QAD Enterprise Applications
Enterprise Edition

Training Guide

Financials Fundamentals

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QAD Financials Fundamentals Change Summary

The following table summarizes significant differences between this document and the last published version.

Date/Version	Description	Reference
April 2016/v2016 EE	Updated information on QRF reports	page 283
March 2015/v2015 EE	Updated section on Reminder Letter	page 212
	Updated section on Domain Create	page 86
April 2014/v2014 EE	Updated Journal Entry Create	page 490
	Updated section on Journal Entry templates	page 567
September 2013/2013.1 EE	Added information related to multi-entity processing	page 97
	Added information related to daybook masks	page 462
May 2013/2013 EE	Various minor updates and fixes	---
	Added new section on Customer Payment Create	page 220
	Added new chapter on deductions	page 237
	Added further QAD Reporting Framework (QRF) information to the Reporting Overview chapter	page 279
	Reorganized the Reporting Overview chapter	page 279
September 2012/2012.1 EE	Rebranded for QAD 2012.1 EE	---
August 2012/2012.1 EE	Minor changes to Preface and Change Summary	---
May 2012/2012 EE	Updated all process map screenshots to show new color scheme	---
May 2012/2012 EE	Minor updates and fixes resulting from recent training classes	---
May 2012/2012 EE	New section on Financial Report Writer	page 303
March 2012/2012 EE	Rebranded for QAD 2012 EE	---
September 2011/2011.1 EE	Rebranded for QAD 2011.1 EE	---
November 2011/2011 EE	Minor updates and fixes resulting from a recent training class	---

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About This Course

Course Description

This class is designed to teach the basic features and functions of QAD Enterprise Financials and the business requirements to consider when implementing those. The topics include key concepts, setup, process flows, navigating, and reporting.

The scope of the class is limited to Accounts Payable, Accounts Receivable, and General Ledger. For further topics, see *QAD Financials-Advanced Training Guide.*

Topics will be presented and then practiced with hands-on exercises. On the last day, students will have the opportunity to test their understanding and knowledge by working on an extended exercise covering most of the topics discussed during the class.

Course Objectives

By the end of this class, students will:

- Have a thorough understanding of the concepts underlying QAD Enterprise Financials
- Understand how QAD Enterprise Financials interacts with the operational modules
- Be able to navigate, query, and report in QAD Enterprise Financials
- Be able to complete the basic business processes of the Accounts Receivable, Accounts Payable, and General Ledger modules
- Understand the best practices for setting up and using QAD Enterprise Financials

Audience

This class is intended for accountants, controllers, financial managers, and accounting clerks, as well as QAD R&D and Services and Support personnel. The Financials Fundamentals course is the first step on the Enterprise Financials learning path.

The Advanced Financials course follows on from the Financials Fundamentals course, and introduces advanced topics such as budgeting, allocations, and consolidation.

Prerequisites

In order to obtain maximum benefit from this class, an understanding of financial principles is required.

Course Credit and Scheduling

This course provides 30 credit units. It is designed to be taught in 5 days.

Virtual Environment Information

The hands-on exercises in this book should be used with the latest Enterprise Edition learning environment.

- EMEA exercises use the 22UK domain and entities and European currencies. The exercises highlight some EMEA-specific accounting practices such as electronic transfer payments and mirror accounting.

- US exercises use the 10USA domain and entities and the US dollar as currency. The exercises highlight some US-specific accounting practices such as in AP payments.

When prompted to log in, specify *demo* for user ID and *qad* for password.

In general, students are more comfortable with static data they are familiar with such as currencies and addresses. However, it is up to the instructor to decide which exercise set to use, depending on the audience. Classes held in the Asia-Pacific region can use either exercise set.

Additional Resources

If you encounter questions on QAD software that are not addressed in this book, several resources are available. The QAD corporate Web site provides product and company overviews. From the main site, you can access the QAD Learning or Support site and the QAD Document Library. Access to some portions of these sites depends on having a registered account.

http://www.qad.com/

QAD Learning Center

To view available training courses, locations, and materials, use the QAD Learning Center. Choose Education under the Services tab to access this resource. In the Learning Center, you can reserve a learning environment if you want to perform self-study and follow a training guide on your own.

QAD Document Library

To access release notes, user guides, training guides, and installation and conversion guides by product and release, visit the QAD Document Library. Choose Document Library under the Support tab. In the QAD Document Library, you can view HTML pages online, print specific pages, or download a PDF of an entire book.

To find a resource, you can use the navigation tree on the left or use a powerful cross-document search, which finds all documents with your search terms and lets you refine the search by book type, product suite or module, and date published.

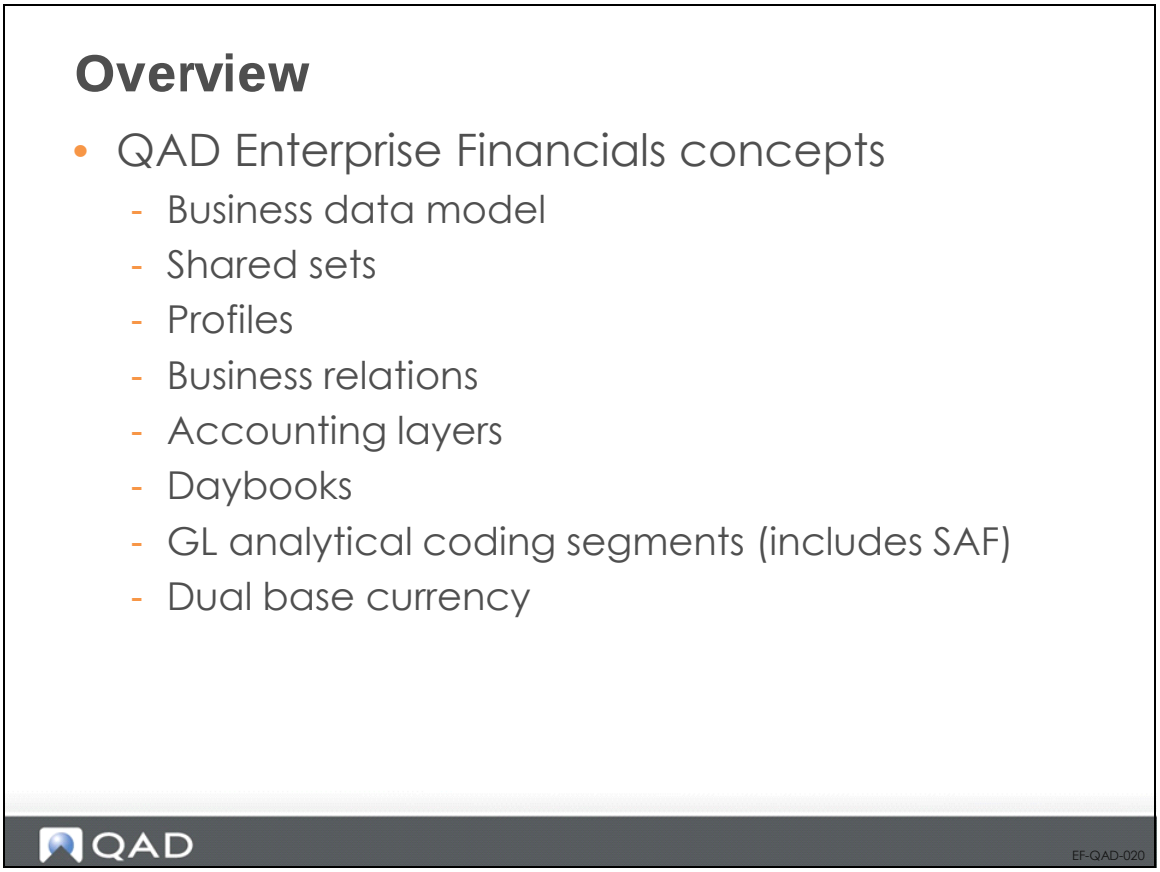
QAD Support

Support also offers an array of tools depending on your company's maintenance agreement with QAD. These include the Knowledgebase and QAD Forums, where you can post questions and search for topics of interest. To access these, choose Visit Online Support Center under the Support tab.

Chapter 1

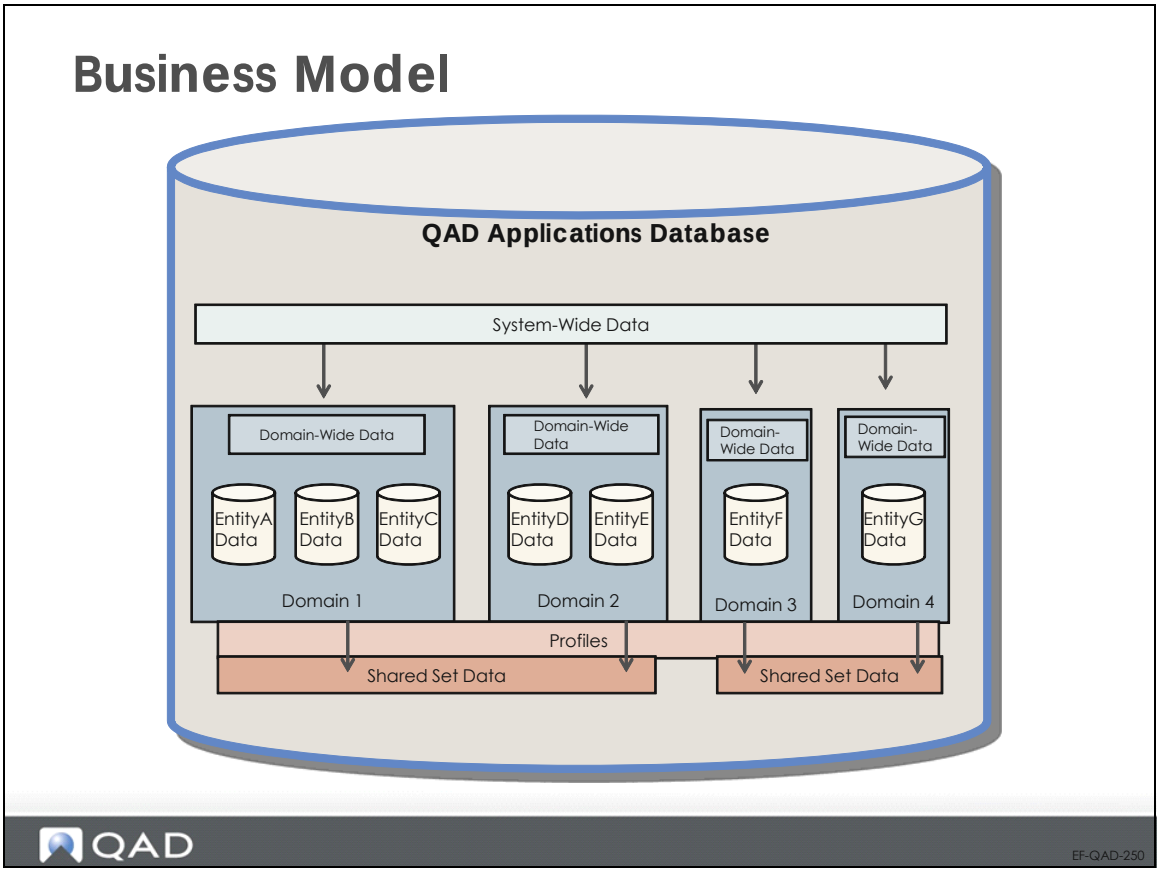
QAD Financials Concepts

Overview



In this section, you will learn about the underlying QAD Financials concepts, as well as the business data model. It is essential to understand these concepts, which form the basis for the topics described in this training course.

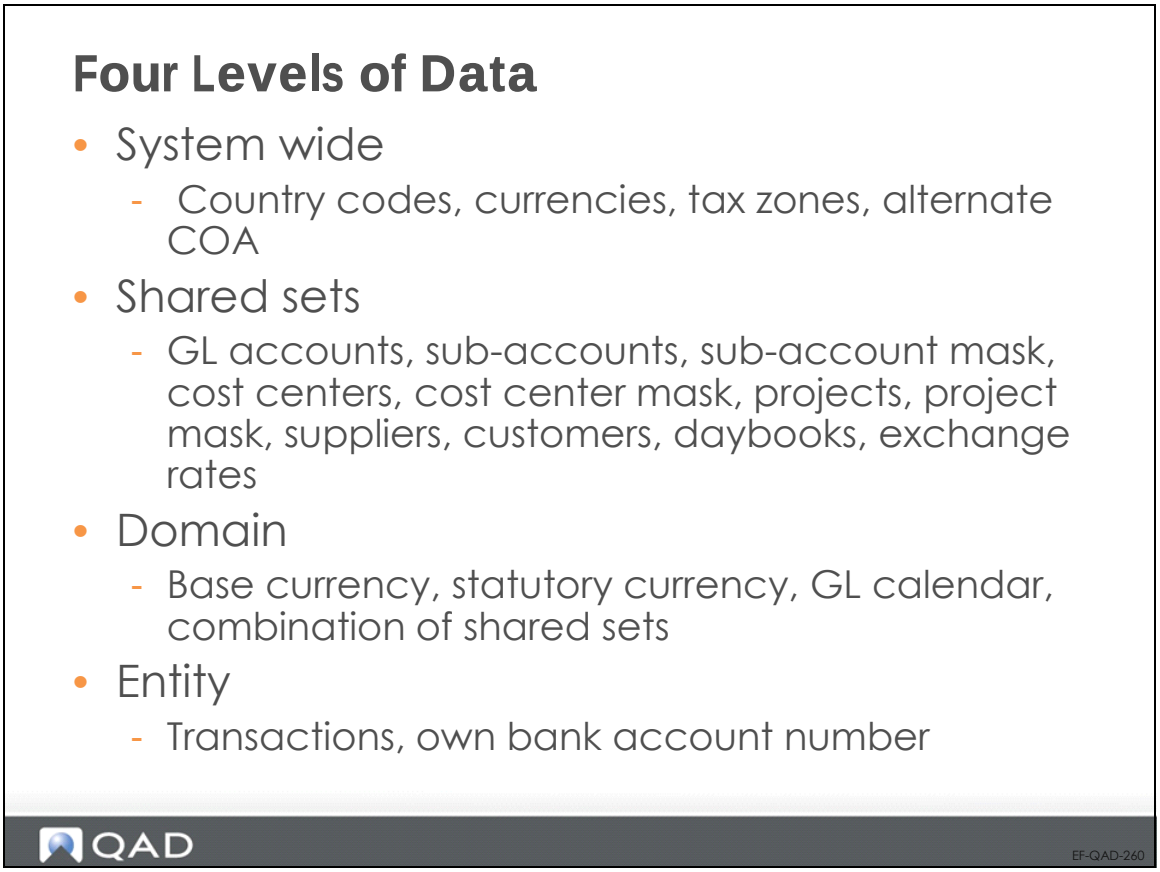
Business Model



When planning your financial implementation, the infrastructure of your business organization must be determined. Domains and entities represent business operations and specific business units that produce profit and loss statements, and financial reports.

There are four levels of data in the QAD Enterprise Edition business model.

Four Levels of Data



- System wide

  Some financial data is shared throughout the system such as currencies, country codes, and tax zones. This data never differs from one business unit (entity or domain) to another. Therefore, it makes sense to share this data across all business organizations.

- Shared sets

  Shared sets group data that can be shared across domains. A single domain can have an independent chart of accounts or several domains can share the same chart of accounts, streamlining setup and maintenance.

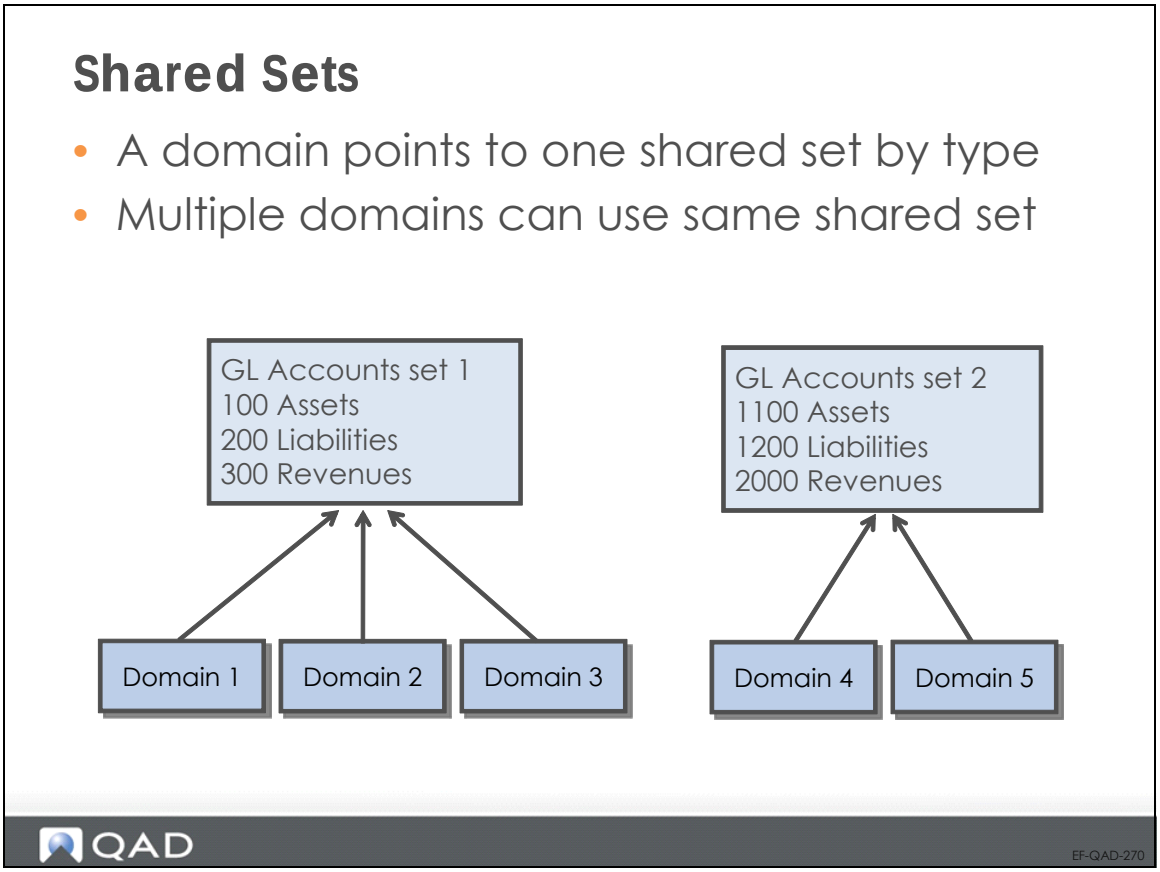
- Domain

  A domain represents the base unit of the system and comprises one or more entities. Each domain has its own base currency, and, optionally, statutory currency, which are then shared by the entities within the domain.

- Entity

  Entity-level data is limited to, for example, the organization's own bank account number. Transactions are recorded at entity level.

Shared Sets



Shared sets provide great flexibility in how a system can be set up.

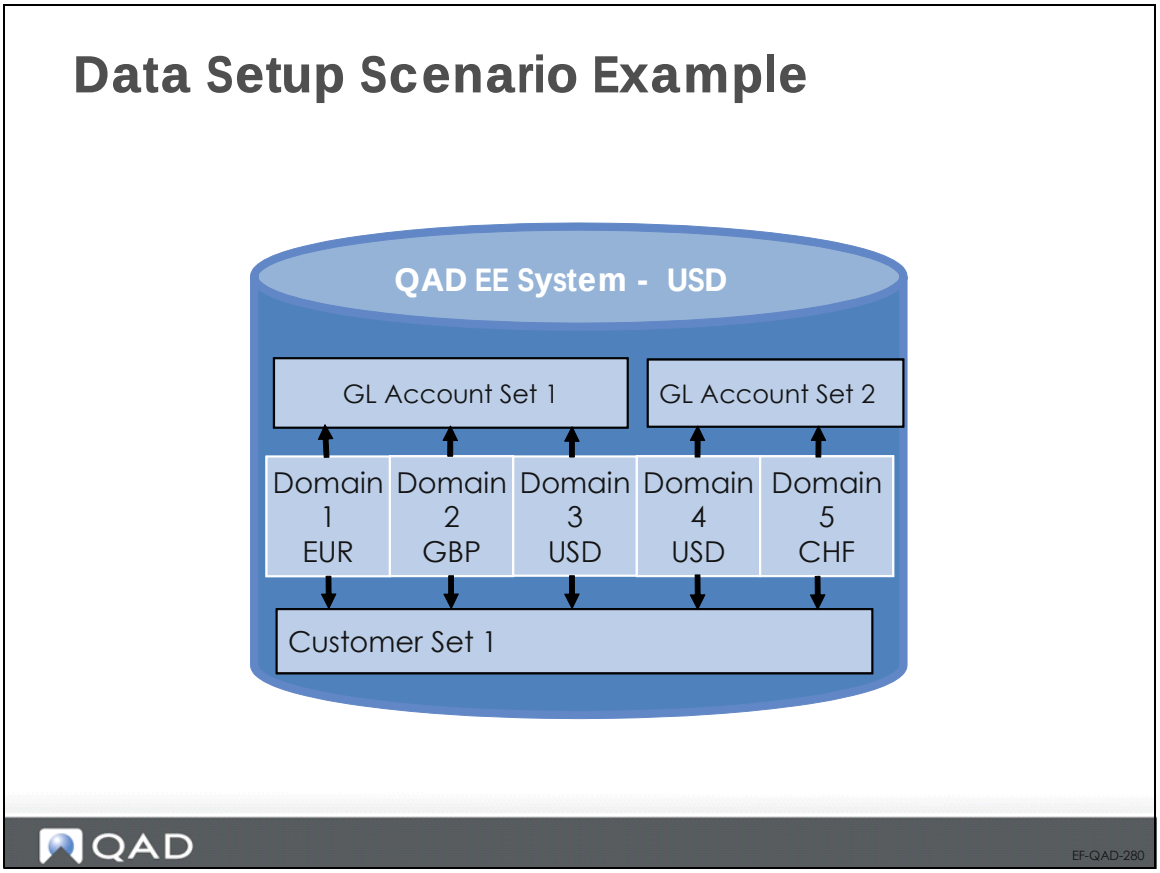
A default set of shared set codes is supplied with the system. However, you can create as many shared sets as are required by your financial structure.

The following types of data can be shared:

- Customers
- Suppliers
- Accounts
- Sub-accounts
- Sub-account COA mask
- Cost centers
- Cost center COA masks
- Projects
- Project COA masks
- Exchange rates
- Daybooks

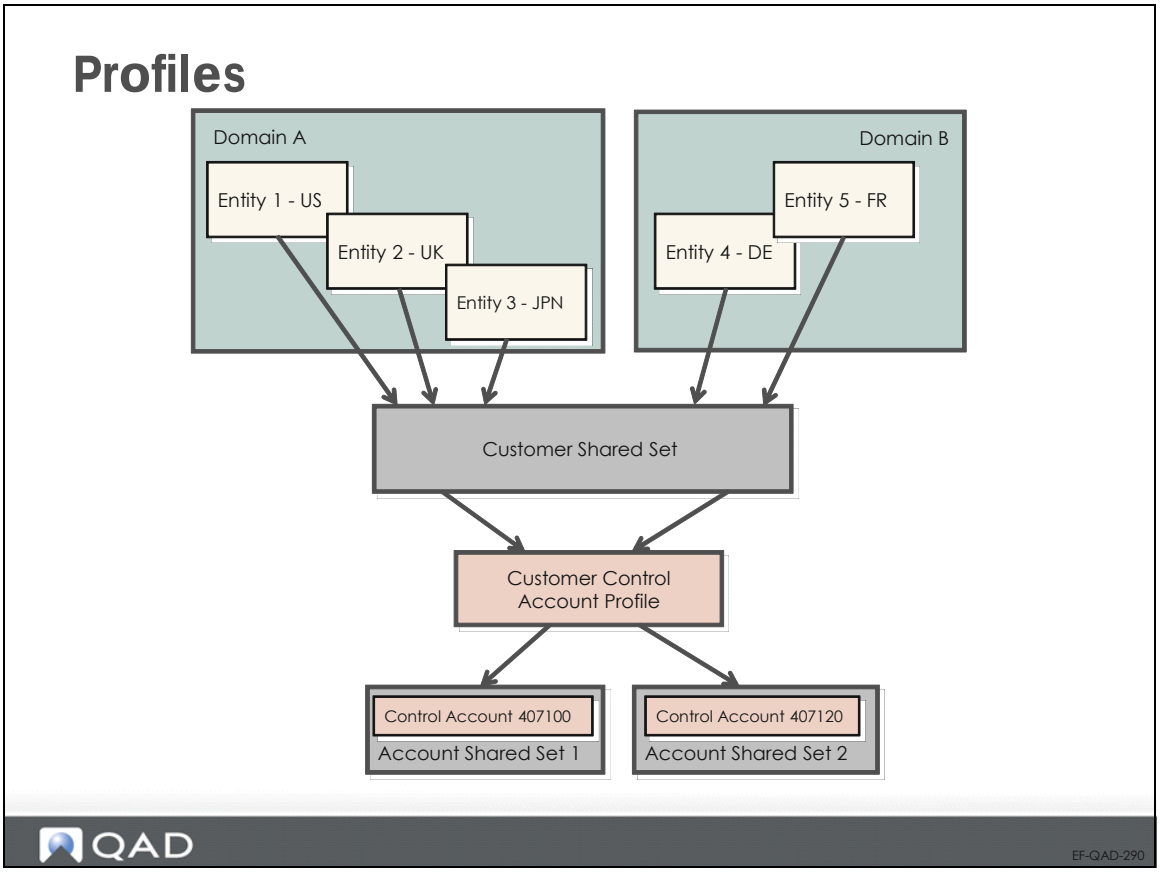
Example Three US domains can use the same chart of accounts, while two other domains in Japan can use another accounts shared set.

Data Setup Scenario Example



You may need to connect data in one shared set to another. For example, if several domains use the same customer shared set, but use different chart of accounts, you must link two different customer control accounts, one from each chart of account, to a single customer.

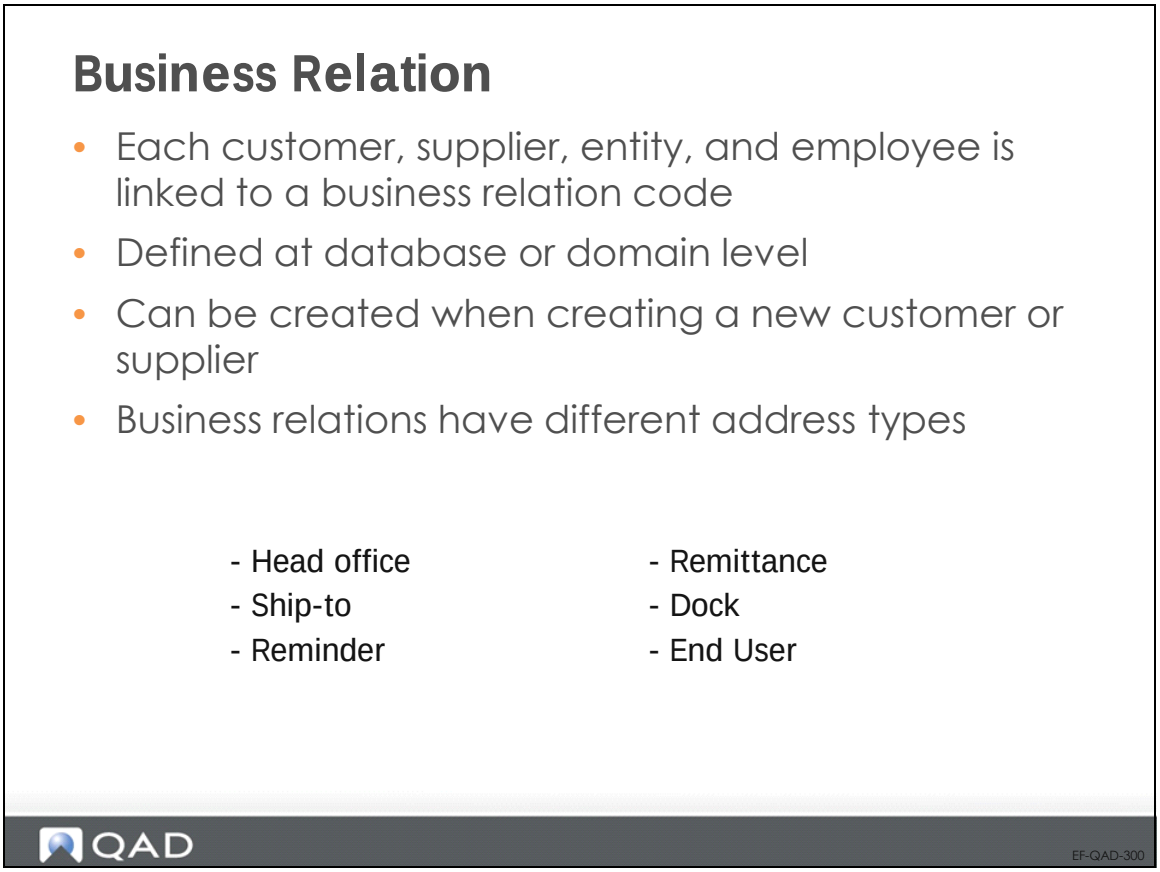
Profiles



In a multiple domain environment, you can use profiles to build relationships between shared sets.

In the above example, instead of linking a control account to the customer record, you specify a profile code. The profile code is linked to two different chart of accounts. This ensures that the correct control account is used for the domain in which the transaction is recorded.

Business Relation

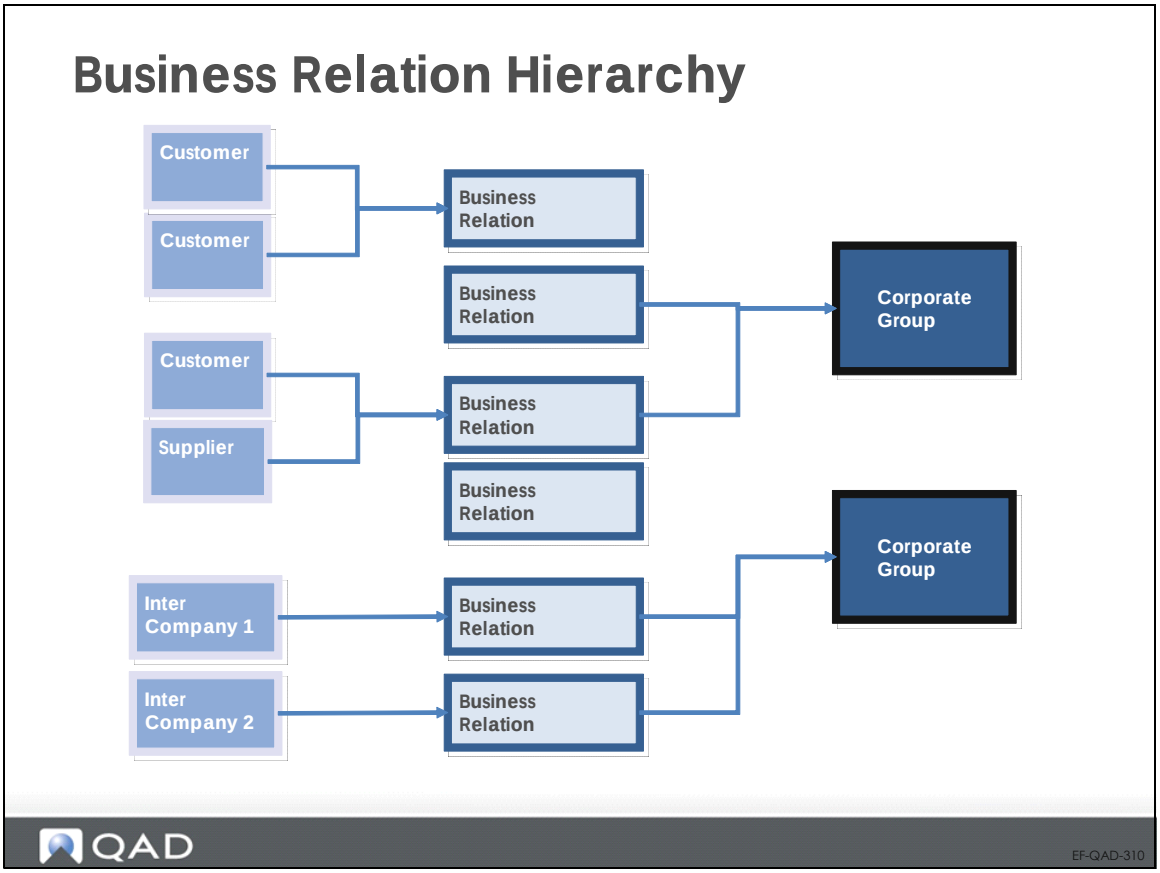


Business relations represent any organization or person that a company does business with, for example, customers, suppliers, employees, or an internal entity. A business relation address is a prerequisite for creating any of these records.

You can also create a business relation from within the customer or supplier creation menus.

Business relations can have different address types, as shown above.

Business Relation Hierarchy



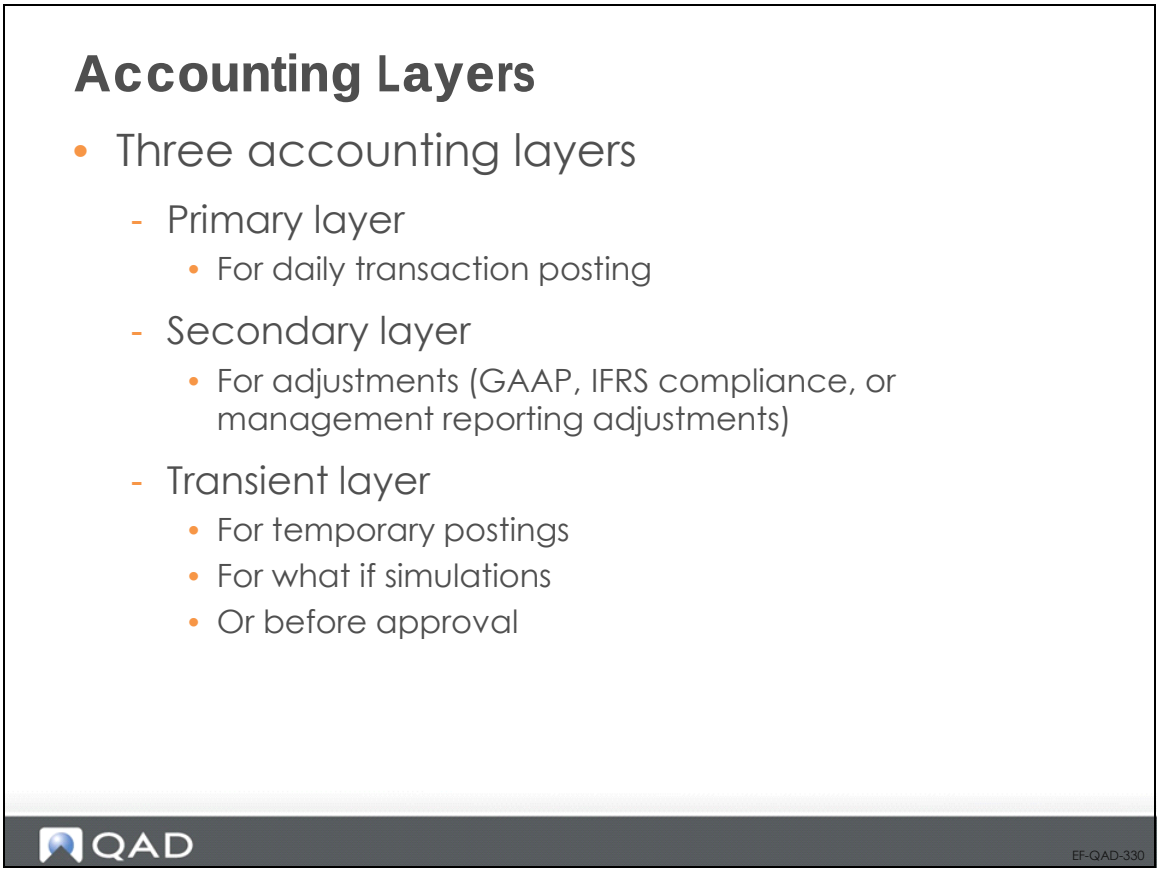
This slide shows how customer, supplier, and company records can relate to each other.

Note A business relation can be linked to both a customer and a supplier.

Example ABC produces pens and pencils, and sells to Office Supply Co. ABC, in return, purchases office supplies, such as paper and filing material, from Office Supply Co. Therefore, Office Supply Co. is both a supplier and a customer of ABC.

You can link business relations together using a corporate group. This feature is useful for reporting purposes.

Accounting Layers



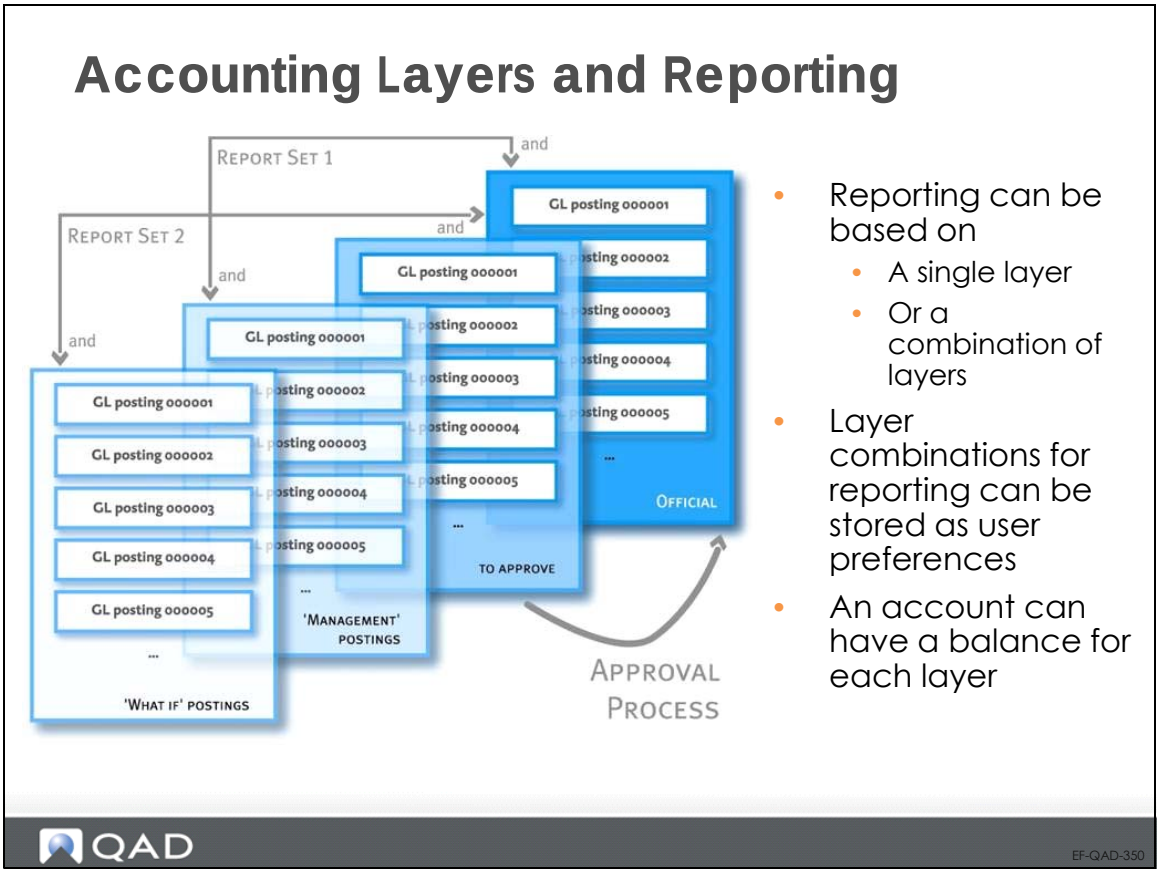
Accounting layers provide different ways to segregate transactions posted to a single GL account in order to facilitate reporting requirements. The posting of transactions is controlled by associating daybook types with one of the three system-defined accounting layers: the primary layer, the secondary layer, and the transient layer.

The primary layer is used for daily transaction posting.

You can define one or more secondary layers to allow for adjustments required to meet different GAAP or IFRS requirements, or for management reporting.

The transient layer is used to temporarily post transactions pending approval, or to simulate postings.

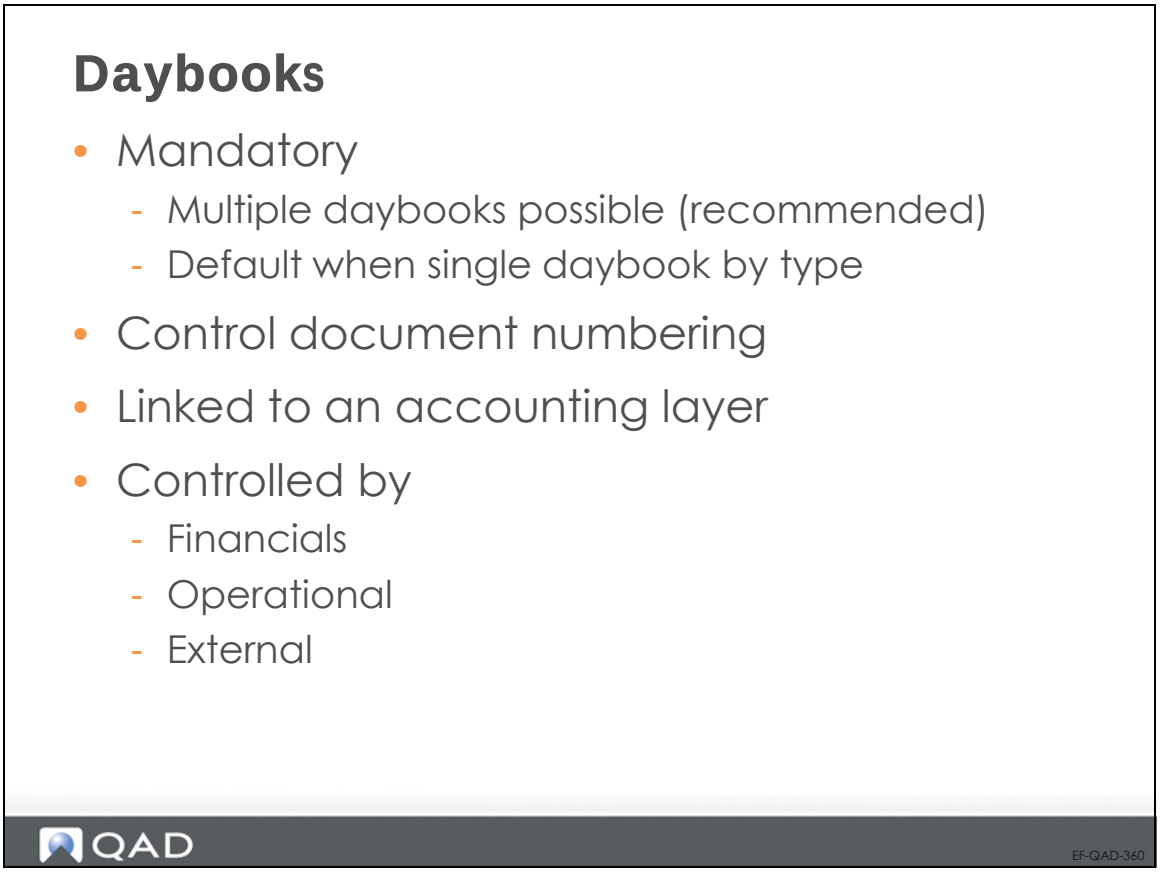
Accounting Layers and Reporting



Financials reports let you select multiple layers at a time, for example, you can select both the primary and secondary layers to include management adjustments.

Any combination is possible, as shown in the slide.

Daybooks

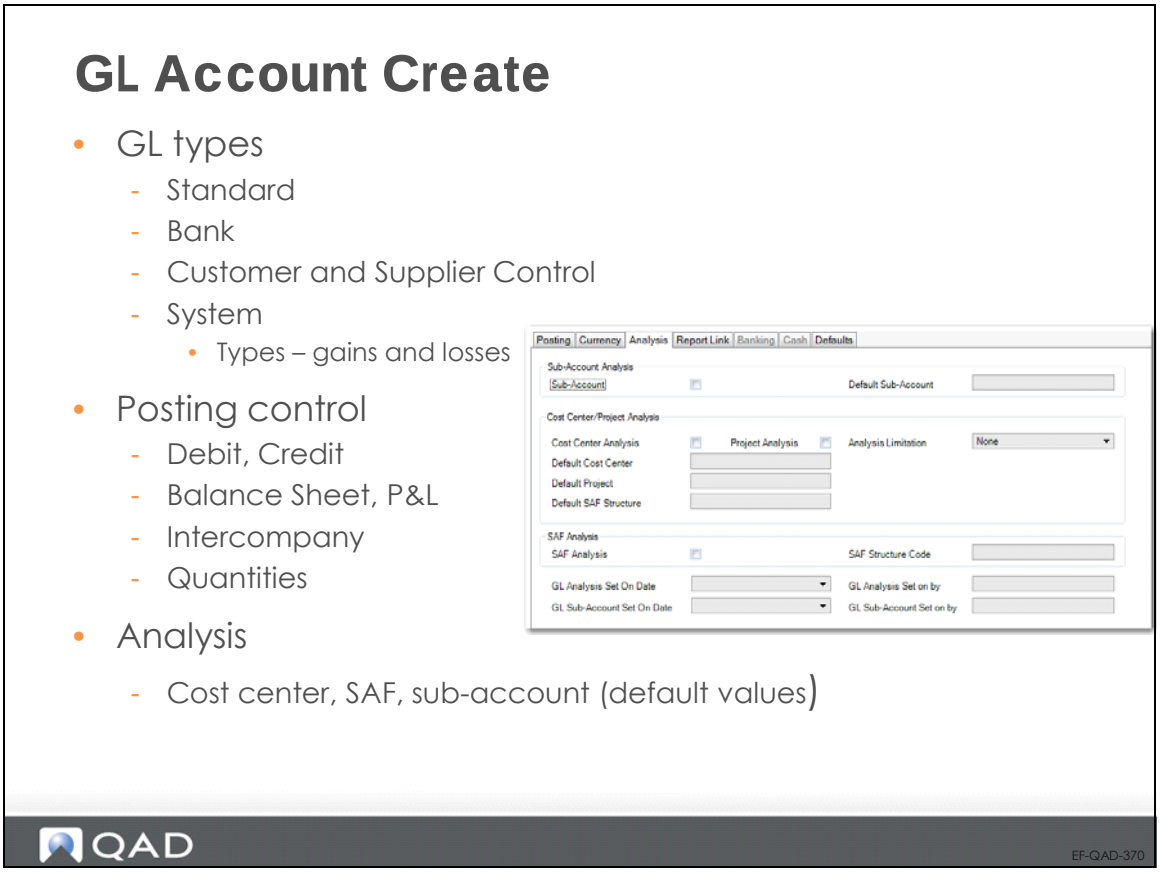


Daybooks, also known as journals, are system- or user-defined views of the general ledger, and contain all transactions.

Daybooks play an important role in QAD Enterprise Financials, and their use is mandatory. It is recommended to use more than one daybook as a means of grouping transactions. You can use daybooks to distinguish between different types of journal entries such as auditor adjustments, payroll entries, GAAP adjustments, and manually prepared accruals.

Daybooks control the numbering of invoices and credit notes, in addition to GL transaction numbers. Daybooks are linked to an accounting layer, and can be controlled by the financial functions or by the operational functions. You can also create daybooks to store transactions from external third-party products.

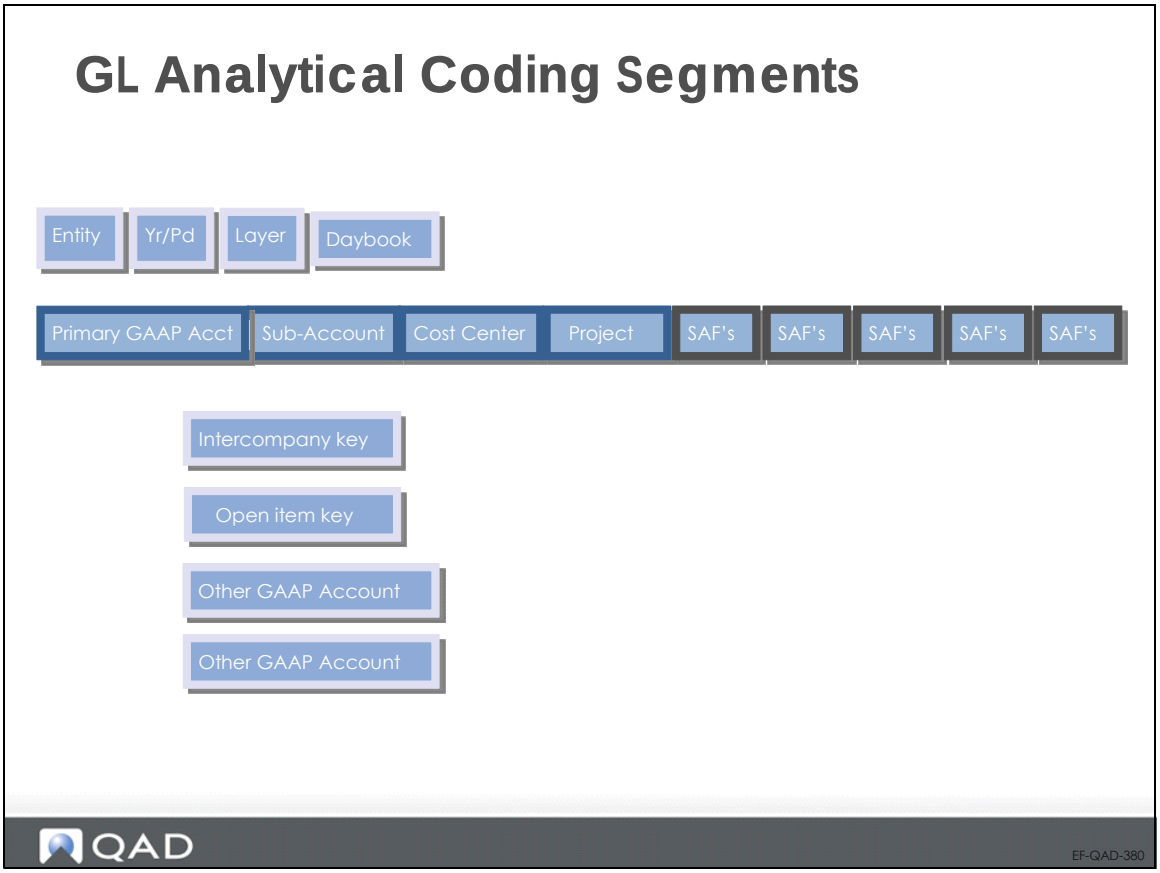
GL Account Create



Some of the features of General Ledger accounts in QAD Enterprise Financials include:

- Several GL types with added functionality for each
- Posting control, where some of the attributes are mandatory
- Extensive analysis capabilities with sub-accounts, cost centers, projects, and Supplementary Analysis Fields (SAFs)

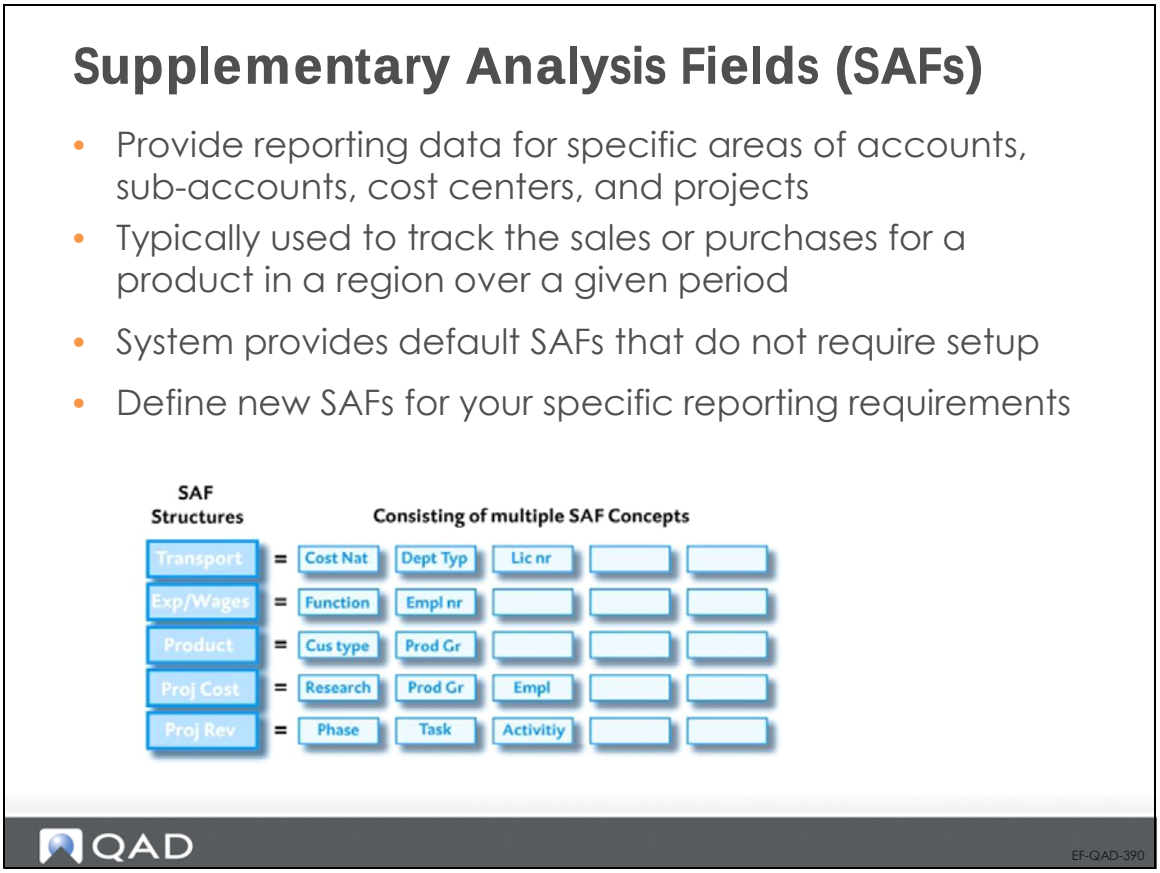
GL Analytical Coding Segments



QAD Financials uses standard, industry-recognized components to implement the chart of accounts. The strength of the application is its flexibility. The business model can be configured to generate many different types of accounting information.

GL accounts, sub-accounts, cost centers, and projects combinations can be validated using a COA mask. The COA mask validates account element combinations when transactions are posted, preventing posting errors.

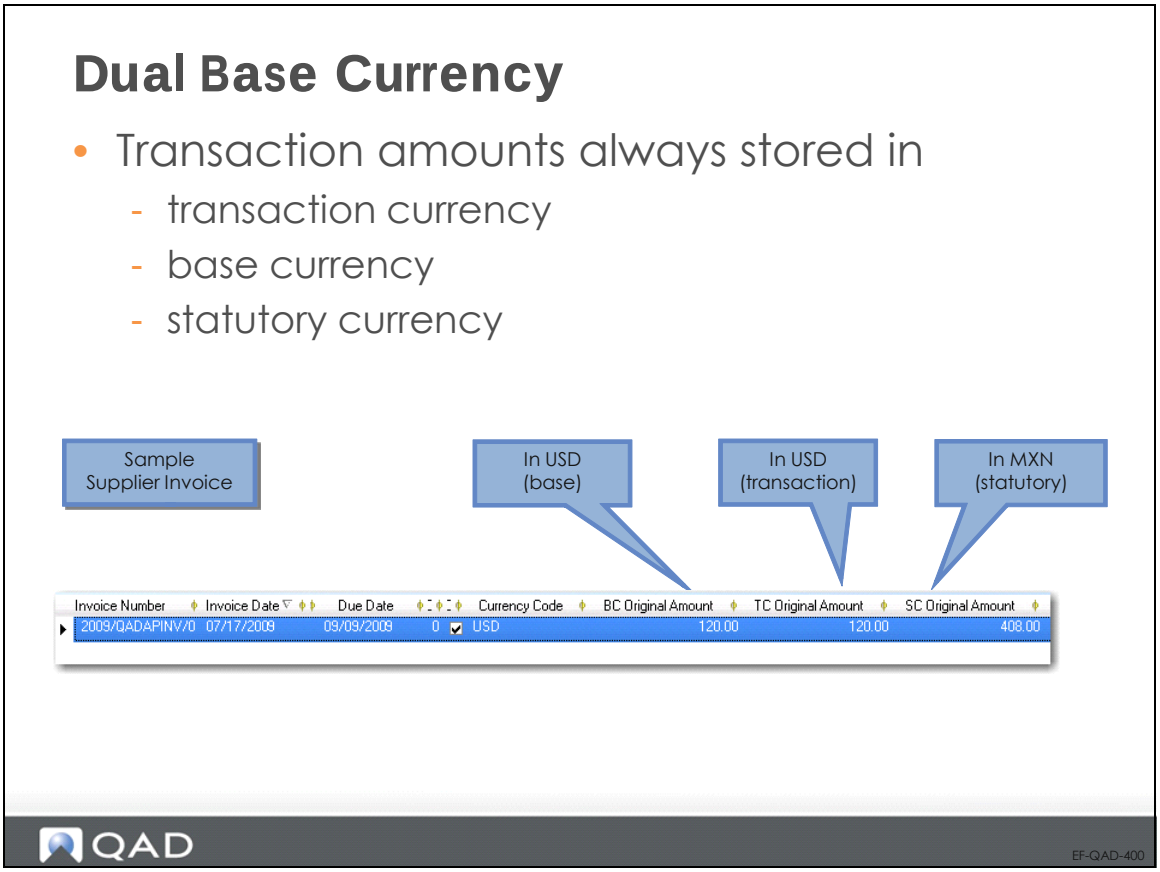
Supplementary Analysis Fields (SAFs)



In addition to the four basic components of the general ledger, you can define five Supplementary Analysis Fields (SAFs) to fine-tune transactions. SAFs provide the basis for powerful and flexible financial reporting and analysis.

Default SAF codes are supplied with the system, and require no additional setup. You can also define your own SAFs, based on your unique reporting requirements.

Dual Base Currency



In addition to the primary base currency at domain level, you can define a second management currency at database level, for reporting purposes. This currency is known as the statutory currency, and is normally the local currency of the country in which the organization must produce its declarations and financial reports.

The need for a statutory currency is most likely to arise in a country that is geographically close to a strong currency zone (for example, Mexico and Poland), where the country itself has another local currency. Companies operating in countries close to strong currency zones, such as the Euro and US Dollar, might use the stronger currency as their base currency (functional currency). However, local auditors and tax controllers can mandate that companies submit their declarations and financial reports in the local currency of the country. In these cases, the local country currency becomes the organizations' statutory currency.

Definitions

Definitions

- Transaction currency
  - Functional currency of the transaction that is recorded
- Base currency
  - Functional currency of the entity in which the transaction is recorded
- Statutory currency
  - Local currency in which the organization must produce declarations and reports

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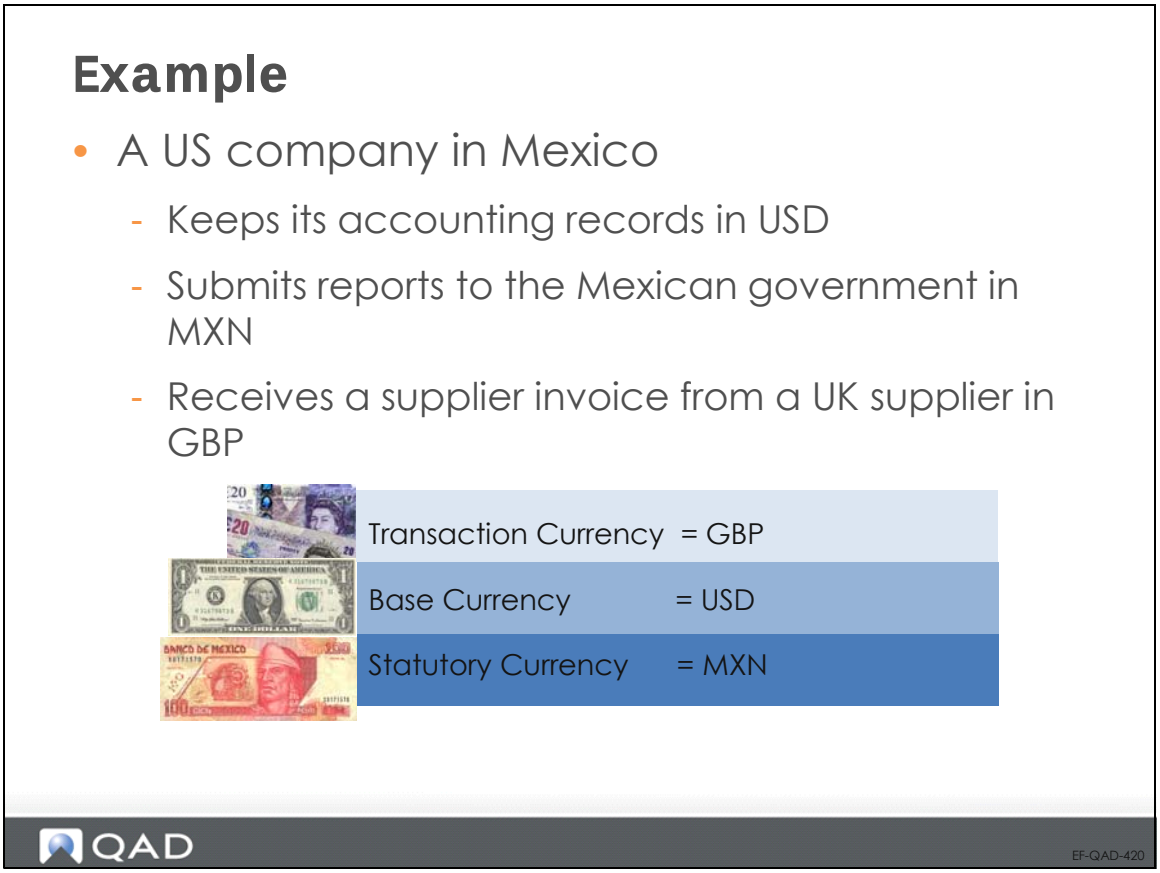
Foreign currency transactions can be stored in a maximum of three currencies: the transaction currency, the base currency, and the statutory currency. This three-currency system lets you display a transaction or create a report in any of the defined currencies. This feature is especially important in environments with high inflation and strong currency fluctuation.

Example of Dual Base Currency Use



Example A multinational corporation has a subsidiary in Mexico. In the Mexican subsidiary, most business transactions are conducted in USD, the base currency. However, all reports that the subsidiary must produce for the Mexican government are in Mexican pesos, which is the statutory currency.

Chapter 2

UI Navigation and Browsing

Overview

In this section, you will learn how to:

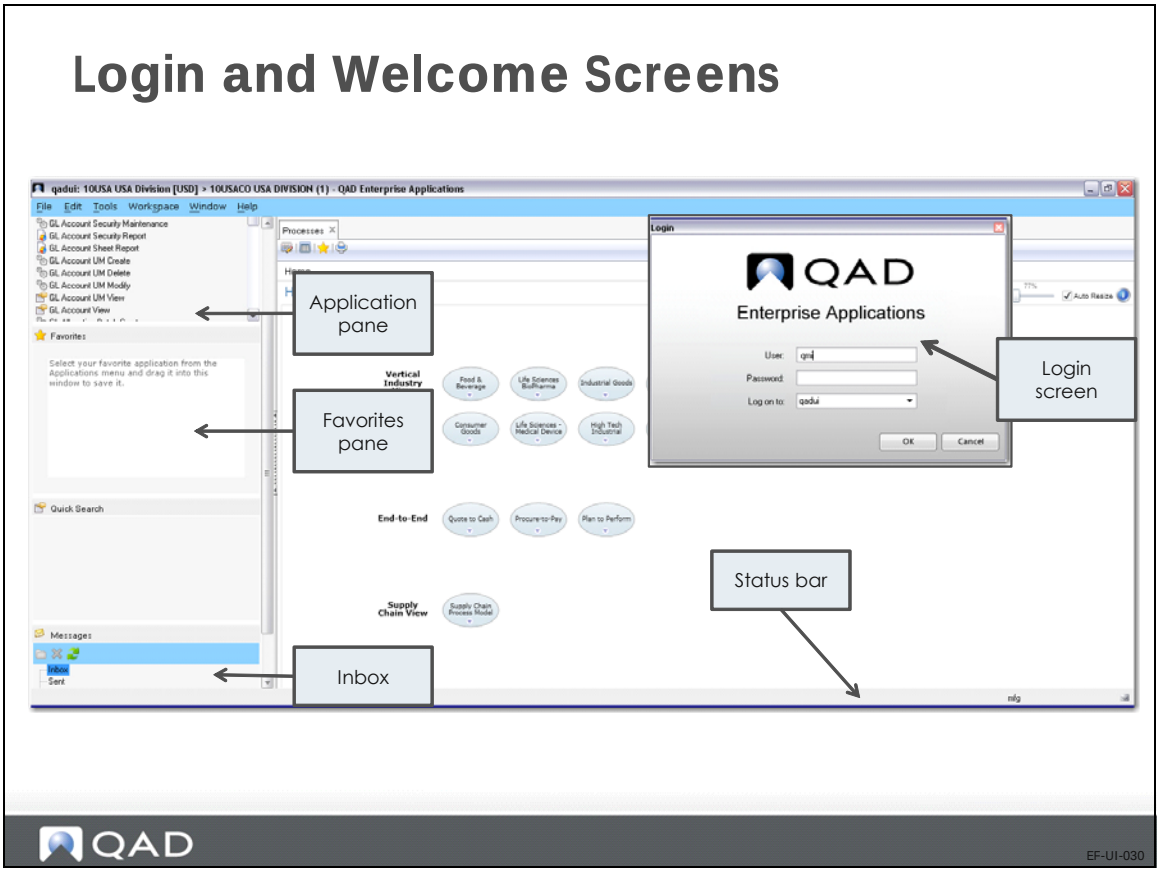
- Navigate through the Financials application.
- Simplify access to the most frequently used functions.
- Use features like email and the workflow.
- Browse data effectively.

You will also learn about the application integration capabilities.

Most of the QAD Financials functions are developed using an object-based technology that supports a rich user interface—the QAD .Net User Interface. This UI offers additional features not available in character UI functions.

A standard menu bar is available throughout the .Net UI for all programs.

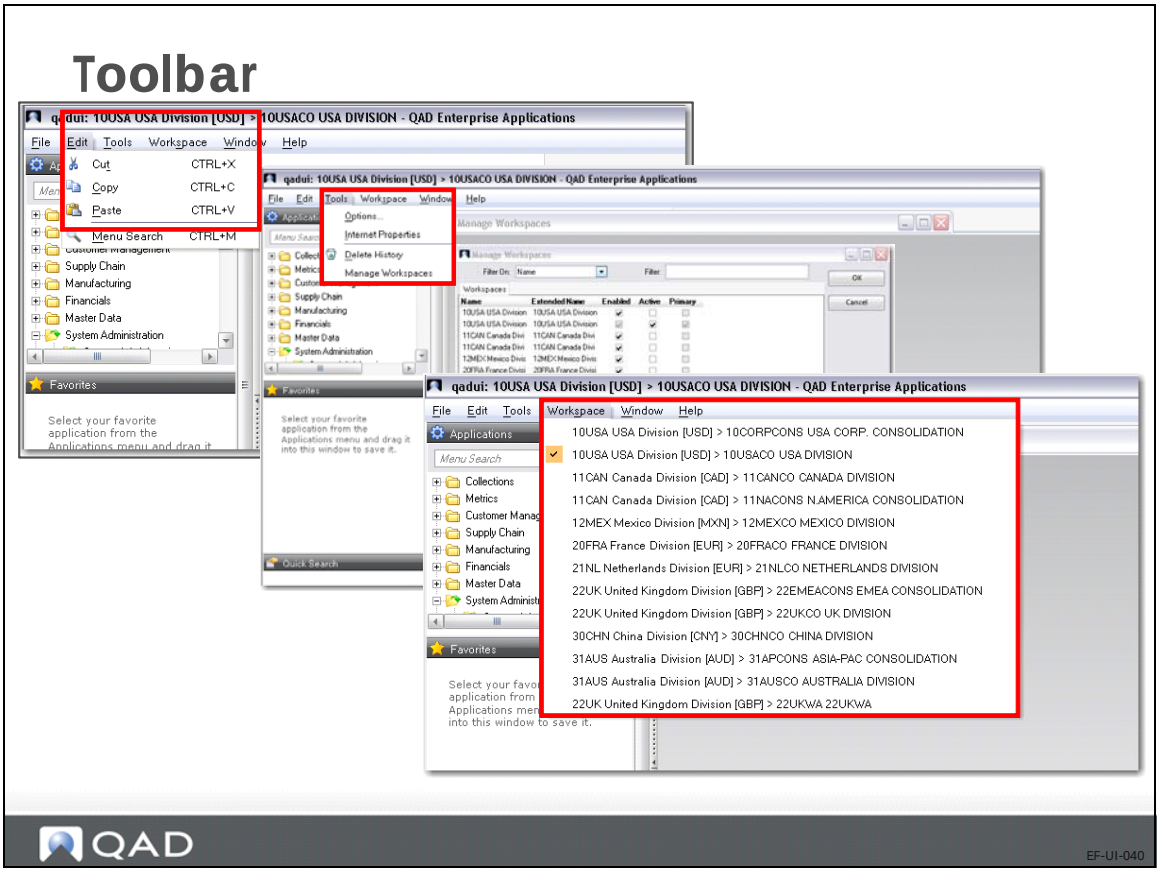
Login and Welcome Screens



On the Login screen, enter your assigned username and password. The third field represents the environment to log on to and usually defaults. The Welcome screen comprises several areas:

- The Application pane, with the menu search bar and menu list.
- The Favorites pane, where menus, reports, and browses can be dropped for direct access.
- The Inbox where you manage your messages. You can choose to hide the Inbox.
- The Workspace Selector, which lets you jump from one entity to the other in one click.
- In the middle, the menu windows open and represent your main work area.

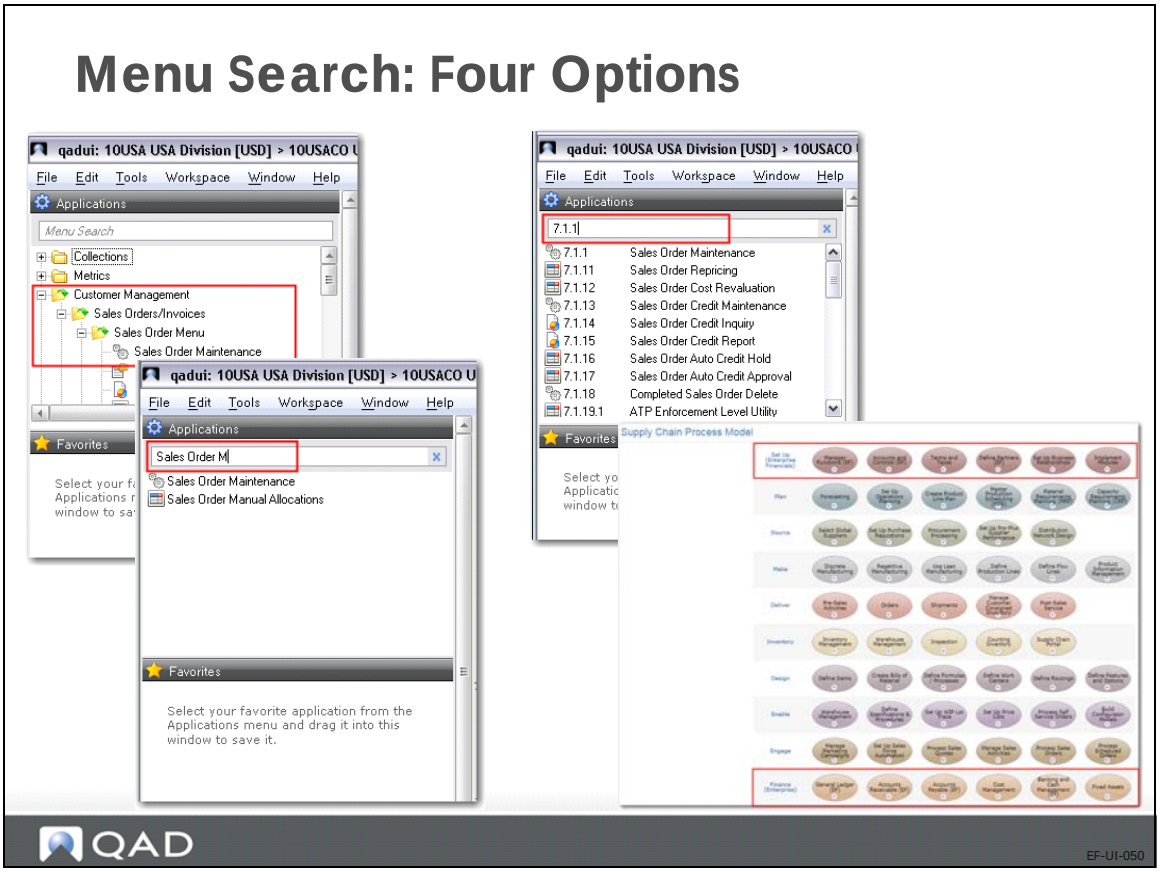
Toolbar



The toolbar provides access to:

- The Edit menu, with standard Windows functions, such as cut, copy, and paste.
- The Tools menu, which lets you change various interface attributes, including the workspace (entity) to display.
- The Workspace menu, which allows navigation between workspaces.
- The Help menu.

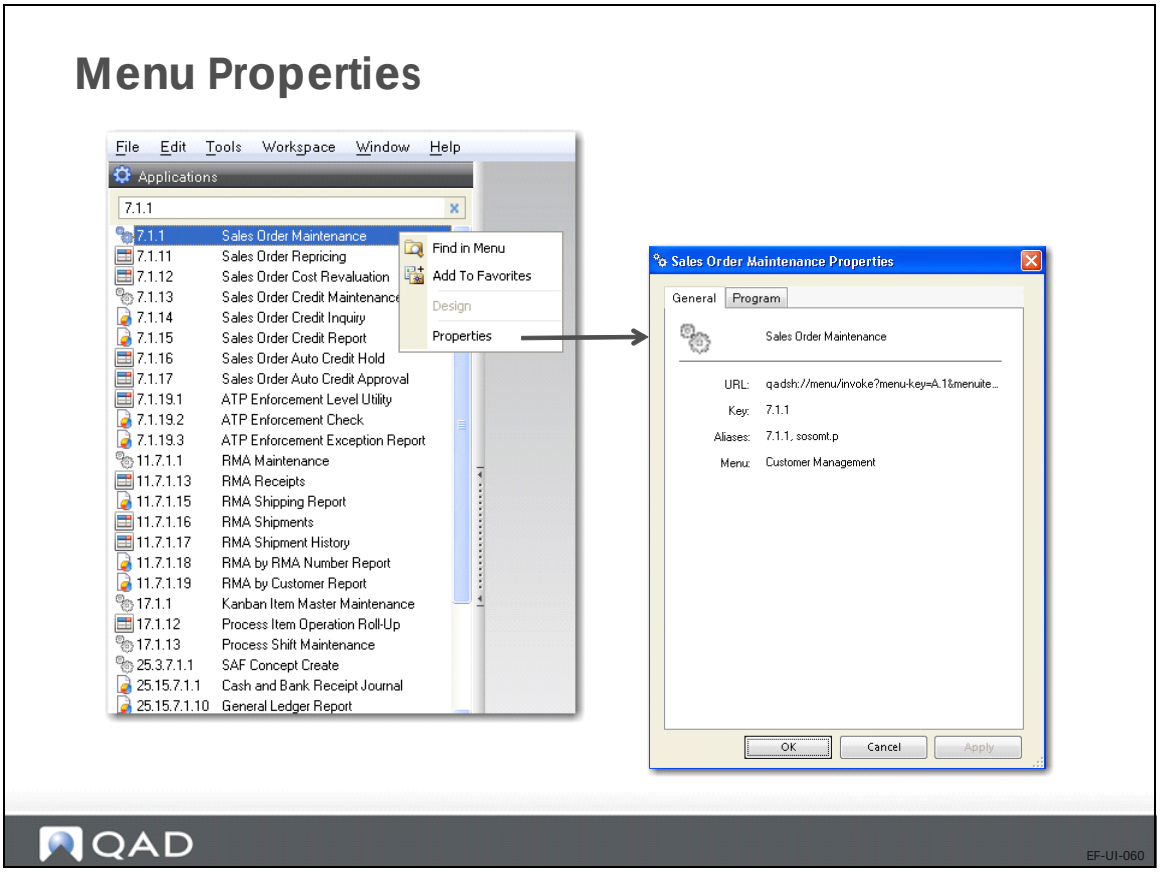
Menu Search: Four Options



You can access menus items in four ways:

- By navigating down the menu tree.
- By entering the beginning of the menu name in the menu search bar.
- By entering the menu number.
- By navigating to the menu using process maps.

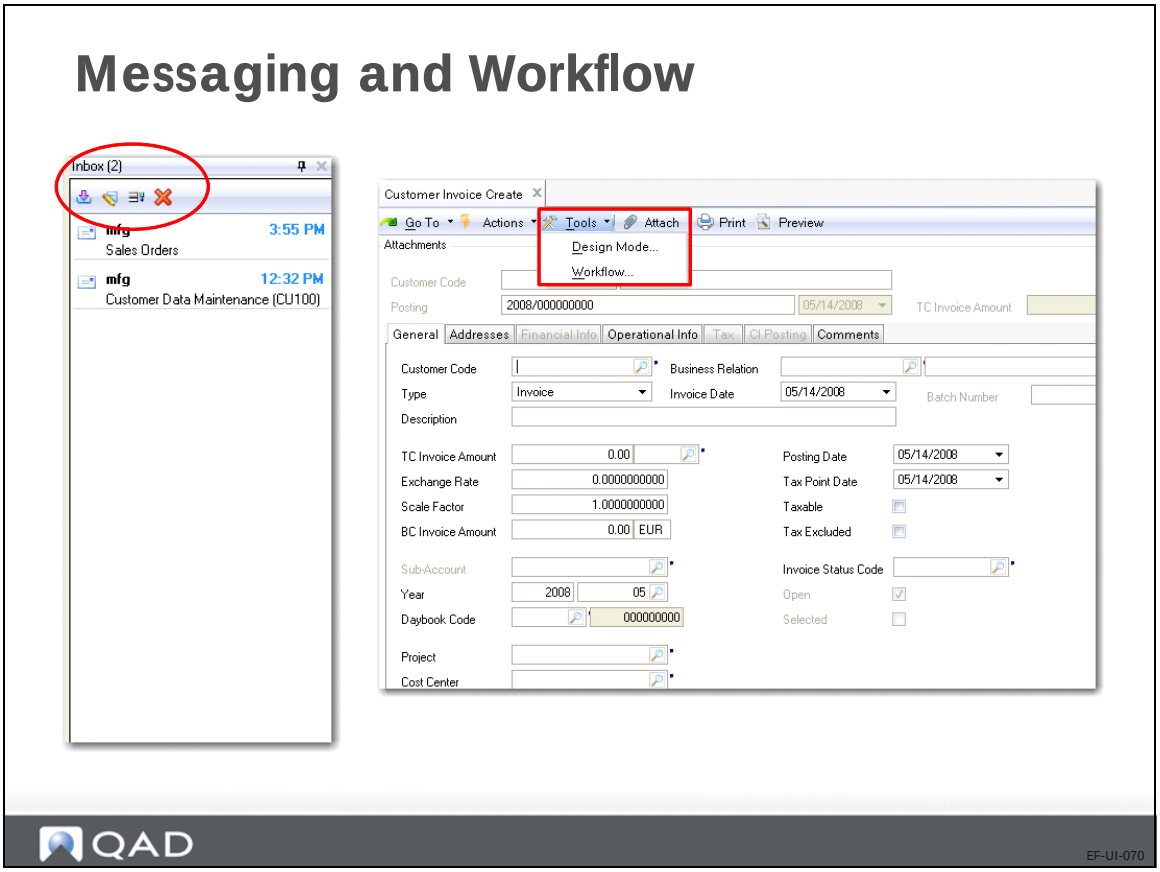
Menu Properties



To find a menu number, name, or other menu attributes, right-click the menu name in the menu pane and choose Properties.

Using the right-click menu, you can also display the menu in the menu tree.

Messaging and Workflow

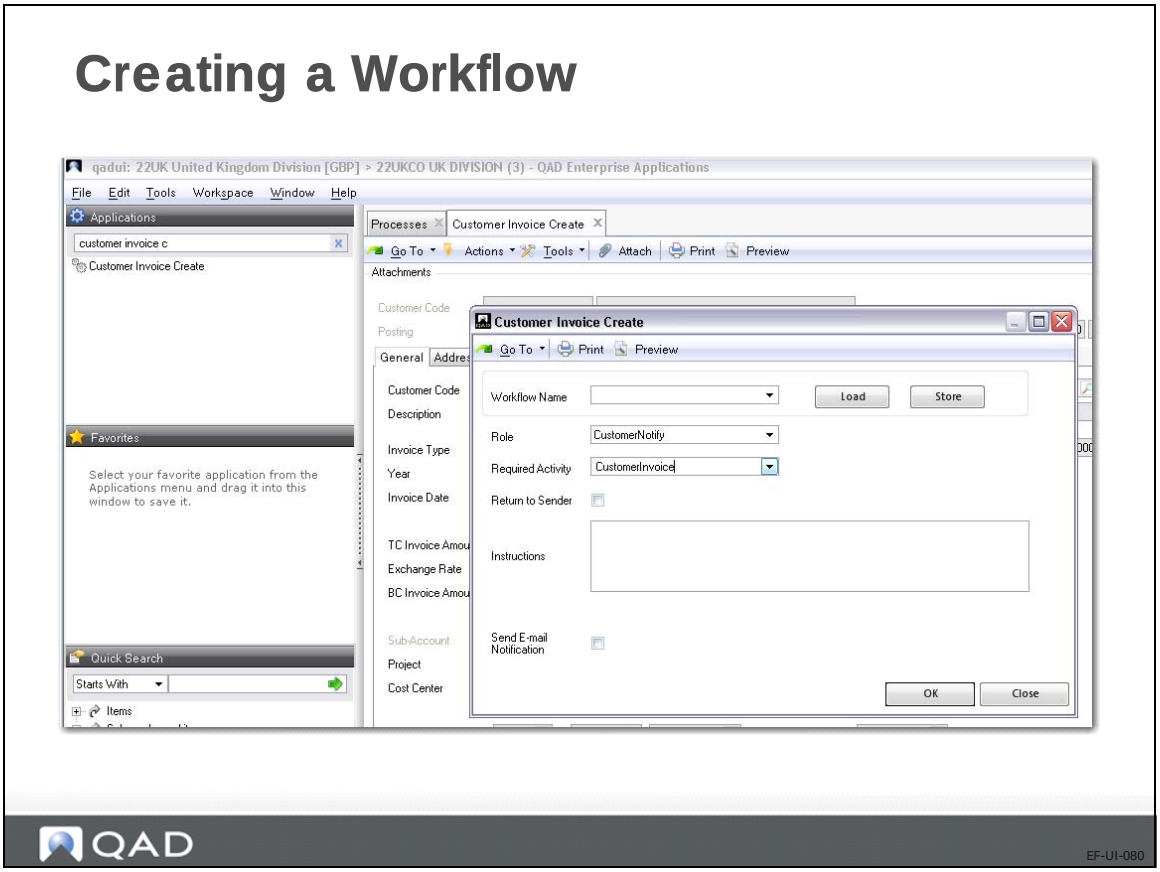


The Financials application includes full emailing capabilities. In addition, you can access workflow functionality in component-based functions (those displaying in tabs). This feature lets you create and initiate workflows between users or roles.

Example When a new customer record is created by a Financials user, a workflow is initiated for an operational user to set up the operational data for the customer.

The workflow supports the segregation of duties and adds efficiency to day-to-day tasks.

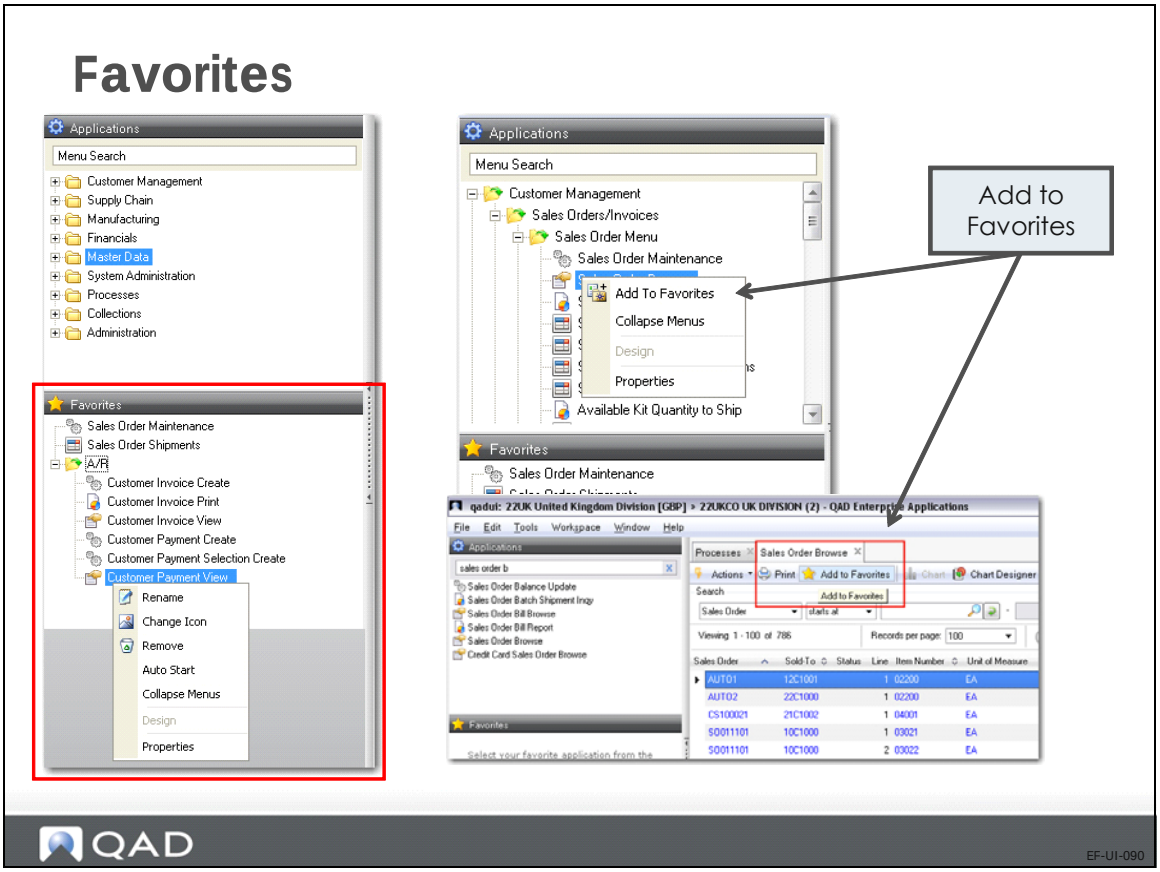
Creating a Workflow



To create a new workflow, select the function from the Tools drop-down list on the menu tool bar. Name the new workflow, assign it to a role, and specify the required activity. Additional instructions can be added in a text comment box.

You can then initiate the workflow or store it for later use and reuse.

Favorites

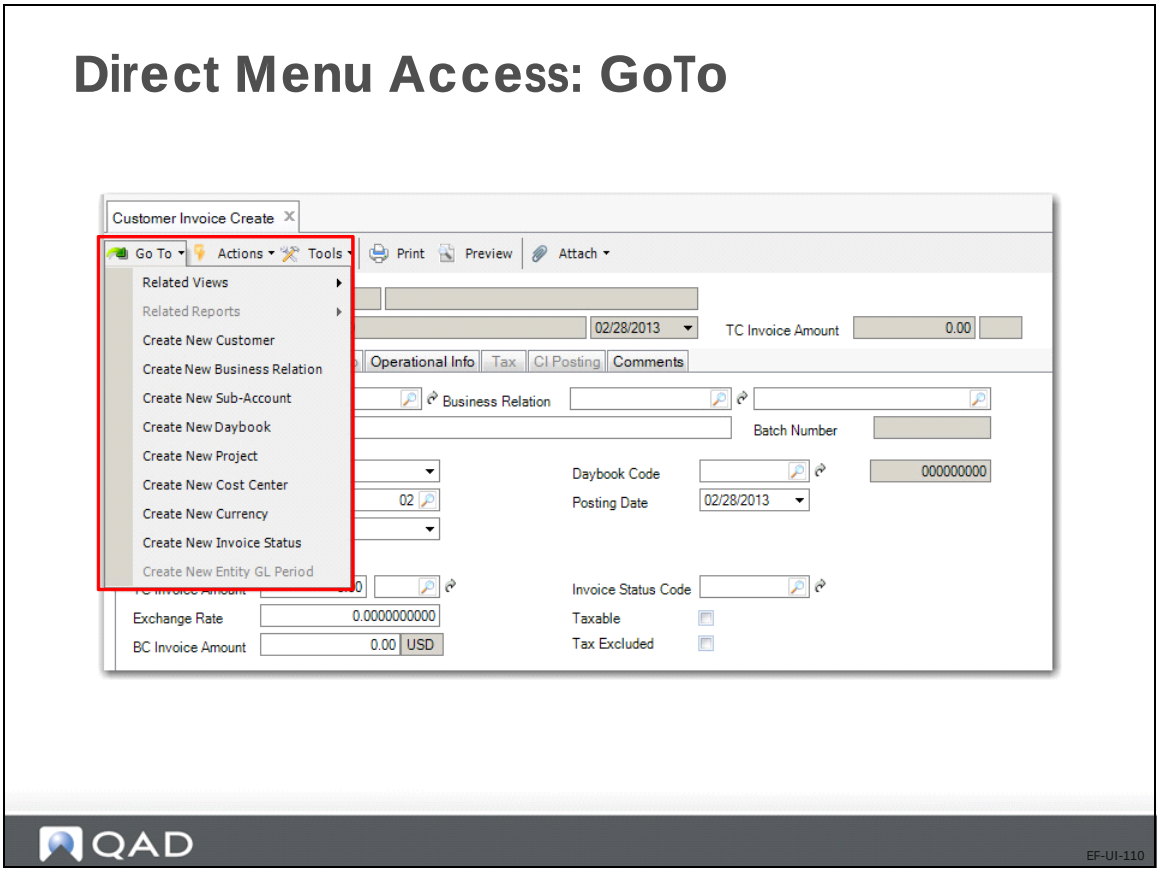


Use the Favorites pane to provide faster access to the menus that you use every day.

Add menus to your Favorites pane by right-clicking on the menu name on the menu list, by dragging and dropping the item from the menu list, or by clicking the Add to Favorites icon in the menu.

You can rename items in your favorites, and group them in directories.

Direct Menu Access: GoTo

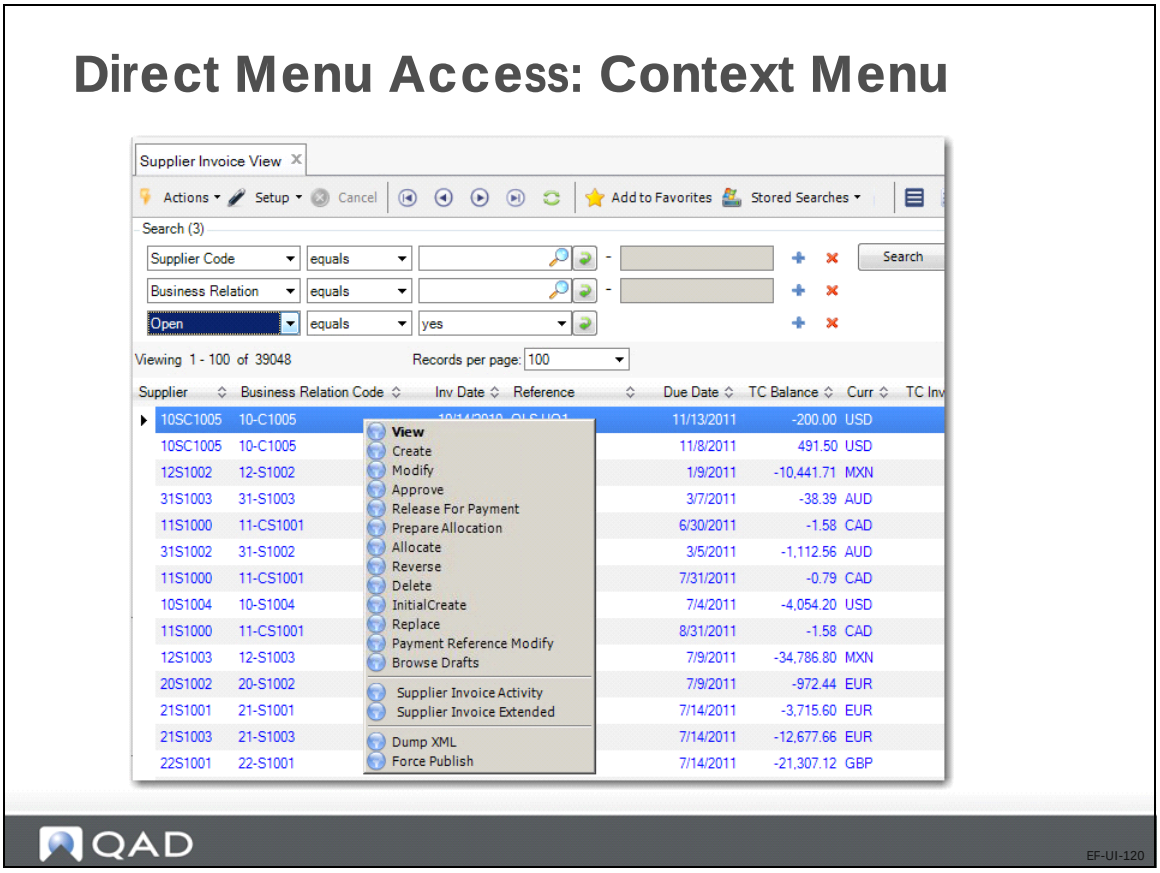


The GoTo function provides a faster way to access menus. Depending on the screen you are currently in, the GoTo menu lists other functions related to the current screen.

GoTo behaves differently, depending on whether the current field with focus contains data:

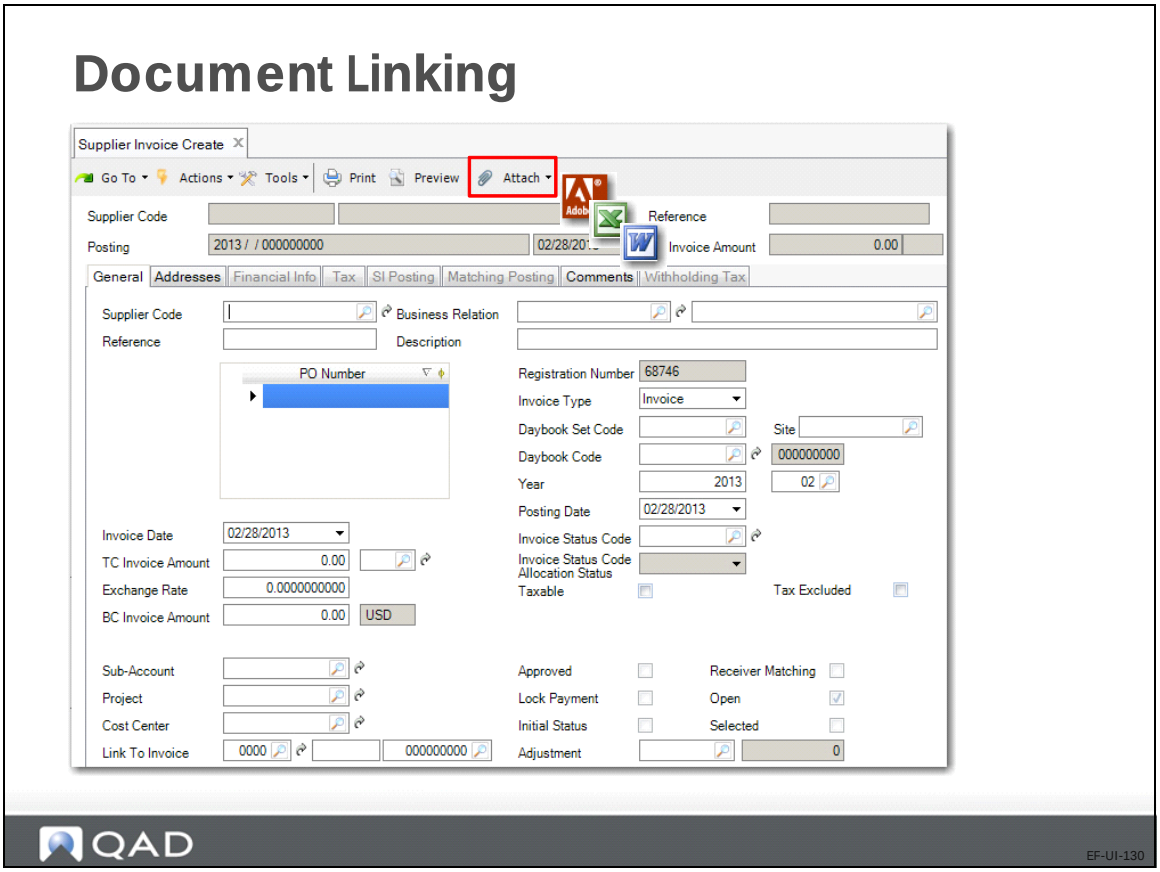
- If the field has a value, GoTo invokes the View activity.
- If the field is blank, GoTo invokes the Create activity.

Direct Menu Access: Context Menu



In browses and views, you can access record-specific activities by right-clicking on the blue underlined record. Create, View, Modify, and Delete are standard activities available for most component-based records. However, some functions have additional activities, for example, in the Supplier Invoice Browse for View, the activities you can access include Release for Payment, Prepare Allocation, Allocate, Reverse, and Replace.

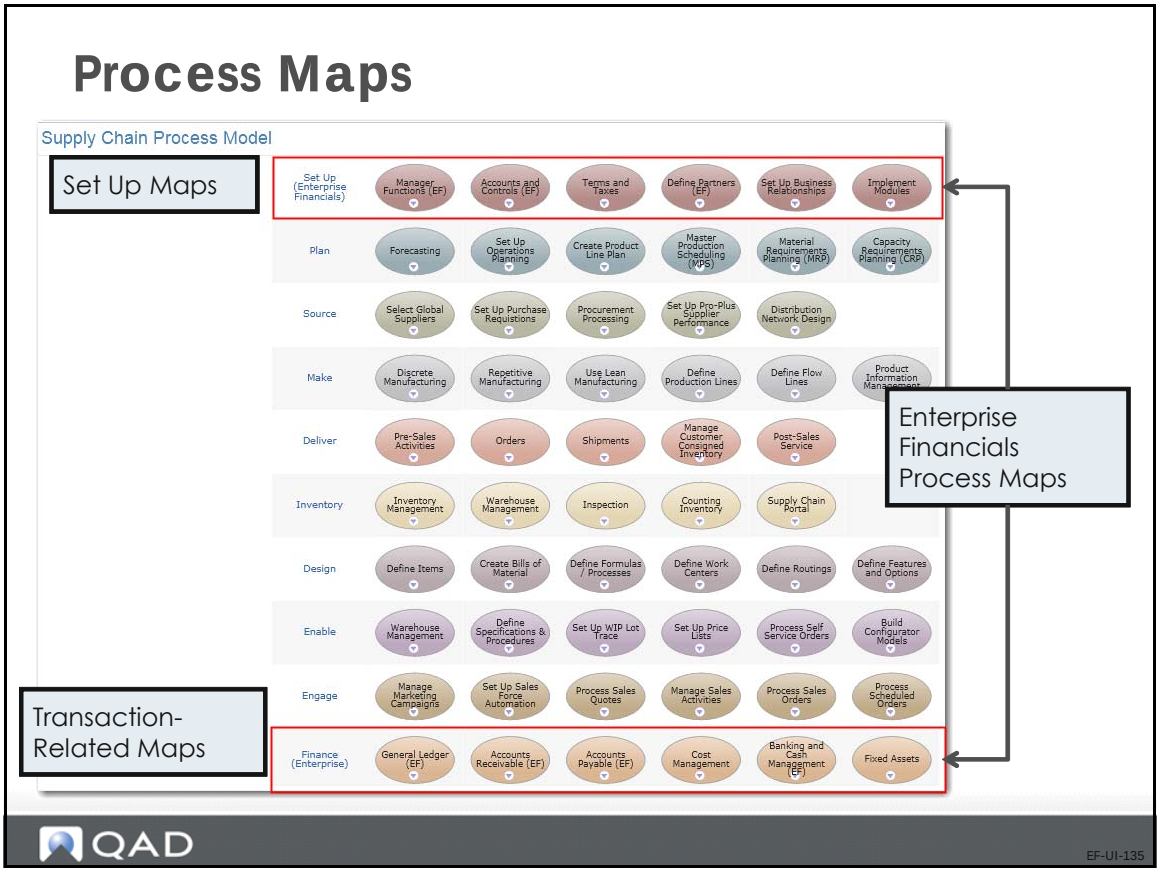
Document Linking



In QAD Enterprise Applications, you can link various types of documents, such as PDF, Excel, and Word documents, to records.

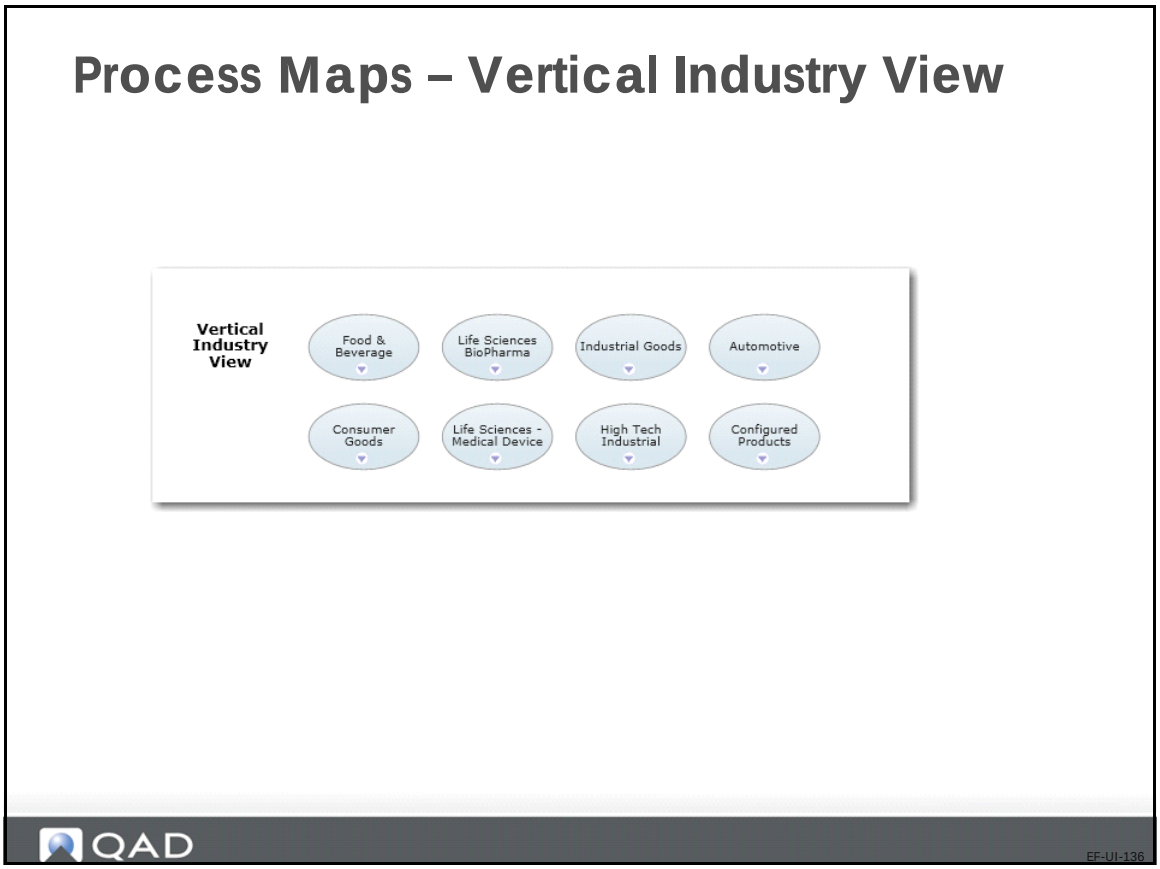
Example You can attach scanned invoices to supplier and customer invoice records.

Process Maps



Process maps illustrate the principal business and operational processes within a QAD application, and consequently, provide graphical navigation. The maps are graphical models of workflows that link to programs, browses, and other process maps.

There are three separate views for process maps in QAD applications: the Supply Chain View (shown above), the End-to-End view, and the Vertical Industry View.

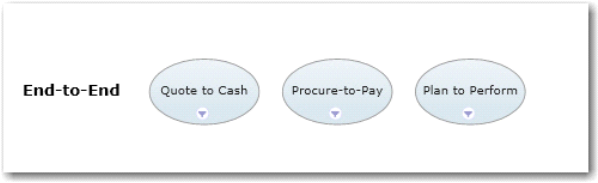


The Vertical Industry maps are categorized using eight groups:

- Food and Beverage
- Life Sciences BioPharma
- Industrial Goods
- Automotive
- Customer Goods
- Life Sciences – Medical Devices
- High Technology Industrial
- Configured Products

The Vertical Industry maps link to the same lowest level maps as the Supply Chain View.

Process Maps – End-to-End View



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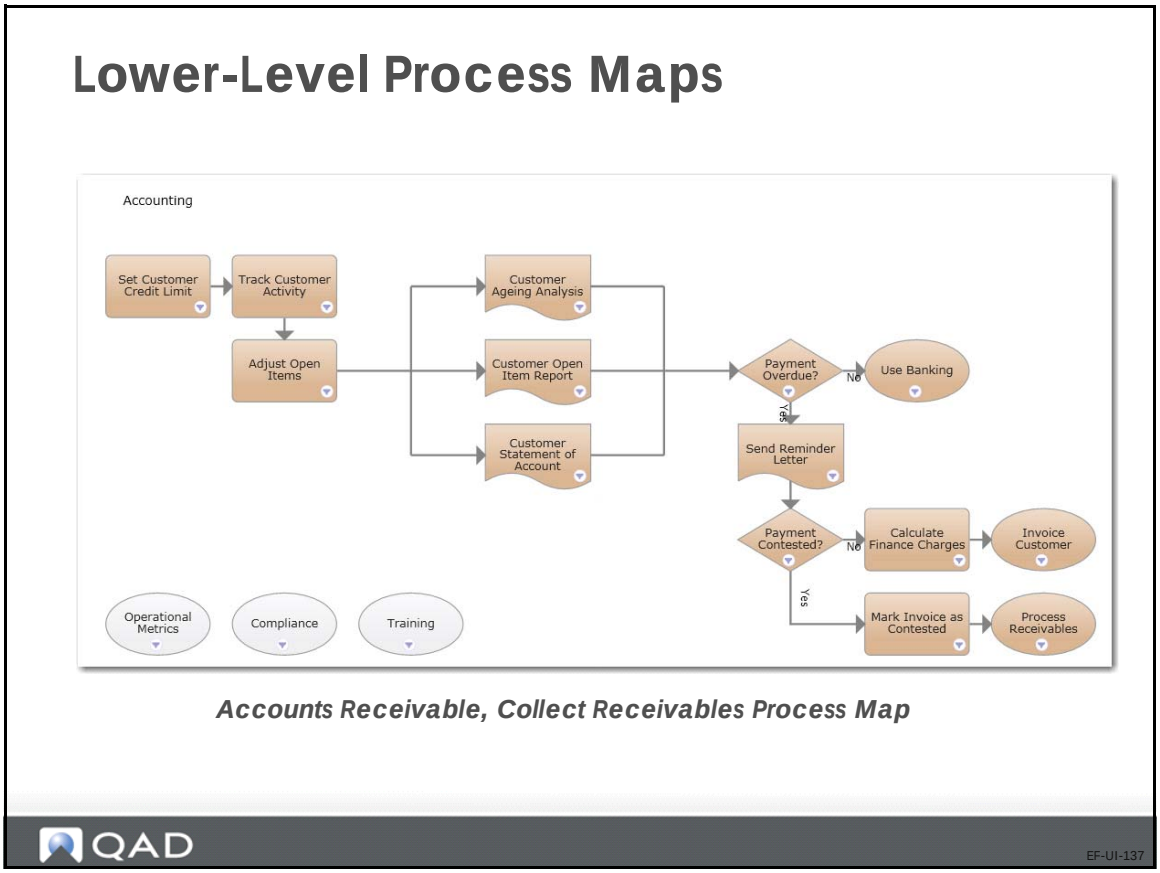
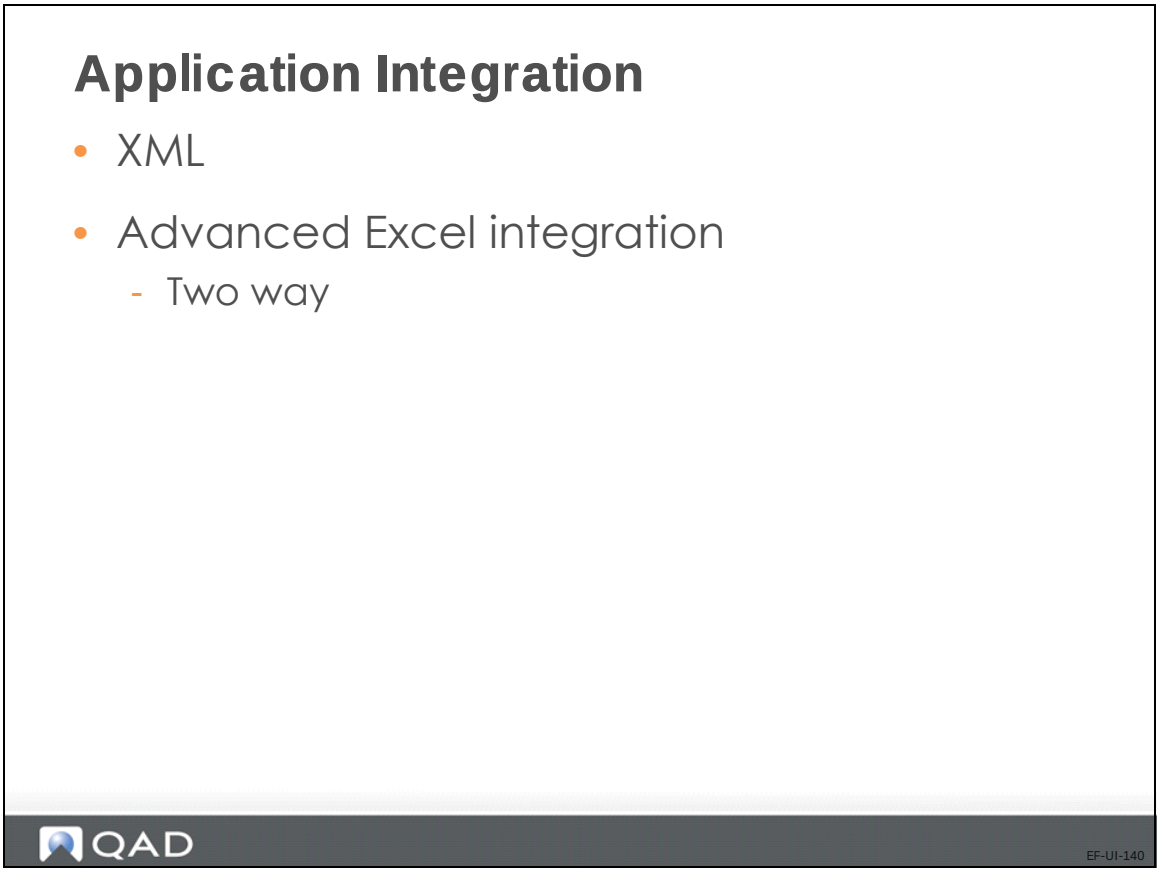
Lower-Level Process Maps



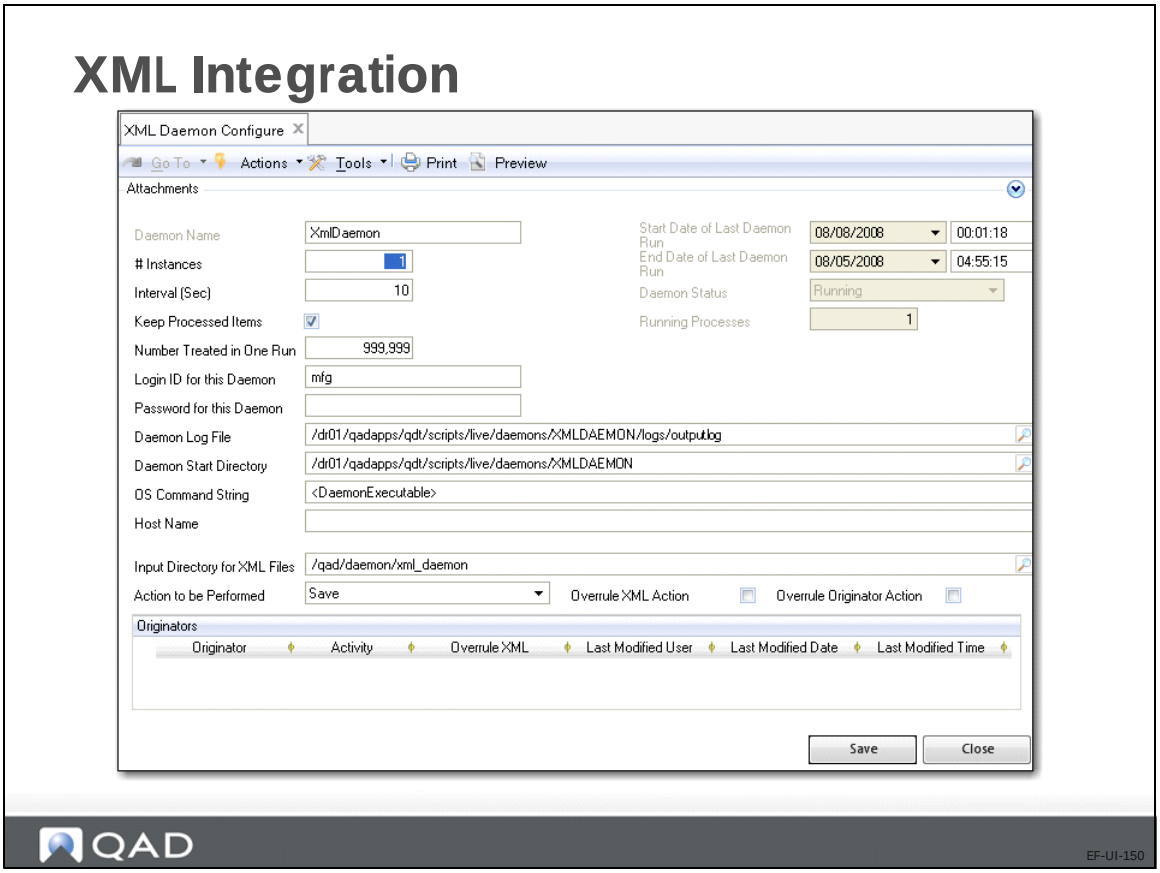
Detailed Enterprise Financials processes are illustrated using the Finance process maps. At the lowest level in the maps, you can click task nodes to open programs, views, and reports in the QAD Enterprise Financials application.

Application Integration



The powerful XML integration and advanced Excel integration features facilitate data exchange between systems, and record creation, maintenance, and reporting.

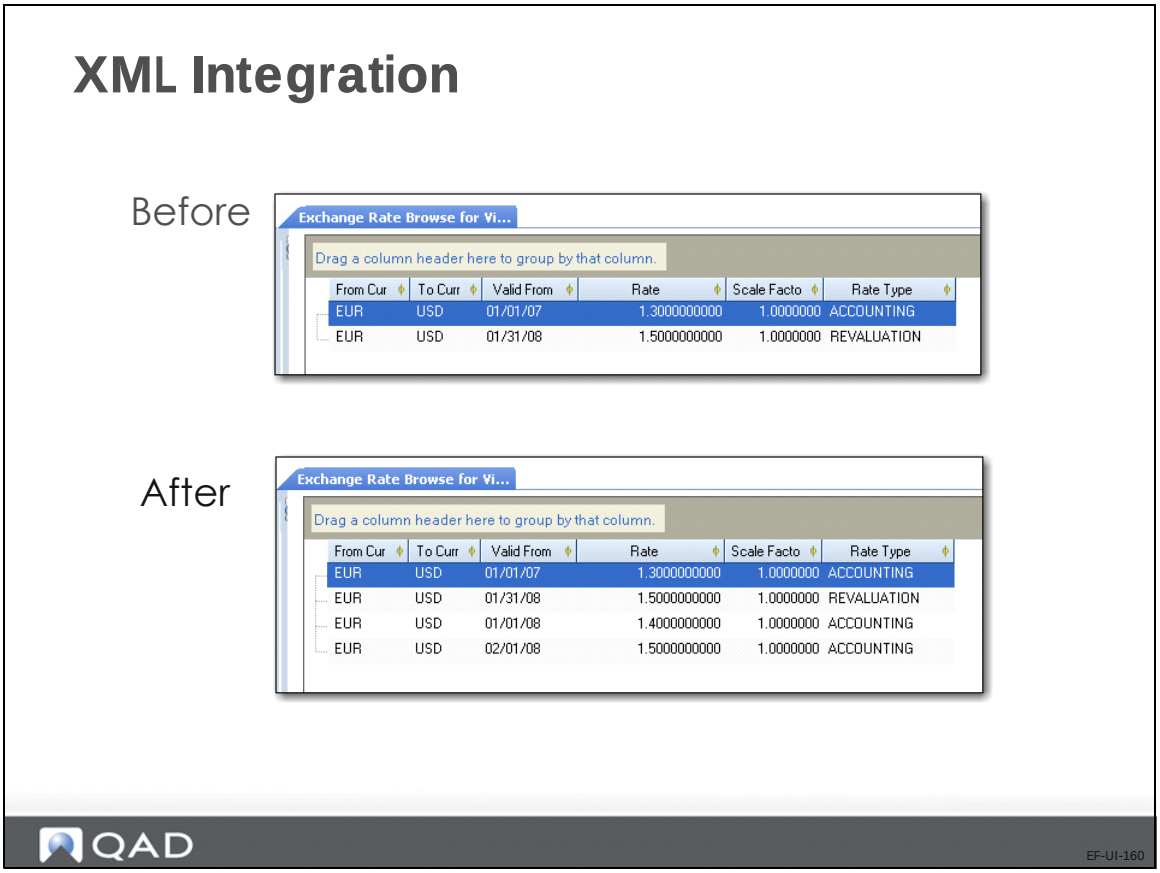
XML Integration



You can use XML to upload data at the start of an implementation, or to automatically load data, such as exchange rates, that must be imported on a regular basis.

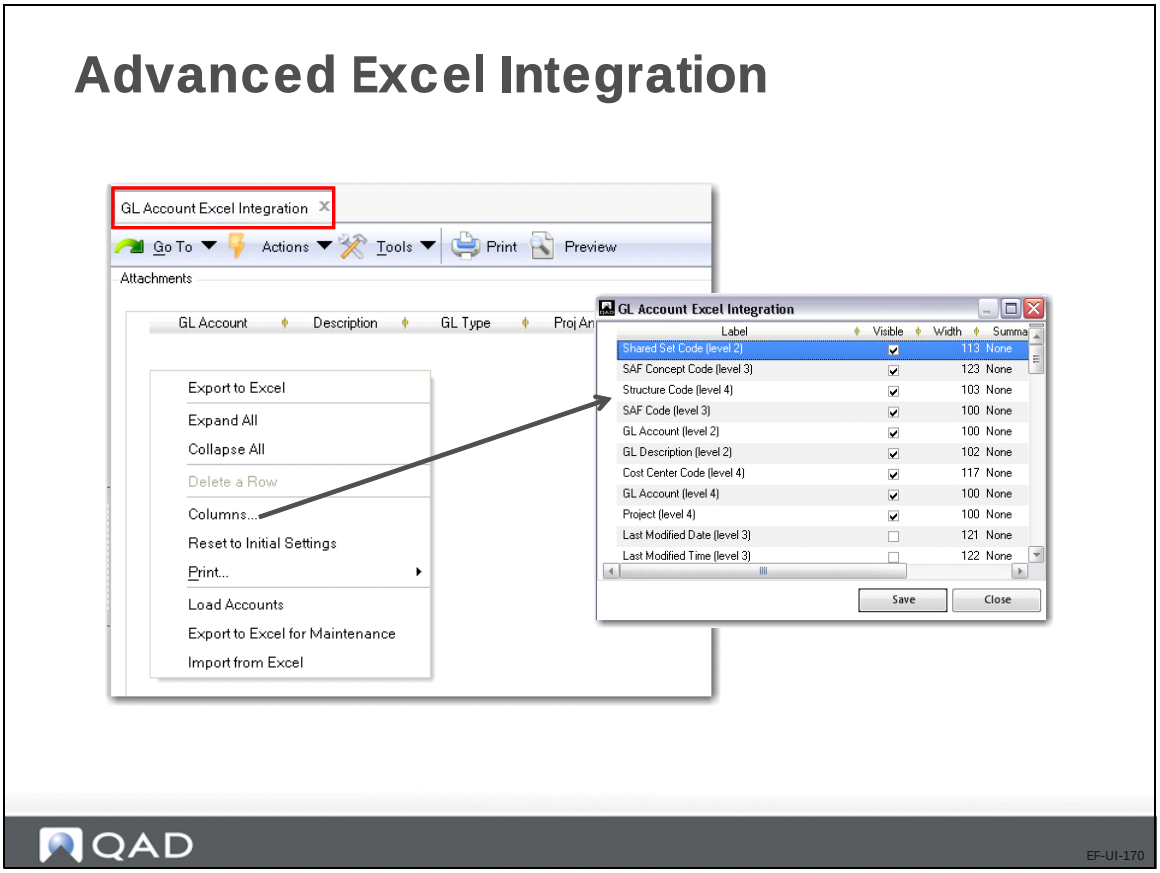
XML integration is very flexible and easy to manage. For more information on XML, see *QAD System Administration User Guide*.

XML Integration



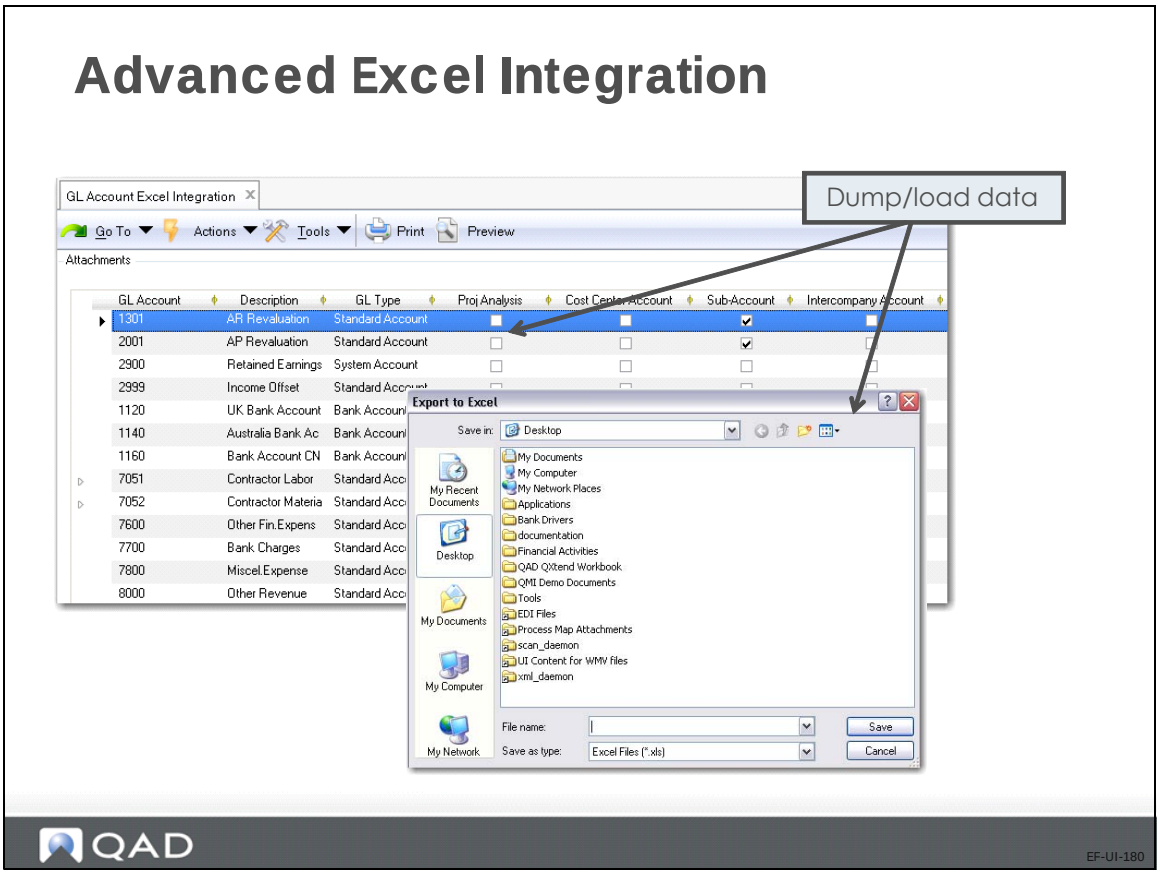
Data imported using XML integration.

Advanced Excel Integration



With advanced Excel integration, you can export all records for remote maintenance, modify the data, and re-import the saved results into the system database.

The starting point for Excel integration is a blank template with column headings for all fields in a business component. You right-click in the grid for business components that support Excel integration and export the template to Excel to enable you to remotely maintain data for the business component. You can then create the data in the spreadsheet or load data from another application into the template to import it to the system database.

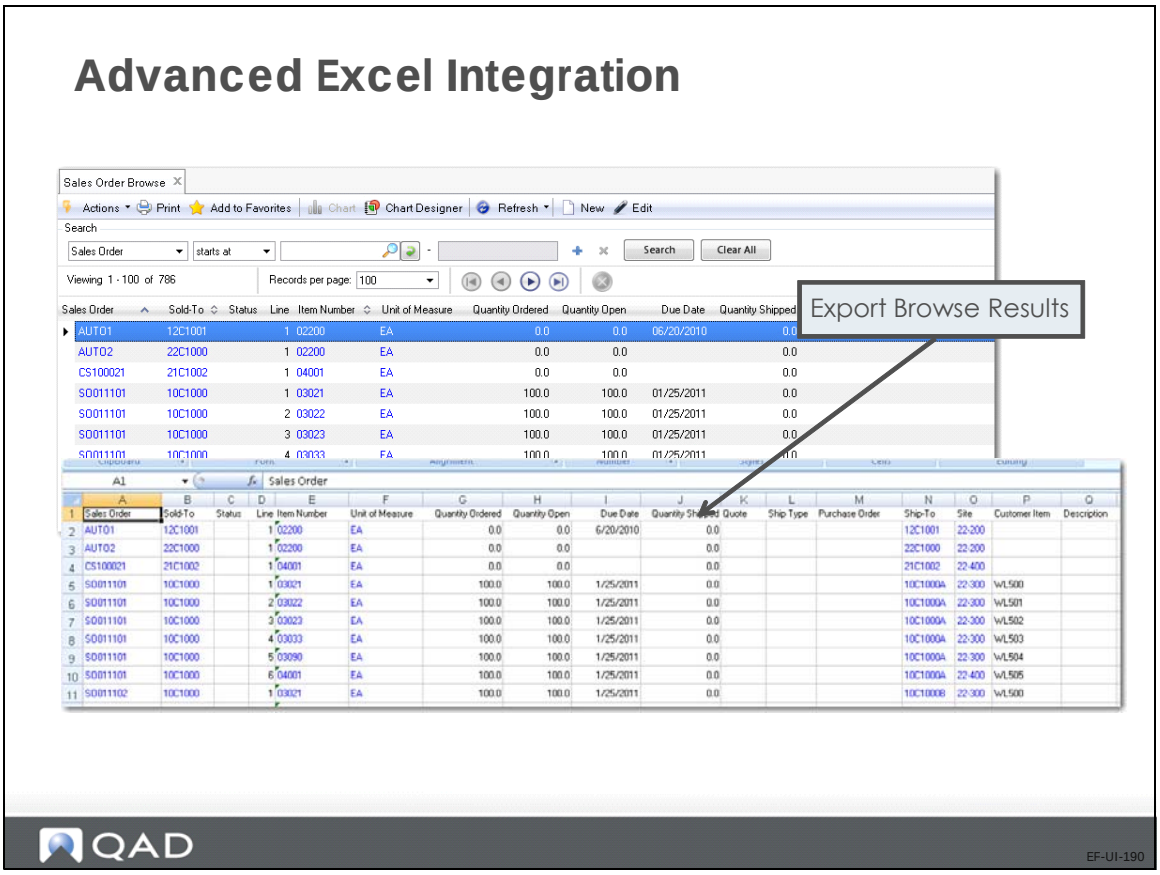


Advanced Excel integration is available as a right-click option on the results grid of the following business components:

- GL Account
- Business Relation
- County
- Customer
- Journal Entry
- Payment Formats
- Supplier
- Customer and Supplier Bank Number

You do not have to exit the QAD application before working in Excel. When making minor changes, it might be more convenient to run your QAD application and Excel simultaneously, and to switch back to your QAD application to import the saved data.

You can also use Excel integration to maintain budgets. In the Budget module, the integration is maintained in real time, and is referred to as a hotlink. This feature is discussed in more detail in *QAD Financials-Advanced Training Guide*.



To export data to Excel for maintenance, choose the Excel integration activity for one of the supported record types, such as GL Account. Select an export location. In the Excel worksheet, make changes or add data, and save the changes. Then return to the QAD application and import the modified data. The system validates any data before importing it. For example, if a mandatory field is missing, the record cannot be imported.

Note The Excel integration function is described in detail in *QAD Financials-Advanced Training Guide*.

Browse Export to Excel

You can also export browse results to Excel. To export data directly into an Excel spreadsheet, right-click in the results screen, and choose Export to Excel from the Actions menu.

The browse results are displayed in a new Excel window. The format of the original grid is preserved in the new spreadsheet.

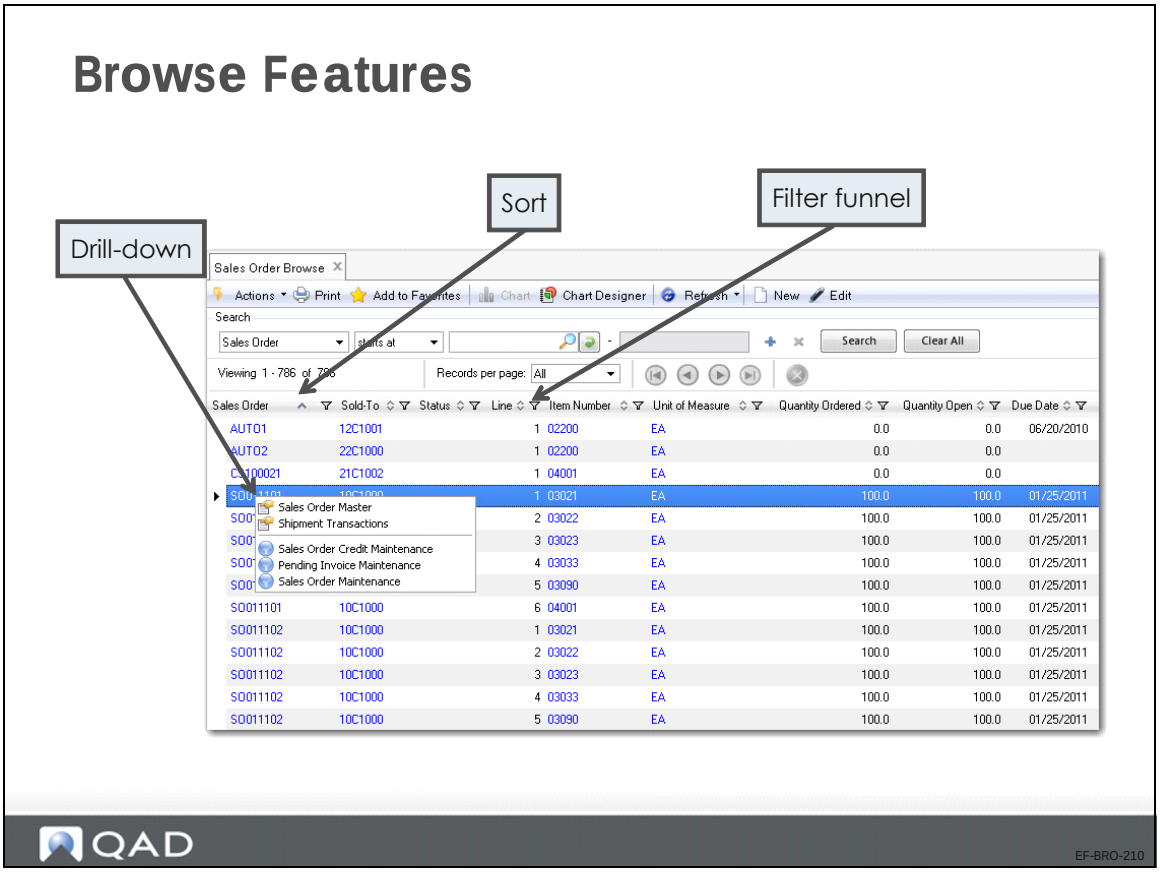
Note You cannot re-import this data to the database.

Browse Highlights

The Search options in Financials activities let you filter search results in a number of ways, and to save customized search settings for reuse. Whenever you view, modify, or delete a record created in a financial activity, you begin by launching a browse.

Browses provide many convenient features that let you manage search criteria and results in an efficient way. These features are described in the following pages.

Browse Features



- Sort

  You can sort all data in a result list on any of the columns just by clicking the column header. Click the header again to sort the data in reverse order.

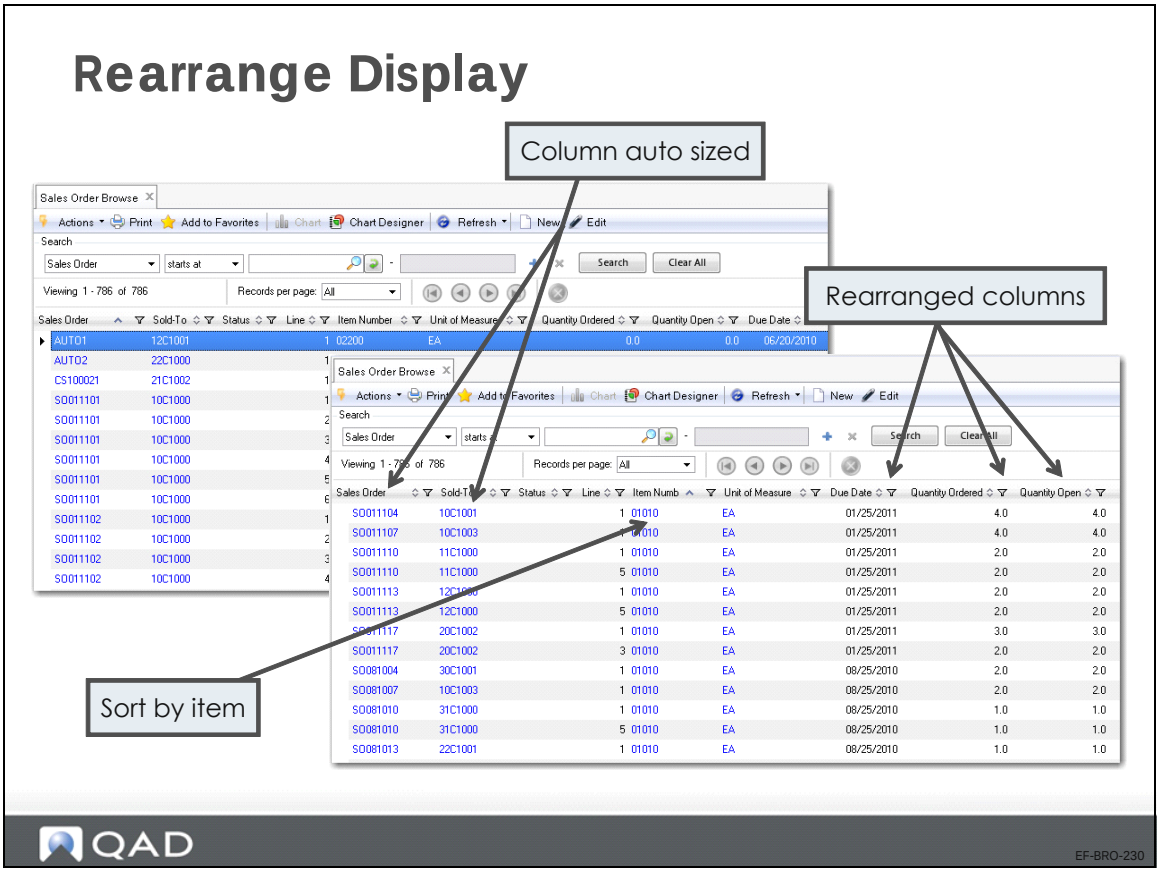
- Filter funnel

  Each column features a drop-down filter option. Click the icon to display the available filters and specify the data to display.

- Drill-down

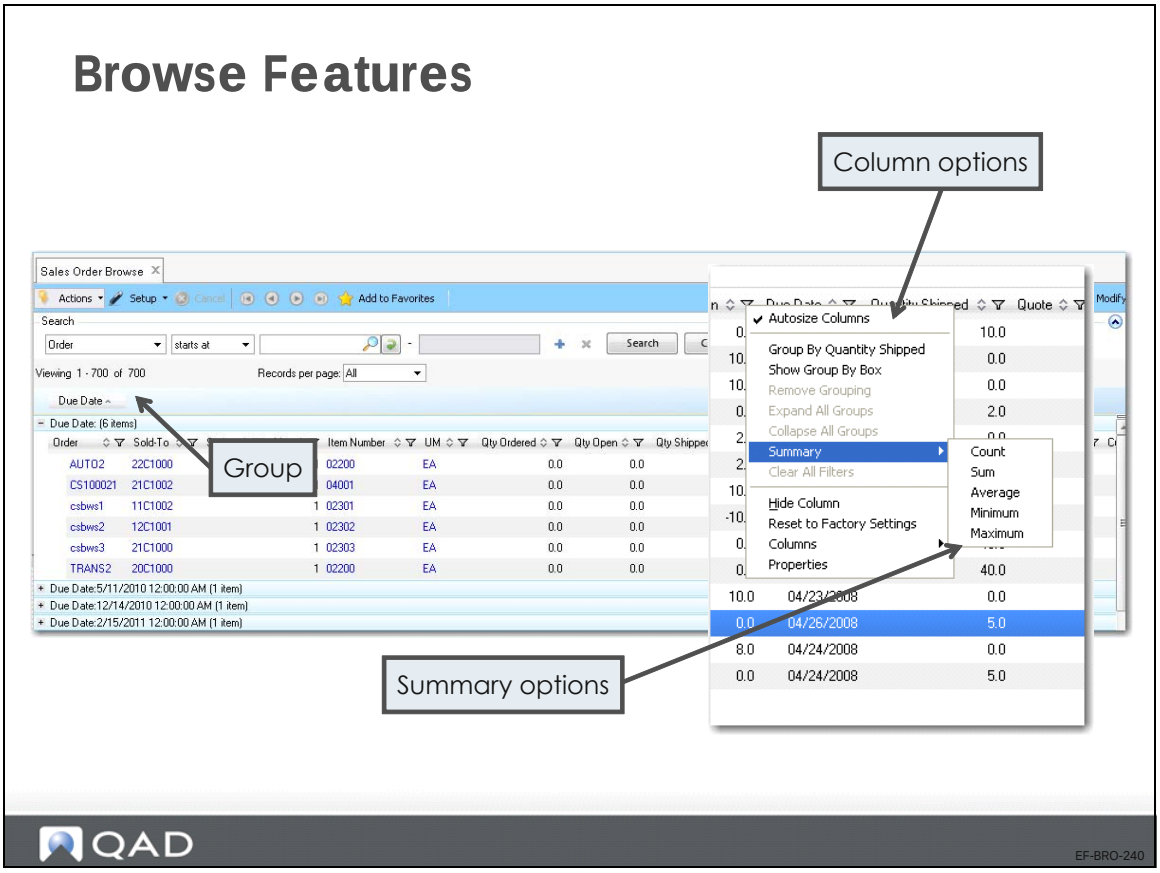
  You can right-click any blue underlined record to access related functions.

Rearrange Display



You can change the column order by clicking the column header in the browse screen and dragging it to another position in the results list. A red arrow indicates the place where that column will be dropped when you release the mouse button.

Browse Features



Adjust the column size by clicking on the border of the column header and dragging the border to the left or the right.

Make additional adjustments to column settings by right-clicking on any column header and choosing the Columns option.

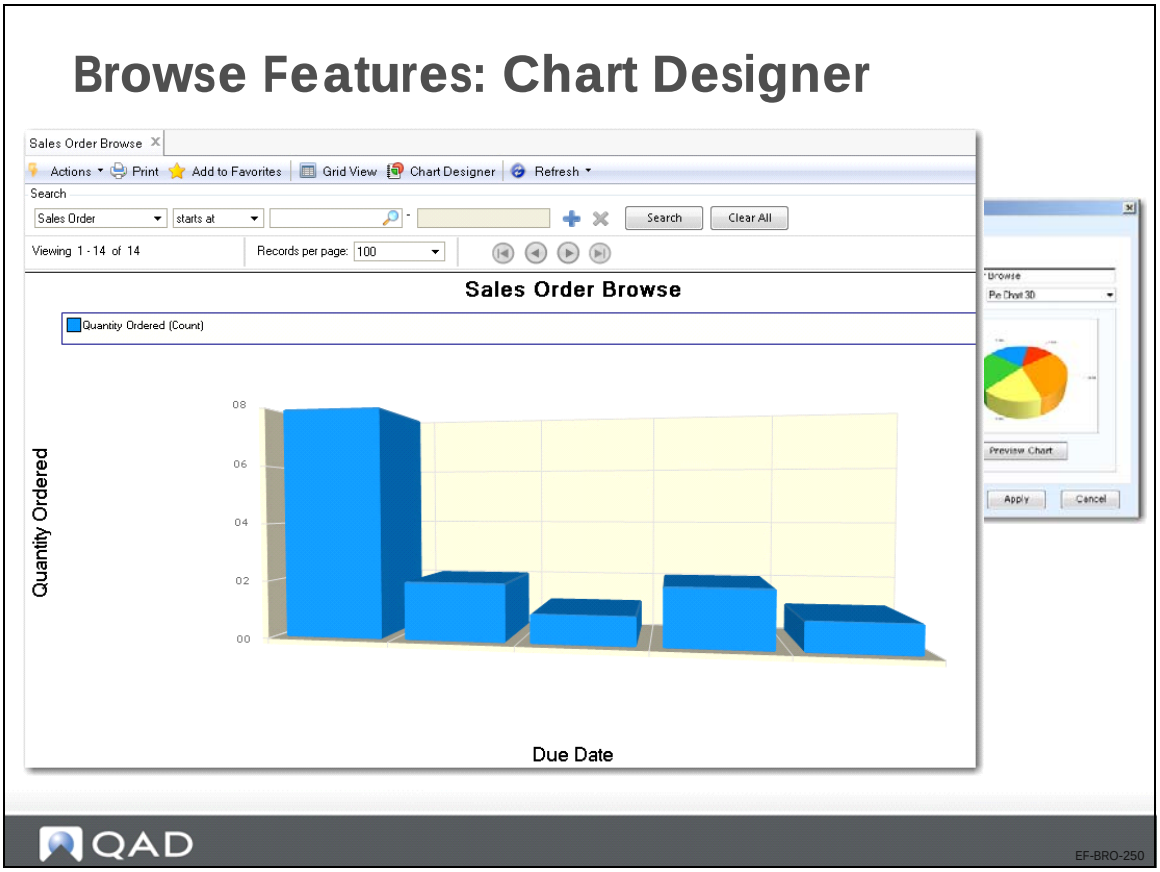
- Group

  Use the right-click Group option to group data by column type. The grid now displays a summary of the column data, with different elements sorted into groups. You can expand each group in the list using the plus sign next to the group.

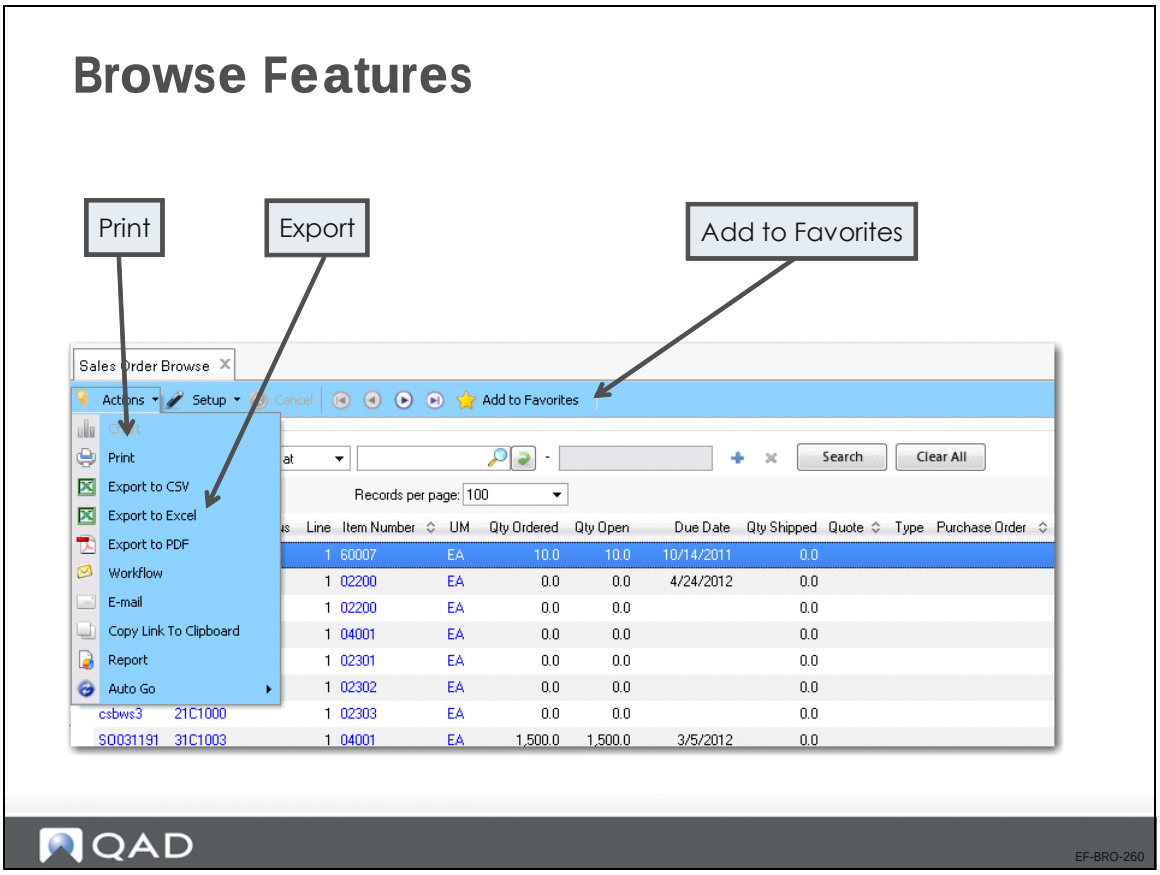
- Summarizing results

  The Summary option displays summary information, depending on the column header in which you have clicked, for example, count, sum, average, minimum, or maximum. Note that you will only see meaningful results if the operator you choose applies to the data type.

Chart Designer



Using the browse Chart Designer feature, you can generate graphical representations of browse data. Toggle between the standard browse display (called the grid view) and the new chart view. Using the Chart View editor, you can select data in a browse and display it as a pie chart or bar graph.



You can export, print, and refresh browse results by clicking the buttons on the menu toolbar.

You can save a browse with specific search criteria to your Favorites.

US and EMEA Exercise: UI Navigation

In the US, log in to entity 10USACO. In EMEA, log in to entity 22UKCO.

1. Log on to QAD Enterprise Applications using the username and password provided by your instructor.
   - a. Familiarize yourself with the interface.
   - b. Click menu options and go down the menu tree.
   - c. Open your inbox.
   - d. Change the active workspace.

2. Look for the menu item Sales Order Browse.

   Note Remember the four options to search for a menu item.

   - a. Look for the menu number. Right-click the menu name and select Properties.
   - b. Add Sales Order Browse to your Favorites.
   - c. Rename Sales Order Browse in your Favorites pane.

3. Open Sales Order Browse.
   - a. In the header Records per page field, select All.
   - b. Choose a column heading to sort on and click the column heading (for example, Due Date).
   - c. Move some columns around (drag and drop) to update the layout.
   - d. Filter the data, for example, by item number, by clicking on the Funnel icon.
   - e. Right-click a sales order number. Choose Sales Order Master and review the record.
   - f. In the Sales Order Browse, right-click a column header and select Show Group By Box.
   - g. Drag and drop the Due Date column header to this area. Click a + sign to drill down.
   - h. Drag and drop the Item Number column header to this area.
   - i. In the menu bar, click Actions|Export|Export to Excel and save the Excel file to your desktop.
   - j. Review the Excel file you exported.

     The grouping is preserved.
   - k. Return to the Sales Order Browse, and set the Records per page field in the header to 10.
   - l. In the Setup menu, choose Chart Designer and specify the following values to create a chart:

     X Variable: Select Due Date.

Y Variable: Select Qty Ordered.

Chart Type: Select Column Chart 3D

m Click Apply to create the chart.

4 Open GL Account Excel Integration (25.3.13.5).

a In the grid area, right-click and choose Load Accounts.

b When the accounts have loaded, right-click in the grid again and choose Columns.

c Select the columns that you want to export. Deselect the ones you do not want to export.

d Click Save.

e Right-click in the grid and select Export to Excel for Maintenance.

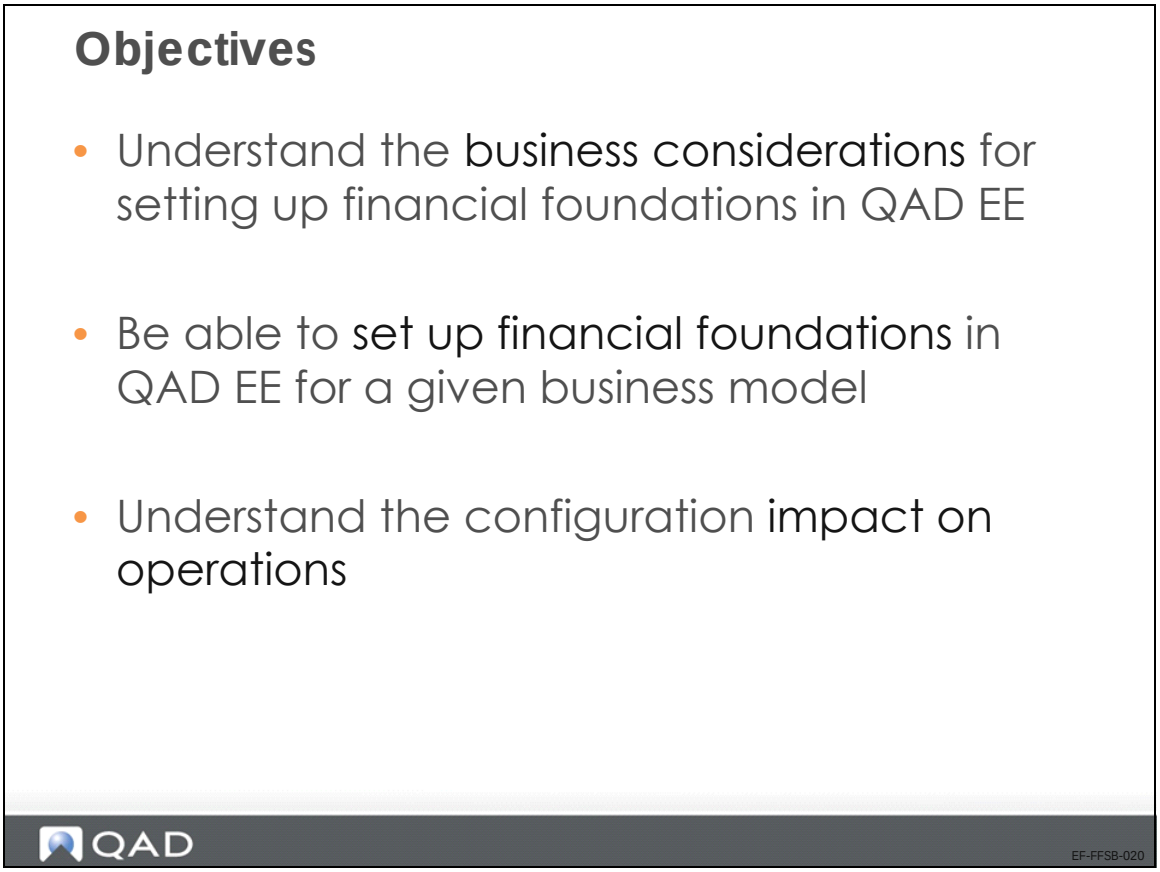
f Review the data in the exported Excel file.

Look at row 2. It contains important information for the system to reload the data after maintenance. Do not modify the data on this row.

Chapter 3

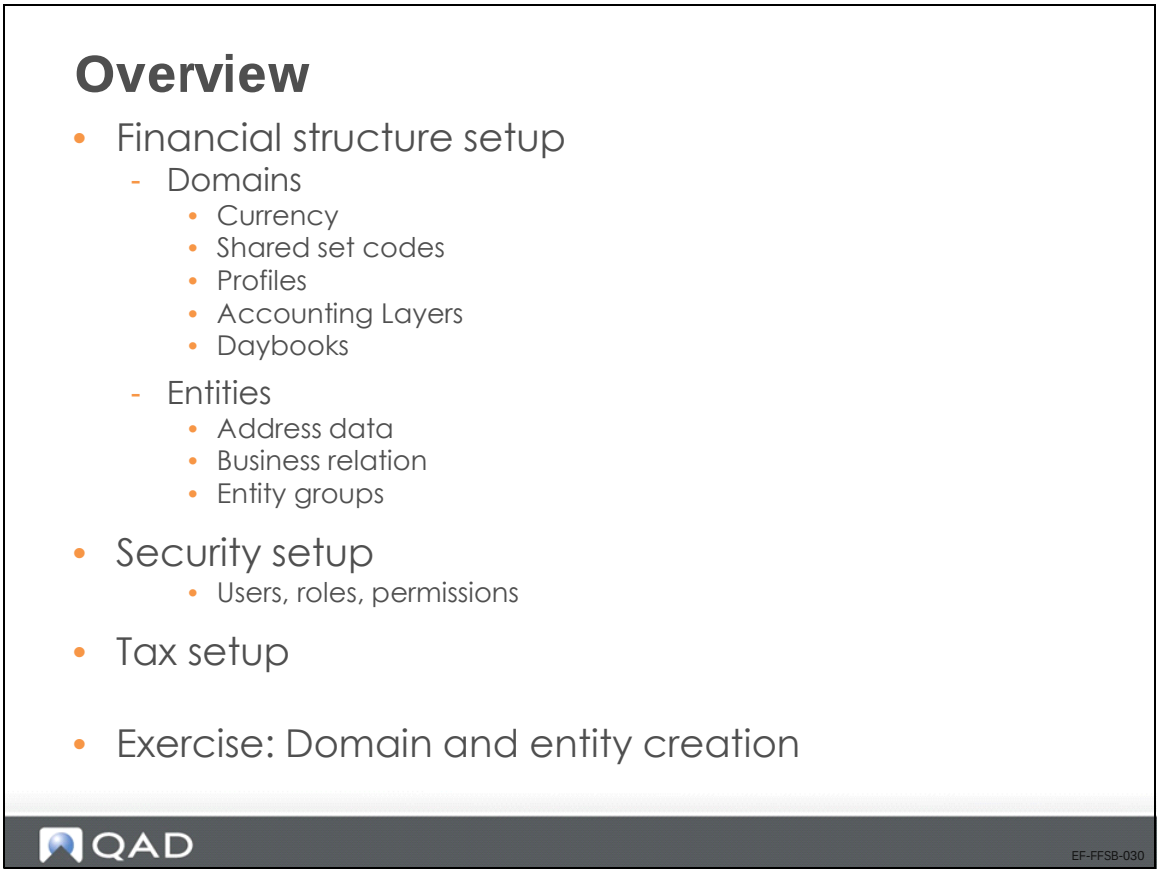
Setting Up Financial Foundations

Objectives



In this section, you will learn how to set up financial foundations based on specific business requirements. You will also learn how certain financial configurations impact business operations.

Overview—Continued

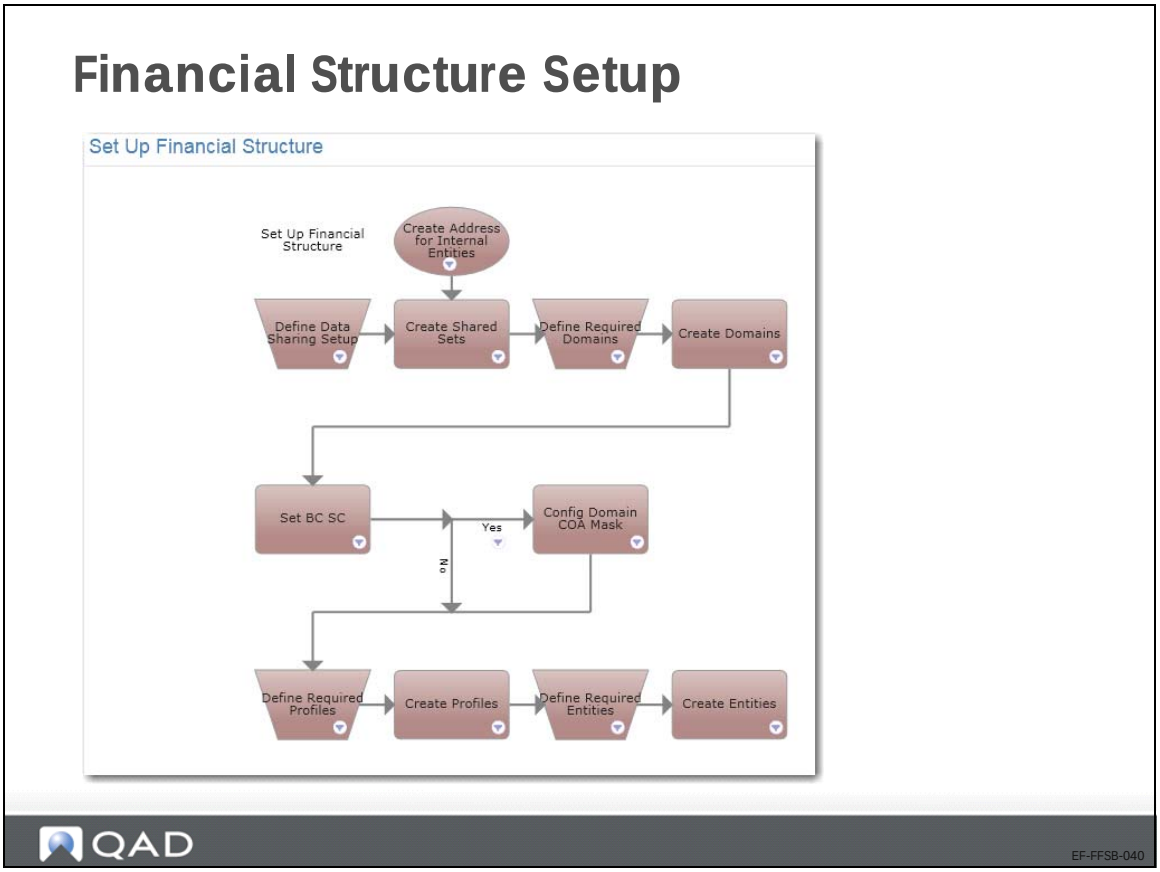


This section describes how to set up a new entity (company), and all of the data elements linked to an entity.

The first step is to determine the financial structure to set up, such as the number of domains and entities required, the tax setup, and how to share data. When this step is complete, you can set up domains and entities, and roll out the security model.

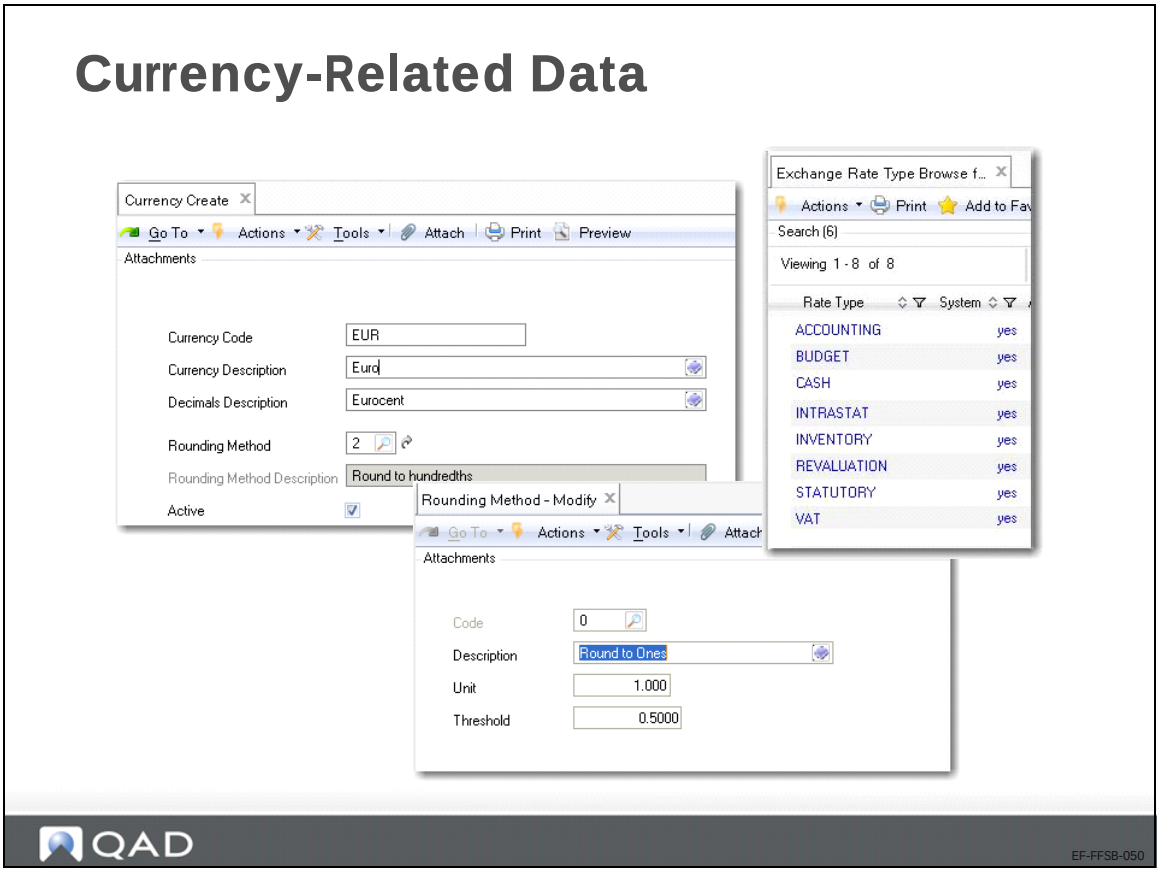
We will review the financial structure setup steps in detail, and follow up with an exercise.

Financial Structure Setup



The slide shows the process map for the financial structure setup. In each chapter, this training guide shows screenshots of process maps as a best practice reference.

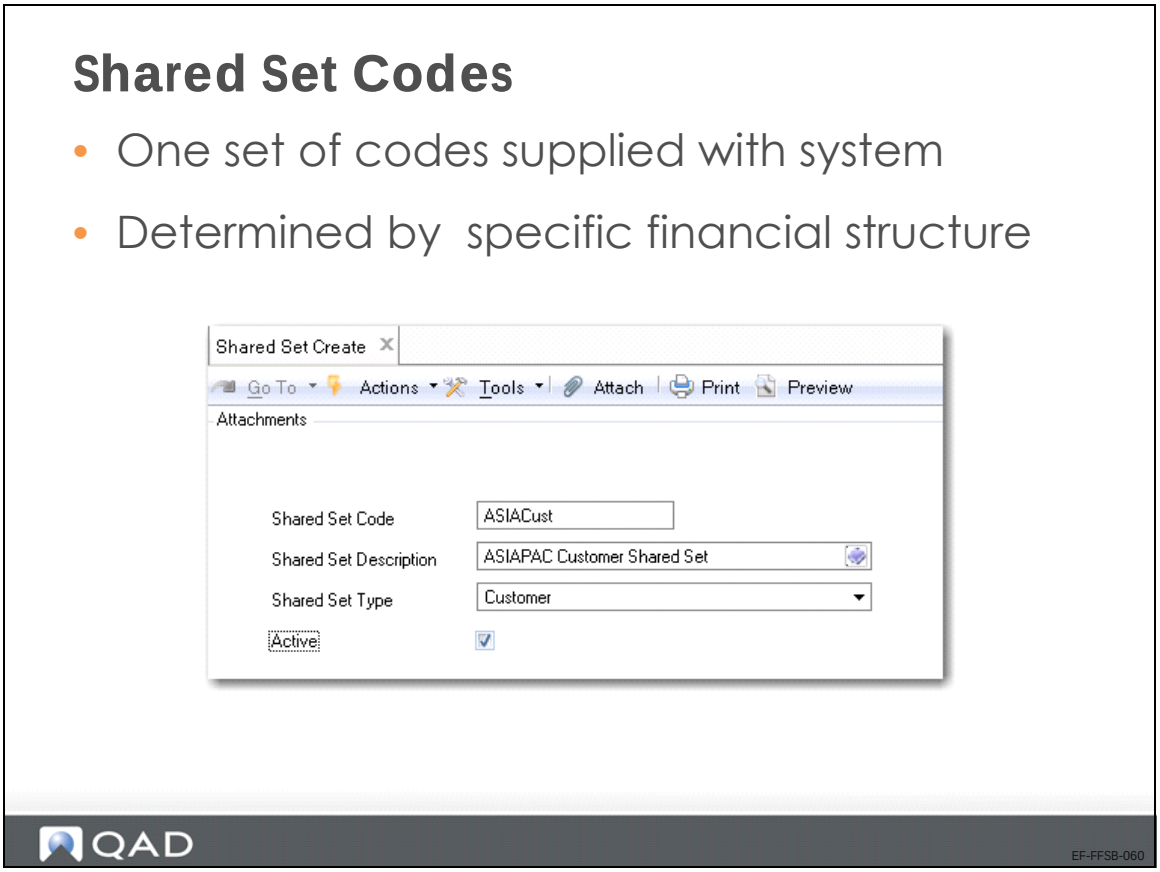
Currency-Related Data



Currency-related data, such as codes, rounding methods, and rate types, are used database wide, across domains. Therefore, you must set up this data first, using the following functions:

- Currency Create/View/Modify (26.1, 2, and 3)
- Rounding Method Create/View/Modify (26.2.1, 2, and 3)
- Exchange Rate Type Create/View/Modify (26.3.1, 2, and 3)

Shared Set Codes



Next, set up as many shared set codes as required for your financial structure. Shared set codes identify financial data that can be shared across selected domains.

Use Shared Set Create (36.1.1.3.1) to create shared set codes.

Shared Set Data Setup

Shared Set Data Setup

- Financial data shared across domains
- Minimum one shared set code of each type of data
- Use profiles to link one shared set type to data in another shared set type
  - Example: customers and suppliers link to control accounts

QAD

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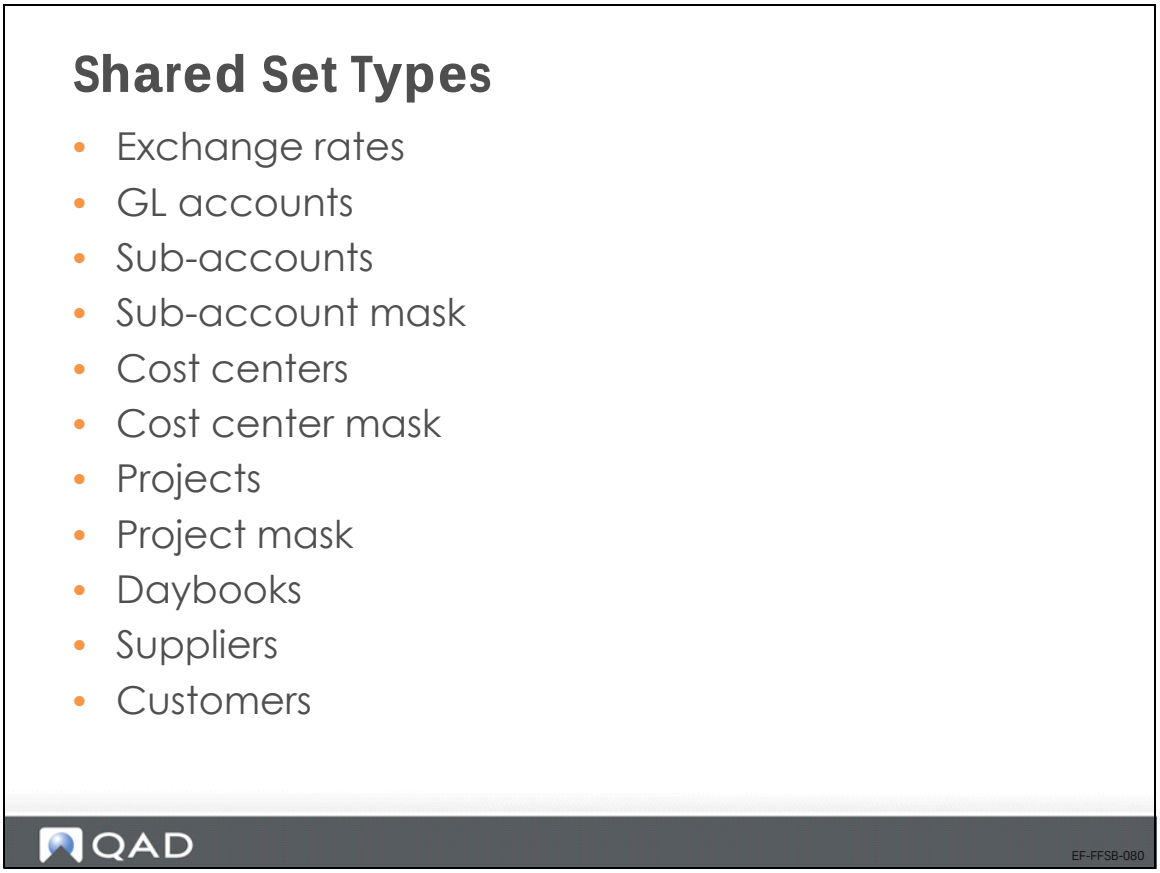
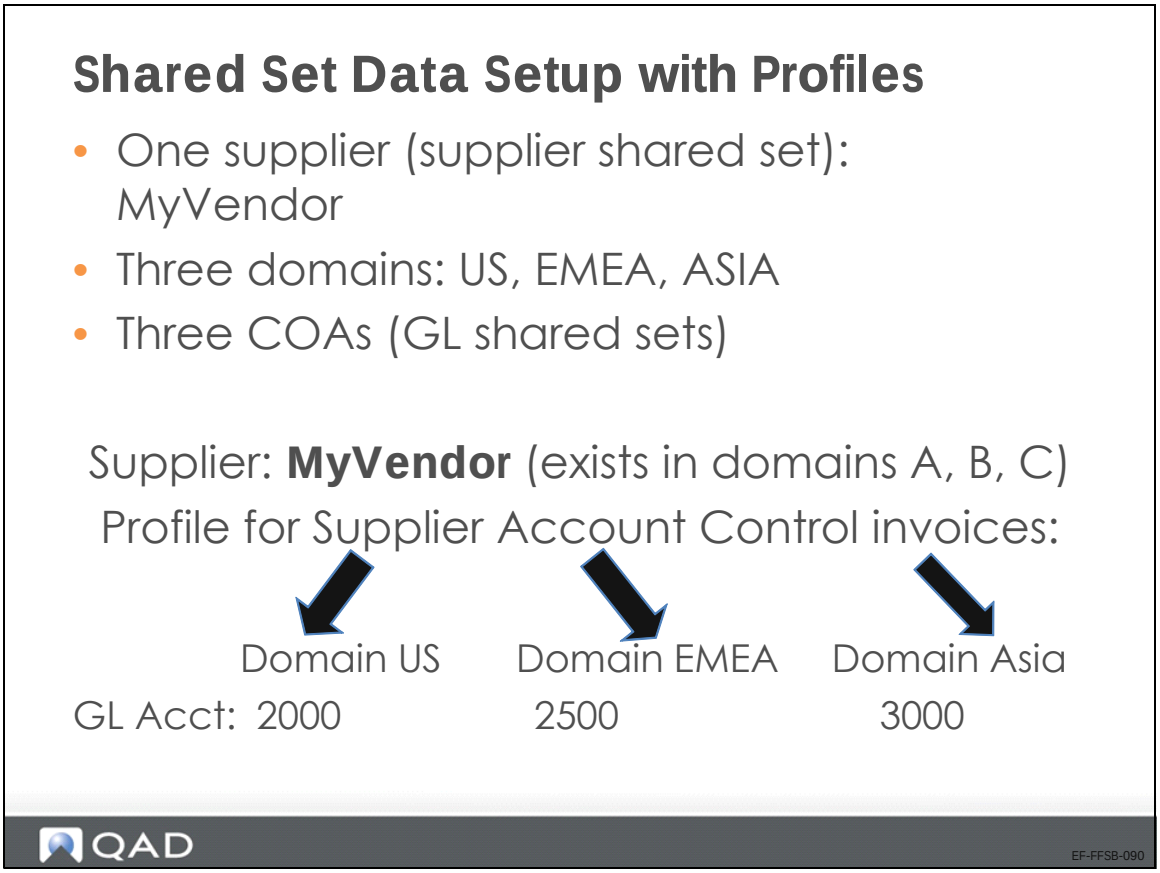
You use profiles to identify the relationships between records in shared sets of different types. Profiles are discussed a few slides further on.

Shared Set Types



There are eleven shared set data types. A domain must be linked to at least one shared set code of each type. The system is deployed with a default group of shared set codes.

Shared Set Data Setup with Profiles

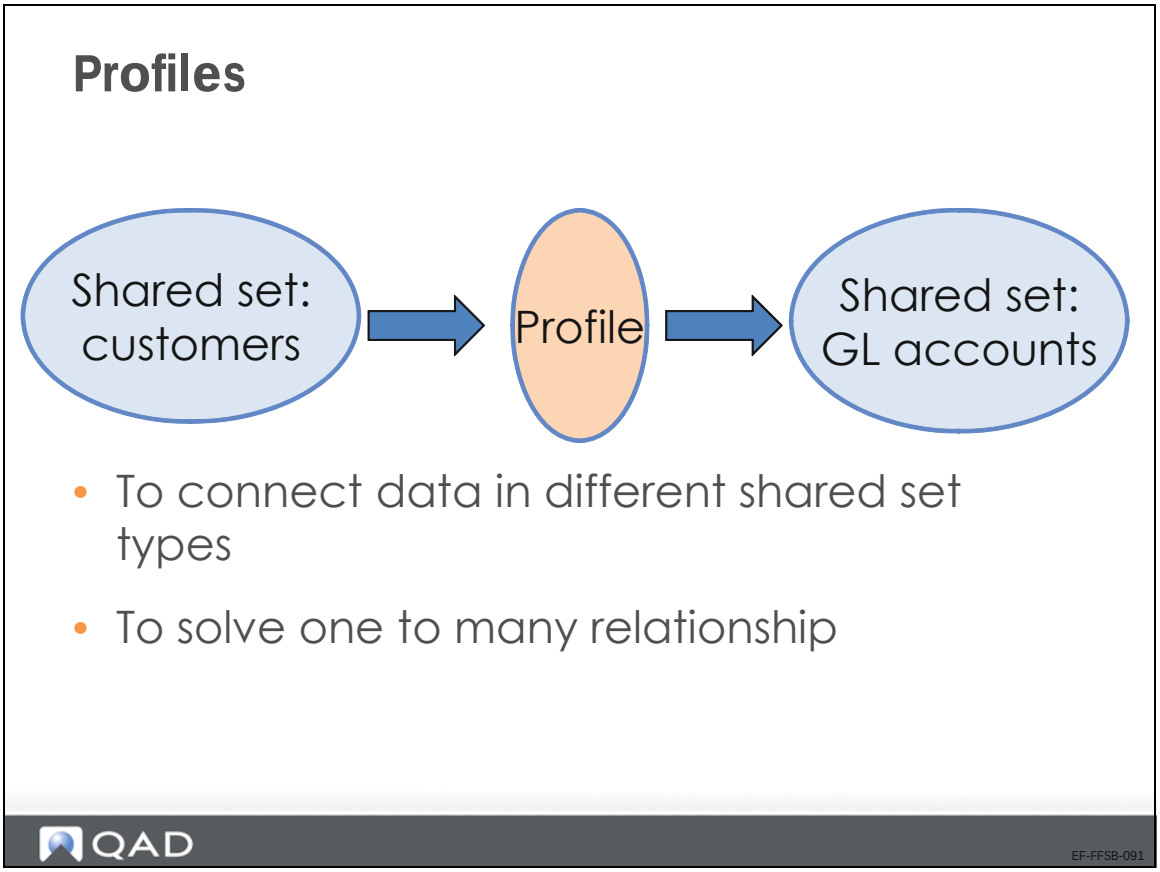


Consider the example shown in the slide where suppliers are shared by all domains, but GL accounts are not shared between domains.

Each supplier needs an associated supplier control account. However, if you assign a control account from the US account shared set, it would be invalid when purchase orders are created in the EMEA domain or in the Asia domain. Therefore, you must create three supplier control accounts and assign these to a profile, which indicates which control account to use, depending on the domain.

You assign the profile to the supplier's record. Then, regardless of which entity does business with the supplier, valid accounts are referenced when invoices are registered.

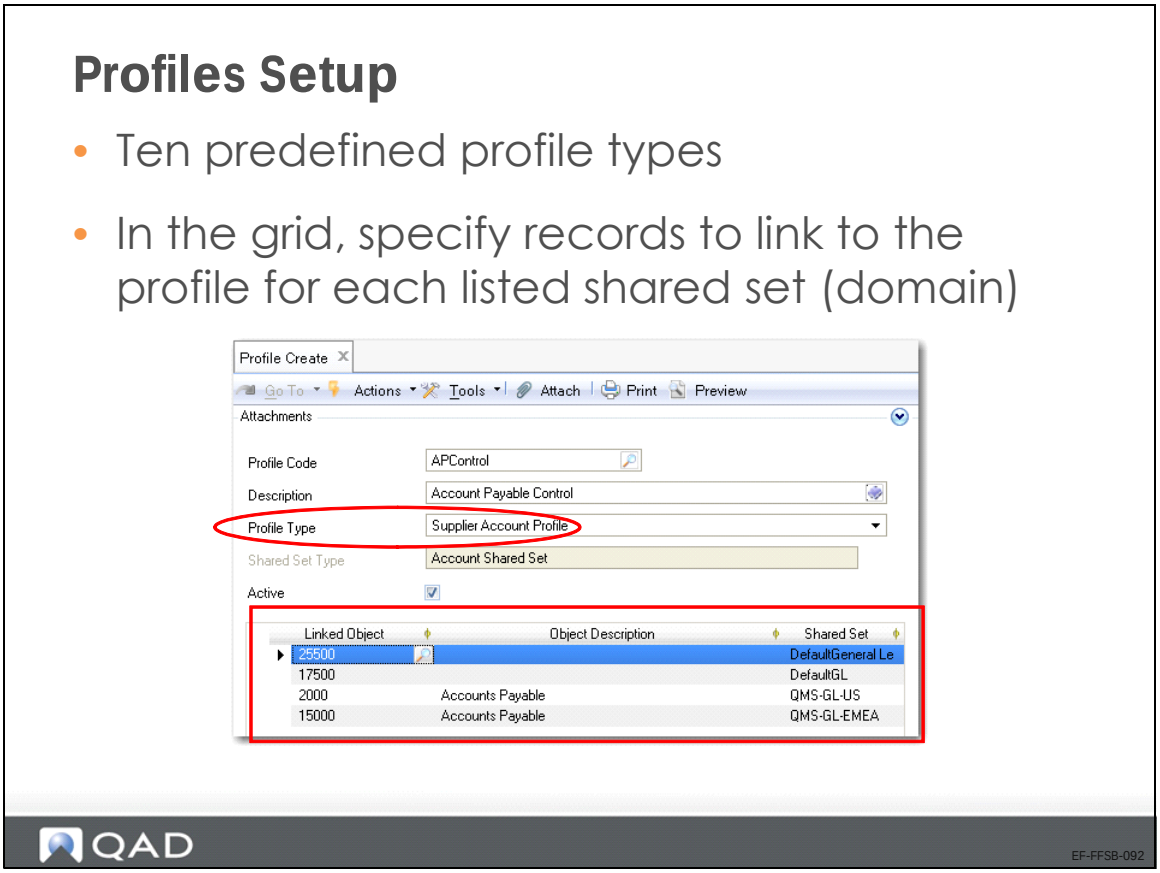
Profiles



Profiles are used to link data in one shared set type to data in another shared set type in order to solve the one-to-many relationship issues that can arise.

Only specific combinations are possible, and are defined by profile types.

Profiles Setup



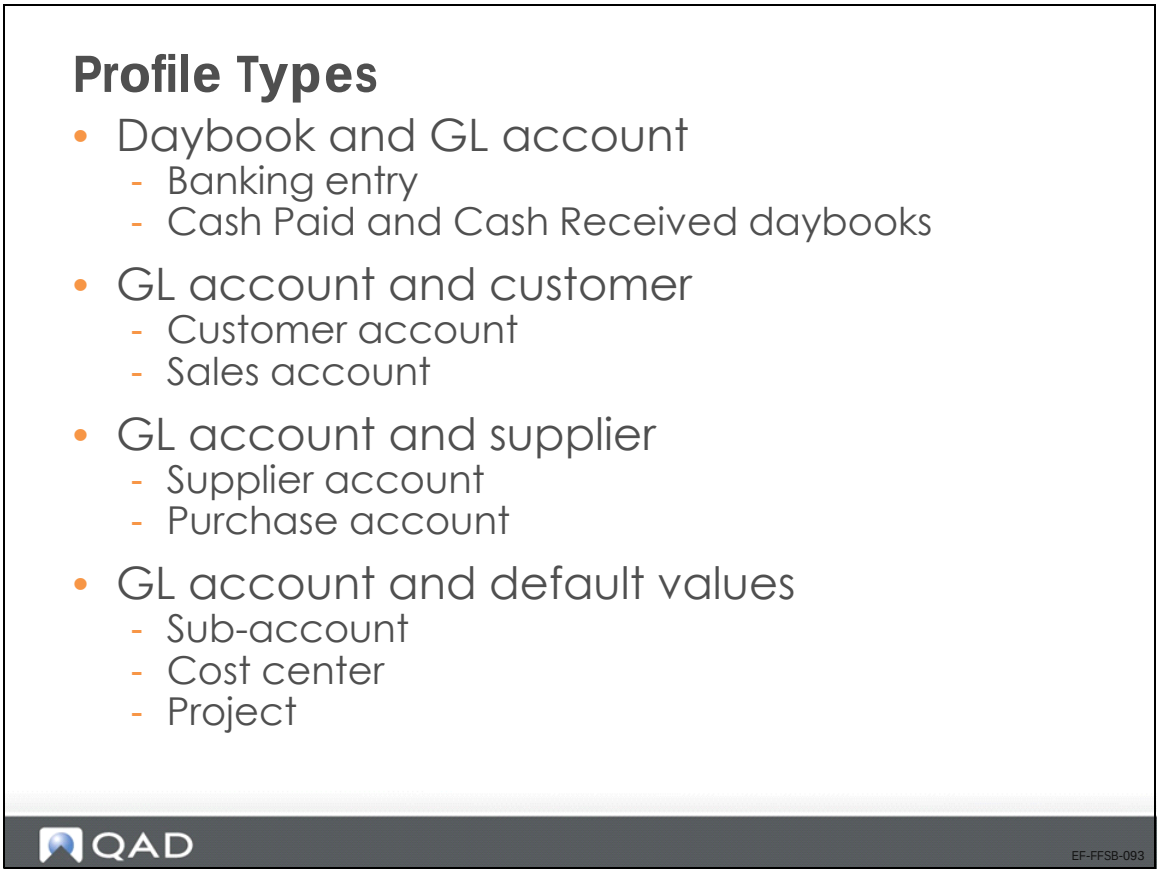
There are 10 predefined profile types (see the next page).

Use the Profile activities (36.1.1.4) to create, view, modify, and delete profiles.

In the grid under Linked Object, specify a record to link to this profile. For example, for a supplier account profile, select a specific account from each account shared set. Then, when you associate this profile with a supplier in the Purchase Account Profile field, a valid account is available, regardless of which company references the supplier.

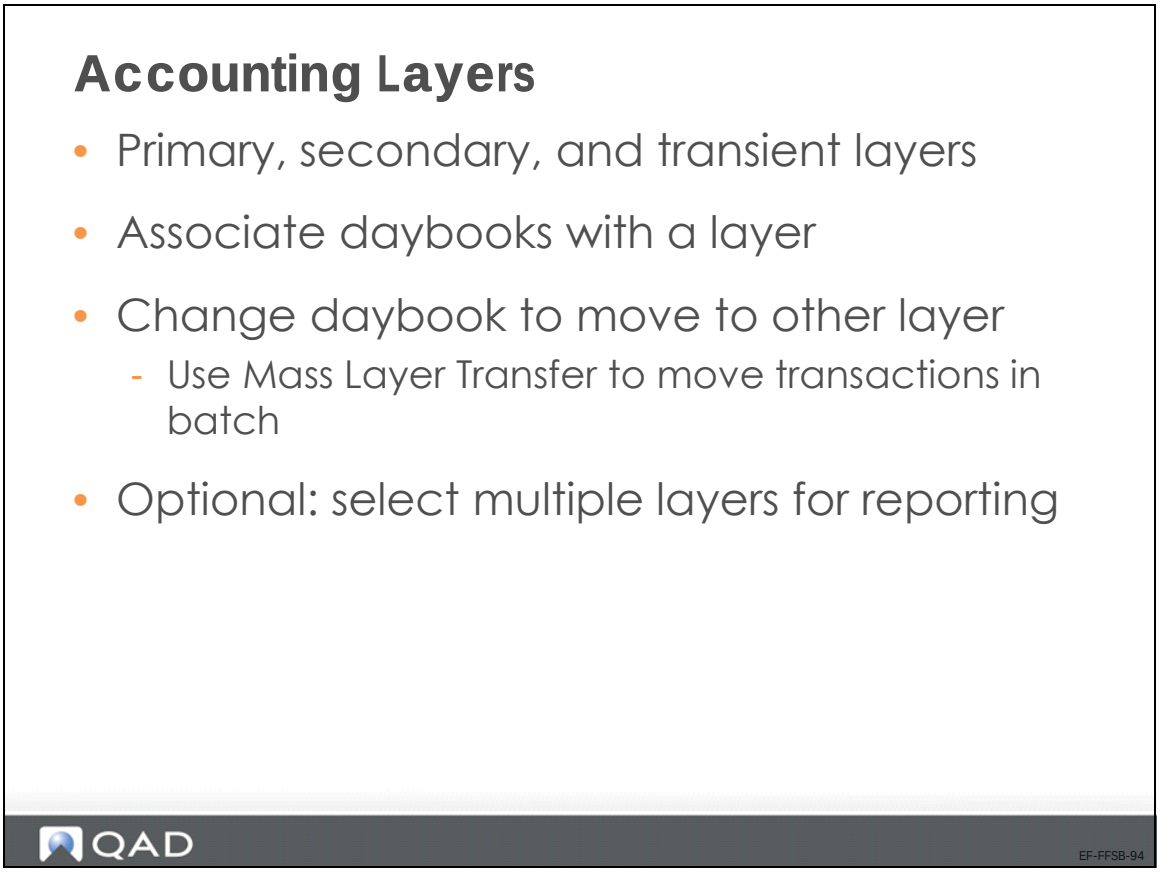
In the Shared Set column, records are populated when the shared set type in the header is selected; it cannot be modified.

Profile Types



Different profile types exist, depending on the shared set type referenced by the profile.

Accounting Layers



Accounting layers provide different ways of segregating transactions within a single GL account. The posting of transactions is controlled by associating daybook types with one of the three system-defined accounting layers: primary, secondary, and transient

Transient accounting layers let you create temporary postings for review or analysis before posting the transactions to the primary layer. When a daybook is associated with the transient layer, transactions are posted to this layer for temporary review. If the daybook is associated with the primary layer, transactions are immediately posted to the general ledger.

