

Chapter 4

System

4.1 Chart of Accounts

4.1.1 Accounts

Accounts are organized by "Heading" and "Account". A Heading account provides a convenient way to divide your chart of accounts. You may change an account from a heading account to a regular account and vice versa. Headings do not show all the information normally available for regular accounts and cannot be included in the menus. Heading accounts are also used to subtotal all accounts until the next Heading account so you can group accounts.

The "Account Type" signifies what type of account it is. Choose one of Asset, Contra, Liability, Equity Income or Expense account.

You can safely change an account number to a different number to re-organize your chart of accounts. All transactions linked to the old account number will be linked to the new account number.

From the "Edit" Screen you can also delete an account. Only orphaned accounts, accounts without transactions, may be deleted.

Edit Account

Account Number

Description

Account Type

<input type="radio"/> Asset	<input type="radio"/> Heading
<input type="radio"/> Contra	<input checked="" type="radio"/> Account
<input type="radio"/> Liability	
<input type="radio"/> Equity	
<input checked="" type="radio"/> Income	
<input type="radio"/> Expense	

Is this a summary account to record AR AP Inventory

Include in drop-down menus

Receivables	Payables	Parts Inventory	Service Items	Labor/Overhead
<input checked="" type="checkbox"/> Income	<input type="checkbox"/> Expense/Asset	<input type="checkbox"/> Income	<input checked="" type="checkbox"/> Income	
<input type="checkbox"/> Payment	<input type="checkbox"/> Payment	<input type="checkbox"/> COGS	<input type="checkbox"/> Expense	<input type="checkbox"/> COGS
<input type="checkbox"/> Tax	<input type="checkbox"/> Tax	<input type="checkbox"/> Tax	<input type="checkbox"/> Tax	

Include this account on the customer/vendor forms to flag customer/vendor as taxable? Yes No

GIFI

The following lists all the available fields for setting up a Heading account and a regular account and how the account is linked when you check various options.

Account Number: any type of string excluding spaces and double dashes. It is best to use a numbering system from major 1 - 5, where 1 = Assets/Contra, 2= Liabilities, 3 = Equity, 4 = Income, 5 = Expenses
However any string may be used to best describe your situation.

Description: account description

It is best to keep descriptions as short as possible, especially for tax accounts.

Account Type: Asset, Contra, Liability, Equity, Income or Expense. It can also be designated to be a regular account or a Heading account.

Edit Account

Account Number

Description

Account Type

<input type="radio"/> Asset	<input type="radio"/> Heading
<input checked="" type="radio"/> Contra	<input checked="" type="radio"/> Account
<input type="radio"/> Liability	
<input type="radio"/> Equity	
<input type="radio"/> Income	
<input type="radio"/> Expense	

Is this a summary account to record AR AP Inventory

Include in drop-down menus

Receivables	Payables	Parts Inventory	Service Items	Labor/Overhead
<input type="checkbox"/> Income	<input type="checkbox"/> Expense/Asset	<input type="checkbox"/> Income	<input type="checkbox"/> Income	
<input type="checkbox"/> Payment	<input type="checkbox"/> Payment	<input type="checkbox"/> COGS	<input type="checkbox"/> Expense	<input type="checkbox"/> COGS
<input type="checkbox"/> Tax	<input type="checkbox"/> Tax	<input type="checkbox"/> Tax	<input type="checkbox"/> Tax	

Include this account on the customer/vendor forms to flag customer/vendor as taxable? Yes No

GIFI

[Save](#)

A Contra account is a reversed Asset account used to keep track of accumulated depreciation and amortization. In combination with an Asset account you can quickly find out the bookvalue of an asset.

Is this a summary account to record AR, AP, Inventory: check one of the boxes if this account is used to record transactions for receivables, payables or inventory, the account will then be included in the selection menus to record AR, AP or Inventory.

Edit Account				
Account Number	1220			
Description	Accounts Receivables EURO			
Account Type	<input checked="" type="radio"/> Asset	<input type="radio"/> Heading		
	<input type="radio"/> Contra	<input checked="" type="radio"/> Account		
	<input type="radio"/> Liability			
	<input type="radio"/> Equity			
	<input type="radio"/> Income			
	<input type="radio"/> Expense			
	Is this a summary account to record	<input checked="" type="checkbox"/> AR	<input type="checkbox"/> AP	<input type="checkbox"/> Inventory
Include in drop-down menus				
Receivables	Payables	Parts Inventory	Service Items	Labor/Overhead
<input type="checkbox"/> Income	<input type="checkbox"/> Expense/Asset	<input type="checkbox"/> Income	<input type="checkbox"/> Income	
<input type="checkbox"/> Payment	<input type="checkbox"/> Payment	<input type="checkbox"/> COGS	<input type="checkbox"/> Expense	<input type="checkbox"/> COGS
<input type="checkbox"/> Tax	<input type="checkbox"/> Tax	<input type="checkbox"/> Tax	<input type="checkbox"/> Tax	
Include this account on the customer/vendor forms to flag customer/vendor as taxable? <input type="radio"/> Yes <input checked="" type="radio"/> No				
GIFI	1060			
<hr/>				
Save				

To keep receivables separate set up as many AR accounts as needed. For instance, if you regionalize sales set up an AR account for each region.

If one of AR, AP or Inventory is checked you cannot use the account for any other type of account. Any other check mark will be removed before the account is saved. This is a safety measure because accounts must have a unique link for each transaction.

Include in drop-down menus: check the appropriate boxes to include the account in the modules as indicated below. You cannot check more than one option in each column.

