

Using The General Ledger

PFW handles many accounting features internally. In addition to making sales and balancing cash drawers, PFW tracks and processes accounts receivable and accounts payable. Optionally, you may want to activate PFW General Ledger Interface.

PFW General Ledger is also an internal process; however, you may choose to export the resultant General Ledger lump sum totals to another accounting software program. Please note that the export capability is only lump sum totals per GL Account. No other detail can be exported from PFW.

If you choose to activate the General Ledger feature, it is recommended that posting to GL be done regularly on a daily or weekly basis. If there are problems with transactions being out of balance, then remedial steps can be taken with greater ease.

Pre-Setup

Before activating General Ledger in PFW you will need to

- prepare a Chart of Accounts
- link GL accounts to appropriate PFW activities
- prepare a GL Export file to match your other accounting software program
- run some trial transactions to make sure General Ledger is working properly

The following information will guide you through the above steps.

Prepare a Chart Of Accounts

The Chart of Accounts is a system of grouping or categorizing assets, expenses and liabilities. You must have a Chart of Accounts in PFW. PFW will handle alpha, numeric, and alphanumeric account names.


Quick & Easy

When you create your company data, PFW automatically installs a default Chart Of Accounts and General Ledger Interface. This setup is ready for use without further modification.

Customized

If you or your accountant has a Chart Of Accounts already defined, then you may edit the existing Chart Of Accounts in PFW, adding and deleting entries as needed.

Using your own bookkeeping system, create a chart of accounts, defining account numbers for Assets, Liabilities, Incomes, and Expenses.

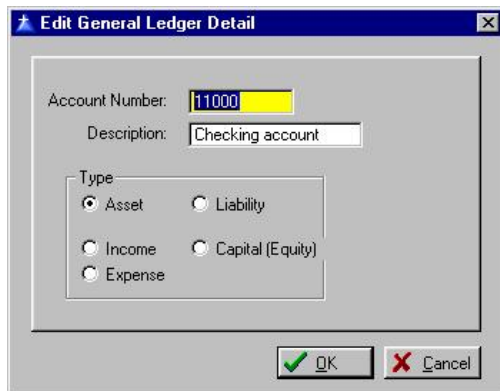
 *Note: If you are using QuickBooks or MYOB, you may import your existing chart of accounts into PFW.*

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Use the **Add, Edit, or Delete** buttons as necessary.

The **Select** button will be active only when appropriate to the task.



Account Number - The account number may be alphanumeric, a combination of numbers and/or letters. The length may be up to 12 characters, but be advised that such long numbers may not be supported everywhere through the PFW program.

Description - Type a description of the account. The length of the description is 18 characters.

Account Type - Select one of the following, Asset, Liability, Income, or Expense or Capital (Equity).

Sorting the List

Your chart of accounts may be sorted by Account number or by Type. The function keys F2 and F3 activate the sorts. Or you may search click on the column title. Double clicking on the title switches the sort order between ascending and descending lists.

Searching the List

Simply start typing the beginning characters and the cursor will find the nearest match. If necessary, click on the desired column, first.

Importing QuickBooks Chart Of Accounts

Run QuickBooks and go to File: Utilities: Export: Chart of Accounts

- Give the file a name and make note of where the file will be saved.
- Run PFW
- Make a backup of PFW.
- Go to File: System: Import: Import QuickBooks Chart Of Accounts
- Select the file name saved by QuickBooks in the step above. PFW will replace its current chart of accounts with the one being imported.

Import MYOB Chart Of Accounts

1) Make a Backup of PFW. Importing the Chart of Accounts will erase any

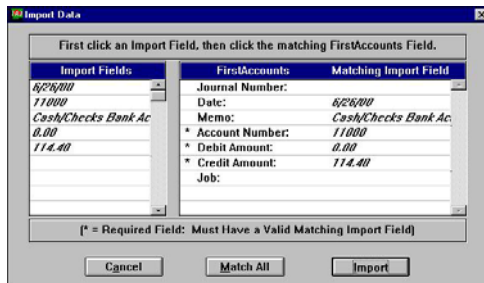
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current settings in PFW's Chart Of Accounts.