Use secondary layers to provide different types of GAAP reports within one organization. For example, you can compile a set of local accounts for a French subsidiary of a US parent organization that comply with French GAAP standards. You can then compile US GAAP accounts for the parent company, and generate reports on the combination of the two sets. Then, you can review your subsidiary accounts, and create correction and adjustment transactions to make these accounts comply with the parent company GAAP standards.

Auditor adjustments are generally applied in the secondary layer. IFRS and US GAAP requirements are also implemented in secondary layers. When transferring postings between layers, the daybooks must be of the same type. You can transfer only from the transient layer to the other layers. When a transaction is transferred, a new daybook and reference is created for it.

Primary Layer

The primary layer is mandatory and system defined. All official postings are posted to the primary layer, and cannot be deleted or transferred to another layer. The primary layer is used for statutory postings; for example, fiscal stock valuation or fiscal depreciation.

Secondary Layer

The secondary layer is usually used for management accounts. Types of posting suitable for the secondary layer include accruals, stock valuation, elimination postings for consolidation, auditing adjustments, and IFRS- and GAAP-specific requirements. The secondary layer is also optional, and you can define custom secondary layers, which behave in the same way as the system-defined layer. Postings to the secondary layer do not update account balances.

Transient Layer

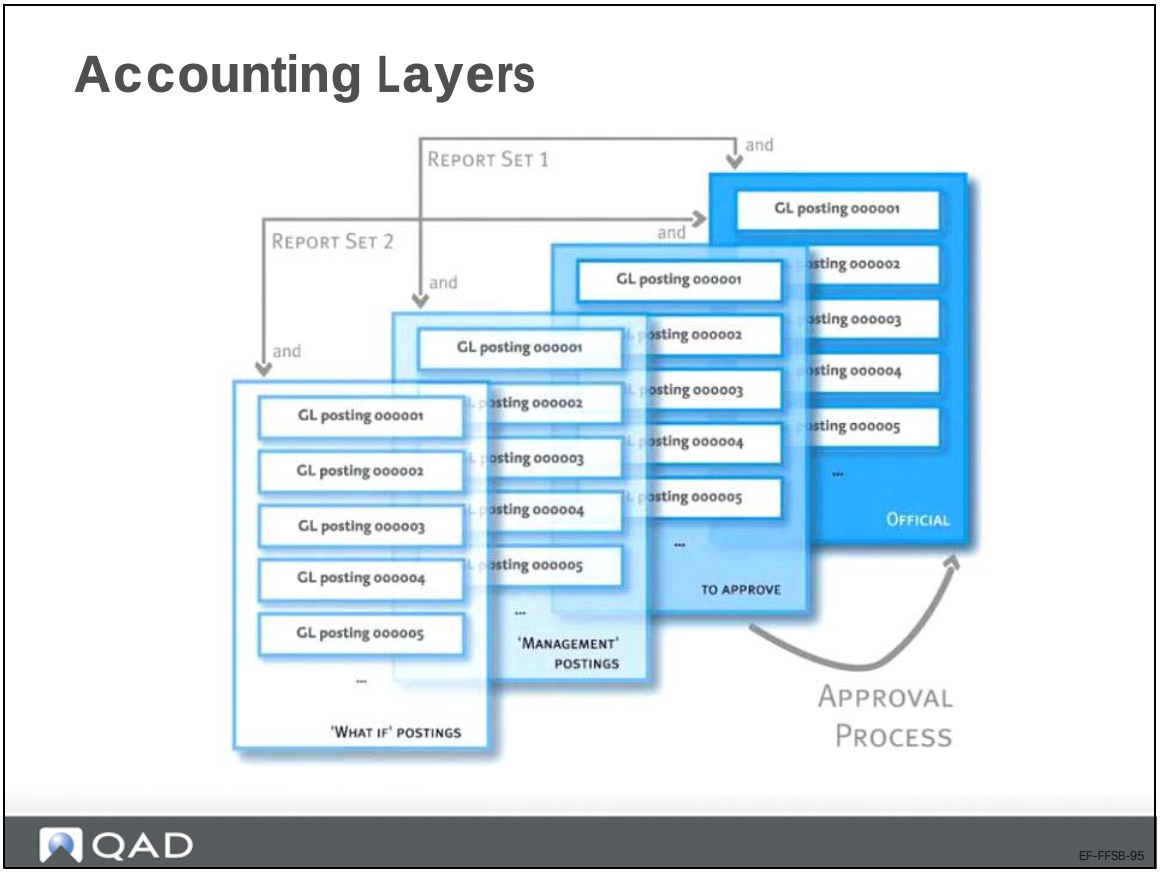
The transient layer is used for postings for internal use only, and should be separate from legal accounting. Certain transactions can, for example, require approval by management before being officially posted. Accounting transactions can be registered in transient layers and then transferred to primary or secondary layers. Reporting can be applied to combinations of layers to produce a complete record of transaction records.

You can post a limited types of transactions to the transient layer:

- Consolidation
- Journal entries
- Reversing entries
- Matching postings for supplier invoices

The transient layer is optional. Transactions posted to this layer have no impact on GL, and can be modified or deleted. You can also define custom transient layers, that behave in the same way as the system defined transient layer.

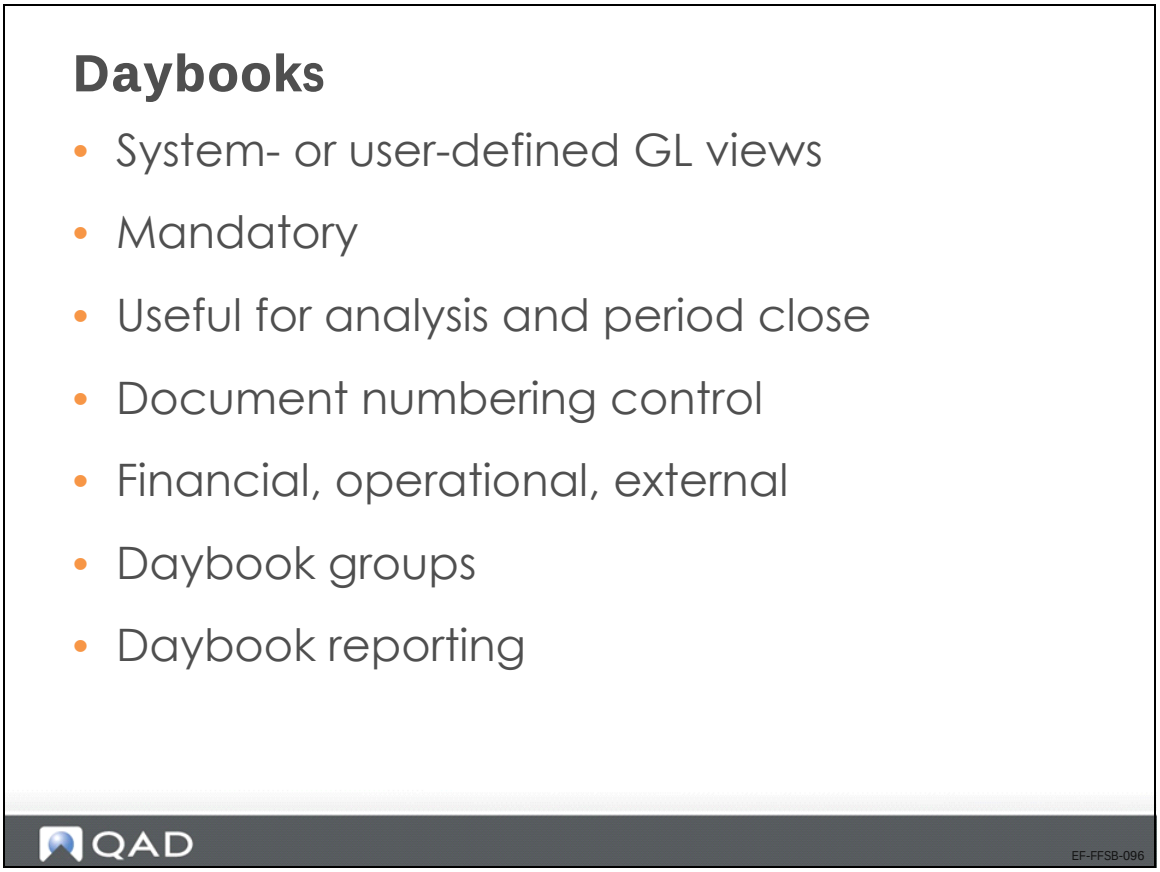
Accounting Layers—Continued



All transaction posting lines are recorded in daybooks that point to a specific accounting layer. You can transfer postings from one layer to another (for example, transient to primary) by changing the daybook, or you can transfer postings in batch using Mass Layer Transfer Execute.

You can select multiple layers in reports, allowing “what if” simulations and management reporting.

Daybooks



Daybooks, also known as journals, are system- or user-defined views of the general ledger, and contain all transactions. The use of daybooks is mandatory in all modules. Daybooks provide many advantages in terms of analysis, segregation of transactions, numbering, and consequently, speed of period close.

Using different types of daybooks lets you group GL transactions to satisfy legal reporting requirements or to ensure that GL reporting is consistent with common business practices:

- Financial daybooks accept postings that originate from financial functions such as the general ledger, AR, and AP.
- Operational daybooks are used for postings that originate from operational functions such as Sales, Inventory Control, Fixed Assets, and Manufacturing.
- External daybooks can be used with an interface to external systems such as payroll systems.

Daybooks can be used to distinguish between different types of journal entries such as auditor adjustments, payroll entries, GAAP adjustments, and manually prepared accruals.

Once daybooks are defined, you can use the Daybook field as a selection criterion on many GL reports and views.

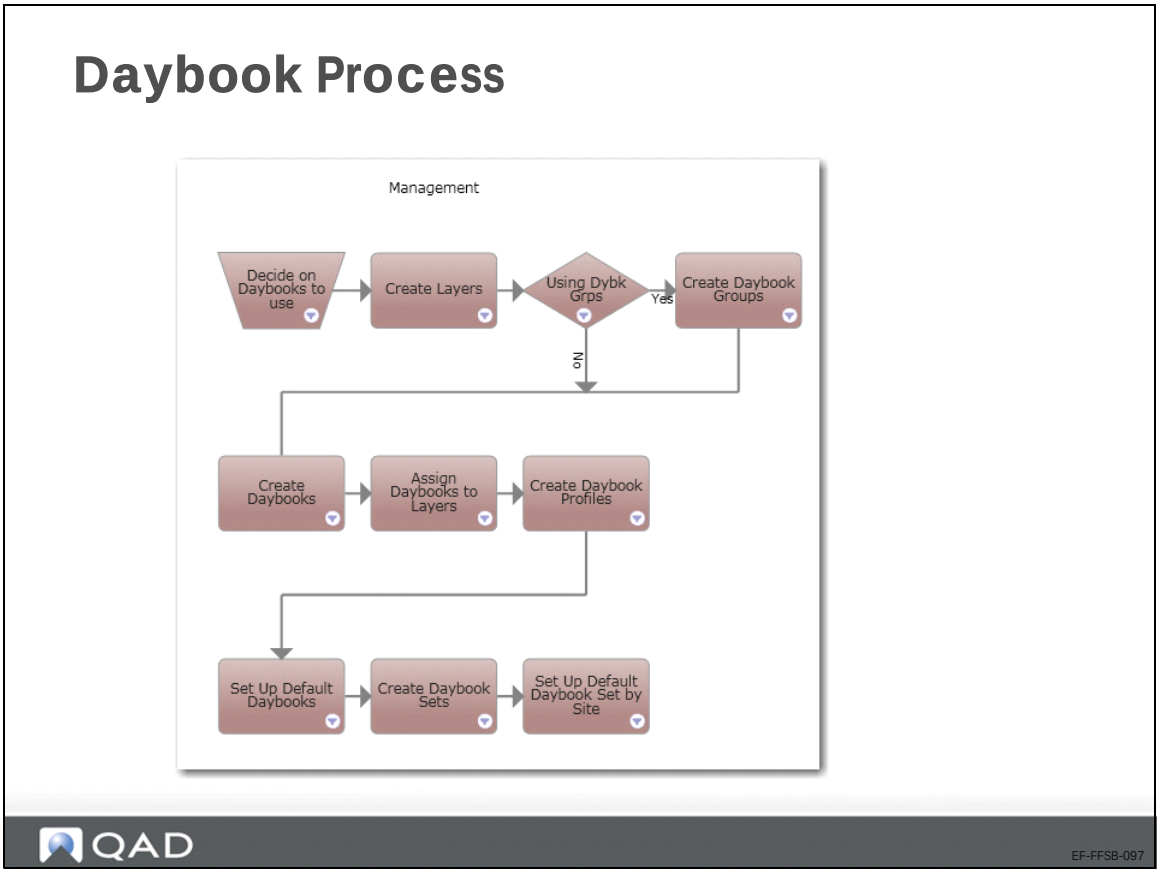
Daybooks record transactions chronologically, providing dated records of the entire financial activity of the entity. Daybooks also provide a controlled mechanism for having several different transaction numbering sequences. The numbering system prevents fraud because each daybook produces its own integral numbering sequence.

Daybook groups let you link numerous daybooks together so they can be reported on as a group; for example, you can create a group for all domestic supplier invoices. Define daybook groups using Daybook Group Create (25.8.2.1). Link a daybook group to a daybook using the Daybook Group field in Daybook Create (25.8.1.1).

Reporting Daybook Modify (25.13.1.15) lets you change the reporting daybook code on financial transactions created using customer and supplier invoice and payment functions, Banking Entry Create (31.1.1), Open Item Adjustment Create (25.13.5), Petty Cash Create, and Invoice Post and Print (7.13.4).

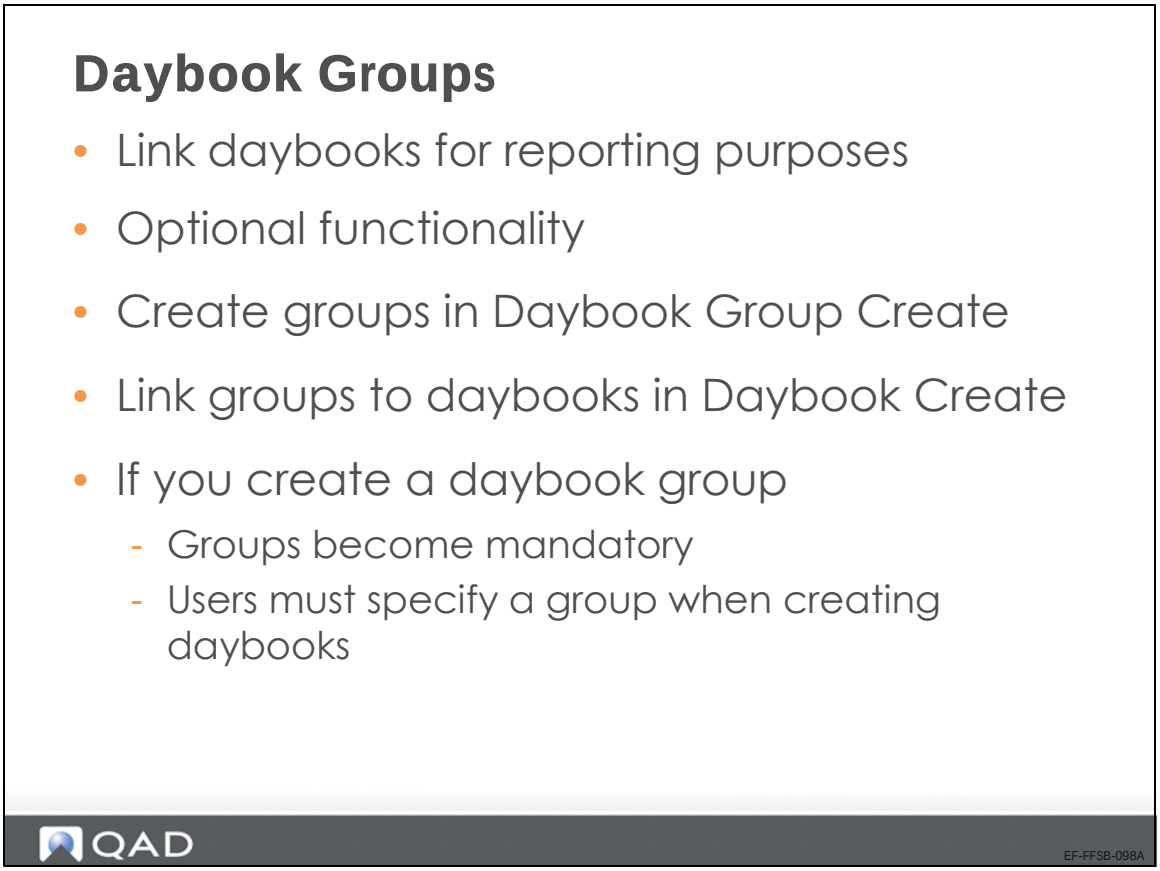
For invoice-type transactions, the reporting daybook normally matches the posting daybook. However, if a transaction is posted using an incorrect daybook, you can use Reporting Daybook Modify to modify the reporting daybook to ensure that the transaction is reported correctly. You can also use Reporting Daybook Excel Integration (25.13.1.16) to update the reporting daybook.

Daybook Process



The slide above displays the daybook setup process. After you create daybooks and associate them with layers, you can define daybook sets, profiles, and defaults.

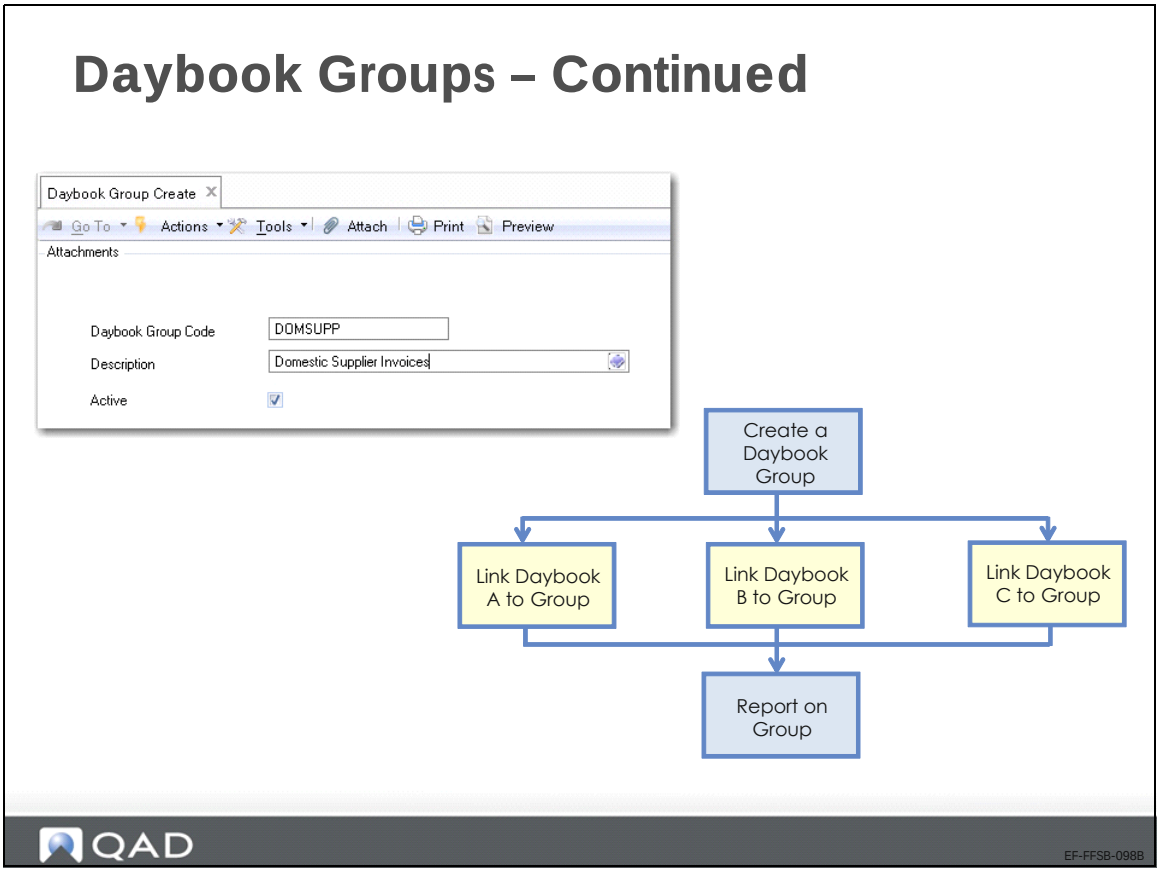
Daybook Groups



Daybook groups link multiple daybooks together for reporting purposes. For example, you can create a group for all domestic supplier invoices. You link a daybook group to a daybook using the Daybook Group field in Daybook Create (25.8.1.1).

Once you create a single daybook group, daybook groups become mandatory. You must then specify a daybook group every time you create a daybook in Daybook Create (25.8.1.1).

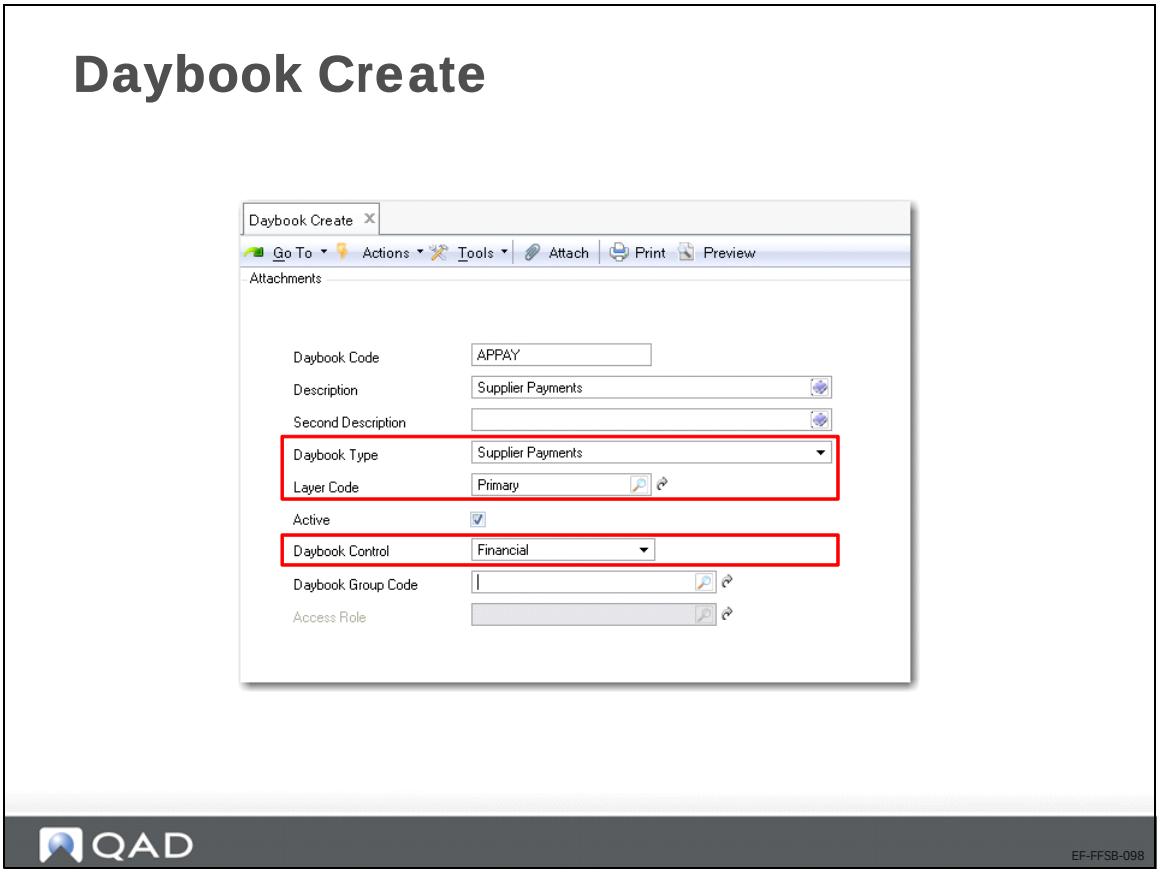
Daybook Groups—Continued



Use Daybook Group Create (25.8.2.1) to define reporting daybook groups.

Use Daybook Group Delete (25.8.2.4) to delete a daybook group if no daybooks have been associated with the group.

Daybook Create



Use the Daybook activities (25.8.1) to create, view, modify, and delete daybooks. Daybooks contain the transaction posting lines, and control the posting of transactions because each daybook must be linked to an accounting layer. In addition, each daybook is associated with a daybook control type, which separates postings based on their source.

The Second Description field lets you specify an additional description of the types of transactions posted to this daybook. You can display this description on the GL Numbering report and the GL Transactions by Account report.

Once a daybook has been used, it cannot be deleted, but it can be deactivated. Prior to deactivating a daybook, ensure that there are no unposted transactions in the operational functions that reference the daybook. If unposted transactions exist, the daybook cannot be deactivated until these transactions are posted.

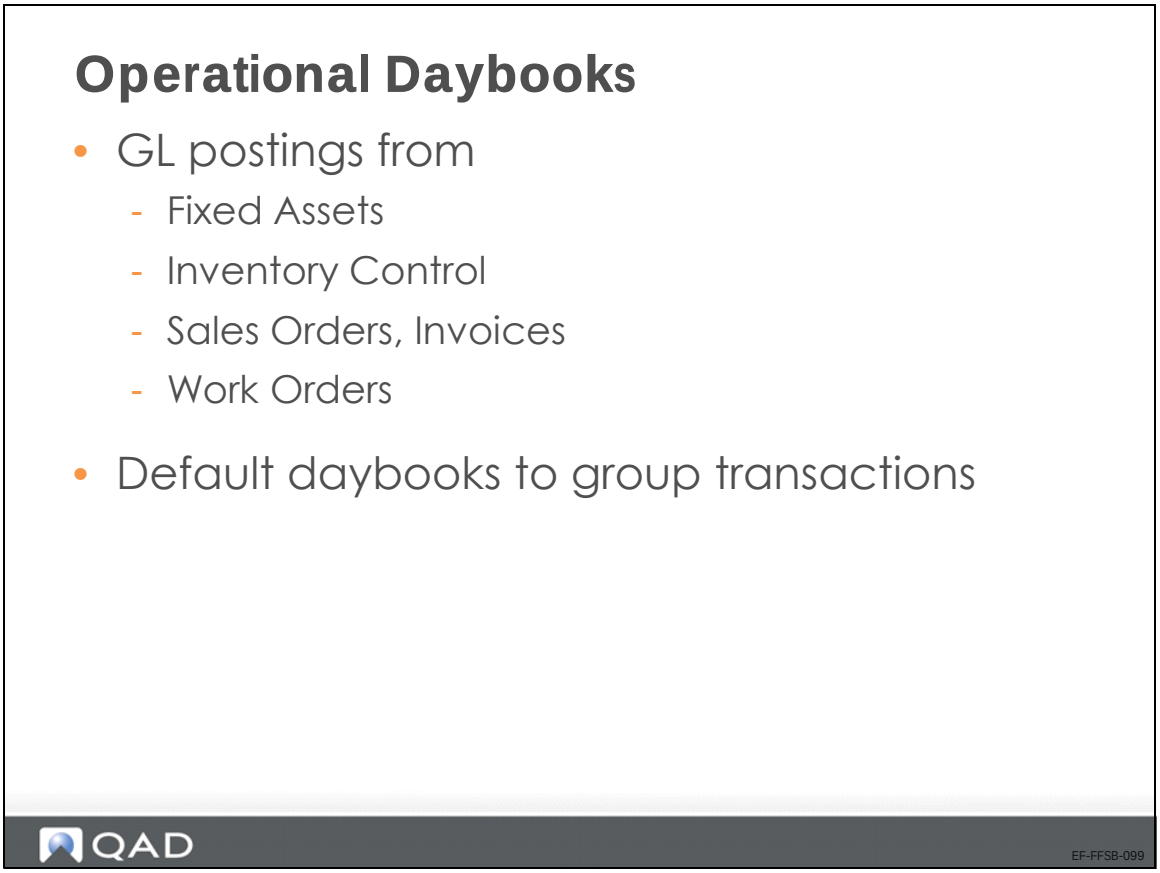
Link a daybook group to a daybook using the Daybook Group field in Daybook Create/Modify.

The Access Role field lets you specify a role to restrict access to the daybook. Only users with that role can post transactions to the daybook. You can specify a role for the following daybook types:

- Journal Entries, for Daybook Control types other than Operational
- Consolidation
- Matching

If no role is specified for a daybook, the daybook can be used by all roles.

Operational Daybooks



Operational daybooks control GL postings that originate from programs in the Fixed Assets and operational modules such as inventory control, sales orders/invoices, and work orders.

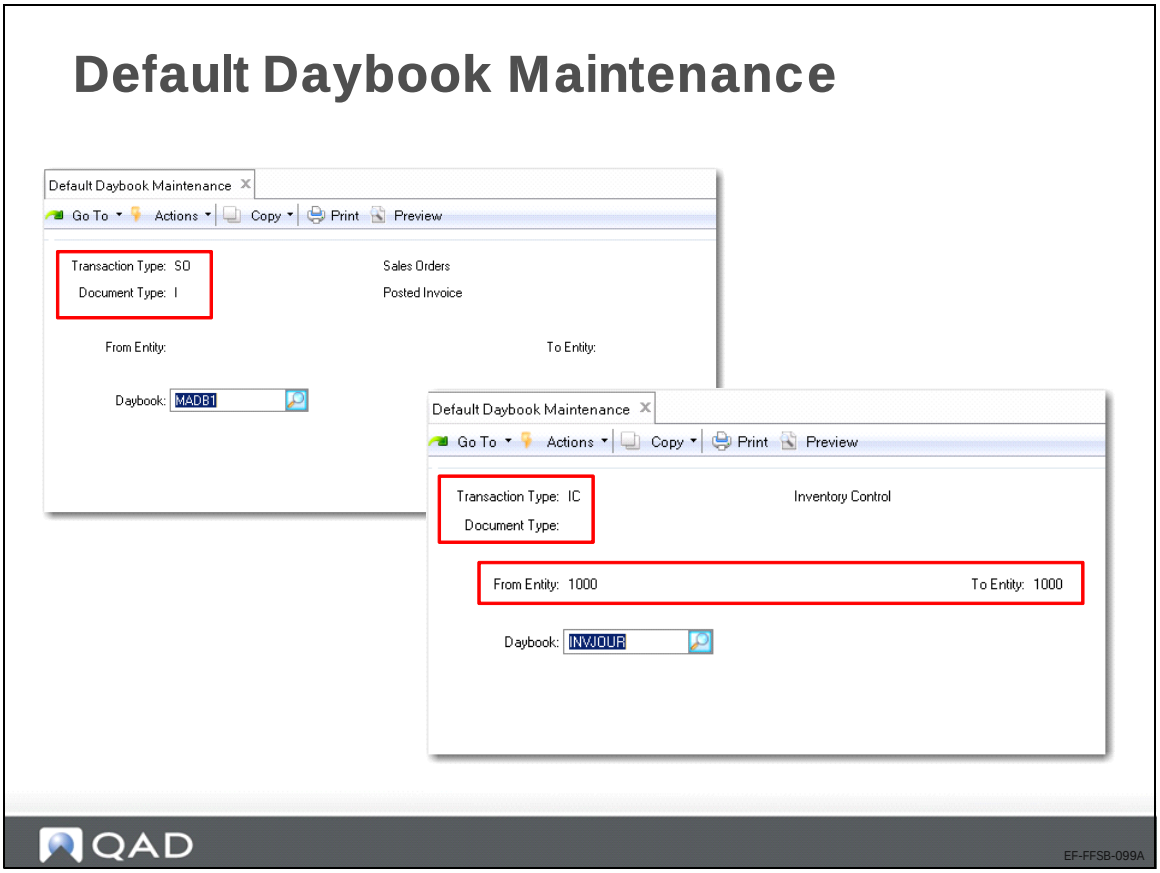
Use default daybooks to group operational transactions by type, depending on your business needs.

Depending on the operational function, you can set up daybook controls in two ways:

- Control the granularity of daybook assignments by defining default daybooks based on transaction type, document type, or entity.
- If the business does not require this level of control, simply assign all operational transactions to a system daybook.

Note To make a daybook available for operational transactions, set the Daybook Control field to Operational in Daybook Create (25.8.1.1). Otherwise, the daybook cannot be referenced in the default daybook or daybook set programs.

Default Daybook Maintenance

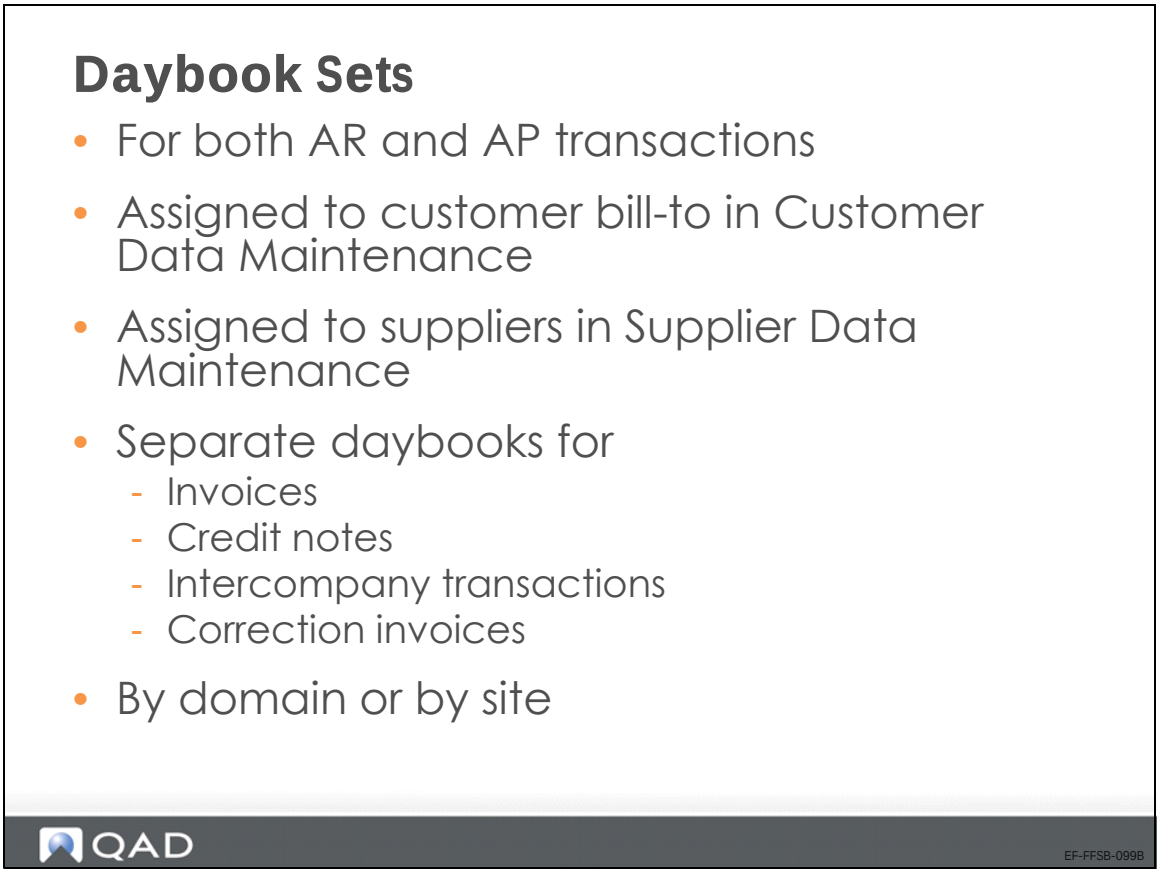


Use Default Daybook Maintenance (25.8.4) to control the assignment of the following type of operational GL transactions to daybooks:

- Fixed Assets (FA)
- Inventory Control (IC)
- Sales Orders (SO - non-invoice transactions only; invoice daybooks are controlled by daybook sets)
- Work Orders (WO)

Important At a minimum, you must create a system daybook record, which has a transaction type, a document type, and a blank entity range. This daybook is used when the system cannot find a record that matches an operational transaction.

Daybook Sets



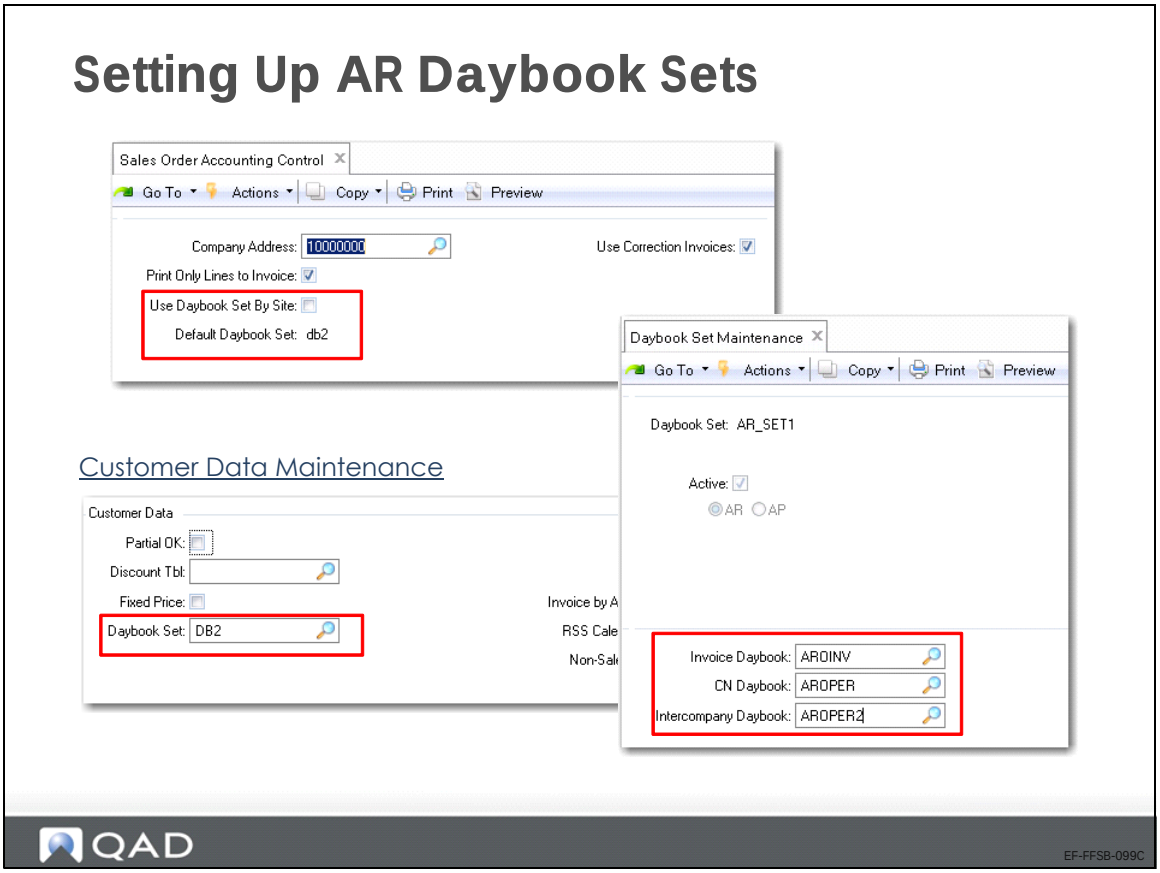
QAD Financials lets you create daybook sets for both AR and AP transactions.

Use daybook sets to control which daybooks are assigned to specific kinds of AR and AP transactions created when sales order invoices and purchase order receipts are posted. Separate menu programs let you define daybook sets for the entire domain or for specified sites.

Depending on your company's business requirements, you can define daybook sets either for the entire domain or for individual sites. For AR daybooks, this is configured in Sales Order Accounting Control (36.9.6) and, for AP daybooks, in Purchasing Accounting Control. The site-based method supports the legal requirement in some countries, where you must use a different invoice sequence for each shipping and receiving site.

Note Regardless of which method you use, you must define at least one daybook set each for AR and AP. These are needed as the defaults for new customer and supplier records.

Setting Up AR Daybook Sets



Before you create AR daybook sets, you must define the individual daybooks in Daybook Create (25.8.1.1).

Define AR daybook sets in Daybook Set Maintenance. All daybook sets must contain daybooks for invoices and credit notes, as well as an intercompany daybook for transactions that involve more than one entity. Additionally, when Use Correction Invoices is selected in Sales Order Accounting Control for AR daybook sets, each daybook set must include daybooks for correction invoices and correction credit notes.

Alternatively, when Daybook Sets by Site is selected in Sales Order Accounting Control, use Daybook Sets by Site Maintenance to define site-specific AR daybook sets.

After creating daybook sets, assign one to each customer address in Customer Data Maintenance (2.1.1).

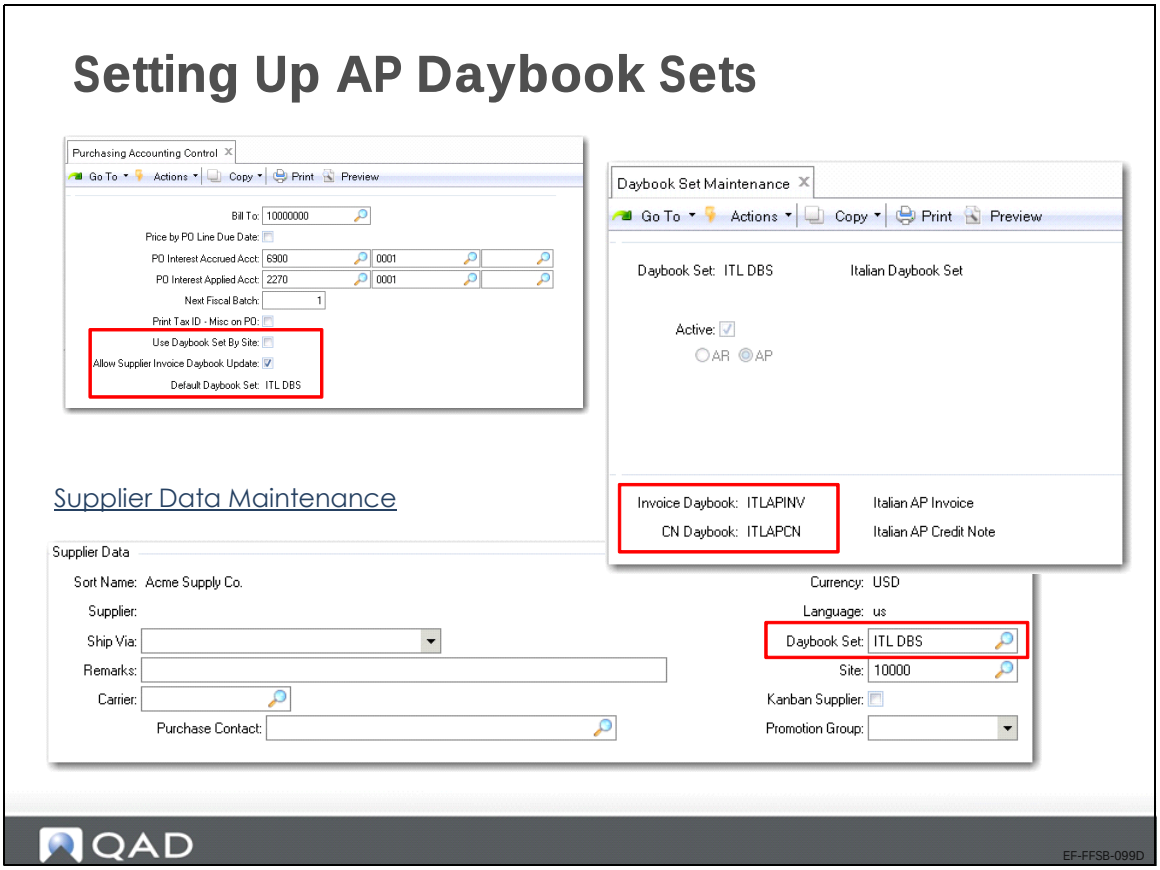
- When you define daybook sets by site, Customer Data Maintenance looks for the first active daybook set that matches the default customer site. If one has not been defined, it uses the first active daybook set with a a blank site. If no definitions have been set up by site, you must create at least one with blank site before you can complete Customer Data Maintenance records.
- Otherwise, the customer daybook set value defaults from the Default Daybook Set field in Sales Order Accounting Control. However, you can overwrite this value.

  Note The Default Daybook Set field is not available when Use Daybook Set by Site is selected.

The customer record determines the default daybook set for new orders. You can update the daybook set in the following programs:

- Sales Order Maintenance (7.1.1)
- Customer Scheduled Order Maintenance (7.3.13)
- Sales Order Shipments (7.9.15)
- Sales Quote Maintenance (7.12.1)
- Pending Invoice Maintenance (7.13.1)
- Call Activity Recording (11.1.1.13)
- Call Invoice Recording (11.1.1.15)
- RMA Maintenance (11.7.1.1)

Setting Up AP Daybook Sets



Before you create AP daybook sets, you must define the individual daybooks in Daybook Create (25.8.1.1).

Create AP daybook sets in Daybook Set Maintenance. All daybook sets must contain daybooks for invoices and credit notes, as well as an intercompany daybook for transactions that involve more than one entity.

When Accounts Payable is set to Yes in the AP AR Correction section of GL Correction Control for AP daybook sets, each daybook set must also include daybooks for correction invoices and correction credit notes.

Alternatively, when Daybook Sets by Site is selected in Purchasing Accounting Control, use Daybook Sets by Site Maintenance to define site-specific AP daybook sets.

After creating daybook sets, assign one to each supplier address in Supplier Data Maintenance (2.3.1). The system determines the default value for new supplier records as follows:

- When daybook sets are defined by site, Supplier Data Maintenance looks for the first active daybook set that matches the default supplier site. If one has not been defined, it uses the first active daybook set with a blank site. If no definitions have been set up by site, at least one with a blank site must be created before you can complete Supplier Data Maintenance records.
- Otherwise, the supplier daybook set value defaults from the Default Daybook Set field in Purchasing Accounting Control (36.9.5). However, you can overwrite this value.

The supplier record determines the default daybook set for new orders. You can update the daybook set in the following programs:

- Purchase Order Maintenance (5.7)
- Supplier Scheduled Order Maintenance (5.5.1.13)

  When a supplier scheduled order is a trade sales order, the Daybook Set field defaults from the related supplier, but will be read only.
- Blanket Order Maintenance (5.3.1)

US Exercise: Daybook Setup

In this exercise, you will create an operational daybook that you will use as default for all fixed asset transactions. Then, you will create a set of daybooks that you will use as defaults for sales orders by site.

Log in to 10USACO.

1 In Daybook Group Create (25.8.2.1), define the following daybook groups:

Field	Group 1	Group 2	Group 3
Daybook Group Code	FA-TRANS	CU-TRANS	IC-TRANS
Description	Fixed Assets Transactions	Customer Transactions	Intercompany Transactions

Field	Group 4	Group 5
Daybook Group Code	REV-TRANS	TR-ACCRUAL
Description	Revaluation Transactions	Transient Accruals

2 Use Daybook Create (25.8.1.1) to create the following daybooks. Click Save and Create after each daybook. Finally, click Save when you have created the last daybook.

Field	Daybook 1	Daybook 2	Daybook 3
Daybook Code	FA-DB	CIDB	CCNDB
Description	Fixed Assets	Customer Invoices	Customer Credit Notes
Daybook Type	Journal Entries	Customer Invoices	Customer Credit Notes
Layer Code	Primary	Primary	Primary
Daybook Control	Operational	Operational	Operational
Daybook Group	FA-TRANS	CU-TRANS	CU-TRANS

Field	Daybook 4	Daybook 5
Daybook Code	ICDB2	CADB
Description	Intercompany	Customer Adjustments
Daybook Type	Journal Entries	Customer Adjustments
Layer Code	Primary	Primary
Daybook Control	Operational	Operational
Daybook Group	IC-TRANS	CU-TRANS

3 In Default Daybook Maintenance (25.8.4), set the daybook default for fixed assets transactions:

Field	Daybook 4
Transaction Type	FA
Document Type	<blank>
From Entity	10USACO
To Entity	10USACO
Daybook	FA-DB

Click Next to save, then Back to leave. Now, fixed asset transactions are linked to your new daybook by default.

4 In Sales Order Accounting Control (36.9.6), select the Use Daybook Set by Site field and the Use Correction Invoices field.

5 In Daybook Set by Site Maintenance (25.8.10), update the default AR daybook set for site 10-100.

Click Next to go from screen to screen.

Field	Value
Daybook Set	10-SALES
Site	10-100
Type	AR
Active	Yes
Copy from Site	<blank>

Note If the field lookups for the following fields are empty, manually enter the values in the fields.

Field	Value
Invoice Daybook	CINV
CN Daybook	CCN
Intercompany Daybook	JE
Correction Invoices (Negative)	CCN
Correction Credit Notes (Negative)	CINV-CA
Correction Invoices (Positive)	CINV
Correction Credit Notes (Positive)	CCN-CA
Adjustment Daybook	CADJ

Any new customer created and attached to this site will be linked to the daybook set 10-SALES.

EMEA Exercise: Daybook Setup

In this exercise, you will create an operational daybook that you will use as default for all fixed asset transactions. Then, you will create a set of daybooks that you will use as defaults for sales orders by site.

Log in to 22UKCO.

1 In Daybook Group Create (25.8.2.1), define the following daybook groups:

Field	Group 1	Group 2	Group 3
Daybook Group Code	FA-TRANS	CU-TRANS	IC-TRANS
Description	Fixed Assets Transactions	Customer Transactions	Intercompany Transactions

Field	Group 4	Group 5	Group 6
Daybook Group Code	REV-TRANS	TR-ACCRUAL	MIRR-ACC
Description	Revaluation Transactions	Transient Accruals	Mirroring

2 Use Daybook Create (25.8.1.1) to create the following daybooks. Click Save and Create after each daybook. Finally, click Save when you have created the last daybook.

Field	Daybook 1	Daybook 2	Daybook 3
Daybook Code	FA-DB	CIDB	CCNDB
Description	Fixed Assets	Customer Invoices	Customer Credit Notes
Daybook Type	Journal Entries	Customer Invoices	Customer Credit Notes
Layer Code	Primary	Primary	Primary
Daybook Control	Operational	Operational	Operational
Daybook Group	FA-TRANS	CU-TRANS	CU-TRANS

Field	Daybook 4	Daybook 5
Daybook Code	ICDB2	CADB
Description	Intercompany	Customer Adjustments
Daybook Type	Journal Entries	Customer Adjustments
Layer Code	Primary	Primary
Daybook Control	Operational	Operational
Daybook Group	IC-TRANS	CU-TRANS

3 In Default Daybook Maintenance (25.8.4), set the daybook default for fixed assets transactions:

Field	Daybook 4
Transaction Type	FA
Document Type	<blank>
From Entity	22-100
To Entity	22-100
Daybook	FA-DB

Click Next to save, then Back to leave. Now, fixed asset transactions are linked to your new daybook by default.

4 In Sales Order Accounting Control (36.9.6), select the Use Daybook Set by Site field and select the Use Correction Invoices field.

5 In Daybook Set by Site Maintenance (25.8.10), update the default daybook set for site 22-100.

Click Next to go from screen to screen.

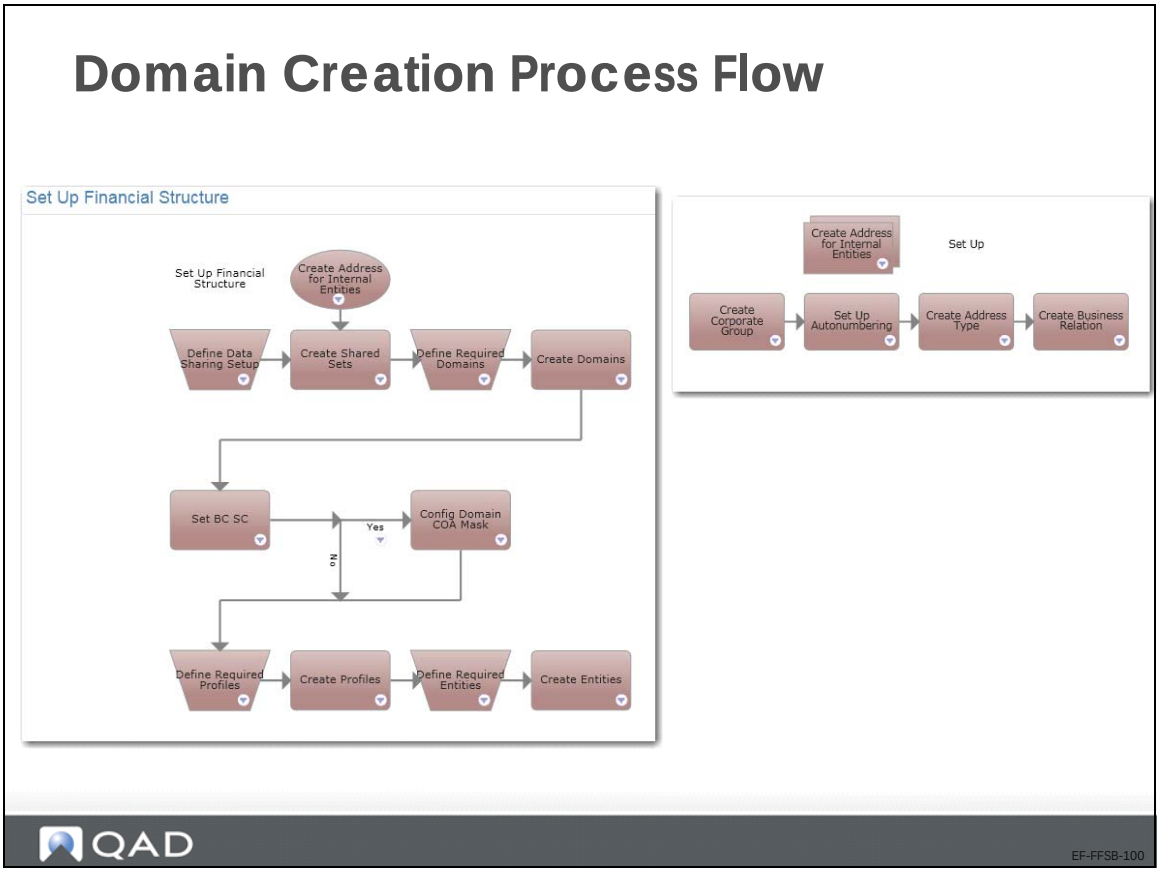
Field	Value
Daybook Set	22-SALES
Site	22-100
Type	AR
Active	Yes
Copy from Site	<blank>

Note If the field lookups for the following fields are empty, manually enter the values in the fields.

Field	Value
Invoice Daybook	CINV
CN Daybook	CCN
Intercompany Daybook	JE
Correction Invoices (Negative)	CCN
Correction Credit Notes (Negative)	CINV-CA
Correction Invoices (Positive)	CINV
Correction Credit Notes (Positive)	CCN-CA
Adjustment Daybook	CADB

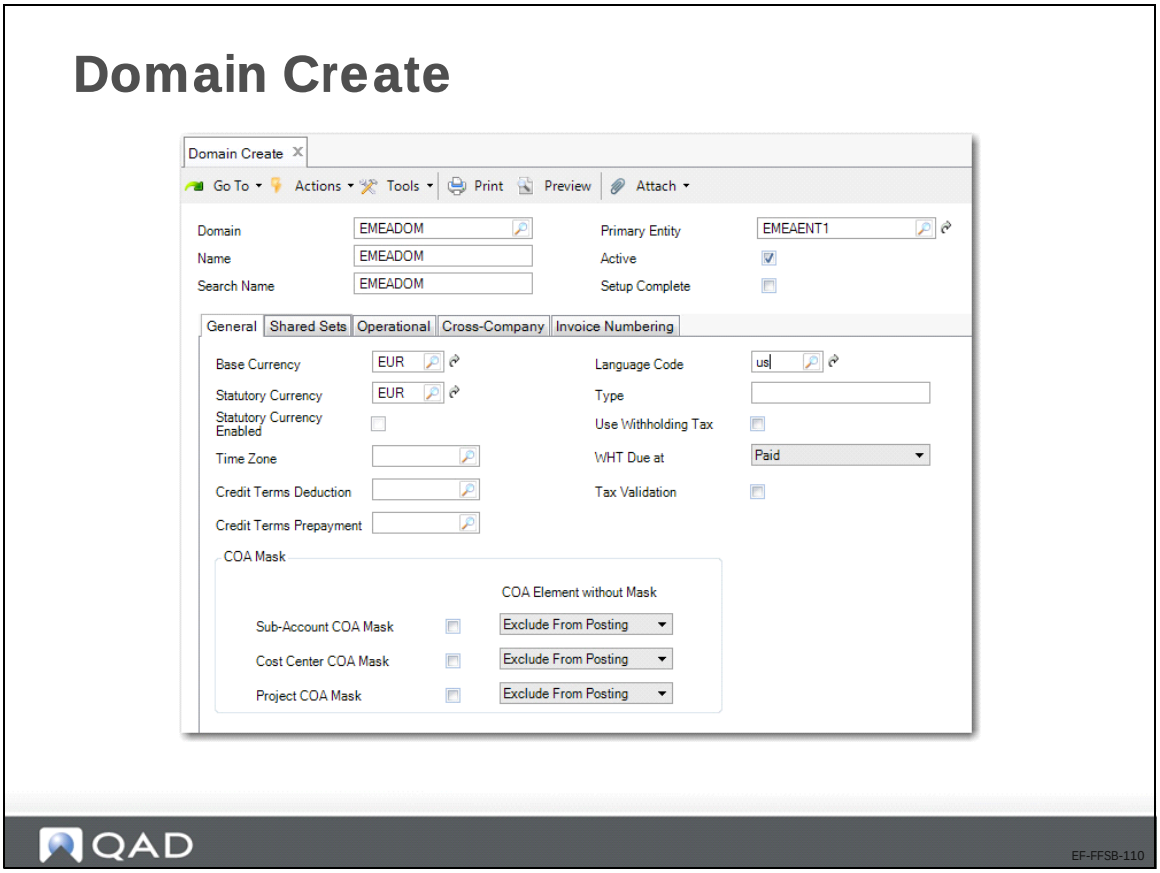
Any new customer created and attached to this site will be linked to the daybook set 22-SALES.

Domain Creation Process Flow



When you have defined system-wide data and shared sets, you can start to set up domains. The process maps above display the steps involved in creating domains.

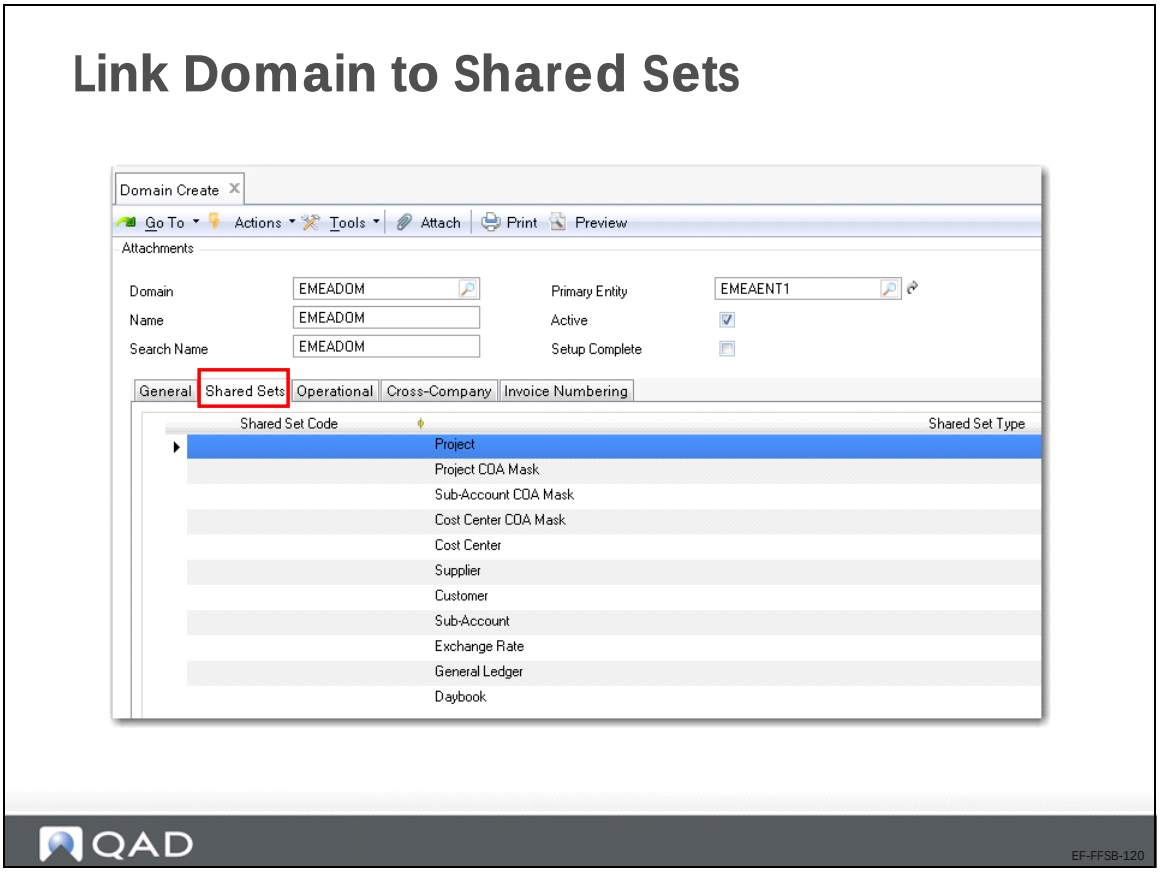
Domain Create



Use Domain Create (36.1.1.1.1) to define domain data, including the base currency, statutory currency, and shared set codes. You can specify values in fields, such as Primary Entity, after the entities have been defined.

Select the Setup Complete field after all the necessary domain data has been set up and you consider the settings permanent. After selecting the Setup Complete field and saving, the shared set codes, linked entities, and the base currency cannot be modified. The domain is only available to operational functions after its setup is complete.

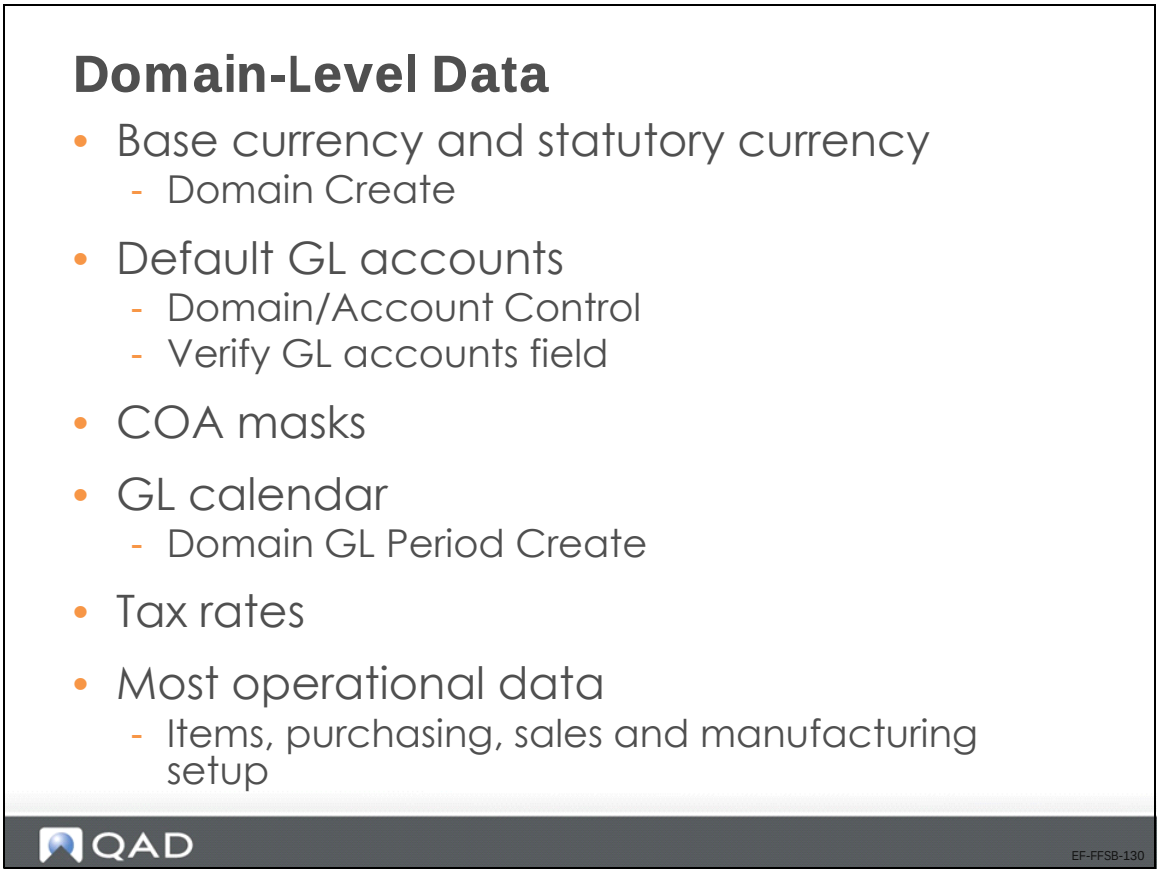
Link Domain to Shared Sets



On the Shared Set tab in the domain record, specify a code for each shared set type. You can modify the domain shared set data until the domain setup is confirmed.

Each entity in the domain will use the same shared sets.

Domain-Level Data



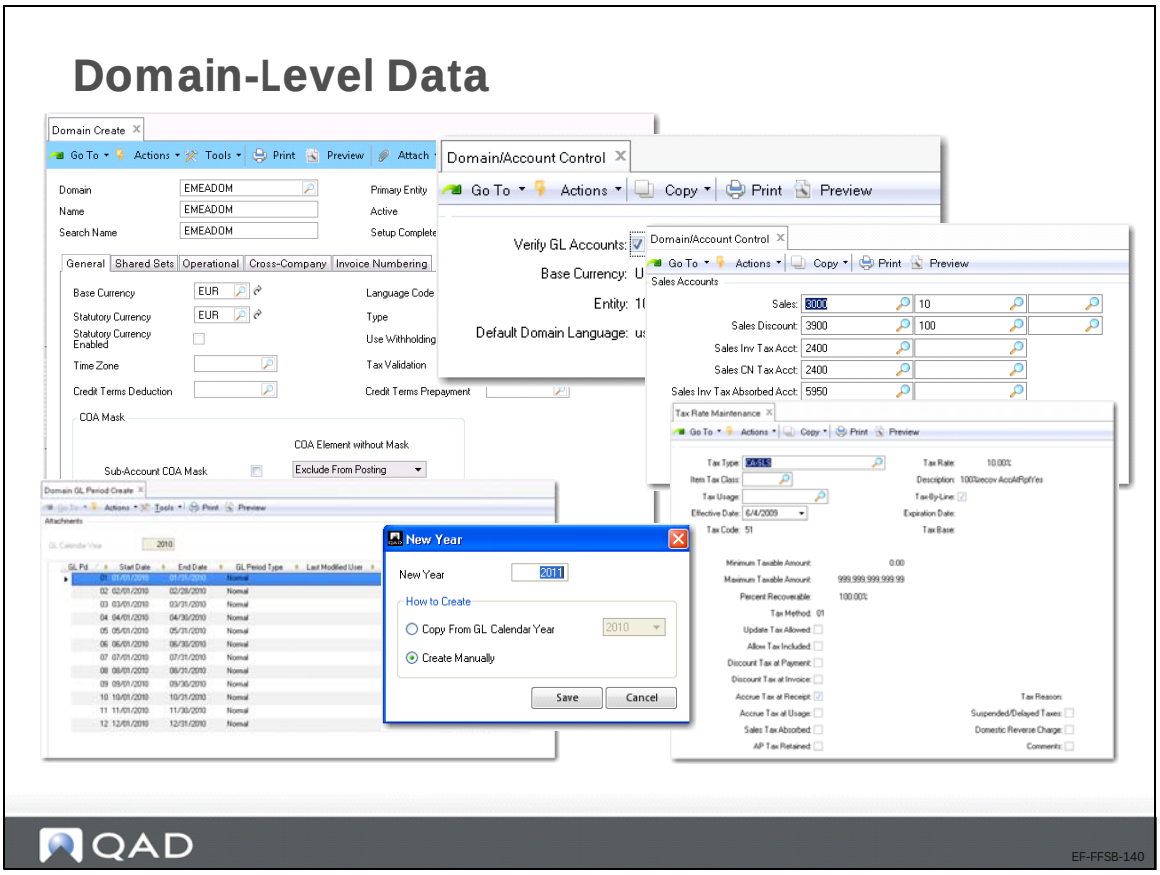
In Domain Create (36.1.1.1.1), define the domain base currency, and, optionally, the statutory currency.

After the chart of accounts is set up, you must use Domain/Account Control to define the default GL accounts, and to set the Verify GL accounts field to Yes to ensure that transactions are posted correctly. Later sections in this guide describe the use of COA masks to validate GL account combinations.

The GL calendar and the tax calendar can differ. You define these calendars in Domain GL Period Create (25.4.1.1) and Tax Period Create (25.4.4.1) respectively. You can copy the tax period from the GL period if they are the same.

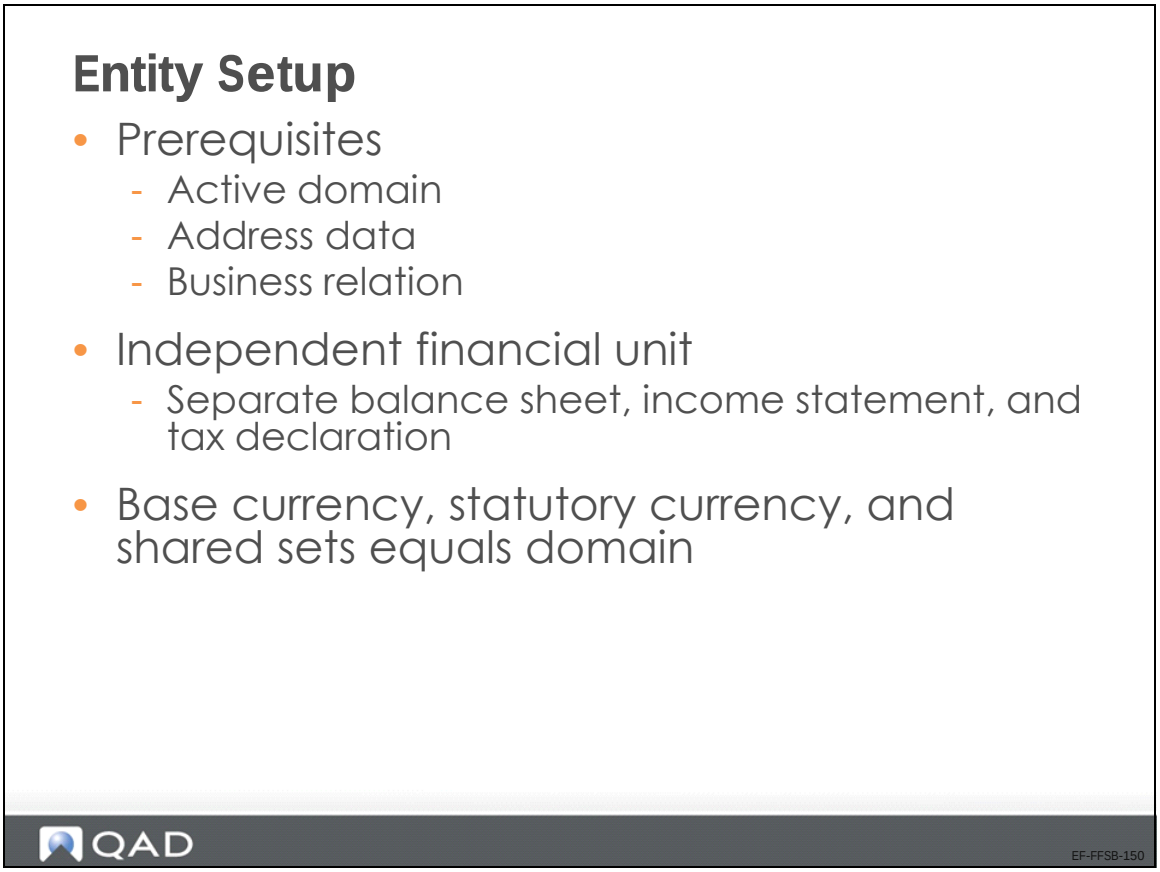
Tax rates, which you define in Tax Rate Maintenance (29.4.1), are the only tax elements that are stored at domain level.

Most operational data is defined at domain level such as items, purchasing, sales and manufacturing setup.



Account defaults and control, GL periods, and tax rates are set up at domain level. Use Domain/Account Control (36.9.24), Domain GL Period Create (25.4.1.1), Tax Period Create (25.4.4.1), and Tax Rate Maintenance (29.4.1) to configure this data.

Entity Setup



Use the Entity activities (36.1.1.2) to create, view, and modify entities in an active domain. Entities represent independent financial units within a business for which you assess taxes and generate separate balance sheets and income statements. Each entity within a domain inherits the domain base currency, and uses the same shared set data.

Note You cannot delete entities; instead, make an obsolete entity inactive.

Entity Setup

- Entity-specific data
  - Employees
  - Bank account numbers
- Entity groups
  - Carry out period end activities for multiple entities without the need to switch between entities

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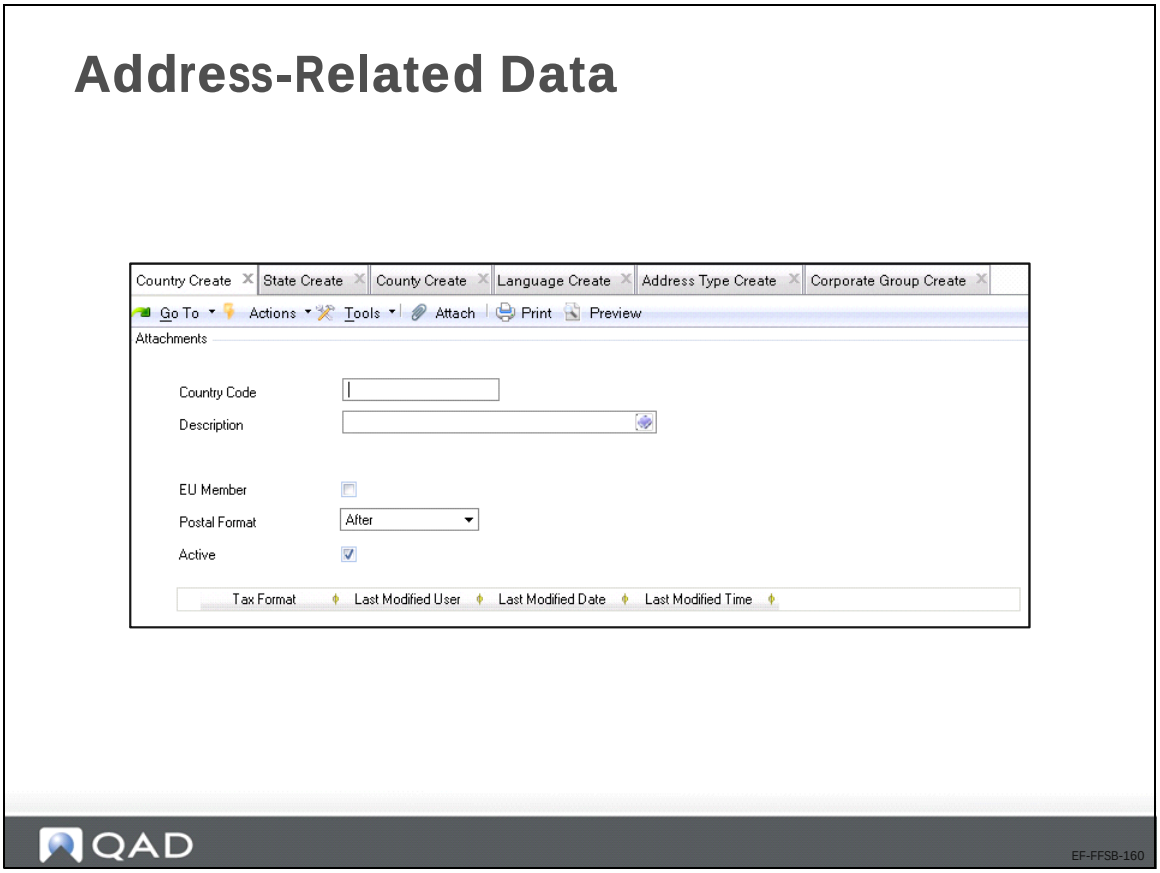
Entity-specific data includes employees and the company's bank account numbers.

Entity groups enable you to carry out period end activities without the need to switch between entities. You can create entity groups using Entity Group Create (36.1.1.2.5). There is no restriction based on the domain of the entity, and an entity can feature in more than one entity group.

The workspaces in your QAD EE application correspond to entities. You cannot log in to a domain directly.

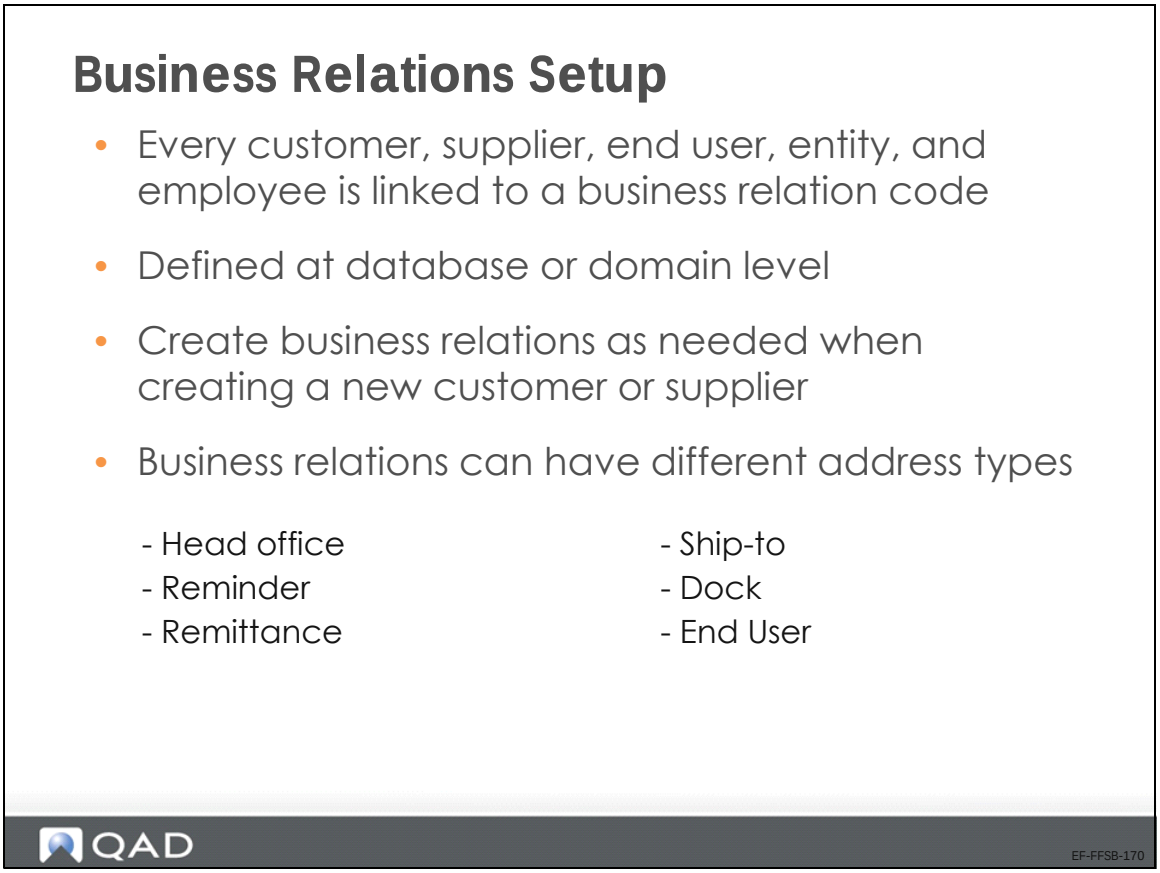
Address-Related Data



Depending on your local requirements, prerequisites to setting up an entity can include:

- Countries
- States
- Counties
- Address types
- Corporate groups
- Languages

Business Relations Setup



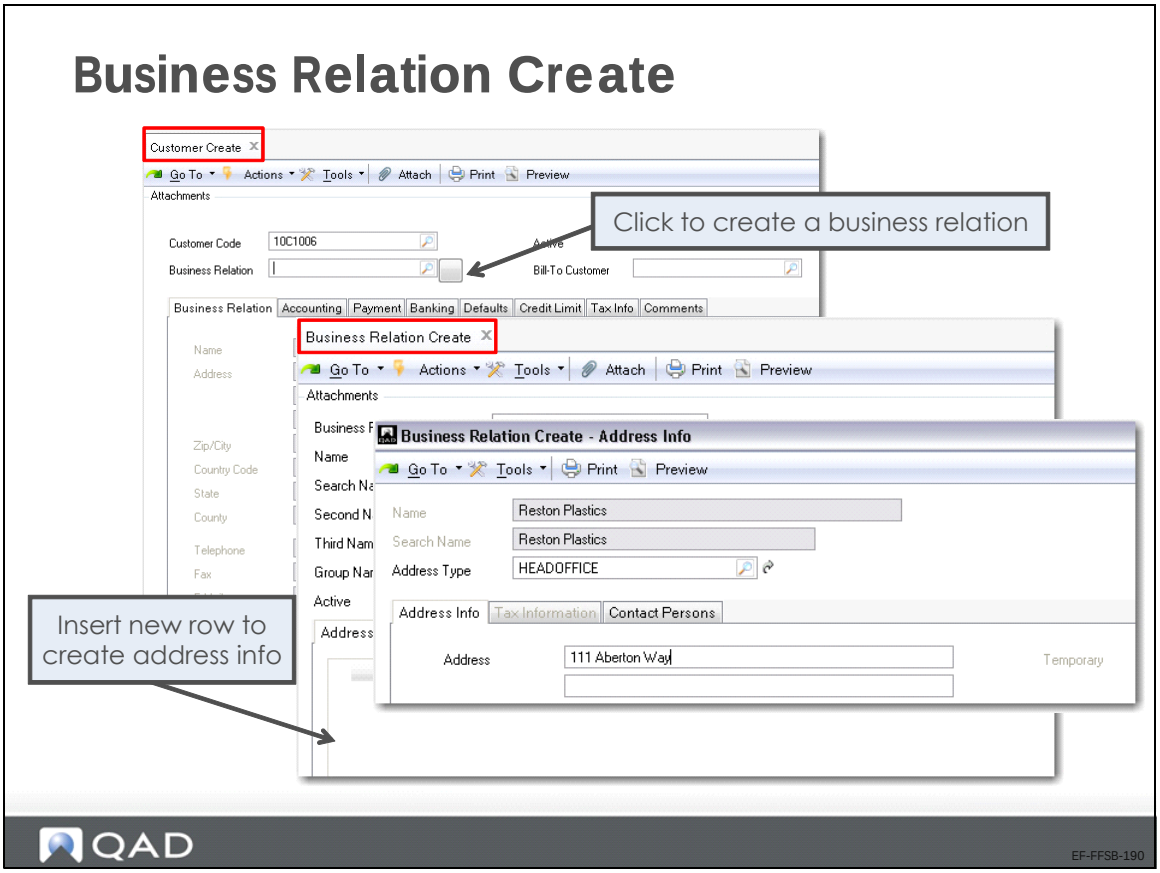
Business relations are defined at database or, alternatively, at domain level, and are a prerequisite to creating entity, employee, customer, end user, or supplier records.

When you use the entity, employee, customer, end user, or supplier programs to create a new record, you can also create a new business relation as required.

Business relations can have different types of address, as shown in the slide. Other address types exist in the system and are defined elsewhere in the system:

- Bill-to (Customer Create (27.20.1.1))
- Ship-to (Customer Ship-To Create (27.20.2.1))
- End user (End User Create (27.20.3.1))
- Company (Company Address Maintenance (2.12))

Business Relation Create



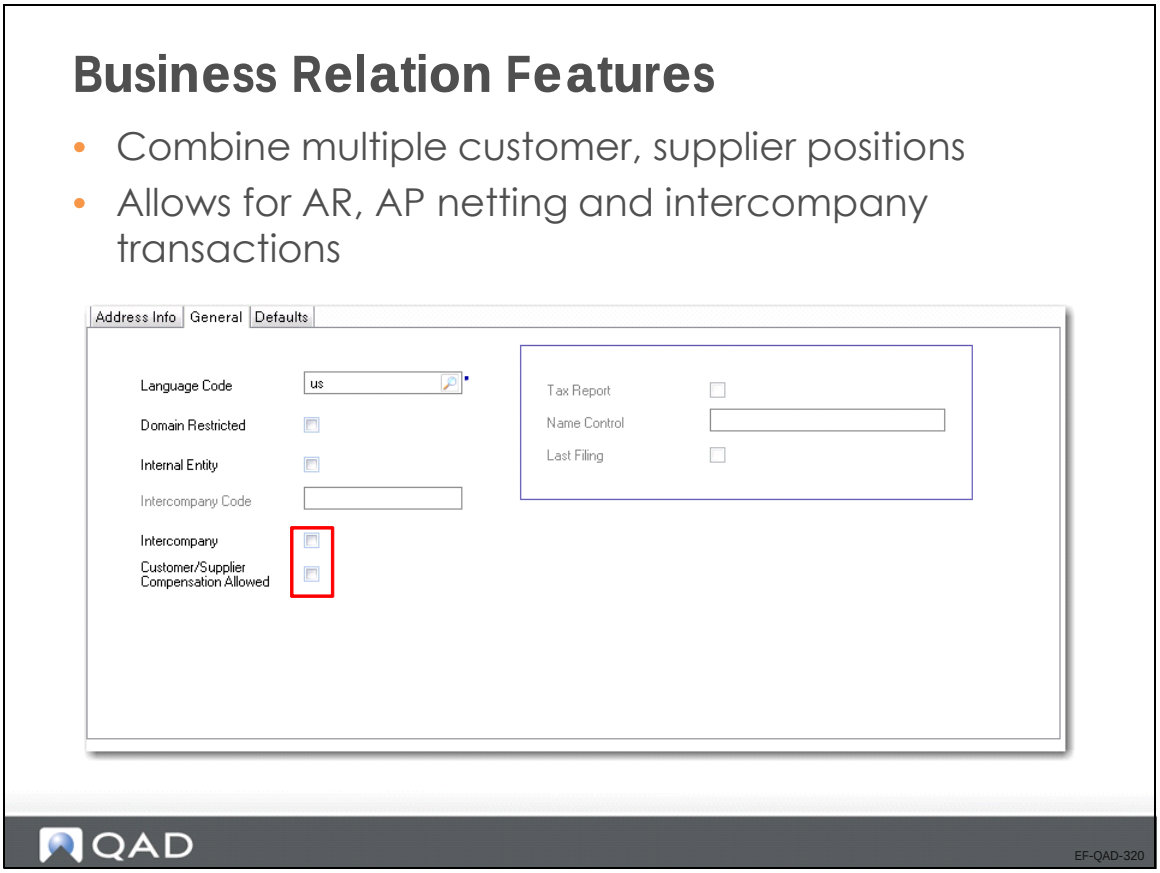
Use Business Relation Create (36.1.4.3.1) to define a new business relation. The business relation code is then used in the customer, supplier, end user, and entity functions to link address data.

In the customer, supplier, end user, and entity functions, the button next to the Business Relation field provides direct access to Business Relation Create (36.1.4.3.1) to create a new record.

Business relations can be domain restricted. A restricted business relation can only be viewed, modified, and reported on in the domain in which it was created. If, for example, the database is organized by domain per country, you can use this restriction to ensure that users cannot accidentally or deliberately use a business relation that belongs to another domain and country.

If the business relation must be linked to an internal entity, you must configure this setting when creating the business relation.

Business Relation Features

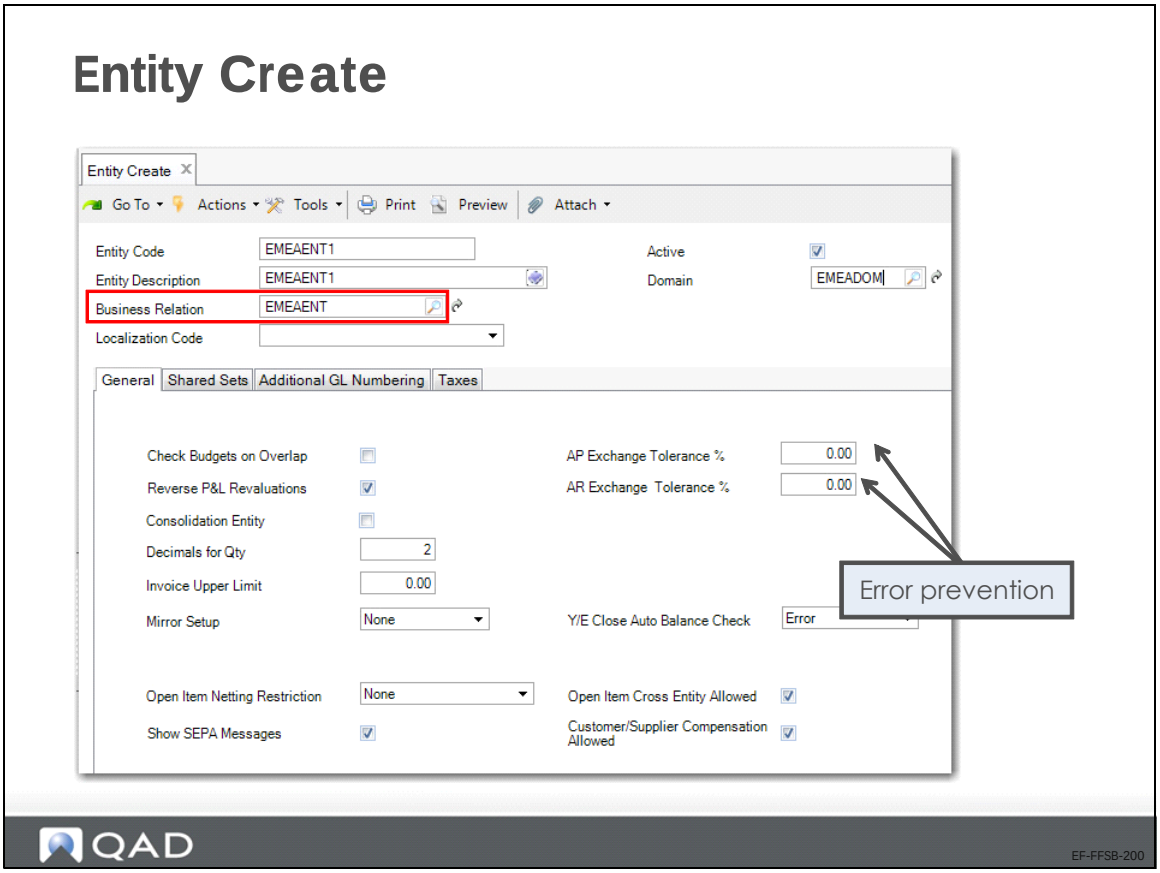


If a business relation applies to both a customer and a supplier, you can allow open items for customers and suppliers that belong to that business relation to be netted against each other by selecting the Customer/Supplier Compensation Allowed field.

The entity record also contains a Customer/Supplier Compensation Allowed field. When customer and supplier compensation is enabled at entity level, the Customer/Supplier Compensation Allowed field must be enabled for the business relations involved for an adjustment to be saved.

When customer and supplier compensation is disabled for the entity, this overrides the customer and supplier compensation setting for the business relation if compensation is enabled here.

Entity Create



Use Entity Create (36.1.1.2.1) to create entity records. Enter the previously created domain and business relation codes.

The following domain data is copied to the entity when you save the record: shared set codes, base currency, cross-company accounts, GL periods, and COA masks. Shared set codes display on the second tab of the entity record, but cannot be updated.

On the General tab, use the AR and AP Exchange Tolerance% fields to help prevent errors in exchange rates. The exchange tolerance verifies whether the realized exchange gain or loss on foreign currency payments is reasonable. The realized gain or loss amount in base currency is compared with the base currency equivalent of the amount paid and expressed as a percentage:

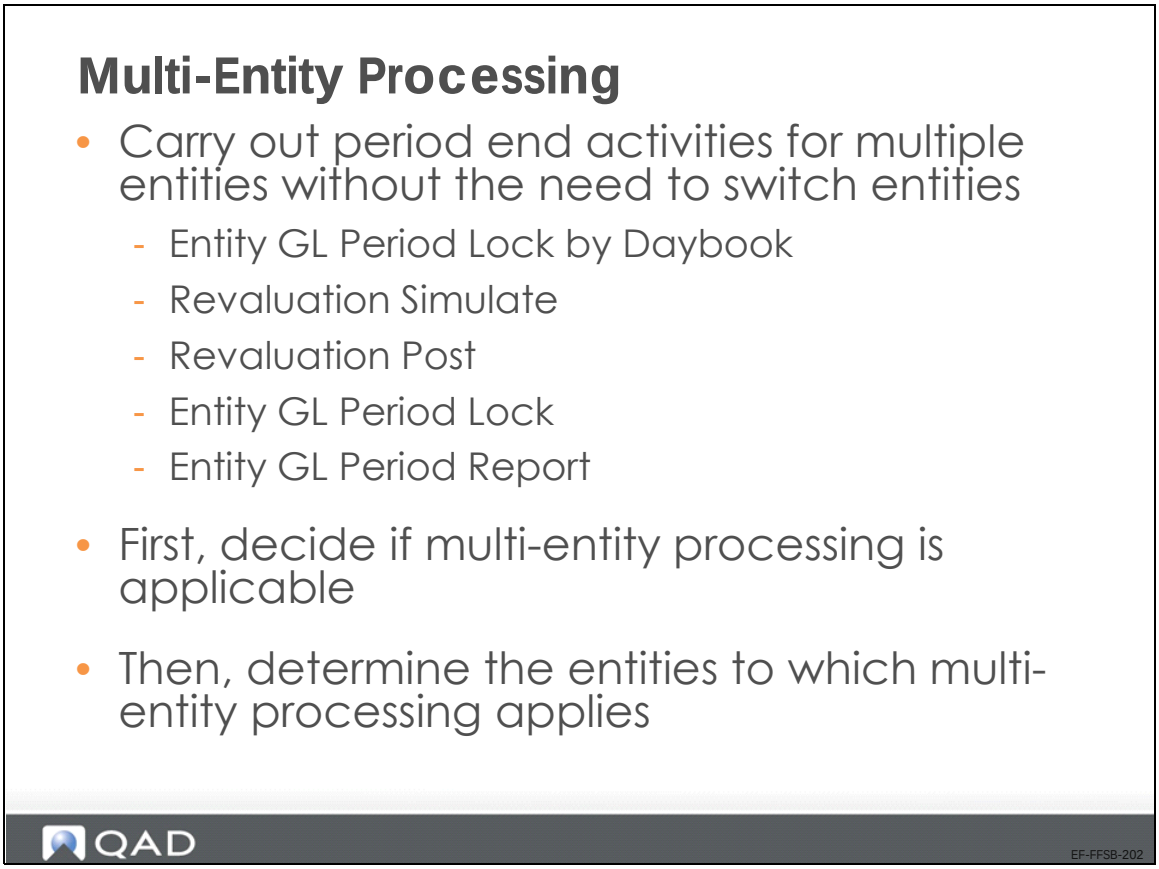
*gain-loss BC / payment BC * 100*

If that percentage is higher than the maximum allowed tolerance, an error message is displayed in the payment transaction.

The Additional GL Numbering tab is used to allow a secondary numbering sequence for GL transactions. This feature is used in some countries when transactions must be identified by numbers in a sequence without any gap.

Use the Taxes tab to configure settings for suspended and delayed taxes.

Multi-Entity Processing

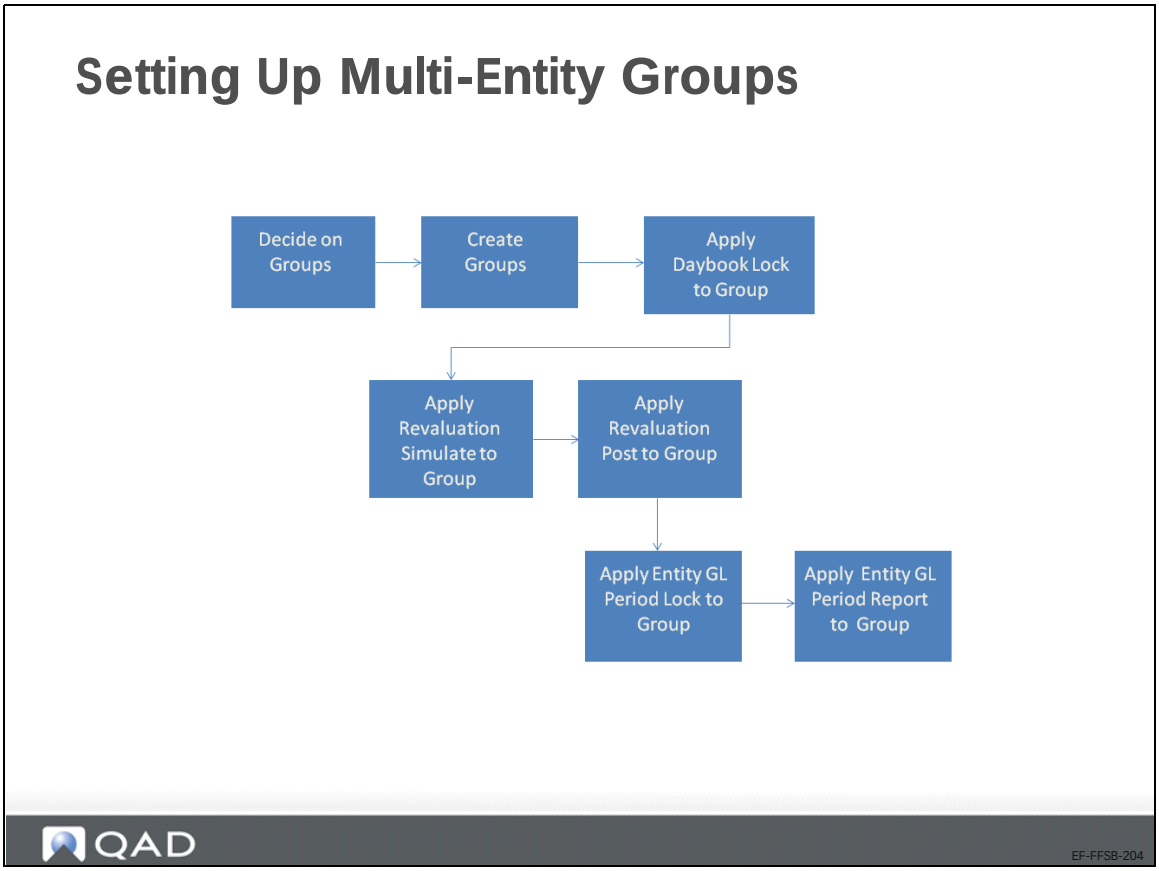


Multi-entity processing enables you to group entities together, so that you can save time by carrying out period end activities for multiple entities at once without the need to switch between entities. Multi-entity activities reduce data maintenance time and provide better control over routine and largely repetitive period end tasks.

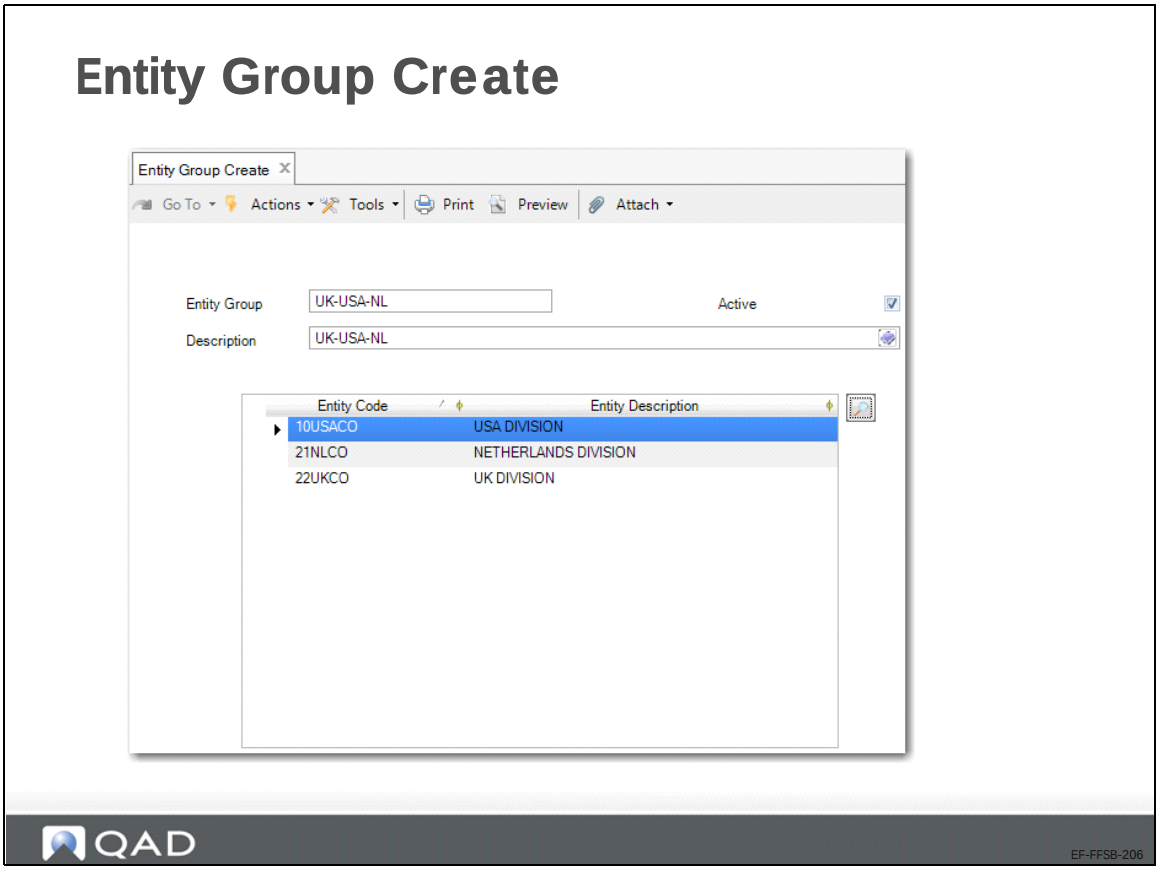
First, decide if multi-entity processing is applicable; if so, determine the entities to which multi-entity processing applies.

There is no restriction based on the domain of the entity, and an entity can feature in more than one entity group.

Setting Up Multi-Entity Groups

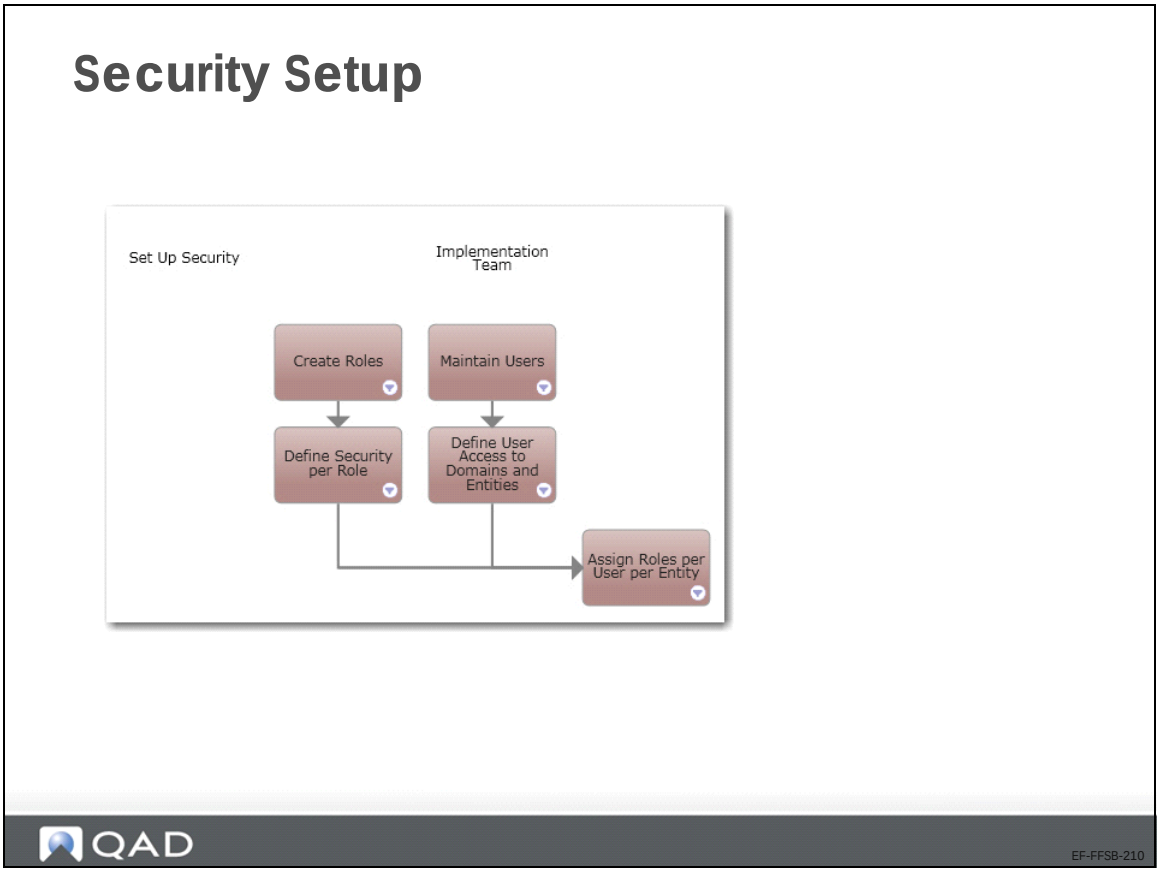


Entity Group Create



There is no restriction based on the domain of the entity, and an entity can feature in more than one entity group.

Security Setup

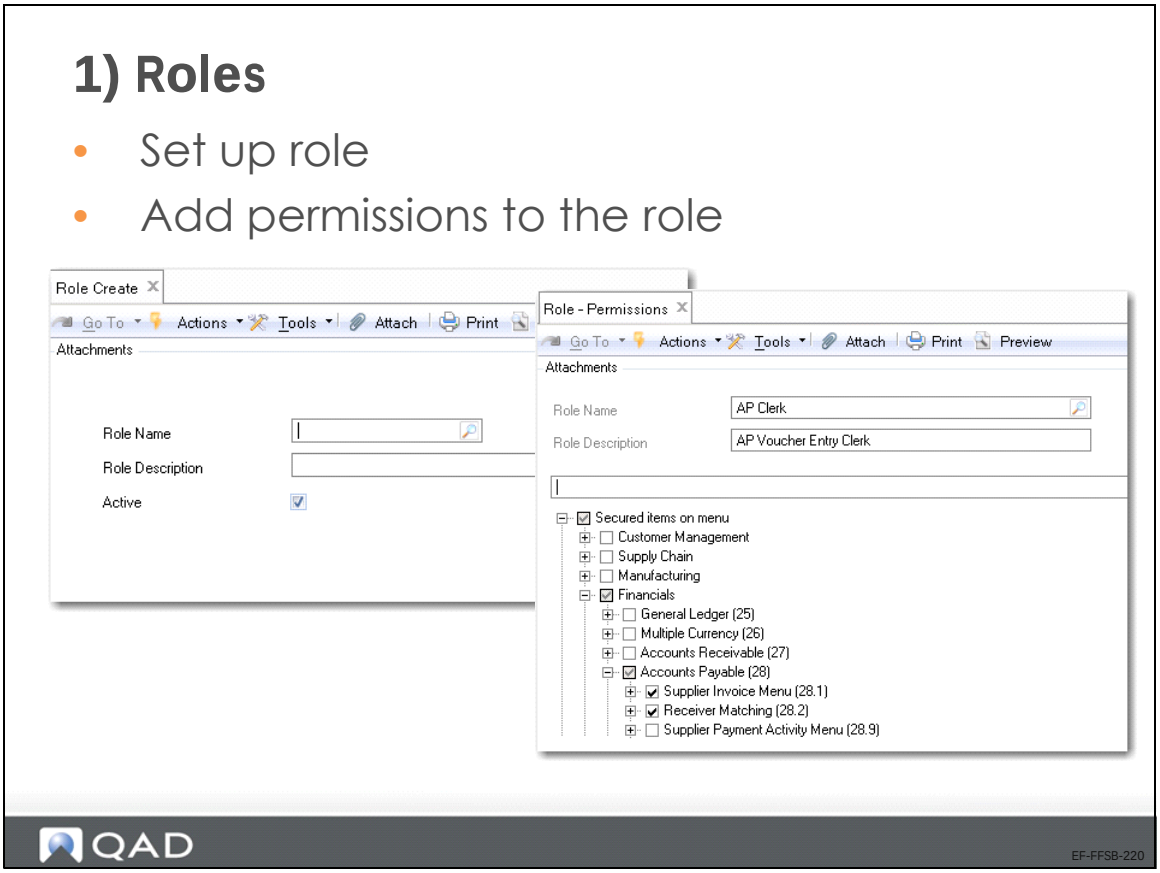


After defining a new entity, you must define user security and access. To set up security, you must define three main elements:

- Users
- Roles
- Permissions

The configuration for the three areas must be linked in a fourth step.

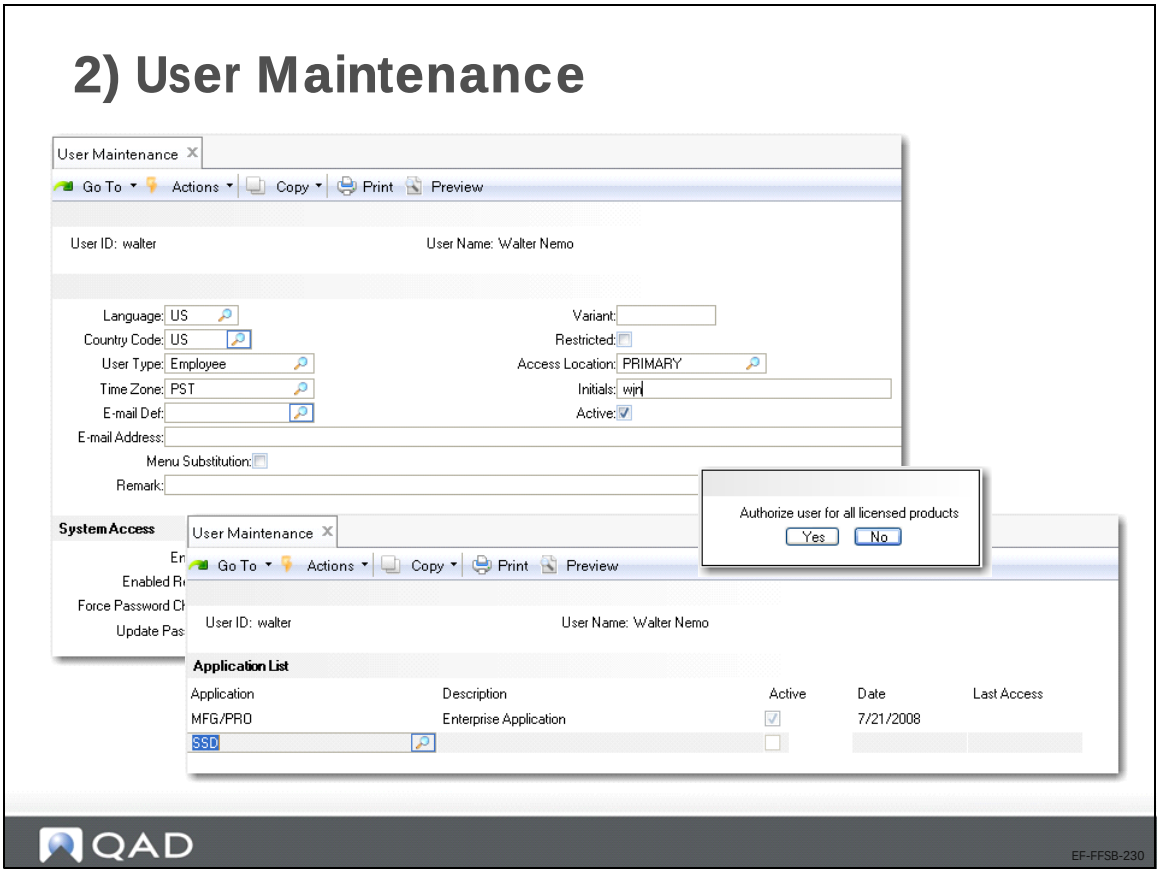
Roles



In Role Create (36.3.6.1), enter a name and description to create a new role.

During implementation, you can create inactive roles by clearing the Active field. An inactive role cannot be referenced in any functions other than Role Create.

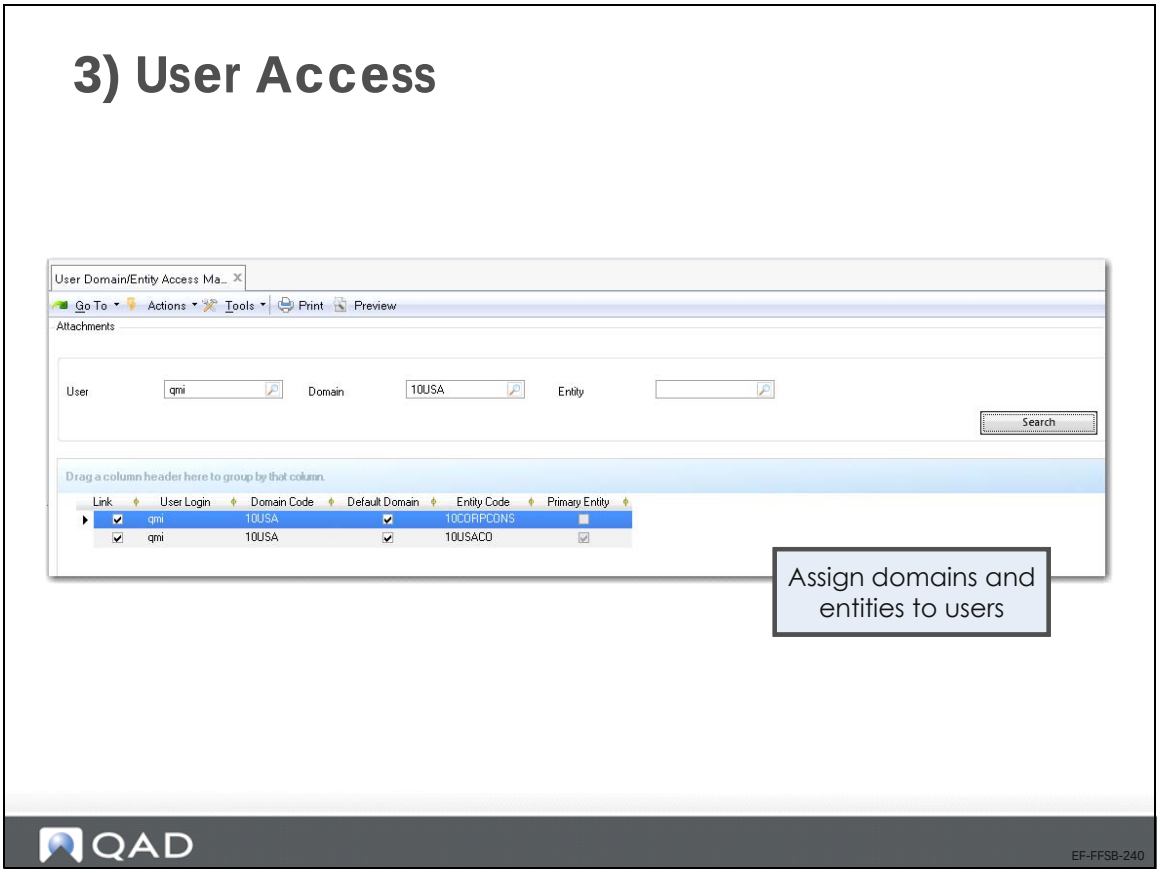
Users



In User Maintenance (36.3.1), define a user ID. If you enter or modify the user name, the following message will display:

> "You can delete the user at this step only if the user has never logged into system."

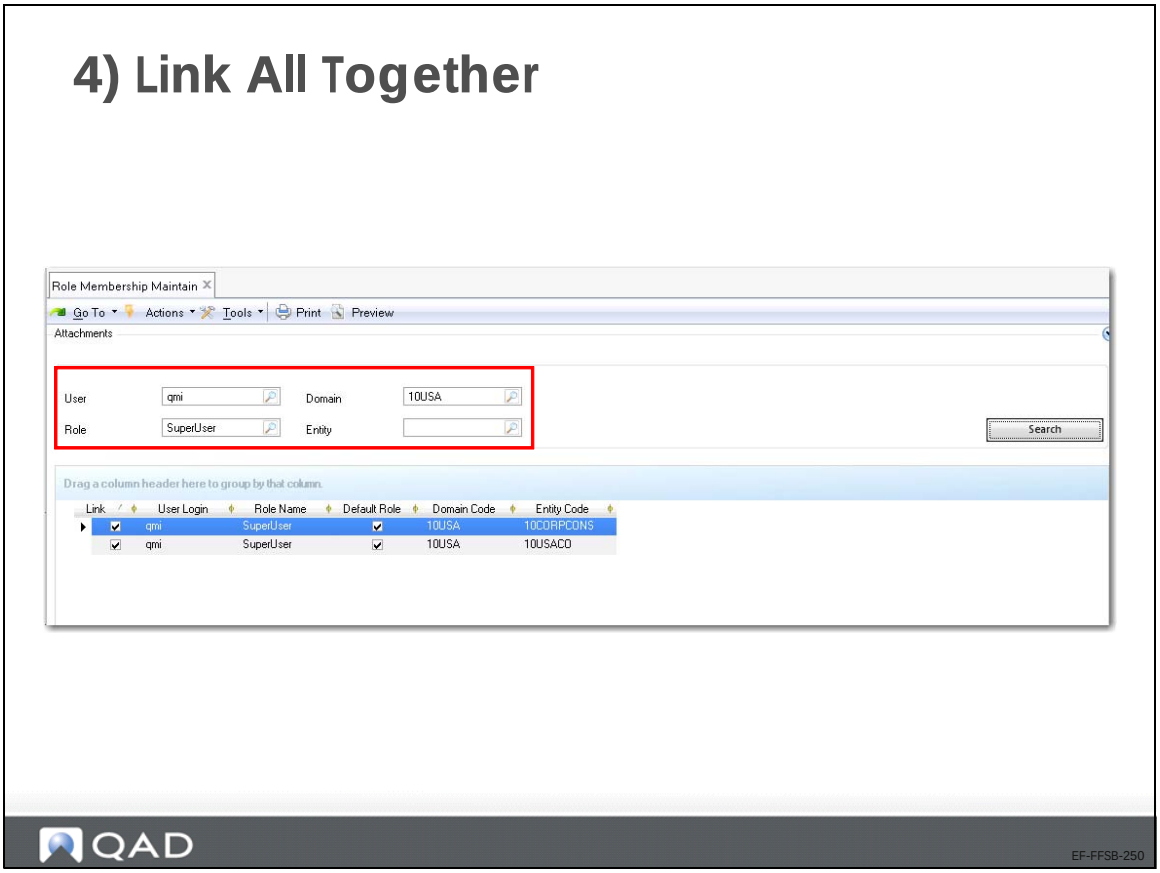
User Access



Go to User Domain/Entity Access Maintain (36.3.4) to set up the user access.

Select the user and click Search. A new window will display. Link a user to an entity by selecting the field in the Link column.

Link All Together

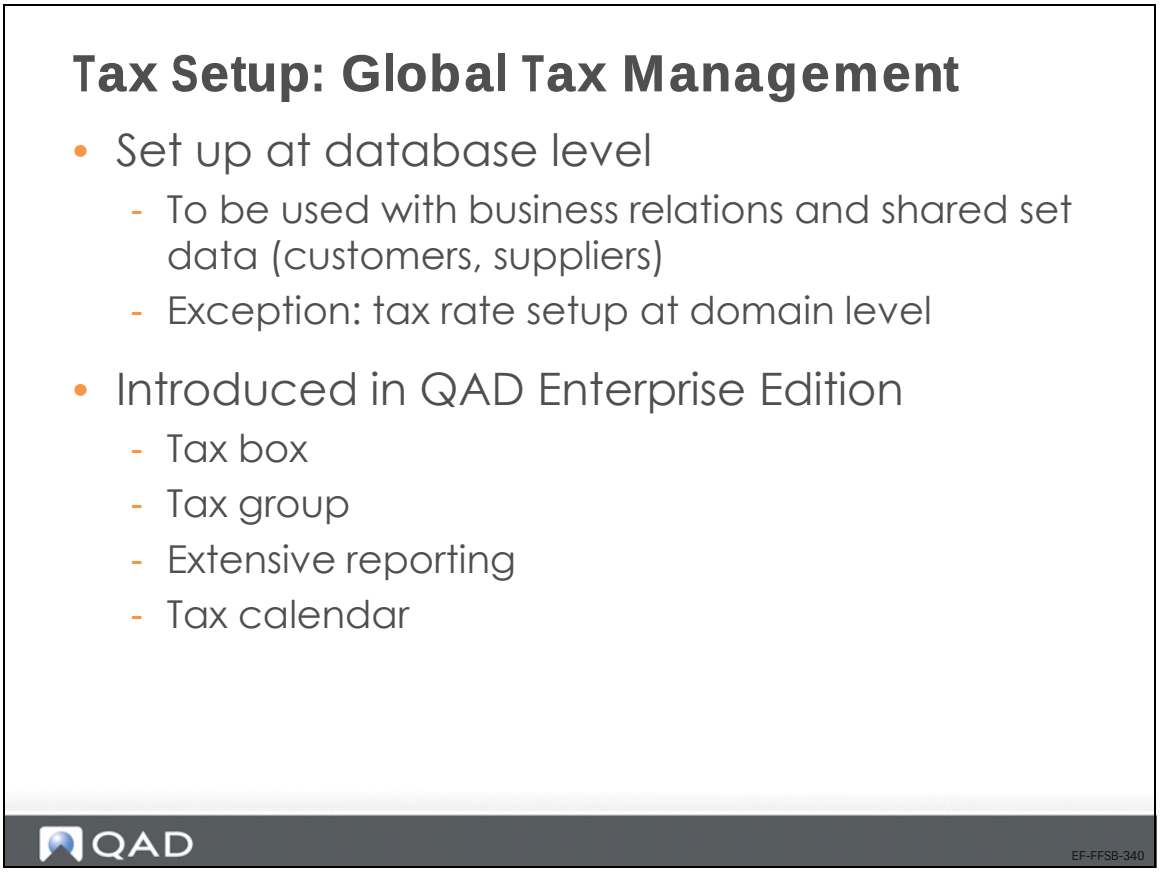


Go to Role Membership Maintain (36.3.6.6)

Select either a user, role, domain, entity or a combination, then click Search. Link a user to a role for the entities that the user has access to.

A user can have different roles in each entity.

Tax Setup: Global Tax Management



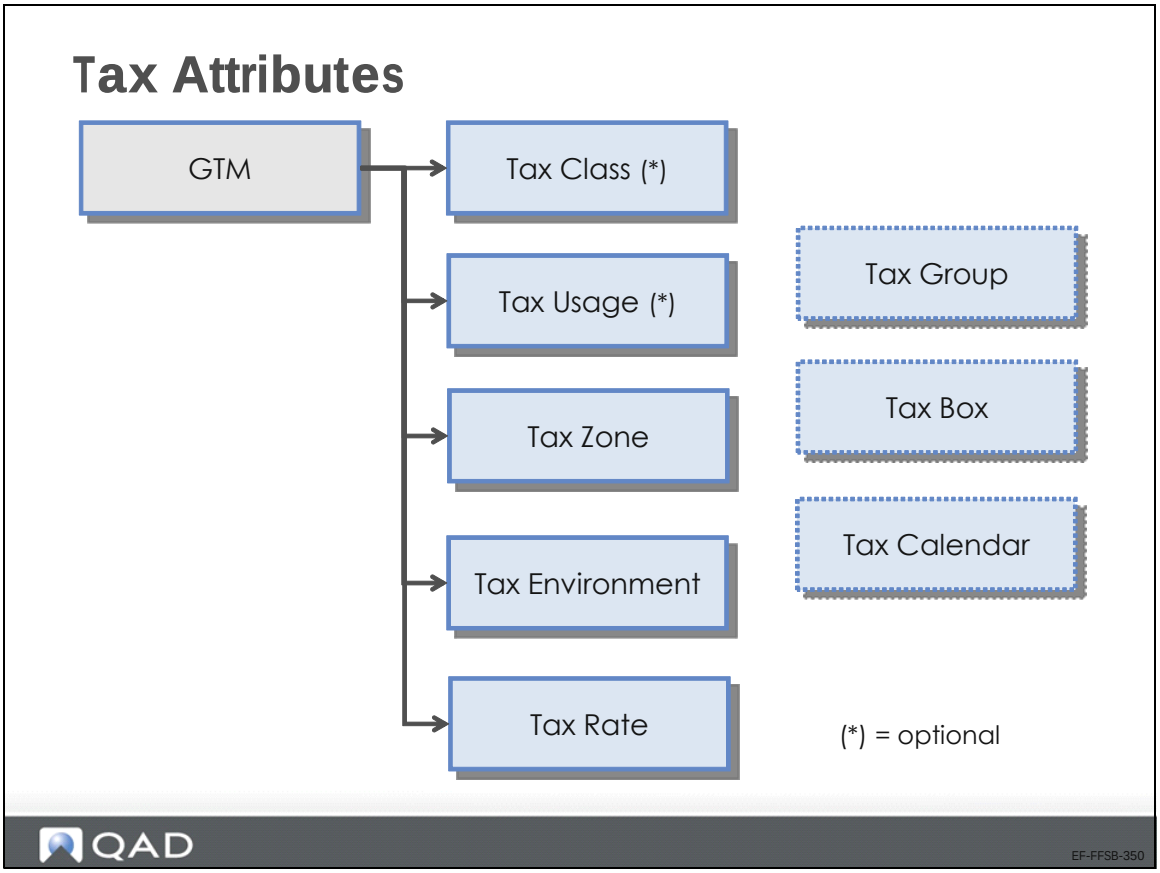
In QAD Enterprise Financials, most tax data is set up at database level. The data can then be shared by multiple addresses from multiple shared sets.

You enter tax data on the Tax tab of Business Relation Create (database level). Then, the tax data is linked to a customer, supplier, or entity using a shared set. This explains the need to set up tax data system wide. Only tax rates are defined at domain level.

Use Global Tax Management to set up taxes.

Tax box, tax groups, tax calendar, and extended tax reporting are new tax concepts that were introduced in QAD Enterprise Edition.

Tax Attributes



Before defining tax rates, you must set up the data required to support tax reporting. This task has three steps:

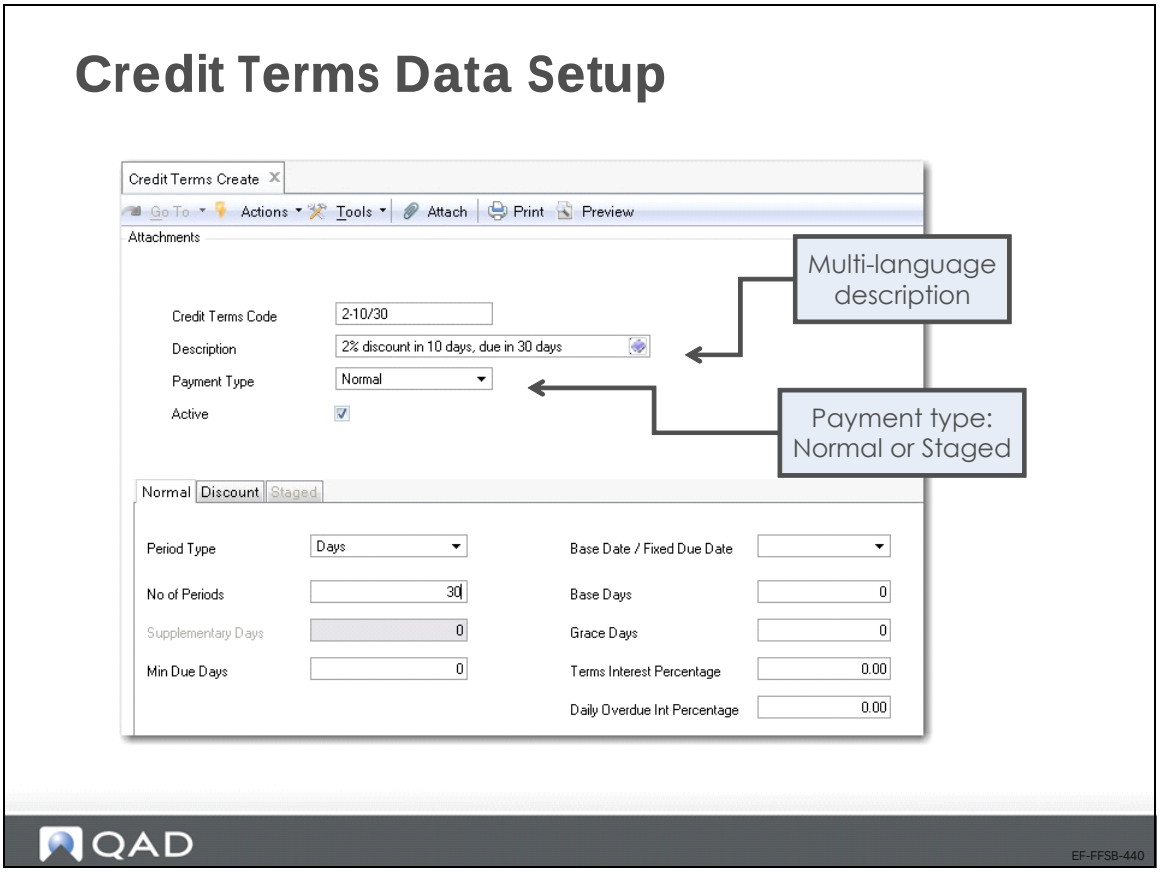
1. Define tax boxes for each country in Tax Box Create (29.6.1.1.1). Tax boxes represent tax subtotal fields on tax declaration forms required for filing legal reports. Tax boxes are generally defined in pairs, one identifies the transaction amount and the other, the transaction tax amount. The tax box type identifies whether the tax box displays the base transaction amount or the tax amount.
2. Define tax groups using Tax Group Create (29.6.1.2.1), and group related tax boxes, generally one of each type.
3. Associate tax groups with tax rates in Tax Rate Maintenance (29.4.1). A different group can be specified for each type of transaction: customer invoice, customer credit note, supplier invoice, supplier credit note, absorbed invoice, absorbed credit note, retained invoice, and retained credit note.

You can then use a declaration report to display the tax detail:

- Tax Declaration by Box (29.6.2.1)
- Tax Declaration by Box and Group (29.6.2.2)

Note These reports are not formal reports that can be submitted for regulatory reporting. Rather, based on your selection criteria, they display tax box totals, which you can then use to fill out required reports.

Credit Terms Data Setup



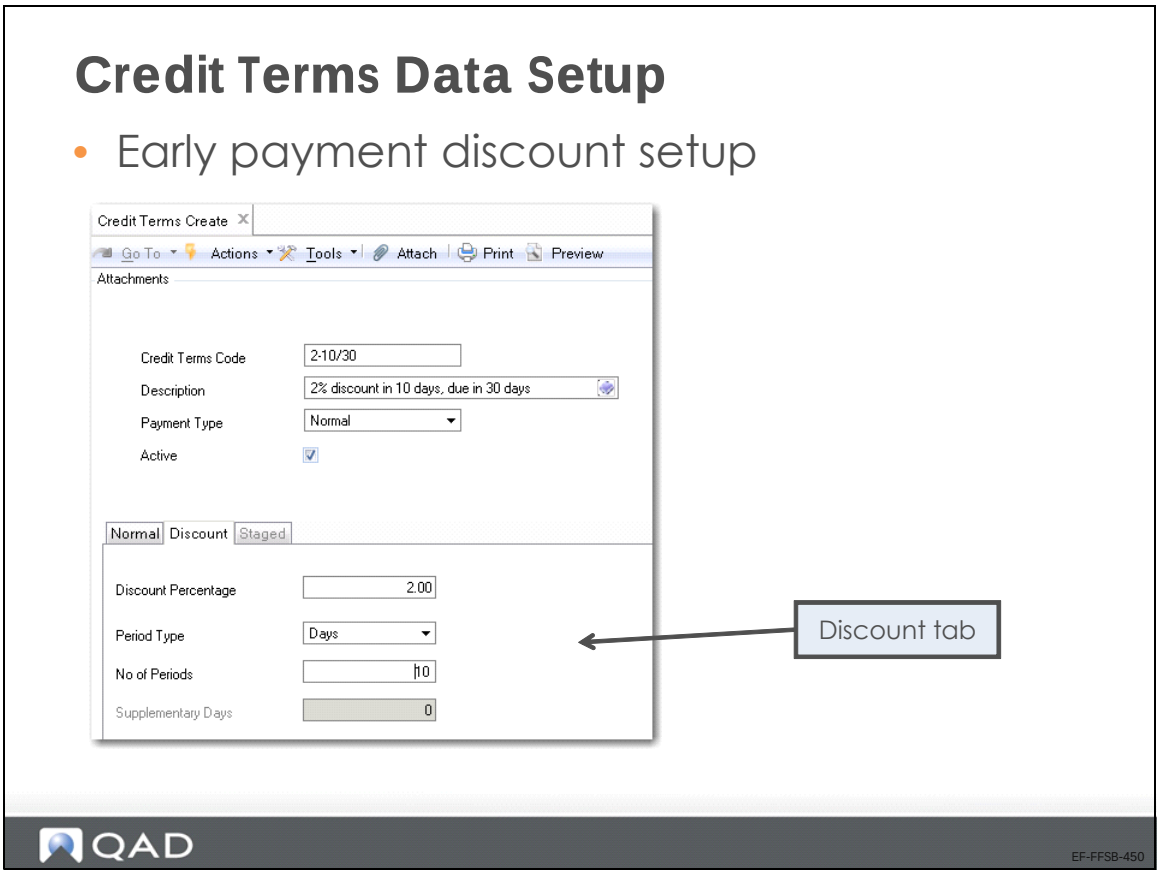
Credit terms are used to calculate invoice due dates and to apply settlement discounts on early payments. You can also use credit terms to define staged payments, which allow multiple payments to be made in stages, based on invoice percentages. Credit terms are linked to customers and suppliers, and default when invoices are created.

You can also create credit terms with fixed due dates using Credit Terms Create. Fixed due dates are not calculated based in the invoice date. For example, if a credit term has a fixed due date of February 1, and an invoice for which that due date applies is created on February 15, the invoice due date is still fixed as February 1. You can also create staged credit terms with fixed due dates.

You create a credit term with a fixed due date by specifying a due date in the Base Date/Fixed Due Date field and setting the No of Periods, Supplementary Days, Minimum Due Days, and Base Days fields to 0 (zero).

Payment Type. Select the type of payment, Normal or Staged. The payment type determines which tabs can be used to configure the credit terms code. Normal and discount payments are used with Normal payment types; staged payments are used with the Staged payment type.

The credit term description can be displayed in multiple languages.



Use the Discount tab to define the data that determines settlement discounts on early payments for Normal credit terms.

Discount Percentage. Specify a discount percentage that will apply for prompt payments for this credit terms code. The default percentage is zero, and you must specify the actual discount percentage in this field, and not the payment percentage.

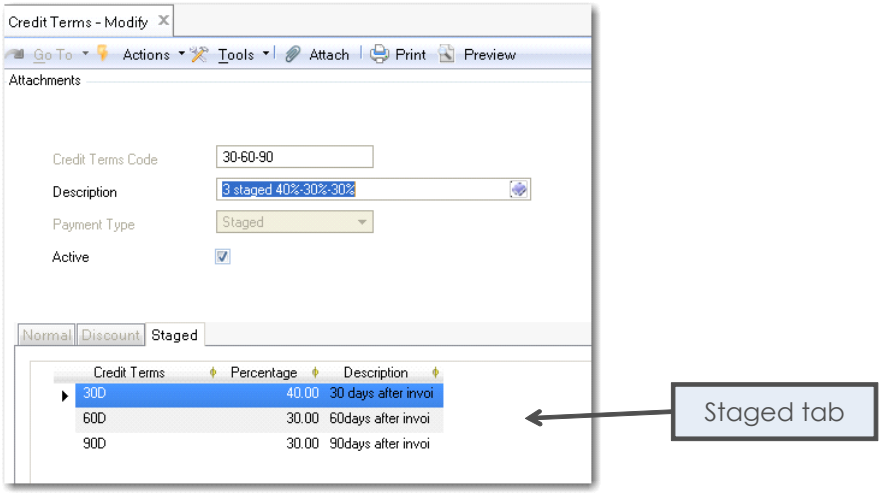
Period Type. Choose the period type from the drop-down list. The options are days, weeks, fortnights, and months.

No of Periods. Enter the number of periods to take into account when calculating the due date.

Supplementary Days. Specify the number of days to add to the normal calculation date. This value applies only when you select the period type Month.

Credit Terms Data Setup

- Staged credit terms



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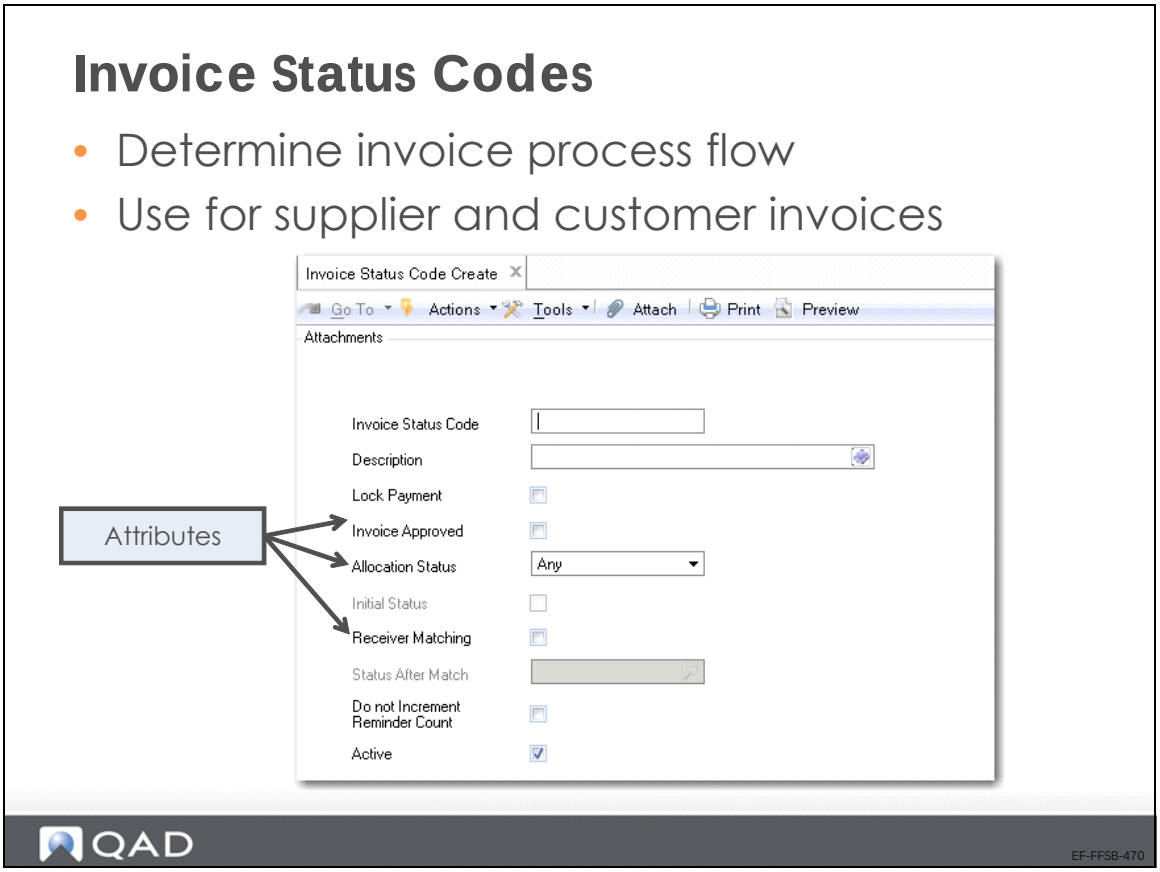
Staged payments consist of a series of normal credit terms, staggered over time periods. Enter a credit term code and percentage of payment for each stage of payment. The description of the credit terms code is displayed for reference. The payment percentages must total 100%.

Invoice Status Codes

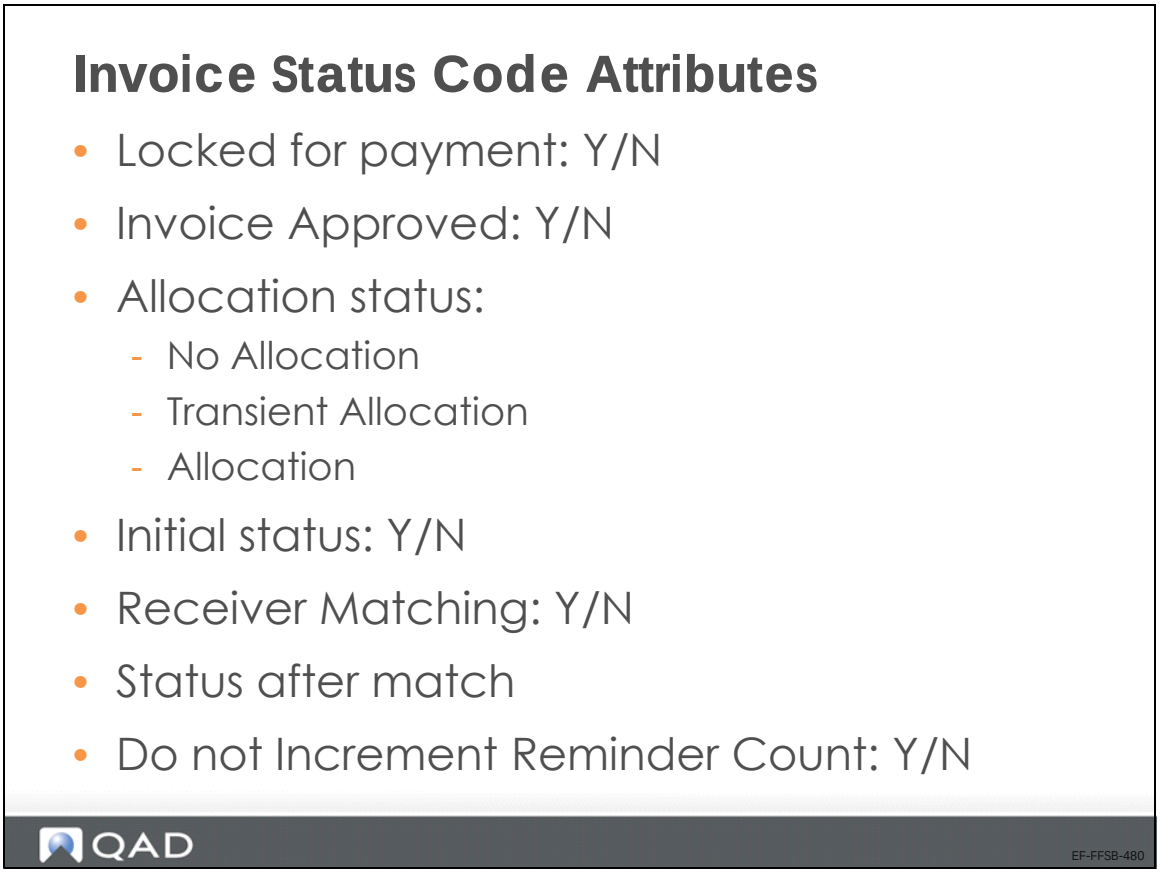


Use Invoice Status Code activities (36.1.11) to create, modify, view, and delete codes used to:

- Manage the approval, allocation status, and payment of invoices to suppliers.
- Identify contested invoices for filtering reports and managing finance charge calculation for customers.
- Associate a default invoice status with each customer and supplier record.

Invoice status codes are primarily used with suppliers. You approve supplier invoices and release them for payment by modifying the invoice status code applied to the invoice. You can also control how postings occur by specifying an invoice status code with a different allocation status.

Invoice Status Code Attributes



The combination of the different attribute values indicates to the system how to treat a document (primarily, a supplier invoice).

Attributes of invoice status codes include:

Locked for Payment. Use this option to prevent invoices from being included in payment selections.

Invoice Approved. Use this option to determine whether an invoice is approved for payment.

Allocation Status. The options are Allocation, No Allocation, Transient Allocation, and Any.

Initial Status. Use this setting for initial invoices that are locked for payment, unapproved, or that have a status of No Allocation.

Receiver Matching. Use this option for invoice status codes used in receiver matching.

Status After Match. When no allocation and receiver matching are selected, specify the invoice status code to apply to the invoice after it has been matched. This code must have the Allocation and Receiver Matching field selected.

Do not Increment Reminder Count. Select this field to create an invoice status code that prevents reminder levels on customer reminder letters from incrementing. You can use these status codes to create invoices that remain at the same reminder level for each print run.

Different sets of codes might be needed, depending on whether you are creating a financial invoice or an invoice for matching with a purchase order.

None of the invoice status settings has an effect on customer invoices. The status code is used to filter in reports and to determine how invoices are included in finance charge calculations. Invoice status codes do not have a blocking effect on customer invoices and do not form part of the credit checking process.

US and EMEA Exercise: Domain Setup

In the US, log in to entity 10USACO. In EMEA, log in to entity 22UKCO

Domain and Entity Creation

1 Use Domain Create (36.1.1.1.1) to create a domain using the details below. Name your domain, complete the fields as necessary, and link shared sets to the domain.

Field	Value
Domain	41STHAMS
Name	South American Division
Primary Entity:	Blank
Setup Complete:	Blank
Language Code	us
Base Currency	USD
Statutory Currency	USD

2 Link the following shared sets:

Shared Set Type	Shared Set Code
General Ledger	QMS-GL-US
Customer	QMI-CUST
Supplier	QMI-SUP
Sub-Account	QMS-SubAccount
Sub-Account COA Mask	Sub-Account COA Mask
Cost Center	QMS-CostCenter
Cost Center COA Mask	Cost Center COA Mask
Project	QMS-Project
Project COA Mask	Project COA Mask
Daybook	QMS-DB-US
Exchange Rate	QMS-ExRate-US

3 Save the domain record, but do NOT select the Setup Complete field.

Note You cannot select the Setup Complete field without error until you have updated the domain record with the entity you will create in step 6.

4 In Business Relation Create (36.1.4.3.1), create a business relation for 41STHAMS.

Field	Value
Business Relation	41STHAMS
Name	South American Division
Search Name	41STHAMS
General Tab	
Internal Entity	Yes
Intercompany Code	STHAMS

Field	Value
Address Info Tab	
Address Line 1	11 Domingo
City	Rio de Janeiro
Country Code	BR
Tax Information Tab	
Taxable Address	Yes
Tax Zone	BR

5 Save your changes.

6 Create a new entity in Entity Create (36.1.1.2.1). Complete all fields as required.

Field	Value
Entity Code	STHAMS
Entity Description	South American Division
Business Relation	41STHAMS
Domain	41STHAMS

On the Shared Sets tab, note that the shared sets defined for the domain 41STHAMS are automatically displayed.

7 Save your changes.

Security Setup

1 Use User Domain/Entity Access Maintain (36.3.4) to give your user ID access to the newly created domain/entity.

a Enter your user ID. Then, click Search.

A list of domains and entities displays.

b Select the field next to your domain/entity combination in the Link column.

c Click Save.

2 Use Role Membership Maintain (36.3.6.6) to update the Superuser role:

a Enter your user ID and the role Superuser, and click Search.

A list of domains and entities displays.

b Select the field next to your domain/entity combination in the Link column.

c Click Save.

Complete the Domain Setup

1 Use Domain Modify (36.1.1.1.2). Assign your newly created entity as the domain's primary entity.

Field	Value
Domain	41STHAMS
Primary Entity	STHAMS
Cross-Company Tab	
Accounts Receivable GL Account	1950
Accounts Payable GL Account	2950
Inventory GL Account	1960
Manual Journal Entry GL Account	1970
Fixed Assets GL Account	1980

2 Select the Setup Complete field and save the domain record.

Note After you have selected the Setup Complete field, you can still make some limited changes to the domain record. However, you can no longer modify the primary entity, shared set list, or domain currencies.

Other Domain Foundations Setup

1 Log off the system and log back in.

2 Select Workspace 41STHAMS-STHAMS.

3 Define the domain's GL calendar in Domain GL Period Create (25.4.1.1).

Field	Value
New Year	Current year
Copy from GL Calendar Year	Last Year or Create Manually

4 Click Save.

5 Review the created periods. Save.

6 Set up default GL accounts in Domain/Account Control (36.9.24) as shown below and set the Verify GL account field to Yes.

Note The 10USA and 22UK domains use the same GL account shared set. Therefore, the accounts displayed in the graphics pertain to both domains.

Fig. 3.1
Domain/Account Control, Sales Accounts

Sales Accounts

Sales:	4010	mech	ADM
Sales Discount:	4200	Mech	
Sales Inv Tax Acct:	2400	Mech	
Sales CN Tax Acct:	1405	Mech	
Sales Inv Tax Absorbed Acct:	2410	Mech	
Sales CN Tax Absorbed Acct:	1415	Mech	
Sales Returns:	4300	Mech	
COGS Material Acct:	5010	Mech	ADM
COGS Labor Acct:	5100	Mech	
COGS Burden Acct:	5200	Mech	
COGS Overhead Acct:	5300	Mech	
COGS Subcontract Acct:	5400	Mech	
Sales Freight Accrued:	2180	Mech	
Sales Freight Applied:	4680	Mech	
Terms Late Interest:	4650	Mech	

Fig. 3.2
Domain/Account Control, Accounts Payable Accounts

Accounts Payable

AP Inv Tax Acct:	1400	Mech
AP CN Tax Acct:	2405	Mech
AP Inv Tax Retained Acct:	1420	Mech
AP CN Tax Retained Acct:	2415	Mech
Expensed Item Receipts:	2550	Mech
Expensed Item Usage Var:	5650	Mech
Expensed Item Rate Var:	5660	Mech

Department

Cost of Production:	5770	Mech	
Labor:	5120	Mech	mfg
Burden:	5220	Mech	mfg

Fig. 3.3
Domain/Account Control, Product Line Accounts

Product Line

Inventory Acct:	1500	Mech	
PO Receipts Acct:	2520	Mech	
Purchases:	6610	Mech	ADM
Overhead Appl Acct:	5330	Mech	
Scrap:	6000	Mech	
Work in Process:	1550	Mech	
Inv Discrep Acct:	5900	Mech	
Cost Revalue Acct:	6100	Mech	
Floor Stock Account:	1600	Mech	

Fig. 3.4
Domain/Account Control, Variances Accounts

Variances

PO Price Var Acct:	6710	Mech	ADM
AP Usage Variance:	6720	Mech	
AP Rate Variance:	6740	Mech	
Method Variance Acct:	6800	Mech	
Transfer Variance:	6820	Mech	
Material Usage Var:	5040	Mech	
Material Rate Var:	5050	Mech	
Labor Usage Variance Acct:	5140	Mech	mfg
Labor Rate Variance Acct:	5150	Mech	mfg
Burden Usage Variance:	5240	Mech	mfg
Burden Rate Variance:	5250	Mech	mfg
Subcontract Usage Variance:	5440	Mech	
Subcontract Rate Var:	5450	Mech	
Mix Variance:	6830	Mech	

Fig. 3.5
Domain/Account Control, Service Accounts

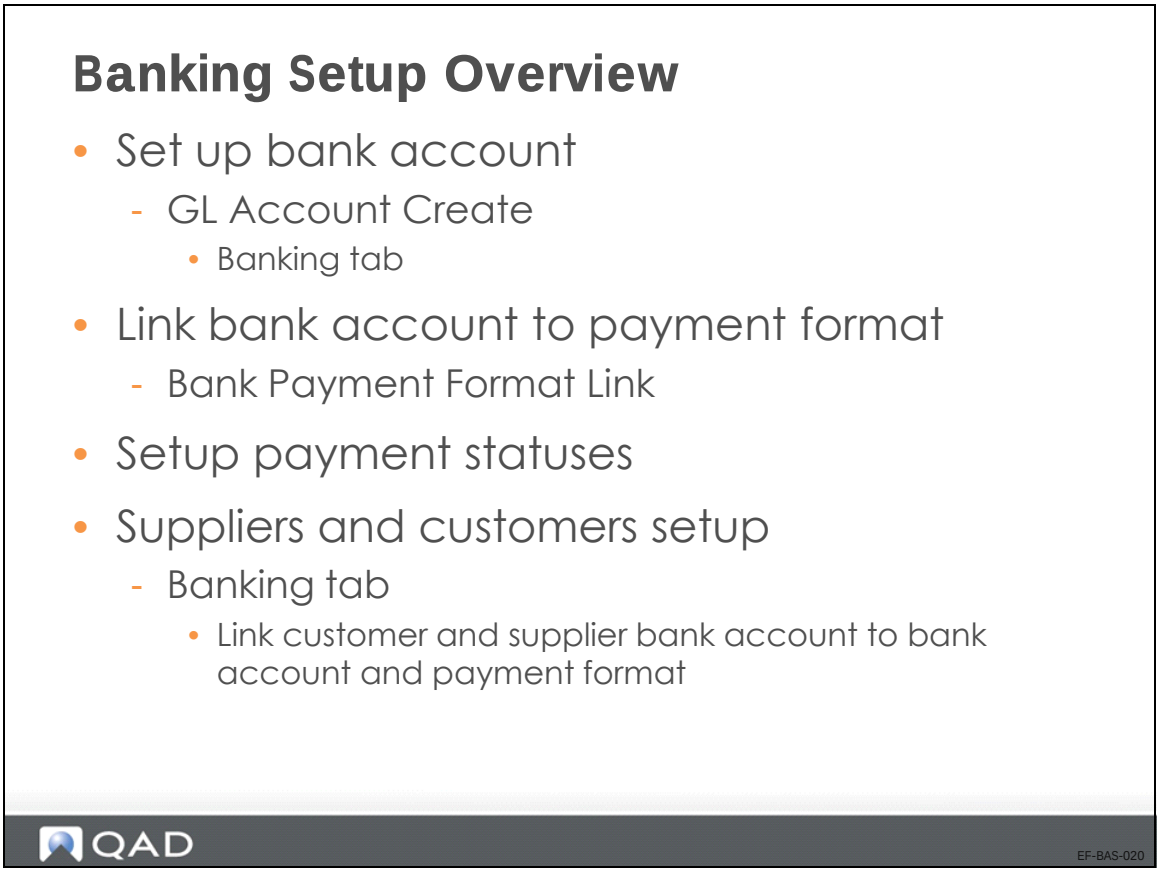
Service Accounts

Service Labor:	6900	Mech	
Service Overhead:	6905	Mech	
Service Expense:	6910	Mech	
Expense Due:	6915	Mech	
Service Returns:	6920	Mech	
Deferred Revenue:	2450	Mech	
Accrued Revenue:	1450	Mech	

Chapter 4

Banking Setup

Banking Setup Overview



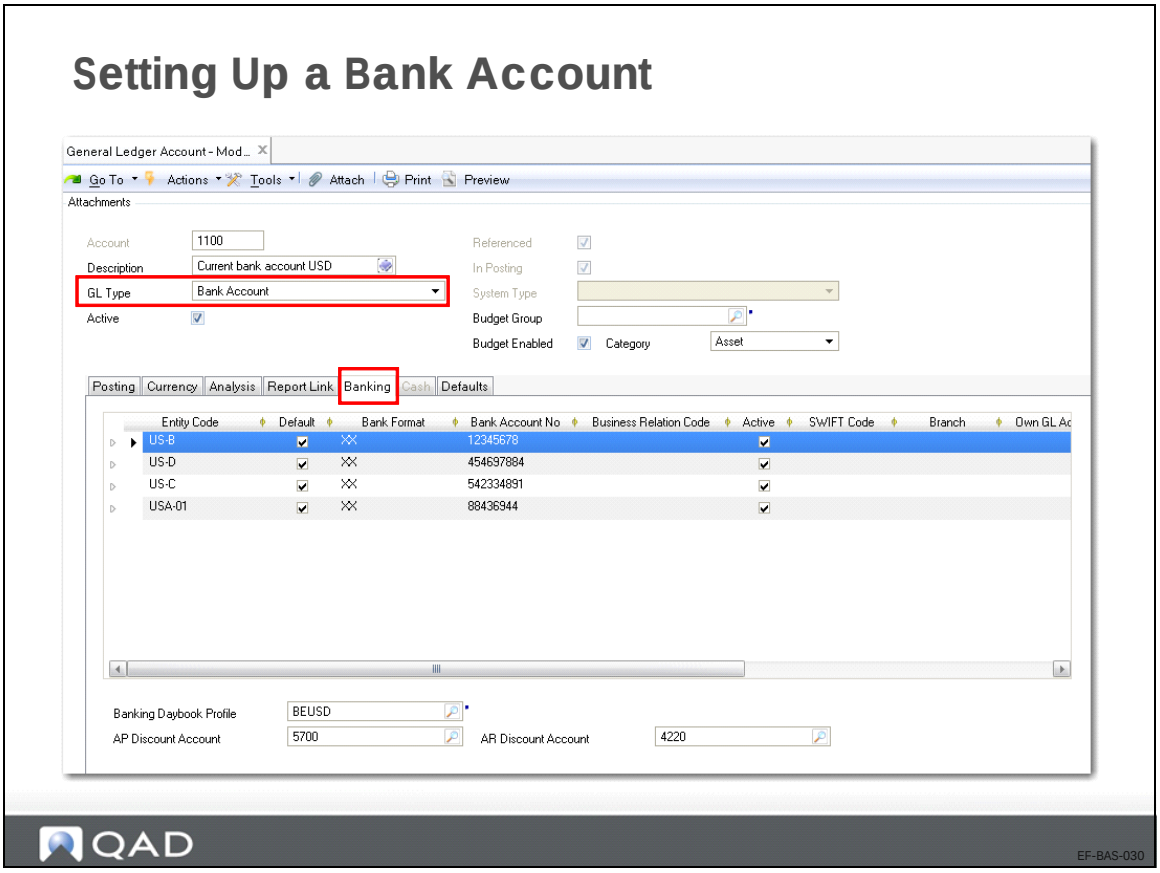
In this chapter, you will learn how to set up the components required for banking.

In order to process banking transactions, you need to set up your entity bank record. The entity bank record consists of the bank account to which the final postings are made and the business relation, which contains the address and tax information for your bank.

To store your bank account number in the system, you first apply a validation format to the account number. Therefore, before you create your bank account, ensure that the correct validation format is available for your account number.

To create electronic payment files for transfer to other banks, you can use electronic payment formats that you download to the system and associate with your bank account.

Setting Up a Bank Account



You create bank accounts in GL Account Create (25.3.13.1). Select the Bank account type from the drop-down list of available account types.

The Banking tab is enabled when you create an account of type Bank or Cash. The bank information specified here identifies your company banks. Associate these banks with customer and supplier banks in the customer and supplier functions (see later in this chapter).

To add lines on the grid, right-click in it and insert a new row for each bank account. Each bank account is linked to at least one entity.

Use the Banking tab to specify the following details:

Entity Code. This is typically the code of the current entity. When you link the current entity to the bank account, you define the account as your own bank account, through which all customer and supplier payments are processed.

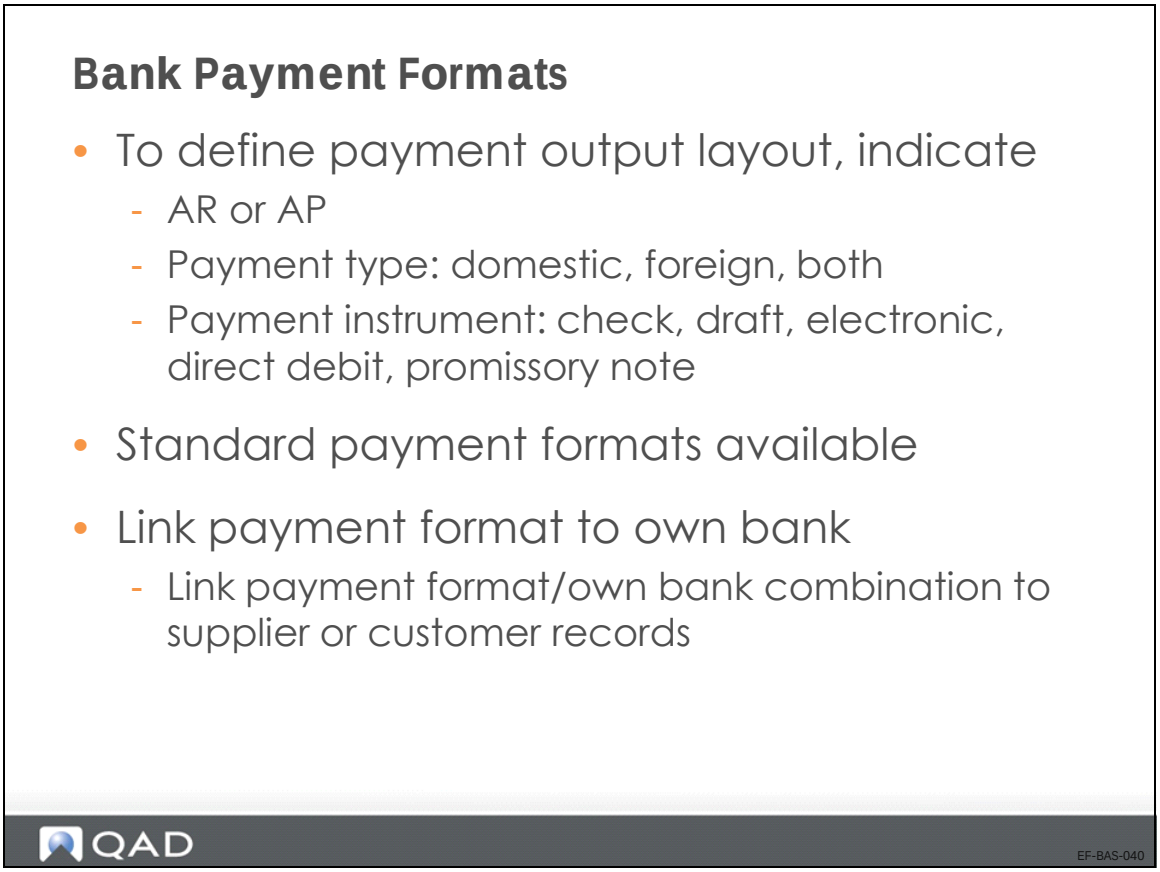
Business Relation Code. This is the business relation linked with the bank account. This business relation provides your bank address and tax information in customer and supplier payments. You can assign multiple bank accounts for each GL account, to support each activity where the GL account is used.

Bank Format. If the bank account number must be validated, choose the validation method from the drop-down list. When you select a bank number format, the system creates a child row in which you enter the number to be validated.

Use Bank Account Format Maintain (25.11.4) to view an international account number format to apply to the bank accounts you create. You can also define new number formats, which must comply with the banking system of the country in which you are doing business, or with your customer or supplier banking systems. See *QAD Financials User Guide* for more information about bank account formats.

When you click to save the account details, the system displays a warning to say that you have not defined bank accounts for all the other entities using this account shared set. You need only define bank accounts for the entities in which you are working, this message does not prevent you from saving the account.

Bank Payment Formats



Payment formats are used in customer and supplier payments to define the layout of the payment output. These codes ensure that each payment from your account is formatted according to the requirements of the receiving customer or supplier bank. Each individual payment contains your own bank account details, the required format, and the correct customer and supplier account information.

Payment formats determine such aspects of the payment as:

- Whether the payment is for AR or AP
- Whether the payment is domestic, foreign, or both
- The payment instrument to use, for example, check, draft, or electronic transfer

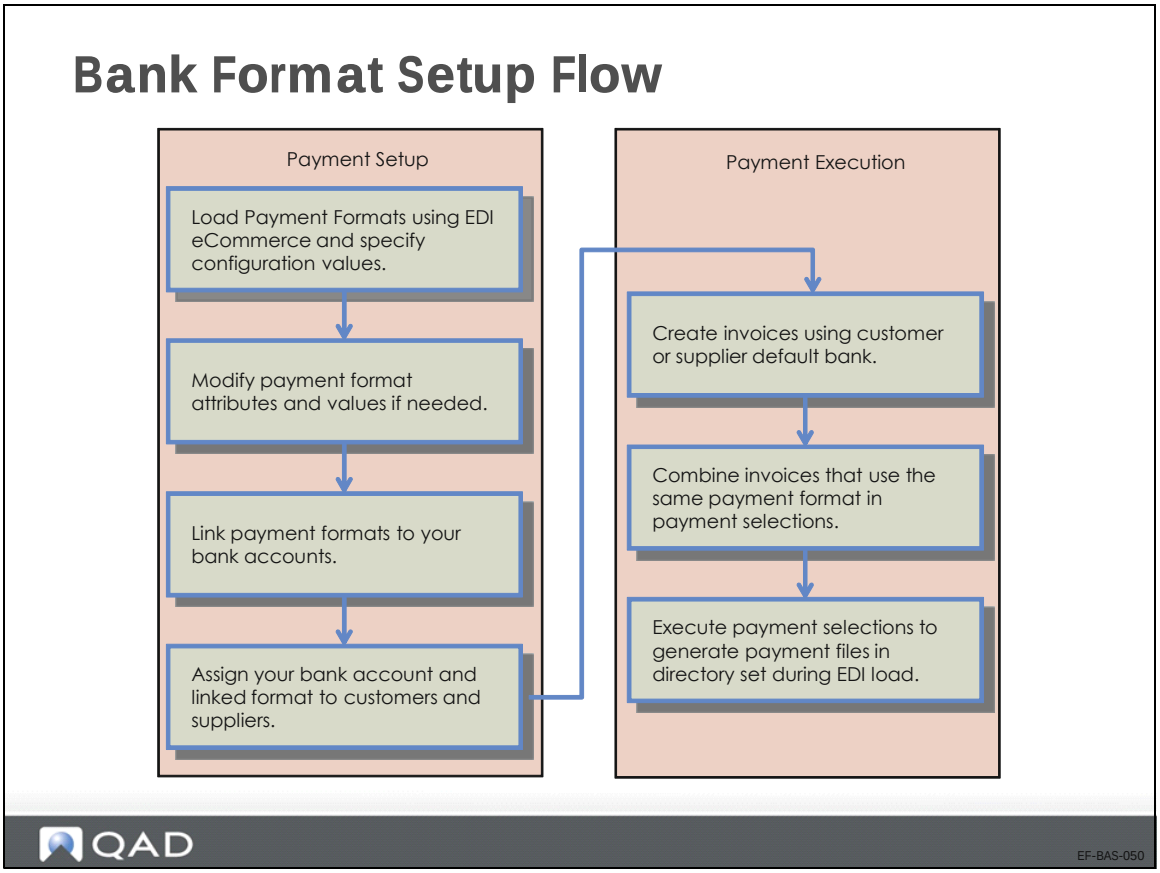
Electronic payment formats are used with paper-based payments, such as checks or drafts, and with payments, such as direct debit or electronic transfer. Formats tend to be common to certain regions. For example, US banks tend to deal with AP and AR checks. Northern European banks more commonly use AP electronic transfers and AR direct debits. Southern European banks use checks, drafts, and transfers.

Preconfigured formats are available on the QAD Support Web site for download and can be loaded in the system using standard EDI eCommerce functions. These formats are designed for specific banking systems, and are used to create electronic payment files to be transferred to these banks.

Ensure that supplier and customer payments automatically use the correct format by linking the format to your bank account using Bank Payment Format Link and then associating the linked account number to the supplier or customer bank account number. When the account numbers are linked, the system selects the correct format.

When a customer or supplier payment is created, the customer or supplier default bank is automatically displayed in the payment screen. If multiple account numbers for a supplier or customer are defined, you can select another account number for the payment, but only if it has been linked to a format.

Bank Format Setup Flow



A number of different types of data must be set up before you can generate customer and supplier payments.

The figure above illustrates the general flow. To complete this flow, you must have already created bank account validations and defined your entity banks.

You can also use Payment Format Excel Integration to create a template and load data. However, this is typically not required, since the EDI load provides this data for you.

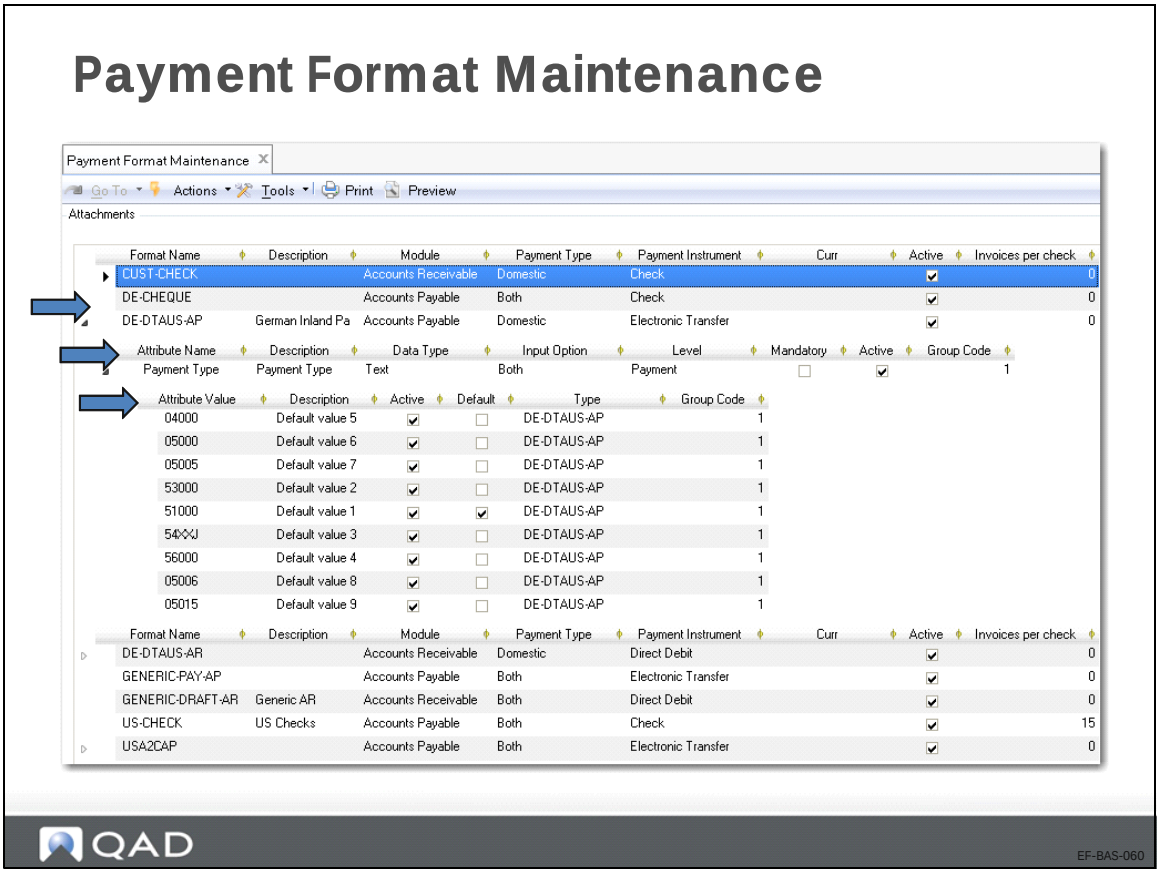
Generally, no changes are needed to these formats, but if necessary, attributes and values can be changed in Payment Format Maintenance (25.11.1). See “Payment Format Maintenance” on page 126.

Link the payment formats to your entity bank account using Bank Payment Format Link (25.11.2).

Associate your bank account and the correct linked format with the customer and supplier bank account numbers specified on the Banking tab of the Customer or Supplier function.

When this setup is complete, you can create invoices using this payment information, combine them in payment selections, and execute the selections to generate payment files.

Payment Format Maintenance



Use Payment Format Maintenance (25.11.1) to view and modify payment formats, their attributes, and attributes' values. You can create a new format by adding a new row in the grid and specifying its attributes. Ensure that these attributes match the requirements of the banking system to which you will send the payment.

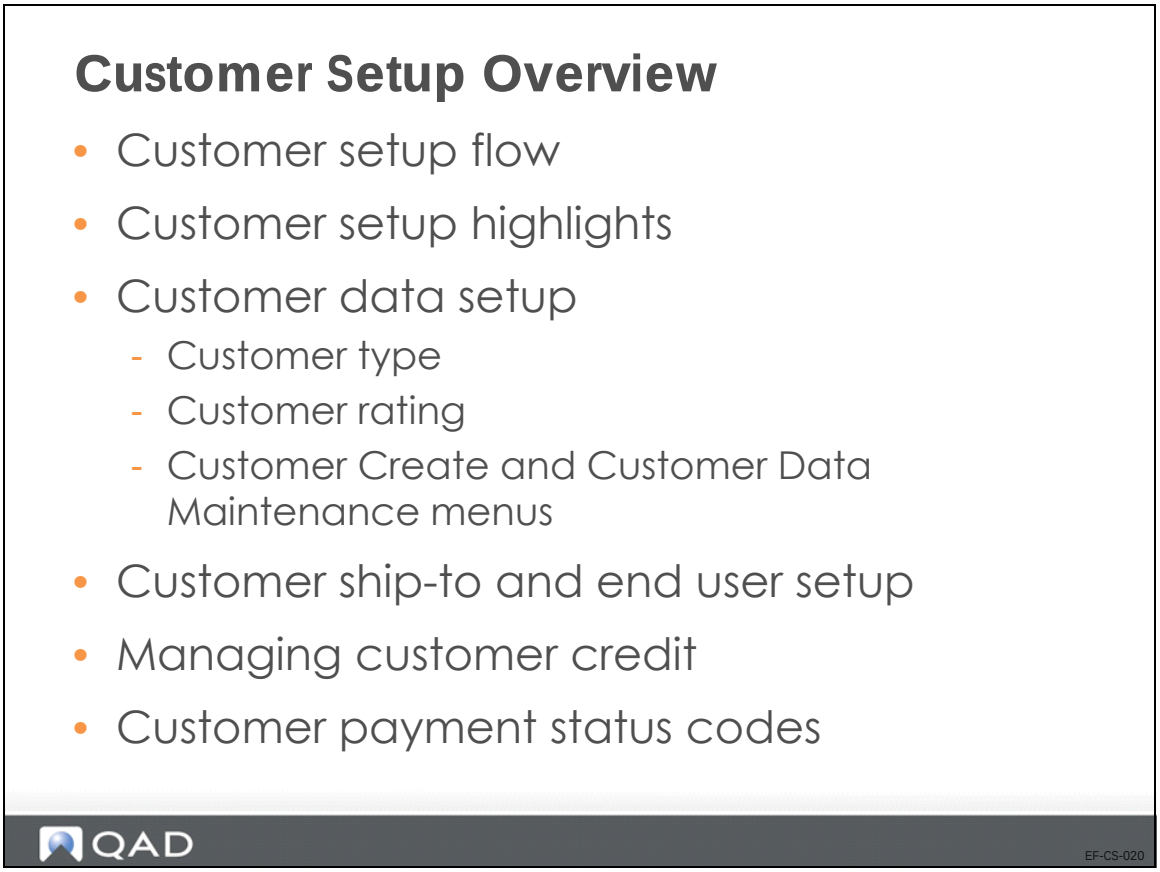
For electronic payment formats, most users download predefined formats and do not need to manually create formats. The formats that you load using EDI eCommerce are displayed here.

When you have used a payment format in a payment, you cannot modify the format code, but can modify the description and currency.

Chapter 5

Customer Setup

Customer Setup Overview

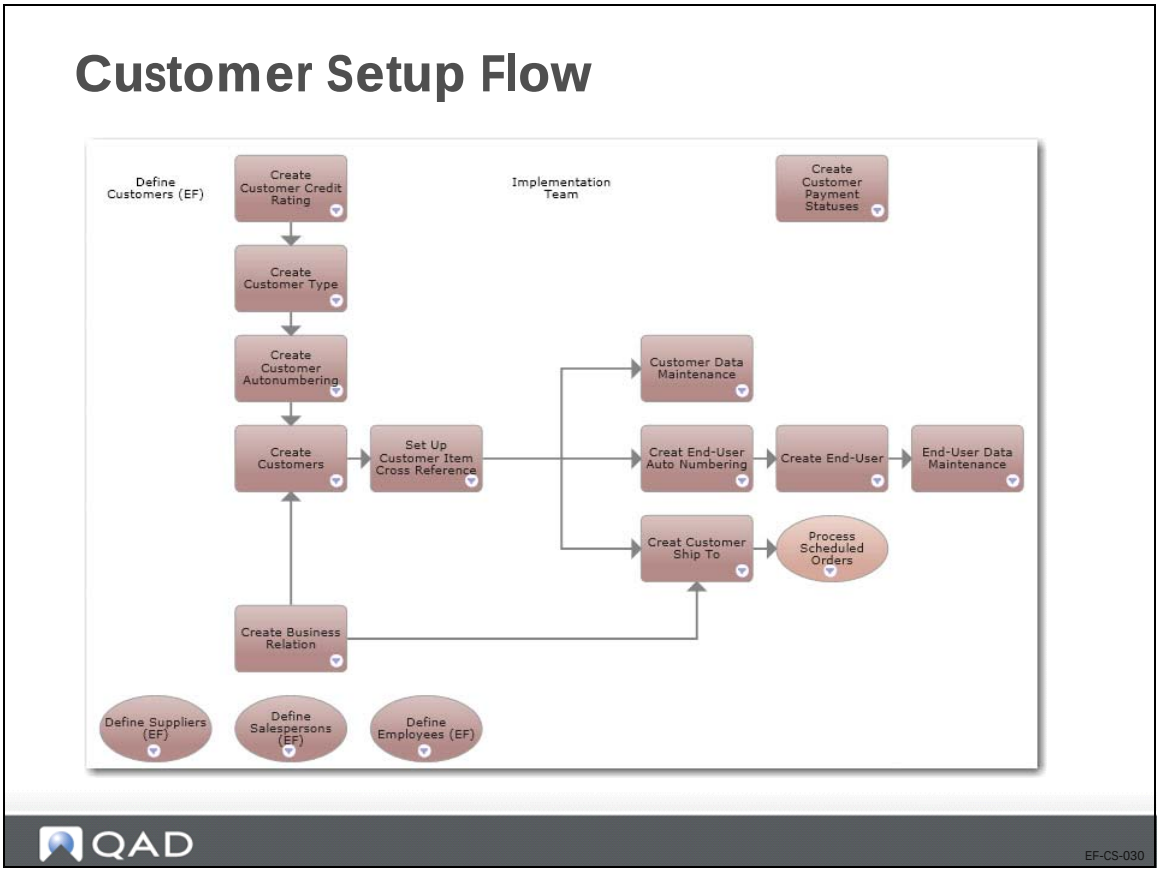


Your customers are the companies that purchase your goods and services. They are referenced on sales quotations, sales orders, invoices, and in accounts receivable. They are also used for service and support documents such as calls, contracts, and return material authorizations (RMAs).

Before setting up customers, you must first define customer type codes and credit rating codes, described next. Customer records also require GL account profiles—control accounts for invoices, control accounts for credit notes, customer bank accounts, and sales accounts.

After reviewing the setup flow, you will learn about each element in more detail. Lastly, we will explain how customer credit is managed in QAD Financials.

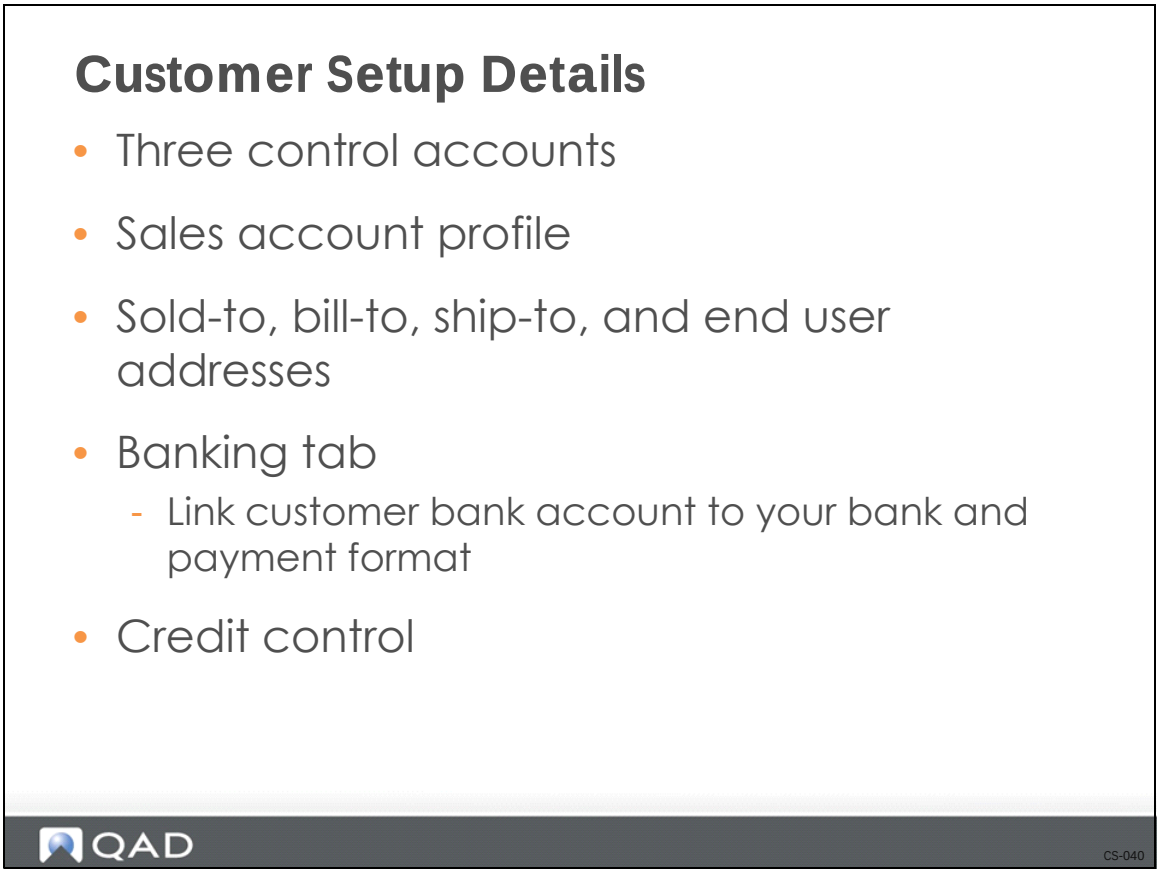
Customer Setup Flow



After a customer has been created and set up by an authorized role, additional operational data, such as the default inventory site for sales transactions, can be associated with the record in Customer Data Maintenance (2.1.1).

Some of the steps in this process flow are mandatory; others are optional.

Customer Setup Details



Before setting up customers, you must create customer type codes, credit rating codes, and GL profiles for the control accounts for invoices, credit notes, bank accounts, and sales accounts (for memo items).

A sales order can reference up to three customer addresses: a sold-to address, a bill-to address, and a ship-to address. A customer can also be referenced as an end user address by service and support functions.

The Customer Credit Rating activities (27.20.5) let you rank customers by credit worthiness.

The system stores the customer and company bank account numbers on the Banking tab, together with the default payment formats for transactions.

Customer Setup Details – Continued

- Separate operational customer data
  - Customer Data Maintenance
- Email notification
- Autonumbering sequences

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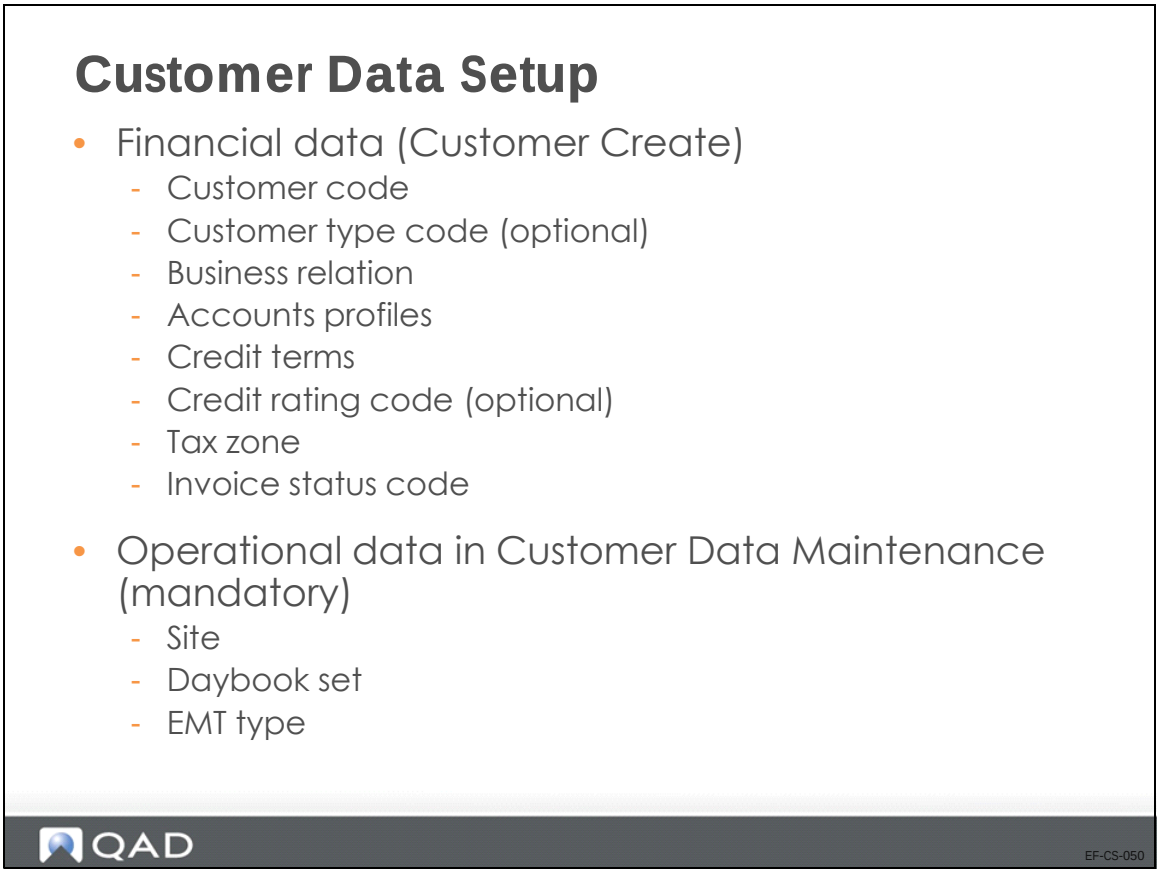
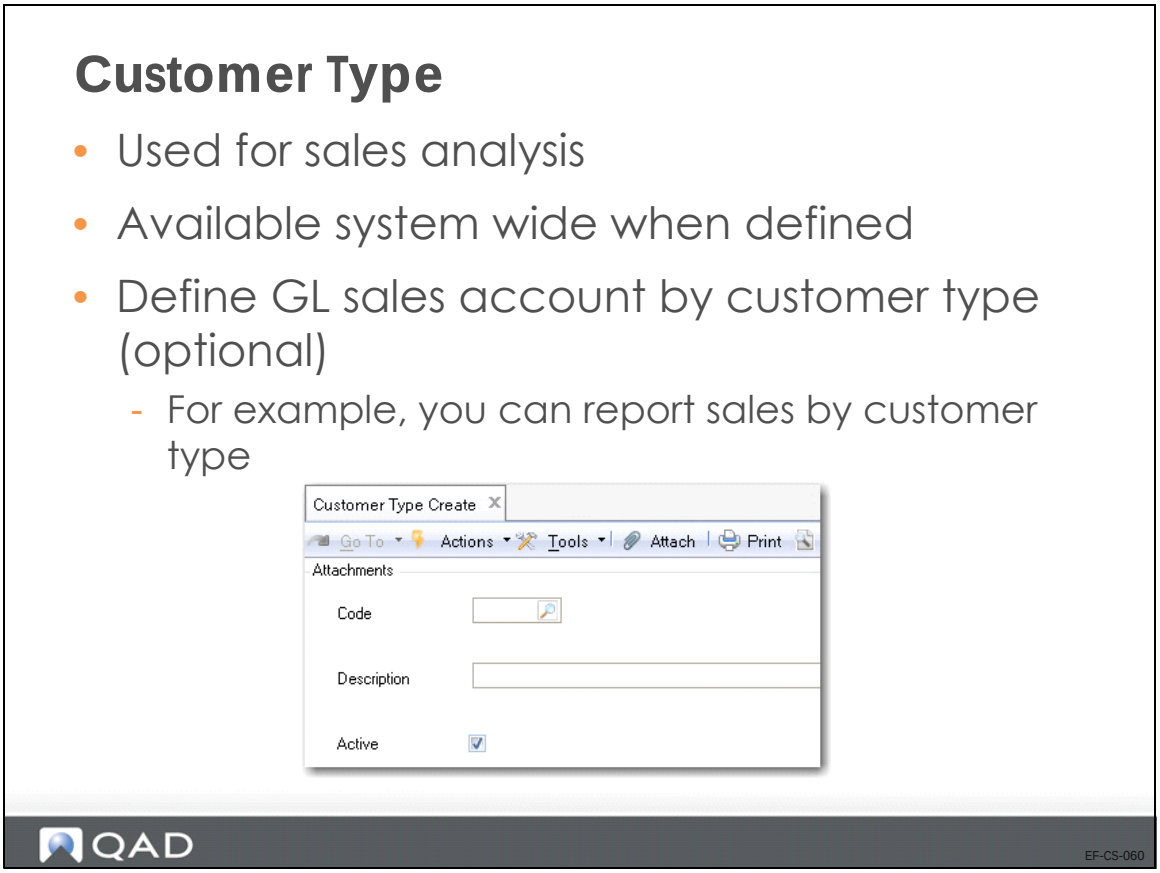
Customer Data Setup



You set up most customer data in Customer Create (27.20.1.1) in Financials. However, some data specific to the operational functions, such as the site linked to the customer, daybook set, or EMT type, is set up in Customer Data Maintenance (2.1.1).

