

**MICROSOFT[®] BUSINESS SOLUTIONS
NAVISION[®] 4.0**

COURSE 8384A: FINANCIAL SERIES I TRAINING

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PREFACE

Microsoft® Business Solutions–Navision® is a collaborative business management solution for medium-sized companies. It is an integrated product that includes functionality to support financial and relationship management, distribution and manufacturing.

This course is designed for students who are preparing to complete Financial Series I of Microsoft Navision. The course primarily provides explanations of the setup and end user processing in the Financial Management area of Navision.

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About the Microsoft Business Solutions Financial Series I – Navision Training Manual

This training manual provides a conceptual and operational description of the installation and configuration of Microsoft Navision. The manual can be used both in the context of an instructor-led training course and as reference material for self-teaching.

Target Audience

This training manual is intended for Microsoft Certified Business Solutions Partners' employees selling, implementing and supporting Navision.

Training Objectives

Whether used in a course setting or for self-teaching, the manual is designed to equip course participants with product knowledge, both at conceptual and functional levels, required when configuring, implementing and supporting Navision.

Training Prerequisites

To successfully participate in the Financial Series I course or complete the training in the self-teaching manner, participants must have passed:

- Introduction to Navision

Training Manual Overview

This manual provides the participants with an in depth understanding of the setup and end user processing of the Financial Management area in Navision. The manual consists of the following chapters:

- Chapter 1: Posting Groups
- Chapter 2: Dimensions Setup
- Chapter 3: VAT & Intrastat
- Chapter 4: Journals
- Chapter 5: General Ledger
- Chapter 6: Receivables Management
- Chapter 7: Payables Management

Every chapter includes an overview, describes the requirements and explains the setup procedures.

In this manual, the chapters are organized in a logical way that reflects the relationship between the setup and end user of the program. It is therefore recommended that the course (when built on this manual) or self-teaching activity follows the suggested teaching path. If preferred, however, the users of the manual can choose alternative paths.

The chapters in this training manual typically contain the following elements:

- Concepts
- Scenarios
- Exercises

Concepts explain at a high level how to setup and configure the system to best meet a client's business process.

Scenarios represent the typical business situations where the application is used. Scenarios provide a basis for examples that give practical step-by-step descriptions of how to use the application.

Exercises allow the course participants (manual readers) to practice using the program, where applicable.

Dates

The dates in the course manual are in the American format. In order to avoid confusion when reading the manual and following the exercises, if necessary, it is a good idea to change the date format in Microsoft® Windows® before starting the training session.

The working date is set to be 01/25/01 (January 25, 2001). It is important that this date is used when following the examples and doing the exercises included in the manual.

Demonstration Data

All examples and exercises in this manual are based on a fictitious company, Cronus International Ltd.

License Information

To run the examples and exercises included in this training manual, you need a standard Cronus license which is provided on your product CD.

Suggested Course Duration

When this training manual is used to run a course, it is recommended that the course is taught over a period of 2 days.

Further Information

You can learn more about Navision in the Introduction to Navision course.

Installing Navision

Before starting the course, you must install Navision on your computer.

The installation procedure is described below. The browser will automatically load the install file when you insert the CD. If the browser does not load the install file, you can open it manually:

1. From the Start menu, click **Run**.
2. In the Run window, in the **Open** field enter x:\startcd.exe (replace x with the drive letter of your CD-ROM drive) and click **OK**.

This is the installation procedure:

1. Insert the CD-ROM. At the top of your screen, the browser now displays the different options that you have.
2. Click **Client**.
3. Click **INSTALLATION**→**NAVISION CLIENT**. The installation now begins.

The Microsoft Business Solutions – Navision Installation Wizard window welcomes you to the setup wizard.

4. Click **Next**.
5. In the **User Name** and **Organization** fields, enter your customer information, then click **Next**.
6. Select either the **All users** or **Only for me** fields and then click **Next**.
7. Select the **Complete** field as the setup type and then click **Next**.
8. Click **Install** to indicate that you are ready to install the program.

The installation process begins.

9. Click **Finish** to complete the installation of Navision.

NOTE: To install the program in a different location than the standard one, you must select *Custom field as the setup type*.

Student Objectives

What do you hope to learn by participating in this course?

List three main objectives below.

1.

2.

3.

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CHAPTER 1: POSTING GROUPS

This chapter contains the following sections:

- Overview
- Specific Posting Groups
- General Posting Groups
- General Posting Setup
- VAT Posting Groups
- Determining Posting Groups
- Posting Transactions to the General Ledger

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Overview

If you use other application areas in addition to Microsoft® Business Solutions–Navision® General Ledger and post to accounts such as Customers, Vendors, Items, or Resources, you must set up a link between these accounts and the G/L accounts. If you only use the General Ledger application area, it is not necessary to set up posting groups.

Posting Groups are used to create these links between the different application areas and the General Ledger application area. As a result, you must have set up the chart of accounts before you can create posting groups. When sales, purchases, and other transactions are recorded and posted where a specific G/L Account is not specified directly, Posting Groups provide the mapping to the correct accounts. For example, in the sale of an item to a Customer on a Sales Order, no general ledger accounts are specified directly. However, upon completing the Navigate function, the review of a posted invoice shows entries that were posted to the G/L. This occurs because the customers and items were assigned Posting Groups to identify the G/L accounts.

There are three major types of posting groups that deal with selling inventory and resources to customers and buying inventory from vendors:

- Specific Posting Groups
- General Posting Groups
- VAT Posting Groups

This course analyzes the Specific Posting Groups initially, then takes a look at General Posting Groups and VAT Posting Groups, and finally reviews how all the Posting Groups fit together by looking at a posted sales invoice.

Specific Posting Groups

The primary purpose for Specific Posting Groups is to identify the primary Balance Sheet Account for each supporting Ledger. For instance, the total outstanding accounts receivable balance of all the customers should tie to the total balance of the Accounts Receivable accounts in the Balance Sheet. Therefore, specific posting groups are assigned to Customers, Vendors, Items, Bank Accounts, and Fixed Assets. These posting groups create the direct link to the primary Balance Sheet Account for each Master Item.

The specific posting groups that should be set up are as follows:

Specific Posting Group	Description
Customer Posting Group	This posting group maps the accounts receivable account, payment discount accounts, invoice and application rounding accounts, interest and fee accounts relating to customers.
Vendor Posting Group	This posting group maps the accounts payable account, payment discount accounts, invoice and application rounding accounts, interest and fee accounts relating to vendors.
Fixed Asset Posting Groups	This posting group specifies the accounts to which the program posts transactions involving fixed assets.
Bank Account Posting Groups	This posting group maps a bank G/L account to a bank account in the program.
Inventory Posting Group/Inventory Posting Setup	This posting group specifies the inventory. Each Inventory Posting Group is combined with each appropriate Location Code in the Inventory Posting Setup window. For each combination you can map the inventory accounts, WIP account, and other variance accounts relating to inventory in the Chart of Accounts.

Specific Posting Group Setup

Next you setup Customer, Vendor and Inventory Posting Groups. Before you begin it is important to remember that each Posting Group is directly linked to the General Ledger Chart of Accounts. Therefore, you must first set up the Chart of Accounts before setting up Posting Groups.

Vendor Posting Group

To set up a Vendor Posting Group, from the Financial Management menu, click FINANCIAL MANAGEMENT→SETUP→POSTING GROUPS→VENDOR. The Vendor Posting Groups window appears. You use this table to assign a code to each Vendor Posting Group.

In the Vendor Posting Groups window, you specify the accounts to which Microsoft Navision posts transactions involving vendors in each posting group. The following accounts can be specified:

- Payables
- Service charges
- Payment discounts
- Invoice rounding

Use this window to assign a code to each Vendor Posting Group. You can enter the code in the **Vendor Posting Group** field on each vendor card. When you post orders, invoices, credit memos, payments, etc., Microsoft Navision uses the information represented by the code to post to the accounts you specified.

To assign a Vendor Posting Group to a Vendor Card, click FINANCIAL MANAGEMENT→PAYABLES→VENDORS.

1. Browse to the relevant card on which you want to enter a Posting Group code.
2. Click the **Invoicing** tab.
3. In the **Vendor Posting Group** field, click the **AssistButton**.
4. Select the line with the desired Posting Group, then click **OK** to add the code to the card.

Inventory Posting Group

To set up an Inventory Posting Group, click FINANCIAL MANAGEMENT→SETUP→POSTING GROUPS→INVENTORY. The Inventory Posting Groups window appears.

In the Inventory Posting Group window, you set up a code and related information for each Inventory Posting Group. Then, you can enter a code in the **Inventory Posting Group** field on each item card. When you post orders, invoices, credit memos, etc., involving the item, Microsoft Navision uses the Inventory Posting Group to determine the account to which to post the transaction.

Inventory Posting Groups also allow you to group items for statistical purposes. Be sure to use descriptive codes that are easy to remember, for example:

- Finished
- RawMat
- Resale

After you set up the Inventory Posting Groups, click the **Setup** button. The Inventory Posting Setup window appears.

The table you see contains information about the set up of inventory postings to G/L.

***NOTE:** The only two accounts initially required are Inventory Account and Inventory Account (Interim). The other accounts pertain to specific granules you may or may not be using.*

In this table, you can create links between Inventory Posting Groups, inventory Locations, and G/L accounts. When you post item-specified entries, Microsoft Navision posts to the G/L account set up for the combination of Inventory Posting Group and Location linked to the item.

When you enter an Inventory Posting Group code in the **Inventory Posting Group** field on each item card, information about posting follows automatically. This information is based on the combinations you set up in this table.

You can use the same G/L account numbers or different account numbers for each combination of posting group and location.

To assign Inventory Posting Groups to Items, click
SALES&MARKETING→INVENTORY & PRICING→ITEMS.

1. Browse to the Item card on which you want to enter a posting group code.
2. Click the **Invoicing** tab.
3. In the **Inventory Posting Group** field, click the **AssistButton**.
4. In the Inventory Posting Groups window, select the line with the desired Posting Group,
5. Click **OK** to add the code to the card.

General Posting Groups

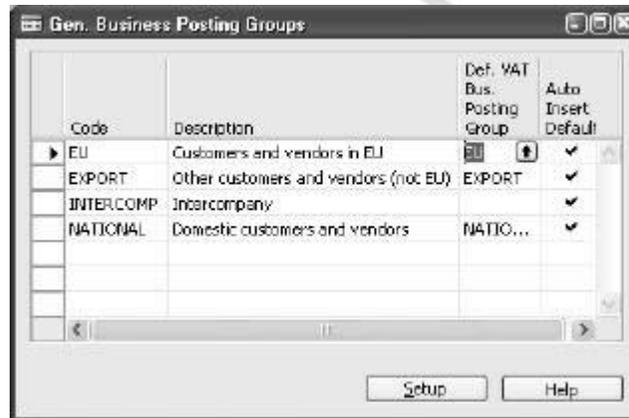
There are two kinds of General Posting Groups:

General Posting Group	Description
General Business Posting Group	Specifying “who we sell to” (Customers) and “who we buy from” (Vendors).
General Product Posting Group	Specifying, “what we sell” (Items and Resources) or “what we buy” (Items).

General Business Posting Group

You assign business posting groups to customers and vendors. In the General Business Posting Groups window, you enter a code and a description for the posting group.

Click FINANCIAL MANAGEMENT→SETUP→POSTING GROUPS→GENERAL→BUSINESS. The Gen. Business Posting Groups window appears:



When setting up business groups, you must consider how many groups you need for breaking down sales by customers and how many groups you need for breaking down purchases by vendors. The business groups can be set up to group customers and vendors by geographical area (Domestic, EU countries, Overseas, and so on) or type of business (retail, industrial, wholesale, service) or to distinguish between private entities and government agencies. It is also possible to not set up any General Business Posting Groups if you do not want to distinguish sales and purchases by location. The number of groups are directly related to the chart of accounts.

In the General Business Posting Groups window you can enter the following information:

Field	Description
Code	The code assigned to customers, vendors, and G/L accounts in the program.
Description	A description of the general business posting group.
Def. VAT Bus. Posting Group	Select a VAT business posting group used as a default for transactions involving this General Business Posting Group. If you change the contents of this field, you are asked if you want to update any G/L accounts, customers and vendors with the change.
Auto Insert Default	If you select this field, whenever you assign the General Business Posting Group to a customer, vendor or G/L account, the program automatically fills in the VAT Bus. Posting Group for the customer, vendor or G/L account with the Def. VAT Bus. Posting Group .

Product Posting Groups

You assign product posting groups to items and resources. In the Product Posting Groups window, you enter a code and a description for the posting group.

Click FINANCIAL MANAGEMENT→SETUP→POSTING GROUPS→GENERAL→PRODUCT. The Gen. Product Posting Groups window appears.

When setting up product groups, you must consider:

- How many groups you need for breaking down sales by products (items and resources).
- How many groups you need for breaking down purchases by items.

The Product Posting Groups are divided into Raw Materials, Retail, Resources, Capacities, Miscellaneous with VAT, and Miscellaneous without VAT. The Product Posting Groups provide the major product groups reflected in the Chart of Accounts. Each Inventory Item and Resource set is assigned a Product Posting Group.

In the General Business Posting Groups window you can enter the following information:

Field	Description
Code	The code assigned to G/L accounts, items, resources, and item charges in the program.
Description	A description of the general business posting group.
Def. VAT Bus. Posting Group	Select a VAT business posting group used as a default for transactions involving this General Product Posting Group. If you change the contents of this field, you are asked if you want to update any G/L accounts, items, resources, and item charges with the change.
Auto Insert Default	If you select this field, whenever you assign the General Product Posting Group, the program automatically fills in the VAT Bus. Posting Group for the G/L account, item, resource or item charge with the Def. VAT Bus. Posting Group .

Assigning General Posting Groups

General Business Group codes are assigned to customer and vendor accounts and General Product Group codes must be assigned to items and resources to ensure that transactions with these customers, vendors' items, and resources are posted to the correct G/L accounts.

To assign a General Posting Group to a customer, vendor, item or resource, go to the appropriate card. On the **Invoicing** tab enter the appropriate General Posting Group.

Test Your Skills – Create a New Product Posting Group

Scenario: Create a new General Product Posting group with the Code HOME and the description Home & Garden. Enter a default VAT Product Posting group code VAT25. Answer any questions asked by the program with Yes.

All Skill Levels

Your task is: Using the Financial Management menu items, set up a Product Posting Group based on the criteria listed above.

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General Posting Setup

The General Posting Setup window is a matrix that combines business and product posting groups. With each combination the user can determine to which accounts the program posts:

- Sales & Purchases
- Sales and Purchase Credit Memos
- Sales and Purchase invoice discounts and payment discounts
- Cost of Goods Sold and Inventory Adjustments
- Direct Cost Applied and Overhead Applied
- Purchase Variances

Click FINANCIAL MANAGEMENT→SETUP→POSTING GROUPS→GENERAL→POSTING SETUP. The General Posting Setup window appears.

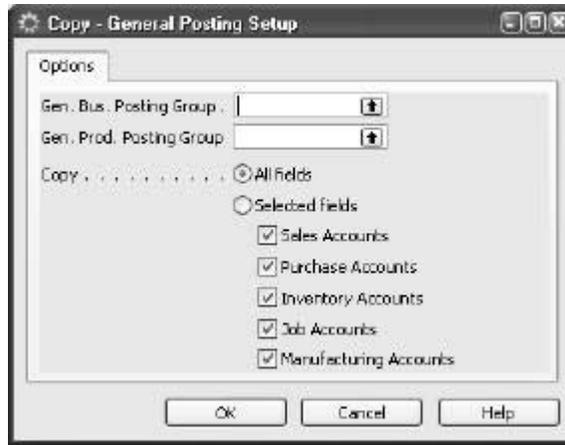
For each combination of business and product posting groups you can assign a different set of G/L accounts. You can post the sale of the same item to different sales accounts in the G/L due to customers being assigned different business posting groups.

Copying Posting Setup Lines

The more product and business posting groups you have, the more lines you see in the General Posting Setup window. This can mean a lot of data entry to set up the general posting setup for the company. While there may be many different combinations of business and product posting group, different combinations may still post to the same G/L accounts. To limit the amount of manual entry, copy the G/L accounts from an existing line in the General Posting Setup window.

1. You must first enter the **Gen. Bus. Posting Group** and **Gen. Prod. Posting Group** of the line to which you want to copy.

2. In the General Posting Setup window select the line to which you want to copy and click **Copy**. The Copy – General Posting Setup window appears:



In the Copy – General Posting Setup batch job, specify the **Gen. Bus. Posting Group** and **Gen. Prod. Posting Group** of the line you want to copy from. When you click **OK**, the program will then copy all accounts from the selected posting setup, or only the specific account group that you select to copy.

Creating Setup Lines for a Specific Product or Business Posting Group

You can also create posting setups using the **Setup** button in the Gen. Business Posting Groups or Gen. Product Posting Groups windows. If you select a line in the Gen. Product Posting Groups window and click the **Setup** button, the General Posting Setup window opens.

The posting setup lines are filtered to only show those lines with the general product posting group from the line you selected in the Gen. Product Posting Groups window. If you have not entered any lines, the program will fill in the **Gen. Prod. Posting Group** field on the first empty line based on the line you selected in the Gen. Product Posting Groups window. The process is the same with the Gen. Business Posting Groups window.

Test Your Skills – Set up a New General Posting Setup

Scenario: Create a new general posting setup using the combination of the Gen. Bus. Posting Group code NATIONAL and the HOME Gen. Product Posting Group code you created in the previous exercise. For the new posting setup, use the same G/L accounts as the combination of NATIONAL and RETAIL.

All Skill Levels

Your task is as follows:

- Using the Financial Management menu items, set up a Gen. Bus. Posting Group and Gen. Prod. Posting Group combination based on the criteria listed above.
- Use the Copy feature to use the same G/L accounts in the noted setup.

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VAT Posting Groups

Value-added tax (VAT) is a transaction tax. VAT is paid by the end consumer, including businesses. You need to set up VAT Posting Groups to specify the VAT percentage the program needs to calculate depending on 'who we sell to' or 'who we buy from' and 'what we sell' or 'what we buy'.

The principles for setting up VAT Posting Group, both Business and Product, are similar to those used for setting up General Posting Groups. To set up VAT, you first create VAT business posting group codes for customers and vendors, and then create VAT product posting group codes for items and resources.

To open the VAT Business Posting Group window, click FINANCIAL MANAGEMENT→SETUP→VAT POSTING GROUPS→BUSINESS. The VAT Business Posting Groups window appears.

You enter codes for the VAT business posting groups in the VAT Business Posting Group window. You can enter a maximum of 10 characters, both numbers and letters. The VAT business posting group codes in Cronus are set up so that VAT is calculated and posted according to the location (country) of the customer or vendor involved in the transaction.

Use codes that are easy to remember and that describe the business group; for example, EU or OVERSEAS. The code must be unique - you cannot have the same code twice in one table. You can set up as many codes as you like.

Press **ESC** to close the window.

***NOTE:** The VAT Business Posting Groups in Cronus are recommended as the minimum number of VAT Business Posting Groups. In some cases, there may be a need for more detailed groups. For example, a different VAT % may apply within NATIONAL customers for the same item, depending on whether the customer is a person or a company.*

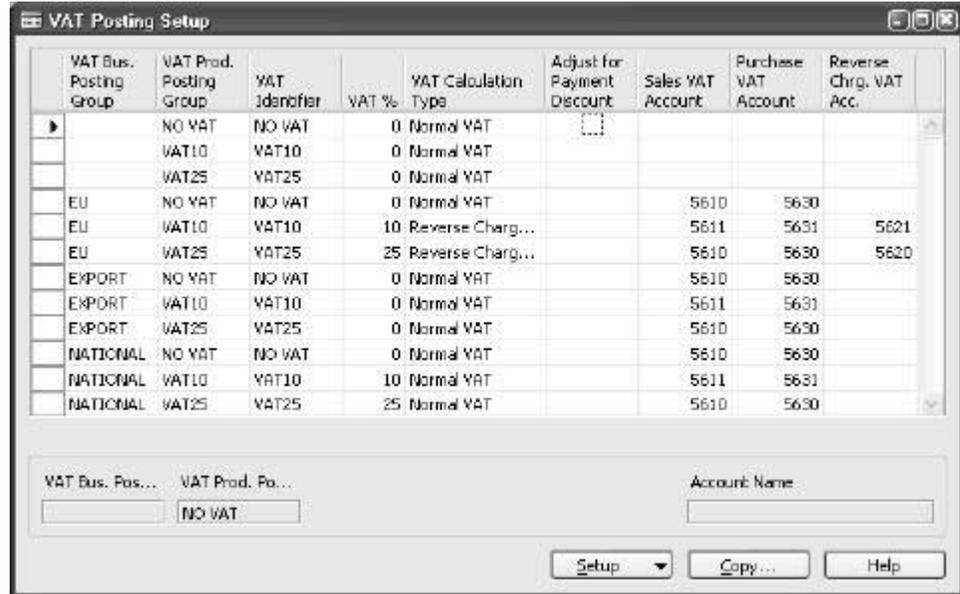
To open the VAT Product Posting Group window, click FINANCIAL MANAGEMENT→SETUP→VAT POSTING GROUPS→PRODUCT. The VAT Product Posting Groups window appears.

You enter codes for the VAT product posting groups in the VAT Product Posting Group window. That works in a similar way to entering codes for VAT business posting groups. The VAT product group codes determine calculation and posting of VAT according to the type of item being purchased or the type of item or resource being sold.

Use codes that are easy to remember and that describe the product posting group; for example, NO-VAT for miscellaneous without VAT, VAT10 miscellaneous with 10 % VAT, VAT25 for miscellaneous with 25 % VAT, and so on.

You must also set up combinations of VAT business posting groups and VAT product posting groups in the VAT Posting Setup window.

To open the VAT Posting Setup window, click FINANCIAL MANAGEMENT→SETUP→VAT POSTING GROUPS→POSTING SETUP. The VAT Posting Setup window appears:



You fill in a line for each combination of VAT business posting group and VAT product posting group. For each combination, you can fill in the VAT percent, VAT calculation type, and G/L account numbers for posting of VAT related to sales, purchases, and reverse charge VAT. It is also possible to specify for each combination, whether VAT is recalculated when a payment discount is granted or received.

You can enter as many combinations as necessary. If you want to group VAT Posting Setups with similar attributes, you can define a VAT Identifier for each group and assign the identifier to the group members. A typical use is to group setups with similar VAT percentages. In the demonstration company, VAT identifiers have been created based on the VAT percentages.

To make the entry process easier, you can copy information from existing lines in the VAT Posting Setup window. The process is similar to copying lines in the general posting setup.

1. You must first enter **the VAT Bus. Posting Group, VAT Prod. Posting Group and VAT Identifier** of the line you want to copy to.
2. In the VAT Posting Setup window select the line you want to copy to and click **Copy**. The Copy – VAT Posting Setup window appears.

In the Copy – VAT Posting Setup batch job, you specify the **VAT Bus. Posting Group** and **VAT Prod. Posting Group** of the line you want to copy from. The program will then copy all information from that line, or only the information you select to copy.

Options	Description
VAT% etc.	VAT%, VAT Calculation Type, Unrealized VAT Type and the Adjust for Payment Discount settings are copied.
Sales Accounts	All sales account information are copied.
Purchases Accounts	The Purchases and Reverse Charge account information are copied.

Similar to general posting groups, you can also create new VAT posting setup lines by clicking the **Setup** button in the VAT Business Posting Groups and VAT Product Posting Groups windows.

VAT Calculation Type

The program has four methods for calculating VAT:

Options	Description
Normal VAT	Use this option to have the program calculate VAT for items sold or purchased with this particular combination of business posting group and product posting group code. In this case, the seller of the item calculates and withholds the VAT.
Reverse Charge VAT	Use this option when you trade with other countries within the EU where the purchaser must calculate and settle VAT accounts with the tax authorities. You must also fill in the Reverse Chrg. VAT Acc. field. When you sell goods with reverse charge VAT, you neither calculate nor withhold VAT. When you purchase goods, the program will calculate the VAT amount, debit the Purchase VAT Account and credit the Reverse Chrg. VAT Account.
Full VAT	Use this option when the amount you want to post that has this particular combination of VAT business posting group and VAT product posting group consists entirely of VAT. This option can be useful if, for example, you want to record import VAT or make a corrective entry in order to correct a VAT calculation error. You will learn more about Full VAT transactions in the Financial Management training material. Note that if you do make a corrective entry using Full VAT, it will not refer to the original VAT entries. This may make the preparation of the VAT Statement more difficult.
Sales Tax	This option is only used if the program must handle US sales tax instead of VAT.

Adjust for Payment Discount

Click to select this field if you want the program to recalculate VAT amounts when you post payments that trigger payment discounts.

For example, if a customer receives payment discounts for a timely payment, the program recalculates the VAT amount using the same VAT % as when you originally posted the sales invoice for this customer. The renewed calculation is based on the invoice amount less the payment discount. Your sales VAT account is reduced by the difference between the original and the new VAT amount.

Before you can use this feature you must activate it by selecting the **Adjust for Payment Disc.** field in the General Ledger Setup window.

VAT Amount Rounding for Documents

Amounts in documents that are not yet posted are rounded and displayed in a way that corresponds to the final rounding of amounts that are actually posted. VAT is calculated for an entire document. This means that VAT calculated in the document is based on the sum of all lines in the document with the same VAT identifier.

Reverse Charge VAT for Trade between EU Countries

Companies in the EU must use Reverse Charge VAT when trading with other companies in the EU.

***NOTE:** This rule ONLY applies when trading with companies that are registered as VAT liable in another EU country. If you do business directly with consumers in other EU countries, you should contact your tax authorities for the applicable VAT rules.*

Purchases from EU Countries

When you post a purchase from a vendor in another EU country, VAT must be calculated using the rate applicable in your own country. On the VAT statement, the VAT amount is added to the domestic sales VAT and to the domestic purchase VAT. This means the calculated VAT does not affect the VAT payable. You must report the value of purchases from EU countries (base amount used to calculate purchase VAT) separately on your VAT statement.

In order to have VAT on purchases from EU countries treated correctly in the program, you should:

- Set up **VAT Bus. Posting Group** and **VAT Prod. Posting Group** combinations with **Reverse Charge VAT** in the **VAT Calculation Type** field. The G/L account to which reverse charge VAT is posted must also be entered in the **Reverse Chrg. VAT Account** field.
- Assign the **VAT Bus. Posting Groups** in the **VAT Bus. Posting Group** field on the Vendor Card of each EU vendor. You should also enter the vendor's VAT registration number in the **VAT Registration No.** field on the **Foreign Trade** tab.

When you post a purchase from a vendor in another EU country, the program calculates the VAT amount and debits the purchase VAT account and credits the reverse charge VAT account. Thus, the posting of VAT does not affect the company's financial statements. The program also creates a VAT entry containing the VAT base amount (purchase price before VAT) and specifies the amount is a reverse charge VAT amount.

Sales to EU Countries

VAT is not calculated on sales to VAT-liable companies in other EU countries. You must report the value of such sales EU countries separately on your VAT statement.

In order to have VAT on purchases from EU countries treated correctly in the program, you should:

- If you have already set up lines in the VAT Posting Setup window for purchases from EU Countries, you can also use these for sales. Otherwise you must set up a line for sales with exactly the same information as described earlier for purchases.
- Assign the VAT Bus. Posting Groups in the **VAT Bus. Posting Group** field on the **Invoicing** tab of the Customer Card of each EU customer. You should also enter the customer's VAT registration number in the **VAT Registration No.** field on the **Foreign Trade** tab.

When you post a sale to a customer in another EU country, the program calculates the VAT amount and creates a VAT entry with the information about the reverse charge VAT and the VAT base (the amount used to calculate the VAT amount). No entries are posted to the VAT accounts in the general ledger.

Test Your Skills – Create some new VAT Posting Groups

Scenario: There is to be a change in the EU VAT% from 25% to 26%.

Create a new VAT Product Posting Group called VAT26. Enter a line in the VAT Posting Setup window for each combination of the new VAT Prod. Posting Group with the existing VAT Bus. Posting Groups (EU, NATIONAL and EXPORT).

For each new combination of VAT Business Posting Group with the new VAT26 posting group, the same VAT information and G/L accounts as with the VAT25 posting group will be used.

Normally, you should create new G/L accounts to post the G/L entries with the new VAT percentage to separate accounts. But for this exercise we will not do this.

All Skill Levels

Your task is as follows:

- Using the Financial Management menu items, set up a VAT Posting Group and VAT Posting Setup combinations based on the criteria listed above.
- Use the Copy feature to use the same G/L accounts in the noted setup.

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Determining Posting Groups

We have discussed the General Business Posting Group and the General Product Posting Group. So, how did we determine how we were going to group these posting groups?

The Chart of Accounts served as the guide to establishing these groups. Let's take a look at the Chart of Accounts. Since we are discussing General Posting Groups, we will focus on the Income Statement Accounts because the General Posting Groups deals specifically with these types of accounts.

The primary classification of the Sales accounts is Resources, Raw Materials, and Retail. These divisions represent the products that Cronus sells. If you scroll further down in the Chart of Accounts, you see that there are also Purchases Accounts for Retail and Raw Materials. These divisions represent the products that Cronus purchases. Therefore, the information from the General Product Posting Group setup directly supports the Chart of Accounts setup in Cronus.

The accounts are then broken down into Domestic, EU, and Export for the Sales Accounts and the Purchases Accounts. These are the classifications of the customers and vendors that Cronus transacts with. The information from the chart of accounts supports Cronus' General Business Posting Group setup.

Posting Transactions to the G/L Using Posting Groups

We now analyze the effect on the Chart of Accounts and the impact of the posting setup through an analysis of a previously posted transaction. Let's take a look at a simple sale transaction. The transaction involves a sale of two different types of items to customer 10000.

The expected ledger entries involved with such a sale are as follows:

Account	Debit	Credit
Receivables	Sales Amount + VAT	
Sales Account		Sale Amount
Sales VAT Account		VAT
Cost of Goods Sold Account	Cost of items sold	
Inventory		Cost of items sold

1. Click SALES&MARKETING→HISTORY→POSTED INVOICES.
2. Press **F5** to get a list of the Posted Sales Invoices.
3. Select 103018 in the number field and click **OK**.
4. To see all documents and ledger entries related to this posted invoice, click the **Navigate** button in the Posted Sales Invoice window.

You can see that when the sales invoice was posted, the program also created and posted G/L entries, VAT entries, customer ledger entries and Value entries for the items.

5. Select the G/L Entry line and click **Show**. The General Ledger Entries window appears.

The program has posted as follows:

Account	Debit	Credit
2310 Customers, Domestic	Sale Amount (2920+361.50)+ VAT (730+90.38) = 4,101.88	
6210 Sales, Raw Materials - Domestic		Sale Amount (361.50)
6110 Sales, Retail - Domestic		Sales Amount (2920)
5510 Sales VAT 25% Account		VAT (730+90.38)

The G/L entry to transfer the sold items from inventory to cost of goods sold has not been posted yet. This is because automatic cost posting is not activated. As a result, inventory postings to the G/L are performed separately by running the Post Inventory Cost to G/L batch job.

How did the program create the G/L entries from the sales invoice? The answer lies in an analysis of the posting groups assigned to customer 20000 and items 1964-W and 70011.

1. Click SALES & MARKETING→SALES→CUSTOMERS.
2. Press **F5** to display the customer list, select customer 20000 and click **OK**.
3. On the Customer Card for customer 20000 go to the **Invoicing** tab.

The customer has been assigned the following general posting group and VAT posting group:

- Gen. Bus. Posting Group = NATIONAL
- VAT Bus. Posting Group = NATIONAL

If you click the **Assist** button in the **Customer Posting Group** field, you can see that the DOMESTIC customer posting group has account 2310 entered in the **Receivables Account** field. This is the account to which the program posted the receivable amount of 4,101.88.

4. Close the Customer Posting Group window by pressing **ESC**.
5. Close the Customer Card window by pressing **ESC**.

Let's look at the item cards now.

1. Click SALES & MARKETING→INVENTORY & PRICING→ITEMS.
2. Press **F5**, select item 1964-W from the Item List and click **OK**.
3. On the Item Card, select the **Invoicing** tab.

Item 1964-W has been assigned the following general posting group and VAT posting group:

- Gen. Prod. Posting Group = RETAIL
- VAT Prod. Posting Group = VAT25

The item has also been assigned the group FINISHED in the **Inventory Posting Group** field. When the Post Inventory Cost to G/L batch job runs, the program will combine this group with the location code on the invoice to select the inventory account in the Inventory Posting Setup window.

4. Press **F5**, select item 70011 from the Item List and click **OK**.
5. On the Item Card, select the **Invoicing** tab.

Item 70011 has been assigned the following general posting group and VAT posting group:

- Gen. Prod. Posting Group = RAW MAT
- VAT Prod. Posting Group = VAT25

The item has also been assigned the group RAW MAT in the **Inventory Posting Group** field. When the Post Inventory Cost to G/L batch job runs, the program combines this group with the location code on the invoice to select the inventory account in the Inventory Posting Setup window.

6. Close the Item Card.

We now have the following general and VAT posting group information from the customers and items involved with the sale:

	General Bus. Posting Group	General Prod. Posting Group	VAT Bus. Posting Group	VAT Prod. Posting Group
Sale of Item 1964-W	NATIONAL	RETAIL	NATIONAL	VAT 25
Sale of Item 70011	NATIONAL	RAW MAT	NATIONAL	VAT 25

1. Click FINANCIAL MANAGEMENT→SETUP→POSTING GROUPS→GENERAL→POSTING SETUP.

If you look at the line with the combination of NATIONAL and RETAIL, you can see that account 6110 is entered in the **Sales Account** field. In the posted sales invoice, the sales amount for item 1964-W is 2,920. By combining the posting groups of the customer and item, the program has determined the sales account and posted 2,920 to account 6110.

Account 6210 is entered in the **Sales Account** field for NATIONAL and RAW MAT. In the posted sales invoice, the sales amount for item 70011 is 361.50. By combining the posting groups of the customer and item, the program has determined the sales account and posted 361.50 to account 6210.

2. Close the General Posting Setup window.
3. Click FINANCIAL MANAGEMENT→SETUP→VAT POSTING GROUP→POSTING SETUP.

If you look at the line with the combination of NATIONAL and VAT 25, you can see that account 5610 is entered in the **Sales VAT Account** field. The **VAT%** field contains 25, so VAT for the sale of each item is as follows:

$$25\% \times 2,920 = 730.00$$

$$25\% \times 361.50 = 90.38$$

By combining the posting groups of customer and items, the program has determined the sales VAT account and VAT %, calculated the VAT on the sale and posted it to account 5610.

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Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

- 1.

- 2.

- 3.

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CHAPTER 2: DIMENSIONS SETUP

This chapter contains the following sections:

- Dimensions and Dimension Values
- Dimensions Combinations
- Default Dimensions
- Default Dimension Priorities

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Overview

In previous courses, you were introduced to the concept of Dimensions and Dimension Values. In this chapter, you learn how to set up dimensions in more detail.

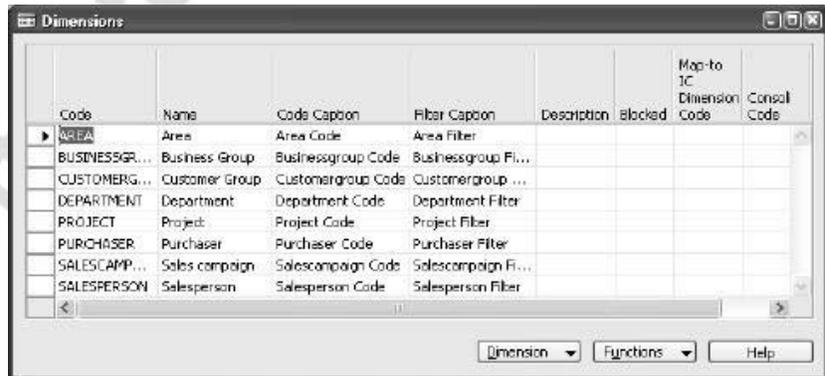
It is recommended that you ensure adequate time is allocated to setting up the dimension structure for the company, since it is the basis for all the benefits that the Dimensions functionality offers. In addition, the dimensions structure should also be determined in combination with the chart of accounts and posting group structure. Instead of setting up detailed chart of accounts and posting groups, you may gain a better analysis of your financial information by simplifying the chart of accounts and using dimensions.

Dimensions and Dimension Values

In previous courses, you were shown how to use dimensions in documents. You were also shown how to select the dimensions to use as Global and Shortcut dimensions throughout the program in the General Ledger Setup window.

You will now learn how to create new dimensions and new values for the dimensions.

1. Click FINANCIAL MANAGEMENT→SETUP→DIMENSIONS→DIMENSIONS to display the Dimensions window:



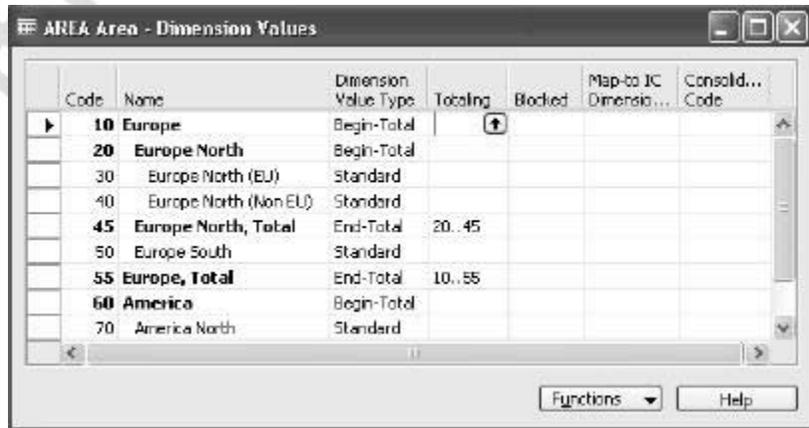
You will see all the existing dimensions in the system. Each dimension has the following attributes:

Field	Description
Code	The reference for the dimension that is selected when entering dimensions on journals and in documents.

Field	Description
Name	The name of the dimension displayed in reports and analysis views.
Description	This field is for information purposes only.
Code Caption and Filter Caption	These are the captions that appear as the shortcut dimension field names on documents and journals and the shortcut dimension filters in reports, budgets, analysis views, and account schedules.
Blocked	If you select this field, you cannot post any journals containing this dimension.
Map to IC Dimension Code	This field indicates which intercompany dimension corresponds to the dimension on the line. Use the AssistButton to look up and select from the IC Dimension Codes.
Consolidation Code	This field is used for consolidation. For more details on using dimensions in the consolidation process, see the next section.

To enter the new values:

- In the Dimensions window, place the cursor on the dimension code that you are creating values for. For this example, we are selecting the AREA dimension.
- Click DIMENSION→DIMENSION VALUES to open the Dimension Values window.



A Dimension Value is a subset within a Dimension. For example, for the Dimension AREA, the user can choose between the Dimension Values “20,50,85 and so on”: all of which can be given the common name AREA. Each Dimension can have an infinite number of values, though each value code must be unique within the given Dimension. These values are used on ledger entries.

Dimension Value Type is used to create a hierarchical relationship between Dimension Values within a Dimension. It describes the manner in which a Dimension Value is used when posting, and corresponds almost exactly to Account Type in the Chart of Accounts. Similar to the chart of accounts, you can also indent the dimension value hierarchy by clicking **FUNCTIONS**→**INDENT DIMENSION VALUES**.

In the demonstration company, a hierarchy has been set up for the “Area” Dimension. Therefore, 30, 85 and so on are “AREA” Dimension Values. This means that the user can post an entry with Dimension Value “30” but that analysis of sales on “45” or “55” will also include the “30” entry.

The dimension value types are as follows:

Field	Description
Standard	This is used for standard posting of dimension values.
Heading	This is the heading for a group of dimension values.
Total	This is used to total a series of balances on dimension values that do not immediately precede the Total dimension value. You must then fill in the Totaling field with the range of accounts to be totaled.
Begin-Total	A marker for the beginning of a series of dimension values to be totaled ends with an End-Total dimension value type.
End-Total	A total of a series of dimension values that starts with the dimension value type Begin-Total. You must then fill in the Totaling field with the range of accounts to be totaled.

Dimension Values are automatically assigned Standard. You can only post entries with following value types: Standard and Begin-Total.

Similar to blocking the entire dimension, you can also block the posting of journals containing specific dimension values using the **Blocked** field for that dimension value.

Consolidation

With the introduction of Intercompany posting in Microsoft® Business Solutions – Navision® 4.0, dimensions are also included in the consolidation processes. Each dimension can be mapped to the consolidation company’s dimensions. This is done in the dimensions window, using the fields **Map to IC Dimension Code** and **Consolidation Code**.

Click FINANCIAL MANAGEMENT→SETUP→DIMENSIONS→DIMENSIONS to display the Dimensions window.

Map to IC Dimension Code – This field indicates which intercompany dimension corresponds to the dimension on the line. Use the **AssistButton** to look up and select from the IC Dimension Codes.

When you enter a dimension code on an intercompany sales or purchase line, the program places the corresponding intercompany dimension code on the line sent to your intercompany partner.

Consolidation Code – This field is used for consolidation. Do not make an entry here unless the entire company, including dimensions, are transferred to the consolidated company when you consolidate.

If you are transferring the entire company, enter the dimension code in the consolidated company that corresponds to the dimension code in this business unit. For example, to consolidate the dimension Area in this business unit into the Area dimension in the consolidated company, enter Area here.

***NOTE:** You can give the same consolidation code to several dimensions if you want the entries for these dimensions to be added together when you consolidate.*

To map the dimension to the consolidation company's dimensions, in the Dimensions window, select FUNCTIONS→MAP TO IC DIM. WITH SAME CODE.