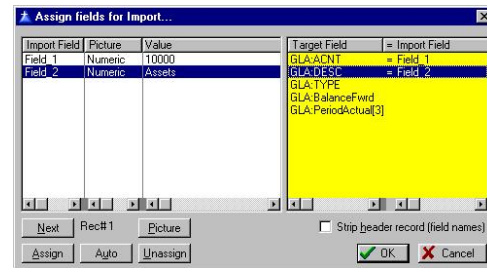
- 2) Run MYOB. Go to File and select EXPORT DATA from the menu. Choose Accounts and use the following settings.



- 3) Choose Continue.
- 4) Link appropriate fields so that it looks like the following. For example, click on the Date in the first column and drag and drop it on the Date field in the second column.



- 5) Choose Import. This creates a comma delimited file.
- 6) Go to PFW and choose File: System: Import: Import Chart Of Accounts.
- 7) Find the file name created in the MYOB Export.
- 8) Assign fields for Import. Highlight a field on the left and a corresponding field on the right. Then click on the Assign button in the lower left corner.



- 9) When you are finished, click on OK. Your MYOB Chart of Accounts will now be in PFW.

Link GL Accounts in PFW

Your Chart of Accounts needs to be assigned to various PFW activities. This is done by going to File: System: GL Interface Setup. This opens the General Ledger Management Center.

Quick & Easy

When you create your company data, PFW automatically installs a default Chart Of Accounts and General Ledger Interface. This setup is ready for use without further modification.

Customized

If you have created your own chart of accounts or imported a QuickBooks chart of accounts you will need to manually select the corresponding accounts for each of the following transaction types.

For example,

- Highlight Current Assets on the left
- Highlight Cash Register Fund on the right
- Type in the appropriate GL Account number or use the

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Lookup GL [F2] button to find and select the account number.

- Repeat the process for each field in each section.

GL Setup

Current Assets

- Cash Register Fund
- Cash/Check Bank Account
- Credit Card Bank Account
- Accounts Receivable
- Finance Charges
- Default Inventory Account
- Coupons Collected

Current Liabilities

- Customer Deposits
- Default Accounts Payable
- Refunds Payable/Store Credits
- Gift Certificates
- Sales Tax Payable

Sales (Income)

- Default Sales
- Sales Returns/Allowances
- Sales Discounts

Cost Of Sales (Expenses)

- From Purchase Orders
- Tax On Purchase Orders
- Freight
- Tax On Freight

Other Income/Expenses

- Store Payouts
- Uncollectible AR
- Cash Over/Under

GL Processes

AR Setup

- Debit Accounts Receivable
- Credit Capital Account

AP Setup

- Credit Accounts Payable
- Debit Capital Account

Year End Close

- Close To Account

Tax Rates List

You may assign individual GL Accounts to your Tax Rates. If no account is assigned, the default “Sales Tax Payable” account will be used.

Optional Detail

It is not necessary to assign a GL account to the following areas, but you may do so if you wish.

- Category List
- Vendor List
- Tender Accounts

GL Export Setup

PFW can export GL Transaction batches out of PFW and into a text file which can be interpreted and imported into a number of accounting software packages.

Before setting up the GL export, you must understand precisely what format your accounting software requires for a successful import. Please contact your software manufacturer.

QUICKBOOKS Export Setup

Because QuickBooks Pro and Professional are commonly used accounting packages, here are the settings for the export.

The screenshot shows the 'ASCII Export Setup' dialog box. The 'Export Description' is 'Quickbooks'. The 'Export Path' is 'C:\QBooks\PFw\QB.IFF'. The 'Format' is 'mm/dd/yyyy'. The 'Export As' section has 'Fixed ASCII' selected. The 'Include Header' checkbox is unchecked. The 'Export' section has 'SPL' selected. The 'Fixed Value 1' is '1' and 'Fixed Value 2' is '2'. The 'Export' section has 'GENERAL JOURNAL' selected. The 'OK (F10)' and 'Cancel' buttons are at the bottom.