Credit rating and customer type codes are optional. However, if you want to use ratings or customer types, you must define these prior to creating a customer record. This restriction also applies to some mandatory data, such as account profiles, invoice status codes, and tax zones.

Customer Type

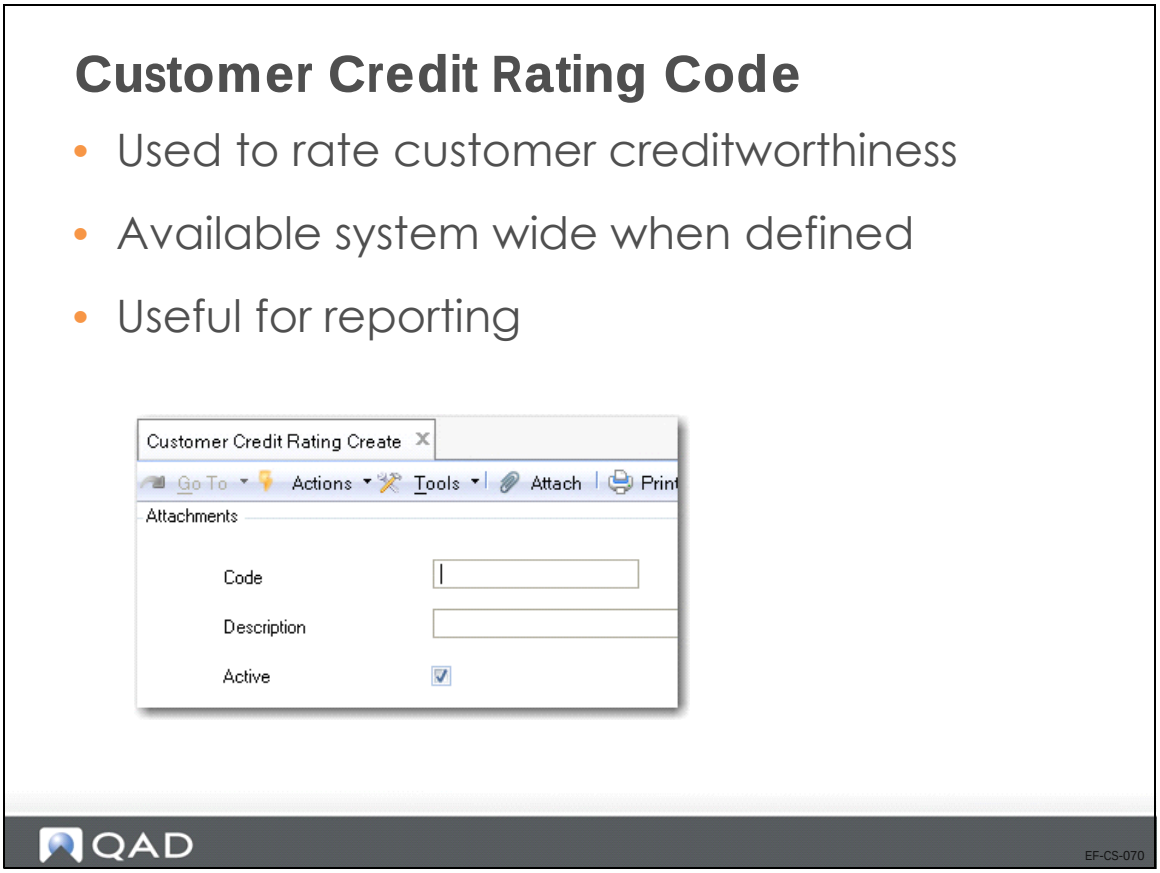


Use Customer Type activities (27.20.4) to create, modify, view, and delete codes for grouping customers. You can use the customer type to select groups of customers for reporting, in particular, for sales analysis reports.

Customer types are system-wide data, and apply to all domains and entities.

You can also define GL sales accounts by customer type, channel, product line, and site in Sales Account Maintenance (1.2.17). This lets you track sales and cost of sales amounts separately for different types of customers.

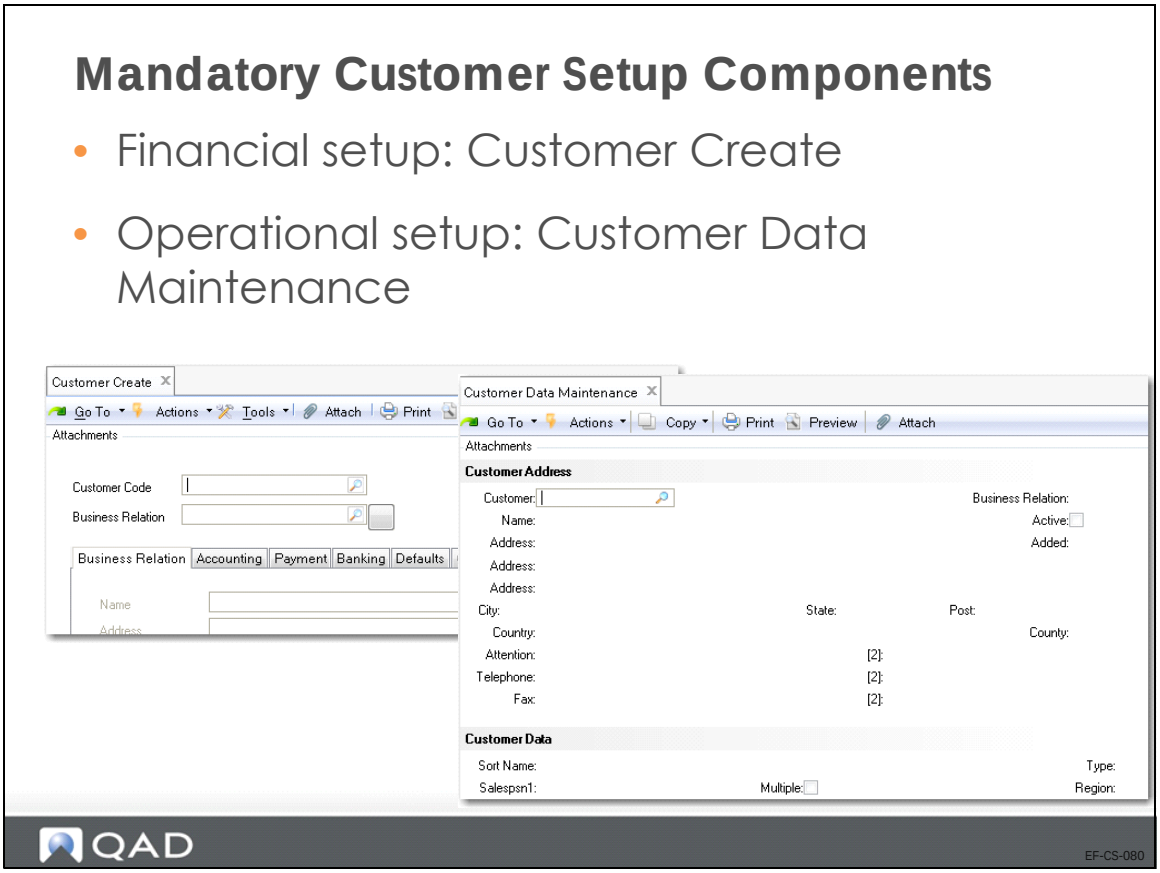
Customer Credit Rating Code



Use Customer Credit Rating activities (27.20.5) to create, modify, delete, and view codes for ranking customers by creditworthiness.

You can use customer credit rating codes to select groups of customers for reporting. Customer credit rating codes are system-wide data, and apply to all domains and entities.

Mandatory Customer Setup Components

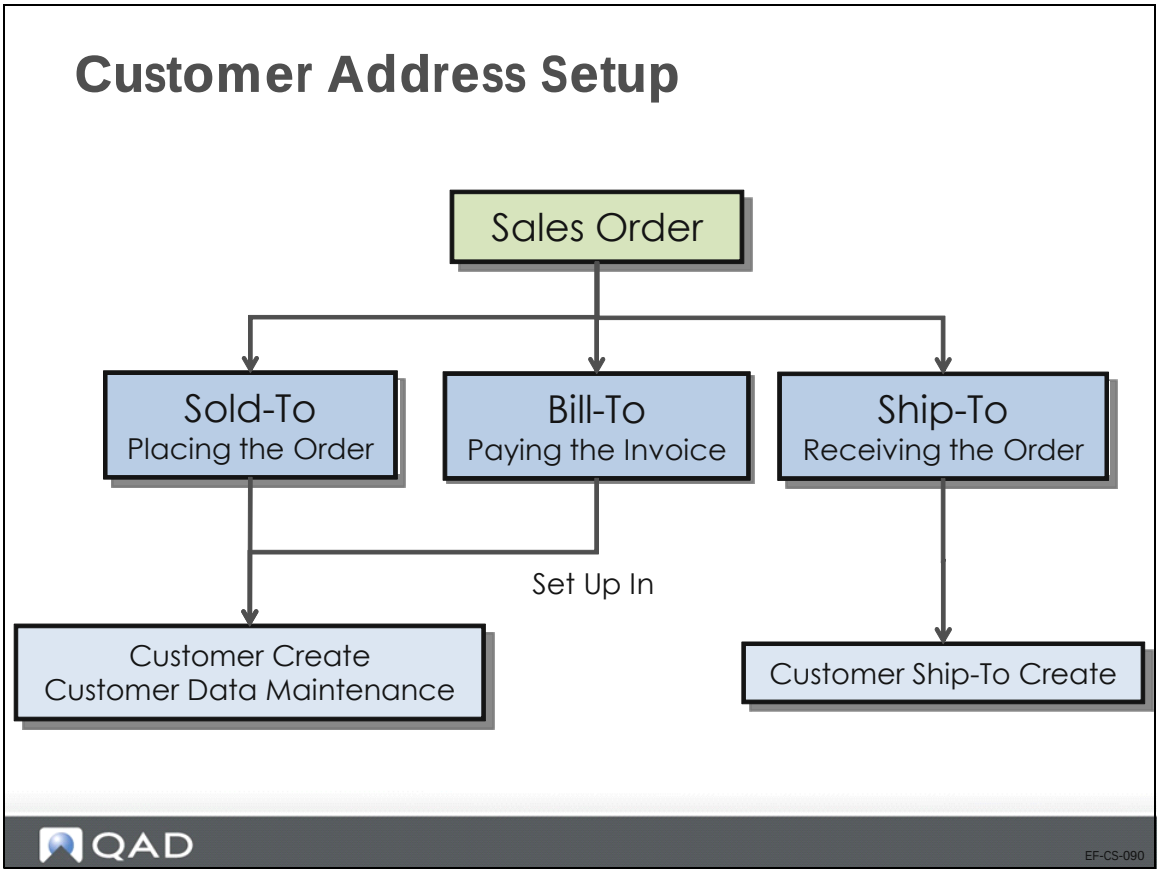


Use Customer activities (27.20.1) to create, view, modify, or delete customer records. You can link the customer code to an existing business relation or create a new business relation. You can only delete a customer record if it is not referenced in the system. However, you can mark a referenced record as inactive.

You can use Excel Integration (27.20.1.5) to export customer records to or load records from an Excel spreadsheet. You can also use Excel Integration to import customer bank accounts. See *Advanced Excel Integration* on page 42 and *Introduction to QAD Enterprise Applications User Guide* for more information.

After creating a customer in the Financials module, you must specify additional operational data in Customer Data Maintenance (2.1.1). An email is automatically sent to the members of the CustomerNotify role responsible for creating this data when a new customer is created.

Customer Address Setup



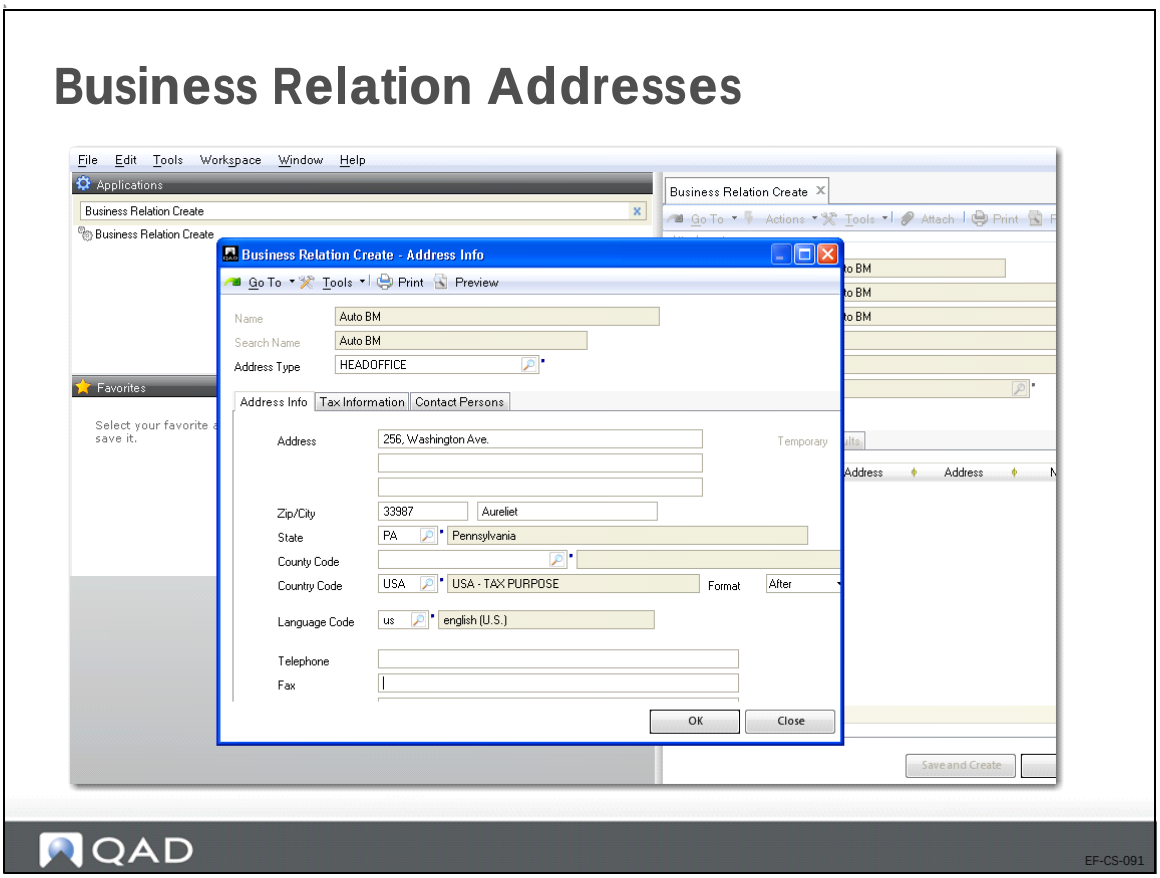
A sales order or sales quotation can reference up to three customer addresses. These addresses can reference the same or different business relations.

- Sold-to customer. The customer placing the order.
- Bill-to customer. The customer paying the invoice. A single bill-to is assigned when the customer is set up. If no bill-to is assigned, the sold-to customer code is used as the bill-to.
- Ship-to customer. The customer receiving the order. Ship-to customer IDs are set up in the Customer Ship-To function. Each customer can have multiple ship-to addresses.

Sales order header information, such as default credit terms and currency, is determined by the bill-to customer. Other fields default from the sold-to customer, unless a customer record was entered for the ship-to address for the order. These include language, taxable status, and other tax defaults.

During order entry, the bill-to address defaults from the sold-to, unless a different bill-to address is assigned to the sold-to customer. The ship-to address also defaults from the sold-to address. If alternate ship-to addresses are defined, they can be selected as needed.

Business Relation Addresses



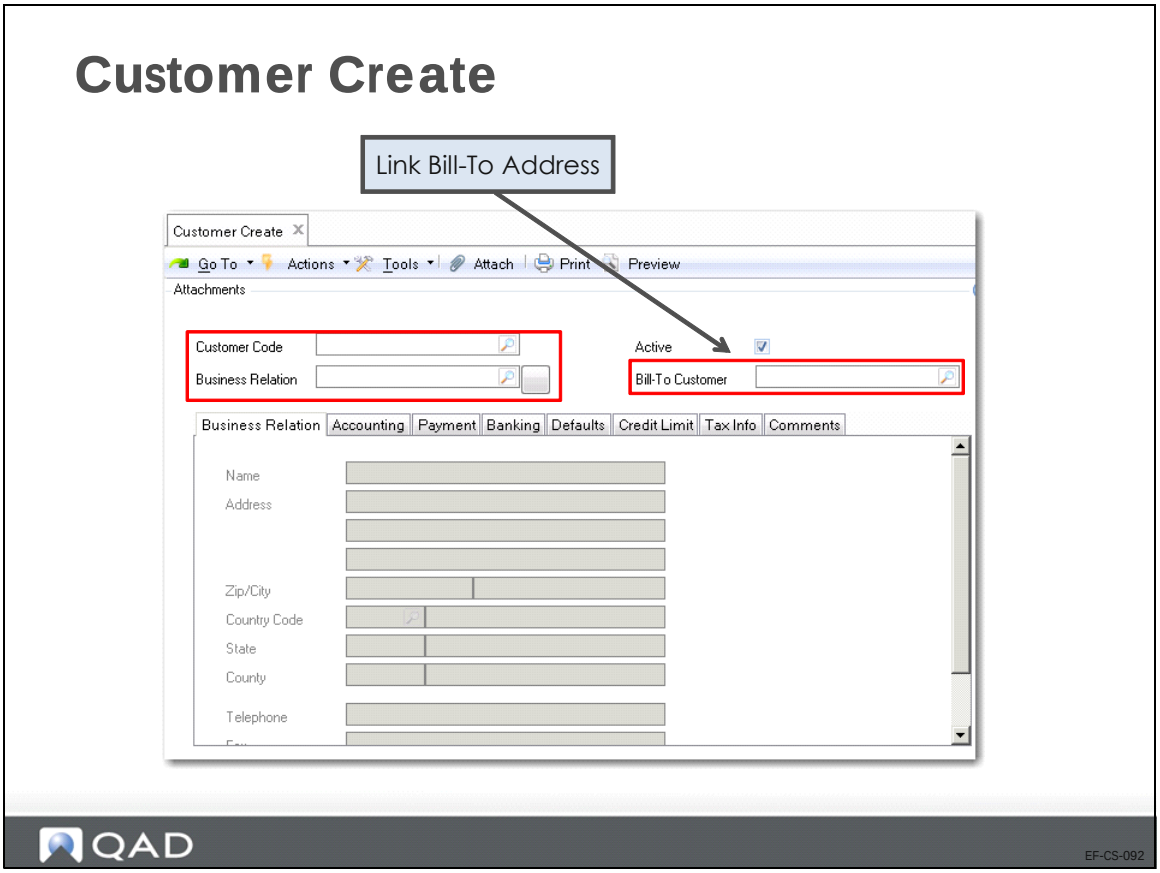
A business relation must have a single address of type headoffice. To add an address, right-click in the Address Information tab and choose Insert a New Row. The Business Relation Address Information screen displays.

1. Specify the full name for the address. The name defaults from the value specified for the business relation. It cannot be modified for the headoffice type. The name is useful since some address types in the business relation may operate under their own name. For example, a ship-to address for this business relation may have a unique name.
2. Choose an address type from the drop-down list. This field is mandatory. A set of address types is supplied with the system. You can create new address types using Address Type Create.

For each business relation, you must create an address with the headoffice address type. Other types of business relation addresses can be created as needed. A business relation can have multiple ship-to addresses.

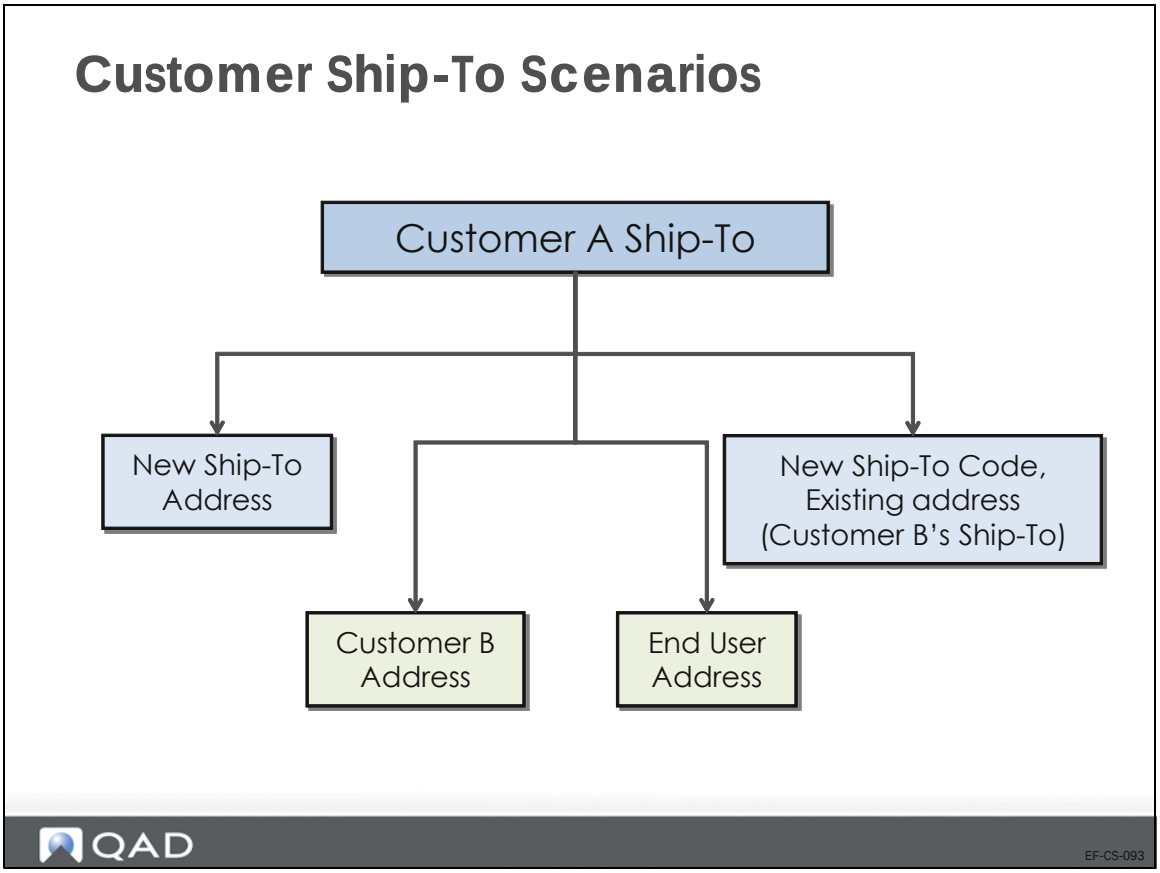
The only address types that can be created directly in the business relation are headoffice, dock, reminder, and remittance; you cannot create or delete ship-to and end user addresses. You must use the Customer Ship-To and End User functions. This prevents ship-to and end user addresses from being created that are not linked to customer ship-to and end user records.

Customer Create



The Bill-To address is linked to a customer code in Customer Create (27.20.1.1). End User and Ship-To addresses are created and linked in separate menus.

Customer Ship-To Scenarios



It is common for affiliated addresses to operate under different names. For example, a customer ship-to address may have a name that is distinct from the customer address.

You can create temporary ship-to address records using the following operational programs:

- Sales Quote Maintenance (7.12.1)
- Sales Quote Copy from Order (7.12.5)
- Sales Quote Copy from Quote (7.12.6)
- Sales Order Maintenance (7.1.1)
- Pending Invoice Maintenance (7.13.1)
- S/RO Maintenance (7.23.1)
- RMA Maintenance (11.7.1.1).
- Material Order Maintenance (11.11.1)

You can only create temporary ship-to addresses using these programs if you also have permission to create records in Customer Ship-To Create.

You can create customer ship-to addresses in multiple ways:

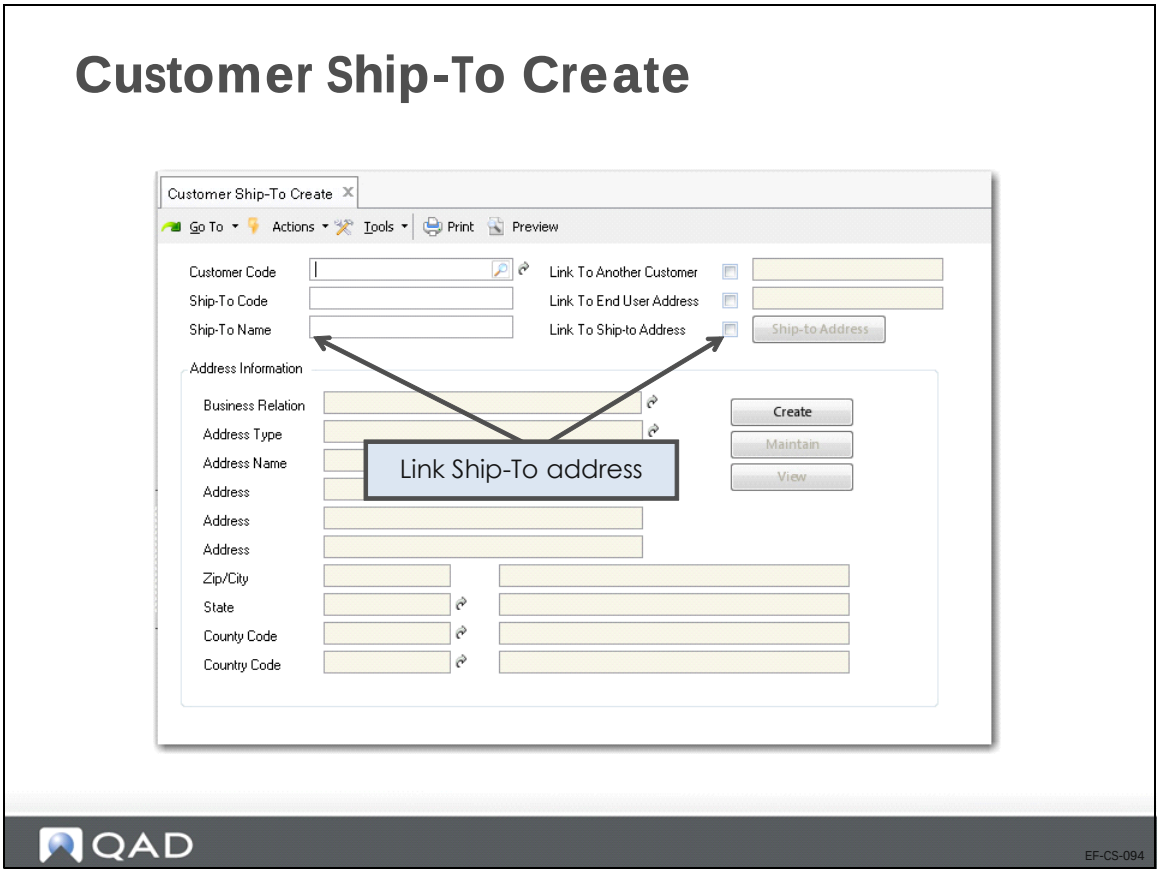
- Create an entirely new ship-to and specify the address, tax, and contact details in this function. To do this, clear all the link-to-address fields, and enter a code in the Ship-To Code field (or leave blank for a system-generated number). The new address is created as a ship-to address type for the customer's business relation. Multiple ship-tos for the same customer can share the same address.
- Indicate that another customer—of the same or different business relation—is the ship-to address of a specified customer; in this case, the same code and address information is used. A customer can be the ship-to address of only one other customer, and the address used is the headoffice address.

  You can create ship-to records for inactive customers.
- Indicate a customer's end user is also a ship-to address. In this case also, the same code and address information is used.
- Specify a new ship-to code and associate it with an existing address with the ship-to type defined for the customer or the customer's business relation (where two customers share the same business relation).

  Example Alverton has two associated ship-tos: one for deliveries and one for returns. The company uses a central receiving address, so deliveries and returns have a common ship-to address. If Alverton updates any of the address details, the same change can be applied to both ship-tos at the same time.

Important When maintaining ship-to addresses in Customer Ship-To Modify, if you modify any of the key address fields (address lines 1 to 3, the City field, or the Zip field) to be the same as an existing address, the system displays an error message stating that you must use the Link to Ship-To option to assign the ship-to to an existing address.

Creating Ship-To Create



Use the Customer Ship-To activities (27.20.2) to create, view, modify, or delete customer ship-to records. You can use Customer Ship-To Create (27.20.2.1) in multiple ways, depending on the scenario, as described on the previous slide.

If you select Link to Another Customer or Link to End User, you can then select an existing customer from the lookup. The Ship-To Code field is filled with the value you specify for the customer or end user and the customer's headoffice address is displayed in the Address Information fields. These addresses will be added as ship-to addresses in the business relation record for the customer specified in Customer Code.

The Maintain and Create buttons in the Address Information area are unavailable. You can use the View button to see tax and contact details.

Select the Link to Ship-to Address field if you want create a new code that shares address information with another existing ship-to address for the specified customer code. Click the Ship-To Address button to display all ship-to addresses for the customer. After you select the address you require from the lookup, you can modify details.

All fields in the Address Information frame are read only. Which buttons are active depends on your previous input:

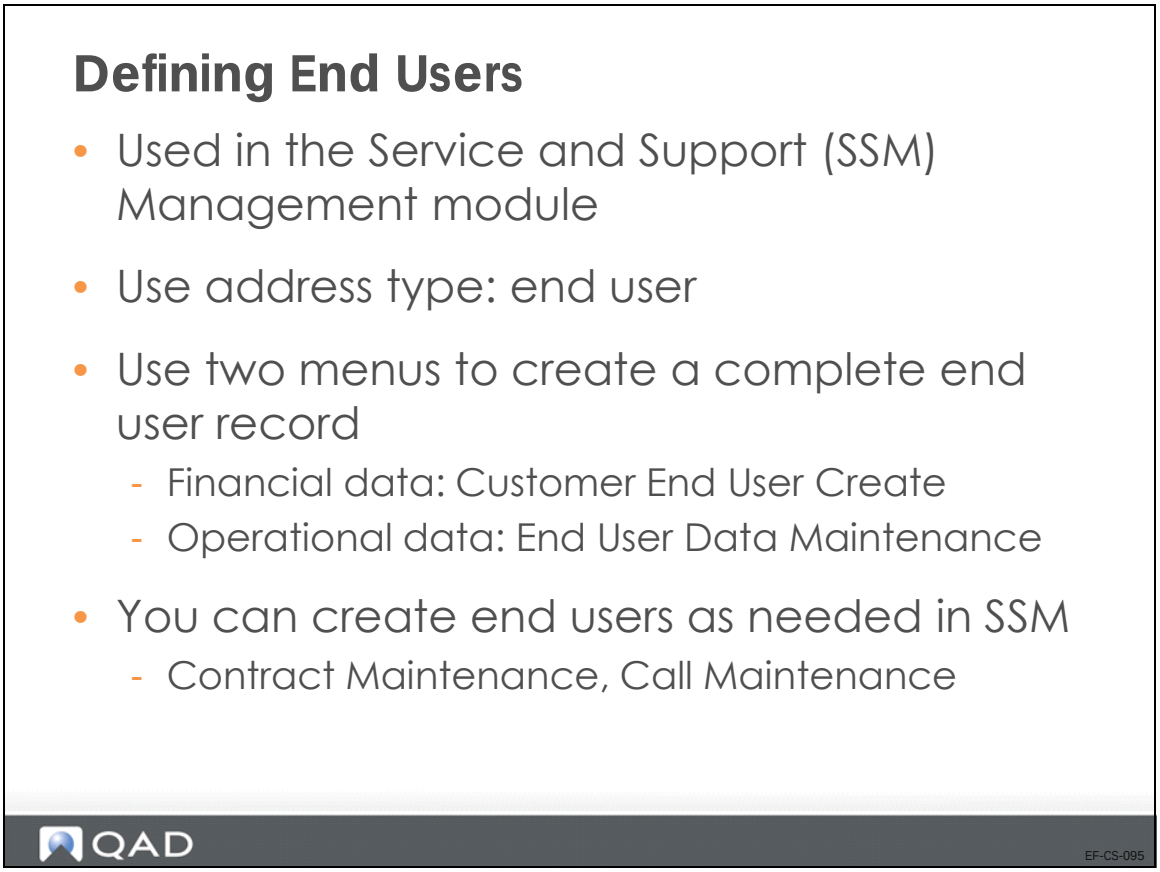
Click View to view address details. When you specify another customer or end user as the ship-to, the address is display only.

Click Maintain to modify an existing ship-to type address. The Customer Ship-To Modify Address Information screen is the same as the business relation screen, and also contains tabs for contact information and tax information. This button is active when you select an address using the Link to Ship-to Address option.

Click Create to display the Customer Ship-To Create Address Information screen, which lets you create a new address to use as the ship-to address. This button is active when none of the link-to check boxes is selected.

When you create a new ship-to address using the Create activity or modify an address using the Modify activity, the customer's business relation is updated with the new ship-to address details.

Defining End Users

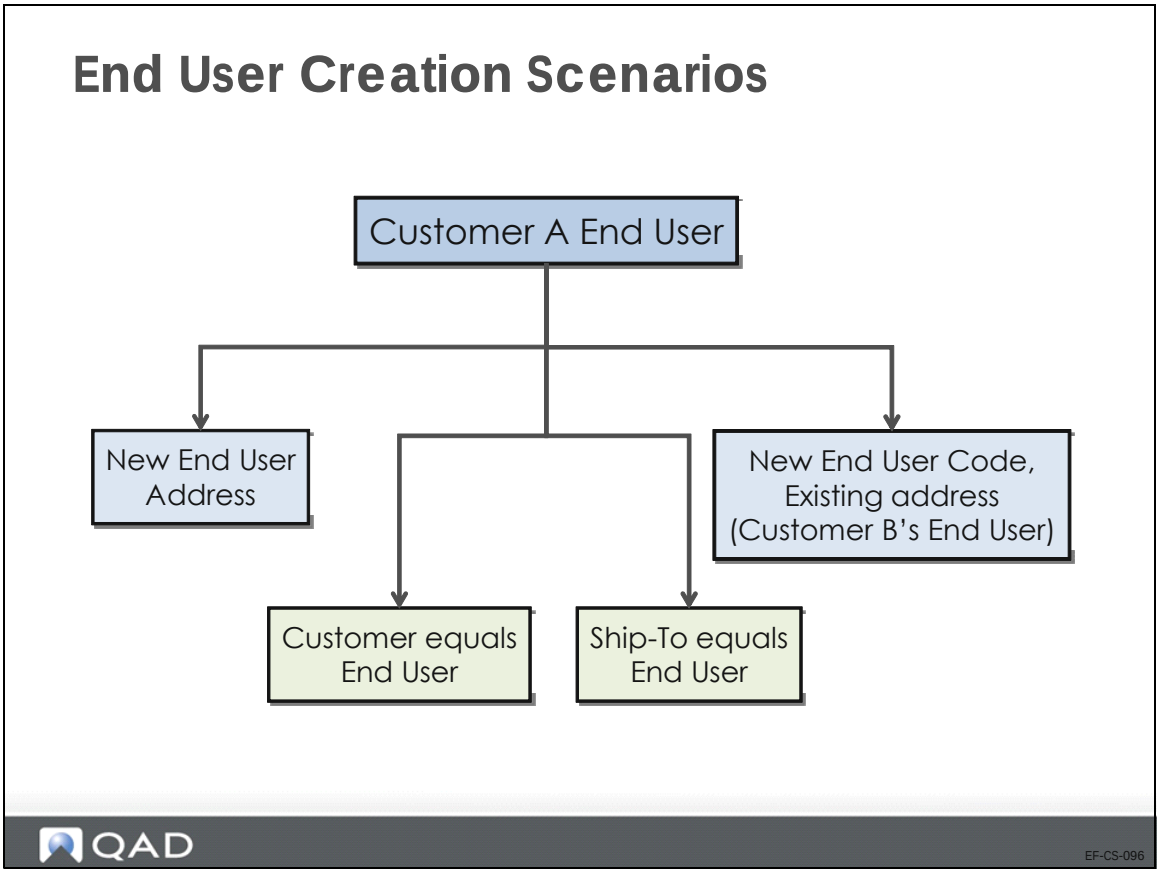


Use the Customer End User (27.20.3) activities to create, view, modify, or delete end user records. End users are used in the Service and Support Management module to identify the address that owns items requiring service. End users are specified on calls, return material authorizations, and contracts. End user addresses must be of type Enduser.

After creating end users here, specify additional SSM data in End User Data Maintenance (11.9.1). An email is automatically sent to the members of the EndUserNotify role responsible for creating this data when a new end user is created.

The system can automatically create end user records based on settings in Service Management Control (11.24) when an invoice is posted for an item being recorded in the SSM installed base. See *QAD Service/Support Management User Guide* for details.

End User Creation Scenarios



You can use End User Create (27.20.3.1) in multiple ways:

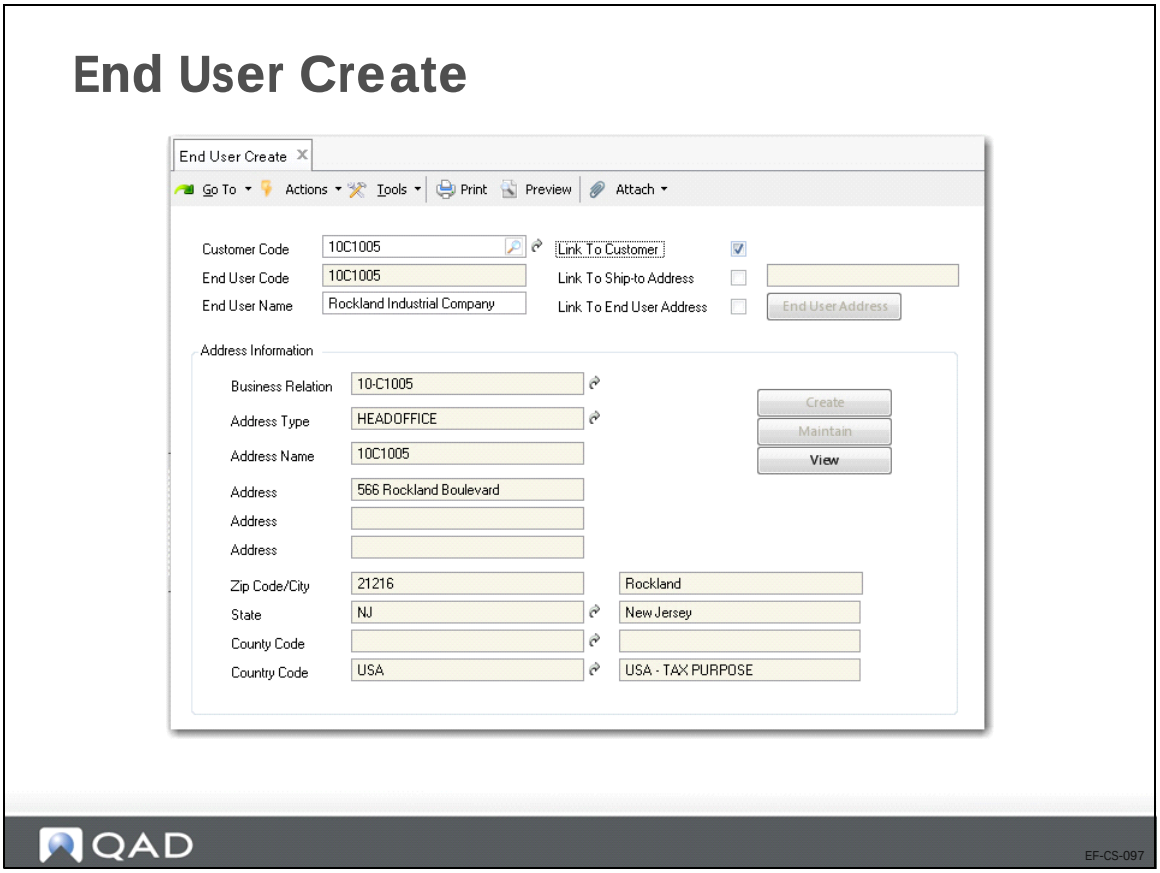
- Create an entirely new end user and specify the address, tax, and contact details in this function. To do this, clear all the link-to-address fields, and enter a code in the End User Code field (or leave blank for a system-generated number). The new address is created as an enduser address type for the customer's business relation.

  Multiple end users for the same customer can share the same address.
- Indicate that the customer is also an end user.
- Specify an existing ship-to address of a customer as an end user. In this case, the end user code is the same as the ship-to code and the address details cannot be modified here.
- Specify a new end user code and associate it with an existing address with the enduser type defined for the customer or the customer's business relation (where two customers share the same business relation).

  Example Alverton has two associated end users, E1001 and E1002. The two end users share the same end user address. You create a third end user E1003 for customer Alverton. You can now associate the same address with E1003 by specifying Alverton as the customer code, selecting Link to End User, clicking the End User Address button, and choosing the E1001 (or E1002) address from the lookup. If you update any of the address details, you have the option to apply the changes to all end users who reference the address.

- When maintaining end user addresses in End User Modify, if you modify any of the key address fields (address lines 1 to 3, the City field, or the Zip field) to be the same as an existing address, the system displays an error message stating that you must use the Link to Address option to assign an end user to an existing address.

End User Create



The following is a more detailed description of the fields in End User Create (27.20.3.1):

Customer Code. If you are linking to another customer or to a ship-to address, enter the code that identifies the customer this enduser record is associated with; otherwise leave blank.

End User Code. If you are not linking to another customer or to a ship-to address, specify a new code. This code is automatically created with an address type of end user.

If you select Link to Customer or Link to Ship-To Address, the End User Code field is filled with the value you specify for the customer or ship-to These addresses will be added as end users for the customer specified in Customer Code.

End User Name. Enter a maximum of 36 characters for the end user name. The default is the business relation name for the customer to which the end user is linked. This field is optional.

Link to Customer. Select this field if you want to define the customer entered in the first field as an end user. In this case, the end user code is set to the customer code and cannot be modified. All address details are filled in based on the headoffice address of the customer and cannot be changed.

Link to Ship-To Address. Select this field if you want to enter a ship-to associated with the customer and define the ship-to as an end user.

Link to End User Address. Select this field if you want create a new end user code that shares address information with another existing end user address for the specified customer code. Click the End User Address button to display all end user addresses for the customer.

After you select the address you require from the lookup, the Modify and View buttons are enabled and you can modify details. All fields in the Address Information frame are read only.

Click Create to display the Customer End User Create Address Information screen, which lets you create a new address for the shipto end user. This button is active when none of the link-to check boxes is selected.

When you create a new end user address using End User Create (27.20.3.1), the customer's business relation is updated with the new enduser address.

Creating a New End User Code and Address

1. Specify the customer code.
2. Clear the Link to Customer, Link to Ship-To Address, and Link to End User Address fields.
3. Specify the end user code in the End User Code field or leave blank for a system-generated number.
4. Click the Create button in the Address Information tab.
5. Specify the new end user address in the fields provided.
6. Click Save. The end user address is saved in the business relation for the customer.

Setting Up a Ship-To Address as an End User

1. Specify the customer code.
2. Leave End User Code field blank.
3. Clear the Link to Customer and Link to End User Address fields.
4. Select the Link to Ship-To Address field. A lookup for existing ship-tos is enabled.
5. Enter or select the ship-to. All address details come from the selected ship-to address.
6. The ship-to code displays in the End User Code field and the address details of the headoffice of the customer's business relation display in the Address Information area. The address cannot be modified; tax and contact details can be viewed by clicking the View button.
7. Click Save.

Setting Up an Existing Address as an End User

1. Specify the customer code.
2. Specify the end user code or leave blank for a system supplied number.
3. Clear the Link to Customer and Link to Ship-To Address fields.
4. Select the Link to End User Address field.
5. Click the End User Address button. This displays all end user addresses for the business relation associated with the customer code.

6 Select the address you want to use.

Note A business relation end user address can be linked to only one end user address for the same customer.

7 Click Maintain to update address details if necessary.

8 Click Save.

Modifying a Shared End User Address

1 Open End User Modify.

2 In the browse, locate and open the record you want to modify.

3 Click the Maintain button to display the address details.

4 Modify the details as required.

5 Save the changes in End User Modify.

If you modify address details for an end user address shared by other end users for the same customer, the system prompts you to apply the change to all end users with that address.

If you select Yes, the system checks to see if an address that matches the modified address already exists. If a matching address already exists, the system links all end users who shared the original address to that address record. If a matching address does not already exist, the system links all end users who shared the original address to the modified address record.

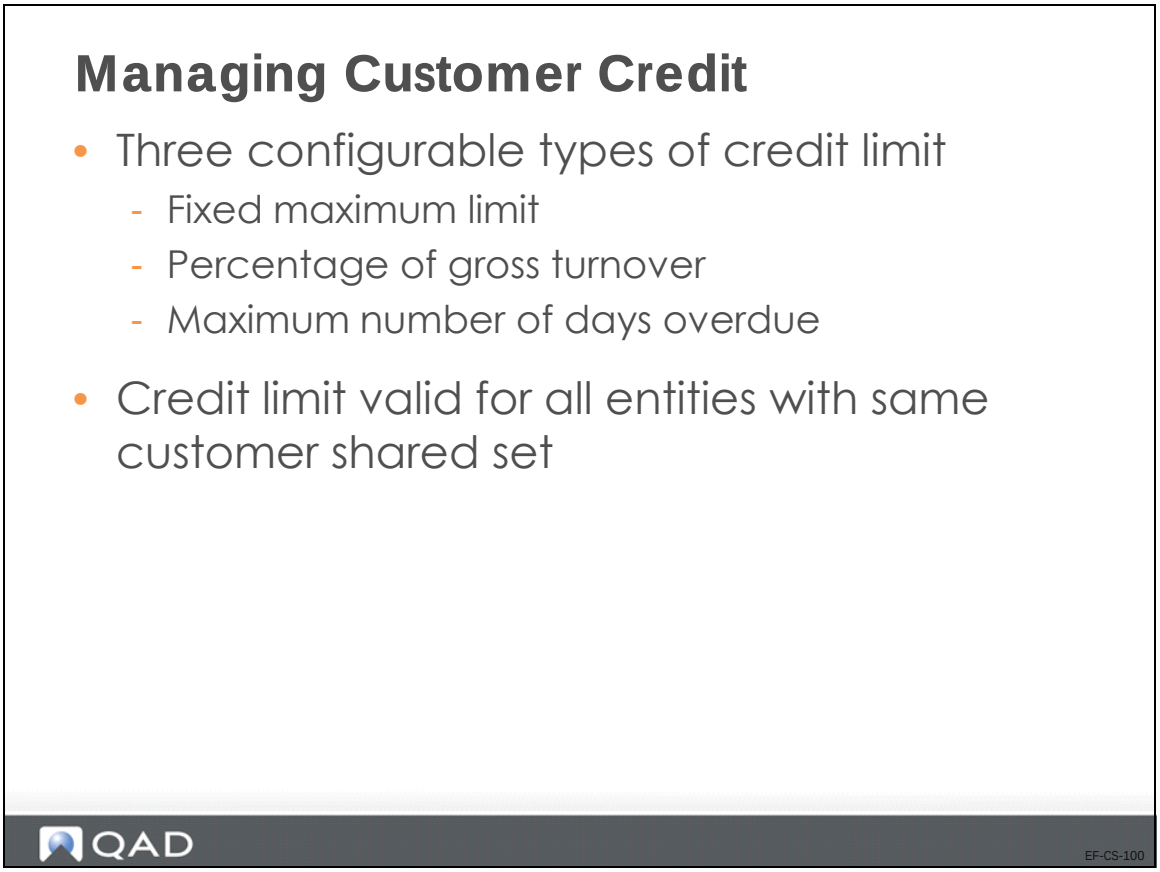
If you select No, the system checks to see if an address that matches the modified address already exists. If a matching address already exists, the system links the end user to that address record. If a matching address does not already exist, the system links the end user to the modified address.

Reassigning a Shared End User Address

If an end user shares the same address as other end users for the same customer and you use the End User Address option to select a different end user address, the system prompts you to apply this address change to all end users that share the original address.

If you select Yes, the system applies the change to all end users that share the original address. If you select No, the system links the current end user alone to the new address.

Managing Customer Credit



You define one or a combination of credit limits on the Credit Limit tab of the Customer screen. Once defined and saved, these credit limits are automatically applied to this customer, and enable credit checking on the customer's transactions.

The maintenance of credit data is also available as a separate activity.

US Exercise: Payment Status

Log in to entity 10USACO.

1 Use Customer Payment Status Create (27.6.2.1) to create payment statuses for the payment instrument Draft.

Field	Status 1	Status 2	Status 3
Status	Initial	For Collection	Paid
Bank Account Code	1100	1100	1100
Daybook Code		ARPAY	ARPAY
GL Account		1380	1380
Default Value Days	0	0	0

EMEA Exercise: Payment Status

Log in to entity 22UKCO.

1 Use Customer Payment Status Create (27.6.2.1) to create payment statuses for the payment instrument Draft.

Field	Status 1	Status 2	Status 3
Status	Initial	For Collection	Paid
Bank Account Code	1120	1120	1120
Daybook Code		ARPAY	ARPAY
GL Account		1380	1380
Default Value Days	0	0	0

US Exercise: Customer Setup

Log in to entity 10USACO.

In this exercise, you will create a business relation record and a customer record.

1 In Business Relation Create (36.1.4.3.1), create the following business relation:

Field	Value
Business Relation	10-C0999
Name	Vons
Search Name	Safeway Inc c/o Vons

2 In the Address Info grid, right-click and choose Insert a New Row. Create the following address record:

Field	Value
Address Type	Headoffice
Address	4750 E Indian School Rd
Zip/City	85038 Phoenix
State	AZ
Country Code	USA

3 In Customer Create (27.20.1.1), create the following customer record:

Field	Value
Customer Code	10C0999
Business Relation	10-C0999
Bill-To Customer	Blank

4 In the Accounting tab of Customer Create, specify the following values:

Field	Value
Control GL Profile (Invoice)	ARcontrol3rdparty
Control GL Profile (Credit Note)	ARcontrol3rdparty
Control GL Profile (Prepayment)	ARcontrol3rdparty
Control GL Profile (Deduction)	ARcontrol3rdparty
Sales Account GL Profile	Sales-Project
Finance Charge Profile	FinCharge1
Sub-Account Profile	DefSubAct
Currency Code	USD
Customer Type	WHSL

5 In the Payment tab of Customer Create, specify the following values:

Field	Value
Credit Term Code	30D
Invoice Status Code	C-OK
Print Reminder	Yes
Print Statement	Yes

Field	Value
Finance Charge	Yes
Statement Cycle	MO

6 In the Banking tab of Customer Create, right-click and choose Insert a New Row. Specify the following values:

Field	Value
Bank Format	XX
Customer Bank Number	AR201101
Own Bank Number	55667342
Payment Format	CUST-CHECK

7 In the Credit Limit tab of Customer Create, specify the following values:

Field	Value
Apply Fixed Ceiling	Yes / 5,000,000
Include Sales Orders	Yes
Include Open Items	Yes
Calculate before Order Entry	Yes
Calculate after Order Entry	Yes
Credit Check Overrule Allowed	Yes

8 In the Tax Info tab of Customer Create, specify the following values:

Field	Value
Taxable Customer	Yes
Tax in City	Yes
Tax Zone	USA

9 Save the customer record.

10 Complete the customer setup in Customer Data Maintenance (2.1.1) by specifying the following values:

Field	Value
Customer	10C0999
Salesprsn1	10SP01
Ship Via	FEDX
Region	US-W
Site	10-100
Partial OK	Yes
Fixed Price	Yes
Daybook Set	10-SALES
Class	WHSL
RSS Calendar Option	1
Time Zone	PST/PDT
Freight List	10FRT
Min Frt Wt	1

Field	Value
Freight Terms	ADD
EMT Type	NON-EMT

11 In Customer Ship-to Create (27.20.2.1), create the following customer ship-to record:

Field	Value
Customer Code	10C0999
Ship-To Code	10C0999A

12 Click the Create button.

13 In the Address Info tab of the popup window, specify the following values:

Field	Value
Address	850 Linden Ave
Zip/City	93013 Carpinteria
State	CA
Country Code	USA

14 In the Tax Information tab of the popup window, specify the following values:

Field	Value
Taxable Address	Yes
Tax in City	Yes
Tax Zone	USA

EMEA Exercise: Customer Setup

Log in to entity 22UKCO.

In this exercise, you will create a business relation record and customer record.

1 In Business Relation Create (36.1.4.3.1), create the following business relation:

Field	Value
Business Relation	22-C0999
Name	Vons
Search Name	Safeway Inc c/o Vons

2 In the Address Info grid, right-click and choose Insert a New Row. Create the following address record:

Field	Value
Address Type	Headoffice
Address	4750 E Indian School Rd
Search Name	Safeway Inc c/o Vons
Zip/City	BT12 11HQ Bristol
Country Code	GB

3 In Customer Create (27.20.1.1), create the following customer record:

Field	Value
Customer Code	22C0999
Business Relation	22-C0999
Bill-To Customer	Blank

4 In the Accounting tab of Customer Create, specify the following values:

Field	Value
Control GL Profile (Invoice)	ARcontrol3rdparty
Control GL Profile (Credit Note)	ARcontrol3rdparty
Control GL Profile (Prepayment)	ARcontrol3rdparty
Control GL Profile (Deduction)	ARcontrol3rdparty
Sales Account GL Profile	Sales-Project
Finance Charge Profile	FinCharge1
Sub-Account Profile	DefSubAct
Currency Code	GBP
Customer Type	WHSL

5 In the Payment tab of Customer Create, specify the following values:

Field	Value
Credit Term Code	30D
Invoice Status Code	C-OK
Print Reminder	Yes
Print Statement	Yes
Finance Charge	Yes
Statement Cycle	MO

6 In the Banking tab of Customer Create, right-click and choose Insert a New Row. Specify the following values:

Field	Value
Bank Format	XX
Customer Bank Number	AR201101
Own Bank Number	UK5564999
Payment Format	CUST-CHECK

7 In the Credit Limit tab of Customer Create, specify the following values:

Field	Value
Apply Fixed Ceiling	Yes / 5,000,000
Include Sales Orders	Yes
Include Open Items	Yes
Calculate before Order Entry	Yes
Calculate after Order Entry	Yes
Credit Check Overrule Allowed	Yes

8 In the Tax Info tab of Customer Create, specify the following values:

Field	Value
Taxable Customer	Yes
Tax in City	Yes
Tax Zone	GB

9 Save the customer record.

10 Complete the customer setup in Customer Data Maintenance (2.1.1) by specifying the following values:

Field	Value
Customer	22C0999
Salesprsn1	22SP01
Ship Via	FEDX
Region	EUR
Site	22-100
Partial OK	Yes
Fixed Price	Yes
Daybook Set	22-SALES
Class	WHSL
RSS Calendar Option	1
Time Zone	GMT
Freight List	22FRT
Min Frt Wt	1
Freight Terms	ADD
EMT Type	NON-EMT

11 In Customer Ship-to Create (27.20.2.1), create the following customer ship-to record:

Field	Value
Customer Code	22C0999
Ship-To Code	22C0999A

12 Click the Create button.

13 In the Address Info tab of the popup window, specify the following values:

Field	Value
Address	850 Linden Ave
Zip/City	BT12 1HQ Bristol
Country Code	GB

14 In the Tax Information tab of the popup window, specify the following values:

Field	Value
Taxable Address	Yes
Tax in City	Yes
Tax Zone	GB

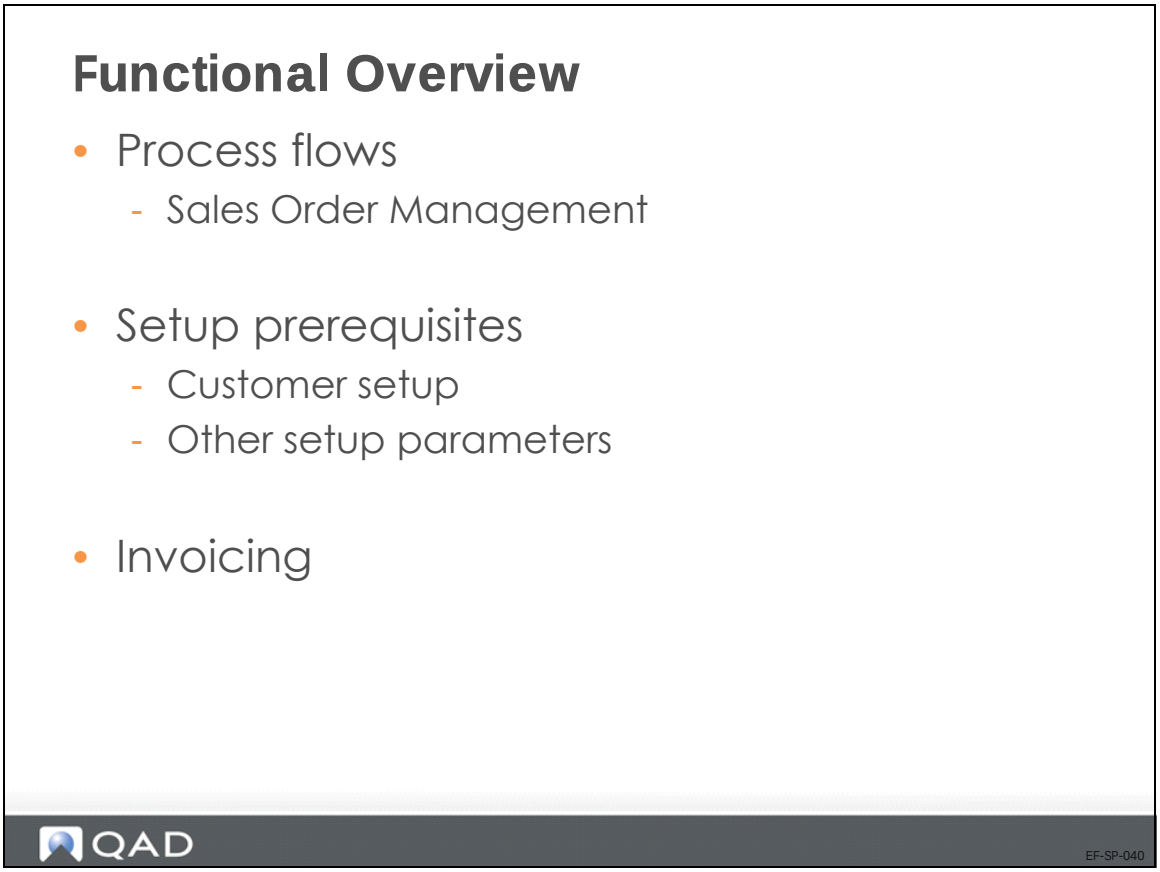
Chapter 6

Sales Process

Overview

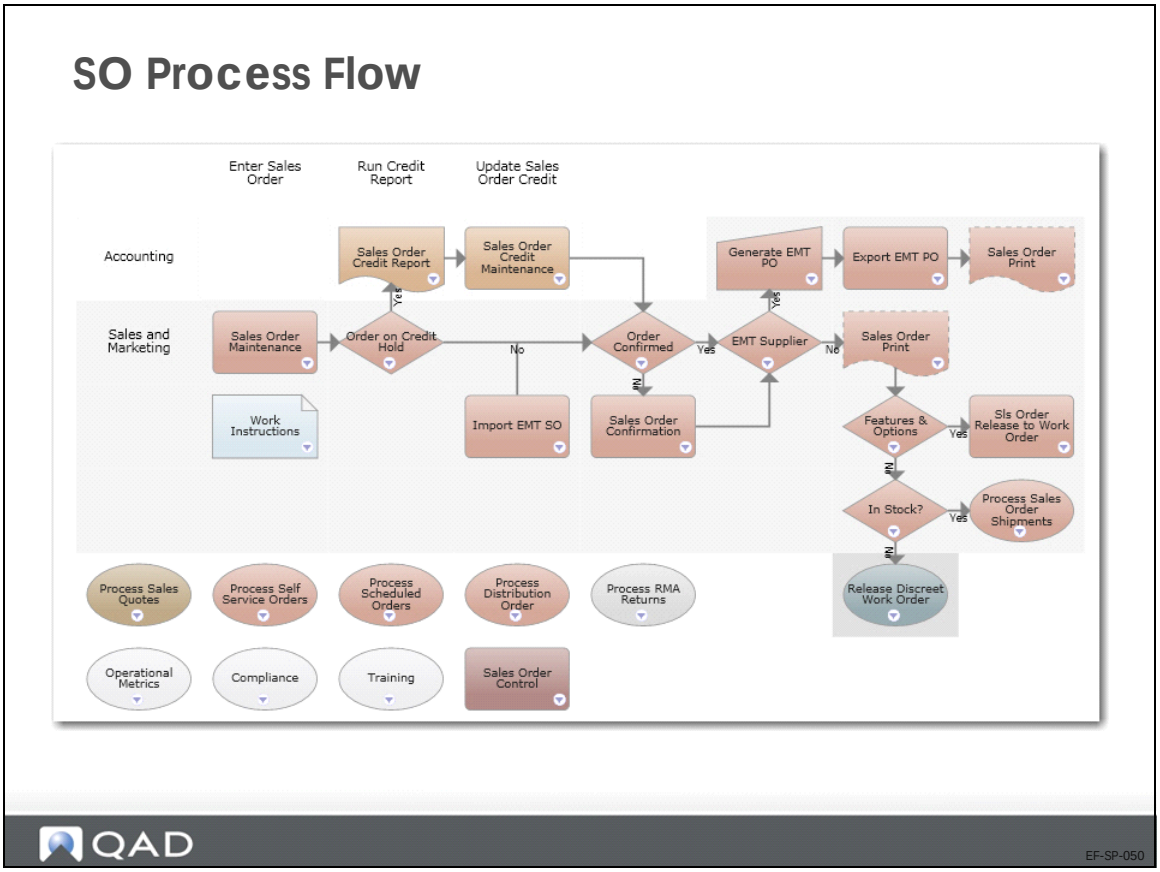
In this section, you will learn how sales orders are processed in QAD Enterprise Applications, concentrating on the Financials side of the process. You will also see what data must be set up in Financials.

Functional Overview



In the following pages, you will examine the sales orders process flow from quote to invoice. After reviewing the setup prerequisites, you will learn more about the invoicing process.

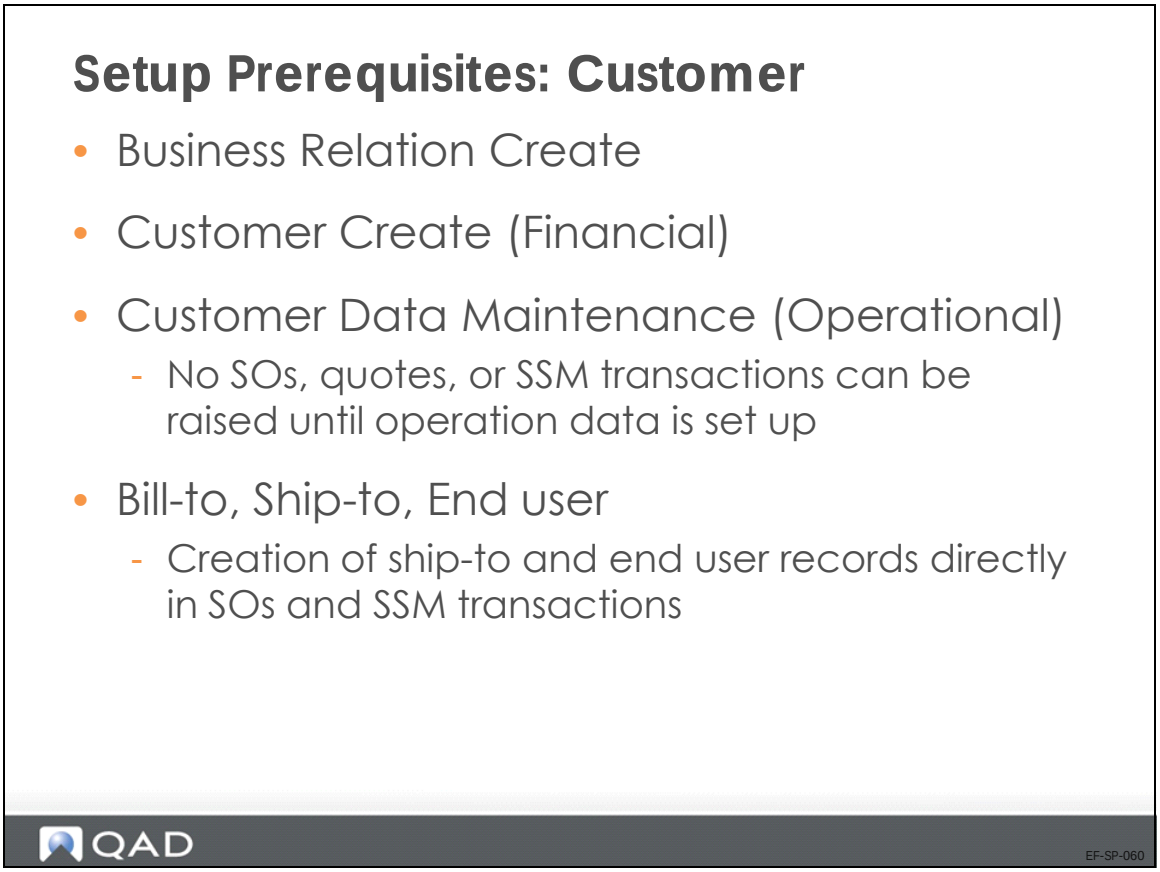
SO Process Flow



The process map displays the sales order process flow from entering a sales order to shipping.

- The sales order may need to be confirmed. If the customer is on credit hold, the order cannot be confirmed.
- Sales order shipments create unposted transactions. Run Operational Transactions Post (25.13.7) to post the transactions to Financials.

Setup Prerequisites: Customer



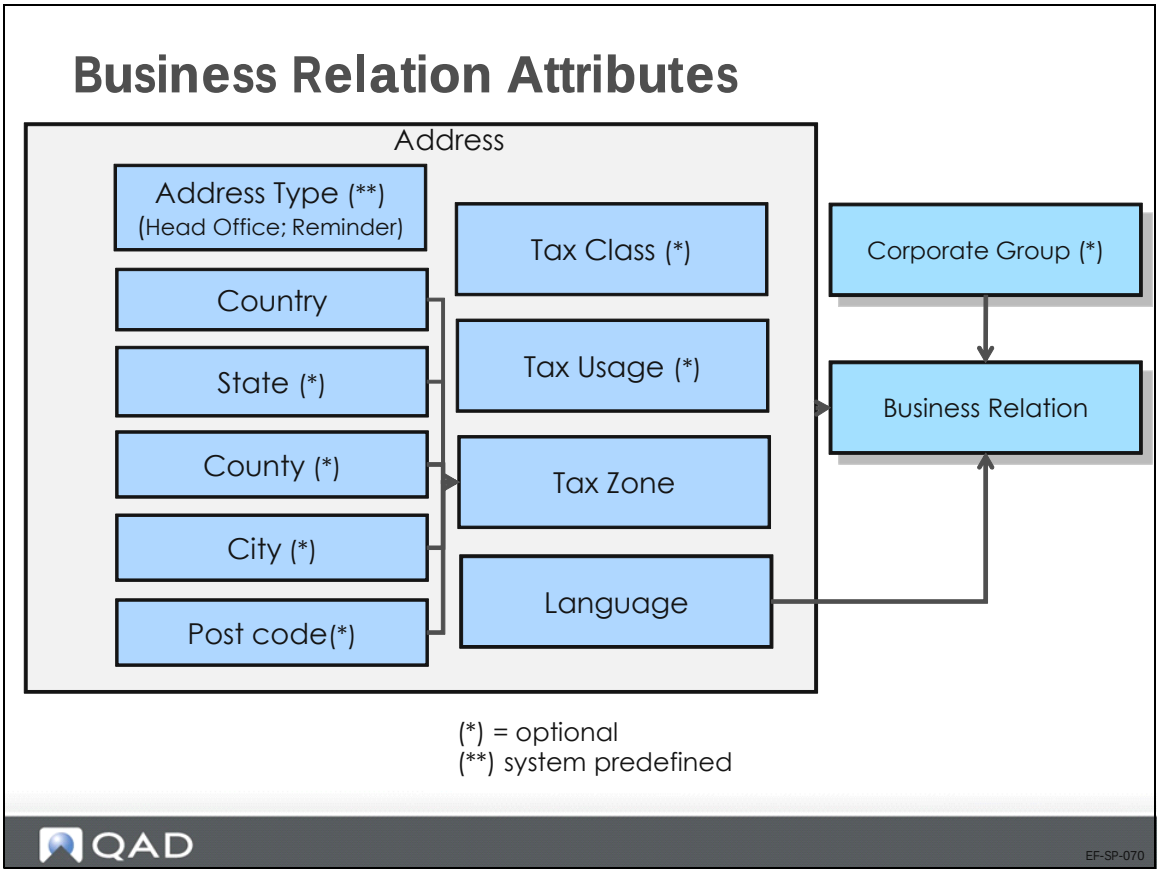
Customer Record

Before you can record operational transactions, such as sales orders, for a specific customer; you must create operational data (sites) for the customer in Customer Data Maintenance (2.1.1).

You can create additional addresses, such as the bill-to or ship-to, as required when creating sales orders or in the Service and Support Management module.

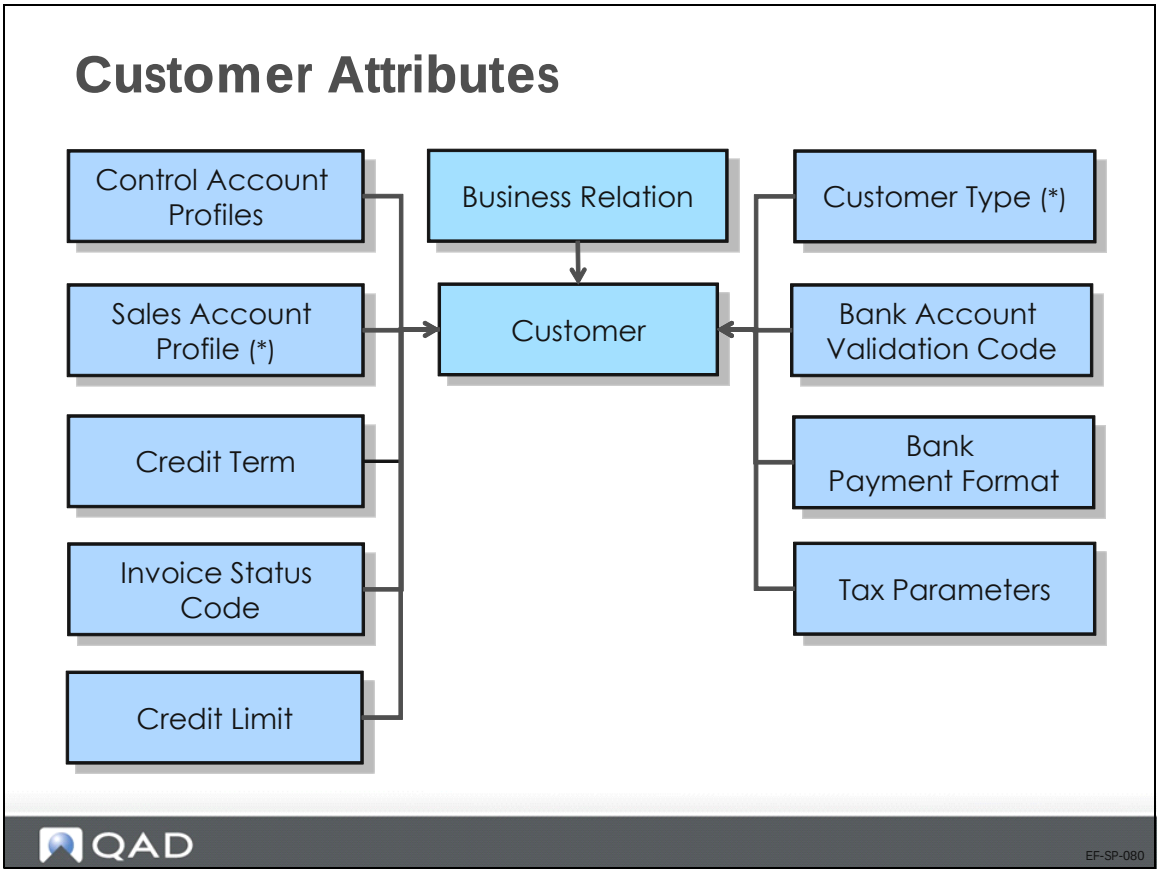
When transactions have been recorded for a customer, you cannot delete the customer data. However, you can mark the customer record inactive in Financials to prevent new orders from being created for the customer.

Business Relation Attributes



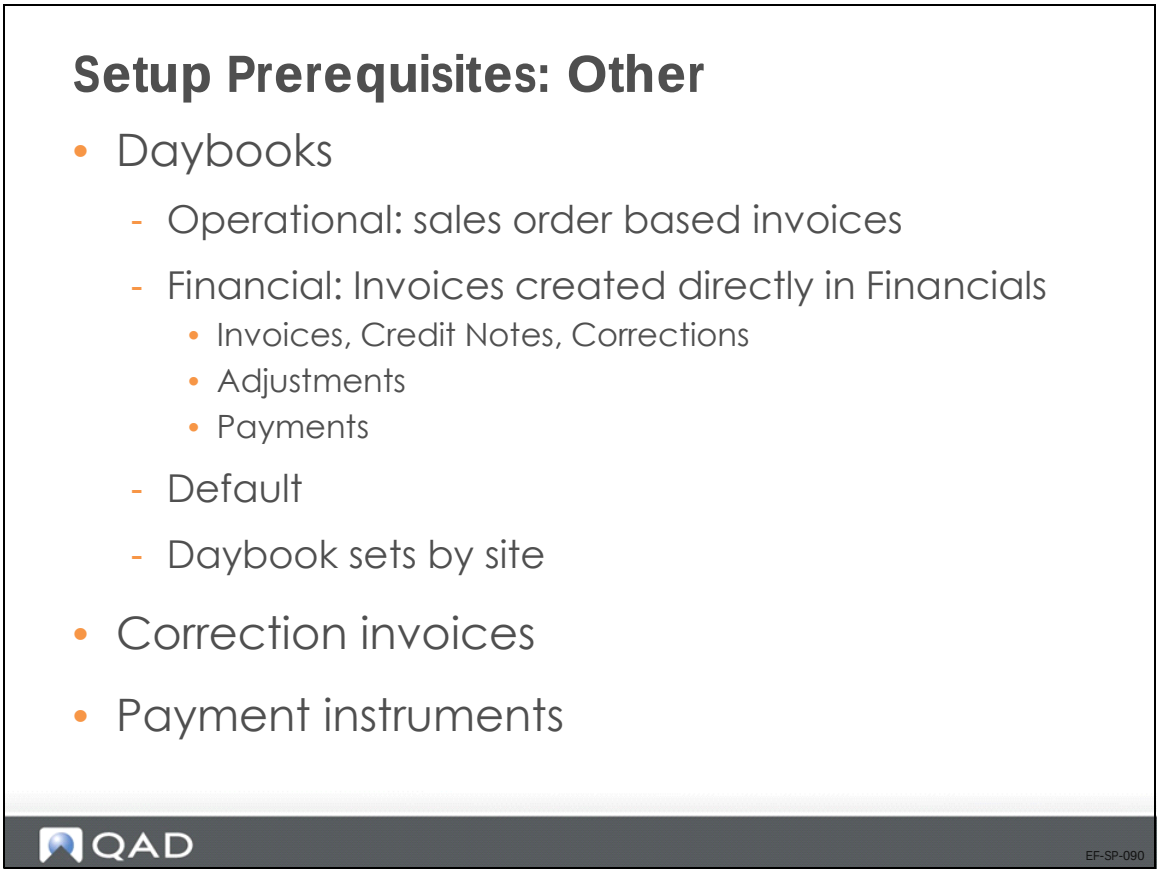
The slide displays which business relation attributes are used on a sales order.

Customer Attributes



The slide displays the sales orders attributes that originate from the customer record. These attributes must be defined before the customer can be used on transactions.

Setup Prerequisites: Other

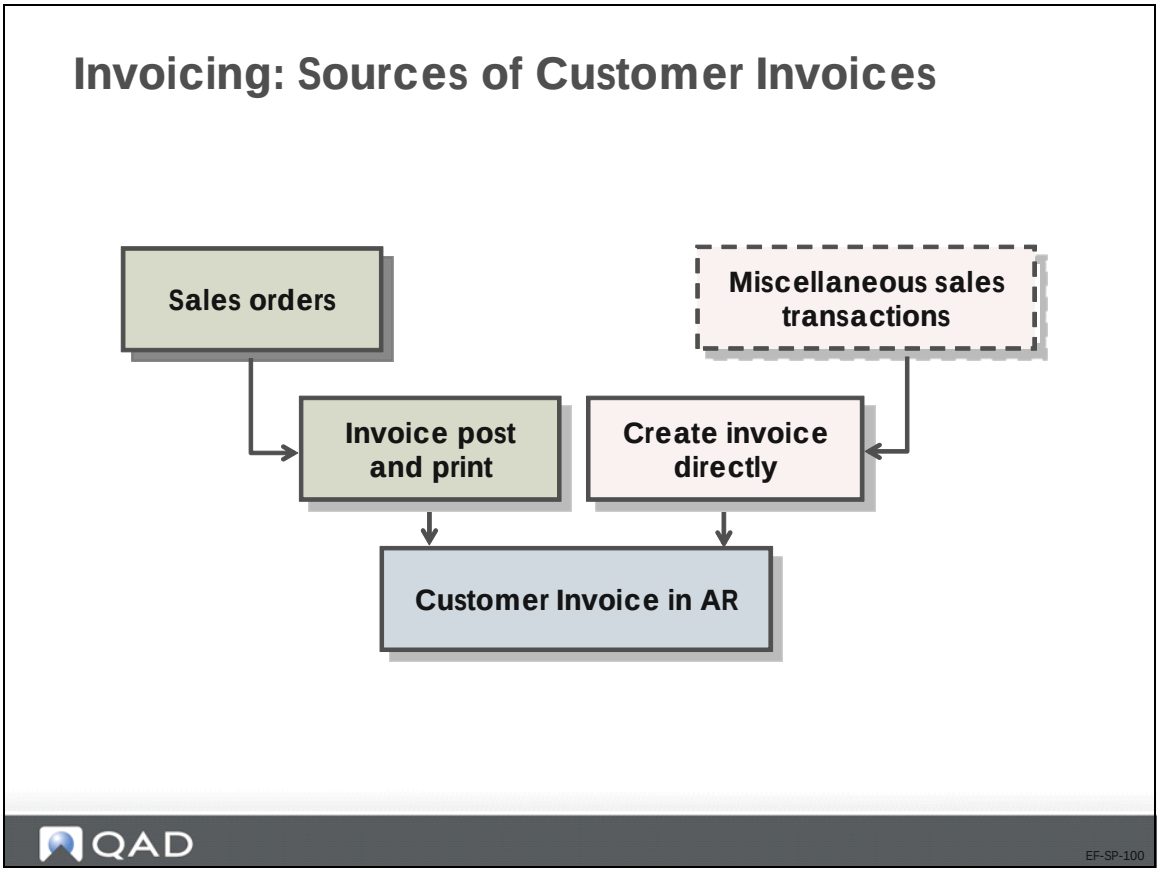


Daybooks are required for operational transactions such as sales order shipments, and financial transactions such as invoices, credit notes, adjustments, and payments. Default daybooks can be set up to facilitate order entry and invoice creation. Daybook sets are linked to customers to determine which daybook to use for each specific payment. See “Customer Setup” on page 127 for more information.

Correction invoices are used to link invoices for correction, such as price increases and decreases, and quantity adjustments, to the original invoice. Select the Use Correction Invoice field in Sales Order Accounting Control (36.9.6) if you want to use this feature.

You must define payment instruments in order to process payments. The payment instrument setup is described in “Banking Setup” on page 119.

Invoicing: Sources of Customer Invoices



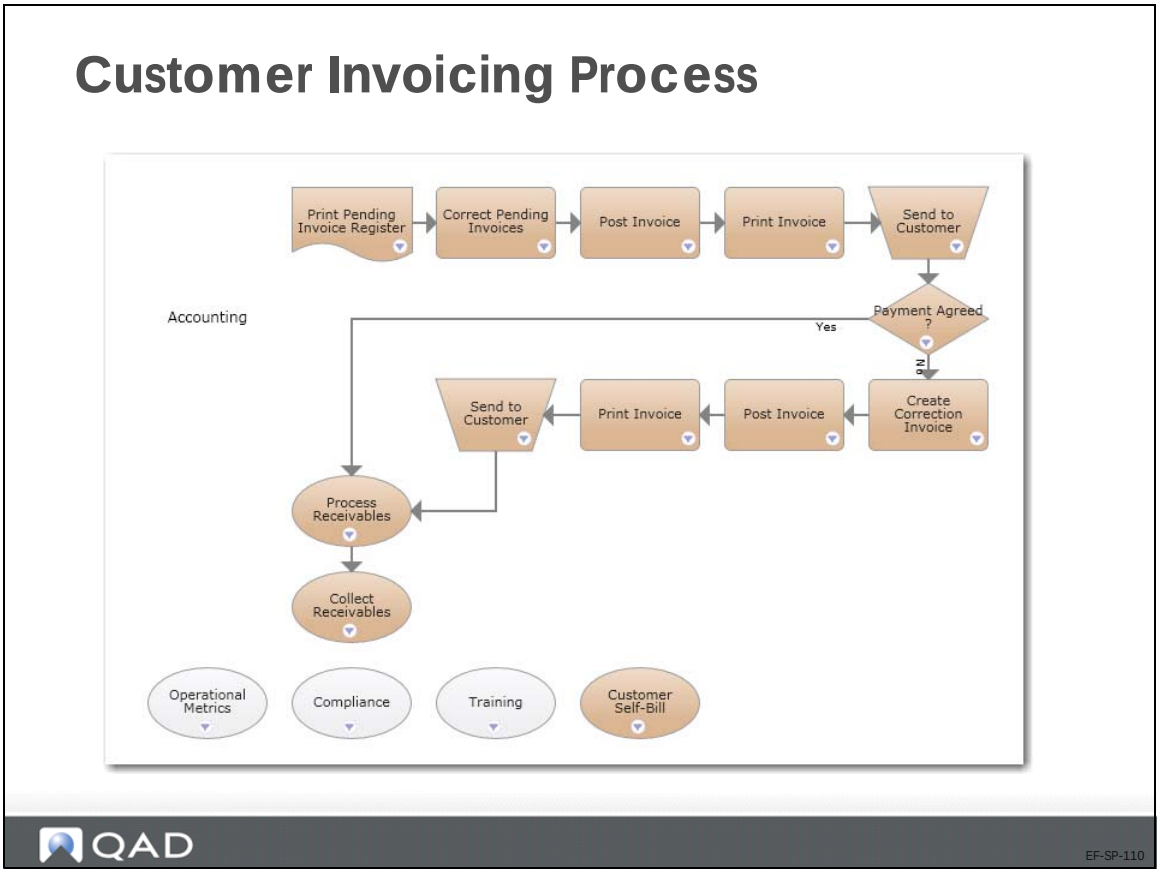
Sources of Customer Invoices

Customer invoices can either originate from sales orders, or can be created in Financials.

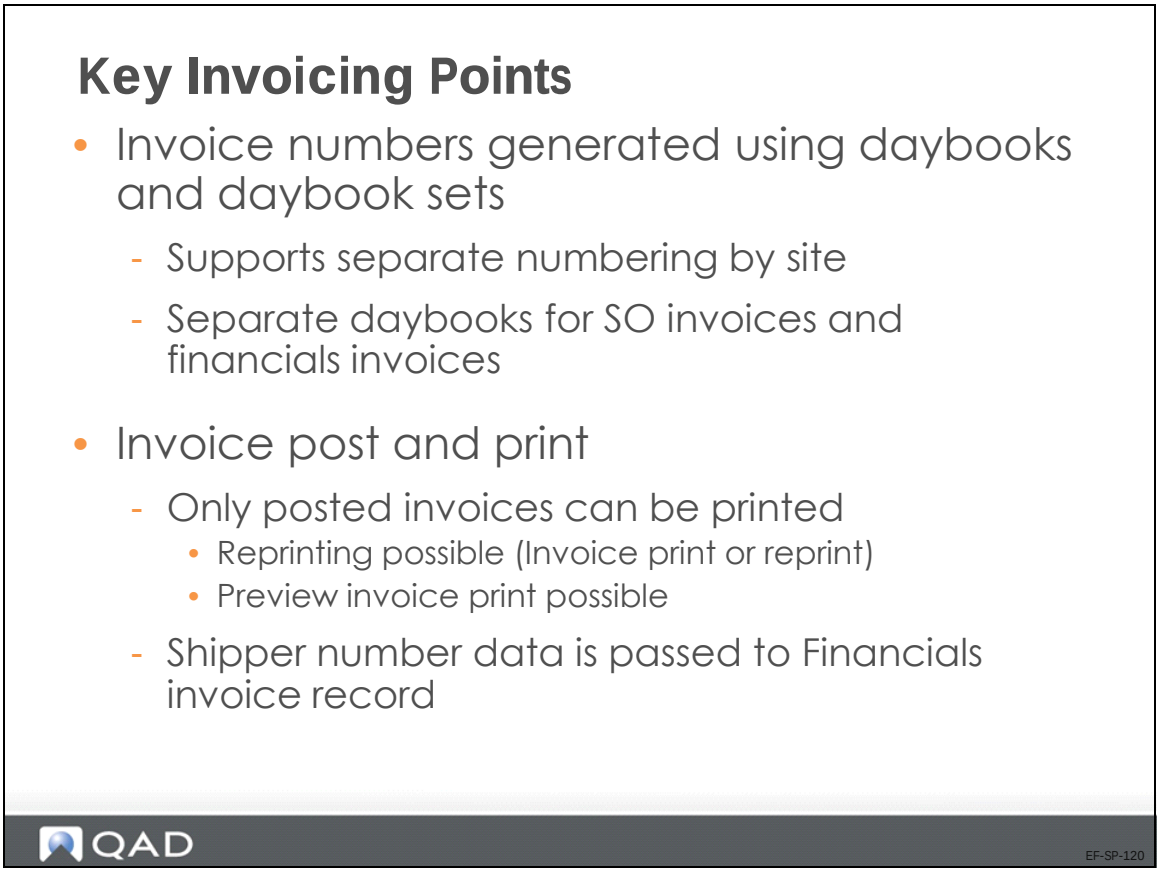
In the first instance, invoices are created using Invoice Post and Print (7.13.4).

In the second instance, invoices are created using Customer Invoice Create (27.1.1.1). Financial invoices can be created to process additional charges or price adjustments.

Customer Invoicing Process



Key Invoicing Points



Invoice numbers are generated using daybooks. If the daybooks are set up by site, the invoice numbering is also site specific. This setting is a legal requirement in some European countries.

Invoice posting and printing are combined in QAD Enterprise Financials. Before posting, you can preview invoices. You can also reprint invoices after posting.

When the enhanced shipping functionality is used, the shipping data is passed to Financials for invoice creation.

Key Invoicing Points – Continued

- Correction invoices
  - Keep relationship with original invoice
  - All relevant detail automatically copied to the new sales order
  - Ship correction order to process returns
- Reports
  - Invoice History Report (7.13.8)
  - Sales Order Tracking Inquiry (7.13.10)
  - Correction Invoice Link Report (7.13.6)

QAD EF-SP-125

The correction invoice functionality lets you maintain a link between original invoices and corrections. This function streamlines order entry because all details from the original invoice are copied to the new sales order, ready to be updated.

US Exercise: Sales Process

In this exercise, you will create and post customer invoices based on sales orders.

Use the following parameters where needed:

Parameter	Value
Entity	10USACO
Sub-account	Elec
Cost Center	default or Adm
Intercompany	USACO
Site	10-100
Location	010
Printer	PAGE

For all other fields, use the default or choose data from a lookup.

1 Use Sales Order Maintenance (7.1.1) to create a sales order.

a Press Enter on the Order field. Note the order number (needed for the next step)_____.

Field	Value
Sales Oder Header	
Sold-To	10C1005 (Rockland Industrial Company)
Bill-To	10C1005 (Rockland Industrial Company)
Ship-To	10C1005 (Rockland Industrial Company)
Details	
Taxable	No

b Specify the line details:

Field	Value
Ln	1
Item Number	02003
Site	10-100
Qty Ordered	100
List Price	USD 2.34

Note On the sales order line, enter the List Price in the field. Do not use the Price List popup window.

c Press Enter to confirm the line. At line 2, click End Lines and then click Trailer to go to the trailer.

d Press Next twice to confirm the order.

2 Use Sales Order Shipments (7.9.15) to ship all 100 units.

Field	Value
Order	Insert the order number created at step 1
Site	10-100

a Click Next until you reach the lines frame. Enter the data for line 1.

Field	Value
Ln	1
Quantity	100

b Press Enter, then Next twice.

"Display sales order lines being shipped": Yes.

"Is all information correct?": Yes

c Review the trailer and press Next twice to save.

3 Review the ready to invoice sales order in Pending Invoice Register (7.13.2).

Field	Value
Sales Order	Enter the sales order number from step 1.

4 Review the created transactions using Unposted Transaction Register (25.13.14).

Field	Value
Entered Date	Today
To	Today

5 Use Operational Transaction Post (25.13.7) to post the sales order shipment. Limit postings by using the daybook ISS-SO and the current date.

Field	Value
Daybook	ISS-SO
To	ISS-SO

6 Review the GL transaction in Journal Entry View (25.13.1.3). Select transactions for daybook ISS-SO only.

Field	Value
Daybook Code	ISS-SO

Double-click your transaction to review the posting details.

7 Use Preview Invoice Print (7.13.3) to print a draft invoice for your sales order.

Field	Value
Sales Order	Enter the sales order number created at Step 1.
To	Re-enter the SO number.

8 Use Invoice Post and Print (7.13.4) to post the customer invoice.

a Enter the sales order number to post.

b Click Next.

c In the Invoice Post Output and Invoice Print Output fields, specify Page.

d Click Next.

A new window opens with the posting details.

e After reviewing the posting details, close the window.

9 View the customer invoice using Customer Invoice View (27.1.1.3).

Look for the customer number (10C1005 Rockland Industrial Company) in the browse and double-click it to select it. Click Search to display the invoices for this customer. You can use the browse filters to further target your search.

10 Review the invoice posting on the CI Posting tab.

11 Run the following reports with the current date as the posting date:

- GL Transaction Report (25.15.1.1)
- GL Transactions Audit Log (25.15.1.9)
- GL Transactions by Daybook (25.15.1.4)

Use the filter criteria to make your search easier (for example, daybook, customer, date).

Note If unposted transactions prevent the report from running, select Tools | Manage Filter Fields in the menu. Select to display the Check for Unposted Transactions filter criteria. Set Check for Unposted Transactions to No when running the report.

EMEA Exercise: Sales Process

In this exercise, you will create and post customer invoices based on sales orders.

Use the following parameters where needed:

Field	Value
Entity	22UKCO
Sub-Account	Elec
Cost Center	default, or Adm
Site	22-100
Location	10
Printer	PAGE

For all other fields, choose data from the lookups

1 Use Sales Order Maintenance (7.1.1) to create a sales order.

   a Press Enter on the Order field. Note the order number (needed for the next step)_____.

Field	Value
Sales Oder Header	
Sold-To	22C1001 (Teasdale Hospital)
Bill-To	22C1001 (Teasdale Hospital)
Ship-To	22C1001 (Teasdale Hospital)
Details	
Taxable	No

   b Specify the line details:

Field	Value
Ln	1
Item Number	02003
Site	22-100
Qty Ordered	100
List Price	GBP 2.34

   Note On the sales order line, enter the List Price in the field. Do not use the Price List popup window.

   c Press Enter to confirm the line. At line 2, click End Lines and then click Trailer to go to the trailer.

   d Press Next twice to confirm the order.

2 Use Sales Order Shipments (7.9.15) to ship all 100 units.

Field	Value
Order	Enter the order number created at Step 1.
Site	22-100
Lot/Serial	Select from lookup

a Click Next until you reach the lines frame. Enter the data for line 1.

Field	Value
Ln	1
Quantity	100

b Press Enter, then Next twice.

"Display sales order lines being shipped": Yes.

"Is all information correct?": Yes

c Review the trailer and press Next twice to save.

3 Review the ready to invoice sales order in Pending Invoice Register (7.13.2).

Field	Value
Sales Order	Enter the sales order number from Step 1.

4 Review the created transactions using Unposted Transaction Register (25.13.14).

Field	Value
Entered Date	Today
To	Today

5 Use Operational Transaction Post (25.13.7) to post the sales order shipment. Limit postings by using the daybook ISS-SO and specify the current date.

Field	Value
Daybook	ISS-SO
To	ISS-SO

6 Review the GL transaction in Journal Entry View (25.13.1.3). Select transactions of daybook ISS-SO only.

Field	Value
Daybook Code	ISS-SO

Double-click your transaction to review the posting details.

7 Use Preview Invoice Print (7.13.3) to print a draft invoice for your sales order.

Field	Value
Sales Order	Enter the sales order number created at step 1
To	Re-enter the SO number

Click Next to confirm.

8 Use Invoice Post and Print (7.13.4) to post the customer invoice.

a Enter the sales order number to post.

b Click Next.

c In the Invoice Post Output and Invoice Print Output fields, specify Page.

d Click Next.

A new window opens with the posting details.

e After reviewing the posting details, close the window.

9 View the customer invoice in Customer Invoice View (27.1.1.3).

Look for your customer number (22C1001 (Teasdale Hospital)) in the browse and double-click to select it. Click Search to display the invoices for this customer. You can use other browse filters to further target your search.

Review the invoice posting on the CI Posting tab.

10 Run the following reports with the current date as the posting date:

- GL Transaction Report (25.15.1.1)
- GL Transactions Audit Log (25.15.1.9)
- GL Transactions By Daybook (25.15.1.4)

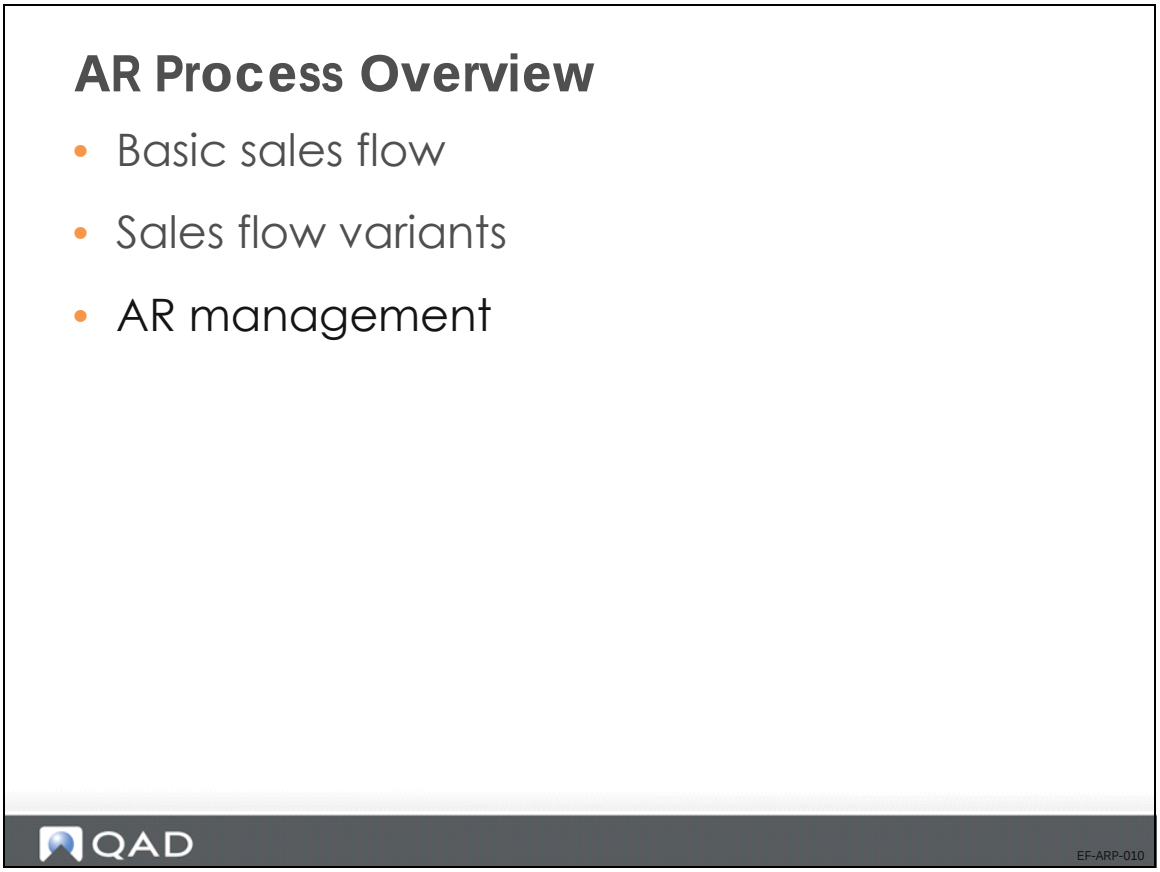
Use the filter criteria to make your search easier (for example, daybook, customer, date).

Note If unposted transactions prevent the report from running, select Tools | Manage Filter Fields in the menu. Select to display the Check for Unposted Transactions filter criteria. Set Check for Unposted Transactions to No when running the report.

Chapter 7

AR Process

AR Process Overview



The Accounts Receivable process consists of the sales flow (basic and alternative flows) and AR management.

We have reviewed the basic sales process in QAD Enterprise Applications. We will now learn how to deal with variants of this process, and how to manage the different AR payment functions.

Sales Flow Variants

Sales Flow Variants

- Additional invoice for price increase
  - Demo and hands-on exercise
- Correction for overcharged price
  - Demo and hands-on exercise
- Using pending invoices
  - Demo and hands-on exercise
- Manual customer invoices
  - Details

QAD EF-ARP-020

Sales flow variants cover corrections to sales order based invoices and manual invoices (customer invoices created directly in Financials). Manual invoices are used, for example, for financial charges or as credit notes.

Most of these areas are covered in the exercises on the following pages.

US Exercise: Sales Flow Variant—Customer Invoice/ Correction Invoice

In this exercise, you will create and post customer invoices based on a sales order.

Use the following parameters, as needed:

- Entity: 10USACO
- Sub-account: use Elec
- Cost center: use the default or else use Adm
- Site: 10-100
- Location: 010
- All other fields: use the lookup and choose from this list.
- Printer: PAGE

1. In Sales Order Accounting Control (36.9.6), ensure that the Use Correction Invoices field is selected.

2. Create a sales order in Sales Order Maintenance (7.1.1).

   a. Press Enter on the Order field. Note the order number (needed for the next step)_____.

Field	Value
Sales Oder Header	
Sold-To	10C1005 (Rockland Industrial Company)
Bill-To	10C1005 (Rockland Industrial Company)
Ship-To	10C1005 (Rockland Industrial Company)
Details	
Taxable	No

   b. Specify the line details:

Field	Value
Ln	1
Item Number	02003
Site	10-100
Qty Ordered	100
List Price	USD 2.34

3. Ship all 100 units of the sales order created in step (2) using Sales Order Shipments (7.9.15).

4. Post the sales order shipment using Operational Transaction Post (25.13.7). Specify daybook ISS-SO and the current date.

5. Post the customer invoice using Invoice Post and Print (7.13.4).

6 You notice that you did not use the correct pricing and need to make an adjustment. Use Sales Order Maintenance (7.1.1) to create a new sales order and link it to the sales order created in step (2).

Field	Value
Customer	10C1005 (Rockland Industrial Company)
Taxable	No
Item Number	02003
Site	10-100
Qty Ordered	100
List Price	USD 2.30

7 Use Sales Order Shipments (7.9.15) to ship all 100 units of the sales order created in step (6).

8 Review the Pending Invoice Register (7.13.2).

9 Review Sales Order Shipped not Invoiced (7.15.20).

10 Look in Unposted Transaction Inquiry (25.13.13).

11 Post the sales order shipment using Operational Transaction Post (25.13.7). Specify daybook ISS-SO and the current date.

12 View transactions for daybook ISS-SO in Journal Entry View (25.13.1.3).

13 Post the customer invoice using Invoice Post and Print (7.13.4).

Important Select the Correction Invoices field.

14 View the customer invoice using Customer Invoice View (27.1.1.3).

15 Run the following reports with the current date as the posting date:

- GL Transaction Report (25.15.1.1)
- GL Transactions Audit Log (25.15.1.9)
- GL Transactions by Daybook (25.15.1.4)

Note If unposted transactions prevent the report from running, select Tools | Manage Filter Fields in the menu. Select to display the Check for Unposted Transactions filter criteria. Set Check for Unposted Transactions to No when running the report.

US Exercise: Sales Flow Variant—Service Fees/Trailer Charges

In this exercise, you will create and post customer invoices based on a sales order.

Use the following parameters (if needed):

- Entity: 10USACO
- Sub-account: use Elec
- Cost center: use the default or else use Adm
- Site: 10-100
- Location: 010
- All other fields: use the lookup and choose from the list
- Printer: PAGE

1 Create a sales order using Sales Order Maintenance (7.1.1).

   a Press Enter on the Order field. Note the order number (needed for the next step)_____.

Field	Value
Sales Oder Header	
Sold-To	10C1005 (Rockland Industrial Company)
Bill-To	10C1005 (Rockland Industrial Company)
Ship-To	10C1005 (Rockland Industrial Company)
Details	
Taxable	No

   b Specify the line details:

Field	Value
Ln	1
Item Number	02003
Site	10-100
Qty Ordered	100
List Price	USD 2.34

   c In the Trailer frame, specify an additional value:

Field	Value
(Trailer) Special	USD 200

2 Ship all 100 units of the sales order created in step (1) using Sales Order Shipments (7.9.15).

3 Change the unit price and service fee using Pending Invoice Maintenance (7.13.1).

   Note In order to edit the unit price, select the Reprice/Edit field in the Details frame of Pending Invoice Maintenance.

Field	Value
Customer	10C1005
Item	02003
Quantity	100
Unit Price	2.30
Special	100

4 Review Sales Order Shipped not Invoiced (7.15.20).

5 Post the sales order shipment using Operational Transaction Post (25.13.7). Specify daybook ISS-SO and the current date.

6 Review Journal Entry View (25.13.1.3) for daybook ISS-SO.

7 Print the draft invoice for the sales order using Preview Invoice Print (7.13.3).

8 Post the customer invoice using Invoice Post and Print (7.13.4).

9 View the customer invoice using Customer Invoice View (27.1.1.3).

10 Run the following reports with the current date as the posting date:

- GL Transaction Report (25.15.1.1)
- GL Transactions Audit Log (25.15.1.9)
- GL Transactions by Daybook (25.15.1.4)

Note If unposted transactions prevent the report from running, select Tools | Manage Filter Fields in the menu. Select to display the Check for Unposted Transactions filter criteria. Set Check for Unposted Transactions to No when running the report.

EMEA Exercise: Sales Flow Variant—Customer Invoice/ Correction Invoice

In this exercise, you will learn to create and post a correction invoice.

Use the following parameters where needed:

- Entity: 22UKCO
- Site: 22-100
- Location: 010
- Sub-account: use Elec
- Cost center: use the default or else use Adm
- For all other fields: use the lookup and choose from the list.
- Printer: PAGE

1. In Sales Order Accounting Control (36.9.6), ensure that the Use Correction Invoices field is selected.

2. Use Sales Order Maintenance (7.1.1) to create a sales order.

   a. Press Enter on the Order field. Note the order number (needed for the next step)_____.

Field	Value
Sales Oder Header	
Sold-To	22C1001 (Teasdale Hospital)
Bill-To	22C1001 (Teasdale Hospital)
Ship-To	22C1001 (Teasdale Hospital)
Details	
Taxable	No

   b. Specify the line details:

Field	Value
Ln	1
Item Number	02003
Site	22-100
Qty Ordered	100
List Price	GBP 2.34

3. Use Sales Order Shipments (7.9.15) to ship all 100 units of the sales order created in step (2).

4. Use Operational Transaction Post (25.13.7) to post the sales order shipment. Specify daybook ISS-SO and the current date.

5. Use Invoice Post and Print (7.13.4) to post the customer invoice.

6. You notice that you did not use the correct pricing and need to make an adjustment. Use Sales Order Maintenance (7.1.1) to create a new sales order and link it to the sales order created in step (2).

Field	Value
Customer	22C1001 (Teasdale Hospital)
Item	02003
Quantity	100
Unit price	2.30 GBP

7 Use Sales Order Shipments (7.9.15) to ship all 100 units of the sales order created in step (6).

8 Review Pending Invoice Register (7.13.2).

9 Review Sales Order Shipped not Invoiced (7.15.20).

10 Review Unposted Transaction Inquiry (25.13.13).

11 Use Operational Transaction Post (25.13.7) to post the sales order shipment. Limit transactions to post to sales order shipments by entering daybook code ISS-SO.

12 Review Journal Entry View (25.13.1.3) for daybook ISS-SO.

13 Use Invoice Post and Print (7.13.4) to post the customer invoice.

Important Select the Correction Invoices field.

14 View the customer invoice using Customer Invoice View (27.1.1.3).

15 Run the following reports with the current date as the posting date:

- GL Transaction Report (25.15.1.1)
- GL Transactions Audit Log (25.15.1.9)
- GL Transactions by Daybook (25.15.1.4)

Note If unposted transactions prevent the report from running, select Tools | Manage Filter Fields in the menu. Select to display the Check for Unposted Transactions filter criteria. Set Check for Unposted Transactions to No when running the report.

EMEA Exercise: Sales Flow Variant—Service Fees/Trailer Charges

In this exercise, you will create and post customer invoices based on sales orders with price changes.

Use the following parameters (if needed):

- Entity: 22UKCO
- Site: 22-100
- Location: 010
- Sub-account: use Elec
- Cost center: use the default or else use Adm
- For all other fields: use the lookup and choose from the list.
- Printer: PAGE

1 Create a sales order as follows.

   a Press Enter on the Order field. Note the order number (needed for the next step)_____.

Field	Value
Sales Oder Header	
Sold-To	22C1001 (Teasdale Hospital)
Bill-To	22C1001 (Teasdale Hospital)
Ship-To	22C1001 (Teasdale Hospital)
Details	
Taxable	No

   b Specify the line details:

Field	Value
Ln	1
Item Number	02003
Site	22-100
Qty Ordered	100
List Price	GBP 2.34

   c In the Trailer frame, specify an additional value:

Field	Value
(Trailer) Special	USD 200

2 Ship all 100 units of the sales order created in step (1) using Sales Order Shipments (7.9.15).

3 Change the unit price and service fee using Pending Invoice Maintenance (7.13.1).

   Note In order to edit the unit price, select the Reprice/Edit field in the Details frame of Pending Invoice Maintenance.

Field	Value
Customer	22C1001 (Teasdale Hospital)
Item	02003
Quantity	100
Unit Price	2.30 GBP
(Trailer) Service Fee:	100 GBP

4 Review Sales Order Shipped not Invoiced (7.15.20).

5 Post the sales order shipment using Operational Transaction Post (25.13.7). Specify daybook ISS-SO and the current date.

6 Review transactions in Journal Entry View (25.13.1.3) for daybook ISS-SO.

7 Print the draft invoice for the sales order using Preview Invoice Print (7.13.3).

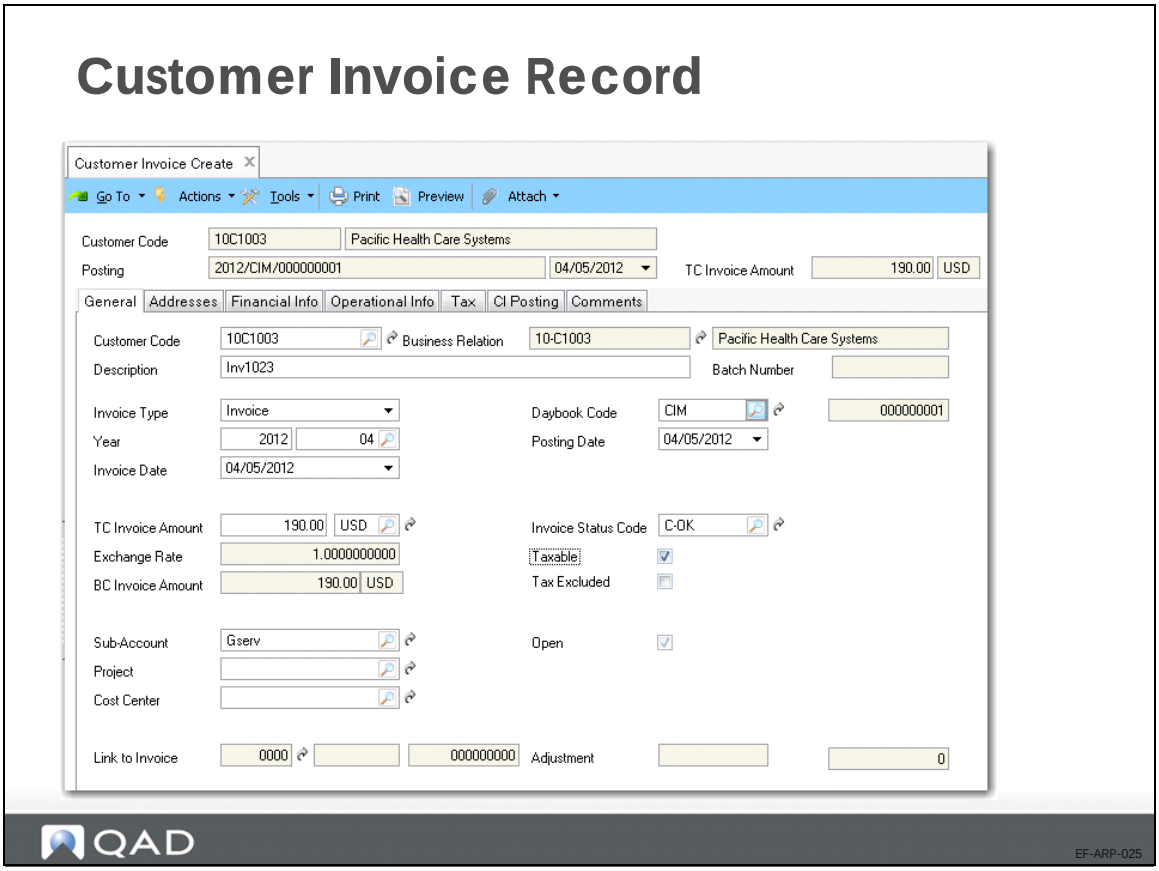
8 Post the customer invoice using Invoice Post and Print (7.13.4).

9 View the customer invoice using Customer Invoice View (27.1.1.3).

10 Run the following reports with the current date as the posting date:

- GL Transaction Report (25.15.1.1)
- GL Transactions Audit Log (25.15.1.9)
- GL Transactions by Daybook (25.15.1.4)

Customer Invoice Record



Customer Invoice

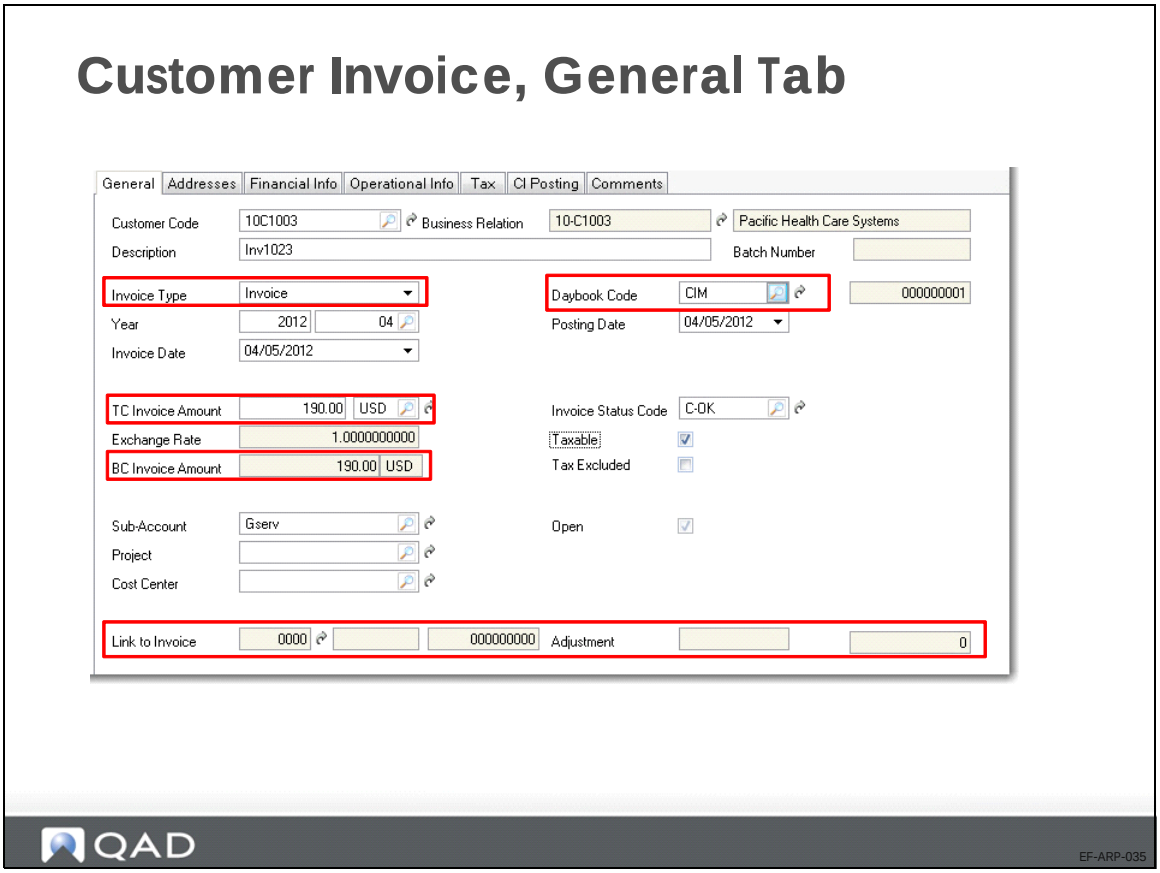
- Header
- Seven tabs
  - General
  - Addresses
  - Financial Info
  - Operational Info
  - Tax
  - CI Posting
  - Comments

QAD EF-ARP-030

The Customer Invoice function is used for two purposes:

1. Viewing and modifying invoices and credit notes created by Invoice Post and Print (7.13.4). Most of the information on these sales-related invoices defaults from the associated sales order and is set during invoice post. You can modify only a small subset of fields (more details are provided on this later).
2. Creating invoices for miscellaneous customer charges or credit notes. For this type of manual invoice, you must specify fields that are automatically populated during invoice post.

General Tab


Customer Invoice, General Tab
General
Addresses
Financial Info
Operational Info
Tax
CI Posting
Comments
Customer Code
10C1003
Business Relation
10-C1003
Pacific Health Care Systems
Description
Inv1023
Batch Number
Invoice Type
Invoice
Daybook Code
CIM
000000001
Year
2012
04
Posting Date
04/05/2012
Invoice Date
04/05/2012
TC Invoice Amount
190.00
USD
Invoice Status Code
C-OK
Exchange Rate
1.0000000000
Taxable
BC Invoice Amount
190.00
USD
Tax Excluded
Sub-Account
Gserv
Open
Project
Cost Center
Link to Invoice
0000
000000000
Adjustment
0
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EF-ARP-035

General Tab – Key Fields

- Invoice Type
  - Invoice
  - Invoice Correction
  - Credit Note
  - Credit Note Correction
  - Finance Charge
- TC Invoice Amount
- BC Invoice Amount
  - Automatically calculated
  - Scale factor
- Daybook Code
  - Specific types
  - Primary layer posting
- Link to Invoice
  - Use with credit notes
- Adjustment
  - Invoice adjustment daybook

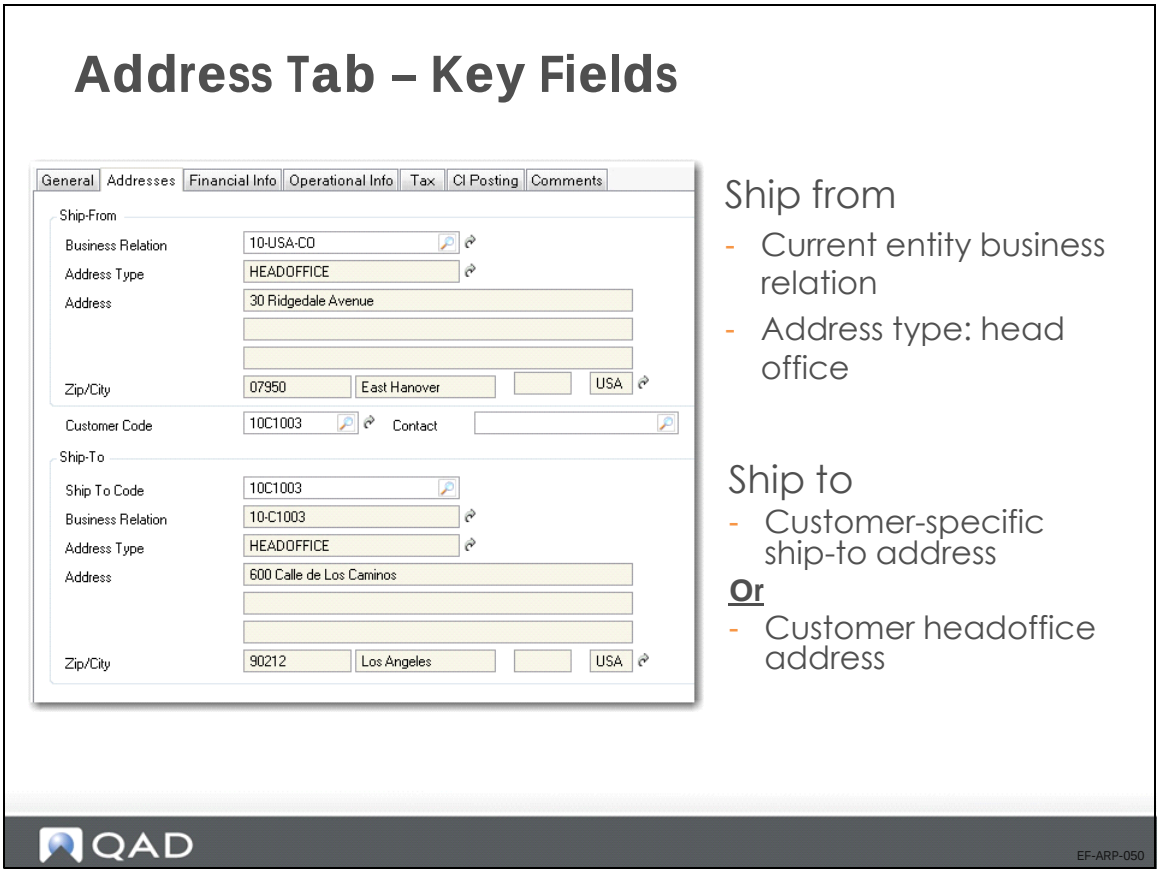
QAD EF-ARP-040

BC Invoice Amount. Automatically calculated using the correct accounting type exchange rate

Scale factor: Calculate actual exchange rate by multiplying defined exchange rate by scale factor (for use with a greatly inflated currency)

Link to Invoice. Use with credit notes to link to existing invoices. When you link to an invoice, the system creates an automatic invoice adjustment.

Address Tab—Key Fields



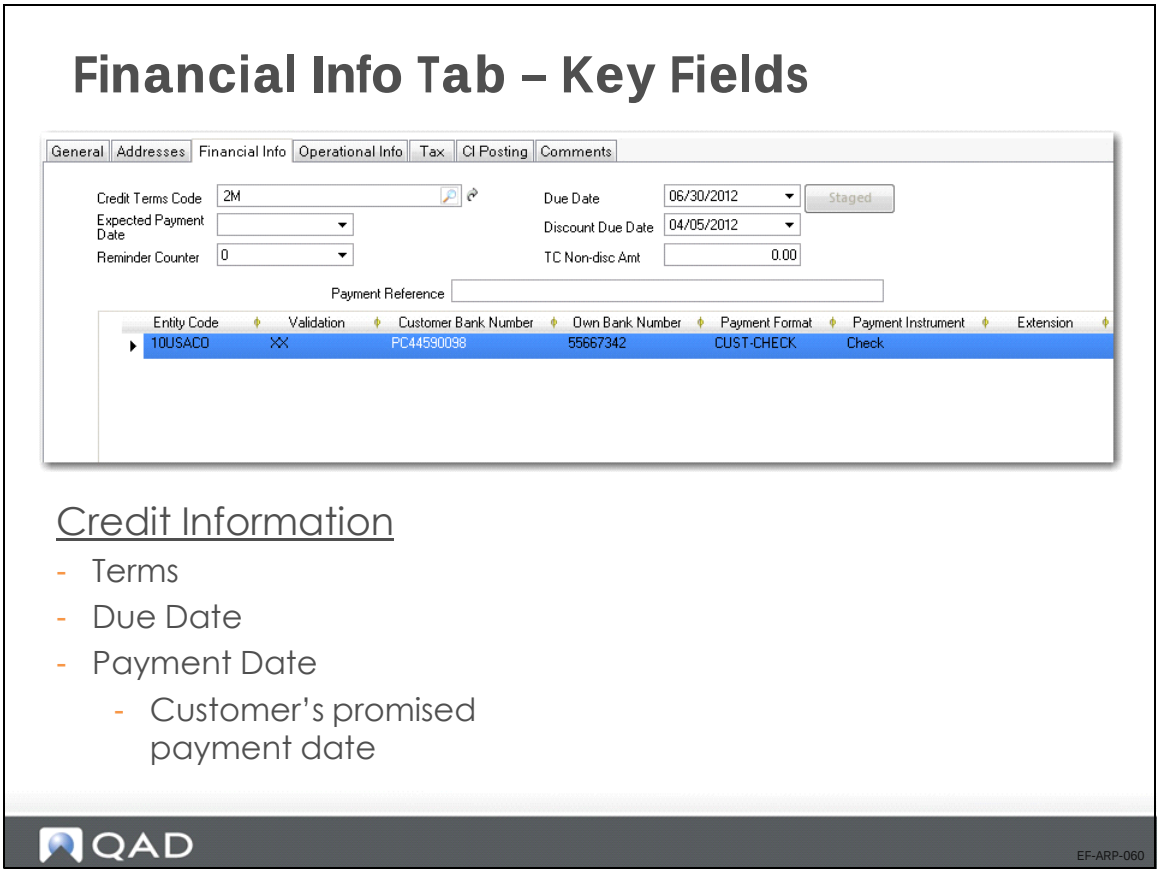
Use the Addresses tab to specify the Ship-From address, which identifies one of your inventory sites, and the customer ship-to address.

The address on the General tab is the bill-to address for the invoice.

All fields in this tab display read-only information for sales-related invoices, except for the Sold-To Customer Code.

The system uses the Ship-From and Ship-To addresses to select the correct tax environment for tax calculation.

Financial Info Tab—Key Fields



Credit Terms Code. Specify the credit terms that apply to this invoice. Credit terms determine invoice due dates and any settlement discounts on early payments. Credit terms also determine if multiple payments are made in stages based on invoice percentages.

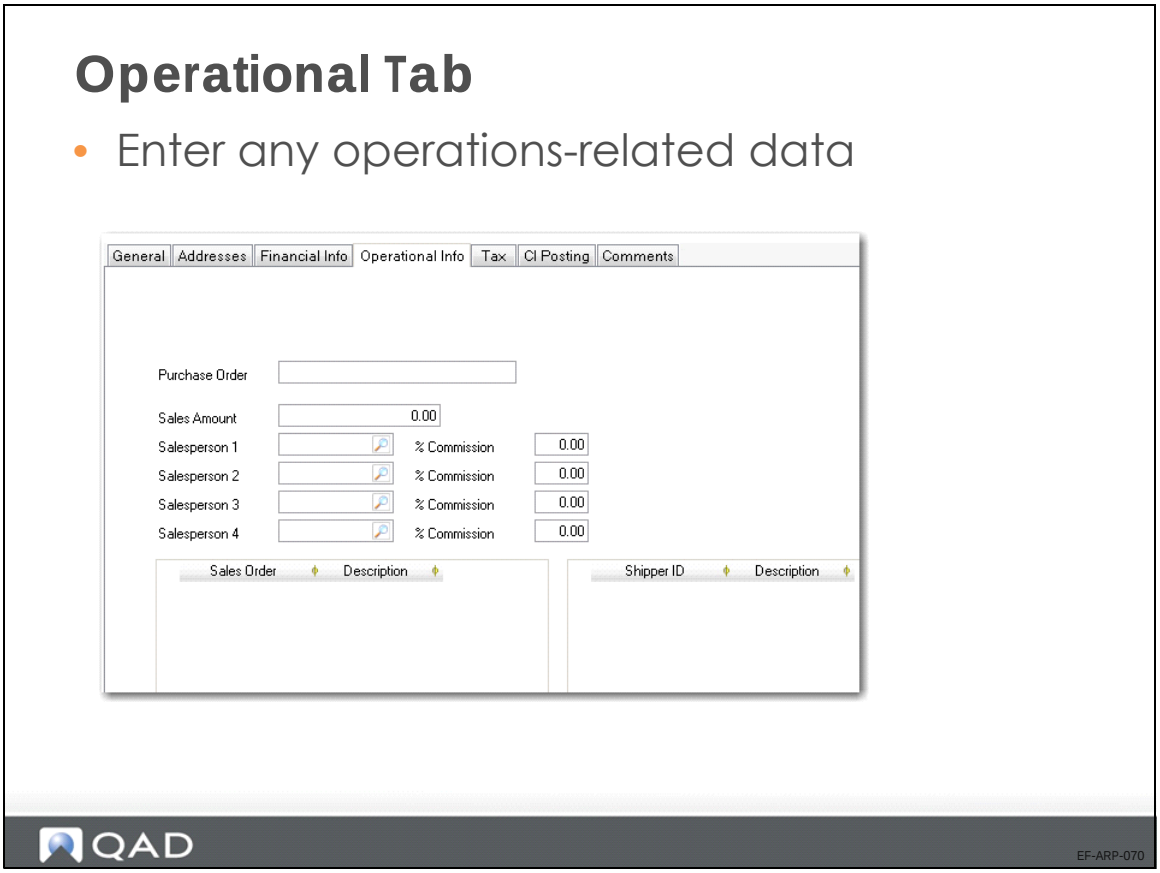
When the credit terms code is changed, the invoice due date is recalculated.

Credit terms default from the customer record. Credit terms for sales-related invoices default from the associated sales order.

When you specify a credit terms code that has been defined with stages, you can view and update the staged terms by clicking Staged.

Due Date and Discount Due Date. These fields display the date when payment is due and the last date a discount applies, calculated by the system based on the credit terms and the invoice date. You can modify the due dates without affecting the credit terms.

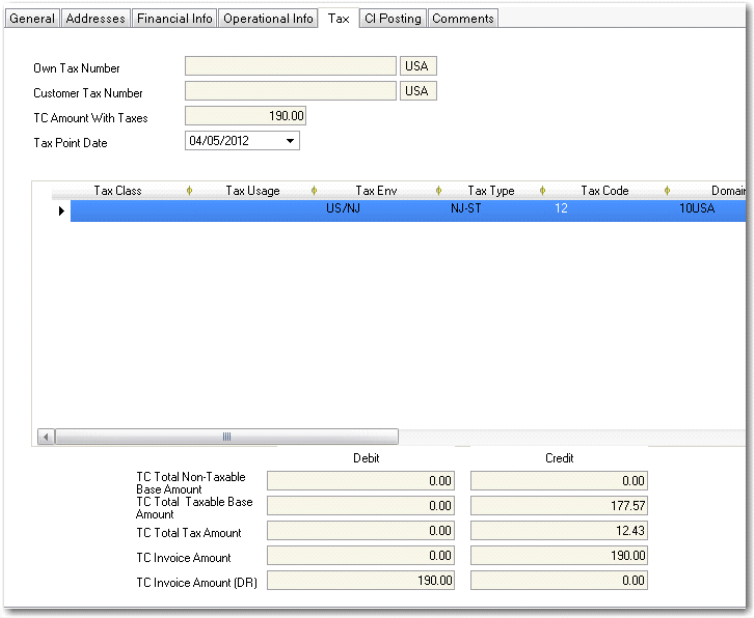
Operational Tab—Key Fields



The Operational Info tab displays data for sales-related invoices only. In this case, details about the originating sales order are displayed for reference. For a sales-related invoice, only the Sales Amount used for calculating commission can be modified. For a manually created invoice, you can specify a purchase order number, sales amount, and salesperson.

Tax Tab

- Invoice-related tax information (GTM)

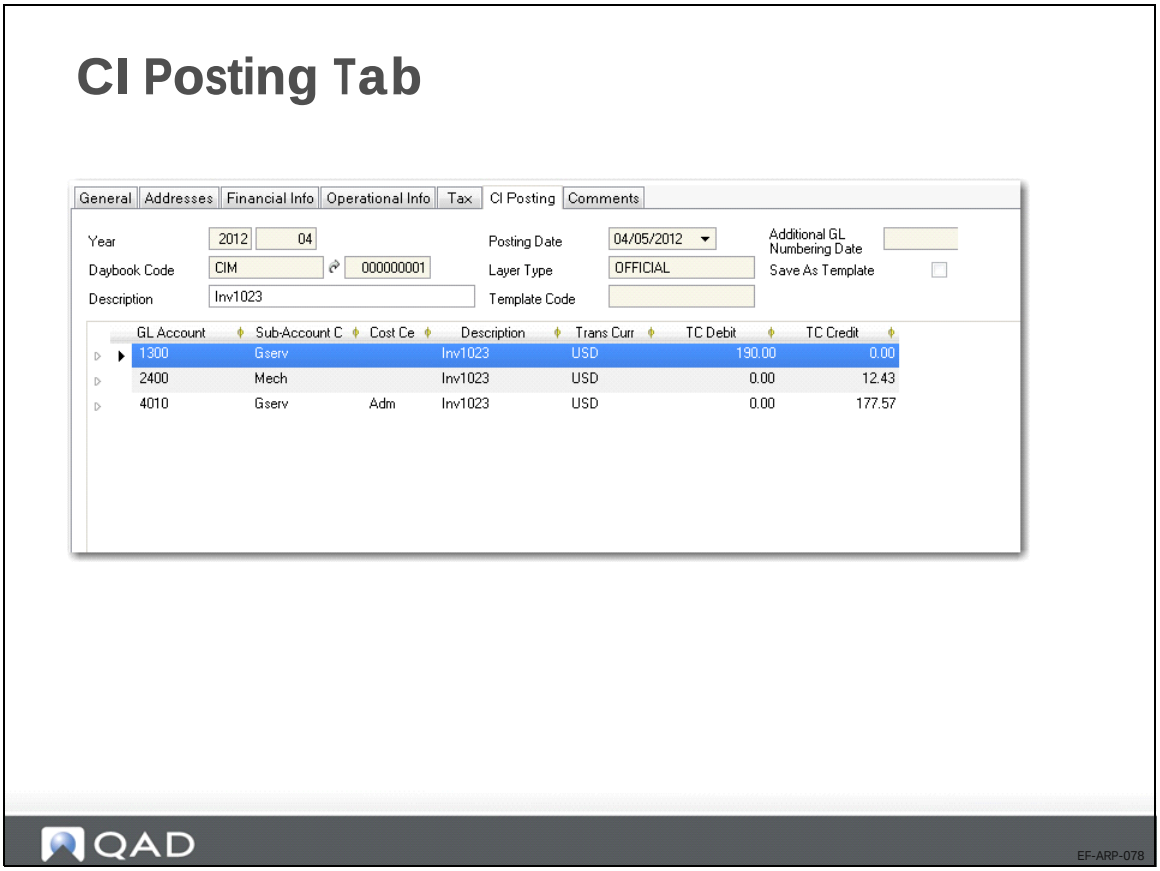


QAD

EF-ARP-075

When the invoice is taxable, the system calculates tax information and displays it on the Tax tab. This information is read only for sales-related invoices, and reflects the tax amounts generated based on the order tax details.

CI Posting Tab



CI Posting Tab – Key Fields

- Customer Invoice (CI) Posting
- General Ledger posting information
  - Posting Reference
  - Posting Date
  - Daybook Code
  - Layer
  - Description
  - Accounts
    - AR and sales accounts default from the profiles associated with the customer record
    - Tax accounts default from Tax Rate Maintenance

QAD EF-ARP-080

The Customer Invoice Posting tab displays the account and posting information for the invoice or credit note. Invoice postings update the following accounts:

- Invoices debit Customer Control and credit Tax and Sales.
- Credit notes debit Tax and Sales and credit Customer Control.

The Customer Control and Sales accounts default from the profiles you define for the customer in the Accounting tab of the Customer record. The Tax account defaults from details for the tax code defined in Tax Rate Maintenance. You cannot select a different Customer Control account or Tax account in the CI Posting tab.

Modifiable Customer Invoice Data

Modifiable Customer Invoice Data

- General tab
  - Description
  - Invoice Status Code
  - Contact
  - Link to Invoice, Adjustment (used for credit notes)
- Addresses tab: sold-to customer code
- Financial Info tab
  - Credit Terms, Due Date
  - Banking information
- Comments tab

QAD

EF-ARP-090

You can modify the fields listed above after the customer invoice has been posted.

AR Process Overview

- Basic sales flow ✓
- Sales flow variants ✓
- AR management

QAD

EF-ARP-100

After reviewing the sales process in detail, you will now learn how Accounts Receivable are managed in QAD Enterprise Financials.

US Exercise: Sales Flow Variant—Credit Note

In this exercise, you will create and post financial customer invoices.

Use the following parameters (if needed):

- Entity: 10USACO
- Invoice Status Code: C-OK
- Not taxable
- Daybooks: CIM (invoice), CCNM (CN)
- All other fields: use the lookup and choose from the list.
- Printer: PAGE

1 Create a customer invoice using Customer Invoice Create (27.1.1.1).

Field	Value
Customer Code	10C1003, Pacific Health Care Systems
Description	Inv 10C1003-1
Daybook Code	CIM
TC Invoice Amount	$2380.00 USD
Invoice Status Code	C-OK
Taxable	No

2 Create a customer credit note using Customer Invoice Create (27.1.1.1).

Field	Value
Customer Code	10C1003, Pacific Health Care Systems
Description	CN 10C1003-1
Invoice Type	Credit Note
Daybook Code	CCNM
TC Invoice Amount	$180.00 USD
Invoice Status Code	C-OK
Taxable	No
Link to Invoice	Choose the invoice you created in step 1.
Adjustment	CUSTADJ

3 Review the resulting postings in Journal Entry View (25.13.1.3). Search using the daybook and date to find the postings.

4 View the customer invoice using Customer Invoice View (27.1.1.3).

5 Run the following reports for the customer invoice:

- GL Transaction Report (25.15.1.1)
- GL Transactions Audit Log (25.15.1.9)
- GL Transactions by Daybook (25.15.1.4)

Note If unposted transactions prevent the report from running, select Tools | Manage Filter Fields in the menu. Select to display the Check for Unposted Transactions filter criteria. Set Check for Unposted Transactions to No when running the report.

EMEA Exercise: Sales Flow Variant—Credit Note

In this exercise, you will create a credit note.

Use the following parameters (if needed):

- Entity: 22UKCO
- Invoice Status Code: C-OK
- Not taxable
- Daybooks: CIM (invoice), CCNM (CN)
- For all other fields: use the lookup and choose from the list.
- Printer: PAGE

1 Create a customer invoice using Customer Invoice Create (27.1.1.1).

Field	Value
Customer Code	22C1002, Electronic Services Ltd
Description	Inv 22C1002-1
Daybook Code	CIM
TC Invoice Amount	2380.00 GBP
Invoice Status Code	C-OK
Taxable	No

2 Create a customer credit note using Customer Invoice Create (27.1.1.1).

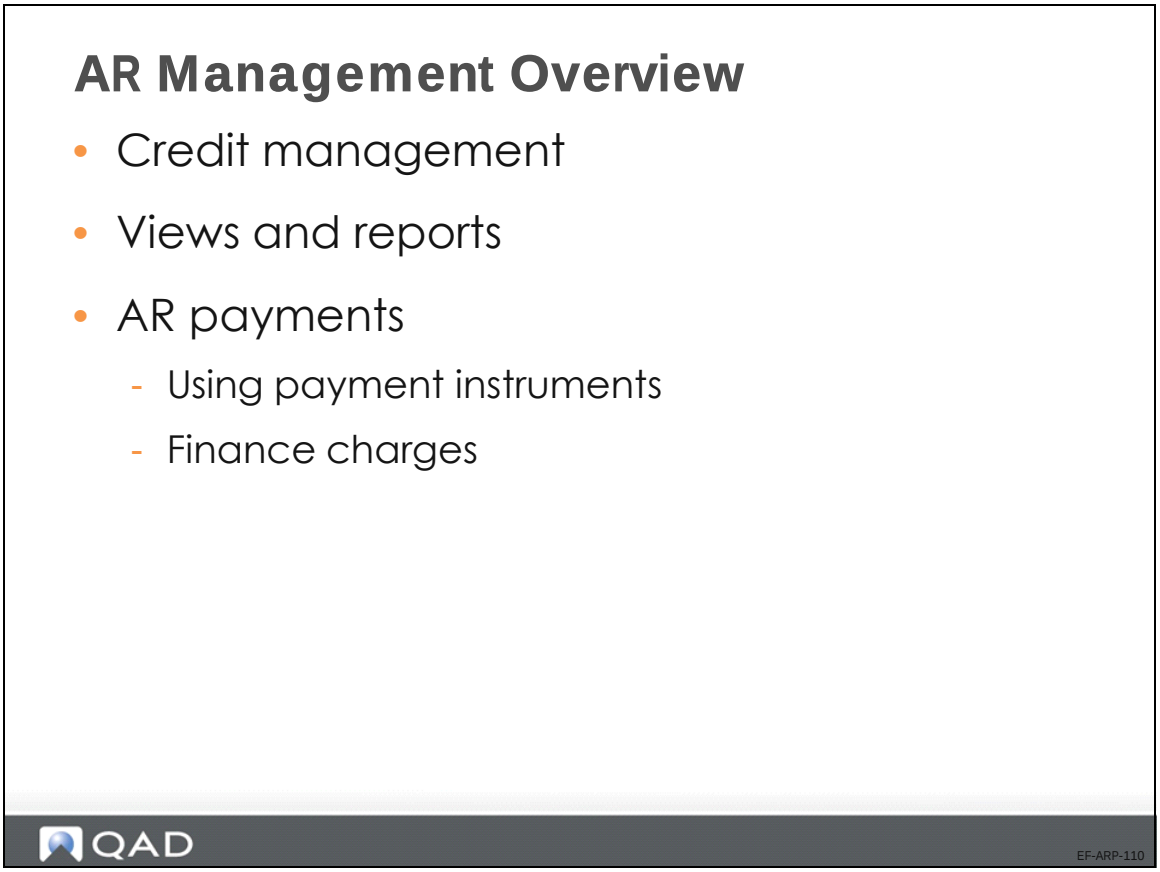
Field	Value
Customer Code	22C1002, Electronic Services Ltd
Description	CN 22C1002-1
Invoice Type	Credit Note
Daybook Code	CCNM
TC Invoice Amount	180.00 GBP
Invoice Status Code	C-OK
Taxable	No
Link to Invoice	Choose the invoice you created in step 1.
Adjustment	CUSTADJ

3 Review the resulting postings in Journal Entry View (25.13.1.3). Search using the daybook and date to find the postings.

4 View the customer invoice using Customer Invoice View (27.1.1.3).

5 Review the Customer Activity Dashboard (27.18.1).

AR Management Overview

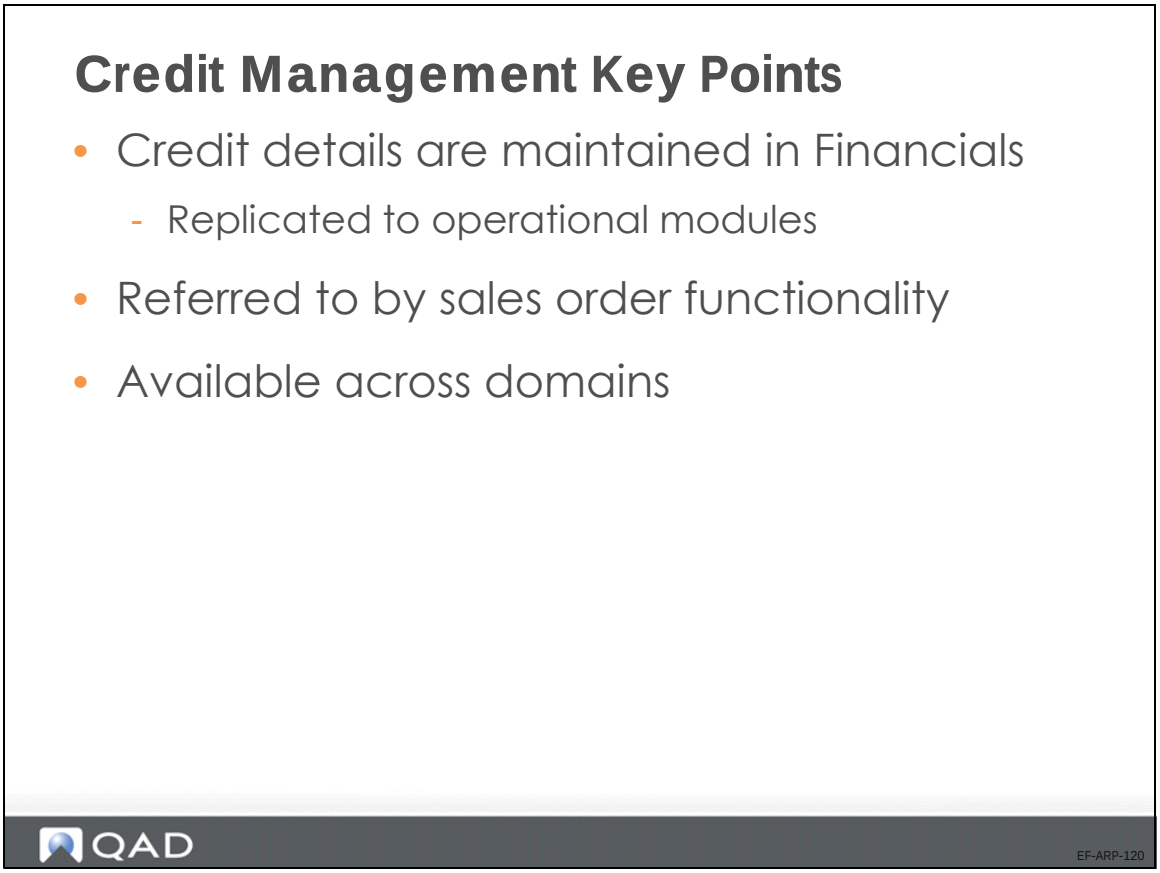


Overview

In this section, you will learn about three main topics of AR management:

- Credit management
- Views and reporting
- AR payments

Credit Management Key Points



Credit checking lets you monitor overdue payments and customer account balances, and place further sales orders and invoices for this customer on hold when a specified credit limit has been exceeded.

Credit settings are maintained in Financials and are stored on the customer record (in the shared set), which means that the settings are replicated to all domains in the operational modules.

All sales order credit functions refer to the credit limit in the customer record, including open order balances and combined AR balances in all domains that use the same shared set.

AR Management Overview

- Credit management ✓
- Views and reports
- AR payments
  - Using payment instruments
  - Finance charges

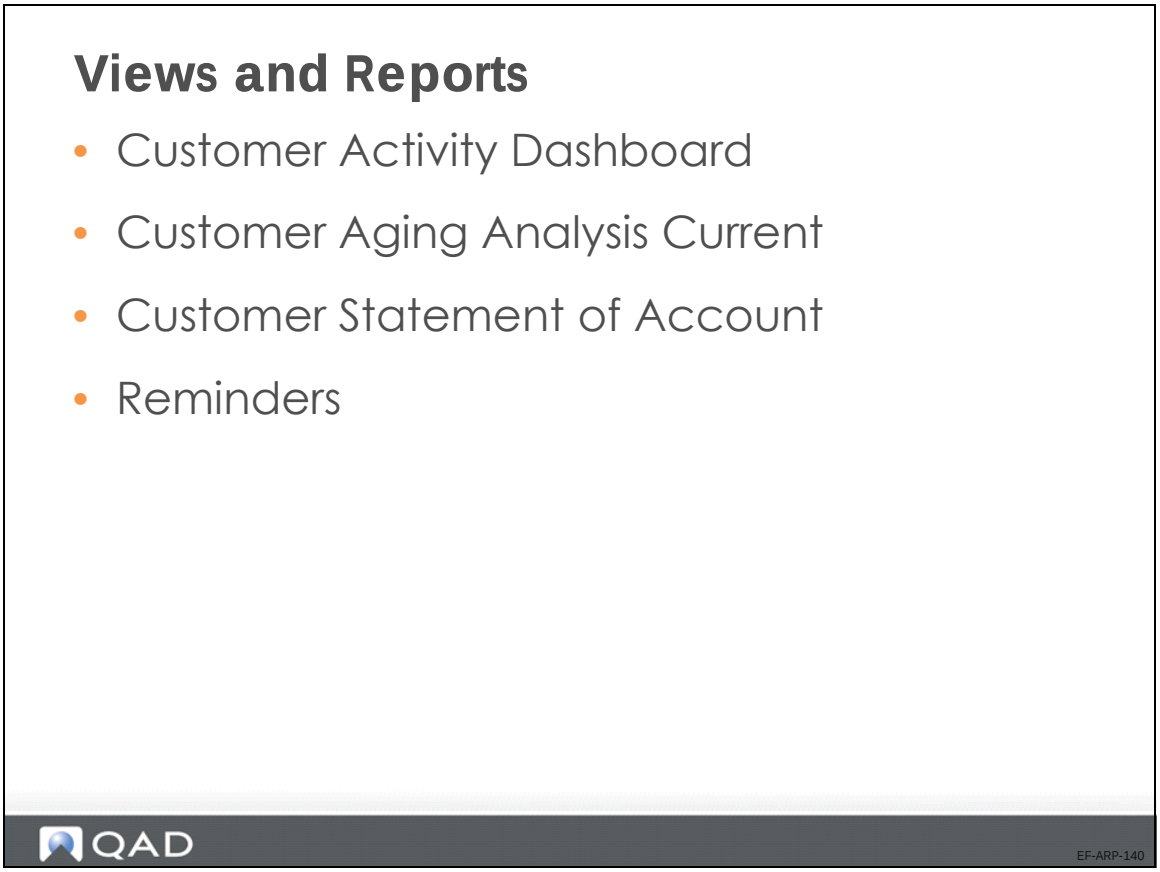
QAD

EF-ARP-130

You will now learn more about views and reports available in Accounts Receivable.

The AR module includes many different reports and views that let you review customer information using customizable selection criteria.

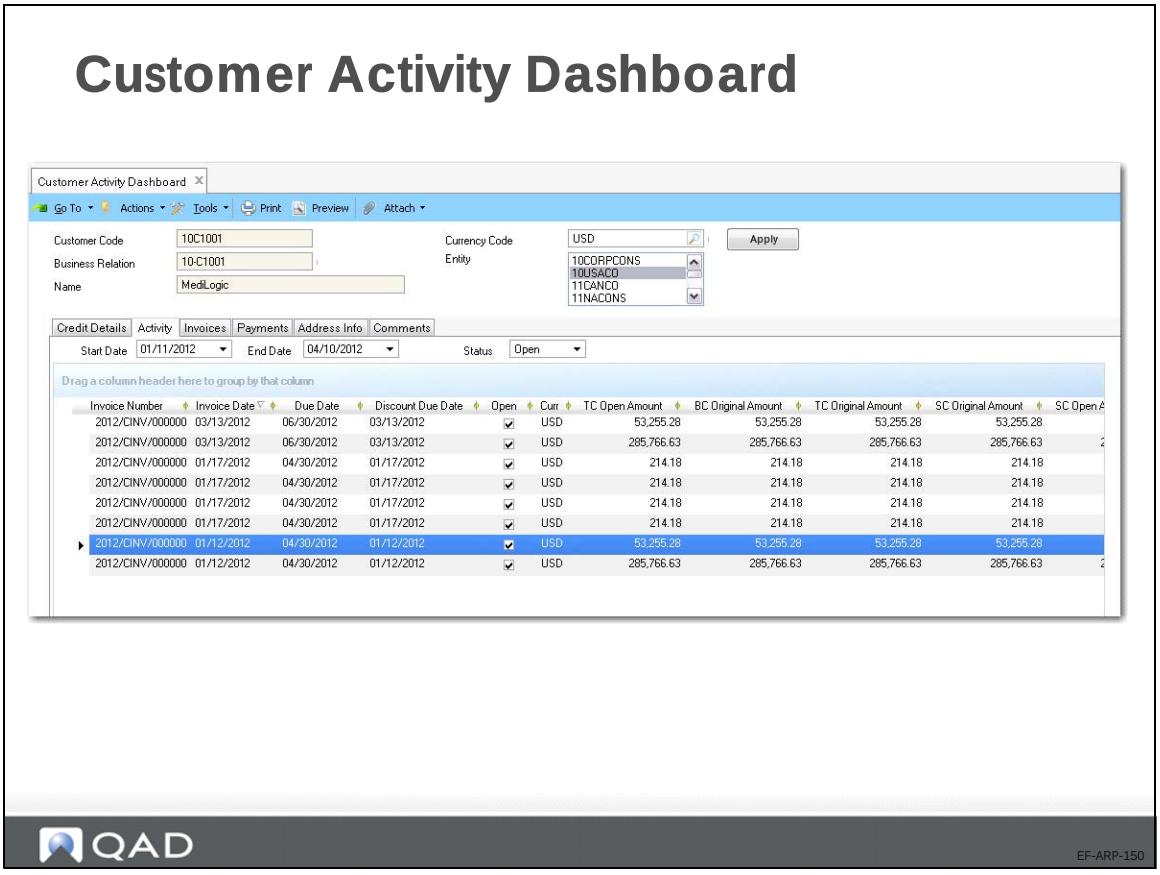
Views and Reports



The views and reports most often used in AR management are:

- Customer Activity Dashboard (27.18.1)
- Customer Aging Analysis (27.17.6, 7, 8, and 9)
- Customer Statement of Account (27.17.19)
- Customer Reminder Overview (27.17.11)

Customer Activity Dashboard



The Customer Activity Dashboard offers a comprehensive overview of all activity related to a single customer, in a single entity or over multiple entities. The drill-down generates read-only credit information that includes the following areas:

- Sales order and open item balances
- Total current liability
- Individual drill-downs on invoices and credit notes

You can display credit information for a customer with reference to one or multiple entities in the domain, and see the balance for the selected entities and all entities.

Customer Activity Dashboard Key Features

- Provides a comprehensive overview of all customer activity
- View information for a single entity or for multiple entities
- Displays credit information
- Includes invoices and associated payments
- Includes grid features to group and sort information

QAD

EF-ARP-155

Customer Aging Analysis Current Report

Customer Aging Analysis Current Report

QAD

Customer Aging Analysis Current

USA DIVISION
Page 5 /15

Curr	Daybook	Voucher	Invoice Date	Due Date	R	Open Amount (TC)	Open Amount (BC)	Within Terms	1 Months Overdue	2 Months Overdue	3 Months Overdue	4+ Months Overdue
11C1000 Cryocath Technologies Inc. 16771 Ch Ste-Marie H9J 0A7, Kirkland, QC CANADA				Phone: 73 888-3453 Fax: 73 888-2342 Contact: Tim Gunners					Fixed Credit Limit: 100,000,000.00 Percentage of Turnover: 0.00 Credit on Turnover: 0.00			
							320,112.30	320,112.30	0.00	0.00	0.00	0.00
Canadian Dollar (CAD)						323,313.42	320,112.30	320,112.30	0.00	0.00	0.00	0.00
Document type: INVOICE						323,313.42	320,112.30	320,112.30	0.00	0.00	0.00	0.00
CAD	CINV	000000083	03/13/2012	04/12/2012	0	51,803.34	51,290.44	51,290.44	0.00	0.00	0.00	0.00
CAD	CINV	000000084	03/13/2012	04/12/2012	0	271,510.08	268,821.86	268,821.86	0.00	0.00	0.00	0.00

QAD

EF-ARP-158

Customer Aging Analysis Key Features

- Offset periods in days or months
- Run report for a specific date or at end of a specific period
- Aging analysis data grouped by
  - Sub-account
  - Sales account
  - GL profile
  - Project

QAD

EF-ARP-160

The Customer Aging Analysis Current report (27.17.6) lists all current outstanding open items such as invoices, credit notes, and prepayments. The report output is divided between items that are not yet due and those that are past due (1 month, 2 months, 3 months, and more than 4 months).

This report calculates aging for all due customer open items by the number of periods overdue at the specified date. All payments up to the day the report is generated are included.

Customer Aging Analysis Key Features

- Current or historical
- Detail level
  - Customer Totals Only
  - Full Details
  - Transactions Summary by Customer

QAD

EF-ARP-165

Customer Statement of Account Report

Customer Statement of Account Report

QMI -USA Division
30 Ridgedale Avenue
East Hanover, NJ, 07950
USA - TAX PURPOSE

Phone: 201-233-546
Fax: 201-233-9987

Date: 4/10/2012

Houston Automotive Group
801 Louisiana, Suite 700
Houston, TX, 77002
USA - TAX PURPOSE

Dear Sir or Madam,

Your account now shows the following list of open items. If there are any discrepancies please inform us.

Yours faithfully

Eleanor Shields
General Manager
201-233-546

Overdue	Voucher	Invoice Type	Creation Date	Due Date	Invoice Amt	Open Balance
No	2012/CINV/000000072	Invoices	03/13/2012	04/12/2012	1,487,388.25	1,487,388.25
No	2012/CINV/000000073	Invoices	03/13/2012	04/12/2012	293,135.73	293,135.73
No	2012/CINV/000000079	Invoices	03/13/2012	04/12/2012	8,756.37	8,756.37
No	2012/CIHO/000000007	Invoices	03/31/2012	04/30/2012	5,000.00	5,000.00
Open Amount by Currency(Deductions Excluded) : USD					1,794,280.35	1,794,280.35

EF-ARP-168

Customer Statement of Account Key Features

- Enabled using the Customer record Print Statement field
- Use the statement cycle to print statements in batch
- Print for one or more entities in a domain
- As of Date criterion equals past effective date for report

QAD

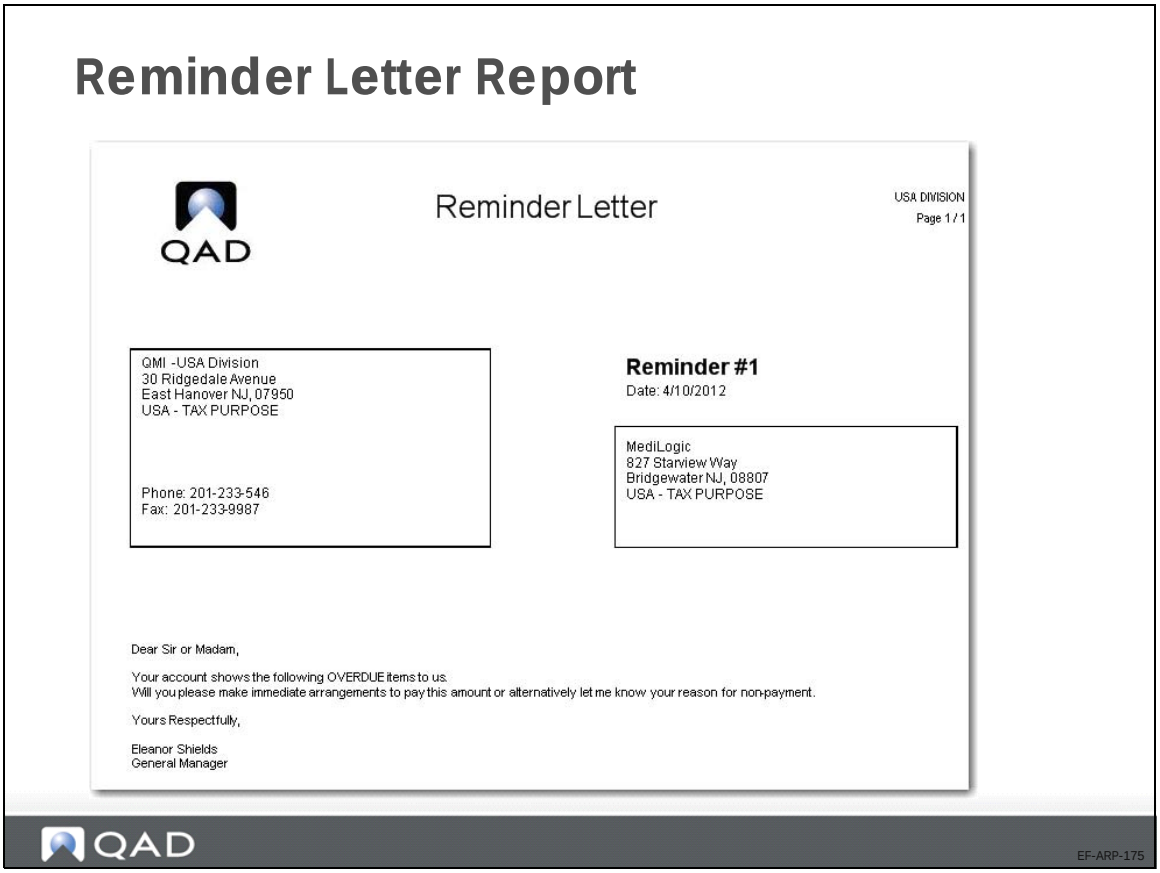
EF-ARP-170

The Customer Statement of Account report lists open items as of a certain date (the default is the system date) in all selected entities, grouped by currency and open item type, including subtotals. The report lists the open item due date and indicates if the open item is overdue.

One report is generated for each customer. The report only includes customers for which the Print Statement option is selected in the Customer record and who also meet the other report selection criteria.

You can specify a statement cycle in the selection criteria to include only customers with that cycle. The statement cycle is also defined in the Customer record.

Reminder Letter Report



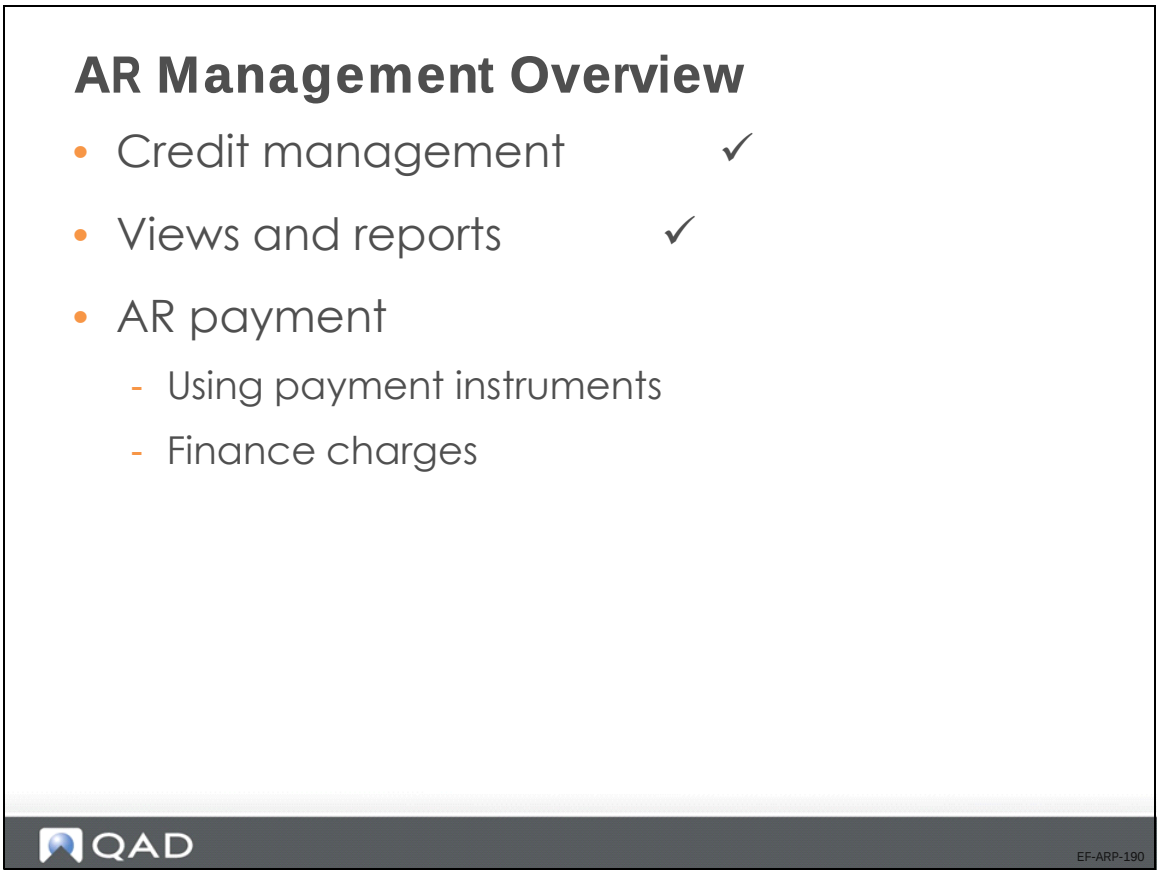
Customer Reminder Letter Features

- Enabled using the Customer record Print Reminder field
- Print for one or more entities
- Four reminder levels (0-3)
  - Levels 0-2 generate different letters
  - Levels 2 and 3 generate the same letter
- Report text depends on reminder level
- Customer Reminder Overview report
  - Print details for all customers

QAD EF-ARP-180

Use the Reminder functionality (27.17.10) to generate letters to send to selected customers regarding their open invoices. The address details of the headoffice address of the business relation associated with the specified Header Entity are printed at the top of the letter.

Customer Reminder Overview (27.17.11) provides a list for the credit management department to use for follow-up on open invoices with a reminder level greater than 0 (zero). Open credit notes and prepayments are always included. The report lists the reminder level, reminder date, due dates, and original and current balance for each selected customer open item. The customer contact details are derived from the primary contact defined for the Reminder address of the business relation associated with the customer.



The final AR Management topic you will learn is customer payments, including payment instruments and finance charges.

AR Payments

AR Management: AR Payments

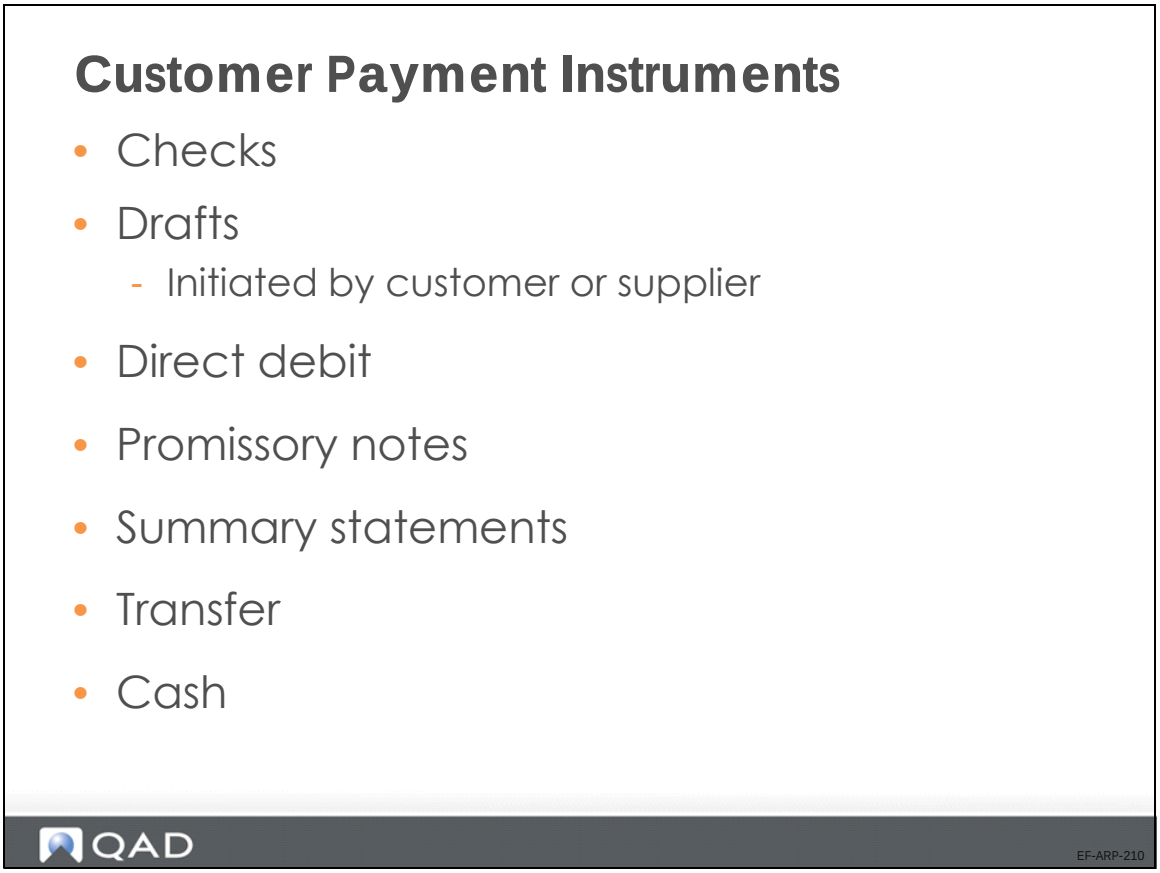
- Banking entry
- Payment instrument without a Payment-in-Process (PIP) account
  - Posted directly to GL
- Payment instrument with PIP account
  - Use payment status to control GL posting

QAD EF-ARP-200

The system provides three ways in which you can settle AR payments.

- You can create a banking entry and associate it with the invoice. In this case, no payment instrument is specified.
- You can use a payment instrument without a PIP account. In this case, a payment is assigned a status of Paid and is posted directly to the bank GL account.
- You can use a payment instrument with a PIP account with a payment status of For Collection. In this case, you can either:
  - Change the payment status to Paid and post to the bank GL account.
  - Use a Banking Entry to allocate to the payment.

Customer Payment Instruments



The system offers a number of predefined types of customer payment instruments, as listed above. You will now review process flows for some of these payment instruments.

Customer Payment Status Codes

Customer Payment Status Codes

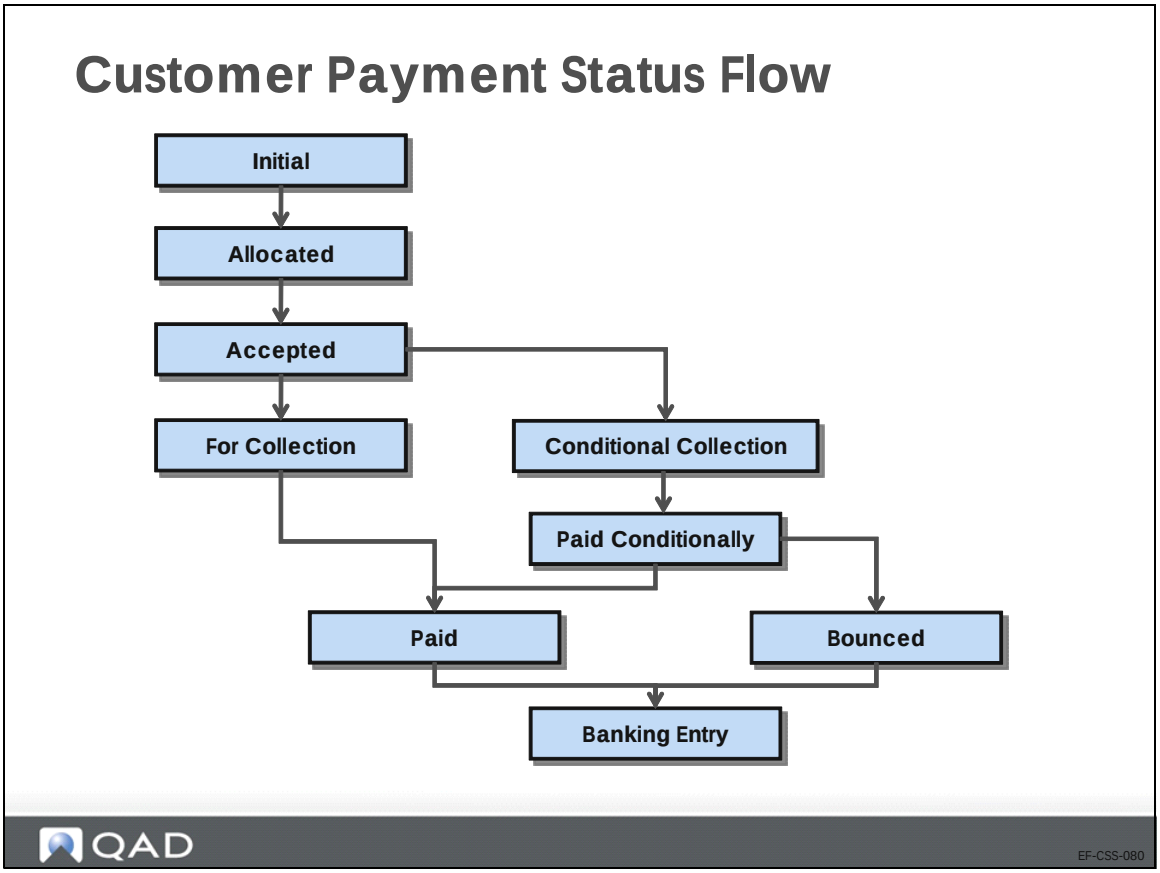
- For each payment instrument and bank account
- PIP account associated with each status except Initial
- Associated with a payment daybook
- Can change payment statuses in batch
- Recommended statuses to create:
  - Initial
  - For Collection
  - Paid

QAD

EF-CSS-070

Payments are associated with status codes, which are used to manage the payment process through final collection and updating of accounts. You process a payment by changing the payment status from one status to the next in the sequence that meets your business requirements.

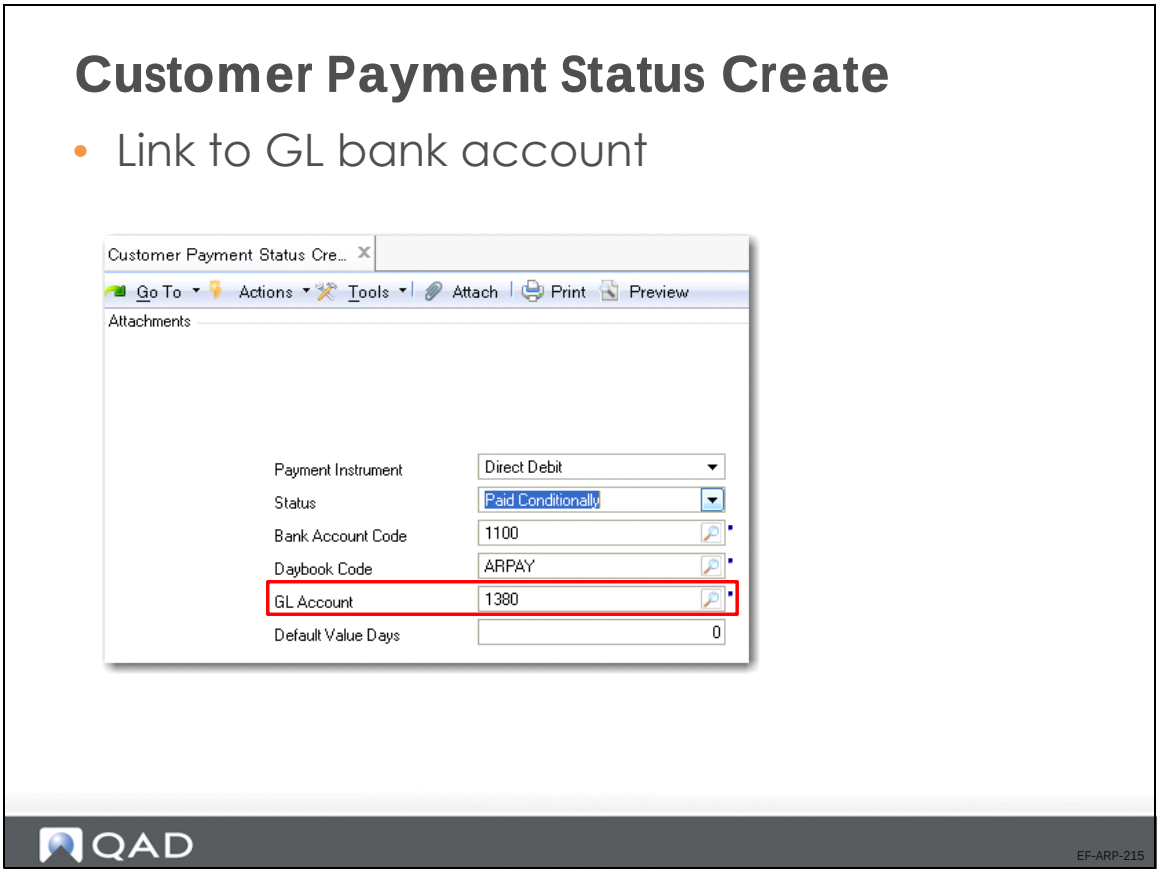
Customer Payment Status Flow



It is not mandatory to process a payment through all of the states listed in the slide.

Some European and South American companies use the interim payment statuses (such as Allocated and Accepted) and customer and supplier payment accounts to log the progress of the payment. US organizations, however, generally do not require interim states, and often use the Initial, For Collection, and Paid statuses only.

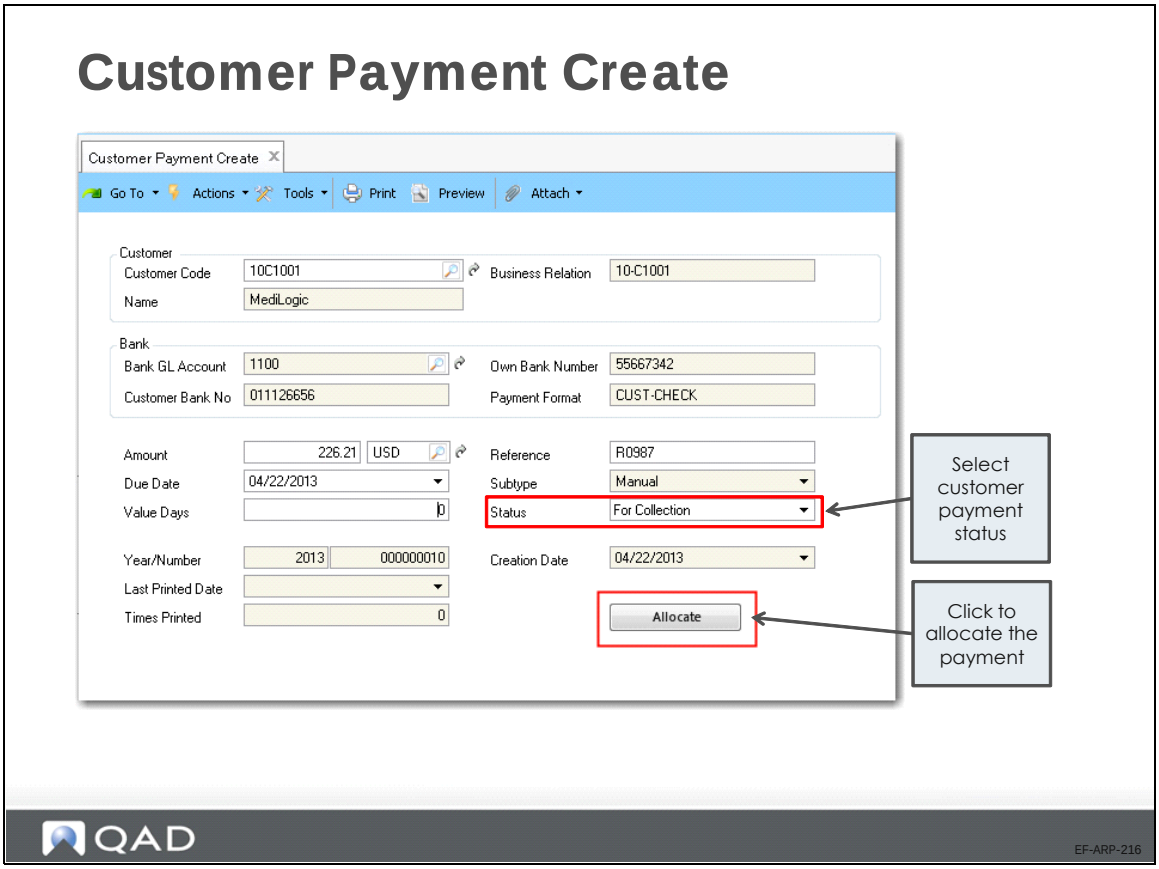
Customer Payment Status Create



Use the Customer Payment Status activities (27.6.2) to create, modify, view, and delete payment statuses. The payment status is the transition state through which you process the customer payment.

For each of the different payment statuses, you can define a specific GL account that represents the status.

Customer Payment Create



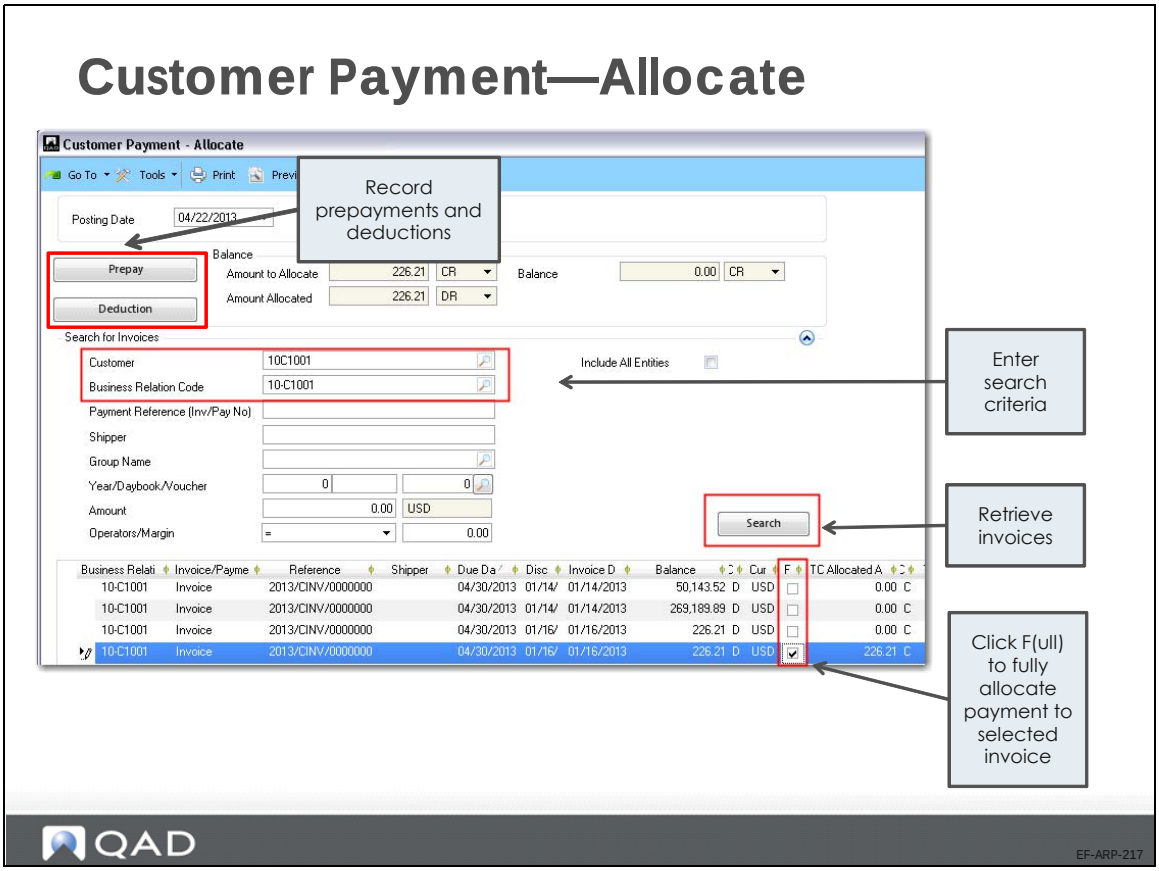
Use Customer Payment Create (27.6.4.1) to create customer payments.

Link the customer payment to an existing open item through allocation, create a prepayment, or create a deduction. You can allocate items to a customer payment immediately by clicking Allocate or modify an initial payment to enable allocation at a later stage.

The following rules apply to customer payments:

- When you create a payment with a status other than Initial and do not link it to an open item, the system automatically creates a prepayment open item (CR) for the customer.
- You can adjust the prepayment and the invoice paid later using Open Item Adjustment Create.
- When you change a customer payment status to Bounced or Initial, open items are unlinked and reopened.

Customer Payment—Allocate



This screen displays when you click Allocate to retrieve open items for this customer to which you can allocate the customer payment.

Searching for Invoices

Use the search criteria fields to select open items for allocation to the customer payment. You can simply search for all open items for this customer, or specific invoices or invoice amounts.

You can also allocate to open items for any customer in the system. The system retrieves the customer name and business relation details into the Allocation screen from the payment screen as defaults. Delete these details and click Apply to search for all open items for all customers.

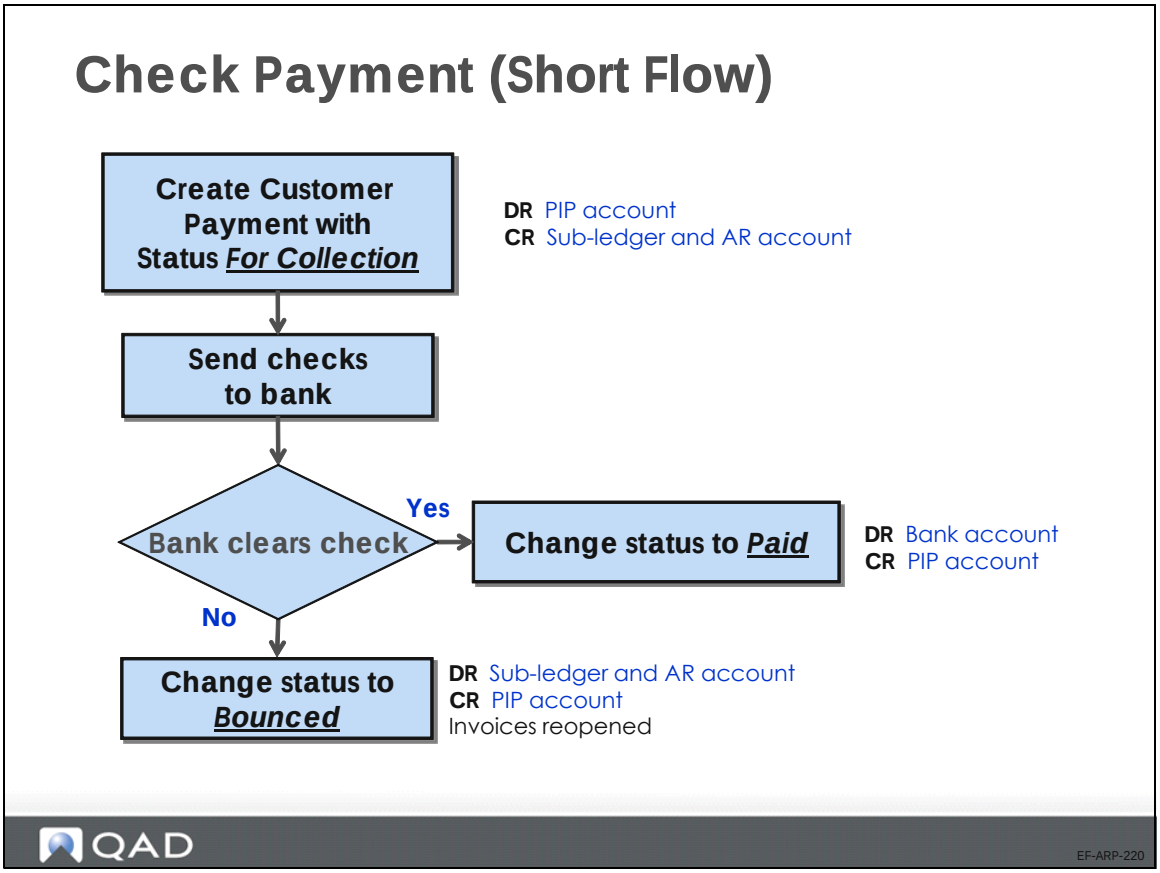
Creating a Deduction

You can record a deduction if a customer pays less than the amount owed. Deductions and how to record them are described in detail in “Deductions” on page 237.

Creating a Prepayment

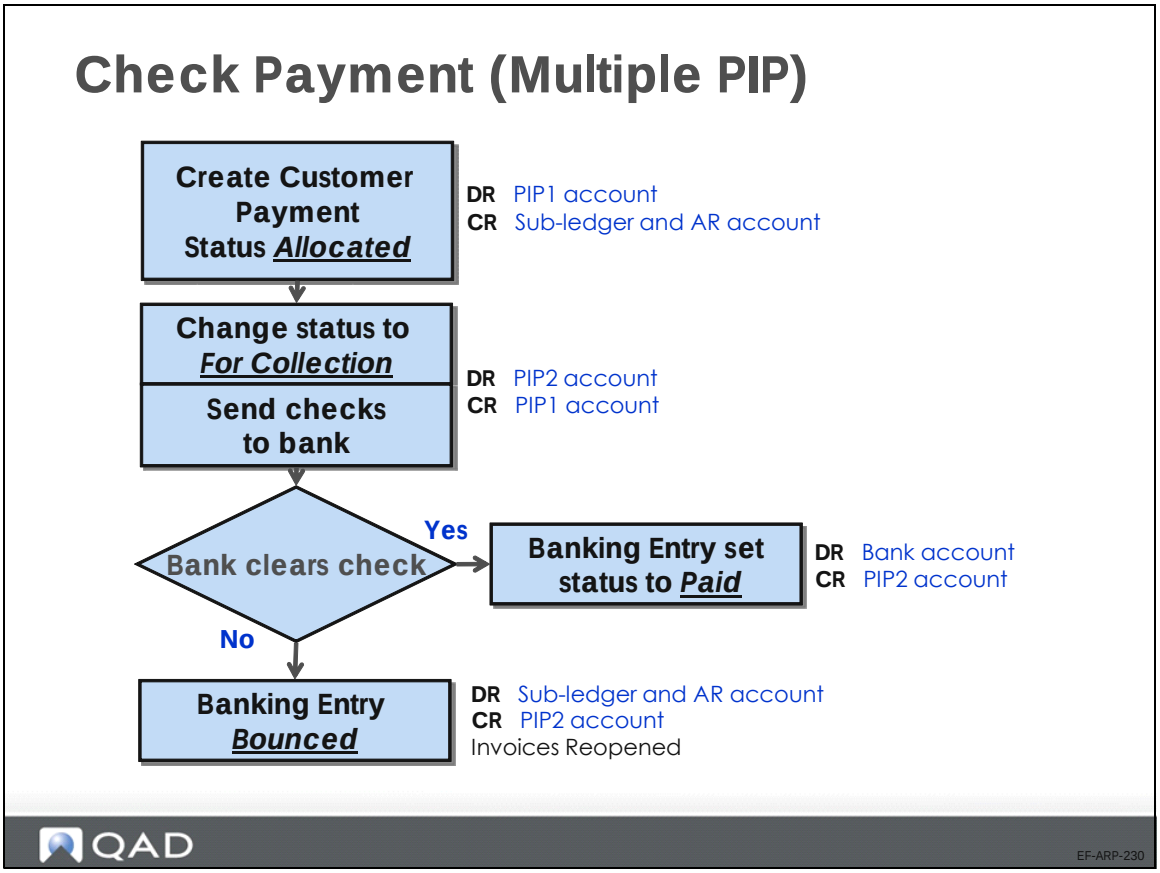
At this stage of the payment process, you can create a new prepayment instead of allocating the payment amount by clicking Prepay. Do this when you have received a payment and do not know which invoice it is related to or receive payments before invoices are sent.

