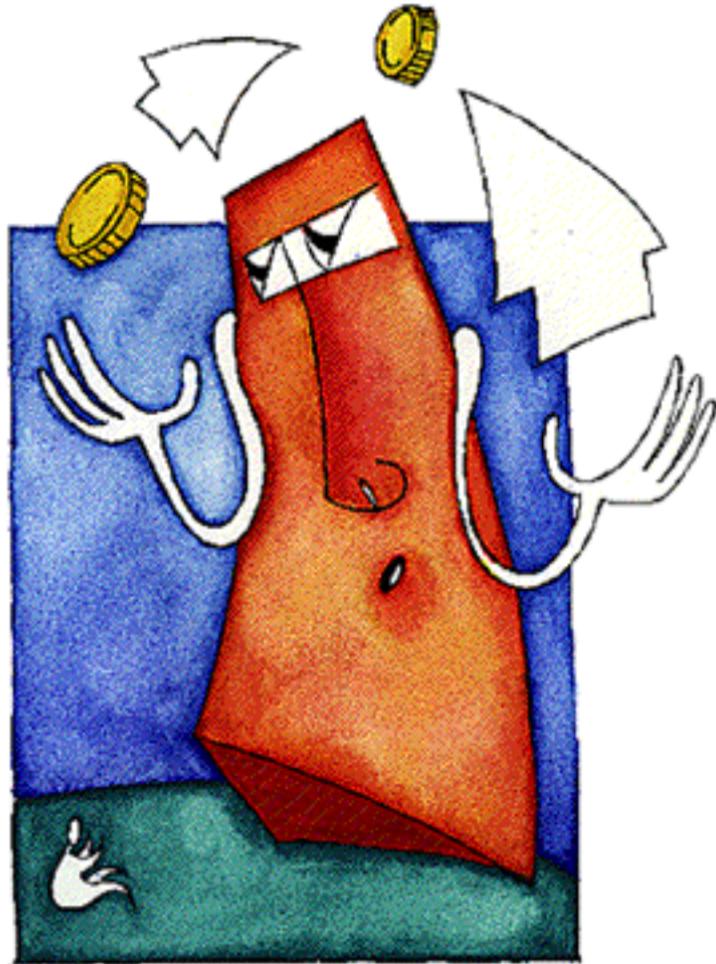


Working with the

Sales Ledger

6



Introducing the Sales Ledger



IN THE NEXT FOUR CHAPTERS WE TURN THE SPOTLIGHT AWAY FROM THE GENERAL LEDGER AND ONTO THE SALES LEDGER.

THIS LEDGER IS DESIGNED TO MAINTAIN INFORMATION

CONCERNING YOUR COMPANY SALES AND CUSTOMERS.

THE VARIOUS TRANSACTIONS — IN THE FORM OF

INVOICES, RECEIPTS, CREDIT NOTES OR REFUNDS —

CAN BE ENTERED AGAINST THE RELEVANT CUSTOMER

ACCOUNTS.

This information is then used to...

- Print invoices and statements — to ensure the timely collection of debts.
- Update the current turnover and current balance for each customer account.
- Produce an Aged Debtors report — listing the amounts owed to you.
- Update the General Ledger.

These will help you in the battle to keep cash flow problems at bay. However, there is more to business than simply gathering in the money you are owed. In order to flourish and expand, you will want to identify those areas which are doing well and, more importantly, those areas which could do better. To help with this task, Bottom Line provides the Sales Allocation Structure — which pulls together all your sales transactions to analyse **where** money is being earned.



The Sales Allocation Structure

The Sales Allocation Structure is a set of records, identified by simple short numeric codes which help you to record your sales in three ways...

