

Setting up and using Accounts on Visual Accounts 2000 Business Edition

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Introduction

You've downloaded Visual Accounts and run through the tutorials and now you want to set up your own set of accounts. How do you go about that?

This e-book shows you how. It also explains how to use your "Bank Accounts" to handle loans, mortgages, deposit accounts, petty cash accounts, customer and supplier accounts.

You have done both the tutorials haven't you? If not, get the advanced tutorial at: <http://www.visualaccounts.co.uk/vatutorialbiz.htm> it's free and packed full of useful hints and tips on getting the best out of Visual Accounts. We also refer to the tutorials throughout this e-book.

In places, this e-book may be overly simplistic. We make no apologies for this as we want to make sure that there is as little ambiguity as possible. Remember, it's your accounts we're talking about.

Legal Stuff

What's the world coming to when we have to write these disclaimers? Oh well...

No part of this e-book and accompanying documentation can be construed as advice in any shape or form. This e-book and any accompanying documentation is not advice, period.

This e-book shows you where to enter transactions after you in conjunction with your financial advisors have decided how to handle those transactions. You use the information provided in this e-book and any accompanying documentation totally and entirely at your own risk. JQL does not warrant that the information contained in this e-book and any accompanying documentation will meet your requirements.

You must not alter a transaction once you have agreed your Income Tax Return with your Inland Revenue, to do so will cause you a very considerable amount of grief from your Inland Revenue, including the possibility of legal action. If you are VAT or Tax Registered, the same applies to a transaction after it has been included on your quarterly VAT or Tax Return.

What no complexity?

Why should an accounting package be confusing or complex? We couldn't think of a good reason so we took the complexity out.

- Simple terms are used throughout.
- Power at your fingertips when you need it.
- There's no double-entry bookkeeping to worry about.
- No Nominal Ledger – it's not required by Visual Accounts.
- You make the decisions about your accounting periods if you want accounting periods at all.
- You get the reports you need, not the reports that the programmer wants to give you.
- The important thing is **you decide**.

The hardest part about using Visual Accounts is the concept that there isn't any complexity - none. That's right, an accounts package without complexity! This can be a little confusing for those of you with a little accounting knowledge. So, at the end of this e-book we'll run through "periods", end of month, VAT quarters and the sorts of things Accountants want.

Things you will need

Before we start to create a new set of accounts there are a few things you will need.

Firstly, if you haven't taken the advanced tutorial, especially Tutorial 3 "Making Categories Work for YOU", please do so now, before you go any further. You can read it on-line here: <http://www.visualaccounts.co.uk/tutorials/tut3/> and the whole tutorial here: <http://www.visualaccounts.co.uk/tutorials/>.

Ok, the list of things you'll need:

1. A Business "Date of Inception"
2. A list of categories
3. Business bank statements (and/or an opening balance)
4. Names and Addresses of customers and suppliers (Business Partners)
5. If you are VAT registered your VAT Registration Number & Categories
6. If you issue invoices (or even if you don't) the invoice templates which should be in your "Documents\Visual Accounts" Folder. If they are not you can download them from: <http://www.visualaccounts.co.uk/miscdown.htm>
7. Some peace and quiet for about an hour

The first thing I want to impress upon you is, with Visual Accounts you can change most things if you make a mistake.

Unlike most other accounting programs that won't allow you to change things, with Visual Accounts you can make changes. This is where those of you with some accounting knowledge will be marvelling at the fact that you don't have to make contra-entries, authorised by the Finance Director (and his Great-Great Grandmother ☺) with your promotion chances ruined and the accounts department screaming at you for getting it wrong.

If you make a mistake in Visual Accounts, just change it – no big deal. See the notes at the end of this e-book for more on when you can make changes.

I can just see those of you with some accounting knowledge saying "That's just not possible! There isn't an accounting package that will allow you to do that." Guess what? You just found it.

Business Date of Inception

This is the day you start the business. This could be the day you start trading, or the day you get the keys to new premises, or the day the business bank account was opened, the day you cracked open the champagne, or some other date of *your* choice.

You choose the start date suitable for you and you can change it later if you want. Your Start Date is also required by your Inland Revenue, so once you have given your Inland Revenue your Start Date, you must not change it unless you speak to your Inland Revenue *first*.

List of Categories

Make a list of categories you think you'll need, like Stationary, Sales, Fuel, Raw Materials and Electricity etc. The more categories you have the more precise the data in your reports, but the harder it is to maintain your accounts. Use the number and type of categories that are suitable for you.

Whichever system you use, print out a list of the categories with an explanation, or list, of what goes into which category and pin it above your computer monitor so you can refer to it easily.

I can see you thinking "That's a good idea." Well go on, do it now.

Note: VA can setup the more common categories for you if you want, you can then edit them later to suit your requirements.

Business Bank Statements

You'll need to enter a Start Balance (also known as an Opening Balance) for each bank account (including loan accounts) you create in Visual Accounts. This Start Balance can be zero, positive or negative (overdrawn, loan, mortgage etc).

If you've had the bank account for a while you will need to decide a start date and take the balance from that date. A good Start Date and Start Balance in this case could be the Closing Balance of your last Bank Statement.

If you've just opened the account then it will be Opening Balance on the account (i.e. the amount you deposited when you opened the account which, on some bank accounts, can be as low as £1).

You will also need a Petty Cash account, for which you won't have a bank statement. The Start Date will be the same date as the Business Start Date and the Start Balance will be zero (you'll transfer money into the Petty Cash account later if you want to).

Business Partners

If you already have some business partners lined up, make sure you have their full names, addresses and telephone numbers available. This is useful for sending out Form Letters, Invoices, and Remittance Advice Notes and for looking them up when you need their number or address.

VAT Registration Number

If you are VAT registered, you will need your VAT Registration number to put on your Invoice and Remittance Advice templates.

You also need to decide on your VAT scheme: Cash Accounting or Standard Accounting. For more information get "The VAT Guide" Notice 700 from your Customs & Excise office or from <http://www.hmce.gov.uk>.

You will also need to decide on the VAT codes you will use. In the UK you'll need codes for:

- Zero rated
- Low (currently 5%)
- Standard (currently 17.5%)
- Gordon's 15% Rate (currently 15%)
- and All VAT (fuel scale charge etc.).