Check Payment (Short Flow)



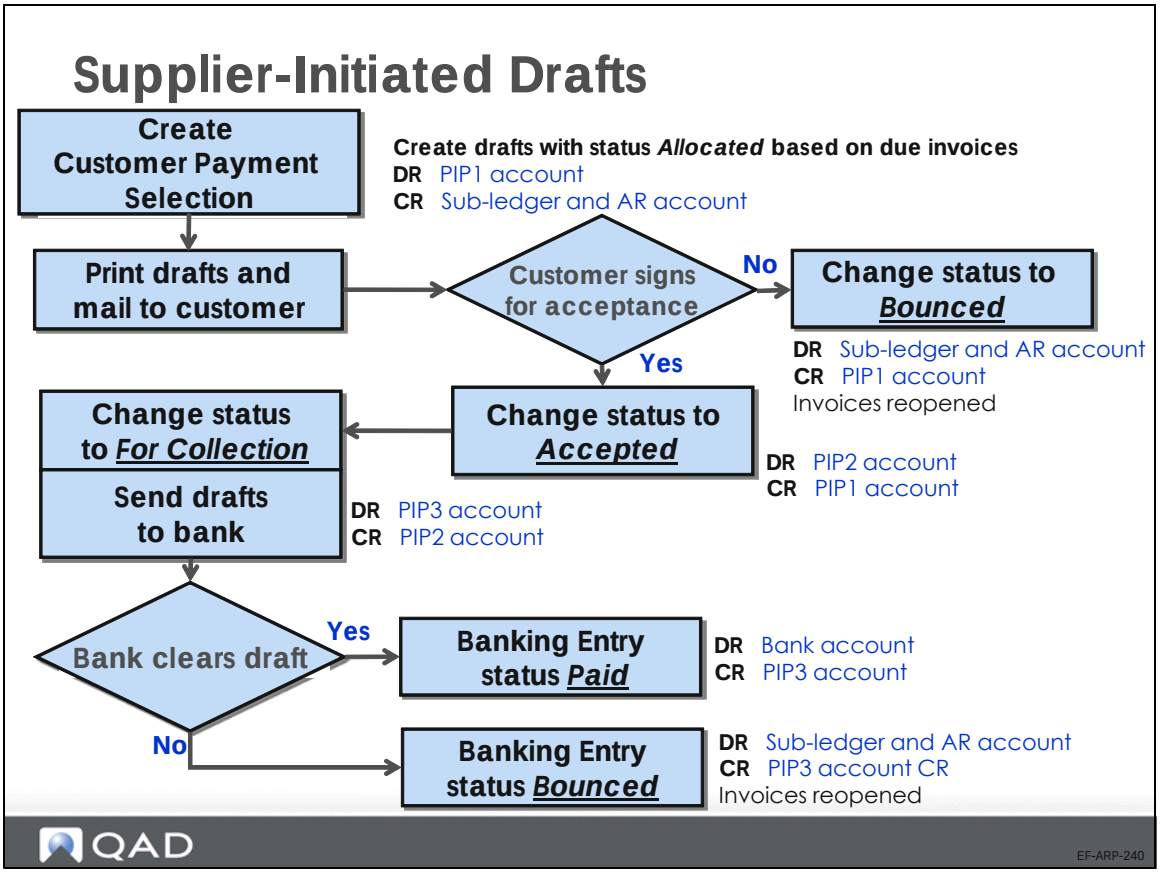
When a customer check for a payment is recorded in the system, the payment status is set to Paid. The check is directly posted against the bank GL account and does not reference the PIP account.

Check Payment (Multiple PIP)



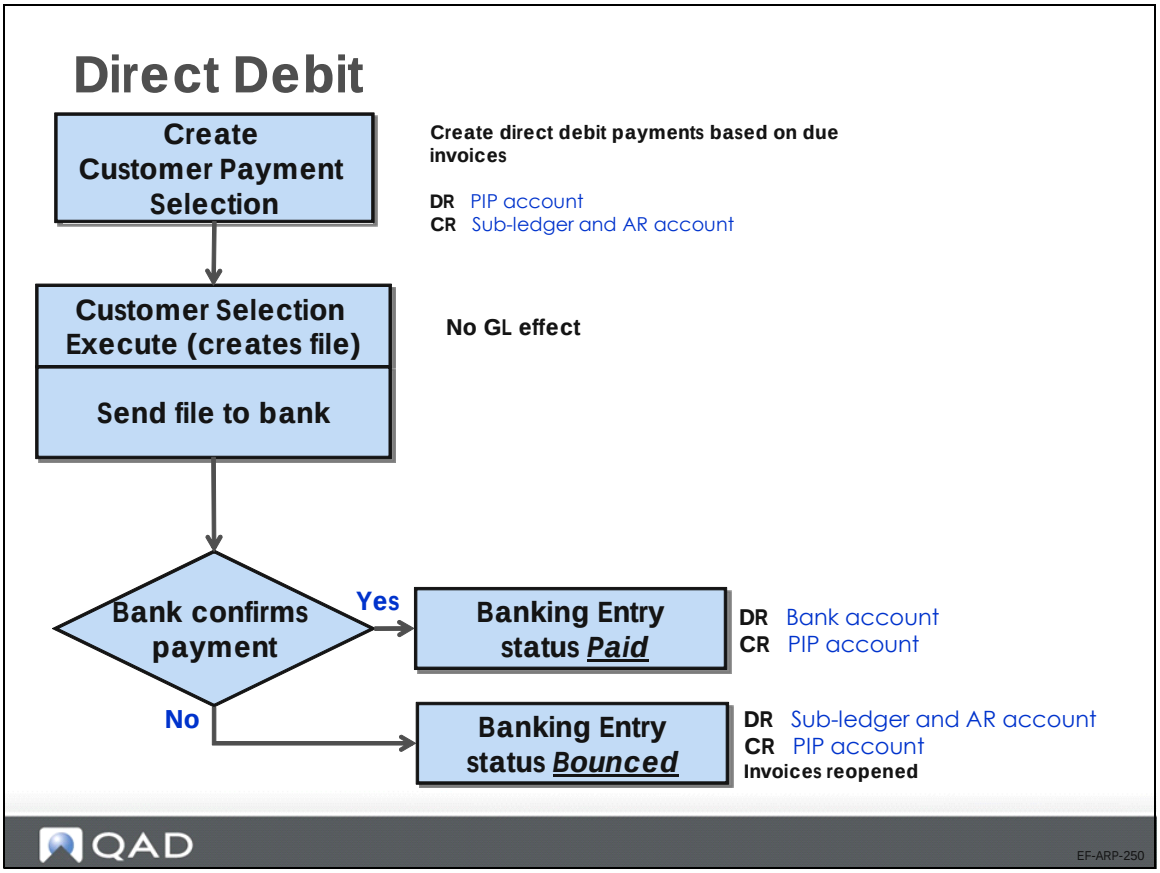
A PIP account is used to allow more efficient follow up and bank reconciliation.

Supplier-Initiated Drafts



The draft or bill of exchange is a negotiable security signed and dated by its issuer (in this case, you—the supplier). It contains an unconditional order or instruction for the customer, who draws upon it to pay a fixed amount on the agreed due date. The customer accepts the draft by signing it. Once signed, the draft is considered a collection instrument. Its form, content, and legal consequences are governed by law.

Direct Debit



Direct debit is an agreement between you, the customer, and the customer's bank that regular amounts are to be debited from the customer's account to settle open items. Direct debits can be in paper or electronic form. Direct debits are automatic payments, and can use the electronic payment formats.

Other Payment Instruments

Other Payment Instruments

- Drafts initiated by customer
  - Similar to checks
- Promissory notes, summary statements
  - Similar to checks
- Cash and transfer
  - Processed directly in Banking Entry, Petty Cash

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EF-ARP-260

Other payment instruments, such as customer-initiated checks, promissory notes, and summary statements, follow the same flow as customer checks.

AR Management

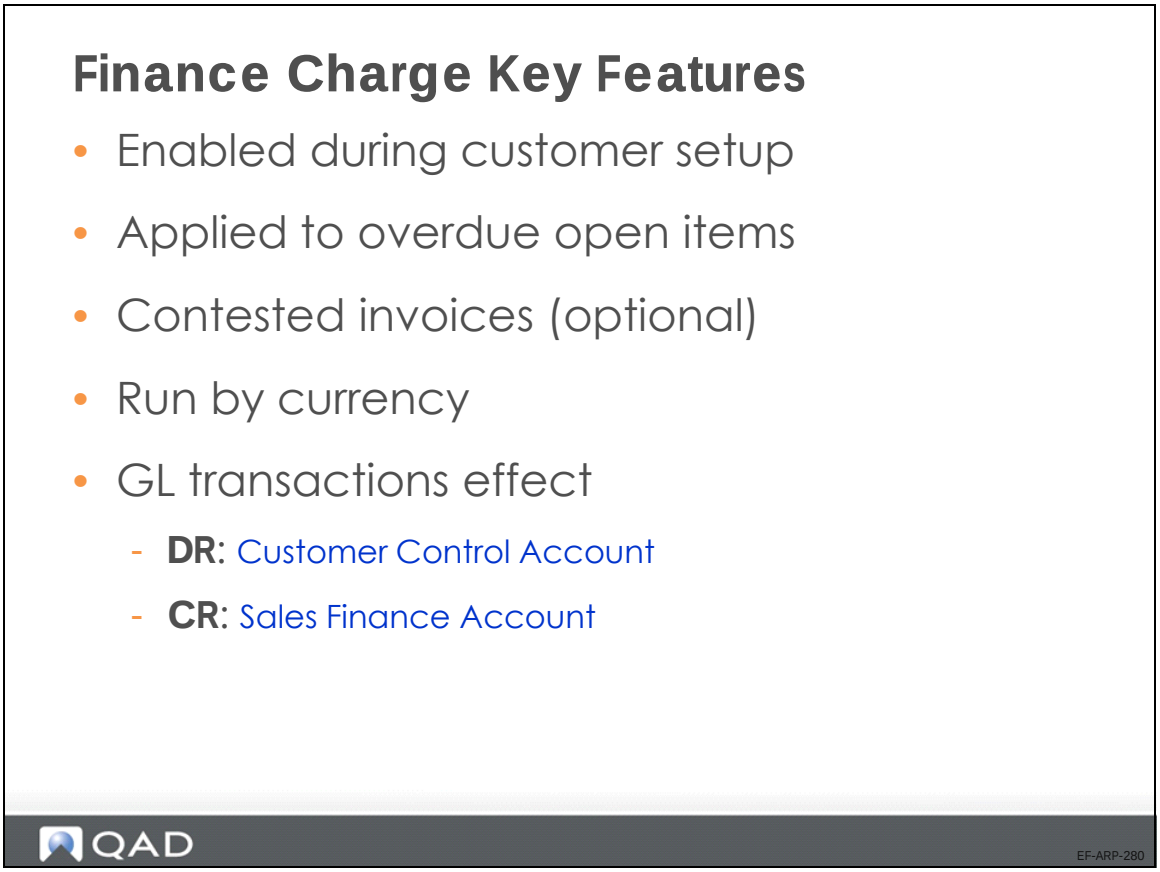
- Credit management ✓
- Views and reports ✓
- AR payments
  - Using payment instruments ✓
  - Finance charges

QAD

EF-ARP-270

Customer invoices that are not paid on the due date can be subject to finance charges. You will now learn about the finance charges functionality.

Finance Charge Key Features



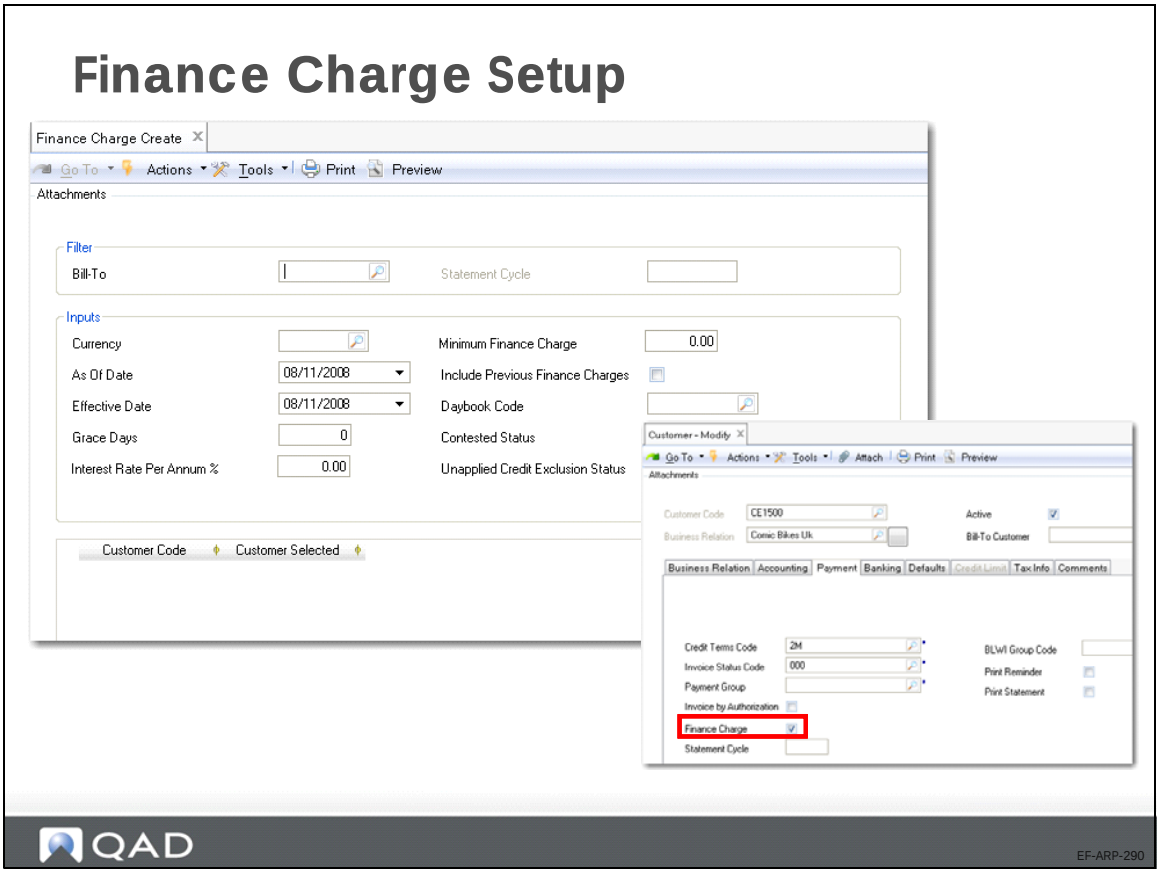
The Finance Charge functionality is optional. You can enable the Finance Charge functionality during customer setup by selecting the Finance Charge and Statement Cycle fields on the Payment tab of the customer record.

Finance charges are applied to overdue open items (such as invoices, adjustments, or previous finance charges). You can exclude contested invoices from finance charge selection, based on the invoice status code.

The Finance Charge invoice postings are as follows:

- DR: Customer Control Account
- CR: Sales Finance Account (from the finance charge profile in the Accounting tab of the customer record)

Finance Charge Setup



Use Finance Charge Create (27.5.1) to create charges that apply to overdue customer open item amounts. You normally run finance charge calculations on a monthly basis, before issuing customer statements.

The system only calculates finance charges for customers for which the Finance Charge field is selected on the Payment tab in the customer record. You can also define the statement cycle for the customer using the Statement Cycle field and select overdue items by statement cycle.

US Exercise: AR Payment

Log in to entity 10USACO.

When not specified in the exercise, use the following data when needed:

- Sub-account: Gserv
- Cost Center: Adm
- SAF structure and SAF: choose any from the lookup list.

1. Use Payment Format Maintenance (25.11.1) to create a new payment format.
   a. Right-click in the grid and choose Insert a New Row.
   b. Specify the following values for the row:

Field	Value
Format Name	US-CUST_CH
Description	Customer Checks US
Module	Accounts Receivable
Payment Type	Both
Payment Instrument	Check
Active	Yes

   c. Save your changes.

2. Use GL Account Create (25.3.13.1) to create a new bank GL account.

Field	Value
GL Account	1105
Description	US Bank
GL Type	Bank Account
Category	Asset
Posting Tab	
Auto/Manual	Manual
Currency Tab	
Currency Code	USD
Banking Tab	
Entity Code	10USACO
Default	Yes
Bank Format	XX
Own Bank Number	11223344
Bank Daybook Profile	BEUSD
Deduction Daybook Profile	DedDaybookProfile

Field	Value
AP Discount Account	5700
AR Discount Account	4220

3 Use Bank Payment Format Link (25.11.2) to link the newly created payment format US-CUST_CH to the current bank account (11223344).

4 Use Customer Modify (27.20.1.2) to add the combination of the payment format US-CUST_CH and the current own bank account to the Banking tab of customer 10C1003, Pacific Health Care Systems.

Field	Value
Default	Yes
Bank Format	XX
Customer Bank Number	NA
Own Bank Account Number	11223344
Payment Format	US-CUST_CH

Note Before you save, ensure that only one bank number is marked as default for the entity 10USACO.

5 Use Customer Payment Status Create (27.6.2.1) to set up payment statuses for checks:

Status 1

Field	Value
Payment Instrument	Check
Status	Initial
Bank Account Code	1105
Daybook Code	<blank>
GL Account	<blank>

Status 2

Field	Value
Payment Instrument	Check
Status	For Collection
Bank Account Code	1105
Daybook Code	ARPAY
GL Account	1380

Status 3

Field	Value
Payment Instrument	Check
Status	Paid
Bank Account Code	1105
Daybook Code	ARPAY
GL Account	1380

6 Use Customer Invoice Create (27.1.1.1) to create a customer invoice for customer 10C1003, Pacific Health Care Systems.

Field	Value
Description	Misc. Items
Daybook Code	CIM
TC Invoice Amount	1500
Currency	USD
Invoice Status Code	C-OK
Taxable	No

7 Use Customer Payment Create (27.6.4.1) to record the check payment of 1500 USD for customer 10C1003.

Field	Value
Customer Code	10C1003
Amount	1500
Currency	USD
Reference	CH001
Status	For Collection

a Click the Allocate button.

b Use the fields and Search button to locate the customer invoice created in step (6).

c Allocate the payment to the invoice by selecting the Full field for the invoice line in the grid.

d Click OK.

e Save the payment.

8 Use Customer Payment View (27.6.4.3) to view the customer payment.

9 Use Customer Activity Dashboard (27.18.1) to view both the customer invoice and the customer payment.

10 Use Customer Payment Mass Change (27.6.4.5) to change the status of the check from For Collection to Paid.

Field	Value
Creation Date	Enter the invoice posting date.
Customer Code	10C1003

a After entering your customer number, click Add. All payments for this customer display in the grid.

b Select your payment in the grid by clicking the Select field on the left of the grid row.

c In the fields under the grid, select the Change Status field and choose Paid in the New Status for Selected Rows field.

d Click Apply to apply the new status.

e Click Save.

11 Use Journal Entry View (25.13.1.3) to review the postings generated in the ARPAY daybook.

EMEA Exercise: AR Payment

Log in to entity 22UKCO.

When not specified in the exercise, use the following data when needed:

- Sub-account: Gserv
- Cost Center: Adm
- SAF structure and SAF: choose any from the lookup list.

1 Use Payment Format Maintenance (25.11.1) to create a new payment format.

   a Right-click in the grid and choose Insert a New Row.

   b Specify the following values for the row:

Field	Value
Format Name	UK-CUST_CH
Description	Customer Checks UK
Module	Accounts Receivable
Payment Type	Both
Payment Instrument	Check
Active	Yes

   c Save your changes.

2 Use Bank Payment Format Link (25.11.2) to link the newly-created payment format UK-CUST_CH to the current bank account (UK5564999).

3 Use Customer Modify (27.20.1.2) to add the combination of the payment format UK-CUST_CH and the current own bank account to the Banking tab for customer 22C1000, Auto-Plas International.

Field	Value
Default	Yes
Bank Format	XX
Bank Account Number	NA
Own Bank Account Number	UK5564999
Payment Format	UK-CUST_CH

4 In Customer Payment Status View (27.6.2.3), verify if the following payment statuses for checks exist. If not, create the statuses using Customer Payment Status Create (27.6.2.1).

Status 1

Field	Value
Payment Instrument	Check
Status	Initial
Bank Account Code	1120
Daybook Code	<blank>
GL Account	<blank>

Status 2

Field	Value
Payment Instrument	Check
Status	For Collection
Bank Account Code	1120
Daybook Code	ARPAY
GL Account	1380

Status 3

Field	Value
Payment Instrument	Check
Status	Paid
Bank Account Code	1120
Daybook Code	ARPAY
GL Account	1380

5 Use Customer Invoice Create (27.1.1.1) to create a customer invoice for customer 22C1000.

Field	Value
Description	Misc. items
Daybook Code	CIM
TC Invoice Amount	1500
Currency	GBP
Invoice Status Code	C-OK
Taxable	No

6 Use Customer Payment Create (27.6.4.1) to record the check payment of 1500 GBP for customer 22C1000.

Field	Value
Customer Code	22C1000
Amount	1500
Currency	GBP
Reference	CH001
Status	For Collection

a Click the Allocate button.

b Use the fields and Search button to locate the customer invoice created in step (5).

c Allocate the payment to the invoice by selecting the Full field for the invoice line in the grid.

d Click OK.

e Save the payment.

7 Use Customer Payment View (27.6.4.3) to view the customer payment.

8 Use Customer Activity Dashboard (27.18.1) to view both the customer invoice and the customer payment.

9 Use Customer Payment Mass Change (27.6.4.5) to change the status of the check from For Collection to Paid.

Field	Value
Creation Date	Enter the invoice posting date.
Customer Code	22C1000

a After entering your customer number, click Add. All payments for this customer display in the grid.

b Select your payment in the grid by clicking the Select field on the left of the grid row.

c In the fields under the grid, select the Change Status field and choose Paid in the New Status for Selected Rows field.

d Click Apply to apply the new status.

e Click Save.

10 Use Journal Entry View (25.13.1.3) to review the postings generated in the ARPAY daybook.

Chapter 8

Deductions

Overview

Overview

- Business requirement
- Business process
- Deduction setup
- Creating deductions
- Reviewing deductions
- Deductions in reports and views
- Hands-on exercise

QAD

EF-DED-020

Business Requirement

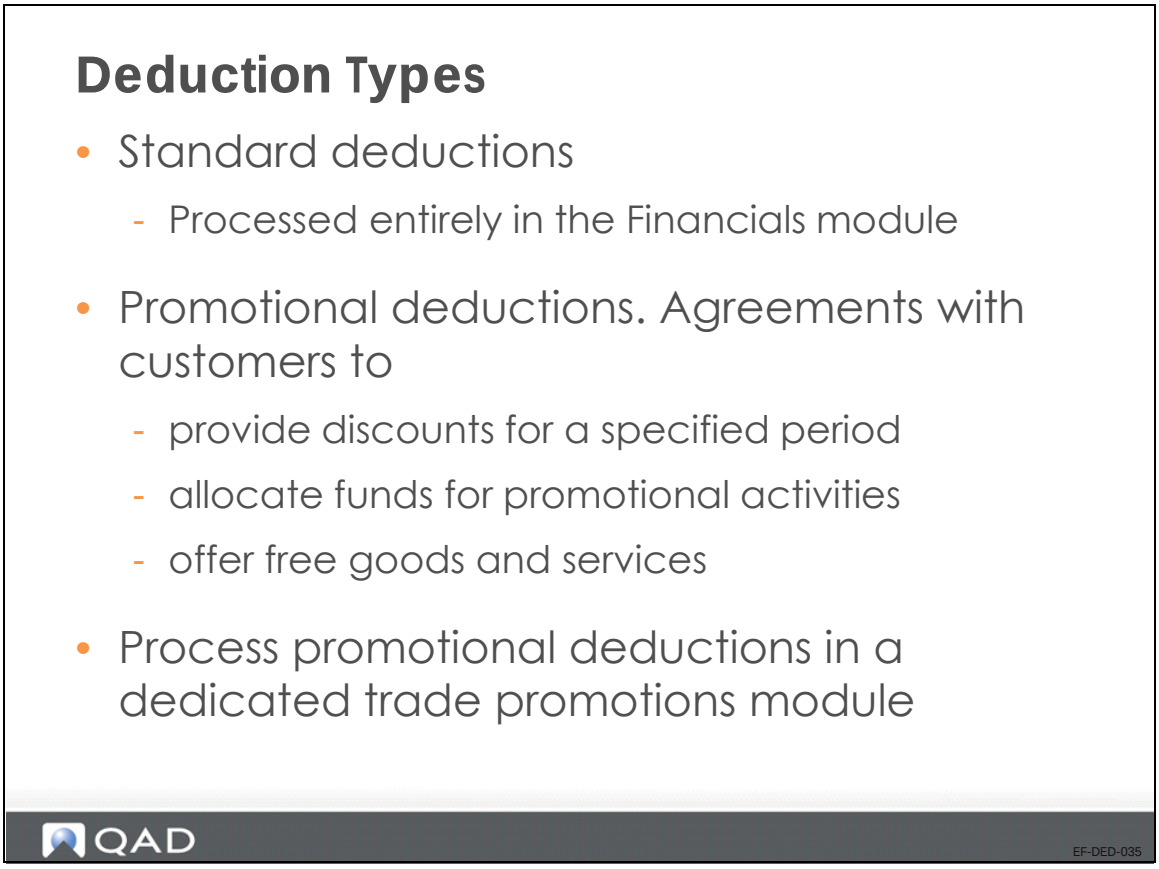
Business Requirement

- Record deductions when a customer pays less than amount owed
- Reasons can include
  - Rounding differences
  - Quality issues
  - Improper packaging
  - Spoiled goods
  - Perceived entitlements based on commercial agreements

QAD EF-DED-030

Deductions, sometimes referred to as short pays, occur when a customer pays less than the amount owed. Reasons for deductions include rounding differences, reductions due to quality issues, perceived entitlements based on commercial agreements, damaged goods, spoilage, improper packaging or labeling, or any other reason for which a customer pays less.

Deduction Types

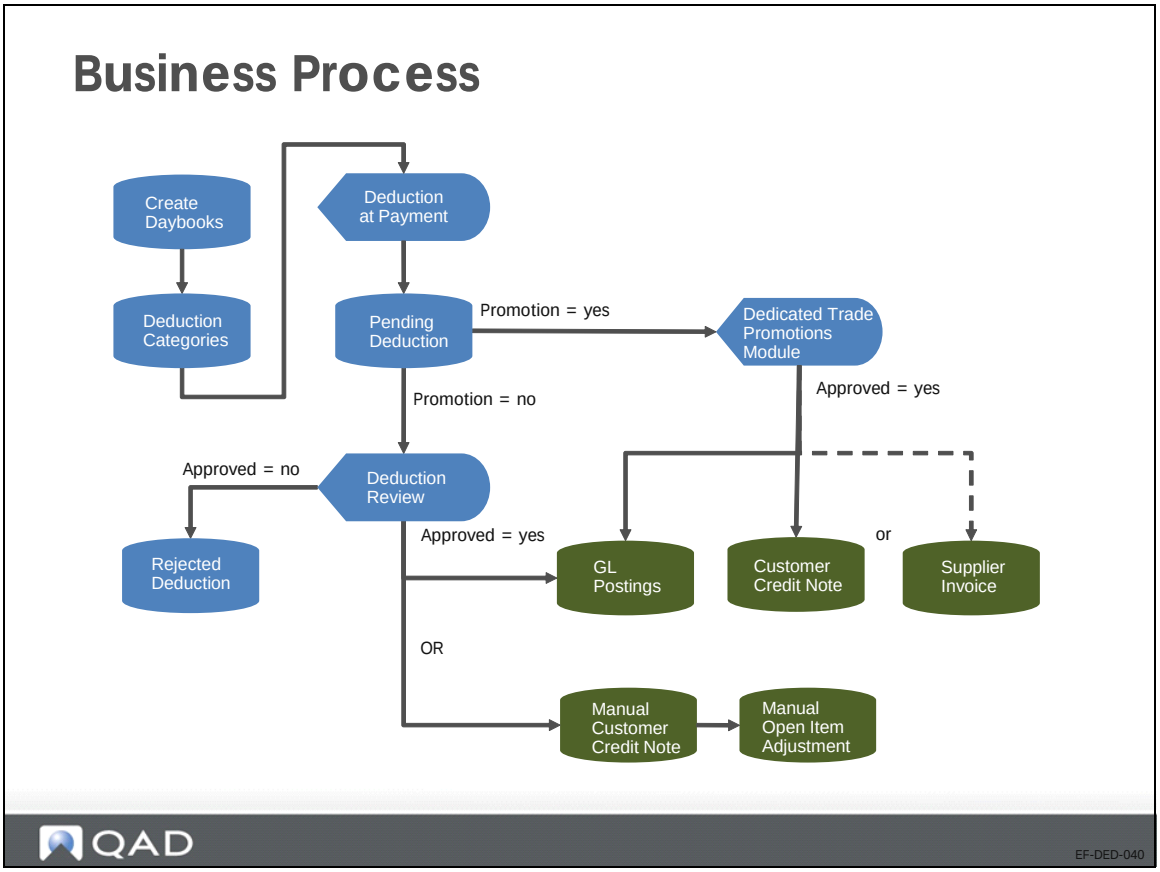


You can record two types of deductions in Financials:

- Standard deductions
- Promotional deductions.

Standard deductions are processed entirely in the Financials module. However, it is recommended that you do not process deductions relating to promotions and claims in Financials, but in a dedicated trade promotion management module. Promotions are agreements with customers to provide discounts for a specified period, and to allocate funds for promotional activities or to offer free goods and services.

Business Process



Before you begin processing deductions, you must perform some setup steps, which include creating daybooks and defining deduction categories.

When you have completed the initial setup, you can record deductions in:

- Customer Payment Create
- Banking Entry Create
- Petty Cash Create

You can then review deductions in Deduction Review.

Deduction Setup

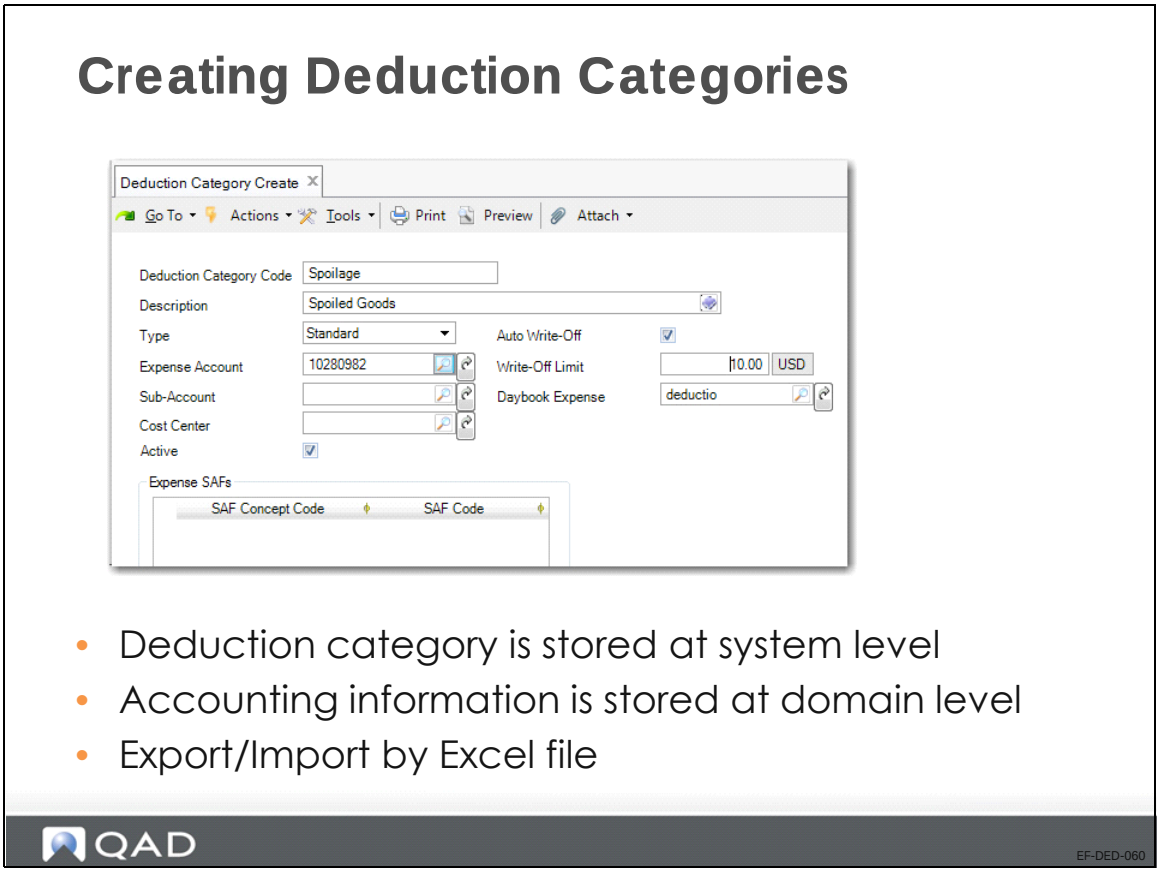
Deduction Setup

- Create deduction categories
- Create deduction profiles
  - Customer account profile for deductions
  - Daybook profile for deductions
- Assign profiles
  - Assign account profile to customers
  - Assign daybook profile to bank accounts
- Create daybook
  - Type: Customer Deduction

QAD

EF-DED-050

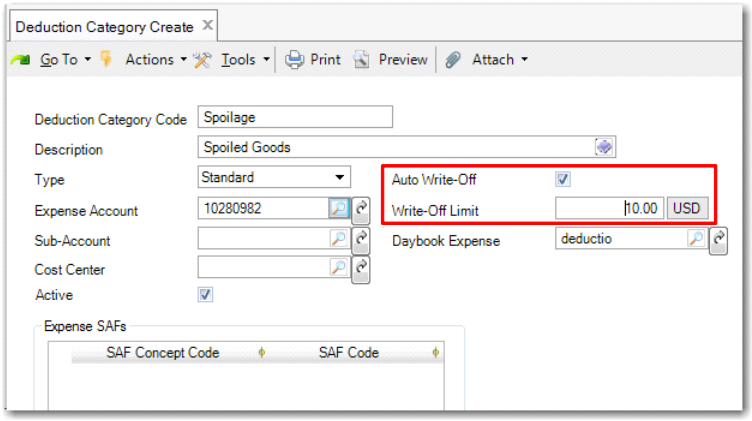
Creating Deduction Categories



Use Deduction Category Create (27.6.16.1) to create deduction categories that enable you to assign characteristics to a deduction. The category designates the type of deduction, the expense account to which the deduction is posted when approved, and whether you can write off low-value amounts without review and approval.

Deduction categories are partially stored at system level and partially stored at domain level. The deduction code, the description, and the deduction type are stored at system level. The values for the other fields are stored in the current domain. Therefore, if you reuse a category in another domain, specify the expense account, COA analysis elements, and daybooks that are relevant to that domain.

Deduction Category Auto Write-Off Settings



- Auto Write and Write-Off Limit fields
- Indicate if you can write off low-value amounts without review and approval

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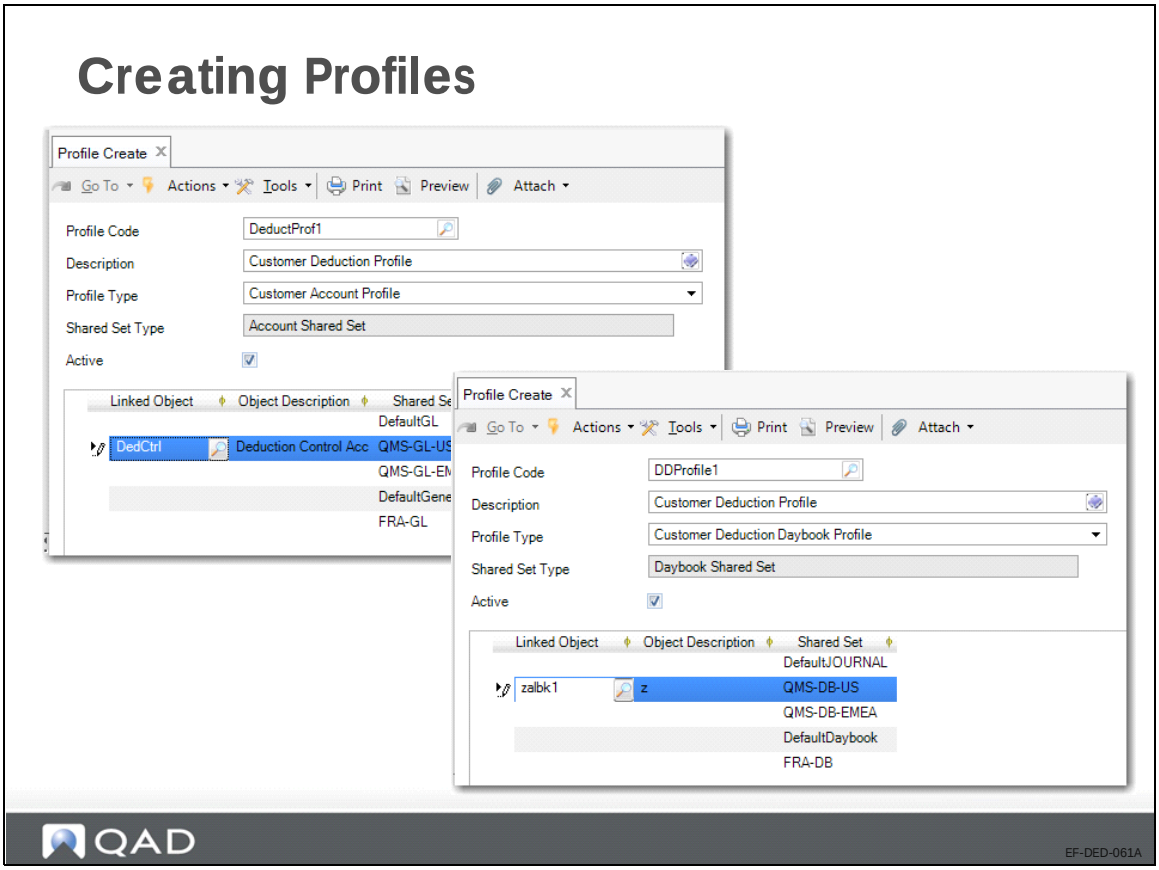
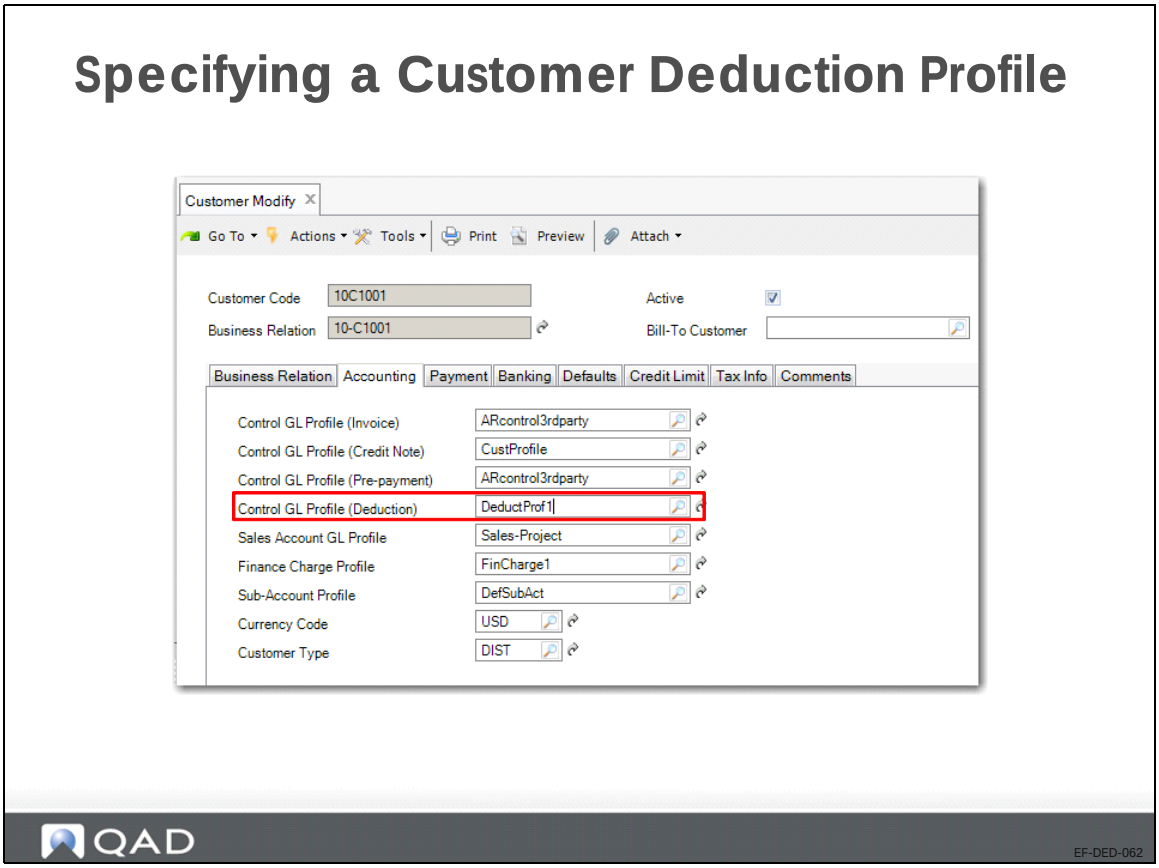
If the deduction category allows automatic write-offs, the system automatically writes off any standard deduction within the specified deduction limits to the account associated with the deduction category. If you do not want to write off all or part of the deduction, use another category without automatic write-off.

Creating Profiles



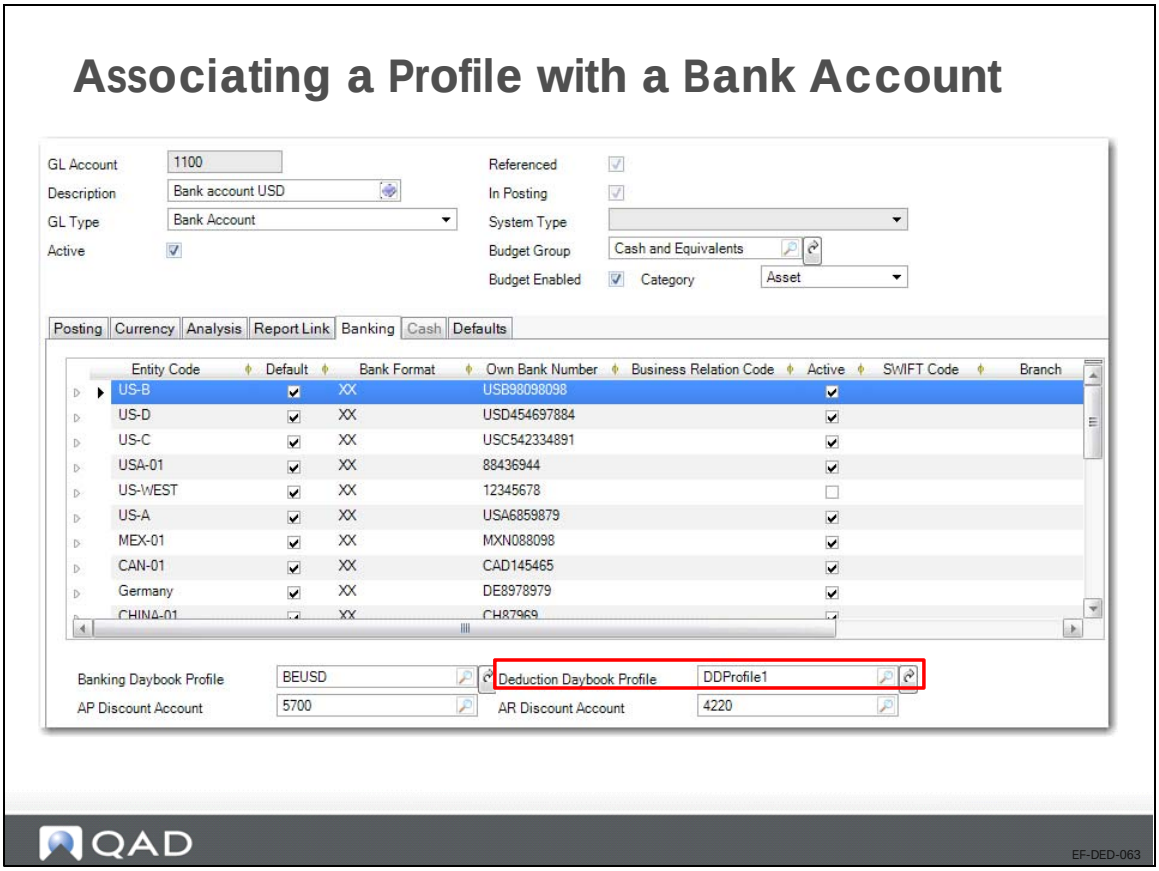
In order to set up deductions, define two types of profile: a customer account profile for deductions and a customer deduction daybook profile.

Specifying a Customer Deduction Profile



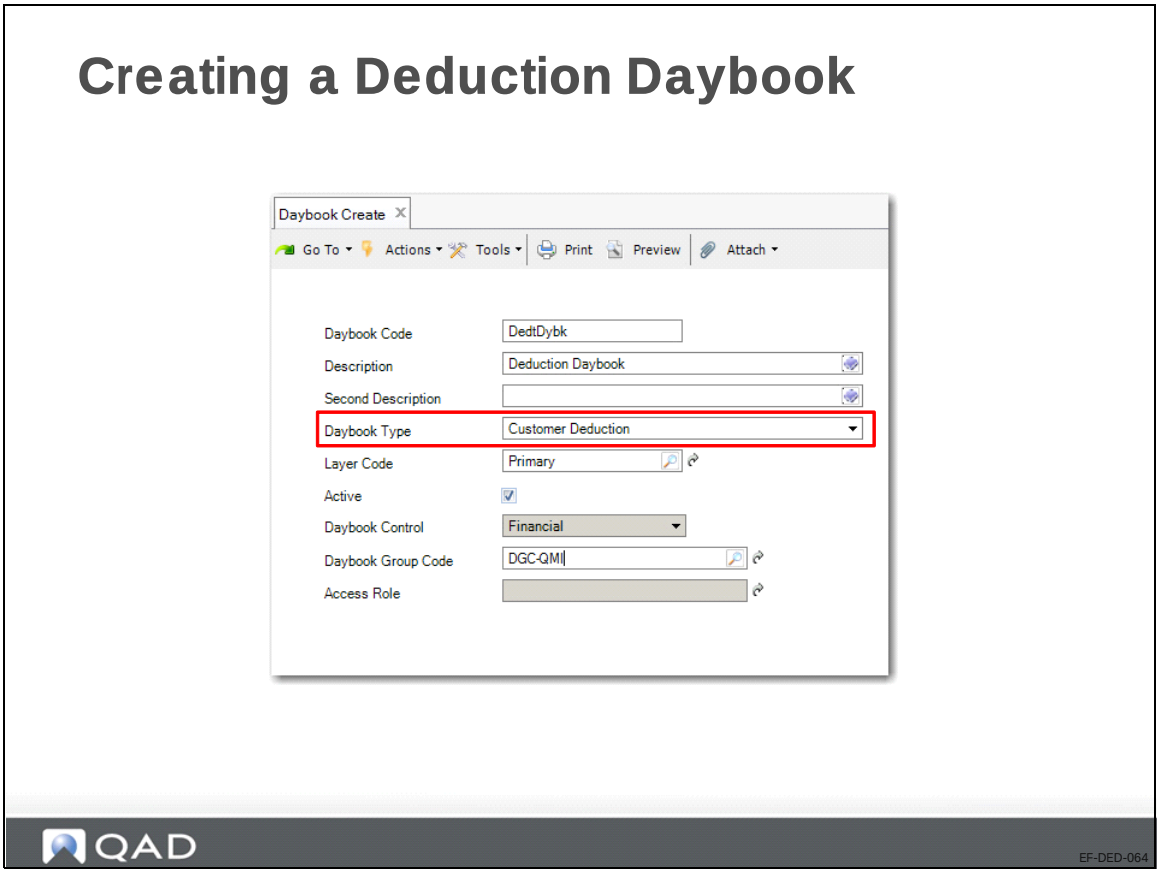
Specify the customer account profile for deductions in the customer record in Customer Create (27.20.1.1) or Customer Modify (27.20.1.2). If the customer shared set is shared across domains with different GL account shared sets, the profile indicates the customer control account to use for deduction postings in each domain.

Associating a Profile with a Bank Account



You associate the customer deduction daybook profile with the entity bank account used for deductions. The system posts deductions you create in Customer Payment Create, Banking Entry Create, and Petty Cash Create to the daybook indicated by the profile. If the GL shared set is shared across domains that use different daybook shared sets, the customer deduction daybook profile indicates the daybook to use for deduction postings in each domain.

Creating a Deduction Daybook



When setting up deductions, define one or more Customer Deduction type daybooks that are used for two purposes:

- A daybook of type Customer Deduction, where the system posts deductions you create in Customer Payment Create, Banking Entry Create, and Petty Cash Create.

  A customer invoice of type Deduction is created after you save a payment that has a deduction. The invoice uses the daybook linked to the customer daybook deduction profile associated with the bank GL account used for the payment. This daybook is also used where automatic write-offs are allowed and occur in the same transaction as the deduction.
- A daybook of type Customer Deduction, associated with the deduction category where the system posts reviewed, approved, and written-off standard deductions.

If you want to differentiate between the deduction creation and approved write-off deduction transactions, you can use different Customer Deduction type daybooks. However, you can also use the same daybook for both types of transaction.

Exercise: Setting Up Deductions (US and EMEA)

Setting Deduction Credit Terms

1. In Domain Modify, open the record for 10USA or 22UK, depending on the domain you are using for training.
2. In the Credit Terms Deduction field in the General tab, specify 30D.
3. Save your changes.

Specifying a Deduction Profile for Customers

US

1. In Customer Modify, open the record for customer 10C1001.
2. Go to the Accounting tab.
3. In the Control GL Profile Deduction field, specify ARcontrol3rdparty.
4. Save your changes.
5. Repeat the previous four steps for customer 10C1003.

EMEA

1. In Customer Modify, open the record for customer 22C1001.
2. Go to the Accounting tab.
3. In the Control GL Profile Deduction field, specify ARcontrol3rdparty.
4. Save your changes.
5. Repeat the previous four steps for customer 22C1002.

Creating Deduction Categories

1. In Deduction Category Create, create three deduction categories:

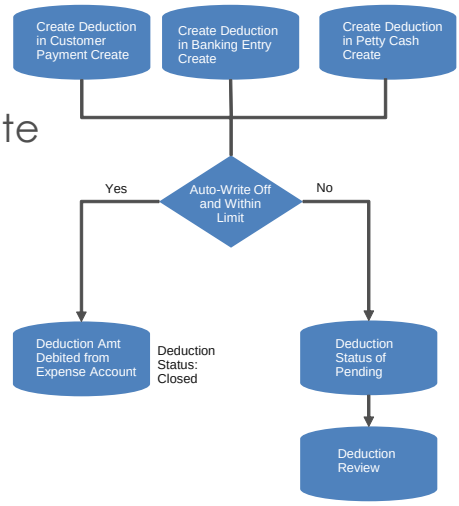
Field	Value
Category 1	
Deduction Category Code	Damaged Goods
Description	Deduction due to Damaged Goods
Type	Standard
Expense Account	7600
Sub-Account	HO
Auto Write-Off	No
Daybook Expense	DedDB

Field	Value
Category 2	
Deduction Category Code	Spoilage
Description	Deduction due to Spoiled Goods
Type	Standard
Expense Account	7600
Sub-Account	HO
Auto Write-Off	Yes
Write-off Limit	5.00
Daybook Expense	DedDB
Category 3	
Deduction Category Code	Late Delivery
Description	Deduction due to Late Delivery
Type	Standard
Expense Account	7600
Sub-Account	HO
Auto Write-Off	No
Daybook Expense	DedDB

Creating Deductions

Creating Deductions

- Creating deductions
  - Customer Payment Create
  - Banking Entry Create/Allocate
  - Petty Cash Create/Allocate
- Deduction open items
  - Multiple categories and associated amounts
- Two statuses
  - Auto write-off
  - Pending



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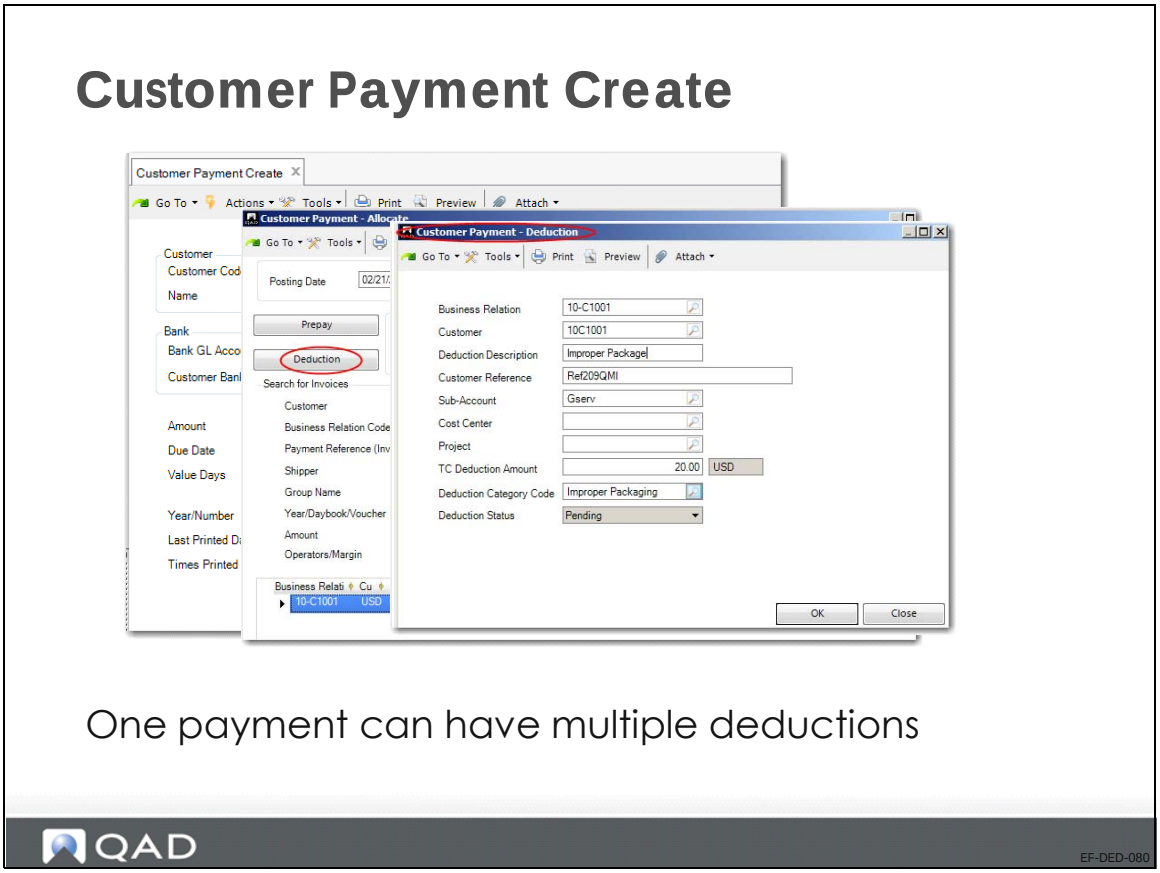
Customer Payment Create



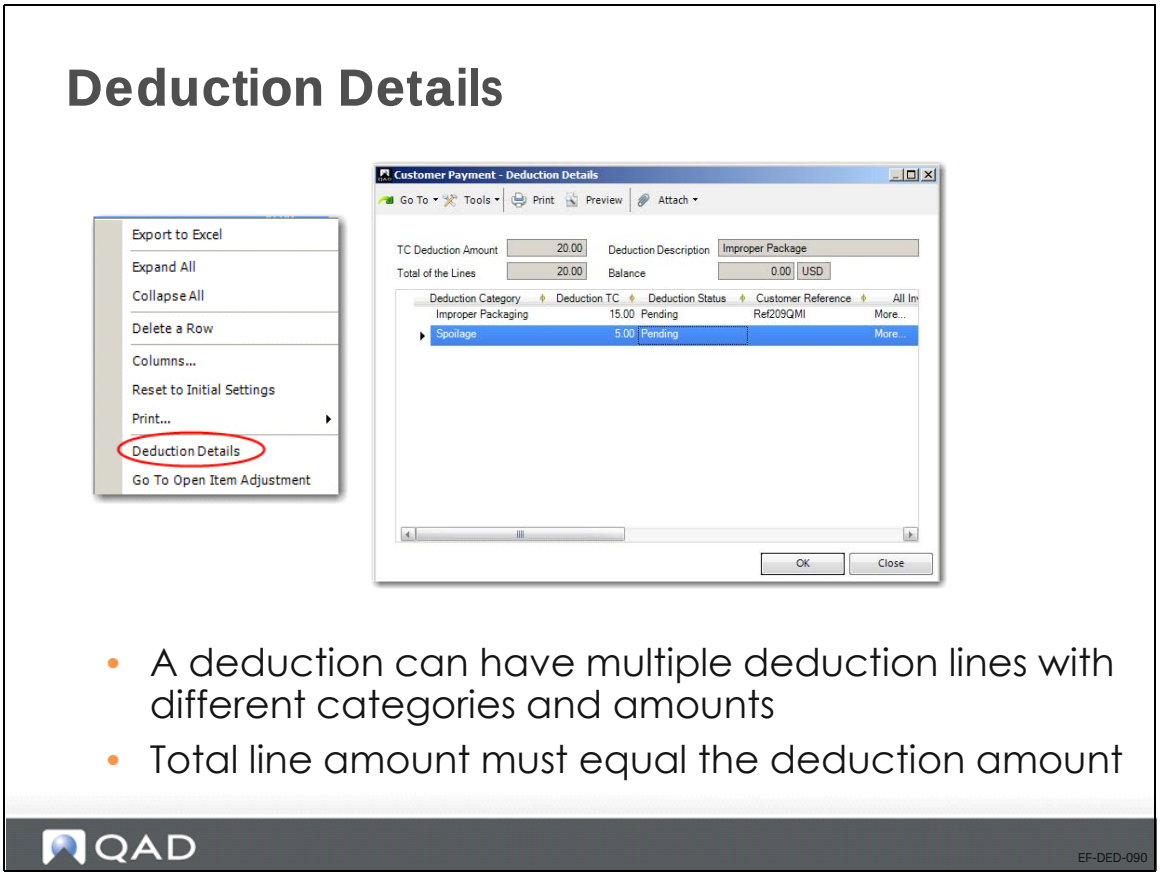
You can use Customer Payment Create to create deductions. The process is similar to the process for creating prepayments. However, unlike prepayments, you can enter many deductions for a single payment transaction.

In Customer Payment–Allocate, click the Deduction button. The Customer Payment–Deduction screen opens. Specify the deduction details.

When you click OK in the Customer Payment–Deduction screen, the system adds a new line to the Customer Payment–Allocate grid with allocated invoices.

If you want to have more than one detail line in your deduction, use the Deduction Details screen.

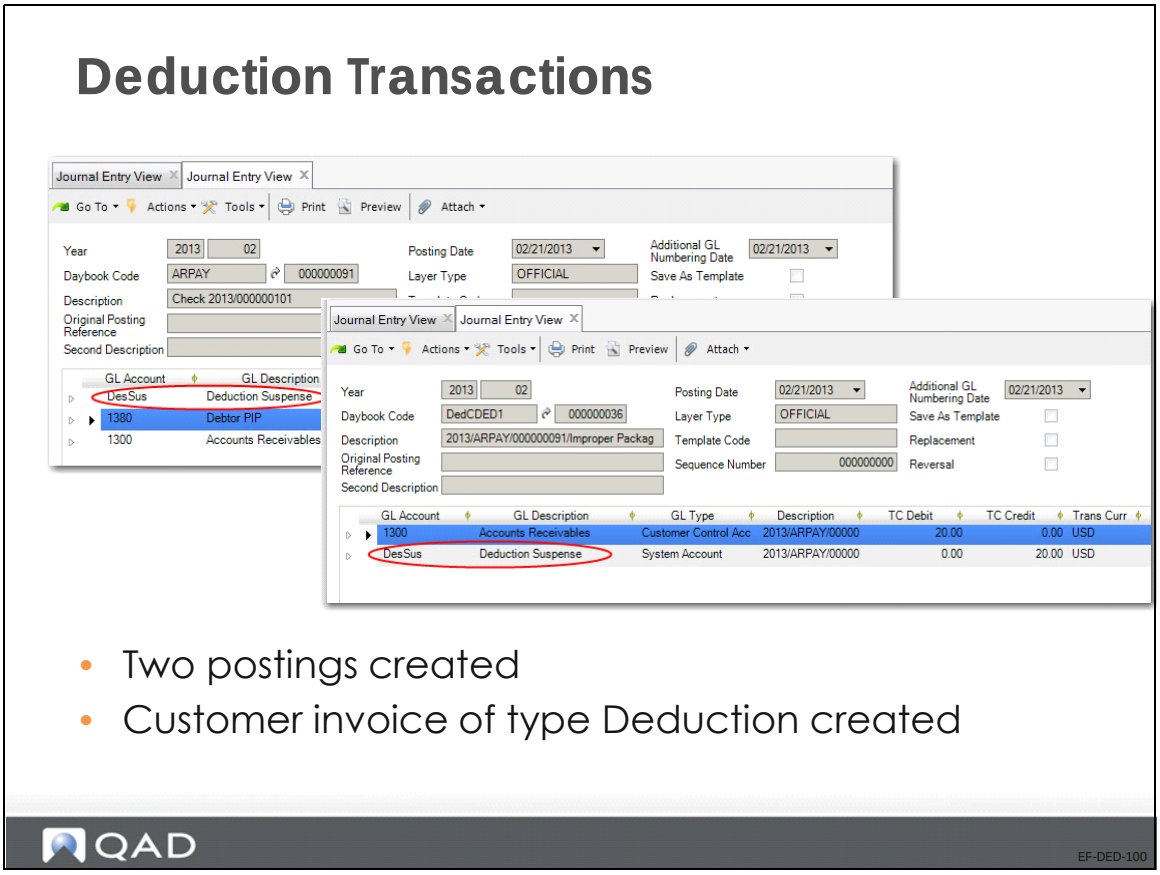
Deduction Details



Use the Deduction Details screen to create deductions that have more than one detail line. To access the Deduction Details screen, right-click on the deduction in the grid in Customer Payment–Allocate and choose Deduction Details from the context menu.

To create multiple detail lines, right-click in the grid and insert more detail lines. You can then specify other categories on the lines. You can also specify the same deduction categories on multiple deduction detail lines for the same payment if each line is linked to a different invoice. The total amount must equal the total deduction amount of the deduction invoice. You can only save the payment when the line total is equal to the deduction total.

Deduction Transactions

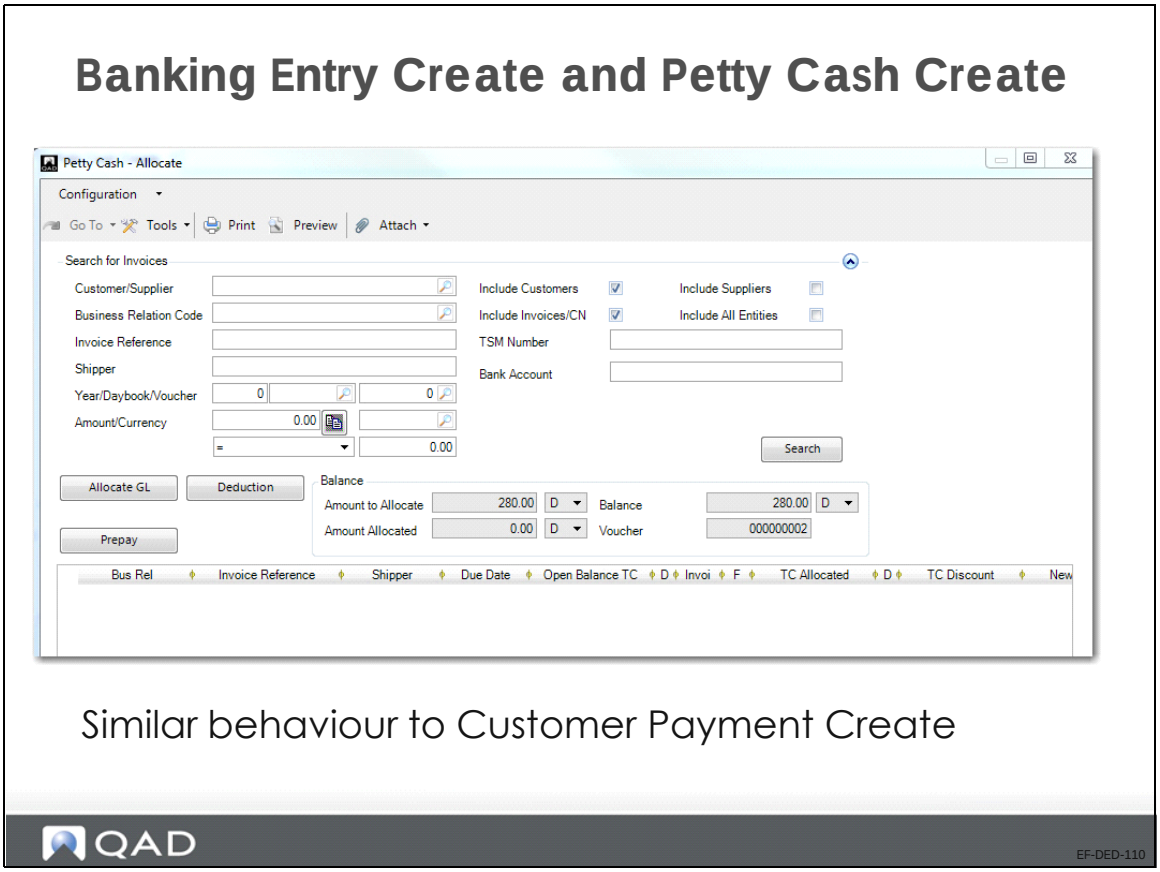


- Two postings created
- Customer invoice of type Deduction created

When you add a deduction to a payment, the system creates two postings when the payment is saved. One posting is recorded in the customer payments daybook and the second posting is recorded in the customer deductions daybook. A customer invoice of type Deduction is created when you save the payment. The customer deduction invoice uses the daybook linked to the bank GL account for the second posting (deductions daybook).

The system uses the Deduction Suspense system type account to transfer the balance from the payment posting to the deduction posting.

Banking Entry Create and Petty Cash Create



You can use Banking Entry Create to create deductions for payments from customers. You can also record deductions in Petty Cash Create.

Pending Deductions

Pending Deductions

- If the category does not allow automatic write-off, the status of the line is Pending
- You can change the status of a Pending deduction in Deduction Review

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Exercise: Recording Deductions (US)

Complete the exercises in this section in entity 10USACO.

Creating Invoices

1 Use Customer Invoice Create to create the following invoices:

Field	Value
Invoice 1	
Customer Code	10C1001
Description	Inv 10C1001-10
Daybook Code	CIM
TC Invoice Amount	$100.00 USD
Taxable	No
Invoice Status Code	C-OK
Invoice 2	
Customer Code	10C1003
Description	Inv 10C1003-12
Daybook Code	CIM
TC Invoice Amount	$50.00 USD
Taxable	No
Invoice Status Code	C-OK

Recording Payment and Deductions

1 Use Customer Payment Create (27.6.4.1) to record a check payment of 90 USD for customer 10C1001.

Field	Value
Customer Code	10C1001
Amount	90
Currency	USD
Due Date	Set to 40 days beyond the system date to avoid incurring discounts for early payment.
Reference	CH011
Status	For Collection

2 Click the Allocate button.

3 Use the fields and Search button to locate customer invoice Inv 10C1001-10 created earlier.

4 In the grid, click the Full (Allocation) field for invoice 10C1001-10.

5 Click the Deduction button.

6 Specify the following information in the Customer Payment–Deduction screen:

Field	Value
Deduction Description	Damage
TC Deduction Amount	10
Deduction Category Code	Damaged Goods

7 Click OK.

The system adds a new line to the Customer Payment–Allocate grid with allocated invoices.

The deduction line is a customer invoice of type Deduction.

8 Right-click on the deduction line, and select Deduction Details.

9 Change the deduction amount for the Damaged Goods category to $7.50.

10 In Customer Payment–Deduction Details, right-click in the grid and choose Insert a New Row.

11 For the new line, specify a deduction category of Late Delivery and a deduction amount of $2.50.

12 Click OK in Customer Payment–Deduction Details.

13 Click OK in Customer Payment–Allocate.

14 Save the payment.

15 Open Journal Entry View and search for a journal entry with a creation date of today and that includes “Damage” in the journal entry description.

Exercise: Recording Deductions (EMEA)

Complete the exercises in this section in the entity 22UKCO.

Creating Invoices

1 Use Customer Invoice Create to create the following invoices:

Field	Value
Invoice 1	
Customer Code	22C1001
Description	Inv 22C1001-10
Daybook Code	CIM
TC Invoice Amount	£100.00 GBP
Taxable	No
Invoice Status Code	C-OK
Invoice 2	
Customer Code	22C1002
Description	Inv 22C1002-12
Daybook Code	CIM
TC Invoice Amount	£50.00 GBP
Taxable	No
Invoice Status Code	C-OK

Recording Payment and Deductions

1 Use Customer Payment Create (27.6.4.1) to record a check payment of 90 GBP for customer 22C1001.

Field	Value
Customer Code	22C1001
Amount	90
Currency	GBP
Due Date	Set to 40 days beyond the system date to avoid incurring discounts for early payment.
Reference	CH011
Status	For Collection

2 Click the Allocate button.

3 Use the fields and Search button to locate customer invoice Inv 22C1001-10 created earlier.

4 In the grid, click the Full (Allocation) field for invoice 22C1001-10.

5 Click the Deduction button.

6 Specify the following information in the Customer Payment–Deduction screen:

Field	Value
Deduction Description	Damage
TC Deduction Amount	10
Deduction Category Code	Damaged Goods

7 Click OK.

The system adds a new line to the Customer Payment–Allocate grid—a customer invoice of type Deduction.

8 Right-click the deduction line, and select Deduction Details.

9 Change the deduction amount for the Damaged Goods category to £7.50.

10 In Customer Payment–Deduction Details, right-click in the grid and choose Insert a New Row.

11 For the new line, specify a deduction category of Late Delivery and a deduction amount of £2.50.

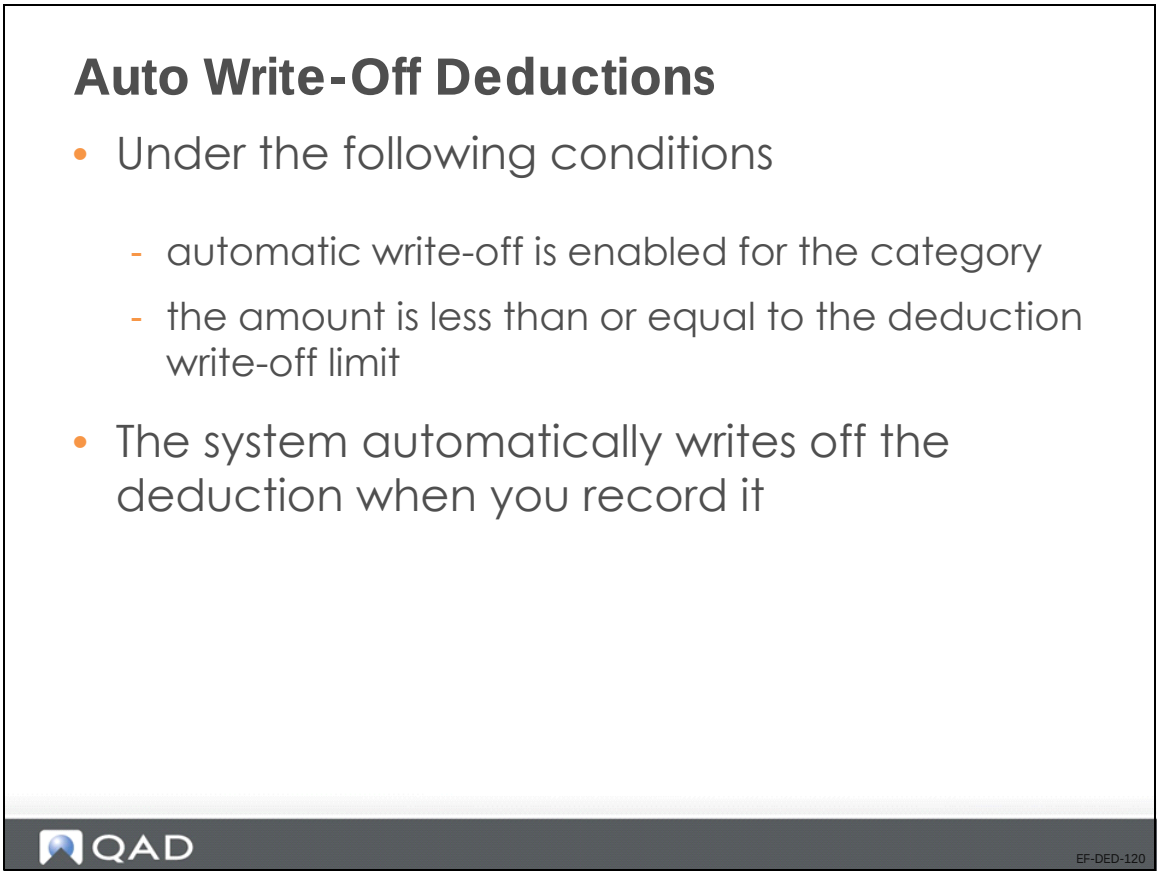
12 Click OK in Customer Payment–Deduction Details.

13 Click OK in Customer Payment–Allocate.

14 Save the payment.

15 Open Journal Entry View and search a journal entry with a creation date of today and that includes “Damage” in the journal entry description.

Auto Write-Off Deductions



If automatic write-off is enabled for a standard deduction category and the amount is less than or equal to the deduction limit, the system automatically writes off the deduction when you record it.

The deduction is always created as a new open item (Pending status), which is immediately written off according to the write-off amount (totally or partially). The deduction is debited from the expense account associated with the deduction category, and the posting is recorded in the entity of the bank account.

The status of these deduction lines is Auto Write-Off.

Exercise: Auto Write-Off (US)

1 Use Customer Payment Create (27.6.4.1) to record a check payment of 45 USD for customer 10C1003.

Field	Value
Customer Code	10C1003
Amount	45
Currency	USD
Due Date	Set to 40 days beyond the system date to avoid incurring discounts for early payment.
Reference	CH013
Status	For Collection

2 Click the Allocate button.

3 Use the fields and Search button to locate customer invoice Inv 10C1003-12 created earlier.

4 In the grid, click the Full (Allocation) field for invoice 10C1003-12.

5 Click the Deduction button.

6 Specify the following information in the Customer Payment–Deduction screen:

Field	Value
Deduction Description	Spoilage
TC Deduction Amount	5
Deduction Category Code	Spoilage

7 Click OK.

The system adds a new line to the Customer Payment–Allocate grid with allocated invoices.

The deduction line is a customer invoice of type Deduction.

8 Click OK in Customer Payment–Allocate.

9 Save the payment.

10 Open Journal Entry View and search for journal entries with a creation date of today and that include “Spoilage” in the journal entry description.

Exercise: Auto Write-Off (EMEA)

1 Use Customer Payment Create (27.6.4.1) to record a check payment of 45 GBP for customer 22C1002.

Field	Value
Customer Code	22C1002
Amount	45
Currency	GBP
Due Date	Set to 40 days beyond the system date to avoid incurring discounts for early payment.
Reference	CH013
Status	For Collection

2 Click the Allocate button.

3 Use the fields and Search button to locate customer invoice Inv 22C1002-12 created earlier.

4 In the grid, click the Full (Allocation) field for invoice 22C1002-12.

5 Click the Deduction button.

6 Specify the following information in the Customer Payment–Deduction screen:

Field	Value
Deduction Description	Spoilage
TC Deduction Amount	5
Deduction Category Code	Spoilage

7 Click OK.

The system adds a new line to the Customer Payment–Allocate grid with allocated invoices.

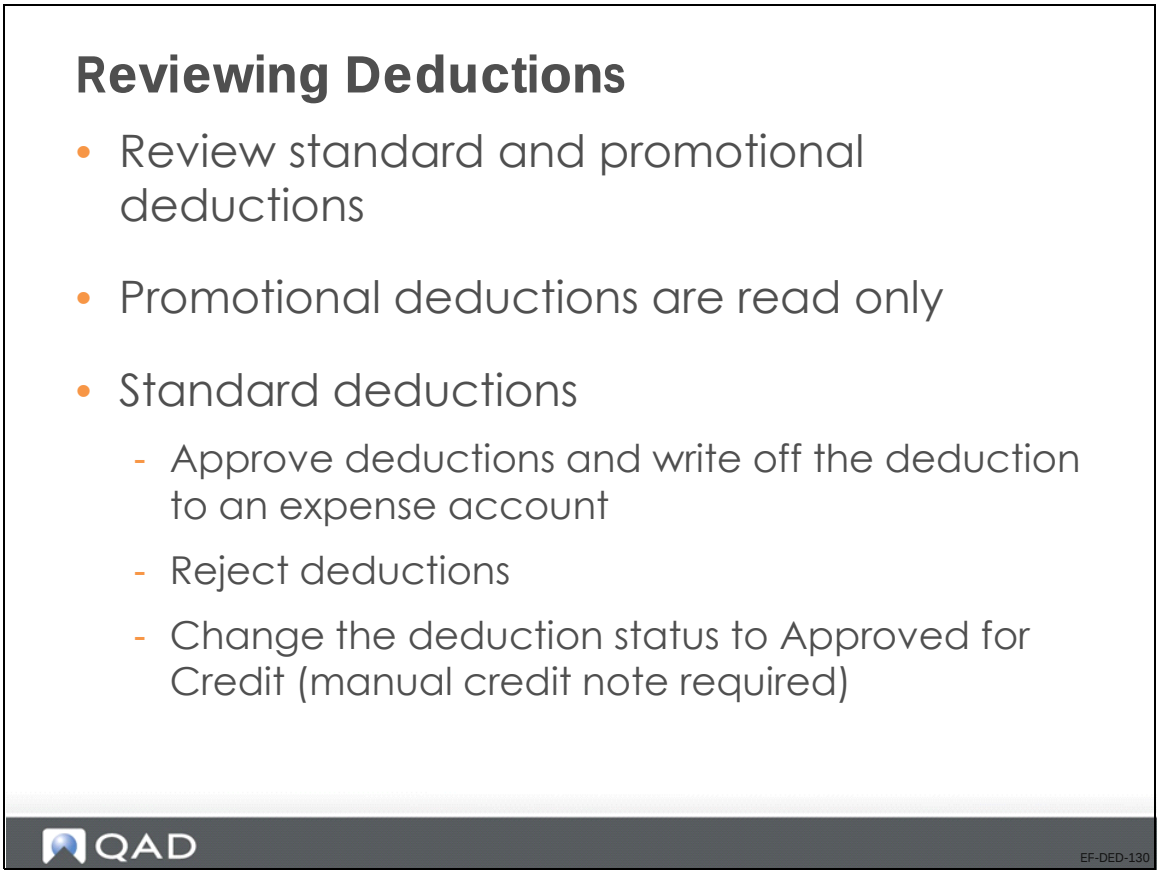
The deduction line is a customer invoice of type Deduction.

8 Click OK in Customer Payment–Allocate.

9 Save the payment.

10 Open Journal Entry View and search for journal entries with a creation date of today and that include “Spoilage” in the journal entry description.

Reviewing Deductions

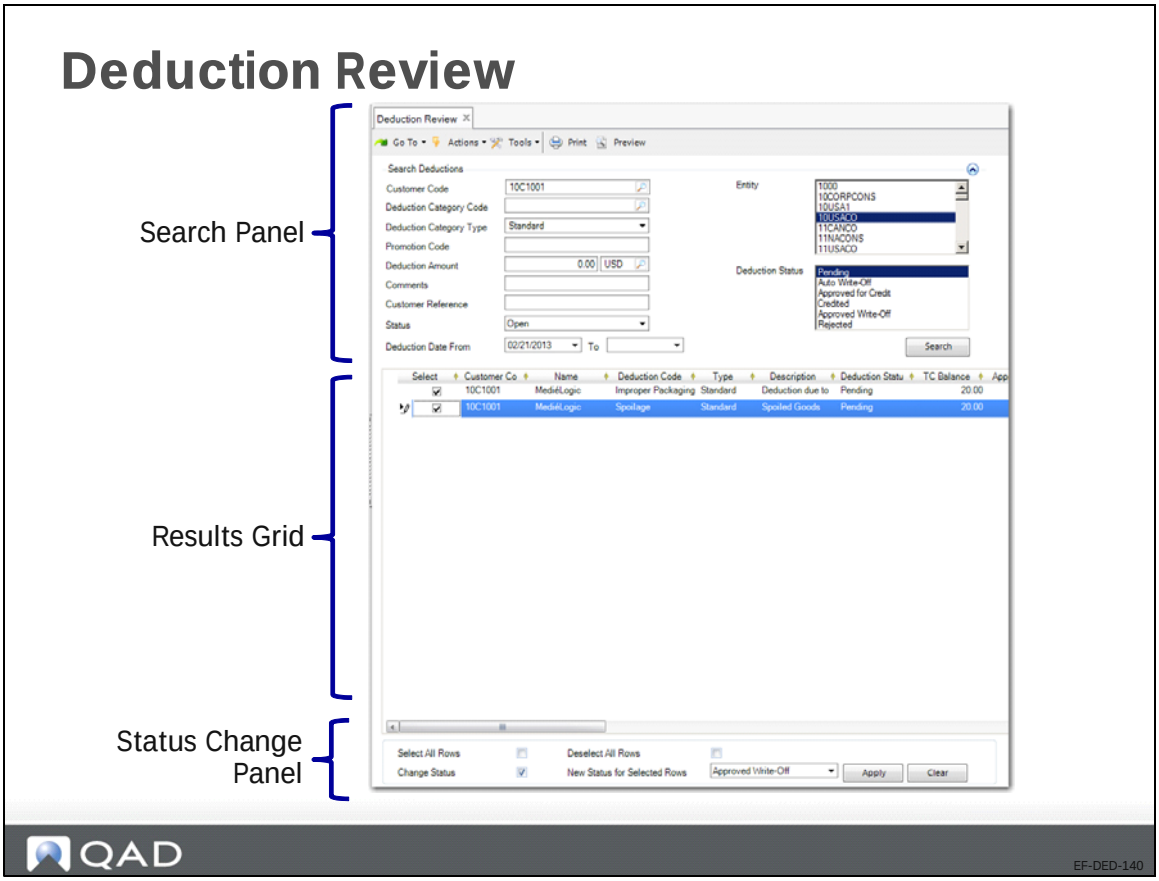


Use Deduction Review to review both standard and promotional deductions. Standard deductions are editable; promotional deductions are read-only.

During the deduction review process, you can approve standard deductions and write off the deduction to the expense account associated with the deduction category. You can also reject the deduction, causing the deduction amount to become a due item on the customer's account. You can also change the deduction category associated with the deduction during the review process.

You can also change the status of a deduction to Approved for Credit, which indicates that a credit note must be created (manually) for the amount. When the credit note is created, you can use Open Item Adjustment Create to adjust the credit note against the deduction balance.

Deduction Review



Deduction Review consists of three screen areas: a search panel for retrieving deductions to review, a results grid that displays the deductions that match the search criteria, and a status change panel where you can change the status of Pending and Approved for Credit deductions.

Deductions can have one of the following statuses:

- Pending: If the category does not allow automatic write-off, the status of the line is Pending. You can change the status of a Pending deduction in Deduction Review.
- Auto Write-Off: Deductions where the deduction amount is below the automatic write-off limit and where the deduction is automatically written off to the expense account associated with the deduction category. You cannot change the status of a deduction with the status Auto Write-Off.
- Approved for Credit: A deduction that has been made available for adjustment in Open Item Adjustment Create. Using Deduction Review, you can change the status of an Approved for Credit deduction.
- Credited: The status of a deduction that has been adjusted against a credit note in Open Item Adjustment Create. You cannot change a deduction to the status Credited in Deduction Review. However, you can filter and view deductions with this status. You cannot change the status of a Credited deduction.
- Approved Write-Off: Deductions above the automatic write-off limit that have been approved in Deduction Review and written off to the expense account associated with the deduction category. You cannot change the status of an Approved Write-Off deduction.

- Rejected: Deductions rejected in Deduction Review that have become a due item on the customer's account. You can change the status of a Pending and Approved for Credit deduction to Rejected in Deduction Review. However, you cannot change the status of a Rejected deduction in Deduction Review.

Deduction Status Transitions

Deduction Status Transitions

Current Status	Next Status					
	Pending	Auto Write-Off	Approved Write-Off	Approved for Credit	Rejected	Credited *
Pending		✗	✓	✓	✓	✗
Auto Write-Off	✗		✗	✗	✗	✗
Approved Write-Off	✗	✗		✗	✗	✗
Approved for Credit	✓	✗	✓		✓	✓
Rejected	✗	✗	✗	✗		✗
Credited*	✗	✗	✗	✗	✗	

Credited status: Approved for Credit deduction adjusted against credit note in Open Item Adjustment Create

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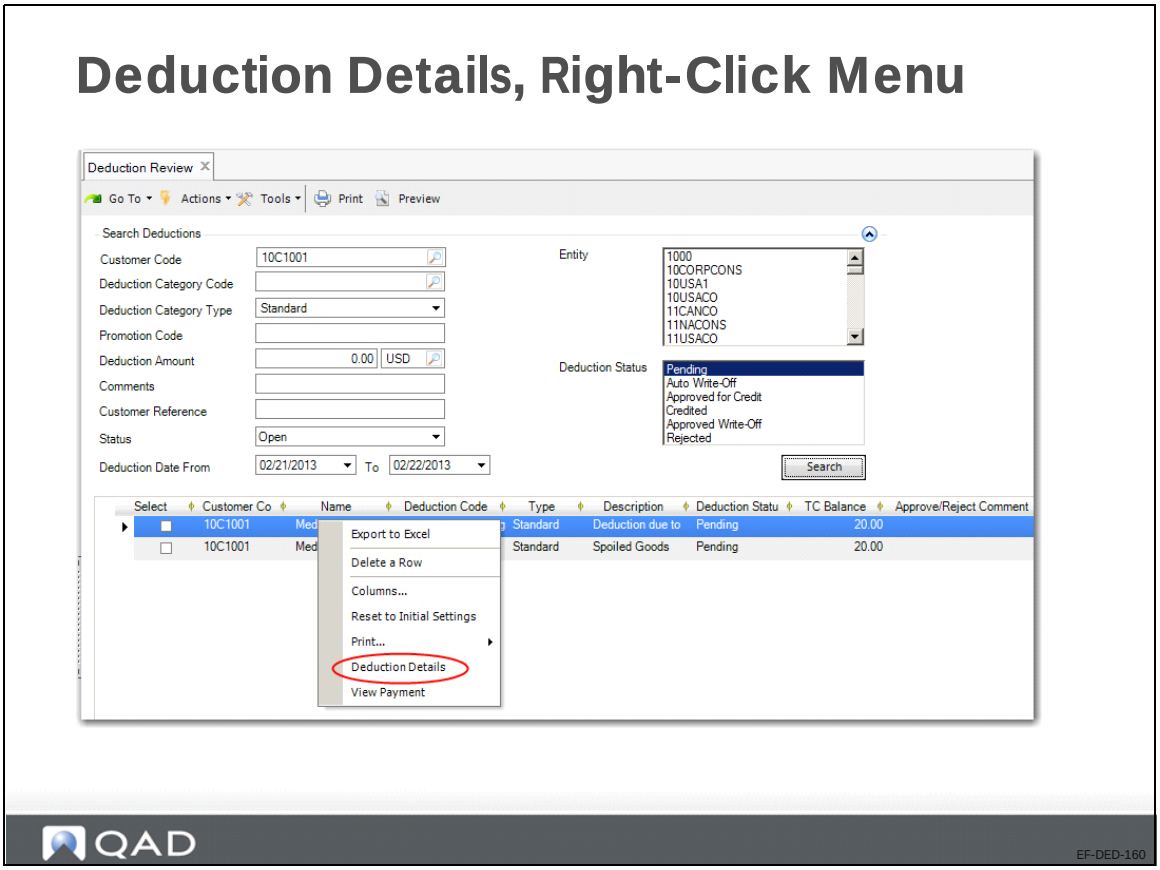
The table shows deduction statuses and the next statuses to which the deduction can transition.

Auto Write-Off, Credited, Rejected, and Approved Write-Off standard deductions are read-only in Deduction Review.

You cannot change the status of a deduction to Credited in Deduction Review. A credited deduction is an Approved for Credit deduction that has been adjusted against a credit note in Open Item Adjustment Create.

Deduction Details, Right-Click Menu



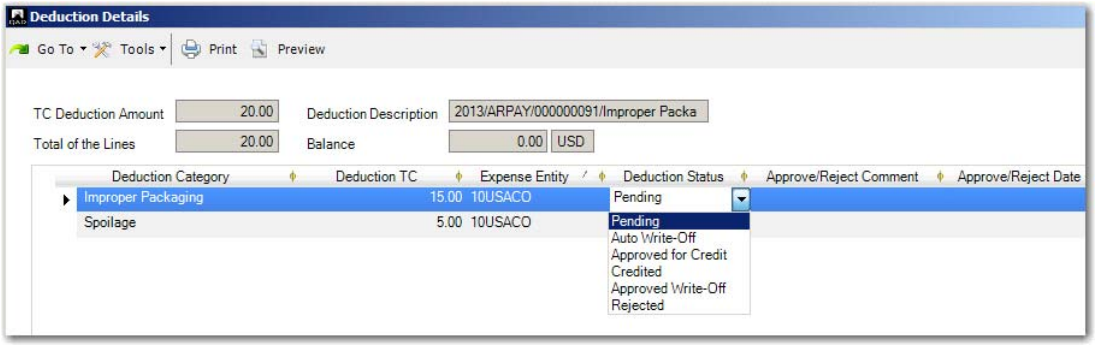
In Deduction Review, you can right-click a line in the grid and select Deduction Details. The system displays the Deduction Details window, where you can modify the deduction categories, modify amounts, and add lines, provided that the total deduction amount stays the same. You can only modify lines with the status Pending or Approved for Credit. The Deduction Details window is read only for the other statuses.

If you add a deduction detail line with a standard deduction category code where automatic write-off is enabled, the system sets the status of the deduction detail line to Pending by default. You can subsequently change the status of the detail line to other statuses that can follow on from Pending—Approved Write-Off, Approved for Credit, or Rejected.

After you close the Deduction Details screen, updated deduction detail lines are displayed in the Deduction Review grid.

Deduction Review, Deduction Details

Deduction Review, Deduction Details



- Modify deduction categories and amounts
- Add lines – overall deduction amount must stay the same
- Only lines with statuses Pending or Approved for Credit

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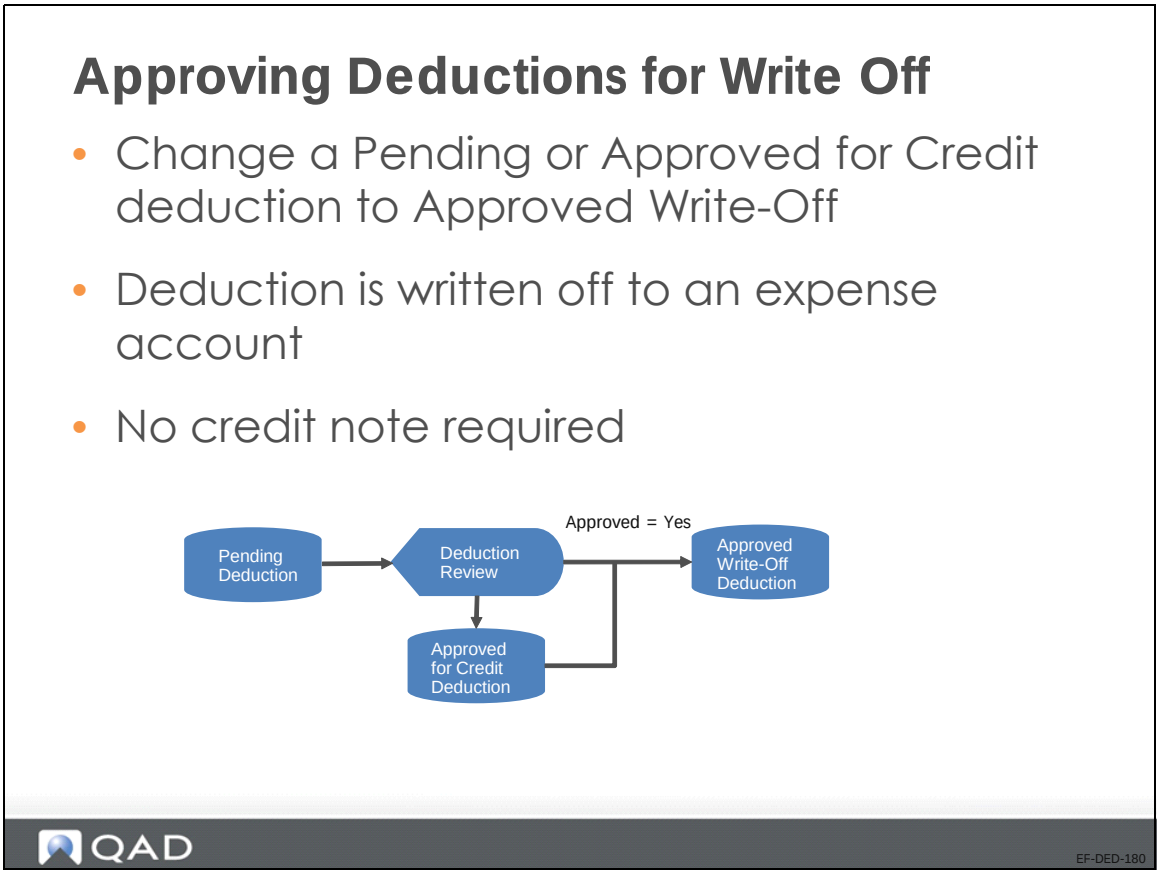
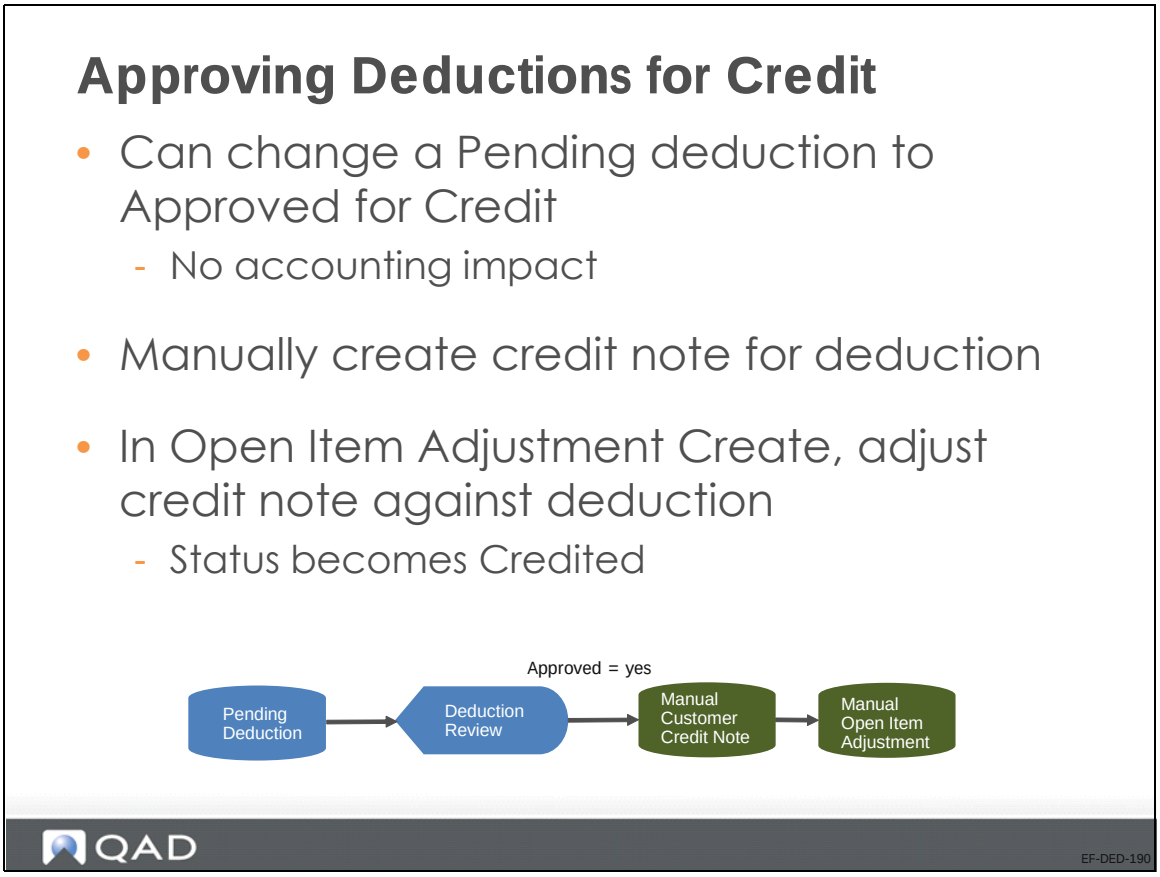
Approving Deductions for Write-Off



In Deduction Review, you can change a Pending or Approved for Credit deduction to Approved Write-Off. This means that the deduction is written off to an expense account, without the need to create a credit note for the customer.

In the Deduction Details screen, you can specify a posting date when you write off a deduction detail line. The default value for the posting date is the system date.

Approving Deductions for Credit



In Deduction Review, you can change the status of a Pending deduction to Approved for Credit.

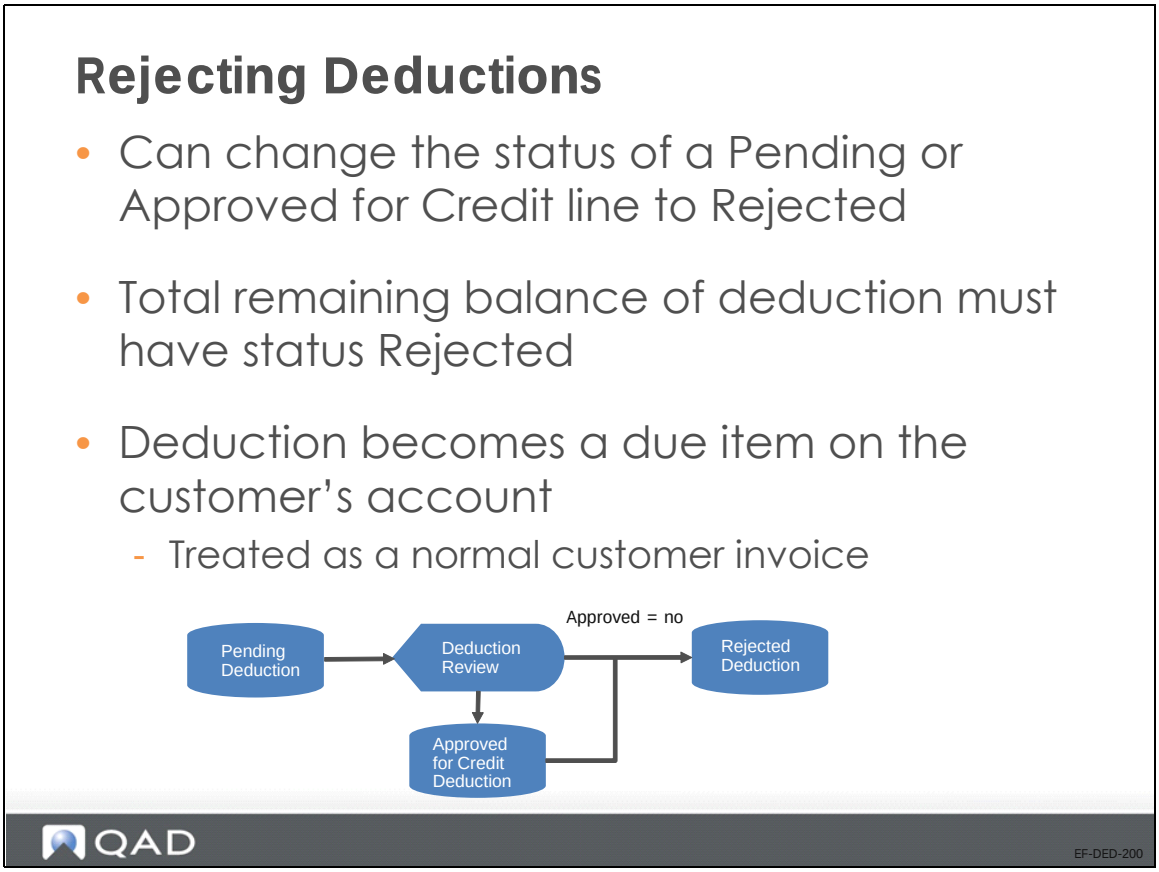
Changing a line to Approved for Credit has no accounting impact. This status indicates that a credit note must be manually created for the deduction amount. When the credit note is created, you can use Open Item Adjustment Create to adjust the credit note against the deduction balance. When the deduction open item is adjusted, the deduction status is automatically updated to Credited.

Note If a deduction does not have the Approved for Credit status, you cannot adjust it in Open Item Adjustment Create.

The system can accommodate cases where the credit note is not for the full Approved for Credit detail amount.

If you accidentally change the status of the wrong deduction to Approved for Credit, you can revert the line back to the Pending status using Deduction Review.

Rejecting Deductions



In Deduction Review, you can change the status of a Pending or Approved for Credit line to Rejected.

The total remaining balance of the deduction must have the status Rejected. If other detail lines for the same deduction have the status Pending or Approved for Credit, you cannot reject the deduction line.

You cannot modify the entity code or customer code when rejecting deductions.

The rejected deduction becomes a due item on the customer's account and is treated as a normal customer invoice. The rejected deduction invoice can be included in transactions in Customer Payment Create, Customer Payment Selection Create, Banking Entry Create, Petty Cash Create, and Open Item Adjustment Create.

When the rejected deduction becomes an outstanding invoice on the customer's account, the system recalculates the due date for the invoice using the deduction credit terms defined at domain level.

Exercises: Deduction Review (US)

Reviewing Deductions

1 Open Deduction Review.

2 Specify the following values:

Field	Value
Customer Code	10C1001
Deduction Date From	System Date
Deduction Date To	System Date

3 Click Search.

4 Select the line with the category Late Delivery and the deduction amount of $2.50.

5 At the bottom of the screen, select the Change Status field.

6 In the New Status for Selected Rows field, choose Approved for Credit.

7 Click Apply.

8 Save the changes.

9 Search again in Deduction Review for the same system date and for a status of Pending.

10 Select the line with the category Damage and the deduction amount of $7.50.

11 At the bottom of the screen, select the Change Status field.

12 In the New Status for Selected Rows field, choose Approved for Write-Off.

13 Click Apply.

14 Save the changes.

Adjusting a Credit Note against a Deduction

1 Use Customer Invoice Create to create the following credit note:

Field	Value
Customer Code	10C1001
Description	CN 10001-19
Invoice Type	Credit Note
Daybook Code	CCNM
TC Invoice Amount	$2.50 USD
Taxable	No
Invoice Status Code	C-OK

2 In Open Item Adjustment Create, enter the following search details:

Field	Value
Posting Info	
Year/GL Period	Year and GL period of system date
Posting Date	System date
Daybook Code	CUSTADJ
Search for Invoices/Payments	
Customer/Supplier	10C1001
Amount	2.50

3 Click Search.

Two lines display in the grid, one for a deduction of $2.50 and one for a credit note of $2.50.

4 Select the Full adjustment field for both lines.

5 Save your changes.

6 In Journal Entry View, review the transactions. Search using a daybook of CUSTADJ and the current date.

Exercises: Deduction Review (EMEA)

Reviewing Deductions

1. Open Deduction Review.
2. Specify the following values:

Field	Value
Customer Code	22C1001
Deduction Date From	System Date
Deduction Date To	System Date

3. Click Search.
4. Select the line with the category Late Delivery and the deduction amount of £2.50.
5. At the bottom of the screen, select the Change Status field.
6. In the New Status for Selected Rows field, choose Approved for Credit.
7. Click Apply.
8. Save the changes.
9. Search again in Deduction Review for the same system date and for a status of Pending.
10. Select the line with the category Damage and the deduction amount of £7.50.
11. At the bottom of the screen, select the Change Status field.
12. In the New Status for Selected Rows field, choose Approved for Write-Off.
13. Click Apply.
14. Save the changes.

Adjusting a Credit Note against a Deduction

1. Use Customer Invoice Create to create the following credit note:

Field	Value
Customer Code	22C1001
Description	CN 1001-19
Invoice Type	Credit Note
Daybook Code	CCNM
TC Invoice Amount	£2.50 GBP
Taxable	No
Invoice Status Code	C-OK

2 In Open Item Adjustment Create, enter the following search details:

Field	Value
Posting Info	
Year/GL Period	Year and GL period of system date
Posting Date	System date
Daybook Code	CUSTADJ
Search for Invoices/Payments	
Customer/Supplier	22C1001
Amount	2.50

3 Click Search.

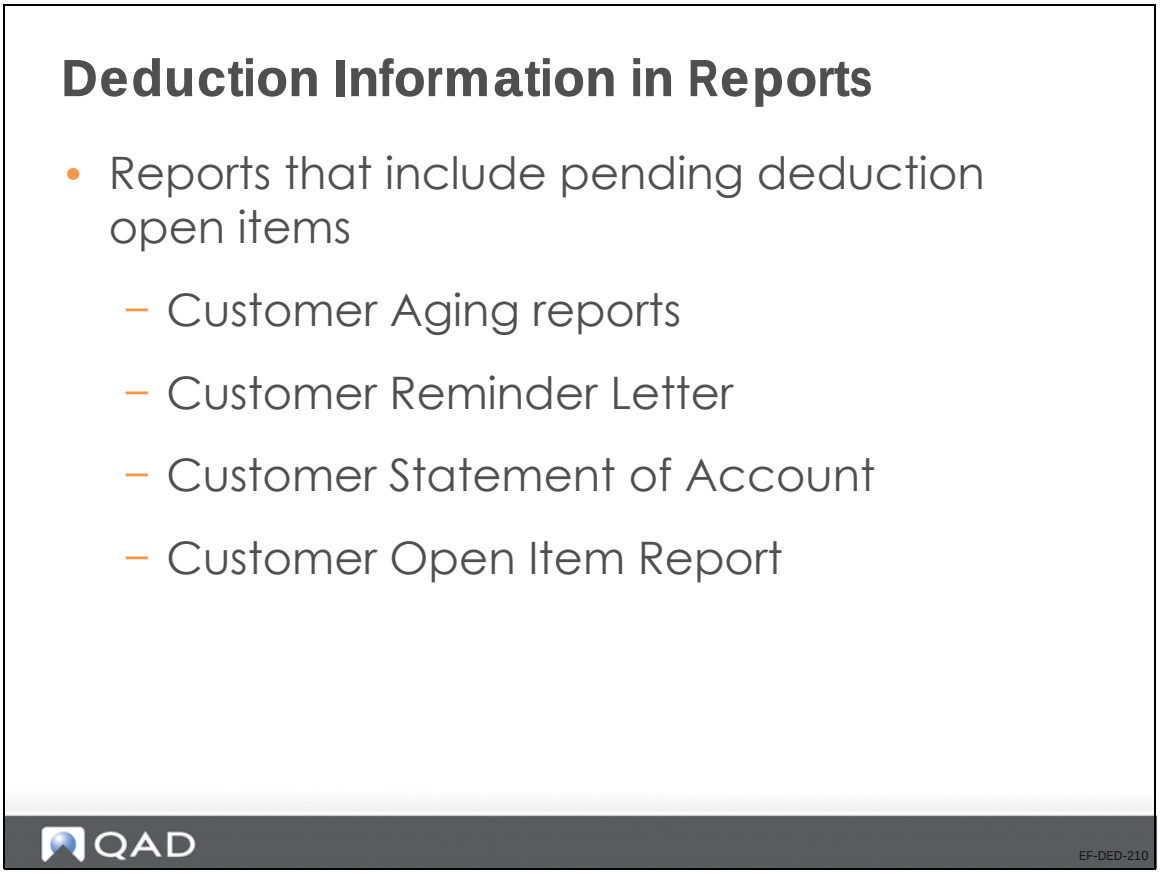
Two lines display in the grid, one for a deduction of £2.50 and one for a credit note of £2.50.

4 Select the Full adjustment field for both lines.

5 Save your changes.

6 In Journal Entry View, review the transactions. Search using a daybook of CUSTADJ and the current date.

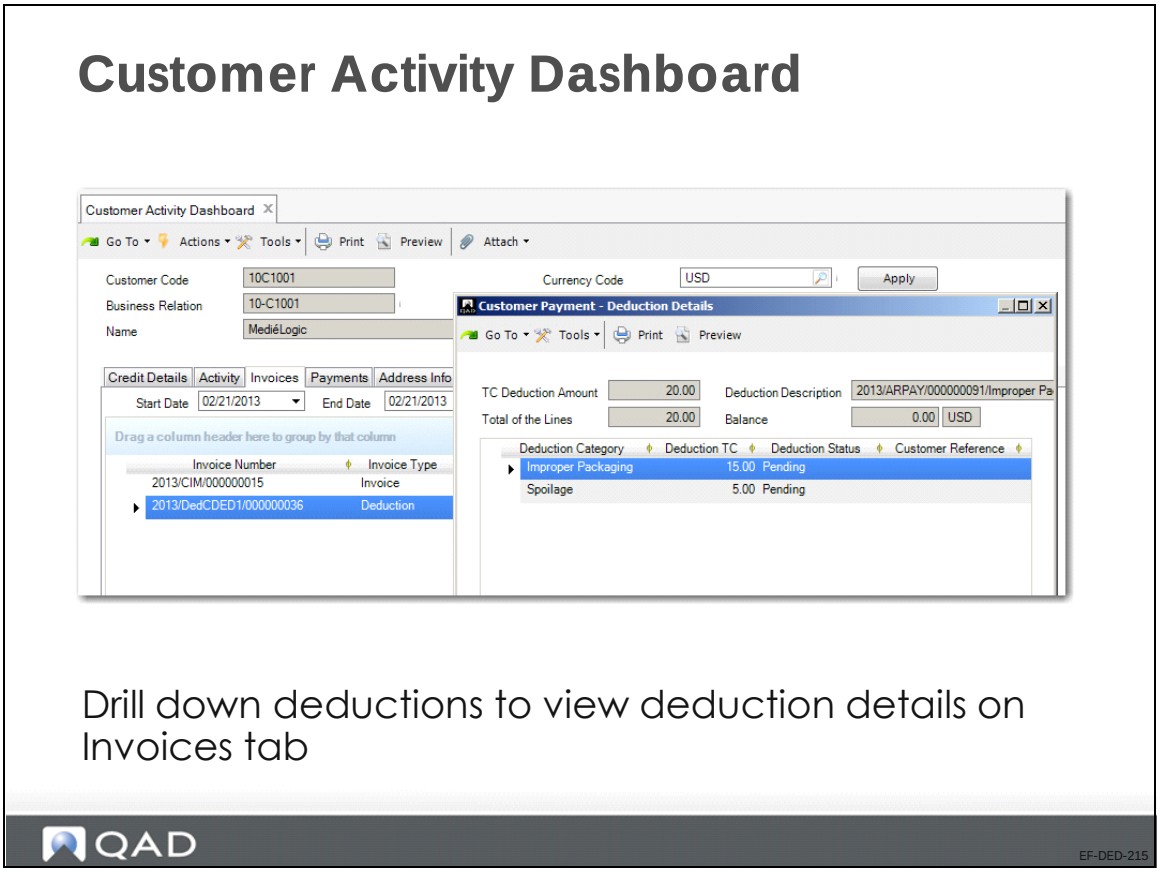
Deduction Information in Reports



Pending deduction invoices are included in the Customer Open Item report (27.17.1), the Customer Open Item Basic report (27.17.15), the Customer Statement of Account (27.17.19), the Customer Aging reports, and the Reminder Letter report (27.17.10).

The Customer Open Item report and the Customer Open Item Basic report contain selection criteria that enable you to specify whether to include deductions in the report output.

Customer Activity Dashboard



Drill down deductions to view deduction details on Invoices tab

You can view deduction invoices in the Activity tab, Invoices tab, and Payments tab of the Customer Activity Dashboard (27.18.1). If you right-click on the deduction and select Deduction Details from the context menu, you can view the deduction details in read-only mode.

The Invoices tab of the Customer Activity Dashboard contains a Deduction Status column, which displays the status of invoices of type Deduction. The possible statuses are:

- Pending, where the deduction contains detail lines with the status Pending.
- Credited, where all the deduction detail lines are written off, automatically written off, or credited.
- Rejected, where the deduction invoice is rejected.
- Approved for Credit, where the statuses of all deduction detail lines are Approved for Credit.

If the invoice is not a deduction invoice, the Deduction Status column is blank.

The deduction due date is also displayed in the Customer Activity Dashboard.

Chapter 9

Reporting Overview

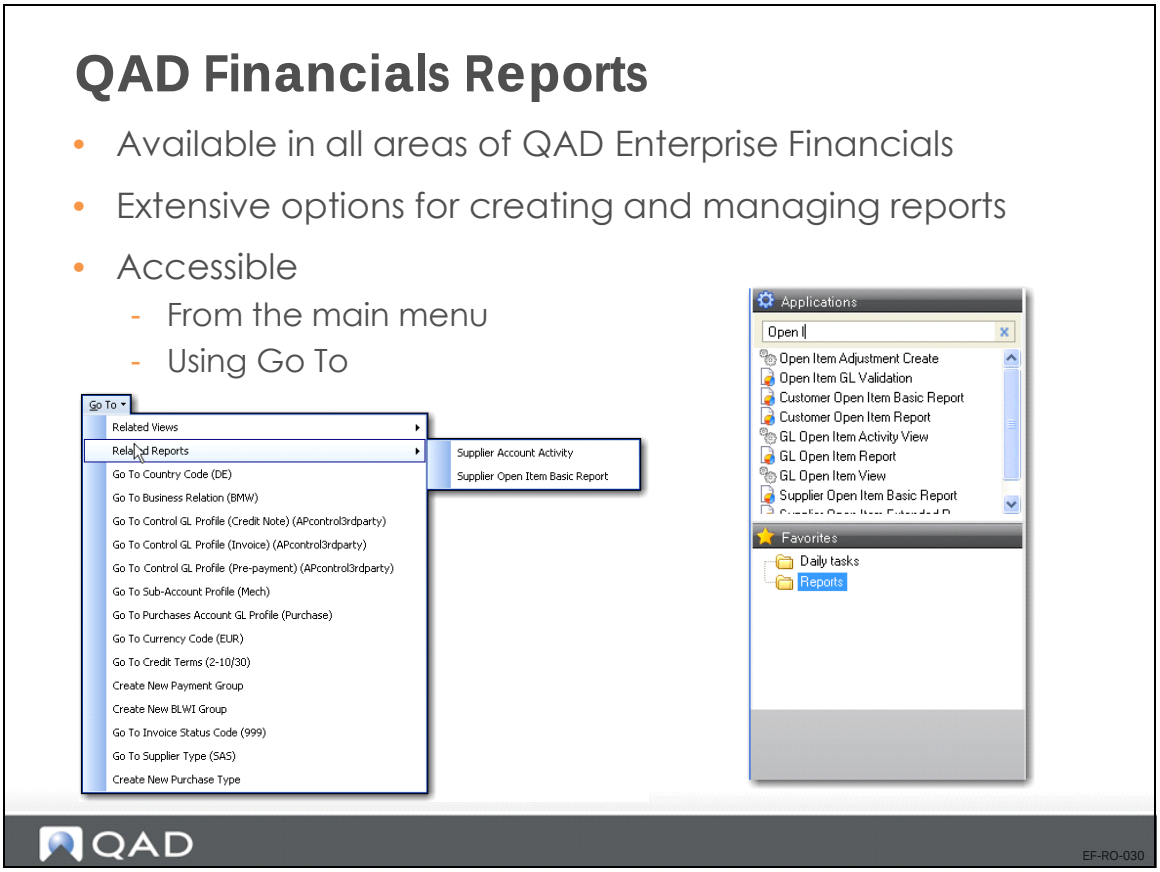
Overview

In this section, you will learn about report features in QAD Enterprise Financials, how to run reports, and which customizations are available to facilitate searching data and reporting.

QAD Enterprise Financials includes an extensive set of reports and reporting options that let you analyze general ledger transactions, supplier and customer details and activity, banking and cash transactions, and other specialized areas.

QAD Enterprise Applications includes two types of reports: reports that present the report output using the QAD Reporting Framework (QRF), which is the current report development standard, and reports that are presented using Crystal Reports. QRF is the preferred standard for Enterprise Financials and, to that end, QAD is involved in a continuing process to convert the remaining Financials Crystal Reports to QRF.

QAD Financials Reports

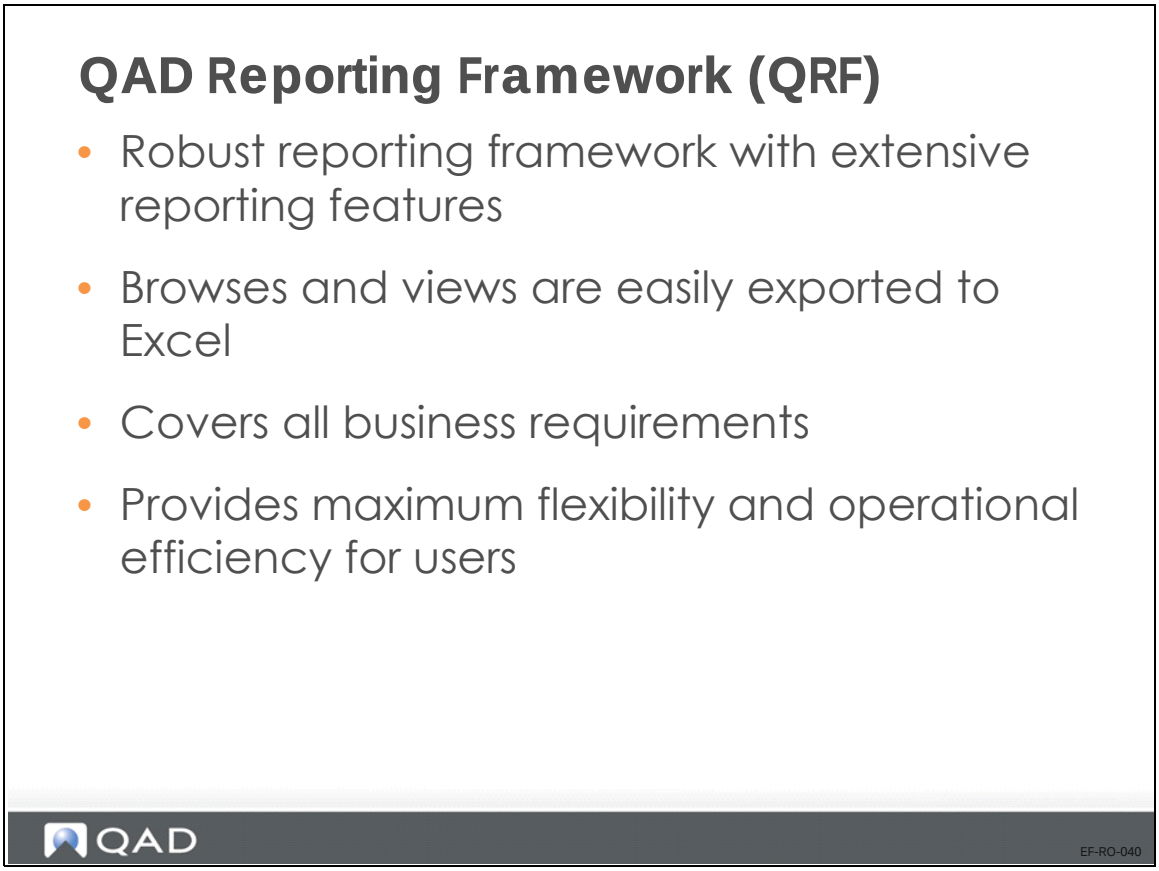


A number of standard reports are shipped with the standard QAD Enterprise Financials.

The standard reports are accessible from the main menu pane, and using the GoTo (or right-click context) menu from within another menu.

For quick access, add reports you use often to your favorites.

QAD Reporting Framework (QRF)



QAD Financials offers a robust reporting framework. The extensive reporting features, with browses and views that are easily exported to Excel, cover all business requirements and provide maximum flexibility and operational efficiency for users.

QRF History

QRF History

- In QAD 2009.1 EE, the QAD Reporting Framework (QRF) was introduced
- All new reports from QAD 2009.1 EE were created using QRF
- In QAD 2013 EE, many existing reports were migrated to QRF
- In QAD 2016 EE, all reports were made available in QRF, with the exception of Structured Reports

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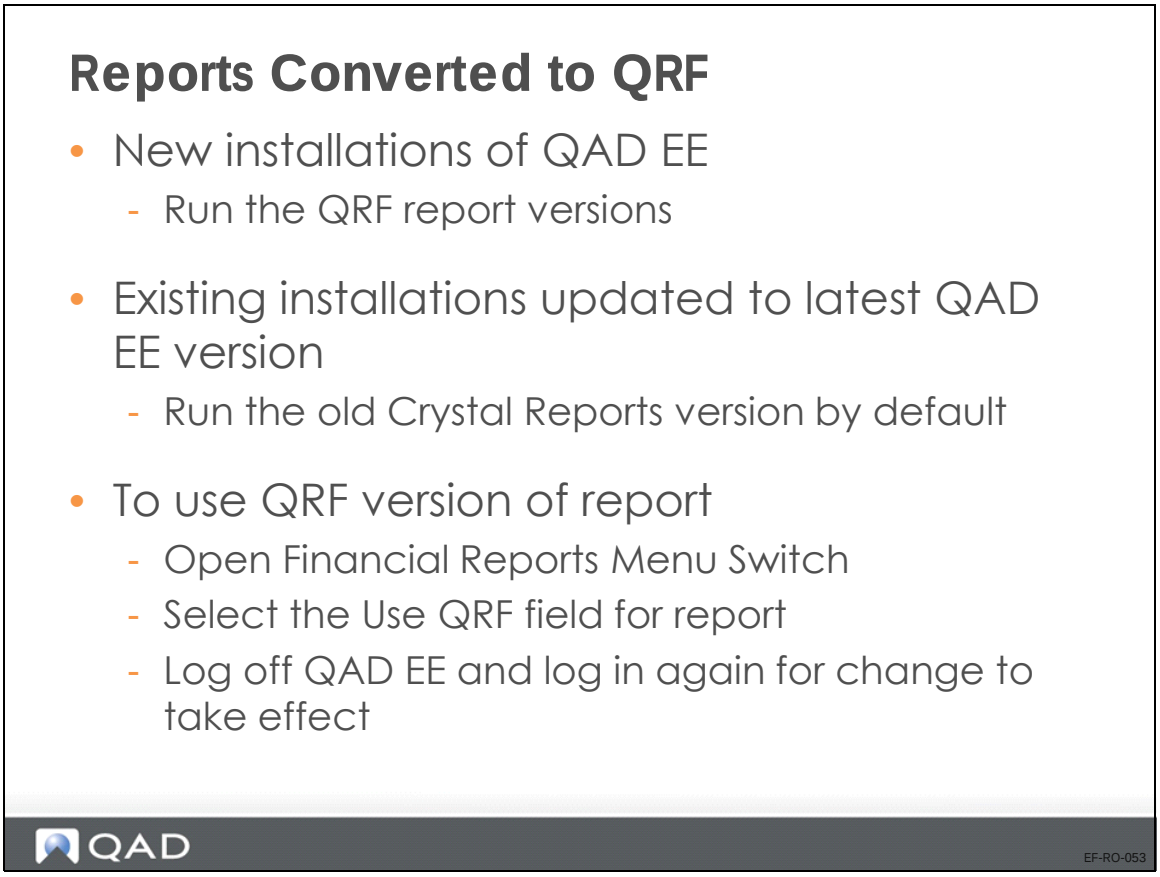
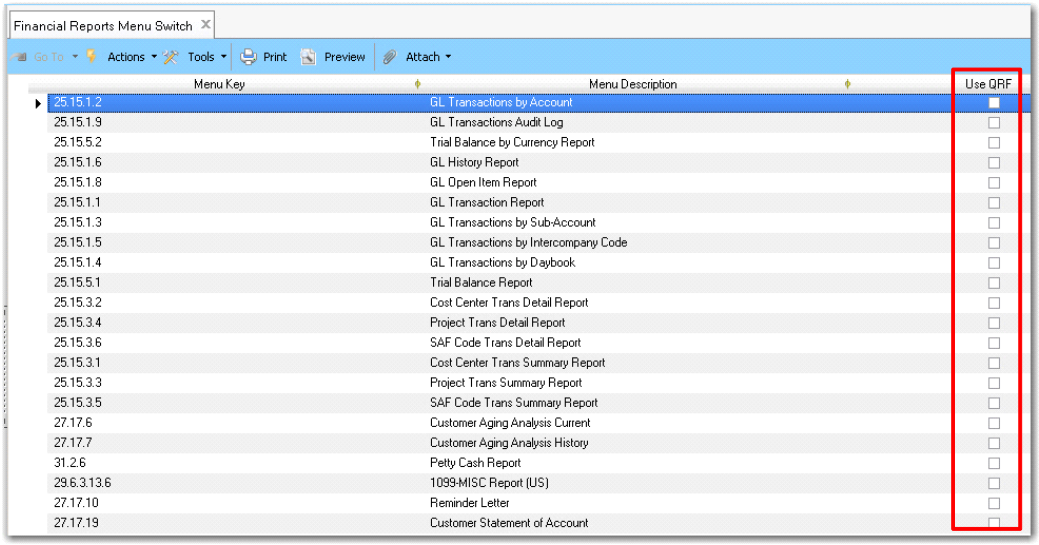
Reports Converted to QRF



For reports that have been converted from Crystal Reports to QRF, new installations of QAD Enterprise Applications run the QRF versions of the reports. For existing installations that have been updated to the latest version of QAD Enterprise Applications, the menu items run the old Crystal Reports version by default. To use the QRF version of a report, use Financial Reports Menu Switch (36.24.3.8).

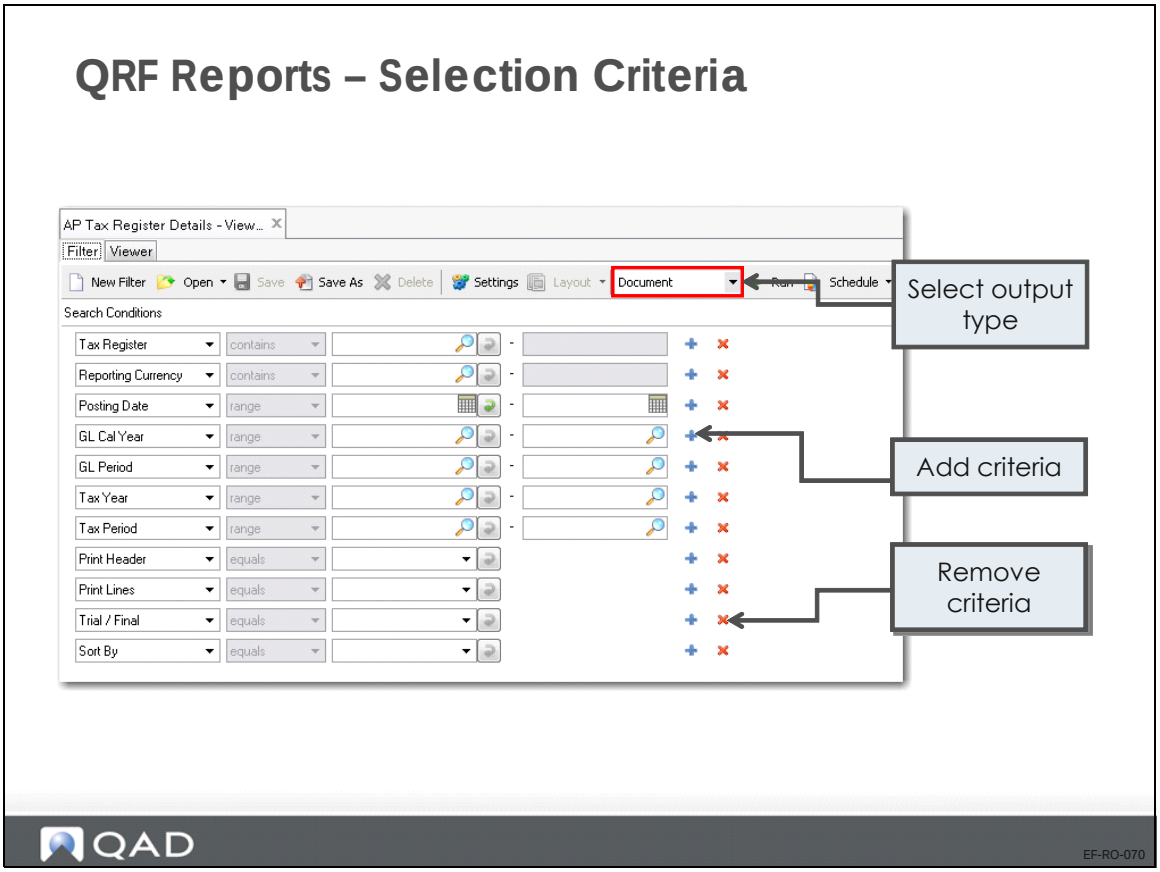
Running the QRF Version of a Converted Report



In Financial Reports Menu Switch (36.24.3.8), select the Use QRF field for the report that you want to run in QRF.

If you select or clear the Use QRF field for a report, save your change and then log off QAD Enterprise Applications and log in again for the change to take effect.

QRF Reports - Selection Criteria



By default, a QRF report displays all the records available in the source data. However, you can retrieve certain ranges of records in the report; for example, sales records between last September and this March. You do this by setting filter conditions to filter data in the report.

The search operators include the following:

- equals
- not equals
- contains
- range
- starts at (the default)
- greater than
- less than
- is null
- is not null

If you choose the Range operator, enter a beginning value of the range in the first search box. Optionally, enter an ending value of the range in the second search box.

To refine your search further, click the plus (+) icon to add another search row. You can add as many rows as needed, each with different search values and operators. When you specify several criteria, note that multiple criteria for the same field are treated as a logical AND condition.

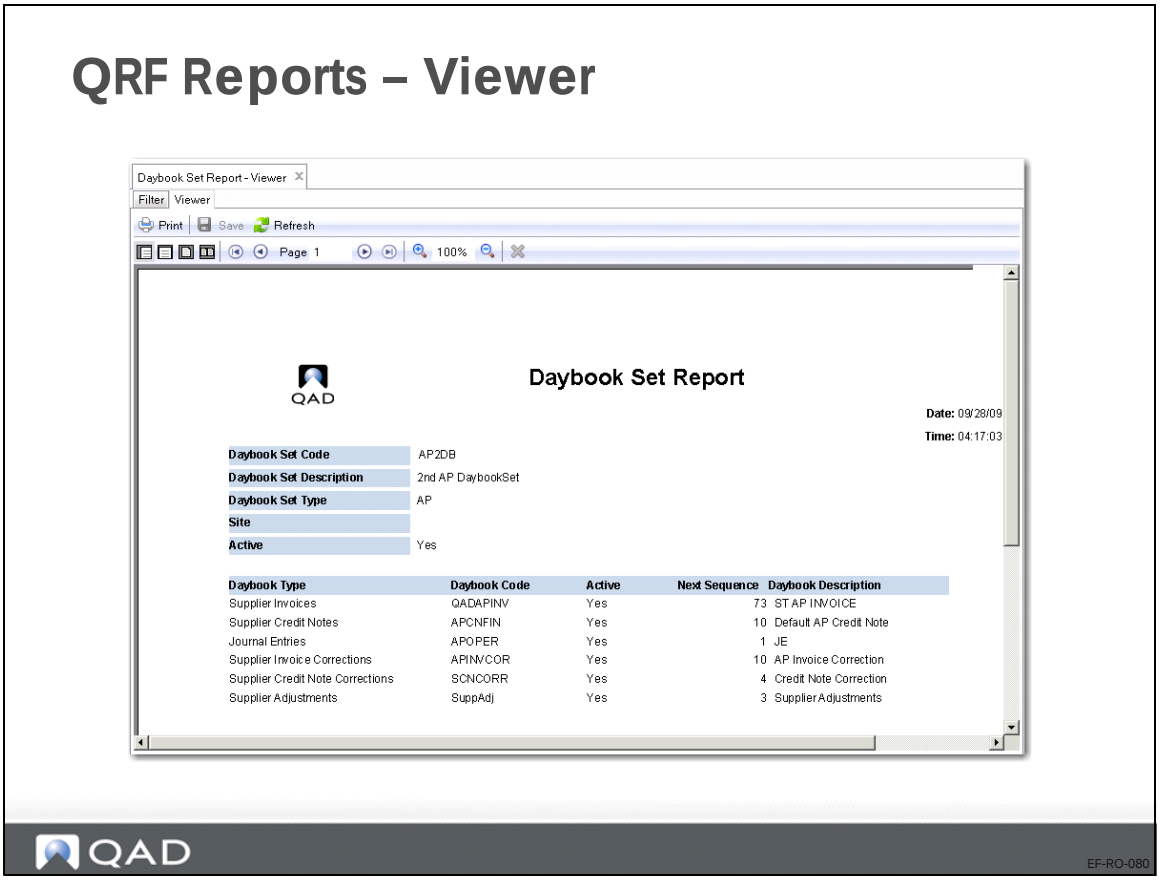
To remove a search criteria row, click the delete (X) icon.

Optionally, save the new filter conditions as a filter for future reuse.

On the toolbar, select an output format from the list next to the Settings button. You can choose from three output formats when the report is run:

- Document: The report is displayed in the Report Viewer window.
- Excel: The report is generated in Microsoft Excel format. You can save the file and open it in the Report Viewer window.
- PDF: The report is generated in PDF format.

QRF Reports - Viewer



In the Report Viewer, use the toolbar buttons to navigate through the report and perform other functions such as saving and printing.

Button	Name	Description
	Print	Send the report to a printer.
	Save	Save the report to a specified location.
	Refresh	Regenerate the report using your last setting.
	Actual Size	Display the report in its actual size.
	Page Width	Fit the report to the width of the Report Viewer window.
	One Page	Display the report in a one page view in the Report Viewer window.
	Two Pages	Display the report in a side-by-side two page view in the Report Viewer window.
	First Page	Jump to the first page.
	Previous Page	Go to the previous page.
	Next Page	Go to the next page.

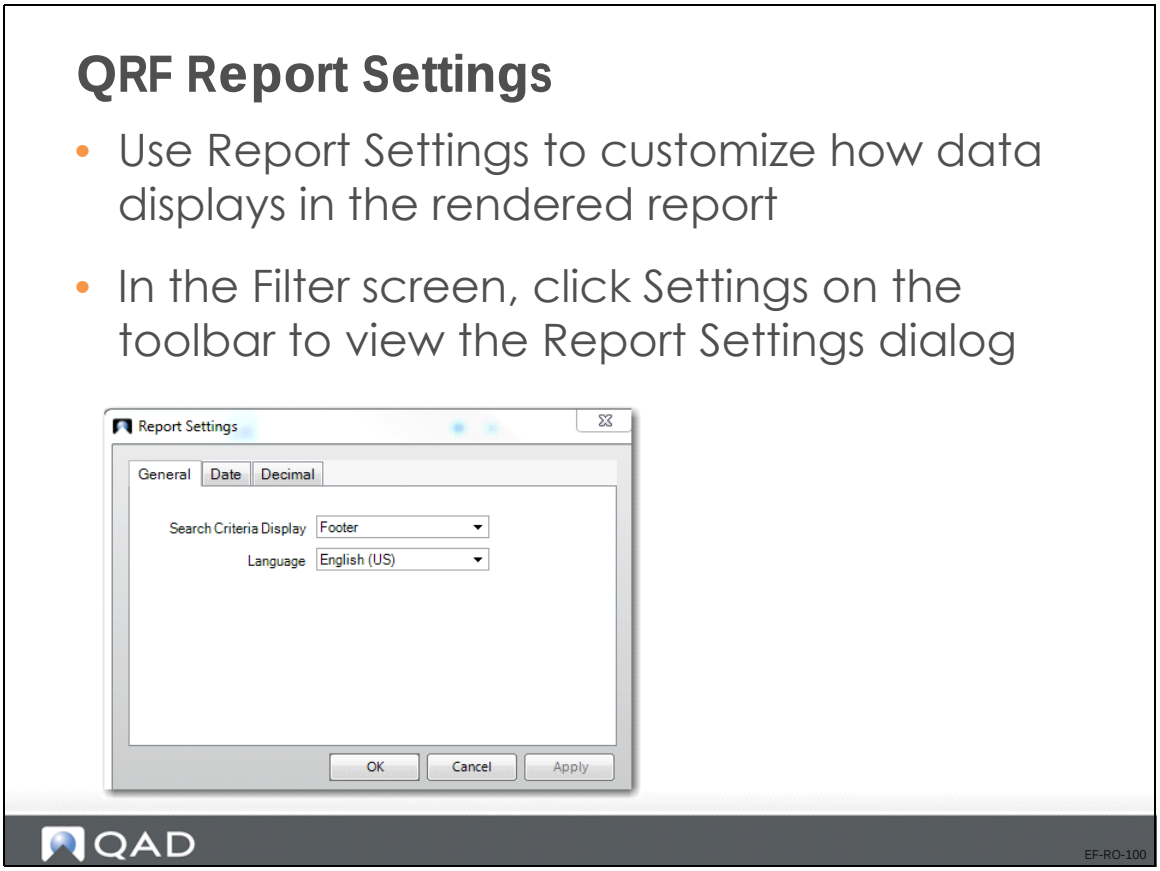
Button	Name	Description
	Last Page	Jump to the last page.
	Zoom In	Magnify the report preview size.
90%	Size	Specify the exact report preview size.
	Zoom Out	Decrease the report review size.
	Cancel Rending	Cancel rendering the report.

QRF is described in more detail in *QAD Financials-Advanced Training Guide*.

Customizing QRF Reports

You can customize QRF report settings, create new report filters, or add user-defined fields to the report output.

QRF Report Settings

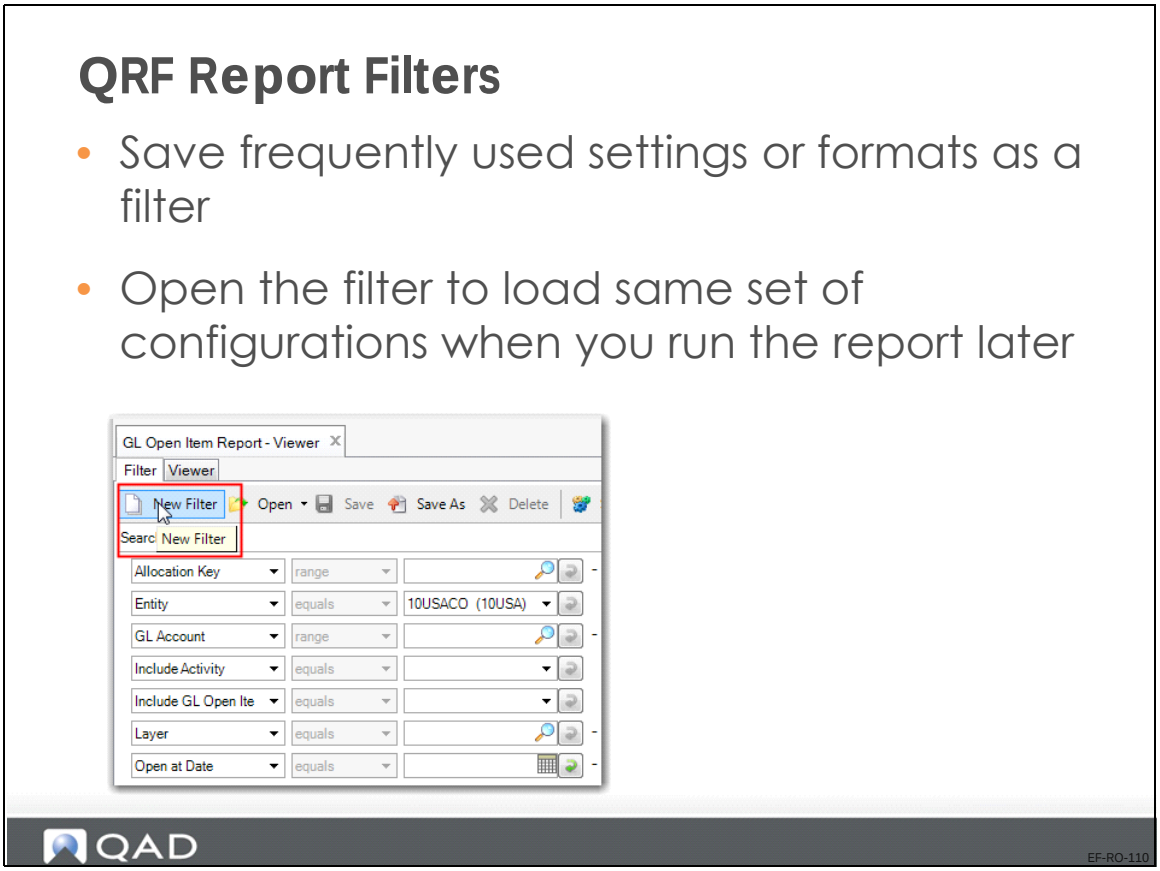


For QRF reports, use Report Settings to customize how certain elements of data display in the rendered report. In the Filter screen, click Settings on the toolbar to view the Report Settings dialog box.

- Under the General tab, specify whether to display search criteria in the report, and if yes, whether to display this information in the report header or footer.
- Under the Date tab, select a format for the dates to be displayed in the report and specify a date separator. You can see a sample of the date format you specify at the bottom of the dialog box.
- Under the Decimal tab, specify how numbers will be displayed in the report, including decimal separator, decimal digits, grouping separator, and grouping format. A sample number is displayed at the bottom of the dialog box.

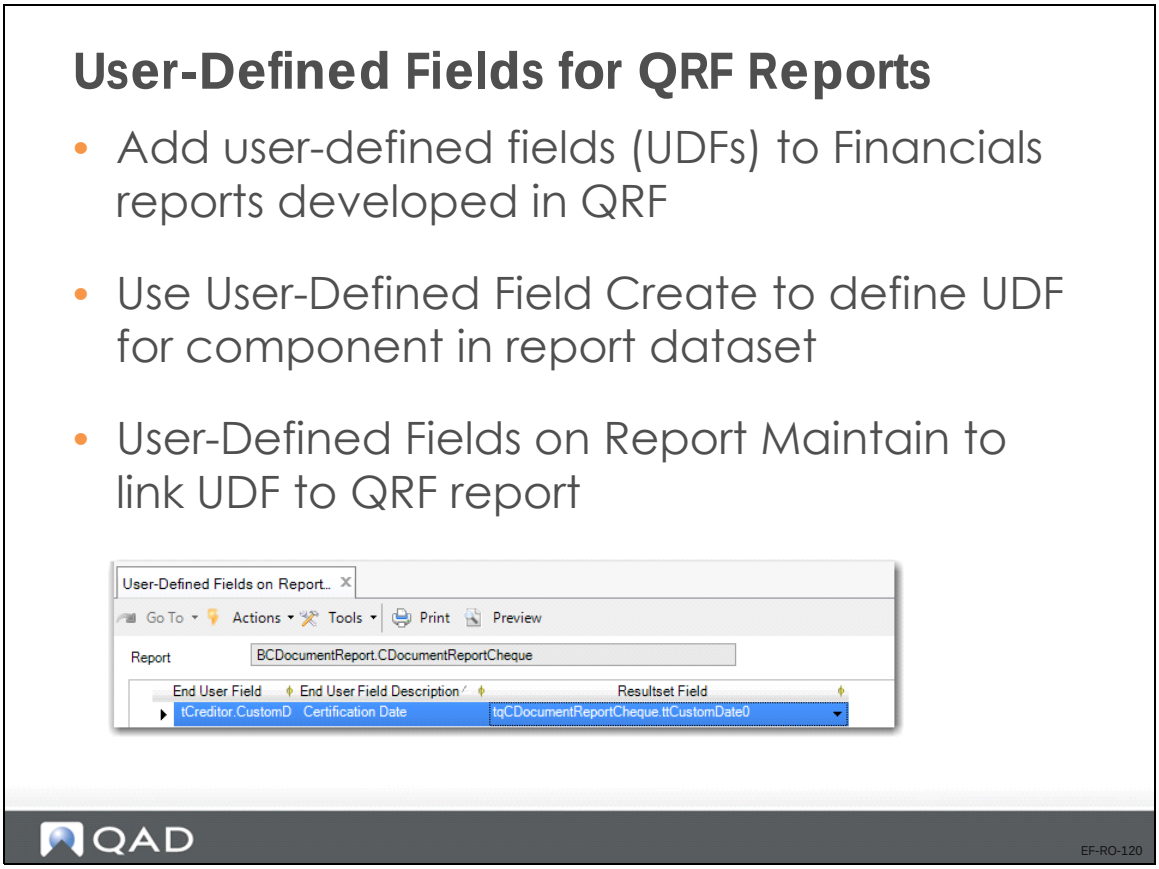
QAD publishes a separate guide on QRF, *QAD Reporting Framework User Guide*, where all QRF-related topics are described in detail.

QRF Report Filters



For a QRF report with settings or formats that you use frequently, you can save the settings as a filter. You can then open the filter to load the same set of configurations when you run the report later. A filter is a personalized set of search conditions and settings, which means that only you and an administrator can access and manage the filters you create.

User-Defined Fields for QRF Reports



Use User-Defined Fields on Report Maintain (36.25.92) to add user-defined fields to Financials reports developed using the reporting framework. However, before you use User-Defined Fields on Report Maintain, use User-Defined Field Create (36.4.12.2.1) to define a field for a component that is part of the report's dataset.

See *QAD System Administration User Guide* for detailed information on adding user-defined fields to Financials reports.

US and EMEA Exercise: QRF Customization

Note In the US, log in to entity 10USACO. In EMEA, log in to entity 22UKCO.

1. Open the AP Tax Register report (29.6.3.19).
2. Experiment with adding and removing selection criteria.
3. Experiment with changing the Report Settings. Specify whether you want the filter criteria to appear on the report output.
4. Select Save As to store your changes.
5. Close the report window and reopen it.
6. Open your report variant.

Crystal Reports

Crystal Reports

- Reports created prior to 2009.1 EE and not yet available in QRF use Crystal Reports

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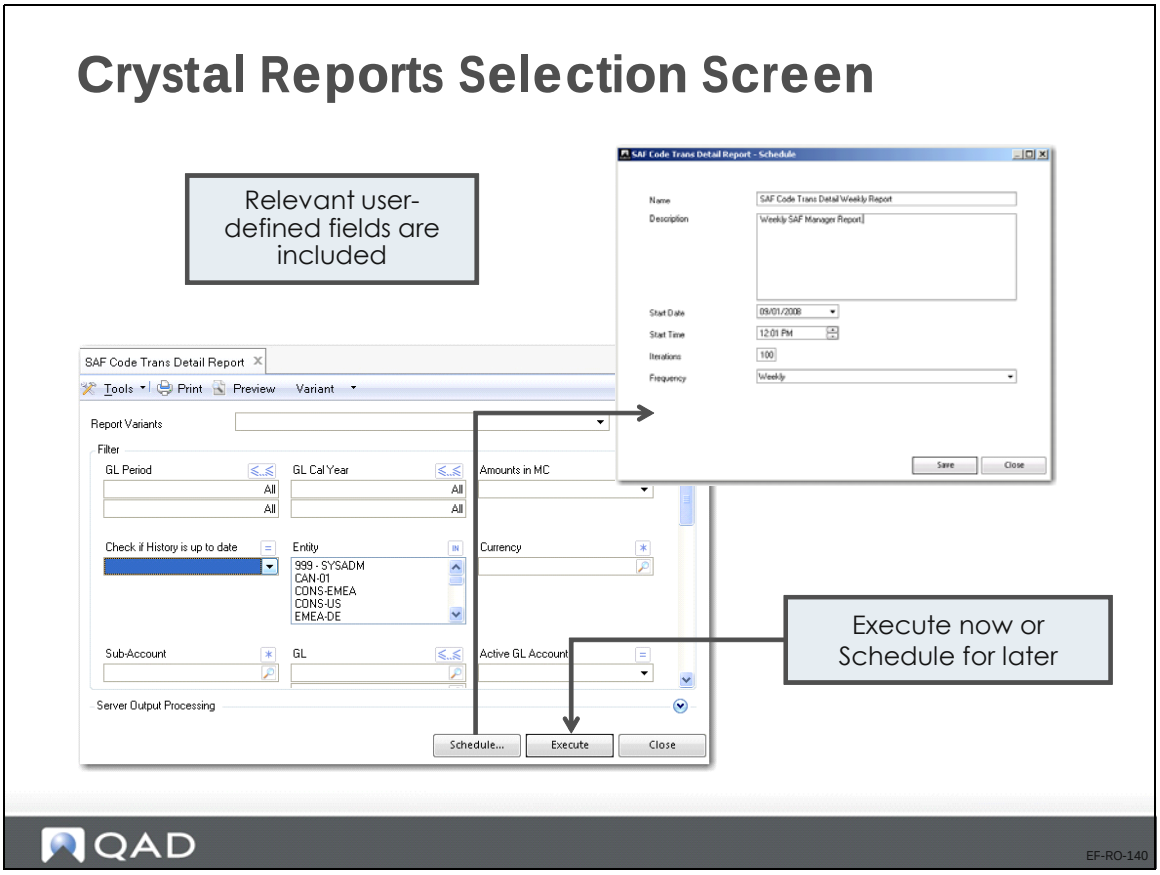
Crystal Reports Selection Screen

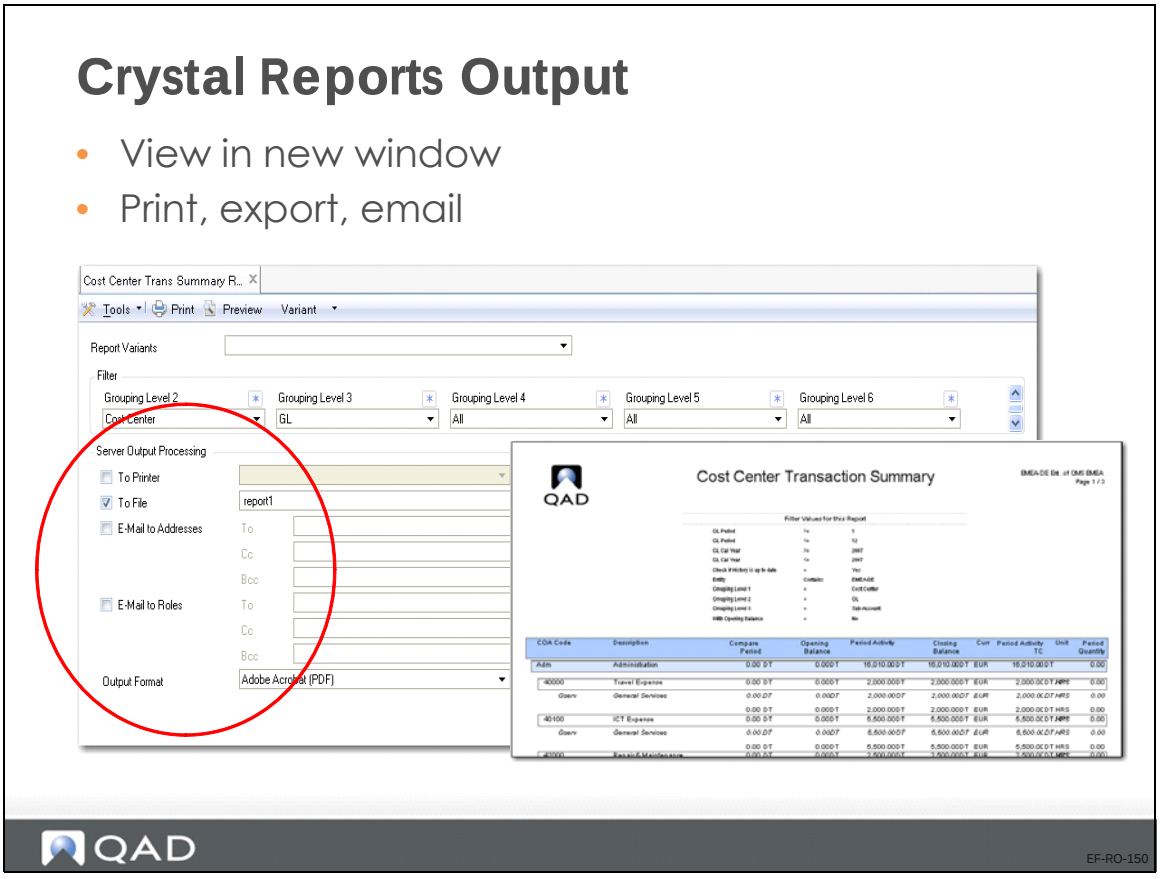


The slide shows the standard report selection criteria window for Crystal Reports.

You can run a report immediately, or choose to schedule it to run later. In this case, a popup window opens to let you enter details for running the report at a later date.

User-defined fields are included in reports.

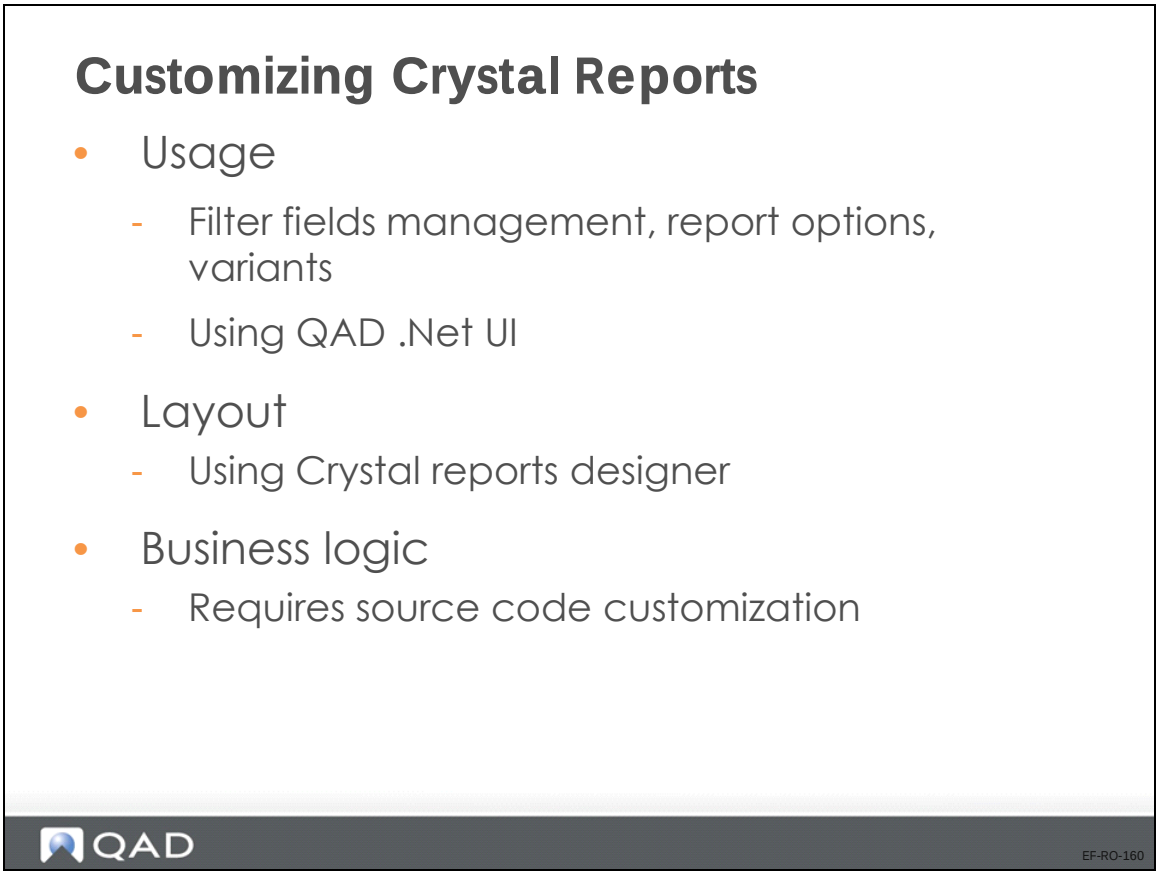
Crystal Reports Output



Standard outputs for Crystal include printer, file, or email. Various formats are available, such as PDF and Excel.

You can email reports to email addresses or to roles. For example, you can schedule the system to send an AR Aging report weekly to all users in a collection.

Customizing Crystal Reports



You can customize Crystal reports at three levels:

- Customization at usage level

  Modify filter fields, report options, create and save variants, or configure the user interface. This option is described later in this course.

- Layout customization

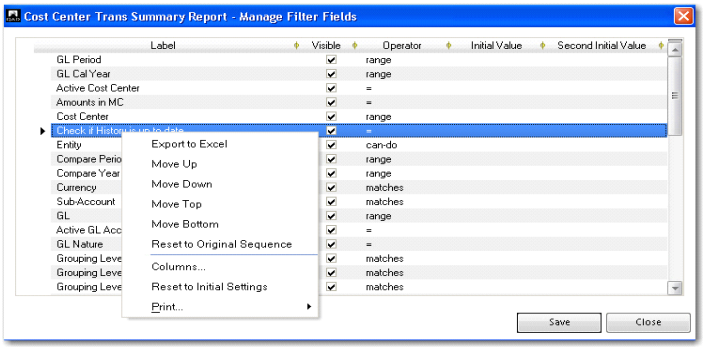
  If you have Crystal Reports designer skills, you can make any changes to the output layout. This option is described later in this course.

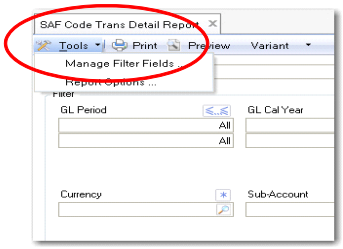
- Modify reports business logic in the source code. This option requires software customization skills.

Usage Customization—Crystal Reports

Usage Customization – Crystal Reports

- Use filter fields
  - Define how data is filtered
- Manage Filter Fields
  - Select from the list of available filter fields
  - Set the sequence of the fields on the UI
  - Set initial values





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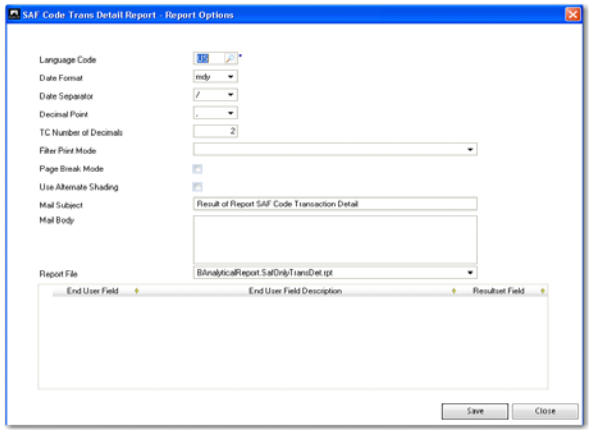
Use filter fields and store your search criteria for later reuse. You can remove or add filter fields, set the sequence in which the fields display, and set initial values for each field.

To modify report filter fields, click Tools|Manage Filter Fields from within a report. A popup window appears that lets you select or deselect fields, change the operator, and set initial values. Right-click a field to access more options, such as options that let you move the filter fields up or down, or that let you reset the original sequence.

Usage Customization – Crystal Reports

- Report options
  - Language Code
  - Date format
  - Numeric format
  - Alternate shading



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Click Tools and then Report Options to modify the report format options, the report language, and to determine whether to use data on the report or not (this field is mandatory).

Add user-defined fields to the report using this screen.

Crystal Report Variants

Crystal Report Variants

- Store specific selection criteria
  - Available next time the report is started
  - Unlimited number of variants
  - Save for personal use or share with other users
- All variants
  - Are based on the same data
  - Use different filter criteria
  - Can use a different report layout

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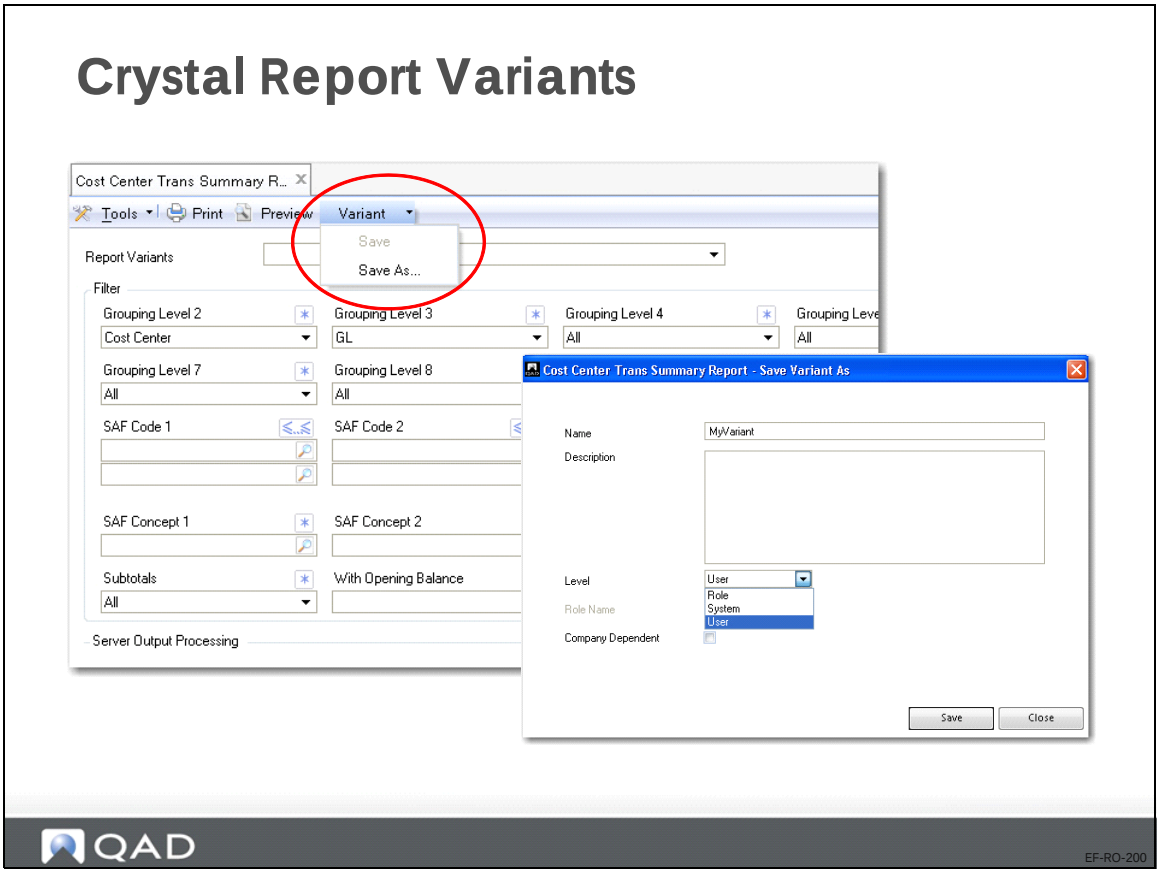
When you have customized the report usage, you can store it as a report variant. The report variant will then be available the next time you start the report. In the Save screen, you can choose to share the report variant with other users.

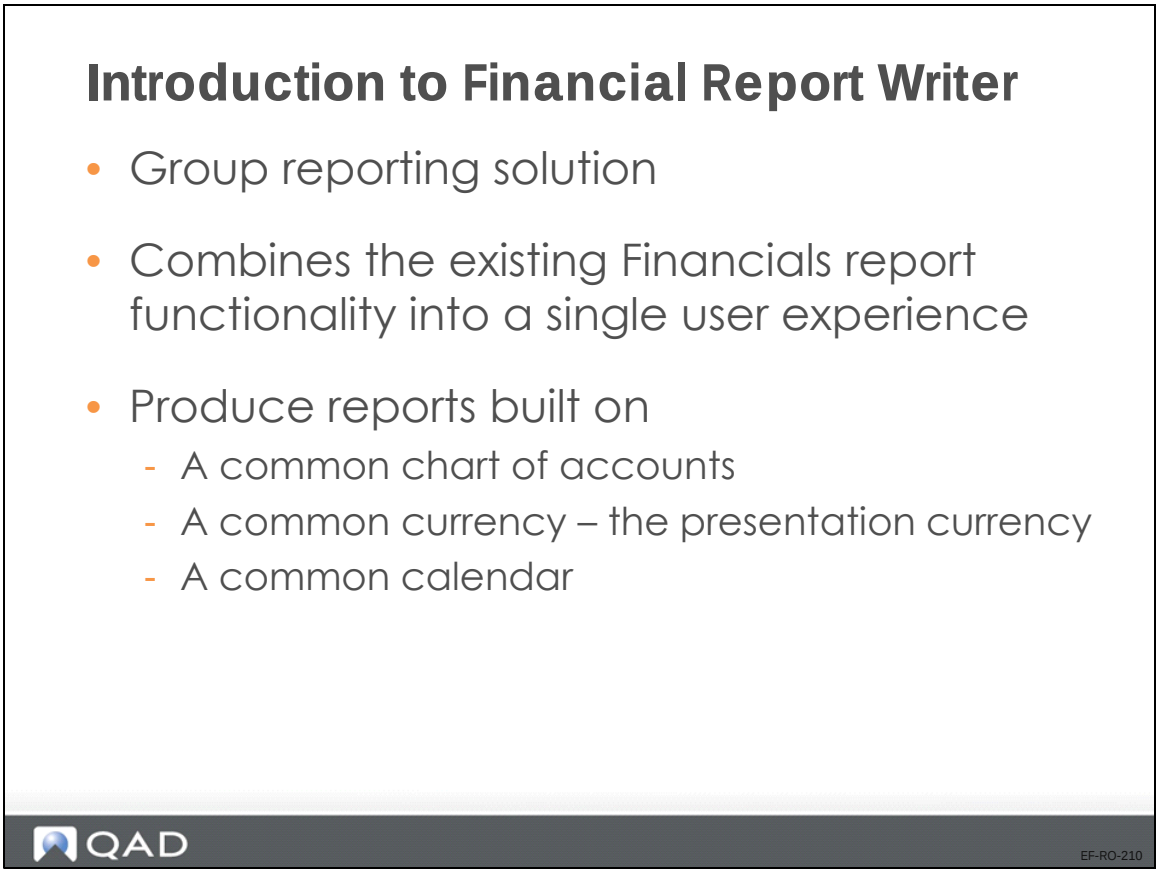
Crystal Report Variants—Continued



To save a Crystal report variant, click Variant|Save As... on the menu toolbar.

After you specify a report name and description, select whether you want to share the report variant with other users with a specific role (Role), with all users (System), or to use it yourself (User).

Introduction to Financial Report Writer

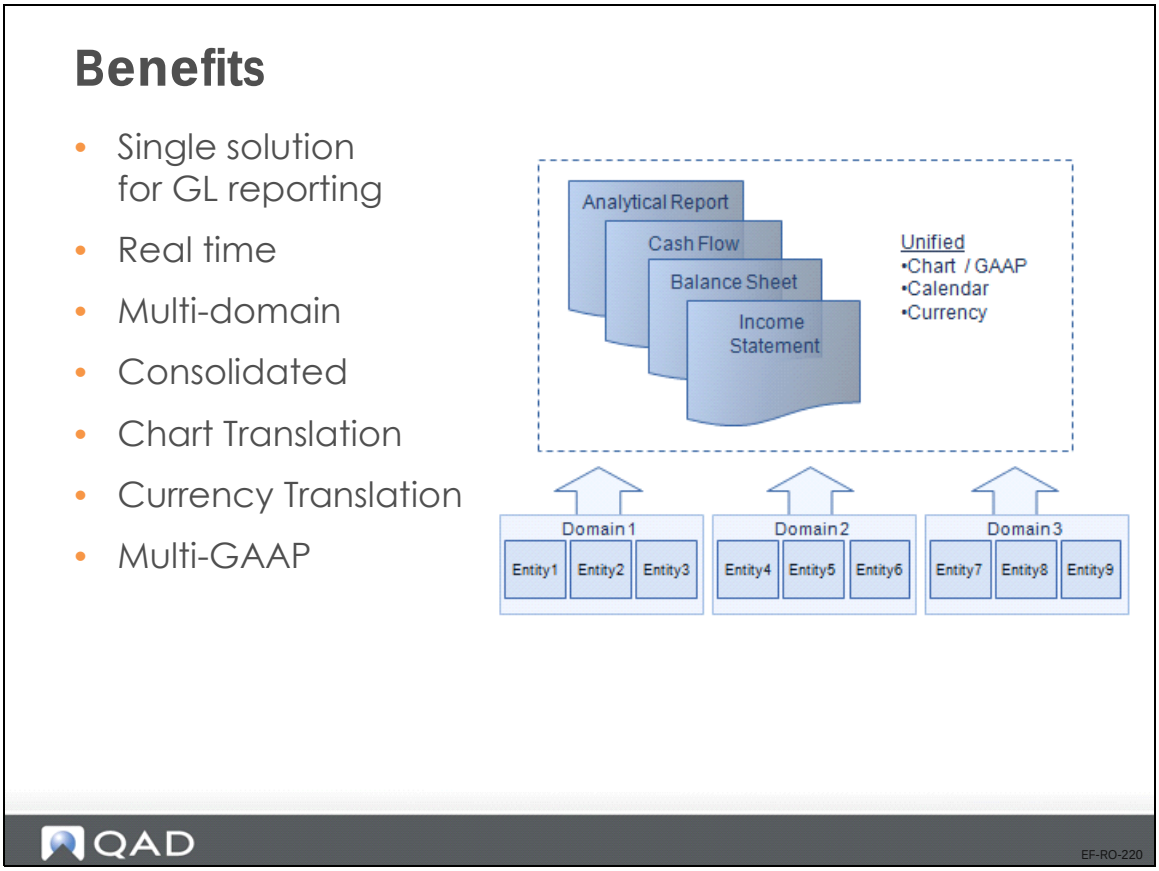


Financial Report Writer is a group reporting solution that combines the existing Financials reporting functionality into a single user experience. It includes multi-entity and multi-domain reporting that lets you map charts of accounts and approximate consolidation results.

Financial Report Writer aggregates financial statements that are built on:

- A common chart of accounts (COA) including all dimensions available in Financials, such as domain, entity, layer, GL account, sub-account, cost center, project, SAFs, intercompany, and currency
- A common currency—the presentation currency
- A common calendar

Benefits



Financial Report Writer is a major uplift of the reporting capabilities in Enterprise Financials. It combines the power of the GL Report Writer with new Enterprise Financials features such as layers, SAFs, intercompany analysis, and statutory currency.

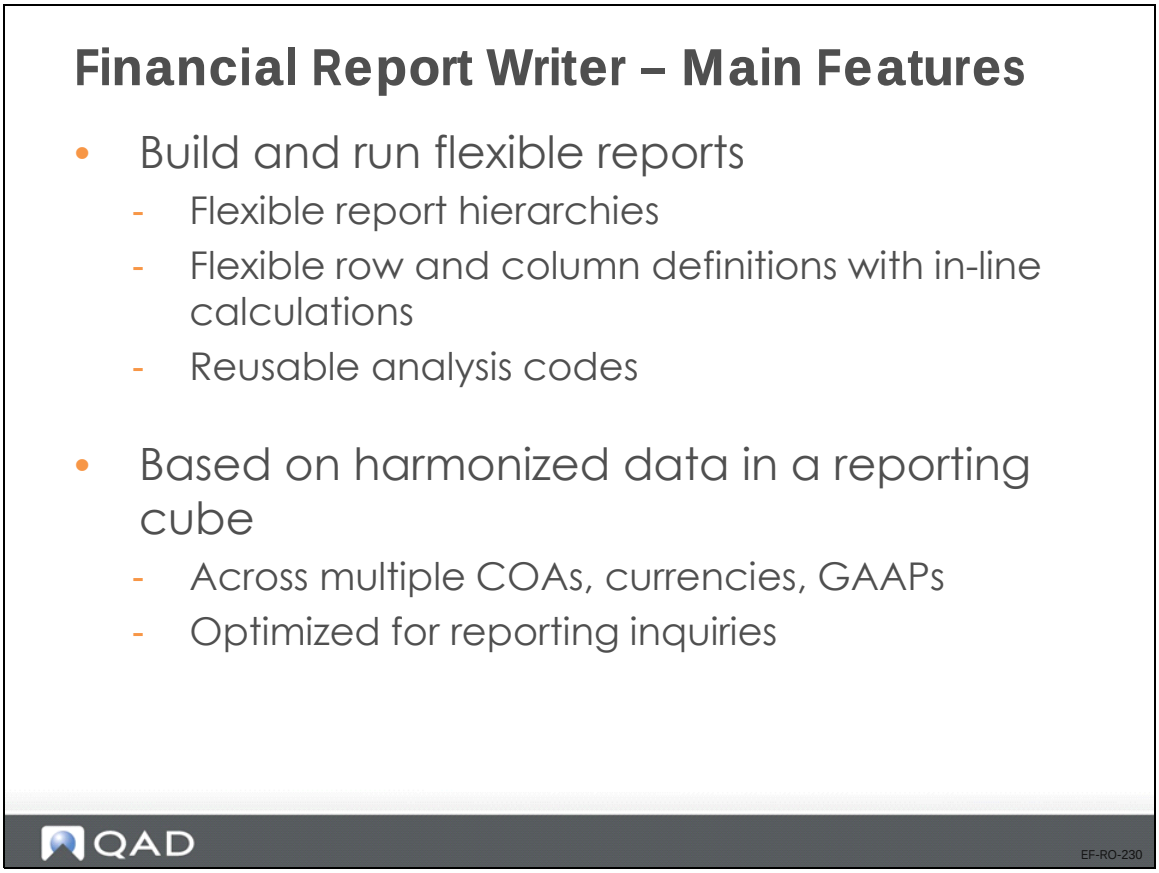
Financial Report Writer provides financial information for accountants and managers on both corporate group level and local domain level. Using Financial Report Writer, you can create financial statements such as balance sheets, income statements, and cash flow statements. You can also create cross-domain analytical reports with many dimensions such as regions, countries, entities, divisions, departments, product lines, and customer groups.

Financial Report Writer also provides an accurate approximation of the consolidation results in real-time without the need to run the consolidation program.

You can produce reports in any wanted chart of account, in any hierarchy, and according to any GAAP. You can represent report amounts in any presentation currency.

You can also create a report calendar that is different than the local domain GL calendars.

Main Features

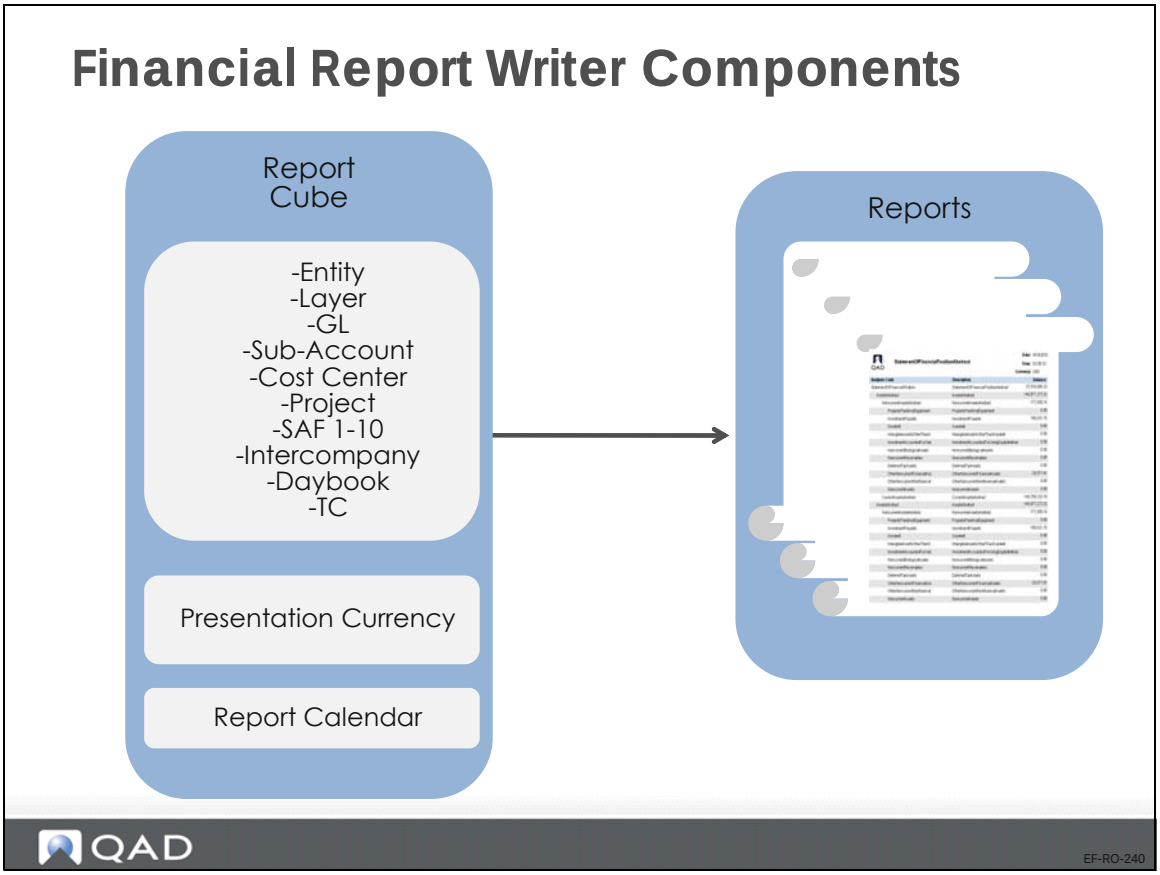


The Financial Report Writer allows great flexibility in creating reports. You can create reporting hierarchies using all COA elements and you can easily change these at any time. The rows and columns of the reports can contain calculations, comparisons with previous periods, or side by side comparisons of entities, cost centers, projects, and so on.

To avoid duplication of effort, reusable analysis codes contain definitions for the data to include in the reports. For example, you can define groups or ranges of GL accounts once and reuse them on many reports.

This flexibility is possible because data from the different source domains is stored in report cubes. In the report cubes, the data is harmonized and stored in an optimal format for reporting. A report cube contains data that can come from many domains and this harmonized data allows for consistent reporting.

Financial Report Writer Components



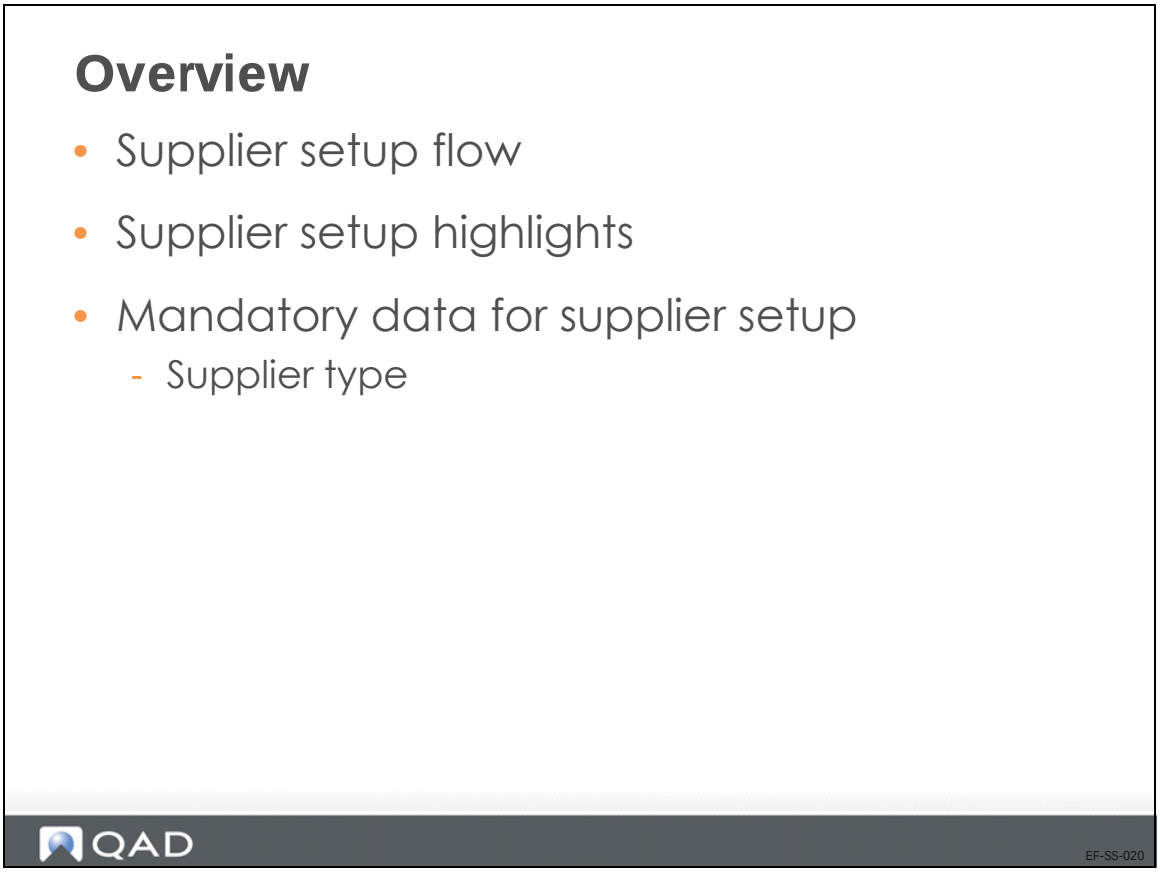
The real power of the Financial Report Writer is the flexible way in which you can build and run reports. It uses the information stored in report cubes to generate reports in any required structure or format.

Financial Report Writer is described in detail in *QAD Financials-Advanced Training Guide*.

Chapter 10

Supplier Setup

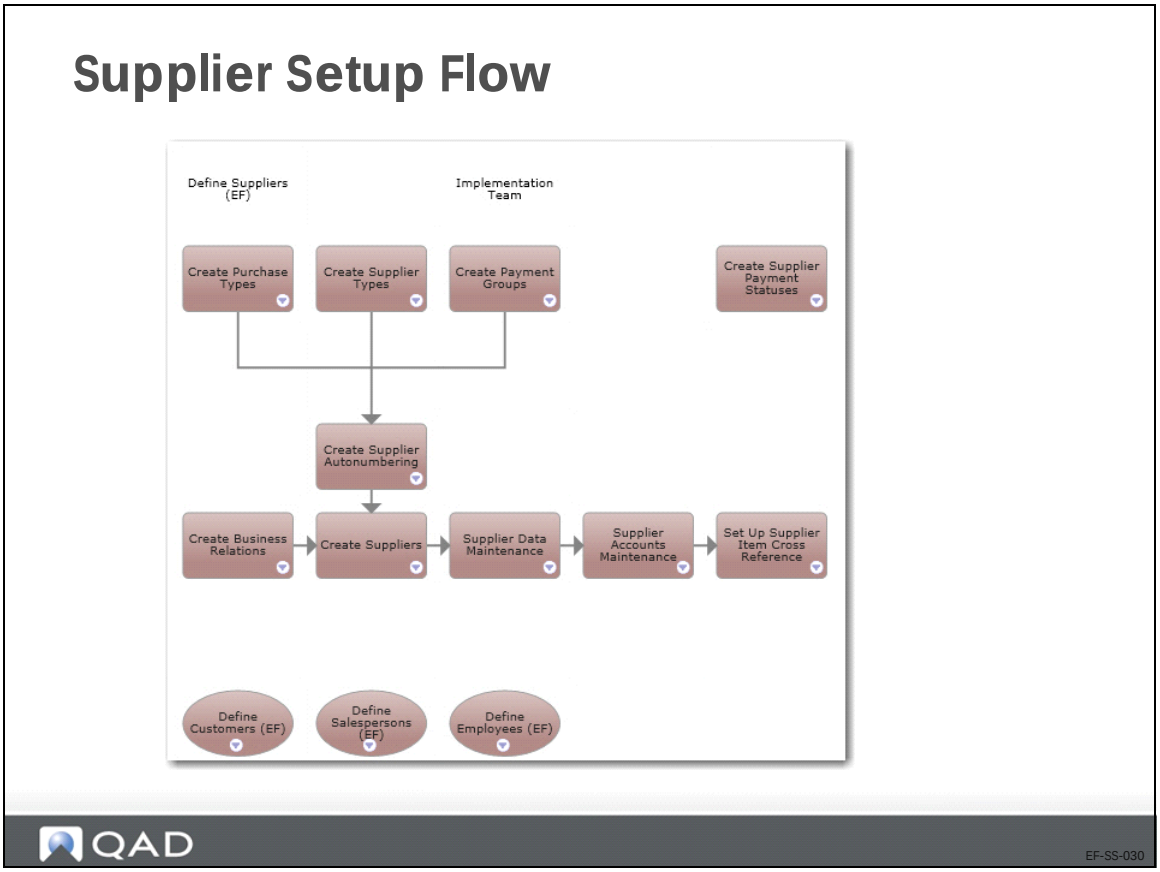
Overview



Supplier addresses, like customer addresses, determine default field values and affect how supplier transactions are processed in the system. Remit-to addresses are used when payments created in accounts payable must be sent to an address other than the supplier address. Each supplier can have only one remit-to address. You define remit-to addresses in the business relation with an address type of remittance.

Before setting up suppliers, you must first define payment formats, payment groups, bank account numbers, and supplier types. Payment formats and groups are discussed in Chapter 3, “Setting Up Financial Foundations,” on page 53. We will discuss the other data required in the following pages.

Supplier Setup Flow

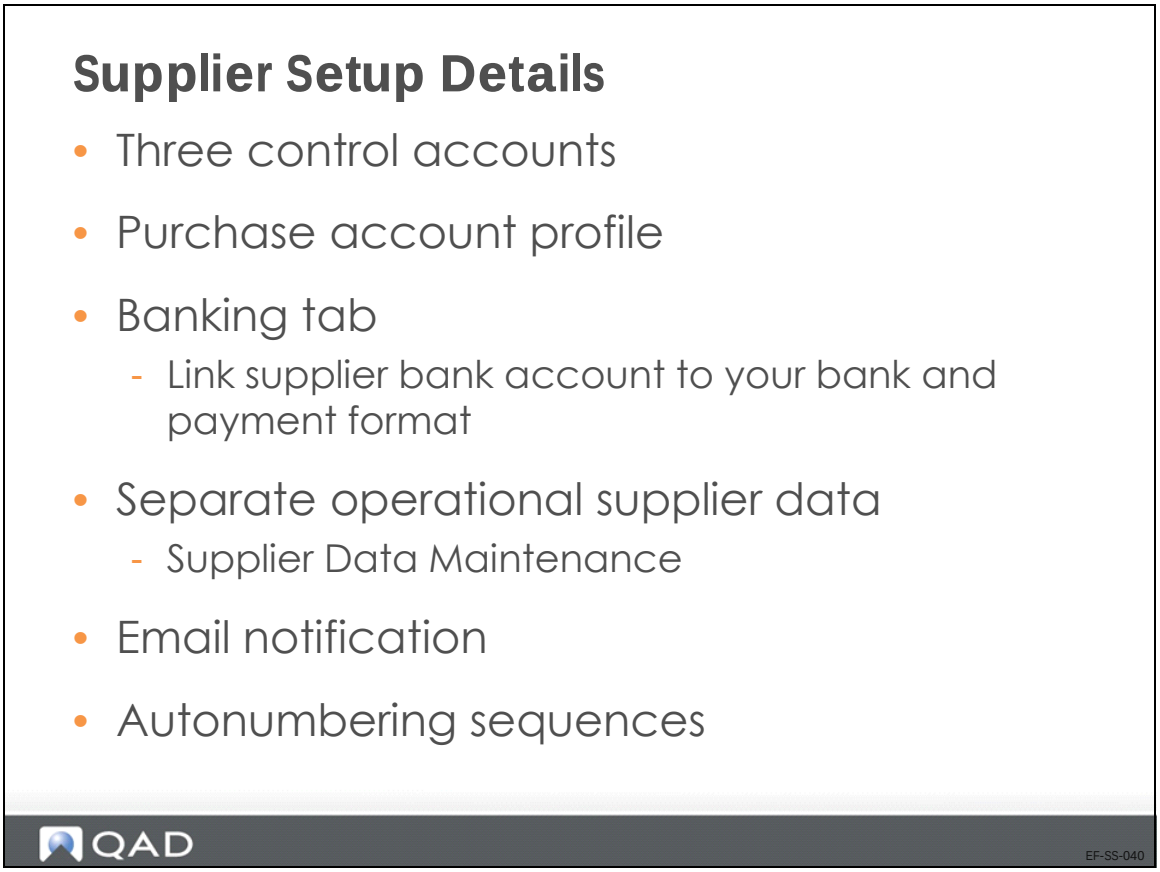


The process to set up suppliers consists of several steps, which are illustrated in the process map above.