This functionality works the same way as the mapping of G/L accounts in the Intercompany Chart of Accounts to the Consolidated company's G/L accounts.

Test Your Skills – Mapping Intercompany Dimensions

Scenario: You want to specify that the Dimension AREA must always be posted with the corresponding Intercompany Dimension AREA. You also need to set up the dimensions so that this company's AREA dimension code corresponds to the Consolidation company's DEPARTMENT dimension code during the consolidation process.

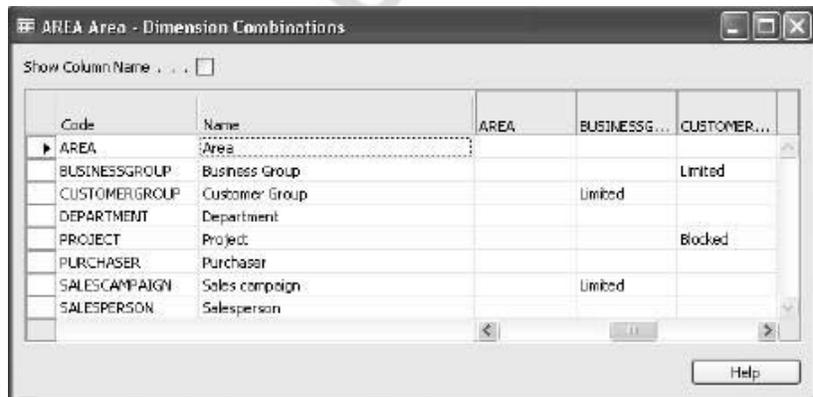
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Dimension Combinations

Dimension combinations give you the ability to determine whether particular dimensions can be combined on a journal or in a document, and if so, under which circumstances. This ensures that, for example, policy decisions or responsibility areas can be reflected in the way dimensions are used in your company.

This is useful if a company has business rules about what information can be combined on an entry, for example, that users may not post invoices when they have attached both a department dimension and a project group dimension to an entry. You can also restrict the use of a particular dimension combination, depending on which dimension value combination is being used for the two dimensions.

1. Click FINANCIAL MANAGEMENT→SETUP→DIMENSIONS→DIMENSION COMBINATIONS to display the Dimension Combinations window.



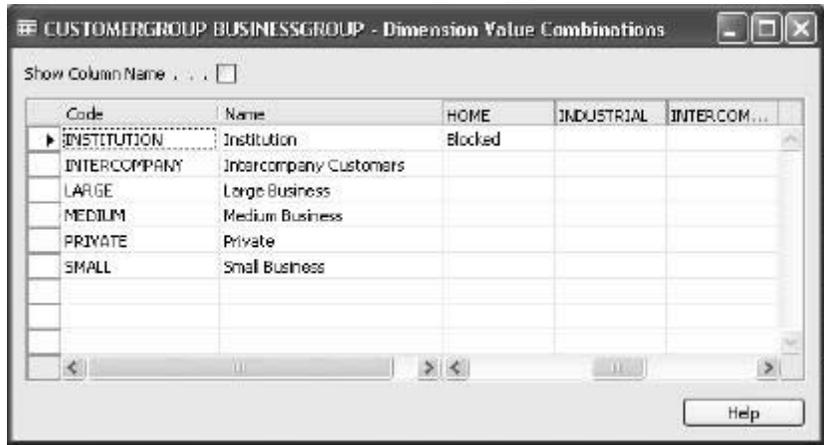
The window displays a matrix of all combinations of dimensions you have created in the program. You can choose to display the column headings by dimension name rather than dimension code by selecting the **Show Column Name** field.

2. Click the Drop-down arrow or press **F6** in the dimension combination you want to change and select one of the following options:

Field	Description
Blank	The dimension combination is always allowed on entries. This is the default setting for dimension combinations.

Field	Description
Limited	The dimension combination is only allowed in certain circumstances, depending on which dimension values you select when creating an entry.
Blocked	The dimension combination is excluded from use on entries.

- If you choose Limited, you must define which dimension value combinations are blocked from use in the Dimension Value Combinations window by clicking the **AssistButton**. The Dimension Value Combinations window displays:



The Dimension Value Combinations window is a matrix of all combinations of dimension values for a particular dimension combination.

- Select which combinations are not allowed by clicking the **AssistButton** in the relevant Dimension Combination and selecting Blocked. If you leave the combination blank, it is allowed.

Example – Dimension Combinations

- Open the Dimensions Combinations window and look for the settings for the Business Group dimension.
- Click the **AssistButton** to look at the combinations in the Dimension Value Combination window.

Default Dimensions

When you have set up your dimension codes and their values you can start to enter default dimensions. Default dimension values can be defined for all dimensions on all accounts. You can define default dimension values on individual accounts, on groups of accounts or for an entire account type, for example the customer account type. For each default, you can define Value Posting rules that determine in what way dimension information may be posted.

Default dimensions make it easier to handle the high number of dimensions in connection with the different account types. This is necessary, because the user should save time, but without the loss of analytical information.

- You can assign default dimension values and posting criteria to all accounts and not just G/L accounts.
- You can assign default dimension values and posting criteria for all dimensions.
- You do not have to assign default dimension values and posting criteria for each individual account. You can assign defaults for groups of accounts and entire account types.

There are three levels at which you can enter default dimensions:

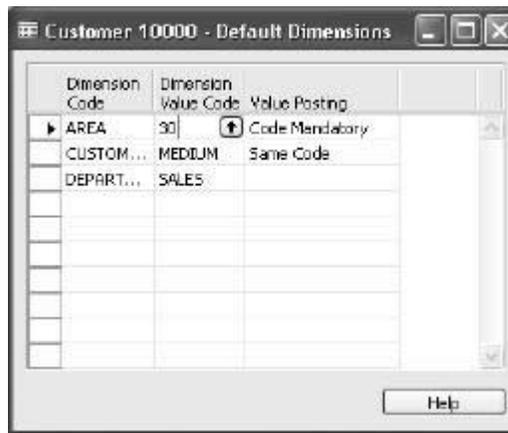
- Dimensions – Single: Single Account
- Dimensions – Multiple: Multiple Accounts
- Account Type Default Dimensions: All Accounts

Dimensions – Single

To illustrate the use of single dimensions, let's take a look at the default customer dimensions.

1. Click SALES & MARKETING→SALES→CUSTOMERS and select customer 10000.

2. Click CUSTOMER→DIMENSIONS to open the Default Dimensions window for the customer.



In the Default Dimensions window, you can see the existing default dimensions for this customer. All entries posted for this customer have a default AREA of 30, a CUSTOMERGROUP of MEDIUM, and a DEPARTMENT of SALES.

To add a new default dimension:

3. In an empty line, select the **Dimension Code** for the new entry.
4. Select the Dimension Value Code.
5. In the **Value Posting** field, specify rules that the program must follow when posting entries containing the default dimension. You have the following options:
 - **Blank** – There is no restriction on the way values can be posted.
 - **Code Mandatory** – The program checks that the entry contains the Dimension Code when posting on this account. However, the dimension value for the dimension on the entry can be any dimension value and does not have to match the value contained in the **Dimension Value** field in the Default Dimension window. For Customer 10000, all entries must be posted with an AREA dimension but it does not have to be area 30. If the AREA dimension is removed from the entry, the system issues an error and not post the entry until it is corrected.
 - **Same Code** – The program checks that the entry contains both the **Dimension Code** and **Dimension Value** in the Default Dimensions window when posting on this account. For Customer 10000, all entries must be posted with a CUSTOMERGROUP dimension that has to be MEDIUM. If this is not the case, the system will issue an error and not post the entry until it is corrected.

- **No Code** – The program checks that the entry does not contain the **Dimension Code** when posting on this account. That means there are no subsequent entries for this customer with this Dimension.

The **No Code** option provides an account level of dimension blocking. This works in addition to the Dimension Code and Dimension Value blocking that apply to all accounts.

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Test Your Skills – Creating Single Default Dimensions

Scenario: You want to specify that Account No 8110 must always be posted with a Department dimension. The default value to use should always be ADM, but you want to allow users to override this with another non-blank value if they wish.

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Dimensions – Multiple

You can also define default dimensions for a group of accounts, for example customers, vendors, and fixed assets, using the List on the Card for the account. Again, we can see this in the Customer List.

1. On the Customer card, press **F5** to open the Customer List window.
2. Highlight the range of customers from Customer 01121212 to 01454545 and click CUSTOMER→DIMENSIONS→DIMENSIONS–MULTIPLE. The Default Dimensions–Multiple window for the accounts appears.

If the selected customers have been assigned dimension values and value postings on an individual basis and the dimension values and value postings assigned are not the same, the program displays (Conflict). For example, of the three selected customers, only Customer 01445544 has a SALESCAMPAIGN dimension value of WINTER. Because the other two customers have no value, the program records it as a Conflict.

You can change this by specifying a dimension value in the Default Dimensions–Multiple window. The new value is applied to all customers you have selected.

3. Use the **AssistButton** in the **Dimension Value Code** field to change the **Sales Campaign Dimension** value to SUMMER for all three customers.

If you now look at the dimensions for each of the three customers, you see that they all contain a Sales campaign dimension of Summer. If we had specified a value posting in the Default Dimensions–Multiple window, that would also have been copied to each customer.

4. After you have completed this example, change the **Sales Campaign** dimension for Customer 01445544 back to WINTER.

You can also set up default dimensions for a single customer from the customer list by clicking CUSTOMER→DIMENSIONS→DIMENSIONS-SINGLE.

Account Type Default Dimensions

The final level of default dimensions is to set up default dimensions for all accounts of that account type. As an example, let's say you always want all customer entries to be posted with a specific customer group dimension. Rather than entering this dimension every time you create a new customer, you could set up a default Customer Group dimension for the entire customer table. You could also specify a default value and a value posting.

***NOTE:** Be careful with using the value posting rules Code Mandatory and Same Code for G/L accounts. This may cause problems in connection with automatic posting, for example VAT settlement posting.*

Default Dimension Priority

As you saw in the last example, conflicts between default dimension values can arise. For the program to resolve these conflicts in values for the same dimension, you must prioritize the default dimension values.

On a journal line, for example, you can enter both a posting account and a balancing account. If you have set up default dimensions for both accounts, the program suggests default dimension values for both. It is possible that the program suggests different default dimension values for the same dimension, leading to a conflict. This conflict can also arise between accounts or account types in documents and journals, and between headers and lines in documents.

By prioritizing account types in relation to each other, you can influence the way the program deals with conflicting dimension values. For example, if G/L accounts are given a higher priority than customer accounts, the program resolves a conflict between the values suggested for a customer account and the values suggested for a G/L account in favor of the G/L account.

When there is a conflict between default dimensions that is not resolved by a priority that you have set up in the program, then the program follows these rules:

- If two accounts have conflicting dimension values for default dimensions and have equal priority or are of the same account type, the program resolves the conflict in favor of the last entered account.
- Non-blank dimension values are normally prioritized higher than blank dimension values.
- Where there is a conflict between the Default Dimension Values set up on an individual account and those set up in an account table, the individual account **Default Dimension Value** is prioritized. This is because **Default Dimension Values** are normally set up on the individual accounts with a specific purpose in mind. Account table default dimension values may be set up for more general prioritization.

Example – Default Dimension Priorities

1. Open the General Journal window.
2. Select the CASH journal batch.

Normally this journal batch has the balancing G/L account filled in, so you only enter one account on the line. For a cash receipt this is a Customer. Therefore, in the absence of specific prioritization, the program would normally prioritize the customers default dimensions when posting since it is the last account entered on the journal line.

3. Enter the following journal line:

Field	Value
Posting Date	01/25/01
Document Type	Leave as is
Document No.	Leave as is
Account Type	Customer
Account No.	10000
Amount	100.00

The program already filled in balancing bank account 2910 based on the batch you have chosen.

4. Click the **AssistButton** in the **Bal. Account No.** field and then click ACCOUNT→DIMENSIONS to display the dimensions for Account 2910.
5. Enter a **Default Dimension Value** for AREA of 40 with Code Mandatory and then close the window and the G/L Account List to return to the journal.

The Customer has a default dimension of AREA 30 Code Mandatory.

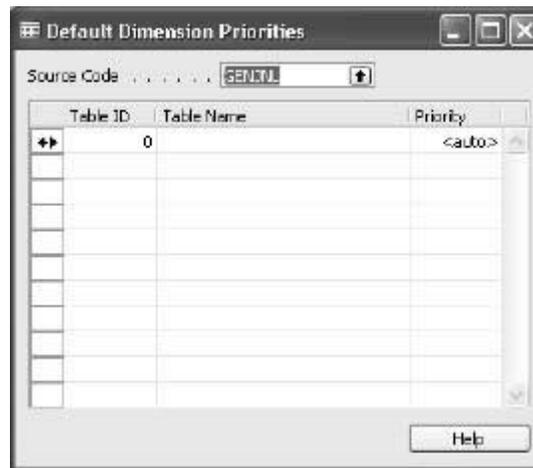
6. Select customer 10000 again in the **Account No.** field to update the journal line so that the last entered account is the customer account.
7. Click POSTING→TEST REPORT. Before clicking **Preview**, select the **Show Dimensions** field on the **Options** tab.

You will see that the AREA code for the journal is 30. The program has used the last account you entered to determine whether to post 30 or 40 for the AREA dimension.

Now, let's enter our default dimension priorities into the program.

8. Click FINANCIAL MANAGEMENT→SETUP→DIMENSIONS→DEFAULT DIMENSION PRIORITIES.

You set up Default Dimension Priorities for each Source Code. For this example, choose the GENJNL Source Code.



9. Select each table you wish to prioritize when posting using that **Source Code** and give the table a priority with a lower number representing a higher priority.

For our example, set up Table 15 to have Priority 1 and Table 18 to have Priority 2.

10. Close the window and open the General Journal window again.
11. Select customer 10000 again in the **Account No.** field to update the journal line so that the last entered account is the customer account.
12. Click POSTING→TEST REPORT again to see what changes have occurred by setting up the priorities.

You see that the AREA code for the journal is now 40. The program used the prioritization of the G/L Account in table 15 to determine whether to post 30 or 40 for the AREA dimension.

NOTE: *Default Dimension Priorities do not override value posting rules. If you prioritize one account to override the other based on the Default Dimensions Priorities window, but the account with lower priority has a value posting option Same Code, the program will not post. In journals, it is possible to overcome this conflict by not using a balancing account and entering the balancing journal line on a separate journal line.*

Test Your Skills – Creating Dimensions for Use in Documents

Scenario: Your company wants to analyze its sales figures in connection with its sales fairs. The Sales orders should be posted with an “exhibition code” when this contact results from a fair.

All Skill Levels

Your tasks are as follows:

- Create a new dimension. This dimension has following features:
 - **Dimension Code:** EXHIBITION (also the description, the name, the Code Caption and the filter – filled in by the program).
 - **Dimension Values:** Hanover, Frankfurt, Munich, London, Paris
 - Make sure that this dimension will never be posted in connection with the SalesCampaign dimension.
 - This dimension code does not need any default dimension priorities.
- Create a sales invoice to customer 20000, who has ordered 200 of Item 70000 (side panels) at the “Ambiente” fair in Frankfurt. Use the posting date 01/15/01. The fair was for office furniture, so you wish to assign a Business Group dimension value of Office to the order. Enter the dimension information using the **Shortcut Dimension** fields where possible.

Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

1.

2.

3.

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CHAPTER 3: VAT & INTRASTAT

This chapter contains the following sections:

- Overview
- VAT Setup
- Manual VAT Calculation in Journals
- VAT Calculation in Sales and Purchase Documents
- Import VAT
- VAT Corrections
- VAT Reporting
- VAT Settlement
- Unrealized VAT and Payment Discount VAT Adjustments
- Intrastat Reporting

Microsoft Internal Use Only

Overview

Value-added tax (VAT) is a transaction tax. VAT is paid by the end consumer, including businesses. You need to set up VAT Posting Groups to specify the VAT percentage the program needs to calculate depending on 'who we sell to' or 'who we buy from' and 'what we sell' or 'what we buy'.

VAT Setup

The principles for setting up VAT Posting Group, both Business and Product, are similar to those used for setting up General Posting Groups.

To set up VAT, create VAT Business Posting Group codes for customers and vendors, then create VAT Product Posting Group codes for items and resources.

VAT Business Posting Groups

To open the VAT Business Posting Group window, click FINANCIAL MANAGEMENT→SETUP→VAT POSTING GROUP→BUSINESS. The VAT Business Posting Groups window appears.

You enter codes for the VAT Business Posting Groups in the VAT Business Posting Group window. You can enter a maximum of 10 characters, both numbers and letters. The VAT Business Posting Group codes in Cronus are set up so that VAT is calculated and posted according to the location (country) of the customer or vendor involved in the transaction.

Use codes that are easy to remember and that describe the Business Group, for example, EU or OVERSEAS. The code must be unique – you cannot have the same code twice in one table. You can set up as many codes as you like.

***NOTE:** The VAT Business Posting Groups in Cronus are recommended as the minimum number of VAT Business Posting Groups. In some cases, there may be a need for more detailed groups. For example, a different VAT % may apply within NATIONAL customers for the same item, depending on whether the customer is a person or a company.*

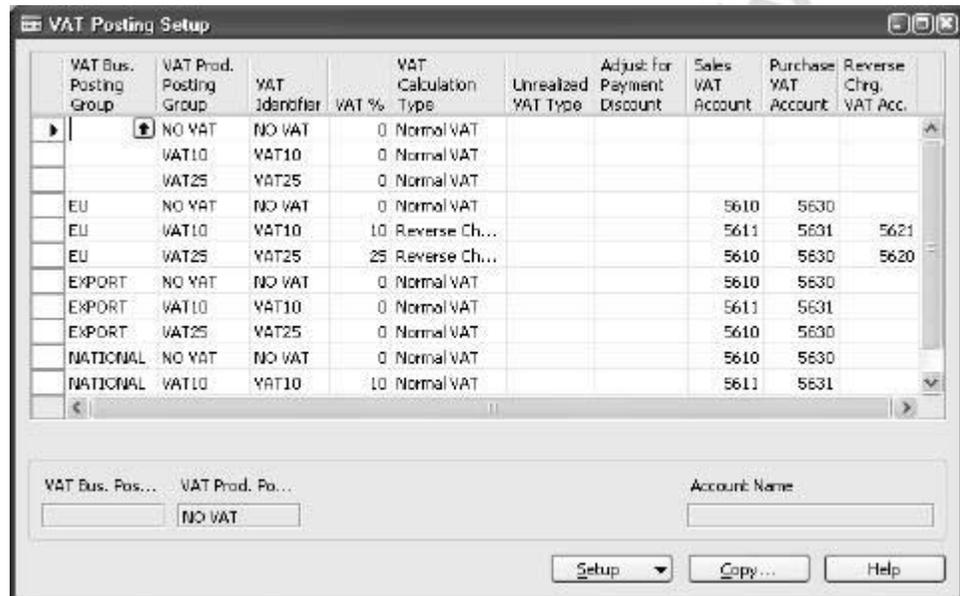
VAT Product Posting Groups

To open the VAT Product Posting Group window, click FINANCIAL MANAGEMENT→SETUP→VAT POSTING GROUP→PRODUCT. The VAT Product Posting Groups window appears.

Enter codes for the VAT Product Posting Groups in the VAT Product Posting Group window. That works in a similar way to entering codes for VAT Business Posting Groups. The VAT Product Group codes determine calculation and posting of VAT according to the type of item being purchased or the type of item or resource being sold.

Use codes that are easy to remember and that describe the product posting group, for example, NO-VAT for miscellaneous without VAT, VAT10 miscellaneous with 10 % VAT, VAT25 for miscellaneous with 25 % VAT, and so on.

You must also set up combinations of VAT Business Posting Groups and VAT Product Posting Groups in the VAT Posting Setup window. To open the VAT Posting Setup window, click FINANCIAL MANAGEMENT→SETUP→VAT POSTING GROUP→POSTING SETUP. The VAT Posting Setup window appears:



VAT Posting Setup

You fill in a line for each combination of VAT Business Posting Group and VAT Product Posting Group. For each combination, you can fill in the VAT percent, VAT calculation type and G/L account numbers for posting of VAT related to sales, purchases, and reverse charge VAT. You can also specify for each combination whether VAT is recalculated when a payment discount is granted or received.

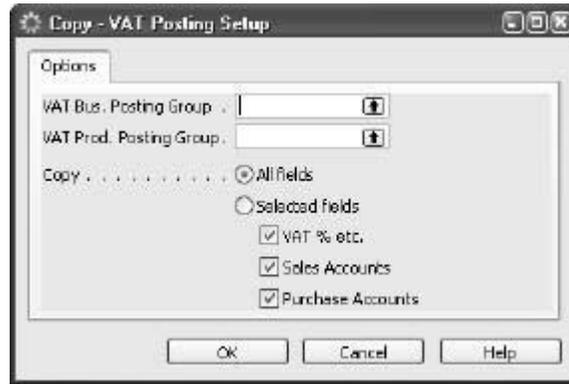
You can enter as many combinations as necessary. If you want to group VAT Posting Setups with similar attributes, you can define a VAT Identifier for each group and assign the identifier to the group members. A typical use is to group setups with similar VAT percentages. In the demonstration company, VAT identifiers have been created based on the VAT percentages.

To make the entry process easier, you can copy information from existing lines in the VAT Posting Setup window. The process is similar to copying lines in the General Posting Setup.

1. Enter the **VAT Bus. Posting Group**, **VAT Prod. Posting Group**, and **VAT Identifier** of the line to which you want to copy.

- In the VAT Posting Setup window select the line to which you want to copy and click **Copy**.

In the Copy – VAT Posting Setup batch job, specify the **VAT Bus. Posting Group** and **VAT Prod. Posting Group** of the line you want to copy from. The program copies all information from that line, or only the information you select to copy.



Selected Fields	Description
VAT% etc.	VAT%, VAT Calculation Type, Unrealized VAT Type, and the Adjust for Payment Discount settings are copied.
Sales Accounts	All sales account information is copied.
Purchases Accounts	The Purchases and Reverse Charge account information are copied.

Similar to General Posting Groups, you can also create new VAT posting setup lines by clicking the **Setup** button in the VAT Business Posting Groups and VAT Product Posting Groups windows.

VAT Calculation Type

The program has four methods for calculating VAT:

Options	Description
Normal VAT	Use this option to have the program calculate VAT for items sold or purchased with this particular combination of business posting group and product posting group code. In this case, the seller of the item calculates and withholds the VAT.

Options	Description
Reverse Charge VAT	Use this option when you trade with other countries within the EU where the purchaser must calculate and settle VAT accounts with the tax authorities. You must also fill in the Reverse Chrg. VAT Acc. field. When you sell goods with reverse charge VAT, you neither calculate nor withhold VAT. When you purchase goods, the program calculates the VAT amount, debit the Purchase VAT Account and credit the Reverse Chrg. VAT Account.
Full VAT	Use this option when the amount you want to post that has this particular combination of VAT business posting group and VAT product posting group consists entirely of VAT. This option can be useful if, for example, you want to record import VAT or make a corrective entry in order to correct a VAT calculation error. You will learn more about Full VAT transactions in the Financial Management training material. Note that if you do make a corrective entry using Full VAT, it will not refer to the original VAT entries. This may make the preparation of the VAT Statement more difficult.
Sales Tax	This option is only used if the program must handle US sales tax instead of VAT.

Adjust for Payment Discount

Select this field if you want the program to recalculate VAT amounts when you post payments that trigger payment discounts.

For example, if a customer receives payment discounts for a timely payment, the program will recalculate the VAT amount using the same VAT % as when you originally posted the sales invoice for this customer. The renewed calculation is based on the invoice amount less the payment discount. Your sales VAT account will then be reduced by the difference between the original and the new VAT amount.

Before you can use this feature you must have activated it by selecting the **Adjust for Payment Disc.** field in the General Ledger Setup window.

VAT Rounding for Documents

Amounts in documents that are not yet posted are rounded and displayed in a way that corresponds to the final rounding of amounts that are actually posted. VAT is calculated for an entire document. This means that VAT calculated in the document is based on the sum of all the lines in the document with the same VAT identifier.

Reverse Charge VAT for Trade between EU Countries

Companies in the EU must use Reverse Charge VAT when trading with other companies in the EU.

***NOTE:** This rule ONLY applies when trading with companies that are registered as VAT liable in another EU country. If you do business directly with consumers in other EU countries, you should contact your tax authorities for the applicable VAT rules.*

Purchases from EU Countries

When you post a purchase from a vendor in another EU country, VAT must be calculated using the rate applicable in your own country. On the VAT statement, the VAT amount is added to the domestic sales VAT and to the domestic purchase VAT. This means the calculated VAT does not affect the VAT payable.

You must report the value of purchases from EU countries (base amount used to calculate purchase VAT) separately on your VAT statement.

In order to have VAT on purchases from EU countries treated correctly in the program, you should:

- Set up VAT Bus. Posting Group and VAT Prod. Posting Group combinations with Reverse Charge VAT in the **VAT Calculation Type** field. The G/L account to which reverse charge VAT is posted must also be entered in the **Reverse Chrg. VAT Account** field.
- Assign the VAT Bus. Posting Groups in the **VAT Bus. Posting Group** field on the Vendor Card of each EU vendor. You should also enter the vendor's VAT registration number in the **VAT Registration No.** field on the **Foreign Trade** tab.

When you post a purchase from a vendor in another EU country, the program calculates the VAT amount and debits the purchase VAT account and credits the reverse charge VAT account. Thus, the posting of VAT does not affect the company's financial statements. The program also creates a VAT entry containing the VAT base amount (purchase price before VAT) and specifies the amount is a reverse charge VAT amount.

Sales to EU Countries

VAT is not calculated on sales to VAT-liable companies in other EU countries. You must report the value of such sales EU countries separately on your VAT statement.

To have VAT on purchases from EU countries treated correctly in the program, you should:

- If you have already set up lines in the VAT Posting Setup window for purchases from EU Countries, you can also use these for sales. Otherwise you must set up a line for sales with exactly the same information as described earlier for purchases.
- Assign the VAT Bus. Posting Groups in the VAT Bus. Posting Group field on the **Invoicing** tab of the Customer Card of each EU customer. You should also enter the customer's VAT registration number in the **VAT Registration No.** field on the **Foreign Trade** tab.

When you post a sale to a customer in another EU country, the program calculates the VAT amount and creates a VAT entry with the information about the reverse charge VAT and the VAT base (the amount used to calculate the VAT amount). No entries are posted to the VAT accounts in the general ledger.

Manual VAT Calculation in Journals

You can adjust the VAT amounts calculated by the program in journals. It may be necessary to do this when you enter a vendor invoice in your general journal and there is a difference between the program's calculated VAT amount and the VAT amount on the vendor's invoice you have received.

You already know that in Microsoft® Business Solutions–Navision®, you must first specify the **Max. VAT Diff Allowed** in the General Ledger Setup window, before you can manually enter VAT amounts in the program. Select the **Allow VAT Difference** field for the journal in the General Journal Templates window. The program sets a check mark in the **Allow VAT Difference** field in the General Journal Batches window for all batches for this journal. However, you can always remove the checkmark in the General Journal Batches window for specific batches if you want.

Once you have updated the journal template, you can adjust the **VAT Amount** field on the journal line to equal the invoice VAT amount. The program will check that the difference is not greater than the specified maximum. If the difference is greater, a warning stating the maximum allowed difference will be displayed and you will not be able to proceed until the amount is reduced. If the VAT difference is equal to or lower than the maximum allowed, the program will show the difference in the **VAT Difference** field.

Let's look at the steps involved in manually calculating VAT.

1. Create a GENERAL journal batch in the General Journal Batch Name window.
2. Click FINANCIAL MANAGEMENT→SETUP→GENERAL LEDGER SETUP.
3. On the **General** tab, enter 2.00 in the **Max. VAT Difference Allowed** field.

4. From the Financial Management menu, click SETUP→GENERAL→JOURNAL TEMPLATES.
5. Select the **Allow VAT Difference** field, for the GENERAL template. Click **Yes** to the message which follows in order to update this field in all general journal batches.
6. Close the window and change to the General Journal window. You can now enter VAT differences in the journal. Enter the following line in the GENERAL batch:

Field	Value
Posting Date	01/25/01
Document No.	Leave as is
Account Type	G/L Account
Account No.	8120
Amount	800

7. Show the **VAT Amount** field and **VAT Difference** field on the journal line. The VAT Amount calculated by the program appears in the **VAT Amount** field.
8. Select a Bank Account as the **Bal. Account Type** and insert the WWB Operating in the **Bal. Account No.** field.
9. Enter 161 in the **VAT Amount** field instead of the 160 calculated by the program and the amount 1.00 will appear in the **VAT Difference** field.
10. Post the journal.
11. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→HISTORY→REGISTERS. Select the last entry and select General Ledger in the drop-down **Register** button to view the general ledger entries that were posted.
12. Click **Navigate** and select the related VAT entry for the General Ledger Entry. Note that you can also see this by selecting VAT Entries on the drop-down **Register** button from the Registers window.

VAT Amounts in Sales and Purchase Documents

You can calculate and display VAT amounts in sales and purchase documents differently depending on the type of customer or vendor that you are dealing with. You can also override the VAT amount calculated by the program to match the VAT amount calculated by your vendor.

Unit Price and Line Amount Including/Excluding VAT

When you select an item in the **No.** field in a sales document, the program also fills in the **Unit Price** field. The unit price is calculated and transferred from either the item card or from the item prices allowed for the item and customer. The program only calculates the **Line Amount** when you enter a quantity for the line.

In cases where you are selling to retail consumers, you may want your sales document prices to be displayed including VAT both on screen and when printed. To do this, the program checks to see if the **Prices Including VAT** field in the document header contains a check mark. If the field is clear, the program fills in the **Unit Price** and **Line Amount** field excluding VAT and the field names reflect this.

If you take a look at the Sales Order 101017 for Customer 20000. You can see he **Prices Including VAT** field is clear.

If the **Prices Including VAT** field is selected, the **Unit Price** and **Line Amount** fields are updated to include VAT and the field names also reflect this.

Select the **Prices Including VAT** field. When you change the setting for the field, the program will inform you that you have changed it. The program also asks if you want to also update the unit price on the lines. In this case, click **Yes**.

Look at the change to the **Unit Price** and **Line Amount** fields.

***NOTE:** You should select **NO** to the update prices confirmation if:*

You have manually entered a VAT exclusive unit price on the line but discovered afterwards that it actually included VAT.

You have manually entered a VAT inclusive unit price on the line but discovered afterwards that it actually excluded VAT.

You can set up the default setting of the **Prices Including VAT** for all sales documents for a customer in the **Prices Including VAT** field on the Customer card. In our example, Customer 20000's **Prices Including VAT** field is clear, so in the sales document the **Prices Including VAT** field was initially empty.

You can also set up item prices to be including or excluding VAT. Normally, item prices contained in the item card is the price excluding VAT. However, you can also set up the prices in the item card to include VAT. You may do this for selling retail items to consumers.

The program uses the information from the **Price Includes VAT** field on the Item card to determine the unit price amount for sales documents.

***NOTE:** If the **Price Includes VAT** field on the item card is selected, you must fill in the **VAT Bus. Posting Gr. (Price)** field. The program combines the **VAT Bus. Posting Gr. (Price)** with the **VAT Prod. Posting Group** for the item to determine the **VAT** amount included in the **Unit Price**.*

The following table provides an overview of how the program calculates the unit price amounts for a sales document when you have not set up any prices in the Sales Prices window:

Price Includes VAT field on Item Card	Prices Including VAT field in Sales Header	Action Performed
Clear	Clear	Item card Unit Price copied to Unit Price Excl. VAT field in sales lines.
Clear	Selected	Program calculates VAT amount per unit and adds to Item card Unit Price . This total unit price is entered in Unit Price Incl. VAT field in sales lines.
Selected	Clear	Program calculates VAT amount included in Item card Unit Price using VAT% related to VAT Bus. Posting Gr. (Price) and VAT Prod. Posting Group combination. Item card Unit Price reduced by calculated VAT amount is then entered in Unit Price Excl. VAT field in sales lines.
Selected	Selected	Item card Unit Price copied to Unit Price Incl. VAT field in sales lines.

Manually Adjusting VAT Amounts in Sales and Purchase Documents

The program automatically calculates the VAT using the VAT Bus. Posting Group of the Customer and VAT Prod. Posting Group of the item. However, you can also manually enter the VAT amounts, if the amount calculated by the program is slightly different to that calculated by your customer or vendor (for example, due to rounding). To manually enter VAT in sales documents you must first:

1. Specify a **Max. VAT Difference Allowed** between the amount calculated by the program and the manual amount in the General Ledger Setup window.
2. Select the **Allow Vat Difference** field in the Sales & Receivables Setup window.

To adjust the VAT for a sales document:

1. Press **F9** to display the statistics window for Order 101017.
2. In the Sales Order Statistics window, you can only change the **VAT Amount** field on the **Invoicing** tab. In the Sales Invoice Statistics window, you change the **VAT Amount** on the **General** tab.

The total **VAT Amount** for the invoice, grouped by VAT identifier, is displayed in the lines of the statistics form. In our current sales order example, you can manually adjust the amount on the **Invoicing** tab in the **VAT Amount** field for each VAT identifier. The amount that you adjust the VAT by is divided proportionally by amount among the document lines that have the same VAT identifier. If you want to check this, you can insert the **VAT Difference** field on the order lines using the **VIEW→SHOW COLUMN** function and then change the VAT in the statistics form and look at the result on the order lines. When you post the order, the program checks to ensure that you have not changed the VAT by more than the amount you have specified as the maximum difference.

Microsoft Inter

Test Your Skills: Manually Calculate VAT

Scenario: You have received several invoices on which the VAT amount differs from that which the program calculates automatically. You should use the journal to change the VAT amount to reflect that on the invoice. Use G/L Account 8120 and invoice amounts of:

Invoice	Amount	VAT Amount
1	1000	251
2	1200	301
3	1500	376
4	750	188

All Skill Levels

Your tasks are as follows:

- Create a new General Journal.
- In the General Ledger Setup, modify the **Max. VAT Difference Allowed** field.
- Setup the General Journal Template.
- Enter the data provided, and all other necessary data, into the General Journal and post.
- View the posted entries through the Register.

Import VAT

Recording Import VAT is a situation where you may need to post a document where the entire amount must be treated as VAT. This is necessary if you receive a VAT invoice from the tax authorities for imported goods.

For example, A company imports goods and posts a purchase invoice (without VAT) for LCY 100,000.00. This purchase invoice is posted in the normal way, and the relevant line in the VAT posting setup specifies a VAT% of 0. Later, the company receives a VAT invoice from the tax authorities. The VAT invoice shows a calculated import VAT amount of 25% of the invoice amount = LCY 25,000.00. When the company pays this VAT invoice, it must be possible to create a VAT ledger entry where the VAT base is 0 and the VAT amount is LCY 25,000.00.

Setting up the G/L VAT Account and VAT Posting Setup

To record the import VAT, you must set up a new G/L VAT account, a VAT product posting group and a corresponding line in the VAT posting setup for this purpose.

1. Click FINANCIAL MANAGEMENT→SETUP→VAT POSTING GROUP→PRODUCT. Set up a new product posting group called IMPVAT.
2. Add a new account in the Chart of Accounts with the following setup:

Field	Value
No.	5650
Name	Import VAT 25%
General Posting Type	Purchase
VAT Bus. Posting Group	NATIONAL
VAT Prod. Posting Group	IMPVAT

3. Click FINANCIAL MANAGEMENT→SETUP→VAT POSTING GROUP→POSTING SETUP. You may use any of your existing VAT business posting groups in combination with the IMPVAT VAT product posting group. For this example, set up the following combination in the VAT Posting Setup window:
4. Type NATIONAL in the **VAT Bus. Posting Group** field and IMPVAT in the **VAT Prod. Posting Group** field.
5. In the **VAT Calculation Type** field, click the **AssistButton** and select the Full VAT option.

6. In the **VAT%** field type 0.
7. In the **Purchase VAT Account** field, enter the G/L account to be used for posting import VAT. You do not have to enter any other G/L accounts on the line. For the purposes of this example, use account 5650.

Posting the Import VAT using Journals and Documents

To post the Import VAT invoice in our example, you can use a journal or an invoice.

Posting Import VAT with a Journal

1. Click **FINANCIAL MANAGEMENT**→**GENERAL LEDGER**→**GENERAL JOURNALS**.
2. Complete a journal line as follows:

Field	Value
Posting Date	01/25/01
Document Type	Leave Blank
Document No.	Leave as is
Account Type	G/L Account
Account No.	5650
Gen. Posting Type	Purchase
VAT Bus. Posting Group	Leave default of NATIONAL
VAT Prod. Posting Group	Leave default of IMPVAT
Amount	25,000.00

NOTE: When posting full VAT amounts using journals, you only need to fill in the G/L account number, Gen. Posting Type, VAT Bus. Posting Group and VAT Prod. Posting Group for the program to be able to post the full VAT amount. By setting up the default Gen. Posting Type, VAT Bus. Posting Group and VAT Prod. Posting Group on the G/L account, all the information needed for posting the full VAT amount will be automatically filled in when you enter the G/L account in the journal.

3. Post the journal.
Now, take a look at the entries that were generated when the journal was posted:
4. Click **FINANCIAL MANAGEMENT**→**GENERAL LEDGER**→**CHART OF ACCOUNTS**.
5. In the **Net Change** field of account no. 5650, click the **AssistButton**. The General Ledger Entries window appears.

6. Browse to the bottom of the window and note the ledger entries.
The program has created two entries to G/L account number 5650. The first one has Amount = 0.00 and the second one has Amount = 25,000.00.
7. From the menu bar click VIEW→SHOW COLUMN. Select the **VAT Amount** field, and then click **OK** to have it displayed in the window.
Note that the VAT Amount is 25,000.00 in the first entry and 0.00 in the second entry.
8. Click **Navigate**. In the Navigate window, select the VAT Entry line. Click **Show** to see the entry.

Note that the **Base** field is 0.00 and the **Amount** field is 25,000.00. This VAT entry is a copy of the first of the G/L entries. You only see entries of this kind (where the **Base** field is 0.00) if you have posted entries for which the relevant line in the VAT posting setup has the **VAT Calculation Type** field set to Full VAT.

Posting Import VAT with a Purchase Invoice

Instead of using a general journal to post an import VAT invoice, you can use a purchase invoice. To do this you must perform some different set up procedures.

1. Set up a vendor card for the import authority that sends you the import VAT invoice. This vendor must have a **Gen. Bus. Posting Group** and **VAT Bus. Posting Group** the same as the G/L account for the import VAT.
In our example, let's create a new vendor and select a **Gen. Bus. Posting Group** of NATIONAL which also automatically fills in the **VAT Bus. Posting Group** with NATIONAL.
2. Create a **Gen. Product Posting Group** called IMPORTVAT and set up a **Def. VAT Product Posting Group** of IMPVAT for the IMPORTVAT **Gen. Product Posting Group**.
3. On account 5650, select a **Gen. Prod. Posting Group** of IMPORTVAT. The program should automatically fill in the **VAT Prod. Posting Group** with IMPVAT.
4. In the General Posting Setup window, create a combination of the NATIONAL **Gen. Bus. Posting Group** and the IMPORTVAT **Gen. Prod. Posting Group**. For this new combination, you need to fill in account 5650 in the **Purchase Account** field.

***NOTE:** When posting purchases documents, you must enter a **Gen. Business Posting Group** and a **Gen. Prod. Posting Group** otherwise the document cannot be posted. In addition, the program needs to know in the import **VAT G/L account number**, **Gen. Posting Type**, **VAT Bus. Posting Group** and **VAT Prod. Posting Group** for the program to be able to post a full VAT amount.*

*The **Gen. Bus Posting Group** and the **VAT Bus. Posting Group** are copied from the vendor. The **Gen. Prod. Posting Group**, **VAT Prod. Posting Group** and **Gen. Posting Type** are copied from the G/L account on the purchase line. The **Purchase Account** in the **General Posting Setup** combination set up in the last step above is the G/L account to which the import VAT posts.*

Once you have completed the set up, you can create and post the invoice.

1. Create a new invoice with the import authority vendor.
2. In the purchase line, enter a **Type** of G/L Account and **No.** of 5650.
3. Enter 1 in the **Quantity** field.
4. Enter 25,000 in the **Direct Unit Cost Excl. VAT** field.
5. Post the invoice.

If you look at the G/L register and VAT register, you can see that the entries posted with the purchase invoice are exactly the same as the entries posted with the journal.

VAT Correction

It is possible to make corrections to already posted VAT entries. This allows you to change the total sales or purchase VAT amounts without changing the VAT base. The feature may be used, for example, if you receive an invoice from a vendor who has calculated VAT incorrectly.

For example, on a purchase invoice, the amount excluding VAT is 1,000.00 and the amount including VAT is 1,240.00. When you post the invoice using a VAT posting setup combination that (correctly) specifies that the VAT % is 25, the program credits 1,250.00 to both the relevant vendor account and the payables account and debits 250.00 to the purchase VAT account.

To correct an error such as the one in this example, you need a VAT posting setup combination where the **VAT Calculation Type** field = Full VAT (same as described for import VAT). Even though you may have set up one or more combinations to handle import VAT, you must set up at least one **VAT Product Posting Group** code (you can name it CORRECT, for example) for correction purposes, unless you can use the same G/L account in the **Purchase VAT Account** field on the **VAT posting setup** line.

If you have set up more than one **VAT Business Posting Group** code, you may have to set up as many combinations with the new **VAT Product Posting Group** code as you have **Business Group** codes. This depends on how many corrections you have to make and for which vendors.

