AXIS Diplomat
2000

Accounts User Guide

"Software for Business"

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Table of Contents

1.   Introduction

Welcome to AXIS Diplomat 2000 Accounts.

AXIS Diplomat 2000 Accounts is one of a range of products, all published under the AXIS Diplomat 2000 banner, which together offer an integrated range of "Software for Business". Other packages available in the range cover Payroll, Contact Management, Job Costing, Fixed Asset Register, Plant Hire and BACS.

This manual is aimed both at System Administrators, responsible for setting up and/or maintaining a AXIS Diplomatsystem, and those who will operate the system on a day-to-day basis.

To help you get quickly to the section(s) of the manual most relevant to you, you may find the following chart helpful:

Type of User	Sections of Particular Interest
System Administrator, responsible for setting up new system	2., 3., 4., 5.
System Administrator, managing existing system	2., 3., 5.
Operator	2., 6., 7., 8., 9.

In addition, System Administrators should familiarise themselves with the AXIS Diplomat Kernel Users Guide.

1.1   Conventions Used in this User Guide

AXIS Diplomat is a powerful and comprehensive suite of software. It is inevitable with such a package that the number of options available will be extensive.

To simplify locating functions, and in relating the descriptions within this guide to the software, "Function Locators" have been added to the text.

For example, if describing the Customer Enquiry function, the following would be shown in the guide:

☞   Function Locator
                    Sales Ledger/Enquiries/Customer Enquiry

This means that the function is called "Customer Enquiry" and can be found on the Enquiries menu, which in turn will be found on the Sales Ledger menu.

General descriptive text is shown in this font, whilst text representing what is shown on the screen or on a report is shown as follows:

Sample Report Layout   **Page 1**

1.2   Finding Documentation

This documentation is supplied in three forms:

- ❑ As a printed User Guide with new systems. Additional copies, if required, may be purchased from your supplier.
- ❑ As on-line documentation, or 'help', within the AXIS Diplomat package.
- ❑ As an Adobe Acrobat 3.0 PDF file, on the AXIS Diplomat CD-ROM.

The PDF version of this documentation retains all of the formatting of the printed document and can be used to print additional copies of the documentation for your own purposes. If you do not have a PDF viewer installed on your system, Adobe Acrobat is supplied on the CD-ROM.

The PDF version of this document is also available for download from the Systems AXIS web site (see below). Adobe Acrobat can also be downloaded from the web site.

Note

Systems AXIS plc has a policy of continual enhancements and improvements to its products. Changes may have been made to the software that are not reflected in the printed manual.

For the latest documentation, please consult the electronic copies of this documentation - available on-line within the software, in PDF version on the CD-ROM and available on the Systems AXIS web site.

Additional information may be found in the release notes and 'read me' file supplied with your software.

1.3   Further Assistance

In addition to the information contained within this document, the Systems AXIS web site is regularly updated with the latest technical information and bulletins.

It also contains copies of the documentation, in PDF format, and product overviews for all of the packages and additional modules.

The Systems AXIS web site can be found at:

http://www.systemsaxis.co.uk/

To go straight to the Support section for AXIS Diplomat, you can follow the links from the Home Page or use the following address:

http://www.systemsaxis.co.uk/support/diplomat/

To find out about the latest developments for AXIS Diplomat, you can use the following address:

http://www.systemsaxis.co.uk/product/diplomat/

2.   Overview

AXIS Diplomat Accounts provides a simple and direct means of maintaining a comprehensive internal accounting system with a minimum of management supervision and staff involvement.

The operation of the system is based on a number of routines which will individually service the day to day requirements and ensure the smooth and efficient running of your business. These collectively will satisfy the requirements of the VAT Inspector and your own accountants and auditors.

The strength and practicality of AXIS Diplomat stems from its paralleling, to a large extent, the operation of a conventional manual bookkeeping system. You make entries in your books directly onto the computer in a similar way to that required using a manual accounting system. The big advantage lies in the fact that a single entry on the computer automatically generates the accounting double entry and your books therefore always balance.

AXIS Diplomat incorporates a Sales, Purchase and a Nominal Ledger, complete with Cash Book. It also offers an integrated Stock Ledger to record and monitor stock movements and to provide simple stock control and valuation facilities.

AXIS Diplomat uses the word "ledger" to describe its accounting modules, in line with an equivalent manual system. Like a manual system, the ledgers are divided into account groups, and subdivided into accounts, departments and cost centres. These can be adapted to suit the specific nature of your business.

Again, just as in its manual counterpart, the system maintains the account records by creating a series of 'files' which allow individual transactions relating to either a supplier account, a customer account, or a nominal account to be recorded, posted and accumulated in an organised and disciplined manner. The contents of these 'files' cannot be viewed directly, but they can be inspected at any time via the systems 'enquiry' functions. In most cases, this inspection can be either temporary with the information called up onto the screen, or in permanent 'hard copy' form which can be filed in the conventional way.

Thus, although the introduction of the system may demand some changes in your internal procedures, these should be fairly straightforward.

One very substantial added benefit of AXIS Diplomat is that it goes several stages further than a manual system in the way in which it can maintain and present the information held within its filing structure. The accounting data is entered only once, but this same information can be re-organised and represented in special formats or reports on demand. If they are not required you simply do not call them up. But the system will still retain this information.

The flexibility of the system allows each user to determine their own level of sophistication and the extent to which the system is used within their business. From a pure management standpoint, the introduction of a computerised system presents an ideal opportunity to review your current accounting practices and the supporting disciplines and procedures. This opportunity should not be overlooked.

AXIS Diplomat is an integrated business package designed to provide all the essential features of a good bookkeeping system. It maintains day books, it maintains the Sales, Purchase and Nominal Ledgers, and organises the flow of information within the system to provide a balance sheet, profit and loss and trading accounts and produces a variety of management reports.

AXIS Diplomat is a particularly flexible and easy to use system. There is often a misunderstanding of the description "flexible". The internal functions of the system follow a set and carefully controlled sequence of operations and cannot be modified. The structure of the filing system itself cannot be varied. In this way, the system is able to ensure the integrity of the data. However, the contents of the files and the labels you apply to them can be substantially modified to suit the structure and requirements of your own business.

The basic AXIS Diplomat Accounts contains the following integrated modules: Nominal Ledger, Purchase Ledger, Sales Ledger, Cash Book and Stock Ledger.

If either the sales or purchase ledgers are not required, then they may be left unused. However, AXIS Diplomat is an integrated system and full benefit will be gained with a minimum of effort by implementing all three accounting ledgers together. All AXIS Diplomat documentation assumes that all three ledgers are to be, or are already, implemented.

AXIS Diplomat is extremely intuitive to use - the operator simply needs to be able to provide the information requested by the system during that specific data entry sequence.

But what happens if you get into a data entry sequence and you do not have the information required, or you enter incorrect information during data entry? The system is designed to accommodate that situation too.

AXIS Diplomat is 'Escape Orientated'. Essentially this means is that the system is designed so that the operator can always escape from any data entry or enquiry sequence with complete confidence. Thus if the operator is entering a sequence which cannot be completed for any reason, or if incorrect information is entered, there will always be an option to cancel that sequence safely.

Every effort has been made to minimise the chance of error, and to keep the job of driving the system to a minimum, so that the operator can concentrate on the accuracy of the data being entered.

AXIS Diplomat is also very well protected. Every aspect of the system is designed to safeguard the information entrusted to its safekeeping. The chance of an operator making a 'fatal' error is small providing a few simple rules are followed. AXIS Diplomat contains very easy to use security routines to protect and maintain your data.

The key to the powerful analysis and reporting capabilities of AXIS Diplomat is in the coding systems used.

These coding systems have three purposes:

❑ They provide the means by which the system recognises the nature and character of data as it is entered.

❑ They provide the basis for grouping and reorganising that data to support the reports generated within the system.

❑ They reduce the operator involvement during data entry, speed up data entry routines and increase the accuracy of data entry.

You will note that all AXIS Diplomat codes are simple one, two, three or four digit number codes. There is less chance of error in entering a simple numeric code than a string of letters and in all data entry operations the system confirms the full entry by displaying the description after the code has been entered.

It is through the development of these coding systems that AXIS Diplomat provides its very powerful range of management reporting and information facilities.

The development and usage of the coding facilities provided within AXIS Diplomat needs to be very carefully considered from the outset. A lack of detailed consideration at this initial stage could mean that some of the benefits inherent in the System will not be secured without repeating the implementation process, or at least part of the process, at some later date.

Unfortunately each business is unique. There is no universal system for implementation which will work for all. However, the following notes are presented to assist in the overall development of a structured coding system, and to direct the user's attention to how some of the less immediately obvious but very powerful features of the system can be exploited.

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3.   AXIS Diplomat Coding Structures

3.1   Nominal Ledger Coding

The Nominal Ledger is the co-ordinating point of a business accounting and administration system. It provides a means by which the value, cash performance and profitability of a business can be effectively measured. It is through these final reports produced in the Nominal Ledger that AXIS Diplomat provides some of the most comprehensive management information aids of all its functions.

AXIS Diplomat provides a very logical and well structured basis for the development of an accounting and management information system. All entries made into the system are reorganised and reallocated into meaningful groups of information. The Nominal Ledger is organised into three sections by account type. These sections are the Trading Account, the Profit and Loss Account and the Balance Sheet.

In general terms, the Trading Account is the record of sales and cost of sales by product or service, the Profit and Loss Account is the cost in operating overheads and expenses incurred in securing the profit from the operation and the Balance Sheet is a record of the assets and liabilities resulting from the operation of the business.

Each of the above sections may be broken down into smaller groups of accounts to suit your specific business requirements. These groups can be defined by the user to provide subtotals as required. Each group of accounts contains one or more individual Nominal Ledger Accounts.

For example, 'Telephone' might be a Nominal Account, in the 'Administration' Group in the 'Profit and Loss' Section of the Nominal Ledger.

Two further levels of analysis are available within the Nominal Ledger - departments and cost centres.

Each transaction (sale, purchase, journal, etc.) which is posted to the Nominal Ledger has a department code set against it - up to 250 departments can be created on the system.

Use of Cost Centres is optional (if required, they can be enabled via a Supervisor function) and, if used, provide a secondary analysis on each of the Nominal Ledger transactions.

Since department codes are always requested but cost centres are optional, it is normal to run with either just departmental analysis or departmental analysis and cost centre analysis. Operating with departmental analysis gives a one dimensional analysis of transactions within each Nominal Account. Operating with departmental analysis and cost centre analysis gives a two dimensional analysis of transactions within each Nominal Account (or effectively two different ways of analysing the same data).

The following chart illustrates the levels of the Nominal Ledger structure:
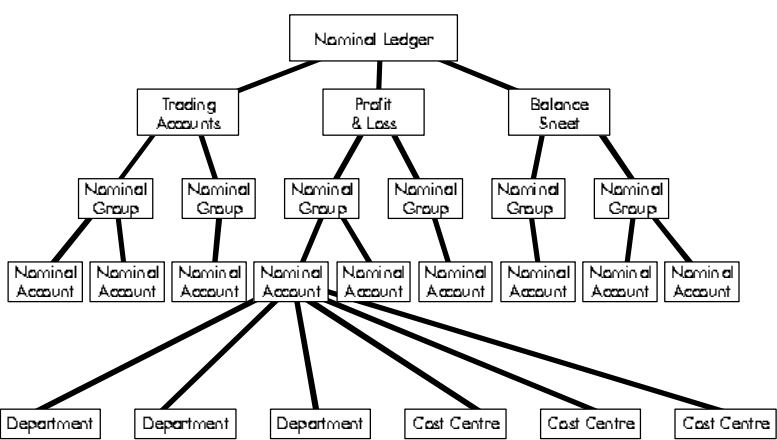
3.1.1   The Standard Nominal Ledger Structure

A standard set of nominal accounts and nominal group codes are set up automatically when AXIS Diplomat creates a new system.

