usually have miscellaneous charges such as freight and service associated with them. Since every company's miscellaneous charges are different, MFG/PRO enables you to customize these for your company in Trailer Code Maintenance (Figure 4-7). These charges can then be added to transactions during order entry and invoicing. Trailer codes must be set up prior to entering sales orders and invoices.

**Separate GL
Account**

In the student database, you will see trailer codes set up for freight (10), service (20), and special charges (30). Each trailer code has a separate GL account.

Taxable or Exempt

In the Taxable field, indicate whether the charge is normally taxable. For U.S. sales taxes, enter the tax exemption code if the charge is tax-exempt.

**Default in System/
Account Control**

The default trailer codes for sales transactions are specified in the Sales Order Control Program.

**No Commission/
No Sales Analysis**

Note: Trailer items are not subject to commission. Trailer codes do not interface to sales analysis.

Lesson 5: Invoicing

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN05010

Figure 5-1

Lesson 5: Invoicing

Begin with Sales

The starting point for all accounts receivable activity is sales. When a customer places an order, your sales department sends the customer an invoice that lists the items sold, their prices, and other conditions of the sale. The invoice also tells the customer what payment amount is due and when.

Credit Management

Commissions

Taxes

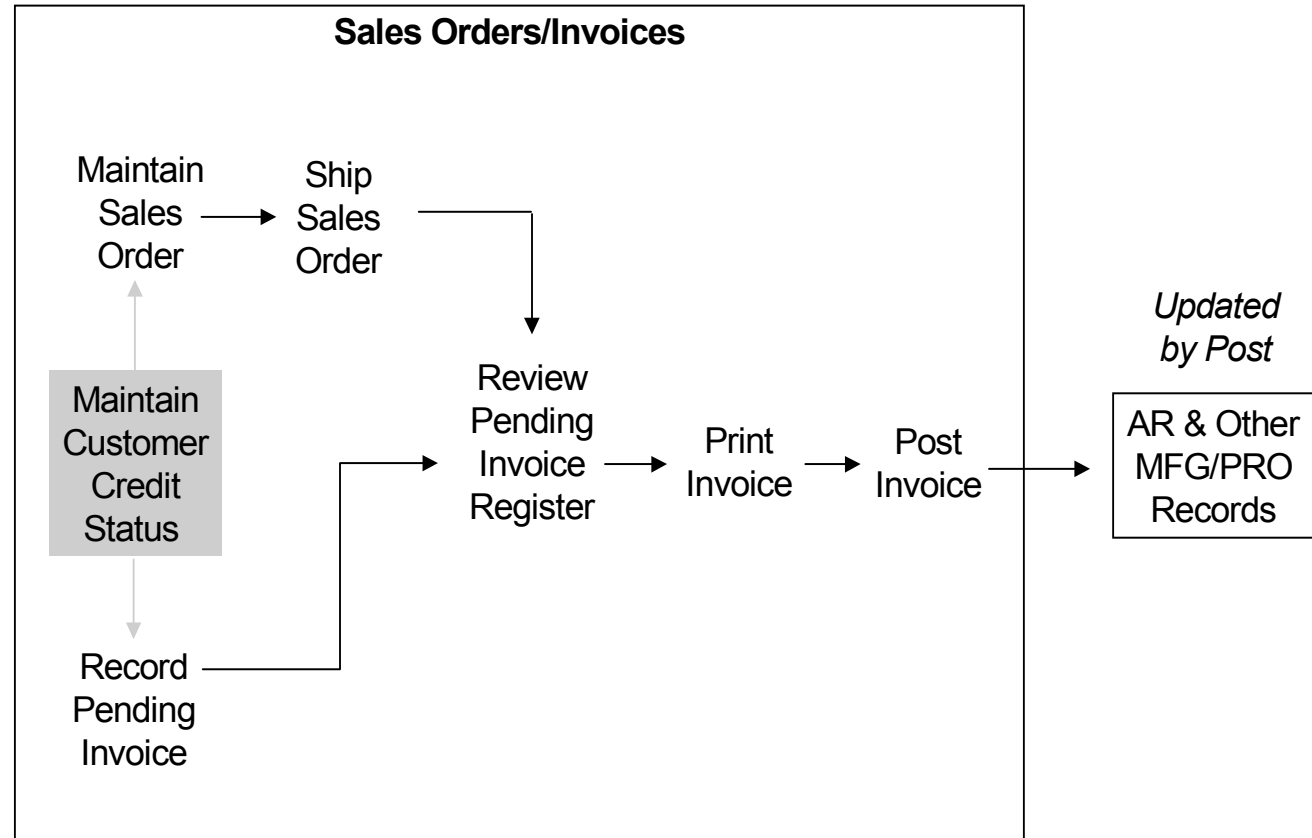
Trailer Charges

GL Accounts

Invoices

In this lesson, we look at how a sales order is entered, shipped, and invoiced. We will not cover all facets of sales order management; this is covered in detail in Distribution: Core. We will focus on the aspects of sales orders/invoicing that are directly relevant to financial management. These include credit management, commissions, taxes, add-on trailer charges, GL accounts, and invoicing.

Sales Order Life Cycle



FIN05020

Figure 5-2

Sales Order Life Cycle

Order, Shipment, Pending Invoice

In MFG/PRO, a customer sale is usually maintained as a sales order and the transfer of goods is recorded on a shipment transaction. The shipment automatically generates a pending invoice. In some cases (e.g., over-the-counter sales), you will enter the pending invoice manually. Prior to confirming the sale, either the sales department or AR can review the customer's credit.

Review/Correct/ Print Invoice

The next step is to review and, if necessary, correct the pending invoice. The invoice is then printed and a copy can be sent to the customer.

Post Invoice

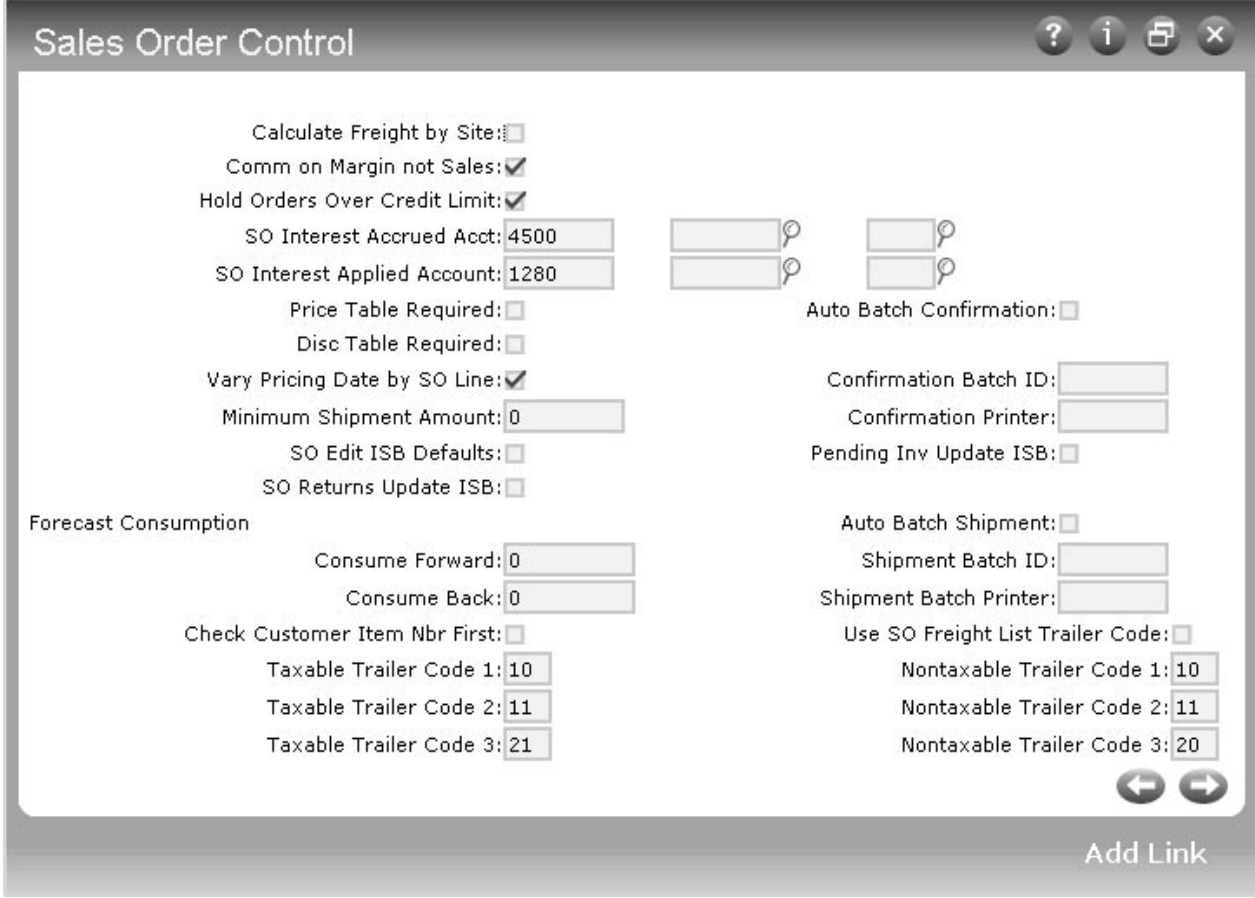
Posting the invoice updates a number of records. In Accounts Receivable, the post creates a corresponding AR transaction of type I which transfers the necessary AR information from the invoice to AR. This DR/CR memo can be viewed in Accounts Receivable Maintenance or Accounts Receivable Inquiry. It also updates the GL sales and AR accounts, the sales tax journal, and salesperson commission records. Invoice history and sales analysis records are updated if your system is set up to maintain them (Sales Order Control).

Updates AR, GL, Invoice History, Sales Analysis

Credits/Returns Later

If goods are returned after the invoice is posted, you process the return. You can also send a credit memo to the customer. There are several ways of doing this, but because they also involve functions in the Accounts Receivable module, we will cover returns in Lesson 6.

Sales Order Control



The screenshot shows a software window titled "Sales Order Control" with a standard Windows-style title bar containing help, info, and close buttons. The window is divided into two main columns of settings. The left column contains various checkboxes and text input fields for configuring sales order processing, such as "Calculate Freight by Site", "Comm on Margin not Sales", and "Forecast Consumption". The right column includes fields for "Auto Batch Confirmation", "Confirmation Batch ID", "Confirmation Printer", and "Auto Batch Shipment". At the bottom right, there are navigation arrows and an "Add Link" button.

Sales Order Control

Calculate Freight by Site: ☐

Comm on Margin not Sales: ☒

Hold Orders Over Credit Limit: ☒

SO Interest Accrued Acct: 4500

SO Interest Applied Account: 1280

Price Table Required: ☐

Disc Table Required: ☐

Vary Pricing Date by SO Line: ☒

Minimum Shipment Amount: 0

SO Edit ISB Defaults: ☐

SO Returns Update ISB: ☐

Forecast Consumption

Consume Forward: 0

Consume Back: 0

Check Customer Item Nbr First: ☐

Taxable Trailer Code 1: 10

Taxable Trailer Code 2: 11

Taxable Trailer Code 3: 21

Auto Batch Confirmation: ☐

Confirmation Batch ID:

Confirmation Printer:

Pending Inv Update ISB: ☐

Auto Batch Shipment: ☐

Shipment Batch ID:

Shipment Batch Printer:

Use SO Freight List Trailer Code: ☐

Nontaxable Trailer Code 1: 10

Nontaxable Trailer Code 2: 11

Nontaxable Trailer Code 3: 20

← →

Add Link

FIN05025

Figure 5-3

Sales Order Control

So far we have discussed the basic information that should be set up before you do invoicing and accounts receivable processing. But before you get started, there are two control programs you need to initialize.

Sales Order Control defines how shipping and invoicing functions work (Figure 5-3). Before you start sales or AR processing, check the values for:

Invoice History

- **Keep Invoice History.** If Yes, invoice history will be maintained after the invoice is posted so that you can review and even reprint invoices if needed. Invoice history is not deleted until you run the delete/archive.

Next Invoice

- **Next Invoice.** Load the starting invoice number. Invoice numbers should use a different number range than sales orders and DR/CR memo numbers.

Integrate with AR/SA

- **Integrate with AR/SA.** Integrate with AR and Integrate with SA must be Yes for Invoice Post to update accounts receivable and sales analysis records.

Hold Orders Over Credit Limit

- **Hold Orders Over Credit Limit.** If you set this to Yes, the system places orders on hold whenever the customer's AR balance exceeds the credit limit. If you set it to No, a warning displays, but you can still enter the order. We will discuss this option in more detail later in this lesson.

Using Price Lists

- **Price Lists.** This flag determines how strictly price lists are used to control order entry. If No, items can be entered whether or not a price list exists. If Yes, only items from an existing price list can be entered, and only if the price list item, unit of measure, and currency match the order item, unit of measure, and currency exactly. In searching for a valid price, blank is NOT considered a match. If price lists are set up with a blank item or unit of measure, a price will not be found. If you are pricing with analysis codes, this flag should be set to No. Prices can be overridden unless the field is password-protected.

**So Interest Applied/
Accrued
(Hyperinflation
Only)**

- **SO Interest Applied/Accrued Accounts.** On sales orders that specify a credit terms interest percentage, the system creates matching GL entries for credit terms interest applied and accrued.Trailer Codes
- **Taxable and Nontaxable Trailer Codes.** Trailer codes can be accessed during order entry by manually typing in the code, or you can have them default automatically. The regularly used codes should be listed here. Taxable trailer codes (1-3) are the defaults for sales orders when the sales order header Taxable field has been set to Yes.

Sales Orders

Order Header

- Sold-To/Bill-To/Ship-To
- Order Dates
- Ship-From Site
- Currency/Language
- Taxable Status/Tax Code/Tax Date
- Credit Terms

Salesperson/Freight Screen

- Salespersons/Commissions
- Freight Information

Line Item Screen

- Item Prices & Quantities

Trailer Screen

- Freight, Service, Other Trailer Charges
- Credit Information
- Shipping Information

FIN05030

Figure 5-4

Sales Orders

Header, Lines, Trailer

In MFG/PRO, Sales Order Maintenance (Figure 5-4) is divided into three main sections:

- Order header
- Line items
- Trailer

Header

Information that applies to the entire order is contained in the header. Most of this information comes from the customer record (Customer Maintenance), but you can change it for individual orders.

Line Items

Information that applies to individual items on the order is contained in the line item screen. Some of this information comes from the item record (Item Data Menu) and some of it comes from the order header, but you can change most of it for individual lines.

Trailer

The trailer lists the total item, freight, and other charges, as well as taxes. Some of the shipping and AR data also appears here. You can record additional trailer charges when you enter the order or later when the item is shipped. Trailer charge codes are set up in Trailer Code Maintenance; the default taxable and nontaxable codes for sales transactions are specified in Sales Order Control.

Customer Data

Customer Maintenance :
Bill-To/Ship-To Address
Salesperson
Currency
Language
Credit Terms

The image shows a 'Sales Order Maintenance' window with a title bar containing help, info, and window control icons. The window is divided into several sections. At the top, it displays 'Order: S0010019', 'Sold-To: 100', and two boxes for 'Bill To: 100' and 'Ship-To: 100'. Below this, there are two columns: 'Sold' and 'Ship-To'. Both columns show the same address: 'California Sun Advertising', '50 East Main Street', 'Ventura', 'CA', '93001', and 'United States of America'. The bottom section contains various date and pricing fields. On the left, there are fields for 'Order Date: 05/07/2003', 'Required Date: 05/08/2003', 'Promise Date:', 'Due Date: 05/08/2003', 'Perform Date:', 'Pricing Date: 05/07/2003', 'Purchase Order:', and 'Remarks:'. In the middle, there are checkboxes for 'Line Pricing:' and 'Manual:', and dropdown menus for 'Site: train', 'Channel:', and 'Project:'. On the right, there are checkboxes for 'Confirmed:' (checked) and 'Taxable:', a date field '05/07/2003', a dropdown for 'Currency: USD', a dropdown for 'Language:', a checkbox for 'Fixed Price:' (checked), a dropdown for 'Credit Terms: 2/10-30', a text field for 'Credit Terms Interest %: 0.00', a checkbox for 'Reprice:', and a text field for 'Entered By: qad'. At the bottom right, there are three navigation buttons (back, forward, and a third one) and an 'Add Link' button.

Sold		Ship-To	
California Sun Advertising 50 East Main Street		California Sun Advertising 50 East Main Street	
Ventura	CA 93001	Ventura	CA 93001
United States of America		United States of America	

Order Date: 05/07/2003
Required Date: 05/08/2003
Promise Date:
Due Date: 05/08/2003
Perform Date:
Pricing Date: 05/07/2003
Purchase Order:
Remarks:

Line Pricing:
Manual:
Site: train
Channel:
Project:

Confirmed: ☒
Taxable: ☐
Currency: USD
Language:
Fixed Price: ☒
Credit Terms: 2/10-30
Credit Terms Interest %: 0.00
Reprice: ☐
Entered By: qad

Add Link

FIN05040

Figure 5-5

Customer Data

Customers

The biggest single source of information for the sales order is the customer file (Customer Maintenance) (Figure 5-5).

Bill-To/Ship-To

- **Bill-To/Ship-To Addresses.** A customer can have up to three different address types. The sold-to has no AR effects, but the bill-to appears on the invoice, is transferred to AR on the DR/CR memo and determines the credit terms. The ship-to determines the tax rates that apply to the order.

Price Lists

- **Best Pricing.** Best pricing, or sales order pricing, enables you to create price lists that accommodate a wide range of pricing situations. Instead of matching price lists strictly through items or product lines, the system can determine best prices using flexible categories of items and customers called analysis codes.
- **List/Discount Table Pricing.** This is an alternative to the best pricing model. It is used for pricing different kinds of orders than best pricing, including scheduled orders, purchase orders, returns to suppliers, and receipts in RMA Maintenance.

Salesperson/ Commission

- **Salesperson/Commission.** Salesperson commission rates default from the standard rate for the salesperson set up in Salesperson Maintenance. You can change commission percentages on each line of the order.

Currency/Language

- **Currency/Language.** The currency and language will follow the customer throughout the sales/AR/payment cycle. Multinational AR processing will be covered in detail in Lesson 9.

Credit Terms

- **Credit Terms.** Used to calculate the AR payment due dates and discount dates.

Tax Data

Sales Order Maintenance

Order: S0010019 Sold-To: 100 Bill To: 100 **Ship-To: 100**

Sold-To

California Sun Advertising
50 East Main Street

Ventura CA 93001
United States of America

Ship-To

California Sun Advertising
50 East Main Street

Ventura CA 93001
United States of America

Order Date: 05/07/2003
Required Date: 05/08/2003
Promise Date:
Due Date: 05/08/2003
Perform Date:
Pricing Date: 05/07/2003
Purchase Order:
Remarks:

Line Pricing: ☐
Manual:
Site: train
Channel:
Project:

Confirmed: ☒ 05/07/2003
Currency: USD
Taxable: ☐
Credit Terms In

Sales Order Maintenance

Order: S0010019 Sold-To: 100 Ln Format S/M:Single

Ln	Item Number	Qty Ordered	UM	List Price	Discount	Net Price
1	02-0010	100.0	EA	1.00	0.0	1.00

Desc: ERASER REFILL PACK
Loc: 200 Site: train
USD Cost: 0.2375
Lot/Serial:
Qty Allocated: 10.0
Qty Picked: 0.0
Qty Shipped: 0.0
Qty to Invoice: 0.0
Salesperson 1: 99
Commission 1: 10.00%

Sales Account: 3000 0100
Disc Acct: 3905 0100
Confirmed: ☒
Required: 05/08/2003
Promised:
Due Date: 05/08/2003
Perform Date: 05/08/2003
Pricing Date: 05/07/2003
Multiple: ☐
Category:

Credit Terms Int: 0.00
Ship Type:
UM Conversion: 1.0000
Consume Fcst: ☒
Detail Alloc: ☐
Taxable: ☐
Freight List:
Fixed Price: ☒
Comments:

Add Link

FIN05050

Figure 5-6

Tax Data

One Tax System

Global Tax Management is the one tax system in MFG/PRO. It offers the most precise tax calculations and the greatest flexibility when taxes are calculated for multiple countries. In the United States, GTM is a prerequisite for using the interface to the Vertex Quantam for Sales and Use Tax system.

Taxes

Tax in transactions are based on geographic locations. These geographic locations are Tax Zones.

Tax Zones

Tax zones are made up of geographical components -- countries, states, provinces, and counties. These geographic codes are also used when you set up addresses for customers, suppliers, and company sites.

GTM validates all the geographical codes. When an address record is set up, GTM selects the tax zone for the address. To calculate taxes on transactions, the system selects the tax environment for the transaction's ship-from and ship-to tax zones.

Tax Environments

Taxes on transactions vary based on the ship-from and ship-to tax zones. The tax environment in MFG/PRO defines which taxes apply to specific ship-from/ship-to tax zone combinations.

Tax zones are a prerequisite for tax environments.

Tax Rates

GTM uses tax rate records on transactions to calculate the tax amount for each tax type. The tax rate record also determines how taxes are reported in General Ledger.

Global Tax Management Training

Details of setting up and using Global Tax Management are not covered in this course. For more information, it is suggested you attend Global Tax Management training.

Note: An item is only taxable when the sales order header is taxable, sales order line is taxable, and item itself is taxable.

Tax Data (Continued)

? i 📄 ✕

Order: S0010019
Sold-To: 100
Bill To: 100
Ship-To: 100

Non-Taxable: 190.00
Taxable: 0.00
Tax Date:
Containers: 0.00
Line Charges: 0.00

Currency: USD

0.00%

FREIGHT
TAX-FREIGHT
SERVICE

Line Total: 175.00
Discount: 0.00

10

 :

15.00

11

 :

0.00

20

 :

0.00

Total Tax: 0.00
Total: 190.00

View/Edit Tax Detail: ☒

CR Initials:
Credit Card:
Action Status: HD
Revision: 0
EDI PO Ack: ☐

Print Sales Order: ☐
Print Pack List: ☒
Print Inv Hist: ☒
EDI Inv Hist: ☐
Partial OK: ☒

AR Acct: 1200
Prepaid: 0.00
FOB Point: Shipping Point
Ship Via:
BOL:

	Sales Order	Shipment/Invoice/Post
Tax Date	Date you specify in header, or order due date if left blank	Shipment effective date

FIN05060

Figure 5-7

GL Sites/Entities

Sales Order Maintenance			
Order: S0010013	Sold-To: 01000000	Bill To: 01000000	Ship-To: 01000000
Sold-To		Ship-To	
Colossal Conglomerates LTD Suite 1000 Colossal Building Colossal Industrial Park Evanston IL 090876 United States of America		Colossal Conglomerates LTD Suite 1000 Colossal Building Colossal Industrial Park Evanston IL 090876 United States of America	
Order Date: 06/04/2003	Line Pricing: ☒	Confirmed: ☒	Currency: USD
Required Date:	Site: 10000	Taxable: ☐	Language: US
Promise Date:	Channel:	Fixed Price:	Credit Term:
Due Date: 06/05/2003	Project:	Credit Terms Interest %:	Repic:
Perform Date:		Entered B:	
Pricing Date:			
Purchase Order:			
Remarks: All Shipments per corp contract A-009091			

Sales Order/Invoice

Header Site → AR Entity

Line Item Site(s) → Sales Entity

Sales Order Maintenance						
Order: S0010014	Sold-To: 01000000	Ln Format S/M: Single				
Ln	Item Number	Qty Ordered	UM	List Price	Discount	Net Price
1	02-0001	5.0	EA	230.00	1.3043	227.00
Desc: CONFIGURED DISPLAY Sales Account: 3000 0100 0100 Loc: 200 Site: TRAIN Disc Acct: 3905 0100 0100 USD Cost: 73.49504 Confirmed: ☒ Credit Terms Int: 0.00 Lot/Serial: Required: Ship Type: ☐ Qty Allocated: 0.0 Promised: UM Conversion: 1.0000 Qty Picked: 0.0 Due Date: 06/05/2003 Consume Fost: ☒ Qty Shipped: 0.0 Perform Date: Detail Alloc: ☐ Pricing Date: 06/04/2003 Taxable: ☐ Salesperson 1: 00000001 Multiple: ☒ Freight List: T01-NTAX Commission 1: 5.00% Category: Fixed Price: ☒ Comments: ☐						

FIN05070

Add Link

FIN05070

Figure 5-8

GL Sites/Entities

Site -> Entity

MFG/PRO assigns each sales shipping site (e.g., warehouse or distribution center) to an entity for financial and tax reporting (Figure 5-8).

**AR, Taxes,
Trailer -> Header
Site/Entity**

During Invoice Post, GL transactions for AR, sales taxes, and trailer charges are posted to the site (entity) identified in the order header.

**Sales/Disc Posted
to Line Item
Site/Entity**

However, you can ship individual line items from multiple sites associated with entities other than the one for the site in the order header. Therefore, sales and sales discounts are posted to the entity for the line item site.

**Intercompany at
Invoice Post**

Whenever line items are shipped from different sites assigned to different entities, MFG/PRO creates GL transactions during Invoice Post for the intercompany account specified in Accounts Receivable Control.

**If all AR, must be
same entity...**

Note: If your company requires all AR reporting to be done by the same entity, make sure that orders and invoices reference only sites linked to the same entity.

GL Accounts/Sub-Accounts/Cost Centers

Account	Determined By	Menu Functions
Accounts Receivable	Bill-to customer	Customer Maintenance
Sales, Sales Discount,	Item product line <i>or</i> Line item site/customer type/order channel	Product Line Maintenance and Cost of Goods Sold Sales Account Maintenance
Taxes	Customer ship-to address	Global Tax Management
Trailer Charges (Freight, Service, Etc.)	Default charges in Sales Order Control	Trailer Code Maintenance

FIN05080

Figure 5-9

GL Accounts/Sub-Accounts/Cost Centers

Define accounts, sub-accounts, cost centers.

In addition to being identified by entity and site, sales and AR transactions are always posted to specific GL accounts. Depending on how your company sets up its database, the system can also post transactions to sub-accounts and cost centers. In MFG/PRO, whenever you see an account field, you can usually designate a sub-account and cost center as well, although the latter two fields are not always labeled on the screen. The chart in Figure 5-9 summarizes the sources of GL accounts for sales transactions. If you use the wrong account on a transaction, there will be trouble later on.

AR

- **AR Account.** The AR account defaults from the customer bill-to address in the customer file. At Invoice Post, the AR account for the order/invoice is debited and the sales account for each item is credited.

Sales/Discounts

- **Sales and Sales Discount Accounts.** The GL accounts for sales and sales discounts default from the sales accounts if defined; otherwise, from the item product line. For non-inventory (memo) sales, the sales and discount accounts default from the sales account in System/Account Control.

Taxes

- **Taxes.** At Invoice Post, taxes are credited to the GL accounts specified in the Tax Rate Maintenance.

Trailer Charges

- **Trailer Charges.** Codes for trailer charges are set up in Trailer Code Maintenance. The default trailer codes for sales transactions are specified in Sales Order Control. At Invoice Post, the GL accounts for the trailer charges are credited.

Channel and Project

Sales Order Maintenance

Order: S0010021 Sold-To: 10010004 Bill To: 10010004 Ship-To: 10010004

Sold-To

GATEWAY HALLMARK
GATEWAY CENTER
709 BRIDGE STREET
SAN FRANCISCO CA 92838
United States of America

Ship-To

GATEWAY HALLMARK
GATEWAY CENTER
709 BRIDGE STREET
SAN FRANCISCO CA 92838
United States of America

Order Date: 05/07/2003 Line Pricing: ☒ Confirmed: ☒ Currency: USD Language: us
Required Date: Manual: Taxable: ☐ Fixed Price: ☒
Promise Date: Site: train Credit Terms Interest: Repric: Entered B:
Due Date: 05/08/2003 Channel: Auto Project: Exhibit
Perform Date: Pricing Date: Remarks: VERIFY CREDIT BEFORE SHIPPING
Purchase Order: Remarks: VERIFY CREDIT BEFORE SHIPPING

Sales Order Maintenance

Order: S0010021 Sold-To: 10010004 Ln Format S/M: Single

Ln	Item Number	Qty Ordered	UM	List Price	Account	Net Price
1	02-0001	10.0	EA	230.00	3.2609	3260.90

Desc: CONFIGURED DISPLAY Sales Account: 3000 0100 Exhibit
Loc: 200 Site: train Disc Acct: 3905 0100 Exhibit
USD Cost: 73.49504 Confirmed: ☒ Credit Terms Int: 0.00
Lot/Serial: Required: Ship Type: UM Conversion: 1.0000
Qty Allocated: 0.0 Promised: Consume Fcst: ☒
Qty Picked: 0.0 Due Date: 05/08/2003 Detail Alloc: Taxable: ☐
Qty Shipped: 0.0 Perform Date: Freight List: T01-NTAX
Qty to Invoice: 0.0 Pricing Date: 05/07/2003 Comments: ☐
Salesperson 1: NONE Multiple: ☐ Fixed Price: ☒
Commission 1: 0.00% Category: Add Link

FIN05090

Figure 5-10

Channel and Project

Channel and Project are two optional fields your company can use to further differentiate GL sales reporting (Figure 5-10).

Channel

- **Channel.** Identifies the distribution channel (e.g., wholesale, retail) through which the order originated. Channel is used to separate sales amounts by product line and site. In Sales Account Maintenance, you can specify GL accounts for sales, sales discounts, and cost of goods sold (used by Sales Order Shipments). To prevent entry of unauthorized channel codes on orders, you can set up standard codes in Generalized Codes Maintenance for the PROGRESS field so_channel.

Project

- **Project.** You can use Project to identify sales generated by specific company activities. The project in the order header displays as the default for line items but can be changed for individual lines. If a sales order is associated with a project, any GL transactions created for the order also reference the project code. Project codes are set up in Project Code Maintenance.

Sales/Sales Discount

- **Sales/Sales Discount Accounts.** During Invoice Post, the system credits sales and debits sales discounts. For non-inventory items, you may have to change these accounts.

Credit Management

Sales Order Maintenance

Order: S0010019 Sold-To: 100 Bill To: 100 Ship-To: 100

Sold-To		Ship-To	
California Sun Advertising 50 East Main Street Ventura CA 93001 United States of America		California Sun Advertising 50 East Main Street Ventura CA 93001 United States of America	

Order Date: 05/07/2003 Line Pricing: ☐ Confirmed: ☒ 05/07/2003
Required Date: 05/08/2003 Manual: Currency: USD
Promise Date: Site: train Taxable: ☐ Fixed Price
Due Date: 05/08/2003 Channel: Credit Terms
Perform Date: Project: Credit Terms Interest %
Pricing Date: 05/07/2003 Reprice
Purchase Order: Entered By
Remarks:

Sales Order Maintenance

Order: S0010019 Sold-To: 100 Bill To: 100 Ship-To: 100

Summary	
Non-Taxable: 190.00	Line Total: 175.00
Taxable: 0.00	Discount: 0.00
Tax Date:	FREIGHT 10 : 15.00
Containers: 0.00	TAX-FREIGHT 11 : 0.00
Line Charges: 0.00	SERVICE 20 : 0.00
	Total Tax: 0.00
	Total: 190.00

View/Edit Tax Detail: ☐

CR Initials: Print Sales Order: ☐ AR Acct: 1200
Credit Card: Print Pack List: ☒ Prepaid: 0.00
Action Status: HD Print Inv Hist: ☒ FOB Point: Shipping Point
Revision: 0 EDI Inv Hist: ☐ Ship Via:
EDI PO Ack: ☐ Partial OK: ☒ BOL:

Add Link

Sales Order placed on credit hold
Enter data or press PF4 to end.

Hold Orders Over Credit Limit = No

FIN05100

Figure 5-11

Credit Management

Control Shipments

In addition to making sure sales are entered correctly, AR wants to prevent orders from being taken or shipments being made to customers with bad credit.

Confirm orders separately.

One useful precaution is to set up the system so that orders are automatically created with a status of unconfirmed and then confirm them in a separate process—that way, orders will never be shipped before they are reviewed. The Confirmed Orders flag in Sales Order Control determines the default status of orders. Sales Order Confirmation is then used to confirm the orders prior to shipping.

Credit Limit and Credit Hold

In addition, during order entry, the system checks the Bill-to customer's Credit Limit and Credit Hold flags. If the customer is on hold or their open AR balance plus the new order total is over the credit limit, you will see the following message.

Warning: Customer Balance plus this order *balance amount*
Credit Limit: *credit limit amount*

Sales Order Control

What the system does next depends on a setting in Sales Order Control. You have the option of placing the order on hold manually, or the system can place it on hold for you.

Hold Orders = No

In Figure 5-11, Hold Orders Over Credit Limit is set to No. Although the warning is displayed, you can proceed with entering the order and the system does not place the order on hold. You can place a hold manually by entering any non-blank value (e.g., HD) in the Action Status field.

Credit Management (Continued)

Hold Orders Over Credit Limit = Yes

Sales Order Maintenance

Order: S0010019 Sold-To: 100 Bill To: 100 Ship-To: 100

Non-Taxable: 190.00 Currency: USD Line Total: 175.00
Taxable: 0.00 Discount: 0.00
Tax Date: FREIGHT 10 : 15.00
Containers: 0.00 TAX-FREIGHT 11 : 0.00
Line Charges: 0.00 SERVICE 20 : 0.00
View/Edit Tax Detail: ☐ Total Tax: 0.00
Total: 190.00

CR Initials: Print Sales Order: ☐ AR Acct: 1200
Credit Card: Print Pack List: ☒ Prepaid: 0.00
Action Status: HD Print Inv Hist: ☒ FOB Point: Shipping Point
Revision: 0 EDI Inv Hist: ☐ Ship Via:
EDI PO Ack: ☐ Partial OK: ☒ BOL:

Add Link

Sales Order placed on credit hold
Enter data or press PF4 to end.

FIN05110

Figure 5-12

Hold Orders = Yes

Figure 5-12 shows what happens if Hold Orders Over Credit Limit is Yes. The system displays a held order message and assigns an action status of HD.

Change held orders

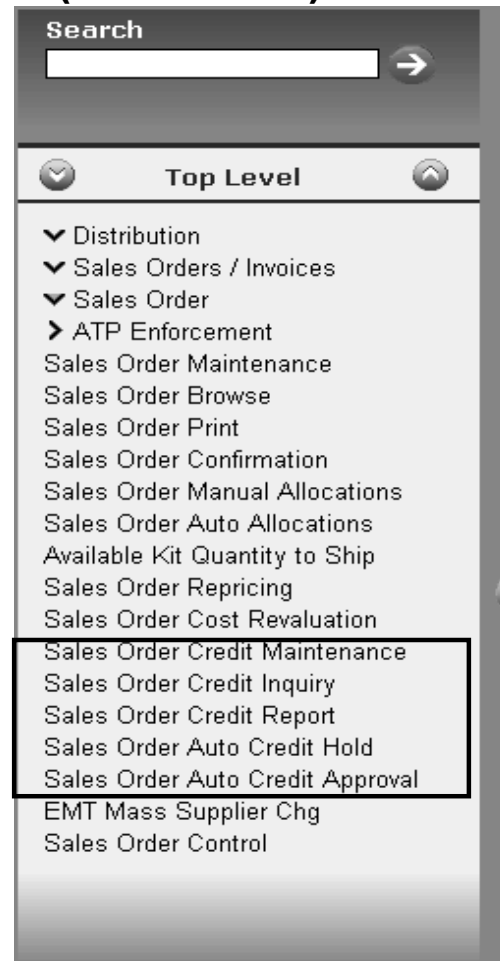
Once the sale is on hold, the order entry clerk cannot change the action status in the order or invoice. You must use one of the credit management functions to change the status.

Held orders not picked, but can be shipped manually, so be careful!

When you prepare sales orders for shipment, the system does not select orders on hold when you print packing lists. However, the system still lets you process individual shipments. To control this, you should establish a procedure to require a packing list as authorization for shipment. The system does not recheck against the customer's credit limit during the shipment transaction, but it does display a warning if the customer is on credit hold.

You can also use the Customer Credit Limit Update to increase or decrease customer credit limits based on a percentage or on the time elapsed since the last credit limit adjustment.

Credit Management (Continued)



FIN05111

Figure 5-13

**Selectively hold/
release orders.**

The credit management functions enable you to place sales on hold or remove them from hold selectively (Figure 5-13). You can select sales based on:

- Customer action status.
- Invoices past due by a specified number of days.
- Total open invoice amount.
- Total open invoice and order amount.

**Remove holds on
SOs whose credit
is good.**

Sales Order Automatic Credit Hold checks the open AR, all open sales orders, and AR open days by invoice. This should be run every night, followed by credit approval, to remove holds for sales orders whose credit is now good. Once removed from hold, sales orders are processed through the remainder of the shipping/invoicing cycle.

NEXT: Activity 5.1

Sales Order Shipments

?

i

⌂

×

Effective: 05/07/2003

Ship Picked:

ated:

☒ Sold-To: 100

Site:

☒ California Sun Advertising

Sales Order Line Items							
Ln	Item Number	T	Qty Alloc	Qty Picked	To Ship	Backorder	Site
1	02-0010		10.0	0.0	100.0	0.0	train
2	02-0020		100.0	0.0	100.0	0.0	train

Line: 1

Cancel B/O: ☐

Quantity: 100.0

Item Number: 02-0010

UM: EA

Description: ERASER REFILL PACK

Site: train

Loc: 200

?

i

⌂

Order: S0010019

Ship Allocated:

☒ Sold-To: 100

Site:

Effective: 05/07/2003

Ship Picked:

☒ California Sun Advertising

Non-Taxable: 190.00

Currency: USD

Line Total: 175.00

Taxable: 0.00

Discount: 0.00

Tax Date: 05/08/2003

FREIGHT 10 : 15.00

Containers: 0.00

TAX-FREIGHT 11 : 0.00

Line Charges: 0.00

SERVICE 20 : 0.00

Total Tax: 0.00

View/Edit Tax Detail: ☐

Total: 190.00

Ship Via:

Ship Date: 05/07/2003

BOL:

Remarks:

Invoice Number:

Ready to Invoice: ☒

Invoiced: ☐

Add L

Shipment
Creates
Pending
Invoice

FIN05120

Figure 5-14

Sales Order Shipments

SO Shipments

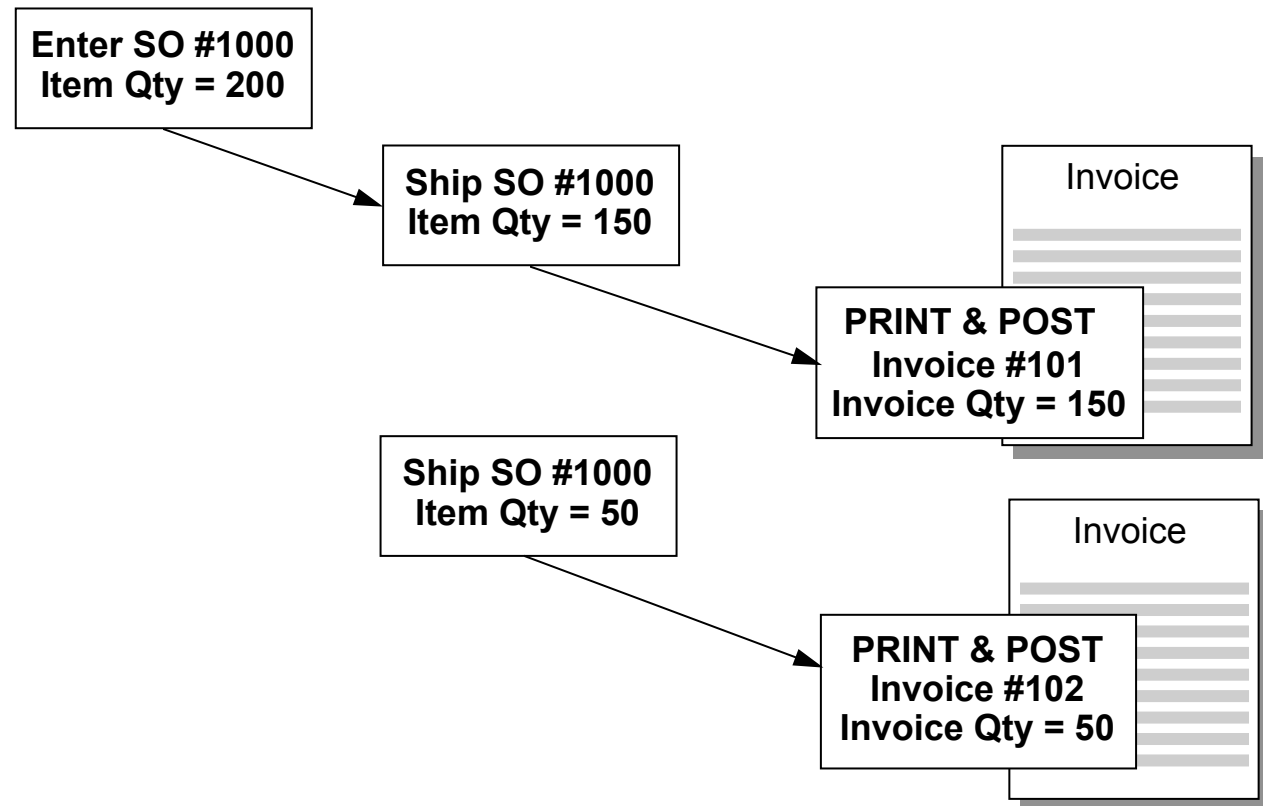
After the order is picked, a shipment transaction is recorded in Sales Order Shipments (Figure 5-14). This records the shipment, adjusts inventory, and flags the order as ready for invoicing. At this time, you can also enter add-on charges such as freight.

Shipping an order creates a pending invoice that shows all shipping information, but does not show the billed information. The invoice must be posted to Accounts Receivable before billing information appears on the customer's account.

Can be used for returns/credits.

In Lesson 6, we will cover how sales order shipments are sometimes used to process returns and credits. For now, be aware that sales orders must be shipped prior to invoicing.

Shipping/Invoicing Cycle



FIN05130

Figure 5-15

Shipping/Invoicing Cycle

Ship/Invoice Cycle

In MFG/PRO, the recommended shipping/invoicing procedure is to:

- Record the shipment for the sales order.
- Review and correct the order.
- Print and post the invoice.

Shipping and invoicing a SO with a backorder quantity.

If a sales order has a backorder quantity, you will probably invoice the first shipped quantity separately from the backorder quantity that will be shipped. You record and invoice the first shipment, then record and invoice the second shipment. In Figure 5-15, an invoice (#101) for a partial shipment is printed and posted. The sales order remains open with a backorder quantity. When the backorder quantity is shipped, a second invoice (#102) is printed and posted. You now have two invoices for the same order.

Correcting a Shipment Quantity

Correcting shipment quantity before printing the invoice.

If you must correct a shipment quantity, the procedure varies depending on where you are in the shipping/invoicing cycle. If you have not printed the invoice, simply change the quantity in Sales Order Shipments. The corrected quantity then shows up on the invoice.

Correcting after printing invoice but before posting.

If you have already printed the invoice but not posted it, you can still correct the quantity in Pending Invoice Maintenance. A warning message displays, alerting you to take action on the printed invoice. You can either destroy and reprint it, or reprint it but let the customer know that the reprinted invoice is a replacement of the original, not a duplicate.

Always reprint the invoice.

You must always reprint the invoice so the correct invoice quantities (and prices) are posted to Accounts Receivable. Before reprinting the invoice in Invoice Print, you must reset the Ready to Invoice flag to Yes and the Invoiced flag to No in Pending Invoice Maintenance.

Process correction as a credit.

If you have printed and posted the invoice, you would process the correction as a credit. We will cover credits in Lesson 6, since these also involve functions in the Accounts Receivable module.

Posting

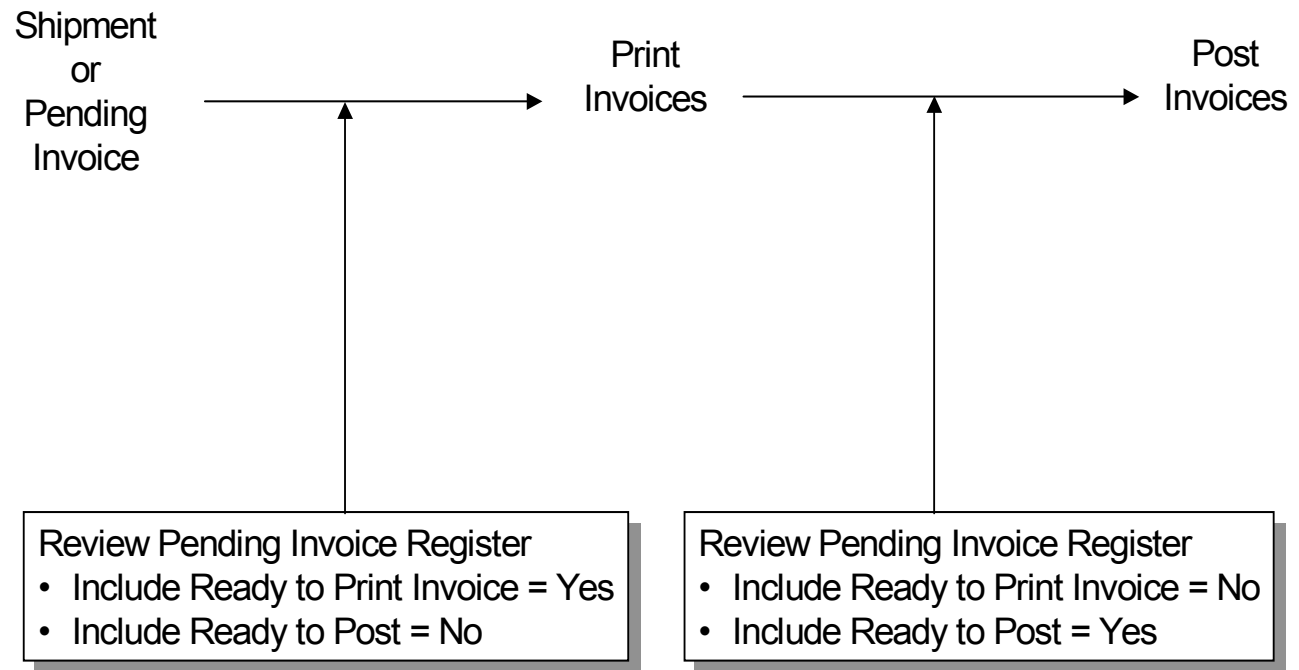
Post regularly, at least daily.

Since MFG/PRO allows multiple invoices for a single order, invoices should be posted regularly, at least daily. You should not make additional shipments for a sales order whose invoice has been printed but not posted. In Figure 5-15, if you had printed invoice #101 for quantity 150, but not posted it before printing the invoice for the other 50, you would end up with duplicate invoices. The first invoice would show a quantity of 150, and the second a quantity of 200.

Effective date usually set to ship date. Always reprint and invoice.

You will notice that all of the shipping/invoicing functions ask you to specify an effective date. Usually, you will set this to the ship date. To keep your audit trails consistent and to ensure that everything posts to the correct GL period, use the same effective date throughout the cycle. This is especially important at month-end.

Pending Invoice Review



FIN05140

Figure 5-16

Pending Invoices

Shipment creates pending invoice.

An order that has been shipped automatically creates a pending invoice that you can review and correct prior to posting. Usually you would review the Pending Invoice Register and make any necessary corrections to the invoices prior to printing them.

Fix quantity in Sales Order Shipments, rather than Pending Invoice Maintenance

Note: Prior to posting, you can make most corrections in Pending Invoice Maintenance. However, we recommend that you make changes to invoiced quantities in Sales Order Shipments rather than Pending Invoice Maintenance, because these changes affect inventory balances.

Use Pending Invoice Maintenance for over-the-counter sales and special charges/credits.

You can also use Pending Invoice Maintenance to record over-the-counter sales and special charges or credits. This records the order, ships it, and flags it for invoicing all in one step.

The Pending Invoice Register can be used to review invoices before and after they are printed. To select invoices before they are printed, Include Ready to Print Invoices must be Yes and Include Ready to Post No. To select invoices after they are printed but before they are posted, the settings are reversed (as in Figure 5-16).

Invoice Print

Invoice Print

Sales Order: S0010019
Ship Date:
Sold-To:
Bill To:
Language ID:

To: S0010019
To:
To:
To:
To:

Invoice Date: 05/07/2003
Print Only Lines to Invoice: ☐
Print Lot/Serial Numbers Shipped: ☐
Print Features and Options: ☐
Consolidate Invoices: ☐
Company Address: 10000000
Form Code: 1
Discount Detail: None
Discount Summary: None

Include Debit Invoices: ☒
Include Credit Invoices: ☒
Print Call Invoice Detail: ☐

Message:

Invoice #00-10004

Pending Invoice Maintenance

Order: S0010019 Sold-To: 100 Bill To: 100 Ship-To: 100

Non-Taxable: 190.00	Currency: USD	Line Total: 175.00
Taxable: 0.00	0.00%	Discount: 0.00
Tax Date: 05/07/2003	FREIGHT 10	: 15.00
Containers: 0.00	TAX-FREIGHT 11	: 0.00
Line Charges: 0.00	SERVICE 20	: 0.00
		Total Tax: 0.00
		Total: 190.00

View/Edit Tax Detail: ☐

CR Initials: qad
Credit Card:
Action Status:
Revision: 0
FOB Point: Shipping Point

Invoice Number: 00-10004
Ready to Invoice: ☒
Invoiced: ☒
Prepaid: 0.00
AR Account: 1200

Print Sales Order: ☐
Print Pack List: ☒

Add Link

WARNING: Customer balance plus this order 190.00.
Credit limit 50.00

FIN05150

Figure 5-17

Invoice Print

Invoice Print
Invoiced = Yes
Ready to
Invoice = No

Invoices are printed in Invoice Print. Once printed, the system flags the pending invoice as invoiced and assigns the Next Invoice number from Sales Order Control. To prevent duplicates, it also resets the Ready to Invoice flag to No (Figure 5-17).

Consolidating Invoices from Multiple Sales Orders

By setting Consolidate Invoices to Yes, you can include multiple sales orders on the same invoice. You can also restrict sales order consolidation to specific customer ranges. Sales orders can be consolidated if all of the following are identical:

- Sold-to addresses
- Bill-to addresses
- Currencies
- Financial terms
- Trailer codes
- Tax environments
- Sales entities
- Salespersons

If the system finds sales orders that can be combined, it will print those lines on the invoice with a short summary of shipment information. After invoices are printed, the system updates each sales order with the same invoice number.

Reprinting Unposted Invoices

To reprint a printed invoice before it is been posted, reset Ready to Invoice to Yes and Invoiced to No in Pending Invoice Maintenance; then reprint the invoice using Invoice Print.

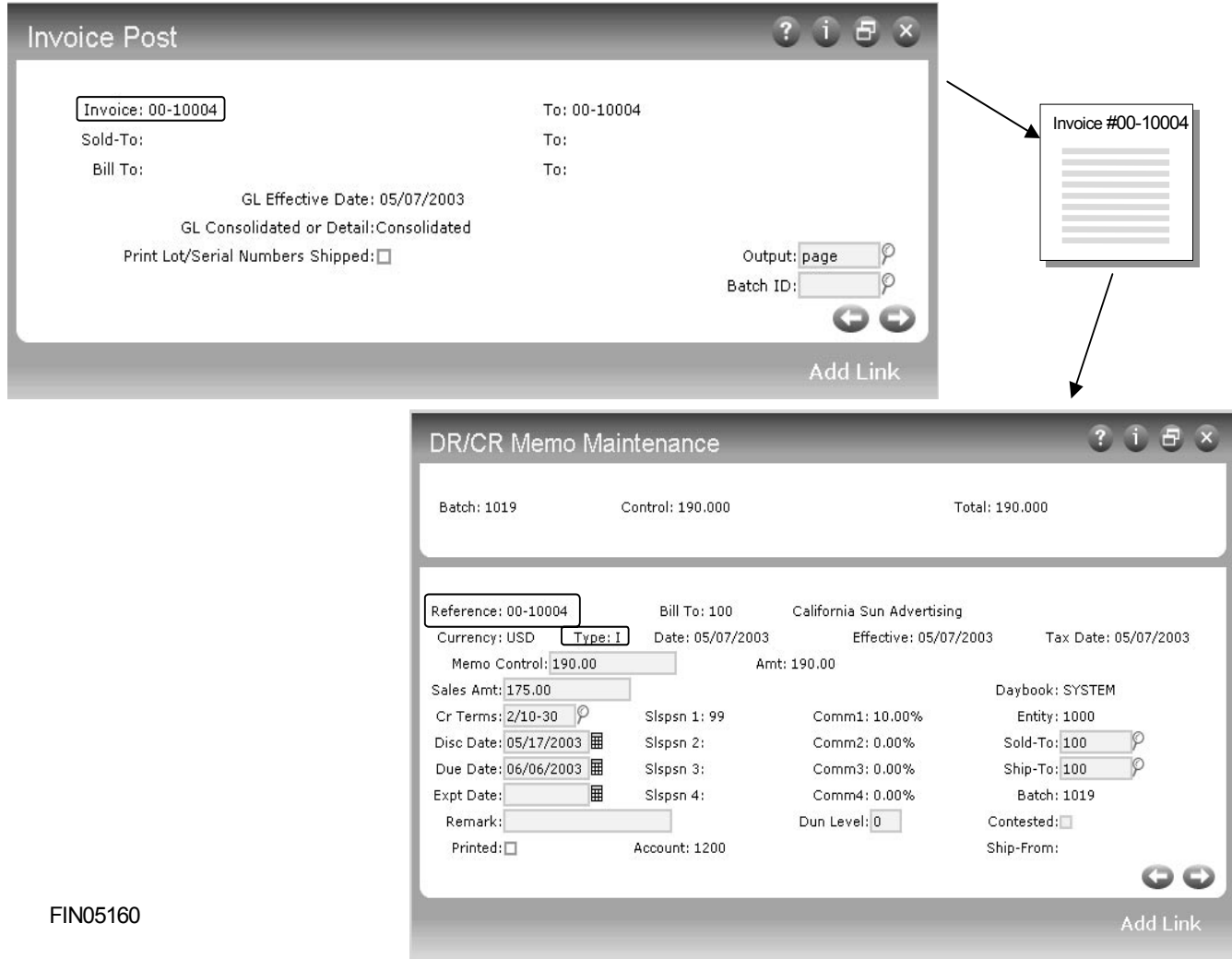
Reprinting Posted Invoices

To reprint an invoice after it has been posted, use Closed Invoice Reprint to reprint the invoice. However, to do this, your database must still have the invoice history. Keep Invoice History in Sales Order Control must be set to Yes.

Printing Debit and Credit Invoices Separately

While printing debit and credit invoices, you can choose to include only debit invoices, only credit invoices, or both. This allows you to use different forms for each invoice type.

Invoice Post to Accounts Receivable



Invoice Post

Invoice: 00-10004

Sold-To:

Bill To:

To: 00-10004

To:

To:

GL Effective Date: 05/07/2003

GL Consolidated or Detail: Consolidated

Print Lot/Serial Numbers Shipped: ☐

Output: page

Batch ID:

← →

Add Link

Invoice #00-10004

DR/CR Memo Maintenance

Batch: 1019 Control: 190.000 Total: 190.000

Reference: 00-10004

Bill To: 100 California Sun Advertising

Currency: USD Type: I Date: 05/07/2003 Effective: 05/07/2003 Tax Date: 05/07/2003

Memo Control: 190.00 Amt: 190.00

Sales Amt: 175.00

Cr Terms: 2/10-30 Slspn 1: 99 Comm1: 10.00% Entity: 1000

Disc Date: 05/17/2003 Slspn 2: Comm2: 0.00% Sold-To: 100

Due Date: 06/06/2003 Slspn 3: Comm3: 0.00% Ship-To: 100

Expt Date: Slspn 4: Comm4: 0.00% Batch: 1019

Remark: Dun Level: 0 Contested: ☐

Printed: ☐ Account: 1200 Ship-From:

← →

Add Link

FIN05160

Figure 5-18

Invoice Post to Accounts Receivable

Invoice Post to AR

Invoice Post transfers invoice information to Accounts Receivable. If Sales Order Control is set up to do so, Invoice Post also updates invoice history and sales analysis records (Figure 5-18).

SO Deleted by Post

Sales orders are automatically deleted when the invoices are posted to AR. Use the Invoice History Browse to review all invoiced sales orders.

DR/CR memo has same number as invoice.

For each invoice, the post creates a debit/credit (DR/CR) memo with the same number as the invoice. This DR/CR memo contains all the invoice information needed for AR processing, such as the sales amount, credit terms, transaction currency, and payment due date. The DR/CR memo Reference field is set to the invoice number and the DR/CR memo Type field is set to Invoice.

Integrate to AR required.

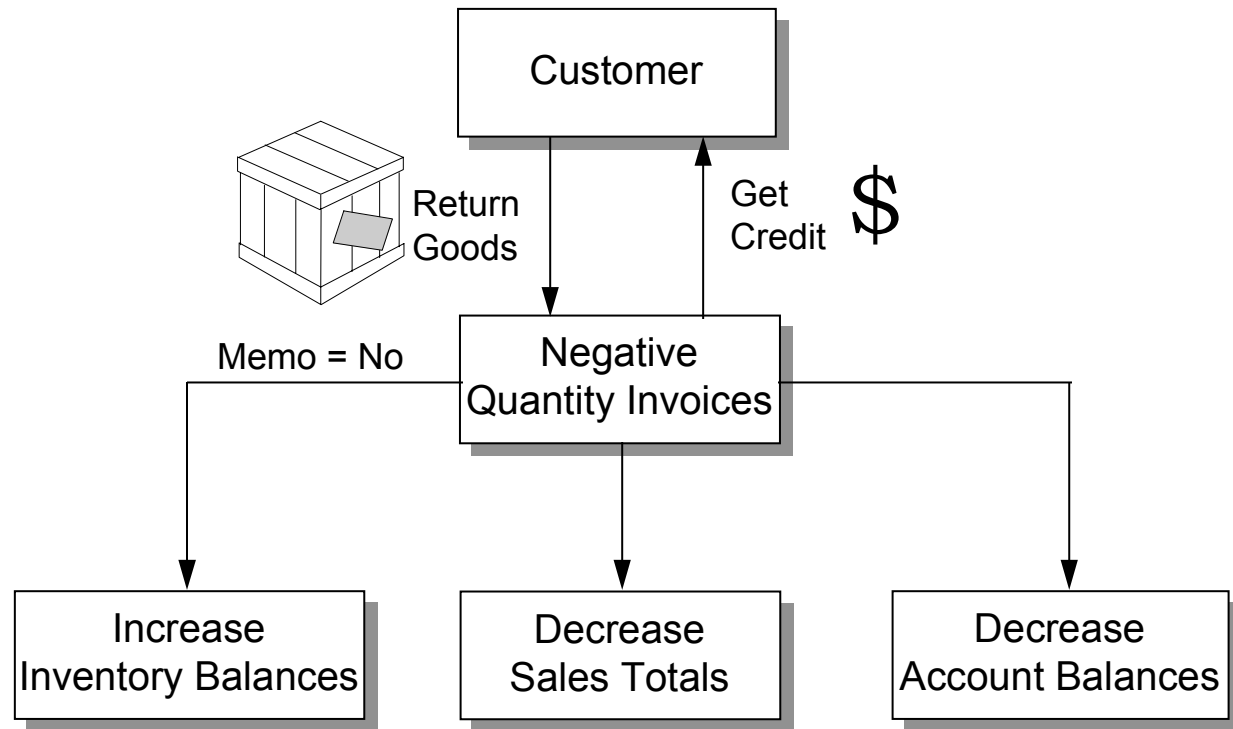
Note: To post invoices to Accounts Receivable, Integrate with AR in Sales Order Control must be set to Yes.

More in next lesson

In Lesson 6, we will cover DR/CR memos in more detail.

NEXT: Activity 5.2

Sales Order Returns and Credits



FIN05170

Figure 5-19

Sales Order Returns and Credits

Inventory vs. Non-Inventory

There are two kinds of inventory returns and sales credits: inventory and non-inventory.

Inventory Returns/Credits

Returns and Credits (Inventory)

When a customer returns items (or if the customer was invoiced for the incorrect item quantities), you need to update inventory and sales history and generate a credit invoice. In MFG/PRO, changes that affect inventory are always handled in the Sales Orders/Invoices module, the Inventory module, or the Field Service module, not in Accounts Receivable. The recommended procedure is to:

1. Negative SO

- Enter a sales order with a negative order quantity. For example, if the customer returned 25 items, enter a line item quantity of -25. Make sure you enter all of the same information as on the original order, including the site, salesperson, commission, price, discount, and taxable status. If the customer wants you to ship replacement items, enter a second line item with a positive quantity.

2. Negative Shipment

- Process a negative shipment. Once returned items have been inspected and approved, you process a shipment for the negative quantity. This returns the items into the inventory location and creates a negative pending invoice that gets posted to AR.

3. Print/Post Invoice

- Print and post the invoice. This creates a credit memo that can be sent to the customer and decreases the customer's open AR balance. It also updates sales analysis and commission history to reflect the return, and creates the correct GL entries.

Return/Credit (Inventory)

The screenshot shows the 'Sales Order Maintenance' window with the following details:

Order: CR100 Sold-To: 1005000 Bill To: 1005000 Ship-To: 1005000

Non-Taxable: -4.95 Currency: USD Line Total: - 5.00
Taxable: 0.00 1.00% Discount: 0.05
Tax Date: FREIGHT 10 : 0.00
Containers: 0.00 TAX-FREIGHT 11 : 0.00
Line Charges: 0.00 SERVICE 20 : 0.00
Total Tax: 0.00
Total: - 4.95

CR Initials: Print Sales Order: ☐ AR Acct: 1200
Credit Card: Print Pack List: ☒ Prepaid: 0.00
Action Status: Print Inv Hist: ☒ FOB Point: Shipping Point
Revision: 0 EDI Inv Hist: ☐ Ship Via: GROUND
EDI PO Ack: ☐ Partial OK: ☒ BOL:

View/Edit Tax Detail: ☐

Add Link

****CREDIT****

****C R E D I T****

FIN05180

Figure 5-20

Be careful if using pending invoices.

Note: There is a shortcut for processing returns. You could enter a pending invoice directly, using Pending Invoice Maintenance with a negative quantity to invoice. This will record the sale (return), update inventory, and create a credit invoice. Since this updates inventory, be sure to enter the correct site and location.

Field Service Returns

On field service returns, the return is initially recorded in the Field Service module using RMA Maintenance rather than in Sales Orders/Invoices. If you set the Ship RMA option to Yes, the system automatically creates a negative pending invoice for the returned quantity. You must use the Field Service module to change an RMA pending invoice. However, you can view it in the Pending Invoice Register.

Return/Credit (Memo)

Item 22-100
Invoice Qty = 10
List Price = 5.00
Net Price = 4.50

Order Maintenance

Order: CR100 Sold-To: 1005000 Ln Format S/M:Multi

Ln	Item Number	Qty Ordered	UM	List Price	Discount	Net Price
1	22-100	-10.0	EA	5.00	0.0	5.00
2	22-100	10.0	EA	4.50	0.0	4.50
3		0.0		0.00	0.0	0.00

Add Link

Negative Line for
Original Qty/Price

Positive Line for
New Qty/Price

Type M
(memo)

FIN05190

Figure 5-21

Returns and Credits (Memo)

Non-Inventory (memo) Returns and Credits

Credit invoices are issued for reasons other than inventory returns. These corrections are recorded as type Memo items in Pending Invoice Maintenance to ensure that they do not affect inventory (Figure 5-21).

1. Pricing

- **Pricing.** Since pricing corrections should be reflected in sales and commission history, you need to enter two line items: one with the original invoice quantity entered as a negative quantity and the original price, and the second line with a positive quantity and the correct price. The resulting invoice will be for the amount of the difference, whether it is a debit or credit.

2. Sales Taxes

- **Sales Taxes.** If sales taxes are charged (or not charged) in error, the same procedure is used to correct this problem: Enter all the original information with negative quantities, then again with positive quantities and the correct taxable flag. Be very careful to enter all of the information exactly the same and set the type to Memo. When the invoice is posted, it will update your sales tax journal correctly.

3. Trailer Charges

- **Trailer Charges.** Sometimes the change will not affect the line items—for example, if you charged a trailer amount such as freight incorrectly. You can simply enter an invoice with no line items and a negative trailer amount.

**Credits can be
entered in AR if no
printed copy needed.**

Any other credits, for which you do not need to print a credit invoice and don't effect inventory, can be entered directly into the Accounts Receivable module using DR/CR Memo Maintenance.

Lesson 6:Debit/Credit Memos

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN06010

Figure 6-1

Lesson 6: Debit/Credit Memos

Match payments to invoices, returns, collections.

Accounts receivable is responsible for processing customer payments (checks, wire transfers, drafts) against invoices, updating account balances for deposits, returns, and debits/credits; and identifying overdue balances and taking action to encourage or enforce payment.

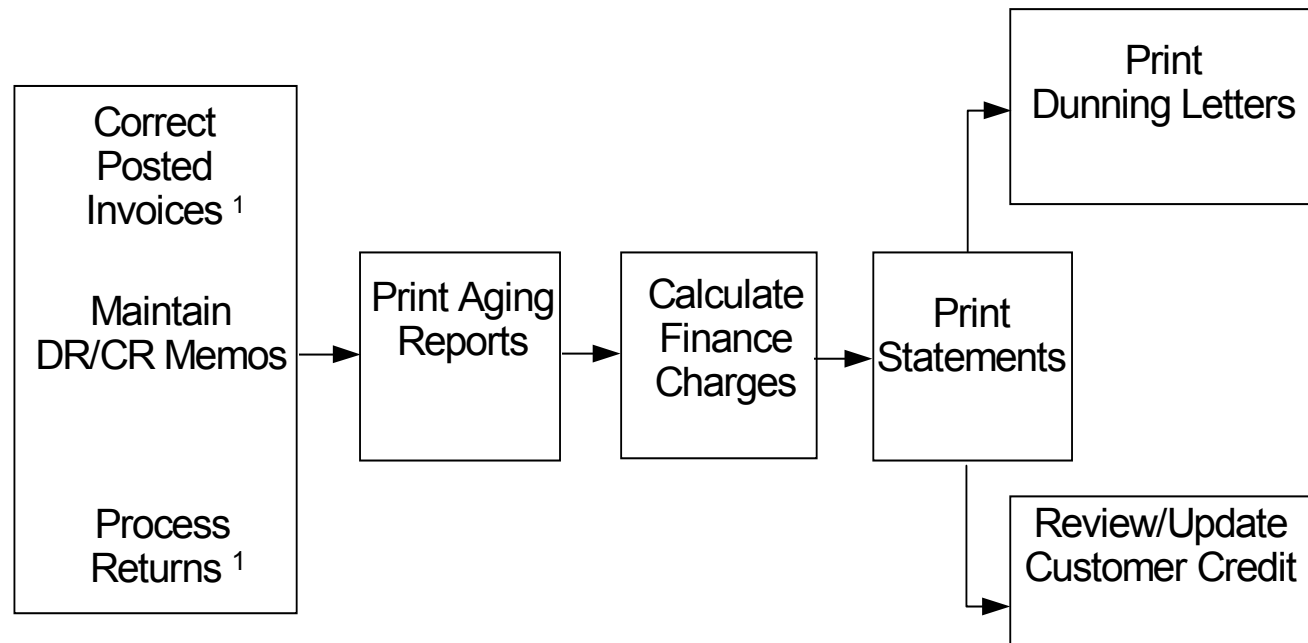
Cash Tied Up in AR Extending Credit

Most companies have a lot of cash tied up in receivables, so it is important to see that customers pay invoices promptly. Timeliness in recording payments is important, because the sales department uses customer account balances to determine whether to extend credit on future sales.

AR Source of Cash Current Asset on BS

Receivables appear on cash flow reports as sources of cash. They also appear as a current asset on the company balance sheet.

Customer Account Processing



¹ Menu functions vary.

FIN06020

Figure 6-2

Customer Account Processing

Figure 6-2 shows the activities involved in maintaining customer accounts. Most of these take place in Accounts Receivable, but corrections and returns also require the functions you just saw in Sales Orders/Invoices. We will cover all of these in detail in this lesson.

Changing Posted Invoices

DR/CR Memo Maintenance [?] [i] [x]

Batch: 1004 Control: 188.750 Total: 188.750

Reference: 00-10000 Bill To: 100 California Sun Advertising Effective: 05/14/2003 Tax Date: 05/14/2003

Currency: USD Type: I Date: 05/14/2003 Amt: 188.75

Memo Control: 188.75

Sales Amt: 175.00

Cr Terms: 2/10-30 Slspn 1: 99 Comm1: 99.00% Daybook: SYSTEM

Disc Date: 05/24/2003 Slspn 2: Comm2: 0.00% Entity: 1000

Due Date: 06/13/2003 Slspn 3: Comm3: 0.00% Sold-To: 100

Expt Date: Slspn 4: Comm4: 0.00% Ship-To: 100

Remark: Account: 1200 Dun Level: 0 Batch: 1004

Printed: ☐ Contested: ☐ Ship-From:

← → Add Link

Changes OK Should Not Change

The diagram illustrates the editability of various fields in the 'DR/CR Memo Maintenance' window. Arrows from the 'Changes OK' box point to the following fields: 'Sales Amt: 175.00', 'Cr Terms: 2/10-30', 'Disc Date: 05/24/2003', 'Due Date: 06/13/2003', 'Expt Date', 'Remark', and 'Printed'. Arrows from the 'Should Not Change' box point to the following fields: 'Reference: 00-10000', 'Bill To: 100', 'California Sun Advertising', 'Effective: 05/14/2003', 'Tax Date: 05/14/2003', 'Currency: USD', 'Type: I', 'Date: 05/14/2003', 'Amt: 188.75', 'Memo Control: 188.75', 'Slspn 1: 99', 'Slspn 2', 'Slspn 3', 'Slspn 4', 'Comm1: 99.00%', 'Comm2: 0.00%', 'Comm3: 0.00%', 'Comm4: 0.00%', 'Dun Level: 0', 'Daybook: SYSTEM', 'Entity: 1000', 'Sold-To: 100', 'Ship-To: 100', 'Batch: 1004', 'Contested: []', and 'Ship-From'.

FIN06030

Figure 6-3

Changing Posted Invoices

Changes to dates OK.

In DR/CR Memo Maintenance, you can modify selected fields on an invoice after it has been posted to Accounts Receivable. Sometimes this makes sense if you do not have to produce a printed document for the customer (e.g., if you are changing the terms, discount, or due dates). MFG/PRO does not recalculate dates until you clear out existing dates by pressing Shift +? in the field.

Do not change salesperson/sales amt/commission, bill-to

If you change the salesperson, commission, and sales amount, the changes are reflected in the salesperson commission reports, but not in the Sales Analysis reports. The same applies for changes to the bill-to address code.

Contested Invoices

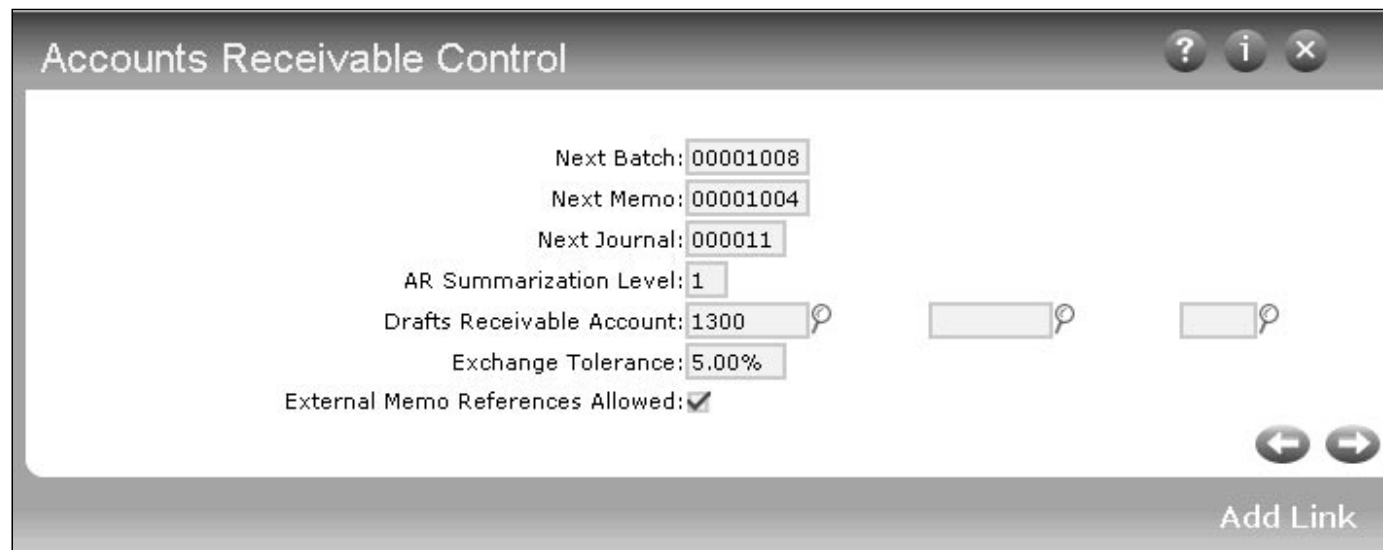
One item you may want to change is the Contested flag. When a customer disagrees with an invoice, you can flag it as contested so that it will not be included in the Finance Charge Calculation. The Deduct Contested option appears on several reports, including the agings. The DR/CR Memo Report has a Show Contested Only option.

GL distribution cannot be changed.

The system does not allow you to change GL distribution lines on memos for posted invoices.

NEXT: Activity 6.1

Accounts Receivable Control



The image shows a software window titled "Accounts Receivable Control". The window has a title bar with a question mark, an information icon, and a close button. The main area contains several input fields and a checkbox. The fields are: "Next Batch:" with value "00001008", "Next Memo:" with value "00001004", "Next Journal:" with value "000011", "AR Summarization Level:" with value "1", "Drafts Receivable Account:" with value "1300", and "Exchange Tolerance:" with value "5.00%". There are also three empty input fields to the right of the "Drafts Receivable Account:" field. The checkbox "External Memo References Allowed:" is checked. At the bottom right, there are two arrow buttons and a button labeled "Add Link".

Next Batch:	00001008		
Next Memo:	00001004		
Next Journal:	000011		
AR Summarization Level:	1		
Drafts Receivable Account:	1300		
Exchange Tolerance:	5.00%		
External Memo References Allowed:	☒		

← → Add Link

FIN06040

Figure 6-4

Accounts Receivable Control

Accounts Receivable Control provides default information for AR invoicing and payment processing functions (Figure 6-4). The control program should be initialized before you begin to use AR functions. In most instances, you can override the control program values during transaction entry.

Next Batch

- **Next Batch.** Each group of invoices, memos, finance charges, and payments created at the same time is automatically assigned a batch number. You can use the batch number to select groups of transactions to appear on reports. You do not have to know the batch number to modify a transaction—you can simply leave the batch number blank.

Next Memo

- **Next Memo.** All AR documents have a reference number. This is the number used when modifying a transaction.

Next Journal

- **Next Journal.** General ledger journal entries are created automatically by AR activity. The GL reference number will begin with AR and be followed by the system date and the next journal number.

AR Summarization Level

- **AR Summarization.** Determines the level of detailed information for AR transactions. Level 1 created detailed transactions by entity, account, sub-account, cost center, and project, with one distribution line for each AR transaction. Level 2 creates AR transactions summarized by batch, account, sub-account, cost center, and project. Level 3 creates detailed individual AR transactions with separate GL references for each document.

IDrafts Receivable Acct

- **Drafts Receivable Account.** Enter the default account you want to use with the Draft Approval function. Once a draft is approved, the draft amount is debited to the drafts receivable account and AR is credited.

Exchange Tolerance

- **Exchange Tolerance.** Used only if you are processing AR in multiple currencies. Used as a control when you accept payments in your base currency for foreign currency invoices or memos. The system will not allow an exchange rate that differs from the rate set in 26.1 by more than the percentage set here.

External Memo Reference

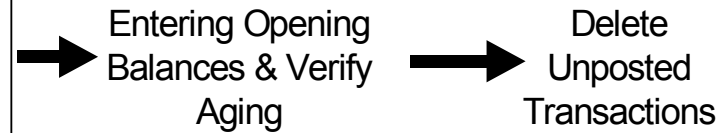
- **External Memo References Allowed.** Determines the numbering system and level of user flexibility in entering DR/CR memo numbers. Yes allows you to manually enter DR/CR memo

numbers in DR/CR Memo Maintenance. No improves security by preventing manual entries; MFG/PRO generates continuous DR/CR memo numbers by incrementing the Next Memo number.

AR Implementation

Enter/Verify

- System/Account Control File
- Tax Environments & Rates
- Credit Terms
- Customers & Ship Tos
- Company Address
- Currencies & Exchange Rates
- Banks
- Control Files



FIN06050

Figure 6-5

Accounts Receivable Implementation

Start-Up Flow

We have seen how Sales and Accounts Receivable functions interrelate and how to apply cash against AR and record miscellaneous charges through DR/CR maintenance. The other use of DR/CR memos, as we mentioned earlier, is to record your opening customer balances into the system. We will review the process you should go through when first beginning to use AR functions.

Check/Enter Basic Data

As shown in the above figure, the starting point for AR is to set up and verify the basic information in the system. This includes checking System/Account Control to ensure that the correct account defaults are set up; verifying tax codes and rates, checking credit terms, entering your company shipping addresses and supplier addresses, setting up banks, and initializing control program values. We have discussed each of these steps already.

Once this is done, the implementation process should include the following steps:

1. Print an AR aging report from your existing system.
2. In DR/CR Maintenance, record open invoices and credits in detail or just enter open balances by period. Enter the invoice number from your existing system as the memo number. Make sure you enter correct invoice dates and terms.
3. Print and verify customer balances using MFG/PRO's AR aging reports. Make any corrections.
4. Delete the unposted GL-AR transactions using Delete Unposted Transactions. (These were already recorded in your general ledger when you entered the AR account balances.)

DR/CR Memos

Miscellaneous
Adjustments to
Customer
Balances

Opening AR
Balances

DR/CR Memo Maintenance ? i x

Batch: 1005 Control: 12,550.000 Total: 12,550.000

Reference: 351 Bill To: 1004000 WORLDWIDE BUSINESS SUPPL
Currency: USD Type: M Date: 03/14/2003 Effective: 03/14/2003 Tax Date: 03/14/2003
Memo Control: 5,500.00 Amt: 5,500.00
Sales Amt: 5,500.00 Daybook: D/C Memc
Cr Terms: 30 Slpsn 1: 99 Comm1: 5.00% Entity: 1000
Disc Date: 03/14/2003 Slpsn 2: Comm2: 0.00% Sold-To: 1004000
Due Date: 04/13/2003 Slpsn 3: Comm3: 0.00% Ship-To: 1004000
Expt Date: Slpsn 4: Comm4: 0.00% Batch: 1005
Remark: Dun Level: 0 Contested: ☐
Printed: ☐ Account: 1200 Ship-From: train

Account: 3000 0100 Tax: N
Entity: 1000 Description: SALES
Tax Class: Amount: 5,500.00

← →

Add Link

FIN06070

Figure 6-6

DR/CR Memos

System creates memos for invoices, drafts, finance charges, payments.

DR/CR memos are transactions that MFG/PRO uses to update customer balances. MFG/PRO automatically creates memos whenever you post invoices from the Sales Orders/Invoices module, create a draft, calculate finance charges, or apply unapplied payments. All of these are stored in the same file, and all of the DR/CR memo amounts combine to determine the customer's balance.

You will not have to use debit/credit memos most of the time. The main reasons you would ever use DR/CR Memo Maintenance are to:

Fix invoices.

- Change information on a posted invoice.

Record bad debts, rebates, qty discounts.

- Record certain miscellaneous adjustments to customer balances such as bad debts, advertising allowances, rebates, or total quantity discounts earned when a document does not need to be sent to the customer.

Opening Balances

- Enter your customer opening balances during system implementation.

Print Memos.

You can print DR/CR memos using DR/CR Memo Print.

Do not use for changes that affect inventory, sales history, or commissions.

Note: Remember, DR/CR memos should not be used to record corrections or adjustments that affect inventory, sales history, or commissions. Do not change salesperson commissions, sales amounts, or ship-to addresses, since these changes will be reflected in salesperson commission reports but not in sales analysis or shipment transaction reports.

Batch ID

- **Batch ID.** Identifies a group of transactions entered at the same time. Can be used to select groups of transactions to appear on reports. The batch ID displays when you enter the transaction reference number. When modifying a transaction, you do not have to enter its batch ID, but you must know the memo reference number. The batch ID defaults from the Next Batch number in Accounts Receivable Control. You can use the AR Batch Report to review transactions by batch.

Control Totals

- **Control Totals.** The total debit amount of all entries, regardless of currency. (If two amounts are entered, one for 100 USD and another for 24 FFR, the control total is 124.) There are two control totals: one for the batch, and another for individual memos. Both are optional, but they do ensure that a warning displays when actual totals do not equal the control totals. You can use the AR Balance Report to review unbalanced (as well as balanced or unused) batches. Note that control totals have no financial impact—they are used only to verify data entry.

