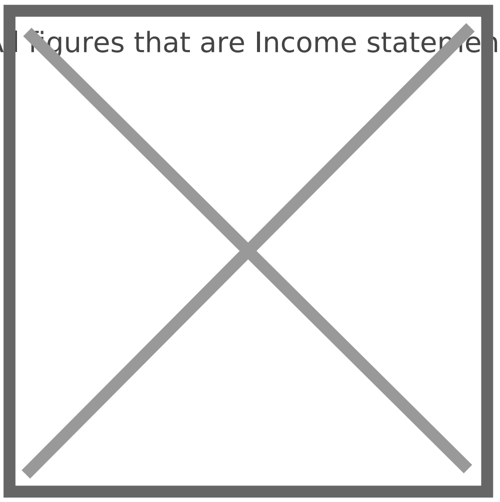
# Accumulative Profit Definition

**General Ledger Module > Configuration > general Ledger Accounts**

The accumulative profit account is an internal account which works out the profit from the previous year and accumulative years into one figure.

This is automatically done per year end on Reports.

All figures that are Income statement items are rolled into the accumulative profit account.



**Parent Account and General Ledger Reporting**

A parent account is the main account into which all related sub-accounts are consolidated at year-end.

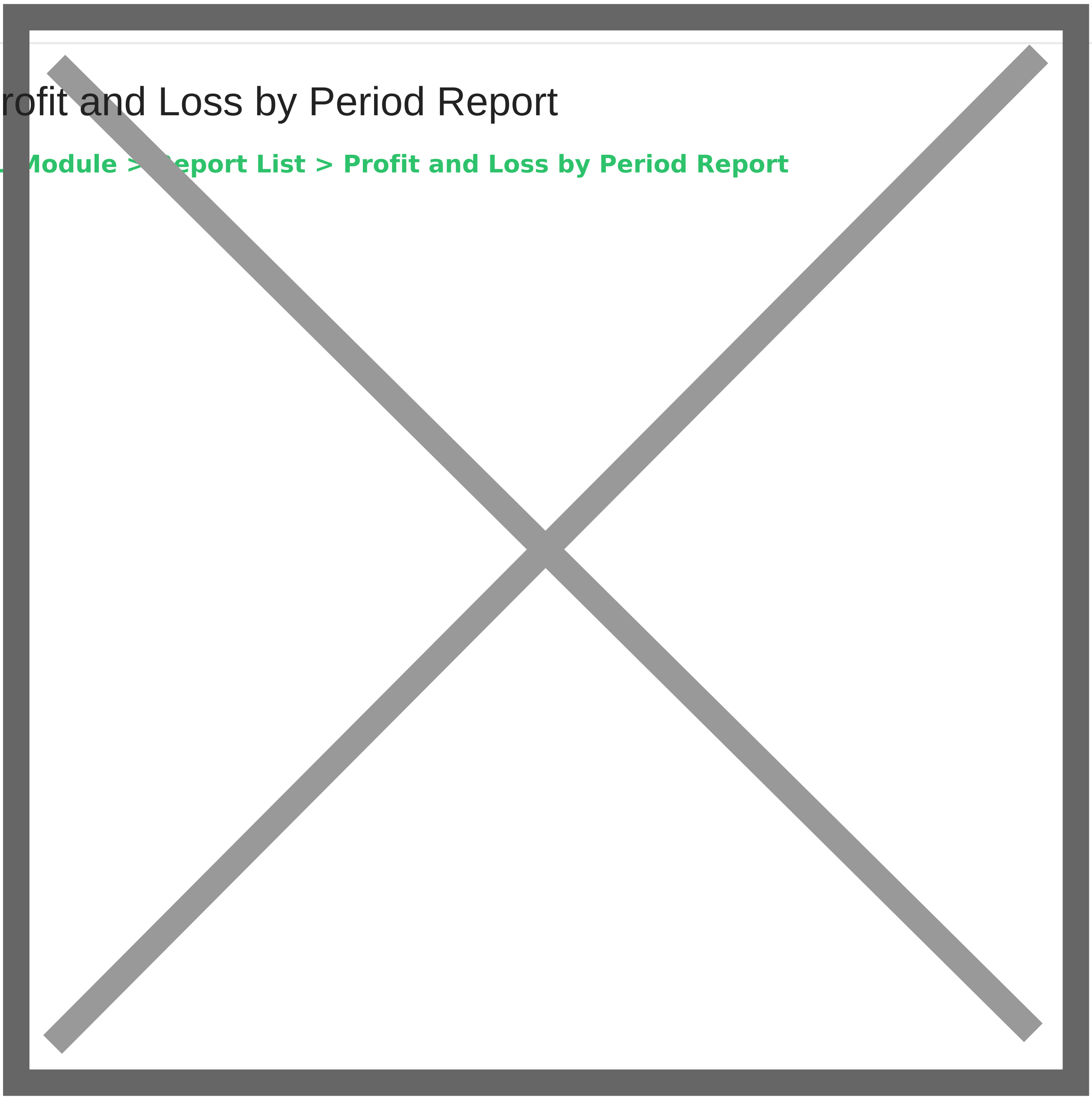
There are important differences between **GL Report No. 1** and **GL Report No. 2**, and each report should be used for its appropriate purpose.