This standard nominal ledger structure may well be suitable for your use without amendment or with only minor amendment. If it is totally unsuitable there is a function in the supervisor area which will delete the structure completely. You can then set up your own structure from scratch.

The development of the Nominal Ledger Structure is left primarily to the user. However, the advice and guidance of a qualified accountant is strongly recommended if you intend to modify the standard structure significantly.

The standard nominal ledger structure is set up as follows:

TRADING ACCOUNTS

    TOTAL TURNOVER

	10	Sales

    COST OF SALES

	20	Stock Value Adj
	21	Purchases
	25	Carriage In

PROFIT AND LOSS ACCOUNT

    SUNDRY INCOME

	30	Asset Sales
	31	Other Income

    PREMISES

	35	Rent and Rates
	36	Light and Heat
	37	Repairs & Renew
	38	Cleaning

    STAFF COSTS

	40	Wages

    ADMINISTRATION

	43	Post & Carriage
	44	Stationery
	45	Telephone
	46	Insurance
	47	Advertising

	48	Travel Expenses
	49	Other Expenses
VEHICLES		
	50	Petrol & Diesel
	51	Tax & Insurance
	52	Vehicle Repairs
	53	Car Hire
PROFESSIONAL		
	55	Accountancy
	56	Legal Charges
	57	Other Prof. Chg
FINANCIAL		
	60	Bank Charges
	61	Bank Interest
	62	Loan Interest
	63	Disc. Allowed
	64	Interest Rec'd
	65	Discounts Taken
	67	Dscnt Write Off
DEPRECIATION		
	66	Depreciation

BALANCE SHEET

FIXED ASSETS		
	70	Land & Building
	71	Investments
	72	Plant & Machine
	73	P & M Dep'n
	74	Office Equip.
	75	Office Eq Dep'n
	76	Fix & Fittings
	77	F & F Dep'n
	78	Motor Vehicles
	79	M. Veh. Dep'n
CURRENT ASSETS		
	85	Stock on Hand
	86	Debtors
	87	Prepayments
	88	Current Account
CURRENT LIABS		
	90	Creditors
	91	Accruals
	92	VAT Liability
	93	Suspense A/c
LONG TERM LIABS		
	95	Mortgages
	96	Long Term Loans
CAPITAL		
	98	Retained Profit
	99	Capital

3.1.2   Amending the Standard Structure

If you are running your business with a regular bank overdraft you should amend the details for nominal account number 88 — Current Bank Account — as follows:

Short Description	**Bank Overdraft**
Full Description	**Bank Overdraft**
Account Type	**Liability**
Nominal Group	**34 CURRENT LIABS**

so that the account will show up correctly as a current liability on your balance sheet.

☞   Function Locator
                    Nominal Ledger/Nominal Account Maintenance/Amend Nominal Account Details

If you modify or replace the standard nominal account structure above you may need to use the 'Amend Sales Ledger Parameters' and 'Amend Purchase Ledger Parameters' functions on the Supervisor Functions menu to adjust the default nominal account numbers for the:

❑ Debtors Control Account

❑ Creditors Control Account

❑ Current Bank Account (or overdraft)

❑ Discounts Allowed Account

❑ Discounts Taken Account

☞   Function Locator
                    Supervisor Functions/Amend Company Parameters/Maintain Sales Ledger Parameters; Supervisor Functions/Amend Company Parameters/Maintain Purchase Ledger Parameters

Also, use the Amend Nominal Ledger Parameters function to adjust the following default account numbers:

❑ Bank Account Number

❑ Discounts Taken

❑ Discounts Allowed

    ❑ Net VAT Account (VAT Liability)

    ❑ Net Profit Account (Retained Profit)

☞   **Function Locator**

      Supervisor Functions/Amend Company Parameters/Maintain Nominal Ledger Parameters

3.1.3   Nominal Group Codes

Nominal group code descriptions must be set up before nominal account details are entered.

They can be set up precisely as you wish. However it is recommended that you develop the coding sequence and titling in related groups. Ideally they should be organised to relate to the Trading Account section, Profit and Loss section, and Balance Sheet section of the nominal ledger.

Draft (final) accounts are produced by the system in nominal group code sequence within each of the nominal ledger sections (Trading, Profit and Loss, Balance Sheet) so the sequence is also important.

As you can see in the standard nominal ledger structure, gaps have been left in the sequence to allow for future development.

Up to 250 group codes are supported by the system.

☞   **Function Locator**

      Supervisor Functions/Nominal Ledger/Maintain Nominal Group Descriptions

3.1.4   Nominal Accounts

The system can accommodate up to 989 Nominal Accounts, but remember that a specific number of account records will have been allocated when your system was originally configured.

Each Nominal Account record is defined by a three digit number, a short name, a short description and a long description. It must be allocated to the appropriate section of the nominal ledger and to a nominal group. If the account belongs to the trading account section it must be designated as Account Type Sales Trading or Purchase Trading. If the account belongs to the balance sheet section it must be designated as an Asset, Liability or Floating Liability. A 'Floating' asset/liability account is one which will be automatically classed as an asset when the balance is debit, i.e. positive, or as a liability when negative.

In the standard nominal ledger structure you will see that the account numbers have been allocated neatly in the same sequence as they will appear in the draft (final) accounts report. This is not strictly necessary since the nominal ledger sections and group codes will be used to gather the accounts into the correct place in that report. The accounts will however appear in account number order within each group code. Other nominal ledger reports, e.g. the trial balance, will be listed in nominal account number order.

The nominal account number can be any number from 10 to the maximum number of codes within your system. Try if possible to organise the accounts into some form of logical grouping. This will aid assimilation of the nominal ledger reports. Gaps in the numbering sequence are also desirable so that additional codes can be entered at a later date without losing the compactness of the system reports.

☞   Function Locator

Nominal Ledger/Nominal Account Maintenance/Enter New Nominal Account Details

For further information, refer to section 8.1 on page 82.

3.1.5   Department Codes

The creation of Departments is purely optional. A department code is requested, however, on all transactions that have a Nominal Ledger component, including sales and purchase ledger invoices and credit notes.

The default AXIS Diplomat system has one department (0) defined with a description of "Administration". This description can be changed if required.

☞   **Function Locator**
                    Supervisor Functions/Nominal Ledger/Maintain Department Descriptions

3.1.6   Cost Centres

The creation of Cost Centres is purely optional. Furthermore, and unlike departments, a system parameter controls whether Cost Centres are requested on transactions that have a Nominal Ledger component. By default, this parameter is set to not prompt for Cost Centre codes.

If you wish to use Cost Centres, you must set the system parameter to request Cost Centre codes. This is done via the Supervisor Functions/Amend Company Parameters/Nominal Ledger menu.

The default AXIS Diplomat system has one cost centre (0) defined with a description of "Dept. Overheads". This description can be changed if required.

☞   **Function Locator**
                    Supervisor Functions/Nominal Ledger/Maintain Cost Centre Descriptions

3.1.7   VAT Codes

The use of a VAT code provides for the maximum flexibility in dealing with this otherwise onerous task. It avoids the need for individual changes to Supplier, Customer and Stock records whenever there is a change in VAT rates. Up to nine single digit codes are provided; code 1 is already allocated by the system for 'zero rated' VAT transactions arising out of the VAT status of the customer, e.g. export customers. The remaining 8 codes can be allocated as required. In accordance with the current U.K. regulations codes 2 and 3 are set up to deal with the zero and 17.50% rates.

The nine VAT accounts represented by the VAT codes are special accounts at the beginning of the nominal ledger. They hold not only the VAT amounts for input and output tax at each rate but also accumulate the goods value total on which the VAT is calculated. Provision is made in each VAT code record to hold the figures for three separate months so as to produce a quarterly VAT summary corresponding to the requirements of the quarterly VAT return.

☞   Function Locator
                    Supervisor Functions/Nominal Ledger/Maintain VAT Rates

3.1.8   Sales Analysis Codes

Although strictly speaking, Sales Analysis Codes apply to the Sales Ledger they are described here because it is the Sales Analysis Code which determines which Nominal Ledger Sales Trading Account is used to analyse sales of a given item.

The sales analysis (or sales group) code serves three purposes within AXIS Diplomat:

❑ It is used as a sales group code for product and stock items and therefore provides detailed sales analysis facilities.

❑ It is linked to a specific VAT code and provides the correct VAT rate for goods or services in the sales group.

❑ It is linked to a nominal ledger sales account which enables the system to automatically provide the double entry transactions required by sales bookings made directly to the sales ledger or via the various invoicing functions.

The sales analysis code can be related to any products or services offered by the user (note that the sales analysis code is also maintained within the Stock Ledger so that stock movements can be related to sales performance). Manually produced invoices, and credit notes need to be analysed across the relevant sales analysis codes as the invoice and credit note details are entered into the system. When using the invoicing or other (optional) order processing modules with standard stock lines the analysis is carried out automatically.

Up to 250 codes can be allocated, depending on the size of the sales analysis code descriptions file.

A record of sales by each sales group code is maintained for a 24 month period.

☞   Function Locator
                Supervisor Functions/Sales Ledger/Maintain Sales Analysis Details

3.2   Sales Ledger Coding

3.2.1   Customer Group Codes

These can be used to categorise customers in various ways to partition your sales ledger and to provide further analysis facilities. It also enables the system to provide an analysis of 'Sales by Customer Group' — one of three quite separate sales analysis methods provided by AXIS Diplomat (along with Sales by Order Source and Sales by Sales Group).

Up to 250 codes can be allocated, depending on the size of the customer group code descriptions file. You will also need to describe and define your group codes before you enter any customer account information.

Customer group codes are truly user designated. They can refer to types of customer, e.g. Direct Customers, Agents and Distributor Groups. They can be used as geographical area codes, or sales area codes. They can identify market or type of user groups.

Each customer can only be allocated to one customer group. It is the customer, not the transactions with that customer, to which the code refers. It is however possible to select transaction listings showing only the transactions for selected customer groups.

A record of sales by each customer group code is maintained for a 24 month period.

☞   Function Locator
                Supervisor Functions/Sales Ledger/Maintain Customer Group Desc

3.2.2   Order Source Codes

The order source code is a secondary sales analysis code which can be used to group sales in groups other than that defined by the customer group or sales analysis code. Like Customer Group codes, but unlike Sales Analysis codes, Order Source Codes apply to a complete transaction (for example, an invoice) and not a transaction line (for example, a stock item). The Order Source code can be set for a particular transaction, whereas the Customer Group code will be set automatically, according the Customer Account against which the transaction is being filed.

The code has many obvious applications such as allocating sales to either a geographic territory, (if this is not the basis of the customer group code), or to a salesman to provide figures for commission payments or agency fees.

Another example would be to use the code to analyse the response to a direct response marketing operation to relate each order to either a mailing shot or a specific journal, magazine or newspaper advertisement.

An order source code is requested for each sales invoice or credit note booked or produced by AXIS Diplomat. A default Order Source code is held against each Customer Account, but this may be overridden on particular transactions.

Up to 250 codes can be allocated, depending on the size of the order source code descriptions file.

A record of sales by each order source code is maintained for a 24 month period.

