

GENERAL LEDGER: OVERVIEW

Introduction

The General Ledger in IES Business, also just called the LEDGER, is very much at the heart of the Business system, and there is little in the system that the Ledger is not aware of. IES Business is a completely integrated system, and this means that any Transaction, Journal, Budget, Invoice or other financial event that takes place in the system is automatically and immediately reflected in the Ledger in addition to anywhere else that the event may have occurred.

For example, when a Stock Item is ordered from a Supplier, or received, or invoiced, the Ledger knows about it in at least 2 ways: -

- The Stock Item reports to a Store or Warehouse, which in turn is connected to a Stores Control Account in the Ledger
- The Supplier Account is also connected to an Accounts Payable (Creditors) Control Account in the Ledger

In this Document, we will discuss certain points that belong to any discussion of the Ledger, but in conjunction with this Document, there are other User Manuals that are Ledger specific, and should also be consulted.

Apart from the fact that almost all other User Manuals also relate to the Ledger in some way, you should specifically also consult the User Manuals in the Accounting Controls range, because that is where many Ledger Controls are implemented, and therefore discussed in those Manuals.


In addition, there are Business Profiles that are discussed in the Access Profiles User Manuals, and that are relevant to the Ledger, and of course there is the Journal Processing Business Module, where all standard (and recurring) Journals are processed, and an understanding of these is crucial to a fuller understanding of the Ledger.

Finally, there is also a Management Reporting Module that draws on the Ledger to produce Management Reports, and that is where you should look for information on Management Reporting for the Ledger.

Well, it should be clear that you are not expected to study all User Manuals at the same time, but we want you to know that when you have questions about the Ledger, and that seem not to be mentioned in the Ledger specific User Manuals, then look at the list of Business Modules, and the User Manuals for those, to find what you are looking for.

The Ledger specific User Manuals in this range are: -

- ✓ The Overview (this Document)
- ✓ Master File Maintenance
- ✓ Standard Reports
- ✓ The Chart of Accounts
- ✓ Master File Key Coding
- ✓ Ledger (and other) Physicals

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Ledger Coding and the Chart of Accounts

Please see the 'Chart of Accounts' and 'Master File Key Coding' Manuals in this range.

Ledger Protection

In a multi-User environment it is always important to select which tools will be best suited for providing the protection levels you need for your Ledger. In IES you have Authority Codes, Hashes and Batches that you may implement and use, and these can be applied selectively, i.e. for some Users without affecting all Users. This topic belongs with the Journal Processing Module, and you will further information there, as well as in the Accounting Controls Module, where the implementation of Limits controlled by Authority Codes is discussed.

Ledger Accounts also have states, i.e. can be OPEN or CLOSED (see States lower down).

In the Ledger Master Files Manual you will also discover how you can put specific protection on individual Ledger Accounts, i.e. who can post to the Account, what kind of Transactions may be accepted by the system into an Account, etc.


Management Reporting

Management Reporting is a standard subset of IES Business, and automatically present and set up, provided you apply some sensible logic to the design of your Chart of Accounts, and to the organization of the Report Flags that you attach to the Ledger Accounts. In addition, there are 7 Report Writers available within IES, and with these any Report that you need may be accomplished. Below is a brief example of a snapshot from a Management Report –

Sample Report for Dept 445 Factory Electrical:

		Current
44500013	Artisan Wages	2750
44500044	Allocated Charges	500
44500055	Other Charges	110
44500800	Depreciation	200
	Total Charges	3560
44500067	Recoveries: Salaries	-3600
44500068	Recoveries: Overtime	-1200
	Total Recoveries	-4800
	Margin	-1240

In the above Report, all Accounts for Dept 445 were selected. It was then sorted by a Report Flag, then sorted again in Account sequence within the previous sort,

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IES Business: General Ledger Overview

and sub-total breaks were provided on a Report Flag. The Grand Total produced the 'Margin', i.e. showing that the Net position for Dept 445 was a profit of '1240'.

IES Management Reports can sort on any of the Hierarchical Report Flags or a combination of any of them, can select Accounts according to pre-defined Rules, can provide Sub-Totals and Grand Totals, etc.

Perhaps an easy way to visualise or conceptualise the Reports that are automatically obtainable and flowing from the design of the Chart of Accounts, is to think of a long list of Spread Sheets, each of which contain a Report Template, and where each cell has a Formula of which Accounts in the Ledger to use to provide the current Total to Display. Only, it is much more powerful, because the Chart of Accounts is dynamic in the sense that when a new Account is defined, or an existing one re-linked to other Components, it automatically finds its way to the various Reports, inserting a new Reporting Row, etc.

As already mentioned, Management Views is a separate Business Module, and the Management Reports are not discussed in detail in this Document.

Ledger Account Types

All Accounts in the Ledger subscribe to a pre-defined Type, and these are: -


- L – Ledger
- A – Asset Control
- D – Debtor / Accounts Receivable Control
- C – Creditor / Accounts Payable Control
- S – Stores / Warehouse Control
- O – Other Control Account
- N – Loans Control
- P - Project Trading

Type 'L' is the most common account type, and make up the major part of your Chart of Accounts. For type 'L', the Account is debited or credited in it's own right, and there is no Subsidiary Account involved.

