Take on Balances

HOW TO TAKE ON BALANCES FROM EXISTING BOOKS

When changing accounting packages, there are balances that needs to be carried over from the old package to the new package (Huge ERP).

In order to do this you will have to meticulously follow a series of steps and be in possession of the following documents:

- Bank Reconciliation Statement
- Trial Balance
- Age Analysis for both Creditors and Debtors
- Stock evaluation.

It is vital to do the Take On at either year or month end, never at the middle of the month.

The very first entry into Huge ERP must always be the stock take on balance. You only have one opportunity to do this as the system will not allow you to backdate any transaction after this. For this Stock take on you need to change the Credit account of the Stock Adjustment Level GL link from Cost Stock Adjustment to Take On Suspense. After doing the first transaction change the GL link back to the original Cost Stock Adjustment. All these transactions must be captured on the last day of the chosen period (either month or year- end).

Step 1 – Stock Take On

> Configuration >General Ledger Links >GL Links Setup>Stock Adjustment Level>Amend (Credit-account should be changed from Cost Stock Adjustment to Take On Suspense)

NB!!!! This account change is only for the very first stock transaction and after this it should be changed back to Cost Stock Adjustment.

Step 2 – Debtors and Creditors take on.

Step 3 – Look at the bank statement, check for post–dated cheques and outstanding deposits to work out your cash balance.

Step 4 – Do a General Ledger Journal of the pre-adjustment trial balance of steps 1-4.

Step 5 – Capture the full trial balance as of the last day of the period on old books as a General ledger Journal

To put all of this into practice here is an example to work on. Let's assume the client's books reflect the following items on the last day of the financial period.

Stock

Stock Items	Units	Price	Total
Item 1	5	R50.00	R250.00
Item2	5	R50.00	R250.00
			R500.00

Debtors

Debtors	60	30	Current	Balance
Debtor1	R100.00	-R50.00	R150.00	R200.00
Debtor2	R200.00	R200.00	-R200.00	R200.00
				R400.00

Creditors

Creditors	60	30	Current	Balance
Creditor1	-R200.00	-R200.00	R100	-R300.00
Creditor2	R500.00	R500.00	R200	R1200.00
				R 900.00

Bank

Current Account	Opening Balance	R1000.00
	Outstanding Deposits	R200.00
	Outstanding Cheques	R200.00
	Cash Balance	R1 000.00
Petty Cash	Opening balance	R200.00

Trial Balance as at the last day of the period

Description	Debit	Credit

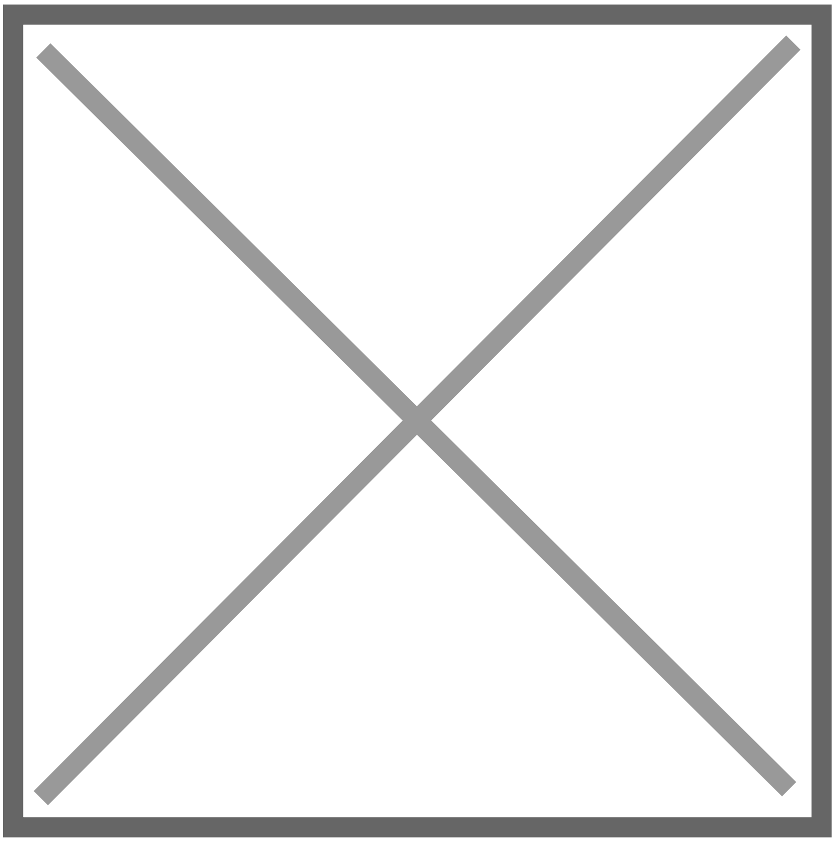
Stock	R500.00	
Debtors Control	R400.00	
Creditors Control		R900.00
Bank	R1000.00	
Petty Cash	R200.00	
Rent Paid	R300.00	
Stationery	R200.00	
Vat Control		R100.00
Sales		R500.00
Accumulated Profit		R1100.00
	R2600.00	R2600.00

Using the example, steps 1 to 5 will now be explained.

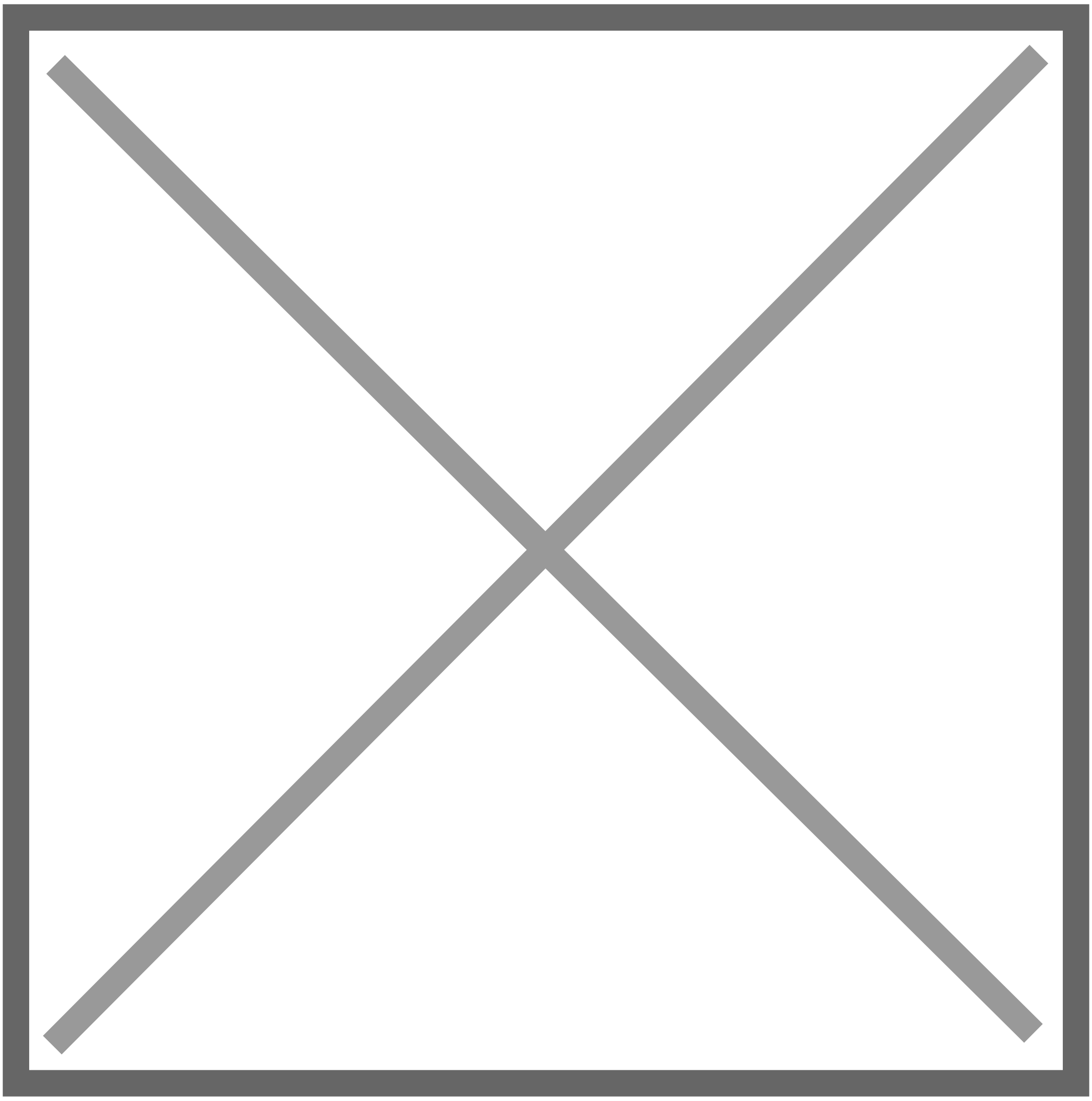
Step 1 – Stock Take On Balance.