☞   Function Locator

Supervisor Functions/Sales Ledger/Maintain Order Source Descriptions

3.2.3   Customer Accounts

The system maintains a simple series of ledger accounts, or record cards, for customers in the Sales Ledger. Individual accounts can be viewed using the 'Customer Enquiry' function.

☞   Function Locator
              Sales Ledger/Sales Ledger Enquiries/Customer Enquiry

Each account has the same type of information as would normally be included on any manual system, such as address, telephone number, fax number and credit limit. The only real difference in practice is that in this system, and on most computer systems for that matter, there is a maximum number of characters allowed for each entry. In computer terms this card is called a 'record', and each of the pieces of information within the 'record' is called a 'data field' or just a 'field'.

Most of the information held on the account is self evident. The following notes highlight some of the entries which may require more thought than is at first realised. See also the 'help' information provided for the Maintain Customer Accounts function.

3.2.4   Customer Account Number

Each customer must be allocated a unique customer number. This is a simple four digit code but once an account number has been allocated to one customer that same sequence cannot be used for any other customer. This is because the customer number is used by the system to identify a specific customer in all the data entry sequences.

The system can, if desired, automatically allocate the next available account number when creating a new customer account.

Once a customer number has been allocated it cannot be changed without resort to a special function provided in the supervisor area. This is because the account number will be stored within various records and transactions throughout the system and in changing the account number, all of these existing records need to be updated as well.

Customer Account Numbers start at 3001 in order to clearly distinguish them from Supplier Account Numbers (which start at 8001) and from Nominal Account Numbers.

Special accounts for CASH SALES and SUNDRY SALES are already set up under customer numbers 3001 and 3002 respectively. Details held for these accounts may be amended using the Customer Account Maintenance function if desired. If you are running a strictly cash business then no other customer accounts are required.

A customer number can also be allocated to create a 'dummy' account for specific use during invoicing. The invoice production procedure within the system allows for the insertion of an 'invoice to' address, and/or a 'deliver to' address other than the statement address recorded against the customer being invoiced. These addresses can be either entered manually, or they can be called up via a customer number to save time and effort where these addresses are used regularly.

Special instructions to be printed on the invoice can also be entered via a dummy account number, so that any special offer, special payment terms, or even a seasonal greeting can be entered using this method. To provide this facility the special instruction is allocated a customer number, just as if it were a true customer. The message itself is entered into the address area of the record.

A number of these messages can be entered into the system. They can refer to special trading terms or conditions or they can highlight special or seasonal offers which are made from time to time.

Another use for 'dummy' customer accounts is to record standard message texts for printing on statements sent to customers.

For further information, please refer to section 6.1.

3.2.5   Customer Short Name

This is a simple means of providing a logical alphabetic arrangement of the records for printing out and analysis. It overcomes the problem of needing two forms of a company name on file; the first, the full name, is required for formal addressing on statements and invoices. The second is required to provide the basis for arranging the customers in alphabetical order on listings and reports. Many of the functions within the AXIS Diplomat sales ledger permit selection of a given customer account by both short name and by customer number. In addition a short name search facility is provided when only the first letter or first few letters of a short name are known.

This makes the Customer Short Name a very natural alternative to using Account Numbers - people often do not remember their account numbers, whereas a logical convention for Customer Short Names will ensure that it is always easy to locate a particular account.

For example: The company 'A D Smith & Co Ltd' is a customer. All invoices and statements should quote the name. In any listings however, because of the method by which computers sort into alphabetic sequence, our customer would appear under the A's. You would normally look for that customer under the S's. Using the short name however we can organise the computer to position that customer where we would expect to find it in our listing. To do this we would give our customer the short name 'SMITHADCO'. That would produce the precise position in the lists we, or anyone else using the listings, would expect.

There are several other fields maintained on the customer account which provide the control information for the invoicing functions of AXIS Diplomat. These are the fields designated CUSTOMER DISCOUNT, CASH DISCOUNT and DISCOUNT TERMS. The credit limit discussed below is also displayed on the invoicing screens for reference.

To assist with credit control operations the system records day to day changes on the account, such as the current balance, the turnover to date and the turnover for the previous year. When setting up new customer records the turnover figures can be entered (if known) to provide a measure of customer importance from day one. Thereafter the turnover figures will be maintained automatically by the system, along with the Worst Debt Period (in days).

The credit limit field itself is present for information, as a warning and for customer selection. It need not have a restrictive function. A Sales Ledger parameter can be set (via the Supervisor Functions/Amend Company Parameters/Sales Ledger menu) to indicate how the system should handle customers who are over their credit limit or have outstanding balances beyond their credit terms. It can either warn the operator or reject entry of documents for customers who are beyond their credit limit or terms.

In addition, the system is provided with the facility to manually put Customer Accounts "on hold". Again, the system can be configured to handle accounts on hold in different ways.

The Debtors Schedule can be produced for all accounts, just those accounts whose outstanding balances are in excess of their credit limits or those on hold. The credit limit is also included on the invoice entry and order maintenance screens along with the current balance. The current balance is shown broken down into current month, 1 month, 2 months and 3 months and over.

3.3   Purchase Ledger Coding

3.3.1   Supplier Group Codes

These can be used to categorise suppliers in various ways to partition your purchase ledger in the same way that the customer group code is used to partition the sales ledger. It also enables the system to provide an analysis of 'Purchases by Supplier Group'.

Up to 250 codes can be allocated, depending on the size of the supplier group code descriptions file. You will also need to describe and define your group codes before you enter any supplier account information.

Supplier group codes are truly user designated. They can refer to types of supplier, e.g. Direct Suppliers, Agents and Distributor Groups. They can be used as geographical area codes or to indicate the type of goods or services normally supplied, e.g. material supplies, services, utilities, etc.

Each supplier can only be allocated to one supplier group. It is the supplier not the transactions with that supplier to which the code refers. However it is possible to select transaction listings showing only the transactions for selected supplier groups.

A record of purchases by each supplier group code is maintained for a 24 month period.

☞   **Function Locator**
              Supervisor Functions/Purchase Ledger/Maintain Supplier Group Desc

3.3.2   Supplier Accounts

The system maintains a simple series of ledger accounts, or record cards, for suppliers in the Purchase Ledger. Individual accounts can be viewed using the 'Supplier Enquiry' function on the purchase ledger enquiry menu.

Each account has the same type of information as would normally be included on any manual system. The only real difference in practice is that in this system, and on most computer systems for that matter, there is a maximum number of characters allowed for each entry. In computer terms this card is called a 'record', and each of the pieces of information within the 'record' is called a 'data field' or just a 'field'.

Most of the information held on the account is self evident. The following notes highlight some of the entries which may require more thought than is at first realised.

For further information, please refer to section 7.1.

3.3.3   Supplier Account Number

Each supplier must be allocated a unique supplier number. This is a simple four digit code but once a sequence has been entered for one supplier that same sequence cannot be used for any other supplier. This is because the supplier number is used by the system to identify a specific supplier in all the data entry sequences.

The system can, if desired, automatically allocate the next available account number when creating a new supplier account.

Once a supplier number has been allocated it cannot be changed without resort to a special function provided in the supervisor area. This is because the account number will be stored within various records and transactions throughout the system and in changing the account number, all of these existing records need to be updated as well.

Supplier Account Numbers start at 8001 in order to clearly distinguish them from Customer Account Numbers (which start at 3001) and from Nominal Account Numbers.

Special accounts for PETTY CASH and SUNDRY PURCHASES are already set up under supplier numbers 8001 and 8002 respectively. Details held for these accounts may be amended using the Amend Supplier Details function if desired. If you are running a strictly cash business then no other supplier accounts are required.

A supplier number can also be allocated to create a 'dummy' account for recording standard message texts for printing on remittance advice's sent out with payments. See also the 'help' information for the function 'Supplier Account Maintenance'.

3.3.4   Supplier Short Name

This is a simple means of providing a logical alphabetic arrangement of the records for printing out and analysis. It overcomes the problem of needing two forms of a company name on file; the first, the full name, is required for formal addressing on cheques and remittance advice's. The second is required to provide the basis for arranging the suppliers in alphabetical order on listings and reports. Many of the functions within the AXIS Diplomat purchase ledger permit selection of a given supplier account by both short name and by supplier number. In addition a short name search facility is provided when only the first letter or first few letters of a short name are known.

For example: The company 'C P Salmon & Co Ltd' is a supplier. All cheques and remittance advice's should quote the name. In any listings however, because of the method by which computers sort into alphabetic sequence, our supplier would appear under the C's. You would normally look for that supplier under the S's. Using the short name however we can organise the computer to position that customer where we would expect to find it in our listing. To do this we would give our supplier the short name 'SALMONCP'. That would produce the precise position in the lists we, or anyone else using the listings, would expect.

There are several other fields maintained on the supplier account which are for information only. These are the fields designated SUPPLIER DISCOUNT, CASH DISCOUNT and DISCOUNT TERMS and the CREDIT LIMIT.

The system records day to day changes on the 'ledger cards' such as the current balance, the turnover to date and the turnover for the previous year. When setting up new supplier records the turnover figures can be entered (if known) to provide a measure of supplier importance from day one. Thereafter the turnover figures will be maintained automatically by the system.

3.4   Stock Ledger Coding

3.4.1   Product Group Codes

These can be used to categorise your stock and product items in various ways to partition your stock ledger.

Up to 9999 codes can be allocated, depending on the size of the product group code descriptions file. You will also need to describe and define your group codes before you enter any stock item information.

Product group codes are truly user designated. They can refer to types of stock item, e.g. spares, materials and service charges. They could be used to indicate the manufacturer or the product that the item is designed to be used with.

Each item can only be allocated to one product group. It is possible to produce a wide range of analysis reports for specific product groups, or sorted by product group.

☞   Function Locator
                    Supervisor Functions/Stock Ledger/Maintain Product Group Descriptions

3.4.2   Stock References

Each stock or product record created within the Stock Ledger must be allocated a unique Stock Reference, or part number. AXIS Diplomat uses an alphanumeric reference, which can be up to 10 characters in length. This stock reference is not case-sensitive, so the stock reference "abc12" is equivalent to "ABC12".

A system parameter determines whether the stock references are "left justified" or "right justified". The justification of the reference determines the order in which stock items are listed in reports: left justified means true alphabetical order, whilst right justified will be sorted primarily according to length. Right justified stock references should be used if the keys are purely numerical. To illustrate this difference, the following two tables illustrate two lists of stock references, each sorted in both left and right justified sequences. As can be seen, the former makes more sense when left justified, whilst the second is clearer when right justified. The justification used by the system can be switched at any time. Retrieving stock items via a Stock Reference Search is only possible with a left-justified index.

Left Justified	Right Justified
ABC	B
AD	AD
B	ABC
BAA	BAA
BZZZ	BZZZ

Left Justified	Right Justified
12	4
23	8
4	12
567	23
8	567

For further information, please refer to section 9.1.

☞   Function Locator
              Stock Ledger/Stock Record Maintenance/Stock Record Maintenance

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4.   Setting Up Your System

There are three basic requirements for the set up operation:

❑ A planned and documented coding structure.

❑ The current balance and status must be available for all outstanding sales and purchase ledger accounts. If implementing a stock ledger you will also require full details, including costs and prices, of all current stock items and chargeable services.

❑ A trial balance (or Balance Sheet) must be prepared showing the assets and liabilities in a format consistent with your projected nominal ledger structure so that all the appropriate opening balances can be entered easily.

The implementation process is designed to transfer your existing accounts data onto AXIS Diplomat as easily and quickly as possible. Even if you are starting from scratch with a new business you will still need to follow the set up steps before your first transactions can be entered into the system, and the first reports produced. In other words, before the system goes live.