Let's say we want to correct a VAT entry made to account 5630. You will need to allow Direct Posting in account 5630 before you can perform this example. After you have set up the combination(s), follow this procedure to post the necessary entry:

1. Set up a **VAT Product Posting Group** called CORRECT.
2. Set up a **VAT Posting Setup** combination of NATIONAL and CORRECT in the VAT Posting Setup window. This combination should have the following settings:

Field	Value
VAT Calculation Type	Full VAT
VAT %	0
Purchase VAT Account	5630

Now you have completed the setup, you can post the correction journal.

3. Enter the following information in a general journal line.

Field	Value
Posting Date	01/25/01
Document Type	Leave Blank
Document No.	Leave as is
Account Type	G/L Account
Account No.	VAT G/L Account to be Corrected (5630)
Gen. Posting Type	Purchase
VAT Bus. Posting Group	NATIONAL
VAT Prod. Posting Group	CORRECT
Amount	-10.00

Note that, in this example, you must enter -10.00 in the **Amount** field. Also note that the **VAT Base Amount** field remains 0.00 (you cannot enter anything in the field).

4. Click POSTING→POST to post the journal.

When the journal is posted, the program credits 10.00 to the purchase VAT account and debits 10.00 to the payables account. In addition, a VAT entry with a credit amount of 10.00 has been created.

You can view these entries in the Chart of Accounts window, in the **Balance** field of account number 5630, by clicking the **AssistButton**. In the G/L Ledger Entries window select the relevant entry, and then click **Navigate**.

VAT Reporting

The program contains some special tables to manage the tasks necessary for settling VAT and reporting to the customs and tax authorities. You can use these tables to have the program:

- Calculate the VAT due for a period
- Prepare and print the VAT statement
- Intrastat reports – print a list of sales to EU countries (on paper or to a diskette)

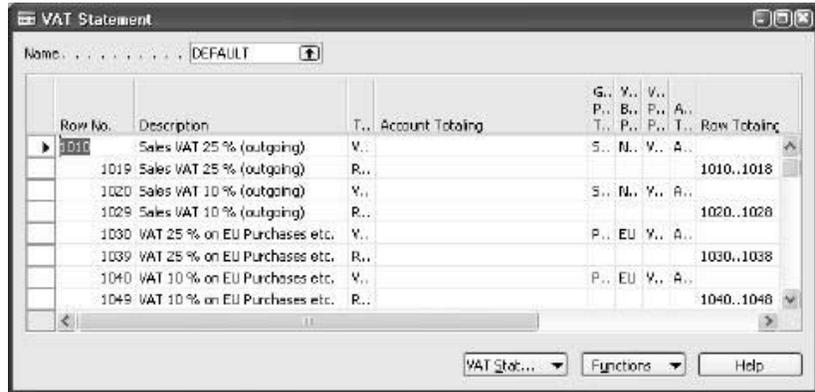
The program creates an entry in the VAT Entries window for each posted transaction that involves VAT. These entries are used to calculate the VAT that must be settled for a given period.

You use a VAT statement to specify the basis for calculating the VAT payable to the tax authorities. The VAT statement itself is filled out in the VAT Statement window. In this window you can choose to define the VAT statement based on the accounts in the Chart of Accounts window or based on entries in the VAT Entries window. The advantage of using the VAT entries is that you can close these entries by posting the VAT settlement. It is easier to locate VAT correction entries in previous accounting periods, where the VAT statement has been done, by working with VAT entries.

The VAT statement is normally only defined when you are initially setting up the company in the program. You should set up the statement in the VAT Statement window with the format the company is required to turn in by the tax authorities. You will now learn how to create a VAT statement and how to settle the VAT entries from a given period.

Creating VAT Statements

1. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→PERIODIC ACTIVITIES→VAT→VAT STATEMENTS to open the VAT Statement window.



2. Click the **Assist** button in the **Name** field in the header.
3. In the VAT Statement Names window, enter a new **Name** of VAT EUROPE with the **Description** of VAT Statement for Europe.
4. Select the new VAT Statement name and click **OK** to display the new VAT Statement in the VAT Statement window. If you click on the first line, the lines are all blank. Note that the layout and function of the columns in the VAT statement lines is very similar to the Account Schedule.

Enter the statement lines.

5. First, decide whether you want to calculate the VAT settlement from the G/L entries or the VAT entries. For the purpose of this example, we calculate using the VAT entries.

Once you have decided on the entry type, you can start entering your lines.

6. On the first line, enter a **Description** of Monthly VAT Settlement and set the **Type** field for the line to Description.
7. Skip the next line to create a blank line and create the first Statement line by entering the **Row No.** REV1.
8. Enter the **Description** for the line: VAT Revenue Domestic 25%.
9. Because we are using VAT entries you must select the VAT Entry Totaling option in the **Type** field.

The other options for the field are:

Option	Description
Account Totaling	If you are using G/L Account entries to calculate the settlement. You must fill in the Account Totaling field with the G/L account range to total.
Row Totaling	If the row is to total other rows in the VAT Statement. You must fill in the Row Totaling field with the rows to total.
Description	If the row is to contain a text or symbol entry only.

10. In the **Gen. Posting Type** field select Sale to filter only the VAT entries that have been created by sales postings. You can also filter by Purchase entries and Settlement entries. You only need to complete this field if you selected VAT Entry Totaling in the **Type** field.
11. Select the VAT Bus. Posting Group = NATIONAL and the VAT Prod. Posting Group = VAT 25. You only need to complete these fields if you selected VAT Entry Totaling in the **Type** field.
12. You only need to complete the **Amount Type** field if you selected VAT Entry Totaling in the **Type** field. You have the following options:

Option	Description
Blank	No amount is totaled.
Amount	The VAT Amount in the selected VAT entries is totaled in the row.
Base	The Base Amount used to calculate the VAT in the selected VAT entries is totaled in the row.
Unrealized Amount	The Unrealized VAT Amount in the selected VAT entries is totaled in the row.
Unrealized Base	The Unrealized Base Amount used to calculate the Unrealized VAT in the selected VAT entries will be totaled in the row.

For the current line, select Amount.

13. The **Calculate With** field determines the sign of the amount to be calculated. Choose Sign to use the sign of the VAT entries or Opposite Sign to use the opposing sign to the entry. For this example, leave the field as is.

14. If the **Print** field contains a check mark is selected, the row is printed on the Statement. You can determine the sign of the amount printed in the **Printed With** field. The options are the same as the **Calculated With** field. You can also select the **New Page** field to specify that a new page is to begin immediately after this row when printing. For this example, leave the fields as they are.
15. Enter the next line with exactly the same setup as the previous line except for the following changes:

Field	Value
Row No.	REV2
Description	VAT Revenue Domestic 10%
VAT Prod. Posting Group	VAT 10

16. This final line is entered as follows:

Field	Value
Row No.	REV3
Description	VAT Revenue Domestic
Type	Row Totaling
Row Totaling	REV1..REV2

Printing the VAT Statement

Periodically, you must provide a printed statement detailing the VAT transactions to the tax authorities. To print the VAT Statement, click **FUNCTIONS→PRINT** in the VAT Statement window.

On the **VAT Statement Name** tab, you can select the **VAT Statement Template Name** and **Name** for the report.

On the **VAT Statement Line** tab, you can filter the row numbers to be printed. The program automatically completes the **VAT Statement Template Name** and **Statement Name** field based on the VAT Statement that was displayed in the VAT Statement window when you clicked **FUNCTIONS→PRINT**.

On the **Options** tab, specify the period for the statement in the **Starting Date** and **Ending Date** fields. You can also filter by VAT Entry type to print totals based on any combination of Open and/or Closed VAT Entries. It is also possible to round the report to whole numbers or print in additional currency.

To preview the report without printing you can click **preview** or alternatively, you can click **VAT STAT→PREVIEW** in the VAT Statement window.

The VAT Statement Preview window provides similar options on the **Options** tab of the VAT Statement report. You can enter a date filter and choose whether to include open and closed VAT entries and entries inside or outside the period. In addition you can drill down on any amount in the **Column Amount** field, to see the VAT or G/L entries used to calculate the total.

VAT Settlement

Periodically, you must remit the net VAT to the tax authorities. To do this, you can run the Calc. and Post VAT Settlement batch job. This allows you to calculate VAT Settlements of open VAT entries of previous accounting periods.

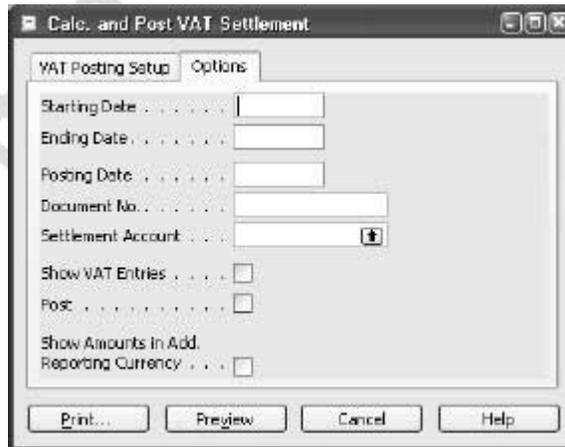
You can use this batch job as often as you want if you need to settle VAT frequently.

For every VAT Posting Group (that is, every combination of VAT Business Posting Group and VAT Product Posting Group in the VAT Posting Setup window), the batch job finds all the VAT entries in the VAT Entry window.

1. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→PERIODIC ACTIVITIES→VAT→CALC. AND POST VAT SETTLEMENT. The Calc. and Post VAT Settlement window appears.

On the VAT Posting Setup tab, you can filter by any field in the VAT Posting Setup table including VAT Business and VAT Product Posting Group.

2. Click the **Options** tab.



3. In the **Starting Date** and **Ending Date** fields, define the date range for the VAT entries to be settled.
4. In the **Posting Date** field, define the posting date for the settlement.

5. The **Document No.** field must be filled in before the batch job can be run.
6. In the **Settlement Account** enter the G/L account that the net of the Purchase and Sales VAT entries are transferred to. This has been set up as a VAT Payable liability account (Account 5710) in the demonstration data.

The report shows all VAT entries used to calculate each VAT Posting Group settlement amount if you select the **Show VAT Entries** field. If clear, only the total settlement for each VAT Posting Group displays.

If you select the **Post** field and you print or preview the report, the batch job posts the settlement after you confirm you want to post. If the field is clear and you print or preview the report, a test report is printed or displayed. Only posting the settlement closes the VAT entries.

When a VAT amount is transferred to the VAT settlement account, the account for purchase VAT is credited and the account for sales VAT is debited with the amount from the VAT statement period. The account numbers are found in the VAT Posting Setup window. The account for VAT settlement is credited with the net amount (or, if the purchase VAT amount is larger, it is debited).

When the VAT entries are closed, the **Closed** field in the VAT Entry is selected.

The entry number of the settlement entry that has closed the VAT entry is inserted automatically in the **Closed by Entry No.** field. But this happens only when the amount must be transferred between G/L accounts.

***NOTE:** As soon as the VAT entries have been posted and their status is closed, they cannot be opened again. However, you can still create VAT reports from these closed entries.*

Unrealized VAT and Payment Discount VAT Adjustments

To set up VAT Posting Groups, you created VAT Business Posting Group codes for customers and vendors, and then created VAT Product Posting Group codes for items and resources. Once you had established these, you then filled out the VAT Posting Setup window with all the appropriate information depending on the combinations of your VAT Product and VAT Business Posting Group.

So far, you have learned how to set up simple VAT Posting including the **VAT %**, **Purchase VAT Account**, **Sales VAT Account**, **Reverse Charge VAT Account** and **VAT Calculation Type** fields. You now learn about the other fields in the VAT Posting Setup window.

Unrealized VAT

Select the **Unrealized VAT** field in the General Ledger Setup window to be able to process unrealized VAT. You can then define how unrealized VAT is treated and when it should be recognized in the VAT Posting Setup window. VAT is typically calculated when the invoice is created but is not due or realized until the invoice is paid. You therefore may want to record the VAT in your accounts as unrealized until the invoice is paid.

You define how and when the VAT is realized in the **Unrealized VAT Type** field in the VAT Posting Setup window. The default value is blank indicating that unrealized VAT is not calculated for that combination of VAT Business and VAT Product Posting Group.

If unrealized VAT should be calculated, you can choose from the five following methods:

Unrealized VAT Type	Description
Percentage	Each payment covers both VAT and invoice amount in proportion to the payment's percentage of the remaining invoice amount. The paid VAT amount is transferred from the unrealized VAT account to the VAT account.
First	Payments cover VAT first and then invoice amounts. The amount transferred from the unrealized VAT account to the VAT account equals the amount of the payment until the total VAT has been paid.
Last	Payments cover the invoice amount first and then VAT. No amount is transferred from the unrealized VAT account to the VAT account until the total amount of the invoice, exclusive VAT, has been paid.
First (Fully Paid)	Payments cover VAT first (as in the First option), but no amount is transferred to the VAT account until the full amount of VAT has been paid.
Last (Fully Paid)	Payments cover the invoice amount first (as in the Last option), but no amount is transferred to the VAT account until the full amount of VAT has been paid.

Once you select the Unrealized VAT Type, you must enter the accounts that unrealized VAT will be posted to in the **Sales VAT Unreal. Account**, **Purchase VAT Unreal. Account** and **Reverse Chrg. VAT Unreal. Acc.** fields.

Adjusting VAT for Payment Discounts

When an invoice with a payment discount is posted, a VAT entry and customer ledger entry are created for the full amount of the invoice and VAT as if the discount is not realized. If the discount was calculated on the entire invoice amount including VAT and the invoice is paid in time to receive the payment discount, both the VAT entry and customer ledger entry should be amended to reflect the payment discount.

The program can recalculate VAT amounts on invoices subject to payment discounts if you select the **Adjust for Payment Disc.** field in the General Ledger Setup window. However, you must specify in the VAT Posting Setup window the specific combinations of **VAT Business** and **VAT Product Posting Group** that will have the recalculation performed. Selecting the **Ad just for Payment Discount** field for a particular combination of **VAT Posting Groups** in the VAT Posting Setup window means that the VAT amount is recalculated.

***NOTE:** If you select the **Payment Disc. Excl. VAT** field in the General Ledger Setup window, the **Adjust for Payment Disc.** field in the same window must be clear. The program will have calculated the payment discount on a base amount that excluded the VAT and therefore the VAT amount does not need to be adjusted.*

Intrastat Reporting

All EU businesses must report their trade with other EU countries. This is termed Intrastat Reporting in the program. You must use the Intrastat Journal window to complete periodic Intrastat reports.

In order for item entries to contain the necessary information when the program imports them to the Intrastat journal line, you must have entered the necessary information in the following tables under the Setup menu in Financial Management:

Table/window	Location in Financial Management Menu	Information required
Tariff Numbers	SETUP→INTRASTAT →TARIFF NUMBERS	Published tariff numbers for all items that you buy and sell.
Transaction Types	SETUP→INTRASTAT →TRANSACTION TYPES	The 22 pre-defined Intrastat transaction types and codes.
Transport Methods	SETUP→INTRASTAT →TRANSPORT METHODS	The 7 pre-defined Intrastat transport methods and codes

You must complete these tables before you post any Sales or Purchases in the program. In the demonstration data, this information is already set up. Once you have set up the above information you must then assign a **Tariff** number on the **Foreign Trade** tab of the Item Card for each item. The **Transaction Type** and **Transport Method** are assigned in the **Foreign Trade** tab in each sales and purchase document.

Under the Intrastat setup menu, you can also set up Transaction Specifications and Areas to supplement the transaction type information and country information. Entry/Exit Points can also be created, for example, Heathrow Airport. Once you have created the Entry/Exit Points, you can enter them in the **Entry/Exit Point** fields on sales and purchase lines. This information is also copied from the item entries when you create the Intrastat journal.

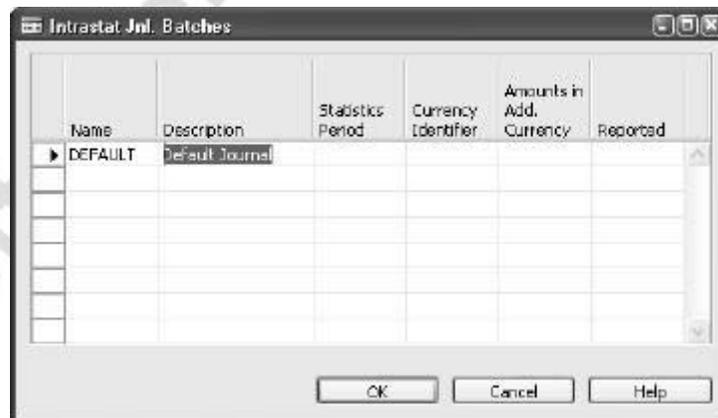
Intrastat Journals

The setup of the Intrastat Journal batches is extremely important as it determines the date filter for the entries to be reported. Intrastat Journal batches are not similar in structure to other journal batches in the program as you will now learn.

1. Click FINANCIAL MANAGEMENT→SETUP→INTRASTAT→INTRASTAT JOURNAL TEMPLATES.

In the Intrastat Journal Templates window, you can create several templates if you need to use several different forms.

2. Select the Intrastat Template and click TEMPLATE→BATCHES.



In the Intrastat. Jnl. Batches window, enter a **Statistics Period** that determines the entries that are transferred by the Get Item Ledger Entries batch job to the Intrastat journal.

Intrastat reports must be submitted monthly, so the format of the Statistics Period must be a 4-digit code is: YYMM with YY the last 2 digits of the year of period and MM the digits for the month, for example 0201 indicates January 2002.

You can enter the **Currency Identifier** for the currency used for the report, for example, Danish Kroner or Euro. If you leave the field blank, entries are in LCY. If you want to print the amounts in an **Additional Reporting Currency**, you can select this in the related field.

The **Reported** field indicates whether you have reported the entries from the related Statistics Period to the authorities. The program fills it in when you run the Intrastat – Make Disk Tax Auth. batch job. However, it can be modified if you need to re-run the report.

***NOTE:** Since Intrastat is normally reported monthly, it is recommended you setup 12 batches based on the same template – a different Intrastat journal batch for each month.*

Now let's try to create an Intrastat Journal.

1. Create a new JAN02 Intrastat Journal batch for the statistics period 0102.
2. Go to the Sales & Marketing menu and create a sales invoice to report using the Intrastat journal:

Field	Value
Sell-to Customer No.	45779977
Posting Date	01/15/02
Document Date	01/15/02

3. On the **Foreign Trade** tab in the invoice header enter the following codes BEFORE you create the sales lines. If you enter this information after the lines are created, you must manually add it to each line.

Field	Value
Transaction Type	11
Transport Method	3

4. Enter the invoice lines as follows. If any stock warnings are displayed, click Yes to override them:
 Item 70000, Side Panel, Quantity = 2
 Item 70002, Top Panel, Quantity = 1
5. Post this invoice, click FINANCIAL MANAGEMENT→GENERAL LEDGER→PERIODIC ACTIVITIES→INTRASTAT JOURNALS.

6. Select the JAN02 batch you just created in the **Batch Name** field and click **Get Entries**.

The Get Item Ledger Entries batch job appears with the Starting and Ending Dates for the entries determined by the journal batch. Use the **Cost Regulation %** field to enter a percentage increase to the statistical value of each entry for freight and insurance costs.

7. Click **OK** to run the batch job.

The Intrastat Journal window now shows the Intrastat entries for January 2002.

The functions for completing the reporting process are found when you click the **Print** button. It is recommended that you use each function in the order it appears.

Print Function	Description
Checklist report	The Intrastat- Checklist report is a printed checklist to ensure that all information in the journal is correct.
Form	The Intrastat - Form report contains all the information necessary to fill out the official Intrastat form provided by the tax authority in your country. You must print a separate report for receipts and shipments.
Maker Diskette	In addition to completing the form, you must provide some computer files containing the transactions for the period to the tax authorities. The Intrastat – Make Disk Tax Auth. batch job can be used to create the necessary files. You must create a separate file for receipts and shipments. Once you have run the batch job, the Reported field for the related batch in the Intrastat Journal Batch window will be filled with a check mark and the Internal Reference Number field on every journal line in the batch will be filled in.

Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

- 1.

- 2.

- 3.

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CHAPTER 4: JOURNALS

This chapter contains the following sections:

- Journals & Batches
- Recurring Journals
- Posting Corrections in General Journals

Overview

In this chapter, you obtain an overview of journals and batches, you learn about numbering for journals, how to create a journal template, batches, journals, recurring journals, and posting corrections using the general journals.

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Journals and Batches

Overview of Journals and Batches

General journals enable you to enter data into general ledger accounts and other accounts; for instance, customer accounts, vendor accounts, and bank accounts. The journal entry system has three layers: journal templates, journal batches, and journal lines.

Journal Templates

Journals are used for different types or groups of entries, such as purchases, payments, sales, and receivables. Each journal type is set up with its own journal template. Journal templates provide the basic journal structure where you can specify default information for all batches created using the template.

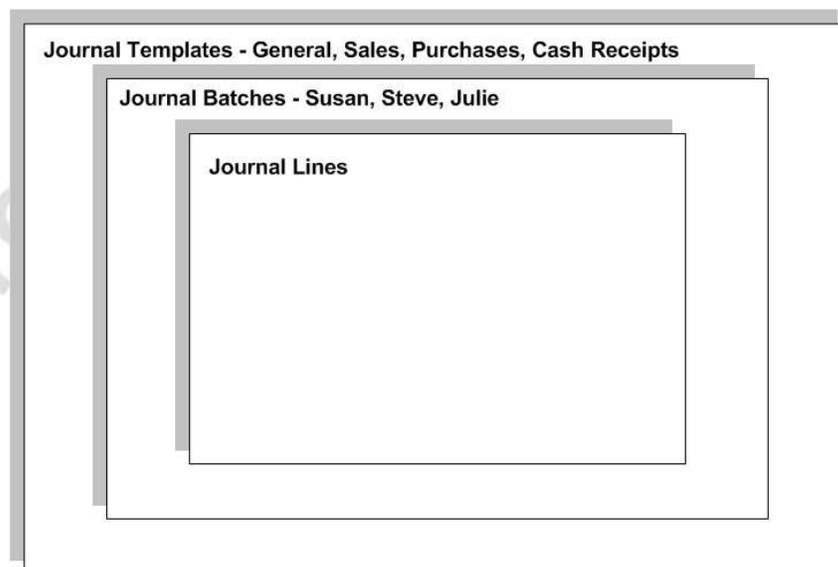
Journal Batches

Journal Batches are created based on the journal templates. All journal batches created from a specific template have the same structure, default settings, and information defined in the template. However, as these settings are defaults, it is possible to change them for a specific journal batch. Batches are typically used to separate one user's entries from another. For example, Todd and Sue both work on general journal entries. Todd typically makes entries and posts them at a later time when they are approved. In order to keep Sue's entries from becoming mixed with Todd's entries, separate batches can be assigned to the two users.

Journal Lines

Journal lines are the journal entries that you want to post. This information entered in the journal lines includes the account number, posting date, and amount of the journal. An illustration of the journal structure is displayed:

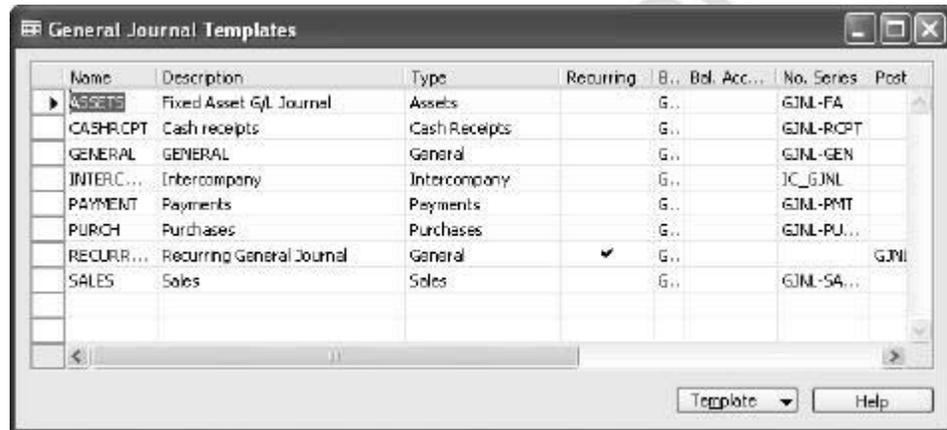
Journal Templates, Batches and Lines



All three layers are always there, but only the journal lines and batch name are always displayed in a journal window. When you have not created any additional journal templates or batches, the standard journal templates and DEFAULT batch are used. However, when you decide to add a new journal template or batch, all templates and batches are displayed for selection.

Creating Journal Templates

1. Click FINANCIAL MANAGEMENT→SETUP→GENERAL→JOURNAL TEMPLATES.



The General Journal Templates window contains a list of the standard journal templates that are set up for the company. The journal templates have been set up to reflect the type of transaction that the journal relates to.

If you look at the GENERAL Template, it contains the following fields:

Field	Description
Name and Description	A code and description identifying the journal template.
Type	The journal type determines the structure of the journal window such as the fields shown. You can choose between General, Sales, Purchases, Cash Receipts, Payments and Assets.
Recurring	Determines whether the journal template is used to make recurring journals. If you select the Recurring field, the No. Series field must be blank.
Bal. Account Type and Bal. Account No.	You can set up a default balancing account for all journal lines in all batches created under the template. This default account can be changed in a particular batch or journal line.

Field	Description
No. Series	Select the default number series used to assign document numbers to journal lines in journal batches created using this template. If you leave this field blank, you must manually enter document numbers in journal lines in the batches. Remember that the Manual Nos. field in the No. Series window does not have any effect in relation to journals.
Posting No. Series	Select the number series to assign document numbers to ledger entries posted from this journal batch. You may want to only assign document numbers when you post journals. You do this by leaving the No. Series field blank and filling in the Posting No. Series field. Alternatively, you can enter journal lines using one number series and use a different number series for posted journal lines. In this case, fill in the No. Series field and Posting No. Series field with different number series codes. When you post the journal, the program replaces the Document No. on the journal line with the next number in the series.
Source Code	Select the source code to assign to all journal batches created from this template.
Reason Code	Select the default reason code to assign to all journal batches created from this template.
Force Doc. Balance	Specify whether documents posted in this general journal template must balance by document number and document type. If this field is clear, the program balances the journal by date only.
Copy VAT Setup to Jnl. Lines	Select this field if you want the program to automatically fill in the Gen. Posting Type and VAT posting groups for accounts and balancing accounts on the journal lines of the selected journal template. This is the default setting for all journal batches created using the template. However, you can always change this setting for a particular journal batch. If you select or clear the field, the program asks you if you want to update the journal batches for the selected journal.
Allow VAT Difference	Select this field if you want to allow the manual adjustment of VAT amounts in journals. This is the default setting for all journal batches created using the template. However, you can always change this setting for a particular journal batch. If you select or clear this field, the program asks you if you want to update the journal batches for the selected journal.

Creating a Journal Batch

Let's say you want to create two new general journal batches for Sue and Todd.

1. To open the journal batches, click GENERAL LEDGER→GENERAL JOURNALS.
2. In the General Journal window, click the **AssistButton** in the **Batch Name** field.

This is a list of the current batches that are based on the GENERAL journal template. An alternative method for viewing the existing batches is to select a journal template in the General Journal Templates window and click TEMPLATE→BATCHES.

3. Create a batch for both Sue and Todd by pressing **F3** and **ENTER** and entering the following information:

Field	Value 1	Value 2
Name	Sue	Todd
Description	Sue's Journal Batch	Todd's Journal Batch

Bal. Account Type and Bal. Account No. – The journal batches are based on the GENERAL journal template that has no balancing account. The batches also have no balancing account. For this example, there is no balancing account so leave these fields as they are.

No. Series and Posting No. Series – The batches in the example are based on the GENERAL journal template. As a result, the **No. Series** field automatically fills in with the **No. Series** defined in the journal template. We want to keep the number series assigned from the template, so leave GJNL-GEN in the **No. Series** field and leave the **Posting No. Series** field blank.

Reason Code, Copy VAT Setup to Jnl. Lines, and Allow VAT Difference – Leave these fields with the default settings copied from the GENERAL journal template.

4. When you are finished, you will have two new journal batches.
5. Close the window.

Automatic Numbering for Journals

To use automatic numbering, you must define number series codes and number series lines. Afterward, on each journal template or journal batch, you must enter a number series code in the **No. Series** field. If you specify the number series code on a journal template, the code is copied to all journal batches you create under the template, but you can substitute or delete the code on individual batches. If you do not specify a code on a journal template, you must specify a code on each journal batch if you want to use automatic document numbering.

Manual Numbering for Journals

To use manual document numbering for a journal batch, leave both the **No. Series** field and/or the **Posting No. Series** field on the journal batch clear. You can decide to use manual numbering for one or more specific journal batches and automatic numbering for others. In the general journal batches; for example, you could have documents in the CASH journal batch numbered manually and documents in the DEFAULT journal batch numbered automatically. This means that you must clear the **No. Series** field on the line with the CASH name, but leave the GNJL-GEN code on the line with the DEFAULT name.

Creating Journal Entries

Now that you understand the structure of journals, let's create and post a simple journal entry for a cash payment of cleaning expenses.

1. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→GENERAL JOURNALS.
2. In the **Batch Name** field, click the **AssistButton** and select the batch you created for Todd.
3. In the **Posting Date** field, enter 01/25/01.

***NOTE:** To enter today's date in a date field, you can enter T and press ENTER. The program automatically enters today's date in the field from the client's system date. You can also enter Mon to get the day of the week, or you can enter W to get the work date set in the program.*

4. Leave the **Document Type** field blank for this example.
5. In the **Document Number** field, leave the number entered by the program. This number was retrieved by the program based on the GNJL-GEN **No. Series** entered for the TODD journal batch.
6. In the **Account Type** field, click the **AssistButton** and select G/L Account.
7. In the **Account No.** field, click the **AssistButton**, select account number 8110, and then click **OK**.

Notice that the description was automatically filled in with the account name Cleaning. This helps you confirm that the correct account was selected. You can type over the description with whatever you want, such as a description for why the transaction is being made.

For this example, leave the **Description** field as is.

8. In the **Amount** field, enter 60.00 to make a debit entry to the account.

In the general journal, a positive amount represents a debit to the account in the **Account No.** field while a negative amount represents a credit to the account.

9. In the **Bal. Account No.** field, click the **AssistButton**, select account number 2910, and click **OK**.
10. Click on the next journal line.

A new line has been created. Notice that the new line has the same date and its document number is G00002. This is because the previous line of the journal was balanced. Therefore, the system expects to begin a new entry. However, you do not have to fill in the **Bal. Account Type** and **Bal. Account No.** fields for each journal line. You can create the balancing journal line in a later journal line if you want. The **Total Balance** field at the bottom of the window is updated for each new journal line added to the batch. The journal lines displayed in the batch are balanced when the **Total Balance** field equals 0. You cannot post any journal lines that do not balance.

***NOTE:** If you press **F8**, the program copies the previous field/record to the new line.*

How do we assign these transactions to a department? You have already learned that you can assign dimensions in journals using shortcut dimension fields. To do so, we must display the Department shortcut dimension field in the journal window.

All the available fields are not displayed in the window. This is because the program has so many fields it is impractical to place them all on the screen, and each company has its own preferences as to what to display on each screen. There is a tool called **Hide/Show** that lets the user customize the way a window looks.

1. Right-click the column headings, and click **Show Column**.
2. Place a check mark beside the **Department Code**, click **OK**.

Notice that the **Department Code** field has now been added to the window. In the Show Column window, all the fields with a check mark are placed on the screen.

We can complete our journal entry using departments.

1. Click on the first line in the journal again.
2. In the **Department Code** field, click the **AssistButton**, select SALES and then click **OK**.

Posting Journal Entries

The journal entry is now complete, and you can post it. If you want to look at a test report before you post, click **POSTING→TEST REPORT**. You can see the effect the journal will have on those accounts set up as reconciling accounts by clicking **POSTING→RECONCILE**.

When you post a journal you can post or post and print a copy of the journal for you records. In this case, we will only post the journal.

1. Click **POSTING→POST**.
2. Click **Yes** to confirm.

All lines that are visible in the journal and are in balance will be posted. If you apply a field or table filter so that you filter the journal lines by a specific **Posting Date** or **Document Number**, then only those entries that are visible after filtering will be posted. The entries that were hidden as a result of applying the filter will not be posted, even if they are in balance.

You can also post several batches at once by clicking **POSTING→POST** in the General Journal Batches window. All lines in all batches appearing in the General Journal Batches window will be posted as a result.

You can see the result of posting the journal by looking at the last entry in the G/L register. Click **GENERAL LEDGER→HISTORY→REGISTERS** to display the G/L entries that were created.

Test Your Skills – Create a Journal Entry

Scenario: You need to create a journal dividing a debit between the Sales and Administration departments, but don't want to delineate the department on the credit amount.

All Skill Levels

Your task is to create another journal entry using the same G/L accounts as you practiced with above except post a debit to 8110 using the two departments, the Sales department for 100, and then the Administration department for 60. Post the credit to account 2910, make sure that this line doesn't include a department.

***HINT:** You should not use a Bal. Account No. Recurring Journal*

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2. Fill in the **Recurring Method** field. To see the options, click the **AssistButton** in the field.

Method	Description	Examples
Fixed	Use when the amount of the journal is the same each period. The amount on the journal line remains after posting.	Monthly expensing of prepaid annual insurance premium throughout the year. Recording fixed expense invoices if purchase documents are not used (for example, cleaning on contract basis).
Variable	Use when the amount of the journal is different each period. The amount on the journal line is deleted after the recurring journal is posted.	Recording variable expense invoices if purchase documents are not used (for example, stationary, maintenance). Recording regular customer sales if sales documents are not used.
Balance	The balance of the account on the line is allocated among the accounts specified for the line in the Allocations window. As a result, the balance on the account on the line is set to zero. Remember to fill in the Allocation % field in the Allocations window.	Periodic allocation of an expense account between departments. Periodic allocation of overheads posted to a single overhead account to several specific overhead accounts. Inter-company expense allocations.
Reversing Fixed	The amount on the journal line remains after posting, and a balancing entry is posted on the following day.	Monthly accrual of contract cleaning invoice not received until following month.
Reversing Variable	The amount on the journal line is deleted after posting, and a balancing entry is posted on the next day.	Monthly accrual of electricity invoice not received until end of first week of following month. Monthly income accrual for sales value of items shipped but not invoiced.
Reversing Balance	The balance of the account on the line is allocated among the accounts specified for the line in the Allocations window. The balance on the account is set to zero. A balancing entry is posted on the following day.	The same examples as the Balance method but the allocations are only temporary. (For example, the allocations are temporary since they are only an estimate for periodic reporting purposes.)

3. Enter the **Recurring Frequency**. For example, 2D = 2 days, 1M = 1 month.

This formula determines the next date that appears in the **Posting Date** field after posting. For example, if you enter 1M and the posting date is 01/15/01, the date changes to 02/15/01 after the journal is posted.

If you want to post an entry on the last day of every month after the current month, you can do one of the following:

- Post the first entry on the last day of a month and enter the formula 1D+1M-1D (1 day + 1 month - 1 day). With this formula, the program calculates the date correctly regardless of how many days are in the month.
- Post the first entry on any arbitrary day of a month and then enter the formula: 1M+CM. With this formula, the program calculates one full month + the remaining days of the current month.

***NOTE:** If you are posting monthly accruals that should be reversed the following month (Reversing Fixed, Reversing Variable, and Reversing Balance methods), you should post them on the last day of the each month. The first entry **MUST** be posted on the last day of the current month and the Recurring Frequency should be either 1D+1M-1D or 1M+CM. This ensures the reversal is always posted on the first day of the following month.*

4. Enter the **Posting Date**.

The **Posting Date** must be on or before the program work date for the recurring journal to post correctly. For example, if today's date is 01/31/01, you cannot post transactions dated for 02/01/01.

5. If no number series is used in the journal batch, enter a **Document No.**

If the **Document No.** field on the line is blank, you can enter a formula to create a document number for each posted entry. The document number is updated automatically every time the journal is posted. However, if the Posting No. Series for the selected journal batch is filled in with a pre-defined number series, you cannot use manual document numbers.

You can combine simple text with the following text codes to form a number series:

- %1 – The current day number
- %2 – The current week number
- %3 – The current month number
- %4 – The current month name
- %5 – The current accounting period name

If there is more than one line in the journal, the program automatically retains the same number on subsequent lines until the balance for the journal is 0. The next consecutive number is entered on the next line.

You do not enter an amount if you use the **Balance** method. This is because the program determines the amounts to post from the balance of the account on the line as part of the posting process. If you use the **Balance** method, you have to post the recurring journal before you can see the allocated amounts. The Test Report does not show the calculated allocation amounts.

After entering the lines with the allocations, close the Allocations window. In the Recurring General Journal window, the **Allocated Amt. (LCY)** field is now filled in. If the recurring journal line is in LCY, the **Allocated Amt. (LCY)** field should match the **Amount** field but have the opposite sign.

***NOTE:** The VAT fields can be filled in on either the recurring journal line or on the allocation journal line, but not on both. They can be filled in on the allocation journal only if the corresponding lines in the recurring journal are not filled in.*

If the **Recurring Method** field in the recurring journal is set to Balance or Reversing Balance, the program disregards any dimension value codes in the recurring journal when the account is set to zero.

Recording Accruals

Income and expense accruals are entered at the end of an accounting period to ensure that all income and expenses for the period are included in the financial results. These accruals are reversed out of the ledger at the beginning of the next accounting period. The recurring journal is ideal for recording these accruals.

Let's say you want to accrue the bank interest each month since you do not receive the interest until the second day of the following month. The accounting period for the company is a calendar month.

1. To record the bank interest accrual of 200.00 for January, set the work date to 01/31/01 and enter the following information in the Recurring General Journal window:

Field	Value
Recurring Method	Reversing Variable
Recurring Frequency	1M+CM
Posting Date	01/31/01
Document No.	Interest for %4
G/L Account No.	9110
Amount:	-200.00

2. In the Allocations window, enter 100% of the allocation to Account 2330 Accrued Interest.
3. Close the Allocations window. The **Allocated Amount** should now show 200.

4. Post (**F11**) the journal.

If you look at the line remaining in the window, notice that the **Posting Date** is now updated to 02/28/01. The **Amount** field is also empty, since the journal was a variable journal. If you look in the Allocations window again, the allocation from January is still entered in the lines. All you need to do for the February interest accrual is enter the amount and change the allocation if you want.

5. Delete the journal line since we will not use it anymore.
6. Go to the G/L Register to look at the ledger entries that were posted. You will see the accrual posted on 01/31/01 and the reversal is posted on 02/01/01.

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Test Your Skills – Creating and Posting Recurring Journals

Scenario: Cronus pays its vehicle repairs and maintenance expenses using the Cash account (2910) on the 25th of every month. The repairs and maintenance contract is a fixed amount of 1,000 per month for the 2001 year. The company has decided that the repairs and maintenance expenses will be posted so that the amounts are attributed to the various departments according to specific percentage rates.

All Skill Levels

Your tasks are to set up a recurring journal to record the repairs and maintenance for the 2001 year.

Use the allocation key:

Department Dimension code	ADM	18%
Department Dimension code	SALES	24%
Department Dimension code	PROD	58%

Test Your Skills – Recurring Journals Using the Balance Method

Scenario: Once a month, you want to allocate the Other Computer Expenses (account 8330) equally between the Software and Consultant Services accounts (8310 and 8320). You also want to allocate the Other Computer Expenses by department using the following allocation percentages:

ADM	50%
PROD	25%
SALES	25%

Since the Other Computer Expenses had VAT calculated at the time they were posted to account 8330, you do not want any VAT calculated when you allocate the balance of account 8330.

All Skill Levels

Create a recurring journal on 01/25/01 to perform the allocation without VAT. Use the Recurring Method of Balance.

***HINT:** To keep the program from calculating VAT, make sure the **Gen. Posting Type**, **Gen Bus. Posting Group** and **Gen Prod. Posting Group** fields on all allocation lines are clear.*

Posting Corrections in General Journals

General Journal Posting

You use the General Journal window to post transactions to G/L, bank, customer, vendor, and fixed assets accounts. In a general journal, you enter the relevant information for the transaction, such as the posting date, amount and the accounts you want to post to. The information you enter in a journal is temporary and can be changed as long as it is in the journal.

You have already learned about entering cash entries, bank entries, and applying customer or vendor entries in journals. Now you will learn about more general journal transactions in the program. The following processes will be explained:

- Inserting Conversion to LCY Rounding Lines
- Posting Correction Entry Lines
- The Journal Posting Process

Inserting Conversion to LCY Rounding Lines

When you enter foreign currency amounts in a journal, the program automatically converts the amounts to LCY. However, even if all the journal lines balance in the foreign currency, when each journal line is converted and rounded to LCY, the LCY sum may not balance. This means that a balanced transaction in foreign currency may not balance in LCY, and cannot be posted.

You can use the **Insert Conv. LCY Rndg. Lines** function to insert a rounding correction line in the general journal. This rounding correction line will balance the LCY amounts when the foreign currency amounts also balance. Afterwards you can post the journal.

Before you use this function, you must specify the G/L accounts the program will use for rounding corrections. You specify these accounts in the **Conv. LCY Rndg. Debit Acc.** and **Conv. LCY Rndg. Credit Acc.** fields in the Currency window.