**GL Report No. 1** is the auditor’s report and is the correct report to be used for accounting and audit purposes. This report is restricted to a specific financial year only. At the beginning of each financial year, all income statement accounts are zeroed, and the figures are then accumulated month by month until the selected end period of that financial year. The report should therefore only be run for a maximum period of one financial year, or up to the end of the relevant financial period for that year.

**GL Report No. 2** is a useful management report where all accounts need to be reviewed without zeroing the income statement accounts at the beginning of each financial year. This report reflects all transactions across all financial years and is helpful where management requires a view of the cumulative expense over multiple financial years. It should be noted that GL Report No. 2 is a management report and not an accounting or audit report.

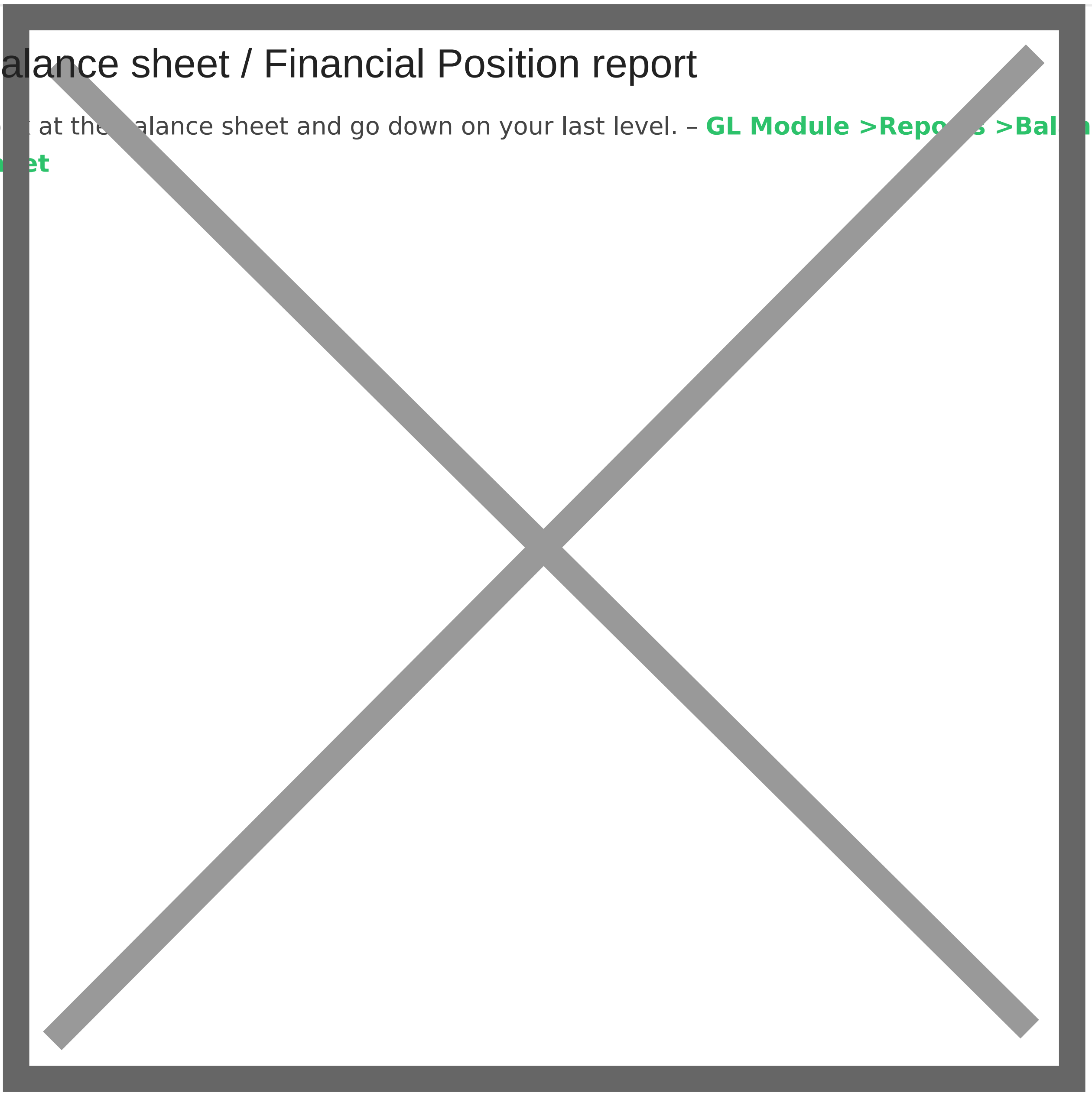