The implementation process has three distinct stages or phases:

❑ Plan the structure of your new accounting system in relation to the variousAXIS Diplomat coding facilities outlined in the previous section.

❑ Create the planned structure by entering details of all the codes that you wish to use, including basic information for any existing customers and/or suppliers.

❑ Finally enter details of the opening balances for each account in each of the AXIS Diplomat ledgers.

4.1   Setting Up The Initial System

Before setting up the accounting structure (Accounts, Group Codes, etc.) there are certain system parameters that need setting.

4.1.1   Last Year End Date

The Accounts system needs to know the date from which your financial year runs. You do this using a supervisor function called 'Set Last Year End Date'. You specify the date of the last year end and also confirm the current accounting period and year. It is standard practice to set the year number for your current financial year to the year in which your calendar year in which that financial year ends rather than starts.

☞   Function Locator
Supervisor Functions/Nominal Ledger/Nominal Ledger Utility Functions/Set Last Year End Date

4.1.2   Automatic Document Numbers

If you are planning to use automatic document numbering, you should set the numbering sequence(s) using the appropriate system parameters. Unless specified, all documents will begin numbering at 1.

If you wish to change the starting point for document numbers to be other than 1, you should set the parameters accordingly.

Note

The system handles automatic numbering by recording the last number used. For example, if the last invoice number is 432, the next time an automatically generated invoice number is created, it will be numbered 433, and the last invoice number parameter will be automatically updated.

If, for example, you wish the first Sales Invoice number to be 100001, you should use the 'Amend Sales Ledger Parameters' function to set the last invoice number to 100000.

☞   **Function Locator**

Supervisor Functions/Amend Company Parameters/Maintain Sales Ledger Parameters/Amend Sales Ledger Parameters; Supervisor Functions/Amend Company Parameters/Maintain Purchase Ledger Parameters/Amend Purchase Ledger Parameters

4.1.3   Stock Description Delimiters

AXIS Diplomat features a powerful facility, called the stock description index, which allows you to retrieve stock items by simply searching for a word, or words, from anywhere within their description lines.

In order to use this facility, you need to specify to the system the characters that separate individual words within the description. Normally, these will just be common punctuation characters but if you commonly use a more unusual character within your stock descriptions that you wish to be identified as splitting two words, this should also be added.

The following list of characters would be suitable for most systems as Stock Description Delimiters:

space ( ), comma (,), full stop (.), exclamation mark (!), double quotes ("), semicolon (;), colon (:), open bracket and close bracket ((and)).

4.2   Setting Up The Coding System

It is useful to write down your planned coding structure on the standard AXIS Diplomat forms designed for this purpose.

Wherever possible AXIS Diplomat provides a default coding structure which may be adequate for your purposes initially and which can be added to, or modified, later.

There is a required sequence for setting up the AXIS Diplomat coding system. For example, a nominal account cannot be set up before your nominal account group codes have been defined and entered into the system. The required set up sequence is shown below.

Remember to take backup copies of your data regularly during the set up process. Your coding structure is as much a part of your data as the accounting transactions which will be entered later.

The following steps are required to set up a complete coding structure:

4.2.1   Transaction Codes

Every transaction entered into the system needs to be recognised by the system so that it knows how to process that transaction. The transaction type descriptions are used to label the transactions when they are reported and printed on statements, reports etc.

The system is supplied with a standard set of transaction codes and descriptions which are set up automatically when the system is first created. No further action is required.

Additions or changes to the standard transaction type descriptions should not be attempted except under the direction of your supplier.

4.2.2   Nominal Group Codes

Nominal group codes define the main groups of accounts within the nominal ledger, for example TOTAL SALES, OFFICE COSTS, TOTAL SALARIES. Nominal group codes provide a subtotalling facility within the trading account, profit and loss account and the balance sheet on the Draft Accounts report.

A standard set of nominal accounts and nominal group codes suitable for use by many small businesses is set up automatically when the system is first created.

☞   **Function Locator**

Supervisor Functions/Nominal Ledger/Maintain Nominal Group Descriptions

A function 'Delete Standard Nominal Structure' is provided so that you can easily remove the standard structure should you wish to implement something radically different.

☞   **Function Locator**

Supervisor Functions/Nominal Ledger/File Creations and Conversions/Delete Standard Nominal Ledger

If you decide to use the standard nominal ledger structure you will not need to set up any nominal accounts manually.

4.2.3   Department Codes

If you decide to use departmental analysis, you will need to set up one or more additional department codes using the function "Maintain Department Descriptions".

☞   **Function Locator**

Supervisor Functions/Nominal Ledger/Maintain Department Descriptions

You may also use this function to alter the description of the default department, 0 (Administration).

As with decisions on the Nominal Account structure, the advice and guidance of a qualified accountant is strongly recommended if you intend to implement detailed departmental analysis.

Typically, departments can be used to represent actual departments (e.g. sales, admin., R&D, customer services, etc.), business areas (e.g. trade sales, retail sales, etc.) or actual geographical locations (e.g. Bristol office, London office, etc.).

4.2.4   Cost Centres

If you decide to use cost centre analysis, you will need to set up one or more additional cost centre codes using the function "Maintain Cost Centre Descriptions".

☞   Function Locator
Supervisor Functions/Nominal Ledger/Maintain Cost Centre Descriptions

You may also use this function to alter the description of the default cost centre, 0 (Dept. Overheads).

You will also need to set the system parameter telling the system to request cost centre codes on transactions.

☞   Function Locator
Supervisor Functions/Amend Company Parameters/Maintain Nominal Ledger Parameters

As with decisions on the Nominal Account structure, the advice and guidance of a qualified accountant is strongly recommended if you intend to implement detailed cost centre analysis.

Typically, departments can be used to represent departments (e.g. sales, admin., R&D, customer services, etc.), business areas (e.g. trade sales, retail sales, overheads, etc.) or actual geographical locations (e.g. Bristol office, London office, etc.).

4.2.5   VAT Codes

VAT codes provide the system with a specific rate of VAT against a simple single digit numeric code. Codes for the current standard VAT rates are pre-set into the system.

No further action is required unless you are supplying domestic fuel at the reduced rate of VAT. In this instance you will need to enter an additional VAT code for use with those transactions.

Additional codes can be used if there are changes to the VAT rates.

☞   **Function Locator**
                    Supervisor Functions/Nominal Ledger/Maintain VAT Rates

4.2.6   Sales Analysis Codes

Each sale made can be analysed across one or more sales analysis codes and also cross-referenced quite automatically within the system into differing nominal sales accounts in the trading account section of the nominal ledger.

Sales analysis codes for code zero and code 1 are set up automatically when the system is first created. These provide for the analysis of sales at the two current standard VAT rates of 0.00% and 17.50% respectively. If you do not require any more detailed analyses of sales then these two codes are all that you will require.

☞   **Function Locator**
                    Supervisor Functions/Sales Ledger/Maintain Sales Analysis Details

4.2.7   Order Source Codes

Each sales invoice or credit note entered into the system can be coded to obtain an analysis of sales by order source. The source code can be of any significance desired; it is often used as a 'rep' or 'sales agent' number.

Order source code zero is set up with a default description of 'Miscellaneous' which can be used for all sales invoices and credit notes if no special grouping is required.

☞   **Function Locator**
                    Supervisor Functions/Sales Ledger/Maintain Order Source Descriptions

4.2.8   Customer Group Codes

Each customer account must be assigned to a customer group. The customer group code allows transactions for a related group of customers to be isolated and reported separately.

Customer group code zero is set up with a default description of 'Miscellaneous' which can be used for all customers if no special grouping is required.

☞   Function Locator
Supervisor Functions/Sales Ledger/Maintain Customer Group Desc

4.2.9   Supplier Group Codes

Each supplier account must be assigned to a supplier group. The supplier group code allows transactions for a related group of suppliers to be isolated and reported separately.

Supplier group code zero is set up with a default description of 'Miscellaneous' which can be used for all suppliers if no special grouping is required.

☞   Function Locator
Supervisor Functions/Purchase Ledger/Maintain Supplier Group Desc

4.2.10   Product Group Codes

Each stock item must be assigned to a product group. The product group code allows transactions and information for a related group of products to be isolated and reported separately.

Use of the Stock Ledger is optional and, for this reason, no default Product Group Code descriptions are created. At least one Product Group Code description must be set up before any stock records can be added to the Stock Ledger.

☞   Function Locator
Supervisor Functions/Stock Ledger/Maintain Product Group Descriptions

4.3   Document Numbering

Each type of document (invoice, credit note, sales order, purchase order, etc.) is allocated a unique number - the document reference.

These document references are used throughout the system to provide the audit trail.

AXIS Diplomat can allocate document numbers for you on a sequential basis - this is called automatic numbering.

Alternatively, you can allocate document numbers yourself at the point of entering a document - this is called manual numbering.

You can decide, for each type of document, whether to use an automatic or manual numbering scheme. For example, you might decide to have automatically numbered invoices and credit notes but to manually number sales orders.

System parameters can be set to determine the next automatically generated document number on a document- by- document basis.

For example, when starting to use the system, you may not want the first invoice you generate to be number 1. Document references may be up to six digits so you might decide to start your invoice numbering at 150000 and your credit note numbering at 100000, for example.

☞   **Function Locator**
                    Supervisor Functions/Amend Company Parameters

Manual numbering is normally only used where you are using the AXIS Diplomat system to support an existing paper-based or manual system. For example, you might have delivery drivers who sell goods whilst at a customers site and write out an invoice using a duplicate book. These invoices might then be booked onto the system using the document numbers printed in the duplicate book.

Note

If you are using manual document numbering, it is the operators responsibility to ensure that you do not get duplicate numbers.

The system can handle duplicate document numbers but this can confuse the audit trail and should be avoided.

4.4   Setting up Individual Accounts

4.4.1   Nominal Accounts

Specific nominal ledger accounts must be set up to record your sales and purchases, your expenses and your assets and liabilities.

☞   Function Locator
Nominal Ledger/Nominal Account Maintenance/Enter New Nominal Account Details

A standard set of nominal accounts and nominal group codes suitable for use by many small businesses is set up automatically when the system is first created. If this nominal ledger structure is suitable then no further action is required.

A function 'Delete Standard Nominal Structure' is provided so that you can easily remove the standard structure should you wish to implement something radically different.

☞   Function Locator
Supervisor Functions/Nominal Ledger/File Creations and Conversions/Delete Standard Nominal Ledger

If you decide to use the standard nominal ledger structure you will not need to set up any nominal accounts manually.

4.4.2   Cash Book

A Cash Book module is provided, within the Nominal Ledger, to provide simple management of your petty cash and bank accounts.

In order to set up your Cash Book, you will need to define one or more Petty Cash accounts and one or more Bank Accounts. This is done using the 'Cash Book Account Maintenance' function.

☞   Function Locator
               Nominal Ledger/Cash Book/Cash Book Account Maintenance

Up to 32 petty cash accounts and up to 32 bank accounts can be set up.

Petty cash accounts and bank accounts are automatically and uniquely numbered from 1 to 32 when they are entered. They will also have their own nominal account number and a nominal short name. They can be subsequently accessed using any of those references. When creating each account, you will be asked to provide a Nominal Account number for the petty cash or bank account. You should ensure that the number you choose is in keeping with any scheme you have adopted for the general numbering of Nominal Accounts.

Each petty cash account will be linked to a purchase ledger and a specified 'sundry supplier' account to handle any payments for which VAT can be reclaimed. This will need to be set up before creating the petty cash account.