Scenario – Conversion to LCY Rounding

You need to pay your Building Maintenance Expenses. The agreement is that they are paid in euros. The expenses to be paid, including VAT, are as follows:

- Cleaning EUR 5,056.50
- Electricity and Heating EUR 6,877.50
- Repairs and Maintenance EUR 6,544.00

1. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→PERIODIC ACTIVITIES→CURRENCY→CURRENCIES.
2. In the Currencies window, make sure that the **Conv. LCY Rndg. Debit Acc.** and **Conv. LCY Rndg. Credit Acc.** fields are entered for EUR.
3. For this example, use account number 9150 for both debit and credit rounding. Select the **Direct Posting** field for account number 9150 for the example to work.
4. Close the Currencies window to change to the General Journal.
5. Create a journal batch named General for this example so that the balance account is not inserted automatically.
6. Select this new journal batch and use the VIEW→SHOW COLUMN function to insert the **Currency Code** field.
7. Enter the following three lines in the journal:

	Posting Date	Document No.	G/L Account	Currency Code	Amount
Line 1	01/25/01	G00001	8110	EUR	5,056.50
Line 2	01/25/01	G00001	8120	EUR	6,877.50
Line 3	01/25/01	G00001	8130	EUR	6,544.00

8. Enter the last line in the journal using G/L account 2910 in connection with the amount of – 18,478.00 EUR. Leave the **Posting Group** fields blank.

	Posting Date	Document No.	G/L Account	Currency Code	Amount
Line 4	01/25/01	G00001	2910	EUR	-18.478.00

The balance of the EUR amounts is zero, but not the converted amount in LCY. There is a rounding balance of 0.01 as shown in the **Balance** and **Total Balance** fields in the General Journal window. You cannot post the journal since it does not balance.

9. Click FUNCTIONS→INSERT CONV. LCY RNDG. LINES.

The program inserts the LCY rounding difference and the rounding difference account automatically. Notice that the **Currency Code** field is clear since it is an LCY journal balancing the amounts calculated in the **Amount (LCY)** fields of the other lines in the journal.

10. Post (F11) the journal.

Open the Registers to see the General Ledger entries you just posted.

Posting Correction Entry Lines

When you discover an erroneous entry, it must be corrected. Since you cannot change or delete a ledger entry in the program, the only way to correct an error is to post one or more corrective entries. You can do this in a general journal.

To view how corrective entries work, insert the **Correction** field in the General Journal window. To do so, press Ctrl+F2 and insert the field using the Field Menu. You may also want to insert the **Debit Amount** and **Credit Amount** fields in the General Journal window to show the difference between corrections and normal postings.

You can correct an incorrect posting using the **Correction** field, but you can also correct entries without using the **Correction** field. If you post without using the **Correction** field, the **Amount** field on the line must have the opposite sign to the incorrect entry. The program then posts to the opposite side of the account to which the incorrect entry was posted:

- Positive amounts in the **Amount** field are posted as a positive amount in the **Debit Amount** field.
- Negative amounts in the **Amount** field are posted as a positive amount in the **Credit Amount** field.

If you select the **Correction** field, the program uses the sign of the **Amount** field on the line to determine how to post the amount. The **Amount** field should still have the opposite sign to the incorrect entry but, in this case, it is not posted to the opposite side of the account:

- Negative amounts in the **Amount** field are posted as a negative amount in the **Debit Amount** field.
- Positive amounts in the **Amount** field are posted as a negative amount in the **Credit Amount** field.

To see how correction postings affect the G/L accounts use the Detail Trial Balance report. The sums of Debits and Credits in the report do not include incorrect entries and their corrections if you use the **Correction** field when posting corrections. If you do not select the **Correction** field, there are no negative entries in the report. The total balance for each G/L account includes both incorrect entries and corrections.

The Journal Posting Process

Each journal has a series of posting routines (code units) that are used during the posting process to post the information entered from the journal to one or more ledgers. For example, the sales journal uses code units 11 through 15 to post the information entered into both the customer ledger and general ledger.

Since the program has a uniform data structure, these code units are also used to post the general journal, sales journal, cash receipts journal, purchases journal, payments, and finance journal. However, due to their significant differences the item journal, BOM journal, resources journal, and job journal all have their own posting functions.

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Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

- 1.

- 2.

- 3.

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CHAPTER 5: GENERAL LEDGER

- Overview
- General Ledger setup
- The Chart of Accounts
- Banking
- Budgets

Overview

General Ledger is the central application area of Microsoft® Business Solutions–Navision® where all financial information is posted, summarized, processed and reported.

IMPORTANT: You need to install a clean 4.0 database to properly perform the Bank Reconciliation exercises.

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General Ledger Setup

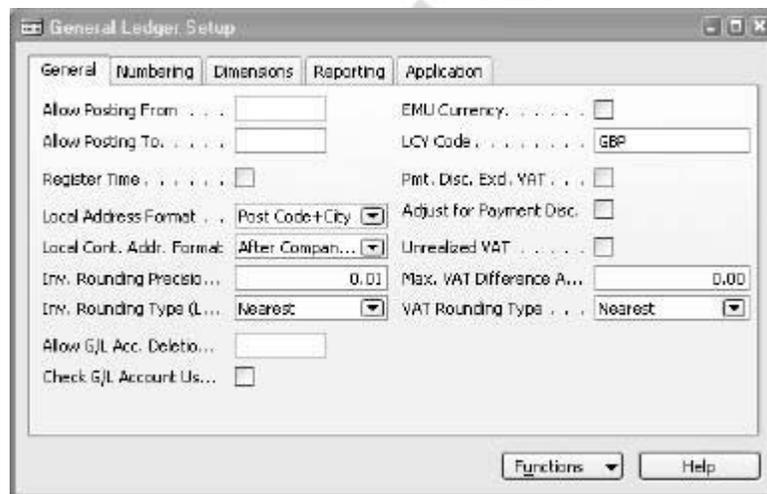
In this chapter, you will learn about the General Ledger Setup card, No. Series, and Trail Codes.

The General Ledger Setup Card

You use the General Ledger Setup window to enter information about how you want to handle certain accounting issues in your company. For example, this window is used to specify invoice rounding details, the currency code for your local currency, address formats, and whether you want to use an additional reporting currency. You must complete the General Ledger Setup window for each company you set up in Microsoft Navision.

The window contains four tabs with different kinds of information on each tab. Some of the features available in the window are optional.

Click FINANCIAL MANAGEMENT→GENERAL LEDGER→SETUP→GENERAL LEDGER SETUP. The General Ledger Setup window appears:



General Tab

You can control the date range that all users can use for posting by completing the **Allow Posting From** and **Allow Posting To** fields.

You set up the company default posting dates and specific user posting date restrictions under the user setup options. If there are no user restrictions then the company defaults are in effect. If there are no company defaults, there are no restrictions on dates for data entry and posting.

Why is this important? Since the program does not require “closing” as a part of its accounting cycle, you can use the posting date ranges to procedurally “close” periods, to prevent entries that could change prior period data. You can always adjust the dates temporarily to allow specific entries to be posted.

Other fields on the **General** tab include:

Field	Definition
Register Time	Specify whether the program registers the user’s time usage.
Local Address Format	Specify the format in which addresses appears on printouts.
Local Cont. Addr. Format	Specify where you want the contact name to appear in mailing addresses. Invoice Rounding Precision (LCY) field – Specify the size of the interval to be used when rounding amounts in your local currency.
Invoice Rounding Type (LCY)	Specify how the program rounds an invoice amount.
Allow G/L Acc. Deletion Before	The date in this field determines if and when G/L accounts can be deleted. If you enter a date in this field, G/L accounts with entries on or after this date cannot be deleted.
Check G/L Account Usage	Selecting this field indicates that you want the program to protect G/L accounts that are used in setup tables, for example posting groups, from being deleted.
EMU Currency	Select this field if LCY is an EMU currency. This field is only used when you apply entries in different currencies.
LCY Code	Enter the currency code for LCY. The value is only used on printouts, since the program uses <Blank> as the indicator for LCY when displaying information in tables.
Pmt. Disc. Excl. VAT	Specify whether the payment discount is based on amounts including or excluding VAT.
Adjust for Payment Disc.	Select this field if you want the program to recalculate VAT amounts when you post payments that trigger payment discounts.
Unrealized VAT	Specify whether you want the program to handle unrealized VAT.
Max. VAT Difference Allowed	Enter the maximum VAT correction amount allowed for the local currency.
VAT Rounding Type	Select how the program rounds VAT when calculated for the local currency.

Numbering Tab

Click the **Numbering** tab. There is one field on the **Numbering** tab, the **Bank Account Nos.** field. Here you can enter the code for the number series that will be used to assign numbers to bank accounts. We will return to number series later in this section.

Dimensions Tab

Click the **Dimensions** tab. On this tab, you must select the two global dimensions that you will use the most frequently in your reports. You can also select your shortcut dimensions. You must select the dimensions from the dimension codes that you have already set up in the Dimension table.

The fields on the **Dimension** tab include: **Global Dimension 1 Code** field and **Global Dimension 2 Code** field as well as eight different shortcut dimension fields. The program automatically creates the first two shortcut dimensions using the Global Dimensions. You can use the other six shortcut dimensions only if you have purchased the Advanced Dimensions granule.

Reporting Tab

Click the **Reporting** tab. There are two fields on the **Reporting** tab, the **Additional Reporting Currency** field and the **VAT Exchange Rate Adjustment** field. In the **Additional Reporting Currency** field, you can specify the currency used as an additional reporting currency in the General Ledger area. If you specify an additional reporting currency in this field, the program automatically records G/L entries and some other entries, like VAT entries in both LCY and the additional reporting currency. This enables you to print reports in either LCY or the additional reporting currency.

Application Tab

Click the **Application** tab. On this tab you enter setup information relating to how payments are applied to outstanding amounts. This includes both payments from customers and payments to vendors.

Field	Definition
Appln. Rounding Precision	Specify the size of the interval allowed as a rounding difference for LCY when you apply entries in LCY to entries in a different currency.
Payment Disc. Tolerance Warning, Payment Disc. Tolerance Posting and Payment Discount Grace Period	Complete these fields to allow tolerance on your payment discount terms. You will learn more about payment discount tolerance in the Payables Management chapter.
Payment Tolerance Warning, and Payment Tolerance Posting	Complete these fields to close outstanding receivables and payables with payment amounts that are different to what is owed. You will learn more about payment tolerance in the Payables Management chapter.

Field	Definition
Payment Tolerance % and Max. Payment Tolerance Amount	Complete these fields to close outstanding local currency (LCY) receivables and payables with payment amounts that are different to what is owed. The fields specify the difference allowed as a percentage of the invoice amount and/or a maximum amount of tolerance allowed. They can only be updated by clicking FUNCTIONS→CHANGE PAYMENT TOLERANCE. You will learn more about tolerance in the Payables Management chapter.

No. Series

You use the No. Series window to set up all the number series you will use for your company. You can assign number series to certain tables (such as the Customer, Vendor and Item tables), sales and purchase documents (such as quotes, shipments and posted invoices), and journal templates and batches.

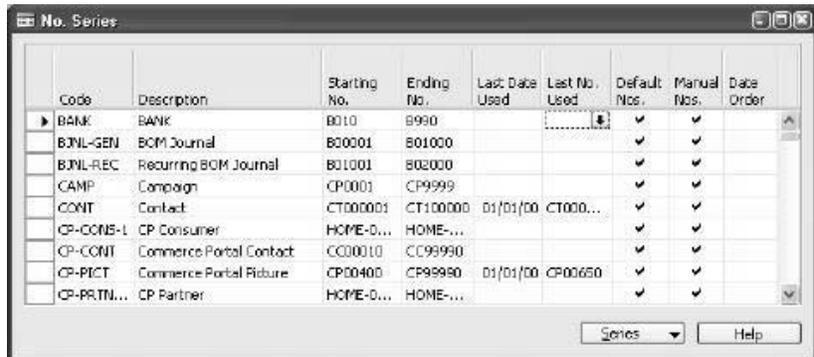
You can set up a complete numbering system consisting of an unlimited number of number series for all types of basic information (except G/L accounts) and documents. You can combine this with manual numbering for specific areas or you can use manual numbering entirely.

The document numbering functionality provides a flexible way of numbering all documents, journals, batches and journal lines. Documents include, but are not limited to: orders, invoices, shipments, and credit memos.

In the setup table for each application area and in the journal templates, you specify which No. Series will be used for which purpose. For example, if you have set up a No. Series for customers, you would enter the code for this No. Series in the **Customer Nos.** field in the Sales & Receivables Setup table. Then when you create a new customer, the program will use the information associated with the code to assign the customer number.

In the No. Series window, you set up codes for each type of document.

1. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→SETUP→NO. SERIES. The No. Series window appears:



The fields on the No. Series window include:

Field	Definition
Code	Enter a code that is meaningful or relevant. You can enter a maximum of 10 characters, both numbers and letters. The code must be unique - you cannot have the same code twice in one table.
Description	Enter a description of the number series. You can enter a maximum of 30 characters, both numbers and letters.
Starting No. and Ending No.	The program populates these fields with the information set up in the Number Series Line table.
Last Date Used and Last No. Used	These fields are filled in automatically by the program when you start using the No. Series.
Default Nos.	Selecting this field indicates whether or not this number series is used to assign numbers automatically. For example, if you place a check mark on the line for the customer number series, when you create a new customer, the program assigns the next available customer number from this number series. If you do not select this field, click the AssistButton in the No. field on the customer card and then choose the number series in order to have the program assign a number for you.
Manual Nos.	Select this field to enter numbers manually instead of using the number series. Selecting this field has no effect for number series used in journals.

Field	Definition
Date Order	Selecting this field indicates that numbers from this range are assigned chronologically. In other words, if you select this field, the program runs a test at the time of posting to make sure documents and journal lines are assigned numbers in ascending order according to the posting date.

A number series is associated with one or more lines in the No. Series Lines table, where you set up additional information about the number series. So let's take a look at the options on the **Series** button.

- In the No. Series window, select Code EMP., and then click SERIES→LINES. The No. Series Lines window appears.

This window lets you establish the numbering you want to use (including starting dates for specific ranges of numbers) and set up additional information about the number series.

Field	Definition
Starting Date	Enter the date from which you would like this line to apply. Use this field to start a new No. Series at the beginning of a new period. You set up a number series line for each period. The program automatically switches to the new series on the starting date. If left blank it takes effect immediately.
Starting No. and Ending No.	Define the range of numbers used for a particular code. These fields are alphanumeric and have a length of 20 characters to allow flexible schemes.
Last Date Used and Last No. Used	The contents of these fields are generated by the program and display the last date a number was assigned and the last number in the series that was used. The contents of these two fields are also displayed in the No. Series window.
Warning No.	Choose a number from your predefined series that returns a warning when used. It should be used to help you when you are nearing the end of a number series.

Field	Definition
Increment by No.	Select the size of the interval by which you would like your numbering to increase. If you use an increment rather than consecutive numbers, this allows the future addition of numbers in that range and in between the assigned numbers. For example, the customer code has an increment-by number value of 10. This means that the customer numbers will be numbered C00010, C00020, and so on. If at a later date, you want to insert one manually, you could assign C00015 if you allow for an interval between numbers rather than making them consecutive.
Open	Indicates if the number series is open. A series remains open until the last number in it is used. At that time, the program clears the field. This field is not editable.

3. Press **ESC** to close the window.

Sometimes, you may want to assign more than one **No. Series Code** to a single **No. Series** field. For example, if you have more than one No. Series for inventory items, you can setup a relationship between these No. Series.

The No. Series Relationships window is used to set up relationships between multiple No. Series. When you set up relationships you must associate all of the related No. Series to one No. Series code. You can then enter this code on the **Numbering** tab in the setup window for the appropriate application area and you will be able to choose between all the related No. Series when assigning numbers.

4. In the No. Series window, select Code ITEM1. Notice that there are 5 different No. Series Codes for Item Numbers: ITEM1, ITEM2, ITEM3, ITEM4, ITEM5. Click **SERIES→RELATIONSHIPS**. The No. Series Relationship window appears.

You can see that there is a relationship set up for the 5 Item No. Series. ITEM2, ITEM3, ITEM4 and ITEM5 all relate to ITEM1.

The No. Series ITEM1 is assigned in Inventory Setup as the No. Series Code for Item Nos. When you create a new Item you can click the Ellipsis button next to Item No. which will open the No. Series window showing the ITEM1 No. Series along with the related No. Series. You can now select the No. Series you want for this new Item.

Trail Codes

This is where the program's audit trails begin. Trail codes setup lets you set up source codes and reason codes that help define information to be assigned to transactions. There are three items to set up in relation to Trail Codes.

Source Codes

Click FINANCIAL MANAGEMENT→GENERAL LEDGER→SETUP→TRAIL CODES→SOURCE CODES. The Source Codes window appears.

Source Codes assists the user in finding the point of origin for an entry (audit trails). Source codes are assigned to transactions. Each journal can have a source code; the ones listed in the Source Codes window are the system defaults. As new journals or data entry points are added, then a source code should be added as well to identify where the transaction originated. Source Codes are the basis for the audit trail in the program. To see all posted entries with a particular source code, click the **Source** button in the Source Codes window and select the relevant register.

Source Code Setup

You assign source codes to the different journals and functions that post data in the Source Code Setup window.

Click FINANCIAL MANAGEMENT→GENERAL LEDGER→SETUP→TRAIL CODES→SOURCE CODE SETUP. The Source Code Setup window appears.

Reason Codes

Reason Codes are used to explain why an entry exists. For example, if you must return items from a sale you can set up a reason code to denote the reason such as damaged, wrong color, wrong size, etc. After you set up reason codes, you can add the reason code field to the journal or other window. This allows you to filter the posted ledger entries by reason code.

Click FINANCIAL MANAGEMENT→GENERAL LEDGER→SETUP→TRAIL CODES→REASON CODES. The Reason Codes window appears.

The Chart of Accounts

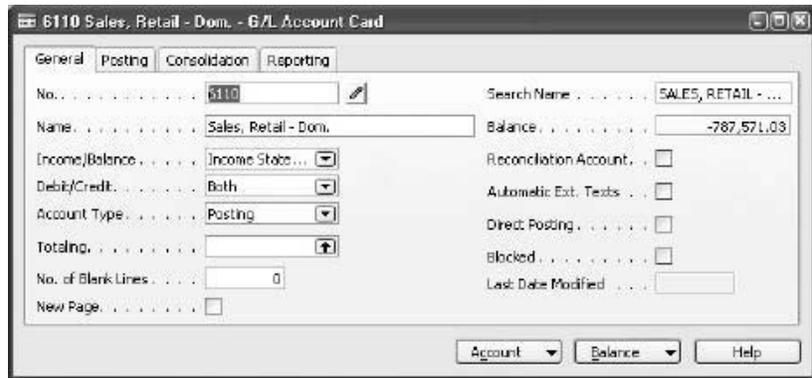
The core of a company is the chart of accounts, that is, the list of the G/L accounts to which all G/L entries are posted. You use the Chart of Accounts window to enter and view your G/L accounts and account balances.

G/L Account Card

A list of all G/L accounts is available so that many accounts can be viewed at one time. However, there is also a G/L account card for each account that you can open by pressing **SHIFT + F5**:

1. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→CHART OF ACCOUNTS.

2. Find and select account number 6110, the Sales, Retail – Dom. account.
3. Click ACCOUNT→CARD. Alternatively, you can press **SHIFT + F5**. The G/L Account Card window appears:



For the purpose of this section we will discuss only the fields on the **General** tab and **Posting** tab. You will learn more about the fields on the **Consolidation** tab and **Reporting** tab in the Multicompany Operations I and Multicurrency chapters.

General Tab

Field	Definition
No.	Enter the number of the G/L Account you are setting up. You can enter a maximum of 20 characters, both numbers and letters. The number identifies the account.
Name	Enter an account name of 30 characters or less.
Income/Balance	Specify whether the account is an income or balance sheet account. This field is important in determining what accounts are closed at the fiscal year end.
Debit/Credit	This field allows the user to determine the normal type of transactions that are made to this account. It does not restrict the type of transactions, only enhances the reporting ability.

Field	Definition	
Account Type	This field identifies the purpose of the account. The following are the options:	
	Posting	Used to accumulate transactions.
	Heading	Used for descriptive purposes only.
	Total	Used to total a range of accounts. The user determines the ranges for these accounts. These accounts can be useful for totaling groups of accounts that are not in the same classification (Gross Income).
	Begin-Total and End-Total	The Begin-Total account marks the beginning of an account range and the End-Total account marks the end of the range. Each End-Total account has an account range in the Totaling field. The range can be calculated or entered manually. If you do not manually enter the range, the Indentation field is used to determine the beginning account for the range. The ending account for the range should always be the End-Total Account that contains the range. You can also create a multi-level chart of accounts with Begin-Total and End-Total accounts nested within other Begin-Total and End-Total accounts.
Totaling	Determines which accounts go into a Total or an End-Total entry.	
No. of Blank Lines and New Page	These fields determine how the account appears in reports. They determine: The number of blank lines before the account is displayed in a report; If a new report page is printed after the account is displayed in the report.	
Reconciliation Account	Choose whether this G/L account is included in the Reconciliation window in the general journal. You can find the Reconciliation window by clicking POSTING→RECONCILE or CTRL + F9 in journals. The Reconciliation window is used after you have filled in a general journal (but before you post it) to reconcile the accounts being posted to in the journal. In the demonstration company, the cash accounts have a check mark in the Reconciliation Account field. This is so that the liquid resources can be reconciled with the day's payments received and made.	

Field	Definition
Automatic Ext. Texts	If you select this field, any extended text description added for the account is added to sales and purchase documents in the description field. If you do not want to have the extended description added automatically, there is an option in the documents to add it manually. To create the extended text, click ACCOUNT→EXTENDED TEXT. Automatic Ext. Texts can be set up for accounts, items, and resources.
Direct Posting	This field indicates if posting is allowed directly into this account from a journal line.
Blocked	You can choose to block the account so that entries cannot be posted to it. To block the account, place a check mark in the check box. Sometimes, for various reasons, you may want to block certain accounts so that entries cannot be posted to them. You can modify an account's blocked or open status in this field.

Posting Tab

The **Posting** tab you contains the information the program uses for recording the G/L and VAT transactions.

Field	Definition
Gen. Posting Type	Defines whether the account is used only in connection with a Sale or Purchase transaction or with both kinds of transactions. The program uses the Gen. Posting Type field with the VAT Bus. Posting Group and VAT Prod. Posting Group fields to find the account to which the program posts VAT. This field should be filled in only for revenue and expense accounts where VAT is involved. For other accounts, select Blank.
Gen. Bus. Posting Group	The default general business posting group for the account. This indicates whom you sell to or buy from. The program uses this code with the Gen. Prod. Posting Group and Gen. Posting Type fields to find the G/L accounts to which the program posts sales, purchases, discount amounts, COGS and inventory adjustments.
Gen Prod. Posting Group	The default general product posting group for the account. This indicates which type of item you sell or purchase. The program uses this code together with the Gen. Bus. Posting Group and Gen. Posting Type fields, to find the G/L accounts to which the program posts sales, purchases, discount amounts, COGS and inventory adjustments.

Field	Definition
VAT Bus. Posting Group	The default VAT business posting group for the account. The program uses this code with the VAT Prod. Posting Group and Gen. Posting Type fields to determine VAT % and VAT calculation type and to find the G/L accounts to which the program posts VAT.
VAT Prod. Posting Group	The default VAT product posting group for the account. The program uses this code together with the VAT Bus. Posting Group and Gen. Posting Type fields to determine VAT % and VAT calculation type and to find the G/L accounts to which the program posts VAT.
Default IC Partner G/L Account Number	You can use this field for accounts that you often enter in the Bal. Account No. field on intercompany general journals. This field contains the number of the IC G/L account that you selected as a default for your partner to post to when you post to the G/L account on the line.

***NOTE:** You can set up a default VAT business posting group for a general business posting group. When you assign the posting group in the Gen. Bus. Posting Group field, the program automatically copies the default VAT business posting group to the VAT Bus. Posting Group field.*

After you have attached the posting type and all the posting group codes to a G/L account, these codes are automatically inserted in a journal, sales, or purchase line when you select the G/L account.

The Account Button

Each account card has an **Account** button. From the G/L Account Card window, click the **Account** button to view the following functions:

Function	Definition
List	Displays a list of all accounts. Note, this is not the same as the chart of accounts since it does not include and balance or amount information.
Ledger Entries	Displays all ledger entries for the account.
Comments	Displays or enter any additional comments relating to the account.
Dimensions	Display or enter default dimensions for the account.
Extended Texts	Display or enter extended text for the account.

Function	Definition
Receivables-Payables	Provides a summary of expected net operational cash flow from customers and vendors over time. It's a summary of the open customer and vendor ledger entries sorted by their Due Date instead of Posting Date . You can specify the period you want to view, such as daily, monthly, quarterly, etc. If you want to see the expected net balance of outstanding customer and vendor balances at any date, choose the Balance at Date view. If you want to see the expected cash flow movement for a period, choose the Net Change view.
Where-Used List	Displays a list of tables where this G/L account is used.

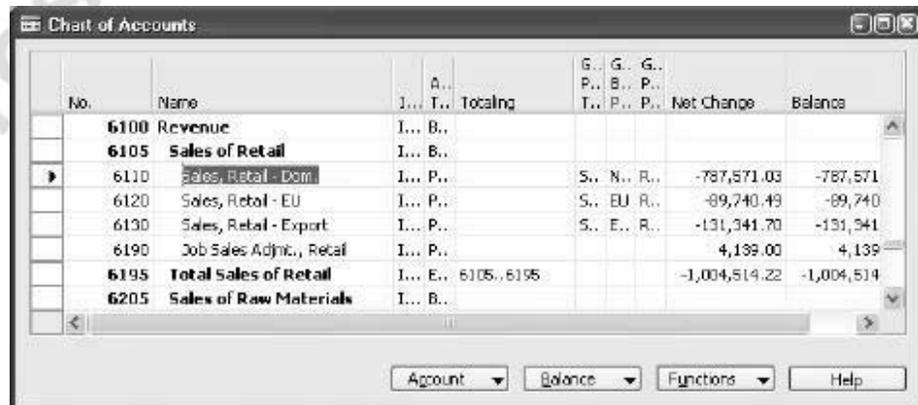
The Balance Button

The **Balance** button is used to show information about the balances and transaction amounts for the account. From the G/L Account Card window, click the **Balance** button to view the following functions:

Function	Definition
G/L Account Balance	Displays the balance or net change for the G/L account over time.
G/L Balance	Displays the balance or net change for all G/L accounts for a specific time period.
G/L Balance by Dimensions	Displays balance or net change information for all accounts. You can choose the information shown in columns and lines from G/L account, Period, or the two Global Dimensions.

Chart of Accounts Window

Close the G/L Account Card to return to the Chart of Accounts window.



The Chart of Accounts window contains all fields on the G/L Account Card but in table format. In addition to the information on the account cards, it also shows the current **Net Change** and **Balance** information for the accounts.

***NOTE:** If you have account numbers that are numeric only, they will be sorted differently in the Chart of Accounts window depending on whether you use the Microsoft Business Solutions–Navision Server or the Microsoft® SQL Server®. With the Microsoft Business Solutions–Navision Server account numbers will be sorted in ascending numerical order. With the Microsoft SQL Server, account numbers will be sorted in ascending alphabetical order. As a result, care should be taken when setting up a numeric account number structure to ensure you have the correct ordering of accounts in your chart of accounts.*

At the bottom of the Chart of Accounts window is the **Functions** button. Its function, Indent Chart of Accounts, is used to format the Total, Begin-Total, and End-Total fields and to indent accounts according to the defined hierarchy. The hierarchy is established using the account types Begin-Total and End-Total. Account numbers between these will be included in the end-total range in the **Totaling** field.

The Chart of Accounts window also contains an **Account** button and a **Balance** button similar to the account card. The functions on these buttons are very similar to the **Account** and **Balance** button on the account card. The program uses the chart of accounts line that the cursor is on when you select a function on the button.

Account Button

Function	Definition
Card	Displays the account card for the account on the chart of accounts line that the cursor is on.
Dimensions – Single	The same function as the Dimensions function on the account card.
Dimensions – Multiple	Assigns the same default dimensions to multiple accounts. Since the Chart of Accounts window is a list of accounts, it is possible to assign the same default dimensions to several accounts by selecting the relevant account lines. This reduces the entry time needed for setting up default dimensions.
Ledger Entries, Comments, Extended Texts, Receivables-Payables, Where-Used List	The same function as the account card.

Balance Button

Function	Definition
G/L Account Balance, G/L Balance, G/L Balance by Dimension	Displays the same information as the account card.
G/L Account Balance/Budget	Displays the actual and budgeted balance or net change for the G/L account over time.
G/L Balance/Budget	Displays the actual and budgeted balances or net change for all G/L accounts for a specific time period.

The reports on the **Balance** button in the account card and chart of accounts are demonstrated further in the Financial Reporting chapter.

Microsoft Internal Use Only

Test Your Skills – Create a New Revenue Account

Scenario: Create a new G/L account for Sales Miscellaneous with the No. 6140.

The account has the following features:

It is an income statement account and direct posting is allowed.

Select the following posting groups in the **Posting** tab:

Field	Value
Gen Posting Type	Sale
Gen. Bus. Posting Group	NATIONAL
Gen. Prod. Posting Group	MISC
VAT Bus. Posting Group	NATIONAL
VAT Prod. Posting Group	VAT25

You do not need to enter anything in the **Consolidation and Reporting** tab of this window.

All Skill Levels

Your task is: Using the Financial Management menu items, create a new G/L Account based on the criteria listed above.

Banking

Bank Account Card Setup

Each bank account has its own card containing different kinds of information. For each transaction you make using a bank account, the program will post a bank account ledger entry. If you make manual or computer check payments, the program also posts a check ledger entry to record the check transaction and the current status of the check. The bank account posting group assigned to the bank account enables the program to post the related G/L entries with the transaction.

Let's look at an existing bank account in the program:

1. Click FINANCIAL MANAGEMENT→CASH MANAGEMENT→BANK ACCOUNTS.
2. Press **F5**, select the WWB-OPERATING Bank from the list and click **OK**. The Bank Account Card window appears:

General Tab

This tab contains all the general information about the bank at which the account is held such as the name, address, and contact person at the bank and search name. In addition to this information, the general tab includes the following fields:

Field	Definition
No.	The alphanumeric code used to represent the bank account in the program. It does NOT have to be the account number used by the bank.; it will be entered in the Bank Account No. field.
Bank Branch No.	The alphanumeric code used to represent the bank branch number for the bank account. All banks have a number series that specifies the branch of the bank the account was opened at.

Field	Definition
Bank Account No.	The bank account number used by the bank.
Balance and Balance (LCY)	These fields are flow fields that calculate the current bank balance based on the bank ledger entries.
Min. Balance	The minimum balance that the bank account can have. The amount is in the currency of the bank account and can be positive or negative.
Our Contact Code	The contact person in your company responsible for the bank account. In the program, this must be someone set up in the Salespeople/Purchasers window.
Blocked	Select this field if you want to block the account from being used to make transactions.

Communication Tab

This tab contains phone and fax numbers, e-mail and home page addresses for the bank.

Posting Tab

The **Posting** tab contains the following fields:

Field	Definition
Currency Code	The currency for the bank account. Note that check payments can only be made in the currency of the bank account. If the Currency Code field of a bank account is blank, this means that you can only make check payments in LCY for that account. If you select a currency code in this field, you can only use this bank account to receive and make payments in the currency you have selected in this field. If you do not select a currency code, you can receive payments using any currency including LCY. You can make payments that are not checks using any currency including LCY. You can only make check payments in LCY.
Last Check No.	If you use checks, you can specify the last check number used. The program updates this number every time a new check is created.
Transit No.	An alphanumeric code used to represent the bank where the account is held, such as a transit number.
Last Statement No.	Contains the Statement No. of the last Bank Account Statement reconciled in the program.

Field	Definition
Balance Last Statement	Contains the Statement Ending Balance of the last Bank Account Statement reconciled in the program.
Bank Acc. Posting Group	The bank account posting group assigned to this bank account. The program uses this to post the related G/L entries for each transaction using the bank account.

Transfer Tab

The **Transfer** tab contains the following fields which are needed to make transfers to and from the bank account:

Field	Definition
Bank Branch No.	Enter a number of the bank branch.
Bank Account No.	Enter the number used by the bank for the bank account.
Transit No.	Enter a bank identification number of your own choice. Usually you will use the transit number of the bank.
SWIFT Code	Contains the SWIFT code (international bank identifier code) of the bank where you have the account.
IBAN	Contains the bank account's international bank account number. The program checks to see if the IBAN entered has the correct format and length.

Bank Acc. Button

Field	Definition
List	Displays a list of all bank accounts in the system.
Statistics	Displays the current balance for the account in the bank account currency and LCY and comparative figures from prior periods.
Comments	Display or enter any detailed comments relating to this bank account.
Dimensions	Display or enter default dimensions for this bank account.
Balance	Displays the Bank Account Balance window. It shows the balance or net change in the bank account in the bank account currency and LCY over time.
Statements	Displays the reconciled Bank Account Statements for this bank account.
Ledger Entries	Displays bank account ledger entries for this bank account.

Field	Definition
Check Ledger Entries	Displays check ledger entries for this bank account.
Contact	Creates a contact card for the bank in the Relationship Management application area.

Example – Create a new Bank Account

Let's say we have just opened a new euro bank account at a bank in Germany. To create the bank account in the program:

1. Click FINANCIAL MANAGEMENT→CASH MANAGEMENT→BANK ACCOUNTS.
2. Press F3.
3. In the **No.** field enter COBA and in the **Name** field enter Cronus - Commerzbank. The address is as follows: Blankeneser Bahnhofstr. 1, in Hamburg. Select the **Post Code** DE-20097 and the **Country Code** DE.
4. The **Bank Branch No.** is: 20080000 and the **Bank Account No.** 12/11111.
5. Click the **Posting** tab and select the **Currency Code** EUR in the corresponding field.
6. Select the **Bank Account Posting Group** CURRENCIES in the corresponding field and close the window.

This bank account will have entries posted in EUR. However, the balance is always converted to LCY. You can see the balances in both currencies in the relevant fields on the **General** tab of the Bank Account Card window or in the bank ledger entries. The G/L balance in the chart of accounts is always in LCY.

Learn more about Bank Accounts and Check Payments in the Receivables and Payables Management chapters.

Bank Reconciliation

When you maintain bank accounts in the program, you must reconcile them on a regular basis; that is, check the entries and the balance on your accounts against the statement from the bank.

There are several steps involved in reconciling the bank accounts.

1. Filling in the Bank Reconciliation.
2. Correcting the Bank Reconciliation Lines and Applying Entries (if necessary).
3. Recording Differences in Transaction Amounts.

4. Posting the Bank Reconciliation.

As an example of the reconciliation process, we will now reconcile the WWB-OPERATING bank account for the period 01/15/01 to 01/31/01.

1. Click FINANCIAL MANAGEMENT→CASH MANAGEMENT→BANK ACCOUNTS.
2. Select the Bank Account Card for the WWB-OPERATING bank account.

The **Balance** for the account is -1,383,294.34.

4. Click BANK ACC.→LEDGER ENTRIES. The **Bank Account Ledger Entries** for WWB-OPERATING appears.

Bank Statement 26 for the WWB-OPERATING account is shown below:

Cronus International Ltd. World Wide Operating Account		Statement Number 26 Statement Date 01/31/01		
Date	Description	Debit	Credit	Balance
01/15/01	Opening Balance			-1,233,777.25
01/20/01	Check	113.38		-1,233,890.63
01/20/01	Transfer	4,607.43		-1,237,073.15
01/27/01	Cash	193.59		-1,237,266.74
01/29/01	Check	67,424.52		-1,304,691.26
01/31/01	Check	211.57		-1,304,902.83
01/31/01	Interest	2,178.83		-1,307,081.66
01/31/01	Closing Balance			-1,308,506.57

The balance in the program on 01/31/01 is – 1,383,294.34 but the bank statement shows -1,308,506.57. We will now reconcile these balances.

Step 1 – Filling in the Bank Reconciliation

The first step is to fill in the bank reconciliation header and lines.

1. Click FINANCIAL MANAGEMENT→CASH MANAGEMENT→BANK ACCOUNT RECONCILIATIONS. The Bank Acc. Reconciliation window appears:

2. In the **Bank Account No.** field, click the **Assist** button, and select the WWB-OPERATING account. The program automatically fills in the **Statement No.** and the **Balance Last Statement** fields based on the information on the Bank Account Card. If this is the first bank statement and reconciliation for the account, you must enter the statement number manually. The program automatically fills in the statement number and last balance for all future reconciliations.
3. In the **Statement Date** field, enter the last date of the period covered by the statement from the bank, 01/31/01.
4. In the **Statement Ending Balance** field, enter the ending balance from the bank's statement, -1,308,506.57.
5. To automatically enter the transactions posted to the bank account in the bank reconciliation lines, click **FUNCTIONS**→**SUGGEST LINES**. The Suggest Bank Acc. Recon. Lines window appears.
6. In the **Starting Date** field, enter the starting posting date for the ledger entries to be reconciled. In the **Ending Date** field, enter the ending date for these ledger entries. In most cases, the period determined by these two fields should be the same as the period covered by the bank statement.

Note you can also leave the **Starting Date** empty. In this case, the program will suggest all open or unreconciled bank account ledger entries before and on the **Ending Date**.

For the purpose of this example, enter 01/15/01 as **Starting Date** and 01/31/01 as **Ending Date**.

7. If you use the check printing features in the program, you may want to select the **Include Checks** field. This makes the program suggest check ledger entries instead of the corresponding bank account ledger entries. The program will fill in the **Check No.** field on the reconciliation line. For this example, you should use check ledger entries.
8. Click **OK**. The program then fills in the lines.

The reconciliation lines suggested by the program consist of all open ledger entries on the bank account for the period you defined in the Suggest Bank Acc. Recon. Lines batch job. As well as creating the lines the program has also applied these reconciliation lines automatically to the corresponding ledger entries. You can verify this by looking at the value in the **Applied Entries** field and also the **Applied Amount** for each reconciliation line. If you select any reconciliation line and click the **Apply Entries** button, you will see the bank ledger entry or check ledger entry that the reconciliation line is applied to. The program will have inserted a check mark in the **Applied** field on the ledger entry when the reconciliation lines were suggested.

Step 2 – Correcting the Bank Reconciliation Lines and Applying Entries

If all the suggested reconciliation lines exactly match the bank statement transactions for the corresponding period, then you can post the reconciliation immediately. However, normally there will be some transactions that have been entered into the bank account in the program but are not on the bank statement and transactions on the bank statement that are not in the program. These differences need to be removed, if possible, before the reconciliation process can be completed.

Removing Transactions not Contained in the Bank Statement

Cash receipts and payments that have been entered in the program but do not appear in the bank statement due to timing differences need to be removed. Examples of these transactions are checks sent to vendors that have not been presented at the bank and cash or checks that have been received and entered in the program but not banked.

By looking at the bank statement from our example, the payment for 77,056.60 was not presented at the bank as of 01/31/01. The two bank transfers also do not appear to be on the bank statement as of 01/31/01. Delete the reconciliation lines related to these three transactions. The bank statement also does not include the payment for 121.57 but does include an erroneous payment entry for 211.57, so we will not delete this entry at this time.

1. In the Bank Acc. Reconciliation window, select any reconciliation lines that do not appear on the bank statement, and press **Delete**.

2. Click **OK** to delete. As part of the process of deleting a reconciliation line, the program removes the check mark from the **Applied** field on the ledger entry that the reconciliation line was applied to.

Posting Transactions Recorded by the Bank Only

Sometimes a bank statement contains an amount for interest or fees charged. These transactions cannot be applied to a ledger entry because you have not posted the transaction that the bank has recorded. To complete the bank reconciliation, you must add these transactions manually to the bank reconciliation lines and then post the transaction with a general journal.

***NOTE:** To prepare for this part of the example, delete any journal lines in the DEFAULT General Journal Batch so that the journal is empty.*

To enter the interest amount, complete the following steps.

1. In the Bank Acc. Reconciliation window, use the VIEW→SHOW COLUMN function to display the **Document No.** field in the bank reconciliation lines.
2. Fill in a new reconciliation line with the following information for the interest entry from the bank statement:

Field	Value
Transaction Date, Value Date	01/31/01
Document No.	Leave Empty
Type	Bank Account Ledger Entry
Description	Interest, January 2001
Statement Amount	-2,178.83

The **Difference** field now shows the amounts from the new entry you just created because it has not been applied to bank ledger entries for the bank account yet. The ledger entries that were suggested by the program were automatically applied to. Therefore, the **Difference** field contains 0.00 for these entries.

It is not possible to post the bank reconciliation unless the contents of the **Total Difference** field is equal to either zero or the sum of the **Statement Amounts** from all reconciliation lines with a **Type = Difference**. To be able to post this reconciliation we must enter a journal so it can be applied to the interest reconciliation line.

3. In the Bank Acc. Reconciliation window click FUNCTIONS→TRANSFER TO GENERAL JOURNAL. The Trans. Bank Rec. to Gen. Jnl. window appears.

4. Select the appropriate journal template in the **Gen. Journal Template** field and the appropriate journal batch in the **Gen. Journal Batch** field. For this example, select the GENERAL template and the DEFAULT batch.
5. Click **OK** to transfer the entry.
6. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→GENERAL JOURNALS. The General Journal window appears.
7. Select the DEFAULT batch to view the journal you just transferred.

The entry appears on the top line of the General Journal window. The batch job transfers all bank reconciliation lines that have a **Type** = Bank Account Ledger Entry and a non-zero balance in the **Difference** column. The bank account number has been inserted as the **Account No.** for the journal and the **Document No.** has been filled in with the next number in the No. Series for the journal batch.