We tend to use:

- <None – no code or rate allocated, not Vatable>
- **ZRO**
- **LOW**
- **STD**
- **GBV**
- **ALL**

You choose what is best for you.

If you're not VAT registered you can ignore the above.

Invoice Templates

Even if you don't intend to issue invoices straight away at some point you'll need to or you may want to use the Remittance Advice notes.

I wish I had a £1 for each person whose said "I won't need invoicing", only for them to contact me 6 months later to ask how to do it. Take my word for it; the chances are that, at some point, you are going to need invoicing.

If you need to download the templates from:

<http://www.visualaccounts.co.uk/miscdown.htm> and set them up for your business.

When you need to use them they will be ready for immediate use. It's a lot less hassle if you do it now, believe me.

Peace and Quiet

Shut the door, get rid of the kids (staff, clients etc.), and put the phone on answering machine. If you have peace and quiet, with no interruptions, the process of setting up a new set of accounts will go a whole lot quicker and easier. I find that late in the evening is a good time for me, you may prefer very early in the morning. You choose the time that is best for you.

And Finally

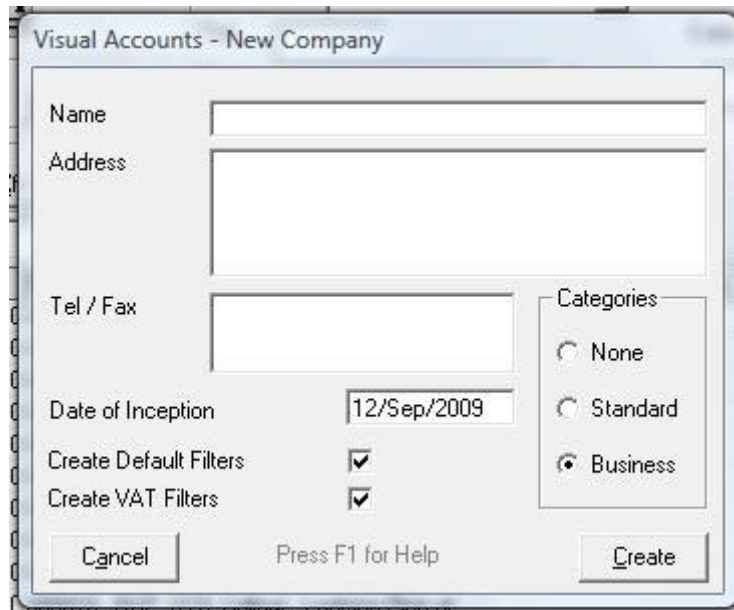
Finally, if you haven't got a small notice board somewhere very close to where you work on the computer, get one. It is essential for putting the details of how you use your

accounts. For example you might remember a category now but if you only use it once every few months or so, I can virtually guarantee you won't remember it when you need it! Make detailed notes about how where why when etc. and pin them on your notice board.

Right, without further ado let's start:

Create a New Set of Accounts

Open Visual Accounts and click on "File" then "New". You will be presented with the new Company Dialog.



Name is your Business Name.

Enter the name of your business here up to a maximum of 80 characters.

This should be the same as the name that appears above the signature on your business current account cheque book. For example if your cheque book says "Mr Bert Bloggs T/A Aardvark Enterprises", you would enter Aardvark Enterprises; if it just has Mr Bert Bloggs, you would enter Mr Bert Bloggs (or Bert Bloggs without the Mr); if it has Aardvark Enterprises Ltd then you enter Aardvark Enterprises Ltd.

Address is your Business Address.

Enter your business address (including your post code) here up to a maximum of 120 characters.

Note: The Royal Mail only requires the post code and building number to deliver mail. Therefore you only really need to enter something like:

10 Some Street	Big Building
Some District	Big Industrial Estate
Some Town	Some Street
Some County	Some District
POST CODE.	Some Town
	Some County
	POST CODE

If you trade overseas you should also include your country after POST CODE.

Tel/Fax is your Telephone number, Fax Number, Mobile Number and email address. Enter your telephone, fax and email details here up to a maximum of 120 characters. Always remember to use the dialling code as part of the telephone or fax number. If you trade overseas you should also use the international dialling code (for the UK: +44).

Date of Inception is the Start Date of the business. Enter your chosen Start Date for the business here. This field defaults to today's date, double click on the field to display a calendar to select the start date from.

Create Default Filters creates a default set of filters for the business. This check box is ticked by default. Unless you have a very good reason otherwise, we recommend you leave it ticked. See the [Get to know Filters](#) tutorial for more information on default filters.

Create VAT Filters creates a default set of VAT Quarters. If you are VAT registered leave this box ticked. If you are **not** VAT registered, remove the tick from the box.

Every "Year End" you can, if you wish, edit these Quarterly Filters and change the year to the current year. You can also create a totally new set. Again, it's your choice. See the tutorial: [Get to know Filters](#) for more information on creating and editing filters.

Categories create a default set of categories. For Home use, we recommend you use Home. For Business use, we recommend you use Business. And if you want to create all your Categories from scratch (i.e. the hard way) use none.

Click on "OK", then save your new set of accounts by clicking on "File" and "Save", give the accounts a descriptive file name no more than 8 letters (or numbers) in length.

Congratulations you've just created your new set of accounts.

Now we need to set up the Bank Accounts.

Creating Bank and other Accounts

Although we call them Bank Accounts, they don't have to be bank accounts. They could also be credit accounts for your customers or business. We will go through setting up the following:

- A Bank Current Account
- Petty Cash Account
- A Deposit Account
- Loan Account
- Credit Card Account
- Customer Credit Account
- Supplier Credit Account

You can set up as many accounts as you like, but to keep things simple, don't go setting up accounts willy-nilly.

More importantly we will also cover transactions to and from these accounts.

Click on the Button marked Bank at the top left of the Visual Accounts main window. The Bank Accounts Dialog is displayed.

