General Ledger Processing

General Ledger Processing Overview

The BOOMS General Ledger contains:

- Global Accounting Information
- The Chart of Accounts
- Detail Information of all Journaled transactions except those from the Sales/Purchase AutoPost Journal

The Global Accounting Information and Chart of Accounts are discussed in detail in Section 12. However, because much of that information is used during G/L processing, a brief discussion of some of the values is required here. BOOMS automatically maintains 4 dates in the system (each date is initially set by you):

- Fiscal Year Begin - 1st day of your Fiscal Year
- Fiscal Year End - last day of your Fiscal Year
- Ledger Date - last day of the Current Accounting period
- Date of Balances - last day of the Accounting period for the last G/L Balance (typically last month)

When you close an Accounting period (i.e. when you run the General Ledger Period-End Checklist), BOOMS sets the Date of Balances equal to the Ledger Date and then sets the Ledger Date to the end of the next Accounting period. The Fiscal Year Begin and Fiscal Year End Dates are reset only when you begin a new fiscal year.

The Chart of Accounts contains "detail" Accounts to which information from the Journals is posted at the end of the Accounting Period. In addition, it defines the look-and-feel of the Balance Sheet and Income Statement that is printed after the postings. "Detail" Chart of Account entries contain the following balances:

- Current Period - Used for current period Income Statement
- Year-to-Date - Used for Balance Sheet and Income Statement

When the Period-end is reached, BOOMS requires that the General Ledger be closed. Any attempt to enter transactions into the Journal will result in error message:

G/L Date Exceeded, Do "G3" Processing

At this point, you will be required to do Step 1 of the G/L Period-End Checklist before you can continue with normal Journal postings. The remainder of the steps can be done at a more leisurely pace (but, of course, before the end of the next fiscal month).

General Ledger File Contents

Following are the contents of "detail transactions" that are stored on the General Ledger (See "Accounting Definitions").

- *Account Number* - 5-digit Account Number from Chart of Accounts.
- *Subaccount Number* - 5-digit Account Number from Chart of Accounts (valid for Salesperson Expense Accounts only).
- *Ledger Date* - date that transaction was added to the Ledger
- *Comment* - 24-character comment for the related Journal transaction
- *Source* - Source Journal
- *Transaction Date* - date of the related Journal Transaction
- *Transaction Number* - Number of the related Journal Transaction
- *Transaction Amount* - dollar amount of the related Journal transaction
- *Transaction Reference* - 6-character reference for the related Journal Transaction
- *Order Number* - Order number from related Journal Transaction
- *List Number* - List Number from the related Journal Transaction
- *Mailer* - Mailer Code from the related Journal Transaction
- *Broker* - Broker Code from the related Journal Transaction
- *Vendor* - Vendor Code from non-order related Cash Payment transaction

- **Sales-ID**s - the Sales IDs (Brokerage & Management) for the related Cash Receipt Transaction
- **Management Commission** - Management Commission ($) for related Cash Receipt Transaction
- **Brokerage Commission** - Brokerage Commission ($) for related Cash Receipt Transaction
- **Payment Due Date** - Payment Due Date for Cash Transaction

General Ledger Period-end Checklist

The General Ledger Period-End Checklist is displayed upon selecting Function "General Ledger", "Period-End" ("G3") from the Accounting Selection Menu (Figure 11.1).
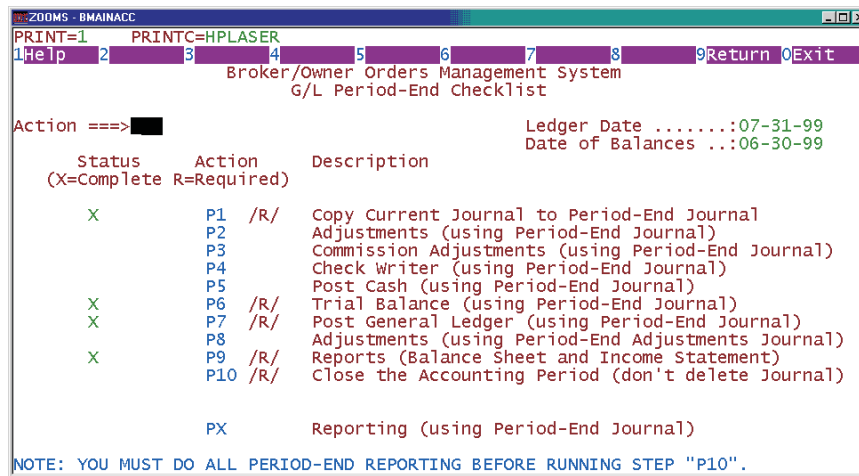
```
ZOOMS - BMAINACC                                                    _ □ X
PRINT=1     PRINTC=HPLASER
1Help    2        3        4        5        6        7        8        9Return 0Exit
                    Broker/Owner Orders Management System
                          G/L Period-End Checklist

Action ===>▓                                     Ledger Date .......:07-31-99
                                                 Date of Balances ..:06-30-99

        Status      Action    Description
     (X=Complete R=Required)

          X         P1  /R/   Copy Current Journal to Period-End Journal
                    P2        Adjustments (using Period-End Journal)
                    P3        Commission Adjustments (using Period-End Journal)
                    P4        Check Writer (using Period-End Journal)
                    P5        Post Cash (using Period-End Journal)
          X         P6  /R/   Trial Balance (using Period-End Journal)
          X         P7  /R/   Post General Ledger (using Period-End Journal)
                    P8        Adjustments (using Period-End Adjustments Journal)
          X         P9  /R/   Reports (Balance Sheet and Income Statement)
                    P10 /R/   Close the Accounting Period (don't delete Journal)


                    PX        Reporting (using Period-End Journal)

NOTE: YOU MUST DO ALL PERIOD-END REPORTING BEFORE RUNNING STEP "P10".
```