This should be your very first entry if the company you are setting up works with stock. First change the Credit account of the Stock Adjustment Level GL link from Cost Stock Adjustment to Take On Suspense. To do this you would follow these steps:

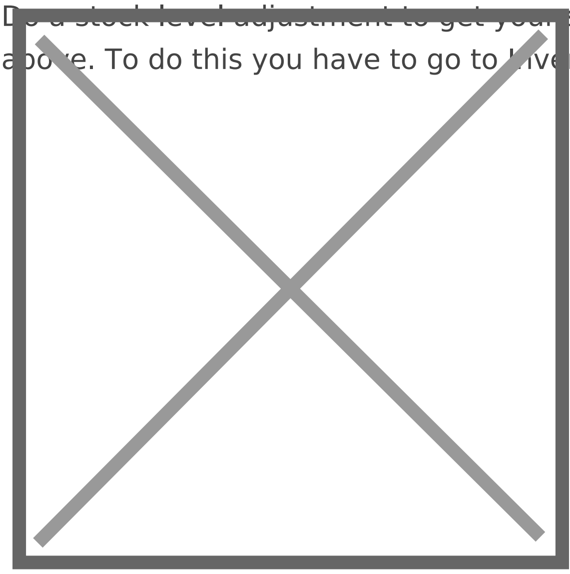
>Configuration >General Ledger Links >GL Links Setup>Stock Adjustment level>Amend (Credit-account should be changed from Cost Stock Adjustment to Take On Suspense)

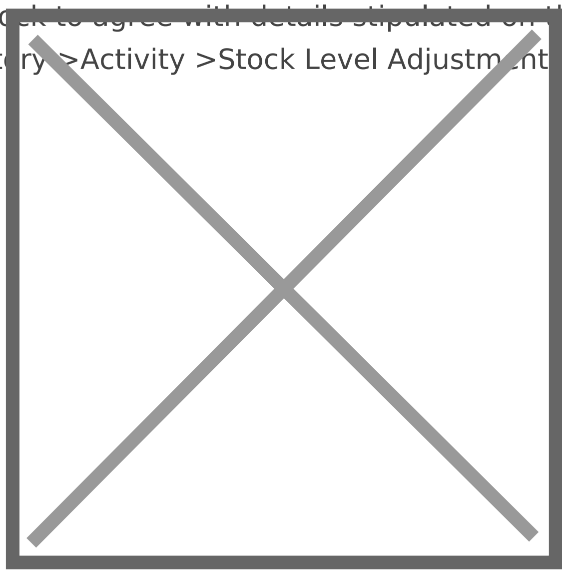


Based on the example above, create the two inventory items. Stock items can be imported from an excel spreadsheet or created individually. Inventory>Configuration>Inventory Setup >Insert. Once the two items on the example are created your inventory setup screen should look like this:



Do a stock level adjustment to get your stock to agree with details stipulated on the example above. To do this you have to go to Inventory >Activity >Stock Level Adjustment >Insert

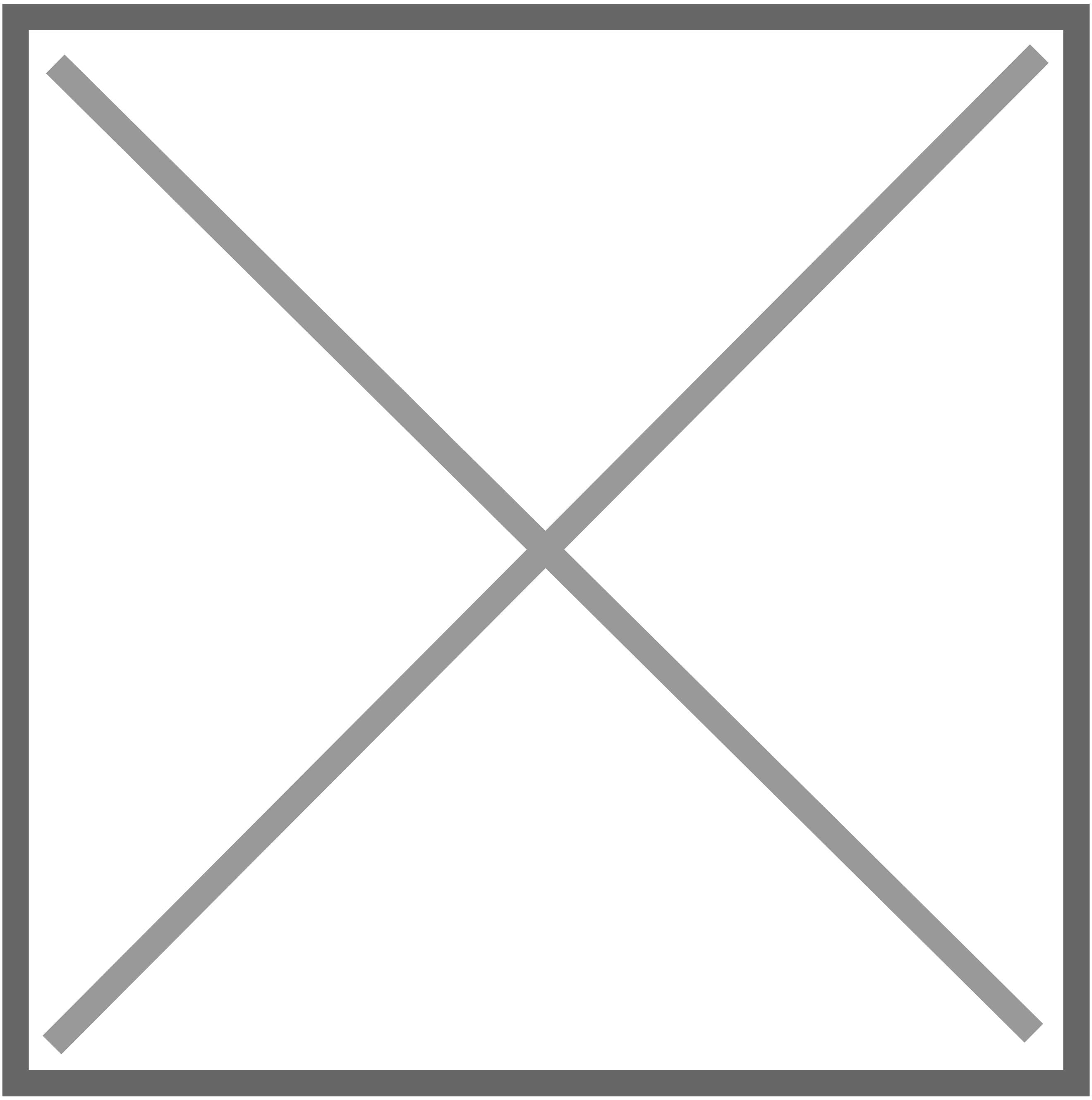




>Save And Close >Close >Process.

Now the Stock level has been adjusted to match our example given at the beginning. Now change the Stock Adjustment Level GL link Credit account back to Cost Stock Adjustment by going to Configuration >General Ledger Links >GL setup >Stock Level Adjustment >Amend >select Cost Stock Adjustment for Credit account.

