Designing

a set of accounts

2

The Accounts Structure

Before you can use Bottom Line for anything sensible, you must set up an accounts structure (some people call it the "**chart of accounts**"). This structure acts as the backbone of your business' accounts.

There are two or three ways of putting this backbone in place…

1. Design your own structure from scratch. You may already have a successful accounting system which you want to replicate or you may have distinct views on the way the accounts should be presented. In this case, read this chapter and invest the time to prepare your structure before entering it into Bottom Line.

2. Use a basic accounts template supplied with Bottom Line. This will supply all the essential accounts to operate the program and you are then free to add the detail and modify the structure as the need arises.

3. Use a detailed accounts template supplied with Bottom Line. This provides a large set of suggested accounts. You are then free to delete any unwanted accounts and to add further accounts to suit your business' needs .

However! Before you rush off in search of a ready-made solution, it is still a good idea to read some of this chapter to gain an insight into the way Bottom Line works.

The latter two options will allow you to get your accounting system going immediately and you can then return to this chapter later to learn how changes can be made.
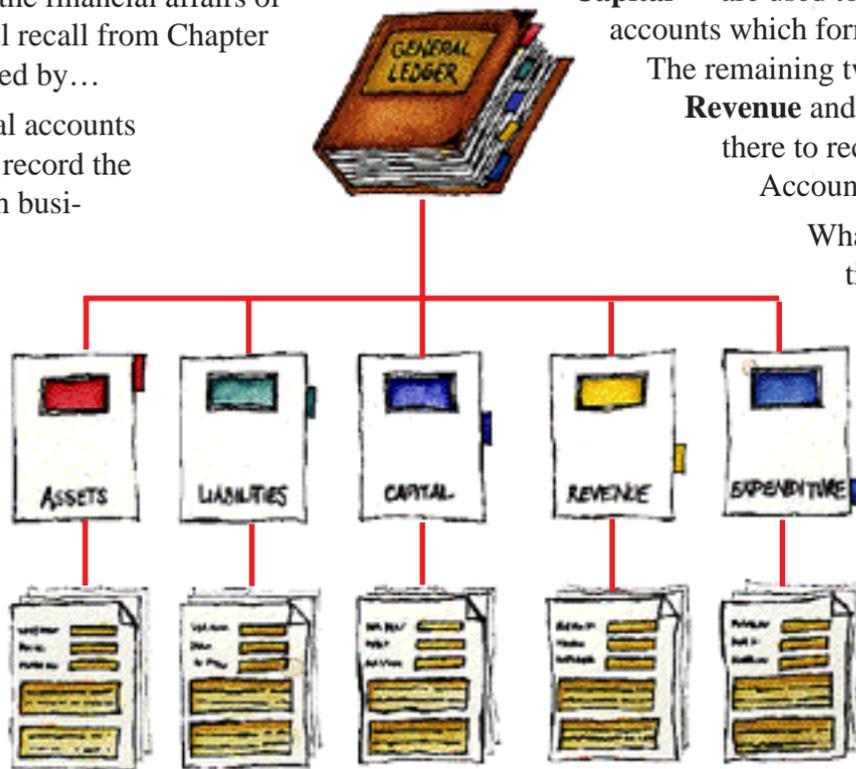
Building the Framework

Before you set about the task of creating an accounts structure, remember that your ultimate objective is to produce a **Balance Sheet** and **Profit and Loss Account** which accurately reflect the financial affairs of the business. As you will recall from Chapter 1, these reports are derived by…

• Creating the individual accounts which will be used to record the twofold nature of each business transaction.

• Assigning each account to one of five categories — **Assets, Liabilities, Capital**, **Revenue** and **Expenditure** — so the effect of each transaction can be shown on the business as a whole.

To help this process along, Bottom Line provides five General Ledger file dividers — or **Account Categories**…

The first three categories — **Assets, Liabilities** and **Capital** — are used to organise and store the accounts which form the Balance Sheet. The remaining two dividers — **Revenue** and **Expenditure** — are there to receive the Profit & Loss Accounts.