Reference

- **Reference.** Identifies a specific DR/CR memo. On memos for posted invoices, Reference is the invoice number. If left blank, it defaults from the Next Memo number in Accounts Receivable Control. You can manually specify a reference number if External Memo References Allowed is Yes in Accounts Receivable Control. You may want to designate ranges of reference numbers to identify specific types of transactions. MFG/PRO will display an error if duplicate numbers are entered.

**Bill-To/Sold-To/
Ship-To**

- **Bill-To/Sold-To/Ship-To.** When the customer bill-to address is set to Yes (i.e., customer is taxable), the customer ship-to address is used for calculating taxes. The sold-to and ship-to default from the sales order invoice, if one exists.

Currency

- **Currency.** Defaults to the customer's payment currency. On foreign currency, for new memos, it defaults to the rate for transaction effective date and on memos for invoices, it is the rate for the invoice post date.

Memo Date

- **Memo Date.** Date associated with the transaction. On an invoice, this is the date the invoice was posted. On a memo or draft, this is the date these transactions were created. This date is used in conjunction with the credit terms code to calculate payment discount and due dates if these fields are left blank. The AR Aging by Invoice Date also uses this date to calculate aged amounts.

Effective Date

- **Effective Date.** Memos create GL transactions that affect AR, taxes, sales, cash, and other accounts. The effective date determines when these GL transactions are included in the balances for these accounts. Usually, you should leave this set to the system date; however, in some situations, you may want to change it. (For example, if your accounting period ended on Friday but you did not finish entering that period's transactions, you can enter them on Monday, back-dating the effective date to Friday.) You can select most reports for a range of effective dates. MFG/PRO verifies that the date you enter is in an open GL calendar period if the Verify GL Accounts flag is set to Yes in System/Account Control.

Tax Date

- **Tax Date.** Determines which tax rate to apply. If left blank, it defaults to the effective date. When processing a credit, change the tax date to the date of the original sale.

Enter sales orders returns through the SO module first.

Note: If you are processing a credit for a sale that was originally taxable (i.e., you are reversing tax liability as well as sales liability), you must enter the return through the Sales Order module first. Only the Sales Order module posts to the U.S. Sales Tax files.

Sales Amount

- **Sales Amount.** Amount used to calculate salesperson commissions (normally, the transaction total less any noncommissioned charges such as freight or taxes). As noted earlier, memos update commission reports but not sales analysis history; for this reason, you normally enter sales invoices and credits in the Sales Orders/Invoices module. This amount is also used when the customer terms are discountable. This is the amount that the customer can take a discount on.

Credit Terms

- **Credit Terms.** Used in conjunction with the memo date to calculate payment discount and due dates (if these fields are left blank). If no credit terms are entered, you must manually enter the discount/due dates; otherwise, they will default to today's date.

Discount Date

- **Discount Date.** When you process payments, MFG/PRO calculates and displays any payment discount amount for which the customer qualifies.

Due Date

- **Due Date.** The due date prints on customer statements and other AR documents. The AR Aging by Due Date uses this date to calculate aged amounts. Other reports offer selections based on due date. When payments or drafts are recorded, the due date is compared to the payment date when calculating average days paid late. This is useful for determining a customer's credit worthiness.

Expect Date	• Expect Date. Date you expect to receive payment from the customer (or the date you expect the customer to honor a draft). This date is used on the Cash Flow Projection Report in the Cash Management module to project incoming cash based on firm commitments or known customer payment patterns. (Some customers have a pattern of consistently taking discounts, paying 30 days late, etc.)
Remark	• Remark. General remarks pertaining to the transaction. On posted invoices, this field displays the customer PO number. The text here automatically appears as the GL journal entry description for every account on this screen. Remarks also print on most reports. You can also use any customer PO numbers recorded in this field to select information on some reports and inquiries.
Salesperson Commission	• Salesperson/Commission. Remember, on posted invoices, these should not be changed because sales analysis reporting will not show the changes.
Account	• Account. The GL accounts receivable account/sub-account and cost center affected by memos for this customer. Defaults from the customer bill-to address; if no bill-to address is specified, the account for the sold-to address is used Customer Maintenance. GL allocation codes can also be entered in the Account field.
Entity	• Entity. The entity for which accounts receivable is updated. Defaults to the entity for the site specified in the sales order header.
Contested	• Contested. Indicates whether the customer disputes the memo amount. You can selectively exclude contested memos from some aging reports. Finance charges are not calculated on contested memos. You do not have to change the Contested flag to process a customer payment.
Account/Description	• Account/Description. You can use the Account field to reference GL accounts, account/sub-account combinations, or allocation codes. The description appears on the GL journal entry for the distribution line.
Entity	• Entity. On individual distribution lines, you can designate different entities than the AR entity that receives the payment. On memos with multiple entities, MFG/PRO creates balancing transactions for the intercompany account specified in Accounts Receivable Control.

Sub-Account, Cost Center/Project

- **Sub-Account, Cost Center/Project.** All are optional that can be used in your company.

Taxable Status

- **T (Taxable Status).** On posted invoices, the taxable status defaults from the invoice; on other memos, from the customer file. MFG/PRO automatically calculates most tax amounts and creates entries for the GL accounts specified in the Global Tax Maintenance menu

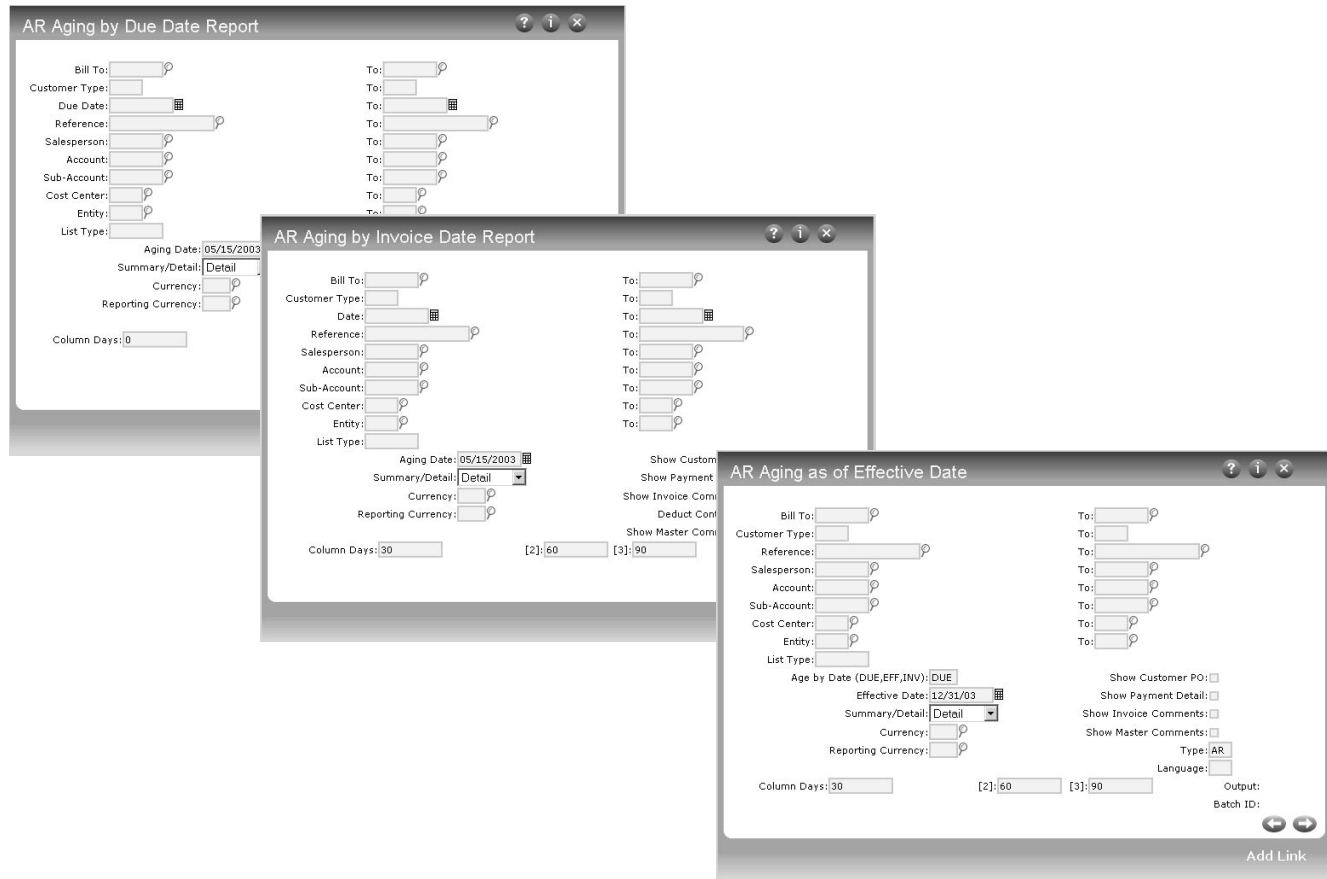
Amount

- **Amount.** Credit amounts are entered with a minus (–) sign.

Note: When you change distribution lines, be aware that for some changes (account, cost center, entity), you will first have to delete the line and then reenter the line with the correct information. Manually adjust tax amounts if you change GL distribution, because MFG/PRO does not recalculate them.

NEXT: Activity 6.2

Aging Reports



The figure displays three overlapping screenshots of the QAD AR Aging Reports interface, showing various filters and options for generating aging reports.

AR Aging by Due Date Report

Filters and Options:

- Bill To: [Field]
- Customer Type: [Field]
- Due Date: [Field]
- Reference: [Field]
- Salesperson: [Field]
- Account: [Field]
- Sub-Account: [Field]
- Cost Center: [Field]
- Entity: [Field]
- List Type: [Field]
- Aging Date: 05/15/2003
- Summary/Detail: Detail
- Currency: [Field]
- Reporting Currency: [Field]
- Column Days: 0

AR Aging by Invoice Date Report

Filters and Options:

- Bill To: [Field]
- Customer Type: [Field]
- Date: [Field]
- Reference: [Field]
- Salesperson: [Field]
- Account: [Field]
- Sub-Account: [Field]
- Cost Center: [Field]
- Entity: [Field]
- List Type: [Field]
- Aging Date: 05/15/2003
- Summary/Detail: Detail
- Currency: [Field]
- Reporting Currency: [Field]
- Column Days: 30 [2]: 60 [3]: 90

AR Aging as of Effective Date

Filters and Options:

- Bill To: [Field]
- Customer Type: [Field]
- Reference: [Field]
- Salesperson: [Field]
- Account: [Field]
- Sub-Account: [Field]
- Cost Center: [Field]
- Entity: [Field]
- List Type: [Field]
- Age by Date (DUE, EFF, INV): DUE
- Effective Date: 12/31/03
- Summary/Detail: Detail
- Currency: [Field]
- Reporting Currency: [Field]
- Column Days: 30 [2]: 60 [3]: 90
- Show Customer PO: [Field]
- Show Payment Detail: [Field]
- Show Invoice Comments: [Field]
- Show Master Comments: [Field]
- Type: AR
- Language: [Field]
- Output: [Field]
- Batch ID: [Field]
- Add Link

FIN06140

Figure 6-7

Aging Reports

Print before finance chgs or new activity.

Use aging reports to review outstanding customer account balances. Normally, you would generate aging reports at month-end prior to calculating finance charges or entering activity for the next month.

Three Aging Reports

MFG/PRO provides three AR aging reports (Figure 6-7). Most companies elect to print just one of these. Each report works differently, so it is important to understand what each report does and which ones you would use under particular circumstances.

Different depending on credit terms.

For example, if your company's credit terms are always Net 30 from invoice date, the aging reports will be identical. However, if credit terms are Net 30 from EOM (end of month), the agings will be different.

Aging by Due Date

The Aging by Due Date is the best report for companies that use a variety of credit terms, EOM credit terms, or credit terms with multiple due dates.

Aging as of Effective Date

The Aging as of Effective Date is used to reconcile AR with GL records. It is the only aging that can be calculated as of a date prior to the system date. It takes a long time to run, because it must review all transactions in the database.

Selection Criteria

Customer Type List Type

You can print all aging reports for one or a range of customer accounts based on customer bill-to address, DR/CR reference number, and other criteria. Customer Type and List Type are two codes your company can use to group customers for reporting purposes. Customer types are specified in Customer Maintenance, and address list types are assigned to customers in Address List Type Maintenance. However, you can assign only user-defined list types. The system types are assigned as new records are created.

Aging Reports (Continued)

AR Aging by Due Date Report

Bill To: To:
Customer Type: To:
Due Date: To:
Reference: To:
Salesperson: To:
Account: To:
Sub-Account: To:
Cost Center: To:
Entity: To:
List Type:

Aging Date: 05/15/2003
Summary/Detail: Show Customer PO: ☐
Currency: Show Payment Detail: ☐
Reporting Currency: Show Invoice Comments: ☐
Deduct Contested: ☐ Language:
Show Master Comments: ☐ Type: AR
Column Days: 0 [2]: 30 [3]: 60 [4]: 90

AR Aging as of Effective Date

Bill To: To:
Customer Type: To:
Reference: To:
Salesperson: To:
Account: To:
Sub-Account: To:
Cost Center: To:
Entity: To:
List Type:

Age by Date (DUE, EFF, INV): DUE
Effective Date: 12/31/03
Summary/Detail: Show Customer PO: ☐
Currency: Show Payment Detail: ☐
Reporting Currency: Show Invoice Comments: ☐
Show Master Comments: ☐ Type: AR
Language:
Column Days: 30 [2]: 60 [3]: 90 Output:
Batch ID:

Add Link

FIN06150

Figure 6-8

The remaining selection criteria specify the information to be included for each customer account on the aging report.

Aging Date

- **Aging Date.** Enables you to measure all activity in relation to a specific date (e.g., month-end).

Age by Date vs. Effective Date

- **Age by Date vs Effective Date.** Age by Date determines whether amounts are aged based on payment due date, GL effective date, or invoice date. Effective Date determines which amounts are aged; amounts are included if their effective date is the same or earlier than the report effective date.

Summary/Detail

- **Summary/Detail.** Choose Summary to see only the aging period totals and total outstanding balances for each customer. Choose Detail to see all the open DR/CR memos.

Currency

- **Currency.** Base shows all open balances in the system base currency, even if the original balance is in a foreign currency. However, if you specify a currency code, only amounts in that currency are included.

Deduct Contested

- **Deduct Contested.** Contested amounts (usually when a customer disputes an invoice) always appear on agings but are flagged as contested. However, the Deduct Contested option enables you to exclude these amounts from customer totals.

Show Customer PO

- **Show Customer PO.** Indicates whether to print the remarks from DR/CR memos. (On memos for posted invoices, the Remarks field contains the original customer PO number.)

Show Payment Detail

- **Show Payment Detail.** Specifies whether unapplied payments are included on the report.

Show Invoice/Master Comments

- **Show Invoice/Master Comments.** Enables you to include master comments attached to the customer and transaction comments attached to the invoice.

Comment Type/ Language

- **Comment Type/Language.** Enables you to select master comments by type and language code. You can set up customer master comments in Master Comment Maintenance.

Column Days

- **Column Days.** The default aging periods are 0, 30, 60, and 90+ days; however, you can change these. (You can even project cash inflow by specifying negative column periods, such as –30 for receivables due in the next 30 days. However, the Cash Management module contains a more flexible cash flow projection report.)

NEXT: Activity 6.3 (Optional)

Customer Maintenance

Customer Maintenance

Customer Address

Customer: 100
Name: California Sun Advertising
Address: 50 East Main Street
Address:
Address:
City: Ventura
State: CA
Post: 93001
Format: 0
Country: United States of America
USA
County: Ventura
Attention:
Telephone:
Fax/Telex:
Ext: [2]:
Ext: [2]:
Ext: [2]:
Added: 05/14/2003

Customer Credit Data

Credit Limit: 50
Terms: 2/10-30
Credit Hold:
Credit Rating:
DB Number:
PO Required:

Disc Pct: 0.00%
Finance Charge:☒
Statement:☒
Statement Cycle: 1
Dun Letter:☒
Last Payment:

Bill To:
Last Credit Review:
Last Credit Update: 05/14/2003
High Credit: 189
High Date: 05/14/2003
Last Sale: 05/14/2003

Add Link

FIN06160

Figure 6-9

Customer Maintenance

Finance Charges, Statements, Dun Letters

The next activities—finance charge calculations, statements, and dunning letters—are optional.

Settings in Customer Maintenance

Prior to doing any of these, however, you should ensure that customers are set up correctly in Customer Maintenance. Customers must be flagged appropriately before you can calculate finance charges or print statements and dunning letters for them.

Finance Charges: Finance Chg = Yes Statement Cycle

- **Finance Charges.** Set Finance Chg to Yes. A Statement Cycle code is optional, but you can use it to select customers for finance charges based on their statement frequency.

Statements: Statement = Yes Statement Cycle

- **Statements.** Set Statement to Yes, and specify a Statement Cycle. For statements, Statement Cycle is mandatory.

Dunning Letters: Dun Letter = Yes Statement Cycle

- **Dunning Letters.** Set Dun Letter to Yes. A Statement Cycle code is optional, but you can use it to select customers for dunning letters based on their statement frequency.

Finance Charge Calculations

Finance Charge Calculation

Bill To: 1004000 To: 1004000

Stmt Cycle: Test

Currency: USD
 As of Date: 05/14/2003
 Effective Date: 05/14/2003
 Grace Days: 7
 Interest Rate % per Annum: 10.00%
 Minimum Finance Charge: 5.00
 Include Previous Finance Chgs: ☐
 Summary Only: ☐

Output:

Batch ID:

Add Link

Finance Charge Calculation:

Days Overdue = Lesser of...
 (This Run Date – Last Run Date) or
 (This Run Date – Due Date of Customer Balance)

Amt Open x $\frac{\text{Days Overdue}}{365}$ x Interest Rate

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Figure 6-10

Finance Charge Calculations

You can calculate finance charges for a range of customers and statement cycles and for a specific currency. The system posts finance charges to the Sales Finance account specified in 36.1. MFG/PRO first determines the number of days the customer balance is overdue, then calculates the actual finance charge amount.

As of Date

- **As of Date.** Date from which open items will be aged. Enables you to calculate finance charges as of the end of the month.

Effective Date

- **Effective Date.** When the finance charges become effective in the general ledger—usually the system date (however, at month-end, you may want to backdate the charges if you do not calculate them until the next month).

Grace Days

- **Grace Days.** Some companies give customers extra days before assessing finance charges. For example, if an invoice is due in 30 days, they may give a grace period of five days and not assess finance charges until the invoice is overdue by five days.

Interest Rate% P.A.

- **Interest Rate Percentage Per Annum.** Annual interest rate.

Min Finance Chg

- **Minimum Finance Charge.** A minimum charge often applies. A company might charge a minimum of \$10, even if the calculated charge is only \$2.50.

Include Previous Finance Charges

- **Include Previous Finance Charges.** Finance charges can be calculated on open invoices and memos only, or can include unpaid charges that are overdue.

Summary Only

- **Summary Only.** Yes to list customer totals, No to also list transaction totals.

Finance Charges Password Protect!

Note: You cannot reverse the calculation once run. You can, however, enter an adjusting DR/CR memo. This function should be password-protected.

Statements

Customer Account Statement Print

Bill To: 1004000
 From Date:
 Outstanding Balance Only: ☐
 Statement Cycle:
 Company Address: 10000000
 Message: *** Thank You For Your Business ***
 Column Days: 1 [2]: 30

STATEMENT

Quality Pencil Company
 9000 World Way
 Suite 101
 Los Angeles, CA 89000
 U.S.A.

Print Date: 12/06/96

Bill To: 1004000
 Westwood Reliable
 Westwood Shopping Center
 77 Sunset Strip
 Block B-2
 Westwood, CA 90200
 U.S.A.

Date	Reference	Type	Due Date	Amount	Amount Open	Cur
11/01/96	9100005	Memo	12/01/96	5,000.00	0.00	USD
11/15/96	100000	Invoice	12/15/96	20,725.00	20,725.00	USD
11/30/96	158002	Payment		-5,000.00	0.00	USD
Total Amount Open:					20,725.00	
Payments Unapplied:					0.00	
USD Total:					20,725.00	
Total Contested:		0.00				
Current:		Past Due 1	Past Due 30	Past Due 60		
0.00		0.00	0.00	0.00		

*** Thank You For Your Business ***

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Figure 6-11

Statements

Statements

Usually statements are printed on a regular basis, such as monthly or quarterly, based on the customer statement cycle. Customer account statements list all open invoices, memos, finance charges, and payments (Figure 6-11). Specifying a From Date enables you to print only activity that has happened since this date, along with a complete history of open invoices regardless of dates.

All Open Invoices, Memos, Finance Charges, Payments

Outstanding Balance Only

Specifying Yes in the Outstanding Balance Only field limits the report to any outstanding balance, without the rest of the history. The default is No.

Company Address

The Company Address field enables you to select which company address appears on statements.

User-Defined Column Days, Detail, Messages

Column days, detail selections, and messages are user-defined. You can use them to tailor statements to customer requirements.

Dunning Letters

Master Comment Maintenance

Master Reference: Over30
Type: DN

Language:
Page:

****FIRST NOTICE****

This is a reminder that your account balance is more than 30 days overdue.
Please submit payment for all overdue items as listed below.

If you have any questions, call Jane Foster at 805/684-6614.

Page 1
11/09/96

Quality Pencil Co.
9000 World Way
Los Angeles, CA 90045

Worldwide Business Supply
8000 Central Avenue
Anaheim, CA 92101

Attention: Mr.. Axel Tummers

FIRST NOTICE

This is a reminder that your account balance is more than 30 days overdue. Please submit payment for all overdue items as listed below.

If you have any questions, contact Jane Foster at 805/684-6614.

Customer Dunning Letter Print

Bill To: 1004000 To: 1004000
Dun Level: 0 To: 99
Age Date: 05/15/2003 Statement Cycle: 12/1
Minimum Amount Past Due: 0.00 USD Language ID:
Company Address: 10000000 Region:
Sort By: C Customer/Region/Salesperson
Show Salesperson: ☐ Increment Dunning Levels: ☒
Show Aged Totals: ☐ Totals in Base Currency Only: ☐

Days	Late	Level	Dunning Letter Reference	Type	Hold	Status
30	0		Over30	DN	☐	☐
60	0		Over60	DN	☐	☐
90	0		Over90	DN	☐	☐
9999	0				☐	☐
9999	0				☐	☐
9999	0				☐	☐

Maximum Days Late to Print Documents

Output: dma
Batch ID:
Add Link

Ref.	Due	Days	Late	Order	P.O.	Amount
70231	8/25	35	2007	4615-2	10,000	
80089	8/30	30	4210	4731-5	200	
					Total	10,200

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Figure 6-12

Dunning Letters

Dunning Letters

Dunning letters are somewhat different from statements in that they can be printed with a standard form letter requesting payment, as shown in Figure 6-12. When dunning letters print, a different letter may be printed based on the number of days late the amount is. For example, you may print a different letter for someone who is only 30 days late than for someone who is over 6 months late with their payments. Dunning Letter Reference, Type, and Language code are used to access the appropriate dunning letter text.

The text of the form letter is recorded in Master Comment Maintenance. You can set up an unlimited number of letters in multiple languages simply by using different master comment reference codes. This enables you to store letters that vary in intensity based on the number of days the account is overdue. You can also store letters in multiple languages.

Includes Open Invoices, Memos, Finance Charges

When the letters print, they will print the customer name and address, along with the letter text. At the bottom of the letter, all of the aged overdue balances for the customer are printed. This includes open invoices, memos, and finance charges.

Min Amt Past Due

You can print dunning letters for a range of customers in a batch. You need not print letters for customers owing only a small amount. (Set the Minimum Amount Past Due.) First, the system ages the amounts due for a customer and finds the oldest amount; it then chooses the letter text corresponding to that past due period.

Option to put customer/orders on hold based on days late.

Another option when printing dunning letters is to have the system put the customer, and even all orders for the customer, on hold based on the number of days late. This resets the hold flags for the customer and sales order.

Note: If a customer has a contested invoice, MFG/PRO still prints a dunning letter.

NEXT: Activity 6.4

Customer Credit Review/Update

Customer Credit Review/Update

Bill To

1004000

WORLDWIDE BUSINESS SUPPL

Cur

USD

Age Balance

☒

Balance

12,579.73

Attention: MR. ALEX TUMMERS

Telephone: 714-555-0239

Ext:

Balance: 12,579.73

Last Payment: 09/30/1989

Current: 7,000.00

Terms: 2/10-30

Last Sale: 09/30/1990

To 30: -1,970.27

Cr Limit: 10,000,000

Credit Rating: 9

To 60: 7,550.00

High Cr: 14,550

Credit Hold: ☒

Over 60: 0.00

High Dt: 05/14/2003

DB Number: 901020

Added: 05/03/1988

Average Days Paid Late: 0

High DnLv: 0

Reference: 102

Date: 02/14/2003

Expect Date: 05/30/2003

Due Date: 03/16/2003

Comments: ☒

Sales Order:

Dun Level: 0

Customer Credit Review/Update

Transaction Comments

Page: 1

Master Reference:

Type:

Customer will send check by Friday 5/30/03. - dma

Language:

Page: 1

Add Link

FIN06200

Figure 6-13

Customer Credit Review/Update

Customer Credit Review/Update

When you are trying to collect overdue amounts, quite often you want to record comments. For example, if a customer disputes an amount, you may want to record the details of the dispute. Or, when a customer is late in paying, you may want to record the reason. This information would then be available the next time you call to collect.

Credit Information

Customer Credit Review/Update has two main sections (Figure 6-13). The first gives you a summary of the customer's current credit status including aged balance, credit rating, and payment information. This provides you with vital credit information at a glance.

Comments

The second section lets you attach comments to a specific invoice or memo. You can easily update them as collections activities progress. When the memo is closed and deleted/archived, the system automatically deletes these comments.

Credit Limit Update

You can also use the Customer Credit Limit Adjustment to automatically increase or decrease credit limits for a range of customers, and base the update on a fixed, compound, or simple percentage rate.

Lesson 7: Accounts Receivable Payments

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

Lesson 7: Accounts Receivable Payments

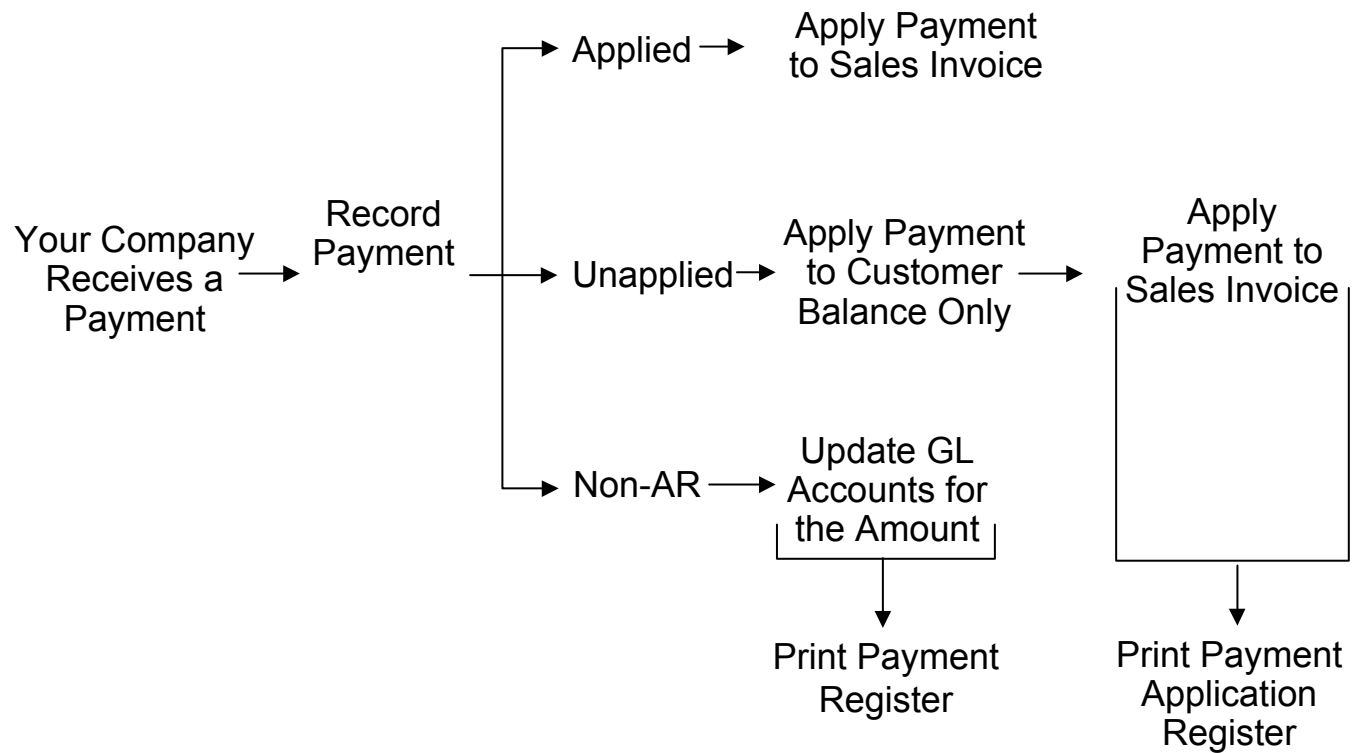
Payments

Another major AR activity is processing payments.

1. Direct Payments 2. Drafts

There are two main categories of payments: direct payments and drafts. Direct payments are cash, checks, and wire transfers sent by the customer. Drafts are a specialized form of payment used in Europe. Different functions are used to process direct payments and drafts. This lesson focuses on direct payments; Lesson 8 is an optional lesson for draft management.

Payment Processing Flow



FIN07020

Figure 7-1

Payment Processing Flow

Record Payment

Three types:

- 1. Applied**
- 2. Unapplied**
- 3. Non-AR**

The first step in processing any payment is to record it in Payment Maintenance. (If your company has the Cash Management module, you can record wire transfer payments using Cash Book Maintenance rather than AR Payment Maintenance.) There are three types of direct payments (Figure 7-1). Subsequent payment processing varies a little depending on whether payments are applied, unapplied, or non-AR.

Applied Payments

- **Applied Payments.** Payments for specific invoices, memos, or finance charges.

Unapplied Payments

- **Unapplied Payments.** Payments such as deposits and prepayments that do not apply to specific customer invoices, memos, or finance charges. Unapplied payments are later applied in Unapplied Payment Application.

Apply as type U if reference is unavailable.

Note: Payments should be applied whenever possible. If it is unclear how a payment is to be applied, you can initially record the amount as type Unapplied and research it after the rest of the batch is entered. You should always go back and apply unapplied payments; open payments cannot be deleted or archived.

Non-AR

- **Non-AR Payments.** Payments such as tax refunds or rebates that do not originate as a result of customer sales. While non-AR payments do not need to be processed in the Accounts Receivable module, entering them with other cash receipts simplifies data entry and provides an audit trail.

Print Registers

After processing payments, you should print the Payment Register and Payment Application Register. You will probably need to go back to them when reconciling bank statements and to track cash flow.

Payments

DR/CR Memo Maintenance

Batch: 1004 Control: 188.750 Total: 188.750

Reference: 00-10000 Bill To: 100 California Sun Advertising
Currency: USD Type: I Date: 05/14/2003 Effective: 05/14/2003 Tax Date: 05/14/2003
Memo Control: 188.75 Amt: 188.75
Sales Amt: 175.00 Daybook: SYSTEM
Cr Terms: 2/10-30 Slspsn 1: 99 Comm1: 99.00% Entity: 1000
Disc Date: 05/24/2003 Slspsn 2: Comm2: 0.00% Sold-To: 100
Due Date: 06/13/2003 Slspsn 3: Comm3: 0.00% Ship-To: 100
Expt Date: Slspsn 4: Comm4: 0.00% Batch: 1004
Remark: Dun Level: 0 Contested: ☐
Ship-From:

← →

Add Link

Payment Maintenance

Batch: 1009 Control: 184.970 Total: 184.970

Reference	T	N/U Ref	Due Date	Balance	Cash Amount
00-10000	I		06/13/2003	0.000	184.970

← →

Check: 221 Bill To: 100 California Sun Advertising
Currency: USD Type: P
Check Control: 184.97 Amount: 184.97
Date: 05/17/03 Batch: 1009
Effective: 05/17/03 Daybook: AR Pmt
Bank: AA Account: 1040
US BANK ACCOUNT #8293-02
Discount Account: 3910
Remark: Entity: 1000
Auto Apply: No

Add Link

FIN07030

Figure 7-2

Payments

Payment Maintenance Similar to DR/CR Memo Maintenance

You will notice that Payment Maintenance (Figure 7-2) looks much like DR/CR Memo Maintenance. You can enter batch and check control totals, effective dates, GL account codes, and customer bill-to codes. You also enter the following:

Check Number

- **Check.** Usually the actual number from the customer check. Must be unique for a customer, but two customers may send you the same check number.

Currency

- **Currency.** Defaults to the customer's currency. If you are processing a cash receipt in another currency, you must specify it here.

Bank

- **Bank.** Bank into which you will be depositing the payment. It defaults to the first bank code (alphabetically) for the customer currency. If you change the currency, the bank code will change automatically. The GL cash and exchange gain/loss accounts will default from Bank Maintenance based on the bank selected. If you use a separate GL account to control each bank account, you should not change the default account. The bank code is assigned to an entity. When the bank code entity and AR entity (defaults from System/Account Control) are not the same, an error message displays.

Auto Apply

- **Auto Apply.** Enables you to apply one check to multiple invoices, memos, and finance charges. If you set Auto Apply to Yes, the system displays an Invoice/Memo Selection frame, where you can enter a range of transactions to include.

Select All

- **Select All.** Determines the default status of each transaction as selected or unselected. Set Select All to Yes if most or all of the retrieved open items are covered by the payment.

Applied Payments

Payment Maintenance ? i x

Check: 402 Check Control: 5,000.00 Amt: 5,000.00
 Bill To: 1004000 WORLDWIDE BUSINESS SUPPL Unapplied: 0.00

Automatic Payment Selection

Ref	Reference	T	Due Date	Balance	Applied Amount	Discount
*	351	M	04/13/2003	5,500.00	5,000.00	0.00
	1003	F	05/14/2003	29.73	0.00	0.00
	CR351	M	05/14/2003	-2,000.00	0.00	0.00
	462	M	06/13/2003	7,000.00	0.00	140.00

X ← →

Payment Maintenance ? i x

Check: 402 Check Control: 5,000.00 Amount: 5,000.00
 Bill To: 1004000 WORLDWIDE BUSINESS SUPPL Unapplied: 0.00

Payment Application Detail

Reference	T	N/U Ref	Due Date	Balance	Cash Amount
351	M		04/13/2003	500.000	5,000.000

Payment Application Maintenance

Ref: 351 Type: M Entity:

N/U Ref: Amount to Apply: 5,500.00

Account: 1200 Cash Amount: 5,000.00

Tax: Discount: 0.00

X ← →

Add Link

FIN07040

Figure 7-3

Applied Payments

Oldest Items First

The system automatically applies the check amount to open items in the range, starting with the oldest and taking applicable discounts. (Figure 7-3)

Applied Payments

After entering all of the check information, you apply it to specific open invoices.

Reference

- **Reference.** Identifies invoices, memos, or finance charges paid by the check. If you do not remember the reference numbers, you can do a look-up browse to display the customer's open items and the amounts. These are displayed in sequence by date, enabling you to apply payment against the oldest first. If the reference has a contested amount, a warning displays.

Payment Type

- **T (Payment Type).** Identifies the payment type as Invoice, Memo, Draft, Unapplied, or Non-AR. On applied payments, the type displays for the transaction you enter in the Reference field.

Account

- **Account.** On applied payments, the account, account/sub-account combination, cost center, or allocation code displays for the reference. You can override this information if necessary.

Amount to Apply

- **Amount to Apply.** Entire invoice amount before discounts.

Cash Amount

- **Cash Amount.** Amount of cash the customer owes.

Discount

- **Discount.** Early payment discount for which the customer is eligible, based on the check date. For example, if a customer takes a 2 percent early payment discount and pays you only \$980 toward a \$1,000 invoice, the Amount to Apply value is \$1,000. If the customer is eligible, the system displays a cash amount of \$980 and a discount of \$20. If not, Cash Amount is \$1,000 and Discount is zero.

Unapplied Payments

The screenshot displays the 'Payment Maintenance' window with the following details:

- Payment Maintenance** (Title Bar)
- Check:** 402
- Check Control:** 5,000.00
- Amount:** 0.00
- Bill To:** 1004000
- WORLDWIDE BUSINESS SUPPL**
- Unapplied:** 5,000.00

Payment Application Detail

Record Unapplied Payment (Callout Box)

Payment Application Maintenance

Ref: N/U Ref: OPEN

Account: 1200

Tax:

Type: U (Highlighted)

Entity: 1000

Amount to Apply: 5,000.00

Cash Amount: 5,000.00

Discount: 0.00

Apply Payment When Invoice # Is Available (Callout Box)

FIN07050

Figure 7-4

Unapplied Payments

**Unapplied if
payment reference
unavailable.**

In some situations, you receive a customer payment but do not have an invoice (e.g., prepayment or deposit) or are not sure which open item to apply it to.

**Payment stays open
but decreases
customer balance.**

In Payment Maintenance, you record this as an unapplied payment. Unapplied payments decrease the customer balance; however, they remain open until applied.

Reference

- **Reference.** Leave blank since you do not have one.

Payment Type

- **T (Payment Type).** Specify type Unapplied. The N/U (non-AR/unapplied) Reference window then appears for you to record an optional reference (such as the sales order number associated with a prepayment) for the unapplied payment. You can enter multiple distribution lines for the same payment by specifying multiple N/U references.

Account

- **Account.** To accumulate prepayments in a GL liability account, change the default GL account to your prepayment account during line item entry. When you apply the payment, the amount will be moved from this prepayment account to the AR account for the invoice.

**Apply in Unapplied
Payment
Maintenance.**

You can later use Unapplied Payment Application to apply the payment amount to open items. You simply enter the check number, the unapplied reference number, and the reference numbers to which the payment applies. This function creates an audit trail by adding a payment record with a new reference number and type Applied.

NEXT: Activity 7.1

Non-AR Payments

Payment Maintenance

Check: 5345

Check Control: 0.00

Amount: 0.00

Bill To: 1001000

CENTURY HALLMARK

Unapplied: 0.00

Reference

T

N

N/U Ref

Due Date

Balance

Cash Amount

Rebate

0.000

Ref:

Type:

Entity:

N/U Ref:

Amount to Apply:

Account:

Cash Amount:

Tax:

Discount:

←

→

Add Link

FIN07060

Figure 7-5

Non-AR Payments

Non-AR

Sometimes, your company will receive miscellaneous payments such as tax refunds that have nothing to do with customer sales (Figure 7-5). In Payment Maintenance, these so-called non-AR payments are handled similarly to unapplied payments, except that you set the type to Non-AR.

Still need misc customer

You still need to process non-AR payments against a customer set up in Customer Maintenance. Most companies set up a miscellaneous customer record specifically for non-AR payments and then record the actual source of the payment in the payment Remarks field.

User-Defined Accounts

Non-AR payments create GL entries for the accounts you specify.

Underpayments/Overpayments

Underpayments	Change the discount account to the sales allowance account.
Overpayments	Apply payment to all invoices, then enter the overpayment amount as Unapplied.

FIN07070

Figure 7-6

Underpayments/Overpayments

**Underpayments:
Change discount
account to sales
allowance.**

You can leave underpayments open or write them off. If you have a GL account for sales allowances, simply change the discount account on the payment to the sales allowance account (Figure 7-6).

**Overpayments:
Apply payment, then
enter overpayment
as type U.**

Overpayments are handled differently. Apply the payment to all invoices and then enter the overpayment amount as type Unapplied.

Returned Checks

1. Customer buys item for \$500 with terms 2% Net 30:

Debit	Accounts Receivable	500	
Credit	Sales		500

2. Customer sends check for \$490:

Debit	Cash	490	
	Sales Terms	10	
Credit	Accounts Receivable		500

3. Customer's check is returned. You create a DR/CR memo to reopen the balance:

Debit	Accounts Receivable	500	
Credit	Sales Terms		10
	Cash		490

4. Record bad check charges on a DR/CR memo:

Debit	Accounts Receivable	10	
Credit	Bad Checks		10

Sales		AR		Cash		Sales Terms		Bad Checks	
	500 ¹	¹ 500	500 ²	² 490		² 10			⁴ 10
		³ 500		490 ³			³ 10		
		⁴ 10							

FIN07080

Figure 7-7

Returned Checks

**Reopen AR when
check bounces.**

To handle checks returned by the bank as NSF (non-sufficient funds), you can enter an AR adjustment to reopen the account balance.

**Enter DR/CR memo
with remarks.**

The best way to handle this is to enter a debit/credit memo for the amount and use the Remarks field to identify the reason. This will keep the correct audit trail and GL transactions. You can also enter a processing fee at this time.

**Send pending
invoice with
customer check.**

Another way to handle the situation would be to create a pending invoice and send it to the customer along with the check.

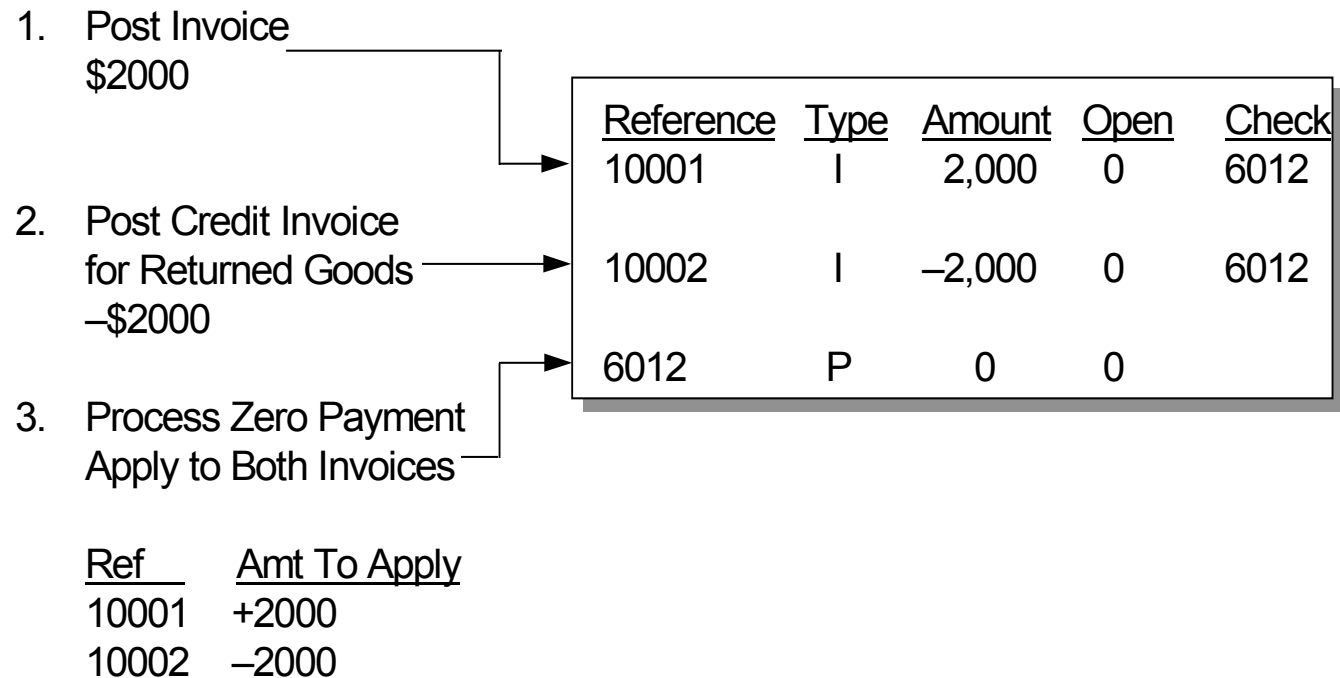
Explain overhead.

Figure 7-7 shows the entire process in detail, as well as the GL transactions created.

**No audit trail if you
just delete payment.**

Note: If the check is returned in the same accounting period, you can simply delete the payment. However, we recommend that you do not do this. Although the system does reinstate the customer's original balance and reverses the GL entries, it does not keep an audit trail of the deleted payment.

Applying Credits to Debits (Zero Payments)



FIN07090

Figure 7-8

Applying Credits to Debits

**Customer often
sends payment
minus credit.**

When customers have outstanding credits, they usually subtract it from the total amount they owe before they send you payments.

**Open AR = \$1,000
Open credit = \$50
Customer sends
\$950**

For example, if they owe you \$1,000 but have an open credit for \$50, they will usually send a check for \$950. In this situation, you would process the \$950 payment and apply both the \$950 payment and the \$50 credit to the \$1,000 invoice.

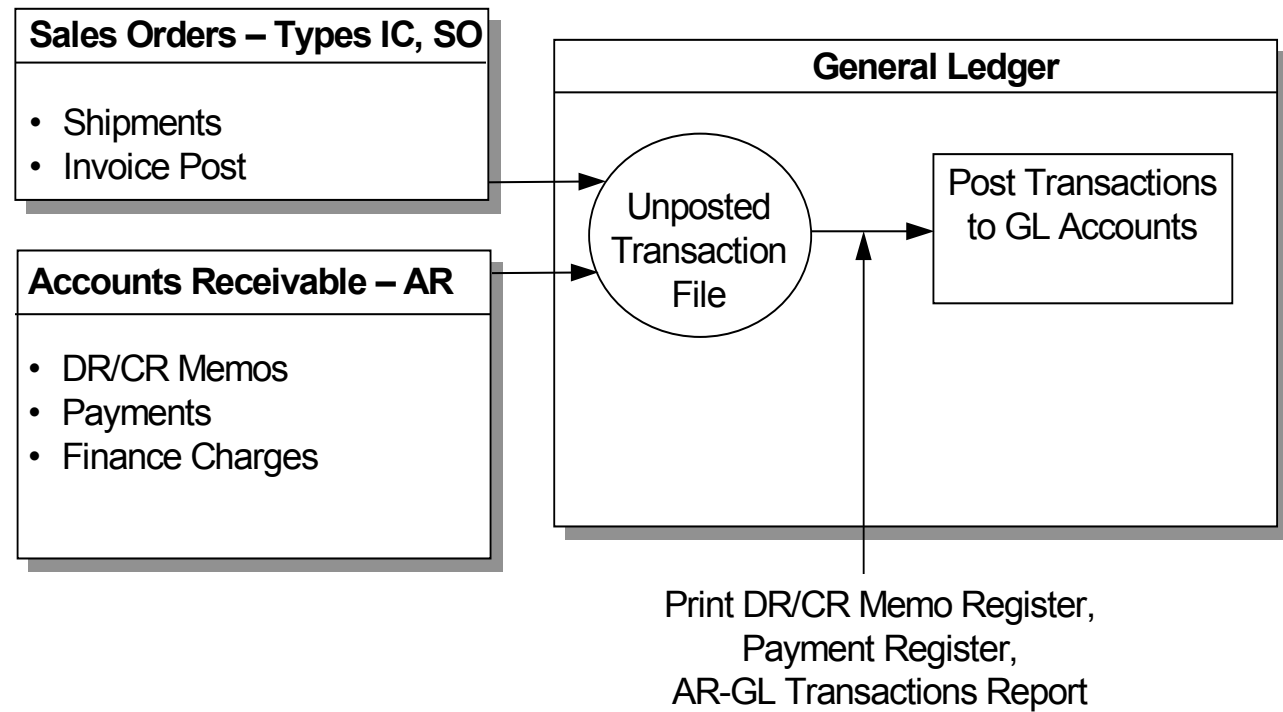
**Zero payments when
debits equal credits**

Sometimes the customer's debits equal their credits, so they do not owe you anything—you billed them by mistake, or they returned all the goods for credit on future sales. In order to close out both invoices, you must process a zero payment and apply it to both invoices as shown in Figure 7-8. This sets the open amount to zero on both invoices.

NEXT: Activity 7.2

AR Interface to General Ledger

GL Transactions Created By:



FIN07100

Figure 7-9

AR Interface to General Ledger

Accuracy on AR transactions critical in GL.

The Sales and Accounts Receivable modules generate transactions that are eventually posted to accounts, sub-accounts, cost centers, and projects in the General Ledger module (Figure 7-9). Because the general ledger is the source of your company's financial reporting, accuracy in accounts and amounts is vital during sales and AR activities.

Review before posting in AR-GL Transaction Report.

All GL transactions are stored in the unposted transaction file until they are posted in Transaction Post. Before posting, you should carefully review the AR-GL Transaction Report, which lists all unposted GL transactions created by AR activities. The DR/CR Memo Register and Payment Register should also be printed with Print GL Detail set to Yes. These are useful for finding transactions that correspond to those printed on GL reports.

Detail vs. Summary

The system may create AR transactions in detail (one GL transaction for each AR transaction) or summary mode (summarized by day, type, and batch), as specified in Accounts Receivable Control.

Transactions vary.

The GL transactions for any given activity will vary depending on the kind of sale, whether there are variances, and whether the activity involves multiple currencies or entities.

Types IC, SO, AR

In the General Ledger module, reports are often printed by transaction type. Sales transactions that affect inventory are type IC, invoices are type SO, and all accounts receivable transactions are type AR.

GL Transaction Summary, Invoicing/AR

Transaction	Type	DR/CR	Account
Shipments ¹	IC	DR CR	Cost of Goods Sold Inventory
Invoice Post ²	SO	DR DR DR CR CR CR CR CR DR/CR	Accounts Receivable Sales Discounts Sales Freight Applied Sales Trailer Charges Taxes Sales Freight Accrued Intercompany
DR/CR Memos	AR	DR CR DR/CR	Accounts Receivable Taxes Intercompany
Payments - Applied	AR	DR	Cash
		DR CR DR/CR	Sales Terms Discounts Accounts Receivable Exchange Gain/Loss

¹ Inventory items only; non-inventory transactions such as memo items and drop shipments do not create GL entries until the invoice is posted.

² Non-inventory items take the sales, sales discounts, and tax accounts from System/Account Control.

FIN07110

Figure 7-10

GL Transaction Summary, Invoicing/AR

To put it all together, look at the GL transactions created by invoicing and AR activities (Figure 7-10).

Shipments

- Shipments credit (decrease) inventory at the site (entity) from which the product was shipped and debit (increase) cost of goods sold at the line item site (same as inventory).

Invoices/Memos

- Invoice Post credits sales, taxes, and other charges and debits accounts receivable and sales discounts at the site (entity) that shipped the order. If the two entities are different, an intercompany balancing entry is created.

Entity Also by Line

- Debit/credit memos post the AR amount to the AR entity. Other accounts (usually sales, freight, and taxes) are entered on the distribution lines. You can specify a different entity on each line. The system automatically creates intercompany balancing entries for the account specified in Accounts Receivable Control.

GL Transaction Summary, Invoicing/AR (Continued)

Transaction	Type	DR/CR	Account
Payments - Unapplied and Non-AR	AR	DR CR	Cash User-Selected Account
Unapplied Payment Application	AR	DR CR DR/CR	User-Selected Account Sales Terms Discounts Accounts Receivable Exchange Gain/Loss
Returned Checks	AR	DR CR CR DR/CR	Accounts Receivable Cash Sales Terms Discounts Exchange Gain/Loss
Finance Charges	AR	DR CR	Accounts Receivable Sales Finance

FIN07120

Figure 7-11

Payments

- Payments can also reference multiple entities. The cash is debited to the entity specified and the AR amounts are credited based on the entity from the invoice or memo. Once again, intercompany entries are created.

Finance Charges

- Finance charges debit the Accounts Receivable account for the customer and credit Sales Finance (as specified in System/Account Control).

Unapplied/Non-AR

- For unapplied and non-AR payments (Figure 7-11), you need to specify the account to be credited. The credit account defaults to the customer AR account or the sales account from 36.1, but you may want to override these defaults.

NEXT: Activity 7.3 (Optional)

Multi-Entity AR (Posted Invoice)

Invoice #99999		GL Transactions (Type SO)	
Header Site 10000 (= Entity 1000)		Entity 1000	Entity 2000
Line Item 1		AR	
Site 10000 (= Entity 1000)		2,610	
Extended Price \$2,000		Sales	Sales
Sales Discount <200>		2,000	500
Line Item 2		Sales Disc	Sales Disc
Site 30000 (= Entity 2000)		200	50
Extended Price 500.00			
Sales Discount <50>		Sales Tax	
Sales Tax on Order 360		360	
Order Total 2,610		Intercompany	Intercompany
		50 500	500 50

Invoice
Post

FIN07130

Figure 7-12

Multi-Entity AR

Multi-Entity AR

The GL transactions become more complicated in multi-entity environments.

Invoice Site 10000/ Entity 1000, Lines from Sites 10000/30000

In Figure 7-12, an invoice is created at site 10000, which is assigned to entity 1000. The first line item is shipped from site 10000, but the second is shipped from site 30000.

AR/Tax -> Entity 1000

The AR and sales tax entries are posted to entity 1000 because entity 1000 originated the invoice. Sales and sales discounts for the first line item are also posted to entity 1000. However, the sales and sales discount amounts are posted to entity 2000.

Ln 1 Sales/Disc -> 1000

Ln 2 Sales/Disc -> 2000

Intercompany for Sales/Disc Amts on Line 2

Since site 30000 is assigned to a different entity (2000), mirror entries are created for the intercompany account for the sales and sales discount amounts of the second line item.

If the sales order header does not specify a site, MFG/PRO creates the GL entries for the default entity from System/Account Control.

Multi-Entity AR (Payment)

GL Transactions (Type AR)	
Entity 1000	Entity 2000
AR 2,610 Cash 2,610	

FIN07140

Figure 7-13

Multi-Entity AR (Payment)

Payment -> Entity 1000

Payment is processed by entity 1000, not entity 2000 (Figure 7-13).

Note: MFG/PRO enables you to create sales, inventory, and cost of goods sold transactions that reference multiple entities; however, if your company requires AR reporting by entity, make sure that sales order lines are created only for sites assigned to the same entity the sales order header site is assigned to.

Delete/Archive AR History

Temporary Customers Also Deleted

Amount Open Must Be Zero

Unapplied Payments Not Included

Closed AR Delete/Archive

Date: 01/01/2003 To: 06/30/2003

Bill To: To:

Reference: To:

Delete: ☒

Archive: ☒

Archive File: ar030516.hst

Output: printer

Add Link

WARNING: Aging by effective date may be inaccurate if history deleted.
Archive files should be backed up and deleted from disk

FIN07150

Figure 7-14

Delete/Archive AR History

No Automatic Purge

MFG/PRO keeps all of your invoicing and accounts receivable information on-line for an unlimited amount of time. There is no automatic purge at month-end or year-end; all purging is up to you.

Remove AR history. Amt Open = 0 unapplied not deleted.

Use Closed AR Delete/Archive to remove AR history (Figure 7-14). This function will delete only items with an amount open equal to zero; that is, invoices, memos, and finance charges that have been totally paid, and payments that have been totally applied. Unapplied payments will never be deleted—that is one reason why you have to go back and apply them. Non-AR payments will be deleted.

Cannot access deleted items on-line.

You can select by customer, reference, and date. This enables you to purge only obsolete information. Once deleted, this information will not be available on-line.

Deletes temp cust.

Temporary customers disappear when you perform the delete/archive.

Print report, then delete.

A good way to make sure you do not delete items you need is to run this report specifying Delete = No. Print and verify the report, then rerun it with Delete = Yes.

Archive before delete.

You can save items to an archive file before they are deleted. Archive files should be backed up to tape and put in a safe storage place. Then, if you ever need to reload this information (e.g., for the auditors), you can load it back into your database from the tape.

Lesson 8:Draft Management (Optional)

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN08010

Figure 8-1

Lesson 8: Draft Management (Optional)

Drafts

In many European companies, invoices are commonly paid by drafts (notes receivable). A draft is a form of payment that represents a promise to pay on a certain date.

Draft Processing Flow

Here is the typical pattern. After invoices are posted (or DR/CR memos are entered), your company creates a draft against the shipped items and sends the draft to the customer. The customer then asks for modifications or approves the draft, signs it, and returns it to you.

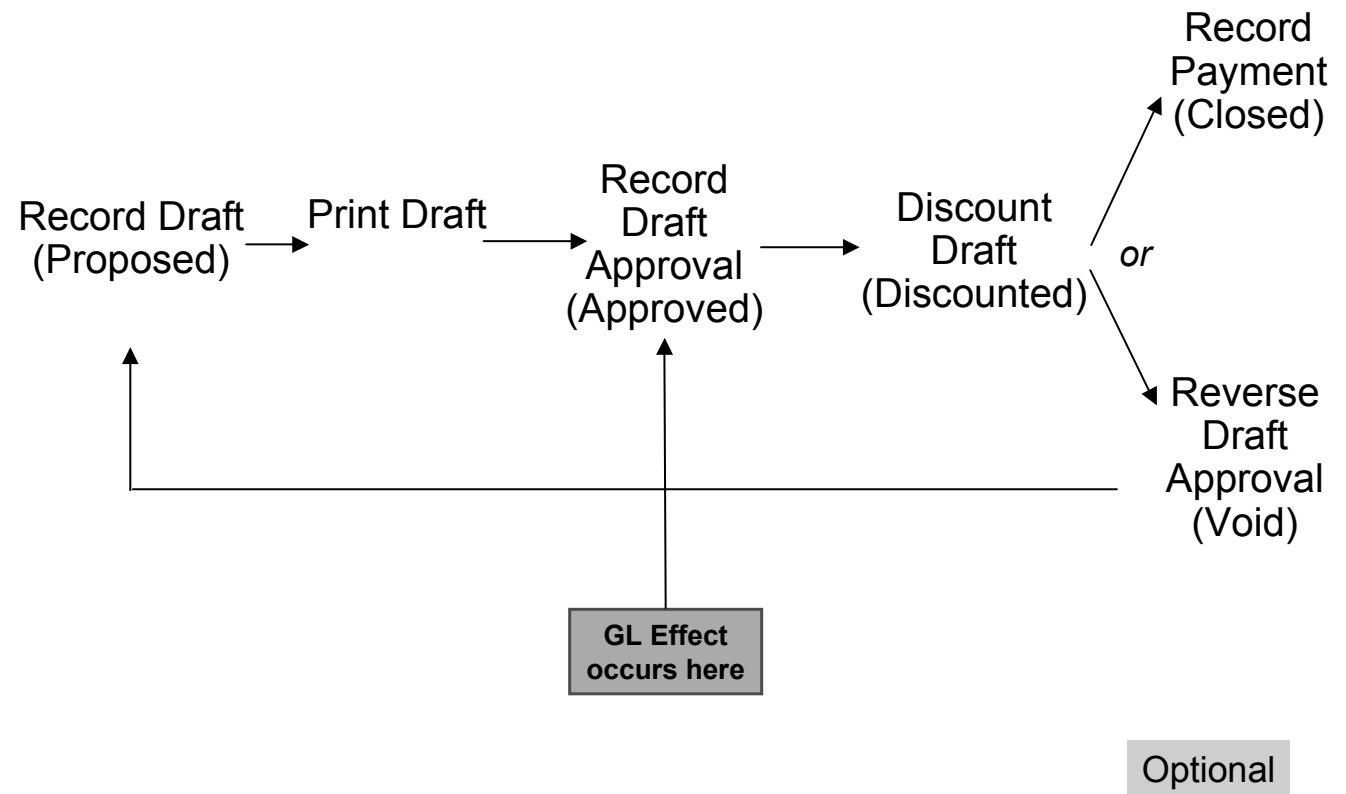
Other Charges (Collection Fees, Discounting)

The value of the draft usually equals the invoice amount, but there are other charges associated with the draft. A supplier usually charges collection fees (to cover the cost of having the bank collect the due amount from the customer) and discounting charges (to cover the discounting fee if the draft is sold to a bank).

Just like open invoice/memo.

In AR reporting, an open draft is treated just like an open invoice or memo. An approved draft closes the customer invoice, but the draft itself remains open as a draft receivable until you (or the third party who bought the draft from you) receive payment from the customer. In MFG/PRO, draft amounts appear on all inquiries and reports, including agings. Drafts have an AR transaction type of D. Drafts also appear on cash flow reports.

Draft Processing Flow



FIN08020

Figure 8-2

Draft Processing Flow

In MFG/PRO, the draft processing flow (Figure 8-2) is as follows.

Record Draft	• Record Draft. A draft is entered in Draft Maintenance and attached to one or more invoices/memos.
Print	• Print Draft. Drafts are printed using Draft Print. The printed copy of the draft is sent to the customer for approval.
Draft Approval	• Record Draft Approval. The fact that the customer sent back an approved draft is recorded in Draft Approval. (If the customer initiated the draft, the draft is recorded first in Draft Maintenance.) Approving the draft creates a GL transaction to move amounts from accounts receivable into drafts receivable. The invoices referenced on the draft are flagged as closed.
Discounting	• Discount Draft. Often, drafts are sold to a third party at a discount. Discounting a draft records the cash receipt and discount amount but does not close the draft. Instead, the draft amount remains in a bank clearing account as a liability in case the customer defaults.
Payment	• Record Payment. Once the customer pays you or the bank, the payment is recorded against the draft in Payment Maintenance. Recording a payment closes the draft. The draft and its associated invoices can then be deleted and/or archived.
Reversal	If an approved draft must be modified before payment or if a customer defaults, Approved Draft Reversal is used to create the necessary GL reversing transactions and to reopen invoices.

Draft Maintenance

Draft Maintenance?ix

Reference: 1007

Proposed

Date: 05/16/2003

Due Date: 07/16/2003

Expect Pay Date: 06/16/2003

Bill To: 1001000

CENTURY HALLMARK

Bank: BC

Currency: USD

Printed: ☐

Remark:

Amount: 20,725.00

Total: 0.00

Reference	Open Amount	Amount	Discount
10000	20,725.00	20,725.00	0.00

x←→Add Link

FIN08030

Figure 8-3

Recording Drafts

Record Payment Info

In Draft Maintenance, you record general information about the expected payment and when it is due, and list the open invoices or memos to be included (Figure 8-3).

Draft Status (Proposed, Approved, Discounted, Closed, Void)

The draft status is displayed below the reference number. New unapproved drafts have a status of Proposed. Approved drafts have a status of Approved. Once a draft has a status of Discounted, Closed, or Void, you cannot access it again in Draft Maintenance.

Control Total

The amount entered at the top of the screen acts as a control total, limiting the total amount of invoices and memos that can be paid on this draft.

Can change only due/expected dates after approval.

You can change anything on the draft prior to approval. However, once you approve the draft, you can change only the due date and expected date.

In the draft header, the key fields are:

Reference

- **Reference.** AR reference number for the draft. This comes from the Next Memo number in Accounts Receivable Control. You can manually specify a number if External Memo References Allowed is Yes in Accounts Receivable Control.

Due Date

- **Due Date.** Date when the draft is due to be paid. This prints on formal documents such as customer statements. The AR Aging by Due Date Report uses this date to calculate aged amounts.

Expect Pay Date

- **Expect Pay Date.** Optional, the date you expect the customer to honor the draft. Used by the Cash Flow Projection Report to project incoming cash.

Bank

- **Bank.** Bank you expect to receive payment into. Used to access the correct entity and GL accounts when you post transactions. If necessary, you can change this bank when you discount or record payment for the draft.

Currency

- **Currency.** The bank currency must match the draft/customer currency. On foreign currency drafts, you will be prompted with the default exchange rate, which you can override.

Remark	• Remark. Optional, this appears on the GL journal entry for each of the accounts in this screen.
Amount	• Amount. This must equal the total of all the invoices, memos, or finance charges (minus credit terms discounts) referenced on the draft before the draft can be approved.
Multiple items per draft	In the second frame, you list the open items to be paid on the draft. Each draft can reference one or more open invoices, memos, or finance charges. The open amount for the reference displays.
Partial payments OK	Normally, the entire amount open is paid, but partial payments are accepted. Once the draft is approved, the entire open amount on each individual item is decreased by the draft amount; the draft remains open until payment is recorded. If the customer is eligible to take a credit terms discount on the open item, it displays. You can manually override this amount.
Credit terms discount	
GL effect at approval	There is no GL effect until the draft is approved.
Review Draft Report and print Draft Summary Register	After recording drafts, you should generate and review the Draft Report. The Draft Summary Register is a good permanent record.

Draft Print

Draft Print ? i x

Draftor Information

Address: 10000000 Finance Class

Type of Business:

License Nbr:

VAT Nbr:

Date: To:

Bill To: To:

Reference: 1007 To: 1007

Sort by Date: ☐

Sort by Customer: ☐

Output: dma

Add Link

Draft: 1007 Remark:

Drawer	Drawee
Finance Class	CENTURY HALLMARK
Corporate Headquarters	ATTENTION: ACCOUNTS PAYABLE
9000 World Way	3020 CENTURY BLVD
Suite 101	P.O. BOX 675
Los Angeles, United States of Americ	LOS ANGELES, United States of Americ
Business:	Business:
VAT Nbr:	VAT Nbr: 89-02-03 X82D
License Nbr:	Bank:
	Location:

Reference	Amount	Due Date
-----	-----	-----
10000	20,725.00	10/06/91

Third Party Guarantee

Date	Due Date	
05/16/03	07/16/03	USD*****20,725.00

Twenty Thousand Seven Hundred Twenty-Five Dollars And No Cents

Drawee Signature of Acceptance Drawer Signature

FIN08040

Figure 8-4

Draft Print

Draft Print

Use Draft Print to print a copy of the draft to send to the customer (Figure 8-4).

Address

The Address code is your company's remit-to address. It defaults from the company address specified in Sales Order Control.

**Type of Business
License Nbr
VAT Nbr**

The Type of Business, License Nbr, and VAT Nbr fields in the first frame allow you to record optional information about the company issuing the draft. This information prints on the draft document.

**Sorted by reference,
date, customer.**

By default, drafts print in order of their reference numbers; Sort by Date and Sort by Customer allow you to specify a different sort priority.

**To reprint, set
Printed in Draft
Maintenance to No.**

This function resets the Printed flag in Draft Maintenance to Yes to prevent the draft from being reprinted accidentally. In order to reprint a draft, you must set this flag back to No.

Draft Approval

Draft Approval

Batch: 1015Control: 20,725.000Total: 0.000

Reference: 1007Bill To: 1001000CENTURY HALLMARK
Date: 05/16/2003Effective Date: 05/16/2003Currency: USDEntity: 1000Amount: 20,725.00Account: 1300Total of Invoices: 20,725.00Disc Acct: 3910Due Date: 07/16/2003Remark:
Expect Pay Date: 06/16/2003Daybook: AR Other

Add Link

FIN08050

Figure 8-5

Draft Approval

Approval turns draft into receivable, closes invoice/memo.

Draft Approval converts the draft into a true promissory note (Figure 8-5). The invoices and memos are marked as closed and the draft becomes the receivable. Approved drafts have a status of Approved.

Reduces open amount, but no effect on customer balance.

Approving the draft decreases the amount open on all account items, and the system generates GL transactions to clear the regular AR account. It does not decrease the customer's open balance, however, since the draft remains a receivable until payment is recorded.

Make changes before approval.

If you need to change the currency, amount, or other information on the day you approve the draft, you must do this first from Draft Maintenance. After you approve the draft, the only way to change it is by voiding it in Approved Draft Reversal and entering a new one.

Draft Discounting

Draft Discounting

Batch: 1016Control: 20,725.000Total: 0.000

Reference: 1007Bill To: 1001000CENTURY HALLMARK

Effective: 05/16/03Description: Discount of Dft 1007

Bank: BCDue Date: 07/16/2003Entity: 1000

Amount: 20,725.00Open Amount: 20,725.00USD

Daybook: AR OtherCurrency: USD

Cash Account: 1040Amount: 20,000.00

Disc Chgs Acct: 6201Amount: 725.00

Bank Clearing Acct: 2101Amount: 20,725.00

←→

GL Reference	Line	Account	Sub-Acct	CC	Enty	Amount
AR030516000016	1	1040		1000		20,000.00 DR
AR030516000016	2	6201		1000		725.00 DR

Add Link

FIN08060

Figure 8-6

Draft Discounting

Discounting records sales of the draft.

If you sell a draft to a third party (usually the bank) for collection, this is recorded in Draft Discounting (Figure 8-6). Even after the draft is sold, the draft receivable remains on your books. Discounting the draft gives your company the cash faster and costs only the discounting charge. However, discounting incurs a liability that remains until the customer pays the draft.

Liability until draft is paid.

Possible to change GL entries.

On foreign currency drafts, a pop-up window displays the default exchange rate for the system date. The second frame displays the GL entries created by discounting. If these are not correct, answer No to change the GL accounts.

Description

The description identifies the GL journal entry on reports that show the GL transactions created by discounting. The default description is Discount of Dft *number*, but you can override it.

Must be approved prior to discounting.

The draft must be approved in Draft Approval before you can discount it. If you need to change an approved or discounted draft, you must void it in Approved Draft Reversal and then enter and approve a new draft.

Recording Payment for Drafts

Payment Maintenance

Check: 876

Check Control: 20,725.00

Amount: 20,725.00

Bill To: 1001000

CENTURY HALLMARK

Unapplied: 0.00

Reference	T	N/U Ref	Due Date	Balance	Cash Amount
1007	D		07/16/2003	0.000	20,725.000

Payment Application Maintenance

Ref:

Type:

Entity:

N/U Ref:

Amount to Apply:

Account:

Cash Amount:

Tax:

Discount:

←

→

Add Link

IN08070

Figure 8-7

Recording Payment for Drafts

**Use Payment
Maintenance, same
as for regular
applied payments.**

When the customer pays you (or the bank, if the draft was discounted), you must record the payment in Payment Maintenance in order to close the draft (Figure 8-7). The procedure for doing so is the same as for recording applied payments.

Approved Draft Reversals

Approved Draft Reversal

Reference: 1008

Effective Date: 05/16/2003

Due Date: 07/16/2003

Amount: 20,000.00

Bill To: 1003000

Sue's Hallmark

Date: 05/16/2003

Expect Pay Date: 06/16/2003

USD

Add Link

Approved Draft Reversal

Reference: 1008

Effective Date: 05/16/2003

Due Date: 07/16/2003

Amount: 20,000.00

Bill To: 1003000

Sue's Hallmark

Date: 05/16/2003

Expect Pay Date: 06/16/2003

USD

Print Audit Trail: ☒

Output:

←

→

Add Link

FIN08080

Figure 8-8

Approved Draft Reversals

Used to cancel or change approved/discounted drafts.

If a customer defaults on a draft, or if you need to change an approved or discounted draft, you record this in Approved Draft Reversal (Figure 8-8). This function creates GL transactions that reverse the ones created by approving or discounting the draft.

Audit trail only during reversal.

You can print the audit trail only at the time you perform the reversal. However, you can print the Draft Report to show voided (reversed) drafts.

GL Transaction Summary, Drafts

Transaction	Type	DR/CR	Account
Draft Approval	AR	DR DR CR DR/CR DR/CR	Drafts Receivable Sales Terms Discounts Accounts Receivable Intercompany Exchange Gain/Loss
Draft Discounting	AR	DR DR CR	Cash Discounting Charges Bank Clearing
Draft Payment	AR	DR CR DR/CR DR/CR	Bank Clearing Drafts Receivable Intercompany Exchange Gain/Loss
Approved Draft Reversal	AR	DR CR CR DR/CR DR/CR	Accounts Receivable Drafts Receivable Sales Terms Discounts Intercompany Exchange Gain/Loss

FIN08090

Figure 8-9

GL Transaction Summary, Drafts

GL Type AR

Figure 8-9 shows the GL transactions created by draft processing. Like other AR transactions, drafts have a GL transaction type of AR.

**Sales Terms
Discounts**

Entries for Sales Terms Discounts are created only by drafts in which the customer takes early payment discounts. You can change this account for different sites and entities or for different types of discounts (e.g., to write off bad debts or underpayments).

**Intercompany
entries for multi-
entity drafts.**

Multi-entity drafts create intercompany balancing entries. Foreign currency drafts create entries to account for exchange rate fluctuations.

**Chart shows sources
for GL transactions.**

This chart also shows where the accounts for the GL transactions come from. This information is useful for investigating GL problems in which the wrong account appears on a transaction.

In Draft Discounting, the accounts for Discounting Charges and Bank Clearing are user-specified.

NEXT: Activity 8.1

Lesson 9: Multinational AR (Optional)

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN09010

Figure 9-1

Lesson 9: Multinational AR (Optional)

SO/Invoice by Customer Language

In Sales Orders/Invoices, sales orders and invoices can be selected by and printed in the customer's language as defined in Customer Maintenance.

Multiple Languages (Dunning Letters)

Master Comment Maintenance

Master Reference: Over30
Type: DN
Language: US
Page: 1

*****FIRST NOTICE*****

This is a reminder that your account balance is more than 30 days overdue.
Please submit payment for all overdue items as listed below.

If you have any questions, contact Jane Foster at 805/684-6614.

Customer Dunning Letter Print

Bill To: 1004000 To: 1004000
Dun Level: 0 To: 99
Age Date: 05/15/2003 Statement Cycle: 12/1
Minimum Amount Past Due: 0.00 USD Language ID:
Company Address: 100000000 Region:
Sort By: C Customer/Region/Salesperson
Show Salesperson: ☐ Increment Dunning Levels: ☒
Show Aged Totals: ☐ Totals in Base Currency: ☐

Days	Late	Level	Dunning Letter Reference	Type
30		0	Over30	DN
60		0	Over60	DN
90		0	Over90	DN
9999		0		
9999		0		
9999		0		

Maximum Days Late to Print Documents

Customer Maintenance

Customer: 1004000

Customer Address

Name: WORLDWIDE BUSINESS SUPPL
Address:
Address: 8000 CENTRAL AVENUE
Address:
City: ANAHEIM State: CA Post: 90002 Format: 0
Country: United States of America USA County:
Attention: MR. ALEX TUMMERS [2]: MS. WENDY SMITH
Telephone: 714-555-0239 Ext: [2]:
Fax/Telex: 714-555-0023 [2]: Added: 05/03/1988

Customer Data

Sort Name: WORLDWIDE BUSINESS SUPPL Type: 1000
Salespsn1: Multiple: ☐ Region: US
Ship Via: GROUND TRUCK Currency: USD
AR Acct: 1200 Dual Pricing Cur:
Resale: 88-02-09 T92X Site: train
Remarks: Lang: us

Add Link

FIN09020

Figure 9-2

Multiple Languages (Dunning Letters)

Dunning letters by language

Some AR functions can also generate documents in multiple languages. In Customer Dunning Letter Print, you can select customers for dunning letters based on their language. If you set up dunning letters in the language, you can also print the letters in the language. As we noted earlier, text for dunning letters is recorded in Master Comment Maintenance.

Aging comments by language

On the aging reports, customer master comments that are printed on the aging can also be selected by language.

Currencies Exchange Rate Maintenance

You can enter DR/CR memos, payments, and drafts in any currency that has a currency code and exchange rate for the transaction effective date. As we noted earlier in the class, currencies are set up in Exchange Rate Maintenance.

Sales Orders, Invoices, and DR/CR Memos

Pending Invoice Maintenance

Order: S0010015 Sold-To: 4007000 Bill To: 4007000 Ship-To: 4007000

Sold-To **Ship-To**

Train Dollar Customer Train Dollar Customer

United States of America United States of America

Order Date: 05/16/2003 Line Pricing: ☒ Last Ship: 05/16/2003

Required Date: Manual: Currency:

Exchange Rate: ABC 1.6 = USD

Fixed Rate: ☐

Pending Invoice Maintenance

Order: S0010015 Sold-To: 4007000 Ln Format S/M: Single

Ln	Item Number	Invoice Qty	UM	List Price	Discount	Net Price
2	02-0010	1.0	EA	1.60	0.0	1.60

Desc: ERASER REFILL PACK Sales Account: 3000 0100 0100

Loc: 200 Site: Train Disc Acct: 3905 0100 0100

Lot/Serial:

Qty Backorder: 0.0 Confirmed: ☒ Credit Terms Int: 0.00

Qty Allocated: 0.0 Required: Type:

Qty Picked: 0.0 Due Date: 05/16/2003 UM Conversion: 1.0000

Qty to Invoice: 0.0 Perform Date: Category:

USD Cost: 0.2375 Pricing: 05/16/2003 Freight List:

Salesperson 1: Multiple: ☐ Taxable: ☐ Comments:

Commission 1: 0.00% Fixed Price: ☒

FIN09030 This is Base Currency Cost This is ABC Dollars Add Link

Figure 9-3

Sales Orders, Invoices, and DR/CR Memos

**Currency from
Bill-To**

On sales orders, invoices, and DR/CR memos, the currency defaults from the customer bill-to address (Customer Maintenance). You can use this currency or change it to any other currency that is set up in the system.

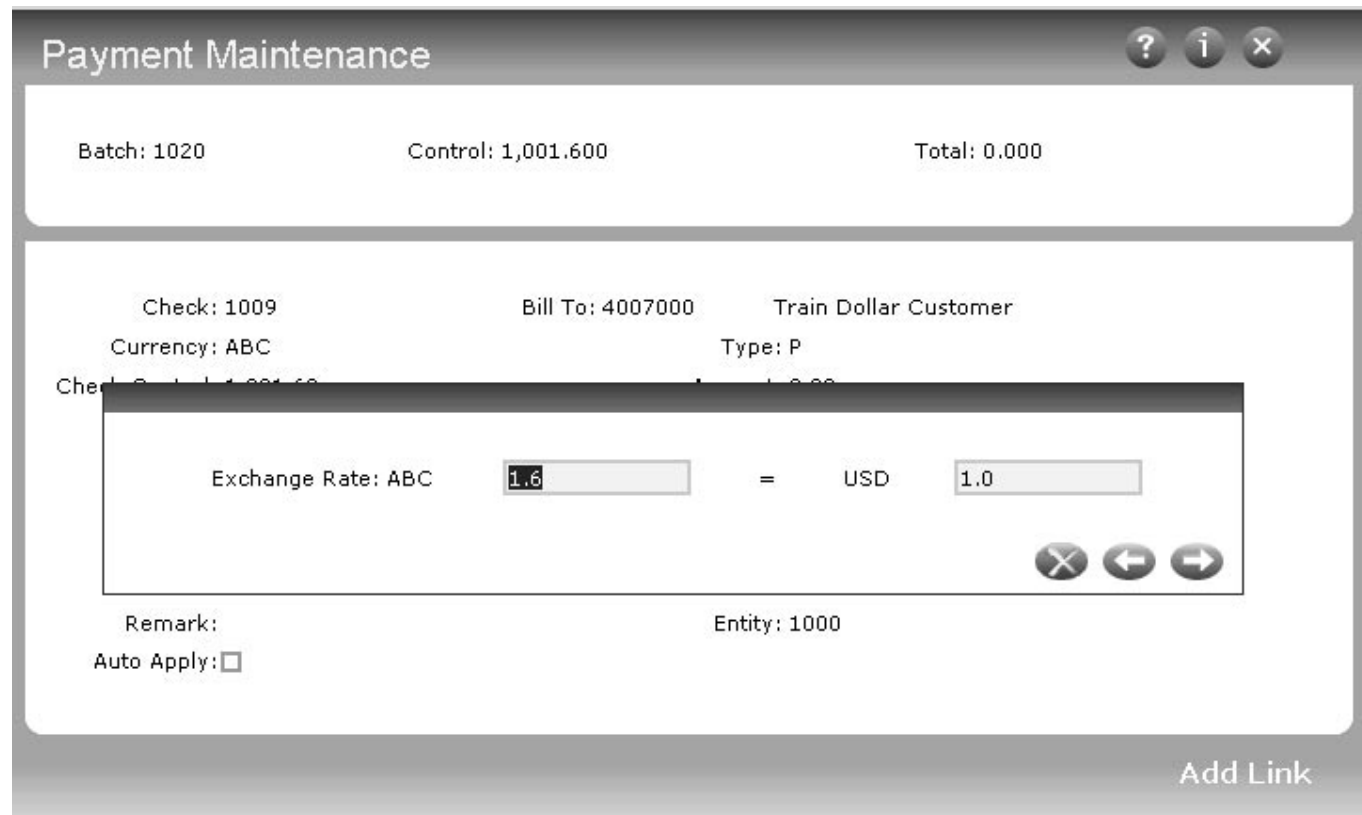
**SO: Order date rate
Inv/Memos: GL Eff
Date rate
Spot and fixed rates**

On sales orders, the exchange rate defaults from the rate for the order date. On pending invoices and DR/CR memos, the rate comes from the rate for the transaction effective date; however, on all of these transactions, a pop-up window appears enabling you to enter a spot rate. On sales orders, you can specify a fixed rate that follows the transaction through invoicing and payment.

**Line items converted
to transaction
currency.**

On orders and invoices, line item prices are converted to the transaction currency, but the list price and GL cost are also displayed in base currency for reference.

Payments



The image shows a 'Payment Maintenance' window with a title bar containing help, info, and close buttons. The window is divided into several sections. The top section displays 'Batch: 1020', 'Control: 1,001.600', and 'Total: 0.000'. Below this, a form contains fields for 'Check: 1009', 'Bill To: 4007000', 'Train Dollar Customer', 'Currency: ABC', and 'Type: P'. A modal dialog box is open in the center, showing an exchange rate calculation: 'Exchange Rate: ABC' followed by a text box containing '1.6', an equals sign, 'USD', and another text box containing '1.0'. The dialog has close, back, and forward buttons. Below the dialog, the main form has 'Remark:', 'Auto Apply: ☐', and 'Entity: 1000'. At the bottom right of the window is an 'Add Link' button.