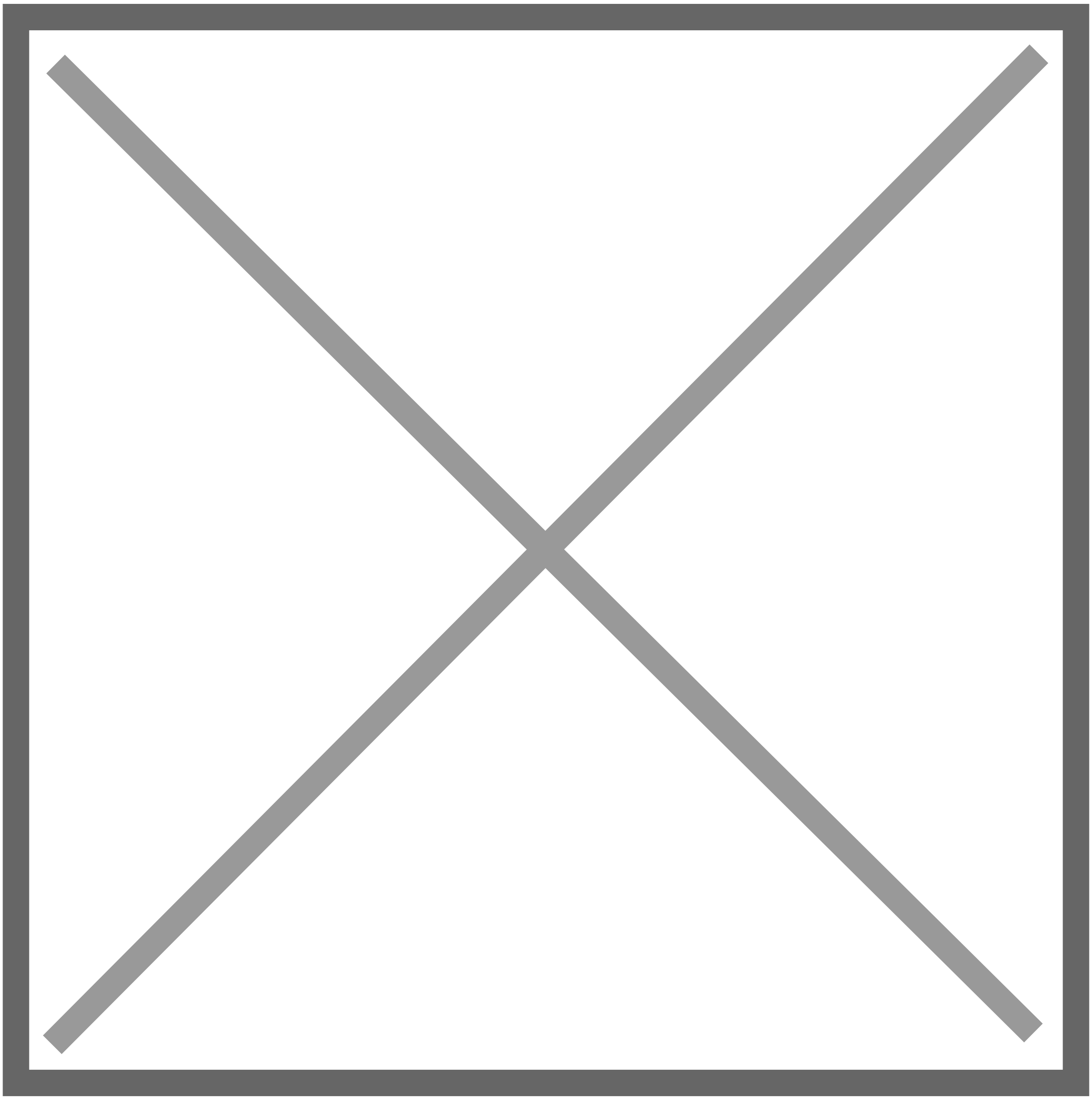
To verify that the stock level was successfully done go to the Ledger Module >Reports >Trial Balance >Search. Your Trial Balance should look like this:



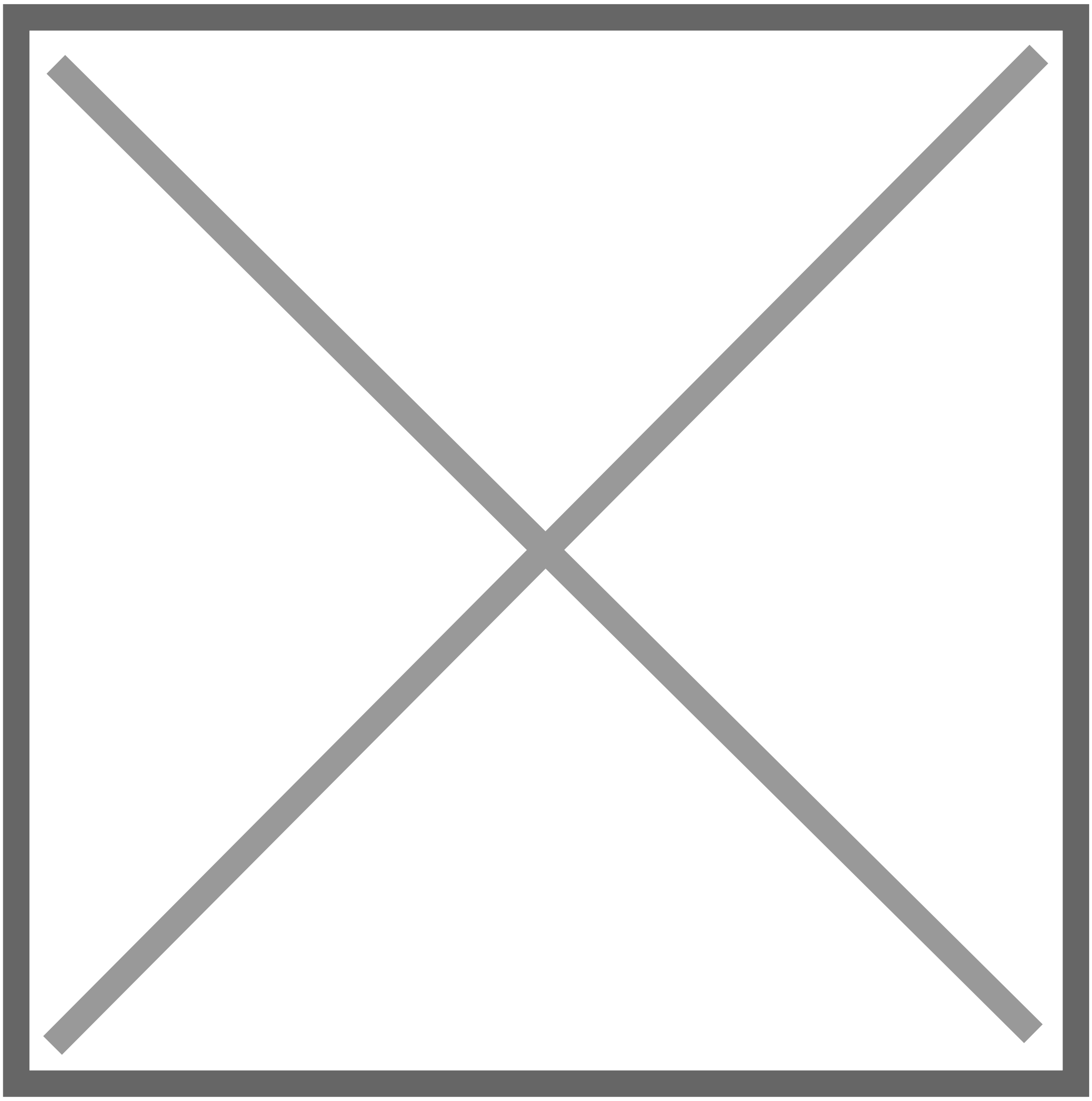
Step 2 – Debtors and Creditors Take On Balance

2a) Create new Debtors under Debtors module >Configuration >Debtors setup >Insert Debtors. Save and close when you are finished.