Figure 11.1. General Ledger Period-End Checklist

The Checklist is a sequence of 11 steps that are needed to close-out the current Accounting Period and begin the next. Some of the steps are REQUIRED (indicated by an "R"). Once a required step has been done, its status will be COMPLETE (indicated by an "X"). You will not be allowed to go on to a later step until a required action is complete. Following are the actions:

- **P1** - Copy the Current Journal to the Period-End Journal. BOOMS will copy "BJOURNAL.DBF" to "BJyymmdd.DBF" where "yymmdd" is the current aAccounting Period end date. As part of this process, the current period journal is re-initialized for use in the next Accounting Period. This allows you to continue with other Accounting procedures independently of General Ledger Processing.

☞ **This step requires "create" and "*exclusive*" access to the directory containing "BJOURNAL.DBF". No one else can be using the accounting system while this step is running.**

If any other workstations are accessing the "A2" (Accounting) Menu, you will receive an "Error 13 for BJOUYYPP". If this happens, exit all workstations from the Accounting System and rerun step P1.

File "XJOURNAL.DBF" is an empty journal file. It must be located in the same directory as "BJOURNAL.DBF" in order to run step "P1". If it is not, you will receive the following error message:

MISSING "XJOURNAL.DBF"

If a failure occurs while reinitializing the Journal for the next accounting period, you will receive the following error message ("nn" is the Btrieve error code).

JOURNAL RE-INITIALIZATION ERROR=nn

This indicates that the Journal ("BJOURNAL.DBF") has not been properly set-up. However, the period-End Journal ("BJyymmdd.DBF") has been created. Contact LCC for assistance.

If you try to run step "P1" before the current period-end date (the ledger date), you will receive the following warning message (Press "F2" if you really want to close the period. Press "F4" to abort):

LEDGER DATE NOT REACHED, "F2/F4"

- **P2** - Adjustments. Any adjustments prior to General Ledger posting can be made with this selection. When "P2" is selected, the Journal Entry/ Edit screen is displayed. You can do this anytime before the Posting of the Ledger ("P7"). If the Trial Balance has already been run and adjustments are made, then the Trial Balance must be re-run.

- **P3** - Commission Adjustment. Any Commission adjustments prior to General Ledger posting can be made with this selection. When "P3" is selected, the Commission Adjustments screen is displayed.

- **P4** - Check Writer. If any Cash Payment transactions still require "checks" to be written, action "P4" will invoke the "Batch" Checks window.

- **P5** - Post Cash. If any Cash Receipts/Payments have not yet been posted to Accounts Receivable/ Payable, action "P5" will complete the postings.

- **P6** - Trial Balance. Whether or not adjustment are made, a trial balance is required. The trial balance prints the Chart of Accounts Listing. If the Accounts are in balance, the step will be flagged Complete ("X"). Otherwise, you will be required to take appropriate steps to bring the Accounts into balance. A pre-scan of the input journal is done to test for invalid G/L accounts. If an invalid account is found, Trial Balance terminates with message:

  MISSING G/L ACCOUNT "nnnnn"

  where "nnnnn" is the missing account. Add the account (typically a "60nn" or "70nn" account) to the chart of accounts and rerun the Trial Balance.

- **P7** - Post the General Ledger. This step reads the Period-End Journal and posts the individual transactions to the appropriate Accounts. Detailed information is maintained for all Transactions except those on the Sales/Purchases AutoPost ("SP") Journal. This is the most time-consuming step of the Period-End Checklist. As transactions are being posted, you will receive a running count of the number of transactions processed. BOOMS reads the Period-End Journal twice. On the 1st read, detail transactions will be added to the Ledger. On the second read, summary information will be created for the "Balance Sheet" and "Income Statement". As a result, you'll see the transactions counted through twice.