There are various ways to review accumulated profit. One method is to run the **Summary Income Report** for each financial year and then total the net profit amounts. This process must be performed from the first financial year onward.

It is also necessary to determine whether a balance journal was processed during the initial take-on in year one to the **Accumulated Profit** sub-account. This sub-account is normally used only to record an opening balance on take-on.



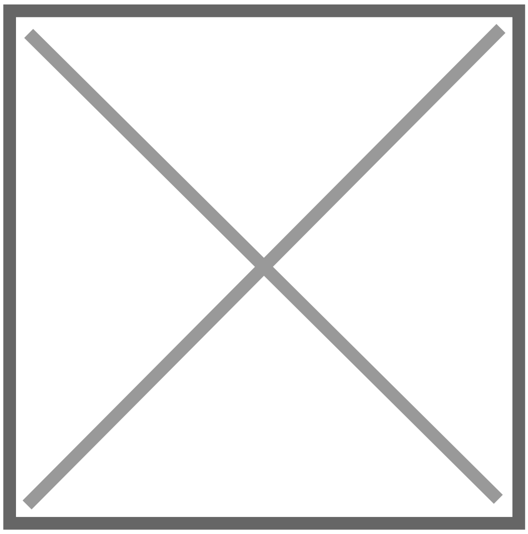
## Profit and Loss by Period Report

**GL Module > Report List > Profit and Loss by Period Report**



## Balance sheet / Financial Position report

Look at the balance sheet and go down on your last level. – **GL Module >Reports >Balance sheet**



Retained Income is your income from the previous year OR and including other previous years.

Net income is your current financial year, which equals your income statement year to date on current period

Run the balance sheet for each year end and see how the accumulative profit is rolled up. If there is a problem in the Accumulative profit, it is because there is entries in the Income statement type accounts.

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