☞   Function Locator
               Purchase Ledger/Supplier Account Maintenance/Supplier Account Maintenance

Whenever a petty cash payment is booked onto the system, an appropriate sundry supplier invoice and its corresponding payment will be generated automatically as required. This ensures that all 'input' VAT is accounted for in a standard manner approved by the Customs and Excise.

A sundry supplier account can also be set up, optionally, for a bank account to accommodate 'petty bank' payments. For example to handle employees' expense claims which are paid by cheque.

☞   **Function Locator**
Purchase Ledger/Supplier Account Maintenance/Supplier Account Maintenance

A petty cash account will automatically be designated as an asset account and should therefore be assigned to a 'current asset' nominal group.

A bank account can be assigned as an asset, a liability or as a floating asset/liability. The nominal group will normally be a 'current asset' or a 'current liability'.

4.4.3   Customer Accounts

Each credit customer must have his own account in the sales ledger to which all transactions for that customer will be posted.

Each Customer Account is maintained separately and can be inspected individually.

A customer account for CASH SALES and an account for SUNDRY SALES are set up automatically when the system is first created. If you do not have credit customers then these two accounts are all that you will require.

For further information, please refer to section 6.1.

☞   **Function Locator**
Sales Ledger/Customer Account Maintenance/Customer Account Maintenance

4.4.4   Supplier Accounts

Each supplier providing goods or services on credit must have their own account in the purchase ledger to which all transactions for that supplier will be posted.

Each Supplier Account is maintained separately and can be inspected individually.

A supplier account for PETTY CASH and an account for SUNDRY PURCHASES are set up automatically when the system is first created. If you do not purchase goods or services regularly on credit then these two accounts are all that you will require.

For further information, please refer to section 7.1.

☞   Function Locator
                    Purchase Ledger/Supplier Account Maintenance/Supplier Account Maintenance

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4.4.5   Stock Records

It is not necessary to use the Stock Ledger in order to use the AXIS Diplomat Accounts system. Using the Stock Ledger can, however, produce a number of benefits, even if full stock control is not an objective. Creating stock or product codes for commonly invoiced items reduces the amount of data entry time required for invoicing and reduces the possibilities of human error. Using stock references (or part numbers) for invoicing adds a further level of more detailed sales analysis to the system since the issues against individual items can be analysed.

In order to use the Stock Ledger, each item which is regularly invoiced and/or held in stock should be given its own record on the Stock Ledger.

Each stock record is maintained separately and can be inspected individually.

For further information, please refer to section 9.1.

☞   Function Locator
                    Stock Ledger/Stock Record Maintenance/Stock Record Maintenance

4.5   Loading Balances

Special functions for loading initial balances to the sales and purchase ledgers are provided on the Supervisor Functions menu for the sales and purchase ledgers respectively.

☞   **Function Locator**
Supervisor Functions/Sales Ledger/Sales Ledger Utility Functions/Load Opening Balances; Supervisor Functions/Purchase Ledger/Load Opening Balances

The outstanding balance for each customer or supplier may be entered as a single brought forward figure or may be broken down and entered separately for each outstanding invoice. The latter method will involve more work but will provide a full picture of the status of your debtors and creditors from day one.

The balance loading functions create special journal transactions to a suspense account in the nominal ledger. If you are not using the standard nominal ledger structure you must provide a suspense account for the balance load operation.

Nominal ledger balances should be loaded via a suspense account using the Journal Booking function. The same suspense account should be used to 'balance' each batch of nominal ledger account balances entered.

☞   **Function Locator**
Nominal Ledger/Nominal Transaction Booking/Journal Booking

The control totals for your sales and purchase ledgers held in your existing nominal ledger should be entered to the suspense account and NOT to the sales and purchase ledger control accounts. Because the balance load suspense account will also receive the total 'sales' and 'purchases' values generated by the balance load operations on the sales and purchase ledgers you will end up with a net balance of zero on the suspense account in respect of the sales and purchase ledgers. The control accounts for the sales and purchase ledgers will be automatically updated correctly as a result of the balance loading operations on those ledgers.

The procedure can be summarised as follows:

- ❏ Pick a sensible time (usually a month end) when your existing accounts are up to date and you can conveniently take out a trial balance.

- ❏ Enter the details of any last minute customer or supplier accounts.

- ❏ Use the special function for loading initial sales ledger balances on the Supervisor Functions, Sales Ledger menu to enter the current up to date balance for each customer.

- ❏ Post all accounting transactions and take a backup copy of your data.

- ❏ Use the special function for loading initial purchase ledger balances on the Supervisor Functions, Purchase Ledger menu to enter the current up to date balance for each supplier.

- ❏ Post all accounting transactions and take a backup copy of your data.

- ❏ Use the Nominal Journal Booking function to enter the opening trial balance figures, via a suspense account.

- ❏ Post all accounting transactions and take a backup copy of your data.

Your accounts will then be set up and ready for use.

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5. Day to Day Operation

A computerised system is only as good as the company support and organisation which is provided to ease the flow of information to and from the computer. One of the overriding benefits of the introduction of computer based systems is the disciplines they impose on the user. What may initially seem a conflict of interests, i.e. the computer demanding more manual support, will ultimately prove its worth in a higher quality of information and more organised audit procedures. The latter can have quite considerable cash benefits in reduced Audit Fees, improved management information and even improved cash flow.

To derive the most effective benefit from AXIS Diplomat there needs to be a supporting manual system which fulfils the following requirements:

❑ All Incoming documents must be identified, coded and batched (if the volume warrants) for data entry. If batch entry is used then a batch numbering and dating system will be required.

Where the volume of transactions is small, this may not be critical, but as the quantity of data grows, the benefits of batch control will become more apparent.

❑ The documentation must be filed with details of where and how items have been encoded and 'batched' for ease of recognition and identification after data entry. It must be possible for your accountant and/or auditor and for any representative of the Customs & Excise or Inland Revenue to be able to reconcile physical and recorded transactions on demand. The AXIS Diplomat Day Books and/or Posting Reports can provide this Audit Trail facility.

❑ The general incoming and outgoing cash documentation must be integrated with any routine standing orders, direct debits and ultimately with bank interest charges so that there can be a full reconciliation of the system cash accounts with the physical Bank Books or Bank Statements. The Day Book Listings for all ledgers can be called off selectively so that additional copies can be produced detailing just cash transactions. As many cash/bank accounts as are required may be maintained in the Nominal Ledger.

The daily objective should be to obtain the maximum utilisation of the system through careful and disciplined usage.

To achieve this situation there are many standard routines which can be developed in order to smooth the flow of data, and the resulting management information. For example; the pre-coding of all transactions before data entry, not at data entry; the tabulation of all standing charges to provide set data entry plans during the course of each month. The latter can also be organised to spread the work load of data entry across the month. And finally the introduction of standard Daily, Weekly and Monthly Routines to ensure that the strict standards developed within the system are used to maximum effect in its application.

A parallel filing system should be maintained to support these operations to provide an organised system of hard copy reports. It is equally important that this manual documentation of day books produced by the system is maintained as an insurance against the unlikely event of a combination of a system failure and back-up failure.

The successful operation of AXIS Diplomat requires the strict observance of a small number of routine procedures in order to maintain the accounting data and the integrity of its reports and analyses.

5.1   Data Security

The data stored on your computer is the most valuable aspect of your computer system. It is important that every operator knows and recognises the importance of protecting this data against loss or corruption. On many systems, particularly larger ones, data security is provided via a tape backup system on the network server. AXIS Diplomat, however, also provides its own Data Security procedures which can supplement a system-wide backup regime or be used in its own right, on smaller systems.

NOTE

A more detailed description of the AXIS Diplomat Data Security functions is provided in the AXIS Diplomat Kernel User Guide

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5.1.1   Security Backup to Disk

Built-in facilities within AXIS Diplomat automatically compress and copy all of the data relating to one company onto removable disk(s) (3½ floppy, ZIP disk etc.) If you are running a multi-company operation, each company will need to be backed-up separately.

A Security Backup should be taken of your accounting data on a daily basis unless the complete AXIS Diplomat system is being backed up by other means (such as a tape drive).

The system incorporated safeguards to ensure that you do not inadvertently overwrite recent security backups. The system assumes that you will use a rotation of at least three sets of backup disks.

When you first use AXIS Diplomat, the data is at generation zero. When you run the Security Backup, the system tells you the current generation number. After the first use of the system, take a Security Backup onto a blank formatted diskette. This will be a backup of generation zero. Add some more data and take a second security back-up. This will be recorded on the diskette as the generation 1 Security Backup copy. The second back-up is again taken onto a blank diskette. You now have a generation zero and a generation 1 Security Back-up. Add some more data; take a third security copy to produce generation 2. Again use a blank formatted diskette. You now have three Security Back-up diskettes, each produced onto a blank diskette.

The system will not permit you to back-up generation 1 over generation zero. It will only allow you to back-up generation 3 over generation zero, and generation 4 over generation 1 and so on.

In the event that your accounting data is lost for any reason (such as fire, theft or virus), an efficient set of Security Back-up disks will ensure that the worst that can happen is that they will be three data entry sessions out of date.

5.1.2   AXIS Data Protection

In addition to the end-of-day backup procedures provided either through a separate tape backup mechanism or via the Security Backup mechanism described above, AXIS Diplomat provides an option for "real-time data logging", called AXIS Data Protection.

This is designed to supplement, not replace the end-of-day procedures since it logs all data updates on the hard disk of the server/computer. It does not, therefore, provide protection against loss of the server (through fire or theft, for example) but does provide protection against corruption of data following a power cut or other temporary interruption to the operation of the computer system.

Data Protection works by logging all updates to the system in a special log file. At periodic times during the day, generally following each batch of data entry and/or on an hourly basis, an operator "Checkpoints" the system. Taking a "checkpoint" is declaring to the system that the data is intact at this point in time. If the data becomes corrupt, the system is then able to "undo" all of the most recent updates, back to the last checkpoint taken prior to the corruption.

The function to take a checkpoint takes approximately 3 seconds and so offers virtually no overhead to the operation of the system. Restoring back to a checkpoint normally takes no more than a minute or two (depending on the number of updates done subsequent to the checkpoint which need to be undone). So, whilst Data Protection cannot be used as the sole form of data security, it does provide a quick and easy means of protecting against most causes of system failure.

5.2   Daily Operations

Once your system has been set up, day to day operation is normally achieved without further use of the supervisor functions.

To make entries in the sales ledger, (e.g. book a sales invoice or a cash received item), or to obtain information from the sales ledger, (e.g. make customer enquiries, print statements or debtors' schedules), just use the appropriate function on one of the sales ledger menus. Similarly for allocating cash received to the correct invoices and adding new customers to the ledger.

To make entries in the purchase ledger, (e.g. book a purchase invoice or cash payment details), or to obtain information from the purchase ledger, (e.g. make supplier enquiries or print remittance advice's), just use the appropriate function on one of the purchase ledger menus.

The nominal ledger will be used less frequently for booking journals such as standing order payments, wages and salaries etc., (see the on-line help documentation for the journal booking functions). The nominal ledger will also be used to provide important management reports such as draft accounts for the period or year to date and your cash book.

AXIS Diplomat is designed to operate on a monthly and annual cycle. It is designed in the simplest and most practical way for day to day operation as you go along. Transactions should be entered into the system as they happen — not weeks or months later. Today's transactions should be entered today, this week's transactions should be entered this week and this month's transactions this month. The normal daily cycle will be as follows:

❑ Enter all customer/supplier invoices

❑ Enter all cash received and/or cash paid items.

❑ Post all ledgers.

❑ Print allocation reports and allocate the items automatically or manually as required.

❑ Enter any journal transactions.

