

Building the

Accounts Structure

4



Getting Organised

There are various ways in which you can approach the task of building an accounts structure tailored to your exact requirements...

...**either**, by creating a blank document from scratch into which the whole accounts structure can be entered.

...**or**, by opening one of the pre-supplied templates which can then be modified as required.

This chapter describes the actual building process and the way in which you can add, modify and delete account items. These items include the individual **Accounts** which provide a permanent record of all your business transactions - plus the **Titles**, **Summary** accounts, **Subtotals** and **Totals** which will be used in the presentation of your final reports.

Before going any further, you should acquaint yourself with the appendix entitled **Opening Moves** which details the steps involved in creating a set of Bottom Line accounts.

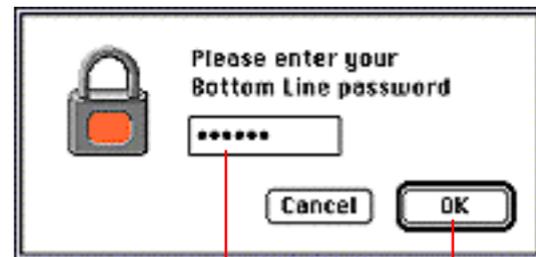
If you have not already created your business and account details turn to the section headed **Getting Started** in Chapter 3.

Otherwise open your accounts document like this...



From the Macintosh desktop:

Locate then double click the icon representing your accounts.



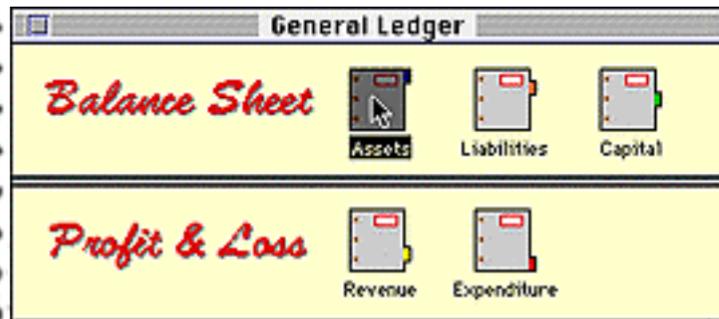
Enter your password if necessary
Click OK to display the Bottom Line Desktop.

Adding a New General Ledger Account

In this section we look at how you can add a new account item to your General Ledger accounts structure.

First double click the General Ledger icon from the Bottom Line desktop to open the General Ledger.

Having opened the General Ledger, you will now see the five accounts categories from which the Balance Sheet and Profit & Loss reports are derived...



To add a new account, open the relevant category by double clicking its icon. If you have chosen to modify an existing template, the account items which have already been entered for that category are revealed...

...alternatively, if you are working with a new document, the category window will be empty.

Now create the new account...



EITHER, click the New Account button...
 ...OR, choose New Account from the General menu to display the New Account window ...



Creating a New Account Item

From the New Account window, you can enter the numeric code specifying its position in the accounts structure and choose the type of account you want to create.

When the window first opens, its height is preset to fit your screen. If you are unable to see the window's entire contents, use the standard scroll facilities to display those items which are hidden from view.

Let's concentrate first on the upper area of the window...

Account Number: As described in [Chapter 2](#), each account item is allocated a five digit code which positions it within its account category. Enter the number here.

You may prefer to use the first 3 digits to specify the position — the last two digits being used (if required) for finer division between accounts later.



Later Refinement

If you are setting up your accounts you may not want to worry about departmental analysis at this time. Departments are not vital and can always be added later as a refinement when you have mastered the essentials.

Department: none

- London
- South East
- East Anglia
- Midlands

Department Label: In [Chapter 2](#) there is a section describing how you can break down your Profit & Loss accounts into departments.

Then in [Chapter 3](#) you can see how departmental labels are set up.

Choose a department (for Accounts, Headings or Subtotals) from the pop-up menu if required.

Creating a New Account Item (continued)

Account Description: Every account item needs a description - enter a suitable name to identify it.

For a **Summary** account use the End of Range box to specify the last account number to be included in the summary as described in [Chapter 2](#).

Summary

End of Range

For a **Subtotal** account, use the pop-up menu to choose which of the six levels of subtotal you require. These levels are used to define the scope of accounts which are to be totalled as described in the [next section...](#)

SubTotal Level

1
2
3
4
5
6

Account Function: The program is preset to create an ordinary posting **Account** into which transactions are entered. If you are creating one of the other items, click the relevant button - **Title, Summary, Subtotal, P&L Total** - to change its function.