What you will do is identify the individual accounts needed to record your particular trade operations then add each one to the relevant category. The objective is to end up with reports like <u>these…</u>

PROFIT & LOSS ACCOUNT Date
For Period xx

Revenues / Expenditure

	THIS PERIOD	TO DATE
REVENUES		
Sales	xxxx.xx	xxxx.xx
Other Income	xxxx.xx	xxxx.xx
TOTAL INCOME	xxxx.xx	xxxx.xx
Cost of Sales		
Materials	xxxx.xx	xxxx.xx
Direct Expenses	xxxx.xx	xxxx.xx
Direct Labour Costs	xxxx.xx	xxxx.xx
TOTAL DIRECT COSTS	xxxx.xx	xxxx.xx
GROSS PROFITS	xxxx.xx	xxxx.xx
EXPENSES		
Productive Overheads	xxxx.xx	xxxx.xx
Administrative Overheads	xxxx.xx	xxxx.xx
Establishment Costs	xxxx.xx	xxxx.xx
TOTAL OVERHEADS	xxxx.xx	xxxx.xx
OPERATING PROFIT	xxxx.xx	xxxx.xx
Taxation	xxxx.xx	xxxx.xx
PROFIT AFTER TAX	xxxx.xx	xxxx.xx
RETAINED PROFIT FOR YEAR	xxxx.xx	xxxx.xx

BALANCE SHEET Date
For Period xx

Assets / Liabilities / Capital

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

The Accounts Structure as a Report Generator

The usefulness of the Balance Sheet and Profit & Loss account depend not only on choosing the right accounts to record your business transactions — they should also clearly convey information to the reader. You should therefore consider clarity as well as accuracy.

To illustrate this point, take a closer look at the construction of our sample Balance Sheet shown here. Rather than simply listing all individual accounts which make up this report, it has been made more 'user friendly' by…

• Using **headings** (and subheadings) to clearly label each section of the report.

• **Summarising** the information recorded by the individual accounts to a few pertinent entries.

• Including **totals** to help the reader digest the numeric values.

Summarised Entries

BALANCE SHEET   Date
For Period xx

ASSETS   — Major Heading

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   Subheadings   Totals
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

Naturally, you will want to produce your own customised Balance Sheet and Profit & Loss Account — with the ability to choose your own headings and subheadings; and to summarise and total the accounting information in a way that is meaningful to you.

Bottom Line provides a number of reporting tools — **Titles, Summaries, Totals** — which can be incorporated alongside the individual accounts in the overall structure. It is these reporting items which enable you to transform the detailed information captured by the individual accounting records into a set of financial reports which are both comprehensive and comprehensible.

Differing accounts…

This manual tends to concentrate on company accounts. There are, however, differences in the way that differing types of business present their books. Partnerships and Sole Traders, for example, would not prepare their accounts in the same way as a company.

Creating the Report Headings

Since the clarity of your Balance Sheet and Profit & Loss Account is just as important as their accuracy, the most logical way to start designing your accounts structure is to list the major headings that you want to include on these reports…

Headings:	**ASSETS**
	LIABILITIES
	CAPITAL
	REVENUE
	EXPENSES

As you will recall, the conventional Balance Sheet format comprises the company's **Assets**, followed by **Liabilities** and **Capital**.

Capital, in turn includes the all important Profit (or Loss!) item which is derived from the **Revenue** and **Expenditure** elements on the Profit & Loss report.

Having listed the major headings, you can now expand each one in a hierarchical fashion. For example, let's concentrate on the first heading — **Assets…**

The purpose of the **Assets** category is to establish what the business owns and equally important, how much of those assets can be ploughed back into the business as working capital.

To provide this information the major heading is usually broken down into three subheadings — **Fixed Assets, Current Assets** and **Current Liabilities** — like this…

Headings:	**ASSETS**
Subheadings:	**Fixed Assets**
	Current Assets
	Current Liabilities
	LIABILITIES
	CAPITAL
	REVENUE
	EXPENSES

More terms & conventions

As you will recall from Chapter 1, the company assets are listed in decreasing order of liquidity (or how easily they can be realised as cash) where…

Fixed Assets refers to those items — such as property, company vehicles, office furniture — which you intend to use rather than sell.

Current Assets refers to those assets — such as existing stock, money owed by customers — which are destined to raise cash (usually within 1 year) or assets which are already in the form of cash.

Current Liabilities refers to short term debts which are due to be settled inside 1 year.

Adding the Accounts to the framework

Having listed the subheadings, you can move to the next level of detail — the actual **Accounts** which will appear below those subheadings.