Payment Maintenance

Batch: 1020 Control: 1,001.600 Total: 0.000

Check: 1009 Bill To: 4007000 Train Dollar Customer
Currency: ABC Type: P

Exchange Rate: ABC 1.6 = USD 1.0

Remark: Entity: 1000
Auto Apply: ☐

Add Link

FIN09040

Figure 9-4

Payments

Curr from Customer

In Payment Maintenance, the currency also defaults from the customer.

Payments only in trans or base currency.

However, you can apply payments only in the invoice/memo currency or in the system base currency. (In the latter case, a warning displays, but you will be allowed to proceed.)

Exchange rate for effective date

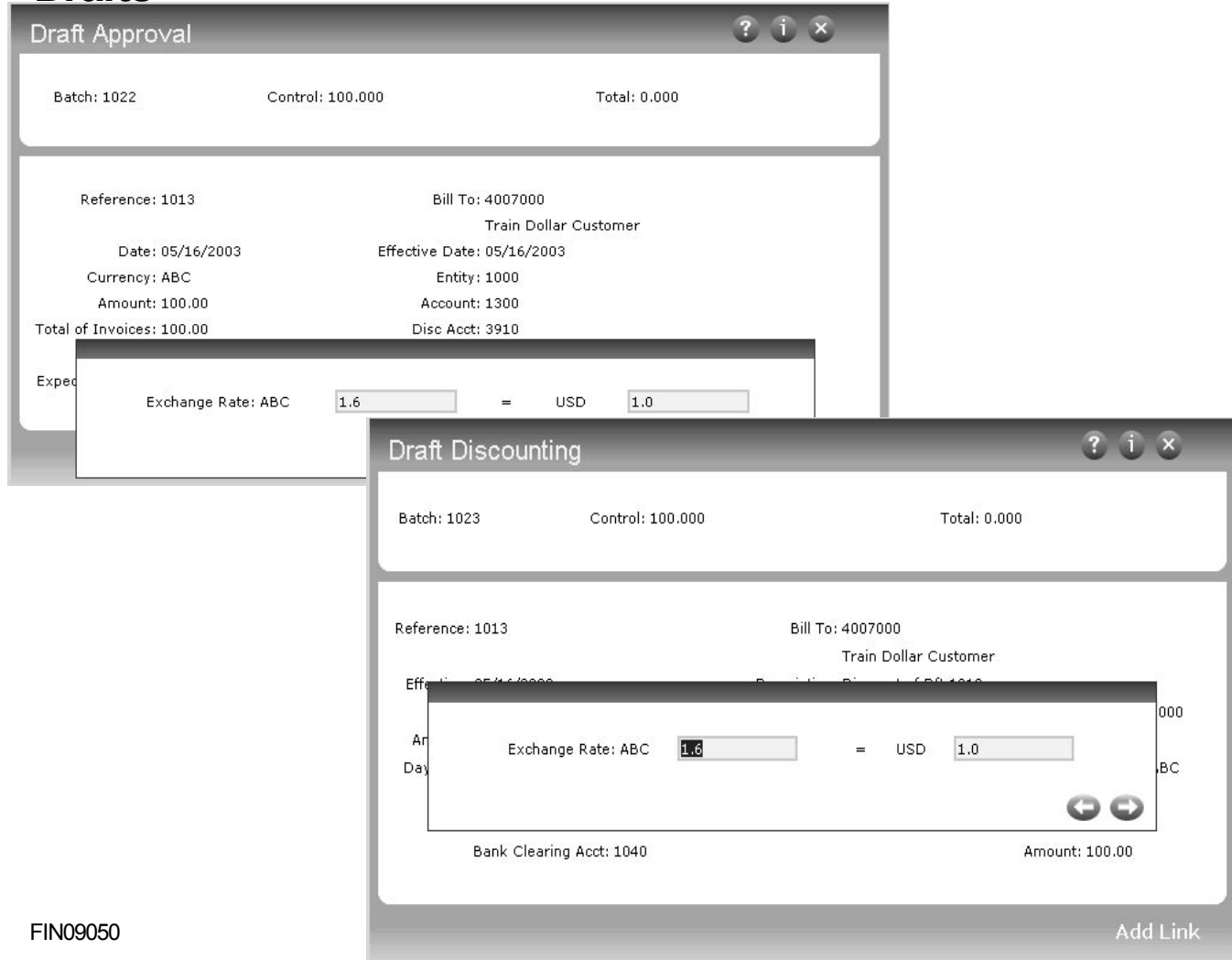
A pop-up window displays the exchange rate for the transaction effective date (Figure 9-4).

Unapplied payments take rate from Payment Maintenance

On unapplied payments, the currency and rate from Payment Maintenance carry over to Unapplied Payment Application.

Note: If you specified a fixed rate on the sales order, you are still allowed to enter a new rate here; however, this rate will affect only the calculation of exchange gain/loss, not the default amount to apply.

Drafts



The image shows two overlapping software windows from the QAD system. The background window is titled "Draft Approval" and contains the following information:

- Batch: 1022 Control: 100.000 Total: 0.000
- Reference: 1013 Bill To: 4007000
Train Dollar Customer
- Date: 05/16/2003 Effective Date: 05/16/2003
- Currency: ABC Entity: 1000
- Amount: 100.00 Account: 1300
- Total of Invoices: 100.00 Disc Acct: 3910

An "Expected Exchange Rate" dialog box is open over the Draft Approval window, showing:

Exchange Rate: ABC 1.6 = USD 1.0

The foreground window is titled "Draft Discounting" and contains the following information:

- Batch: 1023 Control: 100.000 Total: 0.000
- Reference: 1013 Bill To: 4007000
Train Dollar Customer
- Effective Date: 05/16/2003 Bill Date: 05/16/2003
- Amount: 100.00 Currency: ABC
- Day: Bank Clearing Acct: 1040 Amount: 100.00

An "Expected Exchange Rate" dialog box is also open over the Draft Discounting window, showing:

Exchange Rate: ABC 1.6 = USD 1.0

Navigation buttons (left arrow, right arrow) are visible at the bottom right of the dialog box in the foreground window.

FIN09050

Add Link

Figure 9-5

Drafts (Optional)

Curr from Customer

In Draft Maintenance, the currency defaults from the customer.

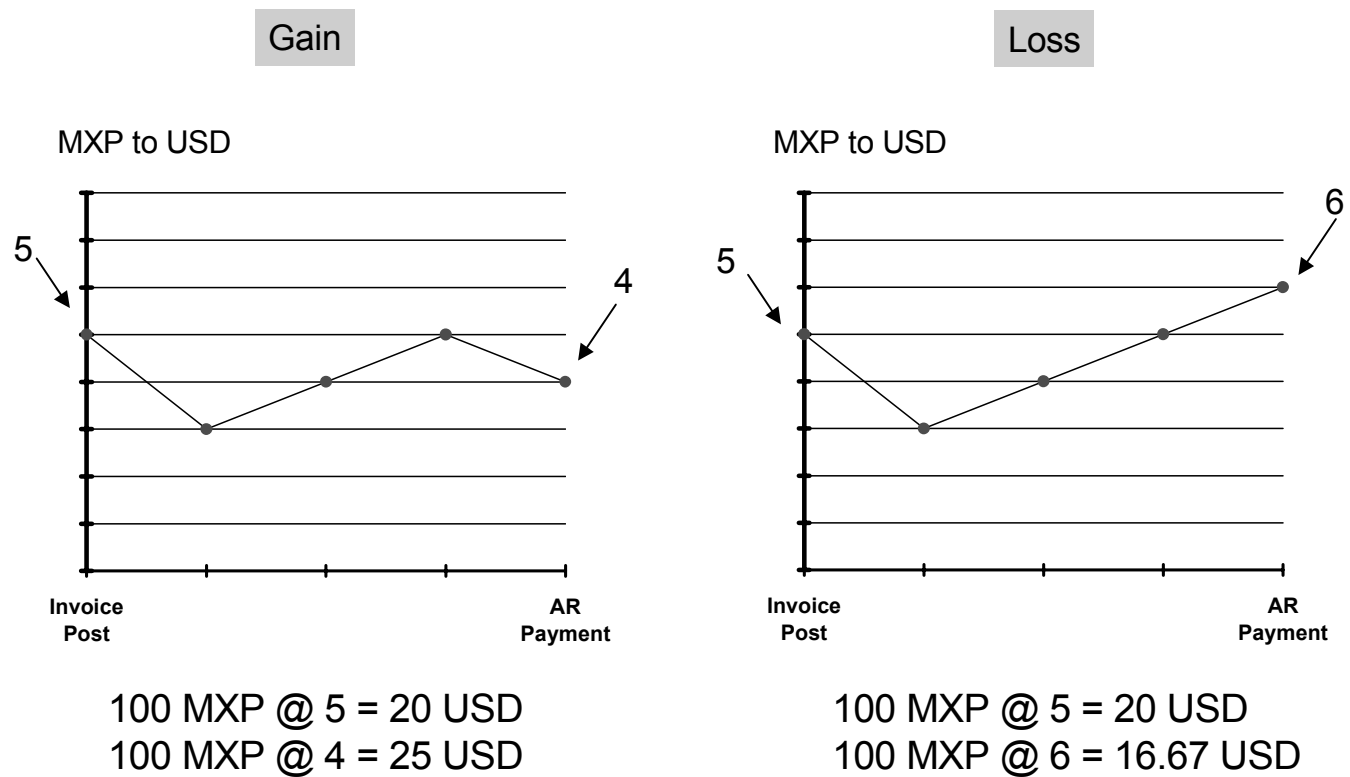
**Can override rate
at approval.**

When you approve the draft, a pop-up window enables you to override the exchange rate for the transaction effective date, and the exchange gain/loss account for the bank.

**GL accounts must be
in draft currency.**

In Draft Discounting, the GL accounts must be in the draft currency or an error displays. Again, a pop-up window allows you to override the exchange rate for the transaction effective date.

Realized Gain/Loss on Sale



FIN09060

Figure 9-6

Realized Gain/Loss on Sale

Exchange gains/ losses

Unless you are using a fixed exchange rate, the exchange rate usually fluctuates between the time a sales order is created and the time the payment is received. MFG/PRO accounts for exchange gains/losses by calculating variances when payments are applied.

Realized gain/loss on payment

A realized gain or loss occurs when you receive more or less cash than you expected from the customer relative to your system base currency (the one used for financial reporting), since you invoiced at one exchange rate and got paid at another (Figure 9-6).

For example:

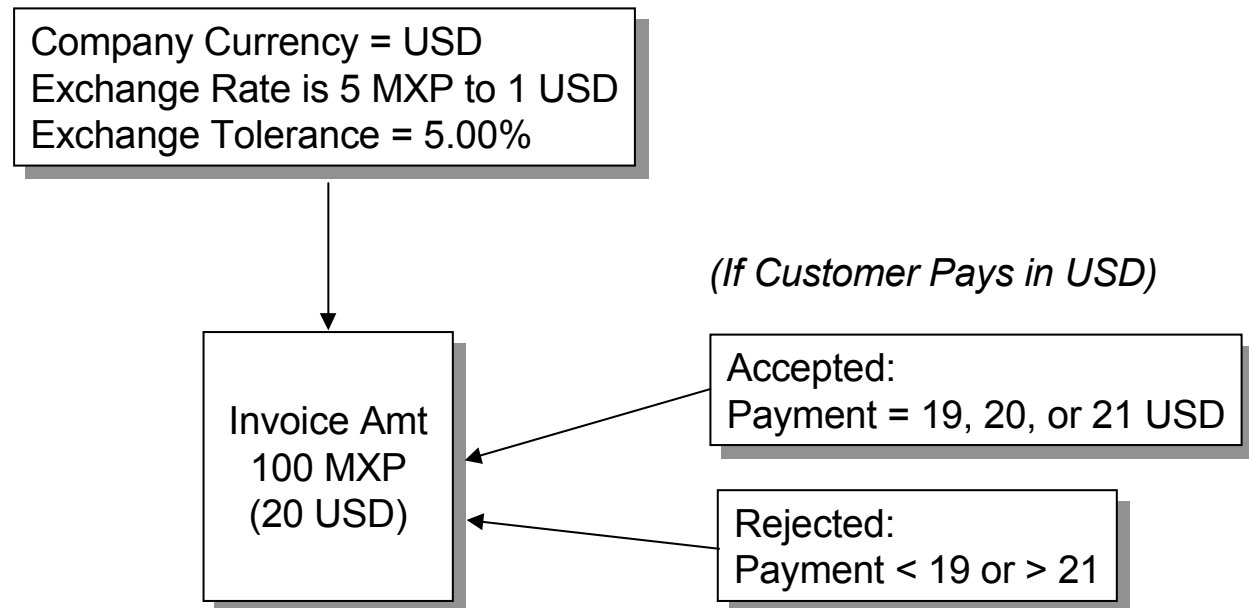
Example

Your company's base currency is USD. You invoice a customer 100 MXP at an exchange rate of 5 MXP to 1 USD. At that exchange rate, 100 MXP is worth 20 USD.

However, on the day you receive the payment, the exchange rate is 4 MXP to 1 USD. The customer still pays you 100 MXP, but at today's exchange rate, 100 MXP is worth 25 USD. So, there is a gain of 5 USD.

The reverse is also true. If the exchange rate on the payment date were 6 MXP to 1 USD, 100 MXP would be worth only 16.67 USD, resulting in a loss of 3.33 USD.

Exchange Tolerance



$$20 * 5\% = 1$$

FIN09070

Figure 9-7

Exchange Tolerance

Exchange Tolerance

You can limit the effects of exchange rate fluctuations by utilizing the Exchange Tolerance option in Accounts Receivable Control. This option functions as a control point during multicurrency payment processing. If you specify a percentage, the system warns you about payments that are out of tolerance.

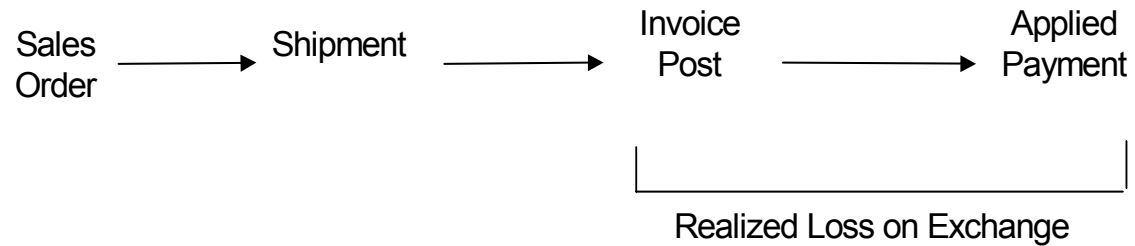
Applies only to multicurrency.

Exchange tolerance applies only to payments processed in a different currency from the one used on the original invoice or memo. Whenever a payment is entered in a different currency, you are prompted to enter the currency code and exchange rate. The exchange tolerance verifies that this rate is reasonable.

Example above

The above example illustrates how exchange tolerance works. If a payment is rejected, you must either change the exchange rate on the payment so that the payment amount remains within the tolerance, or you must temporarily change the Exchange Tolerance flag in the control program while you process the payment.

GL Transaction Summary, Multiple Currencies



Activity	Exch Rate ¹	Order Cur	Base Cur	GL Transactions	Order Cur	Base Cur
Invoice Post (Nov. 30)	2 to 1	400.00	200.00	DR AR CR Sales	400.00 400.00	
Payment (Dec. 31)	3 to 1	400.00	133.33	DR Cash DR Exchange Loss CR AR	400.00 400.00	 66.67

¹ Order currency to system base currency.

FIN09080

Figure 9-8

GL Transaction Summary, Multiple Currencies

Example above	To sum up the GL side, examine an example that goes through the typical shipment/invoice/payment cycle.
No multicurr GL on SO/shipment.	You create a sales order in a foreign currency and then ship the items. The sales order does not have any GL effects in any environment. The shipment creates the same GL transactions (DR Cost of Goods Sold, CR Inventory) it does in a single-currency environment.
Invoice Post	At Invoice Post, the system posts the invoice at the exchange rate for November 30, the effective date of the post. The GL entries to update Accounts Receivable and Sales are posted in the order currency, not the system base currency.
Payment	When the payment is applied to the invoice, the GL entries for Cash and Accounts Receivable are posted in the order currency. Since the exchange rate changed between the posting effective date and the payment effective date, a realized loss on exchange was calculated. This loss is posted in the system base currency.

NEXT: Activity 9.1

Lesson 10: Purchasing/AP Data Setup

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN10010

Figure 10-1

Lesson 10: Purchasing/Accounts Payable Data Setup

Similar to SO/AR

There are many similarities between the Sales Orders/Invoicing/Accounts Receivables functions and the Purchasing/Accounts Payable functions. Keep this in mind during the next few lessons as we look at these functions in detail.

Begin with PO, then go through with AP.

We plan to follow the flow of issuing a purchase order, receiving the purchased items, recording the supplier invoice, and processing the supplier payment. Along the way, we cover how purchase price variances are calculated, how prepayments are processed, and how credits are managed. We also look at the GL consequences of all of these activities.

First set up...

Before we can do this, we need to set up:

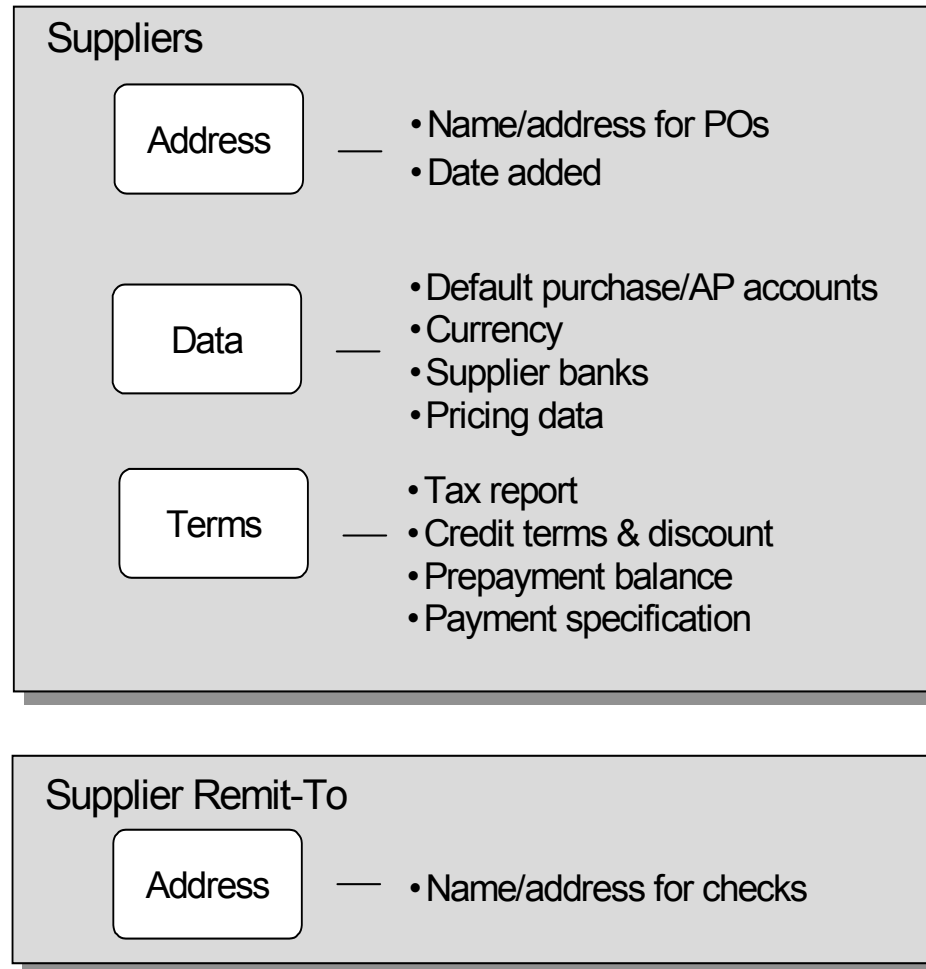
Supplier Addresses

- Supplier names and addresses

Supplier remit-tos

- Supplier remit-to addresses

Supplier Addresses



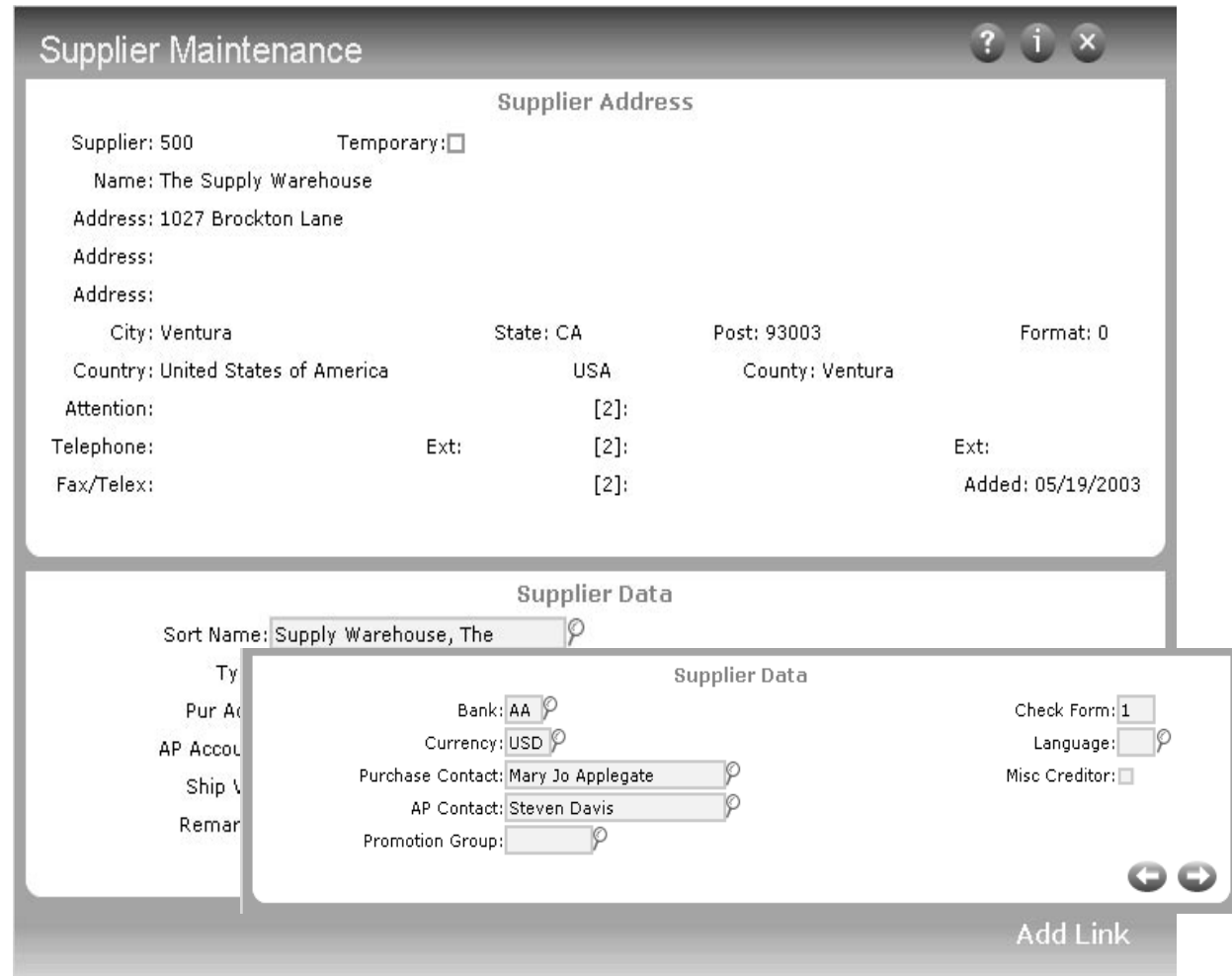
FIN10020

Figure 10-2

Supplier Addresses

Supplier data used by PO/AP.	Begin by looking at the supplier information that is maintained on the system (Figure 10-2). Some of this information is maintained and used by Purchasing, and some of it is maintained and used by Accounts Payable.
Address for POs	Supplier information is split into several components. Each supplier has a name and address. This is the name and address used by purchasing. When a purchase order is printed, it prints this name and address. (This is not necessarily the same place you send payment, hence the remit-to address.)
Temporary	Suppliers can be flagged as temporary for one-time purchases or payments. Once the AP transactions are completely closed, Closed AP Delete/Archive deletes the transaction history and the supplier.
Data added	Other information is also maintained for your reference. This includes the date the supplier was added – useful for identifying inactive suppliers, and general contact information: names, phone numbers, and fax/telex numbers.
Sort name	Note that, like customers, suppliers have both a name and a sort name. Remember, sort name is the one that is used for arranging suppliers on most purchasing and accounts payable reports.
Supplier type	The supplier type is a four-character code that your company can use to differentiate suppliers. It is available as a selection criteria on many AP reports.
Audit trail	Whenever you change a supplier record, MFG/PRO generates an audit trail of the old and new values. You can print this audit trail using the Master File Audit Detail Report.

Supplier Data



The screenshot shows the 'Supplier Maintenance' window with two tabs: 'Supplier Address' and 'Supplier Data'. The 'Supplier Address' tab is active, displaying the following information:

Supplier: 500 Temporary: ☐
Name: The Supply Warehouse
Address: 1027 Brockton Lane
Address:
Address:
City: Ventura State: CA Post: 93003 Format: 0
Country: United States of America USA County: Ventura
Attention:
Telephone: Ext: [2]: Ext:
Fax/Telex: [2]: Added: 05/19/2003

The 'Supplier Data' tab is also visible, showing the following information:

Sort Name: Supply Warehouse, The
Ty
Pur Ac
AP Accou
Ship V
Remar

Supplier Data

Bank: AA
Currency: USD
Purchase Contact: Mary Jo Applegate
AP Contact: Steven Davis
Promotion Group:

Check Form: 1
Language:
Misc Creditor: ☐

Navigation buttons: Left arrow, Right arrow, Add Link

FIN10030

Figure 10-3

Supplier Data

PO information

The Supplier Maintenance screen has several frames used to record the supplier name, address, and other purchasing-related information, such as currency, GL accounts, pricing, terms, and supplier bank accounts (Figure 10-3).

Each supplier has two accounts: a purchases account (Pur Acct) and an AP account. Their initial values come from System/Account Control.

Purchase account only for memo POs.

- **Purchases.** This account is used only for non-inventory items purchased from this supplier. Previously, we talked about product lines and how accounts are associated with items based on their product line. Purchases of inventory items are tied to the purchasing (PO Receipts) account for the product line, not the supplier. The supplier purchases account is only used on memo purchase orders. This is usually an expense account used only for suppliers who sell you items like office supplies or capital equipment.

Override AP account for discrete tracking.

- **AP Account.** Most companies use only one accounts payable account to track supplier balances. As you saw in Lesson 1, this account is entered in System/Account Control (Payables) and is the default AP account when you enter new suppliers. Sometimes, however, you may want to track the accounts for one or a few key suppliers separately. To do this, you may want to enter a different account here.

AP drafts, an optional method of payment common in many countries, use check form (5), (6), or (7). Currently, these check forms are equivalent. They specify the draft printing format, which includes a due date and the bank location at which the draft is collectible.

Customer/Supplier Banks

You can assign one or more of the customer/supplier banks created in Customer/Supplier Bank Maintenance to each supplier record, specifying the account type and bank account number. These banks are generally used to handle EFT transactions. When you generate payments for the supplier, the system then verifies that the supplier bank from the voucher has a bank account whose type matches the account type specified, and that this type is valid for the check date.

Supplier Terms Data

Supplier Maintenance

Supplier Address

Supplier: 500 Temporary: ☐

Name: The Supply Warehouse

Address: 1027 Brockton Lane

Address:

Address:

City: Ventura State: CA Post: 93003 Format: 0

Country: United States of America USA County: Ventura

Attention: [2]:

Telephone: Ext: [2]: Ext:

Fax/Telex: [2]: Added: 05/19/2003

Supplier Terms Data

Cr Terms: 2/10-30 Taxable: ☐ Tax ID: TID Notice: ☐

Disc Pct: 0.00%

Prepayment Balance: 0.00

CoC Number: Debtor Number:

Partial OK: ☐ Tax Report: ☐

Payment Hold: ☐ Pay Specification: ☐

DB Number:

←

→

Add Link

FIN10040

Figure 10-4

Supplier Terms Data

Credit Terms

Earlier we talked about credit terms. You can assign a credit terms code to each supplier, which identifies the terms they normally extend to you, such as net 30 or COD. These terms are accessed automatically on all purchase orders and miscellaneous vouchers entered for this supplier. (They can be changed if necessary.) Credit terms are used to calculate voucher discount and due dates. Payment amounts can be selected to take advantage of discounts available.

Payment Hold

If Payment Hold is set to Yes, checks will not be automatically processed by the system. Also, you will be warned when entering vouchers or manual checks.

Pay specification

A printed document (or payment specification) is automatically generated for the supplier if Pay Specification is set to Yes in Supplier Maintenance. This document resembles a check stub. The Bank and Check Form fields are used to indicate how vouchers for the supplier are to be paid.

Printed checks use check form (1) or (2). The standard printed check is check form (1). An alternative check format, displaying the payment amount below the date, is check form (2).

Electronic fund transfers use check form (3) or (4). Check form (3) is used for making electronic funds transfer requests via a printed audit trail, which is sent to a bank. Check form (4) performs as (3), but creates an ASCII file, rather than a printed form, which can be sent to the bank to initiate the funds transfer. You also use check forms (3) and (4) in connection with Customer/Supplier banks, discussed below.

Prepayment Balance

The system updates the supplier's Prepayment Balance whenever you record and pay prepayment vouchers.

Tax Report (1099)

The Tax Report field indicates whether a Supplier Activity Report (called a 1099 in the U.S.A.) is needed. The Supplier Activity Report simply lists supplier payment activity over a specified time. (Users outside the U.S. may find this report useful.) The report only prints if Tax Report is flagged Yes for the supplier. If this flag is No, the supplier is never considered by the report, no matter what the selection criteria. The Supplier Activity Report prints the supplier tax ID.

Supplier Remit-To

Remit-To Supplier Maintenance

Supplier Address

Supplier: 500
Name: The Supply Warehouse
Address: 1027 Brockton Lane
Address:
City: VenturaState: CAPost: 93003Format: 0
Country: United States of AmericaUSACounty: Ventura
Attention:Telephone:Ext:

Supplier Remit-To

Code: 500-R
Name: The Supply Warehouse
Address: P.O. Box 31056
Address:
Address:
City: VenturaState: CAPost: 93006Format: 0
Country:USACounty: Ventura
Attention:
Telephone:Ext:

Add Link

FIN10050

Figure 10-5

Supplier Remit-To

Only if different

Sometimes the addresses on purchase orders and AP payments are not the same. In these cases, you should enter the accounts payable address using Supplier Remit-to Maintenance. This is only necessary if the supplier's remit-to address is different from the address for the PO.

Use supplier code with “R” or “-1.”

Notice that a different address code is used to identify the remit-to address. Most companies come up with a remit-to coding scheme that ties them logically to the supplier. For example, you might use the supplier address code beginning with an R (for remit-to), or followed by a -1. This is not necessary, because the system ties the two addresses together internally, but you may still prefer to use such a system.

Supplier code on vouchers

Whenever you enter a voucher, you specify the supplier code rather than the remit-to (Figure 10-5). The system automatically retrieves the remit-to (if any) for this supplier and uses it for all payments. You can use the same remit-to address code for multiple suppliers. However, each supplier can have only one remit-to code. Note that supplier history is consolidated under the supplier code, not the remit-to code.

1 Remit-to/multiple suppliers**1 Remit-to per Supplier****Supplier history under supplier code**

NEXT: Activity 10.1

Activity 10.2

Lesson 11: Purchasing

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN11010

Figure 11-1

Lesson 11: Purchasing

Begin with PO

In many cases, the starting point for accounts payable activity is purchasing. Purchase orders are sent out to a supplier, prepayments are processed, and purchased items are received. When the supplier sends you the invoice, it is verified against the original purchase order and the received quantities.

Purchasing flow

In this lesson, we will not cover everything that happens in Purchasing. We will look at the flow of purchasing information in general and then focus on the aspects of purchasing that are directly relevant to accounting. This includes costs, purchase price variances, prepayments, and receiving records.

Only cover AP details:

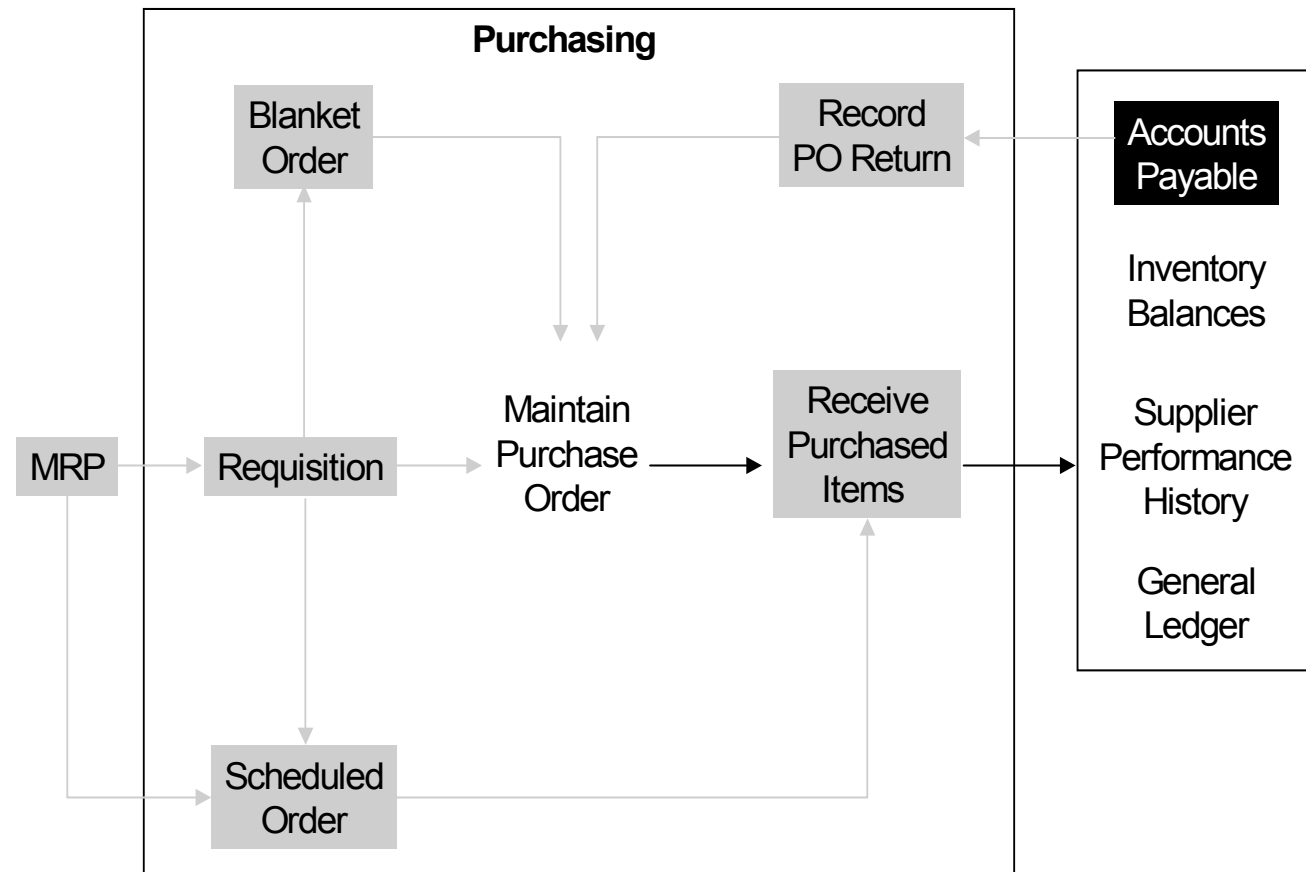
Cost

PPV

Prepayments

Receivers

Purchasing Life Cycle



FIN11020

Figure 11-2

Purchasing Life Cycle

Purchasing

The starting point for AP processing is purchasing. Purchasing's role is to satisfy demands for purchased items—both inventory items and non-inventory (memo) items. Both demands can be communicated to the purchasing department using requisitions. For inventory items, planning calculations (MRP) are the main source of demand. MRP generates planned orders that become purchase requisitions when the planner confirms them. For non-inventory items such as office supplies, people can manually enter requisitions in the Purchasing module.

Two kinds of demand (Inventory/Memo)

Requisitions

Purchase Order Blanket Order Scheduled Order

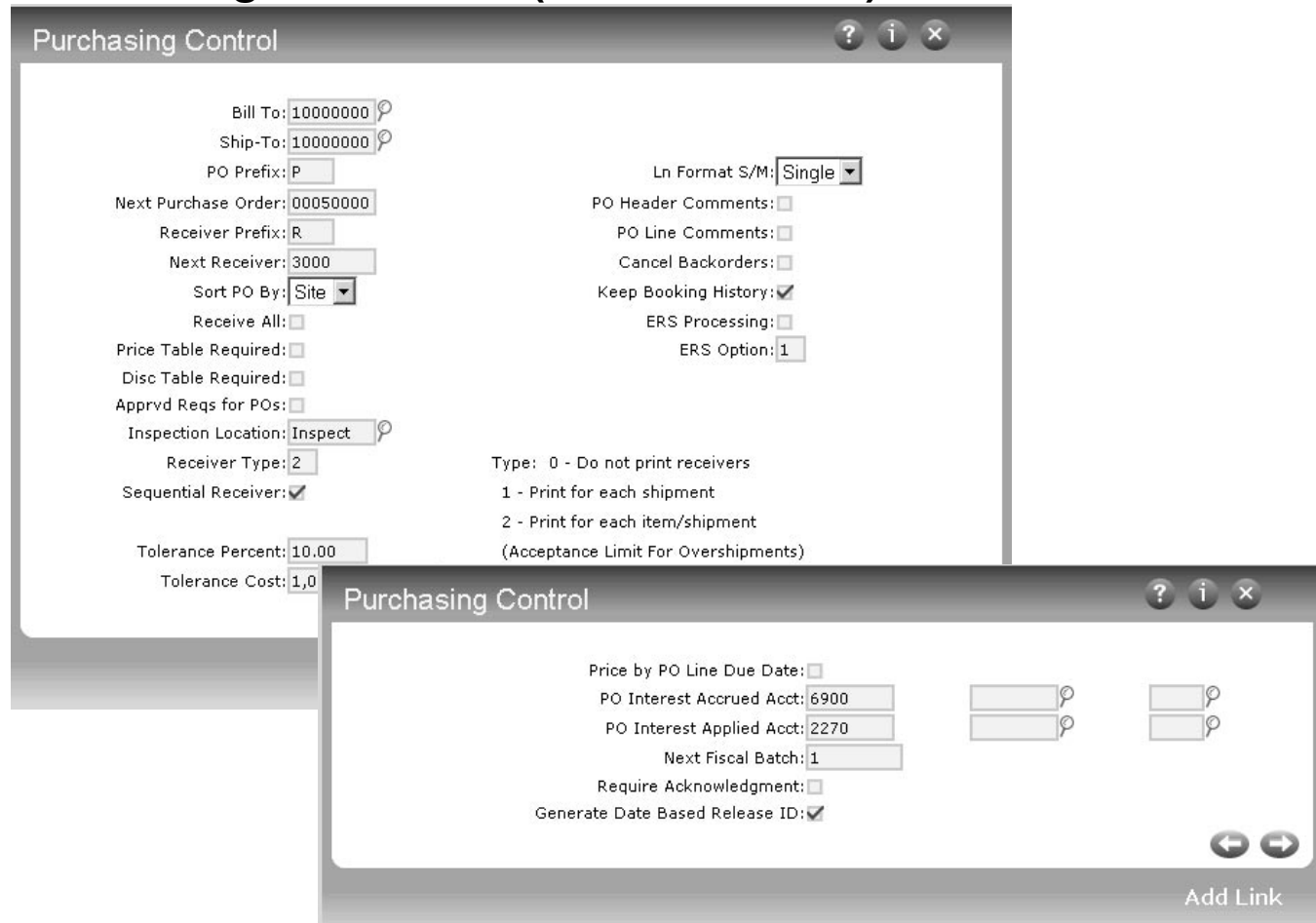
When the requisition reaches the purchasing department, there is usually an approval process. The purchasing agent then enters a purchase order or negotiates a blanket order or scheduled order with the supplier. A purchase order is an agreement that confirms the intent to purchase specific items and quantities at a specific price, to be delivered on a specific delivery date. A blanket order is like a purchase order, but is not usually associated with a specific delivery date. Instead, a blanket order is an agreement to purchase a certain quantity over time at an agreed-on price. When requirements arise, a delivery quantity is released against the blanket order. A scheduled order is another type of order for regular weekly, daily, or even hourly deliveries of the same item, usually over a long period of time. Often, you will print a formal purchase document for the supplier.

Print Order for Supplier

PO Receipts Three-way match in AP; verify amt/qty before you pay.

Upon delivery, the receiving department records the incoming quantities on a receiver. In addition to updating inventory balances and receiving history, receivers are used for automatic three-way matching in Accounts Payable. During vouchering, the system verifies the invoice cost and quantity against the purchase order and receiver so you can investigate discrepancies before you pay the invoice.

Purchasing Control File (PO Information)



Purchasing Control

Bill To: 10000000
Ship-To: 10000000
PO Prefix: P
Next Purchase Order: 00050000
Receiver Prefix: R
Next Receiver: 3000
Sort PO By: Site
Receive All:
Price Table Required:
Disc Table Required:
Apprvd Reqs for POs:
Inspection Location: Inspect
Receiver Type: 2
Sequential Receiver:
Tolerance Percent: 10.00
Tolerance Cost: 1.0

Ln Format S/M: Single
PO Header Comments:
PO Line Comments:
Cancel Backorders:
Keep Booking History:
ERS Processing:
ERS Option: 1

Type: 0 - Do not print receivers
1 - Print for each shipment
2 - Print for each item/shipment
(Acceptance Limit For Overshipments)

Purchasing Control

Price by PO Line Due Date:
PO Interest Accrued Acct: 6900
PO Interest Applied Acct: 2270
Next Fiscal Batch: 1
Require Acknowledgment:
Generate Date Based Release ID:

Add Link

FIN11030

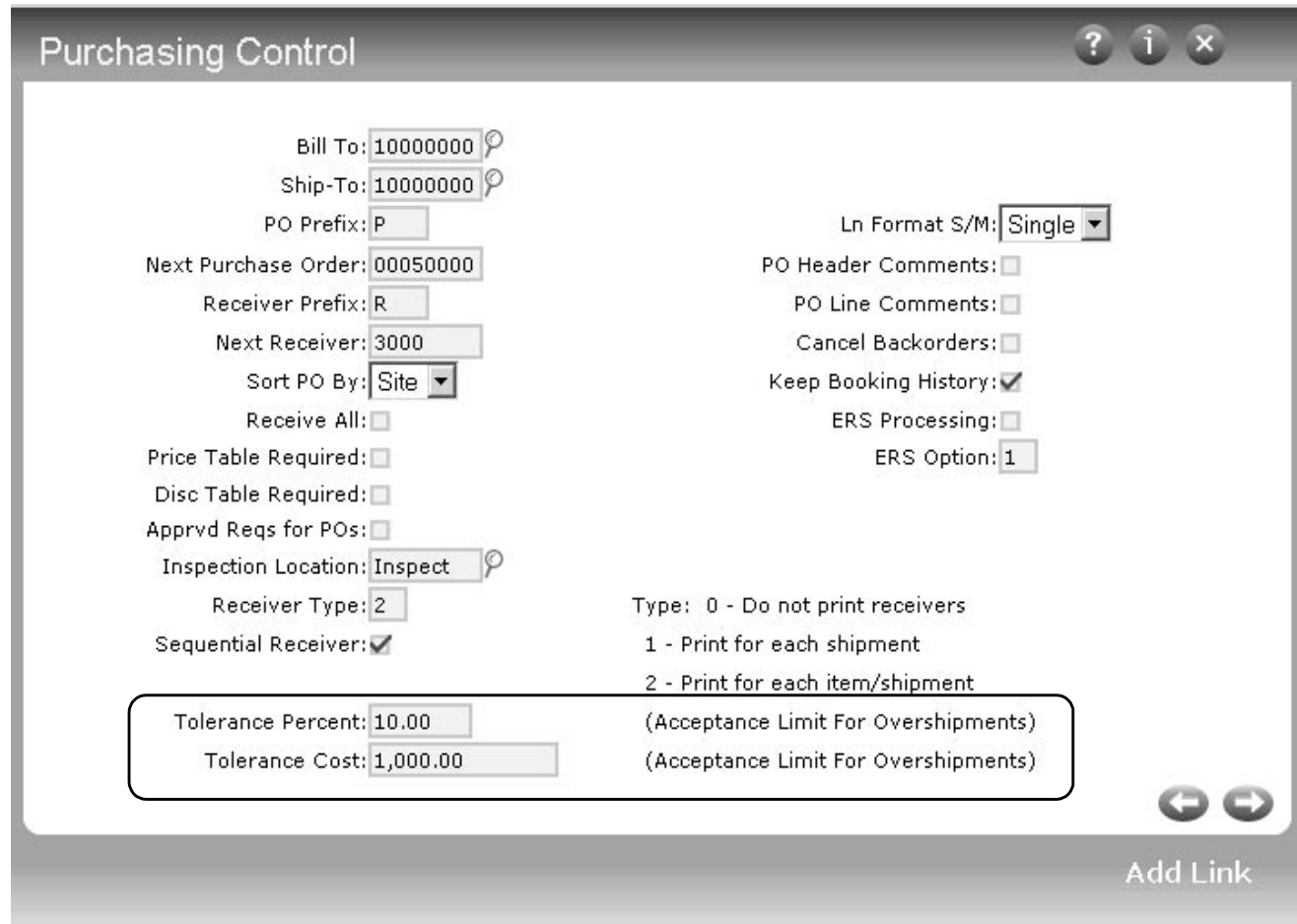
Figure 11-3

Purchasing Control

We have discussed the basic information that needs to be set up before we process purchasing and accounts payable activities. Before you get started, there are two control programs you need to initialize. Purchasing Control defines how purchasing and receiving functions work (see Figure 11-3). Before you start purchasing or AP processing, check the values for:

- **Bill-To/Ship-To.** Company bill-to and ship-to addresses are defined in Company Address Maintenance.
- **Next Purchase Order/Receiver.** While you may specify the next numbers assigned to purchase orders and receivers, it is faster and easier in most cases to allow the system to assign them.
- **Approved Requisitions for POs.** Determines whether line items require an approved requisition prior to entering a purchase order.
- **Receiver Type.** When you receive or return purchases, you record a receiver. When you voucher the supplier invoice in Accounts Payable, you match the invoiced quantities against the received quantities. Each receiver has a unique number. The receiver type determines whether the system creates one receiver per shipment (type 0 or 1), or one receiver per line item and shipment (type 2). This is important if your AP department processes only one voucher per receiver. One voucher can also reference multiple receivers. If suppliers ever bill you separately by line item, Receiver Type should be 2.
- **PO Credit Terms Interest Applied/Accrued Accounts.** In hyperinflationary environments, suppliers increment item prices based on the inflation rate between the time you order the goods and the time they are shipped. The system posts the estimated inflation gain/loss to these accounts.

Purchasing Control File (Receiver Information)



Purchasing Control

Bill To: 10000000

Ship-To: 10000000

PO Prefix: P

Next Purchase Order: 00050000

Receiver Prefix: R

Next Receiver: 3000

Sort PO By: Site

Receive All: ☐

Price Table Required: ☐

Disc Table Required: ☐

Apprvd Reqs for POs: ☐

Inspection Location: Inspect

Receiver Type: 2

Sequential Receiver: ☒

Ln Format S/M: Single

PO Header Comments: ☐

PO Line Comments: ☐

Cancel Backorders: ☐

Keep Booking History: ☒

ERS Processing: ☐

ERS Option: 1

Type: 0 - Do not print receivers
1 - Print for each shipment
2 - Print for each item/shipment

Tolerance Percent: 10.00 (Acceptance Limit For Overshipments)

Tolerance Cost: 1,000.00 (Acceptance Limit For Overshipments)

← →

Add Link

FIN11040

Figure 11-4

Receiving Tolerance Percent/Cost

Tolerance percent and cost control overshipments.

The receiving tolerances control the acceptance of overshipments. Both of these fields are used in conjunction with Purchase Order Receipts to determine if an overshipment is accepted.

Example (order 100, ship 150)

For example, you order 100 units of an item having a standard cost of \$5 per unit. If your supplier ships you 150 units, should you accept the extra 50 units or not? The cost or value of this overshipment is \$250 and the percentage overshipment is 50%. These values are compared to the tolerances you establish in the Purchasing Control.

Error

If the overshipment is outside the tolerance range—that is, if it is over the defined cost or percentage allowed—an error displays and the receipt cannot be processed. The only way to receive the additional quantity is by going back and increasing the quantity on the purchase order (or by temporarily changing the tolerance).

Minimum impact on cash flow.

When determining which tolerances to establish, try to find the value and quantity that will prevent overshipments that affect your cash flow and planning, and yet will not require daily attention by management to override the tolerance quantity.

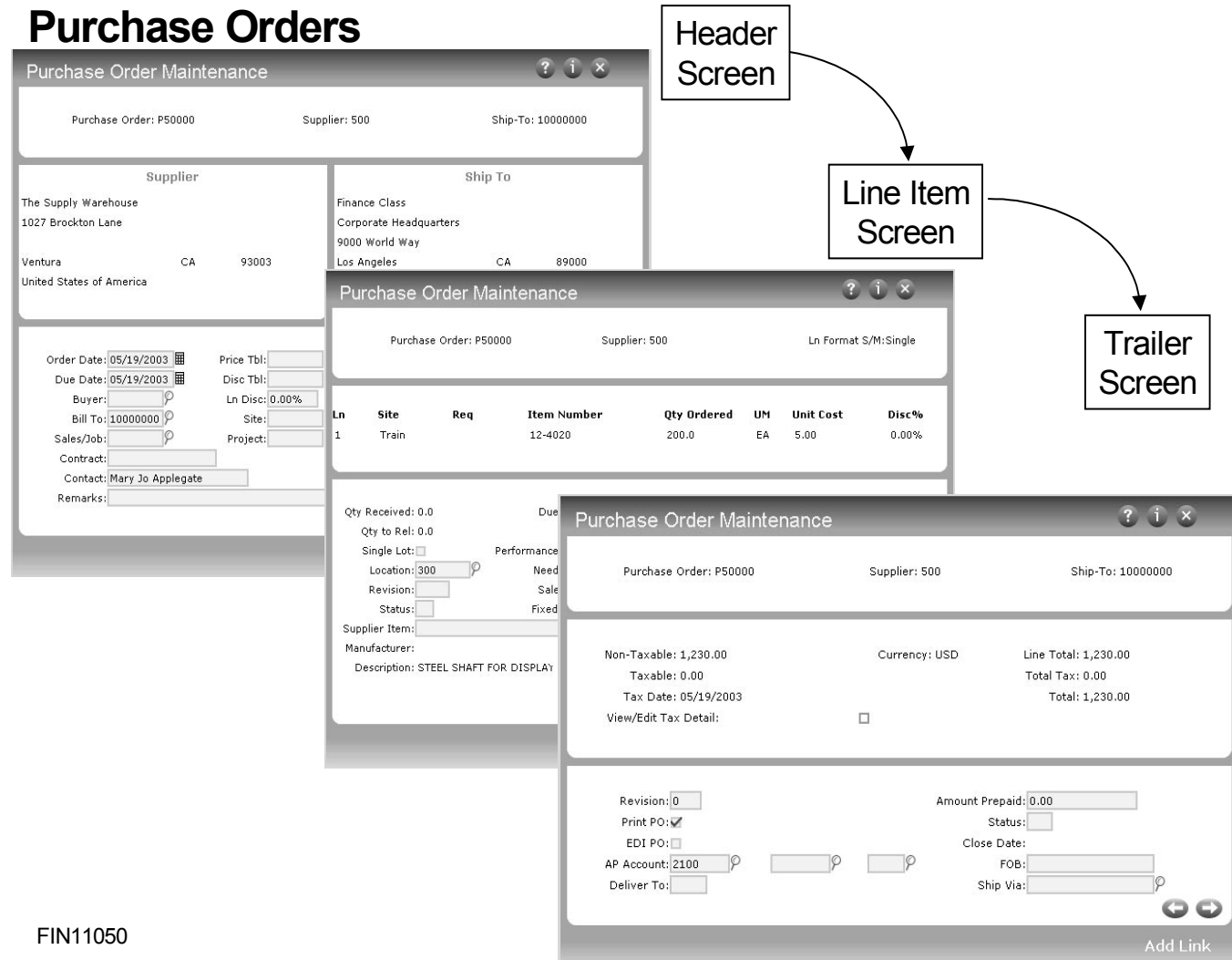


Figure 11-5

Purchase Orders

PO Maintenance has three sections:

In MFG/PRO, Purchase Order Maintenance (Figure 11-5) is divided into three main sections:

Header

- Order header

Line Items

- Line items

Trailer

- Trailer

Header info from Supplier Maintenance

Information that applies to the entire order is contained in the header. Much of this information comes from the supplier record (Supplier Maintenance), but you can change it for individual orders.

Line item info from PO header and menu 1.4

Information that applies to individual items on the order is contained in the line item screen. Some of this information comes from the item record (Item Data Menu), and some of it comes from the order header, but you can change most of it for individual lines.

Trailer has item total, freight, tax, shipping.

The trailer lists the total item, freight, and other charges, as well as taxes. Some of the shipping data also appears here.

Key fields for AP discussed in following pages.

On purchase orders, AP is mainly concerned about pricing and discounts, GL account codes, add-on charges, and taxes. In the next few pages, we will look at the key fields for AP processing.

Supplier Data

Supplier Maintenance

User Menu Edit Queue Options Help

Supplier Address

Supplier: 5001000 Temporary: no
Name: METAL SUPPLY COMPANY
Address: 720 EAST COLLEGE AVENUE
Address: BUILDING B-2
Address:
City: LOS ANGELES State: CA Post: 90293 Format: 0
Country: United States of America USA County:
Attention: MR. RICHARD AVERY [2]: MR. RALPH HUTTON
Telephone: 213-923-0392 Ext: [2]: Ext:
Fax/Telex: 213-923-0022 [2]: Added: 06/14/87

Supplier Data

Sort Name: METAL SUPPLY COMPANY Bank: AA Check Form: 1
Type: Currency: USD Language:
Pur Acct: 5100 Purchase Contact: HOLLY JONES
AP Account: 2100 AP Contact: FRANK MITCHELL
Ship Via: CONSOLIDATED Promotion Group:
Remarks: LIMITED SHIPPING HOURS (SEE COMME Misc Creditor: no

Supplier Pricing Data

Buyer: KWU
Price Tbl:
Disc Tbl:
Fixed Price: yes

Supplier Terms Data

Cr Terms: 2/10-30 Taxable: no Tax ID: TID Notice:
Disc %: 0.00% Prepayment Balance: 0.00
CoC Number: Debtor Number:
Partial OK: yes Tax Report: yes
Payment Hold: no Pay Specification: no
DB Number:

Bank Accounts

Bank	Acct Type	EDI	Branch	Bank Account	Begin Date	End Date
bank	10				/ /	/ /

Supplier Address & Payment Data

Pricing Data

Terms Data

Supplier Bank Accounts

FIN11060

Figure 11-6

Supplier Data

Most info defaults from Supplier Maintenance, but you can change it.

When you record a PO, information for the following fields defaults from the supplier record (Supplier Maintenance), (Figure 11-6), but you can change them for individual orders.

Buyer

- **Buyer.** Buyer responsible for purchases from this supplier.

Remarks

- **Remarks.** Comments pertaining to a supplier regarding the order or shipping process.

Price and Discount Tables

- **Price Tbl and Disc Tbl.** Pricing structure that determines line item list prices, discounts, and markups at different quantity levels used with this supplier. Can be stated in the base currency or any other currency. The item price defaults from any price table specified, if the item code exists in the price table. Otherwise, the item price defaults from the item master.

Currency

- **Currency.** Currency in which you normally do business with this supplier.

Language

- **Language.** Native language used at this supplier address.

Credit Terms

- **Credit Terms.** Terms supplier extends on POs and invoices. Accessed automatically on all purchase orders and miscellaneous vouchers entered for the supplier.

Disc %

- **Disc %.** The percentage discount offered by this supplier, usually in addition to quantity discounts on individual items.

Pur Acct

- **Pur Acct.** GL account code affected by purchase orders and vouchers for non-inventory items (office supplies or capital equipment) purchased from the supplier. Only used on memo PO orders.

AP Acct

- **AP Acct.** GL AP account affected by AP vouchers processed for the supplier.

Ship Via

- **Ship Via.** A note specifying the preferred carrier for the supplier's shipments.

Supplier Banks

- **Supplier Banks.** Supplier banks are banks your suppliers use to receive payments from your company. You can record an unlimited number of banks for each supplier. For each bank, you can also specify a separate account for electronic funds transfers, printed checks, etc.

Billing Data

Purchase Order Maintenance

Purchase Order: P50000

Supplier: 500

Ship-To: 10000000

Supplier

The Supply Warehouse
1027 Brockton Lane

Ventura CA 93003
United States of America

Ship To

Finance Class
Corporate Headquarters
9000 World Way
Los Angeles CA 89000
United States of America

Order Date: 05/19/2003

Due Date: 05/19/2003

Buyer:

Bill To: 10000000

Sales/Job:

Contract:

Contact: Mary Jo Applegate

Remarks:

Price Tbl:

Disc Tbl:

Ln Disc: 0.00%

Site:

Project:

Confirming: ☒

Currency: USD

Taxable: ☐

Fixed Price: ☒

Credit Terms: 2/10-30

Entered By: qad

Requested By:

Imp/Exp: ☐

Language:

Consign: ☐

0.00

Comments:

Add Link

FIN11080

Figure 11-7

Billing Data

Billing Data

The supplier uses the following data in billing your company.

Bill-To

- **Bill-To.** The address to which your supplier sends the invoice. Defaults from Purchasing Control.

Credit Terms

- **Credit Terms.** Used to calculate the due date and any discount dates for early payment. Defaults from the supplier. You can view the credit terms in the database by doing a look-up browse. To set up a new credit terms code, use Credit Terms Maintenance.

Discounts

- **Line Discount.** Discount a supplier grants on an order. Defaults from Supplier Maintenance. You can change it manually during order entry. Represents a discount percentage offered on all purchases from this supplier and displays as the default discount percentage on all line items.

Item Prices (POs with Price List)

The two price fields default from Supplier Maintenance

Purchase Order Maintenance

Purchase Order: P50002 Supplier: 5055000 Ln Format S/M:Single

Ln	Site	Req	Item Number	Qty Ordered	UM	Unit Cost	Disc%
1	train		02-0020	100.0	EA	0.20	10.00%

Defaults from Price List Code for Supplier

Due Date: 05/19/2003 CRT Int: 0.00
Pur Acct: 5100 Project: 0100
Performance Date:
Need Date: Type:
Sales/Job: Taxable: ☐
Fixed Price: ☒ Inspect Req: ☐ Cmnts: ☐
Revision: UM Conversion: 1.0000
Status: Stock UM Quantity: 100.0
Update Avg/Last Cost: ☒ EA
Extended Net Cost: 0.00

Defaults from Discount Type Price List for Supplier

All three discount types (**D** for discount, **M** for markup, **P** for price) appear as percentages. In the case of type **P**, MFG/PRO converts the price to a percentage of the unit price.

FIN11090

Figure 11-8

Item Prices

Price based on curr, eff date, qty, price table.

On purchase orders, item pricing depends on a number of factors such as the order currency, effective date, and the item quantity. Pricing also depends on if you specify a price list on the order and on the type of price list specified. Whenever you investigate a price on a purchasing or AP transaction, keep the following guidelines in mind.

Price Lists

Price lists

A price list defaults to new orders if it is part of the supplier record in Supplier Maintenance.

Set up in Price List Maintenance.

A list type price list determines default line item prices. A discount type price list determines whether each line item is subject to discounts such as quantity breaks and markups. Both types of price lists are set up using Price List Maintenance. You can view the price lists set up in the database by doing a look-up browse.

Amount Types

Minimum/Maximum Prices

Using list type price lists, you can specify maximum and minimum prices for each inventory item, and phase in price changes by entering effectivity dates. Discount type price lists can control pricing issues such as the discount portion of line item pricing, whether the item price is based on a price list or on the item master.

Effectivity Dates

Multicurrency

Price lists can use the company base currency or any other currency. The system recalculates prices based on price lists only when the line item is added, not when it is changed.

Item Prices (POs Without Price List)

Purchase Order Maintenance ? i x

Purchase Order: P50000 Supplier: 500 Ln Format S/M:Single

Ln	Site	Req	Item Number	Qty Ordered	UM	Unit Cost	Disc%
1	Train		12-4020	200.0	EA	5.00	0.00%

Qty Received: 0.0 Due Date: 05/19/2003 CRT Int: 0.00
 Qty to Rel: 0.0 Pur Acct: 5100 0600
 Single Lot: ☐ Performance Date: Project: Type: Taxable: ☐ Cmnts: ☐
 Location: 300 Need Date: Sales/Job: Inspect Req: ☐ UM Conversion: 1.0000
 Revision: Status: ☐ Fixed Price: ☒ Stock UM Quantity: 200.0 EA
 Supplier Item: Manufacturer: Update Avg/Last Cost: ☐ Extended Net Cost: 1,000.00
 Description: STEEL SHAFT FOR DISPLAY

Default Item Price	From	When
Supplier Quote	Supplier Item Maintenance	Supplier quote exists.
Item-Site GL Material Cost	Item-Site Cost Maintenance	Item-site cost exists.
Item Master GL Material Cost	Item Master Maintenance	Item master cost exists.

FIN11100

Figure 11-9

Pricing on POs Without Price List

Orders w/o Price List

On orders without a price list, MFG/PRO checks several records to arrive at an item price.

Quote for item, supplier, qty, UM?

The system first checks to see if a quote has been recorded for the item, supplier, order quantity, and unit of measure.

Item GL cost for PO site? Default item GL cost.

If none exists, the system then looks for an item GL (standard) cost for the PO site in the order header. MFG/PRO uses the GL material cost minus this-level overhead from the item-site cost record (or the default item cost if there is no item-site cost). On foreign currency orders, MFG/PRO converts the item GL cost into the order currency using the exchange rate from the order header.

GL cost converted on foreign currency orders at header exchange rate.

- defaults from the PO header. Both the order and line item must be taxable for taxes to be calculated.

GL Sites/Entities

Purchase Order Maintenance

Purchase Order: P50000 Supplier: 500 Ship-To: 10000000

Supplier
The Supply Warehouse
1027 Brockton Lane
Ventura CA 93003
United States of America

Ship To
Finance Class
Corporate Headquar
9000 World Way
Los Angeles
United States of Ame

Order Date: 05/19/2003 Price Tbl: Confirming: ☒
Due Date: 05/19/2003 Disc Tbl: Currency: U
Buyer: In Disc: 0.00% Taxable: ☐
Bill To: 10000000 Site: Fixed Price: ☒
Sales/Job: Project: Credit Terms: 2
Contract: Entered By: q
Contact: Mary Jo Applegate Requested By:
Remarks:

Purchase Order Maintenance

Purchase Order: P50000 Supplier: 500 Ln Format S/M: Single

Ln	Site	Req	Item Number	Qty Ordered	UM	Unit Cost	Disc%
1	Train		12-4020	200.0	EA	5.00	0.00%

Qty Received: 0.0 Due Date: 05/19/2003 CRT Int: 0.00
Qty to Rel: 0.0 Pur Acct: 5100 0600
Single Lot: ☐ Performance Date: Project: Type: Taxable: ☐
Location: 300 Need Date: Sales/Job: Inspect Req: ☐ Cmnts: ☐
Revision: Fixed Price: ☒ UM Conversion: 1.0000
Status: Supplier Item: Stock UM Quantity: 200.0 EA
Manufacturer: Extended Net Cost: 1,000.00

Revision: 0 Amount Prepaid: 0.00
Print PO: ☒ Status: ☐
EDI PO: ☐ Close Date: FOB: Ship Via: Add Link
AP Account: 2100 Deliver To: Add Link

FIN11120

Figure 11-10

GL Sites/Entities

PO -> Site -> Entity

In MFG/PRO, each purchase order is associated with a site (e.g., inventory receiving site or warehouse) for inventory reporting (Figure 11-10). In turn, each site is assigned to an entity for financial and tax reporting.

AP, taxes posted to site/entity in PO header (if any), otherwise to entity in System/Account Control.

GL transactions for sites are posted to the entity for the site. During AP vouchering, GL transactions for AP and taxes are posted to the site (entity) identified in the PO header. If you do not enter a site in the header, you must manually enter a site for each line item, and AP and taxes will be posted to the default entity specified in System/Account Control.

PO receipts posted to line item site/entity.

However, individual line items can be shipped to multiple sites that may or may not be assigned to the same entity as the header site. Therefore, PO receipts are posted to the entity for the line item site.

Intercompany

Whenever line items are shipped to sites assigned to different entities, MFG/PRO creates intercompany transactions. If a PO header site is specified, intercompany transactions are created during PO receipt for the inventory intercompany account. If a PO header site is not specified, intercompany transactions are created during AP vouchering for the AP intercompany account.

If all AP for same entity, POs must reference only sites linked to that entity.

Note: If your company requires all AP reporting to be done by the same entity, make sure that purchase orders reference only sites linked to the same entity.

GL Accounts/Sub-Accounts/Cost Centers

Purchase Order Maintenance ? i x

Purchase Order: P50000 Supplier: 500 Ln Format S/M:Single

Ln	Site	Req	Item Number	Qty Ordered	UM	Unit Cost	Disc%
1	Train		12-4020	200.0	EA	5.00	0.00%

Qty Received: 0.0 Due Date: 05/19/2003 CRT Int: 0.00
Qty to Rel: 0.0 **Pur Acct: 5100** **0600**
Single Lot: ☐ Performance Date: Project:
Location: 300 Need Date: Type:
Revision: Sales/Job: Taxable: ☐
Status: Fixed Price: ☒ Inspect Req: ☐ Cmnts: ☐
Supplier Item: UM Conversion: 1.0000
Manufacturer: Stock UM Quantity: 200.0 EA
Description: STEEL SHAFT FOR DISPLAY Update Avg/Last Cost: ☐
Extended Net Cost: 1,000.00

Revision: 0 Amount Prepaid: 0.00
Print PO: ☒ Status: ☐
EDI PO: ☐ Close Date:
AP Account: 2100 FOB:
Deliver To: Ship Via:
Add Link

FIN11130

Figure 11-11

GL Accounts/Sub-Accounts/Cost Centers

Define accounts, sub-accounts, cost centers

In addition to being identified by entity and site, purchasing and AP transactions are always posted to specific GL accounts (Figure 11-11). Based on how your company sets up its database, the system can post transactions to sub-accounts and cost centers. Generally, accounts are used for entity or company-level reporting, sub-accounts are used for divisional reporting, and cost centers are used for departmental reporting. In an account field, you can usually designate a sub-account and cost center, although these two fields are not always labeled on the screen.

No GL entries until receipt.

Purchase orders do not create GL entries until PO receipt, but the receipt and subsequent vouchering use accounts maintained in the purchase order for memo items or the product line for most inventory items.

Pur Acct

- **Pur Acct.** Usage and origin varies depending on the kind of PO line item.

Non-inventory (memo) items: Used as debit account in PO Receipts. (PO receipts debit the Pur Acct and credit Expensed Item Receipts.) The account defaults from the requisition if one exists, or the supplier record if it does not.

Inventory items (PO type = blank): Not used. In Purchase Order Receipts, the debit account is the inventory account for the item's product line.

Inventory items (PO type = memo): Used as debit account in Purchase Order Receipts. If an inventory item is purchased as a memo item, the Pur Acct defaults from the product line Purchases account.

AP Acct

- **AP Acct.** Defaults from Supplier Maintenance. Appears on the purchase order, but the system does not create GL entries for this account until the PO is vouchered in Accounts Payable.

Project

- **Project.** Optional, you can use it to track orders or individual line items purchased to support specific company activities. The project in the order header displays as the default for line items, but can be changed for individual lines. If a PO is associated with a project, any GL transactions created for the order also reference the project code. Project codes are set up in Project Code Maintenance.

**GL entries vary by
PO line item type –
inventory,
subcontract, or
expensed (memo).**

The exact GL entries created vary by PO line item type—inventory items, subcontract items, or expensed (memo).

Purchase Order Line Types

Line Item	Type	Inventory Effect	GL Entries at Receipt	Receiver?
Inventory	blank	Yes	DR Inventory CR PO Receipts	Yes
Subcontract (No Work Order)	S	No	DR Cost of Production CR PO Receipts	Yes
(With Work Order)	S	No	DR Cost of Production CR PO Receipts DR WIP CR Cost of Production	Yes
Expensed (Memo)	M	No	DR Expensed Purchases CR Expensed Item Receipts	Yes

FIN11140

Figure 11-12

Purchase Order Line Types

PO line types determine effect on inventory, GL.

Purchase order line items are categorized by type. When a purchase order is entered, the correct type code must be entered on each line. The type determines whether the receipt affects inventory and which GL transactions are created.

Inventory Type = blank

The normal type of purchase order is an inventory purchase. On these, Type is left blank. When the items are received, they are put into inventory and a purchase accrual is posted. Both the purchase accrual (PO receipts) and inventory accounts come from the product line of the purchased item.

Subcontract Type = S

Sometimes, you will enter a subcontract PO to purchase outside assistance for manufacturing. Specific work order operations can also be subcontracted out to a supplier. On subcontract lines, reset the type to Subcontract. When the processed items are received for a work order, they do not go into inventory; instead, they go into work in process at the next operation. The WIP account defaults from the work order.

Expensed/memo Type = M

When you enter PO lines for non-inventory items (expenses and assets), the system automatically flags these as type Memo. These lines do not affect inventory. The expensed purchases account on the PO line item is the default debit account, but you can change it to another expense or asset account.

Do not specify type for inventory purchase.

Make sure that regular inventory purchases are entered correctly. If a type code is accidentally entered on an inventory purchase, the PO will not update inventory or create the right GL accrual entry. (The above chart does not show variances or entries created only in multi-entity or multicurrency environments. We discuss these in Lesson 13 when we summarize the GL effects of the PO/AP cycle.)

NEXT: Activity 11.1

PO Receipts

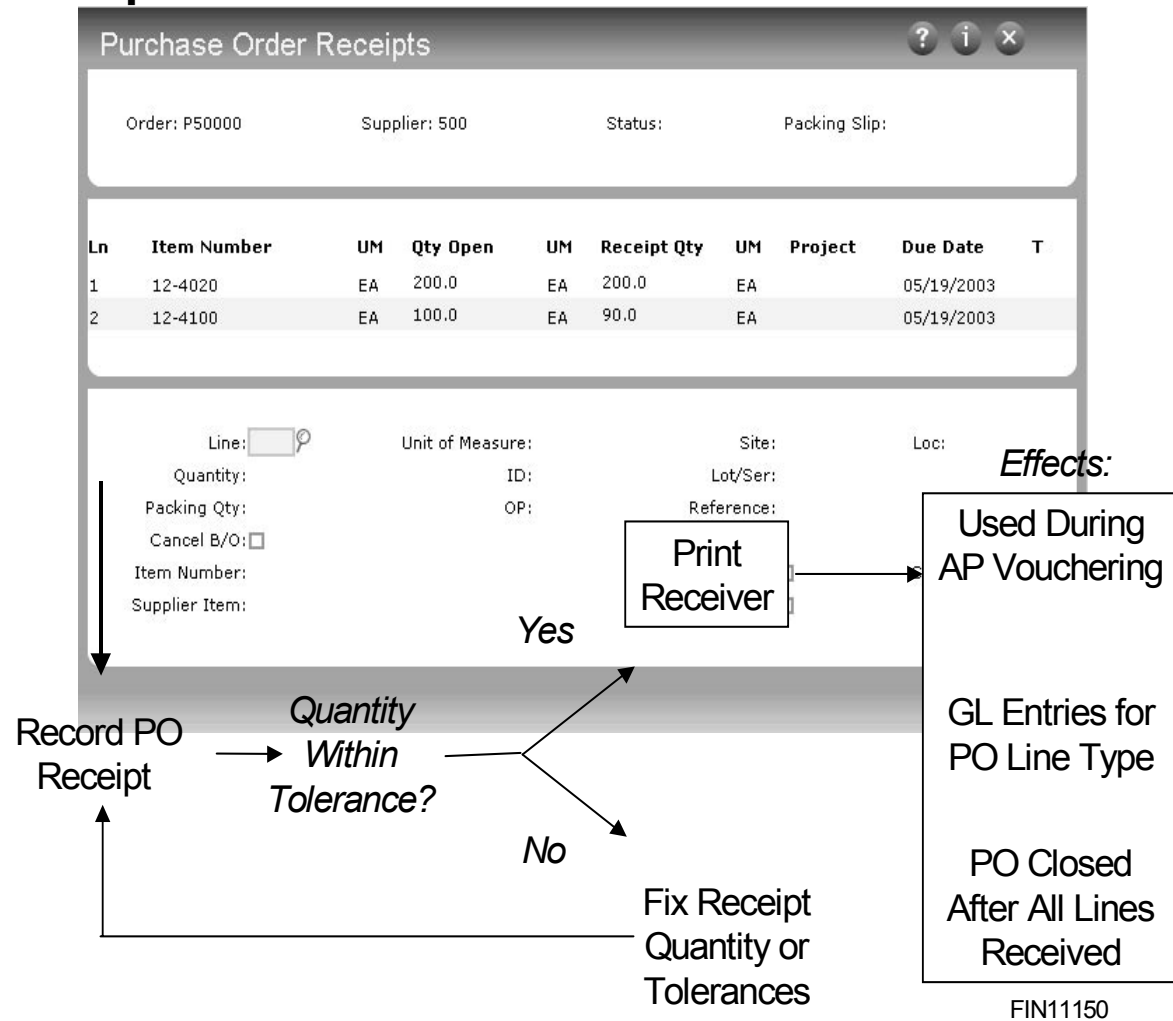


Figure 11-13

PO Receipts

PO Receipt

The last step in the purchasing life cycle occurs when you receive the purchased items at your location. At that time, a purchase order receipt is recorded (Purchase Order Receipts and optionally printed (Purchase Receipt Document Print). When a receipt is recorded, several things happen:

Qty checked against over-shipment tolerance percentage/cost in Purchase Control

1. Before a receipt is accepted, the receipt quantity is checked against over-shipment tolerances and rejected if the receipt quantity or cost exceeds tolerance. The over-shipment tolerance percentage and cost are specified in Purchasing Control.

Update to inventory, WIP, and GL.

2. Receipts automatically update inventory (or WIP) and create the appropriate GL transactions based on the PO line item type (inventory, subcontract, memo).

Receiver routed to AP.

3. Receivers are automatically created to record the quantity received and purchase cost. You can print and manually route these to Accounts Payable for matching. (But the system uses these for automatic matching even if they aren't printed.)

Line items set to C (closed) or X (canceled)

4. If the line item is completely received, or the backorder is canceled, the line item status is changed to Closed or X (canceled). (This prevents further receipts against this line item.) Open lines have a status of blank.

PO set to C (closed) when fully received.

5. When all of the line items are closed or canceled, the purchase order is flagged as Closed.

Purchase Price Variance

Purchase Order Maintenance

Purchase Order: P50000 Supplier: 500 Ln Format S/M:Single

Ln	Site	Req	Item Number	Qty Ordered	UM	Unit Cost	Disc%
1	Train		12-4020	200.0	EA	5.00	0.00%

PO Receipt

DR Inventory	1000
CR PO Receipts	2000
DR PPV	1000

Qty Received: 0.0
Qty to Rel: 0.0
Single Lot: ☐
Location: 300
Revision:
Status:
Supplier Item:
Manufacturer:
Description: STEEL SHA

Item Cost Maintenance

Item Number: 12-4020 Description: STEEL SHAFT FOR DISPLAY
Unit of Measure: EA

Totals

Totals:	3.30	0.00	3.30

GL Cost Data (Site: train / Set: Standard)				
Element	This Level	Lower Level	Total	
Material	3.30	0.00	3.30	
Labor	0.00	0.00	0.00	
Burden	0.00	0.00	0.00	
Overhead	0.00	0.00	0.00	
Subcontr	0.00	0.00	0.00	

PPV = [(total GL cost - this level overhead) - PO cost] * quantity received

PPV = [(5.00 - 0.00) - 10.00] * 200 = -1,000.00

FIN11160

Figure 11-14

Purchase Price Variance

**PPV when:
GL cost $\neq$ PO cost**

$[(\text{Cost} - \text{ovh}) - \text{PO Cost}] \times \text{Qty Received}$

**PO cost = \$3; GL
Cost = \$1; Qty = 100**

**DR Inventory \$100
CR PO Receipts \$300
DR PPV \$200**

At PO receipt, a variance is calculated that is later reflected in AP reporting: purchase price variance (PPV).

PPV is calculated when the item's PO cost does not match its standard cost (GL unit cost) in the item master (menu 1.4). The formula for PPV is:

$$\text{PPV} = [(\text{Total GL Cost} - \text{This-Level Overhead}) - \text{PO Cost}] \times \text{Qty Received}$$

In Figure 11-14, you purchase 200 units of an item whose PO unit cost is \$10.00. The item's total GL cost is only \$5.00. (We will assume there is no overhead.)

At PO receipt, the system debits Inventory for the item's GL cost minus overhead and credits PO Receipts for the item's PO cost. Since the two costs are different, MFG/PRO creates a balancing entry for the PPV account.

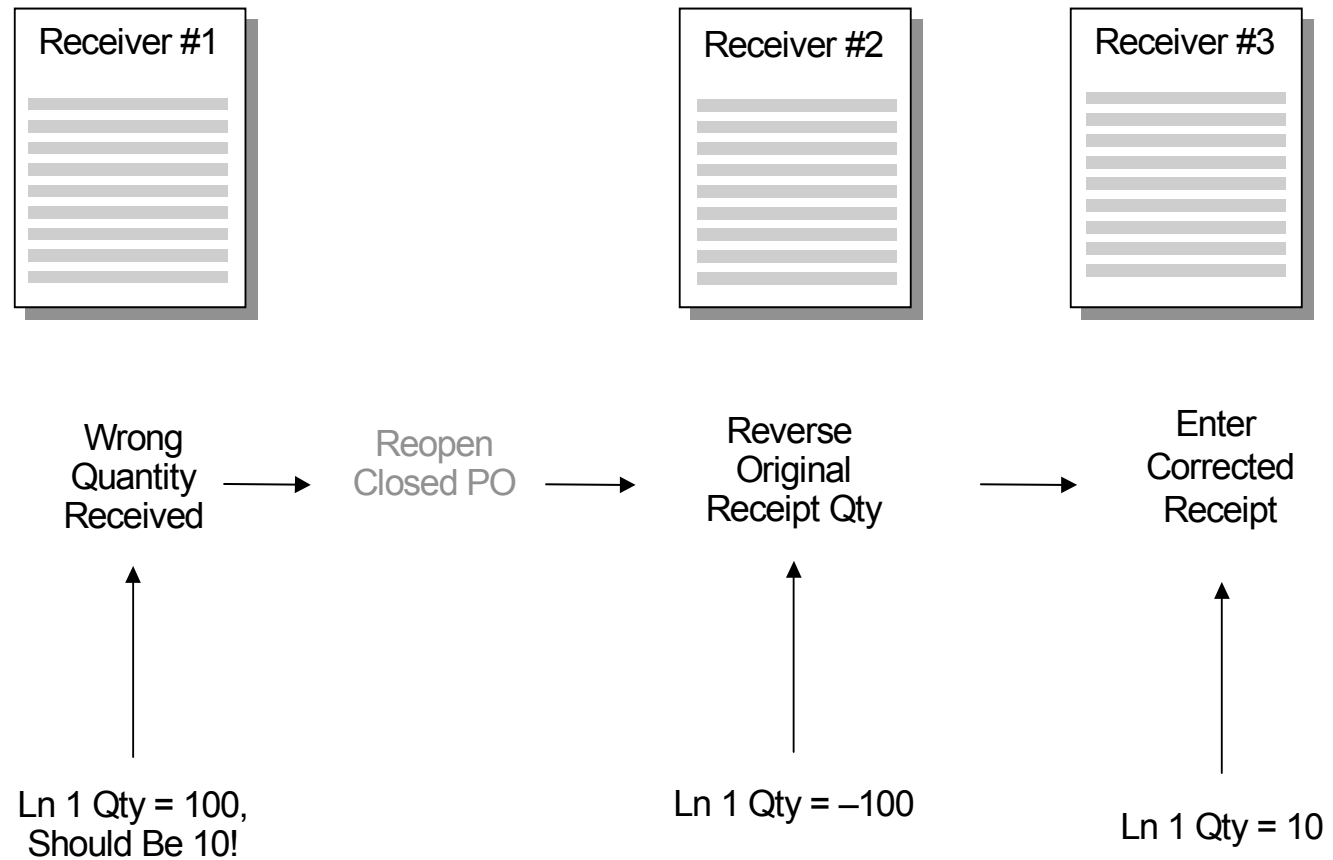
So, in the example, the GL entries are:

DR	Inventory \$1000.00 (Qty Received of 200 x \$5.00)
CR	PO Receipts \$2000.00
DR	PPV \$1000.00

Another example of calculating a PPV is when a supplier assesses tax on a normally non-taxable item. For that PO receipt, excess tax is posted to PPV. Purchase Receipts Report shows PPVs (PO-Std Var column).