Advance Setup

If you are not using QuickBooks, you must understand your accounting software program's requirements for the import file.

Generally, the accounting software program will expect various elements to be in a specific sequence and this screen allows you to define the sequencing.

The elements of a record are kept in a "string" and the sequence of the elements is critical.

To help you understand this concept, visualize a freight train consisting of several different kinds of railroad cars. These cars are named: Date, Amount, Credit Amount, Debit Amount, GL Account, Description, etc.

Each car has a specific length, Date=8 characters, Amount=10 characters, Credit Amount=6 characters, etc.

The sequence of the cars is determined by it's "position" number in the string.

Comma or Tab Delimited Setup

This is the easiest setup. All you need to know is the sequence of items,

In the following example, the accounting program knows that the Date starts the "string" of information followed by GL Account and then the Description, etc

The screenshot shows the 'ASCII Export Setup' dialog box. The 'Export Description' is 'MYOB Interface'. The 'Export Path' is 'D:\Z1PFw\data1PFw\MYOB.TXT'. The 'Format' is 'mm/dd/yy'. The 'Export As' section has 'Comma Delimited' selected. The 'Include Header' checkbox is unchecked. The 'Export' section has 'GENERAL JOURNAL' selected. The 'Fixed Value 1' is '0' and 'Fixed Value 2' is '0'. The 'Export' section has 'GENERAL JOURNAL' selected. The 'OK (F10)' and 'Cancel' buttons are at the bottom.

Fixed ASCII Setup

With Fixed ASCII, you also need to know the length of the element and calculate at what point in the string that it will stop. In the following example,

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the accounting program knows that the Date starts the "string" of information followed by GL Account and then the Description, etc


123456789012345678901234567890123456
Date----GL Acctnt---Description-----

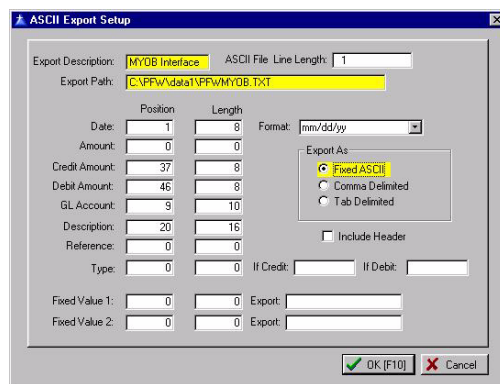
(The bold 0 is the tens marker.)

Date 8 characters, starts at 1 ends at 8

GL Account 10 characters starts at 9 ends at 19

Description 16 characters starts at 20 ends at 36, etc.

 **NOTE:** You MUST know what elements and sequence of elements are required by your accounting software program before you can continue.



ASCII Export Setup

Export Description - enter a name for this setup definition.

ASCII File Length - the maximum length of each record. Typically 144 characters is used.

Export Path - the drive letter, directory, and file name where the generated information will be saved. For example c:\accounting\import.txt.

Export As

Choose the type of file layout required by your accounting package.

- Fixed ASCII - one long string of text with spaces filling the gaps between data
- Comma Delimited - data separated by commas
- Tab Delimited - data separated by tab characters
- Name - the name of the element
- Position - the starting character's position in the "string" of data
- Length - the number of characters required for the data element

The following elements are typically expected as part of the import file.

- Date - the date of the transaction.
- Date Format - The date will be written in the style selected.
- Amount - the amount of the transaction
- Credit Amount - the value to be applied as a credit
- Debit Amount - the value to be applied as a debit
- GL Account - the GL Account number/name as defined in your chart of accounts
- Description - the label or explanatory text of the GL Account
- Reference - the invoice or transaction reference number
- Type - A designator or code for transaction type. Enter the designator for credit and debit transactions.
 - If Credit -
 - If Debit -
- Fixed Value 1 -
- Fixed Value 2 -

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Some accounting packages expect a beginning and ending marker for each string (the locomotive and caboose) and you can enter the designator or code to be used as these fixed values.