Maintain Codes

Bank Accounts

Bank Code: CURRNT

Name: Barclays Current A/C

Address: 1 Lender Lane
High Rate in the Marsh
Gloucestershire
GL99 88ZZ

Telephone: 012345 678901

Date Open: 17/Sep/2003

Start Balance: 1000.00

Recon Balance: 0.00

True Bal: 0.00

Buttons: Close, New, Delete, Update, Print

A list of the Accounts you have set up is shown on the left. If you have just created your new set of accounts it should be empty.

Bank Current Account

This, in theory, is the only account you need. In practice you'll have at least one other account.

Click on the button marked "New" then move to the "Bank Code" field.

Bank Code is a short name for the account

Enter a suitable short name for the account for example CURRNT, PCASH, CCARD, DEPSIT, LOAN or MRTGGE using a maximum of 6 characters. Make sure this Bank Code is something you'll easily associate with the account.

If you use one of the types of code shown above, and later move your account to a different bank, you won't need to change this code, just change the Bank name and address.

Name is the name of the account

Enter the Bank name and account type using a maximum of 20 characters (e.g. Barclays Current, Nat West Loan, Halifax Mortgage, Barclay Card or Ing Direct Deposit).

Use the name as an aide memoir as to how the account should be used (see Account Transactions for more information).

Address is the Bank's address

Enter the Bank's address here using a maximum of 80 characters. We recommend you use the address printed on the statement or cheque book.

Telephone is the Bank's telephone number

Enter the Bank's Telephone number here using a maximum of 15 characters.

With the advent of Call Centres, you may have just a Call Centre number, but if possible, try to get a direct number for your bank; it can make life a lot easier.

Date Open is the date you opened the account or the start date of the account.

Enter the date you opened the account or the date you are going to start recording transactions on this account. This field defaults to today's date, double click on the field to display a calendar to select the Date Open.

Start Balance is the opening balance of the account

Enter the Opening Balance of the account or the balance of the account when you are going start recording transactions. Note the Start Balance must be the balance on the account on the date you entered in Date Open above. This can be positive, negative or zero.

If you are in credit enter the balance as normal (e.g. 1000.00). If you are overdrawn enter the balance using a minus sign (e.g. -1000.00). Do not use a currency symbol.

Recon Balance and **True Bal** are calculated by Visual Accounts, you cannot enter information into these two fields.

Click on "Update" and the Account details are recorded. You must click on "Update" to record the new account.

Other Accounts

Visual Accounts doesn't have Account Types as such. It is how you use the accounts (adding transactions) which determine the account type. Because you decide how you want to do things, you can create virtually any type of account you want. Just give the account a suitable name. Now that's power!

Other Accounts are similar to the Bank Current Account so we will only describe the differences in the following section.

Petty Cash Account

Always set up a Petty Cash account. The Open Date will usually be the same as the Business' Inception Date and the Start Balance will usually be zero.

Deposit Account

This is set up in a similar manner as a current account. The only exception being that the Start Balance must always be a positive amount or zero.

Loan Account

This is set up in a similar manner as a current account. The only exception being that the Start Balance should always be a negative amount or zero.

Credit Card Account

This is set up in a similar manner as a Loan Account. Start Balance (if there is one) is entered as a negative amount or zero. It is possible to have a positive balance i.e. you've paid too much off the card balance so they owe you money, but unlikely.

Customer Credit Account

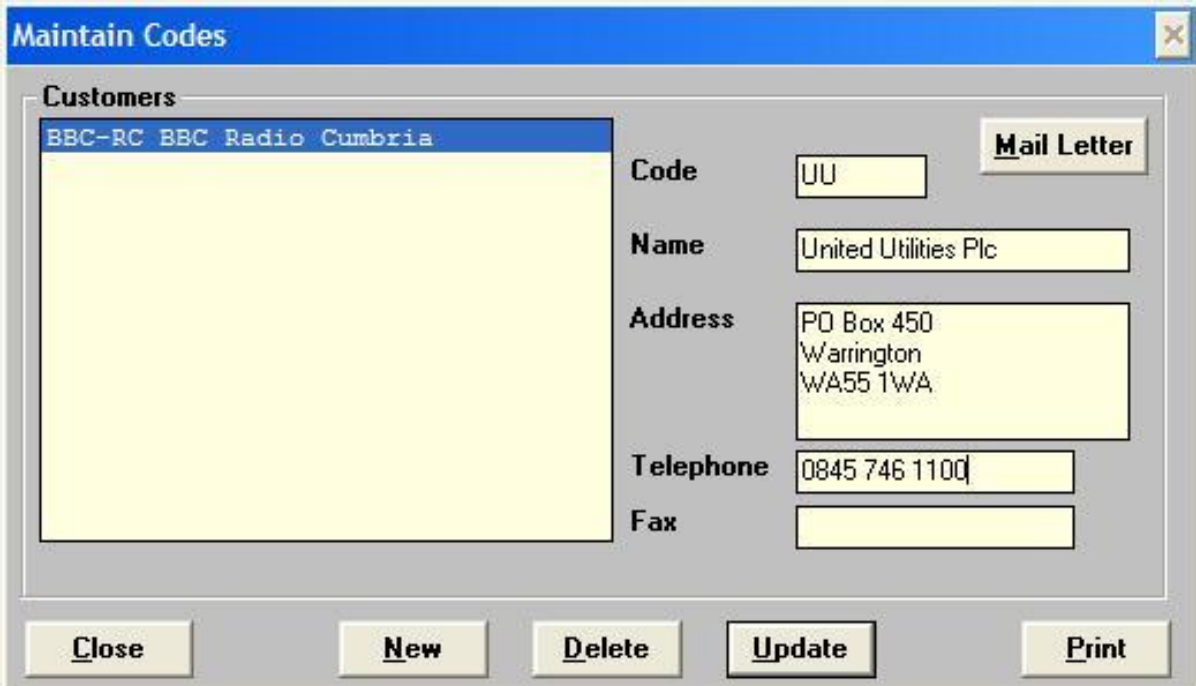
This is set up in a similar manner as a Deposit Account. Start Balance (if there is one) is entered as a positive amount or zero. It is possible for the Start Balance to be negative (you issued a credit note) but unlikely.