Use the Supplier function (28.20.1) to set up codes that represent the companies you purchase goods and services from. Suppliers are used in purchasing, accounts payable, Service and Support Management, and other functions.

Review the supplier setup steps on the process map.

Supplier Setup Details

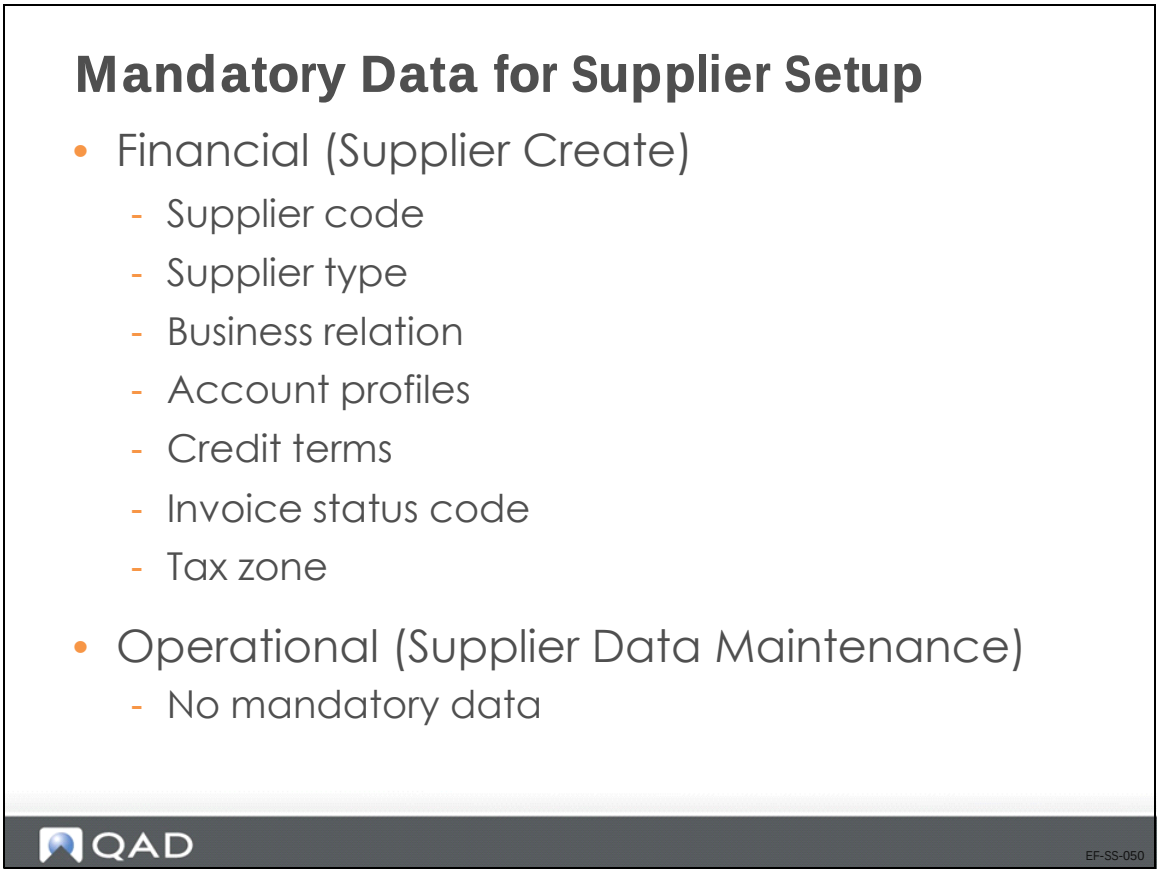


Before you set up suppliers, you must first define payment formats, payment groups, bank account numbers, and supplier types. These topics are described separately.

Control accounts must be available and set up for suppliers invoices, credit notes, and prepayments. Control accounts are linked as profiles on the supplier account record. The purchase account profile is required too, and is used in the purchase of non-inventory items. You must set up the accounts and profiles before you define suppliers.

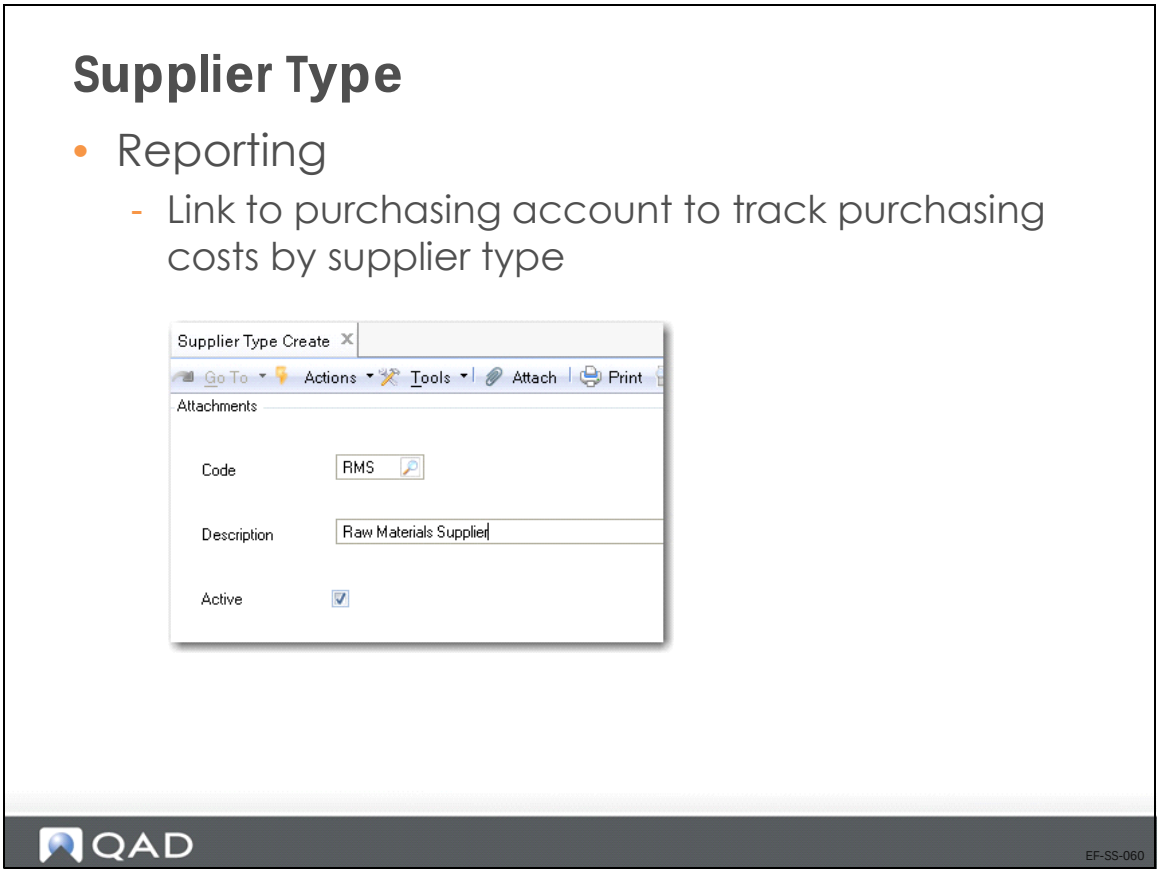
The accounts and payment formats are stored on the Banking tab. These details are automatically retrieved for supplier payments and selections.

Mandatory Data for Supplier Setup



This section lists the financial data that is mandatory when creating a supplier record. There is no mandatory operational data for suppliers.

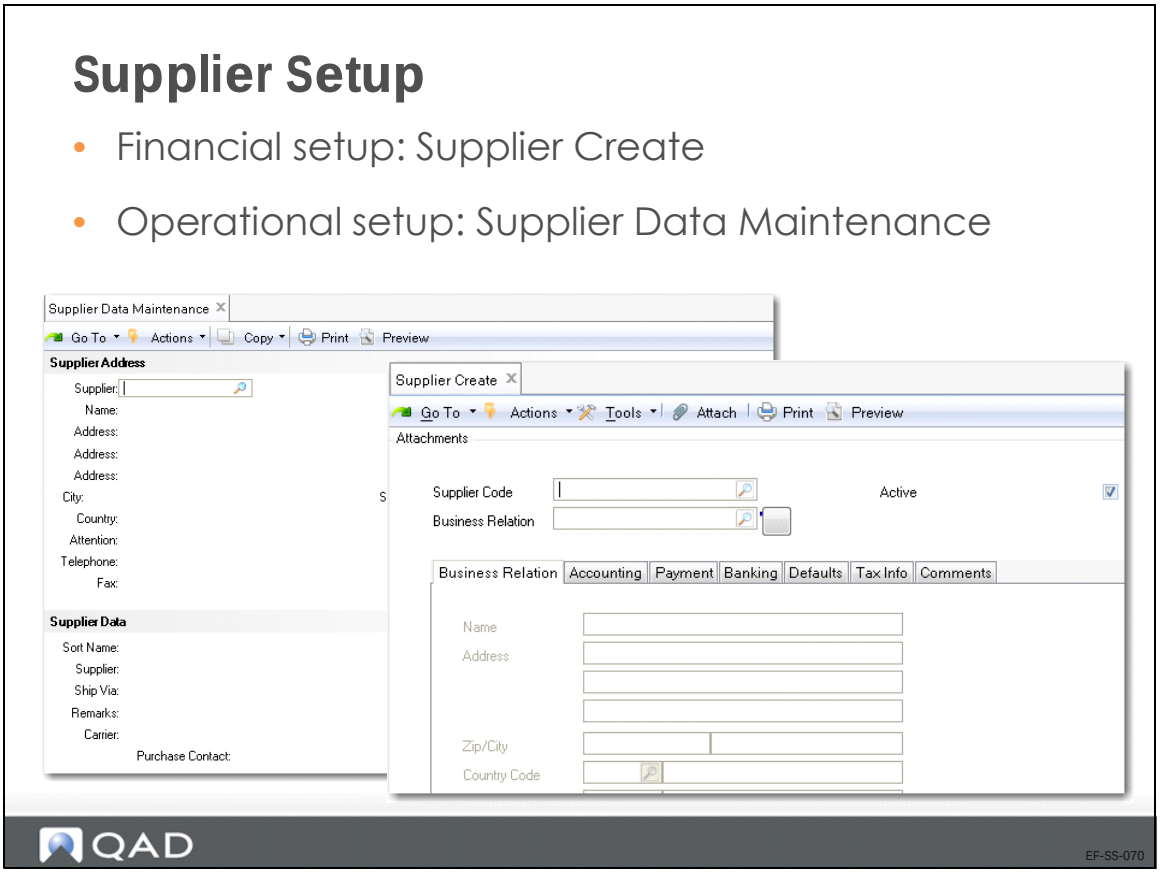
Supplier Type



Use Supplier Type activities (28.20.2) to create, view, modify, and delete codes for grouping suppliers. You can use supplier types to select groups of suppliers for reporting.

You can define GL purchasing accounts by product line, site, and supplier type in Purchasing Account Maintenance (1.2.5). This lets you track purchase costs for different types of suppliers separately.

Supplier Setup



Use the Supplier Activities (28.20.1) to create, view, modify, or delete suppliers. You can link a supplier to an existing business relation, or create a new business relation, as required.

You can only delete a record if it is not referred to in the system. Otherwise, mark the record as inactive.

You can use Excel Integration (28.20.1.5) to export supplier records to or load records from an Excel spreadsheet, including bank accounts. See “UI Navigation and Browsing” on page 23 and *Introduction to QAD Enterprise Applications User Guide* for more details.

After creating a supplier in Supplier Create (28.10.1.1), specify additional operational data in Supplier Data Maintenance (2.3.1). When a new supplier is created, an email is automatically sent to the members of the SupplierNotify role responsible for creating this data.

US and EMEA Exercise: Invoice Status

In this exercise, you will set up invoice status codes required for AP processes.

Log in to entity 10USACO in the US and 22UKCO in EMEA.

1 Use Invoice Status Code Create (36.1.11.1) to create the following new invoice status codes:

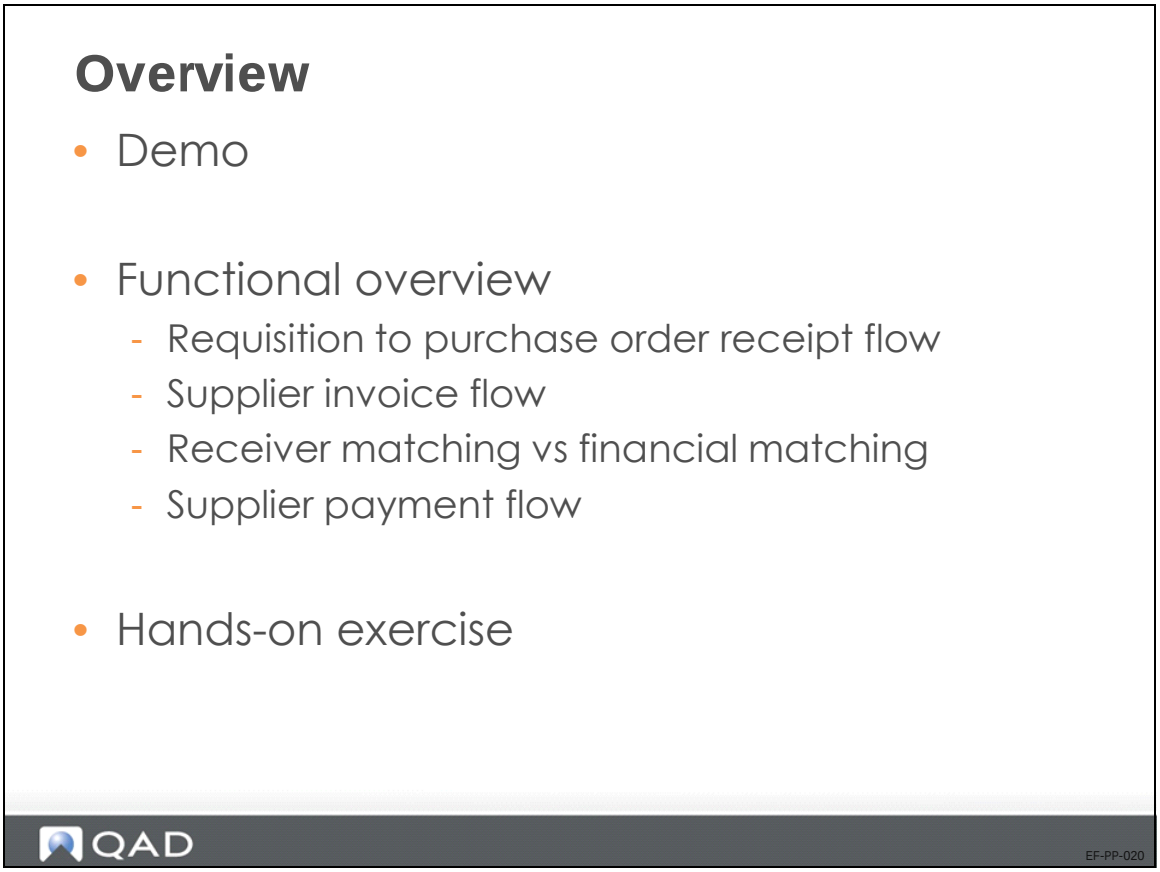
Field	Value
Invoice Status Code	To-Approve
Description	To Approve
Lock Payment	Yes
Invoice Approved	No
Allocation Status	Transient Allocation

Field	Value
Invoice Status Code	RM-Blocked
Description	Receiver Matching, Payment Blocked
Lock Payment	Yes
Invoice Approved	Yes
Allocation Status	Allocation
Receiver Matching	Yes

Chapter 11

Purchasing Process

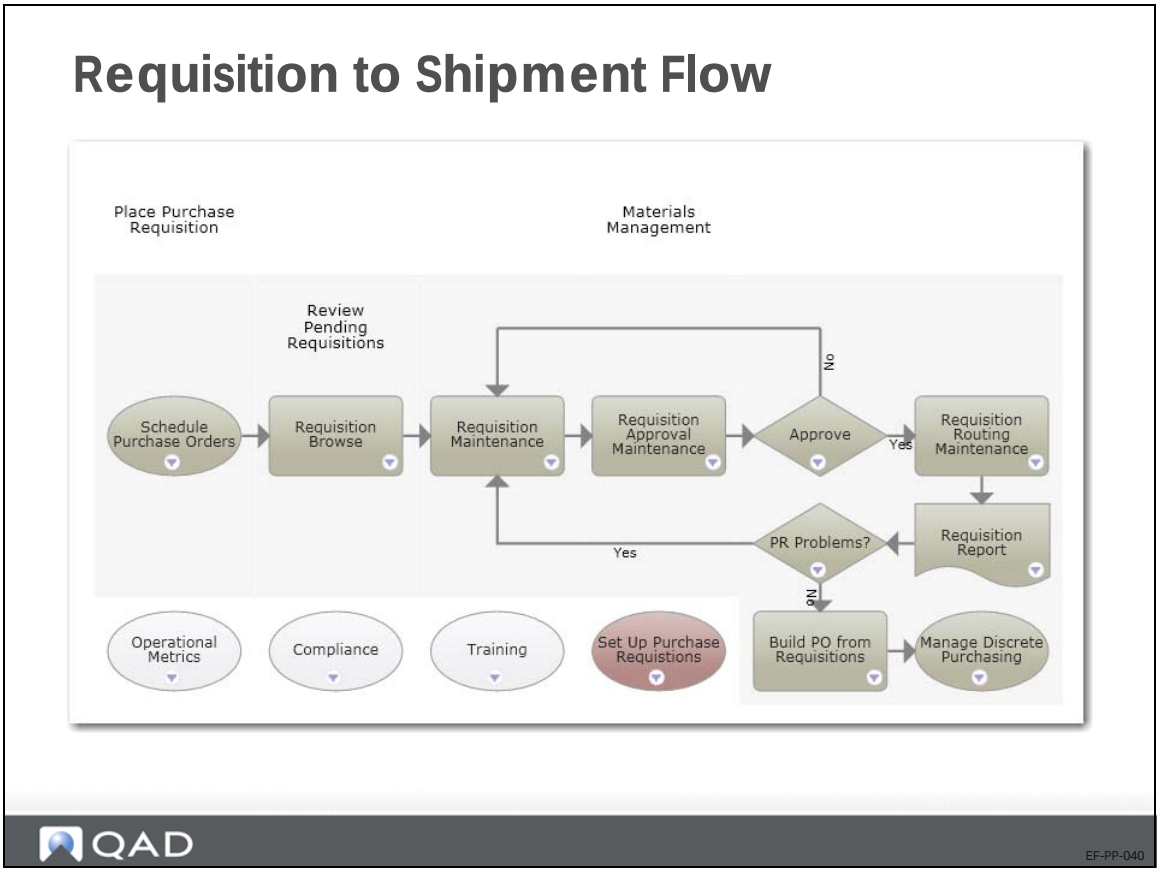
Overview



In this section, you will learn how purchase orders are processed in QAD Enterprise Financials.

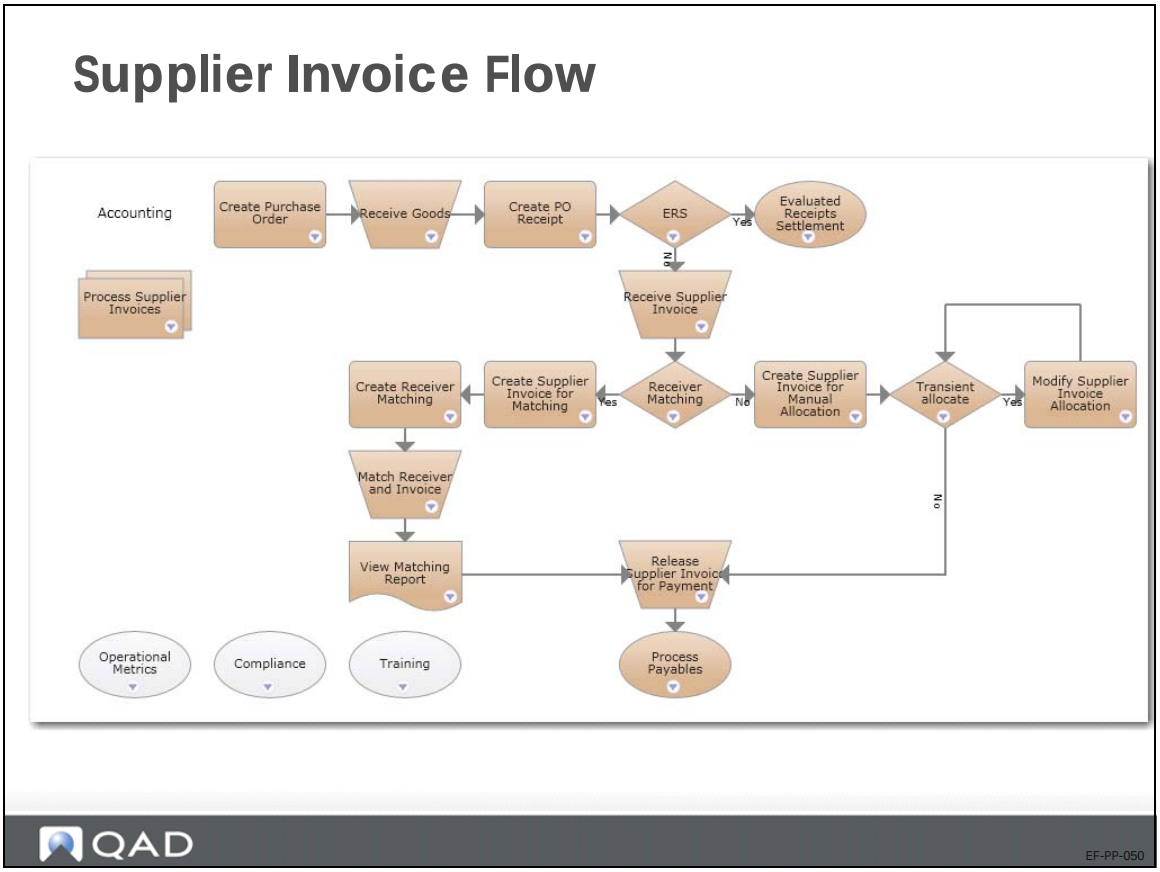
We will review different process flows for requisition to payment.

Requisition to Shipment Flow



The process maps display the purchasing process from purchase order requisition to purchase order receipts. Operational activities create unposted transactions that must be posted to Financials using Operational Transaction Post (25.13.7).

Supplier Invoice Flow

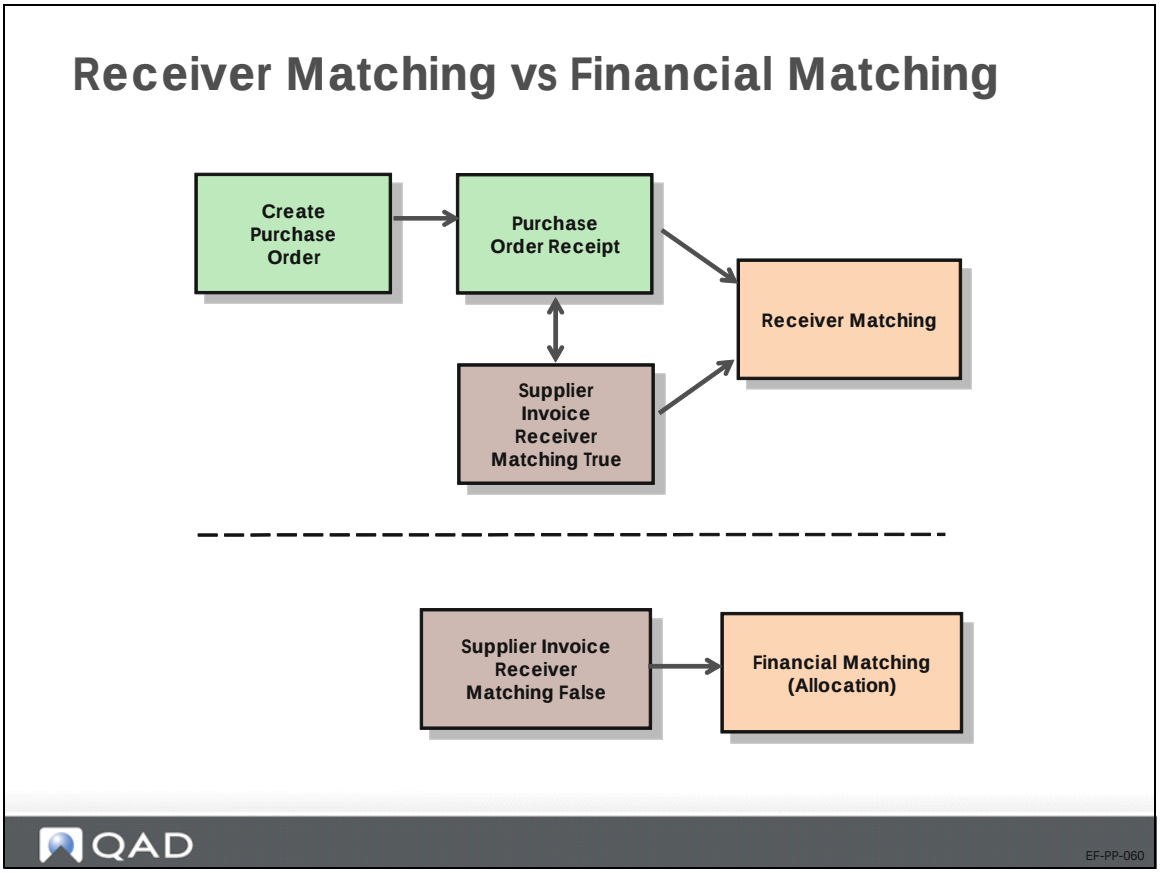


Before paying a supplier invoice, verify that the supplier invoice matches what was received by the receiving department and that the supplier has charged you the correct price. This process is called receiver matching. The Receiver Matching function ensures that amounts payable on invoices match the items received on purchase orders.

You can perform receiver matching during invoice creation, or later using manual allocation.

The various steps in the process are designated by different supplier invoice statuses.

Receiver Matching vs Financial Matching

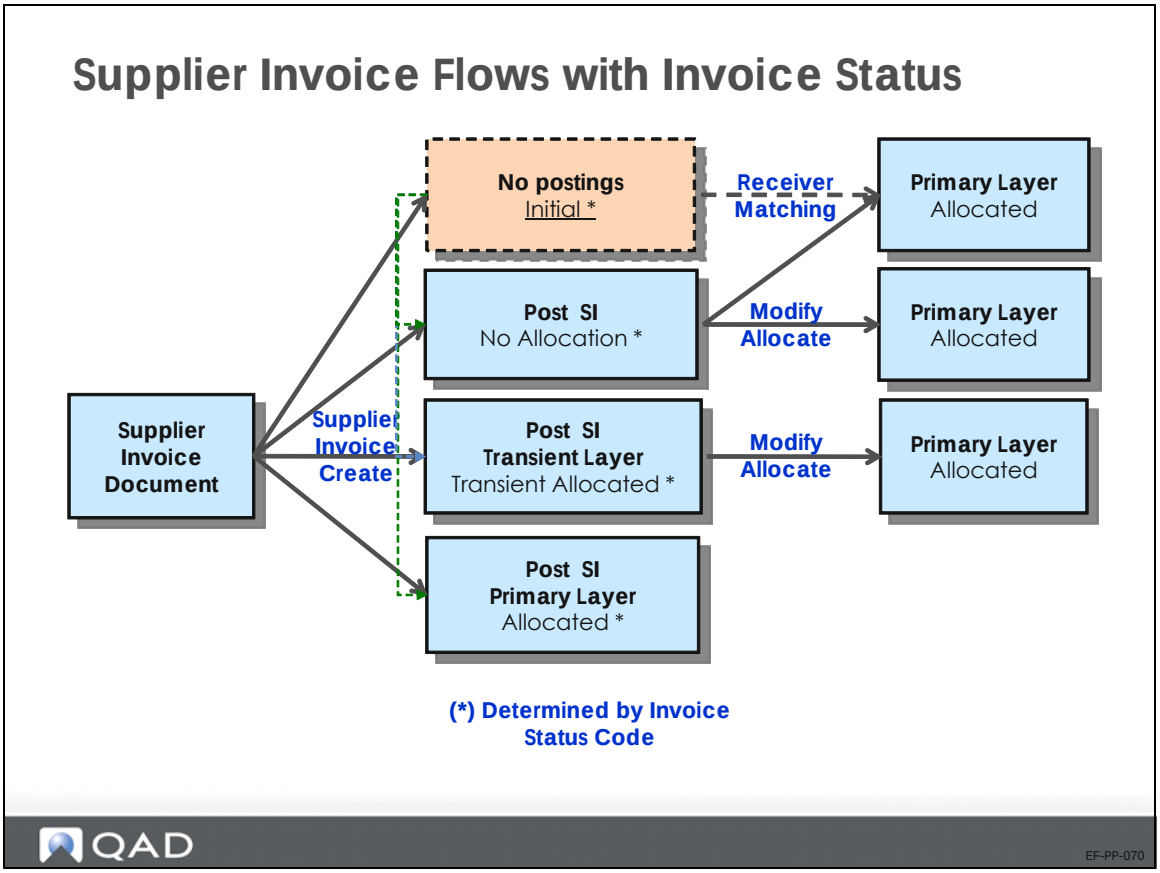


The system provides two types of matching for invoices: receiver matching or financial matching (allocation).

Receiver matching is the process of matching invoice amounts against original purchase order receipts.

Financial matching is used for payments, for products, or services that have not been processed through the purchasing cycle. The invoice amounts are not matched against purchase order amounts. Instead, they are posted to an Unmatched Invoices account, and then allocated directly to a cost account. Theses invoices are typically one-time payments to suppliers for occasional goods or services.

Supplier Invoice Flows with Invoice Status



Supplier invoice activities, with the exception of reversing and replacing, are controlled by the invoice status code associated with the invoice. The invoice status code and its attributes determine when the invoice is ready to be posted to the official layer of the AP sub-ledger. Postings depend on the approval and allocation status of the invoice status code.

The Initial status does not create any postings.

Transient layers can be used to allocate before approval. Once approved, the allocation posting is moved to the primary (official) layer.

US Exercise: Purchasing Process

In this exercise, you will process a supplier invoice for goods received.

Unless otherwise stated, use entity 10USACO and accept default values.

1 Use Purchase Order Maintenance (5.7) to create two purchase orders.

PO 1

Field	Value
Purchase Order	TEST-PO1
Supplier	10S1005, Absolute Electronics Company
Ship-To	10-100
Site	10-100
Item	500 of 02002
Unit Cost	0.50
Taxable	No

PO 2

Field	Value
Purchase Order	TEST-PO2
Supplier	10S1003, Heron Surgical Supply
Ship-To	10-100
Site	10-100
Item	1 Memo item for $250
Taxable	No

Note To record a memo item, do not specify a value in the Item Number field. Enter the quantity in the Qty Ordered field, enter EA (each) as the unit of measure (UM), and enter the cost in the Unit Cost field.

2 Use Purchase Order Receipts (5.13.1) to receive both purchase orders completely.

3 Use Operational Transaction Post (25.13.7) to post the unposted transactions to the GL and verify the result in the GL using Journal Entry View (25.13.1.3).

Daybook: RCT-PO

Try changing the columns selected and the order of the columns to tailor the Journal Entry View (25.13.1.3) to your needs.

4 Use Supplier Invoice Create (28.1.1.1) to create a supplier invoice for the received materials (item 02002).

Field	Value
Supplier	10S1005, Absolute Electronics Company
Reference	INV1-PO1
Amount	245 500 * 0.49 (price var. of 0.01)
Invoice Status Code	RM-INIT
PO Nr	TEST-PO1
Daybook	SINV (defaults from daybook set)
Taxable	No

a Review the other available tabs.

b Click the Matching button.

5 In the Receiver Matching Create window, click the Search button to retrieve details on purchase order TEST-PO1. (The PO number is copied to the Order field in Receiver Matching Create from the Order field on the supplier invoice.)

6 When the result is returned, notice that there is a difference of 5 USD between the PO amount and the invoice amount due to the price variance on the invoice.

7 On the receiver matching line, update the value in the Matched Unit Price field to 0.49 and press the Tab key.

The Difference field is updated to 0 (zero).

8 Click Save and Create Invoice to save the receiver matching record and open a blank Supplier Invoice Create window.

9 Create a supplier invoice using Supplier Invoice Create (28.1.1.1) for the received memo item.

Field	Value
Supplier	10S1003, Heron Surgical Supply
Reference	INV-PO2
Amount	$250
Invoice Status Code	RM-INIT
PO Nr	TEST-PO2
Daybook	SINV (defaults from the daybook set)
Taxable	No

a Review the other available tabs.

b Click the Matching button.

10 In the Receiver Matching Create window, click the Search button to retrieve details on purchase order TEST-PO2. (The PO number is copied to the Order field in Receiver Matching Create from the Order field on the supplier invoice.)

11 Match the receipt for TEST-PO2 with the invoice. Accept the defaults in the receiver matching line. No changes are required.

12 Click Save to save the receiver matching record.

13 Use Supplier Invoice View (28.1.1.3) to review the invoices after the matching.

   Try changing the columns selected and the order of the columns to tailor the view to your needs.

14 Use Journal Entry View (25.13.1.3) to review the GL postings created by the invoice and the matching.

   a Try changing the columns selected and the order of the columns to tailor the view to your needs.

   b Add the External Invoice Reference field to the grid.

EMEA Exercise: Purchasing Process

In this exercise, you will process a supplier invoice for goods received.

Unless otherwise stated, use entity 22UKCO and accept default values.

1 Use Purchase Order Maintenance (5.7) to create two purchase orders with the following data:

PO1

Field	Value
Purchase Order	HO-PO1
Supplier	22S1001, Cheshire Packaging Products
Ship-To	22-100
Site (line)	22-100
Item	1000 of 90031
Unit Cost	0.04
Taxable	Yes

The total PO amount including tax should be 47.00 GBP.

PO2

Field	Value
Purchase Order	HO-PO2
Supplier	22S1000, Auto-Plas International
Ship-To	22-100
Site	22-100
Item	1 memo item for 250 GBP
Taxable	No

Note To record a memo item, do not specify a value in the Item field. Enter the quantity in the Qty Ordered field, enter EA (Each) as the unit of measure (UM), and enter the cost in the Unit Cost field.

2 Use Purchase Order Receipts (5.13.1) to receive both purchase orders completely.

3 Use Operational Transaction Post (25.13.7) to post the unposted transactions to the GL and verify the result in the GL using Journal Entry View (25.13.1.3).

Daybook: Only select RCT-PO

Try changing the columns selected and the order of the columns to make the Journal Entry View (25.13.1.3) more useful for you.

4 Use Supplier Invoice Create (28.1.1.1) to create a supplier invoice for the received materials using the following data:

Field	Value
Supplier	22S1001
Reference	INV-PO1
Amount	45.83 GBP
	1000 * 0.039 (price var. of 0.001) + 17.5% VAT
Invoice Status Code	RM-INIT
Purchase Order Number	HO-PO1
Daybook	SINV (defaults from the daybook set)
Taxable	Yes

a Review the other available tabs.

b Click the Matching button.

5 In the Receiver Matching Create window, click the Search button to retrieve details on purchase order HO-PO1. (The PO number is copied to the Order field in Receiver Matching Create from the Order field on the supplier invoice.)

6 When the result is returned, notice that there is a difference of 1.17 GBP between the PO amount and the invoice amount due to the price variance on the invoice.

7 On the receiver matching line, update the value in the Matched Unit Price field to 0.039 and press the Tab key.

The Difference field is updated to 0 (zero).

8 Click Save and Create Invoice to save the receiver matching record and open a blank Supplier Invoice Create window.

9 Use Supplier Invoice Create (28.1.1.1) to create a supplier invoice for the received memo item using the following data:

Field	Value
Supplier	22S1000
Reference	INV-PO2
Amount	250 GBP (no taxes)
Invoice Status Code	RM-INIT
Purchase Order Number	HO-PO2
Daybook	SINV (defaults from the daybook set)

a Review the other available tabs.

b Click the Matching button.

10 In the Receiver Matching Create window, click the Search button to retrieve details on purchase order HO-PO2. (The PO number is copied to the Order field in Receiver Matching Create from the Order field on the supplier invoice.)

11 Match the receipt for HO-PO2 with the invoice. Accept the defaults in the receiver matching line. No changes are required.

12 Click Save to save the receiver matching record.

13 Use Supplier Invoice View (28.1.1.3) to review the invoices after the matching.

   Try changing the columns selected and the order of the columns to tailor the view to your needs.

14 Use Journal Entry View (25.13.1.3) to review the GL postings created by the invoice and the matching.

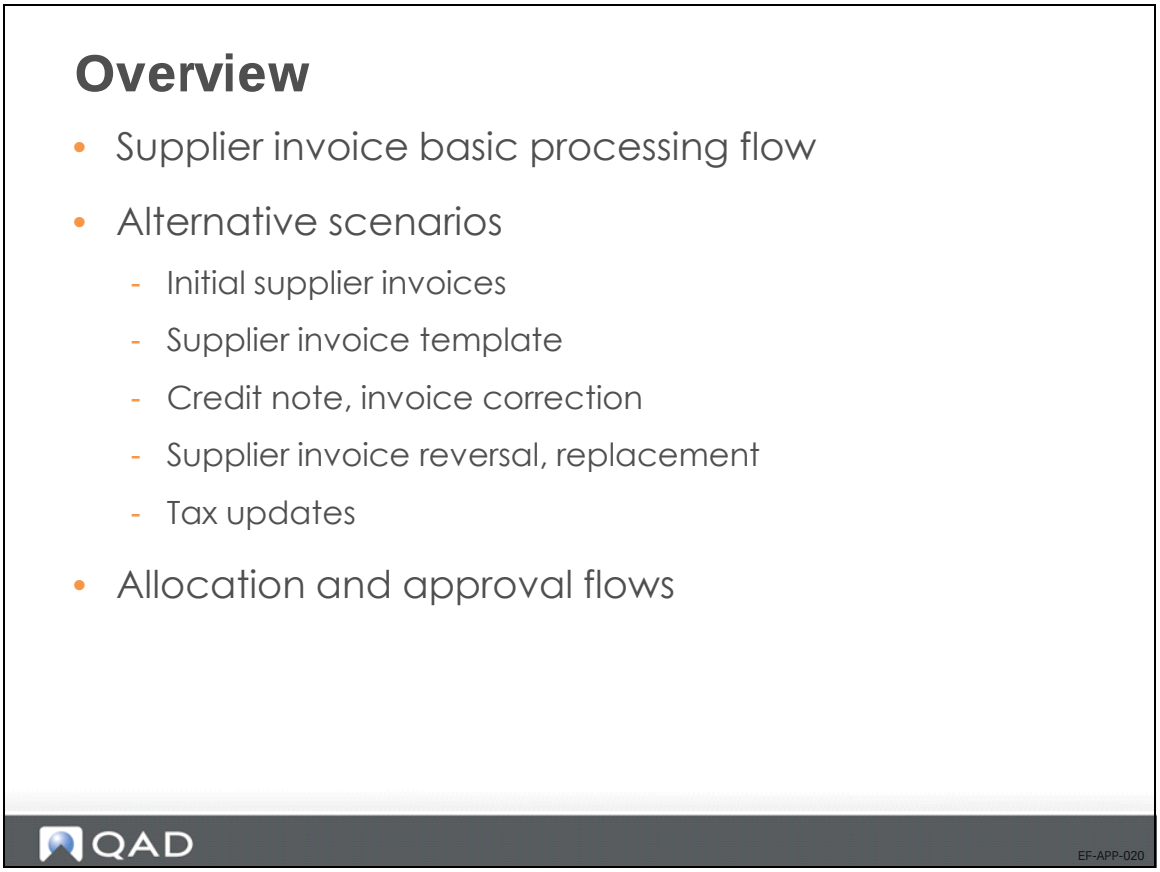
   a Try changing the columns selected and the order of the columns to tailor the view to your needs.

   b Add the External Invoice Reference field to the grid.

Chapter 12

AP Process

Overview



In this section, you will learn how supplier invoices and AP payments are processed in QAD Enterprise Applications. This includes several variants to the basic AP flow, and also the allocation and approval processes.

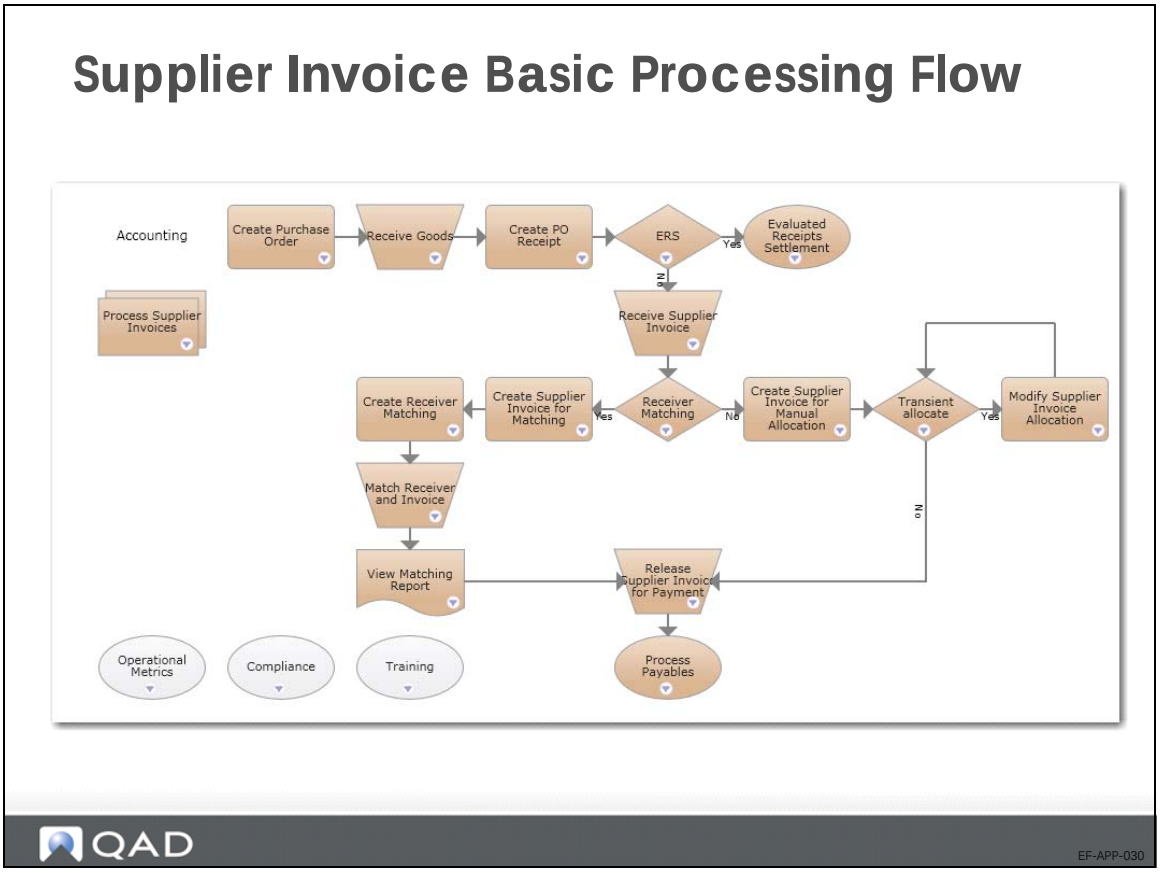
Overview – Continued

- AP payments
  - Alternative flows
  - Prepayment processing
- AP reporting
  - Demo

EF-APP-025

In the final section, you will review the available Accounts Payable reports.

Supplier Invoice Basic Processing Flow



Use the Supplier Invoice function (28.1.1) to create, view, modify, and delete supplier invoices and credit notes. You also use this function to:

- Create initial invoices to enter supplier documents immediately into the system.
- Match current invoices against original purchase order receipts.
- Prepare invoices for allocation and allocate the invoice.
- Approve invoices.
- Place invoices on payment hold or release invoices for payment that are currently on hold.
- Reverse incorrect invoices and their postings, and, optionally, replace these with new invoices.

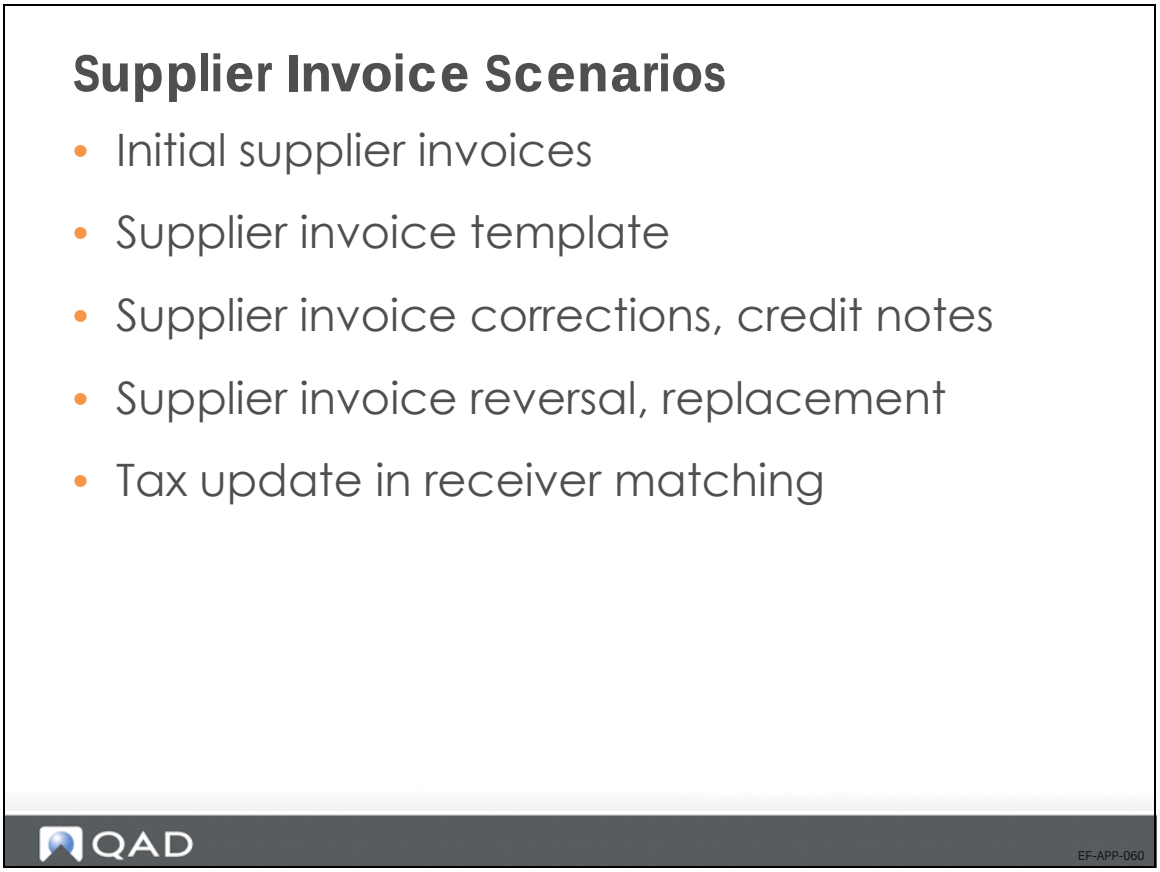
Overview

- Supplier invoice basic processing flow ✓
- Alternative scenarios
  - Initial supplier invoice
  - Supplier invoice template
  - Credit note, invoice correction
  - Supplier invoice reversal, replacement
  - Tax updates
- Allocation and approval flows

QAD

EF-APP-050

Supplier Invoice Scenarios



There are a number of alternative flows to the basic Supplier Invoice Create flow:

- Initial Invoices

  You can enter a supplier invoice in the initial status and update or validate it at a later stage.
- Templates

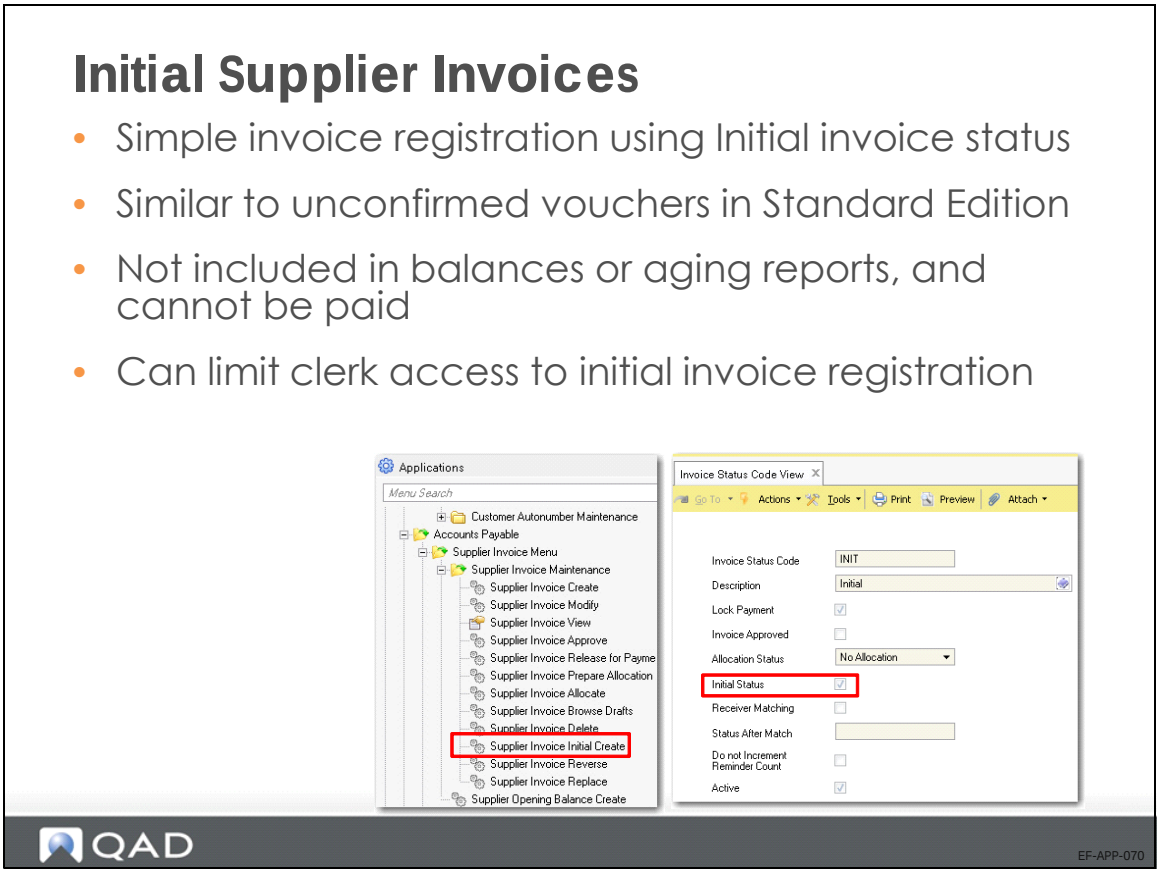
  Templates let you reuse postings for recurring supplier invoices.
- Corrections

  Use the correction functionality to reverse the posting sign instead of reversing the posting.
- Reverse/Replace

  Use Supplier Invoice Reverse and Supplier Invoice Replace to correct existing supplier invoices and matching postings.
- Tax Update in Receiver Matching

  Update accrued tax postings in Receiver Matching Create

Initial Supplier Invoices

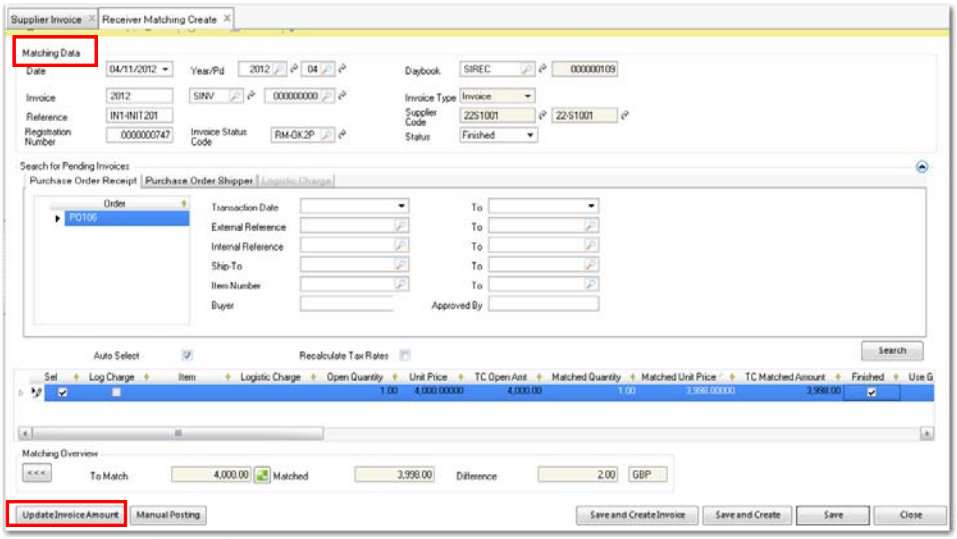


You can record supplier invoices with a status of Initial. Initial invoices are locked for payment, and are unapproved and unallocated. In addition, initial invoices are not included in balances or aging reports, and cannot be paid.

You can use initial supplier invoices within an approval process in which certain roles (for example, junior clerks) are granted access to initial invoice registration only.

Initial Supplier Invoices

- Match receivers against initial supplier invoices
- Modify initial invoices before posting them



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EF-APP-080

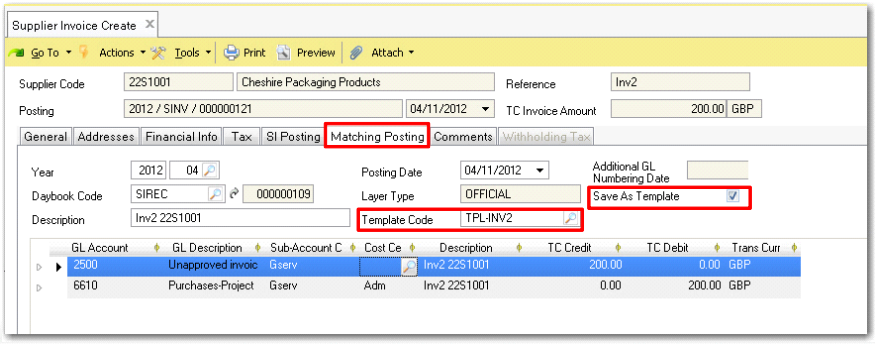
You can modify initial invoices, including the amounts and postings, before posting the invoice to the primary accounting layer.

You can match receivers (for example, PO receipts) against initial invoices, but you cannot match payments.

Supplier Invoice Template

Supplier Invoice Template

- You can save the accounts used for matching postings as a template
  - Select Save as Template
  - Specify a template code
- To re-use the template, specify it in the Template Code field of the Matching Posting tab



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EF-APP-090

If you plan to record the same supplier invoice on a regular basis, posting templates let you save the posting details for reuse.

Supplier Corrections and Credit Notes

Supplier Corrections and Credit Notes

- Use same functionality as supplier invoice
- Link a credit note directly to an invoice
  - Uses Link to Invoice field
  - Posting is reversed: CR becomes DR and vice versa
  - For credit notes only
  - Uses an adjustment daybook

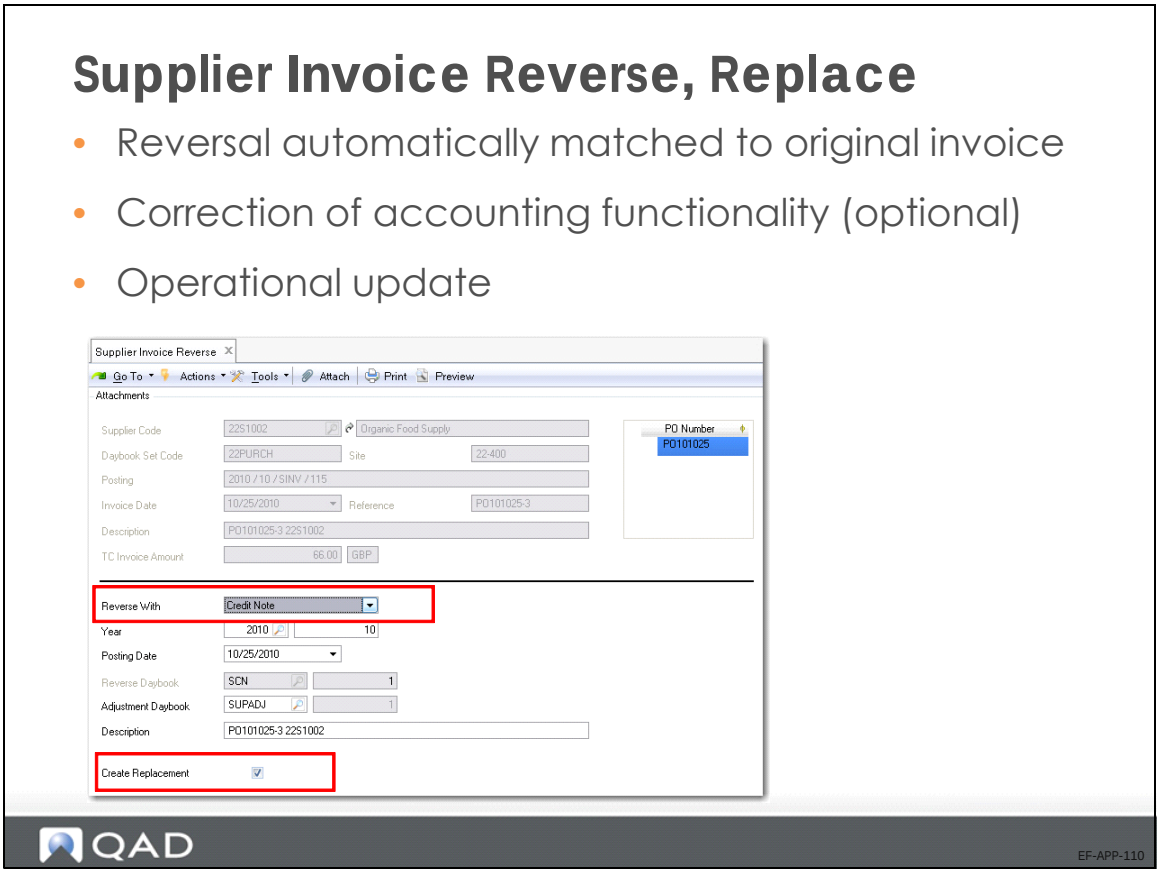
QAD

EF-APP-100

Link to Invoice. Only for credit notes. A credit note can have a one-to-one link to a supplier invoice. You can only select supplier invoices for the same supplier that have an open balance that is equal to or higher than the credit note amount. Linking applies an automatic adjustment (posting) to the supplier invoice and credit note with a posting date equal to the posting date of the credit note.

Adjustment. The daybook to use for a credit note/supplier invoice adjustment (see Link to Invoice field). The daybook must be of type Supplier Adjustment. The sequential number is system generated.

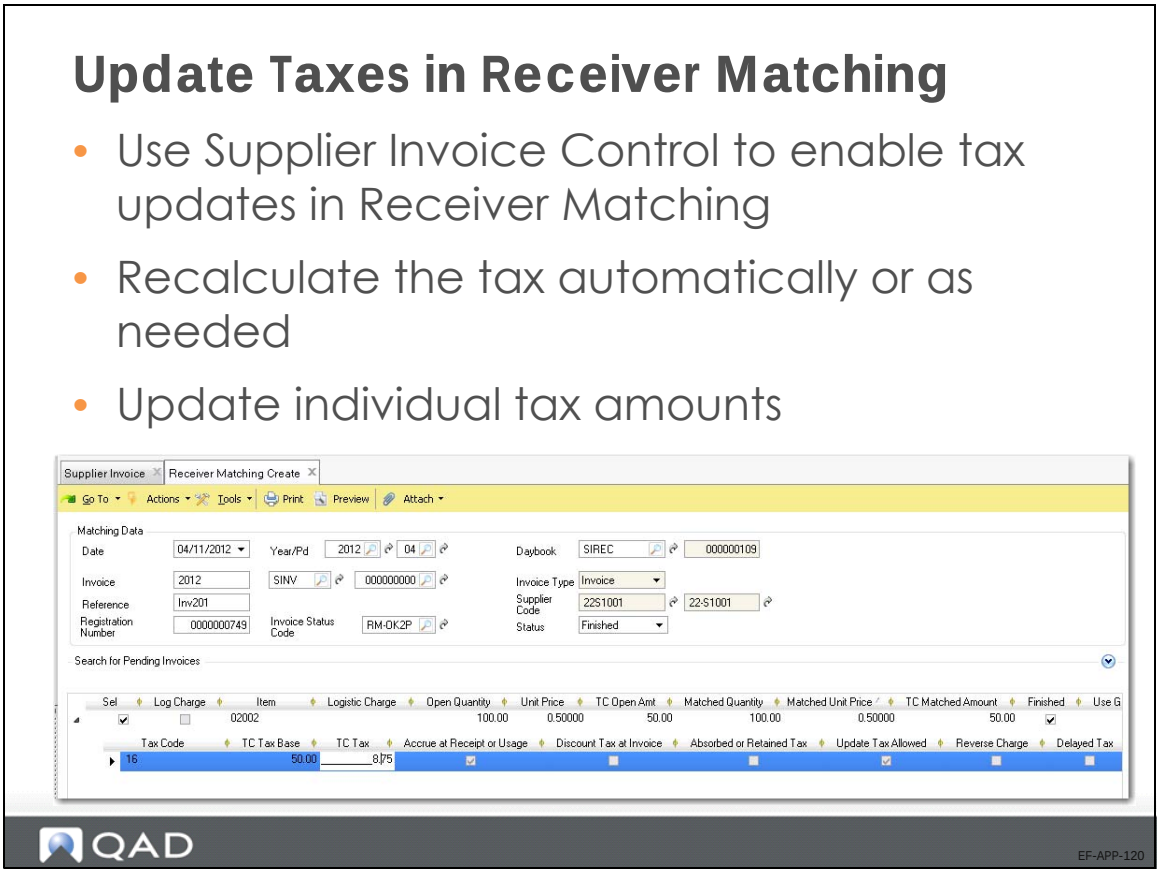
Supplier Invoice Reverse, Replace



Use the Supplier Invoice Reverse and Replace functions to create a correction invoice that reverses the postings of an incorrect standard invoice, and, optionally, create a replacement. You can use these functions to correct standard supplier invoices, invoice corrections, credit notes, or credit note corrections. You also use these functions to re-open a saved receiver matching process by re-creating the original invoice and re-opening the receiver lines.

When the invoice you are reversing was used in financial or receiver matching, the Reverse function reverses the matching postings, and in the case of receiver matching, reopens the receiver lines. You can then start the matching process again with the new invoice amounts.

Update Taxes in Receiver Matching

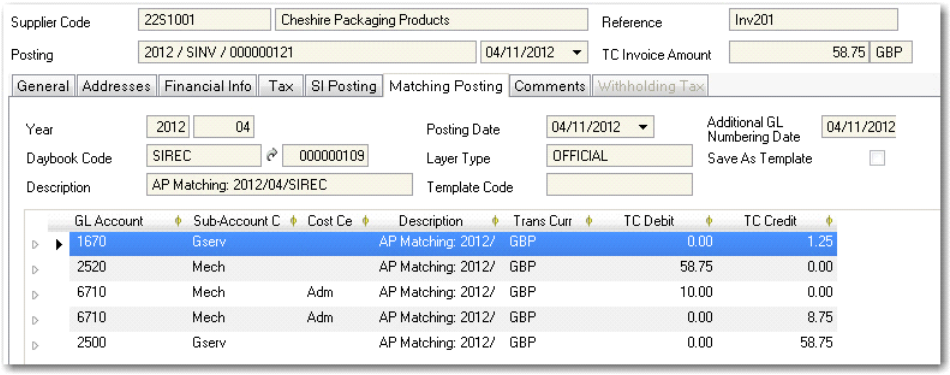


Tax details are stored in Receiver Matching. You can edit tax amounts in Receiver Matching if Recalculate Tax Rates is enabled in Supplier Invoice Control.

You can also use the Recalculate Tax Details option in Receiver Matching to update tax amounts automatically without the need for manual posting.

Update Taxes in Receiver Matching

- Tax updates automatically posted and updated in the invoice



QAD

EF-APP-130

Corrections to taxes are automatically made in the matching postings.

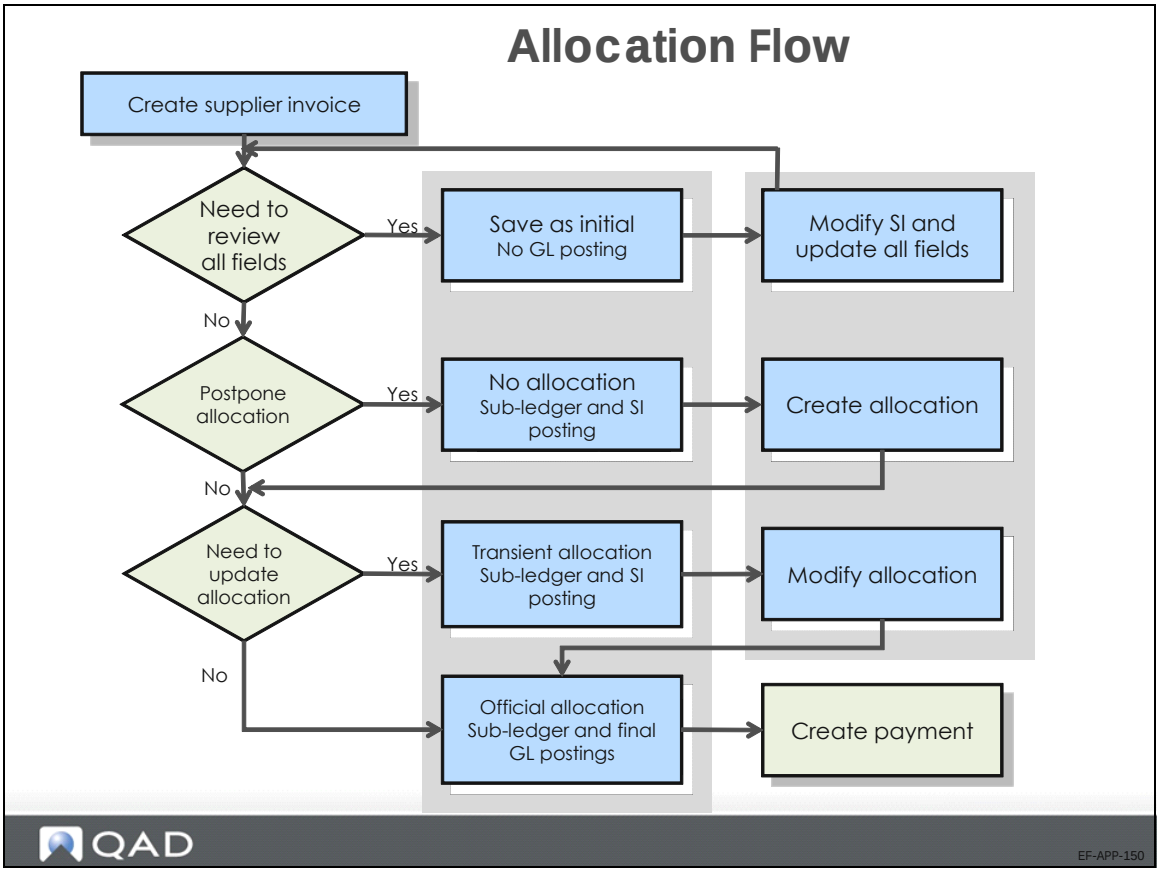
Overview

- Supplier invoice basic processing flow ✓
- Alternative scenarios ✓
  - Initial supplier invoices
  - Supplier invoice template
  - Credit note, invoice correction
  - Supplier invoice reversal, replacement
  - Tax updates
- Allocation and approval flows

QAD EF-APP-140

You will now review the allocation and approval process flows.

Allocation Flow

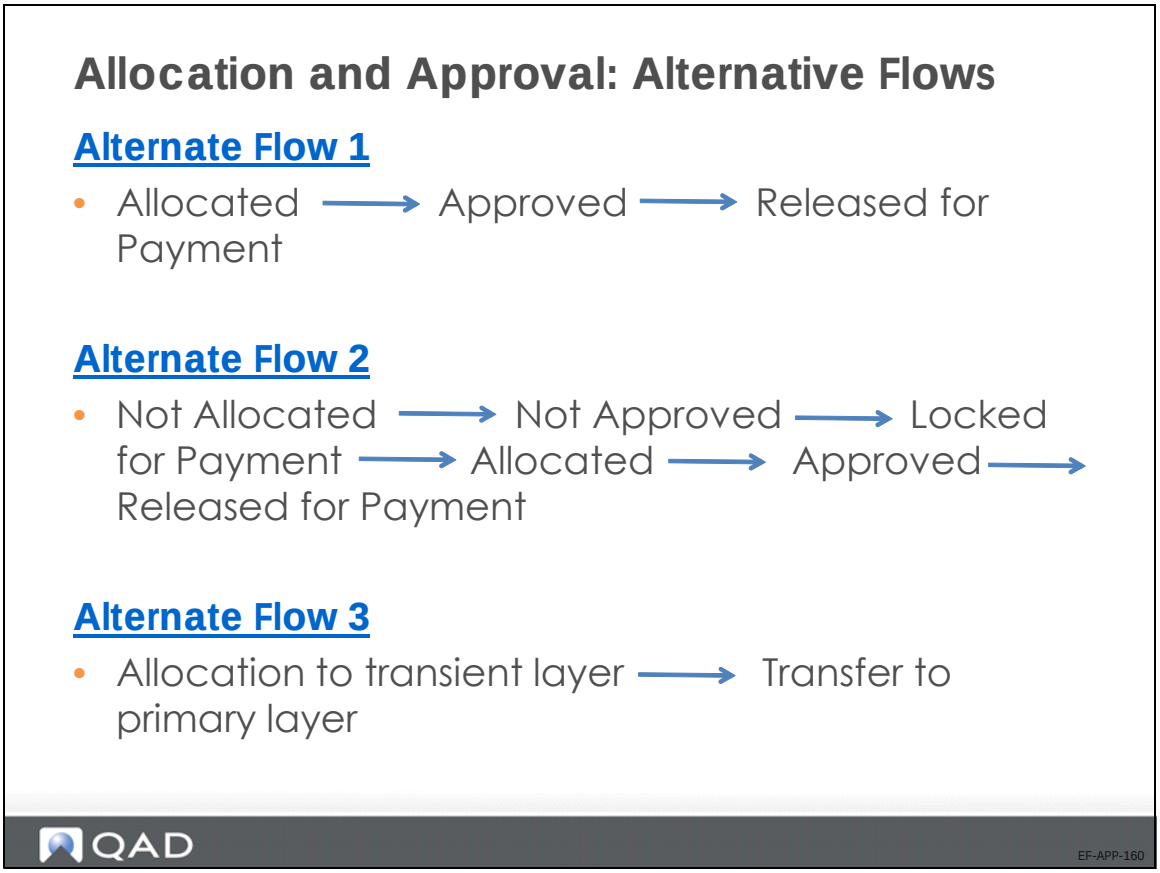


The Supplier Invoice activities (28.1.1) let you select invoices to update based on their status code and move the invoices through a workflow cycle. You change the status of the invoices by selecting a different invoice status code.

You can control two aspects of supplier invoicing using invoice status codes:

- Allocation of the invoice amount to accounts. This determines the postings generated and which layer is updated.
- Approval of the invoice and release for payment. This process can be completed in one or two stages. The approval process places contested invoices on hold and then releases them.

Allocation and Approval: Alternative Flows



Flow 1: Allocated – Approved – Released for Payment

In the General tab of Supplier Invoice Create (28.1.1.1), the status code must be:

- Allocated
- Approved
- Released for payment

In the Matching Posting tab of Supplier Invoice Create (28.1.1.1), the Matching Daybook is linked to the primary layer.

Flow 2: Not Allocated – Not Approved – Locked for Payment – Allocated – Approved – Release for Payment

In the General tab of Supplier Invoice Create (28.1.1.1), the status code must be:

- Not allocated
- Not approved
- Locked for payment

The Matching Posting tab of Supplier Invoice Create is disabled.

A second transaction is needed to approve, transfer, and release the invoice for payment.

You allocate the invoice using Supplier Invoice Modify (28.1.1.2).

In the General tab, change the invoice status code:

- Allocated
- Approved
- Released for Payment

In the Matching Posting tab, the Matching daybook is linked to the primary layer (Allocation).

Flow 3: Allocation to Transient Layer – Transfer to Primary Layer

In the General tab of Supplier Invoice Create (28.1.1.1), the invoice status code must be:

- Transient allocation
- Approved
- Released for payment

In the Matching Posting tab, link the Matching daybook to the transient layer.

A second transaction run is needed to transfer the allocation from transient to primary layer

In the General tab of Supplier Invoice Modify (28.1.1.2), change the status to Allocated.

In the Matching tab, change the Matching daybook to one linked to the primary layer.

Overview

- AP payments
  - Alternative flows
  - Prepayment processing
- AP reporting
  - Demo

QAD

EF-APP-180

US Exercise: Purchasing—Alternative Flows

In this exercise, you will practice how to:

- Process a supplier invoice for goods received.
- Create a receiver matching.
- Create a reversal/replacement of a supplier invoice/receiver matching.

Unless otherwise stated, use entity 10USACO and accept default values.

1. Use Purchase Order Maintenance (5.7) to create a purchase order.

Field	Value
Purchase Order	PO1-R
Supplier	10S1005, Absolute Electronics Company
Ship-To	10-100
Site	10-100
Item	500 of 02002
Unit Price	0.50
Taxable	No

2. Use Purchase Order Receipts (5.13.1) to receive the purchase order completely.
3. Use Operational Transaction Post (25.13.7) to post the unposted transactions to the GL.
4. Use Supplier Invoice Create (28.1.1.1) to create a supplier invoice for the received materials.

Field	Value
Supplier	10S1005, Absolute Electronics Company
Reference	PO1-R
Amount	$245 500 * 0.49 (price var. of 0.01)
Invoice Status Code	RM-INIT
PO Number	PO1-R
Daybook	SINV (defaults from the daybook set)
Taxable	No

   a. Review the other available tabs.
   b. Click the Matching button.

5. In the Receiver Matching Create window, click the Search button to retrieve details on purchase order PO1-R (The PO number is copied to the Order field in Receiver Matching Create from the Purchase Order field on the supplier invoice.)
6. When the search result is returned, notice that there is a difference of 5 USD between the PO amount and the invoice amount due to the price variance on the invoice.

7 On the receiver matching line, update the value in the Matched Unit Price field to 0.49 and press the Tab key.

The Difference field is updated to 0 (zero).

8 Click Save to save the receiver matching record.

9 Use Supplier Invoice Reverse (28.1.1.11) to reverse the invoice created in step (4). Ensure that the Create Replacement field is selected.

10 Click Reverse.

A message is displayed asking if you want to completely reverse the invoice selected.

11 Click Yes.

Supplier Invoice Replace (28.1.1.12) opens.

12 Change the value in the TC Invoice Amount field of the replacement supplier invoice to $250.

13 Save the replacement invoice.

14 Use Supplier Invoice View (28.1.1.3) to review the GL postings created by the matching for the original, reversed, and replaced invoices.

Following the purchase order to invoice and allocation flows, you will now learn how AP payments are processed in QAD Enterprise Financials.

EMEA Exercise: Purchasing—Alternative Flows

In this exercise, you will:

- Process a supplier invoice for goods received.
- Create a receiver matching.
- Create a reversal/replacement of a supplier invoice/receiver matching.

Unless otherwise stated, use entity 22UKCO and accept default values.

1 Use Purchase Order Maintenance (5.7) to create a purchase order.

Field	Value
Purchase Order	PO1-R
Supplier	22S1001, Cheshire Packaging Products
Ship-To	22-100
Site	22-200
Item	1000 of 90031
Unit Cost	0.04
Taxable	Yes

2 Use Purchase Order Receipts (5.13.1) to receive the purchase order completely.

3 Use Operational Transaction Post (25.13.7) to post the unposted transactions to the GL.

4 Use Supplier Invoice Create (28.1.1.1) to create a supplier invoice for the received materials.

Field	Value
Supplier	22S1001, Cheshire Packaging Products
Reference	PO1-R
Amount	45.83 GBP
	1000 * 0.039 (price var. of 0.01) + Tax at 17.5%
Invoice Status Code	RM-INIT
PO Number	PO1-R
Daybook	SINV (defaults from the daybook set)

a Review the other available tabs.

b Click the Matching button.

5 In the Receiver Matching Create window, click the Search button to retrieve details on purchase order PO1-R. (The PO number is copied to the Order field in Receiver Matching Create from the PO Number field on the supplier invoice.)

6 When the search result is returned, notice that there is a difference of 1.17 GBP between the PO amount and the invoice amount due to the price variance on the invoice.

7 On the receiver matching line, update the value in the Matched Unit Price field to 0.039 and press the Tab key.

The Difference field is updated to 0 (zero).

8 Click Save to save the receiver matching record.

9 Use Supplier Invoice Reverse (28.1.1.11) to reverse the invoice created in step (4). Ensure that the Create Replacement field is selected and click Reverse.

A message is displayed asking if you want to completely reverse the invoice selected.

10 Click Yes.

Supplier Invoice Replace (28.1.1.12) opens.

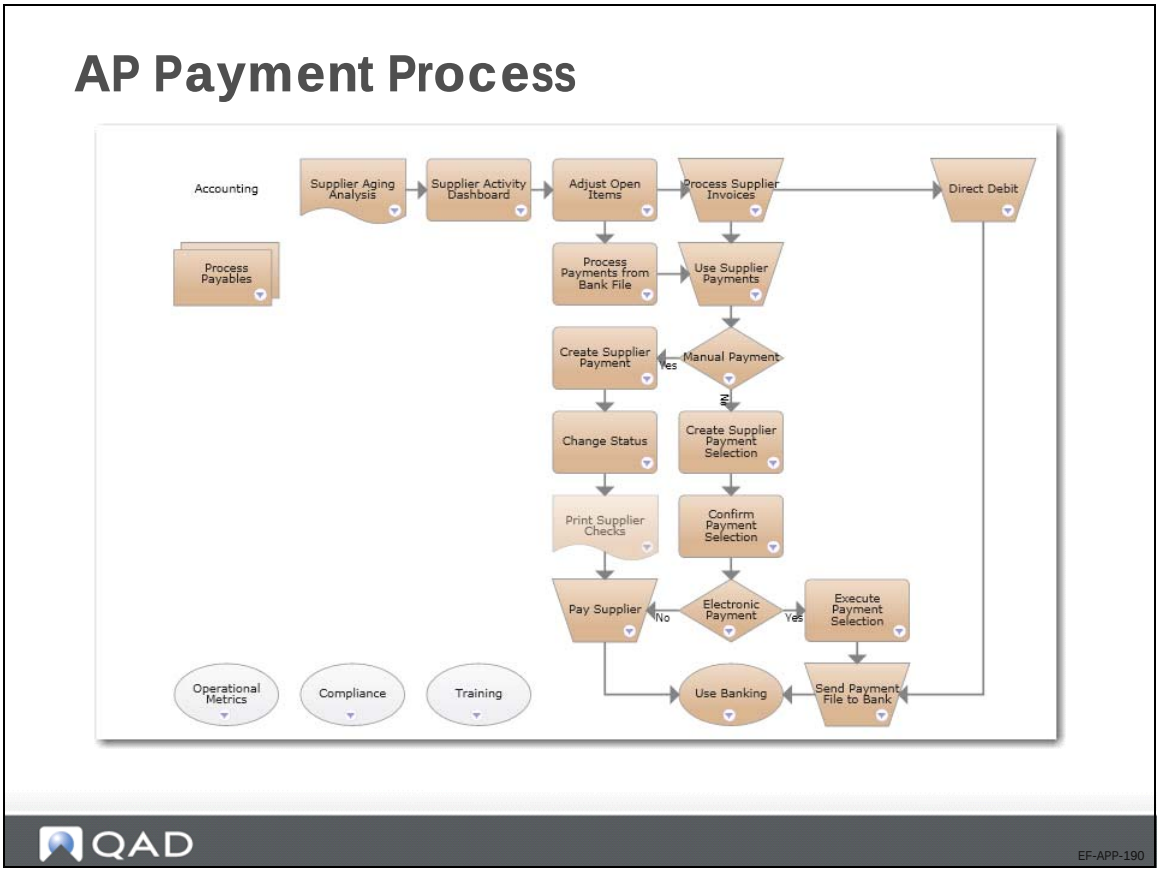
11 Change the value in the TC Invoice Amount field of the replacement supplier invoice to 47 GBP.

12 Save the replacement invoice.

13 Use Supplier Invoice View (28.1.1.3) to review the GL postings created by the matching for the original, reversed, and replaced invoices.

Following the purchase order to invoice and allocation flows, you will now learn how AP payments are processed in QAD Enterprise Financials.

AP Payment Process

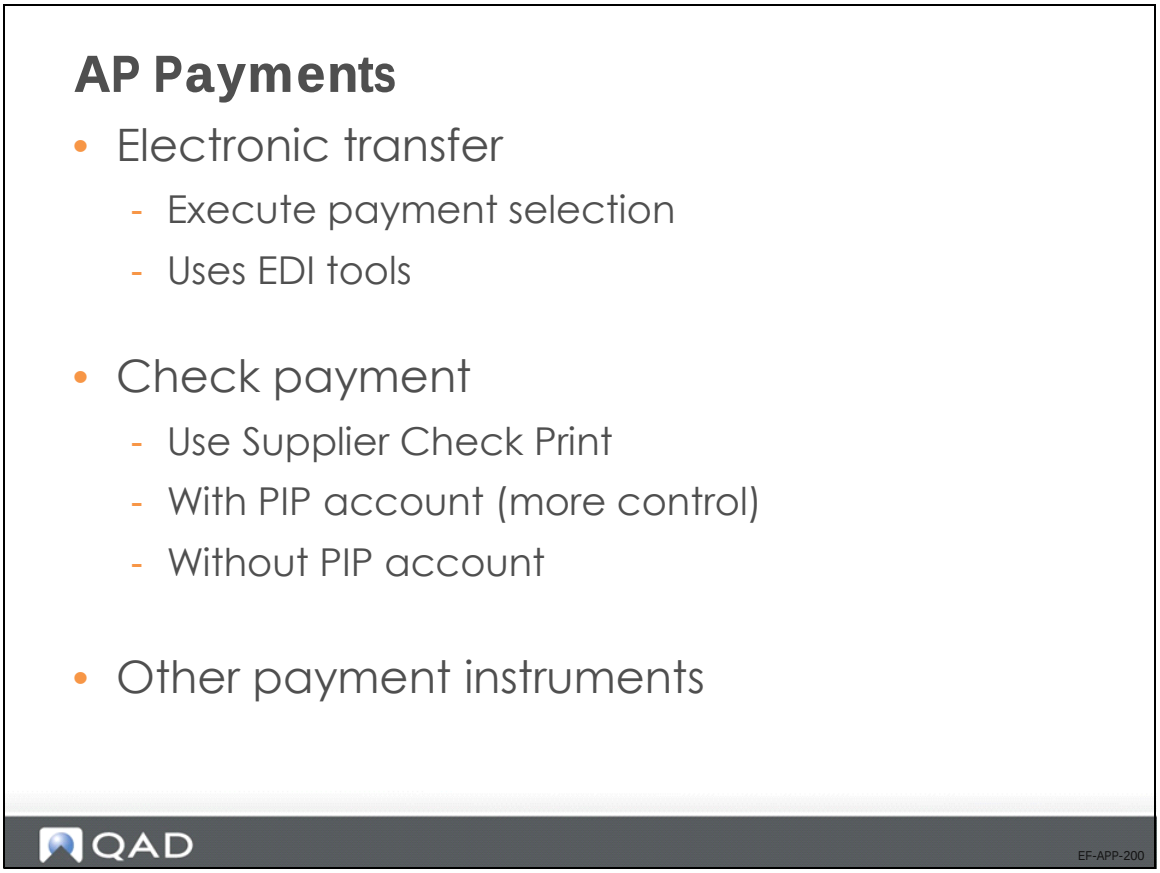


The AP payment functions automate the payment process. The supplier payment functionality in QAD Enterprise Financials processes paper and electronic payments through an approval cycle, with each stage generating its own posting.

You can create and transfer payments in electronic format to your bank, with each payment file formatted according to their requirements.

When you configure bank account information and payment format defaults for a supplier, these defaults are automatically used in every payment to that supplier.

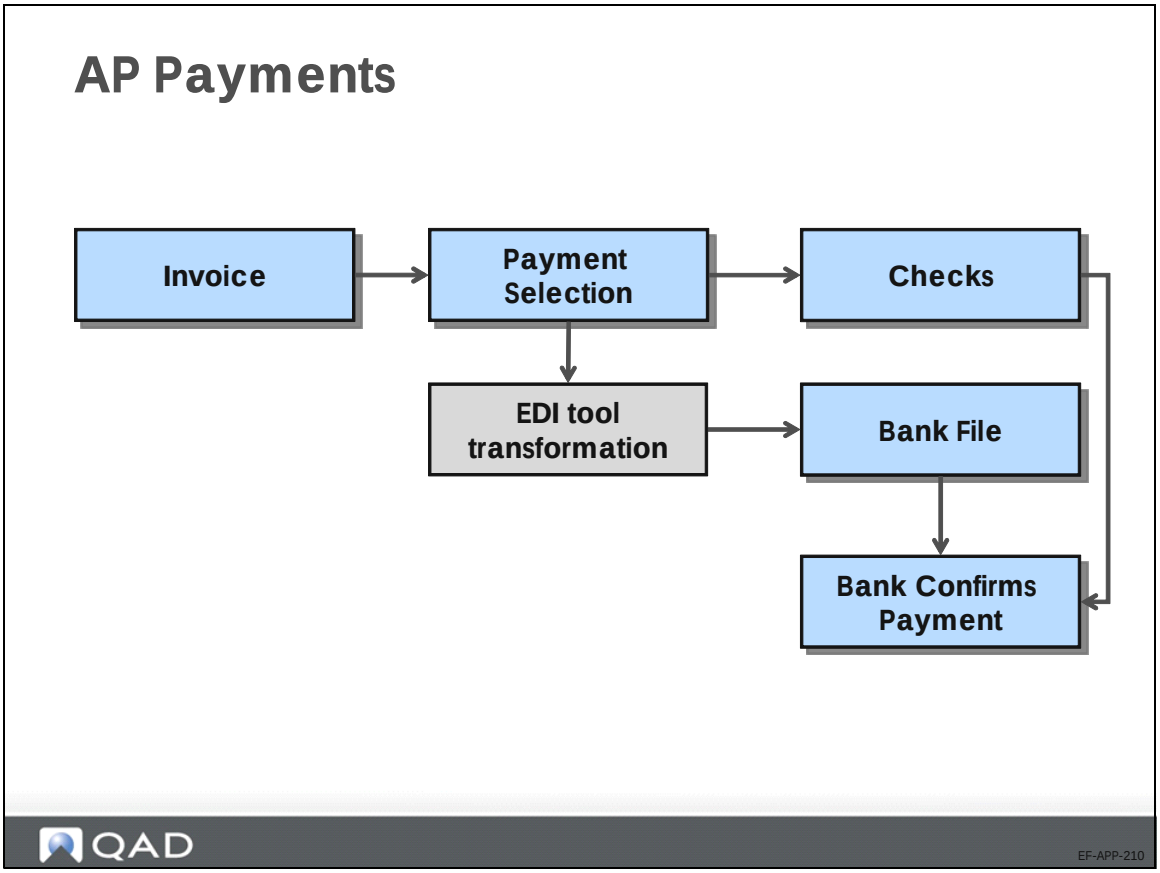
AP Payments



In QAD Enterprise Financials, you process supplier payments in the same way as customer payments. You can use Supplier Payment Create (28.9.3.1) to create manual AP payments for paper-based documents.

You can use Supplier Payment Selection Create (28.9.4.1) to create electronic AP payments containing electronic files for transfer to your bank.

AP Payment Flow



Supplier payments are associated with status codes that are used to manage the payment process through final collection and updating of accounts. Process the payment by changing the payment status from one status to the next in the sequence that meets your business requirements. Different payment instruments follow different status sequences. The number of statuses needed depends on your particular implementation. At a minimum, there must be two statuses: Paid and Void. Typically, a For Collection status is required for payments sent to the bank. You can use the Initial status to register initial payments.

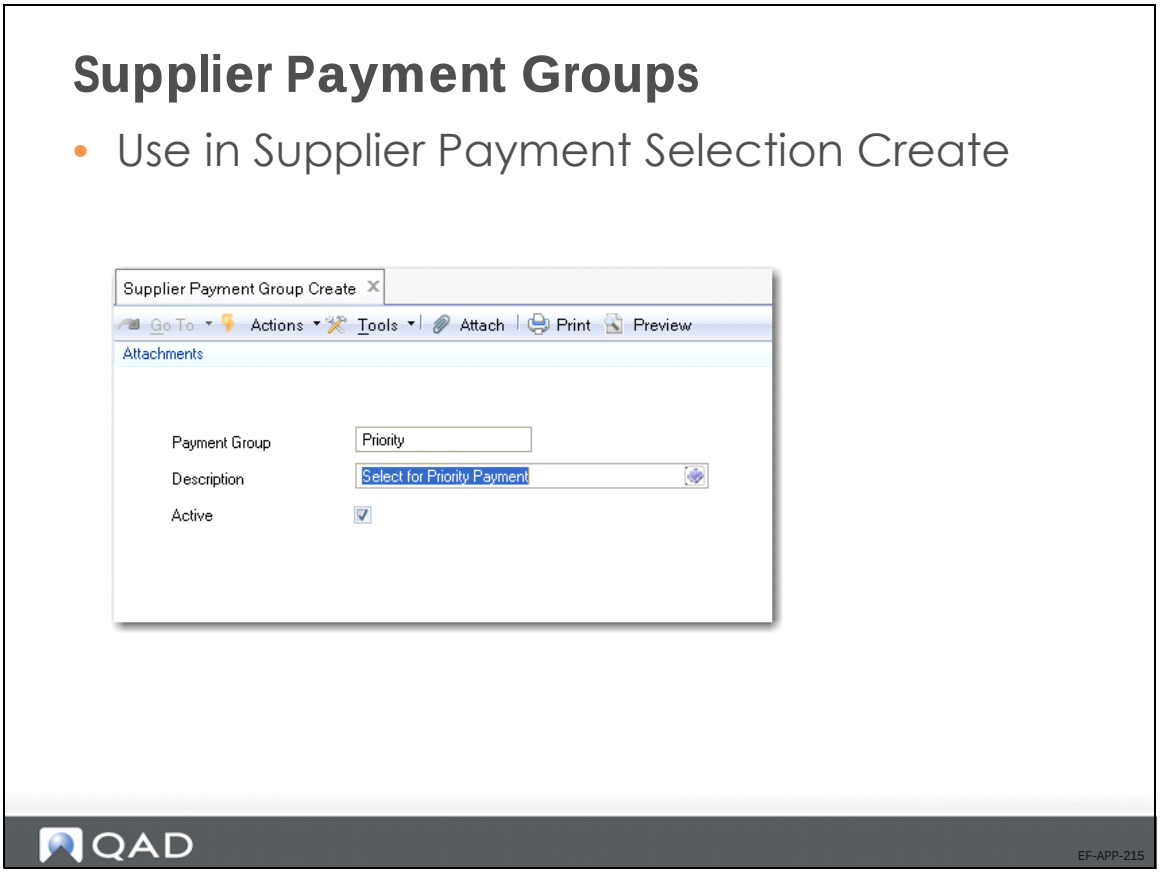
Use Supplier Payment Status Create (28.9.1.1.1) to set up payment statuses for each stage in the payment sequence, and you move the payment from one status to the next by changing its status. Each status change generates a posting that updates supplier accounts. The default accounts used in supplier payments are the supplier payment and supplier control accounts.

The setup procedure for supplier payments includes:

- Defining bank accounts and payment formats. Define as many payment formats as you have different types of supplier payments. The system retrieves your bank account details and the formats required for payments from the account information you define on the Banking tab of the supplier record.
- Defining Supplier Payment accounts to associate with payment statuses.
- Defining a Supplier Payments daybook to contain the postings generated by the status transitions.

- Creating a set of payment statuses to match the stages through which you want to process the payment.
- Defining payment groups for managing the selection process.
- Creating a supplier payment.

Supplier Payment Groups



Use Supplier Payment Group activities (28.9.1) to create, modify, view, and delete codes for grouping payments. You can select payments for processing by payment group code in Supplier Payment Selection Create (28.9.4.1).

Checks

Payment Scenarios: Checks

Scenario 1

- Use Banking Entry Create to allocate the payment

Scenario 2

- Create a check
- Post the check directly to the bank GL account

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Supplier check payments can be handled in different ways:

- Allocate the check directly in Banking Entry Create (without creating a supplier payment record for the check).
- Post the check to the bank GL account using a PIP (Payment in Process) account for ease of reconciliation, and, optionally, use Banking Entry Create to allocate the check.

Payment Scenarios: Checks

Scenario 3

- Create a check
- Post the check to the PIP account
- Change the payment status
  - Posts the payment to the bank GL account

Scenario 4

- Create a check
- Post the check to the PIP account
- Use banking entry to allocate the payment

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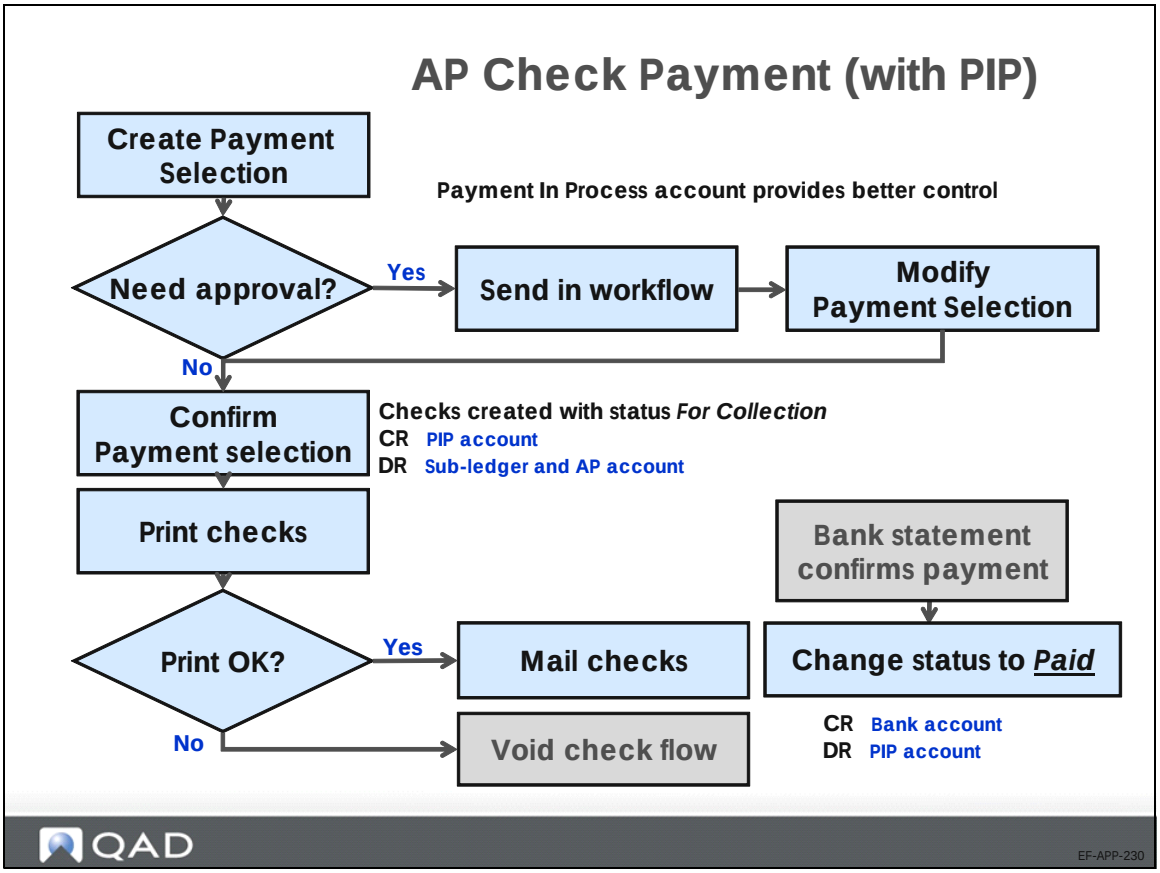
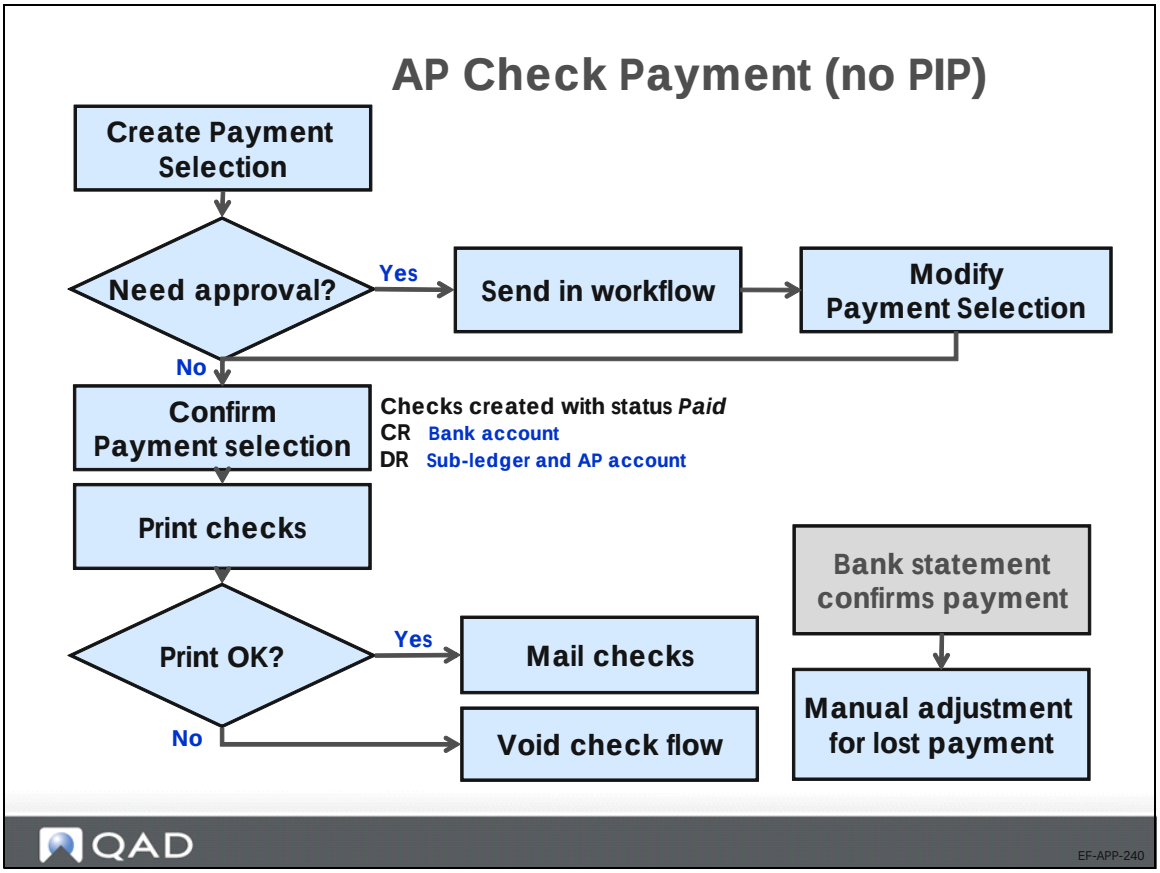
AP Check Payment (with PIP)



Create, approve, and confirm the supplier payment selection.

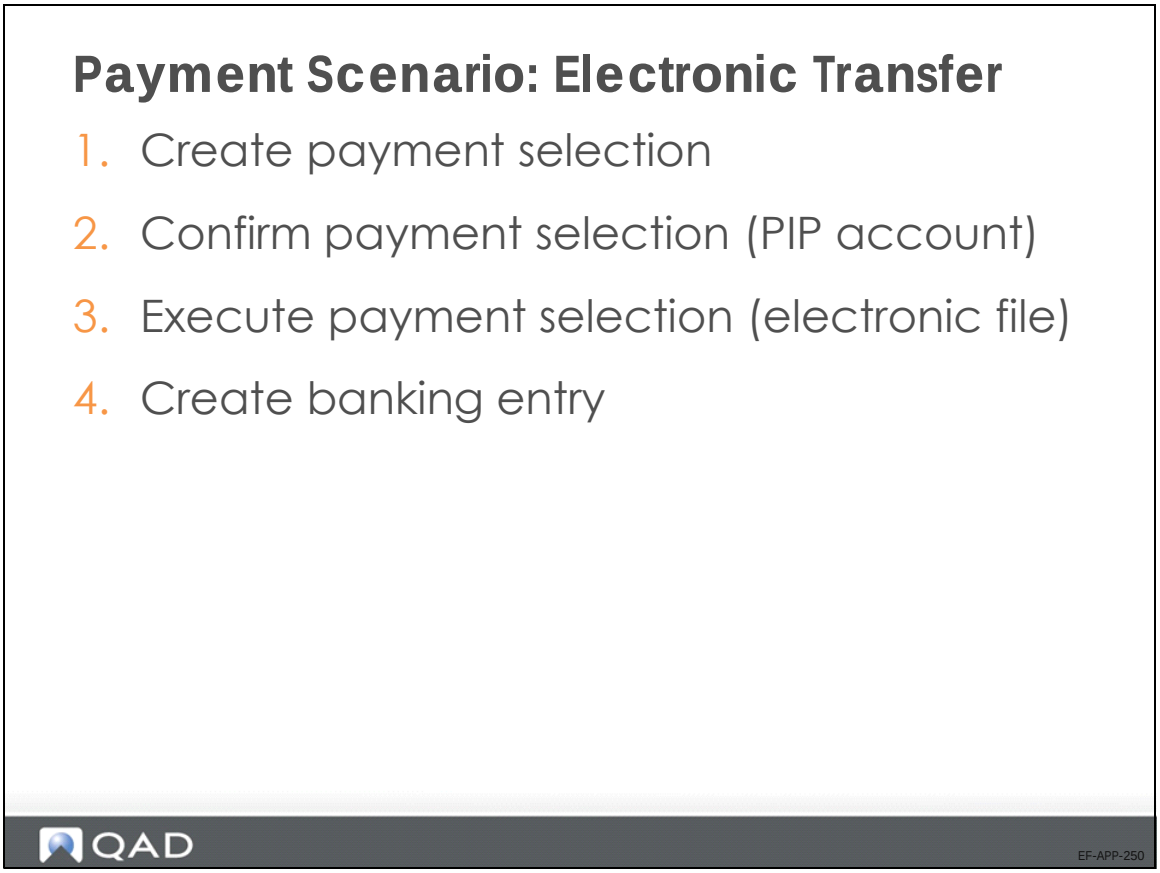
Print the supplier checks and send them to your suppliers

AP Check Payment (no PIP)



The Supplier Payment Selection Confirm step posts directly to the bank GL account.

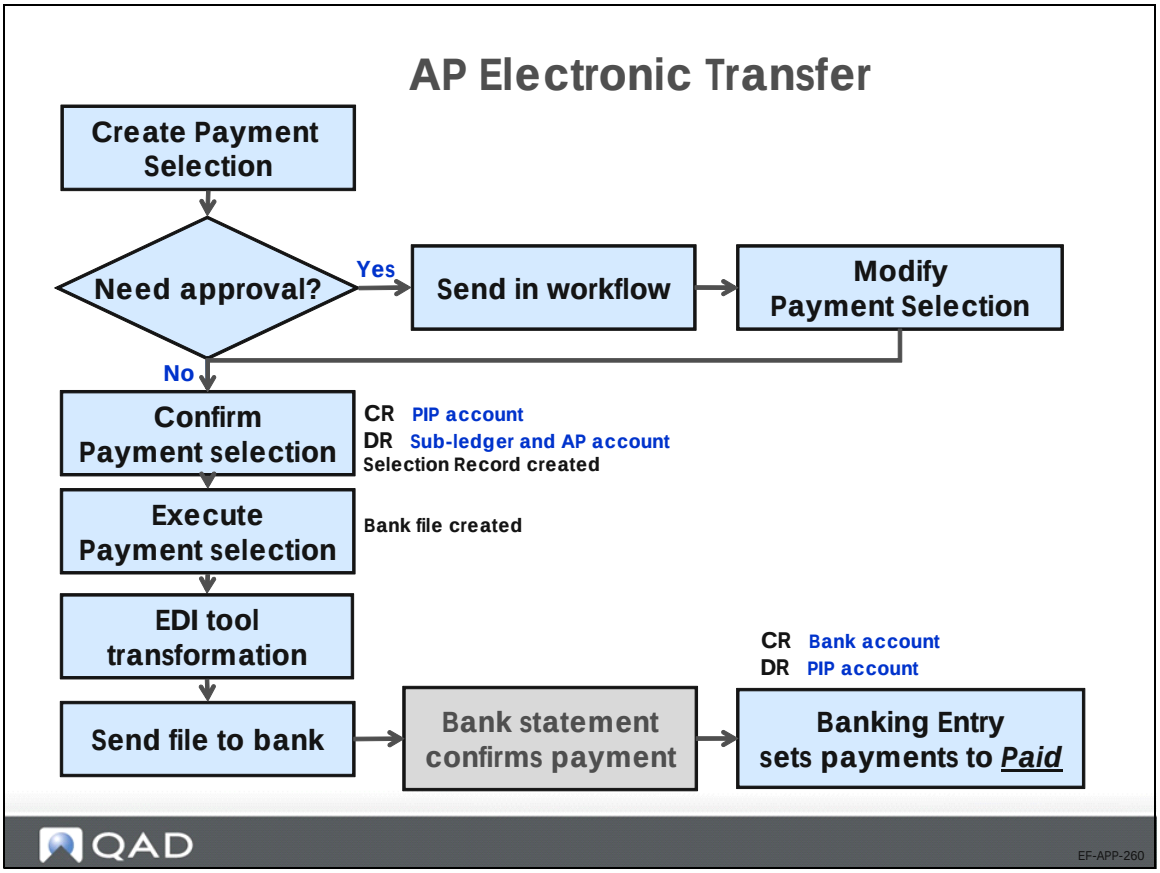
Electronic Transfer



Create, confirm, and execute the electronic payment selection.

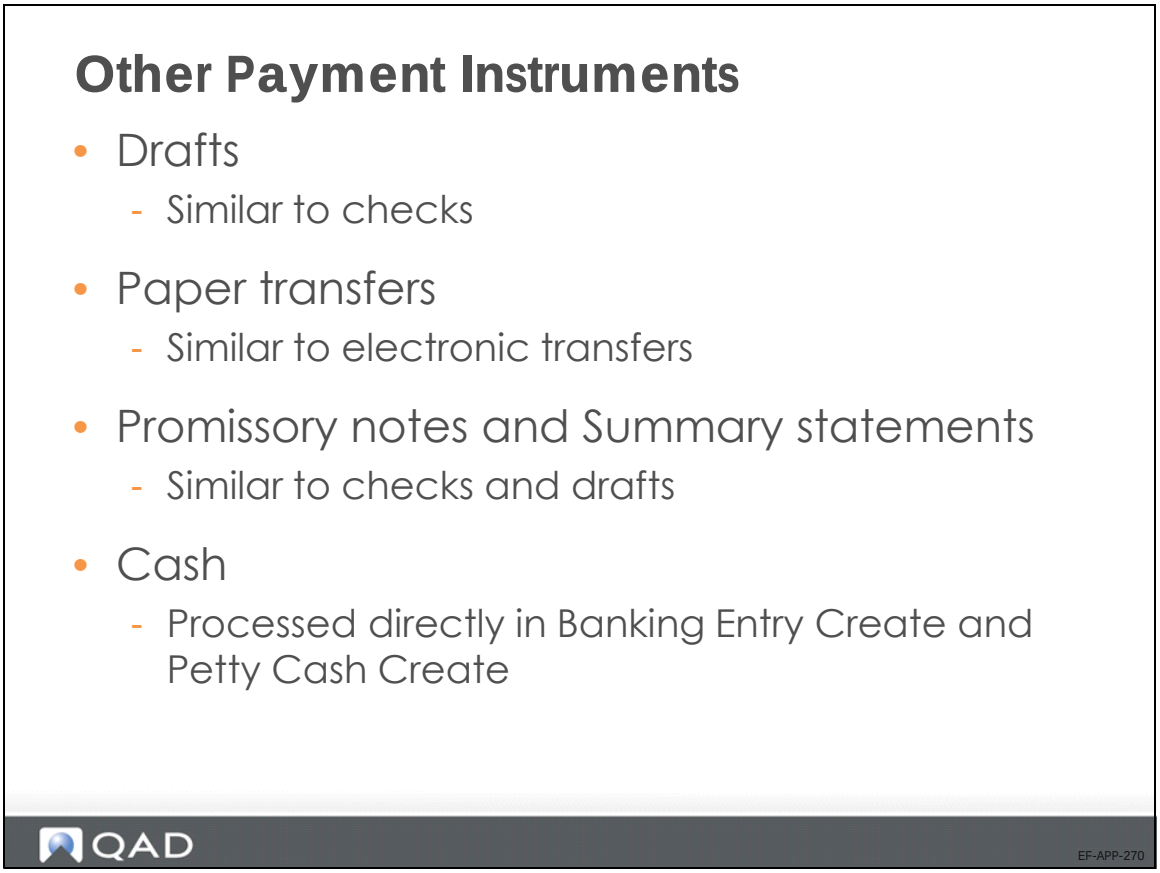
- Use Supplier Payment Selection Execute (28.9.4.6) to create the electronic payment file.
- Use Supplier Payment Selection Re-Execute (28.9.4.7) to recreate this file, if needed.

AP Electronic Transfer



The use of a PIP account is mandatory in this process.

Other Payment Instruments



The system has a number of predefined payment instruments other than check or electronic payment:

- Draft

  The draft or bill of exchange is a negotiable security signed and dated by its issuer (the bank). It contains an unconditional order or instruction to pay a fixed amount to the supplier on the agreed due date. Once signed, the draft is considered a collection instrument. Its form, content, and legal consequences are governed by law.

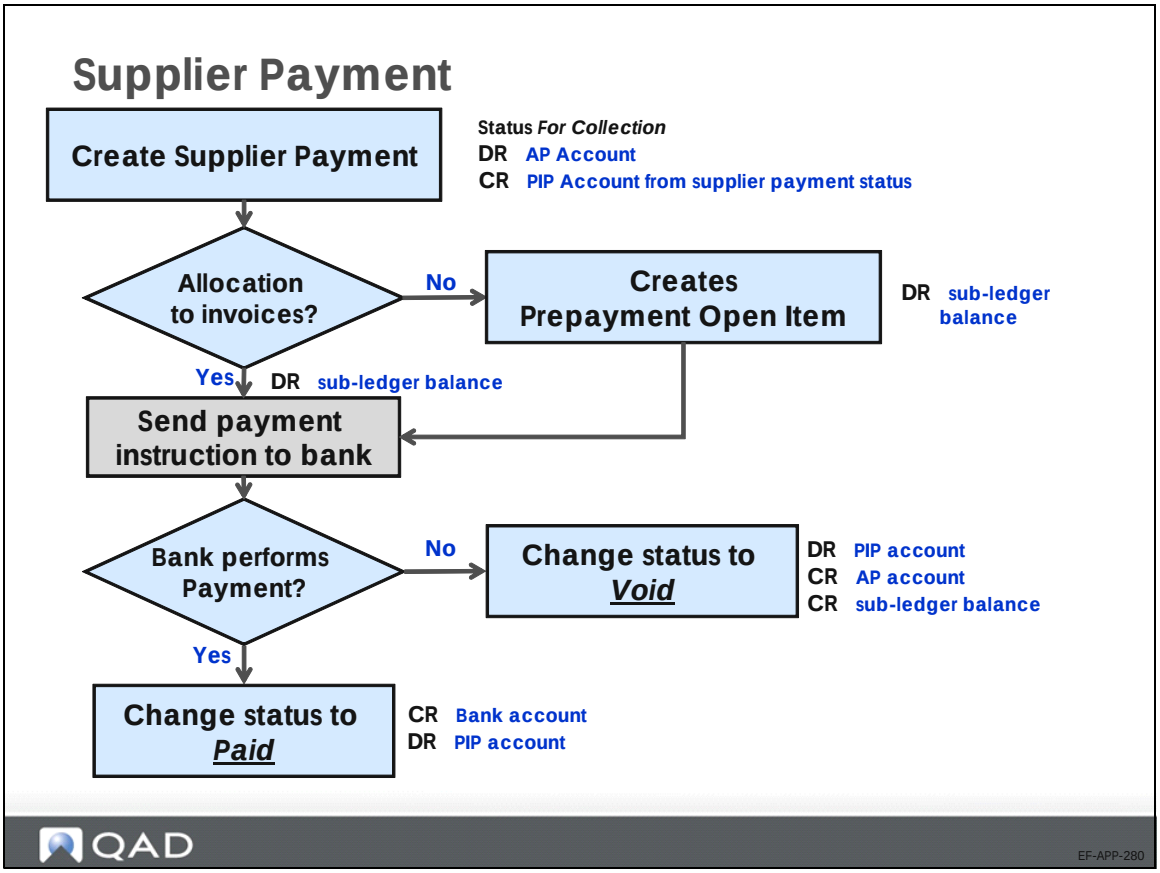
- Paper transfer

  The transfer payment instrument is an order for payment that you submit to your bank. The bank ensures that the amount is transferred to the supplier's bank account. Transfers are in paper format.

- Promissory note

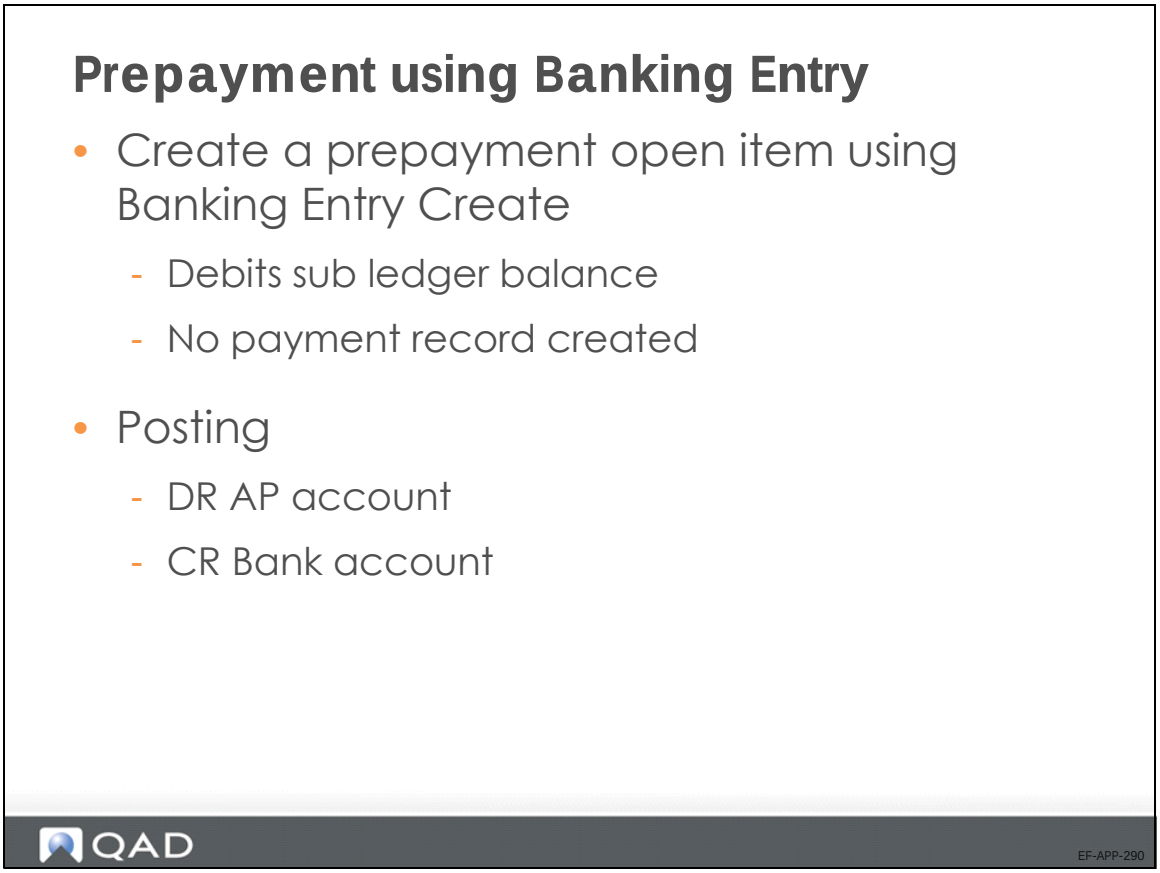
  The promissory note is a promise to pay the supplier, instead of an unconditional payment order. The promissory note carries more risk for the beneficiary and has fewer legal consequences for the issuer if payment is defaulted summary statements: You send summary statements to the supplier. Factoring companies and banks that provide credit card services use summary statements.

Supplier Payment



The supplier payment functionality is also used to create prepayments.

Prepayment using Banking Entry



You can also create prepayments directly in Banking Entry Create (31.1.1).

When creating a new prepayment in Supplier Payment Selection Create, you can enter a reference for the prepayment in the Reference field. The Reference field is only editable when creating new prepayments. It is used to distinguish between prepayments if the same supplier has several prepayments relating to different orders.

Prepayment Reconciliation

- Reconcile in Open Item Adjustment Create
  - If the prepayment is for specific invoices
- Use with a subsequent payment
  - Deduct the prepayment open item from invoices during a subsequent payment run

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Overview

- AP payments ✓
  - Alternative flows
  - Prepayment processing
- AP reporting
  - Demo

QAD

EF-APP-320

Review the Accounts Payable reporting options.

US Exercise: AP Payment—Prepayment

In this exercise, you will create and process supplier prepayments.

Unless otherwise stated, use 10USACO and accept default values.

1 Create the following invoice using Supplier Invoice Create (28.1.1.1).

Field	Value
Supplier	10S1005, Absolute Electronics Company
Reference	AEC-1
TC Invoice Amount	$1000.00 USD
Invoice Status Code	OK2PAY
Daybook	SINV (defaults from the daybook set)
Taxable	No

2 Create a supplier payment using Supplier Payment Create (28.9.3.1).

Field	Value
Supplier Code	10S1005, Absolute Electronics Company
Amount	$1500.00 USD
Reference	Prepayment AEC-1
Status	For Collection

a Click the Allocate button.

b Use the fields and Search button to locate the supplier invoice created in step (1).

c Allocate the payment to the invoice by selecting the Full field for the invoice line in the grid.

d Click the Prepay button.

e Specify the following information in the Supplier Payment–Prepay screen:

Field	Value
Invoice Description	Prepayment-1 AEC
TC Prepayment Amount	500

f Click OK.

The system adds a new line to the Supplier Payment–Allocate grid with an invoice of type Prepayment.

g Click OK in Supplier Payment–Allocate.

h Save the payment.

3 Use Supplier Invoice View (28.1.1.3) to see the effect of this payment on the supplier sub-ledger for 10S1005.

4 Use Supplier Payment View (28.9.3.3) to review the payment created.

5 Use Journal Entry View (25.13.1.3) to review the GL postings created by Supplier Payment Create (28.9.3.1).

Use daybook APPAY.

AP Payment Selection

In this exercise, you will:

- Create and confirm an AP payment selection
- Print a check.

1 In Supplier Payment Selection Create (28.9.4.1), create the following payment selection:

Field	Value
Selection Code	PaySel1
Bank GL Account	1100
Payment Format	CHECK-AP (defaults)
Own Bank Number	55667342 (defaults)

2 Use the Search and Clear buttons to experiment with various selection criteria.

Finally, select one invoice for each of the following suppliers:

- Supplier 10S1004 (Sungro Chemicals)
- Supplier 10S1006 (Hampton Electronics)

3 Save the payment selection.

4 Use Supplier Payment Selection Confirm (28.9.4.5) to post payment selection PaySel1.

5 Use Supplier Payment Selection View (28.9.4.3) to review the payment records created by the posting.

6 In Supplier Invoice View (28.1.1.3), review the effect of this payment posting on the selected invoices.

Try changing the columns selected and the order of the columns to tailor the view to your needs.

7 In Journal Entry View (25.13.1.3), view the Journal Entry created by this payment registration.

Try changing the columns selected and the order of the columns to tailor the view to your needs.

8 Use Supplier Check Print (28.9.9.3) to print the checks for the payment selection.

EMEA Exercise: AP Payment—Prepayment

In this exercise, you will:

- Create and process an individual supplier payment.
- Create and process supplier prepayments.

Unless otherwise stated, use entity 22UKCO and accept default values.

1 Create a supplier invoice.

Field	Value
Supplier	22S1001, Cheshire Packaging Products
Reference	PT0707
Amount	1100.00 GBP
Invoice Status Code	OK2PAY (approved, allocated, free to pay, no receiver matching)
Daybook	SINV (defaults from the daybook set)
Taxable	No

2 Create a supplier payment using Supplier Payment Create (28.9.3.1).

Field	Value
Supplier Code	22S1001
Amount	1500 GBP
Reference	Urgent Payment PT0707
Status	For Collection

a Click the Allocate button.

b Use the fields and Search button to locate the supplier invoice created in step (1).

c Allocate the payment to the invoice by selecting the Full field for the invoice line in the grid.

d Click the Prepay button.

e Specify the following information in the Supplier Payment–Prepay screen:

Field	Value
Invoice Description	Prepayment-1 CPP
TC Prepayment Amount	400

f Click OK.

The system adds a new line to the Supplier Payment–Allocate grid with an invoice of type Prepayment.

g Click OK in Supplier Payment–Allocate.

h Save the payment.

3 Use Supplier Invoice View (28.1.1.3) to see the effect of this payment on the supplier sub-ledger for 22S1001.

4 Use Supplier Payment View (28.9.3.3) to review the payment created.

5 Use Journal Entry View (25.13.1.3) to review the GL postings created by Supplier Payment Create (28.9.3.1).

Use daybook APPAY.

AP Payment—Electronic

In this exercise, you will:

- Create, modify, confirm, and execute AP payment selections (electronic transfer).
- Register the payment in the bank.

Unless otherwise stated, use entity 22UKCO and accept default values.

1 In Supplier Payment Status Create, create the following payment statuses for the payment instrument Electronic Transfer:

Field	Status 1	Status 2	Status 3
Payment Instrument	Electronic Transfer	Electronic Transfer	Electronic Transfer
Status	Initial	For Collection	Paid
Bank Account Code	1120	1120	1120
Daybook Code		APPAY	APPAY
GL Account		2080	2080
Default Value Days	0	0	0

2 Use Supplier Payment Selection Create (28.9.4.1) to create a supplier payment selection.

Code: PAYMENT-1

GL Account: 1120

Own Bank Number: UK5564999 (defaults)

3 Use the Search and Clear buttons to experiment with various selection criteria.

4 Finally, select one invoice for supplier 22S1000 (Auto-Plas International) and two invoices for supplier 22S1001 (Cheshire Packaging Products).

5 Save the payment selection.

6 Use Supplier Payment Selection Modify (28.9.4.2) to modify PAYMENT-1. Remove the following invoice from the selection:

Supplier: 22S1001

External Number: PS H02

7 Use Supplier Payment Selection Confirm (28.9.4.5) to post payment selection PAYMENT-1.

8 Use Supplier Payment Selection View (28.9.4.3) to review the payment records created by the posting.

9 In Supplier Invoice View (28.1.1.3), review the effect of this payment posting on the selected invoices.

Try changing the columns selected and the order of the columns to tailor the view to your needs.

10 In Journal Entry View (25.13.1.3), view the Journal Entry created by this payment registration.

Try changing the columns selected and the order of the columns to tailor the view to your needs.

11 Using Supplier Payment Selection Execute (28.9.4.6), create the electronic payment file.

12 Create a banking entry in Banking Entry Create (31.1.1).

Field	Value
GL Account	1120
Bank Statement Year/NR	2013 accept default statement number
Line	(automatic)
Description	Payment PAYMENT-1
Amount	12,000 GBP OUT

Allocate to payment selection PAYMENT-1.

13 Use Supplier Invoice View (28.1.1.3) to see the effect of this on the supplier sub-ledger.

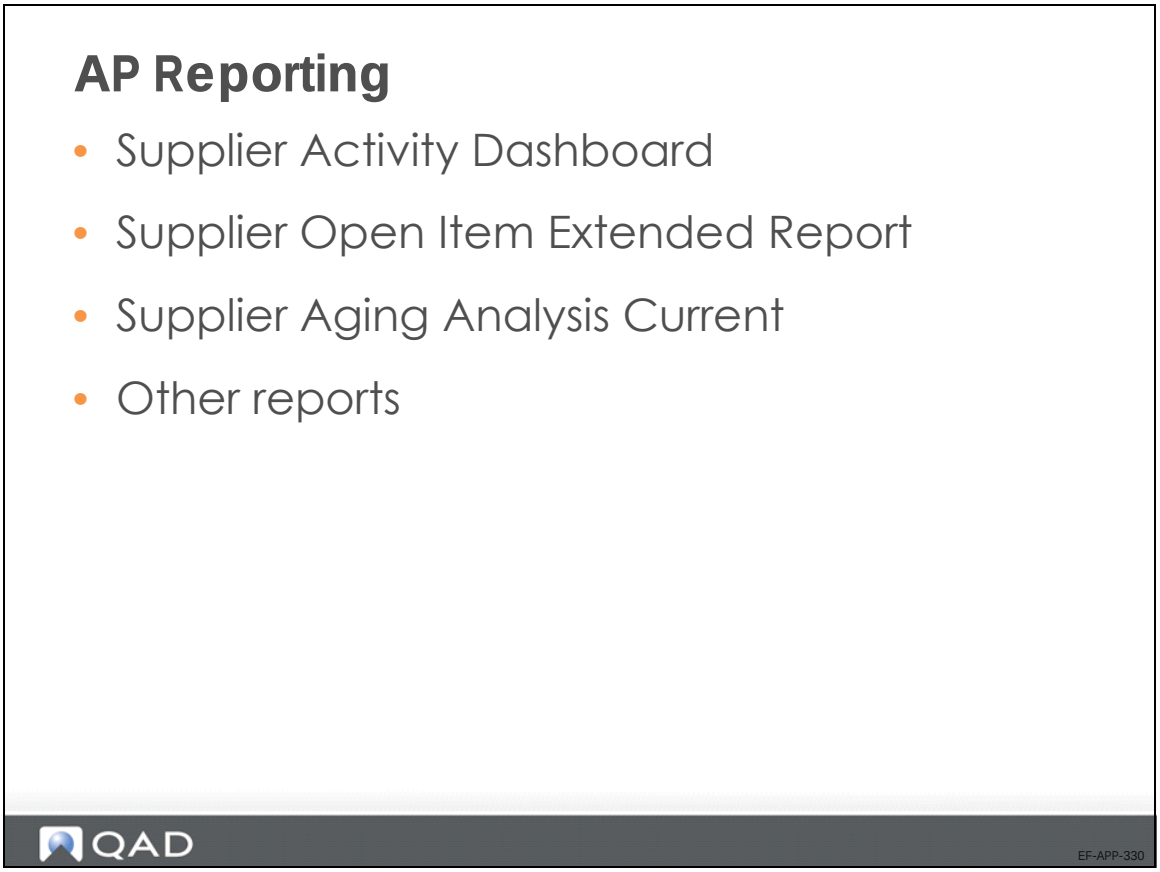
Try changing the columns selected and the order of the columns to tailor the view to your needs.

14 Use Journal Entry View (25.13.1.3) to review the postings created by the allocation.

Try changing the columns selected and the order of the columns to tailor the view to your needs.

15 Use Supplier Payment View (28.9.3.3) to review the effect of the allocation on the payment records (instruments).

AP Reporting



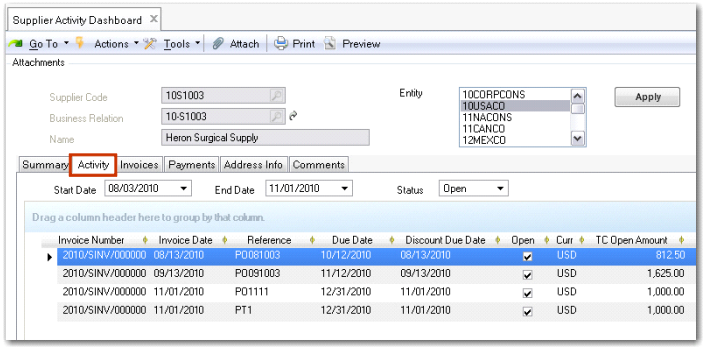
The most commonly used reports in Accounts Payable are:

- Supplier Activity Dashboard (28.18.1)
- Supplier Open Item Extended Report (28.17.5 or Basic Report 28.17.4)
- Supplier Aging Analysis Current (28.17.9)
- There are a wide range of AP reports, which are customizable to suit your reporting needs.

Supplier Activity Dashboard

AP Reporting

- Supplier Activity Dashboard
  - Activity
    - Invoices and movements
  - Invoices
  - Payments



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Supplier Activity Dashboard (28.18.1) offers a comprehensive overview of all activity related to a single supplier, in a single entity or over multiple entities. The drill-down generates read-only information that includes invoices, credit notes, and payments.

Supplier Open Item Extended Report

AP Reporting

- Supplier Open Item Extended Report

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Supplier Open Item Extended Report

USA DIVISION
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Year/GL Pd	Voucher	Invoice Date	Reference / Bank Statement	Description	Due Date	TC Orig Balance	BC Orig Balance	TC Current Balance	BC Current Balance
10S1003		Heron Surgical Supply					-4,437.50		-4,437.50
0						-2,000.00	-2,000.00	-2,000.00	-2,000.00
Invoices						**-2,000.00**	**-2,000.00**	**-2,000.00**	**-2,000.00**
2010/11	SINV/Initial	11/01/2010	PO1111	PO1111 10S1003	12/31/2010	-1,000.00	-1,000.00	-1,000.00	-1,000.00
2010/11	SINV/Initial	11/01/2010	PT1	PT1 10S1003	12/31/2010	-1,000.00	-1,000.00	-1,000.00	-1,000.00
US Dollar (USD)						-2,437.50	-2,437.50	-2,437.50	-2,437.50
Invoices						**-2,437.50**	**-2,437.50**	**-2,437.50**	**-2,437.50**
2010/08	SINV/000000070	08/13/2010	PO081003	PO081003 10S1003	10/12/2010	-812.50	-812.50	-812.50	-812.50
2010/09	SINV/000000091	09/13/2010	PO091003	PO091003 10S1003	11/12/2010	-1,625.00	-1,625.00	-1,625.00	-1,625.00
Grand Total							-4,437.50		-4,437.50

---------- End of Report ----------

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EF-APP-350

Select open or closed payments and display individual payment details, as well as total amounts for each selection you make. Optionally, you can filter by currency.

The Activity tab displays all invoices and associated payments for the supplier. Payments display as child rows beneath their associated invoices. View the invoice and payment information separately using the Supplier Invoices and Payments tabs.

Use grid features to group and sort information by key credit related details such as the number of weeks overdue, or see all invoices due in a certain week.

Supplier Aging Analysis Current

AP Reporting

- Supplier Aging Analysis Current

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Supplier Aging Analysis Current

USA DIVISION
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Curr	Daybook / Voucher	Reference	Invoice Date	Due Date	L	D	Open Amount (TC)	Open Amount (BC)	Within Terms	1 Months Overdue	2 Months Overdue	3+ Months Overdue
10S1003 Heron Surgical Supply 30 89th Avenue Queens, NY, 11432 USA - TAX PURPOSE					Phone: Fax:			Contact: Donald Schneider				
							Supplier total	-2,437.50	-1,625.00	-812.50	0.00	0.00
USD (US Dollar)							-2,437.50	-2,437.50	-1,625.00	-812.50	0.00	0.00
INVOICE							**-2,437.50**	**-2,437.50**	**-1,625.00**	**-812.50**	**0.00**	**0.00**
USD	SINV/000000070	PO081003	08/13/2010	10/12/2010			-812.50	-812.50	0.00	-812.50	0.00	0.00
USD	SINV/000000091	PO091003	09/13/2010	11/12/2010			-1,625.00	-1,625.00	-1,625.00	0.00	0.00	0.00
Grand Total								**-2,437.50**	**-1,625.00**	**-812.50**	**0.00**	**0.00**

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EF-APP-360

Lists all open items created in the specified time frame. Also lists the due supplier open items by number of periods overdue at the entered date for aging calculation. The supplier aging reports show both supplier postings (the supplier invoice posting and the matching posting) on the same report.

On the supplier aging reports, prepayments that are not allocated and remain as open items are included in the aging.

Overview

- AP payments ✓
  - Alternative flows
  - Prepayment processing
- AP reporting ✓
  - Demo

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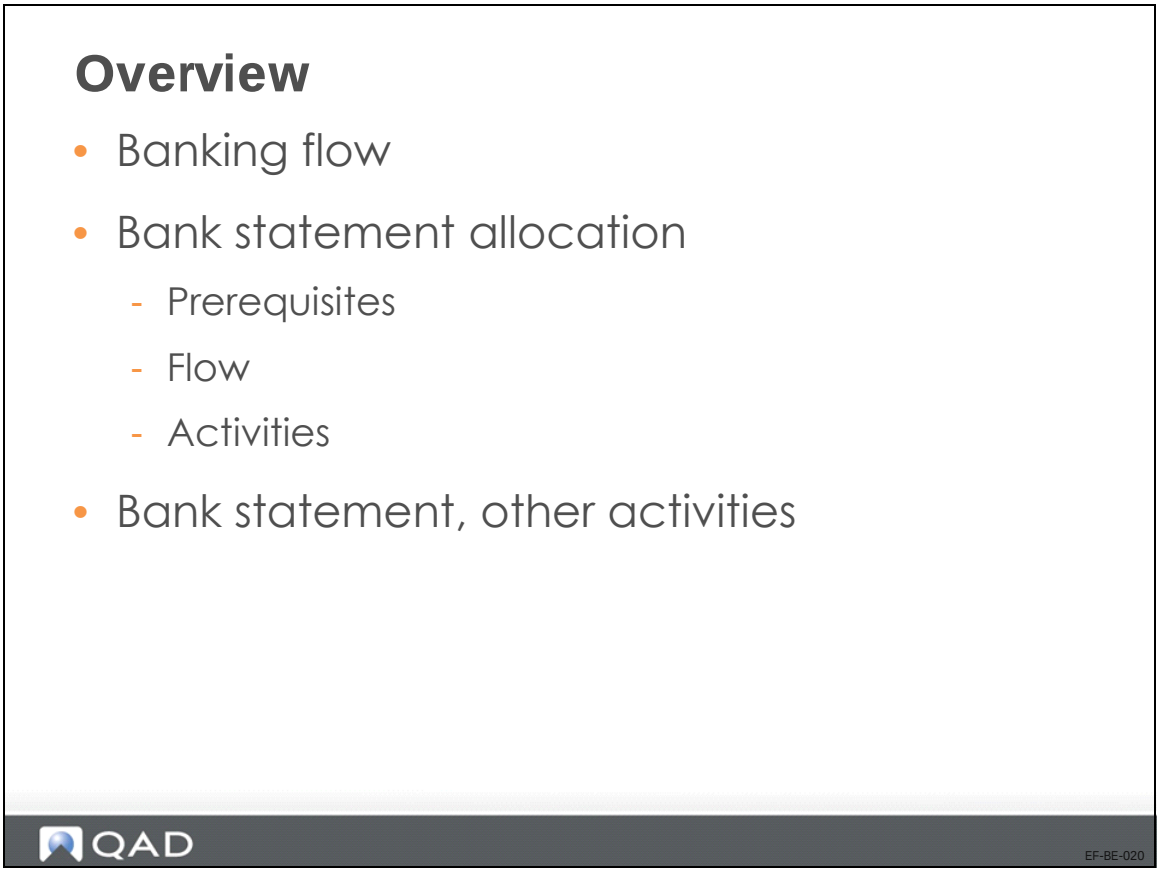
EF-APP-370

Chapter 13

Banking Entries

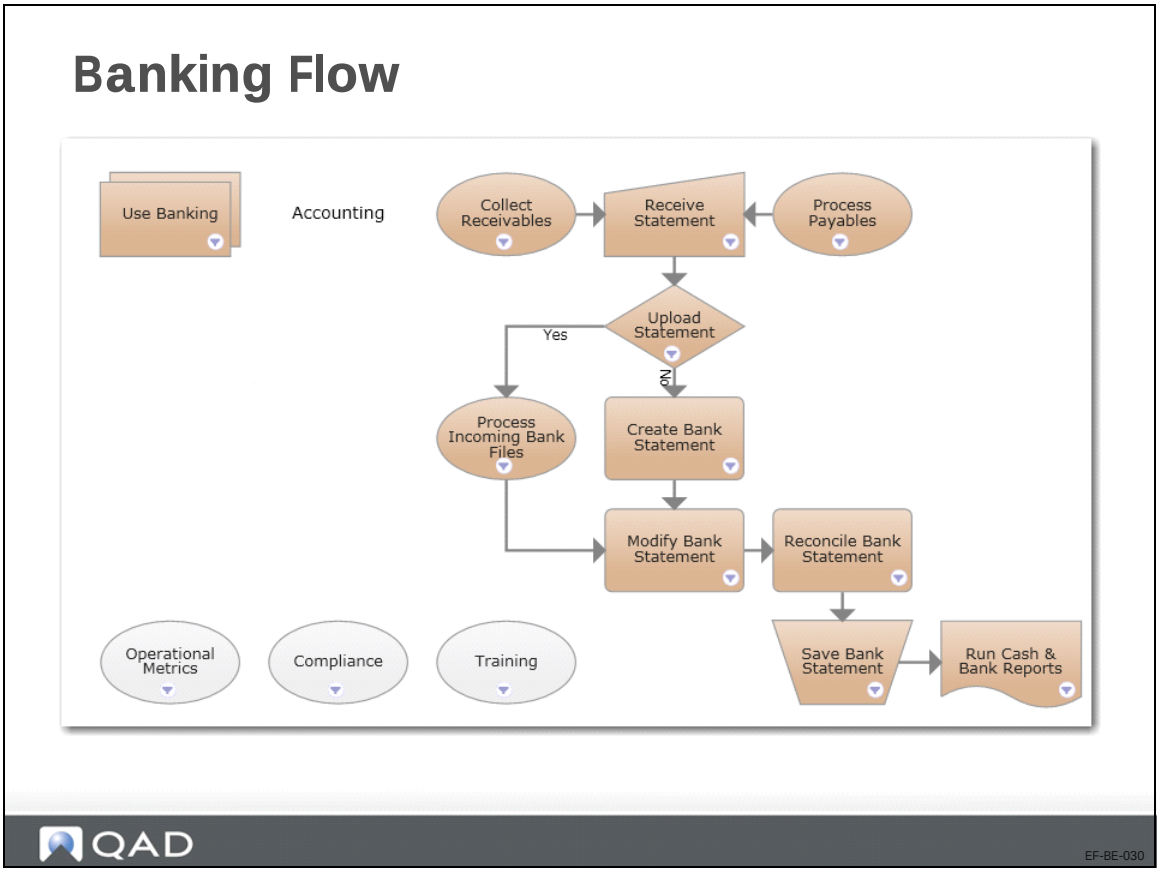
Overview



In this chapter, you will learn how banking is handled in QAD Enterprise Applications. This includes the banking flow, bank statement activities, and statement allocation.

Note This chapter describes the manual banking entry flow. The automated flow that uses the Process Incoming Bank Files functionality is described in *QAD Financials-Advanced Training Guide.*

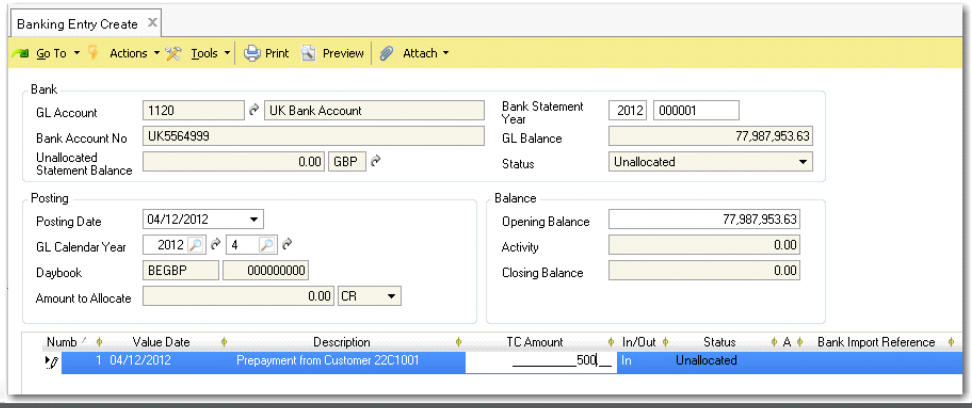
Banking Flow



The Banking Entry Create (31.1.1) function is the single entry point for creating, maintaining, and allocating statements. You can modify existing bank statements, depending on their status.

Banking Entry Flow

- Create a bank statement
- Allocate and register bank statement line
- Statement status
  - Allocated, Unallocated, Partially Allocated



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Each statement has one of the following statuses, depending on the status of its statement lines:

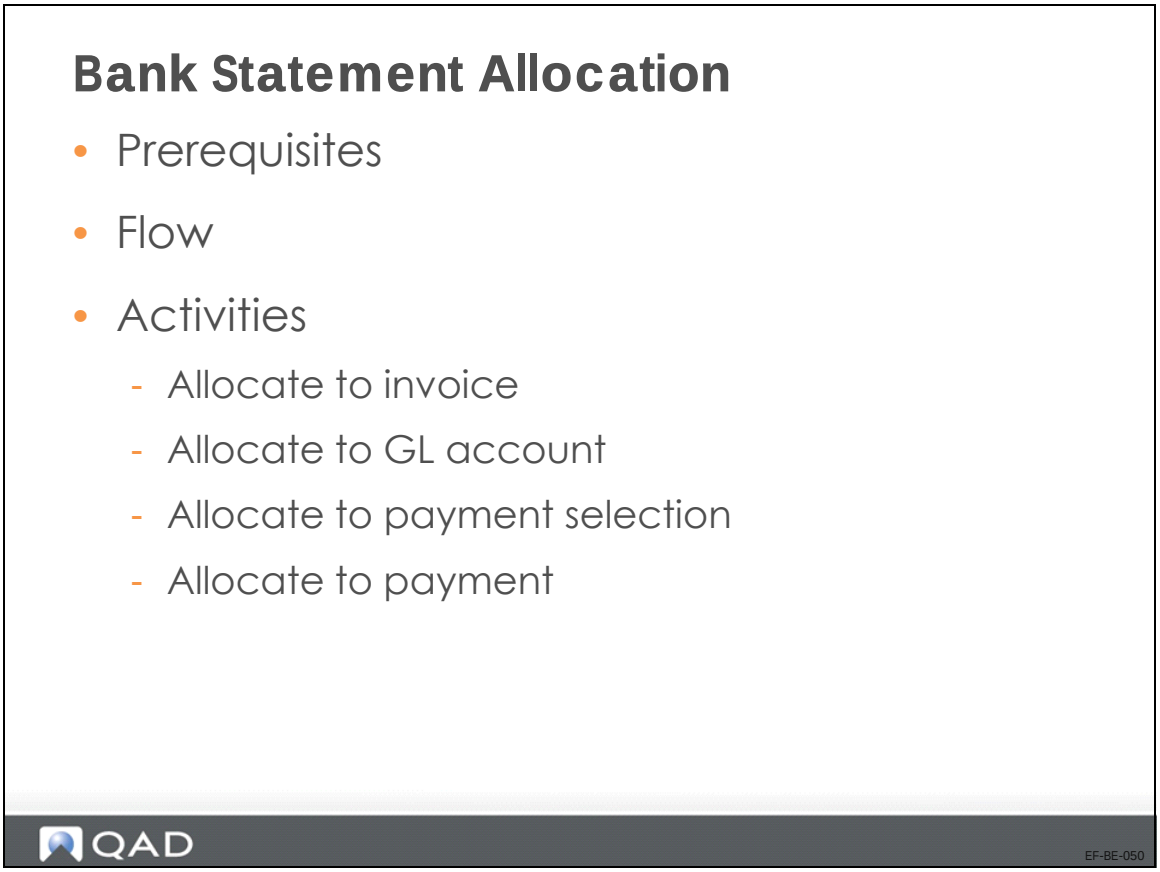
- Allocated

  All statement lines are allocated.
- Unallocated

  No statement lines are allocated yet.
- Partially Allocated

  Some (but not all) statement lines are allocated.

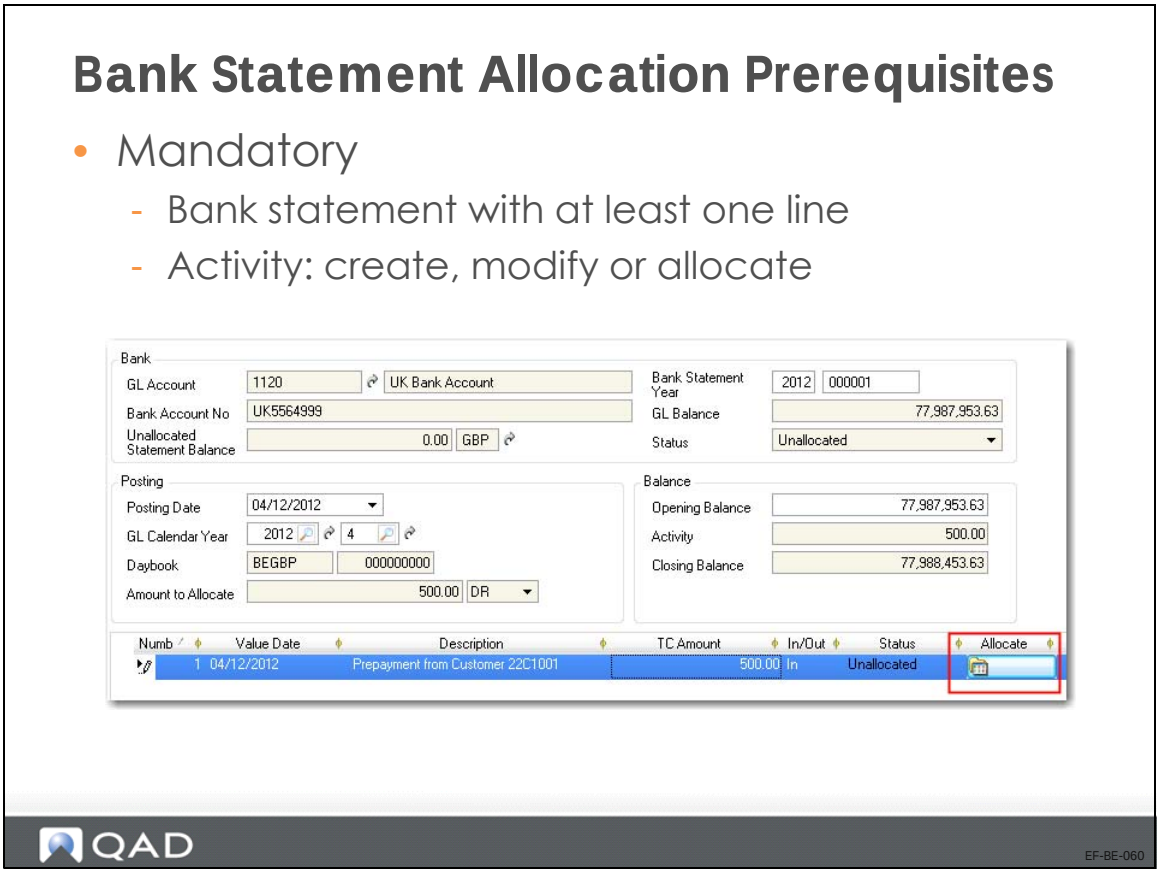
Bank Statement Allocation



Available allocation options include:

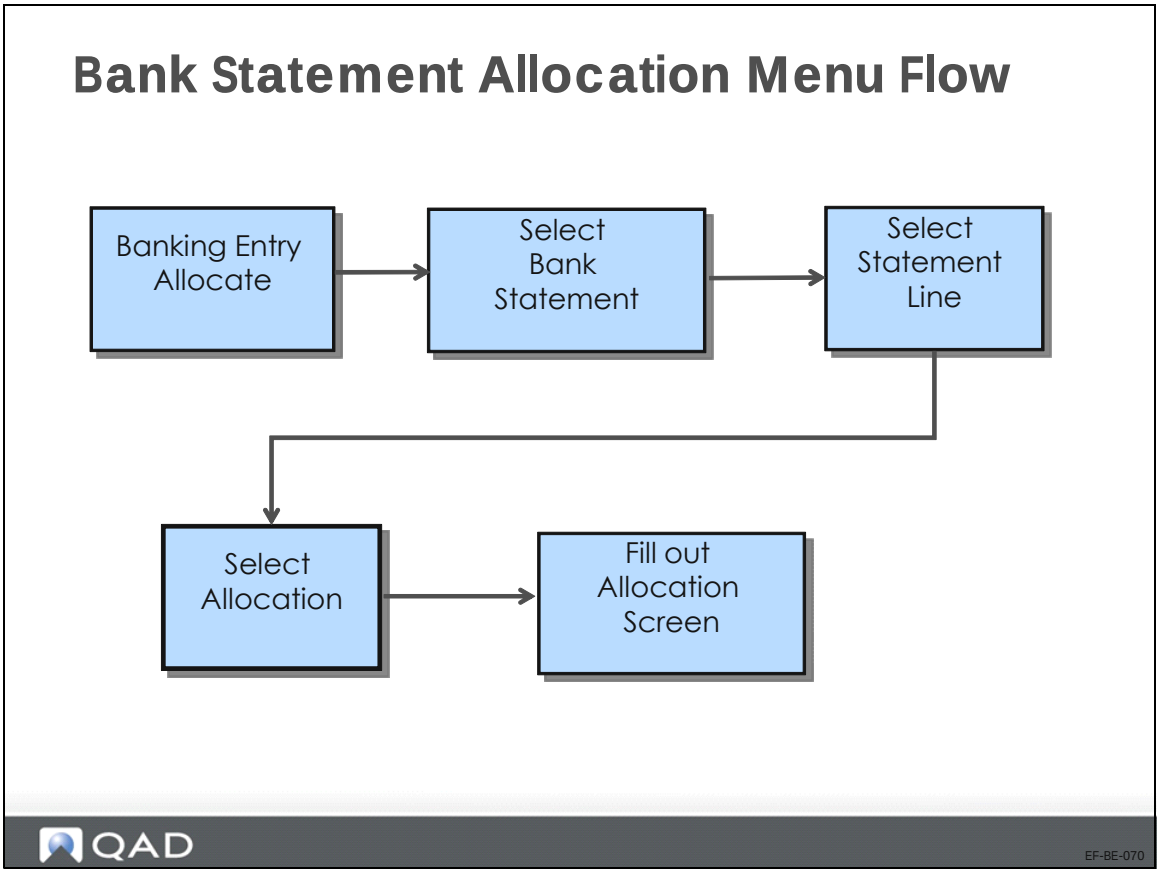
- Choose Allocate to Invoice to allocate the entry amounts to invoices, prepayments, or payment selections. For this option, you can define configuration settings to streamline the process.
- Choose Allocate to Payment or Payment Selection to allocate the entry amounts to a customer or supplier payment selection.
- Choose Allocate to GL Account to create a journal entry that allocates the banking entry amount to GL accounts.

Bank Statement Allocation Prerequisites



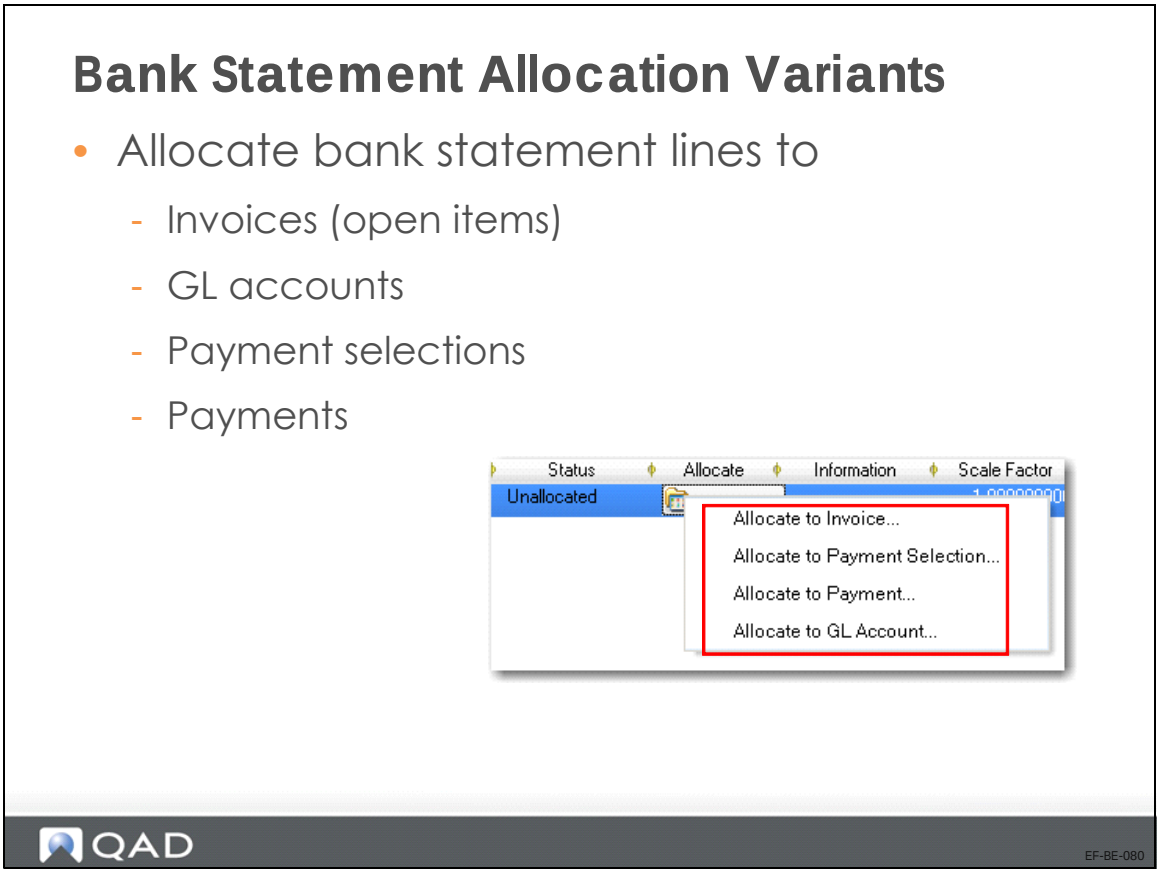
Bank statement lines can be created manually or uploaded. A bank statement is required to have at least one line allocated.

Bank Statement Allocation Menu Flow



1. Select Banking Entry Allocate.
   Browse through unallocated and partially allocated bank statements.
2. Select a bank statement in the browse.
3. Select a bank statement line.
4. Use the Allocation button or right-click and select the relevant allocation option.
5. Complete the Allocation screen.

Bank Statement Allocation Variants



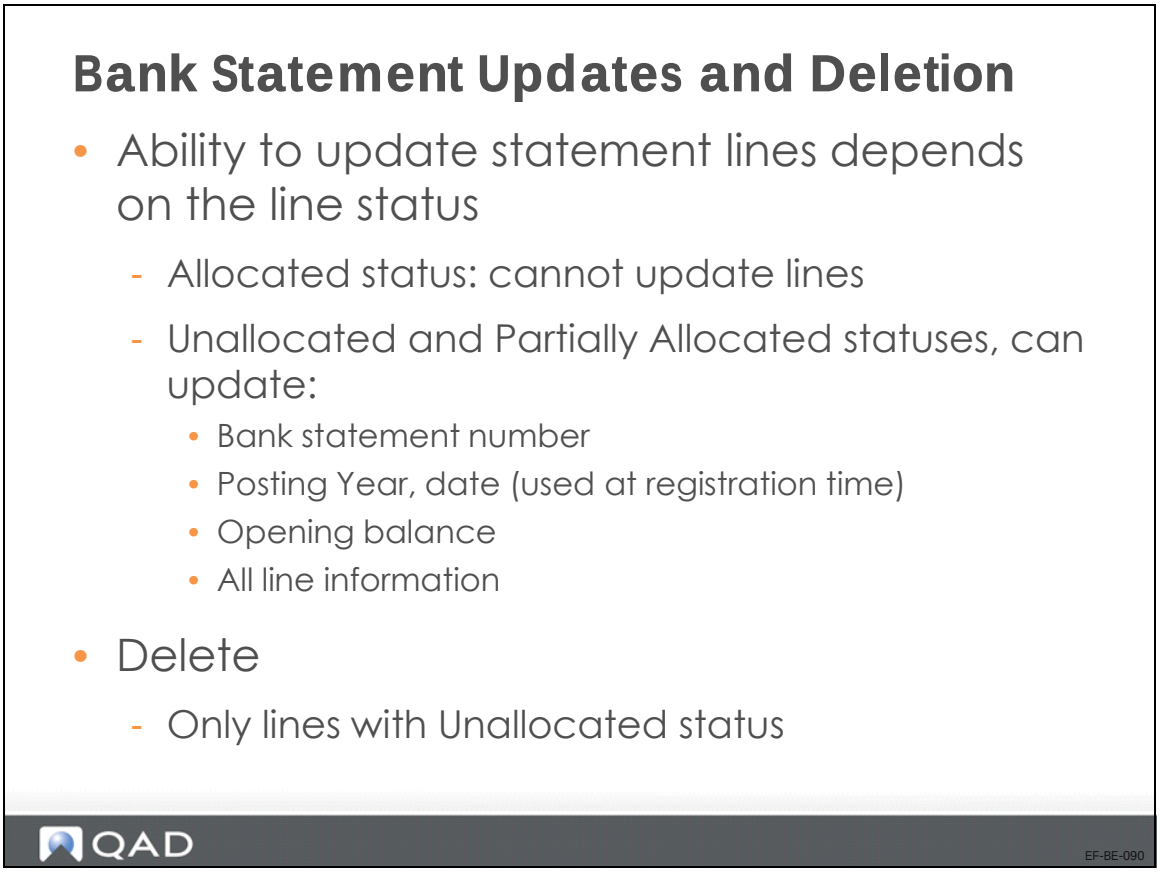
Each statement line must be allocated to:

- An invoice (customer or supplier) or an open item (including prepayments).
- A GL account
- A payment selection. Payment selections are groups of supplier payments or direct debits (customer payments).
- A payment (such as a check or draft)

Click Allocate on the statement line header to access the different options.

To ensure that it is always possible to reconcile the payment account with the total of the For Collection payments, the system prevents you from allocating a banking entry to a payment if the posting date of the payment is later than the posting date of the banking entry.

Bank Statement Updates and Deletion

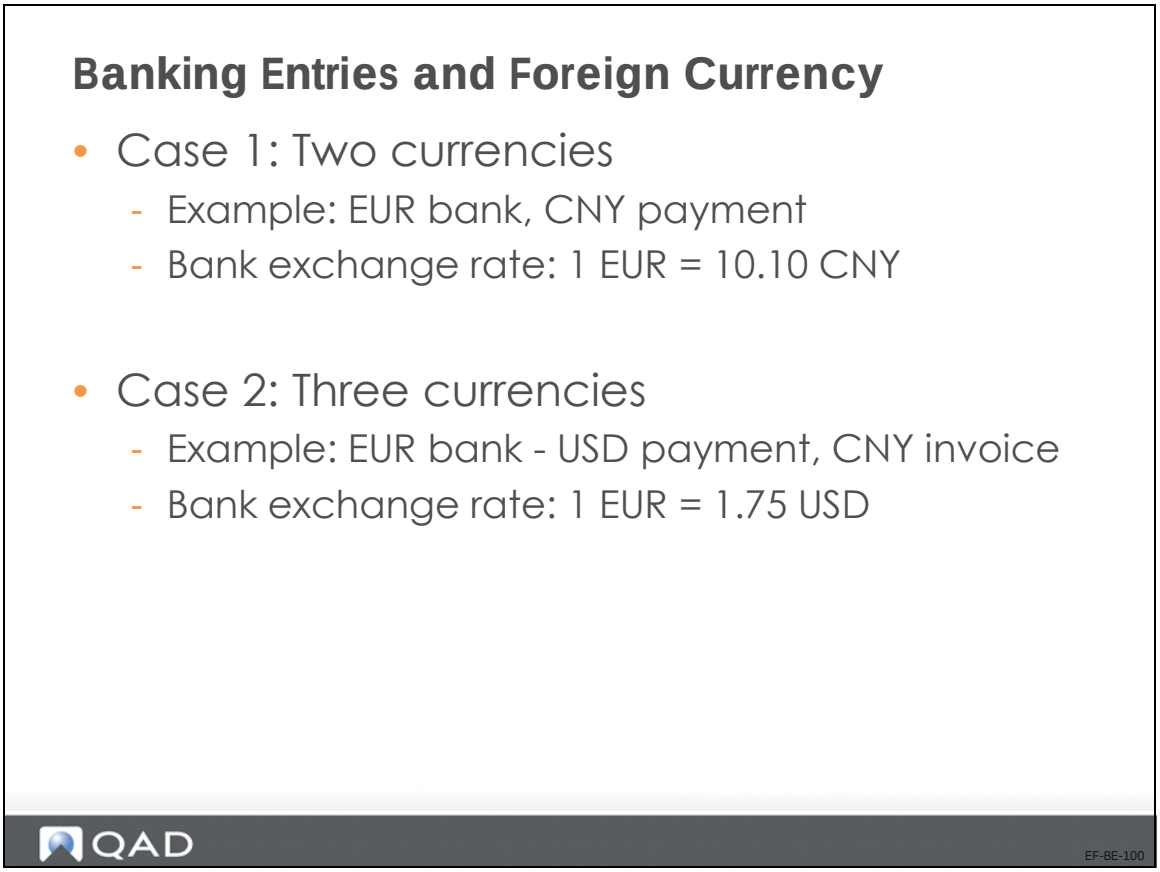


The status of the bank statement defines which fields can be modified:

- Allocated: All fields are read only; only the View activity is allowed
- Not Allocated/Partly Allocated. The following fields can be modified:
  - Bank Statement Number
  - Posting Year/Date (used at registration time)
  - Opening Balance
  - All line information

You can only delete bank statements that have a status of Unallocated.

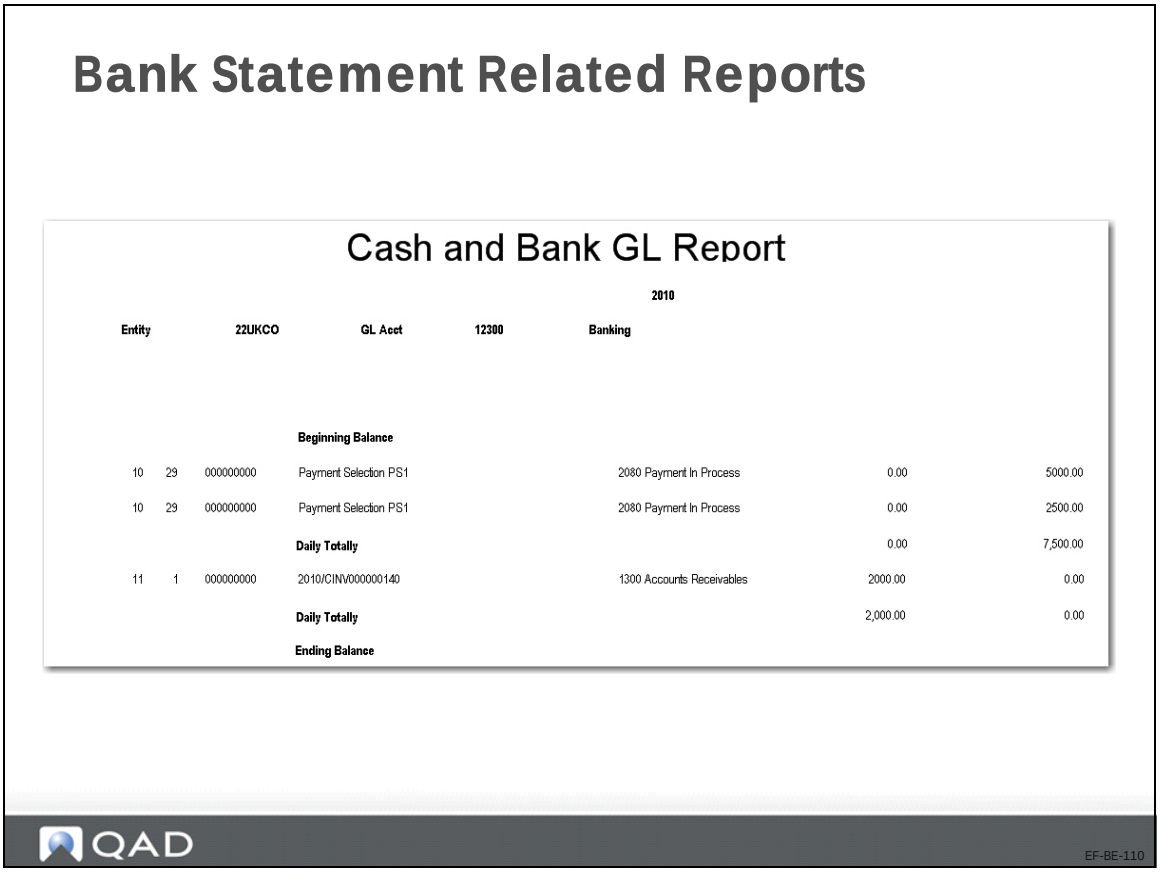
Banking Entries and Foreign Currency



You can also enter additional information on value dates, external exchange rates, and currencies by selecting the Value Details option.

- These details can be used for cash forecasting and for handling exchange rates.
- Right-click the entry line to display the option.

Bank Statement Related Reports



The Cash and Bank GL Report lists the transactions that are posted on the selected cash or bank account and the corresponding GL accounts on which the cash or bank transactions have been posted.

US Exercise: Banking Entry

In this exercise, you will practice creating bank statements and allocating bank statement lines.

Unless otherwise stated, use:

- Entity: 10USACO
- Use the following parameters (if needed):
  - Bank account: GL 1100 Current Bank account USD
  - Sub-account: use the default or else use Gserv
  - Cost center: use the default or else use Adm
  - For all other fields, use the lookup and choose from the list.

1 Use Banking Entry Create (31.1.1) to enter the following bank statements for the current USD bank account. Click the Allocation button to allocate to an invoice or a GL account.

Note Amounts in bold are subtotals

	Bank Entry	**Curr**	**Amount**	**Allocation**
			0.00	
1	Cash Withdrawal	USD	-1,000.00	Funding Petty Cash against GL 1670
			-1,000.00	
2	Incoming Customer Transfer	USD	10,000.00	Customer 10C1001 / 7100 USD + Prepayment
			9,000.00	
3	Outgoing Payment	USD	-900.00	Supplier 10S1001 Prepayment
			8,100.00	
4	Undocumented Payment	USD	-250.00	to GL 1670
			7,850.00	
5	Bank Charges	USD	-50.00	to P/L Account 7700
			7,800.00	
6	Correction	USD	250.00	to GL 1670
			8,050.00	
7	Incoming Customer Transfer	USD	3,575.00	Customer 10C3000 (all Entities/all Invoices)
			11,625.00	

2 Verify the banking entries in Journal Entry View (25.13.1.3).

EMEA Exercise: Banking Entry

In this exercise, you will:

- Create bank statements.
- Allocate bank statement lines.

Unless otherwise stated, use the following values:

- Entity: 22UKCO
- Bank account: GL 1120 Current Bank account GBP
- Sub-account: use the default or else use Gserv
- Cost center: use the default or else use Adm
- For all other fields: use the lookup and choose from the list.

1 Use Banking Entry Create (31.1.1) to enter the following bank statements for the current GBP bank account. Click the Allocation button to allocate to an invoice or a GL account.

Note Amounts in bold are subtotals. Create each line as a separate statement.

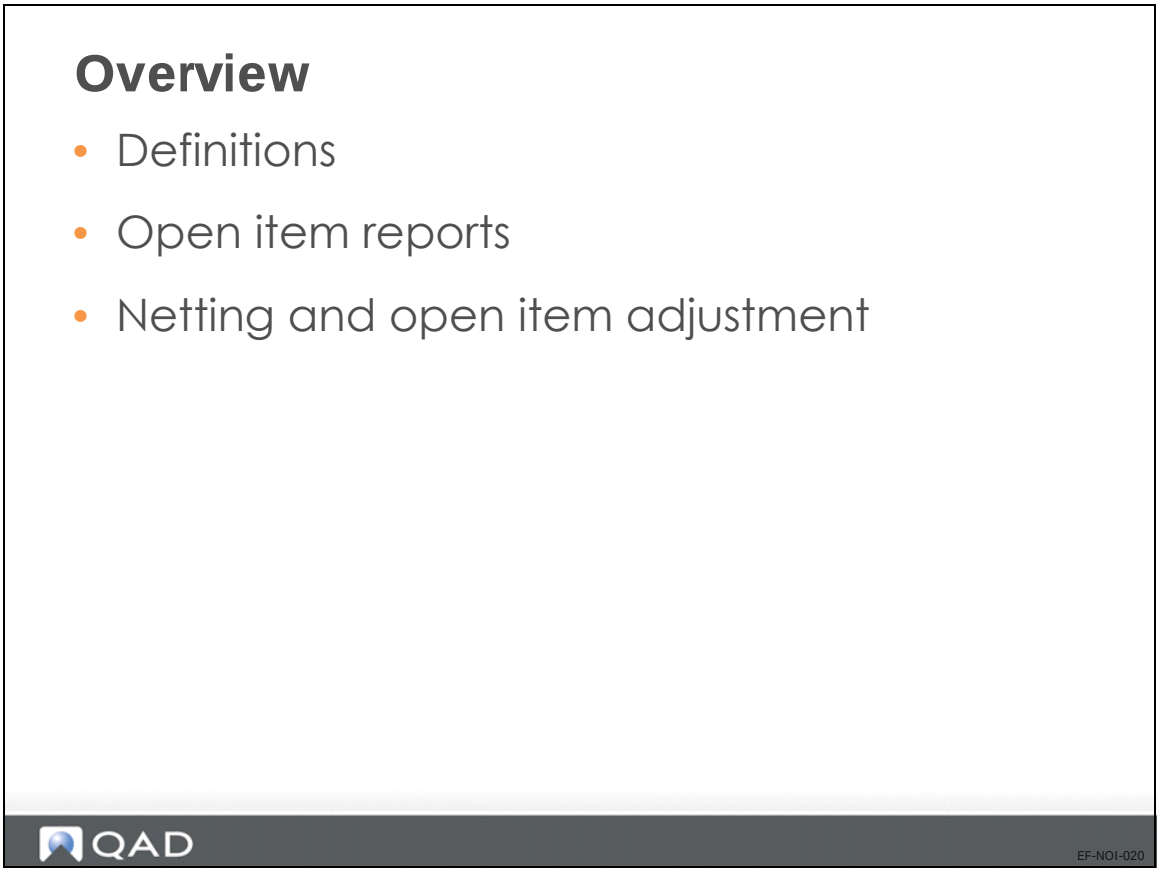
	Bank Entry	**Curr**	**Amount**	**Allocation**
			0.00	
1	Cash Withdrawal	GBP	-1,000.00	Funding Petty Cash against GL 1670
			-1,000.00	
2	Incoming Customer Transfer	GBP	10,000.00	Customer 22C1000 / 7100 GBP + Prepayment
			9,000.00	
3	Outgoing Payment	GBP	-900.00	Supplier 22S1001 Prepayment
			8,100.00	
4	Undocumented Payment	GBP	-250.00	to GL 1670
			7,850.00	
5	Bank Charges	GBP	-50.00	to P/L Account 7700
			7,800.00	
6	Correction	GBP	250.00	to GL 1670
			8,050.00	
7	Incoming Customer Transfer	GBP	3,575.00	22C1002 Electronic Services Ltd (all Entities/all Invoices)
			11,625.00	

2 Verify the banking entries in Journal Entry View (25.13.1.3).

Chapter 14

Netting and Open Items

Overview



Use Open Item Adjustment Create (25.13.5) to reconcile unpaid or incorrectly paid invoices and credit notes. In addition, you can record prepayments and adjustments, change the value of an existing open item, or create a new open item. All open item adjustments are recorded in the primary layer.

If the Customer/Supplier Compensation Allowed field is selected in the entity and in the business relation, you can adjust customer and supplier open items belonging to the same business relation directly against each other.

Open Item Definitions

Open Item Definitions

- Open item
  - An unpaid customer or supplier invoice or credit note
  - A prepayment that is not yet allocated (netted)
  - An open transaction on a GL account of type open item
- Open item types
  - Invoice
  - Credit note
  - Prepayment
  - Adjustment
- Closed open item
  - Balance = 0
  - Closed by payment/receipt/netting

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Reports

Customer Open Item Basic Report

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Customer Open Item Report

UK DIVISION
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Curr	Voucher	Pay Date	Post Date	Description	Due Dt	Disc Due Dt	TC Orig Balance	BC Orig Balance	TC Current Balance	BC Current Balance
22C1001			22-C1001		Phone:			Contact:		
					Fax:					
								3,008.43		3,008.43
Pound Sterling (GBP)							3,008.43	3,008.43	3,008.43	3,008.43
Credit Notes							**-225.00**	**-225.00**	**-225.00**	**-225.00**
GBP	CCNHO/000000001	10/21/2010	10/21/2010	OI HO3	11/20/2010	10/21/2010	-225.00	-225.00	-225.00	-225.00
Invoices							**3,233.43**	**3,233.43**	**3,233.43**	**3,233.43**
GBP	CINV/000000128	09/07/2010	09/25/2010		10/07/2010	09/07/2010	2,391.13	2,391.13	2,391.13	2,391.13
	CIHO/000000003	10/11/2010	10/11/2010	OI Ho1	11/10/2010	10/11/2010	30.20	30.20	30.20	30.20
	CIHO/000000004	10/08/2010	10/08/2010	OI HO2	11/07/2010	10/08/2010	812.10	812.10	812.10	812.10
Grand Total								3,008.43		3,008.43

---------- End of Report ----------

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Supplier Open Item Extended Report

Supplier Open Item Extended Report

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Supplier Open Item Extended Report

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Year/GL Pd	Voucher	Invoice Date	Reference / Bank Statement	Description	Due Date	TC Orig Balance	BC Orig Balance	TC Current Balance	BC Current Balance
22S1001		Cheshire Packaging Products					-120,488.25		-120,488.25
Pound Sterling (GBP)						-120,488.25	-120,488.25	-120,488.25	-120,488.25
Invoices						**-120,488.25**	**-120,488.25**	**-120,488.25**	**-120,488.25**
2010/08	SINV/000000081	08/16/2010	PO081016	PO081016 22S1001	10/15/201C	-16,662.75	-16,662.75	-16,662.75	-16,662.75
2010/09	SINV/000000103	09/15/2010	PO091016	PO091016 22S1001	11/14/201C	-100,825.50	-100,825.50	-100,825.50	-100,825.50
2010/10	SINV/000000117	10/21/2010	PS H02	PS H02 22S1001	12/20/201C	-1,000.00	-1,000.00	-1,000.00	-1,000.00
2010/10	SINV/000000118	10/21/2010	PS H03	PS H03 22S1001	12/20/201C	-2,000.00	-2,000.00	-2,000.00	-2,000.00
Grand Total							-120,488.25		-120,488.25

---------- End of Report ----------

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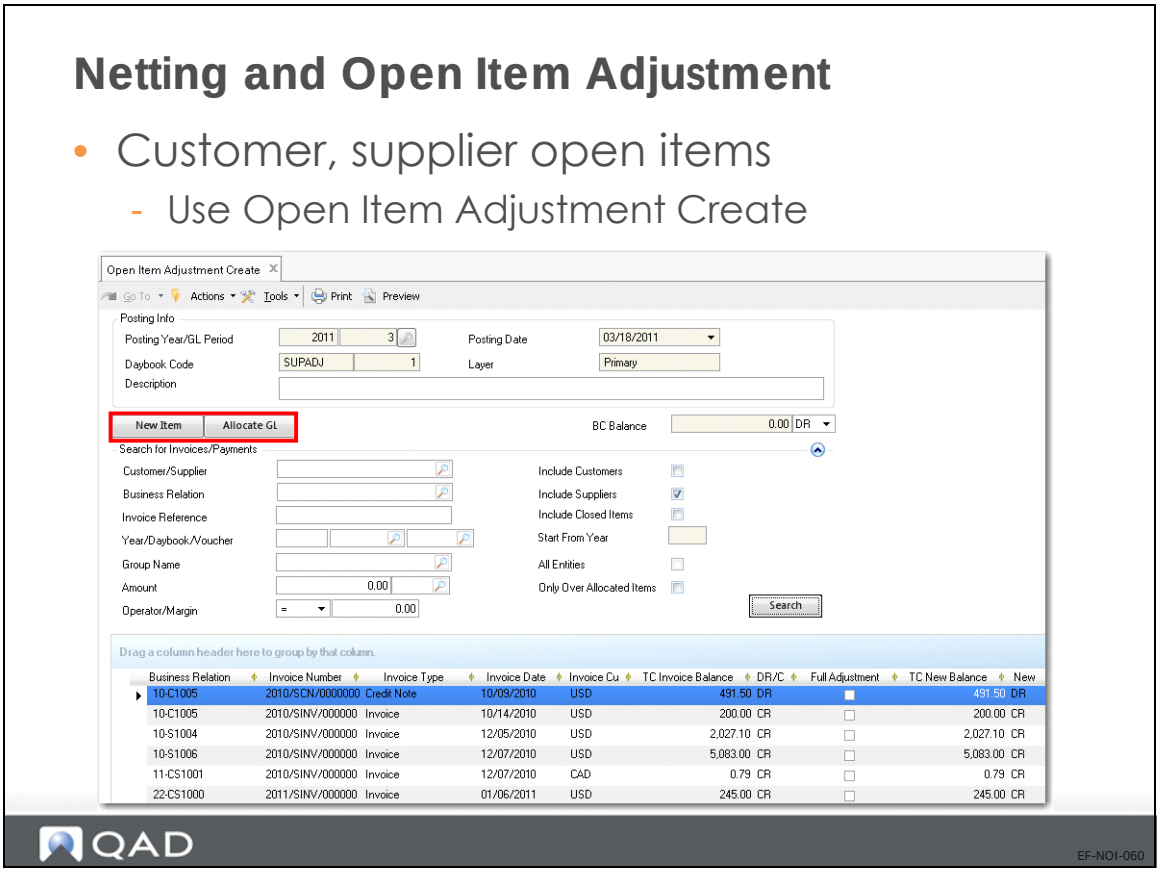
Netting and Open Item Adjustment

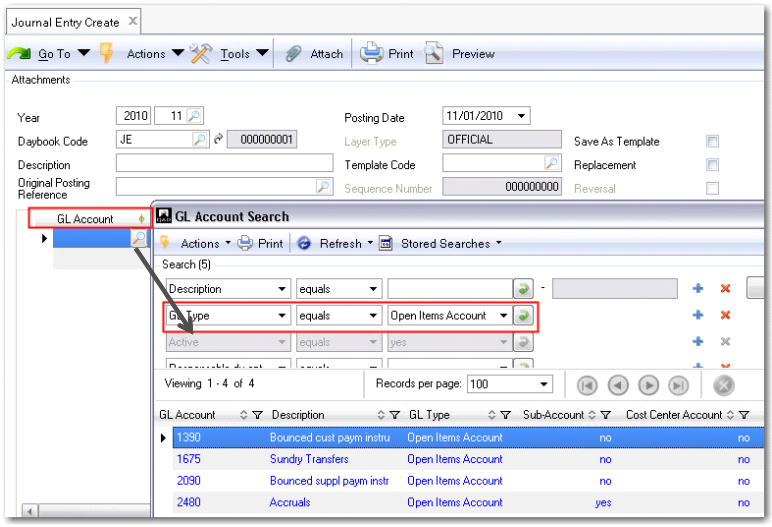


The Description field lets you enter a reason for the open item adjustment. For customer adjustments, the description displays in the Activity, Invoices, and Payment tabs of the Customer Activity Dashboard (27.18.1). For supplier adjustments, the description displays in the Activity, Invoices, and Payment tabs of the Supplier Activity Dashboard (28.18.1).

Netting and Open Item Adjustment—Continued

Netting and Open Item Adjustment

- GL open item
  - Journal entry with GL account type of Open Item



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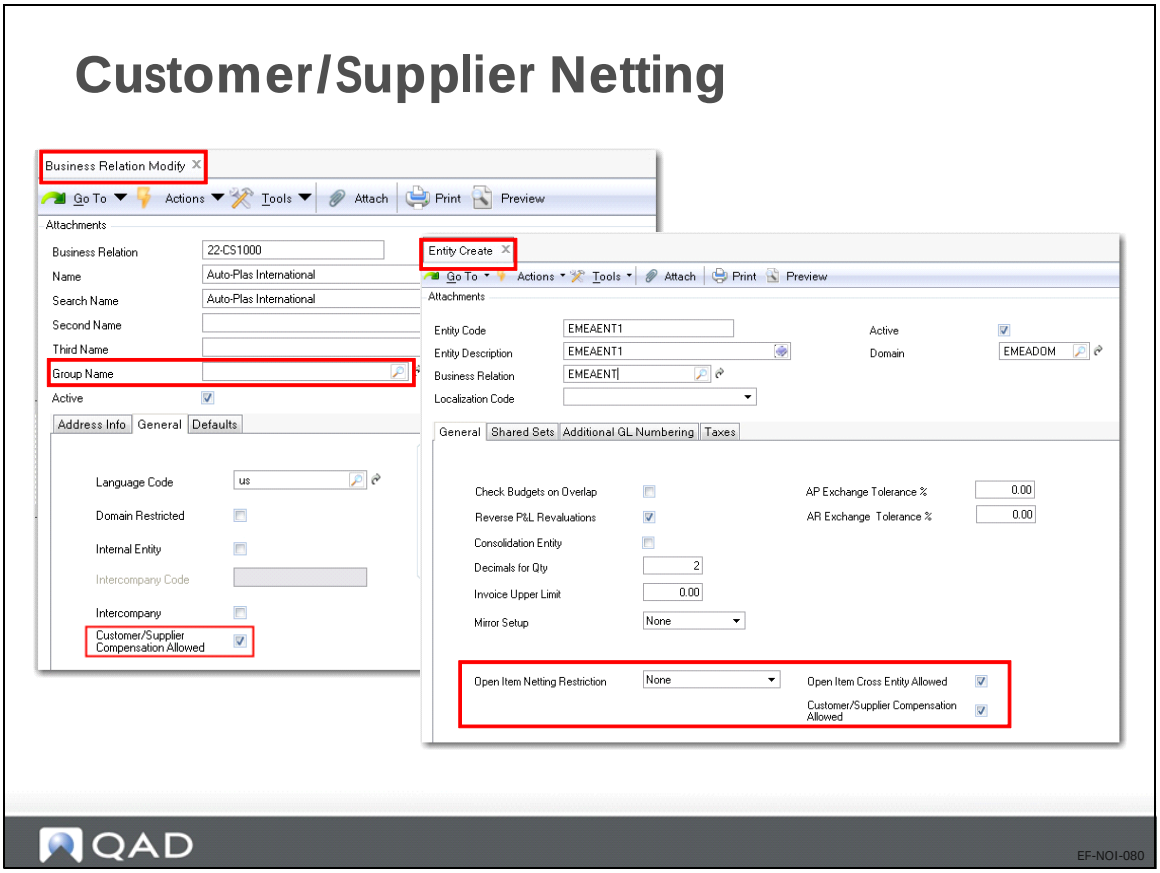
Create a new open item or allocate to an existing open item.

Customer/Supplier Netting



Netting settings in the entity record let you control the level of flexibility provided in Open Item Adjustment Create (25.13.5) for the netting of transactions. In addition, customer and supplier compensation settings at entity and business relation level control whether you can net credits and debits for customers and suppliers that belong to the same business relation.

The entity record includes three fields that let you control open item adjustment.

Open Item Netting Restriction. This field provides three options for the netting of open items across business relations.

- None. This option does not impose restrictions on the netting of open items across business relations. It is the least restrictive setting, and is the default.
- Single Business Relation. This option restricts the netting of open items to items that belong to the same business relation. It is the most restrictive setting.
- Related Business Relations. This option restricts the netting of open items to items from business relations that belong to the same corporate group.

Important A business relation with a blank corporate group is not considered to be related to a business relation that has a corporate group assigned. Similarly, two business relations, each with blank corporate groups, are not considered to be related.

Open Item Cross Entity Allowed. Select this field to enable open items to be adjusted across entities. This field is enabled by default.

When this option is enabled, you can use Open Item Adjustment Create (25.13.5) to display and net items from other entities.

When an open item adjustment includes cross-entity transactions, the entities involved must have compatible netting control settings. If the entities have different control settings, the most restrictive setting is applied.

For example, if one entity has a netting restriction of Single Business Relation, the whole open item adjustment must be for a single business relation. If there is a conflict with the most restrictive control setting, an error is displayed and the open item adjustment cannot be saved.

If this option is disabled, the All Entities field in Open Item Adjustment Create (25.13.5) is disabled for editing, and you cannot display and net items from other entities.

Customer/Supplier Compensation Allowed. Specify how the system treats open items during payment processing when a customer and supplier belong to the same business relation. This option is enabled by default.

When customer and supplier compensation is enabled at entity level and an open item adjustment involves transactions from two different entities, customer and supplier compensation must be enabled for both entities in order for the adjustment to be saved. In addition, the corresponding Customer/Supplier Compensation Allowed field must be enabled for the business relations involved in the adjustment. This restriction applies regardless of the entity's netting restriction or whether the customer and supplier compensation is cross-entity.

When customer and supplier compensation is disabled at entity level, you cannot net items from customers and suppliers with the same business relation. This setting overrides the Customer/Supplier Compensation Allowed setting at business relation level for customers and suppliers.

The values of two business relation fields affect open item adjustments: Group Name and Customer/Supplier Compensation Allowed.

Group Name. Specify the corporate group to which the business relation belongs. When the entity Open Item Netting Restriction field is set to Related Business Relations, you can only use Open Item Adjustment to net transactions from business relations that belong to the same corporate group.

Note A business relation with a blank corporate group is not considered to be related to a business relation that has a corporate group assigned. Similarly, two business relations, each with blank corporate groups, are not considered to be related.

Customer/Supplier Compensation Allowed. Select the field to allow open items for customers and suppliers that belong to that business relation to be netted against each other.

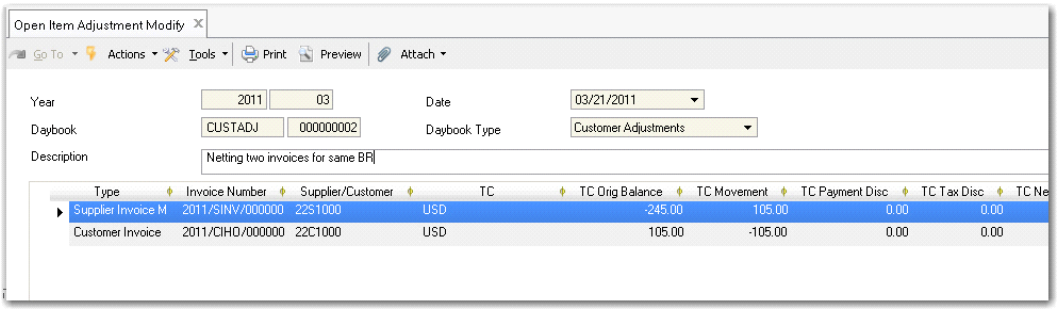
When customer and supplier compensation is enabled at entity level, the Customer/Supplier Compensation Allowed field must be enabled for the business relations involved for an adjustment to be saved.

When customer and supplier compensation is disabled for the entity, this overrides the customer and supplier compensation setting for the business relation if compensation is enabled here.

Open Item Adjustment Modify

Open Item Adjustment Modify

- Modify the Description field



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US Exercise: Netting and Open Item Adjustments

In this exercise, you will:

- Net invoices and credit notes for the same customer.
- Net invoices and credit notes against a GL account.
- Net invoices and credit notes for the same business relation.

Use the following parameters in Open Item Adjustment Create (25.13.5) if needed:

- Entity: 10USACO
- Daybook: CUSTADJ for customer adjustments and SUPADJ for supplier adjustments
- Sub-account: use the default or else use Gserv
- Cost center: use the default or else use Adm
- For all other fields, use the lookup and choose from the list.

