

Manager Guides

April 11, 2023

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Chapter 1: First Steps

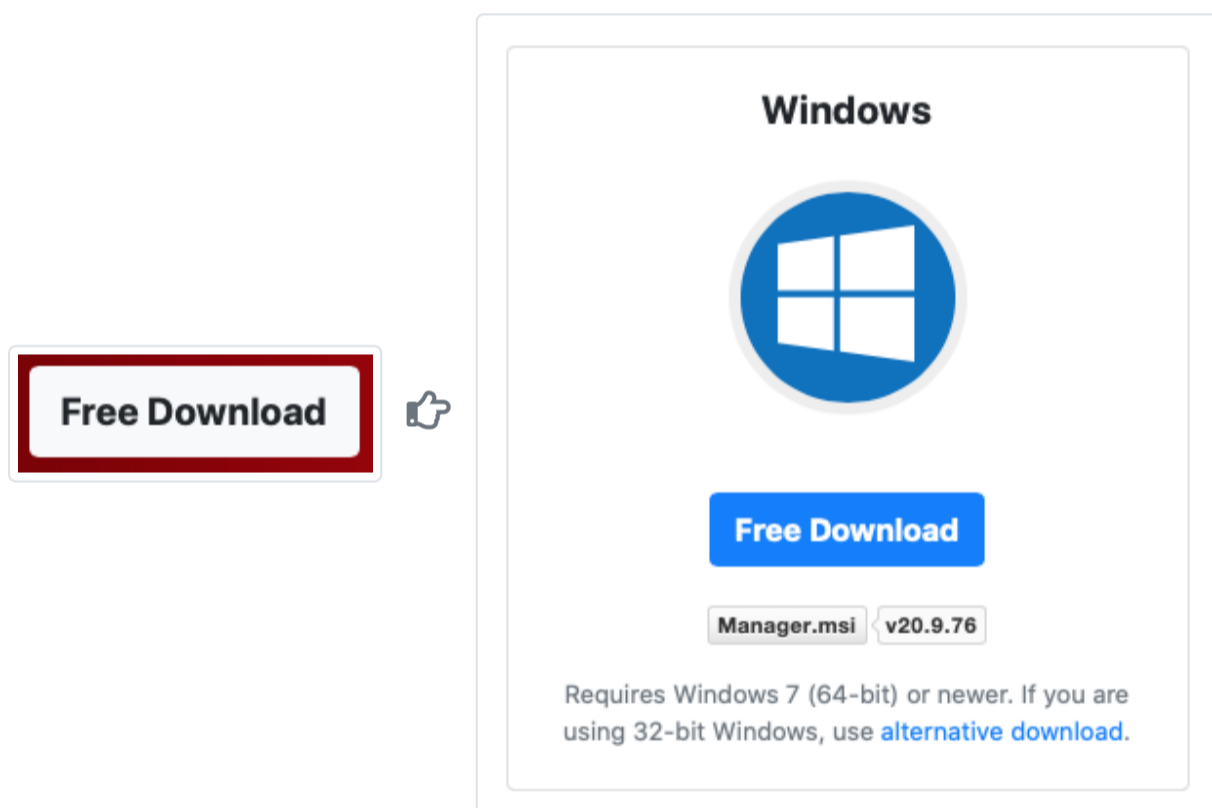
These Guides will get you started, providing information on how to establish businesses and users, set initial preferences, and choose the functional modules and accounting method you will initially use. (You can always add more or change later.) Guides about localizing Manager for your country are also found in this group.

1.1 Initial Setup

1.1.1 Install or update desktop edition on Windows

Install or update the desktop edition of Manager on a Windows-based computer in exactly the same way. When updating, do not delete or uninstall anything first. The Manager installer will handle everything for you.

To download the current version of Manager, click [Free Download](#) on the [Manager.io](#) home page. Then select [Free Download](#) within the Windows tile:



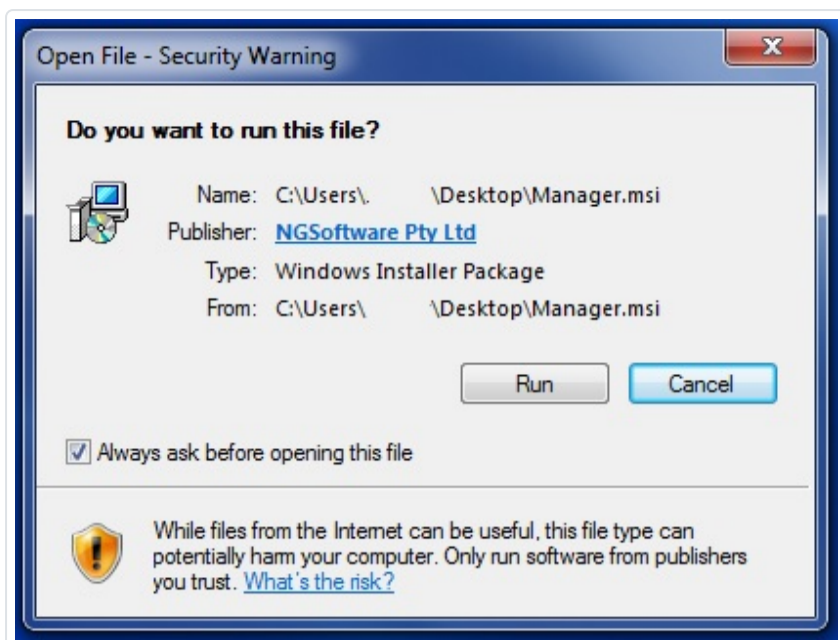
Note

If you plan to install Manager on a 32-bit Windows machine, be sure to download the correct installer by clicking [alternative download](#).

To install or update Manager, double click or run the downloaded installer file. Unlike most Windows installers, this one is set up to run for a normal user, so no administrator password is required:



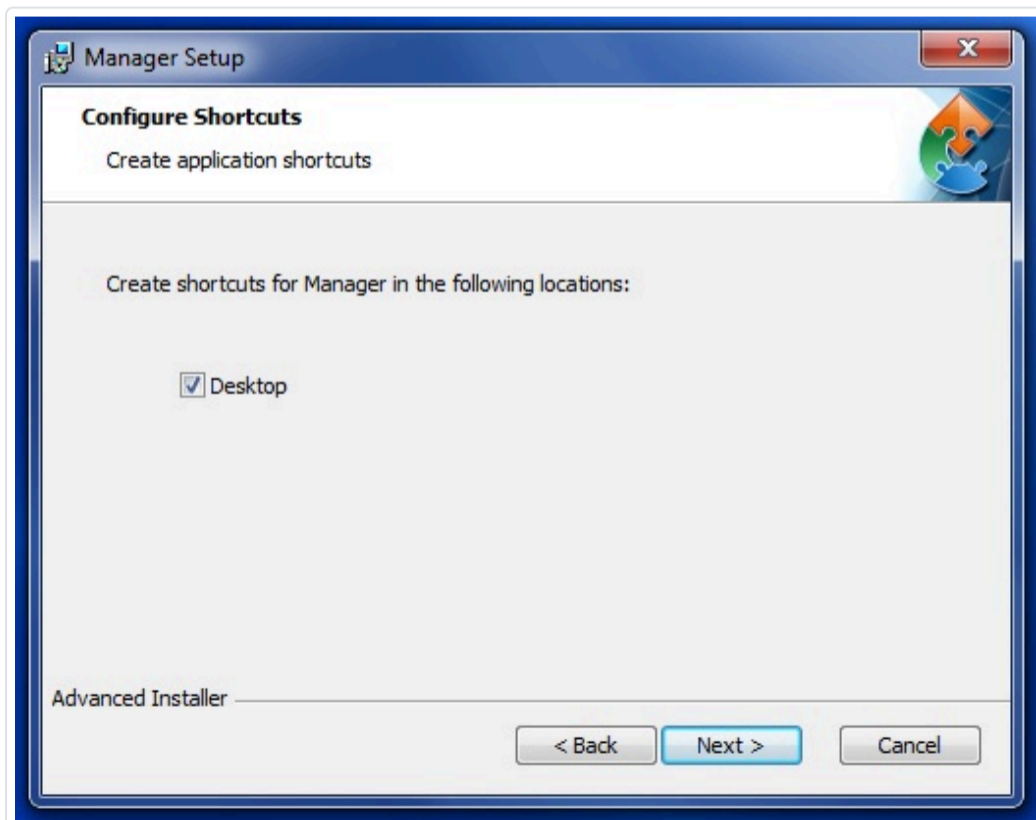
Accept the security warning by clicking [Run](#):



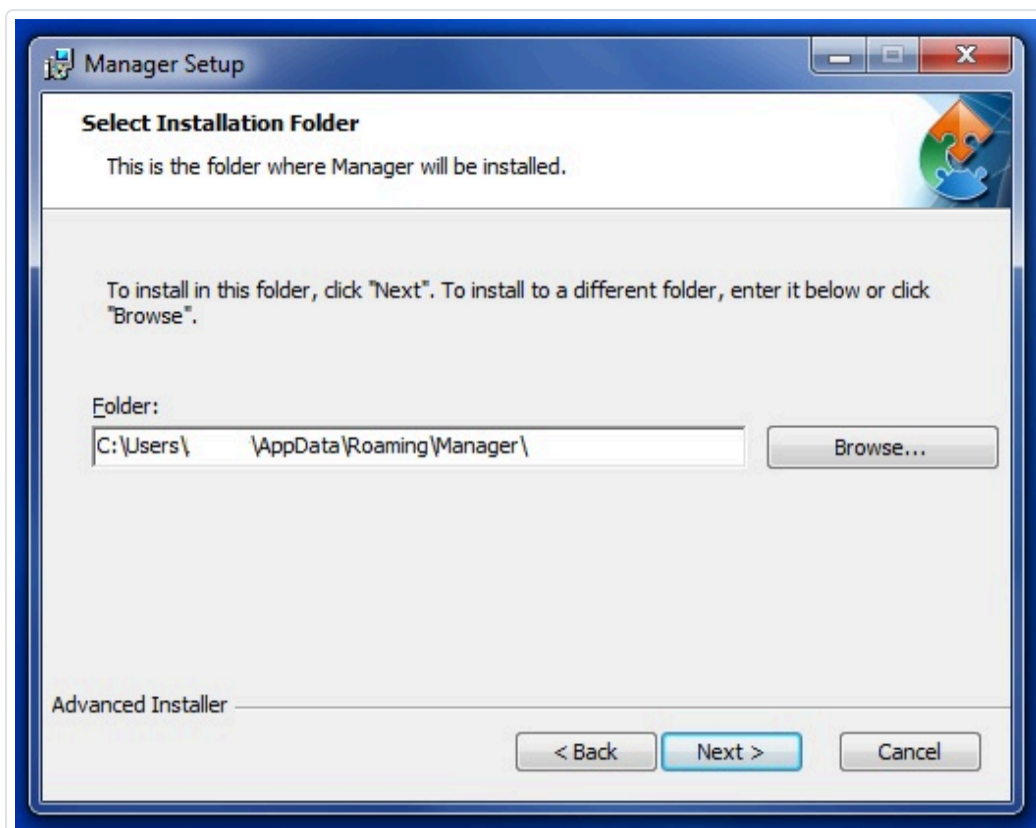
When the Manager Setup Wizard screen appears, click **Next** :



Choose whether you want to add a desktop shortcut, then click **Next** :



Confirm the directory where you will install Manager. The default location is the Windows user's private (hidden) directory. Click **Next** to complete installation:



Notes

Installation in Windows protected program directories such as **C:\Program Files** or access by multiple windows users is not covered by this guide.

Multiple versions of Manager can be installed on a Windows computer by logging in as different Windows users.

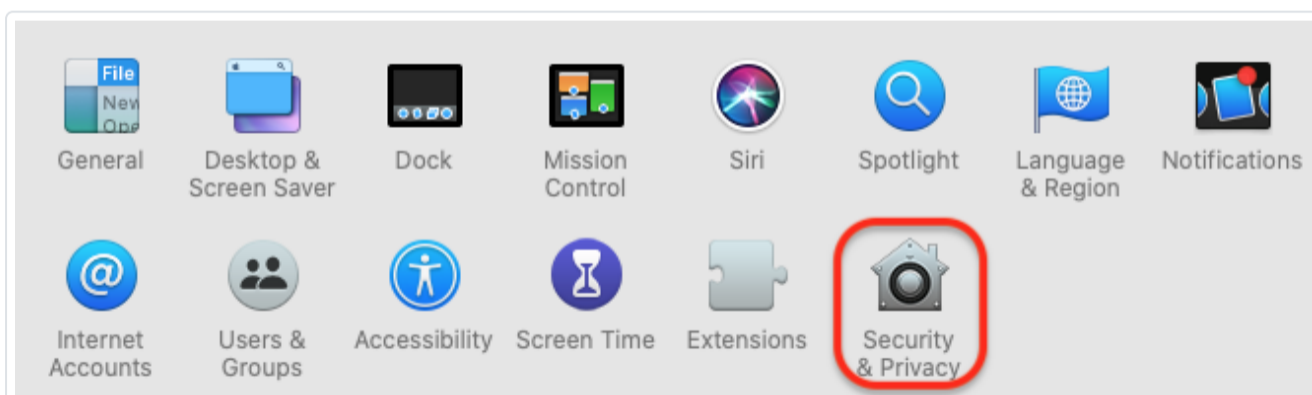
During installation, you can also choose any other installation directory for which the current Windows user has write permission. Manager will remember the installation directory chosen next time that particular Windows user installs Manager.

1.1.2 Install or update desktop edition on macOS

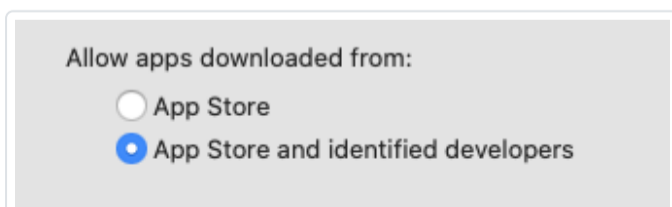
Reading about installing or updating Manager on macOS takes longer than doing either.

Initial installation

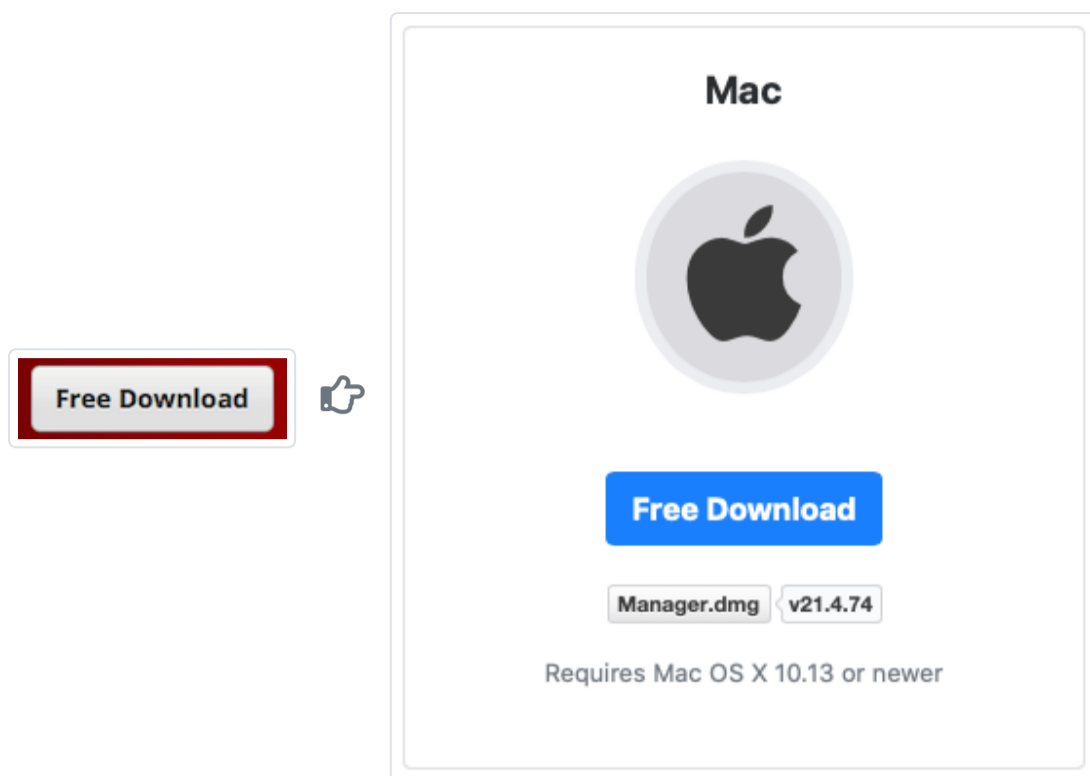
Before installing Manager, go to your computer's System Preferences and click on Security & Privacy:



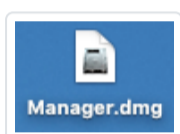
In the General tab of the Security & Privacy preferences pane, select the option to allow apps downloaded from the App Store and identified developers (Manager is published by an identified Apple developer):



Next, to install the desktop edition of Manager on macOS, download the program from <https://www.manager.io>. Click on **Free Download**, then **Free Download** in the Mac tile:

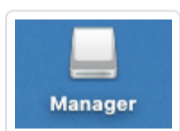


A disk image file (with a .dmg extension) will appear in your designated downloads folder:

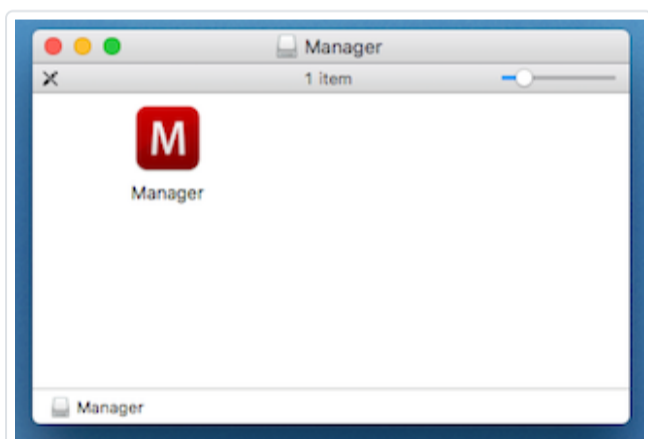




NOTE: Do not try to install the disk image. It will not launch Manager.

Double-click to open the disk image. A Manager disk icon will appear:



Open the disk folder if it does not open automatically:



Drag the Manager application icon  from the Manager disk folder into the Applications folder  on the computer.



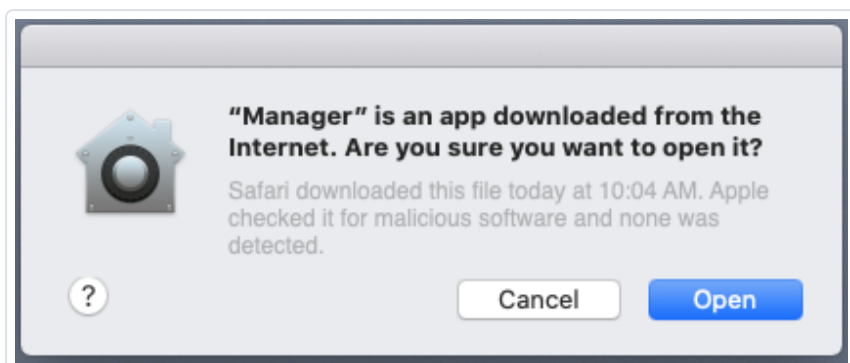
Note

Do not drag the Manager icon to any icon for your Applications folder that may appear in the Dock. Such an icon is **not** your Applications folder; it is just an alias.

Installation is complete.

Security warnings

MacOS includes features to reduce the chance of launching malicious software. The first time you launch Manager, you may see a warning like this:

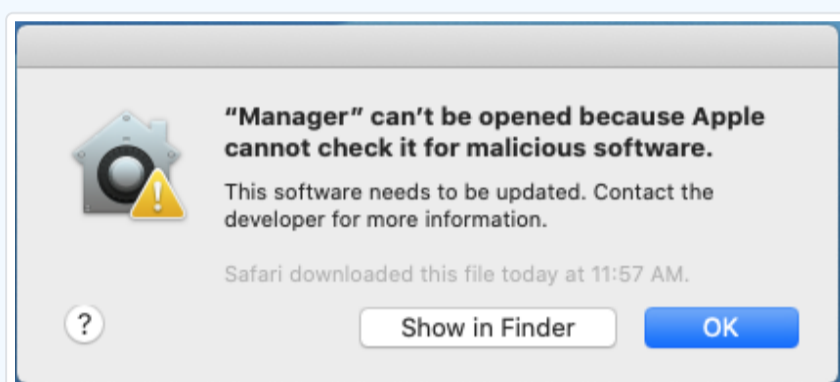


Click . When launching the same version of Manager again, you will not see the warning.



Note

MacOS versions 10.15 (Catalina) and 10.11 (Big Sur) include more rigorous security than previous versions of the operating system, including a software notarization feature. If you see the following message saying the application cannot be opened:

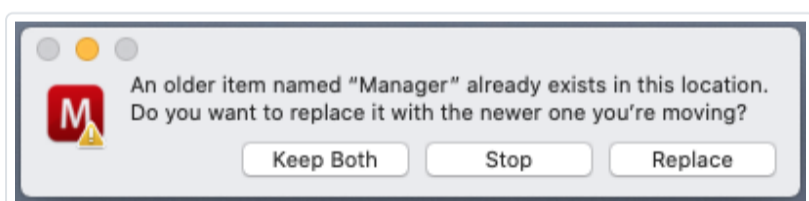


you have not downloaded a current version of Manager from the official website.

Updating Manager

Always [back up your accounting data](#) to a remote storage device before updating.

Do not delete or uninstall anything before updating. Updating Manager is similar to initial installation. After downloading the program, opening the disk image, and dragging the Manager icon to the Applications folder, the macOS Finder will display a warning:



Selecting will retain the existing version of Manager and save the new version with a number appended to the application name. This option allows you to revert to an old version if you encounter a problem with the new one. (See **Caution** below.) Both versions will appear in the Applications folder:



Selecting will terminate the installation without affecting the downloaded file.

Selecting will automatically remove the old version and install the new one in its place. If an alias of Manager is permanently kept in the Dock, that alias will now launch the new version of Manager. (If both versions were kept, the Dock alias will launch the old version, because the new version has a different name.)

Regardless of which installation option is chosen, all versions will call data from the same data file, so no further action is required to access accounting data.

The first time Manager is launched after updating, the same security warning that appeared after initial installation may show again. Proceed as described above.

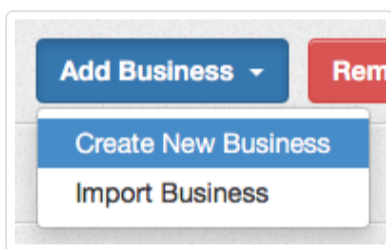


Caution

Updates of Manager can access and use older data files. But sometimes they modify the database structure. So once you have opened a business with a newer version, problems might arise if the same business is opened with an older version. If, for any reason, you need to return to an older version of Manager, [restore the business from a backup file](#) that predates the update.

1.1.3 Add a new business

Adding a new business to Manager is simple. After you have downloaded, installed, and launched the program on your computer or accessed it via a web browser, go to the **Businesses** tab, click **Add Business**, and select *Create New Business* in the dropdown box:



Enter the **Business Name** you want to appear in your list of businesses. A **Country** will be selected automatically, based on your detected location. Or, you can select a country from the dropdown menu. You should choose the country of your primary business or tax registration. Clicking **Add Business** will add any available country-specific localizations and create a business data file for the new entity:

Create New Business

Business Name

Country

Add Business **Cancel**

Selecting a country gives you a good start on setting up your business, including:

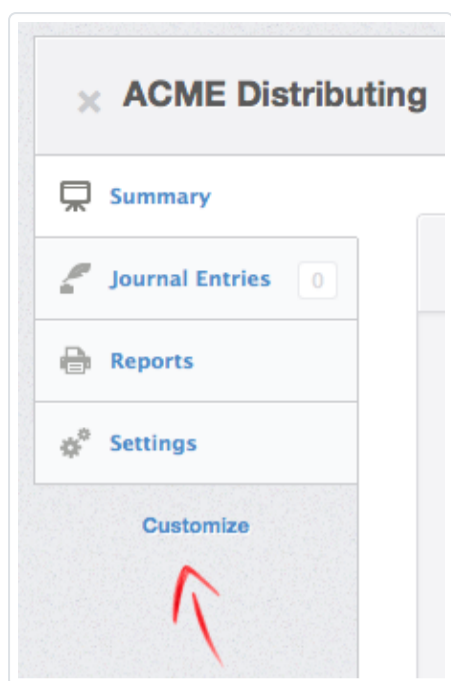
- Pre-set base currency
- Pre-set date and number formats
- A chart of accounts tailored for the country, with accounts necessary to match mandatory structures and accommodate localized requirements
- Tax codes
- Payslip items necessary to implement local payroll laws



Note

Localizations are not presently available for all countries. If your country is not available in the dropdown menu, you will need to set things up yourself.

A **Summary** page for your added business will appear. Four universal tabs will be activated, because all businesses need them:



Now you can:

- [Customize capabilities](#) to meet your needs
- [Build a chart of accounts](#)
- Use other features described in the [Guides](#)



Note

When the data file of a business is opened directly in the desktop edition rather than by selecting the business in the **Businesses** tab, that business is **not** added to the list. The list on the **Businesses** page contains only those businesses stored in the application data folder. See [this Guide](#) for additional information.



Caution

Manager will not prevent adding or importing businesses with identical names. To avoid confusion, such as when renaming and restoring a backup file by eliminating the date stamp, consider removing other businesses with the same name from the **Businesses** tab first. (See instructions in [another Guide](#).)

1.1.4 Name or rename a business

You can **name or rename a business** for any reason, including:

- Initial setup
- Change of formal business name
- Change of trading name
- Removal of date stamps from backup files

There are two, independent aspects of naming:

- Setting the business file name that appears in Manager's **Businesses** tab
- Setting the business or trading name on transaction forms, such as sales invoices, receipts, purchase orders, etc., and on statements and reports.



Note

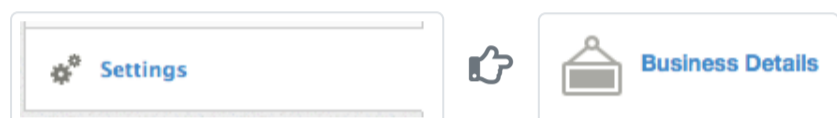
While matching names are often convenient, the business file name is not used by the program in the same way as the business trading name. A properly entered business trading name will remain fixed through [data backups, restorations, and transfers](#). It will appear on transaction forms and reports no matter what business file name is used. The business file name, however, changes when a backup is made, with addition of a date. This feature allows you to determine which version of a business data file is in use.

Set the business file name

When a business is first added to Manager using the **Add Business** button, a dialog box allows you to enter the business name under which all data for the business will be accessible. You can enter the formal legal name, a trading name, or something short and convenient. This name should be something that allows you to distinguish the business from others in the **Businesses** tab.

Set the business trading name

Go to **Settings** **Business Details** :



Enter your desired name in the **Business Name** field:

Business Details

Business Name

Address

1313 Webfoot Walk
 Duckburg
 Calisota
 info@northwind.com



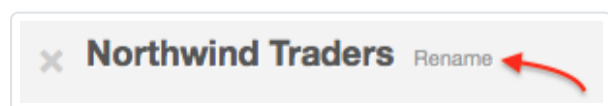
Note

If no business trading name is entered, Manager will use the business file name as the trading name.

Rename a business

The trading name of an existing business can be changed at any time following the same procedures described above for initial naming. Click **Update** to save the new trading name.

A business file name, under which the business appears in the **Businesses** tab, can be changed by clicking **Rename** beside the business name at the top of the Manager window:



Edit the business file name and click **Update**. This step has no effect on the trading name unless one has not been entered.



Note

Changing either a business file or business trading name affects no accounting data. Nor does it change data file names of prior, existing backups or the trading names they contain.

1.1.5 Enter business details

To customize sales invoices, cash receipts, purchase orders, and other transaction forms, click **Business Details** in the **Settings** tab:



Enter information you want to appear on transaction forms and be used by the program:

Business Details

Name

Address

Country

- **Business Name** is the name you operate the business under. This does not necessarily need to be the same as your legal business name. Nor does it need to match the business name used to identify your accounting file in Manager.
- **Address** will usually contain your address, phone number, email address, and so forth. It might also contain a business identifier, such as a tax identification number, banking number, or other type of information.
- **Country** lets you select a jurisdiction, causing the program to make localizations available at relevant places in the program, if there are any for the country selected.



Notes

Localizations are not currently available for all countries.

If a business was created prior to Manager version 21.10.32, no localizations could be selected on the **Business Details** page. But the **Country** field can be edited at any time. This will make country-specific custom fields, report transformations, and extensions available. Changing the country could make different localizations available.

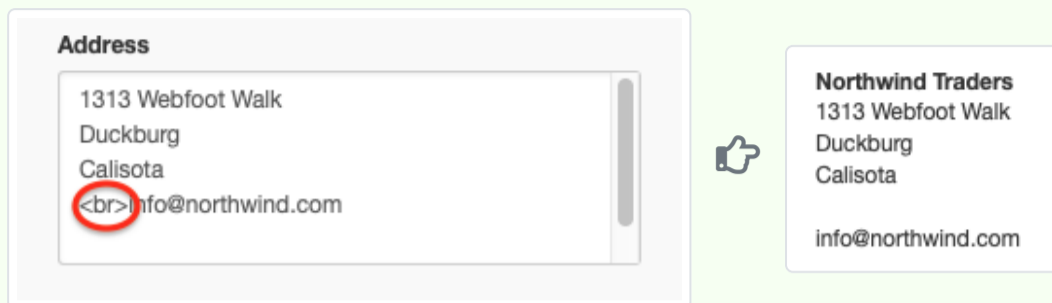
If you included information in the separate **Business identifier** field of older versions of Manager, that content was not discarded, even though the separate field no longer exists. The information was appended in the **Address** field and appears on transaction forms in the same location.

The fields will accept HTML code. So you can modify the appearance of your form headers without creating a custom theme.



Example

The simple use of the HTML `
` tag in the **Business Identifier** field of the illustration above adds a line break to what would otherwise be a closely spaced entry. The address information shown on the left appears on transaction forms as at the right:



1.1.6 Set base currency

By default, Manager operates without any designated currency. No currency symbols are displayed on forms or reports. If your business operates entirely in a single currency, this may be sufficient. You can, however, **set a base currency**. You **must** set a base currency if you will designate foreign currencies for:

- Bank accounts
- Cash accounts
- Expense claims
- Customers
- Suppliers
- Employees
- Journal entries
- Special accounts



Note

Many reports do not include currency designations to reduce clutter, because they are always presented in your base currency.

To set a base currency, go to the **Settings** tab, then click **Base Currency** :



Define your base currency:

Base Currency

Code	Name
<input style="width: 80%;" type="text"/>	<input style="width: 95%;" type="text"/>
Symbol	
<input style="width: 80%;" type="text"/>	
Decimal places	
<input style="width: 40%;" type="text" value="2"/>	

- **Code** will be used to abbreviate the currency in various fields throughout the program where multiple currencies may be available.

Normally, this will be a three-letter standard code.

- **Name** is the full name of the currency.
- **Symbol** is the designator for the currency that will appear on completed transactions when viewed.
- **Decimal places** is prefilled as 2 by default. If your base currency uses more or fewer decimal places, change the number here.



Caution

Do not use the **Decimal places** field to control rounding preferences. Use it only to define characteristics of your base currency.

Click to activate your base currency.

All existing accounts and subaccounts will automatically be denominated in the base currency. Transaction forms will now display the appropriate symbol for the currency.



Example

Brilliant Industries sets its base currency to the Australian dollar:

Base Currency

Code	Name
<input type="text" value="AUD"/>	<input type="text" value="Australian dollar"/>
Symbol	
<input type="text" value="\$"/>	
Decimal places	
<input type="text" value="2"/>	

A representative transaction shows the result:

	Sub-total	\$ 300.00
	GST 10%	\$ 30.00
	Total	\$ 330.00
Less: Credit Note #2 – 08/01/2018		\$ 16.50
	Balance due	\$ 313.50



Note

Establishing or changing base currency has no impact on numerical values previously entered in Manager. No currency conversions are computed.

1.1.7 Define foreign currencies

Manager allows you to **define foreign currencies**. These can include national currencies, cryptocurrencies, or customized forms of exchange. (All are referred to as foreign currencies within the program and treated similarly. The terminology is used for all currencies that are not the [base currency](#).) Once a base currency and at least one foreign currency are defined, you can designate currencies for:

- Bank accounts

- Cash accounts
- Expense claims
- Customers
- Suppliers
- Employees
- Journal entries
- Special accounts

When a currency has been selected for any of the above, it follow the designated subsidiary ledger to other transactions. For example, when a customer is denominated in a foreign currency, all sales invoices for that customer will automatically be in the foreign currency.

To define a foreign currency, go to the **Settings** tab, then click **Foreign Currencies** :



Define the foreign currency:

ForeignCurrency

Code	Name
<input type="text"/>	<input type="text"/>
Symbol	
<input type="text"/>	
Decimal places	
<input type="text" value="2"/>	

- **Code** will be used to abbreviate the currency in various fields throughout the program where multiple currencies may be available. Normally, this will be a standard, three-letter code.
- **Name** is the full name of the currency.
- **Symbol** is the designator for the currency that will appear on completed transactions when viewed.
- **Decimal places** is prefilled as 2 by default. If your base currency uses more or fewer decimal places, change the number here.



Caution

Do not use the **Decimal places** field to control rounding preferences. Use it only to define characteristics of the foreign currency itself.

Click **Update** to activate the foreign currency.

For all transactions where the context makes it appropriate, the option will now exist to choose the currency. Transaction forms using it will now display the appropriate symbol for the foreign currency.



Example

Brilliant Industries sets its base currency to the Australian dollar. But it also defines the Euro:

ForeignCurrency

Code	Name
<input type="text" value="EUR"/>	<input type="text" value="Euro"/>
Symbol	
<input type="text" value="€"/>	
Decimal places	
<input type="text" value="2"/>	

A representative transaction shows the result:

Unit price	Amount
75.00	75.00
Total	€ 75.00



Note

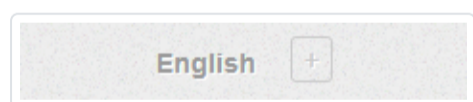
Establishing or changing a foreign currency has no impact on numerical values previously entered in Manager. No currency conversions are computed.

1.1.8 Set language

By default, Manager will open and operate in English. If you prefer to work with Manager in a different **language**, you can easily switch. Language preference is set by the individual user and affects all businesses that user can access.

Choosing a language

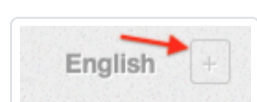
By default, you will see in the footer at the bottom of the Manager window:



If your web-browser is configured to accept other languages, you will also see those options by default. For example, if your web browser is configured to accept English, Vietnamese, and Arabic, you will see this:



To switch to an available language, simply click on its link. No matter which language you currently have selected, you can also click the button in the footer :



Links to all available languages will appear. Choose your preferred language by clicking its link:



Example

Northwind Traders moves to the Netherlands and decides to switch languages. It follows the procedures described above, clicking on and now sees information in the new language:

Samenvatting		Stel periode in
Balans		
Op 4/12/2017		
Activa	174,814.20	
Debiteuren	60,549.62	
Declarabele kosten	100.00	
Factureerbare tijd	175.00	
Immateriële Vaste Activa	-	

Effects of language changes

Manager implements translation via a lookup table including terms used in the program. This table covers predictable words, such as:

- Functional tab names
- Built-in balance sheet group names
- Built-in control account names
- Automatically enabled account names related to hard-coded functions
- Report titles
- Built-in field labels on forms

The table does not include content you enter anywhere in the program. Therefore, Manager will not translate:

- Names of groups and accounts you create or edit in your chart of accounts
- Content of fields, such as inventory item names, line-item descriptions, or business details, even though labels of these fields are translated
- Labels or content of custom fields

**Note**

Default, placeholder group and account names on the profit and loss statement side of your chart of accounts are special cases. Because these placeholder names are not control accounts and are not related to hard-coded program functions, they are treated as though they were created by the user. Therefore, they are not translated back and forth when the language preference is changed.

However, because they are present by default when a new business is created, their names are known in advance, and they are included in the translation table. So when they are first created, their names will be in the language currently set. If you plan to operate a business in a certain language, set that as your preference before creating the business. The placeholder groups and accounts will be titled in your desired language. They will not, however, be translated later if you change language.

Manager also reverses layout from left-to-right to right-to-left when one of the following languages is chosen:

- Arabic
- Dhivehi
- Hebrew
- Kurdish
- Persian
- Urdu

For further information on right-to-left languages, see [another Guide](#).

Advice for multi-language businesses

Users can quickly switch back and forth between languages. For example, you might have some customers who prefer invoices in English and others who prefer invoices in French. You can change the language directly on the sales invoice entry screen, seeing the exact result in real time.

When a business operates in multiple languages, whether because customers or suppliers use different languages or because internal users do, a few ideas may be helpful:

- Title self-generated groups and accounts in the chart of accounts in both languages. For example, a bilingual Spanish/English company could rename the default *Donations* account to *Donaciones | Donations*. (Automatic and control accounts will be translated by the program.)
- Enter field content, especially in custom fields, in the language of its intended audience. For example, payment terms on sales invoices should be in the language of the customer (or multiple languages).
- Consider creating custom themes for different languages.
- Remember that Manager has no live translation capability, but is restricted to what the translation teams have put into the translation table. Switch back and forth between languages to fully understand the effect and make necessary adjustments. Explore all aspects of the program when doing this.

**Note**

The translation process is a collaborative, community effort. See [Translations](#) for more information. If you find incomplete or incorrect translations, you might like to [join our translation team](#). You can suggest new languages at the same link.

1.1.9 Use right-to-left languages

Manager supports **right-to-left text** and overall layout when you switch to one of the following languages:

- Arabic
- Dhivehi

- Hebrew
- Kurdish
- Persian
- Urdu

Procedures for changing language are described in [another Guide](#). Read it first.

When using one of the right-to-left languages, the entire interface will be right-to-left.



Example

A new business is added, and Arabic is chosen as the language. The default chart of accounts is displayed as on the [Summary](#) page below:

The screenshot displays the 'Summary' page in Arabic. The page title is 'نشاط' (Activity) and the user is 'Administrator'. The page shows a chart of accounts with a balance of 0.00 for various categories. The categories are:

- الإيرادات (Revenues): 0.00
 - الفوائد المستلمة (Interest received)
 - المبيعات (Sales)
- الأصول (Assets): 0.00
- يطرح الخصوم (Liabilities): 0.00
- حقوق الملكية (Equity): 0.00
 - الأرباح المحتجزة (Retained Earnings)
- المصروفات (Expenses): 0.00
 - أتعاب قانونية (Legal fees)
 - أتعاب محاسبية (Accounting fees)
 - أجهزة الكمبيوتر (Computer equipment)
 - أدوات مكتبية و مطبوعات (Office supplies and printing)
 - إصلاح وصيانة (Repairs and maintenance)
 - التبرعات (Donations)
 - الترفيه (Entertainment)

The page also includes a sidebar with navigation options: الملخص (Summary), حسابات البنوك (Bank accounts), سندات القبض و الصرف (Receipts and payments), العملاء (Customers), فواتير المبيعات (Sales invoices), الموظفون (Employees), قسائم الرواتب (Salary slips), القيود المحاسبية (Accounting entries), التقارير (Reports), الإعدادات (Settings), and تخصيص (Customization).

The Balance Sheet is similarly reversed:

نشاط

قائمة الأرباح والخسائر / قائمة الأرباح والخسائر — عرض

نسخة احتياطية

إعادة التسمية

المخلص

حسابات البنوك

سندات القبض و الصرف

العملاء

فواتير المبيعات

الموظفون

قسائم الرواتب

القيود المحاسبية

التقارير

الإعدادات

تخصيص

نشاط

قائمة الأرباح والخسائر

للفترة من 4/12/2020 إلى 4/12/2020

4/12/2020

الإيرادات	
-	الفوائد المستلمة
-	المبيعات
0.00	الإجمالي — الإيرادات
يطرح: المصروفات	
-	أتعاب قانونية
-	أتعاب محاسبية
-	أجهزة الكمبيوتر
-	أدوات مكتبية و مطبوعات
-	إصلاح وصيانة
-	التبرعات
-	الترفيه
-	إيجار
-	دعايه وإعلان
-	عمولات بنكية
-	كهرباء
-	مصاريف المركبات
-	هاتف
0.00	الإجمالي — المصروفات
0.00	صافي الربح (الخسارة)

تصدير



Note

Changing languages only translates predefined terms in the program. No live translation capability exists within the program. See the discussion on effects of changing languages in [this Guide](#).

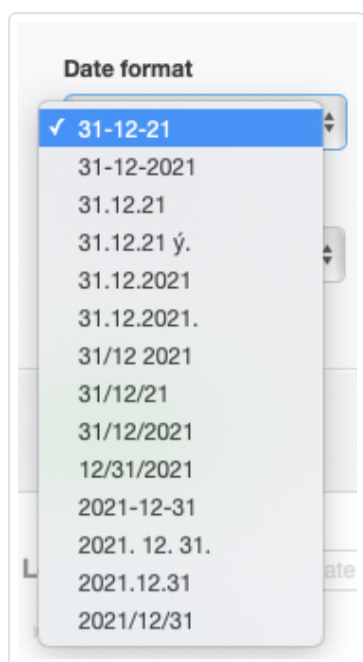
1.1.10 Set date format

In Manager, you can customize the **date format** to match your culture or local business practices. Date options include day, month, and year format and order.

In the **Settings** tab, click the **Date & Number Format** link:



From the dropdown box that appears, choose your format and click **Update** :



Note

Date formats apply only to the business where they are selected in Manager. In some previous versions of the program, they were set globally for all businesses created. After updating to a version with local settings, you may need to visit [Settings](#) to make a new selection.

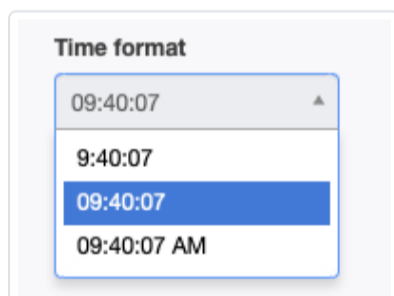
1.1.11 Set time format

In Manager, you can set the **time format** to match your culture or local business practices. Time format options include digit group size and AM/PM annotation. Manager uses and displays time only in the [History file](#).

In the [Settings](#) tab, click [Date & Number Format](#) link:



In the dropdown box on the screen that appears, choose your format and click [Update](#) :



- The **9:40:07** option displays single-digit hours (when possible), using a 24-hour clock.
- The **09:40:07** option displays two-digit hours in all cases, again using a 24-hour clock.
- The **09:40:07 AM** option displays two-digit hours, but uses a 12-hour clock, distinguishing morning and afternoon with AM and PM annotation.



Note

Time formats apply only to the business where they are selected in Manager. Times are referenced to the time zone of the computer where the program is being used, regardless of which edition is involved (desktop, server, or cloud).

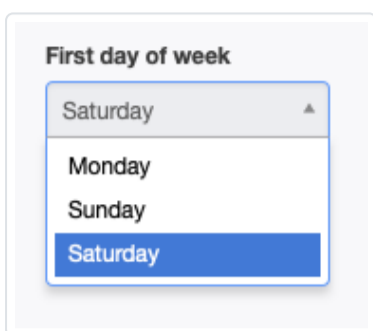
1.1.12 Set first day of week

The **first day of the week**, as shown in pop-up calendars used to select transaction dates, due dates, and so forth, can be chosen to match the usual practice at your location or your personal preference.

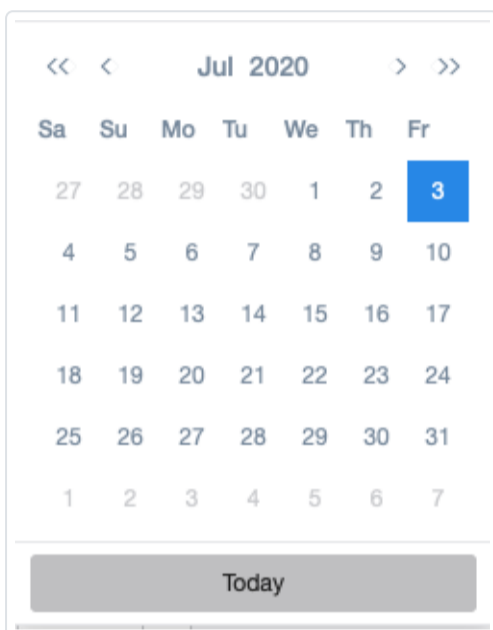
In the [Settings](#) tab, click the [Date & Number Format](#) link:



From the dropdown box that appears, choose your format:



Click **Update** to save the change. Pop-up calendars will now display in the new format:



Note

First day of the week formats apply only to the business where they are selected in Manager. In some previous versions of the program, they were set globally for all businesses created. After updating to a version with local settings, you may need to visit **Settings** to make a new selection.

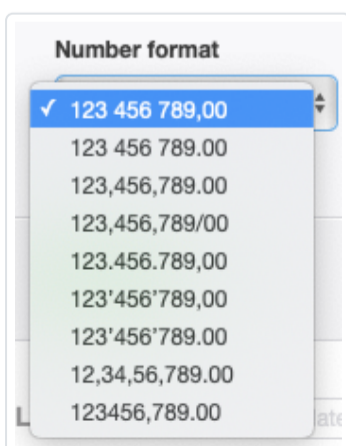
1.1.13 Set number format

In Manager, you can set the **number format** to match your culture or local business practices. Number format options include digit grouping, decimal mark, and group size.

In the **Settings** tab, click **Date & Number Format** link:



In the dropdown box on the screen that appears, choose your format and click **Update** :





Note

Number formats apply only to the business where they are selected in Manager. In some previous versions of the program, they were set globally for all businesses created. After updating to a version with local settings, you may need to visit **Settings** to make a new selection.

1.1.14 Backup, restore, import, and transfer businesses

Accounting data for businesses in Manager can be backed up, restored, and transferred using a backup file. A **backup** for a business stores all information necessary to completely recreate its accounting records, including transactions, customer and supplier information, inventory status, reports, attachments, as well as custom themes and settings. Using backups, you can:

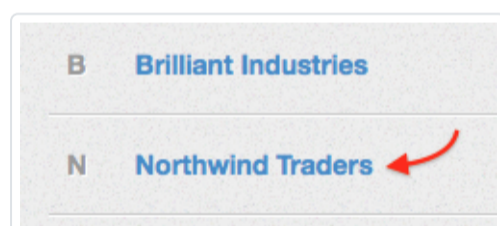
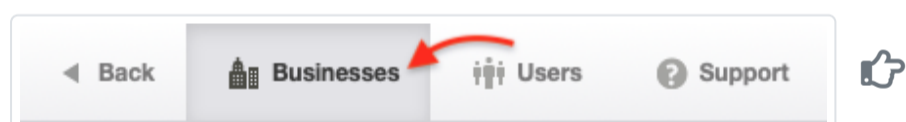
- Recover data after it is lost, as when a storage drive fails
- Recover data from an earlier time, for example, before someone began making entry errors
- Transfer data between computers
- Build redundant data caches
- Migrate data to different editions of the program (desktop, server, or cloud)

A backup includes data of only one business. If you have multiple accounting entities, each must be backed up separately. If desired, these backups can be to separate locations. And a single business can be backed up to multiple locations.

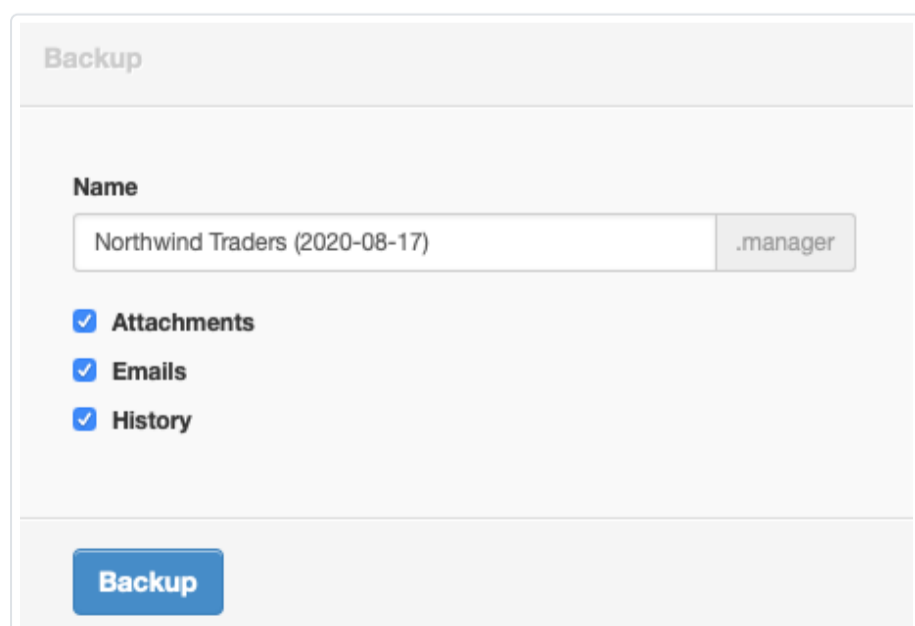
Making a backup

As long as new accounting data is being recorded, backups should be made frequently. A general guideline is to back up your data often enough that you would be willing **and able** to re-enter recent data to bring your records up to date. For high-volume businesses, that realistically means backing up at least daily. For lower-volume entities, weekly or monthly backups might suffice, as long as necessary records would be available if data loss occurs.

Creating a backup file is very simple. Under the **Businesses** tab, click on the name of the business you are backing up. (This step is unnecessary if you are already within the business.)



Then click the **Backup** button at the top right of the Manager window. The default backup will include all attachments, emails, and history for the business. You will have the option to exclude any or all of these by unchecking boxes:



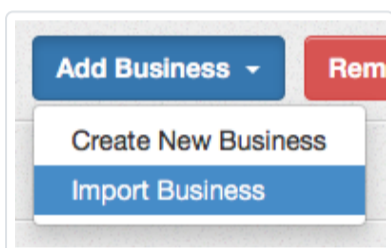
The backup file will automatically be assigned the name of the business as it appears on the **Businesses** page and will contain a date stamp to indicate when the backup was created. This file name can be edited. Click **Backup** to save the business. Depending on your operating system, the software will offer to save the backup file somewhere on your local drive. Generally, you should choose a different location.

You should store backups separately from your computer. That way, if the computer fails, the backup will remain intact. Choose an appropriate backup medium and location, considering cost, convenience, and the value you place on your accounting data (including the effort required to recreate it). For protection from hazards or theft, the backup should also be kept at a separate physical location. Some possibilities include:

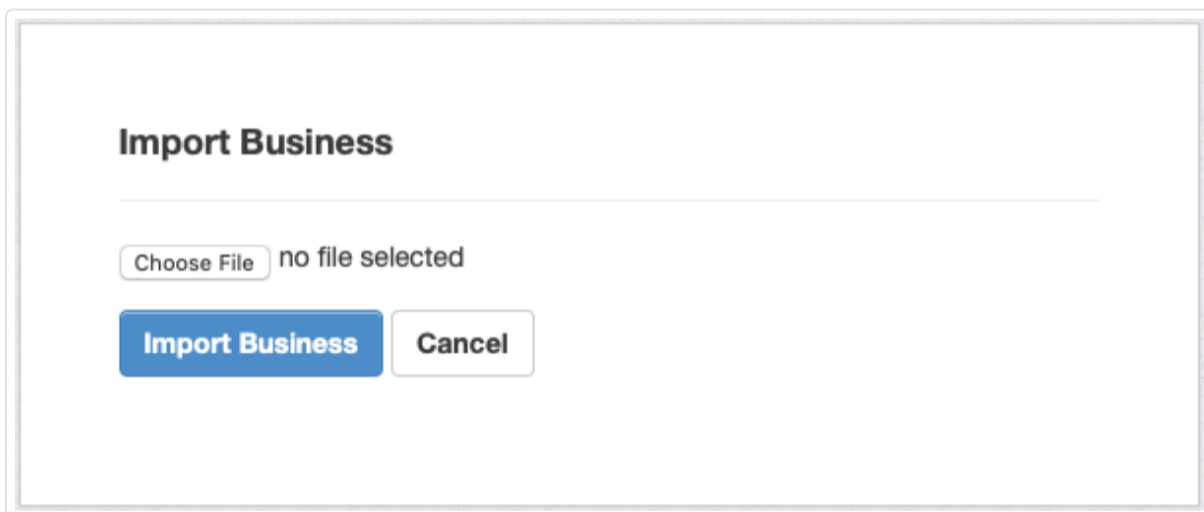
- USB flash drive
- External drive
- Network-connected drive
- Writable CDs or DVDs
- Cloud storage service (e.g., Dropbox, OneDrive, or iCloud)

Importing or restoring from backup

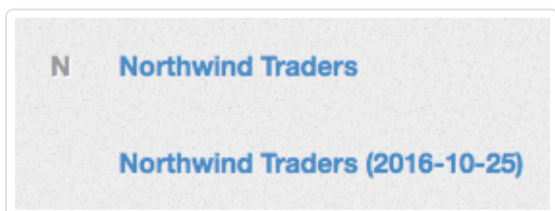
Import or restore a business from backup (there is no difference) under the **Businesses** tab by clicking **Add Business** and selecting *Import Business*:



To import a business, click **Choose File**, browse to the location of your stored backup or other business data file you want to import and select the file:



Click **Import Business** to complete the process. You will be returned to the **Businesses** tab listing your businesses. In this illustration, a backup of Northwind Traders from 2016 has been imported:



Click on the imported business to open it so you can verify it was restored properly:



Note

The business name at the top of the Manager window retains the same date stamp as the backup file you imported. But forms and reports in the data file keep the trading name entered at **Settings** **Business Details**. This can be useful for differentiating versions of restored businesses. If you do not want the date stamp to show, you can rename the data file either before or after importing it to remove the date stamp.



Caution

Manager will not prevent adding or importing businesses with identical names. To avoid confusion, such as when renaming and restoring a backup file by eliminating the date stamp, consider removing other businesses with the same name from the **Businesses** tab first. (See instructions in [another Guide.](#))

Transferring data

A backup file can also be used to transfer accounting data between computers or editions of the program. The **Backup** button works exactly the same way on any platform. Follow these steps:

1. Choose a backup destination accessible to all computers involved in the transfer.
2. Back up the business to the backup destination.
3. Install Manager on the computer to which the data is being transferred, or access the server or cloud edition of the program via a browser on that machine.
4. Use the **Add Business** function to import the business to the new computer's or browser's list of businesses.



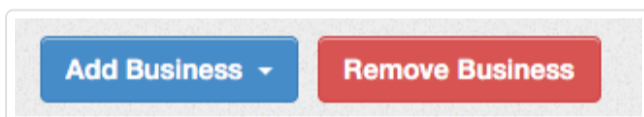
Cautions

New versions of Manager can open files created by older versions of the program. But sometimes, in doing so, they modify the data structure to incorporate new features. Therefore, older versions of the program cannot always import and open backups from newer versions of the program. Therefore, be sure all versions of the program on all machines involved in data transfers are the same. And be aware, if transferring to or from the cloud edition, the cloud edition is automatically updated.

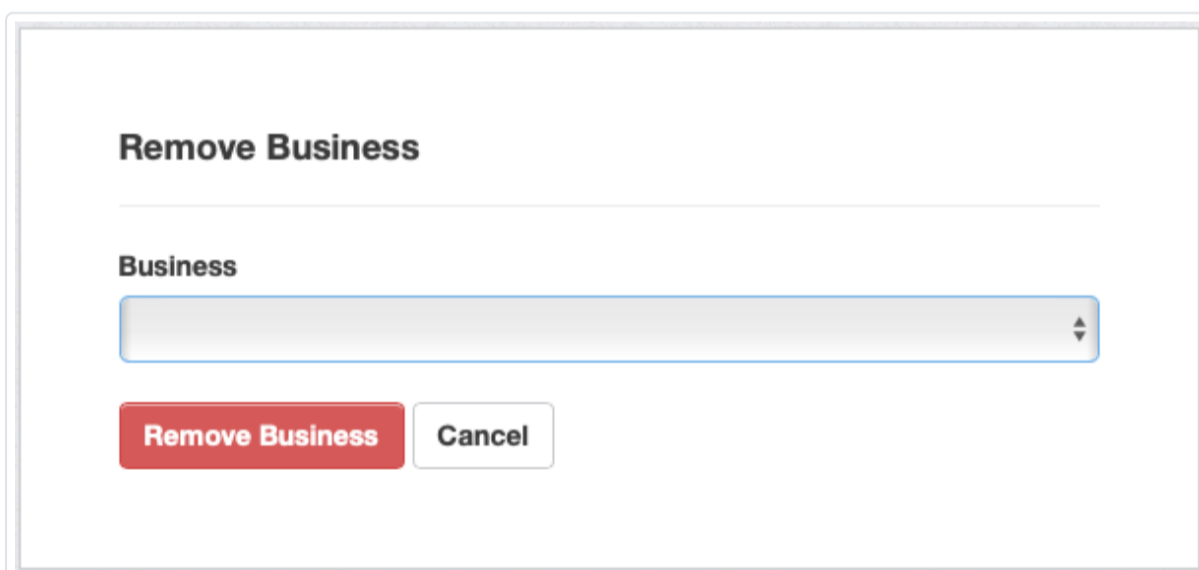
Additionally, if importing backups made by very old versions of Manager, you may see a dialog box telling you the file is not an SQLite database. For a long time after conversion of Manager to the SQLite structure, an automatic conversion script was included with updates. But that was discontinued after version 20.9.89. If your backup is very old, you will need to update its file structure in two stages by installing an archived copy of Manager version 20.9.89 first, opening the file with it, and then updating your application further. Search the [Forum](#) for discussions about how to do this.

1.1.15 Remove a business

After terminating a business or restoring one from backup, redundant or unneeded business names may appear in the **Businesses** tab. These can be removed. Go to the **Businesses** tab and click **Remove Business** :



Select the business to be deleted in the dropdown box and click **Remove Business** :



Note

Removing a business name does not delete the business, which is not stored in the application. It only removes its name from the **Businesses** list. The business' complete data file will remain in the [application data folder](#). But, inside the application data folder, it will be transferred to the **Trash** sub-folder. To completely eliminate the business, it must be deleted from there.

1.2 Summary

1.2.1 Customize a business

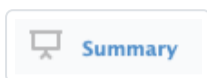
Manager has capabilities for all types of business entities, including:

- Corporations (companies owned by shareholders, whatever they may be called)
- Partnerships (owned jointly by two or more, but without issued shares)

- Sole traders/proprietors
- Trusts
- Social clubs

Many of Manager’s capabilities are not needed by all users; nor are they necessary for every business model or operating approach. Select only the capabilities you need by [enabling functional tabs](#). Necessary entry forms, data fields, reports, and (in certain cases) built-in accounts required to fully use enabled tabs will become available automatically. Things you don’t need won’t clutter your screen or the program.

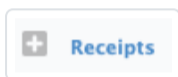
Here are brief descriptions of Manager’s available tabs:



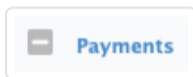
provides an overview of position and performance by displaying the Balance Sheet for the current date and the Profit and Loss Statement for a selectable period. The display can be set for [accrual or cash basis accounting](#).



is for setting up any form of monetary exchange. That includes those managed by financial institutions, including bank accounts, credit cards, online payment systems, and cryptocurrencies. It also includes repositories for physical money, including petty cash funds, cash boxes, and tills.



is where receipts to all bank and cash accounts are entered. All money entering the business after the start date must be recorded in this tab.



is where payments from all bank and cash accounts are entered. All money leaving the business after the start date must be recorded in this tab.



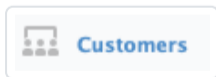
is where transfers between bank and cash accounts are recorded. Both the originating and destination accounts can be either bank or cash accounts. In an inter-account transfer, no funds enter or leave the business.



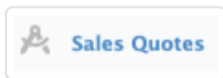
allows creation of reconciliation statements for bank accounts and attachment of supporting documents.




records expenses incurred by people on behalf of the business. These include (1) actual expenses paid with personal funds, which in other circumstances could have been purchased directly with company funds and allocated to appropriate accounts, and (2) allowances based on rates rather than actual expenditures but deductible from income under local law.



is where you set up businesses, organizations, or individuals to whom you will sell on credit by issuing sales invoices. This tab is not required if you plan to sell only to buyers who pay immediately. But it is necessary if you want to track transaction history with a given customer.



lets you offer goods or services at defined prices and terms. Strictly speaking, sales quotes are not accounting transactions and have no financial or inventory impact. So this is another optional tab. Sales quotes can be renamed as offers, estimates, proposals, pro forma invoices, or anything else to fit practices in your industry.

 Sales Orders

provides an optional way to record orders from customers, usually for internal purposes. Sales orders do not involve actual provision of services, movement of inventory, or payment of money. They can be used for a variety of purposes: internal manufacturing or fulfillment planning, documentation of agreed pricing, customer communication, or as drafts of purchase or sales invoices.

 Sales Invoices

is where you record the sale of goods or services to a customer and make demand for payment. Sales invoices increase the balance of the customer's subaccount in *Accounts receivable* and, therefore, are used when selling on credit. If all sales will involve immediate receipt of money, this tab is not necessary.

 Credit Notes

lets you record return of goods by a customer or a credit adjustment (refund) to a customer's account for goods or services previously delivered. It can be used only when the **Customers** tab is enabled and usually only when a sales invoice has already been issued.

 Late Payment Fees

records fees automatically assessed on overdue sales invoices when those have been selected as an option. The tab also allows direct, manual addition, editing, and deletion of late payment fees.

 Delivery Notes


generates documentation to accompany delivered goods. Delivery notes can be used as packing lists, delivery route instructions, or confirmations of receipt. It is also used to record movement of inventory when multiple inventory locations exist.

 Billable Time


allows you to record time that will later be billed to customers at an hourly rate. It is not, however, a time clock and cannot record attendance.

 Billable Expenses

records expenses on behalf of customers for later invoicing and reimbursement. Expenses cannot be entered directly in this tab. They must be recorded in other tabs, such as **Payments** or **Purchase Invoices**.

 Withholding Tax Receipts


records notifications of remittances by customers of tax withheld when sales invoices were paid off. In this tab, both automatically generated receipts initiated within the **Customers** tab and manually entered receipts are visible. These receipts transfer assets from *Withholding tax receivable* to *Withholding tax* accounts.

 Suppliers

is where you set up businesses, organizations, or individuals from whom you will buy on credit using purchase invoices. Subcontractors are included in this category. This tab is not required if you plan to pay immediately for all purchases, even if the seller sends you a bill or invoice. But it is necessary if you want to track transaction history with a supplier.

 Purchase Quotes


lets you send unpriced requests for quotation to your suppliers and convert their responses to priced purchase quotes prior to issuing purchase orders, entering purchase invoices, or creating goods receipts.

 Purchase Orders

provides an optional method for ordering goods or services from suppliers. Purchase orders have no financial or inventory impact. They do not involve actual provision of services, movement of inventory, or payment of money. They can be used for a variety of purposes: internal requests for purchase authorization, documentation of order pricing, inventory planning, supplier communication, or as drafts of purchase or sales invoices.

 Purchase Invoices

is where sales invoices received from suppliers are entered into Manager. Purchase invoices increase the balance of the supplier's subaccount in *Accounts payable* and, therefore, are used when buying on credit. This tab is not required if you pay fully at the time of purchase.

 Debit Notes

allows you to record changes by suppliers to amounts you owe them as *Accounts payable*. The tab is unnecessary if suppliers refund money directly to your business, only for account adjustments. Debit notes are not normally provided to the supplier. They might be for: return of goods, adjustment (refund) of price for goods or services previously delivered, or overpayment of amounts billed.

 Goods Receipts

helps track location of inventory enroute from suppliers or between warehouse locations of the business.

 Inventory Items

is used to identify, define, count, and manage physical goods or materials held by a business for sale or production.

 Inventory Transfers


can be used when a business has multiple locations for its inventory. It is not necessary when all inventory is stored at a single location nor when knowledge of inventory location is unimportant.

 Inventory Write-offs


is where you record loss, damage, or other non-revenue reductions of inventory.

 Production Orders


helps track inventory during manufacturing by producing output inventory items from input inventory items. It also helps establish the cost of manufactured inventory. This tab is not necessary if you buy all inventory from outside suppliers.

 Projects

defines economic activities of limited duration with related tasks, expenditures, and income.

 Employees


is the tab where you set up workers who will be paid by the business. If payroll functions are outsourced, this tab may not be necessary, even if you have employees.

 Payslips


lets you record amounts earned by, owed to, withheld from, and contributed on behalf of employees. It does not generate payments to employees. This tab may not be needed if you outsource payroll functions.

 Investments

tracks book values and quantities of marketable securities (e. g., shares of company stock, bonds, mutual funds, etc.).

 Fixed Assets


is where you define tangible assets being capitalized, that is, whose costs are being recovered over an extended period rather than entirely as current expenses. The tab calculates current book value of fixed assets from acquisition cost and accumulated depreciation.

 Depreciation Entries

is where current depreciation expenses of fixed assets are recorded.

 Intangible Assets

records initial value and amortization of intangible assets being capitalized.

 Amortization Entries

is where current amortization expenses of intangible assets are recorded.

 Capital Accounts


is where partners, beneficiaries, owners, directors, or others having direct financial stakes in the business are set up and their monetary interests are tracked. This tab does not record information about shareholders of public stock corporations.

 Special Accounts

allows you to create custom subsidiary ledgers, such as for landlord's trust accounts or loans. Applications of special accounts are fairly technical, so use of this tab is not common.

 Journal Entries


allows specialized entries with explicit identification of debited and credited accounts. It is used infrequently in Manager, because most transactions are simplified in other relevant tabs. It is typically used for adjusting entries, earnings distributions, etc.

 Folders

allows organization of electronic attachments stored in Manager to document or justify accounting records.

 Attachments

provides capabilities to search, view, and edit attachments to transactions or folders. Bulk deletion is also possible. Unlike most tabs, this one does not allow creation of new attachments. They must be added to individual transactions or folders.

 Reports

lets you create, customize, store, view, and export reports to summarize, analyze, and present transaction data. Specific reports are available only when relevant tabs have been enabled.

 Settings

is the place to customize many small details in Manager. Depending on which tabs are enabled, you will have options to enter, define, modify, customize, or list everything from base currency to capital account members to tax codes to overall appearance themes for your documents and forms.

In summary, between [Customize](#) and [Settings](#), you can make Manager as simple as possible for your form of organization and business operations. But you can also add capabilities for more complex situations. This flexibility lets Manager grow and change with your business.



Note

Tabs that have never been used can be disabled if they turn out not to be useful. But once any record or transaction has been entered in a tab, Manager will protect that data by not allowing the tab to be disabled. To disable a tab, all entered data must first be deleted. Only data that has not been referenced by another transaction can be deleted, so disabling a tab can be tedious. Think carefully before enabling tabs. They can always be added later.

1.2.2 Simplify Manager

Simplify left-pane navigation in Manager and reduce overall program complexity by enabling only those functional [tabs you actually need](#). Disable tabs you don't need.

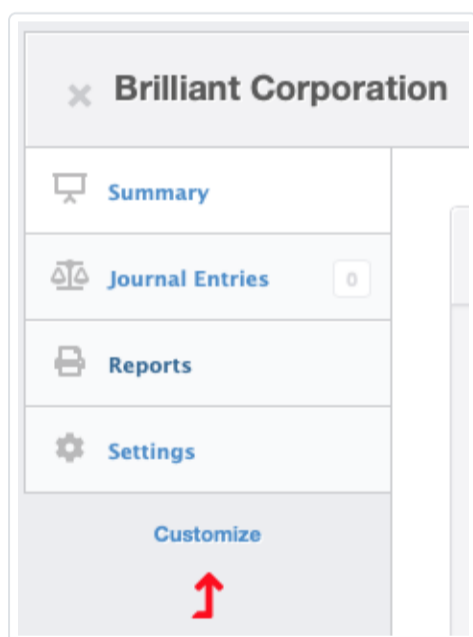
This simple change does more than reduce scrolling past unused tabs. It will also:

- Rid your balance sheet of automatically generated accounts you won't use
- Limit options under [Settings](#) and [Reports](#) to ones related to transactions you actually enter
- Eliminate unnecessary check boxes, data fields, and dropdown menu choices as you make entries throughout the program

These benefits streamline your experience and lower training requirements for new users. For accounting newcomers, this change can mean the difference between efficient, professional record-keeping and complete frustration.

Enabling tabs

When a new business is created in Manager, four tabs are enabled and visible in the left navigation pane by default. These cannot be disabled, because they are needed by all businesses:



To add capabilities, click on the blue [Customize](#) link pointed to by the red arrow. A hierarchical list of available modules appears. Check boxes next to desired tabs:

ac789d1f-034f-4964-a8b5-abffc3511

Bank and Cash Accounts Popular

Receipts Popular

Payments Popular

Inter Account Transfers

Bank Reconciliations Popular

Expense Claims

Customers Popular

Sales Quotes











Sales Orders

Sales Invoices Popular

Credit Notes

Then click **Update** at the bottom of the page.

Active tabs will appear in the left navigation pane. The number of active records of each type will show in windows to the right of tab names:

 Summary	
 Bank and Cash Accounts	0
 Receipts	0
 Payments	0
 Customers	0
 Sales Invoices	0
 Billable Time	0
 Suppliers	0
 Purchase Invoices	0
 Inventory Items	0

Repeat the process at any time to add more tabs.

Disabling tabs

To disable an unused tab, click **Customize** again, uncheck the tab's box, and click **Update**. Entry forms, data fields, and reports associated with that tab will no longer be visible.



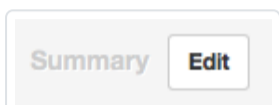
Note

Unwanted tabs can be disabled **only if they contain no transactions or records**. This restriction prevents accidental loss of accounting data. To disable a tab, all entered data must first be deleted. Only data that has not been referenced by another transaction can be deleted, so disabling a tab can be tedious. So think carefully before enabling tabs. They can always be added later.

1.2.3 Set reporting period

By default, account balances are shown for all transactions entered to date in Manager. This is generally what you need when starting a business. But once you have used Manager for more than a single accounting period (e.g., a financial year), you should customize the reporting period so the Profit and Loss Statement reflects your current accounting period.

Click **Edit** in the **Summary** tab:



Check the box to **Show balances for specified period**. Select the reporting period for which you prefer to see figures in your **Summary** . Entering *Today* in the **To** field produces a display that is always up to date, but other dates can entered by selecting *Custom*:

Show balances for specified period

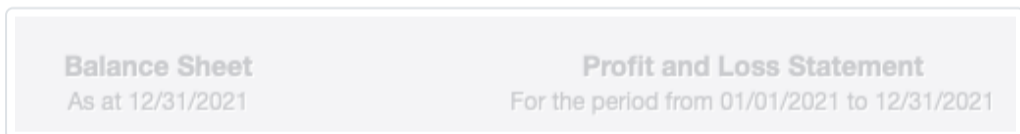
From 02/01/2021 To Today **OR**

Show balances for specified period

From 01/01/2021 To Custom 12/31/2021

Click **Update** to apply changes.

The **Summary** tab will now show figures for the selected period:



1.2.4 Choose between accrual or cash basis accounting

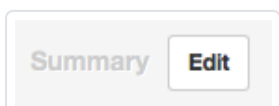
An important decision for any business is whether to adopt accrual or cash basis accounting. In very simple terms, **accrual basis accounting** records income when earned and expenses when incurred, whether or not accompanying receipts and payments happen at the same time. (More technically, expenses are recorded during the period when the income they are associated with is earned.) **Cash basis accounting** records income when money is received and expenses when money is paid out.

Accrual basis accounting more completely reports both financial performance and position. It is generally preferred by accountants, because it shows when revenue has been earned and debts incurred, regardless of whether money has yet changed hands. It provides more and better financial information for managing the business. Cash basis accounting is usually employed only by very small, simple businesses, often those without inventory. It emphasizes the importance of cash in a company's financial picture.

The choice between these options may be influenced by local laws. Many businesses start on the cash basis. But frequently, as revenue increases beyond some threshold or inventory is added, authorities require a change to accrual basis accounting. Manager can handle the switch easily.

Choosing overall accounting basis

To change between accrual and cash basis accounting in Manager, click **Edit** at the top of the **Summary** page:



Select one of the two accounting methods in the dropdown box and click **Update** :



Note

Balances of many accounts may change or disappear from the **Summary** when cash basis accounting is selected because elements contributing to them have not been recognized through receipt or payment of funds. Manager will still make all necessary calculations, though. Account balances will be restored when accrual basis accounting is again selected. No information is lost when switching back and forth between methods.

Choosing accounting basis for reports

Many reports available in Manager can be created for either accounting method, regardless of which has been chosen for everyday use. When creating or editing a report, select the desired accounting method in the dropdown box:

The report will display the accounting method used in its heading:

Reports of both types can be created and saved for the same period and will be available when the particular report is selected in the **Reports** tab:

Profit and Loss Statement		New Report		
		From	To	Accounting method
		6/1/2016	6/30/2016	Accrual basis
		6/1/2016	6/30/2016	Cash basis

1.2.5 Display account codes on the Summary page

Account codes can be used to identify specific accounts in an overall identification scheme for the chart of accounts. To display account codes on the **Summary** page, click **Edit** in the **Summary** tab:

Check the box to **Show account codes** and click **Update** :

Show account codes



Notes

If no account codes have been assigned yet, the checkbox will not be visible.

This selection applies only to the **Summary** . Various reports also include the option to show account codes on their definition screens.

The **Summary** now includes account codes:

Assets

- 1100 Cash on hand
- 1200 Cash at bank
- 1300 Accounts receivable
- 1400 Billable time
- 1500 Billable expenses
- 1600 Fixed assets

Turn off display of account codes by unchecking the box.

Regardless of whether account codes are displayed, they will appear in the **Account** field dropdown box when entering line items on transactions, including cash receipts, sales invoices, journal entries, and so forth:

Account

1300 - Accounts receivable

1.2.6 Exclude zero-balance accounts from Summary page

By default, account balances are shown for all accounts enabled or created in Manager. This is generally what you need when starting a business. But once you have used Manager for more than a single accounting period (e.g., a financial year), you may have accounts that are no longer used cluttering your **Summary** page.

If they have no transactions posted to them, [accounts can be deleted](#). If you have used them, but they now have zero balances, you can **exclude them from the** **Summary** .

Click **Edit** in the **Summary** tab:

Summary **Edit**

Check the box to **Exclude zero balances**:

Summary

Accounting method

Accrual basis

Show balances for specified period

Show account codes

Exclude zero balances

Click .

The tab will now show figures only for accounts with non-zero balances.

1.2.7 Clear transactions in Suspense account

Suspense is a built-in account where Manager posts transactions it cannot properly resolve. *Suspense* has several unique characteristics:

- It can neither be created nor deleted by a user.
- It appears automatically on the Balance Sheet in the Equity grouping whenever it has a non-zero balance.
- It is not listed in the Chart of Accounts under , so it cannot be edited or moved to a different account group.
- Many transaction fields in Manager default to *Suspense* until valid entries are made in them.

Any balance in *Suspense* signals a problem. **Never attempt to clear the *Suspense* account with a journal entry.** That only hides problems and usually makes both your Balance Sheet and Profit and Loss Statement inaccurate. Problems that caused transactions to post to *Suspense* **must** be identified and corrected.

Finding problems in *Suspense*

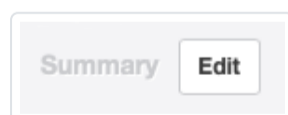
To identify transactions with problems, drill down by clicking on the blue balance for the *Suspense* account on the page:

Equity		110,096.98
Capital Accounts		21,123.00
Retained earnings		130,287.73
Suspense		- 41,313.75

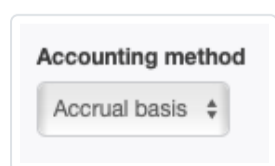
All transactions contributing to the balance will appear. These might be either debits or credits:

Suspense									
							<input type="text" value="Search"/>	<input type="text" value="Search"/>	
<input type="checkbox"/>	<input type="checkbox"/>	Date	Transaction	Bank account	Supplier	Description	Debit	Credit	Balance
<input type="button" value="Edit"/>	<input type="button" value="View"/>	09/19/2016	Expense Claim – 2			Expense claim reimbursement		26.25	41,313.75 Dr
<input type="button" value="Edit"/>	<input type="button" value="View"/>	07/14/2016	Payment	Main business account		Messenger services	140.00		41,340.00 Dr
<input type="button" value="Edit"/>	<input type="button" value="View"/>	07/13/2016	Receipt	Main business account		Check #7623		3,000.00	41,200.00 Dr
<input type="button" value="Edit"/>	<input type="button" value="View"/>	06/30/2016	Journal Entry – 1			Distribution of earnings	9,000.00		44,200.00 Dr
<input type="button" value="Edit"/>	<input type="button" value="View"/>	05/16/2016	Purchase Invoice – 22-4968		Leka Trading	Used 2015 Toyota truck	35,200.00		35,200.00 Dr
							44,340.00	3,026.25	

If the button for any transaction is dimmed, be sure Manager is set for accrual basis accounting. Return to the page and click :



Select in the dropdown box and click :



Then drill down again on the *Suspense* balance. (You can return to cash basis accounting after problems with *Suspense* have been cleared.)



Note

Why must Manager be set for accrual basis? Because, even though reporting may be on cash basis, the program still makes all necessary calculations for accrual basis. You might not be able to access all transactions contributing to *Suspense* unless accrual basis is set.

Fixing problems in *Suspense*

The *Suspense* account above reveals five transactions with some type of error. Each problem must be addressed individually. To fix one, click on the **Edit** button to the left of the transaction.

Problem 1: Unassigned expense claim

Beginning with the most recent transaction in the example, an expense claim did not include a Payer:

Designating a [Payer from predefined choices](#) clears this transaction from *Suspense*:

Remember to click the **Update** button to save each correction.