Supplier Credit Account

This is set up in a similar manner as a Credit Card Account. Start Balance (if there is one) is entered as a negative amount or zero. It is possible for the Start Balance to be positive (they issued you a credit note) but unlikely.

Business Partners

Customers and your Suppliers are your Business Partners. If you have any lined up you can enter their details into Visual Accounts. You can also enter a new customer or supplier as you are entering a payment (**PAY** or **BIL**) or receipt (**RCP** or **INV**) by entering a new Customer code and "tabbing" way from the Customer field.



The screenshot shows a software window titled "Maintain Codes" with a sub-section for "Customers". A list on the left contains one entry: "BBC-RC BBC Radio Cumbria". To the right of the list is a form for editing details. The form fields are: "Code" (UU), "Name" (United Utilities Plc), "Address" (PO Box 450, Warrington, WA55 1WA), "Telephone" (0845 746 1100), and "Fax" (empty). A "Mail Letter" button is located above the "Code" field. At the bottom of the window are five buttons: "Close", "New", "Delete", "Update", and "Print".

Click on the button marked "New" then move to the "Customer Code" field.

Customer Code is a short name for the Customer or Supplier

Enter a suitable short name for the Business Partner for example PWRGN, NRWB or BBC using a maximum of 6 characters.

Make sure this Code is something you'll easily associate with the customer/supplier. See <http://www.visualaccounts.co.uk/tutorials/tut2/> for more details on Customer codes.

Name is the name of the Business Partner

Enter their name using a maximum of 20 characters (e.g. Powergen Plc).

Address is their address

Enter their address here using a maximum of 80 characters.

Telephone is their telephone number

Enter their Telephone number here using a maximum of 15 characters

Fax is their Fax number

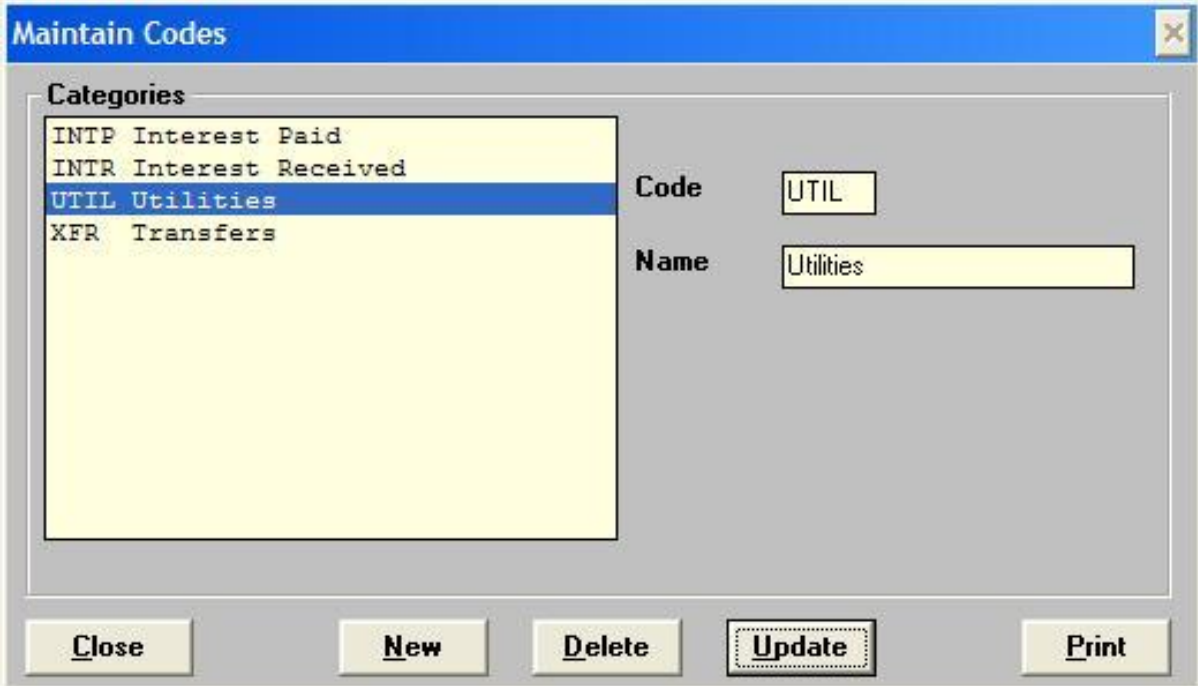
Enter their Fax number here using a maximum of 15 characters

Click on "Update" and the details are recorded. You must click on "Update" to record the new details.

Enter yourself as a Business Partner. There will be transactions which you make to yourself (usually Petty Cash transactions and transfers) or transactions which don't have a Business Partner so you enter your initials (or the code you allocated yourself) as a reference.

Categories

Now is the time to set up your categories. I recommend you use the default categories and edit them to suit your needs.



The screenshot shows a window titled "Maintain Codes" with a close button in the top right corner. Inside the window, there is a section titled "Categories" containing a list box with the following items: INTP Interest Paid, INTR Interest Received, UTIL Utilities (highlighted), and XFR Transfers. To the right of the list box, there are two input fields: "Code" with the value "UTIL" and "Name" with the value "Utilities". At the bottom of the window, there are five buttons: "Close", "New", "Delete", "Update" (which is highlighted with a dashed border), and "Print".

Categories are covered in quite some detail in the advanced tutorial, so I won't go over them again here, except to say give quite a lot of thought to your categories. Although you can change them later, it's a lot easier to get them right in the first place. It took me three or four drafts to get the right set of categories for my business. Read the tutorial at: <http://www.visualaccounts.co.uk/tutorials/tut3/> for more information.

Once you have set up your categories produce a list of the sort of item which you will allocate to each category (assuming you allocate more than one item to a category). For example:

Category	Name	Items
CAR	Motoring	petrol, servicing, road tax and recovery service

UTIL	Utilities	gas, electricity and water rates
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Pin this list above your monitor for future reference – in 3 months time you'll be so glad you did.

Remember, if you get your categories not quite 100% perfect, you can always change them later on. We tend to "tweak" our categories as our business needs change.

VAT Registration Number

If you are VAT registered, set up your VAT codes now. If you're not VAT registered you should still read this section.