Summary Accounts

Now! To accurately classify your assets, you may need to create a fair number of separate accounts — however, you will not necessarily want to show all the detail on the final reports. **Too** much information will only make the reports difficult to read and obscure the salient points.

At this point we introduce the **Summary Account**…

This is a special type of account record which allows you to summarise a group of individual accounts so that they appear as a single entry on the main report.

Only Summary accounts and individual **but un-summarised** accounts appear on the main Balance Sheet and Profit & Loss reports while the details — the accounts assigned to each summary — can be seen on separate **Subsidiary** reports.

Summary Accounts

Property
Fixtures & Fittings
Equipment and plant
Provision for depreciation

Summary Account "Tangible Assets"

BALANCE SHEET — Date
For Period xx

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

As a guideline, you should include in the Balance Sheet only as much detail as you would expect to supply to outside parties or as your statutory accounts. The remaining detail is used by you to form your management accounts.

List each Summary account immediately followed by names of the individual accounts which it includes.

Totals & Subtotals

Next, you will want to plan the inclusion of total values. To do this, insert the name of each **Subtotal** immediately below the accounts to be summed…

> ### Account Planning Tools
>
> Those of you who have used Outline Processors will no doubt recognise the basic techniques of organising your thoughts in this way and may want to use such an application to start designing your accounts system. For those of you who do not have access to an Outline application, a word processor or humble pen and paper will serve equally as well.

Headings:	**ASSETS**
Subheadings:	**Fixed Assets**
Summaries:	**Tangible Assets**
Accounts:	Property
	Fixtures and Fittings
	Equipment/Plant
	Less Depreciation
	Investments
	Listed Investments
	Unlisted Investments
Subtotals:	TOTAL FIXED ASSETS
	Current Assets
	Current Liabilities
	LIABILITIES
	CAPITAL
	REVENUE
	EXPENSES

Now, use the same process to expand the remaining **Asset** subheadings.

Numbering the Account Items

Bottom Line uses a simple numbering system to do three things…

- To identify account records
- To position accounts in sequence — they are simply arranged in numeric order.
- To assign accounts to a category.

Once you have listed all the **Asset** items in the order that you want them, all that remains is to cement this alliance. In Bottom Line, this is achieved by assigning a 5 digit number to each new account item.

100xx	**ASSETS**
101xx	**Fixed Assets**
102xx	**Tangible Assets**

We recommend that you use the first 3 digits for a particular category and reserve the last two digits where you may want to add additional detail later — for example, departmental analysis on Profit & Loss accounts — which is explained at the end of this chapter.

These numbers can be in the range 10000 — 99999 but In order to place accounts in a particular category, Bottom Line expects you to allocate a range of numbers for each account category for example:

|			
Assets	**10000**	**—**	**19999**
Liabilities	**20000**	**—**	**39999**
Capital	**40000**	**—**	**49999**
Revenues	**50000**	**—**	**59999**
Expenditure	**60000**	**—**	**99999**

You can assign these code ranges when you first set up Bottom Line — as described . Once these ranges are established, Bottom Line knows an account's category by its number.

Number the accounts within those categories and it is also a good idea to leave blocks of numbers where additional accounts may be added in future.

Titles, summary accounts and totals are also numbered in sequence in order to fix their position.

Returning to our example, the numbering system for the Assets category may look something like the diagram shown on the

In this illustration, the coding system has been devised so that the **Assets** category starts from **10000** with the next major category — **Liabilities** starting from **20000.** This means that all accounts which are to be contained in the **Assets** category will have codes ranging from **10000** to **19999**.
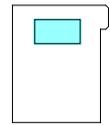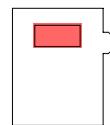
A/c No.	Description
10000	**ASSETS**
10100	**Fixed Assets**
10200	Tangible Assets
10300	Property
10400	Fixtures & fittings
10500	Equipment / plant
10600	Less depreciation
11000	Investments
11100	Listed Investments
11200	Unlisted Investments
12000	TOTAL FIXED ASSETS
13000	**Current Assets**
13100	Stock
13200	Stocks - Materials
13300	Work in Progress
14000	Debtors due in 1 year
14100	Sales Control a/c
14200	Debtors Suspense a/c
14300	Prepayments
15000	Cash
16000	TOTAL CURRENT ASSETS
20000	**Current Liabilities**
20100	Creditors due in 1 year
20200	Purchase Control a/c
20300	Creditors Suspense a/c
20400	VAT account
20500	PAYE / NI
22000	NET CURRENT ASSETS
23000	TOTAL ASSETS LESS CURRENT LIABILITIES
	LIABILITIES
	CAPITAL
	REVENUE
	EXPENDITURE

10000

ASSETS

20000

LIABILITIES

Putting Liabilities in their place

At this point there may be some confusion in your mind about Current Liabilities.