Problem 2: Payment not complete

A payment for messenger services recorded the payee, a description, number of deliveries, and price, but did not include proper allocation to an expense account:

Item	Account	Description	Qty	Unit price	Total
	Suspense	Messenger services	4	35	140

Selection of the appropriate account correctly completes the transaction:

Item	Account	Description
	Accounting fees	Messenger services

Problem 3: Capital contribution not properly allocated

The next transaction recorded a contribution of capital from a partner to fund a remodeling project. It listed the partner as the payee, properly marked the receipt as a contribution, but neglected to direct the receipt to the specific partner’s subaccount:

Receipt

Date: 07/13/2016 Reference: Optional

Paid by: Contact Other John Smith

Received in: Account Main business account Status: Cleared

Description: Capital contribution for office remodeling project

Item	Account	Description	Qty	Unit price	Total
	Capital Accounts	Capital Account		3000	3000

Adding that detail to the receipt fixes the problem:

Account

Capital Accounts Capital Account John Smith Sub Account Contributions

Problem 4: Unbalanced journal entry

A journal entry contained a typographical error, reversing digits when recording a distribution of earnings. This mistake resulted in an unbalanced transaction:

Journal Entry

Date: 06/30/2016 Reference: 1

Narration: Distribution of earnings

Account	Description	Debit	Credit
Retained earnings	Quarterly allocation	12000	
Capital Accounts Capital Account Robert Jones Sub Account Share of profit	Quarterly allocation		21000
		12000	21000

Add line Out of balance 9000

Editing the mistake properly balances the transaction, removing it from *Suspense*:

Account	Description	Debit	Credit
Retained earnings	Quarterly allocation	12000	
Capital Accounts Capital Account Robert Jones Sub Account Share of profit	Quarterly allocation		12000
		12000	12000

Add line

Problem 5: Fixed asset purchase invoice

The final problem in the example is a purchase invoice for a delivery truck that did not properly assign the purchase to the specific fixed asset created for the truck, despite assigning it to the *Fixed assets, at cost* account:

Purchase Invoice

Issue date: 05/16/2016 Due date: 06/16/2016 Reference: 22-4968 Order number: Optional

Supplier: Leka Trading

Description:

Item	Account	Description	Qty	Unit price	Total
	Fixed assets, at cost	Fixed Asset		35200	35200

Add line

The corrected purchase invoice resolves the problem:

Account	Description
Fixed assets, at cost	Fixed Asset Delivery truck
	Used 2015 Toyota truck

Suspense is now empty and no longer shows on the Balance Sheet:

Equity		145,270.73
Capital Accounts		15,123.00
Retained earnings		130,147.73

Manager is designed to preserve information rather than reject incorrect entries. But when anything is in your *Suspense* account, your records and reports are almost certainly wrong.

1.2.8 Close an accounting period

Historically, the accounting cycle involved numerous tasks to “close the books” at the end of an accounting period, whether a month, quarter, or year. Income and expense summaries were developed, trial balances were created, amounts were transferred with journal entries, and so forth. Most steps were designed to:

- Zero out income and expense accounts before starting a new accounting period
- Identify and correct errors
- Limit accumulation and propagation of mistakes from one period to the next

These practices developed over centuries, not only to support meaningful analysis, but also to combat unavoidable omissions, mental miscalculations, and oversights when entering and posting hundreds or thousands of transactions manually.

Manager eliminates the need for most of these steps by:

- Performing all calculations electronically, eliminating arithmetic errors
- Basing automatic double entries on type of transaction and account selection by the user, reducing the need for manual journal entries with their requirement to deduce which accounts to debit and credit
- Furnishing real-time feedback when journal entries *are* made, reducing the possibility of unbalanced transactions
- Leaving incorrect, incomplete, or unbalanced transactions in *Suspense* until fixed
- Carrying forward information from one period to the next in a perpetual database
- Setting displays and reports to cover defined time periods

Closing the books

At the end of any accounting period, just a few tasks are normally required. For many businesses, these steps are only performed annually:

1. Make necessary adjusting entries (when using accrual basis accounting) for prepaid expenses and income items.
2. Make desired distributions of earnings to capital or equity accounts using journal entries.
3. Pay out desired dividends or draws.
4. [Create desired reports](#) for the accounting period. These might be limited to a Profit and Loss Statement and Balance Sheet. Of course, others can be added to suit needs of management, accountants, or tax authorities. Reports can be printed, stored electronically, or just saved in Manager.
5. Consider locking past transactions by [setting the lock date](#) once end-of-period adjustments are complete. This prevents changes to transactions forming the basis for statutory reporting obligations and tax returns.

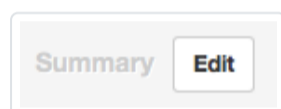


Note

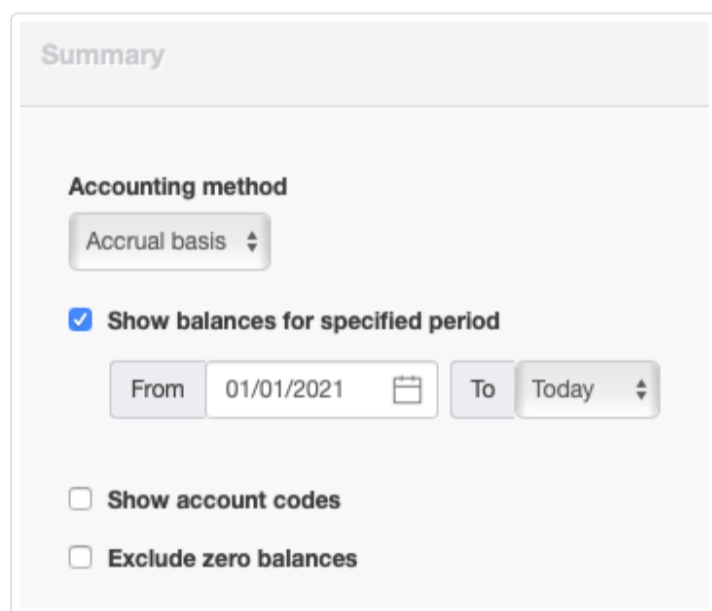
For many small businesses, especially sole traders/proprietors, none of these steps might be necessary. Perhaps the business has no prepaid items. Depending on the [equity structure of the chart of accounts](#), the second and third steps might have happened over the course of the accounting period. And reports can always be generated later if they are needed.

Setting up the next accounting period

The only essential step prior to entering transactions for the next period is resetting the period in the [Summary](#) tab. Click on [Edit](#) :



Be sure the box is checked to [Show balances for specified period](#). Otherwise, all transactions from the date Manager was first used will be included. Enter the first day of the new accounting period in the [From](#) field. Normally, select *Today* as the [To](#) date so the [Summary](#) is always current, but no transactions entered in advance will be included until their entry dates are reached:



To begin accounting work for the new period, click [Update](#) .

You might want to define common reports for the new accounting period, too. That way, they will be quickly available when needed. But they can also be created later.

1.3 Business Localization

1.3.1 Add localized settings and features

Many settings and features of Manager depend on the location where a business operates. Users can **add localized settings and features** needed for their business locations in two ways:

- When first adding a new business, as explained in [another Guide](#)
- By selecting a country on the [Business Details](#) page of the [Settings](#) tab, as explained in this Guide



Notes

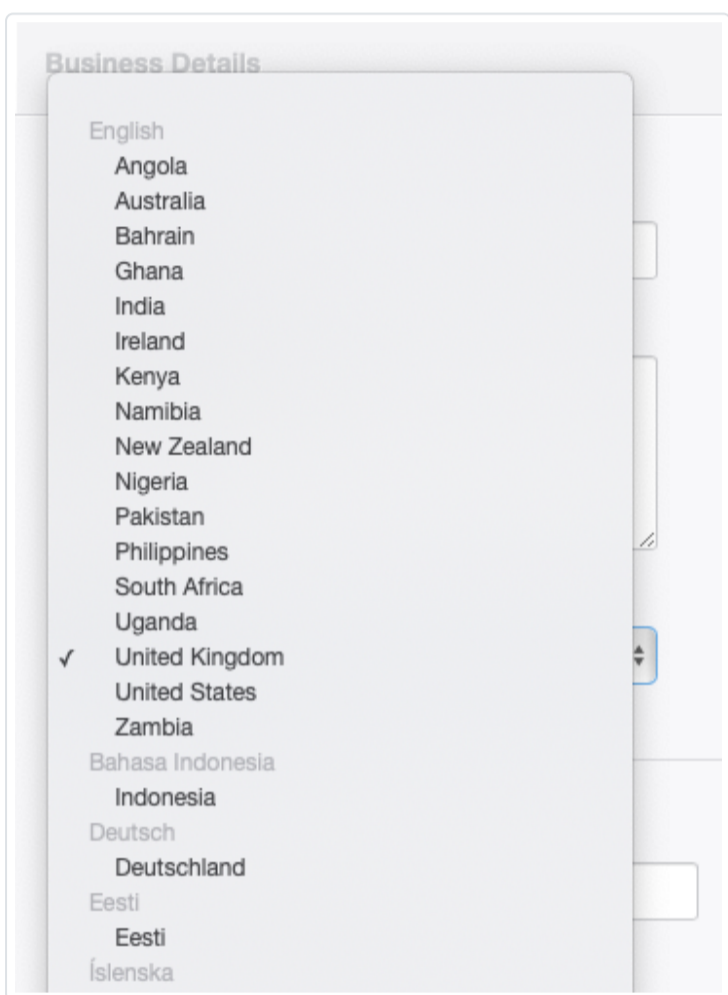
Localized options are unique to an individual business. If you account for more than one business in Manager, localized options are separate for each one.

If you change the country selection, available options will change.

To make localized options available in an existing business, go the **Settings** tab and click **Business Details** :



In the **Country** field, you will see a dropdown menu listing countries for which localized options exist, grouped by language of the individual countries:



After choosing a country, click **Update** to enable available setup preferences, tax codes custom fields, report transformations, and extensions for that country.

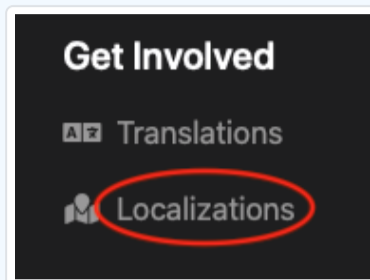


Notes

If no localizations are available for your country, you will need to create your own localized settings and features.

Localizations will be updated (if necessary) whenever your Manager software version is updated.

For more information about a particular localization, visit <https://www.manager.io>. In the footer, click on **Localizations** :



Specific details of localizations will be displayed:

Localizations						
English						
Country	Base Currency	Date Format	Number Format	Tax Codes	Report Transformations	Extensions
Angola	AOA	dd-MM-yyyy	123.456.789,00			QR Code
Australia	AUD	dd/MM/yyyy	123,456,789.00	GST Free Import Export GST Free GST 10% (CAPEX) GST 10% (Deferred) GST 10% GST on Imports Input Taxed		



Caution

Changing the **Country** setting for an established business **will not** update or add tax codes, because doing so might change already existing tax transactions. So you will need to create tax codes yourself. You can, however, use the tax codes listed on the Localizations page to help determine which are necessary.

1.3.2 Update localizations and report transformations

Report transformations are customized versions of built-in financial reports tailored to the requirements of specific locations. Often, they put a report like the Tax Summary into a form needed for official tax filing in a jurisdiction.

When a report transformation is improved, all users of it should use the new version, of course. But no direct action is necessary except to update the version of Manager in use. Cloud edition users are updated automatically. Server and desktop edition users should update to the latest version. All installed report transformations will automatically be updated.

1.4 Users

1.4.1 Create users

Users are discrete identities authorized to log into a business hosted in either the server or cloud editions of Manager. They might be individual persons; or, they might be groups of coworkers sharing an account. They are granted permissions by an administrator consistent with their assigned duties. Creation and management of users are covered in this Guide. Assignment of user permissions is covered in [another Guide](#).



Examples

- An accountant might host Manager services for several clients under one cloud account. She could create separate users at each client business and assign them access to only the business where they are employed.
- A holding company might own three businesses and have them share a Manager server installation. But access to each business would be restricted to the accounting personnel designated as users for that business.
- A single company might create all its personnel handling sales, purchasing, production, payroll, and inventory as users, giving them access to necessary forms and transactions through its local network.

Create a new administrator user

Administrator users have full access to everything. They can create new users, set permissions for existing users, enable new tabs, create and review all reports, and adjust settings. There are two types of administrator users:

- **The default user named *Administrator*** built into the program. This administrator user can control the Manager server or cloud account, and cannot be deleted or renamed. This user’s password can and should be updated, however, from the one assigned at initial setup.
- **Optional, additional administrator users** created after initial setup by any other administrator user. These users can be renamed and deleted. Of course, their passwords can be changed. They will have the same authority as the default administrator.



Caution

Administrator users will have access to all businesses under the server or cloud account. Therefore, they should **not** be created to administer a single business when multiple businesses are hosted under one account, such as by an accountant or bookkeeper. Instead, a restricted user with full access should be created. (See below.)

To set up a new administrator, you must first be logged in as an administrator user. Go to the **Users** tab at the top of the Manager window, then click **New User** :



Enter the administrator’s **Name**, **Username**, and **Password**. Select *Administrator* in the dropdown box for **Role**. Click **Create** :

User

Name

Username

Password

Role

Create



Note

Both **Username** and **Password** are case sensitive.



Example

The administrator of a cloud account creates Kristin as a second administrator user:

User

Name

Username

Password

Role

Create

Create a restricted user

Restricted users have limited authority within a single business or multiple businesses. You can control not only what they can see, but also what they can do, in great detail. Typically, you should create most new users as restricted users. When creating a restricted user, select *Restricted user* in the **RoLe** field. Then select businesses they should have access to. Multiple businesses can be selected.



Example

Kristin (created in the example above as an administrator user) now has control over two businesses: Northwind Traders and Brilliant Industries. These business share common ownership, but are separate legal entities. She creates Jeffrey as a restricted user for both:

User

Name

Username

Password

Role

Businesses

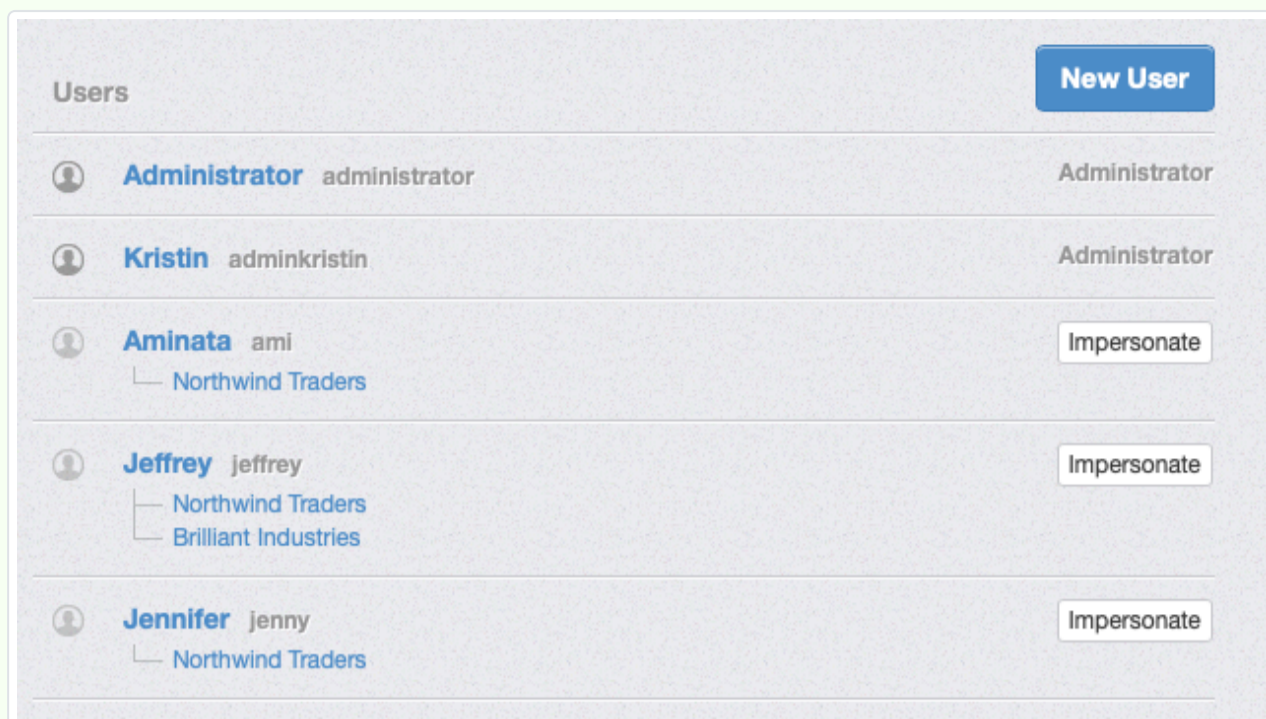
Kristin also creates Aminata and Jennifer as restricted users for Northwind Traders only.

When restricted users are created, administrator users can see them under the **Users** tab with the names of businesses to which they are allowed any form of access.



Example

Kristin returns to the **Users** tab to review identities and access for all users on the account:



Modify or impersonate users

Modify user names, usernames, passwords, and business access by clicking on a name under the **Users** tab. You will be returned to the user form where you originally created the user. Edit and update the user there.

Administrator users can impersonate a restricted user by clicking **Impersonate**. Doing so bypasses the restricted user login process and allows the administrator to see and do what the restricted user can.



Note

After impersonating a restricted user, you cannot return to the **Users** tab, because restricted users cannot see that tab. You will need to log out as the restricted user. However, you will automatically be logged back in as the administrator user.

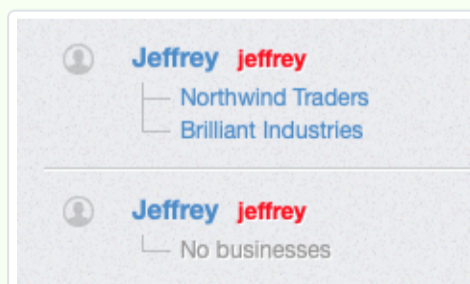
Duplicate users

Manager will not prevent an administrator from creating duplicate users. However, the program will highlight duplicate usernames in red to help find and correct problems.



Example

Kristin creates a second user with the **Name Jeffrey** and **Username jeffrey**. But she does not yet assign the second one to any business:

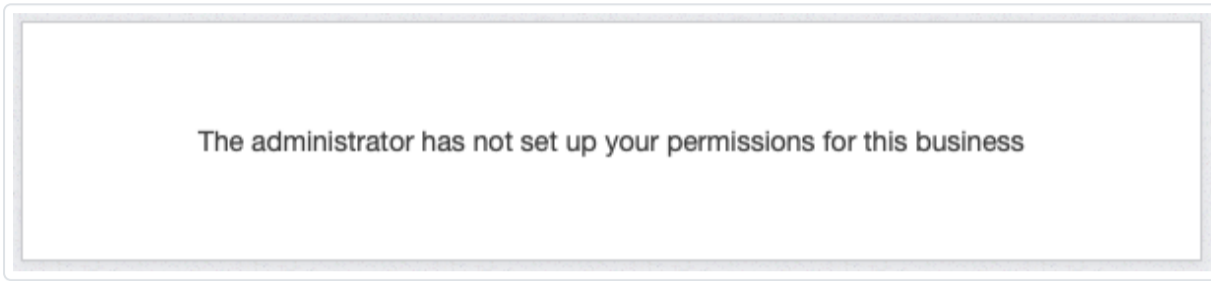


The presence of duplicates does not necessarily indicate a problem. For example, unrelated businesses hosted under a common server or cloud account may actually have users with identical names and may desire the same usernames to be assigned. While such a situation could be confusing, assignment of the restricted users to different businesses should generally resolve any problem.

1.4.2 Set user permissions

User permissions control what restricted users of the server or cloud editions can see and do in Manager. Creation and management of users is covered by [another Guide](#). Read it first.

Once restricted users have been created and given access to a business, they will be able to log in. But unless user permissions have been created, a restricted user will see a warning:



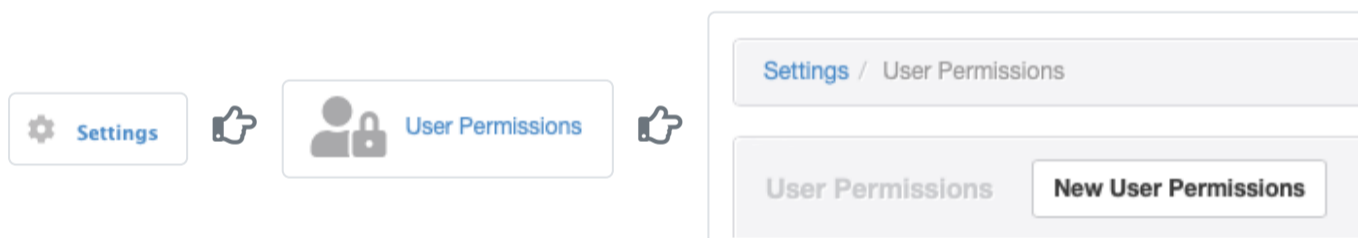
Permissions should be set according to the responsibilities of the user.



Examples

- Accounting personnel at a business might have full access to all tabs and functions.
- Sales staff might only be able to view and create customers and sales quotes.
- A production manager might be able only to view inventory status, but view and create production orders.
- Only partners might be able to view `Capital Accounts` .
- Human resources personnel might be given access only to `Employees` .

To set user permissions, go to the `Settings` tab, click `User Permissions` , then `New User Permissions` :



A list of possible user permissions will appear, depending on the tabs enabled for the business. The list includes functional **Tabs** themselves, **Reports**, and **Settings**. By default, all permissions are set to *No access* to prevent a restricted user from seeing or doing anything unauthorized:

User Permissions


Username

Full access

Tabs

Summary	No access	
Bank and Cash Accounts	No access	<input style="width: 100%;" type="text"/>
Receipts	No access	
Payments	No access	
Inter Account Transfers	No access	
Bank Reconciliations	No access	
Expense Claims	No access	
Customers	No access	
Sales Quotes	No access	
Sales Orders	No access	
Sales Invoices	No access	

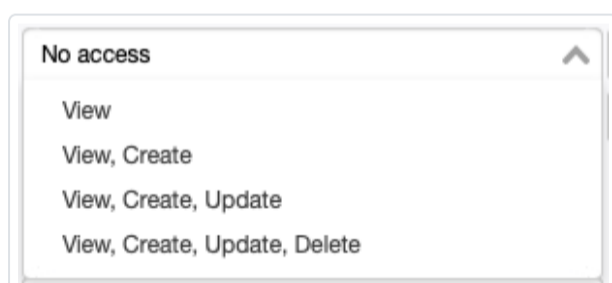
Enter the **Username** for the restricted user.



Note

Usernames are case sensitive and must match the username created for a restricted user by an administrator user in the **Users** tab.

If the user will have full access to everything in the business, **including the ability to set permissions for other users**, check the **Full access** box. A restricted user with full access can do everything except create new users and give them access to businesses. For all other restricted users, select permissions in the various dropdown menus. Options for all permissions are the same:



- **View** allows the user only to see the screens involved.
- **View, Create** lets the user see all screens of the type and create new ones. But existing records cannot be updated or deleted.
- **View, Create, Update** adds the ability to edit records.
- **View, Create, Update, Delete** gives full authority to do anything with the type of record covered.



Example

Northwind Traders has created a restricted user named *Jeffrey*. His username is *jeffrey*. Jeffrey is an accounts receivable clerk, so he deals with bank accounts (Northwind has two), customers, receipts, payments, and sales invoices to one degree or another. His **Tabs** permissions are set this way:

User Permissions f08f8258-a51d-4d9c-80d8-c57

Username

Full access

Tabs

Summary	No access	▼	
Bank and Cash Accounts	View, Create, Update	× ▼	Checking account × London bank account × ▼
Receipts	View, Create	× ▼	
Payments	View, Create	× ▼	
Inter Account Transfers	No access	▼	
Bank Reconciliations	No access	▼	
Expense Claims	No access	▼	
Customers	View	× ▼	
Sales Quotes	No access	▼	
Sales Orders	No access	▼	
Sales Invoices	View	× ▼	
Credit Notes	View, Create, Update	× ▼	
Late Payment Fees	View, Create, Update, Delete	× ▼	

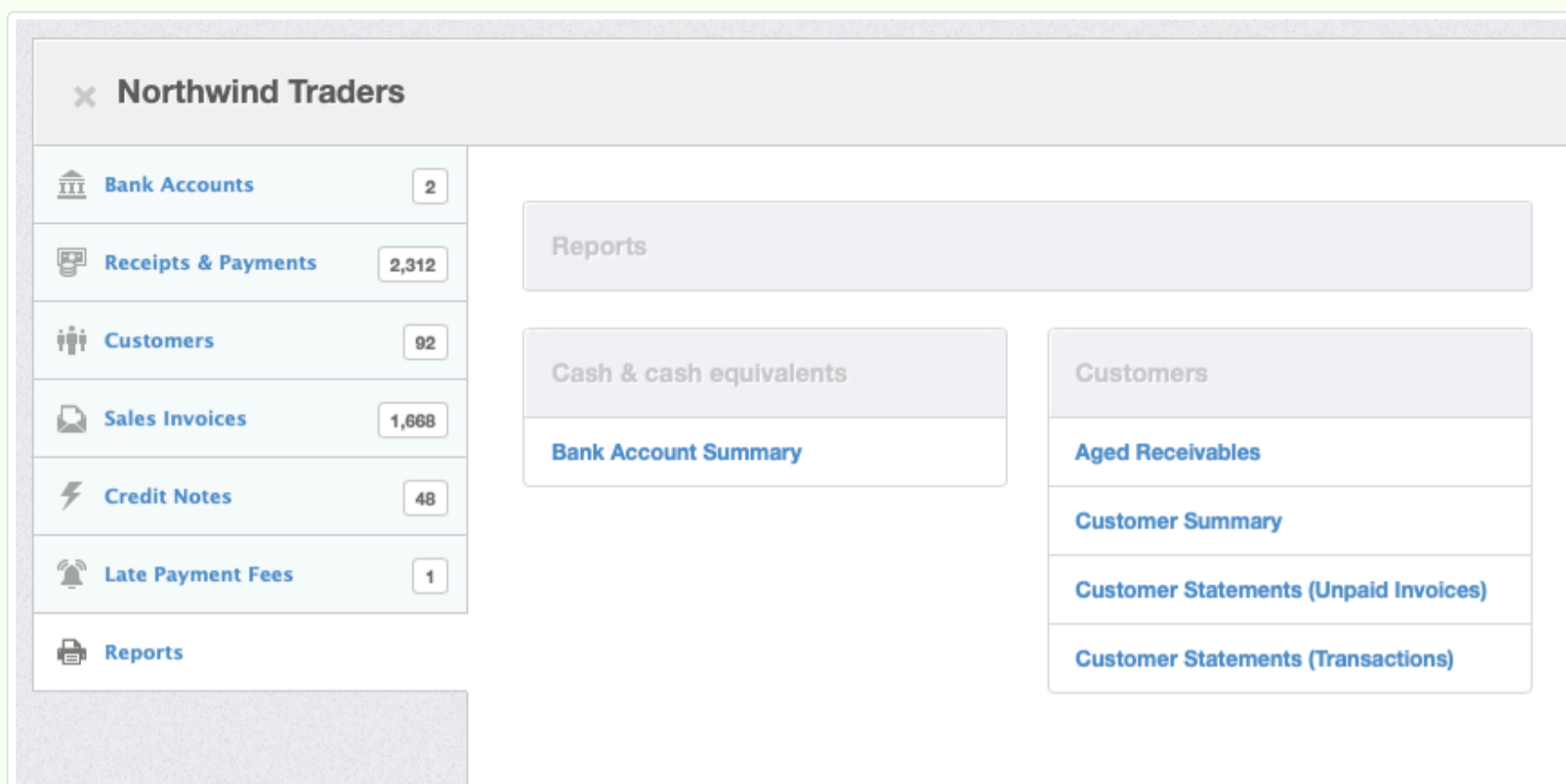
He will not be able to see the company’s overall position and performance on the **Summary** page. But he will be able to do anything with both bank accounts except delete them. He will be able to view and create both receipts and payments, but Northwind’s policies will not allow him to update them later. Since he calls customers, he can view them. But it is someone else’s responsibility to create new ones and maintain them. Similarly, he can see sales invoices, but not do anything with them. However, because he has responsibility for collection activity, the company allows him greater flexibility with credit notes and late payment fees.

Jeffrey’s **Reports** permissions correspond to his duties:

Bank Account Summary	View	× ▼
Aged Receivables	View, Create, Update	× ▼
Customer Summary	View, Create, Update	× ▼
Customer Statements (Unpaid Invoices)	View, Create, Update	× ▼
Customer Statements (Transactions)	View, Create, Update	× ▼

He is given no access to anything in the **Settings** tab. When Jeffrey logs into his Manager account, he sees only the tabs

in the left navigation pane and the authorized reports in the **Reports** tab:

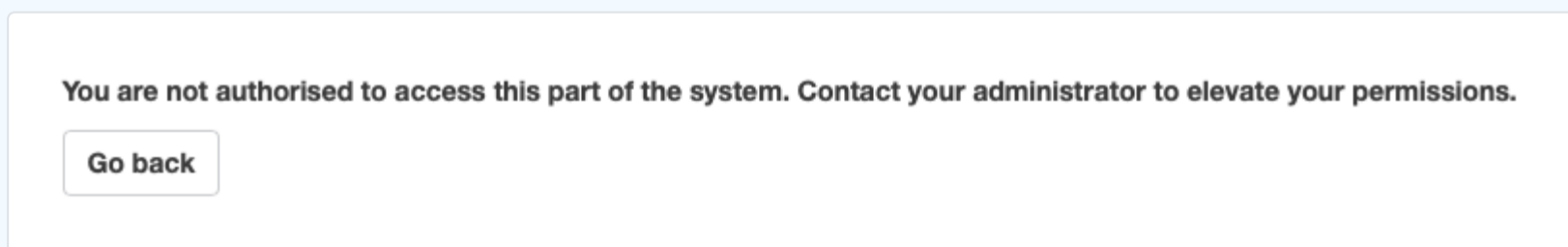


Notes

User permissions can be created for a restricted user before they are added to the business, as long as the proper username is entered. These permissions will have no effect, though, until an administrator user adds the business to the restricted user’s profile.

When a restricted user will manage an entire business, including settings permissions for other users, they should be given full access. Without full access, a user cannot see the **User Permissions** page in **Settings**.

When restricted users have full access, they can downgrade their own user permissions. But they cannot restore or upgrade them, because they will no longer have access to the **User Permissions** page. They will see a warning like this after downgrading:



Chapter 2: Structuring Accounts

Once you have established a business in Manager, the most important task is structuring your accounts to match your form of organization, method of operation, legal reporting requirements, and management information needs. Effort here will pay dividends as long as you run your business.

2.1 Chart of Accounts

2.1.1 Design a chart of accounts

A **chart of accounts** is an organized list of all accounts in a business entity's financial records. An account is where a financial transaction is classified, allocated, or posted. (These terms all mean the same thing.)

Every account has a balance based on additions and subtractions made since it was opened (or during a specified period of time). So summaries or totals of balances of various types or groups of accounts are often included when displaying a chart of accounts. But strictly speaking, only the accounts themselves make up the chart of accounts.

The chart of accounts will:

- Govern how every single transaction a business makes is recorded
- Determine what information management views to make important decisions
- Support government regulatory and tax filings
- Organize information for presentation to bankers, owners, creditors, and auditors

So it should be thought out carefully. Once it has been developed, written descriptions of which types of transactions are posted to each account are convenient reminders and can be helpful during audits, when working with accountants, and for training new users or reminding established ones.

Although the effort of building a good chart of accounts produces no direct revenue, it costs little or nothing, but will improve operations far into the future. A well-designed chart of accounts ultimately makes your business easier to manage and can save time and money. Understanding some basics will help you develop a good one.

Types of accounts

Accounts have been classified the same way by accountants and bookkeepers everywhere for over 500 years. (Nobody said accounting was exciting.) Classification depends on whether accounts depict your current financial position or determine your performance over a period of time. They are named for the two most important financial statements of any company: the balance sheet and the profit and loss (P & L) statement, also called the income statement.

Accounts depicting position are called balance sheet accounts, because they appear on the balance sheet. (See, this is easy!) They are also sometimes referred to as permanent or perpetual accounts, because they carry forward from one accounting period to another. When up to date, they define the state of a business at the current moment.

Balance sheet accounts

- **Asset** accounts represent the value of what you own, including cash, inventory, fixed assets, and other things.
- **Liability** accounts represent what you owe to others outside the business, including loans, employee wages earned but not yet paid, and so forth.
- **Equity** accounts record how much money is invested in the business, including profits that have not been distributed. Equity can be thought of as the net worth of a business. (Net worth is different from value, which is what someone might pay to buy the business.)

Accounts determining performance are called profit and loss or income statement accounts, because they appear on reports of the same name. (You probably predicted that.) Balances for these accounts are calculated over a specified timeframe or accounting period, such as a month, quarter, or year.

Profit and loss accounts

- **Income** (or revenue) accounts record amounts earned by the business
- **Expense** accounts record amounts spent on business activities (not including any withdrawals, dividends, or distributions to owners or shareholders)

Businesses may subdivide their accounts into elaborate hierarchies. But all accounts are one of those five basic types. There are no exceptions. (That would be too exciting.)

Accounting equations

Accounting begins with the simple equation:

$$\text{Assets} - \text{Liabilities} = \text{Equity}$$

This is just an accountant's way of saying the difference between what a business owns and what it owes is its net worth. (You already knew that, right? This is getting simpler.)

To make things seem mysterious so they can keep their jobs, accountants like to scramble that equation a little by moving *Liabilities* to the right side of the equation (reversing the sign, of course):

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

This version of the equation says the sum of all asset account balances must equal the sum of all liability and equity account balances. Details of this balance constitute your financial position at any given time. A proper chart of accounts and good accounting procedures make sure the two sides of the accounting equation are always equal. That's what shows on a balance sheet, nothing more, though specific accounts in each type and their arrangement may vary.



Example

Ravi has a bank account balance of 10,000 to start his messenger service. That is an asset. But 8,000 of that amount was obtained as a loan, a liability. Ravi's equity, or net worth, is 2,000. In fact, that is the amount he had saved and put into the business venture. His accounting equation is:

$$10,000 (\text{Assets}) = 8,000 (\text{Liabilities}) + 2,000 (\text{Equity})$$

But how can a business grow (or fail, for that matter)? This is where those profit and loss accounts fit into the picture. Revenue earned by a business adds to *Assets*, possibly by increasing a bank account. Or it might take the form of a receivable, that is, an amount earned and invoiced to a customer but for which money has not yet been received from the customer. A receivable is still an asset, because it has value to your business.

In contrast, expenditures by the business effectively decrease assets, reducing that bank account or creating a payable, or amount owed to a supplier. The accounting equation can be extended:

$$\text{Assets} = \text{Liabilities} + \text{Equity} + \text{Income} - \text{Expenses}$$

Elements of this equation can be grouped without changing its meaning:

$$\text{Assets} = \text{Liabilities} + \text{Equity} + (\text{Income} - \text{Expenses})$$

The portion in parentheses is called net profit and is what shows on the profit and loss statement and defines your performance. So the extended equation combines position and performance into one calculation, merging status at a moment with changes not yet transferred into the permanent accounts.

If you spend less than you make, you are profitable. Profits can increase your *Assets*. Or they can reduce your *Liabilities*. Either increases *Equity*. The creative aspect of business involves using *Assets*, *Liabilities*, and *Equity* to generate profits. Eventually, profits are converted to *Equity* and can be moved out of the business and into owners' pockets. The chart of accounts guides and records that process. (And you thought accounting would be completely boring. Well, it mostly is, until you get to the last step about putting money in your pocket.)

Debits and credits

The extended accounting equation can be ungrouped and rearranged one more time:

$$\text{Assets} + \text{Expenses} = \text{Liabilities} + \text{Equity} + \text{Income}$$

Why bother? Because this version can help you understand the deepest mystical secrets of accounting: debits and credits. Scholars, Latin linguists, and historians disagree about origins of those terms, including who first used them, when, and in what language. Every story is thorough and convincing. But you don't need to know any of them.

You only need to know two things about debits and credits:

- Your natural understanding of them from dealing with banks, merchants, and others who send you bills is probably backwards. The terms they use are not from your perspective, but from your bank's or the merchant's. All accounting is done from the perspective of the one keeping the books. So your bank's debit is your credit.
- For accounting purposes, *debit* means "on the left" and *credit* means "on the right."

Looking at the rearranged equation just above, *Asset* and *Expense* accounts are debit accounts. They are on the left side of the equal sign. *Liability*, *Equity*, and *Income* accounts are credit accounts. They are on the right. (Pretty simple, eh?)

On the Left: Debit Accounts	On the Right: Credit Accounts
<i>Assets</i>	<i>Liabilities</i>
<i>Expenses</i>	<i>Equity</i>
	<i>Income</i>

A debit transaction increases a debit account. A credit transaction increases a credit account. The reverse is also true. Debit transactions decrease credit accounts and credit transactions decrease debit accounts. So (here comes the magic), you can determine whether a transaction is a debit or credit by whether it increases an account on the left (a debit) or the right (a credit). (Yes, you can do it the other way round, too, but that's harder to remember.)

This relationship between debits and credits and the need to keep both sides of the accounting equation in balance led more than five centuries ago to invention of double-entry accounting. Every transaction starts out as a debit or credit posted to one of the accounts in your chart of accounts. But to balance your books, it must be offset by an opposite credit or debit to a different account.



Example

Ravi begins operating his messenger service. During the first month, he spends 2,500 from his bank account to pay operating costs. The transactions increase various *Expense* accounts on the left side of the equation. So the *Expense* accounts are debited. They also decrease his bank account, an *Asset* account, also on the left side. So the bank account is credited the same amount. (Yes, a payment from a bank account is a credit, showing that what you probably thought you knew was wrong.)

At the end of the month, Ravi deposits 4,000 received from customers into the bank. This transaction increases an *Asset* account, on the left side, so the bank account is debited. To balance this, an *Income* account, on the right side, is credited with 4,000. After these changes, Ravi's bank balance is 11,500, and his extended accounting equation is:

$$11,500 (\text{Assets}) + 2,500 (\text{Expenses}) = 8,000 (\text{Liabilities}) + 2,000 (\text{Equity}) + 4,000 (\text{Income})$$

Everything is still in balance. Ravi's new business is profitable and growing.

Fortunately, when using Manager, you don't have to remember most of this. Except for occasional journal entries, all transaction forms in Manager determine which accounts to debit and credit based on context. When faced with a decision, refer back to this Guide. And remember the rule that debits increase debit accounts and credits increase credit accounts.

Design considerations

Designing your chart of accounts is one of the most important things you do when starting a business or adopting Manager. Poor design will irritate you every day. Yet too many businesses undertake the task in a hurry. Do some research first. Check with local authorities. Consult an accountant or attorney (or both) to prevent costly problems. Several factors should influence your design:

- **Laws and regulations.** You may need accounts to record taxes collected or paid. If you have employees, you need accounts for wages, contributions to retirement funds, etc.
- **Business type.** Retail shops need different accounts than repair businesses, consultants different than manufacturers, and schools different than social clubs.
- **Size.** Larger companies with several divisions or locations need more complex charts of accounts than smaller ones.
- **Legal organization.** Partnerships need capital accounts; sole traders or proprietors may not. Trusts and corporations have different needs, too.
- **Government filings.** All charts of accounts should be set up to easily support filings you will make, especially tax returns. It is much easier to post transactions to accounts that match forms than to laboriously back them out of a jumble when a filing deadline approaches.
- **Management needs.** Accounts should support management decisions during the current accounting period. They should also support comparison with previous periods. But it is pointless to collect information you cannot use.
- **Permanence.** Remember that once an account has been used, Manager will not let you delete it. So good practice includes accounts useful over the long term. Creating accounts for one-time events is usually poor practice. For example, accounts collecting transactions on a category of customers are better choices than accounts set up for individual customers who might never buy again. Accounts to handle expenses for events are fine, but accounts for the 2017 charity fundraiser might not be a good idea. They will clutter your financial statements in 2022.



Notes

Smart planning will involve adding a test business in Manager. You can experiment with typical transactions you expect to use in your business to evaluate how your chart of accounts supports your needs. Investigate whether available reports will provide information you want. You will be much happier deleting a few sample transactions or starting over with a new test business than rebuilding your real accounting records if things don't work out.

Detailed instructions for building a chart of accounts are found in [another Guide](#).

2.1.2 Build a chart of accounts

Design your **chart of accounts** before building it. Read [this Guide](#) first. Consult your accountant and attorney, if necessary. Once you have a basic structure in mind, remember that Manager will automatically add some accounts based on tabs (functions) you enable. So some accounts you want may be created for you. A few accounts may be added you did not realize you needed.

Default chart of accounts

When you first create a new business in Manager, it already has a simple chart of accounts. Find the chart of accounts by clicking on the **Settings** tab in the left navigation pane, then clicking the **Chart of Accounts** icon from the display that appears:



The default chart of accounts illustrates some key concepts. The Balance Sheet side includes three groups or categories in **boldface** type: **Assets**, **Liabilities**, and **Equity**. Only the *Equity* group has an **Edit** button. It can be renamed (to accommodate needs of non-profit organizations). The other two cannot be edited. (If you read the Guide linked to above, you know that all Balance Sheet accounts must fall into one of these three groups, whatever they are called.)

Balance Sheet		
	Name	
	Assets	
	Liabilities	
<input type="button" value="Edit"/>	Equity	
<input type="button" value="Edit"/>	Retained earnings	↑↓

It also includes one account, *Retained earnings* within the **Equity** group. *Retained earnings* is an example of an automatically generated account. Every business needs this account. So while you can it by renaming it or assigning it to another group, you cannot delete it. But more about that later.

The default chart of accounts also includes some common (but by no means universal) accounts for the Profit and Loss Statement in **Income** and **Expense** groups. You can use these groups and accounts, rename them for other purposes, or delete them to fit your planned chart of accounts structure (to save space, not all accounts are shown below):

Profit and Loss Statement		
	Name	
<input type="button" value="Edit"/>	Income	↑↓
<input type="button" value="Edit"/>	Interest received	↑↓
<input type="button" value="Edit"/>	Sales	↑↓
<input type="button" value="Edit"/>	Less: Expenses	↑↓
<input type="button" value="Edit"/>	Accounting fees	↑↓
<input type="button" value="Edit"/>	Advertising and promotion	↑↓
<input type="button" value="Edit"/>	Bank charges	↑↓
<input type="button" value="Edit"/>	Computer equipment	↑↓



Note

This chart of accounts will be your starting point. You will transform it into one tailored for your legal structure, market sector, and reporting needs. As you work on it, it will be helpful to frequently check your page to see what affect your actions are having on the display. You may even want to consider your first draft a test business, into which you can make a few sample entries to see their effects. Those few transactions can be deleted and the test business' data file [copied, renamed, and opened](#) as your real business.

Define groups first

A four-step, methodical approach will simplify building your chart of accounts. Begin by defining groups. This step is first because every account must be assigned to a group. In fact, if you neglect to assign an account, Manager will assign it for you to an automatic group, **Uncategorized**.

A group can be subsidiary to another group. So on the Balance Sheet side of Brilliant Industries' chart of accounts, we will create two groups, **Current assets** and **Plant, equipment, and property**, and assign them to the **Assets** group. We click the button, enter the group name and choose **Assets** in the dropdown box:

Balance Sheet Group

Name

Group



Note

Once additional groups have been added, new groups can also be assigned as subsidiaries of them. For example, after a *Current assets* group has been defined under the main, *Assets* group, the next group created could be assigned to it:

Group

x ▲

- Assets
- Current assets
- Equity
- Liabilities

We'll do something similar under **Liabilities**. **Assets**, **Liabilities**, and **Equity** always display in that order (by long tradition). But other groups will display alphabetically unless we re-order them later. So far, the result looks like this:

Balance Sheet		
<input type="button" value="New Group"/> <input type="button" value="New Account"/>		
	Name	
	Assets	
<input type="button" value="Edit"/>	Current assets	⇅
<input type="button" value="Edit"/>	Plant, equipment, and property	⇅
	Liabilities	
<input type="button" value="Edit"/>	Long-term liabilities	⇅
<input type="button" value="Edit"/>	Short-term liabilities	⇅
<input type="button" value="Edit"/>	Equity	
<input type="button" value="Edit"/>	Retained earnings	⇅

Since liabilities are usually shown in order of their demand on cash, we want *Short-term liabilities* to appear first in the chart. So we click on the double-ended arrow to the right of it:



A list of groups eligible for re-ordering appears. A multi-directional arrow cursor allows groups to be dragged into new positions. We drag *Short-term liabilities* to the top of the list and click :

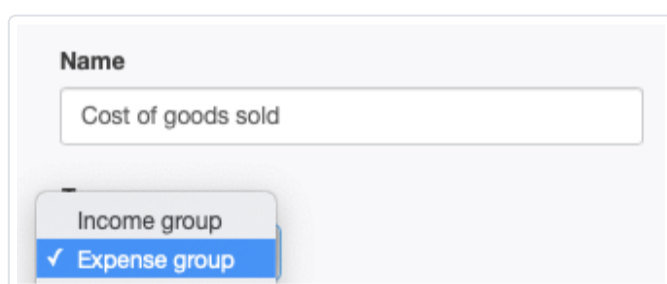


Our Balance Sheet shows the change:

Balance Sheet		New Group	New Account
Name			
Assets			
Edit	Current assets		↕
Edit	Plant, equipment, and property		↕
Liabilities			
Edit	Short-term liabilities		↕
Edit	Long-term liabilities		↕
Equity			
Edit	Retained earnings		↕

Moving to the Profit and Loss Statement side of the chart of accounts, we take several actions:

- Rename the **Income** group to **Operating income** after clicking on beside it.
- Add a **Cost of goods sold** group. Since this will be a top-level group, we do not assign it to another group. Under **Type**, we select *Expense group*:



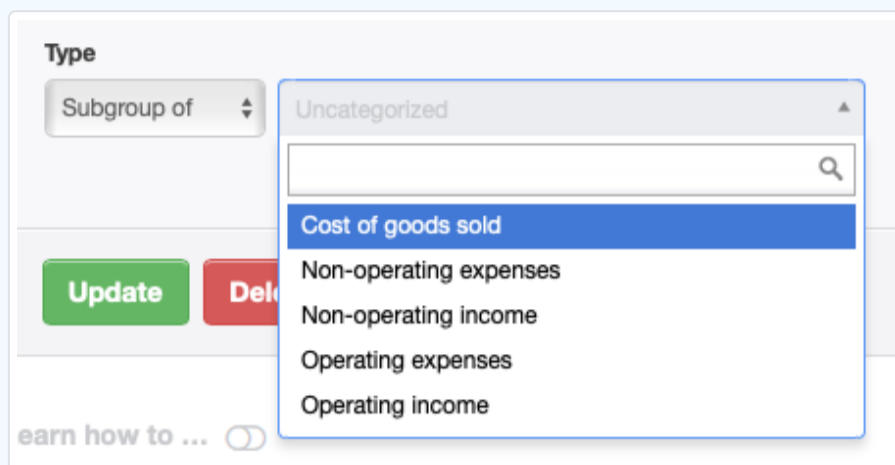
This will display the group and its subsidiary accounts under the heading **Less: Cost of goods sold**, using positive numbers. Selecting *Income group* will display negative numbers. There is no affect on accounting behavior, only on how displays are presented.

- Add a **Non-operating income** group, also unassigned
- Reassign the *Interest received* account to the new *Non-operating income* group
- Rename **Expenses** to **Operating expenses**.
- Add a **Non-operating expenses** group, leaving it unassigned, but checking the Expenses box.

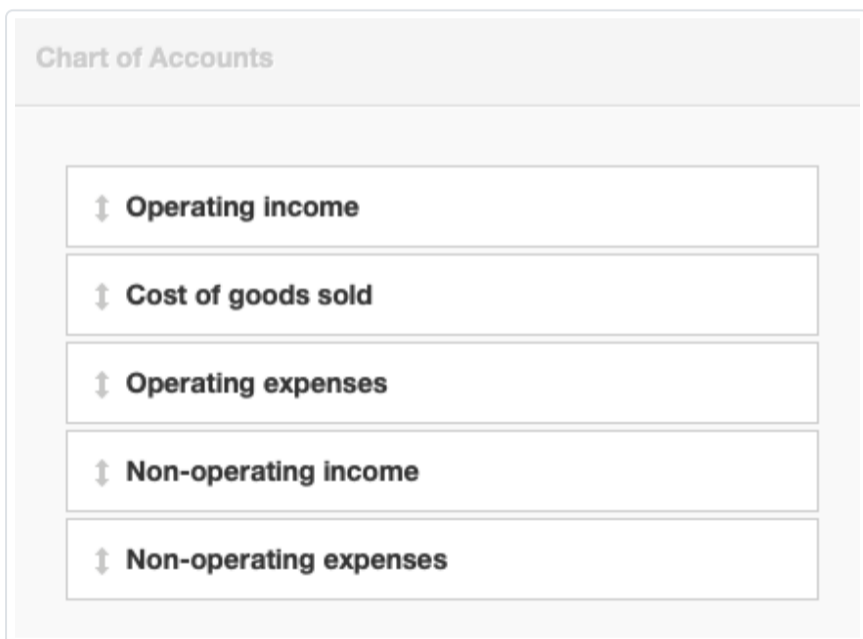


Note


After Profit and Loss Statement groups are created, further groups can also be assigned as subgroups of them, just as for Balance Sheet groups. However, the procedure is slightly different. The **Type** field will show an additional option, *Subgroup of*. And a dropdown menu will appear, where you can select from the additional groups and subgroups you have already added:



We click on the double-ended arrow for one of the groups to re-order the groups, just as we did for Balance Sheet groups:




After clicking , our progress so far is shown below (again, some accounts have been eliminated to save space):

Profit and Loss Statement		
<input type="button" value="New Group"/> <input type="button" value="New Account"/> <input type="button" value="New Total"/>		
	Name	
<input type="button" value="Edit"/>	Operating income	↕
<input type="button" value="Edit"/>	Sales	↕
<input type="button" value="Edit"/>	Less: Cost of goods sold	↕
<input type="button" value="Edit"/>	Less: Operating expenses	↕
<input type="button" value="Edit"/>	Accounting fees	↕
<input type="button" value="Edit"/>	Advertising and promotion	↕
<input type="button" value="Edit"/>	Bank charges	↕
<input type="button" value="Edit"/>	Computer equipment	↕
<input type="button" value="Edit"/>	Donations	↕
<input type="button" value="Edit"/>	Electricity	↕
<input type="button" value="Edit"/>	Rent	↕
<input type="button" value="Edit"/>	Repairs and maintenance	↕
<input type="button" value="Edit"/>	Non-operating income	↕
<input type="button" value="Edit"/>	Interest received	↕
<input type="button" value="Edit"/>	Less: Non-operating expenses	↕

Add totals next

Interim subtotals and final totals are useful in accounting displays. Add them with the button. Totals calculate a running summation of all groups above them in the chart of accounts. They are positioned the same way as the groups, clicking on the double-ended arrows and dragging their titles in the list. After updating, they show with dashed underlines.

We add two totals and adjust their positions:

Profit and Loss Statement			
	<input type="button" value="New Group"/>	<input type="button" value="New Account"/>	<input type="button" value="New Total"/>
	Name		
<input type="button" value="Edit"/>	Operating income	↑↓	
<input type="button" value="Edit"/>	Sales	↑↓	
<input type="button" value="Edit"/>	Less: Cost of goods sold	↑↓	
<input type="button" value="Edit"/>	Gross operating profit (loss)	↑↓	
<input type="button" value="Edit"/>	Less: Operating expenses	↑↓	
<input type="button" value="Edit"/>	Accounting fees	↑↓	
<input type="button" value="Edit"/>	Advertising and promotion	↑↓	
<input type="button" value="Edit"/>	Bank charges	↑↓	
<input type="button" value="Edit"/>	Computer equipment	↑↓	
<input type="button" value="Edit"/>	Donations	↑↓	
<input type="button" value="Edit"/>	Electricity	↑↓	
<input type="button" value="Edit"/>	Rent	↑↓	
<input type="button" value="Edit"/>	Repairs and maintenance	↑↓	
<input type="button" value="Edit"/>	Net operating profit (loss)	↑↓	
<input type="button" value="Edit"/>	Non-operating income	↑↓	
<input type="button" value="Edit"/>	Interest received	↑↓	
<input type="button" value="Edit"/>	Less: Non-operating expenses	↑↓	



Note

A bottom-line, net profit (loss) total can be added, named as desired. If one is not specifically created, Manager will automatically add one labeled **Net profit** when a profit exists. If the business has a loss for the reporting period, the default total will change to **Net loss**. This automatic total will not show in the tab, but will appear on the page and in financial statements.

Activate automatic accounts

Several tabs and some settings activate accounts necessary to their functionality when they are enabled (or as soon as the first entry is made using them). If you plan to use any of these tabs (or need the accounts they activate), enable them now following procedures in [another Guide](#). Automatic accounts are summarized in the table below:


Tab	Setting	Automatic Accounts Activated
Any		<i>Retained earnings</i>
Bank and Cash Accounts		<i>Cash at bank</i> <i>Cash on hand</i>
Billable Expenses		<i>Billable expenses</i> <i>Billable expenses - invoiced</i> <i>Billable expenses - cost</i>
Billable Time		<i>Billable time</i> <i>Billable time - invoiced</i> <i>Billable time - movement</i>
Customers		<i>Accounts receivable</i>
Employees		<i>Employee clearing account</i>
Expense Claims		<i>Expense claims</i>
Fixed Assets		<i>Fixed assets, at cost</i> <i>Fixed assets, accumulated depreciation</i> <i>Fixed assets - depreciation</i> <i>Fixed assets - loss on disposal</i>
Intangible Assets		<i>Intangible assets, at cost</i> <i>Intangible, accumulated amortization</i> <i>Intangible assets - amortization</i> <i>Intangible assets - loss on disposal</i>
Inventory Items		<i>Inventory on hand</i> <i>Inventory - sales</i> <i>Inventory - cost</i>
Late Payment Fees		<i>Late payment fees</i>
Production Orders		<i>Production in progress</i>
Purchase Invoices		<i>Withholding tax payable</i>
Sales Invoices		<i>Late payment fees (if any are applied)</i> <i>Rounding expense</i> <i>Withholding tax (if withholding tax applied)</i> <i>Withholding tax receivable (if withholding tax applied)</i>
Settings	Capital Subaccounts	<i>Drawings</i> <i>Funds contributed</i> <i>Share of profit</i>
Settings	Foreign Currencies	<i>Foreign exchange gains (losses) (when first subsidiary ledger is denominated in foreign currency)</i>
Settings	Divisions	<i>Interdivisional loan (does not show on Summary)</i>
Settings	Tax Codes	<i>Tax payable (if no other liability account created)</i>
Suppliers		<i>Accounts payable</i>




Note

If an automatic account is not activated with the tab, make an entry in it. Such an entry can be a placeholder or setup entry. This will allow you to position the automatic account correctly in order, add account codes, and even rename the account. The placeholder entry can then be deleted. When a real entry is entered later, the account will reappear in the correct order, with the assigned account code, and under the new name.

We enable the , , , and tabs and make at least one entry in each tab. After reassigning accounts to appropriate subsidiary groups and arranging in order of liquidity, the Balance Sheet side of the chart of accounts looks like this:

Balance Sheet		
		<input type="button" value="New Group"/> <input type="button" value="New Account"/>
	Name	
Assets		
<input type="button" value="Edit"/>	Current assets	↕
<input type="button" value="Edit"/>	Cash at bank	↕
<input type="button" value="Edit"/>	Accounts receivable	↕
<input type="button" value="Edit"/>	Inventory on hand	↕
<input type="button" value="Edit"/>	Plant, equipment, and property	↕
<input type="button" value="Edit"/>	Fixed assets	↕
<input type="button" value="Edit"/>	Fixed assets, accumulated depreciation	↕
Liabilities		
<input type="button" value="Edit"/>	Short-term liabilities	↕
<input type="button" value="Edit"/>	Long-term liabilities	↕
<input type="button" value="Edit"/>	Equity	
<input type="button" value="Edit"/>	Retained earnings	↕

And the Profit and Loss Statement side looks like this:

Profit and Loss Statement		
	<input type="button" value="New Group"/>	<input type="button" value="New Account"/>
	<input type="button" value="New Total"/>	
	Name	
<input type="button" value="Edit"/>	Operating income	↑↓
<input type="button" value="Edit"/>	Inventory - sales	↑↓
<input type="button" value="Edit"/>	Sales	↑↓
<input type="button" value="Edit"/>	Less: Cost of goods sold	↑↓
<input type="button" value="Edit"/>	Gross operating profit (loss)	↑↓
<input type="button" value="Edit"/>	Less: Operating expenses	↑↓
<input type="button" value="Edit"/>	Accounting fees	↑↓
<input type="button" value="Edit"/>	Advertising and promotion	↑↓
<input type="button" value="Edit"/>	Bank charges	↑↓
<input type="button" value="Edit"/>	Computer equipment	↑↓
<input type="button" value="Edit"/>	Donations	↑↓
<input type="button" value="Edit"/>	Electricity	↑↓
<input type="button" value="Edit"/>	Fixed assets - depreciation	↑↓
<input type="button" value="Edit"/>	Fixed assets - loss on disposal	↑↓
<input type="button" value="Edit"/>	Inventory - cost	↑↓
<input type="button" value="Edit"/>	Rent	↑↓
<input type="button" value="Edit"/>	Repairs and maintenance	↑↓
<input type="button" value="Edit"/>	Net operating profit (loss)	↑↓
<input type="button" value="Edit"/>	Non-operating income	↑↓
<input type="button" value="Edit"/>	Interest received	↑↓
<input type="button" value="Edit"/>	Less: Non-operating expenses	↑↓

Add other desired accounts

Finally, add any remaining accounts from your plan. Assign these to relevant groups or subgroups. For example, we will add accounts for short- and long-term loans to the Balance Sheet. And since Brilliant Industries is a sole proprietorship, we will change the name of *Retained earnings* to *Owner's equity*. Note how the original, automatically assigned name of this account remains visible in the chart of accounts; it will not show elsewhere in the program:

Balance Sheet		New Group	New Account
	Name		
Assets			
Edit	Current assets		↑↓
Edit	Cash at bank		↑↓
Edit	Accounts receivable		↑↓
Edit	Inventory on hand		↑↓
Edit	Plant, equipment, and property		↑↓
Edit	Fixed assets		↑↓
Edit	Fixed assets, accumulated depreciation		↑↓
Liabilities			
Edit	Short-term liabilities		↑↓
Edit	Short-term notes		↑↓
Edit	Long-term liabilities		↑↓
Edit	Mortgage on building		↑↓
Edit	Equity		
Edit	Retained earnings Owner's equity		↑↓

Similar additions can be made on the Profit and Loss Statement side.

2.1.3 Add an ordinary account

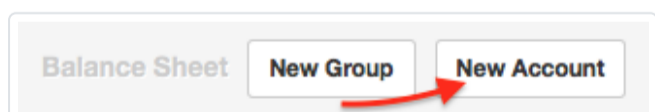
Some accounts in your chart of accounts are present by default when you [add a business](#) and cannot be deleted. [Others are activated as various tabs are enabled](#) and remain unless the tab is disabled (which is only possible if no transactions have been entered within it). Still others are [control accounts](#) with subsidiary ledgers. When necessary, you can **add an ordinary account** to either your Balance Sheet or Profit and Loss Statement. These accounts stand on their own and are not dependent upon any other tab or account. Sometimes, they are referred to as custom accounts, because you customize them as required. Ordinary accounts offer more flexibility than automatic, control, or other built-in accounts.

Ordinary accounts are added under [Settings](#) [Chart of Accounts](#) :



Add a Balance Sheet Account

Click on [New Account](#) on the Balance Sheet side of the chart of accounts:



Define the account:

Balance Sheet Account

Name **Code**

Group
Balance Sheet Cash Flow Statement

Tax Code

Division

Starting balance

- **Name** should be a short description of the account's purpose.
- **Code** is optional. See [another Guide](#) for more information on account codes.
- Choose the **Group** under which the account will be reported. (Groups must be defined before accounts can be assigned to them.)
- **Cash Flow Statement** lets you select the category where the account will be reported on the Cash Flow Statement report. Options include *Operating activities*, *Investing activities*, and *Financing activities*.



Note

Some automatic or built-in accounts can only be reported under one category. In such cases, the **Cash Flow Statement** menu does not appear.

- Select a **Tax Code** if all or most transactions posted to this account will have the same tax code applied. For Balance Sheet accounts, this field is often left blank. The field will not appear unless at least one tax code has already been defined under [Settings](#).
- Select a Division if the balance of this account will belong to only one division. Leave the default, *Optional*, selection if the balance applies to the entire business. This field also will not appear unless at least one division has been defined.
- If migrating to Manager from an earlier accounting system, enter a **Starting balance** type and amount. These fields only appear if a [start date](#) has been set.

Click [Create](#) to save the new account.

Add a Profit and Loss Statement account

Click on [New Account](#) on the Profit and Loss Statement side of the chart of accounts:

Profit and Loss Statement [New Group](#) [New Account](#) [New Total](#)

Define the account:

Profit and Loss Statement Account

Name **Code**

Group

Profit and Loss Statement Cash Flow Statement

Tax Code

Fields available for Profit and Loss Statement accounts have the same purpose as similarly named fields for Balance Sheet accounts. A **Tax Code** is more commonly selected for Profit and Loss Statement accounts than for Balance Sheet accounts, because income and expense transactions posted to them are more frequently subject to the same taxes. The **Tax Code** field is, nevertheless, optional.

Click when finished.

2.1.4 Add custom control accounts

Custom control accounts can be useful additions to your chart of accounts. A control account in Manager is a top-level, balance sheet account containing subsidiary ledgers or subaccounts. (The terms are interchangeable). Some accounts activated automatically when various tabs are enabled are control accounts. Perhaps the most familiar examples are *Cash at bank* and *Cash on hand*, the default control accounts for bank and cash accounts. Another good example is *Accounts receivable*, made up of individual customer ledgers.

A custom control account is one you create yourself to segregate and give visibility to selected subsidiary ledgers that would otherwise be assigned to a built-in control account. A custom control account may contain only one type of subsidiary ledger, including:

- Bank accounts
- Cash accounts
- Customers
- Suppliers
- Inventory items
- Employees
- Fixed assets
- Fixed assets accumulated depreciation
- Intangible assets
- Intangible assets accumulated amortization
- Capital accounts
- Special accounts



Examples

Jurgen operates a machine shop with some very expensive, digitally controlled boring and milling machines. He wants see the value of these important assets on his balance sheet separately from other fixed assets like workbenches and office furniture. So he creates a custom control account called *Digital machinery* and assigns those fixed assets to it.

Northwind Traders has a variety of bank accounts it uses for different purposes. Rather than leave them all lumped together under the built-in control account, *Cash at bank*, it decides to break them apart for better management visibility. So the company renames that account as *Cash deposits*. It creates two new custom control accounts, *Payroll accounts* and *Term deposits*. Northwind leaves its various demand deposit accounts in the original, renamed control account. It assigns the accounts at local branch banks used to pay employees in various cities to *Payroll accounts*. And it assigns its longer term certificates of deposit to *Term deposits*. Now the balance sheet clearly distinguishes between highly liquid funds, money available for the weekly payroll, and cash reserves that are not readily accessible.

Create a custom control account

To create custom control account, go to [Settings](#)  [Control Accounts](#) :



You will see lists of existing control accounts (including automatic ones) for the categories mentioned above for which tabs are enabled. You will also see the number of subsidiary ledgers for each category:

[Settings](#) > [Control Accounts](#)

Bank Accounts New Control Account			
	Code	Name	Bank Accounts
Edit		Cash at bank	1

Fixed Assets New Control Account			
	Code	Name	Fixed Assets
Edit		Fixed assets, at cost	0

Cash Accounts New Control Account			
	Code	Name	Cash Accounts
Edit		Cash on hand	1

Fixed Assets New Control Account			
	Code	Name	Fixed Assets
Edit		Fixed assets, accumulated depreciation	0

Customers New Control Account			
	Code	Name	Customers
Edit		Accounts receivable	4

Capital Accounts New Control Account			
	Code	Name	Capital Accounts
Edit		Capital Accounts	0

Suppliers New Control Account			
	Code	Name	Suppliers
Edit		Accounts payable	2

Special Accounts New Control Account			
	Code	Name	Special Accounts
Edit		Special Accounts	0

Click [New Control Account](#) for the category where you want to define the custom control account. Regardless of category, the fields to complete are similar, although some do not appear in every case:

ControlAccountForSpecialAccounts

Name	Code
<input type="text"/>	<input type="text" value="Optional"/>
Group	
<input type="text" value="Balance Sheet"/> <input type="text" value="Uncategorized"/>	<input type="text" value="Cash Flow Statement"/> <input type="text" value="Operating activities"/>

- **Name** the account as you want it to appear on your balance sheet.
- Enter an alphanumerical **Code** if desired.
- Select which **Group** the custom control account will be in: *Assets*, *Liabilities*, or *Equity*, or any subgroup of one of these.
- For accounts where the selection is applicable, categorization in the **Cash Flow Statement** can be chosen. Options are *Operating activities*, *Investing activities*, or *Financing activities*.

Click [Create](#) to add the custom control account to your chart of accounts.



Example

Brilliant Industries has defined a number of fixed assets. By default, the purchase costs of all fixed assets are shown on the balance sheet under the *Fixed assets* account (a built-in control account). The company wants to split fixed assets into categories and have each category show separately as:

- *Land & buildings*
- *Motor vehicles*
- *Furniture*

To do this, the company creates a custom control account for fixed assets. It assigns this custom control account to a subgroup under *Assets* named *Plant, equipment, and property*:

Control account - acquisition cost

Name	Code
Land & Buildings	Optional
Group	
Plant, equipment, and property x ▾	

It creates another custom control account named *Motor Vehicles* and a third for *Furniture*. It assigns both to the same subgroup, *Plant, equipment, and property*.

Brilliant Industries also wants separate accumulated depreciation contra accounts for each fixed asset category. So it adds custom control accounts in the accumulated depreciation category. It assigns the contra accounts to the same subgroup as the corresponding asset accounts:

- *Land & buildings, accumulated depreciation*
- *Motor vehicles, accumulated depreciation*
- *Furniture, accumulated depreciation*

The *Assets* portion of the balance sheet now looks like this:

Assets
Current assets
Cash at bank
Accounts receivable
Inventory on hand
Plant, equipment, and property
Land & buildings
Land & buildings, accumulated depreciation
Motor vehicles
Motor vehicles, accumulated depreciation
Furniture
Furniture, accumulated depreciation

Brilliant edits individual fixed assets under the Fixed Assets tab to select the specific control accounts to which they

should belong. For example:

Fixed Asset
54b6a377-4974-4ea5-a5ff-61bb24ab8c0f

Item code

Item name

Depreciation rate

Description

2019 Toyota

Control account - acquisition cost

Motor Vehicles
✕ ▼

Control account - accumulated depreciation

Motor vehicles, accumulated depreciation
✕ ▼

Starting balance

Acquisition cost

Accumulated depreciation

Custom depreciation expense account

Disposed fixed asset

Once you have created a custom control account made up of a specific subaccount type, you will be able to select control accounts for all subaccounts of the same type when creating new ones or by editing existing ones.



Note

If no assets are assigned to the built-in accounts, *Fixed assets, at cost* and *Fixed assets, accumulated depreciation*, those accounts will not appear in the chart of accounts. They will remain as default assignments for newly created assets, though. So no asset will ever be unassigned.

Inactivate a custom control account

If you no longer use a custom control account, you can make it inactive. On either the [Chart of Accounts](#) or [Control Accounts](#) pages in the [Settings](#) tab, click [Edit](#) for the control account you no longer need. Then check the box:

Inactive

Click [Update](#) to save the change. The control account will no longer appear in your chart of accounts or selection menus.



Note

The option to make a custom control account inactive is never available for automatically created control accounts, such as *Accounts receivable*.

2.1.5 Set account codes

Account codes can be used to identify specific accounts in an overall identification scheme for the chart of accounts. To set account codes, go to the **Settings** tab, select **Chart of Accounts** and click **Edit** for an account or group:



Enter the desired alphanumeric content in the **Code** field and click **Update** :

Account codes will show in ovals under the **Settings** tab:

Balance Sheet		New Group	New Account
	Name		
	Assets		
Edit	Cash on hand	1100	↑↓
Edit	Cash at bank	1200	↑↓
Edit	Accounts receivable	1300	↑↓
Edit	Billable time	1400	↑↓
Edit	Billable expenses	1500	↑↓



Note

Account codes for control accounts can also be entered in the **Settings** tab on the **Control Accounts** page by clicking **Edit** for a control account.

2.1.6 Delete an account

You can **delete an account** from your chart of accounts if all these statements are true:

- No transactions are posted to the account.
- The account is not a control account with subsidiary ledgers.
- The account was not automatically activated when you enabled a tab.
- The account is not *Retained earnings*, a mandatory account present by default in all businesses.

Under **Settings**, click on **Chart of Accounts**, then **Edit** next to the account you want to delete:



Click **Delete**. If the first condition listed above has not been satisfied, a notice appears and transactions posted to the account are listed:



If no **Delete** button is available, one of the other conditions has not been satisfied. In other words, Manager will not let you delete an account needed for proper functioning of the tabs you have enabled or necessary for proper maintenance of your account records.

2.1.7 Set up accounts receivable

Accounts receivable is an asset account that records amounts owed to a business by **customers**. In Manager, this is a control account, meaning it is built into the software and is made up of subaccounts for customers defined in the **Customers** tab. Normally, this account should **not** be created manually in the chart of accounts.

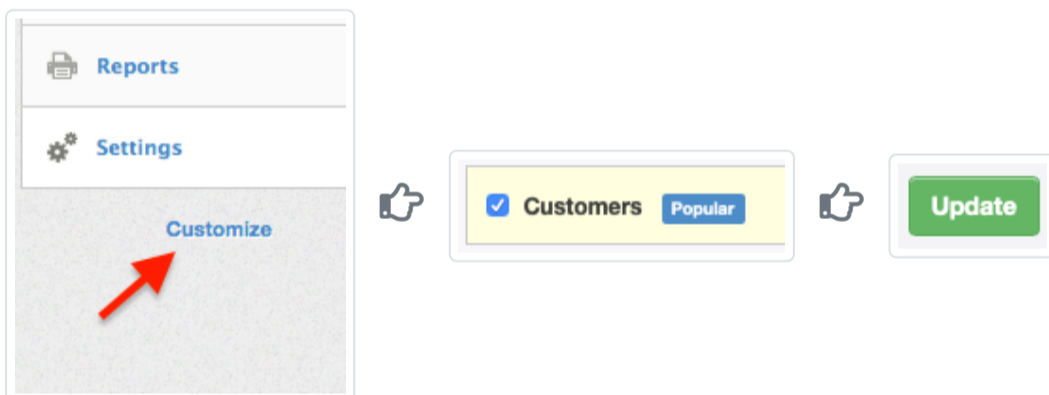


CAUTION

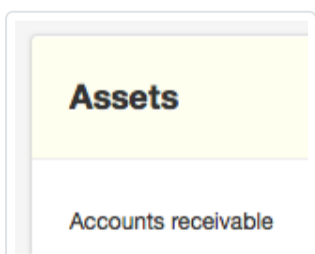
If *Accounts receivable* is created manually in the chart of accounts, many built-in functions will be lost. Manager will not be able to associate sales invoices with specific customers. And it will not be able to apply customer advances, deposits, or overpayments to sales invoices.

Activate *Accounts receivable*

To activate *Accounts receivable*, enable the **Customers** tab. Click **Customize** below the left navigation pane, check the box for **Customers**, and click **Update** below the list.



Accounts receivable will automatically appear in the Balance Sheet and chart of accounts when the first customer has been created:



Set up starting balances for customers

If making a transition to Manager from a previous accounting system, follow [this Guide](#) to set up starting balances for customers.

2.1.8 Set up accounts payable

Accounts payable is a liability account that records amounts the business owes to **suppliers**. In Manager, this is a control account, meaning it is built into the software and is made up of subaccounts for suppliers defined in the **Suppliers** tab. Normally, it should **not** be created manually in the chart of accounts.

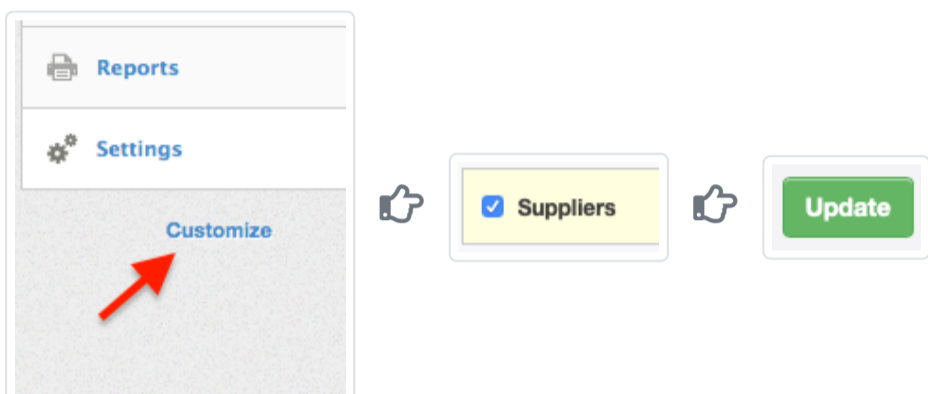


CAUTION

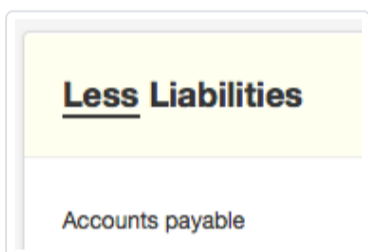
If *Accounts payable* is created manually in the chart of accounts, many built-in functions will be lost. Manager will not be able to associate purchase invoices with specific suppliers. And it will not be able to apply advances, deposits, or overpayments paid to suppliers to purchase invoices.

Activate *Accounts payable*

To activate *Accounts payable*, enable the **Suppliers** tab. Click **Customize** below the left navigation pane, check the box for **Suppliers**, and click **Update** below the list.



Accounts payable will automatically appear in the Balance Sheet and chart of accounts when the first supplier has been created:



Set up starting balances

If making a transition to Manager from a previous accounting system, follow [this Guide](#) to set up starting balances for suppliers.

2.2 Capital Accounts

2.2.1 Set up and use capital accounts

Capital accounts track contributions from, distributions of earnings to, and drawings of owners or others with financial interests in a business entity. They can be adapted to suit any type of entity, including sole proprietors, partnerships, companies, trusts, and funds.

To set up capital accounts, enable the **Capital Accounts** tab, following instructions in [another Guide](#). The tab will appear in the left navigation pane. The number in the window indicates the number of capital accounts established:



In the **Capital Accounts** tab, click **New Capital Account** to define a member or owner of a capital account:

- **Name** is the owner of the capital account.

- **Code** is optional and can be any alphanumeric entry.
- **Starting balance** fields appear if a start date has been set, allowing capital account balances to be migrated from prior accounting systems. The dropdown menu allows a choice of whether the capital account owner has *Paid in advance* (a credit balance) or there is an *Amount to pay* by the business (a debit balance).

Click to save.

Sole proprietorships require only a single capital account. Partnerships require a capital account for each partner. Trusts require one for each beneficiary. Funds require a capital account for each member. Repeat the process described until all capital accounts have been established:

Capital Accounts		<input type="button" value="New Capital Account"/>
	Name	
<input type="button" value="Edit"/>	John Smith	
<input type="button" value="Edit"/>	Robert Jones	

If capital account members leave the company, they cannot simply be deleted, because there are transactions that reference them. Instead, make them inactive by editing them and checking the **Inactive** box:

 Inactive

Inactive members appear in gray at the end of the list. They can be reactivated after clicking the button.

By default, all capital accounts are combined as *Capital accounts* in the *Equity* section of the Balance Sheet:

Capital Accounts	1,200.00
------------------	----------

Sometimes, it is necessary to rename the account. For example, if the business operates as a sole proprietorship, the account can be renamed as *Owner's equity*. Click under in the tab. The new name will show, but the default name will be visible in the Settings tab:

<input type="button" value="Edit"/>	Capital Accounts	Owner's equity
-------------------------------------	------------------	----------------



Note

In some situations, sole proprietors need not add the complexity of capital accounts to their business records. See [this Guide](#) for a discussion of a simpler approach to equity accounting.

Sole proprietors and partnerships are unincorporated, meaning they have no shareholders. Their capital accounts can be set up as described in this Guide. But companies or corporations (terminology varies in different jurisdictions), trusts, and funds are separate legal entities. Depending on the legal structure of a business, it may be necessary to change the classification of *Capital accounts* from *Equity* to *Assets* if they have debit balances or *Liabilities* if they have credit balances. When in doubt, consult with a local accountant to be sure.

2.2.2 Use capital subaccounts

Each capital account you create automatically has the following **subaccounts**:

- *Drawings*
- *Funds contributed*
- *Share of profit*

Subaccounts are useful for segregating movements to and from capital accounts. Default subaccounts are sufficient for most businesses, but you can add, remove or rename subaccounts under the tab by selecting :



Drawings

Drawings tracks money a partner, beneficiary, or member withdraws from the business. When you transfer funds from a bank account to a member, or if the business pays a private expense on behalf of a member, the transaction should be posted to the *Drawings* subaccount:

Description									
Quarterly payment to partners									
Item	Account			Description	Qty	Unit price	Total		
	Capital Accounts	Capital Account	John Smith	Sub Account Drawings		4000	4000		

Funds contributed

Funds contributed tracks money a member has contributed to the business. When a member deposits personal funds into a business account, the transaction should be posted to the *Funds contributed* subaccount:

Description									
Initial investment									
Item	Account			Description	Qty	Unit price	Total		
	Capital Accounts	Capital Account	John Smith	Sub Account Funds contributed		1500	1500		

Share of profit

Share of profit is used to allocate net profit from *Retained earnings* to *Capital accounts*. Only certain types of legal entities are required to distribute profit to owners. Such distributions are often done by an accountant at the end of a financial period using journal entries:

Narration									
Distribution of earnings									
Account			Description	Debit	Credit				
Retained earnings			Quarterly allocation	12000					
Capital Accounts	Capital Account	Robert Jones	Sub Account Share of profit		12000				
				12000	12000				

They prevent earnings from accumulating endlessly in *Retained earnings*. Such distributions show that funds are no longer available for general business operations, but have been earmarked for the capital account owner.