When we discuss AP vouchering in Lesson 12, you will see how PPV is displayed in the voucher screen.

Correcting Receivers



FIN11170

Figure 11-15

Correcting Receivers

Correcting mistakes

Since you cannot modify a receiver directly, note the following methods for adjusting receiver quantities and currency amounts.

Negative receipts

For example, on a PO line item for a quantity of 100, you might receive a partial shipment of 10. If you accidentally entered the receipt quantity as 100 instead of 10, you could adjust inventory directly.

Explain overhead

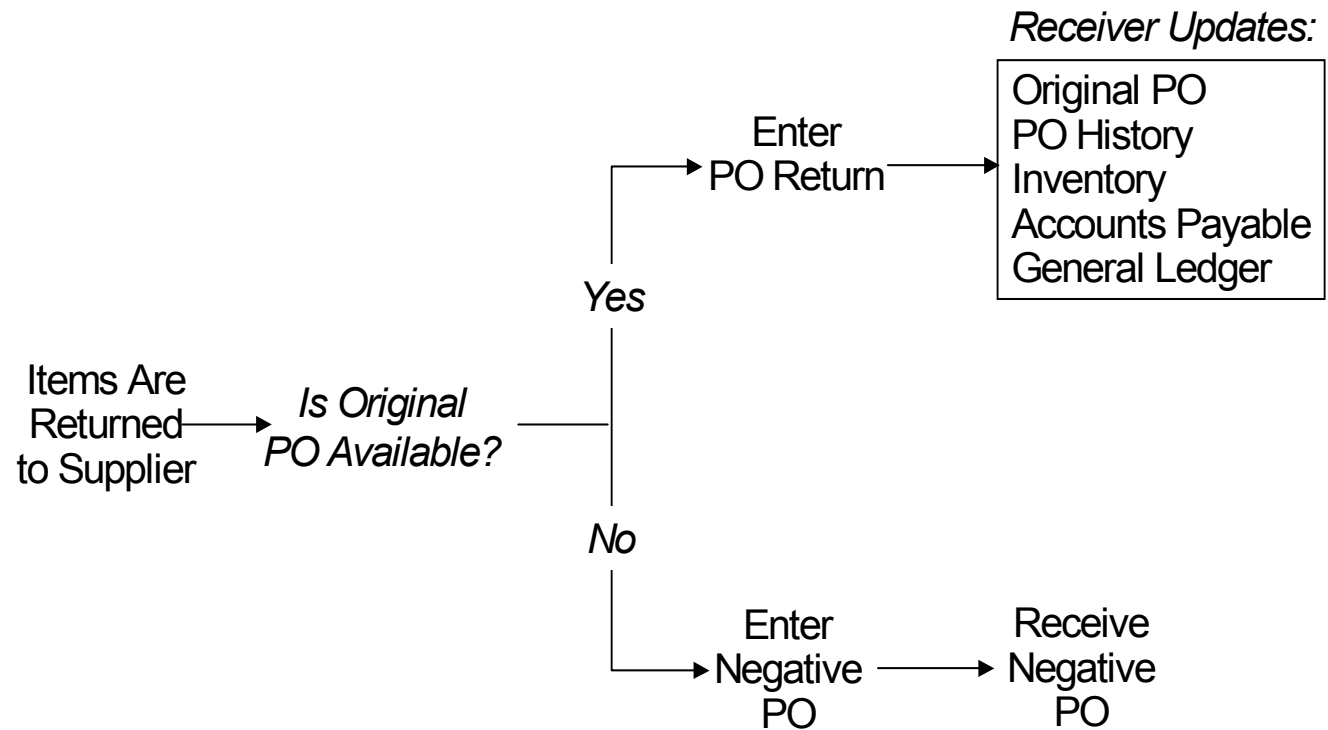
However, that would not create a receiver in accounting or adjust the PO. To correct this, most companies would enter one receiver line for –100 to reverse out the incorrect quantity, then enter a new receiver for the correct quantity, 10. This updates purchasing history and corrects the accrual amount. It also updates the PO, increasing the quantity open by 90.

Once the receiver has been corrected and a new receiver entered, you could delete the incorrect receivers using Uninvoiced Receipt Delete/Archive. (If you needed the audit trail, however, you could preserve and voucher all three receivers.)

Must reopen closed POs in Purchase Order Maintenance before correcting receiver.

Note: If the order has been closed or canceled, you must reopen it in Purchase Order Maintenance before you can process the correction.

PO Returns



FIN11180

Figure 11-16

PO Returns

**Returns in PO
Returns. PO can be
open/closed.
Fixes inventory
and GL.**

A return is different than a correction. Usually, returns involve defective merchandise and you want to handle these separately. Returns to suppliers are processed in Purchase Order Returns. The purchase order does not have to be open for a return to be processed. The return transaction reverses the inventory and GL effects of the receipt, if any (Figure 11-16).

**Returns create
receivers for AP
matching; track
using Purchase
Receipt Report, non-
vouchered = Yes.**

Returns create receivers for matching in Accounts Payable, just as negative receipts do. This ensures that you do not pay for items that you sent back if the original receivers were already vouchered. You can track these negative receipts by reviewing the Purchase Receipt Report with Non-Vouchered Only set to Yes.

**If PO deleted,
enter and receive
new order with
negative qty.**

You can only process a return to supplier against a valid purchase order. If the purchase order has been deleted, you cannot process the return against it. Instead, enter a new purchase order with negative order quantities and receive these negative quantities. Make sure costs are entered correctly, because they will be passed on to Accounts Payable.

**Return for
Replacement = Yes
for defective items.**

Whenever returns involve defective items that will be replaced, the Return for Replacement option should be set to Yes. MFG/PRO will then automatically add a new line for the returned quantity to update the original PO; this ensures that quantity on order, MRP, and transaction history are updated. When you voucher the supplier invoice in AP, the returned quantity will appear in the receiver window as a negative quantity offset against the original PO line.

NEXT: Activity 11.2

Lesson 12: Accounts Payable Vouchers

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN12010

Figure 12-1

Lesson 12: Accounts Payable Vouchers

Vouchers

VOs authorize payment.

Ensures that amounts are reviewed prior to payment.

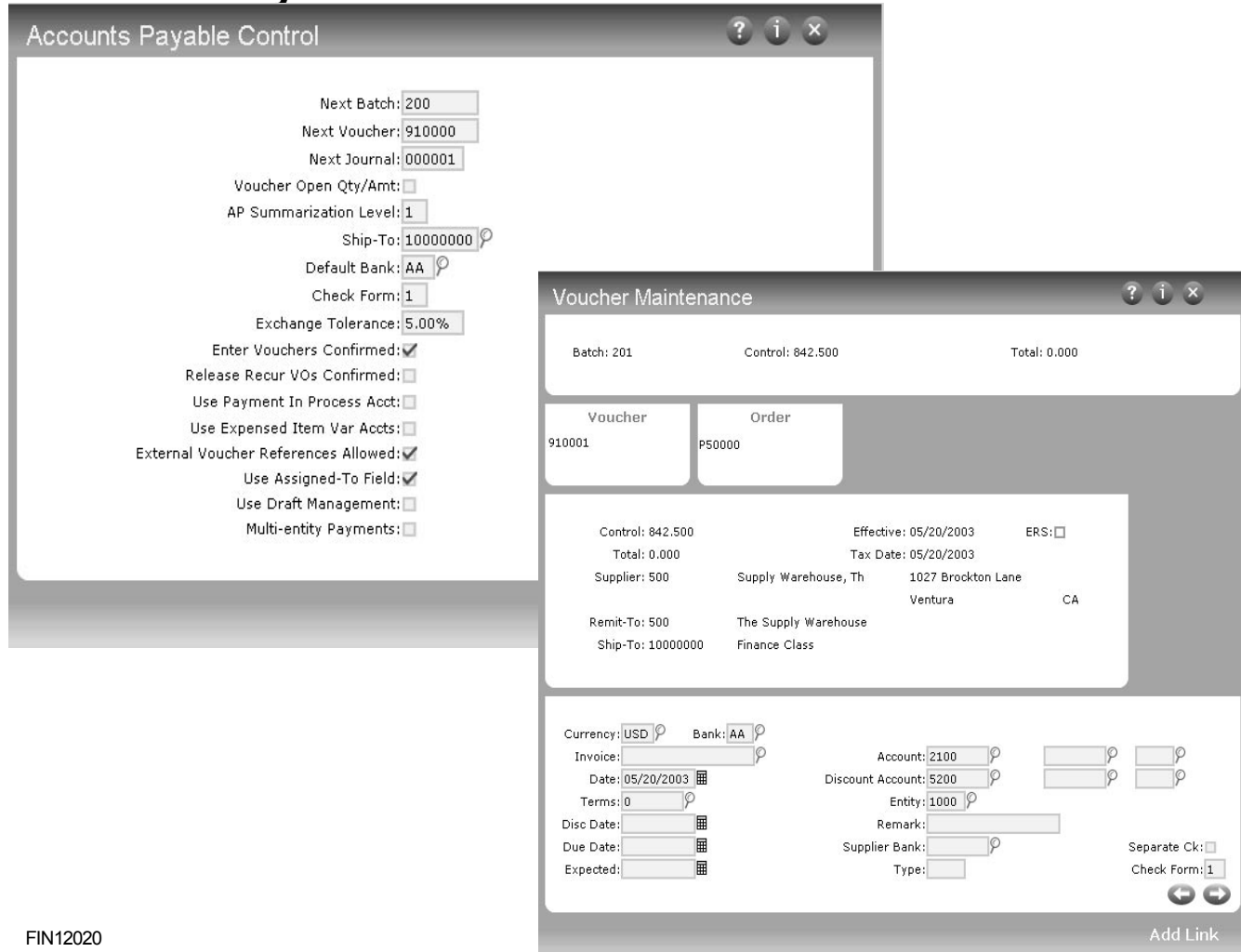
In the previous lesson, you saw how items are purchased and received in the Purchasing module.

In this lesson, we will look at how invoices for purchased items are recorded on AP vouchers.

Vouchers are documents that control approval to pay cash to a supplier. They convey this authority and record all relevant data about the liability and details of its payment.

Vouchering ensures that invoiced amounts are reviewed and authorized before they are paid. On inventory items, it also detects discrepancies between an item's invoiced cost and the PO cost and its invoiced and received quantities.

Accounts Payable Control File



The image shows two overlapping software windows. The 'Accounts Payable Control' window is in the background, displaying various control settings. The 'Voucher Maintenance' window is in the foreground, showing details for a specific voucher.

Accounts Payable Control

Next Batch: 200
Next Voucher: 910000
Next Journal: 000001
Voucher Open Qty/Amt: ☐
AP Summarization Level: 1
Ship-To: 10000000
Default Bank: AA
Check Form: 1
Exchange Tolerance: 5.00%
Enter Vouchers Confirmed: ☒
Release Recur VOs Confirmed: ☐
Use Payment In Process Acct: ☐
Use Expensed Item Var Accts: ☐
External Voucher References Allowed: ☒
Use Assigned-To Field: ☒
Use Draft Management: ☐
Multi-entity Payments: ☐

Voucher Maintenance

Batch: 201 Control: 842,500 Total: 0.000

Voucher	Order
910001	P50000

Control: 842,500 Effective: 05/20/2003 ERS: ☐
Total: 0.000 Tax Date: 05/20/2003
Supplier: 500 Supply Warehouse, Th 1027 Brockton Lane
Ventura CA
Remit-To: 500 The Supply Warehouse
Ship-To: 10000000 Finance Class

Currency: USD Bank: AA
Invoice:
Date: 05/20/2003
Terms: 0
Disc Date:
Due Date:
Expected:
Account: 2100
Discount Account: 5200
Entity: 1000
Remark:
Supplier Bank:
Type:
Separate Ck: ☐
Check Form: 1

FIN12020

Figure 12-2

Accounts Payable Control

Set up first.

Accounts Payable Control provides default information for AP voucher and check processing functions. The control program should be initialized before you begin to use AP functions. In most instances, you can override the control program values during transaction entry.

Next Batch

- **Next Batch.** Each group of vouchers and payments created at the same time is automatically assigned a batch number. You can use the batch number to select groups of transactions to appear on reports. You do not have to know the batch number to modify a transaction—you can simply leave the batch number blank.

Next Voucher

- **Next Voucher.** Incremented by both regular AP vouchers and recurring vouchers.

Next Journal

- **Next Journal.** Incremented whenever the system creates AP-related GL transactions for confirmed vouchers and payments.

**Voucher Open; Qty/
Amt Voucher Open
Qty/Amt**

- **Voucher Open; Qty/Amt Voucher Open Qty/Amt.** Can be used to speed up voucher entry if your suppliers normally consolidate PO receipts on one invoice. If Yes, when you voucher a PO, the system automatically sets the invoice quantity to the receipt quantity and flags all receiver lines as vouchered. If your suppliers normally invoice separately by shipment, set this to No. Otherwise, if someone overlooks a discrepancy between the invoice and receipt quantities and processes the voucher, all receivers are flagged as closed and a large variance is booked.

**AP Summarization
Level**

- **AP Summarization.** Determines the level of detailed information for AP transactions. Level 1 created detailed transactions by entity, account, sub-account, cost center, and project, with one distribution line for each AP transaction. Level 2 creates AP transactions summarized by batch, account, sub-account, cost center, and project. Level 3 creates detailed individual AP transactions with separate GL references for each document.

Ship-To

- **Ship-To.** Normal company ship-to address code. Set up in Company Address Maintenance.

Default Bank	• Default Bank. Default bank code for all new supplier records in Supplier Maintenance.
Check Form	• Check Form. Default check form for processing automatic checks. Printed checks use form 1 or 2; electronic funds transfers use 3 or 4; drafts use 5, 6, or 7.
Exchange Tolerance	• Exchange Tolerance. The maximum difference allowed between the amount owed and the amount paid. Applies only to payments processed in a currency different from the voucher currency.
Enter Vouchers Confirmed	• Enter Vouchers Confirmed. Enter No if vouchers are normally entered unconfirmed pending managerial approval. No GL entries are created until the voucher is confirmed.
Release Recur VOs Confirmed	• Release Recur VOs Confirmed. Recurring vouchers are templates used to create vouchers for recurring amounts such as rent. If vouchers created from the template recurring voucher are to be created confirmed, set this flag to Yes. Recurring vouchers are discussed in more detail in Lesson 12.
PIP Account	• Use Payment in Process Acct. Primarily used in Europe; if Yes, payments credit the bank's payment in process account instead of the cash account. When these payments are reconciled, payment in process is debited and cash is credited. This is discussed in more detail in Lesson 13.
Use Expensed Item Var Accts	• Use Expensed Item Var Accts. Determines whether Accounts Payable rate and usage variances for non-inventory items are posted to expensed item variance accounts or to the expensed item receipts account. Used by Voucher Maintenance. This is discussed in more detail in Lesson 13.
External voucher references allowed	• External Voucher References Allowed. Determines the numbering system and level of user flexibility in entering voucher numbers. Yes allows you to manually enter voucher numbers in Voucher Maintenance. No improves security by preventing manual entries; MFG/PRO generates continuous voucher numbers by incrementing the Next Voucher number.
Used Assigned-To Field for approvals.	• Use Assigned-To Field. Determines whether Assigned-To is a required field in Voucher Maintenance. You can use this field to assign vouchers to employees for approval and then track vouchers by employee using the Voucher Register by Assigned-To.
Use Draft Management	• Use Draft Management: Activates draft-related fields while you are processing AP payments. To use the draft form of voucher payment, this field must be set to Yes.

**Mult Entity
Payment****ERS Settings**

- **Multi-Entity Payments:** Indicates whether accounts payable payments against a voucher can be made by banks at other entities.
- **ERS Packing Slip Error:** When set to Yes, this ERS Processor will print an error for all lines on a Purchase Order eligible for ERS processing where the packing slip was left blank during receiving.
- **Update GL Average Cost:** When set to Yes, the average cost of items will be updated during a run of the ERS Processor and average costing is being use. When set to No, the average cost of items is not updated.
- **Voucher Date Option:** Indicates the date to use for the voucher date in ERS Processing. 0 - receipt date of the receiver is used as voucher date. 1 - shipment date of the receiver is used as the voucher date.

AP Implementation

Enter/Verify:

- System/Account Control File
- Tax Codes & Rates
- Credit Terms
- Suppliers & Remit Tos
- Company Address
- Currencies & Exchange Rates
- Banks
- Control Files



Enter Opening
Balances & Verify
Aging



Delete
Unposted
Transactions

Accounts Payable Implementation

So far, we have seen how Purchasing and Accounts Payable functions interrelate and how to match vouchers against POs and record vouchers for miscellaneous items.

Start-Up Flow

The other use of vouchers, as noted earlier, is to record your opening supplier balances into the system. We will review the process you should go through when first beginning to use AP functions.

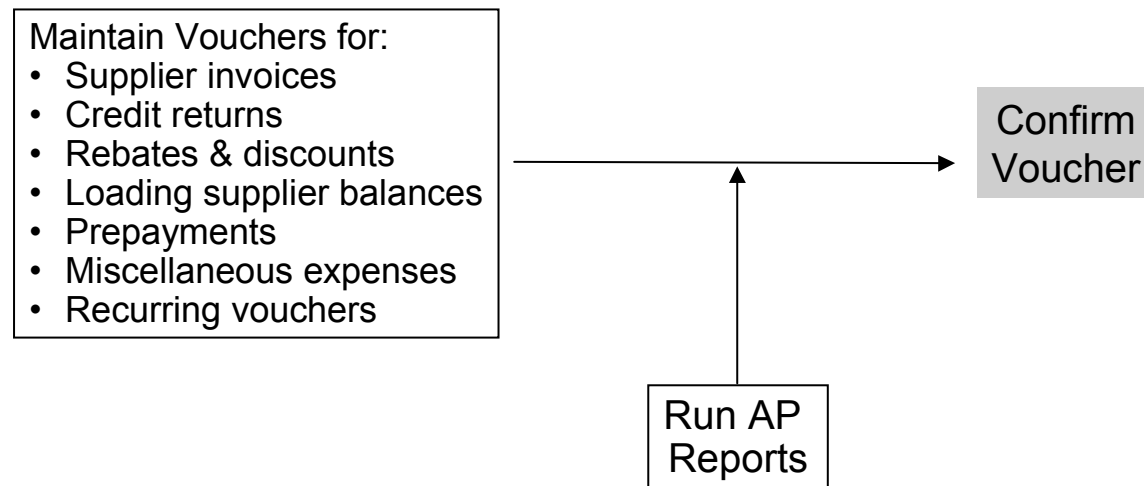
Check/Enter Basic Data

As shown in the above figure, the starting point for AP is to set up and verify the basic information in the system. This includes checking System/Account Control to ensure that the correct account defaults are set up, verifying tax codes and rates, checking credit terms, entering your company shipping addresses and supplier addresses, setting up banks; and initializing control program values. We have covered each of these steps already.

Once this is done, the implementation process should include the following steps:

- Step 1. Print an AP aging report from your existing system.
- Step 2. In Voucher Maintenance, record open invoices and credits in detail or just enter open balances by period. Enter the invoice number from your existing system as the voucher number. Make sure you enter correct invoice dates and terms.
- Step 3. Print and verify supplier balances using MFG/PRO's AP aging reports. Make any corrections.
- Step 4. Delete the unposted GL-AP transactions. These were already recorded in your general ledger when you entered the AP account balances.
- Step 5. If you have been using the Purchasing module, delete any outstanding receivers that have been invoiced and are included in these supplier balances. Use Uninvoiced Receipt Delete/Archive.

Voucher Processing Flow



FIN12040

Figure 12-3

Voucher Processing Flow

**Usually recorded
when invoice arrives.**

Typically, vouchers are recorded as supplier invoices arrive and after items have been received so the system can compare the PO, receiver, and invoice.

**Usually matched
against PO/receiver.**

When you enter a voucher that references a purchase order, the voucher is validated against the original PO and receipt. You can specify multiple POs, provided that all POs on a voucher have the same supplier, currency, exchange rate, and exchange rate status (fixed or non-fixed).

Inv/PO not required.

However, you can also record vouchers in the absence of an invoice or PO receipt. You can enter vouchers directly to record miscellaneous expenses such as utilities, commissions payable, or expense checks; prepayments; or supplier credits such as returns. Or, on cyclical payables with fixed amounts such as rent, you can periodically generate a voucher from a template called a recurring voucher. During implementation, you can use vouchers to initialize supplier balances.

Recurring VOs**Implementation Uses****Must be confirmed
before payment.**

Initially, you can record the voucher as either confirmed or unconfirmed, but you must confirm it before you can select it for payment. You can confirm vouchers either automatically or manually. The system does not create GL transactions until the voucher is confirmed.

**Way to control
expenditures.**

A voucher system requires you to prepare a voucher for each expenditure. This is your method of controlling and approving these expenditures. You should confirm a voucher only after the expenditure has been approved.

**Can be selected for
payment at any time.**

You can pay a voucher immediately or at a later date, depending upon the circumstances and payment terms. Only in unusual situations would you ever issue a check that is not specifically related to a voucher.

Vouchers

Voucher Header

- Multiple POs from same supplier
- Tax, credit terms, etc. for entire payment
- Auto select receivers to pay

Receiver Automatic Selection (Auto Select = Yes)

- Select by receipt date, packing slip, etc.

Receiver Selection Maintenance (Auto Select = Yes)

- Tag receivers with asterisk (*)

Receiver Matching Maintenance

- Invoiced quantities and costs matched against receiver quantities and invoice costs
- Variances calculated and displayed

Voucher Tax/Distribution Screens

- GL journal entries for line items and taxes
- Tax distribution screen only for taxable amounts

Voucher Trailer

- Hold amount
- Employee who confirmed voucher
- Employee assigned to pay voucher

FIN12050

Figure 12-4

Vouchers

Several Screens in Voucher Maintenance

Voucher Maintenance is comprised of the following screens, where you can enter general information about the transaction, match invoices against receivers, and record or change distribution amounts:

- The introductory screen, sometimes called the header.
- The Receiver Auto Selection screen, displayed when Auto Select=Yes.
- The Receiver Selection screen, displayed when Auto Select=No.
- The Receiver Matching Detail screen, displayed only if you reference a PO that has been at least partially received.
- The Distribution screens, where you can modify the GL entries for AP, tax, and other amounts.
- The voucher trailer screen, which displays transaction totals and other information.

Process with or without matching. Can use auto select for matching.

You can process vouchers with or without matching them against purchase orders and receipts. For matching, you can select receivers automatically or manually. If you process vouchers without matching, you enter distribution amounts for taxes and GL accounts.

Record PO # if any.

When entering vouchers, you should reference the PO number whenever possible. Most voucher data, such as the supplier addresses, bank, currency, and credit terms is then displayed automatically. If there is No PO, this information will come from the supplier code. Some settings (e.g., Confirmed and Voucher All) default from Accounts Payable Control.

Some info from Accounts Payable Control.

Voucher Maintenance

?

i

x

Batch: 201

Control: 842.500

Total: 0.000

Voucher

910001

Order

P50000

Control: 842.500

Total: 0.000

Supplier: 500

Remit-To: 500

Ship-To: 10000000

Effective: 05/20/2003

Tax Date: 05/20/2003

Supply Warehouse, Th

The Supply Warehouse

Finance Class

1027 Brockton Lane

Ventura

CA

ERS: ☐

Currency: USD 

Bank: AA 

Invoice: 

Date: 05/20/2003 

Terms: 0 

Disc Date: 

Due Date: 

Expected: 

Prepayment Amount: 0.00

Hold Amount: 0.00

Non-Disc Amt: 0.00

Daybook: SYSTEM

Voucher Logistics Charges: ☐

Include Blank Suppliers: ☐

Auto Select: ☐

←

→

Add Link

FIN12060

Figure 12-5

Voucher Maintenance

Batch ID

- **Batch.** Used internally to track vouchers entered at the same time. Leave blank for the system to assign the next number from Accounts Payable Control.

You do not need to enter a voucher's batch number in order to view or correct the voucher. If a batch is not balanced, a warning displays as you leave Voucher Maintenance. The AP Batch Report shows unbalanced batches.

Control Totals

- **Control.** The top control total is used to ensure that the sum of all vouchers entered in the batch is correct. The voucher control total ensures that individual vouchers are entered in balance. Both are optional but strongly recommended. Note that control totals have no financial impact—they are used only to verify data entry.

Voucher Number

- **Voucher.** Leave blank for the system to assign the next number from the control program. If you find you cannot manually enter a voucher number, it is probably because the control program has External Voucher References Allowed set to No.

Order

- **Order.** PO number(s). You should always enter the PO number if there is one. Otherwise, in the next screen, you will not be able to reference (or close) any receivers associated with the PO, and the right GL transaction will not be created for the voucher. If the voucher is not associated with a PO, more information must be entered manually.

Supplier

- **Supplier.** Mandatory. Displays if you reference a PO. Must be set up in Supplier Maintenance if it is not already in MFG/PRO. If you will not be using the code again, flag it as temporary; once all transactions are closed, the AP delete/archive functions will delete this code as well as the transaction history.

Effective

- **Effective.** Date the voucher should affect the GL. Usually the system date; however, in some situations you might want to change it (e.g., at month-end). Some companies use the invoice date as the effective date.

Tax Date

- **Tax Date.** Determines which tax rates apply (e.g., if the date is 11/11/03, the rates in effect on 11/11/03 are used to calculate taxes on this voucher). Defaults from the PO tax date (or to the voucher effective date if left blank).

Remit-To	• Remit-To. Supplier's address for receiving payments. Appears if the supplier has a remit-to address and cannot be changed. Remit-to addresses are set up in 2.3.13. This is only necessary if the supplier's remit-to address is different from the address in the PO.
Ship-To	• Ship-To. Defaults to the PO ship-to or the control program ship-to if no PO is entered.
Currency	• Currency. Currency to pay the voucher. Defaults to the PO currency or the supplier currency if no PO is entered. A pop-up window displays the default exchange rate for the effective date, or you can enter a fixed rate. Foreign currency vouchers are discussed in more detail in Lesson 15.
Bank	• Bank. Bank from which you expect to pay the voucher. The bankcode and account number default from Supplier Maintenance.
Invoice	• Invoice. Optional. Useful if you later want to review voucher history by supplier invoice. A warning displays if you enter the same number more than once for a supplier. You can also enter the invoice date.
Terms	• Terms. Credit terms code. Used to calculate invoice discount/due dates.
Discount Date	• Disc(ount) Date. Voucher discount date. System-calculated if blank; defaults to today if no credit terms are entered. If you change the credit terms, type a Shift + ? in the date field to force the system recalculate the date.
Due Date	• Due Date. Voucher due date. System-calculated if left blank; defaults to today if no credit terms are entered. If you change the credit terms, type a Shift + ? in the date field to force the system recalculate the date.
Expect Date	• Exp(ect) Date. Optional. Date you expect to pay the voucher. Used only by cash flow projection reports in the Cash Management module.
AP Account	• Account. AP account/sub-account/cost center for the supplier.
Discount Account	• Discount Account. AP discount account/sub-account/cost center for the supplier. Used when the supplier is eligible for an early payment discount.

Entity	• Entity. Entity to which AP posts. Defaults to the entity on the PO header or to the system entity on non-PO vouchers. Each distribution line can reference a different entity; the system automatically creates balancing entries to the intercompany account.
Remark	• Remark. General remarks pertaining to the transaction. Becomes the description for the GL journal entries for the AP and AP Discount accounts. Remarks print on the check stub.
Supplier Bank	• Supp Bk. The supplier bank to use for this voucher. Defaults from the supplier record, if a supplier bank is referenced there.
VO Type	• Type. Optional code classifying vouchers by type for reporting (e.g., to track different kinds of cash expenditures). On 1099 reports (U.S.), also used to classify payments; for 1099 tracking, three type codes must be used for rents, royalties, and non-employee compensation. (1099 reporting is discussed in more detail in Lesson 14.) Voucher type is not related to supplier type.
Check Form Forms 5, 6, 7.	• Check Form. Mandatory; the check method you expect to use to pay this voucher. Defaults to the one for the supplier (2.3.1). 1 or 2 for printed checks (form 2 displays the payment amount below the date); 3 or 4 for electronic funds transfer (form 3 sends output to a printer; form 4 sends it to a file); or 5, 6, or 7 for the printed AP draft format that includes a due date and the bank address.
Separate Check	• Separate Check. Specifies whether a voucher should be paid on a separate check.
Auto Select	• Auto Select. Determines whether to display the Receiver Automatic Selection Screen, where you can enter selection criteria to match against multiple receivers.
Prepay Amount	• Prepay Amount. Identifies any amount prepaid on the voucher.
Hold Amount	• Hold Amount. Reflects any amount in dispute or on hold for some other reason. The voucher header displays any hold amounts, but you modify the hold amount in the voucher trailer.
Non-Disc Amount	• Non-Disc Amount. When the terms indicate an early payment discount is available, this discount normally does not apply to the entire invoice-add-on charges such as freight, duty, and taxes are not usually discountable. Enter the total of these amounts here; they will be deducted before the discount is calculated.

NEXT: Activity 12.1

Receiver Data

The screenshot shows two overlapping windows from the MFG/PRO Financial Management system. The background window is titled "Voucher Maintenance" and contains fields for "Automatic Selection" including Date, External Ref, Internal Ref, Order, Ship-From, Ship-To, Item Number, Buyer, and Approved By. It also has checkboxes for "Voucher Open Qty/Amt:" and "Select All (*):" and a field for "Logistics Charge Code:". The foreground window, also titled "Voucher Maintenance", displays voucher details: Voucher: 910004, Control: 0.00, and Amount: 523.75. Below this is a table titled "Receiver Selection Maintenance" with columns: Sel, Order, Int Ref, Ln, Item Number, Supplier Item, UM, and Open Quantity. The table contains two rows of data. At the bottom of the foreground window, it shows "Description: MECHANICAL PENCIL (5MM) BLIS" and "Balance: 500.00", with an "Add Link" button.

Voucher Maintenance

Automatic Selection

Date: To:
External Ref: To:
Internal Ref: To:
Order: To:
Ship-From: To:
Ship-To: To:
Item Number: To:
Buyer:
Approved By:

Voucher Open Qty/Amt: ☒
Select All (*): ☒
Logistics Charge Code:

Voucher Maintenance

Voucher: 910004 Control: 0.00 Amount: 523.75

Receiver Selection Maintenance

Sel	Order	Int Ref	Ln	Item Number	Supplier Item	UM	Open Quantity
*	P50006	R3006	1	02-0005		EA	100.0
*	P50007	R3007	1	02-0010		EA	100.0

Description: MECHANICAL PENCIL (5MM) BLIS Balance: 500.00

Add Link

FIN12080

Figure 12-6

Receiver Processing

If Auto Select = Yes

If you set the Auto Select flag to Yes on the voucher header, the system displays the Receiver Automatic Selection frame where you can enter a range of receivers for the voucher. You can also choose the Voucher Open Qty and Select All options in this frame.

Voucher Open Qty

- **Voucher Open Qty.** Streamlines data entry when recording normal vouchers. Set to Yes when you are invoiced for exactly the quantity you received, at the exact PO price. The system then records all receivers as invoiced and creates the necessary voucher distribution lines. (You will see how this works in the next few screens.) Set this to No whenever the invoice quantity or price do not match or receivers must be processed individually. Defaults from the control program.

When set to Yes, the uninvoiced receipt quantity defaults to the Invoice Quantity field, and the purchase order net Unit Cost defaults to the Invoice Cost field.

Select All

- **Select All.** Determines the default status of each receiver displayed in the Receiver Selection Maintenance frame. If Yes, all receivers are selected by default (designated by an asterisk).

In the Receiver Selection Maintenance frame, you can modify the list of receivers that were automatically selected or manually select one or more receivers. This frame, however, appears only if you referenced a PO. After you have selected a group of receivers, you can display the receivers in the Receiver Matching Detail screen, where you match receiver quantity and amounts against the invoice.

If Auto Select = No

If you set Auto Select to No, you can manually choose one or more receivers and process them in the Receiver Matching Detail screen.

If a voucher has multiple receipts and only some can be matched against the invoice at voucher entry time, you can enter a partial match. The system automatically creates the GL entries and you can update the voucher control total when the additional amounts become available.

**Multiple vouchers
per receiver OK****Multiple receivers
also OK**

Note: You can have multiple vouchers per receiver. You can also have multiple receivers (for the same PO) on the same voucher. If the voucher quantity is less than the receiver quantity, the system asks if you want to close the receiver. Answer No to keep the receiver open for reference on another voucher. (If you answer Yes, the quantity difference will be posted as an AP usage variance.)

In the following pages, we will discuss the variances that are calculated and displayed at the bottom of the receiver screen.

As you enter information on the invoice quantity, tax status or class, and cost for invoice matching, both the receipt quantity and PO cost are displayed for verification. After processing all invoiced receiver line items, press End to exit. The system calculates and displays distribution amounts for the accrual account(s) and variances.

AP Rate Variance

Voucher Maintenance

Voucher: 910001 USD Control: 842.50 Total: 600.00

Receiver Matching Detail

Receiver	Ln	PO Nbr	Item Number	Supplier Item	Invoice Qty
R3000	1	P50000	12-4020		200.0

Receiver Matching Maintenance

Receiver: R3000 PO Line: 1 Tax: no Date: 05/19/2003 Project:

Item: 12-4020 EA Type: Close Line: ☐

Open Qty: 200.0

Inv Qty: 200.0

Packing : 0.0

Rcpt Qty: 200.0

PO Cost: 5.00

Inv Cost: 3.00

GL Cost: 3.30

Ext PPV: 340.00

Ext Open: 1,000.00

Ext Inv: 600.00

Ext Rate Var: -400.00

Ext Usage Var: 0.00

Add Link

Voucher Maintenance

DR	PO Receipts	1000
CR	AP Rate Var.	400
	(\$1 x 100)	
CR	AP	600

AP Rate Variance = (invoice unit cost - PO unit cost) * invoice quantity

AP Rate Variance = (.12 - .10) * 500 = +10.00

FIN12110

Figure 12-7

AP Rate Variance

**AP rate variance
when:**

**PO cost > invoice
price.**

**(Inv Unit Cost – PO
Unit Cost) Inv Qty**

AP rate variance occurs if there is a discrepancy between an item's PO cost and its invoice price. AP rate variances can be caused by a variety of things, the most common being errors made during PO entry or incorrect quotes received from suppliers. The variance displays in the Receiver Matching Maintenance frame. The formula is:

AP Rate Variance = (Invoice Unit Cost – PO Unit Cost) x Invoice Qty

Assume that an item's invoice cost was \$3.00 instead of the \$5.00 cost of the PO receipt. When the voucher is recorded, the invoice cost is posted to AP:

CR AP

CR Accounts Payable 3.00 (x Qty Received of 200)

However, the PO Receipts account needs to be cleared out based on the amount originally posted to it. That posting is:

DR PO Receipts

DR PO Receipts 5.00 (x Qty Received of 200)

So, once again, a balancing entry must be made to the AP Rate Variance account:

DR AP Rate Var

DR AP Rate Variance -2.00 (x Qty Received of 200)

AP Usage Variance

Voucher Maintenance ?

Voucher: 910016 USD Control: 0.00 Total: 110.00

Receiver Matching Detail					
Receiver	Ln	PO Nbr	Item Number	Supplier Item	Invoice Qty
R3008	1	P50008	12-4020		110.0

Receiver Matching Maintenance

Receiver: R3008 PO Line: 1 Tax: no Date: 05/22/2003 Project:

Item: 12-4020 EA Type: Close Line: ☐

Open Qty: 100.0	PO Cost: 1.00	Ext Open: 100.00
Inv Qty: 110.0	Inv Cost: 1.00	Ext Inv: 110.00
Packing : 100.0	GL Cost: 1.00	Ext Rate Var: 0.00
Rcpt Qty: 100.0	Ext PPV: 0.00	Ext Usage Var: 0.00

← →

Add Link

Voucher Maintenance

DR PO Receipts	100
DR AP Usage Var.	10
(\$1 x 10)	
CR AP	110

AP Usage Variance = (invoice quantity - received quantity) * PO unit cost

AP Usage Variance = (110 - 100) * 1.00 = +10.00

FIN12115

Figure 12-8

AP Usage Variance

AP usage var when:

The Ext Usage Var field displays the total AP usage and rate variance for the receiver.

**PO Receipt Qty <>
Invoice Qty**

AP usage variance occurs if there is a discrepancy between an item's PO receipt quantity and its invoice quantity. The formula is:

**(Inv Qty – Rec Qty)
x PO Unit Cost**

AP Usage Variance = (Invoice Qty – Received Qty) x PO Unit Cost

Suppose the purchase order was for 100 units of an item whose PO cost was \$1.00, but you actually received 100 units and the invoice was for 110. PO Receipts would be debited for the quantity actually received multiplied by the PO cost.

DR PO Receipts

DR PO Receipts \$1.00 (x Qty Received of 100.00)

The AP account would be credited for the invoice quantity multiplied by the invoice cost.

CR AP

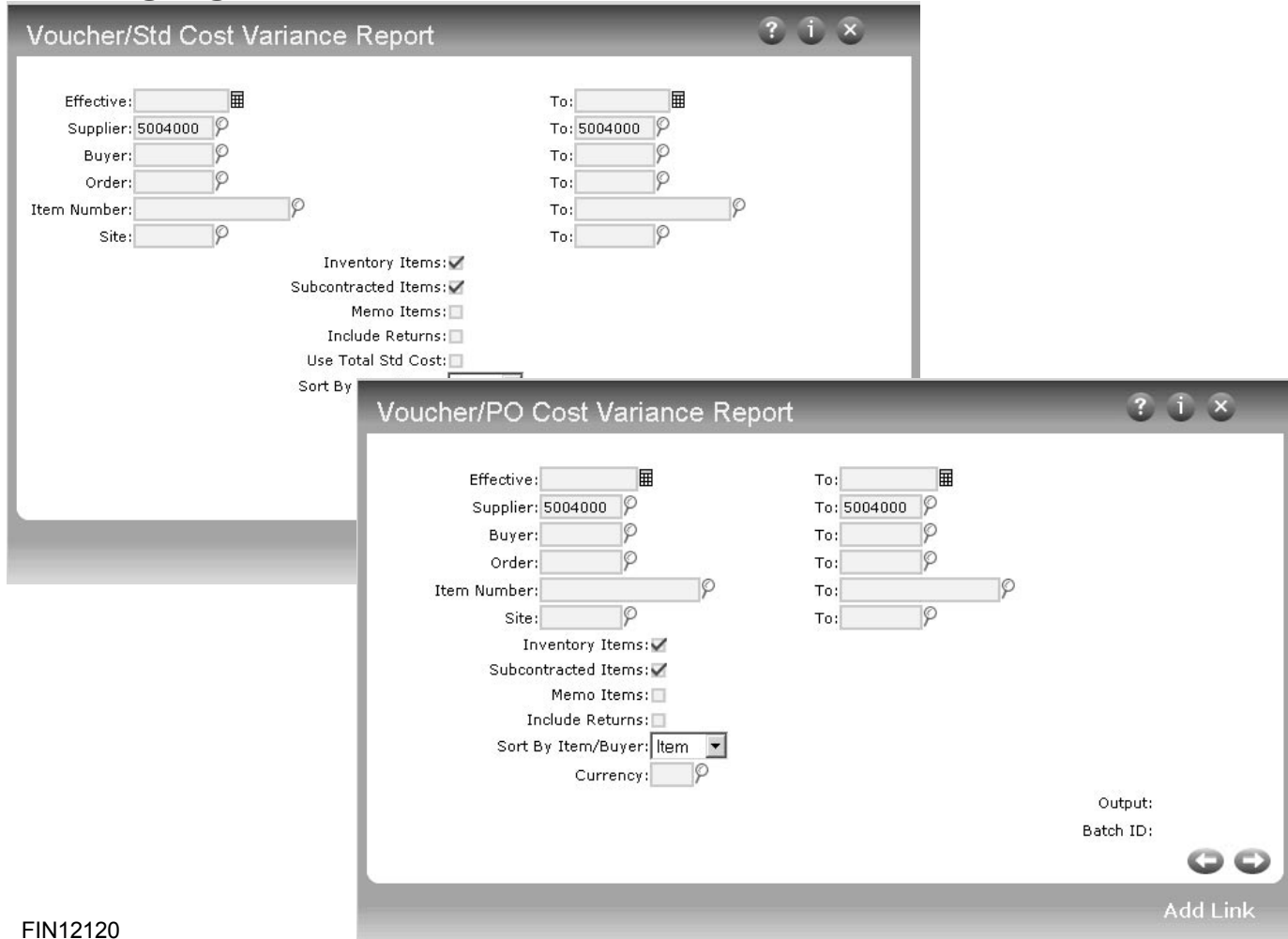
CR Accounts Payable \$1.00 (x Qty Invoiced of 110)

The discrepancy would be debited to AP Usage Variance.

DR AP Usage Var

DR AP Usage Variance \$1.00 (x Excess Qty Invoiced of 10)

Managing Variances



Voucher/Std Cost Variance Report

Effective: To:
Supplier: 5004000 To: 5004000
Buyer: To:
Order: To:
Item Number: To:
Site: To:
Inventory Items: ☒
Subcontracted Items: ☒
Memo Items: ☐
Include Returns: ☐
Use Total Std Cost: ☐
Sort By:

Voucher/PO Cost Variance Report

Effective: To:
Supplier: 5004000 To: 5004000
Buyer: To:
Order: To:
Item Number: To:
Site: To:
Inventory Items: ☒
Subcontracted Items: ☒
Memo Items: ☐
Include Returns: ☐
Sort By Item/Buyer:
Currency:
Output:
Batch ID:
Add Link

FIN12120

Figure 12-9

Managing Variances

Variances can be due to supplier quote.

Variances can arise because the supplier quote is incorrect. You can review and change these quotes in Supplier Item Maintenance.

Variances become hold amounts not selected for payment.

When an unfavorable variance is calculated during vouchering, MFG/PRO automatically assumes that you will be disputing the amount with the supplier and records the variance as a hold amount. You can also use the Hold Amount field to manually record disputed amounts. You can hold all or part of an invoice. The system will not select hold amounts for payment.

The receiver screen in Voucher Maintenance also shows the total variances. The Ext PPV is the total variance between the item GL cost and the invoice cost. Ext Usage Var is the total variance between the item's PO cost and the invoice cost.

Ext PPV = Total of all PPV and AP rate/usage variances

Ext Usage Var = Total AP rate/usage variances

Reports used to review variances.

Two reports that are very useful for reviewing variances are the Voucher/Standard Cost Variance Report and the Voucher/PO Cost Variance Report. Use Voucher/Standard Cost Variance to review GL Variances and Voucher/PO Cost Variance Report to review PO variances.

NEXT: Activity 12.2

GL Distribution

Distribution									
Ln	Account	Sub-Acct	CC	Project	Enty	Tax	Description	Amount	T
1	5100				1000	n	PURCHASE	225.00	
2						n			



FIN12140

Figure 12-10

GL Distribution

Distribution for Accruals/Variances

The voucher distribution screen displays entries for GL accrual and variance accounts. (On vouchers not referencing a PO, you go directly to this screen.)

Cannot change GL entries for receivers.

Distribution lines are recorded automatically, based on receiver quantities invoiced and invoice cost. These system-calculated lines are flagged as type R. Normally, they post to PO Receipts and variance accounts. These entries cannot be changed.

Add lines for freight, service chgs, or non-PO amounts.

You can record additional distribution amounts at this time. Amounts entered include add-on charges such as freight, duty, or service charges. On vouchers not related to a PO, you must enter all distribution amounts.

Account, Sub-Account, Cost Center, Allocation Code

Distribution lines can reference accounts, sub-accounts, cost centers, or allocation codes. Allocation codes are useful on expense vouchers, allowing you to post to a group of accounts by entering one code rather than each account separately. Allocation codes are discussed in more detail in Chapter 18. If you do not enter any distribution lines, the system automatically deletes the voucher.

Correct distribution on voucher when GL posted.

Once GL has been posted, if the period is still open, you can change the distribution on a voucher. This also changes the GL. You cannot change the distribution if the voucher has been paid. Then you must decide whether to adjust the GL or create an adjusting voucher to correct the GL.

Tax Distribution

Voucher Maintenance ? i x

Batch / Voucher

Batch: 207 Batch Ctrl: 0.000 Tot: 523.750
Voucher: 910004 USD Ctrl: 0.00 Total: 523.75

Ln	Account	Sub-Acct	CC	Project	Enty	Tax	Description	Amount	T
1	2200		0100		1000	y	PO RECEI	523.75	R
2						y			

← →

Add Link

TotalTaxAmounts		
CA005-SLS:	3.93	0.00
CA005005-SLS:	2.62	0.00
CA-SLS:	36.66	0.00
	0.00	0.00
		43.21

← →

Add Link

FIN12170

Figure 12-11

Tax Distribution

Tax Distribution

Taxes are calculated automatically and displayed on the tax distribution screen (this appears after the regular voucher distribution screen).

Taxes owed are not paid to supplier.

If taxes are owed, but are not to be paid to the supplier (e.g., they are paid to the state), you enter a new distribution line, crediting the tax amount to a tax accrual account. This reduces the total amount due to match the invoice amount due. The GL would debit an expense account for the total amount (invoice and tax) and credit an accrued sales tax account with the tax amount.

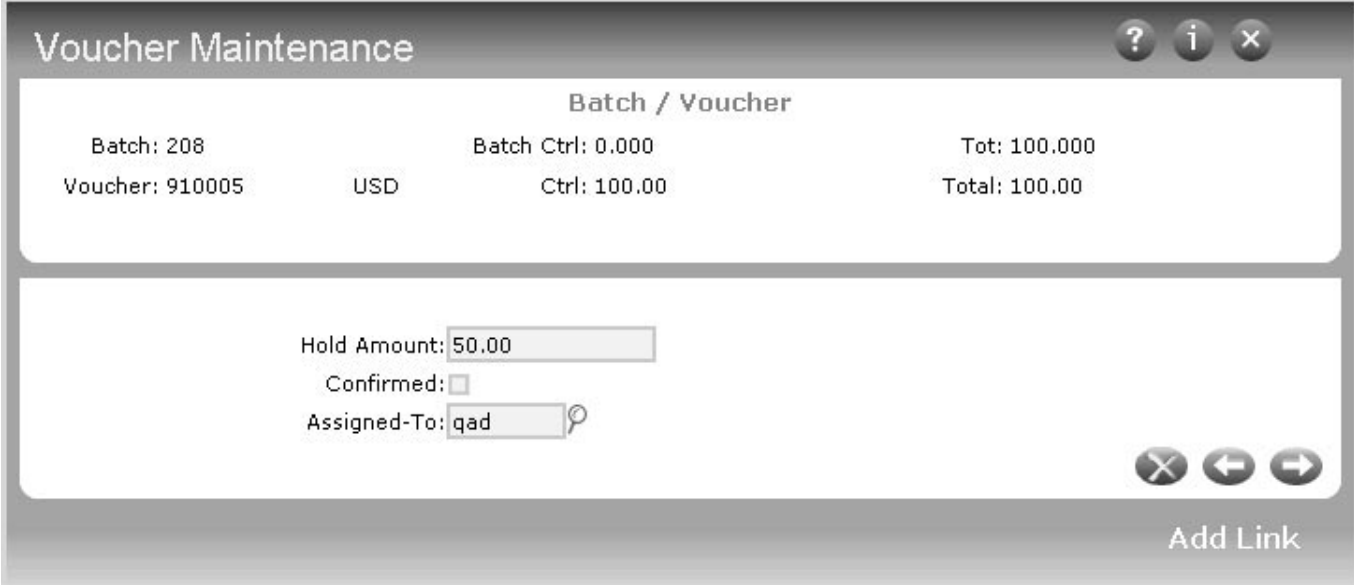
Example

For example, the total of a voucher is \$566.96, but only \$523.75 is paid to the supplier. You would then enter another line of distribution crediting the tax accrual account for \$43.21. The voucher total would now be \$566.96. The GL would show \$566.96 to an expense account as a debit and \$43.21 to the accrued sales tax account as a credit.

Taxes not recalculated if voucher changed – you need to fix manually.

Note: Subsequent changes to a voucher do not affect the tax distribution amounts. If there is a change, you must record it manually.

Voucher Trailer



The image shows a 'Voucher Maintenance' window with a title bar containing help, info, and close buttons. The window is divided into two main sections. The top section, titled 'Batch / Voucher', displays voucher details: Batch: 208, Voucher: 910005, USD, Batch Ctrl: 0.000, Ctrl: 100.00, Tot: 100.000, and Total: 100.00. The bottom section contains input fields for 'Hold Amount' (50.00), 'Confirmed' (checkbox), and 'Assigned-To' (qad with a search icon). At the bottom right of the window are buttons for cancel, back, and forward, and an 'Add Link' button.

Batch / Voucher			
Batch: 208		Batch Ctrl: 0.000	Tot: 100.000
Voucher: 910005	USD	Ctrl: 100.00	Total: 100.00

Hold Amount: 50.00

Confirmed: ☐

Assigned-To: qad

Add Link

FIN12175

Figure 12-12

Voucher Trailer

In the last screen of Voucher Maintenance, you record disputed amounts, identify whether the voucher is ready for payment, and identify the employee responsible for confirming the voucher.

Hold Amt

- **Hold Amt.** Disputed payment amount, if any, for the voucher.

Confirmed

- **Confirmed.** Determines if the voucher is authorized for payment. Defaults from the Enter Vouchers Confirmed setting in the control program. No GL transactions are created until the voucher is confirmed. The Confirmed field displays in the trailer frame of Voucher Maintenance.

Assigned-To

- **Assigned-To.** Identifies the employee responsible for confirming the voucher. Provides more efficient voucher tracking capabilities for vouchers entered as unconfirmed. Enter the employee code for the person responsible for confirming the voucher. The Assigned-To code must reference an existing record from Employee Maintenance.

To review vouchers assigned to employees, print the Voucher Register by Assigned-To. You can enter a value in this field only if Use Assigned-To Field is Yes in Accounts Payable Control.

Modifying Vouchers

If You Change...	Results
Credit Terms	You must clear Due Date/Disc Date fields.
Taxable Amounts	You must manually update tax lines.
Vouchers in Closed GL Periods	You can only modify header information, not amounts or accounts.

FIN12180

Figure 12-13

Modifying Vouchers

Changes OK until confirmed/paid.

You can change a voucher any time until it is confirmed and selected for payment or paid. When making a change, be aware that:

Shift + ? to clear disc/due dates.

- If you modify the credit terms on an existing voucher, you also need to clear the Due Date and Disc Date fields (Shift + ?) so that the dates will be recalculated automatically; otherwise, you will have to change them manually.

Updates to current cost, cost reaverages.

- Item current costs are updated when the voucher is confirmed. If you are using average costing, cost reaverages are updated when the voucher is confirmed. Changes after confirmation do not update prior cost calculations.

Closed Periods

- If the GL period is closed or the period is closed to AP transactions, you can only modify the voucher header.

Update tax amts on taxable lines.

- If distribution amounts for taxable lines are modified, the tax lines are not automatically recalculated; you must update them manually.

NEXT: Activity 12.3

Voucher Confirmation

Automatic

Voucher Confirmation - Automatic

Batch:

Supplier:

Voucher:

Type:

Voucher Date:

Entity:

Assigned-To:

To:

To:

To:

To:

To:

To:

To:

Effective (Blank to not change):

Confirmed: ☒

Summary/Detail:

Currency:

Mixed Currencies: ☐

Output:

Manual

Voucher Confirmation - Manual

Voucher: 910005

Supplier: 500 The Supply Warehouse

1027 Brockton Lane

Ventura CA

PO Number:

Invoice:

Date: 05/21/2003

Recurring Voucher: ☐

Currency: USD

Amount Open: 100.00

Hold Amount:

Confirmed: ☐

Effective: 05/21/2003

←

→

Add Link

FIN12190

Figure 12-14

Voucher Confirmation

VO entered before receipt, CDN/VAT.

You can register a voucher prior to receiving the items—on prepayments or for tax reporting purposes in VAT and Canadian tax environments.

Enter VO unconfirmed, confirm later.

In MFG/PRO, the best way to handle these situations is to set Enter Vouchers Confirmed to No in AP Control so that new vouchers are unconfirmed by default. You can then confirm the vouchers once the goods are received.

Do automatic confirm first.

You first run Voucher Confirmation-Automatic by range of batches, suppliers, voucher types, etc. Here you can override the effective date of the original vouchers, if desired. You may want to run this twice—once with Confirm set to No to review the report, and again with Confirm set to Yes when you are sure you have included only the vouchers you want to confirm.

Do manual to adjust auto, reverse, or confirm recur VO.

You can use Voucher Confirmation-Manual to confirm only one voucher, to confirm a recurring voucher, or to reverse a voucher confirmation. Voucher Confirmation-Manual also allows you to place all or part of a voucher amount on hold.

Confirmation updates GL, AP balances.

GL transactions are created when the voucher is confirmed. This is also the point at which AP supplier balances are updated. The GL entries created by voucher confirmation are the same as if the voucher had been initially recorded with Confirmed set to Yes. A chart of these entries appears in Lesson 13.

Password-Protect, Hold Amt

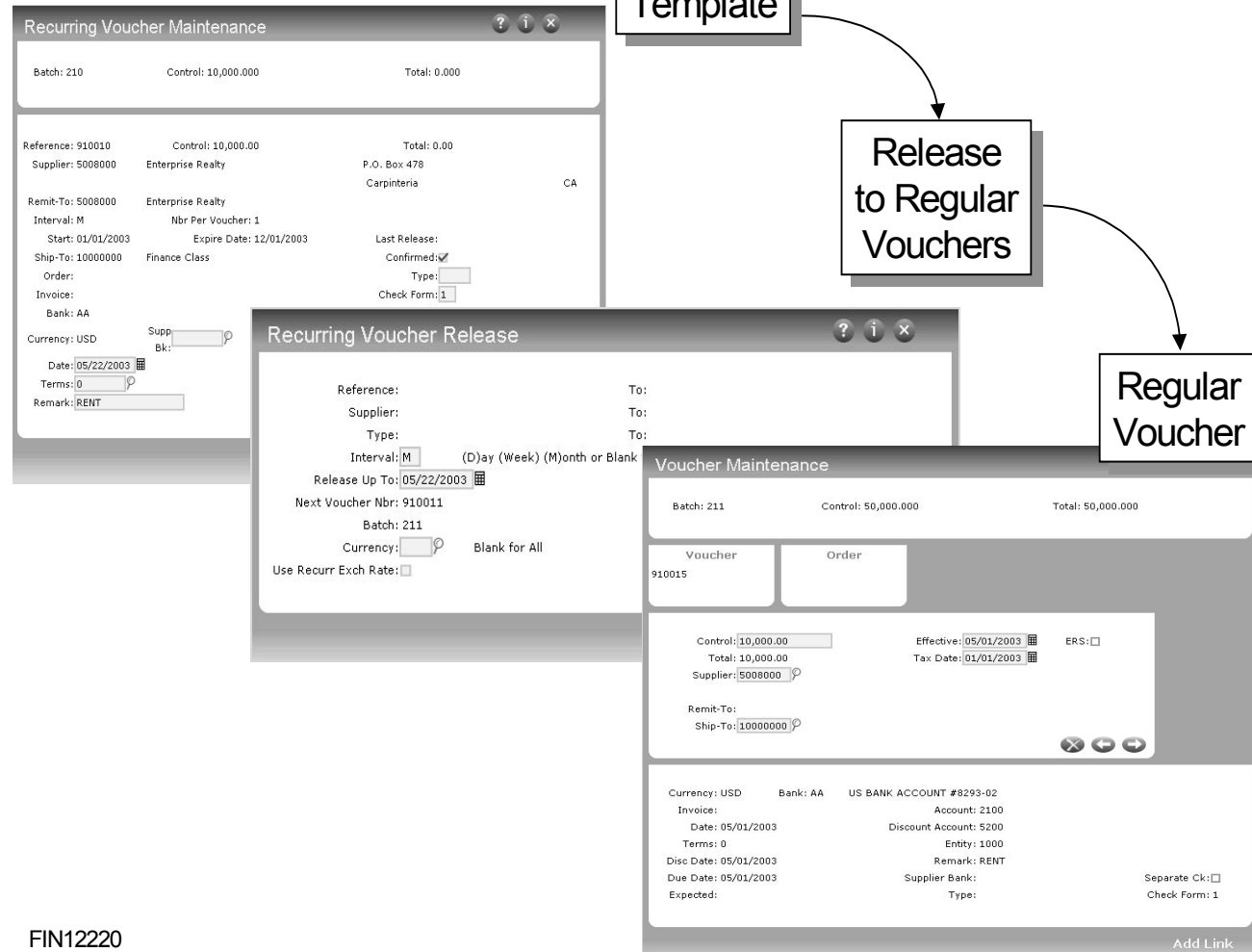
Both voucher confirmation functions should be password-protected. In Voucher Confirmation-Manual, the Hold Amt field should also be password-protected.

Confirm voucher when original GL period closed.

If a voucher was entered as unconfirmed in a GL period that is now closed, you must run an automatic confirmation to confirm it in the current GL period.

NEXT: Activity 12.4
Activity 12.5

Recurring Vouchers



FIN12220

Recurring Vouchers

Recurring vouchers simplify processing of routine payables with fixed amounts, such as monthly rent. They look like regular vouchers, but they are merely templates; they do not have much of an effect until they are confirmed and released to a regular voucher.

Recurring vouchers:

No Match.

- Cannot be verified against PO receipts.

Cannot be paid.

- Cannot be paid.

Not on Agings.

- Do not appear on agings.

**Released vouchers
same as others.**

However, a voucher created by releasing a recurring voucher is just like any other voucher.

**Recorded in
Recurring Voucher
Maintenance.**

Recurring vouchers are recorded in Recurring Voucher Maintenance. This function looks very similar to Voucher Maintenance.

Recurring Voucher Maintenance

Recurring Voucher Maintenance

Batch: 210Control: 10,000.000Total: 0.000

Reference: 910010Control: 10,000.00Total: 0.00

Supplier: 5008000Enterprise RealtyP.O. Box 478CarpinteriaCA

Remit-To: 5008000Enterprise Realty

Interval: MNbr Per Voucher: 1

Start: 01/01/2003Expire Date: 12/01/2003

Ship-To: 10000000Finance Class

Order:

Invoice:

Bank: AA

Currency: USDSupp: Bk:

Date: 05/22/2003

Terms: 0

Remark: RENT

Last Release:

Confirmed: ☒

Type:

Check Form: 1

Separate Ck:

Non-Disc Amt: 0.00

Account: 2100

Discount Account: 5200

Entity: 1000

←

→

Add Link

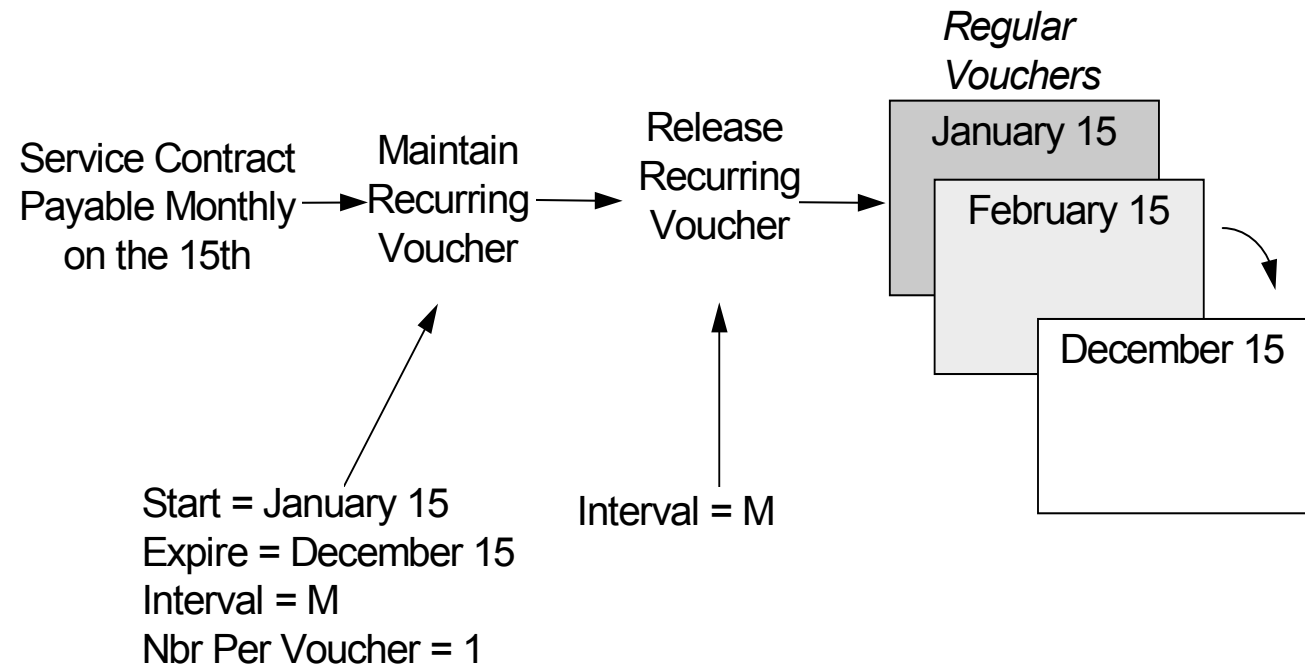
FIN12200

Figure 12-15

Recurring Voucher Maintenance

Life Span/Frequency	The following fields determine the life span of the recurring voucher and how often it will be released.
Interval D,W, M	• Interval. D (day), W (week), or M (month, the default). Frequency at which amounts associated with the recurring voucher are payable. The Interval code is used to select recurring vouchers for release.
Nbr per Voucher	• Nbr Per Voucher. Number of intervals that should occur between released vouchers (e.g., 1 for a voucher with an Interval of M).
Start	• Start. Effective date of the first voucher released from the recurring voucher.
Expire	• Expire. Expiration date of recurring voucher. No more releases will be made after this date. You cannot leave this field blank.
Last Release	• Last Release. Effective date of the last released voucher.
Confirmation	The default status of the recurring voucher is determined by the Enter Vouchers Confirmed setting in Accounts Payable Control. If the recurring voucher is not entered as confirmed, it must be confirmed.
Release	Periodically, regular vouchers are released from the recurring voucher in Recurring Voucher Release. These vouchers can also be either confirmed or unconfirmed by default, depending on the Release Recurr VOs Confirmed setting in Accounts Payable Control. On foreign currency recurring vouchers, you can use the Use Recurr Exg Rate option to ensure that all released vouchers take the exchange rate from the recurring voucher.

Example



FIN12210

Figure 12-16

Example Above

Figure 12-16 shows an example of a typical use of recurring vouchers.

Service contract due on 15th of month.

For example, your company has a service contract that is always due on the 15th of the month from January 15 until December 15 of the year.

Record in Recurring Voucher Maintenance.

The first step is to enter the template voucher in Recurring Voucher Maintenance. The field settings are listed above.

Release in Recurring Voucher Release, Interval = M.

Then, every month, you release the recurring voucher to a regular voucher in Recurring Voucher Release, specifying an Interval of M (monthly). Interval is mandatory.

Change before confirmed in 28.1.

If necessary, you can change the released vouchers in Voucher Maintenance at any time until they are confirmed.

Restrictions

When maintaining recurring vouchers, be aware of the following:

No chg confirm amts.

- Once confirmed, you cannot change the amount of the recurring voucher.

No delete after release.

- The recurring voucher cannot be deleted after the first release.

No change to Start, Interval, Nbr per Voucher after release.

- After the first release, you cannot change the recurring voucher's Start date, Interval, or Nbr Per Voucher; however, you can always change the expiration date.

Cannot change closed vouchers.

- The recurring voucher is automatically closed when the last voucher is released. Once closed, it cannot be changed.

NEXT: Activity 12.6

Lesson 13: Accounts Payable Payments

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

Lesson 13: Accounts Payable Payments

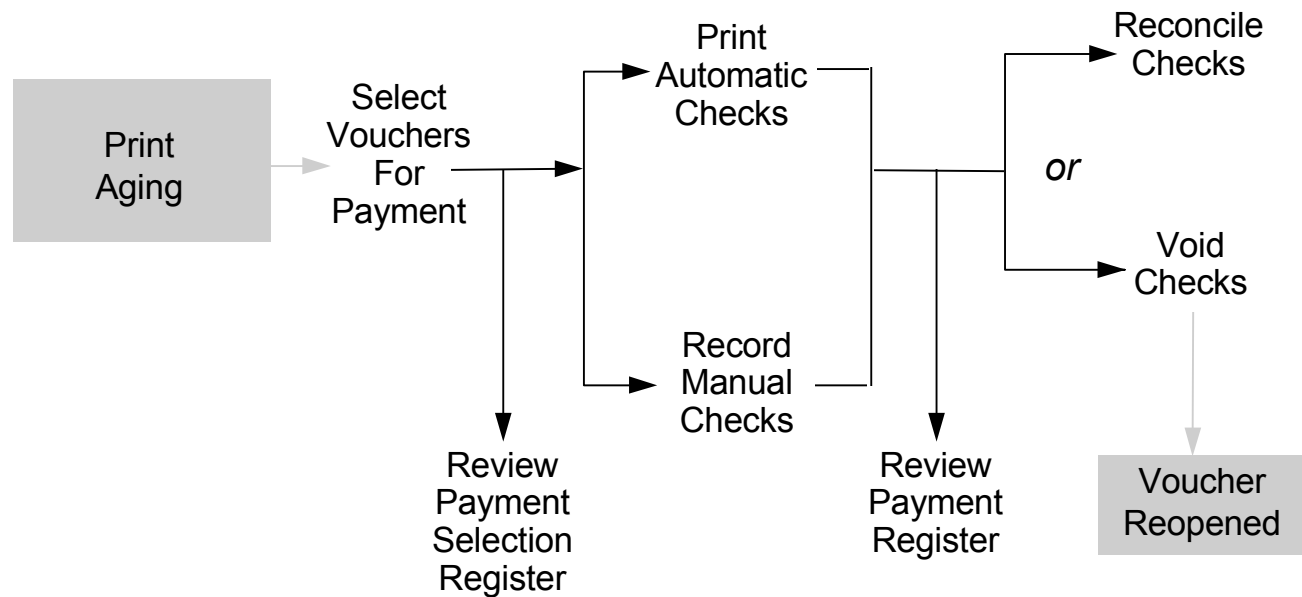
Explain overhead.

In this lesson, we will cover how vouchers are selected for payment and paid, and how payments are reconciled once they clear the bank, and how you void them. Once we have gone through the entire payment cycle, we will review the transactions that are passed to the General Ledger module.

Payment Selection Checks Reconciliation Delete/Archive

The final step in routine AP processing is removing AP history from the system. To preserve database space, uninvoiced PO receipts and canceled checks should periodically be deleted and/or archived.

Payment Processing Flow



FIN13020

Figure 13-1

Payment Processing Flow

Auto and Manual Checks

In MFG/PRO, there are two ways to process payments of confirmed vouchers. The processing flow (Figure 13-1) varies, depending upon whether the payment is an automatic or manual check. Drafts, a common form of payment in many countries, can also be processed within this process flow. For more information on AP drafts, refer to Chapter 15.

Automatic checks for applied payments to suppliers

Most payments are applied payments made for specific supplier invoices or credits. The system can select vouchers based on the suppliers or amounts you specify and then print checks. In MFG/PRO, this kind of payment processing is called automatic checks.

Use Automatic Payment selection to recommend vouchers for payment.

For automatic checks, the processing flow is to use the automatic payment selection to recommend vouchers for payment. You can manually adjust the voucher selection as necessary using Payment Selection-Manual.

Print auto checks or record manual checks.

Then, you generate the actual payment using Payment-Automatic Checks. Payments are processed either by generating automatic payments (printed checks or electronic funds transfers) or by recording hand-written checks, bank fees and transfers, and finance charges as manual checks using Payment-Manual Checks.

Supplier balance decreased, but check stays open until reconciled.

Although the supplier balance is immediately decreased when payments are processed, checks are not immediately flagged as closed. Both the check and original voucher(s) remain on the system until the check is reconciled (cleared by the bank). If there is a problem, you can void the check to reinstate the voucher.

Void reopens voucher.

Aging Reports

AP Aging by Voucher Date Report

Supplier: 5022000 To: 5022000
Supplier Type: To:
Date: To:
Entity: To:
Reference: To:
Voucher Type: To:
Aging Date: 05/21/2003
Deduct Hold Amounts: ☐
Summary Only: ☐
Currency: ☐
Reporting Currency: ☐
Column Days 1: 30

AP Aging by Due Date Report

Supplier: 5022000 To: 5022000
Supplier Type: To:
Due Date: To:
Entity: To:
Reference: To:
Voucher Type: To:
Aging Date: 05/21/2003
Deduct Hold Amounts: ☒
Summary Only: ☐
Currency: ☐
Reporting Currency: ☐
Column Days 1: 0

AP Aging as of Effective Date

Supplier: 5022000 To: 5022000
Supplier Type: To:
Entity: To:
Reference: To:
Voucher Type: To:
Effective Date: 05/21/2003
Age by Date (DUE,EFF,INV): Due
Currency: ☐
Reporting Currency: ☐
Column Days: 30 [2]: 60 [3]: 90
Output:
Batch ID:
Add Link

Aging by Voucher Date

Aging by Payment Due Date

Used to reconcile AP with GL

FIN13030

Figure 13-2

Aging Reports

Review agings before selecting vouchers.

You can use agings to review amounts prior to selecting vouchers for payment. Agings are normally run at month-end prior to entering activity for the next month. Detailed agings print all open vouchers. Summarized agings print only the aging period totals and total outstanding balances for each supplier. Hold amounts are always flagged; however, you can exclude them from the supplier totals. Unconfirmed vouchers do not appear on aging reports.

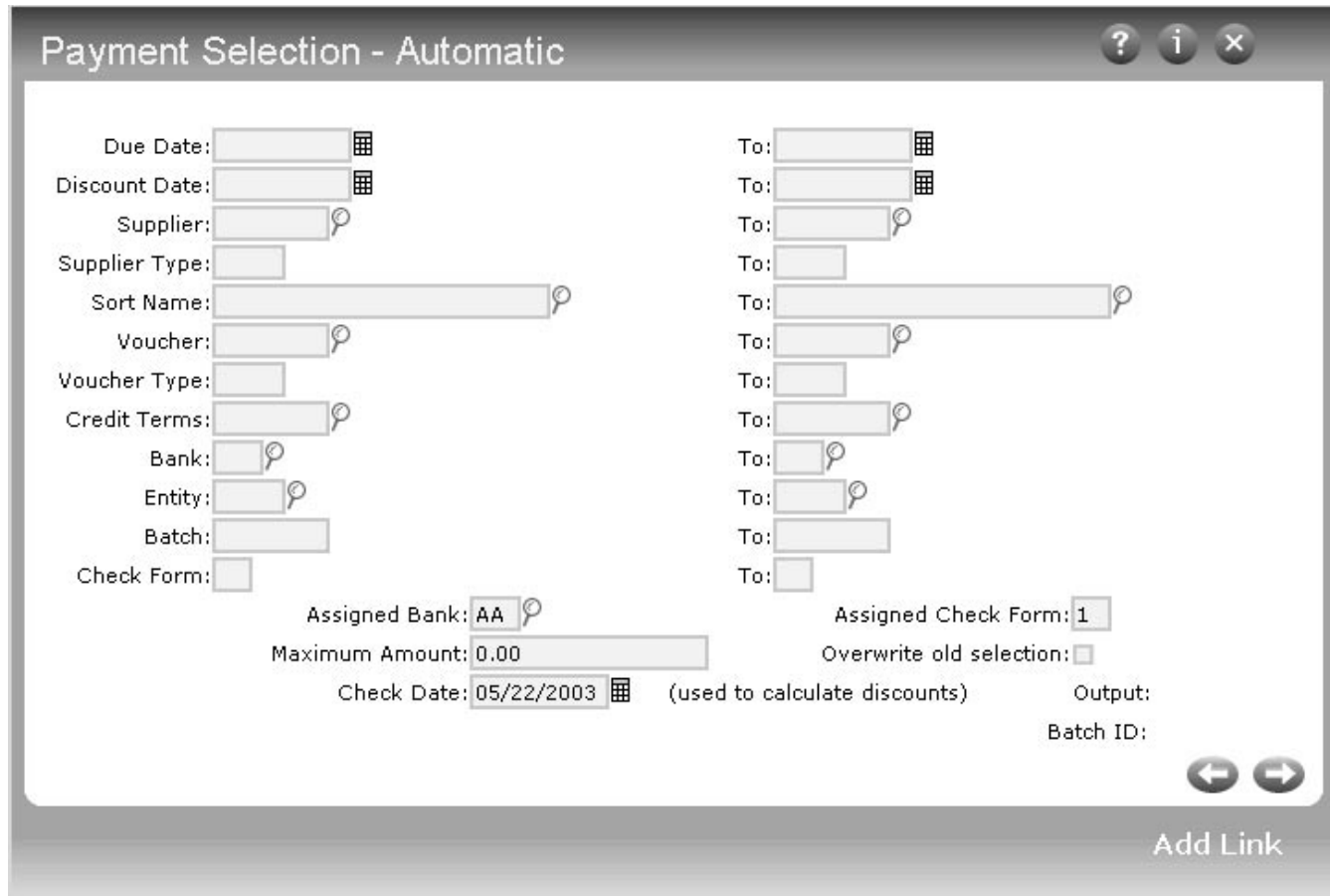
Voucher Date Payment Due Date Effective Date

Agings are normally run by either voucher date or payment due date. The Aging as of Effective Date is used to reconcile AP records with GL account balances; however, if you must run an aging for a previous period and activity has already been entered for the current (or next) period, you can run this to print an aging as of period-end.

Flexible Aging Periods

Flexible aging periods enable you to project cash requirements as well as review overdue accounts. For example, you could enter the aging periods –90, –60, and –30.

Payment Selection – Automatic



Payment Selection - Automatic

Due Date: 

Discount Date: 

Supplier: 

Supplier Type:

Sort Name: 

Voucher: 

Voucher Type:

Credit Terms: 

Bank: 

Entity: 

Batch:

Check Form:

To: 

To: 

To: 

To:

To: 

To: 

To:

To: 

To: 

To: 

To:

To:

Assigned Bank: AA 

Maximum Amount: 0.00

Check Date: 05/22/2003  (used to calculate discounts)

Assigned Check Form: 1

Overwrite old selection: ☐

Output:

Batch ID:

Add Link

FIN13040

Figure 13-3

Selecting Vouchers for Payment

Automatic Selection

Auto Selection

Payment Selection – Automatic reviews all confirmed, open vouchers in the specified range. The system recommends which of these vouchers to pay, based on criteria such as due date, supplier code, or payment bank. Typically, a company selects all vouchers with discount and due dates falling between the last check run and the current one.

Examples

You can use selections to answer questions such as “What vouchers are due?” or “If I print checks today, which vouchers can I take a discount on?” If you enter both a due and discount date range, a voucher is selected if it falls within either range.

Assigned Bank/ Check Form

The Assigned Bank and Assigned Check Form options enable you to pay all selected vouchers from the same bank or using the same check form. These options override the supplier defaults.

Maximum Amount

If there is a limit to how much you want to pay in a check run, specify a maximum amount. As each voucher is selected for payment, the payment amount is added to a running total. Once this total reaches the maximum amount, no more vouchers will be selected. If you leave the field set to 0.00, no maximum is enforced.

Overwrite Old Selection

Payment Selection – Automatic considers only vouchers within the ranges specified. If other vouchers were previously selected for payment, they remain selected unless Overwrite Old Selection = Yes.

Payment Selection – Manual

Payment Selection - Manual

From Voucher:
Supplier: 5022000

To Pay Only: ☒
Check Date: 05/22/2003

Voucher	Supplier	Amount Open	Amount to Pay	Disc to Take	Bk	Cf
910006	5022000	225.00	225.00	0.00	AA	1
910008	5022000	50,000.00	10,000.00	0.00	AA	1

Voucher	Supplier	Amount Open	Amount to Pay	Disc to Take	Bk	Cf
9100008 	5022000	40,500.00	0.00	0.00	AA	1

Add Link

FIN13050

Figure 13-4

Manual Selection

Adjust auto selection with manual

You can adjust the automatic selection by executing Payment Selection – Manual (see Figure 13-4). You can also use this function to select single vouchers for payment.

Override amt to pay for partial payments, discounts.

Unlike automatic selection, manual selection also lets you override the Amount to Pay. For example, you can make a partial payment or take a discount that the system did not suggest.

Review Payment Selection Register.

You should always review the Payment Selection Register after selecting vouchers or making changes to a payment selection. This report lists all vouchers selected for payment and total payments for each supplier, currency, and bank.

Discounts

Discounts

When you use automatic or manual payment selection, discounts are calculated automatically, based on the credit terms. Any non-discountable amount is deducted from the voucher total before the discount is calculated.

Dated Terms

Dated Terms

Dated terms specify that portions of an invoice are due on different dates. Vouchers with dated terms are selected for partial payment as each portion becomes eligible for payment. Discounts are automatically calculated if each amount is paid within the discount period for that term. If there is any non-discountable amount, it is taken starting at the first dated portion until it is satisfied.

Voucher Holds

Voucher Holds

Voucher amounts that have been placed on hold cannot be selected for payment until the hold amount has been reset in Voucher Maintenance or Voucher Confirmation – Manual.

Automatic Checks

5017000		MISSION BAY DISTRIBUTORS		100003
Voucher	Invoice	Gross Amount	Discount	Net Amount
91008	4578	40,500.00	0.00	40,500.00
91045	4873	225.00	0.00	225.00
91073	5635	10,000.00	0.00	10,000.00
91090	5925	650.00	13.00	637.00
		51,375.00	13.00	51.362.00
				100003
			03/05/96	USD *****51,362.00
FIFTY-ONE THOUSAND THREE HUNDRED SIXTY-TWO DOLLARS AND NO CENTS				
MISSION BAY DISTRIBUTORS A DIVISION OF MISSION SYSTEMS 800 SOUTH BAY DRIVE SAN DIEGO, CA 90293 U.S.A.				

FIN13060

Figure 13-5

Automatic Checks

Print checks using Payment-Automatic Checks.

Checks are printed using Payment – Automatic Checks. Checks are selected by bank code. Only checks for vouchers with that bank code are printed. The starting check number displays for the bank. It should match the first check number on your printed check forms.

Select by bank code.

Check/Effective Dates

You can enter two dates: one is the date that will print on the check and the other is the date when the cash transaction is to affect the general ledger. Usually both are set to the system date, except perhaps at period-end.

Test Check

When you print checks, you notice that you can select to print a test check. Test checks are used for printer alignment. This is an optional step, since you will soon know how to align the paper and there will be no need to always waste a check.

First Check OK?

Even if you do not print a test check, the system always stops after printing the first check and prompts you with the message:

Has the first check printed correctly?

All Checks OK?

If the checks are out of alignment or if the printer jams, respond No and you can start again. Do not forget to reset the starting check number. After all checks have printed, the system prompts you with the message:

Have all checks printed correctly?

If not, respond with No and start over, or you can void a range of checks. If yes, respond with Yes. The check information is stored, the paid vouchers are flagged as closed, and Next Check is updated for the bank code.

Payment Specification

** SEE SEPARATE PAYMENT SPECIFICATION FOR REMITTANCE DETAILS **

000002

*****10,78

Ten Thousa

Gene

1000

Gene

Cent

Payment Specification

Check Nbr: 000002
Currency: USD

Paid to:
General Supply Corporation
General Supply Headquarters
Century City, CA 90237

Page: 1
Date: 04/22/96

Invoice	Voucher	Gross Amount	Disc Amount	Amount
	10008	11,000.00	220.00	10,780.00
		11,000.00	220.00	10,780.00

FIN13070

Figure 13-6

Easier to void 2 and reprint than to reprint 100.

Note: Sometimes you should respond with Yes, even if all checks did not print correctly. For example, if you printed 100 checks and 2 are wrong, it is faster to void the 2 and reprint them than it would be to reprint all 100.

One check per supplier unless voucher flagged as separate check.

Normally, one check is printed for each supplier, summarizing all amounts selected for payment (unless a voucher was flagged as Separate Check). The check stub lists all of the vouchers and amounts paid on that check. The supplier invoice number is also listed, making it easy for your supplier to process the receipt. If more than one stub is needed, it will continue on to the next check stub, marking the first check as void. If the Print Remarks Flag is set to Yes, the remark entered in Voucher Maintenance will print on the check stub.

Voucher Remarks

Payment Specifications

Payment specification if supplier set up in Payment Maintenance.

For check forms 1 through 7, a payment specification report is automatically generated if the supplier's Pay Specification flag is set to Yes in Supplier Maintenance. The check stub contains a message to refer the supplier to the payment specification for remittance details.

Separate printer!