- Position

This is only necessary when you are doing a Fixed ASCII setup. When you are setting positions, be sure that data from one field will not overlap into data from another field.

For example if the GL Account starts at position #9 and is 10 characters long it will end at position #18. Do not start the next element in the middle, say at position #15. This will cause truncation and misreporting of data.

When you are finished, click OK. You may edit this setup as often as needed.

Trial Transactions

It is a good idea to test your GL Setup to make sure that accounts have been properly assigned. Here is a simple testing procedure. When you are finished testing, you will restore a backup, make the necessary changes to GL Setup and you are set to go.

- 1) Get everyone out of PFW
- 2) Make a backup (File: Backups: Backup Files Now) (After your testing you can restore the backup)
- 3) Make a simple sale by creating and processing an invoice. (* See Below for other areas to test.)
- 4) Balance the Cash Drawer (this is what triggers posting to GL)
- 5) Check GL to make sure it is in balance. (Accounting: General Ledger: Add/Edit/Post Transactions)

If it is in balance, the totals in the bottom left corner will be 0.00

If it is not in balance, then you will likely find some RED X icons in the top half indicating the transaction is not complete.

Transaction	Date	Description	Debit	Credit
1	5/24/2002	Invoice 1001	81.87	81.87
2	5/24/2002	Invoice 1002	227.09	227.09
3	5/24/2002	Invoice 1003	50.00	50.00
4	5/24/2002	Invoice 1004	54.00	54.00
5	5/24/2002	Invoice 1005	0.00	0.00
6	5/24/2002	Invoice 1006	0.00	0.00
7	5/24/2002	Invoice 1007	0.00	0.00
8	5/24/2002	Invoice 1008	0.00	0.00

Account	Account Name	Description	Reference	Debit	Credit
11200	Inventory	SALES IN WONDERLAND	1001	0.00	14.00
22020	Sales	SALES IN WONDERLAND	1001	0.00	30.00
44210	Purchases	SALES IN WONDERLAND	1001	14.00	0.00

All Transactions		Highlighted Transactions	
Total Debits:	1,298.75	Total Debits:	47.00
Total Credits:	1,297.45	Total Credits:	44.00
Balance:	21.30	Balance:	3.00

You will need to determine which GL account is not being included. A common oversight is the tax rate GL account.

☞ *Other Tests: Repeat the test described above for receiving purchase orders, manually adjusting stock counts, manually adjusting AR transactions, etc.*

- 6) Restore your backup to cancel out all the test transactions which were made.
- (Go to File: System: Company and activate "Choose Company On Start Up"
 - Exit PFW and stop at the Choose Company screen.
 - Select Utilities
 - Select Restore Backup
 - Highlight and restore the appropriate backup.)

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Updating GL

The Journal Entry Transaction Table lists all current transactions affecting the General Ledger. This list is automatically updated when one...

- Balances the cash drawer
- Adjusts a customer accounts receivable record
- Adjusts an inventory item stock count
- Processes an accounts payable transaction

The transactions in this Journal Entry Transaction Table should all be in balance and ready to be posted to the General Ledger, however, this screen does allow for editing before posting to GL.

☞ (Go to Accounting: General Ledger: Add/Edit/Post Transactions).

Transaction	Date	Description	Debit	Credit
17	2/18/2001	Inventory Adjustment	14.00	
18	2/18/2001	Invoice 1014		33.00
19	2/18/2001	AP: Allen Book Distributors, 523	12.50	
16	5/24/2002	Invoice 1003	60.00	

Account	Account Name	Description	Reference	Debit	Credit
11000	Cash register fund	Cash-Refund	1014	0.00	33.00
30000	Returns	BARRO IN WONDERLAND	1014	30.00	0.00

All Transactions		Highlighted Transaction	
Total Debits:	126.50	Total Debits:	30.00
Total Credits:	128.50	Total Credits:	33.00
Balance:	-3.00	Balance:	-3.00

Balance Cash Drawer

During the course of a day, sales are made and money is collected in payment for goods and services. Payments are also received towards accounts receivable and as deposits on pending layaways and orders.