***NOTE:** If you leave the Document No. in the reconciliation line empty and the journal batch has a No. Series, the program will assign the next number in the series to the journal lines created.*

If you had entered a Document No. in the reconciliation line, the program would copy this document number directly to the journal line. If the journal you have copied to has a No. Series and the document number from the reconciliation line does not match the next number in the series, you will not be able to post the journal without manually changing the Document No. in the journal line. If you want to enter manual document numbers in the bank reconciliation line, you should transfer the reconciliation line to a journal batch without a No. Series but with a Posting No. Series so that the journal can be posted easily.

8. Select a **Document Type** of Payment to reflect that the journal involves a cash payment.
9. Enter the appropriate G/L account number as the balancing account. In this case, since it was interest due on revolving credit, select a **Bal. Account Type** of G/L Account and **Bal. Account No.** 9210.
10. Click POSTING→POST to post the journal.

After the entry is posted, apply the bank statement transaction to it:

11. In the Bank Acc. Reconciliation window, select the interest line with the amount of -2,178.83 in the **Difference** field and click **Apply Entries**. The Apply Bank Acc. Ledger Entries window appears.
12. Click the **Applied** field on the entry with the interest amount, and click **OK**.

The **Difference** field for the line will now contain 0.00 and the **Applied Amount** field contains -2,178.83. Since the effect of this line on the **Total Difference** field is zero, the interest reconciliation line no longer stops the bank reconciliation from being posted.

Applying a Bank Statement Transaction to Two or More Bank Account Ledger Entries

You may find that a single transaction on the bank statement corresponds to two separate bank account ledger entries in the program. Apply these two ledger entries to the reconciliation line for the bank statement transaction.

In the example, the bank recorded the two bank transfers for -2,874.60 and -1,732.83 as a single amount of -4,607.43.

1. Since the -2,874.60 and -1,732.83 bank transfers did not appear on the bank statement, you should have already deleted them from the reconciliation lines. If not, delete them now.
2. In the Bank Acc. Reconciliation window, enter a line with the following information based on the bank statement:

Field	Value
Transaction Date, Value Date	01/20/01
Document No.	BANK1, BANK2
Type	Bank Account Ledger Entry
Description	Bank Transfers 01/18/01

3. Make sure the line you just added is selected and click **Apply Entries**.
4. Click the **Applied** field on the entries to be applied to the reconciliation line, in this case the entries for -2,874.60 and -1,732.83.
5. Click **OK** to apply the entries.

In the Bank Acc. Reconciliation window, you will see that the program fills in the total amount of -4,607.43 in both the **Statement Amount** and **Applied Amount** field. The **Difference** field on the line is still 0.00. This means that the reconciliation line will not stop the bank reconciliation being posted.

Step 3 – Recording Differences in Transaction Amounts

A bank statement may contain transactions that are erroneous. If your bank statement has an erroneous transaction, you cannot apply it to a ledger entry. A difference remains in the **Difference** field and you cannot post the bank reconciliation.

The bank accidentally recorded the payment of 121.57 for the Accounting Systems hotline as a payment of 211.57. When the bank reconciliation lines were suggested, the amount 121.57 was suggested and applied to the bank ledger entry entered correctly in the program. However, the **Statement Ending Balance** of -1,308,506.57 is based on a deposit of 211.57 and therefore we will not be able to post the reconciliation. As this type of error involves following up to make sure that it is resolved with the bank, there are different methods for recording the error so that the bank reconciliation can be posted. We will now explore one of those methods.

1. In the Bank Acc. Reconciliation window, select the line that relates to the erroneous transaction.

2. In the **Type** field, click the **AssistButton**, and select **Difference**.

When you do so, a message may appear that asks if you want to delete the application.

3. Click **Yes** to the message to have the program clear the **Applied** field on the ledger entry. Once the application is removed, move the cursor out of the **Type** field to update the reconciliation line.

By removing the application, the ledger entry is still open when the bank reconciliation is posted, similar to normal outstanding deposit entries. The **Total Difference** field still shows an amount of 121.57. However, as long as this amount is equal to the sum of all bank statement transactions on lines where the **Type** field contains **Difference**, the bank reconciliation can be posted.

At the moment, the bank reconciliation will still not post until the amount for the reconciliation line is equal to the incorrect amount in the bank statement.

4. Adjust the amount on the reconciliation line to equal the amount in the bank statement, in this case -211.57. Alternatively, you could also leave the reconciliation line with -121.57 and enter a new reconciliation line with a **Type** = **Difference** and an amount of -90.00.

The end result of either alternative is that you still have an open ledger entry for -121.57. This will need to be applied when the bank corrects the error.

Sometimes the bank may record a corrective transaction on the next bank statement instead of reversing the erroneous transaction and then recording the correct transaction.

In our example, the next bank statement contains a credit entry for 90.00 relating to the correction of the -211.57 to -121.57.

To record the correction by the bank in the following reconciliation with the next bank statement:

1. Since the -121.57 bank account ledger entry is still open, it will be suggested as a reconciliation line when you perform the next reconciliation and automatically applied. Leave this line as it is.
2. To enable the reconciliation to post the **Statement Amount** for the reconciliation line must be 90.00 to match the bank statement. You cannot change the -121.57 amount since it must be applied, so you must manually enter a new reconciliation line with **Type = Difference** and an amount of 211.57.

***NOTE:** Difference entries are a difference on a selected reconciliation only and unless the user prints old bank statements from the program, there is no way of knowing if the differences have been resolved. It is also possible to apply the entry in the first bank reconciliation rather than the bank reconciliation where the bank corrects. However, by keeping the transaction open until it's corrected, it will appear on a printed report of open transactions. This can draw the user's attention to the delay in the bank's processing of the transaction, helping them to follow up on the resolution of the error.*

The advantage of using this method to record transaction differences is that you keep the correct G/L bank account balances in the program. The drawback is that once the reconciliation is posted, there is no obvious way for the user to see if the differences have been resolved, or if subsequent "errors" in the bank statement are actually corrections of previous errors.

Step 4 - Posting the Bank Reconciliation

Once you have filled in the bank reconciliation, corrected the lines (if necessary) and applied entries (if necessary), you are ready to post the bank reconciliation.

1. For the bank reconciliation to be posted, the following must exist:

The balance in the **Statement Ending Balance** field must equal the balance in the **Total Balance** field.

(The **Total Balance** field equals the sum of the **Balance Last Statement** field and the amounts in the **Statement Amount** column for all reconciliation lines.)

AND

The **Total Difference** field equals the sum of all entries with a **Type = Difference**.

You can see that the **Statement Ending Balance** now matches the **Total Balance**. The **Total Difference** field also equals the sum of all entries with a **Type = Difference** so the reconciliation can be posted. If you click **POSTING**→**TEST REPORT**, the test report shows if the reconciliation can be posted.

2. To post the reconciliation, click **POSTING**→**POST**.

All bank account ledger entries are modified to reflect that they have been applied to by a bank statement transaction. The check mark in the **Open** field is cleared and the bank statement number is registered on the entries.

After the bank reconciliation has been posted, the program creates a Bank Account Statement, which can be viewed from the relevant bank account card by clicking BANK ACC.→STATEMENTS.

Microsoft Internal Use Only

Test Your Skills – Create a new Bank Account

Scenario: Create a new bank account for Super Krone Bank. The bank account has the following features:

Field	Value
Bank No.	SK Bank – DK.
Address	1-3 Detvedjegikkevej
City	Roskilde
Postal Code	4000
Phone No.	46 75 75 34
Contact Name	Hans Holdeop
Bank Branch No.	2396824
Bank Account No.	9652833

Linda Martin is the resource responsible for all contact with this bank.

The currency code for this bank is DKK and the bank is a member of the CURRENCIES posting group.

All transactions involving this bank should be posted with a default dimension of AREA – 40 (Europe North – Non-EU).

All Skill Levels

Your task is: Using the Financial Management menu items to create a new Bank Account based on the criteria listed above.

General Ledger Budgets

You can attach up to four dimensions to each budget in addition to the two global dimensions. These six dimensions can be filtered on the Budget window. You can change which dimensions are included as the four dimensions at any time and all budget entries are updated to contain the new dimension.

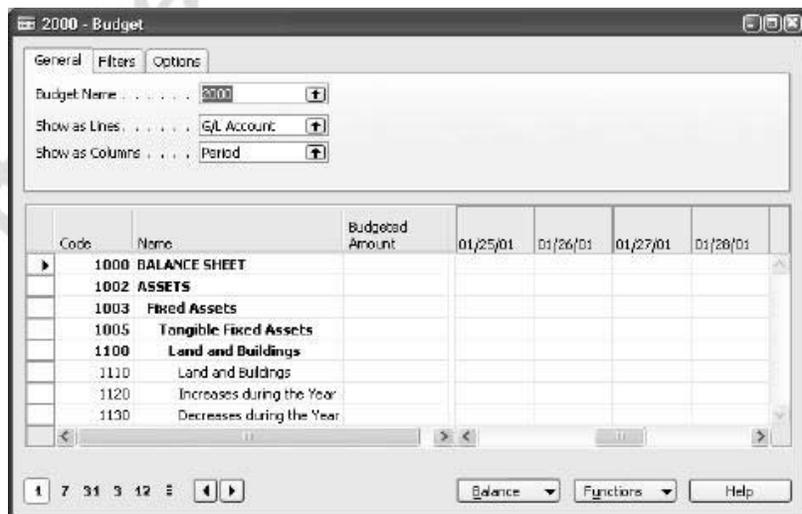
The G/L Budgets are not bound to the G/L accounts, because you can also select a dimension code for the columns and another dimension for the lines of the Budget window. Of course this could also be a G/L account, but it isn't necessary.

Budgets Setup

We are now going to look at how to set up different kinds of G/L budgets with and without dimension filters.

Note, due to dimensions being specified differently for each customer, some of the terms used for the filters in this material are not what the field labels actually show. The program dynamically displays the selected dimension name as a label for the filter selection field. For the purpose of this material, the terms **Global Dimension 1 and 2** and **Budget Dimension** refer to the filters available.

1. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→BUDGETS. The Budget window appears:



2. In the **Budget Name** field select 2001 to display the annual budget for 2001.
3. Click the **7** button to display the information by week.

The window shows a summary of the amount budgeted for each G/L account in different time periods. The header includes three tabs with the following fields:

General Tab

Field	Definitions
Budget Name	Select the name of the budget you want to work on. In the G/L Budget Names window you also select the budget dimensions to include in the budget. These four budget dimensions are specific to each budget. Different budget dimensions can be used for different budgets. Select the budget dimensions from the dimensions you have already set up.
Show as Lines	Select the dimension that you want to show as lines in the Budget window. Global Dimension 1 and 2, G/L Account and Period are provided. If you set up more dimensions in the Budget Name window they appear for selection in this field.
Show as Columns	Select the dimension you want to show as columns in the Budget window. The selections available are the same as the Show as Lines field.

Filters Tab

Field	Definitions
Date Filter	Enter the date or date range the program will use to filter the information in the window.
G/L Account Filter	Enter the G/L Accounts the program will use to filter the information in the window.
Global Dimension Filters	Enter the dimension values that the program will use to filter the information in the window.
Budget Dimensions Filter	In this field, you can select a budget dimension as a filter, so that the values in the budget fields are based only on budget entries with these dimension values.

Options Tab

Field	Definitions
Rounding Factor	Select a rounding factor the program will use to round the amounts in the columns.
Show Column Name	If you select this field, the program will show as column headings the descriptive names you have given dimension values and G/L accounts, instead of the corresponding codes. This makes the matrix window easier for you to understand if you have set up numerical dimension value and G/L account codes.

The columns in the window also display the following information:

Field	Definitions
Name	Contains the name of the dimension value on the line.
Budgeted Amount	Displays the dimension's or G/L account's total budget. If you have specified a name in the Budget Name field, the total for a specific budget is displayed.

If you click the **AssistButton** in any amount field, you see the **G/L Budget Entries** that make up the amount. If you click the **AssistButton** in an empty field, the G/L Budget Entries window opens and a new line is created with the dimension values based on the filtered values you have selected. You then enter the budgeted amount in the **Amount** field.

4. Click the **AssistButton** on the amount for Column 01/08/01 and account 6110.

The entries show the history of the all budget entries for the selected dimension filters in the Budget window.

You will now create a simple budget.

Example – Create a Budget

We will now create a simple budget for the year 2002. We will only create 1 month of the budget, January. The January budget will be entered manually.

1. Click FINANCIAL MANAGEMENT→CASH MANAGEMENT→BUDGETS. The Budget window appears.
2. Enter a new **Budget Name** of 2002 and description 2002 budget in the G/L Budget Names window.

3. If you want to choose any dimensions beside global dimensions you must enter them in the **Budget Dimension 1-4 Code**. For this example choose Business Group and Customer Group.
4. Click **OK** to close the G/L Budget Names window.
5. Select the dimensions for which you want to enter budget entries by selecting the dimensions to show as lines and columns. You can choose from **G/L Account, Period, Global Dimensions** and any Budget dimensions you have specified. For the example, show as lines **G/L Account** and as columns **Customer Group**.

On the **Filters** tab you can filter the budget using specific dimension values, account ranges, and date ranges. The more detailed you filter your G/L Budget the more detail you can provide in your management information. You are recommended to enter and filter your budget information as much as you enter your actual G/L entries.

1. Click the **31** time interval button to enter the budget information by month.
2. Enter a **Date Filter** for the 01/01/02..01/31/02 and a **Department Filter** for SALES.
3. On the **Options** tab, leave the **Rounding Factor** as None and select the **Show Column Name** field.
4. Enter the following budget values for January 2002:

G/L Acc.	Intercom.	Large Business	Medium Business	Private	Small Business
6110	-20000	-15000	-10000	-5000	-1000
6120	-15000	-10000	-8000	-1000	
6130	-10000	-5000	-3000		

By entering each amount you create a budget entry. By clicking the **AssistButton** for the amount, you can change the existing dimensions for the budget entry and add extra dimensions not included in the Budget window in the G/L Budget Entry Dimensions window.

If you want to use all four dimensions to create your budget, you could create budget entries with amounts for each budget row and column with all the combinations of the dimensions. You would either do this by changing the filter each time for each combination or manually entering many budget entries with different dimension combinations. This can be very time consuming, so it is recommended that for creating a large multi-dimension budget for the first time, that the budget structure be exported to Microsoft® Excel and the data entered there. The finished budget can then be imported into the program using the Import Budget from Excel batch job.

If you delete the amount in the Budget window, the program creates a negative budget entry to maintain the traceability of the budget changes. However, you can always delete or modify budget entries directly in the G/L Budget Entry window.

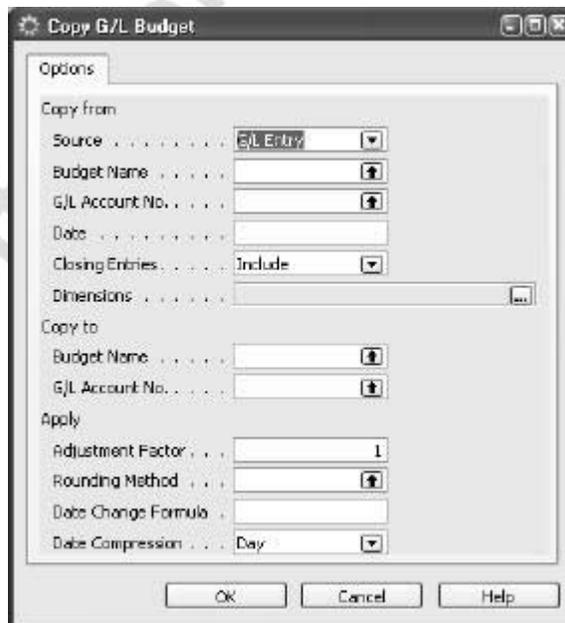
NOTE: You may use a Begin Total account for entering budget amounts for an account group. For example, if you enter the amount -50,000 for Account No. 6105. This value is used as a budget for the entire account group 6110..6190. If you enter an amount for the Begin Total account and an additional amount for another account of this group, for example 6120, the program will add BOTH amounts in the End Total account on 6195.

The total amount will not be split into partial amounts to the existing G/L accounts of this group. If you want to compare your budget entries with the G/L entries by individual account (and not on the base of an account group), you have to enter your budget information account by account.

Copying Budget Entries

To avoid manually entering a new budget, you can copy from existing G/L Budget entries or from G/L Entries.

1. In the Budget window, select 2002 budget that you have just created.
2. Click FUNCTIONS→COPY BUDGET. The Copy G/L Budget window appears:



The Copy G/L Budget batch job allows you to select the budget or G/L entries to copy to create the new budget. You specify the **Copy from** source, the **Copy to** destination and how the information is to be copied.

Copy from Source

You specify the **Source** by selecting the entry type:

Field	Definitions
G/L Entry	The budget is based on actual G/L entries for a specified period. You can specify an account range and/or date range in the G/L Account No. and Date fields to determine the information to be copied and whether to include Closing Entries . If you click the AssistButton in the Dimensions field, you can select the dimensions to be copied to the new budget entries. You can also further filter the information copied by setting specific dimension value filters.
G/L Budget Entry	The budget is based on G/L Budget entries of an existing budget. You must enter an existing Budget Name to copy from. You can then specify an account range and/or date range in the G/L Account No. and Date fields if you want to filter the information copied. If you click the AssistButton in the Dimensions field, you can select the dimensions that will be copied to the new budget entries. You can also filter the information copied by setting specific dimension filters.

Copy to Destination

You can select a new **Budget Name** to copy the budget to by clicking the **AssistButton** in the **Budget Name** field. To copy multiple entries to a single G/L account, you can specify that account in the **G/L Account No.** field under the **Copy To** section.

Apply (When Copying)

You have several calculation options you can apply when copying the budget.

Field	Definitions
Adjustment Factor	The program can multiply the source entries by an adjustment factor when it copies the entries.
Rounding Method	You can specify how the new budget entries are rounded.
Date Change Formula	You can enter a formula that calculates the date for the new entries based on the entries being copied, for example 1M for the next month.
Date Compression	To reduce the number of new entries created, you can compress the entries copied by a selected period.

You now want to create some new budget entries for the same dimension filtering for February 2002. Sales in February are budgeted to be 10% greater than in January. Instead of manually entering the budget information, you are to use the Copy G/L Budget batch job.

The Copy G/L Budget batch job should be completed as follows:



1. In the **Dimensions** field, make sure you have selected the dimensions included in you budget you are copying. For this exercise, these will be the Department, Area, Customer Group, Business Group.
2. Click **OK** and click **Yes** to confirm starting the batch job. Click **OK** when the program informs you that the entries have been copied.
3. In the Budget window, select the REGION02 budget and set the date filter to 02/01/02..02/28/02. Alternatively, you can click the **Next Period** button at the bottom of the window to change the budget display from January 2002 to February 2002.
4. Click the **AssistButton** in any amount field to see the G/L budget entries that were created by the batch job.

Exporting Budgets to Excel

You can use the Export Budget to Excel batch job to export a budget from the program to a Microsoft Excel workbook. You can then use Excel to modify and add to the existing budget. You can also make new budgets based on the exported budget figures. Alternatively, you can create a new budget based on actual figures from an exported account schedule. You can import the budget back into the program using the Import Budget from Excel batch job.

1. In the Budget window, select Budget REGION02 and click FUNCTIONS→EXPORT TO EXCEL. The Export to Excel window appears.
2. On the **G/L Budget Entry** tab, the program will have filled in the **Budget Name** and **Global Dimension** and **Budget Dimension** filters that were contained in the budget as default values. For the REGION02 budget, the SALES department has been filled out. You can always change the filters and **Budget Name** if you want. The filters determine the entries exported to Excel. You can only select those budget dimensions that were contained in the budget selected.

***NOTE:** If you have set filters for dimensions on the G/L Budget Entry tab, you must always specify the same dimensions in the Column Dimensions field on the Options tab. If you fail to do this, dimension information will be lost if you import the budget back into the program from Excel.*

3. Click the **Options** tab.
4. On the **Options** tab, you can further define the exported entries:

Field	Description
Start Date	Enter the first date to be included in the budget to be exported to Excel.
No. of Periods	Specify the number of periods to be exported to Excel.
Period Length	Specify the length of the periods for the budget to be exported to Excel.
Column Dimensions	You specify which dimensions will be shown as columns when the budget is exported to Excel. These should include the dimensions set as filters on the G/L Budget Entry tab.
Include Totaling Formulas	Place a check mark in the field if you want sum formulas to be created in Excel based on the Totaling fields used in the Chart of Accounts window and also for totaling dimension values.

Importing Budgets Created or Maintained in Excel

After you have downloaded the budget to Excel, you can modify the data without accessing the program database. You can then import the changed data into the program to create a new budget or amend an existing budget.

NOTE: As you can see from the example Excel file that was exported, the dimension filter and budget name information must be entered in Excel in specific locations in the worksheet. The columns must also be in the correct order for the budget to be imported correctly. It is therefore recommended that you create the structure for the budget including any dimension value filters and export this structure to Excel. You can then add extra dimension columns and dimension value filter rows as necessary to both the Excel sheet and the budget dimensions for the budget in the program before you import the finalized budget amounts.

To import the Excel budget:

In the Budget window, click FUNCTIONS→IMPORT FROM EXCEL. The Import Budget from Excel window appears.

Enter the **Excel Workbook File Name** and **Worksheet Name** that the budget is saved in. Then select the **Budget Name** to import the entries to and choose the method of importing entries to the budget in the **Option** field:

Option	Description
Replace Entries	Imported entries will replace existing entries with the same dimension, date and G/L Account combination.
Add Entries	Imported entries will be added to existing entries with the same dimension, date and G/L Account combination. This can be used if you want to create a single consolidated budget from a number of individual budgets created in separate Excel Worksheets.

You can also enter a **Description** that is assigned to the entries imported when you run the Import Budget from Excel batch job. This helps to distinguish the entries from other G/L budget entries that were either entered directly in the program or imported previously.

Test Your Skills – Creating Budgets

Scenario: You want to enter a new G/L account budget by area for the sales for the Medium-sized Industrial Customers. The new budget will have the following information in the G/L Budget Names window:

Field	Value
Name	REGION02
Description	Sales by Region 2002
Budget Dimensions	BUSINESSGROUP, CUSTOMERGROUP, AREA

In the Budget window, select the REGION02 budget and select the following settings:

Field	Value
Show as Lines	G/L Accounts
Show as Columns	AREA
Date Filter	01/01/02..01/31/02
Department Filter	SALES
Businessgroup Filter	INDUSTRIAL
Customergroup Filter	MEDIUM
Show Column Name	Yes
Rounding Factor	None
Time Interval Button	31

The budgeted revenues are as follows:

Area	G/L Account	Budgeted Amount
Europe North (EU)	6110	-400,000.00
Europe North (EU)	6120	-100,000.00
Europe North (Non EU)	6130	-80,000.00
Europe South	6120	-120,000.00
America North	6130	-90,000.00
America South	6130	-50,000.00

All Skill Levels

Your task is: Using the Financial Management menu items, create and copy Budgets based on the criteria listed above.

Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

- 1.

- 2.

- 3.

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CHAPTER 6: RECEIVABLES MANAGEMENT

This chapter contains the following sections:

- Analyzing Receivables
- Applying Customer Ledger Entries
- Applying Customer Ledger Entries in Foreign Currencies
- Unapplying Customer Ledger Entries
- Reversal of Journal Postings
- Payment Discounts
- Payment Tolerance
- Reminders and Finance Charge Memos

Overview

In this chapter, we will only focus on the parts of the Finance and Sales & Marketing application areas that relate directly to receivables functionality. First, you will learn about the structure of customer ledger entries and detailed ledger entries. Then, you will learn how to deal with more complex scenarios when applying customer ledger entries, including multiple entry application, applying after posting and applying with different currencies. We will look at Unapplying Entries, Payment Discounts, Payment Discount Tolerance and Payment Tolerance are discussed in detail. The final section in this chapter outlines the collections management features in the program, Reminders and Finance Charge Memos.

Analyzing Receivables

Analyzing Customer Ledger Entries

If you want to take a closer look at your customers and the business that you do with each of them, you can use the Customer Ledger Entries window. From this window you can see all ledger entries relating to the selected customer. You cannot modify the customer ledger entries, but you can use the window for analytical purposes.

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→CUSTOMERS.
(Alternatively, from the Sales & Marketing menu, click SALES→CUSTOMERS)
2. On the Customer card search for Customer 30000.
3. Click CUSTOMER→LEDGER ENTRIES.

You can now see a list of all ledger entries relating to this customer.

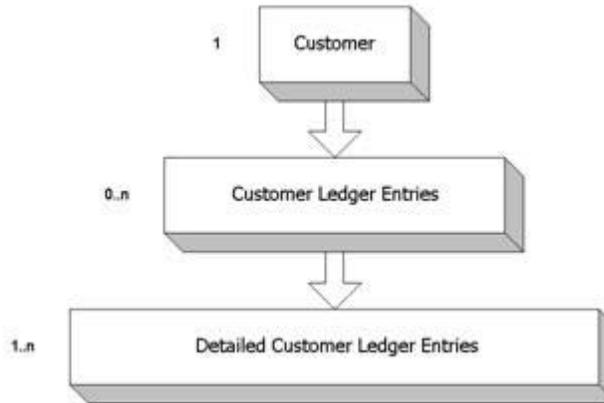
If you select a regular invoice line and click ENTRY→REMINDER/FIN. CHARGE ENTRIES, you can access a list of all reminders and finance charge entries that have been issued in relation to the selected invoice. You can use this information to see how timely your customer is when it comes to paying the bills.

Also from the **Entry** button, you can access the Detailed Cust. Ledge. Entries window, which shows you the details for the line you had highlighted in the Customer Ledger Entries window. In addition, you can drill down on some of the amounts on the customer ledger entry, to see the related detail.

Detailed Customer Ledger Entries

Customer entries consist of the Customer Ledger Entries and a 'sub'-entry called the Detailed Cust. Ledge. Entry. There are identical Vendor Ledger Entries and Detailed Vendor Ledger entries in the Purchases and Payables application areas. The Detailed Cust. Ledge. Entries stores the actual amounts of an invoice, credit memo, payment, discount etc., while the Customer Ledger Entries are a picture of the amounts as flowfields.

The structure of the entries is shown in the diagram below:



Changes made to original customer entries can be analyzed using the Detailed Cust. Ldg. Entries. This entry type contains all entries related to the original document.

Adjustments to Customer Ledger Entries are common when you have international customers that have their ledger entries adjusted for changes in exchange rates or payments in foreign currency. When granting discounts, it is also necessary to adjust Customer Ledger Entries if a customer makes a payment before the due date for a payment discount. Detailed Cust. Ldg. Entries also provide traceability of all payments and payment applications to invoices.

To demonstrate the traceability, we have provided an exchange adjustment example and a payment discount example for you to complete.

Example – Detailed Cust. Ldg. Entries

Exchange Rate Adjustment to Customer Transactions

1. Set up a new customer with the following properties:

Tab	Field	Value
General		
	Name	Selangorian XYZ Ltd.
	Address	11 West Side Road
	Post Code	US – NY 11010
	Country Code	US
Invoicing		
	Gen. Bus. Posting Group	Export
	VAT Bus. Posting Group	Export
	Customer Posting Group	Foreign

Tab	Field	Value
Payment		
	Application Method	Manual
	Payment Terms Code	21 Days
	Payment Method Code	Bank
	Reminder Terms Code	Foreign
Foreign Trade		
	Currency Code	USD

- Close the customer card window and create and post two invoices for this new customer as follows:

Invoice	Posting Date and Document Date	Item Number	Quantity
1	12/31/00	70100	100
2	01/01/01	70102	100

You have posted these two invoices with an exchange rate of 100USD = 64.8824 LCY, which was the exchange rate from 1999. You now want to adjust the LCY value of the balance owed by the customer so that it is based on current exchange rates.

For this example, we will enter two new exchange rates and run the Adjust Exchange Rates batch job twice to see the effect on the customer ledger entries and detailed ledger entries.

- Click FINANCIAL MANAGEMENT→GENERAL LEDGER→PERIODIC ACTIVITIES→CURRENCY→CURRENCIES. The Currency window appears. Select the USD Currency and click the **Exch. Rates** button.
- Enter the following exchange rate:

Field	Value
Starting Date	01/01/01
Relational Exch. Rate Amount	65.7091
Relational Adjmt. Exch. Rate Amount	65.7091
Fix Exchange Rate Amount	Currency

- Set up another Exchange Rate for 01/01/01 using 63.1752 instead of 65.7091.

6. Click RECEIVABLES→CUSTOMERS. Search for the customer card for Selangorian XYZ Ltd. Click CUSTOMER→LEDGER ENTRIES to display the Customer Ledger Entries you have created. You can also display the **Original Amount**, **Amount** and **Remaining Amount** fields in LCY by using the VIEW→SHOW COLUMN function.
7. Select the first customer ledger entry and click ENTRY→DETAILED LEDGER ENTRIES.

The Detailed Customer Ledger Entry window contains all entries that have been made in relation to the original customer entry. Since we have only posted the invoice so far, there is only one detailed customer ledger entry that has an **Entry Type** of Initial Entry.

8. Close these windows. Click GENERAL LEDGER→PERIODIC ACTIVITIES→CURRENCY→ADJUST EXCHANGE RATES to start the Adjust Exchange Rates batch job.
9. Select USD in the **Code** field on the **Currency** tab.
10. Enter the following on the **Option** tab

Field	Value
Starting Date	Leave Empty
Ending Date	12/31/00
Posting Date	12/31/00
Document No.	EXCH0001

Leave the check mark in the **Adj. Customer, Vendor and Bank Accounts** field so that all open entries in foreign currency can be adjusted if necessary.

11. Click **OK** to run the batch job.
12. Run the Adjust Exchange Rates batch job again, this time using an **Ending Date** and **Posting Date** of 01/25/01 and entering EXCH0002 in the **Document Number** field.
13. Click PERIODIC ACTIVITIES→CURRENCY→EXCHANGE RATE ADJMT. REGISTERS to open the Exchange Rate Adjmt. Register window to see the changes to the balances that resulted from your exchange rate adjustments.
14. Open the customer card for Selangorian XYZ Ltd. and click CUSTOMER→LEDGER ENTRIES.

Notice that the **Amount (LCY)** and **Remaining Amount (LCY)** fields on the first and second entry have now changed from 202.48 to 197.15. This is because we ran the batch job to 01/25/01, which is after the posting date of both invoices. To see how the first entry was changed, click the AssistButton in the **Remaining Amount (LCY)** field to open the Detailed Customer Ledger Entries window.

You can see that the first time you ran the Adjust Exchange Rates batch job, an Unrealized Gain entry was posted. This represents the exchange rate difference between 01/01/99 and 12/31/00. The second time you ran the batch job, two entries were posted relating to the exchange rate difference between 12/31/00 and 01/25/01. The first entry reverses the Unrealized Gain that was posted when you ran the batch job the first time. The second entry posts an Unrealized Loss equal to the exchange rate difference between 01/01/99 and 01/25/01. The type of change can be seen in the **Entry Type** field on the detailed customer ledger entry.

If you look at the detailed customer ledger entries for the second invoice, you can see that a single Unrealized Loss entry has been created the second time you ran the Adjust Exchange Rates batch job. No detailed entries were created the first time you ran the batch job, since the Ending Date used the first time was before the Posting Date of the second invoice.

Example – Detailed Cust. Ledg. Entries

Payment Discount

1. From the Receivables menu, click **Cash Receipt Journals**.
2. Enter the following in the first line:

Field	Value
Posting Date	01/18/01
Document Type	Payment
Document No.	Leave as is
Account Type	Customer
Account No.	42147258

3. Click the **AssistButton** in the **Applies to Doc No.** field, select the only ledger entry for this customer and click **OK**. The program will fill in the discounted invoice amount.
4. Post the payment and close the Cash Receipt Journal window.
5. Click **Customers** and select Customer 42147258.
6. Press **CTRL + F5** to display the Customer Ledger Entries window.
7. To see the detailed ledger entries that make up the flowfield balance for any field in the customer ledger entry, click the **AssistButton** in the field.

The **Original Amount** field on a customer ledger entry contains the Amount on the detailed ledger entry with an **Entry Type** = Initial Entry. This is the original amount that was posted from the document or journal.

The **Amount** field on a customer ledger entry contains the sum of the **Amount** field on all detailed ledger entries for that customer ledger entry, except for entries with an **Entry Type** = Application. This means the **Amount** and **Amount (LCY)** fields include payment discounts and exchange rate adjustments.

The **Remaining Amount** field contains all detailed ledger entries related to that customer ledger entry including any application of the entry.

8. If you click the **AssistButton** in the **Remaining Amount** field on the Payment customer ledger entry, you can see the initial payment entry, the discount calculation and the application.

Balance to Date Report

With the creation of detailed ledger entries, the Customer – Balance to Date report now shows both the balance of all customer ledger entries as well as any entries that have caused a change in the balance to date. Click **RECEIVABLES**→**REPORTS**→**CUSTOMER– BALANCE TO DATE REPORT**. Run the report for customer 20000 with a date of 01/19/01 you can see how two credit notes have been applied to Invoice 00-8, reducing the balance outstanding on Invoice 00-8 from 50,778.50 to 48,845.77.

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Test Your Skills – Analyzing Receipts and Exchanges

Scenario: Cronus' customer 10000 places two orders for 100 pieces of item 70201. The first order is placed on 12/31/01, and the other is on 01/01/02 and is posted in Canadian dollars. The customer then sends a check in the local currency for 200.00 that will partially pay both invoices. Meanwhile the Currency Exchange Rate from the local currency to the Canadian dollar has changed to 42.750 on 01/01/02 and the adjustment needs to be made to the sale.

All Skill Levels

Your task is: Determine and confirm when the Unrealized and Realized Loss entries are created in the posting process by viewing the posting dates in the Detailed Customer Ledger Entries.

Applying Customer Ledger Entries

In this section you see how to process and apply a single cash receipt to a single invoice, where the receipt amount fully paid the invoice. You also see how to apply a partial payment or refund to an invoice or credit memo. You can also apply the cash receipt or refund to the customer's ledger as an open cash receipt or refund, not specifying an invoice or credit memo to apply it to.

Applying Cash Receipts

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→CASH RECEIPT JOURNALS.
2. Enter a **Posting Date** of 01/25/01.
3. Select a **Document Type** of Payment.
4. Leave the **Document No.** field as it is.
5. In the **Account Type** field, select Customer.
6. Select the customer 20000.
7. You can leave the **Amount** field empty or enter the payment amount in this field.

In most cases, you will know the payment amount from the check or the deposit information, so you can enter it. It is also easier to compare the payment amount with the **Remaining Application Amount**, when you enter the payment amount in the **Amount** field of the Cash Receipt Journal line. The Apply Customer Entries window contains a difference in the **Balance** field.

For this example, however, leave the **Amount** field blank.

8. In the **Balance Account Type** field, select Bank Account.
9. For **Bal. Account No.**, select WWB-OPERATING.

Now you can apply this one line in the journal to open customer ledger entries.

10. Click FUNCTIONS→APPLY ENTRIES. Alternatively, you can press **SHIFT + F9**.

The Applies Customer Entries window displays the open entries for Customer 20000.

11. Move to the **Applies-to ID** field on the **Invoice 103002** entry with **Document No. 103002**.

12. To apply this entry to the cash receipt line, press **F9**. Alternatively, you can click APPLICATION→SET APPLIES-TO ID at the bottom of the window.

13. Do the same on **Order 101007** entry with **Document No. 103014**.

All items marked with the same Apply-To ID are applied to the same cash receipt line.

14. Click **OK**.

The amount for both invoices has been copied to the **Amount** field in the Cash Receipt Journal window. Now we are ready to post.

15. Click POSTING→POST and click **Yes** to post the journal.

This example showed how to apply multiple invoices with an entry that has a **Document Type** of Payment. You can also apply invoices and credit memos to the same cash receipt line. If the total amount for the applied invoices in the example is larger than the total applied credit memo amounts, you can apply them to a cash receipt line with a **Document Type** of Payment.

It is also possible to apply multiple credit memo entries and invoice entries to a customer refund. The only differences in the application process are as follows:

- In the Cash Receipt Journal window the **Document Type** should be Refund.
- In the Cash Receipt Journal window the **Amount** field must be positive.
- The total amount for the applied credit memos is larger than the total applied invoice amounts.

Applying Partial Payments

There are two ways to apply partial payment amounts to an entry when necessary – applying at the time you process a cash receipt and applying after a cash receipt has been processed without an application to an invoice.

Applying a Partial Payment at the time the cash receipt is processed

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→CASH RECEIPT JOURNAL.
2. Fill in the Cash Receipt Journal including the amount of the partial payment.
3. Select FUNCTIONS→APPLY ENTRIES.
4. Select the entry to be applied, click on APPLICATION→SET APPLIES-TO ID. Notice that in the In the **Amount to Apply** field, on the entry line, the full amount of the entry has been set.

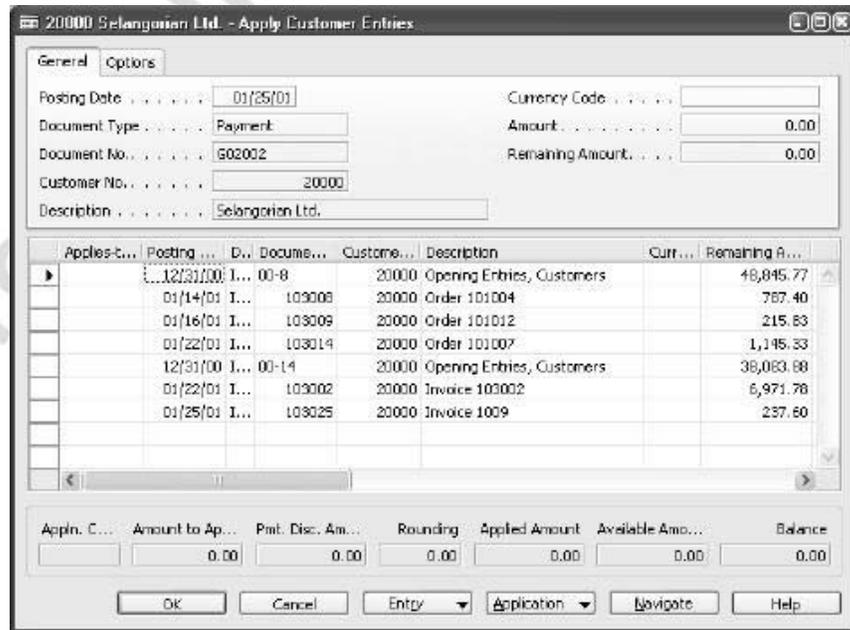
5. Change the amount to the partial amount to be applied to the invoice. The **Balance** at the bottom of the window is now zero.
6. Click **OK** then post the Cash Receipt Journal.
7. Review the Customer Ledger Entries to view the partial application.

Applying a Partial Payment after a cash receipt has been posted

1. Process a payment through the Cash Receipt Journal but do not apply the payment to an invoice.
2. Click FINANCIAL MANAGEMENT→RECEIVABLES→CUSTOMERS.
3. Select the customer and drill down on the **Balance (LCY)** field to the Customer Ledger Entries.
4. Select FUNCTIONS→APPLY ENTRIES.
5. Select the partial payment entry that has not yet been applied, click APPLICATION→SET APPLYING ENTRY.
6. Select the entry to be applied, click APPLICATION→SET APPLIES-TO ID. Notice that in the **In the Amount to Apply** field the full amount of the entry has been set.
7. Change the amount to the partial amount to be applied to the invoice. The **Balance** at the bottom of the window is now zero.

Apply Customer Entries Window

Let’s take a look at the Apply Customer Entries window.



- The **General** tab contains the applying entry. This entry determines if you get payment discount, tolerance and/or realized gains or losses on currencies.
- The **General** tab must contain an entry otherwise you are not allowed to post.
- The **Options** tab allows you to choose whether only the entries that are marked for this application are shown.
- Balancing fields are available to track the application at the bottom of the form. These include: **Appln. Currency, Amount to Apply, Pmt. Disc. Amount, Rounding, Applied Amount, Available Amount** and **Balance**.
- Click the **Application** button. The **Set Applying Entry** is used to set an entry as the applying entry in the **General** tab.
- The **Remove Applying Entry** is used to remove the applying entry from the **General** tab.
- The **Set Applies-to ID** is used to set the **Applies-to ID** field on the line for each line that will be applied against the **Applying Entry** in the **General** tab.
- Use the **Post Application** to post the application.

Applying Entries after Posting

In some cases you may have posted a payment, credit memo, or refund without applying it to any open customer ledger entries. You can still apply payments, credit memos, and refunds in the Customer Ledger Entries window after you have posted them.

1. Create and post a cash receipt journal for invoice 00-13 for Customer 30000 using the following information:

Field	Value
Document Type	Payment
Posting Date	01/25/01
Bal. Account Type	Bank
Bal. Account No.	WWB-OPERATING
Amount	-80,399.29

Make sure you do NOT apply the payment by leaving the **Applies-to Doc. No** field blank.

2. Click FINANCIAL MANAGEMENT→RECEIVABLES→CUSTOMERS.
3. Browse to customer 30000.
4. Click CUSTOMER→LEDGER ENTRIES.

5. Click FUNCTIONS→APPLY ENTRIES (or press Shift+F9.)
6. From the Apply Customer Entries window, select the line with the payment you have just posted.

The **Remaining Amount** is -80,399.29. Click APPLICATION→SET APPLYING ENTRY. Notice that the **General** tab in the header has been filled in with the payment information.
7. Now select the line with invoice 00-13. The **Remaining Amount** is 80,399.29.
8. Press **F9** to include the entry in the application. Alternatively, click FUNCTIONS→SET APPLIES-TO ID.
9. After you have selected all the entries for the application, you can see whether the application balances at the bottom of the Apply Customer Entries window. If the application does not balance it is posted anyway. This allows the program to record partial payments and applications.