  ☞ **If a missing account is detected on the General Ledger when attempting to post a transaction, you will receive the following error message:**

  NOACCT (aaaaa), "ss" TRANS. "nnnnn",F2

  where aaaaa = the account number, ss = the source journal, and nnnnn = the transaction number on that journal. Note the message (for problem determination) and press F2 to continue.

  General Ledger Posting can be interrupted by pressing "ESC" (or ALT-F9). When this is done, BOOMS will re-write the current period totals to the Ledger (this will take a minute or so) and give you status message:

  LEDGER POSTING INTERRUPTED ....

  When "P7" is re-selected, posting will continue where it left off.

- **P8** - Adjustments. If, after the General Ledger has been posted, additional adjustments must be made, select action "P8". The Journal Entry/ Edit screen will be displayed. You will only be allowed to enter transactions into the Period-End Adjustment Journal ("AJ"). Once the adjustment have been made, you will have to re-run the Trial Balance ("P6") and Post General Ledger ("P7") steps. Re-post is only done for the "AJ" Journal.

  ☞ **The new trial balance will only contain "adjustment" amounts in the current column. Adjustments can only be made once. Step "P8" cannot be re-run after you have posted these adjustments using step "P7".**

- **P9** - Reports. Prints the Balance Sheet and Income Statement. This step can be re-run until the Accounting Period is closed (See Figures 11.2 and 11.3).

- **P10** - Close the Accounting Period. This step **DOES NOT ERASE THE PERIOD-END JOURNAL** and flags the period complete (all flags are turned off in preparation for the next Accounting Period). The Period-End Journal (BJyymmdd.DBF) will remain in the \BOOMS\DATABASE directory.

  ☞ **This step requires "create" access to the directory containing "BJOURNAL.DBF".**

- **PX** - Reporting. Displays the "Accounting Reporting" screen. Any reports that use the Journal will use the Period-End Journal instead. Action "PX" can be selected after doing action "P1".

```
                         TLC Associates Corporation
                                Balance Sheet
                             February 28, 1989

                                   ASSETS

Current Assets
   Cash in Bank – Checking                         $150,000.00
   Accounts  Receivable                             480,000.00
                                                  ─────────────
      Total Current Assets                                      $630,000.00

Fixed Assets
   Buildings                                        250,000.00
                                                  ─────────────
      Total Fixed Assets                                         250,000.00
                                                               ─────────────
         Total Assets                                           $880,000.00
                                                               =============
                               LIABILITIES AND
                             STOCKHOLDERS' EQUITY
Current Liabilities
   Accounts Payable                                 420,000.00
                                                  ─────────────
      Total Current Liabilities                                 $420,000.00

Long Term Liabilities

   Notes Payable                                    220,000.00
                                                  ─────────────
      Total  Long Term Liabil.                                   220,000.00
                                                               ─────────────
         Total Liabilities                                      $640,000.00

Stockholder's Equity

   Y-T-D Net Income                                 240,000.00
                                                  ─────────────
      Tot Stockholders' Equity                                   240,000.00
                                                               ─────────────
      Total Liability and                                       $880,000.00
      Stockholders' Equity                                     =============
```

Figure 11.2 Sample Balance Sheet

```
                         TLC Associates Corporation
                             Statement of Income
                    For the Two Months Ended February 28, 1989

                              Current Period     %        Year-to-Date     %
Sales
   SALESID #01                 $800,000.00     80.0      $1,600,000.00    80.0
   SALESID #02                  200,000.00     20.0         400,000.00    20.0
                              ─────────────            ─────────────
      Gross Sales             1,000,000.00    100.0       2,000,000.00   100.0

Cost of Sales
   PURCHASEID #01               $650,000.00    65.0      $1,250,000.00    62.5
   PURCHASEID #02                150,000.00    15.0         300,000.00    15.0
                              ─────────────            ─────────────
      Total Cost of Sales       800,000.00     80.0       1,550,000.00    77.5
                              ─────────────            ─────────────
      Gross Profit              200,000.00     20.0         450,000.00    22.5

Gen'l and Administrative Exp.

   Operating Expenses
      Office                     30,000.00      3.0          60,000.00     3.0
      Miscellaneous              50,000.00      5.0         100,000.00     5.0
      Salaries (Net)             25,000.00      2.5          50,000.00     2.5
                              ─────────────            ─────────────
      Total Operating Expenses  105,000.00     10.5         210,000.00    10.5

Total General & Admin. Exp.     105,000.00     10.5         210,000.00    10.5
                              ─────────────            ─────────────
      Net Income                $95,000.00      9.5        $240,000.00    12.0
                              =============            =============
```

Figure 11-3 Sample Income Statement

General Ledger Listing

The General Ledger Listing window is displayed upon selecting Function "General Ledger", "General Ledger" (G2) from the Accounting Selection Menu (Figure 11.4). It can be used to print all or part of the detailed information that has been posted to the Ledger. Following are the valid fields:

- **Begin Account Number** is the beginning account to be printed.. If both this field and "End Account Number" are left "blank", all accounts are reported. If this field is entered without "End Account Number", just one account is reported.