More about Account Function

[Chapter 2](#) describes the different types of account items available to you - to recap...

- A Title creates a heading on Balance Sheet, Profit & Loss or Account History reports.
- An Account represents an ordinary posting account.
- A Summary condenses a defined range of accounts into a single report entry.
- A Subtotal totals up a range of account balances.
- A P&L Total is used to specify a Profit & Loss total on the Profit & Loss report - and to identify the Profit (or Loss) in the Capital section of the accounts structure.

Sub-totalling in action

When entering a total (or subtotal) it is important to specify which accounts the total is summing. Bottom Line deals with this requirement by providing a hierarchy of subtotals.

You can choose from 6 levels of subtotal. Each subtotal sums the **accounts immediately above it, plus any lower numbered subtotals until it meets a subtotal which is on the same or a higher numbered level.**

Let's look at the way in which these subtotals interact - starting with the company's Assets. These can be totalled as follows...

- **Total Fixed Assets** are assigned level 2. As this is the first subtotal in the structure, it simply sums the accounts above it.

- **Total Current Assets** — we want this total to sum only the current assets. We would therefore assign it to level 1 so that it sums the preceding account items in the usual way but stops at **Total Fixed Assets** since that is a higher level total.

- **Net Current Assets** - here we need the sum of the **Current Assets** and **Current Liabilities**. It has been assigned level 2 so that it sums the preceding account items plus any level 1 subtotals it can find – so it includes

ASSETS	Subtotal 1	Subtotal 2	Subtotal 3	Subtotal 4
Fixed Assets				
Tangible Assets				
Property				
Fixtures & fittings				
Equipment / plant				
Less depreciation				
Investments				
Listed Investments				
Unlisted Investments				
TOTAL FIXED ASSETS		XXXX . XX		
Current Assets				
Stock:				
Stocks - Materials				
Work in Progress				
Debtors due in 1 year				
Sales Control a/c				
Debtors Suspense a/c				
Prepayments				
Cash				
TOTAL CURRENT ASSETS	XXXX . XX			
Current Liabilities				
Creditors due in 1 year				
Purchase Control a/c				
Creditors Suspense a/c				
VAT account				
PAYE / NI				
NET CURRENT ASSETS		XXXX . XX		
TOTAL ASSETS LESS CURRENT LIABILITIES			XXXX.XX	
LIABILITIES				
Creditors due over 1 year				
Bank loans				
Other loans				
HP Creditors				
Provisions for liabilities				
Deferred Taxation				
Other provisions				
TOTAL LONG TERM LIABILITIES		XXXX . XX		
NET ASSETS				XXXX.XX
CAPITAL & RESERVES				
Share Capital				
Share Premium Account				
Retained Profits				
Profit or Loss				
TOTAL CAPITAL		XXXX . XX		

Profit and Loss Account

Total Current Assets. All subtotals on the same level or higher are ignored therefore **Fixed Assets** are excluded (this is why we had assigned Total Fixed Assets to level 2).

- **Total Assets Less Current Liabilities** — In this case we want to include all the **Assets** and the **Current Liabilities**. The total has been designated level 3 so that it sums all level 1 and 2 subtotals above it (in this case, everything).

[Continued on next page...](#)



Why don't we subtract the liabilities?

Fixed Assets and Current Assets are debit balances; Current Liabilities are credit balances. Therefore, when we sum the **credit** balances to a **debit** total, Credit Liabilities are effectively subtracted from - not added to - the relevant totals.

Moving on to the remaining two **Balance Sheet totals...**

- **Total Long Term Liabilities** only needs to sum the items after the Liabilities title. So this is simply a level 1 subtotal summing only the preceding accounts up to but excluding **Total Assets Less Current Liabilities**.
- **Net Assets** is a level 4 subtotal since its purpose is to sum everything so far, including **Total Assets Less Current Liabilities** at level 3.
- The **Profit or Loss** item is designated as a **P&L total** to specify that its value is accumulated from the Profit & Loss accounts.
- **Total Capital** is a level 1 subtotal since it only has to sum the Capital accounts - which, of course, includes the P&L total.



Subtotals for P&L reports

The same rules apply when assembling a set of Profit & Loss accounts. However the **P&L Total** has a different meaning defined as follows:

“In a Profit and Loss account P&L Totals will always sum all P&L accounts above it. The final P&L Total is the one which transfers its value to the P&L Total in the Balance Sheet.”