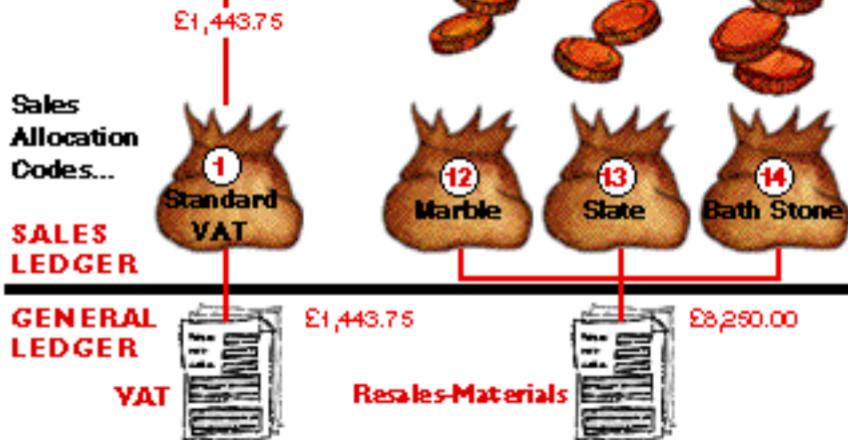
The first and primary purpose of each analysis record is to map the value of each type of sale to the relevant Revenue account in the General Ledger. This ensures that your business income is accurately summarised on the Profit & Loss Account.

The analysis records also feed the value of each sale to your own income headings. It is this analysis of income which enables you to see where your revenue is being generated.

Its third function is to help you save time and effort when preparing customer invoices and credit notes. You can set up each analysis record with a description and preset values which are recalled for entry directly into an invoice whenever the code is used.

This diagram illustrates how the Sales Allocation codes are used to route revenue values two ways — both to Sales Analysis figures as well as General Ledger accounts...

Rock Solid SALES INVOICE	
to Heritage Restorations	
Item	Price
Bath Stone	5,000.00
Slate	2,500.00
Marble	750.00
Net	8,250.00
VAT	1,443.75
Total	9,693.75



The Sales Allocation Structure (continued)

The first six analysis records (numbered 0 to 5) in the allocation structure are reserved for VAT purposes. These correspond to the VAT rates specified when [setting up the General Ledger](#).

The remaining records (from number 6 onwards) are used to allocate and analyse the actual products and services sold to your customers. The way in which you choose to allocate these sales depends on the nature of your business and the level of sales analysis you require.

You may feel that you already have sufficient number of Revenue accounts in the General Ledger to provide a satisfactory breakdown of sales information. In that case, an allocation structure consisting of one sales analysis record per General Ledger Revenue account will suffice.

Alternatively, by setting up several analysis records for each General Ledger account, you are able to use the Sales Ledger to provide an additional sub-analysis of income as shown [on the previous page](#). The choice is all yours!



VAT rates... ..who needs them?

If your business is VAT registered but you have not set up your VAT rates then you should do this before proceeding any further. Turn to [Chapter 3](#) for more information.

Building the Sales Allocation Structure

Having decided which income headings you want to use and how they will link to the General Ledger, you are now ready to start building the Sales Allocation Structure. First open the Sales Analysis icon from the Bottom Line desktop...

Sales



L Ledger



S Sales Analysis

Double click the Sales Analysis icon to open its window...

VAT analysis codes



Sales analysis codes



You now see a list of numbered codes which can be viewed using the vertical scroll facilities.

The first six slots in the allocation structure are occupied by the **VAT analysis records**. When entering invoices and credit notes, it is these records that will apply the correct VAT rate as specified in the VAT Details panel...

The VAT analysis titles correspond with the VAT Details panel as described in [Chapter 3](#). It is necessary to open these records to enter the allocation code(s) for the VAT account(s) in the General Ledger.

The remaining slots are available for you to analyse your sales in whatever way you require. Before you start creating the analysis structure, it is a good idea to plan a sensible order for your list of sales categories — leaving gaps for future headings.



Creating an Analysis Record

To create a new sales analysis record (or to link a VAT analysis code to its General Ledger account)...

Double click the sales analysis record to open its window...

GL Acct code: This code establishes a link between the Sales Ledger and General Ledger. Specify the General Ledger account number to be debited or credited whenever this code is used to enter a sales transaction.

Code	Description
0	Zero
1	Standard
2	Fuel
3	3
4	4
5	Exempt
6	6
7	7

Description: Enter a description for this record the way you want it to appear on the Sales Analysis report. This description appears whenever the code is used to enter an invoice or credit note item.

Analysis

Analysis code: 6

Description: Resales - Marble tiles

GL Acct code: 50505

Sales Analysis

Preset Values

Use Preset Values

Quantity: 20.00 Unit Price: 1.25

Discount: 0.00 VAT code: 1 EC: Goods



Recalling General Ledger account numbers

If you have difficulty in recalling the General Ledger numbers to use, you may find it helpful to print an Accounts Listing as described in [Chapter 5](#) & [Chapter 16](#).