On the Balance Sheet, it is usual to include Current Liabilities under the Assets heading — so that these accounts may be deducted from the Current Assets to arrive at the **Net Current Assets**.

However! when you come to enter these accounts into the program, you should enter them as **Liabilities** to ensure that you have 'all your liabilities in one basket'. This does not affect the way that your Balance Sheet looks — the Current Liabilities can still appear under the main Assets heading.

Bottom Line doesn't take any notice of title — these can therefore range across category borders.

Finally, the way in which you set up your accounts is, quite literally, your business and should be done in a way that is meaningful to you. You may already be keeping a set of accounts and therefore, may simply want to transfer your existing structure to Bottom Line. For those of you embarking on your maiden voyage, you may want to turn to your accountant for initial guidance.
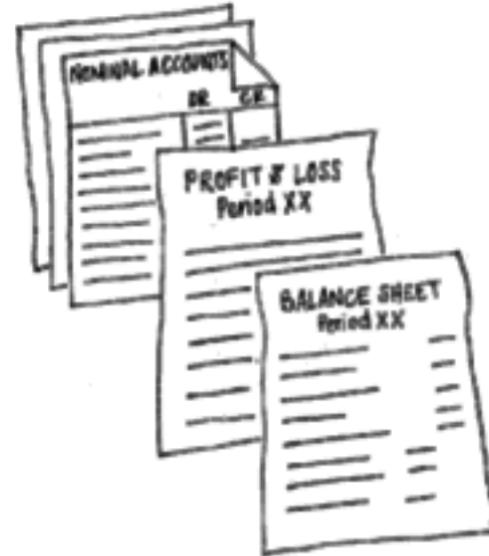
Adding more detail

Your list now contains the essential information — the individual accounts, the report items and the numeric order which will determine where your business assets are presented on the Balance Sheet.

Before going any further, it is worth considering some of the other information that Bottom Line will require when you enter these items into the program. This information includes…

End of Range: Having numbered your list of items, you are now able to define the items included in each Summary account. A Summary includes the accounts which immediately follow it in sequence. You can specify the range of the Summary simply by specifying a number marking the last account which can be included — in the following example, the End of Range could be 14999…

A/c No.	Description	Item	End of Range
14000	Debtors due in 1 year	Summary	14999
14100	Sales Control a/c	Account	Items within
14200	Debtors suspense a/c	Account	Range are
14300	Prepayments	Account	summarised
15000	Cash	Account	

This item is out of the summary's range and appears on the Balance Sheet in its own right

Purpose: As you draw up a list of accounts, you may want to jot down the purpose of each item — these can be, **Title, Summary, Account** or **Subtotal**.

Other Details: Bottom Line wants to know other details about each account and these are explained in Chapter 4. The additional details are:

- The **Type** of account (is it Credit or Debit?).
- What accounts are summed into each subtotal?
- Classify **Titles** as Main Headings or Subheadings.
- Values can be positioned (left, centre or right) in Balance Sheets.

Completing the picture…

Having listed the individual account items which make up the **Assets** category, use the same process to prepare the coding system for the four remaining account categories. Bottom Line has the facility to store 1000 account items per category so the actual breakdown can be as detailed as you need.

The following examples illustrate how you could structure your accounts…

Balance Sheet Example…

The full breakdown shown here of a set of General Ledger accounts, illustrates how the example Balance Sheet which appeared at the beginning of this chapter could have been created.

Notice the code ranges for the Balance Sheet account categories are as follows…

Assets start at **10000**; Liabilities start at **20000**; Capital starts at **40000**.

You will also notice the use of the **Subtotal** and **P&L Total** account items — these are explained in Chapter 4 along with the mysterious numbers appended to the subtotals.