More about a New Account Item

Account Type: [Chapter 1](#) explains how assignment of accounts' types enables Bottom Line to correctly ascertain how the business has acquired its money (Liabilities, Capital and Revenue) and where that money has gone (Assets and Expenditure).

The current balance for each account will be either **Debit** or **Credit**. This entry allows you to specify the normal condition for this account.

If you are adding an item to the **Liabilities**, **Capital** or **Revenue** category, the account type is preset to **Credit** - while items in the **Assets** or **Expenditure** categories are preset to **Debit**. An actual balance value opposite to the type specified will be printed with brackets on the Balance Sheet and Profit & Loss report — signifying that it is negative and is subtracted from the totals.

For example, a bank account being an Asset is a **debit** account. In the event of that account becoming overdrawn, the balance would switch to a credit (or negative) value and would be shown on the Balance Sheet within brackets.

The screenshot shows a 'New Account' dialog box with the following fields:

- Account Number: 16100
- Department: none
- Description: Current Account
- Account type: Debit
- Reporting Position: Left
- Annual Budget: 0.00 Debit
- Current Balance: 0.00 Debit
- Radio buttons: Title, Account (selected), Summary, SubTotal, P&L Total
- End of Range: []
- Level: 1

Use the pop-up menu only if you need to change the preset account type.

Click the Account Type box then choose the required option - Debit or Credit - from the pop-up menu...



Wayward Subtotals

Take Particular care about the Account Type for subtotals — these may not follow the preset type. For example, a Balance Sheet total for Net Assets may be located in the Liabilities section simply to ensure that it is positioned correctly on the printed Balance Sheet.

More about a New Account Item (continued)

Reporting Position

To enhance the final appearance of the Balance Sheet, you can decide the position of the headings and monetary values.

For each title, you can choose **Main** heading to be printed on left side of the report...

...or you can specify a subheading (printed in smaller type) which can either be positioned on the **Left** or **Right** of the report.

For items which are destined for the Balance Sheet (namely, Summary accounts; individual, but un-summarised, accounts; or totals), Bottom Line prints each description to the left of the report but you can position the accompanying monetary value in one of three columns - **Left**, **Centre** or **Right** as illustrated in this example.

Entering the Reporting Position is described [overleaf...](#)

		BALANCE SHEET		Date
		For Period xx		
		Left	Centre	Right
Main Headings	ASSETS			
	Fixed Assets			
	Tangible Assets		XXXX.XX	
	Investments		XXXX.XX	
	TOTAL FIXED ASSETS			XXXX.XX
	Current Assets			
	Stocks	XXXX.XX		
	Debtors due in 1 year	XXXX.XX		
	Cash	XXXX.XX		
	TOTAL CURRENT ASSETS		XXXX.XX	
	Current Liabilities			
	Creditors due in 1 year		XXXX.XX	
	NET CURRENT ASSETS			XXXX.XX
	TOTAL ASSETS LESS CURRENT LIABILITIES			XXXX.XX
	LIABILITIES			
Creditors due over 1 year		XXXX.XX		
Provisions for liabilities		XXXX.XX		
TOTAL LONG TERM LIABILITIES			(XXXX.XX)	
NET ASSETS			XXXX.XX	
CAPITAL AND RESERVES				
Share Capital		XXXX.XX		
Share Premium account		XXXX.XX		
Retained Profits		XXXX.XX		
Profit or Loss		XXXX.XX		
TOTAL CAPITAL			XXXX.XX	

More about a New Account Item (continued)

Reporting Position (continued)

New Account

Account Number: 16100
 Department: none
 Description: Current Account
 Account type: Debit
 Reporting Position: Left
 Annual Budget: 0.00 Debit
 Current Balance: 0.00 Debit

Title
 Account
 Summary
 SubTotal Level: 1
 P&L Total

Use this option to specify the **Reporting Position** for any account item destined to appear on the Balance Sheet as follows...

For Titles, choose Left, Main or Right from the pop-up menu.



For Accounts, Summaries, Totals and P&L Totals use the pop-up menu to position the monetary value Left, Centre or Right.



Break point...

If you are creating a reporting item - **Title, Summary, Subtotal or P&L Total** - no further information is required so you are now ready to save the item as described below.