Alternatively, you can open the Revenue Accounts window and display its contents using the By Name option. This window can then sit in the background to provide quick reference to the relevant account numbers.

Creating an Analysis Record (continued)

The next area – **Preset Values** – allows you to specify preset quantities, charge rates or discounts as well as VAT rates which automatically appear whenever you use this sales analysis code to create an item in a customer invoice or credit note. You need only enter those that are applicable.

Use Preset Values: Click here to assign preset values to this record then enter the relevant details...

Quantity: Use this box to specify a preset quantity.

Discount: If applicable, enter the discount percentage for this item.

VAT code: Specify the VAT code to be applied to this product or service.

Unit Price: If you have specified a quantity, use this box to enter the preset net price for one unit of this item...

OR, if the quantity has been left as zero, enter a preset cost as required.

Analysis

Analysis code: 6

Description: Resales - Marble tiles

GL Acct code: 50505

Preset Values

Use Preset Values

Quantity: 20.00 Unit Price: 1.25

Discount: 0.00 VAT code: 1 EC: Goods

EC Goods/Services: When invoicing customers in other EC member states, only goods sold (not services) should be included in the EC Sales List. This menu option allows you to specify whether the items covered by this code are goods or not.

Historical Sales Analysis Figures

Sales this Year: If you are switching to Bottom Line part way through your financial year, you can enter the earnings already generated for this sales category for the year to date.

You will see either 12 or 13 entry boxes, depending on whether you are using monthly or four weekly accounting periods. Use these boxes to enter the sales amounts (excluding VAT) for the relevant periods to date.

Sales Last Year

Similarly, if you want the sales analysis figures to include information from your previous financial year then enter the historical sales amounts for each period in the previous year.

Analysis

Analysis code: **6**

Description: Sales Analysis

GL Acct code:

Preset Values

Use Preset Values

Quantity: Unit Price:

Discount: VAT code: EC: ▼

Sales this year:

1 <input type="text" value="0.00"/>	4 <input type="text" value="3750.00"/>	7 <input type="text" value="0.00"/>	10 <input type="text" value="0.00"/>
2 <input type="text" value="150.00"/>	5 <input type="text" value="0.00"/>	8 <input type="text" value="0.00"/>	11 <input type="text" value="0.00"/>
3 <input type="text" value="635.75"/>	6 <input type="text" value="0.00"/>	9 <input type="text" value="0.00"/>	12 <input type="text" value="0.00"/>

Sales last year:

1 <input type="text" value="0.00"/>	4 <input type="text" value="646.00"/>	7 <input type="text" value="225.00"/>	10 <input type="text" value="0.00"/>
2 <input type="text" value="0.00"/>	5 <input type="text" value="0.00"/>	8 <input type="text" value="150.00"/>	11 <input type="text" value="0.00"/>
3 <input type="text" value="8116.50"/>	6 <input type="text" value="285.25"/>	9 <input type="text" value="175.00"/>	12 <input type="text" value="1025.00"/>

Save Ignore Close

Turn the page for further notes about Historical Sales figures...



Historical sales amounts

The historical sales values described on the [previous page](#) are designed to provide historical information about sales. Note the following points:

- Before setting up these values, wait until you have entered all open items in the Sales Ledger.
- The information is not essential to the operation of the accounts and can be ignored.
- Bottom Line maintains the values for future periods.
- These values are only optional and can be entered at a later date.



What about historic VAT amounts?

If you want to include historic VAT information in your sales analysis then, when setting up each VAT analysis code, use the Sales This Year and Sales Last Year boxes to record the amount of output tax already paid out for each period. As with historical sales, historical VAT analysis figures should only be entered **after** all open items have been posted.

Bear in mind that, if you are using 4 weekly accounting periods, the **period** totals you enter here may not be the same as the **monthly** totals that appear in the [VAT Amounts panel](#) (as described in Chapter 14). The latter are used by Bottom Line to produce VAT Return figures on a monthly basis and, therefore, relate to calendar months only.

The periodic VAT analysis figures, on the other hand, provide a more detailed breakdown of output tax. This information is particularly useful when preparing cash flow forecasts.