Receivables:

- Income -> include account in menu to select income
- Payment -> include account in menu to record payment
- Tax -> include on form to record tax collected

Payables:

- Expense -> include account in menu to select expense
- Payment -> include account in menu to record payment
- Tax -> include on form to record tax paid

Parts Inventory:

- Sales -> include account on parts form to select sales account
- COGS -> include account on parts form to select “Cost of Goods Sold” account
- Tax -> include account on parts form to check if part is taxable

Service Items

- Income -> include account on service item form to select income account
- Expense -> include account on service item form to select expense account
- Tax -> include account on service item form to check if service is taxable

Labor/Overhead

- COGS -> include account on labor/overhead item form to select COGS account

Include this account on the customer / vendor forms to flag customer / vendor as taxable?

- check “Yes” to include this account on the customer and vendor forms to indicate that the customer or vendor is taxable.

If the “Tax” is checked for any of the other options above you must also set customer/vendor taxable to “Yes”. If it is set to “No” taxes will not show up on the parts, service and assembly screens because there is nothing to be taxed.

GIFI Code

- In some countries this code is provided for by the Government. GIFI means “General Index of Financial Information”. Enter the code to link the account to the official account on your chart of account for your country.

4.1.1.1 GIFI Chart of Accounts

- The GIFI chart of accounts is for official chart of accounts or if you do not have one it may also be used for your own purposes. Accounts from the GIFI chart can be copied to your working chart of accounts. This lets you quickly build a chart of accounts from a master chart of accounts. All reports can be generated in accordance to your regular chart of accounts or in accordance to a GIFI.
- You can also use the GIFI as a substitute for sub-accounts. If you use the same GIFI account number for several standard accounts the amounts are added together.

4.1.1.2 Tax Accounts

Each tax level must have an account. If you have VAT @ 10% and VAT @ 14% you must add an account for each rate and check the "Tax" box on the account form to make the account available on the AR, AP, Parts / Service Item, and Customer / Vendor screens. Tax accounts are only included on forms if the customer/vendor taxable switch is set to "yes".

Edit Account

Account Number

Description

Account Type

<input type="radio"/> Asset	<input type="radio"/> Heading
<input type="radio"/> Contra	<input checked="" type="radio"/> Account
<input checked="" type="radio"/> Liability	
<input type="radio"/> Equity	
<input type="radio"/> Income	
<input type="radio"/> Expense	

Is this a summary account to record AR AP Inventory

Include in drop-down menus

Receivables	Payables	Parts Inventory	Service Items	Labor/Overhead
<input type="checkbox"/> Income	<input type="checkbox"/> Expense/Asset	<input type="checkbox"/> Income	<input type="checkbox"/> Income	
<input type="checkbox"/> Payment	<input type="checkbox"/> Payment	<input type="checkbox"/> COGS	<input type="checkbox"/> Expense	<input type="checkbox"/> COGS
<input checked="" type="checkbox"/> Tax				

Include this account on the customer/vendor forms to flag customer/vendor as taxable? Yes No

GIFI

To calculate taxes for parts, assemblies and services on invoices you must also make the account available on the customer / vendor forms and check if the customer / vendor is taxable at a particular rate.

Some countries have a requirement to keep track of taxes collected and taxes paid. To do this add an account for taxes collected and an account for taxes paid.

Edit Account

Account Number

Description

Account Type

- Asset
- Contra
- Liability
- Equity
- Income
- Expense

- Heading
- Account

Is this a summary account to record AR AP Inventory

Include in drop-down menus

Receivables	Payables	Parts Inventory	Service Items	Labor/Overhead
<input type="checkbox"/> Income	<input type="checkbox"/> Expense/Asset	<input type="checkbox"/> Income	<input type="checkbox"/> Income	
<input type="checkbox"/> Payment	<input type="checkbox"/> Payment	<input type="checkbox"/> COGS	<input type="checkbox"/> Expense	<input type="checkbox"/> COGS
<input type="checkbox"/> Tax	<input checked="" type="checkbox"/> Tax	<input checked="" type="checkbox"/> Tax	<input checked="" type="checkbox"/> Tax	

Include this account on the customer/vendor forms to flag customer/vendor as taxable? Yes No

GIFI

Save

Edit Account

Account Number

Description

Account Type

- Asset
- Contra
- Liability
- Equity
- Income
- Expense
- Heading
- Account

Is this a summary account to record AR AP Inventory

Include in drop-down menus

Receivables	Payables	Parts Inventory	Service Items	Labor/Overhead
<input type="checkbox"/> Income	<input type="checkbox"/> Expense/Asset	<input type="checkbox"/> Income	<input type="checkbox"/> Income	
<input type="checkbox"/> Payment	<input type="checkbox"/> Payment	<input type="checkbox"/> COGS	<input type="checkbox"/> Expense	<input type="checkbox"/> COGS
<input checked="" type="checkbox"/> Tax	<input type="checkbox"/> Tax	<input checked="" type="checkbox"/> Tax	<input checked="" type="checkbox"/> Tax	

Include this account on the customer/vendor forms to flag customer/vendor as taxable? Yes No

GIFI

Save

Then check all your items (parts, services and assemblies for both taxes) and check your customers with the account for taxes collected and your vendors with the account for taxes paid. When you create an invoice, taxes will be recorded in the proper accounts.

To enter tax rates click on "System" -> "Defaults".

Tax Accounts

	Rate (%)	Number
GST	<input type="text" value="7"/>	<input type="text" value="106208705RT"/>
PST	<input type="text" value="8"/>	<input type="text" value="106208705RT"/>

Save

Tax descriptions are printed on the forms with the variable <%taxdescription%>. Keep the names as short as possible, i.e VAT (10%), VAT (14%), GST, PST, etc.

There is no limit to how many tax accounts you can have.

Tax accounts can also be used for other purposes like commission accounts, franchise fees, shop supplies.