The screenshot shows a software dialog box titled "Maintain Codes". Inside, there is a section labeled "VAT Codes" with a large empty yellow box on the left. To the right of this box are three input fields: "VAT Code" containing "ZRO", "Name" containing "Zero Rated", and "Rate" containing "0.00". At the bottom of the dialog are five buttons: "Close", "New", "Delete", "Update", and "Print".

Click on the button marked "New" then move to the "VAT Code" field.

For the VAT codes you have a maximum of three characters for the code and 20 characters for the Name.

None (not vatable – different from zero rated)

No code allocated i.e. no entry is made in the VAT codes dialog. You must use this for non-VAT transactions see the help file for more information about this.

In the UK you could use the following VAT codes:

ZERO RATED

The VAT code is **ZRO** (note no E), the name is "Zero Rated" and the Rate is 0

REDUCED RATE

The VAT code is **LOW**, the name is "Energy" or "Reduced Rate" and the Rate is (at the time of writing) 5.0

STANDARD RATE

The VAT code is **STD**, the name is "Standard Rate" and the Rate is (at the time of writing) 17.5

ALL VAT

(This is for transactions which are all VAT like fuel scale charges – but **not** your quarterly VAT payments to Customs & Excise, they are none VAT).

The VAT code is **ALL**, the name is "All VAT" and the Rate is 9999999.99

The above is just a guide. You must choose the best system for your requirements.

Click on "Update" and the VAT details are recorded. You must click on "Update" to record the new details; clicking "Close" will abandon any changes not already saved with "Update".

Templates

Even if you don't plan on issuing invoices straight away, it's a very good idea if you set up your templates now. You can guarantee that you'll need to produce an invoice when you don't have the time to learn how to use the Invoice Designer. It always happens!

We cover using the Invoice Designer in detail in the advanced tutorial so we won't go over it again here. The tutorials covering the Invoice Designer start at:

<http://www.visualaccounts.co.uk/tutorials/tut4/>.

Invoice Template Design Service

We offer an Invoice Template Design service. If you want us to create your Invoice and Remittance Advice templates for you, please visit:

<http://www.visualaccounts.co.uk/templatedesign.htm> for more information on this useful service.

Account Transactions

This is where people can sometimes get confused. It's how you use the account which determines its type. *There's no special switch that you need to set.*

Visual Accounts gives you the power to make the transactions you need to make when you need to make them, but with power also comes responsibility. You and you alone are totally responsible for ensuring that you only make the transactions that are correct.

This part assumes you have read the tutorials. So if you haven't, please read the electronic manual that comes with Visual Accounts and the advanced tutorial available from the web site.

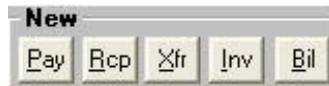
As a general rule of thumb Transfers (**XFR**) must always be allocated the category **XFR** and must never have a VAT Code (i.e. blank). Unless you have an exceptionally good reason, do not change these codes. If you change the Category and VAT code on a transfer you probably will end up paying more tax!

Remember, it's how you use the account which determines its type. The account name should only be there to remind you of how the account should be used and which transactions you can make on that account.

I'll go through each one so that you can see just how easy and how powerful it really is.

Bank Current Account

You can use all five buttons **PAY, RCP, XFR, INV** and **BIL** with this type of account.



If someone sends you a Bill (an Invoice you receive) enter it via the **BIL** button. See the help file for details of paying a bill.

If you send an Invoice enter it via the **INV** button. See the help file for details of receipting and invoice.

If you make cash receipts (i.e. no Invoice involved) enter it via the **RCP** button.

If you make cash payments (i.e. no Bill involved) enter it via the **PAY** button.

To transfer money into and out of the account use the **XFR** button. See "General Rule of Thumb" above.

Well that was easy...

Petty Cash Account

You should only ever use the **PAY** and **XFR** buttons with a petty cash account. Though, in theory, you could use the **RCP** button as well for pure cash transactions – not recommended.

Most businesses have a petty cash float. If you need to create the initial float transfer, using the **XFR** button, the amount you want from your current account (or which ever account you are drawing the funds from) to your petty cash account. Do **not** change the category code of **XFR**. If you are VAT registered do **not** allocate a VAT code. In the Customer Code use your initials (see Business Partners later on).

A screenshot of a software interface for creating a transfer (XFR) transaction. The form is titled "New" and contains the following fields and controls:

- Account:** A dropdown menu showing "CURRNT Barclays Current A/C".
- To:** A dropdown menu showing "PETTY Petty Cash A/C".
- Ref:** A text box containing "000006".
- Date:** A text box containing "17/Sep/2003".
- Memo:** A text box containing "Petty Cash Opening Balance".
- Transfer:** A text box containing "100.00".
- Customer:** A dropdown menu showing "ME Bert Bloggs".
- VAT Code:** An empty dropdown menu.
- Category:** A dropdown menu showing "XFR Transfers".
- Reconciled?:** An unchecked checkbox.
- Paid?:** A checked checkbox.
- Buttons:** "Delete" and "Update" buttons.

When you buy something with petty cash, enter it using the **PAY** button. When you want to reclaim the money, transfer the outstanding petty cash balance from your Bank Current Account to your Petty Cash account.

A screenshot of a software interface for creating a payment (PAY) transaction. The form is titled "New" and contains the following fields and controls:

- Account:** A dropdown menu showing "PETTY Petty Cash A/C".
- Ref:** A text box containing "000010".
- Date:** A text box containing "17/Sep/2003".
- Memo:** A text box containing "Widget Washer Servicing".
- Payment:** A text box containing "64.30".
- Customer:** A dropdown menu showing "WDGTW Widget Wash".
- VAT Code:** A dropdown menu showing "STD Standard Rate".
- Category:** A dropdown menu showing "MNT Maintenance".
- Reconciled?:** An unchecked checkbox.
- Paid?:** A checked checkbox.
- Buttons:** "Delete" and "Update" buttons.