	A/c No.	Description	Item	End of Range
Assets	10000	**ASSETS**	Title	
	10100	**Fixed Assets**	Title	
	10200	Tangible Assets	Summary	10999
	10300	Property	Account	
	10400	Fixtures & fittings	Account	
	10500	Equipment / plant	Account	
	10600	Less depreciation	Account	
	11000	Investments	Summary	11999
	11100	Listed Investments	Account	
	11200	Unlisted Investments	Account	
	12000	TOTAL FIXED ASSETS	Subtotal 2	
	13000	**Current Assets**	Title	
	13100	Stock	Summary	13999
	13200	Stocks - Materials	Account	
	13300	Work in Progress	Account	
	14000	Debtors due in 1 year	Summary	14999
	14100	Sales Control a/c	Account	
	14200	Debtors Suspense a/c	Account	
	14300	Prepayments	Account	
	15000	Cash	Account	
	16000	TOTAL CURRENT ASSETS	Subtotal 1	
Liabilities	20000	**Current Liabilities**	Title	
	20100	Creditors due in 1 year	Summary	20999
	20200	Purchase Control a/c	Account	
	20300	Creditors Suspense a/c	Account	
	20400	VAT account	Account	
	20500	PAYE / NI	Account	
	22000	NET CURRENT ASSETS	Subtotal 2	
	23000	TOTAL ASSETS LESS CURRENT LIABILITIES	Subtotal 3	
	30000	**LIABILITIES**	Title	
	30100	Creditors due over 1 year	Summary	30999
	30200	Bank loans	Account	
	30300	Other loans	Account	
	30400	HP Creditors	Account	
	31000	Provisions for liabilities	Summary	31999
	31100	Deferred Taxation	Account	
	31200	Other provisions	Account	
	33000	TOTAL LONG TERM LIABILITIES	Subtotal 1	
	35000	NET ASSETS	Subtotal 4	
Capital	40000	**CAPITAL & RESERVES**	Title	
	41000	Share Capital	Account	
	41100	Share Premium Account	Account	
	42000	Retained Profits	Account	
	43000	Profit or Loss	P&L Total	
	45000	TOTAL CAPITAL	Subtotal 1	

Important- Essential Items!

When constructing your Balance Sheet, remember to include the following essential items…

Current Assets:

• Cash account (usually your Current Bank account).

• A 'Sales Control' account - to record and balance all Sales Ledger postings.

• A 'Debit Suspense' account - to trap any stray Purchase Ledger postings.

Current Liabilities:

• A 'Purchase Control' account - to record and balance all Purchase Ledger postings.

• A 'Credit Suspense' account - to trap any stray Sales Ledger postings.

…and, if you are VAT registered:

• A 'VAT control' account - to record all VAT inputs and outputs.

Capital:

• 'Retained Profit' account - to record the profits (or Reserves) from previous financial years.

• 'Profit or Loss' account - a P&L total to record the profits from current year to date.

Subsidiary Balance Sheet

On a final note, turn back to the Balance Sheet at the beginning of this chapter and compare the amount of detail in the above structure. You will notice the way in which the Summary accounts condense that information to produce a more readable report. If you are wondering what has happened to the individual account details, they are relegated to the Subsidiary Balance Sheet as shown here…

Profit & Loss Example…

Having studied the categories which form the Balance Sheet, it is now the turn of the second financial report - the **Profit & Loss account**. A look behind the scenes of the <u>Profit & Loss</u> report at the start of this chapter might reveal a structure something like this…

Revenue

Expenditure

The two account categories which comprise the Profit & Loss report - **Revenue** and **Expenditure** - have been assembled using the relevant Titles, Summary accounts, Accounts, Subtotals and P&L Totals. Revenues commence at **50000** and Expenditure commences at **60000**.