2.3 Special Accounts

2.3.1 Use special accounts

Special accounts are custom subsidiary ledgers. In Manager, subsidiary ledgers are used to record related transactions, such as those pertaining to a single customer, supplier, or type of asset or liability. They are summarized in a general ledger control account. Only the control account is reported on the Balance Sheet to reduce complexity. The balance of a control account equals the sum of balances of its constituent subsidiary ledger accounts.

Manager includes several in-built control accounts that are activated as various functional tabs are enabled.



Examples

Accounts receivable is an in-built control account, where customer accounts are the subsidiary ledgers or subaccounts, and the sum of all customers' balances equals the balance of the *Accounts receivable* account on the Balance Sheet.

Inventory on hand is another in-built control account. Its subsidiary ledgers or subaccounts are the various inventory items. A Balance Sheet would be too long if the value of every item in inventory appeared individually.

Some businesses may require special accounts because the in-built control accounts with their subsidiary ledgers are not suitable.



Examples

A real estate manager might require custom subsidiary ledgers to manage trust accounts for various properties in a portfolio. Rather than every property's trust account being displayed separately in financial reports, they can be summarized in a control account named *Trust funds payable*. Yet funds associated with different properties are separately identified in their own special accounts.

A designer and manufacturer of robotic fabrication equipment receives large advance deposits with sales orders. Because delivery of its customized products typically takes 18 to 24 months, the company prefers more visibility into customers' deposits than is furnished by Manager's [normal handling under Accounts receivable](#). So it creates a custom control account, *Customer deposits* in the *Liabilities* group and uses special accounts as subsidiary ledgers for various customers' deposits. No matter how many customer deposits are received and eventually consumed, the Balance Sheet structure remains fixed from year to year, with only the one control account showing.

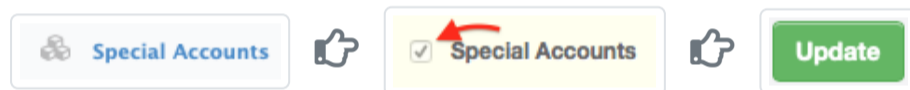


Note

Special accounts cannot be used for income or expense accounts on the Profit and Loss Statement side of the chart of accounts. They can only be used for Balance Sheet accounts in the *Assets*, *Liabilities*, or *Equity* groups.

Enable the **Special accounts** tab

To create a custom subsidiary ledger, first enable the **Special Accounts** tab. Below the left navigation pane, click **Customize**, check the box for **Special Accounts**, and click **Update**:



Rename or create the control account

Special accounts will automatically be assigned to a default control account named *Special accounts*. You can rename this control account to something more suitable if you will only have one category of special accounts. But you should normally [create a new control account](#) on the Balance Sheet for every new category of special account. Go to **Settings**, click on **Control Accounts**, then **New Control Account** for the special accounts category:



Example

The real estate property manager creates a control account named *Trust funds payable*:

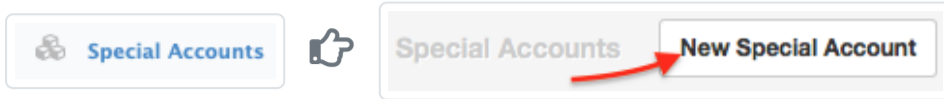
ControlAccountForSpecialAccounts

Name	Code
<input type="text" value="Trust funds payable"/>	<input type="text" value="Optional"/>
Group	
<input style="width: 90%;" type="text" value="Liabilities"/>	

You can have multiple control accounts made up of special accounts. This is useful if you require more than one category of custom subsidiary ledgers.

Create special accounts

Return to the **Special Accounts** tab and click **New Special Account** :



Define each special account:

Special Account

Name **Code**

Control account

- **Name** the account.
- An optional, alphanumeric **Code** can be chosen.
- If a custom control account has been created, the **Control account** field will be available. Otherwise, the special account will automatically be assigned to the *Special Accounts* control account.



Example

The property manager creates a new special account for each property she manages. These all show under the **Special Accounts** tab:

Special Accounts		New Special Account	Search	Search
	Name	Control account	Balance	
<input type="button" value="Edit"/>	3 Bank Drive Ithaca, NY 14850	Trust funds payable	0.00	
<input type="button" value="Edit"/>	34 Bridge Dr. Winter Garden, FL 34787	Trust funds payable	0.00	
<input type="button" value="Edit"/>	813 School Street Green Cove Springs, FL 32043	Trust funds payable	0.00	
<input type="button" value="Edit"/>	8671 Forest Dr. Halethorpe, MD 21227	Trust funds payable	0.00	

Special accounts can be used for most transactions as if they are regular accounts. When the control account is selected for a line item on a transaction entry form, another field appears for the particular special account.



Example

The property manager receives rent from a tenant and records the transaction under the **Receipts** tab:

Receipt

Date 08/15/2016 **Reference** Automatic

Paid by

Received in **Status**

Description

Item	Account	Description	Qty	Unit price	Total
<input type="text"/>	Trust funds payable	Special Account 3 Bank Drive, Ithaca, NY 14850		400	400

Line description
 Custom theme
 Custom title

Inactivate special accounts

If special accounts become obsolete, they cannot simply be deleted, because there are transactions that reference them. Instead, make them inactive by editing them and checking the **Inactive** box:

Name

Control account

Inactive

Inactive special accounts appear in gray at the end of the **Special Accounts** list. They can be reactivated after clicking the **Edit** button.

Other applications

Special accounts can be used for many purposes. If you have numerous loan accounts, rather than show them individually on a balance sheet, you can create all loans as special accounts within their own subsidiary ledgers, summarizing them in a single control account named *Loans*. This keeps your Balance Sheet concise enough to be easily analyzed, but lets you track what you owe on every loan.

You could also use custom subsidiary ledgers to track store credits given to customers (e. g., gift cards or customer loyalty program bonuses). When a customer wants to use store credit, you can easily check the available balance in the **Special Accounts** tab, then apply it to a receipt.



Example

John Smith buys a \$500 item, but has a \$400 gift card, entered as a special account under a *Store credit* custom control account. Even though John forgot to bring the gift card with him, the store can look up his balance and apply it on a sales receipt:

Account	Qty	Unit price	Total
Sales		500	500
Store credit		-400	-400
			100

If John later brings the gift card to the store, trying to use the balance again, no credit will be available.

2.3.2 Avoid automatic credit allocations with special accounts

By design, Manager automatically applies receipts from customers or payments to suppliers to the sales or purchase invoice with the oldest due date if a specific invoice is not chosen during account selection:

Account

Accounts payable x v Supplier Leka Trading x v Invoice Automatic v

If there is no unpaid invoice, the receipt or payment amount is posted to *Accounts receivable* (for a customer) or *Accounts payable* (for a supplier) and automatically applied to the next sales or purchase invoice issued for the customer or supplier involved. This automatic credit allocation is the default process for handling [deposits from customers](#) or advance [payments to suppliers](#).

You can **avoid automatic credit allocations** by creating a special account for the customer or supplier to hold credits until they are eventually allocated manually. This way, you can be sure receipts and payments are applied only to specific invoices.



Note

The process described in this Guide is totally optional. Advances, deposits, and refunds are handled automatically during normal operation of Manager. But some users prefer to track them separately from ordinary *Accounts receivable* or *Accounts payable*, either for improved visibility in accounting records or for contractual reasons.

Set up the special account

Enable the **Special Accounts** tab by clicking **Customize** below the left navigation pane, checking the box for **Special Accounts**, and clicking **Update** below the list:

Customize v

Special Accounts

Go back to the **Special Accounts** tab and click **New Special Account** :

Special Accounts v

New Special Account

Define the special account:

Special Account

Name

Control account

Special Accounts

- **Name** the account to match the customer or supplier.
- Assign an alphanumeric **Code**, if desired.
- Leave the default **Control account** as *Special Accounts*, or select a **custom control account** you have already created. This field will not appear unless one or more custom control accounts have been created.

Click .



Example

Northwind Traders has a customer named Morgenstern Gesundkost. Because Northwind expects deposits to be paid with orders, it establishes a special account for Morgenstern Gesundkost. The initial balance of the account is zero:

Special Accounts		<input type="button" value="New Special Account"/>	<input type="text" value="Search"/>	<input type="button" value="Search"/>
<input type="button" value="Edit"/>	Name	Control account	Balance	
<input type="button" value="Edit"/>	Morgenstern Gesundkost	Special Accounts	0.00	

Use the special account

To avoid automatic credit allocations, post transactions to the special account instead of *Accounts receivable* or *Accounts payable* as you normally would.



Example

Morgenstern Gesundkost currently has two unpaid invoices:

Sales Invoices		New Sales Invoice		Morgenstern Gesundkos		Search	
1603 rows hidden because they do not contain Morgenstern Gesundkost. Undo							
		Invoice date	#	Customer	Invoice total	Balance due	Status
		08/23/2017	12834	Morgenstern Gesundkost	50.00	50.00	1350 days overdue
		05/27/2016	2750	Morgenstern Gesundkost	2,388.00	1,178.13	1789 days overdue
		03/31/2016	2664	Morgenstern Gesundkost	1,453.20	0.00	Paid in full
		01/22/2016	2564	Morgenstern Gesundkost	635.50	0.00	Paid in full
		01/01/2016	2531	Morgenstern Gesundkost	3,821.50	0.00	Paid in full

Morgenstern pays Northwind Traders a deposit of \$5,000 on a new order. If Northwind posted money received from them to their ordinary customer account, \$5,000 would be instantly applied to their two outstanding invoices, leaving a credit balance in *Accounts receivable*.

Instead, Northwind allocates \$5,000 to Morgenstern’s special account:

Account	Qty	Unit price	Total
Special Accounts <input type="text" value="Special Account"/> Morgenstern Gesundkost <input type="text" value="5000"/>		5000	5000

After the transaction is created, Morgenstern’s invoices remain unpaid and their balance under the **Special Accounts** tab shows a credit of \$5,000:

Special Accounts		New Special Account		Search	
	Name	Control account	Balance		
	Morgenstern Gesundkost	Special Accounts	- 5,000.00		

Allocate the credit manually

To apply the credit manually to an invoice, simply add a new line item with a negative amount equal to the deposit in the special account.




Example

When Northwind raises a sales invoice for the order to which the deposit applies, it adds a new line item as described above:

Account	Qty	Unit price	Total
Sales	500	20	10000
Special Accounts	Special Account	Morgenstern Gesundkost	-5000
			5000

This results in a new invoice for the difference between purchased items and the earlier deposit. The balance under `Special accounts` goes to zero:

Invoice



NORTHWIND
TRADERS

Morgenstern Gesundkost
Heerstr. 22
Leipzig NULL 04179
Germany

Invoice date
05/04/2021

Due date
05/04/2021

Invoice number
201864

Northwind Traders
1313 North Webfoot Walk
Duckburg
Calisota

Description	Qty	Unit price	Amount
Custom items	500	20.00	10,000.00
Deposit		- 5,000.00	- 5,000.00
Total			5,000.00



Notes

By default, *Special accounts* appears in the *Assets* group of the Balance Sheet when the first special account is created. Customer deposits of the type illustrated in the examples above contribute to the account balance as negative amounts. Deposits paid to suppliers appear as positive amounts. If your *Special accounts* balance is usually negative, you may want to move it to the *Liabilities* group by editing the account under `Settings` `Chart of Accounts` .

The examples shown illustrate a deposit by a customer and application to a sales invoice. Procedures for deposits to suppliers and application to purchase invoices are similar, but the initial deposit is a payment rather than a receipt.

2.4 Common Business Situations

2.4.1 Simplify equity accounting for sole traders / proprietors

Many small businesses are owned by a single person, often called a sole trader or sole proprietor. But Manager’s default account structure accommodates other, more intricate business organizations. So it may encourage more complexity in the chart of accounts than necessary.

Every new business created in Manager automatically includes a *Retained earnings* account, essentially the net of all inflows and outflows, adjusted for various transfers, dividends, etc., since creation of the business. In many cases, the **Capital Accounts** tab is also enabled, where members (owners of capital accounts) are designated, investment contributions and draws are recorded, and so forth. Frequently, journal entries transfer amounts between *Retained earnings* and various subaccounts of *Capital accounts*. And both *Retained earnings* and *Capital accounts* are included under the *Equity* heading on the Balance Sheet. But for the sole proprietor, things can often be simpler.

As sole owner of the business, a proprietor owns the *Retained earnings* account. So no real reason for separate capital accounting exists. *Retained earnings* can be renamed as *Owner's equity*, eliminating the need for other equity accounts. Benefits include fewer tabs enabled in Manager and reduction of equity transfers with journal entries. Unnecessary reports disappear from the **Reports** tab. Any transactions that might have involved *Capital accounts* can instead be allocated directly to *Owner's equity*, bypassing needless steps.

Eligibility for simple equity accounting

You must satisfy two requirements to use this simple equity accounting:

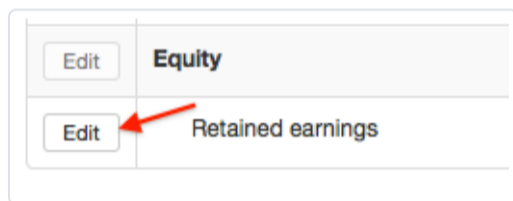
1. You must be the **sole owner** of the business, with no partners or shareholders involved.
2. You must personally be **entitled to all profits** and **liable for all debts** of the business. (Loans are permissible, but outside investors with capital interests are not.)

Setting up simple equity accounting

Rename *Retained earnings* under **Settings**  **Chart of Accounts** :



Click **Edit** to the left of the *Retained earnings* account name:

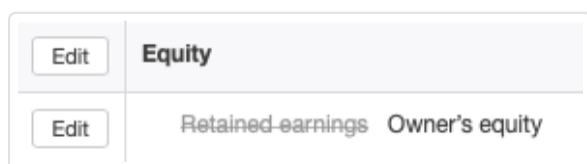


Rename the account as *Owner's equity*. Add an account code if desired. Click **Update** when finished:

~~BalanceSheetRetainedEarningsAccount~~

Name	Code
Owner's equity	Optional
Group	
Equity x ▼	

Your chart of accounts will now show the new name, with the original, default name in gray strike-through text, revealing the automatic origin of the account:



Your Balance Sheet will show a very straightforward equity account structure:

Equity	\$ 5,305.08
Owner's equity	5,305.08

In essence, *Owner's equity* shows how much value you have invested in your business at a given moment, taking into account all forms of assets and liabilities, including unbilled time and expenses, cash and equivalents, fixed assets, loans, accounts payable and receivable, and so forth.



Note

One characteristic of this simple equity structure is absence of a drawing account revealing how much you have drawn from the business since the previous accounting period closed. (Drawing accounts are normally zeroed out at the end of each period, requiring more transactions.) A drawing account is unnecessary because the information is more readily available in Manager in the **Statement of Changes in Equity** report. Follow three simple steps:

1. Post all draws to *Owner's equity*.
2. Enter the description *Draw* for withdrawal line items.
3. Create a Statement of Changes in Equity report in the **Reports** tab covering the full account period.

The sum of your draws to date during the accounting period will appear as a single total in the report. Current information will always be just a few clicks away.

2.4.2 Set up business as a self-employed services provider

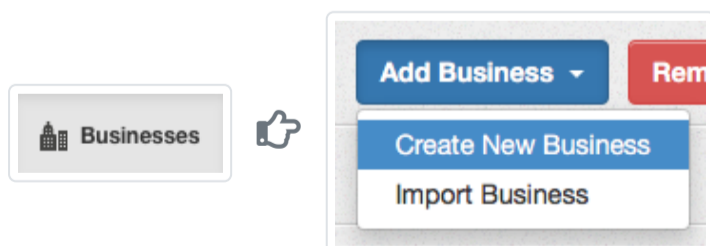
Many self-employed individuals primarily provide services to their customers or clients. They maintain no inventory, have no employees, pay for purchases as they are made, and operate as sole traders or proprietors (that is, they have no partners or other shareholders). Yet they need to keep accurate records of time spent and materials purchased for completion of jobs, may need to collect and remit taxes assessed on their services, and want to submit professional quotes and invoices to their customers. Examples of such individuals include:

- Accountants, lawyers, and others providing professional services
- Carpenters, plumbers, and repair technicians
- Consultants
- Freelance artists, web developers, and media developers

This Guide outlines **basic steps for setting up business as a self-employed services provider**. Rather than furnishing detailed instructions at every phase, it links to [other Manager Guides](#). Suggestions are offered for accommodating additional needs and for further simplification.

Create the business

[Create your business](#) on the **Businesses** page, which functions as the home page of the Manager application. Click **Add Business** and select *Create New Business*:



For purposes of illustration, this Guide will follow creation of a business named *Sample Consulting*. The first step is to enter the name of the business:

Create New Business

Business Name

Add Business
Cancel

Once the business has been created, a Summary page will appear showing four, default functional tabs and several default accounts:

Sample Consulting Rename
History
Backup

- ☰ Summary
- ✍ Journal Entries 0
- 📄 Reports
- ⚙ Settings
- Customize

Summary
Edit

Balance Sheet

As at 05/03/2021

Assets	0.00
Liabilities	0.00
Equity	0.00
Retained earnings	-

Profit and Loss Statement

For the period from 05/03/2021 to 05/03/2021

Income	0.00
Interest received	-
Sales	-
Less Expenses	0.00
Accounting fees	-
Advertising and promotion	-
Bank charges	-
Computer equipment	-
Donations	-
Electricity	-
Entertainment	-
Legal fees	-
Motor vehicle expenses	-
Printing and stationery	-
Rent	-
Repairs and maintenance	-
Telephone	-
Net profit	0.00

Click on the Settings tab and [enter business details](#). If you have one, [add a business logo](#).

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Customize functional tabs

Now enable additional functional tabs you will need for your business. Click below the left navigation pane and [enable these additional tabs](#):

-
-
-
- (**only** if you enable multiple bank or cash accounts and believe you will sometimes need to transfer money between them)
-
-
-
-
-
-
-

If all your work will come without needing to give customers quotes, proposals, or bids, do not enable . If you will, for some reason, be buying from suppliers on credit, add to the list. If you are not sure, leave both those tabs off the list. They can easily be added later. Likewise, if you are not sure whether you will own depreciable fixed assets, do not enable that tab unless you need it later.

Add bank and cash account(s)

Every business needs at least one [bank](#) or [cash account](#), even if that means your own pocket. So add one or more now so the business can spend and receive money. The illustration below is for a bank account, but a petty cash account is set up the same way:

Bank account

Name	Code	Credit limit
<input type="text" value="Bank account"/>	<input type="text" value="Optional"/>	<input type="text" value="0"/>

If you will have [a business credit card](#), set it up now. (This example does not include one.)

Set up your chart of accounts

Several accounts in Manager are activated automatically only when needed. So you can see these, make the following setup entries:

- In the tab, [create a customer](#) called *Setup Customer*. Leave all fields blank except **Name**.
- In the tab, [create a billable time entry](#). Choose *Setup Customer*, but leave all other fields in their default states.
- In the tab, [create a fixed asset](#). Fill in **Item name** as *Setup Fixed Asset*. Leave all other fields blank.
- Under , [activate or create a tax code](#) that will apply to your services. This will also require you to create a tax liability account. We will name ours *Tax payable*.



Note

If your business will own no property qualifying as fixed assets or your services are not taxable in your jurisdiction, omit one or both of the last two setup entries above.

Now click on , then , where all active accounts will be listed:

Balance Sheet			New Group	New Account
Name				
Assets				
Edit	Accounts receivable			↑↓
Edit	Billable expenses			↑↓
Edit	Billable time			↑↓
Edit	Cash at bank			↑↓
Edit	Cash on hand			↑↓
Edit	Fixed assets, accumulated depreciation			↑↓
Edit	Fixed assets, at cost			↑↓
Liabilities				
Edit	Tax payable			↑↓
Equity				
Edit	Retained earnings			↑↓

Profit and Loss Statement			New Group	New Account	New Total
Name					
Income					
Edit	Income				↑↓
Edit	Billable expenses - invoiced				↑↓
Edit	Billable time - invoiced				↑↓
Edit	Billable time - movement				↑↓
Edit	Interest received				↑↓
Edit	Sales				↑↓
Less: Expenses					
Edit	Accounting fees				↑↓
Edit	Advertising and promotion				↑↓
Edit	Bank charges				↑↓
Edit	Billable expenses - cost				↑↓
Edit	Computer equipment				↑↓
Edit	Donations				↑↓
Edit	Electricity				↑↓
Edit	Entertainment				↑↓
Edit	Fixed assets - depreciation				↑↓
Edit	Legal fees				↑↓
Edit	Motor vehicle expenses				↑↓
Edit	Printing and stationery				↑↓
Edit	Rent				↑↓
Edit	Repairs and maintenance				↑↓
Edit	Telephone				↑↓

Click next to *Retained earnings*. Change the name of this account to *Owner's equity*. [This built-in account will function in the same way](#), but the default title was more appropriate to corporate ownership structures.

Click buttons next to income accounts to rename or [delete them](#). Automatically created accounts cannot be deleted while their tabs are enabled. But they can be renamed. Their default names show in grey strike-through text when editing. [Add any additional income accounts](#) you think you will need.



Example

Because Sample Consulting expects to perform some work on an hourly basis and some on a fixed price basis, we will rename *Sales* to *Fixed rate sales*. Since no interest-bearing accounts or investments are anticipated, we will change the *Interest received* account to *Other income*, providing a place to post miscellaneous income items.

Lastly, expense accounts to rename or [delete them](#). Good practice is to match required expense reporting categories for tax filing in your jurisdiction. [Add accounts](#) if necessary.



Note

Default expense accounts are only placeholders. When their names are edited, original names are no longer visible in the **Settings** tab. This behavior is different from other account categories.



Example

Donations are not allowable business expenses in Sample Consulting’s jurisdiction, so we will delete the *Donations* account. Computer equipment is not treated differently from other tools and equipment, so we will rename *Computer equipment* as *Equipment*. The owner of Sample Consulting plans to work from home, so we will change *Rent* to *Other expenses*.

With all changes mentioned, Sample Consulting’s chart of accounts is complete. It’s **Summary** page now looks like this:

Balance Sheet As at 05/03/2021		Profit and Loss Statement For the period from 05/03/2021 to 05/03/2021	
Assets	0.00	Income	0.00
Accounts receivable	-	Billable expenses - invoiced	-
Billable expenses	-	Billable time - invoiced	-
Billable time	-	Billable time - movement	-
Cash at bank	-	Fixed rate sales	-
Cash on hand	-	Other income	-
Fixed assets, accumulated depreciation	-		
Fixed assets, at cost	-		
		Less Expenses	0.00
Liabilities	0.00	Accounting fees	-
Tax payable	-	Advertising and promotion	-
		Bank charges	-
		Billable expenses - cost	-
		Electricity	-
		Entertainment	-
		Equipment	-
		Fixed assets - depreciation	-
		Legal fees	-
		Motor vehicle expenses	-
		Other expenses	-
		Printing and stationery	-
		Repairs and maintenance	-
		Telephone	-
Equity	0.00		
Owner’s equity	-	Net profit	0.00

Clear setup entries

Although they have no financial impact on your records, you should clear the setup entries. (These were only made so you could see and edit all accounts.)

- Delete the billable time entry by clicking [Edit](#) in the [Billable Time](#) tab.
- [Delete Setup Customer](#). (You will not be able to delete this customer unless you have first deleted the billable time entry above.)
- Delete *Setup Fixed Asset* by clicking [Edit](#) in the [Fixed Assets](#) tab.

Some accounts will temporarily disappear from your [Summary](#) and chart of accounts. They will return when real entries are made.



Note

As long as your setup tax code was one you will actually use, leave it in place.

Begin operations

Manager is now configured to handle your business. Among other things, you will be able to:

- Send [sales quotes](#)
- Purchase or record [fixed assets](#)
- Record and invoice [billable time](#) and [expenses](#)
- Send [sales invoices](#)
- Issue [customer statements](#)
- [Make payments](#) and [receive money](#)
- Generate [accounting reports](#)

The next step is to [enter any expected customers](#). Others will hopefully follow. Enter other transactions as they occur.

2.5 Starting Balances

2.5.1 Enter starting balances

Starting balances are used **only** when migrating accounting for an entity to Manager from a prior accounting system. They can be set only for balance sheet accounts or, when appropriate, for their subsidiary ledgers. (See information below.) They are not used for new businesses just beginning operation. Starting balances on the date you begin using Manager should equal ending balances for equivalent accounts in the old accounting system.



Notes

Versions of Manager prior to 21.8.41 included various schemes for entering starting balances that required establishing a defined start date in the **Settings** tab. The requirement for a defined start date no longer exists. As used in this Guide, *start date* refers to the date you begin recording your day-to-day transactions in Manager. As described below, certain transactions from before the start date may still be entered. But those should all be transactions that were also entered in your prior accounting system.

Starting balances are only set for accounts on the balance sheet, not the profit and loss statement, because balances of accounts on the profit and loss statement depend only on transactions during the current financial period.

The starting balance of the *Retained earnings* account is determined automatically by the program as other starting balances are entered. This ensures the accounting equation ($Assets = Liabilities + Equity$) is always in balance. If the starting balance of *Retained earnings* in Manager does not match the closing balance of your prior accounting system after all other starting balances are entered, you have one or both of two problems. Either (1) you have entered another starting balance incorrectly in Manager or (2) your prior accounting system balance sheet was out of balance. Identify and correct the source problem. Do not attempt any adjustment to the *Retained earnings* account, as that is not possible.

Starting balances are entered in one of three ways, depending on whether they pertain to:

- Ordinary accounts
- Subsidiary ledgers of control accounts
- Pending invoices and bank transactions

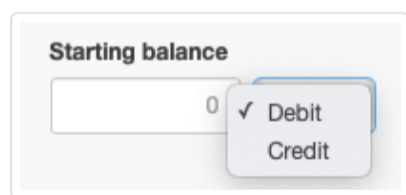
Manager allows only one method for any account, subsidiary ledger, or transaction, so you cannot choose incorrectly.

Starting balances for ordinary accounts

An ordinary account is one you [add yourself](#) in the **Settings** tab, from the **Chart of Accounts** page:



Ordinary accounts do not include those added automatically by Manager when certain functional tabs are created. Nor do they include control accounts created from the **Control Accounts** page in **Settings**. For accounts with an **Edit** button next to their names in the chart of accounts, click the button. If they are ordinary accounts, a **Starting balance** field will be available:



Select whether the starting balance is a debit or credit from the dropdown list, enter the balance (always as a positive number), and click **Update**.



Note

Starting balances for asset accounts are normally debits, unless the account is a contra asset account (one where the balance is usually negative). Starting balances for liability accounts are usually credits, unless the account is a contra liability account. Starting balances for equity accounts are credits when the business owes money and debits when the business is owed money.

**Example**

Sample Consulting, a sole trader, switches its accounting to Manager at the beginning of the calendar year. On the day it begins using Manager, Sample Consulting has a liability in its *Tax payable* account for VAT collected from customers but not yet paid to the tax authority. So it enters a starting balance credit by editing the *Tax payable* account in

Chart of Accounts under the **Settings** tab:

Starting balances for subsidiary ledgers

Subsidiary ledgers can be thought of as subaccounts of control accounts. Control accounts may be activated automatically when certain functional tabs are enabled. They may also be [custom control accounts](#) you define on the **Control Accounts** page in the **Settings** tab. They include:

- *Accounts receivable* and *Accounts payable*
- *Cash at bank* and *Cash on hand*
- *Fixed assets, at cost* and *Intangible assets, at cost*
- *Inventory on hand*
- *Employee clearing account*
- *Capital accounts*
- Custom control accounts

Starting balances are not set directly for control accounts of any type. Instead, they must be set for individual subsidiary ledgers (subaccounts). To set a starting balance for a subsidiary ledger, go to the tab used for defining that type of subaccount. Default relationships are:

- **Bank and Cash Accounts** for *Cash at bank* and *Cash on hand*
- **Customers** for *Accounts receivable* (not including pending invoices)
- **Suppliers** for *Accounts payable* (not including pending invoices)
- **Inventory Items** for *Inventory on hand*
- **Employees** for *Employee clearing account*
- **Fixed Assets** for *Fixed assets, at cost* and *Fixed assets, accumulated depreciation*
- **Intangible Assets** for *Intangible assets, at cost* and *Intangible assets, accumulated amortization*
- **Capital Accounts** for *Capital accounts*
- **Special Accounts** for special accounts assigned to any custom control account

**Note**

If control account assignments for subsidiary ledgers have been changed from the defaults above, starting balances are still set in the default tabs listed.

Once you are in the tab where the subsidiary ledger or subaccount is defined, click **Edit** for that ledger and enter the starting balance.



Example

Sample Consulting has one fixed asset, its office computer. So two companion accounts are included on its balance sheet, *Fixed assets, at cost* and *Fixed assets, accumulated depreciation*. On the start date, the fixed asset purchase was already completed, and the asset was partially depreciated. After defining the office computer as a fixed asset in the **Fixed Assets** tab, Sample Consulting enters the acquisition cost and accumulated depreciation from its prior accounting system:

Fixed Asset

Item code **Item name**

Optional Office computer

Depreciation rate

10 %

Description

Boron 4500i

Starting balance

Acquisition cost 3250 Accumulated depreciation 1975

Custom depreciation expense account

Disposed fixed asset

After **Update** is clicked, all three modified accounts from the two Examples show their correct starting balances on the **Summary** page:

Assets	1,275.00
Accounts receivable	-
Cash at bank	-
Fixed assets, accumulated depreciation	- 1,975.00
Fixed assets, at cost	3,250.00
Liabilities	9,657.00
Tax payable	9,657.00

Starting balances for pending invoices and bank transactions

The final category of starting balances requires additional steps. A simple, summary balance at the subsidiary ledger level would not be sufficient, because future transactions or events may be linked to ones from before you began using Manager. Therefore, the prior transactions themselves must be entered, with transaction dates before your Manager start date. Such transactions include:

- Unpaid sales and purchase invoices
- Pending bank transactions

Unpaid invoices

Sales and purchase invoices not fully paid as of your start date are entered exactly like normal invoices, but with dates before your start date. If an invoice has been partially paid, only its remaining balance due is entered. Manager uses these pre-start invoices to establish starting balances for *Accounts receivable* and *Accounts payable*.

Because you will initially set your [reporting period](#) to begin on your start date, pre-start invoices will not affect your income or expense accounts. During later reporting periods, they will also be similarly ignored.

Carefully consider inventory items on pre-start invoices. If items on a sales invoice were already delivered under the prior accounting system, add the quantities back to the starting balances for those inventory items, because the pre-start sales invoice tells Manager they are being delivered again. Likewise, if items on a purchase invoice were already received under the prior accounting system, subtract them from starting balances for those inventory items, because the pre-start purchase invoice tells Manager they must be received again. If you will be using delivery notes or goods receipts to track quantities of the items involved, be sure to also enter those transactions. (Dates can match actual delivery or receipt dates, even if they are pre-start.) Your goal in adjusting starting balances for inventory items is to leave only the receivable or payable aspect of an invoice outstanding.



Example

On its start date, Sample Consulting has an overdue sales invoice issued to Brilliant Industries last year. It enters the invoice using the process described.

The *Accounts receivable* control account reflects the change to the starting balance. But the *Sales* income account to which the invoice was posted shows nothing for the current period:

Assets	4,275.00	Income	0.00
Accounts receivable	3,000.00	Interest received	-
Cash at bank	-	Sales	-
Fixed assets, accumulated depreciation	- 1,975.00		
Fixed assets, at cost	3,250.00		
		Less Expenses	0.00
Liabilities	9,657.00	Accounting fees	-
Tax payable	9,657.00	Advertising and promotion	-
		Bank charges	-



Note

More information about starting balances for customers is [here](#). More information on suppliers is [here](#).

Pending bank transactions

Pending bank transactions are entered in the **Receipts** and **Payments** tabs, using dates before your start date. The **Status** field **must** be set to *Pending*. As with pre-start invoices, deposits and withdrawals themselves will not affect income or expense accounts, because the transactions will be dated before the beginning of your reporting period.

However, starting balances for bank accounts must be adjusted upwards or downwards to compensate for the pre-start receipts and payments you enter. Confirmation that your starting balances for bank accounts are correct occurs when **Cleared balance**, **Pending deposits**, **Pending withdrawals**, and **Actual balance** in the **Bank and Cash Accounts** tab match the actual status of your accounts on your start date. (A successful bank reconciliation will also be possible at this point.)



Example

Just before it started using Manager, Sample Consulting received and deposited into its bank money for a sales invoice. The sales invoice was considered paid in full in the old accounting system, so it was not entered as a starting balance in the customer's subsidiary ledger under *Accounts receivable*. But the starting balance of the bank account only included cleared amounts of 4,679. So the receipt was entered with its original deposit date. **Status** was set to *Pending*. The **Bank Accounts** tab accurately reflects the complete status of the bank account:

Bank Accounts		New Bank Account			
	Name	Cleared balance	Pending deposits	Pending withdrawals	Actual balance
Edit	Bank account	4,679.00	159.62	-	4,838.62

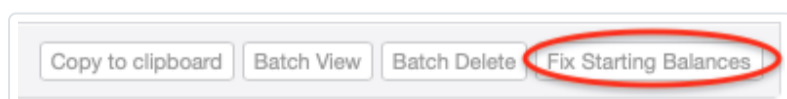
2.5.2 Fix starting balances

Early versions of Manager did not properly account for starting balances in all cases under cash-basis accounting. This shortcoming was fixed in August 2021, requiring all starting balances to be entered on a cash basis, regardless of the type of accounting used. Later versions of the program include the ability to automatically detect such cases and **fix starting balances**. However, to prevent unexpected modification of financial statements, the process requires direct involvement of the user. This must only be done once.

To check whether corrections are required for your business, drill down from the **Summary** page on the *Retained earnings* account balance:

Equity	€ 53,072.17
Capital Accounts	3,745.00
Retained earnings	49,327.17

At the bottom of the page, click the **Fix Starting Balances** button:



If Manager has detected potential problems, you will see a list of proposed updates looking something like this:

[Summary](#) / [Retained earnings](#) / Fix Starting Balances

Starting balances are required to be entered on cash-basis.

If you have entered your starting balances on accrual-basis, this screen re-calculates what it thinks your starting balances should be on cash-basis.

Date	Account	Debit	Credit
01/01/2019	Withholding tax receivable		184.23
01/01/2019	GST payable	42.61	
01/01/2019	Retained earnings	141.62	

Click **Update** button to accept the calculation which will adjust your starting balances.

Update

If no problems are detected, you will see a different message:

[Summary](#) / [Retained earnings](#) / Fix Starting Balances

Success. Starting balances have been converted from accrual to cash-basis.



Caution

The process is not foolproof. Carefully check your balance sheet afterwards to ensure the changes were correct. If not, make manual edits.

Chapter 3: Customizing a Business

Manager includes many features for customizing your business' look to the outside world. It also allows customization of inputs and displays to streamline your internal workload.

3.1 Business Logo

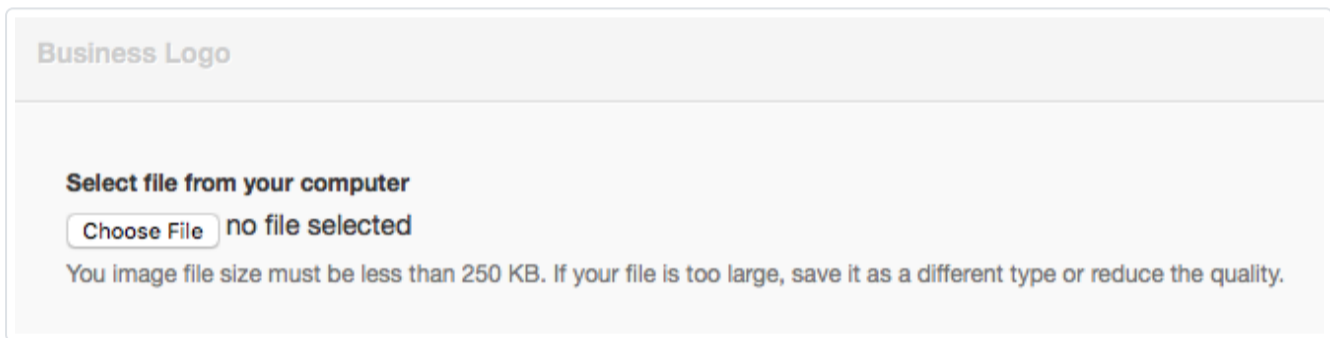
3.1.1 Add or change a business logo

Add a logo

To **add a logo** to transaction forms, go to the **Settings** tab and click **Business Logo** :



Browse to the graphic file containing your logo and select it. Manager will accept most standard graphic file formats:

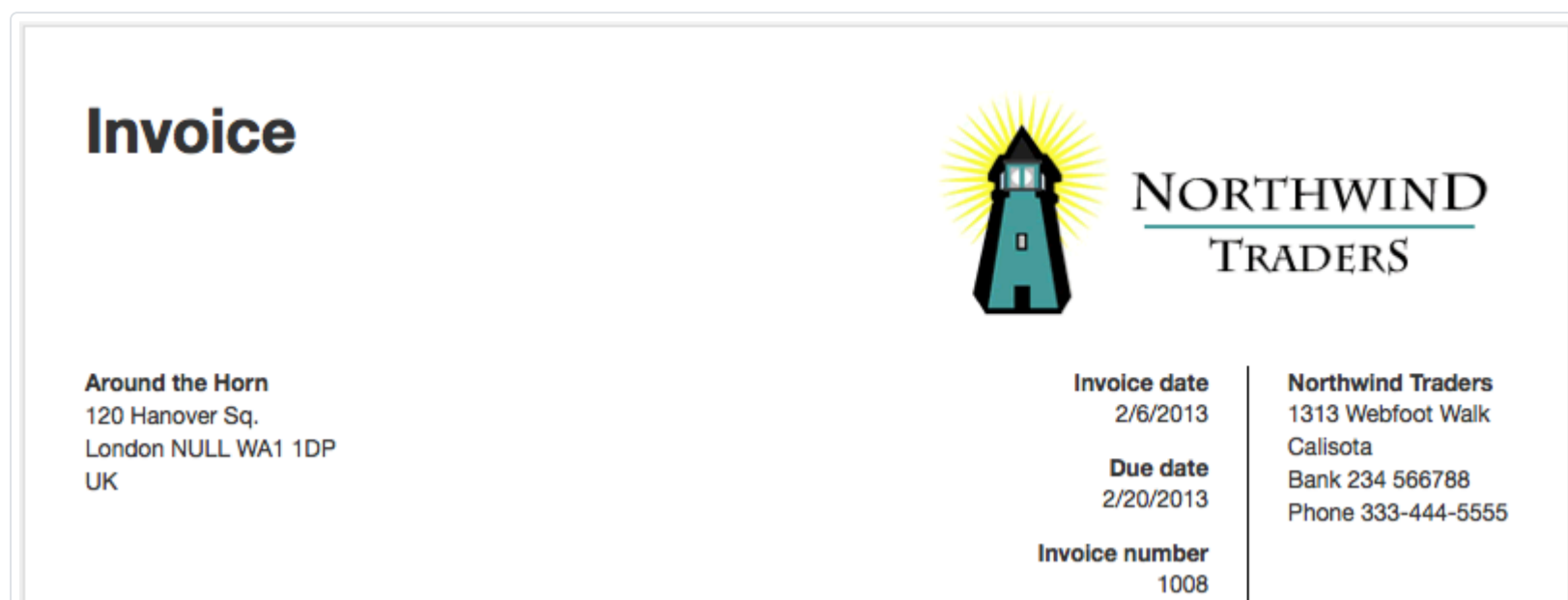


Note
Regardless of your logo's file size, it should not be larger in any dimension than 1,000 pixels.

Click **Update** when your file has been selected. The logo in use will be displayed on the **Business Logo** screen:



It will appear on all forms in the default theme and wherever included in coding for other in-built or custom themes:



Change a logo

To **change a logo**, go to the [Settings](#) tab and click [Business Logo](#). Click [Delete](#).

If you want to replace the logo, add the new one as described above.

3.2 Custom Fields

3.2.1 Use custom fields

Custom fields help tailor Manager to specific needs of your business, accounting workflow, and local laws and customs. After custom fields have been defined, they can be placed on forms, accounts, definitions, and displays to record and present information not essential to operation of the program but useful for other purposes.

Availability

Custom fields can be placed on records and transactions for most functional tabs enabled in the navigation pane:

- Bank and cash accounts
- Receipts and payments
- Inter account transfers
- Expense claims
- Customers and suppliers
- Sales and purchase quotes
- Sales and purchase orders
- Sales and purchase invoices
- Delivery notes and goods receipts
- Credit and debit notes
- Inventory items
- Inventory transfers
- Inventory write-offs
- Production orders
- Employees
- Payslips
- Billable time entries
- Fixed and intangible assets
- Capital accounts
- Special accounts
- Journal entries

- Folders

They can also be placed for several categories in the **Settings** tab:

- Business details
- Inventory kits
- Non-inventory items
- Payslip earnings, deduction, and contribution items
- Tax codes
- Withholding tax receipts (for tax withheld at source, **not** payroll withholding, which is set up as a payslip deduction item)

Custom fields mentioned above apply to an entire transaction or record. But custom fields can also be defined and placed for individual line items on the following transaction forms:

- Sales and purchase quotes
- Sales and purchase orders
- Sales and purchase invoices
- Credit and debit notes
- Delivery notes and goods receipts
- Receipts and payments
- Inventory transfers



Note

Versions of Manager prior to 22.8.12 included custom fields that were unique to individual record and transaction types. Data in custom fields carried over to copied forms of another type only when identically named custom fields had been defined for both types. Custom fields could not be shared between records and transactions. So, for example, a custom field for suppliers could not be used for customers. Nor could that field be applied to an inventory item.

Beginning with version 22.8.12, the same custom field can be placed on many different record and transaction forms, giving you much greater flexibility.

Upon update to versions beginning with 22.8.12, any existing custom fields are automatically converted to the new scheme with the same labels. So no data is lost. Your old custom fields will be listed on the page for **Classic Custom Fields** (see below). You now have the option to purge unnecessary data from old records or link custom fields that could not previously be linked.



Caution

When copying a transaction to a destination form for which default custom field content has been set under **Form Defaults** in the **Settings** tab, content from the source form will override default content on the destination form.



Example 1

You create a custom field, **Delivery route**. You place the field on sales invoices and delivery notes to help plan daily delivery schedules.

You next create a sales invoice and enter *Route #1* into the custom field. The content of this field will not carry forward to a delivery note created in the ordinary way in the **Delivery Notes** tab. But if you use the **Copy to** button to create a delivery note from the sales invoice, *Route #1* will transfer.

Example 2

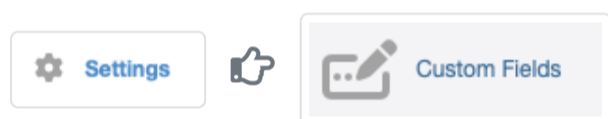
You add a custom field, **Point of contact**, and set it to show on printed documents. You place this field on every form where customers are included, such as the customer entry form, sales quotes, sales orders, sales invoices, delivery notes, etc. The field is not unique to the customer or any single form.

Example 3

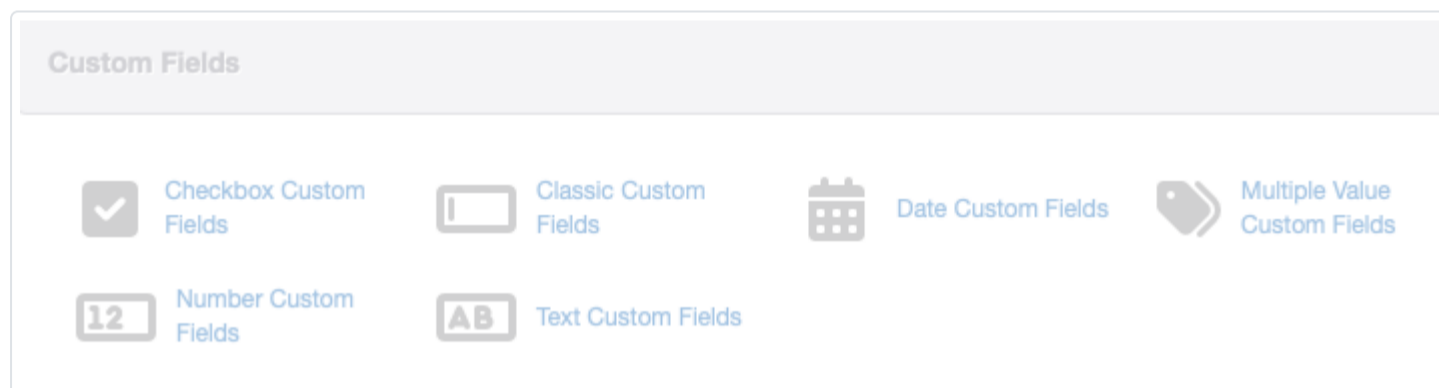
You define a custom field for inventory items, **Country of origin** and place it on the inventory item form. This field can appear in the **Inventory Items** tab listing, and shows when editing individual inventory items. But it will not appear when inventory items are entered as line items on sales-related forms, because you have not placed it there.

Creating custom fields

To create a custom field, go to the **Settings** tab and click **Custom Fields** :

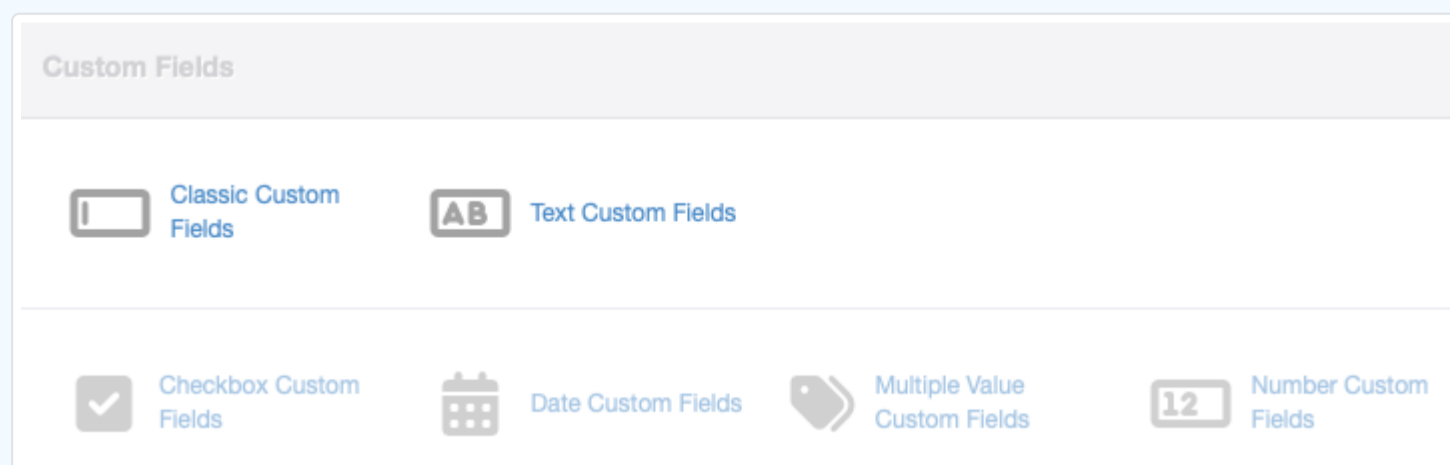


Six subcategories will be available:



Note

Subcategories that have not yet been used will be displayed in muted colors. Once a subcategory has been used, it will show in darker tones and be physically separated from unused subcategories:



All your old custom fields that were automatically converted by Manager will be listed on the **Classic Custom Fields** page and can be edited or viewed there. Click one of the other types to create, edit, or view checkbox, date, multiple-value, number, or text custom fields.



Note

Although classic custom fields can still be created, that is not recommended. The subcategory will eventually be eliminated, and all classic fields will be converted to corresponding subcategories.

Click **New Custom Field**. Complete the definition. The screen for a text-type field is illustrated below:

- **Name** is your assigned label for the custom field. This label will appear where appropriate on forms or displays to designate the field. So it should be something you are willing for customers and suppliers to see if you designate the field to show on printed forms.
- **Position** controls the order in which custom fields appear on entry screens and finished documents. Enter a number, if desired. Otherwise, custom fields will appear in alphabetical order. **Position** has no influence on where custom fields appear in the **Custom Fields** listing in **Settings**. Therefore, you can have multiple overlapping sequences (1, 2, 3...) for custom fields that are not placed on the same record or transaction forms.
- **Placement** is where you choose which records, settings, and transaction forms will make use of the custom field.
- **Type** lets you choose *Single-line text*, *Paragraph text*, *Dropdown list*, *Image*, *Date*, or *Number* as the nature of the field. *Dropdown list* in the **Type** field brings up a new field, **Options for drop-down list**, where you can enter fixed choices for the list, one per line:

- **Size** allows a choice of *Small*, *Medium*, or *Large* for either text type. Your selection will alter the size of the field on the entry screen so you know how much text will fit.



Note

Type and Size fields are not present for checkbox, date or number custom fields.

- If the custom field is multiple-value, Options can be entered:

The options can be re-ordered by dragging their arrows up or down

- **Description** provides a place to explain a custom field’s purpose to users. Information entered here does not appear anywhere on a transaction form.
- Check **Show custom field as a column** if you want the field to be included in listings of the relevant tab.
- Check **Show custom field on printed documents** to display the field on forms.
- If the **Show custom field on printed documents** box is checked, another checkbox appears to indicate whether to **Show at the top of printed documents**:

If the box is not checked, custom fields appear at the bottom.

Click **Create** to save the custom field. Later, the field can be edited. Be sure to click **Update** after editing.

Placing custom fields

Custom fields are placed on specific record, setting, or transaction types in the **Placement** dropdown menu field. Click in the field or begin typing to see a list of available placements. Multiple placements can be chosen for any custom field.



Example 4

Checkboxes are used to indicate Yes/No or True/False situations. They can be placed at the transaction or line-item level. Consider a situation where two options are available, *AAA* and *BBB*. A checkbox custom field is defined and named for each option. Both are placed on various transactions and transaction lines. Wherever either checkbox appears, a check indicates the option is present or true, the condition is satisfied, etc.:

Custom Fields

AAA

BBB

	AAA	BBB	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Example 5

Roger, the accounting manager at Northwind Traders, wanted to closely monitor depreciation and disposition of fixed assets to be certain the company followed prescribed accounting standards. Prior to Manager version 22.8.12, he created four custom fields for Fixed Assets. One was a dropdown list, one single-line text, and two were dates. All were designated to show as columns. After Roger updated Northwind’s software, these fields are found under Classic Custom Fields. For example, one field was named *Depreciation method*:

Custom Field

Name **Position**

Depreciation method 2

Placement

Fixed Asset

Type

Drop-down list

Options for drop-down list

Straight line
Rule 24-3998

Size

Small

Description

Show custom field as a column
 Show custom field on printed documents

All four fields appear in the Classic Custom Fields page listing:

Classic Custom Fields		New Custom Field	Fixed Asset	Search
4 rows hidden because they do not contain Fixed Asset. Undo				
	Name	Placement	Type	
Edit	Recovery period	Fixed Asset	Single line text	
Edit	End of recovery	Fixed Asset	Date	
Edit	Date in service	Fixed Asset	Date	
Edit	Depreciation method	Fixed Asset	Drop-down list	

When Roger views the Fixed Assets tab, he sees a more complete picture of the company's fixed assets than just their acquisition costs and depreciation:

Fixed Assets		New Fixed Asset					
	Name	Description	Depreciation rate	Date in service	Depreciation method	Recovery period	End of recovery
Edit	Delivery truck	2012 Toyota pickup	10	06/06/2015	Straight line	7 years	06/05/2022
Edit	Packing machine	Acme 2900X box handler	10	05/07/2013	Rule 24-3998	10 years	05/06/2023

Example 6

Anastasia sells her glass artwork both to wholesale corporate distributors and directly to residential customers. To remind herself of discount rates and payment terms, and to simplify marketing campaigns, she establishes a text custom field, **Customer type**, placed on customer records. She sets it to show as a column:

TextCustomField

Name **Position**

Customer type ▼

Placement

× Customer

Type

Drop-down list ▼

Options for drop-down list

Commercial
Residential

Size

Small ▼

Description

Show custom field as a column

Show custom field on printed documents

Before mailing a new brochure targeting residential customers, she uses the **Search** function to filter her customer list:

Customers New Customer

3 rows hidden because they do not contain **Residential**. [Undo](#)

		Name	Customer type
Edit	View	Peter Smith	Residential

Example 7

ModTek Design Associates wants its customers to know which partner has reviewed and approved billings. It creates a text custom field, placed on sales invoices, naming it **Approved by** and checking the box to show on printed documents. The field will show at the bottom of sales invoices:

Description
Web-design services

Approved by
John Brown

Example 8

Quick Computers wants to include serial numbers of inventory items sold on its sales invoices, delivery notes, and credit notes (in case of returned merchandise). It creates a custom field for individual lines, placed on those three transaction types. Because some product serial numbers can contain letters as well as numerals, it creates a text custom field:

TextCustomField

Name **Position**

Placement
 Sales Invoice - Line Delivery Note - Line Credit Note - Line

Type

Size

Description

Show custom field as a column
 Show custom field on printed documents
 Show at the top of printed documents

Now it can record exactly which unit has been involved in any of those three transaction types:

Item	Serial number	Qty	Unit price	Total
Zrox Model R4520 laptop	R42-378849A	1	1,395.00	1,395.00
			Total	1,395.00



Notes

Entry screens always show custom fields, grouped as such except for line-item fields. For example:

The screenshot shows a 'Custom Fields' section with four fields: 'Date in service' with the value '6/6/2015', 'Depreciation method' with a dropdown menu showing 'Straight line', 'Recovery period' with the value '7 years', and 'End of recovery' with the value '6/5/2022'.

But fields show on completed forms and as display columns only when they contain an entry **and** the field has been defined to show on the relevant form or display.

Default text that you want to appear in a custom field on all new forms should be entered under [Form Defaults](#) for that transaction form.

Making custom fields inactive

Manager will not allow custom fields to be deleted if they have already been used. If a field outlives its usefulness, check the box to make it inactive. (The box does not appear when custom fields are first being created):

The screenshot shows three checkboxes: 'Show custom field as a column' (unchecked), 'Show custom field on printed documents' (unchecked), and 'Inactive' (checked).

Inactive custom fields no longer appear on record or transaction entry screens where they are placed. They can be reactivated by clicking [Edit](#) and unchecking the box. Always click [Update](#) after editing.

3.2.2 Add an image to a custom field

Images can be included in [custom fields](#). Use text custom fields for this purpose. After the field is defined under [Settings](#), image content can be added on the relevant transaction form or under [Form Defaults](#) for the form on which you have placed the custom field.

Rather than incorporate the image itself into Manager’s business data file, the image must be stored at a web-accessible location. HTML code is entered into the custom field referencing the URL of the stored image.

**Example**

A text custom field placed on sales invoices is defined, with a **Name** of *Photo*. The custom field is defined to show on printed documents. On a sales invoice, the following HTML code is inserted, referencing a photograph of an apple:

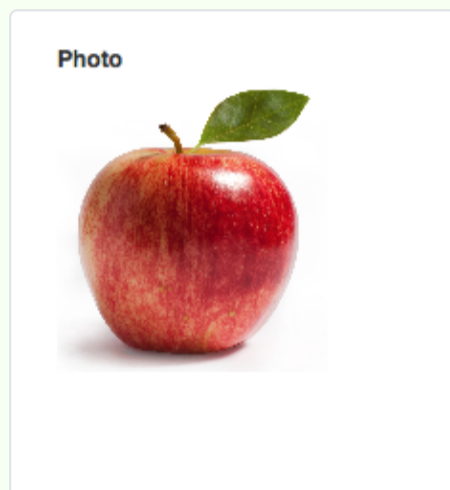
Custom Fields

Photo

```

```

The resulting sales invoice shows the custom field with the photograph:

**Notes**

Resize large images before storing them.

Custom fields will accept additional HTML style attributes.

You may find that images will not display onscreen, but are replaced by a symbol indicating inability of the software to download them:



This happens when the image host restricts ability to hotlink images to local IP address **127.0.0.1**. In these situations, PDFs of a transaction or emails sent from the program generally display the images correctly. But the only reliable solution is using a different host to store images.

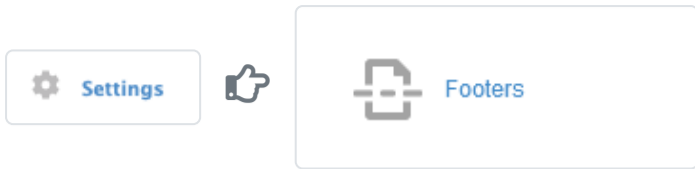
3.3 Footers

3.3.1 Add static information to transaction forms with footers

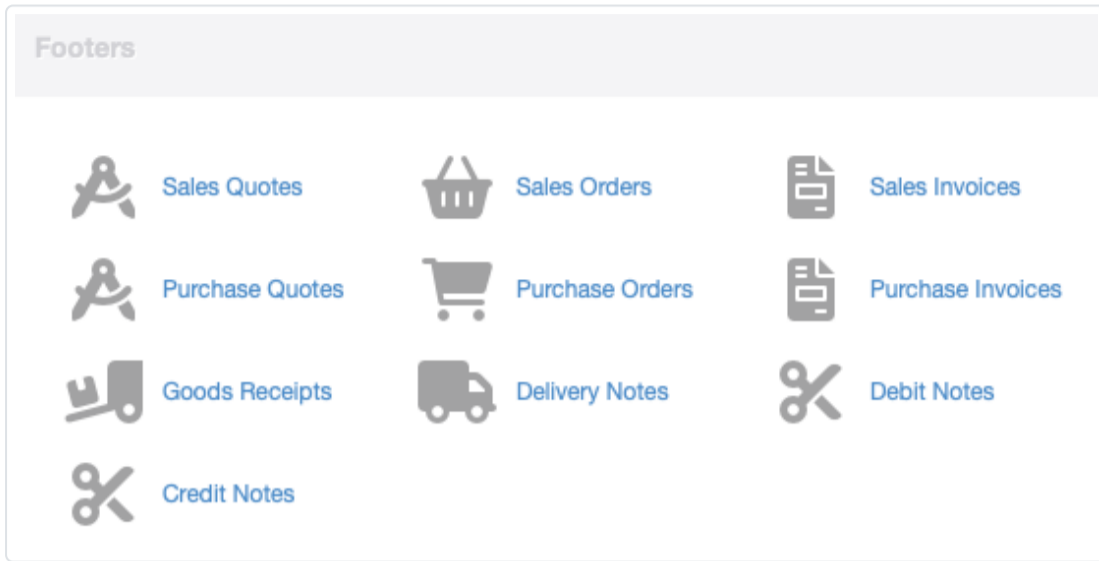
Footers allow you to **add static information to one or more transaction forms**. Footers are distinctly different from custom fields, because they are intended for:

- Information that does not usually change from one transaction to the next, such as standard terms and conditions
- Content that may be common to several transaction types, like banking details, approval signature blocks, or statements about industry certifications. (Once a footer has been created for one transaction type, it can be copied for another type.)

To create a footer, go to the **Settings** tab, then **Footers**



A visual selection menu shows types of footers that can be defined:



For indicated transaction types, you can create pre-defined content to append to transaction view screens, such as empty signature fields, bank details, terms and conditions, and other static content.

Click on the desired transaction type, click **New Footer**, fill out the details, and click **Create**.



Example

To create a footer with standard bank details for sales invoices, follow the steps above:

Name

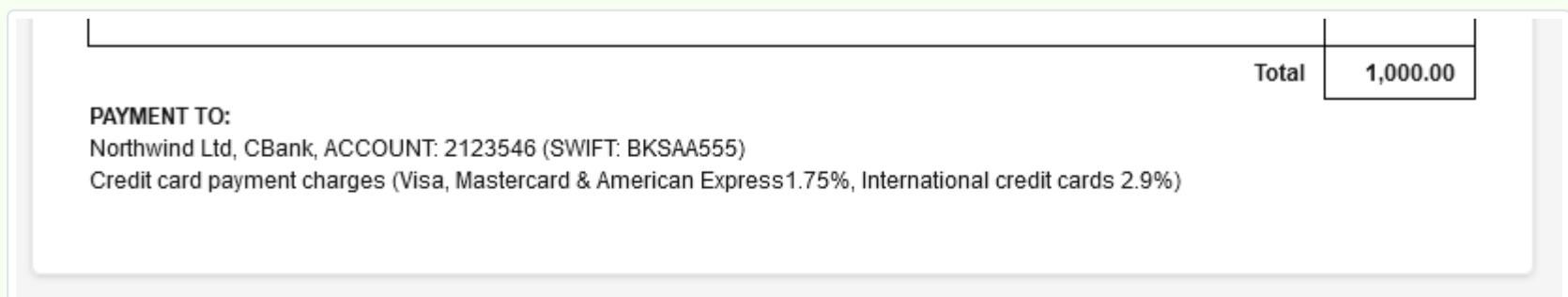
Content

****PAYMENT TO:****
 Northwind Ltd, CBank, ACCOUNT: 2123546 (SWIFT: BKSAA555)
 Credit card payment charges (Visa, Mastercard & American Express 1.75%, International credit cards 2.9%)

When creating a new invoice, you can select your new footer:

Footers

The footer will show on the printed document:



You can have multiple footers on a single document.



Example

Footers

Terms & Conditions Signature Bank details

Footers will be displayed sequentially like this:

	Total	1,000.00
--	--------------	-----------------

Terms & Conditions

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Suspendisse pellentesque felis ac rhoncus mollis. Quisque lacinia congue ipsum, et vehicula augue tristique sit amet. Duis nisi tellus, suscipit vel est at, iaculis aliquet quam. Vivamus eu massa ligula. Duis vulputate magna quis risus cursus sodales. Cras lacinia augue velit, quis euismod nunc luctus sit amet. Aenean euismod porta venenatis. Integer rutrum, arcu vel congue congue, magna ligula elementum elit, ac elementum risus lectus sollicitudin ante. Vestibulum interdum odio et semper facilisis. Nulla at purus sollicitudin, fermentum nulla a, congue nisi. Class aptent taciti sociosqu ad litora torquent per conubia nostra, per inceptos himenaeos. Integer quis ullamcorper nulla. Ut eleifend dignissim magna, sed varius mi feugiat a. Maecenas ultricies urna nec ipsum hendrerit pellentesque.

Signature

.....

PAYMENT TO:
 Northwind Ltd, CBank, ACCOUNT: 2123546 (SWIFT: BKSAA555)
 Credit card payment charges (Visa, Mastercard & American Express 1.75%, International credit cards 2.9%)

And you can use HTML in your footers.



Example

Here, HTML has been used to add background color to the Terms & Conditions footer and box in the Signature:

Invoice

AAA

	Invoice date 27/07/2022	Test 9 Address 1
	Due date 27/07/2022	Address 2
		Address 3
		Address 4

Account	Total
Sales	1,000.00
Total	1,000.00

Terms & Conditions

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Suspendisse pellentesque felis ac rhoncus mollis. Quisque lacinia congue ipsum, et vehicula augue tristique sit amet. Duis nisi tellus, suscipit vel est at, iaculis aliquet quam. Vivamus eu massa ligula. Duis vulputate magna quis risus cursus sodales. Cras lacinia augue velit, quis euismod nunc luctus sit amet. Aenean euismod porta venenatis. Integer rutrum, arcu vel congue congue, magna ligula elementum elit, ac elementum risus lectus sollicitudin ante. Vestibulum interdum odio et semper facilisis. Nulla at purus sollicitudin, fermentum nulla a, congue nisi. Class aptent taciti sociosqu ad litora torquent per conubia nostra, per inceptos himenaeos. Integer quis ullamcorper nulla. Ut eleifend dignissim magna, sed varius mi feugiat a. Maecenas ultricies urna nec ipsum hendrerit pellentesque.

Signature

PAYMENT TO:
Northwind Ltd, CBank, ACCOUNT: 2123546 (SWIFT: BKSAA555)
Credit card payment charges (Visa, Mastercard & American Express 1.75%, International credit cards 2.9%)

3.4 Form Defaults

3.4.1 Set form defaults

Form defaults are optional. They can be used to set:

- Standard content for almost any field, including [custom fields](#)
- Standard checkbox options
- Unique custom themes

Form defaults apply only to the form for which they are defined, but they can be set for forms in every Manager tab except [Billable Expenses](#) (because there is no separate form), including recurring versions (where available). Form defaults can also be set for subsidiary ledgers, such as customers and inventory items.



Note

Form defaults can only be set for transaction forms and subsidiary ledgers related to [functional tabs](#) already enabled through the [Customize](#) link.



Examples

Standard terms and conditions can be set up in a custom field for sales invoices. These will appear on every new sales invoice.

If only one bank or cash account exists, or is most regularly used, it can be pre-selected as a form default for receipt and payment forms.

If a sole proprietorship only enters expense claims by its owner, the owner can be selected as the expense claim payer.

Late payment fees on sales invoices can be set up in advance.

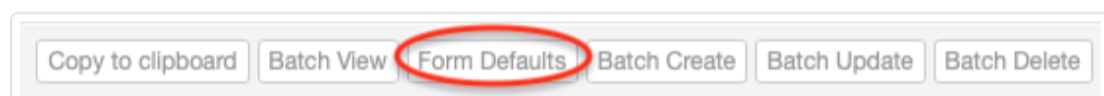
The **Title** of sales quotes can be changed for all future quotes by entering a new one as a form default.

Currencies can be chosen in advance for specific transaction types.

Inventory write-offs can be set up to always debit a specific expense account.

Setting or modifying form defaults

To set or modify a form default, go to the relevant tab, then click the **Form Defaults** button at the bottom of the window:



A copy of that form or ledger entry appears. Enter content in any field except **Date**.



Note

Regardless of any entry in the **Date** field, the program defaults to the current date when the default form is saved. And the current date is prepopulated on every new transaction created except clones.

Check any option box. Add lines, if available and necessary. (Visible fields and options depend upon tabs you have enabled and settings you have entered elsewhere in the program, just as they would when entering a normal accounting record.)

Click **Update** to save your new defaults.

Applying form defaults

Form defaults are applied automatically. Exact behavior depends on the specific action:

- Whenever a new transaction form is created, the default content appears. Anything can be edited or augmented, either before clicking **Create** or afterwards by editing.
- When a form is cloned, content of the source form is carried forward, overriding default content. An exception to this rule exists for reference numbers. Clones follow the default setting for reference numbers, whatever it is, in order to support mandatory automatic sequencing.
- When a form is **copied to** another type, content of the source form is also carried forward, overriding default content of the destination form type.
- When a new ledger entry is created, default content will appear. Content can be edited or augmented, either before clicking **Create** or afterwards by editing the ledger entry.



Note

Form defaults affect only new transactions and ledger entries. They do not modify content retroactively.

Chapter 4: Program Features

Many features of Manager appear consistently throughout the program or draw upon several functional modules or settings. These make the program fairly intuitive to use.

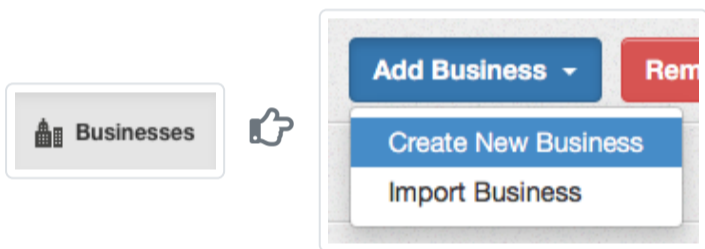
4.1 Learn the Program

4.1.1 Experiment with a test business

Whether you are brand new to Manager or a seasoned user, consider creating a test business. Rather than risk mistakes with your real accounting records, experiment first with a test business to try out new features. You can create as many businesses as you want in Manager, regardless of whether you are using the desktop, server, or cloud editions. You will never be charged extra for more companies.

Setting up the test business

On Manager's home page, click on the **Businesses** button in the top menu bar. Then click **Add Business** and select **Create New Business** in the dropdown box:



Enter the name of your test business and click **Add Business** :

Add Business

Business Name

Add Business **Cancel**

A **Summary** page for your test business will appear with a minimal set of tabs enabled and a few sample income and expense accounts:

The test business will also appear on the home page with any others you have created:



Note

An alternative to setting up your own test business is to import one already set up. Follow the procedure outlined in [another Guide](#).

Using the test business

Your test business will be maintained in a completely separate data file from any other business. Nothing you do in the test business will affect anything in your real business(es). With a test business, you can:

- Explore new tabs to decide whether to enable them for a real business
- Learn how automatically created accounts (such as *Billable time - movement* or *Fixed assets - loss on disposal*) function
- Enter test transactions to see which accounts are affected
- Create sample reports to determine which formats are most useful
- [Switch between accrual and cash basis accounting](#) to see their effects
- Investigate complex charts of accounts, incorporating groups, special accounts, custom control accounts, etc.
- Test the utility of custom fields
- Develop new custom themes
- Practice [backup](#) and [restore](#) operations

When using your test business, here are some helpful tips:

- Check your Summary frequently to understand effects of individual actions.

- Keep the number of transactions small so results are easier to spot.
- Consider deleting all transactions in a tab or entries in a field to see how Manager handles the absence of data.

Of course, there is no danger of making mistakes as there would be if you experimented with a real business. In the worst case, you can get rid of the test business by deleting its file. And you can always create another test business.

4.1.2 Import a sample business

If you'd like to experiment with a sample business already containing a broad range of transactions, you can import a fictitious company called Northwind Traders. Northwind is a trading company selling food to customers all over the world. Manager has a lot of modules and the way Northwind is using Manager is just one of the many examples of how Manager can suit custom business requirements.

Northwind is using Manager to:

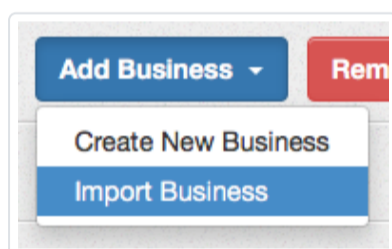
- Track supplier invoices to know how much it owes to suppliers
- Issue invoices to customers and track how much customers owe to *Northwind*
- Monitor stock levels and measure profit margins on all inventory items
- Generate financial statements

Import Northwind

To download the fictitious company, Northwind Traders, and add it to your application data folder, click on the link below:

[Northwind.manager](#) (2.2 MB)

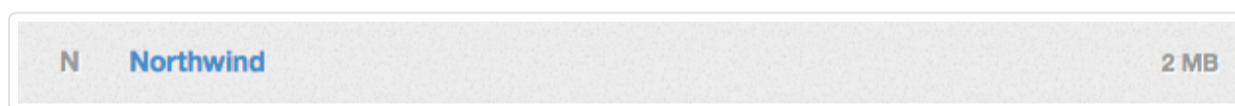
Launch the Manager application. On the **Businesses** page, click **Add Business** and select *Import Business*:



Navigate to the downloaded file, [Northwind.manager](#), and click **Import Business**. You will be taken to the **Summary** screen for Northwind:

Balance Sheet As at 2021-05-12		Profit and Loss Statement For the period from 2017-01-01 to 2021-05-12	
Assets	213,459.87	Revenue	389,144.78
Accounts receivable	67,531.87	Inventory - sales	389,144.78
Cash on hand	134,212.69		
Inventory on hand	11,715.31		
Liabilities	3,140.30	Less Cost of Goods Sold	245,500.49
Accounts payable	3,140.30	Inventory - cost	245,500.49
Equity	210,319.57	Gross Profit (Loss)	143,644.29
Retained earnings	210,319.57	Less Operating Expenses	95,112.00
		Accounting fees	9,453.00
		Advertising and promotion	7,928.00
		Bank charges	9,245.00
		Computer equipment	8,236.00
		Electricity	9,807.00

The business will also appear on your [Businesses](#) page:



Open business file without importing

After the sample business file has been downloaded, you can also open it directly without adding it to your [Businesses](#) page. Just double-click the file itself wherever you downloaded it.

Points of interest

However you open the Northwind business, you can use it to explore functions and features of Manager:

- You can click on each tab to see how invoices and other transactions have been created.
- Have a look at financial statements such as *Profit and Loss Statement* or *Balance Sheet* under the [Reports](#) tab.
- Have a look at customer or supplier reports such as *Aged Receivables*, *Aged Payables*, *Customer Statements* or *Supplier Statements*, also under the [Reports](#) tab.
- Enter new transactions or edit existing transactions to see how those actions affect individual balances on reports.
- Enable additional tabs to learn how they interact with the ones already present.



Note

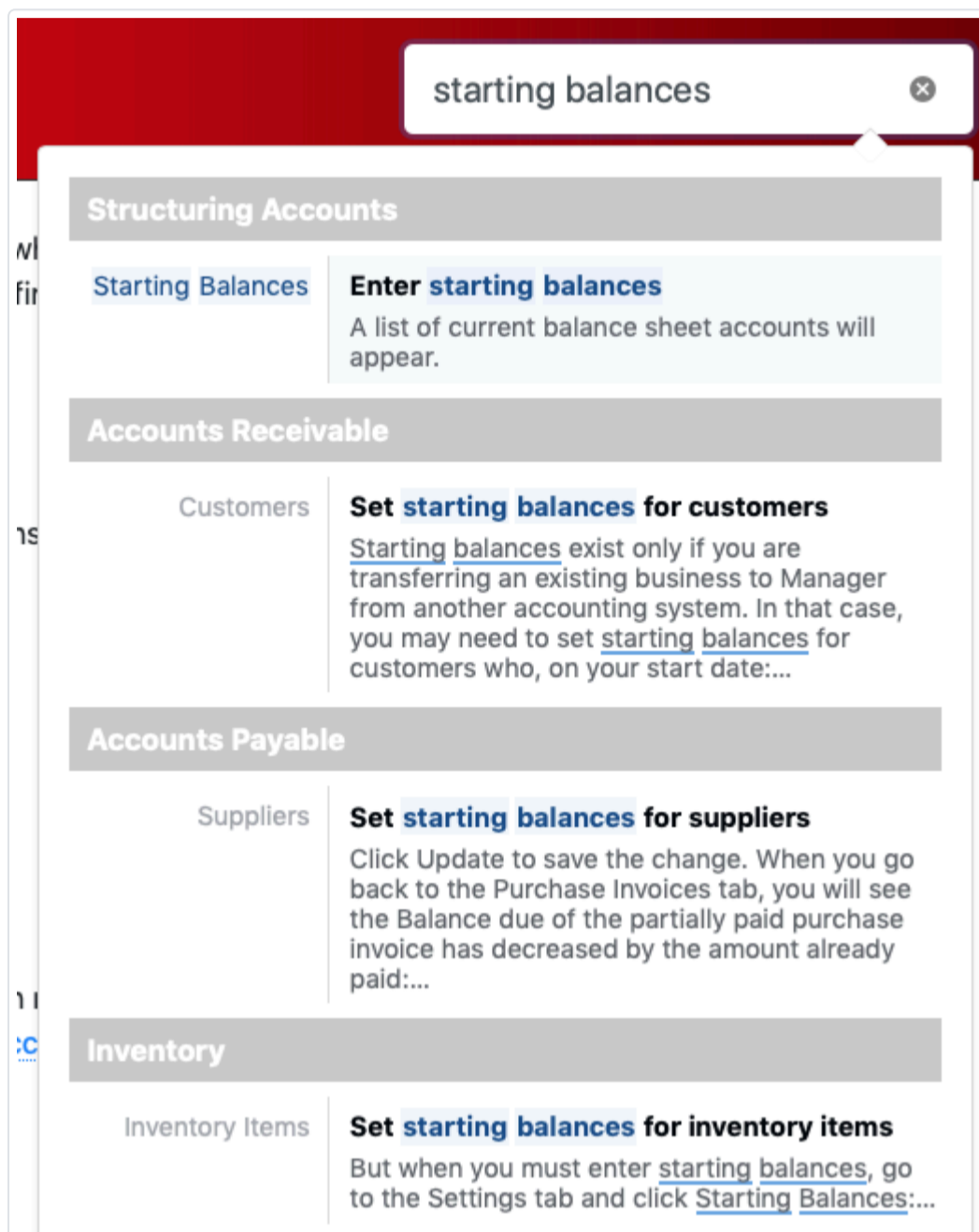
You can always delete the sample business and re-import a new one or have multiple sample businesses side by side.

4.1.3 Search the Guides

Manager's instructional **Guides can be searched** from their dedicated [web page](#). A search box is located in the upper right corner of the page:



Begin typing in the box. Titles and contents of all Guides are searched progressively as text is added. Results appear below the search box:



The screenshot shows a search interface with a search box containing the text "starting balances". Below the search box, several search results are displayed, each with a category header and a subcategory. The results are:

- Structuring Accounts**
 - Starting Balances** **Enter starting balances**
A list of current balance sheet accounts will appear.
- Accounts Receivable**
 - Customers** **Set starting balances for customers**
Starting balances exist only if you are transferring an existing business to Manager from another accounting system. In that case, you may need to set starting balances for customers who, on your start date:...
- Accounts Payable**
 - Suppliers** **Set starting balances for suppliers**
Click Update to save the change. When you go back to the Purchase Invoices tab, you will see the Balance due of the partially paid purchase invoice has decreased by the amount already paid:...
- Inventory**
 - Inventory Items** **Set starting balances for inventory items**
But when you must enter starting balances, go to the Settings tab and click Starting Balances:...

Matching text is underlined in text excerpts. Link to a Guide by clicking anywhere within the excerpt.

4.1.4 Download a PDF version of the Manager Guides

For users without consistent internet access, a PDF (Portable Document Format) version of a book containing all instructional *Manager Guides* can be downloaded and stored on a local drive or printed. The book has a number of convenient features:

- Chapters correspond to major categories of the online [Guides index](#).
- Sections match subcategories of the index.
- All illustrations, notes, and caution statements are included.
- The book is updated daily.
- The table of contents is hyperlinked to individual sections.
- All hyperlinks in the online Guides are functional in the PDF file.