WARNING: It is very important to have the cursor placed on the correct ledger entry when you are ready to post. If you are applying an already-posted payment or credit memo to multiple invoices, you **MUST** ensure that you highlight the credit memo or payment line before you click Application, Post Application. If you are applying a credit memo, this is so the program will reduce the Remaining Pmt. Disc. Possible on the invoice. If you are applying a payment or refund, the program will include payment discount information when calculating the payment or refund amount. As a result, it is strongly recommended that you only include **ONE** entry with Document Type = Payment or Refund when you apply already-posted entries.

10. Make sure you have the payment line selected and click APPLICATION→POST APPLICATION or press **F11** to apply the entries. The **Post Application** window appears.



This window contains the **Document No.** and **Posting Date** for the customer ledger entry that you had the cursor on when you clicked Post Application. The date displayed is used as the posting date of the application of the entries. If you want, you can change both values. You can apply entries in a closed period by changing the posting date to a date in the current open period. You can also change the document number if you want to use a different document number to identify the application postings.

11. When you are satisfied with the document number and posting date click **OK** to post the application.

NOTE: If you are not using the payment tolerance features, the program applies the payment amount as follows.

If the payment is greater than the amount of the invoices applied to, the difference will be recorded as a Remaining Amount on the payment line and all invoices will be closed.

If the payment is less than the amount of invoices applied to, the invoices will be fully applied and closed in order of date (oldest first). The difference will be recorded as a Remaining Amount on the invoice(s) not fully applied to.

Exercise – Posting and Applying a Payment to Multiple Invoices

You have received a payment of 6,000.00 EUR into the WWB-OPERATING bank account from customer 49633663 to settle their outstanding balance.

In the Cash Receipts Journal window enter and apply the payment to the relevant customer ledger entries. Use 01/25/01 as posting date.

Applying Customer Ledger Entries in Foreign Currencies

Apply customer entries with different currencies

If a customer has customer ledger entries in different currencies (for example when they have changed their base currency to Euro), it is easy for you to apply these entries with one payment. Let's take a look at the following example.

Scenario – Foreign Currency Application

Beef House originally used to conduct all its business in Norwegian Kroner as this was the currency of its parent company. To allow it to expand further into the European market, it has decided to change its transaction currency to euro.

To create the situation where Beef House has outstanding invoices in both NOK and EUR, you need enter and post a sales journal:

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→SALES JOURNALS.
2. Enter the following information into the journal:

Field	Line 1	Line 2
Posting Date	01/03/01	01/04/01
Document Type	Invoice	Invoice
Document No.	Leave the default	Leave the default
Account Type	Customer	Customer
Amount	16,000.00	12,800.00
Bal. Account Type	G/L Account	G/L Account
Bal. Account No.	6120	6120

3. Post the journal.

Now we've posted the NOK transactions, let's take a look at the customer ledger entries for Beef House.

1. Click on **Customers** and search for customer 49525252, Beef House.
2. Press **CTRL + F5** to open the Customer Ledger Entries window from the customer card.

You can see the customer now has open entries in two different currencies. Invoice G01001 from the 01/03/01 is in NOK and invoice 2803 from 01/08/01 is in EUR.

You receive a payment on 01/17/01 of 6,042.19 EUR at the WWB-Operating bank. This payment should be applied to invoice G01001 and invoice 2803.

1. Create a journal line in the Cash Receipt Journal window for the receipt. Enter -6,042.19 in the **Amount** field and press **SHIFT + F9** to apply the payment to the two invoices.

For each entry in the Apply Customer Entries window, the program converts the **Remaining Amount** into the **Appln. Currency** and displays the value in the **Appln. Remaining Amount** field. If you look at the two NOK transactions, they have a remaining amount in EUR of 2,542.19 and 2,033.75.

2. Press **F9** to set an **Apply-to ID** on document G01001 and 2803.
3. Click the **OK** button in the Apply Customer Entries window to return to the Cash Receipt Journal window.
4. Post the cash receipt journal.

If you look at the customer ledger entries, you can see that all entries involved in the application are closed.

Sometimes when you apply amounts in different currencies, rounding differences can occur. If you are expecting rounding differences on payments, you can set an **Appln. Rounding Precision** for each currency in the corresponding field in the Currency window. This value should only be a rounding tolerance amount.

Apply Partial Payments in Different Foreign Currencies

Your customer has changed the base currency. Before they did this, they paid a part of an invoice in the old currency. The second partial payment was already in the new base currency.

The following example shows these transactions in more detail:

1. Click RECEIVABLES→CASH RECEIPT JOURNALS.

2. Enter the following:

Field	Value
Posting Date	01/10/01
Document Type	Payment
Doc. No.	Leave the program generated number
Account Type	Customer
Account No.	49525252
Currency	NOK

The program checks for the **Document Type** of Payment in case there is a payment discount. Before you can enter the NOK amount, you must add the column **Currency** to the Cash Receipt Journal window.

3. Click the **AssistButton** in the **Applies to Doc. No.** field. The Apply Customer Entries window opens. Select the customer entry with the Document No. G01002.
4. Click **OK** to confirm your choice and overwrite the amount in the **Amount** field in the Cash Receipt Journal window with the value NOK -500.00.
5. Enter the **Bal. Account Type** of Bank Account and the **Bal. Account No.** of WWB-OPERATING.
6. Post the journal.

The next partial payment came on 01/14/01.

1. In the Cash Receipt Journal window enter the following:

Field	Value
Posting Date	01/14/01z
Document Type	Payment
Doc. No.	Leave the program generated number
Account Type	Customer
Account No.	49525252
Currency	EUR

2. Click the **AssistButton** in the **Applies to Doc. No.** field. The Apply Customer Entries window opens. Select the customer entry with the Document No. G01002.

3. Click **OK** to confirm your choice. Click **Yes** to the question ‘The Currency Code in the General Journal Line will be changed from EUR to NOK. Do you want to continue?’
4. Overwrite the **Currency Code** and the **Amount** field in the Cash Receipt Journal window with the values EUR -400.00.
5. Enter the **Bal. Account Type** of Bank Account and the **Bal. Account No.** of WWB-OPERATING.
6. Post the journal.

You can see how the partial payments affect the original customer ledger entry when you open the Customer Ledger Entries window for Beef House and click the **Assist** button in the **Remaining Amount** field on the entry for invoice G01002.

All the detailed customer ledger entries shown are in NOK. This is because the EUR Payment was converted to the invoice currency of NOK when it was applied. You can verify this by selecting the 01/14/01 detailed entry and clicking the **Navigate** button.

Select the Detailed Customer Ledger Entries and click **Show** to see the entries associated with the Euro payment on 01/14/01.

There are three detailed customer ledger entries involved with posting the payment and applying the payment to an invoice. The first entry has an **Entry Type** of Initial Entry and contains the amount and currency of the payment. This matches the single entry for the payment in the Customer Ledger Entries window with Payment as the **Document Type**.

The remaining two entries are the application entries, both of which have an **Entry Type** of Application:

- The first application entry is the application entry for the Invoice Customer Ledger Entry. It is the same as the Initial Entry except that it has the due date and is in the currency of the invoice to which it is applied. The program posts this entry to reduce the **Remaining Amount** on the Invoice Customer Ledger Entry.
- The second application entry is the application entry for the Payment Customer Ledger Entry. It contains the same currency and due date as the Initial Entry but the amount has the opposite sign. The program posts this entry to reduce the **Remaining Amount** on the Payment Customer Ledger Entry.

Test Your Skills – Manually Apply Cash Receipts

Scenario: Customer 10000 has sent a check for the remaining 100.00 in local currency from the invoices in the previous example. However, no invoice was referenced and the Accounts Receivables clerk posted the payment without applying it to any invoice.

All Skill Levels

Your tasks are as follows:

- Manually apply the cash payment to close out the invoices.
- Manually apply the receipt to Multiple Currencies.

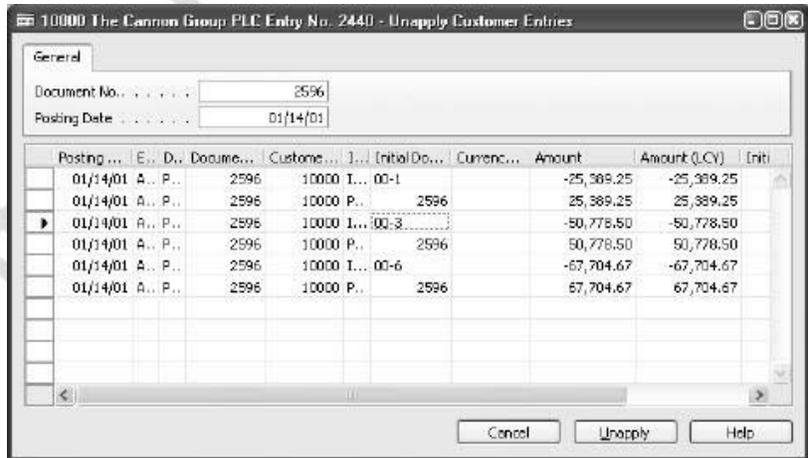
Unapply Customer Ledger Entries

The Unapply Customer Ledger Entries functionality allows entries to be reversed so that the proper application can be processed. It is possible to unapply customer ledger entries from two different forms: the Customer Ledger Entries and the Detailed Cust. Ledg. Entries.

It is important to note that it is only possible to unapply from the bottom-up, which means that if an entry has been applied by more than one application entry, you must unapply the last application entry first.

Unapplying a Ledger Entry from Customer Ledger Entries

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→CUSTOMERS.
2. Drill down on the **Balance (LCY)** field to the Customer Ledger Entries.
3. Select an entry to unapply.
4. Click FUNCTIONS→UNAPPLY ENTRIES.
5. The Unapply Customer Entries window shows the original detailed ledger entries that will be used to unapply the original entry. Select the corresponding entry to unapply.



6. Click the **Unapply** button.
7. Click **No** to stop the unapply process. Click **Yes** to proceed. When the entry is unapplied the program creates a new entry with opposite sign in the **Amount** field.
8. A message appears to confirm the posting.

9. Review the Customer Ledger Entries and note that the **Remaining Amount** now exists and that the **Open** column now has a check mark indicating that it is an open entry.

It is now possible to apply the open amount to the correct entry using the Apply Customer Ledger Entries functionality.

Reversal of Journal Postings

In this section you see how to reverse Customer Ledger Entries processed through journal postings, such as Sales Journals or Cash Receipt Journals.

It is very important to note the following:

- Only entries with the field **Journal Batch Name** filled in can be reversed.
- Customer Ledger Entries must not have been applied.
- Bank Ledger Entries must not be closed by reconciliation.
- The total amount of G/L Entries must equal zero.
- Item Ledger Entries cannot be reversed.

Reversal of Journal Postings from Customer Ledger Entries

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→CUSTOMERS.
2. Drill down on the **Balance (LCY)** field to the Customer Ledger Entries.
3. Select an Invoice entry to reverse.
4. Since the entry was not created by a journal a message appears stating that you can only reverse entries that were posted from a journal.
5. Select an Invoice entry that was created through a Sales Journal to reverse.
6. Click FUNCTIONS→REVERSE TRANSACTION.

- The Reverse Transaction window shows the posted entries connected by the same transaction number.

Transaction No.	Entry No.	Account No.	Posting Date	Description	Document No.	Amount (LCY)	VAT
84	2440	2310	12/31/00	Opening Entries, ...	1... 00-3	50,778.50	
84	2441	2310	12/31/00	Opening Entries, ...	1... 00-3	-50,778.50	
84	2440	10000	12/31/00	Opening Entries, ...	1... 00-3	50,778.50	

- Select REVERSING→REVERSE. You can also use the **F11** shortcut key or the **Reverse and Print** option. A message will appear indicating that in order to reverse the entries, the program will post correcting entries.
- Click **No** to stop the reversal process. Click **Yes** to proceed. When the entry is reversed the program creates a new entry with opposite sign in the **Amount** fields.
- A message appears to confirm the posting.
- Review the Customer Ledger Entries and note that a new entry now exists that reverses the selected posted entry and the **Open** column indicates that the entry is closed.

Test Your Skills – Unapply and Reverse Transactions

Scenario: Customer 10000 has decided to hold payment on the last check payment of 100.00. You must unapply the payment and reverse the payment posting.

All Skill Levels

Your tasks are as follows:

- Unapply the \$100.00 payment.
- Reverse the transaction.

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Payment Discounts

There are different ways to set up a payment discount for an invoice. If the payment discount is known at the time when you enter the invoice or sales order, you can select an existing payment term or enter a new payment term for the invoice or sales order. If the payment discount is not agreed until the time the invoice is paid, then it must be handled differently. In this case, the customer reduces the payment without negotiating a payment discount. If the discount is acceptable, you can adjust the payment term for the invoice after it has been posted.

It is also possible to calculate payment discount amounts on credit memos. This enables you to automatically reduce the payment discount given on invoices that the credit memo is applied to.

Specifying the G/L Accounts for Payment Discounts

The G/L Accounts for payment discounts must be set up differently depending on whether payment discounts are to be calculated on amounts including VAT or amounts excluding VAT.

Payment Discounts Calculated on Amounts Excluding VAT

The **Pmt. Disc. Excl. VAT** field in the General Ledger Setup window determines whether the payment discounts are calculated on amounts including or excluding VAT. The payment discount amount is calculated on the amounts in document and journals as follows:

Pmt. Disc. Excl. VAT Field Status	Sales and Purchase Document	General Journals
Check Mark	Amount field	Sales/Purch. (LCY) field
Blank	Amount Including VAT field	Amount field

NOTE: If you are using journals to enter sales and purchases and you have a check mark in the **Pmt. Disc. Excl. VAT** field, you must enter an amount in the **Sales/Purch. (LCY)** field in the journal. If you do not, the payment discount will be 0.

If you select the **Pmt. Disc. Excl. VAT** field, then you must set up the payment discount accounts in the Customer Posting Group and Vendor Posting Group windows. The sales payment discount accounts in the Customer Posting Group window are as follows:

Field	Description
Payment Disc. Debit Acc.	The G/L account to which you want the program to post granted sales payment discount amounts when you post payments for sales for this particular business posting group.
Payment Disc. Credit Acc.	The G/L account to which you want the program to post reductions in sales payment discount amounts when you post payments for sales for this particular business posting group.

There are similar accounts for the purchase payment discounts given by vendors in the Vendor Posting Group window. The difference is that discounts given by vendors are posted to the **Payment Disc. Credit Acc.** and the reductions in these discounts are posted to the **Payment Disc. Debit Acc.**

Payment Discounts Calculated on Amounts Including VAT

If payment discounts are to be calculated on amounts including VAT, then VAT recalculations may need to be made if the payment discount is taken. If you want the program to recalculate tax amounts when you post payments that trigger payment discounts, select the **Adjust for Payment Disc.** field in the General Ledger Setup window. This simply enables the feature in general. You must select the **Adjust for Payment Discount** field in the relevant combinations in the VAT Posting Setup window for the recalculation to occur.

If you select the **Adjust for Payment Disc.** field, then you must set up the sales payment discount accounts in the General Posting Setup window:

Field	Description
Sales Disc. Debit Acc.	The G/L account to which you want the program to post granted sales payment discount amounts when you post payments for sales with this particular combination of business posting group and product posting group.
Sales Disc. Credit Acc.	The G/L account to which you want the program to post reductions in sales payment discount amounts when you post payments for sales with this particular combination of business posting group and product posting group.

There are similar accounts for the purchase payment discounts given by vendors. The difference is that discounts given by vendors are posted to the **Purch. Pmt. Disc. Credit Acc.** and the reductions in these discounts are posted to the **Purch. Pmt. Disc. Debit Acc.**

*NOTE: You can only place a check mark in either the **Adjust for Payment Disc.** field or the **Pmt. Disc. Excl. VAT** field in the General Ledger Setup window. However, both fields may be empty at the same time. As a result, the program will not allow you to fill in the payment discount account fields in the Customer Posting Groups and Vendor Posting Groups windows if you selected the **Pmt. Disc. Excl. VAT** field. Similarly, the program will not allow you to fill in the payment discount accounts in the General Posting Setup window if you have placed a check mark in the **Pmt. Disc. Excl. VAT** field.*

Payment Discounts Known at Time of Invoicing

The first method for recording the payment discount for an invoice is by setting the relevant payment term in the **Payment Terms** field on the **Invoicing** tab when you create the invoice. The program always uses the payment term from the customer card as a default. You can set up payment terms in the Payment Terms window. Access Payment Terms from FINANCIAL MANAGEMENT→RECEIVABLES OR PAYABLES→SETUP.

The payment discount possible for a sales invoice or sales credit memo is recorded on the customer ledger entry. The original payment discount amount at the time the invoice or credit memo was posted is recorded in the **Original Pmt. Disc. Possible** field and the **Remaining Pmt. Disc. Possible** field. The **Original Pmt. Disc. Possible** cannot be changed. If you want to change the amount of the payment discount at any time before the customer ledger entry has been fully applied, you can change the amount in the **Remaining Pmt. Disc. Possible** field.

Payment Discounts only Known at Time of Payment

In the other case, when the customer reduces the payment amount and you will post the difference as a discount, you can modify the open customer ledger entry. Only the following fields are editable: **Due Date**, **Pmt. Discount Date** and **Remaining Pmt. Disc. Possible**. The payment discount possible amount is in the currency of the invoice.

Applying Customer Ledger Entries with Payment Discount Amounts

When applying credit memos, payments and refunds, the program checks the **Pmt. Discount Date** field of the applied customer ledger entry or entries. If the posting date of the application is the same or earlier than the **Pmt. Discount Date** of the applied entry, a discount amount is calculated if the applied entry is fully applied.

Scenario – How Payment Discounts are Calculated on Fully Applied entries

A customer has an Invoice customer ledger entry for 1,000. The customer will receive a payment discount of 20 if they pay the invoice before 01/25/01. On 01/15/01 they pay 490 being half the discounted invoice amount of 980 (1,000-20). If this payment is applied to the invoice in the program, the **Remaining Amount** on the invoice customer ledger entry will be 510 and the **Remaining Pmt. Disc. Possible** will still be 20.

When the customer pays the remaining amount, you make a second payment journal and apply it to the same invoice customer ledger entry. The **Posting Date** of the journal should be the date of payment.

- If the **Posting Date** of the second payment is on or before 01/25/01, the program will calculate 490(510-20) as the payment amount needed to fully apply the invoice customer ledger entry amount of 980.
- If the **Posting Date** of the second payment is after 01/25/01, the program will calculate 510 as the payment amount needed to fully apply the invoice customer ledger entry amount of 1,000. The payment discount of 20 has not been given to the customer.

There must be full payment of the invoice by the **Pmt. Discount Date** for a payment discount to be granted or received. Partial payment discounts are not possible. The fact that the first payment was made before 01/25/01 is irrelevant if the second payment occurs after 01/25/01. The program will not post a partial payment discount of 10 for the customer. In most cases, this is acceptable as one of the purposes of granting payment discounts is to provide an incentive for customers to fully pay their outstanding amounts quickly.

Applying Credit Memos

If you apply a credit memo with a payment discount amount to an invoice, when you post the credit memo, the **Remaining Pmt. Disc Possible** amount for the invoice will be reduced by the payment discount amount for the credit memo.

If you want to apply an already-posted credit memo with a payment discount amount to an invoice:

1. Select the credit memo in the Apply Customer Entries window. Select APPLICATION→SET APPLYING ENTRY.
2. Select the invoice you want to apply the credit memo to. Select APPLICATION→SET APPLIES-TO ID.
3. Click APPLICATION→POST APPLICATION in the Apply Customer Entries window to apply the entries.

- If you look at the **Remaining Pmt. Disc. Possible** field on the invoice customer ledger entry, you will see that amount is reduced by the payment discount amount for the credit memo.

Applying Refunds and Payments to Entries with Payment Discounts

If you apply a payment or refund to entries at the same time as you post the payment or refund, the program will automatically include payment discount information on both invoice and credit memo entries when calculating the amount of the payment or refund.

When applying already-posted payments and refunds to entries with payment discount amounts, it is highly recommended that you only apply one payment or refund with each application of already posted entries.

Scenario – Applying a Payment Involving Payment Discount Changes

Your customer 49525252, Beef House, will pay the outstanding amount of the Invoice No. G01002 on 01/25/01. The customer pays EUR 1,510.00. You decide to post the payment first and apply it when you discover what the payment relates to.

To record the payment in your bank account, you must post the payment but do not apply it.

You subsequently discover that the payment was for invoice G01002. When you look at the customer ledger entries, the outstanding amount for Invoice No. G01002 was EUR 1,513.64 as follows:

Remaining Amount (NOK)	9,782.48
Less Remaining Pmt. Disc. Possible (NOK)	-256.00
Amount Due (NOK)	9,526.48
Appln. Remaining Amount (EUR)	1,554.31
Less App. Pmt. Disc. Possible(EUR)	-40.67
Amount Due (EUR)	1,513.64

If you had applied the payment when you posted it, the program would record the difference as a remaining amount. However, in this case we have decided that it is acceptable for Beef House to round the invoice to the nearest 10 Euro. We will also allow them to take the payment discount even though the 8 days for the discount has passed

- Change the **Pmt. Discount Date** for Invoice G01003 to 01/25/01.
- Modify the **Remaining Pmt. Disc. Possible** amount to 278.85 NOK. This will change the **App. Pmt Disc. Possible** amount to 44.31.
- Click APPLICATION→POST APPLICATION to apply the entries.

4. Click **Yes** to Post the Application.

Look at the Customer Ledger Entries to see that the entries are closed. Look at the Detailed Customer Ledger Entries to see the entries that are posted.

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Test your Skills – Payment Discount

Scenario: On 02/01/01 Customer 10000 purchased 200 pieces of item 70201 sends a check for the full amount less payment terms discount of 2%. However the check was received 1 day past the discount expiration date. Since this is one of your best customers you have decided to allow the customer to take the full discount on the sales invoice.

All Skill Levels

Your tasks are as follows:

- Post the Sales Invoice with a Payment Discount.
- Apply the Cash Receipt and Discount to the Invoice.

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Payment Tolerance

There are times when the amount a customer pays differs slightly, for whatever reason, from the amount invoiced. The difference in payment can be either an underpayment or an overpayment. These amounts may remain open and eventually have to be canceled out by other means. It isn't always the case that you would want to go to this trouble and would rather simply close the invoice at the time the payment is made.

Using payment tolerance allows you to close an entry even if there is a difference between the amount owed and the amount paid. You can set the payment tolerance percentage, payment discount grace period and the maximum payment tolerance amount. You can decide whether you want to receive a warning when you make an application within the payment tolerance parameters you set. You also decide to which account you would like to post the difference, so that you can keep track of amounts and the frequency. Different payment tolerances can be set up for different currencies. You can set payment tolerances on the receivables side as well as the payables side. Thus, you can work with payment tolerance on invoices and payments as well as credit memos and refunds. And you can decide to which customers and vendors you will allow or block payment tolerances.

In Microsoft® Business Solutions–Navision®, you have two types of payment tolerance.

- **Payment Discount Tolerance** – Allowing a customer to take a payment discount even though the payment discount date has passed.
- **Payment Amount Tolerance** – Accepting a slightly greater or smaller amount as full settlement of an outstanding invoice. In the program, payment amount tolerance is simply called **Payment Tolerance**.

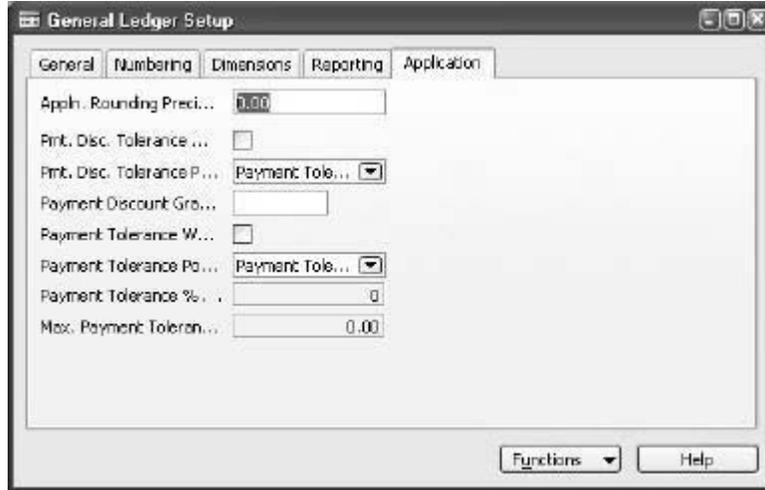
Setting up Tolerance

As a default, payment tolerance is allowed for all customers and vendors. If you choose not to allow payment tolerance, you can select the **Block Payment Tolerance** field of the customer and vendor cards to disable this feature. By repeating this process, you can also reactivate tolerance for any previously blocked customer or vendor. In each instance, you will be prompted to choose whether you want to apply or remove payment tolerance on open entries.

In this section, you see how to set up tolerances on LCY and other currencies. Either an administrator or a head bookkeeper would normally set up these tolerances.

General Ledger Setup – Application tab

Click FINANCIAL MANAGEMENT→SETUP→GENERAL LEDGER SETUP and click the **Application** tab.



The fields relating to payment tolerance are as follows.

Field	Description
Payment Discount Tolerance Warning	Select if you want to receive a warning when an application is made between the payment discount date and the payment discount tolerance date. If you routinely allow payment discount tolerances, you may want to leave this blank.
Payment Discount Tolerance Posting	Choose the type of G/L accounts to which you post payment discount tolerance. You have two choices for posting: Payment tolerance accounts and payment discount accounts. The G/L accounts for payment tolerance and payment discount are specified in the customer and vendor posting groups (or the General Posting Setup if you adjust VAT amounts for payment discounts).
Payment Discount Grace Period	Enter the number of allowed tolerance days. You must specify a date formula. Thus, if you want to allow 5 days, you must type 5D.
Payment Tolerance Warning	Select if you want to receive a warning when an application is made and you have a balance that is within the allowed payment tolerance amount.

Field	Description
Payment Tolerance Posting	Choose the G/L accounts to which you post payment discount tolerance. You have two choices for posting: Payment tolerance accounts and payment discount accounts. The G/L accounts for payment tolerance and payment discount are specified in the customer and vendor posting groups (or the General Posting Setup if you adjust VAT amounts for payment discounts).
Payment Tolerance Percentage	Contains the allowed tolerance percentage. This field is not editable. If you want to change the value in this field you must use the Change Payment Tolerance batch job, by clicking FUNCTIONS→CHANGE PAYMENT TOLERANCE in the General Ledger Setup window.
Maximum Payment Tolerance Amount	Contains the maximum tolerance amount you will allow to be applied. This field is not editable. If you want to change the value in this field you must use the Change Payment Tolerance batch job, by clicking FUNCTIONS→CHANGE PAYMENT TOLERANCE in the General Ledger Setup window.

***NOTE:** You can set one or all of these parameters. In some cases, a customer might only want to set the **Payment Discount Grace Period** field to extend their payment discounts. You may want to set only a percentage or only a maximum tolerance amount. If the **Max. Payment Tolerance Amount** field is left at 0, the program will treat it as blank and look to the **Payment Tolerance Percentage** field in calculating whether or not to allow application of a non-matching entry.*

Chart of Accounts and Customer/Vendor Posting Groups

If you want to post tolerance to a specific G/L account that is different then the normal payment discount account, you must create the accounts in the Chart of Accounts. Cronus already has the accounts created for both vendors and customers, so we will not create them. They are accounts 9160, 9170, 9260 and 9270.

These accounts are then entered in the **Payment Tolerance Debit Acc.** and **Payment Tolerance Credit Acc.** fields in the Customer and Vendor Posting Groups.

Setting Up Payment Tolerance for LCY

Now we will set some example parameters for tolerance on LCY. In this example, we will set all parameters in order to practice:

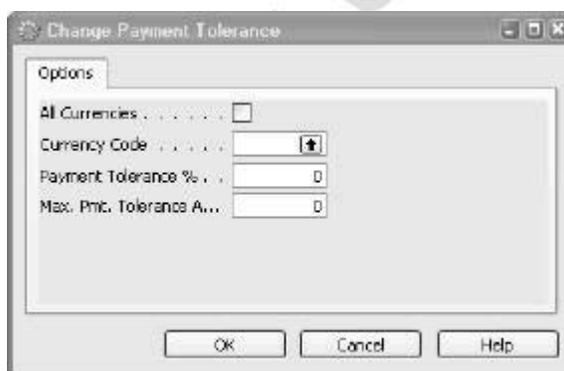
1. We would like the system to notify us if payment discount tolerance or payment tolerance is possible. To do this, select the **Payment Tolerance Warning** and **Pmt. Disc. Tolerance Warning** fields.

2. We want to use special accounts for tolerance postings, so in the **Pmt. Disc. Tolerance Posting** and **Payment Tolerance Posting** fields, choose the Payment Tolerance Accounts option.
3. We will allow a payment discount grace period of 5 days, so enter 5D in the **Payment Discount Grace Period** field.
4. Click **Yes** to update the change to existing customer and vendor ledger entries.

The **Pmt. Disc. Tolerance Date** on all open customer and vendor ledger entries for customers and vendors that are not blocked from payment tolerance will be updated.

We want to set up the payment tolerance percentage for LCY transactions to be 3% of the transaction amount. However, we do not want to allow a tolerance greater than 200LCY.

1. To set this up change the payment tolerance percentage, click **FUNCTIONS**→**CHANGE PAYMENT TOLERANCE**.



2. Leave the **All Currencies** field and **Currency Code** field empty. This means that only LCY entries will be updated with the payment tolerance change.
3. Enter 3 in the **Payment Tolerance %** field.
4. Enter 200 in the **Maximum Payment Tolerance Amount** field.
5. Click **OK** to change the tolerance.
6. Click **Yes** to update the change to existing customer and vendor ledger entries.

The **Max. Payment Tolerance** on all open LCY customer and vendor ledger entries for customers and vendors that are not blocked from payment tolerance will be updated.

NOTE: You do not have to update existing open entries. If you only want to grant payment discount tolerance or payment tolerance on new entries, you should click **No** when the program asks do you want to update existing entries.

When you have finished, the General Ledger Setup window is as follows:

Field	Value
Appln. Rounding Precision	0.00
Payment Discount Tolerance Warning	Yes (checked)
Payment Discount Tolerance Posting	Payment Tolerance Accounts
Payment Discount Grace Period	5D
Payment Tolerance Warning	Yes (checked)
Payment Tolerance Posting	Payment Tolerance Accounts
Payment Tolerance Percentage	3
Maximum Payment Tolerance Amount	200.00

Setting Up Payment Tolerance for Currencies

Once you set up tolerance on your LCY, it is possible to set it for as many other currencies as necessary for your customer base. You may also choose to set a default tolerance for all currencies by selecting the **All Currencies field** on the Change Payment Tolerance batch job. In this example, however, we will look at two ways to set up tolerance of 3% with a maximum amount of 150 in Euros and South African rand.

Payment Tolerance for currencies can also be set up using the Change Payment Tolerance batch job from the either the General Ledger Setup window or the Currencies window.

1. Click FINANCIAL MANAGEMENT→SETUP→GENERAL LEDGER SETUP.
2. In the General Ledger Setup window, click FUNCTIONS→CHANGE PAYMENT TOLERANCE.
3. In the **Currency Code** field enter EUR, Euro.
4. In the **Payment Tolerance %** field, enter 3.
5. In the **Maximum Payment Tolerance Amount** field, enter 150 and click **OK**.
6. Click **Yes** to update the change to existing customer and vendor ledger entries.

The alternative is to use the Change Payment Tolerance batch job from the Currencies window.

1. Click FINANCIAL MANAGEMENT→SETUP→GENERAL→CURRENCIES to show the Currencies window.
2. Click FUNCTIONS→CHANGE PAYMENT TOLERANCE.
3. In the **Currency Code** field, enter ZAR, South African Rand.
4. In the **Payment Tolerance %** field, enter 3.
5. In the **Maximum Payment Tolerance Amount** field, enter 150 and click **OK**.
6. Click **Yes** to update the change to existing customer and vendor ledger entries.

You can see the change by looking at the currency card for ZAR.

Posting and Applying with Payment Tolerance

In this section, we will look at the application of tolerance in several instances and how Microsoft Navision handles them.

The bookkeeper has received various payments to be applied to single or multiple invoices. The amounts paid do not match the amounts of the single or multiple invoices.

This could be because:

- The customer has deducted the payment discount even though the payment discount date has been exceeded.
- The customer has wrongly calculated the payment discount.
- The customer has combined the outstanding balance of two invoices but paid an incorrect amount that is an underpayment.
- The customer has combined the outstanding balance of two foreign currency invoices but overpaid the amount due.

For the scenarios, the following invoices were set up and posted for The Cannon Group, Beef House, and Durbandit Fruit Exporters:

Line	Posting Date	Document No.	Customer No.	Currency Code	Amount	G/L Bal. Account
1	01/10/01	G01001	10000		5,000.00	6120
2	01/11/01	G01002	10000		6,500.00	6120
3	01/15/01	G01003	49525252	EUR	1,275.00	6120
4	01/16/01	G01004	49525252	EUR	4,750.00	6120
5	01/18/01	G01005	27489991	EUR	5,845.00	6120
6	01/19/01	G01006	27489991	ZAR	25,000.00	6120

Scenario – Discount Taken Past the Date, but Within the Grace Period

You receive a payment from Cannon Group on 01/20/01 in the amount of 4,840 for invoice G01003. The invoiced amount was 5,000. Cannon Group has taken the payment discount two days past the discount date of 01/18/01. This is still within the discount grace period you have allowed in your tolerance setup.

When you enter the payment in the cash receipt journal and apply the payment to the invoice, you receive the following message:



To allow the late discount, select the appropriate option. Once you have made your choice, click **OK** to continue with the application process. The payment tolerance warning will now display. This is because the payment amount is 60 less than the remaining amount less the discount. Since 60 is smaller than the **Max. Payment Tolerance** for the invoice (150), the warning is displayed since the invoice can still be closed with the 4,840 payment.



To close both the payment and invoice entry, post the balance as payment tolerance. If you want to leave the invoice open, leave the balance as a remaining amount. Once you have made your choice, click **OK** to continue with the cash receipt posting process.

Scenario – Discount Calculated Incorrectly

You receive a payment from Cannon Group on 01/16/01 in the amount of 6,305 for invoice G01004. The invoiced amount was 6,500. You can see that although Cannon Group took the discount within the discount period, they calculated the amount incorrectly.

You apply and post the payment in the usual manner and receive the Payment Tolerance Warning.

Note, that there was no Payment Discount Tolerance Warning this time since the payment was made before the discount date. You can see that Cannon Group has calculated the discount at 3%, which is within the Max Payment Tolerance of 195 for the invoice.

Scenario – Payment Amount Differs due to the Incorrect Totaling of Two Invoices

You receive a payment from Beef House on 01/30/01 in the amount of EUR 6,000 for invoices G01005 and G01006. The total of the two invoiced amounts was EUR 6,025. The payment is within the payment tolerance amount you set on Euros, so the Payment Tolerance Warning appears.

You can close all entries by posting the balance as payment tolerance. If you choose to leave the underpayment as a remaining amount, the G1006 invoice customer ledger entry will have a remaining amount of 25.

Scenario – Overpayment Due to the Miscalculation of Multiple Foreign Currency Invoice Totals

You receive a payment from Durbandit Fruit Exporters on 01/25/01 in the amount of EUR 8,950 for invoice G01007 and G01008. The overpayment is within the tolerance amount you set on Euro, so the Payment Tolerance Warning appears.

You can close all entries by posting the balance as payment tolerance. If you choose to leave the overpayment as a remaining amount, the payment customer ledger entry will have a remaining amount of -11.82.

Tracking Tolerance

When you apply entries and post balances as payment tolerance or payment discount tolerance, the program will post a separate detailed customer or vendor ledger entry with the amount of the tolerance.

The entry types for the tolerance entries are as follows:

- Payment Discount Tolerance – This entry contains the amount of discount that was allowed even though the payment discount has passed.
- Payment Tolerance – This entry contains the amount of the underpayment or overpayment that was accepted to close the applied entries.

If you have set up the program to adjust VAT amounts for payment discounts, the VAT amounts will also be adjusted for any tolerance allowed.

To get an overview of the payment tolerance allowed for a specific customer or vendor over time, you can view statistics that provide periodic and cumulative totals relative to the payment amounts.

To view a customer's statistics:

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→CUSTOMERS. Browse to the customer card for the customer you want to analyze.
2. On the customer card, press **F9** to open the Statistics window.

The Customer Statistics window gives detailed information on the LCY value of payment discounts, payment discount tolerance and payment tolerance over time.

Field	Description
Pmt. Discounts (LCY)	This field shows the LCY value of discounts that have been taken on or before the Pmt. Discount Date.
Pmt. Disc. Tol. (LCY)	This field shows the LCY value of discounts that have been taken after the Pmt. Discount Date but within the payment discount grace period.
Pmt. Tolerances (LCY)	This field shows the LCY value of underpayments and overpayments that have been accepted in relation to the customer.

Test Your Skills – Payment Tolerance

Scenario: You have recently implemented a payment tolerance policy that absorbs 1% over or under payments of invoices, with a maximum tolerance of 50.00 (LCY). Customer 10000 places an order for 400 of item 70201 on 02/01/01 then sends a payment check for 605.00 (LCY) on 02/15/01 that will apply to only that invoice.

All Skill Levels

Your tasks are as follows:

- Set up the Payment Amount Tolerance.
- Post the Payment with the Tolerance.

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Reminders and Finance Charge Memos

In most cases you need a reminder system since you cannot expect that all customers will pay their invoices on time.

Click FINANCIAL MANAGEMENT→RECEIVABLES→SETUP to create the necessary **Payment Terms** and **Reminder Terms**. Notice, that it is very important for an accurate reminder system to use detailed payment terms.

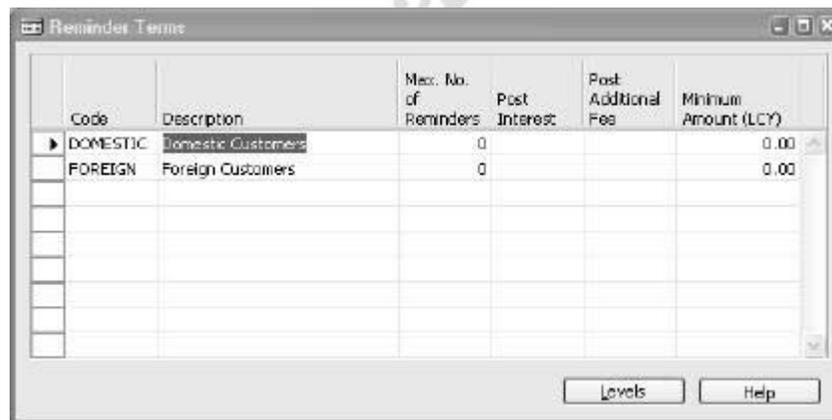
The payment term specifies the due date and the payment discount date of your order or invoice. You can modify this date in the invoice if desired. You can modify the due date, the payment discount date, and the payment discount amount in the posted customer ledger entries.

Reminder Terms

Creating Reminder Terms

Click FINANCIAL MANAGEMENT→RECEIVABLES→SETUP→REMINDER TERMS.

The Reminder Terms window allows you to setup different reminder terms and codes for your customers.



In the **Max. No. of Reminders** field, you can specify the maximum number of reminders that can be created for an invoice. This is independent of the number of reminder levels you have defined.

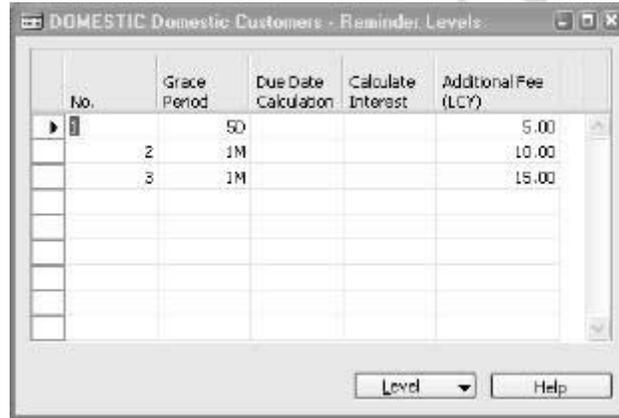
For example, you can set up three reminder levels and enter 5 in this field. Then the program will allow a given invoice to appear on up to five reminders (the first one on level 1, the second on level 2 and the rest on level 3). Once an invoice has appeared on the maximum number of reminders, all reminders to the customer will be blocked until that particular invoice has been paid. Even if the customer has other overdue invoices that have not yet reached the maximum, no further reminders can be created. If you want to create reminders even though one invoice has reached the maximum, you can either raise the maximum number of reminders or you can fill in the **On Hold** field on the customer ledger entry.

You can also specify whether any interest or additional fees listed on the reminder should be posted to the G/L and customer accounts when the reminder is issued. To post the interest and fees, select the **Post Interest** and **Post Additional Fee** fields.

For each reminder term you can specify a minimum LCY amount that must be owed before a reminder is created. The amount is recorded in the **Minimum Amount (LCY)** field in the Reminder Terms window. When you run the Create Reminders batch job for the customer, for each currency the **Minimum Amount (LCY)** is compared with the total LCY amount of the overdue transactions in that currency. If the total LCY amount, of the overdue transactions in that currency, is greater than the **Minimum Amount (LCY)** then reminder lines for all overdue amounts in that currency will be created.