A/c No.	Description	Item	End of Range
50000	**REVENUE**	Title	
51000	Sales	Summary	51999
51100	Fees	Account	
51200	Resale of Materials	Account	
52000	Other Income	Summary	52999
52100	Reimburse expenses	Account	
52200	Investment Income	Account	
52300	Less Early Settlement Discount	Account	
55000	TOTAL INCOME	Subtotal 1	
60000	**Cost of Sales**	Title	
61000	Materials	Account	
62000	Direct Expenses	Account	
63000	Direct Labour Costs	Account	
65000	TOTAL DIRECT COSTS	Subtotal 1	
68000	GROSS PROFITS	P&L Total	
70000	**EXPENSES**	Title	
71000	Productive Overheads	Summary	71999
71100	Depreciation of Equipment	Account	
71200	Books/Subscriptions	Account	
71300	Motor Running Costs	Account	
71400	Sales & Marketing Costs	Account	
72000	Administrative Overheads	Summary	73999
72100	Admin wages & salaries	Account	
72200	Staff pensions	Account	
72300	Employer's NIC	Account	
72400	Printing & Stationery	Account	
72500	Postage	Account	
72600	Audit Fees	Account	
72700	Legal Fees	Account	
72800	Insurance	Account	
72900	Telecommunications	Account	
73000	Depreciation of Furniture	Account	
74000	Establishment Costs	Summary	74999
74100	Rent	Account	
74200	Rates	Account	
74300	Utilities	Account	
74500	Domestic Expenses	Account	
74600	Finance Costs	Account	
74700	Bad Debts	Account	
79000	TOTAL OVERHEADS	Subtotal 1	
80000	OPERATING PROFIT	P&L Total	
84000	Taxation	Summary	84999
84100	Corporation Tax	Account	
85000	PROFIT AFTER TAX	P&L Total	
90000	RETAINED PROFIT FOR YEAR	P&L Total	

Subsidiary Profit & Loss Report

Like the Balance Sheet, only Summary accounts and individual but un-summarised accounts appear on the main Profit & Loss report. A full breakdown of each Summary account is provided by the Subsidiary Profit & Loss Report - as shown here.

Don't forget - essential items

Your Profit and Loss accounts should include the following two items…

Under Revenue:

• An 'Early Settlement Discount' account - to record the amount that can be deducted if a sales or purchase invoice is paid within a specified period of time.

Under Expenditure:

• A 'Bad Debts' account - to record any sales transactions which may need to be written off.

Departmental Reporting

In this last section, we take a look at how you can design a structure which includes departmental analysis of the Profit & Loss accounts.

What do Departments do?

Imagine that you are running a business with two Sales departments (for example — UK and Overseas) and you want to be able to break down the **Revenues** and **Expenditure** for each department to arrive at the contribution from each.

When producing a **Profit & Loss Account** or **Account History** you are able to select **All accounts** or a specified **Department** to show the performance of that particular selection from the account. So, in the above example you could produce a Profit and Loss account which shows just the Overseas Sales and the Direct Costs and Expenses associated with Overseas Sales.

Any Account, Title, Summary or Total is able to carry a Departmental Label. Bottom Line treats items with departments differently from records without a department…

Numbering for departments.

Bottom Line uses only the department label to establish membership of departments — the account numbers do not have any effect except to establish the position of a record in the structure.

However you may like to use a numbering convention in order to recognise more readily which account records belong to specialised departments and to ensure that departmental accounts always appear in the same order. You will notice that throughout this manual we have tended to use the first three digits of account numbers, leaving the last two digits as zeros.

xxx00	**Overall account**
xxx01	**Department 1**
xxx02	**Department 2**
xxx03	**Department 3**

You may wish to adopt the discipline of using the last two digits to signify departmental membership of accounts as shown in the examples that follow.

How are departments treated?

- **Titles:** When you select a **Departmental** report, only those titles with that department's label appear. If you choose **All accounts**, only those titles with no departmental label are displayed.

- **Ordinary Accounts:** When you select a **Departmental** report, only accounts belonging to that department are included. If you choose **All accounts** then **all** accounts are indeed shown whether they are labelled or not.

- **Summary Accounts:** These behave as ordinary accounts but you would tend not to allocate summaries to a department - this is because you would usually summarise the sales of various departments into a nonaligned Summary Account like this:

51000	**Widget Sales**	[Summary]
51001	**Widget Sales - UK**	[A/c labelled 'UK']
51002	**Widget Sales - Overseas**	[Labelled 'Overseas']

Profit & Loss only

Departments do not work for Balance Sheet accounts.

- **Subtotals and P&L Totals:** This is the clever bit…

When a **Departmental** report is requested, Totals do two things: Firstly, only those which are labelled with that department appear and secondly, they only total the values of those accounts which belong to that department.

When an '**All accounts**' report is required then departmental totals do not appear but non-labelled totals will total up the values for **all** accounts.