Note: For payment specifications, use a separate printer if possible. Otherwise, you will have to change paper after you print the checks. The check printing program does pause to let you do that.

Zero Checks

Zero check if payable covered by credit (negative voucher).

A zero check is printed if the entire payable is covered by one or more supplier credits (negative vouchers). The zero check simply documents this for the supplier and flags each voucher as closed.

Hash Totals

28.9.6 Payment Selection Register

apparp.p c
Page: 3

28.9.6 Payment Selection Register

Date: 01/30/96
Time: 11:20:29

Voucher	Invoice	PO	Bank	Eff Date	Due	Disc Date	C	Cl	Fm	Gross Amount	Disc to Take	Amount to Pay

Supplier:5004000 PLASTIC SUPPLY CORPORATION												
Bank Account 1 :												
1019		AA	01/30/96	01/30/96	01/30/96		1			1,500.00	0.00	1,500.00
Base Report Totals:										4,500.00	20.00	4,480.00

		Nbr of Vouchers		Nbr of Payments		Invalid Bank Accts		Hash Total				
TOTALS		3		3		0		5034				

28.9.9 Payment – Automatic Checks

apckprt.p c		Date: 01/30/96	
Page: 3		Time: 11:21:12	
Bank: AA	US BANK ACCOUNT #8293-02		
Batch: 1027			
Bank Acct Nbr:	Cash Acct/cc: 1040	PiP Acct/cc: 2110	

Check Supplier Name	Bank Acct	Date	Eff Date	Cur	Enty
-----	-----	-----	-----	-----	-----
000883 5004000 PLASTIC SUPPLY CORPORATION		01/30/96	01/30/96	USD	1000

Voucher	PO	Remark	Invoice	Account	CC	Gross Amount	Disc Amount
Amount							
-----	-----	-----	-----	-----	-----	-----	-----
1019				2100		1,500.00	0.00
						-----	-----
			USD Check Total:			1,500.00	0.00
						-----	-----
			USD Report Total:			4,500.00	20.00
							4,480.00

Hash Total:	5034	Bank Acct Nbr:

FIN13080

Figure 13-7

Check Number Audit Trail

Void spoiled checks.

The system only tracks check numbers actually used to pay vouchers (including those later flagged as void) and those used to align the checks in the printer at the beginning of a run. It does not track check numbers for checks spoiled during printing or otherwise skipped; log these in Check Void Maintenance.

Hash Totals

Hash totals, based on:

To verify only approved vouchers were paid, MFG/PRO calculates and prints a hash total at the bottom of the Payment Selection Register and the audit trail for Payment – Automatic Checks. If no modifications have been made from the time the payment selection register was generated and the checks were run, the two totals will match (Figure 13-7). To calculate the hash total, the system totals:

Password-Protect Payment Selection/ Printing Functions

As an additional security measure, all the payment selection and printing functions should be password-protected.

Manual Checks

Payment - Manual Checks

Batch: 213Ctrl: 150.000Total: 0.000

Bank: AACheck: 030026Check Ctrl: 150.00Amount: 0.00

Draft:☐Currency: USDBatch: 213

Supplier: 500Supply Warehouse, TheStatus:

Daybook: SYSTEM

Date: 05/22/2003Account: 1040

Effective: 05/22/2003Discount Account: 5200

Due Date:Remark: COD - Supplies

Voucher:

Type: N

Account: 5100

Amount to Apply: 150.00

Cash Amount: 150.00

Discount Amount: 0.00

X

←

→

Add Link

FIN13090

Figure 13-8

Manual Checks

Record manual checks when payments are handwritten or transferred by bank or in person.

Some payments cannot be processed as automatic checks. For example, you can pay a voucher by hand-writing a check, transferring cash in person, or asking your bank to transfer cash. In addition, not all payments go through the voucher system: liabilities such as petty cash expenditures, bank fees, and finance charges are not easily tracked using vouchers because you never receive an invoice for them. In MFG/PRO, such amounts are recorded in Payment – Manual Checks (see Figure 13-8).

Applied to 1+ vouchers

You can apply manual checks to one or more vouchers. These manual checks are flagged as type MN. The AP account and Amt to Apply default from the voucher. You can also record discounts. The voucher balance is decreased by the amount of the payment, and vouchers are flagged as closed once they are fully paid.

Type MN

Enter expense account on non-AP payments.

If no voucher is referenced, the system automatically flags the payment as type N (non-AP). For non-AP payments, you must manually specify an expense account to debit for the payment.

Also used for supplier credits (zero payments).

A manual check can also be used to record supplier credits. If you want to document that a vouchered amount was covered by one or more supplier credits (negative vouchers), you can record a zero payment. This updates the supplier balance and closes the voucher.

Separate bank codes for auto and manual checks.

Note: Like automatic checks, manual checks update the Next Check number for the bank code. If you process both automatic checks and manual checks on the same bank account, you can use separate bank codes for automatic and manual check reporting. This allows better tracking of physical checks by check type.

NEXT: Activity 13.1
Activity 13.2

Prepayments

When you enter the PO:

- Enter Amount Prepaid on PO
- Enter voucher for prepayment
- Pay prepayment voucher



When you receive the invoice:

- Voucher all the receivers from the PO
- Add a negative Amount Prepaid on PO
- Add a negative voucher distribution line to the prepaid expense account

FIN13095

Figure 13-9

Prepayments

Process non-PO voucher on prepayments.

Sometimes, you might have to send a prepayment or deposit to the supplier before you actually receive the goods. You might even have to pay for goods with long shipping lead times while they are still in transit. *The amount prepaid entered on a purchase order is for reference only.* To actually process the cash payment and record a credit, you must enter a voucher. The easiest way is to create a non-PO voucher linked to a prepaid expense account for the amount of the prepayment (see Figure 13-9).

Prepayment Amount

Prepayment Amount. When you initially voucher the prepayment, enter a positive amount for the Prepayment Amt field. In the distribution screen, this amount is usually debited to a prepaid expense account. The Prepayment Amt field automatically updates the supplier's prepayment balance.

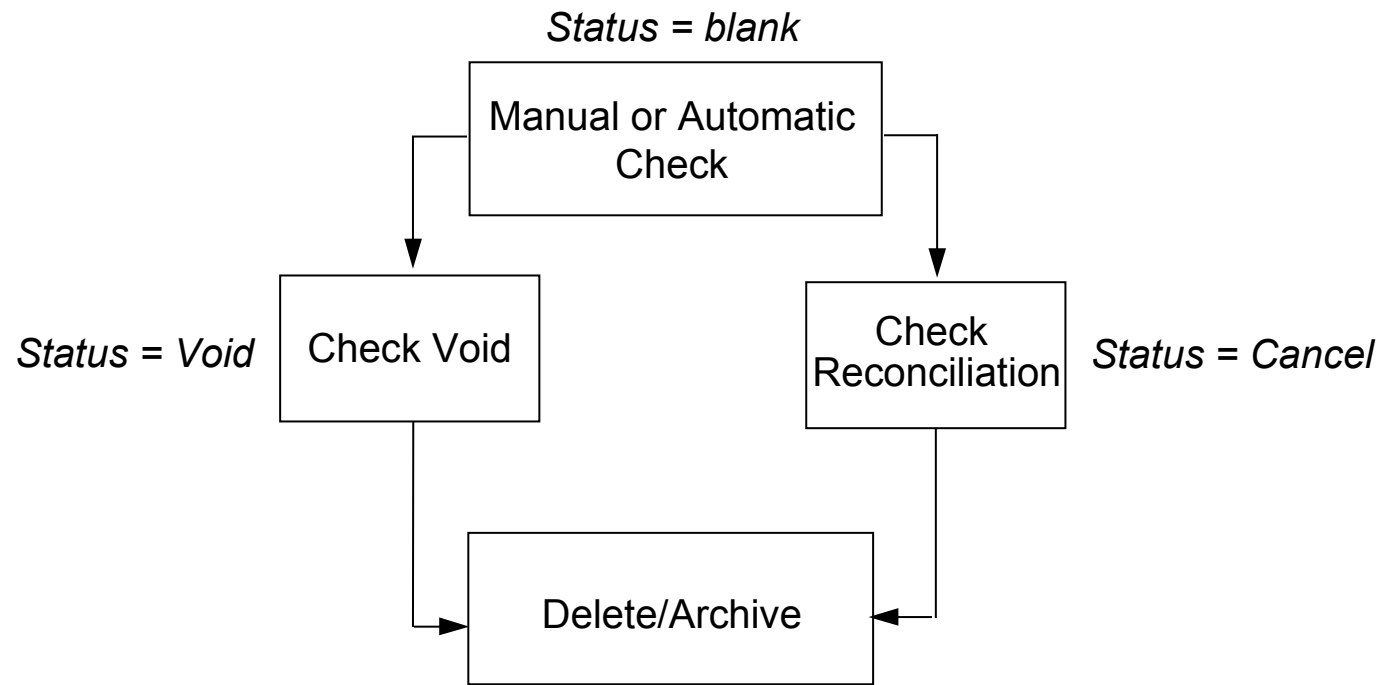
Negative amt on voucher for invoice clears prepayment.

When you voucher the supplier invoice for the remaining amount, a message displays, showing the supplier's prepayment balance. Record the original prepayment amount as a negative amount in the Prepayment Amt field. This reduces the supplier's prepayment balance. In the distribution screen, credit the prepaid expense account for the prepayment amount. This reduces the balance due on the voucher.

Prepayments

You can use the Supplier Prepayment Inquiry to review prepayments.

Check Status



FIN13100

Figure 13-10

Check Status

All payments have check type/status on voids, reconcile, reports.

All payments are recorded in the system with a check type and check status (Figure 13-10). You will see the following codes used during check voids, reconciliations, and on some reports.

Check types:

Check types are:

MN

- MN for manual checks

AU

- AU for automatic

Check status:

Check status codes are:

Blank

- Blank for open (printed or in transit, but not reconciled)

CANCEL

- CANCEL for reconciled checks

VOID

- VOID for voided checks

Review check status

You can use the Check Status Report to review check status.

Check Reconciliations

Check Cancellation Maintenance

Batch: 221

Multi Entry: ☐

Bank: AA

Effective: 05/23/2003

Curr: USD

Batch Ctrl: 10,743.670

Total: 10,150.000

Check	Check Amount	Chk Date	T	Supplier	Supplier Name
030026	150.00	05/22/2003	MN	500	The Supply Warehouse
030028	10,000.00	05/22/2003	AU	5022000	BARKER STEEL

Check	Amount	Date	T	Supplier	Name
030031	593.67	05/22/2003	AU	501	Michael's Office Supplies

Add Link

FIN13110

Figure 13-11

Check Reconciliations

Reconcile when you get bank statement.

Check reconciliation should be done whenever you receive a bank statement. This flags the check as closed and sets the check status to CANCEL.

Multi-Entry

You can reconcile checks quickly using the Multi-Entry option. This enables you to enter a range of check numbers, due dates (for drafts), and the total amount. You must enter a batch control total when you are in multi-entry mode.

Check/date range

In the Check Selection frame, specify the check number of the first and last check appearing on your bank statement. (If you are processing cleared drafts, enter the due date range for the cleared drafts appearing on your bank statement. To enter a due date range, Use Draft Management must be Yes in Accounts Payment Control.

Display reconciled check?

- No for auto reconcile

- Yes to manually adjust selection

Once the system has retrieved all checks and drafts, it prompts you with the message, `Display checks being reconciled?` If you respond No, the system automatically cancels the selected checks and drafts if the Total of these payments equals the Batch Ctrl. If you respond Yes, the system displays the retrieved open payments and allows you to adjust the selection. Scroll through this list by moving the cursor or paging up and down. Selected payments are marked with an asterisk (*) in the Selection column. To select/deselect a payment, highlight the payment and press the Spacebar or Enter. Every time you select/deselect a payment, the system automatically updates the Total in the upper right corner of the screen.

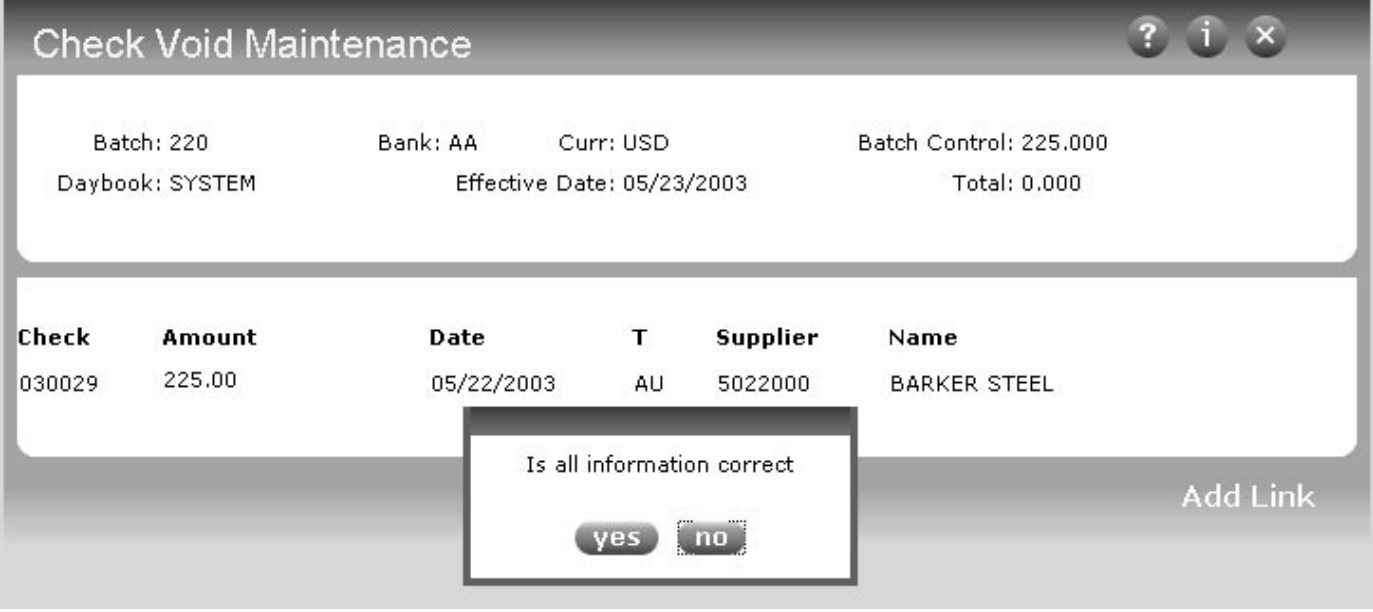
Check Status Report

Print the Check Status Report to review canceled checks.

EFT can also be reconciled in Cash Book.

If your company has implemented the Cash Management module, you can also do bank reconciliations using the Cash Book functions there. This is especially useful if you make extensive use of electronic funds transfers.

Check Voids



The screenshot shows a 'Check Void Maintenance' window. At the top, there are fields for Batch (220), Bank (AA), Curr (USD), Batch Control (225.000), Daybook (SYSTEM), Effective Date (05/23/2003), and Total (0.000). Below these is a table with columns: Check, Amount, Date, T, Supplier, and Name. The table contains one row with values: 030029, 225.00, 05/22/2003, AU, 5022000, and BARKER STEEL. A modal dialog box is open in the center, asking 'Is all information correct' with 'yes' and 'no' buttons. An 'Add Link' button is located at the bottom right of the window.

Check	Amount	Date	T	Supplier	Name
030029	225.00	05/22/2003	AU	5022000	BARKER STEEL

FIN13120

Figure 13-12

Check Voids

Void checks

Audit Trail

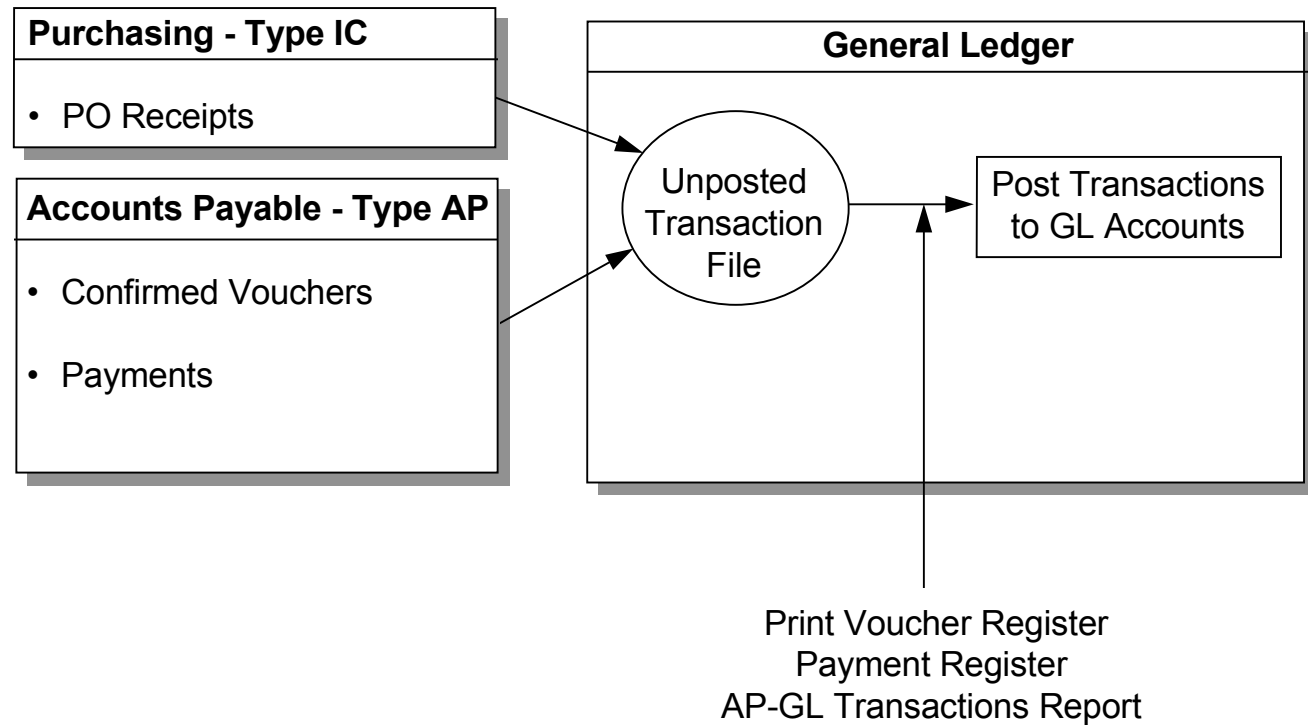
Void reopens voucher and amount.

Voids are logged in Check Void Maintenance (Figure 13-12). Manual or automatic checks can be voided as long as they have not been reconciled. When a check is voided, an audit trail is kept. The check remains in the system with amount open set to zero and status VOID. Any vouchers it paid are reopened.

NEXT: Activity 13.3 (Optional)
Activity 13.4

AP Interface to General Ledger

GL Transactions Created By:



FIN13130

Figure 13-13

AP Interface to General Ledger

PO/AP modules update GL.

The Purchasing and Accounts Payable modules generate transactions that are eventually posted to accounts, sub-accounts, cost centers, and projects in the General Ledger module (Figure 13-13). Because the GL is the source of your company's financial reporting, accuracy in accounts and amounts is vital during purchasing and AP activities.

Accuracy critical.

Stored in glt_det until posted.

All GL transactions are stored in the unposted transaction file until they are posted in Transaction Post. Before posting, you should carefully review the AP-GL Transactions Report, which lists all unposted GL transactions created by AP activities. The Voucher Register and Payment Register should also be printed with Print GL Detail set to yes. These are useful for finding transactions that correspond to those printed on GL reports.

Review registers prior to posting.

Detail/Summary

In the control program, the system can be set to create AP transactions in detail (one GL transaction for each AP transaction) or summary (summarized by batch) mode.

Entries based on PO line types, variances, multicurr/ entity.

The GL transactions for any given activity will vary depending on the kind of purchase, whether there are variances, and whether the activity involves multiple currencies or entities.

GL reports printed by trans types, IC, AP.

In the General Ledger module, reports are often printed by transaction type. Purchasing transactions that affect inventory are type IC; all accounts payable transactions are type AP.

GL Transaction Summary, Vouchers

Transaction	Type	DR/CR	Account
Vouchers			
• Inventory & Subcontract Items	AP	DR CR DR/CR DR/CR DR/CR DR/CR	PO Receipts Accounts Payable AP Rate Variance AP Usage Variance Intercompany Purchase Gain/Loss
• Expensed (Memo) Items	AP	DR CR DR/CR DR/CR DR/CR DR/CR	Expensed Item Receipts Accounts Payable Expensed Item Rate Variance * Expensed Item Usage Variance * Intercompany Purchase Gain/Loss

FIN13140

Figure 13-14

GL Transaction Summary, Vouchers

**No GL unconfirmed/
recurring VOs.**

Vouchers have no GL effects until they are confirmed, and recurring vouchers have no GL effects until the vouchers released from them are confirmed.

**AP/Exp Item Rate
Variances**

An AP or expensed item rate variance occurs if the item's invoiced cost was different from the PO cost. It is calculated as $(\text{Invoice Unit Cost} - \text{PO Unit Cost}) \times \text{Invoice Quantity}$.

**AP/Exp Item Usage
Variances**

An AP or expensed item usage variance occurs if the item's invoiced quantity was different from the PO receipt quantity. It is calculated as $(\text{Invoice Quantity} - \text{Received Quantity}) \times \text{PO Unit Cost}$.

**Exp Item Variance
Reporting**

On expensed (memo) items, the system can post variances to either expensed item rate and usage variance accounts or to purchases expensed, depending on the setting for Use Expensed Item Var Accts in Accounts Payable Control.

Intercompany

On multi-entity vouchers, entries will be created for the AP intercompany account if no PO site was manually specified in the PO header. These entries will also be created on multi-entity vouchers that do not reference a PO.

**Purchase Gains/
Losses on
Multicurrency VOs**

On multicurrency vouchers, purchase gains/losses are posted if currency fluctuations result in a variance between the item's PO cost and the supplier's invoice cost. Purchase gains/losses are discussed in greater detail at the end of this lesson.

GL Accounts Used On Payments

Use Payment in Process Acct = No in AP Control

Bank Maintenance

Bank: AA
Description: US BANK ACCOUNT #8293-02

Checking Accounts

Next Check: 000988
Currency: USD
Bank Acct 1:
Bank Acct 2:
Entity: 1000
Cash Account: 1040
Payment in Process Acct: 2110

Add Link

Accounts Payable		Cash	
(1)	100	100	(1)
(1) Payment		(2) No GL entries for reconciliation	

Use Payment in Process Acct = Yes in 28.24

Accounts Payable		Payments in Process		Cash	
(1)	100		100	(1)	
		(2)	100		100 (2)
(1) Payment		(2) Reconciliation			

FIN13150

Figure 13-15

GL Transaction Summary, Payments

GL varies based on accounts in Bank Maintenance.

The GL entries created for payments will vary, depending on the GL accounts specified in Bank Maintenance.

GL entries on reconciliations if PIP account is used.

In MFG/PRO, you can choose not to update your cash balance until the payment clears the bank by posting payments to a payment in process (PIP) account, also called a cash in transit account. When you reconcile payments against the bank statement, MFG/PRO automatically credits the AP cash account. This option is specified in Accounts Payable Control.

The first example in Figure 13-15 shows the GL entries created by AP payments when the PIP option is not used. Payments are credited directly to Cash, and no GL entries are created by check reconciliations. The PIP account defaults to the cash account in Bank Maintenance, but the system does not use it when Use Payment in Process Acct is set to No in Accounts Payable Control. For payments made by electronic funds transfers (EFTs), the PIP account is never used.

When payments are made by draft, the Drafts Payable account is used in place of the Cash account.

Above diagram shows GL accounts used on payments.

The second example shows the GL entries created by payments and reconciliations when Use Payment in Process Acct is set to Yes. Payments credit PIP instead of Cash and, when the check clears the bank, PIP is debited and Cash is credited.

GL Transaction Summary, Payments

Transaction	Type	DR/CR	Account
Automatic Checks (28.9.9) & AP Manual Checks (28.9.10)	AP	DR CR CR CR DR/CR	Accounts Payable Cash ¹ Drafts Payable AP Terms Discounts Exchange Gain/Loss
Non-AP Manual Checks (28.9.10)	AP	DR DR CR CR CR	User-Selected Account Accounts Payable Drafts Payable AP Terms Discounts Cash ¹
Check Reconciliations (28.9.13) ²	AP	DR CR	Payments in Process Cash
Check Voids (28.9.15)	AP	DR DR CR DR/CR	Cash ¹ , Drafts Payable AP Terms Discounts Accounts Payable ³ Exchange Gain/Loss

¹ Or Payments in Process account.

² No GL effect from reconciliation involving cash accounts.

³ User-selected account on non-AP checks.

FIN13160

Figure 13-16

**GL varies for auto/
manual checks.**

The GL effects of a payment also vary depending on whether it is an automatic or manual check.

**Different debit
account on non-AP.**

When manual checks are for type N (non-AP) amounts, you usually specify a debit account other than AP.

Exch Gain/Loss

An additional entry is created by automatic checks in foreign currencies. Exchange gain/loss is realized whenever the exchange rate changes between the voucher and the payment. A detailed example is discussed at the end of this lesson.

Voids

Check voids create entries to reverse the GL effects of the voided payment.

As we noted earlier, reconciliations create a GL transaction only when the Payment in Process (PIP) option is used.

Multi-Entity AP (PO/Voucher)

PO #99999	
Header Site 10000 (= Entity 1000)	
Line Item 1	
Site 10000 (= Entity 1000)	
Extended Price	\$200.00
Tax	15.00
Line Item 2	
Site 30000 (= Entity 2000)	
Extended Price	100.00
Tax	7.50

Order Total	\$322.50

Voucher

GL Transaction (Type AP)	
Entity 1000	Entity 2000
AP	
322.50	
PO Receipts	PO Receipts
215.00	107.50
Intercompany	Intercompany
107.50	107.50

FIN13170

Figure 13-17

Multi-Entity AP

Different GL for Multi-Entity

The GL transactions become a little more complicated in multi-entity environments.

Explain overhead:

**Ln1 -> site 10000/
1000**

In the above example, a purchase order is created at site 10000. The first line item is shipped to site 10000 (assigned to entity 1000) but the second is shipped to site 30000 (assigned to entity 2000).

**Ln 2 -> site 30000/
2000**

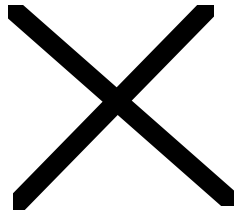
**AP, Ln 1
PO Receipts post
to 1000; Ln 2
PO Receipts post
to 2000.**

AP is posted to entity 1000 because entity 1000 originated the PO. PO Receipts for the first line item are also posted to entity 1000. However, PO Receipts for the second line item are posted to entity 2000.

Intercompany Entries for Line 2

Since site 30000 is assigned to a different entity (2000), mirror entries post the PO Receipts amount for the second line item to the AP Intercompany account.

Multi-Entity AP (Payment)

GL Transactions (Type AP)									
Entity 1000	Entity 2000								
<table><tr><td colspan="2">AP</td></tr><tr><td>322.50</td><td></td></tr></table> <table><tr><td colspan="2">Cash</td></tr><tr><td></td><td>322.50</td></tr></table>	AP		322.50		Cash			322.50	
AP									
322.50									
Cash									
	322.50								

FIN13180

Figure 13-18

**Payment processed
only by entity 1000,
not 2000.**

Following along with the previous example, payment is processed only by entity 1000, not 2000 (Figure 13-18).

AP-GL Reconciliation

Account Balance Inquiry

? i x

QUALITY PRODUCTS COMPANY

Account: 2100

Sub-Account:

Cost Center:

Entity: 1000

Year: 2003

To:

To:

To: 1000

Reporting Currency:

Verify effective date's ending balance by running an aging report or checking the GL account.

Output: ← →

Add Link

apglrp.p b+
28.17.10 Unposted AP-GL Transactions Rept
Date: 05/23/03

Page: 1
Finance Class
Time: 16:26:47

Enty Account	Description						
1000 1040	CASH						
		1040	Total:	225.00	22,911.17		
Enty Account	Description						
1000 1700	PREPAID EXPENSES						
		1700	Total:	500.00	.00		
Enty Account	Description						
1000 2100	ACCOUNTS PAYABLE						
		2100	Total:	23,821.88	14,481.88		
		2200	Total:	2,209.42	.00		
Enty Account	Description						
1000 8300	RENT						
DATA HAS BEEN DELETED							
Page: 4							
Finance Class							
Time:							
Project	Entered	Eff Date	GL Reference	Description	User ID	Debit Amount	Credit Amount
	05/22/03	05/01/03	AP030501000008	RENT	qad	10,000.00	
				8300		10,000.00	.00
				Total:		10,000.00	.00
				Entity 1000	USD	38,103.30	38,103.30

FIN13190

Figure 13-19

AP-GL Reconciliation

Verify ending balance.

When GL is posted daily, you can verify the ending balance for an effective date against the GL account balance or the AP aging report by running an AP Aging as of Effective Date report or checking the GL account balance for the effective date.

GL posted daily

GL not posted daily

If GL is not posted daily, you check an effective date's ending balance as follows:

1. Run an AP Aging as of Effective Date report or check the GL account balance as of the effective date.
2. Add this total to the total confirmed vouchers from the Voucher Register report, as of the current date.
3. Subtract the combined total from the AP account total from the Payment Register for the current date. (Print the Payment Register with Print GL Detail set to Yes to show the AP account total.)

This total should match the AP Aging as of Effective Date report total.

Sub-Module Entries Only = Yes

To make reconciling the AP balance easier, it is helpful to only create AP entries in AP. To do this, set the AP account Sub-Module Entries Only flag to Yes.

Correct distribution when GL posted.

Once GL has been posted, if the period is still open, you can change the distribution on a voucher. This also changes the GL. You cannot change the distribution if the voucher has been paid. In that case, you must decide whether to adjust the GL or create an adjusting voucher to correct the GL.

Delete/Archive AP History

Uninvoiced Receipt Del/Archive

Receiver:

Receipt Date: 05/01/2003

Supplier:

Order:

Inventory Items: ☒

Subcontracted Items: ☒

Memo Items: ☒

Delete: ☐

Archive: ☐

Archive File:

To:

To: 05/30/2003

To:

To:

Output:

←

→

Add Link

Closed AP Delete/Archive

Date: 05/01/2003

Supplier:

Bank:

Check: 000000

Delete: ☐

Archive: ☐

Archive File:

To: 05/30/2003

To:

To:

To: 000000

Output:

←

→

Add Link

FIN13200

Figure 13-20

Delete/Archive AP History

No Automatic Purge

All historical activity is maintained on the system until you choose to delete it. Periodically, you should delete/archive AP history to preserve database space.

Delete unmatched receivers.

Uninvoiced Receipt Delete/Archive removes receivers that were never matched with an invoice (probably because the PO was never referenced on the voucher). These receivers remain in the system unless you delete them. After deleting receivers, you can adjust PO Receipts balances using a standard GL journal entry.

Delete closed vouchers, payments, checks.

Closed AP Delete/Archive removes records with an Amount Open equal to zero—that is, vouchers that are totally paid (closed), payments that are totally applied, reconciled checks, and voided checks.

Set Delete to No first.

A good way of ensuring you do not delete items you need is to first run the function with Delete set to No. This simply prints the report. If the report is OK, rerun the delete/archive with Delete set to Yes.

Do backup first.

Always do a backup before performing a delete/archive. You can optionally dump deleted items to an archive file. These files should be backed up to tape and placed in a safe storage place. Then, if you ever need to reload this information (e.g., for auditors), you can load it back into your database from the tape using Archive File Reload.

Reload archive file using Archive File Reload.

Think about how often you have to reload data.

When deciding how frequently to perform a delete/archive, consider how much data you are likely to have to restore. (For example, if you need to retrieve data for one month but you stored all the previous year's history in one file, you will have to reload the entire file.)

Lesson 14: 1099–MISC Reporting (Optional)

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN14010

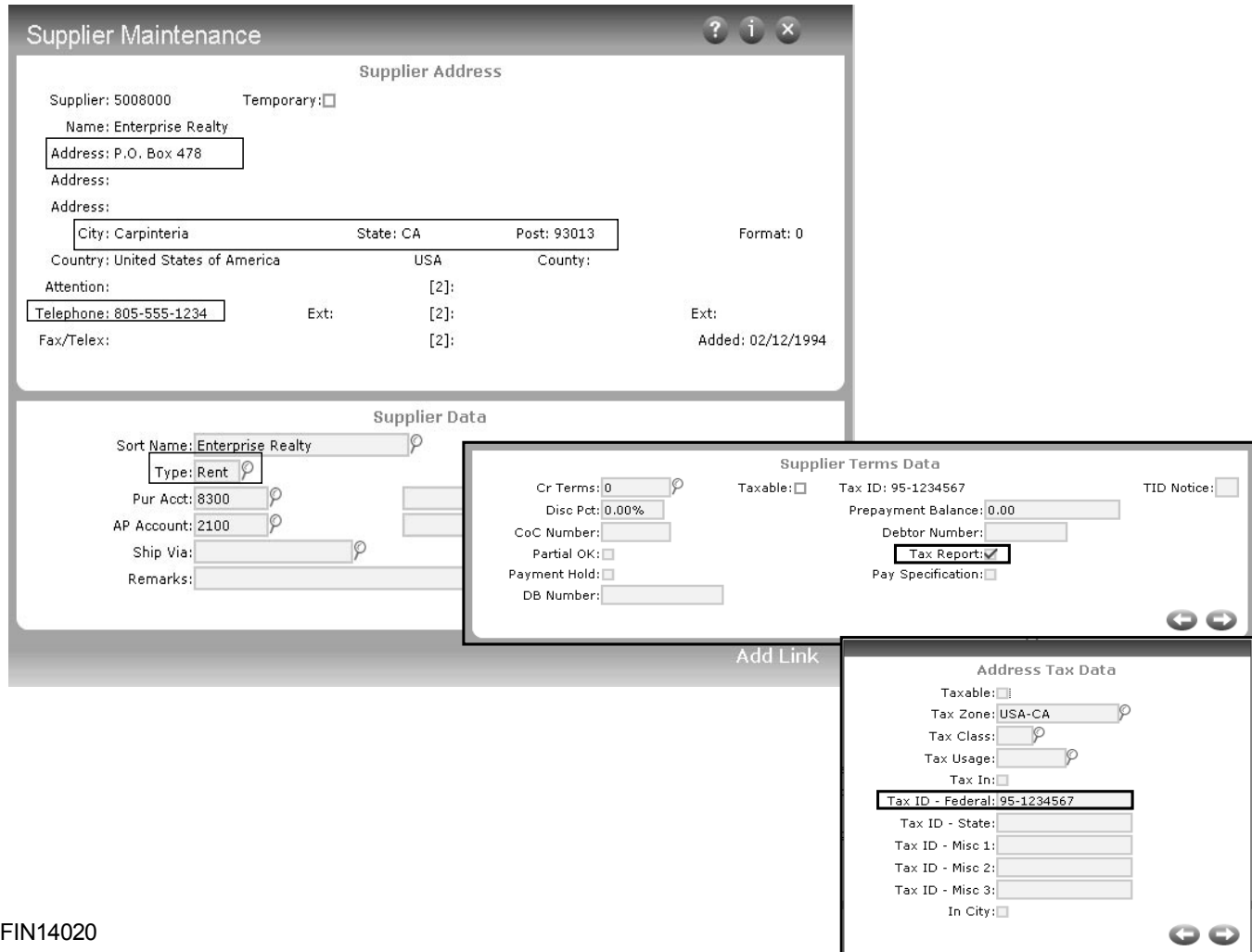
Figure 14-1

Lesson 14: 1099-MISC Reporting (Optional)

1099-MISC Form, Report, ASCII file

The 1099-MISC functions are used in the U.S. to prepare the most common version of IRS Form 1099 (used to report payments made to suppliers). In MFG/PRO, you can print the form directly, run a report, or generate an ASCII file. The 1099-MISC is the only version of the 1099 that MFG/PRO handles.

Prerequisites for 1099-MISC Reporting



The screenshot displays the 'Supplier Maintenance' window with three overlapping panels: 'Supplier Address', 'Supplier Data', and 'Address Tax Data'.

Supplier Address Panel:

- Supplier: 5008000 Temporary: ☐
- Name: Enterprise Realty
- Address: P.O. Box 478
- Address: City: Carpinteria State: CA Post: 93013 Format: 0
- Country: United States of America USA County:
- Attention: [2]:
- Telephone: 805-555-1234 Ext: [2]:
- Fax/Telex: [2]: Added: 02/12/1994

Supplier Data Panel:

- Sort Name: Enterprise Realty
- Type: Rent
- Pur Acct: 8300
- AP Account: 2100
- Ship Via:
- Remarks:

Supplier Terms Data Panel:

- Cr Terms: 0 Taxable: ☐ Tax ID: 95-1234567 TID Notice: ☐
- Disc Pct: 0.00%
- Prepayment Balance: 0.00
- CoC Number:
- Debtor Number:
- Partial OK: ☐ Tax Report: ☒
- Payment Hold: ☐ Pay Specification: ☐
- DB Number:

Address Tax Data Panel:

- Taxable: ☐
- Tax Zone: USA-CA
- Tax Class:
- Tax Usage:
- Tax In: ☐
- Tax ID - Federal: 95-1234567
- Tax ID - State:
- Tax ID - Misc 1:
- Tax ID - Misc 2:
- Tax ID - Misc 3:
- In City: ☐

Navigation buttons: Add Link, Previous, Next.

FIN14020

Figure 14-2

Prerequisites - Supplier

Set up supplier

Before you use the 1099-MISC functions, verify that each supplier record is set up correctly in Supplier Maintenance (Figure 14-2).

Only one address line on 1099-MISC form.

- The first line of the supplier address must contain the essential information for mailing, because the printed 1099-MISC form has only one address line.

Sort Name Format

- For suppliers with social security numbers (individuals), the sort name must be in the format *<last name>, <first name>*. The comma and space are mandatory.

Supplier Type

- If you run 1099-MISC by supplier type, the supplier must have a meaningful type code for 1099 reporting.

Tax Report = Yes

- Tax Report must be set to Yes. The supplier activities report will only print if this is set to Yes.

Tax ID/SSN Format

- A federal tax ID (*xx-xxxxxxx*) or social security number (*xxx-xx-xxxx*) must be specified as the Tax ID.

Specify voucher type.

In addition, you can consider using standard voucher type codes for 1099-MISC vouchers. (This is especially useful whenever you pay a 1099 supplier for goods or services that are not reported on the 1099.)

Prerequisites – Company

Entity Code Maintenance

Entity: 1000
Description: QUALITY PRODUCTS COMF
Primary Entity: ☒
Currency: USD
Post Translation Adj to (B/I): Bal Sheet
Posting Audit Trail Page Nbr: 0
Company Address: 10000000

Add Link

Company Address Maintenance

Company Address

Address: 10000000
Name: Finance Class
Address: 9000 World Way, Suite 101
Address:
City: Los Angeles State: CA Post: 89000 Format: 0
Country: United States of America USA County:
Attention: Robin Attention:
Telephone: 1-800-555-5656 Ext: Tel: Ext:
Fax/Telex: 1-800-555-5657 Fax/Telex:
Tax Report: ☒ Name Control: Last Filing: ☐

Add Link

Address Tax Data

Taxable: ☐
Tax Zone: USA-CA001
Tax Class:
Tax Usage:
Tax In:
Tax ID - Federal: 95-7891234
Tax ID - State:
Tax ID - Misc 1:
Tax ID - Misc 2:
Tax ID - Misc 3:
In City: ☐

FIN14025

Prerequisites - Company

Create 1099 for supplies.

To create a 1099 for a supplier, the system checks the company address record attached to the entity.

The entity must have the following fields populated:

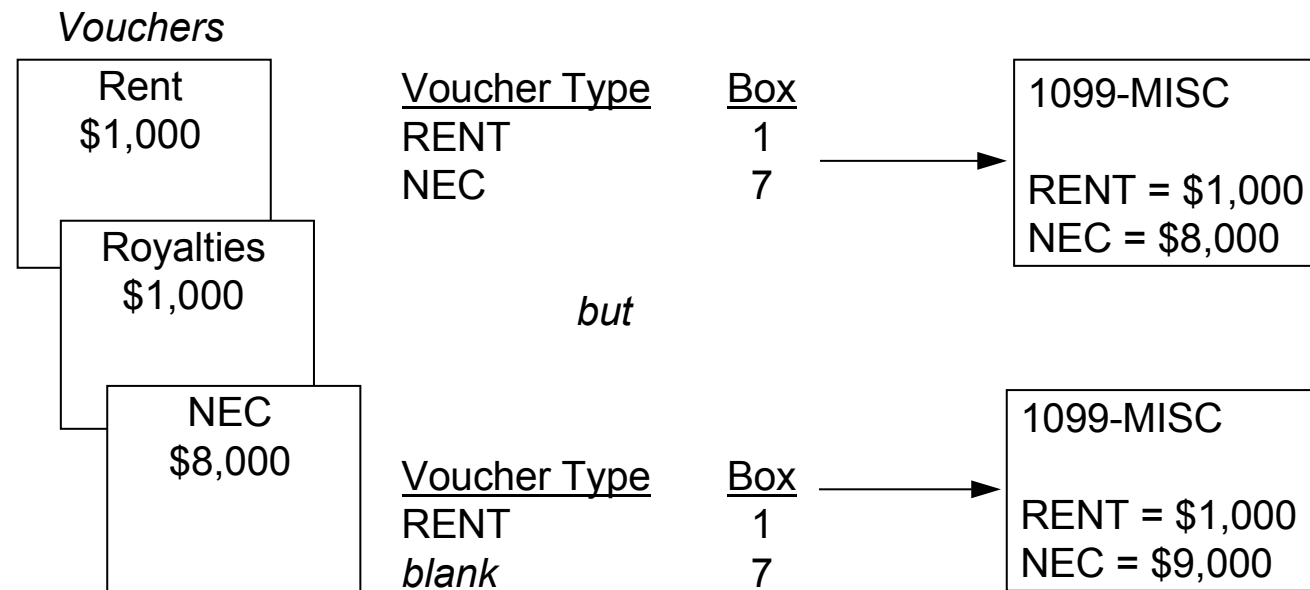
Fields must be populated

- Address - the first line is the only line that will print on the 1099
- City, State, Post
- Tax Report = Yes

Address Tax Data

- Tax ID - Federal. The system will check that only one address record is checked as the “tax reporting” address for each Tax ID - Federal. This means you cannot use the same Tax ID - Federal number for another company address, where the Tax Report field is set to Yes.

1099-MISC Reporting (Example)



FIN14030

Figure 14-3

Selecting Vouchers for Reporting

IRS Boxes:

- (1) Rent,**
- (2) Royalties,**
- (3) NEC**

The Voucher Type and Box flags are used to select specific payments for inclusion on the 1099-MISC. Box is the IRS category of supplier payment: (1) rent, (2) royalties, or (7) nonemployee compensation (NEC).

When specifying payments for inclusion, be aware of the following:

- Voucher Type is optional, but Box is mandatory.
- If a box number is specified but the voucher type is left blank, any payment not included in another specified type will be reported in that box. This includes manual and non-AP payments.

**If voucher
type blank,
all unspecified
payments are
included**

Explain overhead.

For example, in Figure supplier payments for 1992 are \$1,000 for rent, \$1,000 for royalties, and \$8,000 for NEC. On the option screen, you specify voucher type RENT in box 1, and voucher type NEC in box 7. The 1099-MISC would show only the \$1,000 for rent and the \$8,000 for NEC. It would not show the \$1,000 for royalties.

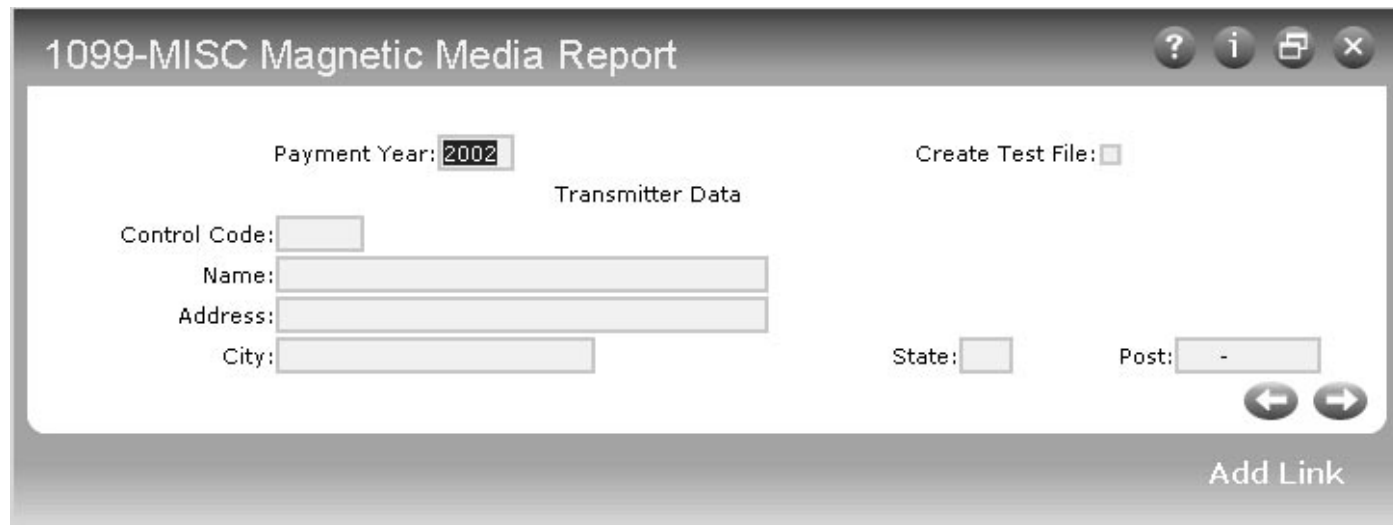
However, suppose you specify RENT in box 1 and type <blank> in box 7. The 1099-MISC would show \$1,000 for rent and \$9,000 for NEC. The \$1,000 for royalties would appear in box 7 because the blank voucher type would draw in all supplier payments with a voucher type other than RENT.

Multinational

Note: If your company is multinational, be aware that the 1099-MISC functions do not pick up supplier payments if:

- Your company is outside the U.S. but makes payments to U.S. suppliers.
- Your company is in the U.S. but makes payments to non-U.S. suppliers (e.g., anybody who does not have a U.S. federal tax ID or social security number).

1099-MISC Magnetic Media Report



The screenshot shows a software window titled "1099-MISC Magnetic Media Report". The window has a standard Mac OS X-style title bar with buttons for help, information, and window management. The main content area contains a form with the following fields and controls:

- Payment Year:** A text field containing the value "2002".
- Create Test File:** A checkbox that is currently unchecked.
- Transmitter Data:** A section header for the following fields.
- Control Code:** A text field.
- Name:** A text field.
- Address:** A text field.
- City:** A text field.
- State:** A text field.
- Post:** A text field containing a hyphen (-).
- Navigation:** Two circular buttons with left and right arrow icons.
- Add Link:** A button located at the bottom right of the window.

FIN14040

Figure 14-4

1099 Magnetic Media Report

Mag Media Report

The IRS will send you information on their procedures for magnetic media transmissions. Please review this material prior to using Magnetic Media Report (Figure). The IRS also gives you the control code.

Create test file.

We strongly recommend that you set the Create Test File flag to Yes and allow the IRS to verify that your system is properly set up to process 1099-MISC forms.

IRSTAX file in working directory.

MFG/PRO automatically sends the output to a magnetic media file (IRSTAX) in your working directory (the directory from which you start up the database). As soon as the file is created, the cursor returns to the upper left corner of the screen. If you have more than one selection of supplier payments to include in the file, you can change the criteria (supplier or voucher type, supplier range, box) to include the additional suppliers and rerun the procedure by pressing Go. If you do not have additional suppliers or payments to include, exit the program by pressing End.

Do not press Go twice!

Note: Do not press Go a second time just because it looks like nothing has happened! If you do, supplier payments will be overstated because you will end up with duplicate records in IRSTAX. Should you inadvertently do this, exit to the menu, return, and rerun it from the beginning to overwrite the old data.

NEXT: Activity 14.1

Lesson 15: AP Draft Management (Optional)

MFG/PRO Financial Management

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6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN15010

Figure 15-1

Lesson 15: AP Draft Management (Optional)

Drafts

In many countries, companies often pay their invoices using drafts rather than checks. A draft is a form of payment like a check, but it specifies a due date when the draft is collectible. Since checks and drafts are very similar, AP drafts were implemented in MFG/PRO as regular checks with a due date (and a special check form). This enables you to process both checks and drafts using the same set of menu options, specifying a different check form to control whether each payment is a draft or check.

Draft Processing Flow

Using AP drafts, you can also customize the printed draft formats, reconcile drafts as you would regular checks, void unreconciled drafts, and track the status of drafts by effective date. The system automatically creates GL journal entries.

After you create a voucher that requires payment by draft, you can select vouchers for payment by draft with the same series of functions used for processing checks. You also process drafts using either Payment – Automatic Checks or Payment – Manual Checks. Refer to Chapter 13 to review these features. To print drafts instead of checks, you select check form 5, 6, or 7. These check forms are interchangeable for use with drafts.

For AP reporting, a draft is treated like a regular check; draft amounts appear on all inquiries and reports, including agings. Drafts remain open until reconciled or voided.

AP Draft Management Flow

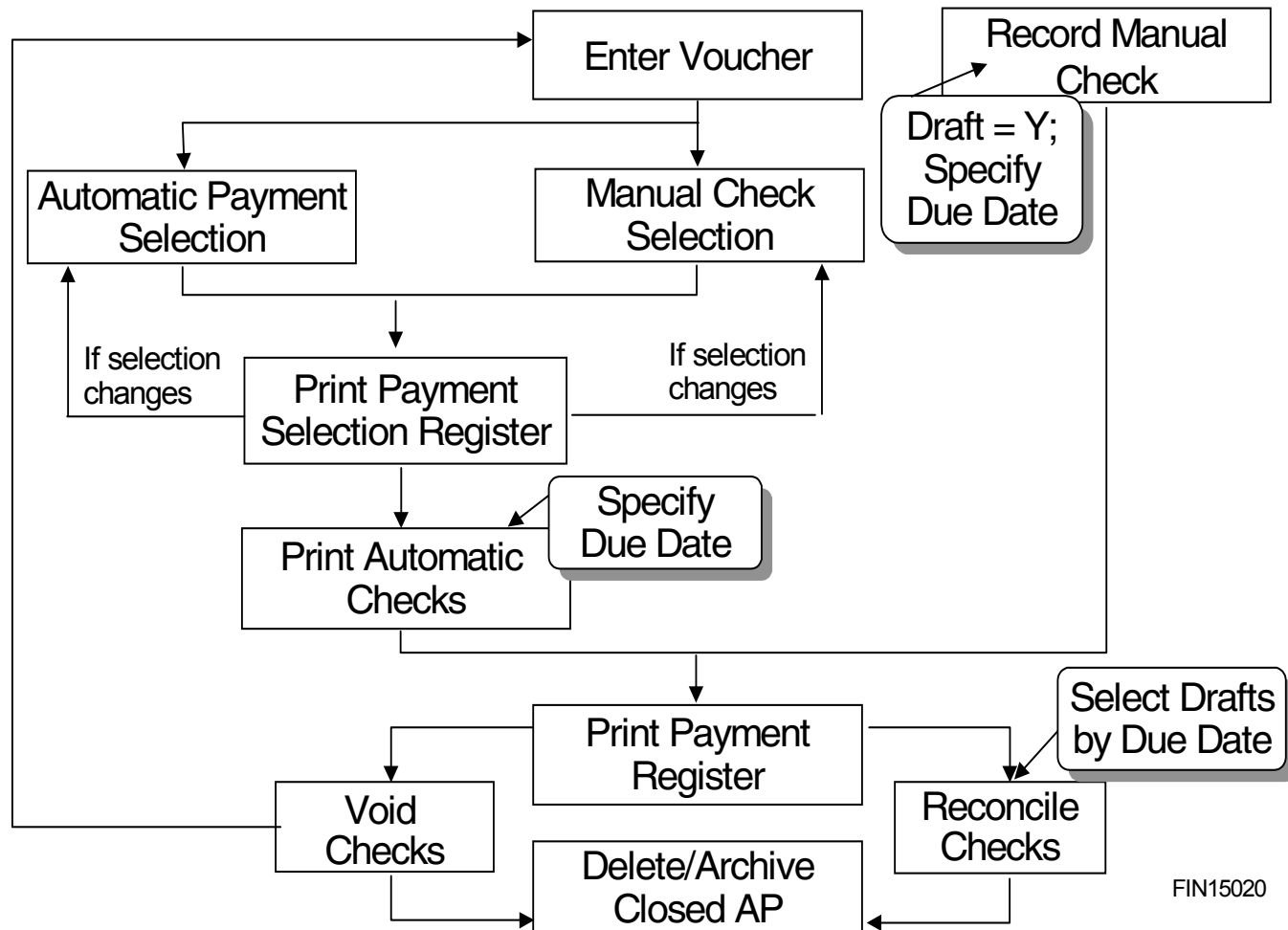


Figure 15-2

AP Draft Management Work Flow

To implement and process AP drafts, follow these steps. They are listed in the suggested setup and processing order, but need not be completed sequentially.

Activate draft management.

- **Enable Draft Management.** To display the draft-related fields while you are processing AP payments, in AP Control, set Use Draft Management to Yes.

Can use separate draft sequence.

- **Create Bank Record and Draft Sequence.** To maintain draft numbers in a separate sequence from check numbers, set up a bank record for each account from which you generate draft payments. If you use a single bank record for both checks and drafts, the check and draft numbers are mingled in the same sequence.

For posting purposes, you specify a Drafts Payable account for each bank in Bank Maintenance. In place of a Cash or Payments in Process account, the system uses the Drafts Payable account to create GL journal entries.

Check Form in Voucher Maintenance

- **Use a Draft Check Form in Voucher Maintenance.** To print a payment using the draft format, you must specify check form 5, 6, or 7 on the voucher. For each supplier, you can enter a default check form and bank code. The bank code on the voucher also determines the bank at which the draft is payable.

Generate draft payments.

- **Generate Draft Payments.** To select and print draft payments, use the standard payment selection functions and Payment – Automatic Checks or Payment – Manual Checks. Before you can generate payments for a draft check form, you are required to enter a due date that will print on each draft and override any due date specified on the voucher. For manual checks, you set the Draft flag to Yes or No to specify a draft or check form of payment.

Reconciling Drafts

- **Reconcile Paid Drafts.** To reconcile draft payments against your bank statement, use Check Cancellation Maintenance and enter either a range of due dates or a range of check (draft) numbers. With this feature, note that the field label Check includes both checks and drafts.

AP Draft Management Flow (Continued)

The diagram illustrates the AP Draft Management Flow (Continued) through three overlapping windows: Accounts Payable Control, Voucher Maintenance, and Supplier Maintenance. Arrows indicate the flow of data between fields in these windows.

Accounts Payable Control

- Next Batch: 224
- Next Voucher: 910021
- Next Journal: 000021
- Voucher Open Qty/Amt:
- AP Summarization Level: 1
- Ship-To: 10000000
- Default Bank: AA
- Check Form: 1
- Exchange Tolerance: 5.00%
- Enter Vouchers Confirmed: ☒
- Release Recur VOs Confirmed: ☐
- Use Payment In Process Acct: ☐
- Use Expensed Item Var Accts: ☐
- External Voucher References Allowed: ☒
- Use Assigned-To Field: ☒
- Use Draft Management: ☒
- Multi-entity Payments: ☐
- ERS Packing Slip Error: ☐
- ERS Update GL Avg Cost: ☐
- ERS Voucher Date Option: 0

Voucher Maintenance

- Batch: 224 Control: 0.000 Total: 0.000
- Voucher: 910021 Order
- Control: 12,000.000 Effective: 05/27/2003 ERS: ☐
- Total: 0.000 Tax Date: 05/27/2003
- Supplier: 5002000 General Supply Corpo
- Remit-To: 5002000 General Supply Corpo
- Ship-To: 10000000 Finance Class
- Currency: USD Bank: DR
- Invoice:
- Date: 05/27/2003
- Terms:
- Disc Date:
- Due Date:
- Expected:
- Account: 2100
- Discount Account: 5200
- Entity: 1000
- Remark:
- Supplier Bank:
- Type:
- Separate Ck: ☐
- Check Form: S

Supplier Maintenance

- Supplier: 5002000 Temporary: ☐
- Name: General Supply Corporation
- Address:
- Address:
- City:
- Country: Netherlands
- State: NLD Post:
- County:
- Attention:
- Telephone:
- Fax/Telex:
- Ext:
- Ext:
- Ext:
- Added: 05/27/2003
- Format: 0
- Supplier Data
- Bank: DR
- Currency: USD
- Purchase Contact:
- AP Contact:
- Promotion Group:
- Check Form: S
- Language:
- Misc Creditor: ☐
- Add Link

FIN15030

Figure 15-3

Reviewing Drafts

- **Review Drafts.** To check on the status of open, reconciled, or voided drafts, use the Draft Status Report. You can track drafts by effective date and review the balance in the Drafts Payable Account at period end. You can also enter an As Of Date value to review the status of a draft on any specified date. The Payment Browse and Payment Register also provide information on both check and draft payments.

Sample Draft

Reference					

5002000	DR3000	General Supply Corporation			
		Netherlands			
Date: 05/27/03					
Invoice					
Date	Invoice	Voucher	Type	Debit	Credit
-----	-----	-----	---	-----	-----
05/27/03		910021	Invoice	12,000.00	
					12,000.00
General Supply Corporation				B.O.R.	
Control Amount	Creation Date	Due Date	Reference	Amount	
-----	-----	-----	-----	-----	
*****12,000.00	05/27/03	08/25/03	DR3000	*****12,000.00	
Account			Domicile		
-----			-----		
01234 56789			Draft Payments Bank Co		
			Finance Class		
			9000 World Way, Suite 101		
_____			Los Angeles, CA 89000		
_____			United States of America		

FIN15040

Figure 15-4

GL Transaction Summary, Drafts

GL Type AP

Figure 15-4 shows the GL transactions created by draft processing. Like other AP transactions, drafts have a GL transaction type of AP.

Using Bank Maintenance, you specify drafts payable accounts. For discounts taken, the system uses the account specified in Voucher Maintenance.

NEXT: Activity 15.1

Lesson 16: Multinational AP (Optional)

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
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3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN16010

Figure 16-1

Lesson 16: Multinational AP (Optional)

Multiple Currencies

If you have the Multiple Currency module, you can process purchase orders, vouchers, and payments in any currency set up in Exchange Rate Maintenance.

Multiple Currencies

The screenshot displays two windows from the QAD software. The top window, titled "Exchange Rate Maintenance", shows a table of exchange rates for NZD (New Zealand Dollar) and USD (United States Dollar). The bottom window, titled "Currency Maintenance", shows the configuration for the NZD currency, including its description and rounding method. Arrows point from the "Currency: NZD" field in the Currency Maintenance window to three other fields: "POs", "Vouchers", and "Payments".

Exchange Rate Maintenance

Cur 1: NZD New Zealand Dollar Cur 2: USD United States Dollar

Start	End Date	NZD Units	USD Units
05/14/2003	05/14/2003	1.6	1.0
05/28/2003	05/28/2003	1.6	1.0
05/29/2003	05/29/2003	1.7	1.0
05/30/2003	05/30/2003	1.75	1.0
05/31/2003	05/31/2003	1.65	1.0
06/01/2003			

Currency Maintenance

Currency: NZD
Description: New Zealand Dollar
Rounding Method: 2

Unrealized Exchange Gain Acct: 1035
Unrealized Exchange Loss Acct: 1036
Realized Exchange Gain Acct: 1037
Realized Exchange Loss Acct: 1038
Exchange Rounding Account: 1039

Active: ☒

POs
Vouchers
Payments

Add Link

FIN16020

Figure 16-2

Currency Codes

Currency codes identify specific monetary units. Use Currency Maintenance to set up currency codes, select rounding methods, and activate your base currency and any other currencies your company uses. For non-base currencies, you can also specify unrealized and realized exchange gain and loss accounts.

Once defined, a currency code cannot be deleted or deactivated if:

- It is specified as the base currency in System/Account Control.
- It is referenced in a current or future exchange rate relationship in Exchange Rate Maintenance.

Many companies use international banking standard codes such as USD for US dollars and FRF for French francs. If you need to separate buy rates from sell rates, you must define multiple currency codes and use the appropriate one on accounts payable and accounts receivable transactions.

**Unrealized
Exchange Gain Acct
and CC**

Unrealized gains occur before the settlement of an open asset or liability item when a potential for further exchange rate fluctuation exists. Unrealized exchange gains affect only non-base currency accounts, primarily AR, AP, and cash.

**Unrealized
Exchange Loss Acct
and CC**

Unrealized losses occur before the settlement of an open asset or liability item when a potential for further exchange rate fluctuation exists. Unrealized exchange losses affect only non-base currency accounts, primarily AR, AP, and cash.

**Realized Exchange
Gain Acct and CC**

Realized gains primarily affect cash transactions in AP and AR.

- In AP, a realized gain occurs if the base currency value of the supplier invoice decreases between the voucher date and payment effective date.
- In AR, a realized gain occurs if the base currency value of the customer invoice increases between the invoice date and the payment date.

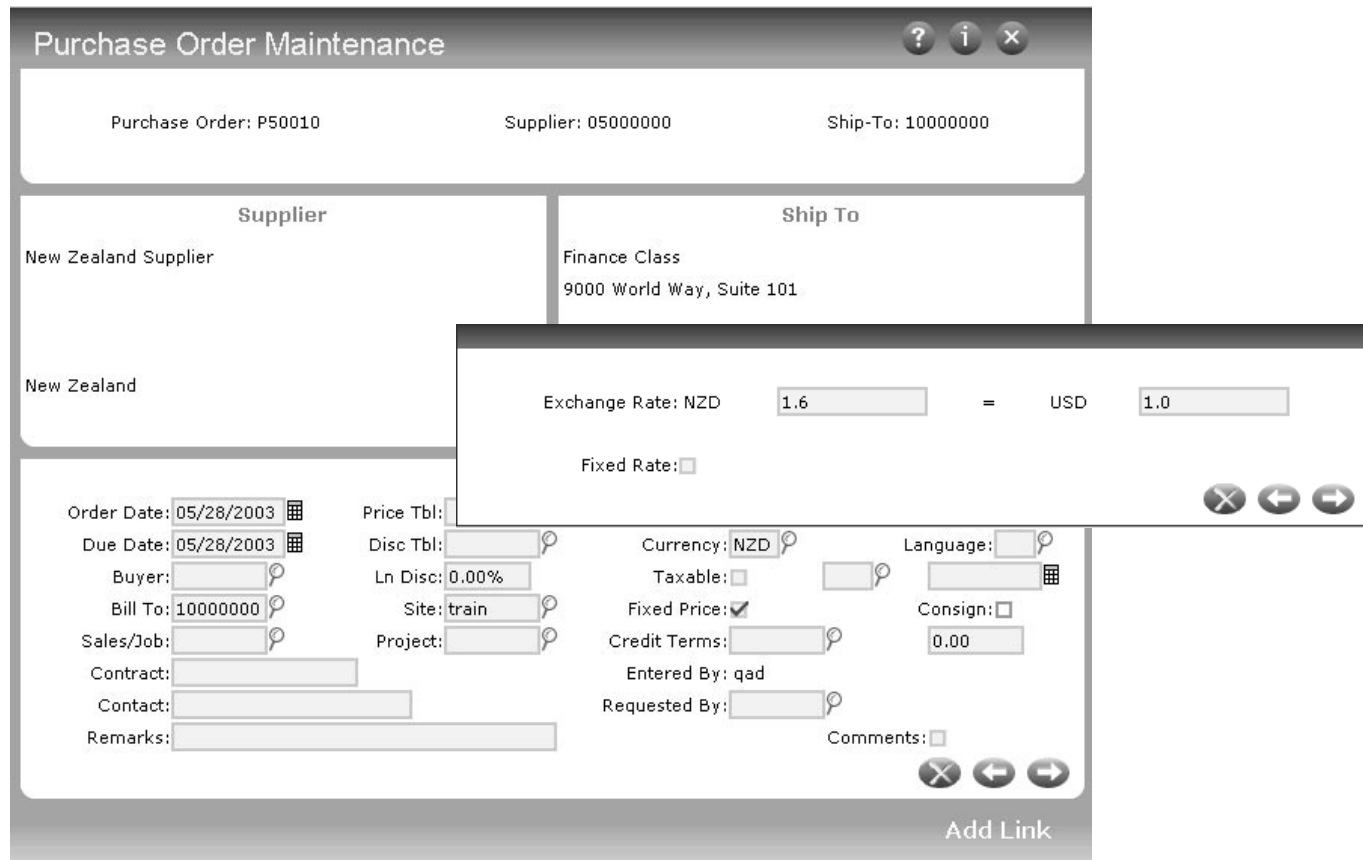
**Realized Exchange
Loss Acct and CC**

Enter the GL account code and cost center that records realized exchange losses for this currency. Realized losses primarily affect cash transactions in AP and AR.

- In AP, a realized loss occurs if the base currency value of the supplier invoice increases between the voucher date and payment effective date.
- In AR, a realized loss occurs if the base currency value of the customer invoice decreases between the invoice date and the payment date.

Only active currencies can be specified when defining the base currency in System/Account Control, setting up exchange rates in Exchange Rate Maintenance.

Purchase Orders, Receipts, and Vouchers



Purchase Order Maintenance

Purchase Order: P50010 Supplier: 05000000 Ship-To: 10000000

Supplier
New Zealand Supplier
New Zealand

Ship To
Finance Class
9000 World Way, Suite 101

Exchange Rate: NZD 1.6 = USD 1.0
Fixed Rate: ☐

Order Date: 05/28/2003 Price Tbl: Disc Tbl: Currency: NZD Language: Taxable: ☐ Consign: ☐
Due Date: 05/28/2003 Ln Disc: 0.00% Site: train Fixed Price: ☒ Credit Terms: Entered By: qad
Buyer: Project: Requested By: Comments: ☐
Bill To: 10000000
Sales/Job: Contract: Contact: Remarks:

Add Link

FIN16030

Figure 16-3

Purchase Orders, Receipts, and Vouchers

**Currency from
Remit-To**

On purchase orders and vouchers, the currency defaults from the supplier remit-to address (Supplier Maintenance). You can use this currency or change it to any other currency that is set up in the system.

**PO: Order Date
Rate**

On purchase orders, the exchange rate defaults from the rate for the order date. On purchase orders, you can specify a fixed rate that follows the transaction through vouchering and payment.

Fixed Rates**Receipts/VOs:
GL Eff Date Rate
Spot Rates**

On receipts and vouchers, the rate comes from the rate for the transaction effective date. However, on all of these transactions, a pop-up window appears, where you can enter a spot rate.

**Line items converted
to transaction
currency.**

On purchase orders, line item prices are converted to the transaction currency, but the list price and GL cost are also displayed in base currency for reference.

Payments

Payment - Automatic Checks

Bank: NZ

Check Form: 1

Starting Check: 000501

Check Date: 05/28/2003

Effective Date: 05/28/2003

Due Date:

Print Audit Trail: ☒

Print Voucher Remarks: ☒

Print Test Check: ☐

Batch:

Daybook: SYSTEM

Payment File:

Account Type:

Payment - Manual Checks

Batch: 228

Ctrl: 0.000

Total: 0.000

Bank: NZ

Check: 000500

Check Ctrl: 160.00

Amount: 0.00

Draft: ☐

Currency: NZD

Batch: 228

Supplier: 05000000

Status:

Daybook: SYSTEM

Date: 05/31/2003

Account: 1047

Effective: 05/31/2003

Discount Account: 5200

Due Date:

Remark:

Exchange Rate: NZD

1.65

=

USD

1.0

Voucher: 910022

Type: VO

Account: 2100

Amount to Apply: 160.00

Cash Amount: 160.00

Discount Amount: 0.00

FIN16040

Figure 16-4

Payments

Bank -> Currency

Both automatic and manual payments are associated with a bank, which is in turn assigned to a specific currency. In both functions, Payment - Automatic and Manual Checks, a pop-up window displays the exchange rate for the transaction effective date.

Note: If you specified a fixed rate on the purchase order, you can still enter a new rate here; however, this rate will only affect the calculation of exchange gain/loss, not the default amount to pay.

Foreign Currency Payments

In Payment Selection – Manual foreign currency payments are identified by an asterisk (*).

Variances discussed in next few pages.

Unless you are using a fixed exchange rate, the exchange rate usually fluctuates between the time a PO is created and the time the payment is processed. MFG/PRO accounts for exchange gains/losses by calculating variances during voucher entry and when payments are processed.

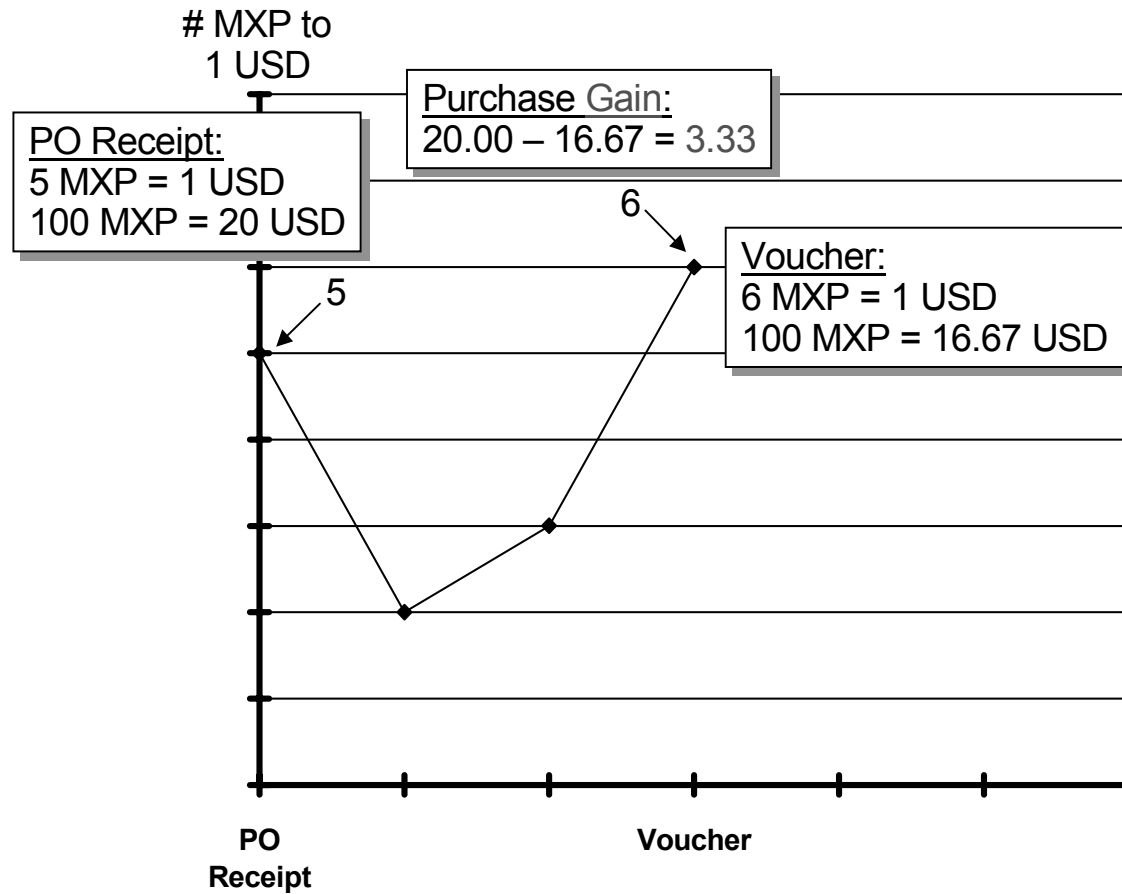
Currency paying voucher does not match bank currency.

When the currency used to pay a voucher is not the same as the currency assigned to the bank, the check type must be 3 or 4 (i.e., electronic fund transfers).

Check currency does not match voucher currency.

A voucher can be paid with a check using a currency that does not match the voucher. However, the currency used to pay the voucher must be the same as the currency assigned to the bank.

Purchase Gain/Loss on Vouchers



FIN16050

Figure 16-5

Purchase Gain/Loss on Vouchers

Purchase Gain/Loss on VO

Purchase gain/loss is the difference between the purchase cost at the PO receipt exchange rate and the purchase cost at the voucher exchange rate. It is calculated when the invoice is vouchered.

Example

Your company's base currency is USD. You process a PO receipt for 100 MXP at an exchange rate of 5 MXP to 1 USD. At that exchange rate, 100 MXP is worth 20 USD.

However, on the day you voucher the supplier invoice, the exchange rate is 6 MXP to 1 USD (see Figure 16-5). You still pay the supplier 100 MXP, but at today's exchange rate, 100 MXP is worth only 16.67 USD ($1/6 \times 100$). So, there is a purchase gain of 3.33 USD.

The converse is also true. If the exchange rate on the voucher date were 4 MXP to 1 USD, 100 FRF would be worth 25 USD, resulting in a loss of 5 USD.

Purchase Gain/Loss PPV

Note: Purchase gain/loss is different from purchase price variance (the difference between PO unit cost and item GL/standard cost) because the invoice amount may be identical to that which was negotiated.

Exchange Gain/Loss on Payments

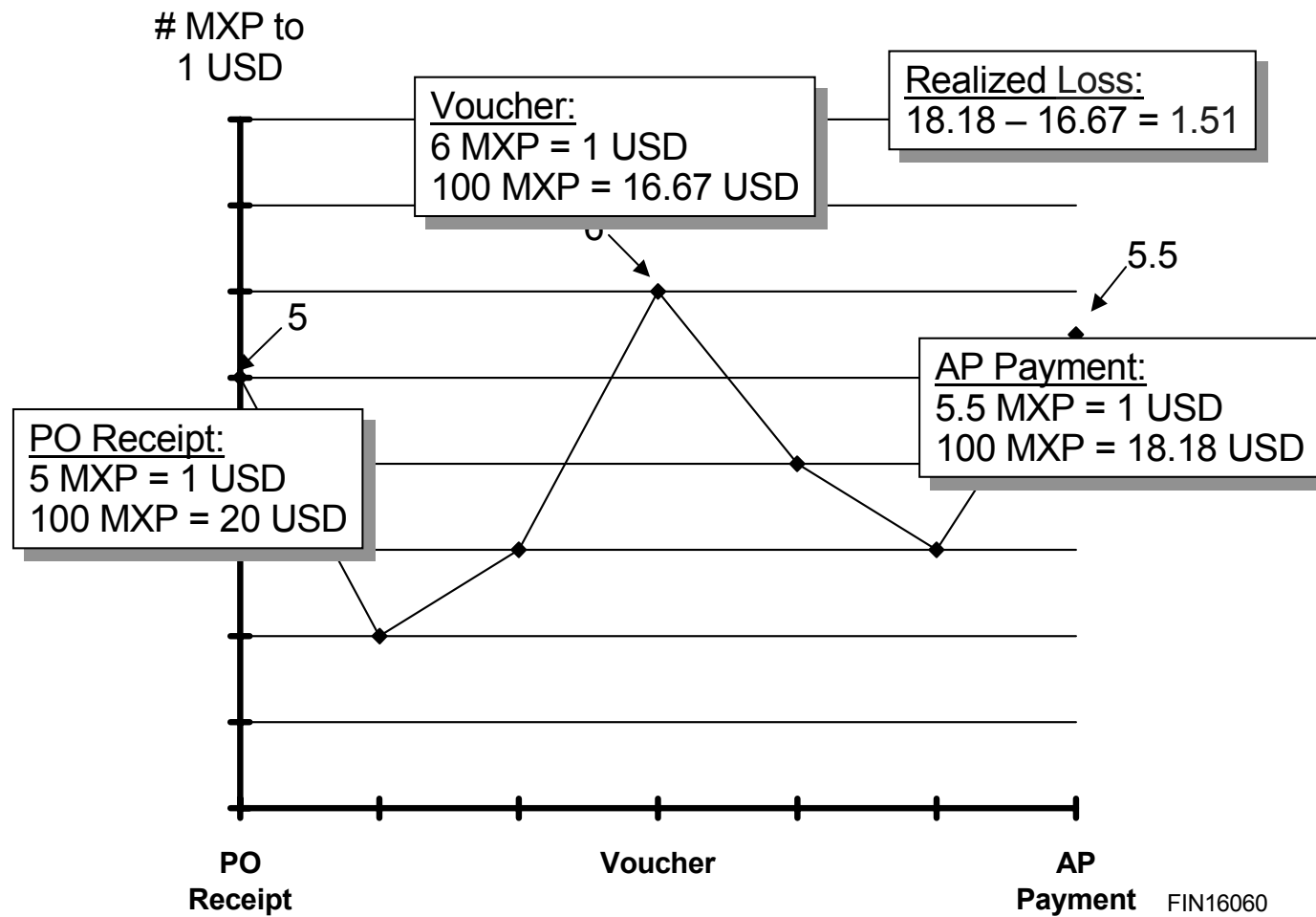


Figure 16-6

FIN16060

Exchange Gain/Loss on Payments

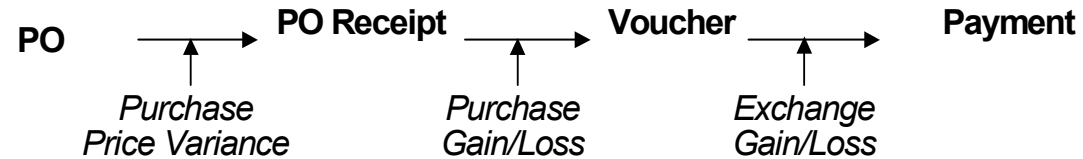
Realized Gain/Loss on Payment

A realized exchange gain or loss occurs when you pay more or less cash to the supplier than you expected relative to your system base currency, since you were invoiced at one exchange rate and you made payment at another.

Example

Suppose that when you pay the voucher, the exchange rate is 1 USD to 5.5 MXP. You still pay the supplier 100 MXP, but in USD, 100 MXP is now worth 18.18 ($1/5.5 \times 100$) instead of 16.67. Relative to the voucher date, there is an exchange loss of 1.51 USD (Figure 16-6).

GL Transaction Summary, Multiple Currencies



Activity	Exch Rate ¹	Order Cur	Base Cur	GL Transactions	Order Cur	Base Cur
PO (Nov. 15)	2 to 1	200.00	100.00	None	-	-
PO Receipt (Nov. 30)	2.5 to 1	200.00	80.00	DR Inventory CR PO Receipts DR PO Receipts CR PPV	- - - -	100.00 100.00 20.00 20.00
Voucher (Dec. 31)	3 to 1	200.00	66.67	DR PO Receipts CR Accounts Payable CR Purchase Gain	 200.00 -	80.00 - 13.33
Payment (Jan. 15)	3.5 to 1	200.00	57.14	DR Accounts Payable CR Exchange Gain CR Cash	200.00 - 200.00	- 9.53 -

¹ Order currency to system base currency.

Figure 16-7

GL Transaction Summary, Multiple Currencies

Example Above

To sum up the GL side, examine an example in which you create a purchase order in a foreign currency, receive the items, and voucher and pay the supplier invoice. To simplify matters, assume this PO is for nontaxable inventory items. In Figure 16-7, the first pair of order/base currency columns shows the item costs and the second pair shows the GL transaction amounts.

NO Multi-Curr GL on PO/Receipt

The purchase order has no GL effects until receipt. Use base currency due to the effect on inventory.

Remove 100 USD from inventory

PO Receipts 100 USD (same as from inventory)

Currency is different from PO Date

200 MXP = 80 USD, instead of 100 USD (20 USD difference)

Reduce PO receipts by 20 USD, leaving 80 USD due. Debit PO receipt 20 USD and credit PPV 20 USD.

Vouchering

At vouchering, GL entries are created in the order currency to update PO Receipts and Accounts Payable. PO receipts account has to be cleared 80 USD. The exchange rate = 3. It takes 240 MXP (3*80). Accounts Payable is owed 200 MXP.

Convert 240 MXP to USD: $(240/3) = 80.00$ USD

200 MXP to USD: $(200/3) = \underline{66.67}$ USD

Difference = 13.33 USD

Debit PO Receipts 240 MXP

Credit Accounts Payable 200 MXP

Credit G/L 13.33 USD

Payment

When the voucher is paid, the GL entries for Cash and Accounts Payable are posted in the order currency.

Accept 200 MXP to clear payables. Cash 200 MXP. Difference between voucher and payment:

66.67 USD (voucher)

57.14 USD (payment)

9.53 Exchange gain

NEXT: Activity 16.1

Lesson 17: General Ledger Setup

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN17010

Figure 17-1

Lesson 17: General Ledger Setup

Function of GL Module

We have covered sales, accounts receivable, purchasing, and accounts payable activities. The next step is to see how the General Ledger module collects and organizes these amounts for corporate financial reporting.

Collects Module Trxns Corrections Period End

In MFG/PRO, the General Ledger module is the end of the line for module transactions (sales, AR, purchasing, AP, inventory, and manufacturing) that involve money. Within General Ledger, you will also be recording transactions such as corrections and period-end adjustments.