To download the book, go to the [Guides](#) page on the Manager web site. In the introductory paragraph, click on [PDF book](#). The PDF file will open in a browser tab according to your selected preferences. From there, it can be saved to any drive as a standalone file.

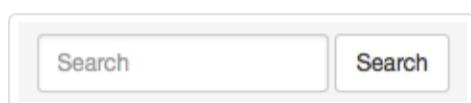
**Note**

The PDF file is almost 20 MB. The resulting book is over 550 A4-sized pages. Users should consider printing only selected portions, especially when taking into account the daily update cycle.

4.2 Common Procedures

4.2.1 Search for records

Almost every screen in Manager showing a table or list includes a **Search** field and **Search** button:



To conduct a search, enter the search argument in the **Search** field and click **Search**. The following guidelines apply to all searches:

- Searches cover information visible on screen, but not content of underlying subsidiary ledgers, items, registers, or transactions.
- Searches are conducted for literal matches of text strings, with numbers treated as text.
- All text strings in the search argument must be present somewhere in the record. (The Boolean logic applied is AND, not OR.)
- Negation (the Boolean NOT) cannot be used.
- Partial string searches work.
- Order of text strings in the search argument does not matter.
- Uppercase letters are ignored.
- When a table or list extends to more than one page, all pages are searched, including those not visible.
- Sort order in place before a search is preserved in search results. So both sort and search functions can be used simultaneously to find desired data.
- To restore a full list or table, click the **Undo** link in the yellow header bar of the search results.
- Searches cannot be narrowed from previous results. New searches cover the entire, original table or list.
- Quotation marks are not interpreted as demarcating a literal string consisting of the quoted characters as in many search engines. They are interpreted as characters within the search string, usually resulting in no search results.
- When the searched screen includes totals, search results include totals for the returned records.



Examples

Some examples from a list of sales invoices illustrate the search principles. All searches are conducted on this default listing:

Sales Invoices		New Sales Invoice		Search		Search		
			Invoice date	#	Customer	Invoice total	Balance due	Status
	Edit	View	08/10/2017	6	Lumen Lighting	600.00	- 100.00	Overpaid
	Edit	View	06/01/2018	12	Bob's Hardware	55.99	55.99	Due in 6 days
	Edit	View	05/01/2018	11	Bob's Hardware	55.99	55.99	25 days overdue
	Edit	View	04/01/2018	10	Bob's Hardware	55.99	55.99	55 days overdue
	Edit	View	03/01/2018	9	Bob's Hardware	55.99	55.99	86 days overdue
	Edit	View	02/01/2018	8	Bob's Hardware	55.99	55.99	114 days overdue
	Edit	View	01/01/2018	7	Bob's Hardware	55.99	55.99	145 days overdue
	Edit	View	08/10/2017	2	Lumen Lighting	299.00	299.00	319 days overdue
	Edit	View	08/09/2017	1	Bob's Hardware	1,427.70	1,411.20	320 days overdue
						2,662.64	1,946.14	

A search for 2017 invoices yields:

Sales Invoices		New Sales Invoice		2017		Search		
6 rows hidden because they don't contain 2017. Undo								
			Invoice date	#	Customer	Invoice total	Balance due	Status
	Edit	View	08/10/2017	6	Lumen Lighting	600.00	- 100.00	Overpaid
	Edit	View	08/10/2017	2	Lumen Lighting	299.00	299.00	319 days overdue
	Edit	View	08/09/2017	1	Bob's Hardware	1,427.70	1,411.20	320 days overdue
						2,326.70	1,610.20	

After reverse sorting by date, a search for "OVERDUE" (note the uppercase letters) produces:

Sales Invoices		New Sales Invoice		OVERDUE		Search		
2 rows hidden because they don't contain OVERDUE. Undo								
		Invoice date	#	Customer	Invoice total	Balance due	Status	
Edit	View	05/01/2018	11	Bob's Hardware	55.99	55.99	25 days overdue	
Edit	View	04/01/2018	10	Bob's Hardware	55.99	55.99	55 days overdue	
Edit	View	03/01/2018	9	Bob's Hardware	55.99	55.99	86 days overdue	
Edit	View	02/01/2018	8	Bob's Hardware	55.99	55.99	114 days overdue	
Edit	View	01/01/2018	7	Bob's Hardware	55.99	55.99	145 days overdue	
Edit	View	08/10/2017	2	Lumen Lighting	299.00	299.00	319 days overdue	
Edit	View	08/09/2017	1	Bob's Hardware	1,427.70	1,411.20	320 days overdue	
						2,006.65	1,990.15	

A search for "55" returns the invoice 55 days overdue, as well as all invoices including "55" in their balances:

Sales Invoices		New Sales Invoice		55		Search	
3 rows hidden because they don't contain 55. Undo							
		Invoice date	# ▲	Customer	Invoice total	Balance due	Status
Edit	View	01/01/2018	7	Bob's Hardware	55.99	55.99	145 days overdue
Edit	View	02/01/2018	8	Bob's Hardware	55.99	55.99	114 days overdue
Edit	View	03/01/2018	9	Bob's Hardware	55.99	55.99	86 days overdue
Edit	View	04/01/2018	10	Bob's Hardware	55.99	55.99	55 days overdue
Edit	View	05/01/2018	11	Bob's Hardware	55.99	55.99	25 days overdue
Edit	View	06/01/2018	12	Bob's Hardware	55.99	55.99	Due in 6 days
					335.94	335.94	

Reversing the order of words returns identical results. To illustrate, the search arguments "bob ware" and "ware bob" return:

Sales Invoices		New Sales Invoice		bob ware		Search	
2 rows hidden because they don't contain bob ware. Undo							
		Invoice date	# ▲	Customer	Invoice total	Balance due	Status
Edit	View	08/09/2017	1	Bob's Hardware	1,427.70	1,411.20	320 days overdue
Edit	View	01/01/2018	7	Bob's Hardware	55.99	55.99	145 days overdue
Edit	View	02/01/2018	8	Bob's Hardware	55.99	55.99	114 days overdue
Edit	View	03/01/2018	9	Bob's Hardware	55.99	55.99	86 days overdue
Edit	View	04/01/2018	10	Bob's Hardware	55.99	55.99	55 days overdue
Edit	View	05/01/2018	11	Bob's Hardware	55.99	55.99	25 days overdue
Edit	View	06/01/2018	12	Bob's Hardware	55.99	55.99	Due in 6 days
					1,763.64	1,747.14	

AND

Sales Invoices		New Sales Invoice		ware bob	Search		
2 rows hidden because they don't contain ware bob. Undo							
		Invoice date	# ▲	Customer	Invoice total	Balance due	Status
Edit	View	08/09/2017	1	Bob's Hardware	1,427.70	1,411.20	320 days overdue
Edit	View	01/01/2018	7	Bob's Hardware	55.99	55.99	145 days overdue
Edit	View	02/01/2018	8	Bob's Hardware	55.99	55.99	114 days overdue
Edit	View	03/01/2018	9	Bob's Hardware	55.99	55.99	86 days overdue
Edit	View	04/01/2018	10	Bob's Hardware	55.99	55.99	55 days overdue
Edit	View	05/01/2018	11	Bob's Hardware	55.99	55.99	25 days overdue
Edit	View	06/01/2018	12	Bob's Hardware	55.99	55.99	Due in 6 days
					1,763.64	1,747.14	

4.2.2 Sort lists and tables

You can **sort lists and tables** in Manager to help find information as your accounting records expand. Every list or table has a default order, which can depend on parameters like:

- Issue date
- Clearance date
- Payment status
- Alphabetical order of names or descriptions

In most cases, the default order is most convenient, because it was designed with context in mind. But if it does not work for you, sorts can be performed on any column in the list or table. And they can be in ascending or descending order.

To sort a list or table, click on the heading for the column by which you want to sort. To reverse order, click the heading again. A small or symbol will appear beside the column heading to indicate an ascending or descending sort direction.

Sorts are preserved during searches. Likewise, search results can be sorted without disturbing the search results. So the sort and search functions can be used simultaneously to amplify the effectiveness of each.



Examples

All sort examples below are based on the following, default list of sales invoices. Notice that overpaid invoices are listed first, then coming due invoices, then overdue according to age:

Sales Invoices		New Sales Invoice		Search		Search		
			Invoice date	#	Customer	Invoice total	Balance due	Status
			08/10/2017	6	Lumen Lighting	600.00	- 100.00	Overpaid
			06/01/2018	12	Bob's Hardware	55.99	55.99	Due in 6 days
			01/01/2018	7	Bob's Hardware	55.99	55.99	145 days overdue
			08/10/2017	2	Lumen Lighting	299.00	299.00	319 days overdue
			08/09/2017	1	Bob's Hardware	1,427.70	1,411.20	320 days overdue
						2,438.68	1,722.18	

Clicking on the **Customer** heading alphabetizes the list:

Sales Invoices		New Sales Invoice		Search		Search		
			Invoice date	#	Customer ▲	Invoice total	Balance due	Status
			06/01/2018	12	Bob's Hardware	55.99	55.99	Due in 6 days
			01/01/2018	7	Bob's Hardware	55.99	55.99	145 days overdue
			08/09/2017	1	Bob's Hardware	1,427.70	1,411.20	320 days overdue
			08/10/2017	6	Lumen Lighting	600.00	- 100.00	Overpaid
			08/10/2017	2	Lumen Lighting	299.00	299.00	319 days overdue
						2,438.68	1,722.18	

Clicking the reference number symbol twice lists oldest invoices first:

Sales Invoices		New Sales Invoice		Search		Search		
			Invoice date	# ▲	Customer	Invoice total	Balance due	Status
			08/09/2017	1	Bob's Hardware	1,427.70	1,411.20	320 days overdue
			08/10/2017	2	Lumen Lighting	299.00	299.00	319 days overdue
			08/10/2017	6	Lumen Lighting	600.00	- 100.00	Overpaid
			01/01/2018	7	Bob's Hardware	55.99	55.99	145 days overdue
			06/01/2018	12	Bob's Hardware	55.99	55.99	Due in 6 days
						2,438.68	1,722.18	

The invoices can also be sorted by balance due:

Sales Invoices		New Sales Invoice		Search		Search		
			Invoice date	#	Customer	Invoice total	Balance due	Status
			08/09/2017	1	Bob's Hardware	1,427.70	1,411.20	320 days overdue
			08/10/2017	2	Lumen Lighting	299.00	299.00	319 days overdue
			06/01/2018	12	Bob's Hardware	55.99	55.99	Due in 6 days
			01/01/2018	7	Bob's Hardware	55.99	55.99	145 days overdue
			08/10/2017	6	Lumen Lighting	600.00	- 100.00	Overpaid
						2,438.68	1,722.18	

A sort by invoice total, followed by search for "Lumen" produces an ordered list of invoices to Lumen Lighting:

Sales Invoices		New Sales Invoice		Lumen		Search		
3 rows hidden because they don't contain Lumen. Undo								
			Invoice date	#	Customer	Invoice total	Balance due	Status
			08/10/2017	6	Lumen Lighting	600.00	- 100.00	Overpaid
			08/10/2017	2	Lumen Lighting	299.00	299.00	319 days overdue
						899.00	199.00	

4.2.3 Create non-inventory items

Non-inventory items are shortcuts for entering line items in many sales- and purchase-related transaction forms in Manager. They are completely optional. Unlike inventory items, they are not required for any transaction entry. But once defined, they help:

- Standardize terminology by always referring to a product or service with identical language
- Improve accounting accuracy by always posting similar income or expense items to the same accounts
- Store and apply consistent prices to commonly sold or purchased goods or services
- Speed up entries by automatically filling information on forms



Note

Non-inventory items can be used for sale and purchase of physical goods, but they do not support counting quantities on hand, monitoring stock movement, or calculating profitability. For those functions, use [inventory items](#).

Creating non-inventory items

Before non-inventory items can be employed, they must be created. And they can only be created if at least one sales- or purchase-related tab that can make use of them is enabled (see list below in section on *Using non-inventory items*).

With at least one such tab enabled, go to the **Settings** tab, click on **Non-inventory Items**, then **New Non-inventory Item** :



Non-inventory Items **New Non-inventory Item**

Complete the definition:

Non-inventory Item

Code	Name	Unit Name
<input type="text" value="Optional"/>	<input type="text"/>	<input type="text"/>

Description

Division

When sold

Account	<input type="text" value="Suspense"/>	Tax Code	<input type="text" value="No tax"/>	Unit price	<input type="text" value="0"/>
----------------	---------------------------------------	-----------------	-------------------------------------	-------------------	--------------------------------

When purchased

Account	<input type="text" value="Suspense"/>	Tax Code	<input type="text" value="No tax"/>	Unit price	<input type="text" value="0"/>
----------------	---------------------------------------	-----------------	-------------------------------------	-------------------	--------------------------------

- **Code** can be anything that helps find, sort, or categorize the item. If used, **Code** will appear on forms.
- **Name** will appear when searching for a non-inventory item to complete a line item. If no further description of the item is entered, **Name** will appear in the **Description** field on completed forms, such as sales invoices.
- **Unit Name** is optional, but can be used to specify units by which the item will be sold or purchased. Only one unit name is allowed; if goods or services are purchased and sold in different units, either apply conversions before making entries or create separate non-inventory items.
- The **Description** field is for more comprehensive information. Its contents will appear on finished forms in place of **Item name**. Anything a customer or supplier should see can be placed into this field.
- The **Division** field appears only if any divisions are defined. The assigned division will be automatically populated on any transaction form where allowed.
- **When sold** fields allow you to select the **Account** to which a sale of the non-inventory item will be posted, applicable **Tax Code**, and the **Unit price**. Notice that only the amount field allows free text. The other fields must be selected from previously **defined accounts** or **tax codes**. This information will be prefilled whenever this non-inventory item is added to a sales-related form.
- **When purchased** fields allow you to select the **Account** to which a purchase of the non-inventory item will be posted, applicable **Tax Code**, and the **Unit price**. Information in these fields is treated the same way on purchase-related forms as that in **When sold** fields on sales-related forms.

Click to save the non-inventory item. After the item has been created, you can check the **Inactive** box to prevent accidental use of obsolete items:

Inactive



Example

The illustration below shows a non-inventory item created for advertising purchased frequently in local publications. Notice that the **When sold** fields are blank, because this item is never sold, only purchased:

Non-inventory Item

Code	Name	Unit Name
<input type="text" value="Ad"/>	<input type="text" value="Coffee service ad"/>	<input type="text"/>

Description

3-column advertisement for Deluxe Coffee Service, per PDF artwork provided

Division

When sold

Account	<input type="text" value="Sales"/>	✕	Tax Code	<input type="text" value="No tax"/>	Unit price	<input type="text" value="0"/>
----------------	------------------------------------	---	-----------------	-------------------------------------	-------------------	--------------------------------

When purchased

Account	<input type="text" value="Advertising and promotion"/>	✕	Tax Code	<input type="text" value="GST 10%"/>	Unit price	<input type="text" value="250"/>
----------------	--	---	-----------------	--------------------------------------	-------------------	----------------------------------

Inactive

Using non-inventory items

Non-inventory items can be used for:

- Receipts and payments
- Expense claims
- Sales and purchase quotes
- Sales and purchase orders
- Sales and purchase invoices
- Credit and debit notes
- Delivery notes and goods receipts

When completing any of these forms, an **Item** field will appear at the left end of line items whenever any inventory or non-inventory items have been defined. For example, if no inventory items are defined, but non-inventory items have been, all the above forms will include the **Item** field.



To use a non-inventory item, click on the dropdown box of the **Item** field. Or, begin typing the **Item code** or **Item name** in the field to take advantage of the autosearch capability. When a non-inventory item has been selected, all its parameters will automatically be filled for the line. Anything can be edited except the account to which the item is posted:

Item	Account	Description	Lot #	Qty	Unit price	Total	Tax Code	Tax Amount	Total
DCS - Deluxe coffee service ✕	Sales	Monthly coffee service, including machine rental and maintenance and all coffee, creamer, sugar, and disposable cups		Month	175	175	GST 10% ✕	17.5	192.5

Updating non-inventory items

Non-inventory items can be updated when required, such as when a service description is altered or a price change occurs. Go to

[Settings](#)  [Non-inventory Items](#) and click [Edit](#) for the item to be changed:

Non-inventory Items		New Non-inventory Item		
		Item code	Item name	Unit Name
Edit	View	Ad	Coffee service ad	
Edit	View	DCS	Deluxe coffee service	Month

Edit the item as desired and click [Update](#). **Existing transactions using the non-inventory item will not be modified.** Only future forms will be affected.

If the non-inventory item is no longer needed, it can be deleted as long as it has never been used. But Manager will not allow non-inventory items to be deleted if they have been used. In that case, check the [Inactive](#) box, and the non-inventory item will no longer be available.

If an inactive non-inventory item becomes useful again, scroll to the bottom of the non-inventory items list, where you will see the item's name in light grey text with strike-through markings:

Edit	Ad	Coffee service ad
----------------------	---------------	------------------------------

Click [Edit](#) next to the item's name. Uncheck the [Inactive](#) box and the item will once again be available. Remember to click [Update](#) when finished editing.

4.2.4 Use reference numbers

Most transaction forms in Manager allow you to enter a **reference number** to identify individual transactions. On transaction entry forms, this field is labeled simply as **Reference**:

Reference
<input type="text"/>

In two cases, it is given a label more in keeping with traditional accounting usage on completed transactions. Following is a list of forms that include the **Reference** field. Where a different label is used, this is shown in parentheses:

- Receipts and payments
- Inter account transfers
- Expense claims
- Sales and purchase quotes
- Sales and purchase orders
- Sales and purchase invoices (Invoice number)
- Credit notes and debit notes
- Delivery notes and goods receipts
- Inventory transfers and inventory write-offs
- Production orders
- Payslips
- Journal entries

Manager provides two methods for entering reference numbers.

Free text

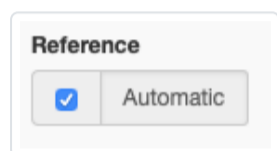
The default mode allows entry of any alphanumeric content as free text. Possibilities include:

- Externally generated sequence numbers
- Customer or supplier reference numbers, such as purchase order or sales invoice numbers
- Bank transaction or cheque numbers
- Informative prefixes combined with sequence numbers

You have complete control. And, using [Form Defaults](#), you can prefill portions of the **Reference** field on a form-by-form basis.

Automatic numbering

Manager can also assign sequential reference numbers for you. Just check the box within the **Reference** field:



The image shows a UI element titled "Reference" with a checked checkbox and the text "Automatic" next to it.

When the form is created (or updated if automatic sequencing is selected during editing), Manager will find the highest number among **existing forms of the same type** and add 1 to its reference number. Automatic reference numbering can also be set under Form Defaults. In that case, the **Reference** field will show the checkbox ticked and *Automatic*. Manager will assign the number when you click . Afterwards, only the assigned number shows if the transaction is edited. Regardless of how references are originally set, they can be overridden by editing a transaction.



Warnings

When searching for existing reference numbers, Manager ignores alphabetic content and punctuation marks. For example, if the highest-numbered sales invoice includes a prefix, such as *INV2018-45*, the next automatically assigned number will be *201846*.

If a form with an existing reference number is edited to assign an automatic sequence number, that form is included in Manager's search. So, if sales quote *347* is edited to include an automatic reference number, it will become *348* when is clicked.

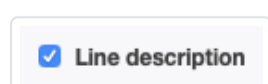
Because of these features, mixing free text and automatic reference numbers is seldom advisable. Your free-text entries will become the criteria for determining automatic number assignments. However, the search process for each transaction type is separate from all others. So using free-text invoice numbers on purchase invoices and automatic ones on sales invoices would be perfectly acceptable.

4.2.5 Show line descriptions on transaction entry forms

To save screen space and reduce horizontal scrolling, some Manager transaction entry forms do not show **Description** fields for individual line items by default. These include:

- Receipts and payments
- Expense claims
- Sales and purchase invoices
- Credit and debit notes
- Journal entries

But you can **show line descriptions** during data entry on all forms. On any of the forms listed above, check the box for **Line description**:



The image shows a UI element with a checked checkbox and the text "Line description".

Regardless of whether the box is checked, if the **Description** field for any line item on the form includes content, a column will appear on the completed form and the content will be displayed.

4.2.6 Apply a discount to a line item

Discounts to individual line items can be applied or indicated on some transaction forms related to sales, purchases, and refunds. These include:

- Sales and purchase quotes (only when a purchase quote is not designated as a request for quotation)
- Sales and purchase orders
- Sales and purchase invoices
- Credit and debit notes

The option lets you show customers discounts you are extending to them. It also lets you record how much of a discount, if any, a supplier has extended to you.

The **Discount** column is not normally displayed to save space. Where discounts can be applied, a checkbox appears on the entry form:

Discount

If the checkbox is activated, you can choose between *Percentage* or *Exact amount* options:

Discount

Percentage

Exact amount

Selecting the *Percentage* option will add a **Discount** column where you will be able to enter the percentage.

Item	Account	Qty	Unit price	Discount	Total
Boston Crab Meat x	Inventory on hand	1	12.88	5 %	12.24

Choosing the *Exact amount* option allows you to enter a fixed amount:

Discount



Notes

Although the checkbox activates the column for the entire form, discounts must be entered line item by line item.

Discounts applied to line items are not posted separately to any account. They reduce the calculated total for each line item. Therefore, they are effectively the same as changes to unit prices.

4.2.7 Enter a discount as a separate line item

Discounts can be entered as separate line items rather than as adjustments to the price of individual line items on transaction forms related to sales, purchases, and refunds. These include:

- Sales and purchase quotes (only when a purchase quote is not designated as a request for quotation)
- Sales and purchase orders
- Sales and purchase invoices
- Credit and debit notes

The option lets you show customers overall discounts you are extending. It also lets you record separately a discount a supplier has extended to you. Rather than associating a discount with a specific line item, this feature may be helpful distinguishing the effects of promotional discounts from costs and sales prices in profit margin calculations for inventory items.

To enter a discount as a separate line item, check the **Discount** box when creating a transaction. Select the *Exact amount* option:

Add a line item for entry of the discount:

Item	Account	Qty	Unit price	Discount	Total	Tax Code	Tax Amount	Total
				0	0	No tax	0	0

- Leave the **Item** field blank unless you have defined the discount as a non-inventory item.
- Select an appropriate **Account** where the discount will be posted, such as *Discounts, Advertising and promotion, or Miscellaneous expenses*. The choice of account may depend on the transaction type.
- Describe the discount in the **Description** field. On some forms, you will need to check the **Line description** field to display the field.
- Leave **Qty** and **Unit price** fields blank.
- Enter the monetary amount of the discount (in the currency of the transaction) in the **Discount** field as a positive number.
- A **Tax** code may or may not be applicable to the discount, depending on local regulations. In many cases, it will be, because discounts are reductions to prices. If one is, be sure that all line items on the invoice are taxable at the same rate.



Notes

Manager will not calculate the discount amount for you from other line items or the transaction subtotal. You must determine the discount manually or enter the calculation directly into the **Discount** field.

Discounts of specific amounts and descriptions can be set up as [non-inventory items](#).

The discount amount will appear on the completed transaction in a **Discount** column. The amount being subtracted from the total will appear as a negative number in the **Amount** column. Discounts entered this way will be posted to the account selected without affecting other line items.



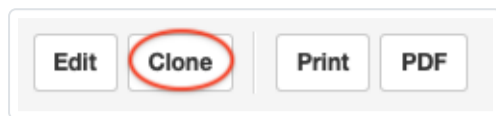
Example

Brilliant Industries sells five ceramic lamps (inventory code 101) to a wholesale customer, so no sales tax is due. Under terms of this customer’s incentive plan, Brilliant extends an overall discount of 295:

Code	Description	Qty	Unit price	Discount	Amount
101	White ceramic lamp with silk shade	5 Each	345.00		1,725.00
	Discount for anniversary sale			295.00	- 295.00
Total					1,430.00

4.2.8 Clone transactions and reports

Create a clone in Manager when you want a transaction or report similar to one that already exists. To create a clone, click the **Clone** button near the top of the Manager window while viewing a transaction or report:



Cloning a transaction

Cloning generates an exact duplicate of a transaction. All standard and custom field contents, checkbox options, and custom themes will appear on a new transaction entry form exactly as they were for the parent transaction, with one exception. That exception is the [reference number](#) field, which will follow the setup for that form type under **Form Defaults** in the **Settings** tab. Other aspects of the default form content will be overridden by cloning.

When the entry screen appears, anything can be edited or added to it. Click **Create** to save the new transaction. If the default is for automatic reference numbers, the reference number will be added only at this point. The newly cloned transaction will appear.

Cloning a report

Cloning a report does not generate a duplicate of the report itself. Instead, it generates a duplicate report definition screen. As with transactions, anything can be edited or added, just as if a new report were being created from scratch. This feature is especially helpful when creating reports for new reporting periods or designing similar, but not identical, custom reports. Click **Create** to save the new report definition. The newly cloned report will appear.

4.2.9 Use the Copy to function

Several forms and reports in Manager relating to customers and suppliers offer a **Copy to** button in their headers, allowing one transaction, definition, or report to be converted directly to a new one in a workflow. This feature carries over important information, such as customer or supplier name, reference numbers of various types, and details of line items, as appropriate for the context. Copying to a new form:

- Saves time
- Prevents mistakes

When a form or report is copied, a new entry screen for the destination form appears, but the new transaction is not immediately created. All entries can be edited, deleted, or augmented first. The destination form is finalized only when the **Create** button is clicked.

The table below shows which original forms and reports can be copied to various destination forms:

Original Form Or Report	Available Destination Forms																	
	Receipt	Payment	Customer	Sales Quote	Sales Order	Sales Invoice	Recurring Sales Invoice	Credit Note	Delivery Note	Supplier	Purchase Quote	Purchase Order	Purchase Invoice	Recurring Purchase Invoice	Debit Note	Goods Receipt	Payslip	Recurring Payslip
Receipt	✓	✓																
Payment	✓	✓																
Customer										✓								
Sales Quote				✓	✓	✓		✓	✓		✓	✓	✓		✓	✓		
Sales Order				✓	✓	✓		✓	✓		✓	✓	✓		✓	✓		
Sales Invoice				✓	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓		
Credit Note				✓	✓	✓		✓	✓		✓	✓	✓		✓	✓		
Delivery Note				✓	✓	✓		✓	✓		✓	✓	✓		✓	✓		
Supplier			✓															
Purchase Quote				✓	✓	✓		✓	✓		✓	✓	✓		✓	✓		
Purchase Order				✓	✓	✓		✓	✓		✓	✓	✓		✓	✓		
Purchase Invoice				✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓		
Debit Note				✓	✓	✓		✓	✓		✓	✓	✓		✓	✓		
Goods Receipt				✓	✓	✓		✓	✓		✓	✓	✓		✓	✓		
Inventory Transfer				✓	✓	✓		✓	✓		✓	✓	✓		✓	✓		
Payslip																	✓	✓
Customer Statement (Unpaid invoices)	✓																	
Supplier Statement (Unpaid invoices)		✓																



Notes

Copy to options appear only for tabs that are enabled. If no tabs are enabled except the one for the original form, the Copy to button itself will not appear.

No report can be copied to another report, because reports are generated from numerous individual transactions.

When both original and destination forms include custom fields with identical labels, content of original custom fields will copy to the destination custom fields, **overriding any default content for the destination form** set under Form Defaults. However, if an original custom field is empty, default destination content will be used.

Line-item custom fields are not copied to other transaction types.

When a purchase-related form is copied to a sales-related form or vice versa, the customer or supplier does not carry over.

When inventory or non-inventory items are included on a form, posting accounts and prices change to those appropriate for the destination form.

4.2.10 Use HTML code in fields

Almost all fields in Manager accept **Hypertext Markup Language (HTML) code**. This allows you to control appearance of text content and show images on documents like invoices or quotes. Any online HTML syntax guide will provide guidance.



Example


A description in a sales invoice line item such as:

```

```

- Species: Malus domestica
- Parentage: Cox's Orange Pippin x Oldenburg
- Originates from: Germany
- Introduced: 1930
- Developed by: Kaiser Wilhelm Institute
- Orange Pippin Cultivar ID: 1147
- UK National Fruit Collection accession: 1972-026

will produce the following output:

Description	Qty	Unit price	Amount
<ul style="list-style-type: none"> • Species: Malus domestica • Parentage: Cox's Orange Pippin x Oldenburg • Originates from: Germany • Introduced: 1930 • Developed by: Kaiser Wilhelm Institute • Orange Pippin Cultivar ID: 1147 • UK National Fruit Collection accession: 1972-026 	10	2.55	25.50
Total			25.50



Notes

To keep your data file size small, Manager does not store images directly. Note the reference to the image in the example above is a URL where the image is stored.

You may find that images will not display onscreen, but are replaced by a symbol indicating inability of the software to download them:



This happens when the image host restricts ability to hotlink images to local IP address 127.0.0.1. In these situations, PDFs of a transaction or emails sent from the program generally display the images correctly. But the only reliable solution is using a different host to store images.

You can also use HTML for greater control over how custom fields are displayed.



Example

You would like to show a box for a signature on a sales invoice. Enter the following code into a custom field named *Signature*:

```
<div style="border: 1px solid #000; width: 200px; height: 40px"></div>
```

On an invoice, this will be presented as:

Signature

Finally, you can also control the appearance of text.

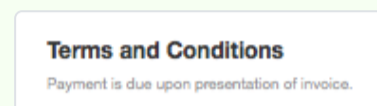


Example

You want to list your terms and conditions in unobtrusive fine print on sales invoices, but do not want the trouble of creating a custom theme. So you create a custom field for sales invoices, labeled *Terms and Conditions*. In it, you enter the following default text:

```
<span style="font-size: 8px; color: #999999">Payment is due upon presentation of invoice.</span>
```

The following appears near the bottom of all new sales invoices:



4.2.11 Perform calculations in number fields

Manager can **perform calculations** in built-in number fields as quantities or prices are entered. The result of the calculation is stored, not the calculation itself.

When entering a transaction, simply include an arithmetic expression in a number field. Allowed characters include:

- Numerals 0, 1, 2, 3, 4, 5, 6, 7, 8, and 9
- Operators +, -, *, /, and ^
- Parentheses (and) in matching pairs, including nested parentheses

Do not include an equal sign (=) in the field. While entering the calculation, Manager will display the entered characters. If the expression is incomplete or unallowable, the field is outlined in red. When a valid expression has been entered, its result is shown in real time and included in other calculations performed by the program.



Examples

The following entry is invalid because of a missing parenthesis preceding the numeral 6. Note how the **Total** field remains zero:

Unit price	Total
(40+5)/6+1	0

When the expression is corrected, its results are used in the transaction:

Unit price	Total
(40+5)/(6+1)	6.43

and flow through to the completed form:

Qty	Unit price	Amount
1	6.42857142857143	6.43

Calculations can be entered into multiple fields in the same line. They can also be quite elaborate. The following calculations:

Qty	Unit price	Total
3*(6-4)	350/20-12.5	30

produce:

Qty	Unit price	Amount
6	5.00	30.00

When returning to the entry screen by clicking **Edit**, the results of the calculation have been stored, **not the formulae**:

Qty	Unit price	Total
6	5	30



Caution

Calculations cannot be performed in number-type custom fields. If an arithmetic expression is entered in such a field, the program ignores it.

4.2.12 Copy lists and reports

You can **copy lists and reports** from Manager to use in word processing documents, text files, or spreadsheets. Rather than export in formats unique to any specific application, Manager makes data available in tab-separated-value (TSV) format for lists and reports. TSV-formatted data can be imported or pasted into virtually all word-processing, text-editing, and spreadsheet programs on the market.

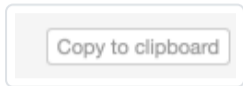


Notes

Completed transaction forms, such as sales invoices, expense claims, journal entries, or purchase orders, cannot be copied. These forms are not data files, but presentations of data from files. Customer lists, cash account registers, or fixed asset ledgers, on the other hand, are data lists and can be copied.

Copy data from the screen display

Any list that can be copied has a `Copy to clipboard` button at the lower right corner below the list:



Any report that can be copied has a `Copy to clipboard` button near the top of the window:



The copy function copies only the data displayed on screen. It preserves any search or sort operations performed on the data prior to copying.



Example

Northwind Traders wants to create a spreadsheet of expense claim information to support a monthly management review. The main listing of the `Expense Claims` tab can be copied. It is sorted according to claim amount by clicking on the **Amount** column heading.

The `Copy to clipboard` button is clicked:

Expense Claims		New Expense Claim		Search		Search		
		Date	#	Payer	Account	Payee	Description	Amount ▾
Edit	View	09/04/2016	4	Patricia Montfort-Jones	Advertising and promotion	Northwind Printers	Summer catalog	€ 3,950.00
Edit	View	03/26/2017	3	John Smith	Computer equipment	Various	Startup expenses	£ 999.00
Edit	View	05/26/2017		Patricia Montfort-Jones	Printing and stationery	Jones Office Supplies	Staple machine	€ 49.95
Edit	View	09/19/2016	2	Elizabeth Smith	Printing and stationery	Acme Office Supplies	Expense claim reimbursement	AED 26.25

Copy to clipboard Batch Create Batch Update Batch Delete

Paste data into destination document

Open a word-processing, text-editing, or spreadsheet document and paste in the data. Depending on your purpose, TSV-formatted data is usually best pasted into a pre-formatted table in a word-processing document. It can usually be pasted into the first cell of a spreadsheet, where it will automatically be parsed into individual cells. (Exact behavior in the destination document depends on your operating system, application, and version.) TSV formatting is used by Manager because it is the most flexible. Functions available in the destination application can be applied to the exported data for analysis or presentation.



Example

Northwind pastes the copied expense claims data into a spreadsheet and adjusts column widths for a suitable presentation:

	A	B	C	D	E	F
1	Date	Payer	Account	Payee	Description	Amount
2	9/4/16	Elizabeth Smith	Advertising and promotion	Northwind Printers	Summer catalog	3,950.00
3	3/26/17	John Smith	Computer equipment	Various	Startup expenses	999
4	9/4/16	John Smith	Repairs and maintenance	Jones Supply Company	Office supplies	123
5	5/26/17	Patricia Montfort-Jones	Computer equipment	Jones Office Supplies	Staple machine	49.95

If desired, Northwind could also create charts or graphs from the data using spreadsheet capabilities.




Note

When pasting into a spreadsheet, date and number formatting in Manager and your spreadsheet program must be compatible to achieve common data interpretation. Typically, if number or date formats are not compatible, pasted content will be interpreted as text by the spreadsheet application. Text format may be acceptable if no calculations are required. But if number or date formats are needed, text to number or date format conversions are often available in the spreadsheet application. In some spreadsheet applications, regional settings must be modified to achieve compatibility. Pay particular attention to ambiguous date formats and decimal separators. Consult your spreadsheet documentation for further information.

4.2.13 Use Manager on small screens

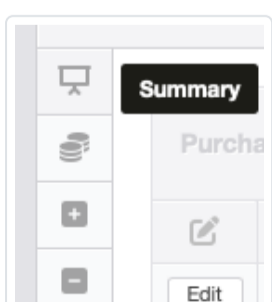
Accounting data must often be displayed in rows and columns to be comprehensible. Unfortunately, as the amount of information about individual entries grows, displays often exceed screen width. And that sometimes means a lot of scrolling back and forth to enter, edit, or read data.


Activating compact mode

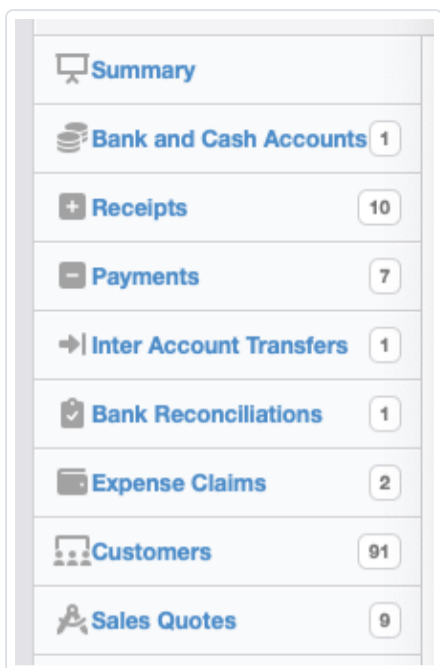
If your screen width is limited, Manager’s navigation pane can be minimized to gain valuable space by clicking the  symbol at the bottom corner of the Manager window, eliminating tab names and record count windows and leaving only icons:



As you scroll over the icons, the tab names will be visible:

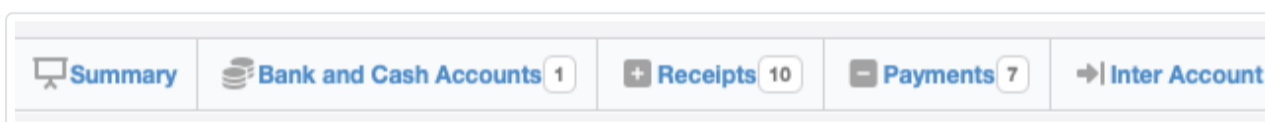


Click  again to restore to full width. (Note the icon will be a different color when compact mode is activated):

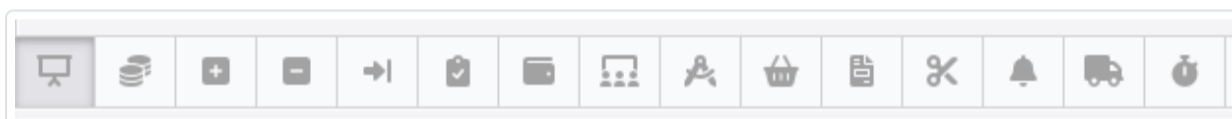


Viewing in very small windows or on mobile devices

Once the Manager window becomes too narrow for compact mode to be practical, or when viewing on a mobile device, the side navigation pane is replaced by a scrollable horizontal bar for tab selection near the top of the window:



The compact mode control icon still functions, reducing tab labels to only icons:



4.2.14 Obscure onscreen information

When Manager must remain open in situations where unauthorized personnel might be able to view sensitive content, you can **obscure onscreen information**. Examples include:

- Retail stores where the accounting screen cannot be hidden from customers
- Purchasing offices where visiting suppliers should not see your data, but you may want to refer to it during a meeting

Click the eye icon at the bottom of the screen to blur financial and quantity data:



Data is blurred, and the icon changes color:





Example

Northwind Traders' [Summary](#) page normally looks like this:

Assets		58,618.98		Revenue		19,136.04	
Accounts receivable		42,886.43		Sales		10,000.00	
Billable expenses		-		Inventory - sales		8,353.04	
Billable time		450.00		Billable expenses - invoiced		333.00	
Cash at bank		9,476.62		Billable time - invoiced		-	
Cash on hand		- 110.00		Billable time - movement		450.00	
Fixed assets, at cost		3,775.00		Other income		-	
Fixed assets, accumulated depreciation		- 1,303.91		Interest received		-	

When the icon is clicked, the figures become unreadable, but accounts can still be identified:

Assets		[blurred]		Revenue		[blurred]	
Accounts receivable		[blurred]		Sales		[blurred]	
Billable expenses		[blurred]		Inventory - sales		[blurred]	
Billable time		[blurred]		Billable expenses - invoiced		[blurred]	
Cash at bank		[blurred]		Billable time - invoiced		[blurred]	
Cash on hand		[blurred]		Billable time - movement		[blurred]	
Fixed assets, at cost		[blurred]		Other income		[blurred]	
Fixed assets, accumulated depreciation		[blurred]		Interest received		[blurred]	



Notes

Only screens likely to be exposed to unauthorized viewers are affected. Reports cannot be obscured, because they are unlikely to be called up accidentally in the presence of unauthorized viewers. Likewise, [Edit](#) and [View](#) screens of transactions and subsidiary ledgers are not blurred. So, for example, a new customer could see her data as a record was entered for her.

A specific figure can still be viewed without revealing other information by scrolling over it or into the table cell containing it.



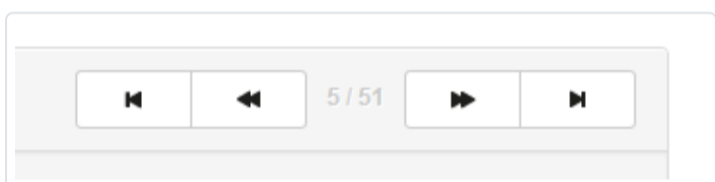
Example

Brilliant Industries checks the *Accounts receivable* balance for Bob's Hardware by placing the cursor into the appropriate cell in the **Customers** tab while blurring is toggled on. Balances of other customers and the total of *Accounts receivable* are not revealed:

Customers		New Customer		Search		Search		
		Name	Email address	Delivery route	Invoices	Qty to deliver	Qty to invoice	Accounts receivable
Edit	View	ACME Distributing	accounting@acme.ca		2			
Edit	View	Bob's Hardware	info@bobshw.com		5			586.03
Edit	View	Lumen Lighting	info@lumen.com		3			

4.2.15 Navigate transaction lists with previous and next arrows

Whenever Manager displays a completed transaction form or theme (anything visible by clicking a **View** button except a report), **navigation arrows and information** appear in the top right corner of the form display frame, like this:



These pertain to the list from which the form was viewed (or the implied list in the case of drill-downs). Specifically, the symbols and numbers mean:

- View record at beginning of list
- View previous record in list
- Now viewing Xth record in list of Y records (in this case, the 5th of 51)
- View next record in list
- View record at end of list



Note

List numbering and ordering preserves the results of any prior search or sort operations.



Example

Northwind Traders receives a telephone inquiry from a customer, Seven Seas Imports. Seven Seas wants to order a product purchased previously, but cannot remember what it was called, only that it was purchased in early 2015.

Northwind goes to the **Sales Invoices** tab in Manager and enters a search for "2015 Seven Seas." The following list is returned:

		Invoice date	#	Customer	Invoice total	Balance due	Status
Edit	View	11/27/2015	2483	Seven Seas Imports	€ 426.75	€ 0.00	Paid in full
Edit	View	05/26/2015	2204	Seven Seas Imports	€ 954.25	€ 0.00	Paid in full
Edit	View	05/20/2015	2193	Seven Seas Imports	€ 1,681.50	€ 0.00	Paid in full
Edit	View	04/03/2015	2122	Seven Seas Imports	€ 724.92	€ 0.00	Paid in full

Northwind views the earliest sales invoice in 2015, reference 2122, and reads the items on it to Seven Seas over the telephone. None of them sounds right. Rather than go back to the list and open the next earliest sales invoice, Northwind simply clicks the button, continuing the process until Seven Seas recognizes the desired product.

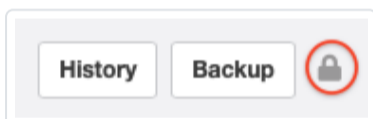
4.2.16 Set lock date

In Manager, closing an accounting period is not required, but a **lock date** can be set to prevent any changes that affect financial ledgers on or before a desired date.

Go to the **Settings** tab and click **Lock Date** :



Check the box to **Lock accounting periods** and enter the desired lock date. Then click **Update** . A closed lock icon will appear at the top of the Manager window:

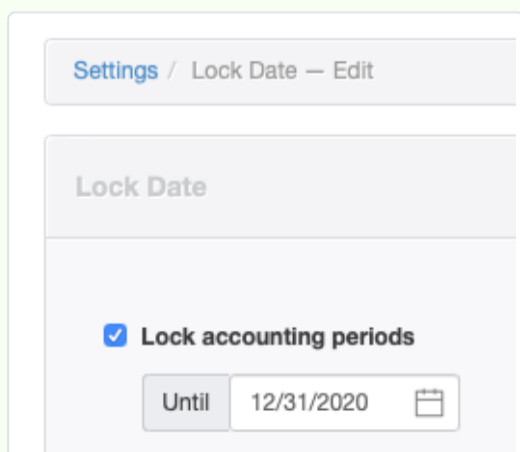


Clicking on the icon will take you back to the **Lock Date** page in the **Settings** tab.

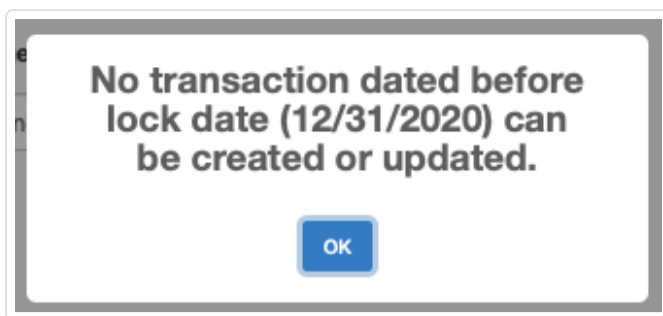


Example

Maria wants to prevent any changes to financial statements before 1 January 2021. She sets the lock date to 31 December 2020:



If you try to edit or delete any transaction dated on or before the lock date, a warning message like this will appear:



You can temporarily remove the lock date if you need to edit or delete a transaction by clicking on the lock icon. If you uncheck the box, the lock date is removed and the icon disappears. However, if you leave the box checked, but delete the date, an open lock icon appears. Enter the lock date again when you have completed the changes to previously locked transactions.



Notes

Lock Date is useful in multi-user editions of Manager to prevent typical restricted users from modifying locked transactions. Withhold access to the **Lock Date** feature to prevent them from unlocking restricted transactions and changing data. For administrators or restricted users with full access, the feature will still act as a reminder to prevent accidental data modification. They will need to deliberately remove the lock date before changing protected data.

The best practice for temporarily suspending the lock date depends on who is authorized to make such changes and whether they will know the desired lock date. Unchecking the box removes all visual evidence of a lock date. You need to navigate back to the **Lock Date** page to recheck the box. But the date will still be in place. Deleting the date places a visual reminder on every page so you can more quickly navigate back to the **Lock Date** page. But you must re-enter the date to reactivate the lock.

The lock date does not prevent modification of descriptions, notes, and so forth. Nor does it prevent pending bank transactions from being cleared.

4.3 Tax Codes

4.3.1 Create and use tax codes

Tax codes are used by Manager to calculate and record taxes invoiced, collected, paid, and owed. They can be used for sales taxes, goods and services taxes, value added taxes, and other taxes imposed by a country or regional tax authority. They are applied (separately and distinctly, if necessary) to individual line items on:

- Receipts and payments
- Expense claims
- Sales and purchase quotes
- Sales and purchase orders
- Sales and purchase invoices
- Debit and credit notes
- Journal entries

Item	Account	Qty	Unit price	Total	Tax Code	Tax Amount	Total
Chef Anton's Gumbo Mix × ▾	Inventory - sales	1 Case	21.35	21.35	VAT 20% × ▾	4.27	25.62

Tax amounts calculated from tax codes are posted to the account selected when defining a specific tax code, regardless of whether they are debits or credits. This account must be added to your chart of accounts before a tax code is used.



Note

A tax code account offsets taxes collected or received under its tax code(s) against taxes paid under the same tax code(s), regardless of transaction type. Whether taxes are collected from customers, paid to suppliers, refunded by or remitted to tax authorities, they all post to the same account and offset one another. This has important ramifications for how tax codes are applied on forms. The determining principles are whether and how the particular transaction affects the amount you owe to a tax authority.



Example 1

Johanna charges and collects VAT from customers on architectural design services. For tax filing, VAT she collects from customers is offset by VAT she pays to her suppliers. So she must use the same VAT tax code on sales and purchase invoices. Johanna’s tax liability balance will be the difference between VAT collected and VAT paid. When she remits that amount to her tax authority, applying the same tax code on the payment, the balance will drop to zero.

Example 2

Roberto collects sales tax from customers at his coffee shop. But local law does not permit him to offset sales tax he pays to suppliers. (In some jurisdictions, Roberto would not be assessed sales tax by his suppliers on items he will resell.) Roberto should apply the sales tax code on receipts and sales invoices. But when he purchases taxable supplies, he should include sales tax paid to his suppliers in the price of the supplies and apply no tax code on purchase invoices or payments. His tax liability balance will reflect only sales tax collected until he remits that amount to his tax authority, dropping his tax liability balance to zero. Sales tax he pays to suppliers will be included as an expense in the cost of supplies, reducing net income. But it will not reduce the amount he must remit to his tax authority.

On some transaction forms, an option is available as to whether amounts are tax-inclusive or tax-exclusive:

Amounts are tax inclusive

When tax-inclusive, Manager calculates effective prices that, when combined with tax at the specified rate, equal the amount entered. In other words, the tax amount is effectively backed out of the total. When tax-exclusive, Manager applies the tax rate to the entered amount and adds the resulting tax to obtain a higher total.

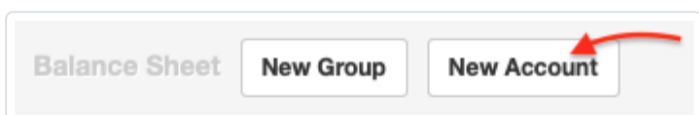
Setting up tax liability accounts

Tax liability accounts can be set up before or after adding tax codes. But it is normally faster to set them up first so tax codes can be added in a single step.

Go to [Settings](#) and click [Chart of Accounts](#) :



On the balance sheet side, click [New Account](#) :



Define the account:

Balance Sheet Account

Name

Code

Group

Balance Sheet Uncategorized

Cash Flow Statement Operating activities

Division

Starting balance

Debit

Autofill – Line description

Autofill – Tax Code

No tax

- Give the account a **Name**. In this example, the name is *Tax payable*, but assigning a more descriptive name is good practice.
- Enter a **Code**, if desired, to match an overall scheme for the chart of accounts.
- Assign the account to a **Group**. Normally, tax accounts are placed in the *Liabilities* group, because more tax will be payable to the tax authority than is recoverable from the authority. (When a tax is not offsetting, this will always be true.) If, under unusual circumstances, you expect to always be paid a recoverable tax by the authority instead of remitting tax, classify the tax code under *Assets*. Choose the category of the **Cash Flow Statement** where you would like tax liability transactions reported. Normally, *Operating activities* is used.
- Choose a **Division** (if any are defined) if the liability account will belong to only one division. Otherwise, leave blank.
- Normally, leave **Autofill - Line description** unchecked. The exception would be when all or most transactions posted to the tax liability account are expected to be for the same thing, requiring the same narrative.
- Leave the **Autofill - Tax Code** box unchecked or with the default, *No tax* entry. After all, taxes are not taxed. (This field is available to use when other types of accounts are being defined.)

Click Create . If you will be separating different tax codes into different balance sheet accounts, repeat the process above as many times as necessary.



Note

Prior to Manager version 19.11.85, a built-in account named *Tax payable* was activated automatically when tax codes were used. All tax codes posted to this account by default. Much greater flexibility is achieved by defining your own tax liability account(s).

For businesses already established when version 19.11.85 was released, the built-in *Tax payable* account was converted automatically to a standard account, defined as in the example above. No action is required by the user for the conversion.



Caution

In more recent versions of Manager, the *Tax payable* account still exists as a placeholder to prevent software execution problems. But you cannot post transactions to it. So they will end up in the *Suspense* account. **You must create your own tax liability account.**

Adding a tax code

You can add as many tax codes as you need to use. At a basic level, Manager allows two types of tax codes:

- Business localization tax codes, which are predefined for specific countries or regions
- Custom tax codes, which you define yourself

Business localization tax codes

Localization settings and features, including predefined tax codes, are available in the program for some locations. These are always preferable if they meet your needs. Generally, predefined tax codes exist only when localization options include a report transformation that calls data for specific tax codes. Unless the tax code is predefined, the report transformation cannot find necessary data.

In many cases, more than one tax rate or type is available for a country. To activate localization tax codes for your location(s), follow instructions in [this Guide](#).

When the tax codes are first imported, they may be assigned to the *Suspense* account by default. On the **Tax Codes** page of the **Settings** tab, click **Edit** for all tax codes and assign each one to the desired tax liability account.



Notes

If a localization tax code is for a 0% rate, that is, if it is required by local law only to show that no tax is being levied, no tax liability account assignment will be possible.

Once tax codes are activated, they remain available even if localization options for other countries are imported. This way, tax codes can be added from more than one country.



Example

Sample Manufacturing Company operates in Australia. It follows instructions for installing the GST Calculation Worksheet. That installation includes several tax codes. Clicking **Edit** for the *GST 10%* tax code, Sample sees the tax code is set up as a single rate, 10% tax that changes the title of every sales invoice on which it is applied to *Tax Invoice*. Sample selects the *GST payable* account it previously established following instructions above and clicks **Update** :

Tax Code

Name	Label	Reporting Category
<input type="text" value="GST 10%"/>	<input type="text" value="Optional"/>	<input type="text" value="GST 10%"/> x v

Tax rate	Type	Rate
<input type="text" value="Custom %"/> v	<input type="text" value="Single rate"/> v	<input type="text" value="10"/> %

Account	Reporting Category
<input type="text" value="GST payable"/> x v	<input type="text" value="Tax Amount"/> <input type="text" value="GST Amount"/> x v

Reverse charged

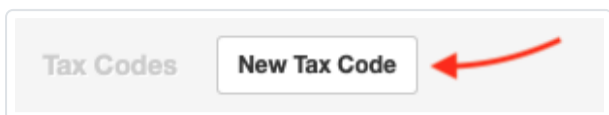
Custom sales invoice title

Custom credit note title

Inactive

Custom tax codes

If your country or the specific tax type and rate you need are not available through the localization feature, you will need to create one or more custom tax codes. Manager provides a generic framework for creating simple or complex tax codes to handle almost any tax scenario. To set up a custom tax code, go to the **Settings** tab, then **Tax Codes**, and click **New Tax Code**:



Define the tax code (some fields or options appear or disappear progressively, as others are selected):

Tax Code

Name **Label**

Tax rate **Type** **Rate**

%

Reverse charged

Custom sales invoice title

Custom credit note title

- Enter a **Name** for the custom tax code.
- Add a **Label**, often a shortened version of the full name. The **Label** will appear on transaction forms.
- Select one of three options in the **Tax rate** box. Choose *Zero (0%)* to create a tax code for tax exempt transactions where it may be necessary to show the tax-exempt status. No tax will be calculated, but forms will show the 0% rate is being applied. Choose *Pass-through (100%)* to create a tax code for line items that are all tax. A common application is when a tax authority sends a bill for tax due on imported goods; the tax is paid to the tax authority instead of the supplier who sold you the goods. Forms will show the tax amount as a regular line item. The tax amount will be included in the subtotal rather than showing below the subtotal as an amount to be added. The entire tax amount will post to the designated tax liability account. For most custom tax codes, select *Custom %*.

If a custom rate tax code includes only one component:

Tax Code

Name **Label**

Tax rate **Type** **Rate**

%

Account

Reverse charged

Custom sales invoice title

Custom credit note title

- Select *Single rate* in the **Type** dropdown box that appears.
- Enter the custom **Rate**:
- After the **Rate** is entered, another field appears, where you can select an **Account** from those tax liability accounts already created.

If a tax code includes multiple components:

Tax Code

Name

Label

Tax rate

Type

Name	Rate	Account
<input type="text"/>	10 %	<input type="text" value="Tax payable"/>

Reverse charged

Custom sales invoice title

Custom credit note title

- Select *Multiple rates* in the **Type** field. New fields for the first component will appear. Some fields for the overall tax code will disappear. Use the button to add additional components.
- **Name** each individual tax component.
- Specify the **Rate** for each component. Each component's rate is applied separately to the total for the line item. If your tax code contains components subject to compounding, enter the compounded rate into applicable **Rate** field(s).
- Select a tax liability **Account** for each component. All components can be posted to one account, or each can be posted to a separate account.

Click to save the tax code.



Example

Roger's consulting services are subject to sales tax from several jurisdictions. But all are remitted to a central tax authority. So he creates a single *Tax payable* liability account and a custom tax code with multiple rates:

Tax Code

Name **Label**

Tax rate **Type**

	Name	Rate		Account
↑ ↓	State sales tax	2.9 %		Tax payable x ▼
↑ ↓	Transit sales tax	1.1 %		Tax payable x ▼
↑ ↓	County sales tax	0.985 %		Tax payable x ▼
↑ ↓	City sales tax	3.86 %		Tax payable x ▼
		8.845 %		

Roger applies the custom sales tax on a sales invoice for a day of services. Each tax component is separately listed:

Qty	Unit price	Amount	Tax	Tax Amount	Total
1	1,400.00	1,400.00	Sales tax	123.83	1,523.83
Sub-total					1,400.00
State sales tax					40.60
Transit sales tax					15.40
County sales tax					13.79
City sales tax					54.04
Total					1,523.83



Caution

Taxes from custom tax codes you create are not included in figures computed by localized tax calculation worksheets in the **Reports** tab. Only predefined tax codes associated with the country for which a worksheet was developed are taken into account. Therefore, if you create any custom tax codes and want to use one of the tax calculation worksheets, you must manually adjust values from the worksheet for all taxes collected or paid under self-created tax codes when filing information with your tax authority.

Applying tax codes to line items

Tax codes are applied to individual line items on transaction forms. Every line item can have a unique tax code according to its taxability under local law. If any tax code has been defined, the **Tax Code** field appears to the right of the **Total** field on the form:

Qty	Unit price	Total	Tax Code	Tax Amount	Total
<input type="text"/>	<input type="text"/>	0	No tax ▼	0	0

Tax amounts are not shown for individual line items on the entry screen when transaction pricing is designated to be [tax-inclusive](#).

On completed forms, tax codes may not be shown for individual line items if all are subject to the same code. (This depends on other selections made for the transaction.) But the tax amount is always shown in the totals section:

Qty	Unit price	Total
2	18.40	36.80
1	10.00	10.00
Sub-total		€ 46.80
GST 10%		€ 4.68
Total		€ 51.48

However, when more than one tax code are applied on a transaction, the individual codes are displayed in a separate column. Again, total tax amounts are shown for each tax code in the totals section of the form:

Qty	Unit price	Tax	Total
2	18.40	GST 10%	36.80
1	10.00	GST 15%	10.00
Sub-total			€ 46.80
GST 10%			€ 3.68
GST 15%			€ 1.50
Total			€ 51.98

An additional feature is available for journal entries to support reporting of taxable events in jurisdictions where that is required. If a tax code is selected for any debit or credit, a field appears to designate how the transaction should be considered:

For tax purposes, this is sale or sale adjustment
 purchase or purchase adjustment

Flat rate tax schemes

Some jurisdictions use what are known as flat rate schemes, usually to simplify record-keeping and tax filing. Such schemes free a business from the need to record and offset taxes paid against those collected. Under such schemes, a standard tax rate is applied on sales, but a lower rate is remitted to the tax authority. This lower rate is calculated on the total amount for a line item, **including standard tax**. The difference is kept by the business as additional income. Often, flat tax rates vary by business type and size, based on assumptions of average tax paid to suppliers by businesses with certain characteristics. So they must be set up as custom tax codes in Manager.

To add a flat rate tax code, begin a similar procedure as for any other custom tax code. **Name** the tax code to fully describe it. **Label** it as you want customers to see it, normally with the standard tax rate's name. Enter the standard tax **Rate**. Select the tax liability **Account** where assessed taxes will be posted.

Now comes the portion of the flat rate tax code definition that differs from standard tax codes. Add another line to the definition. **Do not give it a Name**, because you do not want anything about this line to show on transaction forms. For the **Rate**, enter the differential between what you collect and what you will pay to the tax authority **as a negative number**. Select the same tax liability Account as before.



Example

A small business operates under a flat rate tax scheme. Its sales are subject to a 10% Goods and Services Tax, assessed on its customers. Instead of offsetting input and output tax, however, the business remits 3% less to the tax authority than it collects from its customers. So it defines a tax code as below:

Tax Code

Name **Label**

GST 10% flat rate GST 10%

Tax rate **Type**

Custom % Multiple rates

	Name	Rate		Account	
↑	GST 10%	10	%	Tax payable	x ▾ E x
↑		-3	%	Tax payable	x ▾ E x
		7	%		

Add line ▾

Reverse charged

Custom sales invoice title

Custom credit note title

Customers will see the standard tax rate on sales invoices, and *Accounts receivable* will show the full amount as being due. But your tax liability account will show a lesser amount. The difference will be added to the income account where the particular line item on the sales invoice is posted. In effect, by remitting less tax than you collect, your net profit will increase, the same way it would if you were able to claim input tax on your purchases.



Caution

When operating under a flat rate tax scheme, no tax code should be applied on purchases, because tax paid cannot be used to offset tax owed. Instead, unit prices of purchased items should include tax paid. In the case of purchased inventory items, tax paid will be included in average cost, just as if it were a shipping charge or other cost of purchasing the item.

Custom titles

Some jurisdictions require different titles on transaction forms including tax, such as *Tax Invoice* instead of *Invoice*. You can enter custom titles for sales invoices and credit notes by checking appropriate boxes when defining a tax code. The default titles show in grey:

Custom sales invoice title

Invoice

Custom credit note title

Credit Note

Editing tax codes

Once a tax code has been added, it can be edited. In the Settings tab, go to Tax Codes :



Click beside the tax code you want to change. Modify the tax code definition and click .



Caution

Editing a tax code will retroactively change every prior transaction that used that code, as well as future transactions. Consider carefully before editing a code.

Inactivating tax codes

When a tax code is no longer valid, such as when a rate increases, you cannot delete it if it has ever been used. Nor should you change it because, as described above, that will change every transaction that has ever used it. Instead, make it inactive by checking the box:

 Inactive

Be sure to click . If the tax code comes back into use, simply uncheck the box and click .

4.3.2 Choose between tax-exclusive and tax-inclusive prices

Tax-exclusive prices do not include tax. Taxes calculated according to any [tax codes](#) applied are added to the **Sub-total** of a transaction to obtain a **Total**. **Tax-inclusive prices** already have any applicable taxes included in their line item **Unit price** and **Amount** fields. The resulting tax amount must be backed out of the **Total**. Manager can handle either situation with selection of the same tax code. But tax amounts calculated will, necessarily, be different. So will effective unit prices for the same entry in the **Unit price** field.

The basics

The election of tax-exclusive versus tax-inclusive pricing can be made on:

- Receipts and payments
- Expense claims
- Sales and purchase quotes
- Sales and purchase orders
- Sales and purchase invoices
- Credit and debit notes

Default choices can be made for each form type in under . Such defaults can be edited on a transaction-by-transaction basis. When a form has a financial impact, such as a receipt, sales invoice, or debit note, amounts contributing to the untaxed sub-total are posted to appropriate income or expense accounts. Calculated taxes are posted to the appropriate tax liability account, where they offset one another according to whether they are being paid or received.



Caution

If the tax scheme in your jurisdiction does not offset taxes paid against taxes collected, **do not use tax codes on your purchases**. Include tax in the unit price of every line item, where it will add to the expense of the item.

Tax methodology for tax-exclusive pricing

Tax-exclusive pricing is the most intuitive. A tax amount is calculated for all line items subject to a specific tax code by multiplying the amount for that line item by the percentage associated with the tax code. Then, all line item amounts for a specific tax code are summed to obtain the tax amount for that code. The tax amounts for all tax codes are added to the sub-total to derive the total for the transaction.



Example

You buy an item for 1,000 plus 10% goods and services tax. If the amount of 1,000 is tax-exclusive, 10% tax is added to it, increasing the total to 1,100. The tax shows as an addition when you create a purchase invoice:

Qty	Unit price	Amount	Tax
1	1,000	1,000	GST 10% × ▾
		1,000	

Qty	Unit price	Amount
1	1,000.00	1,000.00
	Sub-total	1,000.00
	GST 10%	100.00
	Total	1,100.00

Since the transaction is a purchase, 100.00 is debited to a tax liability account, where it offsets amounts you have collected from customers on behalf of your tax authority. The 1,000.00 sub-total is debited to the designated expense account. The entire 1,100 is credited to *Accounts payable*.

If this were a sales invoice instead of a purchase invoice, entries would be similar, but results would be reversed. Manager would credit 100.00 to the tax liability account and 1,000 to an income account. It would debit *Accounts receivable* by 1,100.



Notes

When multiple tax codes are applied on the same transaction, presentation differs slightly. A **Tax** column is added, designating which line items are subject to which tax codes. And totals for each tax code are shown separately:

Qty	Unit price	Tax	Amount
1	1,000.00	GST 10%	1,000.00
3	250.00	GST 15%	750.00
Sub-total			1,750.00
GST 10%			100.00
GST 15%			112.50
Total			1,962.50

Receipts and payments use a slightly different format from that shown in the example above. When the transaction is tax-exclusive, the **Tax amount** is displayed for each line item as well as the **Tax rate**. If the purchase in the illustration immediately above had been recorded with a payment form instead of a purchase invoice, the completed transaction would look like this:

Qty	Unit price	Tax rate	Tax Amount	Total
1	1,000.00	GST 10%	100.00	1,100.00
3	250.00	GST 15%	112.50	862.50
Total				1,962.50
Includes GST 10%				100.00
Includes GST 15%				112.50

Tax methodology for tax-inclusive pricing

When entering tax-inclusive prices, the situation is opposite. Manager calculates (but does not display) the tax-exclusive unit price that would have produced the tax-inclusive price **after** tax was added. The program does this for every line item. This calculation is:

$$\text{Tax-exclusive price} = \text{Tax-inclusive price} / (1 + \text{Tax rate})$$

Thus, both effective unit prices and calculated taxes are lower for tax-inclusive pricing, assuming identical inputs.



Example

You make the same purchase as in the previous example, using a payment form, but pricing is tax-inclusive. The resulting **Total**, calculated tax, and presentation change:

Qty	Unit price	Tax rate	Total
1	1,000.00	GST 10%	1,000.00
Total			1,000.00
Includes GST 10%			90.91

Manager debits only 90.91 to the tax liability account, 909.09 to the designated expense account, and credits 1,000.00 to the bank or cash account where the transaction is entered.

Were this a receipt, Manager would credit 90.91 to the tax liability account and 909.09 to the designated income account. It would debit a bank or cash account by 1,000.00

Choosing tax methodology

You can make unit prices tax-inclusive by checking a box. The choice applies to the entire form:

Amounts are tax inclusive

You can set your choice as default using [Form Defaults](#).



Caution

When purchase or sales prices have been defined for [inventory](#) or [non-inventory](#) items, choosing a different tax methodology does not modify the unit price entered automatically as the item is selected. So you should always be aware of how your inventory and non-inventory prices were determined and choose the matching tax methodology.

4.3.3 Work with multi-component custom tax codes

Multi-component custom tax codes present several accounting challenges. Individual tax components may be:

- Levied by different tax authorities
- Payable to tax authorities on different dates
- Subject to rate changes at different times
- Applicable to different customers
- Effective only for certain categories of goods or services

Basic instructions for creating multi-component custom tax codes are contained [in another Guide](#). **Read that Guide first.** Those instructions are adequate for simple situations where all components:

- Apply simultaneously to goods or services
- Are payable to the same authority at the same time
- Are not expected to change

If any of these criteria does not apply, read on.

An example

This Guide uses a custom tax code with three components as an example. The overall tax code is named *Sales tax 6.25%*. Components are levied by the state, the county, and a special transit district. Percentage tax rates are as shown:

Tax Code		
Name	Tax rate	Type
Sales tax 6.25%	Custom %	Multiple rates
Name	Rate	Account
State sales tax	3 %	Tax payable
County sales tax	2.5 %	Tax payable
Transit tax	.75 %	Tax payable

In the simple situation outlined above, all components were assigned to a single tax liability account. (That situation is also illustrated in an example in the other Guide.) On a sales invoice with a line item to which this tax code applies, the applicable tax code is selected:

Account	Description	Qty	Unit price	Total	Tax Code	Tax Amount	Total
Sales	Window repair	2	50	100	Sales tax 6.25%	6.25	106.25

The resulting sales invoice lists the individual tax component amounts rather than the amount for the overall tax code:

Description	Qty	Unit price	Tax	Amount
Window repair	2	50.00	Sales tax 6.25%	100.00
Sub-total				100.00
State sales tax				3.00
County sales tax				2.50
Transit tax				0.75
Total				106.25

Assuming no other taxable transactions have been recorded yet, the **Summary** shows all taxes payable in a single account:

Less Liabilities	6.25
Tax payable	6.25

The various tax reports in the **Reports** tab also group all components together. For example, the Tax Summary report includes just one line:

Sample Company							
Tax Summary							
For the period from 1/1/2020 to 12/31/2020							
Accrual basis							
	Net Sales	Tax on Sales	Total Sales	Net Purchases	Tax on Purchases	Total Purchases	Tax liability
Sales tax 6.25%	100.00	6.25	106.25	-	-	-	6.25
	100.00	6.25	106.25	0.00	0.00	0.00	6.25

If it is necessary to determine how much of each component was collected, a calculation must be made outside Manager. That amount is the ratio of a component to the total tax rate multiplied by the tax collected. But this approach is cumbersome. Manager can streamline the process.

Establish separate tax liability accounts

To keep track of individual tax components when they are payable to different authorities or on different schedules, rename existing or create separate new tax liability accounts for each. Continuing with our example, in the **Settings** tab, we select **Chart of Accounts** :

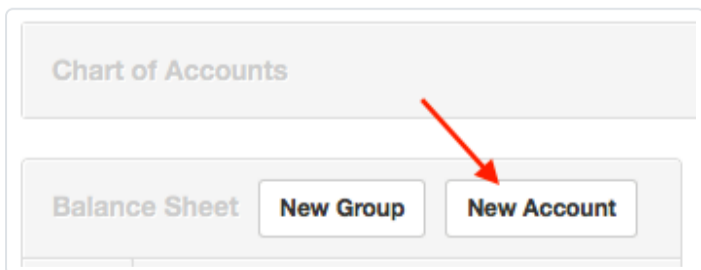


On the Balance Sheet side, we click **Edit** for the original *Tax payable* account and change its name to *State sales tax payable*, corresponding to the first component of the tax code. For purposes of illustration, we also assign a **Code** to the tax liability account. We click **Update** to save our changes:

Balance Sheet Account

Name	Code
State sales tax payable	2501
Group	
Liabilities x ▼	
Tax Code	
No tax ▼	

Back at the Chart of Accounts screen, we click **New Account** :



We enter a name for a tax liability account for the second tax component, in this case, *County sales tax payable*, and assign it the **Code** of 2502. We repeat the process for the third component, creating a *Transit tax payable* account, 2503. All accounts are placed in the *Liabilities* group (or they could be assigned to a subgroup under that). The **Tax Code** fields are all left blank.

We then return to **Settings** **Tax Codes** and edit the tax codes by assigning each component to its matching tax liability account:

Tax Code

Name	Tax rate	
Sales tax 6.25%	Custom ▾	Multiple rates ▾

Code	Tax rate	Account
State sales tax	3 %	2501 - State sales tax pa... × ▾ ×
County sales t	2.5 %	2502 - County sales tax ... × ▾ ×
Transit tax	0.75 %	2503 - Transit tax payable × ▾ ×

Now, the Summary shows a breakdown of how much tax is owed to each authority:

<u>Less Liabilities</u>	6.25
State sales tax payable	3.00
County sales tax payable	2.50
Transit tax payable	0.75

Required payments to various tax authorities can now be determined from their appropriate accounts, eliminating the need to calculate prorated shares of an overall tax liability.

At the present time, tax reports in Manager cannot break out individual components.

Handling different taxable situations

For situations where all tax components do not apply, create new tax codes to match. In the example, goods and services delivered outside the county are exempt from county sales tax, but still subject to the other two. And food sales are exempt by law from the transit sales tax. So two new tax codes are created in the same manner as the first:

- County-exempt sales tax 3.75%
- Transit-exempt sales tax 5.55%

Component account assignments are made to the same three tax payable accounts, as applicable. Tax codes would also be created for any other feasible combinations of customer, location, and applicability. Every tax code is, in effect, a subset of the basic, three-component code originally created. Transactions can be designated for proper tax treatment based on identity or location of the customer, type of goods, etc. If necessary, tax codes can be selected on a line item basis within any transaction form.

After the new tax codes are in place, a second sales invoice for the same services to a customer outside the county is summarized on a new line on the Tax Summary, reflecting the lower tax rate:

Sample Company							
Tax Summary							
For the period from 1/1/2020 to 12/31/2020							
Accrual basis							
	Net Sales	Tax on Sales	Total Sales	Net Purchases	Tax on Purchases	Total Purchases	Tax liability
County-exempt sales tax 3.75%	100.00	3.75	103.75	-	-	-	3.75
Sales tax 6.25%	100.00	6.25	106.25	-	-	-	6.25
	200.00	10.00	210.00	0.00	0.00	0.00	10.00

But the various components are posted to the same tax liability accounts as before (reflecting the two transactions entered so far):

Less Liabilities	10.00
State sales tax payable	6.00
County sales tax payable	2.50
Transit tax payable	1.50

Changing component tax rates

When a component of a tax code changes, a completely new tax code must be created. Good practice is to make the obsolete tax code inactive.



Caution

Never edit components of a tax code that has already been used for any transaction. All previous transactions using that code would be retroactively modified.

Returning to the example, assume the state sales tax component increases to 3.5% mid-year. We create new tax codes and make obsolete ones inactive. Subsequently, we issue a third sales invoice for identical services to a customer within the county. The resulting Tax Summary shows all three rates used during the accounting period:

Sample Company							
Tax Summary							
For the period from 1/1/2020 to 12/31/2020							
Accrual basis							
	Net Sales	Tax on Sales	Total Sales	Net Purchases	Tax on Purchases	Total Purchases	Tax liability
County-exempt sales tax 3.75%	100.00	3.75	103.75	-	-	-	3.75
Sales tax 6.25%	100.00	6.25	106.25	-	-	-	6.25
Sales tax 6.75%	100.00	6.75	106.75	-	-	-	6.75
	300.00	16.75	316.75	0.00	0.00	0.00	16.75



Note

Changing component rates do not require adjustment of tax liability accounts or changes to their names. Only a new tax code must be created, with components assigned to the same liability accounts as before.

Paying individual tax authorities

Rather than paying off all or a portion of a single tax liability account, payments can be made to tax authorities for a single component, posting the bank or cash transaction to the appropriate component's tax liability account. Assume, for example, we want to remit only the transit tax payable. After the three transactions described above, the balance of our *Transit tax payable* account is 2.25. We enter a payment for that amount, posted to the *Transit tax payable* account. The Balance Sheet shows nothing remaining in that liability account, but amounts remaining to be paid to other tax authorities:

Less Liabilities	14.50
State sales tax payable	9.50
County sales tax payable	5.00
Transit tax payable	-

4.3.4 Reverse charge VAT (Value Added Tax)

Reverse charged VAT is used in some territories to collect tax on purchases from suppliers who are not subject to the tax authority's jurisdiction. Usually, that means reverse charged VAT applies to imported goods or services that do not pass through customs.

Often, this is justified by explaining that foreign entities will be spared the need to register or make tax filings with the authority. But the method also eliminates the need for a tax authority to obtain filings and remittances from entities outside its control. Thus, reverse charged VAT improves tax collection.

Basically, reverse charging of VAT transfers responsibility for assessing and collecting VAT from a seller to a purchaser. Instead of being assessed VAT by and paying VAT to your supplier, you assess VAT on yourself and remit it directly to the tax authority.

However, since typical VAT regimens offset VAT paid on purchases against VAT collected on sales, the result is no tax actually paid on goods or services subject to reverse charged VAT. Think of this as simultaneously claiming the tax you would have paid the supplier and reporting the same tax the supplier would have received from you in a normal situation. Since those amounts are the same, no money changes hands for VAT.

So why implement such a scheme? And if no money is due to anyone, why not use a regular, zero-percent tax code? As mentioned above, reverse charged VAT improves tax compliance. But data submitted to the tax authority in connection with reverse charged VAT is also used to track the volume of trade with other jurisdictions for:

- Revenue sharing
- Tax treaty enforcement and compliance
- Economic performance monitoring
- Tax rate analysis and adjustment

The use of reverse charged VAT tax codes ensures that total sales volumes are still reported and can be categorized according to their proper tax codes.

Set up a reverse charged VAT tax code

Reverse charged VAT is accounted for in Manager using a custom tax code. General procedures for creating custom tax codes are contained in [another Guide](#). Read it first.

When creating the new custom tax code, give it an informative **Name** and select *Zero (0%)* in the dropdown **Tax rate** field. Check the box for **Reverse charged**. When the percentage field appears, enter the rate of the VAT tax to be reverse charged. Click .



Note

If local tax law requires, custom titles can be applied to sales invoices and credit notes where this tax code is used. Check the appropriate boxes and enter the desired titles:

Custom sales invoice title

Custom credit note title



Example

Sample Manufacturing Company needs to reverse charge 5% VAT on purchases from outside the country. It creates a new custom tax code, named *RCM VAT 5%* (for Reverse Charge Method), as follows:

Tax Code

Name **Tax rate**

Flat rate

Reverse charged

%

Custom sales invoice title

Custom credit note title

Apply a reverse charged VAT tax code

Reverse charged VAT tax codes are applied the same way as other tax codes. While applicability of the code to a line item is shown, they do not affect the balance of the transaction.



Example

Sample Manufacturing purchases an annual subscription for accounting software from ACME Services. The subscription costs 1,000.00, and 5% VAT is due on the purchase. But, because the supplier is foreign, local tax regulations require the tax to be reverse charged. Sample applies its *RCM VAT 5%* tax code on the purchase invoice, with the following results:

Purchase Invoice		
ACME Services Company 4321 South Avenue Anytown Another Country	Invoice date 08/26/2020 Due date 09/25/2020 Invoice number 4673	Sample Manufacturing Company 1313 Webfoot Walk Duckburg Calisota
Description	Tax	Amount
Annual accounting software fee	RCM VAT 5%	1,000.00
	Total	1,000.00

Sample pays ACME 1,000.00.

Reverse charged VAT accounting

If no reverse charged VAT amount shows on a purchase transaction form, what happens to the tax? The answer is found on two tax reports in the [Reports](#) tab.

A Tax Summary report for a time period including the transaction shows **both** the VAT amount that would have been collected by the supplier on its sale in an ordinary situation **and** the VAT you would have paid the supplier on your purchase in such a case. These offset, leaving a net tax liability of zero for the transaction. Note that for reverse charged VAT tax codes, figures on the Tax Summary are effective amounts, although they do not reflect the actual transaction.



Example

Sample Manufacturing creates a Tax Summary for its financial year. (For purposes of illustration, only the single, reverse charged VAT transaction in the examples above is included.)