For example, you have petty cash chits for £64.30 already entered in the Petty Cash account and you want to put that money back into the petty cash float (or your pocket if that's where the money came from). Using the **XFR** button, transfer £64.30 from your Bank Current account to your Petty Cash Account. Do **not** change the category code of **XFR**. If you are VAT registered do **not** allocate a VAT code. In the Customer Code use your initials (see Business Partners later on).

Account	CURRNT Barclays Current A/C	To	PETTY Petty Cash A/C
Ref	000008	Date	17/Sep/2003
Memo	Trnsfr To A/C	Transfer	64.30
VAT Code		Customer	ME Bert Bloggs
Category	XFR	<input type="checkbox"/> Reconciled?	<input checked="" type="checkbox"/> Paid?
			<input type="button" value="Delete"/> <input type="button" value="Update"/>

We recommend that every time you redeem your petty cash chits you also reconcile your Petty Cash Account – saves a lot of grief later on because, say, you can't remember what a transaction was for.

Deposit Account

You should only ever use the **RCP** and **XFR** buttons with a deposit account. Though, under certain circumstances, you can use the **PAY** button as well.

Use the **XFR** button to transfer money from your current account to the deposit account. Do **not** change the category code of **XFR**. If you are VAT registered do **not** allocate a VAT code. In the Customer Code use your initials (see Business Partners later on).

Account	CURRNT Barclays Current A/C	To	INGD Ing Direct Deposit
Ref	000010	Date	17/Sep/2003
Memo	This Month's VAT Liability	Transfer	78.30
VAT Code		Customer	ME Bert Bloggs
Category	XFR	<input type="checkbox"/> Reconciled?	<input checked="" type="checkbox"/> Paid?
			<input type="button" value="Delete"/> <input type="button" value="Update"/>

When you receive interest, or are paying directly into the deposit account without the money going through your business current account or other business accounts, enter it as a **RCP** with the appropriate Customer and Category codes and, if necessary, VAT code.

Account	INGD	Date	17/Sep/2003
Ref	000010	Receipt	5.40
Memo	Interest Received	Customer	INGD Ing Direct Bank
VAT Code		<input type="checkbox"/> Reconciled?	<input checked="" type="checkbox"/> Paid?
Category	INTR Interest Received	<input type="button" value="Delete"/> <input type="button" value="Update"/>	

If you withdraw money from the deposit account use the **XFR** button and transfer it to your Bank Current Account. Do **not** change the category code of **XFR**. If you are VAT registered do **not** allocate a VAT code. In the Customer Code use your initials (see Business Partners later on).

Account	INGD Ing Direct Deposit	To	CURRNT Barclays Current
Ref	000010	Date	17/Sep/2003
Memo	Pay last Quarter's VAT	Transfer	512.55
VAT Code		Customer	ME Bert Bloggs
Category	XFR	<input type="checkbox"/> Reconciled?	<input checked="" type="checkbox"/> Paid?
			<input type="button" value="Delete"/> <input type="button" value="Update"/>

If you are transferring money directly from your deposit account out of the business, without it going through your business current account or other business accounts. Use the **PAY** button, select the Deposit account, enter the amount and the relevant VAT, Customer and Category codes (i.e. treat it as a normal payment).

Credit Card Account

Treat this like a Current Account.

If you buy something, enter it via the **PAY** or **BIL** button using the appropriate VAT, Category and Customer codes.

If you get a refund, enter it via the **RCP** button using the appropriate VAT, Category and Customer codes.

When you receive the credit card bill, enter the interest and other charges as separate **PAY** items using the appropriate VAT (if required in your country), Category and Customer codes.

When you make a payment to the credit card company use the **XFR** button and make a transfer from your current account to your credit card account. Do **not** change the category code of **XFR**. If you are VAT registered do **not** allocate a VAT code. In the Customer Code use the appropriate customer code for the Card issuer. Write out a cheque to the credit card company for the XFR amount.

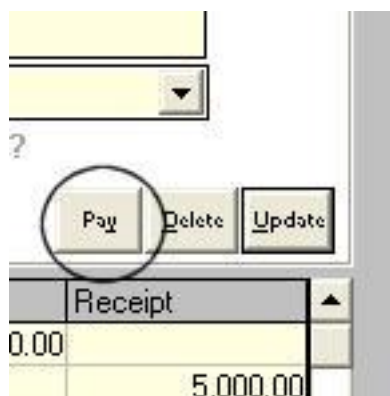
Account	CURRNT Barclays Current A/C	To	BCARD BarclayCard
Ref	000010	Date	17/Sep/2003
Memo	BarclayCard Payment	Transfer	250.00
VAT Code		Customer	BCARD BarclayCard
Category	XFR Transfers	<input type="checkbox"/> Reconciled?	<input checked="" type="checkbox"/> Paid?
			<input type="button" value="Delete"/> <input type="button" value="Update"/>

Customer Credit Account

This is in essence similar to a deposit account (i.e. money that you can't access immediately) but without the "interest". You should only ever use the **INV** and **XFR** buttons with a Customer Credit Account.

When you issue an invoice click on **INV** and select the Customer Account. Enter the amount (any splits – see the help file), the Customer Code which should match the Account Code, a Category Code and, if you are VAT registered, the VAT Code.

When the customer pays, they will usually pay more than one invoice. Double click each invoice they are paying and click **Pay** (on the right of the screen – not the **PAY** button on the left).



Next select the **XFR** button and transfer the amount the customer has paid from the Customer Credit account to your Current account (or whichever account you are paying the money into). Do **not** change the category code of **XFR**. If you are VAT registered do **not** allocate a VAT code. In the Customer Code use the appropriate customer code for the Customer. The total of the **XFR** amount must be the same as the cheque total you received.