If you are creating an ordinary **Account**, postpone the entry of all monetary values (budget, opening balance and historic balances) until the final accounts structure is in place and open items have been entered. So, at this point, you should stop and save this account. Once you are ready you can return to each posting account and complete the remaining entries as described in the section entitled '**Opening Balances and other Cash Values**' in Chapter 14.

Saving the Account Item

Having entered the relevant information, you can now save the new item to form part of the structure like this...

If you click the close box when there are unsaved changes, you will see the dialogue box described opposite...

Click **Save** to accept the information, adding the new account to the structure and opening the next, blank account.

New Account

Account Number: 16100
 Department: none
 Description: Current Account
 Account type: Debit
 Reporting Position: Left

Title
 Account
 Summary

Actual last year:

1	Debit	5	Debit	9	Debit
2	Debit	6	Debit	10	Debit
3	Debit	7	Debit	11	Debit
4	Debit	8	Debit	12	Debit

Save Ignore Close

...OR, click **Ignore** to discard the account details and display a blank window.

...OR, click **Close** to close the window. If any unsaved details are detected, you will see this warning...

Do you want to save the changes to this window?

Don't Save Cancel Save

Click **Don't Save** to ignore the unsaved details...

...OR, click **Cancel** to return to the window...

...OR, click **Save** to save the new details.

Viewing Account Items (continued)

By Name When you select the By Name command from the View menu, Bottom Line displays all the account items within each category as a list - complete with the number, function and description of each account.



Expenditure		
60000	Title	DIRECT COSTS
60001	Title	DIRECT CONSULTANCY COSTS
60003	Title	DIRECT SOFTWARE COSTS
60004	Title	DIRECT HARDWARE COSTS
60005	Title	DIRECT S/Y RESALE COSTS
60006	Title	DIRECT TRAINING COSTS
60100	Summary	Materials
60104	Account	Hardware for Resale
60105	Account	Software for Resale
60106	Account	Training Materials
60500	Summary	Direct Expenses
60501	Account	Consultancy Expenses
60503	Account	Software Expenses
60506	Account	Training Expenses
60507	Account	Licensing Expenses
60600	Summary	Direct Labour Costs
60601	Account	Consultancy Salaries
60603	Account	Software Salaries
60606	Account	Training Salaries
60701	Account	Consultancy NI
60703	Account	Software NI
60706	Account	Training NI

Notice also that the hierarchy of the structure is illustrated by indentation of the description — Titles are furthest to the left, then Summaries and any unsummarised Accounts. The accounts which make up each Summary are indented to the right while Subtotals and P&L Totals bring up the rear.



Assembling Account Categories

The **By Name** facility is particularly useful in providing a running commentary as you construct each category. Simply open the account category window so that it is sitting in the background and watch each new account item being slotted into place.

Modifying an Account Item

If, at any time, you want to modify the details for an account item then re-open it like this...

Open the relevant category from the General Ledger then...

EITHER OR



Assets		
14100	Account	Sales Ledger Control
14200	Account	Debtors' Suspense Account
14300	Account	Staff Loan
14400	Account	Other Debtors
14500	Account	Prepayments & Accrued Inc
14600	Account	Loans
16000	Summary	Cash
16100	Account	Current Account
16200	Account	High Interest Account
16400	Account	Petty Cash
16500	Account	Misc. Debits and Credits
17000	Subtotal 1	TOTAL CURRENT ASSETS

Locate then double click the account item to open it.



Finding Accounts

If you want to find an account by name, use the Find command from the Edit menu.

This facility is explained in [Chapter 19](#).



Changing Places

Editing the existing account number has important implications for the accounts structure as you will notice in the [next section...](#)

Modifying the Accounts Structure

The order and position of each item within the accounts structure is determined by the five digit account number assigned to it. If you discover that an account item is in the wrong place, you can change its position by editing the account number. Use this facility whenever you want to...

- Change the position of an item within the existing category.
- Move an item to another category.

To modify the account structure...

Expenditure		
70900	Summary	Productive Overheads
71000	Account	Equipment Maintenance
71300	Account	Depreciation of Vehicles
71400	Account	Depreciation of Equipment
71500	Account	Delivery Expenses
71600	Account	Books/Software/Subscrips
71700	Account	Independent Consultants
71900	Account	Miscellaneous Equipment
72100	Account	Motor Running Costs
72200	Account	Direct Travel Expenses
73000	Summary	Sales & Marketing Costs
73300	Account	Sales Expenses
74300	Account	Entertainment
74400	Account	Training, conferences
75000	Summary	Administrative Overhead
75300	Account	Directors' Pension Costs
New Account		

Open the relevant account category then locate and double click the account item that you want to modify.