Sample Manufacturing Company							
Tax Summary							
For the period from 01/01/2020 to 12/31/2020							
Accrual basis							
	Net Sales	Tax on Sales	Total Sales	Net Purchases	Tax on Purchases	Total Purchases	Tax liability
RCM VAT 5%	-	50.00	50.00	1,000.00	50.00	1,050.00	-
	0.00	50.00	50.00	1,000.00	50.00	1,050.00	0.00

A Tax Transactions report will include every reverse charged VAT transaction during the period covered. On this report, actual transaction amounts are shown.



Note

The transaction amounts are from the perspective of your business, not the supplier’s business. Therefore, **Total Sales** figures will be the same as **Tax on Sales** figures.



Example

Sample Manufacturing creates a Tax Transactions report for the same period:

Sample Manufacturing Company				
Tax Transactions				
For the period from 01/01/2020 to 12/31/2020				
Accrual basis				
	Total Sales	Tax on Sales	Total Purchases	Tax on Purchases
RCM VAT 5%				
08/26/2020 — Purchase Invoice — 4673 — ACME Services Company	50.00	50.00	1,050.00	50.00
	50.00	50.00	1,050.00	50.00

Because both the purchaser’s and supplier’s sides of the reverse charged VAT transaction are reflected in the tax reports, all figures typically necessary for proper tax filing are available.

4.3.5 Make tax codes inactive

Tax codes no longer in use can be made **inactive**. When inactive, tax codes no longer appear in the **Tax** field dropdown list for line items on transaction forms. But they are not deleted from Manager.



Note

Tax codes that have been used cannot be deleted, because doing so would compromise existing transactions. However, if a tax code has not yet been applied in any transaction, it can be deleted.

To make a tax code inactive, go to the **Settings** tab and click **Tax Codes** :



Click **Edit** next to the obsolete tax code and check the **Inactive** box:



Click **Update** . The inactive tax code will be listed in gray text in on the **Tax Codes** page under **Settings** . It can be reactivated, if necessary, by clicking **Edit** and unchecking the box, then clicking **Update** again.

An inactive custom tax code can also be renamed to highlight its former purpose. Record such changes in your business files to support future questions or audits. Potentially useful name changes include:

- Adding a date indication, such as *Pre-2017*
- Inserting an obvious prefix, such as *XXXX*
- Including a warning, such as *Do Not Use*

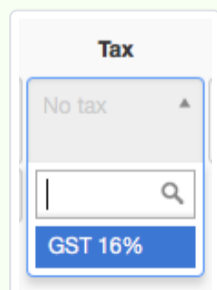


Example

Sales by Brilliant Industries are subject to a 10% goods and services tax. Brilliant has added a tax code, GST 10%, for the country where it operates. The government increases the tax rate to 16%. So Brilliant adds the new tax code and makes the obsolete one inactive. Both are now listed under **Settings** , but the inactive tax code is distinguished by its gray text:

Tax Codes		New Tax Code
	Name	
Edit	GST 16%	
Edit	GST 10%	

The inactive GST 10% code does not appear as an option when entering transactions:



4.3.6 Adjust tax accounting for partial personal use

When you use [tax codes](#), Manager automatically calculates the tax amount based on the tax rate. But when an expense involves partial personal use, you may need to **adjust tax accounting**, because a portion of the expense is not a legitimate business expense. Therefore, a portion of the tax Manager would normally calculate is not attributable to the business and cannot be used to offset amounts owed to your tax authority, as reported in your tax liability account.

To properly adjust tax accounting, split a line item partially for personal use into two lines on the purchase-related transaction form. This can be done on:

- Payments (when making non-credit purchases)
- Purchase invoices
- Expense claims

Apportion the **Unit price** by the percentage of business versus personal use. Apply the tax code only to the line for the business portion. Post the non-business portion to *Owner's equity* or *Capital accounts* (as a draw), depending on your form of organization. Include the applicable portion of tax paid on the personal-use line, but do not apply a tax code, since tax paid for personal use is not a business expense.



Example

John Smith, a partner in a business, spends \$100 on fuel and oil for a business vehicle. The transaction is subject to a 10% goods and services tax, for a total of \$110. John pays from a petty cash fund and would normally record the transaction like this:

Account	Qty	Unit price	Total	Tax Code	Tax Amount	Total
Motor vehicle expenses		100	100	GST 10%	10	110

\$100 would be added to the *Motor vehicle expenses* account and \$10 would be subtracted from the company's tax liability account.

But 50% of this expense is for John's personal use of the company's car, so he can't claim the full \$110 as having been paid by the business on *Motor vehicle expenses*. He can only claim half. John splits the transaction using the **Add Line** button like this:

Account	Description	Qty	Unit price	Total	Tax Code	Tax Amount	Total
Motor vehicle expenses	Fuel and oil for company car		50	50	GST 10%	5	55
Capital Accounts	Personal portion of motor vehicle expenses		55	55	No tax	0	55
				105		5	110

In the Tax Summary, this transaction is reported like this:

Tax Summary							
For the period from 05/13/2021 to 05/13/2021							
Accrual basis							
	Net Sales	Tax on Sales	Total Sales	Net Purchases	Tax on Purchases	Total Purchases	Tax liability
GST 10%	-	-	-	50.00	5.00	55.00	- 5.00
	0.00	0.00	0.00	50.00	5.00	55.00	- 5.00

And John's *Capital accounts* balance is reduced by \$55, just as though he had received a payment from the company from his share of profits.

4.4 Divisions

4.4.1 Create and manage divisions

Divisions are optional. They help monitor profitability by division or cost center within a single financial entity. But Manager users also find them helpful for monitoring financial performance at different geographic locations or on business brought in by individual sales representatives.

You can employ divisions selectively. That is, you can apply them only to certain types of transactions or those you want to include in a specific analysis. Different divisions can be applied for different purposes, as well. So their utility extends well beyond divisional accounting.

Creating divisions

In the **Settings** tab, click on **Divisions**, then **New Division**:



For purposes of illustration, assume you want to track three divisions: Alfa, Beta and Gamma. Enter the name of the first division and click **Create**:

Division

Name

Repeat for the other two divisions:

Divisions		New Division
	Name	
<input type="button" value="Edit"/>	Alfa	
<input type="button" value="Edit"/>	Beta	
<input type="button" value="Edit"/>	Gamma	



Note

Once created, divisions are available for all purposes. Therefore, you can mix divisions for different purposes. For example, you might create divisions for sales personnel, allowing you to compare their performance by generating profit and loss statements for the business each brings into the company. At the same time, you might also create divisions for different geographic locations of branch offices. That would allow you to create fixed asset and employee lists for each location.

Inactivating divisions

When a division is no longer necessary, it can be inactivated and will no longer appear in menus. Click **Edit** for the division. Since the division has already been created, a checkbox appears to make the division **Inactive**. Check the box:

Division

Name

Inactive

If the division becomes active again, simply uncheck the box. In either case, click to save the change.

4.4.2 Use divisions for the Balance Sheet

Divisions can be applied to various aspects of the Balance Sheet, including subsidiary ledgers of balance sheet accounts. This allows you to report the financial position of various divisions or cost centers, subsidiary businesses, projects, company branches, or portfolios. Divisions are created and managed as described in [another Guide](#).

Now, an important distinction is that a balance sheet must report real account balances, not movements in those accounts like a profit and loss statement. So a division needs to be set on the account or subaccount level rather than for a transaction.

For purposes of illustration, let's say you have two divisions:

- Awesome division
- Brilliant division

You create these divisions on the page under the tab:

Divisions		<input type="button" value="New Division"/>
	Name	
<input type="button" value="Edit"/>	Awesome division	
<input type="button" value="Edit"/>	Brilliant division	

Applying divisions to accounts or subaccounts

Every balance sheet account (or subaccount) can now be assigned to a division. That includes:

- Bank accounts
- Cash accounts
- Customers
- Suppliers
- Employees
- Inventory items
- Fixed assets
- Intangible assets
- Special accounts
- Capital accounts
- Expense claim accounts
- Custom balance sheet accounts defined in the chart of accounts

For example, when you create a bank account, you can set the division to which this account belongs:

Bank account

Name	Code	Credi
<input type="text" value="Awesome bank account"/>	<input type="text" value="Optional"/>	<input type="checkbox"/>

Division

Awesome division
x ▼

Inactive

Update
Delete



Notes

If a balance sheet account or subaccount is not assigned to a division, Manager treats it as belonging to the entire business. Its balance will show on undifferentiated financial statements, but not on those defined for a specific division.

The **Division** dropdown field does not appear on any screen unless at least one division has been created.

Now let's create a fixed asset belonging to the same division:

Fixed Asset

Item code	Item name
<input type="text" value="Optional"/>	<input type="text" value="Awesome fixed asset"/>

Depreciation rate

%

Description

Division

Awesome division
x ▼

Then, let's create a payment transaction to purchase this fixed asset:

Paid from Account: Awesome bank account x Status: Cleared v

Payee Contact: Other v

Description Optional

Item	Account	Qty	Unit price	Total
Fixed Asset	Awesome fixed asset x		5000	5000

Add line v

As you can see, when entering transactions and interacting with balance sheet accounts, you do not select a division on individual transactions. Balance sheet accounts are always "owned" by a single division. In other words, the balance of the account is owned by division, not the movement as on a profit and loss statement.

Viewing financial position by division

We can define divisional balance sheets. In the example below, the first column leaves the **Division** field with the default, *Optional*, entry. That column will report the position of the entire business. The other two columns will report balances specifically for the Awesome and Brilliant divisions:

Date	Division	Column name
17/06/2021	Optional v	Consolidated x
17/06/2021	Awesome division x v	Awesome division x
17/06/2021	Brilliant division x v	Brilliant division x

Add comparative column v

The resulting report looks like this, with all balances showing under the Awesome division heading matching the Consolidated heading (because no other transactions were entered):

Business ABC			
Balance Sheet			
As at 17/06/2021			
	Consolidated	Awesome division	Brilliant division
Assets			
Cash at bank	(5,000.00)	(5,000.00)	-
Fixed assets, at cost	5,000.00	5,000.00	-
Total — Assets	0.00	0.00	0.00
Net assets	0.00	0.00	0.00

You can enter interdivisional transactions, too. For example, a fixed asset could belong to Brilliant division, but could have been purchased using money from Awesome division. Let's edit the fixed asset and assign it Brilliant division, then look at the balance sheet again:

Business ABC			
Balance Sheet			
As at 17/06/2021			
	Consolidated	Awesome division	Brilliant division
Assets			
Cash at bank	(5,000.00)	(5,000.00)	-
Fixed assets, at cost	5,000.00	-	5,000.00
Total — Assets	0.00	(5,000.00)	5,000.00
Liabilities			
Interdivisional loan	-	(5,000.00)	5,000.00
Net assets	0.00	0.00	0.00

Now you can see the fixed asset we purchased is under Brilliant division.

There is also new account called *Interdivisional loan* that automatically tracks loans between divisions so divisional balance sheets always balance. The *Interdivisional loan* account only has balances at the divisional level. Its net balance at the consolidated, business level is always zero. Therefore, this account never shows on the [Summary](#) page.

If you have an existing business, you can migrate to divisional accounting by simply editing every balance sheet account and selecting divisions.

4.4.3 Use divisions for the Profit and Loss Statement

Divisions can be applied to income and expense line items. This allows you to track profitability of various divisions or cost centers, subsidiary businesses, projects, company branches, or sales portfolios. Divisions are created and managed as described in [another Guide](#). This Guide describes how to use divisions to track and report on profitability.



Example 1

Brilliant Industries wants to monitor profitability of its incandescent and LED lamp manufacturing divisions. It sets up two divisions: *INC* and *LED*. All income and expenses are designated with one division or the other. At the end of each financial period, Profit and Loss Statements are generated separately for the two divisions. Combined Profit and Loss Statements can also be created comparing performance of the two divisions.

Example 2

Atlas Construction assigns divisions to each building project by year: *2016-1*, *2016-2*, *2017-1*, etc. Transactions related to a single project are tagged with appropriate divisions. Those pertaining to the business in general are left uncoded. Profit and Loss Statements can be generated for individual projects or the entire company. If necessary, Atlas could designate separate lists of expenses and accounts on which divisions would be used for distinct project types. Concrete projects might have divisions applied on subcontractor labor, while internally performed electrical projects might have divisions applied on wages.

Applying divisions to transactions

When you record income, you will be able to select which division the income should be allocated to:

Account	Order ID	Qty	Unit price	Total	Division
Sales ✕ ▾		1	1000	1000	Beta ✕ ▾

The same applies to expenses. If an expense should be spread across multiple divisions, you can split the expense to allocate the appropriate amount to each division:

Account	Qty	Unit price	Total	Division
Telephone × ▾		20	20	Alfa × ▾
Telephone × ▾		30	30	Beta × ▾
Telephone × ▾		25	25	Gamma × ▾
			75	

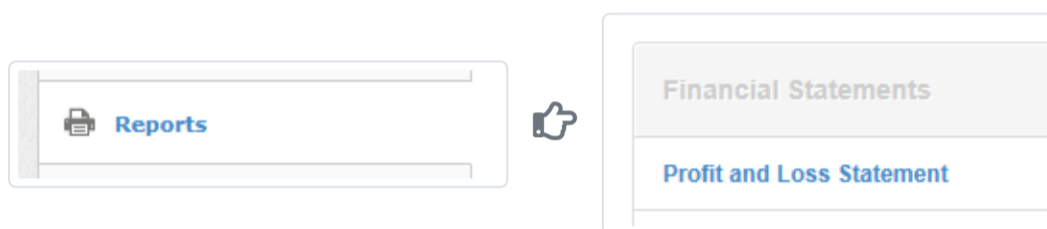


Note

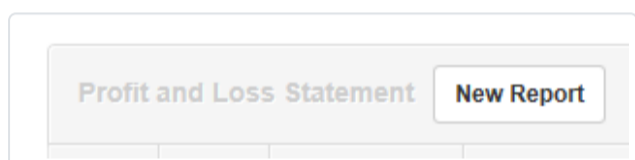
The **Division** field is not activated until an account is selected to which divisions can be applied.

Viewing profitability by division

In the **Reports** tab, click **Profit and Loss Statement** :



Create a new report by clicking the **New Report** button.



Define the new report by entering a date range and selecting the desired division in the **Division** field. Leave the selection as *Optional* to see all transactions. You can add comparative columns for other divisions:

From	To	Division	Column name
01/01/2015	12/31/2015 ×	Optional ▾	Total
01/01/2015	12/31/2015	Alfa × ▾	Alfa
01/01/2015	12/31/2015	Beta × ▾	Beta
01/01/2015	12/31/2015	Gamma × ▾	Gamma

Click **Create** to save the report. **View** the report to see income, expenses and profitability of selected divisions side by side for the specified period:

Sample Consulting				
Profit and Loss Statement				
For the period from 01/01/2015 to 12/31/2015				
	Total	Alfa	Beta	Gamma
Income				
Sales	687.00	212.00	323.00	152.00
Less: Expenses				
Advertising and promotion	63.00	10.00	22.00	31.00
Electricity	112.00	55.00	22.00	35.00
Telephone	75.00	20.00	30.00	25.00
Total – Expenses	250.00	85.00	74.00	91.00
Net profit (loss)	437.00	127.00	249.00	61.00



Note

Profit and Loss Statement columns for divisions only show amounts with divisions applied to them. You can check the Division Exception Report under the **Reports** tab to view transactions that do not have divisions. This can help you determine whether divisions were accidentally forgotten.

4.4.4 Correct missing division selections

When divisions are used to separate income and expenses for different divisions, locations, or projects, it is important that division designations not be accidentally omitted from transactions. To review and **correct missing divisions**, use the Division Exception Report.

In the **Reports** tab, select **Division Exception Report** :



If a report for the desired time period has already been created, click **View** . If a report has not yet been created, click **New Report** and define the desired report:

Division Exception Report

From **To**

01/01/2020 12/31/2020

Description

2020 Division Exceptions

Click **Create** to save the report. The resulting report lists all income and expense accounts, by group, that have transactions without assigned divisions:

Northwind Traders	
Division Exception Report	
For the period from 01/01/2020 to 12/31/2020	
	Amount
Revenue	
Inventory - sales	137.68 Cr
Billable expenses - invoiced	75.02 Cr
Billable time - invoiced	100.00 Cr
Billable time - movement	-
Operating Expenses	
Billable expenses - cost	100.00 Dr
<hr/>	
	212.70 Cr
<hr/>	

Drill down on an individual account by clicking the number in the **Amount** column:

Transactions									
								Search	Search
		Date	Transaction	Customer	Inventory Item	Description	Qty	Amount	Balance
Edit	View	05/06/2020	Sales Invoice — 201855	Alfreds Futterkiste	Boston Crab Meat	10 kg box of frozen blue crab meat	-1	- € 116.28	- € 137.68
Edit	View	03/19/2020	Sales Invoice — 197357	Alfreds Futterkiste	Boston Crab Meat	10 kg box of frozen blue crab meat	-1	- € 21.40	- € 21.40

Edit transactions to add divisions. Be sure to click **Update** to save changes.



Notes

Columns differ when drilling down on different accounts, depending on appropriate content.

Of course, Manager cannot determine whether assigned divisions are correct or necessary. It only knows when they are missing. Confirmation that assigned divisions are correct is a management activity.

4.5 Projects

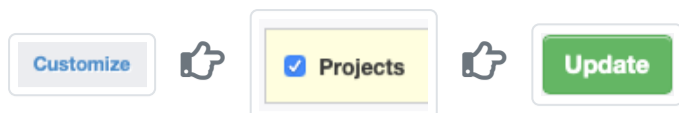
4.5.1 Create and use projects

Projects allow you to monitor income and expenses, and therefore profitability, of individual contracts, customer relationships, or bodies of work. A project groups related tasks and economic activity together for reporting.

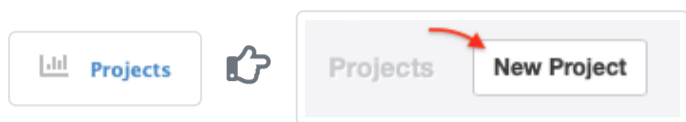
By their nature, projects are usually shorter-lived than **divisions**, for which instructions are available in another Guide. It is generally not good practice to modify your chart of accounts for a project because of its (usually) temporary nature. But projects can be inactivated when they are completed.

Create projects

To use projects in your business, first enable the **Projects** tab. Click on **Customize** below the navigation pane, check the box, and click **Update** :



Now go the **Projects** tab and click **New Project** :



Enter a project **Name**. This can be any combination of text or numbers:

Project

Name

Click **Create** .



Note

Manager will not prevent or alert you to duplicate project names. You will not be able to distinguish between duplicates. So review existing projects before naming a new one. Good practice is to follow a standard naming scheme.

Use projects

Use projects to track profitability by project or job. The **Projects** tab summarizes all projects you have created:

Projects		New Project		Search <input type="text"/>		
		Name	Income	Direct costs	Profit	
		Project 123	12,640.00	10,145.00	2,495.00	
		Project 456	5,000.00	4,734.00	266.00	
			17,640.00	14,879.00	2,761.00	

After you create a project, you will be able to assign the project name on line items within transactions (payments, receipts, expense claims, invoices, etc.). This allows categorization of project-related transactions by income or direct costs, leading to calculation of project gross profit.

Account	Qty	Unit price	Total	Project
Legal fees x		1000	1000	Project 456 x



Notes

The **Project** field does not appear unless you select an account for which project assignments make sense. For example, to prevent double posting, *Accounts receivable*, *Accounts payable*, and *Inventory on hand* line items cannot be assigned to a project.

Sales invoices, credit notes and receipts assigned to a project will show under the **Income** column. This means you can use projects even if you do not use the **Sales Invoices** tab. Everything that is not income will show under the **Direct costs** column.

To see a profitability summary for a project, click its **View** button in the **Projects** tab list:

Northwind Traders	
Project	
Trade exhibition	
For the period from 05/13/2021 to 02/26/2022	
<hr/>	
Income	
Inventory - sales	103.50
Sales	500.00
Total – Income	603.50
Less: Direct costs	
Bank charges	99.00
Capital Accounts	55.00
Motor vehicle expenses	50.00
Total – Direct costs	204.00
Profit	399.50



Note

The date range for the project summary is not selectable. The reporting period is determined automatically based on transactions assigned to the project.

Inactivate projects

When a project is complete, **Edit** the project in the **Projects** tab. Click the **Inactive** box, then **Update** :

Inactive

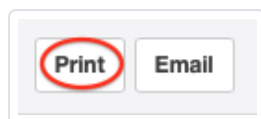
The project will be greyed out in the tab listing and no longer appear in the **Project** field dropdown menu for transaction line items.

To reactivate the project, revisit the **Edit** screen and uncheck the box.

4.6 PDFs

4.6.1 Create PDF files of transactions and reports

PDF (Portable Document Format) files of transaction forms and reports can be generated using the **Print** feature Manager. While viewing any completed transaction or report, click on the **Print** button near the top of the Manager window:



Virtually all modern operating system printer drivers include a “save to PDF” or “print as PDF” capability. For those that do not, third-party PDF generators are available, customized for languages and operating systems. Use one of these options after clicking **Print** to create and save a PDF file.

4.7 Emails

4.7.1 Email transactions and reports

You can **email completed transactions and reports** directly from within the Manager program. This Guide covers:

- Setting up SMTP relay credentials
- Sending email

Setting up SMTP relay credentials

If you have an email address, you have an SMTP server you can use (e.g., Gmail). There are also many SMTP server providers who offer relay service. Many have generous limits. For example, [Mailgun.com](https://mailgun.com) allows you to send up to 10,000 emails per month for free.

To enter email settings, go to the **Settings** tab and click **Email settings** :



Set up your server following instructions from your provider:

Email Settings

SMTP server

Hostname Port

SMTP credentials

Username

Password

Send a copy of every email to this address

Email address

Receive email replies at a different address than you send from

Email address

Do not verify TLS certificate

Test email settings

- **Hostname** is the SMTP name furnished by your email provider.
- **Port** should normally be designated as 587, but Manager also supports port 25. (Manager will not support port 465 used as the default by many email providers and applications.)
- **Username** is your login name with your provider. Often, this is the email address for the sending account. Sometimes, however, providers stipulate a different username. If you enter a **Username** that is not formatted as an email address, Manager will show a separate **Email address** field. Enter the email address for the sending account there:

SMTP credentials

Username	Accounting	Email address	accounting@sample.com
----------	------------	---------------	-----------------------

- **Password** is the one required for login with the Username above.
- Click the button to to make your password visible. (This button appears only after content is entered in the **Password** field.)
- Check the box to **Send a copy of every email to this address** if you want copies of your outgoing emails.
- An **Email address** field appears when the box is checked. Enter any desired address here.
- Check the box to **Receive email replies at a different address than you send from** if desired. Enter the "reply-to" email address in the field that appears.
- **Do not verify TLS certificate** bypasses verification of self-signed certificates. Check the box only if you are sending email from your own email server.

Click to save your settings. **After settings have been updated**, you can test them by clicking . A test message will be sent to the email address associated with the SMTP server. A notice also appears if the test is successful.



Notes

Your email application or provider may override content of the **Username** field, substituting whatever you have set up for your general email. Therefore, you may want to create a separate email account for sending documents from Manager.

Some email providers have special requirements, mostly related to security. See, for example, these tutorials:

- [Google Gmail](#)
- [Yahoo! Mail](#)
- [Microsoft Office 365](#)

Sending email

While viewing the document you want to send, click near the top of the window. An email composing screen will appear:

Email ✕

To

Subject

Attachment.jpg

- **To** will be filled with any email address previously recorded for a customer, supplier, or employee if one is associated with the document. Otherwise, this field will be blank. Enter or edit the address as needed. Enter additional email addresses, if desired, separated by commas or semicolons.

- **Subject** will be pre-filled with the title of the transaction or report you are emailing.
- A message may be entered in the text window.
- Checkboxes will appear for any attachments to the transaction. (In this illustration, an attachment named *Attachment.jpg* exists. If you check a box, that attachment will be included with the email in addition to the transaction itself.

Click . By default the addressee(s) will be sent an email with a document summary and hyperlink for viewing the full document.



Example

Brilliant Industries emails a sales invoice to Bob's Hardware:

Email
×

To

Subject

Attached please find our invoice.

Invoice

Invoice date
12/31/2020

Due date
01/30/2021

Invoice number
4

Total
100.00

Balance due
110.00



Caution

Recipients can only view the full transaction if your Manager installation is web-accessible. Therefore, users of the desktop edition must create and send PDF versions of transactions or reports, following instructions contained in [another Guide](#).

4.7.2 Email transactions and reports in PDF format

By default, when you send an email from within Manager, the program emails a hyperlink allowing the recipient to view the transaction (and selected attachments) being sent. Of course, that option only works for web-accessible editions of the program, namely, internet-connected server installations and the cloud edition.

However, desktop edition users and others wishing to **email transactions and reports in PDF format** can do so two ways.

Operating system PDF generator

The first method is our recommended approach. The most reliable and flexible PDF-formatted documents can be produced using your operating system's built-in features. To take advantage of a built-in generator, click the **Print** button while viewing a transaction or report:



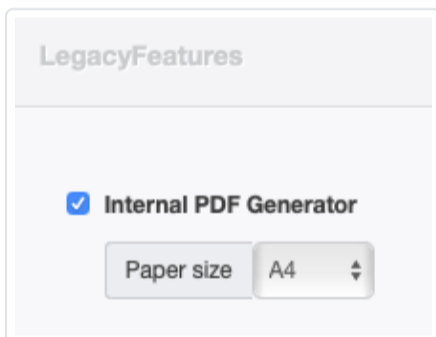
Then, depending on your operating system and version, choose a *Print to PDF*, *Save as PDF*, or similar option. Email the resulting PDF as an attachment using your regular email client.

Internal PDF generator

The second method uses the program's internal PDF generator. Visit the **Legacy Features** page in the **Settings** tab:



Check the box for **Internal PDF Generator** and select the **Paper size** your recipient is likely to use. Choices include *A4* and *Letter*:



A **PDF** button will now be available when viewing transactions or reports:



When the **PDF** button is clicked, a PDF of the document being viewed is generated. And, when the **Email** button is pressed, a PDF of the document is sent.



Note

The internal PDF generator is no longer actively supported by Manager's developer. It works best with western languages and fonts. It is least reliable with right-to-left languages and may not work satisfactorily with custom themes. You should test the feature with typical transactions and reports before relying upon it for external communications.

4.7.3 Attach files to emails sent from Manager

This Guide explains how to **attach files** and supporting documentation to an email sent from within the Manager accounting application.

General procedures for emailing completed transaction forms and reports are described in [another Guide](#). Read it first. Standardized email templates can be defined for many common forms after selecting **Email Templates** in the **Settings** tab, as covered in a [third Guide](#).

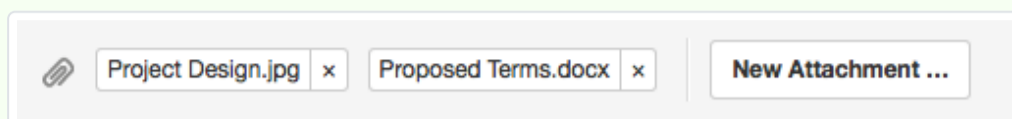
Add an attachment

Before a file can be attached to an email sent from within Manager, whether or not an email template is used, the file must be included in the business data file as an attachment. Procedures for adding attachments are found in [another Guide](#).



Example

Brilliant Industries is preparing a sales quote for new lighting at a hotel. It adds two attachments to the sales quote, one a picture of the project design and the other a detailed list of proposed contract terms:



Note

While reports can be emailed, you cannot add attachments to them. Therefore, attachments cannot be included with reports when they are emailed. Any supporting documentation must be separately emailed.

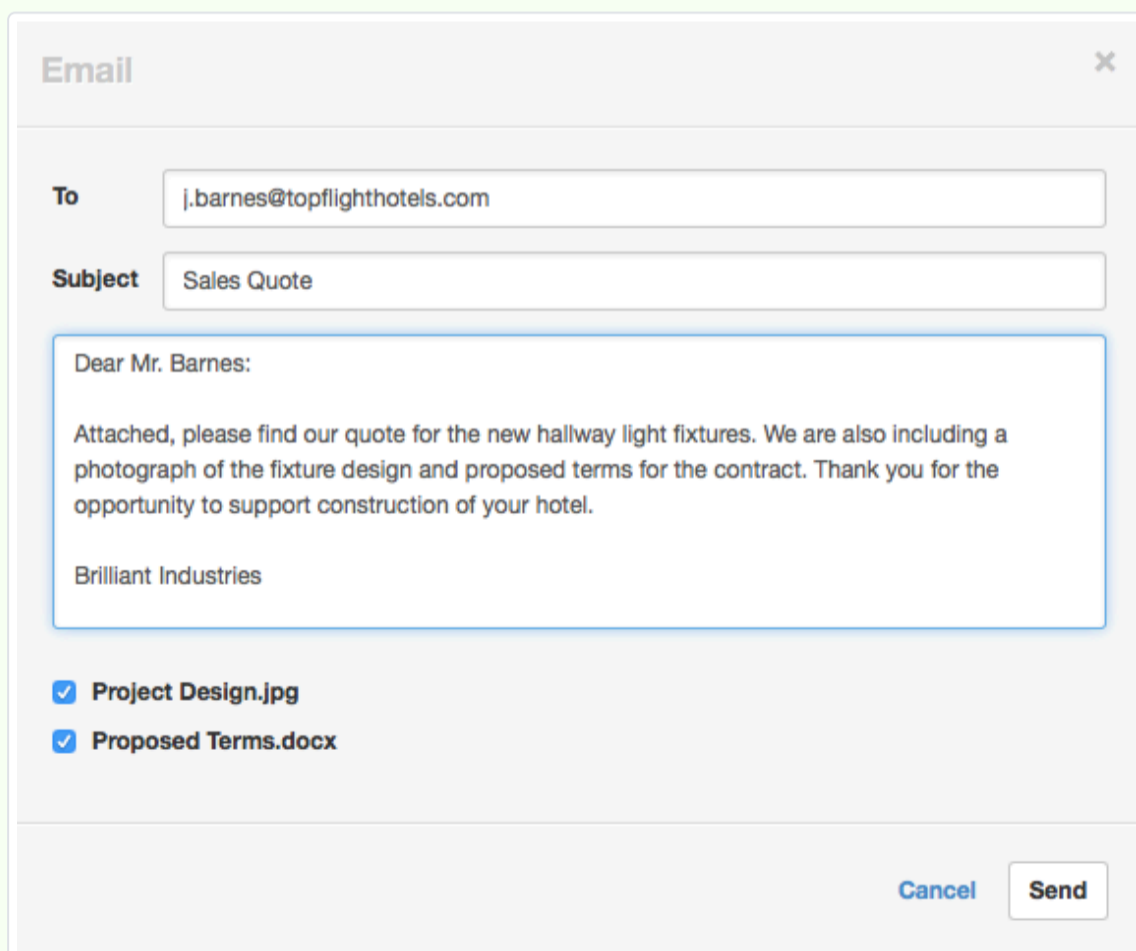
Select attachments

To include an attachment with a completed transaction, click while viewing it. Check boxes to indicate which attachment(s) you want to send with the email.



Example

Brilliant wants to email the sales quote to its customer with both attachments. So it chooses both files:



Send the email


Click to email your message, the finished transaction form, and any designated attachments.

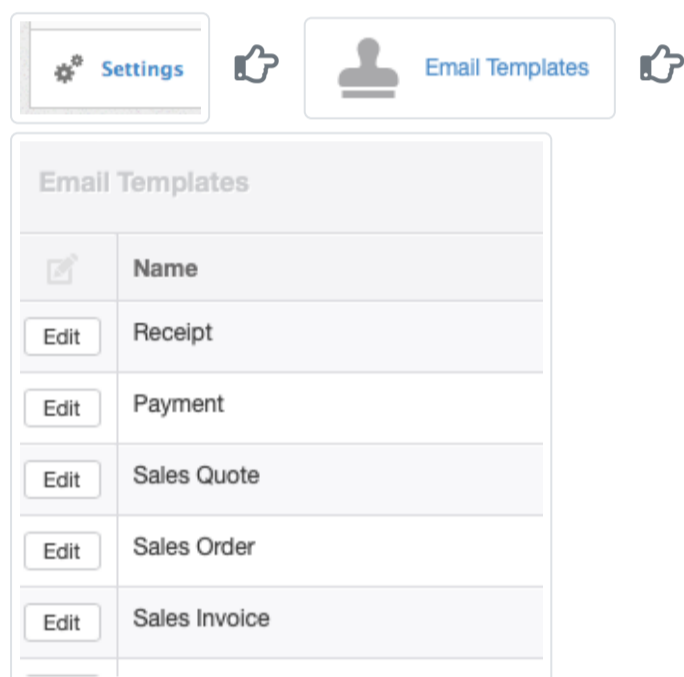
4.7.4 Use email templates

Email templates allow you to include standardized messages when emailing a form directly from Manager. They are available for transaction forms that typically leave the business. They are also available for forms that may be emailed internally:

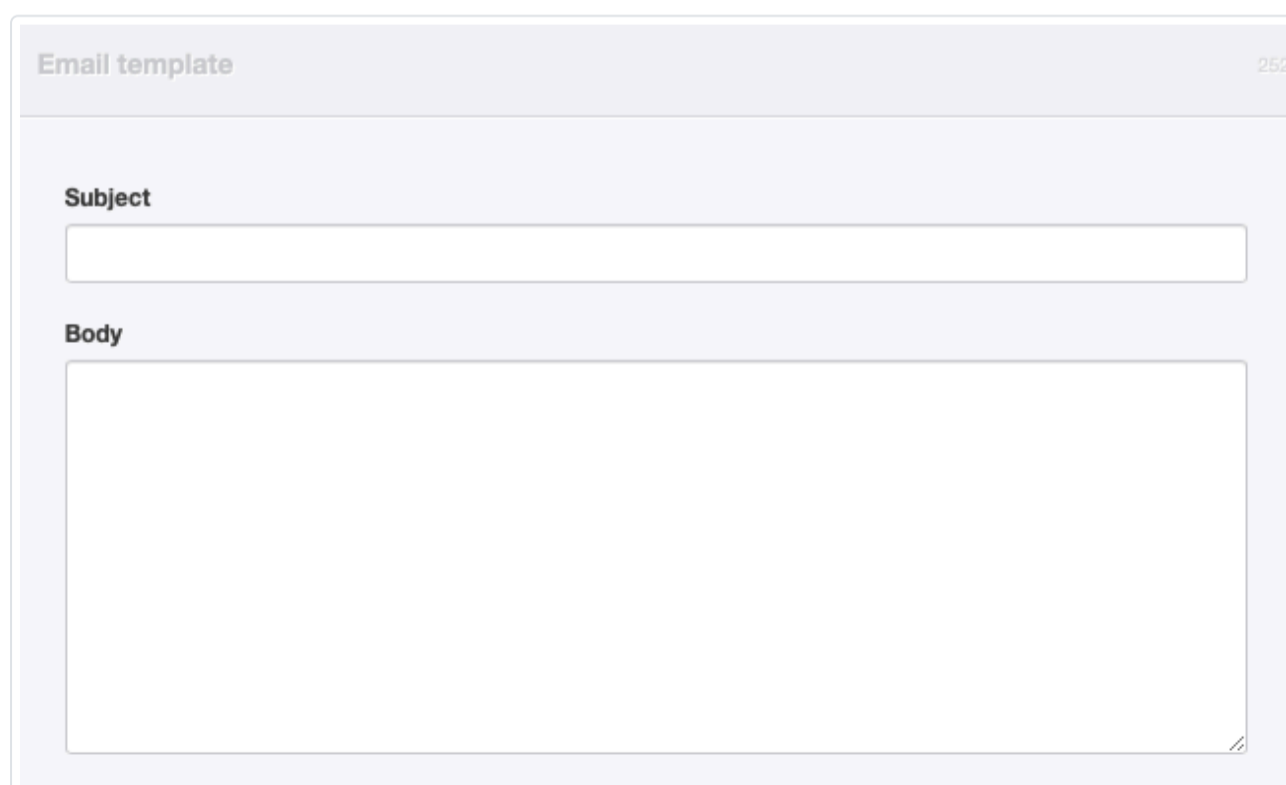
- Receipts and payments
- Sales and purchase quotes
- Sales and purchase orders
- Sales and purchase invoices
- Credit and debit notes
- Delivery notes and goods receipts
- Customer statements
- Payslips

Email template location

Email templates are unique to forms displayed by themes and become available under [Settings](#)  [Email Templates](#) as tabs are enabled within which they can be used:



You do not have to create email templates, but they are empty until you edit them:



Develop an email template

To develop a specific email template, click [Edit](#) beside its name in the listing. Enter your desired content, using the Liquid templating language.



Example

An email template for sales quotes might include:

Email template

Subject

Body

- **Subject** should indicate the matter covered in the email. The code, `{{reference}}`, will insert the reference number from the specific form being sent, if one exists, such as a quote number or invoice number.
- **Body** should be a standard forwarding message. You can edit this before sending the email.

Click to save changes to the template. The subject line will be included in the email templates list:

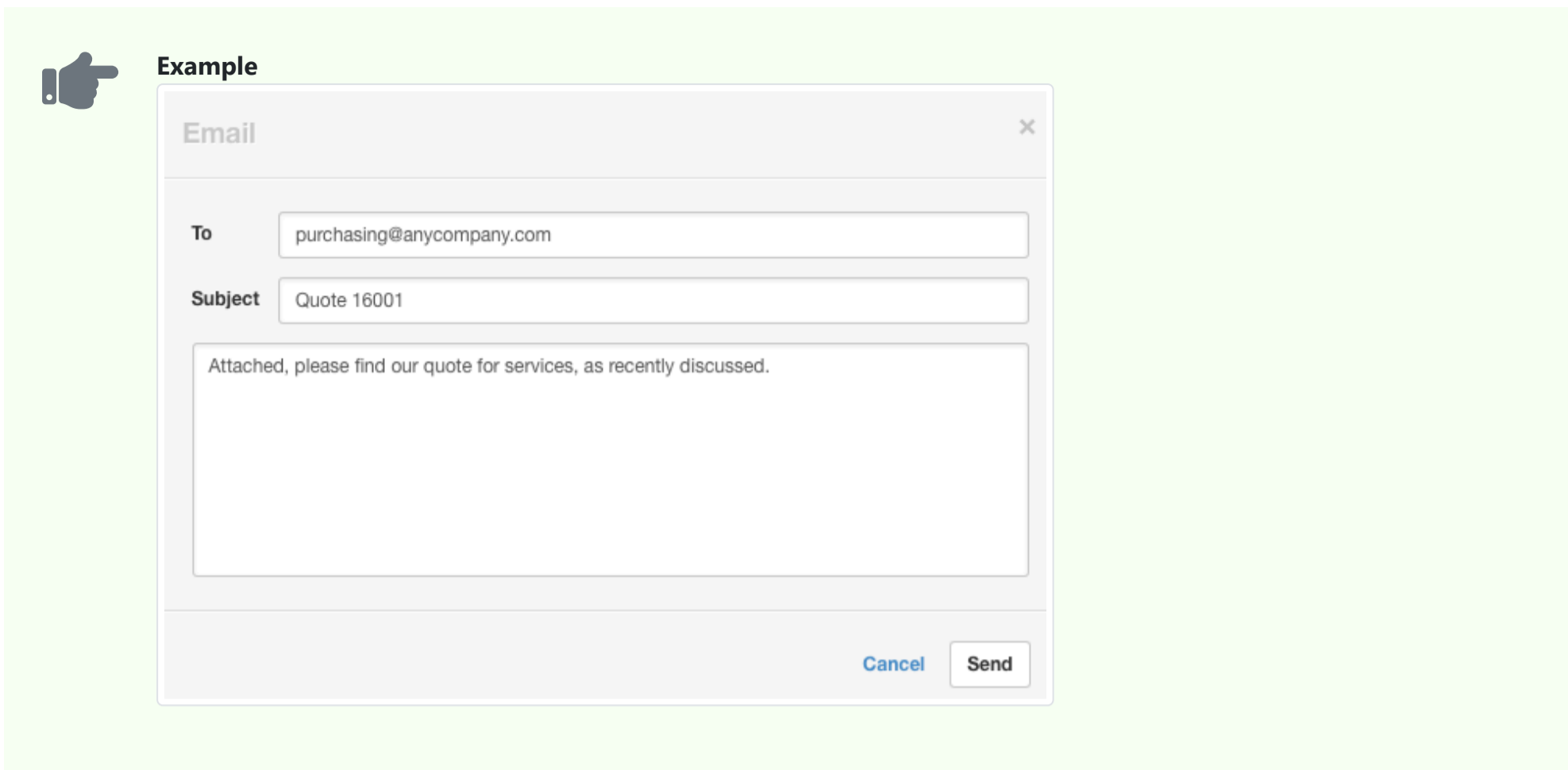
Email Templates		Search <input type="text"/>	Search
	Name	Subject	
<input type="button" value="Edit"/>	Receipt		
<input type="button" value="Edit"/>	Payment		
<input type="button" value="Edit"/>	Sales Quote	Quote {{reference}}	

Use an email template

Using email templates is automatic. When viewing a transaction, click at the top of the window:

Sales Quote

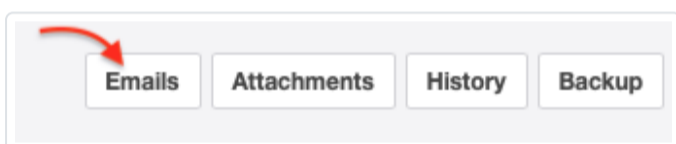
The email will appear, using the email address set up for the intended recipient (customer, supplier, or employee).



All fields may be edited as necessary before clicking **Send** to deliver the email. Remember to follow Liquid templating language syntax.

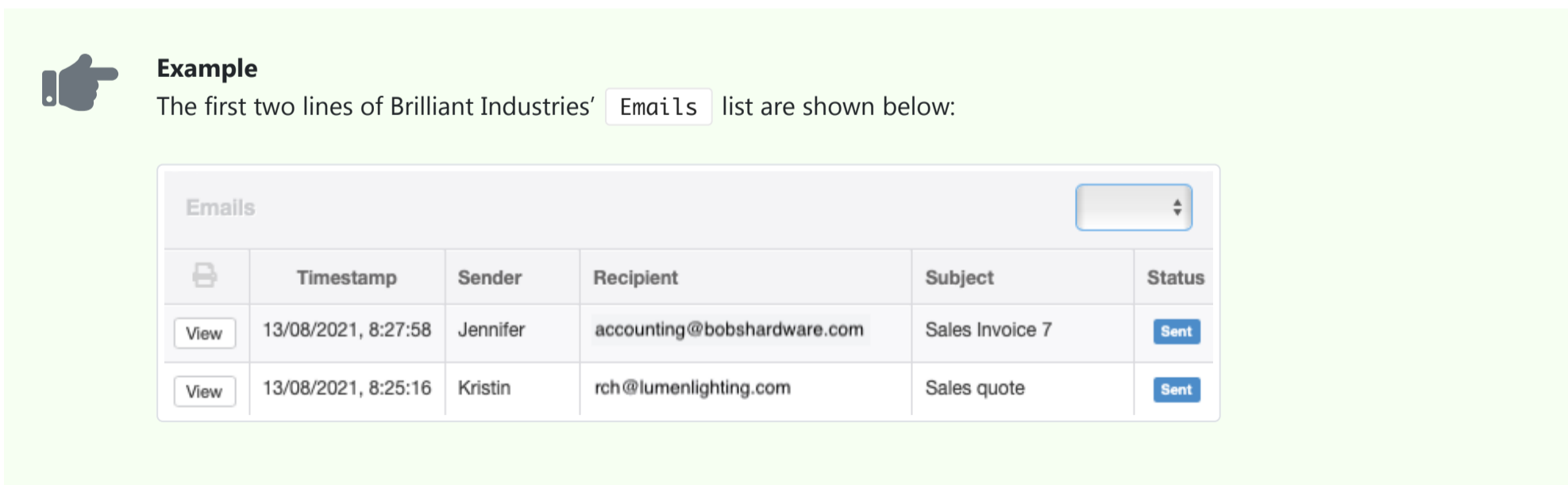
4.7.5 Review email

You can **review emails** sending transactions or reports from within Manager by clicking the **Emails** button at the top of the window:



The resulting listing includes:

- A timestamp
- The sender
- The recipient(s) email address(es)
- Subject of the email
- Status

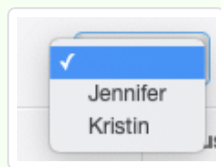


In the server and cloud editions of Manager, a dropdown menu in the upper right corner filters by sender.



Example

Brilliant's choices include only the users who have sent email:



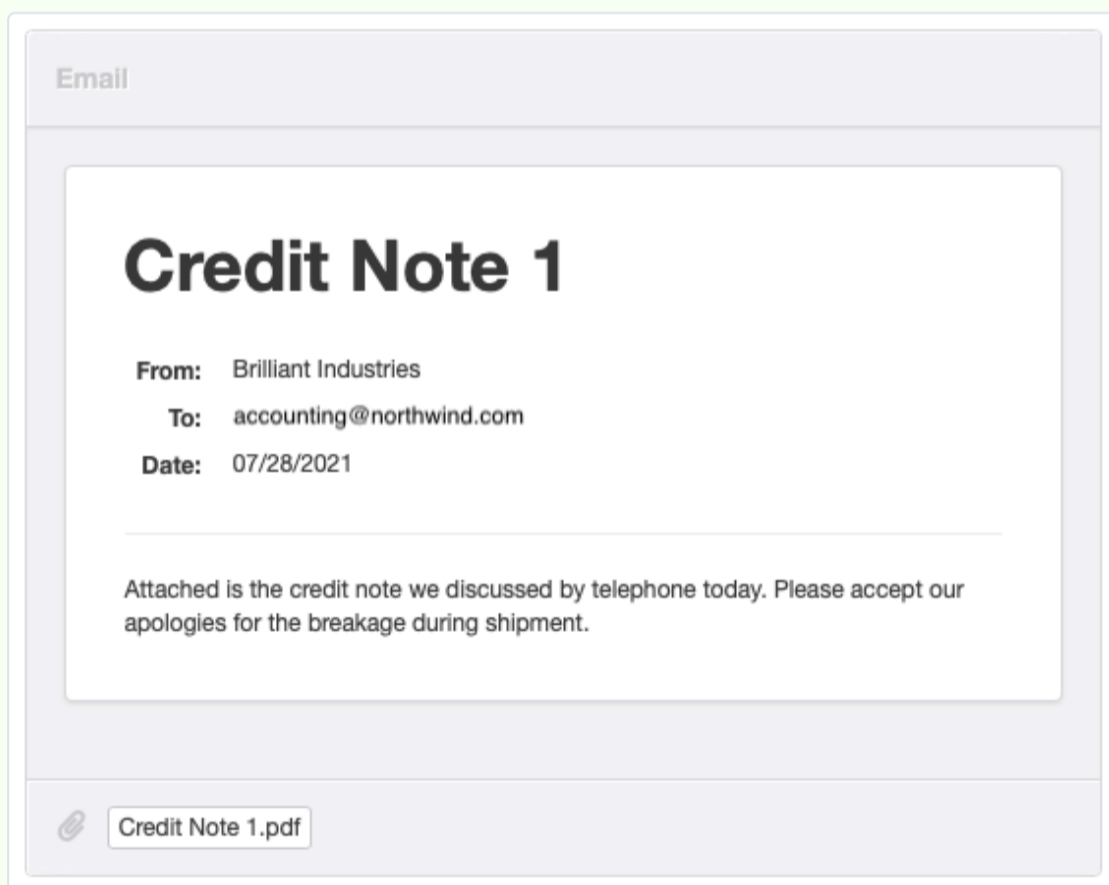
Emails can only be viewed, not edited, because they have already been sent. When the **View** button for the email is clicked, the email can be reviewed. The display includes:

- Transaction or report sent
- Sender's identity
- Recipients' email addresses
- Date sent
- Body of any message included
- Button for PDF of transaction or report that was emailed
- Button(s) for any other attachment(s) sent with the email



Example

Brilliant Industries sends a credit note to Northwind Traders. The body of the email is a short note confirming a telephone conversation.



4.7.6 Track whether emailed attachments have been viewed

The list generated by the **Emails** button at the top of the Manager window includes a **Status** column that can track whether the recipient has viewed a transaction or report sent by email from within Manager:

Status
Viewed
Sent
Sent
Sent

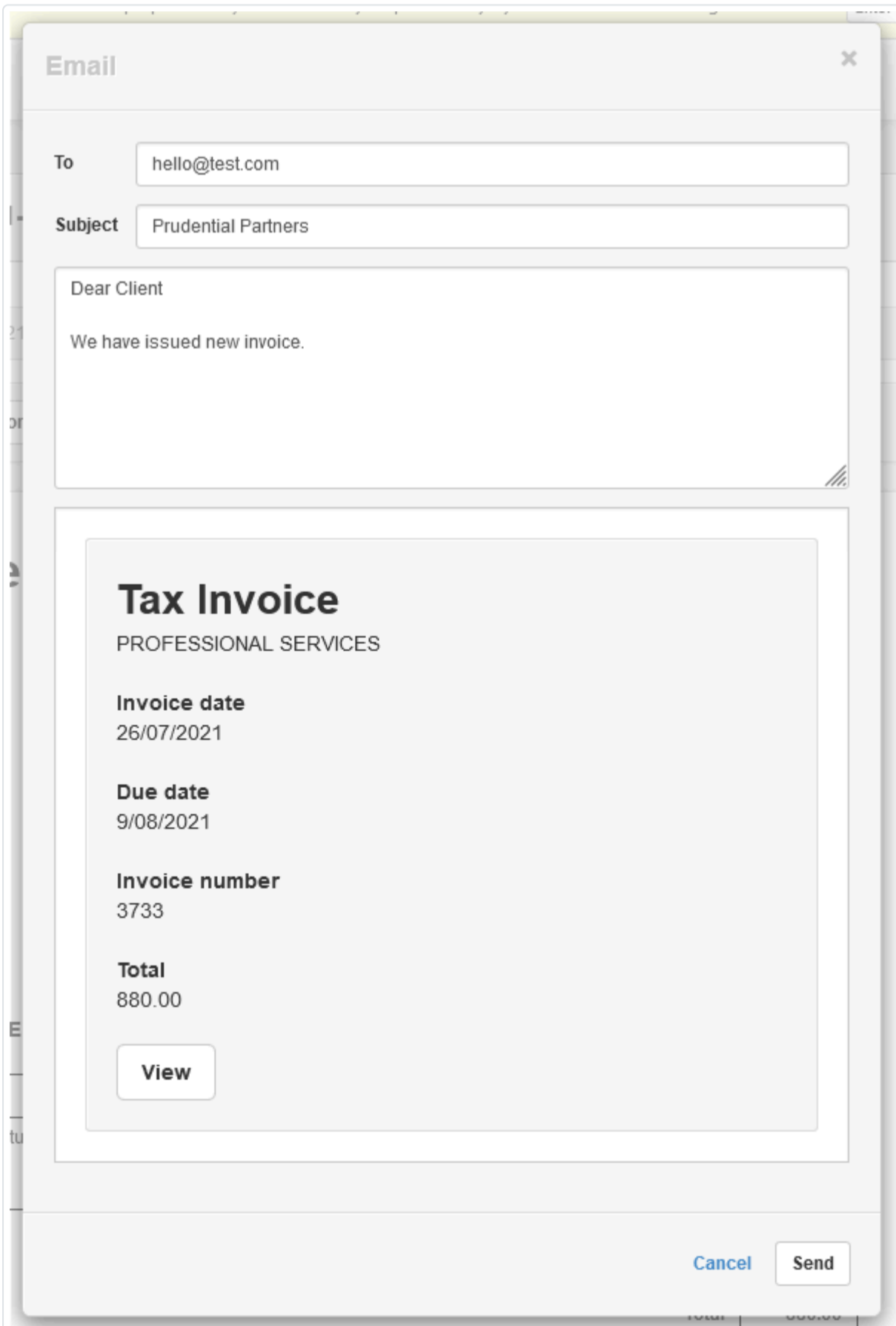


Notes

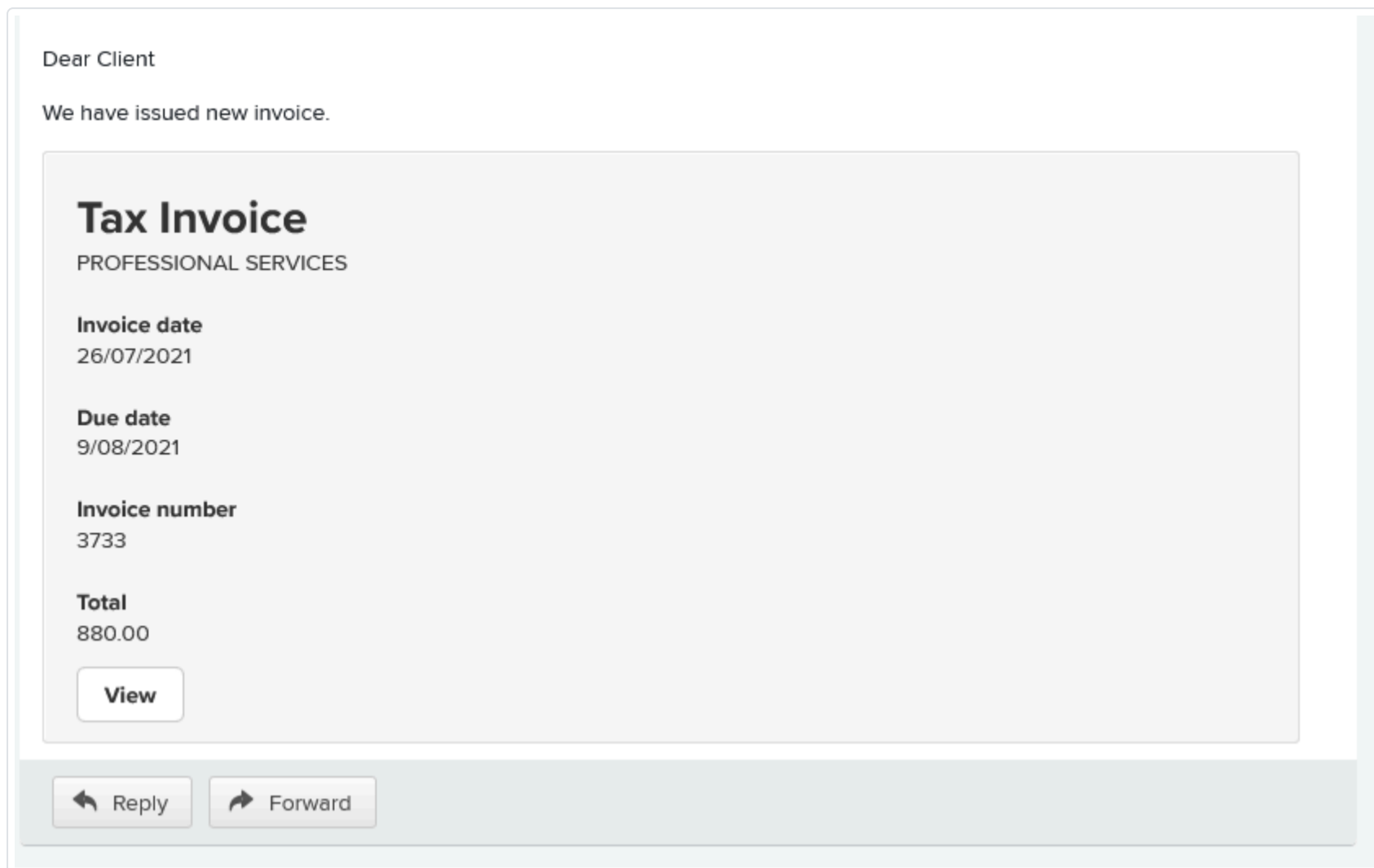
For technical reasons, this feature is functional in cloud and server editions only. The desktop edition is unable to track whether email has been viewed by the recipient, because it has no active internet connection. If a desktop user views the email, the status will change, but that does not mean the recipient has viewed the email.

The server hosting Manager, whether cloud or private, must be online and accessible by the recipient via the internet.

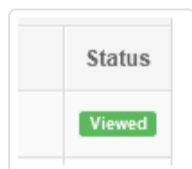
When you view a document (e. g., a sales invoice) and click the **Email** button, Manager will attach to your email a box containing a summary of the document you are emailing. Within the box will be a **View** button:



In their email client, the recipient will see something like this:



Clicking the `View` button will reveal the complete document (e. g., the sales invoice). The `Status` in the `Emails` listing will change from `Sent` to `Viewed`:



4.7.7 Troubleshoot email issues

Procedures for emailing transaction forms and reports from Manager are described in [another Guide](#). If you can't send emails from Manager, the first thing you should try is updating to the latest version. The issue causing your problem could have been a software bug that has already been fixed.

If upgrading doesn't solve the problem, we need to dive into your `Email Settings` under the `Settings` tab:

Email Settings

SMTP server

Hostname Port

SMTP credentials

Username

Password


Paper size **Email sending format**

Send a copy of every email to this address

Email address

Currently, Manager doesn't support port 465. So try a different port, preferably 587. Most SMTP servers will support both ports, so this is generally not an issue.

Some email providers have special requirements, mostly related to security. See, for example, these tutorials:



- [Google Gmail](#)
- [Yahoo! Mail](#)
- [Microsoft Office 365](#)

If you encounter other problems, post them in a **new topic** on the Forum. Be as specific as possible, including information on:

- Manager edition (desktop, server, or cloud)
- Software version
- Your operating system and version
- Screen shots of any error messages
- A screen shot of your page (Obscure only personal information. The more information you show, the easier it will be to obtain help.)

4.8 Batch Operations

4.8.1 Use Batch Create and Batch Update functions

and functions streamline large-scale creation and updating of information in Manager. They can be used in all functional tabs **except**:

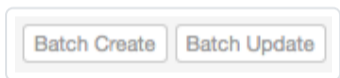
-
-
-
-
-
-

- Amortization Entries
- Folders
- Attachments
- Emails
- Reports
- Settings

These batch operations can be used for some **Settings** , too:

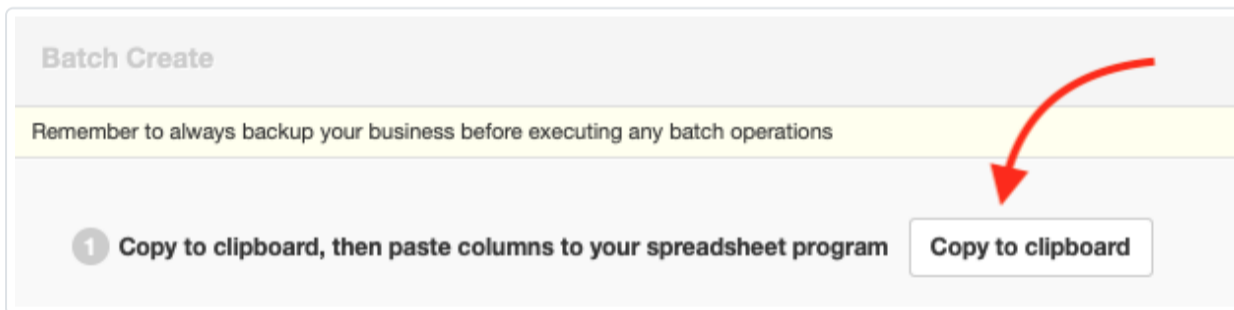
- Divisions
- Exchange Rates
- Foreign Currencies
- Inventory Kits
- Non-inventory Items
- Payment Rules
- Receipt Rules
- Tax Codes

These batch operations are available whenever you see these buttons in the bottom-right corner of the Manager window:



Batch Create

To add new items to a tab, regardless of whether others already exist, click **Batch Create** . Follow the instructions sequentially. First, copy the blank template by clicking **Copy to clipboard** :



Paste the template into your spreadsheet program:

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	
1	ItemCode	ItemName	UnitName	PurchasePric	SalePrice	Description	ProductionSt	ControlAcco	TaxCode	TrackingCod	StartingBala	StartingQuar	StartingQuar	TrackQuantit	TrackQuantit	CustomIncon	IncomeAcco	CustomExpe	ExpenseAcco	Inactive	CustomFields.c8b5373a26734c29aec787968af8152d				
2																									

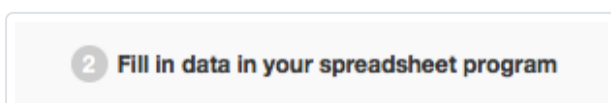
The template contains only column titles. It tells you what information is required for the batch operation.



Note

Illustrations in this Guide are for batch operations on inventory items, but procedures are the same wherever batch operations work. The blank template changes automatically.

Fill data into the empty spreadsheet template:





Example

Brilliant Industries enters information for some of its lighting products:

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T		
1	ItemCode	ItemName	UnitName	PurchasePrice	SalePrice	Description	ProductionStage	ControlAccount	TaxCode	TrackingCode	StartingBalance	StartingQuantity	InventoryLocation	StartingQuantity	Qty	TrackQuantityToReceive	TrackQuantityToDeliver	CustomIncomeAccount	IncomeAccount	CustomExpenseAccount	ExpenseAccount	Inactive
2	464	50 Lumen LED	Each	8.69	14.49		1				0			0		TRUE	TRUE	FALSE		FALSE	FALSE	FALSE
3	465	100W INCAND.	Pack	4.27	8.79		1				0			0		TRUE	TRUE	FALSE		FALSE	FALSE	FALSE
4	466	1600 Lumen LED	Each	7.99	17.39		1				0			0		TRUE	TRUE	FALSE		FALSE	FALSE	FALSE



Notes

To understand each column, it may be helpful to first complete one entry of the type you are creating, filling all fields. Copy the resulting listing from the **Batch Update** window (see instructions below) and paste into a spreadsheet as an example. If columns are not understood, leave them blank. You can always edit them later.

In some cases, columns may contain 32-character hexadecimal strings known as UUIDs (universally unique identifiers) or GUIDs (globally unique identifiers) rather than plain-language text. These are used to identify bank accounts, custom fields, and other information, depending on the transaction type. Before batch operations can be used successfully, you will need to build a list associating UUIDs with specific accounts or ledgers. Without the correct UUIDs, Manager will ignore entries in batch operations.

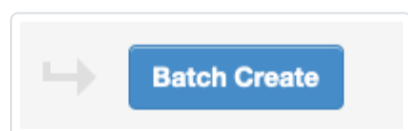
When pasting into a spreadsheet for batch operations, date and number formatting in Manager and your spreadsheet program must be compatible to achieve common data interpretation. Typically, if number or date formats are not compatible, pasted content will be interpreted as text by the spreadsheet application. Text format may be acceptable if no calculations are required. But if number or date formats are needed, text to number or date format conversions are often available in the spreadsheet application. In some spreadsheet applications, regional settings must be modified to achieve compatibility. Pay particular attention to ambiguous date formats and decimal separators. Consult your spreadsheet documentation for further information.

Finally, copy and paste data for the newly created entries from the spreadsheet back into Manager. **Be sure to copy and paste the column headings in addition to the data.**

3 Copy data from a spreadsheet and paste it into the text field below

ItemCode	ItemName	UnitName	PurchasePrice	SalePrice	Description	ProductionStage	ControlAccount	TaxCode	Trac
464	50 Lumen LED	Each	8.69	14.49		1			0
465	100W INCAND.	Pack	4.27	8.79		1			0
466	1600 Lumen LED	Each	7.99	17.39		1			0

Click **Next** to review the information being added. If satisfactory, click **Batch Create** to enter the new items into Manager:



If not satisfactory click the **Back** button, modify the spreadsheet, and repeat the pasting process.



Example

Brilliant Industries' batch-created inventory items now appear in the **Inventory Items** tab:

Inventory Items		New Inventory Item		Search		Search			
		Item code	Item name	Purchase price	Sales price	Unit Name	Qty on hand	Average cost	Total cost
Edit	View	464	50 Lumen LED	8.69	14.49	Each	-		0.00
Edit	View	465	100W INCAND.	4.27	8.79	Pack	-		0.00
Edit	View	466	1600 Lumen LED	7.99	17.39	Each	-		0.00

Batch Update

Batch updates are used to modify already existing items in a tab. They are somewhat simpler than batch creation, because the structure of the database is more obvious. Click on **Batch Update**. Again, follow the sequential instructions:

Batch Update

Remember to always backup your business before executing any batch operations

1 **Copy to clipboard, then paste data to your spreadsheet program** Copy to clipboard



Example

Brilliant Industries decides to raise prices on its LED products using the **Batch Update** function. It copies and pastes inventory item data into a blank spreadsheet:

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
ItemCode	ItemName	UnitName	PurchasePrice	SalePrice	Description	ProductionStag	ControlAccount	TaxCode	TrackingCode	StartingBalanc	StartingQuanti	StartingQuanti	TrackQuantity1	TrackQuantity1	CustomIncome	IncomeAccount	CustomExpens	ExpenseAccount	Inactive	Key		
464	50 Lumen LED	Each	8.69	14.49		1				0	0	0	TRUE	TRUE	FALSE		FALSE		FALSE	FALSE	c8128e7e-8b87-4548-b759-a51d497c8a33	
465	100W INCAND	Pack	4.27	8.79		1				0	0	0	TRUE	TRUE	FALSE		FALSE		FALSE	FALSE	c14825bb-7ee8-4058-b15d-e602ca58509b	
466	1600 Lumen LE	Each	7.99	17.39		1				0	0	0	TRUE	TRUE	FALSE		FALSE		FALSE	FALSE	a4b4809b-7690-4d4e-a0cc-12fe7da0897b	

Note that each line in the spreadsheet now has a unique hexadecimal **Key**.

Use the spreadsheet program to update data:

2 **Update data in your spreadsheet program**

For convenience, you can reorder rows or remove any you don't need to update from the spreadsheet. You can also leave them in place, however. **Do not remove or modify any content in the Key column for rows you keep.**



Caution

Do not, under any circumstances, remove columns in the spreadsheet while updating. This will result in deletion of all content in those columns for included transactions.



Example

Brilliant Industries deletes the incandescent light bulb product, leaving only LED inventory items. It doubles their prices, using spreadsheet tools:

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
ItemCode	ItemName	UnitName	PurchasePrice	SalePrice	Description	ProductionStag	ControlAccount	TaxCode	TrackingCode	StartingBalance	StartingQuantity	StartingQuantity	TrackQuantity	TrackQuantity	CustomIncome	IncomeAccount	CustomExpense	ExpenseAccount	Inactive	Key		
464	50 Lumen LED	Each	8.69	28.98		1				0			0	TRUE	TRUE	FALSE		FALSE	FALSE	c8128e7e-8b87-4548-b759-a51d497c8a33		
466	1600 Lumen LE	Each	7.99	34.78		1				0			0	TRUE	TRUE	FALSE		FALSE	FALSE	a4b4809b-7690-4d4e-a0cc-12fe7da0897b		

Copy and paste the updated data from the spreadsheet back into Manager. **Be sure to copy and paste column headings in addition to the data.** Click to review changes being made. If satisfactory, click .



Example

Brilliant Industries' pastes in the modified spreadsheet data and reviews it:

Batch Update					
Remember to always backup your business before executing any batch operations					
	ItemCode	ItemName	UnitName	PurchasePrice	SalePrice
1	464	50 Lumen LED	Each	8.69	14.49 28.98
2	466	1600 Lumen LED	Each	7.99	17.39 34.78

After acceptance, the updated list shows increased sale prices on LED products. The 100W incandescent bulb's listing has not changed:

		Item code	Item name	Purchase price	Sales price	Unit Name
<input type="button" value="Edit"/>	<input type="button" value="View"/>	464	50 Lumen LED	8.69	28.98	Each
<input type="button" value="Edit"/>	<input type="button" value="View"/>	465	100W INCAND.	4.27	8.79	Pack
<input type="button" value="Edit"/>	<input type="button" value="View"/>	466	1600 Lumen LED	7.99	34.78	Each



Note

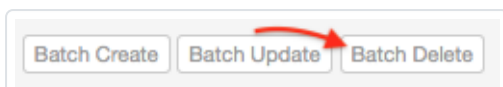
You cannot add elements when using , because a key is required for every row in the database. These keys are generated when new elements are added. To add elements in groups, use .

4.8.2 Use the Batch Delete function

removes selected entries in a tab, table, or list that have no records associated with them. The function is useful for such tasks as:

- Deleting erroneous bank statement imports with many transactions or imported transactions that duplicate manual entries
- Emptying tabs of unneeded customers, suppliers, assets, and so forth when constructing a standard business "shell"
- Correcting systemic data entry errors

The operation is begun by clicking the button at the bottom right corner of any screen where it can be used:



Warning

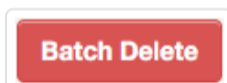
The **Batch Delete** operation can be reversed through the History file. And, as with editing throughout Manager, the program will not allow you to delete anything that has already been referenced by another transaction. Still, **Batch Delete** is a brute-force tool. Use it cautiously. And always back up your data before any batch operation.

Select and delete data

After clicking the **Batch Delete** button, you will see a list of data from the table you were viewing, with individual and group checkboxes on the left. Check the boxes for all data entries you wish to delete. Manager will not allow you to check the box of any element already referenced in a transaction:

Expense Claims		New Expense Claim		Search		Search			
<input checked="" type="checkbox"/>			Date	#	Payer	Account	Payee	Description	Amount
<input checked="" type="checkbox"/>	Edit	View	26-5-2017		Patricia Montfort-Jones	Printing and stationery	Jones Office Supplies	Staple machine	€ 49,95
<input checked="" type="checkbox"/>	Edit	View	26-3-2017	3	John Smith	Computer equipment	Various	Startup expenses	£ 999,00
<input checked="" type="checkbox"/>	Edit	View	19-9-2016	2	Elizabeth Smith	Printing and stationery	Acme Office Supplies	Expense claim reimbursement	AED 26,25
<input checked="" type="checkbox"/>	Edit	View	4-9-2016	4	Patricia Montfort-Jones	Advertising and promotion	Northwind Printers	Summer catalog	€ 3 950,00

Elements of the list can be edited and viewed, if necessary, to correct or confirm their content while in batch delete mode. Just click the appropriate buttons. Entries can be unchecked if you decide not to delete them. When satisfied you wish to delete all remaining checked entries in the table, click the red button:



Note

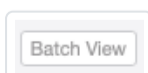
If the list extends to more than one page, only those records displayed on a page are affected.

4.8.3 Use the Batch View function

Manager has the ability to generate **batches of records** for viewing in a single operation. This can be useful in many situations, including:

- Printing monthly sales invoices for all subscribers to a service
- Providing customers with copies of their complete sales history
- Furnishing employees with earnings information from prior payslips
- Reviewing expense claim details of owners before making distributions to capital accounts
- Generating daily production order batches
- Assembling delivery route packages from delivery notes

There is a **Batch View** button in the bottom right corner when viewing any table or list with **View** buttons:



This includes tabs like **Sales Invoices** and **Bank Reconciliations**, drill-downs from clickable figures in reports, and some pages in the **Settings** tab. When you click the button, you will be able to select records to compile into single view. Check the first box to select all items in the list, or choose individual records:



Then click **Batch View** at the bottom of the list.



Example

Brilliant Industries has a customer, Bob's Hardware, who has stopped paying invoices:

Sales Invoices		New Sales Invoice		Search		Search	
		Invoice date	#	Customer	Invoice total	Balance due	Status
Edit	View	07/01/2021	7	Bob's Hardware	1 345,00	1 345,00	11 days overdue
Edit	View	02/01/2021	6	Bob's Hardware	333,00	333,00	16 days overdue
Edit	View	03/12/2020	5	Bob's Hardware	357,50	325,00	46 days overdue
Edit	View	30/05/2020	1	Bob's Hardware	809,09	809,09	233 days overdue
Edit	View	21/07/2020	4	Bob's Hardware	110,00	0,00	Paid in full
Edit	View	03/06/2020	3	Lumen Lighting	600,00	0,00	Paid in full
Edit	View	01/06/2020	2	Lumen Lighting	299,00	0,00	Paid in full

Brilliant decides to send a reminder with copies of all overdue sales invoices to Bob's Hardware. After clicking the **Batch View** button in the **Sales Invoices** tab, Brilliant selects all Bob's overdue invoices:

Sales Invoices		New Sales Invoice		Search		Search		
<input type="checkbox"/>			Invoice date	#	Customer	Invoice total	Balance due	Status
<input checked="" type="checkbox"/>	Edit	View	07/01/2021	7	Bob's Hardware	1 345,00	1 345,00	11 days overdue
<input checked="" type="checkbox"/>	Edit	View	02/01/2021	6	Bob's Hardware	333,00	333,00	16 days overdue
<input checked="" type="checkbox"/>	Edit	View	03/12/2020	5	Bob's Hardware	357,50	325,00	46 days overdue
<input checked="" type="checkbox"/>	Edit	View	30/05/2020	1	Bob's Hardware	809,09	809,09	233 days overdue

After Brilliant clicks the **Batch View** button on the selection screen, a four-page view file is generated and displayed, with each sales invoice on a separate page. Brilliant can print that and mail it.

**Notes**

Results of any search or sort operations are preserved when selecting the **Batch View** function.

If a PDF file of the batch is desired instead of a printout, that option can be selected using features of your operating system. Some operating system printer drivers include a built-in option to “print to PDF.” For others, third-party PDF generators are available.

4.9 Attachments

4.9.1 Attach supporting documentation

Transactions and some subsidiary ledgers in Manager can be substantiated and documented with digital attachments. These can include:

- Word processing documents
- Spreadsheets
- Scanned invoices
- Scanned receipts

**Note**

Normally, an attachment is made to the specific transaction to which it relates. They can also be made to customer and supplier definition views. When attachments do not apply to individual transactions or subsidiary ledgers, but, for example, to entire projects or accounting periods, they can be organized in folders. See [another Guide](#) for instructions.


Add an attachment

Click **View** to see any transaction form, subsidiary ledger, or folder in Manager. Add an attachment by either of two methods:

- Click **New Attachment** at the bottom of the page. Browse to the file you want to attach and select it according to normal procedures for your operating system.
- Drag and drop the attachment onto the **New Attachment** button.

In the illustration below, a spreadsheet file has been attached to a sales quote:

Quote



NORTHWIND
TRADERS

Issue date
9/25/2016

Reference
1

Northwind Traders
1313 Webfoot Walk
Calisota
Bank 234 566788
Phone 333-444-5555

Island Trading
Garden House Crowther Way
Cowes Isle of Wight PO31 7PJ
UK

Monthly coffee service, including machine rental and maintenance and all coffee, creamer, sugar, and disposable cups

Description	Qty	Unit price	Amount
Monthly coffee service, including machine rental and maintenance and all coffee, creamer, sugar, and disposable cups	1	159.00	159.00
Sub-total			159.00
GST 10%			15.90
Total			174.90

Northwind Project Projections.xlsx x
New Attachment ...

Managing attachments

Attachments will be incorporated into the business' data file, not stored separately for independent file management. The attachment will not be deleted from its original location. There are two ways to manage attachments:

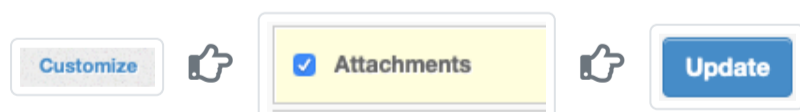
- From transactions, subsidiary ledgers, or folders
- Within the Attachments tab

From transactions, subsidiary ledgers, or folders

To view an attachment, click on its name. To delete an attachment, click X after its name. Deleting an attachment only removes it from the record to which it is attached in the business' accounting database. It does not delete it from other records or wherever else it may be stored.

Within the Attachments tab

If the Attachments tab is not already enabled, click Customize below the left navigation pane, check the box, and click Update :



Note

If an attachment has already been added to a record, the box will already be checked. You can just click Update .

Go to the Attachments tab to view a list of all attachments saved in the business data file:



Attachments					
					Search
		Date	Type	Name	Size
Edit	View	10/25/2019	Sales Invoice	Joss-Main.jpg	203739
Edit	View	02/04/2018	Folder	Joss&Main Chdelier.jpg	203739
Edit	View	05/30/2017	Folder	Northwind Project Projections.xlsx	26659
Edit	View	05/30/2017	Folder	ACME Contract.docx	21682
					455,819

Export (4) Batch Delete

Individual attachments are identified by date of attachment and record. They can be edited. **Batch Delete** is also available.



Note

Editing an attachment's name changes its name within the data file, but does not change content of the attachment. Nor does it change the name of the source file anywhere else on the computer or any accessible storage drive.



Caution

Deleting an attachment within the **Attachments** tab deletes it from the specific record where it was attached in the data file. However, if it was attached separately to different records, those attachments will remain.

4.9.2 Organize attachments with folders

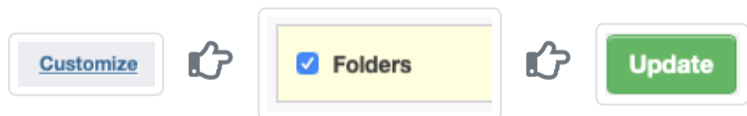
Transactions in Manager can be supported and documented with digital attachments. These can include:

- Word processing documents
- Spreadsheets
- Scanned invoices
- Scanned receipts

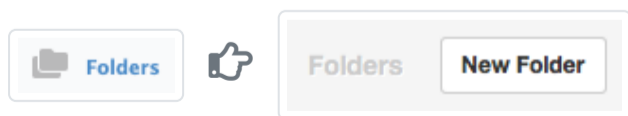
Normally, the attachment is made to the specific transaction to which it relates. But sometimes, attachments do not apply to individual transactions, but to entire projects or accounting periods. In these cases, **organize attachments with folders**.

Create a folder

Below the left navigation pane, click **Customize** . Check the box for the **Folders** tab, then click **Update** :



In the **Folders** tab, click **New Folder** :



Enter a **Description** of the folder's contents. Be sure to click **Create** to save the folder.



Example

Northwind Traders creates a folder for general business documents:

Folder

Description

2017 General Business Documents

The folder is listed in the **Folders** tab:

Folders		New Folder
		Description
Edit	View	2017 General Business Documents

Add an attachment

Click **View** to see contents of a particular folder. The folder will display much like any Manager transaction form. The display has no accounting function, but provides a way to add, list, and delete attachments consistent with other tabs in the program.