The Control Accounts mentioned above are all Mothers of Subsidiary Ledgers, and you can have as many of each type as you need to differentiate or control separate Sub Ledgers. For example, Asset Control Accounts are used for Capitalization of Assets, and for Accumulated Depreciation, both of which are Balance Sheet types. The Depreciation Expense Accounts, on the other hand, are always Expense Accounts of type 'L'.

A Control Account is never debited or credited without a Subsidiary (Sub Ledger) Account receiving the exact (same) debit or credit. Consider the following: -

Say we have 5 AR Accounts (Debtors) in the Debtors Sub Ledger, 'reporting' to 2 Debtors Control Accounts in the General Ledger. The sum total for each group of Debtors in the Sub Ledger must equal the total for the corresponding Control Account in the General Ledger.

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General Ledger Debtors Control 1	1000
General Ledger Debtors Control 2	2000
Debtors Sub Ledger:	
Debtor 1a child of 1	500
Debtor 1b child of 1	500
Debtor 2a child of 2	1000
Debtor 2b child of 2	300
Debtor 2c child of 2	700

In fact, there is always just 1 version of a Transaction in the system, and it always has 1 Account Debit and 1 Account Credit, for the same Amount. However, IES Business is designed so that all related 'parties' or Accounts are aware of any Transactions that affect it, and therefore, the Control Account is aware of the same Transaction that it's child in the Sub Ledger is aware of, and a Control Account (mother) always balances to the sum total of Balances for it's Sub Ledger Accounts (children).


The type 'P' Accounts are used for managing multiple Companies within a single setup. Whenever there are multiple Companies present in a single setup, IES will demand a 'P' Account on each side of each relationship of another Company with the 1st or primary Company in the setup. IES will then allow Journals to debit / credit Accounts in 2 different Companies in a single Journal, and automatically manage the 'Trade Position' between 2 such Companies by generating an automatic 'Trade Journal' to the 'P' (Project Loan Accounts), thereby reflecting automatically, and up to date, the actual position between the 2 Companies affected by the Transaction. This arrangement requires no reconciliation, since it is all automatic, and provides for perfectly balancing Balance Sheets of any of the Companies in the setup at any point in time.

About Periods

Period Control is a function of the Accounting Controls Module, and we shall just mention here that Financial Periods are flexible, do not have to tie specifically to calendar months, and have Open, Closed, Fixed and Rolled Out states. There can be multiple Periods open at any point in time, yet in controlled fashion where you can regulate which Users may access the different open Periods.

Account States and Housekeeping

All Ledger Accounts can be either in OPEN or CLOSED state. In the CLOSED state, an Account may not be posted to, but it is otherwise accessible for Reporting and Information drills. It is common in IES to close Accounts that may no longer be used, but they cannot simply be deleted per se, due to history for those Accounts being on-line (on-line Transaction history may be kept for any time period, e.g. 10 years, 5 years, etc.) When an Account is eligible to be deleted, i.e. no longer has any on-line Transaction history or Balance, then the Housekeeping functions in Accounting Controls may be used to delete it.

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Foreign Currency Management

All Ledger Accounts in IES are automatically managed in the local currency of the Accounts Set, and any Account that is not a Control Account may also be managed in a dual Currency.

Tax Management

Tax Management, i.e. of the VAT, GST and other collectible and claimable kinds, is transparent. In Accounting Controls you set up the Tax Objects that will be used in your system, and these are then automatically recognized by the various Journal Types and seamlessly processed without any additional work being required.

Month end and Yearend, Annual P&L

IES has no Month end or Yearend stoppages. By moving the Active Period forward by 1, standard processing is within a new Current Month or Financial Year. Of course there are always some standard procedures applied 'on the ground' in any Business, i.e. production of Management Reports, Calculation of Depreciation, etc., but none of these are required to be done before the system is ready to be past Month end or Yearend.

Authority Codes, Hashes, Batches

Authority Codes, Hashes and Batches are instruments that may optionally be applied to protect the Ledger with regards to Transactions that flow to the Ledger, and in the case of Batches are also useful for completeness checks. Please see the Journal Processing Module.

Recurring Journals

IES support recurring and auto reversing Journal types. Please see the Journal Processing Module.

Auto Allocations


Auto Allocations are discussed in the Ledger Master Files User Manual.

Transaction Control

The IES Transaction Processor is described in Accounting Controls.

Imbalances and Verifications

It is theoretically impossible for IES to be out of balance, but as we all know, technology can fail us. For these unforeseen eventualities, IES provides Balance Re-Hashing (see Accounting Controls, Support Options). Verifications are useful tools to perform Balance spot checks, and are discussed in the Ledger Standard Reports User Manual.

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Consolidations


IES includes a standard Consolidator Module that should be set up as a separate IES Business DataMart, and which is capable of performing consolidations of Companies, Groups, etc.

Imports and Exports

The IES Ledger is friendly towards Export and Imports. Chart of Accounts, Trial Balances and Transaction detail can all easily be exported to Spread Sheets or other Documents, with the IES Query Builder. The Take On function in the Business System Setup Module provides functions to take on new Ledger Accounts and Transactions at any time, and the Electronic Data Interchange Module is capable of exporting to and importing Transactions from other systems transparently. For example, a common activity is for IES to import Journals from a Payroll or Wages system, and post the Transactions directly to the IES Ledger.

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