One important daily activity is to balance the cash drawer. (Register: Daily Balance) This not only assures that

monies are being collected properly, but balancing the drawer triggers the transactions to be posted to the Journal Entry Transaction Table.

These transactions are viewable under various tabs: Invoices [F3], Receivables [F4], Disbursements [F6], and Receipts [F7].

Process AP Transactions

Use of purchase orders for controlling inventory is highly recommended. When a purchase order is received, the invoice totals are posted to Accounts Payable. When these AP transactions are processed for payment, then the Journal Entry Transaction Table is updated accordingly and can be viewed separately by selecting the Payables [F5] tab.

Adjust Stock Counts

From time to time, it may be necessary to manually adjust stock counts because of breakage, theft, or other reasons. Doing so will make an Inventory Adjustment entry in the Journal Entry Transaction Table which is viewable under the General [F8] tab.

Adjust Customer AR Transactions

All Accounts Receivable entries are kept in a customer's AR History screen. (Customer List: AR Detail button)

If an entry is changed manually, then the adjustment is logged into the Journal Entry Transaction Table and is viewable under the Receivables [F4] tab.

Exporting GL

If you choose, you may export a GL batch from GL Transaction History. This converts the batch numbers into a text file which can be read and imported into several accounting software programs such as QuickBooks Pro or QuickBooks Premier.

The process is simple once the preliminary setup has been made. This was described in the GL Export Setup section at the beginning of this document.

- Go to Accounting: General Ledger: Transaction History
- Highlight the batch to be exported.
- Choose the Export [F5] button
- Highlight the previously created Export Definition and choose select
- You will be warned that you are about to erase a previously created file of the same name.

Posting GL

It is recommended that posting to GL be done regularly on a daily or weekly basis.

As mentioned earlier, the transactions in this Journal Entry Transaction Table should all be in balance and ready to be posted to the General Ledger.

Before posting to the General Ledger, all entries in this batch must be in balance. For this reason, you have editing capabilities.

Review / Edit

In the lower left corner you can see immediately if this batch of transactions is in balance or not.

The numbers **MUST** total 0.00 before you can post this batch to general ledger.

Balance MUST be zero (Credits and Debits must equal before posting)			
All Transactions:		Highlighted Transaction:	
Total Debits:	334.40	Total Debits:	12.50
Total Credits:	334.40	Total Credits:	12.50
Balance:	0.00	Balance:	0.00

The upper half of the Journal Entry Transaction Table lists the transactions.

For your convenience a green checkmark indicates the transaction is in balance. A red X shows that it is not in balance.

By highlighting one header you can see the distribution of debits and credits in the lower section.

Transaction	Date	Description	Debit	Credit
17	2/15/2013	Inventory Adjustment	14.00	14.00
18	2/15/2013	Inventory Adjustment	12.50	12.50
19	2/15/2013	AP: Alex Book Distribution, 523	12.50	12.50
20	2/15/2013	Inventory Adjustment	12.50	12.50

Account	Account Name	Description	Debit	Credit
11000	Cash register fund	Cash Paid	12.50	0.00
20000	Revenue	SALES IN WUNDERLAND	0.00	12.50

Balance MUST be zero (Credits and Debits must equal before posting)	
All Transactions:	Highlighted Transaction:
Total Debits: 334.40	Total Debits: 12.50
Total Credits: 334.40	Total Credits: 12.50
Balance: 0.00	Balance: 0.00

Because this transaction is out of balance, adjustments need to be made until it is in balance. But more importantly, steps should be taken to eliminate future problems.

An Example

By reviewing this transaction I can see that taxes have not been included under debits.

Fix The Cause:

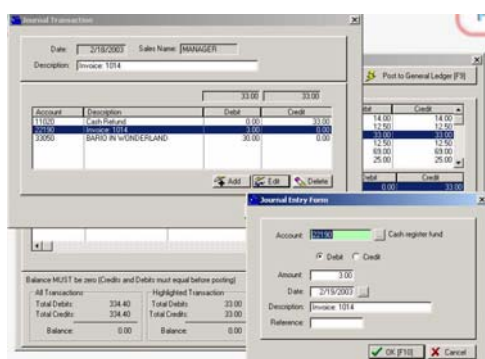
This error should have been observed and fixed when running some trial transactions as described earlier. Now that I know that taxes were not automatically included, I should go back to General Ledger Management Center and make appropriate entries in the Tax Rates List.