❑ Post all ledgers and print day books and/or posting listings for audit trail purposes.

❑ Take a backup of your data after each data entry session.

5.3   Monthly Operations

You enter transactions during each month until the end of that month. When all the transactions for the month have been entered, and BEFORE entering any transactions for the new month, you must tell the system that you have reached the end of the month. You do this by running the period end function for each ledger. Once you have run the period end (i.e. the month end) on a particular ledger the system will enter all further transactions for that ledger into the subsequent month irrespective of the transaction date.

The period end functions must be run in the sequence, but not necessarily together:

❏ Sales ledger

❏ Purchase ledger

❏ Nominal ledger

The following notes provide a checklist of the various things to be done at a month end.

5.3.1   Sales Ledger

❏ Ensure that all Sales Ledger transactions for the month (invoices, credit notes, cash receipts and any final adjustments) have been entered and posted. Ensure that the system date is set equal to the last working day of the month ended. The current date, as used by AXIS Diplomat can be changed using a Kernel Supervisor Utility function.

❏ Take a security copy of your data.

❏ Run the following sales ledger reports for the month end:

Customer Statements

Debtors Schedule

Sales Ledger Report

Sales Day Book (for the whole month if not printed more frequently)

❏ Run the sales ledger period end

5.3.2   Purchase Ledger

❏ Ensure that all purchase ledger transactions for the month (invoices, credit notes, cash payments and any final adjustments) have been entered and posted. Ensure that the system date is set equal to the last working day of the month ended.

❏ Take a security copy of your data.

❏ Run the following purchase ledger reports for the month end:

Remittance Advice's

Creditors Schedule

Purchase Ledger Report

Purchase Day Book (for the whole month if not printed more frequently)

❑ Run the purchase ledger period end

5.3.3   Nominal Ledger

❑ Enter any regular monthly transactions such as hire purchase charges, lease payments or standing orders. Ensure that the system date is set equal to the last working day of the month ended.

❑ Enter any accrual or prepayment adjustments to the profit and loss account.

❑ Enter any interest and/or other bank charges to current and loan accounts.

❑ Post all ledgers.

❑ Print a cash book report for the bank account(s) and reconcile your bank statement(s).

❑ Run the following nominal ledger reports for the month end:

Trial Balance

Draft Accounts for the period (to date)

Draft Accounts for the year to date

Monthly VAT Report

Nominal Ledger Report

Nominal Day Book (for the whole month if not printed more frequently)

❑ Take a security copy of your data.

❑ Run the nominal ledger period end

❑ Clear Daybook File

❑ Print the following analysis reports:

Quarterly VAT Report

Sales by Customer Group

Sales by Order Source

Sales by Sales Group

Purchases by Supplier Group

❑ Restart your system with the new month date.

❑ Post all transactions (to post nominal transactions for new sales ledger and purchase ledger periods if period ends were staggered — see below).

Note:

It is not necessary to run all the ledger period ends at the same time. They can be phased to suit the particular requirements of the business. For example, the Sales ledger can be closed as early after the month end as practical in order to produce the monthly statements and debtors reports promptly, and to enable the next months invoicing to proceed. It may be that the purchase ledger is left open for some time after the month end on the sales ledger, to cover late supplier invoices.

A Period End Status Enquiry function is provided within the Supervisor Functions which will show your current 'period end' position.

5.3.4   Structuring Reporting Levels

Computerised systems have an undeserved reputation for generating large volumes of paper. In a well managed system, however, the output of printer reports should be graded to suit the specific needs of each level of management. Remember that in most cases, any report that can be printed can be displayed on-screen. Reports cannot, however, be produced retrospectively - for example, it is not possible to produce a Quarterly VAT Summary reflecting the situation as it was six months ago. Reports required for auditing or VAT Inspection purposes should be produced at the appropriate time (as described above in section covering month-end procedures).

It may be necessary to organise the output of reports in terms of 'report levels' to ensure that the facilities within the system for producing accurate, immediate information are used to maximum benefit.

5.3.5   Day to Day Control

Most daily reports are required by the direct operators only. Whilst the following information may not be required every day, it should be considered on a day to day basis:

❑ Daily cash receipts may need to be 'audit trailed' separately for reconciliation with the bank paying in slips.

❑ Where the invoice and delivery documentation form part of the same stationery set, copies of the sales invoice day books may become useful working reference documents for despatch and/or sales departments for confirmation that the documentation was completed on a specified day thus saving the cost of additional copies of the invoices themselves.

❑ Copies of the supplier invoice day books can also be a useful check list for either the bought ledger section, or purchasing department, to enable supplier invoices to be collated with goods received notes, to clear current purchase order listings, and finally to confirm prices without the need to copy the invoices or release the original invoice itself. This procedure will always ensure that all supplier invoices are entered into the system as soon as possible after receipt.

❑ The sales and purchasing departments will frequently have a requirement for customer and supplier enquiries on almost a day to day basis. Whilst it may not be practical to produce a daily listing of current account status of every account on either ledger, or answer their enquiries individually, it may be desirable to produce the information on some form of cyclic basis producing a reference listing of just say one customer or supplier group at a time.

The sales and purchase ledger reports are ideal for this purpose and can be produced either for individual enquiries, or for specified customer groups, or for all accounts.

5.3.6   Week to Week Reporting

Most functional levels within a company need to be able to rely on regular weekly reports as a basis for their ongoing performance.

❑ A credit control department needs regular information in order to be able to maintain strict control over the debtors. The frequency of the debtors reports depends upon the volume of sales transactions, but weekly there should be a priority listing of customer accounts in excess of their credit limit, and those with payments outstanding over a specified period, either 1 month, 2 months, or 3 months and over.

The bought ledger department will need the equivalent purchase ledger report to predict supplier demands for payment. This can be catered for by producing a creditors report.

❑ The purchasing/manufacturing functions will need regular reports from the stock ledger, particularly the stock under minimum report.

5.3.7   Monthly Reporting

The draft accounts function within AXIS Diplomat produces a full range of financial accounts, the trading account, profit and loss account, and the balance sheet. In all these reports there are two levels of detail. A full report in which each nominal group is shown subtotalled, with its individual nominal account balances shown in detail. Or the same report can be produced showing just the group subtotals.

The detailed reports are designed for internal use. By comparison with similar reports for previous periods you can monitor your turnover and cost of sales (trading account), your expenses and overheads (profit and loss account) and the capital employed (balance sheet). The summary reports can be used in a similar fashion but are also useful for showing to your bank manager for example.

The sales, purchase and nominal ledger reports are designed to assist in the audit process. They record all transactions which have been entered into the ledgers, both directly and through the automatic double entry procedures within the system. They are invaluable in tracing any inconsistency or discrepancy in the final accounts.

The sales and purchase ledger analysis reports are designed for line management usage. For example the Sales by Order Source report, where your coding structure provides for a breakdown by individual salesman, can directly produce salesman's performance figures, and/or provide the basis for commission payments. (The order source code is ideal for this purpose since it is allocated manually for each order/invoice and not automatically on a customer or area basis).

6.   Using the Sales Ledger

The Sales Ledger is used to record details of your Customers and your transactions with those customers. If you also have the Sales Order Processing module, this will generally be used to generate the majority of your invoice transactions. If you do not have the Sales Order Processing module, the Sales Ledger itself can be used to generate invoices directly for your customers. Alternatively, if you generate your invoices externally, the summary details can be entered onto the AXIS Diplomat system using the Sales Invoice Booking function.

6.1   Customer Accounts

Each customer to whom you regularly supply goods on credit must be set up on the Sales Ledger as a Customer Account. Even if you regularly supply goods to a particular customer on a cash basis, you may still prefer to set that customer up as a Customer Account, rather than using a generic 'cash sales' account, in order to benefit from the improved sales analysis which that provides.

The Customer Account Maintenance function is used for all general maintenance of Customer Account details. For further details on the use of this function, please consult its on-line help.

☞   Function Locator
                Sales Ledger/Customer Account Maintenance/Customer Account Maintenance

When adding new accounts, it is necessary to allocate an account number. The system can do this automatically for you (by finding the next available number) or you can specify the account number you wish to use. To change between the two options, you need to change the setting of the "Customer Number Allocation" prompt between Automatic and Manual. Once set, account numbers may only be changed by using a special Supervisor Function.

The decision on whether to use automatic or manual numbering will generally depend on whether you have adopted a particular scheme for your account numbers. For example, you might decide to use accounts 3000-3999 for trade customers and 4000 upwards for retail. In this case, you should use manual account number allocation.

In most cases, however, automatic account number allocation is satisfactory because AXIS Diplomat provides adequate grouping of customers via the Customer Group and Order Source codes.

The system can be set to default to either manual or automatic account number allocation, depending on which suits your normal method of operation.

☞   Function Locator
             Supervisor Functions/Amend Company Parameters/Amend Company
             Defaults/Sales Ledger Prompt Defaults

You must allocate a short name to each customer account, which must also be unique amongst all customers on the Sales Ledger. Many companies will define a system for allocating short names to their customers to ensure that they are consistent (what seems logical to one operator may not seem logical to another!).

Typically, the short name will be a compounded or abbreviated version of the company name, for example, Systems AXIS plc might be given the short name SYSTEMSAXI.

There are two functions relating to Customer Accounts that are not covered by the Customer Account Maintenance function - these are relating to deleting of customer accounts and changing the credit hold status (i.e. putting customers on and off 'stop'). These are handled by separate functions. This is because access to these particular functions may be more commonly restricted from operators (using the Privacy facilities described in the AXIS Diplomat Kernel User Guide).

☞   Function Locator
                    Sales Ledger/Customer Account Maintenance/Delete Customer Account; Sales
                    Ledger/Customer Account Maintenance/Amend Customer Credit Status

6.2   Invoices and Credit Notes

Since the primary operation of most businesses is selling goods or services, invoicing and, to a lesser extent, credit note generation, are generally very important functions!

6.2.1   Invoicing

AXIS Diplomat offers a number of methods of dealing with invoicing:

❑ If you generate invoices by an external means (such as a hand-written invoicing book) then the summarised details of those invoices can be booked onto the system quickly and simply using the function "Sales Invoice Booking". This method provides the quickest way of getting the analysis details onto your ledgers for the purposes of accounting, VAT and credit control. It does not, however, provide you with a great deal of sales analysis because you are not telling the system what has been sold. Similarly, this method does not assist with your stock control. You cannot print invoices from Sales Invoice Bookings because there is insufficient information stored.

❑ You can use the Invoice Entry function on the Invoice & Credit Note Production menu to enter the details of goods and services that have been sold, and to whom. The system is then able to print the invoice and delivery documentation for you and to calculate pricing (see below) and VAT. Stock levels are also adjusted automatically to reflect the goods that have been sold.

❑ If you have the Sales Order Processing module, you can generate invoices directly from Sales Orders, with the minimum of additional data entry. Sales Order Processing effectively moves the data processing back from the invoicing stage to the order received stage. Ensuring that data is on the system at the earliest opportunity maximises the benefits that the system is able to bring. By using the Sales Order Processing module, you can automatically generate acknowledgements, pro forma invoices, advice notes, picking lists, etc.

☞   **Function Locator**

Sales Ledger/Sales Transaction Booking/Invoice & Credit Note Booking/Sales Invoice Booking; Sales Ledger/Invoice & Credit Note Production/Invoice Entry

6.2.2   Credit Notes

The creation of credit notes is generally the reverse of the two methods described above. The Credit Note Booking function simply allows entry of the basic details (net amount, VAT, etc.) of an externally-generated credit note, whilst the Credit Note Entry function is capable of generating the Credit Note documentation, handling the return of goods into stock, etc.