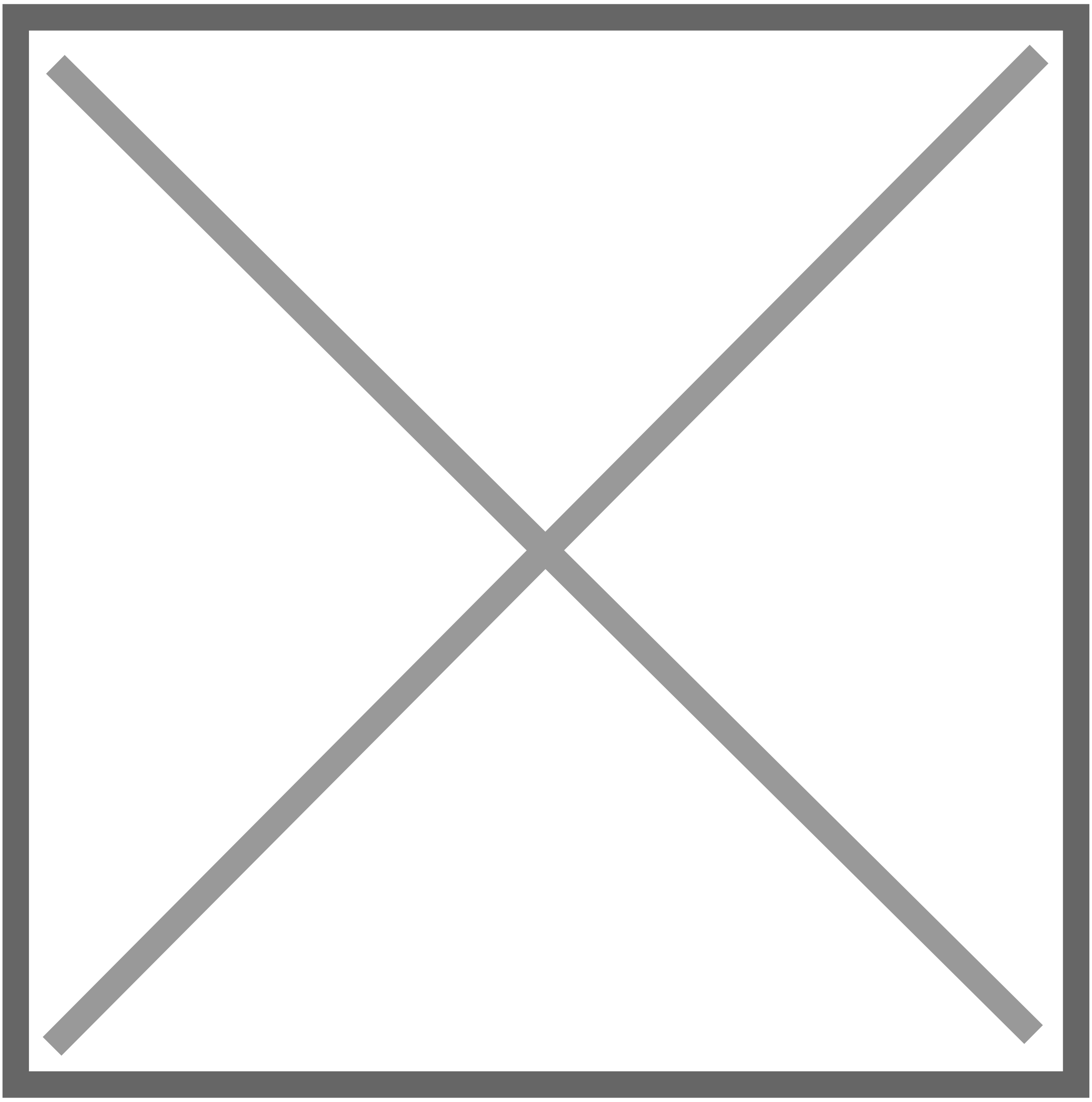
Now create debtors journals to make the Debtors match the given example. To Create a debtors journal, select the Debtors module >Activity >Debtors journal >Insert >Save & Close >Process. To create a 60 days balance you have to back date 60 days on your journal, in this case you back date to the 31st of December 2009.



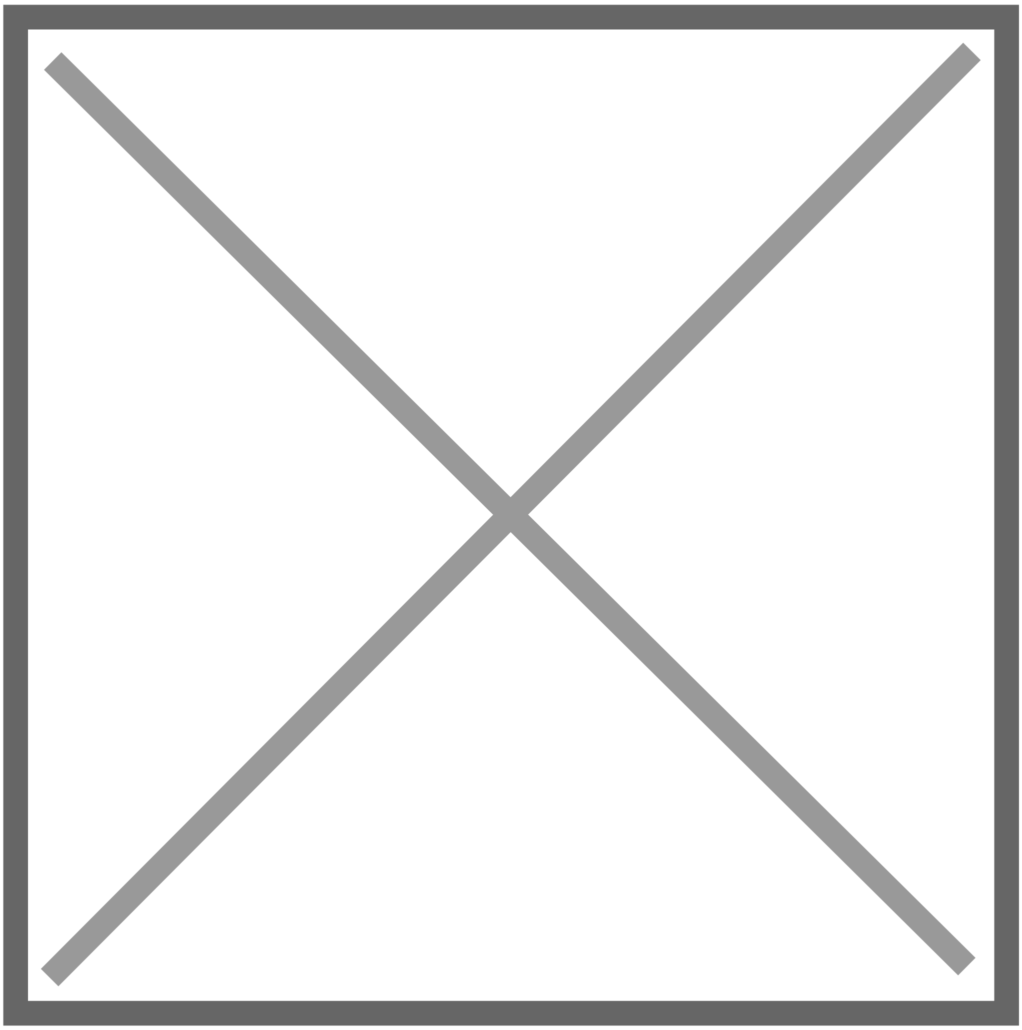
Process the journal. Repeat the step above but this time back date 30 days (31 January 2010, when using the example given) to work out the 30-days outstanding balance.