Add an attachment to the folder by either of two methods:

- Click **New Attachment** at the bottom of the page. Browse to the file you want to attach and select it according to normal procedures for your operating system.
- Drag and drop the attachment onto the folder form while you are viewing it.

In the illustration below, two files have been included in the folder:

Folder

Edit | Print | PDF | Email

Switch Theme

Folder

NORTHWIND TRADERS

Northwind Traders
1313 Webfoot Walk
Calisota
Bank 234 566788
Phone 333-444-5555

2017 General Business Documents

ACME Contract.docx x
Northwind Project Projections.xlsx x

New Attachment ...

Attachments will be incorporated into the business' data file, not stored separately for independent file management. The attachment will not be deleted from its original location. To view an attachment, click on its name while viewing the folder. To delete an attachment, click after its name. Deleting an attachment from a folder only removes it from the business' accounting database. It does not delete it from wherever else it may be stored.

Include descriptive information

Descriptive information about a folder can be added using [custom fields](#). Usually, you will want to check the boxes to show the custom field both as a column and on printed documents:

Show custom field as a column
 Show custom field on printed documents



Example

Northwind Traders creates a custom field is named *Contents*. Both boxes are checked, and the field type chosen is *Paragraph text*. The *2017 General Business Documents* folder is edited to include basic information about categories of documents within it:

Folder

Description

2017 General Business Documents

Contents (Custom Field)

- * Licenses
- * Insurance certificates
- * Business analyses


The resulting **Folders** tab listing now includes searchable information about the folder:

Folders		New Folder		Search	
		Description	Contents		
		2017 General Business Documents	* Licenses * Insurance certificates * Business analyses		

And the **View** screen for the folder includes the same information:

Folder Edit Print PDF Email Switch Theme ▾

Folder



**NORTHWIND
TRADERS**

Northwind Traders
1313 Webfoot Walk
Calisota
Bank 234 566788
Phone 333-444-5555

2017 General Business Documents

Contents

- * Licenses
- * Insurance certificates
- * Business analyses

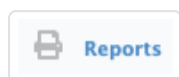
ACME Contract.docx x
Northwind Project Projections.xlsx x

New Attachment ...

4.10 Reports

4.10.1 Create reports

Manager includes many predefined **reports** to summarize, analyze, and present transaction data. Access them in the **Reports** tab in the left navigation pane:



Enabling reports

Many reports are available to users whenever [tabs related to them are enabled](#). By default, when a new business is added in Manager, a few tabs are already enabled, so a few reports common to all businesses can be generated:

Financial Statements
Profit and Loss Statement
Profit and Loss Statement (Actual vs Budget)
Balance Sheet
Cash Flow Statement
Statement of Changes in Equity

As more tabs are enabled, more reports are available. For example, when **Customers** and **Suppliers** tabs are enabled, aging reports and statements can be produced:

Customers
Aged Receivables
Customer Summary
Customer Statements (Unpaid Invoices)
Customer Statements (Transactions)
Suppliers
Aged Payables
Supplier Summary
Supplier Statements (Unpaid Invoices)
Supplier Statements (Transactions)

Reports are available related to tax codes, fixed assets, inventory, expense claims, capital accounts, and other aspects of accounting.

Some reports pertain only to certain business locations. These are enabled by importing localizations for a specific location following instructions in [this Guide](#).

Creating reports

Begin creating a new report by clicking on the report's name under the **Reports** tab. Then, in most cases, click **New Report**. (One exception is **Custom Reports**, which is not covered by this Guide.) Depending on which report is being created, various fields will appear. Some have default content, shown in grey. This content can be overwritten to customize a report. Other fields, such as dates, may be required. Some reports offer options for adding explanatory information, showing account codes, or excluding zero balances. For example, a new Cash Account Summary entry screen is shown below:

Cash Account Summary

Cash account

From **To**

Show account codes

Exclude zero balances

For some reports, comparative columns can be added. These can be useful for comparing current performance with past accounting periods. Note that, on some reports, columns can be named. Their order can be adjusted by dragging the double-arrow symbols at the left up or down. The top-listed column will appear at the left on the report in **bold type**. Other comparative columns will appear to the right of that column. For example:

Balance Sheet

Title

Description

Date	Column name
<input type="text" value="06/30/2016"/> <input type="text" value="Jun 2016"/>	<input type="text" value="Jun 2016"/>
<input type="text" value="05/31/2016"/> <input type="text" value="May 2016"/>	<input type="text" value="May 2016"/>
<input type="text" value="04/30/2016"/> <input type="text" value="Apr 2016"/>	<input type="text" value="Apr 2016"/>

Accounting method

Rounding

Layout

Groups to collapse

Footer

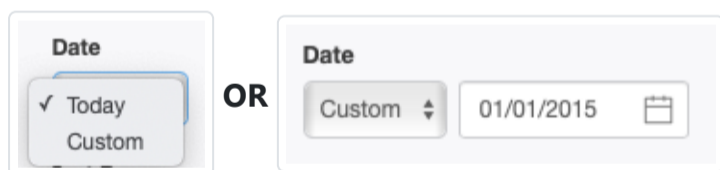
Show account codes

Exclude zero balances

produces the following Balance Sheet:

Northwind Traders			
Balance Sheet			
As at 06/30/2016			
Cash basis			
	Jun 2016	May 2016	Apr 2016
Assets			
Accounts receivable	(2,883.82)	(7,457.05)	(7,457.05)
Cash at bank	527,105.99	500,437.30	504,983.73
Fixed assets, accumulated depreciation	(1,303.91)	(1,303.91)	(1,303.91)
Intangible assets, accumulated amortization	(1.51)	(1.51)	(1.51)
Intangible assets, at cost	1,000.10	1,000.10	1,000.10
Inventory on hand	324,738.09	335,593.37	315,628.82
Fixed assets, at cost	3,775.00	3,775.00	3,775.00
Total — Assets	852,429.94	832,043.30	816,625.18
Total assets	852,429.94	832,043.30	816,625.18
Liabilities			
Employee advances	(275.00)	(275.00)	(275.00)
Tax payable	(1,088.51)	2.40	2.40
Total — Liabilities	(1,363.51)	(272.60)	(272.60)
Equity			
Capital accounts			
Capital reserve	13,000.00	1,000.00	1,000.00
Retained earnings	840,793.45	831,315.90	815,897.78
Total — Equity	853,793.45	832,315.90	816,897.78
Total liabilities & equity	852,429.94	832,043.30	816,625.18

Occasionally, an option exists to set the end or as-of date as *Today*. When that choice is selected, the report will always be up to date when viewed. A custom date can also be entered:




Reports that are simple lists can be copied for further manipulation in a spreadsheet by clicking Copy to clipboard at the top of the screen:



Saving and editing reports

Most reports can be saved. ([Customer](#) and [Supplier](#) Statements cannot, because they change according to the as-of date or period specified.) Every report that can be is automatically saved when Create is clicked. Frequently used reports are then readily available without creating new ones. In fact, it may be convenient to define common reports for a full accounting period (such as through the end of a year). A report defined that way will be accurate through the current date whenever viewed, until the end of the accounting period. Of course, the displayed end date may be wrong.

Saved reports can be edited after clicking the Edit button to the left of a report in the list:

Profit and Loss Statement		New Report			
	From	To	Accounting method	Description	
 <input type="button" value="Edit"/> <input type="button" value="View"/>	1/1/2014	12/31/2014	Accrual basis	2014 Profit and Loss Statement	
<input type="button" value="Edit"/> <input type="button" value="View"/>	1/1/2015	12/31/2015	Accrual basis	2015 Profit and Loss Statement	
<input type="button" value="Edit"/> <input type="button" value="View"/>	1/1/2016	12/31/2016	Accrual basis	2016 Profit and Loss Statement	

Click after editing to save the revised report. Saved reports can also be deleted when no longer needed by clicking at the bottom of the edit screen.



Note

Manager does not save reports as documents or files. It stores definitions of reports, including necessary dates, titles, column headings, etc. When a saved report is viewed, Manager actually creates it in real time from the stored definition. Therefore, a deleted report can always be recreated, because Manager never deletes the underlying transactions, only the information needed for a particular display. And if report formats are improved as Manager is updated, all saved reports will automatically be updated, too.

Cloning reports

Definitions of reports can be cloned. This capability is useful when nearly identical reports must be produced, especially when they are complex. For example, Profit and Loss Statements might be generated under both accrual and cash basis accounting.

To clone a report, click beside it in its listing. Click at the top of the report window:



Modify the clone as desired and click .

4.10.2 Collapse account groups in financial reports

You can **collapse account groups** to simplify a Profit and Loss Statement or Balance Sheet report. This capability might be useful on Profit and Loss Statements when detailed separation of income and expenses into separate accounts is desired at the data entry phase, but consolidated reporting is sufficient for other purposes. It might be helpful on a Balance Sheet when various asset or liability accounts can be grouped for review purposes.

When an account group is collapsed, only the group name and combined balance are displayed on the financial report. Individual accounts and balances within the group do not show. To collapse a group, go to the screen for the report and click inside the field below

Groups to collapse:

Groups to collapse

A dropdown list of groups eligible for collapse on the financial report will appear. Click on the one you want to collapse. Repeat the process if you want to collapse additional groups.



Example

Northwind Traders has designed its Profit and Loss Statement with several groups, including *Other Income* and *Other Expenses*:

Other Income	
Interest received	-
Late payment fees	-
Total – Other Income	0.00
Less: Other Expenses	
Donations	1,217.34
Entertainment	1,379.64
Fixed assets - depreciation	-
Fixed assets - loss on disposal	-
Intangible assets - amortization	-
Intangible assets - loss on disposal	-
Rounding expense	0.45
Total – Other Expenses	2,597.43

But Northwind does not need to display all these accounts in its quarterly management review package. So it selects the *Other Income* group for collapse:

Groups to Collase

Cost of Goods Sold
Operating Expenses
Other Expenses
Other Income
Revenue

and then the *Other Expenses* group:

Groups to Collase

✕ Other Income
Cost of Goods Sold
Operating Expenses
Other Expenses
Revenue

The resulting Profit and Loss Statement looks like this:

Other Income	0.00
Other Expenses	2,597.43

To expand a group that was previously collapsed, select for the financial report and click the **X** in front of the group's name in the **Groups to collapse** field.

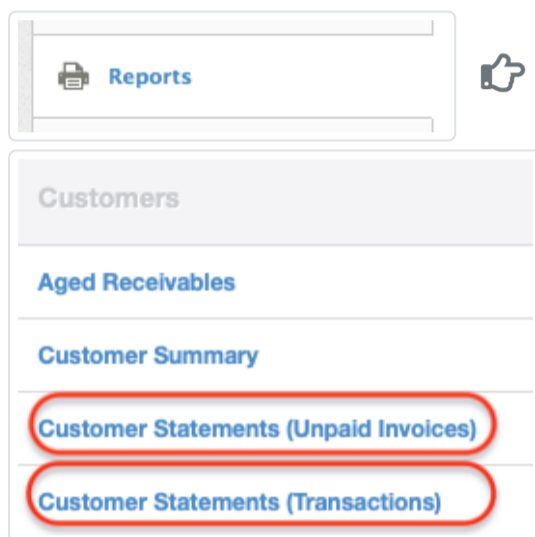
4.10.3 Issue customer statements

A **customer statement** summarizes the position of your customer. By itself, it does not create any obligation for the customer to pay you. That is the purpose of sales invoices. In fact, a customer statement has no direct financial impact on anything. Although some businesses use customer statements for billing, they are really more informational in nature. They can be used for several reasons, including:

- Sending reminders of amounts owed
- Listing opening balances, receipts, new charges, and closing balances during a billing period
- Summarizing aging of *Accounts receivable* (how long overdue payments might be)
- Answering customers' questions
- Troubleshooting account disputes
- Reviewing customer history

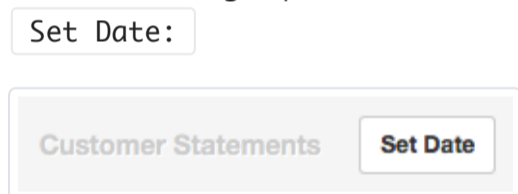
Creating customer statements

Customer statements are created in the **Reports** tab under **Accounts receivable**. The reports in this group become available automatically when you **activate the Customers** tab. Manager can generate two types of customer statements. Click on the type you want:



Unpaid invoices statements

The *Unpaid invoices* option produces a classical customer statement based on sales invoices that have not been completely paid. When selected, it brings up a list of all customers with unpaid invoices as of the date last set. To change the date or choose a theme, click



Enter the desired **Date**. Choices include *Today* or *Custom*, which adds a field where any date may be entered. Choose a **Theme** from the dropdown list and click **Update** :


The form has three sections: 'From' with a date field set to 11/01/2015 and a calendar icon; 'To' with a dropdown menu set to 'Custom' and a date field set to 01/31/2018 with a calendar icon; and 'Theme' with a dropdown menu set to 'Plain'.

The resulting list shows numbers of unpaid invoices and *Accounts receivable* balances:

Customer Statements		Set Date	Search	Search
👁	Date	Customer	Unpaid invoices	Total
View	01/31/2018	Alfreds Futterkiste	6	7,561.01
View	01/31/2018	Ana Trujillo Emparedados y helados	1	1,120.50

Click **View** to see a specific customer's statement, which can be printed or emailed:

Statement



**NORTHWIND
TRADERS**

Ana Trujillo Emparedados y helados
 Avda. de la Constitución 2222
 México D.F. NULL 05021
 Mexico
 TIN 123 456 78

Date
01/31/2018

Northwind Traders
 1313 Webfoot Walk
 Calisota

Date	Invoice	Description	Invoice total	Overdue	Balance due
07/01/2016	2803	Invoice 2803	1,120.50	565 days	1,120.50
Current					0.00
1-30 days overdue					0.00
31-60 days overdue					0.00
61-90 days overdue					0.00
90+ days overdue					1,120.50
Total					1,120.50

Transactions statements

The *Transactions* option provides the opportunity to specify both **From** and **To** dates and show individual transactions. When selected, it brings up a list of all customers with past transactions. By default, Manager shows all transactions from your start date to the current date. To modify those dates or select a theme, click **Set Period** at the top of the list:

Customer Statements **Set Period**

	From	To	Customer	Transactions	Balance
<input type="button" value="View"/>	01/01/2013	01/31/2018	Alfreds Futterkiste	82	7,561.01
<input type="button" value="View"/>	01/01/2013	01/31/2018	Ana Trujillo Emparedados y helados	76	1,120.50

Modify dates or choose a theme from the dropdown list and click **Update**. The date range and theme apply to all customers:


From

To

Theme

Click **View** to see the desired customer's debits, credits, and running balance over the specified period:

Statement



**NORTHWIND
TRADERS**

From
11/01/2015

To
01/31/2018

Northwind Traders
1313 Webfoot Walk
Calisota

Ana Trujillo Emparedados y helados
Avda. de la Constitución 2222
México D.F. 05021
Mexico
TIN 123 456 78

Date	Description	Debit	Credit	Balance
11/01/2015	Opening balance			2,748.43 Dr
11/20/2015	Bank Receipt		2,748.43	0.00
02/18/2016	Invoice 2603	2,493.50		2,493.50 Dr
02/23/2016	Bank Receipt		2,493.50	0.00
03/25/2016	Invoice 2654	2,083.65		2,083.65 Dr
04/05/2016	Bank Receipt		2,083.65	0.00
07/01/2016	Invoice 2803	1,120.50		1,120.50 Dr
Opening balance				2,748.43 Dr
Total debits				5,697.65 Dr
Total credits				7,325.58 Cr
Closing balance				1,120.50 Dr

This format lists transactions as debits or credits according to their impact on the balance of your *Accounts receivable*, **not** the balance of your bank or cash account. Thus, invoices are shown as debits and receipts as credits.



Note

Customer statements do not include any sales made as cash transactions (without sales invoices), because these are not processed through the *Accounts receivable* account and therefore do not involve the customer's subsidiary ledger.

4.10.4 Issue supplier statements

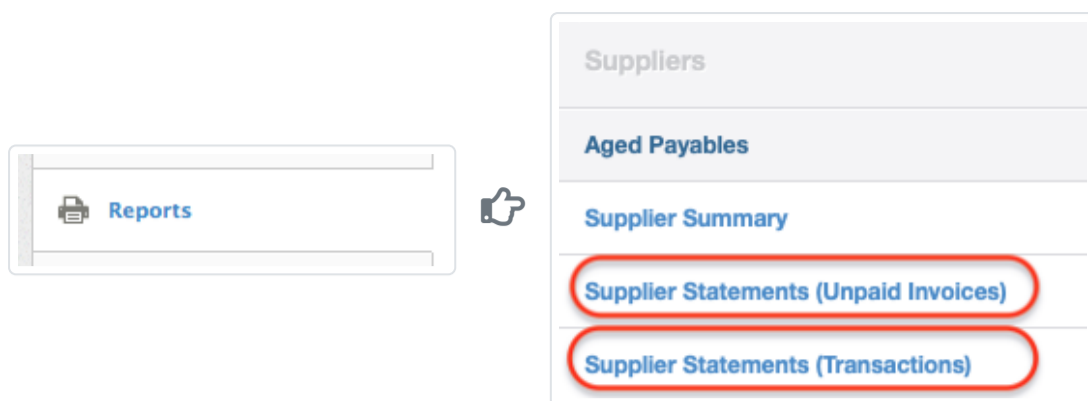
A **supplier statement** summarizes your position with a specific supplier. By itself, it does not record any obligation for you to pay the supplier. That is the purpose of purchase invoices. In fact, a supplier statement has no direct financial impact on anything. Supplier statements are informational in nature. They can be used for several reasons, including:

- Listing opening balances, payments, new purchases, and closing balances during a billing period
- Summarizing aging of *Accounts payable* (how long overdue payments might be)
- Sending inquiries to suppliers
- Troubleshooting account disputes
- Reviewing supplier history

Supplier statements are rarely sent to suppliers, but are often used internally.

Creating supplier statements

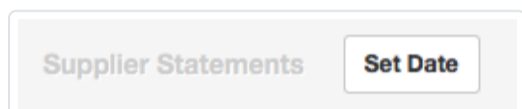
Supplier statements are created in the **Reports** tab under **Accounts payable**. The reports in this group become available automatically when you activate the **Suppliers** tab. Manager can generate two types of supplier statements. Click on the type you want:



Unpaid invoices statements

The *Unpaid invoices* option produces a classical supplier statement based on purchase invoices you have not yet completely paid. When selected, it brings up a list of all suppliers with unpaid invoices as of the date last set. To change the date or select a theme, click

Set Date :



Enter the desired **Date**. Choices include *Today* or *Custom*, which adds a field where any date may be entered. Choose a **Theme** from the dropdown list and click Update :


The form has two sections. The 'Date' section has a dropdown menu set to 'Custom', a text input field containing '05/01/2016', and a calendar icon. The 'Theme' section has a dropdown menu set to 'Plain'.

The resulting list shows numbers of unpaid invoices and *Accounts payable* balances:

Supplier Statements		Set Date	Search	Search
View	Date	Supplier	Unpaid invoices	Total
View	01/31/2018	Aux joyeux ecclésiastiques	1	4,112.71
View	01/31/2018	Bigfoot Breweries	2	1,007.88

Click View to see a supplier's statement, which can be printed or emailed:

Statement



**NORTHWIND
TRADERS**

Date | **Northwind Traders**
01/31/2018 | 1313 Webfoot Walk
Calisota

Bigfoot Breweries
3400 8th Avenue
Suite 210
Bend OR 97101
USA

Date	Invoice	Description	Invoice total	Overdue	Balance due
11/21/2017	42656	Collection fee	1,000.00	71 days	1,000.00
01/01/2018	3916	Frozen food purchase	7.88	30 days	7.88
Current					0.00
1-30 days overdue					7.88
31-60 days overdue					0.00
61-90 days overdue					1,000.00
90+ days overdue					0.00
Total					1,007.88

Transactions statements

The *Transactions* option provides the opportunity to specify both **From** and **To** dates and show individual transactions. When selected, it brings up a list of all suppliers with past transactions. By default, Manager shows all transactions from your start date to the current date. To modify those dates or select a theme, click **Set Period** at the top of the list:

Supplier Statements **Set Period** Search Search

	From	To	Supplier	Transactions	Balance
View	01/01/2013	01/31/2018	Aux joyeux ecclésiastiques	268	4,112.71
View	01/01/2013	01/31/2018	Bigfoot Breweries	161	1,007.88


Modify dates or choose a theme from the dropdown list and click **Update**. The date range and theme apply to all suppliers:

From
05/01/2016

To
Custom 01/31/2018

Theme
Plain

Click **View** to see a supplier's debits, credits, and running balance over the specified period:

Statement		 NORTHWIND TRADERS		
Bigfoot Breweries 3400 8th Avenue Suite 210 Bend OR 97101 USA		From 05/01/2016	Northwind Traders 1313 Webfoot Walk Calisota	
		To 01/31/2018		
Date	Description	Debit	Credit	Balance
05/12/2016	Invoice 26419		663.54	663.54 Cr
05/16/2016	Bank Payment	663.54		0.00
05/31/2016	Invoice 26796		612.24	612.24 Cr
06/06/2016	Bank Payment	612.24		0.00
11/21/2017	Invoice 42656 — Collection fee		1,000.00	1,000.00 Cr
01/01/2018	Invoice 3916 — Frozen food purchase		7.88	1,007.88 Cr
			Total debits	1,275.78 Dr
			Total credits	2,283.66 Cr
			Closing balance	1,007.88 Cr

This format lists transactions as debits or credits according to their impact on the balance of your *Accounts payable*, **not** the balance of your bank or cash account. Thus, suppliers' invoices (corresponding to expenses) are shown as credits and payments as debits.



Note

Supplier statements do not include any purchases made as cash transactions (without purchase invoices), because these are not processed through the *Accounts payable* account and therefore do not involve the supplier's subsidiary ledger.

4.10.5 Create sales invoice reports

Sales invoice reports can help you analyze sales performance of your business. Three sales invoice reports are available:

- Sales Invoice Totals by Customer
- Sales Invoice Totals by Item
- Sales Invoice Totals by Custom Field

Enable the **Sales Invoices** tab and create a report

These reports automatically become available when the **Sales Invoices** tab is enabled. Below the left navigation pane, click **Customize**, then check the **Sales Invoices** box:



Click **Update** to enable the tab. The three reports will be added under the **Reports** tab:

Sales Invoices
Sales Invoice Totals by Customer
Sales Invoice Totals by Item
Sales Invoice Totals by Custom Field

Click on a report title, then [New Report](#). Follow the general procedures for creating any report in Manager, as discussed in [another Guide](#). Specific information about the sales invoice reports is given below.



Caution

These reports only include information from sales invoices. They do not report **cash sales**. So the figures they present may not match total balances in sales revenue accounts for the period. If you want these reports to be comprehensive, all sales must be recorded on sales invoices.

Sales Invoice Totals by Customer

This report reveals which customers generated the most sales for a specific period of time. The report supports comparative columns so you can compare multiple periods side by side (e. g., years, quarters, months, weeks). The list is sorted in descending order of sales in the primary column. All figures are clickable to view sales invoices contributing to them.



Example

Northwind Traders prepares a report comparing sales results for a three-year period:

Sales Invoice Totals by Customer				
	Edit	Print	PDF	Email
Northwind				
Sales Invoice Totals by Customer				
For the period from 01/01/2017 to 31/12/2017				
	2017	2016	2015	
Furia Bacalhau e Frutos do Mar	27,288.10	11,031.33	13,262.80	
Centro comercial Moctezuma	19,363.00	6,138.00	4,725.60	
Magazzini Alimentari Riuniti	17,044.40	5,267.55	3,064.82	
Bólido Comidas preparadas	14,719.80	2,946.60	5,417.39	
La maison d'Asie	11,776.75	3,662.25	6,961.27	
Cactus Comidas para llevar	10,638.79	16,570.96	7,978.45	
Ana Trujillo Emparedados y helados	10,607.50	10,907.00	6,229.50	
White Clover Markets	10,241.17	18,314.23	9,897.75	
Piccolo und mehr	10,104.67	2,098.10	12,900.03	
Vaffeljernet	9,651.85	10,314.20	8,353.50	
Queen Cozinha	9,640.73	4,316.00	4,897.59	
Rattlesnake Canyon Grocery	9,440.71	3,582.80	3,890.95	
Lazy K Kountry Store	9,046.39	4,883.15	3,365.70	
Franchi S.p.A.	7,071.70	5,217.61	5,610.05	

Sales Invoice Totals by Item

Similar to the previous report, this report shows totals for items sold during a specific period of time. The report includes both [inventory items](#) and [non-inventory items](#). It also supports comparative periods and is sorted in descending order of sales in the primary column. Again, all figures are clickable.



Example

Northwind prepares a report for the same three-year period to analyze sales results by item:

Sales Invoice Totals by Item				
	Edit	Print	PDF	Email
Northwind				
Sales Invoice Totals by Item				
For the period from 01/01/2017 to 31/12/2017				
	FY 2017	FY 2016	FY 2015	
Côte de Blaye	76,942.00	108,035.00	97,231.50	
Mishi Kobe Niku	23,474.00	32,592.00	53,641.00	
Sir Rodney's Marmalade	15,876.00	35,073.00	28,917.00	
Thüringer Rostbratwurst	15,845.12	32,185.40	24,386.63	
Tarte au sucre	12,965.90	10,353.00	17,156.40	
Raclette Courdavault	12,375.00	14,190.00	20,845.00	
Schoggi Schokolade	10,843.30	9,570.20	11,414.00	
Manjimup Dried Apples	10,441.00	25,175.00	15,847.00	
Queso Manchego La Pastora	10,146.00	8,930.00	13,946.00	
Alice Mutton	9,633.00	11,466.00	11,427.00	
Vegie-spread	8,077.60	10,799.40	15,408.90	
Rössle Sauerkraut	7,934.40	13,725.60	20,520.00	
Gudbrandsdalsost	7,920.00	10,296.00	7,308.00	
Ipoh Coffee	7,820.00	11,454.00	8,464.00	
Perth Pasties	7,773.60	7,970.40	8,200.00	
Uddes Dale's Organic Dried Peas	7,380.00	8,550.00	8,070.00	

Sales Invoice Totals by Custom Field

The final sales invoice report offers great flexibility to fit your business needs by leveraging custom fields for sales invoice analysis. The key is to first define and populate [custom fields](#) that support your sales analysis goals. The report can incorporate sales invoice totals based on the following types of custom fields, all of which will appear on sales invoices:

- Sales invoice
- Sales invoice line item
- Customer
- Inventory item
- Non-inventory item

As with the other two reports described above, comparative columns can be set up, results are sorted in descending order of sales in the primary column, and all figures are clickable.



Example

Northwind has sales associates who earn commission on generated sales each month. So it needs a report giving sales invoice totals by sales associate to calculate their commissions.

It creates a custom field for sales invoices called **Sales associate**, and every time it creates an invoice, it selects the sales associate who closed the sale.

It creates a new report, specifying three monthly time frames and selecting the **Sales associate** custom field:

Name

Custom Field

From	To	Column name
08/01/2017	08/31/2017	August 2017
07/01/2017	07/31/2017	July 2017
06/01/2017	06/30/2017	June 2017

The report will show sales invoice totals by sales associate (not by customer or item as with the previous reports):

Sales Invoice Totals by Custom Field

Northwind

Invoice totals by sales associate

For the period from 01/08/2017 to 31/08/2017

	August 2017	July 2017	June 2017
Mary	2,599.00	365.50	456.00
Robert	443.00	718.29	801.20
John	307.30	178.80	1,055.75
	3,349.30	1,262.59	2,312.95

You can accomplish more with this report. For example, if you have thousands of customers, it may not be very useful to see invoice totals by customer because the report would be so long. Perhaps it would be more useful to see invoice totals by country. Likewise, if your inventory is large, it might be helpful to create custom fields for inventory items (e. g., group, material, type, brand, etc.) and view totals by those custom fields.



Examples

Northwind adds a custom field, **Country**, to its customer definitions. Now, it can generate reports by country:

Sales Invoice Totals by Custom Field Edit Print PDF Email

Northwind
Invoice totals by country
For the period from 01/08/2017 to 31/08/2017

	August 2017	July 2017	June 2017
Australia	2,440.00	2,854.50	3,634.40
United Kingdom	2,402.00	-	575.00
United States	1,778.91	2,504.50	4,981.00
France	944.50	1,214.45	2,121.00
	7,565.41	6,573.45	11,311.40

It also defines a custom field, **Brand**, for inventory items and limits choices to a few popular brands. Now it can see how those brands perform relative to one another:

Sales Invoice Totals by Custom Field Edit Print PDF Email

Northwind
Invoice totals by brand
For the period from 01/08/2017 to 31/08/2017

	Aug 2017	Jul 2017	Jun 2017
LG	2,320.50	70.00	1,777.50
Electrolux	1,837.50	2,962.50	962.50
Dyson	1,189.40	378.20	717.60
Samsung	646.00	3,121.00	3,356.00
Breville	-	1,008.00	-
	5,993.40	7,539.70	6,813.60



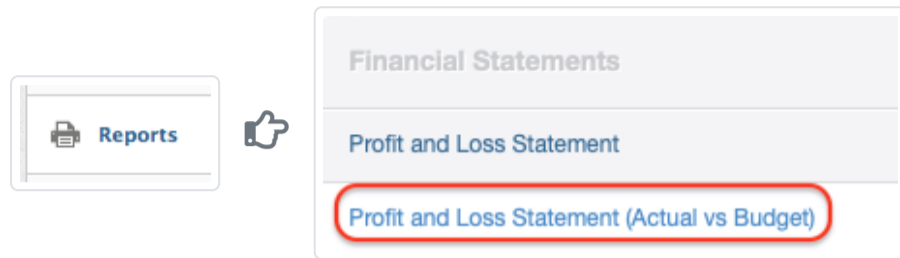
Note

Custom field content is not mandatory. Sales invoices that do not contain anything in the custom field selected will be left out of the report. So, if Northwind sells other brands of appliances, but only wants to track the five in the example above, it can do so. Results for items with different brands will be available in other reports.

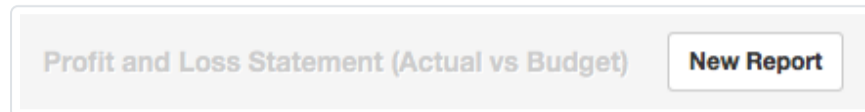
4.10.6 Create a budget

A **budget** is an estimate or plan of income and expenses for a set period of time that can be compared to actual figures from the Profit & Loss Statement.

Manager includes a simple budgeting capability under the **Reports** tab. Click on **Profit and Loss Statement (Actual vs Budget)** :

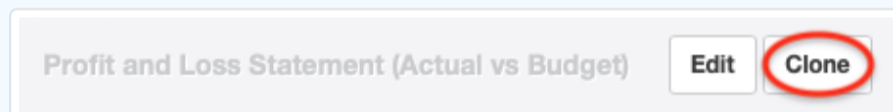


Then click **New Report** to start the process:



Note

New budgets can also be started by cloning existing budgets:



Fill in the form:

Profit and Loss Statement (Actual vs Budget)

Title

From **To**

Accounting method

Division

Account **Amount**

Footer

Exclude zero balances

Round decimals

- **Title** can be anything that will help identify the budget when it is viewed in a list. This title will also appear on the completed report.
- **From** is the first day of the budget period. By default, the current date will appear. Edit as necessary.
- **To** is the final day of the budget period. By default, the current date will also appear in this field. Edit as necessary.
- **Accounting method** lets you choose whether the budget is on the accrual or cash basis.
- **Division** allows you to create a budget for a division. This field does not appear unless you have defined at least one division.
- **Account** fields offer all accounts from the Profit and Loss Statement side of your chart of accounts. (Budgets cannot be created for Balance Sheet accounts, because those are perpetual.)
- **Amount** is the expected income or expense during the budget period for the individual account.



Note

Enter income as positive numbers, **expenses as negative numbers.**

- Click to add more accounts. Only those accounts with expected income or expenses need to be included in the budget.
- **Footer** provides space for notes or comments about the budget.
- **Exclude zero balances** allows you to eliminate accounts with no budgets or that have not yet accumulated income or expenses.
- **Round decimals** reduces displayed figures to the nearest whole unit of your base currency.

Click to store the budget. You can create as many budgets for as many different time periods as you want. A budget from one time period can be cloned as a starting point for building a budget for another time period.



Example

The business, Northwind, creates a budget for the month of May 2021. Although it uses divisions, this budget is for the entire company:

Title

From **To**

Accounting method

Division

Account	Amount
Inventory - sales	50000
Inventory - cost	-30000
Accounting fees	-1000
Advertising and promotion	-1000
Bank charges	-1000
Computer equipment	-1000
Donations	-1000
Electricity	-1000
Entertainment	-1000
Legal fees	-1000
Motor vehicle expenses	-1000
Printing and stationery	-1000
Rent	-1000
Repairs and maintenance	-1000
Repairs and maintenance	-1000
Telephone	-1000
	6000

Northwind can view the budget to see a comparison between actual and budgeted figures for the defined time period.

After excluding zero balances and rounding decimals, the report looks like this:

Northwind Traders				
May 2021 Budget				
For the period from 05/01/2021 to 05/31/2021				
	Actual	Budget	Percentage	Remaining
Revenue				
Sales	10,000	-	-	(10,000)
Inventory - sales	15	50,000	-	49,985
Total — Revenue	10,015	50,000		
Less: Cost of Goods Sold				
Inventory - cost	8	30,000	-	29,992
Gross Profit (Loss)	10,007	20,000		
Less: Operating Expenses				
Accounting fees	-	1,000	-	1,000
Advertising and promotion	1,000	1,000	100%	-
Bank charges	-	1,000	-	1,000
Computer equipment	-	1,000	-	1,000
Electricity	-	1,000	-	1,000
Legal fees	-	1,000	-	1,000
Motor vehicle expenses	50	1,000	5%	950
Printing and stationery	5,000	1,000	500%	(4,000)
Rent	-	1,000	-	1,000
Repairs and maintenance	-	2,000	-	2,000
Telephone	-	1,000	-	1,000
Other Expenses				
Donations	-	1,000	-	1,000
Entertainment	-	1,000	-	1,000
Total — Other Expenses	-	2,000		
Total — Operating Expenses	6,050	14,000		
Operating Profit (Loss)	3,957	6,000		



Note

When creating a budget, only accounts already in your chart of accounts can be included. So [build your chart of accounts](#) first, then create your budget, which will appear in the same basic format.

Accounts will be included in the Profit & Loss Statement (Actual vs. Budget) if you enter a budget figure or there is an actual income or expense transaction during the budget period. Only if both are true will **Percentage** figures be calculated.

4.10.7 Generate income and expense forecasts



Warning

Manager's forecast capability is not fully implemented. Some selections are allowed that have no effect. Others can produce unexpected results. Nevertheless, when used properly, the capability will produce accurate and useful results. Pay close attention to Notes and Warnings in this Guide.

Forecasts allow you to predict income and expenses, and therefore profitability, based on assumptions about rates of growth or decline in business results. Forecasts are different from budgets, described in [this Guide](#). Budgets are plans for specific time periods, which often take into account assumptions about growth and are then compared to actual results. But forecasts project results, potentially for many time periods, based on a fixed set of assumptions. They can, in fact, be converted into budgets, as described below.

Forecasts require you to take steps in multiple tabs:

- The **Settings** tab, where you define your forecast assumptions and content, and
- The **Reports** tab, where you define specific forecast reports for desired time periods.

Define forecast assumptions and content

To use forecasts in your business, first go to the **Settings** tab. Click on **Forecasts** :



Define your forecast assumptions:

Forecast

Date **Repeat**

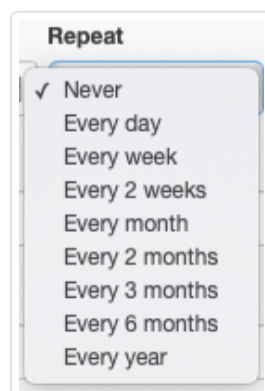
4/20/2022 Never

Description

Account **Amount**

Suspense

- **Date** will be prepopulated with the current date, but this may be edited. The date is the starting point in time for forecasts, that is, the date from which growth or decline will be calculated.
- **Repeat** defines the calculation interval for increases or decreases in income and expenses:



- A **Growth** field appears after an interval is selected:

A screenshot of a 'Growth' input field. It features a plus sign on the left, a text box containing the number '0', and a percent sign on the right.

If you wish to forecast increases in income and expenses, enter a positive number. Negative numbers will forecast decreases.

- **Description** allows you to characterize the forecast for later identification.
- **Account** and **Amount** fields are the starting points for forecasts. These could be prior accounting period results or new estimates. Only those accounts you enter will be included in forecasts, regardless of your existing chart of accounts, so you may wish to include only those accounts likely to be significant. Use the **Add Line** button to add additional accounts. **Be sure to enter expenses as negative amounts.**

Click **Create** to save your forecast assumptions.



Notes

Manager will allow you to select balance sheet accounts when defining forecast settings. However, these accounts will not appear in a forecast, because the Forecast Profit & Loss Statement report does not include the balance sheet. However, there is no harm from including balance sheet accounts when defining forecast settings. These may prove useful to you when balance sheet capability is added to the overall forecast capability in the future.

Be careful to match intervals, growth percentages, and amounts to the reports you will eventually generate. For example, if you will be forecasting monthly results, enter monthly assumptions.



Warning

Manager allows you to create multiple forecast definitions on the **Forecasts** page under **Settings**. When you do so, however, **all** settings will be applied separately to forecasts generated in the **Reports** tab. In other words, definitions will be cumulative. You cannot choose which forecast settings to apply to any given report.

This characteristic can actually be useful, however. You can use it to assign differing growth assumptions to various accounts. For example, you could define settings for income accounts with a 5% annual growth rate and settings for expense accounts with only 2% annual growth.



Example

Brilliant Industries wants to explore future profitability for the second calendar quarter under the assumptions of 5% growth in monthly revenue, but only 2% growth in monthly expenses. It defines two sets of assumptions, one for income and another for expenses:

Forecast

Date 4/1/2022 **Repeat** Every month **Growth** + 5 %

Description
5% monthly income growth

Account	Amount
Inventory - sales	30000

Add line

Inactive

Forecast

Date 4/1/2022 **Repeat** Every month **Growth** + 2 %

Description
2% monthly expense growth

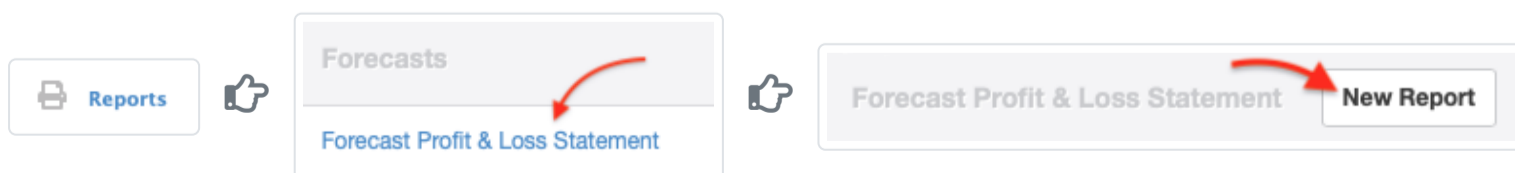
Account	Amount
Accounting fees	-1500
Bank charges	-325
Electricity	-650
Equipment	-1775
Inventory - cost	-6500
Repairs and maintenance	-250
Wages & salaries	-3800
	-14800

Add line

Inactive

Define forecast reports

Once your forecast settings are in place, go to the **Reports** tab and click on **Forecast Profit & Loss Statement**, **New Report** :





Note

The report does not appear in the **Reports** tab until at least one set of forecast assumptions is defined in the **Settings** tab.

Define the report:

Forecast Profit & Loss Statement

Title

Description

From	To	Column name
↑ ↓ <input type="text" value="4/20/2022"/> <input type="text" value="4/20/2022"/>	<input type="text" value="Optional"/>	
<input type="button" value="Add comparative column"/> ▼		

Footer

Show account codes
 Exclude zero balances

- **Title** can be any distinguishing phrase that will identify the forecast for future reference. It will appear on the completed forecast.
- **Description** will appear only in the **Forecasts** listing in the **Reports** tab. Here, you might include brief annotations of the assumptions used to avoid having to open the report.
- **From** and **To** define the date range of a column on the report.
- **Column name** is optional, but useful when comparative forecast periods are included. If left blank, the end date of the period will be used as the column name.
- **Footer** lets you add notes to the report.
- **Show account codes**, if checked, will add any account codes in your chart of accounts to accounts included on the report.
- **Exclude zero balances** eliminates blank content when less detailed forecasts are created.



Example

Brilliant Industries defines a Forecast Profit & Loss Statement including each month in the second quarter:

Forecast Profit & Loss Statement

Title

Description

	From		To		Column name	
↑↓	4/1/2022	📅	4/30/2022	📅	April	✕
↑↓	5/1/2022	📅	5/31/2022	📅	May	✕
↑↓	6/1/2022	📅	6/30/2022	📅	June	✕

▾

Footer

Show account codes

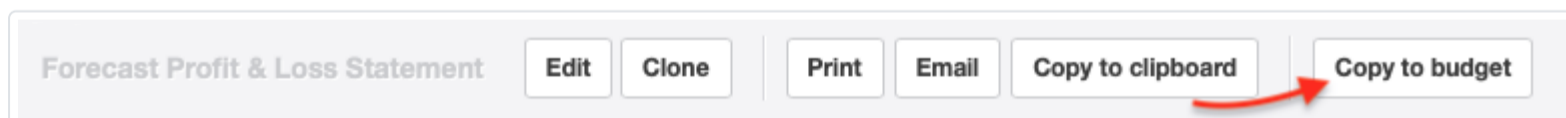
Exclude zero balances

The following report is produced:

Brilliant Industries			
2nd Quarter Forecast			
For the period from 04/01/2022 to 04/30/2022			
	April	May	June
Operating income			
Inventory - sales	30,000.00	31,500.00	33,075.00
Less: Cost of goods sold			
Inventory - cost	6,500.00	6,630.00	6,762.60
Gross operating profit (loss)	23,500.00	24,870.00	26,312.40
Less: Operating expenses			
Accounting fees	1,500.00	1,530.00	1,560.60
Bank charges	325.00	331.50	338.13
Electricity	650.00	663.00	676.26
Equipment	1,775.00	1,810.50	1,846.71
Repairs and maintenance	250.00	255.00	260.10
Wages & salaries	3,800.00	3,876.00	3,953.52
Total – Operating expenses	8,300.00	8,466.00	8,635.32
Net operating profit (loss)	15,200.00	16,404.00	17,677.08
Net profit (loss)	15,200.00	16,404.00	17,677.08

Converting a forecast to a budget

Forecasts can be converted to budgets. While viewing a forecast, click on **Copy to budget** :



The **Edit** screen for a new Profit and Loss Statement (Actual vs Budget) will appear. If your forecast was simplified, other accounts and their budgeted balances can be added at this point.

Click **Create** to save the budget.



Example

Brilliant Industries is satisfied with the its second quarter forecasts. It creates a budget:

Profit and Loss Statement (Actual vs Budget)

Title

From **To**

Accounting method

Division

Account	Amount
Inventory - sales	30000
Inventory - cost	-6500
Accounting fees	-1500
Bank charges	-325
Electricity	-650
Equipment	-1775
Repairs and maintenance	-250
Wages & salaries	-3800
	15200



Note

When multiple columns are included in a forecast, only the first column is included in a budget generated from it. That is because the Profit and Loss Statement (Actual vs Budget) can only track performance against a single budget.

4.10.8 Prepare a quick profit and loss statement

Imagine you are applying for a loan to expand your business and your bank has requested a profit and loss statement (P&L). Or your accountant wants to lodge your tax returns and is in need of your P&L.

First of all, what is it? A P&L is one of the main financial statements for a well managed business. It summarizes the income and expenses incurred during a specific period of time, usually a fiscal quarter or year. Without one, you look unworthy to a bank. And it will be more difficult (and expensive) for an accountant to prepare tax filings. As you make a transition to more professional business operations, Manager can help improve the impression you make on the outside world.

In Manager, there is a way to generate a quick P&L without having to enter all the transactions that would back it up. This assumes you already know the income and expense figures for the desired period, perhaps from earlier, simplistic record-keeping in a spreadsheet.

Create a business

On the page, click the button, then select *Create New Business*. Enter your business name and click the button:

Create New Business

Business Name

Add Business **Cancel**

Your business should be successfully created with a default structure for your chart of accounts:

× **Northwind** Rename
Backup

- Summary**
- Journal Entries** 0
- Reports**
- Settings**
- Customize**

Summary Set Period

Balance Sheet
As at 15/03/2017

Assets	0.00
Less Liabilities	0.00

Profit and Loss Statement
For the period from 15/03/2017 to 15/03/2017

Income	0.00
Interest received	-
Sales	-
Less Expenses	0.00

Normally at this point, you would click on **Customize** to add new functional tabs. But if all you want is to generate a P&L statement and you know the figures, you don't have to enable any additional tabs, as you have all you need.

You may, however, need to edit or add income or expense accounts to the chart of accounts. If so, read [another Guide](#) for instructions. For purposes of illustration, the rest of this Guide assumes the default accounts are adequate.

Record a journal entry

Let's say you need to generate a P&L for 2020. Go to the **Journal Entries** tab and click the **New Journal Entry** button:

Journal Entries

Journal Entries

New Journal Entry

Then enter your figures for all applicable **Income** and **Expense** accounts. Income figures go in the *Credit* column and expense figures in the *Debit* column. Also, make sure to set the date to the last day of the accounting period for which you are creating the report:

224

Date	Reference		
31/12/2016	#		
Narration			
<input type="text"/>			
Account	Description	Debit	Credit
Sales			45225
Interest received			252
Accounting fees		1204	
Bank charges		25	
Computer equipment		541	
Printing and stationery		322	
Rent		1222	
Telephone		554	
Add line		3,868	45,477
			-41,609



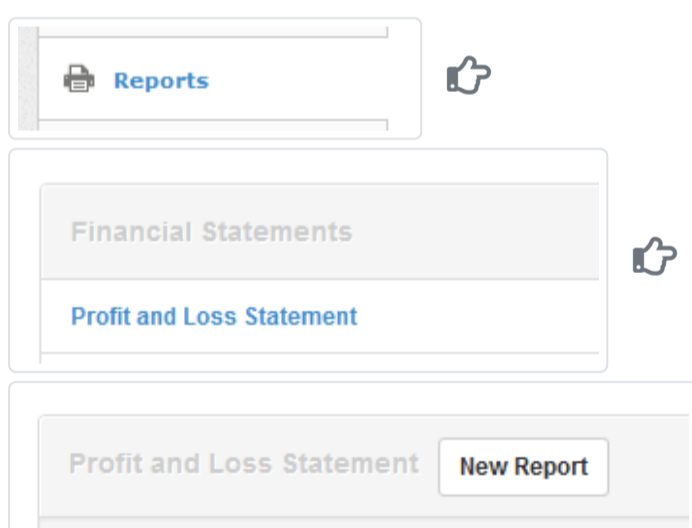
Note

Normally all journal entries must balance to adhere to rules of double-entry accounting principles. Since you only want to generate a P&L, you can relax the rules a bit for now. In fact, you probably want to show that your business was profitable during the period, so you would prefer debits to be less than credits.

Once you are done, click .

Generate profit and loss statement

Once your journal entry is saved, go to the tab, click and finally button.



Here you will need to enter the period your P&L covers. Let's say the income and expense figures you have entered in your journal entry cover the whole year 2020. Your period should be set to be from *January 1, 2020* until *December 31, 2020*. Optionally, you can also set **Column name** to *FY 2016*, which is an abbreviation for *Financial Year 2020*:

Profit and Loss Statement

Title
Profit and Loss Statement

Description
Optional

From **To** **Column name**
01/01/2020 12/31/2020 FY 2020

Add comparative column ▾

Accounting method
Accrual basis ▾

Rounding
Off ▾

Groups to collapse

Footer

Show account codes
 Exclude zero balances

After you click , you will be able to view your newly-created report:

Northwind	
Profit and Loss Statement	
For the period from 01/01/2020 to 12/31/2020	
	FY 2020
Income	
Interest received	252.00
Sales	45,225.00
Total – Income	45,477.00
Less: Expenses	
Accounting fees	1,204.00
Advertising and promotion	-
Bank charges	25.00
Computer equipment	541.00
Donations	-
Electricity	-
Entertainment	-
Legal fees	-
Motor vehicle expenses	-
Printing and stationery	322.00
Rent	1,222.00
Repairs and maintenance	-
Telephone	554.00
Total – Expenses	3,868.00
Net profit (loss)	41,609.00

That is all there is to it. You have a professional-looking P&L for your bank or accountant.

Make a Comparative P&L

Your P&L will look even more trustworthy if you make it show multiple periods side-by-side. For example, you can show FY 2019 figures next to FY 2020 figures. In order to do that, record another journal entry with income and expense figures for FY 2019. The journal entry should be dated as at December 31, 2019.

Then edit the P&L report definition to add a comparative period by clicking the Add comparative column button and entering period details for FY 2019:

From	To	Column name
01/01/2020 <input type="text"/>	12/31/2020 <input type="text"/>	FY 2020 <input type="text"/>
01/01/2019 <input type="text"/>	12/31/2019 <input type="text"/>	FY 2019 <input type="text"/>

Click Update to view the modified P&L:

Northwind		
Profit and Loss Statement		
For the period from 01/01/2020 to 12/31/2020		
	FY 2020	FY 2019
Income		
Interest received	252.00	221.00
Sales	45,225.00	41,231.00
Total – Income	45,477.00	41,452.00
Less: Expenses		
Accounting fees	1,204.00	1,100.00
Advertising and promotion	-	-
Bank charges	25.00	23.00
Computer equipment	541.00	456.00
Donations	-	-
Electricity	-	-
Entertainment	-	-
Legal fees	-	-
Motor vehicle expenses	-	-
Printing and stationery	322.00	223.00
Rent	1,222.00	1,222.00
Repairs and maintenance	-	-
Telephone	554.00	455.00
Total – Expenses	3,868.00	3,479.00
Net profit (loss)	41,609.00	37,973.00

As you can see, now you have two periods side by side, which looks much more impressive. You can keep going to add as many periods as you like.

Create a multi-step P&L

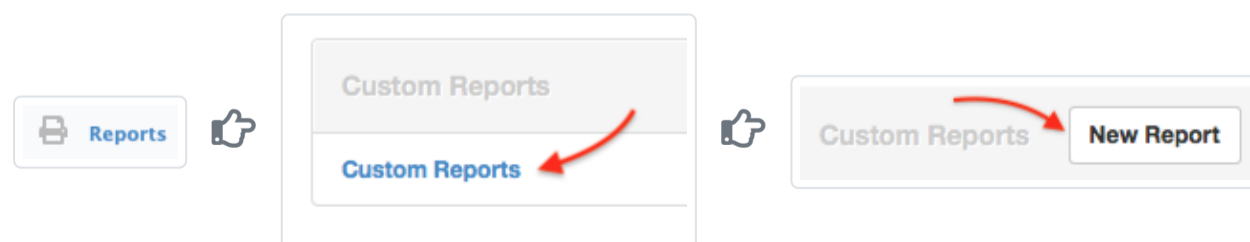
Manager also supports custom income & expense groups, sub-groups (unlimited levels) and custom totals to cater to entities with more complex layout requirements. See [this Guide](#) for more details. Just remember: when all you want is a finished P&L, you can create one with just a few journal entries.

4.10.9 Create custom reports

When standard reports available in Manager’s **Reports** tab do not furnish information you want, **create custom reports** using the visual query builder under the **Custom Reports** heading in that tab.

This feature allows great flexibility in defining reports, yet requires no particular software or database skills. Essentially, every variable from every ledger entry from all transactions in a business’ accounting records can be queried and included in a custom report. The results can be filtered, ordered, and grouped.

Create a custom report by going to the **Reports** tab, clicking **Custom Reports**, then **New Report**:



The query builder screen appears with a placeholder report already defined:

Custom Report

Name

Description

From **To** **Accounting method**

03/25/2021

03/25/2021

Accrual basis

Select

↑↓	Date <input style="width: 95%;" type="text"/>	x	v	Alias	Optional	x
↑↓	General Ledger Account <input style="width: 95%;" type="text"/>	x	v	Alias	Optional	x
↑↓	Debit <input style="width: 95%;" type="text"/>	x	v	Alias	Optional	x
↑↓	Credit <input style="width: 95%;" type="text"/>	x	v	Alias	Optional	x

Where...

Order by...

Group by...

Entries in the query builder are of three types:

- Text fields for titles, names, descriptions, or certain search or operator parameters (more about these below)
- Checkboxes to activate filtering criteria, ordering, grouping, or display options
- Dropdown menus for selecting database elements to include in the report and operators to apply to the data

In most cases, multiple choices can be made by clicking . Dropdown menu content varies according to prior selections. Some selections activate additional fields (see examples below). Criteria can be deleted by clicking the **X** at the end of a line. Fields and checkboxes on the query form are as follow:

- **Name** is used as a title on the completed report. If not edited, the report will be titled *Custom Report*. Any name you enter will also appear in the listing.
- **Description** appears only in the tab listing, not on the finished report. This is useful for identifying a saved report without having to view it.
- **From** and **To** identify the first and last dates to be searched and reported. By default, the current date is prefilled for both.
- **Accounting method** allows a choice between *Accrual basis* and *Cash basis*
- **Select** allows you to choose the specific variables or elements to be included in the report. Each selection criteria line will become a column on the finished report. Their order can be adjusted by clicking and dragging on the double-ended arrows to the left of the lines.
- **Alias** is used to rename a column. This is especially helpful when selection criteria are lengthy. For example, the combination of *Inventory item* and *Code* might receive the alias *Code* for the sake of simplicity and saving space.
- The **Where...** checkbox activates filters. These can become complex, especially when multiple filters are applied. Typically, additional context-specific fields appear. (See examples below.)
- The **Order by...** checkbox provides the ability to sort results by something besides date. Order can be ascending or descending. It can also be determined by criteria that are not selection criteria, but are present within the ledger entries. For example, a custom report on inventory items sold could be sorted by unit price, even though only quantity and total amount are shown on the report.
- **Group by...** provides interim subtotals for designated variables.
- When context is appropriate, another checkbox appears for **Groups to collapse**. With this option, entire groups can be reduced to a single line summarizing entries within the group.



Notes

Multiple selection criteria will capture transactions with **any** of the criteria listed. Since Manager is a double-entry accounting system, and some actions (such as invoicing for inventory items) involve more than just two accounts, transactions can seem to be duplicated. But these are simply postings to individual accounts in the general ledger that must be addressed with filters in some situations.

Multiple filters are governed by the Boolean **AND** operator. In other words, a selection must pass **all** filters sequentially to appear in the report. There is no option for an **OR** operator. To achieve the effect of **OR** filtering, you must use multiple filters to exclude everything you do not wish reported.

When groups are collapsed, only group names and subtotals are preserved.

The placeholder custom report mentioned above produces this result for a day on which there are no transactions:

Brilliant Industries			
Custom Report			
For the period from 03/25/2021 to 03/25/2021			
Date	General Ledger Account	Debit	Credit
		0	0

Obviously, that is not very informative. But it illustrates the effect of some entries on the query builder. The best way to understand custom reports is to build a few and experiment. Here are a few examples to get you started:



Example 1

To generate a custom report listing all inventory your customers have purchased or returned on credit, create the following:

Name

Description

From **To** **Accounting method**

Select

Customer	x	Name	x	Alias	Customer	x
Transaction	x			Alias	Reference	x
Inventory Item	x			Alias	Inventory item	x
Inventory kit	x			Alias	Inventory Kit	x
QtyMultipliedByNegativeOne	x			Alias	Quantity	x
AmountMultipliedByNegativeOne	x			Alias	Sales Amount	x

Where...

General Ledger Account	x	Name	x	contains	Inventory - sales	x
Transaction	x	TransactionName	x	does not contain	Receipt	x

Order by...

Customer	x	Name	x	Ascending
----------	---	------	---	-----------

Group by...

Customer	x	Name	x
----------	---	------	---

Groups to collapse

Both inventory items and inventory kits were included as selection criteria to be sure both were captured. Negative values were selected for quantity and amount purely to generate a more conventional presentation. Manager designates credits and lists quantities that reduce inventory as negative numbers. But a sales summary normally presents positive numbers.

The first filter captures only postings to the *Inventory - sales* account, leaving out other categories of sales. The second filter excludes cash sales made without a sales invoice.

The ordering alphabetizes customers. The grouping provides subtotals for each customer. The resulting report looks like this:

Brilliant Industries					
Customer Credit Business Summary					
For the period from 01/01/2020 to 06/30/2020					
Customer	Reference	Inventory item	Inventory Kit	Quantity	Sales Amount
Bob's Hardware					
Bob's Hardware #1	05/30/2020	101 - Table lamp		4	1,380.00
Bob's Hardware #1	05/30/2020	463 - 60 W bulbs		6	47.70
Bob's Hardware	Credit Note	101 - Table lamp		-1	-345.00
				<hr/>	<hr/>
				9	1,082.70
Lumen Lighting					
Lumen Lighting #2	06/01/2020		150 - Complete parts kit	1	299.00
Lumen Lighting #3	06/03/2020	410 - 24 lumen LED bulbs		6	600.00
				<hr/>	<hr/>
				7	899.00
				<hr/>	<hr/>
				16	1,981.70

Example 2

You can generate a custom report showing your general ledger transactions grouped by account for a specific period:

Name

Description

From **To** **Accounting method**

Select

↑ ↓	Date	x	Alias	Optional	x
↑ ↓	Transaction	x	TransactionName	Transaction	x
↑ ↓	Debit	x	Alias	Optional	x
↑ ↓	Credit	x	Alias	Optional	x

Where...

Order by...

↑ ↓	General Ledger Account	x	Name	x	Ascending
-----	------------------------	---	------	---	-----------

Group by...

↑ ↓	General Ledger Account	x	Name	x
-----	------------------------	---	------	---

Groups to collapse

In this case, no filtering is applied, because all transactions are desired. Notice that the report is grouped by general ledger account, even though that variable is not a selection criteria (only a portion of the report is shown to save space):

Brilliant Industries			
Transactions by Account			
For the period from 01/01/2020 to 12/31/2020			
Date	Transaction	Debit	Credit
Accounts payable			
05/30/2020	Purchase Invoice — 1		5,013.50
06/01/2020	Debit Note — 1	97.40	
06/01/2020	Purchase Invoice — 3		375.00
12/14/2020	Purchase Invoice — 5		110.01
		97.40	5,498.51
Accounts receivable			
05/30/2020	Sales Invoice — 1	1,568.09	
06/01/2020	Credit Note		345.00
06/01/2020	Sales Invoice — 2	299.00	
06/03/2020	Sales Invoice — 3	600.00	
06/08/2020	Receipt — 4		299.00
06/09/2020	Receipt — 5		600.00
07/21/2020	Sales Invoice — 4	110.00	
07/21/2020	Receipt — 6		110.00
12/03/2020	Sales Invoice — 5	357.50	
		2,934.59	1,354.00
Advertising and promotion			
11/04/2020	Inventory Write-off — 1	203.82	
12/03/2020	Sales Invoice — 5		142.86
		203.82	142.86
Cash at bank			
05/30/2020	Receipt — 2	300.00	

Example 3

A custom report showing general ledger transactions only for *Accounts receivable*, grouped by customer name, can be created as follows:

Name

Description

From **To** **Accounting method**

Select

↑ ↓	Date	x	▼	Alias	Optional	x
↑ ↓	Transaction	x	▼	TransactionName	Reference	x
↑ ↓	Debit	x	▼	Alias	Optional	x
↑ ↓	Credit	x	▼	Alias	Optional	x

Where...

↑ ↓	General Ledger Account	x	▼	IsAccountsReceivable	x	▼	is checked	▼
-----	------------------------	---	---	----------------------	---	---	------------	---

Order by...

↑ ↓	Customer	x	▼	Name	x	▼	Ascending	▼
-----	----------	---	---	------	---	---	-----------	---

Group by...

↑ ↓	Customer	x	▼	Name	x	▼
-----	----------	---	---	------	---	---

Groups to collapse

The resulting report is shown below. One customer still owes money; the other's account is fully paid:

Brilliant Industries

Accounts Receivable Analysis

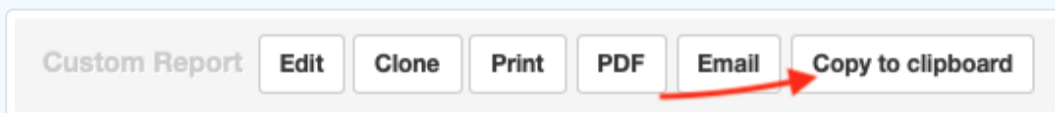
For the period from 01/01/2020 to 12/31/2020

Date	Reference	Debit	Credit
Bob's Hardware			
05/30/2020	Sales Invoice — 1	1,568.09	
06/01/2020	Credit Note		345.00
07/21/2020	Sales Invoice — 4	110.00	
07/21/2020	Receipt — 6		110.00
12/03/2020	Sales Invoice — 5	357.50	
		2,035.59	455.00
Lumen Lighting			
06/01/2020	Sales Invoice — 2	299.00	
06/03/2020	Sales Invoice — 3	600.00	
06/08/2020	Receipt — 4		299.00
06/09/2020	Receipt — 5		600.00
		899.00	899.00
		2,934.59	1,354.00

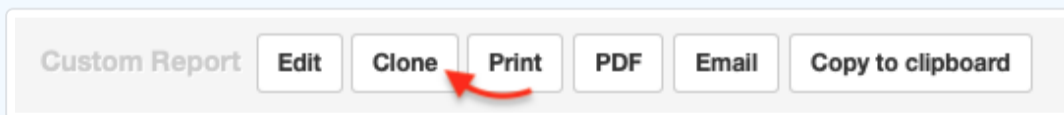


Notes

Like other Manager reports, custom reports can be copied to a clipboard for pasting into other applications' documents. Simply click `Copy to clipboard` while viewing the report:



Custom reports can also be cloned. This feature is useful when nearly identical reports are desired, avoiding the need to recreate most of the query. To clone a report, click its `View` button, then `Clone` :



Another custom report form will appear. After editing it with characteristics of the new custom report, click `Create` .

4.11 History

4.11.1 Audit transaction history

Every business in Manager has a **History** file that allows you to audit data entries, updates, deletions, and batch operations. The History file is unique for each business you create in Manager. When you [backup](#) a business, the History file is, by default, part of the backup. (You can, however, exclude it from a backup.)

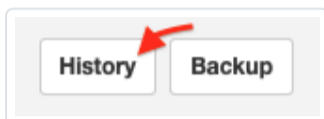


Note

Sending of emails is not recorded in the History file, because it does not affect accounting records. Emails can be reviewed separately.

Review the History file

To review history, click the **History** button near the top of the Manager window:



A list of actions appears, with:

- **Timestamp** for the action
- **User** who took the action
- **Description** of the action
- **Action** category



Example

The first few records in Northwind Traders' History file are shown below:

History				
	Timestamp	User	Description	Action
View	24-07-2021, 6:14:21	Ami	Delivery Note — 654987	Update
View	21-07-2021, 20:18:40	Jose	Credit Note — 1051 — Early payment discount	Create
View	21-07-2021, 20:18:11	David	Receipt	Create
View	21-07-2021, 20:17:39	David	Receipt	Delete
View	21-07-2021, 20:16:31	Maria	Payment — 1621	Delete
View	21-07-2021, 20:16:09	David	Sales Invoice — 1	Update
View	21-07-2021, 20:14:39	Raj	Credit Note — 1051	Delete
View	20-07-2021, 12:10:56	Maria	Payment — 1621	Create
View	20-07-2021, 12:09:45	David	Receipt	Create

View individual actions

To see exactly what a user did, click **View** for an action.



Example

On July 20, 2021, at 12:09:45, a user named David created a receipt:

Receipt

Date 10-07-2021
Paid by Customer
Customer Island Trading

Account	AccountsReceivableCustomer	AccountsReceivableSalesInvoice	Unit price
Accounts receivable	Island Trading	#1 — 01-07-2021	150

David mistakenly entered a unit price on the receipt of 150. The next day, David noticed his mistake and deleted the receipt. That action was recorded also, on July 21, 2020, at 20:17:39, and can be viewed in the History file:

Receipt

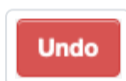
Date ~~10-07-2021~~
Paid by ~~Customer~~
Customer ~~Island Trading~~

Account	AccountsReceivableCustomer	AccountsReceivableSalesInvoice	Unit price
Accounts receivable	Island Trading	#1 — 01-07-2021	150

David immediately created a new receipt for the correct amount. Alternatively, the existing transaction could have been edited. Whichever approach had been taken, either of those transactions would also be recorded in the History file.

Undo actions

There is another method for reversing actions, the Undo button:



The Undo button is somewhat like a Back button in a web browser, or the Undo function in a word processing program, with a very important difference. Manager's Undo button does not operate in reverse order of the original actions. Actions can be undone in any order.



Example

Notice the delivery note update on the first line of the History file. Ami originally created this delivery note in preparation for a weekly delivery to a customer. On July 24, she updated it because the customer called to request additional items. But when the delivery driver arrived, the customer said she had changed her mind and would only take delivery of the items originally ordered. When Ami learns this, she goes to the History file, views the update record, and clicks the **Undo** button. Her update is reversed and removed from the history file:

History				
	Timestamp	User	Description	Action
View	21-07-2021, 20:18:40	Jose	Credit Note – 1051 – Early payment discount	Create
View	21-07-2021, 20:18:11	David	Receipt	Create
View	21-07-2021, 20:17:39	David	Receipt	Delete
View	21-07-2021, 20:16:31	Maria	Payment – 1621	Delete

Delivery note update record is removed.

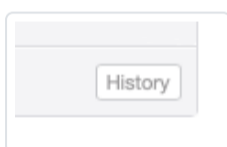


Caution

Consequences of using the **Undo** button are sometimes difficult to foresee. This is especially true when transactions reference one another, such as when a fixed asset is created, a purchase invoice records its purchase cost, and a payment records payoff of the purchase invoice. Always make a backup of your business before undoing transactions from the History file, because the Undo function itself cannot be reversed.

Review individual transaction history

Often, it is useful to know exactly what has happened to a specific transaction in Manager. When was it initially created; how has it been edited; who was responsible for various actions; and so forth? To see the history of a specific transaction, click the **History** button in the lower right corner of the screen while viewing the transaction:



Note

The transaction **History** button is smaller than the main **History** button for the business at the top right corner. Its label is also in plain, gray text rather than bold, black text.



Example

The transaction history for the replacement receipt David created on July 21 is very brief:

History			
	Timestamp	User	Action
View	21-07-2021, 20:18:11	David	Create

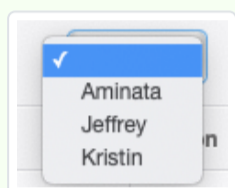
Filter by user

The History file can be filtered for a specific user's actions. This might be useful for monitoring performance of new employees. Or it could be helpful in identifying who is responsible for malicious behavior. To filter by user, select a user name in the dropdown box closest to the History file header (blue arrow):



Example

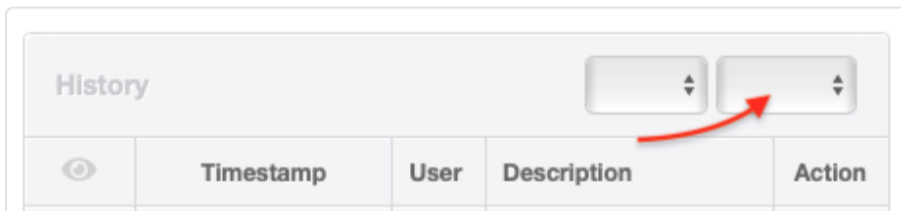
Brilliant Industries has three users who have created, updated, or deleted accounting transactions in its records:



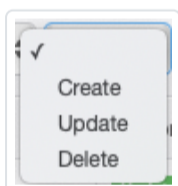
Currently, however, the checkmark indicates no user filter has been applied.

Filter by action category

To display only actions of one category, select the desired category from the other dropdown box in the History file header (red arrow):



The three category options are:



Chapter 5: Bank and Cash Accounts

These Guides describe accounting techniques for physical cash, bank accounts, credit cards, and other forms of money.

5.1 Bank and Cash Accounts

5.1.1 Set up a bank or cash account

Bank accounts are sources or repositories of money maintained by a financial institution of any type. Virtually every business needs at least one bank account. Possibilities include:

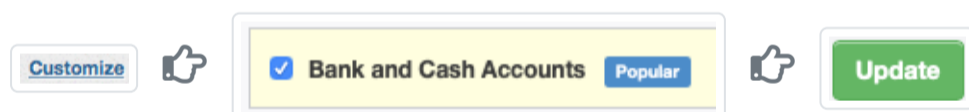
- Bank accounts
- Credit cards
- PayPal accounts
- Crypto-currency accounts (e. g., BitCoin)

Cash accounts are used to record current transactions involving bills and coins. They are maintained by a business as physical repositories of cash. Possibilities include:

- Petty cash funds
- Cash tills

Enable the **Bank and Cash Accounts** tab

Before you can create a bank or cash account, you must enable the **Bank and Cash Accounts** tab. Click **Customize** below the left navigation pane, check the box for the tab, and click **Update** :

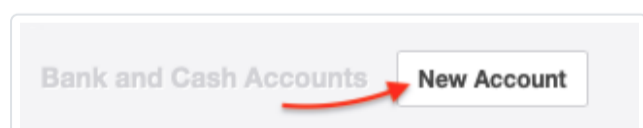


You will see the **Bank and Cash Accounts** tab added to the navigation pane:



Create an account

Click the **Bank and Cash Accounts** tab, then **New Account** :



Define the account:

Bank account

Name	Code	Currency
<input type="text"/>	<input type="text" value="Optional"/>	<input type="text" value="-"/>

Division

Control account

Starting balance

Can have pending transactions

Credit limit

- **Name** the account so it will be recognizable. The name could include a description, a bank's name, a credit card designation, or an account number.
- **Code** allows you to set the order in which accounts are listed. Enter an integer number. If blank, accounts will display in alphabetical order.
- **Currency** options will be available if you have set at least one **foreign currency**. By default, accounts are undenominated. But if you specify a **base currency**, they are assumed to be in your base currency, whatever that is. If you plan to use multiple currencies, or just want your currency symbol to appear on forms and reports, set a base currency. Accounts will then automatically be denominated in your base currency unless you edit this field.
- A **Division** can be selected if the account will be used or controlled by a single division of the business. This field will not appear if no divisions have been defined.
- **Control account** options are available if a custom control account comprising bank and cash accounts has been defined. The default control account for new accounts is *Cash & cash equivalents*.
- If migrating to Manager from an earlier accounting system, enter a **Starting balance**.
- Check the box for **Can have pending transactions** if you want to monitor *Cleared* and *Pending* status of transactions. You might not do this for bank accounts if you will always import your statements, because imported transactions are, by definition, always cleared. A cash account never has pending transactions.
- **Credit limit** can be set, especially for credit cards. You can also use this field to indicate the amount of overdraft protection.
- An **Inactive** box appears after an account has been created. It can be checked if the account is closed. (Accounts cannot be deleted from Manager if they have any past transactions, because doing so would eliminate the records of those transactions and affect active Balance Sheet accounts.) If the box is checked, the account will not appear in lists for transactions in the **Receipts** or **Payments** tabs. The account will be greyed out in the **Bank and Cash Accounts** tab listing. **Edit** it to restore to active status.



Notes

You should only add accounts that belong to the business. Personal credit cards and personal bank accounts used infrequently for business transactions should not be added as bank accounts. Transactions using such personal funds should be entered as expense claims.

The same form is used for entering cash accounts as for bank accounts.



Example

Brilliant Industries, an Australian company, has one business bank account used to receive money from customers and pay suppliers and employees. The business also maintains an account with a London bank for transactions in the United Kingdom. The business owner occasionally uses a personal credit card for business expenses. Brilliant Industries creates two bank accounts in different currencies, both with the ability to have pending transactions. It also creates a petty cash account, with no such ability:

Bank and Cash Accounts		New Account		Search	Search
	Name	Cleared balance	Pending deposits	Pending withdrawals	Actual balance
<input type="button" value="Edit"/>	London bank account	£ 2,235.00	£ 600.00	- £ 440.00	£ 2,395.00
<input type="button" value="Edit"/>	Main business account	\$ 3,915.00	\$ 4,594.72	- \$ 1,427.82	\$ 7,081.90
<input type="button" value="Edit"/>	Petty cash				\$ 271.00
		£ 2,235.00	£ 600.00	- £ 440.00	£ 2,395.00
		\$ 3,915.00	\$ 4,594.72	- \$ 1,427.82	\$ 7,352.90

Brilliant Industries does not create a bank account for the personal credit card of the owner because it is a personal account. The owner's use of the personal credit card will be recorded in the tab.

View account balances

By default, all accounts are combined into an automatic control account named *Cash & cash equivalents* for Balance Sheet reporting. Foreign currencies are converted into your base currency on the Balance Sheet according to exchange rates you have entered. This is necessary so books are balanced in your base currency.



Example

Drilling down from *Cash & cash equivalents* on Brilliant Industries' balance sheet on the **Summary** page shows the sum of all account balances converted to Australian dollars, the base currency, as well as their denominated currencies (with actual, not cleared, balances):

Cash & cash equivalents				Search	Search
	Code	Name	Balance	Balance	
	AUD	Australian dollar	\$ 7,352.90	\$ 7,352.90	
	GBP	British pound	\$ 2,784.88	£ 2,395.00	
			\$ 10,137.78	\$ 7,352.90 £ 2,395.00	

Note that the Australian dollar balance includes both the main business account and the petty cash account.

Brilliant can see individual bank transactions by drilling down on any of the blue figures:

Main business account										Search	Search
		Date	Transaction	Customer	Supplier	Description	Debit	Credit	Balance		
		02/23/2022	Receipt	Eastern Connection			\$ 115.00		\$ 7,081.90 Dr		
		12/22/2021	Receipt	Island Trading			\$ 1,000.00		\$ 6,966.90 Dr		
		09/07/2021	Receipt	Around the Horn			\$ 374.50		\$ 5,966.90 Dr		



Note

In the **Bank and Cash Accounts** tab, you can find information about all accounts, even if you have modified your chart of accounts so they are reported on the Balance Sheet under different control accounts.

5.1.2 Set up credit cards

A **credit card** belonging to a business or used exclusively for business (such as a personal credit card of a sole trader/proprietor) can be set up in two basic ways in Manager. The options are:

- A contra asset account, meaning the credit card will be displayed under *Assets* on the Balance Sheet, but normally with a negative value until paid off
- A liability account, indicating the company owes money to the credit card issuer

The two approaches are financially equivalent, so both are equally correct. This choice is a matter of personal preference.

Create a credit card account

Regardless of which option will be used, the credit card account must be created first under the **Bank and Cash Accounts** tab. A credit card account is considered a bank account because it can be used as a medium of exchange and is maintained by a financial institution rather than the business.

Enable the **Bank and Cash Accounts** tab and create the credit card account as described [here](#). You may wish to [add custom fields](#) to your bank accounts to record things like account numbers and financial institutions. You can also [assign account code numbers](#) to match them to an overall numbering scheme for your chart of accounts.

The credit card will now be displayed in your **Bank Accounts** tab along with other bank accounts. Because most transactions will post to this account from **New Payment** transactions, the account's balance will usually be negative. Only refunds or payments to the credit card issuer will move its balance in a positive direction.



Example

Brilliant Industries has one ordinary bank account and one credit card. No transactions are pending in either account. But Brilliant has not paid the credit card issuer the statement balance yet this month. Both accounts are summarized in the **Bank and Cash Accounts** tab:

Bank and Cash Accounts					
		New Bank Account	New Cash Account	<input type="text" value="Search"/>	<input type="button" value="Search"/>
	Name	Cleared balance	Pending deposits	Pending withdrawals	Actual balance
<input type="button" value="Edit"/>	Credit card	- 4,000.00	-	-	- 4,000.00
<input type="button" value="Edit"/>	Main business account	1,410.42	-	-	1,410.42



Note

If a credit card has a balance owed on your start date, enter the balance as a negative number in the **Starting balances** field. See [this Guide](#) for more information about starting balances for bank accounts.

Contra asset option

To set up the credit card as a contra asset account, leave the control account field at the default option of *Cash at bank* when you create it. If you have not yet created any custom control accounts for bank accounts, this option will not appear when defining the credit card:

Control account

On your Balance Sheet, the balance of the credit card account will reduce the balance of the control account, *Cash at bank*.

The advantage of the contra asset option is your **Summary** page and Balance Sheet show at a glance how much cash you have to spend that is not already obligated. The disadvantage is credit card balances are not so visible.

Liability option

To set up the credit card as a liability account, you must first [create a custom control account](#) for bank accounts in your chart of accounts. Give it a name like *Current liabilities* if you want it to include other short-term obligations. Or just name it *Credit cards*.



Example

Brilliant Industries creates a custom control account named *Current liabilities*:

ControlAccountForBankAccounts

Name	Code
<input style="width: 90%;" type="text" value="Current liabilities"/>	<input style="width: 90%;" type="text" value="Optional"/>
Group	
<input style="border-bottom: 1px solid #ccc;" type="text" value="Liabilities"/> x ▼	

Go back to the **Bank and Cash Accounts** tab and **Edit** your credit card account by assigning it to the custom control account just created.



Example

Brilliant reassigns its credit card to the new custom control account:

Control account

 x ▼

Now, the balance of your credit card account will show under *Liabilities* on your Balance Sheet.



Example

Brilliant's balance sheet reflects the balance of the credit card under *Liabilities*:

Liabilities	3,654.06
Accounts payable	- 97.40
Current liabilities	4,000.00



Note

While the credit card balance will still show in the **Bank and Cash Accounts** tab as negative, it will appear as a positive number under *Liabilities* on the **Summary** page, because *Liabilities* are automatically subtracted from *Assets* on that display.

The advantage of the liability option is credit card balances show on your **Summary** page and Balance Sheet as amounts owed. This may be more useful if you do not always pay off the full credit card statement balance. This option clearly separates what you have (assets) from what you owe (liabilities). The disadvantage is a quick glance at the **Summary** may suggest you have more unobligated cash in the bank than you really do.