Credit Notes can also be generated from Sales Order Processing by the addition of negative lines onto sales orders.

☞   **Function Locator**

Sales Ledger/Sales Transaction Booking/Invoice & Credit Note Booking/Sales Credit Note Booking; Sales Ledger/Invoice & Credit Note Production/Credit Note Entry

Other methods of invoice production supported by AXIS Diplomat are linked to other packages and are documented in the User Guides for those particular packages. For example, invoices may be created directly from a AXIS Diplomat Job Costing system or from a AXIS Diplomat Plant Hire system.

6.2.3   Delivery Notes

Delivery Notes can be printed from the information recorded on an invoice. AXIS Diplomat does not record delivery notes as separate entities. A delivery note is effectively a different format of printed invoice (without pricing information, for example).

Delivery Notes have the same document number as the corresponding invoice, unless you use the optional "Goods on Account" module. This simplifies the audit trail considerably.

If you are using the Goods on Account module, the Delivery Note number will correspond to the Goods on Account Booking Reference, since the invoice has not generally been created at the point at which goods are despatched.

6.3   Pricing and Discounting

One of the many strengths of AXIS Diplomat is the great flexibility it offers in handling particular pricing structures.

There are substantial benefits setting up your computer system with details of your customers discounts and pricing - firstly, it speeds up the entry of data (whether directly onto an invoice or via a sales order) and reduces the opportunity for human error. If you are manually pricing an invoice or order, and you inadvertently under price it, you are unlikely to be told by your customer!

The following discounting and pricing options are handled by AXIS Diplomat Accounts <u>as standard</u>:

❑ Standard Customer Discounts - where a customer receives a given percentage discount on all goods.

❑ Standard Product Discounts - where an item is always sold at a given percentage discount. This is normally used where all customers are trade customers but you wish to hold the retail prices on the stock ledger for reference purposes.

❑ Early Settlement Discount - an additional discount can be set up on customer accounts for settlement within a specified number of days (not necessarily the standard credit terms). For example, a customer can have an account with 30 days credit but also receive an additional 5% discount if settling within 7 days.

❑ Dual pricing on Stock Ledger. All stock items can be set up with both trade and retail prices. Customers are then set as either trade or retail and they will receive the appropriate pricing, automatically.

❑ Non-Discountable Stock Items - certain items set up on the stock ledger can be set as "non-discountable". This might apply, for example, to carriage and delivery charges.

In addition to the options outlined above, a number of optional modules are available to provide additional pricing and discounting facilities, including:

❑ Quantity Break Pricing

❑ Quantity Break Discounting

❑ Customer/Product Discount Matrix - this handles the situation where groups of customers receives a given percentage discount on certain groups of products.

❑ Customer/Product Price Matrix - this handles the situation where groups of customers receives a given price on certain groups of products.

❑ Customer Stock Pricing - this is the most detailed pricing option - specific prices are entered for given items being sold to particular customers; effectively allowing the entry of customer-specific price lists.

6.4   Cash Booking and Allocation

Cash received from you customers is booked onto the system via the Cash Book module.

There are two parts to the process, although these are generally performed together.

Firstly, cash is booked onto the customer's account using the 'Bank Account Receipts' function. This reduces his current balance (and increases your bank balance!).

☞   **Function Locator**
                Nominal Ledger/Cash Book/Transaction Booking/Bank Account Receipts

Secondly, that received cash is allocated against one or more outstanding invoices. This tells the system which invoices have now been paid, and which are still outstanding. An outstanding balance is calculated for each invoice, allowing a detailed statement to be automatically produced.

Generally, the cash is allocated to outstanding invoices at the same time as it is booked onto the system. Cash may, however, be left unallocated, for allocation at a later date. You might wish to do this, for example, if the customer is only making a partial payment and has not made it clear which invoices he is paying.

☞   **Function Locator**
                Sales Ledger/Sales Transaction Booking/Cash Booking and Allocation/Manual
                Cash Allocation

An automatic allocation mechanism is provided whereby the computer starts allocating the cash starting with the oldest outstanding invoice and continues until it has allocated all of the received cash.

☞   **Function Locator**
                Sales Ledger/Sales Transaction Booking/Cash Booking and Allocation/Automatic
                Cash Allocation

6.5   Credit Control

Credit control is, of course, a primary concern to any business and good credit control is an essential part of managing your cash flow.

AXIS Diplomat has a number of features specifically designed to aid the management of your debtors.

The system always gives a breakdown of the current account balance whenever a customer account is viewed (via the enquiry, or when adding an invoice, credit note or sales order). This breakdown shows the balance for the current month, 1 month, 2 months and 3 months and over. If the customer is over their credit limit or credit terms the system issues a warning.

A system parameter can be set to control how the system responds to the entry of invoices and sales orders for customers who are over their credit terms - it can either issue a warning or it can actually prevent the entry of new invoices or sales orders for those accounts.

☞   Function Locator
           Supervisor Functions/Amend Company Parameters/Maintain Sales Ledger Parameters

Customer accounts can be manually put on stop. Invoices and sales orders cannot be entered for that customer until the account is manually taken off stop. The function for maintaining the credit status of each account is a separate function within the sales ledger since this may well be a function that you wish to limit to certain key members of the accounts department. Access to the function can be prohibited for other members of staff using the Privacy functions (for further details, please see the AXIS Diplomat Kernel User Guide).

☞   Function Locator
           Sales Ledger/Customer Account Maintenance/Amend Customer Credit Status

AXIS Diplomat provides a very detailed, flexible and powerful Debtor Schedule. This report can be produced in a number of different ways, showing varying amounts of detail, depending on your requirements. In most companies, this report forms the main tool in credit control.

☞   Function Locator
                    Sales Ledger/Sales Ledger Reports/Debtors' Schedule

The free-text Customer Notes area, which allows you to record any information that you wish against individual accounts is also commonly used as a tool for credit control. In particular, notes that are flagged as "Urgent" are automatically brought up on the screen of any operator enquiring on that customer account or attempting to enter an invoice or sales order. This can also be a preventative measure since the notes can contain information for the Sales department that might help reduce disputes.

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7.   Using the Purchase Ledger

The Purchase Ledger is used to record details of your Suppliers and your transactions with those suppliers. If you also have the Purchase Order Processing module, this will generally be used to book the majority of your invoice transactions. If you do not have the Purchase Order Processing module, the Purchase Ledger itself can be used to record invoices directly.

7.1   Supplier Accounts

Each supplier from whom you regularly purchase goods on credit must be set up on the Purchase Ledger as a Supplier Account. Even if you regularly purchase goods from a particular supplier on a cash basis, you may still prefer to set that supplier up as a Supplier Account, rather than using a generic 'sundry purchases' account, in order to benefit from the improved analysis which that provides. Knowing your turnover with a particular supplier can be a powerful tool when it comes to the next round of price negotiations.

The Supplier Account Maintenance function is used for all general maintenance of Supplier Account details. For further details on the use of this function, please consult its on-line help.

☞   Function Locator
        Purchase Ledger/Supplier Account Maintenance/Supplier Account Maintenance

When adding new accounts, it is necessary to allocate an account number. The system can do this automatically for you (by finding the next available number) or you can specify the account number you wish to use. To change between the two options, you need to change the setting of the "Supplier Number Allocation" prompt between Automatic and Manual. Once set, account numbers may only be changed by using a special Supervisor Function.

The decision on whether to use automatic or manual numbering will generally depend on whether you have adopted a particular scheme for your account numbers. For example, you might decide to use accounts 8000-8999 for general and trade suppliers and 9000 upwards for service and utility providers. In this case, you should use manual account number allocation.

In most cases, however, automatic account number allocation is satisfactory because AXIS Diplomat provides adequate grouping of suppliers via the Supplier Group codes.

You must allocate a short name to each supplier account, which must also be unique amongst all suppliers on the Purchase Ledger. Many companies will define a system for allocating short names to their suppliers to ensure that they are consistent (what seems logical to one operator may not seem logical to another!).

Typically, the short name will be a compounded or abbreviated version of the company name, for example, Systems AXIS plc might be given the short name SYSTEMSAXI.

One function relating to Supplier Accounts that is not covered by the Supplier Account Maintenance function relates to deleting supplier accounts. This is handled by a separate function because access to this particular function may be more commonly restricted from operators (using the Privacy facilities described in the AXIS Diplomat Kernel User Guide).

☞   Function Locator
                    Purchase Ledger/Supplier Account Maintenance/Delete Supplier Account

7.2   Purchase Invoice and Credit Note Booking

Unlike the Sales Ledger, the Purchase Ledger does not require an invoice generation mechanism since you are sent the invoices by your suppliers, and the task is simply one of recording them on your accounts system. The one exception to this rule is for companies who are purchasing goods from suppliers who are unable to provide an acceptable invoice. In these cases (so-called 'self-invoicing') an invoice needs to be produced to oneself from the supplier. This is a common requirement in scrap metal and waste management sectors. An optional module is available for Purchase Ledger Self-Invoicing.

AXIS Diplomat offers two methods of dealing with the recording of invoices from your supplier:

❑ If you generate purchase orders by an external means (such as a hand-written book) then the summarised details of received invoices can be booked onto the system quickly and simply using the function "Purchase Invoice Booking" on the Purchase Transaction Booking menu. This method provides the quickest way of getting the analysis details onto your ledgers for the purposes of accounting, VAT and credit control. It does not, however, provide you with a great deal of analysis because you are not telling the system what has been purchased. Similarly, this method does not assist with your stock control.

❑ If you have the Purchase Order Processing module, you can book invoices directly from Purchase Orders, with the minimum of additional data entry. The Purchase Order Processing module then also handles return of faulty goods for credit or replacement and updates the stock ledger with details of goods received.

☞   Function Locator
Purchase Ledger/Purchase Transaction Booking/Invoice & Credit Note Booking/Purchase Invoice Booking

The booking of credit notes is generally the reverse of the two methods described above.

☞ Function Locator
Purchase Ledger/Purchase Transaction Booking/Invoice & Credit Note Booking/Purchase Credit Note Booking

Because you cannot generally control when you receive your invoices from your suppliers, many operators tend to delay the Purchase Ledger Period End for a number of days beyond the start of the new month to ensure that as many invoices as possible are entered into the correct month. During this period, you will, of course, start receiving invoices which are due to go into the new month. In order to prevent a backlog of paperwork building up for processing once the Purchase Ledger Period End has been run, functions are provided, entitled 'New Month Purchase Invoices' and 'New Month Purchase Credit Notes', which allow documents to be entered onto the system for the new month. These transactions are held pending the period end, helping to ensure that the right document ends up in the right accounting period.

☞ Function Locator
Purchase Ledger/Purchase Transaction Booking/Invoice & Credit Note Booking/New Month Purchase Invoices; Purchase Ledger/Purchase Transaction Booking/Invoice & Credit Note Booking/New Month Purchase Invoices

7.3   Payment Booking and Allocation

Cash paid to your suppliers is booked onto the system via the Cash Book module.

There are two parts to the process, although these are generally performed together.

Firstly, cash is booked onto the supplier's account using the 'Bank Account Payments' function. This reduces your current balance with your supplier (and also decreases your bank balance!).

☞ Function Locator
Nominal Ledger/Cash Book/Transaction Booking/Bank Account Payments

Secondly, that cash paid is allocated against one or more outstanding invoices. This tells the system which invoices have now been paid, and which are still outstanding. An outstanding balance is calculated for each invoice, allowing a detailed remittance advice to be automatically produced.