You can add reminder levels to a specific reminder term by selecting the reminder term and clicking the **Levels** button in the Reminder Terms window.

The Reminder Levels window appears:



You must enter a **Grace Period** and **Due Date** for each level you create. For the first level, the grace period is the period of time that must pass from the due date of the invoice before the first reminder is created. For further levels, it is the period of time that must pass from the due date of the previous reminder before the next reminder is created.

The following shows how grace periods and due date calculations work for an invoice that is due 01/29:

Rem. Level	Invoice Due Date / Prior Reminder Due Date	Grace Period in Rem. Terms	Due Date Calc. in Rem. Terms	Document Date of reminder	Reminder Due Date
1	01/29	3D	5D	02/02	02/07
2	02/07	5D	1W	02/13	02/20
3	02/20	5D	2D	02/26	02/28

If you want interest and LCY additional fees to be calculated in your reminders, you have to define this in the levels. The content of the **Calculate Interest** field will determine whether or not interest will appear on the reminder. This will be calculated using the finance charge term code on the customer card. If you post the interest, the next reminder level will calculate interest on the interest of the last level.

Additional fees can also be created for each reminder level for each reminder term in currencies other than LCY. To do so, select a reminder level in the Reminder Levels window, and click LEVEL→CURRENCIES. Enter the currency code and fee in the Currencies for Reminder Level window.

It is also possible to add beginning text lines and ending text lines for each reminder level for each reminder term. These could contain instructions regarding payment and consequences of non-payment. You can include several pre-defined text variables in these texts.

1. In the Reminder Terms window, select a term and click **Level**.
2. Select a reminder level in the Reminder Levels window and click LEVEL→BEGINNING TEXT OR ENDING TEXT.
3. Enter your text in the Reminder Texts window. The text variables you can use include:

%1 = Document Date (from the reminder header)

%2 = Due Date (from the reminder header)

%3 = Interest Rate (from Finance Charge Terms)

%4 = Remaining Amount (from the reminder header)

%5 = Interest Amount (from the reminder header)

%6 = Additional Fee (from the reminder header)

%7 = Total (Remaining Amount + Interest Amount + Additional Fee + VAT)

%8 = Reminder Level (from the reminder header)

%9 = Currency Code (from the reminder header)

%10 = Posting Date (from the reminder header)

Once you have created your reminder terms, you can place these codes in the relevant customer cards in the **Reminder Terms Code** field.

Creating Reminders

Create Reminders Automatically

You can create reminders easily using the Create Reminders batch job. The batch job uses information from the customer card to determine the relevant terms for the reminder. You also have other extensive options, such as applying a number of predefined text options, flexible interest rates and other fees when creating reminders for your customers. You can also choose whether or not interest and/or fees should be posted to the relevant G/L and customer accounts.

Now we can try to create a reminder.

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→PERIODIC ACTIVITIES→REMINDERS.
2. In the Reminder window, click FUNCTIONS→CREATE REMINDERS.
3. Fill in the fields as follows:

Tab / Field	Description	Value
Customer tab		
No.	Enter the numbers of the customers to be included in the batch job. The batch job only creates reminders for customers with outstanding balances.	Leave empty.
Cust. Ledger Entries tab		
Document Type	Select the document type to be included in the batch job.	We want to create reminders including all document types, so leave this tab as it is.
Options tab		
Posting Date	Enter the date that appears as the posting date on the header of the reminder created by the batch job.	01/31/01
Document Date	You must enter a date that will appear as the document date on the header of the reminder created by the batch job. This date is used for any interest calculations and to determine the due date of the reminder.	01/31/01
Only Entries with Overdue Amounts	Select this field so that the batch job only inserts open customer entries with a due date earlier than the document date you indicated in the field above. If you leave this field empty, the bottom of the reminder shows the amounts that are owed by the customer but are not yet due.	For the example, select the Only Entries with Overdue Amounts field

Tab / Field	Description	Value
Use Header Level	Select this field if you want to use the Reminder Level in the reminder header to decide whether to calculate interest for a specific reminder line. If you leave the field empty, the program uses the Reminder Level on each reminder line to decide whether to calculate interest or not.	For example, a customer has two overdue amounts. The first amount has already appeared in a reminder and is now at Level 2 when the next reminder is created. The second amount has not appeared in a reminder before, and is therefore at Level 1 when the next reminder is created. The reminder header will have a Reminder Level of 2 since it uses the highest level from the lines. You have set up your reminder terms so that Level 2 should have interest calculated while Level 1 should not. If you place a check mark in the Use Header Level field, when you create the reminder, the program will use the Reminder Level from the header and will calculate interest for both lines in the reminder.

4. Click **OK** to create the reminders.
5. Look for Reminder number 1002.

NOTE: The batch job only inserts customer ledger entries that are in the currency represented by the currency code on the reminder header. The batch job creates one reminder per currency for which there is overdue customer ledger entries.

The batch job gets the invoice due date of the oldest invoice due and performs the calculation in the **Grace Period field** from the Reminder Level table. The resulting date is then compared to the **Document Date** field from the batch job request form. If the Document Date is later, then all invoices with a Due Date before the Document Date of the batch job will have a line created for them.

If you choose to calculate interest on reminders, and if the **Interest Calculation** field in the Finance Charge Terms table contains the option Closed Entries, the batch job will also calculate interest for partially closed entries.

Creating Reminders Manually

When you want to create only one reminder for one customer, you do not have to use the Create Reminder Batch job. You can manually create a new reminder header, enter the customer, and then click FUNCTION→SUGGEST REMINDER LINES. The Suggest Reminder Lines batch job creates the reminder lines for reminder headers that have been created. You can filter which reminder headers to include and which customer ledger entry types to include in the reminder lines. Select the **Only Entries with Overdue Amounts** field if you want to only suggest overdue amounts in the reminder lines. If you want to calculate interest based on the **Reminder Level** in the reminder header instead of the **Reminder Level** on each reminder line, place a check mark in the **Use Header Level** field in the reminder header before you run the Suggest Reminder Lines batch job.

Issuing Reminders

Before you issue the reminder, you can modify everything in the reminder document. If you want to view the reminders before issuing them, you can print the Test Report before issuing the Reminders.

Once you are satisfied with the reminder, it can be issued to the customer.

1. In the Reminder window, select the reminder you want to issue and click ISSUING→ISSUE.
2. Use the **Reminder** tab to filter the reminders you want to issue.
3. On the **Options** tab, you have the following fields.

Field	Description
Print	Select this field if you want to print the reminder when you issue it.
Replace Posting Date	Select this field if you want to use a different posting date to the Posting Date in the reminder header.
Posting Date	If you are replacing the posting date, enter the new posting date in this field.

4. Click **OK** to issue the reminder.

To see the effect of issuing a reminder, issue reminder 1002. Leave all fields on the **Option** tab empty.

When a reminder is issued, the program posts entries according to your specifications in the Reminder Terms table. This table determines whether interest and/or additional fees are posted to the customer’s account and the general ledger. The Customer Posting Group table determines which accounts are posted to.

If you want to keep track of the reminders that you have issued, you can use the Issued Reminder functionality.

Click FINANCIAL MANAGEMENT→RECEIVABLES→PERIODIC ACTIVITIES→ISSUED REMINDERS. The Issued Reminder window will appear.

You can also choose to see a list of all issued reminders by clicking REMINDER→LIST.

Example – Creating Reminder Terms and Reminders

1. Create a new Reminder term, LATE, for customers who frequently do not pay by the due date.

Set up 3 levels with the **Grace Period** and **Due Dates** as follows:

Level	Grace Period	Due Date
L1	3D	5D
L2	5D	1W
L3	5D	2D

You should also specify an additional fee and the use an existing Finance Charge Code for the interest for the Reminder term. Make sure that neither the additional fee nor the interest is posted.

Create some text for your reminders in the Beginning and Ending Text windows. The Beginning text is printed above the Reminder lines in the Reminder and the Ending text under the Reminder lines.

2. Set this new **Reminder Term Code** in the Customer card of the Customer No. 20000. Create an invoice with the posting and document date 01/01/01 and sell him 100 Side panels (Item 70000). Check the **Due Date** in the **Posting** tab to make sure it is 01/15/01. Post the invoice.
3. Create a Reminder on the 03/15/01 for this customer, which includes only this invoice. When you have created this document, start the test report.
4. Issue the Reminder.

Finance Charge Terms

Reminders may be used as a prompt to get customers to pay overdue amounts and inform them of possible interest payable on the overdue amount, if not paid immediately. If the customer still refuses to pay the overdue amount after being sent reminders, then interest will most likely be charged to the customer in a separate document called a finance charge memo.

Creating Finance Charge Terms

Click FINANCIAL MANAGEMENT→RECEIVABLES→SETUP→FINANCE CHARGE TERMS.

In the Finance Charge Terms window you find these fields:

Field	Description
Code	Enter a code to identify the finance charge. For example, if you want the finance charge to begin after the invoice is 30 days old, give the finance charge a code of NET30.
Interest Calculation	Specify which entries should be used in the interest calculation on finance charge memos. This can be Open Entries, Closed Entries, or All Entries.
Interest Calculation Method	Choose the interest calculation method for this set of finance charge terms, Balance Due or Average Daily Balance. Balance Due Method: With the balance due method, the finance charge is simply a percentage of the overdue amount. Finance Charge = Remaining Amount 6 (Interest Rate / 100) Average Daily Balance Method: The average daily balance method takes into account how many days the payment is overdue. Finance Charge = Overdue Amount 6 (Days Overdue / Interest Period)6(Interest Rate/100)
Interest Rate	Enter the finance charge percentage that will be charged when you use this finance charge type.
Interest Period (Days)	This is the number of days that the Interest Rate relates to e.g. 12% for 360 days, 1% for 30 days.
Minimum Amount (LCY)	Here you can enter a minimum interest charge in LCY.
Additional Fee	If you want the program to assess a charge in addition to the finance charge, enter the amount in this field.
Grace Period	Indicate the number of days the customer's invoice may go unpaid before the program assesses a finance charge.

Once it is created, you can enter the code in the **Fin. Charge Terms Code** field on customer cards.

Each code in the Finance Charge Terms table is linked to a sub table, the Finance Charge Text table. For each set of finance charge terms, you can define a beginning and/or an ending text to be included on the finance charge memo.

Exercise – Creating Finance Charge Terms

Create a new finance charge term for LATE customers. This term should calculate the interest on the Open customer entries using the Average Daily Balance method with an interest rate of 11% and an interest period of 360 days.

Creating Finance Charge Memos

A finance charge memo is a document that contains information about calculated interest on outstanding balances. You use it to inform a customer that the outstanding balance is increased by an interest amount. You can also calculate and print interest on reminders.

1. In the Finance Charge Memo window, click **FUNCTIONS→CREATE FINANCE CHARGE MEMOS**.
2. Leave all fields on all tabs as they are and click **OK** to create finance charge memos for all customers.
3. Find number 1002.
4. Press F9 to look at the statistics for the finance charge memo.
5. Close the Finance Charge Statistics window and issue the Finance Charge Memo by clicking **ISSUING→ISSUE** in the Finance Charge Memo window.
6. Click **OK** to issue the finance charge memo.
7. The Issue Finance Charge Memos batch job is similar to the Issue Reminders batch job. You can filter the finance charge memos to issue and also choose whether to print the finance charge memos when you issue them. As with reminders, you can replace the **Posting Date** in the finance charge memo header with another posting date.

***NOTE:** You must make sure that all open credit memos are applied to existing open invoices before the program calculates finance charges. Because credit memos have negative balances, the finance charge function generates an error when attempting to calculate on that open record.*

As with the reminders, you can also get a list of all issued finance charge memos.

Click **FINANCIAL MANAGEMENT→RECEIVABLES→PERIODIC ACTIVITIES→ISSUED FINANCE CHARGE MEMOS**.

The Issued Finance Charge Memo window opens up with the card for the latest finance charge memo you created.

Again you can also choose to look at a list of all issued finance charge memos, click **MEMO→LIST**.

Interest Calculation in Finance Charge Memos and Reminders

Interest Calculation in Finance Charge Memos

The entries suggested in finance charge memos and the amount of interest calculated in finance charge memos depends on what you have selected in **Interest Calculation** and **Interest Calculation Method** fields in the Finance Charge Terms window. The table below shows a summary of the interest calculation rules for finance charge terms:

Interest Calculation	Interest Calculation Method	Customer Ledger Entries Suggested in Finance Charge Memo	Base Used to Calculate Interest
Balance Due	Open Entries	Open entries at Document Date of Finance Charge Memo.	Remaining Amount of each finance charge memo line.
Balance Due	Closed Entries	No Finance Charge Memo created.	No Finance Charge Memo created.
Balance Due	All Entries	Open entries at Document Date of Finance Charge Memo.	Remaining Amount of each finance charge memo line.
Average Daily Balance	Open Entries	Open entries at Document Date of Finance Charge Memo.	Remaining Amount of each finance charge memo line.
Average Daily Balance	Closed Entries	Closed entries at Document Date of Finance Charge Memo that were Open at their Due Date .	Remaining Amount at the Due Date of each closed entry suggested.
Average Daily Balance	All Entries	The combined entries for the Open and Closed Entries options.	Same base as the Open and Closed Entries options.

Interest Calculation in Reminders

In contrast to finance charge memos, the customer ledger entries suggested in reminders are **ONLY** open entries at the **Document Date** of the reminder.

If the reminder has been assigned a finance charge term with an **Interest Calculation Method** of Balance Due, the **Interest Calculation** field has no effect. The amount of interest calculated for each reminder line suggested will be based on the **Remaining Amount** of the reminder line.

If the reminder has been assigned a finance charge term with an **Interest Calculation Method** of Average Daily Balance, the **Interest Calculation** field has the following effect:

- If you choose Open Entries or All Entries in the **Interest Calculation** field, the amount of interest calculated for each reminder line suggested will be based on the **Remaining Amount** of the reminder line.
- If you choose Closed Entries in the **Interest Calculation** field, the amount of interest calculated for each reminder line suggested will be based on the **Remaining Amount** of the related customer ledger entry on its **Due Date**. This allows interest to be calculated on the full invoice amount of partially applied entries if they were overdue at the time the partial payment was applied.

Exercise – Creating Finance Charge Memos

Create a finance charge memo for Customer no. 47563218, Klubben as at 02/28/01. When you enter the customer number in the finance charge memo header, you will see how many of the fields in the header are filled in automatically.

To fill out the lines of the finance charge memo, click FUNCTIONS→SUGGEST FIN. CHARGE MEMO LINES. When you are satisfied with the way your finance charge memo looks, issue it by clicking ISSUING→ISSUE.

Test Your Skills – Create Reminders and Finance Charge Memos

Scenario: Your company has decided to issue reminders to five troublesome customers (the BIG5) who are consistently late to pay invoices. You have been asked to send a reminder every 14 days sending a maximum of 4 reminders before the account goes to collection. The customers are: 10000, 20000, 30000, 40000 and 50000.

All Skill Levels

Your tasks are as follows:

- Set up Reminder Terms.
- Insert Reminder Terms on a Customer Card.
- Create Finance Charge Memos

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Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

1.

2.

3.

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CHAPTER 7: PAYABLES MANAGEMENT

This chapter consists of the following sections:

- Payment Journals
- Payment Discounts
- Voiding Checks
- Unapplying Vendor Ledger Entries
- Reversal of Vendor Journal Postings

Overview

In this chapter, we will focus on the Payables side of the application area or in other words look at how we can pay for all our purchases.

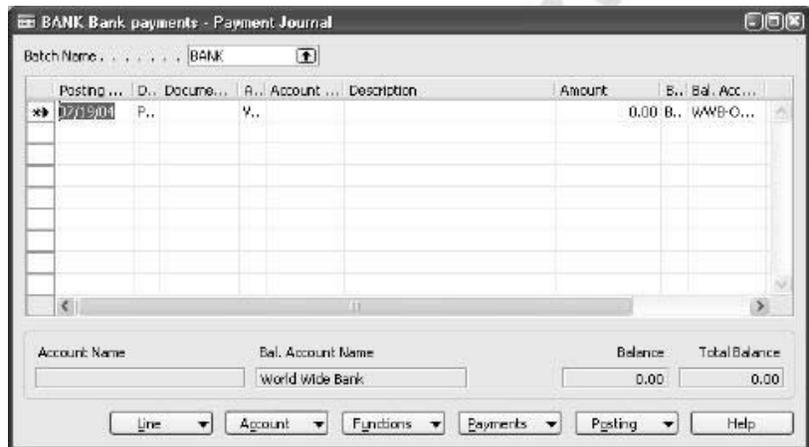
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Payment Journals

Manual Selection of Invoices for Payment

You can create lines for payment manually by entering the appropriate information in the payments journal on a line-by-line basis. The process to record manual cash payments is similar to the process for manual cash receipts.

1. Click FINANCIAL MANAGEMENT→PAYABLES→PAYMENT JOURNALS.



2. In the Payment Journal window, select the BANK batch in the **Batch Name** field.
3. On the first line, enter 01/25/01 in the **Posting Date** field.
4. In the **Document Type** field, select Payment.

The **Document No.** field in this case represents the check number. You actually have several choices when dealing with this field. If the checks are manual checks, put in the check number here and make sure the bank payment type is manual check. You cannot use the print checks scenario.

If the bank payment type is computer check (you want to print checks) there are two methods. Normally the **Document No.** field will be left blank, and then it will be assigned when checks are printed. If this method is used, then one check is printed for one vendor, even if there are multiple lines in the journal. However, perhaps there are multiple lines, but the user would like two checks for the same vendor. In this case in the **Document No.** field, the user could enter 1 on the first line, and 2 in the other line, and when printing, the program would see the different numbers and know to print two different checks.

For this example, you should leave the **Document No.** field empty.

5. Select Vendor in the **Account Type** field.
6. Select 30000 in the **Account No.** field.
7. Leave the **Amount** field blank.
8. Leave the **Bal. Account Type** and **Bal. Account No.** fields as they are.
9. Select Invoice in the **Apply to Doc. Type** field.
10. Press **F6** in the **Applies-to Doc. No.** field and the Apply Vendor Entries window displays.
11. Select Order 106005 for CoolWood Technologies. It has Document No. 108021 and click **OK**.
12. Select Computer Check in **Bank Payment Type** field.
13. The window will look like this:
14. To complete the payment, you would print and post the check. However, we will not do this for this example, so delete the line from the Payment Journal window.

Similar to the cash receipts, you can also perform the following processes in the payments area.

- Pay multiple invoices manually with one payment by entering a document number, select **FUNCTIONS→APPLY ENTRIES**. Select the entries you want to include in the payment in the Apply Vendor Entries window and press **OK**. One payment line is entered on the Payment Journal window.
- Enter the payment amount in the Payment Journal window before applying the entries in the Apply Vendor Entries window. This will enable you to enter payment tolerance and payment discount tolerance granted by your vendors.

Paying Invoices and Taking Credit Memos

When you are ready to pay for your purchases, you might not only have received an invoice from your vendor but he could also have issued you a credit memo for damaged items or other problems with the purchased items. It is a great advantage that when you process the check to pay for you purchases, you can actually also take into account any issued credit memos. In the following, we will show how you can do that.

1. From the Payment Journal, select **PAYMENTS→SUGGEST VENDOR PAYMENTS**. The Suggest Vendor Payments request screen displays.
2. On the **Vendor** tab, select Vendor No. 30000.
3. Click the **Options** tab.

4. Enter 01/31/01 in the **Last Payment Date** field.
5. Select **Summarize per Vendor**.

This nets all outstanding amounts including credit memos, into a single amount to be paid. If the vendor has outstanding amounts in different currencies, a single net amount will be suggested for each different currency.

6. Enter 01/25/01 in the **Posting Date** field.
7. Enter CHQ001 in the **Starting Document No.** field.
You must enter a Starting Document No. if you selected the **Summarize per Vendor** field.

8. Select Bank Account in the **Bal. Account Type** field.
9. Select WWB-OPERATING in the **Bal. Account Number** field.
10. Select Computer Check in the **Bank Payment Type** field.

11. Click **OK** to suggest payments. A message appears indicating that you have created Suggest Vendor Payment lines for all currencies.

The Suggest Vendor Payments batch job has combined all the open invoices and credit memos in a single payment line. If the payment is made with a computer check, the document numbers and amounts of the entries combined to create the net payment amount are also displayed on the check stub.

12. Delete (**F4**) the line from the Payment Journal window since we will not print or post the check at this time.

Suggesting Payments Based on Dimension Information

You can also summarize the amounts suggested based on selected dimensions. When you select the **Summarize per Vendor** field, the **Summarize per Dimension** field also becomes available to select. If you click the **AssistButton** in the field, the Dimension Selection window opens.

You can select which dimensions the suggestion will be summarized by placing a checkmark next to the appropriate dimensions. Based on your selected dimensions, the program calculates a total amount for each dimension value contained in the outstanding vendor ledger entries. Each amount is transferred to a new payment line and the dimension value is also transferred as a dimension value for the payment line.

Applying Partial Payments

There are two ways to apply partial payment amounts to an entry when necessary – applying at the time you process a payment and applying after a payment has been processed without an application to an invoice.

Applying a Partial Payment at the time the payment is processed

1. Click FINANCIAL MANAGEMENT→PAYABLES→PAYMENT JOURNALS.
2. Fill in the Payment Journal including the amount of the partial payment, being sure to enter a Document No.
3. Select FUNCTIONS→APPLY ENTRIES.
4. Select the entry to be applied, click APPLICATION→SET APPLIES-TO ID. Notice that in the In the **Amount to Apply** field the full amount of the entry has been set.
5. In the **Amount to Apply** field, change the amount to the partial amount to be applied to the invoice. Notice that the **Balance** at the bottom of the window is now zero.
6. Click **OK**. Then process the payment through posting.
7. Review the Vendor Ledger Entries to view the partial application.

Applying a Partial Payment after a payment has been issued

1. Process a payment through the Payment Journal but do not apply the payment to an invoice.
2. Click FINANCIAL MANAGEMENT→PAYABLES→VENDORS.
3. Drill down (F6) on the **Balance (LCY)** field to the Vendor Ledger Entries.
4. Select FUNCTIONS→APPLY ENTRIES.
5. Select the partial payment that has not yet been applied, click APPLICATION→SET APPLYING ENTRY.
6. Select the entry to be applied, click APPLICATION→SET APPLIES-TO ID. Notice that in the In the **Amount to Apply** field the full amount of the entry has been set.
7. Change the amount to the partial amount to be applied to the invoice. Notice that the Balance at the bottom of the window is now zero.
8. Select APPLICATION→POST APPLICATION.
9. Review the Vendor Ledger Entries to view the partial application.

Apply Vendor Entries Window

Let's take a look at the Apply Vendor Entries window.

Applies-to ID	Posting Date	Document Type	Document No.	External Document No.	Vendor No.	Description	Cur. Cox
	12/31/00	Invoice	12368	12368	30000	Opening Entries, Vendors	
	01/14/01	Invoice	108021	563	30000	Order 106005	
	01/25/01	Invoice	108026	599	30000	Order 106008	
	01/25/01	Invoice	108030	877-88C	30000	Order 106028	
	01/11/01	Credit Me...	109001	KR95-02-01	30000	Credit Memo 109001	

- The **General** tab contains the applying entry. This entry determines if you receive a payment discount, tolerance and/or realized gains or losses on currencies.
- The **General** tab must contain an entry otherwise you are not allowed to post.
- Balancing fields are available to track the application at the bottom of the form. These include: **Appln. Currency, Amount to Apply, Pmt. Disc Amount, Rounding, Applied Amount, Available Amount** and **Balance**.
- The **Options** tab allows you to choose whether only the entries that are marked for this application are shown.
- Click the **Application** button. The **Set Applying Entry** is used to set an entry as the applying entry in the General tab.
- The **Remove Applying Entry** is used to remove the applying entry from the General tab.
- The **Set Applies-to ID** is used to set the **Applies-to ID** field on the line for each line that will be applied against the Applying Entry in the General tab.
- Use the **Post Application** to post the application.

Using Vendor Priority and Available Amount (LCY)

When you enter information on the vendor card, you have the option to give each vendor a priority. This is entered in the **Priority** field on the **Payments** tab in the Vendor Card window. Vendor priority is used only when you have limited funds available to pay your vendors and you have to prioritize the order in which you pay your vendors. When you use the Payment Journal to pay your vendors, you want to be able to use this functionality and not override the priority that you have set up for your vendors.

In Cronus, Vendor 10000 has Priority 1 and Vendor 20000 has Priority 2. The open invoice vendor ledger entries for Vendor 10000 and Vendor 20000 are as follows:

Vendor	Document No.	Due Date	Amount
10000	5578	01/19/01	-24,080.19
	5672	01/20/01	-57,792.45
	108018	01/31/01	-8,132.00
	108019	01/31/01	-8,245.76
	108023	01/31/01	-15,846.00
20000	108017	01/31/01	-1,535.63
	108025	01/31/01	-1,368.90

1. Click FINANCIAL MANAGEMENT→PAYABLES→PAYMENT JOURNALS.
2. Click PAYMENTS→SUGGEST VENDOR PAYMENTS.
3. Set a filter in the **No.** field; 10000..20000.
4. Use 01/31/01 as the **Last Payment Date** and 01/25/01 as the **Posting Date**.
5. Insert a check mark in the **Find Payment Discounts** field.
6. Make sure the **Summarize per Vendor** field is not selected.
7. Select Use Vendor Priority.
8. Enter 92,000 in the **Available Amount (LCY)** field.
9. Enter VP001 in the **Starting Document No.** field.
10. Select the WWB-Operating, Bank Account and Computer Check.
11. Click **OK**.

Now, we can look at the suggested invoices for payment in the Payment Journal window.

The program has suggested payments that total less than 92,000 LCY. To determine which specific payments to suggest, the batch job applies the following rules:

- Only vendor entries that can be paid fully are suggested.
- All priority 1 vendor entries that can be fully paid within the Available Amount (LCY) are suggested first. Any vendor entries for lower priority vendors that can be fully paid within the remaining available amount are then suggested.
- For each vendor, the program suggests amounts based on the Due Date of the Vendor Ledger Entries for that vendor. Invoices with the earliest Due Date are suggested first.

Note, that when you specify an Available Amount (LCY) in the Suggest Vendor Payments batch job, the program does not automatically calculate payment tolerance or payment discount tolerance when suggesting the amounts to pay. The following table shows how the program applied the rules to suggest the payments in the example:

Vendor by Priority	Doc. No and Due Date	Amount	Available Amount (LCY)	Rem. Available Amount (LCY)	Pmt. Line
10000	5578 01/19/01	-24,080.19	-92,000	-67,919.81	Yes
	5672 01/20/01	-57,792.45	-67,919.81	-10,127.36	Yes
	108018 01/31/01	-8,132.00	-10,127.36	-1,995.36	Yes
	108019 01/31/01	-8,245.76	-1,995.36		No
	108023 01/31/01	-15,846.00	-1,995.36		No
20000	108017 01/31/01	-1,535.63	-1,995.36	-459.73	Yes
	108025 01/31/01	-1,368.90	-459.73		No

To demonstrate how priority affects the suggested payments, let us try to see what happens if we change the priority of the two vendors.

1. Delete all the lines in the Payment Journal window.
2. Open the vendor card for vendor 10000 and enter 2 in the **Priority** field on the **Payments** tab.

3. Select the vendor card for vendor 20000 and enter 1 in the **Priority** field on the **Payments** tab.
4. Go back to the Payment Journal window.
5. Click PAYMENTS→SUGGEST VENDOR PAYMENTS to run the Suggest Vendor Payments batch job again.
6. Leave all fields with the same values as the last time you ran the batch job. Make sure 92,000 is still entered in the **Available Amount (LCY)** field.
7. Click **OK** to run the batch job.

Notice the difference. The program still applies the same rules but the vendor priority changes the invoices suggested for payment as follows:

Vendor by Priority	Doc. No and Due Date	Amount	Available Amount (LCY)	Rem. Available Amount (LCY)	Pmt. Line
20000	108017 01/31/01	-1,535.63	-92,000	-90,464.37	Yes
	108025 01/31/01	-1,368.90	-90,464.37	-89,095.47	Yes
10000	5578 01/19/01	-24,080.19	-89,095.47	-65,015.28	Yes
	5672 01/20/01	-57,792.45	-65,015.28	-7,222.83	Yes
	108018 01/31/01	-8,132.00	-7,222.83		No
	108019 01/31/01	-8,245.76	-7,222.83		No
	108023 01/31/01	-15,846.00	-7,222.83		No

1. We will not print or post the checks so delete all the lines in the Payment Journal window.
2. Set the **Vendor Priority** of Vendor 10000 back to 1 and Vendor 20000 back to 2.

NOTE: The payments suggested by the batch job are listed by vendor order in the Payment Journal. They are not listed in order of vendor priority or the order they were suggested.

Document Numbers and Computer Check Printing

The number of checks printed and the amount of each check depends on whether the **One Check per Vendor per Document No.** field in the Print Check report is selected.

The effect of selecting the **One Check per Vendor per Document No.** field depends on how the **Document No.** fields on the payment lines in the Payment Journal window are filled in.

We will now look at how the program uses these fields to determine the checks to be printed.

Filling in the Document No. Fields in the Payment Journal Window

You can fill in the document numbers and payments manually if you want. However, it is easier to use the Suggest Vendor Payments batch job. If you use this batch job you can choose to enter a **Starting Document No.** The table below shows the result in the Payment Journal window when you run the batch job without selecting the **Summarize per Vendor** field.

Number of Vendors	Starting Document No. field	Result in the Payment Journal Window
One Vendor only	Empty	One payment line for each open vendor ledger entry for the vendor. Each payment line is applied to the related open vendor ledger entry. Each payment line has an empty Document No. field.
One Vendor only	Contains a document no.	One payment line for each open vendor ledger entry for the vendor. Each payment line is applied to the related open vendor ledger entry. Payment lines with the same currency have the same Document No.
Multiple Vendors	Empty	One payment line for each open vendor ledger entry for each vendor. Each payment line is applied to the related open vendor ledger entry. Each payment line has an empty Document No. field.
Multiple Vendors	Contains a document no.	One payment line for each open vendor ledger entry for each vendor. Each payment line is applied to the related open vendor ledger entry. Payment lines for the same vendor with the same currency have the same Document No.

If you select the **Summarize per Vendor** field, the batch job fills in the payment lines as follows:

Number of Vendors	Starting Document No. field	Result in the Payment Journal Window
One Vendor only	Contains a document no.	One payment line per currency netting the open vendor ledger entries with the same currency. Each payment line is applied to the related open vendor ledger entries. Each payment line has a different currency and different Document No.
Multiple Vendors	Contains a document no.	For each vendor, one payment line per currency netting the open vendor ledger entries with the same currency. Each payment line is applied to the related open vendor ledger entries. For each vendor, each payment line has a different currency and different Document No.

*NOTE: If you have placed a check mark in the **New Doc. No. per Line** field and entered a document number in the **Starting Document No. field**, each suggested payment line will have a different Document No.*

One Check per Vendor per Document No. Field in the Print Check Report

When printing checks, you can choose to print a check for each payment line or to sum payment lines into a single check. This is determined in the **One Check per Vendor per Document No.** field. The program uses this field and the contents of the **Document No.** field in the Payment Journal window to determine the number of checks to print and the amount for each check.

*NOTE: The program will only print computer or manual checks for payment lines that have the same currency as the bank account contained in the **Bal Account No.** field.*

The following table shows how the **One Check per Vendor per Document No.** field works. It is based on the assumption that the payment lines are in the same currency as the bank account contained in the **Bal. Account No.** field.

One Check per Vendor per Document No. field	Document No. in Payment Journal window	Number and Amount of Checks Printed
Empty	Blank	The program prints a check for each payment line. If any payment line contains a negative amount, an error occurs and the program does not print checks for the remaining payment lines after the negative amount.
Empty	Contains a document no.	The program prints a check for each payment line. If any payment line contains a negative amount, an error occurs and the program does not print checks for the remaining payment lines after the negative amount.
Contains a check mark	Blank	The program prints one check per vendor. The amount of the check for each vendor is the net amount of all the payment lines for that vendor. For each vendor, the program clears the balancing bank account on all payment lines and creates a new payment line for the net amount. The Account No. for the new payment line is the balancing bank account.
Contains a check mark	Contains a document no.	The program prints one check per vendor per document number. For each vendor, the amount of each check is the net amount of the payment lines with the same Document No. For each vendor, the program clears the balancing bank account on payment lines with the same Document No. and creates a new payment line for the net amount. The Account No. for the new payment line is the balancing bank account.

Bank Account Currency Restrictions on Receipts and Payments

The currency of the bank account can limit the currency of payments and receipts that can be made using the bank account. The following table provides a summary of currency restrictions for bank accounts:

Bank Account Currency Code	Receipts	Payments	
		Bank Payment Type = Computer Check / Manual Check	Bank Payment Type = Blank
Blank (LCY)	Receipt lines with any currency code including LCY will post.	Checks only printed for LCY payment lines. Only LCY payment lines post.	Payment lines with any currency code including LCY post.
Currency Code	Only receipt lines with the same currency code as the bank account will post.	Checks only printed for payment lines with same currency code as the bank account. Only payment lines with the same currency code as the bank account post.	Only payment lines with the same currency code as the bank account post.

Payment Discounts

When you have created checks using the Suggest Vendor Payments batch job, you must post payments from the Payment Journals. However, if you have entered a vendor payment manually, the payment is posted with all other bank transactions in the general ledger journal.

Payment discounts allowed by vendors are set up in the same way as the payment discounts you grant to your own customers. You define the payment terms code for the relevant vendor on the Invoicing tab of the vendor card. This information can also be entered manually on the purchase invoice.

If you look at the Vendor Ledger Entries window for Vendor 30000, you can see that the **Remaining Pmt. Disc. Possible** field shows the discount that you can obtain if the entry is fully applied to before the payment discount date.

If you create the vendor ledger entry by posting an invoice or a purchase order, the **Remaining Pmt. Disc. Possible** field is calculated using the **Payment Discount %** field on the invoice header. If you create the vendor ledger entry by posting a purchase journal or a purchase order, the **Remaining Pmt. Disc.**

Possible field is calculated using the **Payment Discount %** field on the journal line.

You can change the payment discount as long as the vendor entry has a check mark in the **Open** field. For each open vendor entry, the **Due Date** field, **Pmt. Discount Date** field and the **Remaining Pmt. Disc. Possible** field are editable.

Suggesting Vendor Payments with Discounts

If you want the Suggest Vendor Payments batch job to also suggest payments that can receive a payment discount before or on the Last Payment Date, select the **Find Payment Discounts** field. In this case the program suggests the following payments.

- All open entries that have a Due Date on or before the Last Payment Date.
- Any open vendor ledger entries that have a Pmt. Discount Date between the Posting Date and the Last Payment Date.

If the **Find Payment Discounts** field is clear, the batch job only suggests those entries that have a **Due Date** on or before the **Last Payment Date**.

The batch job always suggests the discounted amount if the **Posting Date** for the batch job is before or on the **Pmt. Discount Date** for the invoice.

Example – Suggesting a Payment with a Discount

1. Create an invoice for Vendor No. 10000.
2. The posting date and document date is 01/25/01.
3. The vendor invoice no. is 4711.
4. Change the suggested payment term on the **Invoicing** tab of the invoice to the term: 1M(8D).

The **Pmt. Discount Date** is calculated using the **Payment Terms Code** and **Document Date**. The **Due Date** is also calculated based on the **Document Date**.

5. In the purchase line select the **Type** Item and **Item No.** 70100. You will purchase a **Quantity** of 100 cans of this item. Leave the suggested amount in the **Direct Unit Cost Excl. VAT** field. There are no line and invoice discounts.
6. Post the invoice.

7. Go to the Payment Journal window to run the Suggest Vendor Payments batch job.
8. Set a filter on the **Vendor** tab so that you only suggest payments for Vendor no. 10000.
9. Select the following settings on the **Options** tab:

Field	Value
Last Payment Date	02/02/01
Find Payment Discount	Yes
Summarize per Vendor	No
Available Amount (LCY)	Delete contents so it is blank
Use Vendor Priority	No
Posting Date	01/25/01
Starting Document No.	FD001
Bal. Account Type	BANK ACCOUNT
Bal. Account No.	WWB-OPERATING
Bank Payment Type	COMPUTER CHECK

10. Start the batch and look at the line that is created in the Payment Journal.

You can also see that, because of your selection of the **Find Payment Discounts** field, the program has suggested the payment even though the **Due Date** of the invoice, 02/25/01, was after the **Last Payment Date** of the batch job, 02/02/01.

Look at the amount of 171.50 in the **Amount** field of the Payment Journal window and compare it with the invoice Remaining Amount in the Apply Vendor Entries window.

You see that the program has deducted the 3.50 payment discount automatically from the remaining amount of 175.00 when it suggested the payment.

Applying Vendor Ledger Entries with Payment Discount Amounts

The procedures and guidelines for applying vendor ledger entries with payment discounts are the same as applying customer ledger entries with payment discounts. For more information, read the Receivables Management chapter of this training material.

Payment Tolerance and Payment Discount Tolerance Allowed by Vendors

The procedures and guidelines for entering payment tolerance and payment discount tolerance from vendors are the same as the procedures for allowing payment tolerance for your customers. For more information, read the Receivables Management chapter of this training material.

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Test Your Skills – Extending a Payment Discount

Scenario: Cronus places an order to vendor 01863656 for 200 pieces of item 1900-S. The vendor originally requested that the payment terms for this order be 1 month/2% discount after 8 days, but changes the payment terms for the order before the payment has been issued to 1 month 2% discount after 14 days, extending the discount expiration date 6 days.

All Skill Levels

Your tasks are as follows:

- Handle the above scenario in the program using the payables management functionality.
- Assume 01/28/01 is the work date, that the order for item 1900-S is to be received into the Blue location.
- The posting date on the invoice from the vendor is 02/01/01, and the posting date on the manual check payment is 02/10/01.

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Voiding Checks

In this section you learn how to void checks. The procedure differs depending on what has happened with the check in the program.

Voiding Checks that have been Printed but not Posted

If you have already printed a check to a vendor and then realize that you have made a mistake, you might have to void the check or cancel it and possibly issue a new check. You do this from the Payment Journal window.

1. Click FINANCIAL MANAGEMENT→PAYABLES→PAYMENT JOURNALS.
2. Delete any existing payment lines.
3. Run the Suggest Vendor Payments batch job, using the same settings as the previous example except this time place a check mark in the **Summarize per Vendor** field and use a **Starting Document No.** of VC001. Click **OK**.
4. In the Payments Journal window, select the payment line.
5. Click PAYMENTS→PRINT CHECK to issue a check to Vendor 10000.
6. On the **Options** tab of the Check report, make sure the **Bank Account** field contains WWB-OPERATING. Leave all other fields as they are.
7. Click **Print** to print the check. You need to print to a file, so enter c:/test.prn as the file name. You have now printed the check and in effect paid your vendor.
8. You can preview the printed check for a payment by selecting the Payment Journal line and clicking PAYMENTS→PREVIEW CHECK.
If you realize from the preview that the check is incorrect, you can void the check and issue a new one:

9. From the Payments Journal window, click PAYMENTS→VOID CHECK.
10. A window appears asking if you want to “Void Check XXXX?”
11. Click **Yes**.

You have now voided that last check and you can issue a new check for the amount that you owe your vendor. The Payment Journal line is not deleted from the Payment Journal window, but the voided check number will be removed from the **Document No.** field on the journal line.

12. Delete the payment line from the Payment Journal window.

Voiding Posted Checks – Financial Voiding of Checks

If you have already posted a check and then find out that you had, for instance, made the check out for an incorrect amount, you might have to cancel or void the posted check. Alternatively, there may be insufficient funds in the bank account when the check is presented by the vendor. This process is very different from canceling a printed check which has not been posted, and voiding a posted check is sometimes also referred to as financial voiding. When you void a posted check, you also have to make sure that all financial transactions resulting from the check payment are canceled.

1. Use the Suggest Vendor Payments batch job and select the **Summarize per Vendor** field to suggest a single computer check payment from the WWB-OPERATING Bank for Vendor 30000. The **Last Payment Date** 01/31/01, the **Posting Date** will be 01/25/01 and the **Document No.** should be VPC001.
2. Print the computer check to a file.
3. Post the Payment Journal line.

***NOTE:** If a message appears regarding Dimensions (for example, "Select a Dimension Value Code for the Dimension Code AREA for Vendor XXXX.") make note of the Dimension needed and click **OK**. Go to LINE→DIMENSIONS and select the appropriate Dimensions.*

You have now realized that the check you have posted contained errors. To financially void the check, you must perform the following process in the program.

1. Click FINANCIAL MANAGEMENT→CASH MANAGEMENT→BANK ACCOUNTS and select the WWB-OPERATING bank.
2. Click BANK ACC.→LEDGER ENTRIES.
3. In the Bank Account Ledger Entries window, select the payment that you want to void and click ENTRY→CHECK LEDGER ENTRIES.
(An alternative to the previous two steps is to go directly to the check ledger entries by clicking BANK ACC.→CHECK LEDGER ENTRIES on the Bank Account Card.)
4. Select the line that you want to cancel. The **Entry Status** field should contain Posted indicating the check is posted.
5. Click CHECK →VOID CHECK. A message appears asking you to confirm the voiding of the check.
6. Click **Yes** to void the check. This cancels the check and all other related ledger entries. If you look at the original entry in the Check Ledger Entries window, the **Entry Status** field contains Financially Voided.

7. If you close the Check Ledger Entries window and view the Bank Account Ledger Entries, a new bank account ledger entry has been created relating to the voiding of the check.
8. Go to the vendor card for Vendor 30000 and press **CTRL+F5** to view the open Vendor Ledger Entries.