Fix The Transaction:

At the right of this screen are two buttons: Edit and Delete. The Delete button will erase the transaction. You will be prompted to confirm that you want to do it. (Note: there is no undo option.)

The Edit button allows you to edit an existing line or to add additional lines of detail.

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In this case, choose the Add button on the Journal Transaction screen. Then on the Journal Entry Form enter the correct GL Account number, choose Debit, the Amount, Date, and Description. The Reference field is optional. Choose OK. The transaction should now be in balance.

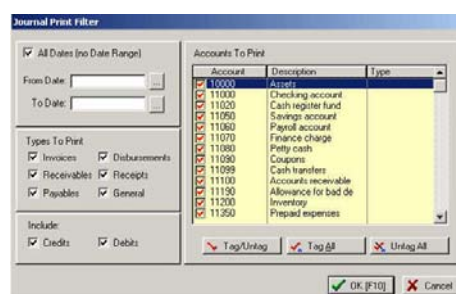
The tabs at the top allow you to focus on various types of GL Transactions for reviewing or editing purposes.

In the uppermost left corner is a Print [F11] button which allows you to filter the listing for specific transactions before printing.

Printing The Batch

In the uppermost left corner of the Journal Entry Transaction Table screen is a Print [F11] button which allows you to filter the listing for specific transactions before printing. If you do not choose to print at this time, you can print later from GL Transaction History. You may select...

- specific dates
- specific types
- specific accounts



After making your selection you will be prompted to print either a Detailed or a Summary report.

An example Detailed Report

Blair's Video Game Emporium General Ledger Journal Entries Batch #2 - 2/18/2003 MANAGER					
Report Date 2/18/2003 1:18 PM				Page 1	
Date	Transaction Description	Journal Entry Description	Amount	Debit	Credit
2/18/2003	AP: Abes Book Distributors, 523			12.50	12.50
2/18/2003	11000 - Checking account	Checking Account 523 Vendor Payme	12.50CR		
2/18/2003	Cash In			50.00	50.00
2/18/2003	11000 - Checking account	Cash Put In Register Change	50.00CR		
2/18/2003	Register Balance 1			89.40	89.40
2/18/2003	11000 - Checking account	Cash/Checks Bank Account REG. 1	89.40		
2/18/2003	11000 - Checking account	Change Card Deposit REG. 1	25.40		

An example Summary Report

Blair's Video Game Emporium General Ledger Journal Entries Batch #2 - 2/18/2003 MANAGER					
Report Date 2/18/2003 1:18 PM				Page 1	
Date	Transaction Description		Debit	Credit	
2/18/2003	AP: Abes Book Distributors, 523		12.50	12.50	
2/18/2003	Cash In		50.00	50.00	
2/18/2003	Register Balance 1		89.40	89.40	
2/18/2003	Invoice 1014		33.00	33.00	
2/18/2003	Cash Out		5.00	5.00	
2/18/2003	Register Balance 1		89.40	89.40	
2/18/2003	AR Payment		25.00	25.00	
2/18/2003	Cash In		50.00	50.00	
2/18/2003	Deposit		25.00	25.00	
2/18/2003	AR Payment		25.00	25.00	
5/24/2002	Invoice 1003		89.00	89.00	
2/18/2003	Inventory Adjustment		14.00	14.00	
2/18/2003	Inventory Adjustment		14.00	14.00	
2/18/2003	AP: Abes Book Distributors, 523		12.50	12.50	
2/18/2003	Deposit		20.00	20.00	
2/18/2003	Invoice 1014		33.00	33.00	
2/18/2003	Cash Out		5.00	5.00	
5/24/2002	Invoice 1003		89.00	89.00	
2/18/2003	Inventory Adjustment		14.00	14.00	
2/18/2003	Inventory Adjustment		12.50	12.50	
			334.40	334.40	

Process If In Balance

Now that this batch of transactions is in balance, choose the Post To General Ledger [F9] button in the upper right corner of the screen.