The screenshot shows a software form for an XFR transaction. The form includes the following fields and controls:

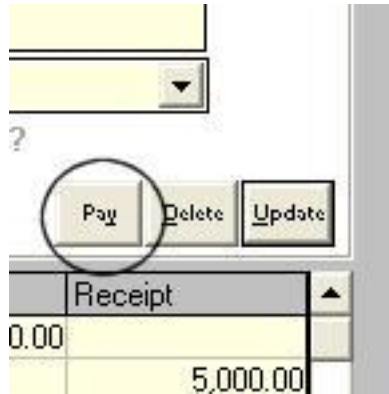
- Account**: GOOD Good Customer (dropdown)
- To**: CURRNT Barclays Current (dropdown)
- Ref**: 000010 (text box)
- Date**: 17/Sep/2003 (text box)
- Memo**: Payment for Invoices 000008 + 000009 (text box)
- Transfer**: 1523.05 (text box)
- Customer**: GOOD Good Customer (dropdown)
- VAT Code**: (empty dropdown)
- Category**: XFR Transfers (dropdown)
- Reconciled?**:
- Paid?**:
- Delete** and **Update** buttons

Supplier Credit Account

You should only ever use the **BIL** and **XFR** buttons with a Supplier Credit Account.

When you receive a Bill click on **BIL** and select the Supplier Account. Enter the amount (any splits – see the help file), the Supplier Code which should match the Account Code, a Category Code and if you are VAT registered the VAT Code.

When you pay the supplier, you will usually pay more than one bill. Double click each bill you are paying and click **Pay** (on the right of the screen – not the **PAY** button on the left).



Next select the **XFR** button and transfer the total amount you have paid from your Current account to the Supplier Credit account. Do **not** change the category code of **XFR**. If you are VAT registered do **not** allocate a VAT code. In the Customer (Supplier) Code use the appropriate code for the Supplier. The total of the **XFR** amount must be the same as the cheque total you write out.

Account	CURRNT Barclays Current A/C	To	SDW Supplier of Widgets
Ref	000010	Date	17/Sep/2003
Memo	Payment of Invoices 10234, 12234	Transfer	648.22
VAT Code		Customer	SDW Supplier of Widg
Category	XFR	<input type="checkbox"/> Reconciled?	<input checked="" type="checkbox"/> Paid?
		<input type="button" value="Delete"/>	<input type="button" value="Update"/>

Loan Account

You should only ever use the **PAY** and **XFR** buttons with a loan account. Though, under certain (rare) circumstances, you can use the **RCP** button as well.

OK, this is probably the hardest one to understand, but once you've grasped it, it's dead easy. Go make a coffee (or tea) and deal with any potential interruptions, comfort breaks etc., before continuing...

...Ready? Here we go...

With a Loan Account we are assuming you are borrowing money not lending it. (If you are lending money treat it exactly the same as a deposit account).

To understand the method of using a Loan Account properly you need to bear in mind that being charged interest and making a payment are two totally different transactions and must be handled separately even if the lender lumps them together. That's the big secret. Remember that and you've got it licked.

Oh, and keep this e-book handy for the first few times you need to make loan transactions.

There are two main types of Loan Accounting.

Loan Scenario One

You are charged the interest on an ongoing basis (i.e. you receive an interest statement every year, quarter, month etc.) – similar to a mortgage type of loan.

When you receive the loan, enter the Principle (the actual amount you are borrowing excluding the interest and any charges) as a transfer using the **XFR** button from your Loan Account to your Current Account (or which ever account is going to receive the money). Do **not** change the category code of **XFR**. If you are VAT registered do **not** allocate a VAT code. In the Customer Code use the appropriate customer code for the lender.

Account	RIPOFF Rip-off Loan Corp	To	CURRNT Barclays Current
Ref	000001	Date	17/Sep/2003
Memo	The Business Loan	Transfer	5000.00
VAT Code		Customer	RIPOFF Rip-off Loan Cor
Category	XFR Transfers	<input type="checkbox"/> Reconciled?	<input checked="" type="checkbox"/> Paid?
			<input type="button" value="Delete"/> <input type="button" value="Update"/>

When you are charged interest (this is **not** when you make a payment but when you receive the Interest Statement from the lender), enter it (and any charges) as **PAY** on your Loan Account with the appropriate Customer code (the Lender) and Category code (Interest Payment). If you are VAT registered check whether you need to allocate a VAT code.

Account	RIPOFF Rip-off Loan Corp	Date	17/Sep/2003
Ref	000003	Payment	500.00
Memo	Interest!!!	Customer	RIPOFF Rip-off Loan Cor
VAT Code		<input type="checkbox"/> Reconciled?	<input checked="" type="checkbox"/> Paid?
Category	INTP Interest Paid	<input type="button" value="Delete"/> <input type="button" value="Update"/>	

When you make a payment to the lender transfer the total amount you are paying (interest and principle repayment) to your loan account from your current account using the **XFR** button. Do **not** change the category code of **XFR**. If you are VAT registered do **not** allocate a VAT code. In the Customer Code use the appropriate customer code for the lender. Write out a cheque to the lender for the **XFR** amount.

Account	CURRNT Barclays Current A/C	To	RIPOFF Rip-off Loan Corp
Ref	000004	Date	17/Sep/2003
Memo	Loan repayment	Transfer	160.00
VAT Code		Customer	RIPOFF Rip-off Loan Cor
Category	XFR	<input type="checkbox"/> Reconciled?	<input checked="" type="checkbox"/> Paid?
			<input type="button" value="Delete"/> <input type="button" value="Update"/>

This will balance the two accounts properly (i.e. show the money as actually having come from the Current Account and being used to reduce the loan account balance) and allocate the interest part of the repayment to the correct category for tax purposes.

Loan Scenario Two

You are charged ALL the interest when you take out the loan and it is effectively added to the loan total – similar to an HP type of loan.

When you receive the loan, enter the Principle (the actual amount you are borrowing excluding the interest and any charges) as a transfer using the **XFR** button from your Loan Account to your Current Account (or which ever account is going to receive the money). Do **not** change the category code of **XFR**. If you are VAT registered do **not** allocate a VAT code. In the Customer Code use the appropriate customer code for the lender.

Account	RIPOFF Rip-off Loan Corp	To	CURRNT Barclays Current
Ref	000001	Date	17/Sep/2003
Memo	The Business Loan	Transfer	5000.00
VAT Code		Customer	RIPOFF Rip-off Loan Cor
Category	XFR Transfers	<input type="checkbox"/> Reconciled?	<input checked="" type="checkbox"/> Paid?
		<input type="button" value="Delete"/>	<input type="button" value="Update"/>

When you receive the loan, enter the total amount of the Interest (and any charges) as **PAY** on your Loan Account with the appropriate Customer code (the Lender) and Category code (Interest Payment). If you are VAT registered check whether you need to allocate a VAT code.