BS/IS/Budgets

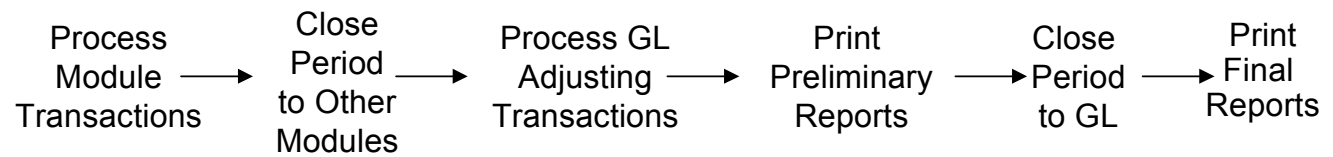
The general ledger is used to generate reports such as balance sheets, income statements, and budgets. These reports answer fundamental questions about your company's stability, such as:

- How much money did you make last year?
- How much do you have invested in inventory, fixed assets, etc.?
- How much did Division A sell compared to Division B?
- How well did your department perform against budget?

Transaction is set of DRs/CRs.

Information on financial impacts is conveyed via transactions. A transaction is a set of debits and credits that indicates what kind of activity took place and when, the monetary value of the activity, and how the activity affected inventory, shipments, cash, or other aspects of the company's operations. It can also indicate which company division, cost center, or project originated the activity.

GL Processing Flow



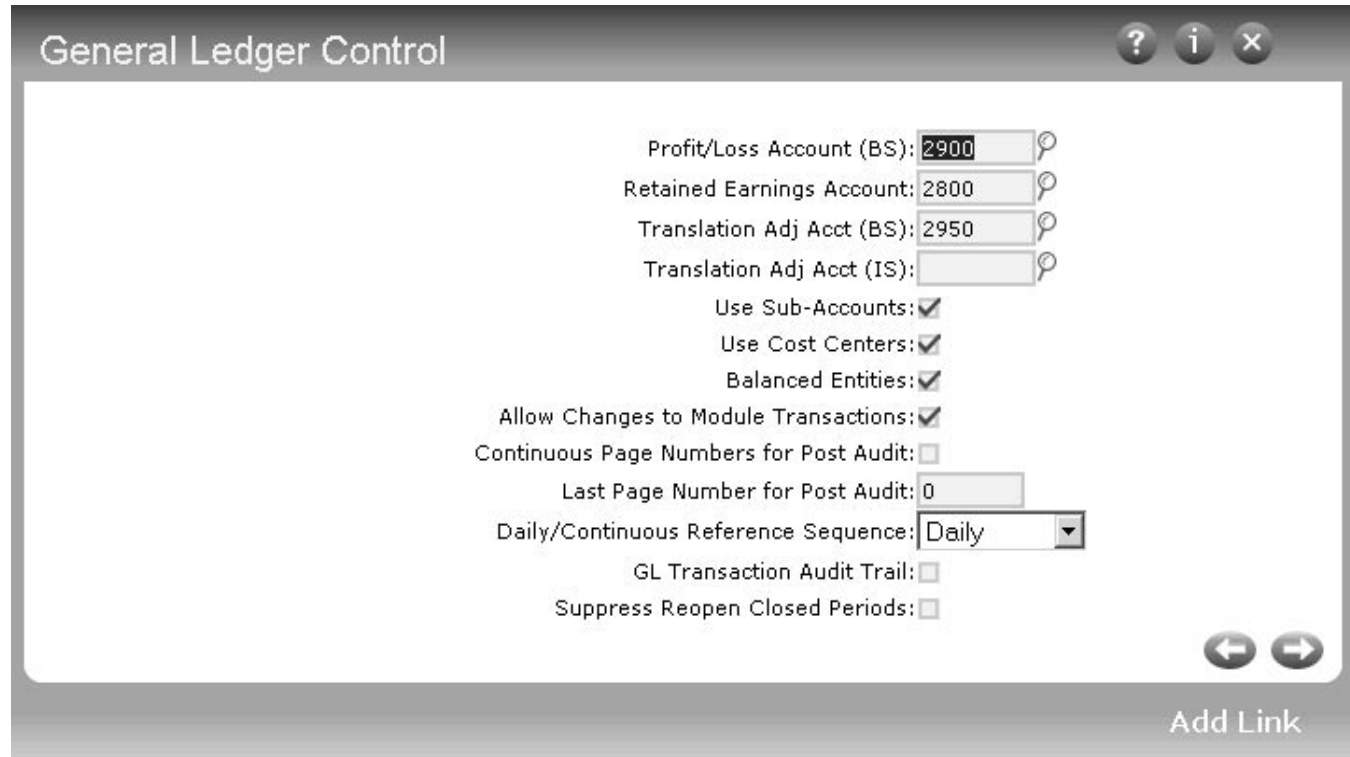
FIN17020

Figure 17-2

GL Processing Flow

	At period-end, you review and post the transactions generated by all the other MFG/PRO modules first. Posting transfers the transaction information to the GL files used to generate reports.
Review/post module transactions.	As posting is completed, you can close the GL period to specific transaction types while you continue the posting process for others. For example, if you have posted all of your Accounts Receivable activity, you might close the period to SO (sales order) and AR transaction types while posting open transactions in AP and PO. You can then review period activity and close the fiscal period in GL. Closing the period to GL closes the period to all transaction types.
Adjusting Transactions	If transactions did not post correctly, you need to record adjusting transactions. At this time, you also record depreciation, reversing transactions for accruals, and similar period-end adjustments.
Multiple Currency/Multiple Database Processing	Afterward, the processing varies. In companies that use multiple currencies, you execute several functions that create transactions to account for gains and losses on currency exchange. In companies with multiple databases, you transfer transactions to a consolidation database for corporate-level reporting. But we will cover these functions in more detail later on.
Print IS/BS.	Once all transactions are printed and posted, print your financial statements for the period—the income statement, balance sheet, and other reports. After reviewing and correcting these, you close the fiscal period to the General Ledger module to prevent additional activity.
Close period to GL.	Later in the course, we will also cover year-end close procedures.

General Ledger Control



The image shows a software window titled "General Ledger Control". The window has a title bar with a question mark, an information icon, and a close button. The main area contains several input fields and checkboxes. The fields are: "Profit/Loss Account (BS):" with the value "2900", "Retained Earnings Account:" with the value "2800", "Translation Adj Acct (BS):" with the value "2950", and "Translation Adj Acct (IS):" which is empty. The checkboxes are: "Use Sub-Accounts:" (checked), "Use Cost Centers:" (checked), "Balanced Entities:" (checked), "Allow Changes to Module Transactions:" (checked), "Continuous Page Numbers for Post Audit:" (unchecked), "Last Page Number for Post Audit:" with the value "0", "Daily/Continuous Reference Sequence:" with a dropdown menu showing "Daily", "GL Transaction Audit Trail:" (unchecked), and "Suppress Reopen Closed Periods:" (unchecked). At the bottom right of the window, there are two navigation buttons (left and right arrows) and a button labeled "Add Link".

General Ledger Control

Profit/Loss Account (BS): 2900

Retained Earnings Account: 2800

Translation Adj Acct (BS): 2950

Translation Adj Acct (IS):

Use Sub-Accounts: ☒

Use Cost Centers: ☒

Balanced Entities: ☒

Allow Changes to Module Transactions: ☒

Continuous Page Numbers for Post Audit: ☐

Last Page Number for Post Audit: 0

Daily/Continuous Reference Sequence: Daily

GL Transaction Audit Trail: ☐

Suppress Reopen Closed Periods: ☐

← →

Add Link

FIN17030

Figure 17-3

General Ledger Control

Before you can maintain account balances and produce financial statements, you must define General Ledger Control (Figure 17-3). The control program specifies the accounts for profit and loss, retained earnings, and unrealized exchange gain/loss and activates sub-account and cost center reporting. It contains some miscellaneous settings affecting transaction processing and posting.

Cannot post to P/L.

- **P/L Account.** The GL account code for the balance sheet year-to-date profit (loss). It is used for financial reporting only, and transactions cannot be posted to it.

Retained Earnings

- **Retained Earnings Account.** Used by Transaction Year-End Close and Retroactive Transaction Maintenance.

Sub-Accounts/CC

- **Sub-Accounts/Cost Centers.** Whenever you enter an account number, the system will also prompt you to enter a sub-account or cost center if you set these flags to Yes.

Balanced Entities

- **Balanced Entities.** Enter Yes to verify that GL transactions must be balanced for all entities in order to post. This means that the total for all transactions within a single entity must equal zero. This is also the normal default for most companies. Enter No if transactions do not need to be balanced for entities. Submodules always create balanced entries; the potential for unbalanced entries arises only in the General Ledger module. See lesson 20 for more details.

Changes to Module Transactions

- **Allow Changes to Module Transactions.** Yes indicates that GL transactions from sales, purchasing, and other modules can be modified in Standard Transaction Maintenance.

Page Numbers on Post Audit

- **Page Numbers on Posting Audit Trail.** Some countries require continuously numbered posting audit trails. For example, if the audit trail for January is printed on page numbers 1 through 10, the audit trail for February must begin on page 11. As each audit trail is printed, the system updates the Last Page field if Continuous Page is set to Yes.
- **Daily/Continuous Reference Sequence.** Determines the numbering system and level of user flexibility in entering reference numbers for certain GL transactions (JL, RV, RA, FX). Daily numbering restarts with transaction 000001, and reference numbers can still be entered manually. Continuous numbering is system-generated, and reference numbers cannot be entered manually.

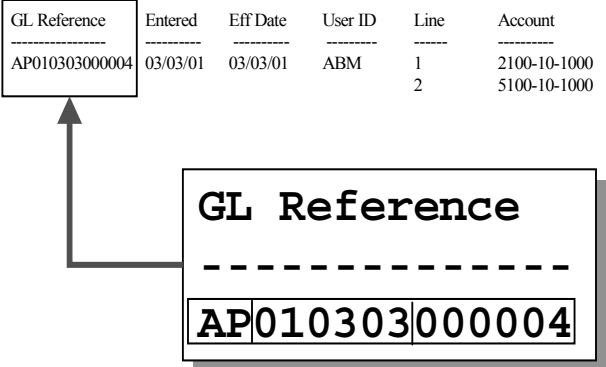
Transactions (GL Reference)

Page: 2 glutrp.p 1 Unposted Transaction Register Date: 03/03/01
Quality Products Corp. Time: 13:28:21

GL Reference	Entered	Eff Date	User ID	Line	Account	Project	Enty	Description	Amount Cur
AP010303000004	03/03/01	03/03/01	ABM	1	2100-10-1000	ADV99	2000	AP Voucher	-100.00 USD
				2	5100-10-1000	ADV99	1000	PURCHASES (EXPENSED)	100.00 USD
									0.00 USD

GL Reference

AP010303000004



FIN17040

Figure 17-4

Key Elements of a Transaction

Refer to Unposted Trans. Register above.

GL transactions are created by all module activities that involve money. Use the Unposted Transaction Register to review transactions prior to posting.

GL Reference

GL Reference

Every transaction is identified by a GL reference code consisting of the GL transaction type, the date that the transaction should update the GL, and the transaction number (Figure 17-4).

Transaction Type

- **Transaction Type.** The transaction type indicates the module or activity (e.g., work order, AP payment, PO receipt) that originated the transaction. The type is a useful criterion for selecting transactions to appear on GL reports. It also enables posting transactions in groups (e.g., type IC for all inventory transactions).

Effective Date

- **Effective Date.** The date the transaction should update the GL. This only pertains to transactions generated from the submodules (in the GL, the reference number can be manually entered by the user). This date may differ from the transaction creation date, especially if the department that created the transaction was slow on its period-end processing and had to back-date transactions. The transaction record always contains the effective and actual entry dates. You can select transactions on the Unposted Transaction Report using either date.

Transaction Number

- **Transaction Number.** You can set up your database to restart numbering every day with transaction 000001 or to number transactions continuously. This option is specified by the Daily/Continuous Reference Sequence setting in General Ledger Control.

Transactions (Distribution Lines)

glutrrp.p 1

Unposted Transaction Register

Date: 03/03/01

Page: 2

Quality Products Corp.

Time: 13:28:21

GL Reference	Entered	Eff Date	User ID	Line	Account	Project	Enty	Description	Amount Cur
AP010303000004	03/03/01	03/03/01	ABM	1	2100-10-1000	ADV01	2000	AP Voucher	-100.00 USD
				2	5100-10-1000	ADV01	1000	PURCHASES (EXPENSED)	100.00 USD
									0.00 USD

Line	Account	Project	Enty	Description	Amount Cur
1	2100-10-1000	ADV01	2000	AP Voucher	-100.00 USD
2	5100-10-1000	ADV01	1000	PURCHASES (EXPENSED)	100.00 USD

					0.00 USD

Account,
Sub-Account,
Cost Center

Entity

FIN17050

Figure 17-5

Distribution Lines

Distribution Lines

In addition to the information used to identify the transaction, the transaction record consists of one or more distribution lines—debit and credit amounts that you will post to GL accounts at period-end.

Entity/Acct Combo

In MFG/PRO, all GL distribution lines are created for a specific entity and account combination. The entity indicates which business the transaction affected, and the account indicates which assets, liabilities, and equities were changed.

**Sub-Accts,
Cost Ctrs,
Projects**

In MFG/PRO, you can also assign transactions to specific sub-accounts, cost centers, and/or projects. Companies typically use sub-accounts when they need financial reporting by division. They use cost centers for departmental reporting and project codes to track revenues and expenses generated by individual activities such as advertising campaigns.

**Accts Separated
by Dashes**

On inquiries and reports, the system often separates accounts, sub-accounts, and cost centers by dashes (Figure 17-5). For example, account 2100, sub-account 10, and cost center 1000 appears as 2100–10–1000. If there was no sub-account, you would see only 2100–1000.

General Ledger Setup

- GL Control
- Entities
- Format Positions
- Accounts
- Sub-Accounts
- Cost Centers

FIN17060

Figure 17-6

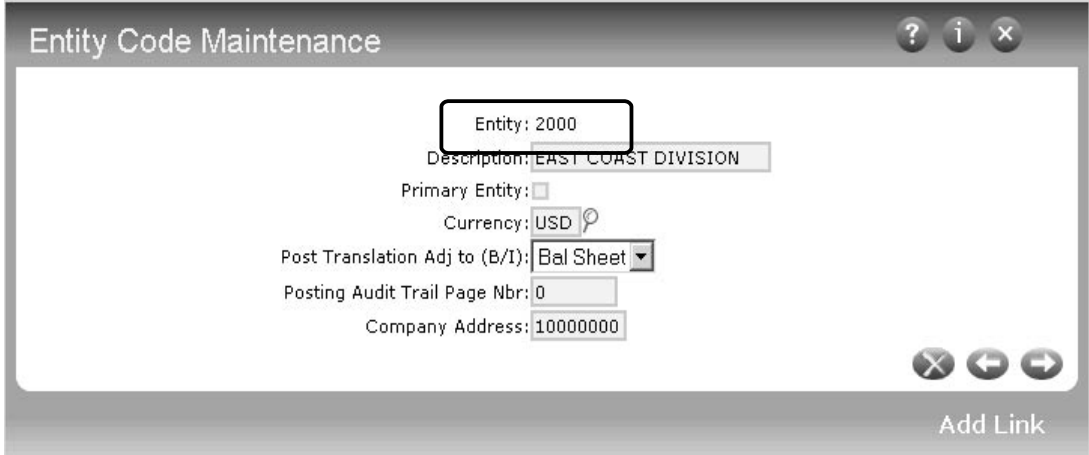
General Ledger Setup

Before you can really begin to use the GL functions to maintain your account balances and produce financial statements, you need to set up some basic information (Figure 17-6).

You need to define how GL processing will be done in General Ledger Control. You need to define how many companies you have (entities), and what departments you have (cost centers). Your account groupings should also be defined as format positions.

Only after this information is set up can you enter your chart of accounts.

Entity Codes



The screenshot shows the 'Entity Code Maintenance' window. It contains the following fields:

- Entity: 2000
- Description: EAST COAST DIVISION
- Primary Entity: ☐
- Currency: USD
- Post Translation Adj to (B/I): Bal Sheet
- Posting Audit Trail Page Nbr: 0
- Company Address: 10000000

Navigation buttons at the bottom right include a close button (X), a back arrow, and a forward arrow. An 'Add Link' button is located at the bottom right of the window.

Line	Account	Project	Enty	Description	Amount	Cur
1	2100-10-1000	ADV01	2000	AP Voucher	-100.00	USD
2	5100-10-1000	ADV01	1000	PURCHASES (EXPENSED)	100.00	USD

					0.00	USD

Entity

FIN17070

Figure 17-7

Entity Codes

Entities

As we noted earlier, transactions always reference a particular financial entity. In multi-entity businesses, this ensures that transactions are included in the right company's financial reports. In the General Ledger module, transactions are posted by entity, and financial statements and other GL reports are printed by entity.

Setup in Entity Code Maintenance Mandatory Primary Entity Current Entity Change

New entity codes are set up in Entity Code Maintenance. Even if your company has only one financial reporting entity, an entity code must still be defined. One entity must be defined as the primary entity—the default for the current GL entity when you first log onto the system. Only one entity can be defined as the primary entity; however, in Current Entity Change, you can change the default entity for GL activity for the duration of a user session.

Some fields discussed later.

We will be returning to Entity Code Maintenance later on to discuss fields that affect transaction posting and consolidation and multiple currency processing.

Currency code determines need for translation adjustment.

Each entity is assigned a three-character code that defines the entity base currency. In multiple currency environments, this code determines if a currency translation must be performed on transactions imported from another database for this entity. The translation adjustment can appear on either the balance sheet or the income statement; we will cover this in more detail when we discuss currency translation in Lesson 20. If multiple currencies are not used, the translation adjustment can be set to either B or I.

B or I OK for non-MC

Page Numbers on Post Audit

If continuous page numbering is selected in General Ledger Control, the Page Numbers for Post Audit field displays the last page number of the last audit trail printed for the entity.

Company Address

A valid company address must be entered in the Entity record. This field is validated against addresses defined in Company Address Maintenance.

The company name and address details associated with this code are printed on draft payments from this entity.

In the United States, the company address details associated with this code are also used by 1099-MISC Form Print, 1099-MISC Magnetic Media Report, and 1099-MISC Report.

NEXT: Activity 17.1 (Optional)

Grouping Transactions on Reports

BALANCE SHEET					
LIABILITIES & EQUITY				200,000.00	
LIABILITIES				50,000.00	
CURRENT LIABILITIES				25,000.00	

Line	Account	Project	Enty	Description	Amount Cur
1	2100-10-1000	ADV01	2000	AP Voucher	-100.00 USD
2	5100-10-1000	ADV01	1000	PURCHASES (EXPENSED)	100.00 USD

					0.00 USD

FIN17080

Figure 17-8

Format Positions

**Format positions
used to group accts,
sub-accts, cost
centers on reports.**

When transactions appear on financial statements, they are summarized by account/sub-account/cost center. Similar accounts are always grouped together. For example, several types of cash accounts in different currencies could be grouped together as Cash. Account groups can also be added together to form larger groups such as Current Assets, and even larger groups, such as Assets.

**Assigned to IS or BS,
but not both.**

In MFG/PRO, these groupings are called format positions. Format positions are headings for displaying and totaling groups of related accounts on income statements and balance sheets. They also determine the order in which GL accounts appear. A format position is associated with either the income statement or the balance sheet, but not both.

Balance Sheet Format Positions

Level					Account	Format Position	Sums Into
1	2	3	4	5			
	ASSETS					10000	0
	*					10100	10000
		CURRENT ASSETS				11000	10100
		CASH				11100	11000
			CASH-FOREIGN	1042		11110	11100
		TOTAL CASH					
		ACCOUNTS RECEIVABLE		1200		11100	11000
		INVENTORY		1500		11100	11000
		TOTAL CURRENT ASSETS					
	TOTAL ASSETS						
	LIABILITIES & EQUITY					15000	0
	LIABILITIES					20000	15000
		CURRENT LIABILITIES					
		TOTAL CURRENT LIABILITIES					
	TOTAL LIABILITIES						
	*						
	EQUITY						
	TOTAL EQUITY						
	TOTAL LIABILITIES & EQUITY						

*Blank format positions for spacing:
 Suppress Header/Total = Yes in 25.3.7

Account Code Maintenance

Account: 1042

Description: CASH - FRENCH FRANCS

Type: A

Currency: FRF

Format Position: 11120	CASH - FOREIGN	Level 5
11100	CASH	Level 4
11000	CURRENT ASSETS	Level 3
10100		Level 2
10000	ASSETS	Level 1

Sub-Module Entries Only: ☐

Statistical Account:

Active: ☒

Curr Translation Index:

◀

▶

Add Link

FIN17090

Figure 17-9

Balance Sheet Format Positions

**Explain above
example.**

Figure 17-9 shows some typical balance sheet format positions. Cash-Foreign (account 1042) is assigned to format position 11120. It is one of several cash accounts (not shown) totaled under another format position for Cash, 11100. Cash sums into Current Assets (format position 11000), which in turn sums into Assets (10000). Since Assets is the top level for financial reporting, it sums into 0, as does format position 15000 for Liabilities & Equity.

**Account Code
Maintenance shows
higher-level
positions.**

When you assign an account to a format position in Account Code Maintenance, you also see the higher-level format positions into which the account is summed. To prevent an account such as a memo account from being associated with a format position, you would assign the account to format position zero (0).

**Print varying levels
of detail.**

From Figure 17-9, you might guess that format positions enable you to print statements that contain varying levels of detail. In the income statement and balance sheet reports, you can specify up to 99 levels of detail; five are shown above, and the norm for most financial reporting is about eight.

Income Statement Format Positions

Level						Account	Format Position	Sums Into
1	2	3	4	5	6			
						SALES	50000	60000
						SALES	3000 50000	60000
						SALES DISCOUNTS	3900 50000	60000
						TOTAL SALES		
						COST OF GOODS SOLD	55000	60000
						SALES TERMS DISCOUNTS	3910 55000	60000
						TOTAL COST OF GOODS SOLD		
						TOTAL GROSS MARGIN*	60000	80000
						OPERATING EXPENSES	70000	80000
						PURCHASES	5100 70000	80000
						TOTAL OPERATING EXPENSES		
						TOTAL INCOME FROM OPERATIONS*	80000	82000
						OTHER INCOME & EXPENSE		82000
						PROFIT (LOSS) BEFORE TAX		90000
						TOTAL NET PROFIT/LOSS*		0

*Suppress Header = Yes, Suppress Total = No.

Account Code Maintenance

Account: 3000
Description: SALES
Type: I
Currency: USD

Format Position	Account	Level
50000	SALES	Level 5
60000	GROSS MARGIN	Level 4
80000	INCOME FROM OPERATION	Level 3
82000	PROFIT(LOSS) BEFORE TAX	Level 2
90000	NET PROFIT(LOSS)	Level 1

Sub-Module Entries Only: ☐
Statistical Account:
Active: ☒
Curr Translation Index: 2

Add Link

FIN17100

Figure 17-10

Income Statement Format Positions

Figure 17-10 shows sample income statement format positions.

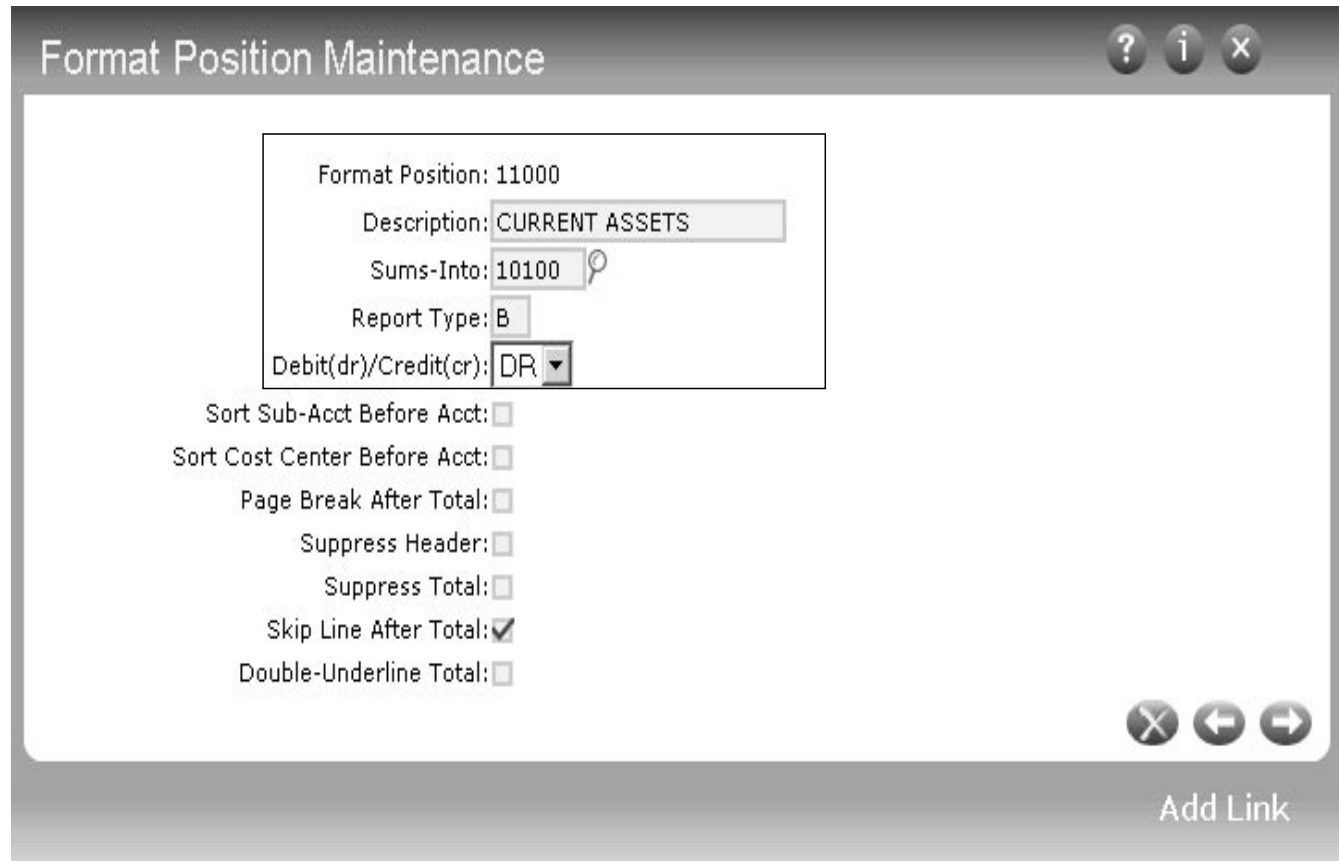
IS reverse of BS

Notice that in comparison to the balance sheet you just saw, the income statement is upside-down: Total Net Profit/Loss is the highest-level format position, but it is at the bottom of the report. Also, there is less indenting as you go toward the bottom.

**IS: Lower sums
into higher.
BS: Higher sums
into lower.**

Note: On income statement format positions, lower format position numbers sum into higher ones; on balance sheets, higher format position numbers sum into lower ones. However, account numbers do not have to be assigned sequentially to format positions.

Format Position Maintenance



The image shows a software window titled "Format Position Maintenance". The window has a standard title bar with three buttons: a question mark, an information icon, and a close button. The main content area contains a form with the following fields and options:

- Format Position: 11000
- Description: CURRENT ASSETS
- Sums-Into: 10100 (with a magnifying glass icon)
- Report Type: B
- Debit(dr)/Credit(cr): DR (with a dropdown arrow)
- Sort Sub-Acct Before Acct: ☐
- Sort Cost Center Before Acct: ☐
- Page Break After Total: ☐
- Suppress Header: ☐
- Suppress Total: ☐
- Skip Line After Total: ☒
- Double-Underline Total: ☐

At the bottom right of the window, there are three navigation buttons: a close button (X), a back button (left arrow), and a forward button (right arrow). Below these buttons is a button labeled "Add Link".

FIN17110

Figure 17-11

Format Position Maintenance

To set up new format positions or adjust existing ones, use Format Position Maintenance (Figure 17-11). The following fields determine how format positions appear on GL reports.

Description

- **Description.** We recommend that you put format position descriptions in uppercase rather than lowercase because they look better on reports (on total lines, the system will print TOTAL in uppercase).

Sums Into

Assets lower number than liabilities on BS.

- **Sums Into.** Used to consolidate totals on financial statements. On balance sheet format positions, the next lowest format position; on income statement format positions, the next highest. On the sample income statement, Sales (format position 50000) sums into Gross Margin (60000).

If a format position is to appear before another format position of the same level, the first format position must be assigned to the lower number. For example, in the case of assets and liabilities, assets should have a lower number so they appear at the top of the balance sheet.

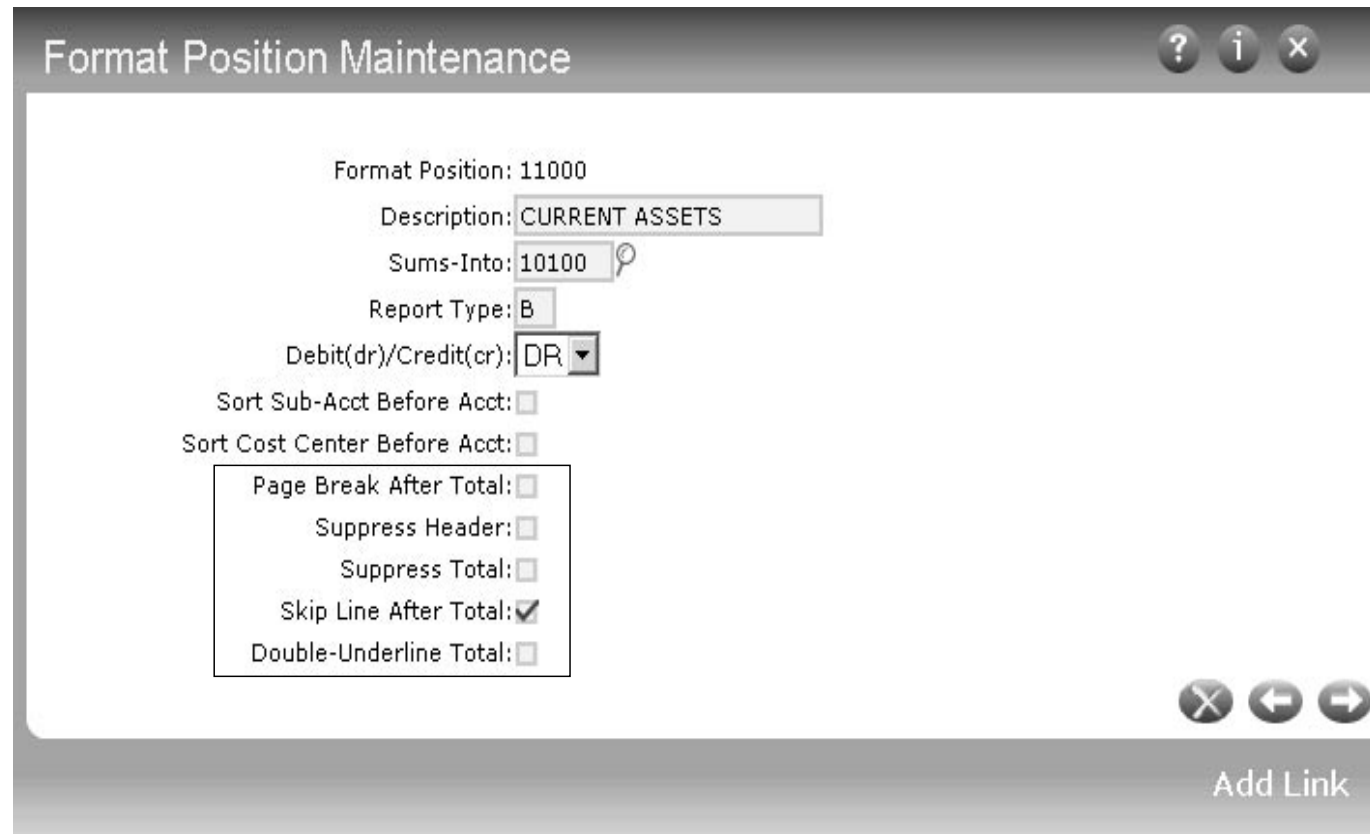
Types B, I

- **Report Type.** B (balance sheet) or I (income statement) format position.

Debit/Credit

- **Debit/Credit.** Identifies the normal balance of accounts summed into the format position. Assets and expenses normally have debit balances and liabilities and income normally have credit balances. On reports, credit amounts in debit format positions (e.g., Cash) are identified by a minus sign or brackets, as are debit amounts in credit format positions (e.g., Sales).

Format Position Maintenance



The image shows a software window titled "Format Position Maintenance". The window has a title bar with a question mark, an information icon, and a close button. The main area contains several input fields and checkboxes. The fields are: "Format Position: 11000", "Description: CURRENT ASSETS", "Sums-Into: 10100" (with a magnifying glass icon), "Report Type: B", and "Debit(dr)/Credit(cr): DR" (with a dropdown arrow). Below these are three checkboxes: "Sort Sub-Acct Before Acct:", "Sort Cost Center Before Acct:", and "Page Break After Total:". A group box contains four more checkboxes: "Suppress Header:", "Suppress Total:", "Skip Line After Total:" (which is checked), and "Double-Underline Total:". In the bottom right corner, there are three navigation buttons: a close button (X), a back button (left arrow), and a forward button (right arrow). At the very bottom right, there is a button labeled "Add Link".

Format Position Maintenance

Format Position: 11000

Description: CURRENT ASSETS

Sums-Into: 10100

Report Type: B

Debit(dr)/Credit(cr): DR

Sort Sub-Acct Before Acct: ☐

Sort Cost Center Before Acct: ☐

Page Break After Total: ☐

Suppress Header: ☐

Suppress Total: ☐

Skip Line After Total: ☒

Double-Underline Total: ☐

Add Link

FIN17120

Figure 17-12

**Page Break
After Total**

- **Page Break After Total.** Indicates whether the printer should skip to a new page after printing the total for the format position. Usually, you will want to insert a page break only after major categories such as Assets and Liabilities.

**Suppress
Header/Total**

- **Suppress Header/Suppress Total.** In reports, the format position description prints in two places—at the top, before any accounts or embedded format positions that sum into it, and at the bottom, preceded by the word TOTAL. On the sample income statement, SALES is the header for format position Sales and TOTAL SALES is the total.

Sometimes, you may want to suppress the header and just print the total line (e.g., 60000, 80000, 81000, 90000 on the sample income statement). You can also insert a blank line on a report (e.g., 10100 on the sample balance sheet) by creating a format position in which both the header and total are suppressed.

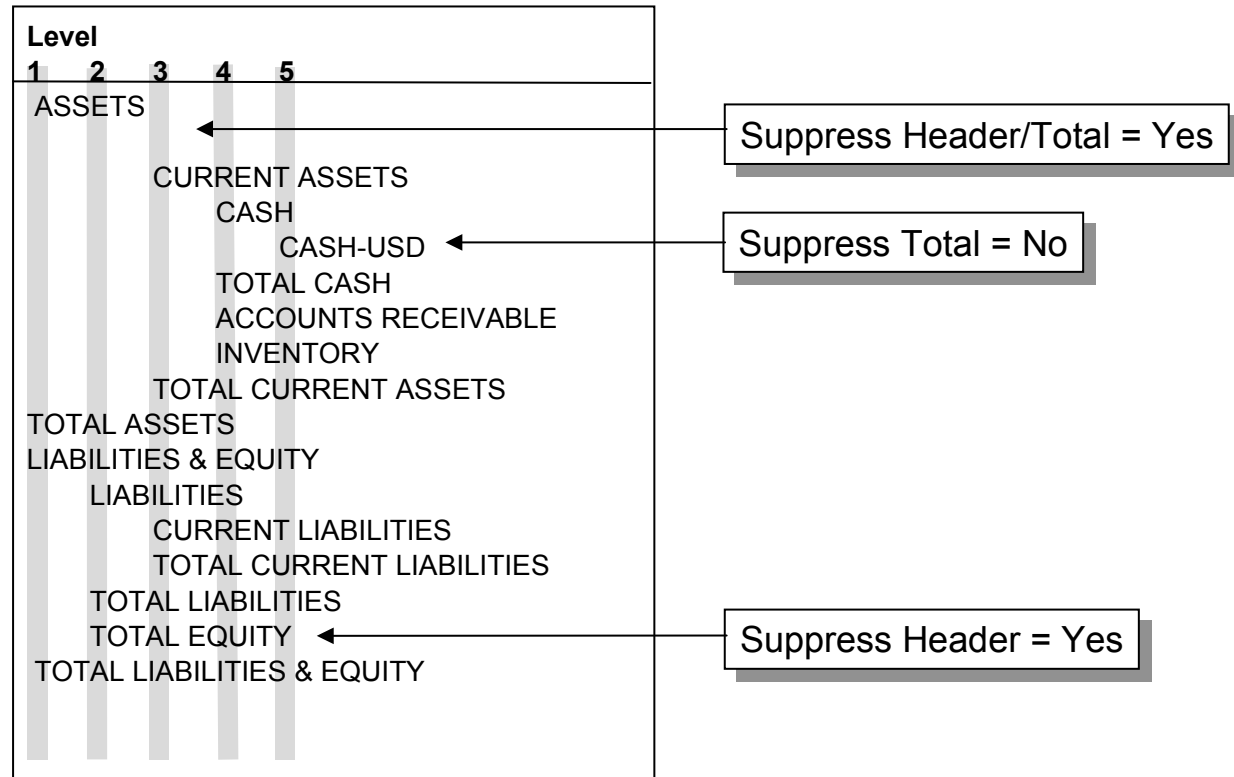
**Skip Line After
Total/Double-
Underline Total**

- **Skip Line After Total/Double-Underline Total.** These settings can be used to further highlight totals. Normally, you will want a blank line after a total so that reports are easier to read. But you may not want them on some embedded format positions if you want to group items close together or print them all on one page.

**Sort sub-acct/cc
fields discussed later.**

Later in this lesson, we will talk about Sort Sub-Acct Before Acct and Sort Cost Center Before Acct. On reports, these fields work in tandem with report selection criteria to determine how sub-accounts and cost centers are represented within format positions.

Report Formatting



FIN17130

Figure 17-13

Report Formatting

Report Formatting

A straightforward way to create new reports is to go through printed copies of your existing balance sheet or income statement with three highlighter pens.

Highlight headers with totals.

First, highlight the headers and totals for each section of the report that has both a header and a total line. For example, on a balance sheet, highlight Current Assets and Total Current Assets.

Highlight headers w/o totals. Suppress total = Yes

Second (using a second color), highlight the headers with no corresponding total. These are subtitles used to group accounts and to promote clarity, but do not require subtotals. When you set up these format positions, set Suppress Total to Yes in Format Position Maintenance.

Highlight totals w/o headers. Suppress header = Yes

Third (using a third color), highlight the totals with no corresponding header. These are sub-totals used to print intermediate totals, and do not need a heading. Highlight these totals in a third color. On these format positions, set Suppress Header to Yes.

Assign numbers to format positions.

After you have identified which format positions you need, you can assign them numbers. As you saw earlier, numbering on balance sheets starts from Assets and works down (e.g., 0, 10000, 20000). On income statements, numbering starts from Net Profit/Loss and works up (e.g., 0, 90000, 80000).

Run Financial Statement Proforma.

Once you have your format positions set up, print and review the Financial Statement Proforma and verify that format positions were set up correctly. Once you assign accounts to format positions, you can also use this report to verify that accounts are assigned to the right format positions.

NEXT: Activity 17.2

Summarize/Sort Options for Sub-Accounts and Cost Centers

<u>Sort-Sub-Account</u>	<u>Sort Cost Center</u>	<u>Summarize Sub-Account</u>	<u>Summarize Cost Center</u>	<u>Output *</u>
No	No	No	No	ASC
No	No	No	Yes	AS
No	No	Yes	No	AC
No	No	Yes	Yes	A
No	Yes	No	No	CAS
No	Yes	No	Yes	AS
No	Yes	Yes	No	CA
No	Yes	Yes	Yes	A
Yes	No	No	No	SAC
Yes	No	No	Yes	SA
Yes	No	Yes	No	AC
Yes	No	Yes	Yes	A
Yes	Yes	No	No	SCA
Yes	Yes	No	Yes	SA
Yes	Yes	Yes	No	CA
Yes	Yes	Yes	Yes	A

* [A] Account [S] Sub-Account [C] Cost Center.

FIN17140

Figure 17-14

Summarize/Sort Options for Sub-Accounts and Cost Centers

Summarize/Sort Options

Another thing to consider when you are setting up format positions is how sub-account and cost center amounts will be represented on the GL reports.

Two settings in Format Position Maintenance determine the sort priority of sub-accounts and cost centers.

Sort Sub-Acct Before Acct

- **Sort Sub-Acct Before Acct.** Determines whether sub-accounts should take precedence over accounts when you print and sort the format position.

Sort Cost Center Before Acct

- **Sort Cost Center Before Acct.** Determines whether cost centers should take precedence over accounts when you print and sort the format position.

These two settings work in conjunction with two selection criteria on the GL reports that determine whether sub-account and cost center amounts should be summed into account balances or presented separately:

Summarize Sub-Accts

- Summarize Sub-Accounts

Summarize Cost Ctrs

- Summarize Cost Centers

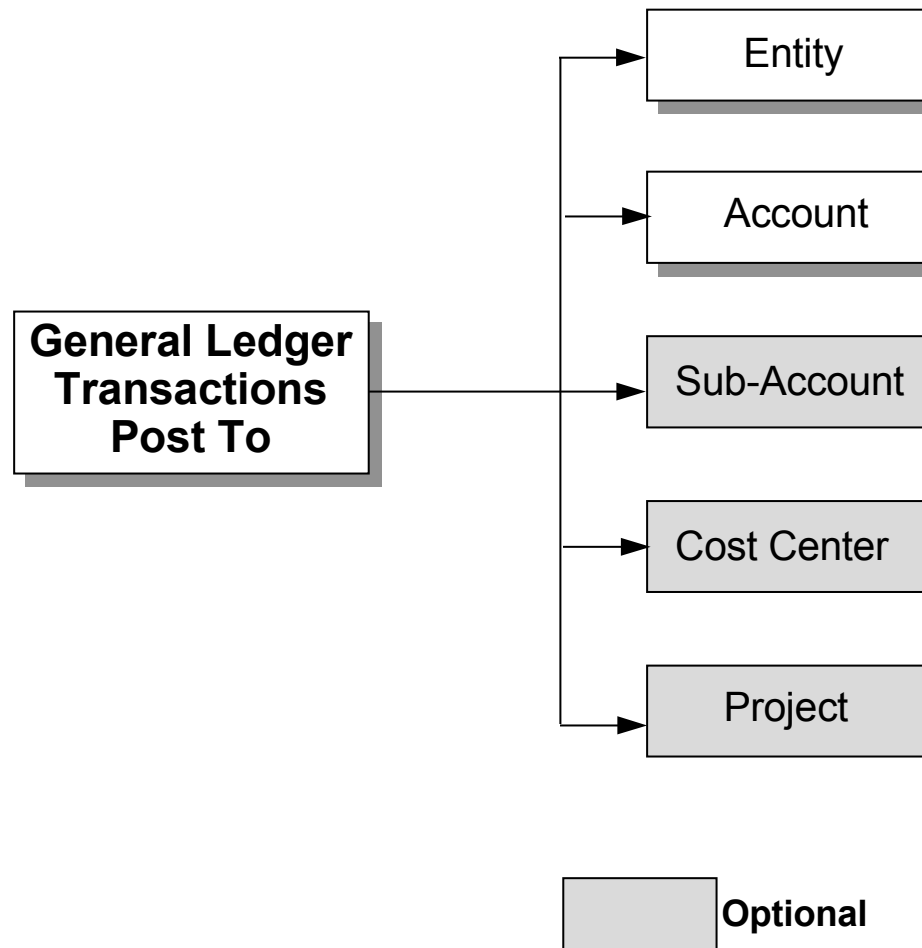
Explain above chart.

The chart shows all the possible interactions between the sort and summary flags and the information and sort order that will appear on the report output.

Summary overrides sort.

Whenever you set both the Sort and Summarize options to Yes, the summary will override the sort. For example, a format position has both sort flags set to Yes. You print a balance sheet with Summarize Sub-Accounts = Yes and Summarize Cost Centers = Yes. The format position on the balance sheet will be sorted by cost center, then account; the sub-accounts will be summarized.

Chart of Accounts



FIN17150

Figure 17-15

Chart of Accounts

In MFG/PRO, all transactions reference and post to a combination of entity and account (mandatory) and sub-account, cost center, and project (optional). We have already discussed how transactions are associated with entities.

GL Accounts

General ledger accounts (maximum eight characters) are used in all companies to assess how transactions affect their assets, expenses, liabilities, and equities.

Sub-Accts/Cost Ctrs

Sub-accounts are typically used by larger companies when they need another level of detail. Sub-accounts can be used to organize financial reporting by division. Cost centers (maximum four characters) are typically used for departmental reporting. The use of sub-accounts and cost centers is specified in General Ledger Control. Both sub-accounts and cost centers are assigned to account codes. On inquiries and reports, the system often separates accounts, sub-accounts, and cost centers by dashes. For example, account 7100, sub-account 10, and cost center 1000 would appear as 7100–10–1000. If there were no sub-account, you would see only 7100–1000.

Project Codes Alphanumeric Fields Consistency

Project codes are used to track individual activities such as advertising campaigns. We will discuss project codes later on in conjunction with project accounting; for now, be aware that transactions also post by project code if used.

Note: When you assign codes, consider the order in which they will be sorted on reports. Be consistent with the number of characters used, and remember that all codes sort alphanumerically (e.g., cost center 1000 before 123). To sort accounts numerically, zero-fill the codes (e.g., cost center 123 as 0123).

Accounts

Account Code Maintenance

? i x

Account: 2100

Description: ACCOUNTS PAYABLE

Type: L

Currency: USD

Format Position: 21000

	CURRENT LIABILITIES	Level 3
20000	LIABILITIES	Level 2
15000	LIABILITIES & EQUITY	Level 1

Sub-Module Entries Only: ☐

Line	Account	Project	Enty	Description	Amount Cur
1	2100-10-1000	ADV01	2000	AP Voucher	-100.00 USD
2	5100-10-1000	ADV01	1000	PURCHASES (EXPENSED)	100.00 USD

					0.00 USD

Account

FIN17160

Figure 17-16

General Ledger Accounts and Account Codes

Accounts are used to group amounts such as sales and inventory for financial reporting at the corporate level. New account codes are set up in Account Code Maintenance. You define the following attributes for each account code as part of setting up your chart of accounts.

Account Type

- **Type.** In MFG/PRO, you can define both posting accounts and memo/statistical accounts. Posting accounts are used on sub-ledger transactions, while memo/statistical accounts are not. Posting accounts are designated by one of the following types:

A (Asset)

L (Liability/Capital)

I (Income). Use to designate income statement accounts that are categorized as sales accounts. This can include expense accounts such as sales discounts.

E (Expense). Use to identify all other income statement accounts, such as those categorized as other income.

The memo/statistical accounts are:

Memo Accts

M (Memo). Use to report reference information such as the number of employees or the size of a building. This account will appear on financial statements if formatted into the report, but it will *not* be totaled.

Used for specialized GL reporting.

S (Statistical). Use to provide account totals on custom reports and, in VAT reporting, to record base taxable amounts on AR and AP transactions. Statistical accounts appear on financial statements if formatted into the report, but are *not* calculated in the total. On custom reports, however, you can include statistical accounts in the total.

**Memo/stat amts
usually recorded
in Standard
Transaction
Maintenance**

Memo and statistical amounts are usually recorded in Standard Transaction Maintenance, although you can use the other transaction functions in menu 25.13. These transactions do not have to be balanced. If your database uses sub-account or cost center reporting, you must assign the memo/statistical account to a sub-account/cost center and reference the sub-account/cost center in Standard Transaction Maintenance. To appear on reports, memo/statistical transactions must also be posted.

Currency

- **Currency:** Currency for this account. A foreign currency can be entered only on balance sheet accounts (Type A or L). The default is the system base currency.

Active

- **Active.** You cannot delete an account that has transactions attached to it. However, you can set the Active flag to No to prevent new transactions from referencing it. For example, if you close a bank checking account, you would deactivate the corresponding GL cash account.

**Do not delete/chg
accts once
implemented.**

Note: You should not change your chart of accounts (except to add new accounts) once MFG/PRO has been implemented. It is a good idea to set up the accounts very early in the implementation process.

Format Position

- **Format Position.** Format position code used to summarize this account. If a zero is entered, this account will not be included in the balance sheet or the income statement.

**Sub-Module
Entries Only**

- **Sub-Modules Entries Only.** Used to prevent transactions from being created for this account directly from the General Ledger module.

Note: We do not recommend changing your chart of accounts once MFG/PRO has been implemented (except for adding accounts). Therefore, it is a good idea to set up the accounts very early in the implementation process.

Sub-Accounts

The screenshot displays the 'Sub-Account Code Maintenance' window. It features a toolbar with icons for grid, calculator, checkmark, error, help, search, print, save, delete, undo, redo, and navigation arrows. The main area contains fields for 'Sub-Account: 10', 'Description: Los Angeles', and 'Active: Yes'. Below these is an 'Account Ranges' table with 'From' and 'To' columns, showing a range from 1000 to 9900. At the bottom, a transaction table is shown with columns for Line, Account, Project, Enty, Description, and Amount Cur. A line connects the 'Sub-Account' label to the 'Account' column of the first two rows in the transaction table.

Line	Account	Project	Enty	Description	Amount Cur
1	2100-10-1000	ADV01	2000	AP Voucher	-100.00 USD
2	5100-10-1000	ADV01	1000	PURCHASES (EXPENSED)	100.00 USD

					0.00 USD

Sub-Account

FIN17170

Figure 17-17

Sub-Accounts

Used for divisional reporting.

For divisional reporting, you can use sub-accounts to further classify account amounts on GL reports. For example, for your sales accounts, you might need to do separate reporting for division A, division B, etc.

Use sub-accts in 25.24.

The ability to do sub-account reporting is determined by the Use Sub-Accounts flag in General Ledger Control.

Summary/Detail

Most reports can summarize sub-accounts or print in full detail. You can also prepare budgets by sub-account.

Set up in 25.3.17.

New sub-accounts are set up in Sub-Account Code Maintenance.

Note: Never delete the blank sub-account code in your database, even if you do not use it on transactions. MFG/PRO uses it for retroactive and year-end close transactions.

Data Entry

For clarity, you might want to append some blank spaces to the end of the account code or the beginning of the sub-account code. In some functions, the account and sub-account are entered in account fields as a combined code; in others, a pop-up window in the account field allows you to enter the account, sub-account, and cost center separately.

Cost Centers

The screenshot shows a software window titled "Cost Center Code Maintenance". It contains a form with the following fields:

- Cost Center: 1000
- Description: SALES
- Active: Yes

Below these fields are two tables for account ranges:

Account Ranges	
From	To
7100	8500

Sub-Account Ranges	
From	To
10	99

Below the ranges is a table with transaction data:

Line	Account	Project	Enty	Description	Amount	Cur
1	2100-10-1000	ADV01	2000	AP Voucher	-100.00	USD
2	5100-10-1000	ADV01	1000	PURCHASES (EXPENSED)	100.00	USD

					0.00	USD

A callout box labeled "Cost Center" points to the "1000" in the account number "5100-10-1000" in the second line of the table.

At the bottom of the window, a status bar contains the text: "1=Go 2=Help 3=Ins 4=End 5=Record 6=Clear 7=Rev 8=Next"

FIN17180

Figure 17-18

Cost Centers

**Used for
departmental
reporting.**

For departmental or other group reporting, you can also use cost centers to further classify account and sub-account amounts on GL reports. For example, for your expense accounts, you might need to do separate reporting for cost center A, cost center B, etc.

**Assigned to acct
or acct/sub-acct.
Valid Combos Only**

Each cost center is assigned to one or more accounts or account/sub-account combinations. On transactions, you can only enter a cost center that is valid for the account or account/sub-account combination.

**Comparative
Reports**

Generate comparative reports to compare a cost center to budget or to another period. Most reports have the ability to summarize cost centers or print in full detail. You can also prepare budgets by cost center.

**Set up in Cost
Center Maintenance.**

New cost centers are set up in Cost Center Code Maintenance.

**Never delete blank
cost center!**

Note: Never delete the blank cost center code in your database, even if you do not use it on transactions! MFG/PRO uses it for retroactive and year-end close transactions.

NEXT: Activity 17.4

Projects

Project Code Maintenance

Project: ADV01
 Description: Advertising 2001
 Project Type:
 Status Code:
 Active: Yes
 Begin Date: 01/01/01 Date Revised:
 Original Completion Date: 12/31/01 Actual Completion Date:
 Revised Completion Date: Comments: No

Account Ranges		Sub-Account Ranges		Cost Center Ranges	
From	To	From	To	From	To
	9999		9999		9999

Line	Account	Project	Enty	Description	Amount	Cur
1	2100-10-1000	ADV01	2000	AP Voucher	-100.00	USD
2	5100-10-1000	ADV01	1000	PURCHASES (EXPENSED)	100.00	USD

					0.00	USD

Project

FIN17190

Figure 17-19

Projects

Used to track specific activities (e.g., ad campaigns).

Projects are unique activities that incur expenses and may generate revenue. On transactions, you can reference project codes to track costs for specific activities such as advertising campaigns. If you reference a project code on a sales order, purchase order, work order, etc., the GL transactions will also include the project code.

Comparative Reports

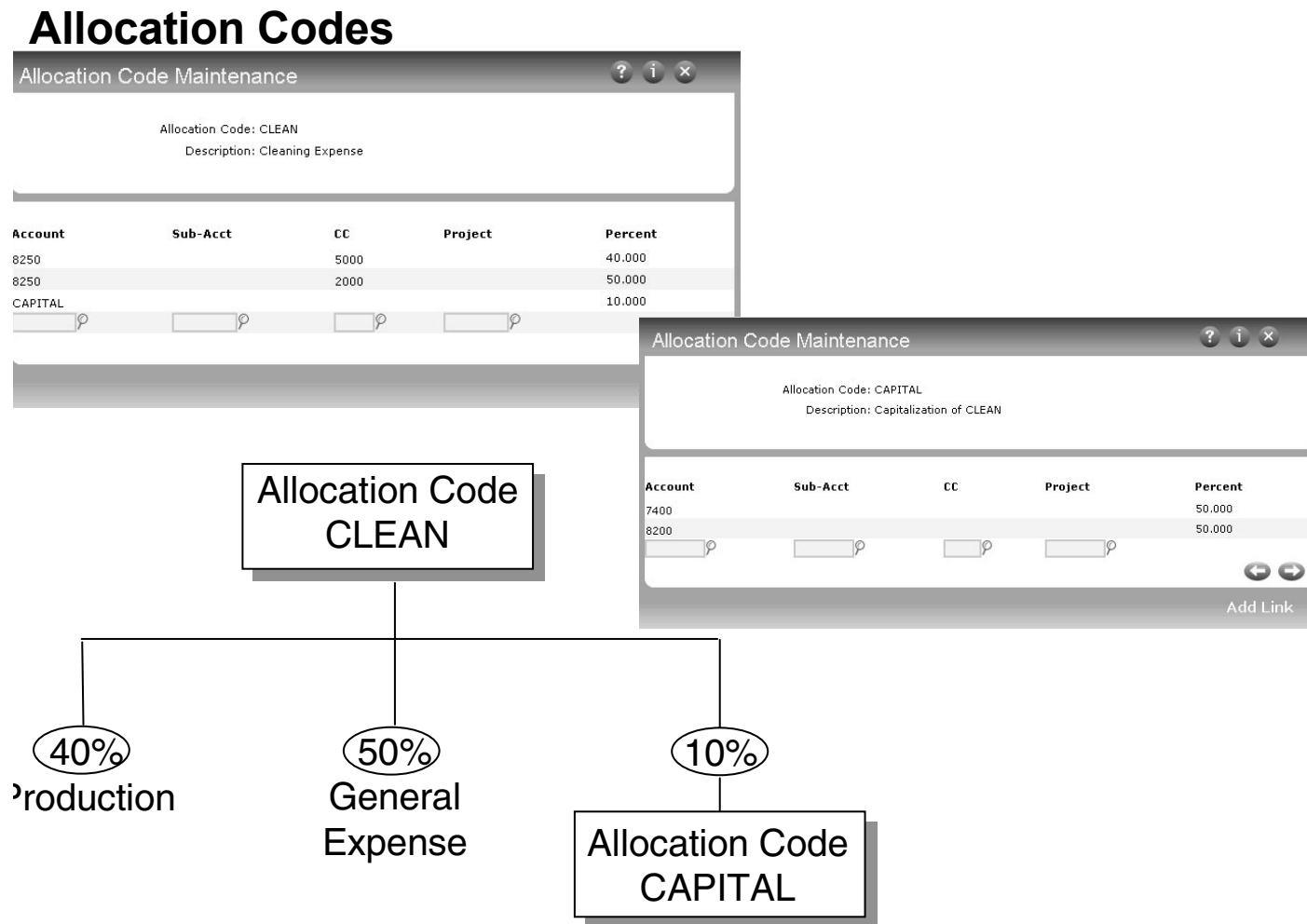
Comparative reports can be generated to compare a project's activity for one period to another, or to compare a project's actual activity to its budget. On the project activity reports, you can optionally print project comments. Most reports have the ability to summarize cost centers or print in full detail. You can also prepare budgets by cost center.

Set up in Project Code Maintenance.

New project codes are set up in Project Code Maintenance. This function enables you to record reference information on the project. Project Type and Status Code can be used to select projects on the Project Code Browse.

Active

The Active flag controls the posting of GL transactions to projects. You can post transactions only to active projects. If you deactivate a project code, MFG/PRO does not allow you to reference that code on new purchasing, sales, and work order transactions. However, for existing transactions that reference the inactive code, you can still process work order component issues, miscellaneous inventory transactions such as unplanned issues and receipts, PO receipts, blanket order releases, and sales order shipments.



FIN17200

Figure 17-20

Allocation Codes

Set up in Allocation Code Maintenance.

Often, it is convenient to divide a single transaction amount among several accounts—e.g., if several departments share cleaning expense. In MFG/PRO, you can set up allocation codes that define the percentage of the total transaction amount to post to a specific account/sub-account/cost center/project combination. Allocation codes are set up in Allocation Code Maintenance.

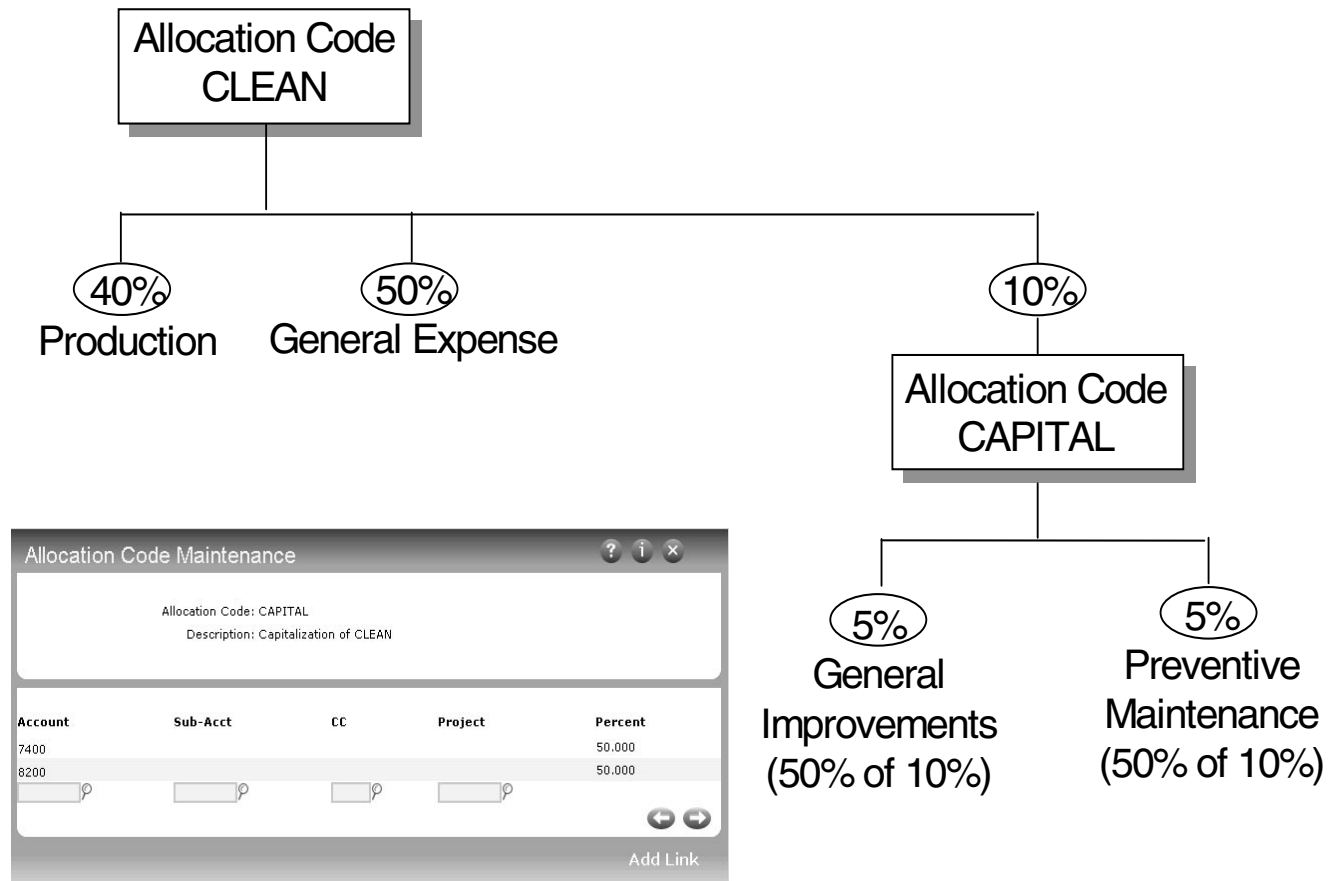
Simplify entry/ reduce errors. Enter as acct code. End from acct window for alloc codes.

Allocation codes simplify data entry and minimize errors. During module activities, you simply enter the allocation code as the GL account. (You can also set up customers, suppliers, and other records so that module activities use the allocation code as the default GL account.) Whenever you press End to exit an account codes pop-up window, another window for allocation codes displays, so that you can select an allocation code instead of an account.

Explain above example.

When you later post the GL transactions created by module activity, MFG/PRO prorates the transaction amount among the accounts, sub-accounts etc. identified by the allocation code. The above AP voucher for cleaning expense shows an allocation code for cleaning expense shared by several departments. Instead of an account code, enter the allocation code CLEAN, which specifies that 40% of the cleaning expense will be posted to the production account and 50% to the general expense account. Posting automatically redirects the correct percentages of the payment amount to the accounts/sub-accounts/cost centers/projects defined for the allocation code.

Nested Allocation Codes



FIN17210

Figure 17-21

Nested Allocation Codes

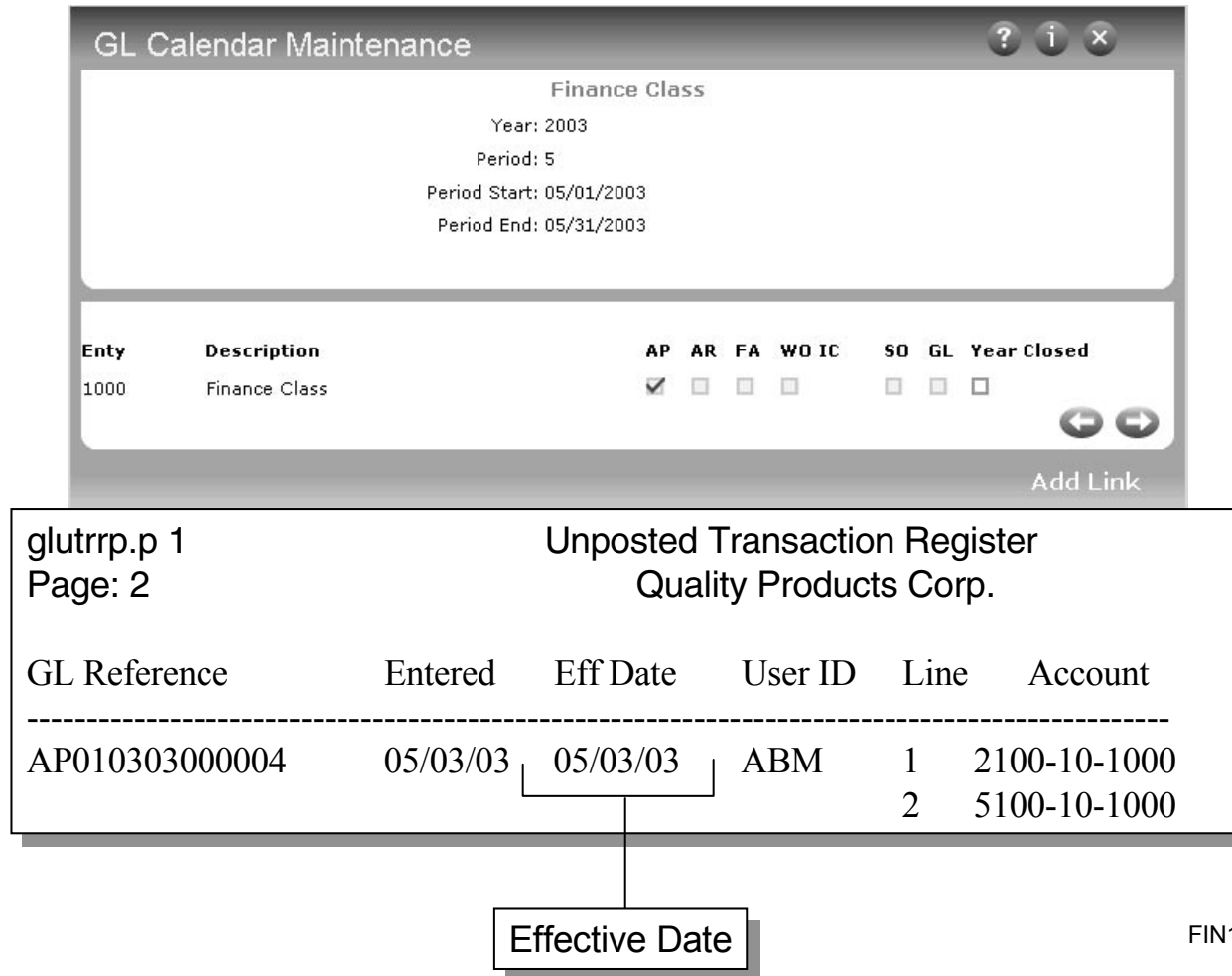
Allocation codes can also be nested. As shown above, the remaining 10% of the total cleaning expense is capitalized as an improvement. Allocation code CLEAN posts this cleaning expense to general improvements and preventive maintenance accounts associated with a second allocation code, CAPITAL. At posting, 50% of the capitalization amount (or 5% of the total cleaning expense) is posted to each account.

Exploded at Post

Note: The actual allocation of amounts to each of the individual accounts and cost centers (departments) is not performed until you post.

NEXT: Activity 17.5

GL Calendar



The screenshot shows two windows from the QAD software. The top window is titled "GL Calendar Maintenance" and contains the following information:

Finance Class
Year: 2003
Period: 5
Period Start: 05/01/2003
Period End: 05/31/2003

Below this is a table with columns: Enty, Description, AP, AR, FA, WO, IC, SO, GL, Year Closed. The first row shows "1000" under Enty and "Finance Class" under Description. The AP column has a checked checkbox, while the others are unchecked. There are navigation arrows and an "Add Link" button at the bottom right of this window.

The bottom window is titled "Unposted Transaction Register" for "Quality Products Corp." and shows the following data:

GL Reference	Entered	Eff Date	User ID	Line	Account
AP010303000004	05/03/03	05/03/03	ABM	1	2100-10-1000
				2	5100-10-1000

A line connects the "Eff Date" (05/03/03) in the second row of the table to a box labeled "Effective Date".

Page: 2

FIN17220

Figure 17-22

GL Calendar

Transaction Effective Dates

Transaction Effective Dates

When transactions are created, they always have an effective date that determines the fiscal period to which the transaction applies. In contrast to other systems, in MFG/PRO, you do not specify a fiscal period on each transaction—the fiscal period is determined by the transaction effective date.

Period-End

Most of the time, transaction amounts will update GL accounts, sub-accounts, etc. as of the date the transaction was recorded in MFG/PRO. But at period-end, you may want a transaction to be associated with another period. For example, if the end of the month was last Friday, but the Sales department did not finish processing last month's invoices, Sales should back-date the effective date on the remaining invoices to Friday's date so that GL balances are correct.

GL Calendars

Set up in GL Calendar Maintenance.

To be posted to the general ledger, the transaction's effective date must fall in a valid, open GL calendar period. Before you can process GL transactions, you must define your fiscal reporting periods in GL Calendar Maintenance. Up to 999 calendar periods can be entered for each year. Each calendar period is defined with a start date and end date. A calendar day cannot be shared by two periods. Be careful not to skip days. In multi-entity environments, the GL calendar must be the same for all entities. However, you can close and open calendar periods individually within each entity. In GL Calendar Maintenance, you can also open and close periods for specific transaction types.

To restrict transactions...

Note: To prevent transactions being inadvertently created for future periods, set up the GL calendar for the entire year with all periods closed to activity except the current one.

NEXT: Activity 17.6 (Optional)

Lesson 18: General Ledger Transactions

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN18010

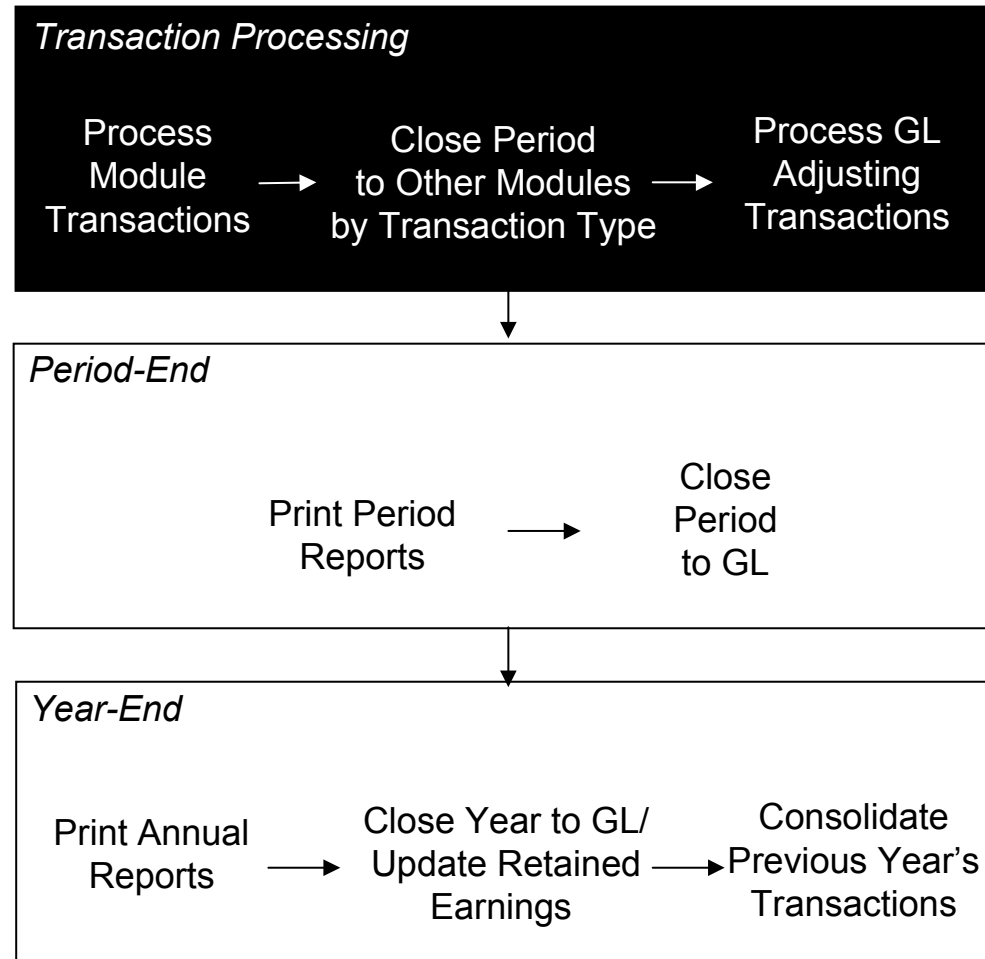
Figure 18-1

Lesson 18: General Ledger Transactions

Review, add, correct, copy, post GL Transactions

In the last lesson, we reviewed the elements that make up a transaction. In this lesson, we will look at how you review, add, correct, copy, and post transactions from other modules and those created within the General Ledger module.

GL Processing Flow



FIN18020

Figure 18-2

GL Processing Flow

Unposted Transaction File

As stated earlier, GL transactions are created automatically by activity in other MFG/PRO modules. Initially, these transactions are sent to an unposted transaction file, where they remain until you post them in the General Ledger module.

Review and correct before posting.

Before posting, you should review these unposted transactions and, if necessary, correct or delete them.

Note: Most corrections should be processed in the source module. Otherwise, the subsidiary ledger for the module may no longer balance to the general ledger.

Close GL calendar to modules.

Once posted, transactions cannot be changed. Once all unposted transactions are either posted or deleted, close the GL calendar to each source module to prevent additional transactions from being created for the period.

Period-end adjustments created in GL.

In this lesson, we will also cover period-end adjusting transactions for amounts such as equipment depreciation, insurance expense, or payroll accruals that you will be recording directly in the General Ledger module.

Module Transactions

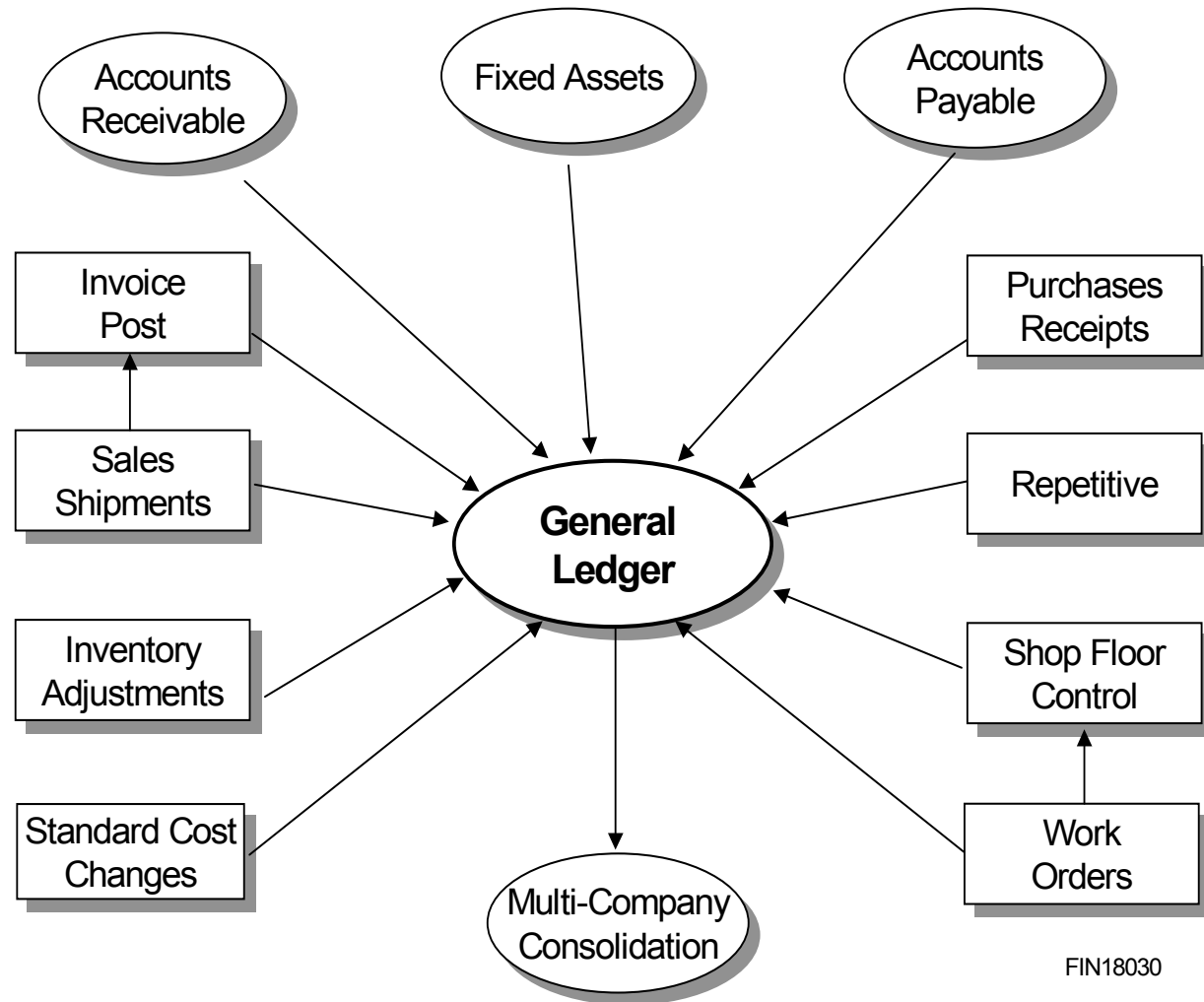


Figure 18-3

Module Transactions

Sales/AR

GL transactions are created throughout MFG/PRO. We have seen this in Sales Orders/Invoices and Accounts Receivable; as we processed invoices and payments, the system created GL entries to update sales, accounts receivable, and cash balances.

Inventory

Other modules also create GL entries. Any time inventory balances change (through purchasing or manufacturing receipts and issues), or any time costs change, we see a GL effect.

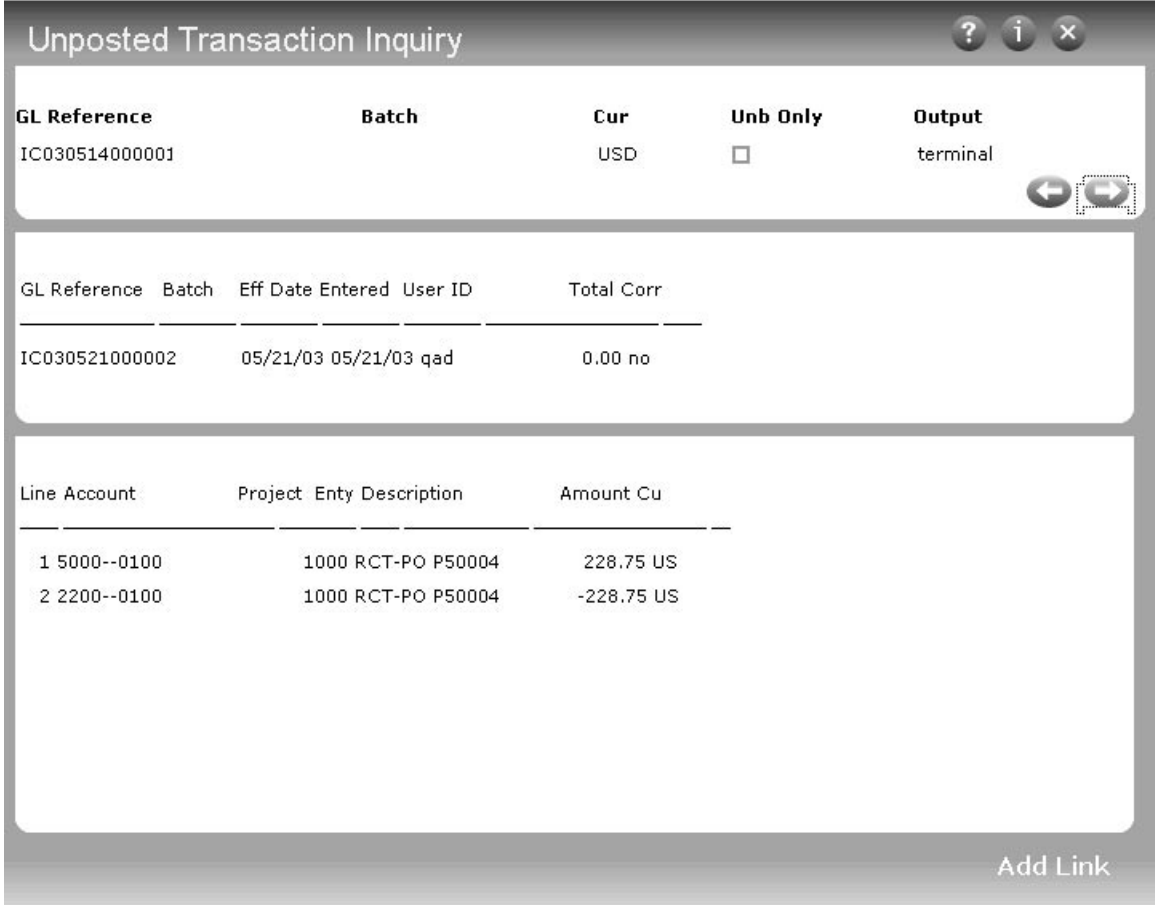
GL Transactions

You can close GL to specific transaction types as you perform period end closing.

GL transactions can also be entered directly into the General Ledger module. These manual journal entries are used to record other activities unrelated to manufacturing or distribution, such as equipment depreciation or payroll accruals. We will cover these later in the lesson.