The financially voided check appears as an open entry with a description "Voiding check xx".

***NOTE:** The open vendor ledger entry created by financially voiding a check does not contain the original information of the payment entry that the check was for. It also does not contain the invoice information that the payment was applied to, such as payment discounts.*

9. Select the vendor ledger entry relating to the voiding of the check and click **Navigate** to see all the entries for the voiding of the transaction.

Notice that the entries posted to void the check have the same Document No. as the original check transaction that is being voided. This means that the original check transaction and the voiding transaction are both displayed when you Navigate on the voiding transaction.

***NOTE:** When a check has been posted, the vendor ledger entries that were paid are applied-to. Therefore, if you want to reissue a check that has been voided, you must enter a new payment in the Payment Journal and apply this to the open vendor ledger entry created by the program when the check was voided.*

Test Your Skills – Suggest Payments and Re-Print Checks

Scenario: You have decided to pay vendor 01863656 for an invoice before the discount expiration date of the payment terms 1 month/2% discount after 8 days. However, during the printing of the check, paper was stuck in the printer and the check needs to be re-printed for the same check number.

All Skill Levels

Your tasks are as follows:

- Handle the above scenario in the program using the payables management functionality.
- Create and print a check for vendor 01863656.
- Reprint a new check using the same check number.

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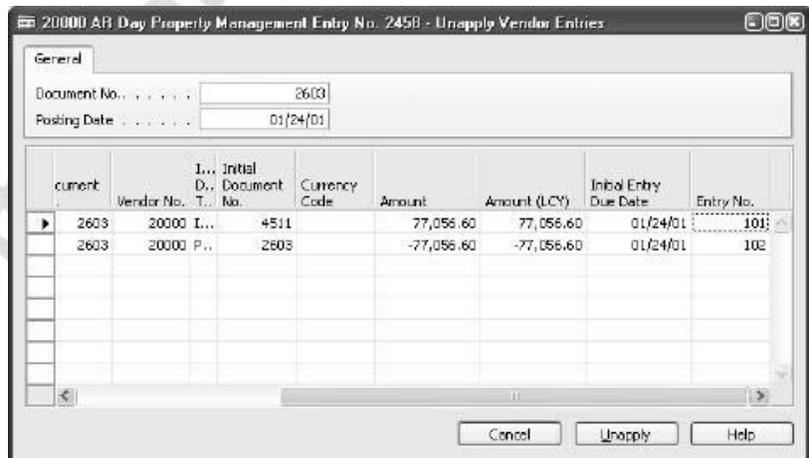
Unapply Vendor Ledger Entries

The Unapply Vendor Ledger Entries functionality allows entries to be reversed so that the proper application can be processed. It is possible to unapply vendor ledger entries from two different forms: the Vendor Ledger Entries and the Detailed Vend. Ldg. Entries.

It is important to note that it is only possible to unapply from the bottom-up, which means that if an entry has been applied by more than one application entry, you must unapply the last application entry first.

Unapplying a Ledger Entry from Vendor Ledger Entries

1. Click FINANCIAL MANAGEMENT→PAYABLES→VENDORS.
2. Select a vendor and drill down on the **Balance (LCY)** field to the Vendor Ledger Entries.
3. Select an entry to unapply.
4. Click FUNCTIONS→UNAPPLY ENTRIES.
5. The Unapply Vendor Entries form shows the original detailed ledger entries that are used to unapply the original entry. Select the entry to unapply.



6. Click the **Unapply** button. A message appears stating that unapplying these entries causes the program to post correcting entries.
7. Click **No** to stop the unapply process. Click **Yes** to proceed. When the entry is unapplied the program creates a new entry with the opposite sign in the **Amount** field.

8. A message appears to confirm the posting.
9. Review the Vendor Ledger Entries and note that the **Remaining Amount** exists and that the **Open** column has a check mark indicating that it is an open entry.

You can now apply the open amount to the correct entry using the Apply Vendor Ledger Entries functionality.

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Test Your Skills – Unapply Entry

Scenario: Vendor 01863656, American Wood Exports, has called you to notify you of an outstanding invoice that was due on January 31, 2001 for \$123,523.50 and will apply the last payment from check number 3304 to this invoice instead. The payment must be unapplied from the current invoice in order for it to be applied to the older invoice.

All Skill Levels

Your tasks are as follows:

- Handle the above scenario in the program using the payables management functionality.
- Go to the Vendor Ledger Entries for Vendor 01863656.
- Unapply check number 3304 from the applied invoice.
- Apply check number 3304 to the invoice that was due 01/31/01.

Reversal of Journal Postings

In this section you see how to reverse Vendor Ledger Entries processed through journal postings, such as Purchase Journals or Payment Journals.

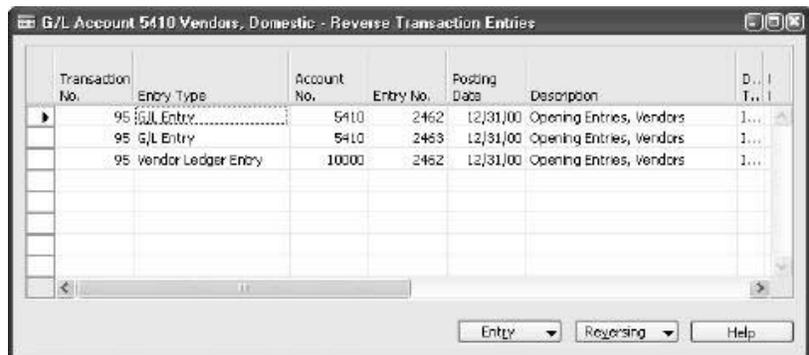
It is important to note the following:

- Only entries with the field **Journal Batch Name** filled in can be reversed.
- Vendor Ledger Entries must not be applied.
- Bank Ledger Entries must not be closed by reconciliation.
- The total amount of G/L Entries must equal zero.
- Item Ledger Entries cannot be reversed.

Reversal of Journal Postings from Vendor Ledger Entries

1. Click FINANCIAL MANAGEMENT→PAYABLES→VENDORS.
2. Select a vendor and drill down on the **Balance (LCY)** field to the Vendor Ledger Entries.
3. Select an Invoice entry to reverse.
4. Click FUNCTIONS→REVERSE TRANSACTION.
4. Since the entry was not created by a journal, a message appears stating that you can only reverse entries that were posted from a journal.
5. Select an Invoice entry that was created through a Purchase Journal to reverse.
6. Click on FUNCTIONS→REVERSE TRANSACTION.

7. The Reverse Transaction Entries window shows the posted entries connected by the same transaction number.



8. Click REVERSING→REVERSE. You can also use the **F11** shortcut key or the **Reverse and Print** option. A message appears stating that to reverse the entries the program will post correcting entries.
9. Click **No** to stop the reversal process. Click **Yes** to proceed. When the entry is reversed the program creates a new entry with the opposite sign in the **Amount** fields.
10. A message appears to confirm the posting.
11. Review the Vendor Ledger Entries and note that a new entry now exists that reverses the selected posted entry and the **Open** column indicates that the entry is closed.

Test your Skills – Reversal of Journal Posting

Scenario: You have created and posted an invoice for vendor 01863656 in the Purchase Journal for \$50.00 due to a late fee for an open invoice. However, the vendor has reversed the charge after negotiations and the invoice including all related entries must be reversed.

All Skill Levels

Your tasks are as follows:

- Handle the above scenario in the program using the payables management functionality.
- Go to the Vendor Ledger Entries for Vendor 01863656.
- Reverse the \$50.00 late fee invoice.

Microsoft Internal Use Only

Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

- 1.

- 2.

- 3.

Microsoft Internal Use Only

APPENDIX A: TEST YOUR SKILLS SOLUTIONS

Test Your Skills – Create a New Product Posting Group

Scenario: Create a new General Product Posting group with the Code HOME and the description Home & Garden. Enter a default VAT Product Posting group code VAT25. Answer any questions asked by the program with Yes.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→SETUP→POSTING GROUPS→GENERAL→PRODUCT.
2. Make a new line with the following information:

Field	Value
Code	HOME
Description	Home & Garden
Def. VAT Prod. Posting Group	VAT25
Auto Insert Default	Yes (checked)

Test Your Skills – Set up a New General Posting Setup

Scenario: Create a new general posting setup using the combination of the Gen. Bus. Posting Group code NATIONAL and the HOME Gen. Product Posting Group code you created in the previous exercise. For the new posting setup, use the same G/L accounts as the combination of NATIONAL and RETAIL.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→SETUP→POSTING GROUPS→GENERAL→POSTING SETUP.
2. Insert a new line with the combination of:

Gen. Bus. Posting Group = NATIONAL and Gen. Prod. Posting Group = HOME.
3. Enter the same sales and purchase accounts used in the NATIONAL and RETAIL combination.

You can also use the Copy – General Posting Setup batch job to fill in the accounts if you wish. You access the batch job from the General Posting Setup window by clicking the **Copy** button.

Test Your Skills – Create some new VAT Posting Groups

Scenario: There is to be a change in the EU VAT% from 25% to 26%. Create a new VAT Product Posting Group called VAT26. Enter a line in the VAT Posting Setup window for each combination of the new VAT Prod. Posting Group with the existing VAT Bus. Posting Groups (EU, NATIONAL and EXPORT).

For each new combination of VAT Business Posting Group with the new VAT26 posting group, the same VAT information and G/L accounts as with the VAT25 posting group will be used.

Normally you should create new G/L accounts to post the G/L entries with the new VAT percentage to separate accounts. But for this exercise we will not do this.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→SETUP→VAT POSTING GROUP→PRODUCT.
2. Insert a new line with the combination of:
Code = VAT26 and **Description** = Miscellaneous with 26% VAT.
3. Close the VAT Product Posting Groups window.
4. Click SETUP→VAT POSTING GROUP→POSTING SETUP.
5. Insert a new line and enter the following:

Field	Value
VAT Bus. Posting Group	NATIONAL
VAT Prod. Posting Group	VAT26
VAT Identifier	VAT26

The new line is placed just below the **VAT Posting Setup** combination of NATIONAL and VAT25. Since you should copy **VAT Calculation Type** and the G/L accounts from the combination of NATIONAL and VAT25, you can show all fields and press **F8** (copy previous) in all fields. Alternatively, you can use the Copy – VAT Posting Setup batch job to copy the *NATIONAL and VAT25* combination.

6. Repeat the above steps for the EU and VAT26 combination and the EXPORT and VAT26 combination.

Test Your Skills – Mapping Intercompany Dimensions

Scenario: You wish to specify that the Dimension AREA must always be posted with the corresponding Intercompany Dimension AREA. You also need to set up the dimensions so that this company's AREA dimension code corresponds to the Consolidation company's DEPARTMENT dimension code during the consolidation process.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→SETUP→DIMENSIONS.
2. Select the Dimension **Code** = AREA.
3. Click FUNCTIONS→MAP TO IC DIM. WITH SAME CODE.
4. A message appears asking if you are sure that you want to map the selected line(s). Click **Yes** to accept the message.
5. Note that the **Map-to IC Dimension Code** field is now populated with AREA.
6. On the AREA Dimension line, go to the **Consolidation Code** field and enter Department.

Test Your Skills – Creating Single Default Dimensions

Scenario: You wish to specify that Account No 8110 must always be posted with a Department dimension. The default value to use should always be ADM, but you want to allow users to override this with another non-blank value if they want.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→CHART OF ACCOUNTS.
2. Select the **Account No.** = 8110.
3. Click ACCOUNT→DIMENSIONS→DIMENSION-SINGLE. The Default Dimensions window appears.
4. In the **Dimension Code** field, enter DEPARTMENT. Alternatively, click the **AssistButton** and select DEPARTMENT from the Dimension List window.
5. In the **Dimension Value Code** field, enter ADM. Alternatively, click the **AssistButton** and select ADM from the Dimension Value List window.
6. In the **Value Posting** field, click the **AssistButton** and select Code Mandatory from the drop-down list.

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Test Your Skills – Creating Dimensions for Use in Documents

Scenario: Your company wants to analyze its sales figures in connection with its sales fairs. The Sales orders should be posted with an “exhibition code,” when this contact results from a fair.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→SETUP→DIMENSIONS→DIMENSIONS.
2. Press **F3** to insert a new dimension.
3. In the **Code** field, enter Exhibition.
4. Click DIMENSIONS→DIMENSIONS VALUES.
5. In the Dimension Values window, enter the following **Codes**:
 - Hanover
 - Frankfurt
 - Munich
 - London
 - ParisFor each, the **Description** can be the same as the code, the **Dimension Value Type** should be Standard, and the **Totaling** and **Blocked** fields should be <blank>.
6. Escape from the Dimension Values window.
7. Escape from the Dimensions window.
8. Click FINANCIAL MANAGEMENT→SETUP→DIMENSIONS→DIMENSIONS COMBINATIONS.
9. In both fields where Exhibition and SalesCampaign intersect (either one), click the **AssistButton** and select Blocked.
10. Escape from the Dimension Combinations window.
11. From the Sales & Marketing menu, click select ORDER PROCESSING→INVOICES.
12. Press **F3** to insert a new invoice and then press **Enter** to auto-assign the invoice number.
13. In the **Sell-to Customer No.** field enter 20000. (If an error regarding an outstanding balance is generated, click **Yes** to proceed with the exercise.)
14. In the invoice lines, **Type** = Item, **No.** = 70000 and the **Quantity** = 200.

15. Click VIEW→SHOW COLUMN to select the **Businessgroup Code** field to be shown as a column.
16. Click the **OK** button.
17. In the **Businessgroup Code** field, click the **AssistButton** and select Office.
18. Click LINE→DIMENSIONS.
19. Go to an empty line, in the **Dimension Code** field, click the **AssistButton** and select EXHIBITON.
20. In the **Dimension Value Code** field, select FRANKFURT.
21. Escape from the Document Dimensions window.
22. In the invoice header, change the posting date to 01/15/02.

Microsoft Internal Use Only

Test Your Skills – Manually Calculate VAT

Scenario: You have received several invoices on which the VAT amount differs from that which the program calculates automatically. You should use the journal to change the VAT amount to reflect that on the invoice. Use G/L Account 8120 and invoice amounts of:

Invoice	Amount	VAT Amount
1	1000	251
2	1200	301
3	1500	376
4	750	188

Step-by-Step

1. Create a GENERAL journal batch in the General Journal Batch Name window.
2. Click FINANCIAL MANAGEMENT→SETUP→GENERAL LEDGER SETUP.
3. On the **General** tab, enter 2.00 in the **Max. VAT Difference Allowed** field.
4. Click FINANCIAL MANAGEMENT→SETUP→GENERAL→JOURNAL TEMPLATES.
5. Select the **Allow VAT Difference** field, for the template GENERAL. Click **Yes** to the message which follows in order to update this field in all general journal batches.
6. Close the window and change to the General Journal window. You can now enter VAT differences in the journal. Enter the following lines in the GENERAL batch:

Field	Value
Posting Date	01/25/01
Document No.	Leave as is
Account Type	G/L Account
Account No.	8120
Amount	1000, 1200, 1500, 750

7. Show the **VAT Amount** field and **VAT Difference** field on the journal line. The VAT Amount calculated by the program appears in the **VAT Amount** field.

8. In the **Bal. Account Type** field, select Bank Account and in the **Bal. Account No.** field, select WWB Operating.
9. Enter the amounts from the table above in the **VAT Amount** field instead of the amounts calculated by the program and the different amounts will appear in the **VAT Difference** field.
10. Post the journal.
11. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→HISTORY→REGISTERS. Select the last entry and select General Ledger in the drop-down **Register** button see the general ledger entries that were posted.
12. Click **Navigate** and select the related VAT entry for the General Ledger Entry. Not that you can also see this by selecting VAT Entries on the dropdown **Register** button from the Registers window.

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Test Your Skills – Create a Journal Entry

Scenario: You need to create a journal dividing a debit between the Sales and Administration departments, but don't wish to delineate the department on the credit amount.

Step-by-Step

To split the debit amounts to two departments and keep one total credit without departments attached, you have to make three separate journal lines all with blank in the balancing account field and all with the same document no.

1. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→GENERAL JOURNALS.
2. Enter the following lines in the General Journal:

Account	Amount	Department
8110	100.00	SALES
8110	60.00	ADM
2910	160.00	

Notice that the automatically inserted **Document No.** does not change before you have created the third line that makes the document balance.

Test Your Skills – Creating and Posting Recurring Journals

Scenario: Cronus pays its vehicle repairs and maintenance expenses using the Cash account (2910) on the 25th day of every month. The repairs and maintenance contract is a fixed amount of 1,000 per month for the 2001 year. The company has decided that the repairs and maintenance expenses will be posted so that the amounts are attributed to the various departments according to specific percentage rates.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→PERIODIC ACTIVITIES→RECURRING JOURNALS.
2. Enter the following information in the recurring journal line:

Field	Value
Recurring Method	Fixed
Recurring Frequency	1M
Posting Date	01/25/01
Document Type	Invoice
Document No.	RM for %3
G/L Account No.	2910
Amount	-1000.00 (Enter this into the Amount field, but not in the Allocations window)

3. Click LINE→ALLOCATIONS. The Allocations window appears.
4. In the **Account No.** field, enter 8530.
5. Show (VIEW→SHOW COLUMN) the **Department Code** field. In the **Department Code** field, on three separate lines, enter the following allocation percentages: ADM 18%; SALES 24%; and PROD 58%.
6. After you enter the allocations, escape back to the Recurring Journal window and post (F11) the journal line.
7. Note that after posting, the **Amount** field still contains -1,000.00 and the **Posting Date** has been changed to 02/25/01.
8. Delete the recurring journal line when you are finished.

Test Your Skills – Recurring Journals Using the Balance Method

Scenario: Once a month, you wish to allocate the Other Computer Expenses (account 8330) equally between the Software and Consultant Services accounts (8310 and 8320). You also wish to allocate the Other Computer Expenses by department using the following allocation percentages:

ADM	50%
PROD	25%
SALES	25%

Since the Other Computer Expenses had VAT calculated at the time they were posted to account 8330, you do not want any VAT calculated when you allocate the balance of account 8330.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→PERIODIC ACTIVITIES→RECURRING JOURNALS.
2. Enter the following information in the recurring journal line:

Field	Value
Recurring Method	Balance
Recurring Frequency	1M
Posting Date	01/25/01
Document No.	%5
G/L Account No.	8330
Amount	Leave as 0.00

3. Make sure the **Gen. Posting Type**, **Gen Bus. Posting Group** and **Gen Prod. Posting Group** fields on the recurring journal line are empty. This is because we do not wish to have the program calculate VAT.

4. In the Allocations window, enter the allocation information:

Line	G/L Account	Allocation %	Department Code
1	8310	25	ADM
2	8320	25	ADM
3	8310	12.5	PROD
4	8320	12.5	PROD
5	8310	12.5	SALES
6	8320	12.5	SALES

5. Make sure the **Gen. Posting Type**, **Gen Bus. Posting Group** and **Gen Prod. Posting Group** fields on all allocation lines are empty.
6. Close the Allocations window and return to the recurring journal. Note that the **Amount** field still shows 0.00.
7. Post (**F11**) the Recurring Journal.

***NOTE:** Only after posting, can you see the Amount that was posted and the allocated amounts. The Allocations window always displays the amounts from the previous posting of the recurring journal, in the **Amount** field on the lines.*

Test Your Skills – Create a new Revenue Account

Scenario: Create a new G/L account for Sales Miscellaneous with the No. 6140.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→CHART OF ACCOUNTS.
2. Click ACCOUNT→CARD. The G/L Account Card window appears.
3. Press **F3** to insert a new account.
4. On the **General** tab, enter the following information:

Field	Value
No.	6140
Name	Sales Miscellaneous
Income/Balance	Income Statement
Account Type	Posting
Direct Posting	Yes (checked)

5. In the **Posting** tab, enter the following information:

Field	Value
Gen Posting Type	Sale
Gen. Bus. Posting Group	NATIONAL
Gen. Prod. Posting Group	MISC
VAT Bus. Posting Group	NATIONAL
VAT Prod. Posting Group	VAT25

6. Close the G/L Account Card window.
7. In the Chart of Accounts window, click FUNCTIONS→INDENT CHART OF ACCOUNTS to align the account display.
8. A message appears asking if you want to indent the Chart of Accounts. Click **Yes** to confirm the message.

Test Your Skills – Create a new Bank Account

Scenario: Create a new bank account for *Super Krone Bank*. The bank account has the following features:

Field	Value
Bank No.	SK Bank – DK.
Address	1-3 Detvedjegikkevej
City	Roskilde
Postal Code	4000
Phone No.	46 75 75 34
Contact Name	Hans Holdeop
Bank Branch No.	2396824
Bank Account No.	9652833

Linda Martin is the resource responsible for all contact with this bank.

The currency code for this bank is DKK and the bank is a member of the CURRENCIES posting group.

All transactions involving this bank should be posted with a default dimension of AREA – 40 (Europe North – Non-EU).

Step-by-Step

1. Click FINANCIAL MANAGEMENT→CASH MANAGEMENT→BANK ACCOUNTS. The Bank Account Card window appears.
2. Press **F3** to insert a new bank account.
3. On the **General** tab, enter the information as shown in the table above.
4. On the **Posting** tab, enter the **Currency Code** = DKK and Bank Account Posting Group = CURRENCIES.
5. Click BANK ACC.→DIMENSIONS. The Default Dimensions window appears.
6. In the **Dimension Code** field, enter AREA, in the **Dimension Value Code** field, enter 40 and in the **Value Posting** field, select Same Code.

Test Your Skills – Creating and Copying Budgets

Scenario: You wish to enter a new G/L account budget by area for the sales for the Medium-sized Industrial Customers.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→BUDGETS. The Budget window appears.
2. Click in the **Budget Name** field and click the **AssistButton** to open the G/L Budget Names window.
3. Click on an empty line and in the **Name** field, enter REGION02; in the **Description** field, enter Sales by Region 2002; in the **Budget Dimension Code 1** field, enter BUSINESSGROUP; in the **Budget Dimension Code 2** field, enter CUSTOMERGROUP; and in the **Budget Dimension Code 3** field, enter AREA.
4. While on the new REGION02 line, click **OK** to close the G/L Budget Names window.
5. In the Budget window, on the **General** tab, enter the following:

Field	Value
Show as Lines	G/L Accounts
Show as Columns	AREA
Date Filter	01/01/02..01/31/02
Department Filter	SALES
Businessgroup Filter	INDUSTRIAL
Customergroup Filter	MEDIUM
Show Column Name	Yes
Rounding Factor	None
Time Interval Button	31

5. In the **Budget** lines, locate G/L Account **Code** 6110 and the locate **Area** Europe North (EU).
6. Click in the field and click the **AssistButton**. The G/L Budget Entries window appears.
7. In the **Amount** field, enter -400,000.00. Press Enter.
8. Escape back to the Budget window.

9. Repeat steps 5-8 for the following:

Area	G/L Account	Budgeted Amount
Europe North (EU)	6120	-100,000.00
Europe North (Non EU)	6130	-80,000.00
Europe South	6120	-120,000.00
America North	6130	-90,000.00
America South	6130	-50,000.00

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Test Your Skills – Analyzing Receipts and Exchanges

Scenario: Cronus' customer 10000 places two orders for 100 pieces of item 70201. The first order is placed on 12/31/01, and the other is on 01/01/02 and is posted in Canadian dollars. The customer then sends a check in the local currency for 200.00 that will partially pay both invoices. Meanwhile the Currency Exchange Rate from the local currency to the Canadian dollar has changed to 42.750 on 01/01/02 and the adjustment needs to be made to the sale.

Step-by-Step

Create and Post **two** invoices for Customer 10000:

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→INVOICES.
2. Select Financial Management to insert a new invoice. In the **Sell-to Customer No.** field, enter 10000.
3. On the Sales Invoice, enter the following information:

Field	Invoice 1	Invoice 2
Posting Date (General tab)	12/31/01	01/01/02
Document Date (General tab)	12/31/01	01/01/02
Currency Code (Foreign Trade tab)	LCY	CAD
Item No. (line)	70201	70201
Quantity (line)	100	100

4. Post (**F11**) the Invoices and click **Yes** in the confirmation window.
5. Click FINANCIAL MANAGEMENT→GENERAL LEDGER→ PERIODIC ACTIVITIES→CURRENCY→CURRENCIES. The Currency window appears.
6. Select the CAD Currency and click the **Exch. Rates** button.
7. Enter the following exchange rate:

Field	Value
Starting Date	01/01/02
Relational Exch. Rate Amount	42.75
Relational Adjmt. Exch. Rate Amt.	42.75
Fix Exchange Rate Amount	Currency

8. Click GENERAL LEDGER→PERIODIC ACTIVITIES→CURRENCY→ADJUST EXCHANGE RATES to start the Adjust Exchange Rates batch job.
9. On the **Currency** tab, in the **Code** field, select CAD.

10. On the **Option** tab, enter the following:

Field	Value
Starting Date	Leave empty
Ending Date	01/31/02
Posting Date	01/31/02
Document No.	TEST0001
Adj. Customer, Vendor and Bank Accounts	Yes (checked)

11. Click **OK** to run the batch job.

12. Click FINANCIAL MANAGEMENT→RECEIVABLES→CASH RECEIPTS JOURNALS. Select the GENERAL Batch.

13. Enter the following:

Field	Value
Posting Date	02/15/02
Document Type	Payment
Document No.	Leave as is
Account Type	Customer
No.	10000
Amount	-200.00
Bal. Account Type	Bank Account
Bal. Account No.	WWB-OPERATING

14. Click FUNCTIONS→APPLY ENTRIES. Alternatively, you can press **SHIFT + F9**.

15. Click on the line from Invoice 2 posted in Step 4 (Currency = CAD).

16. To apply a partial payment entry to the cash receipt line, press **F9**. Alternatively, you can click APPLICATION→SET APPLIES-TO ID.

17. Click in the **Amount to Apply** field and press **F2**.

18. Enter 225.00 and tab off the field.

19. Notice that the amount in the **Balance** field is -103.81.

20. Click on the line from Invoice 1 posted in Step 4.

21. Click in the **Amount to Apply** field and press **F2**.

22. Enter 103.81 and tab off the field.

23. Click **OK**.
24. Press **F11** to post and click **Yes** in the confirmation window.
25. Click FINANCIAL MANAGEMENT→RECEIVABLES→CUSTOMERS. Select Customer **No.** 10000 and press **CTRL + F5** to open the Customer Ledger Entries window.
26. Select Invoice 2 created in Step 4 and press **CTRL + F5** to open the Detailed Customer Ledger Entries window.
27. Notice that the **Realized Loss** is posted at the time of payment and the **Unrealized Loss** is posted at the time of Exchange Rate Adjustment.

Test Your Skills – Manually Apply Cash Receipts

Scenario: Customer 10000 has sent a check for the remaining 100.00 in local currency from the invoices in the previous example. However, no invoice was referenced and the Accounts Receivables clerk posted the payment without applying it to any invoice.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→CASH RECEIPTS JOURNALS. Select the GENERAL Batch.
2. Enter the following information:

Field	Value
Posting Date	02/15/02
Document Type	Payment
Document No.	Leave as is
Account Type	Customer
No.	10000
Amount	-100.00
Bal. Account Type	Bank Account
Bal. Account No.	WWB-OPERATING

3. Press **F11** to post and click **Yes** in the confirmation window.
4. Click FINANCIAL MANAGEMENT→RECEIVABLES→CUSTOMERS.
5. Select Customer **No.** 10000 and press **CTRL + F5** to open the Customer Ledger Entries window.
6. Click FUNCTIONS→APPLY ENTRIES.
7. Select the Payment posted in step 3.
8. Click APPLICATION→SET APPLYING ENTRY.
9. Select Invoice 1, posted in the previous exercise.
10. Press **F9** to set the **Applies-to ID**.
11. Select Invoice 2, posted in the previous exercise.
12. Press **F9** to set the **Applies-to ID**.
13. Press **F11** to post the application and click **Yes** in the confirmation window.

Test Your Skills – Unapply and Reverse Transactions

Scenario: Customer 10000 has decided to hold payment on the last check payment of 100.00. You must unapply the payment and reverse the payment posting.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→CUSTOMERS.
2. Select **Customer No.** 10000 and press **CTRL + F5** to open the Customer Ledger Entries window.
3. Select the Payment posted in step 13 of the previous exercise.
4. Click FUNCTIONS→UNAPPLY ENTRIES.
5. Click the **Unapply** button.
6. Click the **Yes** button in the confirmation window.
7. Click FINANCIAL MANAGEMENT→RECEIVABLES→CUSTOMERS.
8. Select **Customer No.** 10000 and press **CTRL + F5** to open the Customer Ledger Entries window.
9. Select the Payment posted in step 13 of the previous exercise.
10. Click FUNCTIONS→REVERSE TRANSACTION.
11. Click REVERSING→REVERSE.
12. Click the **Yes** button in the confirmation window.

Test your Skills – Payment Discount

Scenario: On 02/01/01 Customer 10000 purchased 200 pieces of item 70201 sends a check for the full amount less payment terms discount of 2%. However the check was received 1 day past the discount expiration date. Since this is one of your best customers you have decided to allow the customer to take the full discount on the sales invoice.

Step-by-Step

Post Sales Invoice with Payment Discount

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→INVOICES.
2. Press **F3** to insert a new invoice. In the **Sell-to Customer No.** field, enter 10000.
3. On the Sales invoice, enter the following information:

Field	Value
Posting Date (General tab)	02/01/01
Document Date (General tab)	02/01/01
Payment Terms Code (Invoicing tab)	1M(8D)
Item No. (line)	70201
Quantity (line)	200

4. Post (**F11**) the Invoice and click **Yes** in the confirmation window.
5. Click FINANCIAL MANAGEMENT→RECEIVABLES→CASH RECEIPTS JOURNALS. Select the **GENERAL** Batch.
6. Enter the following information:

Field	Value
Posting Date	02/10/01
Document Type	Payment
Document No.	Leave as is
Account Type	Customer
No.	10000
Amount	-294.00
Bal. Account Type	Bank Account
Bal. Account No.	WWB-OPERATING

7. Click **FUNCTIONS**→**APPLY ENTRIES**.
8. Select the Invoice posted in Step 4.
9. Press **F9** to set the **Applies-to ID**.
10. Click in the **Pmt. Discount Date** field and press **F2** to edit.
11. Change the date to 02/10/01.
12. Click in the **Pmt. Disc. Tolerance Date** field and press **F2** to edit.
13. Change the date to 02/10/01.
14. Click **OK**.
15. Post (**F11**) the payment and click **Yes** in the confirmation window.

Test Your Skills – Payment Tolerance

Scenario: You have recently implemented a payment tolerance policy that absorbs 1% over or under payments of invoices, with a maximum tolerance of 50.00 (LCY). Customer 10000 places an order for 400 of item 70201 on 02/01/01 then sends a payment check for 605.00 (LCY) on 02/15/01 that will apply to only that invoice.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→SETUP→GENERAL LEDGER SETUP
2. Click the **Application** tab.
3. Click FUNCTIONS→CHANGE PAYMENT TOLERANCE.
4. Leave the **All Currencies** field and the **Currency Code** field empty.
5. In the **Payment Tolerance %** field, enter 1.
6. In the **Maximum Payment Tolerance Amount** field, enter 50.
7. Click **OK** to change the tolerance.
8. Click **No** to decline the update the change to existing customer and vendor ledger entries.
9. Click FINANCIAL MANAGEMENT→RECEIVABLES→INVOICES.
10. Press **F3** to insert a new invoice and enter **Customer No.** 10000.
11. On the Sales invoice, enter the following information:

Field	Value
Posting Date (General tab)	02/01/01
Document Date (General tab)	02/01/01
Item No. (line)	70201
Quantity (line)	400

12. Post the Invoice by pressing **F11** and click **Yes** in the confirmation window.
13. Click FINANCIAL MANAGEMENT→RECEIVABLES→CASH RECEIPTS JOURNALS. Select the **GENERAL** Batch.

14. Enter the following information:

Field	Value
Posting Date	02/15/01
Document Type	Payment
Document No.	Leave as is
Account Type	Customer
No.	10000
Amount	-605.00
Bal. Account Type	Bank Account
Bal. Account No.	WWB-OPERATING

15. Click **FUNCTIONS**→**APPLY ENTRIES**.
16. Select the Invoice posted in Step 12.
17. Press **F9** to **Set the Applies-to ID**.
18. Click **OK**.
19. A Payment Tolerance Warning message appears. Click the **Post the balance as Payment Tolerance** option button and then click **OK**.
20. Post (**F11**) the payment and click **Yes** in the confirmation window.

Test Your Skills – Create Reminders and Finance Charge Memos

Scenario: Your company has decided to issue reminders to five troublesome customers (the BIG5) who are consistently late to pay invoices. You have been asked to send a reminder every 14 days sending a maximum of 4 reminders before the account goes to collection. The customers are: 10000, 20000, 30000, 40000 and 50000.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→SETUP→REMINDER TERMS.
2. Press **F3** to insert a new Reminder Term.
3. In the Reminder Term **Code** field, enter BIG5.
4. In the **Max. No. of Reminders** field, enter 4.
5. Click the **Levels** button.
6. In the **No.** field, enter 1.
7. In the **Grace Period** field, enter 1W.
8. Click FINANCIAL MANAGEMENT→RECEIVABLES→CUSTOMERS.
9. Select Customer **No.** 10000.
10. Click the **Payments** tab and in the **Reminder Terms Code** field select BIG5.
11. Repeat step 10 for Customers 20000, 30000, 40000 and 50000.
12. Click FINANCIAL MANAGEMENT→RECEIVABLES→PERIODIC ACTIVITIES→REMINDERS.
13. Click FUNCTIONS→CREATE REMINDERS.
14. On the **Customer** tab, in the **No.** field, enter 10000..50000.
15. In the **Posting Date** and **Document Date** fields, enter the current date.
16. Click in the **Only Entries with Overdue Amounts** check box and the **Use Header Level** check box.
17. Select **OK** to create reminders.
18. Press **F11** to Issue the Reminders.
19. Delete the existing filter on the **Reminder** tab and add a filter for **Customer No.**

20. Add filter value of 10000..50000.
21. Click the **Options** tab and click the **Print** field check box.
22. In the **Posting Date** field, enter the current date.
23. Select **OK** to issue the Reminder.

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Test Your Skills – Extending a Payment Discount

Scenario: Cronus places an order to vendor 01863656 for 200 pieces of item 1900-S. The vendor originally requested that the payment terms for this order be 1 month/2% discount after 8 days, but changes the payment terms for the order before the payment has been issued to 1 month 2% discount after 14 days, extending the discount expiration date 6 days.

Step-by-Step

1. Change the work date by clicking TOOLS→WORK DATE and entering 01/28/01.
2. From the Purchase menu, select PLANNING→PURCHASE ORDERS.
3. Press **F3** to insert a new order. In the **Buy-from Vendor No.** field, enter 01863656.
4. On the Purchase order, enter the following information:

Field	Value
Posting Date (General tab)	02/01/01
Document Date (General tab)	02/01/01
Vendor Shipment No. (General tab)	Any number
Vendor Invoice No. (General tab)	Any number
Payment Terms (Invoicing tab)	1M(8D)
Location Code (Shipping tab)	Blue
Item No. (line)	1900-S
Quantity (line)	200

5. Change the Work Date to 02/01/01.
6. Post (**F11**) the receipt and invoice of the Purchase Order.
7. Change the Work Date to 02/10/01.
8. Click FINANCIAL MANAGEMENT→PAYABLES→PAYMENT JOURNAL.

9. Enter the following information:

Field	Value
Posting Date	W (work date)
Document Type	Payment
Document No.	3303
Account Type	Vendor
No.	01863656
Bal. Account Type	Bank Account
Bal. Account No.	WWB-OPERATING
Bank Payment Type	Manual Check

10. Click **FUNCTIONS**→**APPLY ENTRIES**.
11. Select the posted invoice from step 6.
12. In the **Payment Discount Date** field, press **F2** to allow editing of the field.
13. In the **Pmt. Disc. Date** field, enter 02/15/01, then press tab to edit the **Pmt. Disc. Tolerance Date** field.
14. In the **Pmt. Disc. Tolerance Date** field, enter 02/15/01 and tab off the field.
15. Press **F9** to select the invoice for payment and click **OK**.
16. Post (**F11**) the adjusted payment and click **Yes** in the confirmation window.

Test Your Skills – Suggest Payments and Re-Print Checks

Scenario: You have decided to pay vendor 01863656 for an invoice before the discount expiration date of the payment terms 1 month/2% discount after 8 days. However, during the printing of the check, paper was stuck in the printer and the check needs to be re-printed for the same check number.

Step-by-Step

1. Change the work date by clicking TOOLS→WORK DATE and entering 01/28/01.
2. From the Purchase menu, select PLANNING→PURCHASE ORDERS.
3. Press **F3** to insert a new order. In the **Buy-from Vendor No.** field, 01863656.
4. On the Purchase order, enter the following information:

Field	Value
Posting Date (General tab)	01/28/01
Document Date (General tab)	01/28/01
Vendor Shipment No. (General tab)	Any number
Vendor Invoice No. (General tab)	Any number
Payment Terms (Invoicing tab)	1M(8D)
Location Code (Shipping tab)	Blue
Item No. (line)	1900-S
Quantity (line)	100

5. Post (**F11**) the receipt and invoice of the Purchase Order.
6. Click FINANCIAL MANAGEMENT→CASH MANAGEMENT→BANK ACCOUNTS.
7. Select Bank Account WWB-USD.
8. On the **Posting** tab, enter 3333 in the **Last Check No.** field.
9. Click FINANCIAL MANAGEMENT→PAYABLES→PAYMENT JOURNAL.
10. Click PAYMENTS→SUGGEST VENDOR PAYMENTS...
11. On the **Vendor** tab, in the **No.** field, enter 01863656.

12. On the **Options** tab, select the following settings:

Field	Value
Last Payment Date	02/05/01
Find Payment Discount	Yes (checked)
Summarize per Vendor	No (unchecked)
Use Vendor Priority	No (unchecked)
Available Amount (LCY)	Delete contents so it is blank
Posting Date	01/28/01
Starting Document No.	blank
Bal. Account Type	Bank Account
Bal. Account No.	WWB-USD
Bank Payment Type	Computer Check

13. Click **OK**.

14. Delete all journal entries except the invoice created in step 5.

15. Click PAYMENTS→PRINT CHECK.

16. On the **Options** tab, select the following settings:

Field	Value
Bank Account	WWB-USD
Last Check No.	3333
One Check per Vendor per Document No.	No (unchecked)
Reprint Checks	No (unchecked)
Test Print	No (unchecked)
Preprinted Stub	No (unchecked)

17. Click **Print**.
18. Click PAYMENTS→PRINT CHECK.
19. On the **Options** tab, select the following settings (Note the Last **Check No.** field has changed to 3334 and must be edited):

Field	Value
Bank Account	WWB-USD
Last Check No.	3333
One Check per Vendor per Document No.	Yes (checked)
Reprint Checks	No (unchecked)
Test Print	No (unchecked)
Preprinted Stub	No (unchecked)

20. Post (**F11**) the Journal and click **Yes** in the confirmation window.

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Test Your Skills – Unapply Entry

Scenario: Vendor 01863656, American Wood Exports, has called you to notify you of an outstanding invoice that was due on January 31, 2001 for \$123,523.50 and will apply the last payment from check number 3304 to this invoice instead. The payment must be unapplied from the current invoice in order for it to be applied to the older invoice.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→PAYABLES→VENDORS.
2. Select **Vendor No.** 01863656.
3. Click in the **Balance (LCY)** field, press **F6** to open the Vendor Ledger Entries window.
4. Select the payment for **Document No.** 3304.
5. Click FUNCTIONS→UNAPPLY ENTRIES.
6. Select the corresponding invoice entry and click the **Unapply** button.
7. Click **Yes** in the confirmation window.
8. From the Vendor Ledger Entry window, click FUNCTIONS→APPLY ENTRIES.
9. Select the invoice for \$123,523.50 and press **F9**.
10. Select the payment from check 3304 and press **F9**.
11. Post (**F11**) the application and click **Yes** in the confirmation window.

Test your Skills – Reversal of Journal Posting

Scenario: You have created and posted an invoice for vendor 01863656 in the Purchase Journal for \$50.00 due to a late fee for an open invoice. However, the vendor has reversed the charge after negotiations and the invoice including all related entries must be reversed.

Step-by-Step

1. Click FINANCIAL MANAGEMENT→PAYABLES→PURCHASE JOURNALS. Select the DEFAULT Batch.
2. Right-click in the header, select **Show Column**, and select the **External Document No.** and click **OK**.
3. Enter the following information:

Field	Value
Posting Date	Keep the default
Document Type	Invoice
Document No.	Keep the default
External Document No.	LATEFEE
Account Type	Vendor
No.	01863656
Amount	-50.00
Bal. Account Type	G/L Account
Bal. Account No.	5410

4. Click ACCOUNT→CARD.
5. Select the **Direct Posting** field.
6. Close the G/L Account Card window and in the **Bal. Account No.** field, select Account No. 5410.
7. Post (**F11**) the Journal and click **Yes** in the confirmation window.
8. Click FINANCIAL MANAGEMENT→PAYABLES→VENDORS.
9. Select Vendor No. 01863656 and in the **Balance (LCY)** field, click the **AssistButton** to open the Vendor Ledger Entries window.
10. Select the Invoice with **External Document No.** of LATEFEE, and click FUNCTIONS→REVERSE TRANSACTION.
11. Post (**F11**) the Reversal and click **Yes** in the confirmation window.

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