Process the journal, repeat the step above but this time date it to the 28 February 2010 (to match the current owing as shown in the example)

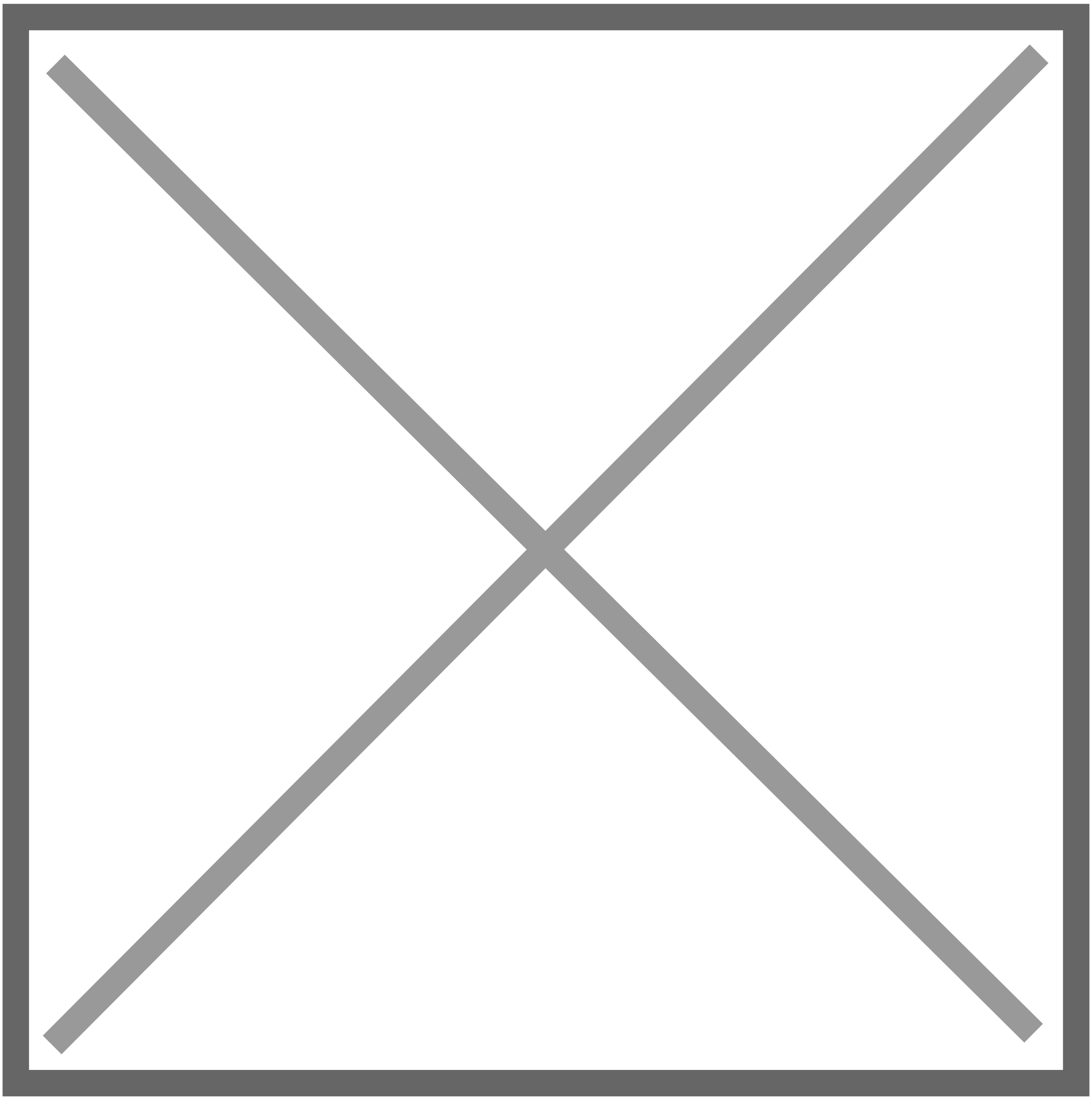


Repeat the steps above for other Debtors. Based on the example your Debtors Age Analysis should look like this:

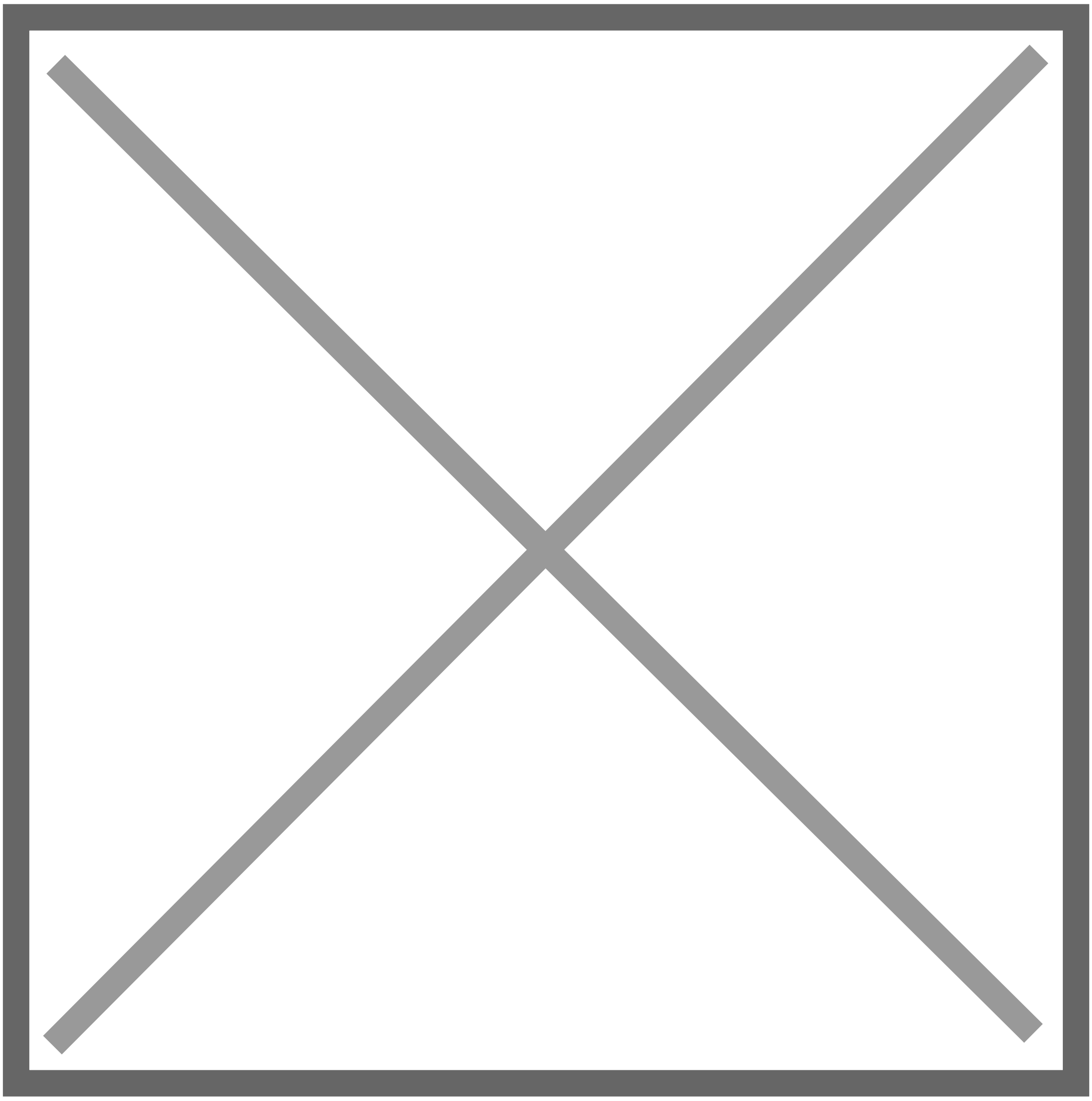


2b) Creditors Module >Configuration >Creditors Setup >Insert Creditor >Save >Close. Create creditors journals to match information on the example. To create a Creditors Journal you go to the creditors module >Activity >Creditors Journals >Insert >Save >Process.