This means, for example that you could construct the Revenue account categories along these lines…

50000 REVENUES	[Unlabelled Title]
50001 UK REVENUES	[Title labelled **UK**]
50002 OVERSEAS REVENUES	[Title labelled **Overseas**]
51000 Widget Sales	[Unlabelled Summary]
51001 Widget Sales - UK	[Account labelled **UK**]
51002 Widget Sales - Overseas	[Account labelled **Overseas**]
52000 Other Sales	[Unlabelled Account]
55000 TOTAL SALES	[Unlabelled Subtotal]
55001 TOTAL UK SALES	[Subtotal labelled **UK**]
55002 TOTAL OVERSEAS SALES	[Subtotal labelled **Overseas**]

In this little scenario an ordinary (All accounts) P&L Account consists of these…

If you were to choose the 'Overseas' department you would see this…

REVENUES	(unlabelled Title)
Widget Sales	(summary of all Widget sales)
Other Sales	(unlabelled Account)
TOTAL SALES	(total of all sales)

OVERSEAS REVENUES
Widget Sales - Overseas
TOTAL OVERSEAS SALES
(Totalling only Overseas sales)

So, by choosing what it excludes from a report and what figures to total, Bottom Line enables you to prepare summaries of whatever departments you like. Creation of Department Labels and labelling accounts is discussed in Chapter 3 & Chapter 4.

Departmental Example…

• Notice that in this structure, materials are not used by Department 3 - while consumables are only used by Department 3.

• Notice also that you include specific Titles and Sub-

totals for all departments - this enables Bottom Line to create independant Profit & Loss Accounts for each department with the correct headings.

The resultant Profit & Loss reports are shown …

Specific Titles for each department

Specific Subtotals for each department

A/c No.	Description	Item	End of Range	Department
50000	**REVENUE**	Title		None
50001	**REVENUES — DEPARTMENT 1**	Title		Department 1
50002	**REVENUES — DEPARTMENT 2**	Title		Department 2
50003	**REVENUES — DEPARTMENT 3**	Title		Department 3
51000	Sales	Summary	51003	None
51001	Sales — Dept. 1	Account		Department 1
51002	Sales — Dept. 2	Account		Department 2
51003	Sales — Dept. 3	Account		Department 3
52000	Other Income	Summary	52003	None
52001	Other income — Dept. 1	Account		Department 1
52002	Other income — Dept. 2	Account		Department 2
52003	Other income — Dept. 3	Account		Department 3
55000	TOTAL INCOME	Subtotal 1		None
55001	Dept. 1 INCOME	Subtotal 1		Department 1
55002	Dept. 2 INCOME	Subtotal 1		Department 2
55003	Dept. 3 INCOME	Subtotal 1		Department 3
60000	**Cost of Sales**	Title		None
60001	**Cost of Sales — Dept. 1**	Title		Department 1
60002	**Cost of Sales — Dept. 2**	Title		Department 2
60003	**Cost of Sales — Dept. 3**	Title		Department 3
61000	Materials	Summary	61002	None
61001	Materials — Dept. 1	Account		Department 1
61002	Materials — Dept. 2	Account		Department 2
62000	Consumables	Summary		None
62003	Consumables — Dept. 3	Account		Department 3
63000	Direct Expenses	Summary	63003	None
63001	Direct exp — Dept. 1	Account		Department 1
63002	Direct exp — Dept. 2	Account		Department 2
63003	Direct exp — Dept. 3	Account		Department 3
64000	Direct Labour Costs	Summary	64003	None
64001	Salaries — Dept. 1	Account		Department 1
64002	Salaries — Dept. 2	Account		Department 2
64003	Salaries — Dept. 3	Account		Department 3
65000	TOTAL DIRECT COSTS	Subtotal 1		None
65001	Dept. 1 DIRECT COSTS	Subtotal 1		Department 1
65002	Dept. 2 DIRECT COSTS	Subtotal 1		Department 2
65003	Dept. 3 DIRECT COSTS	Subtotal 1		Department 3
68000	GROSS PROFITS	P&L Total		None
68001	Dept. 1 PROFITS	P&L Total		Department 1
68002	Dept. 2 PROFITS	P&L Total		Department 2
68003	Dept. 3 PROFITS	P&L Total		Department 3
70000	**EXPENSES**	Title		None
71000	Productive Overheads	Account		None
72000	Administrative Overheads	Account		None
73000	Establishment Costs	Account		None
75000	TOTAL OVERHEADS	Subtotal 1		None
80000	OPERATING PROFIT	P&L Total		None
84000	Taxation	Summary	84999	None
84100	Corporation Tax	Account		None
85000	PROFIT AFTER TAX	P&L Total		None
90000	RETAINED PROFIT FOR YEAR	P&L Total		None