1. Use Open Item Adjustment Create (25.13.5) to create adjustments for customer 10C1005, Rockland Industrial Company:
   - An invoice of value $30.20 USD (full adjustment, new balance = $0).
   - An invoice of value $812.10 USD (partial adjustment, new balance = $617.30 USD).
   - A credit note of value $225.00 USD (full adjustment, new balance = 0).
2. Create adjustments for supplier 10SC1005 (daybook SUPADJ).
   - An invoice of value $200.00 USD (full adjustment, new balance = 0).
   - A credit note of value $491.50 USD (full adjustment, new balance = 0).
   - Balance of $291.50 USD to account 1670.
3. Create adjustments for business relation Auto-Plas International 22-CS1000 as follows:

   Customer 22C1000: An invoice of value $105.00 USD (full adjustment, new balance = 0).

   Supplier 22S1000: An invoice of value $245.00 USD (partial adjustment, new balance = $140.00 USD).
4. Verify the results using Open Item Adjustment View (25.13.6).

EMEA Exercise: Netting and Open Item Adjustments

In this exercise, you will:

- Net invoices and credit notes for the same customer.
- Net invoices and credit notes against a GL account.
- Net invoices and credit notes for the same business relation.

Use the following parameters (if needed):

- Entity: 22UKCO
- Daybook: CUSTADJ for customer adjustments
- Sub-account: use the default or else use Gserv
- Cost center: use the default or else use Adm
- Date: system date
- For all other fields: use the lookup and choose from the list.

Use Open Item Adjustment Create (25.13.5) to create adjustments for the following:

1. Customer 22C1001, Teasdale Hospital Equipment
   An invoice of value 30.20 GBP (full adjustment, new balance = 0).
   An invoice of value 812.10 GBP (partial adjustment, new balance = 617.30 GBP).
   A credit note of value 225 GBP (full adjustment, new balance = 0).
2. Create adjustments for customer 22C1002, Electronic Services Ltd.
   An invoice of value 1200 GBP (partial adjustment, new balance = 900).
   A credit note of value 238 GBP (full adjustment, new balance = 0).
   Balance of 62 GBP to account 1670.
3. Create adjustments for business relation Auto-Plas International 22-CS1000 as follows:
   Customer 22C1000: invoice for 5950 GBP (new balance = 5750 GBP).
   Supplier 22S1000: invoice for 200 GBP (new balance = 0 GBP).
4. Verify the results using Open Item Adjustment View (25.13.6).

Chapter 15

GL Open Item Reconciliation

Objectives

Objectives

- Learn about GL Open Item Reconciliation and how it can benefit you
- Learn and practice how to set up and use GL Open Item Reconciliation

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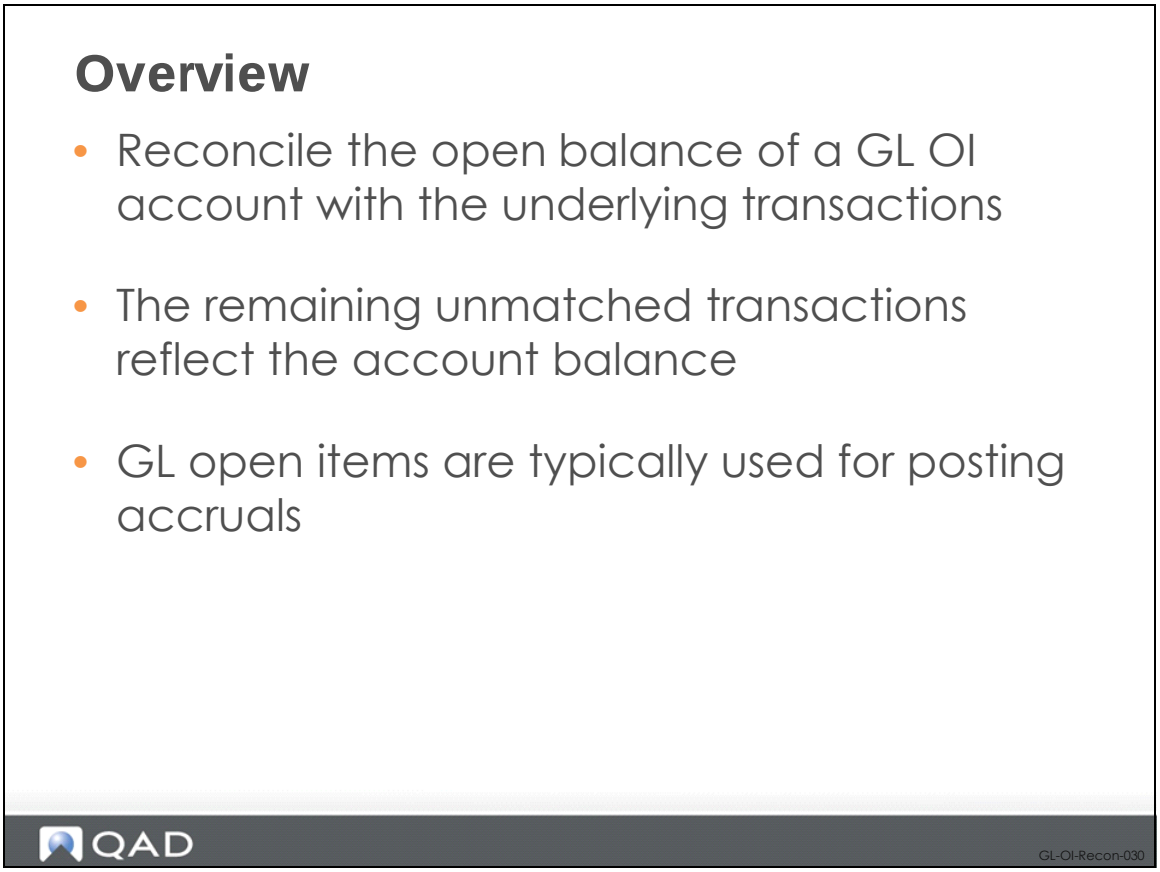
GL-OI-Recon-020

Overview



Use GL Open Item Reconciliation (25.15.2.13) to reconcile the outstanding balance of a GL open item account with the underlying transaction details. The outstanding balance is the sum of the unmatched transactions on the account. After matching debit transactions with credit transactions, the remaining unmatched transactions reflect the true account balance.

GL open items are typically used for posting accruals; for example, insurance costs for an entire year, broken down into monthly values.

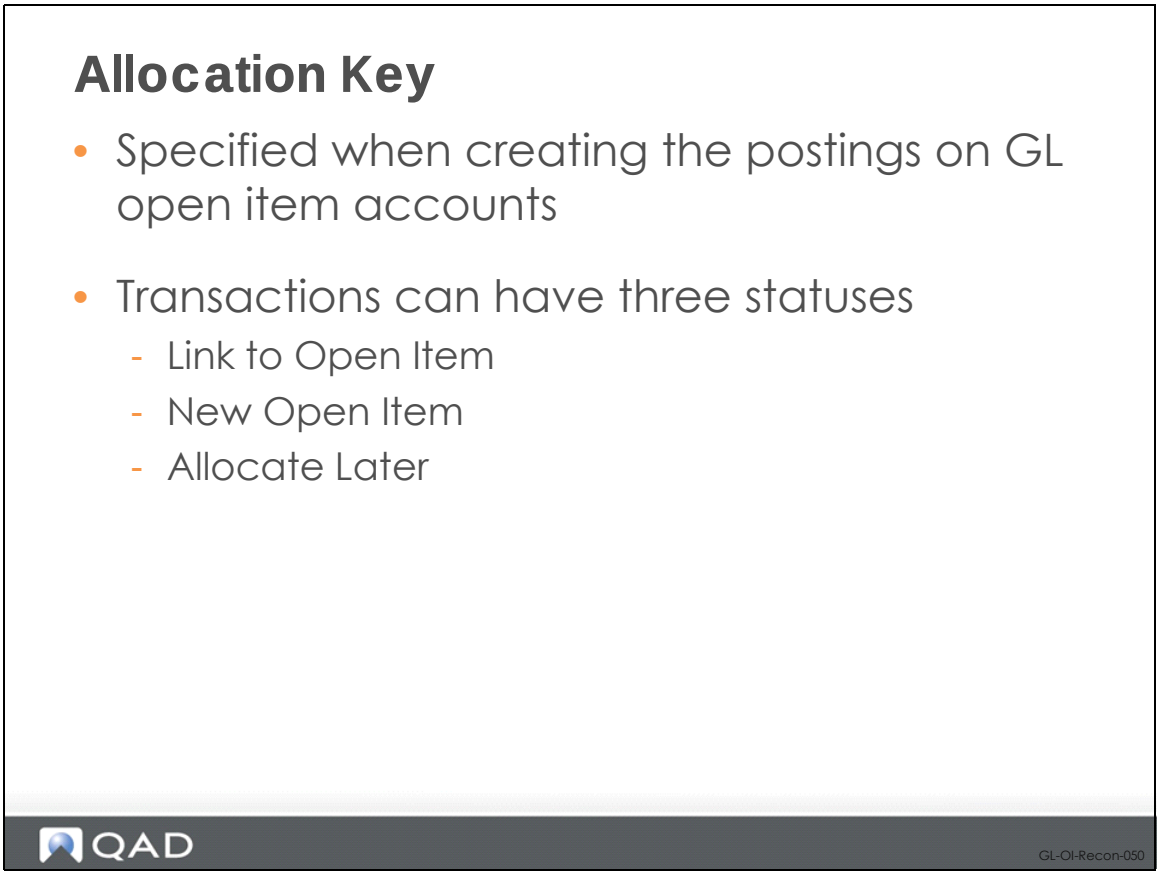
Overview - Continued

- The system tracks matched and unmatched items in a GL open item sub-ledger
- Allocation keys: used to mark and link related transactions

GL-OI-Recon-040

For GL open item accounts, the system tracks matched and unmatched items in a GL open item sub-ledger. The identifier used to mark and link related transactions is called an allocation key. Through the use of allocation keys in GL Open Item Reconciliation (25.15.2.13), debit and credit transactions can be matched and reconciled.

Allocation Key

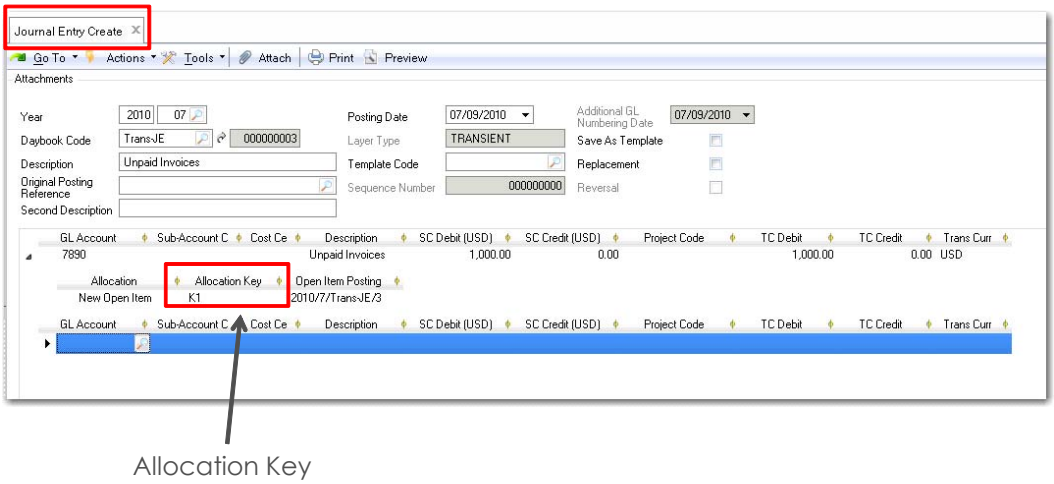


You specify allocation keys when creating the postings on GL open item accounts using Journal Entry Create (25.13.1.1), and in other system functions where you can enter transactions on GL open item accounts. When creating open item postings, the transactions can be created with one of three statuses:

- Link to Open Item, where the movement is linked to an existing allocation key.
- New Open Item, where a new allocation key is assigned to the movement.
- Allocate Later, where the user chooses not to allocate the open item and a normal GL movement is created, without an allocation key.

Any posting on a GL open item account triggers the system to display the Allocation Key field.

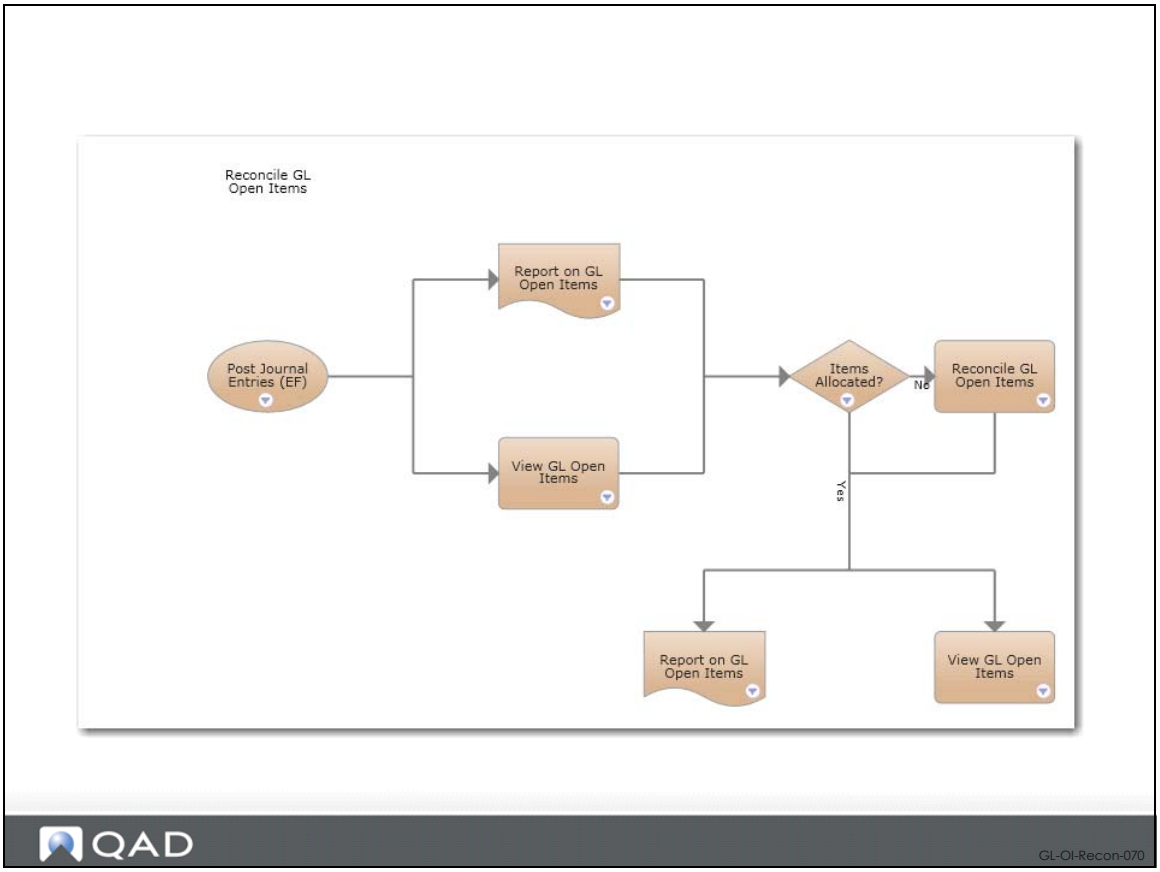
Allocation Key - Continued



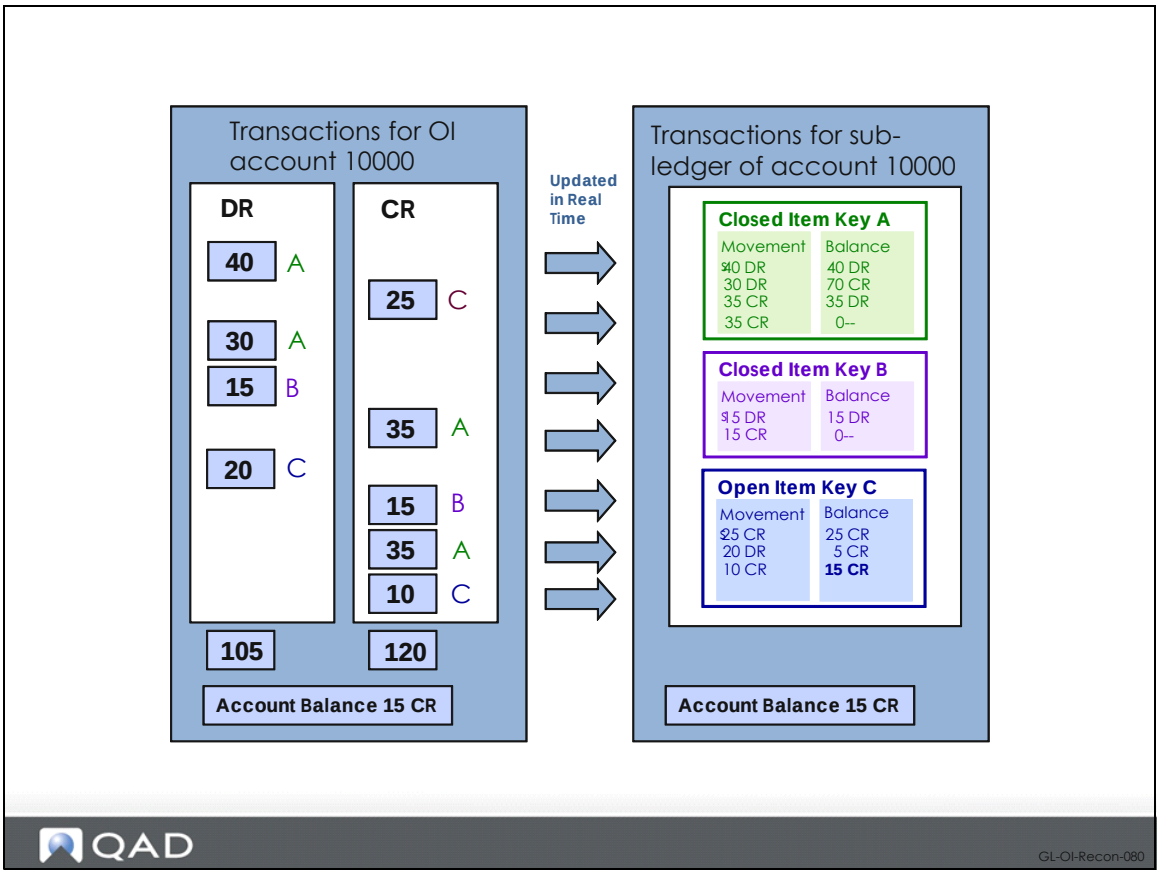
Allocation Key

GL-OI-Recon-060

Process Flow

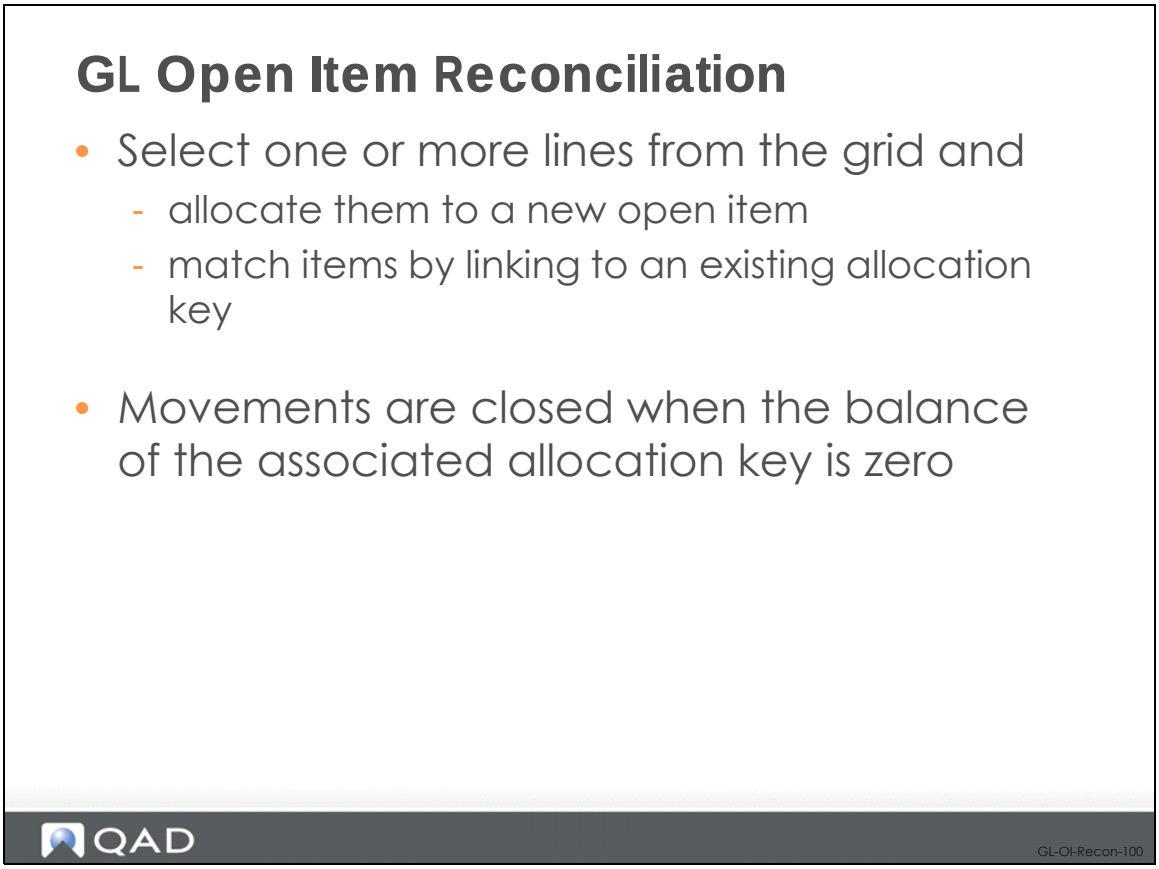


The slide shows the GL Open Item Reconciliation Process Map.

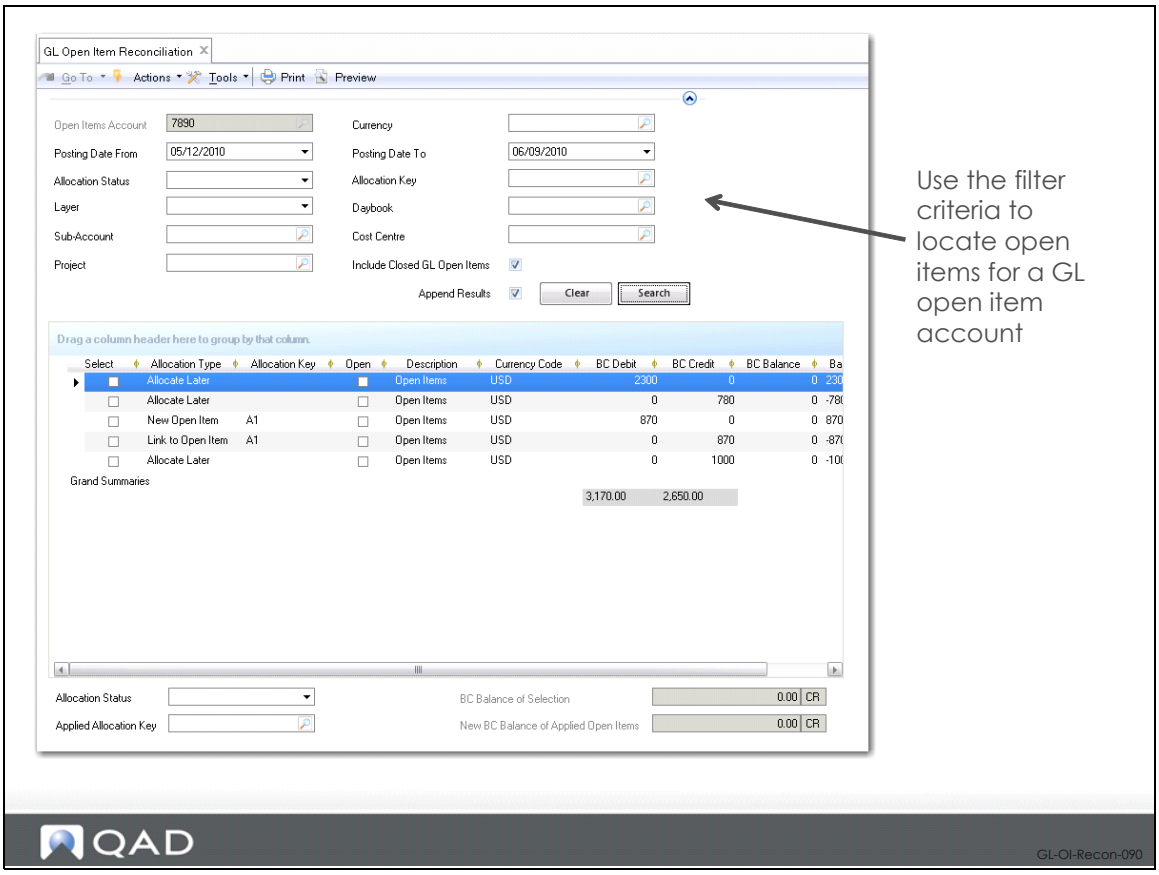


The graphic shows transactions for GL open item account 10000. Using allocation keys in GL Open Item Reconciliation (25.15.2.13), the outstanding debit and credit movements on account 10000 are matched, leaving an outstanding credit balance of 15 USD.

GL Open Item Reconciliation



Use the filter criteria in GL Open Item Reconciliation (25.15.2.13) to locate open items for a given GL open item account. Open item movements created for that account in Journal Entry and other functions and matching the selection criteria are displayed. You also have the option to include closed GL open item movements in the search criteria. Open item movements are closed when the balance of their associated allocation key becomes zero.

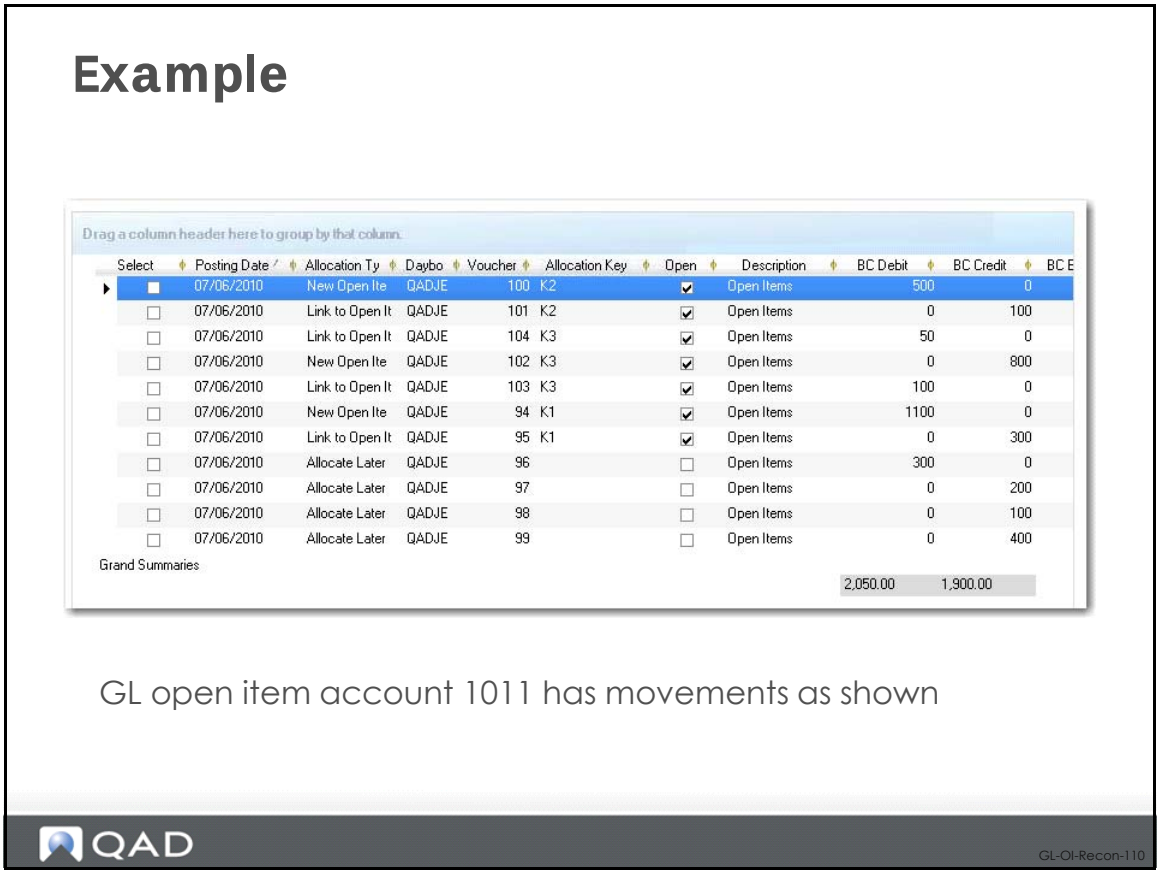


You can select one or more lines from the grid and allocate them to a new open item, or you can match items by linking them to an existing allocation key. In addition, you can deallocate allocated transactions by resetting their statuses to Allocate Later.

You can view the outstanding balance of open items by selecting the items in the grid. The BC Balance of Selection field at the bottom of the screen then displays the balance of the selected items, while the New BC Balance of Applied Open Items shows the projected balance of the open item key applied to the selected lines. This balance can be different from that shown in the BC Balance of Selection field because the open item key can already have a balance from movements that are not in the current selection.

For all transactions displayed in the grid, you can drill-down and view the source transactions. You can also view GL open items and their allocation statuses using a report and a number of views.

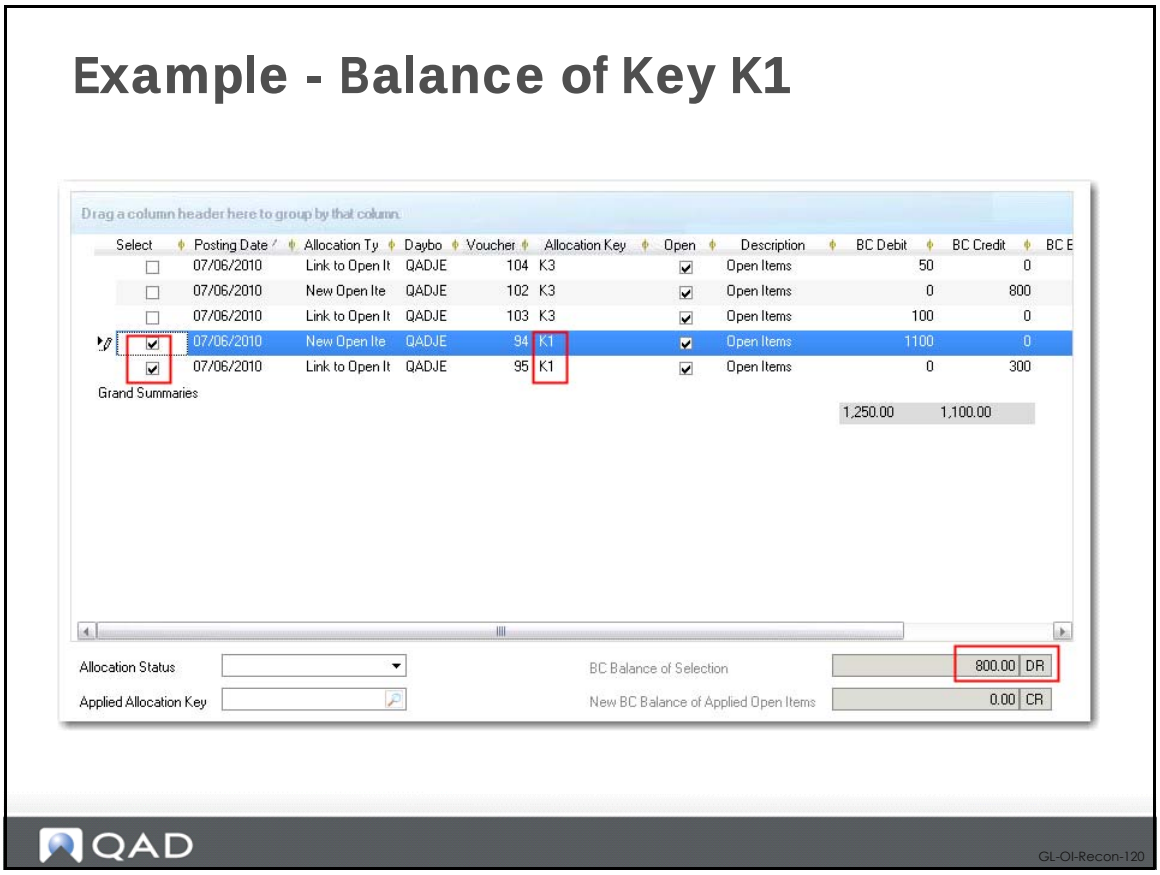
Example



In this example, GL Open Item Reconciliation (25.15.2.13) is used to reconcile unallocated lines to an existing open item.

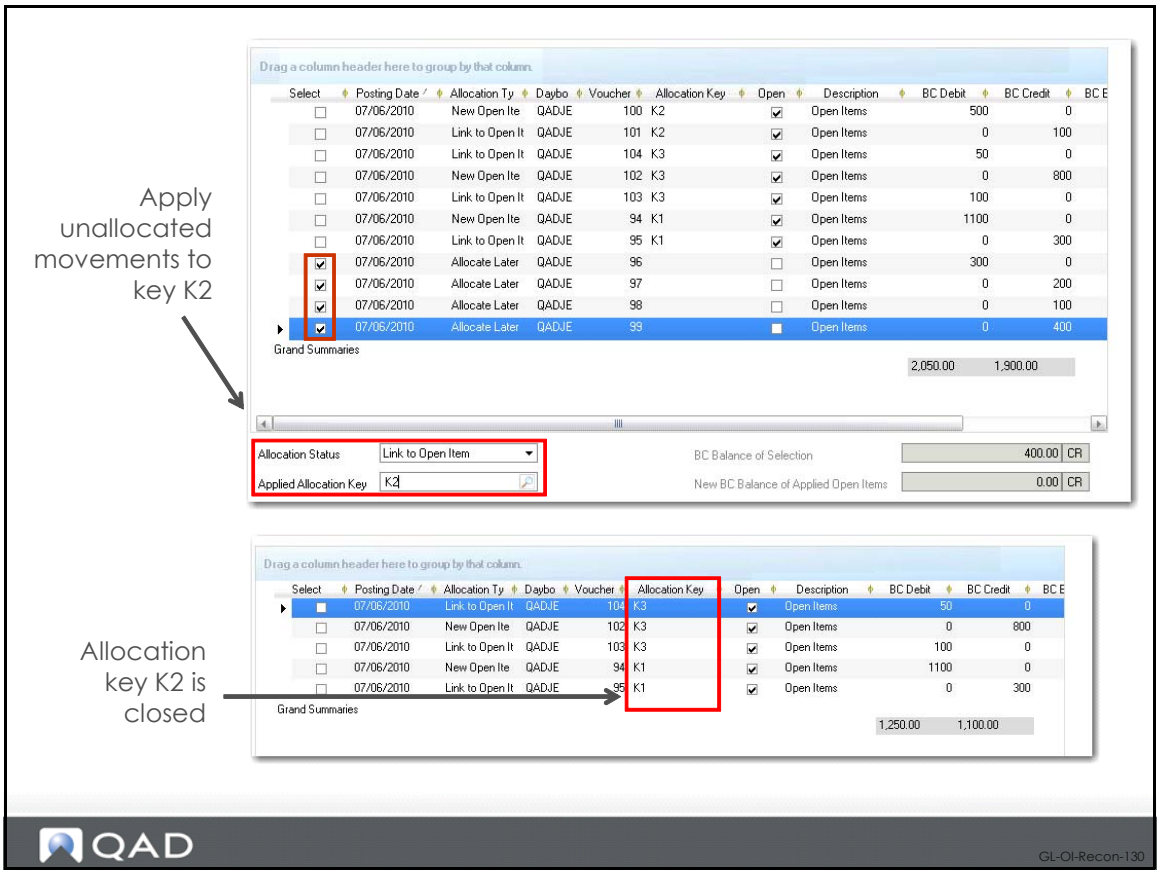
GL open item account 1011 has the following transactions:

Line	Allocation	Allocation Key	BC Debit	BC Credit
1	New Open Item	K2	500	
2	Link to Open Item	K2		100
3	Link to Open Item	K3	50	
4	New Open Item	K3		800
5	Link to Open Item	K3	100	
6	New Open Item	K1	1100	
7	Link to Open Item	K1		300
8	Allocate Later	Blank	300	
9	Allocate Later	Blank		200
10	Allocate Later	Blank		100
11	Allocate Later	Blank		400



By selecting the transactions that belong to each allocation key, you can see the base currency balance for each key. The following table displays the balance of the allocation keys:

Allocation Key	BC Debit	BC Credit	BC Balance
K1	1100	300	800
K2	500	100	400
K3	150	800	-650



You then use GL Open Item Reconciliation (25.15.2.13) to reconcile the lines without an allocation key. You select the four unallocated lines in the grid.

In the Allocation Status field under the grid, select Link to Open Item and specify K2 in the Applied Allocation Key field.

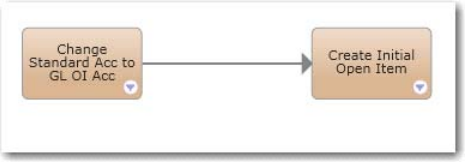
As a result of the reconciliation, allocation key K2 is closed, and the following are the outstanding balances for the open allocation keys on the account:

Allocation Key	BC Debit	BC Credit	BC Balance
K1	1100	300	800
K3	150	800	-650

GL Open Item Initialization

GL Open Item Initialization

- Change a standard GL account to an OI GL account



If the account has transactions posted to it…

- Use GL Open Item Initialization (25.15.2.12) to reconcile the transactions

QAD GL-OI-Recon-140

If you change a standard GL account to an Open Item GL account and the account already has transactions posted to it, you can use GL Open Item Initialization (25.15.2.12) to reconcile the transactions automatically. This function accommodates situations where there was prior uncertainty over which accounts required the use of GL open items.

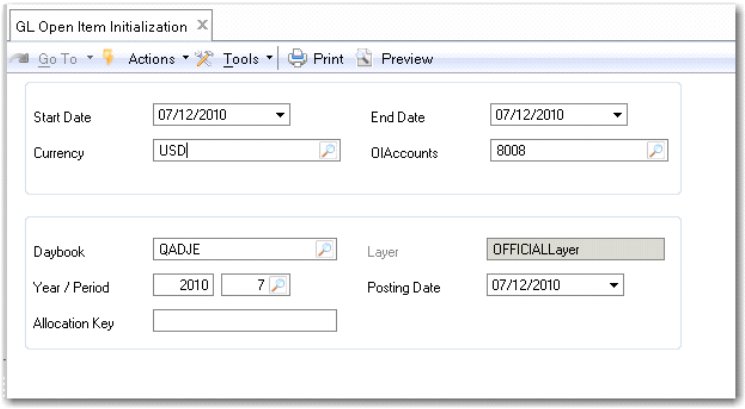
When you convert a standard account to a GL open item account, all existing transactions on the account are assigned the default allocation value of Allocate Later.

If a standard account was created for use in the operational modules and specified in, for example, Domain/Account Control (36.9.24), Product Line Maintenance (1.2.1), Purchasing Account Maintenance (1.2.5), or Inventory Account Maintenance (1.2.13), the system prevents you from changing the standard account to a GL open item account.

When you run GL Open Item Initialization (25.15.2.12), the system gathers all transactions for the specified converted open items account, reconciles any transactions that can be reconciled, and creates a closing and an opening transaction for the account.

The closing transaction is automatically assigned the allocation key you specify in GL Open Item Initialization (25.15.2.12). The same key is also assigned to all unallocated transactions on the account, linking the historical transactions in one step. This prevents the older unmatched transactions on the account from being continuously listed as unallocated in GL Open Item Reconciliation (25.15.2.13) or in the GL Open Item report (25.15.1.8).

GL Open Item Initialization



Transactions are assigned the allocation key, Allocate Later

Reconciles transactions, and creates a closing and an opening transaction for the account

QAD

GL-OI-Recon-150

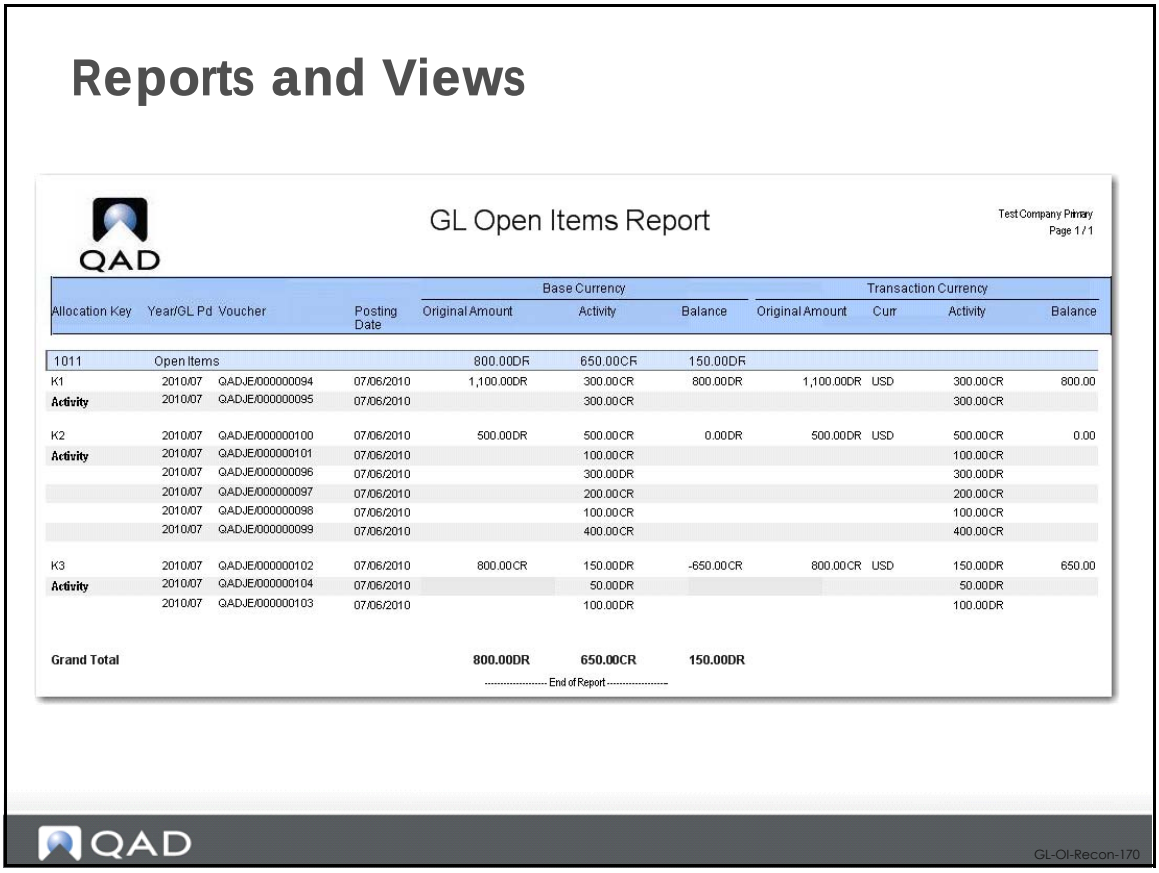
Other Functional Highlights

- From QAD 2010.1, you can use GL OI accounts in transient layer postings
- Open item key applies to a unique GL account within a single entity
- Open/closed logic is based on BC balances
- Reconciliation is manual

QAD

GL-OI-Recon-160

Reports and Views

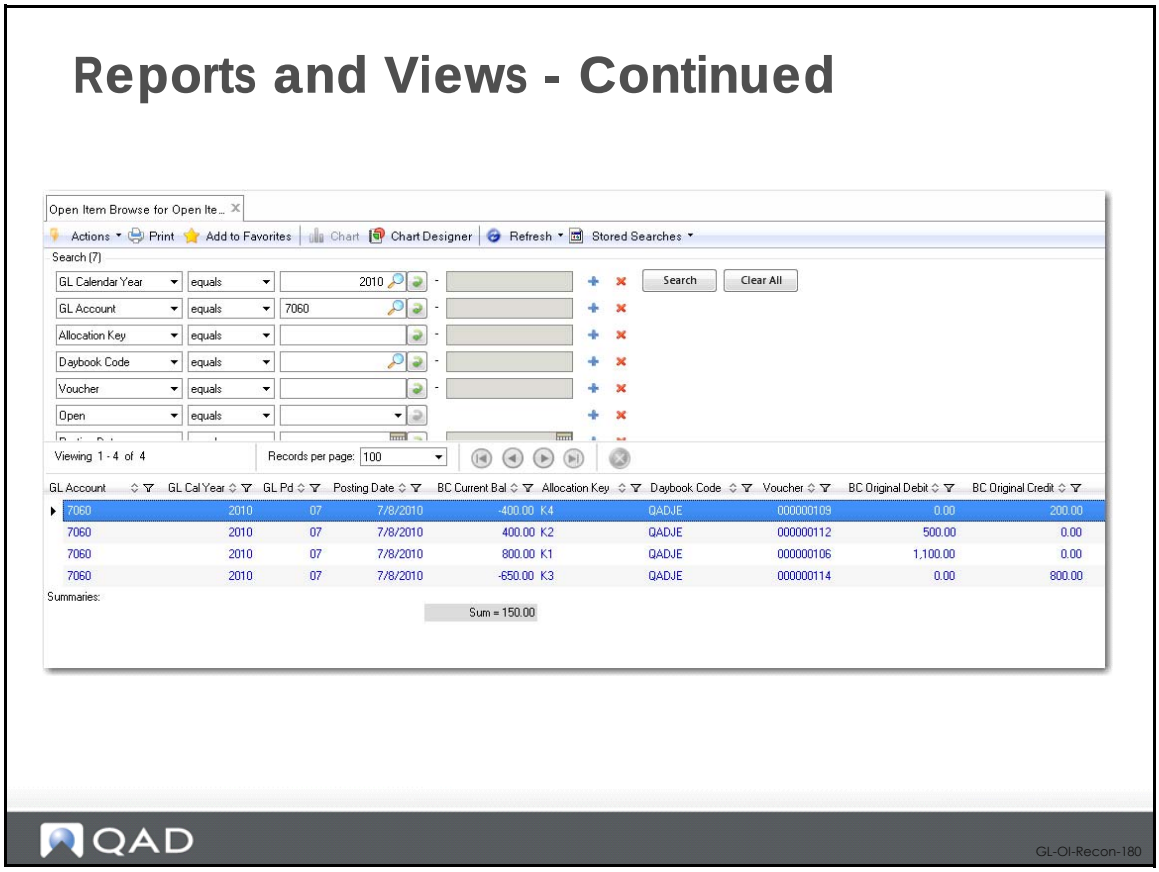


Allocation Key	Year/GL Pd	Voucher	Posting Date	Base Currency Original Amount	Base Currency Activity	Base Currency Balance	Transaction Currency Original Amount	Curr	Transaction Currency Activity	Transaction Currency Balance
1011	Open Items			800.00DR	650.00CR	150.00DR				
K1	2010/07	QADJE/000000094	07/06/2010	1,100.00DR	300.00CR	800.00DR	1,100.00DR	USD	300.00CR	800.00
Activity	2010/07	QADJE/000000095	07/06/2010		300.00CR				300.00CR	
K2	2010/07	QADJE/000000100	07/06/2010	500.00DR	500.00CR	0.00DR	500.00DR	USD	500.00CR	0.00
Activity	2010/07	QADJE/000000101	07/06/2010		100.00CR				100.00CR	
	2010/07	QADJE/000000096	07/06/2010		300.00DR				300.00DR	
	2010/07	QADJE/000000097	07/06/2010		200.00CR				200.00CR	
	2010/07	QADJE/000000098	07/06/2010		100.00CR				100.00CR	
	2010/07	QADJE/000000099	07/06/2010		400.00CR				400.00CR	
K3	2010/07	QADJE/000000102	07/06/2010	800.00CR	150.00DR	-650.00CR	800.00CR	USD	150.00DR	650.00
Activity	2010/07	QADJE/000000104	07/06/2010		50.00DR				50.00DR	
	2010/07	QADJE/000000103	07/06/2010		100.00DR				100.00DR	
Grand Total				**800.00DR**	**650.00CR**	**150.00DR**				

---------- End of Report ----------

The GL Open Items report (25.15.1.8) lists and totals GL open items within the open items sub-ledger. The output is grouped by allocation key.

GL Open Item View



The GL Open Item View (25.15.2.5) displays the balance of transactions for each allocation key on a GL open item account.

US and EMEA Exercise: GL Open Item Reconciliation

Exercise 1: Create Journal Entries for GL Open Item Account

In this exercise, you will use an open item account to create a journal entry with a new allocation status, Allocate Later.

Complete the following steps:

1. Create a journal entry with the Allocate Later status.
   a. Open Journal Entry Create (25.13.1.1) and specify the following values:

      Daybook: TRAJE

      Posting Date: 09/05/2013

      Description: Holiday Fee Provision 2013

   b. Choose GL account 4900 and enter TC Credit = 386.00. Use currency USD in 10USACO and currency GBP in 22UKCO.

   c. Tab to the end of the line. Another sub-line will appear with the allocation status set to Allocate Later.

   d. Balance the posting by choosing GL Account 2465 with TC Debit = 386.00. Use the currency USD in 10USACO and the currency GBP in 22UKCO.
2. Click Save.

Exercise 2: Reconcile Unallocated Transactions on a GL Open Item Account

In GL Open Item Reconciliation, you can reconcile postings with the status New Open Item, Linked to Open Item, or Allocate Later. In this exercise, you will:

- Verify the status of the postings
- Reconcile open items with the Allocate Later status to an existing allocation key, Holiday Fee 2013 (allocation key Holiday Fee in 22UKCO)
- View the journal entry after reconciliation
- View the balance of the allocation key
- View the activity on the allocation key
- Verify the journal entry before reconciliation

1. Open Journal Entry View (25.13.1.3) and specify the following:

   Year: 2013

   Daybook: JE
2. Click the Search button.
3. Select the journal entry with the description Jan Holiday Pay – Joe.
4. Verify that the posting has been linked to the allocation key Holiday Fee 2013 in 10USACO (allocation key Holiday Fee in 22UKCO).

5 Select the journal entry with the description Jan Holiday Pay – Mary.

6 Verify that the posting has not been linked to an allocation key.

7 Open GL Open Item Reconciliation (25.15.2.13)
In the Open Items Account field, enter 4900.
In the Posting Date From field, enter 01/01/2013.
In the Posting Date To field, enter 10/05/2013.

8 Click the Search button.
All the postings to account 4900 are displayed.

9 In the filter, set the Allocation Status field to Unallocated.

10 Click the Search button.
Only postings with the Allocate Later status are displayed.

11 Right-click in the grid and select Check All to select all unallocated postings.

12 In the Apply Allocation section at the end of the screen:

   a Set the Allocate Status field to Link to Open Item.

   b Set the Applied Allocation Key to Holiday Fee 2013.

13 Press the Tab key.

14 Verify that the BC Balance of Selection field displays 676.00 CR.

15 Verify that the New BC Balance of Applied Open Items field displays 786.00 CR.

16 Click the Execute button.

17 Open Journal Entry View (25.13.1.3) to verify the journal entry after reconciliation.
Year: 2013
Daybook: JE

18 Click the Search button.

19 Select the journal entry with the description Jan Holiday Pay – Mary.

   a Verify that it has been linked to the allocation key Holiday Fee 2013.

20 Open GL Open Item View (25.15.2.5) to verify the balance of the allocation key.

21 Specify the GL calendar year 2013 and allocation key Holiday Fee 2013.

22 Click the Search button.

23 Verify that the line with the allocation key has the balance of -786.00.

24 Open GL Open Item Activity View (25.15.2.6) to verify the activity on the allocation key.
Mov Year = 2013
Mov Pd = blank
Allocation Key = Holiday Fee 2013

25 Click the Search button.

26 Verify the posting with BC Activity Credit = 110.00 has the type Initial while the other postings have the type Activity.

Exercise 3: Delete a Transient Posting

In this exercise, you will delete the transient posting created in exercise 1. Then, you will verify the balance of the allocation key.

1 Open Journal Entry Delete (25.13.1.4) and search for the posting to delete:

Daybook: TRAJE

2 Click the Search button.

3 Select the journal entry.

4 Click the Delete button.

5 Open GL Open Item View (25.15.2.5) to verify the balance of the allocation key.

GL Calendar Year: 2013

Allocation Key: Holiday Fee 2013

6 Click the Search button.

7 Verify that the line with the allocation key has the balance of -400.00.

Exercise 4: Reconcile Allocated Transactions on a GL Open Item Account

In this exercise, you will reconcile a transaction from one allocation key to another.

1 Open GL Open Item Reconciliation (25.15.2.13) and specify the following values:

GL Items Account: 4900

Posting Date From: 01/01/2013

Posting Date To: 10/05/2013

2 Click the Search button.

3 Select the posting with BC Credit = 400.00.

4 In the Apply Allocation section, specify the following:

Allocation Status = Link to Open Item

Applied Allocation Key = Bonus 2013

5 Press the Tab key.

6 Click the Execute button.

7 Open GL Open Item View (25.15.2.5) to verify the balance of the allocation key.

GL Calendar Year: 2013

Allocation Key: Holiday Fee 2013

8 Click the Search button

9 Verify that the line with the allocation key has a balance of 0.00 and has been closed.

Exercise 5: Initialize a GL Open Item Account

In this exercise, you will modify a standard account to be an open item account, and then allocate all of the existing postings to an allocation key using GL Open Item Initialization.

1 Open GL Account Modify (25.3.13.2).

2 In the browse, specify GL account 4901 and click the Search button.

3 Double-click GL account 4901.

4 Change the GL Type from Standard Account to Open Items Account.

5 Save the change.

6 Open GL Open Item Initialization (25.15.2.12) and set the following values:

Start Date: 01/01/2013

End Date: 08/31/2013

Currency: USD in 10USACO, GBP in 22UKCO

OIAccounts: 4901

7 Set the daybook, posting date, and new allocation key for the opening and closing transactions.

Daybook: JE

Posting Date: 08/31/2013

Allocation Key: New Bonus 2013

8 Click the Execute button.

9 Open Journal Entry View to verify the existing journal entry after initialization.

Description: 2013 Extra Legal Bonus – Jan

10 Click the Search button.

11 Select the initialization posting.

12 Verify that the initialization posting has been linked to the allocation key New Bonus 2013.

13 Open Journal Entry View to verify the closing and opening transaction.

Posting Date: 08/31/2013

14 Click the Search button.

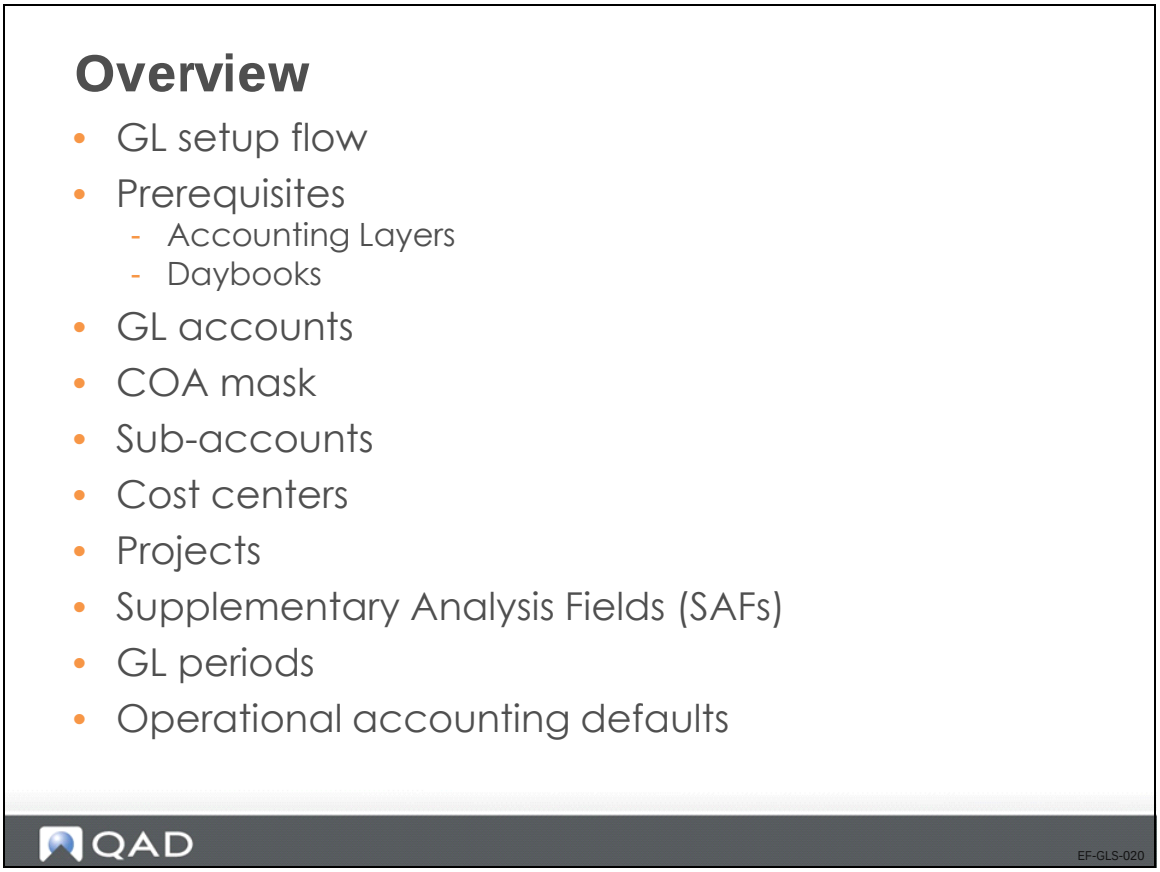
15 Select the posting.

16 Verify the closing transaction, which has an allocation status of New Open Item, and the opening transaction, which has an allocation status of Allocate Later

Chapter 16

General Ledger Setup

Overview



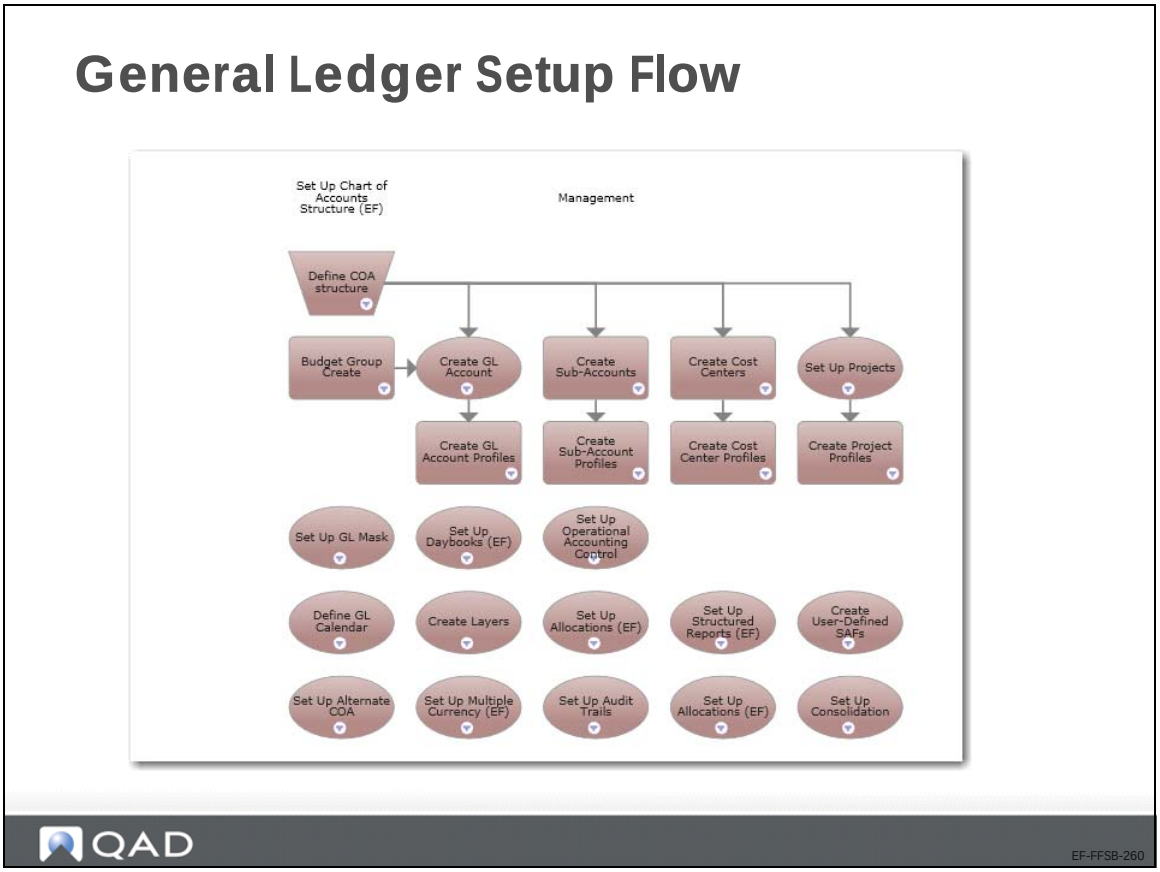
In this chapter, you will learn how to set up the general ledger and its components.

The GL account is the base unit in the general ledger. Transactions are posted during predefined GL periods within the GL calendar year. You can further analyze transactions using sub-accounts, cost centers, projects, and supplementary analysis fields (SAFs).

Transactions are recorded in daybooks, which are system- or user-defined views of the general ledger, and contain all transactions. Daybooks control the posting of transactions because each daybook must be linked to an accounting layer.

The COA mask lets you combine accounts, sub-accounts, and cost centers, and projects in a predefined posting framework.

General Ledger Setup Flow

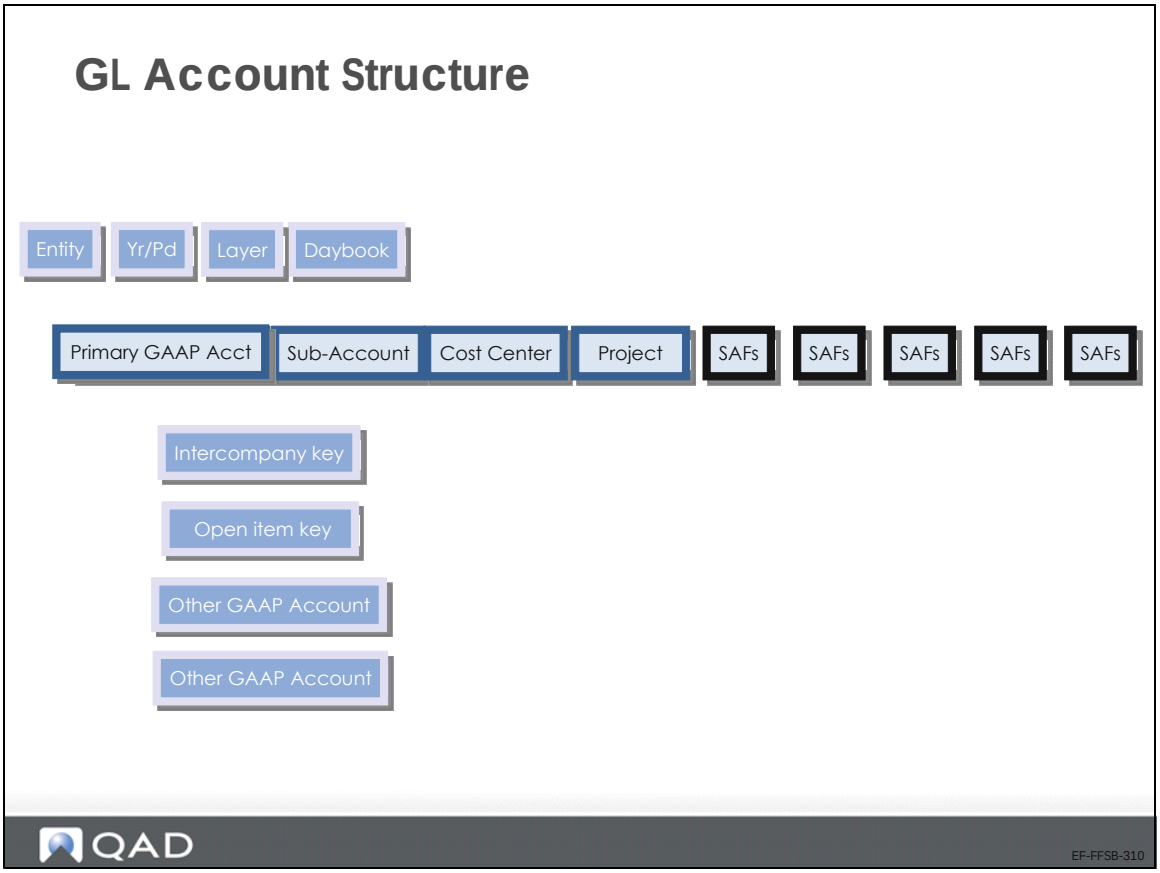


The process map in the slide displays the steps required to set up the general ledger.

You must set up the following GL components before you can define the chart of accounts:

- Accounting layers
- Daybooks

GL Account Structure

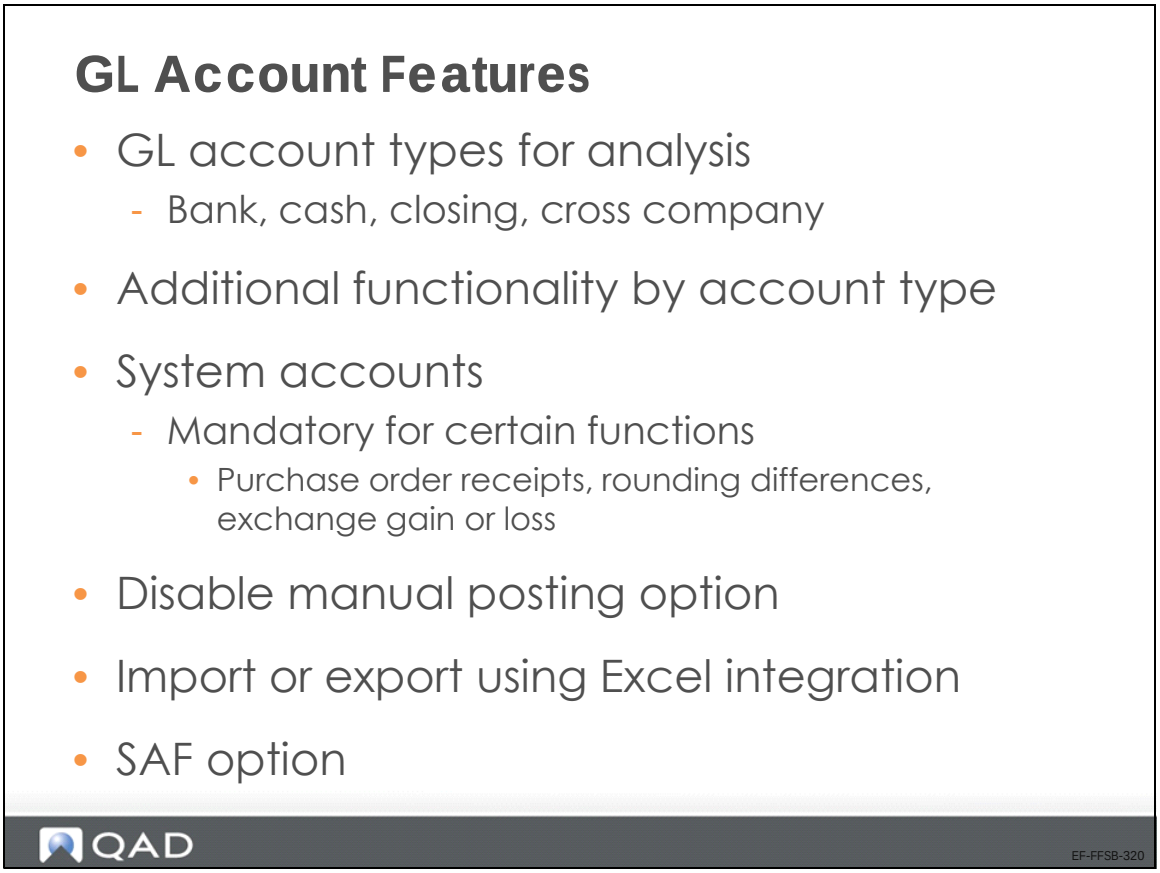


To support different types of reporting and analysis, some GL accounts can be used in combination with sub-accounts, cost centers, projects, and SAFs (refer to the *QAD Financials User Guide* for a list of valid combinations). These elements provide greater granularity in financial reporting. Balances in sub-accounts and cost centers can be listed separately or summarized under account codes.

SAFs provide additional analytical reporting on transactions. SAFs can be used to provide costing on a particular service before you create a purchase order for the service.

You will now learn about the GL components in more detail. For a detailed description of each setup field, refer to *QAD Financials User Guide*.

GL Account Features



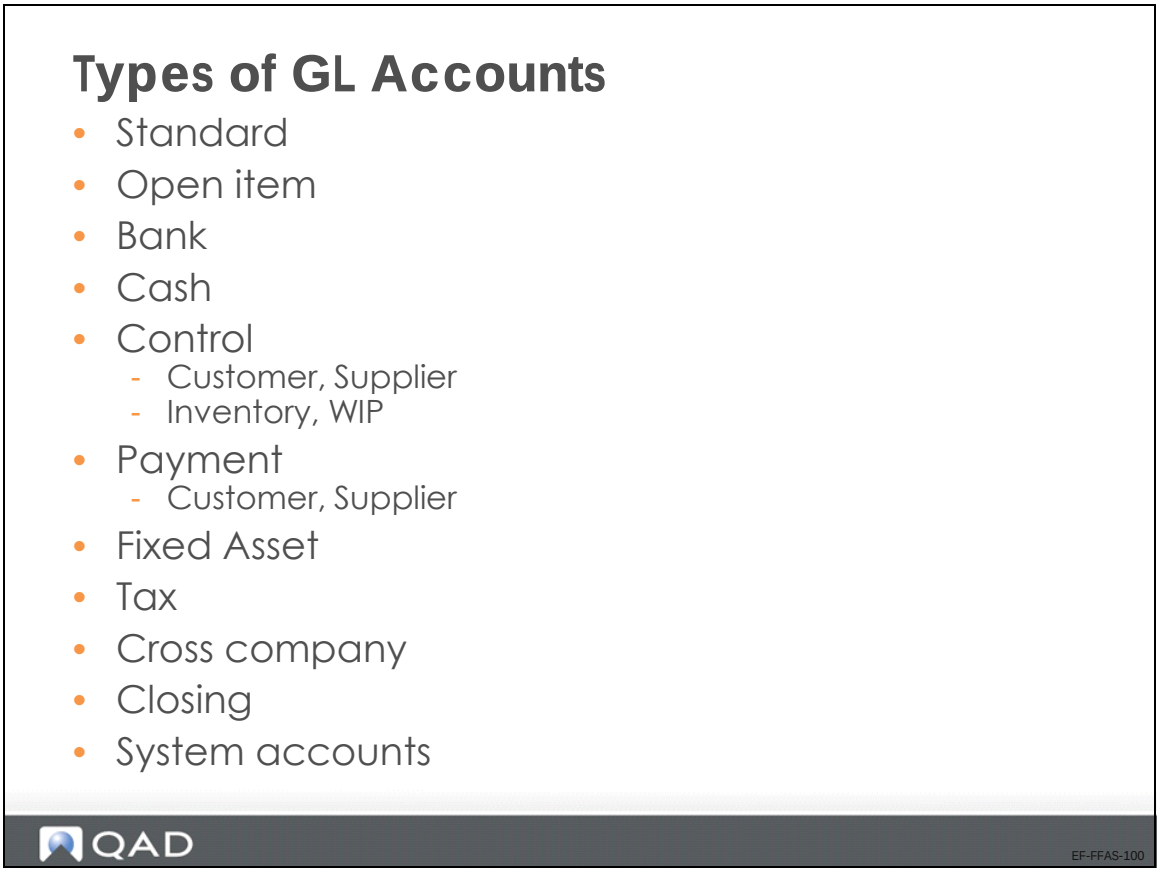
GL accounts are identified by the GL account type, which indicates the kind of transactions that post to the account. Additional functionality is available by GL account type, providing better control of account setup and transaction postings.

Specific accounts, called system accounts, are used for system-wide functions. System accounts are mandatory for certain functions such as purchase order receipts and rounding differences.

You can deactivate manual posting for specific GL accounts, for example, sub-ledger accounts to prevent error and mismatch.

You can use advanced Excel integration features to load chart of account data during implementation or for mass data updates.

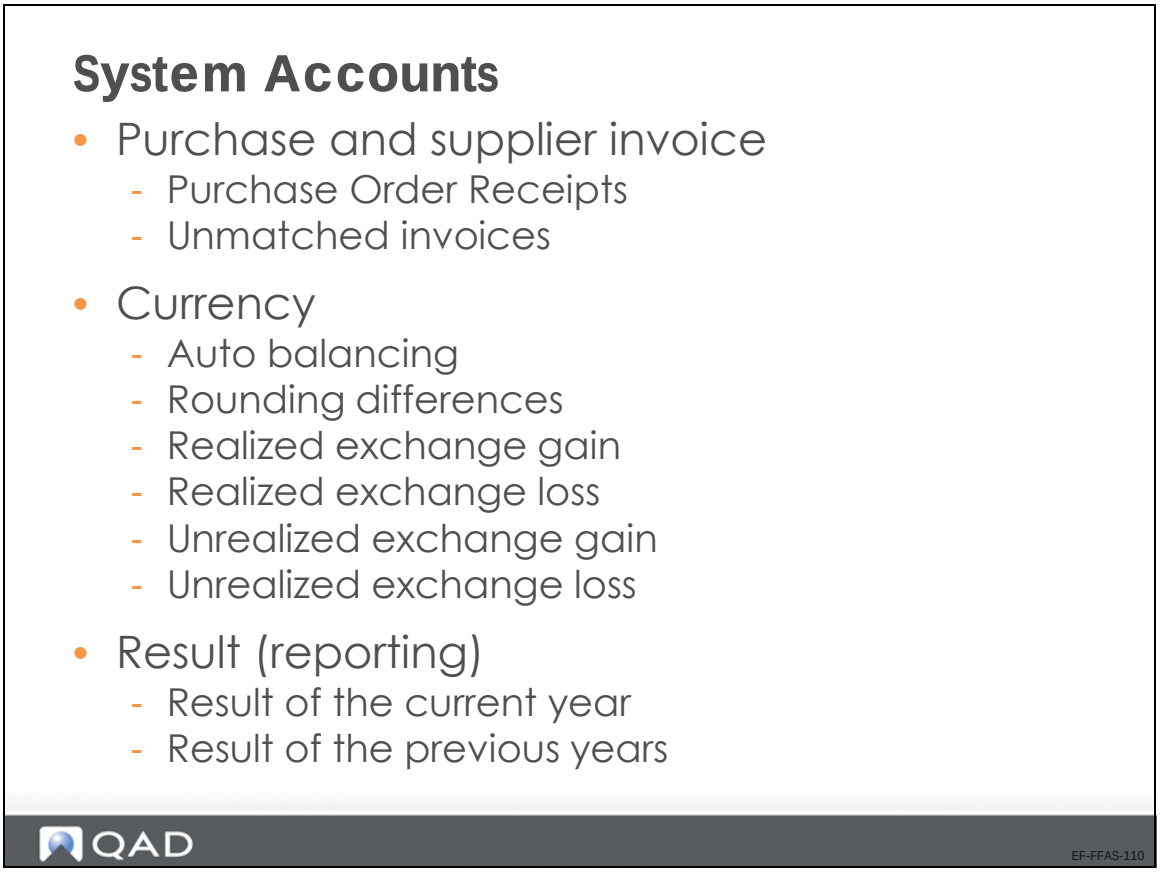
Types of GL Accounts



GL account types provide added control over transaction postings, where only certain account types can be used in combination with sub-accounts, cost centers, and projects. For example, bank accounts cannot be used in combination with cost centers, project, and SAFs.

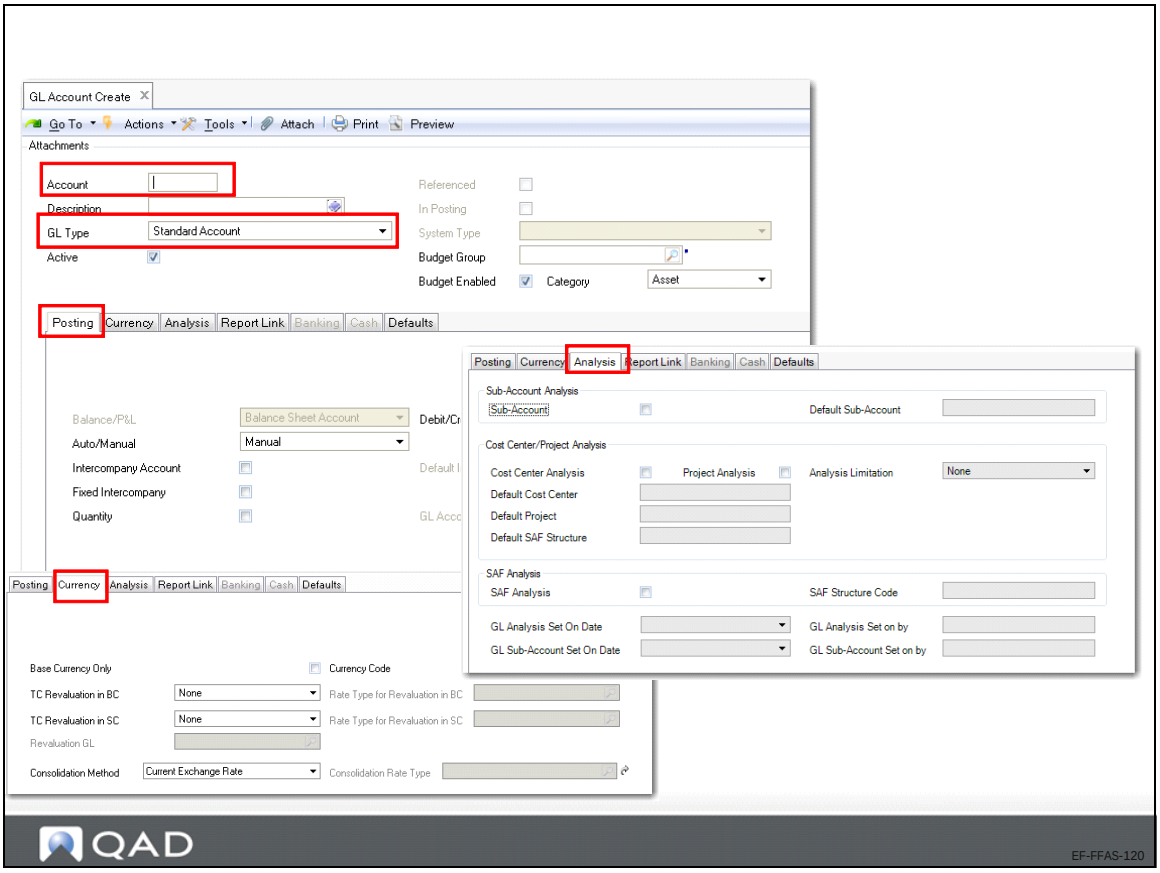
The above slide lists the available GL account types. To learn more about each of these types, refer to *QAD Financials User Guide*.

System Accounts



System accounts are used for system-wide functions, such as rounding differences or exchange rate gains and losses. The System Type drop-down list in the GL account screen is enabled when you specify a system account. Examples of system accounts include Purchase Order Receipts, Realized Exchange Loss/Gain, Unrealized Exchange Gain/Loss, and Result of Current Year.

GL Account Create

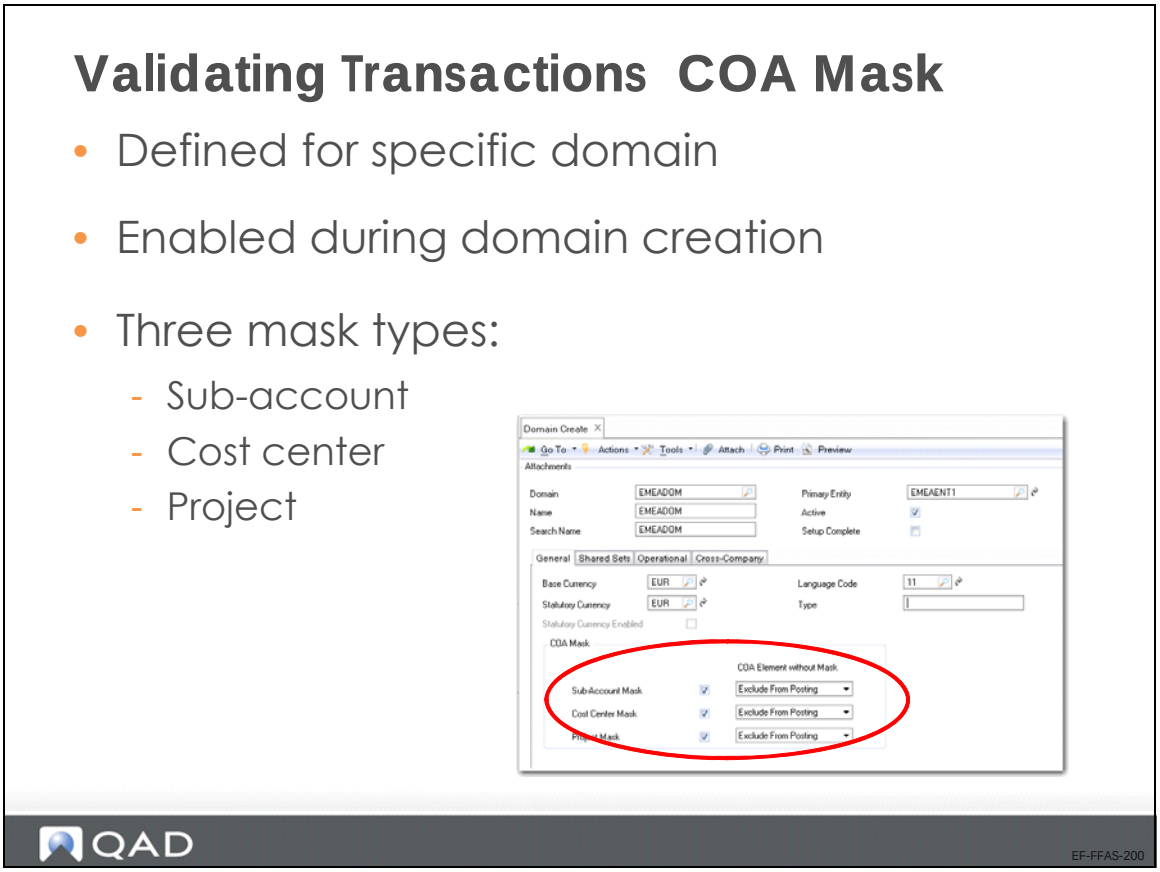


Use GL Account activities (25.3.13) to create, view, modify, and delete GL accounts. You can also use Excel Integration (25.3.13.5) to import account information from an Excel spreadsheet. For more details, see “UI Navigation and Browsing” on page 23.

Use GL Account Create to define how posting should occur (limited based on the account type), whether foreign currency postings are accepted on the account, and the analysis type to use (sub-account, cost center, project, or SAF, or a combination of these). The analysis types you can use with each account is limited, based on the account type.

- Many attributes of a GL account can be modified if it has not been used in posting.
- The Balance/PL field cannot be modified in nonstandard accounts.

Validating Transactions COA Mask



The GL Mask Maintain function from previous releases has been replaced by new COA mask functions that provide greater flexibility in creating matrices to validate postings.

Three COA element types now have a separate COA mask maintenance function.

- Sub-Account Mask Create (25.3.9.1.1)

  Specify a sub-account COA mask code and list the ranges of GL accounts with which sub-accounts assigned that COA mask can be combined.

- Cost Center Mask Create (25.3.9.2.1)

  Specify a cost center COA mask code and list the ranges of GL accounts and sub-accounts with which cost centers assigned that COA mask can be combined.

- Project Mask Create (25.3.9.3.1)

  Specify a project COA mask code and list the ranges of GL accounts, sub-accounts, and cost centers with which projects assigned that COA mask can be combined.

COA masks are implemented at domain level and as part of a shared set, and are activated using three control fields in Domain Create (36.1.1.1.1): Sub-Account Mask, Cost Center Mask, and Project Mask. You can only define a COA mask if it has been activated in Domain Create (36.1.1.1.1). The system validates postings for each of the COA masks marked as active.

An additional setting in Domain Create controls how the system treats COA elements that are not assigned a COA mask.

The COA Element without Mask field contains two options:

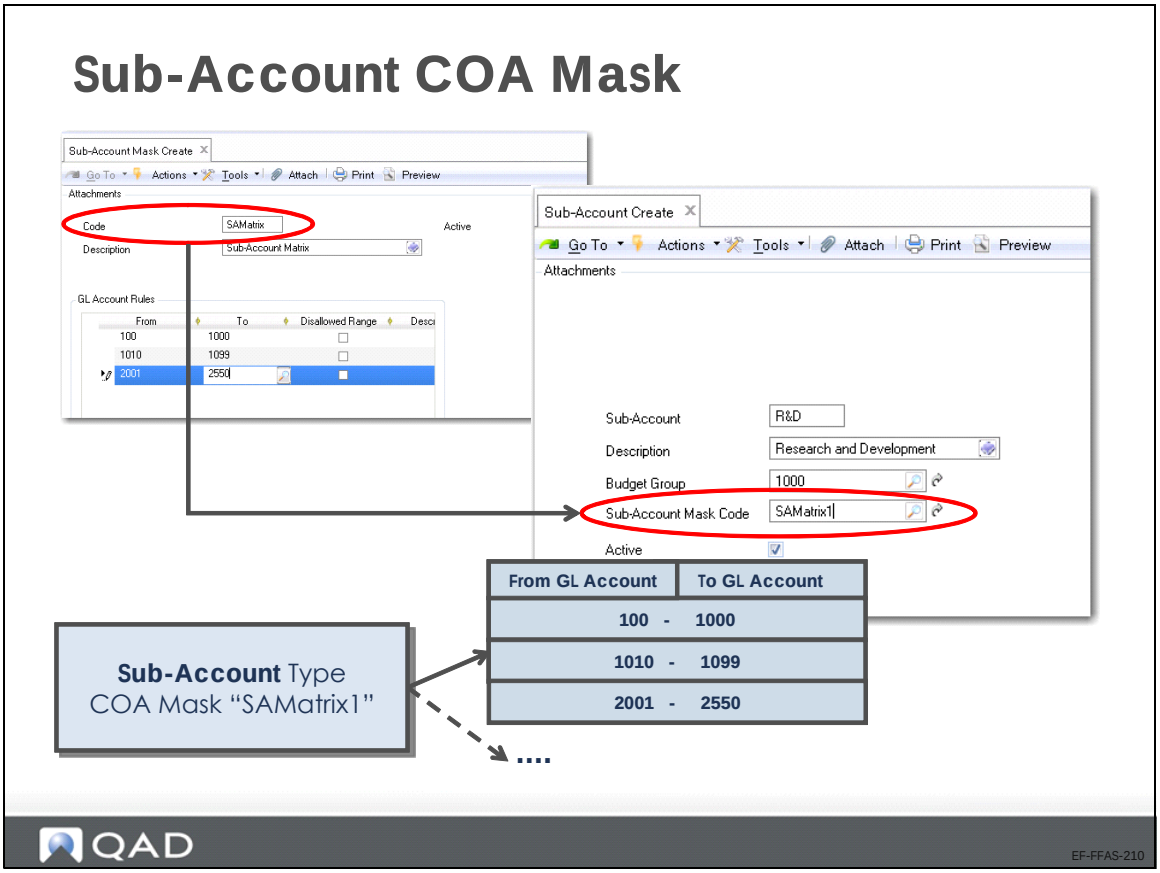
- No Posting Restrictions.

  If, for example, you activate cost center masks and select No Posting Restrictions in the COA Element without Mask field, cost centers that are not assigned a COA mask can be used in any posting.

- Exclude from Posting

  In the COA Element without Mask field, cost centers that are not assigned a COA mask cannot be used in postings.

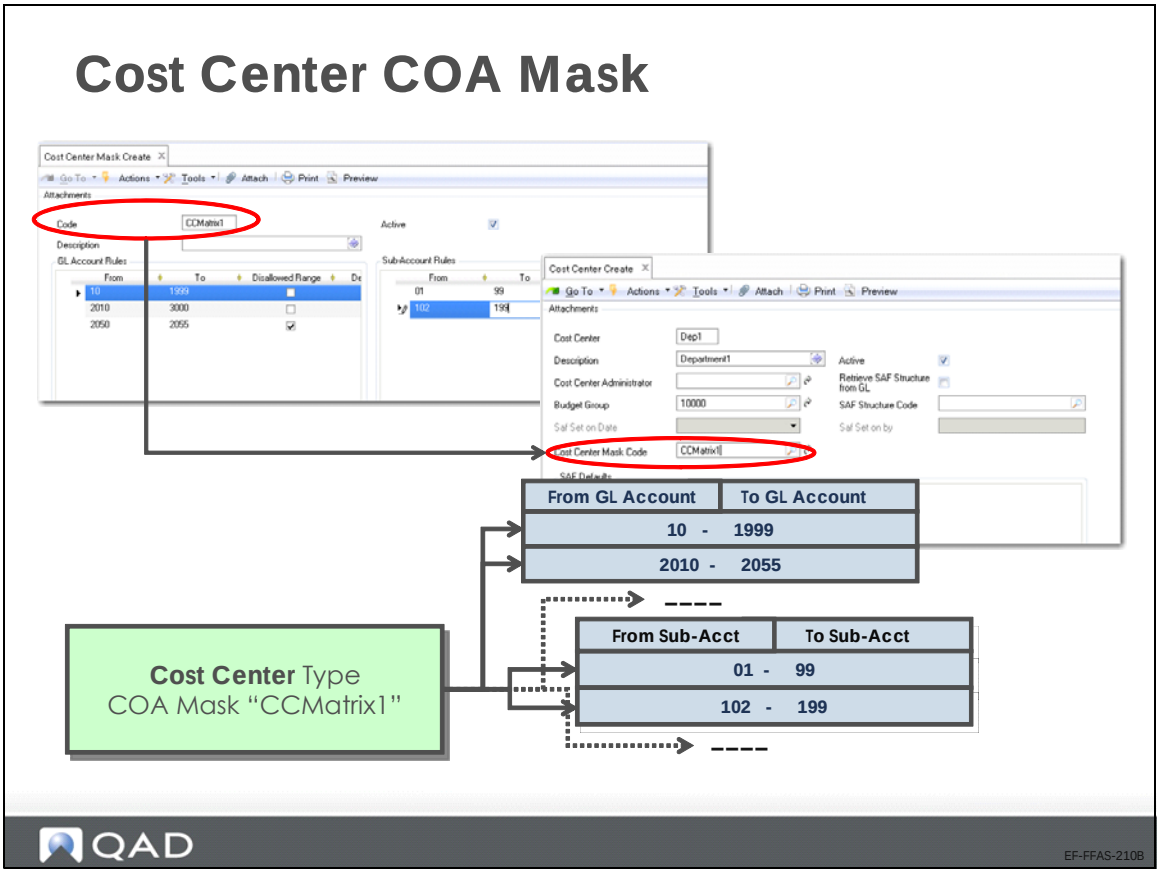
Sub-Account COA Mask



Use Sub-Account Mask Create (25.3.9.1.1) to define the ranges of GL accounts with which a sub-account can be combined in postings. The sub-account mask is then assigned to the sub-account using Sub-Account Create (25.3.17.1) or Sub-Account Modify (25.3.17.2). If you assign a COA mask to a sub-account, the system will prevent it from being used with any GL account not specified within the ranges defined in Sub-Account Mask Create.

COA masks are described in detail in *QAD Financials-Advanced Training Guide* and in *QAD Financials User Guide*.

Cost Center COA Mask

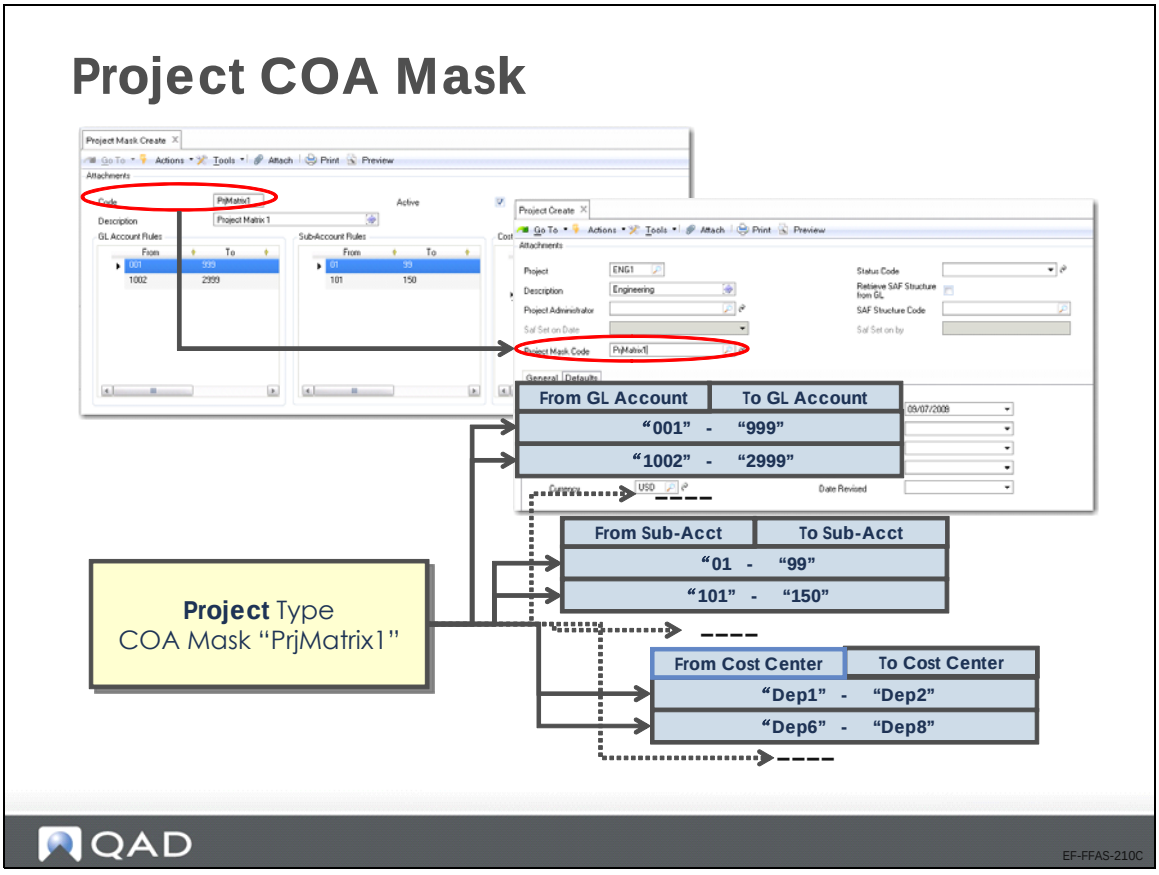


Use Cost Center Mask Create (25.3.9.2.1) to specify the ranges of GL accounts and sub-accounts that you can use in combination with a particular cost center.

You then associate the COA mask with a cost center by specifying the cost center COA mask code in the COA Mask field in the cost center record in Cost Center Create.

COA masks are described in detail in *QAD Financials-Advanced Training Guide* and in *QAD Financials User Guide*.

Project COA Mask

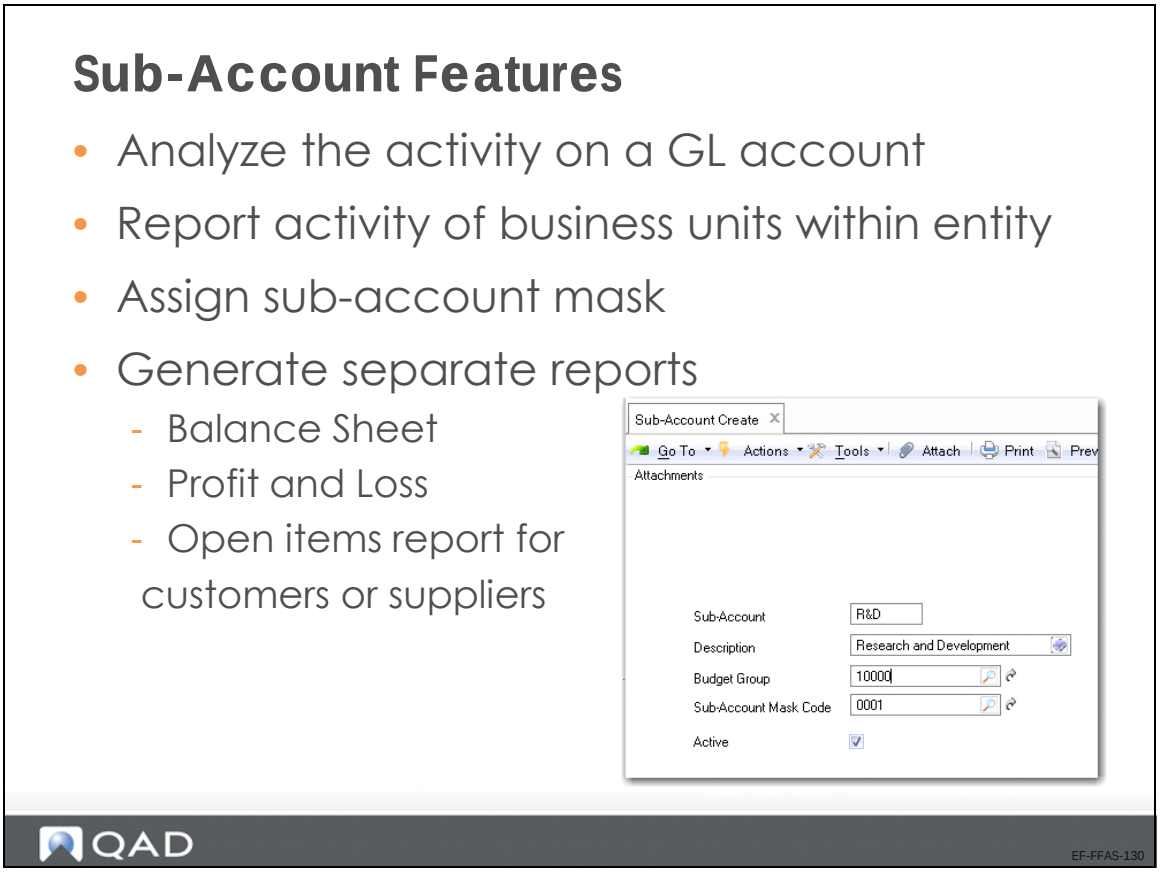


Use Project Mask Create (25.3.9.3.1) to specify the ranges of GL accounts, sub-accounts, and cost centers that you can use in combination with a particular project when posting.

You then associate the COA mask with a project by specifying the project COA mask code in the COA Mask field in Project Create.

COA masks are described in detail in *QAD Financials-Advanced Training Guide* and in *QAD Financials User Guide*.

Sub-Account Features



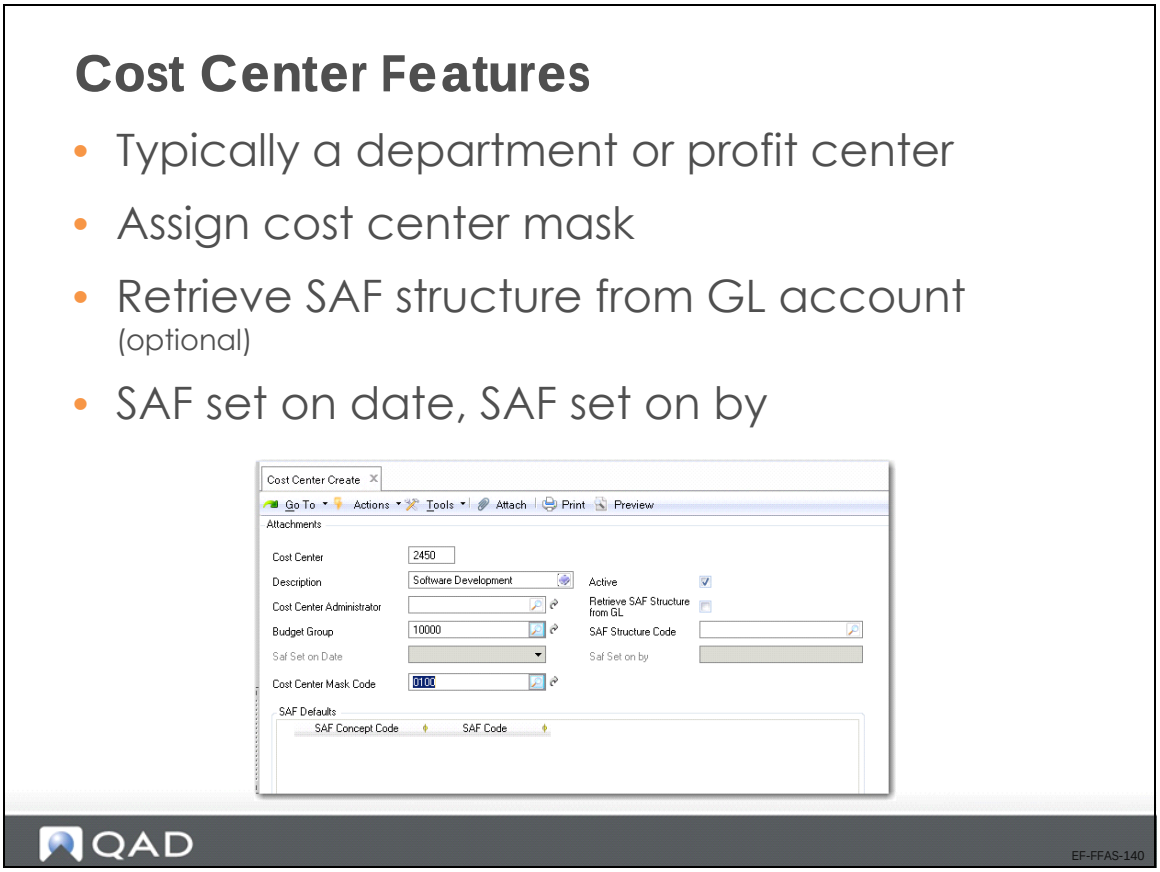
Use the Sub-Account activities (25.3.17) to create sub-accounts that let you analyze activity on an account code, and to provide further detail in financial reporting.

Sub-accounts are typically used to report on the financial activity of business units or divisions within an entity. You can create sub-accounts to correspond to those parts of the entity for which you would like to generate separate balance sheets, profit and loss statements, or open customer and supplier items. You can further analyze the sub-account by including it within a budget group.

A single GL account can be associated with multiple sub-accounts.

You can also use Sub-Account Create/Modify to assign a COA mask to the sub-account. A sub-account COA mask defines the list of GL accounts that the sub-account can be combined with during posting. If sub-account COA masks are not enabled for the current domain, the Sub-Account Mask Code field will be read only.

Cost Center Features



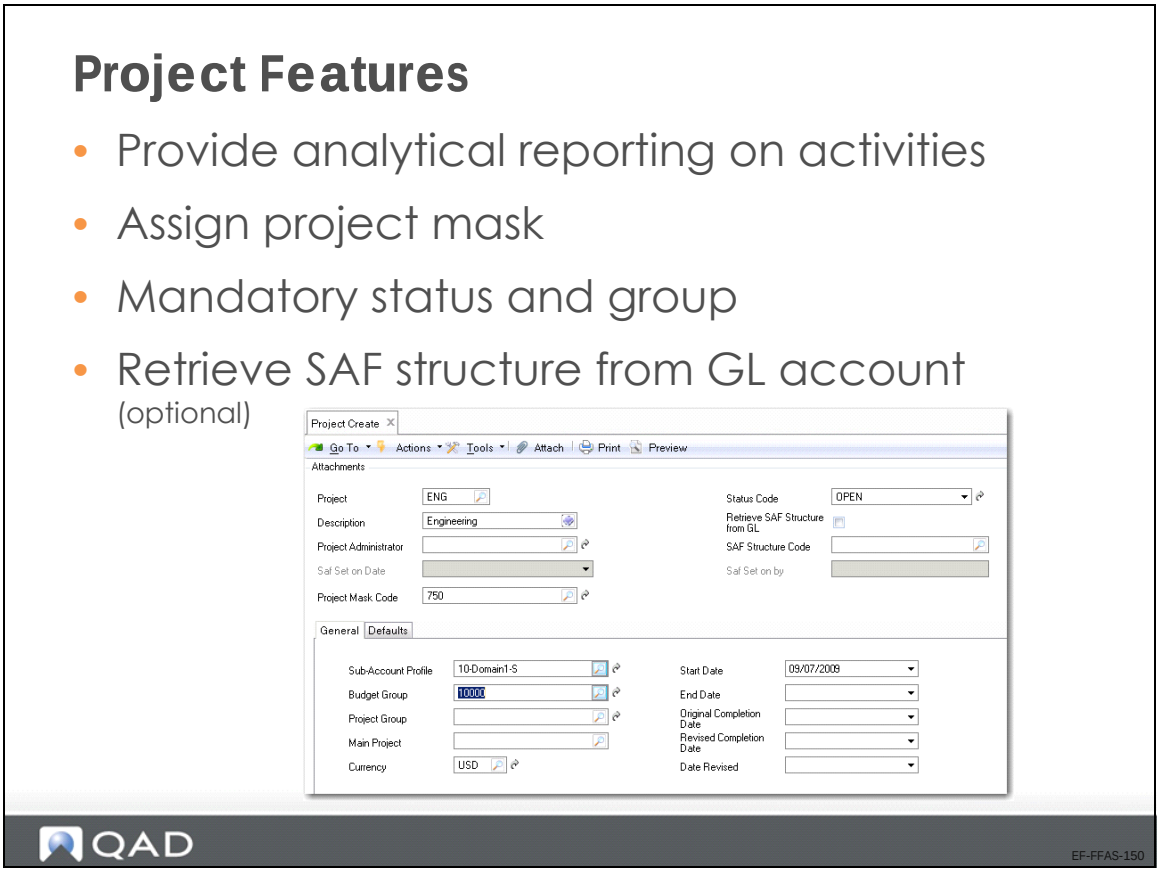
Use the Cost Center activities (25.3.20) to create cost centers that provide an additional reporting level for the GL accounts and sub-accounts.

Typically, a cost center can be a department or profit center within the entity for which you want to generate separate reports. You can associate a range of different accounts and sub-accounts with a cost center, and associate a number of cost centers with a single account.

You can further analyze a cost center by including it within a budget group.

You can use Cost Center Create/Modify to assign a COA mask to the cost center. A cost center COA mask defines the list of GL accounts and sub-accounts that the cost center can be combined with during posting. If cost center COA masks are not enabled for the current domain, the Cost Center Mask Code field will be read only.

Project Features



Projects are chart of account (COA) elements that provide analytical reporting on activities such as engineering design work or production rework.

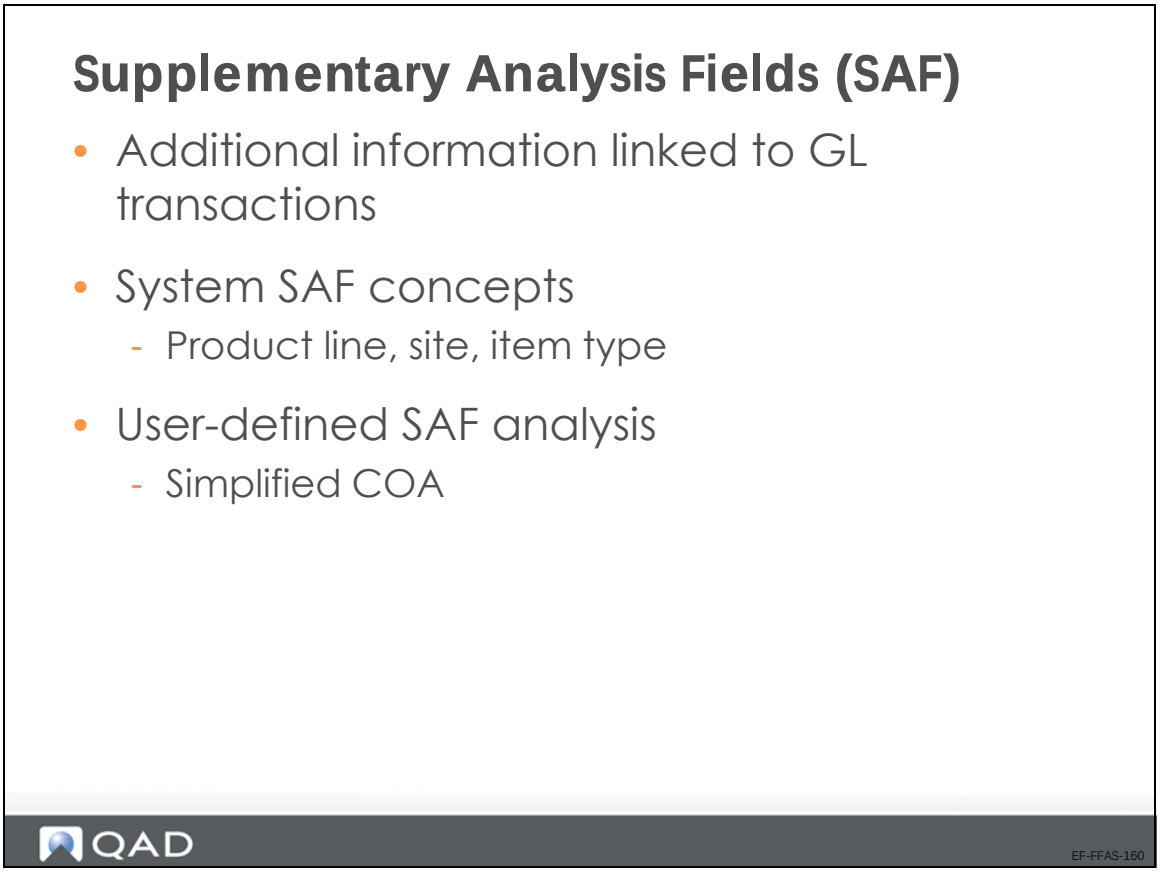
You can associate a range of account codes, sub-account codes, and cost centers with a specific project or multiple projects. The COA mask determines the valid COA combinations (account, sub-account, cost center, and project) for posting.

Before creating projects, you must define two required codes: project groups and project status codes. You can post transactions to a project only if its system status is active.

Use Project Create (25.3.11.1.1) to create project codes.

You can also use Project Create/Modify to assign a COA mask to the project. A project COA mask defines the list of GL accounts, sub-accounts, and cost centers that the project can be combined with during posting. If project COA masks are not enabled for the current domain, the Project Mask Code field will be read only.

Supplementary Analysis Fields (SAFs)

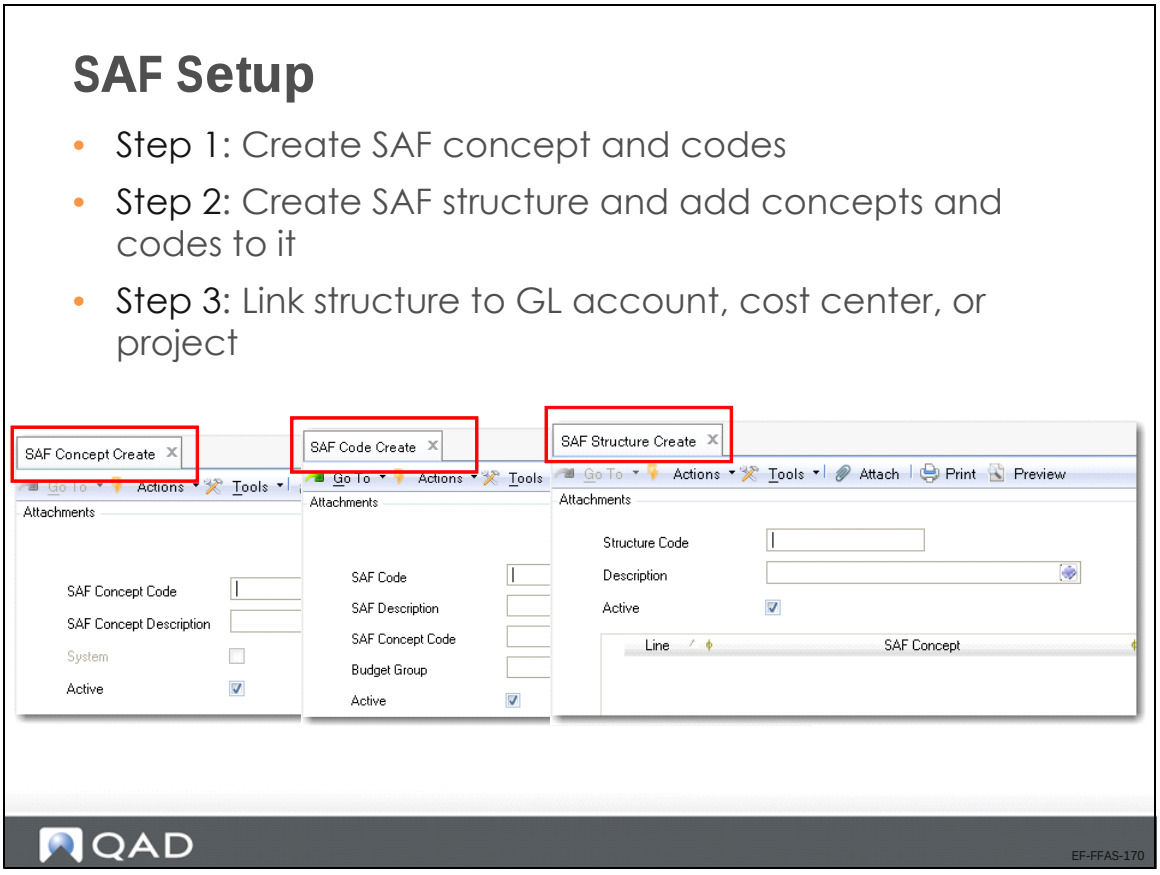


The system provides sub-account, cost center, project, and SAF analysis to be used for additional analytical reporting on transactions. SAF analysis is optional, but lets you create detailed views of data.

Using SAFs, you can analyze a single account in many different ways by filtering based on the SAF codes included in the postings to the account. A carefully planned set of SAF structures avoids the need to set up separate COA elements for individual reporting.

SAF analysis can be applied to all standard GL accounts, except for bank, closing, and tax accounts. SAF analysis is not supported for system accounts, except for Purchase Order Receipts. You can apply SAF analysis to both revenue and expenses, and you would normally create a separate SAF structure for each of these types of transaction.

SAF Setup



SAF analysis is managed through a combination of three elements:

- SAF concepts identify the type of analysis required.
- SAF codes define the analysis details. Associate the codes with an existing concept.
- SAF structures contain a selection of concepts in a logical sequence.

You associate the structure with a GL account, cost center, or project.

Seven SAF concepts are predefined and provided with the system. The predefined SAF concepts are designed to interact with operational transactions, and capture key analysis details used to report the GL effects of operations such as sales by region, sales to OEM customers, or work orders by item type.

The following system concepts are provided:

- Product Line

  This concept captures values created in Product Line Maintenance (1.2.1) and associated with items used in operational transactions.

- Site

  This concept captures values created in Site Maintenance (1.1.13) and associated with items involved in operational transactions.

- Item Type

  This concept captures generalized code values created in Generalized Codes Maintenance (36.2.13) and associated with items in Item Master Maintenance (1.4.1) when those items are used in operational transactions.

- Item Group

  This concept captures generalized code values created in Generalized Codes Maintenance (36.2.13) and associated with items in Item Master Maintenance (1.4.1) when those items are used in operational transactions.

- Region

  This concept captures generalized code values created in Generalized Codes Maintenance (36.2.13) and associated with customers in Customer Data Maintenance (2.1.1) when those customers are referenced on operational transactions.

- Customer Type

  This concept captures codes created in Customer Type Create (27.20.4.1) and associated with customers in Customer Create (27.20.1.1) when those customers are referenced on operational transactions.

- Supplier Type

  This concept captures codes created in Supplier Type Create (28.20.4.1) and associated with suppliers in Supplier Create (28.20.1.1) when those suppliers are referenced on operational transactions.

While the system concepts are specifically designed to capture the details of operational transactions, you can use a combination of system- and user-defined concepts in the same structure, if required.

System concepts cannot be deleted, but can be disabled by clearing the Active field. Data is captured for a concept only when it is active. Since system concepts have a predefined meaning, you cannot modify other fields in the concept or create new system concepts.

Creating SAF Concepts

Use the SAF Concept activities (25.3.7.1) to create, view, modify, and delete SAF concepts. Changing concepts has the following restrictions:

- You cannot delete a system SAF concept. You cannot delete a user-defined SAF concept if it has already been used in a transaction.
- You cannot create system concepts.
- The only value you can modify for a system concept is the Active setting.
- You cannot deactivate a concept if it is linked to an active SAF structure.

Creating SAF Codes

Use the SAF Code Activities (25.3.7.2) to create the values that you assign to an SAF concept. SAF codes generally correspond to the individual item that requires analysis. For example, you can track transactions relating to a particular vehicle belonging to the organization by creating an SAF code of the vehicle registration number.

Every SAF concept must have at least one default SAF code, defined in the SAF structure where it is used; you can link any number of codes to the same concept.

Build SAF analysis for an account by creating an SAF code for each type of transaction that updates the account.

Creating SAF Structures

Use SAF Structure activities (25.3.7.4) to combine up to five SAF concepts in a sequence. You then link the structure to general ledger accounts, cost centers, or projects. You can only associate one SAF structure with a GL account, cost center, or project.

When an SAF structure is associated with a project, cost center, or GL account and a transaction updates that element, the SAF concepts and default codes are displayed in the transaction posting lines.

- For system concepts based on operational transactions, values are retrieved automatically.
- When user-defined concepts have more than one value, you must select the value to use when you create the transaction.

SAF structures are independent of the entity and domain, and can contain both system and user-defined concepts.

Each structure must contain a minimum of one concept, up to a maximum of five concepts. Each concept must have one and only one default value, which is used to supply a value based on the defaulting logic. Other defaults are optional, but the one associated with the structure is required and used when more specific defaults have not been defined.

After an SAF structure has been used in a transaction, you cannot delete any of the associated SAF concepts.

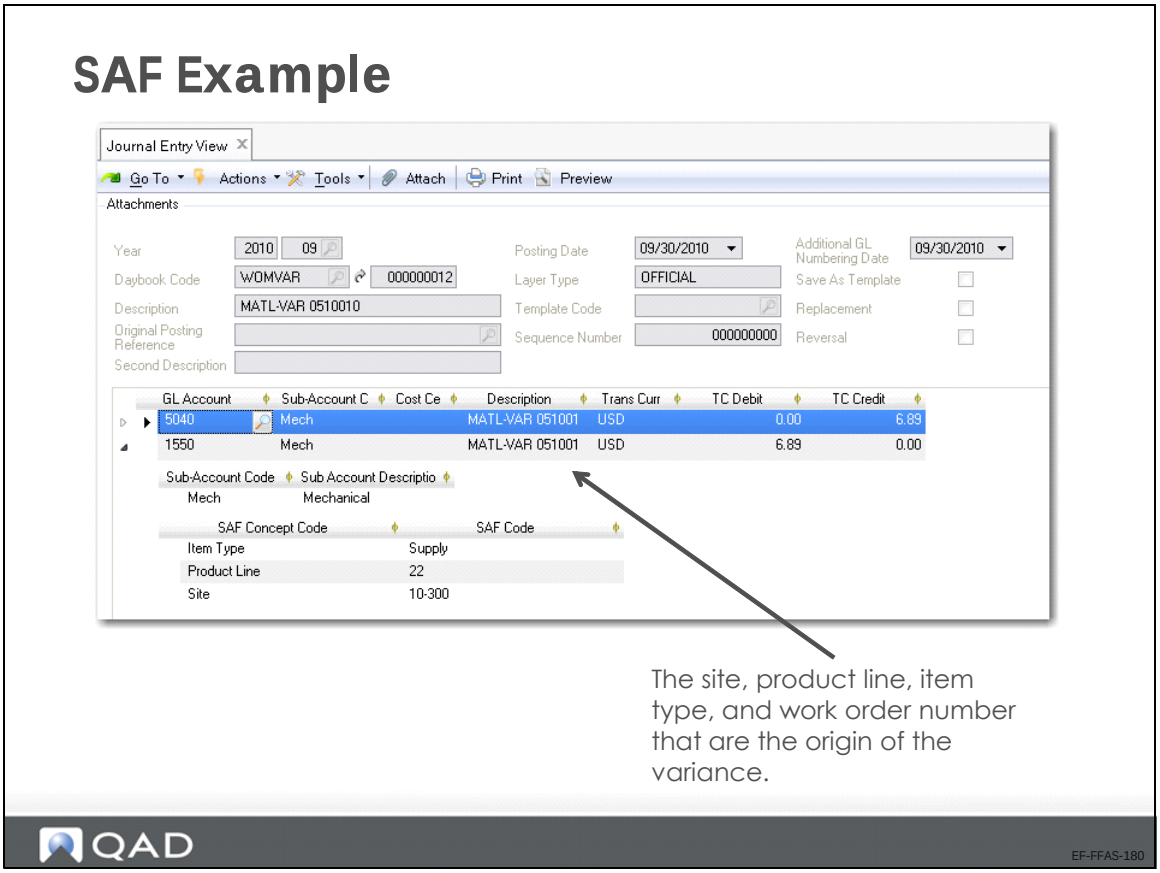
SAF Reporting and Related Views

The following reports provide detailed and summarized information on transactions, filtered by specific SAF codes or concepts.

- SAF Code Transactions Detail (25.15.3.6)
- SAF Code Transactions Summary (25.15.3.5)

The Transactions by SAF Related View (25.15.4.4) gives an on screen summary of transactions filtered by SAF code.

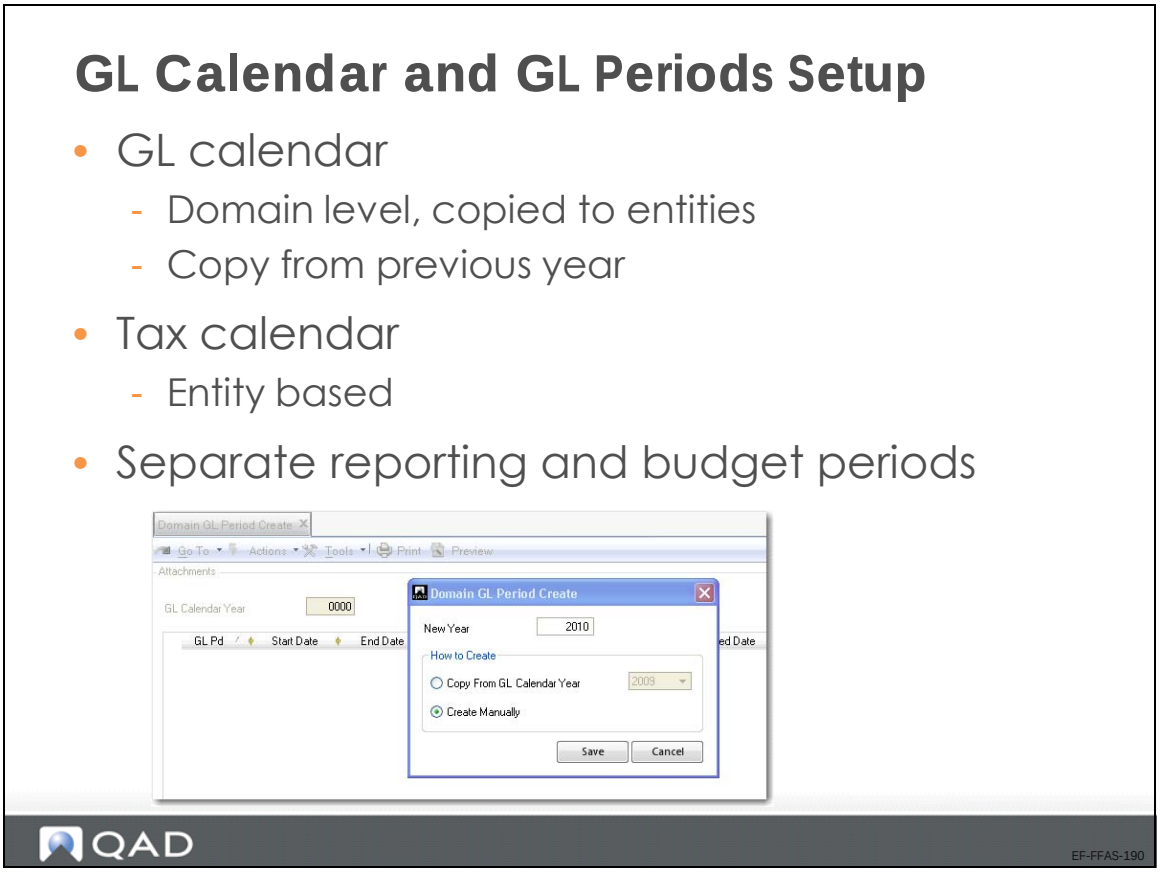
SAF Example



The example shows a work order material variance posting and the SAF information carried for the item, product line, and site.

This example is discussed in more detail in Chapter 19, “Work Order Posting” on page 495.

GL Calendar and GL Periods Setup



The financial calendar consists of user-defined GL calendar years and GL periods.

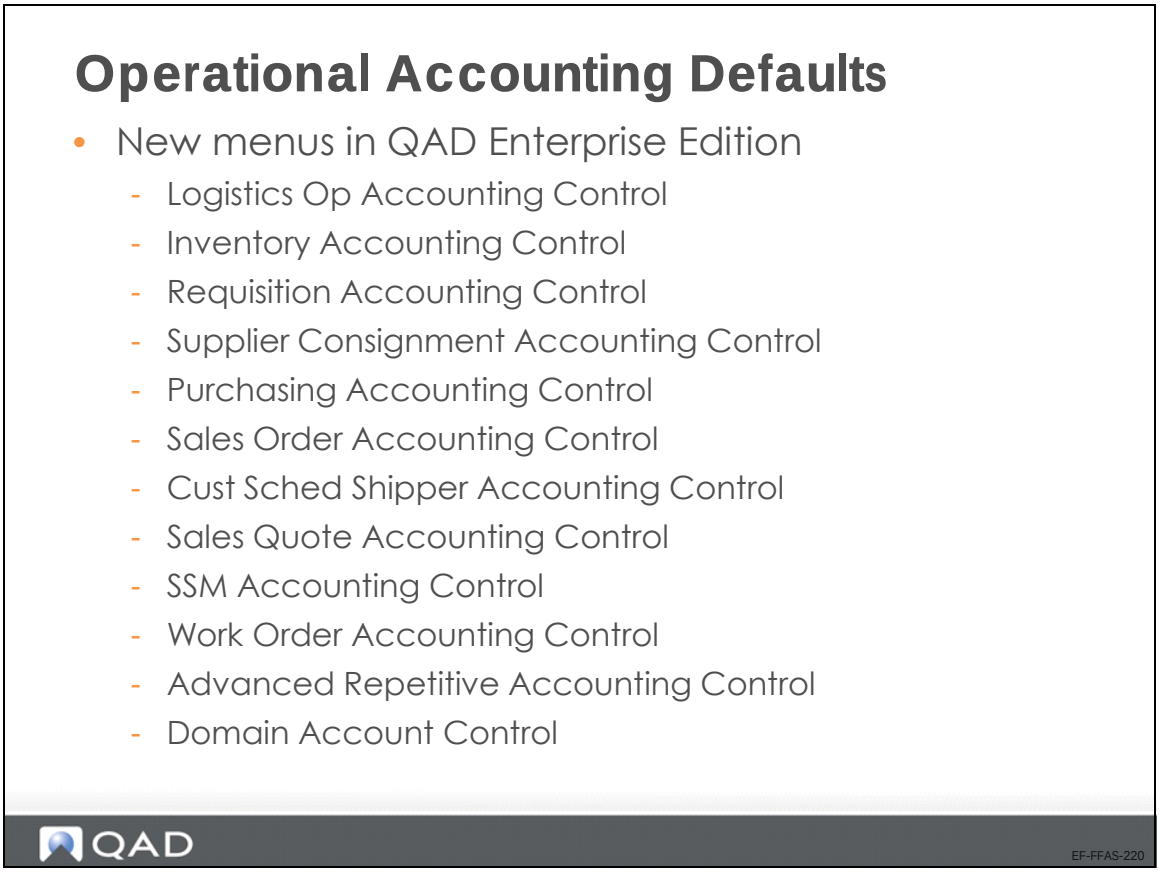
By default, the GL calendar year consists of twelve monthly GL periods. Each GL period does not have to correspond to a calendar month. You can define custom start and end dates for each GL period to correspond with your accounting cycles, and the GL calendar year can exceed twelve calendar months in length. The GL calendar year is defined at the domain level; all entities within a domain use the same GL calendar year definition.The system contains two functions related to GL calendars and periods:

- Use Domain GL Period activities (25.4.1.1) to create, modify, and view the GL calendar year and its related GL periods for a specific domain. The GL periods defined at the domain level are copied to all entities linked to the current domain.
- Entity GL Period activities (25.4.2) let you apply GL period settings to individual entities and lets you lock, unlock, report, and undo reporting for GL periods per entity. We will learn about this function in more detail in a separate section of this training class.

Two other system functions can be used to define specialized calendars:

- Use Tax Period Create (25.4.5.1) to define entity-based calendars for tax reporting periods. When defined, closing a tax period prevents additional tax transactions from being posted.
- Use Budget Report Period Create (25.4.5.1) to define reporting periods used within the budgeting area. The Budget functionality is discussed in detail in *QAD Financials-Advanced Training Guide*.

Operational Accounting Defaults



As part of the initial system implementation, set up values in the various control programs on the Operational Acct Controls menu (36.9). The settings in each control program affect operations within a specific business area. Typically, these settings represent a subset of all the settings that affect the related business area. These control settings have been separated because they have a financial effect on all modules, and should be defined only by a financial analyst with security access to this function.

This separation facilitates the segregation of responsibility so that financial personnel can manage the settings that reflect financial and accounting decisions

US Exercise: Create GL Accounts

1 Log in to 10USACO and create the following GL accounts using GL Account Create (25.3.13.1).

The GL Account Create fields are listed in the leftmost column.

The subsequent columns list the field values for each GL account to create.

General					
GL Account	1000	1250	1505	1675	2100
GL Description	Petty cash USD	Current Bank GBP	Sundry Inventory	Sundry transfers	Suppliers Exp notes
GL Type	Cash	Bank	Inventory	Open items	Supplier control
System Type					
Active	Yes	Yes	Yes	Yes	Yes
Budget Group					
Budget Enabled	Yes	Yes	Yes	Yes	Yes
Category	Asset	Asset	Asset	Asset	Liability
Postings Tab					
Balance/P&L	Balance	Balance	Balance	Balance	Balance
Debit/Credit	Debit	Debit	Debit	Debit	Credit
Auto/Manual	Manual	Manual	Auto	Manual	Auto
Intercompany Account	No	No	No	No	No
Default Intercompany					
Fixed Intercompany					
Quantity	No	No	No	No	No
GL Account Unit of Measure					
Currency Tab					
Base Currency Only					
Currency Code	USD	GBP			
Revaluation GL					
TC Revaluation in BC	None	Revaluation Rate	None	None	None
Rate Type for Revaluation in BC					
TC Revaluation in SC	None	Revaluation Rate	None	None	None
Rate Type for Revaluation in SC					
Consolidation Method	Current exchange Rate	Current exchange rate	Current exchange rate	Current exchange rate	Current exchange rate
Exchange Rate Type					
Analysis Tab					
Sub-Account Analysis	No	No	No	No	Yes
Default Sub-Account					DefSubAct

Cost Center Analysis	No	No	No	No	No
Project Analysis	No	No	No	No	No
Analysis Limitation	None	None	None	None	None
Default Cost Center					
Default Project					
Default SAF Structure					
SAF Analysis	No	No	No	No	No
SAF Structure Code					
Report Link Tab					
GL Account					
Shared Set Code					
GL Description					
Banking Tab					
Entity Code		10USACO			
Default		Yes			
Bank Format		XX			
Bank Account No		99887766			
Business Relation Code					
Active		Yes			
SWIFT Code					
Branch					
Own GL Account					
Banking Daybook Profile		BEGBP			
Deduction Daybook Profile		DedDaybook Profile			
AP Discount Account	5700	5700			
AR Discount Account	4220	4220			
Cash Tab					
Cash Recv Daybook Profile	CASHIN				
Cash Paid Daybook Profile	CASHOUT				

General				
GL Account	2402	2525	4050	7100
GL Description	Sundry sales tax	PO receipt non inventory	Sundry sales	Training expenses
GL Type	Tax	System	Standard	Standard
System Type		PO receipt		
Active	Yes	Yes	Yes	Yes
Budget Group				
Budget Enabled	Yes	Yes	Yes	Yes
Category	Liability	Liability	Income	Expense
Postings Tab				

Balance/P&L	Balance	Balance	P&L	P&L
Debit/Credit	Credit	Credit	Credit	Debit
Auto/Manual	Manual	Auto	Manual	Manual
Intercompany Account	No	No	Yes	Yes
Default Intercompany			10-USA-CO	10-USA-CO
Fixed Intercompany				
Quantity	No	No	No	Yes
GL Account Unit of Measure				HRS
Currency Tab				
Base Currency Only				
Currency Code				
Revaluation GL				
TC Revaluation in BC	None	None	None	None
Rate Type for Revaluation in BC				
TC Revaluation in SC	None	None	None	None
Rate Type for Revaluation in SC				
Consolidation Method	Current exchange rate	Current exchange rate	Current exchange rate	Current exchange rate
Consolidation Rate Type				
Analysis Tab				
Sub-Account Analysis	No	No	Yes	Yes
Default Sub-Account			DefSubAct	DefSubAct
Cost Center Analysis	No	No	Yes	Yes
Project Analysis	No	No	Yes	Yes
Analysis Limitation			Excluding each Other	Excluding each Other
Default Cost Center			Adm	Adm
Default Project				
Default SAF Structure			Sales	
SAF Analysis	No	No	No	No
SAF Structure Code				
Report Link Tab				
GL Account				
Shared Set Code				
GL Description				
Banking Tab				
Entity Code				
Default				
Bank Format				
Bank Account No				
Business Relation Code				

Active				
SWIFT Code				
Branch				
Own GL Account				
Banking Daybook Profile				
Deduction Daybook Profile				
AP Discount Account				
AR Discount Account				
Cash Tab				
Cash Received Daybook Profile				
Cash Paid Daybook Profile				

EMEA Exercise: Create GL Accounts

1 Change domain to 22UK -> 22UKCO and create the following GL accounts.

The GL Account Create fields are listed in the leftmost column.

The subsequent columns list the field values for each GL account to create.

General					
GL Account	12000	12250	30005	35075	15010
GL Descriptions	Petty cash GBP	Current Bank EUR	Sundry Inventory	Sundry transfers	Suppliers Exp notes
GL Type	Cash	Bank	Inventory	Open item	Supplier control
System Type					
Active	Yes	Yes	Yes	Yes	Yes
Budget Group					
Budget Enabled	Yes	Yes	Yes	Yes	Yes
Category	Asset	Asset	Asset	Asset	Liability
Posting Tab					
Balance/P&L	Balance	Balance	Balance	Balance	Balance
Debit/Credit	Debit	Debit	Debit	Debit	Credit
Auto/Manual	Manual	Manual	Auto	Manual	Auto
Intercompany Account	No	No	No	No	No
Default Intercompany					
Fixed Intercompany					
Quantity	No	No	No	No	No
GL Account UM					
Currency Tab					
Base Currency Only					
Currency Code	GBP	EUR			
Revaluation GL					
TC Revaluation in BC	None	Revaluation Rate	None	None	None
Rate Type for Revaluation in BC					
TC Revaluation in SC	None	Revaluation Rate	None	None	None
Rate Type for Revaluation in SC					
Consolidation Method	Current exchange Rate	Current exchange rate	Current exchange rate	Current exchange rate	Current exchange rate
Consolidation Rate Type					
Analysis Tab					
Sub-Account Analysis	No	No	No	No	Yes
Default Sub-Account					DefSubAct
Cost Center Analysis	No	No	No	No	No

Project Analysis	No	No	No	No	No
Analysis Limitation	None	None	None	None	None
Default Cost Center					
Default Project					
Default SAF Structure					
SAF Analysis	No	No	No	No	No
SAF Structure Code					
Report Link					
GL Account					
Shared Set Code					
GL Description					
Banking					
Entity Code		22UKCO			
Default		Yes			
Bank Format		XX			
Bank Account No		888777			
Business Relation Code					
Active		Yes			
SWIFT Code					
Branch					
Own GL Account					
Banking Daybook Profile		BEEUR			
Deduction Daybook Profile		DedDaybookProfile			
AP Discount Account	5700	5700			
AR Discount Account	4220	4220			
Cash					
Cash Recv Daybook Profile	CASHIN				
Cash Paid Daybook Profile	CASHOUT				

General				
GL Account	17102	19625	80500	41000
GL Description	Sundry sales tax	PO receipt non inventory	Sundry sales	Training expenses
GL Type	Tax	System	Standard	Standard
System Type		PO receipt		
Active	Yes	Yes	Yes	Yes
Budget Group				
Budget Enabled	Yes	Yes	Yes	Yes
Category	Liability	Liability	Income	Expense
Posting Tab				
Balance/P&L	Balance	Balance	P&L	P&L

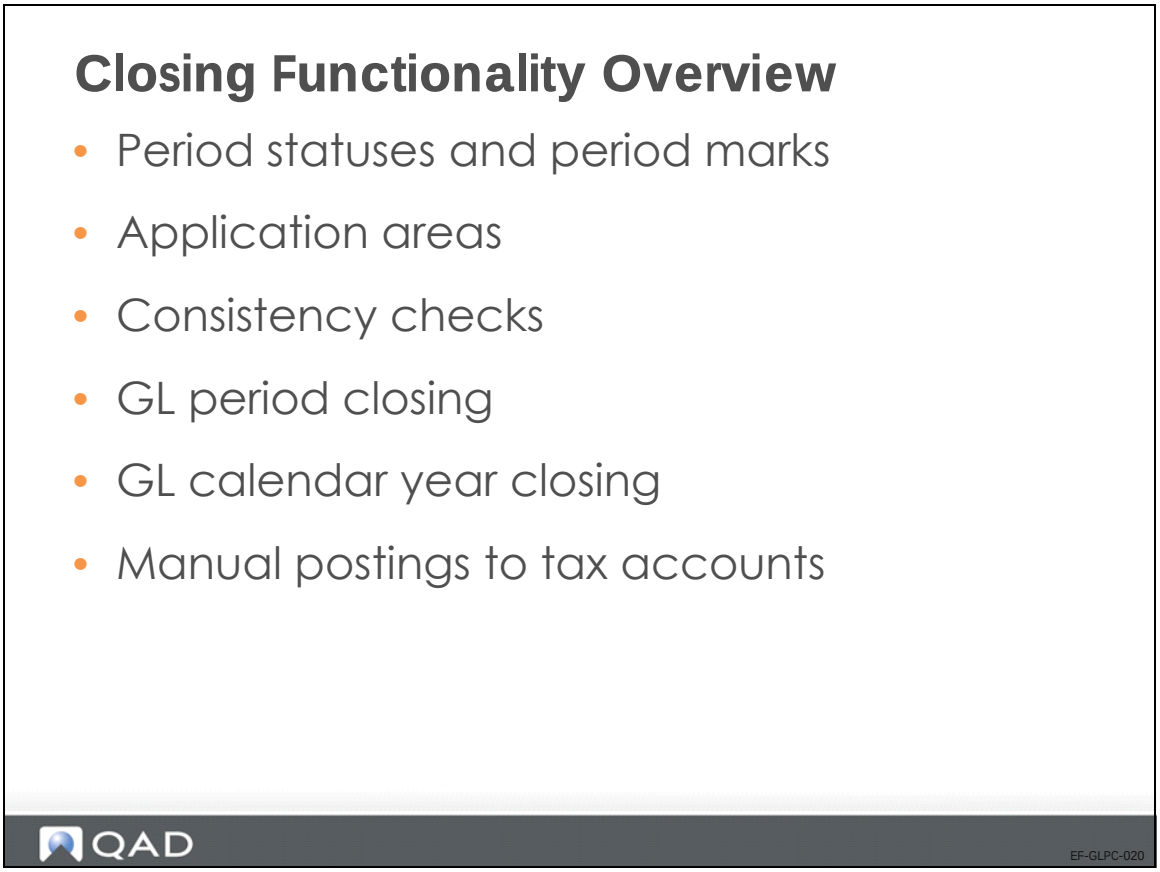
Debit/Credit	Credit	Credit	Credit	Debit
Auto/Manual	Manual	Auto	Manual	Manual
Intercompany Account	No	No	Yes	Yes
Default Intercompany			22UKCO	22UKCO
Fixed Intercompany				
Quantity	No	No	No	Yes
GL Account UM				HRS
Currency Tab				
Base Currency Only				
Currency Code				
Revaluation GL				
TC Revaluation in BC	None	None	None	None
Rate Type for Revaluation in BC				
TC Revaluation in SC	None	None	None	None
Rate Type for Revaluation in SC				
Consolidation Method	Current exchange rate	Current exchange rate	Current exchange rate	Current exchange rate
Exchange Rate Type				
Analysis Tab				
Sub-Account Analysis	No	No	Yes	Yes
Default Sub-Account			DefSubAct	DefSubAct
Cost Center Analysis	No	No	Yes	Yes
Project Analysis	No	No	Yes	Yes
Analysis Limitation	None	None	Excluding each other	Excluding each other
Default Cost Center			Adm	Adm
Default Project				
Default SAF Structure			Sales	
SAF Analysis				
SAF Structure Code				
Report Link				
GL Account				
Shared Set Code				
GL Description				
Banking Tab				
Entity Code				
Default				
Bank Format				
Bank Account No				
Business Relation Code				
Active				

SWIFT Code				
Branch				
Own GL Account				
Banking Daybook Profile				
AP Discount Account				
AR Discount Account				
Cash Tab				
Cash Recv Daybook Profile				
Cash Paid Daybook Profile				

Chapter 17

GL Period Closing Process

Closing Functionality Overview

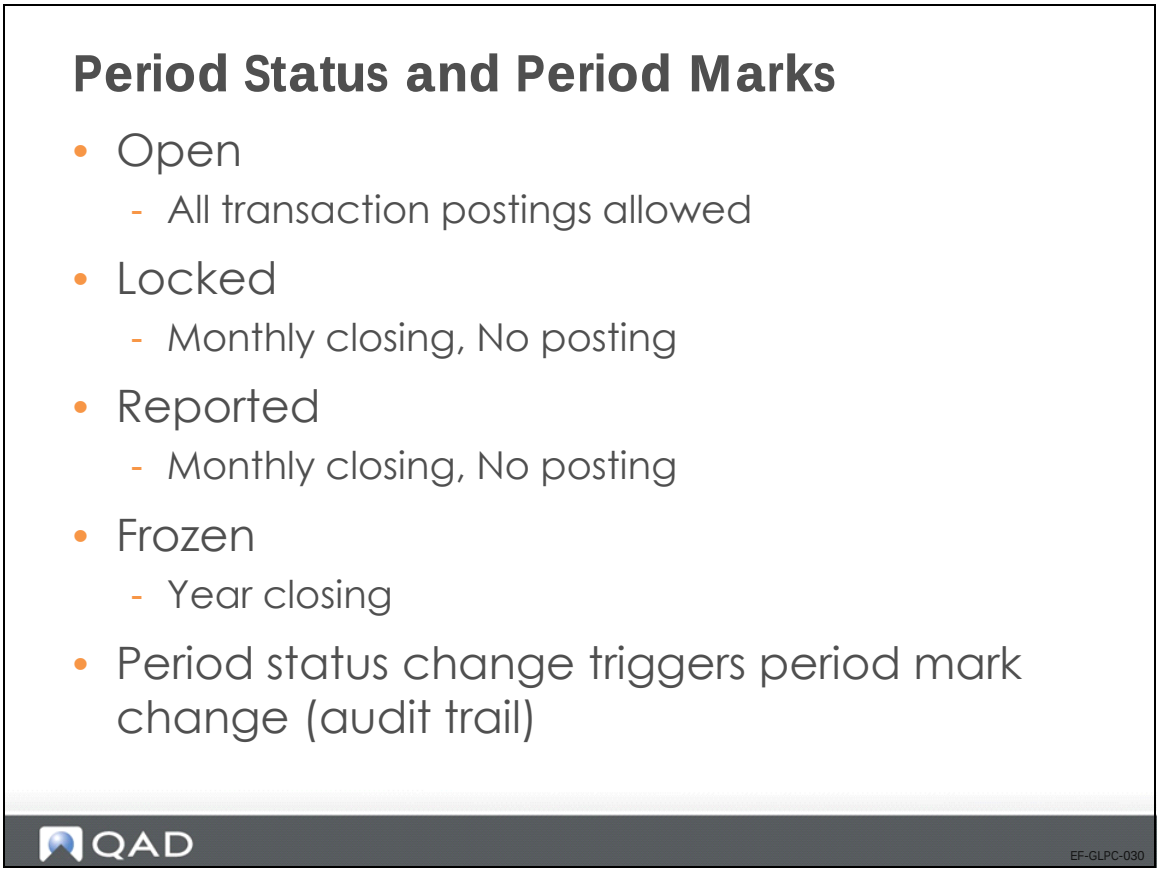


The financial calendar consists of user-defined GL calendar years and GL periods. GL periods let you divide the fiscal year into smaller subsets in order to manage and report on business activities. Opening or locking a GL period allows an organization to better control its accounting and reporting processes.

In this chapter, we will learn about the GL period (month) closing process and the year-end closing process in QAD Enterprise Applications.

We will review period statuses and period marks, and how they change through the process. We will also look at locking periods by application area.

Period Status and Period Marks



Period Status

The status associated with a GL period determines what kind of activity can take place. A period can have one of four assigned statuses:

- Open

  This is the normal period status and applies when no closing date has been set for the period. Transactions are normally posted during open periods, except when the period has been locked and reopened. The closing date for the period is automatically set once you begin the process of closing the period. Some entities within a domain may need to keep a GL period open for longer than other entities in the same domain.

- Locked

  This status applies when the period is subject to a monthly closing. You can close a GL period for one entity and leave it open for all other entities in the same domain. You can unlock a GL period if more transactions need to be processed for that period.

- Reported

  The Reported status applies to a period for which Monthly Closing has been successfully run and reported. You can reset a reported GL period to a different status.

- Frozen

  When you run Year End Closing, the Frozen status is automatically applied to all periods of the year. A Frozen period cannot be reopened.

Period Marks

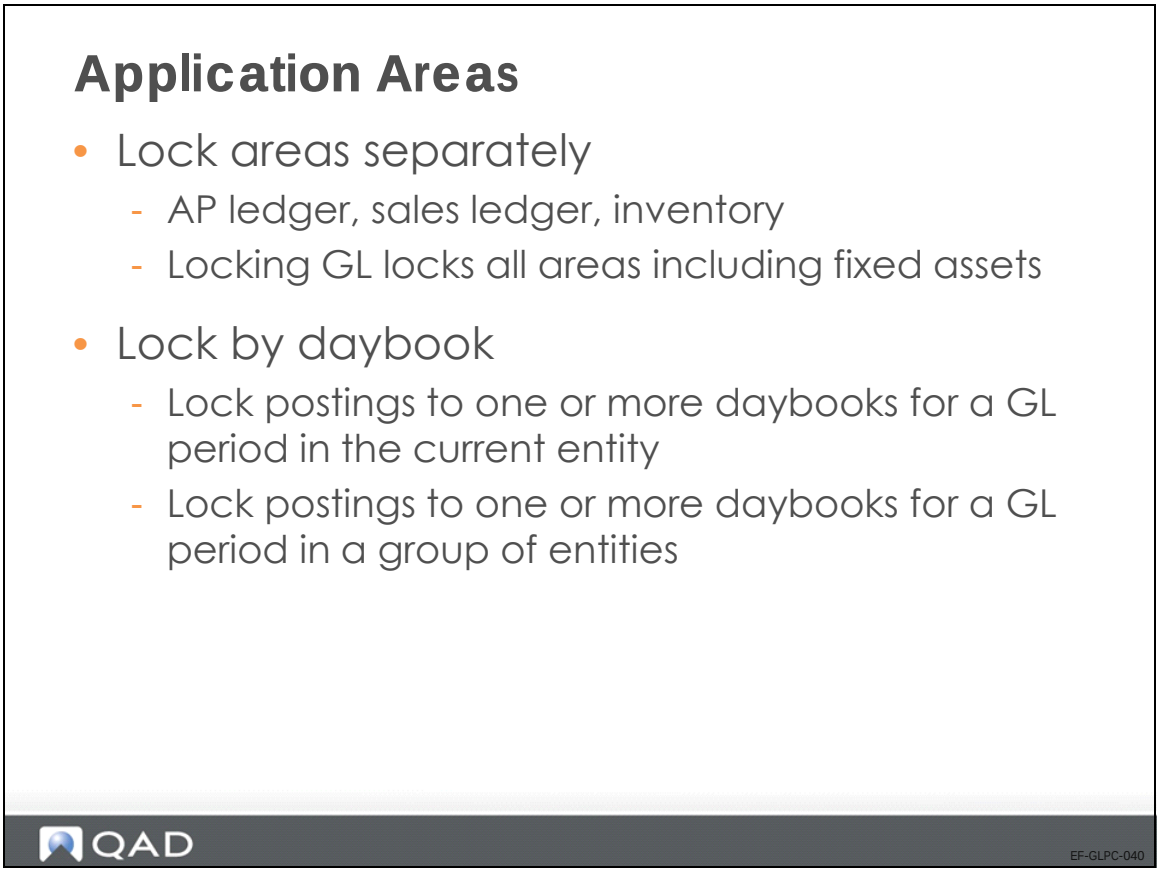
Report periods are further controlled using period marks, which identify the period during which a transaction was posted and also describe the status of the period in GL reporting. In addition, period marks are used to identify tax periods. Period marks are system defined.

The Open period mark identifies periods during which transactions have been posted between the normal start and end dates. Transactions can then be reviewed and the period closed to normal activity. The following auto-generated period marks are also supplied with the system:

- Close Report Period
- Undo Close Report Period
- Report Period
- Undo Report Period

These marks are automatically applied during the monthly closing and reporting process. Transactions posted during each of these periods are subsequently identified by the corresponding system period mark. The Close Report Period mark is auto generated when you close a report period, and date stamps the period end. The Undo Close Report Period mark is then auto generated if the period is reopened.

Application Areas



You can lock GL periods by GL transaction type. For example, you can lock a GL period to prevent any more sales order shipments in that period. However, you can still allow banking entries to be created in the same period. The GL module overrides the other area modules, and when locked, prevents transactions of any type for the period.

The application areas that can be locked separately are:

- GL, which locks all areas including fixed assets.
- AP, which locks the AP sub-ledger in Financials.
- Sales, which locks the AR sub-ledger in Financials. This also prevents the posting of sales invoices through Invoice Post and Print and posting of any sales order transaction in Operational Transaction Post.
- Inventory, including all inventory (IC) and work order (WO) transactions created in operational functions.

You can also lock postings to a single daybook or a set of daybooks in a GL period. To apply this lock, create a daybook mask and then apply it to the GL period in the current entity or in a group of entities. When a daybook mask is applied to a GL period, the overall status of the GL period remains Open, even if certain postings are blocked depending on the daybooks defined in the mask. Locking a GL period that has a daybook mask applied to it removes the daybook mask automatically; removing the lock from the GL period does not reapply the daybook mask.

Application Areas

- Global period status change
  - Period lock, locks all application areas
  - Reopen selected application area
- Application area status change
  - Application area locked, no impact on other areas
  - Application area reopened, no impact on other application areas, but global status is open

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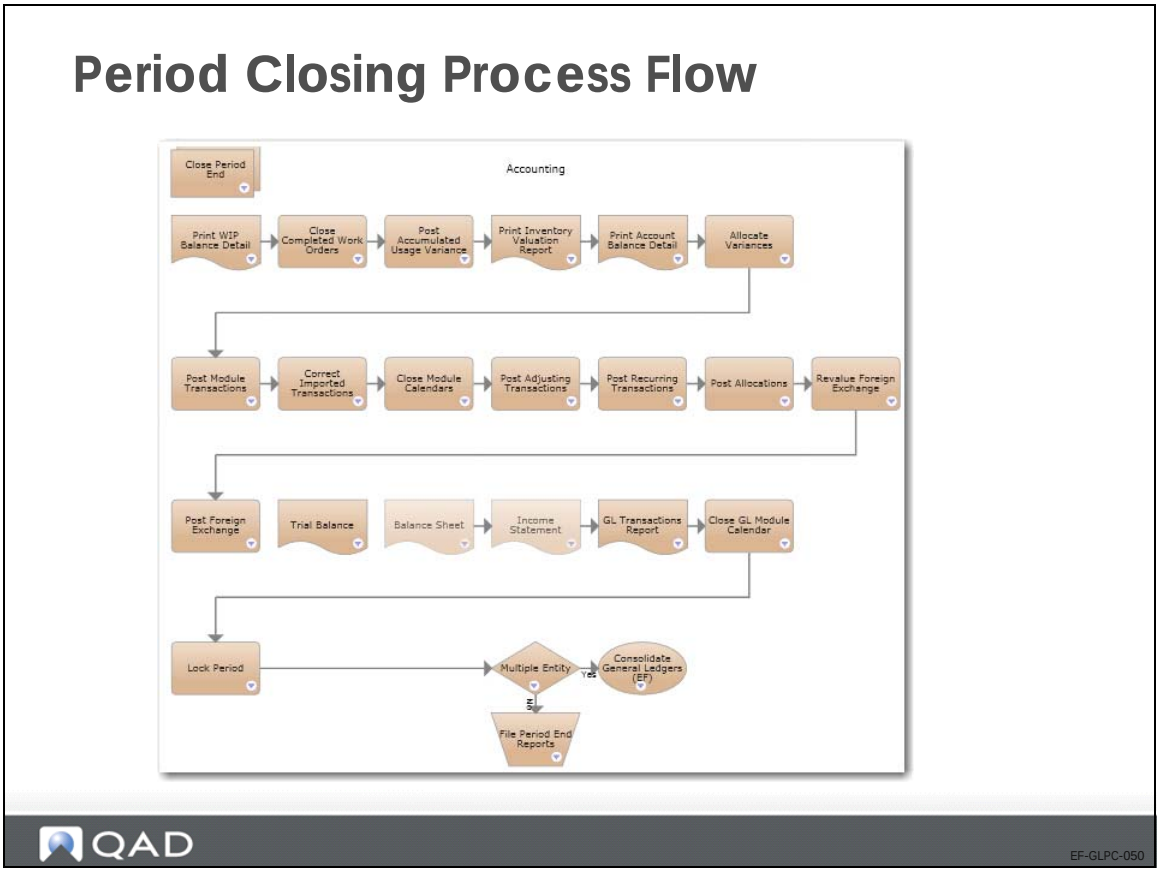
When an application area is open (indicated by a selected check box) for a period, you enable transactions of that type to be posted during the GL period. The area check box acts as a switch, opening or locking the period to transactions of that type. You can update the area switch only when the period is open.

Period Closing Process Flow

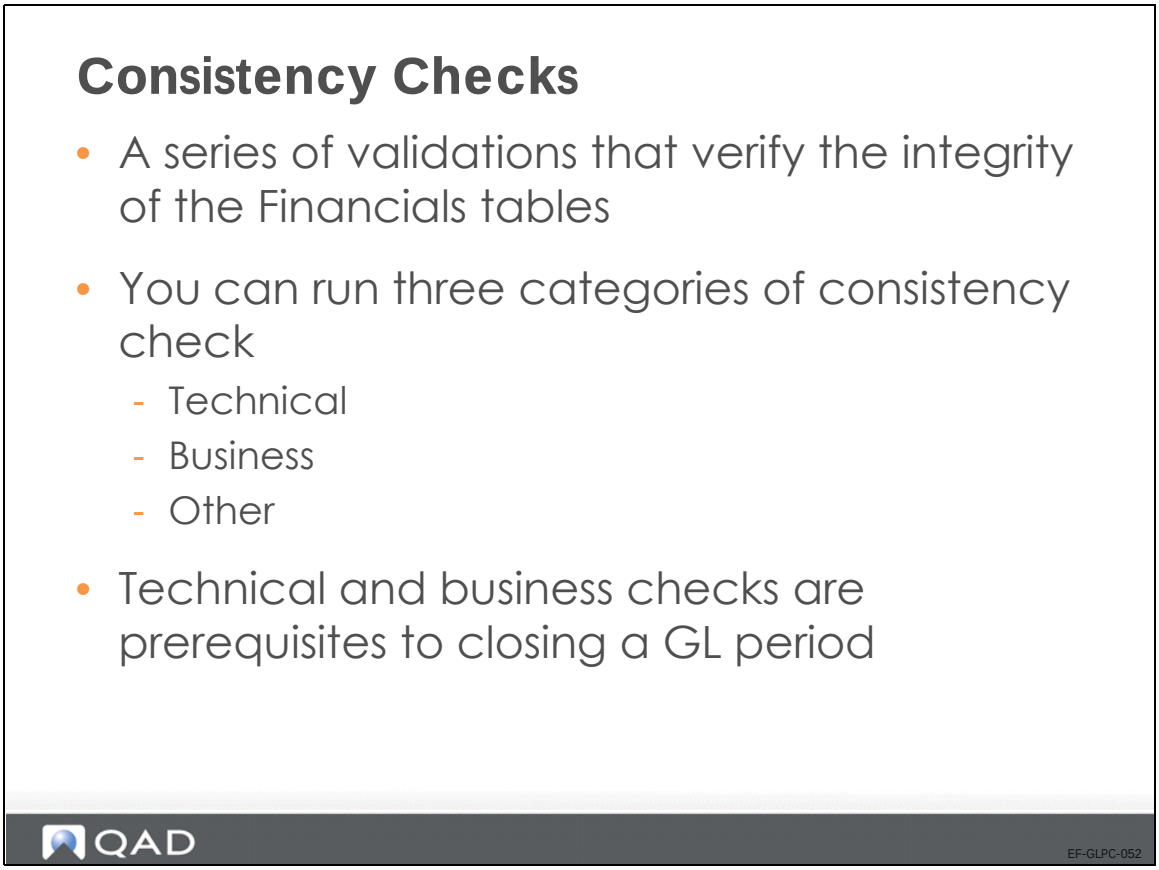


The ability to filter based on the daybook code facilitates the period closing process because you can easily identify and review transactions of a certain type and identify unusual activity.

Before you lock a GL period, verify that there are no unposted transactions, such as those created in the operational activities. You can print the Unposted Transaction Register (25.13.14) to identify transactions not yet posted to the general ledger.

Use Entity GL Period activities (25.4.2) to change the GL period status for a specific entity. The changes you make in this function do not affect the other entities in a domain.

Consistency Checks



Consistency Checks Execute (25.21.3.1) lets you run a series of validations that verify the integrity of the Financials tables.

You can run three categories of consistency checks:

- Technical

  The technical checks focus on the referential integrity of the Financials tables, ensure that mandatory fields are populated, and ensure that redundant fields are populated and consistent.

  The list of technical consistency checks is fixed. You cannot select to run certain technical consistency checks and not others.

- Business

  The business checks focus on the consistency of the tables from a business point of view, such as general ledger and sub-ledger administration. For example, the checks verify that the balance of a customer control account equals the open customer invoices posted to the account.

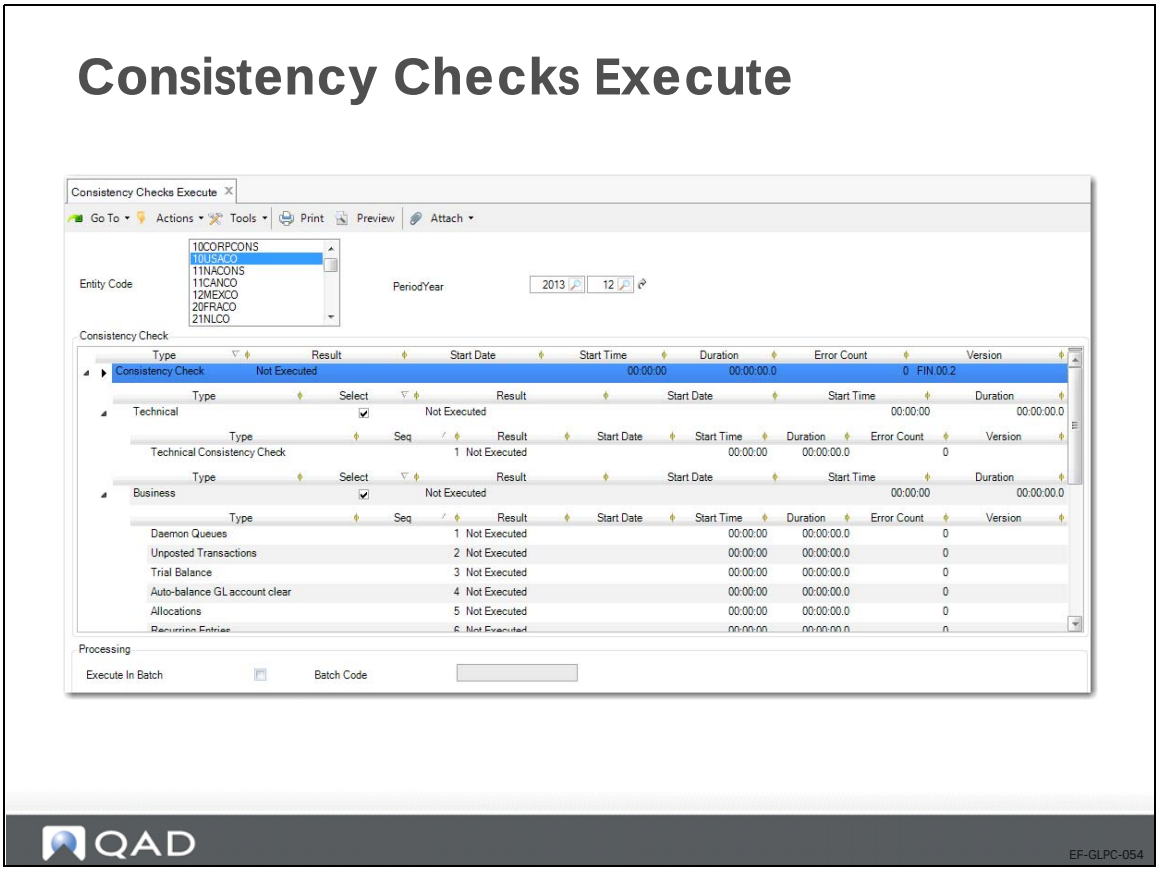
  The list of business consistency checks is fixed. You cannot select to run certain business consistency checks and not others.

- Other

  You can modify the other validations using non-intrusive customization to include any required additional consistency checks. The Numbering Completeness check is included in this section by default, but can be removed using non-intrusive customization.

Running the technical and business consistency checks is a prerequisite to closing a GL period. If these consistency checks have not been run for a GL period, the system displays an error if you attempt to set the GL period to reported. When you have run the consistency checks for a GL period, you can set the period to reported, even if the consistency check run found errors. Setting a GL period to reported is a manual process, and you must decide whether to proceed with the closure based on the results of the consistency checks.

Consistency Checks Execute



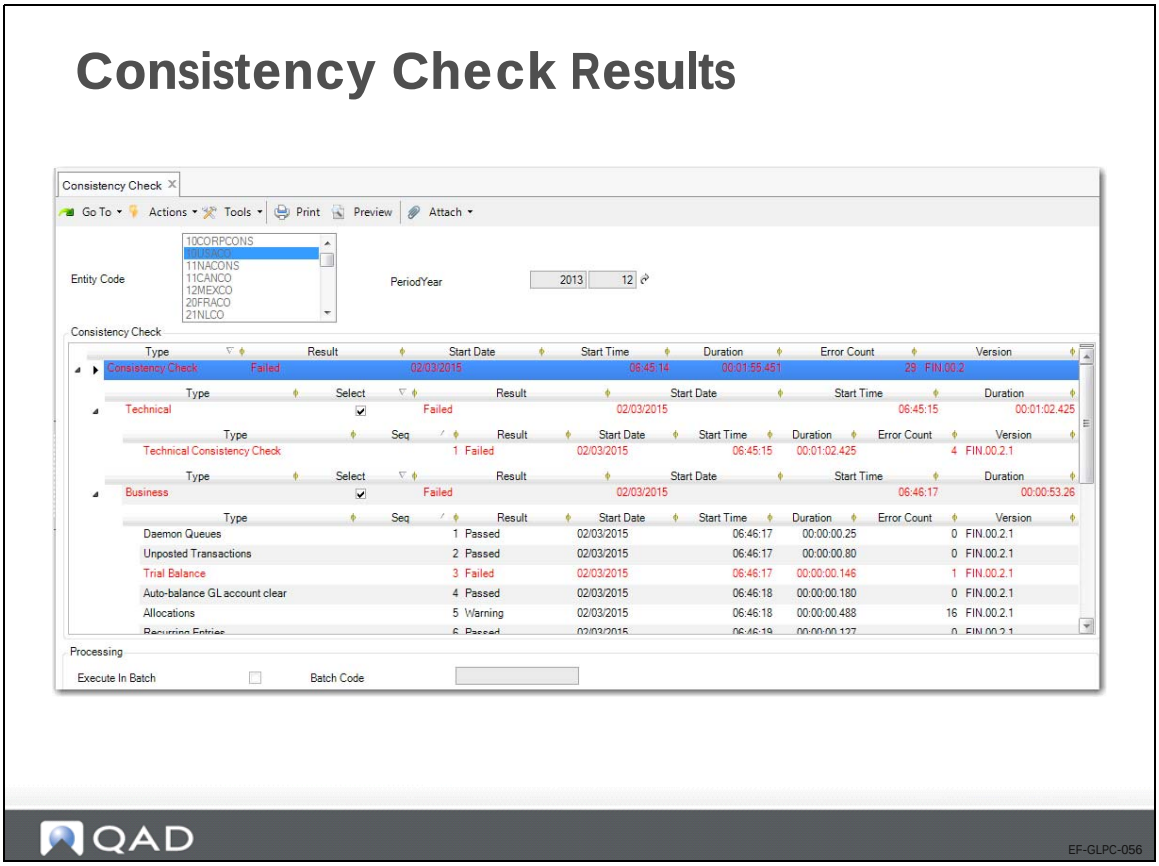
You can run the consistency checks from the menu or as a GoTo option from the Entity GL Period functions.

When you set a period to reported, the system displays a warning if previously run consistency checks for that period are out of date. The out-of-date warning reminds you to rerun outdated consistency checks whose results have limited value from an audit perspective.

You can run the consistency checks in interactive mode in real time, or you can schedule the consistency checks to run in batch in the background. When you run in interactive mode, the Consistency Checks Execute screen is automatically updated with the results from the run.

When you run the consistency checks in interactive mode, a progress bar is displayed, indicating that the checks are ongoing.

Consistency Check Results

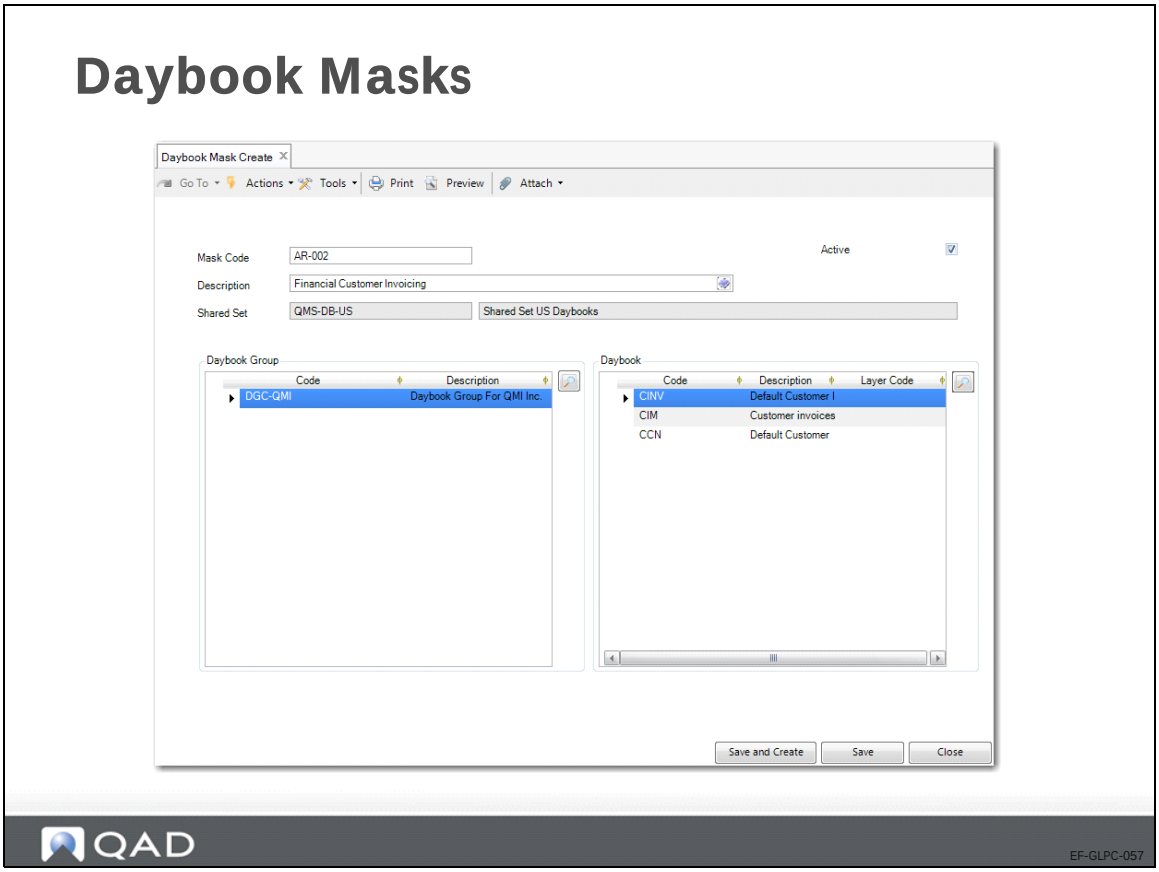


When the consistency checks are complete, the Results, Start Date, Start Time, and Duration fields in Consistency Checks Execute are updated with the relevant values. Validations that fail are displayed in red.

The run parameters and results of each validation run are stored in a text file, which is attached to the entity GL period record. You can view the text file as an attachment in the Entity GL Period functions.

You can also use the Consistency Checks report (25.21.3.2) to display the results of a consistency check validation run in report format.

Daybook Masks



Daybook masks allow you to specify a selection of daybooks and daybook groups that you want to lock at GL period closing. To apply a daybook mask to a GL period for the current entity or a group of entities, use Entity GL Period Lock by Daybook.

Daybook masks introduce a greater level of granularity to the closing process by enabling you to build separate daybook masks for each stage of your closing process. You can also use daybook masks to prevent postings to particular accounting layers such as the US GAAP layer and local GAAP layers.

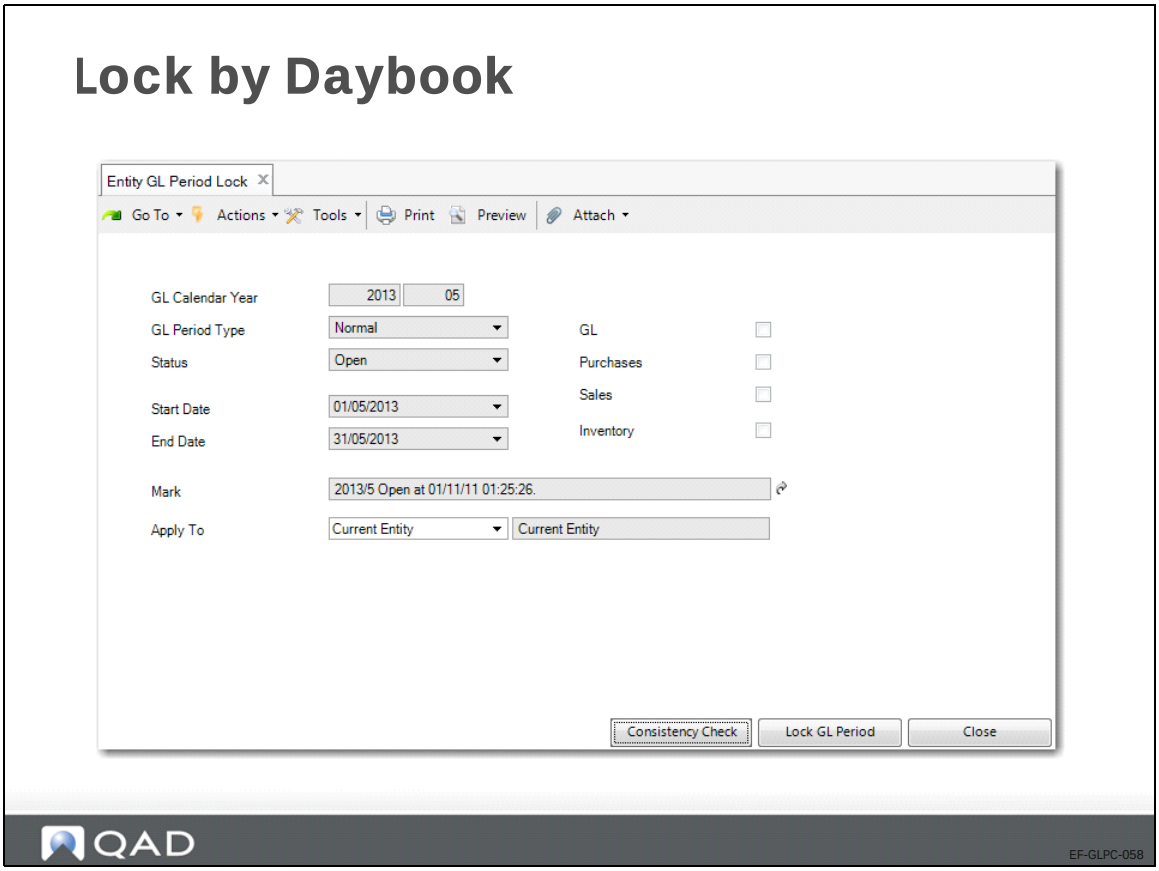
To lock one or more daybooks for a GL period, you must:

- Decide the order in which to apply the daybook masks, and draw up a suitable timetable.
- Create the daybook mask or masks.
- Apply the mask or masks to the GL period.

To create a daybook mask, use Daybook Mask Create (25.21.5.1.1). The contents of both the Daybook Group and Daybook grids are included in the mask. You must include at least one daybook or daybook group in the daybook mask to save an active daybook mask. You can only select daybooks or daybook groups that belong to the shared set displayed in the Shared Set field. Daybook masks cannot include periodic costing daybooks. If you select a daybook or daybook group that is inactive, a warning displays advising you of this.

It is not possible to delete a daybook mask if it is currently applied to a GL period.

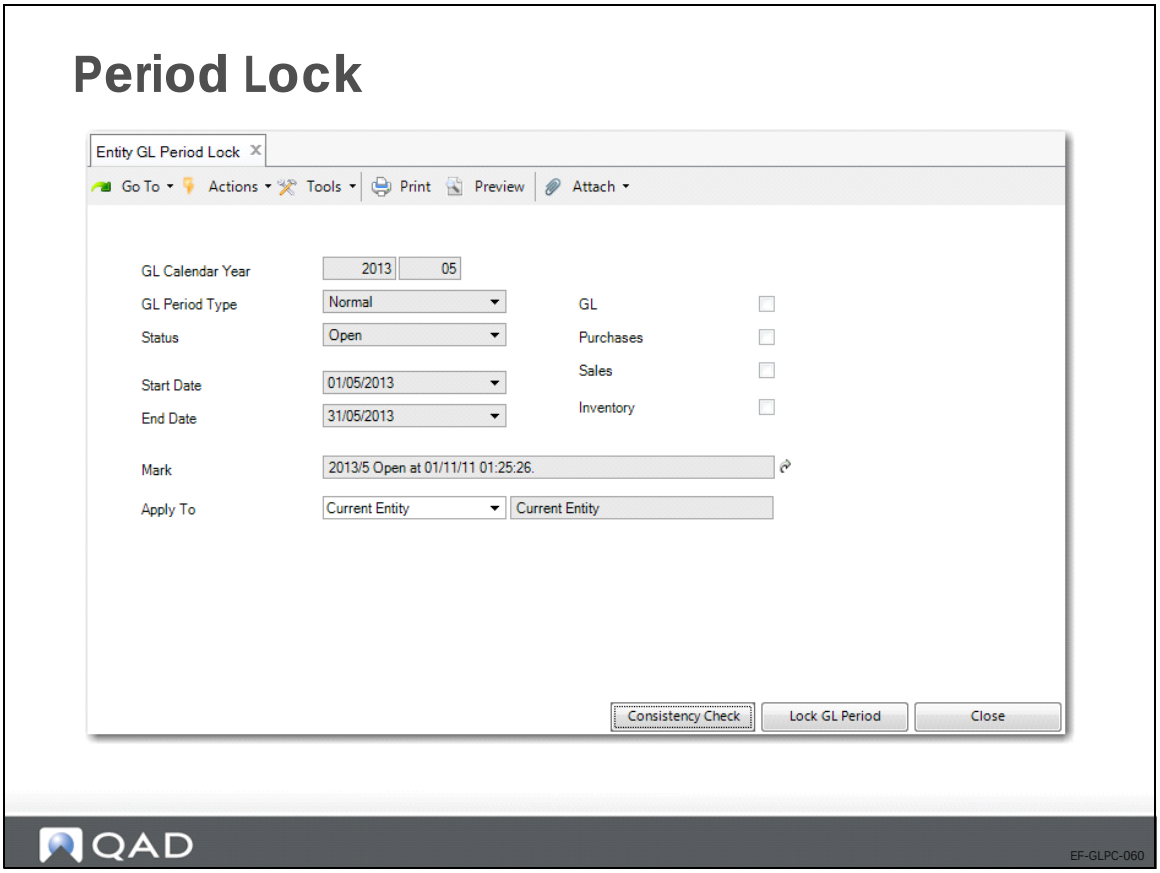
Lock by Daybook



To apply a daybook mask to a GL period for the current entity or a group of entities, open Entity GL Period Lock by Daybook (25.21.5.6) and select the relevant GL period. In the resulting screen, specify the daybook mask to apply to the GL period.

To specify whether you want to run Entity GL Period Lock by Daybook for the current entity or for an entity group, use the Apply To field. This field appears only if entity groups containing the current entity exist.

Period Lock



Use Entity GL Period Lock (25.4.2.3) to lock one or more application areas.

The Apply To field allows you to apply the lock to a single entity or to a group of entities. The Apply To field contains the current entity, along with entity groups that contain the current entity, provided you have access to all of the entities within the entity group.

You can run consistency checks from Entity GL Period Lock.

Lock by Application Areas—Example

Lock by Application Areas - Example

Period	01/12	02/12	03/12	04/12
Global Period Status	Open	Open	Open	Locked
AP Ledger	Open	Open	Locked	Locked
AR Ledger	Open	Locked	Locked	Locked
...	Open	Open	Locked	Locked

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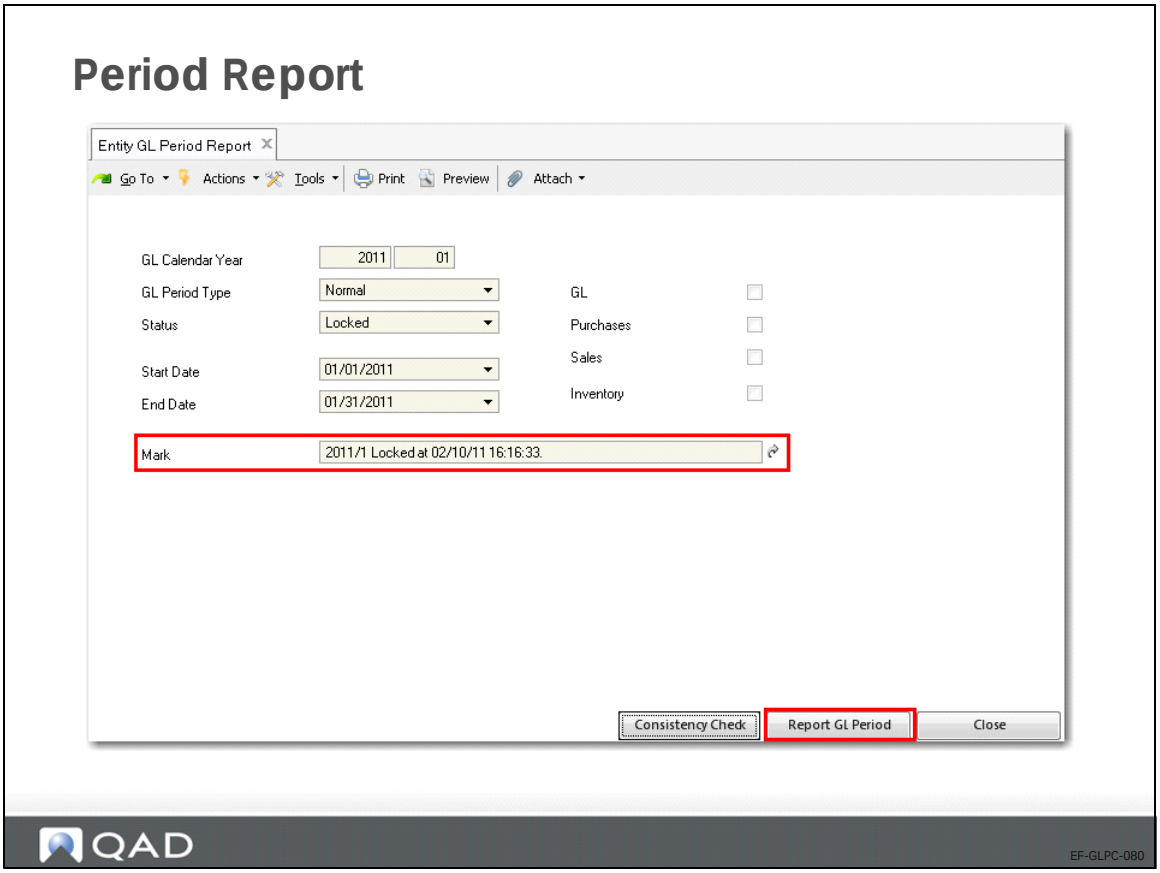
This slide illustrates how to lock GL periods by area and by period.

Period Report



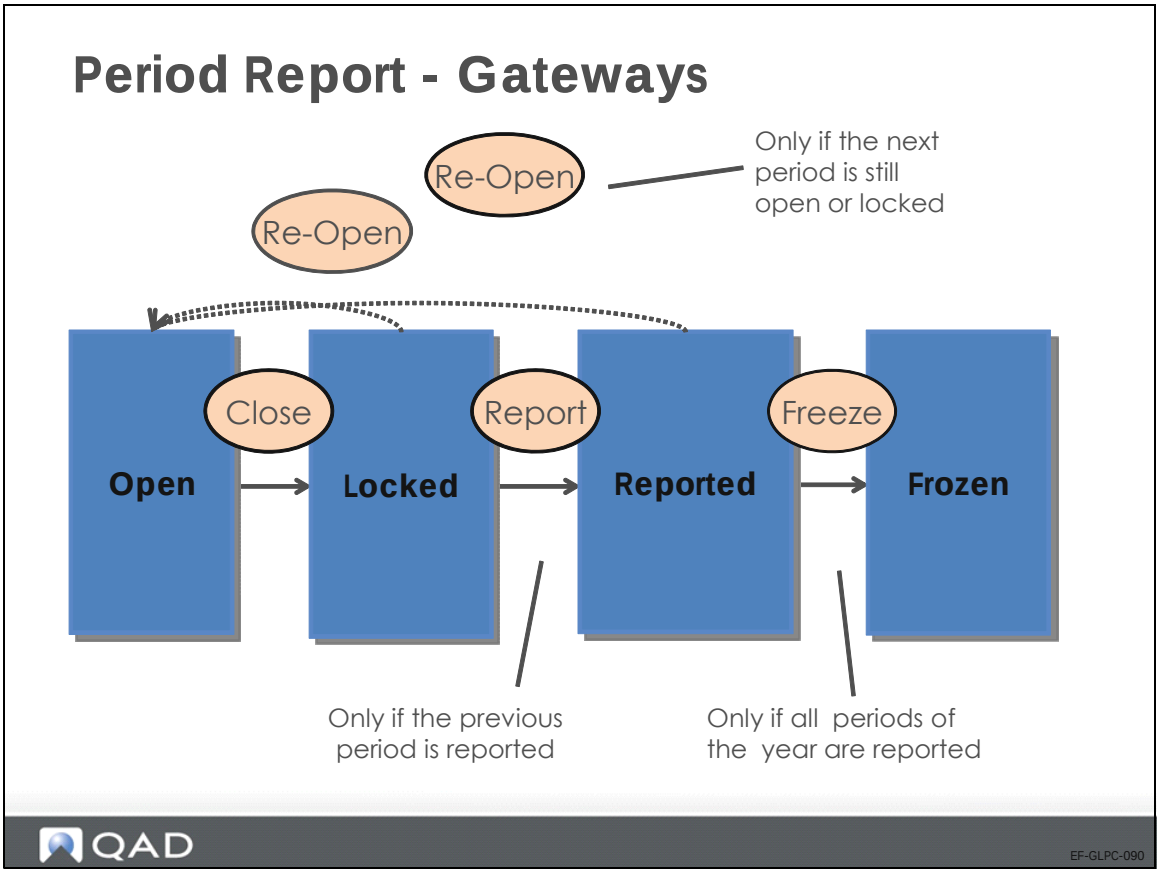
Use Entity GL Period Report (25.4.2.5) when you are ready to report a locked period.

Note that the period mark specifies the date and time the specific period was locked.

You cannot set a GL period to reported if consistency checks have not been run for that period. You can run the consistency checks from Entity GL Period Report.

When you have run the consistency checks for the GL period, you can set the period to reported, even if the consistency check run found errors.

Period Report—Gateways



When you lock or report GL periods, the ability to undo these changes is restricted. The diagram illustrates the locking and reporting possibilities.

For example, only locked periods can be reported, and only a GL calendar year that is entirely reported can be frozen.

Conditions for Period Status Change

Conditions for Period Status Change

From Status	To Status	Condition
Open	Locked	No unposted transaction
	Reported	n/a
	Frozen	n/a
Locked	Open	Anytime
	Reported	No unposted operational transactions Consistency check OK Previous period is reported
	Frozen	n/a
Reported	Open	Next period is not reported
	Locked	n/a
	Frozen	All periods are reported Other conditions applicable to year closing
Frozen	**No status change allowed**	

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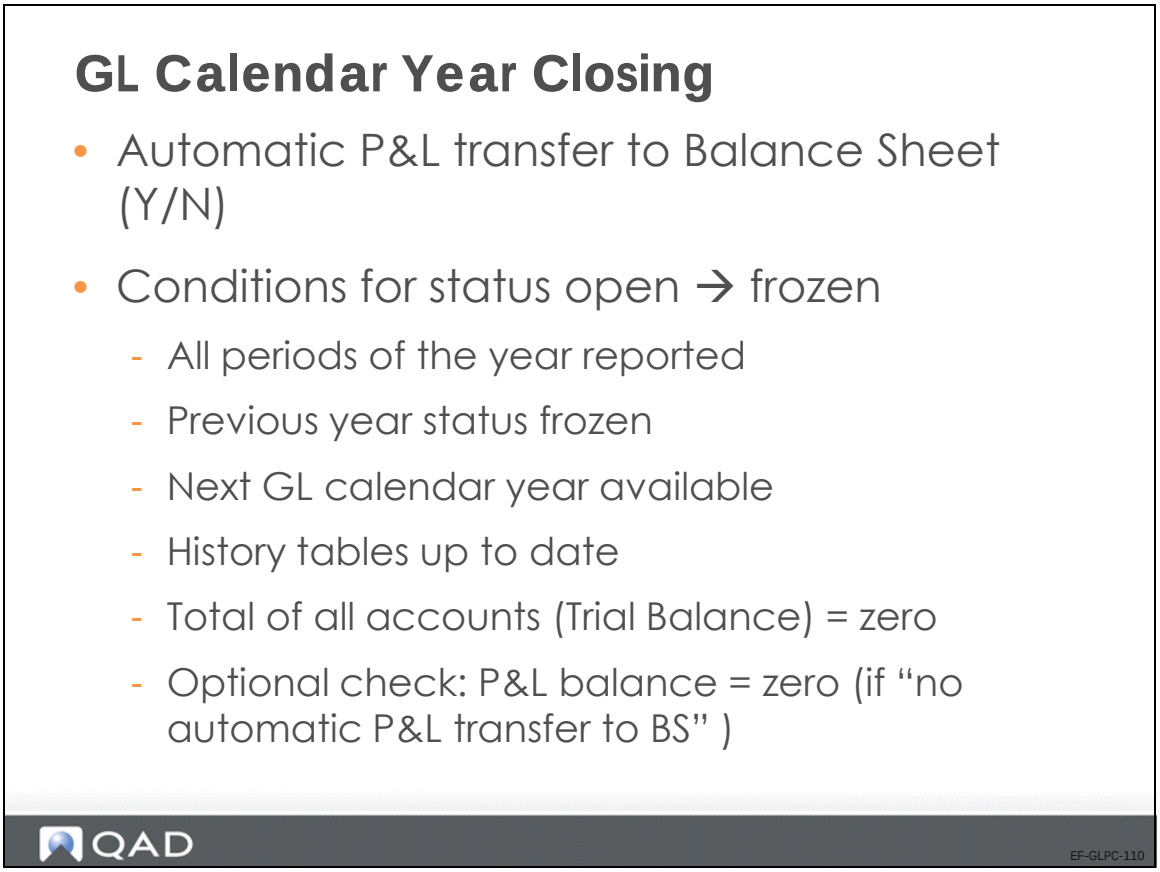
Other conditions apply to GL period status changes, as listed in the above table by status.