Saving the Analysis Record

Having entered the relevant details, you can now save the record...

Click here to close the Analysis Record window. If there are any unsaved changes you will see the dialogue box described at the bottom of the page.

Sales last year:							
1	0.00	4	646.00	7	225.00	10	0.00
2	0.00	5	0.00	8	150.00	11	0.00
3	8116.50	6	285.25	9	175.00	12	1025.00

Click here to close the window. If there are unsaved details you will see this dialogue...

Click here to erase the changes and close the window.

Click here to save the new record or any changes to it.



Modifying an analysis record

If, at any time, you need to change an analysis record - for example, to update the preset details, enter historical amounts or re-link it to a different General Ledger account - open the Sales Analysis window then double click the relevant code to open it. The analysis details are now displayed and you are free to add information or modify the existing entries as required.

Click here to ignore the unsaved changes...

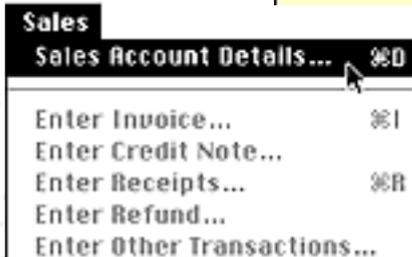
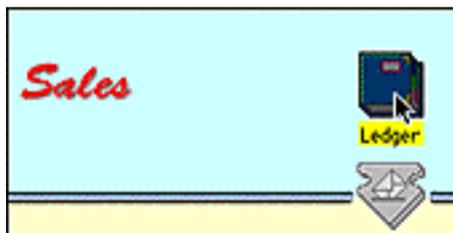
...OR, click here to return to the window.

...OR, click here to save the new record or any changes.

Sales Account Details

Finally, you should enter the standard account details needed by the Sales and General Ledgers. These details are accessed from the Sales menu...

Click the Sales Ledger icon to select it.



Choose Sales Account Details from the Sales menu to display the following dialog box...

General Ledger accounts	
Sales Control:	14100
Early Settlement Discount:	52900
Cash Receipts:	16300



More about Sales Control Account

Your accounts structure should include a Sales Control account - as specified in [Chapter 2](#). This account contains the balance of all monies owed to the business by its customers in the Sales Ledger. It works like this...

When you post sales invoices to the General Ledger, you specify (via the sales analysis codes) which Revenue accounts are to be credited. Bottom Line takes care of the other side of the equation by debiting the relevant amount to the Sales Control account.

When you post a customer receipt, the amount is debited to the Cash account in the General Ledger and this is automatically balanced by a corresponding credit from the Sales Control Account.

This is why the program needs the number of your Sales Control account.

Sales Control: As described above, enter the number of the General Ledger account to be used to balance all postings from the Sales Ledger.

Sales Account Details (continued)

Early Settlement Discount: You can offer discounts to your customers as an incentive for early payment as discussed in the [next chapter](#). This is where you enter the number of the General Ledger account that will bear the cost of Early Settlement Discounts.

Sales Ledger - Account Details

General Ledger accounts

Sales Control:	14100
Early Settlement Discount:	52900
Cash Receipts:	16300
Cheque Receipts:	16100
Credit Card Receipts:	16400
Standing Order Receipts:	16100
Bad debt:	79600

Next Invoice/Credit Note no: 332

Cancel OK

Click here to accept the details.

Cash Receipts: When you enter a receipt of actual cash from a customer, the Sales Ledger posts the amount into a cash account. Enter the General Ledger account number (usually Petty Cash or Cash in Till).

Cheque Receipts: When you enter a receipt of monies by cheque, enter the number of the General Ledger account to be used (usually your Bank Current Account).

Credit Card Receipts: When a customer pays by credit card, enter the General Ledger account to be used (usually a creditor under current assets).

Standing order Receipts: Use this entry to specify the General Ledger account to be used when a customer pays by standing order or direct debit (usually your Bank Current Account).

Bad Debts: There may be times when you need to write-off a debt once you are certain that a customer is unable to pay the amount owed. So that Bottom Line knows which General Ledger account should bear this loss, enter its number here.

Next Invoice / Credit Note no: To help you keep track of your sales transactions, Bottom Line generates a reference number for each invoice and credit note entered. This entry enables you to specify the starting number.