5.1.3 Track cleared and pending status of bank transactions

Many financial transactions are completed, or **cleared**, by the time they are entered in Manager. No further financial activity will occur. Some examples are:

- [Cash sales](#) to customers, with received funds held in cash till
- [Cash payments](#) to merchants from a petty cash fund
- [Imported bank transactions](#)
- [Transfers](#) between company accounts within the same financial institution

Others involve delay before all financial activity is complete. Examples of these **pending** transactions include:

- Cheques written to suppliers or employees that have not yet been presented for payment
- Credit card charges not yet showing on the card statement
- Receipts from customers not yet deposited with the bank
- Deposits to bank accounts not yet available for withdrawal
- Transfers between bank accounts in different institutions not yet finalized (whether by cheque, electronic or wire transfer, or other means)

Manager can easily track status of bank account deposits and withdrawals, including dates of both initial transactions and eventual clearance, in a **Cleared** field. Cash account transactions are, of course, always complete instantly, so status is not recorded. Using this feature, you can quickly determine how much of your bank account funds are unobligated, that is, actually available to spend. Likewise, you can determine whether or not money received is actually accessible.

Cleared transactions

By default, all new receipts and payments to bank accounts in the [Receipts](#) and [Payments](#) tabs are cleared on the date of the transaction. For example, a receipt from a customer automatically shows *On the same date* in the **Cleared** field:



Note

The date of the transaction is the date recorded in the program, not necessarily the date the transaction is entered into the program.

If desired, the clearance date can be modified. Select *On a later date* in the **Cleared** field and enter a date manually or using the date picker:

The result of all cleared transactions will appear under the **Cleared balance** column for a bank account in the [Bank and Cash Accounts](#) tab:

Bank and Cash Accounts		New Bank Account	New Cash Account
Name	Cleared balance		
Edit Main business account	€ 2,955.00		

Pending transactions

When money has been received, but perhaps not deposited in the bank, the transaction can be marked as *Pending*. Similarly, until a cheque has been presented and paid by the bank or a credit card charge is posted to a statement, it can be shown as *Pending*. To do this, select *On a later date* in the **Cleared** field, but do not enter a date. The default condition will be *Pending*:

The screenshot shows a transaction form with the following fields:

- Received in:** Account: Main business account
- Cleared:** On a later date
- Date:** Pending

Inter account transfers

When transfers are made between accounts in the **Inter Account Transfers** tab, status of both the outgoing and incoming legs of the transfer can be annotated separately (if they involve bank accounts). In the illustration below, a nightly deposit of cash receipts from a *Petty cash* account has been recorded, but the bank transaction will not clear until at least the following day. So the clearance date is left as *Pending*:

The screenshot shows an 'Inter Account Transfer' form with the following details:

- Date:** 22/6/2022
- Reference:** 1
- Description:** Deposit from daily cash receipts
- Paid from:** Petty cash, Amount: 3500
- Received in:** Business bank account, Cleared: On a later date, Date: Pending

Monitoring status

If any pending deposits or withdrawals exist, they will automatically be shown in separate columns in the **Bank and Cash Accounts** tab:

Bank and Cash Accounts		New Bank Account	New Cash Account	Search	Search
	Name	Cleared balance	Pending deposits	Pending withdrawals	Actual balance
Edit	London bank account	£ 604,748.14	£ 5,000.00	-	£ 609,748.14
Edit	Main business account	€ 3,955.00	€ 223.00	- € 383.90	€ 3,794.10

A [Bank Reconciliation Statement](#) can be produced adjusting an account statement for pending deposits and withdrawals. This can help ensure bank records match accounting records in Manager.





Clearing a pending transaction

Once a pending transaction has cleared on the records of the financial institution, drill down by clicking the blue balance under **Pending deposits** or **Pending withdrawals** for the bank account involved in the **Bank Accounts** tab. Click **Edit** beside the particular transaction:

Bank and Cash Accounts / Main business account — Pending deposits

Amount **223.00**

Main business account — Pending deposits New Receipt

	Date	Transaction	Account	Description	Amount
 	08/03/2020	Receipt — 1616	Accounts receivable — Alfreds Futterkiste		100.00
 	08/03/2020	Receipt — 1245	Accounts payable — Aux joyeux ecclésiastiques		123.00
					223.00

Enter the clearance date. (See illustrations above.)

5.1.4 Import bank statements

To save time, you can **import bank statement** transactions instead of manually entering them.

Download your bank statement

Of course, you can only do this if your bank or other financial institution allows you to electronically export the statement first. Follow your bank's procedures for defining and downloading a statement or transaction list. To limit redundant transactions, try to download a statement covering only the period since you last downloaded one. Manager will accept statements in these formats:

- *.qif
- *.ofx
- *.qfx
- *.qbo
- *.sta
- *.swi
- *.940
- *.iif
- *.csv




Note

Use *.csv format only if your bank offers none of the other options.

Import your bank statement

To import a bank statement into Manager, go to the **Bank and Cash Accounts** tab. At the bottom, click on the **Import bank statement** button:

Bank and Cash Accounts 

You can also click on the **Cleared balance** figure for a specific bank account in the tab, then click **Import bank statement** :

Cleared balance

Click **Choose File** to browse to the downloaded statement (or modified *.csv file) you want to import. Select the bank account for which you are importing the statement (this will be preselected if you initiated the import by clicking on the cleared balance for an account):

Import bank statement

Select file from your computer

no file selected

*.qif, *.ofx, *.qfx, *.qbo, *.sta, *.swi, *.940, *.iif, *.csv

Bank account

Click . Review the summary of transactions to be imported and press the button:

Business bank account

Summary

Bank account	Business bank account
Closing balance before import	0.00
Number of transactions in the file	28 transactions
Number of transactions already imported	0 transactions
Number of transactions to import	28 transactions
Closing balance after import	1,867.67



Note

Manager has the ability to recognize most duplicate transactions, based on type, date, and amount. In the import illustrated above, Manager does not recognize any duplicates and imports all transactions. However, if many transactions have already been imported, you might decide to go back to your bank’s portal and change parameters for the statement download.

After the import is complete, Manager returns you to the tab. Here, you will see columns for **Uncategorized Receipts** and **Uncategorized Payments**:

Bank and Cash Accounts		<input type="button" value="New Bank Account"/>	<input type="button" value="New Cash Account"/>	<input type="text" value="Search"/>	<input type="text" value="Search"/>		
✎	Name	Uncategorized Receipts	Uncategorized Payments	Cleared balance	Pending deposits	Pending withdrawals	Actual balance
<input type="button" value="Edit"/>	Business bank account	9	19	1,867.67	-	-	1,867.67

Transactions in those columns have not yet been finally categorized, even though they may have been correctly identified by existing receipt and payment rules. They are temporarily posted to the *Suspense* account. Drill down by clicking on either figure. For illustration, the **Uncategorized Receipts** figure in this example yields:

Uncategorized Receipts							Search	Search
<input type="checkbox"/>			Date	Account	Description	Amount		
<input type="checkbox"/>	Edit	View	06/07/2021	Suspense	WIRE DEPOSIT BANK OF NEW YORK New Receipt Rule	1,109.38		
<input type="checkbox"/>	Edit	View	06/07/2021	Suspense	DEPOSIT CERTIFICATE INTEREST NATL BANK New Receipt Rule	8.98		
<input type="checkbox"/>	Edit	View	06/04/2021	Suspense	PAPER STATEMENT FEE REVERSAL New Receipt Rule	2.00		
<input type="checkbox"/>	Edit	View	06/02/2021	Suspense	CHECKING ACCOUNT INTEREST NATL BANK New Receipt Rule	4.50		
<input type="checkbox"/>	Edit	View	06/01/2021	Suspense	ELECTRONIC DEPOSIT BRILLIANT INDUSTRIES New Receipt Rule	542.00		
<input type="checkbox"/>	Edit	View	06/01/2021	Suspense	INTERNET BANKING TRANSFER DEPOSIT New Receipt Rule	2,750.00		
<input type="checkbox"/>	Edit	View	05/26/2021	Suspense	GOVT CONTRACTING AGENCY New Receipt Rule	137.50		
<input type="checkbox"/>	Edit	View	05/24/2021	Suspense	ELECTRONIC DEPOSIT NORTHWIND TRADERS New Receipt Rule	542.00		
<input type="checkbox"/>	Edit	View	05/17/2021	Suspense	ELECTRONIC DEPOSIT BRILLIANT INDUSTRIES New Receipt Rule	542.00		

Uncategorized transactions can be posted to appropriate accounts two ways:

- By editing
- By rule

Post by editing

Click the **Edit** button on the line for a transaction. Manually choose the posting account. Complete any other information you want to add to the transaction and click **Update**. Suppose the first receipt on the list in this example is recognized as a one-time receipt from a foreign customer unlikely to buy again.

That transaction is edited, adding the customer’s name and selecting the *Sales* income account. The transaction disappears from the **Uncategorized Receipts** list:

Uncategorized Receipts							Search	Search
<input type="checkbox"/>			Date	Account	Description	Amount		
<input type="checkbox"/>	Edit	View	06/07/2021	Suspense	DEPOSIT CERTIFICATE INTEREST NATL BANK New Receipt Rule	8.98		
<input type="checkbox"/>	Edit	View	06/04/2021	Suspense	PAPER STATEMENT FEE REVERSAL New Receipt Rule	2.00		
<input type="checkbox"/>	Edit	View	06/02/2021	Suspense	CHECKING ACCOUNT INTEREST NATL BANK New Receipt Rule	4.50		
<input type="checkbox"/>	Edit	View	06/01/2021	Suspense	ELECTRONIC DEPOSIT BRILLIANT INDUSTRIES New Receipt Rule	542.00		
<input type="checkbox"/>	Edit	View	06/01/2021	Suspense	INTERNET BANKING TRANSFER DEPOSIT New Receipt Rule	2,750.00		
<input type="checkbox"/>	Edit	View	05/26/2021	Suspense	GOVT CONTRACTING AGENCY New Receipt Rule	137.50		
<input type="checkbox"/>	Edit	View	05/24/2021	Suspense	ELECTRONIC DEPOSIT NORTHWIND TRADERS New Receipt Rule	542.00		
<input type="checkbox"/>	Edit	View	05/17/2021	Suspense	ELECTRONIC DEPOSIT BRILLIANT INDUSTRIES New Receipt Rule	542.00		

The process could be repeated until all transactions are categorized. But it might be advantageous for future statement imports to post by rule.

Post by rule

When similar transactions are expected in the future, receipt or payment rules can be defined to recognize and post them automatically. In this example, interest is expected to be earned on a deposit certificate at National Bank every month. So the **New Receipt Rule** button is clicked beside that entry. A rule is defined:

Receipt Rule

If bank account is:

... and description contains

... then allocate to

Payer or payee

Account **Tax Code** **Tracking Code**

Similarly, rules are defined for the remaining transactions, all of which are expected to be repeated. These include rules for receipts from various customers posted to the *Sales* account, interest earned on a checking account posted to *Interest received*, reversal of a paper statement fee (offered as a promotion by the bank) posted to *Bank charges*, and one for contributions of working capital to the *Retained earnings* account by the owner.

After rules are defined, transactions recognized according to an existing rule have their tentative posting account listed in green. Tentative payers are also now listed, since those were defined in the rules:

Uncategorized Receipts							Search	Search
<input type="checkbox"/>			Date	Payer / Payee	Account	Description	Amount	
<input type="checkbox"/>	Edit	View	06/07/2021	National Bank	Suspense Interest received	DEPOSIT CERTIFICATE INTEREST NATL BANK <input type="button" value="Edit Bank Rule"/>	8.98	
<input type="checkbox"/>	Edit	View	06/04/2021	National Bank	Suspense Bank charges	PAPER STATEMENT FEE REVERSAL <input type="button" value="Edit Bank Rule"/>	2.00	
<input type="checkbox"/>	Edit	View	06/02/2021	National Bank	Suspense Interest received	CHECKING ACCOUNT INTEREST NATL BANK <input type="button" value="Edit Bank Rule"/>	4.50	
<input type="checkbox"/>	Edit	View	06/01/2021	Brilliant Industries	Suspense Sales	ELECTRONIC DEPOSIT BRILLIANT INDUSTRIES <input type="button" value="Edit Bank Rule"/>	542.00	
<input type="checkbox"/>	Edit	View	06/01/2021	Robert Jokarta	Suspense Retained earnings	INTERNET BANKING TRANSFER DEPOSIT <input type="button" value="Edit Bank Rule"/>	2,750.00	
<input type="checkbox"/>	Edit	View	05/26/2021	Government Contracting Agency	Suspense Sales	GOVT CONTRACTING AGENCY <input type="button" value="Edit Bank Rule"/>	137.50	
<input type="checkbox"/>	Edit	View	05/24/2021	Northwind Traders	Suspense Sales	ELECTRONIC DEPOSIT NORTHWIND TRADERS <input type="button" value="Edit Bank Rule"/>	542.00	
<input type="checkbox"/>	Edit	View	05/17/2021	Brilliant Industries	Suspense Sales	ELECTRONIC DEPOSIT BRILLIANT INDUSTRIES <input type="button" value="Edit Bank Rule"/>	542.00	

If you are not satisfied with results of your rules, click the button for an affected transaction and adjust the rule.

When all transactions have been tentatively posted to desired accounts, check boxes for those you want to update and click . (In most situations, this will include only those recognized by rules, because any that were edited manually will no longer appear in the list.)

**Note**

Manager will not import payer or payee information from the bank statement, because completion of the **Payer/Payee** field requires designation of the payer/payee as a *Customer*, *Supplier*, or *Other*, and no bank statement contains that information. Therefore, payers/payees must be edited manually or, preferably, included in rules.

**Caution**

Bank statement imports have the potential to duplicate transactions already entered either manually or by prior import. They might also eliminate transactions erroneously as duplicates when dates and amounts are the same. (This could happen, for example, when a frequent customer buys the same thing several times in one day and some transactions are entered manually.)

Some import formats (or poor implementation of them by financial institutions) also have the potential for date ambiguities when transactions are limited to early in a month (days 1 - 12) or represent years with only two digits.

To minimize problems, thoroughly review imported transactions when the process is complete. Edit manually, if necessary. The bank statement import feature is meant to save time in data entry, not substitute for regular review and oversight.

5.1.5 Use multiple currencies

If your business operates in **multiple currencies**, the first step is to set your base currency. Follow the procedure in [another Guide](#). Once you set your base currency, forms and reports will include the symbol for it. By default, all existing accounts and subaccounts will be denominated in the base currency.

You can also define and customize foreign currencies by following procedures in [this Guide](#). When you have set up both a base currency and at least one foreign currency, you will have the option to select a currency in the following tabs:

-
-
-
-
-
-
-

**Note**

When the first denomination in a second currency is set, an account named *Foreign exchange gains (losses)* is activated automatically. Manager uses this account to record gains and losses due to fluctuations in exchange rates.



Example

Northwind Traders conducts its own business in Euros. But it has several customers operating in other currencies. It sets Euros as its base currency. Its Balance Sheet is now denominated in Euros:

Assets	€ 124,160.02
---------------	---------------------

To handle its British customers, Northwind Traders maintains a bank account in London denominated in pounds. When setting up this bank account in the **Bank and Cash Accounts** tab, it chooses a currency accordingly:

Bank account 61

Name	Code	Credit limit
<input type="text" value="London bank account"/>	<input type="text" value="Optional"/>	<input type="text" value="0"/> <input type="text" value="GBP"/>

Currency

x ▼

The **Bank and Cash Accounts** tab shows the main company checking account and the London bank account in their respective currencies:

Bank and Cash Accounts		New Bank Account	New Cash Account	Search	Search
	Name	Cleared balance	Pending deposits	Pending withdrawals	Actual balance
Edit	London bank account	£ 605,608.14	-	-	£ 605,608.14
Edit	Main business account	€ 2,955.00	€ 5,223.00	- € 383.90	€ 7,794.10

Meanwhile, the **Summary** tab converts everything to the base currency according to exchange rates entered in the program so assets can be properly balanced against liabilities and equity in a single currency:

Summary / Cash at bank

Cash at bank Search Search

	Code	Name	Balance	Balance
	GBP	British pound	€ 704,195.51	£ 605,608.14
	EUR	Euro	€ 7,794.10	€ 7,794.10
			€ 711,989.61	£ 605,608.14 € 7,794.10

Most transactions will adopt the currency applicable to the account or subaccount they relate to. For example, when you set a foreign currency for a customer, all their invoices, credit notes and quotes will be denominated in that foreign currency.

Some tabs, such as **Expense Claims** or **Journal Entries**, allow you to specify the foreign currency on a transaction level. For example, under **Expense Claims** this is useful when an employee is to be reimbursed in the base currency but the expense was incurred in a foreign currency.

Some transactions also allow you to force the program to accept a manually entered foreign currency amount as being equivalent to a base currency amount. Using this feature avoids changes to the status of related transactions as exchange rates fluctuate. Instead, differences caused by exchange rate changes are taken up automatically in the *Foreign exchange gains (losses)* account. If this is possible for a particular transaction, an optional field appears for the alternate **Currency amount**. Making that entry ensures the sales invoice will remain paid in full and never become overpaid. It also ensures the customer's balance in *Accounts receivable* will not vary unexpectedly.



Example

Northwind receives 1,163 Euros into a Euro-denominated bank account from a customer in England who was invoiced for 1,000 British pounds. The receipt form shows the amount received in Euros, but includes an optional field where the original invoice amount in pounds can be entered:

Qty	Unit price	Currency amount	Total
1	1163 EUR	1000 GBP	1163 EUR

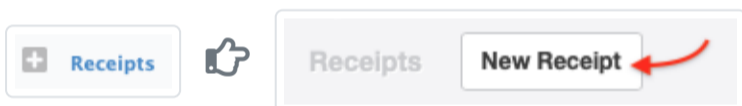
5.2 Receipts

5.2.1 Record a receipt

Money received in any way by a business is a **receipt**. Before one can be recorded, at least one [cash account](#) or [bank account](#) must be established. The **Receipts** tab [must also be enabled](#).

Basic receipts

Once at least one cash or bank account exists, receipts are recorded in the **Receipts** tab by clicking on **New Receipt** :



Complete the entry. Screen layout varies depending on which options are checked:

Receipt

Date 7/31/2022 **Reference** Optional

Paid by Contact Other

Received in Account

Description Optional

Item	Account	Description	Qty	Unit price	Discount	Total	Tax Code	Tax Amount	Total	Project	Division
	Bank charges	x			0 %	0	No tax	0	0	Optional	Optional

Add line

Column – Line number

Column – Description

Column – Qty

Column – Unit price

Column – Discount

Percentage

Amounts are tax exclusive

Fixed total

Custom theme

Custom title

Show tax amount column

- **Date** is automatically filled with today's date, but can be edited.
- **Reference** is optional and may be used for cheque numbers, bank confirmation numbers, or other internal sequences. If the box within the field is checked, Manager will number the transaction automatically. The program will search for the highest number among all existing receipts and add 1.
- **Paid by** is the person or entity from whom money is being received. *Other* allows free text entries. But *Customer* or *Supplier* can

also be selected, in which case the **Paid by** field becomes a dropdown list of predefined customers or suppliers, as appropriate:



Note

If a customer or supplier is chosen, the address for that customer or supplier will be displayed on the completed receipt form. It will not, however, show on the entry screen.

- **Received in** is where you select the bank or cash account into which the money is being received.
- If a bank account is selected, a **Cleared** field appears, in which *On the same date* or *On a later date* can be chosen. Status is set to *On the same date* by default for bank transactions. For transactions not cleared the same date, the clearance date may be entered:

Another [Guide](#) covers cleared and pending transactions in greater detail. These fields are absent for cash account transactions.

- **Description** is an optional summary of the overall transaction.
- **Item** field can be used to enter predefined [inventory](#) or [non-inventory items](#). If you have no predefined items, this field will not appear. Making a selection here will prefill several other fields on the line.
- **Account** is the account to which the receipt will be posted.
- **Description** on individual line items allows more specific information to be added. This field is displayed only if the **Column – Description** checkbox below the line item(s) is checked.
- **Qty** is where you enter the quantity of goods or services for the line item. If left blank, the program interprets the quantity as 1. This field only appears when the **Column – Qty** box is checked.
- **Unit price** lists the price of a single unit or, if the **Qty** field is left blank, of the entire amount for the line item.
- A **Tax Code** can be selected if any have been defined **and** if the **Account** field contains an account to which tax codes can be applied.
- **Division** and **Project** fields appear if any are defined and the **Account** selected is from the Profit and Loss Statement.
- An **Inventory location** field appears if [inventory locations](#) are defined and an inventory item is selected for a line item:

- **Amounts are tax exclusive** controls how taxes are calculated. Check the box if taxes are not included in unit prices. Uncheck the box if taxes are already included in unit prices. This check box applies to the entire transaction. The format of the form changes somewhat when this box is checked.
- The **Column – Discount** checkbox lets you apply *Percentage* or *Exact amount* discounts.
- The **Fixed total** checkbox is useful when an overall total is being split between posting accounts. Any amount by which the currently entered split is **Out of balance** appears in the field of that name.
- A **Custom theme** can be chosen. Available themes are selected in a dropdown box that appears if the box is checked.
- A **Custom title** can be entered to match local usage. Enter the title in the text field that appears if the box is checked.
- **Show tax amount column** controls whether tax amounts for individual line items are displayed on the completed form.

Click to save the receipt. The completed form can be given to the payer to document the transaction:

Receipt



**NORTHWIND
TRADERS**

Date
09/01/2020

Reference
4622

Northwind Traders
1313 North Webfoot Walk
Duckburg
Calisota

Around the Horn
120 Hanover Square
London WA1 1DP
UK

Counter sale

Description	Qty	Unit price	Tax rate	Tax Amount	Total
Cajun cuisine pack	10	55.99	VAT 20%	111.98	671.88
Chef Anton's Cajun Seasoning	5	22.00	VAT 20%	22.00	132.00
Total					£ 803.88
Includes VAT 20%					£ 133.98

Receipts against sales invoices

Receipts from customers against sales invoices can be entered two ways:

- As a basic receipt
- From a sales invoice

As a basic receipt

To enter a receipt against a specific invoice, post it to *Accounts receivable*, the *Customer*, and the *Invoice*:

Accounts receivable x ▼

Customer Around the Horn x ▼

Invoice #2469 — 11/18/2015 x ▼



Note

If a customer has been chosen in the **Paid by** field, that customer will be automatically entered:

Accounts receivable x ▼

Customer Around the Horn

Invoice #2469 — 11/18/2015 x ▼

Partial receipts

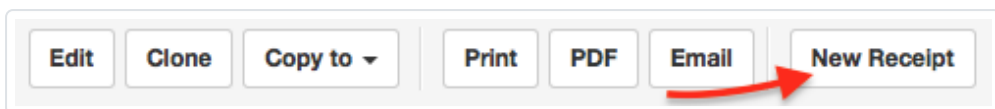
When receiving money for only part of the balance due on a sales invoice, post the transaction as above, but enter only the amount actually received. Manager will credit the partial amount against the sales invoice and show a reduced balance due. No other special steps are necessary.

Receipts for multiple sales invoices

When receiving money from a customer for multiple sales invoices, leave the **Invoice** dropdown field blank. Manager will allocate the receipt against the sales invoice with a balance due with the oldest due date first, then the next oldest, etc. However, if the receipt is designated for specific sales invoices, add lines and designate amounts for those invoices individually.

From a sales invoice

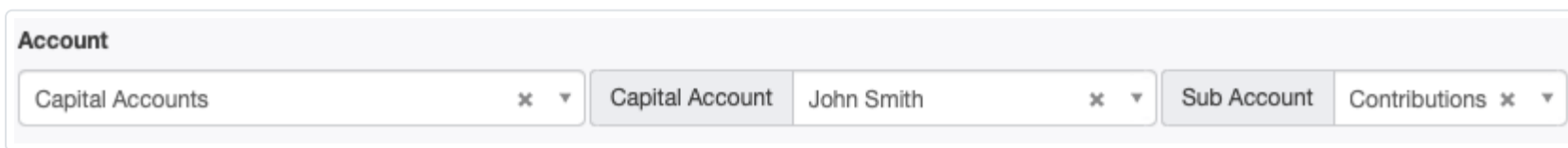
To record a receipt while viewing a sales invoice, click on New Receipt :



A receipt entry form will appear. Select a bank or cash account. The remainder of the form will be prefilled with information to enter the full amount due on the sales invoice. If the receipt is for only part of the balance due, edit the amount received by adjusting the unit price.

Other situations

You are not restricted to using only simple income accounts or *Accounts receivable* to post receipts. For example, if money is received from a business owner set up under the **Capital Accounts** tab, select the matching capital account and subaccount:



Inventory and non-inventory items can also be directly sold using receipts. For more information on selling without sales invoices see this [Guide](#).

5.2.2 Use receipt rules to categorize imported transactions

Receipt rules are decision criteria you define so Manager can automatically categorize or post receipts to correct accounts and payers when you import bank statements. Procedures for importing statements are described in [another Guide](#).

Define, edit, or delete a receipt rule

Receipt rules can be defined, edited, or deleted in the **Settings** tab after clicking **Receipt Rules** :



To define a new receipt rule, click **New Receipt Rule** and complete the description:

Receipt Rule

If bank account is:

... and amount is

... and description contains

... then allocate to

Paid by

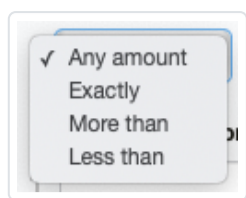
Item	Account
<input type="text"/>	<input type="text" value="Suspense"/>

Column — Description

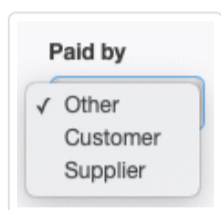
Column — Qty

- Select the bank account to which the rule will apply under **If bank account is:**. Or, leave the default entry, *Suspense*, when the rule will apply across all your bank accounts.

- Enter any financial search criteria under **...and amount is:**. The default is *Any amount*. Alternatives include:



- Enter any descriptive search criteria under **...and description contains:**. This must be a literal string. Multiple criteria can be included by clicking **Add Line**. Multiple criteria are evaluated as a Boolean AND operation, meaning all criteria must be contained in the description.
- In **Paid by**, choose the entity from which money is received. To do this, first select the payer type as *Customer*, *Supplier*, or *Other*. If *Customer* or *Supplier* is selected, customers and suppliers already defined in the **Customers** or **Suppliers** tabs will be available. If *Other* is selected, the field is free text, and any name can be entered:



- Specify the posting **Account**.
- **Tax Code** and **Division** can be selected if any have been defined **and** an applicable account has been chosen. Otherwise, those fields do not appear.
- Checkboxes for **Column – Description** and **Column – Qty** cause corresponding fields to appear. Otherwise, those fields are absent, as shown in the illustration above.



Notes

When a control account is selected, such as *Accounts receivable*, an additional dropdown field will appear beside the account field to select a subsidiary ledger, such as the customer. If a subsidiary ledger is not selected, transactions fitting the search criteria will be posted to *Suspense*.



Example

Jose knows the interest he earns on a deposit certificate at National Bank is deposited monthly into his business bank account and is always described in his bank statements as DEPOSIT CERTIFICATE INTEREST NATL BANK. So he creates a receipt rule to automatically post any receipt in his *Main business account* with the phrase DEPOSIT CERTIFICATE INTEREST NATL BANK to his *Interest received* income account. He tracks income and expenses for his branch offices separately using divisions. So he makes a matching selection in the appropriate field:

Receipt Rule 25533802-29b9-497e-9c

If bank account is:

... and amount is

... and description contains

... then allocate to

Paid by

Item	Account	Tax Code	Division
<input style="width: 100%;" type="text" value=""/>	<input style="width: 100%;" type="text" value="Interest received"/>	<input style="width: 100%;" type="text" value="No tax"/>	<input style="width: 100%;" type="text" value="Main branch"/>

Column — Description
 Column — Qty

Click when finished. The rule will appear in the list of receipt rules in the tab:

Receipt Rules		<input type="button" value="New Receipt Rule"/>
<input type="button" value="Edit"/>	If bank account is: Main business account	Conditions ▲ DEPOSIT CERTIFICATE INTEREST NATL BANK

To edit or delete a receipt rule, click the button to the left of the rule. Edit as desired and click or click .

Define a receipt rule during categorization

After a bank import is complete, Manager returns you to the tab. Here, you will see a column for **Uncategorized Receipts**:

Bank and Cash Accounts		<input type="button" value="New Bank Account"/>	<input type="button" value="New Cash Account"/>	<input type="text" value="Search"/>	<input type="button" value="Search"/>		
<input type="button" value="Edit"/>	Name	Uncategorized Receipts	Uncategorized Payments	Cleared balance	Pending deposits	Pending withdrawals	Actual balance
	Business bank account	9	19	1,867.67	-	-	1,867.67

Transactions in that column have not yet been finally categorized. They are temporarily posted to the *Suspense* account. To define new receipt rules while categorizing those receipts, click on the number in the **Uncategorized Receipts** column. Then click

New Receipt Rule on the line for which you want to define a new rule.

You should create rules for all receipts likely to recur, being careful not to include in the rules any transaction details that are unique, such as reference numbers, invoice numbers, or dates. Once-off transactions that are infrequent should be categorized individually by clicking **Edit** rather than by creating rules. Receipts you edit manually will disappear from the bulk categorization screen.

Once you have added all your receipt rules, select all transactions matched by new rules by checking their boxes. Click **Batch Update** at the bottom. All selected receipts with matching rules will be recategorized and taken off the list. Receipt rules you created will be saved in the **Settings** tab, so when you import bank statements again, Manager will match new receipts to existing receipt rules, reducing the time needed to categorize them.



Caution

The possibility always exists that a receipt rule will incorrectly categorize a transaction with unanticipated characteristics. When you complete the categorization process, review the results.

5.2.3 Make cash sales (sell without sales invoices)

A **cash sale** occurs when a customer pays for goods or services immediately upon delivery. No credit is extended by the seller. No account receivable is created. Resulting revenue is posted immediately to an income account, regardless of whether the business uses [accrual or cash basis accounting](#). Therefore, **no sales invoice is required**. The entire transaction occurs in a single step.



Note

A cash sale does not need to involve receipt of physical cash. Money can be received via any form of exchange and deposited into either a cash or bank account. The distinguishing feature is that credit is not extended by the seller to the customer.

Cash sales are entered in exactly the same way as any other [receipt](#). They should specifically list any inventory items sold. A copy of the receipt can be given to the customer as evidence of the sale.

When a cash sale is entered, any available credits the customer may have from credit notes or returns will not be applied. This is because such credits are recorded in customers' subaccounts in *Accounts receivable*, which is not invoked for cash sales. To use such credits, a [sales invoice](#) must be used instead.

When a [customer statement](#) is created, cash sales for that customer will not be included. If a complete record of sales to a specific customer is desired, sales invoices must again be used.

When many cash sales are made, such as to walk-in customers in a retail shop, a single receipt summarizing the day's sales can be entered into Manager. A cash register or point-of-sale system can be used to record individual sales, issue customer receipts, and manage cash in a till.

5.2.4 Record customer deposits and advances

Customer deposits and advances are funds received by a business from a customer before they have been earned. While the funds may be present in a bank or cash account of the business, they are actually being held in trust for the customer and represent a liability the business must eventually either repay or convert to income by completion of the economic activity for which they are intended. Some examples include:

- Deposits accompanying purchase orders for custom manufacturing
- Receipts from prepayments for services or utilities to be invoiced later to the customer
- Deposits received for confirmation of hotel reservations
- Cleaning or damage deposits for rental property received from tenants

Accounting for deposits and advances

Two essential facts must be recorded for every deposit or advance:

- **Customer** - who is making the deposit?
- **Amount** - how much is the deposit?

In Manager, both facts are recorded simultaneously when the deposit or advance is received. To receive a deposit, go to the **Receipts** tab and click **New Receipt** :



Complete the receipt form as you would for any other receipt:

The screenshot shows the 'Receipt' form in Manager. The form includes fields for Date (06/01/2021), Reference (1618), Paid by (Contact: Customer, Bottom-Dollar Markets), Received in (Account: Main business account), Status (Cleared, 06/09/2021), and Description (Deposit for June route service). Below these fields is a table with columns for Item, Account, Description, Qty, Unit price, Total, Tax Code, Tax Amount, and Total. The table contains one entry: Item (blank), Account (Accounts receivable), Description (Check #22097), Qty (blank), Unit price (500 EUR), Total (500 EUR), Tax Code (No tax), Tax Amount (0), and Total (500 EUR). There are also checkboxes for 'Line description', 'Amounts are tax inclusive', 'Custom theme', and 'Custom title'.

- Under **Paid by**, select **Contact** type as *Customer*. Choose the customer from the dropdown menu. (The customer making the deposit must already be defined.)
- Do not select anything in the **Item** field, even if the deposit is for an inventory or non-inventory item.
- Under **Account**, select *Accounts receivable*. The customer's subaccount will automatically be selected to match the customer designated under **Paid by**. This choice cannot be edited. (See note below.)



Note

If the deposit is paid by someone other than the customer for whom the deposit is intended, the **Contact** type above must be *Other*. Then, you will be able to choose any customer's subaccount under *Accounts receivable*.

- Leave the **Invoice** field blank.
- A quantity is not required in the **Qty** field, because no inventory items or billable items are involved with a deposit. You may simply enter the total deposit in the **Unit price** field. However, if you wish, enter the quantity and unit price and Manager will calculate a total.
- **Tax code** is normally left blank, because deposits or advances are not usually taxable events. However, rules in your jurisdiction may differ, especially if the deposit is for specific goods or services that will be delivered later. Check with a local accountant or your tax authority to be sure.

Using deposits and advances

The receipt will now be added to the applicable bank or cash account's balance:

Main business account – Cleared balance		Import bank statement		Search		Search	
		Date	Transaction	Account	Description	Amount	Balance
Edit	View	06/09/2021	Receipt – 1618	Accounts receivable – Bottom-Dollar Markets	Deposit for June route service – Bottom-Dollar Markets	500.00	4,455.00

The deposit also reduces the total *Accounts receivable* balance, though the effect of a specific deposit will probably be obscured on the Balance Sheet by receivables and deposits from other customers. To view specific information about customer deposits, you can drill down by clicking the *Accounts receivable* balance on the [Summary](#) page and locating the customer’s account **Balance**:

Summary / Accounts receivable / EUR - Euro	
EUR - Euro Bottom-Dollar Markets Search	
86 rows hidden because they do not contain Bottom-Dollar Markets . Undo	
Name	Balance
Bottom-Dollar Markets	- € 725.31

Clicking on the balance, you can see transactions contributing to it, including the recent deposit:

Bottom-Dollar Markets		Search		Search					
		Date	Transaction	Bank account	Description	Amount	Debit	Credit	Balance
Edit	View	06/01/2021	Receipt – 1618	Main business account	Check #22097			€ 500.00	€ 725.31 Cr

You can do the same thing in the [Customers](#) tab, with similar results.

Whenever a sales invoice is created for a customer, any available net credit in that customer’s *Accounts receivable* balance will be automatically applied, reducing the balance due on the new sales invoice.

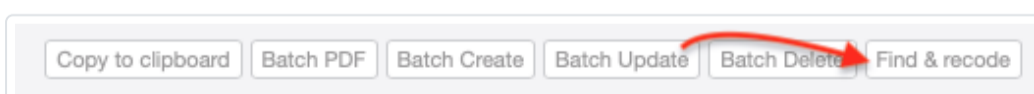


Note

Deposits and advances cannot be applied on sales recorded only via cash receipts. Such transactions are not processed through *Accounts receivable*, so Manager cannot apply any available balance. If you sell to a customer on a cash-and-carry basis, but wish to apply an existing deposit or advance, you must create a sales invoice and receive money against it in separate transactions.

5.2.5 Find and recode receipts

The main screen of the [Receipts](#) tab includes a [Find & recode](#) button at the bottom to assist with bulk recoding of line items on bank transactions to different accounts or to apply different tax codes:



This feature is often useful for posting receipts from [imported bank statements](#) to proper accounts when they are not handled correctly by [receipt rules](#). It can also be used in other situations, including when new accounts are added and you want to reallocate prior receipts to the new accounts.



Notes

Receipts in cash accounts are not included in the **Find & Recode** function.

The **Find & recode** function works at the line-item level, not the overall transaction level. This gives you the a ability to find and recode individual lines on receipts.



Example

Mariana begins using Manager for her catering business, posting all sales to a generic *Sales* income account on receipts. She is always paid at the event, so does not use sales invoices. After several months, she realizes she could make better marketing decisions if her sales were broken down into several categories. She renames her existing *Sales* account as *Business catering* and continues using it for business clients. (That temporarily changes all her sales to the new account name.) She adds *Weddings* and *Private events* to her chart of accounts. Mariana then uses **Find & recode** to transfer past wedding and private event sales to their new accounts, leaving her remaining business sales in the original, renamed account.

Finding and selecting receipts

In the **Receipts** tab, select **Find & recode**. A list of general ledger transactions for line items on receipts deposited to bank accounts appears:

Receipts / Find & recode							
Find & recode <input type="text" value="Search"/> <input type="button" value="Search"/>							
<input type="checkbox"/>		Date	Bank account	Account	Tax	Description	Amount
<input type="checkbox"/>	<input type="button" value="Edit"/>	06/09/2021	Business bank account	Business catering	-	Business lunch	76.55
<input type="checkbox"/>	<input type="button" value="Edit"/>	06/07/2021	Business bank account	Business catering	-	Wedding	2,754.65
<input type="checkbox"/>	<input type="button" value="Edit"/>	06/06/2021	Business bank account	Business catering	-	Private retirement party	327.18



Note

Receipt line items for inventory or non-inventory items will not be presented in this list, because the accounts to which they are posted are defined when the items are defined. If you wish to recode these, do so in the **Settings** tab.

From this list, select receipts to be recoded directly by checking boxes in the lefthand column:

Find & recode <input type="text" value="Search"/> <input type="button" value="Search"/>							
<input type="checkbox"/>		Date	Bank account	Account	Tax	Description	Amount
<input type="checkbox"/>	<input type="button" value="Edit"/>	06/09/2021	Business bank account	Business catering	-	Business lunch	76.55
<input checked="" type="checkbox"/>	<input type="button" value="Edit"/>	06/07/2021	Business bank account	Business catering	-	Wedding	2,754.65
<input type="checkbox"/>	<input type="button" value="Edit"/>	06/06/2021	Business bank account	Business catering	-	Private retirement party	327.18

Recoding receipts

Once receipts to be recoded are selected, scroll to the end of the list and select the new account. If a tax code applies, choose one:

Account: Advertising and promotion Tax: Do not recode **Bulk Update**

Click **Bulk Update** to recode all selected receipts to the new account or tax code:

Find & recode		Search	Search				
<input type="checkbox"/>		Date	Bank account	Account	Tax	Description	Amount
<input type="checkbox"/>	Edit	06/09/2021	Business bank account	Business catering	-	Business lunch	76.55
<input type="checkbox"/>	Edit	06/07/2021	Business bank account	Weddings	-	Wedding	2,754.65
<input type="checkbox"/>	Edit	06/06/2021	Business bank account	Business catering	-	Private retirement party	327.18



Note

Tax codes can be recoded without changing accounts.

5.2.6 Exchange inventory with a receipt form

For purposes of this Guide, you **exchange inventory** when either:

- You return one or more previously purchased inventory items to a supplier and receive different inventory items from the supplier, or
- A customer returns one or more previously sold inventory items to you and receives different inventory items from you,

and no credit is involved in the transaction. That means:

- Neither *Accounts receivable* from a customer nor *Accounts payable* to a supplier is adjusted, and
- No credit or debit note is involved.

In other words, an **exchange** occurs when all movement of funds and inventory is accomplished in a single transaction. If the items exchanged are not of equal value, movement of funds can be via bank or cash transaction. If the customer or supplier will owe money to after the exchange, use a receipt form to record the transaction.



Note

Technically, an exchange can be recorded with a receipt or payment, regardless of whether either party to the transaction owes the other money or who owes money to whom. However, your records will be easier to understand if you use a receipt form when the other party owes you money.

Returning goods to a supplier

Conceptually, exchanging inventory with a supplier is equivalent to you selling back the item(s) you originally purchased from the supplier and buying new item(s) from the supplier. In fact, you could enter two separate transactions. But there is a simpler way that produces identical results.

In the **Receipts** tab, click on **New Receipt** :



On the receipt form, list all inventory items you are returning to the supplier and their quantities. Include any tax code that was applied to the original sale.

Next, list all inventory items the supplier is furnishing in the exchange and their quantities. **Because you are effectively paying money for the replacement item(s) rather than receiving it, enter the replacement quantities as negative numbers.** Again, include any applicable tax code.

Click to record the exchange.



Example

Brilliant Industries previously purchased a ceramic table lamp from Edison Electrical Supply. Brilliant realizes it purchased the wrong product and wants to exchange the lamp for a lamp kit. Because these are wholesale transactions, no tax is assessed on any portion of the transaction.

Prior to the exchange, Brilliant's **Inventory Items** list reveals it owns 32 table lamps and 12 lamp kits:

Inventory Items		New Inventory Item		Search		Search							
		Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
Edit	View	101	Table lamp	White ceramic lamp with silk shade	195	395	Each	-17	54	5	32	197.61	6,323.37
Edit	View	222	Lamp kit	Ceramic lamp base with socket	87	123	Each	0	12		12	87.00	1,044.00

The receipt form is completed as shown below. Note the negative quantity for the replacement item:

Receipt

Date 06/14/2021 **Reference** Optional

Paid by Contact Supplier Edison Electrical Supply

Received in Account Main business account **Status** Pending

Description Inventory exchange

Item	Account	Qty	Unit price	Total	Tax Code	Tax Amount	Total
101 - Table lamp	Inventory - sales	1	395	395	No tax	0	395
222 - Lamp kit	Inventory - sales	-1	123	-123	No tax	0	-123
				272		0	272

Add line

Because the returned item is worth more than the replacement item, Edison owes Brilliant 272.00. When the transaction is complete, inventory quantities have been adjusted. Table lamps have decreased by 1 and lamp kits have increased by 1:

Inventory Items		New Inventory Item		Search		Search							
		Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
Edit	View	101	Table lamp	White ceramic lamp with silk shade	195	395	Each	-18	54	5	31	197.48	6,121.89
Edit	View	222	Lamp kit	Ceramic lamp base with socket	87	123	Each	1	12		13	87.00	1,131.00

**Note**

If replacement items are worth more than returned items, you will owe the supplier additional money. This will be shown by a negative total. (A negative receipt is the same as a payment.)

Customer returns goods

When a customer exchanges inventory, you are effectively selling replacement items and buying back the items you originally sold. The procedure for recording the transaction is basically the same as the one described above:

- Enter a new receipt to either a cash or bank account.
- Enter returned item(s) you receive with positive quantities.
- Enter replacement item(s) you provide the customer with negative quantities.
- A positive receipt total means the customer owes you additional money. A negative receipt total means you owe the customer money.

5.2.7 Record early payment discounts on receipts for sales invoices

An **early payment discount** is a reduction of the balance due on a sales invoice offered to a credit customer for payment by a deadline earlier than the regular due date. Early payment discounts are usually offered to incentivize faster payment and minimize carrying costs of receivables. Procedures for offering early payment discounts are covered in [another Guide](#).

**Example**

Brilliant Industries regularly extends credit to customers by issuing sales invoices net 30 days. In other words, the due date on each new invoice is 30 days in the future. But it offers a 5% early payment discount if customers pay within 10 days.

Early payment discounts are recorded in two steps:

- Entering the reduced receipt
- Creating a credit note to adjust account balances

Entering the receipt

When entering a receipt from a customer paying early, enter the amount actually paid, posting to *Accounts receivable* and the customer's subaccount and invoice number. Do not apply any tax code. (The program will not let you, because tax was applied on the sales invoice.) Manager will automatically determine whether the payment qualifies for any early payment discount. If so, the discount will be shown on the sales invoice.



Example

Brilliant Industries raises a sales invoice to Bob’s Hardware for 300.00 for a lamp kit. 10% tax is added. A 5% early payment discount is offered. The sales invoice looks like this:

Code	Description	Kit	Unit price	Amount
150	Ceramic base, socket, silk shade, 2-m cord, 2 each 60 W bulbs	1	300.00	300.00
Sub-total				300.00
GST 10%				30.00
Total				330.00
Less: Early payment discount 5%				16.50
Balance due if paid by 06/16/2021				313.50

Bob’s Hardware pays 313.50 before the deadline. The receipt is entered as described:

Receipt c7895ee6-b200-487e-896a-6c990713b7

Date 06/10/2021 **Reference** Optional

Paid by Contact Customer

Received in Account

Description

Item	Account	Qty	Unit price	Total	Tax Code	Tax Amount	Total
↓	Accounts receivable	Customer	Bob's Hardware	Invoice #1 — 06/06/2021			
			313.5	313.5	No tax	0	313.5

Line description
 Amounts are tax inclusive
 Custom theme
 Custom title

Manager determines the payment qualifies for the early payment discount and applies the discount to the sales invoice:

Code	Description	Kit	Unit price	Amount
150	Ceramic base, socket, silk shade, 2-m cord, 2 each 60 W bulbs	1	300.00	300.00
Sub-total				300.00
GST 10%				30.00
Total				330.00
Less: Receipt — 06/10/2021				313.50
Balance due				16.50
Less: Early payment discount 5%				16.50
Balance due if paid by 06/16/2021				0.00

Creating the credit note

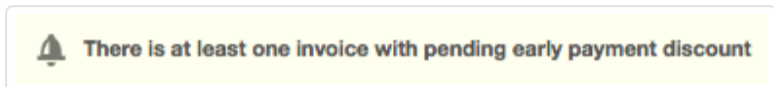
At this point, the transaction is not yet complete. Although the early payment discount has been recorded against the sales invoice, balances of *Accounts receivable* and applicable income accounts have not been reduced. That must be accomplished via a credit note.



Note

The label, “**Balance due if paid by ...**,” and the accompanying zero amount serve as a reminder the transaction is not complete. The format may seem unusual, but the sales invoice should never be sent to a customer at this stage.

The next time the **Sales Invoices** tab is entered, a banner shows, indicating at least one sales invoice has a pending early payment discount:



After the banner is clicked, any credit notes required from pending early payment discounts are listed for review. Click **Create**. The **Credit Notes** tab is automatically enabled, if it is not already. Any necessary credit notes are created. *Accounts receivable* for the customer(s) involved and the relevant income account(s) are adjusted.



Example

Brilliant Industries clicks the notification banner and sees that Invoice #1 for Bob’s Hardware has a pending early payment discount:

Early payment discounts						
	Invoice date	#	Customer	Invoice total	Balance due	Early payment discount
<input checked="" type="checkbox"/>	06/06/2021	1	Bob's Hardware	330.00	16.50	16.50

Create

It clicks **Create** and recording of the receipt with early payment discount is complete. The final form of the sales invoice eliminates the reminder text, displaying more conventional information:

Code	Description	Kit	Unit price	Amount	
150	Ceramic base, socket, silk shade, 2-m cord, 2 each 60 W bulbs	1	300.00	300.00	
				Sub-total	300.00
				GST 10%	30.00
				Total	330.00
				Less: Credit Note – 1 – 06/10/2021	16.50
				Less: Receipt – 06/10/2021	313.50
				Balance due	0.00



Note

By default, discounts on the credit note are posted to the same accounts as corresponding, original line items, using the same tax codes. These can be edited, though there is usually no need to do so. When the discount is a percentage, all line items are discounted by that same percentage. When a fixed-amount discount is involved, line items are discounted by proportionate amounts.



Caution

In most jurisdictions, an early payment discount is considered a price reduction, because it was offered as a condition of the sale. So tax is due only on the reduced price of goods or services. But in some jurisdictions, tax may be due on the original sale price. In that case, remove the tax code on the discounted line item(s) on the credit note. You will then be paying the tax on behalf of your customer, a factor that should be considered when determining your early payment discount offer. Check with a local accountant or tax authority to confirm which situation applies.

5.2.8 Handle dishonored cheques

A **dishonored cheque** (or *check* or *bank draft*, according to local usage) has been presented for payment or deposited into a bank account but rejected or returned by the bank. Typical reasons include:

- Insufficient funds
- Closed account
- Improper, incomplete, or illegible drafting
- Cheque drawn on bank outside the receiving bank’s processing network
- Forgery

In most cases, a dishonored cheque has already been recorded in Manager. Frequently, the cheque was a receipt against an outstanding sales invoice. Three courses of action are available. Which is most suitable depends on several factors, including:

- Reason the cheque was not honored
- Prospects for eventual, satisfactory payment
- Processing practices of your bank
- Local banking regulations
- Accounting standards and practices followed by your business
- Use of [accrual or cash basis accounting](#)
- Involvement of inventory items in the transaction

The three options, in order of increasing complexity, are:

- Leave the cheque in *Pending* status
- Delete the transaction
- Reverse the transaction

Leave in *Pending* status

When a cheque is dishonored because of an honest mistake and can be resubmitted, the easiest course of action is to leave its status on the receipt entry form within Manager as *Pending*:

Received in		Cleared	
Account	Main business account ✕ ▼	On a later date ⬆ ⬇ ⬆	Date Pending 📅

After whatever problem preventing clearance of the cheque is resolved and the cheque is accepted by your bank, edit the transaction and enter the optional date of clearance:

Received in		Cleared	
Account	Main business account ✕ ▼	On a later date ⬆ ⬇ ⬆	Date 6/20/2022 📅

This situation is equivalent to entering a received cheque into Manager but waiting several days before actually depositing it into your bank.

**Notes**

This option cannot be used if the cheque was presented for cash and received into a cash account. Cash accounts do not include transaction status options in the **Receipts & Payments** tab.

This option can be used only if:

- Local banking practices allow dishonored cheques to be resubmitted, **AND**
- Your bank does not record the dishonored cheque before returning it or notifying you of the problem.

**Example**

Brilliant Industries receives and records a cheque from Lumen Lighting for a sales invoice. Brilliant immediately records and deposits the cheque into its bank account. However, because of a bank holiday, earlier deposits by Lumen into its own bank account were not processed as expected. By coincidence, Brilliant and Lumen use the same bank. The cheque is dishonored due to insufficient funds. But the bank is able to determine the cheque is not good before processing it. So it returns the dishonored cheque to Brilliant without recording it.

Brilliant and Lumen have a long business relationship, and Lumen assures Brilliant's accounting staff that funds are now available. Brilliant leaves status for the receipt as *Pending* and resubmits the cheque to the bank. When the cheque clears successfully, Brilliant updates the status.

Delete transaction

Receiving an invalid cheque is like receiving no payment at all. You might decide to delete the receipt recording such a dishonored cheque entirely. This will leave any balance in *Accounts receivable* as it was before the receipt was recorded.

**Notes**

This option can safely be used for cheques presented for cash.

This option can be used for a cheque deposited to your bank only if the cheque has not been recorded by your bank.

This option is most attractive when using cash basis accounting, because you will not want to recognize income you have not collected.

**Example**

Brilliant Industries receives and records a cheque from a new customer. But when the cheque is presented to the bank for deposit, the bank detects it as a forgery. The cheque is not processed. Bank regulations require the bank to destroy it.

Brilliant deletes the receipt from its records. Further investigation reveals the customer is bankrupt and no longer in business. Brilliant writes off the associated sales invoice as a **bad debt**.

**Caution**

This option cannot be used when the cheque was received in a non-credit sale (in other words, when no sales invoice was issued). The original receipt in such cases is the mechanism for recording not only sales income, in general, but inventory movement, in particular. If the receipt is deleted, income figures will be incorrect and inventory counts will be off. Unlike a credit sale via sales invoice, a non-credit sale leaves no other record besides the receipt.

Reverse transaction

The most complex and, unfortunately, the most common option is reversing the transaction.



Caution

Reversal is required whenever your bank records a cheque before dishonoring and reversing it. Unless you reverse the original transaction, your records will not match your bank statement, leading to potential reconciliation and audit problems.

Reversal for credit sale

To reverse receipt of a dishonored cheque received against a sales invoice, go to the **Receipts** tab. Select **New Receipt** :



Complete the receipt form exactly as you would for an incoming receipt in the amount of the cheque, but **enter the Unit price as a negative number**. Post the reversal to the same customer subaccount and sales invoice under *Accounts receivable* as the original receipt.



Notes

A convenient short cut is to **View** and **Clone** the original receipt, but edit the unit price to be negative before clicking **Create** .



Example

Brilliant Industries deposits a cheque from Bob's Hardware for sales invoice #4, recording the receipt as below:

Receipt
#3d2961-43e1-4210-ab56-ade784775e1d

Date **Reference**

6/10/2021 Optional

Paid by

Contact Customer Bob's Hardware

Received in **Cleared**

Account Main business account On a later date Date Pending

Description

Optional

Item	Account					Amount	Total
↑	Accounts receivable	Customer	Bob's Hardware	Invoice	4 - 12/31/2020	110	110
<input type="button" value="Add line"/>							

Column - Description

Column - Qty

Amounts are tax exclusive

Fixed total

Custom theme

Custom title

After the deposit is recorded to Brilliant's account by the bank, the cheque is dishonored for insufficient funds. Brilliant's bank subtracts the deposited amount from Brilliant's account. The bank does not return the dishonored cheque, following its standard practices.

Brilliant clones the original bank receipt and edits the clone by making the unit price negative and adjusting dates. It also edits the description to explain the transaction:

Receipt

Date **Reference**

6/15/2021 Optional

Paid by

Contact Customer Bob's Hardware

Received in **Cleared**

Account Main business account On the same date

Description

Reversal of cheque #4488

Item	Account					Amount	Total
↑	Accounts receivable	Customer	Bob's Hardware	Invoice	4 - 12/31/2020	-110	-110
<input type="button" value="Add line"/>							

Column - Description

Column - Qty

Amounts are tax exclusive

Fixed total

Custom theme

Custom title

The customer's *Accounts receivable* balance is restored to what it was prior to entry of the dishonored cheque:

Bob's Hardware		Search						
		Date	Transaction	Bank account	Description	Debit	Credit	Balance
Edit	View	06/15/2021	Receipt	Main business account	Reversal of cheque #4488	110.00		210.00 Dr
Edit	View	06/10/2021	Receipt	Main business account			110.00	100.00 Dr
Edit	View	07/21/2020	Sales Invoice — 4 — 07/21/2020			110.00		210.00 Dr

Reversal for non-credit sale

Recall the Caution note above about why receipts for non-credit sales cannot be deleted. The information on sales and inventory movement they contain must be preserved. They must be reversed in a manner that maintains a record of what the customer owes.

Therefore, reversing a non-credit sale for which there is no sales invoice requires a customer to first be created in the **Customers** tab. Then, a new receipt with negative **Unit price** equal to the amount of the cheque can be entered and posted to that customer's subaccount of *Accounts receivable*. No invoice number needs to be entered. This action creates a receivable for the customer, just as would have been the case if a sales invoice had originally been issued.

In this way, inventory and income figures are correctly preserved. If satisfactory payment is subsequently received, it should be recorded against *Accounts receivable* for the customer. If satisfactory payment is never received, that receivable must be written off as a bad debt.

Handling bank fees for dishonored cheques

Most banks assess fees when cheques are dishonored. Such fees represent completely separate transactions between your business and your bank. They must be entered as separate bank payments, naming the bank as payee and posting the fees to an appropriate expense account, such as *Bank fees*.

If you are able to charge the issuer of the dishonored cheque for the fees, issue a separate sales invoice. Do not attempt to combine the new transaction with the original sales transaction or a reversal.

5.2.9 Create receipts from customer statements

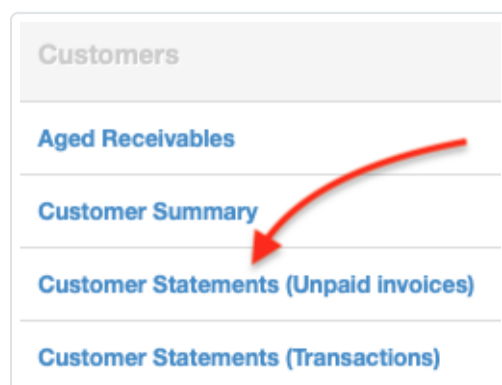
Businesses that receive money from customers covering several sales invoices at once can **create receipts directly from customer statements**. Situations where this capability might be useful include:

- Periodic invoicing for goods or services delivered during a time frame
- Bringing delinquent accounts up to date
- Ensuring combined receipts or payments are posted against specific invoices

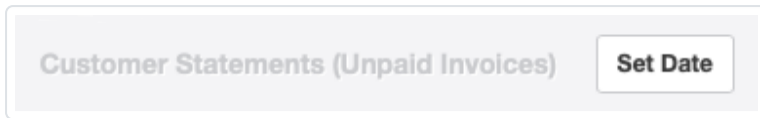
View the customer statement

Go to the **Reports** tab:

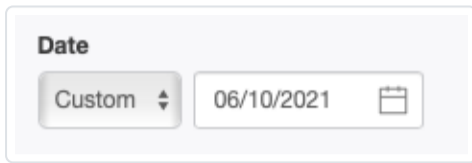
To record a receipt against several sales invoices from one customer, click **Customer Statements (Unpaid invoices)** :



If necessary to change the date, click **Set Date** :



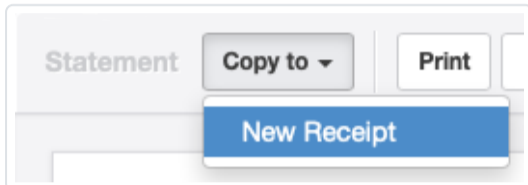
and choose between *Today* and *Custom* (then enter the desired date):



Click for the desired customer.

Copy to a receipt

When the statement appears, click and select *New Receipt*:




A receipt form will appear, listing all sales invoices for the customer that were included on the statement. The entry form may be edited as necessary before being saved by clicking .



Example

Northwind Traders has been struggling to collect on sales invoices from a customer for many years. A cheque finally arrives. To simplify recording the receipt against various sales invoices and verify that all delinquent invoices have been paid, Northwind generates a customer statement:

Statement



**NORTHWIND
TRADERS**

Date
06/10/2021

Northwind Traders
1313 North Webfoot Walk
Duckburg
Calisota

Piccolo und mehr
Geislweg 14
Salzburg NULL 5020
Austria

Date	Invoice	Description	Invoice total	Overdue	Balance due
09/13/2013	1356	Invoice 1356	457.00	2813 days	€ 457.00
09/17/2013	1363	Invoice 1363	198.00	2809 days	€ 198.00
03/26/2014	1649	Invoice 1649	1,076.05	2619 days	€ 1,076.05
05/29/2014	1735	Invoice 1735	1,193.25	2555 days	€ 1,193.25
10/30/2014	1935	Invoice 1935	1,647.74	2401 days	€ 1,647.74
11/07/2014	1944	Invoice 1944	1,128.00	2393 days	€ 1,128.00
03/20/2015	2107	Invoice 2107	1,358.00	2260 days	€ 1,358.00
09/25/2015	2380	Invoice 2380	1,173.52	2071 days	€ 1,173.52
12/01/2015	2489	Invoice 2489	1,649.00	2004 days	€ 1,649.00
03/21/2016	2645	Invoice 2645	2,689.74	1893 days	€ 2,689.74
Current					€ 0.00
1-30 days overdue					€ 0.00
31-60 days overdue					€ 0.00
61-90 days overdue					€ 0.00
90+ days overdue					€ 12,570.30
Total					€ 12,570.30

The total balance due on the statement matches the cheque, so Northwind copies the statement to a new receipt. *Accounts receivable* and the customer's name are automatically filled, as are invoice numbers and amounts:

Receipt

Date 06/10/2021 **Reference** Automatic

Paid by Contact Customer ↓ Piccolo und mehr ×

Received in Account Main business account × **Status** Pending ↓

Description Optional

Item	Account	Qty	Unit price	Total	Tax Code	Tax Amount	Total
↓	Accounts receivable ×	Customer	Piccolo und mehr	Invoice #1356 – 09/13/2013 ×			457 EUR
↓	Accounts receivable ×	Customer	Piccolo und mehr	Invoice #1363 – 09/17/2013 ×			198 EUR
↓	Accounts receivable ×	Customer	Piccolo und mehr	Invoice #1649 – 03/26/2014 ×			1076.05 EUR
↓	Accounts receivable ×	Customer	Piccolo und mehr	Invoice #1735 – 05/29/2014 ×			1193.25 EUR
↓	Accounts receivable ×	Customer	Piccolo und mehr	Invoice #1935 – 10/30/2014 ×			1647.74 EUR
↓	Accounts receivable ×	Customer	Piccolo und mehr	Invoice #1944 – 11/07/2014 ×			1128 EUR
↓	Accounts receivable ×	Customer	Piccolo und mehr	Invoice #2107 – 03/20/2015 ×			1358 EUR
↓	Accounts receivable ×	Customer	Piccolo und mehr	Invoice #2380 – 09/25/2015 ×			1173.52 EUR
↓	Accounts receivable ×	Customer	Piccolo und mehr	Invoice #2489 – 12/01/2015 ×			1649 EUR
↓	Accounts receivable ×	Customer	Piccolo und mehr	Invoice #2645 – 03/21/2016 ×			2689.74 EUR
							12570.3 EUR
							0
							12570.3 EUR

Add line ↓

When the transaction is created, the customer's account is settled.

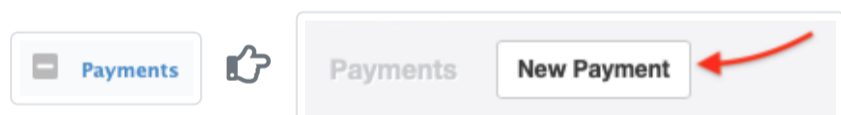
5.3 Payments

5.3.1 Record a payment

Money spent in any way by a business is a **payment**. Before one can be recorded, at least one [bank account](#) or [cash account](#) must be established. The [Payments](#) tab **must also be enabled**.

Basic payments

Once at least one bank or cash account exists, payments are recorded in the [Payments](#) tab by clicking on [New Payment](#) :



Complete the entry. Layout of the entry screen changes as options are selected:

Payment

Date 4/20/2022 **Reference** Automatic

Paid from
Account

Payee
Contact Other

Description

Item	Account	Description	Qty	Unit price	Total	Tax Amount	Total
<input type="text"/>	Suspense	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	0	0

Add line

Column — Description
 Column — Qty
 Column — Unit price
 Amounts are tax exclusive
 Fixed total
 Custom theme
 Custom title

- **Date** is automatically filled with today's date, but can be edited.
- **Reference** is optional and may be used for cheque numbers, bank confirmation numbers, or other internal sequences. If the box within the field is checked, Manager will number the transaction automatically. The program will search for the highest number among all existing receipts and add 1.
- **Paid from** is where you select the bank or cash account from which the money is being paid.
- If a bank account is selected, a **Cleared** field appears, in which *On the same date* or *On a later date* can be chosen. Status is set to *On the same date* by default for bank transactions. For transactions not cleared the same date, the clearance date may be entered:

Cleared

Another [Guide](#) covers cleared and pending transactions in greater detail. These fields are absent for cash account transactions.

- **Payee** is the person or entity to whom money is being paid. *Other* allows free text entries. But *Customer* or *Supplier* can also be selected, in which case the **Payee** field becomes a dropdown list of predefined customers or suppliers, as appropriate:

Payee



Note

If a customer or supplier is chosen, the address for that customer or supplier will be displayed on the completed receipt form. It will not, however, show on the entry screen.

- **Description** is an optional summary of the overall transaction.
- **Item** field can be used to enter predefined **inventory** or **non-inventory items**. If you have no predefined items, this field will not appear. Making a selection here will prefill several other fields on the line.
- **Account** is the account to which the receipt will be posted.
- **Description** on individual line items allows more specific information to be added. This field is displayed only if the **Column – Description** checkbox below the line item(s) is checked.
- **Qty** is where you enter the quantity of goods or services for the line item. If left blank, the program interprets the quantity as 1. This field only appears when the **Column – Qty** box is checked.
- **Unit price** lists the price of a single unit or, if the **Qty** field is left blank, of the entire amount for the line item.
- A **Tax Code** can be selected if any have been defined **and** if the **Account** field contains an account to which tax codes can be applied.
- **Division** and **Project** fields appear if any are defined and the **Account** selected is from the Profit and Loss Statement.
- An **Inventory location** field appears if **inventory locations** are defined and an inventory item is selected for a line item:

Inventory location

Unspecified location ▼

- **Amounts are tax exclusive** controls how taxes are calculated. Check the box if taxes are not included in unit prices. Uncheck the box if taxes are already included in unit prices. This check box applies to the entire transaction. The format of the form changes somewhat when this box is checked.
- The **Fixed total** checkbox is useful when an overall total is being split between posting accounts. Any amount by which the currently entered split is **Out of balance** appears in the field of that name.
- A **Custom theme** can be chosen. Available themes are selected in a dropdown box that appears if the box is checked.
- A **Custom title** can be entered to match local usage. Enter the title in the text field that appears if the box is checked.

Click to save the payment. The completed form can be given to the payee as a remittance or payment advice:

Payment



NORTHWIND
TRADERS

Specialty Biscuits

Date
08/31/2017

Northwind Traders
1313 North Webfoot Walk
Duckburg
Calisota

Advance for monthly snack service

Description	Total
Check #14587	275.00
Total	£ 275.00

Payments against purchase invoices

Payments to suppliers against purchase invoices can be entered two ways:

- As a basic payment
- From a purchase invoice

As a basic payment

To enter a payment against a specific purchase invoice, post it to *Accounts payable*, the *Supplier*, and the *Invoice*:

Account			
Accounts payable x ▾	Supplier	Specialty Biscuits x ▾	Invoice #10084 – 03/17/2014 x ▾



Note

If a supplier has been chosen in the **Payee** field, that supplier will be automatically entered:

Account			
Accounts payable x ▾	Supplier	Specialty Biscuits	Invoice #10084 – 03/17/2014 x ▾

Partial payments

When paying only part of the balance due on a purchase invoice, allocate the transaction exactly as above, but enter only the amount actually paid. Manager will apply the partial amount against the purchase invoice and show a reduced balance due. No other special steps are necessary.

Payments for multiple purchase invoices

When paying a supplier for multiple purchase invoices, leave the **Invoice** dropdown box blank. Manager will allocate the payment against the purchase invoice with a balance due that has the oldest due date first, then the next oldest, etc. However, if the payment is designated for specific purchase invoices, add lines and designate amounts for those invoices individually.

From a purchase invoice

To record a payment while viewing a purchase invoice, click on **New Payment** :

Edit	Clone	Copy to ▾	Print	PDF	Email	New Payment
------	-------	-----------	-------	-----	-------	--------------------

A payment entry form will appear. Select a bank or cash account. The remainder of the form will be prefilled with information to enter the full amount due on the purchase invoice. If the payment is for only part of the balance due, edit the amount paid by adjusting unit price.

Other situations

You are not restricted to using only simple expense accounts or *Accounts payable* to post payments. For example, if money is paid to a business owner set up under the **Capital Accounts** tab, select the matching capital account and subaccount:

Account			
Capital Accounts x ▾	Capital Account	John Smith x ▾	Sub Account Drawing x ▾

If a **fixed asset is purchased** the transaction can be allocated as below:

Account			
Fixed assets, at cost x ▾	Fixed Asset	Delivery truck x ▾	

Employees are paid by allocating payroll amounts as follows:

Account		Description	
Employee clearing account x ▾	Employee	266 - Patricia Montfort-Jones x ▾	Payroll for 3/3/2021

Inventory and non-inventory items can also be directly purchased using payment forms. For more information on buying without purchase invoices, see this [Guide](#).

5.3.2 Use payment rules to categorize imported transactions

Payment rules are decision criteria you define so Manager can automatically categorize or post payments to correct accounts and payees when you import bank statements. Procedures for importing statements are described in [another Guide](#).

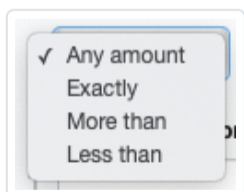
Define, edit, or delete a payment rule

Payment rules can be defined, edited, or deleted in the **Settings** tab after clicking **Payment Rules**:

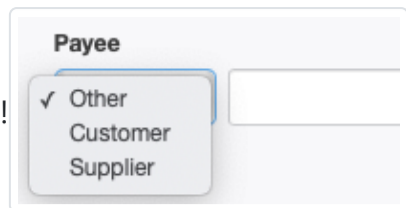


To define a new payment rule, click **New Payment Rule** and complete the description:

- Select the bank account to which the rule will apply under **If bank account is:**. Or, leave the default entry, *Suspense*, when the rule will apply across all your bank accounts.
- Enter any financial search criteria under **...and amount is:**. The default is *Any amount*. Alternatives include:



- Enter any descriptive search criteria under **...and description contains:**. This must be a literal string. Multiple criteria can be included by clicking **Add Line**. Multiple criteria are evaluated as a Boolean AND operation, meaning all criteria must be contained in the description.
- Choose the **Payee** involved in the transaction. To do this, first select the payee type as *Customer*, *Supplier*, or *Other*. If *Customer* or *Supplier* is selected, customers and suppliers already defined in the **Customers** or **Suppliers** tabs will be available. If *Other* is selected, the field is free text, and any name can be entered:



- Specify the posting **Account**.
- **Tax Code** and **Division** can be selected if any have been defined **and** an applicable account has been chosen. Otherwise, those fields do not appear.
- Checkboxes for **Column – Description** and **Column – Qty** cause corresponding fields to appear. Otherwise, those fields are absent, as shown in the illustration above.



Notes

When a control account is selected, such as *Accounts payable*, an additional dropdown field will appear beside the account field to select a subsidiary ledger, such as the supplier. If a subsidiary ledger is not selected, transactions fitting the search criteria will be posted to *Suspense*.



Example

Xuan sees that international wire transfer fees always show the same way in her bank statements. So she creates a payment rule directing all payments from her *Main business account* containing *NAB INTL TRAN FEE* in their descriptions to be categorized under her *Bank charges* expense account. Such transactions are not taxable in Xuan's jurisdiction:

A screenshot of a 'Payment Rule' configuration form. The form is titled 'Payment Rule' with a reference number '0390f8d7'. It contains several sections:

- If bank account is:** A dropdown menu set to 'Main business account'.
- ... and amount is:** A dropdown menu set to 'Any amount'.
- ... and description contains:** A text input field containing 'NAB INTL TRAN FEE'.
- ... then allocate to:** A section with a 'Payee' dropdown set to 'Other' and a text input field containing 'National Bank'.
- Item, Account, Tax Code:** A table-like structure with three columns. The 'Account' column has a dropdown set to 'Bank charges'. The 'Tax Code' column has a dropdown set to 'No tax'.
- Column – Description and Column – Qty:** Two unchecked checkboxes at the bottom of the form.

Click **Create** when finished. The rule will appear in the list of payment rules in the **Settings** tab:

Payment Rules		New Payment Rule
	If bank account is:	Conditions
Edit	Main business account	NAB INTNL TRAN FEE

To edit or delete a payment rule, click the **Edit** button beside the rule. Edit as desired and click **Update** or click **Delete**.

Define a payment rule during categorization

After a bank import is complete, Manager returns you to the **Bank and Cash Accounts** tab. Here, you will see a column for **Uncategorized Payments**:

Bank and Cash Accounts		New Bank Account	New Cash Account	Search		Search	
	Name	Uncategorized Receipts	Uncategorized Payments	Cleared balance	Pending deposits	Pending withdrawals	Actual balance
Edit	Business bank account	9	19	1,867.67	-	-	1,867.67

Transactions in that column have not yet been finally categorized. They are temporarily posted to the *Suspense* account. To define new payment rules while categorizing those payments, click on the number in the **Uncategorized Payments** column. Then click **New Payment Rule** on the line for which you want to define a new rule.

You should create rules for all payments likely to recur, being careful not to include in the rules any transaction details that are unique, such as reference numbers, invoice numbers, or dates. Once-off transactions that are infrequent should be categorized individually by clicking **Edit** rather than by creating rules. Payments you edit manually will disappear from the bulk categorization screen.

Once you have added all your payment rules, select all transactions matched by new rules by checking their boxes. Click **Batch Update** at the bottom. All selected payments with matching rules will be recategorized and taken off the list. Payment rules you created will be saved in the **Settings** tab, so when you import bank statements again, Manager will match new payments to existing payment rules, reducing the time needed to categorize them.



Caution

The possibility always exists that a payment rule will incorrectly categorize a transaction with unanticipated characteristics. When you complete the categorization process, review the results.

5.3.3 Make cash purchases (purchase without purchase invoices)

A **cash purchase** occurs when a business pays for goods or services immediately upon ordering or delivery. No credit is extended by the supplier. No account payable is created. The resulting expense is posted immediately to an expense account, regardless of whether the business uses **accrual or cash basis accounting**. Therefore, **no purchase invoice is required**. The entire transaction occurs in a single step.



Note

A cash purchase does not need to be paid in physical cash. It can be paid via any form of exchange. Its distinguishing feature is that credit was not extended by the supplier.

Cash purchases are entered in exactly the same way as any other **payment**. They should specifically list any inventory items purchased.

When a cash purchase is entered, any available credits you may have with the supplier from debit notes or returns will not be applied. This is because such credits are recorded in suppliers' subaccounts in *Accounts payable*, which is not invoked for cash purchases. To use such credits, a **purchase invoice** must be entered instead.

When a [supplier statement](#) is created, cash purchases from that supplier will not be included. If a complete record of purchases from a specific supplier is desired, purchase invoices must again be used.

5.3.4 Record supplier deposits and advances

Supplier deposits and advances are funds paid by a business to a supplier before they have been earned. While the funds may be in the supplier’s hands, they are actually being held in trust for the business that pays the deposit and represent a liability the supplier must eventually either repay or convert to income by completion of the economic activity for which they are intended. Some examples include:

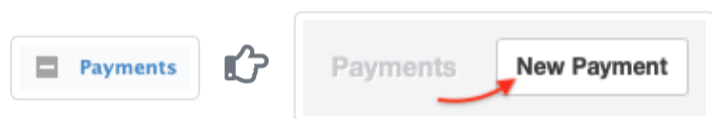
- Deposits accompanying purchase orders for custom manufacturing
- Prepayments for services or utilities to be invoiced later by the supplier
- Deposits to hotels for confirmation of reservations
- Deposits to landlords by tenants of rental property for cleaning or potential damages

Accounting for deposits and advances

Two essential facts must be recorded for every deposit:

- **Supplier** - who is receiving the deposit?
- **Amount** - how much is the deposit?

In Manager, both facts are recorded simultaneously when the deposit or advance is paid out. To record payment of a deposit, go to the **Payments** tab. Select **New Payment** :



Complete the payment form as you would for any other [payment](#):

Payment

Date 06/01/2021 **Reference** Automatic

Paid from Account: Main business account **Status** Cleared 06/09/2021

Payee Contact: Supplier Leka Trading

Description Advance for monthly snack service

Item	Account	Description	Qty	Unit price	Total	Tax Code	Tax Amount	Total
	Accounts payable	Supplier Leka Trading Invoice		275 EUR	275 EUR	No tax	0	275 EUR

Line description
 Amounts are tax inclusive
 Custom theme
 Custom title

- Under **Payee**, select **Contact** type as *Supplier*. Choose the supplier from the dropdown menu. (The supplier to whom you are making the deposit must already be defined.)
- Do not select anything in the **Item** field, even if the deposit is for an inventory or non-inventory item.
- Under **Account**, select *Accounts payable*. The supplier’s subaccount will automatically be selected to match the supplier designated under **Payee**. This choice cannot be edited. (See note below.)

Note If the deposit is paid to someone other than the supplier for whom the deposit is intended, the **Contact** type above must be *Other*. Then, you will be able to choose any supplier’s subaccount under *Accounts payable*.

- Leave the **Invoice** field blank.
- A quantity is not required in the **Qty** field, because no inventory items or billable items are involved with a deposit. You may simply enter the total deposit in the **Unit price** field. However, if you wish, enter the quantity and unit price and Manager will calculate a total.
- **Tax code** is normally left blank, because deposits or advances are not usually taxable events. However, rules in your jurisdiction may differ, especially if the deposit is for specific goods or services that will be delivered later. Check with a local accountant or your tax authority to be sure.



Note

Deposits, even those involving calculations with quantities and unit prices, have no impact on inventory values or quantities because no inventory item is designated.

Using deposits and advances

The payment will now be deducted from the applicable bank or cash account’s balance:

Main business account — Cleared balance		Import bank statement		Search		Search	
		Date	Transaction	Account	Description	Amount	Balance
Edit	View	06/09/2021	Payment — 1620	Accounts payable — Leka Trading	Advance for monthly snack service — Leka Trading	-275.00	4,180.00

The deposit also reduces the total *Accounts payable* balance, though the impact of a specific deposit will probably be obscured on the Balance Sheet by deposits and payables to other suppliers. To view specific information about supplier deposits, you can drill down by clicking the *Accounts payable* balance on the **Summary** page and locating the supplier’s account **Balance**:

Summary / Accounts payable	
Accounts payable	Leka Trading Search
27 rows hidden because they do not contain Leka Trading. Undo	
Name	Balance
Leka Trading	€ 27,567.93

Clicking on the balance, you can see transactions contributing to it, including the recent deposit payment:

Leka Trading		Search		Search					
		Date	Transaction	Bank account	Description	Amount	Debit	Credit	Balance
Edit	View	06/01/2021	Payment — 1620	Main business account	Check #14587		€ 275.00		€ 27,567.93 Cr

You can do the same thing in the **Suppliers** tab, with similar results.

Whenever a purchase invoice is created for a supplier, any available net debit in that supplier’s *Accounts payable* balance will be automatically applied, reducing the balance due on the new purchase invoice.

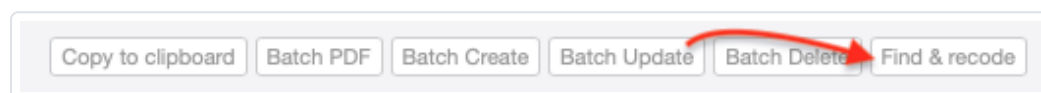


Note

Deposits and advances cannot be applied on purchases recorded only via cash payments. Such transactions are not processed through *Accounts payable*, so Manager cannot apply any available balance. If you purchase from a supplier on a cash-and-carry basis, but wish to apply an existing deposit or advance, you must create a purchase invoice and make payment against it in separate transactions.