Generally, the payment is allocated to outstanding invoices at the same time as it is booked onto the system. Payments may, however, be left unallocated, for allocation at a later date.

When purchase invoices are booked onto the system, they are set as Approved or Unapproved. A function, 'Amend Purchase Invoice Status', is provided which allows the status to be changed.

☞   Function Locator

Purchase Ledger/Purchase Transaction Booking/Invoice & Credit Note Booking/Amend Purchase Invoice Status

An automatic allocation mechanism is provided whereby the computer starts allocating the payment starting with the oldest approved outstanding invoice and continues until it has allocated all of the received cash.

☞   Function Locator

Purchase Ledger/Purchase Transaction Booking/Payment Booking & Allocation/Automatic Payment Allocation

Once payment details have been entered, cheques and remittance advices can be automatically printed.

☞   Function Locator

Purchase Ledger/Purchase Transaction Booking/Payment Booking & Allocation/Print Cheques; Purchase Ledger/Purchase Ledger Reports/Print Remittance Advices

A number of pre-configured cheque-printing formats have been created and are selected via a system parameter. This selection function also allows you to print samples of the various formats in order to choose the most suitable. For further information of computer-generated cheques, please discuss your requirements with your bank.

☞   Function Locator
                Supervisor Functions/Amend Company Parameters/Amend Purchase Ledger
                Parameters

Alternatively, a BACS payment file can be created from the purchase ledger payments, for transmission direct to the BACS system via the AXIS Diplomat BACS package. Not only does this result in a significant reduction in bank charges but it also saves the effort of signing large numbers of cheques! This is particularly significant since the AXIS Diplomat BACS package can also handle all of your payroll payments too.

☞   Function Locator
                Purchase Ledger/Purchase Transaction Booking/Payment Booking &
                Allocation/Create BACS Payment File

8.   Using the Nominal Ledger

The Nominal Ledger is the co-ordinating point of a business accounting and administration system. It provides a means by which the value, cash performance and profitability of a business can be effectively measured. It is through these final reports produced in the Nominal Ledger that AXIS Diplomat provides some of the most comprehensive management information aids of all its functions.

8.1   Nominal Account Maintenance

Once the system is set up and working, there is less need, on a day-to-day basis, to create or amend your Nominal Ledger structure. If you do need to add additional Nominal Ledger accounts, you should do so with careful consideration to the existing Nominal Ledger structure. For further information, please consult the sections of this User Guide giving information on the AXIS Diplomat Coding Structures and on Setting Up Your System.

☞   **Function Locator**
                Nominal Ledger/Nominal Account Maintenance/Nominal Account Maintenance

Remember also that creating Cash Book accounts (for Petty Cash and Bank Accounts) will also involve the creation of Nominal Accounts and so this process too should be undertaken with due consideration to the existing coding structure.

☞   **Function Locator**
                Nominal Ledger/Cash Book/Cash Book Account Maintenance

8.2   Journal Booking

The vast majority of transactions on the Nominal Ledger are generated automatically by the posting of sales and purchase ledger transactions. Those transactions entered directly onto the Nominal Ledger are in the form of 'journals' and are generally adjustments - depreciation, corrections, accruals and prepayments.

Journal entries made within AXIS Diplomat can be either simple double entry journals or batched via a suspense account. A simple double entry batch is one where you always enter the journal transactions in pairs, specifying a debit and a credit account for the same amount. Using the 'via Suspense Account' method allows you to enter any number of journal transactions within the batch providing that the overall total of debit entries is equal to the overall total of credit entries. The debit and credit accounts can be sales, purchase or nominal accounts. Thus, for example, to make a journal between a customer account and a supplier account, you do not need to go via a nominal suspense account.

☞   Function Locator
> Nominal Ledger/Nominal Transaction Booking/Journal Booking

Specific functions are provided on the Nominal Ledger Transaction Booking menu for Accruals and Prepayments and these are fully supported by AXIS Diplomat. Accruals can be booked at any time during the period and the value will be <u>automatically</u> reversed out following the period end. A new accrual can then be entered for the next period and so on until the period during which the real expense is booked. The same is equally true of prepayments.

☞   Function Locator
> Nominal Ledger/Nominal Transaction Booking/Accruals; Nominal Ledger/Nominal Transaction Booking/Prepayments

For smaller systems, depreciation adjustments can be made manually (or calculated via a spreadsheet). For larger systems, however, the AXIS Diplomat Fixed Asset Register is able to make these calculations and can make the required journal entries directly into the Nominal Ledger.

8.3   Budgetary Control

The Nominal Ledger provides a transaction file containing consolidated debit and credit totals for each department/ cost centre for each period, for this year, last year and the previous year. In addition, the Nominal Ledger also holds budget figures for this year, last year and next year as well as a revised budget for this year (i.e. the budget for this year updated with actuals year to date).

The 'actual' and 'revised budget' figures are automatically updated by the system. The budget figures are maintained manually.

It is not necessary to use the Budgetary Control facilities but incorporating your budgeting into the Nominal Ledger of your AXIS Diplomat system allows you to automatically update your budgets for the current year as the year progresses and to automatically create your initial budget figures for next year from the budgets or actuals for this year.

☞   Function Locator
              Nominal Ledger/Budgetary Control

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9.   Using the Stock Ledger

The Stock Ledger is more than simply a tool for helping with your stock control. By creating stock records for all of the things that you invoice regularly (even intangibles such as carriage or delivery charges), you can help minimise the data entry required during the invoice and/or order processing stages. By recording your normal selling prices (or retail prices coupled with discount information) you also minimise the chances of invoicing goods at the wrong value.

Furthermore, the commonality provided by using the same stock reference for all sales of the same item allows the system to recognise those items as being the same item, giving much more powerful sales analysis. For example, consider the following two lines, free-typed onto invoices

Widget (Green, Small)

Small Green Widget

A human being would recognise these two as probably being the same whereas a computer cannot match them. If, however, a stock item was used (with a reference of WIDGET-G-S, perhaps) then the computer would be able to associate the two invoice lines because they were for the same stock item. An incidental benefit of this is that since the description is also retrieved from the stock record, much greater consistency is achieved in your documentation, as well as avoiding the need to retype the descriptions of common items every time that they are invoiced.

9.1   Stock Records

Two types of record are held on the Stock Ledger - stock items and product items. Stock Items are items which have a physical stock on hand - think of them as items that can be found in a warehouse and counted. Product Items have no stock on hand and are generally intangibles such as delivery charges, consultancy charges, post and packing, etc.

Product items do, however, accrue issue history in the same way as stock items. It is possible, therefore, to look at a stock ledger enquiry for a Product Item and see how many have been issued.

When creating new stock records, you allocate a stock reference (or part number) which can be up to 10 characters and can be alpha-numerical. They can contain hyphens and other punctuation characters but not spaces. For clarity in stock ledger reporting, however, it is recommended that only numbers, letters and, possibly, hyphens are used For example, the following are all legitimate AXIS Diplomat stock references:

WIDGET

123432

WIDGET/A

WIDGET:123

WIDGET-A21

The sequence in which stock items are reported will depend on the justification of the stock reference index. For further information, please refer to section 3.4.2 . Retrieving stock items via a Stock Reference search is only possible with a left-justified index.

When entering the description of a stock item (which can be up to two lines, each of up to 30 characters) each word will be indexed individually. This provides an extremely powerful search facility since it is possible to retrieve stock records by searching on one or more words from their description - this is referred to as a keyword search.

For example, when entering a sales invoice, for example, for a small green widget, it does not matter if you do not know the stock reference for that item. You could do a keyword search for stock items with descriptions containing the words "widget" and "small". A list of matching stock items is displayed, from which the required item can be selected.

☞   Function Locator
                    Stock Ledger/Stock Record Maintenance/Stock Record Maintenance

9.2   Stock Movements

Stock Movement Booking functions exist to allow recording of goods inwards and outwards as well as adjustments (as a result of, for example, stock takes).

If you are using Sales Ledger Invoice Entry and/or the optional Sales Order Processing module to generate your invoices, then the stock issues will be generated automatically.

If you are using the optional Purchase Order Processing module, then receiving goods against a purchase order will automatically create the goods receipts.

In many systems, therefore, stock movements are only entered onto the Stock Ledger for exceptional movements, not for the day-to-day buying and selling of stock.

Function Locator

Stock Ledger/Stock Movement Booking/Stock Receipts; Stock Ledger/Stock Movement Booking/Stock Issues; Stock Ledger/Stock Movement Booking/Stock Take Adjustment

If you do not use Purchase Order Processing, however, you can use the simple 'Stock Purchases' functions provided as standard within the Stock Ledger. These functions do not offer the sophistication of the Purchase Order Processing module but they do allow for the simple recording of the purchase orders that you raise and stock can be received against those orders at a later date.

) Function Locator
Stock Ledger/Stock Purchases

Stock movements are, of course, only applicable to stock items and not to product items.

9.3   Costing and Valuations

There are two methods of valuing your stock, unless you are using the optional FIFO Stock module, in which case there are three:

❑ Standard Cost. This is a manually maintained cost which is held on the stock records.

❑ Current Cost. This is also held on the stock record but is updated when goods are received (either as a result of a Stock Ledger Stock Movement Booking or a Purchase Order Processing Goods Received from Supplier operation).

❑ Actual Cost. This is method of valuation is only available on FIFO Stock systems, where the stock on hand is supported by transactions representing the various goods receipts that have gone into making up that stock. Each of these receipts will have its own unit cost, which, when multiplied by the quantity remaining from each of those receipts, gives the true cost of the stock on hand.

Which of the three valuations best suits your business depends on the nature of the goods that you sell. The Actual valuation gives the true purchase cost of your stock - but, if you have particularly slow moving stock, this may well show what that stock cost several months (or even years) before.

The Current Cost, on the other hand, shows what the replacement cost of that stock is (assuming that you have purchased that stock item relatively recently). If, however, your purchase price varies rapidly (perhaps due to currency fluctuations) then the Current Cost may not give a "typical" cost. In these cases, the Standard Cost may be more appropriate.

Either of the two or three costs may be used for Cost of Sales analysis (depending on the setting of a system parameter - refer to the Supervisor Functions/Amend Company Parameters functions). Stock Enquiries show all of the costs for a particular item whilst Stock Valuation reports can be run for either.

Standard Costs and Current Costs can be amended using Stock Record Maintenance.

☞   Function Locator
                    Stock Ledger/Stock Record Maintenance/Stock Record Maintenance

Actual Costs, when using FIFO Stock Control, are amended on individual transactions, using a separate function.

☞   Function Locator
                    Stock Ledger/Stock Movement Booking/Amend Cost of Goods Received

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10. Optional Features

AXIS Diplomat is a powerful and sophisticated package with a long pedigree. Feedback from a large customer base over many years has provided many variations and additions to the standard package. These variations are called optional features. These features are optional because, for some users of the package, they would detract from its most efficient day to day operation or would provide facilities totally unsuitable for the user's type of business.

Optional features range from major modules, which add significant functionality, to smaller, more specialised, options designed for very specific applications.

The range of optional features available for AXIS Diplomat include

> *Sales Order Processing*
>
> *Purchase Order Processing*
>
> *Bill of Materials*
>
> *Material Requirements Planning*
>
> *Manufacturing*
>
> *Telesales Order Processing*
>
> *Point of Sale*

The addition of an optional feature may affect the operation of one or more of the standard functions described in this documentation. For example, adding the Material Requirements Planning module will cause additional information to be requested when creating new stock records.

Your supplier will normally recommend any optional features which he considers suitable for your particular business requirements during your preliminary discussions. Optional features are normally chargeable.