PROFIT & LOSS ACCOUNT   Date

For Period xx

	THIS PERIOD	TO DATE
REVENUES		
Sales	xxxx.xx	xxxx.xx
Other Income	xxxx.xx	xxxx.xx
TOTAL INCOME	xxxx.xx	xxxx.xx
Cost of Sales		
Materials	xxxx.xx	xxxx.xx
Consumables	xxxx.xx	xxxx.xx
Direct Expenses	xxxx.xx	xxxx.xx
Direct Labour Costs	xxxx.xx	xxxx.xx
TOTAL DIRECT COSTS	xxxx.xx	xxxx.xx
GROSS PROFITS	xxxx.xx	xxxx.xx
EXPENSES		
Productive Overheads	xxxx.xx	xxxx.xx
Administrative Overheads	xxxx.xx	xxxx.xx
Establishment Costs	xxxx.xx	xxxx.xx
TOTAL OVERHEADS	xxxx.xx	xxxx.xx
OPERATING PROFIT	xxxx.xx	xxxx.xx
Taxation	xxxx.xx	xxxx.xx
PROFIT AFTER TAX	xxxx.xx	xxxx.xx
RETAINED PROFIT FOR YEAR	xxxx.xx	xxxx.xx

When preparing a Profit & Loss account for **All departments**, all the summary or un-summarised accounts appear as usual. However, only the titles and subtotals - **without** departmental labels - appear on the report as shown here.

You can also produce a separate Profit & Loss report for each department to provide a full breakdown of the overall accounts. The diagram on the shows how these individual departmental records would appear. Notice that the only accounts, titles and totals to appear are those which are labelled with the relevant departmental labels.

PROFIT & LOSS ACCOUNT　　　Date

Department 3　　　　　For Period xx

	THIS PERIOD	TO DATE
REVENUES — DEPARTMENT 3		
Sales — Dept. 3	xxxx.xx	xxxx.xx
Other Income — Dept. 3	xxxx.xx	xxxx.xx
Dept. 3 INCOME	xxxx.xx	xxxx.xx
Cost of Sales — Dept. 3		
Consumables — Dept. 3	xxxx.xx	xxxx.xx
Direct exp — Dept. 3		
Salaries — Dept. 3		
Dept. 3 DIRECT COSTS		
Dept. 3 PROFITS		

PROFIT & LOSS ACCOUNT　　　Date

Department 2　　　　　For Period xx

	THIS PERIOD	TO DATE
REVENUES — DEPARTMENT 2		
Sales — Dept. 2	xxxx.xx	xxxx.xx
Other Income — Dept. 2	xxxx.xx	xxxx.xx
Dept. 2 INCOME	xxxx.xx	xxxx.xx
Cost of Sales — Dept. 2		
Materials — Dept. 2	xxxx.xx	xxxx.xx
	xxxx.xx	xxxx.xx
	xxxx.xx	xxxx.xx
	xxxx.xx	xxxx.xx
	xxxx.xx	xxxx.xx

PROFIT & LOSS ACCOUNT　　　Date

Department 1　　　　　For Period xx

	THIS PERIOD	TO DATE
REVENUES — DEPARTMENT 1		
Sales — Dept. 1	xxxx.xx	xxxx.xx
Other Income — Dept. 1	xxxx.xx	xxxx.xx
Dept. 1 INCOME	xxxx.xx	xxxx.xx
Cost of Sales — Dept. 1		
Materials — Dept. 1	xxxx.xx	xxxx.xx
Direct exp — Dept. 1	xxxx.xx	xxxx.xx
Salaries — Dept. 1	xxxx.xx	xxxx.xx
Dept. 1 DIRECT COSTS	xxxx.xx	xxxx.xx
Dept. 1 PROFITS	xxxx.xx	xxxx.xx

Departmental Reports