Modify Account

Account Number:

Department:

Description:

Replace the existing account number with one that represents the account's new position in the structure...

Account Number:

...then click Save to move the account to the new location.

Expenditure		
70900	Summary	Productive Overheads
71000	Account	Equipment Maintenance
71300	Account	Depreciation of Vehicles
71400	Account	Depreciation of Equipment
71500	Account	Delivery Expenses
71600	Account	Books/Software/Subscrips
71700	Account	Independent Consultants
71900	Account	Miscellaneous Equipment
72100	Account	Motor Running Costs
72200	Account	Direct Travel Expenses
72400	Account	Training, conferences
73000	Summary	Sales & Marketing Costs
73300	Account	Sales Expenses
74300	Account	Entertainment
75000	Summary	Administrative Overhead
75300	Account	Directors' Pension Costs
New Account		

Modifying the Accounts Structure (continued)



Expanding Summaries

Bear in mind that if you want to move an account into a Summary, you may need to adjust the [Summary's End of Range](#) to accommodate the newcomer.



Printing the Accounts Structure

Once the accounts structure is exactly the way you want it, you will naturally want a permanent copy of your handiwork.

You can print a [List of Accounts](#) report as described in [Chapters 5 & 16](#). This provides full information including types and reporting positions of the accounts.



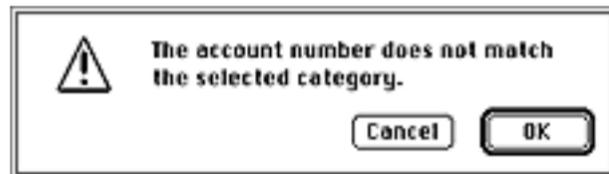
Moving an account to another category

The section headed [Numbering Account Items](#) in Chapter 2 explains how Bottom Line uses a simple numbering system to classify ranges for the five account categories. These numeric ranges are set up as explained in [Chapter 3](#).

If you want to reposition an item into another category...

- Select a number which is within the target category to position the item in the correct place.
- Change the item's number as explained on the last page.

This message warns you that you are about to trespass outside the scope of the open category.



Click OK to make it happen.

Deleting an Account Item

Sooner or later, you will want to delete an account item from the structure. You can do this provided that...

- ✓ The current balance is zero.
- ✓ There are no current transactions associated with this account. This means that, if you have already started posting transactions to this account, you will need to print and clear the Transaction List (as described in [Chapter 16](#)).

Having satisfied these two conditions, delete the unwanted account item like this...

EITHER



11100

Assets		
10000	Title	ASSETS
10100	Title	FIXED ASSETS
10200	Summary	Intangible Assets
10400	Account	Software Rights
10800	Summary	Tangible Assets
11000	Account	Furniture & Fittings
11100	Account	Equipment
11200	Account	Motor Vehicles
11300	Account	Less Depreciation
11500	Summary	Investments
11600	Account	Shares
12500	Subtotal 2	TOTAL FIXED ASSETS
13000	Title	CURRENT ASSETS

OR...

Locate and click the unwanted account item to select it.

Edit	
Undo	⌘Z
Cut	⌘K
Copy	⌘C
Paste	⌘V
Clear	
Select All	⌘A
Find...	⌘F
Delete Item	⌘K
Change Item...	

Choose Delete Item from the Edit menu — this message appears...



Click Delete to permanently remove the account record.

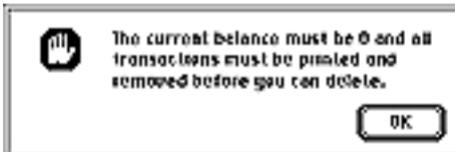
[Turn the page](#) for a couple of points about deleting accounts...

Deleting an Account Item (continued)

**Not playing by the rules**

If the account balance is not zero or you have inadvertently forgotten to clear the

Transaction List, Bottom Line informs you with this message...



When this happens, click OK then take the appropriate steps to transfer the current balance to a more suitable account or clear the Transaction List.

**Lost History!**

Although Bottom Line allows you to delete an account with a zero current balance and no current transactions, it will not warn you if there is any history attached to the account. This means that if you wish to retain the integrity of your historic data, you should ensure that there is no historic information before deleting.