GL Calendar Year Closing



When you close the GL calendar year, the system changes the status of all of its GL periods to frozen, and marks all periods as reported.

Year-end closing postings are created at account and sub-account levels only, and in the base and statutory currencies only.

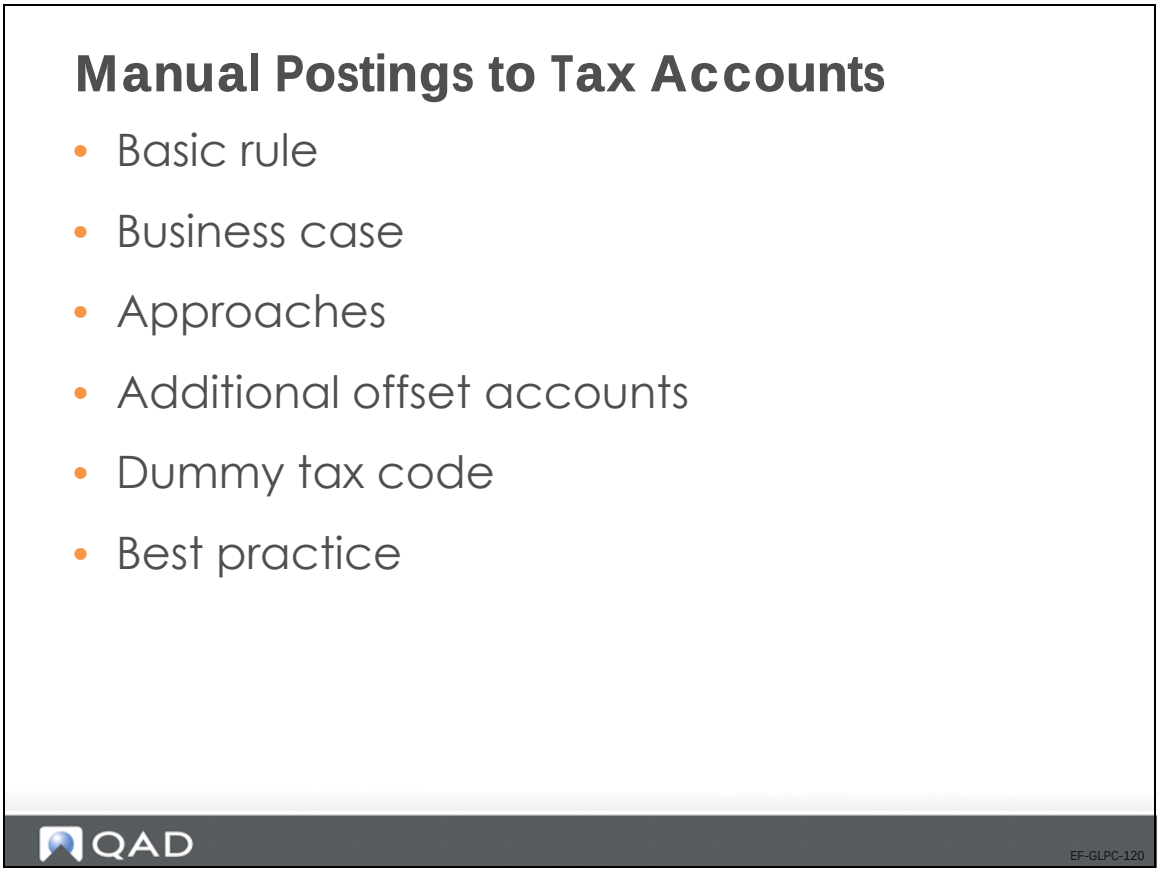
Validate the year end closing by manually running closing reports on every period.

If the conditions to close the GL calendar year are met, the system creates the following:

- A closing GL period
- An opening GL period (00)
- A P&L transfer to Balance Sheet posting (optional)
- A P&L closing posting
- A Balance Sheet closing posting
- A Balance Sheet reopening posting
- Year closing postings:
  - GL and Sub-Account level
  - BC and SC

The system also freezes the GL periods of the year.

Manual Postings to Tax Accounts



This section describes how to balance your tax accounts as part of your end of month closing.

Basic Rule

Basic Rule

- For a tax account, any postings
  - AR
  - AP
  - PO
  - Journal Entry
- Must have PostingVAT records associated with them

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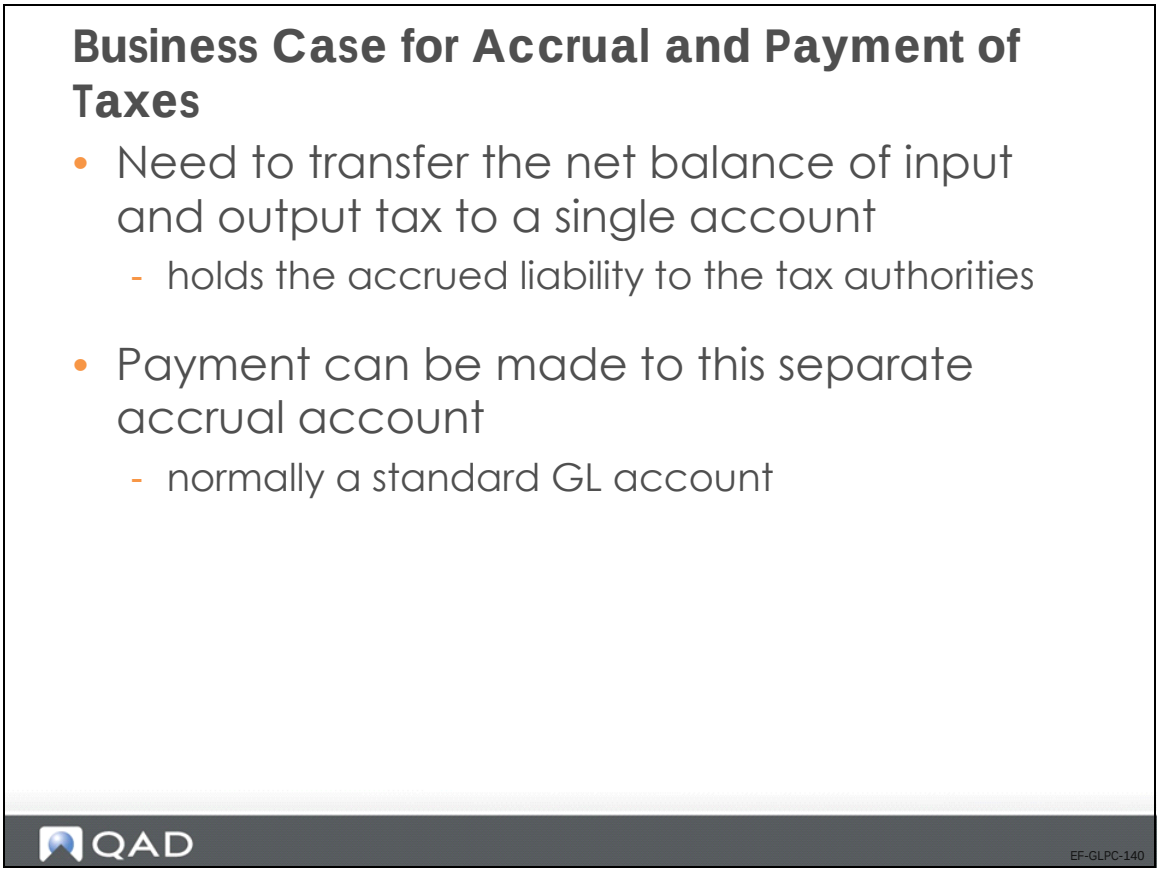
The basic rule in EE Financials for tax accounts is that any postings from AR, AP, purchasing, or journal entries must have PostingVAT records associated with them.

Business Case for Accrual and Payment of Taxes



The following is the business case for the accrual and payment of taxes.

There is a perceived need to transfer the net balance of input and output tax (and, potentially, other taxes that can be offset, for example, advanced corporation tax) to a single account to hold the accrued liability to the tax authorities.

You can pay these taxes against the separate tax accrual account using the existing payment functions or by journal entry, when offsetting against other taxes. The tax accrual account is normally set up as a standard GL account.

Possible Approaches

Possible Approaches

- Use one or two additional offset accounts
  - Post the reverse of the balance of the relevant tax accounts
- Set up a "dummy" tax code
  - Use the same input and output VAT accounts
  - Post actual tax transactions

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Additional Offset Accounts

Additional Offset Accounts

- Create standard accounts
- Post the reverse of the balance of the relevant tax accounts
- Show these offset accounts in the same location on the balance sheet as the output and input tax accounts (for reporting purposes)
  - Disadvantage: actual balances of input and output tax accounts never actually decrease

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This slide outlines the approach for creating offset accounts.

Dummy Tax Code

Dummy Tax Code

- Set up a tax rate in each domain for "tax centralization" purposes only
- Can also be used for:
  - Year-End closing
  - Consolidation
- Recommended approach

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This approach is consistent with that followed in other functions that update tax accounts, such as GL Consolidation, and Year-End Closing Execute, both of which already use dummy tax codes when making postings to tax accounts:

The approach outlined on the slide is recommended.

Best Practice: Dummy Tax Code

Best Practice: Dummy Tax Code

- Set up tax parameters
- Report on tax account balances
- Clear out the balances of tax accounts

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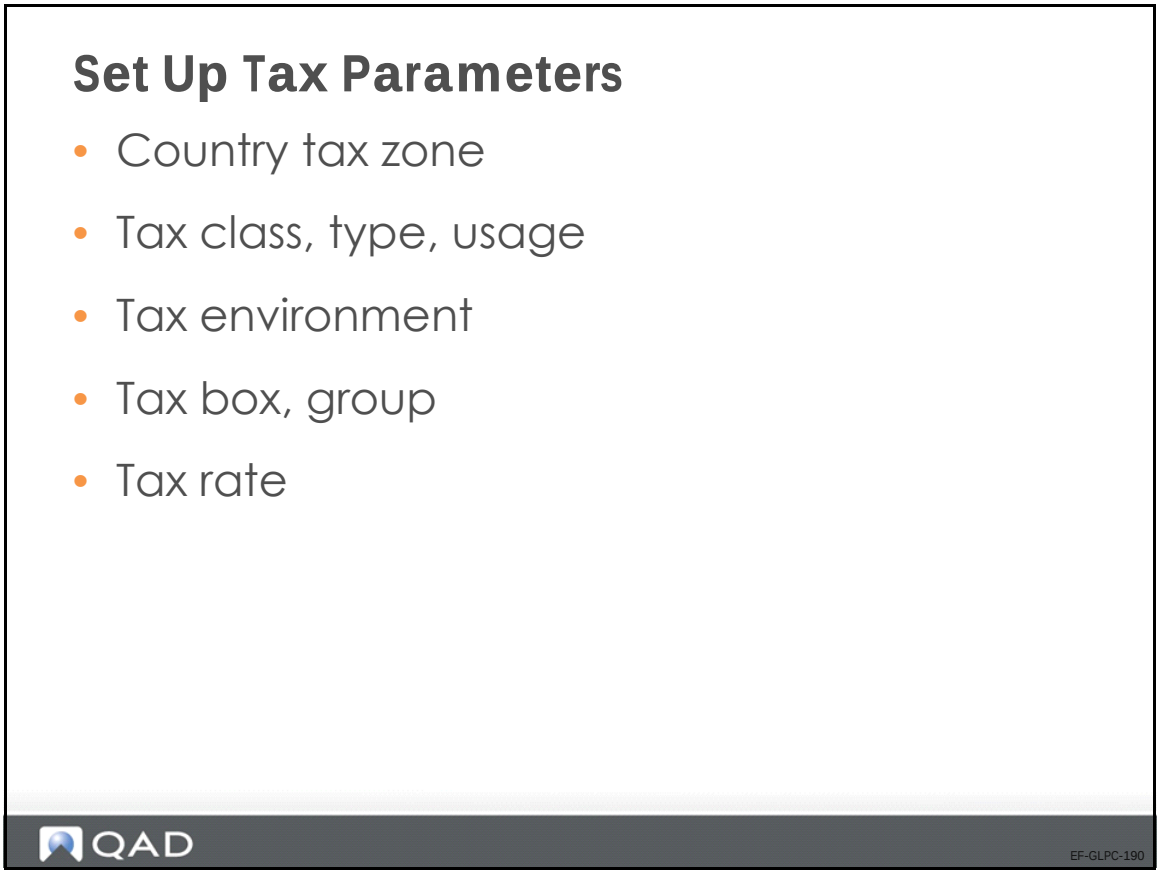
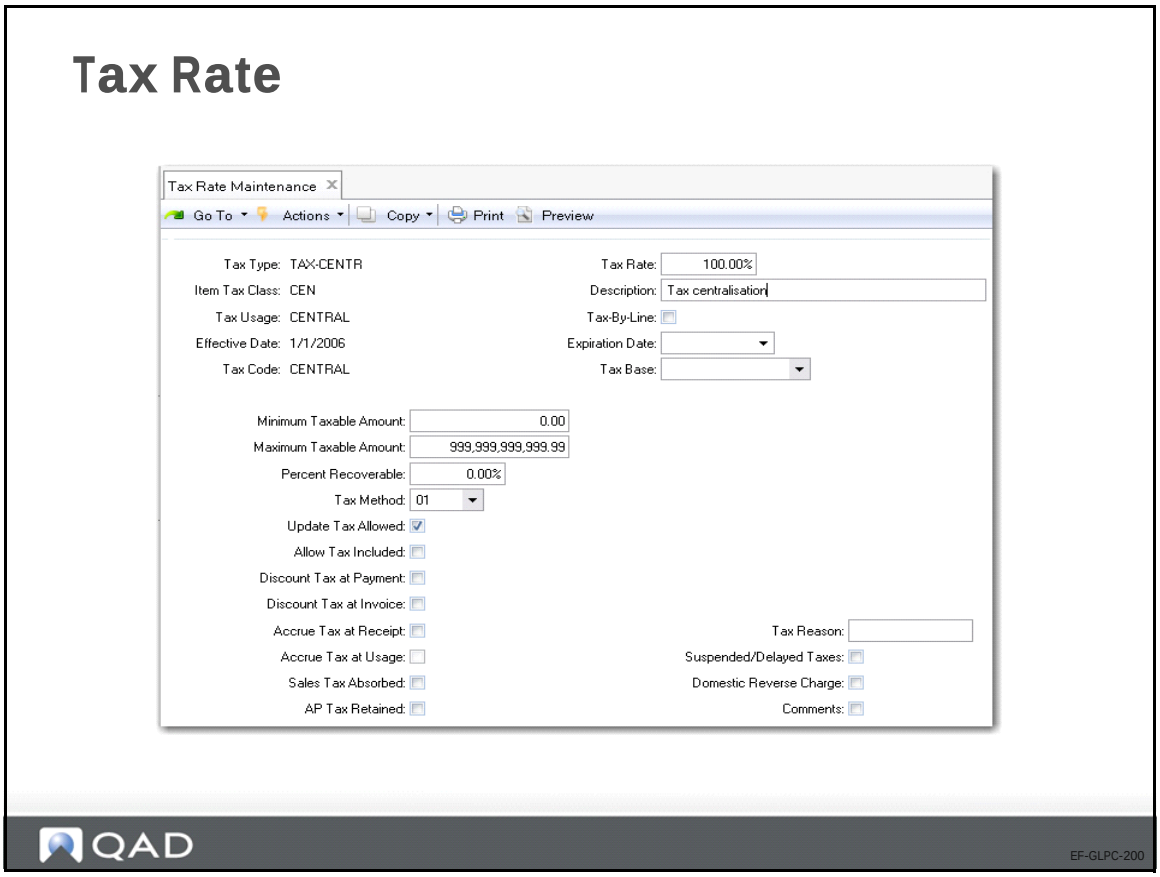
Set Up Tax Parameters



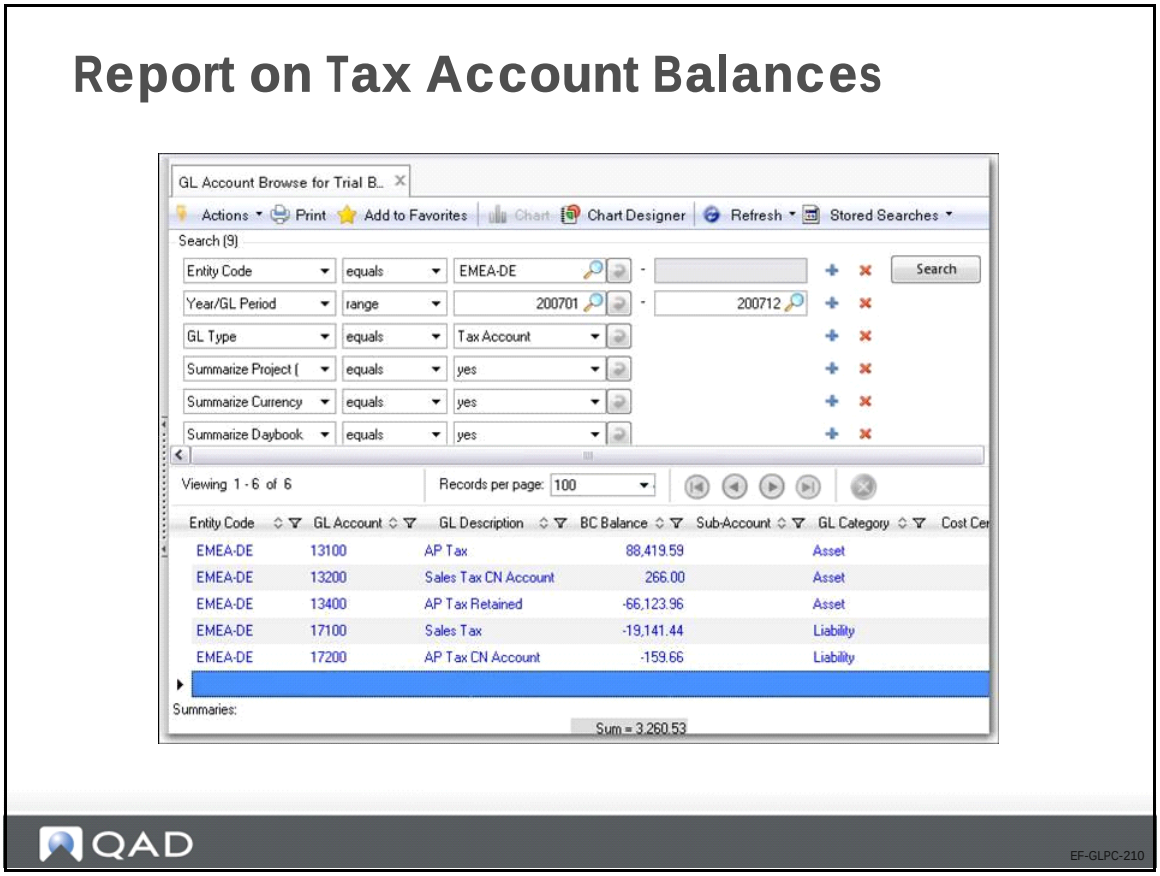
Create a separate set of parameters:

- Country: ZZ (ZZ Tax Centralization)
- Tax Zone: ZZ (ZZ Tax Centralization)
- Tax Class: CEN (Tax Centralization)
- Tax Type: TAX-CENTR (Tax Centralization)
- Tax Usage: CENTRAL (Tax Centralization)
- Tax Environment: ZZ-CENTRAL (ZZ Tax Centralization)
  - Ship-From: ZZ
  - Ship-To: ZZ TxC:
  - CEN Tax Type: TAX-CENTR
- Tax Box
  - ZZ-Base (Base Tax Centralization)
  - ZZ-Tax (Tax Box Centralization)
- Tax Group: ZZ-TAX-CENTR (Tax Centralization)
  - Tax Box: ZZ-Base, ZZ-Tax

Tax Parameters

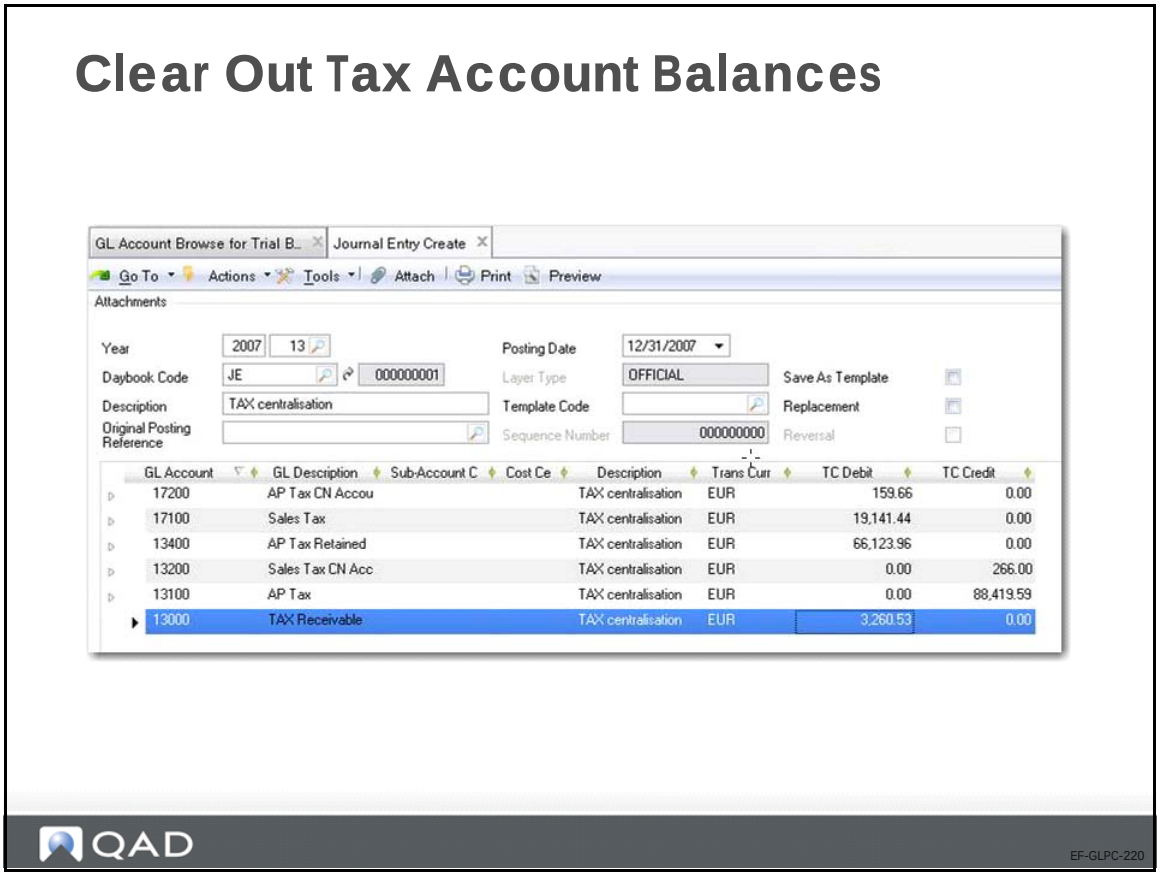


Report on Tax Account Balances



You can use the Trial Balance View to view tax account balances.

Clear Out Tax Account Balances

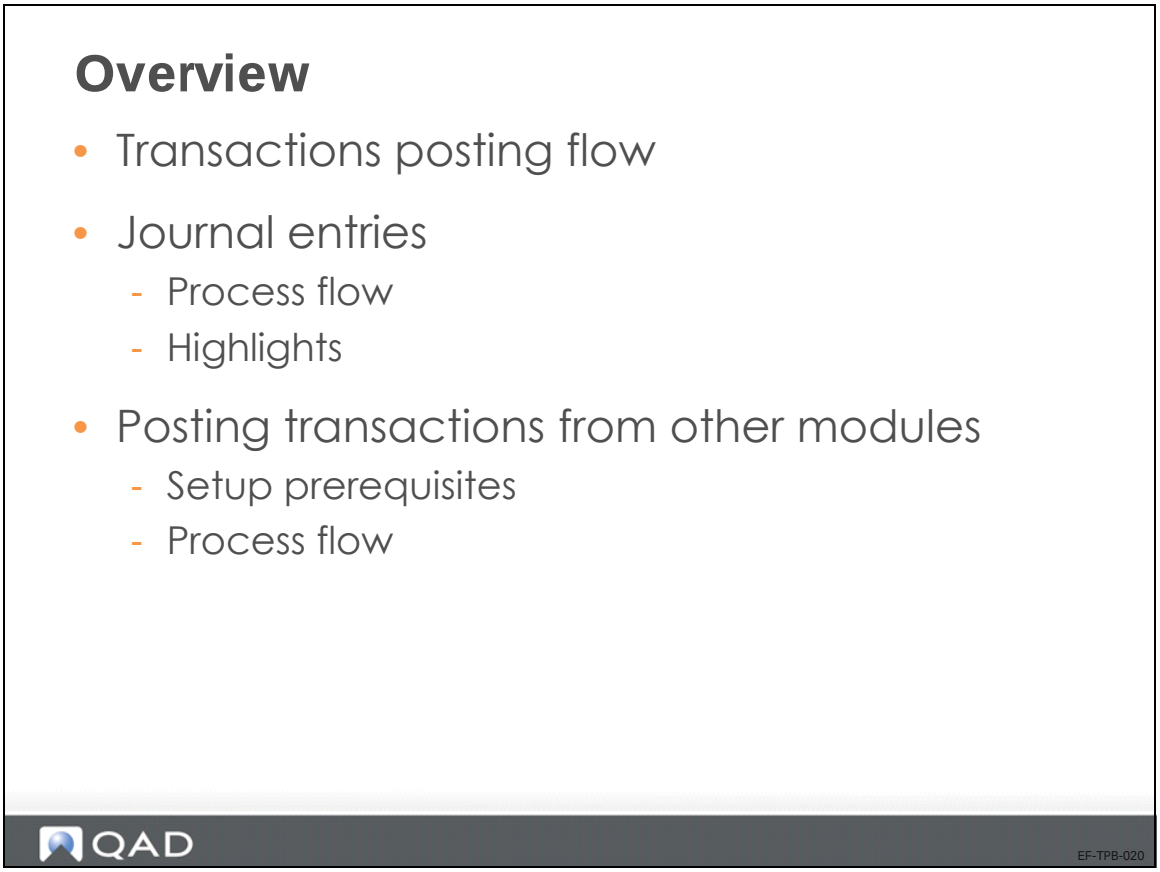


The slide shows journal entries used to net tax account balances.

Chapter 18

Transaction Posting Basics

Overview

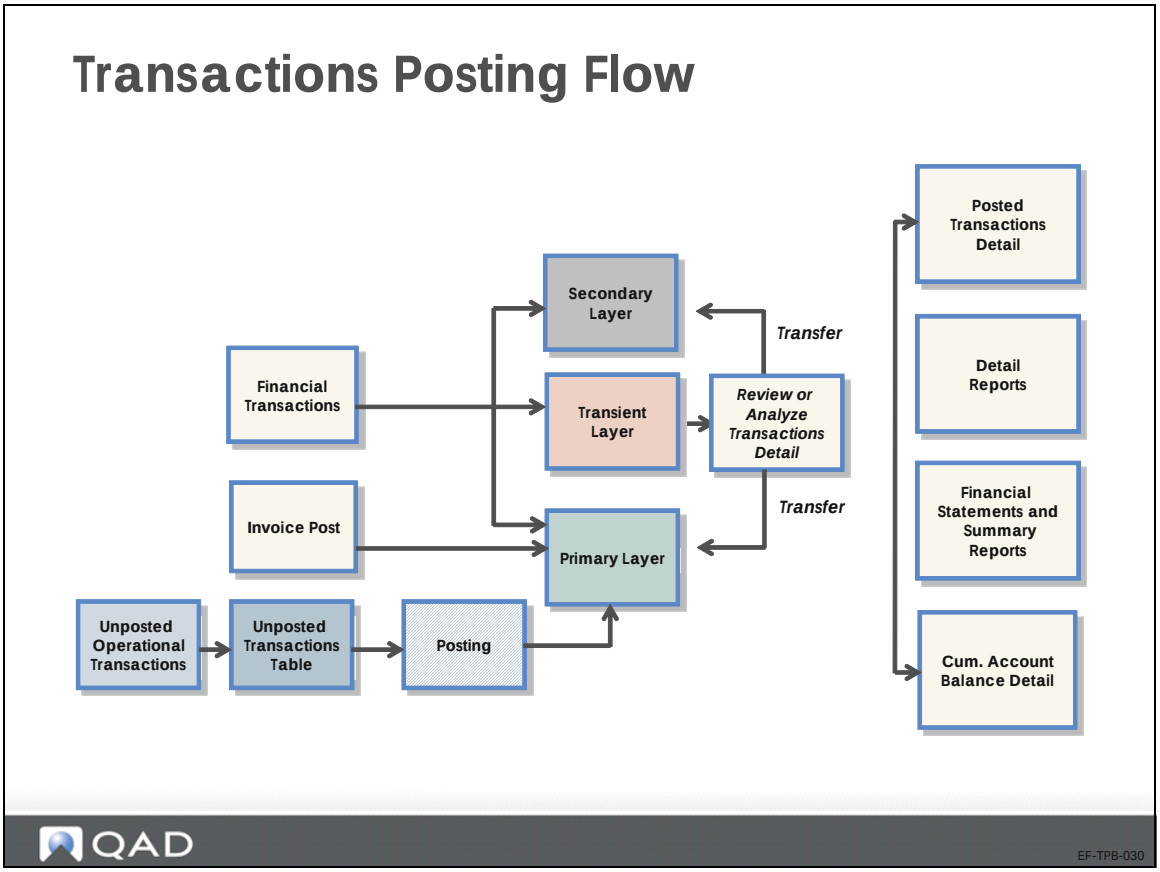


This section provides a high-level overview of the transaction posting process. It describes how financial transactions are created, and which transactions originate from operational activities.

Other financial transactions topics include posting templates, reversing transactions, recurring entries, transaction mass layer transfer, open item adjustments, revaluation, and cross-company transactions. These topics are described in detail in Chapter 22, “General Ledger Transactions” on page 547.

This section concentrates on basic journal entries and posting transactions from other modules.

Transactions Posting Flow

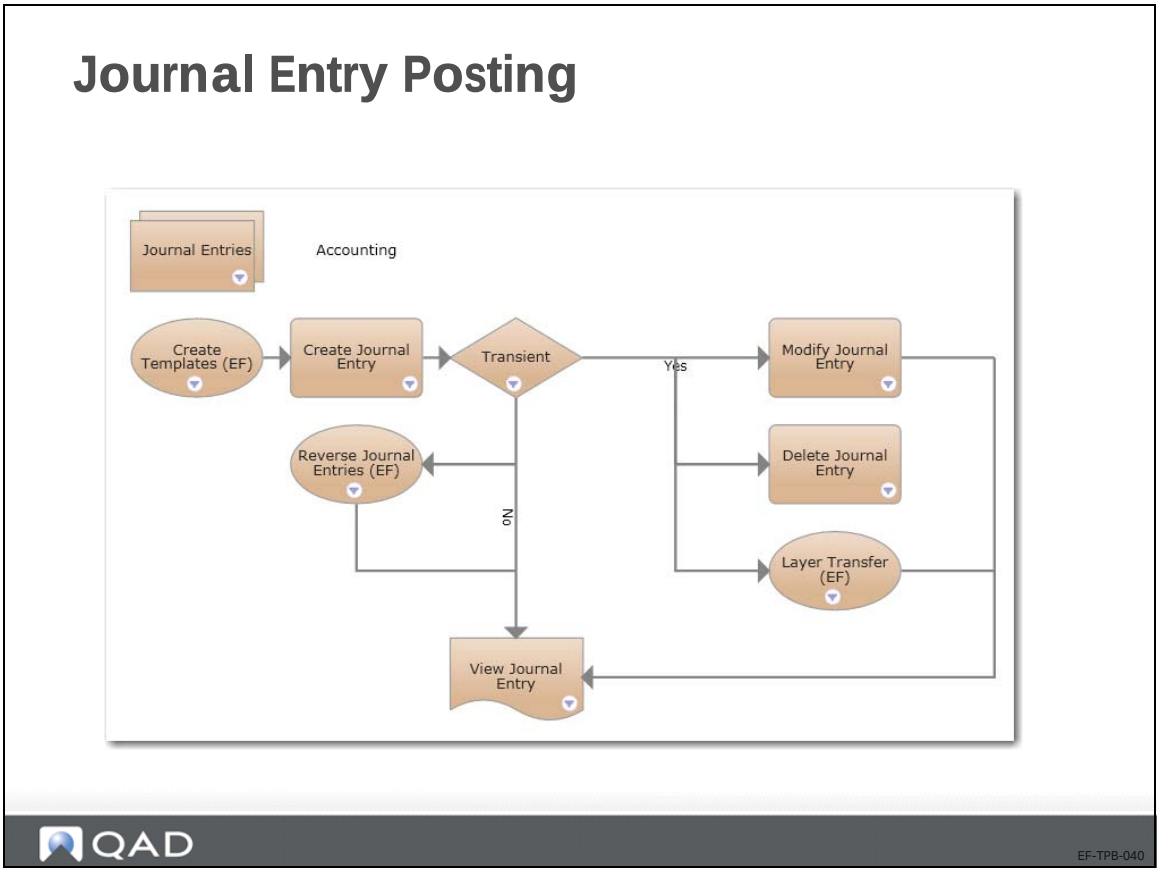


Financial transactions are recorded in the Financials module. These transactions can be posted in one of the three system-defined accounting layer types. This depends on the daybook in which the transaction is posted.

Most operational GL transactions originate from manufacturing, purchasing, and inventory movements, and are created as unposted transactions. These transactions must be posted to the primary layer (labelled “official” in the system) to update GL account balances.

Customer invoices based on sales orders are posted directly to the primary layer of the general ledger.

Journal Entry Posting

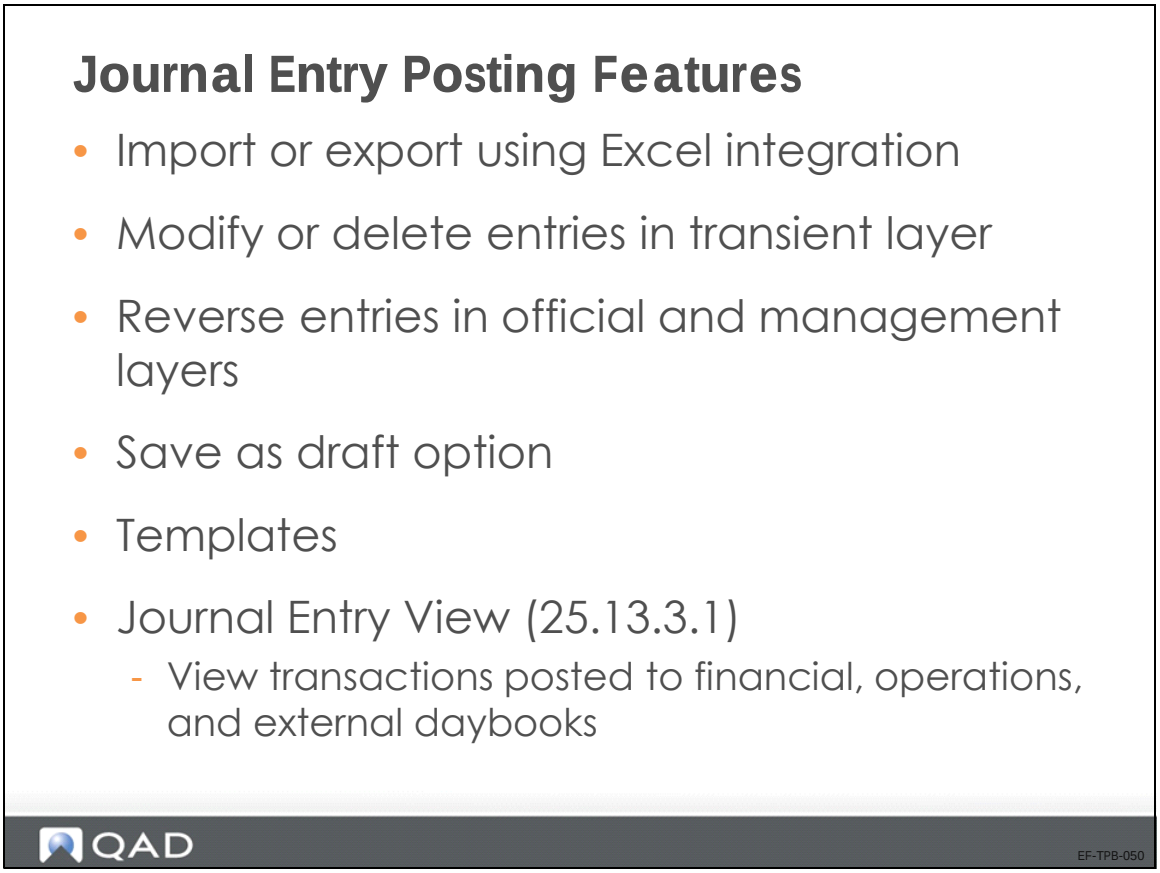


You can use Journal Entry Create (25.13.1.1) to make manual postings directly in Financials. The daybook you specify determines the layer in which the transaction is posted.

Only transactions in a transient layer can be modified, deleted, or transferred to another layer.

You can reverse journal entries posted in layers other than the transient layer. You can view all posted transactions in Journal Entry View (25.13.1.3).

Journal Entry Posting Features



Using the Excel Integration feature, you can export data into Excel spreadsheets for analysis or reporting. You can also create new data within Excel and import it to the QAD database, where it is validated before being saved.

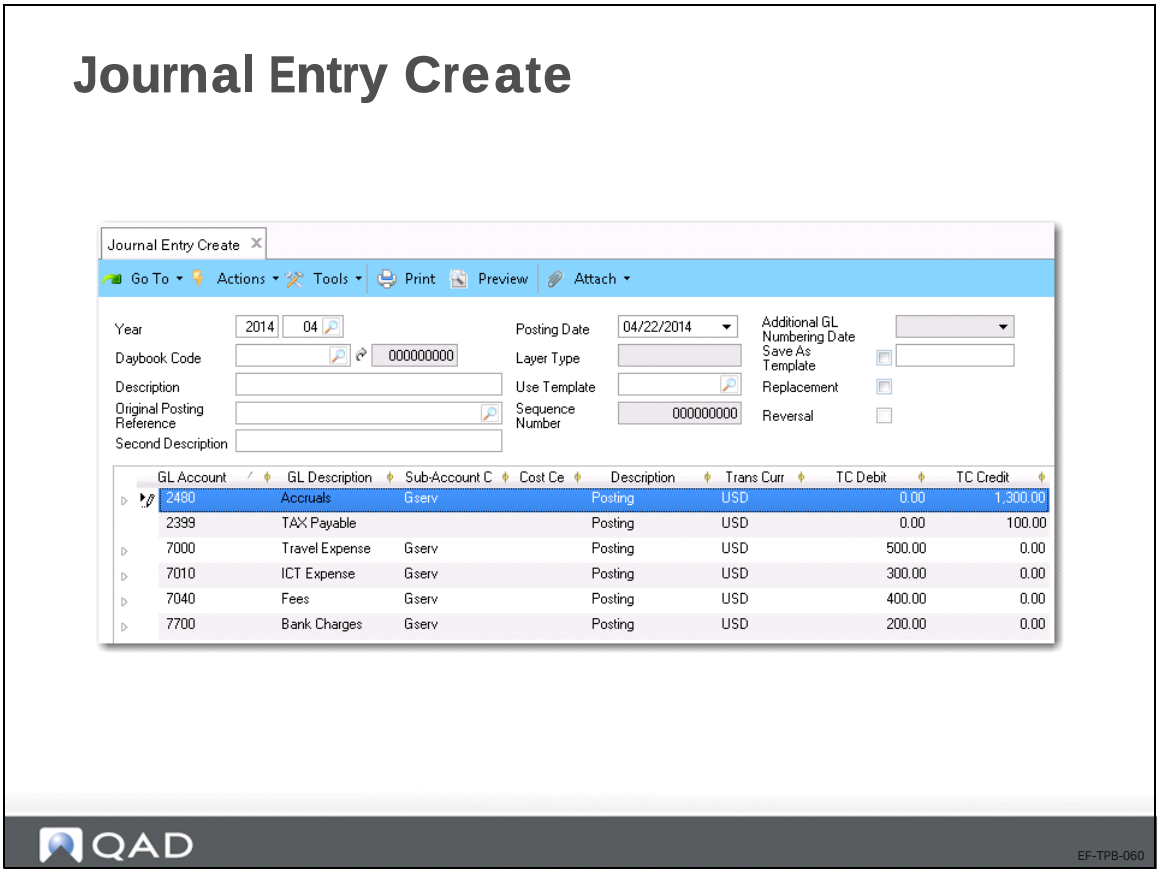
You can save journal entries in draft format when Draft Instances is selected in Change System Settings (36.24.5.1). When you save a record in draft format, none of the system validations are run. You can then return later to complete the record by choosing the Journal Entry Browse Drafts activity (25.13.1.13) and selecting the record you want to finish from the list.

If you plan to record the same journal entry on a regular basis, posting templates let you save the posting details for reuse. Templates are usually used with recurring entries, in which the template is posted at recurring intervals according to a predefined schedule. However, you can use templates for any type of repetitive posting.

Journal Entry View (25.13.1.3) allows you to review any posted transaction. The filters, such as daybook, layer, or posting date, help you find what you are looking for.

When journal entries are posted to the primary or secondary layer, you cannot modify or delete them—you can only reverse the entries. You can modify or delete journal entries in the transient layer.

Journal Entry Create

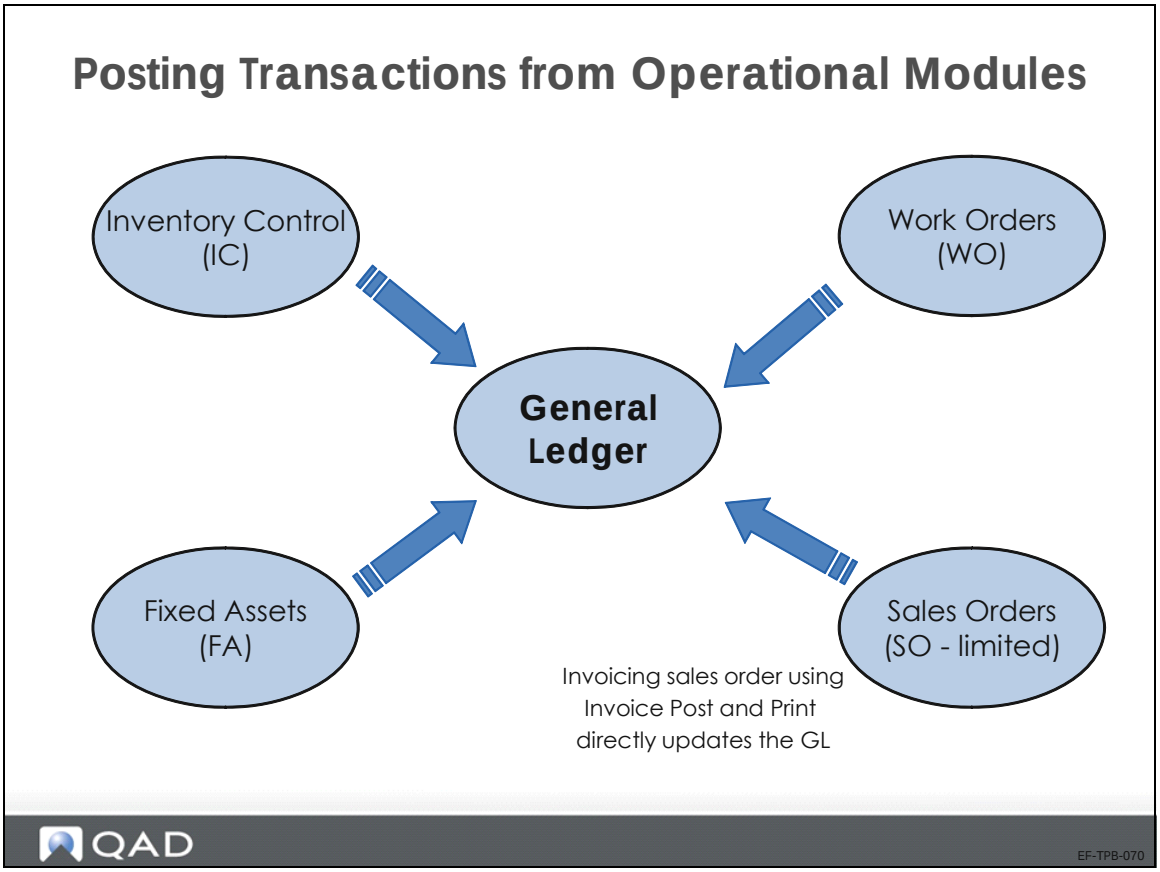


Use Journal Entry Create (25.13.1) to record financial transactions.

When you select the Replacement field, the journal entry is a replacement posting for correction and triggers a reversal posting and a new, correct posting. In this case, the original posting reference is displayed in the appropriate field.

To create a journal entry template, select the Save as Template field and enter a template name. To use an existing template, enter the appropriate template code in the Use Template field.

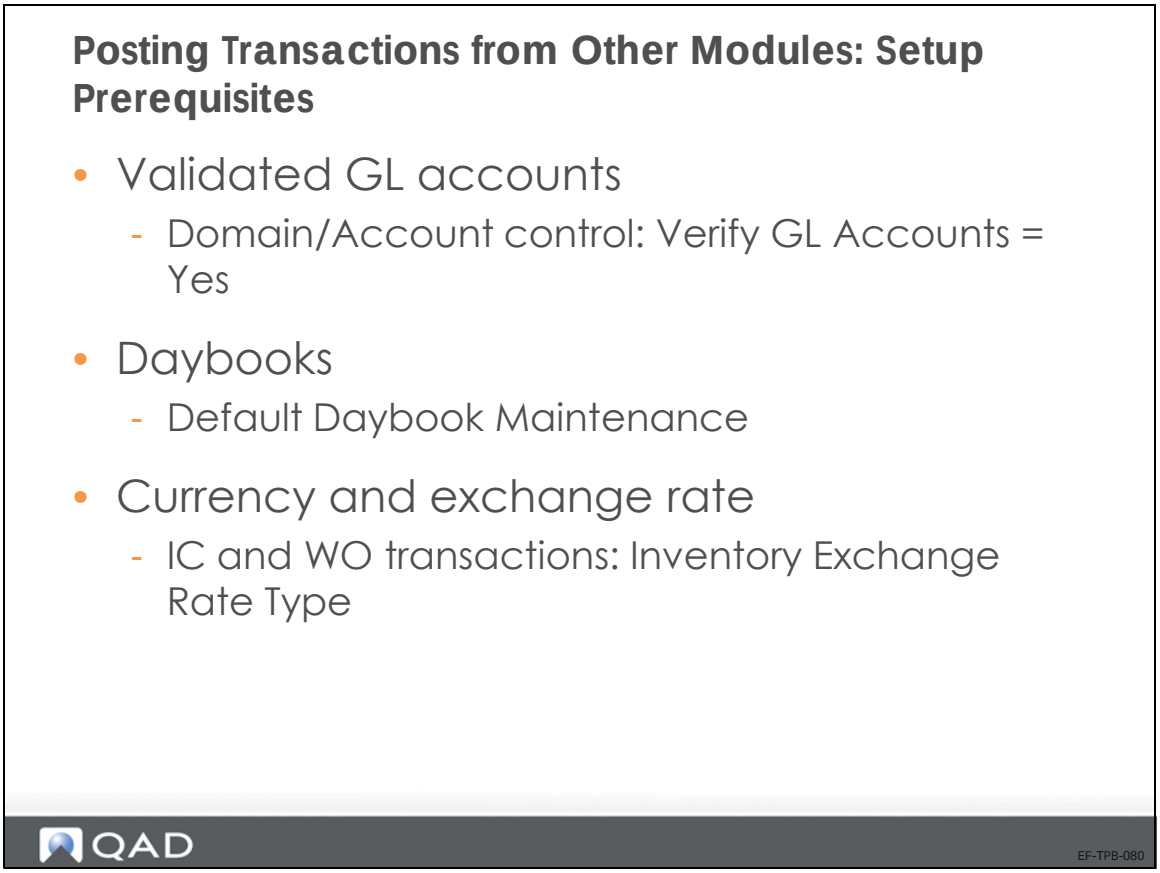
Posting Transactions from Operational Modules



In a production system, most GL transactions originate from operational transactions, such as manufacturing, purchasing, and inventory movements. These operational transactions fall into four areas:

- Inventory Control (IC)
- Work Order (WO)
- Fixed Assets (FA)
- A limited number of sales order (SO) transactions

Setup Prerequisites

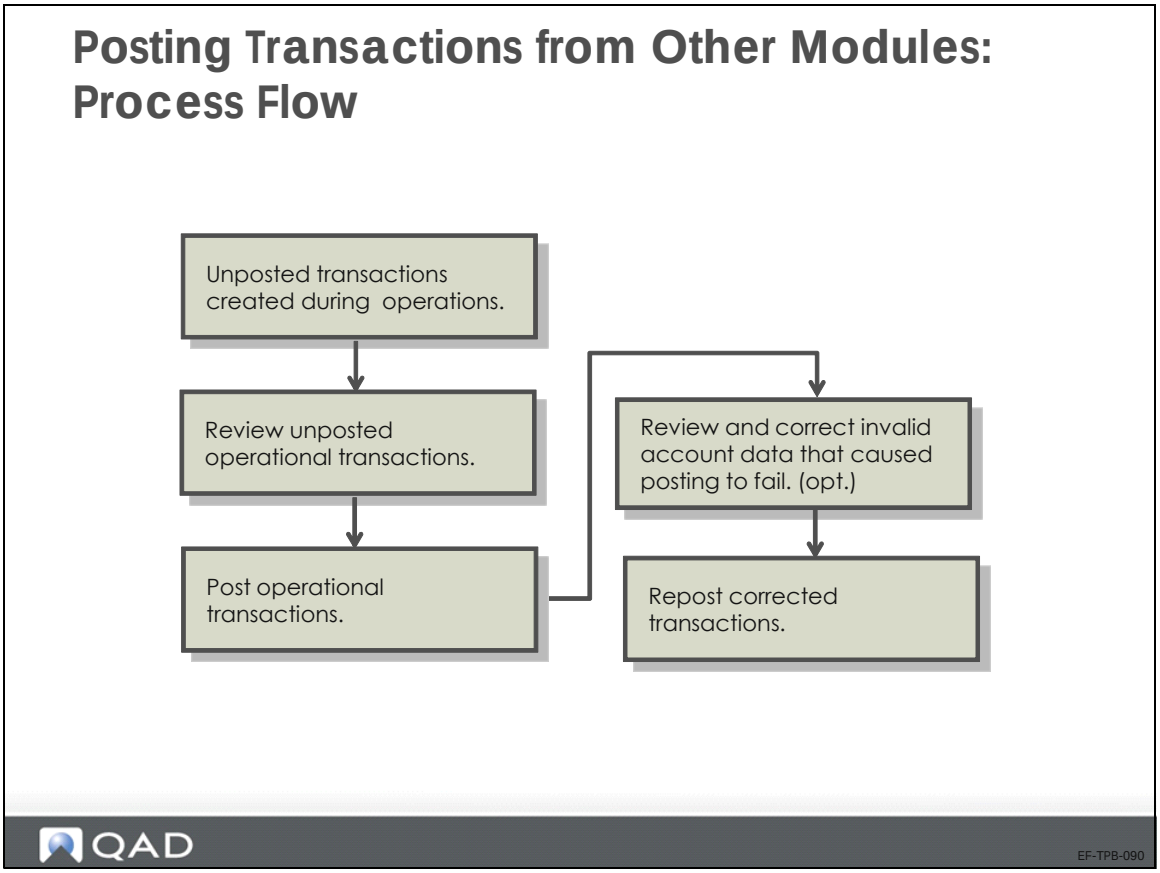


Before you can post operational transactions, select the Verify GL Accounts field in Domain/Account Control (36.9.24). This setting indicates that valid default GL accounts, sub-accounts, and cost centers, if applicable, have been identified at domain level.

At a minimum, you must specify the system daybook in Default Daybook Maintenance (25.8.4). You must create the system daybook in Financials with a type of Journal Entries, link it to the primary layer, and assign a daybook control type of Operational.

A specific system exchange rate type is available for IC and WO transactions. If no exchange rate is defined for these, the system defaults to using the accounting exchange rate.

Process Flow



The process flow for posting transactions from other modules is as follows:

Review unposted transactions

- Unposted Transactions Inquiry (25.13.13)
- Unposted Transactions Register (25.13.14)
  - You can only select the Unbalanced option.

Post operational transactions to the GL

- Operational Transaction Post (25.13.7)
  - Select by entity, date, and daybook.

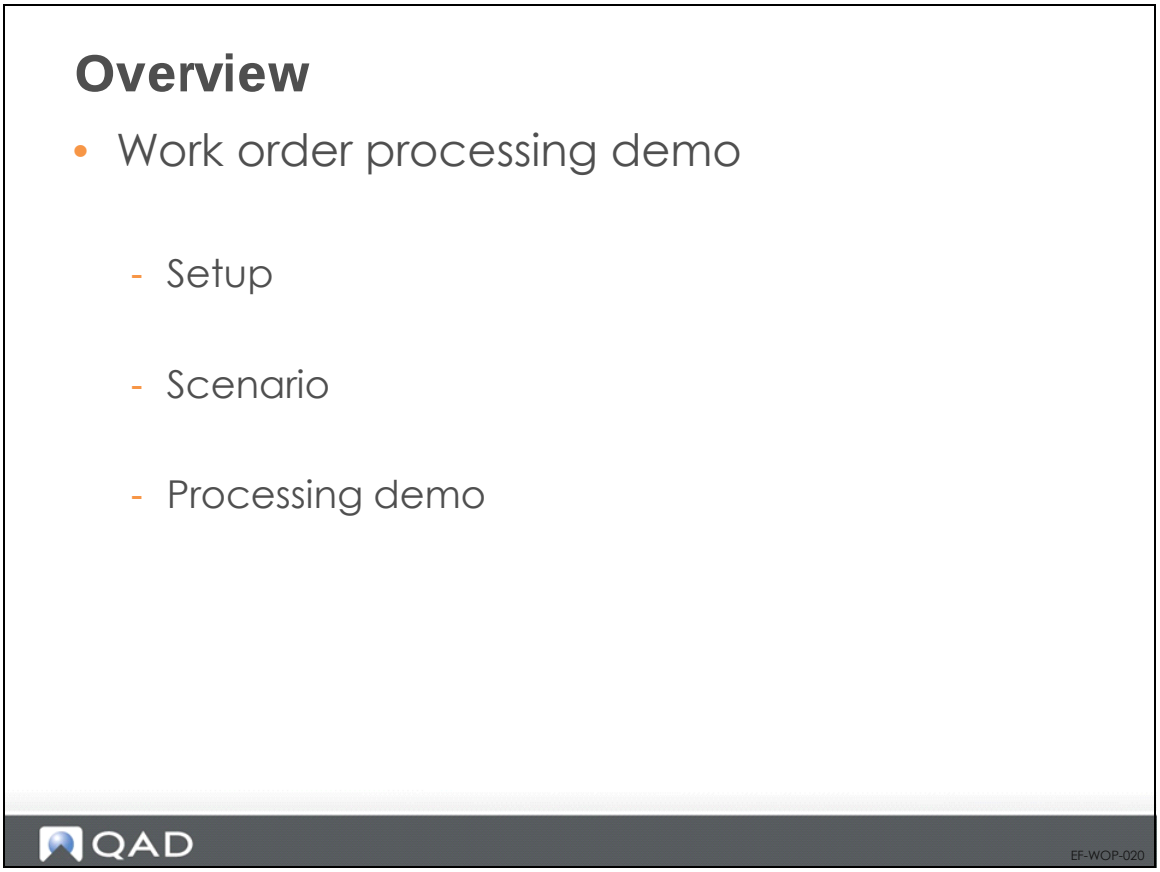
Correct invalid data

- Unposted GL Transaction Correction (25.13.16)
  - Update the account, sub-account, cost center, or project.
  - Generate an audit trail for the changes (optional) by selecting the GL Transaction Audit Trail field in GL Op Transaction Control.

Chapter 19

Work Order Posting

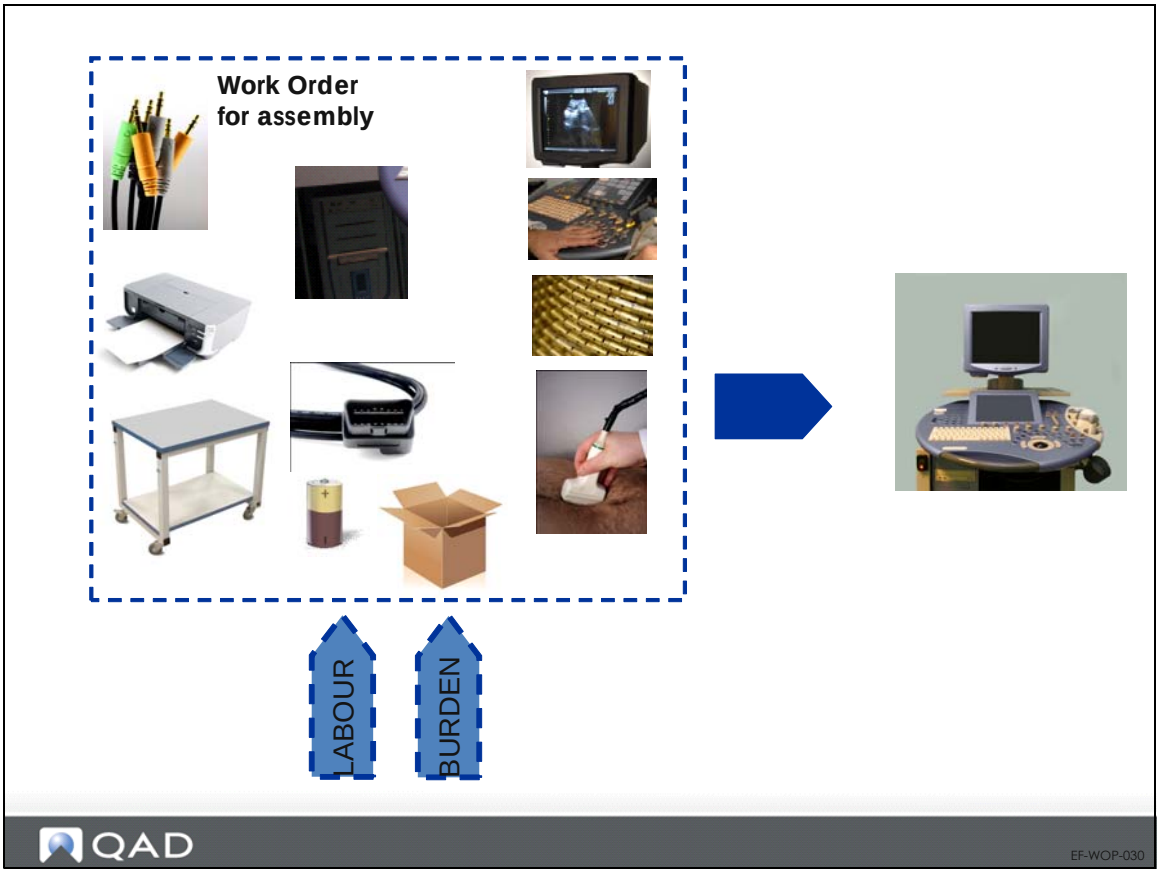
Overview



The work order processing scenario used in this chapter shows how operational transactions generate GL transactions, and how the transactions update GL balances in Financials.

The example in this chapter shows the work order process for a medical ultrasound manufacturer.

Work Order for Assembly



In order to assemble a medical ultrasound, you need components (standard connector, display, keyboard, protective casing, CPU, probe, moveable cart, monitor cable, printer, battery, shipping box), labor, and burden.

Setup

Setup

- WO control files
- Items
  - Medical Ultrasound
  - Components: Keyboard, CPU, probe, moveable cart, printer, durable plastic housing, standard connector, monitor cable, battery, shipping box
- Product structure
  - Medical Ultrasound
    - One of component item listed
- Department
  - Accounts: Labor, Burden, Variances

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WO control programs have been completed.

Both manufacturing and purchase items are set up, as well as the product structure.

Departments are created to identify the GL accounts to use.

Setup Prior to this Scenario

- Work center
  - Labor rate, burden rate
- Standard operation and routing
  - Processing time
- Cost roll-ups
  - Routing
  - Product structure
- Daybooks
  - WOISS, WORCT, WOCLOSE, WO-MVAR
- Default daybooks for transactions
  - ISS-WO, RCT-WO, WO-CLOSE, MATL-VAR
- SAF structures, SAF codes
  - Product line, site, item type

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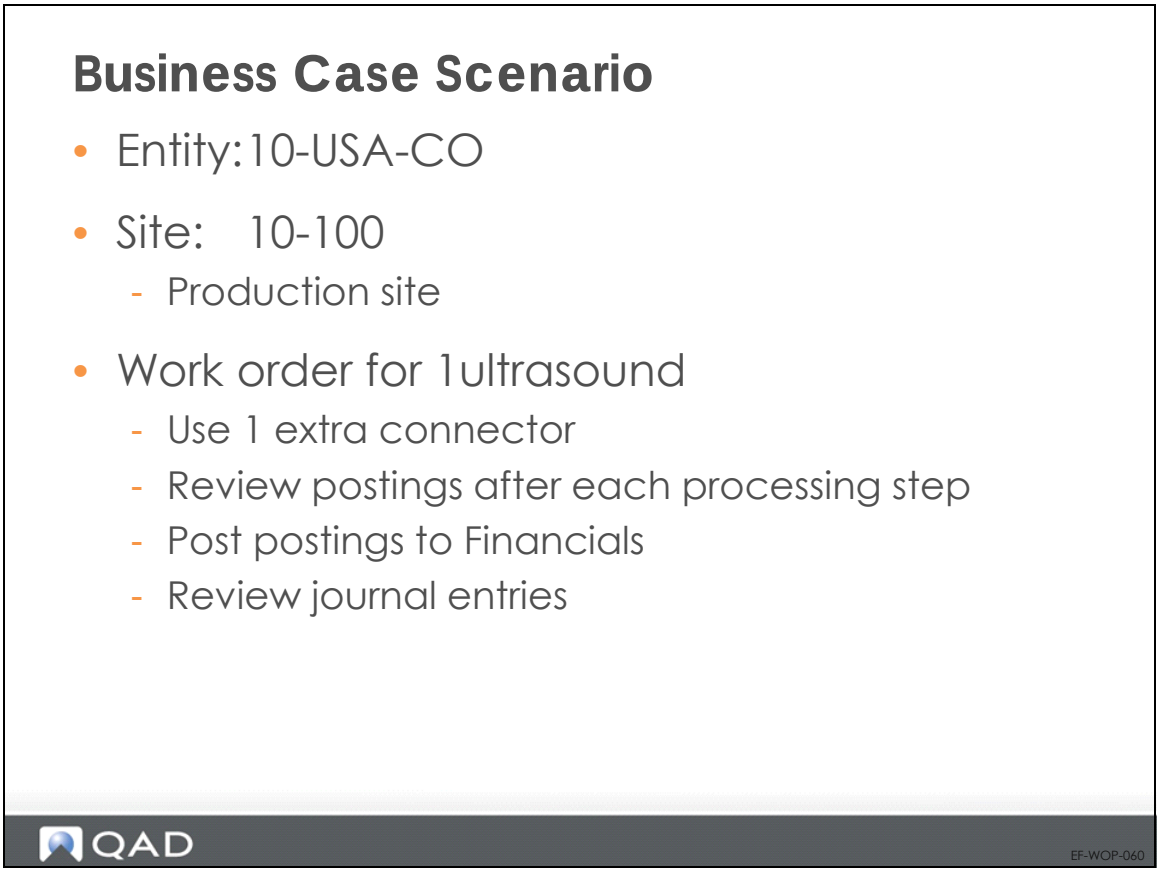
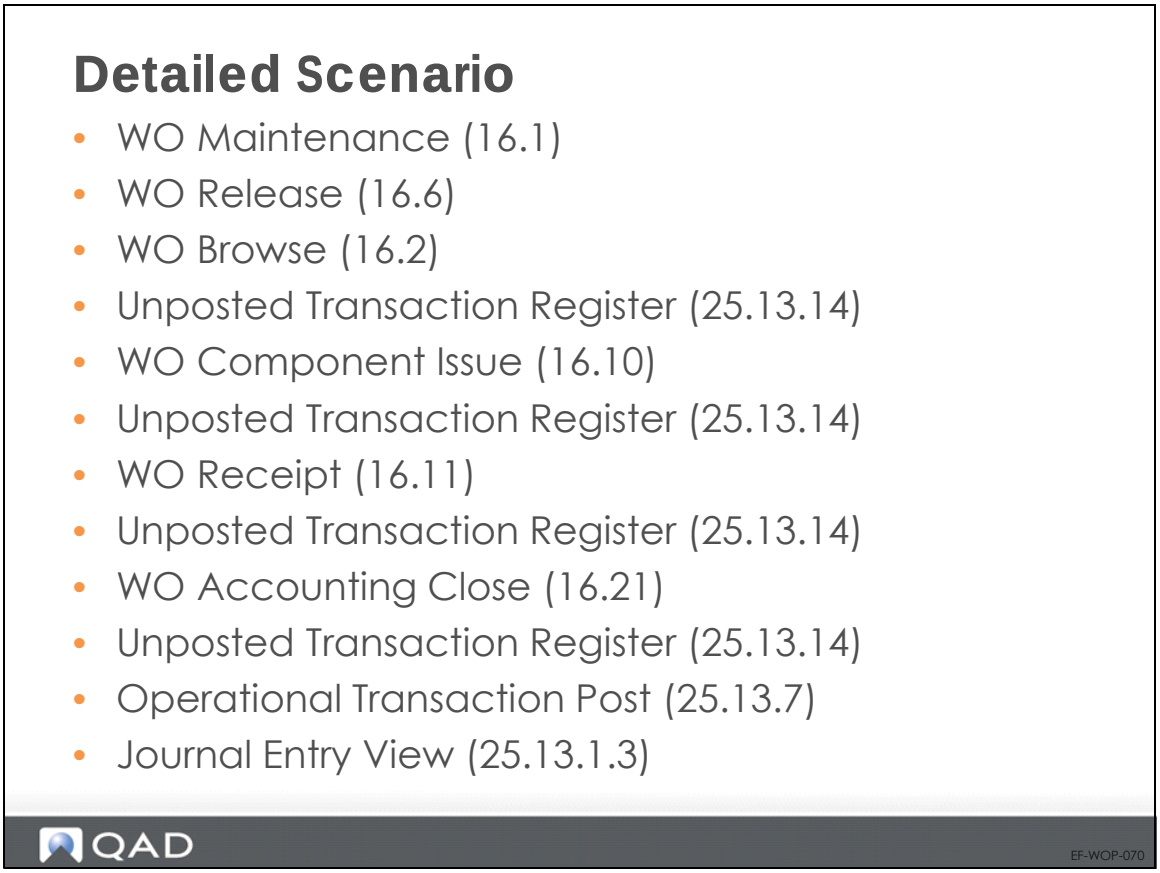
Business Case Scenario



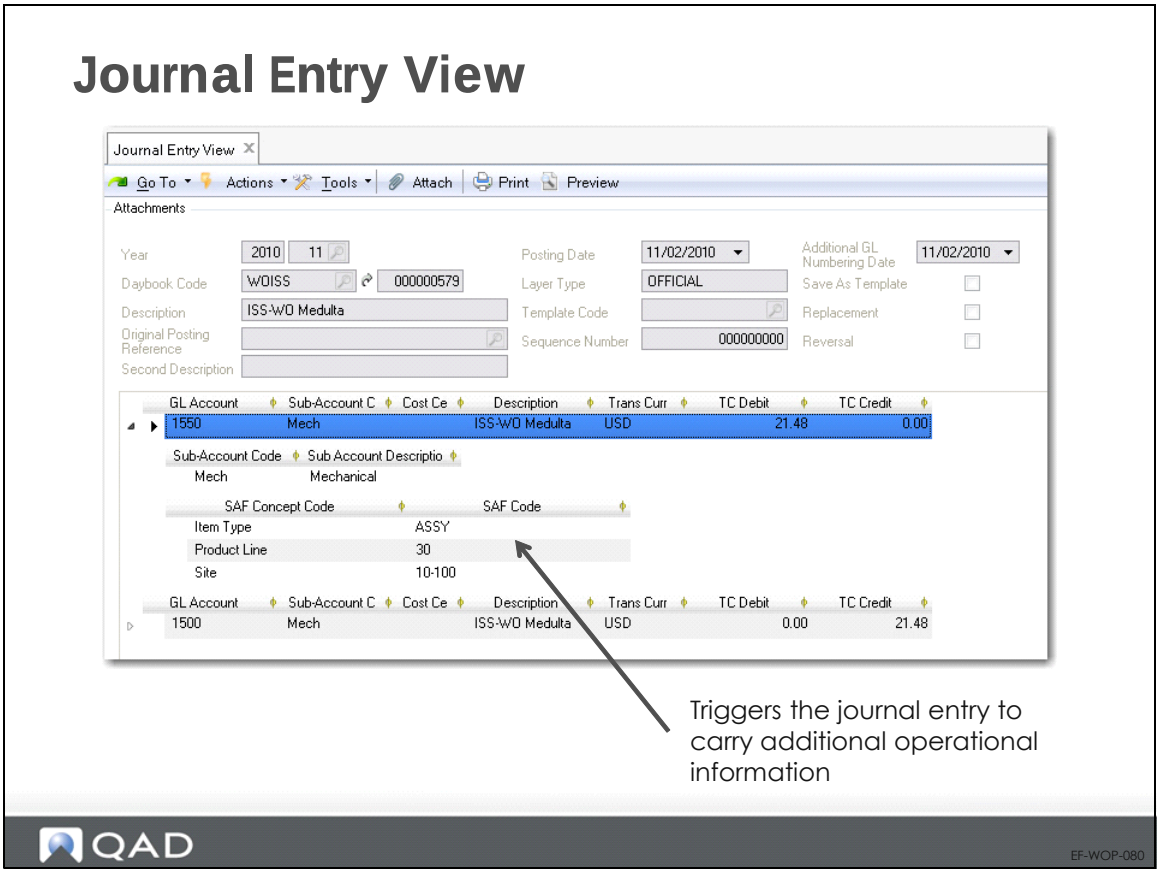
This scenario uses more connectors than the standard quantity. This change causes a variance, and we will examine the postings that result from the variance.

Detailed Scenario

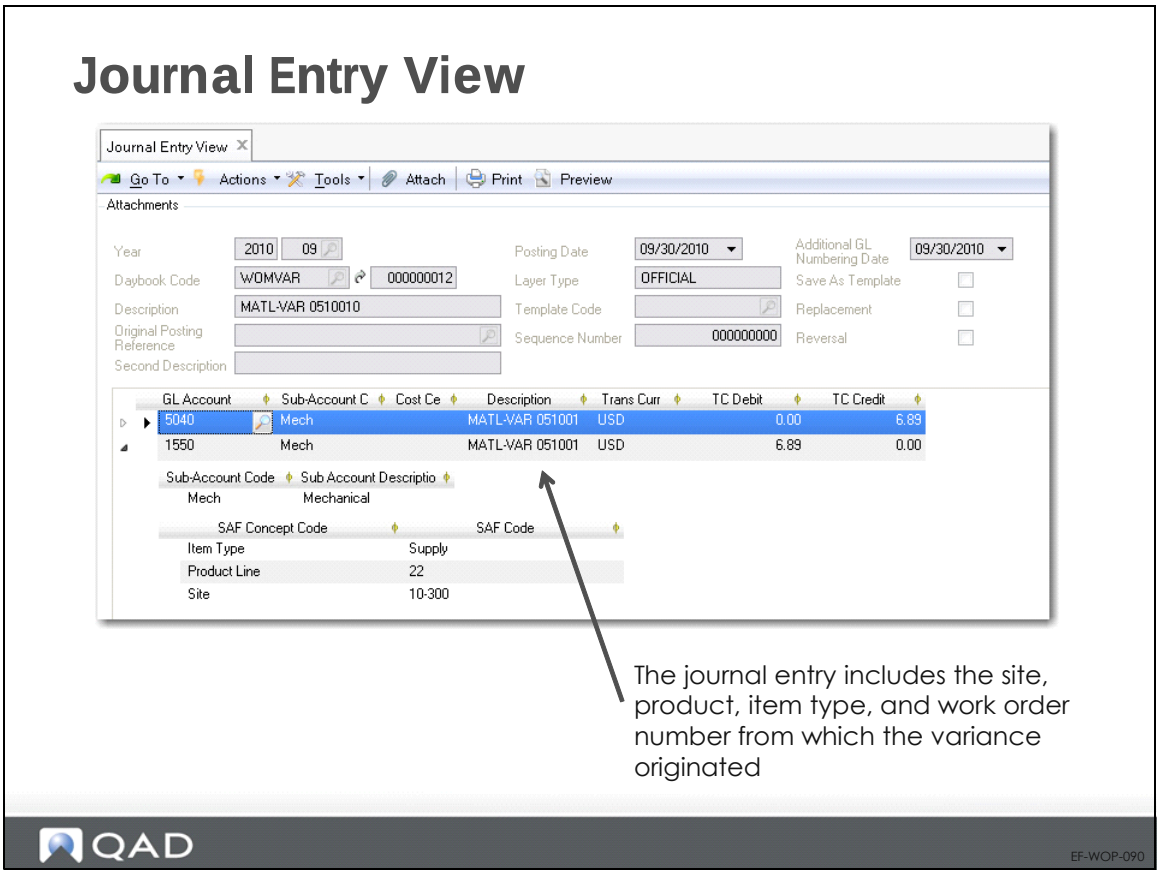


After completing certain operational steps, run Unposted Transaction Register (25.13.14) to investigate the accounting impact of the variance.

Journal Entry View

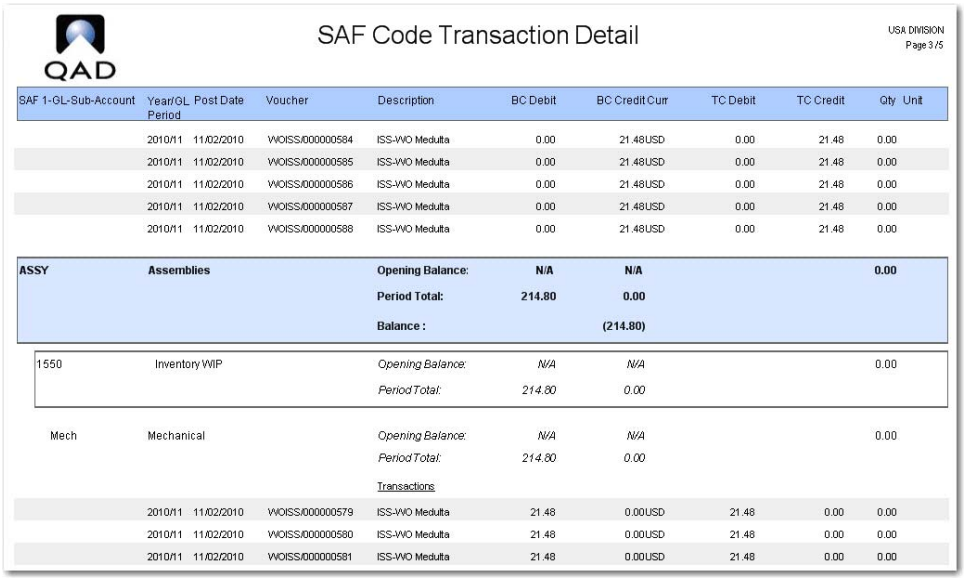


Prior to generating the transactions, set up the Inventory WIP account with SAF analysis enabled, and with the SAF structure, Manufacturing (tracking details on Item Type, Product Line and Site). This setup triggers the journal entry to carry additional (operational) information.



The material usage variance account provides the necessary details to investigate the origin of the variance (item type, product line, site, and work order number).

SAF Code Transaction Detail



SAF Code Transaction Detail

USA DIVISION
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SAF 1-GL-Sub-Account	Year/GL Period	Post Date	Voucher	Description	BC Debit	BC Credit Curr	TC Debit	TC Credit	Qty	Unit
	2010/11	11/02/2010	WOISS/000000584	ISS-WO Medulla	0.00	21.48USD	0.00	21.48	0.00	
	2010/11	11/02/2010	WOISS/000000585	ISS-WO Medulla	0.00	21.48USD	0.00	21.48	0.00	
	2010/11	11/02/2010	WOISS/000000586	ISS-WO Medulla	0.00	21.48USD	0.00	21.48	0.00	
	2010/11	11/02/2010	WOISS/000000587	ISS-WO Medulla	0.00	21.48USD	0.00	21.48	0.00	
	2010/11	11/02/2010	WOISS/000000588	ISS-WO Medulla	0.00	21.48USD	0.00	21.48	0.00	
ASSY	**Assemblies**			**Opening Balance:**	**N/A**	**N/A**			**0.00**	
				Period Total:	**214.80**	**0.00**				
				Balance :		**(214.80)**				
1550	Inventory WIP			*Opening Balance:*	*N/A*	*N/A*			0.00	
				Period Total:	*214.80*	*0.00*				
Mech	Mechanical			*Opening Balance:*	*N/A*	*N/A*			0.00	
				Period Total:	*214.80*	*0.00*				
				Transactions						
	2010/11	11/02/2010	WOISS/000000579	ISS-WO Medulla	21.48	0.00USD	21.48	0.00	0.00	
	2010/11	11/02/2010	WOISS/000000580	ISS-WO Medulla	21.48	0.00USD	21.48	0.00	0.00	
	2010/11	11/02/2010	WOISS/000000581	ISS-WO Medulla	21.48	0.00USD	21.48	0.00	0.00	

Several reports on SAFs are available. This one provides an overview of transactions per site, per product line, and per item type.

EF-WOP-100

When you run the SAF Code Transaction Detail report, select three grouping levels:

1. SAF1 (Site: 10-100
2. SAF2 (Product Lines: 20, 30)
3. SAF3 (Item Type: Purchased Goods, Comp, Assy, Pack)

The GL account (1550) and the sub-account (mech) are at the lowest level of the grouping.

Related Views

- Further analysis with various reports, browses and related views

EF-WOP-110

You can use the same report to produce a different view by changing the grouping of data at runtime.

Other reports, such as the SAF Code Transaction Summary report, show the same data, but with a different level of detail.

In addition, you can use browses, such as the SAF Code View, as a starting point. From there, you can use the related views and reports option to further explore transactions with SAF codes.

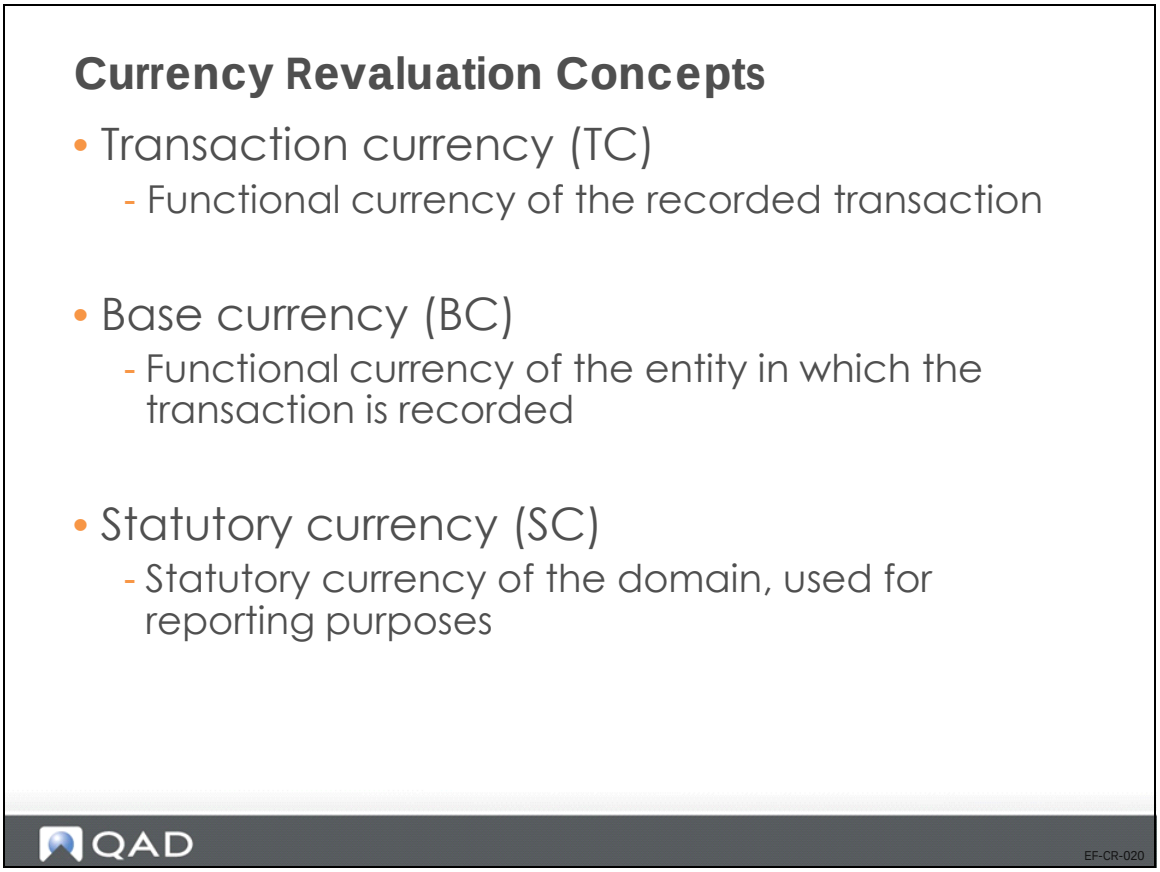
Chapter 20

Foreign Currency Revaluation

Overview

In this chapter, you will learn about the foreign currency revaluation functionality in QAD Enterprise Applications. The chapter explains revaluation concepts and terms, revaluation setup, and revaluation transactions and related activities.

Currency Revaluation Concepts



There are three types of currencies in QAD Enterprise Financials.

- Transaction currency (TC)

  The functional currency in which the transaction is recorded.
- Base currency (BC)

  The functional currency of the entity in which the transaction is recorded.
- Statutory currency (SC)

  The statutory currency of the domain; used for reporting purposes.

Currency Conversion

Currency Conversion

- Record transactions in TC or BC
- TC to BC conversion
  - TC BC exchange rate can be overruled by user
- TC to SC conversion
  - TC SC exchange rate can only be overruled by a user in a manual journal entry
- All amounts stored in database
  - TC (if applicable), BC and SC amounts
- All transactions can be displayed in TC, BC, SC

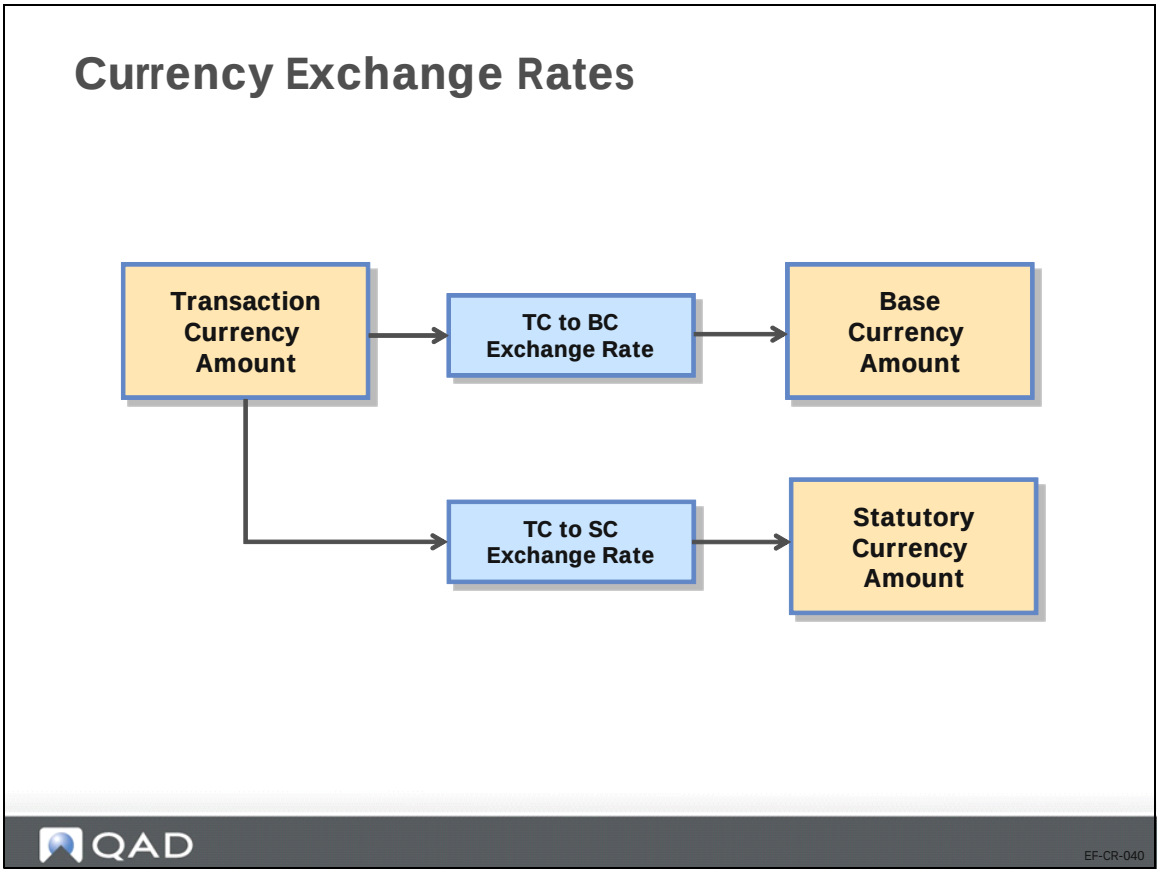
QAD EF-CR-030

Due to the dual base currency concept in QAD Enterprise Applications, three currencies may appear on foreign currency transactions.

Transactions can be recorded in foreign or base currency.

All three amounts are stored in the database and can be displayed on reports.

Currency Exchange Rates



There are two types of revaluation:

1. Revaluation of transactions denominated in a non-base currency, relative to the base currency.
2. Revaluation of transactions denominated in a non-statutory currency, relative to the statutory currency.

Exchange Rate Types

Currency Exchange Rates

- Exchange rate determined by
  - Type
  - Valid From date
  - Valid To date
- Exchange rate types
  - System exchange rate types
    - Accounting (mandatory)
    - Budget
    - Cash
    - Intrastat
    - Inventory
    - Revaluation
    - Statutory
    - Tax
  - Optional user-defined exchange rate type

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An exchange rate is defined by its type, valid from, and valid to date.

To ensure that a valid daily exchange rate is always available, the Valid To field lets you specify the validity end date of an exchange rate. This field is available for all exchange rate types. In addition, the Default Validity field lets you specify the default number of days that an exchange rate of a particular type is valid.

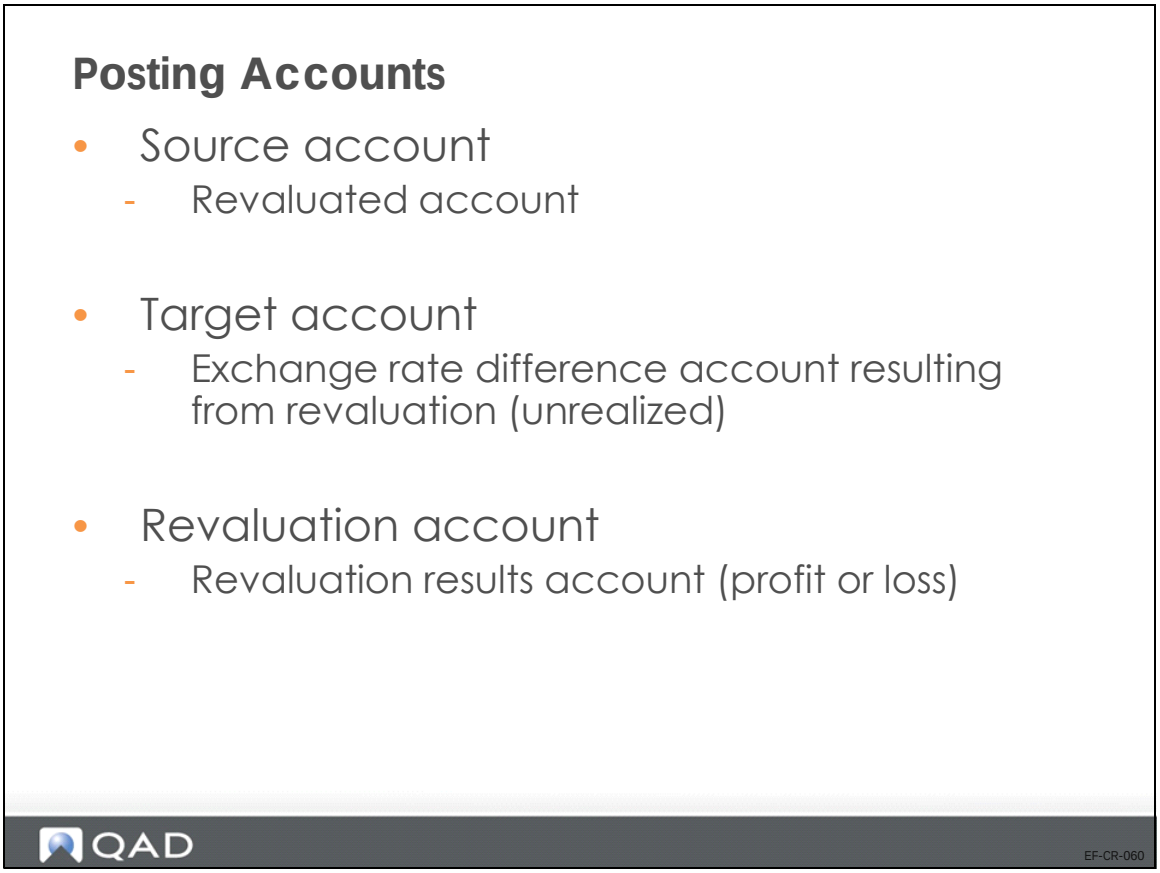
There are system exchange rate types and user-defined exchange rate types.

You must define an exchange rate for the system exchange rate type Accounting.

The statutory exchange rate type is used in currency conversions that use statutory currency. In domains that use a statutory currency, the system always looks for a statutory type exchange rate.

If the system cannot find an exchange rate for the relevant period, it can revert to using the accounting exchange rate, depending on the setting of the Fallback to Accounting field in Exchange Rate Type Create (26.3.1).

Posting Accounts



- Source account

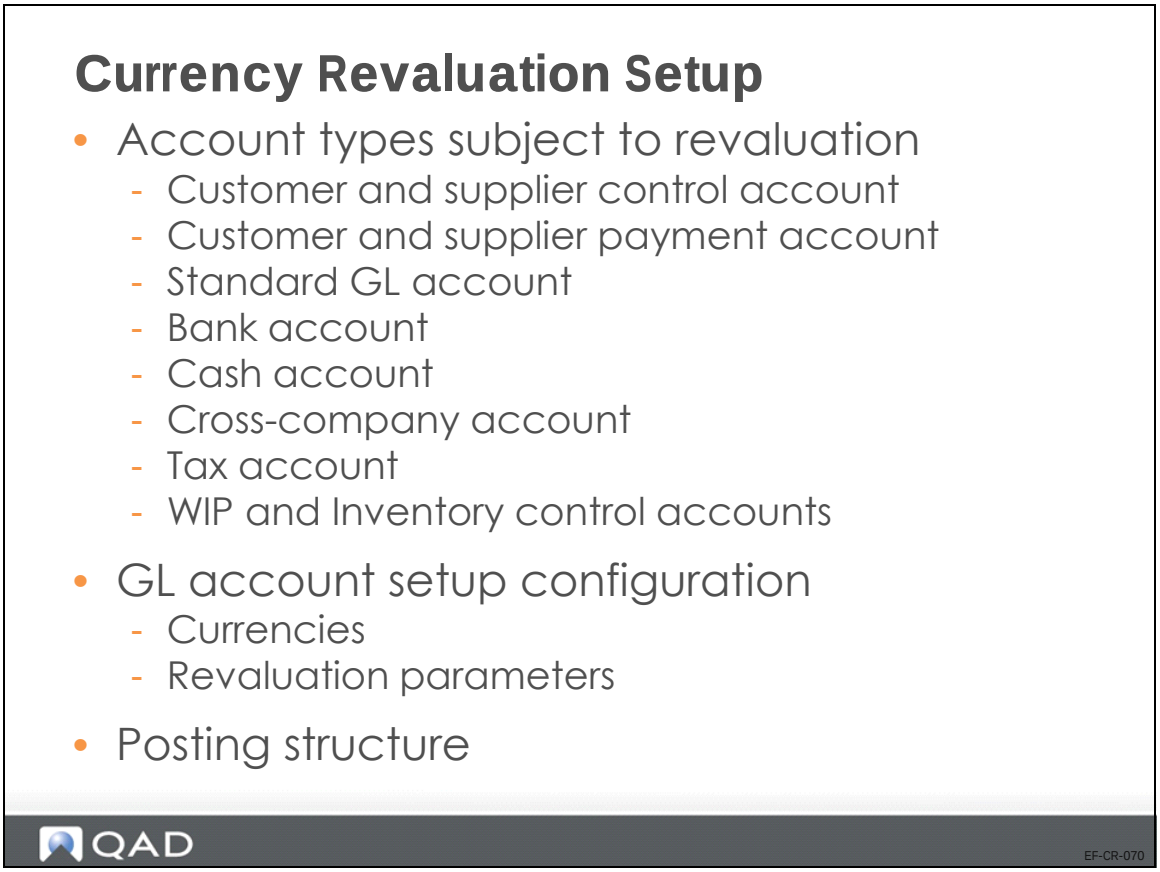
  The original account to which the transaction was posted.
- Target account

  The exchange rate differences account resulting from revaluation. This account is one of the two system unrealized accounts.
- Revaluation account

  The account to which the revaluation results are posted.

Only the system account and the revaluation account are used in the posting. However, for standard GL accounts, the source and revaluation accounts are the same, and the source account is also used in the posting.

Currency Revaluation Setup



To enable accounts to be revalued, you must configure currencies and revaluation parameters on the accounts, and then create a posting structure for revaluation postings.

Currency revaluation parameters can be set up at the level of the individual GL account. Whether a GL account can be revalued and the revaluation approach (with revaluation account or not) depends on the type of GL account.

The effect of revaluation on customer and supplier payment accounts depends on the payment instrument. If the payment instrument is direct debit (customer accounts only), the foreign currency transactions are performed using the accounting exchange rate for the direct debit date, and revaluation is not required. However, for drafts and post-dated checks denominated in a foreign currency, the payee must wait until the due date to collect the value. The value of the check or draft can vary from the date of issue until the due date, and is subject to revaluation.

Standard GL Accounts

Some standard GL accounts accept transactions in any currency, and are, subject to revaluation.

Bank and Cash Accounts

Bank and cash accounts can be denominated in a non-base currency, which must be expressed in the base currency of the entity.

GL Account Create, Revaluation Settings

GL Account Create, Revaluation Settings

- Revaluation results not on control account
  - Control accounts
    - Customer, Supplier
    - Customer, Supplier Payments
- Standard GL
- Automatic posting
- Analysis: sub-account only (with default)

QAD EF-CR-080

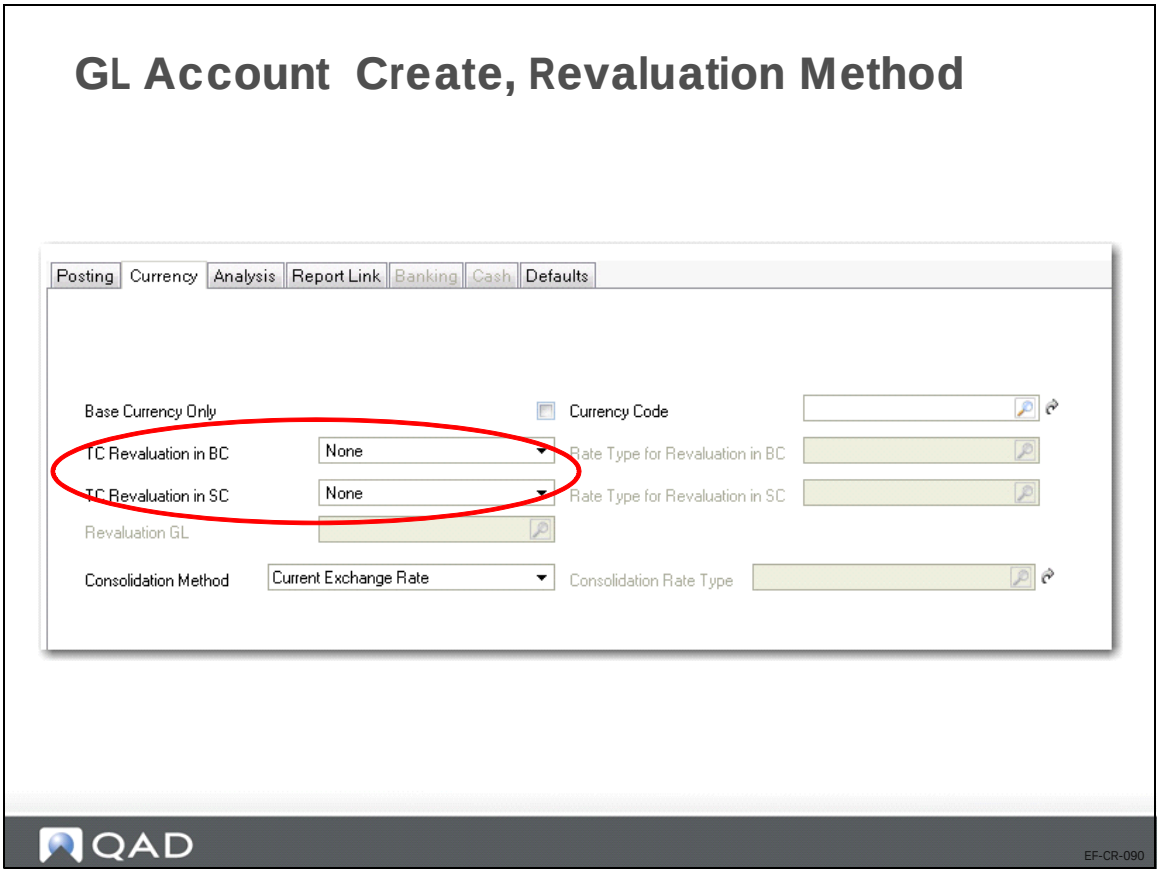
Revaluation results must not be posted on the control account.

When the GL account type is a control account then a revaluation account must be identified. The result of the revaluation will be posted on the revaluation account.

Analytical method is limited to sub-account for this type of account.

The same set of accounts is used for transaction currency and statutory currency revaluation.

GL Account Create, Revaluation Method



The revaluation account fields become enabled depending on the type of GL account selected.

Revaluation Method and Rate

Revaluation Method and Rate

TC Revaluation in BC/SC	Rate Type for Revaluation in BC/SC	Description
None	*Disabled*	The account is not revaluated
Accounting Rate	*Disabled*	The accounting rates valid at month-end are used.
Revaluation	*Disabled*	The exchange rates of type REVALUATION are used.
Statutory	*Disabled*	The system uses the statutory exchange rate type valid at month-end, but it can revert to using the accounting exchange rate if Fallback to Accounting is set.
User-Defined	Any exchange rate with a user-defined exchange rate type.	The exchanges rates of the user-defined type in TC Revaluation Rate are used.

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You define the revaluation methods and rates for a source GL account in the Currency tab of Account Create. The tab lets you define both methods and rates for the revaluation of both the base currency and the statutory currency.

You can define the statutory currency revaluation method and rate independently of the base currency revaluation method and rate.

GL Account Setup by Type

Control GL account multi currency

Base Currency Only		Currency Code	
TC Revaluation in BC	Revaluation Rate	Rate Type for Revaluation in BC	
TC Revaluation in SC	Revaluation Rate	Rate Type for Revaluation in SC	
Revaluation GL	400001		

Standard GL account with one currency (USD)

Base Currency Only		Currency Code	USD
TC Revaluation in BC	Revaluation Rate	Rate Type for Revaluation in BC	
TC Revaluation in SC	User Defined Rate	Rate Type for Revaluation in SC	SC Reval
Revaluation GL			

Standard GL account with base currency (EUR)

Base Currency Only		Currency Code	EUR
TC Revaluation in BC	None	Rate Type for Revaluation in BC	
TC Revaluation in SC	Statutory Rate	Rate Type for Revaluation in SC	
Revaluation GL			

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Revaluation Results GL Accounts

- System accounts for exchange rate differences
  - Realized Exchange Gain
  - Realized Exchange Loss
  - Unrealized Exchange Gain
  - Unrealized Exchange Loss
- Balance Sheet or P/L
- Automatic posting
- Analytical: only sub-account

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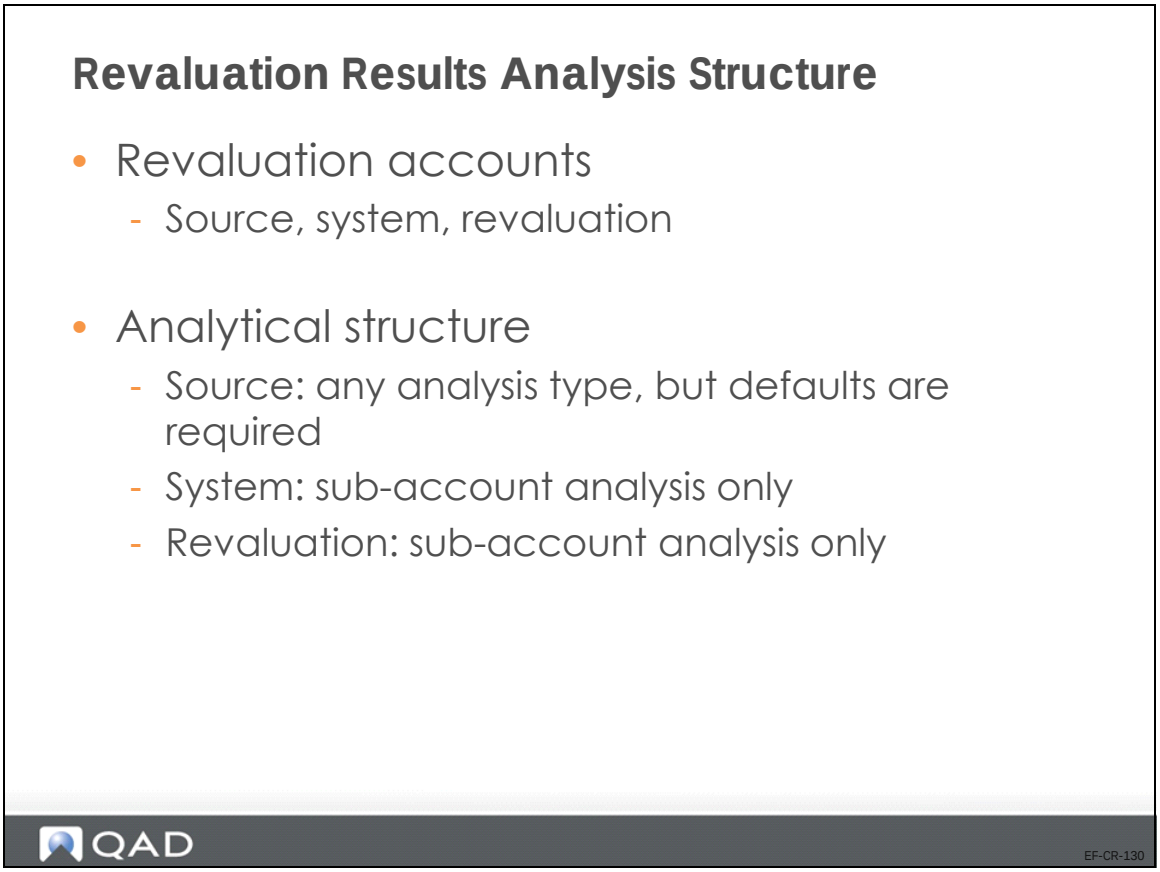
Revaluation Results Analysis Structure



All types of analysis are supported for the source account. However, default values are required. For example, if the source GL account has cost center analysis, a default cost center must be specified in the GL account Analysis tab in order for the account to be revaluated.

Daybooks

Daybooks

- One daybook, account type
- Daybook type must match account type
- Layer
  - Source and target types always equal
  - Primary, secondary layers only

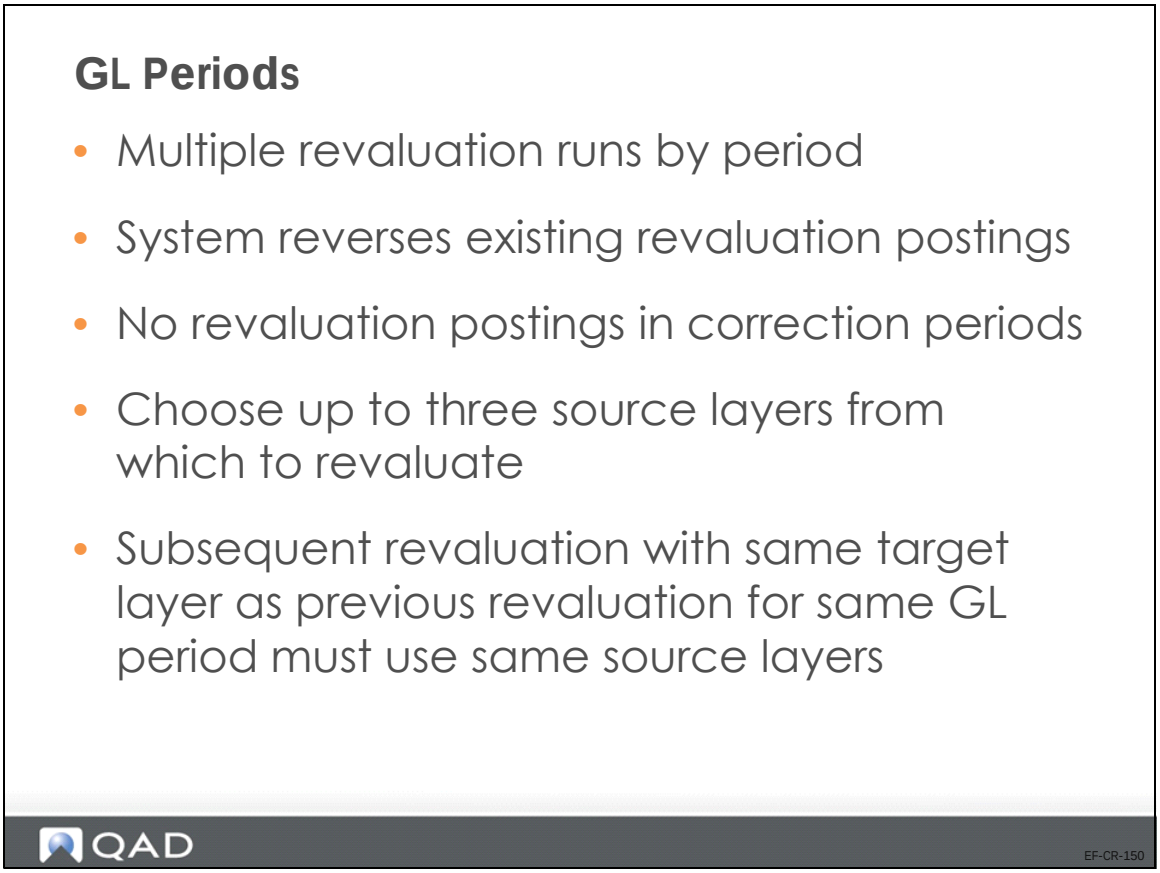
Daybook	GL Account Type
Revaluation Customer Payments	Customer Payment Account
Revaluation Customers Customer	Control Account
Revaluation GL Bank	Bank, Cash, and Standard GL Accounts
Revaluation Intercompany	Cross-Company Control Accounts
Revaluation Suppliers	Supplier Control Account
Revaluation Supplier Payments	Supplier Payment Account
Revaluation Tax	Tax Account

QAD EF-CR-140

You must define revaluation daybooks for each account type that is being revalued, and the daybook type must match the account type.

Only daybooks of the primary and secondary layers can be used, and the source and target layer types must be the same.

GL Periods



Multiple revaluation runs can be made during the same GL period.

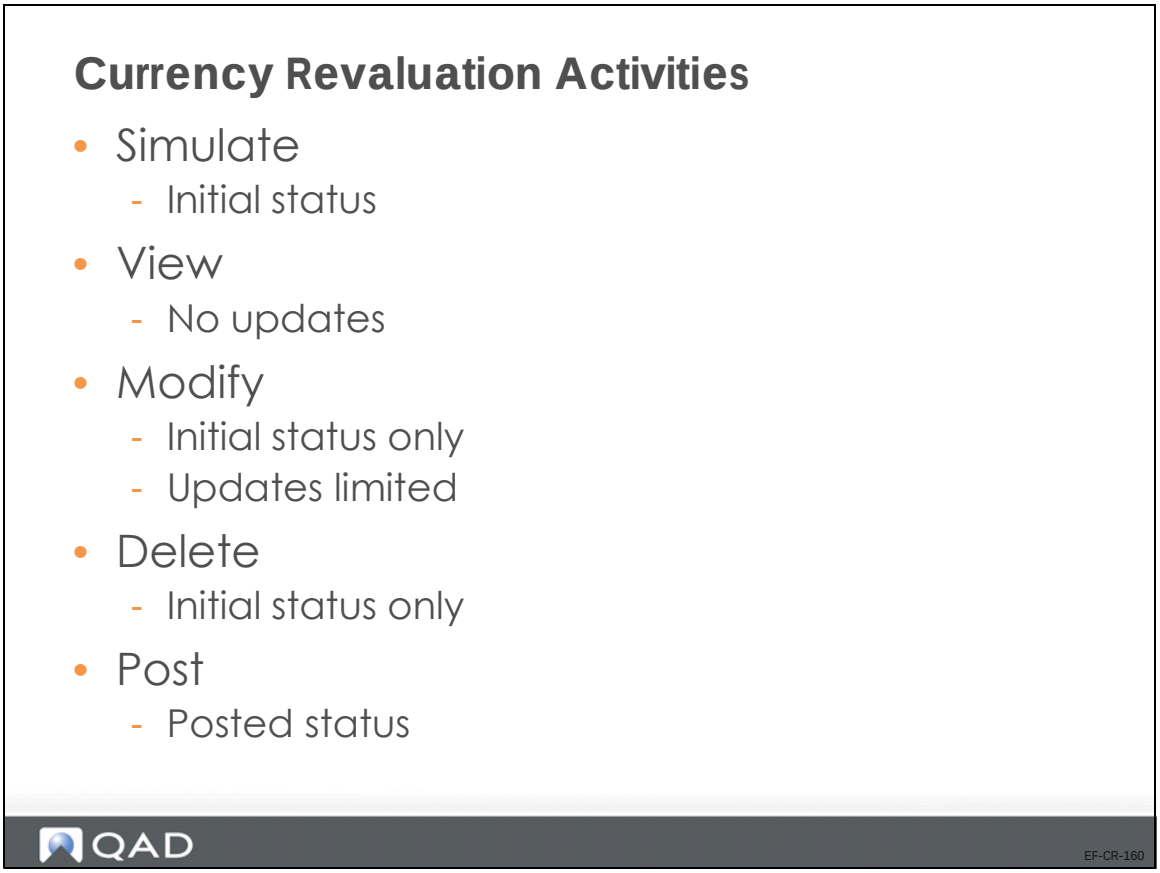
When a revaluation posting has been created for a particular GL period, a subsequent revaluation posting for the same period reverses the existing posting. You cannot create revaluation postings that occur in correction periods, or create a reverse posting to occur in a correction period.

You can choose up to three source layers to be revalued and the target layer to which the revaluation posting must be made. A subsequent revaluation that has the same target layer as a previous revaluation for the same GL period must also use the same source layers as the previous revaluation. Alternately, all the source layers must be different in the subsequent revaluation for the same GL period to prevent overlap.

If the target layer is the same and the source layers overlap, then an error message will be displayed, and you cannot save the revaluation posting.

See *QAD Financials User Guide* for detailed information and examples on multiple revaluations in the same GL period.

Currency Revaluation Activities



- View

  Use Revaluation View to display revaluation data in read-only mode.
- Modify

  You can use Revaluation Modify to modify a revaluation if all the revaluation areas have the Initial status. In this case, you can modify the revaluation header or scope, and you can delete entire rows in the Simulation tab of the Revaluation screen. However, you cannot modify the row data.

  The Exchange Rate tab is read only
- Delete

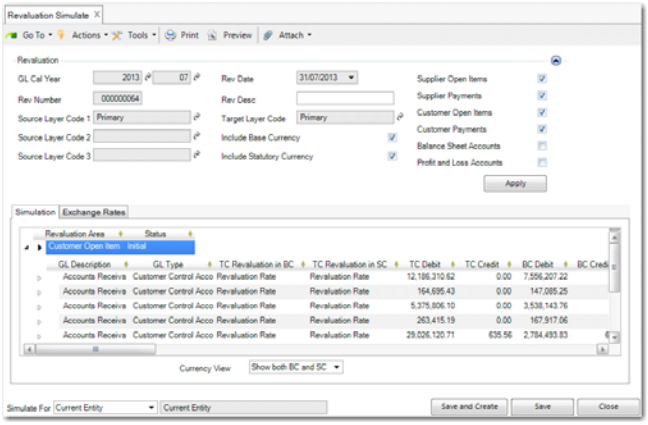
  You can use Revaluation Delete to delete all areas of a revaluation with the Initial status.
- Post

  Using Revaluation Post, you can select a number of revaluations and generate postings. The selected revaluation areas are assigned the Posted status.

Revaluation Simulate

Revaluation Simulate

- Revaluation Simulate (25.21.1.1)
  - Specify period and posting details
  - Define scope
  - No postings



QAD EF-CR-170

Revaluation Simulate activity (25.21.1.1) identifies the revaluations to run for the GL periods and revaluation areas specified. You can also specify the source layers where the balances are calculated and the target layer where the revaluation will be posted when you run Revaluation Post.

The Revaluation Scope settings let you identify specific types of accounts for which to run the revaluation process; for example, customer or supplier payment or control accounts, or balance sheet accounts. The account types you select are displayed in the Revaluation Area column of the simulation grid when you click Apply to begin the simulation.

You can choose to revaluate relevant to the base currency, statutory currency, or both. The statutory currency revaluation will use the statutory exchange rate, unless you have specified a different revaluation rate in the currency settings in GL Account Create (25.3.13.1). When using the statutory exchange rate, you have the option to revert to using the accounting exchange rate if the statutory rate is unavailable. The fallback option is set in Exchange Rate Type Create (26.3.1).

The base currency revaluation and the statutory currency revaluation are not dependent. You can run the revaluations separately or together.

The simulation results are displayed in a hierarchical grid. You can drill down for more detail on individual items. The results are grouped by revaluation area, and by transaction currency or by transaction currency/sub-account combination if you defined sub-account analysis for the system accounts.

The results display the following information:

- The original debit and credit amounts in TC, BC, and SC.
- The revaluated debit and credit amounts in TC, BC, and SC.
- The revaluation differences to be posted.
- Analytical information, if you defined analysis on the accounts.

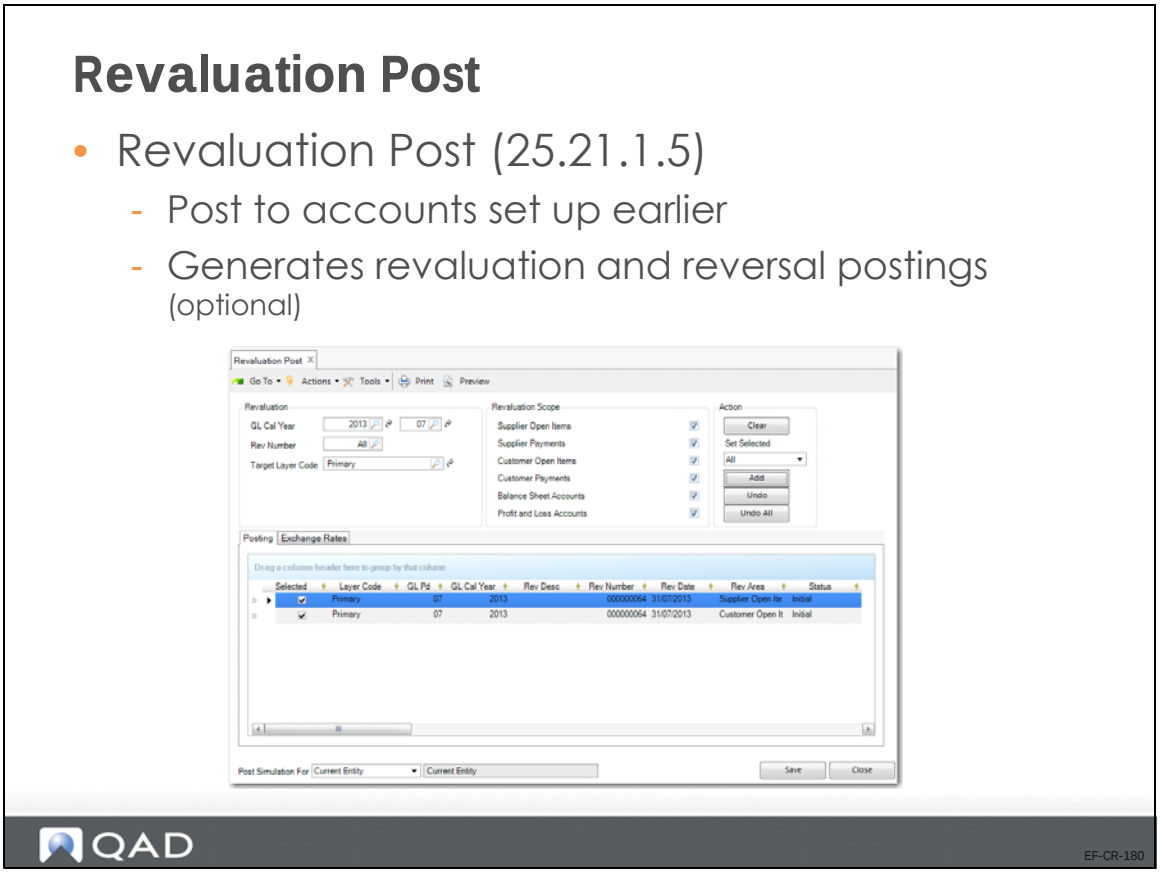
When you have completed the fields, click Save to save the revaluation.

Both Revaluation Simulate and the Revaluation report include all transactions in the revaluation scope. In addition, transactions that have no revaluation impact are included, that is, transactions where the revaluation difference is zero because the historical rate is the same as the revaluation rate.

By including all transactions in Revaluation Simulate and the Revaluation report, the system provides a complete reconciliation between the transaction amounts from before and after revaluation.

You can run Revaluation Simulate on multiple entities by selecting the entity group from the Simulate For field. This field only appears if entity groups containing the current entity exist.

Revaluation Post



Revaluation Post is similar to Revaluation Simulate, but Revaluation Post activities update the GL. Use Revaluation Post (25.21.1.5) to post the revaluation differences to the relevant accounts.

You can only post a revaluation after you have saved it in Revaluation Simulate. Revaluation Post processes one or more of revaluation simulations, and creates the GL postings for them.

Select revaluations created using Revaluation Simulate for posting using the GL calendar year and GL period, revaluation number, layer, and revaluation scope items as search criteria. Click Add to add revaluations that match the criteria to the Posting grid.

You can run Revaluation Post on multiple entities by selecting the entity group from the Post Simulate For field. This field only appears if entity groups containing the current entity exist.

US Exercise: Revaluation

In this exercise, you will:

- Verify the parameters for revaluation.
- Simulate the revaluation.
- Execute and post the revaluation.

Use entity 10USACO

1. In entity 10USACO, use GL Account View (25.3.13.3) to review the parameters of the following accounts. If needed, modify the parameters using GL Account Modify (25.3.13.2):

   Unrealized Exchange Loss (9900)

   Unrealized Exchange Profit (8900)

   The accounts must be system accounts and the system types must be Unrealized Exchange Loss (9900) and Unrealized Exchange Profit (8900).

2. Use GL Account View (25.3.13.3) to review the parameters of Accounts Payable control account 2000.

3. Use Supplier Invoice Create (28.1.1.1) to create the following supplier invoices in foreign currency:

Field	Value
Daybook	SINV (defaults from the daybook set)
Period	Current period
Invoice Status Code	OK2PAY

Field	Supplier 1	Supplier 2
Supplier	20S1002	30S1002
Currency	EUR	CNY
Amount	100,000.00	1,000,000.00
Exchange rate	USD = 0.769231 EUR / 1 EUR = 1.3 USD	1 USD = 8 CNY / 1 CNY = 0.125 USD
Invoice Date	Specify a date in the middle of the current period.	
Posting Date	Specify a date in the middle of the current period.	

4. Use Exchange Rate Create (26.4.1) to create revaluation exchange rates.
   - From USD to CNY

     Valid from the last date of the current period: 9 (1 USD = 9 CNY / 1 CNY = 0.111111 USD)
   - From USD to EUR

     Valid from the last date of the current period: 0.740741 (1 USD = 0.740741 EUR/ 1 EUR = 1.35 USD)

5 Use Revaluation Simulate (25.21.1.1) to simulate the revaluation of supplier open items.

a Enter the following data:

Field	Value
GL Calendar Year	Current year
Period	Current period
Source Layer Code 1	Primary
Target Layer Code	Primary
Supplier Open Items	Yes
Supplier Payments	No
Customer Open Items	
Customer Payments	
Balance Sheet Accounts	
Profit and Loss Accounts	
Include Base Currency	Yes
Include Statutory Currency	No

b Click Apply to retrieve the simulation results.

c Save the simulation results.

Note If you receive an error message regarding missing exchange rates, you can address this by creating the relevant Revaluation exchange rate in Exchange Rate Create.

6 Use Revaluation report (25.21.1.6) to print the revaluation report for the simulation and verify that the correct revaluation rates have been used.

7 Use Revaluation Post (25.21.1.5) to post the revaluation of Accounts Payable (Supplier Open Items) as of the last date of the current period.

8 Use Journal Entry View (25.13.1.3) to check the postings in the revaluation daybook (Supreval) for supplier open items.

EMEA Exercise: Revaluation

In this exercise, you will:

- Verify the parameters for revaluation.
- Simulate the revaluation.
- Run and post the revaluation.

1. In entity 22UKCO, use GL Account View (25.3.13.3) to review the parameters of the following GL accounts. Use GL Account Modify to modify the parameters, if needed.

   Unrealized Exchange Loss (9900)

   Unrealized Exchange Gain (8900)

   These must be system accounts and the system type must be:

   - Unrealized Exchange Loss (9900)
   - Unrealized Exchange Gain (8900)

2. Use GL Account Modify (25.3.13.2) to review the parameters of the Accounts Payable control account 2000.

3. Use Supplier Invoice Create (28.1.1.3), create the following supplier invoices in foreign currency (at least one in each currency):

Field	Value
Daybook	SINV (defaults from the daybook set)
Period	Current period
Invoice Status Code	OK2PAY

Field	Supplier 1	Supplier 2
Supplier	10S1002	30S1002
Currency	USD	CNY
Amount	100,000.00	1.000.000,00
Exchange rate	1 GBP = 1.58142 USD/USD = 0.632250 GBP	1 GBP = 10.567CNY / 1 CNY = 0.0946511 GBP
Invoice Date	Specify a date in the middle of the current period.	
Posting Date	Specify a date in the middle of the current period.	

4. Use Exchange Rate Create (26.4.1) to create revaluation exchange rates.

   - From GBP to CNY

     Valid from end of current month: 10 (1 GBP = 10 CNY)

   - From GBP to USD

     Valid from end of current month: 1.5 (1 GBP = 1.5 USD)

5 Use Revaluation Simulate (25.21.1.1) to simulate the revaluation of supplier open items.

a Enter the following data:

Field	Value
GL Calendar Year	Current year
Period	Current period
Source Layer Code 1	Primary
Target Layer Code	Primary
Supplier Open Items	Yes
Supplier Payments	No
Customer Open Items	
Customer Payments	
Balance Sheet Accounts	
Profit and Loss Accounts	
Include Base Currency	Yes
Include Statutory Currency	No

b Click Apply to retrieve the simulation results.

c Save the simulation results.

Note If you receive an error message regarding missing exchange rates, you can address this by creating the relevant Revaluation exchange rate in Exchange Rate Create.

6 Use Revaluation Report (25.21.1.6) to print the revaluation report for the simulation and verify that the correct revaluation rates have been used.

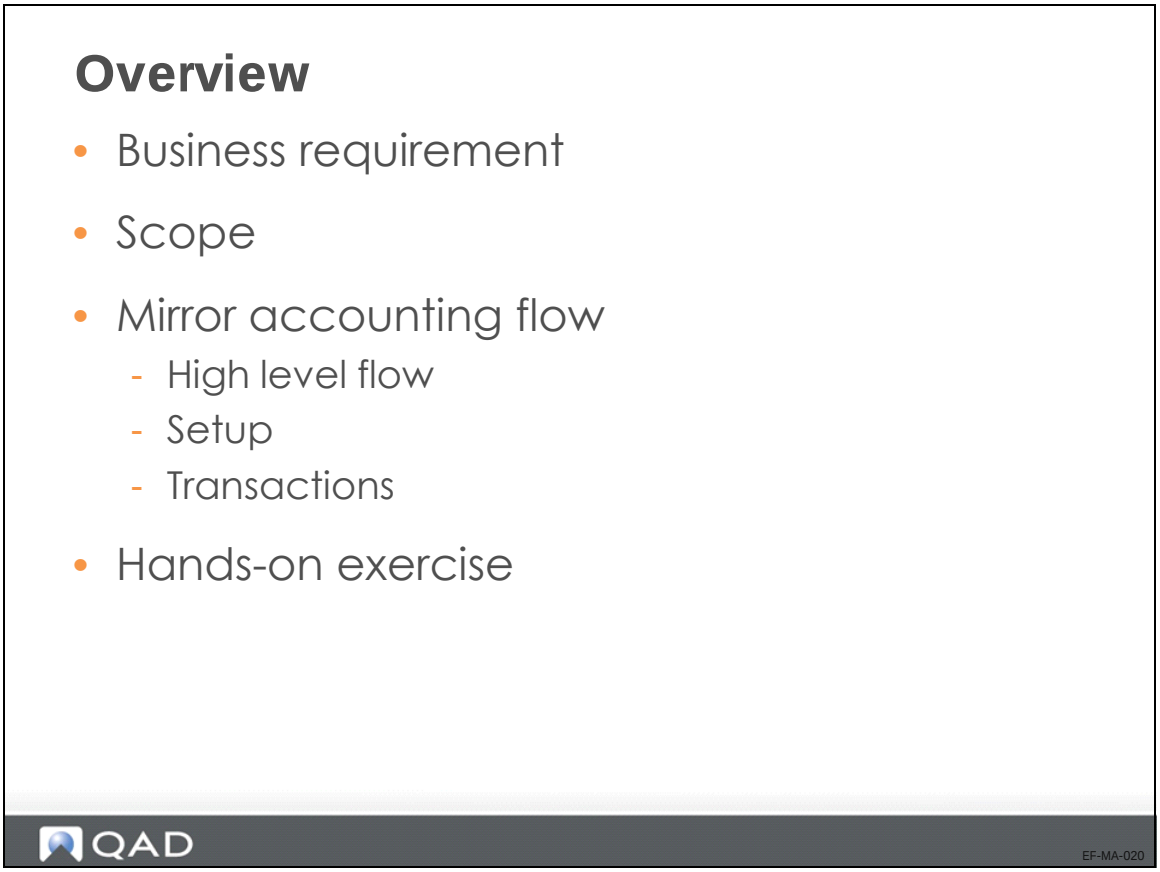
7 Use Revaluation Post (25.21.1.5) to post the revaluation of Accounts Payable (Supplier Open Items) as of the last day of the current period.

8 Use Journal Entry View (25.13.1.3) to check the postings in the revaluation daybook (Supreval) for supplier open items.

Chapter 21

Mirror Accounting

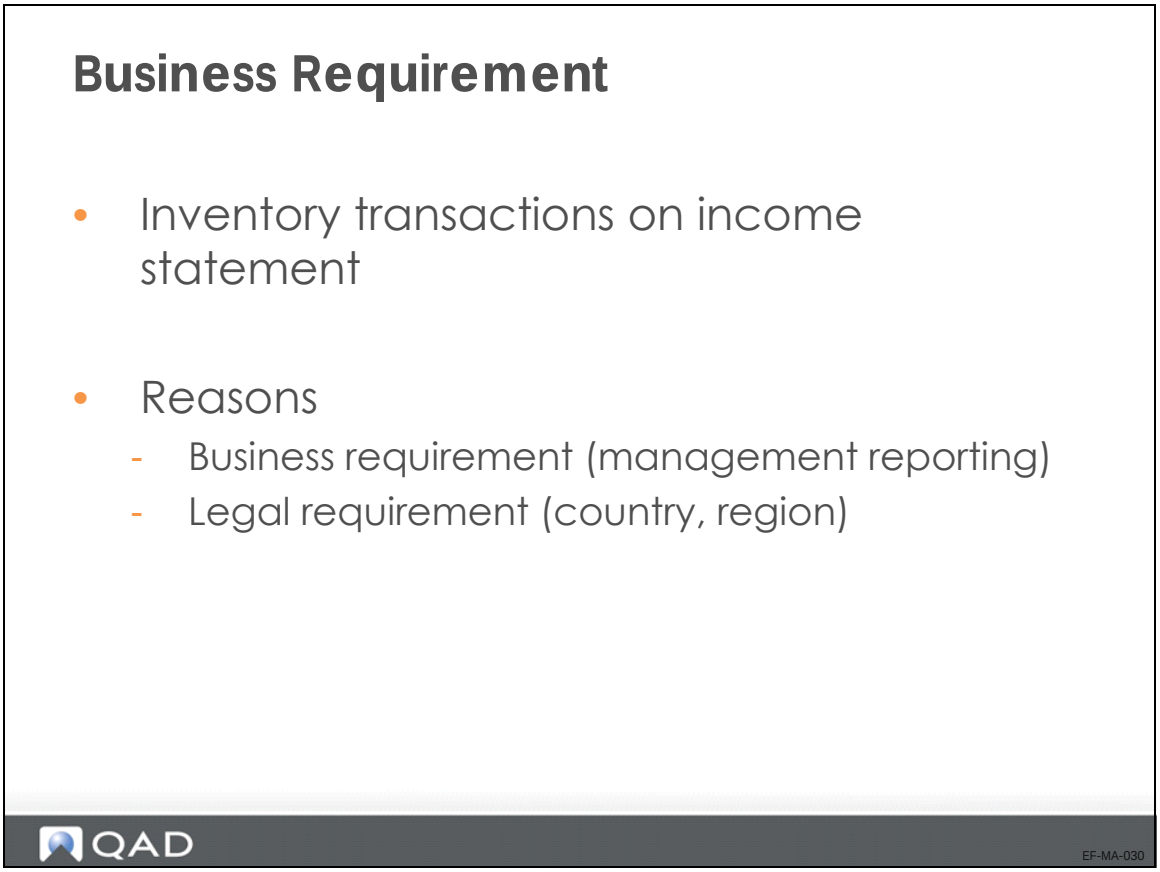
Overview



Mirror accounting is used in several European accounting systems to ensure that inventory transactions are reflected immediately in the income statement, as well as in the balance sheet. This lets you analyze purchases and inventory movement in the general ledger in internal management reports.

You can apply mirror accounting to inventory control transactions only, or to work order transactions as well.

Business Requirement



The mirror accounting functionality solves a requirement for inventory transactions to be processed directly in the income statement, as well as in the balance sheet.

There are two main reasons to implement mirror accounting:

- Business reason

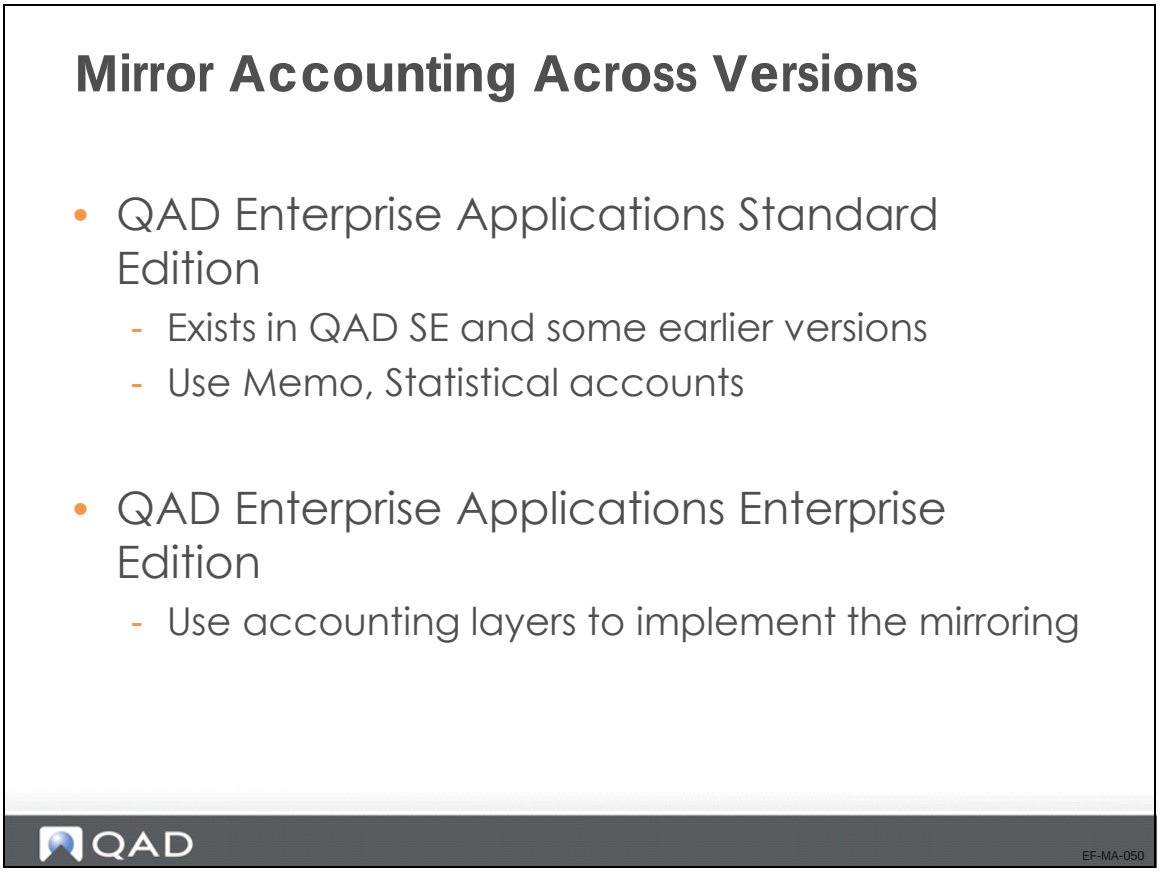
  For statutory or management financial statement reporting.
- Legal reason

  Legal accounting requirements for certain countries (for example, Italy and France).

Scope

In QAD Enterprise Financials, you can apply mirror accounting to transactions of type IC (Inventory Control). These transactions can originate from activities such as purchase order receipts, unplanned issues, work order issues, or sales order shipments.

Mirror Accounting Across Versions



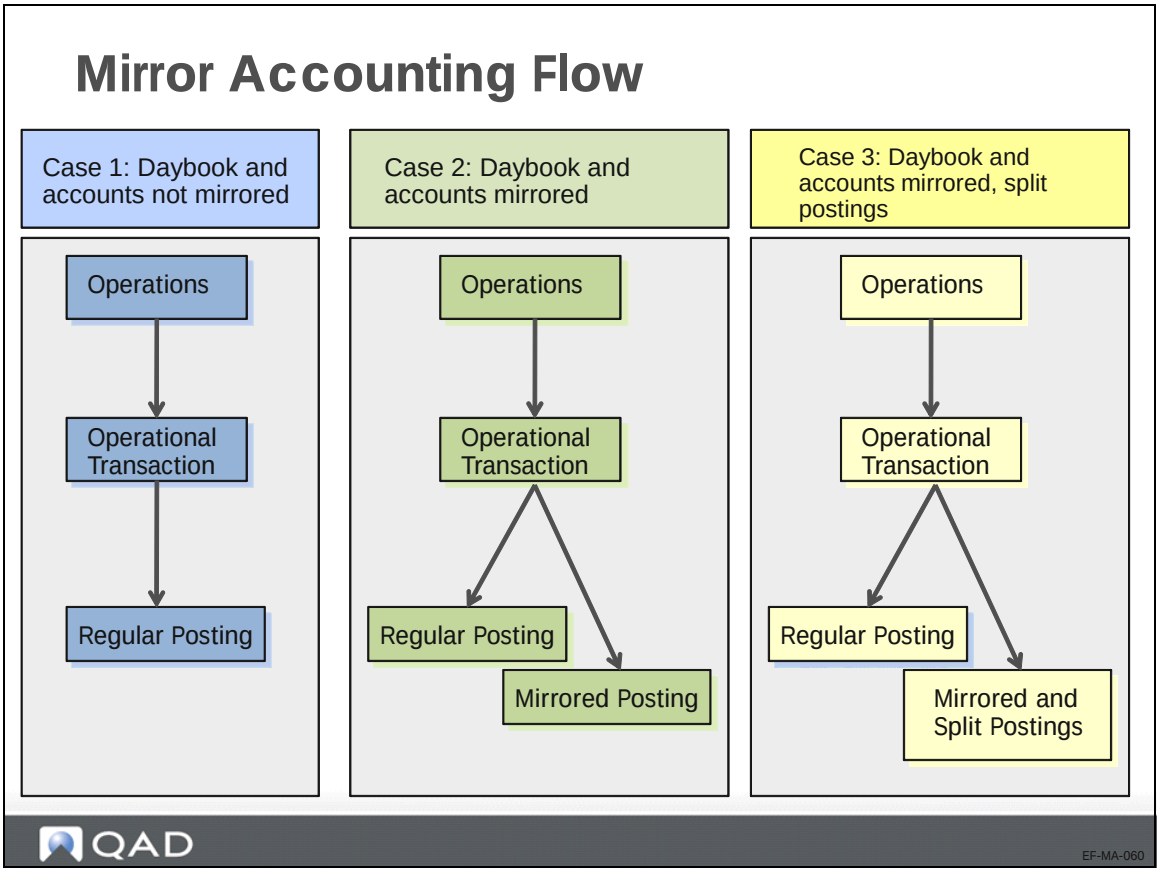
Mirror Accounting in QAD Standard Financials:

- Implemented in QAD Standard Edition Financials and some earlier versions.
- Memo and statistical accounts are used to include or exclude postings from financial statements.

Mirror Accounting in QAD Enterprise Financials:

- The accounting layers concept is used to implement the mirroring, through the relevant posting daybooks. Memo and Statistical accounts are not used in Enterprise Financials.

Mirror Accounting Flow



The operational postings that are subject to mirroring (IC and WO transaction types) are always created as a pair of posting lines. Mirroring adds two posting lines to the original transaction, which update the mirror accounts you defined.

The program that creates the mirroring adds reference information to the posting lines. This reference information lets you report on mirrored transactions and linked postings (in case a split was applied).

When mirror accounting is enabled for a given entity, the system will create one of the following postings when an operational posting is created:

Case 1

A regular posting is created when the posting (source) daybook or the pair of accounts is not in the mirror accounting setup or the transaction type is not IC.

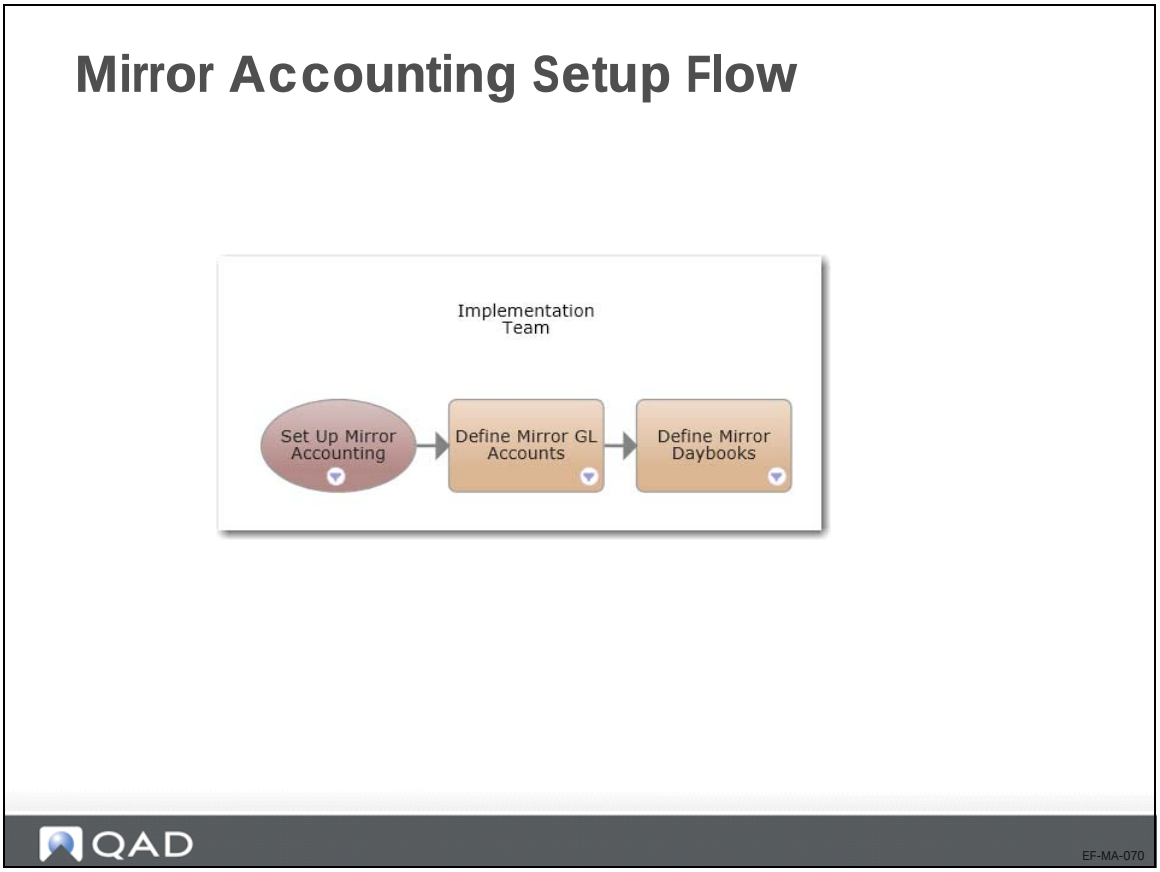
Case 2

Mirrored posting lines are created when the posting (source) daybook and the pair of accounts are specified in the mirror accounting setup without a split option and the transaction type is IC.

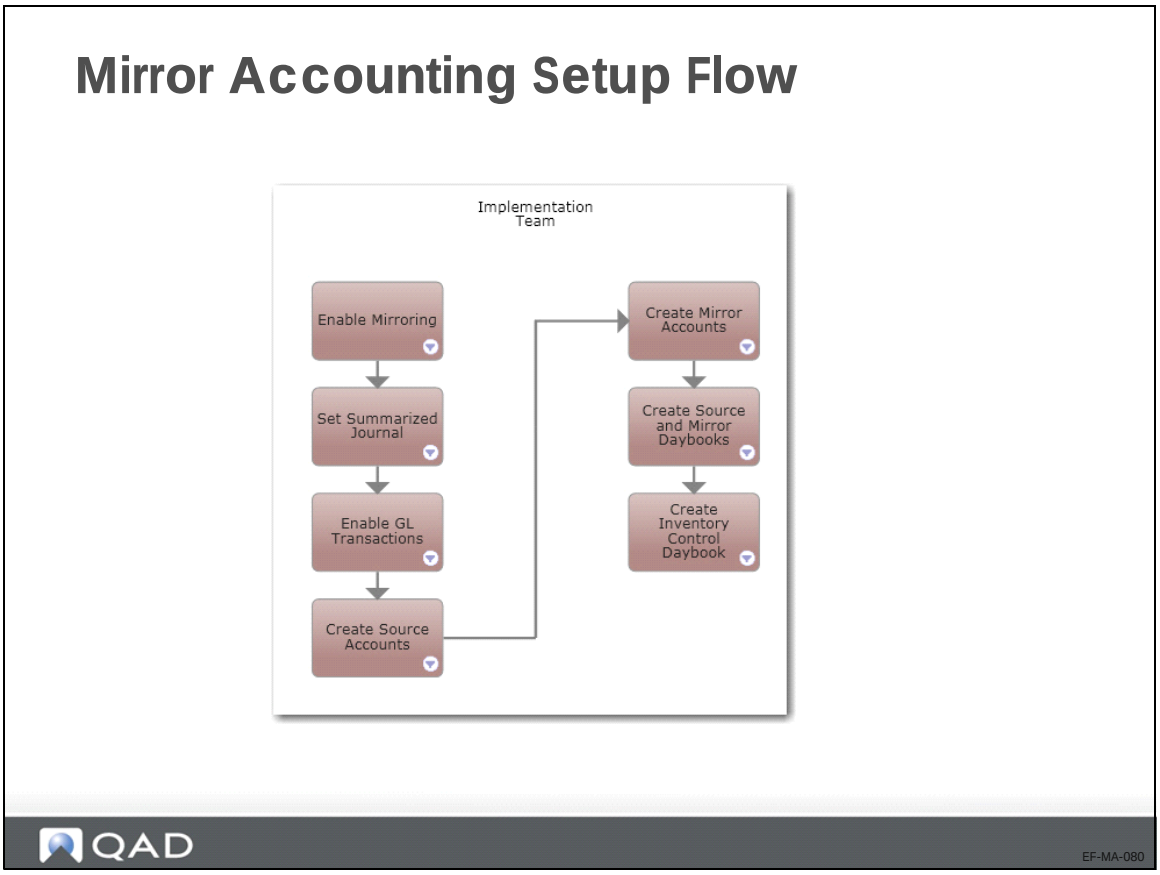
Case 3

Mirrored postings split into sub transactions are created when the posting (source) daybook and the pair of accounts are specified in the mirror accounting setup, the transaction split is active and the transaction type is IC.

Mirror Accounting Setup Flow



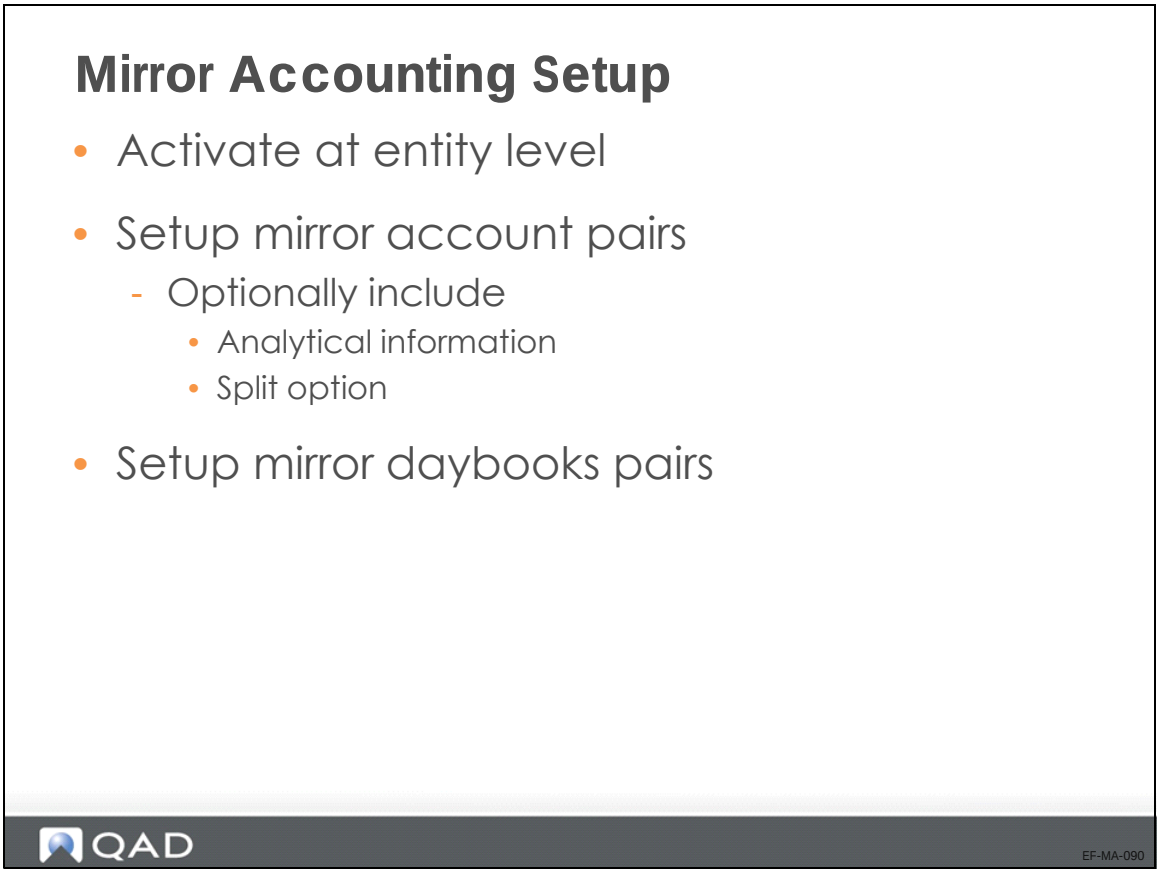
You must complete both operational and financial steps to set up mirror accounting.



You enable mirror accounting as an attribute of the entity.

- In Inventory Accounting Control (36.9.2), set Summarized Journal to No, and set Create GL Transactions to Yes.
- Use GL Account Create (25.3.13.1) to create the source and mirror GL accounts, and Mirroring GL Account Create (3.20.7.1) to link these accounts.
- Use Mirror Daybook Create (3.20.6.1) to create the mirroring daybooks.

Mirror Accounting Setup

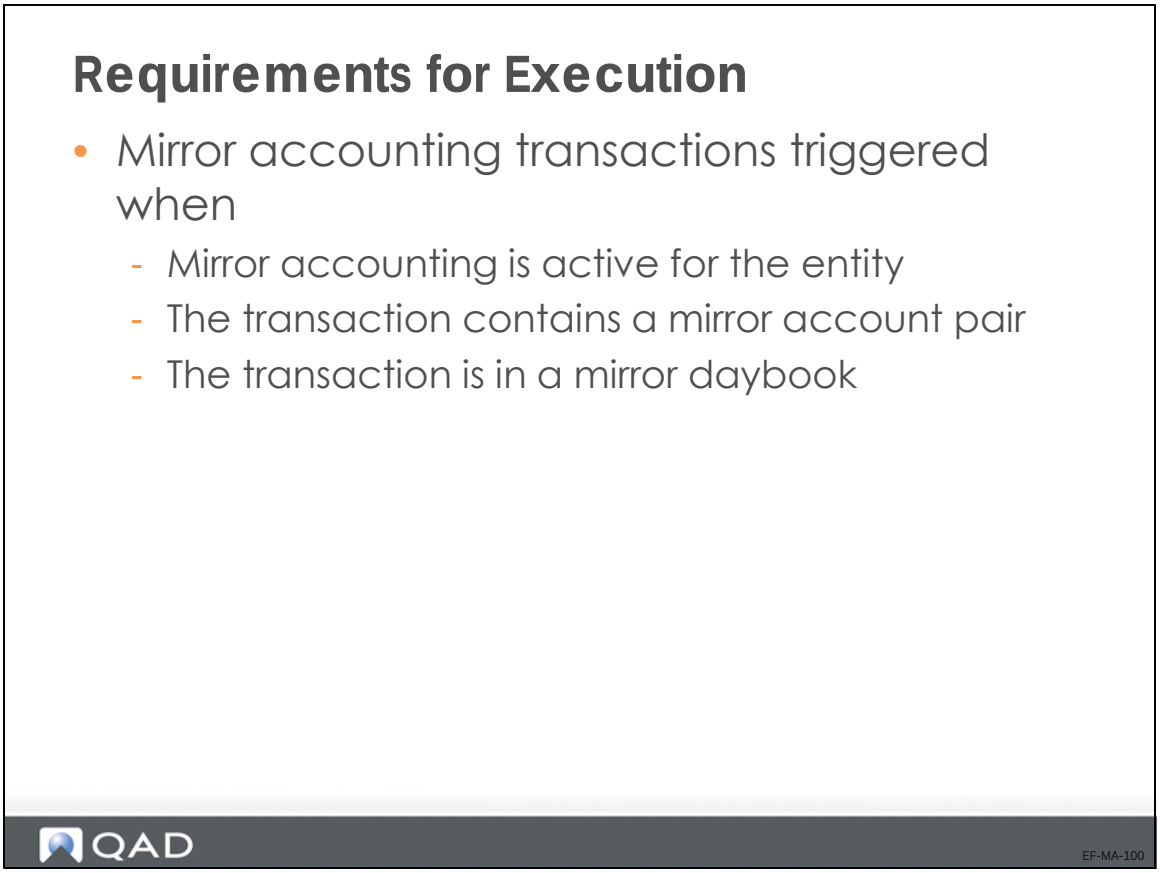


A source account pair is linked with its respective mirror account pairs. The source accounts can be of the following types:

- Standard account
- Cross-company control account
- Inventory control account
- WIP control account
- System accounts of type Purchase Order Receipts

A source daybook is linked with its mirror daybook. The mirror daybook can be linked to either the primary/official or secondary/management type of layer.

Requirements for Execution

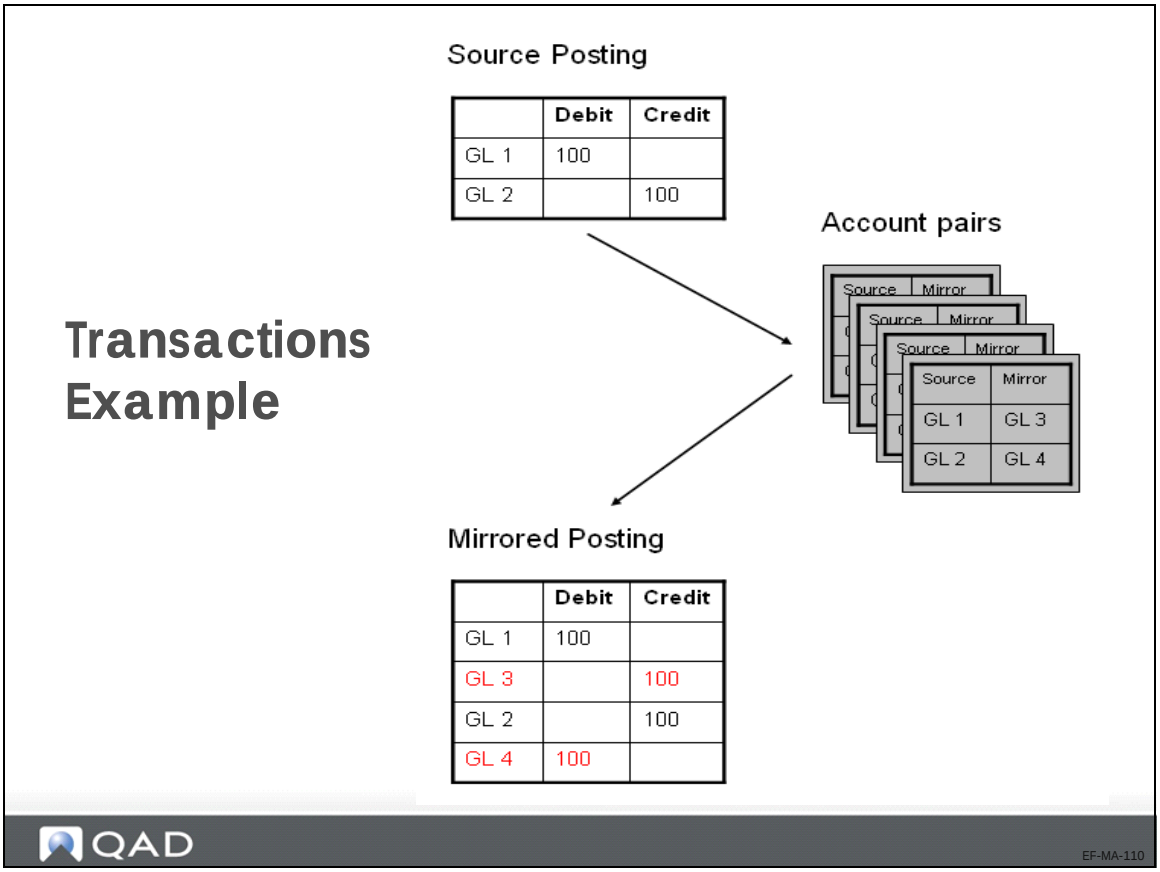


Mirror accounting is applied when it is active for the entity and the posting contains a pair of source accounts that have to be mirrored and the source daybook has been defined with its mirror daybook.

The Mirror Setup field in the Entity record contains the following three options:

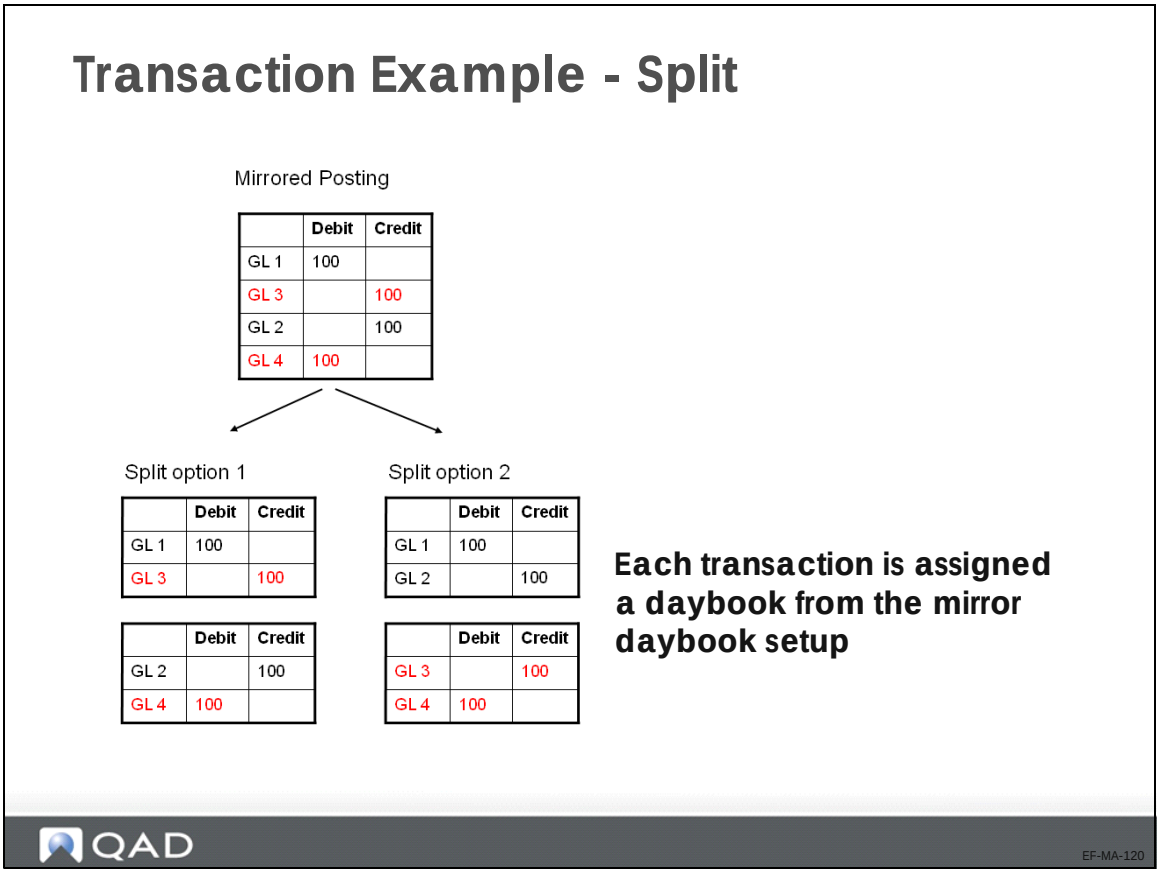
- None: Mirror accounting is disabled for the entity.
- Domain: Mirror accounting is enabled for the entity, and it takes mirror account and daybook definitions from domain level (definitions where the entity is blank).
- Entity: Mirror accounting is enabled for the entity, and it takes mirror account and daybook definitions from entity level (specific definitions for that entity).

Transactions Example



When the prerequisites are fulfilled, mirror accounting automatically creates an additional pair of GL posting lines from a source transaction.

Transaction Example—Split



Optionally, the mirrored transaction is split into two sub transactions, which can be posted in a different daybook.

Exercise: Mirror Accounting (EMEA Only)

Log in to entity 22UKCO

When not specified in the exercise, use the following data when needed:

- Sub-account: Gserv
- Cost Center: Adm
- SAF structure and SAF: choose any from the lookup list.

1 Use Entity Create (36.1.1.2.1) to create a new entity 22UKWA.

Field	Value
Entity Code	22UKWA
Domain	22UK
Business Relation	Use the GoTo to create a new business relation, 22UKWA
Mirror Setup	Entity

2 Use Business Relation Create (36.1.4.3.1), or use the GoTo from the Entity Create menu (36.1.1.2.1), to create the business relation linked to the entity.

Field	Value
Business Relation Code	22UKWA
Internal Entity	Yes
Intercompany Code	22UKWA
Head office address	1, Fenton Square Cardiff CF1 75R

3 Use User Domain/Entity Access Maintenance (36.3.4) to give the user `demo` access to entity 22UKWA.

4 Use Role Membership Maintain (36.3.6.6) to give the user `demo` access to the entity 22UKWA with the role Superuser. When you have access, change entity to 22UKWA.

5 Log off the application and log back in again to access the new entity.

6 Use Company Address Maintenance (1.2) to create company address 22UKWAC and use Site Maintenance (1.1.13) to create site 22UKWAC.

7 Use Location Maintenance (1.1.18) to set up a location for site 22UKWAC.

8 Use Cost Set Copy to Cost Set (30.3) to set up the costing for 22UKWAC.

Copy from site 22-100 standard cost set to site 22UKWAC standard cost set.

9 Use GL Account Create (25.3.13.1) to create mirror accounts.

Field	Value
GL Account Code	MINVAR
Description	Mirror Inv Variation
GL Type	Standard

Field	Value
Posting Tab	
Balance/PL	Profit and Loss
Auto/Manual	Manual
Analysis Tab	
Analysis type	None

Field	Value
GL Account Code	MPURCH
Description	Mirror Purchases
GL Type	Standard
Posting Tab	
Balance/PL	Profit and Loss
Auto/Manual	Manual
Analysis Tab	
Analysis type	None

10 Use Mirroring GL Account Create (3.20.7.1) to link mirror accounts to existing accounts.
Link GL account 1500 to mirror account MINVAR.
Link GL account 2520 to mirror account MPURCH.

11 Use GL Layer Create (25.8.14.1) to create a layer code Mirror.
Description: Mirror Accounting Layer
Layer Type: Management

12 Use Daybook Create (25.8.1.1) to create a mirror daybook.

Field	Value
Daybook Code	MPORCT
Description	Mirror Daybook
Daybook Type	Journal Entries
Layer Code	Mirror
Daybook Control	Operational
Daybook Group	MIRR-ACC

13 Use Mirroring Daybook Create (3.20.6.1) to link the mirror daybook to the source daybook.

Field	Value
Domain	22UK
Entity	22UKWA
Source Daybook	RCT-PO

Field	Value
Mirror Daybook	MPORCT
Source Layer	Primary

14 Use Purchase Order Maintenance (5.7) to create a purchase order.

Field	Value
Purchase Order Number	M-PO-1
Supplier	22S1001
Ship-to	22UKWAC
Site	22UKWAC
Item	02003
Quantity	1000
Unit Price	.22

15 Use Purchase Order Receipts (5.13.1).

Receive the full purchase order quantity.

16 Use Unposted Transaction Register (25.13.14) to preview the postings.

Chapter 22

General Ledger Transactions

Objective

Objective

- Learn how to manage General Ledger transactions and corrections
- Learn what GL transactions reports and views are available

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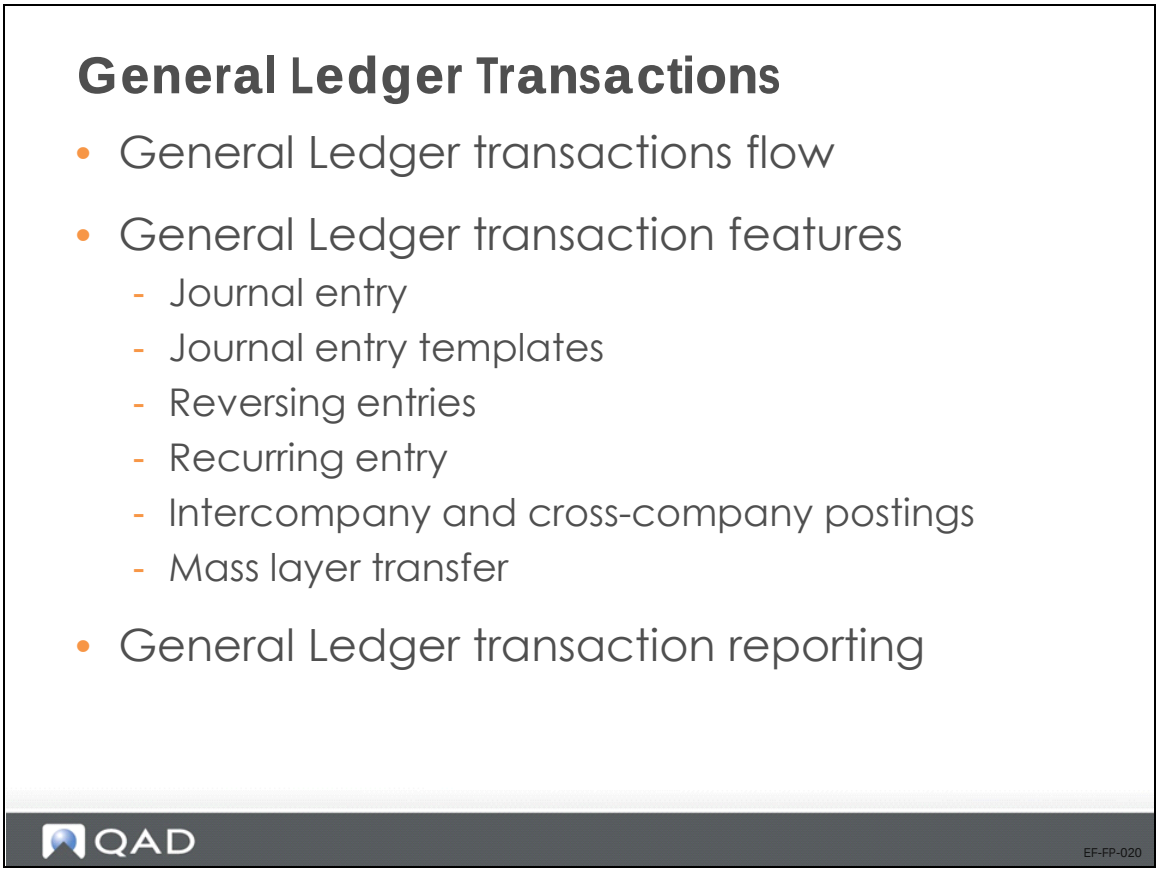
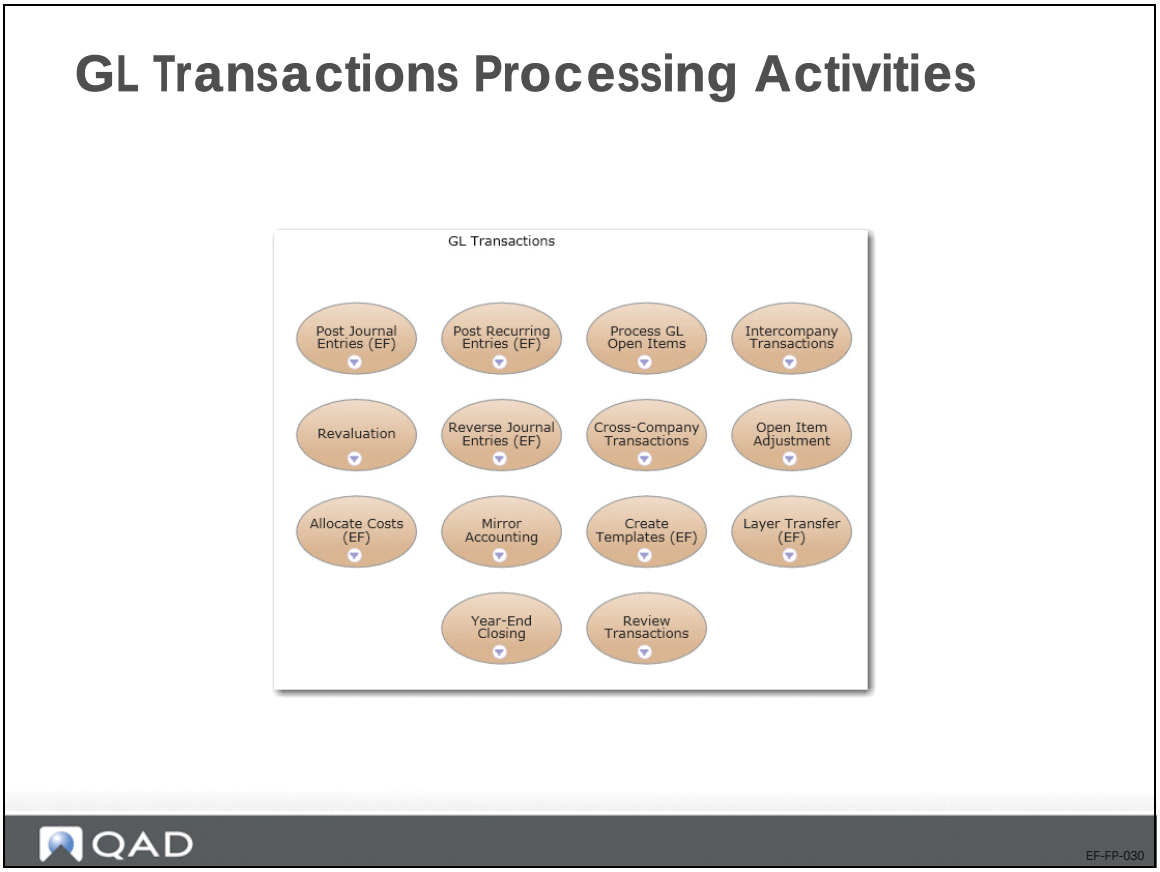
General Ledger Transactions



In a production system, most GL transactions originate from operational transactions such as manufacturing, purchasing, and inventory movements. This section describes General Ledger transactions that do not originate from operational areas.

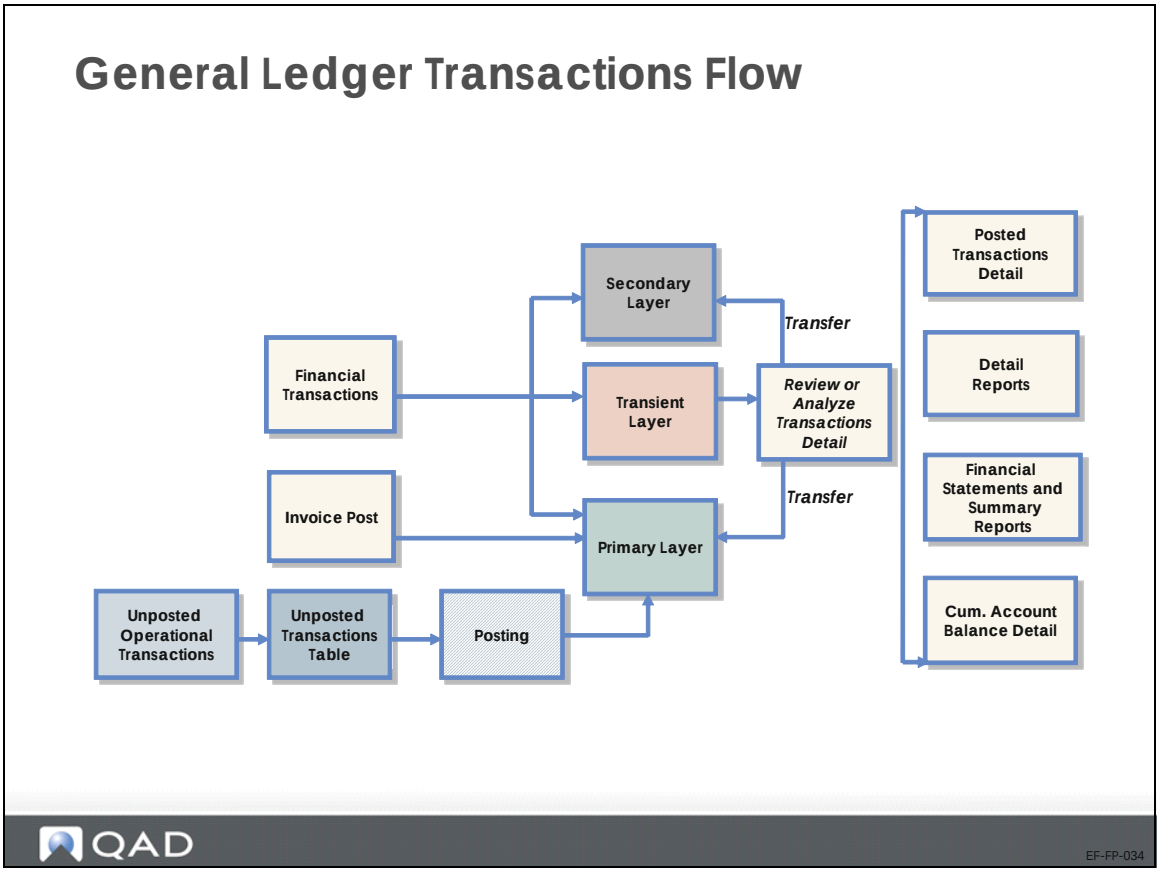
After reviewing the overall transaction posting flow, we will learn more about journal entries, templates, reversing transactions, recurring entries, cross-company postings, and how to transfer transactions in batch from the transient layer to the primary or secondary layer (mass layer transfer).

GL Transactions Processing Activities



This process map displays all activities related to General Ledger transactions.

General Ledger Transactions Flow



Journal entries, invoice post, and operational transactions are the basis of GL records.

Transactions recorded in the primary layer or secondary layer are created and posted as part of the same journal entry process. Transactions recorded in the transient layer can be transferred to the primary or secondary layer.

Simple GL transactions consist of multiple posting lines associated with amounts and GL accounts. During posting, the transaction detail in the posting line is used to update cumulative account balance detail records for the GL period. This detail is then used when generating financial statements and summary reports.

Journal Entry

General Ledger Transactions

- General Ledger transactions flow
- General Ledger transaction features
  - **Journal entry**
  - Journal entry templates
  - Reversing entries
  - Recurring entry
  - Intercompany and cross-company postings
  - Mass layer transfer
- General Ledger transaction reporting

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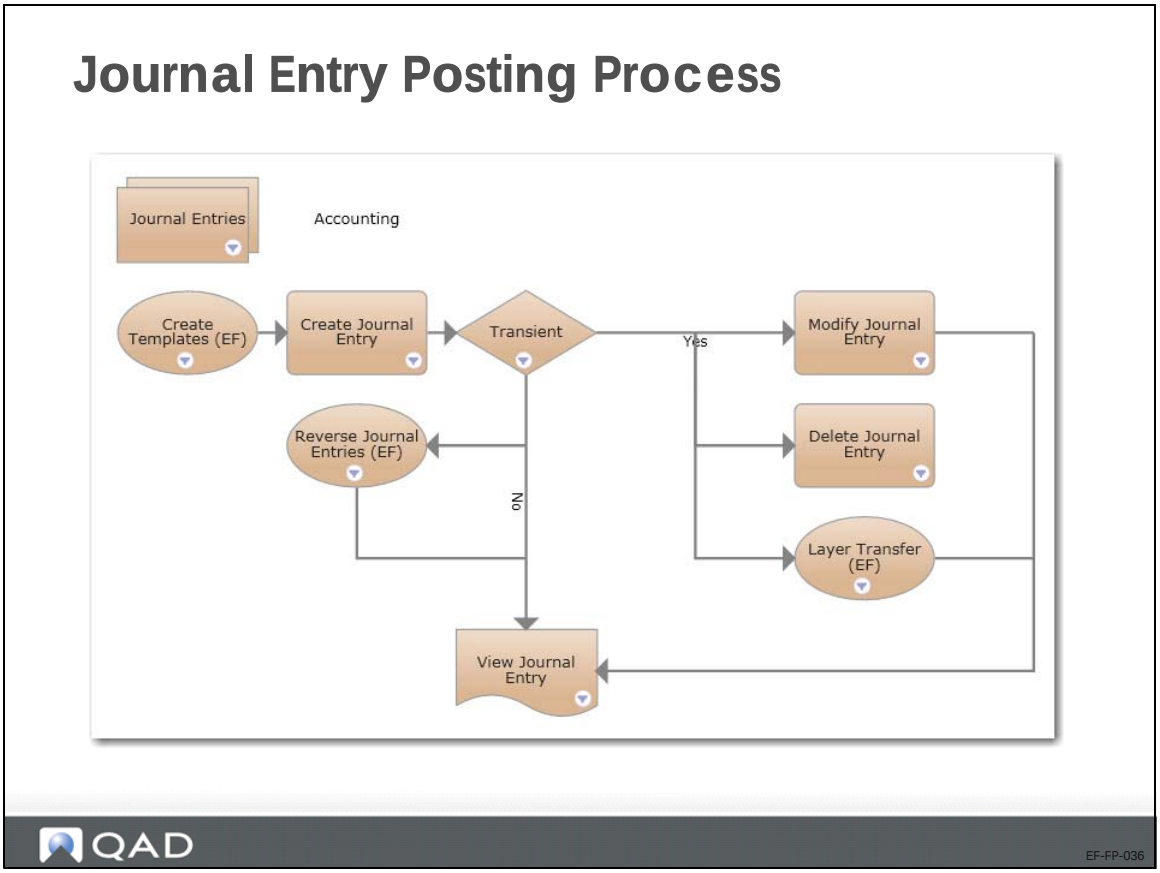
We will now discuss journal entry creation in more detail.

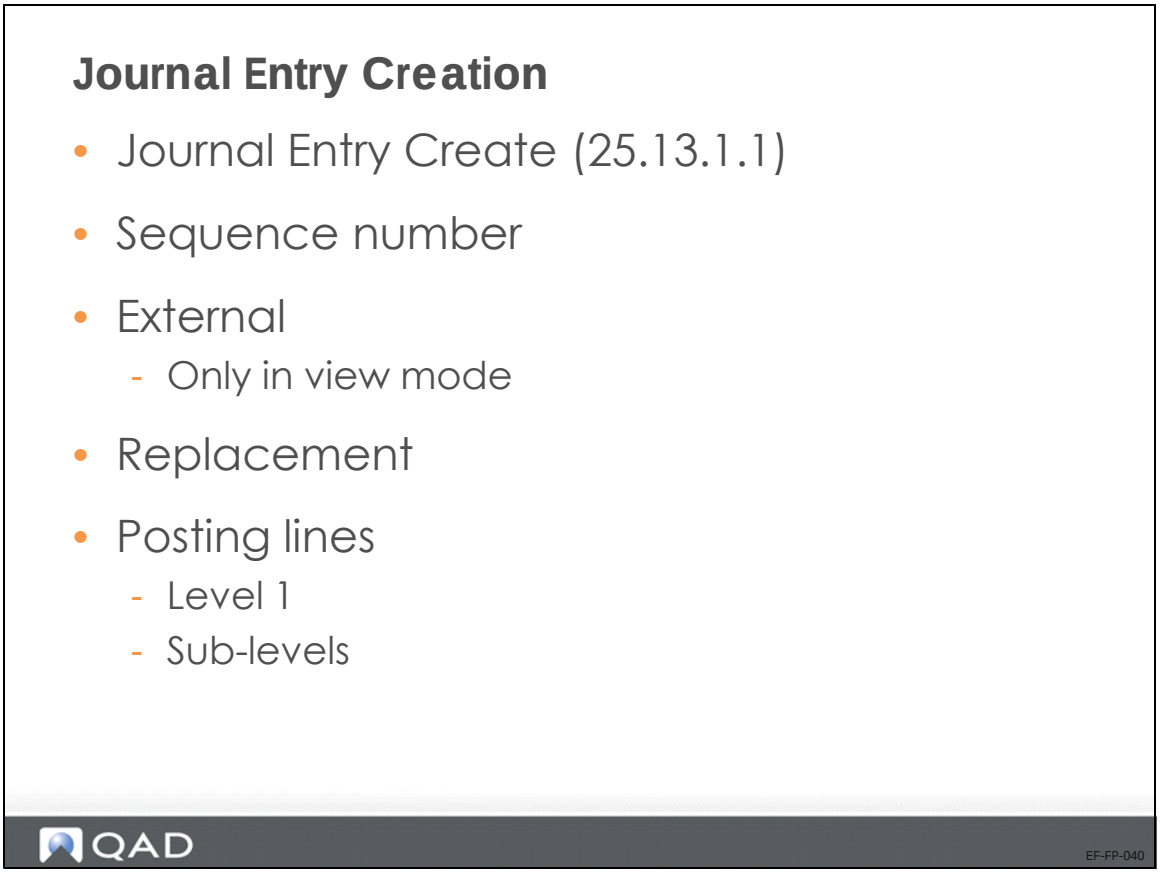
Journal Entry Posting Process



A journal entry, or posting, is a basic transaction in the accounting system. Journal entries are often composed of multiple posting lines, each associated with a GL account and an amount.

Journal entries can be based on templates, can be reversed, and, if posted in the transient layer, they can even be modified and deleted.

Journal Entry Creation



Use the Journal Entry activities (25.13.1) to create, view, modify, delete, and reverse journal entries. You can use Journal Entry Create (25.13.1.1) to manually record transactions for financial daybooks. However, Journal Entry View (25.13.1.3) lets you view transactions posted to operational and external daybooks, in addition to financial daybooks.

Journal Entry Create (25.13.1.1) Highlights

Sequence number: This field displays a nine digit sequence number generated for the journal entry. This is an alternative reference number for use in countries where local GAAP constraints require that GL posting numbering be sequential, without any gaps.

Note The sequence number is generated only if the Additional GL Numbering field is activated for the entity.

Replacement. Select the field if the journal entry is a replacement posting. Normally, if a GL posting is incorrect, it is rectified using two subsequent GL transactions: a reversal posting to balance out the original, incorrect posting, and a new replacement posting with the correct values.

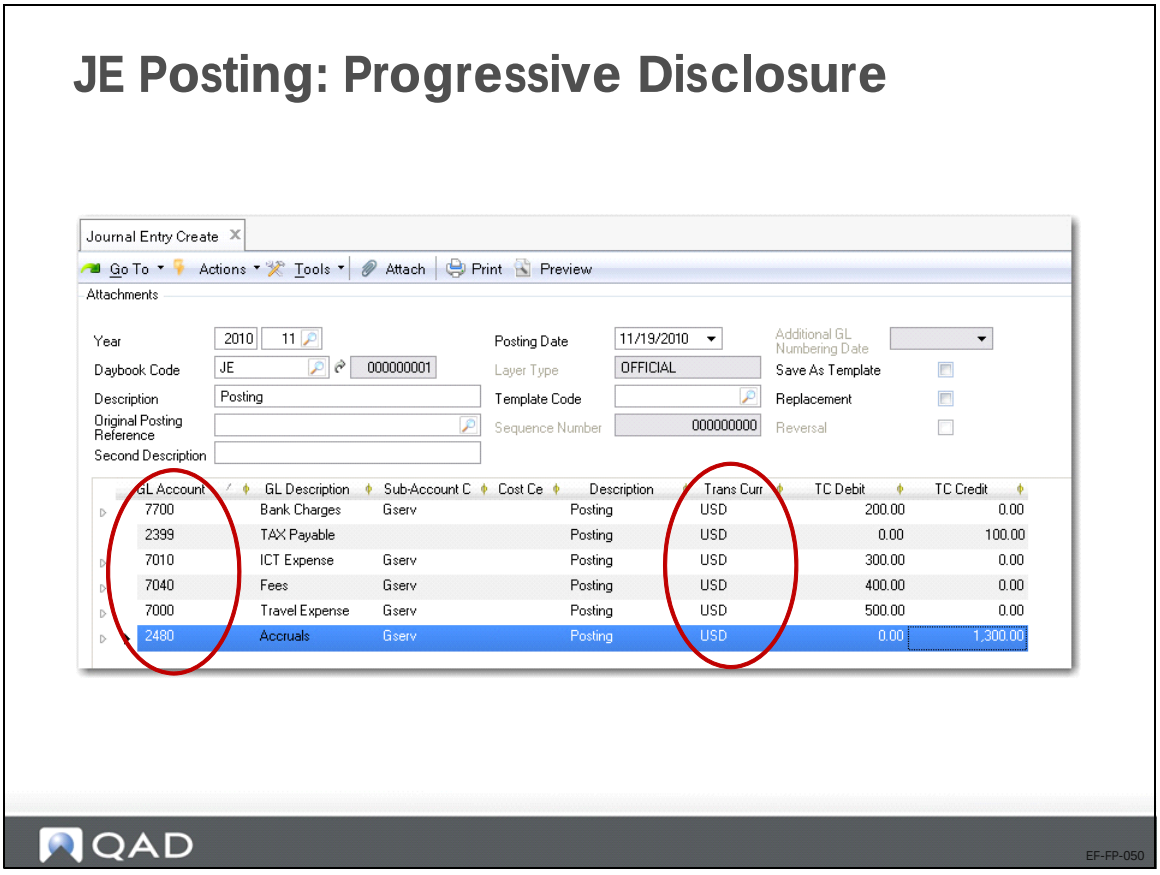
Reversal. Select the field if the journal entry is a reversal posting to balance out a previous, incorrect posting.

You can also use the following activities within Journal Entry:

- Journal entries can be saved in draft format when Draft Instances is selected in System/User Settings, Change System Setting. When you save a record in draft format, none of the system validations are executed. You can then return later to complete the record by choosing the Journal Entry Browse Drafts activity and selecting the record you want to finish from the list.
- Using the Excel integration feature, you can export data into Excel spreadsheets for analysis or reporting. You can also create new data within Excel and import it to the system database, where it is validated before being saved.

If the GL account you use does not have analysis and the transaction you enter is in the base currency, the posting contains only a single line and no level 2 posting lines.

JE Posting: Progressive Disclosure



A posting line can be composed of multiple sublevels containing additional posting information.