Once posted, GL transactions can be exported to another database for consolidation with transactions from other corporate entities. We will cover this subject in more detail in Lesson 20.

Reviewing Module Transactions



The screenshot shows a software window titled "Unposted Transaction Inquiry". It contains a header section with fields for "GL Reference", "Batch", "Cur", "Unb Only", and "Output". Below this is a table with columns "GL Reference", "Batch", "Eff Date Entered", "User ID", and "Total Corr". At the bottom is another table with columns "Line", "Account", "Project", "Enty Description", and "Amount Cu". A button labeled "Add Link" is in the bottom right corner.

Unposted Transaction Inquiry

GL Reference: IC030514000001 Batch: Cur: USD Unb Only: ☐ Output: terminal

GL Reference	Batch	Eff Date Entered	User ID	Total Corr
IC030521000002		05/21/03	05/21/03 qad	0.00 no

Line	Account	Project	Enty Description	Amount Cu
1	5000--0100	1000	RCT-PO P50004	228.75 US
2	2200--0100	1000	RCT-PO P50004	-228.75 US

Add Link

FIN18040

Figure 18-4

Reviewing Module Transactions

Review transactions

To review unposted transactions from other modules, you can use the transaction summary in the individual modules (such as the AR-GL Transaction Report), or the Unposted Transaction Inquiry (Figure 18-4), or the Unposted Transaction Register in General Ledger. These functions generate a screen or printed list of unposted transactions sorted by GL reference number.

Select by GL ref, batch, trans type.

Select transactions by GL reference number, batch number, or GL transaction type (AR, AP, etc.). The Unposted Transaction Register has additional selection criteria such as Entered and Effective Date.

Unbalanced or invalid transactions do not post.

One good way to spot potential problems is to select unbalanced transactions only. Unbalanced or invalid transactions will never post. In the next section, we will look at what causes unbalanced transactions and other problems and how you can prevent them.

Trans types on next few pages.

The following pages contain charts for the GL transaction types used in MFG/PRO.

GL Transaction Types (AR, AP, CS, FX, IC)

Type	Module	Activity
AR	Accounts Receivable	DR/CR memos Payments Returned checks Drafts Finance charges
	Cash Management	Payments
AP	Accounts Payable	Confirmed vouchers Payments Reconciliations Voided checks
	Cash Management	Reconciliations
CS	General Ledger	Transaction consolidation
FA	Fixed Assets	Fixed Asset Transaction Post
FX	General Ledger	Foreign exchange revaluations
IC	Items/Sites	Item cost revaluations
	Inventory Control	Transfers Issues Receipts Cycle counts

FIN18050

Figure 18-5

GL Transaction Types (IC, JL)

Type	Module	Activity
IC	Physical Inventory	Inventory balance updates
	Purchasing	Receipts Returns
	Sales Orders/Invoices	Shipments & returns Pending invoices
	Field Service	RTS receipts RTS shipments
	Distribution Plan	Distribution order shipments Distribution order receipts
	Product Structures	Product structure cost roll-ups
	Routings/Work Centers Cost Management	Routing cost roll-ups Cost set copy to cost set Updates to site cost plans Updates to item-element costs
JL	General Ledger	Standard transactions
	Cash Management	Standard transactions

FIN18060

Figure 18-6

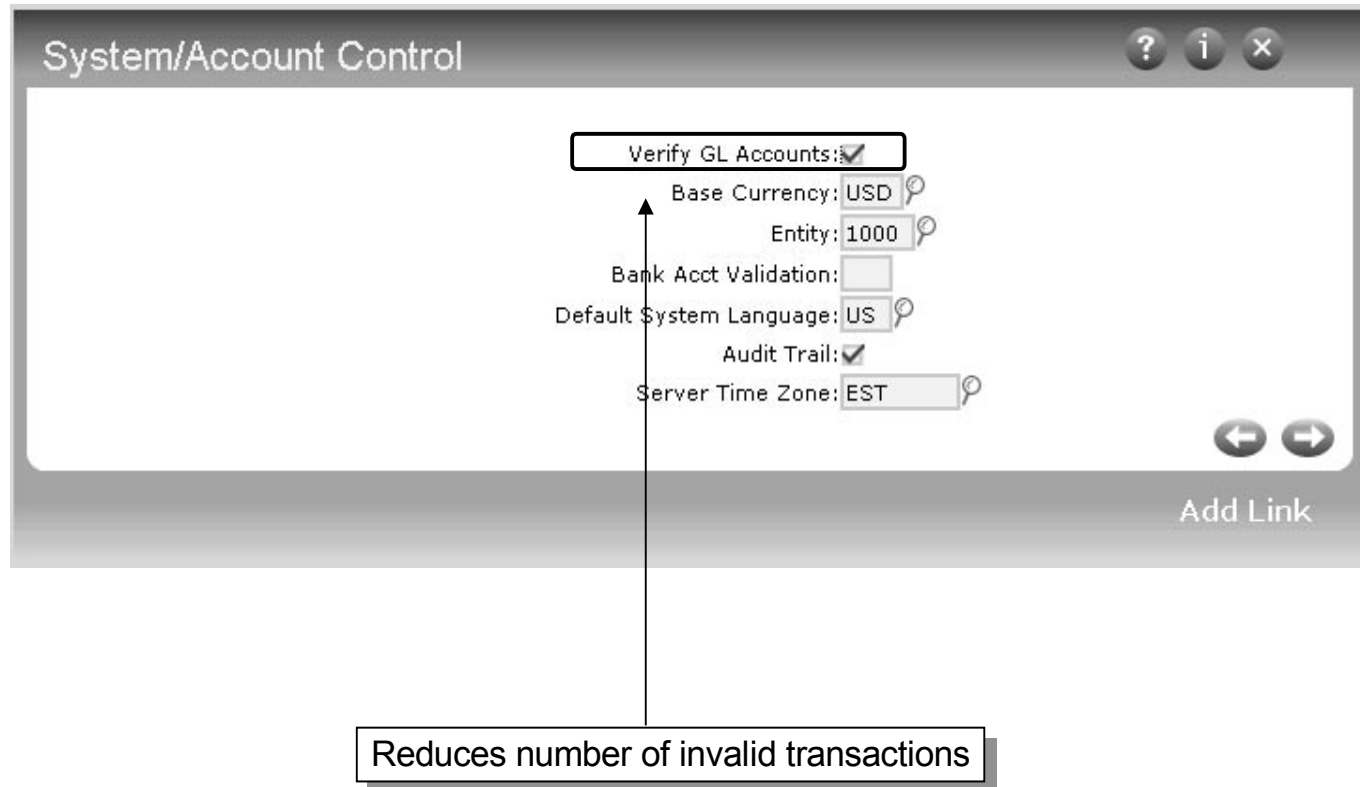
GL Transaction Types (RA, RV, SO, WO, XX, XY, YR)

Type	Module	Activity
RA	General Ledger	Retroactive transactions
RV	General Ledger	Reversing transactions
SO	Sales Orders/Invoices	Posted invoices
WO	Work Orders Shop Floor Control Repetitive/ Advanced Repetitive Quality Management	Component issues Receipt backflush Accounting close Labor feedback transactions Nonproductive labor Operation completions Setup, labor, rework, reject, scrap, & downtime reporting Cum order accounting close Quality orders Quality order results entry
XX	General Ledger	Transaction import
XY	General Ledger	Imported transaction revaluation
YR	General Ledger	Transaction year-end close

FIN18070

Figure 18-7

Common Problems



FIN18080

Figure 18-8

Common Problems

The following are the main causes of unbalanced or invalid transactions. Two settings in System/Account Control can prevent transactions with these problems.

Acct/Sub-Acct/CC

- **Account/sub-account/cost center codes were invalid or inactive.** Individual accounts, sub-accounts, and cost center codes must be both valid and active. Any combinations of these codes must also be valid. To prevent this problem, set Verify GL Accounts to Yes in System/Account Control. (Less frequently, a transaction may be unbalanced if one of these codes is deactivated after the transaction was created but before it is posted in GL.)

Effective date

- **Transaction effective date was in a closed calendar period or year.** To prevent this problem, set Verify GL Accounts to Yes in System/Account Control.

DR <> CR

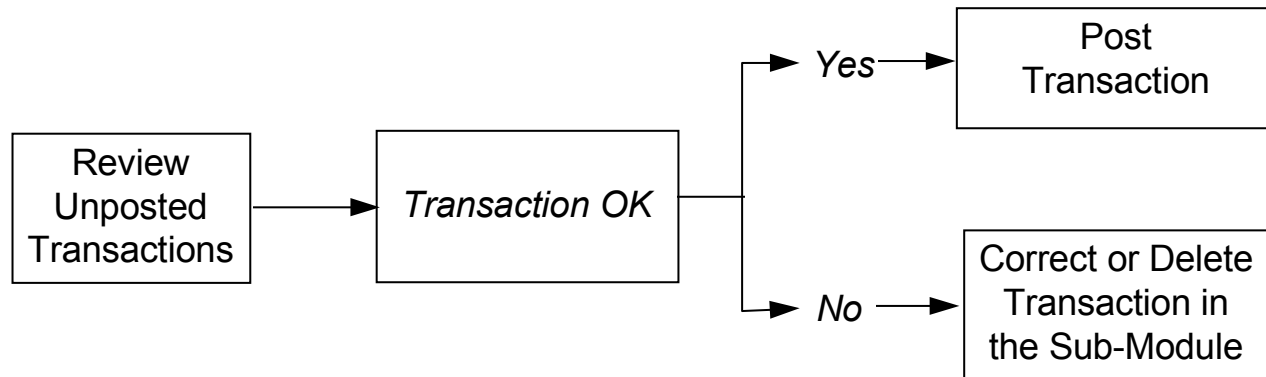
- **Debits did not equal credits.** If someone else on the system creates a transaction at the same time you are executing Transaction Post, the transaction may be incomplete. Posting only when no one else is on the system or posting transactions only through the previous day's date will reduce the likelihood of posting an incomplete batch. (Posting can be executed as an automatic process in batch mode.)

Invisible problems

Even if a transaction is balanced, it may still need to be corrected if the wrong account, sub-account, cost center, or project was used; perhaps because the wrong site code was entered on the sales order, PO, etc. The system will still post this transaction, so it is much better if you catch this problem before posting. To see which site code was used, review the transaction history reports in the source module.

Note: Attempt to post corrections in the sub-module whenever possible.

Correcting Module Transactions



FIN18090

Figure 18-9

Correcting Module Transactions

Fix in source module before posting in GL.

Whenever possible, correct transactions prior to posting. Make the correction in the source module rather than in the General Ledger module, because chances are, the change also affects sales analysis, commission records, inventory balances, or other records. For example, to correct the GL accounts on a sales order, enter a negative shipment or invoice in Sales Orders/Invoices rather than an adjusting transaction in the General Ledger module.

Do not correct module trans in GL if possible.

We recommend that you prevent people from making these corrections in general ledger, because if they do, reporting may drift out of sync. For example, if people make AR corrections in the General Ledger module, the GL account balance reports will show the changes but the AR-GL Transactions Report will not, and the customer detail will not balance to the AR account in General Ledger.

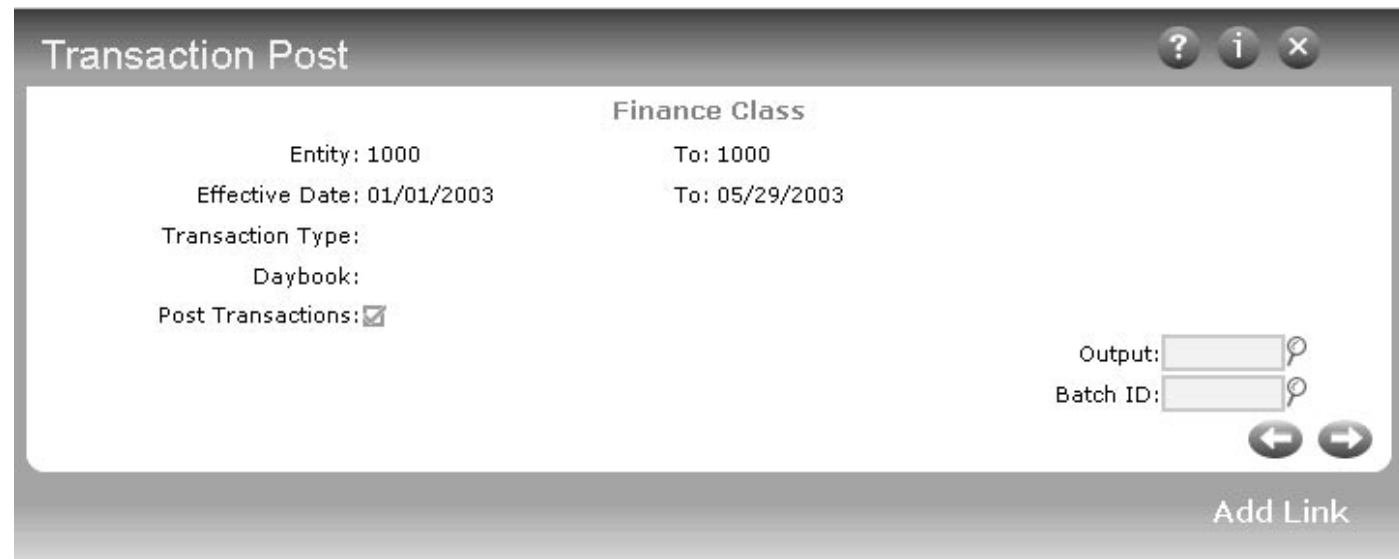
Allow chgs to module trans in GL Contrl. Sub-Module Entries Only in Account Code Maintenance.

To globally prevent people from correcting transactions from other modules in the General Ledger module, set the Allow Changes to Module Transactions flag in General Ledger Control to No. You can also restrict corrections to specific GL accounts by setting Sub-Module Entries Only to Yes in Account Code Maintenance. Use this feature to restrict transactions to GL “control” accounts for sub-module detail, such as AR, AP, and Inventory.

Trans Delete/Archive During Implementation

There is one instance in which you should delete transactions prior to posting. If your company implements other modules before General Ledger, the transactions created by the other modules will already be included in GL balances initialized during the GL implementation. To prevent these transactions from updating GL balances twice, you would delete them prior to posting, using GL Transaction Delete/Archive in the Manager Functions module.

Transaction Post



The image shows a software dialog box titled "Transaction Post". It has a standard Windows-style title bar with a question mark, an information icon, and a close button. The main area is divided into two sections. The left section contains fields for "Entity: 1000", "Effective Date: 01/01/2003", "Transaction Type:", "Daybook:", and "Post Transactions:" with a checked checkbox. The right section is titled "Finance Class" and contains fields for "To: 1000" and "To: 05/29/2003". At the bottom right, there are two input fields labeled "Output:" and "Batch ID:", each with a magnifying glass icon. Below these fields are two circular buttons with left and right arrows. At the very bottom right, there is a button labeled "Add Link".

Transaction Post	
Entity: 1000	To: 1000
Effective Date: 01/01/2003	To: 05/29/2003
Transaction Type:	
Daybook:	
Post Transactions: ☒	
	Output:
	Batch ID:
	← →
Add Link	

FIN18101

Figure 18-10

Transaction Post

Post

Transaction Post posts balanced GL transactions from the unposted transaction file to the GL history file (Figure 18-10). The history file is used to print financial statements, so GL transactions are not included on statements until they have been posted.

Post by eff date, trans type.

You can post transactions by effective date range and/or transaction type. To print a posting report prior to posting the transactions, set Post Transactions to No. To post all types of transactions, leave Type blank. The transaction type enables you to divide posting responsibility by department (e.g., the AP manager verifies and posts AP). The audit trail is generated only at posting; you cannot reprint it afterward. The audit trail lists all transactions that posted. Unbalanced transactions that did not post are flagged Unposted.

Audit Trails

In some countries, audit trails must be continuously numbered. (If your last audit trail for entity 1000 ends on page 30, your next one for entity 1000 must begin on page 31.) A setting in General Ledger Control, Continuous Page Numbers for Post Audit, determines whether your database uses continuous audit trail page numbering. Entity Code Maintenance displays the last page number used in transactions).

Note: Posting should be done only through the prior day's transactions, to prevent posting an incomplete batch. Once posted in general ledger, transactions cannot be changed. Any changes to account balances must be made through adjusting entries, which will be discussed later in this lesson.

Allocation Codes

Voucher Maintenance

Batch / Voucher

Batch: 230 Batch Ctrl: 10,000.000 Tot: 10,000.000
 Voucher: 910024 USD Ctrl: 10,000.00 Total: 10,000.00

Distribution							
Ln	Account	Sub-Acct	CC	Project	Enty	Tax	Description Amount
1	RENT				1000	n	RENT ALL 10,000.00
2						n	

Add Link

Allocation Code Maintenance

Allocation Code: RENT
 Description: RENT ALLOCATION TO DEP

Account	Sub-Acct	CC	Project	Percent
8300		1000		30.000
8300		2000		10.000
8300		3000		10.000
8300		5000		50.000

Add Link

Transaction Post						
Line	Account	Project	Enty	Description	Amount	Cur
1	RENT		1000	Rent for Departments	0.00	USD
2	1040		1000	Rent for Departments	-10,000.00	USD
3	8300--1000		1000	Rent for Departments	3,000.00	USD
4	8300--2000		1000	Rent for Departments	1,000.00	USD
5	8300--3000		1000	Rent for Departments	1,000.00	USD
6	8300--5000		1000	Rent for Departments	5,000.00	USD
					0.00	USD

FIN18110

Figure 18-11

**Allocation codes
exploded at post.**

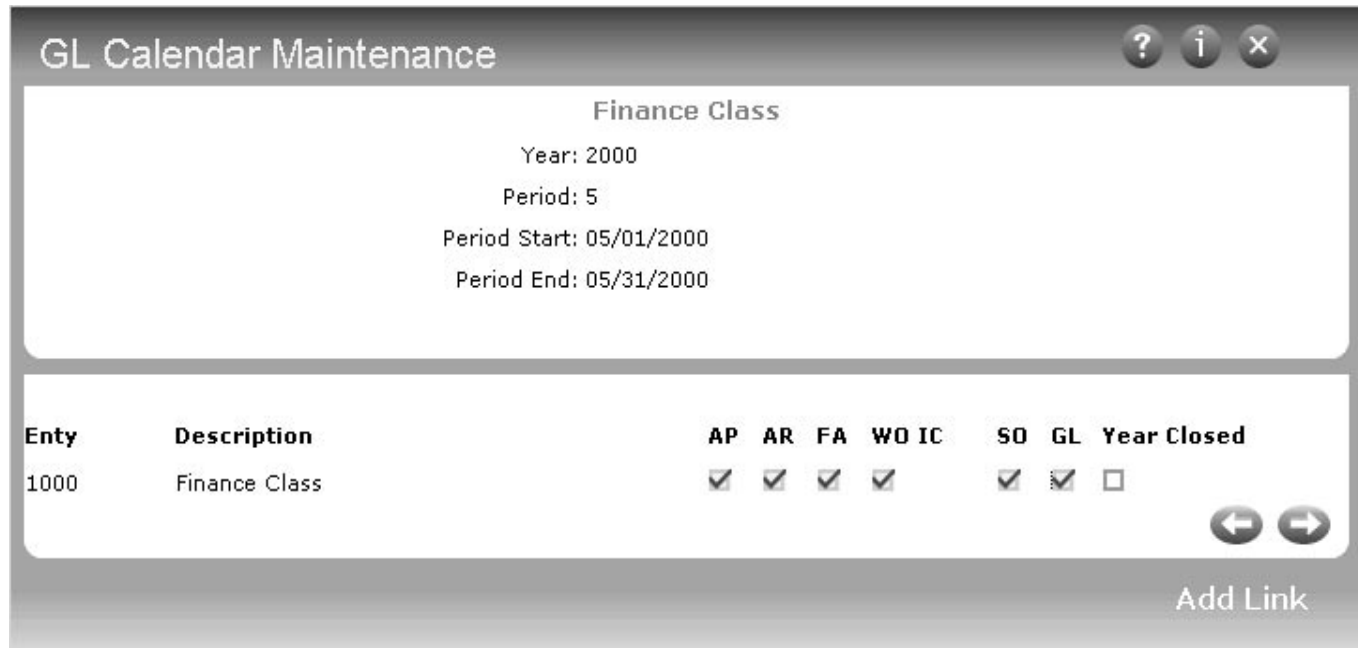
During posting, any transactions that reference allocation codes are exploded to the appropriate accounts, as we noted in the last lesson. For example, if you posted \$100 to allocation code Utilities, and it was split out with 30% to the utilities account in department 100 and 70% to department 200, two account postings would be made.

**Preview with post
set to No.**

Prior to posting, it is helpful to print the posting report with Post Transactions set to No so that you can preview how the allocation codes explode amounts to individual accounts.

NEXT: Activity 18.1

Closing the GL Calendar to Other Modules



GL Calendar Maintenance ? i x

Finance Class

Year: 2000
Period: 5
Period Start: 05/01/2000
Period End: 05/31/2000

Enty	Description	AP	AR	FA	WO IC	SO	GL	Year Closed
1000	Finance Class	☒	☒	☒	☒	☒	☒	☐

← →

Add Link

FIN18120

Figure 18-12

Closing the GL Calendar to Other Modules

Close GL calendar to modules.

After all module transactions have been reviewed, corrected, and posted, the next step in GL processing is to close the GL calendar to further period activity. Using GL Calendar Maintenance, you can do this either for individual transaction types or for all transaction types at once.

If you want to close a GL accounting period for one or more specific GL transaction types, select a reporting period and entity, and then set the corresponding flags to Yes. Once you set the GL flag to Yes, the system automatically sets all transaction type flags to Yes. However, the system prevents you from closing the period until all open transactions are posted.

Note: Some modules create more than one type of GL transaction. For example, sales order shipments create type IC transactions, while invoice posting creates SO transactions. At the same time, a single transaction type can be used by more than one module. For example, SO shipments, WO receipts, and PO receipts all create the transaction type, IC.

Reopen period any time before year-end close.

If necessary, you can reopen the period by setting the flag back to No at any time before the end of the fiscal year. (Once you perform the year-end close transaction, you cannot reopen periods for that year.)

To prevent transactions from being inadvertently created for future periods, you could set up the GL calendar for the entire year with all periods closed to activity except the current one. If you use reversing transactions, you need to have both the current and following periods open in order to post.

Transactions Recorded Within the GL

Standard Transaction Maint

Finance Class

GL Reference: JL030529000001 Type: JL Effective: 010103 Period: 1/2003
Currency: USD Control: 1,600.00 Base Total: 0.00
Daybook: SYSTEM Entry Number: Correction: ☐

Line	Account	Project	Enty	Description	Cur	Amount
1			1000		USD	0.00

Account Information

Account: 7200
Sub-Account:
Cost Center: 1000
Project: 1001ADV

Reversing Transaction Maint

QAD User's Entity

GL Reference: RV030529000000 Effective: 01/01/2003 Period: 1/2003
Reversal: 02/01/2003 Period: 2/2003
Currency: USD Control: 85,000.00 Base Total: 0.00
Daybook: SYSTEM Entry Number: Correction: ☐

Line	Account	Project	Enty	Description	Cur	Amount
1	7100--1000		qad	Salaries	USD	25,000.00
2	7100--2000		qad	Salaries	USD	50,000.00
3	7100--5000		qad	Salaries	USD	10,000.00
4	2150		qad	Wages Payable	USD	-85,000.00

Add Link

FIN18130

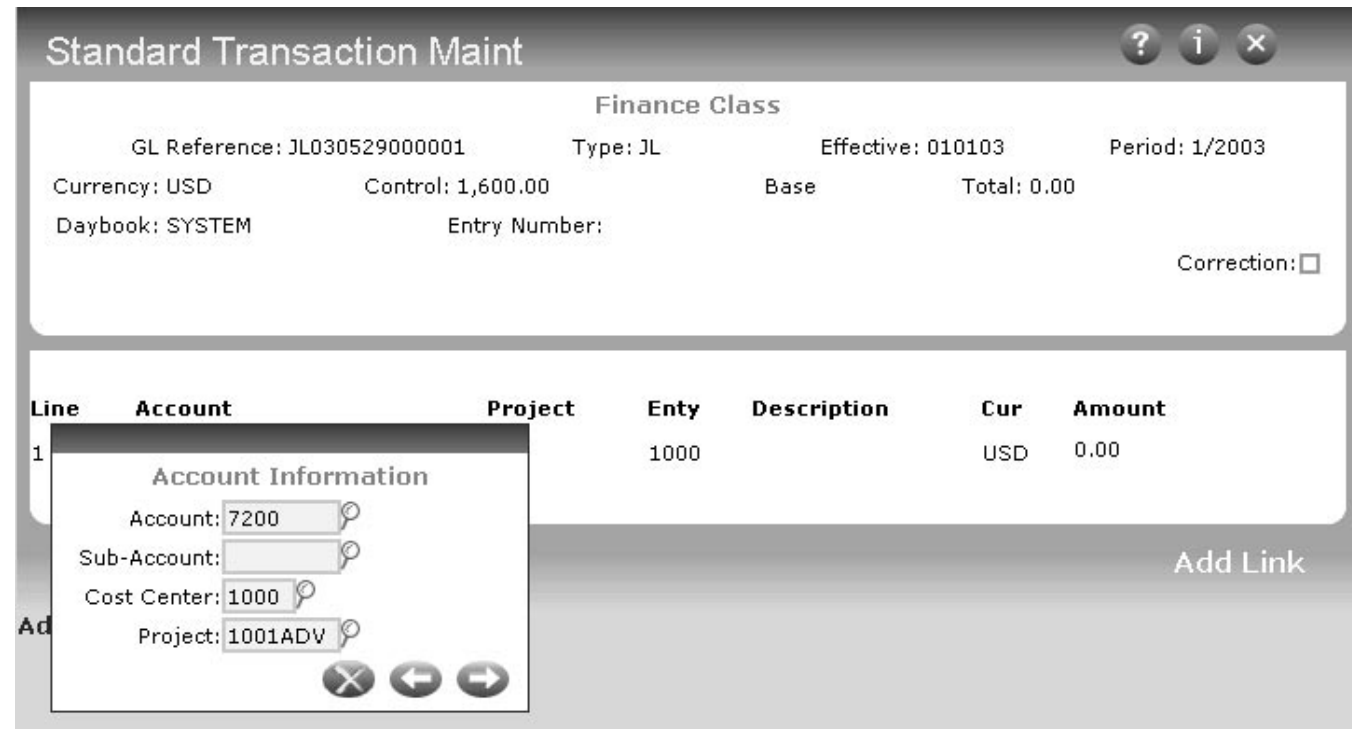
Figure 18-13

General Ledger Transactions

Standard/Reversing Transactions

As we mentioned earlier, in addition to processing the module transactions, you will also be recording some period-end adjusting entries for equipment depreciation and accrued expenses such as payroll directly in General Ledger, using standard transactions and reversing transactions.

Standard Transactions



Standard Transaction Maint

Finance Class

GL Reference: JL030529000001 Type: JL Effective: 010103 Period: 1/2003

Currency: USD Control: 1,600.00 Base Total: 0.00

Daybook: SYSTEM Entry Number: Correction: ☐

Line	Account	Project	Enty	Description	Cur	Amount
1			1000		USD	0.00

Account Information

Account: 7200

Sub-Account:

Cost Center: 1000

Project: 1001ADV

Add Link

FIN18140

Figure 18-14

Standard Transactions

Standard Transaction Maintenance is used to record:

Bank Chgs, Loans

- Bank charges, loans, acquisitions, and other miscellaneous activity.

Depreciation

- Period-end adjustments such as depreciation.

Initial Acct Balances

- Initial account balances during system implementation.

**Modify/delete
unposted trans.**

You can use Standard Transaction Maintenance to modify or delete most unposted transactions (keeping in mind that you probably should not modify the module transactions here—in fact, your system may even be set up to prevent you from doing so). But you cannot use it to change retroactive, reversing, or consolidation transactions.

**Cannot use on RA,
RV, CS trans.**

Note: Bank charges and loans are best recorded as non-AR or non-AP transactions in the AR and AP modules.

GL Reference

- **GL Reference.** When adding a new transaction, leave the GL reference number blank and the system will assign a number beginning with transaction type JL, followed by the system date and a sequential number. To modify a journal entry, enter the reference number. A setting in the control program determines whether you enter your own reference numbers.

Type

- **Type.** The transaction type displays automatically. On new transactions, the type is JL (GL journal entry).

Effective

- **Effective.** When a GL transaction is entered, the effective date defaults to today's date. This is the date that this transaction is to be included in account balances. The fiscal period displays automatically. If the date is not within a valid period or if the period is closed, an error message displays.

Currency

- **Currency.** The Currency field specifies the currency for the control total and is the default for distribution lines. It defaults from the system base currency defined in System/Account Control.

Control/Base Totals

- **Control/Base Totals.** The control total is the sum of all the debit entries in the batch. When you exit the screen, a warning is displayed if debits do not equal credits.

Distribution Lines

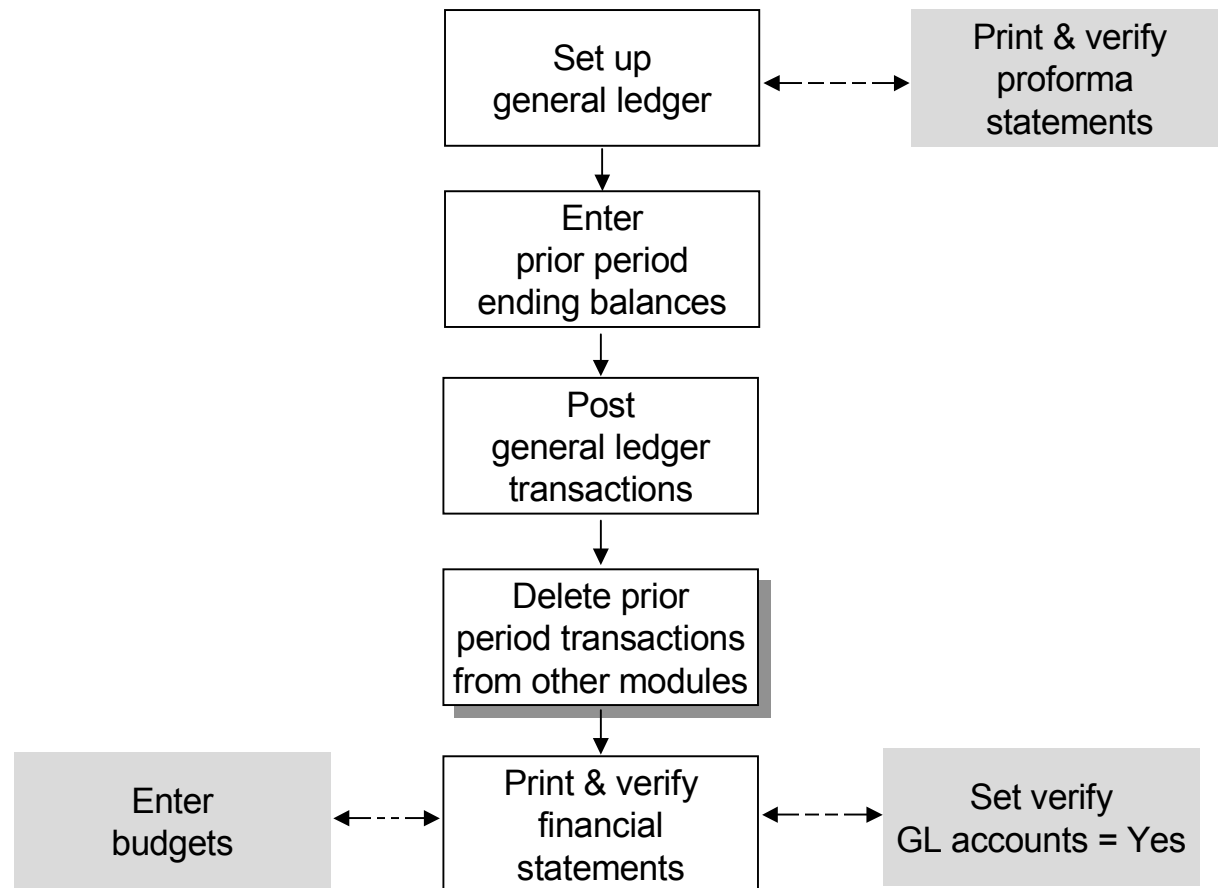
- **Distribution Lines.** On the distribution lines, you enter the account number, sub-account, cost center, project, and entity. You can also enter a description on each line; this is not the same as the account description that is displayed on the bottom left.

The Amount field records a debit if the number is positive and a credit if the number is negative. For credits, you must enter the minus sign either before or after typing in the amount. For each distribution line, the currency defaults from the account currency.

The system prompts you to enter the exchange rate if the transaction line currency is different than the base currency. There must be a valid exchange rate for the effective date in Exchange Rate Maintenance.

NEXT: Activity 18.2
Activity 18.3

General Ledger Implementation



FIN18150

Figure 18-15

GL Implementation

Enter detailed or summarized.

After you have set up the chart of accounts, you are ready to enter your beginning account balances. Some people transfer this information electronically from their old systems; others enter it manually. This can be done in several ways:

1. If you are just starting from this period on, simply enter the prior period ending balances in Standard Transaction Maintenance.
2. If you are starting mid-year but want details for the year, enter the prior year closing balances, close the year, and enter detailed transactions for the current year or enter transaction totals for each month.
3. If you are starting at the beginning of a year, enter the prior year closing balances and close the year.

Enter account balances.

Delete extra transactions.

Be careful when posting account balances. Other unposted transactions may be in the system if you have implemented sales, inventory control, or other functions.

Post prior period first.

Note: You must delete these unposted transactions before you start GL processing so that they do not post and overstate GL balances. Enter and post prior period ending balances first, then delete the remaining unposted transactions.

GL Transaction Delete/Archive

GL Transaction Delete/Archive is used to delete these unposted transactions. This menu selection should be password-secured.

Note: As you implement any module that generates GL transactions, it is useful to run 36.23 for the report alone (Delete = No) to verify that users in sales, purchasing, etc. are entering the right accounts. This will help you catch and correct problems early.

Budgets Verify GL = Yes

In addition to entering GL balances, you can also enter budgets at this time. Before going to live processing, remember to reset the Verify GL flag in System/Account Control to Yes.

Reversing Transactions

GL Reference	Batch	Eff Date	Entered	User ID	Total	Corr
RV030529000001		01/01/03	05/29/03	qad	0.00	no

Line	Account	Project	Enty Description	Amount	Cu
1	7100--1000		qad Salaries	25,000.00	US
2	7100--2000		qad Salaries	50,000.00	US
3	7100--5000		qad Salaries	10,000.00	US
4	2150		qad Wages Payable	-85,000.00	US
1	7100--1000		qad Salaries	-25,000.00	US
2	7100--2000		qad Salaries	-50,000.00	US
3	7100--5000		qad Salaries	-10,000.00	US

FIN18160

Figure 18-16

Reversing Transactions

**Reversing
Transaction
Maintenance used
for accruals.**

Reversing Transaction Maintenance is used to enter accruals such as end-of-period payroll. When this type of transaction is entered, the system calculates a corresponding reversing transaction that is effective the first day of the next fiscal period.

Type TV

The system assigns the transaction type RV to reversing transactions.

Example above.

In the example shown in the above figure, the amount of \$2,500.00 would be debited to account 7100, Salaries Expense, on 7/10/97 (period 7). On 8/1/97 (period 8), the entry would be reversed.

**Standard
Transaction
Maintenance does
not create reversing
entries.**

Note: You can also create reversing transactions in Standard Transaction Maintenance, but the system does not automatically create the reversing entry.

**Current and
following period
must be open to post.**

Both the current period and the following period must be open to post reversing transactions.

NEXT: Activity 18.4

Copying Transactions

Transaction Copy

QAD User's Entity

GL Reference to Copy: RV03052900000

New GL Reference: RV03052900000

Daybook: SYSTEM

Entry Number: 000000083

New Effective Date: 05/29/2003

Period: 5/2003

Correction: ☐

New Reversal Date: 06/01/2003

Period: 6/2003

Output: terminal

Line	Account	Project	Enty	Description	Amount	Cur
1	7100--1000		qad	Salaries	25,000.00	USD
2	7100--2000		qad	Salaries	50,000.00	USD
3	7100--5000		qad	Salaries	10,000.00	USD
4	2150		qad	Wages Payabl	-85,000.00	USD
1	7100--1000		qad	Salaries	-25,000.00	USD
2	7100--2000					
3	7100--5000					
4	2150					

QUALITY PRODUCTS COMPANY

GL Reference to JL940101000001 New GL ReferencJL991109000002

DaybookSYSTEM Entry Numbe000000023

New Effective D11/09/99 Period11/1999 Correctino

New Reversal D Period Outputwindow

Line	Account	Project	Enty	Description	Amount	Cur
1	1040		1000	Initial balance	40,000.00	USD
2	1200		1000	Initial balance	73,816.25	USD
3	1900		1000	Initial balance	1,000.00	USD
4	1500--0100		1000	Initial balance	10,739.00	USD
5	1500--0500		1000	Initial balance	52.38	USD
6	1500--0600		1000	Initial balance	4,859.30	USD
7	1800		1000	Initial balance	20,000.00	USD
8	1810		1000	Initial balance	-2,000.00	USD
9	2100		1000	Initial balance	-102,746.67	USD
10	2800		1000	Initial balance	-45,720.26	USD
					0.00	USD

FIN18170

Figure 18-17

Copying Transactions

**Used mainly for
template trans.**

Transaction Copy is mainly used to set up template transactions for recurring entries such as depreciation (Figure 18-17).

**GL ref/eff date first
day of current
period.**

By default, the new transaction will have a GL reference number and effective date for the first day of the current period. You can set up and post a dummy transaction with zero amounts for the template and then copy and modify the transaction every period. Only type JL or RV transactions can be copied.

Transaction Security



FIN18180

Figure 18-18

Transaction Security

Security by menu, function, field through user ID/group.

We have already mentioned the ability to prevent transactions for module accounts, such as AP, AR, and inventory, using settings in General Ledger Control and Account Code Maintenance. You can also restrict access to specific menus, functions, and fields through user ID and user group security.

Protect

To enhance security in GL transaction processing, we recommend that you password-protect Transaction Post, the System/Account Control, and GL Transaction Delete/Archive.

System Security Menu has security functions.

The System Security Menu in the Manager Functions menu contains all the functions for setting up security throughout MFG/PRO (Figure 18-18). Two functions there provide additional security for GL transaction processing. (Of course, you should also password-protect these two functions.)

GL acct security works throughout MFG/PRO.

- GL Account Security Maintenance restricts access to specific GL accounts based on the user ID or user group. *Account security works in all modules of MFG/PRO.*

Entity security only in GL module.

- Entity Security Maintenance restricts access to specific entities based on the user ID. When multiple companies operate within the same database, you might want to limit some uses to processing transactions only for their own entity. *Entity security works only in the General Ledger module.*

Can still print reports for restricted accounts or entities.

Note: If you do not have access to an account or entity, you cannot create a transaction for it. However, you can still print reports that reference the account or entity (unless you were restricted from using these functions).

Lesson 19: General Ledger Reports

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN19010

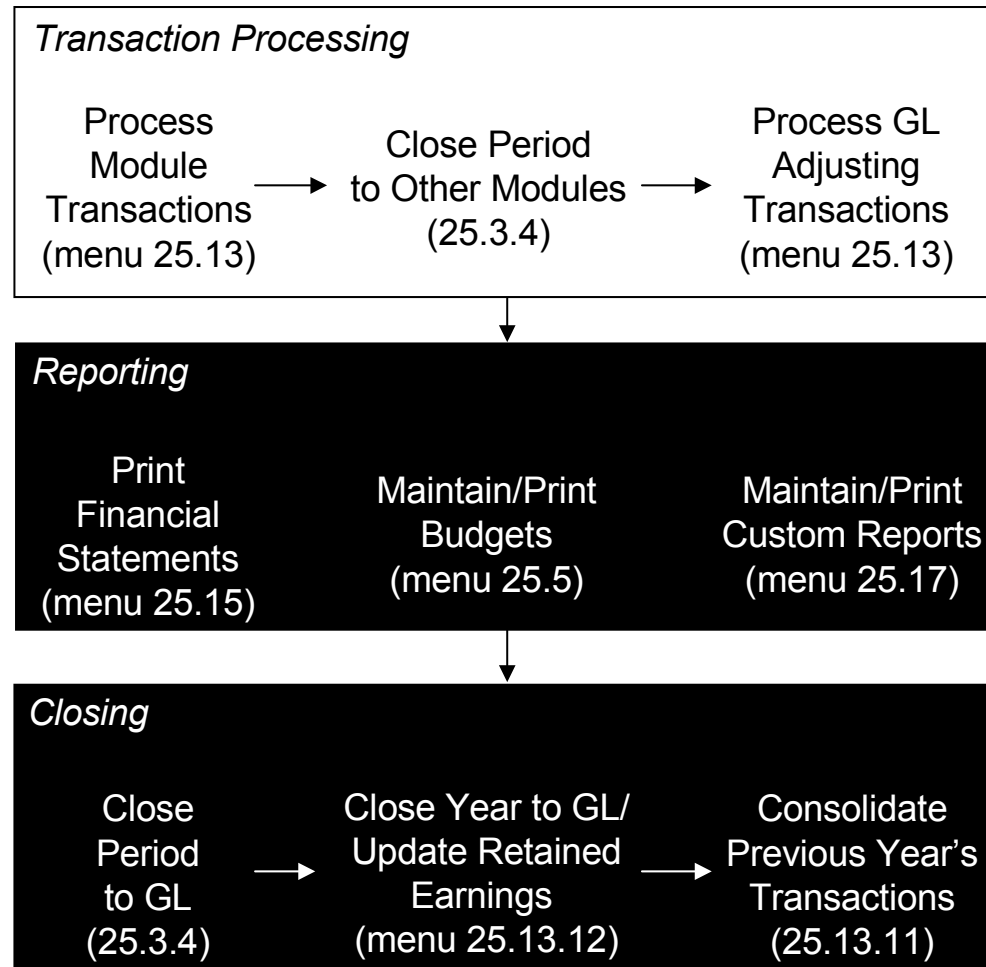
Figure 19-1

Lesson 19: General Ledger Reports

Reporting

In the previous lesson, you saw how transactions get into General Ledger from other modules and how they update GL balances at posting. Now, we will look at MFG/PRO's reporting capabilities.

GL Processing Flow



FIN19020

Figure 19-2

GL Processing Flow

BS, IS, Budgets Custom reports.

MFG/PRO has many functions for printing balance sheets, income statements, budgets, and other reports. You can also create your own reports in Custom Report Maintenance.

Summary/Detail Comparative Some show variances.

You can print most reports in summary or detail (including all transaction activity). You can also generate comparative reports that compare actual to budget, budget to budget, or actual to actual, over similar or different periods. Some reports show variances.

Only posted trans. Warning if unposted exist.

General ledger reports show only posted transactions. However, if unposted transactions exist for the selection range included in the report, the system generates a warning message.

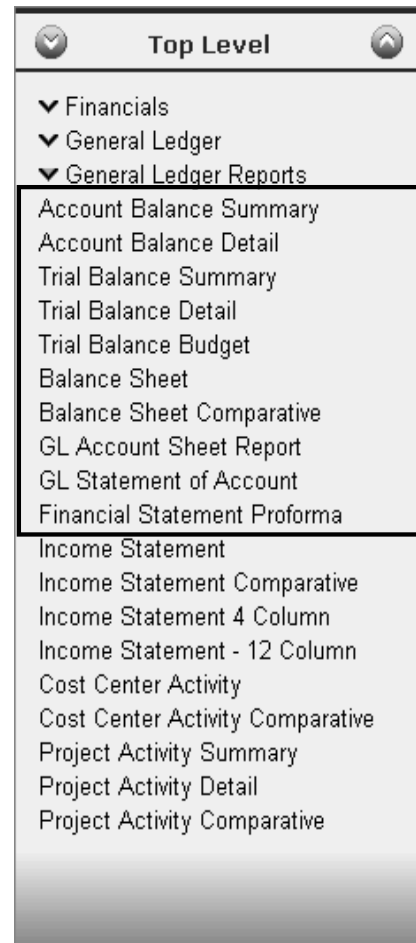
Close calendar to GL after printing reports. Run Year-End Close at year-end.

After you review and print your reports (and enter and post any necessary corrections), close the GL calendar to the General Ledger module. At year-end, execute the Transaction Year-End Close to update retained earnings and close the year to further activity.

Consolidate at year-end.

To preserve database space, we recommend you also consolidate transactions at year-end. Transaction consolidation combines groups of transactions into one consolidated transaction and can be used to archive and delete the original transactions.

GL Reports



FIN19030

Figure 19-3

GL Reports

Reports.

The standard GL reports are located in General Ledger Reports menu. (Figure 19-3).

Account Balances

- **Account Balances.** The summary shows beginning balances, period activity, and ending balances for the entity and effective date range you specify. The detail report has an additional column for Activity to Date and an option to break down amounts by transaction.

Trail Balance Summary/Detail

- **Trial Balance.** The summary shows the beginning balance, period activity, and ending balance. It has a column for recording manual adjustments. The detail report shows beginning balances, period activity, and ending balances and lists individual transactions. The trial balance budget shows ending balances, budgeted amounts, and variance amounts and percentages.

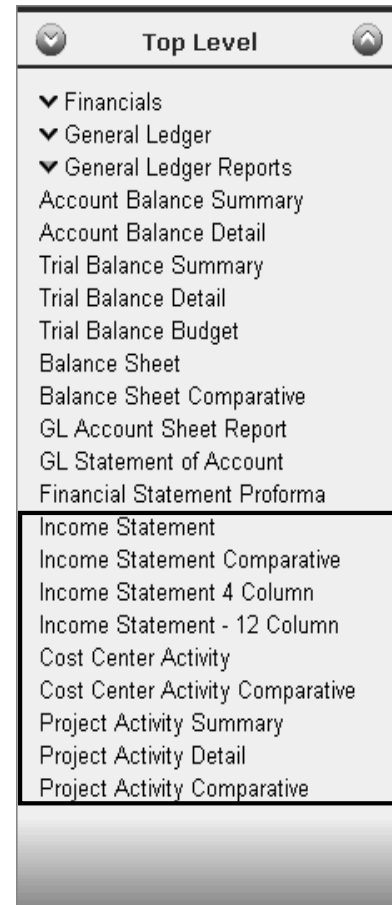
Balance Sheets

- **Balance Sheets.** Lists asset and liability amounts as of a specific date. The comparative report compares amounts for two different periods or actual figures to budget and has an option to show the amount and percentage of variance between the two amounts.

Financial Statement Proforma

- **Financial Statement Proforma.** Used only to preview formatting of balance sheets and income statements. No account balances appear on this report.

GL Reports (Continued)



FIN19040

Figure 19-4

Income Statements

- **Income Statements.** Lists revenues and expenses for a specific period. The comparative reports compare 2, 4, or 12 periods or actual figures to budget. The two-column report also has an option to show variances between the two periods. All the reports show the percentage of total income each amount represents.

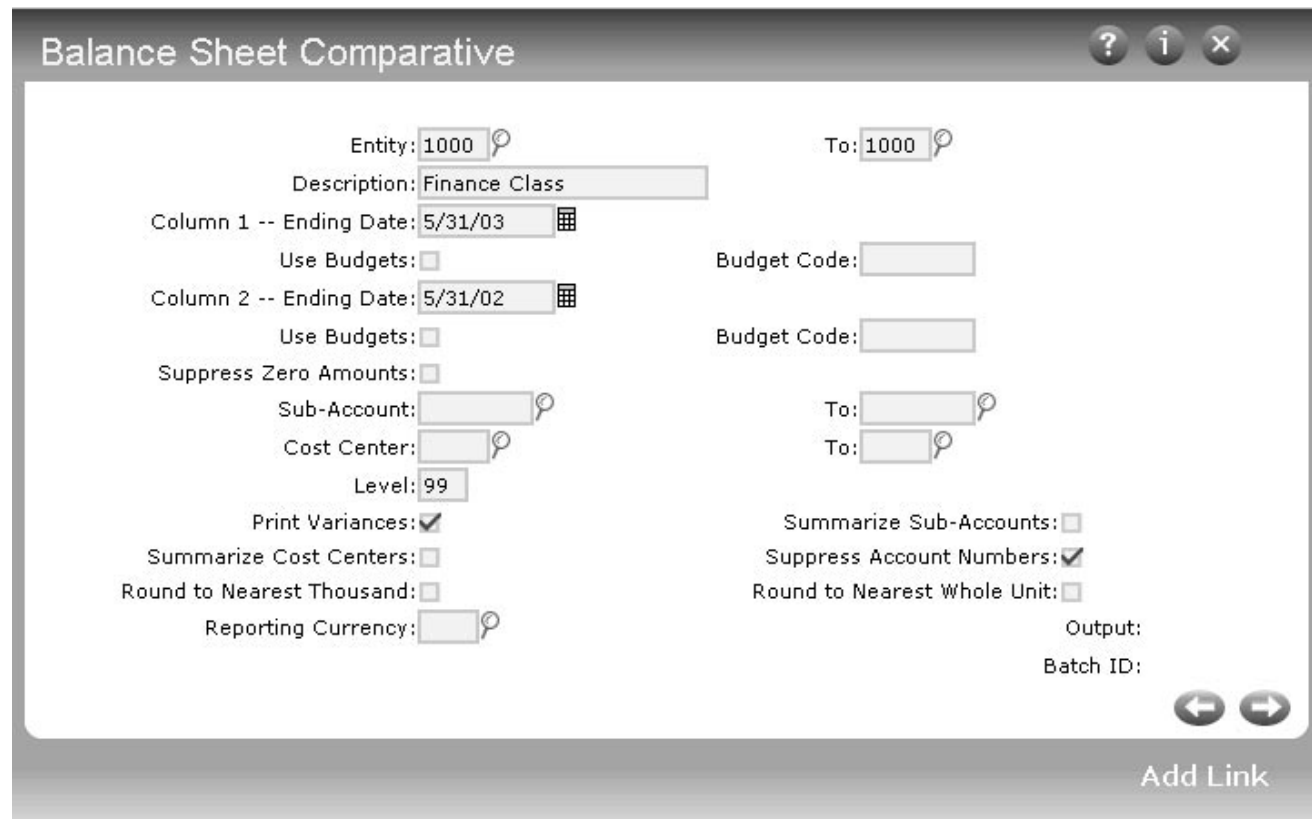
Cost Center Activity

- **Cost Center Activity.** Lists cost center balances. The comparative report compares the cost center balances for two different periods or actual figures to budget.

Project Activity

- **Project Activity).** The summary lists transaction activity for projects over a period. The detail report also lists the transactions for each project. The comparative report compares the project balances for two different periods or actual figures to budget.

Reporting Options



The image shows a software window titled "Balance Sheet Comparative". It contains various input fields and checkboxes for configuring a financial report. The fields are organized into two main columns. The left column includes fields for "Entity" (1000), "Description" (Finance Class), "Column 1 -- Ending Date" (5/31/03), "Column 2 -- Ending Date" (5/31/02), "Sub-Account", "Cost Center", "Level" (99), "Print Variances" (checked), "Summarize Cost Centers", "Round to Nearest Thousand", and "Reporting Currency". The right column includes fields for "To" (1000), "Budget Code", "To" (empty), "To" (empty), "Summarize Sub-Accounts", "Suppress Account Numbers" (checked), "Round to Nearest Whole Unit", "Output:", and "Batch ID:". There are also checkboxes for "Use Budgets" and "Suppress Zero Amounts". At the bottom right, there are navigation buttons (back, forward) and an "Add Link" button.

Balance Sheet Comparative

Entity: 1000 To: 1000

Description: Finance Class

Column 1 -- Ending Date: 5/31/03

Use Budgets: ☐

Budget Code:

Column 2 -- Ending Date: 5/31/02

Use Budgets: ☐

Budget Code:

Suppress Zero Amounts: ☐

Sub-Account:

To:

Cost Center:

To:

Level: 99

Print Variances: ☒

Summarize Sub-Accounts: ☐

Summarize Cost Centers: ☐

Suppress Account Numbers: ☒

Round to Nearest Thousand: ☐

Round to Nearest Whole Unit: ☐

Reporting Currency:

Output:

Batch ID:

← →

Add Link

FIN19050

Figure 19-5

Reporting Options

On GL reports, you can print reports for:

- One or a range of entities, accounts, sub-accounts, or cost centers.
- Budgeted or actual amounts.
- A specific ending date (trial balances and balance sheets) or a range of dates (income statements and activity reports).

Other useful report options are:

Level

- **Level.** Specifies the level of detail to appear on a report; corresponds with format position levels.

Suppress Zero Amounts

- **Suppress Zero Amounts.** Only accounts with nonzero balances appear on the report if this is set to Yes.

Suppress Account Numbers

- **Suppress Account Numbers.** If you want a report with amounts broken down by account/sub-account/cost center combination, reset this to No.

Round to Nearest Thousand

- **Round to Nearest Thousand.** Specifies the degree of accuracy required for the report. If you set this to Yes, an amount such as 2,500.00 would be rounded up to 3,000.00; conversely, if the amount is 2,350.00, it would be rounded down to 2,000. If rounding causes a balance sheet to be out of balance, a rounding error entry prints with the balancing amount.

Round to Nearest Whole Unit

- **Round to Nearest Whole Unit.** Specifies whether decimals are printed. Amounts that are greater than or equal to .5 are rounded up to the next highest whole number; smaller amounts are rounded down. Again, the system prints a rounding adjustment on balance sheets.

Comments

- **Print Comments.** On income statements and project activity reports, you have an option to print comments. Comments are useful for storing information such as the names of auditors or accounting firms that review financial statements. Comments are set up using Master Comment Maintenance.

- **Reporting Currency.** A valid currency that the report output should use. Generate reports in any currency, regardless of the currency of the source document.

Correcting Balances on Reports

Problem	Solution
Journal account has wrong balance.	Reopen GL calendar for module. Record adjusting transaction in module. Post transaction to General Ledger module. Post transaction in general ledger. Re-close G/L calendar for module.
GL account has wrong balance.	Reopen GL calendar for general ledger. Record adjusting transaction. Post transaction in general ledger. Re-close G/L calendar for general ledger.

FIN19060

Figure 19-6

Correcting Balances on Reports

You can reprint your financial reports as often as necessary until you are satisfied with the amounts. But what happens if you need to correct the amounts?

**To fix module trans:
Reopen GL calendar
Adj trans in module
Post adj trans in GL**

As we noted earlier, you cannot correct posted transactions directly. If you need to correct amounts that originated outside of general ledger, it is best to reopen the GL calendar for that module, enter the necessary adjusting transactions in that module, then post the transaction in the General Ledger module using Transaction Post.

**To fix GL trans: Adj
trans in Post adj
trans**

On transactions entered directly in the General Ledger module, enter adjusting transactions using Standard Transaction Maintenance and repost them using Transaction Post.

Drill-Down by GL Reference

?

i

x

Enty

Account

Sub-Acct

CC

Project

Daybook

TT

Eff Date

1000

1040

04/01/2003

Finance Class

?

i

x

GL Reference

Eff Date

Batch

Document

Document Type

Amount

AR030516000013

05/16/2003

1014

1001000 1006

P

85.00

AR030516000013

05/16/2003

1014

1001000 1006

P

85.00cr

AR030516000016

05/16/2003

1016

1007

D

20,000.00

AR030517000011

05/17/2003

1009

100 221

P

184.97

AR030517000012

05/17/2003

1010

1004000 402

P

10,000.00

AR030517000012

05/17/2003

1010

1004000 402

P

5,000.00cr

AR030517000012

05/17/2003

1010

1004000 402

P

184.97

AR030517000012

05/17/2003

1010

1004000 402

P

184.97

AP0305220000

AP0305220000

AP0305230000

AP0305230000

?

i

x

Inquiry by Acct with Drill-Down

G/L Transaction List

GL Reference

Eff Date

Entered

User ID

Description

AR030516000013

05/16/2003

05/16/2003

qad

AR Miscellaneous

Line

Enty

Account

Amount

Currency Amount

Cur

1

1000

1040

20,000.00

0.00

USD

2

1000

6201

725.00

0.00

USD

3

1000

2101

20,725.00cr

0.00

USD

←

→

Add Link

FIN19070

Figure 19-7

Find unposted transactions.

To investigate transactions requiring correction, you can use one of several inquiry and report functions in the General Ledger Transaction Menu.

Account Balance

- **Account Balance Inquiry.** Generates a screen of the balances and period activity by account/sub-account/cost center.

Trans by Reference

- **Transaction by Reference Inquiry.** Generates a screen of posted transactions by GL reference number.

Drill-Down

- **Inquiry by Acct with Drill-Down (Figure 19-7).** Generates a list of posted transactions by account/sub-account/cost center. When you enter the account code, you see the GL transactions that referenced the account. By pressing Go or Enter from the GL reference, you can drill down and see the entire transaction. You can also access the batch or document for the GL reference by pressing Tab and then Enter. (On journal entries originating outside of GL, less detail will be available if the entries were posted from the source module in summary form.) For AR batches, the bank code does not display because multiple banks could be associated with an AR batch.

Tran Register

- **Transaction Register.** Produces a report showing all posted transactions. This is a good report to print as a permanent record of activity for the period.
- **Transaction by Account Inquiry.** Creates a list of posted transactions based on various selection criteria. This report is discussed in detail on the following pages.

NEXT: Activity 19.1

Transaction by Account Inquiry



The image shows a software window titled "Transaction by Account Inquiry". The window has a title bar with standard icons (help, info, close). Inside the window, there are several fields and checkboxes for configuring a transaction inquiry. The fields are organized into two columns. The left column contains checkboxes for "Display Foreign Currency" and "Display Detailed Audit Trail", both of which are checked. Below these are fields for "Sort By: Eff", "Display Sub-Totals: No", "Exported: Both", "Effective Date: 01/01/2003", "Sub-Account:", "Cost Center:", "Project:", "Entered Date: 01/01/2003", "Batch:", "Address:", "Document:", "User ID:", "Amount: 0.00", "Currency Amount: 0.00", and "Currency:". The right column contains fields for "Entity: 1000", "Account: 3000", "Effective Date", "Do not display subtotals", "Show exptrtd and unexptrtd", "To: 05/31/2003", "To:", "To:", "To:", "To: 06/02/2003", "To:", "To:", "To:", "To: 0.00", "To: 0.00", and "Transaction Type:". At the bottom right, there is an "Output:" field with a search icon and two arrow buttons. A footer bar at the bottom of the window contains the text "Add Link".

Transaction by Account Inquiry

Entity: 1000 Account: 3000

Display Foreign Currency: ☒
Display Detailed Audit Trail: ☒
Sort By: Eff
Display Sub-Totals: No
Exported: Both
Effective Date: 01/01/2003
Sub-Account:
Cost Center:
Project:
Entered Date: 01/01/2003
Batch:
Address:
Document:
User ID:
Amount: 0.00
Currency Amount: 0.00
Currency:

Effective Date
Do not display subtotals
Show exptrtd and unexptrtd
To: 05/31/2003
To:
To:
To:
To: 06/02/2003
To:
To:
To:
To: 0.00
To: 0.00
Transaction Type:

Output: 

Add Link

FIN19080

Figure 19-8

Transaction by Account Inquiry

Trans by Account

This inquiry is a powerful reporting tool for identifying unbalanced or invalid transactions (see Figure 19-8). It generates a list of posted transactions by account/sub-account/cost center.

Using a series of selection criteria, you can use this inquiry to:

Various Selection Ranges

- Select the transactions to review by entering a range of criteria, including sub-account, cost center, project, batch, document number, user ID, and amount.
- Display more information (such as foreign currency and audit trail information) for each transaction.

Choose sort options.

- Define how you want to sort the selected transactions.

Display subtotals.

- Determine whether to display subtotals.

Grand Totals in Last Screen

- Display various grand totals for the inquiry.

Accept defaults to display one line for each transaction.

The default detailed transactions screen displays one line for each transaction. To display this screen, simply accept all default values for the various options on the inquiry's initial screen.

Display Detailed Audit Trail = Yes

The next screen you can view when you set the option Display Detailed Audit Trail to Yes is the detailed transaction screen. The system displays an additional line for each transaction showing details in the Description, Project Code, Address Code, Document Number, and Document Type fields.

- Note that when you set Display Foreign Currency to Yes, you can also view the exchange rate, foreign currency amount, and currency code for each transaction.

Transaction by Account Inquiry Totals Screen

		Finance Class	3000-SALES	
CC				687.50cr USD
CC	0100			12,725.00cr USD
		Finance Class	3000-SALES	
		Amount Cur	Amount Cur	
		-----	-----	
Total:		687.50cr USD	1,100.00cr ABC	
		12,725.00cr USD	12,725.00cr USD	

Grand Total:		13,412.50cr USD		
Account Balance:		13,412.50cr USD		

FIN19100

Figure 19-9

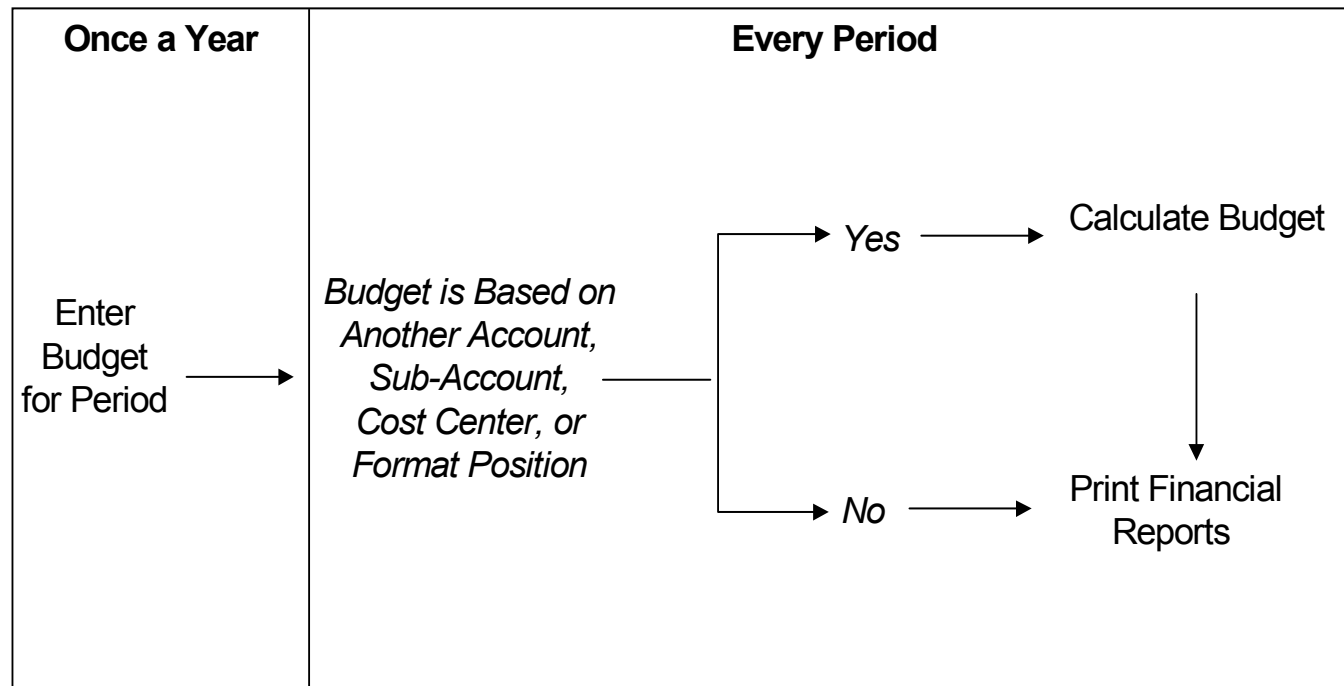
**Display Sub-Totals =
Only**

Figure 19-9 shows the screen displayed when you set Display Sub-Totals to Only. Here the Sort By field is set to CC, so the system displays subtotals for each cost center.

**Grand totals always
display.**

The last screen in the Transaction by Account Inquiry always displays a grand total for the selected transactions in base currency. The totals are broken down by currency.

Budgets



FIN19110

Figure 19-10

Budgets

Every year, you will be entering your budgets for each accounting period in the year. In MFG/PRO, you can:

Enter by period.

- Enter each budget amount manually for each period.

Evenly allocate budget amts.

- Spread a budget amount evenly over each period or allocate a different percentage of the total budget to each period.

Calculate budgets.

- Calculate the budget based on a percentage of transactions from another account, allocation code, sub-account, cost center, or format position.

Use budgets = Yes for comparison with actual.

On the financial statements we discussed earlier, you can print reports that compare actual activity for the period to the budgeted amounts by setting Use Budgets to Yes and specifying the budget code.

**Multiple budgets for same acct, etc.
Same # periods as GL calendar.**

Budgets are set up in Budget Maintenance. You can maintain multiple budgets for the same account, allocation code, sub-account, cost center, or format position by specifying different budget codes. However, you must maintain budgets separately by entity. You also have to set up the same number of budget periods as your GL calendar (GL Calendar Maintenance).

Negative amts for credit balances.

If the normal balance for an account or format position is a credit balance, then the budget should be entered using negative values.

Calculate budgets before printing financials.

If budgets are based on a percentage of the actual activity of another account, sub-account, etc., you must calculate the budget before printing financial reports that include budget information.

Budget Allocated Evenly to Each Period

Budget Maintenance

Entity: 1000
Budget Code: BUDGETY
Account: 7100
Format Position:
Year: 2003
Base Account:
Base Fmt Pos: 0
Default Percentage: .000

Finance Class
1000

Sub-Account:
Cost Ctr:

Auto Spread: ☒ By Percentage: ☐ Yearly Budget: 300,000.00

Pd	Percentage	Budget Amount	Entered
1	0.000	25,000.00	05/31/2003
2	0.000	25,000.00	05/31/2003
3	0.000	25,000.00	05/31/2003 



Add Link

FIN19120

Figure 19-11

Budget Allocated Evenly to Each Period

**Auto Spread = Yes
By % = No**

The system prorates the yearly budget for each period if you set Auto Spread to Yes, By Percentage to No, and enter a Yearly Budget amount.

In Figure 19-11, the Yearly Budget is \$500,000. The system calculated the Budget Amount as 41,666.67. (In all of these examples, there are 12 periods in the GL calendar.)

**Reset on Auto
Spread/By
Percentage**

Note: MFG/PRO resets Auto Spread and By Percentage whenever you access an existing budget code in Budget Maintenance.

**Recalculation if
you change period
budget %/amt.**

Be careful if you change a budget period's percentage or budget amount! For example, if your original yearly budget was \$12,000 and the period budget amount was \$1,000, but you change the budget on one of the periods to \$1,500, your new yearly budget will be \$12,500, and the new period budget amount will be \$1,041.67.

Budget Allocated Differently by Period

Budget Maintenance

Finance Class

Entity: 1000
Budget Code: BUDGETY
Account: 8400
Format Position:
Year: 2003
Base Account:
Base Fmt Pos: 0
Default Percentage: .000
Auto Spread: ☐

Sub-Account:
☒ By Percentage

Cost Ctr:
Yearly Budget: 50,000.00

Pd	Percentage	Budget Amount	Entered
1	25.000	12,500.00	05/31/2003
2	40.000	20,000.00	05/31/2003
3	30.000	15,000.00	05/31/2003 



Add Link

FIN19130

Figure 19-12

Budget Allocated Differently by Period

Manual:

Auto Spread = No
% = 0.00

MFG/PRO offers you two ways to handle this situation. First, you can manually specify the budget amount for each period by setting Auto Spread to No. For each period, leave the Percentage set to 0.00, then enter the budget amount.

Auto:

Auto Spread = Yes
By % = Yes

Or, you can specify a Yearly Budget for the entire year, enter percentages for each period, and let the system calculate the amount. To do this, set both Auto Spread and By Percentage to Yes.

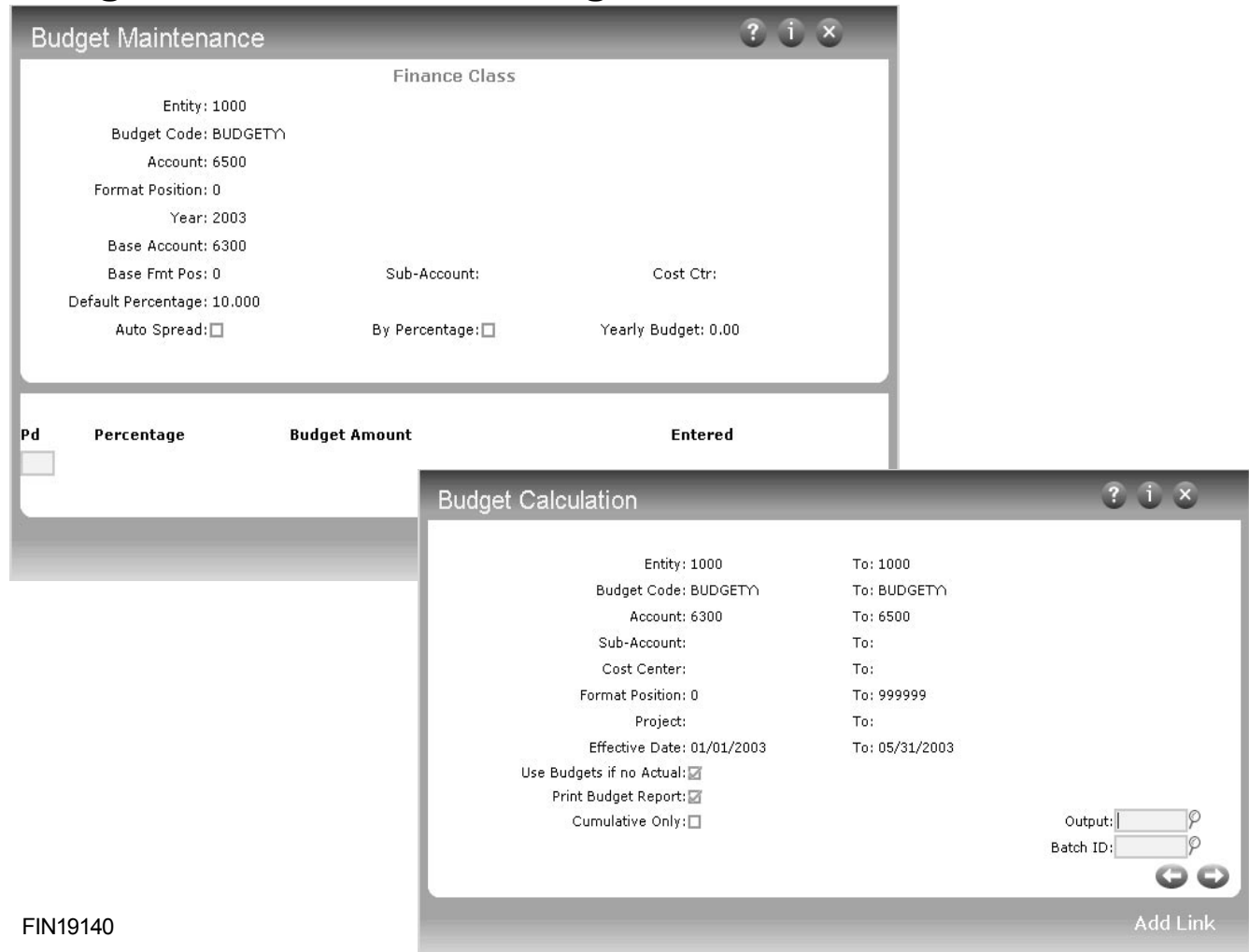
**Specify % by period
or use default period
percentage.**

For each period's budget, you then specify the percentage to allocate to that period, and the system will use the percentage to calculate the budget amount. Or, you can specify a Default Percentage, which becomes the default period percentage.

**Explain above
example.**

In Figure 19-12, the Default Percentage value is 12% and Yearly Budget is \$500,000. Unless you specify otherwise, the period percentage will be 12% and the budget amount \$60,000. In a 12-period year, the system displays a warning that these percentages add up to more than 100%, so be aware that you will have to manually adjust some percentages downward. In the above example for a 12-period year, only \$20,000 (4% of \$500,000) will be left to allocate by period 9. In periods 10, 11, and 12, both the percentage and the amount are zero.

Budget Based on a Percentage



The image shows two overlapping windows from the QAD software. The 'Budget Maintenance' window is in the background, and the 'Budget Calculation' window is in the foreground.

Budget Maintenance

Entity: 1000
Budget Code: BUDGETY
Account: 6500
Format Position: 0
Year: 2003
Base Account: 6300
Base Fmt Pos: 0
Default Percentage: 10.000
Auto Spread: ☐
Sub-Account:
By Percentage: ☐
Cost Ctr:
Yearly Budget: 0.00

Budget Calculation

Entity: 1000
Budget Code: BUDGETY
Account: 6300
Sub-Account:
Cost Center:
Format Position: 0
Project:
Effective Date: 01/01/2003
Use Budgets if no Actual: ☒
Print Budget Report: ☒
Cumulative Only: ☐
To: 1000
To: BUDGETY
To: 6500
To:
To:
To: 999999
To:
To: 05/31/2003
Output:
Batch ID:
Add Link

FIN19140

Figure 19-13

Budget Based on a Percentage

Based on another acct, sub-acct, etc.

For this kind of budget, specify the base account, sub-account, etc. that the budget code should use when you calculate the period budget amounts.

Above example

In Figure 19-13, the budget for period 1 will be based on 5% of sales (account 3000). But you will not have a budget amount until you run the budget calculation for budget DEPT30.

Cannot use auto spread.

Note: For this kind of budget, you cannot use the Auto Spread option—you must specify a default percentage or manually enter the amounts or percentages for each period.

Budget Calculation uses either actual or budgeted amounts.

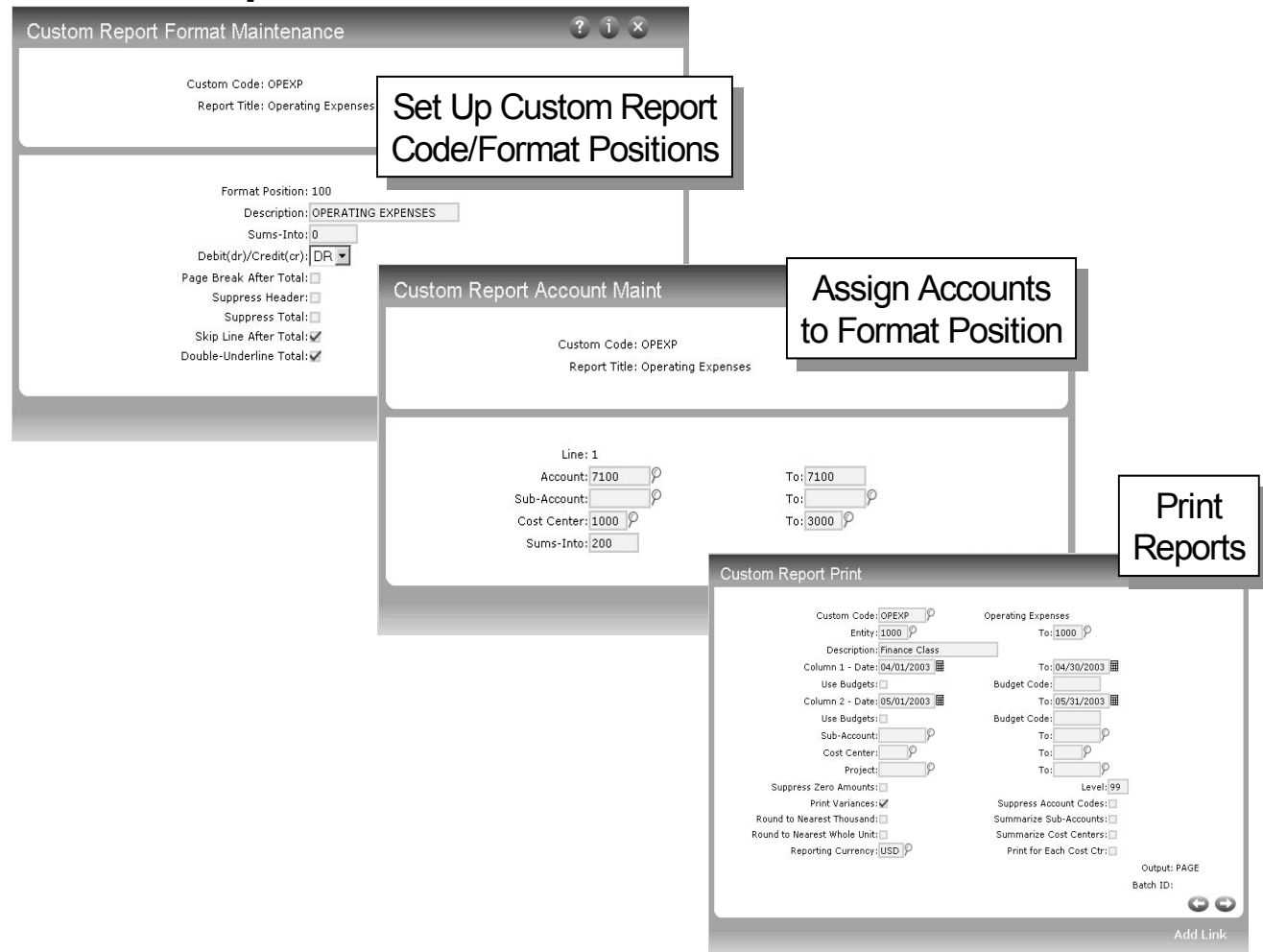
In Budget Calculation, you have the option to calculate the budget amount based on either the actual or the budgeted amount for the budget code's base account, sub-account, etc. If you set Use Budgets if no Actual to No, and there are no actual balances in the base account, the calculated budget will be zero.

Print Budget Report, Cumulative Only

You can also print a report showing the calculated budget amounts by setting Print Budget Report to Yes. The Cumulative Only option enables you to specify how budget amounts are broken down on the report. Yes prints only the cumulative budget amounts for the current fiscal year; No prints a detailed report of each budget amount by fiscal period within the effective date range of the calculation.

NEXT: Activity 19.2

Custom Reports



The image shows a sequence of four overlapping screenshots from the QAD software interface, illustrating the steps to set up and print a custom report. Callout boxes highlight key actions:

- Custom Report Format Maintenance:** Shows the initial setup for Custom Code: OPEXP and Report Title: Operating Expenses. A callout box "Set Up Custom Report Code/Format Positions" points to the Format Position: 100 and Description: OPERATING EXPENSES fields.
- Custom Report Account Maint:** Shows the assignment of accounts to the format position. A callout box "Assign Accounts to Format Position" points to the Line: 1 section where Account: 7100, Sub-Account: , Cost Center: 1000, and Sums-Into: 200 are entered.
- Custom Report Print:** Shows the final print setup screen. A callout box "Print Reports" points to the Print button at the bottom right.

Custom Report Format Maintenance

Custom Code: OPEXP
Report Title: Operating Expenses

Format Position: 100
Description: OPERATING EXPENSES
Sums-Into: 0
Debit(dr)/Credit(cr): DR
Page Break After Total: ☐
Suppress Header: ☐
Suppress Total: ☐
Skip Line After Total: ☒
Double-Underline Total: ☒

Custom Report Account Maint

Custom Code: OPEXP
Report Title: Operating Expenses

Line: 1
Account: 7100
Sub-Account:
Cost Center: 1000
Sums-Into: 200

To: 7100
To: 3000

Custom Report Print

Custom Code: OPEXP
Entity: 1000
Description: Finance Class
Column 1 - Date: 04/01/2003
Use Budgets: ☐
Column 2 - Date: 05/01/2003
Use Budgets: ☐
Sub-Account:
Cost Center:
Project:
Suppress Zero Amounts: ☐
Print Variances: ☒
Round to Nearest Thousand: ☐
Round to Nearest Whole Unit: ☐
Reporting Currency: USD

Operating Expenses
To: 1000
Budget Code:
To: 05/31/2003
Budget Code:
To:
To:
Level: 99
Suppress Account Codes: ☐
Summarize Sub-Accounts: ☐
Summarize Cost Centers: ☐
Print for Each Cost Ctr: ☐

Output: PAGE
Batch ID:
Add Link

FIN19150

Figure 19-14

Custom Reports

Custom Reports Menu

If your company requires specialized reporting, you can create custom reports using functions in the Custom Reports Menu. You can set up an unlimited number of custom reports. To create a report, all you do is set up format positions and then assign accounts, sub-accounts, and cost centers to these format positions.

Define report code, format positions.

In Custom Report Format Maintenance, set up the code for the custom report and define the format positions to appear on it. The format positions control the order in which GL accounts will appear on the report, how they will be totaled, and where page breaks will occur. You can use the same format positions on multiple custom reports. You can also use the same format positions as your regular financial statements, but you will still have to set them up separately.

Custom Report Account Maintenance to specify acct, sub- acct, cc.

In Custom Report Account Maintenance, specify the accounts, sub-accounts, and cost centers that sum into each format position. If you leave the sub-accounts and cost centers blank, transactions for all sub-accounts/cost centers assigned to the account will appear on the custom report. If you do assign sub-accounts or cost centers to the format position, only transactions for those account/sub-account/cost center combinations will appear.

Copy/adjust using Custom Report Copy

To create multiple similar custom reports, use Custom Report Copy and then adjust the format positions or accounts as necessary.