- **End Account Number** is the ending account to be printed.. If both this field and "Begin Account Number" are left "blank", all accounts are reported.

- **Begin Ledger Date** is the beginning Ledger Date. If both this field and "End Ledger Date" are left "blank", all dates are reported. If this field is entered without "End Ledger Date", just one Ledger Date is reported.

- **End Ledger Date** is the ending Ledger Date. If both this field and "Begin Ledger Date" are left "blank", all dates are reported.

- **Accounts With Detail Activity Only?** - by default (Y) only accounts that had detail activity in the Ledger Dates being reported are included in the report. Specify "N" to print the summary information for all accounts.
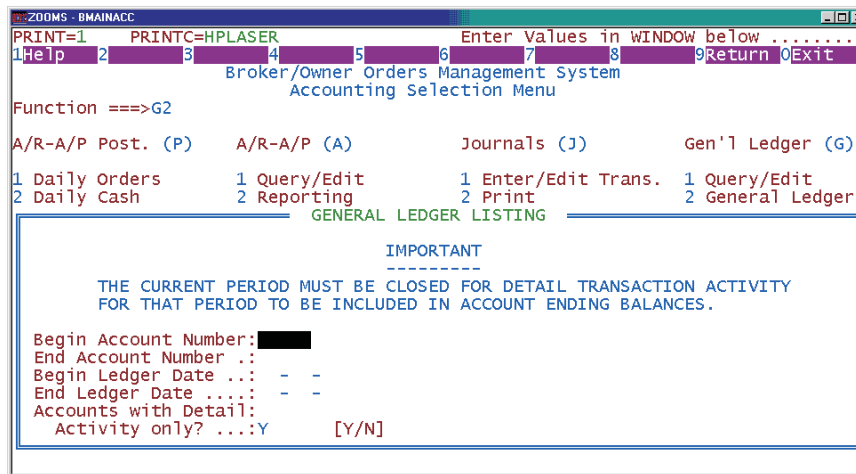

Figure 11.4. General Ledger Listing Window

General Ledger Query/Edit

The General Ledger Query Edit screen is displayed upon selecting Function "General Ledger", "Query/Edit" (G1) from the Accounting Selection Menu (Figure 11.5). From this screen, you can display entries from the General Ledger. In addition, you can do an Edit (F5) to update the COMMENT field.

 Following are the valid input fields.

- **Account** is the G/L Account to be queried.

- **Sub- Account** is the G/L subaccount to be queried (valid for Salesperson Expenses accounts only).

- **Ledger Date** is the Ledger Date (last day of an accounting period) to be queried.

- **Source Journal** is the original source (journal) of the transaction.

- **Transaction #** - is the specific transaction to be queried

You can enter all, or some of the above. However, you must fill in the fields in sequence. For example, if you enter sub-account, you must also enter account or if you enter Ledger Date, you must also enter sub-account and account, etc.
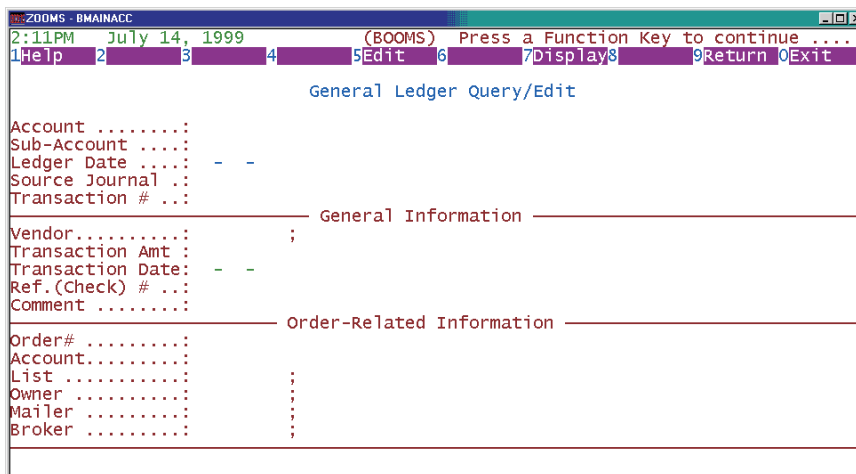
Figure 11.5. General Ledger Query/Edit