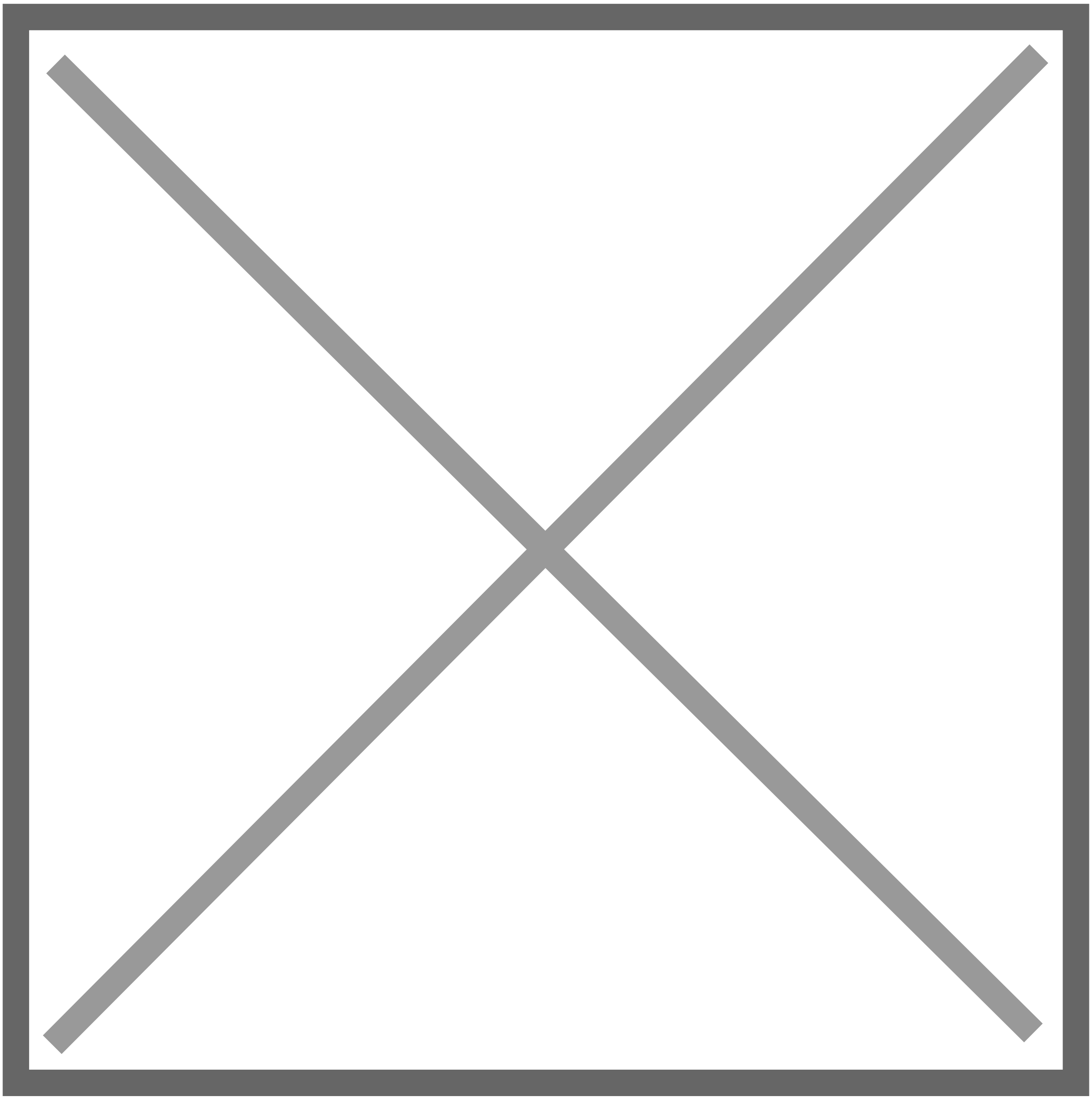
To create a 60 days balance you have to date back 60 days, in this case you backdate to the 31st December 2009.



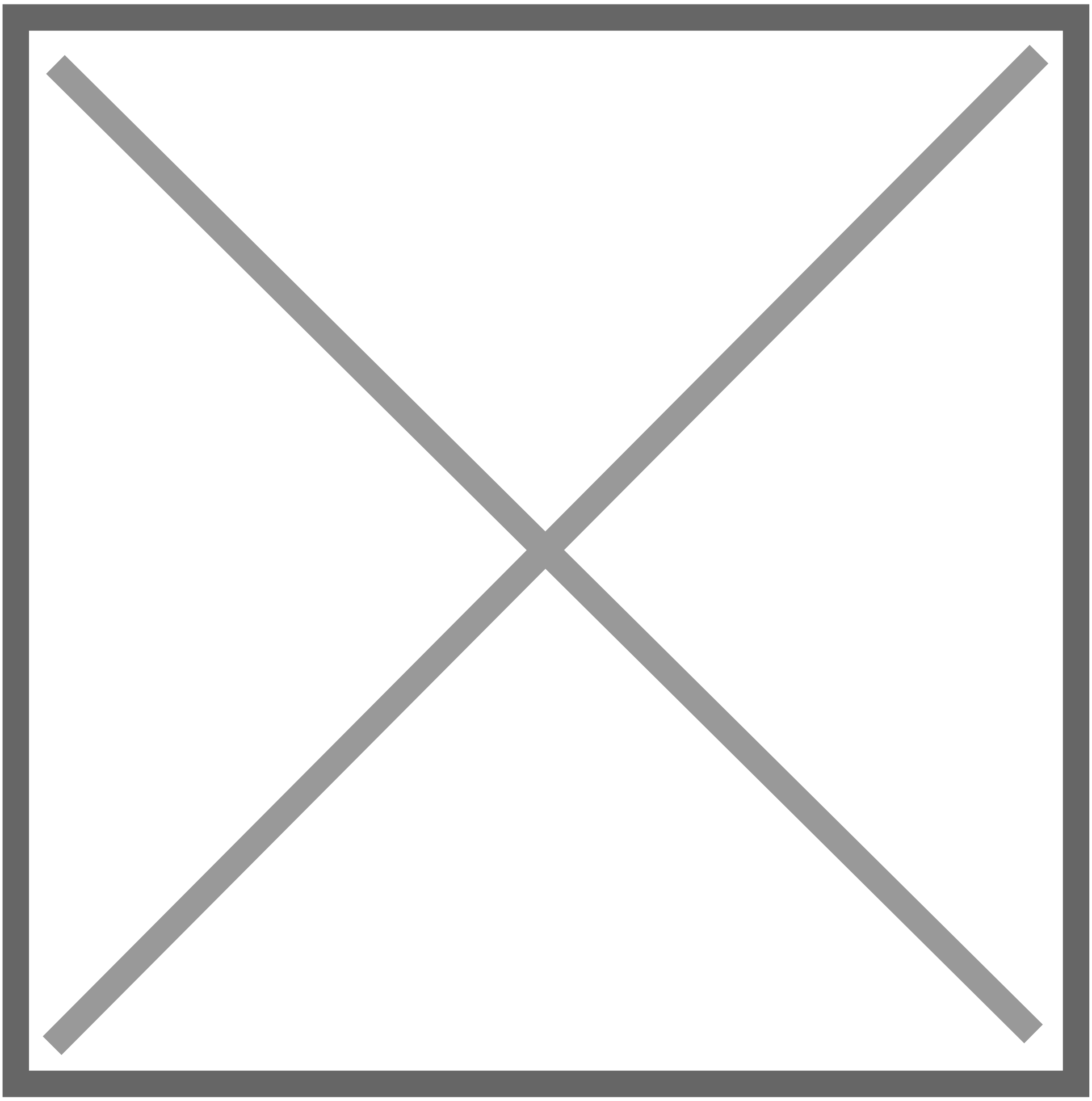
Process the journal, repeat the step above. To get the 30 days balance you have to back date 30 days (31 January in this case)



Repeat the same step again for the Creditors current balance,



Based on the example your creditors age analysis should look as follows:

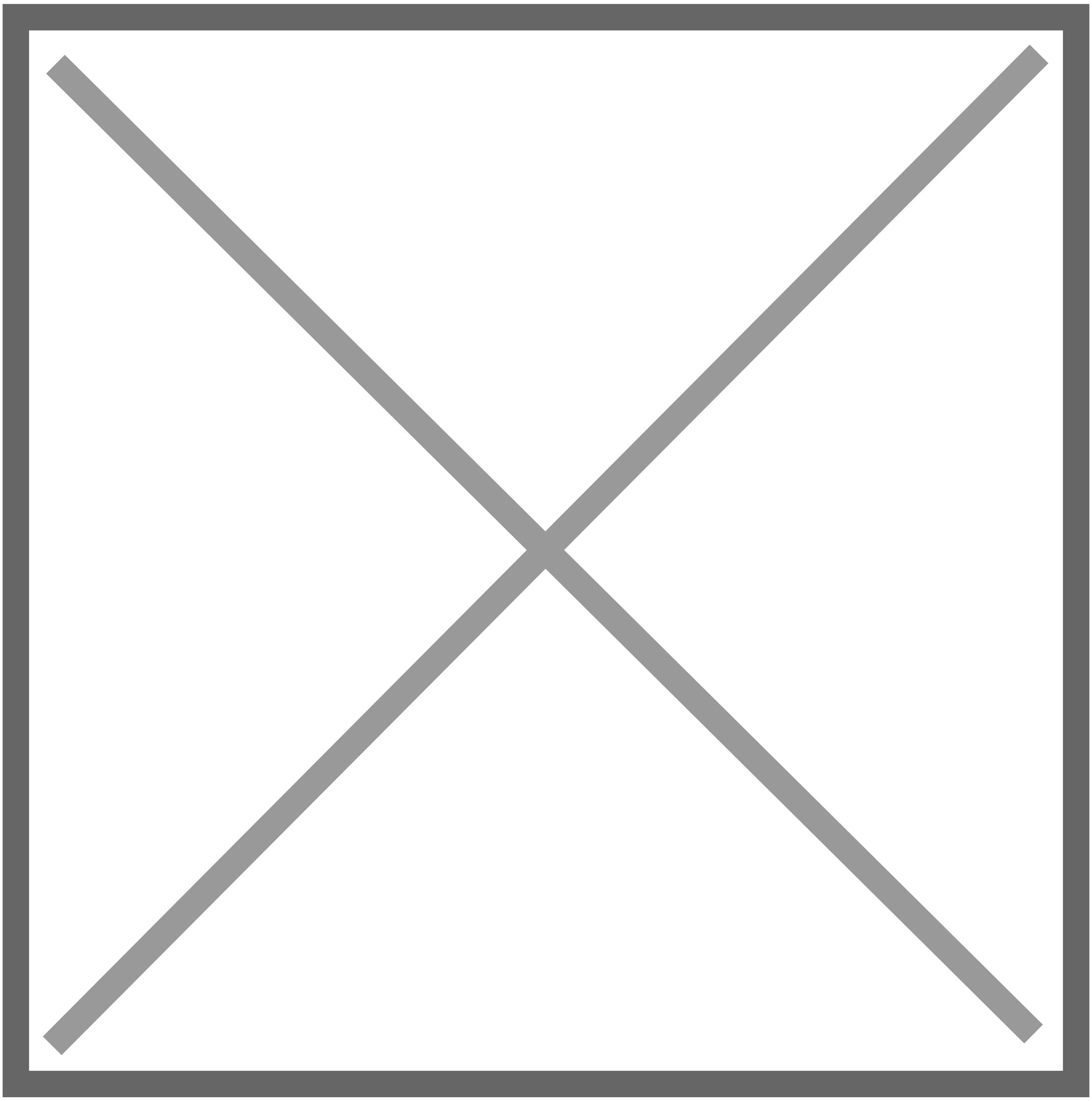


Step 3 – Bank Balance(s) take on

Look at your Bank Statements together with your Bank Reconciliation to isolate any outstanding deposits and cheques. This will be done through a Cashbook, to create a new Cashbook you go to the General ledger >Activity >Cashbooks >Insert. Process the Cashbook.

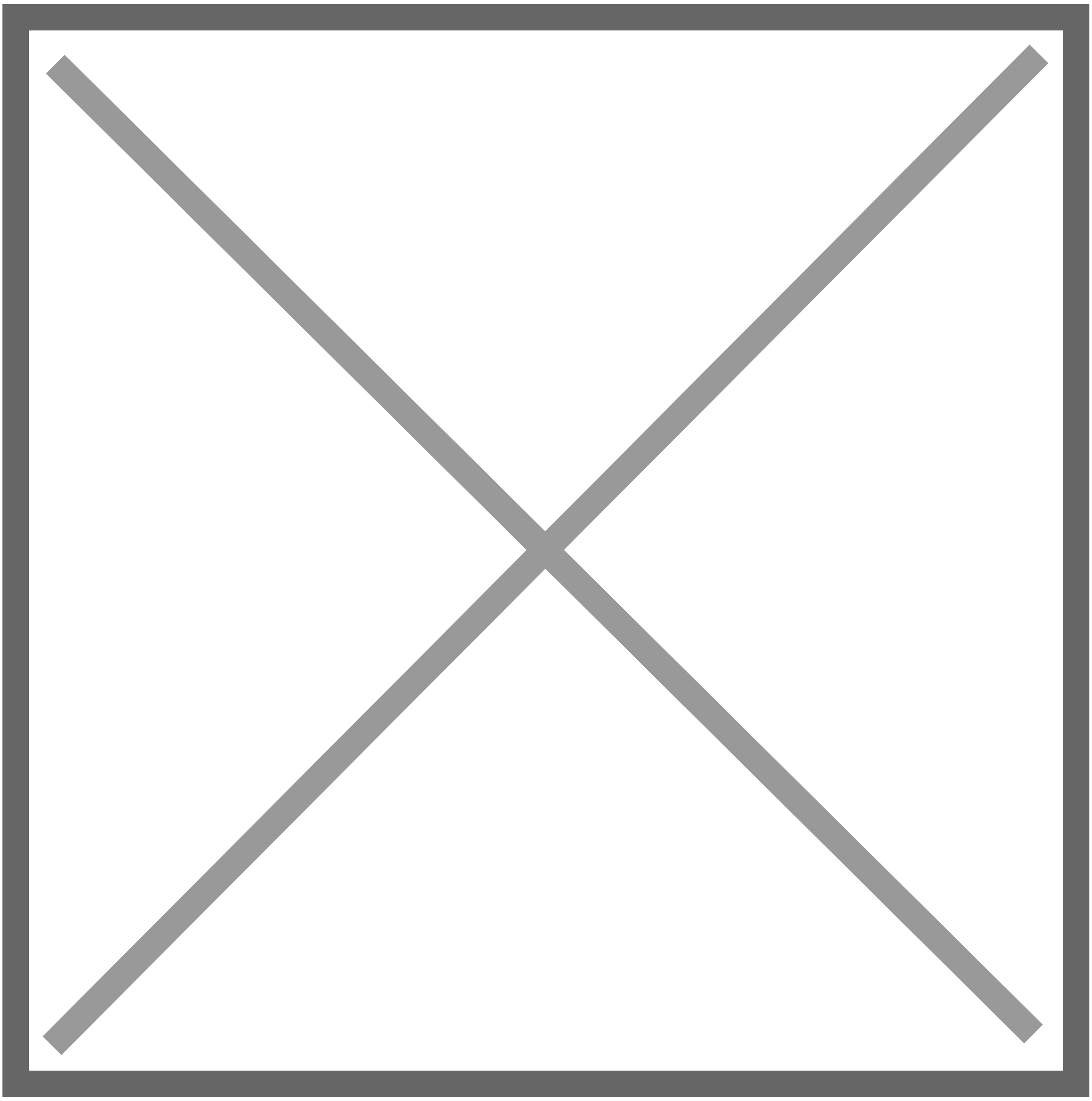
Now go to GL Module > Reports >Trial Balance

The Trial Balance should look as follows:



Step 4 – General Ledger Journal of Trial Balance of steps 1-3.