Custom Reports (Continued)

glcrp.p b+		Custom Report Print		Date: 06/03/03	
Page: 1		Finance Class		Time: 13:57:49	
Finance Class		Reporting Currency: USD			
		Exchange Rate:			
Operating Expenses		Activity	Activity		
		04/01/03 To	05/01/03 To		
		04/30/03	05/31/03	Variance	
		-----	-----	-----	
OPERATING EXPENSES					
SALARIES					
7100--1000	SALARIES & WAGES	0.00	0.00	0.00	
7100--2000	SALARIES & WAGES	0.00	0.00	0.00	
TOTAL SALARIES		0.00	0.00	0.00	
TRAVEL/ENTERTAINMENT					
7200--1000	TRAVEL	0.00	0.00	0.00	
7200--2000	TRAVEL	0.00	0.00	0.00	
TOTAL TRAVEL/ENTERTAINMENT		0.00	0.00	0.00	
OTHER					
5100	PURCHASES (EXPENSE	50,000.00	13,300.00	(36,700.00)	
5100--0100	PURCHASES (EXPENSE	0.00	0.00	0.00	
8200	SUPPLIES	0.00	500.00	500.00	
8400	UTILITIES	0.00	0.00	0.00	
8400--0100	UTILITIES	0.00	1,000.00	1,000.00	
8400--0200	UTILITIES	0.00	3,000.00	3,000.00	
8400--0300	UTILITIES	0.00	2,500.00	2,500.00	
8400--0500	UTILITIES	0.00	3,500.00	3,500.00	
TOTAL OTHER		50,000.00	23,800.00	(26,200.00)	
TOTAL OPERATING EXPENSES		50,000.00	23,800.00	(26,200.00)	
		=====	=====	=====	

FIN19160

Figure 19-15

**Custom Report Print
to print**

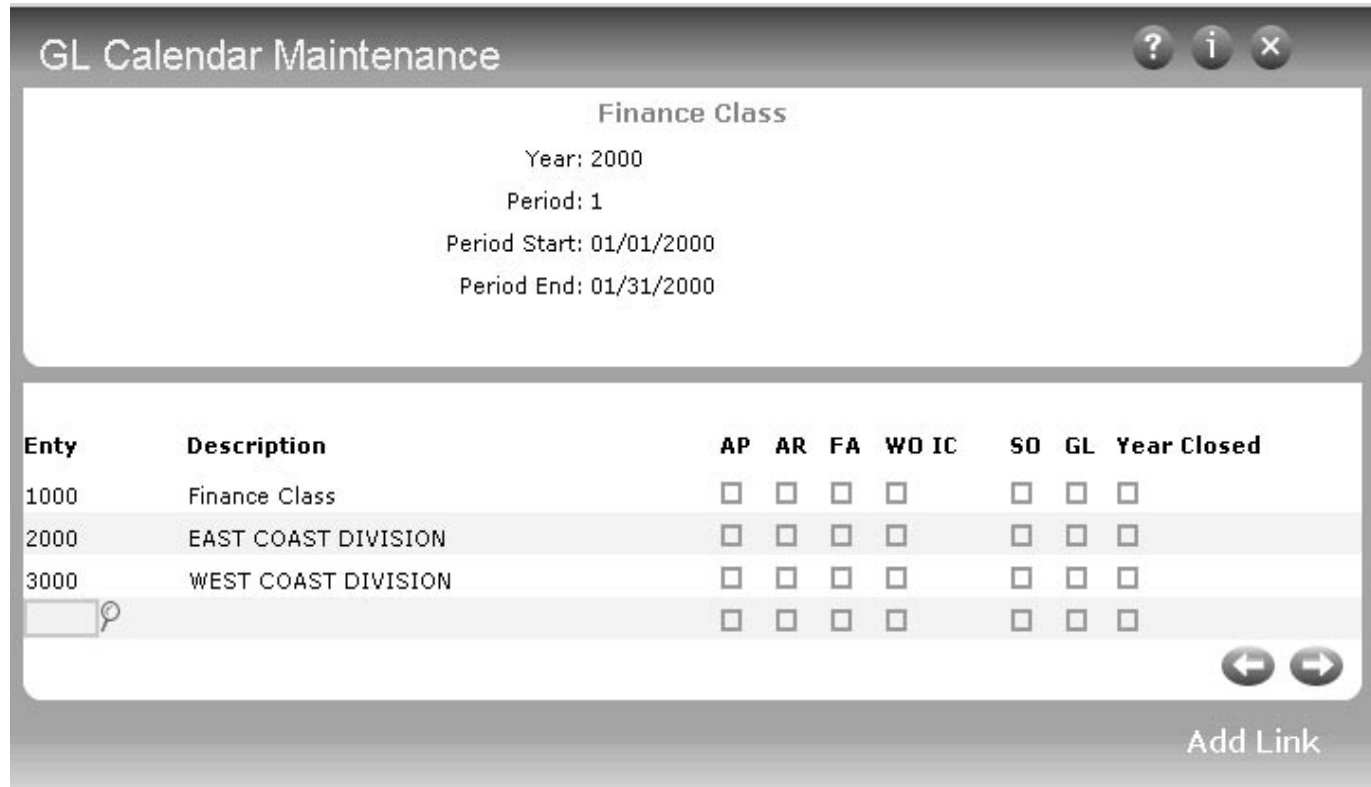
Custom reports are printed using Custom Report Print. Figure 19-15 shows a sample custom report.

**Print for each
cc option.**

Print for Each Cost Center is used for custom reports that have been set up without specifying a cost center range. For example, to print expense reports by department, you do not need to reference specific cost centers—just leave the cost center ranges blank; set Print for Each Cost Center to Yes.

NEXT: Activity 19.3

Closing the GL Calendar to GL



GL Calendar Maintenance

Finance Class

Year: 2000

Period: 1

Period Start: 01/01/2000

Period End: 01/31/2000

Enty	Description	AP	AR	FA	WO IC	SO	GL	Year Closed
1000	Finance Class	☐	☐	☐	☐	☐	☐	☐
2000	EAST COAST DIVISION	☐	☐	☐	☐	☐	☐	☐
3000	WEST COAST DIVISION	☐	☐	☐	☐	☐	☐	☐
		☐	☐	☐	☐	☐	☐	☐

← →

Add Link

FIN19170

Figure 19-16

Closing the GL Calendar to GL

Close calendar to GL after reports are printed/corrected.

After you have printed (and corrected) all your financial statements and reports for the period, you must close the period to the General Ledger module, using the same function you used earlier to close the period to activity in the other modules, GL Calendar Maintenance (Figure 19-16).

Reopen periods any time before year-end close.

If you need to make corrections to closed modules or General Ledger periods, you can reopen the periods at any time during the year until you execute the year-end close.. To reopen a closed GL period, reset the GL flag to No, enter and post the correction, and set the flag back to Yes to close the period. Once the GL flag is set to Yes, you can reopen and close the period to specific transaction types by setting the flags for AP, AR, FA, WO/IC, PR, and SO transactions.

Year-End Close

Transaction Year-End Close

Entity: 1000
Year to be Closed: 2000

Finance Class

Add Link

GL Calendar Maintenance

Finance Class

Year: 2000
Period: 1
Period Start: 01/01/2000
Period End: 01/31/2000

Enty	Description	AP	AR	FA	WO IC	SO	GL	Year Closed
1000	Finance Class	☒	☒	☒	☒	☒	☒	☒
2000	EAST COAST DIVISION	☐	☐	☐	☐	☐	☐	☐
3000	WEST COAST DIVISION	☐	☐	☐	☐	☐	☐	☐

Add Link

FIN19180

Figure 19-17

Year-End Close

YR transaction closes GL calendar.

When the fiscal year is closed, a type YR (year-end) transaction is created that posts the net profit/loss to the retained earnings account identified in General Ledger Control. The year-end close also updates the Year Closed setting in GL Calendar Maintenance to Yes.

Cannot reopen closed FY.

You cannot reopen a closed fiscal year. If you absolutely have to make an adjustment to a closed year, you can record it using Retroactive Transaction Maintenance, which we will cover next. However, you can still print reports for the year after it has been closed.

Close previous year before printing next year's reports!

Note: If you print a balance sheet or trial balance for the new fiscal year without closing the previous year, the reports will be wrong because the accounts will include the balances for the previous year as well as for the current one.

Retroactive Transactions

Retroactive Transaction Maint?ix

Finance Class

GL Reference: RA030603000000: Type: RA Effective: 12/31/2000 Period: 12/2000
Currency: USD Control: 1,000.00 Base Total: 0.00
Daybook: SYSTEM Entry Number: Correction: ☐

Line	Account	Project	Enty	Description	Cur	Amount
1	7200		1000	Dec. 2000 Tra	USD	1,000.00
2	2100		1000	Dec. 2000 Tra	USD	-1,000.00
3			1000			

← →
Add Link

FIN19190

Figure 19-18

Retroactive Transactions

Type RA Tans

Use Retroactive Transaction Maintenance to add or maintain transactions to a fiscal year that has been closed in the year-end close (Figure 19-18). This function creates a type RA transaction and automatically makes any necessary adjustments to retained earnings.

Should not use this if you have already published last year's reports!

Note: We recommend you exercise caution in the use of this function, particularly if you have already produced and published your financial reports for the year. This function should be password-secured.

Transaction Consolidation

<i>Before Consolidation</i>		<i>Unbalanced Transactions After Consolidation</i>	
JL #1	1200 500	3000 500	CS #1 1200 300
JL #2	1040 200	1200 200	3000 500
			1040 200

FIN19200

Figure 19-19

Transaction Consolidation

Consolidation frees database space.

Once transactions are posted, you cannot delete them. However, to free up database space, you can use Transaction Consolidation to combine transactions from a specified period into a single transaction for each account, sub-account, cost center, and project. This consolidation feature saves database space.

Type CS Trans

Consolidation combines the posted transactions for each period by account, sub-account, cost center, and project. Each consolidation transaction is assigned a GL reference number beginning with CS, followed by the effective date and a sequential number.

Do not consolidate by acct, sub-acct, cc, or range of entities.

Use caution in selecting by account, sub-account, or cost center. Although it works correctly, it will leave you with one-sided transactions, as shown by the above example. For similar reasons, we recommend that you do not consolidate transactions for a range of entities. Also, consolidations should be done by period rather than by year. You might choose to consolidate for six periods ago and earlier in order to preserve more current detail in the GL.

Period rather than year.

Print report first.

You can produce a report that shows how transactions will be consolidated by setting Audit Trail Report to Yes and Consolidate to No.

Password-Protect

This function should be password-secured.

Security

Set Up For...

- GL Reports
- GL Calendar Maintenance
- Transaction Year-End Close
- Transaction Consolidation
- Retroactive Transaction Maintenance
- Year End Adjustment Transaction

FIN19210

Figure 19-20

Security

Security for:

To restrict access to confidential company information to authorized personnel, we recommend that you set up menu or password protection for the following GL reporting and period-end functions:

- GL reports in menus
- GL Calendar Maintenance
- Transaction Year-End Close
- Transaction Consolidation
- Retroactive Transaction Maintenance

As we mentioned in Lesson 17, security for user IDs and user groups is set up using functions in the System Security Menu of the Manager Functions module.

Lesson 20: Multiple Entities (Optional)

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Accounts Receivable Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN20010

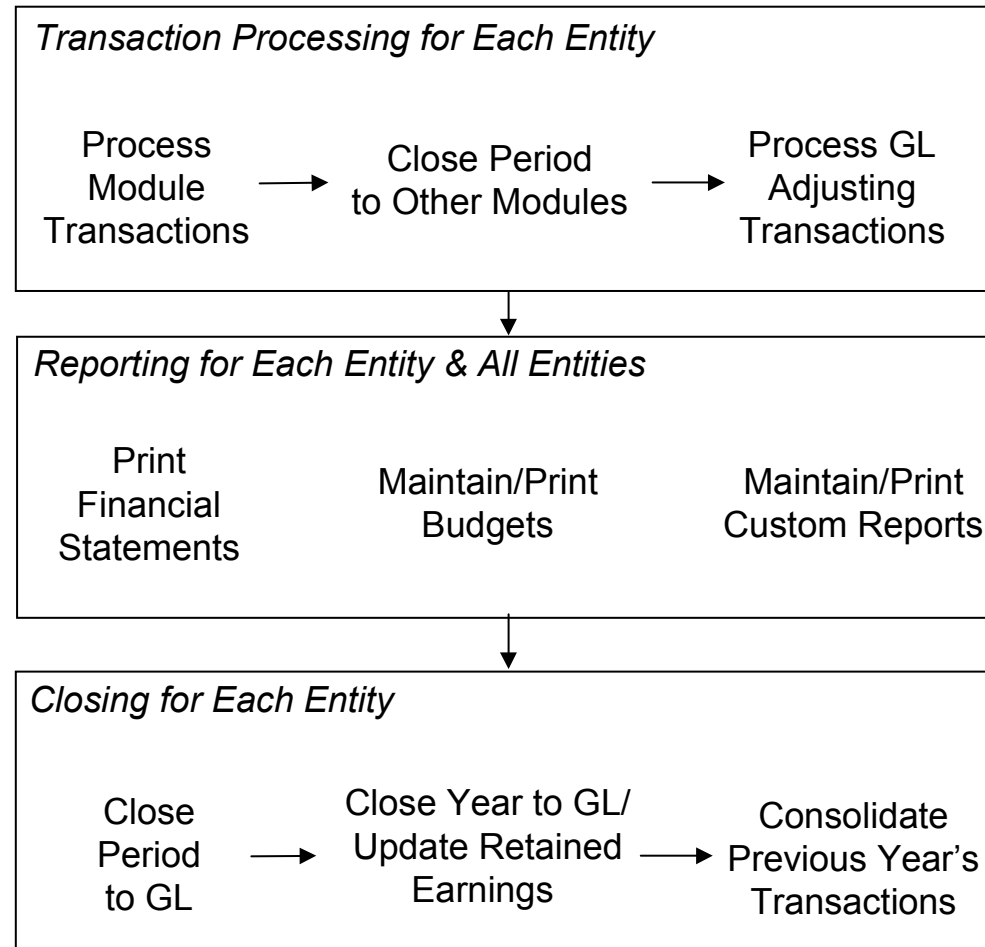
Figure 20-1

Lesson 20: Multiple Entities (Optional)

Multiple Entities/ Database

Up to now, we have been dealing only with transactions that take place within one entity and database; however, MFG/PRO supports multiple entities within a single database and multiple entities in multiple databases. In this lesson, we will review processing in multi-entity and database environments.

GL Processing Flow (Single Database)



FIN20020

Figure 20-2

GL Processing Flow (Single Database)

Briefly review processing from previous lessons.

By now, you should have a good picture of where GL transactions come from, how they are posted to the GL, what GL reporting looks like, and how to close fiscal periods and years.

Most companies have multiple entities.

Up to now, we have discussed all of these activities under the assumption that only one entity is involved. In reality, large corporations often have multiple financial entities.

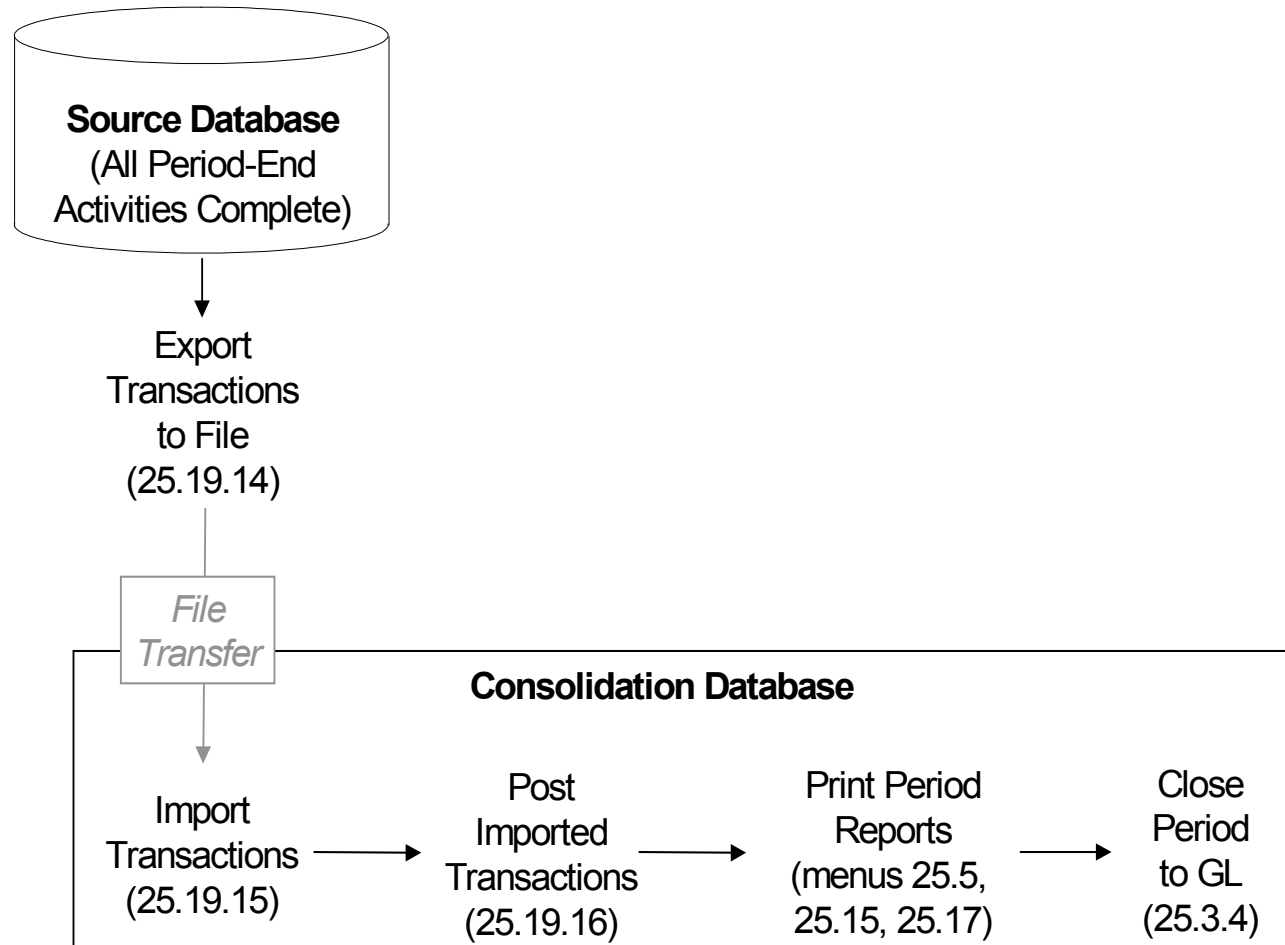
Multi-Entity, Single Database

If all the entities are in the same database, GL processing is much the same as for single entities, as you can see from the above diagram.

Processing/close by entity, for range of entities.

Transaction processing and period-/year-end close are done by entity and reporting is done both by entity and for the range of entities. There are a few procedural considerations that you need to understand, which we will discuss at the beginning of this lesson.

GL Processing Flow (Multiple Databases)



FIN20030

Figure 20-3

GL Processing Flow (Multiple Databases)

Corporate consolidations in one DB.

In addition to having multiple entities, companies often have multiple databases. In these instances, corporate-level reporting is consolidated in one database.

Export to file.

After all period-end processing is complete in the source database, you export the transactions to an ASCII file and transfer them to the working directory of the consolidation database (e.g., by copying the file to a diskette or sending the file over a network).

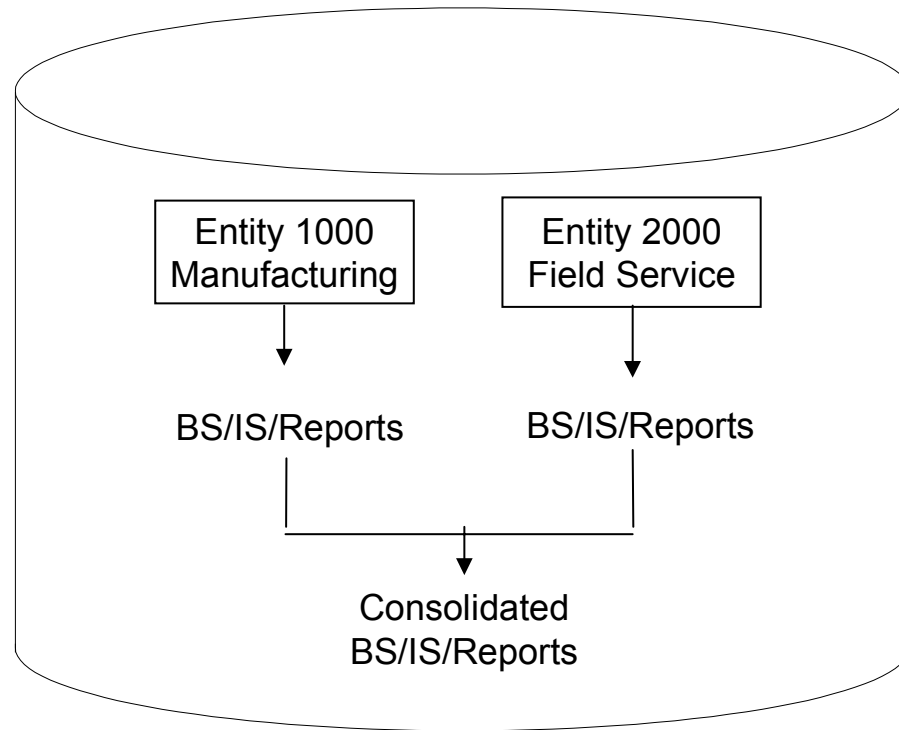
Import by cons DB. Corrections in source DB.

From the consolidation database, you then import and review these transactions. If corrections are necessary, they must be made in the source database and the adjusting entries must be exported and imported.

Export/import discussed later in this lesson.

Later in this lesson, we will look at the export/import functions in more detail.

Multiple Entities in Same Database



FIN20040

Figure 20-4

Multiple Entities in Same Database

All entities in same DB. Same processing as for single entity.

Explain above example.

The simplest example of a multi-entity company is one in which all entities reside in the same database. In these environments, the transaction processing steps are the same as in single-entity businesses. Reports are prepared at both the entity and corporate levels.

In Figure 20-4, the business consists of two distinct companies: Entity 1000, a manufacturing operation and Entity 2000, a field service office. Transactions for both entities are stored in the same database. Both entities print individual financial statements, but the business also prepares consolidated statements.

Default Entity for GL Transactions

The figure shows three overlapping screenshots of the QAD software interface, each with a callout box explaining its function:

- Entity Code Maintenance**: A window for managing entity codes. It shows fields for Entity (1000), Description (Finance Class), Primary Entity (checked), Currency (USD), Post Translation Adj to (B/I) (Bal Sheet), Posting Audit Trail Page Nbr (0), and Company Address (10000000). A callout box labeled "Default Entity" points to the Primary Entity checkbox.
- Current Entity Change**: A window showing the current default entity (2000) and new entity currency (USD) for the EAST COAST DIVISION. A callout box labeled "Changes Default Entity for a User Session" points to the "Current Default Entity" field.
- Entity Code Change**: A window showing the change of an entity code from 1000 to 1500 for the Finance Class. A callout box labeled "Changes Entity in GL History!" points to the "New Entity" field.

Below the screenshots, the text "FIN20050" is displayed.

Figure 20-5

Default Entity for GL Transactions

Primary entity is default entity in GL module.

When you record a GL transaction in a multi-entity database, the system assumes that the transaction applies to the primary entity designated in Entity Code Maintenance. The primary entity is the default entity for transactions created in the General Ledger module.

Current entity change for user session.

If the majority of transactions during a day are for an entity other than the primary entity, you can change the default entity for the duration of the user session using Current Entity Change. If you change the current entity, all your GL screens will default to this entity.

Affects only you, only for this session.

The change does not affect other users logged onto the same database, and once you log off the system, the current entity will revert to the primary entity. Also, the change affects only transactions created in the General Ledger module; all other transactions will still default to either the entity associated with the site, on transactions that update inventory) or the system entity from System/Account Control.

Not same as entity code change!

Note: MFG/PRO has another function that deals with entity codes called Entity Code Change that is used to change entity codes on previously posted GL transactions. An occasion when you might use it is if your company is acquired by another company and the new management wanted a different entity code used. *Do not use Entity Code Change to change the current entity for a user session!*

Unbalanced Transactions

Cash Transfer Between Entities 1000 and 2000 Entered as a Standard GL Transaction

*GL Control File (25.24),
Balanced Entities = No*

Balanced Entities = Yes

*In the general ledger,
you must enter the
offsetting transactions
account.*

Transaction A Entity 1000 Cash 800	Entity 2000 Cash 800
Transaction B Entity 1000 Cash 800 Intercompany 800	Entity 2000 Cash 800 Intercompany 800

FIN20060

Figure 20-6

Unbalanced Transactions

Transactions unbalanced within entity.

Transaction processing in a multi-entity/single-database environment is the same as in a single-entity company. However, an important consideration is keeping your GL transactions balanced.

Explain above example.

Continuing the previous example, suppose the accounting department transfers cash from entity 1000 to entity 2000. Cash would be credited at entity 1000 and debited at entity 2000 (see transaction A above). Therefore, the debits and credits between entities would balance. However, within each entity there would be no corresponding counter entry unless you debit and credit the intercompany accounts as illustrated by transaction B.

To prevent unbalanced transactions within an entity, MFG/PRO automatically creates balancing entries for the appropriate inventory, AP, or AR intercompany account (see above example).

To prevent unbalanced transactions across entities, such as deleting intercompany balancing transactions in the general ledger, MFG/PRO has a safety feature called the Balanced Entities field in General Ledger Control.

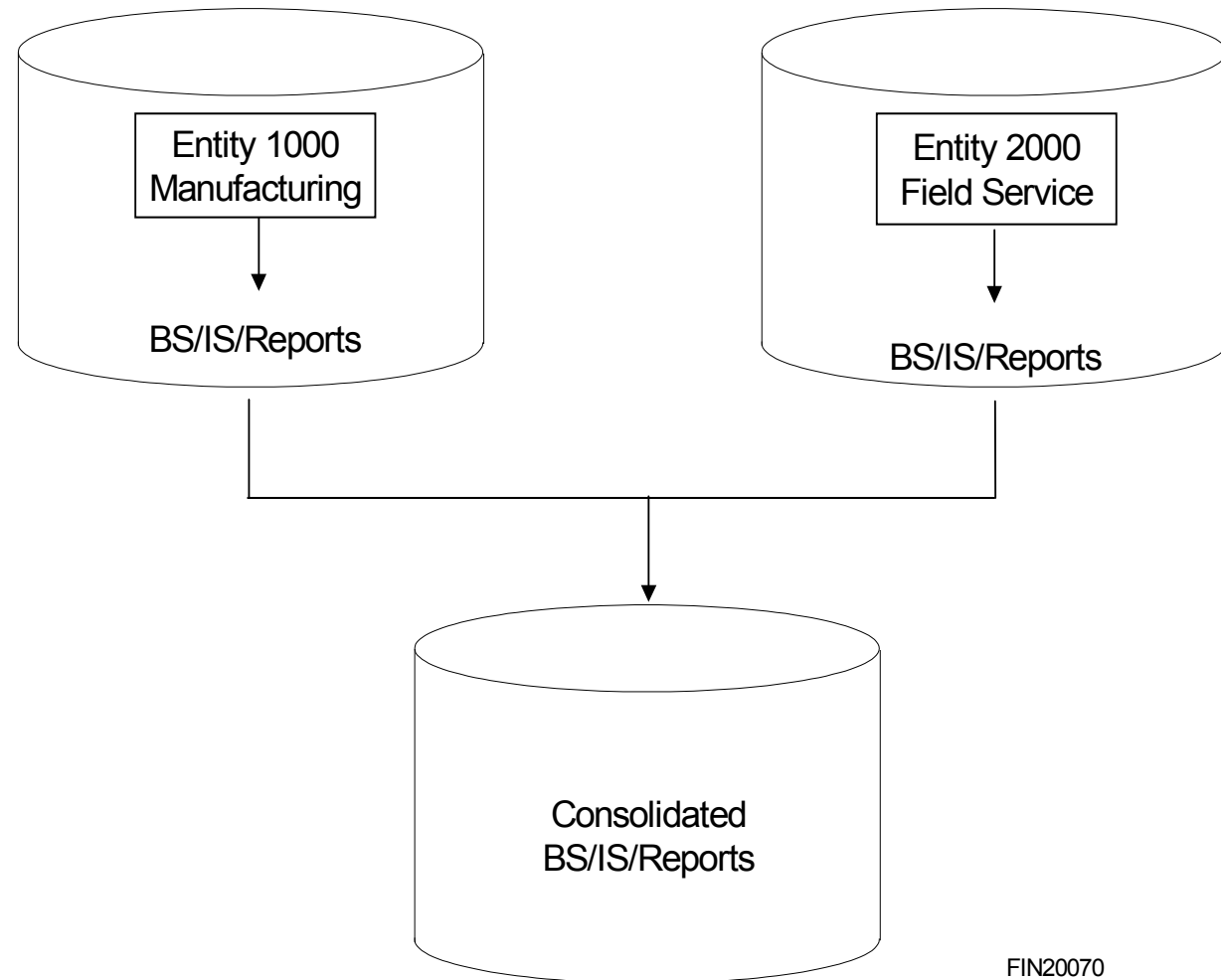
If the Balanced Entities field is set to Yes, you cannot post transactions that created unbalanced entities. A warning message appears and you must rebalance the transaction manually. (Unbalanced transactions across entities can occur during manual GL entries. You need to balance these figures before they are entered.)

If the Balanced Entities field is set to No, transactions will post without a warning message. Unbalanced entities prevents you from printing balanced statements by entity. You can only print consolidated statements.

Multi-entity/single DB not for everyone.

For several reasons, storing several entities in the same database is not always practical, advisable, or even possible. In the next few pages, you will see why.

Multiple Entities in Multiple Databases



FIN20070

Figure 20-7

Multiple Entities in Multiple Databases

Multiple DB when:

Multiple-entity businesses usually use multiple databases for several reasons.

Different base currencies.

In MFG/PRO, separate databases are required whenever the entities have different base currencies, charts of accounts, and GL calendars.

Sites physically separated. Separate DBs for each activity.

A business may also use multiple databases if the company sites are physically separated or a single database is used for separate activities. In the above example, separate databases are used for manufacturing and field service, and consolidated corporate reporting is done from a third database.

Site/Entity Security

Separate databases are often used to ensure site and entity security. You can set up entity security for the General Ledger module, but it does not provide protection elsewhere in MFG/PRO. The only way to prevent a user at one site or entity from viewing data for another site or entity is to create separate databases.

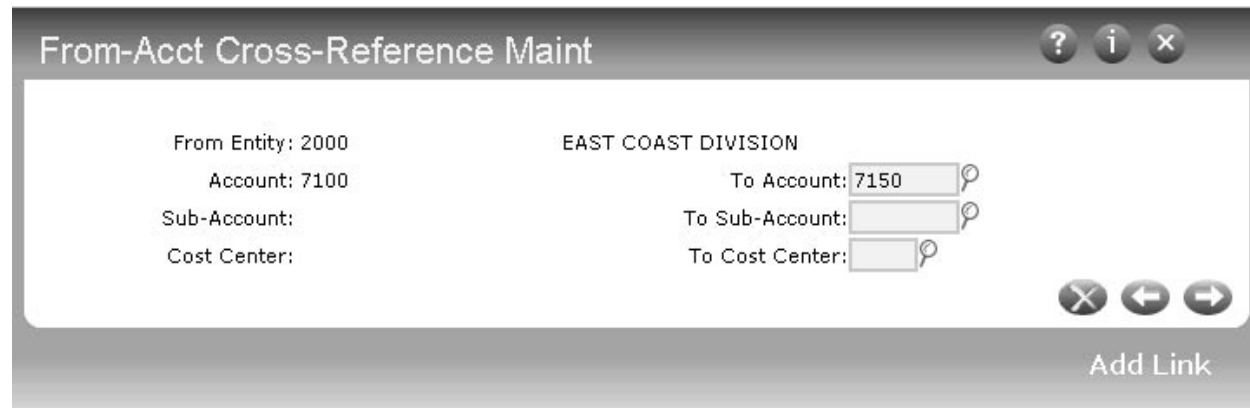
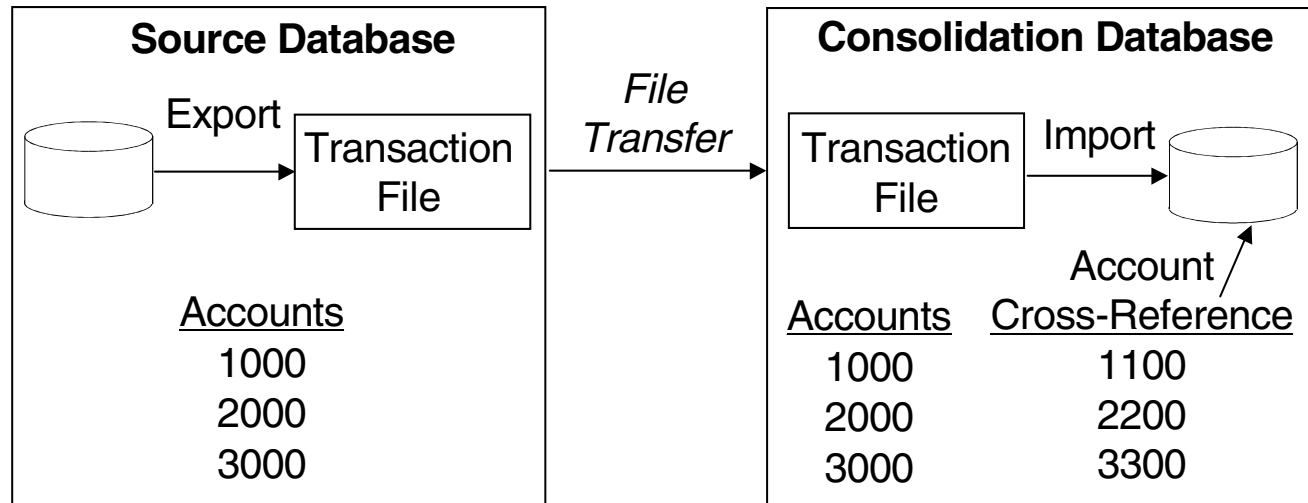
Store all info for entity in same DB.

Whenever possible, store all information for an entity in the same database. Otherwise, transactions for each entity must be transferred to a consolidation database before you can generate entity-level reports.

More processing steps for multiple DB companies.

In the rest of this lesson, we will go through the additional steps required for GL processing in multiple database environments.

Account Cross-References



From-Acct Cross-Reference Maint

From Entity: 2000
Account: 7100
Sub-Account:
Cost Center:

EAST COAST DIVISION

To Account: 7150
To Sub-Account:
To Cost Center:

Buttons: ? i x

Buttons: X ← →

Add Link

Account Cross-References

Source/destination DB must have same chart of accts.

In addition to having synchronized GL calendars, the source and destination databases must also have synchronized charts of accounts. Most of the time, all the databases will be using the same chart of accounts, so that is not a problem.

Set up acct cross-references when this is not possible.

However, sometimes multiple charts of accounts are required, especially in multinational environments. For example, the corporate office may use one chart of accounts, but it may have a subsidiary in a country such as France, which requires all companies to use a government-mandated chart of accounts. In these instances, transactions cannot be transferred between databases unless account cross-references for the source entity are set up in the consolidation database. This is done using From-Account Cross-Reference Maintenance.

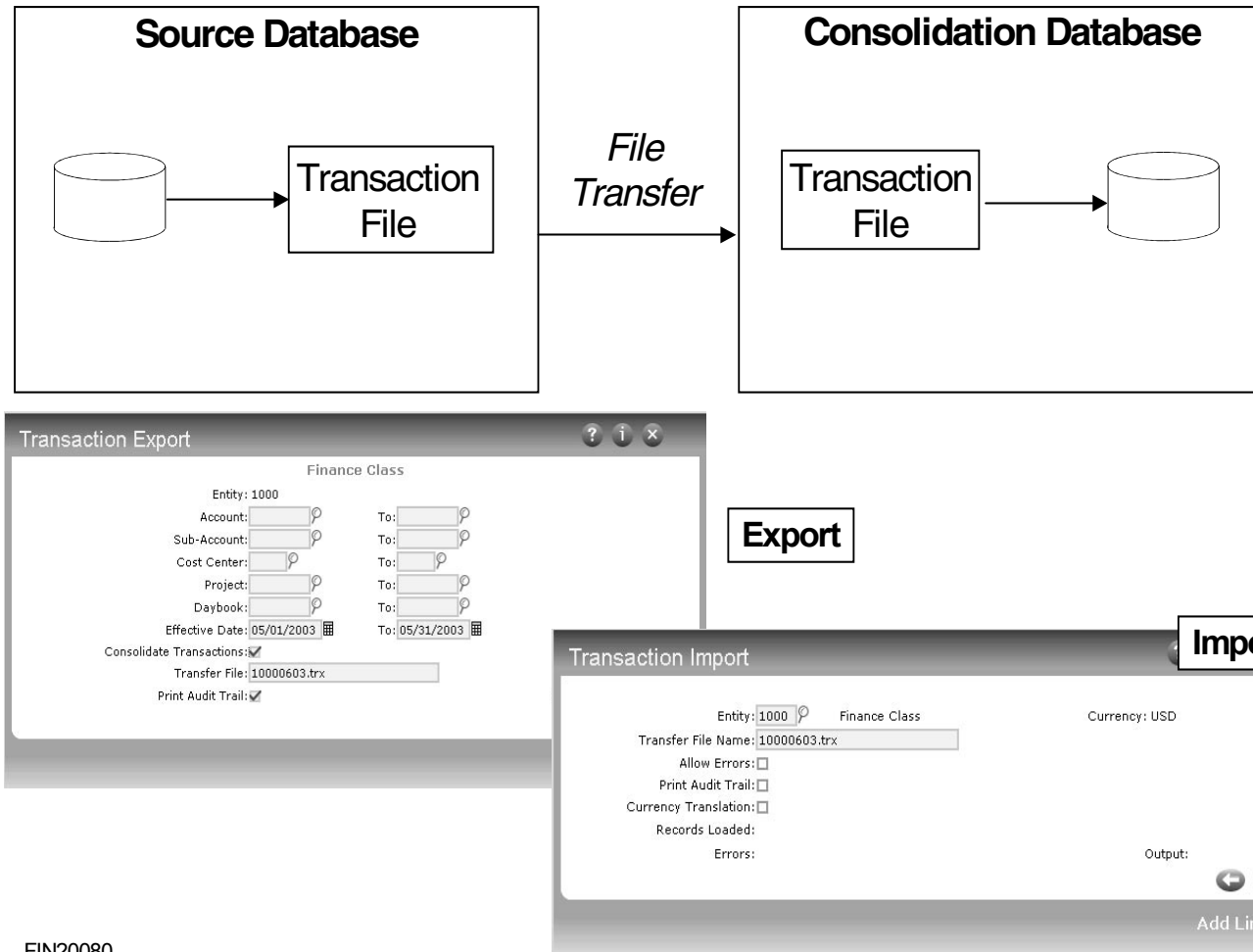
Check for cross-reference during import.

During import, MFG/PRO checks for an account cross-reference. If none exists, the transaction is imported to the same account code as in the source database.

Error at posting if corresponding acct does not exist.

Note: Although the system allows you to import transactions that do not have corresponding account codes in the consolidation database, you will get an error message when you try to post them.

Transaction Export/Import



FIN20080

Figure 20-8

Transaction Export/Import

Export

After you finish all the period-end transaction processing and reporting in each source database, export the posted transactions to an ASCII file using Transaction Export. An export file name can have a maximum of eight characters in the format <entity><MMDD>.trx.

Filename Format
<entity><MMDD>
.trx

Import

Then transfer this file (by copying it, transmitting it over a network, etc.) to the working directory of your consolidation database. If the consolidation database also uses MFG/PRO, import the exported transactions using Transaction Import.

Export/import
databases must have
same date format.

Note: When exporting and importing files between databases in different countries, make sure that both the export and import databases are using the same date format. For example, if your export database uses DD/MM/YY (day/month/year), the import database must also use DD/MM/YY.

Consolidation at Export

qltrimp.p 2+ 06/03/03 Page: 1 16:33:15				Transaction Export				Date:	
				Finance Class				Time:	
Enty	Account	Project	GL Reference	Line	Eff Date	Description	Amount	Currency	Amount
Cur									
--									
1000	1040		JL030529000001	3	01/01/03	Promotion	1,600.00cr		0.00
USD									
1000	1040		CS030131000000	0	01/31/03	CR10000603.trx	1,600.00cr		0.00
USD									
1000	7200--1000	1001ADV	JL030529000001	1	01/01/03	Promotion	1,100.00		0.00
USD									
1000	7200--1000	1001ADV	CS030131000000	1	01/31/03	DR10000603.trx	1,100.00		0.00
USD									
1000	7200--2000	1001ADV	JL030529000001	2	01/01/03	Promotion	500.00		0.00
USD									
1000	7200--2000								
USD									
				qltrimp.p 2+ Page: 1				Transaction Import	
				Finance Class				Date: 06/03/03 Time: 16:38:11	
1000	1200								
USD									

FIN20090

Figure 20-9

Consolidation at Export

**Do not consolidate
for foreign currency
accts.**

By default, the export consolidates the exported transactions to preserve database space. (However, you should not consolidate when you are exporting transactions for foreign currency accounts.)

**Export creates CS
transaction.**

Consolidation creates a single transaction in the format CS<M>YY><transaction number> whose effective date is the last day of the period associated with the original transaction's effective date. For example, if the original transaction had an effective date of July 7 and the GL period ended on July 31, the CS transaction would have an effective date of July 31, not July 7. (When you export in detail rather than consolidated mode, the original transactions are exported at the original effective date.)

**Import creates XX
transaction.**

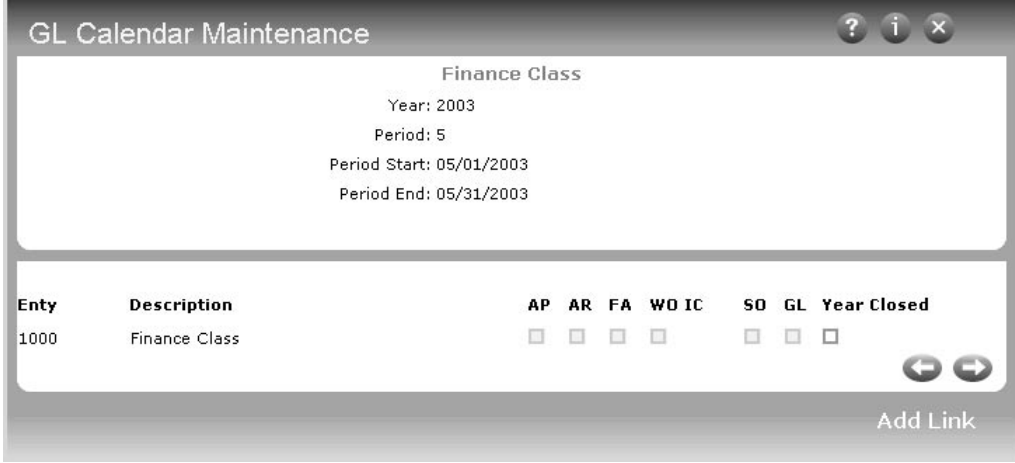
In the consolidation database, Transaction Import assigns all imported transactions (both consolidated and detail) a GL reference number of XX<M><YYMMDD><transaction number>. In the example, the imported transaction is XX940707000005.

**Back up before
export/import!**

Note: Make a backup of your system before you export or import transactions! Once you have transferred the transactions for the period, you cannot reexport or reimport them; however, you can still run reports on the transactions in the source database.

GL Calendars

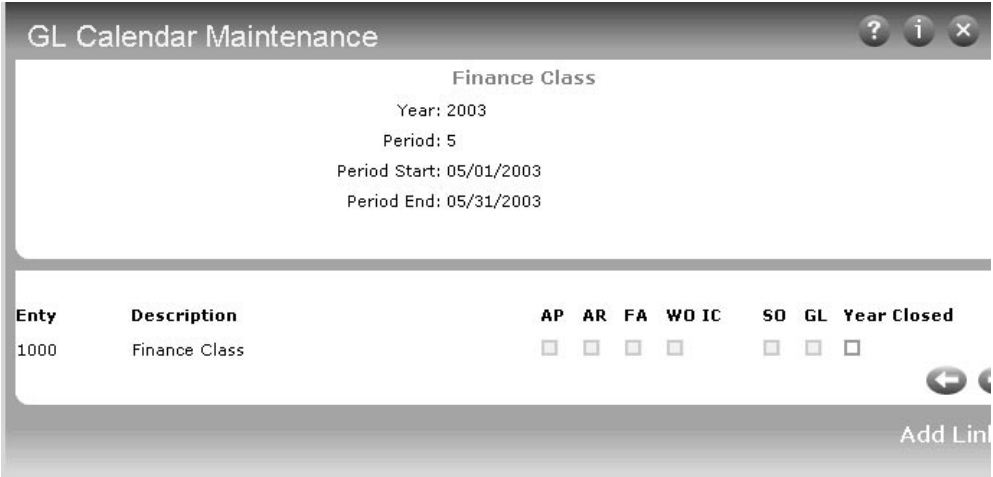
Source Database



Enty	Description	AP	AR	FA	WO IC	SO	GL	Year Closed
1000	Finance Class	☐	☐	☐	☐	☐	☐	☐

Same As

Consolidation Database



Enty	Description	AP	AR	FA	WO IC	SO	GL	Year Closed
1000	Finance Class	☐	☐	☐	☐	☐	☐	☐

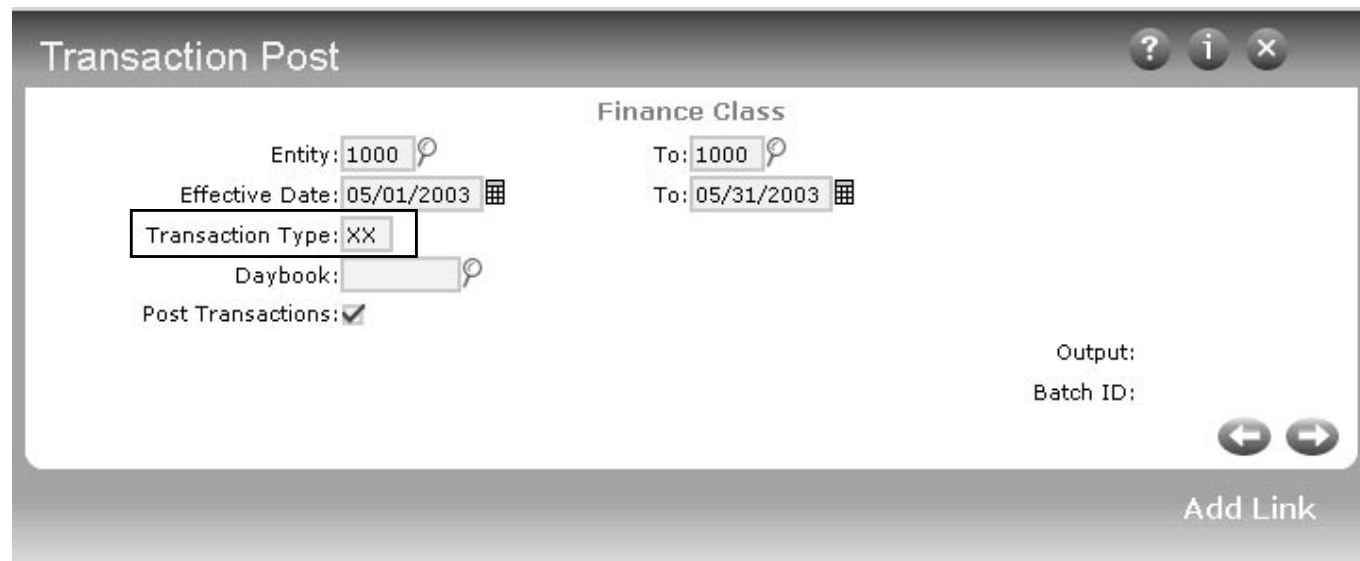
FIN20100

Figure 20-10

GL Calendars

In multi-database environments in which transactions are exported and imported between databases, GL calendars must be synchronized for all entities (Figure 20-10). However, you can close and open calendar periods individually within each entity.

Transaction Post



The image shows a 'Transaction Post' dialog box with a title bar containing help, info, and close buttons. The dialog is divided into two main sections: 'Entity' and 'Finance Class'. The 'Entity' section includes fields for 'Entity' (1000), 'Effective Date' (05/01/2003), 'Transaction Type' (XX), 'Daybook', and a checked 'Post Transactions' checkbox. The 'Finance Class' section includes fields for 'To' (1000) and 'To' (05/31/2003). On the right side, there are labels for 'Output:' and 'Batch ID:'. At the bottom right, there are left and right arrow buttons and an 'Add Link' button.

Field	Value
Entity	1000
Effective Date	05/01/2003
Transaction Type	XX
Daybook	
Post Transactions	☒
Finance Class To	1000
Finance Class To	05/31/2003

FIN20120

Figure 20-11

Transaction Post

Correct/post after import.

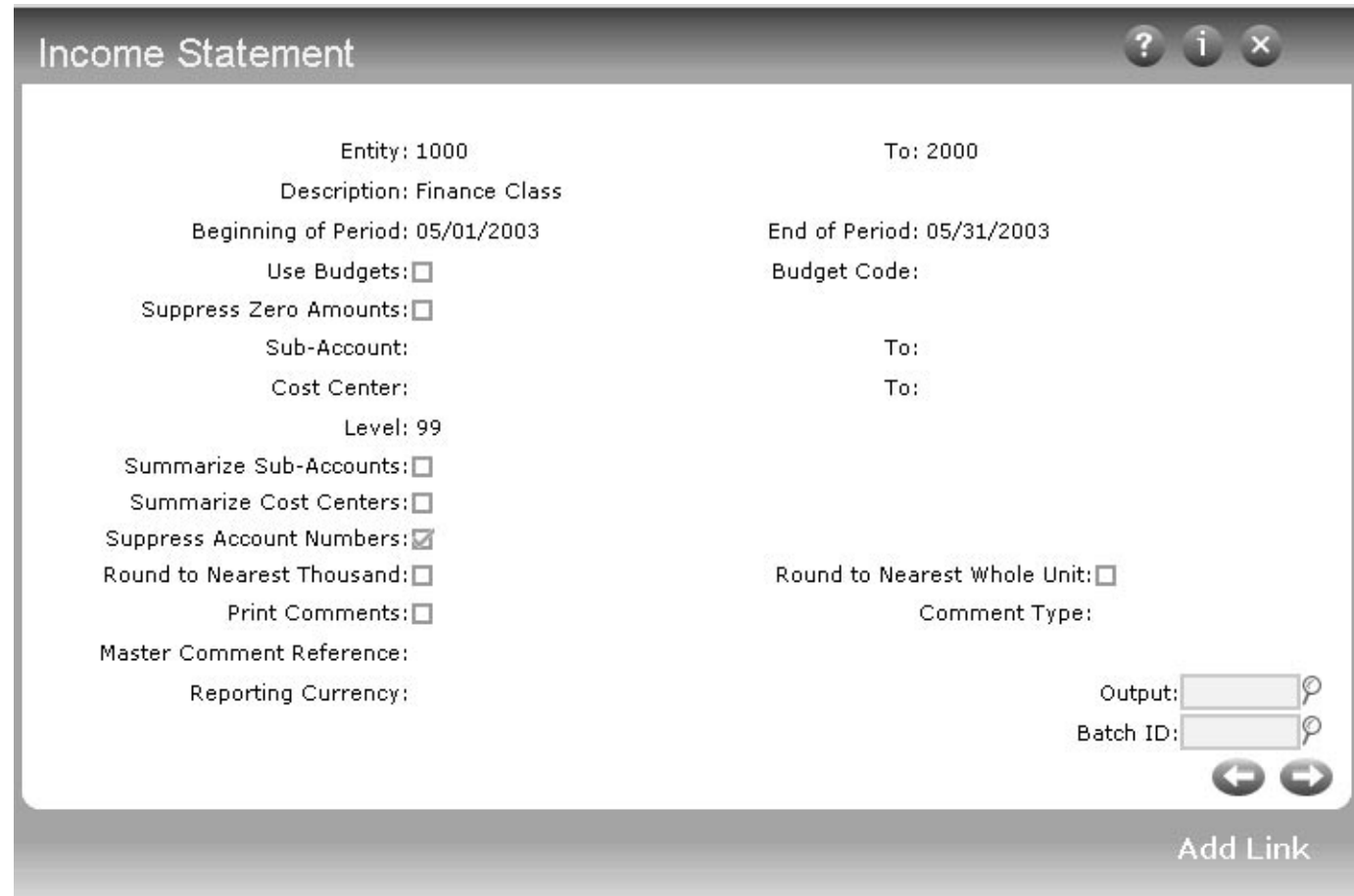
After you import the transactions into the consolidation database, you then have to post them before they are included in reports. Imported transactions are not automatically posted by the import—this gives you a chance to edit or delete them prior to posting.

Post also from Transaction Post

For convenience, Transaction Post (Figure 20-11) is also accessible from the Transaction Import/Export Menu. Imported transactions can be selected for posting using transaction type XX.

Select type XX.

Consolidated Reporting



The image shows a software window titled "Income Statement" with a standard Windows-style title bar containing help, info, and close buttons. The window is divided into two main columns for inputting report parameters. The left column includes fields for Entity (1000), Description (Finance Class), Beginning of Period (05/01/2003), and checkboxes for Use Budgets, Suppress Zero Amounts, Summarize Sub-Accounts, Summarize Cost Centers, Suppress Account Numbers (checked), Round to Nearest Thousand, Print Comments, Master Comment Reference, and Reporting Currency. The right column includes fields for To: 2000, End of Period (05/31/2003), Budget Code, To: (empty), To: (empty), Round to Nearest Whole Unit (checkbox), Comment Type, Output (text box with a magnifying glass icon), and Batch ID (text box with a magnifying glass icon). At the bottom right, there are left and right arrow buttons and an "Add Link" button.

Income Statement

Entity: 1000 To: 2000

Description: Finance Class

Beginning of Period: 05/01/2003 End of Period: 05/31/2003

Use Budgets: ☐

Budget Code:

Suppress Zero Amounts: ☐

Sub-Account: To:

Cost Center: To:

Level: 99

Summarize Sub-Accounts: ☐

Summarize Cost Centers: ☐

Suppress Account Numbers: ☒

Round to Nearest Thousand: ☐

Round to Nearest Whole Unit: ☐

Print Comments: ☐

Comment Type:

Master Comment Reference:

Output:

Batch ID:

← →

Add Link

FIN20130

Figure 20-12

Consolidated Reporting

Print cons reports after transactions imported/posted.

Once you have imported and posted transaction information from all entities, you can generate the consolidated reports. To print consolidated financial reports in MFG/PRO, enter the entity range in the report selection criteria. This enables you to produce statements for all entities or a group of entities. Figure 20-12 shows how you would print a consolidated income statement for entities 1000 to 2000.

All entities included in specified range.

When you specify an entity range on a report, all entities in the range will be included. For example, suppose your company has the following subsidiaries:

<u>North America</u>	<u>Europe</u>
United States	France
Canada	Spain
	Italy

Separate number ranges.

In order to print a separate consolidated report for the European subsidiaries, the American and European entity codes must have separate number ranges (e.g., 1000-1999 for American subsidiaries, 2000-2999 for European).

NEXT: Activity 20.1

Lesson 21: Multinational GL (Optional)

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Sales/AR Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependency Rounding

FIN21010

Figure 21-1

Lesson 21: Multinational GL (Optional)

Multiple Currencies

Earlier, we covered AR and AP transaction processing in multiple currency environments. In this lesson, we will see how exchange rate fluctuations affect the general ledger. In addition to multiple currencies, we will show how GL reporting is consolidated between multiple databases and entities and discuss how exchange rate fluctuations affect account balances.

Foreign Currency Accounts

Account Code Maintenance

Account: 1048
Description: CASH - EURO
Type: a
Currency: EUR

Format Position: 11120
11100
11000
10100
10000

CASH - FOREIGN
CASH
CURRENT ASSETS
ASSETS

Level 5
Level 4
Level 3
Level 2
Level 1

Sub-Module Entries Only: ☐

Statistical Account:

Active: ☒

Curr Translation Index:

←

→

Add Link

FIN21020

Figure 21-2

Foreign Currency Accounts

BS Accts in Foreign Currencies

Most of your GL accounts will be in base currency, but you may have some balance sheet accounts (types A or L) in foreign currencies. For instance, you may keep cash balances in foreign bank accounts or payables balances in foreign funds.

Trans maintained in both foreign/base curr.

When you enter a transaction for a foreign currency account, the system maintains the transaction in both the foreign currency and the system base currency. For example, a cash receipt in French francs may be posted to a French franc cash account. But on reports, the receipt will be shown in base currency, converted at the exchange rate from the receipt's GL effective date.

Print reports in any currency. Statements always use entity curr.

You can print the account balance, trial balance, budget, custom reports, and some of the transaction inquiries in either the system base currency or any valid foreign currency. However, financial statements always use the entity currency (Figure 21-2); any foreign currency amounts are represented by the base currency equivalent that was calculated when you entered the transaction.

Cannot change curr after trans created.

Note: You cannot change the account currency once transactions start referencing the account.

GL Transactions in Foreign Currencies

Standard Transaction Maint

Finance Class

GL Reference: JL030603000002 Type: JL Effective: 5/31/03 Period: 5/2003

Currency: EUR Control: 100.00 Base Total: 0.00

Daybook: SYSTEM Entry Number:

Correction: ☐

Line	Account	Project	Enty	Description	Cur	Amount
1	1048		1000	Bank Charges	EUR	100.00

Exchange Rate: EUR 1.0 = USD 1.17510

←

→

Add Link

FIN21030

Figure 21-3

GL Transactions in Foreign Currencies

Control totals on foreign curr trans.

On GL transactions, you can enter control totals to promote accuracy in data entry. A warning message displays if the debit total for the transaction does not match the control total.

Enter batch totals in foreign curr.

If you are recording the entire transaction in a foreign currency, enter the batch total in terms of the foreign currency. The system lets you enter batch totals in base currency, but you will get a warning message that the debit total does not equal the control amount.

Warning if amt for a base currency acct is in foreign currency.

If you record a transaction in a currency other than the account currency, a warning displays telling you that the system is converting the amount to the account currency.

Spot Rates

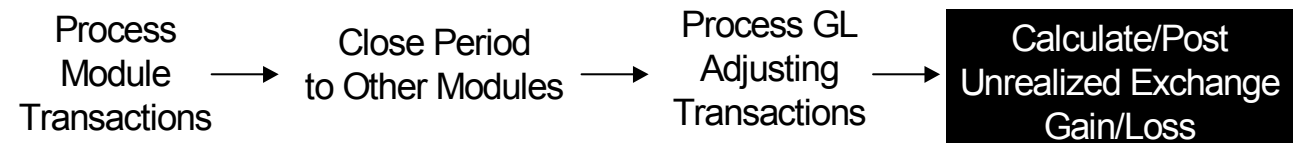
A pop-up window displays the default rate for the transaction's GL effective date and allows you to override it with a spot rate. You should specify a spot rate whenever the actual exchange rate is known (e.g., if the bank specified a conversion rate on the statement).

Base currency equivalent displayed.

Whenever you enter a transaction with a foreign currency amount, you will see: Warning: Amount in base currency is amount < >. This message shows you how the foreign currency amount converted to base currency. This is the amount that goes into your financial statements, as you will see next.

Multicurrency GL (Single Database)

Transaction Processing



Reporting

Print
Financial
Statements

Maintain/Print
Budgets

Maintain/Print
Custom Reports

GL Period/Year Close

Close
Period
to GL

Close Year to GL/
Update Retained
Earnings

Consolidate
Previous Year's
Transactions

FIN21040

Figure 21-4

Multicurrency GL (Single Database)

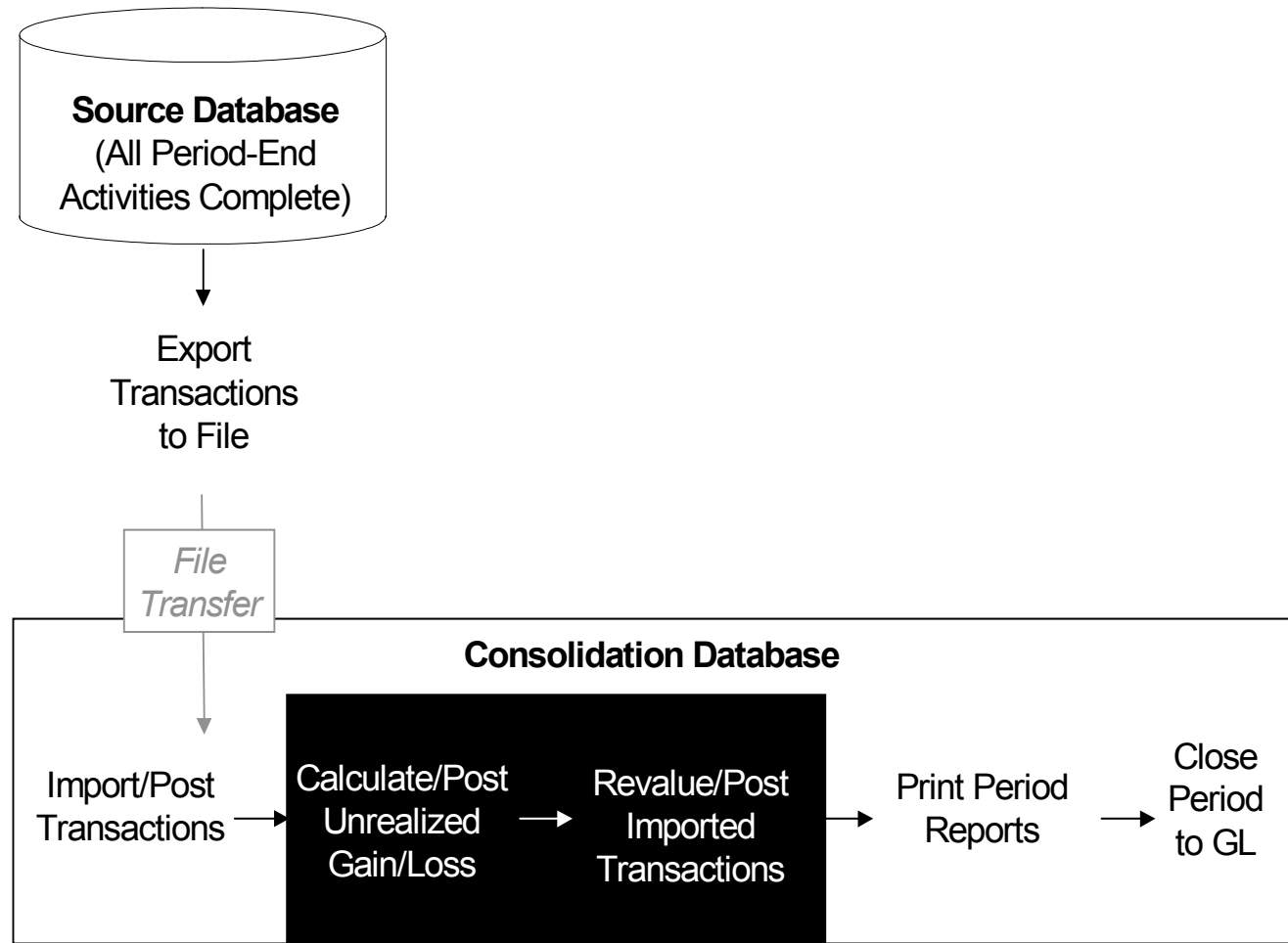
Additional processing for multicurrency.

In multicurrency environments, additional GL processing is required to account for exchange rate fluctuations, ensuring that foreign currency amounts are accurately represented in financial reporting.

Needed for unrealized gain/loss.

The additional processing required depends on whether you are operating in one or multiple databases. In a single-database environment (as shown above), all you must do is calculate and post transactions for unrealized exchange gain/loss. When exchange rates fluctuate, the values of foreign currency GL accounts (primarily AR, AP, and cash) also fluctuate relative to your system base currency. This is known as an unrealized gain/loss because a true gain or loss is not realized on these amounts until they are disposed—that is, until cash is received or paid.

Multicurrency GL (Multiple Databases)



FIN21050

Figure 21-5

Multicurrency GL (Multiple Databases)

In multi-database environments, you still calculate and post transactions for unrealized exchange gain/loss. Periodically, you will also recalculate foreign currency transactions you have imported from other databases, because their values will also fluctuate relative to the base currency of the consolidation database.

Calculation of Unrealized Gain / Loss

Account: 1041 Cash - Canadian Bank Currency: CAD

<u>Date of TRXN</u>	<u>Amt in CAD</u>	<u>Exchange Rate</u>	<u>Amount in USD</u>
1/15/xx	2,500	1.6970	1,473.19
3/20/xx	<u>4,000</u>	1.7195	<u>2,326.26</u>
	<u>6,500</u>		<u>3,799.45</u>

Exchange Rate on 4/30/96 = 1.9130

Total in CAD = 6,500

Equivalent in USD = $6,500 / 1.9130 = 3,397.80$

Difference $3,397.80 - 3,799.45 =$ Loss of 401.65 USD

FX Transaction

<u>Eff Date</u>	<u>Acct</u>	<u>Amount</u>
4/30/xx	1045	<401.65>
	9150	401.65

FIN21060

Figure 21-6

Foreign Exchange Revaluation

BS accts (AR, AP, cash) revalued to current exchange rates.

As noted earlier, some balance sheet accounts (primarily AR, AP, and cash) may be held in foreign currencies. The system maintains balances for these accounts at their historical rates. A true gain or loss is not realized on these amounts until they are disposed; that is, when cash is received for a receivable or when cash is paid for a payable. Likewise, gains or losses are not realized on cash accounts until they are closed or transferred to a base currency account. Therefore, the actual value of foreign currency accounts at the current exchange rate may be quite different from the value at the historical rate.

To ensure that unrealized gains and losses are accurately represented on the balance sheet, you execute the Foreign Exchange Revaluation every period prior to printing your statements.

Creates unrealized gain/loss trans.

Foreign Exchange Revaluation calculates the value of foreign currency amounts using the current exchange rate and creates unrealized gain/loss transactions. The transactions that are created will vary depending on whether the debit/credit entries for each transaction are in the same or different currencies. Above, we show the transactions that are created when the currencies are the same.

Trans vary depending on currencies.

GL entry created for acct in General Ledger Control

If the debit/credit entries of the transaction to be revalued are in different currencies, the revaluation creates an adjusting entry for the Unrealized Exch Gain/Loss Acct in General Ledger Control

Post type FX trans.

After reviewing the revaluation transactions (and deleting any extraneous transactions), you post them. Revaluation transactions are type FX.

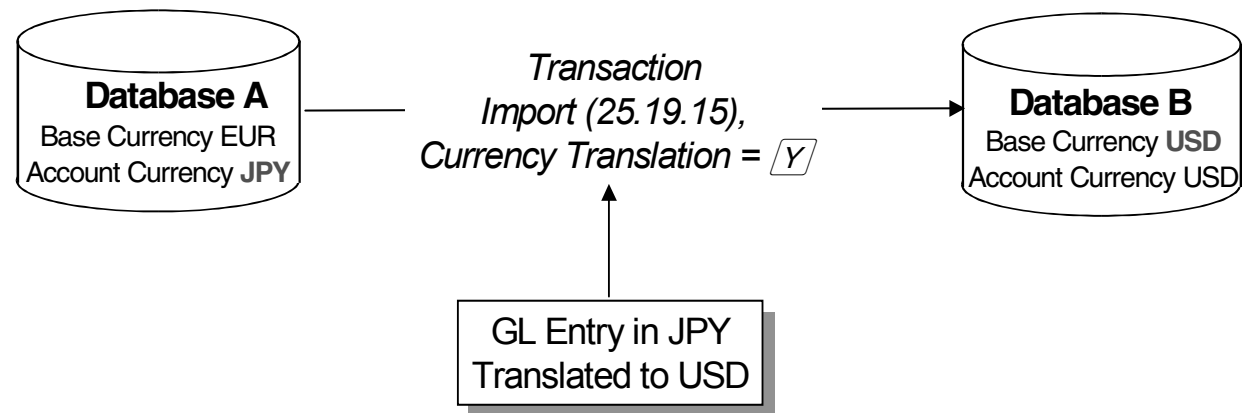
Cannot rerun for same date.

Once you execute the revaluation for a specific date, you cannot rerun it.

**Manually delete FX
trans for fixed asset
accounts.**

Note: The revaluation function revalues all foreign currency accounts using the current exchange rate. If you hold fixed assets in foreign currencies, fixed asset accounts will also be revalued. Prior to posting, you must manually delete the revaluation transactions for fixed asset accounts (and any other accounts whose balances should be valued at the historical exchange rates) using GL Transaction Delete/Archive or Standard Transaction Maintenance.

Currency Translation



FIN21070

Figure 21-7

Currency Translation

Translation at Import

In multicurrency environments, Transaction Import sometimes does a currency translation. Currency translation occurs whenever the transaction's account currency in the source database is different from the base currency in the consolidation database. The translation converts the imported transaction amounts to the base currency in the consolidation database.

Explain above example.

In Figure 21-7, a transaction involving an account held in Yen is imported and translated to a consolidation database whose base currency is USD.

Multi-Entity Database Consolidation

Originating Database			Target Database		Translation Required
DB Currency	Account Currency		DB Currency	Account Currency	
EUR	EUR		EUR	EUR	NO
EUR	EUR		EUR	XXX	YES
EUR	XXX		EUR	EUR	YES
EUR	XXX		EUR	XXX	NO
EUR	EUR		XXX	EUR	NO
EUR	EUR		XXX	XXX	YES
EUR	EUR		XXX	YYY	YES
EUR	XXX		XXX	EUR	YES

FIN21080

Figure 21-8

Translation if:

Currency translation occurs whenever the following conditions hold true in the source and destination databases:

Base/acct currencies same.

- **The base currency (USD) and account currency (EUR) are the same in both databases.** Amounts are exported, imported, and posted in the base currency.

Base currencies same but acct currs different.

- **The base currency is the same (USD), but the account currencies are different (EUR to USD).** Amounts are still exported, imported, and posted in the base currency.

Both base/acct currencies different.

- **Both the base currencies (EUR to USD) and account currencies (USD to EUR) are different.** Amounts are exported in the currency of the source database and imported and posted in the base currency of the consolidation database.

But no translation occurs when:

No translation if base curr different, but acct currs same.

- **The base currencies are different (USD to EUR), but the account currency is the same (EUR).** Amounts are exported in the currency of the source database and imported and posted in the currency of the consolidation database. The account currencies must be the same as the base currency of the consolidation database, or the import does not work.

Currency Translation Indexes

Index	Description	Effects
1	Current	Transactions are valued based on exchange rates for the transaction's period ending date.
2	Weighted Average	Rates for all dates in the effective date range specified during transaction export are averaged over the number of days in the range (e.g., if transactions were exported for January 1-31, MFG/PRO adds up the rates for January 1, January 2, and so on and then divides them by 31).
3	Simple Average	Rates for the first and last date in the effective date range specified during transaction export are totaled and then divided by 2 (e.g., if transactions were exported for January 1-31, MFG/PRO averages only the rates for January 1st and 31st).
4	Historical	Transactions are valued at the rates in effect on the transaction effective date. <i>(Transactions for these accounts must be exported in detail!)</i>
5	User-Defined	Transactions are revalued at a set rate for the accounting period, as defined in Translation Exchange Rate Maintenance (25.19.1).

FIN21090

Figure 21-9

Translation Indexes

Translation indexes must be same for source/destination accts.

Figure 21-9 shows four of the indexes used for currency translation. The account's currency translation index must be the same in each database. For example, an index 1 (current) account in the source database must be translated to an index 1 account in the consolidation database.

Exchange rate for period during ending date of transaction eff date.

Transactions for 1 accounts are translated using the exchange rate for the period ending date of the transaction's effective date. For example, if the transaction's effective date is March 15 and the period ending date is March 31, the transaction will be translated using the March 31 exchange rate.

User-defined index 5.

The fifth currency translation index is User-Defined. On these accounts, transactions are revalued at a set rate for the accounting period. User-defined rates are set up by account, sub-account, and cost center in Translation Exchange Rate Maintenance. Translation exchange rates are maintained on the consolidation database.

Rates set up.

GL Entries for Currency Translation

Adj if exchange rate changes.

A translation adjustment is calculated if the exchange rate for the period ending date of the export transaction is different from the effective date of the original transaction. A translation adjustment is also calculated if only one of the GL entries in a transaction requires a currency translation.

Updates BS or IS for entity and account.

During the post, this adjustment updates the translation adjustment account for the consolidation entity. The choice of financial statement is specified for the entity, and the account for posting the translation adjustment is specified in the control program.

Imported Transaction Revaluation



Imported Transaction Revaluation

Entity: 2000 To: 2000

Effective Date: 05/30/2003

Print Audit Trail: ☒

Output:

Batch ID:

← →

Add Link

FIN21100

Figure 21-10

Imported Transaction Revaluation

Index = 1

Even after transactions are imported and posted in a consolidation database, the values of some transactions fluctuate, namely, those for accounts with the currency translation index of 1 (current).

**Imported Trans
Revaluation**

Therefore, at the end of every period, you must also revalue all previously imported transactions for these accounts using the Imported Transaction Revaluation. This function revalues only accounts that are in the base currency of the consolidation database—it does not recalculate accounts held in foreign currencies.

Type XY Trans

The revaluation creates type XY transactions that must be reviewed and posted. In addition, like currency translation, Imported Transaction Revaluation creates additional GL adjusting entries to compensate for imbalances.

Lesson 22: Currency Dependent Rounding

MFG/PRO Financial Management

1. System Introduction	12. Accounts Payable Vouchers
2. Basic Data Setup	13. Accounts Payable Payments
3. Multinational Setup (Optional)	14. 1099-MISC Reporting (Optional)
4. Sales/AR Data Setup	15. AP Draft Management (Optional)
5. Invoicing	16. Multinational AP (Optional)
6. Debit/Credit Memos	17. General Ledger Setup
7. Accounts Receivable Payments	18. General Ledger Transactions
8. Draft Management (Optional)	19. General Ledger Reports
9. Multinational AR (Optional)	20. Multiple Entities (Optional)
10. Purchasing/AP Data Setup	21. Multinational GL (Optional)
11. Purchasing	22. Currency Dependent Rounding

FIN22010

Figure 22-1

Lesson 22: Currency Dependent Rounding

CDR rounds consistent with given the currency.

Currency Dependent Rounding (CDR) lets you round monetary amounts in a manner consistent with a given currency. You can apply appropriate rounding methods to each currency involved in a multiple currency transaction.

CDR sets value and presentation of amt.

CDR affects both the value and presentation of monetary transaction amounts. In some countries, it is a legal requirement. For example, in Japan and Brazil, the local currencies round to zero decimals, while in Switzerland, the local currency rounds to the nearest 0.05 Swiss francs.

Features

Rounds according to currency.

- Document amounts are rounded according to the document currency.

At entry, amounts conform to currency standards.

- At data entry, currency amounts are validated to conform to the document currency format. For example, when entering a voucher in Japanese yen, MFG/PRO does not allow the user to enter an amount with decimals.

Saved in rounded form for accuracy.

- Amounts are saved in the rounded form so totals and account balance updates are accurate.

Terms

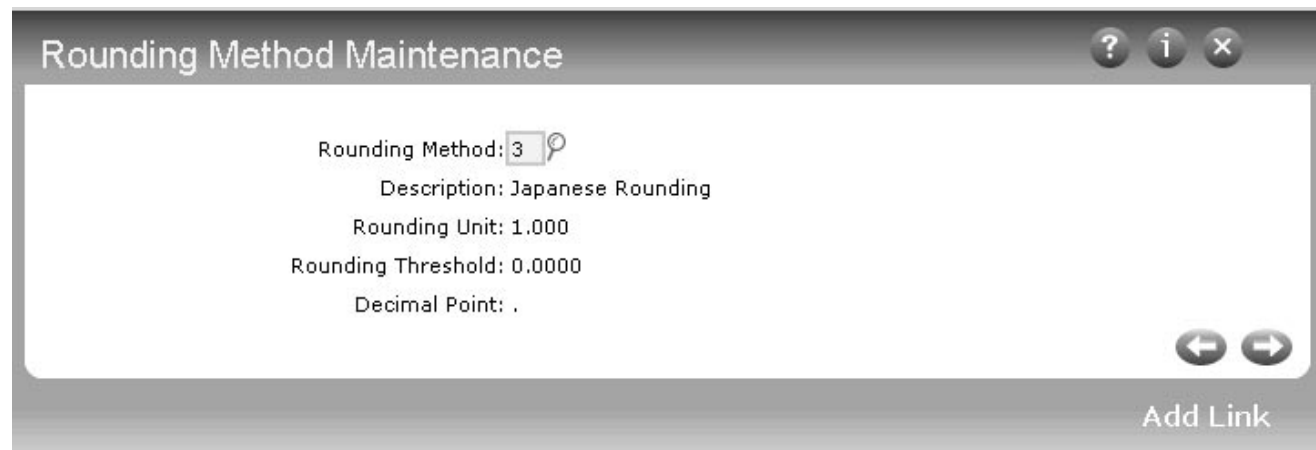
Rounding Unit

Rounding Unit. The amount is rounded to a multiple of the rounding unit specified here. For example, for U.S. dollars, the rounding unit is equal to 0.01; for Swiss francs, the rounding unit is equal to 0.05.

Rounding Threshold

Rounding Threshold. Enter the number at which monetary values are rounded up. This number must be less than the number entered for the rounding unit. For example, if the rounding unit is 0.001, entering 0.0025 for the rounding threshold tells the system that decimal values of 25 ten-thousandths and higher are to be rounded up to the nearest one-thousandth.

Adding Rounding Methods



The image shows a 'Rounding Method Maintenance' dialog box. It has a title bar with a question mark, an information icon, and a close button. The main area contains the following text: 'Rounding Method: 3' with a search icon, 'Description: Japanese Rounding', 'Rounding Unit: 1.000', 'Rounding Threshold: 0.0000', and 'Decimal Point: .'. At the bottom right, there are left and right arrow buttons and an 'Add Link' button.

Rounding Method Maintenance

Rounding Method: 3

Description: Japanese Rounding

Rounding Unit: 1.000

Rounding Threshold: 0.0000

Decimal Point: .

← →

Add Link

FIN22040

Figure 22-2

Setting Up Additional Rounding Methods

Round Method Maintenance — set up add'l rounding methods

Use Rounding Method Maintenance to set up additional rounding methods if those in the CDR conversion program do not meet your needs.

Rounding Method

Rounding Method. Enter an alphanumeric code identifying the new rounding method to be created.

Description

Description. Enter a description of the rounding method.

Rounding Unit

Rounding Unit. The amount is rounded to a multiple of the rounding unit specified here. For example, for U.S. dollars, the rounding unit is equal to 0.01; for Swiss francs, the rounding unit is equal to 0.05.

Rounding Threshold

Rounding Threshold. Enter the number at which monetary values are rounded up. This number must be less than the number entered for the rounding unit. For example, if the rounding unit is 0.001, entering 0.0025 for the rounding threshold tells the system that decimal values of 25 ten-thousandths and higher are to be rounded up to the nearest one-thousandth.

Amounts are rounded based on their absolute value. For example, -9.99 is rounded the same as 9.99.

Decimal Point

Decimal Point. Enter the character to be used as the decimal point in monetary values.

Rounding Examples

Rounding Unit = .01
Rounding Threshold
= .005; rounds to
nearest hundredth.

In the following example, the rounding threshold in thousandths determines how the amounts are rounded to the nearest hundredth.

Rounding Unit = 0.010

Rounding Threshold = 0.0050

Amount to be Rounded	Rounded Amount
1,234.454	1,234.45
1,234.455	1,234.46

**Calculate extended
price. Apply
rounding unit
and threshold. Saved
Amount = sales
order line number.**

This example demonstrates rounding during processing. The extended price is calculated before the rounding unit and threshold are applied. The whole number in the Stored Amount column is the number stored for the sales order line.

Rounding Unit = 1.0

Rounding Threshold = 0.50

Sales Order Line	Quantity	Unit Price	Extended Price	Stored Amount
1	100	1.114	111.40	111.00
2	200	5.132	1,026.40	1,026.00
Total:			1,137.80	1,137.00

Applying Rounding Methods

Currency Maintenance?ix

Currency: EUR
Description: European Euro
Rounding Method: 2

Unrealized Exchange Gain Acct:	1035		
Unrealized Exchange Loss Acct:	1036		
Realized Exchange Gain Acct:	1037		
Realized Exchange Loss Acct:	1038		
Exchange Rounding Account:	1039		

Active: ☒

x←→

Add Link

FIN22050

Next: Activity 22-1

Questionnaire

We would appreciate it if you could take a few moments to answer the following questions. The instructor will use this information during the course.

Name _____

Company _____

Mailing
Address _____

Telephone _____

Job Title _____

Description _____

How long have you used MFG/PRO?

What other manufacturing/distribution/financial management
packages are you familiar with and what are they?

How will you be using MFG/PRO in your job?

What do you want to get out of this course?

What questions would you like answered during this course?