Account	RIPOFF Rip-off Loan Corp	Date	17/Sep/2003
Ref	000003	Payment	500.00
Memo	Interest!!!	Customer	RIPOFF Rip-off Loan Cor
VAT Code		<input type="checkbox"/> Reconciled?	<input checked="" type="checkbox"/> Paid?
Category	INTP Interest Paid	<input type="button" value="Delete"/>	<input type="button" value="Update"/>

When you make a payment to the lender transfer the total amount you are paying (interest and principle repayment) to your loan account from your current account using the **XFR** button. Do **not** change the category code of **XFR**. If you are VAT registered do **not** allocate a VAT code. In the Customer Code use the appropriate customer code for the lender. Write out a cheque to the lender for the **XFR** amount.

Account	CURRNT Barclays Current A/C	To	RIPOFF Rip-off Loan Corp
Ref	000004	Date	17/Sep/2003
Memo	Loan repayment	Transfer	160.00
VAT Code		Customer	RIPOFF Rip-off Loan Cor
Category	XFR	<input type="checkbox"/> Reconciled?	<input checked="" type="checkbox"/> Paid?
		<input type="button" value="Delete"/>	<input type="button" value="Update"/>

This will balance the two accounts properly (i.e. show the money as actually having come from the Current Account and being used to reduce the loan account balance) and allocate the interest part of the repayment to the correct category for tax purposes.

Unscheduled Repayment

If you receive a payment from a customer which you want to use to pay off part of your loan account, without it going through your business current account or other business accounts. Use the **RCP** button and select the Loan account, enter the amount and the relevant VAT, Customer and Category codes (i.e. treat it as a normal receipt).

That's it.

If you have other types of accounts not mentioned here, you can use a similar system or mixture of the above methods to operate the account.

Remember, it's how you use the account which determines its type. The account name should only be there to remind you of how the account should be used and which transactions you can make on that account.

Note on Closing Bank and other Accounts

If you close a bank, Deposit, Loan or other account from which you have made transactions, you must **not** delete it from Visual Accounts until after you have ensured that the balance is zero, backed up your data and archived all the transactions covered by that account. Failure to do this could leave you paying too much (or too little) tax!

Things Accountants Want

You may be wondering what Visual Accounts does about Accounting Periods. End of month, end of quarter, end of year and VAT quarter etc.

The answer is, you decide.

If you want weekly periods, fine... Fortnightly periods, no problem... 2 monthly periods, OK... Weekly periods this month and monthly periods next month, sorted... Though it is better if you stick to the sorts of periods Accountants expect (they'll probably charge you more if you have non-standard periods – cynic, who me?).

Visual Accounts does not have cut off dates. You can go back and alter any transaction or get any report at any time as often as you want. If you want a "Cut off Date" just Archive your transactions up to that date. Note if you do this you may need to manually calculate Final Accounts report.

You must not alter a transaction once you have agreed your Income Tax Return with the Inland Revenue, to do so will cause you a very considerable amount of grief from the Inland Revenue, including the possibility of legal action. If you are VAT Registered, the same applies to a transaction after it has been included on your quarterly VAT Return.

Regardless of your company type, you must also have sufficient information to complete your annual income tax return correctly. If you are VAT registered, you must produce a VAT return every VAT quarter. If you are a Limited Company you must produce Annual Accounts. Those are the legal requirements. Other than that, it is up to you to decide on the periods and reports you want.

I'll tell you what we do and you can then decide what you want to do.

Daily

A Final Accounts report, this helps us to pick up trend and do something about it before it gets out of hand. See the advanced tutorial for details on the Final Accounts report.

Weekly

We run an Aged Debtors, Aged Creditors and a Category Analysis for the week. I will sometimes do an Income and Expenditure as well, especially if we've had to spend a bit of money on new kit that week.

If you have a lot of credit accounts or a lot of transaction on a credit account, you will want to run Aged Debtors account more frequently. If you don't have any, then you don't need them.

Monthly

At the end of the month (usually the 1st working day of the following month) we run just about every report there is! The only two reports we don't run are System Audit and Bank Activity Report. We use "previous month" as the date range.

We aren't currently VAT registered so we don't run the VAT reports. When we were VAT registered (it was fun de-registering – not!) we ran the appropriate VAT reports at the end of every month and produced a VAT return at the end of every VAT quarter.

Yearly

The same as monthly but using the previous 12 months as the date range. I also run the System Audit to have a complete paper record of all the transactions. This System Audit is kept off-site in case we ever need to rebuild our accounts the hard way (belt and braces really). You may want to print off a list of your Categories and Business Partners as well.

Other Reports

When a Bank Statement arrives, we run a reconcile report on that account as well reconciling the account with the bank statement. We also reconcile the Petty Cash account, usually weekly.

Having run the reports, I then look through them looking for problems. The sorts of things I look for are lower sales of a product, higher than normal expenditure on an item etc. Most importantly, if an anomaly shows up, I find out why and correct it. I also check the current month's reports against the previous couple of month's reports to see if any trends show up.

We run a budget on a spreadsheet, and I enter the monthly figures, along with other information we collect, onto the spreadsheet to see how we are doing against budget. You could do this daily, weekly etc.

The Income and Expenditure report is used in place of a Profit and Loss report and in conjunction with the Final Accounts report when I complete the income tax return at the end of the year usually with the help of the Local Inland Revenue Business Advisor.

These are the reports I run and the frequency with which I run them. You will need to decide for yourself which reports you need and when. As every business is different, what suits us will probably not suit you.

As a rough guide, accountants tend to like monthly, quarterly and yearly reports of the following: Aged Debtors, Aged Creditors, Bank Activity, Income & Expenditure and VAT (if you are VAT registered). They also seem to like the System Audit (also known as the "Audit Trail") at the year end.

Last but not least, you do not legally, under certain circumstances, have to have an accountant produce your end of year accounts or tax returns. It is usually money extremely well spent if you do get an accountant to do these for you, but it is not necessarily a legal requirement. A good accountant could help you save an enormous amount of tax.