Now do the General Ledger journal to reverse the above transactions. The journal should look as follows:

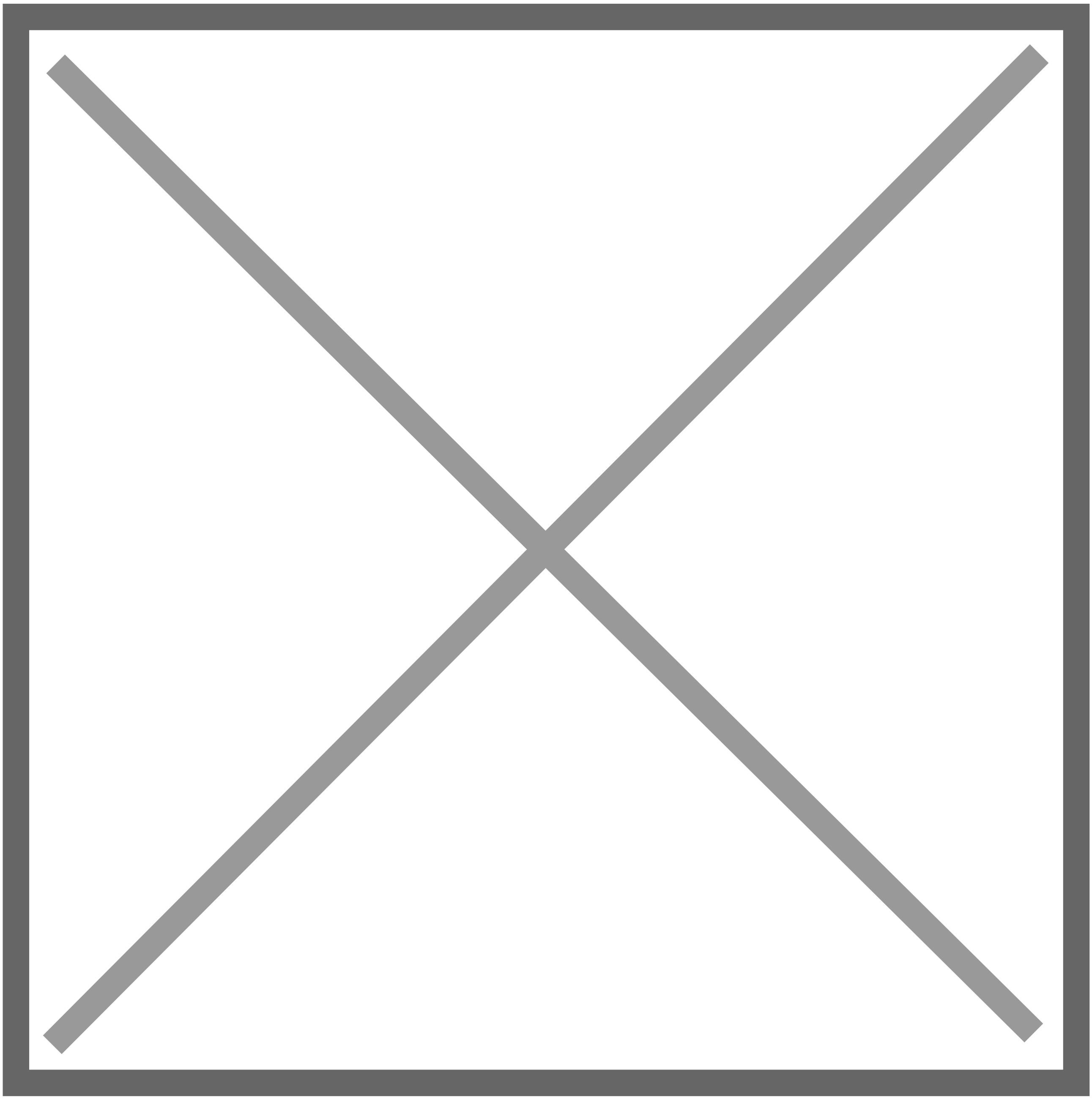


Process the Journal

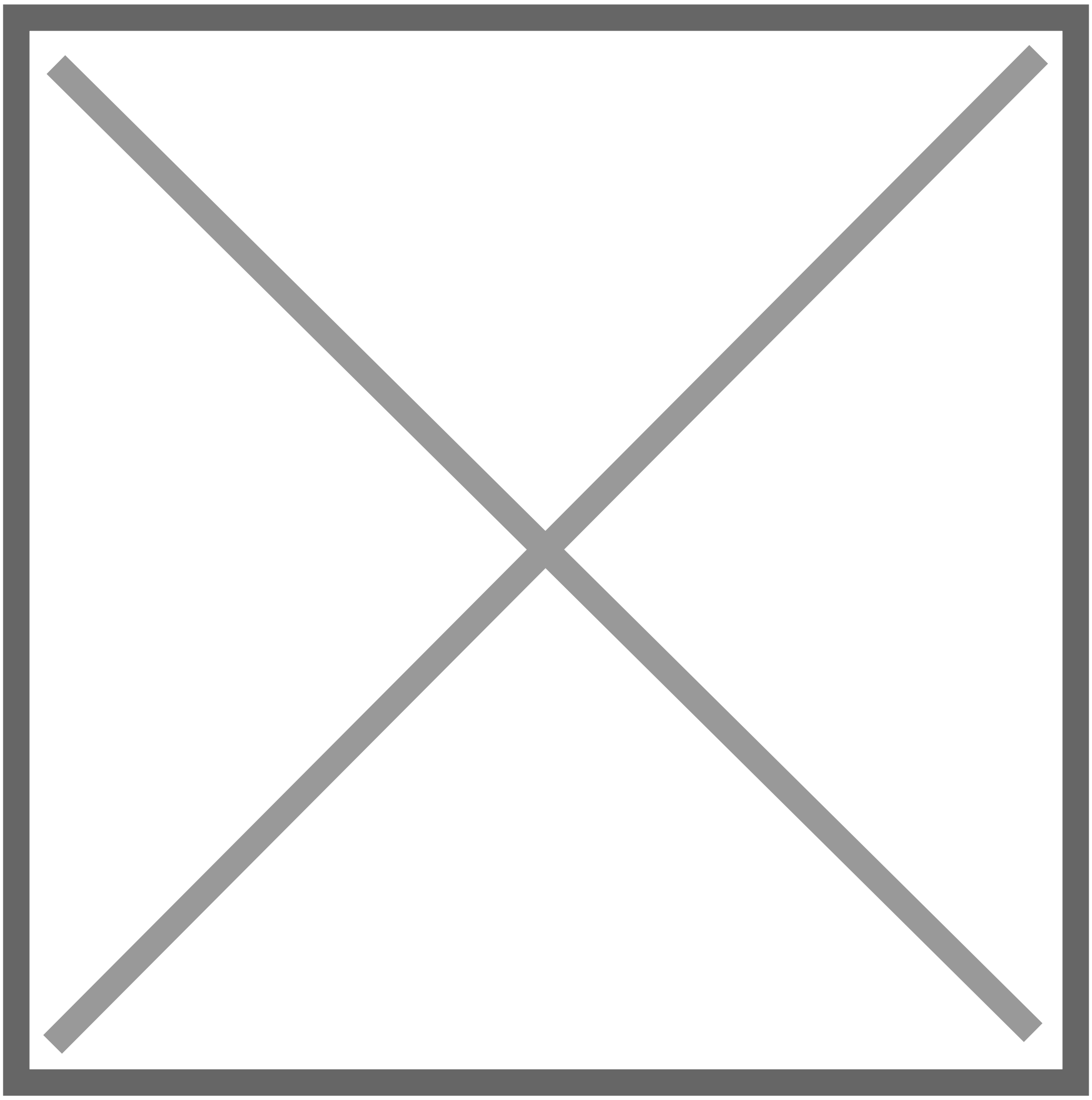
Your Trial Balance should be at zero on both the Debit and the Credit sides.

Step 5 – Full Trial Balance at period end on old books as a General Ledger Journal.

Take the Trial Balance and enter it on a General Ledger Journal as illustrated below:



After correctly entering and processing the General Ledger Journal, your Trial Balance should look like this and match your Trial Balance from the previous system.



Once you see that your Trial Balance is identical to the Trial Balance from the old system then you are done.

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