It is a good practice to make a backup of PFW before posting. (File: Backups: Backup Files Now) If something were to go wrong, then you can restore the backup and reprocess these GL entries.

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You will be asked if you want to print an audit trail. This is a paper copy of the transactions which can be filed away.

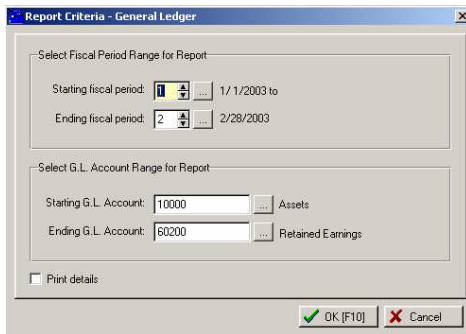
Blink's Video Game Emporium General Ledger Posting Audit Trail Batch #2 - 2/19/2003 MANAGER						Page 1
Report Date	Account #	Account Description	Transaction Description	Reference	Debit	Credit
2/19/2003 1:28 PM						
Period 2 - February 1, 2003 to February 28, 2003						
80100	Capital	Accounts Receivable	Invoice 1003			69.00
11100	Accounts receivable	Accounts Receivable	Invoice 1003		69.00	
11200	Inventory	Inventory Adjustment			14.00	
80100	Capital	Inventory Adjustment				14.00
22000	Accounts payable	Vendor Invoice: 523			12.50	
11000	Checking account	Checking Account: 523	Vendor Payr			12.50
11020	Cash register fund	Cash Refund	1014			33.00
33050	Returns	BARFO IN WONDERLAND			30.00	
11100	Accounts receivable	AR Payment	POS- Reg -			25.00
11020	Cash register fund	Cash Register Fund	POS- Reg -		25.00	
11020	Cash register fund	Cash In	Change		50.00	
11000	Checking account	Cash Put In Register	Change			50.00
55550	Misc expense - Sales	Cash Removed From Register	stamps		5.00	
11020	Cash register fund	Cash Out				5.00
22040	Customer deposits	Deposits	507		20.00	
11020	Cash register fund	Cash Drawer	507			20.00
11020	Cash register fund	Cash Register Fund	REG. 1			93.40
11000	Checking account	CashChecks Bank Account	REG. 1		67.00	
11000	Checking account	Change Card Deposit	REG. 1		26.40	
11200	Inventory	Inventory Adjustment				12.50
80100	Capital	Inventory Adjustment			12.50	
22190	Sales taxes payable	Invoice: 1014			2.00	
					334.40	334.40

GL Transaction History

When a batch is posted to General Ledger, the data is saved under Accounting: General Ledger: Transaction History.

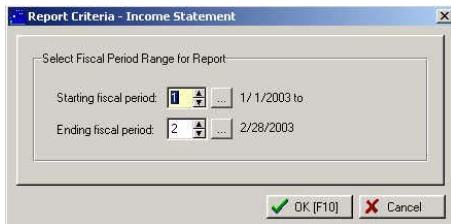
From here you can again print the batch using the Journal Print Filter as described previously.

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Special Utilities

- Set Budget Amounts – this allows you to set budgets for the coming year. You can base these budgets on past history.
- Verify GL Balances – this will verify that all GL entries are valid and accurate.



Other options include:

Fiscal Period Maintenance

Use this to set your Fiscal Periods. Typically, this will be on a monthly basis, starting at the first of the year. This window also indicates which months have been closed.

Month End Close

You should close each month, after you are satisfied that all transactions have been posted to that month. Monthly postings are performed in order; that is, you must close January before February. This process is not reversible.

Year End Close

When you have closed each month for the year, you should perform a year-end close. This will move balances for your income and expense accounts to your retained earnings for the current year. This process is not reversible.