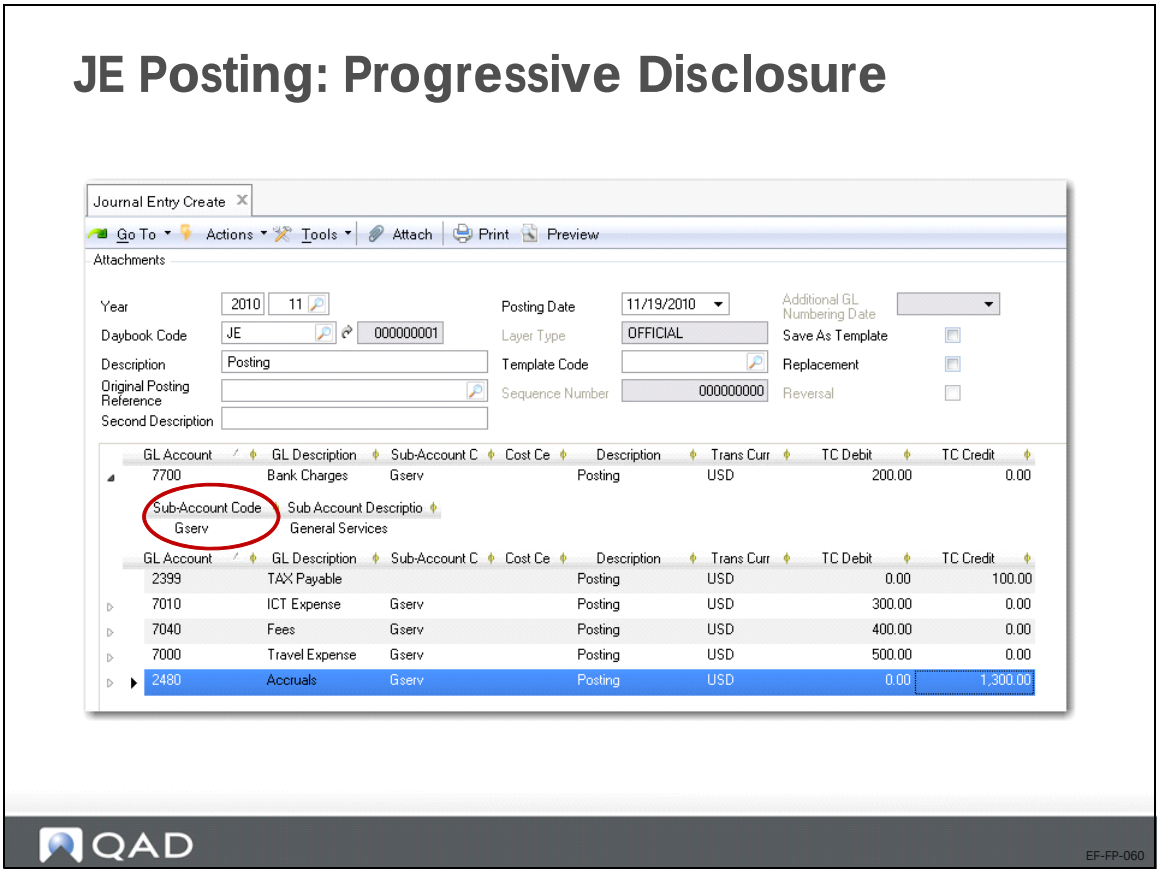
The level 1 posting line contains fields for the GL account, sub-account, cost center, journal entry description, base currency, and debit and credit amounts in the base currency.

The posting grid can automatically display additional level 2 posting lines and fields, depending on how the GL accounts used in the transaction are defined, such as fields for:

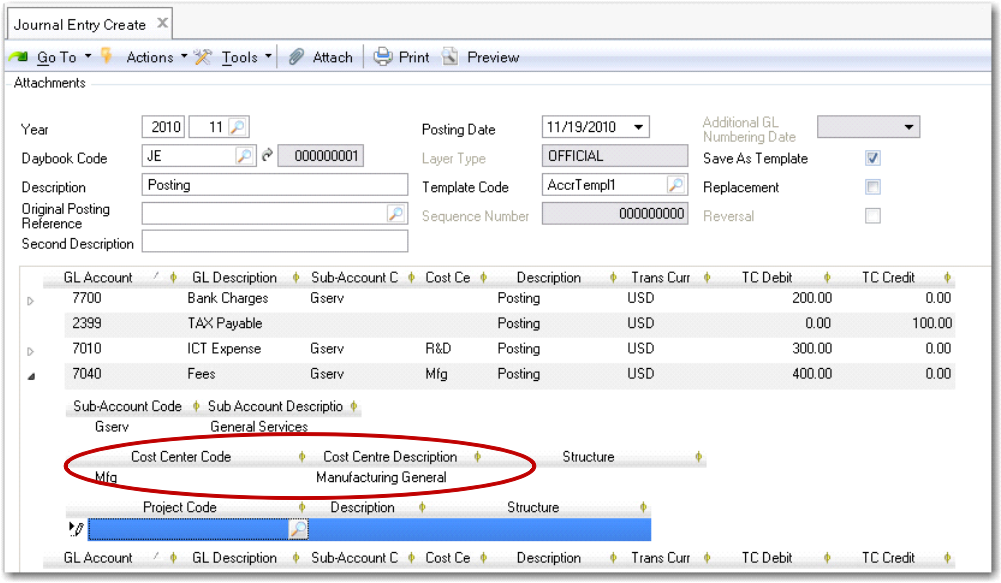
- Transaction currency
- Quantity
- Intercompany
- Cost center analysis
- Project analysis
- SAF analysis
- Open items
- Tax account details

If the posting line contains additional level 2 posting lines, a line expander (+) appears to the left of the line. Click the expander to drill down and view all posting details.

Progressive Disclosure—Continued



JE Posting: Progressive Disclosure



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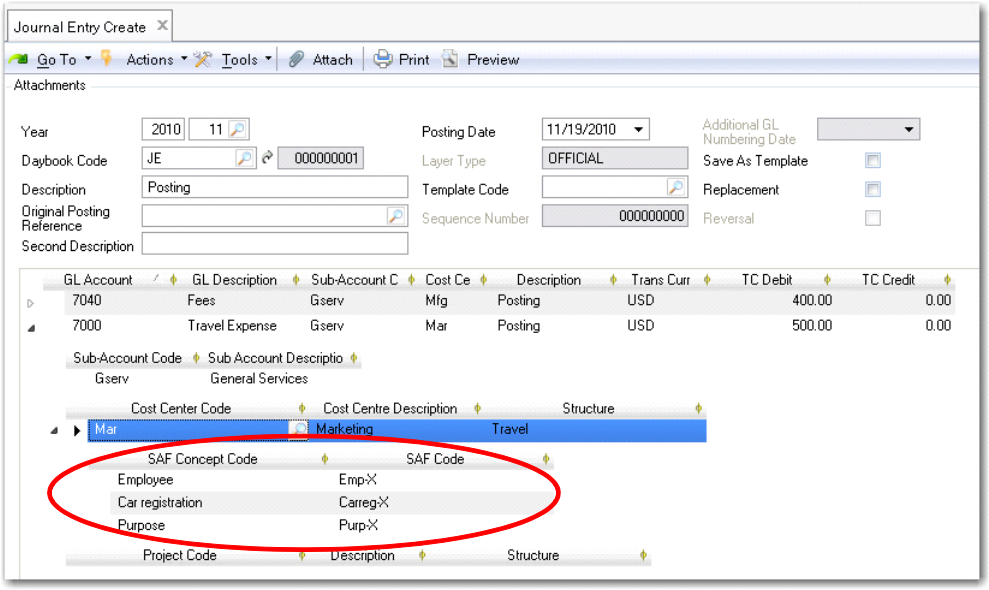
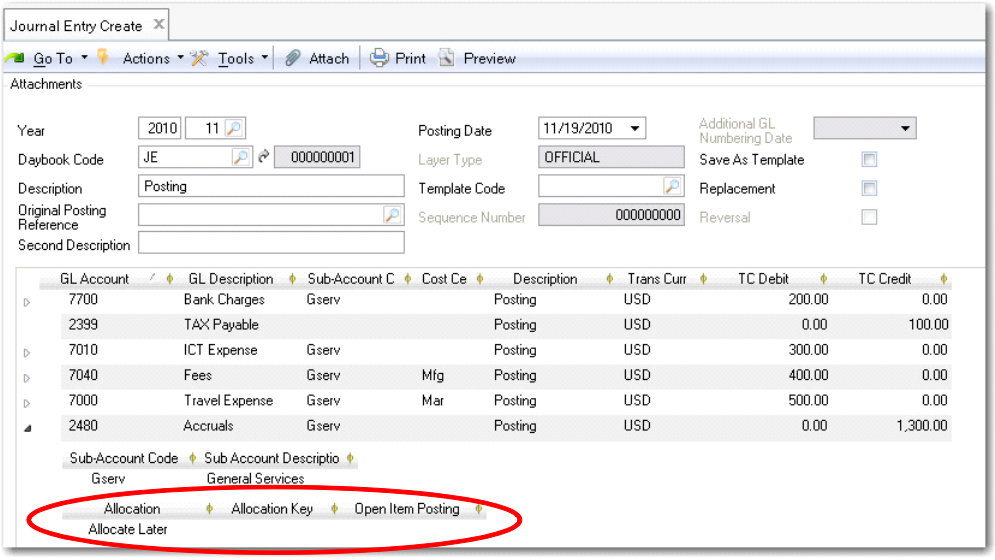
JE Posting: Progressive Disclosure



JE Posting: Progressive Disclosure



US Exercise: Journal Entry Basics

Log in to entity 10USACO.

When not specified in the exercise, use the following data when needed:

- Sub-account: Gserv
- Cost Center: Adm
- SAF structure and SAF: choose any from the lookup list

1 Use GL Layer Create (25.8.14.1) to create a new accounting layer of type Transient.

Field	Value
Layer Code	TR-accrual
Description	TR-accrual
Layer Type	Transient
Active	Yes

2 Use Daybook Create (25.8.1.1) to create a new daybook linked to the transient layer TR-accrual and controlled by Financials.

Field	Value
Daybook Code	JETRANS
Description	JETRANS
Daybook Type	Journal Entries
Layer Code	TR-accrual
Active	Yes
Daybook Group	DGC-QMI

Note From now on, use the daybook JETRANS in transactions unless another daybook is specified.

3 Use Journal Entry Create (25.13.1.1) to create a journal entry for accruals at the end of the current GL period. The posting lines are as follows:

Account	Cost Center	Amount	DR/CR
GL 7000 (Travel)	Adm	$10,000 USD	DR
GL 7010 (ICT)	Adm	$900 USD	DR
GL 7200 (Repair & Maint)	Adm	$1,100 USD	DR
GL 2470 (Accrual account)		$12,000 USD	CR

EMEA Exercise: Journal Entry Basics

Log in to entity 22UKCO.

When not specified in the exercise, use the following data when needed:

- Sub-account: Gserv
- Cost Center: Adm
- SAF structure and SAF: choose any from the lookup list

1 Use GL Layer Create (25.8.14.1) to create a new accounting layer of type Transient.

Field	Value
Layer Code	TR-accrual
Description	TR-accrual
Layer Type	Transient
Active	Yes

2 Use Daybook Create (25.8.1.1) to create a new daybook linked to the transient layer TR-accrual and controlled by Financials.

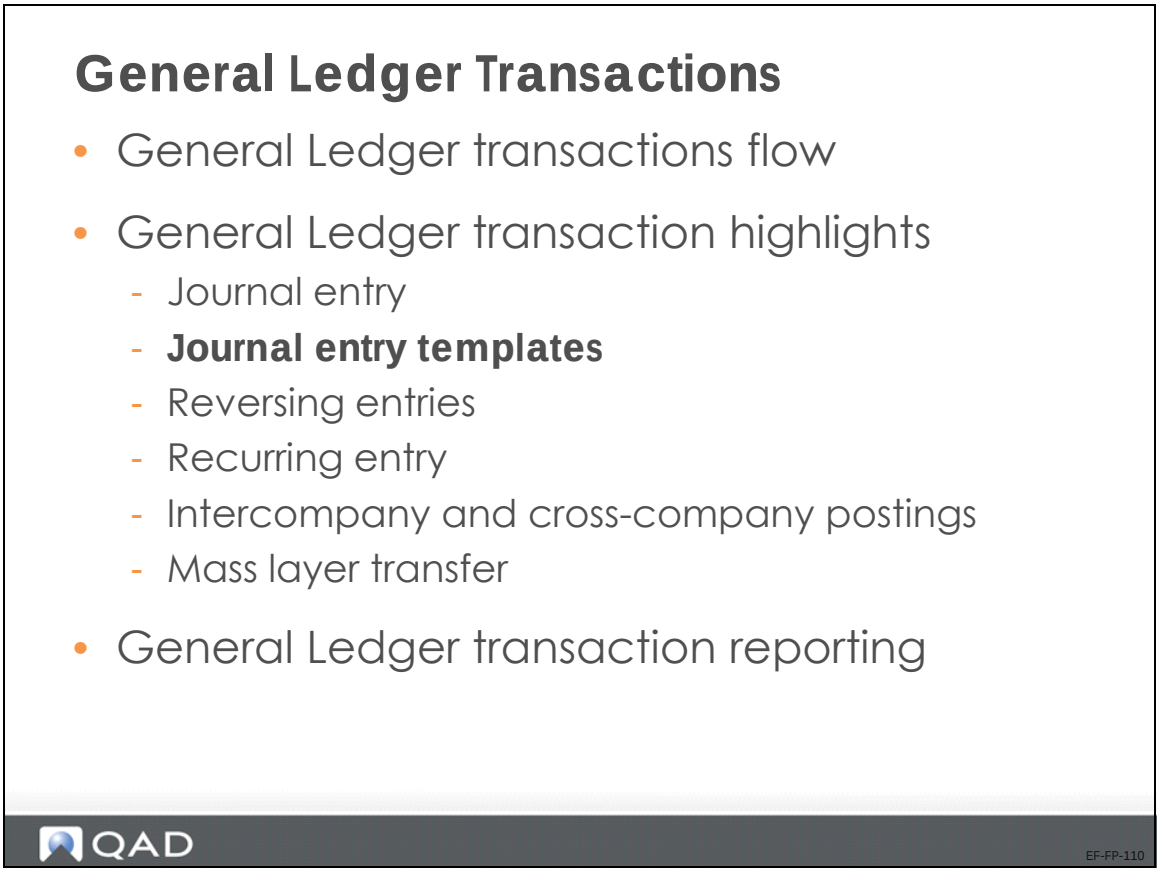
Field	Value
Daybook Code	JETRANS
Description	JETRANS
Daybook Type	Journal Entries
Layer Code	TR-accrual
Active	Yes
Daybook Group	DGC-QMI

From now on, use the daybook JETRANS in transactions unless another daybook is specified.

3 Use Journal Entry Create (25.13.1.1) to create a journal entry for accruals at the end of the current GL period. The posting lines are as follows:

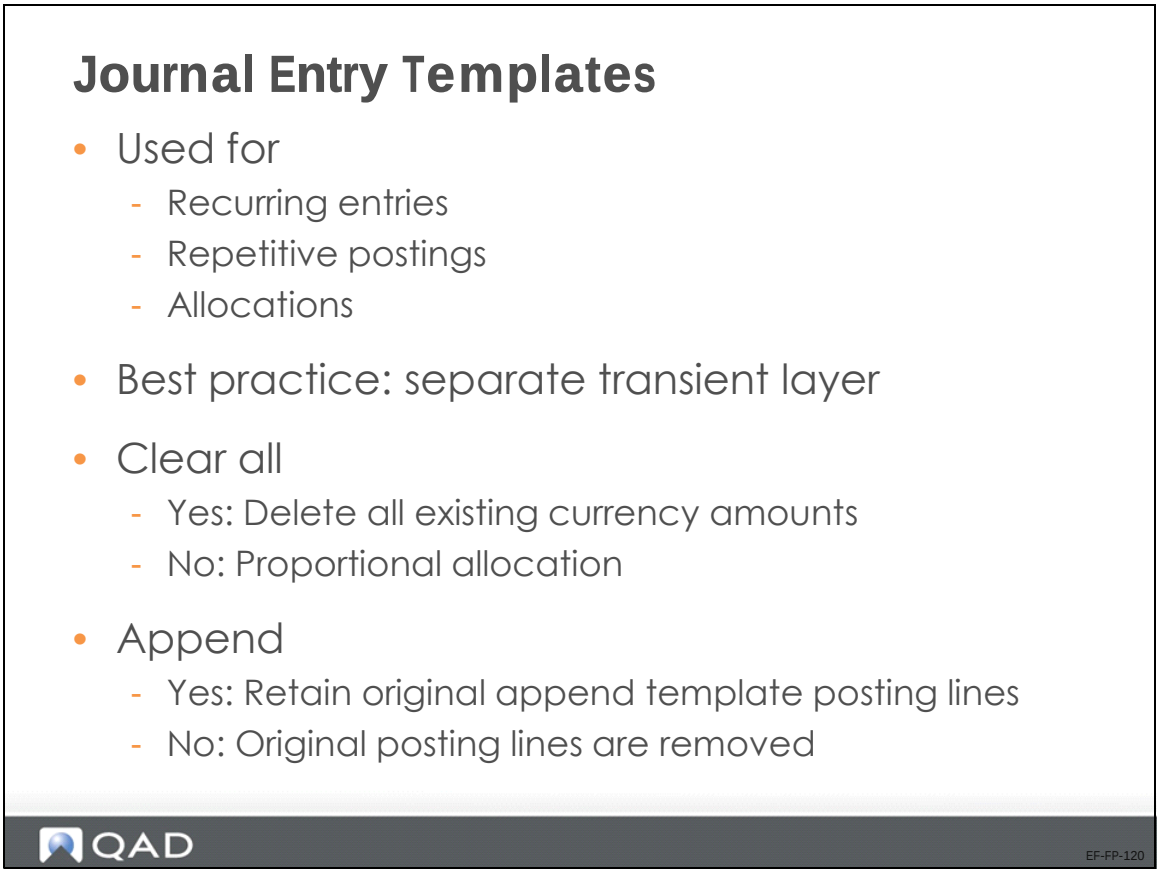
Account	Cost Center	Amount	DR/CR
GL 7000 (Travel)	Adm	£10,000 GBP	DR
GL 7010 (ICT)	Adm	£900 GBP	DR
GL 7200 (Repair & Maint)	Adm	£1,100 GBP	DR
GL 2470 (Accrual account)		£12,000 GBP	CR

Journal Entry Templates



In the following pages, you will learn more about journal entry templates.

Journal Entry Templates—Continued



If you plan to record the same journal entry on a regular basis, posting templates let you save the posting details for reuse. Templates are usually used with recurring entries in which the template is posted at recurring intervals according to a predefined schedule. However, you can use templates for any type of repetitive posting, and for allocations.

Journal entry templates retain the following transaction details:

- GL account, including the associated sub-account, cost center, project, or SAF details
- Description
- Currency
- Debit amount
- Credit amount

The account details are loaded into the posting grid when you select the template. You need change only the monetary amount and the reference each time you reuse the template, or maintain and use the same values. You can save the transaction or edit the details as required.

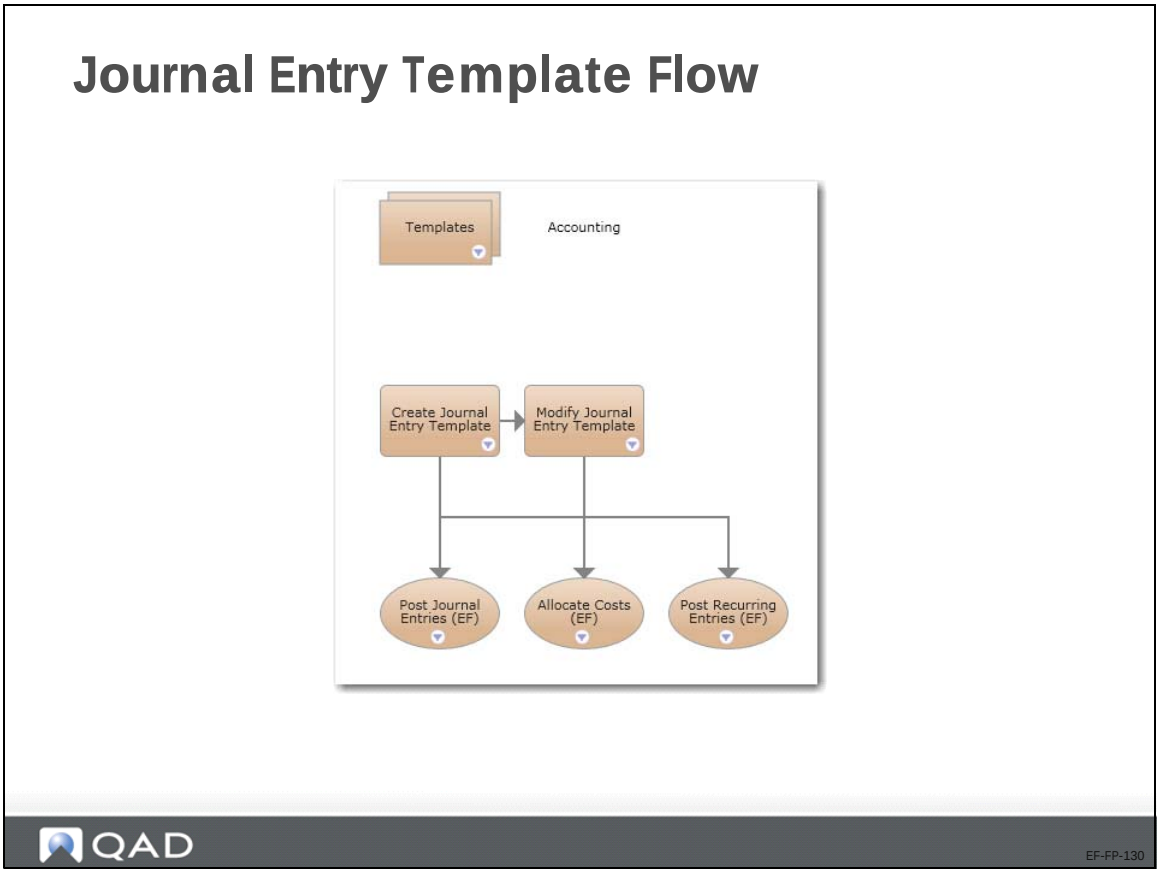
Best practice is to use a transient layer daybook to post journal entry templates. If you use a daybook linked to a transient layer, you can review the template details before posting the transactions to the primary layer. When you have verified the template, you can then change the daybook type to primary.

In the Journal Entry Create popup window, note the following two fields:

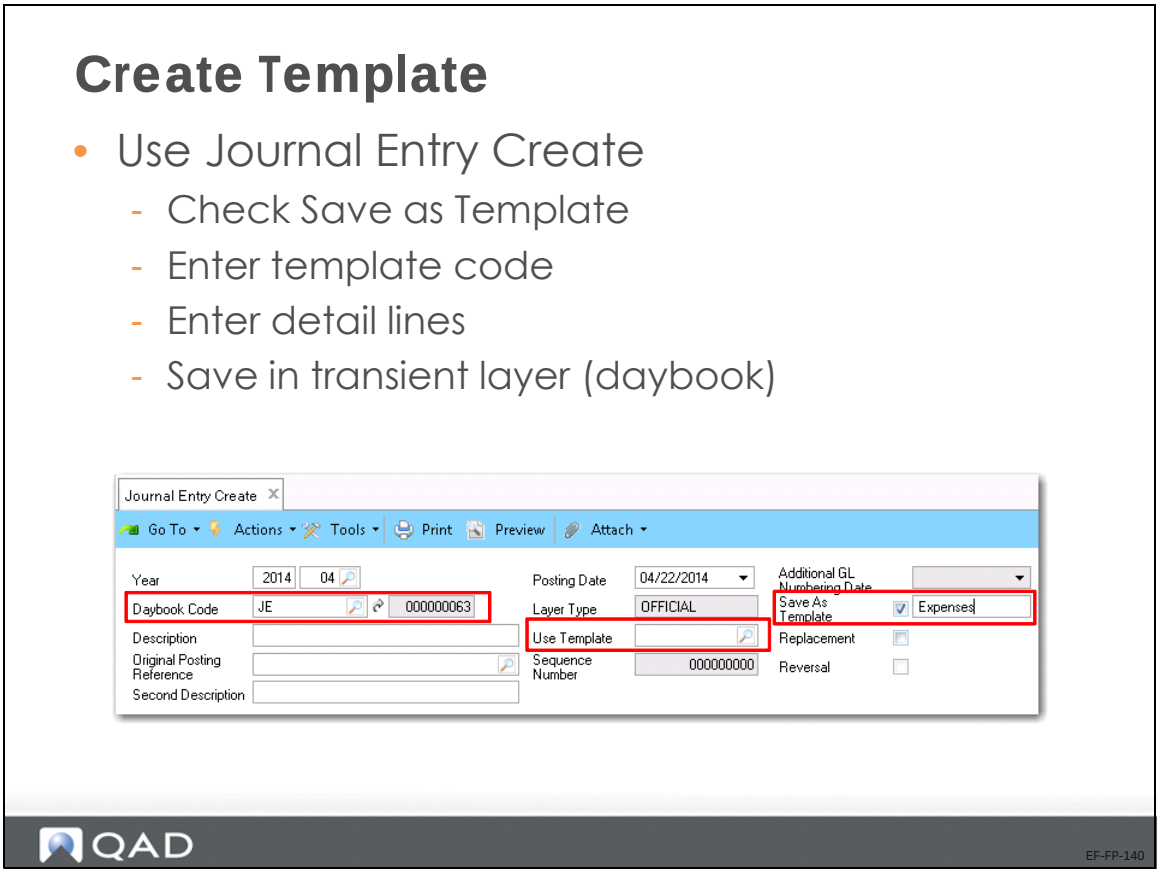
Clear All. When creating a template, select the Clear All field to delete all existing amounts. Only the posting lines (such as accounts, sub-accounts, cost center) are stored, and you can enter new amounts in the posting grid. If the Clear All field is unselected, the system creates a proportional allocation based on the total transaction amount entered.

Append. When using a template in a transaction, select Append to retain the original posting lines and append the template posting lines. If you do not select Append, the original posting lines are removed, and only the template is retained.

Journal Entry Template Flow



Create Template



Complete the following steps to create a template for a journal entry in the transient layer:

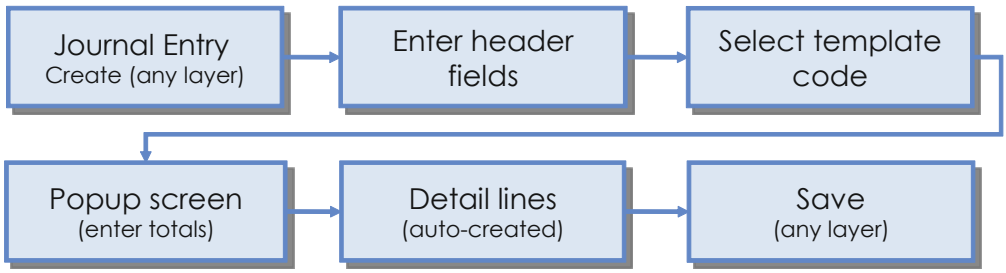
1. In Journal Entry Create, specify a daybook code that is associated with the transient layer.
2. Select Save as Template.
3. Enter the template code.
4. In the grid, specify the detailed posting lines.
5. Save the posting.

You can modify templates, as required.

Complete the following steps to create a journal entry using a posting template:

1. In Journal Entry Create (25.13.1.1), click the Template Code lookup and select a template.
2. Click anywhere in the posting grid to display the Journal Entry Create popup window.
3. Specify the total amount and any other details as required.
4. Click OK.
   The journal entry grid lines are updated according to the posting template.
5. Save the journal entry.

Use Journal Entry Template



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US Exercise: JE Templates

In this exercise, you will:

- Create standard transactions.
- Create and use templates.

Log in to entity 10USACO.

When not specified in the exercise, use the following values:

- Sub-account: Gserv
- Cost Center: Adm
- SAF structure and SAF: choose any from the lookup list.

1. Use Journal Entry Create to create a standard transaction.

   Select the Save as Template field and specify the template code ACCR-M001.

   Use the Template daybook, which is linked to the transient layer code Trans-template.

   In the journal entry grid, enter the following accrual posting lines:

Account	Cost Center	Amount	DR/CR
GL 7000 (Travel)	Adm	$10,000 USD	DR
GL 7010 (ICT)	Adm	$900 USD	DR
GL 7200 (Repair & Maint)	Adm	$1,100 USD	DR
GL 2470 (Accrual account)		$12,000 USD	CR

2. Save the posting template.

3. Use the template to create an accrual posting for the GL period following the current system date (post on the last day of the GL period). The posting amount is 8000 USD (total amount of the posting in TC).

EMEA Exercise: JE Templates

In this exercise. you will create and use journal entry templates.

Log in to entity 22UKCO

When not specified in the exercise, use the following values (if needed):

- Sub-account: Gserv
- Cost Center: Adm
- SAF structure and SAF: choose any from the lookup list

1. Use Journal Entry Create (25.13.1.1) to create a standard transaction.

   Select the Save as Template field and specify the template code ACCR-M001.

   Use the Template daybook, which is linked to the transient layer code Trans-template.

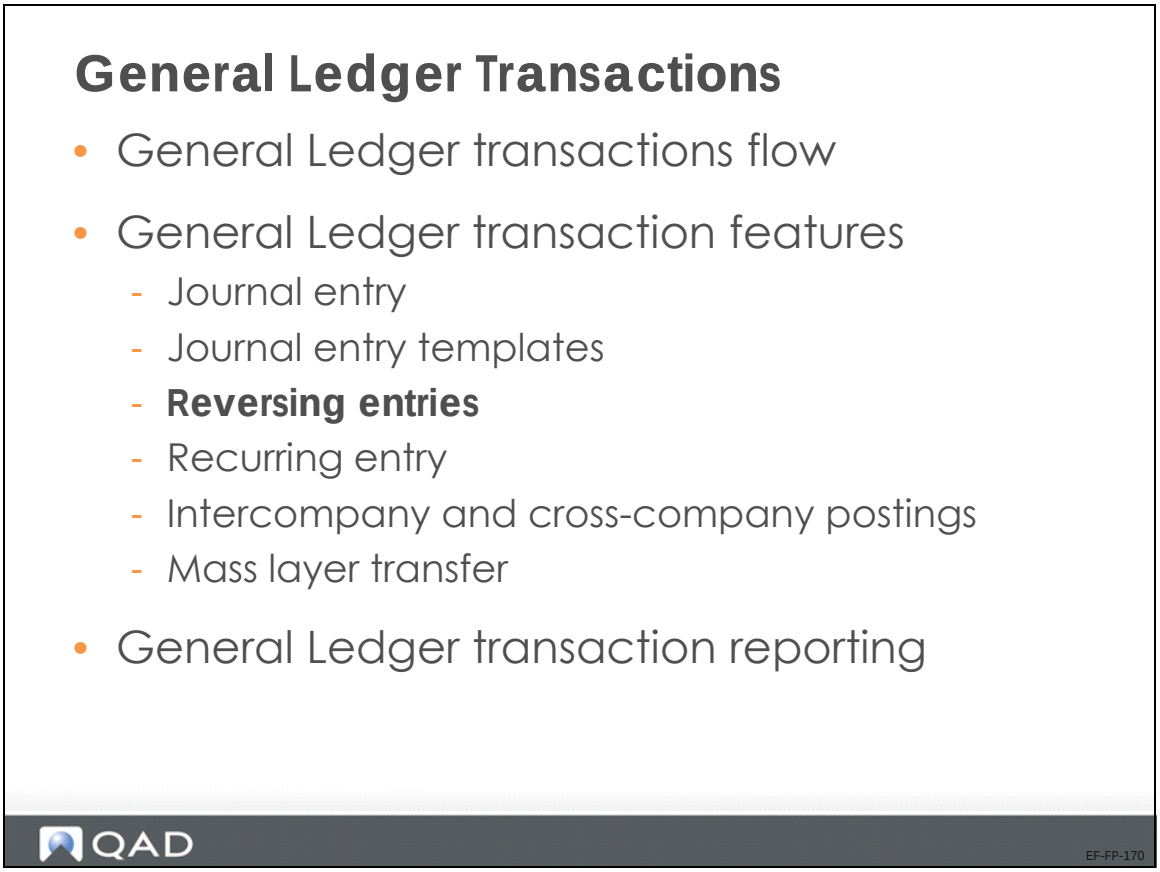
   In the journal entry grid, enter the following accrual posting lines:

Account	Cost Center	Amount	DR/CR
GL 7000 (Travel)	Adm	10,000 GBP	DR
GL 7010 (ICT)	Adm	900 GBP	DR
GL 7200 (Repair & Maint)	Adm	1,100 GBP	DR
GL 2470 (Accrual account)		12,000 GBP	CR

2. Save the posting template.

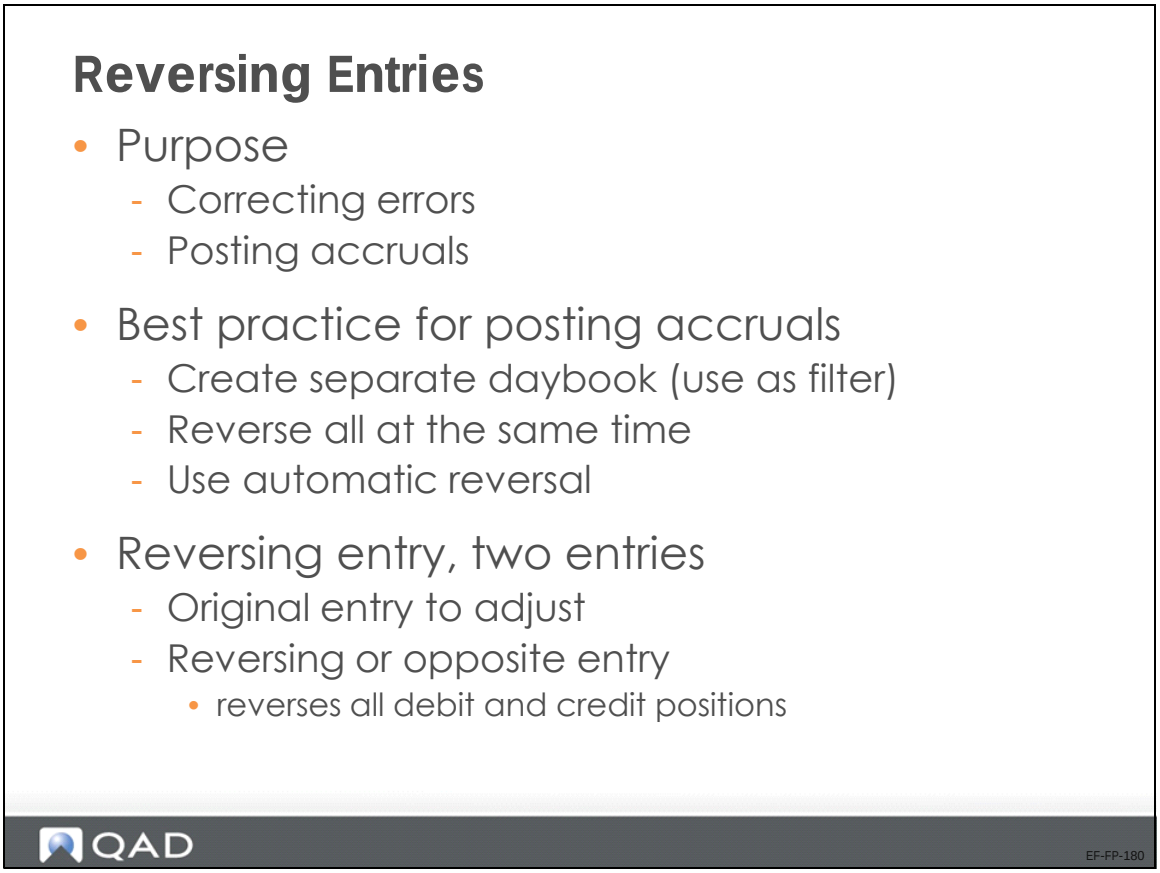
3. Use the template to create an accrual posting for the GL period following the current system date (post on the last day of the GL period). The posting amount is 8000 GBP (total amount of the posting in TC).

Reversing Entries



Now, you will learn how to use reversing transactions to reverse activity on existing journal entries.

Reversing Entries—Continued



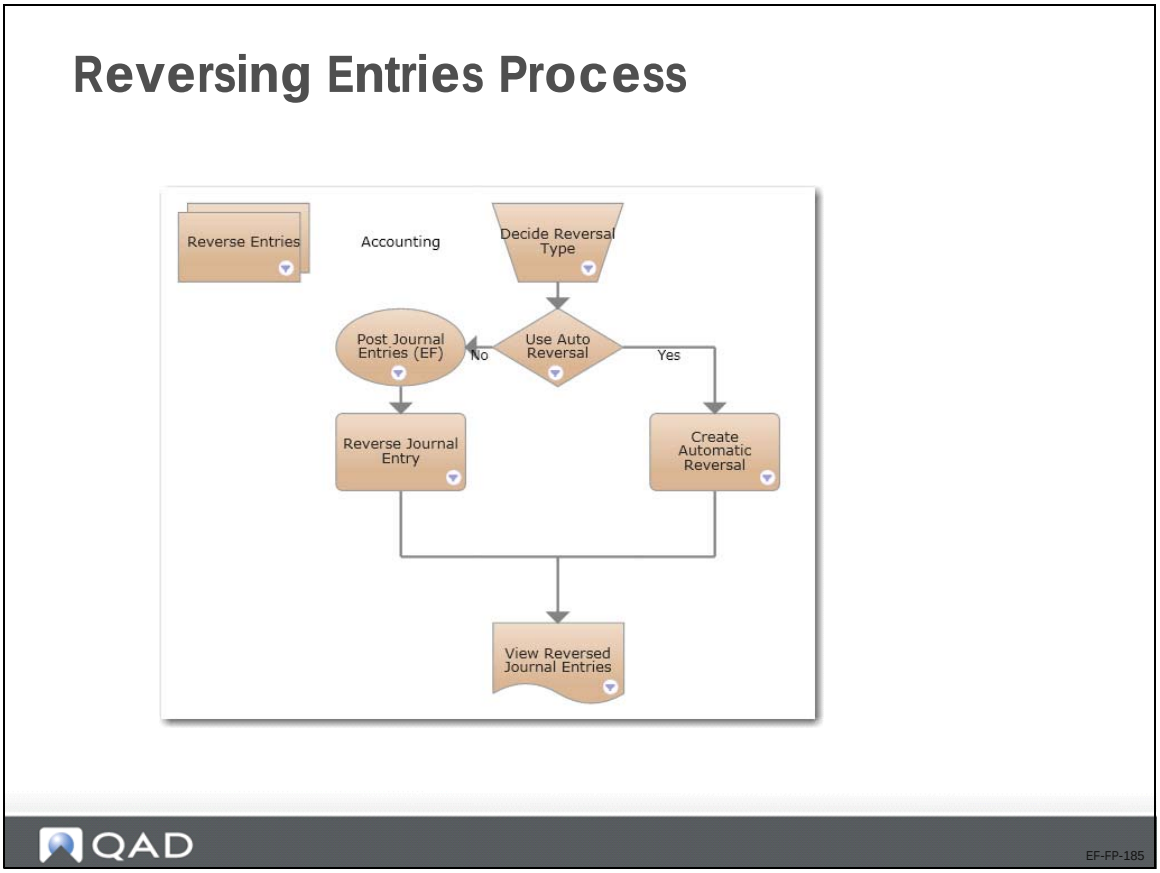
Reversing entries are used for two purposes:

- Correcting errors. Correct a posted transaction by posting an opposing entry to net out the original amounts.
- Posting accruals, such as payroll earned, but not yet paid. To do this, you post an entry (typically, on the last day of a GL period) and immediately reverse the entry on the first day of the next GL period. This procedure lets you record subsequent payments without having to recognize the portions that were accrued at an earlier date.

A reversing entry consists of two parts: the original adjusting entry, and the reversing, or opposite entry. The second entry reverses the position of all debits and credits.

Best practice for posting and reversing accruals is to use a separate daybook, and to reverse all postings at the same time. You can use the automatic journal entry reversal function to facilitate this process.

Reversing Entries Process



This slide displays the reversing entries process map, with both manual and automatic reversal options.

Correction JE Reversal

Correction JE Reversal

- Legal requirements (country, region)
  - Reversing correction JE posted at the same GL side (DR CR) as the original posting
  - Total balance of original plus correction must equal zero in the GL
- Select Correction check box in JE Reverse

correction vs reversal postings

	Original posting DR	Original posting CR	Reversal posting DR	Reversal posting CR	Correction posting DR	Correction posting CR
GL1	100			100	-100	
GL2		70	70			-70
GL3		30	30			-30

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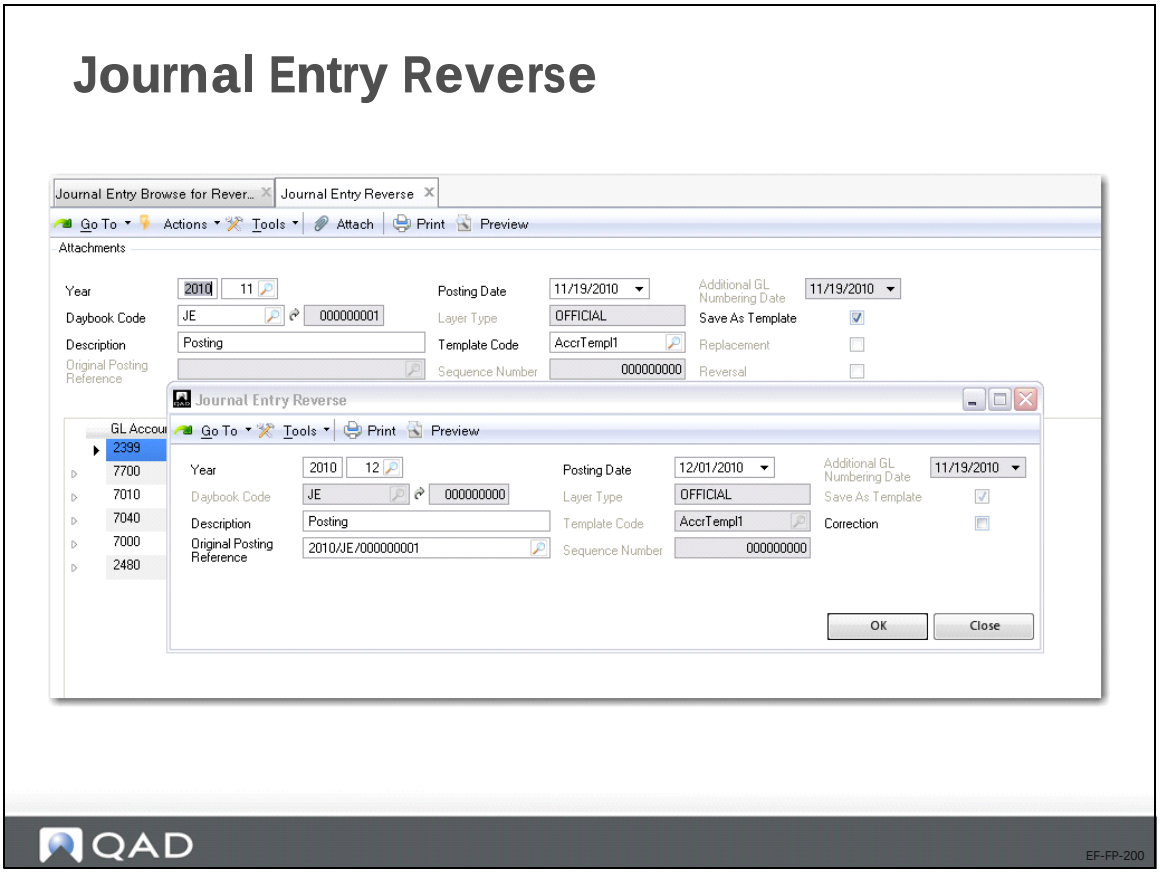
In certain countries, such as in Eastern Europe, it is a legal requirement to post correction journal entries at the same side (debit/credit) as the original entry. The total balance should always equal zero in the GL.

To post a reversing correction, select the Correction field in the Journal Entry Reverse subscreen.

Journal Entry Reverse

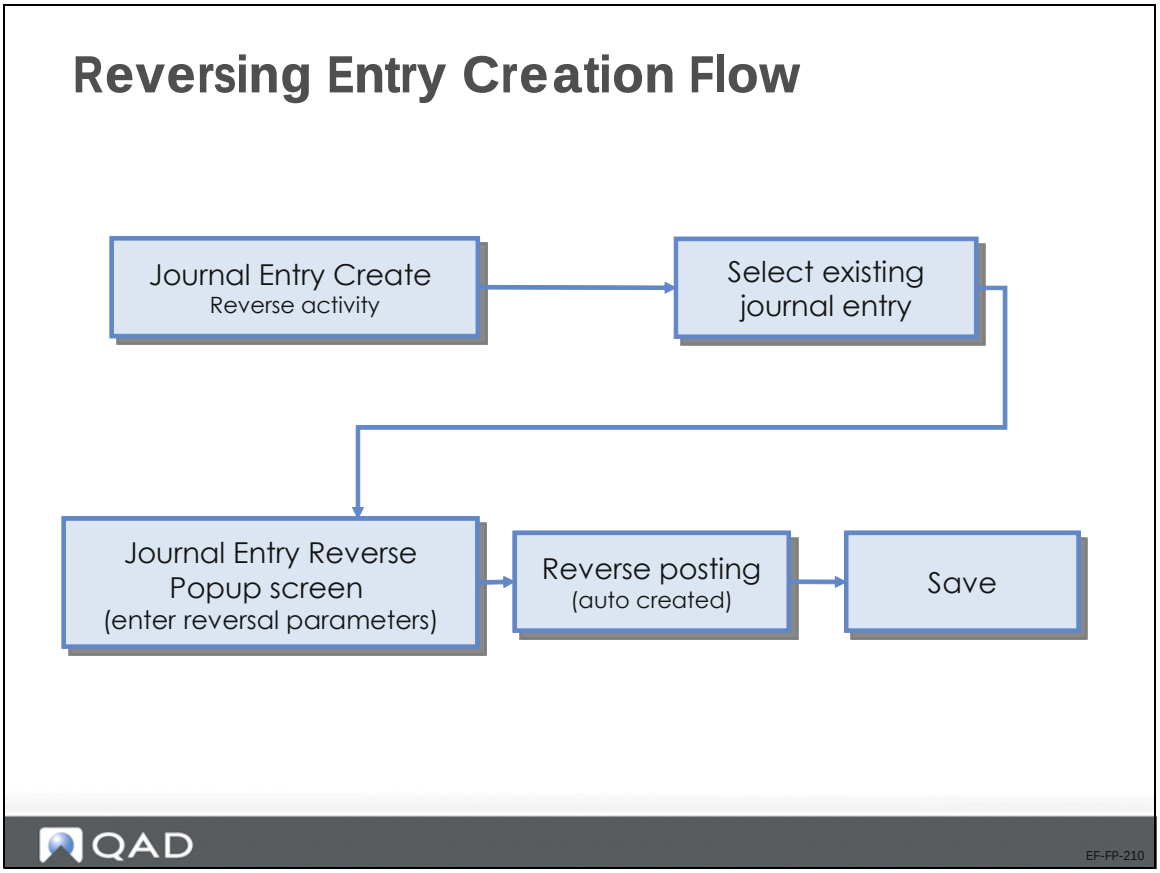


The initial reversing screen displays a summary of the entry details. Reversals are usually processed on the first day of the GL period that follows the original posting period. The year, period, and posting date, therefore, default to these values.

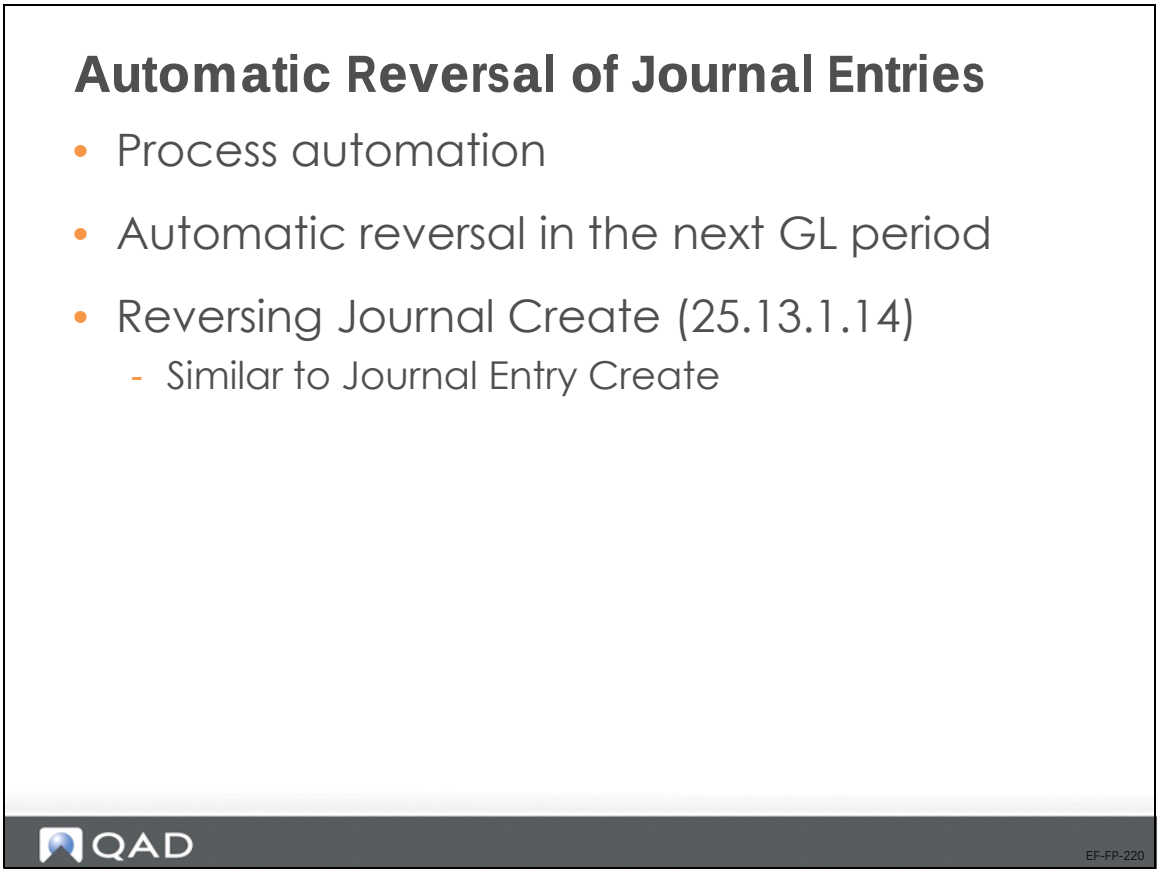
You can change these defaults by changing the posting date or period.

Select the Correction field to enable the correction JE reversal.

Reversing Entry Creation Flow



Automatic Reversal of Journal Entries

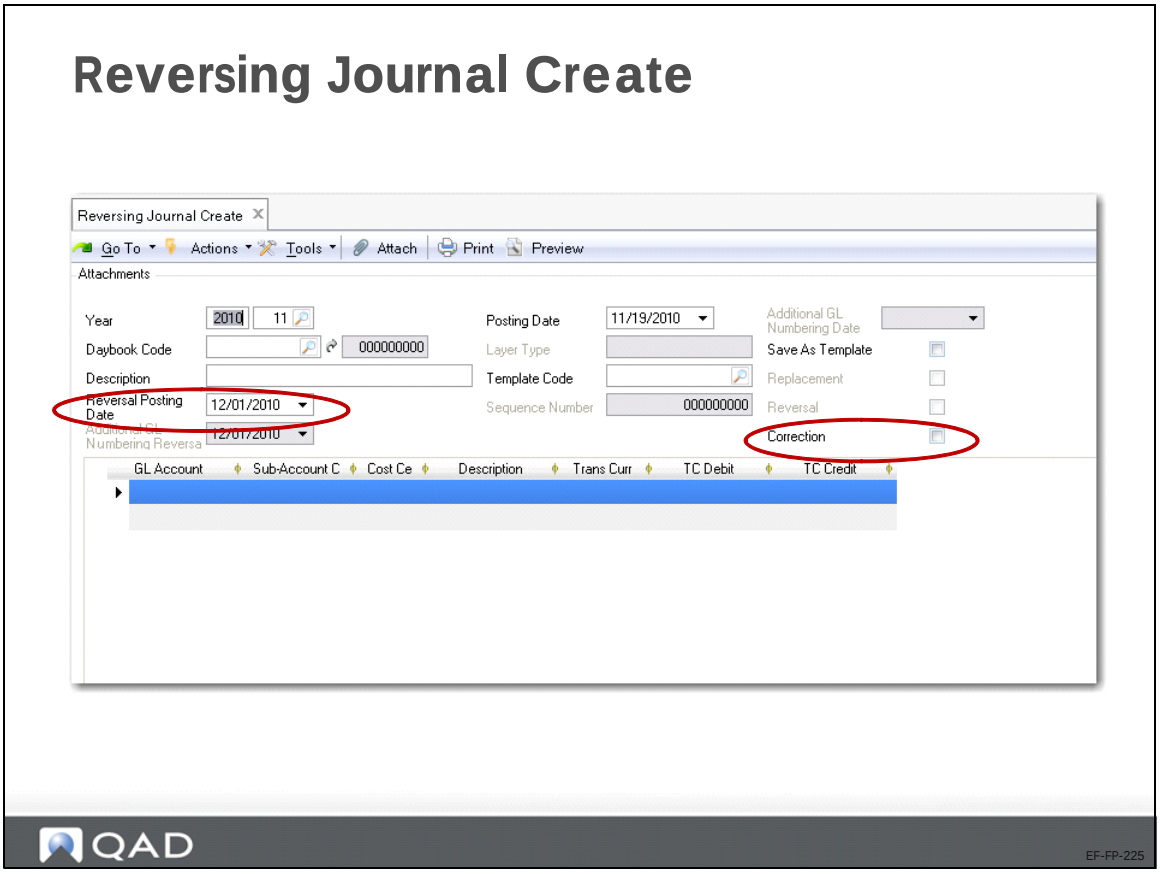


Reversing Journal Create (25.13.1.14) lets you create a journal entry that reverses automatically in the next GL period; you do not have to manually reverse the transaction. You also have the option to use correction of accounting for the reversing journal entry.

When you create a posting in Reversing Journal Create (25.13.1.14), both the original and reversing journal entries are created.

Process automation results in fewer instances of human error, and reduces overhead costs.

Reversing Journal Create



Reversing Journal Create (25.13.1.14) is based on Journal Entry Create (25.13.1.1). Only two additional fields are specific to Reversing Journal Create:

Reversal Posting Date. It defaults to the first day of the next period, and must always in a later period than the one of the original entry.

Correction. If checked, the original transaction is netted and the balance is zero (same behavior as in the Journal Entry Reverse popup screen)

US Exercise: Reversing Entries

Log in to entity 10USACO.

When not specified in the exercise, use the following data where needed:

- Sub-account: Gserv
- Cost Center: Adm
- SAF structure and SAF: choose any from the lookup list.

1. Use the template ACCR-M001 (created in the previous exercise) to create the accrual posting for the last day of the next GL period. The TC amount is 8,000 USD (total amount of the posting in TC). Use daybook JE.

2. Use Journal Entry Reverse (25.13.1.5) to reverse the standard transaction created in step (1) in the same period because the posting was incorrect.

   In the browse, specify daybook JE to limit the list of transactions and make your search easier. Select your transaction, and click OK. Review the transaction and save.

3. In Journal Entry Create (25.13.1.1), click the Replacement field and create the following new posting (use template ACCR-M001). Specify 10,000 USD as the template posting amount.

   Description: Accruals (to post on the last date of the next GL period)

Account	Amount	DR/CR
GL 7000 (Travel)	$3,000 USD	DR
GL 7010 (ICT)	$4,500 USD	DR
GL 7200 (Repair & Maint)	$2,500 USD	DR
GL 2470 (Accrual account)	$10,000 USD	CR

Automatic Journal Entry Reversal

1. Create an automatic reversing journal entry in Reversing Journal Create (25.13.1.14).

Field	Value
Daybook	JE
Description	Accruals 2
Reversal Posting Date	First day of next month (default).
Correction	Select
Posting details:	
GL 7200	USD 10,000 DR
GL 2470	USD 10,000 CR

2. Click Save.

   On the first day of the next month, the system will automatically create a reversal posting and all positions will be netted.

EMEA Exercise: Reversing Entries

In this exercise, you will create reversing entries.

Log in to entity 22UKCO.

When not specified in the exercise, use the following where needed:

- Sub-account: Gserv
- Cost Center: Adm
- SAF structure and SAF: choose any from the lookup list.

1. Use the template ACCR-M001 (created in the previous exercise) to create the accrual posting for the last day of the next GL period. The TC amount is 9,000 GBP (total amount of the posting in TC). Use daybook JE.
2. Use Journal Entry Reverse (25.13.1.5) to reverse the standard transaction created in step (1) in the same period because the posting was not correct.
3. In Journal Entry Create (25.13.1.1), click the Replacement field and create the following new posting (use template ACCR-M001). Specify 10,000 GBP as the template posting amount.

Account	Amount	DR/CR
GL 7000 (Travel)	3,000 GBP	DR
GL 7010 (ICT)	4,500 GBP	DR
GL 7200 (Repair & Maint)	2,500 GBP	DR
GL 2470 (Accrual account)	10,000 GBP	CR

Automatic Journal Entry Reversal

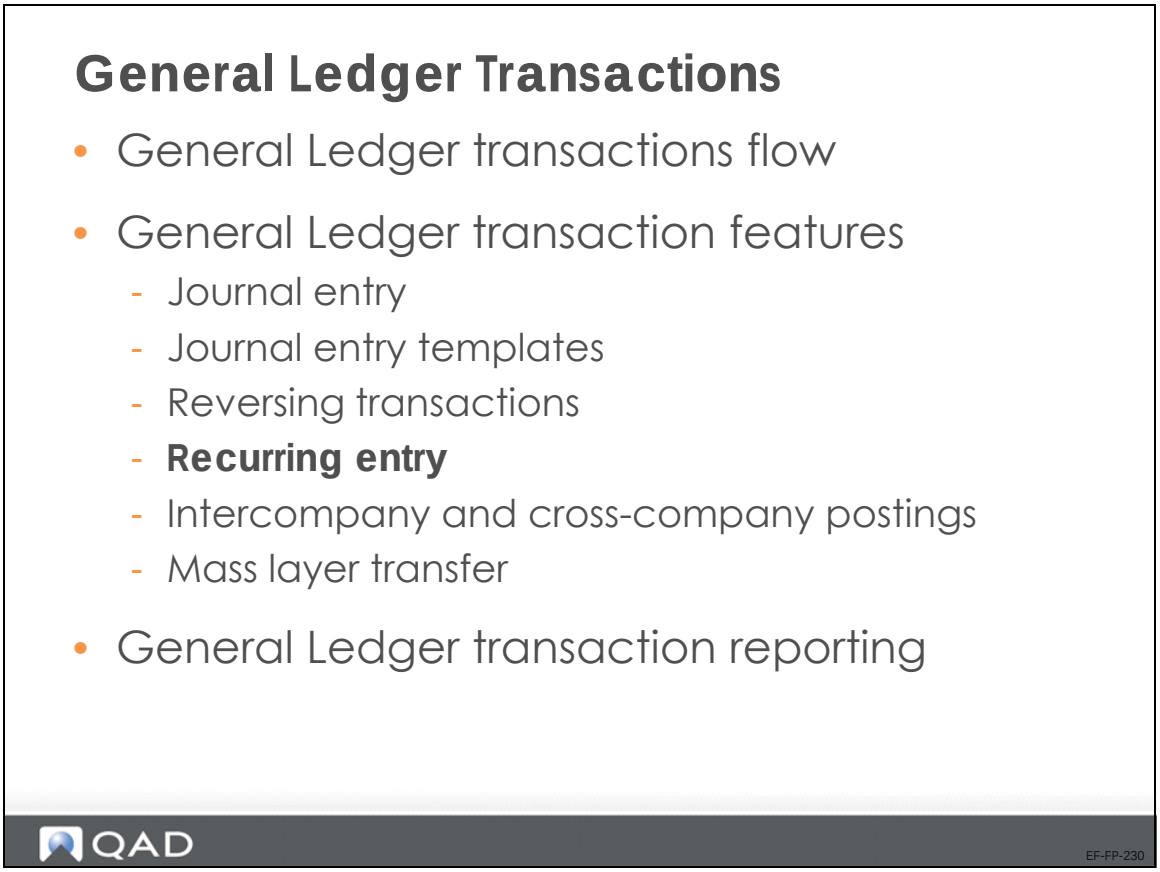
1. Create an automatic reversing journal entry in Reversing Journal Create (25.13.1.14).

Field	Value
Daybook	JE
Description	Accruals 2
Reversal Posting Date	First day of next month (default).
Correction	Select
Posting details:	
GL 7200	GBP 10,000 DR
GL 2470	GBP 10,000 CR

2. Click Save.

   On the first day of the next month, the system will automatically create a reversal posting and all positions will be netted.

Recurring Entries

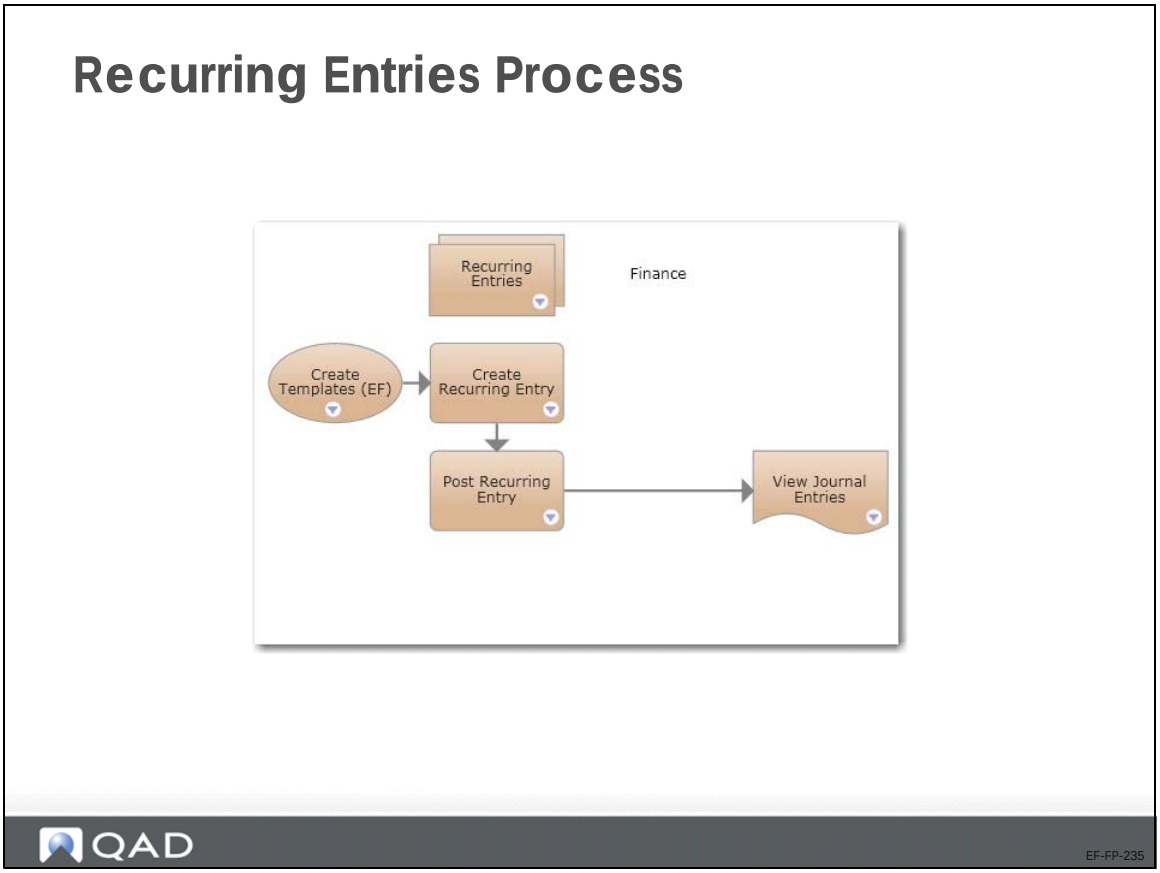


Use Recurring Entry activities (25.13.4) to create, view, modify, and delete recurring entries, and to process recurring entry postings.

Recurring entries are transactions that are repeated regularly, such as monthly rent payments.

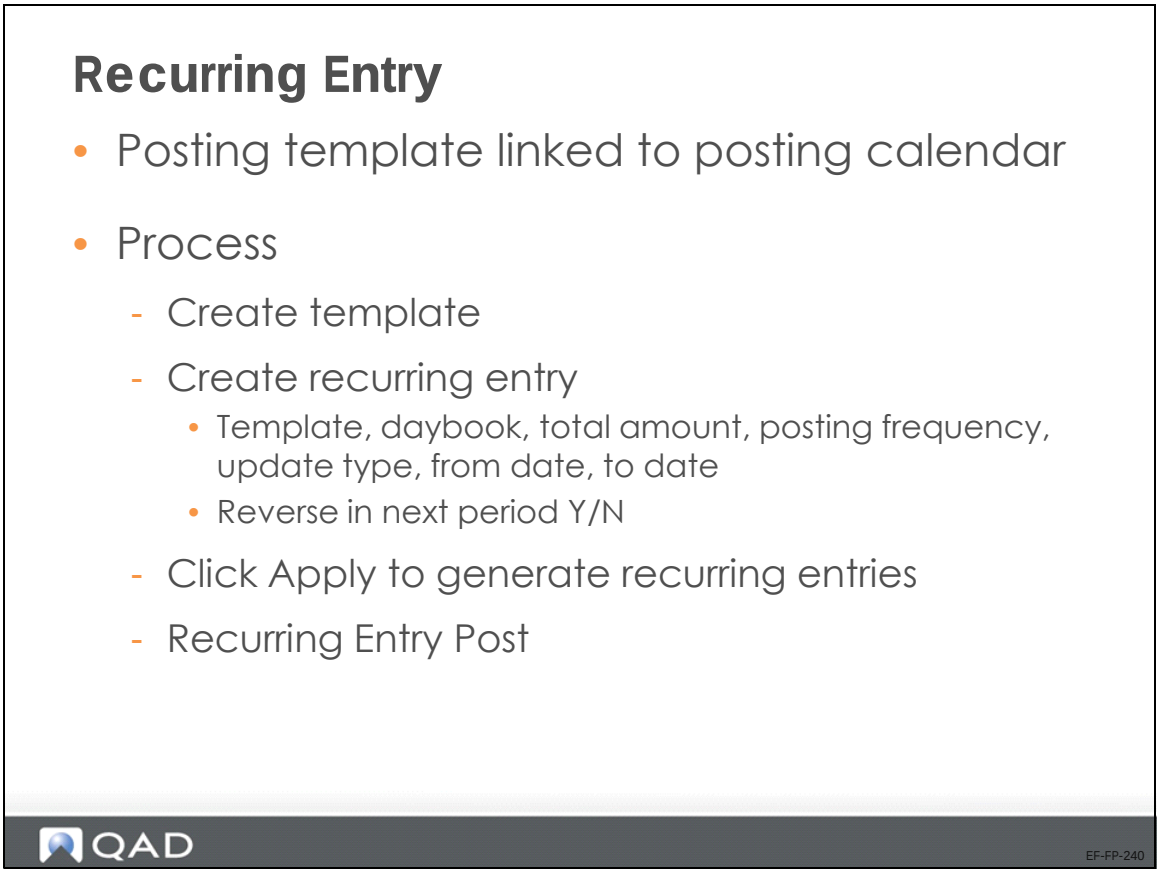
You can run recurring entry transactions in several GL periods, eliminating some of the manual effort required. An expected end of year expense might be accrued month by month to distribute the effect on the balance sheet. Rather than making a manual entry each month, you can set up a recurring entry.

Recurring Entries Process



The slide displays the process map for recurring entries.

Recurring Entry



A recurring entry consists of a posting template linked to a posting calendar. If you have created a recurring entry recorded in the transient layer, you then post the entry to the primary layer using Recurring Entry Post (25.13.4.5). If the template was recorded in the primary layer, the posting step is not required.

1. Create the posting template in Journal Entry Create (25.13.1.1).
2. Set up the recurring entry in Recurring Entry Create (25.13.4.1).
3. Post the recurring entry in each period.

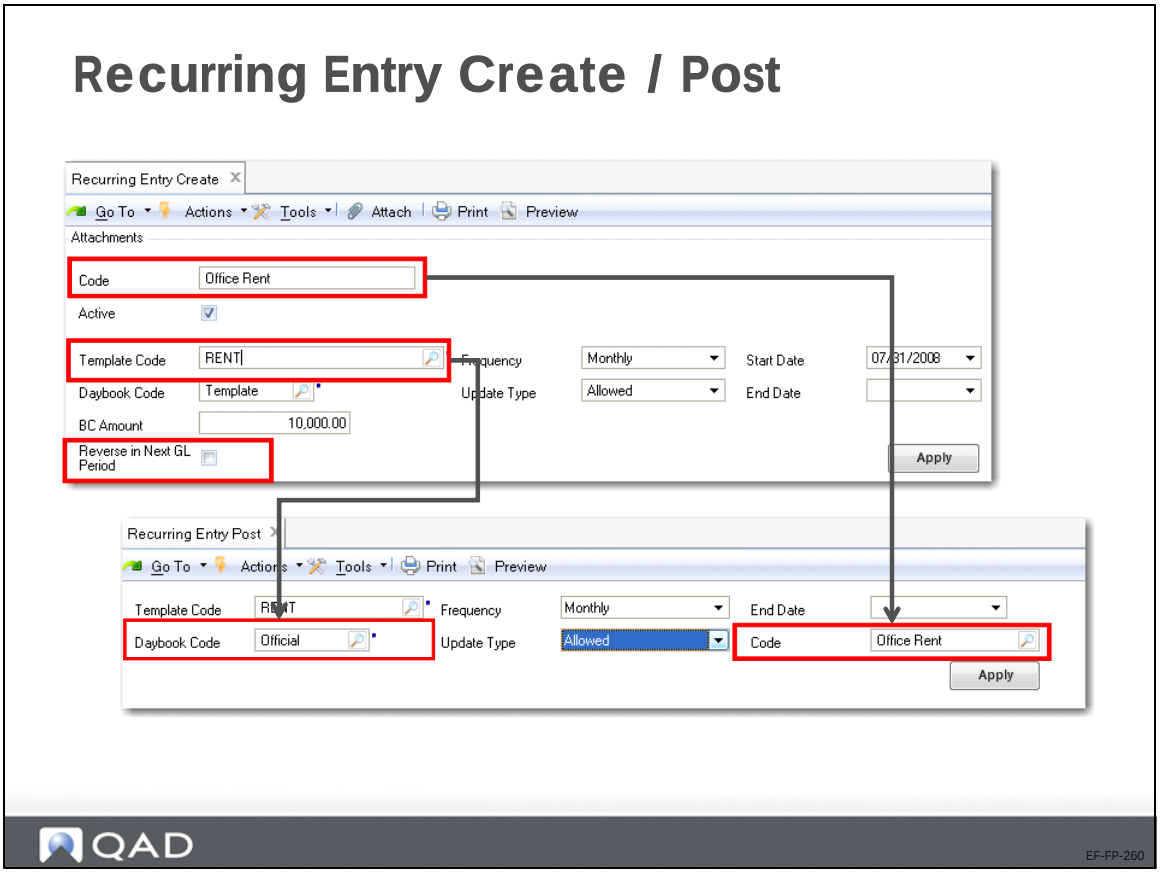
   Update Type. Choose an option to indicate if the details in the template can be updated when the postings are run.

   Allowed: You can optionally update posting details marked as Allowed. Posting details with this status are displayed in green.

   Forbidden: You cannot update posting details marked as Forbidden. Posting details with this status are displayed in black.

   Mandatory: You must update posting details marked as Mandatory. Posting details with this status are displayed in blue.

Recurring Entry Create/Post



Use Recurring Entry Post (25.13.4.5) to post recurring entries to the primary layer, and update the accounts specified in the posting template.

When selecting recurring entries to post, you must specify an end date as a search criterion. Refine the search further using the template, daybook, frequency, and update type criteria. Recurring entries without an end date are also included in searches, if they match the other search criteria.

US Exercise: Recurring Entries

In this exercise, you will create and use recurring entries.

Log in to entity 10USACO.

When not specified in the exercise, use the following values:

- Sub-account: Gserv
- Cost Center: Adm
- SAF structure and SAF: choose any from the lookup list.

1. Use Recurring Entry Create (25.13.4.1) to create a recurring entry with the following parameters:

Field	Value
Recurring Entry Code	RE-ACCR-1
Template Code	ACCR-M001
Daybook Code	JETRANS
BC Amount	15,000
Reverse in Next GL Period	Yes
Frequency	Monthly
Update Type	Allowed
Start Date	last day of current GL period
End Date	last day of GL period after next For example, if current GL period is 9, set the end date as last date of GL period 11

2. Use Recurring Entry Post (25.13.4.5) to post the recurring entry for the current GL period.

   Check the status of the current and next GL periods first and, if needed, change the status to Open again (unlock the GL period/undo lock).

Check the recurring entry postings in the current and next GL periods.

EMEA Exercise: Recurring Entries

In this exercise, you will:

- Create standard transactions.
- Create and use templates.
- Use reversing entries.
- Create and use recurring entries.

Log in to entity 22UKCO

When not specified in the exercise, use the following data (if needed):

- Sub-account: Gserv
- Cost Center: Adm
- SAF structure and SAF: choose any from the lookup list.

1. Use Recurring Entry Create (25.13.4.1) to create a recurring entry with the following parameters:

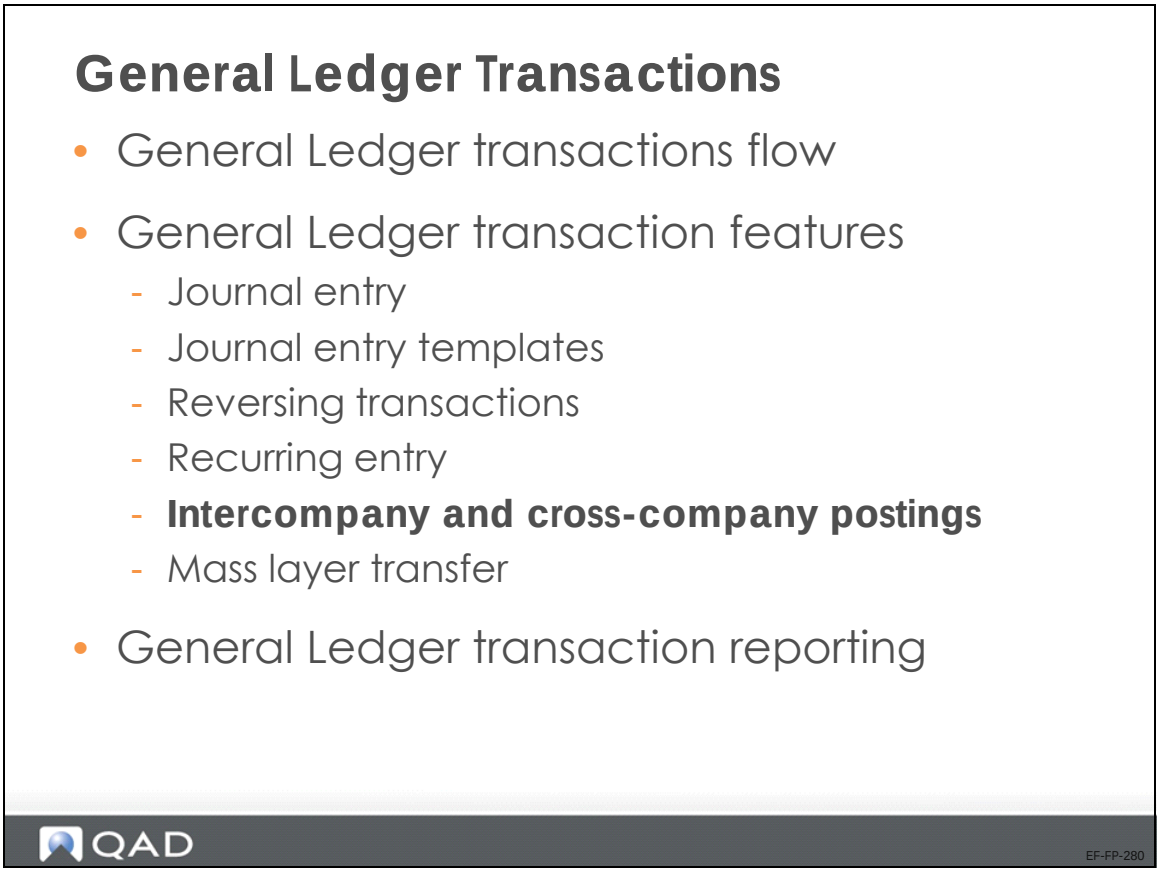
Field	Value
Recurring Entry Code	RE-ACCR-1
Template Code	ACCR-M001
Daybook Code	JETRANS
BC Amount	15,000 GBP
Reverse in Next GL Period	Yes
Frequency	Monthly
Update Type	Allowed
Start Date	last day of current GL period
End Date	last day of GL period after next For example, if current GL period is 9, set the end date as last date of GL period 11

2. Use Recurring Entry Post (25.13.4.5) to post the recurring entry for the current GL period.

   Check the status of the current and next GL periods first and, if needed, change the status to Open again (unlock the GL period/undo lock).

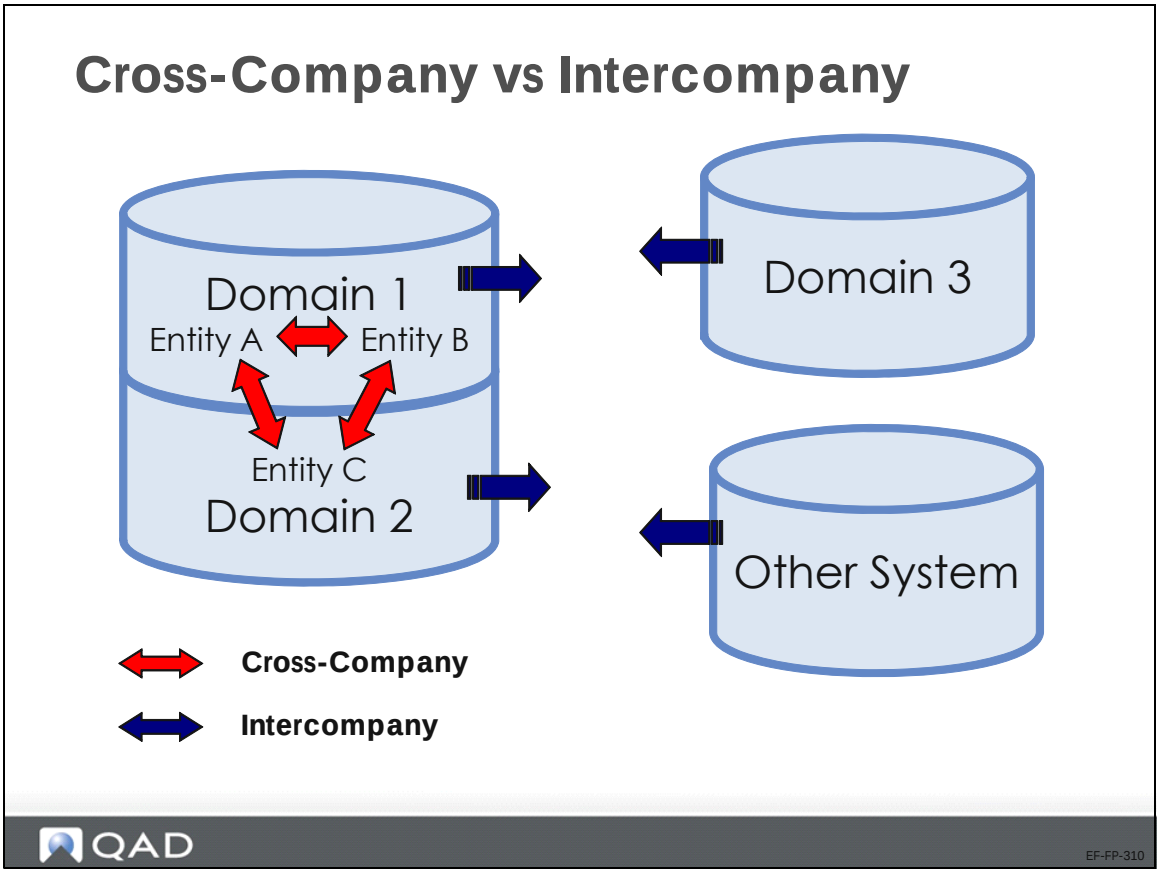
3. Use Journal Entry View (25.13.1.3) to check the recurring entry postings in both the current and next GL periods.

Intercompany and Cross-Company Postings



The system supports two types of transaction between entities within the same domain and across domains: intercompany transactions and cross-company transactions.

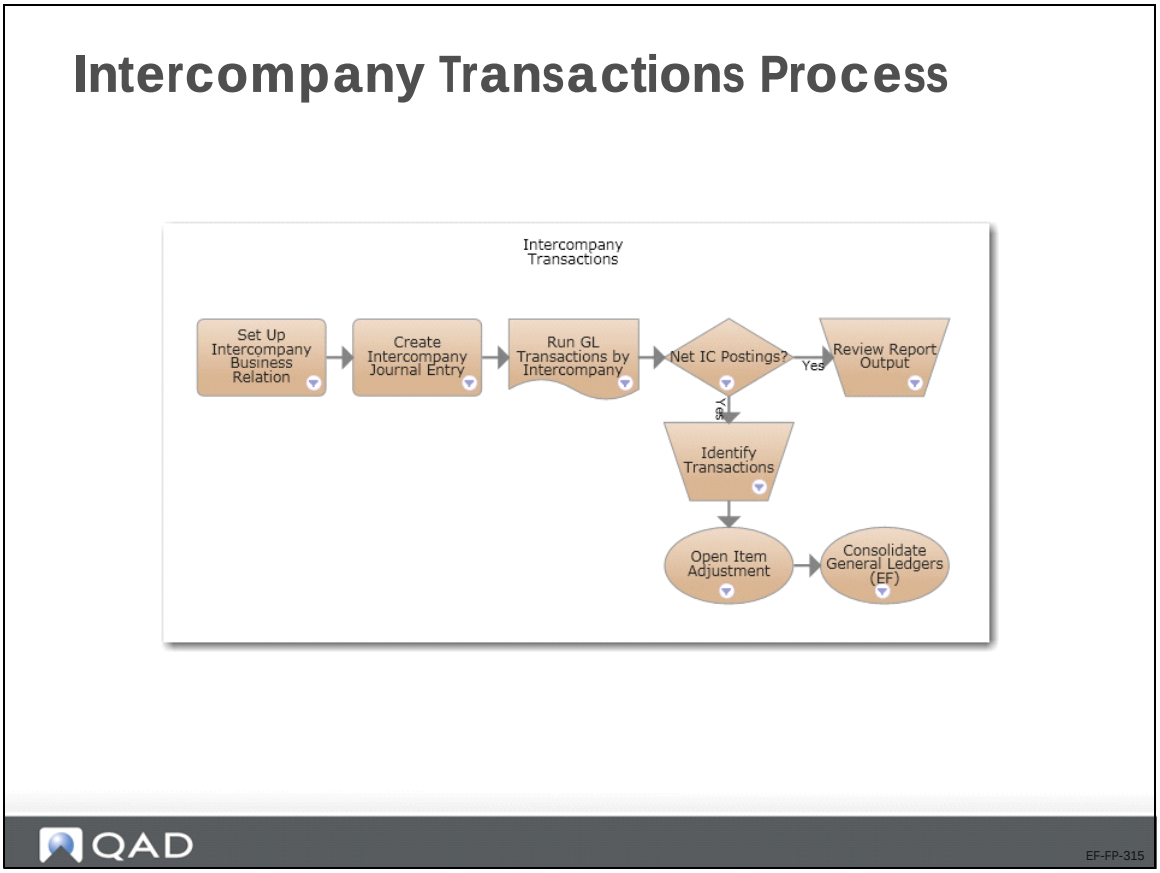
Cross-Company vs Intercompany



Cross-company transactions span more than one entity, and the associated GL transaction posts to both entities.

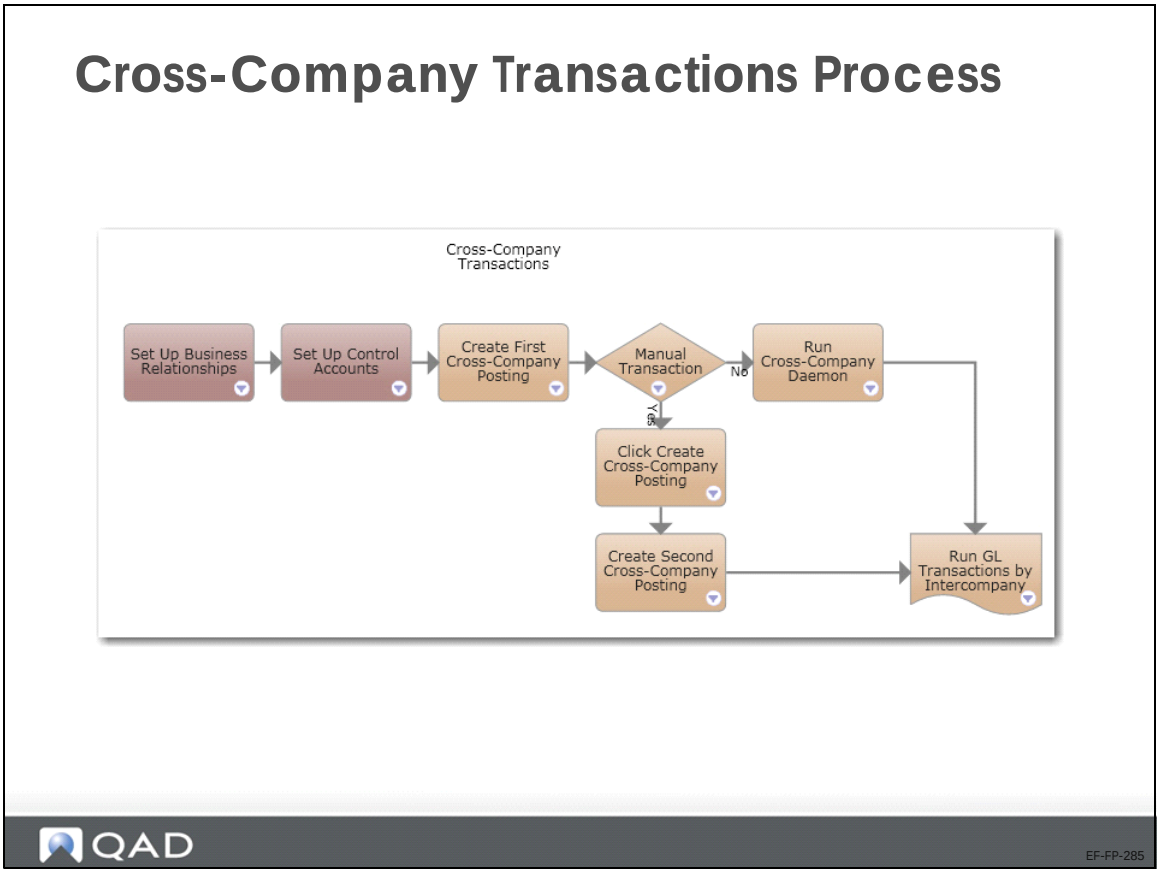
An intercompany transaction is a GL transaction or journal entry that affects only one entity, but contains an intercompany code within the GL transaction, as a reference to another entity. The GL transaction posts to one entity only. Use this feature to isolate internal transactions from those that relate to third parties. Intercompany transactions are identified using intercompany codes.

Intercompany Transactions Process



The slide shows the process map for intercompany transactions.

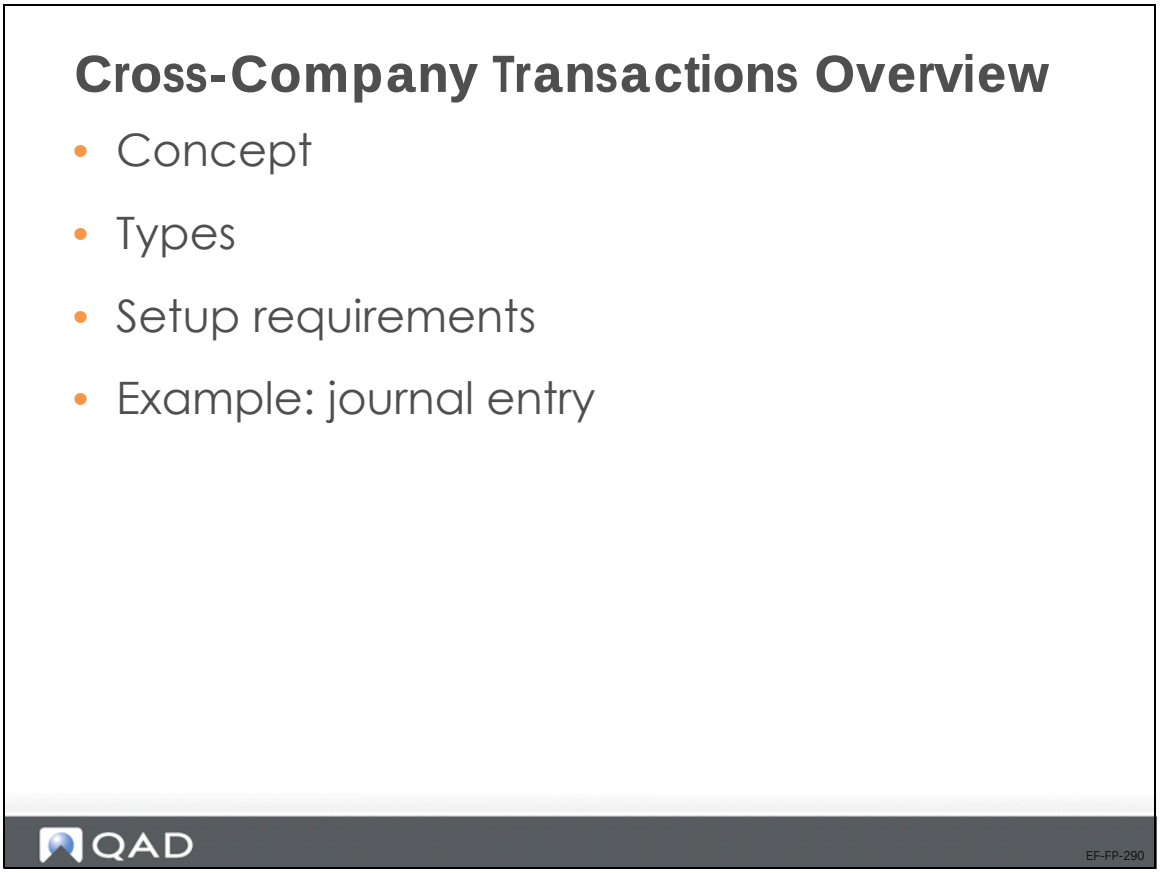
Cross-Company Transactions Process



Before processing cross-company transactions, specific setup is required. You will review these steps in detail.

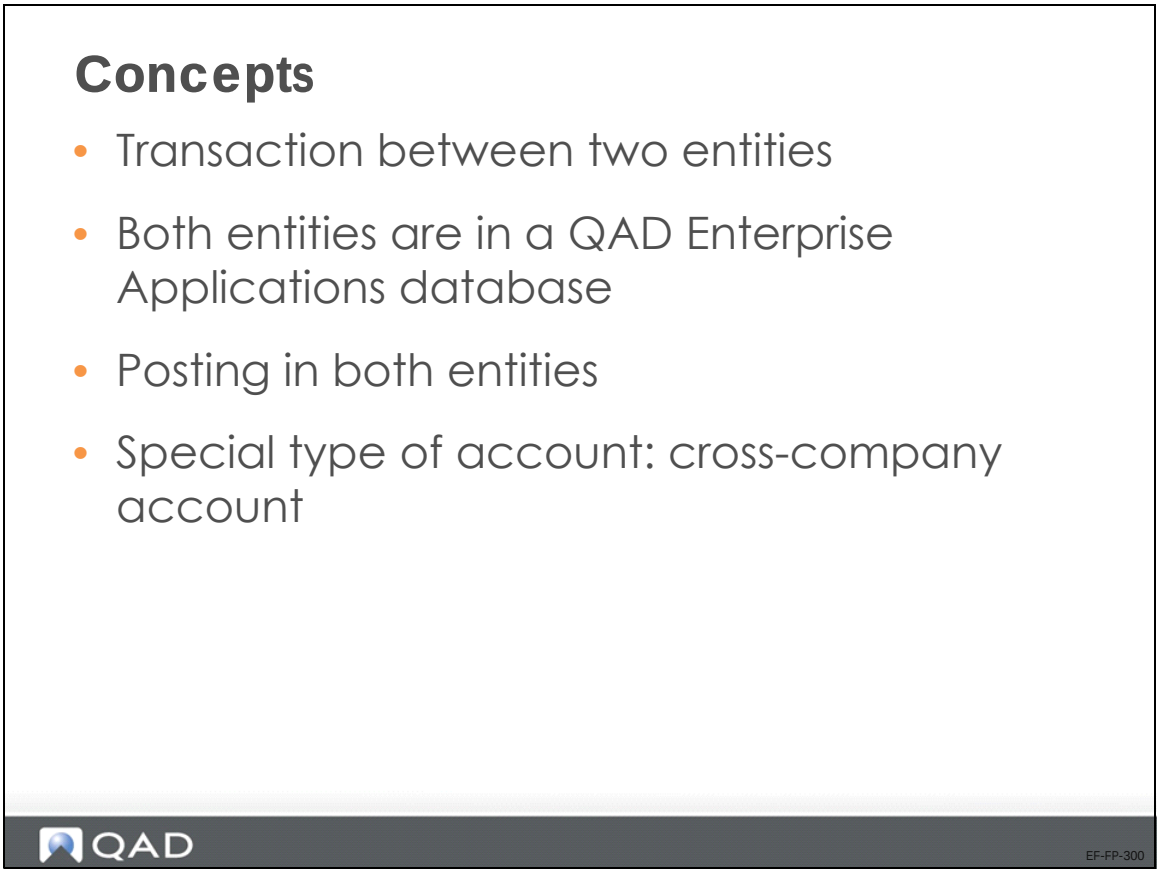
Cross-company transactions can be processed manually or automatically.

Cross-Company Transactions Overview



This section describes some important concepts and the setup required for cross-company postings, and includes an example to illustrate the process.

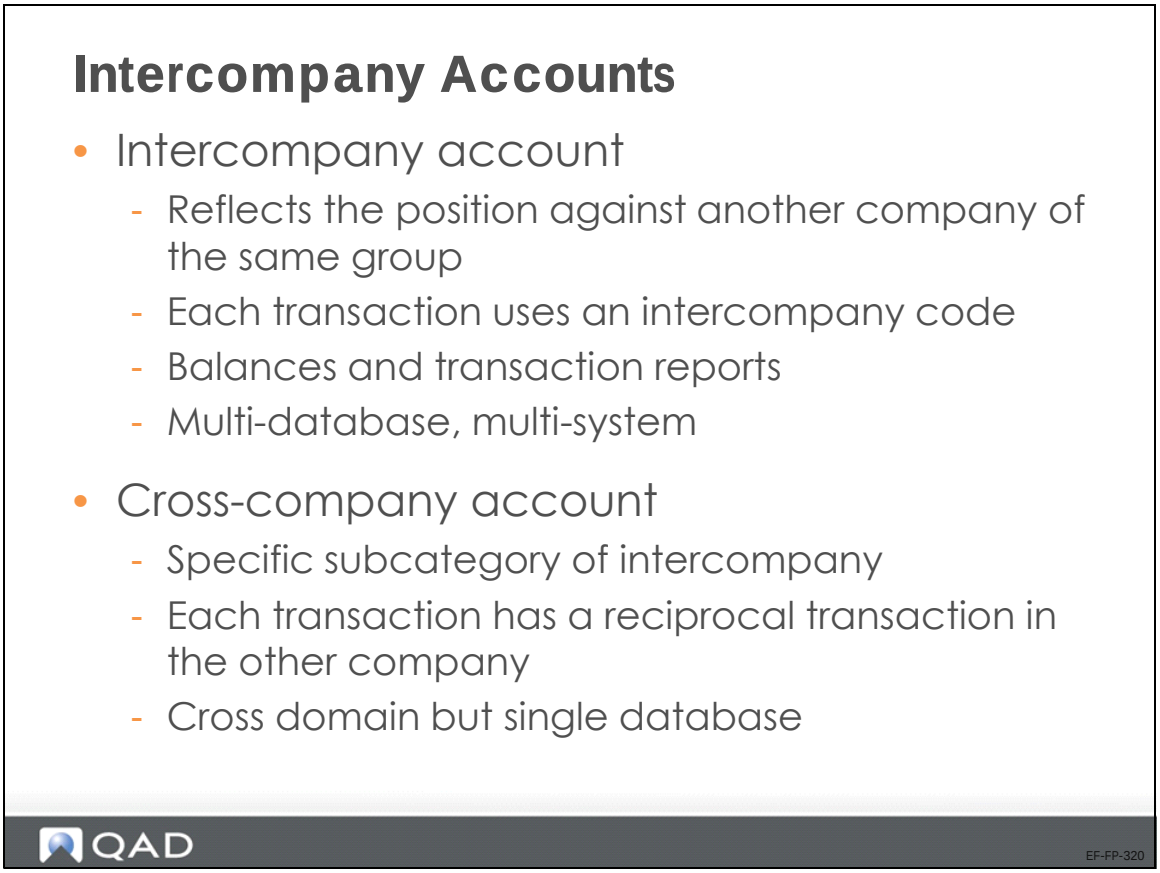
Concepts



Use cross-company accounting functions to create balanced transactions between entities in a domain. When transactions or invoices are generated by another entity in the organization, these functions let you process the transactions or invoices in your current working entity. GL transactions are created in both entities.

Cross-company transactions use cross-company control accounts to link across entities.

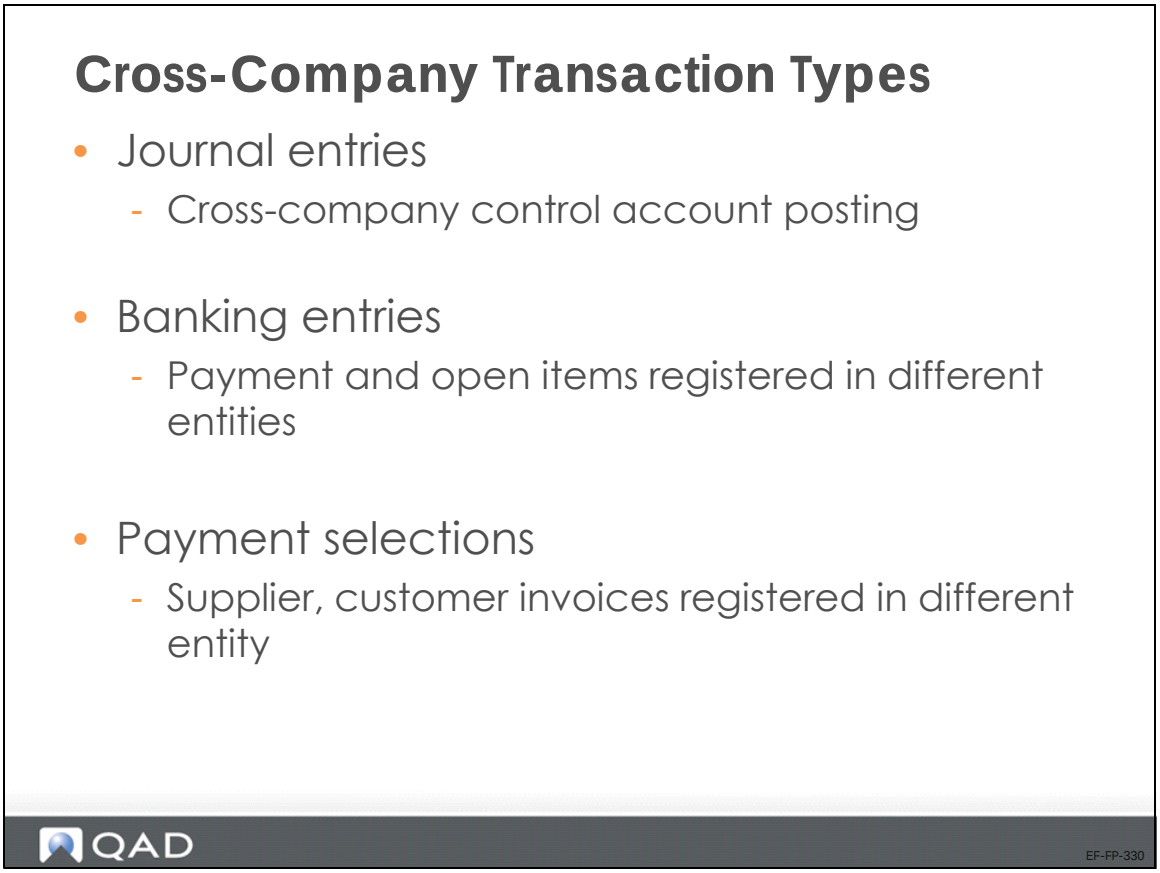
Intercompany Accounts



To identify GL accounts used in intercompany transactions, select the Intercompany Account field in GL Account Create. This makes the Default Intercompany field available. Use this field to assign the intercompany code defined in the business relation of the intercompany entity.

Intercompany codes identify organizations that are members of a group of entities that trade with each other. This activity forms the basis for consolidation reporting at period closing when the financial results of multiple entities are consolidated, and intercompany transactions are eliminated before consolidation.

Cross-Company Transaction Types



Cross-company transactions are created in the following cases:

- Journal entries

  When a posting is made to a cross-company control account.
- Banking entries

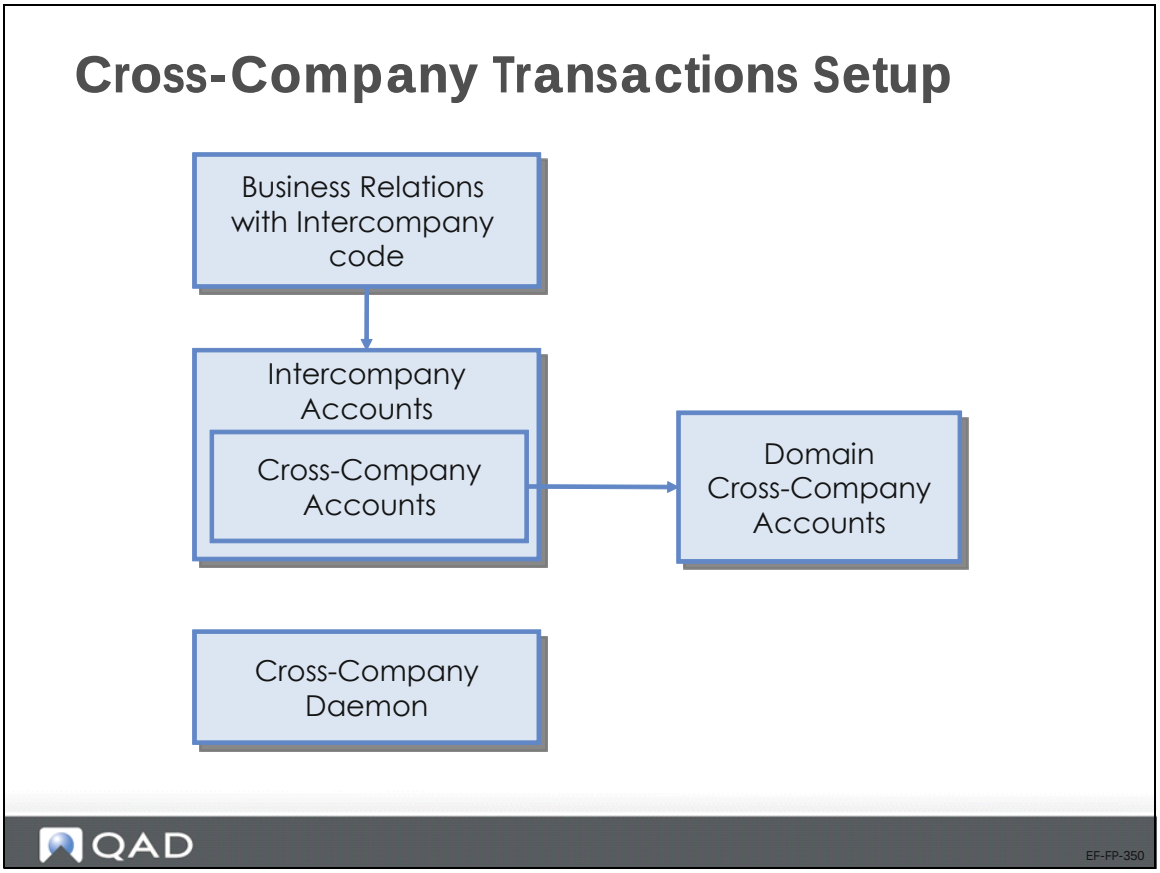
  When a collection is recorded from a customer for open items registered in another entity.

  When a payment is recorded for a supplier for open items registered in another entity.
- Payment selections

  When the selection includes supplier invoices that are registered in another entity.

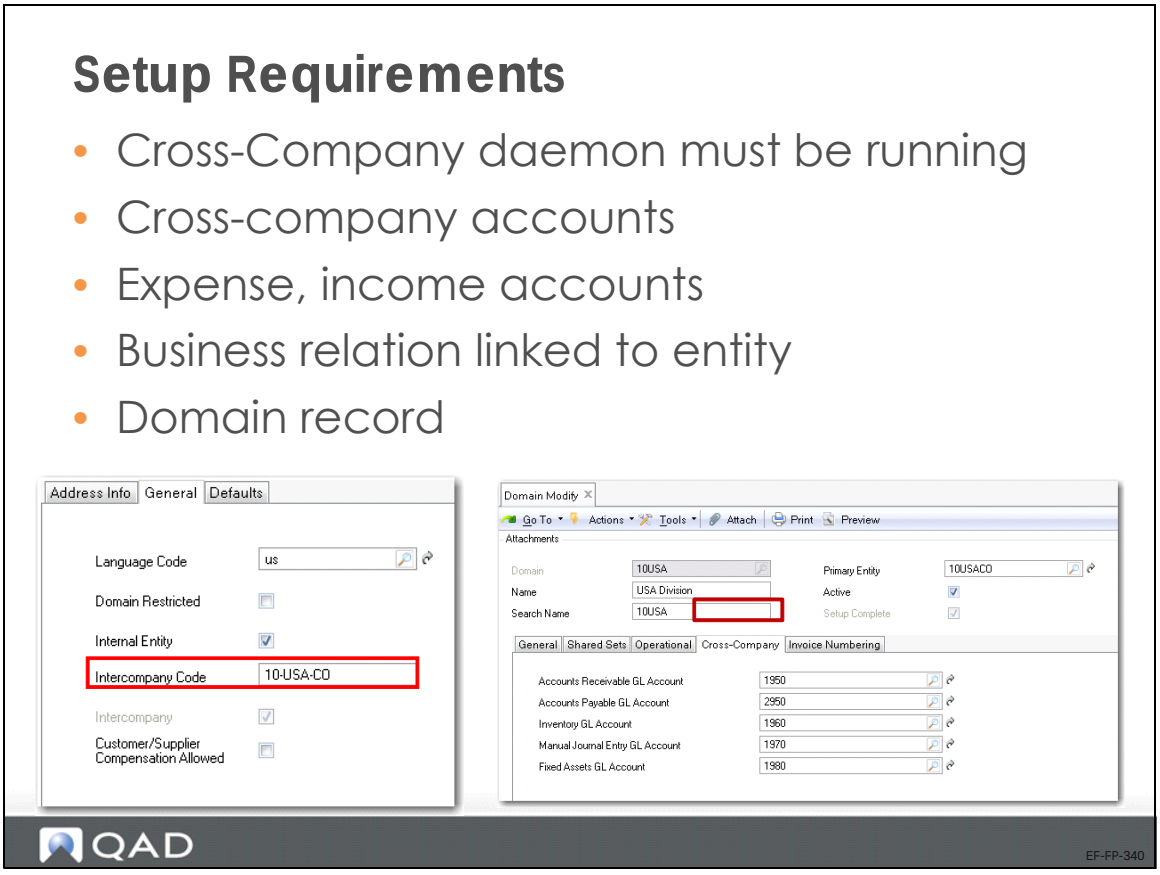
  When the selection includes customer invoices that are registered in another entity.

Cross-Company Transaction Setup



We will review the steps shown above in more detail.

Setup Requirements



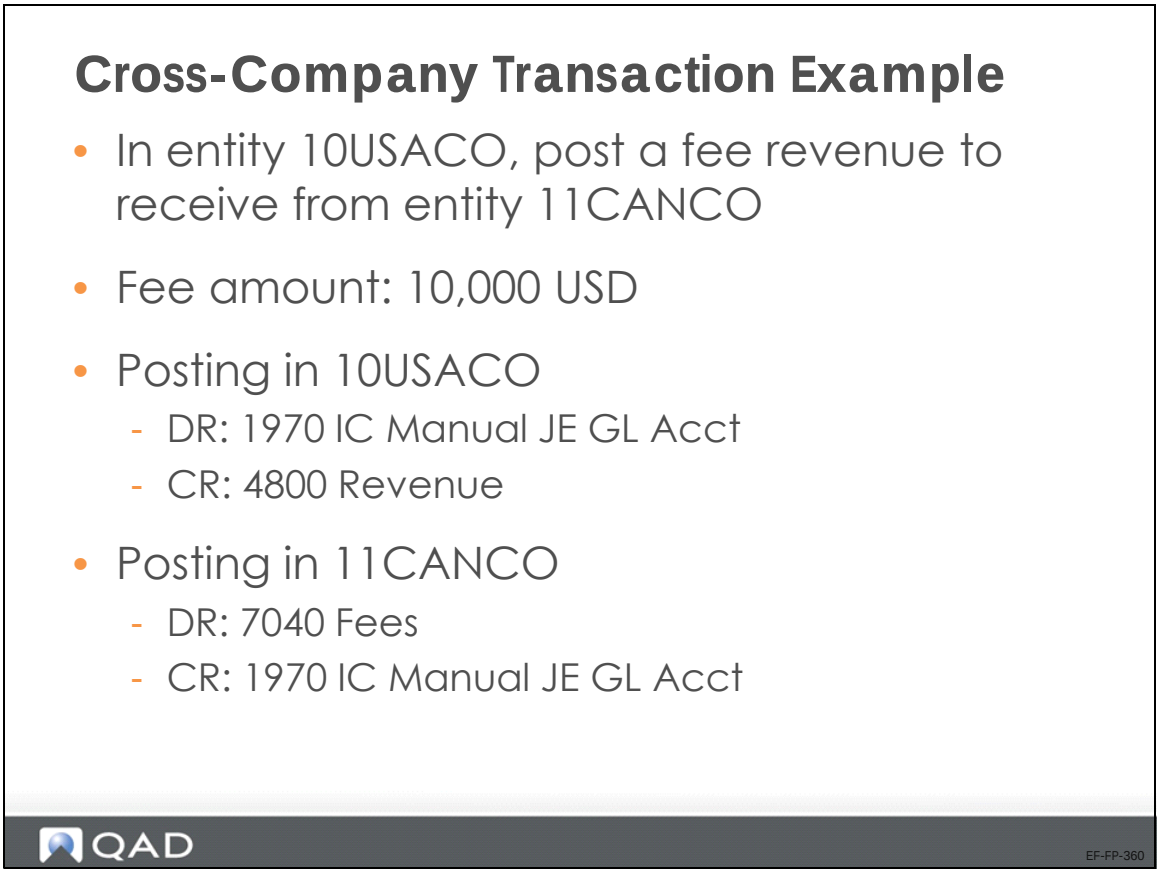
First, verify that the cross-company daemon is running in Cross-Company Daemon Monitor (36.14.16.5.3).

Then, set up the five required cross-company accounts in GL Account Create (25.3.13.1) for AR, AP, fixed assets, inventory, and manual journal entry transactions. The account type is Cross-Company Control Account. Also, expense and revenue accounts involved should have the Intercompany field selected.

Next, enter the five cross-company accounts in the domain record in Domain Modify (36.1.1.1.2) on the Cross-Company tab. The accounts specified are used for every cross-company posting line for each entity in the domain. Each domain in the database can use a different set of cross-company control accounts, depending on the shared set used in the domain.

Finally, in Business Relation Modify (36.1.4.3.2), modify the business relation linked to the entity. In the General tab, select the Intercompany field and enter the intercompany code.

Cross-Company Transaction Example



Scenario: Entity 10USACO and entity 11CANCO are both subsidiaries of a large organization. Human resource management and IT services for the entire organization are centralized in entity 10USACO.

Cross-company transactions are generated when entity 11CANCO uses either centralized service.

The GL Cross-Company Transactions View (25.15.2.11) lets you view cross-company transactions.

US Exercise: Cross-Company Posting

In this exercise, you will create cross-company postings.

Log in to entity 10USACO

Use the following parameters (if needed):

- Sub-account: use the default or else use Gserv
- Cost center: use the default or else use Adm.
- Daybook: JE
- Intercompany code: 10USACO has cross-company code 10USACO, 11CANCO has cross-company code 11CANCO
- For all other fields: use the lookup and choose from the list.
- Period: current GL period

Important Ensure that the Cross-Company daemon is running. Check Cross-Company Daemon Monitor; the status should be Running. If not, use Cross-Company Daemon Unconditional Stop, then Cross-Company Daemon Start to stop and restart the daemon.

1. Using Journal Entry Create (25.13.1.1) in entity 10USACO, make a cross-company posting for a fee of 10,000 USD against entity 11CANCO. The posting should be:

   In entity 10USACO:

   DR GL 1970 (IC Manual JE GL Acct)

   CR GL 4800 (Income)

2. Specify the cross-company code for the journal entry and then right-click and select Create Cross-Company posting from the menu.

   In Entity 11CANCO

   CR GL 1975 (IC Manual JE GL Acct) USD

   DR GL 7040 (Fees), cost center Adm, USD

3. Check the postings in both entities using Journal Entry View (25.13.1.3).

EMEA Exercise: Cross-Company Posting

In this exercise, you will create a cross-company posting.

Use the following parameters (if needed):

- Log in to entity 22UKCO
- Sub-account: use the default or else use Gserv
- Cost center: use the default or else use Adm
- Daybook: JE
- Intercompany code: 22UKCO has cross-company code 22UKCO, 11CANCO has cross-company code 11CANCO
- For all other fields: use the lookup and choose from the list.

Important Ensure the Cross-Company daemon is running. Check Cross-Company Daemon Monitor; the status should be Running. If not, use Cross-Company Daemon Unconditional Stop, then Cross-Company Daemon Start to start the daemon.

1. Using Journal Entry Create (25.13.1.1) in entity 22UKCO, make a cross-company posting for a fee of 10,000 GBP against entity 11CANCO. The posting should be:

   In entity 22UKCO:

   DR GL 1970 (IC Manual JE GL Acct) GBP

   CR GL 4800 (Income) GBP

2. Specify the cross-company code for the journal entry and then right-click and select Create Cross-Company posting from the menu.

   In Entity 11CANCO

   CR GL 1975 (IC Manual JE GL Acct) GBP

   DR GL 7040 (Fees), cost center Adm, GBP

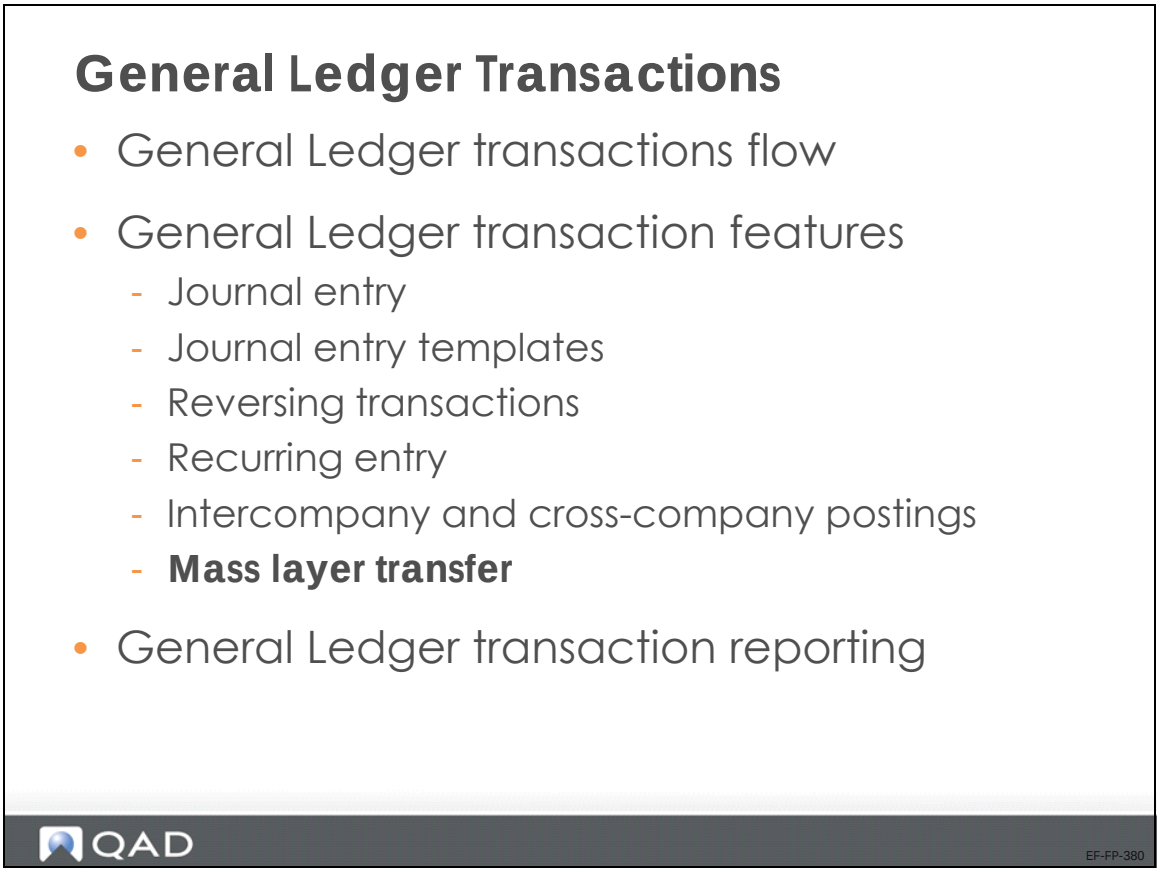
3. Check the posting in both entities with Journal Entry View (25.13.1.3).

   Posting in 22UKCO

   Posting in 11CANCO

4. Run GL Transaction by Intercompany Code (25.15.1.5) for both the entities 22UKCO and 11CANCO.

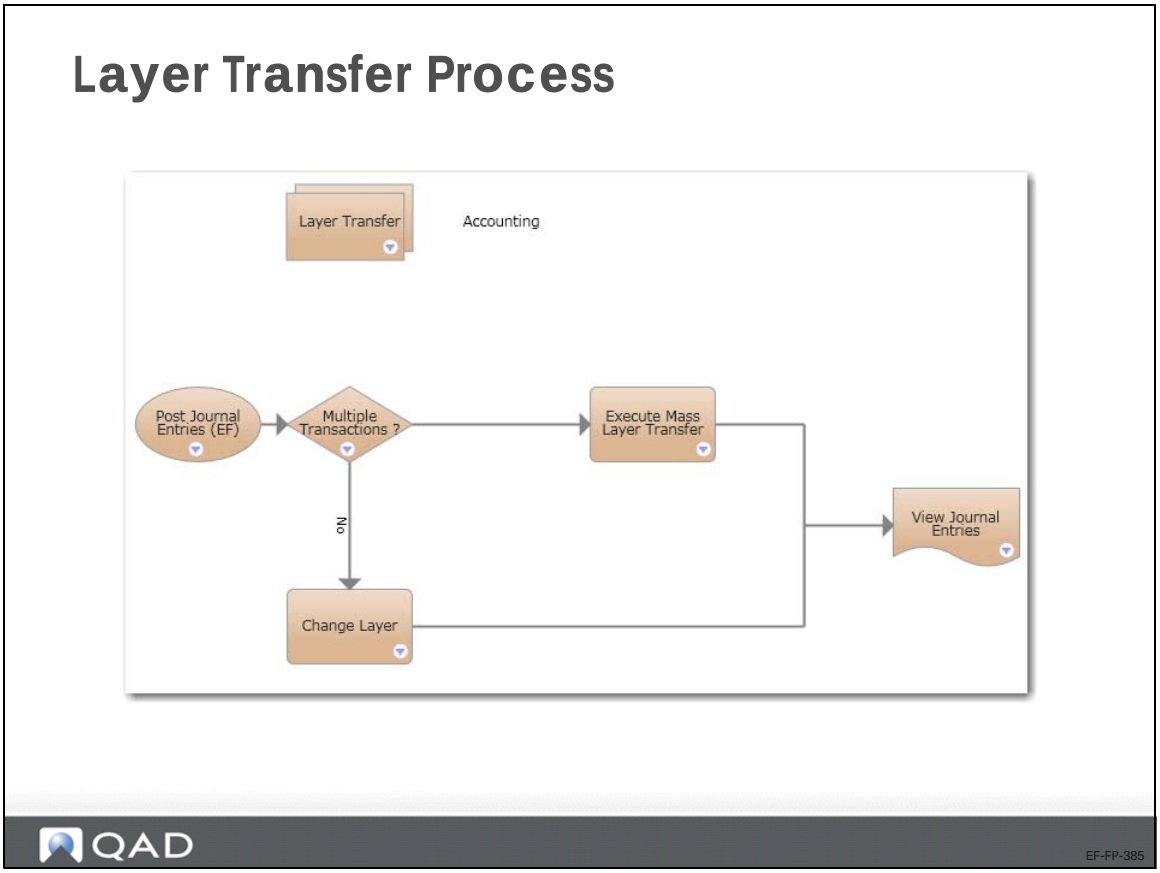
Mass Layer Transfer



Unfinalized transactions are generally posted to daybooks in a transient layer for review or for simulation purposes. Mass layer transfer lets you move transactions from the transient layer to the primary or secondary layers. When transactions are moved to another layer, the overall account balances remain the same, but the balances are now stored in the layer to which you have moved them.

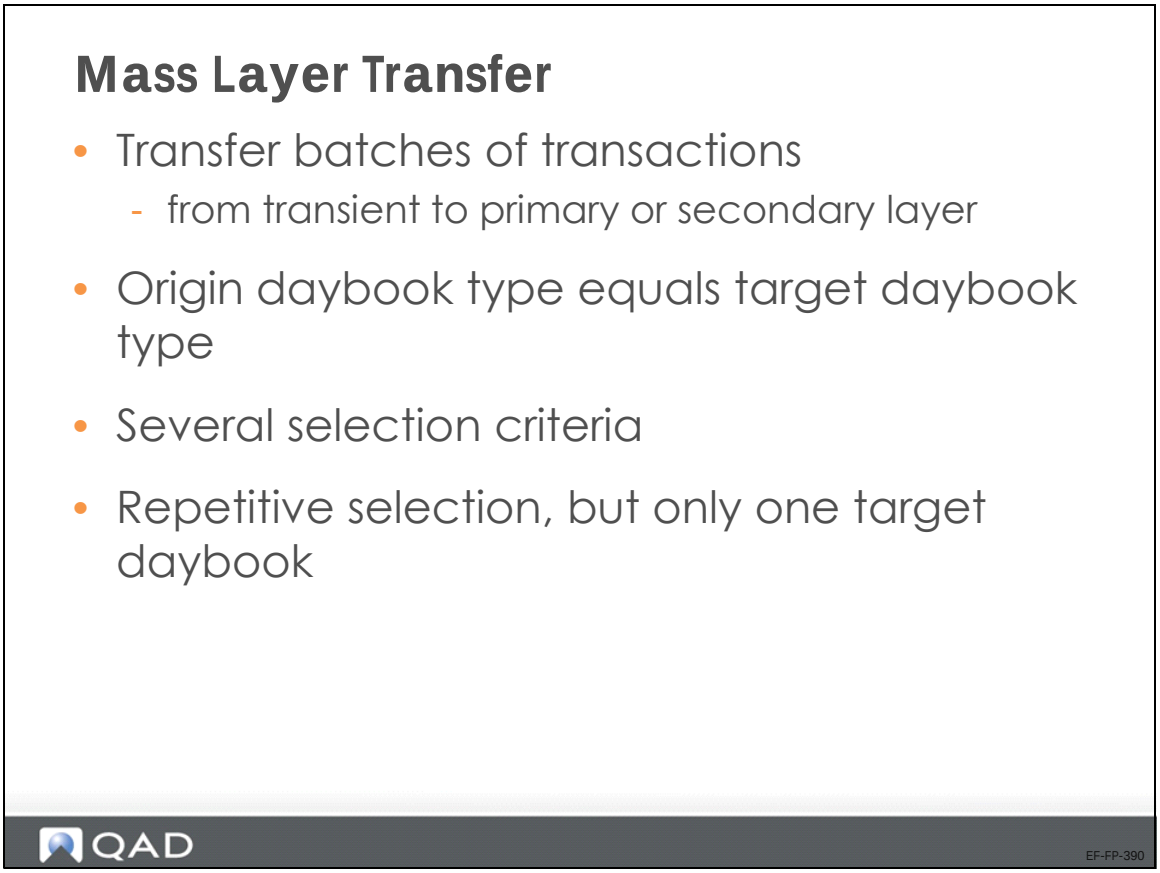
Let’s review this process in more detail.

Layer Transfer Process



The slide shows the layer transfer process map.

Mass Layer Transfer

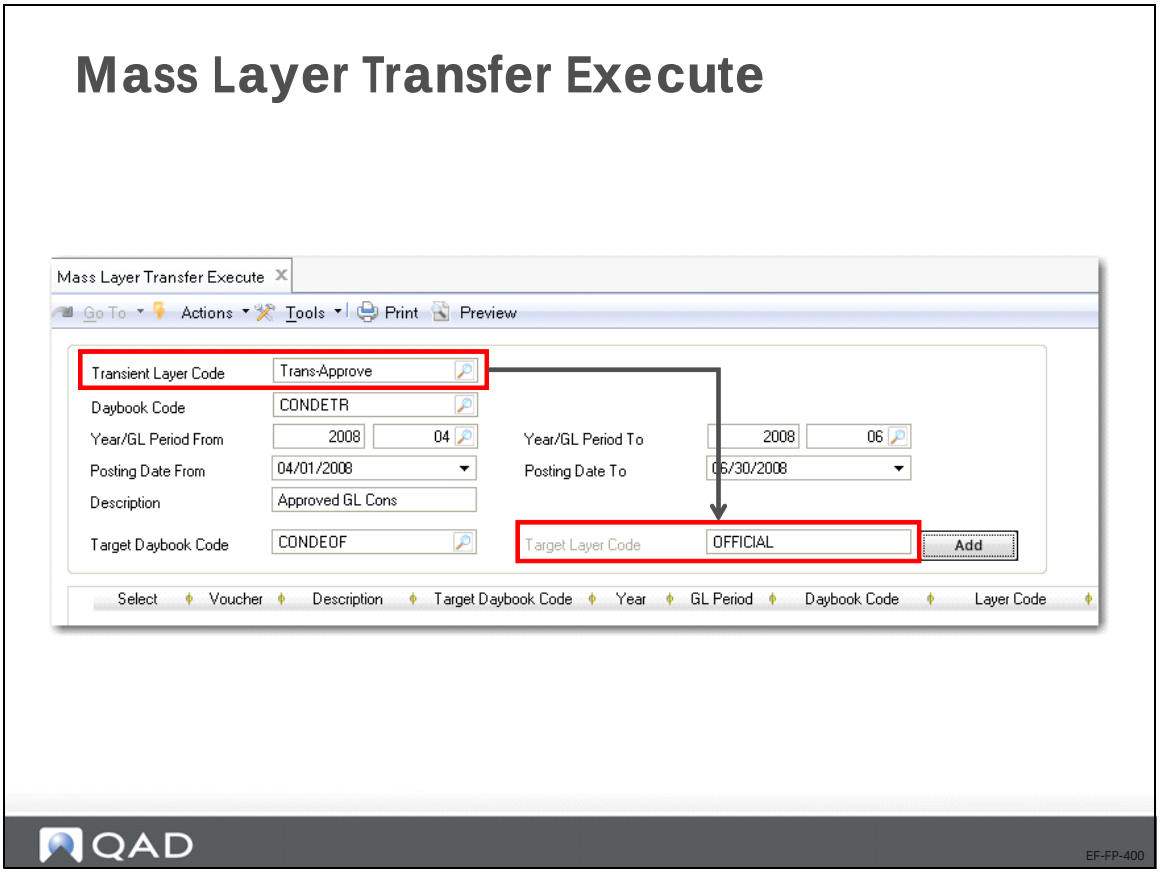


Mass Layer Transfer Execute (25.13.11) lets you transfer batches of transactions from the transient layer to the primary or a secondary layer.

When transferring, the target daybook must have the same daybook type as the original transient daybook.

If you do not specify a source daybook, all transactions in the source GL layer that meet the other selection criteria (such as GL period or posting date) are selected for transfer.

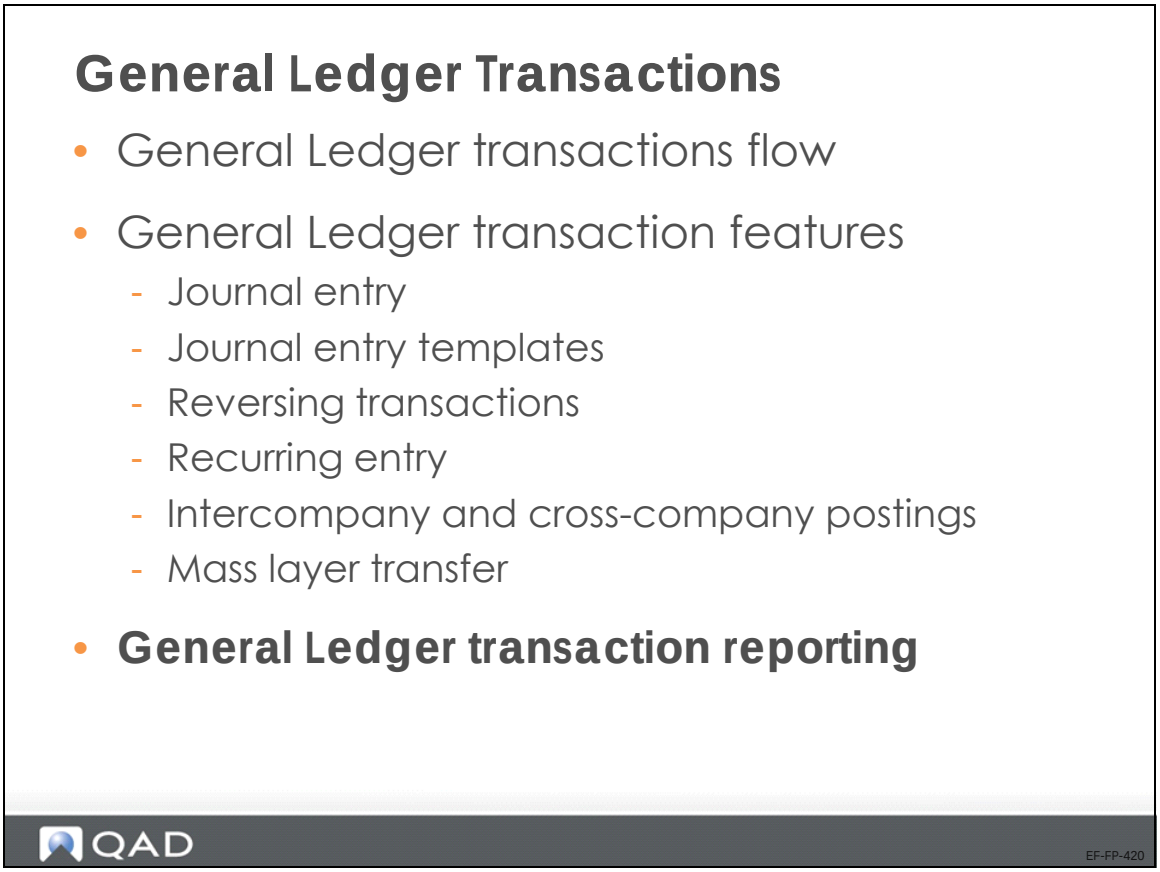
Mass Layer Transfer Execute



Use Mass Layer Transfer Execute (25.13.11) to transfer postings. Indicate the Transient Layer Code, the daybook code and the Year/Period.

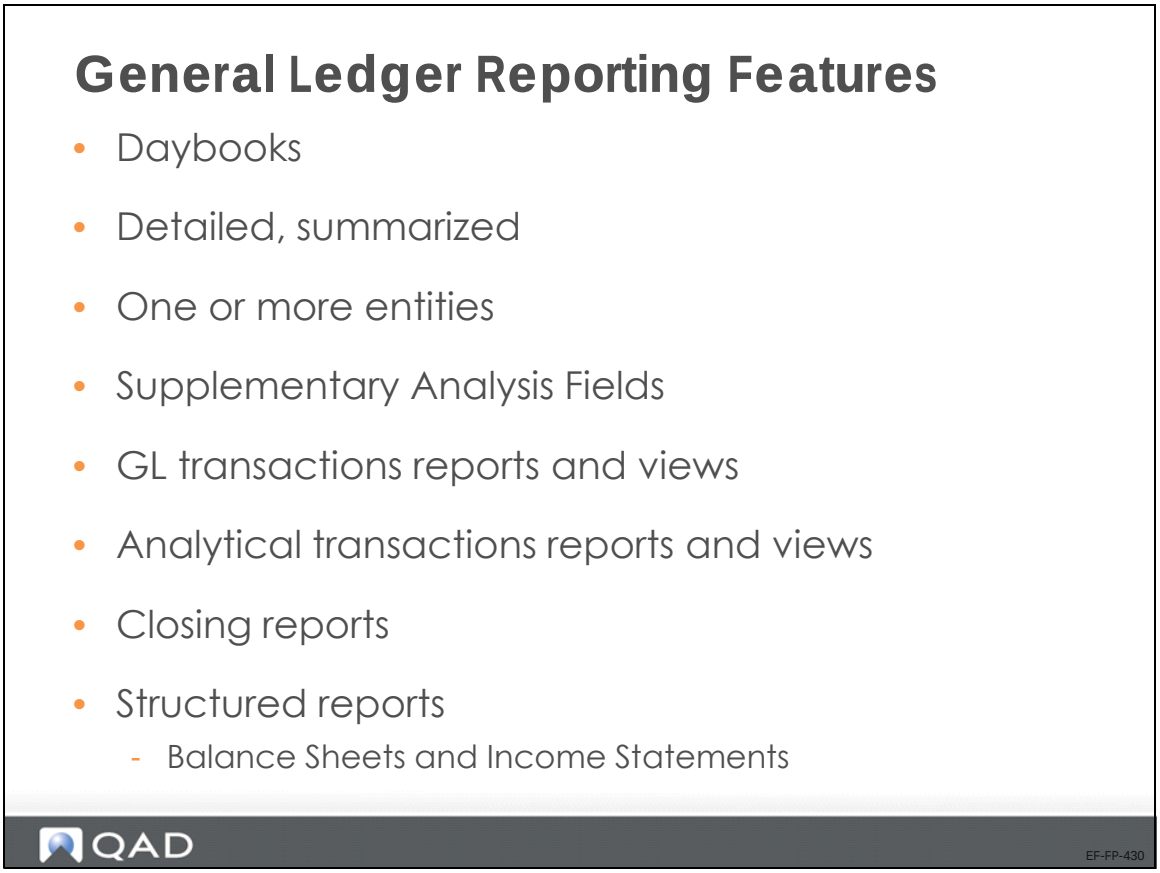
The Target Layer Code field is read only, based on the target daybook code.

General Ledger Transaction Reporting



The system provides a wide range of analytical reports. The budgeting and GL activity reports let you to view and manage account balances in the general ledger. The GL transaction reports let you monitor transactions in the general ledger. Running reports by daybooks enables you to group, analyze and report on similar transactions.

General Ledger Reporting Features



GL reporting can be detailed or summarized, and includes information on one or a range of entities. In addition, you can define supplementary analysis fields (SAFs) to fine tune transaction reporting. These provide the basis for powerful and flexible financial reporting and analysis. You can define SAFs based on your unique reporting requirements.

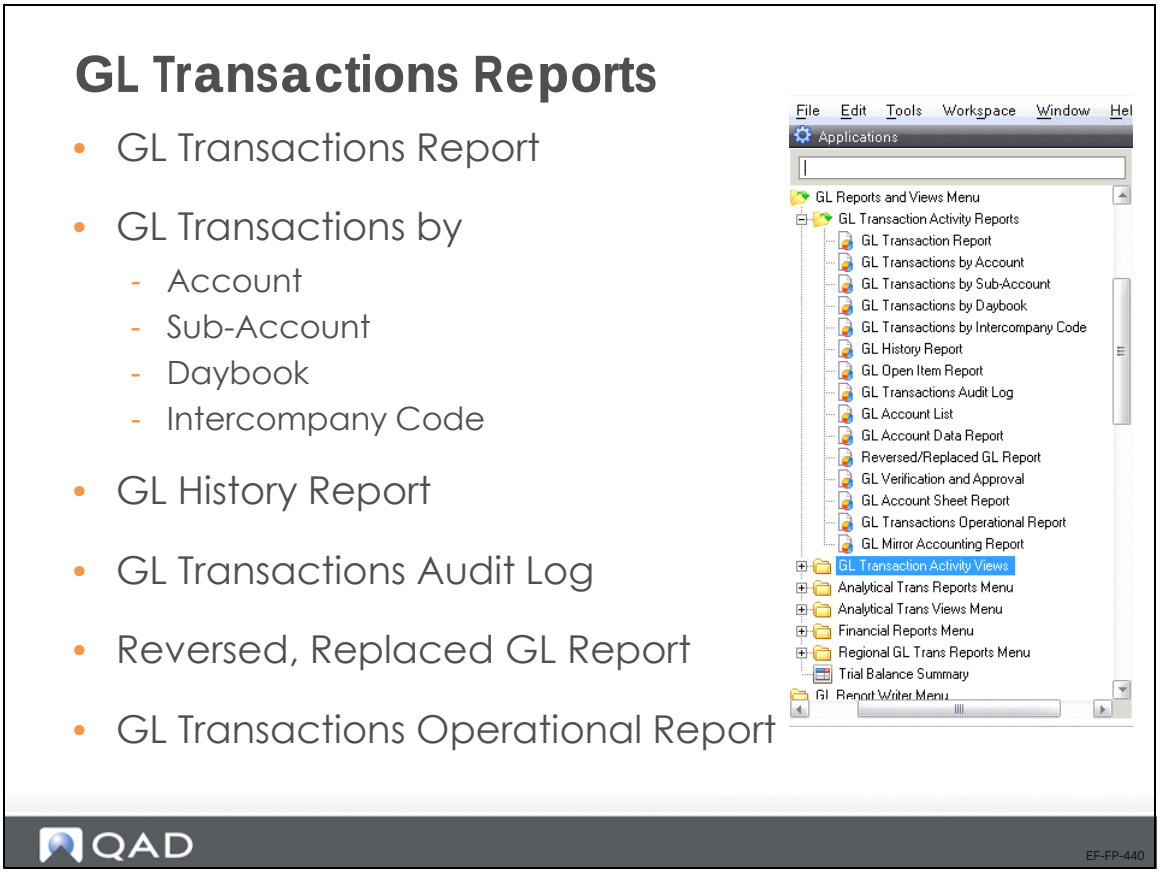
GL reports are grouped according to the chart of accounts, and cannot include budget structures. They are grouped as follows:

- GL Transaction Activity Reports Menu (25.15.1) and Views (25.15.2). See more details on the following pages.
- Analytical Transaction Reports (25.13.3) and Views (25.13.4) are reports and views for detailed transactional analysis, project, cost center and SAFs.
- Closing Process Reports (25.21.2): A number of reports are provided to facilitate the closing process. These reports are all on the Closing Process Reports menu (25.21.2) except for the Revaluation Report, which is grouped with other revaluation activities.

Structured Reports are Balance Sheet and Income Statement reports. These are handled in a separate section of this class, as well as budget reports.

In this section, we will concentrate on GL transactions activity reports and views.

GL Transactions Reports

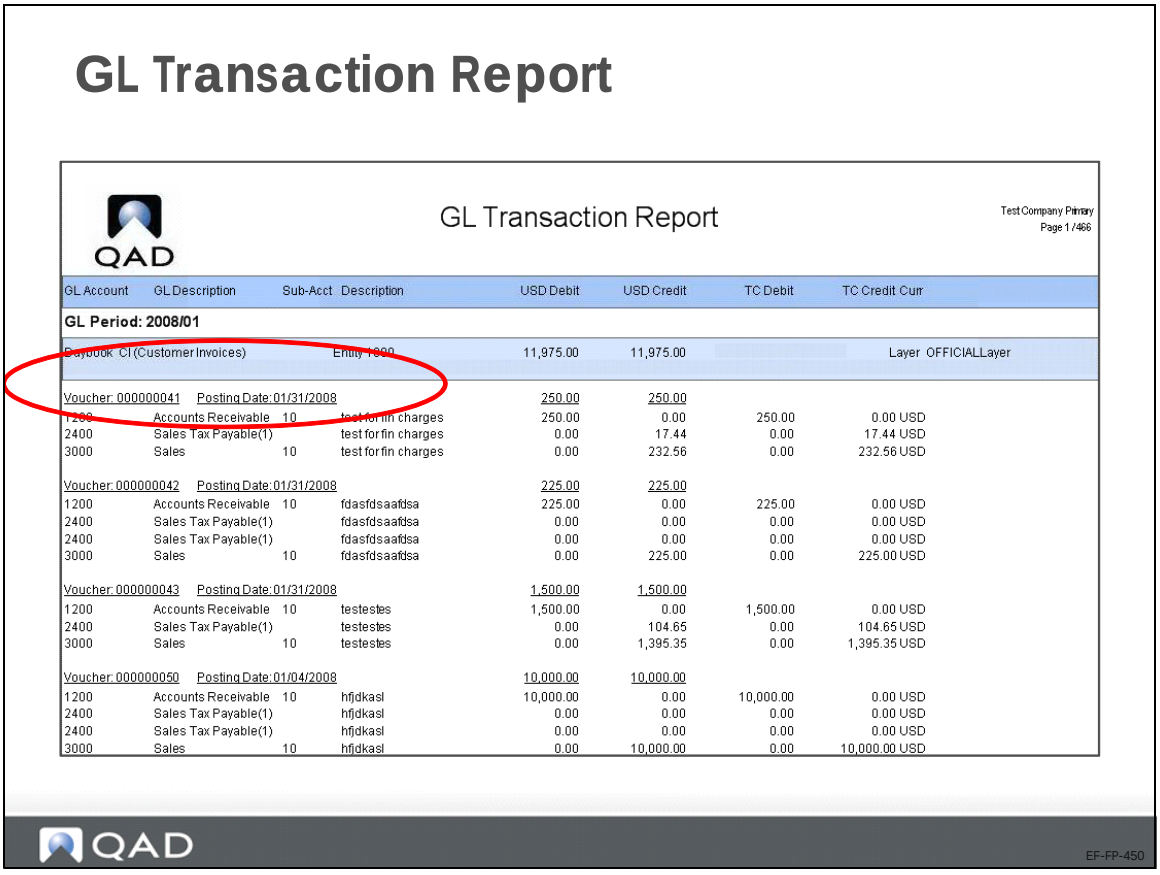


Some of the available GL transactions activity reports are:

- GL Transactions and GL Transactions by Account or Sub-Account (described on next slides).
- GL Transactions by Daybook Report, which lists all activity for the selected GL accounts during the selected time frame, grouped by daybook.
- GL Transactions by Intercompany Report, which lists all activity for the selected GL accounts and time frame, grouped by intercompany code.
- GL History Report, which lists transactions on the GL accounts that meet the selection criteria for the periods indicated. It also lists the currency in which each transaction was denominated.
- GL Open Item Report, which lists and totals GL open items within the Open Items sub-ledger. The output is grouped by allocation key.
- GL Transactions Audit Log Report, which prints a detailed list of each transaction for a particular GL period. It is only possible to run the report for a single GL period.
- Reversed/Replaced GL Report, which displays a list of all reversed/replaced GL transactions for the period indicated in the selection criteria.
- GL Transactions Operational Report, which is similar to GL Transaction Report (25.15.1.1), but focuses on transactions created from operational transactions and their associated details, such as the GL reference, transaction type, doc type, and address.

For the complete list of available reports, refer to the *QAD Financials User Guide*.

GL Transaction Report—Example



GL Transaction Report

GL Transaction Report

Test Company Primary
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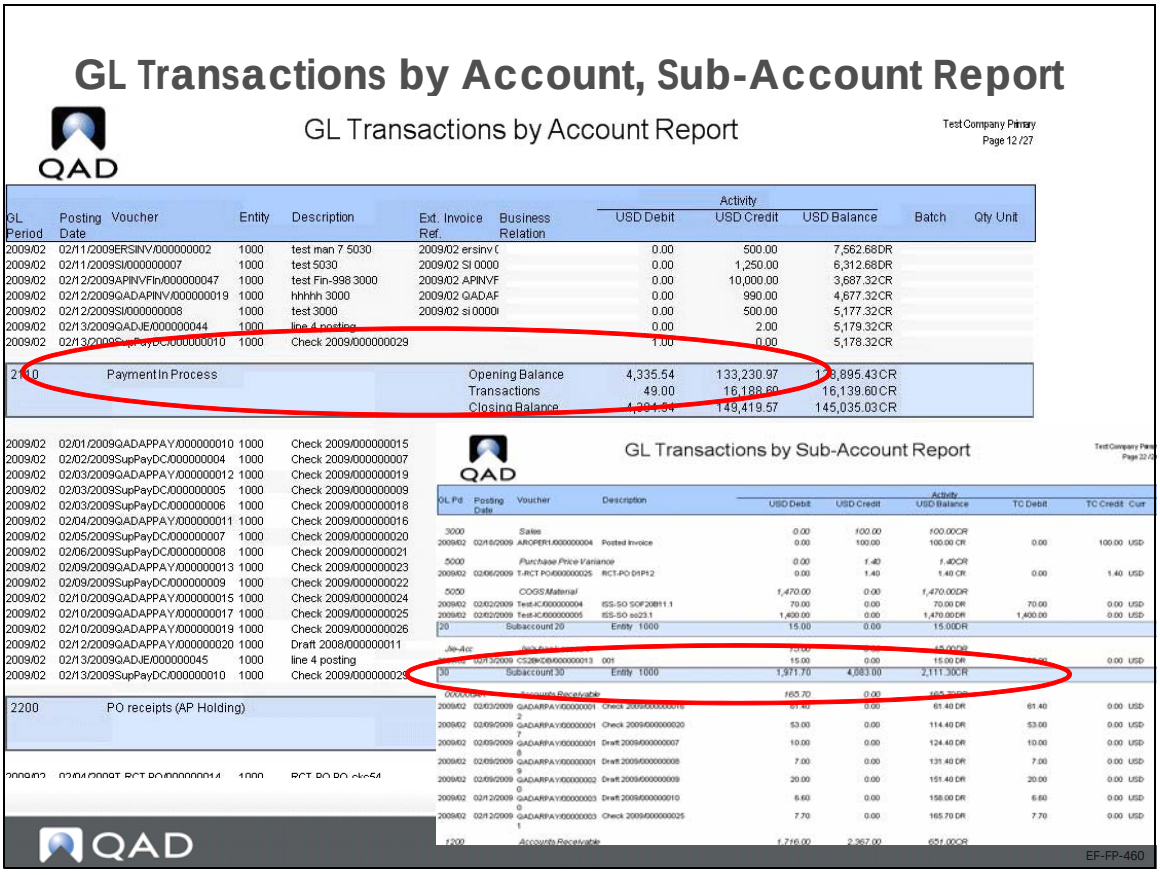
GL Account	GL Description	Sub-Acct	Description	USD Debit	USD Credit	TC Debit	TC Credit Curr
GL Period: 2008/01							
Daybook CI (Customer Invoices)			Entity 1000	11,975.00	11,975.00		Layer OFFICIALLayer
Voucher: 000000041	Posting Date: 01/31/2008			250.00	250.00		
1200	Accounts Receivable	10	test for fin charges	250.00	0.00	250.00	0.00 USD
2400	Sales Tax Payable(1)		test for fin charges	0.00	17.44	0.00	17.44 USD
3000	Sales	10	test for fin charges	0.00	232.56	0.00	232.56 USD
Voucher: 000000042	Posting Date: 01/31/2008			225.00	225.00		
1200	Accounts Receivable	10	fdasfdsaafdsa	225.00	0.00	225.00	0.00 USD
2400	Sales Tax Payable(1)		fdasfdsaafdsa	0.00	0.00	0.00	0.00 USD
2400	Sales Tax Payable(1)		fdasfdsaafdsa	0.00	0.00	0.00	0.00 USD
3000	Sales	10	fdasfdsaafdsa	0.00	225.00	0.00	225.00 USD
Voucher: 000000043	Posting Date: 01/31/2008			1,500.00	1,500.00		
1200	Accounts Receivable	10	testestes	1,500.00	0.00	1,500.00	0.00 USD
2400	Sales Tax Payable(1)		testestes	0.00	104.65	0.00	104.65 USD
3000	Sales	10	testestes	0.00	1,395.35	0.00	1,395.35 USD
Voucher: 000000050	Posting Date: 01/04/2008			10,000.00	10,000.00		
1200	Accounts Receivable	10	hfjdkasl	10,000.00	0.00	10,000.00	0.00 USD
2400	Sales Tax Payable(1)		hfjdkasl	0.00	0.00	0.00	0.00 USD
2400	Sales Tax Payable(1)		hfjdkasl	0.00	0.00	0.00	0.00 USD
3000	Sales	10	hfjdkasl	0.00	10,000.00	0.00	10,000.00 USD

EF-FP-450

The GL Transaction report lists all posting lines for the selected daybooks. The transactions are grouped by GL calendar year and GL period, daybook code, and entity. Within each grouping of daybook code and entity, transactions are grouped by voucher and posting date.

GL Transactions by Account/Sub-Account Reports—Examples



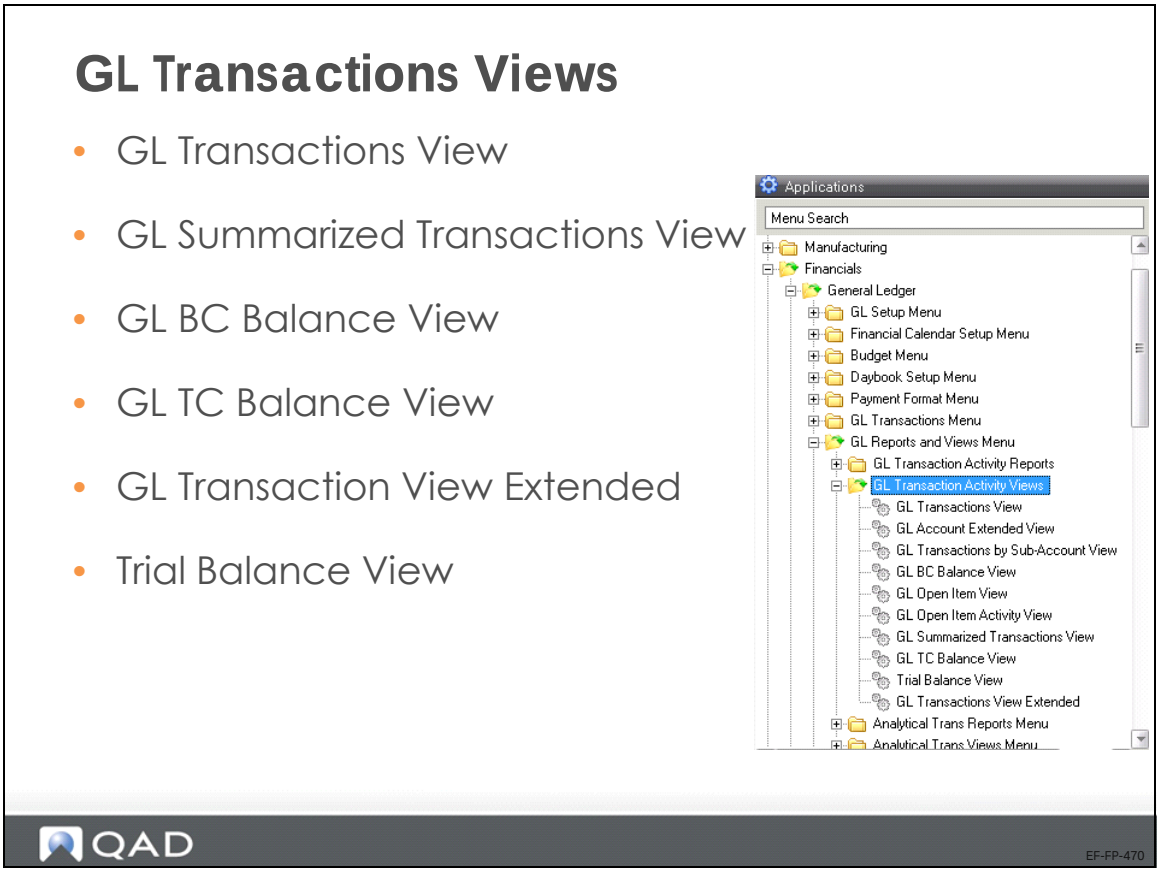
- GL Transactions by Account Report

  The GL Transactions by Account report lists all activity for the selected GL accounts during the selected time frame, grouped by account.

- GL Transactions by Sub-Account Report

  The GL Transactions by Sub-Account report lists all activity for the selected GL accounts during the selected time frame, grouped by sub-account.

GL Transactions Views

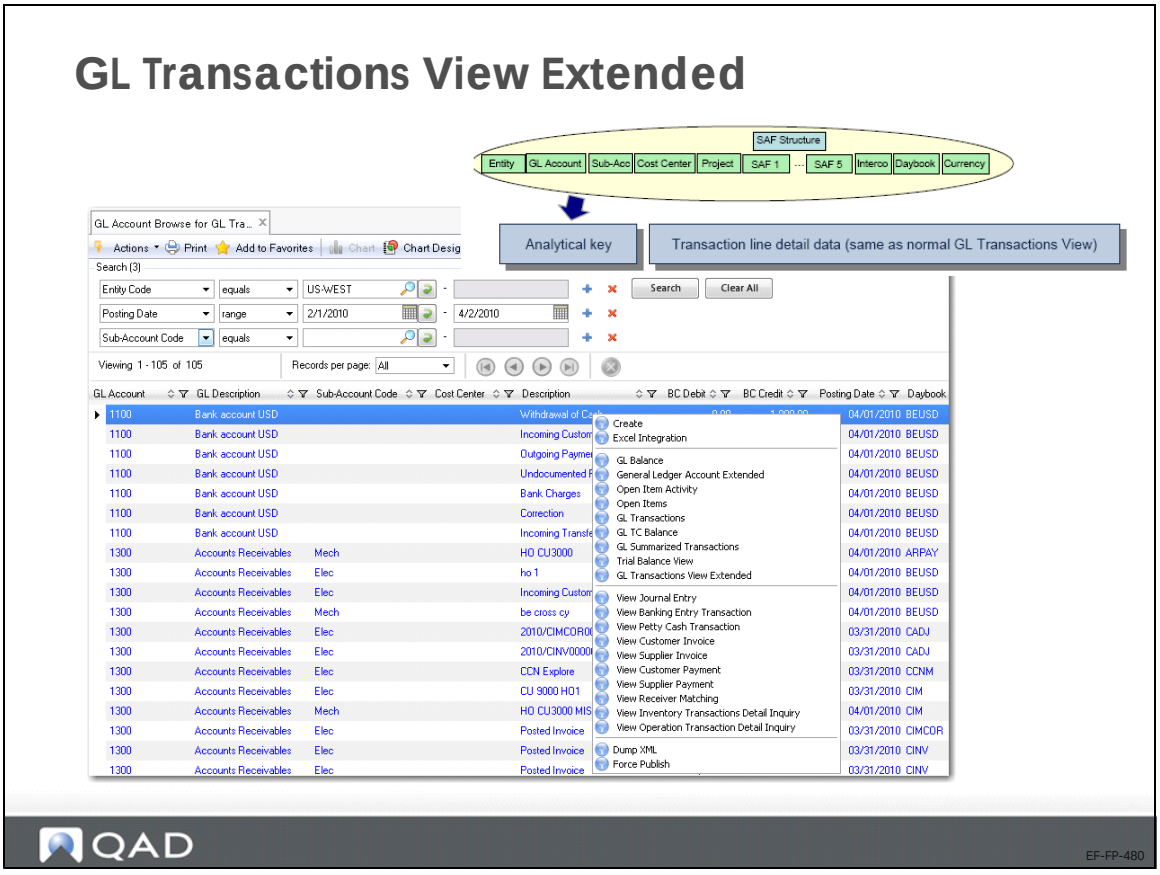


The GL Transactions Views are especially useful because they allow drill down into the source document for a transaction, such as the invoice that created it. Generally, the most used views for the day to day business are:

- GL Transactions View (25.15.2.1), which displays and sums all GL transactions that meet the search criteria.
- GL Summarized Transactions View (25.15.2.7), which displays the posting history of the accounts specified in the selection criteria.
- GL BC Balance View (25.15.2.4), which shows the actual balance in base currency for all GL accounts that meet the selection criteria.
- GL TC Balance View (25.15.2.8), which shows the actual balance in transaction currency for all GL accounts that meet the selection criteria.
- GL Transaction View Extended (25.15.2.10), which displays extended details of GL accounts, including the posting sign (debit/credit), posting type, analysis, revaluation settings, shared sets, and budget groups, and discloses the full GL transaction analytical detail.
- Trial Balance View (25.15.2.9) this view can include the detail of the full allocation keys that are used within a business, such as entity, account, sub-account, cost center, project, SAFs 1-5, and intercompany code.

But this highly depends on your business needs. Refer to the *QAD Financials User Guide* for a complete list of available GL Transaction Activity Views and their descriptions.

GL Transactions View Extended



In addition to letting you view GL transactions on all analytical levels (sub-accounts, cost centers, projects, SAFs, as well as intercompany, daybook, and currency), GL Transactions View Extended (25.15.2.10) allows you to summarize activity for any of these levels.

The right-click option gives you direct access to other reports and views as well as record creation and Excel integration menus. The following right-click options are available:

- Create

  Opens GL Account Create (25.3.13.1).
- Excel Integration

  Opens GL Account Excel Integration (25.3.13.5).
- GL Balance

  Opens the GL Account Browse for GL Balance.
- Open Item Activity

  Displays detailed information on activities for GL open item accounts.
- General Ledger Account Extended

  Displays extended details of GL accounts, including the posting sign (debit/credit), posting type, analysis, revaluation settings, shared sets, and budget groups.
- Open Items

  Displays and sums all transactions on GL open item accounts that meet the search criteria.

- GL Transactions

  Opens the GL Account Browse for GL Transactions.
- GL TC Balance

  Displays the actual balance in transaction currency for all GL accounts that meet the selection criteria.
- GL Summarized Transactions

  Displays summarized posting history for the accounts specified in the selection criteria.
- Trial Balance View
- GL Transactions View Extended
- Cross-Company GL Transactions

  Opens the GL Account Browse for Cross-Company GL Transactions.
- View Journal Entry

  Opens Journal Entry View in a separate window and displays the postings for the transaction.
- View Banking Entry Transaction

  When you select a GL transaction for a banking entry, the system opens a separate Banking Entry View window that displays the specific banking entry you selected. The option to view the source detail is also available for customer and supplier invoices, customer and supplier payments, receiver matchings, petty cash, and banking entry transactions.
- View Petty Cash Transaction
- View Customer Invoice
- View Supplier Invoice
- View Customer Payment
- View Supplier Payment
- View Receiver Matching
- View Inventory Transactions Detail Inquiry

  When you select a GL transaction for an associated operational inventory control transaction, the system opens the Inventory Transactions Detail Inquiry, which displays details on the original inventory transaction.
- View Operational Transactions Detail Inquiry

  When you select a GL transaction for an associated operational work order transaction, the system opens the Operational Transactions Detail Inquiry, which display details on the original work order transaction.
- Dump XML

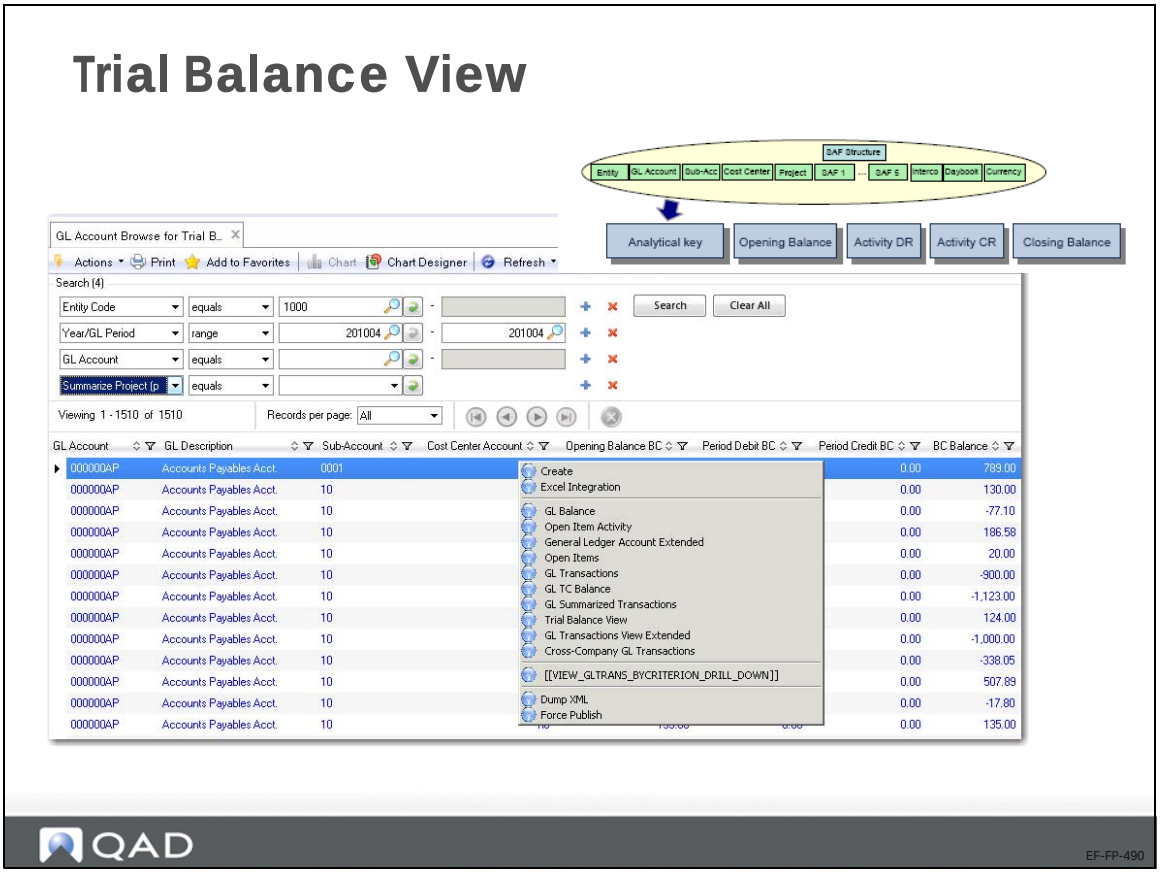
  Lets you dump the selected rows in XML format.
- Force Publish

  Publishes a business event for the selected GL transaction. A business event in this case is any modification to a Financials business object; for example, create, modify, or delete. By publishing the event, the system ensures that the update is passed to the QXtend Outbound database and replicated to other instances of Financials or third-party applications. This facility eliminates the need for the other applications to extract the data directly from the Financials database.

In order to publish an event for journal entries, for example, you must first define an event for the Journal Entry component using Event Configuration Create (36.14.16.15.1). In Event Configuration Create, you select the Publish Any Update field to ensure that all data updates for the business object for which you defined the event are published to QXtend.

See *QAD System Administration User Guide* for more information.

Trial Balance View



The Trial Balance View (25.15.2.9) lets you view balance details for the combinations of analytical elements that meet the selection criteria. You can use the view to ensure that the total of the debit balances equals the total of the credit balances for the selected GL periods.

The Trial Balance View contains many of the same right-click options as the GL Transactions View Extended. The following option is unique to the Trial Balance View:

- GL Transactions Details

  Opens the Posting Browse for GL Transaction details.

The Trial Balance View also contains some additional filtering options in relation to the GL Transactions View Extended (25.15.2.10). Here is an example of how to make use of the filters:

Example You are a managing two cost centers (CC1,CC2) and three projects (PJ1, PJ2, and PJ3). Each cost center or project has a manager reporting to you. At the end of last month, you have the following cost data:

Cost Center	Project	Cost
CC1	PJ1	10
CC2	PJ1	20
CC1	PJ2	25
CC2	PJ3	43
CC2	PJ3	21

As the manager, you want to see the performance of each cost center's manager on cost control. By choosing Summarize Projects, you can see the following data:

Cost Center	Project	Cost
CC1		35
CC2		84

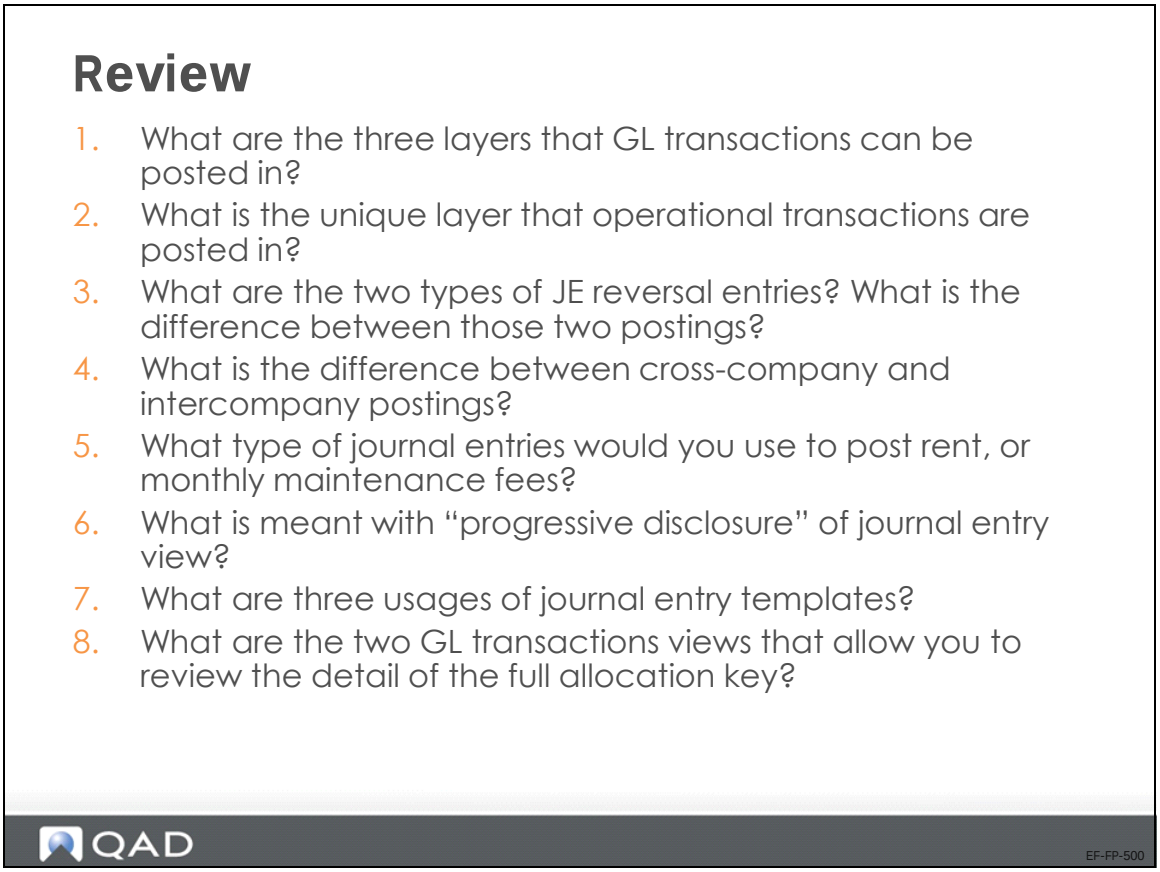
Similarly, you can see the performance of project managers by choosing Summarize Cost Centers:

Cost Center	Project	Cost
	PJ1	30
	PJ1	25
	PJ3	64

If you want to see your own performance on cost control, choose Summarize Cost Centers and Summarize Projects:

Cost Center	Project	Cost
		119

Review



Test your acquired knowledge by trying to answer the above questions. Verify your answers with the ones given below.

1 Primary, secondary and transient.

2 Primary

3 Reversal or correction. Correction entries are posted at the same GL side as the original posting, with negative sign.

4 Cross-company involves entities within the same database, intercompany involves entities in different databases.

5 Recurring journal entries, with a posting template

6 By drilling down, the user can progressively view the entire posting details (GL account, sub-account, cost center, project, SAF postings).

7 Recurring entries, repetitive postings, allocations

US Exercise: Complete Financial Business Flow

In this exercise, you will:

- Set up a new bank account and link it to a payment format.
- Set up supplier and customer payment instruments.
- Create supplier and customer payment instruments.
- Create journal entries for accruals.
- Order and receive goods.
- Process and pay supplier invoices for stock receipts.
- Process and pay recurring supplier invoices for expenses.
- Process payment in the bank.
- Process customer orders.
- Create customer invoices and credit notes.

Please follow the instructions and ask additional information if something is not clear. Use the following parameters (if needed):

- Log on using the user demo (password qad) to entity 10USACO
- Sub-account: use the default or else use Gserv
- Cost center: use the default or else use Adm
- Period: current period
- For all other fields: use the lookup and choose from the list.

1. In Daybook Create (25.8.1.1), create a new daybook BENWUSD of type Banking Entries controlled by Financials.

Field	Value
Daybook Code	BENWUSD
Description	BENWUSD
Daybook Type	Banking Entries
Layer Code	Primary
Daybook Control	Financial
Daybook Group Code	DGC-BE

2. In Profile Create (36.1.1.4.1), create the profile code BENWUSD and link the daybook BENWUSD to the shared set from the current domain (QMS-DB-US) using the Linked Object grid.

Field	Value
Profile Code	BENWUSD
Profile Type	Banking Entry Daybook Profile

3. In GL Account Create (25.3.13.1), create a new GL account 1112 of type Bank Account.

Field	Value
GL Account	1112
Description	Bank USD

Field	Value
GL Type	Bank Account
Category	Asset
Currency Tab	
Currency Code	USD
Banking Tab	
Entity	10USACO
Default	Yes
Bank Format	XX
Own Bank Number	87654321
Banking Daybook Profile	BENWUSD
Deduction Daybook Profile	DedDaybookProfile
AP Discount Account	5700
AR Discount Account	4220

4 Use Bank Payment Format Link (25.11.2) to link the newly created bank account to the payment format.

Format	Module	Payment Instrument
US-CHECK	Accounts Payable	Check
CUST-CHECK	Accounts Receivable	Check

5 In Supplier Payment Status Create (28.9.1.1.1), set up statuses for the payment instrument Check using the following details:

Field	Status 1	Status 2	Status 3	Status 4
Payment Instrument	Check	Check	Check	Check
Status	Initial	For Collection	Paid	Bounced
Bank GL Account	1112	1112	1112	1112
Daybook Code		APPAY	APPAY	APPAY
Supplier Payment Account		2080	2080	2090
Default Value Days	0	0	0	0

6 Use Supplier Payment Status View (28.9.1.1.3) to review the payment statuses you just created.

7 In Supplier Modify (28.20.1.2), add the newly created bank account to the following suppliers in combination with the payment format US-CHECK:

10S1003

10S1005

Note Ensure that only one bank account is marked as the default for the current entity. You must also specify a supplier bank number in the new grid line before you can save the record.

8 In Purchase Order Maintenance (5.7), create a purchase order for supplier 10S1005 for 2,000 EA of item 02002 at 0.50 USD each. The PO is nontaxable. The item site is 10-200.

9 Receive the full purchase order in Purchase Order Receipts (5.13.1).

10 Use Operational Transaction Post (25.13.7) to post the transaction from this receipt.

11 Use Supplier Invoice Create (28.1.1.1) to create a supplier invoice of $1,000.00 for supplier 10S1005. Link it to the newly created bank account (GL 1112) with payment format US-CHECK, and match it against the PO receipt.

Currency USD, nontaxable

Ensure you select the correct bank account and set the amount to pay.

No variances

12 Use Supplier Invoice Create (28.1.1.1) to create an expense supplier invoice of $5,000.00 for 10S1003, and link it to the newly created bank account (GL 1112) with payment format US-CHECK.

Currency USD, nontaxable, Invoice Status Code = OK2PAY

Ensure you select the correct bank and set the amount to pay.

Allocate the costs to the accrual account 2470, sub-account Elec.

13 Use Supplier Invoice View (28.1.1.3) to review the invoices you just created.

Try changing the columns selected and the order of the columns to tailor the view to your needs.

14 Create a new SAF structure, Introduction.

a Use SAF Concept Create (25.3.7.1.1) to create the following concepts:

Field	Value
SAF Concept Code	Campaign
SAF Concept Description	Promotional Campaign

Field	Value
SAF Concept Code	Market
SAF Concept Description	Market for Product Introduction

b Use SAF Code Create (25.3.7.2.1) to create the following SAF codes:

Field	Value
SAF Code	Ultrasound
SAF Description	Campaign for Ultrasound
SAF Concept Code	Campaign

Leave the other fields blank.

Field	Value
SAF Code	ConsumerUltrasound
SAF Description	Campaign for Consumer Ultrasound
SAF Concept Code	Campaign

Leave the other fields blank.

Field	Value
SAF Code	NA
SAF Description	North America
SAF Concept Code	Market

Leave the other fields blank.

Field	Value
SAF Code	SA
SAF Description	South America
SAF Concept Code	Market

Leave the other fields blank.

Field	Value
SAF Code	NE
SAF Description	Northern Europe
SAF Concept Code	Market

Leave the other fields blank.

15 Use SAF Structure Create (25.3.7.4.1) to create a SAF structure.

Field	Value
Structure Code	Introduction
Description	Market Introduction of New Products

Add concepts Campaign and Market to the SAF structure.

16 Use GL Account Create (25.3.13.1) to create a new GL account 7410, Market Introduction.

Field	Value
Account	7410
Description	Market Introduction
GL Type	Standard Account
Category	Expense

Analysis Tab	
Analysis Type	SAF
SAF Structure Code	Introduction
Sub-Account	Yes
Default Sub-Account	DefSubAct

17 Use Journal Entry Create (25.13.1.1) to create a journal entry template (markintro) allocating $1,000.00 of the accrual account 2470 to 7410, Market Introduction.

Warning Ensure you use the correct daybook.

18 Use Recurring Entry Create (25.13.4.1) to create a recurring journal entry (code = AMI-1) for three months, starting in the current GL period, using the template created at (17).

Post to primary layer (JE)

Amount: 1250, no reversal

19 Use Recurring Entry Post (25.13.4.5) to post the recurring entry for the first month.

20 Use Journal Entry View (25.13.1.3) to review the journal entry.

Try changing the columns selected and the order of the columns to tailor the view to your needs.

21 Use Supplier Payment Selection Create (28.9.4.1) to create a selection (code = PS-1) that includes the two invoices created in (11) and (12). The bank account to use is GL 1112 and the payment format is US-CHECK.

22 Confirm the payment selection (28.9.4.5) and print the supplier checks (28.9.9.3).

23 Go to Supplier Payment Mass Change (28.9.3.5) and change the status of your supplier check of $5,000.00 USD to Paid.

24 Go to Supplier Payment View (28.9.3.3) and review the outstanding supplier checks.

25 Check the postings for the creation and payment of supplier checks in Journal Entry View (25.13.1.3).

26 Check the movements on the bank GL account in GL Transactions View (25.15.2.1).

27 Run the report GL Transaction by Daybook (25.15.1.4) for both the banking entries and the entries in the supplier payment daybook.

28 Create a new business relation using Business Relation Create (36.1.4.3.1).

Field	Value
Business Relation	10-C1006
Name	Reston Plastics
Head Office Address	532 Broadway, New York, NY 10012, US
Primary Contact	Mr. A. Schwartz, General Manager Telephone: 212 555 1212

29 Use Customer Create (27.20.1.1) to create a new customer 10C1006 linked to the business relation 10-C1006.

The following table contains some specific values to use. For the other required fields, select values as practiced in the customer setup exercise in Chapter 5, “Customer Setup,”.

Field	Value
Customer Type:	DIST
Credit Term:	CASH
Supplier Bank Account:	7777
Bank Format:	XX

Link the customer record to the own bank account for GL 1112 and to the payment format CUST-Check.

30 Ensure that the new customer record is available for use in operational transactions by linking it to site 10-100 in Customer Data Maintenance (2.1.1). Fill in default values for any other required fields.

31 Use Customer Payment Status Create (27.6.2.1) to create payment statuses for the payment instrument Check using the following details:

Field	Status 1	Status 2	Status 3	Status 4
Payment Instrument	Check	Check	Check	Check
Status	Initial	For Collection	Paid	Bounced
Bank GL Account	1112	1112	1112	1112
Daybook Code		ARPAY	ARPAY	ARPAY
Customer Payment Account		1380	1380	1390
Default Value Days	0	0	0	0

32 Use Sales Order Maintenance (7.1.1) to create a nontaxable sales order SC1000 for customer 10C1006.

1000 of item 02003 (standard connectors) at $2.34 USD each (total value = $2340.00).

33 Ship sales order SC1000 using Sales Order Shipments (7.9.15).

34 Produce one or more reports showing the uninvoiced sales order.

35 Produce a report that shows the unposted transactions.

36 Post the unposted transactions of type ISS-SO using Operational Transactions Post (25.13.7).

37 View the journal entry in Journal Entry View (25.13.1.3) for the transaction type ISS-SO.

38 Generate a sales invoice for SO SC1000 using Invoice Post and Print (7.13.4).

39 Review the customer invoice (27.1.1.3)

40 Produce a customer aging (27.17.6) as of the last day of the next GL period for customer 10C1006.

41 In Business Relation Modify, open 10-USA-CO and specify a primary contact. Save the change.

Note This step is required before you can run a Customer Statement of Account report.

42 Produce a customer statement of account for customer 10C1006 as of the last day of the next GL period (27.17.19).

43 Create a nontaxable credit note (27.1.1.1) for customer 10C1006 for $340 USD and adjust this against the open invoice of $2340 USD using Open Item Adjustment (25.13.5).

44 Receive a check for $2000 USD from customer 10C1006 (For Collection payment status), and allocate this to the open invoice using Customer Payment Create (27.6.6.1).

Review the customer payment in Customer Payment View (27.6.4.3).

45 Change the status of the customer check (10C1006, value $2000 USD) to Bounced using Customer Payment Mass Change (27.6.4.5).

46 You receive a payment of $2000 USD from customer 10C1006, deposited in bank account 1112. Allocate the payment to the invoice using Banking Entry Create (31.1.1).

47 Create a customer account activity report for customer 10C1006 (27.17.3).

48 Review the Customer Activity Dashboard (27.18.1) for customer 10C1006.

EMEA Exercise: Complete Financial Business Flow

In this exercise, you will learn how to:

- Set up a new bank account and link it to a payment format.
- Set up supplier and customer payment instruments.
- Create supplier and customer payment instruments.
- Create journal entries for accruals.
- Order and receive goods.
- Process and pay supplier invoices for stock receipts.
- Process and pay recurring supplier invoices for expenses.
- Process payment in the bank.
- Process customer orders.
- Create customer invoices and credit notes.

Please follow the instructions and ask for additional information if something is not clear. Use the following parameters (if needed):

- Log on as the user demo (password qad) to entity 22UKCO
- Sub-account: use the default or else use Gserv
- Cost center: use the default or else use Adm
- Period: use the period of the system date
- For all other fields, use the lookup and choose from the list.

1. In Daybook Create (25.8.1.1), create a new daybook of type Banking Entries controlled by Financials.

Field	Value
Daybook Code	BENWGBP
Description	BENWGBP
Daybook Type	Banking Entries
Layer Code	Primary
Daybook Control	Financial
Daybook Group Code	DGC-BE

2. In Profile Create (36.1.1.4.1), create the profile code BENWGBP and link the daybook BENWGBP to the shared set from the current domain (QMS-DB-US) using the Linked Object grid.

Field	Value
Profile Code	BENWGBP
Profile Type	Banking Entry Daybook Profile

3. In GL Account Create (25.3.13.1), create a new GL account of type Bank Account.

Field	Value
Account	12300
GL Type	Bank Account

Field	Value
Budget Group	Cash and Equivalents
Category	Asset
Currency Tab	
Currency	GBP
Banking Tab	
Entity	22UKCO
Default	Yes
Bank Format	XX
Bank Account No	12345678
Banking Daybook Profile	BENWGBP
Deduction Daybook Profile	DedDaybookProfile
AP Discount Account	5700
AR Discount Account	4220

4 Using Bank Payment Format Link (25.11.2), link the newly created bank account to the following payment formats.

Format	Module	Payment Instrument
UK-ELEC	Accounts Payable	Electronic
GENERIC-DRAFT-AR	Accounts Receivable	Direct Debit

5 In Supplier Payment Status Create (28.9.1.1.1), set up statuses for payment instrument Electronic Transfer with the following parameters:

Field	Status 1	Status 2	Status 3
Payment Instrument	Electronic Transfer	Electronic Transfer	Electronic Transfer
Status	Initial	For Collection	Paid
Bank GL Account	12300	12300	12300
Daybook Code		APPAY	APPAY
Supplier Payment Account		2080	2080
Default Value Days	0	0	0

6 Use Supplier Payment Status View (28.9.1.1.3) to review the payment statuses you just created.

7 In Supplier Modify (28.20.1.2), add the newly created bank account to the following suppliers in combination with the payment format UK-ELEC:

22S1000

22S1001

Note Ensure that only one bank account is marked as the default for the current entity. You must also specify a supplier bank number in the new grid line before you can save the record.

8 In Purchase Order Maintenance (5.7), create a nontaxable purchase order for supplier 22S1000 for quantity 1000 EA of item number 60005 at 2.35 GBP each. Use site 22-100.

9 Use Purchase Order Receipts (5.13.1) to fully receive this purchase order (GBP and nontaxable)

10 Use Operational Transaction Post (25.13.7) to post the transaction from this receipt.

11 Use Supplier Invoice Create (28.1.1.1) to create a supplier invoice of 2350 GBP for 22S1000. Link it to the newly created bank account (GL 12300) using payment format UK-ELEC, and match it against the purchase order receipt.

Currency GBP, nontaxable

Ensure you select the correct bank account and set the amount to pay.

No variances

12 Use Supplier Invoice Create (28.1.1.1) to create an expense supplier invoice of 5000 GBP for 22S1001. Link it to the newly created bank account (GL 12300) using payment format UK-ELEC.

Currency GBP, nontaxable

Invoice status code OK2PAY

Ensure you select the correct bank account and set the amount to pay.

13 Use Supplier Invoice View (28.1.1.3) to review the invoices just created.

Try changing the columns selected and the order of the columns to tailor the view to your needs.

14 Create a new SAF structure, Introduction.

a Use SAF Concept Create (25.3.7.1.1) to create the following concepts:

Field	Value
SAF Concept Code	Campaign
SAF Concept Description	Promotional Campaign

Field	Value
SAF Concept Code	Market
SAF Concept Description	Market for Product Introduction

b Use SAF Code Create (25.3.7.2.1) to create the following SAF codes:

Field	Value
SAF Code	Ultrasound
SAF Description	Campaign for Ultrasound
SAF Concept Code	Campaign

Leave the other fields blank.

Field	Value
SAF Code	ConsumerUltrasound
SAF Description	Campaign for Consumer Ultrasound
SAF Concept Code	Campaign

c Leave the other fields blank.

Field	Value
SAF Code	NA
SAF Description	North America
SAF Concept Code	Market

Leave the other fields blank.

Field	Value
SAF Code	SA
SAF Description	South America
SAF Concept Code	Market

Leave the other fields blank.

Field	Value
SAF Code	NE
SAF Description	Northern Europe
SAF Concept Code	Market

Leave the other fields blank.

15 Use SAF Structure Create (25.3.7.4.1) to create a SAF structure.

Field	Value
Structure Code	Introduction
Description	Market Introduction of New Products

Add concepts Campaign and Market to the SAF structure.

16 Use GL Account Create (25.3.13.1) to create a new GL account.

Field	Value
Account	44100
Description	Market Introduction
GL Type	Standard Account
Category	Expense

Analysis Tab

Analysis Type	SAF
SAF Structure Code	Introduction
Sub-Account	Yes
Default Sub-Account	DefSubAct

17 Use Journal Entry Create (25.13.1.1) to create a journal entry template (Markintro) allocating 1000 GBP from the accrual account 2470 to 44100, Market Introduction.

Ensure you use the correct daybook (Template).

18 Use Recurring Entry Create (25.13.4.1) to create a recurring journal entry for three months, starting in the current GL period using the template you just created.

Post to primary layer (JE)

Amount: 1250, no reversal

19 Use Recurring Entry Post (25.13.4.5) to post the recurring entry for the first month.

20 Use Journal Entry View (25.13.1.3) to review the journal entry created.

Try changing the columns selected and the order of the columns to tailor the view to your needs.

21 Use Supplier Payment Selection Create (28.9.4.1) to create a selection that includes the two invoices you created previously. The bank account to use is GL 12300 and the payment format is UK-ELEC.

22 Confirm the payment selection in Supplier Payment Selection Confirm (28.9.4.5) and run the payment selection with Supplier Payment Selection Execute (28.9.4.6).

23 Create a bank statement for bank GL 12300 using Banking Entry Create (31.1.1)

a Create a bank statement line for 5000 GBP, allocate it to the appropriate payment, and save your bank statement.

24 Create another bank statement for bank GL 12300.

a Create a bank statement line for 2350.00 GBP and allocate it to the appropriate payment. Save your bank statement.

25 Check the banking entry postings in Journal Entry View (25.13.1.3).

26 Check the banking entries in Banking Entry View (31.1.3) and create a browse that you find useful.

27 Run the GL Transactions by Daybook report (25.15.1.4) for both the banking entries and the entries in the supplier payment daybook.

28 Create a new business relation using Business Relation Create (36.1.4.3.1):

Field	Value
Name	Reston Plastics UK
Head Office Address	11 Canter Road, Coventry,
	CV4 10EQ
Primary Contact	Mr. A. Henson, General Manager
	Telephone 12345

29 Using Customer Create (27.20.1.1), set up a new customer 22C1003 linked to the business relation Reston Plastics UK.

The following table contains some specific values to use. For other required fields, select values as practiced in the customer setup exercise in Chapter 5, “Customer Setup,”.

Field	Value
Customer Type	DIST
Credit Term	CASH
Customer Bank Number	77776666
Bank Format	XX

Link this to the own bank with GL 12300 and payment format Generic-Draft-AR.

Make sure this customer is ready to be used for operational transactions by linking it to site 22-100 in Customer Data Maintenance (2.1.1).

30 Use Customer Payment Status Create (27.6.2.1) to set up customer payment statuses for payment instrument Direct Debit with the following parameters:

Field	Status 1	Status 2	Status 3	Status 4
Payment Instrument	Direct Debit	Direct Debit	Direct Debit	Direct Debit
Status	Initial	For Collection	Paid	Bounced
Bank GL Account	12300	12300	12300	12300
Daybook Code		ARPAY	ARPAY	ARPAY
Customer Payment Account		1380	1380	1390
Default Value Days	0	0	0	0

31 Use Sales Order Maintenance (7.1.1) to create a nontaxable sales order SC1000 for customer 22C1003.

1000 of item 02003 (standard connectors) at 2.34 GBP each (total value = £2,340.00).

32 Ship the entire sales order SC1000 using Sales Order Shipments (7.9.15).

33 Produce one or more reports showing the not yet invoiced sales order.

Report(s) used:

34 Produce a report that shows the unposted transactions

Report used:

35 Post the unposted transactions of type ISS-SO using Operational Transaction Post (25.13.7).

36 Use Journal Entry View (25.13.1.3) to view the journal entries for transactions of type ISS-SO.

37 Generate an invoice for sales order SC1000 using Invoice Post and Print (7.13.4).

38 Review the customer invoice in Customer Invoice View (27.1.1.3).

39 Create a customer aging report as of the end of the current period (= period of system date) for customer 22C1003. Use Customer Aging Analysis Current (27.17.6).

40 In Business Relation Modify, open 22-UK-CO and specify a primary contact. Save the change.

Note This step is required before you can run a Customer Statement of Account report.

41 Create a customer statement of account for customer 22C1003 as of the end of the current period. Use Customer Statement of Account (27.17.19).

42 Create a nontaxable credit note for customer 22C1003 for 340 GBP in Customer Invoice Create (27.1.1.1). Adjust it against the previously created open invoice of £2,340.00 GBP using Open Item Adjustment Create (25.13.5).

43 Create a payment for customer 22C1003 for £2,000 GBP (direct debit, For Collection status). Use Customer Payment Create (27.6.4.1).

Review the customer payment in Customer Payment View (27.6.4.3).

44 Change the status of the customer payment (22C1003, value 2,000 GBP) to Bounced using Customer Payment Mass Change (27.6.4.5).

45 You receive a payment of 2,000 GBP from customer 22C1003 to bank GL 12300. Post this against the open invoice using Banking Entry Create (31.1.1).

46 Create a customer account report for customer 22C1003 using the Customer Activity report (27.17.3).

47 Review the Customer Activity Dashboard (27.18.1) for customer 22C1003.

Product Information Resources

QAD offers a number of online resources to help you get more information about using QAD products.

QAD Forums (community.qad.com)
Ask questions and share information with other members of the user community, including QAD experts.

QAD Knowledgebase (knowledgebase.qad.com)*
Search for answers, tips, or solutions related to any QAD product or topic.

QAD Document Library (www.qad.com/documentlibrary)
Get browser-based access to user guides, release notes, training guides, and so on; use powerful search features to find the document you want, then read online, or download and print PDF.

QAD Learning Center (learning.qad.com)*
Visit QAD's one-stop destination for all courses and training materials.

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