5.3.5 Find and recode payments

The main screen of the **Payments** tab includes a **Find & recode** button at the bottom to assist with bulk recoding of line items on bank transactions to different accounts or to apply different tax codes:



This feature is often useful for posting payments from [imported bank statements](#) to proper accounts when they are not handled correctly by [payment rules](#). It can also be used in other situations, including when new accounts are added and you want to reallocate prior payments to the new accounts.



Notes

Payments in cash accounts are not included in the **Find & Recode** function.

The **Find & recode** function works at the line-item level, not the overall transaction level. This gives you the ability to find and recode individual lines on payments.



Example

Northwind Traders routinely contributes money to charities in return for acknowledgement in the charities' publications. The business believes local regulations allow a deduction from income for the donations. However, at the end of the fiscal year, the company's accountant determines that such contributions are not eligible for treatment as charitable donations, but only as advertising expenses. So every donation recorded during the year must be recoded from a *Donations* account to an *Advertising and promotion* expense account. This can be done very quickly using **Find & recode**.

Finding and selecting payments

In the **Payments** tab, select **Find & recode**. A list of general ledger transactions for line items on payments withdrawn from bank accounts appears:

Payments / Find & recode							
Find & recode <input type="text" value="Search"/> <input type="button" value="Search"/>							
<input type="checkbox"/>		Date	Bank account	Account	Tax	Description	Amount
<input type="checkbox"/>	<input type="button" value="Edit"/>	06/07/2021	Main business account	Billable expenses	-	Payment for purchase invoice 201867	€ 333.00
<input type="checkbox"/>	<input type="button" value="Edit"/>	06/01/2021	Main business account	Accounts payable	-	Check #14587	€ 275.00
<input type="checkbox"/>	<input type="button" value="Edit"/>	07/14/2016	Main business account	Accounting fees	-	Messenger services	€ 35.00
<input type="checkbox"/>	<input type="button" value="Edit"/>	07/04/2016	Main business account	Advertising and promotion	-	Newspaper advertising	€ 145.00



Note

Payments for inventory or non-inventory items will not be presented in this list, because the accounts to which they are posted are defined when the items are defined. If you wish to recode these, do so in the **Settings** tab.

From this list, select payments to be recoded directly by checking boxes in the lefthand column. Or, use the search function to narrow the list, in this example by entering the account name *Donations* and clicking **Search**:

From the narrowed list, select specific payments to be recoded:

Find & recode Donations Search							
4465 rows hidden because they do not contain Donations. Undo							
<input checked="" type="checkbox"/>		Date	Bank account	Account	Tax	Description	Amount
<input checked="" type="checkbox"/>	Edit	7/4/2016	Checking account	Donations	-	Newspaper advertising	- 145.00

Recoding payments

Once payments to be recoded are selected, scroll to the end of the list and select the new account. If a tax code applies, choose one:

Click **Bulk Update** to recode all selected payments to the new account or tax code:

<input type="checkbox"/>		Date	Bank account	Account	Tax	Description	Amount
<input type="checkbox"/>	Edit	7/4/2016	Checking account	Advertising and promotion	-	Newspaper advertising	- 145.00



Note

Tax codes can be recoded without changing accounts.

5.3.6 Exchange inventory with a payment form

For purposes of this Guide, you **exchange inventory** when either:

- A customer returns one or more previously sold inventory items to you and receives different inventory items from you, or
- You return one or more previously purchased inventory items to a supplier and receive different inventory items from the supplier,

and no credit is involved in the transaction. That means:

- Neither *Accounts receivable* from a customer nor *Accounts payable* to a supplier is adjusted, and
- No credit or debit note is involved.

In other words, an **exchange** occurs when all movement of funds and inventory is accomplished in a single transaction. If the items exchanged are not of equal value, movement of funds can be via bank or cash transaction. If you will owe money to the customer or supplier after the exchange, use a payment form to record the transaction.



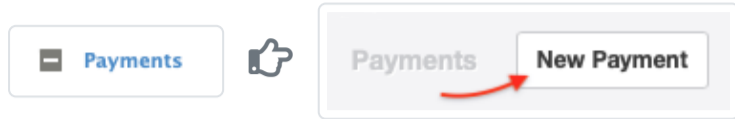
Note

Technically, an exchange can be recorded with a receipt or payment, regardless of whether either party to the transaction owes the other money or who owes money to whom. However, your records will be easier to understand if you use a payment form when you owe the other party money.

Customer returns goods

Conceptually, a customer exchanging inventory is equivalent to you buying back the item(s) the customer originally purchased and selling the new item(s) to the customer. In fact, you could enter two separate transactions. But there is a simpler way that produces identical results.

In the tab and click on :



On the payment form, list all inventory items the customer is returning and their quantities. Include any tax code that was applied to the original sale.

Next, list all inventory items the customer is buying in the exchange and their quantities. **Because you are effectively receiving money for the replacement item(s) rather than paying, enter the replacement quantities as negative numbers.** Again, include any applicable tax code.

Click to record the exchange.



Example

Brilliant Industries previously sold a ceramic table lamp to Bob's Hardware on a cash basis. Bob's Hardware realizes it purchased the wrong product and wants to exchange the lamp for a lamp kit. Because these are wholesale transactions, no tax is assessed on any portion of the transaction.

Prior to the exchange, Brilliant's Balance Sheet shows 1,000 in *Cash on hand* and *Inventory on hand* worth 4,432.53:

Assets		7,395.73
Accounts receivable		2,395.70
Cash at bank		-432.50
Cash on hand		1,000.00
Inventory on hand		4,432.53

Brilliant's **Inventory Items** list reveals it owns 18 table lamps and 5 lamp kits:

Inventory Items		New Inventory Item		Search		Search						
Item code	Item name	Description	Location	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
101	Table lamp	White ceramic lamp with silk shade		195.00	345.00	Each	0	18	0	18	187.77	3,379.93
222	Lamp kit	Ceramic lamp base with socket		87.00	123.00	Each	0	6	1	5	99.40	497.00

The payment form is completed as shown below. Note the negative quantity for the replacement item:

Payment

Date 08/25/2018 **Reference** Optional

Paid from Account Petty cash

Payee Contact Customer Bob's Hardware

Description Cash exchange

Item	Account	Qty	Unit price	Total	Tax Code	Tax Amount	Total
101 - Table lamp	Inventory on hand	1	195	195	No tax	0	195
222 - Lamp kit	Inventory on hand	-1	87	-87	No tax	0	-87
				108		0	108

Because the returned item is worth more than the replacement item, Brilliant owes Bob's Hardware 108. When the transaction is complete, the Balance Sheet has been adjusted, showing less *Cash on hand* and increased *Inventory on hand*:

Assets		7,395.73
Accounts receivable		2,395.70
Cash at bank		-432.50
Cash on hand		892.00
Inventory on hand		4,540.53

Inventory quantities have also been adjusted. Table lamps have increased by 1 and lamp kits have decreased by 1:

Inventory Items		New Inventory Item		Search		Search						
Item code	Item name	Description	Location	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
Edit	101	Table lamp	White ceramic lamp with silk shade	195.00	345.00	Each	0	19	0	19	188.15	3,574.93
Edit	222	Lamp kit	Ceramic lamp base with socket	87.00	123.00	Each	0	5	1	4	102.50	410.00



Note

If replacement items are worth more than returned items, the customer will owe additional money. This will be shown by a negative total. (A negative payment is the same as a receipt.)

You return goods to a supplier

When you exchange inventory with a supplier, you are effectively buying replacement items and selling back the items you originally purchased. The procedure for recording the transaction is basically the same as the one described above:

- Enter a new payment to either a cash or bank account.
- Enter replacement item(s) you receive with positive quantities.
- Enter item(s) you return with negative quantities.
- A positive payment total means you owe the supplier additional money. A negative payment total means the supplier owes you money.

5.3.7 Pay a refund

Sometimes, a business owes money to a customer and must **pay a refund**. Two basic situations may exist, requiring slightly different procedures:

- A refund is being paid from a cash sale or without reference to the customer's *Accounts receivable* balance.
- A customer defined under the **Customers** tab has paid in advance, paid more than was owed, or has been [issued a credit note](#), so a credit is being reported as a negative balance (or entry) in *Accounts receivable*. However, the customer does not want the credit applied to a future sales invoice.

Refunds from cash sales



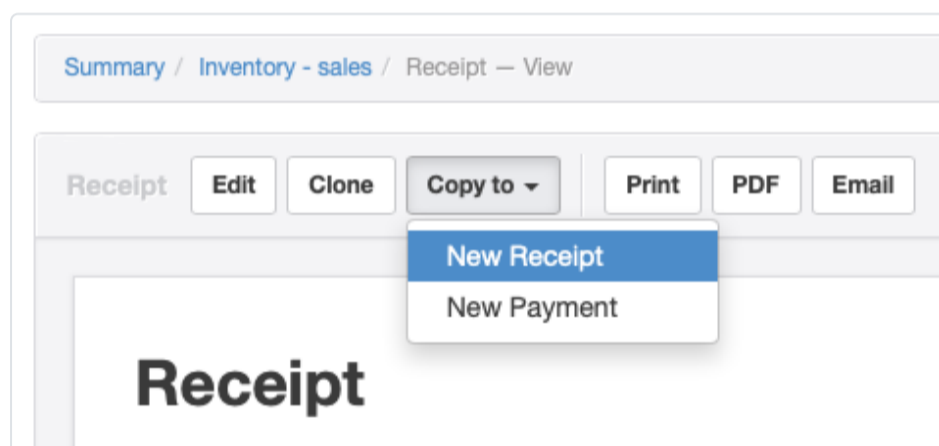
Caution

You might think a refund should be entered with a payment form, since you are making a payment to the customer. But recording a refund for inventory items with a payment form does not correctly reverse the original postings to an income account (for the amount of the sale) and the *Inventory - cost* expense account (for the cost of goods sold). More importantly, it also distorts the average cost of returned inventory items in the *Inventory on hand* account.

Recording the refund with a payment form also prepopulates unit prices with purchase prices rather than the sales prices used on the original sales receipt. Instead, record a refund with a receipt form, entering **negative values**.

Think of the refund this way: you recorded the original cash sale with a receipt, so it makes sense to reverse the sale with a negative receipt. This is similar to reversing a sale on a sales invoice with a credit note, which is like a negative sales invoice. You do not reverse a sale on a sales invoice by issuing a purchase invoice.

The easiest way to record a refund on a sale originally made by cash receipt is to locate and view the original sales receipt. Then use the **Copy to** function to create a new receipt from it:



You can also go to the **Receipts** tab and click **New Receipt** :



With either method, a receipt entry screen will appear. If you copied the original receipt to a new one, everything will already be filled in, but may still be edited. If you started with a new receipt, complete the form as you would for any other [receipt](#), with one important difference. In particular, complete a line item for everything being fully or partially refunded:

Item	Account	Description	Qty	Unit price	Total	Tax Code	Tax Amount	Total
	Suspense				0	No tax	0	0

- If an inventory or non-inventory item was involved in the original purchase, choose it in the **Item** field. Most of the remaining fields will fill automatically, but may be edited.
- **Account** will be filled automatically for inventory and non-inventory items. Otherwise, choose the same one to which the original purchase line item was posted. Because you will enter a negative value in one of the following fields (see below), Manager will deduct the appropriate amount from an income account, add to *Inventory on hand*, reduce *Inventory - cost*, and reduce the appropriate tax liability account.
- **Description** describes the return/refund.
- **Qty** is the number of units being refunded. **Enter the quantity as a negative number. This is the important difference mentioned above.** If an inventory item is not actually being returned, but only adjusted in price, leave this field blank.
- **Unit price** is the amount being refunded per unit of return. If only a partial refund is being made, enter the actual amount being refunded. **If no quantity was entered in the Qty field, enter the unit price as a negative number. Otherwise, enter a positive number.**
- Choose the same **Tax** code used for the original transaction.
- Select a **Division** and/or **Project** if appropriate. These fields do not appear unless items or accounts for which they are allowed are selected.

Click when the form is complete. Remember to pay the customer.

Refunds of credit balances

Customer credit balances will be automatically applied to the customer's next invoice:

	Qty	Unit price	Amount
	24	4.50	108.00
	13	6.00	78.00
Total			186.00
Less: Receipt — 08/25/2018			100.00
Balance due			86.00

But if the next invoice is unlikely to be issued soon or the customer has requested the credit be refunded, make a [payment](#) to reduce the credit balance.



Note

Since inventory or non-inventory items will not be used for refunds of credit balances, this type of refund does not require use of a receipt form.

On the payment form, for **Account**, select *Accounts receivable*, then select the *Customer*. If the refund is associated with a specific invoice, select it in the **Invoice** field. Otherwise, leave that field blank:

Item	Account	Customer	Bob's Hardware	Invoice	Automatic	Qty	Unit price	Total	Tax Code	Tax Amount	Total
	Accounts receivable	Customer	Bob's Hardware	Invoice	Automatic			0	No tax	0	0

On the payment form, all numbers should be positive. Click to save the transaction.



Caution

Refunding a credit balance only reduces the customer's *Accounts receivable* balance. It does **not** adjust inventory or tax accounts. To do that, you **must** [issue a credit note](#) first.

5.3.8 Record early payment discounts on purchases

An **early payment discount** is a reduction of the balance due on an invoice offered by a supplier for payment by a deadline earlier than the regular due date. Early payment discounts are usually offered to incentivize faster payment and minimize carrying costs of receivables.



Note

An early payment discount is not an ordinary [discount](#) as that term is generally used throughout Manager. Normally, a discount is a percentage or fixed-amount price reduction on an individual line item. An early payment discount applies to an entire invoice.

**Example**

ACME Services Company regularly extends credit to customers by issuing sales invoices net 30 days. In other words, the due date on each new invoice is 30 days in the future. But it offers a 5% early payment discount if customers pay within 10 days.

ACME is a supplier of Brilliant Industries. Whenever cash flow is satisfactory, Brilliant saves 5% on its purchases from ACME by paying quickly.

Early payment discounts on purchases can be applied by either of two methods:

- Debit note
- Adjusted payment

Debit note method

When you take an early payment discount offered by a supplier, the supplier may send you a credit note. Enter that credit note as a [debit note](#) in Manager. You can also, however, initiate a debit note yourself to record the early payment discount.

The debit note reduces the balance of *Accounts payable* for that supplier. Make payment with a bank or cash transaction equal to the reduced balance due for the purchase invoice.



Example

ACME Services Company raises a sales invoice to Brilliant Industries for 300.00 in services with a 10% tax added. A 5% early payment discount is offered. Brilliant enters a corresponding purchase invoice:

Fall advertising campaign

Description	Qty	Unit price	Amount
Advertising design services	1	300.00	300.00
		Sub-total	300.00
		GST 10%	30.00
		Total	330.00

Brilliant decides to pay early, qualifying for the discount. So it creates a debit note, allocating the debit note to the specific purchase invoice. Since the discount applies to the entire purchase invoice, including tax, the **Unit price** is calculated as 5% of the total balance due of 330.00. The same 10% tax code is selected, and the debit note is marked as being tax-inclusive:

New Debit Note

Issue date: 03/23/2018 Reference:

Supplier: ACME Services Company Invoice: Invoice #43875

Description: Early payment discount

Item	Account	Description	Qty	Unit price	Amount	Tax
	Advertising and promotion	5% discount on Purchase Invoice 43875		16.50	16.5	GST 10%
					16.5	

Discount
 Amounts are tax inclusive

The purchase invoice's **Balance due** is reduced by the debit note:

Fall advertising campaign

Description	Qty	Unit price	Amount
Advertising design services	1	300.00	300.00
		Sub-total	300.00
		GST 10%	30.00
		Total	330.00
		Less: Debit Note — 07/26/2019	16.50
		Balance due	313.50

Brilliant pays ACME 313.50 to settle its debt.



Notes

In the example above, Brilliant could have calculated the debit note amount on the subtotal of 300.00, applied the 10% tax code, and **not** checked the tax-inclusive option. The result would have been identical.

The debit note posted the transaction to the same *Advertising and promotion* expense account used for the original purchase invoice. The transaction could also have been posted to a dedicated contra expense account, such as *Early payment discounts (suppliers)*. That would make it easier to track total savings from such discounts. Either approach is permissible.

If line items on the original purchase invoice are taxed at different rates, you must enter a discount line for each tax code used, apportioning the total according to subtotals for individual tax rates.



Caution

In most jurisdictions, an early payment discount is considered a price reduction, because it was offered as a condition of the sale. So tax is due only on the reduced price of goods or services. But in some jurisdictions, tax may be due on the original sale price. In that case, do not apply the tax code to the discount line item(s). Your supplier will effectively be paying your tax on the discounted portion of your purchase. Check with a local accountant or tax authority to confirm which situation applies.

Adjusted payment method

An early payment discount can be applied without a debit note, by simply adjusting the payment transaction. Enter the full balance due from the purchase invoice, posting to *Accounts payable* and the supplier's subaccount and invoice number. **Do not apply any tax code on this line.** This will totally clear the *Accounts payable* balance for the invoice.

Add a second line to the payment form, posted to either the same expense account as the original purchase or a dedicated contra expense account for discounts (see Notes above). **Enter the early payment reduction as a negative number.** Apply the relevant tax code (see Caution above). If more than one tax code was used on the purchase invoice, add separate lines for the discount amounts subject to each tax code. The payment total will be reduced to match funds you are paying to the supplier.



Example

Under the same scenario as before, Brilliant Industries decides not to enter a debit note. It enters its payment to ACME as a tax-inclusive transaction, posting the discount to the same expense account as the original purchase invoice:

Date	Type	Reference				
03/23/2018	Payment	<input type="checkbox"/>				
Account		Status				
Main business account x		Cleared		Date		
Payee						
ACME Services Company						
Description						
Early payment for Purchase Invoice 43875						
Item	Account	Description	Qty	Unit price	Amount	Tax
↓	Accounts payable x	ACME Services Company x Invoice #43875 x		330	330	No tax
↓	Advertising and promotion x	5% early payment discount		-16.50	-16.5	GST 10% x
					313.5	
Add line						
Location						
North warehouse x						
<input checked="" type="checkbox"/> Amounts are tax inclusive						

The purchase invoice is paid in full.

Early payment discounts without purchase invoices


Sometimes, businesses receive sales invoices offering early payment discounts, but treat them as [cash purchases](#) and do not create purchase invoices. For the sake of clarity in record-keeping, the payment form for such a transaction should be entered using the adjusted payment method. Show the full purchase price, posted to relevant expense accounts, and separate line items for each portion the discount, as determined by tax codes. **Enter discounts as negative numbers.** The same alternatives for account posting are available as when dealing with purchase invoices.

5.3.9 Create payments from supplier statements

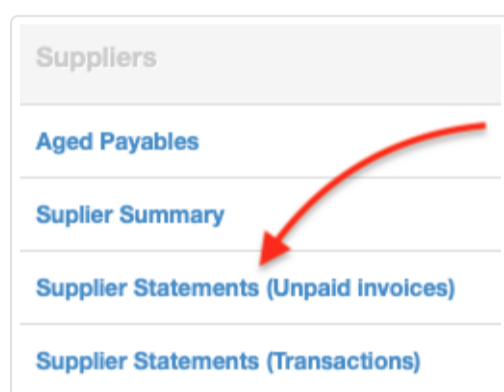
Businesses that make payments to suppliers covering several purchase invoices at once can **create payments directly from supplier statements**. Situations where this capability might be useful include:

- Periodic invoicing for goods or services delivered during a time frame
- Bringing delinquent accounts up to date
- Ensuring combined payments are posted against specific invoices

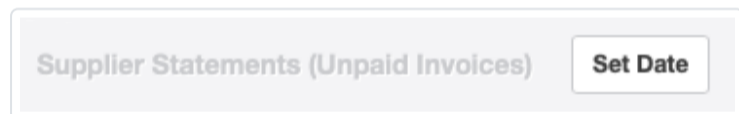
View the statement

Go to the tab: 

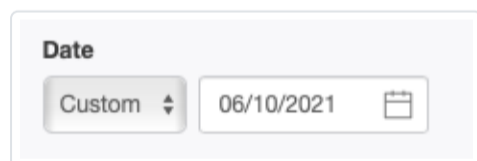
To record payment for purchase invoices from one supplier, click :



If necessary to change the date, click :



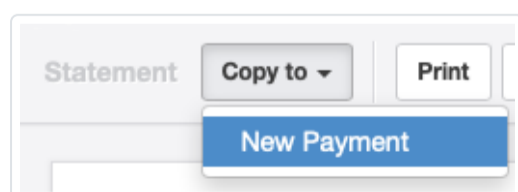
and choose between *Today* and *Custom* (and then enter the desired date):



Click for the desired supplier.

Copy to a payment

When the statement appears, click and select *New Payment*:



A payment form will appear, listing all invoices for the supplier that were included on the statement. The entry form may be edited as necessary before being saved by clicking .



Example

Brilliant Industries has been struggling to pay its suppliers for over a year. Finally, its cash position improves and it can pay ACME Distributing. To simplify recording the payment against various purchase invoices and verify that all delinquent invoices have been paid, Brilliant generates a customer statement:

Statement

ACME Distributing
1234 Main Avenue
Anytown, Sample Province
Lovaronia

Date
06/10/2021

Brilliant Industries
1313 Webfoot Walk
Duckburg
Calisota
info@brilliantindustries.com

Date	Invoice	Description	Invoice total	Overdue	Balance due
05/30/2020	1	Initial inventory purchase	5,013.50	376 days	5,013.50
06/01/2020	3	LED purchase	375.00	374 days	375.00
12/14/2020	5	Invoice 5	110.01	178 days	110.01
02/28/2021	79	Invoice 79	200.00	102 days	200.00
06/01/2021	81	Invoice 81	300.00	9 days	300.00
06/08/2021	80	Invoice 80	5,000.00	2 days	5,000.00
Current					0.00
1-30 days overdue					5,300.00
31-60 days overdue					0.00
61-90 days overdue					0.00
90+ days overdue					5,698.51
Total					10,998.51

Brilliant copies the statement to a new payment. *Accounts payable* and the supplier's name are automatically filled, as are invoice numbers and amounts:

Payment

Date 06/10/2021 Optional

Paid from
Account

Payee
Contact Supplier ACME Distributing

Description
Optional

Item	Account	Supplier	Invoice	Qty	Unit price	Total	Tax Code	Tax Amount	Total
↓	Accounts payable	Supplier ACME Distributing	Invoice #1 - 05/30/2020		5013.5	5013.5	No tax	0	5013.5
↓	Accounts payable	Supplier ACME Distributing	Invoice #3 - 06/01/2020		375	375	No tax	0	375
↓	Accounts payable	Supplier ACME Distributing	Invoice #5 - 12/14/2020		110.01	110.01	No tax	0	110.01
↓	Accounts payable	Supplier ACME Distributing	Invoice #79 - 02/28/2021		200	200	No tax	0	200
↓	Accounts payable	Supplier ACME Distributing	Invoice #81 - 06/01/2021		300	300	No tax	0	300
↓	Accounts payable	Supplier ACME Distributing	Invoice #80 - 06/08/2021		5000	5000	No tax	0	5000
						10998.51		0	10998.51

Add line

Brilliant selects a bank account in the **Paid from** field. When the payment is created, the supplier's account is settled.

5.4 Inter Account Transfers

5.4.1 Transfer money between bank and cash accounts

An **inter account transfer** is the movement of money from one bank or cash account of a business entity to another. No funds enter or leave the business. A transfer is not possible unless the business has at least two bank or cash accounts. Examples of transfers include:

- Withdrawing cash from a bank account for a petty cash fund
- Paying off a business credit card from a company bank account (remembering that, technically, money left the business when the credit card was used to pay an expense)
- Moving money from a general purpose bank account to a payroll account

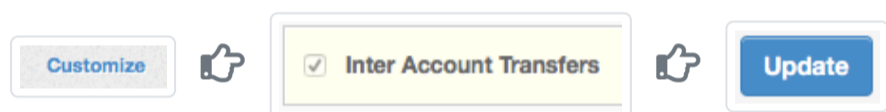


Note

Inter account transfers can be instantaneous, as when moving money online between accounts in the same bank. Or they may remain pending for several days, as when mailing a cheque to pay a credit card statement.

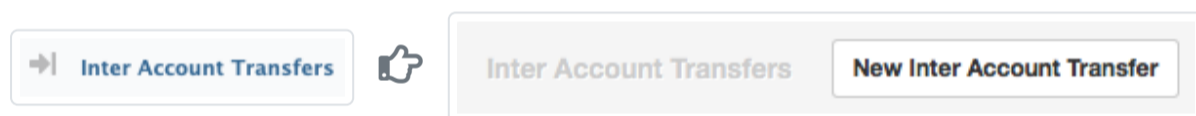
Enable the **Inter Account Transfers** tab

Click **Customize** below the left navigation pane, check the box to enable **Inter Account Transfers**, and click **Update** at the bottom of the page:



Enter the transfer

In the **Inter Account Transfers** tab, click **New Inter Account Transfer** :



Complete the entry (some fields appear as you progress):

Inter Account Transfer


Date	Reference		
<input type="text" value="03/01/2021"/>	<input type="checkbox"/>	<input type="text" value="Optional"/>	
Description			
<input style="width: 100%;" type="text"/>			
Paid from			
<input style="width: 80%;" type="text"/>	Amount	<input style="width: 10%;" type="text" value="0"/>	
Received in			
<input style="width: 100%;" type="text"/>			

- **Date** will be prefilled with today's date. This can be edited.
- **Reference** is optional and may be used for internal or external reference numbers. If the box within the field is checked, Manager will number the transaction automatically. The program will search for the highest number among all existing inter account transfers and add 1.
- **Description** allows you to record purpose of the transfer.

- **Paid from** records the origin account.
- **Amount** records the value of the transaction in the currency of the origin account.
- **Status** appears if the origin account is a bank account. It can be *Pending* or *Cleared*, in which case a date can be entered.
- **Received in** records the destination account. As with the origin account, if the destination account is a bank account, another **Status** field will appear.
- A second **Amount** field for the destination account appears only if the origin account is different from the base currency or if the two accounts are denominated in different currencies. Otherwise, the amount received will automatically match the amount transferred. If the account receiving the transfer is denominated in a different currency, the figure must be input manually.
- **Status** options are the same for the destination account as the origin account.

Click to finalize the transfer:

Inter Account Transfer



NORTHWIND TRADERS

Date
05/21/2017

Reference
25409684

Northwind Traders
1313 Webfoot Walk
Calisota

Balance transfer

Account	Outflows	Inflows
Main business account	2,500.00	
London bank account		2,500.00



Note

Inter account transfers do not appear in the or tabs. They do, however, appear in drill-down listings of individual account transactions accessed from the or the tab.



Caution

Remember, an inter account transfer only *records* a transfer. It does not actually move any money. You must take action to withdraw and deposit, make the online transfer, or send the cheque.

5.4.2 Post inter account transfers from imported bank statements

[Inter account transfers](#) can be confusing when [importing bank statements](#). The confusion typically arises because an inter account transfer is really two separate transactions:

- A **withdrawal** from the source account (a payment)
- A **deposit** to the destination account (a receipt)

When a transfer is recorded in Manager's tab, the program combines the two transactions on a single entry screen, then invisibly records them to their separate bank accounts. But when transactions are imported via an electronic bank statement, the imported statement includes only one or the other transaction, never both.

Moreover, whether posting any bank transaction to an account manually or by [receipt rule](#) or [payment rule](#), receipts and payments cannot be posted to *Cash at bank* and a specific bank account. (Without explaining all the details here, that would result in duplication of transactions.) Therefore, receipts and payments that are part of an inter account transfer must be processed via a clearing account.

**Note**

Clearing accounts are used to temporarily lodge transactions that will eventually be posted to regular accounts. Amounts are debited and credited in offset to one another, sometimes almost simultaneously, but other times days apart, after some aspect of a transaction is cleared or appears on a statement. Normally, the debits and credits cancel each other, so the balance of the clearing account returns to zero when all activity is complete. Using a clearing account is like temporarily storing cash in your pocket until you can transfer it to your wallet.

Set up the clearing account

Theoretically, since the net effect of an inter account transfer leaves the clearing account with a zero (or undisturbed prior) balance, any account could be used. But that would temporarily distort the balance of the selected account until the transaction fully clears.

Likewise, if a clearing account exists for some other purpose, it could be used. But good accounting practice uses separate clearing accounts for different purposes so their histories show distinct types of transactions.

The imported statement entry relating to transfers between financial accounts needs to be processed with a Bank Rule via a clearing account. (Or edit the entry to the clearing account)

Under in the tab, [add the clearing account](#). Assign it to the *Assets* group on the balance sheet.

**Note**

Technically, the clearing account could also be assigned to the *Liabilities* group. The choice makes no long-term accounting difference. However, since a transfer deposit cannot clear before the corresponding transfer withdrawal, funds posted to the clearing account while in transit are better thought of as assets than liabilities.



Example

Brilliant Industries imports bank transactions, including inter account transfers between its various banks. It adds a new account to its chart of accounts:

New Account

Name	Code
<input type="text" value="Transfer clearing"/>	<input type="text" value="Optional"/>
Group	
<input type="text" value="Assets"/>	

The clearing account appears on the balance sheet:

Assets	28,395.73
Accounts receivable	4,133.63
Cash at bank	9,567.50
Cash on hand	700.00
Intangible assets	10,500.00
Intangible assets, accumulated amortization	- 175.00
Inventory on hand	3,669.60
Transfer clearing	-

Use the clearing account

When importing bank statements, post **all** transactions related to inter account transfers to the same clearing account. Withdrawals from a source account increase the balance of the clearing account.



Example

Brilliant transfers 7,500 from its checking account to a dedicated payroll account. It imports the statement for the checking account and categorizes the withdrawal to *Transfer clearing*. On the balance sheet, *Cash at bank* declines, and *Transfer clearing* increases by the same amount:

Assets	28,395.73
Accounts receivable	4,133.63
Cash at bank	2,067.50
Cash on hand	700.00
Intangible assets	10,500.00
Intangible assets, accumulated amortization	- 175.00
Inventory on hand	3,669.60
Transfer clearing	7,500.00

Deposits to a destination account decrease the balance of the clearing account.



Example

Brilliant downloads and imports a statement for the payroll account. It categorizes the incoming receipt for the transfer to *Transfer clearing*. *Cash at bank* increases and *Transfer clearing* declines to zero. The balance sheet now looks the same as before the transfer:

Assets	28,395.73
Accounts receivable	4,133.63
Cash at bank	9,567.50
Cash on hand	700.00
Intangible assets	10,500.00
Intangible assets, accumulated amortization	- 175.00
Inventory on hand	3,669.60
Transfer clearing	-

Methods for categorizing transactions

As with any other imported bank transaction, inter account transfer elements can be categorized by either of two methods:

- **Manual:** During the import process, click next to the receipt or payment. Select the clearing account and click .
- **Receipt or payment rule:** Click or and define a rule that will recognize future transfer receipts or payments. Exact definition of the rule will depend on the format and terminology used by your financial institution on its statements. Be careful to choose criteria that are common to all transfer transactions rather than unique to one. Manager is able to distinguish between withdrawals and deposits (payments and receipts) when importing and will treat the transactions correctly.



Example

Looking at past statements from its main checking account bank, Brilliant discovers that outgoing transfers to its payroll bank are always described as "XFER TO FIRST GENERAL BANK" plus various other data. Likewise, statements for the payroll account always note "INCOMING CONSOLIDATED BANK." It creates two rules to handle transfers of payroll funds between its accounts at the two banks:

Payment Rule

If bank account is:

... and description contains

... then allocate to

Payee

Account **Tax Code**

and

Receipt Rule

If bank account is:

... and description contains

... then allocate to

Paid by

Account **Tax Code**



Caution

You should use the **Inter Account Transfers** tab or import bank statements in the **Bank and Cash Accounts** tab, but not both. Using both will result in duplication of transfers. Correction of duplicates requires deleting either (a) the inter account transfer entry or (b) **both** the corresponding payment and receipt from imports from the two banks.

If you want to enter transfers in the **Inter Account Transfers** tab, yet import statements to capture other transactions, click **Edit**, then **Delete** for transfer payments and receipts during the import process.

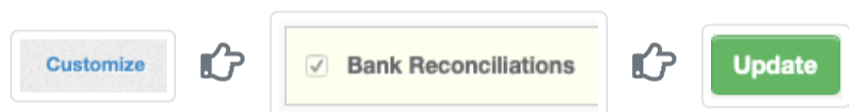
5.5 Bank Reconciliations

5.5.1 Reconcile bank accounts

Bank reconciliation is the process of verifying your records of transactions posted to bank accounts against records of the institutions. (The term *bank* is used generically to refer to any institution from which you receive or can obtain statements, whether by mail or electronically.) To avoid potential problems caused by undiscovered errors, you should reconcile your bank accounts regularly.

Enable the **Bank Reconciliations** tab

Before a bank account can be reconciled, the **Bank Reconciliations** tab must be enabled. Click **Customize** below the left navigation pane, check the box, and click **Update** :

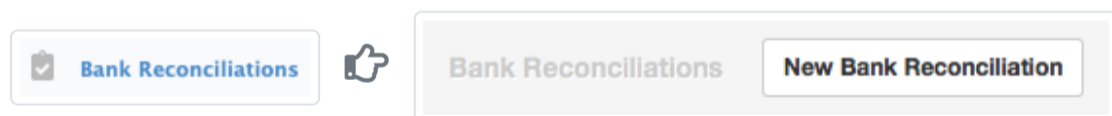


Note

If you had bank reconciliation reports prior to the addition of the **Bank Reconciliations** tab to the program, the tab will already be enabled. All past reconciliation reports will be present.

Reconcile a bank account

Go to the **Bank Reconciliations** tab and click **New Bank Reconciliation** :



Define the reconciliation:

Bank Reconciliation

Date

Bank account

Statement balance

- Set the **Date** to which you will reconcile transactions, usually the date of the statement.
- Choose the **Bank account** from among those already defined.
- Enter the closing **Statement balance**.

Click **Create** to save the reconciliation. The reconciliation will appear in the **Bank Reconciliations** tab list.

Successful reconciliation

If Manager’s figures agree with the bank statement, the status will show as *Reconciled*. Click **View** to see the reconciliation:

Bank Reconciliations		New Bank Reconciliation		Search		Search	
		Date	Bank account	Statement balance	Discrepancy	Status	
Edit	View	11/06/2019	Main business account	17,306.80	0.00	Reconciled	

Bank Reconciliation

NORTHWIND TRADERS

Date
11/06/2019

Northwind Traders
1313 North Webfoot Walk
Duckburg
Calisota

Main business account

Description	Amount
Closing balance as per bank statement	17,306.80
Pending deposit – 08/18/2016 – Bottom-Dollar Markets – Deposit for October route service	500.00
Pending withdrawal – 09/01/2017 – Seashore Seafood – Seafood	- 12.88
Pending withdrawal – 05/30/2019	- 50.00
Adjusted closing balance as per bank statement	17,743.92
Closing balance as per balance sheet	17,743.92
Discrepancy	0.00

RECONCILED

The reconciliation will show:

- Closing statement balance at the top
- Pending deposits and pending withdrawals
- Adjusted closing balance
- Discrepancy (which should be zero)

Unsuccessful reconciliation

If the figures disagree, the status will show as *Not reconciled*. Click on the blue figure in the **Discrepancy** column:

Bank Reconciliations		New Bank Reconciliation		Search		Search	
		Date	Bank account	Statement balance	Discrepancy	Status	
Edit	View	11/06/2019	Main business account	17,360.80	54.00	Not reconciled	

Manager will show you a screen to help with the bank reconciliation process. Exact contents of this screen may vary, depending on the problem detected. You will first be asked to double-check closing balances as per the bank statements:

For the **Main business account** on **06 November 2019** you entered the following closing balance.
 Check the balance to make sure you entered it correctly.

Closing balances		
	Date	Closing balance
<input type="button" value="Edit"/>	11/06/2019	17,360.80
		Net movement
		17,360.80

You may be asked to confirm status of pending transactions:

The next step is to check uncleared payments or deposits whether they have cleared on bank statement on or before **11/06/2019**.
 If yes, edit transaction to set status to **Cleared** and specify date when transaction has appeared on your bank statement.

Transactions					
	Date	Transaction	Description	Contact	Amount
<input type="button" value="Edit"/>	08/18/2016	Receipt	Deposit for October route service	Bottom-Dollar Markets	500.00
<input type="button" value="Edit"/>	09/01/2017	Payment	Seafood	Seashore Seafood	- 12.88
<input type="button" value="Edit"/>	05/30/2019	Payment			- 50.00

If you make corrections, Manager’s suggestions may change. If the problem does not resolve, you may be presented with a list of transactions since your last reconciliation:

Check bank statement lines on your bank statement before **06 November 2019**.
 Enter missing bank statement lines, fix incorrect amounts or delete transactions which don't appear on your bank statement.
 Net movement as per your bank statement closing balances above must equal to net movement as per your bank statement transactions below.

You don't need to compare these transactions to your bank statement manually, enter closing balance as at **10/06/2014** to find discrepancy quicker.

Transactions					
	Date	Transaction	Description	Contact	Amount
<input type="button" value="Edit"/>	01/01/2013	Payment			- 187.00
<input type="button" value="Edit"/>	01/01/2013	Main business account	Starting balance		50.00
<input type="button" value="Edit"/>	01/02/2013	Payment			- 275.00
<input type="button" value="Edit"/>	01/03/2013	Payment			- 103.00

Depending on how often you reconcile, the list of transactions can be quite lengthy. Manager might break down the transactions into smaller segments to make it easier to check against your bank statement. To do that, Manager may ask for interim closing balances as per your bank statement.

It is usually most efficient to keep providing new closing balances as long as you are asked for them. Manager will use this information to pinpoint the specific days you don't reconcile. Instead of checking a whole month of transactions at once, you will only need to reconcile one day at a time and only days that don't reconcile.

When you compare transactions from the list to your bank statement, use the button to correct or delete transactions as required. If a transaction is included in your bank statement but not in Manager, use the applicable or button to record it.

Once you resolve all issues, **Status** of the bank reconciliation statement will indicate *Reconciled* when viewing the list of bank reconciliations.

Chapter 6: Expense Claims

Expense claims are a method of accounting for business expenses paid from personal funds by owners, employees, or others.

6.1 Expense Claims

6.1.1 Set up expense claim payers

Expense Claim Payers, as defined in this Guide, are persons who expend personal funds on behalf of the company, including directors, proprietors not using capital accounts, and all other persons. They are one of three types of Payers for whom expense claims can be entered. The others are Members created in the `Capital Accounts` tab and Employees.



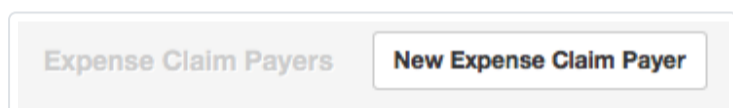
Note

Members and Employees can also be defined as Expense Claim Payers, especially if consolidated reporting is desired. See [this Guide](#) for further information.

To set up an Expense Claim Payer, go to the `Settings` tab and click on `Expense Claim Payers` :



Click `New Expense Claim Payer` :



Complete the form:

Payer

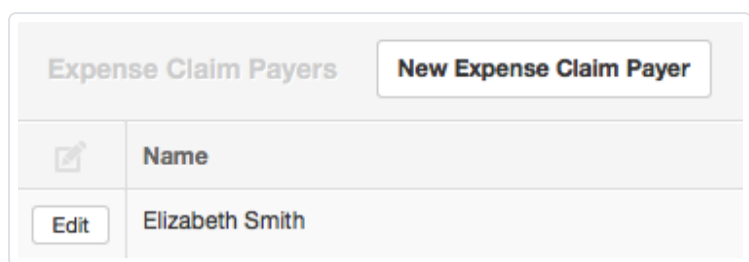
Name

Starting balance

`Paid in advance`

- **Name** is how the expense claim payer will appear in selection list. (If the payer is also a member or employee, include a distinguishing identifier in the name so they can be told apart.)
- Enter **Starting balance** if a start date has been set and a balance existed in the prior accounting system. *Paid in advance* means the company had already reimbursed the payer more than the payer was entitled to and was owed money by the payer on the start date. *Amount to pay* means the company owed the payer for prior expense claims on the start date.

Click `Create` . The Payer will appear in the `Expense Claim Payers` list:



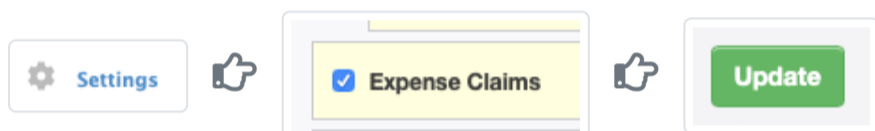
6.1.2 Use expense claims

Expense claims record expenses incurred by people on behalf of the business. These can be of two types:

1. **Actual expenses paid with personal funds** that, in other circumstances, could have been paid directly with company funds and posted to appropriate accounts. Examples include: travel expenses for company business charged to an individual's credit card, cash purchases of office supplies, or materials bought locally out of pocket on an emergency basis to finish work at a customer's site.
2. **Allowances based on rates rather than actual expenditures** but deductible from income under local law. Often, allowance rates are officially established. They represent real costs to the business, even though explicit monetary transactions do not occur. Examples include: motor vehicle usage based on distance or daily meal or lodging stipends earned regardless of actual costs.

Setting up the **Expense Claims** tab

Enable the **Expense Claims** tab by clicking **Customize** below the left navigation pane, ticking the box for Expense Claims, and clicking **Update** at the bottom of the list:



Creating expense claim payers

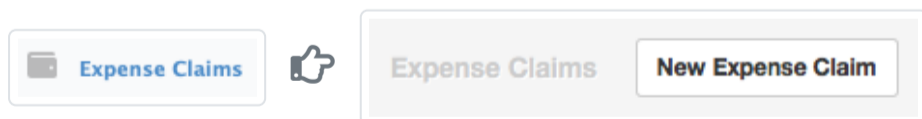
Expense claims may be entered only for the following three types of Payers:

1. **Members** created in the **Capital Accounts** tab, including partners and sole traders/proprietors using capital accounts.
2. **Employees** created in the **Employees** tab.
3. **Expense Claim Payers** defined under **Settings**, including directors, proprietors not using capital accounts, and all other persons.

Individuals may be of more than one type. For example, partners might define themselves as Expense Claim Payers to avoid complicating their capital accounts with expense claims. Or a business might authorize only certain employees to file expense claims, defining those employees as Expense Claim Payers and prohibiting expense claims from other employees.

Creating an expense claim

Once the person claiming the expense has been defined under one of those three types, you can create an expense claim. Select the **Expense Claims** tab and click the **New Expense Claim** button:



Complete the form:

Expense Claim

Date **Reference**

Payer

Payee

Description

Item	Account	Qty	Unit price	Total	Tax Code	Tax Amount	Total
<input type="text"/>	Suspense			0	No tax	0	0

Amounts are tax inclusive

Line description

Custom theme

- **Date** will be pre-filled with today's date.
- **Reference** is optional and may be used for internal or external sequences. If the box within the field is checked, Manager will number the transaction automatically. The program will search for the highest number among all existing expense claims and add 1.
- Select the **Payer** from the dropdown list:



Note

If expense claim payers are included in more than one category, their names will appear more than once on the list. Codes or other identifying information in their names must be used to distinguish them.

- **Payee** is the entity to which money was paid by the **Payer**. For allowance claims, you may either leave the **Payee** field blank or enter *Allowance*.
- Complete line items with details of expenses, allocating them to appropriate accounts. (**Tax** and **Division** fields appear only if applicable codes or divisions have been defined in the **Settings** tab and appropriate accounts have been selected.)
- **Inventory location** can be selected if inventory locations have been set up and an inventory item is selected.
- A checkbox allows indication that **Amounts are tax inclusive**. This checkbox applies to the entire form.
- The **Line description** checkbox adds description fields to the entry form. Contents of such forms will be displayed on the completed transaction, whether or not the box is checked so they show on the entry form.
- A **Custom theme** can be chosen if any theme besides the built-in *Plain* theme is active.

When finished, click .

What happens after the expense claim is created?

After an expense claim is created, it will be credited to one of three liability or equity accounts, depending on the payer's type:

Payer Type	Account
Members	Capital accounts
Employees	Employee clearing account
Expense Claims Payers	Expense claims

Line items from the expense claim will be debited to allocated expense accounts. Or, if the **Billable Expenses** tab is enabled and the expense is allocated there, it will add to the balance of the *Billable expenses* asset account for the selected customer.

Settle expense claims according to the payer type:

- Member’s capital accounts require no adjustment, as an expense claim is equivalent to a contribution of capital.
- Expense claims showing in the *Employee clearing account* are reimbursed to the employee via a payment from any bank or cash account. This process is exactly like paying the employee for amounts due from payslips.
- The *Expense claims* account can be cleared by direct reimbursement of the Payer. Enter the payment under the **Payments** tab, allocating the payment to *Expense claims* and the correct Payer.
- In the case of a sole trader/proprietor or director who is also an Expense Claim Payer, claims can be cleared by journal entry, debiting *Expense claims* and crediting *Owner’s equity* or *Directors’ loans*.

Expense claims reporting

Status of expense claims is monitored in different ways for different payer types. Claim, reimbursement, and clearing transfer totals of Expense Claims Payers are shown on the Expense Claims Summary in the **Reports** tab:

Northwind Traders					
Expense Claims Summary					
For the period from 01/01/2016 to 09/04/2016					
	Opening balance	Expense Claims	Payments	Net movement	Closing balance
Elizabeth Smith	-	3,950.00	-	3,950.00	3,950.00
	0.00	3,950.00	0.00	3,950.00	3,950.00

Claims of Members (capital account owners) show on the Capital Accounts Summary, also under **Reports** :

Northwind Traders			
Capital Accounts Summary			
For the period from 01/01/2021 to 02/10/2021			
	Opening balance	Expense claims	Closing balance
John Smith	(3,300.00)	(1,000.00)	(4,300.00)
Robert Jones	(13,500.00)	-	(13,500.00)
	(16,800.00)	(1,000.00)	(17,800.00)

Claims of Employees add to the Employees’ subaccounts of the *Employee clearing account*:

Employee clearing account		
	<input type="text" value="Search"/>	<input type="text" value="Search"/>
Code	Name	Balance
266	Patricia Montfort-Jones	607.95

Note that employee balances are blue, meaning you can drill down by clicking on them to see included transactions:

Summary / Employee clearing account / Patricia Montfort-Jones

Patricia Montfort-Jones

		Date	Transaction	Description	Credit	Balance
<input type="button" value="Edit"/>	<input type="button" value="View"/>	05/26/2017	Expense Claim	Staple machine	49.95	607.95 Cr
<input type="button" value="Edit"/>	<input type="button" value="View"/>	05/25/2017	Payslip		558.00	558.00 Cr

Final thoughts

Remember that creating an expense claim never includes paying, receiving, or transferring money in the [Receipts](#), [Payments](#), or [Inter Account Transfers](#) tabs. The exchange of money took place between **Payer** and **Payee** and did not involve the business. Or, an allowance may have been earned without the exchange of money.

Paying or clearing an expense claim is a separate, second transaction. When directly reimbursing someone, payment from a bank or cash account is required.

Lastly, if you need a report showing how much the business owes and has paid to everyone who has filed an expense claim, you must define everyone in the [Expense Claim Payers](#) category in the [Settings](#) tab, even though they may already be defined as Members or Employees. Otherwise, status information will be scattered in different reports.

Chapter 7: Selling to Customers

These important Guides relate to setting up and managing defined customers and quoting and selling goods and services to them on credit. Frequently, the sales process involves an integrated workflow that can vary considerably from business to business. Therefore, many of the capabilities described are optional. Manager's ability to monitor status of the sales process is also described in this group. It also includes Guides on accounting for billable time and expenses that will be invoiced to customers.

7.1 Customers

7.1.1 Enter customers

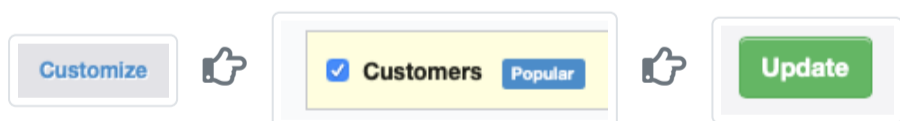
A **Customer** in Manager is an entity (person, business, or other organization) with whom you have or plan to have an *Accounts receivable* relationship. Customers in Manager are actually subaccounts of *Accounts receivable*. You must first create a Customer before you can:

- Issue a sales invoice
- Generate delivery notes
- Sell on credit for future payment
- Create a customer statement showing balances due or summarizing past transactions
- Issue a credit note for return of goods
- Generate a sales quote for future business
- Receive a deposit or advance against future work or delivery of goods
- Record billable time or expenses for later invoicing
- Track your complete sales and receipts history with the entity

Not everyone to whom you sell must necessarily be defined as a Customer. You can make a cash sale involving immediate payment without creating a Customer simply by entering the **Contact** type as *Other* when [receiving money into a bank or cash account](#). But such transactions will not be recorded in a history for that contact, even if the contact is already defined as a Customer.

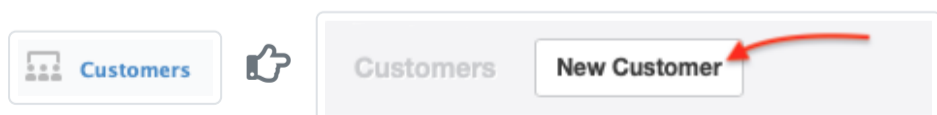
Enable the **Customers** tab

To enable the **Customers** tab, click **Customize** below the navigation pane, check the box for **Customers**, and click **Update** below the list:



Create a Customer

Select the **Customers** tab, then click the **New Customer** button:



Complete the entry. This information will appear on sales invoices and similar documents:

Customer

Name	Code	Credit limit
<input type="text"/>	<input type="text" value="Optional"/>	<input type="text" value="0"/>

Currency

Billing address

Delivery address

Email

Division

Control account

Starting balance

Available credit

Default due date

Net days

- **Name** is the legal or billing name of the customer
- **Code** is a short alphabetic or numeric designation of your customer. If used, the code will appear after the customer's name on transactions.
- **Credit limit** is informational. If used, the **Customers** tab listing will show available credit.
- **Currency** in which the customer operates can be selected if a foreign currency has been defined for the business. Transactions for the customer will be denominated in the designated currency.
- **Billing address** should be the mailing address of the customer.
- **Delivery address** is optional. This field appears only when the **Delivery Notes** tab is enabled and will be used on delivery notes.
- **Email** is where documents will be emailed to the customer from within the program.
- **Division** allows you to assign a customer to a specific division of the business. An unassigned customer will belong to the entire business. The field appears only if divisions are created in the **Settings** tab.
- **Control account** allows you to assign the customer to any custom control account made up of customers. *Accounts receivable* is the default. This field appears only if at least one custom control account for customers is defined.
- **Starting balance Available credit** can be set only if a start date has been set in the **Settings** tab. See [another Guide](#) for details about starting balances.
- The **Default due date** checkbox brings up a **Net days** field when checked. The number of days indicated will be automatically added to the issue date of any sales invoice created for this customer.

Your Customer will now appear in the **Customers** tab. Customers are listed in alphabetical order according to their names. Use scrolling, paging, and search functions to find them. The listing shows the number of sales invoices issued to a Customer, value of any uninvoiced items (billable time and expenses), and the Customer's *Accounts receivable* balance. Other columns may appear, depending on which tabs are enabled and the setup of any custom fields. Click on blue numbers for more details of any column.

Customers		New Customer
		Name
Edit	View	Alfreds Futterkiste
Edit	View	Ana Trujillo Emparedados y helados
Edit	View	Antonio Moreno Taquería
Edit	View	Around the Horn

7.1.2 Edit or add customer information

Click the **Edit** button left of a Customer's name in the **Customers** tab to edit or add information. For example, add a **Code** to make Customers easier to find or distinguish from other Customers with identical names:

Customer

Name **Code**

Bottom-Dollar Markets BDM

Codes will appear in the **Customers** tab if any are present:

Edit	View	BDM	Bottom-Dollar Markets
------	------	-----	-----------------------

Codes can also appear on completed forms after the Customer's name. To see codes on forms, follow instructions in [another Guide](#).

More information can also be placed into the **Billing address** field, remembering that anything there will appear on invoices.



Example

A customer, Bottom-Dollar Markets, has different billing and delivery addresses. But the **Delivery Notes** tab is not enabled, so the **Delivery address** field does not appear. Nevertheless, both addresses can be shown by including them in the **Business address** field (scroll or expand the box, if necessary, to see all content):

Name	Code	Credit limit
Bottom-Dollar Markets	BDM	0 EUR
Currency		
EUR - Euro		
Business Identifier		
Billing address		
23 Tsawassen Blvd. Tsawassen BC T2F 8M4 Canada Delivery address: 29 Pacific St., Unit B Tsawassen BC T2F 8M4 Canada		

You can also add custom fields for other information about your Customers. Under **Settings**, click **Custom Fields** and locate the list for Customers. Click **New Custom Field**:



Define your custom field. Checkboxes allow you to determine whether the custom field will show as a column in the **Customers** tab list and on documents. The **Position** field controls the order in which custom fields appear. Enter a number there, if desired. Click **Create** at the bottom of the entry screen when finished.



Example

You can add a dropdown list for delivery routes.

Custom Field

Name **Position**

Delivery route [Dropdown]

Type

Drop-down list [Dropdown]

Options for drop-down list

Morning, north side
 Afternoon, north side
 East side
 Late night

Size

Small [Dropdown]


Description

[Empty text area]


Show custom field as a column

Show custom field on printed documents

The results of all these changes (including default suppression of the customer code) appear as below:

	Code	Name	Telephone	Delivery route	Sales Invoices	Uninvoiced	Accounts receivable
<input type="button" value="Edit"/>	BDM	Bottom-Dollar Markets	(604) 555-4729	Late night	27	206.25	-

Invoice



NORTHWIND

TRADERS

Bottom-Dollar Markets
23 Tsawassen Blvd.
Tsawassen BC T2F 8M4
Canada

Delivery address:
29 Pacific St., Unit B
Tsawassen BC T2F 8M4
Canada

Invoice date
07/10/2021

Due date
07/24/2021

Invoice number
2722

Northwind Traders
1313 North Webfoot Walk
Duckburg
Calisota

Description	Qty	Unit price	Amount
Jack's New England Clam Chowder	1	9.65	9.65
Total			€ 9.65

Delivery route
Late night

Telephone
(604) 555-4729

Notes
Thank you for your business.

7.1.3 Set starting balances for customers

Starting balances exist only if you are transferring an existing business to Manager from another accounting system. In that case, you may need to set starting balances for customers who, on the day you begin using Manager, sometimes referred to as the start date:

- Have available credit unrelated to sales invoices, or
- Owe you money because of unpaid sales invoices.

General procedures for entering starting balances are found in [another Guide](#). Read it first. Before you can enter starting balances for customers, the customers themselves must be created. Follow [these procedures](#) to enter them.

Enter available credit

Available credit refers to any amount you owe your customer on your start date. This credit could be the result of past credit notes, settlement of contract disputes, or promised refunds. If your customer has a credit balance that can be applied to future invoices, go to the tab and click beside the customer's name.

Enter the **Starting balance** of the available credit:

Starting balance

Available credit

Click .



Note

The available credit must be entered in the currency selected for the customer.

Enter unpaid sales invoices

You cannot enter the starting balance for unpaid invoices as a single figure. Manager requires you to enter specific unpaid invoices, fully completed. This is so Manager can generate accurate cash-basis reports. Even if you do not adopt cash-basis accounting, it is important to enter all unpaid sales invoices so you can issue detailed customer statements and enter eventual receipts against the correct invoices.

Enter a starting-balance invoice in the same manner as a regular sales invoice. See [this Guide](#) for sales invoice instructions. The **Issue date** field will, by default, be prefilled with the current date. Edit this to match the original issue date from your old accounting system.

Manager uses these pre-start sales invoices to establish starting balances in *Accounts receivable*. They will not affect profit and loss statements during the current or later financial periods. If an invoice has been partially paid on the day you begin using Manager, only its remaining balance due should be entered.

When finished, click to save the invoice. Repeat for all open sales invoices preceding your start date.



Note

Carefully consider inventory items on pre-start invoices. If items on a sales invoice were already delivered under the prior accounting system, add the quantities back to the starting balances for those inventory items, because the pre-start sales invoice tells Manager they are being delivered again.

7.1.4 Use customer codes

The **Code** field for customers is completely optional. It can be used for several purposes, including:

- Distinguishing customers with identical names
- Annotating different departments or cost centers at a single customer (with each department being created as a distinct customer)
- Assigning customers to regions, sales personnel, or routes

Assign a customer code

When creating or editing a customer in the tab, enter any combination of letters or numbers in the **Code** field:

The screenshot shows a form titled "Customer" with two input fields. The first field is labeled "Name" and contains the text "Alfreds Futterkiste". The second field is labeled "Code" and contains the text "AF57".

The code will also show in the listing and can be entered as a search parameter in other tabs:

The screenshot shows a table with the following structure:

Customers		New Customer	
		Code	Name
<input type="button" value="Edit"/>	<input type="button" value="View"/>	AF57	Alfreds Futterkiste

Adding the customer code to documents

If you wish to add the customer code to completed forms, edit the theme used to display them. While viewing the theme's computer code, insert the variable `{{ recipient.code }}` at the place in the theme you want the code to appear. This will act as a placeholder variable that inserts the customer code (when one exists) into your documents.



Example

To show the customer's code on printed documents after the customer's name, insert `{{ recipient.code }}` in the line containing `{{ recipient.name }}` as below:

```
<div><b>{{ recipient.name }}</b> {{ recipient.code }}</div>
```

The result will be:

```
Alfreds Futterkiste AF57
Obere Str. 57
Berlin 12209
Germany
```

7.1.5 Manage inactive customers

Old, inactive Customers can clog your lists. You can delete them if you have never entered any type of transaction for them. Click **Edit** the Customer and click **Delete** at the bottom of the screen.

But if you have entered any transactions, Manager will not allow you to delete a Customer, because doing so would also delete all related, historical transactions. Instead, you can make a Customer inactive. Click **Edit** the Customer and check the **Inactive** box. Click **Update**, and the Customer will no longer appear in the active portion of lists.

Inactive

Update **Delete**

If the Customer ever returns to active status, scroll to the end of the customer list, where you will see inactive customers in light grey text. Click **Edit** next to the customer's name:

Edit	View	AF57	Alfreds Futterkiste
-------------	-------------	------	---------------------

Uncheck the **Inactive** box and click **Update**.

7.2 Sales Quotes

7.2.1 Create sales quotes

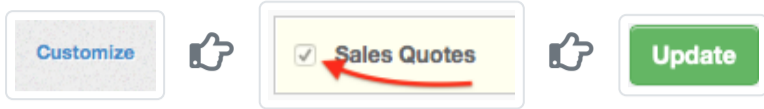
A **sales quote** offers goods or services at defined prices and terms. Strictly speaking, it is not an accounting transaction and has no financial or inventory impact. It does not involve actual provision of services, movement of inventory, or payment of money. In fact, it is not really necessary at all, but can be used for a variety of purposes:

- Quoting prices in advance of receiving an order
- Documenting estimates in support of requests for deposits
- Providing *pro forma* invoices for import/export clearance

If a sales quote is accepted by the customer, it can be converted to other transaction types in your sales or purchase workflow.

Enable the Sales Quotes tab

Before creating a sales quote, enable the Sales Quotes tab. Below the left navigation pane, click Customize, check the box for Sales Quotes, and click Update:

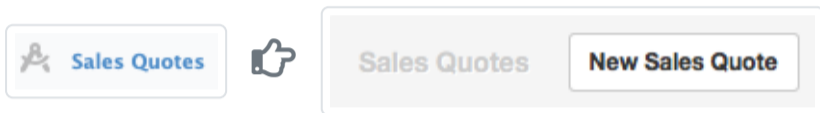


Manager allows sales quotes to be created in three different ways:

- Standard method
- Cloning
- Copying, using the Copy to function

Standard method

In the Sales Quotes tab, select New Sales Quote:



Complete the sales quote form:

Sales Quote

Issue date 07/12/2021 **Expiry date** Valid for [] days **Reference** Optional

Customer []

Billing address []

Description []

Item	Description	Qty	Unit price	Total	Tax Code	Tax Amount	Total
[]	[]	[]	0	0	No tax	0	0

Amounts are tax inclusive

Rounding

Discount

Hide total amount

Custom theme

Custom title

Cancelled

- **Issue date** will be prepopulated with today's date. This may be edited.
- **Expiry date** is optional. This allows you to establish the number of days after the issue date that the validity of an offer will expire.
- **Reference** is optional and may be used for internal or external sequences. If the box within the field is checked, Manager will number the transaction automatically. The program will search for the highest number among all existing sales quotes and add 1.
- A previously defined **Customer** can be selected from the dropdown list.



Note

A sales quote can be issued without defining a customer if the potential for future business is doubtful. Simply leave the **Customer** field blank and enter the customer's name in the **Billing address** field. The name will appear in the same location on the completed sales quote as a defined customer. If the sales quote results in business, you will have to define the customer in the **Customers** tab before other transaction forms can be created. Be aware that, if a sales quote without a defined customer is copied to another transaction, no customer name or address will carry forward.

- If a customer is selected, **Billing address** will autofill with the address defined for that customer. Otherwise, enter the address manually.
- An overall **Description** of the quote is optional.
- Line items can be entered semi-automatically by selecting inventory or non-inventory items in the **Item** field. Or they can be entered manually. A **Tax Code** can be selected for any line item.

Near the bottom of the screen are checkboxes for various options. Additional fields appear when some options are checked:

- A box can be checked to indicate **Amounts are tax inclusive**. This selection applies to the entire form.
- The **Rounding** option lets you choose between *None*, *Round to nearest*, or *Round down*.
- When the **Discount** box is checked, options appear for *Percentage* or *Exact amount*. The actual discount entries must be made line item by line item. Percentages can vary by line item.
- The **Hide total amount** box allows you to include several options in a quote without displaying a total that adds all the options and would be higher than any option the customer might choose.



Note

When this option is checked on a sales quote with more than one tax code, applicable tax codes for each line item will be displayed on the completed sales quote. But no tax amounts will be calculated or displayed. If only one tax code is applied, no tax information of any kind is displayed.

- A **Custom theme** can be selected if any theme besides the default is active.
- A **Custom title** can be entered. Possible alternatives include: *Pro Forma Invoice*, *Proposal*, *Sales Quotation*, *Price Sheet*, or *Sales Offer*. To change the title, check the box and enter your preferred choice. (Alternate titles set under Form Defaults will appear on new sales quotes, but may also be edited.)

- The **Cancelled** box can be checked if the customer rejects your offer.


Click when finished.



Example

Northwind Traders sends a sales quote valid for 30 days to Bottom-Dollar Markets for crab meat. No taxes are indicated. (These can be added, if necessary, to any resulting sales invoice.) Nor is a discount offered. But the amount is rounded down. Northwind has also added a custom field to its sales quotes, named **Notes**:

Quote



**NORTHWIND
TRADERS**

Bottom-Dollar Markets
23 Tsawassen Blvd.
Tsawassen BC T2F 8M4
Canada

Issue date
07/12/2021

Expiry date
08/11/2021

Reference
2352


Northwind Traders
1313 North Webfoot Walk
Duckburg
Calisota

Description	Qty	Unit price	Amount
Box of frozen blue crab	1	18.40	18.40
Sub-total			€ 18.40
Rounding			- € 0.40
Total			€ 18.00

Notes
Prices are subject to change without notice.

The same quote could offer untotaled options and be renamed as a price sheet:

Price Sheet



**NORTHWIND
TRADERS**

Bottom-Dollar Markets
23 Tsawassen Blvd.
Tsawassen BC T2F 8M4
Canada

Issue date
07/12/2021

Expiry date
08/11/2021

Reference
6548

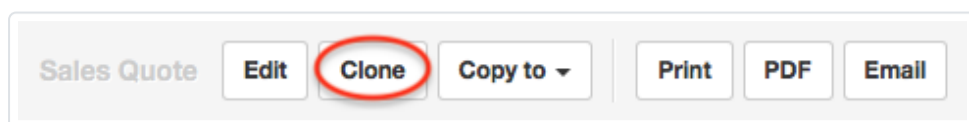
Northwind Traders
1313 North Webfoot Walk
Duckburg
Calisota

Description	Qty	Unit price	Amount
Box of frozen blue crab	1	18.40	€ 18.40
Chef Anton's Gumbo Mix	1 Case	21.35	€ 21.35

Notes
Prices are subject to change without notice.

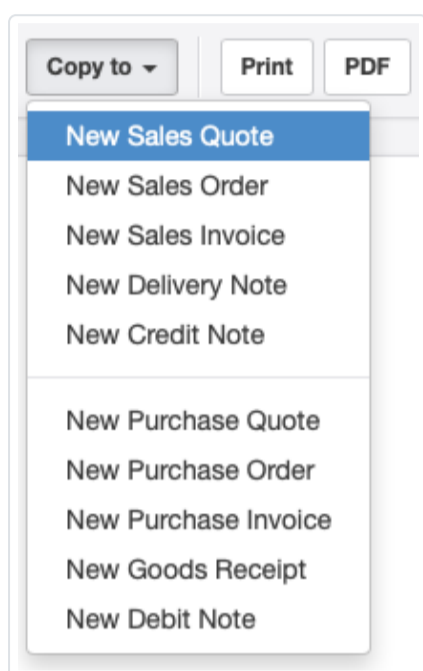
Cloning

Repeat sales quotes can be easily prepared by cloning previous ones. While viewing a similar sales quote, click **Clone**. The new sales quote need not be identical to the previous one or even to the same customer. Anything can be edited or added:





Copying

To create a sales quote from any sales- or purchase-related transaction, click the **Copy to** button while viewing the source transaction and select *New Sales Quote* from the menu:



Examples

If a customer places an order similar to a previous sale, a sales quote can be generated from a prior sales invoice. Note, this may be backwards from the normal workflow of sales quote  sales order  sales invoice, but perfect for a situation where the customer wants updated pricing for the same thing purchased last time.

A sales quote can also be copied from an existing sales order. This option may be useful when a customer modifies an ongoing job for which you already have a sales order in your system, but needs a formal quote for approval purposes.

A quote to a customer could be copied from the most recent purchase invoice for the item to be sold. In this situation, the supplier's name will not carry over as the customer's name. Or, the customer might have sent you a request for quote, which you entered in the **Purchase Quotes** tab. You can copy the purchase quote to a sales quote and add your pricing information.

7.2.2 Monitor sales quote status

Manager can help you **monitor status of your sales quotes** if you use some of the program's available features. This capability was added in version 21.4.49. Prior to that version, sales quotes were purely informational, with no linkage to other transactions. Their status could only be monitored with custom fields.

Status is displayed on the main **Sales Quotes** tab listing. There are 4 possible statuses:

- Active, when first created as described in [another Guide](#)
- Expired, after the expiry date has passed without the quote being accepted or cancelled
- Accepted, when linked to a sales order or sales invoice (see instructions in following paragraph)
- Cancelled by editing the sales quote itself

Sales quotes can be linked to sales orders or sales invoice in two ways:

- Using the **Copy to** function to create the sales order or invoice while viewing the sales quote
- Selecting the **Quote number** after choosing a customer on the sales order or invoice:



Example

Northwind Traders used to periodically delete sales quotes if they were not successful. Since version 21.4.49, however, it has taken advantage of all the status monitoring capability Manager offers. Its **Sales Quotes** tab listing shows the current status summary for its international business:

Sales Quotes		New Sales Quote		Search		Search	
		Issue date	Expiry date	#	Customer	Amount	Status
Edit	View	07/12/2021	08/11/2021	6548	Bottom-Dollar Markets	€ 39.00	Active
Edit	View	07/12/2021		6545	Consolidated Holdings	€ 172.25	Active
Edit	View	05/06/2021	06/05/2021	5897	Alfreds Futterkiste	£ 20.00	Expired
Edit	View	12/18/2019		4546	Alfreds Futterkiste	£ 90.10	Active
Edit	View	01/10/2018		2102	Franchi S.p.A.	€ 38,566.87	Active
Edit	View	12/23/2017		1973	Bottom-Dollar Markets	€ 21.60	Active
Edit	View	07/04/2021		6544	Great Lakes Food Market	€ 37.00	Accepted
Edit	View	01/07/2021		5721	Island Trading	€ 374.00	Accepted
Edit	View	07/03/2020		4816	Old World Delicatessen	€ 37.00	Accepted
						€ 39,247.72	
						£ 110.10	

Several things are notable in the example above. First, there are no expiry dates before May 2021, because the possibility of entering them did not exist. Second, as a result, there are some very old quotes still *Active*, because they could not be cancelled. Finally, a few quotes are listed as *Accepted*, because they were invoiced after introduction of the status-monitoring capability. These have changed to gray and moved to the bottom of the list, showing that they no longer require close attention. The *Active* and *Expired* sales quotes are more visible because they are both current and need resolution (either by converting them to sales or cancelling them).



Example

Continuing with the example, Northwind decides to clean up its sales quote monitoring. It takes three actions: (1) quote 5897 is cancelled but not deleted, because it expired, preserving the record; (2) quotes 4546, 2102, and 1973 are cancelled because they are so outdated; and (3) all remaining active quotes are edited (where necessary) to give them expiry dates. The list now looks like this, after sorting on the **Status** column:

Sales Quotes		New Sales Quote		Search		Search	
		Issue date	Expiry date	#	Customer	Amount	Status
Edit	View	07/12/2021	08/11/2021	6548	Bottom-Dollar Markets	€ 39.00	Active
Edit	View	07/12/2021	08/11/2021	6545	Consolidated Holdings	€ 172.25	Active
Edit	View	05/06/2021	06/05/2021	5897	Alfreds Futterkiste	£ 20.00	Cancelled
Edit	View	12/18/2019		4546	Alfreds Futterkiste	£ 90.10	Cancelled
Edit	View	01/10/2018		2102	Franchi S.p.A.	€ 38,566.87	Cancelled
Edit	View	12/23/2017		1973	Bottom-Dollar Markets	€ 21.60	Cancelled
Edit	View	07/04/2021		6544	Great Lakes Food Market	€ 37.00	Accepted
Edit	View	01/07/2021		5721	Island Trading	€ 374.00	Accepted
Edit	View	07/03/2020		4816	Old World Delicatessen	€ 37.00	Accepted
						€ 39,247.72	
						£ 110.10	

7.3 Sales Orders

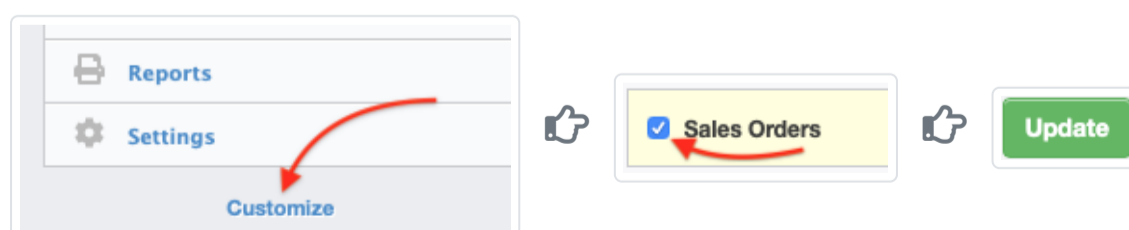
7.3.1 Create sales orders

A **sales order** records an order from a customer, usually for internal purposes. Strictly speaking, it is not an accounting transaction and has no financial or inventory impact. It does not involve actual provision of services, movement of inventory, or payment of money. In fact, it is not really necessary at all, but can be used for a variety of purposes:

- Internal manufacturing or fulfillment planning
- Documentation of agreed pricing
- Customer communication
- Drafts of purchase or sales invoices

Enable **Sales Orders** tab and define customer

Before creating a sales order, enable the **Sales Orders** tab. Below the left navigation pane, click **Customize**, check the box for **Sales Orders**, and click **Update**:



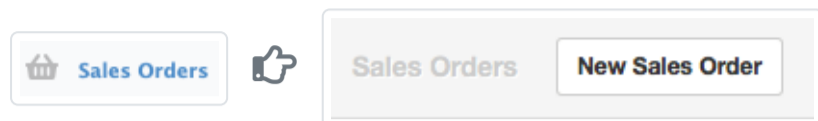
Next, be sure the customer for whom the sales order is being entered has been **defined in the Customers** tab. Manager allows sales orders to be created in four different ways:

- Standard method

- Cloning
- Copying, using the `Copy to` function

Standard method

In the `Sales Orders` tab, select `New Sales Order` :



Complete the sales order form:

Sales Order

Date **Reference**

Customer **Quote number**

Billing address

Description

Item	Description	Qty	Unit price	Total	Tax Code	Tax Amount	Total
<input type="text"/>	<input type="text"/>	1	20	20 EUR	No tax	0	20 EUR

Amounts are tax inclusive
 Discount
 Track quantity to deliver
 Custom theme


- **Date** is prefilled with today's date, which may be edited.
- **Reference** is optional and may be used for internal or external sequences. If the box within the field is checked, Manager will number the transaction automatically. The program will search for the highest number among all existing sales orders and add 1.
- A **Customer** must be selected from the dropdown list.
- The **Quote number** field appears after a customer is selected, but only if the `Sales Quote` tab is enabled. If the sales order is being created manually, select from available sales quotes. If the sales order is being created by copying a sales quote, the quote number will be prefilled. The quote number is optional, but assists with [status tracking](#).
- The customer's **Billing address** fills automatically.
- An optional summary **Description** of the sales order can be entered.
- Line items can be entered semi-automatically by selecting inventory or non-inventory items in the **Item** field. Or they can be entered manually.
- **Description** of the line item is optional.
- **Qty** is where you enter the number of items being sold. One is assumed if nothing is entered.
- **Unit price** is the sales price per item.
- **Tax** codes can be selected as applicable.

Near the bottom of the screen are checkboxes for various options. Additional fields appear when some options are checked.

- A box can be checked to indicate **Amounts are tax inclusive**. If checked, the format of the data entry screen changes, omitting the **Tax Amount** and second **Total** columns.
- When the **Discount** box is checked, options appear for *Percentage* or *Exact amount*. This selection applies to the entire transaction, but discount entries must be made line item by line item.
- Track quantity to deliver is optional. It can help monitor status of sales order fulfillment. This field appears only if an inventory or non-inventory item is selected for a line item.
- A **Custom theme** can be selected if any theme besides the default is active.

Click when finished:

Sales Order



NORTHWIND TRADERS

<p>Great Lakes Food Market 2732 Baker Blvd. Eugene OR 97403 USA 5432890-6</p>	<p>Issue date 07/04/2021</p> <p>Reference 2</p> <p>Quote number 6544</p>	<p>Northwind Traders 1313 North Webfoot Walk Duckburg Calisota</p>
--	---	---

Frozen food supplies

Description	Qty	Unit price	Amount
10 kg box of frozen blue crab meat	1	18.40	18.40
Total			€ 18.40

Telephone
(503) 555-7555

Cloning

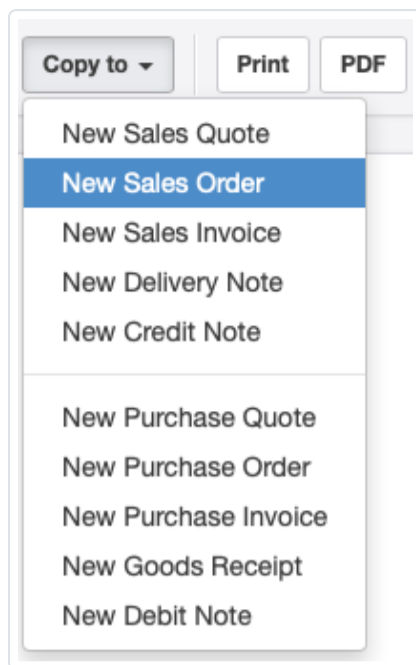
Repeat sales orders can be entered by cloning previous ones. While viewing a similar sales order, click . The new sales order need not be identical to the previous one. Anything can be edited or added:

Sales Order

The cloned sales order will have the same date as the source sales order. But, if automatic reference sequencing has been set up in in the tab, a new reference number will be assigned.

Copying

To create a sales order from any sales- or purchase-related transaction, click the button while viewing the source transaction and select *New Sales Order* from the menu:



Examples

If a sales quote was previously given to a customer, a sales order can be generated directly from the sales quote.

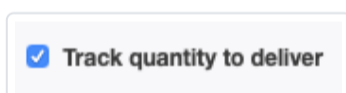
When a customer places an order for goods or services that have previously been sold to that customer, a sales order can be copied from the earlier sales invoice.

A customer might have sent you a request for quote, which you entered in the **Purchase Quotes** tab. You can copy the purchase quote to a sales order. In this situation, the supplier's name and billing address will not carry over as the customer name and address, but must be added during creation of the sales order.

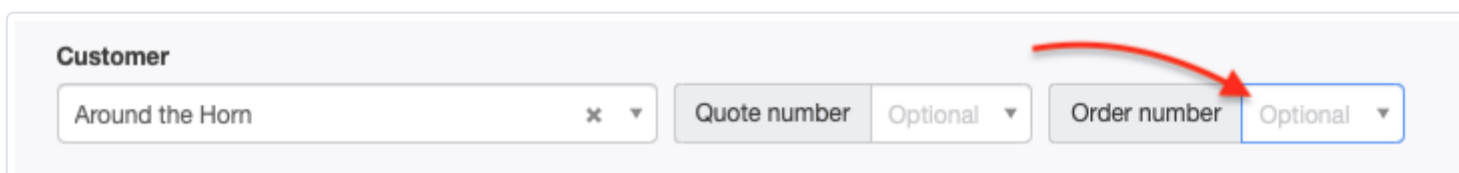
7.3.2 Monitor sales order status

Manager can help you **monitor status of your sales orders** if you use some of the program's available features. Status is monitored in the main **Sales Orders** tab under three columns:

- **Qty to deliver:** This number applies only to inventory items on sales orders on which the **Track quantity to deliver** option has been selected when creating or editing the sales order:



- **Invoiced:** This figure includes the total amount on all sales invoices linked to a particular sales order. Sales invoices can be linked to sales orders in two ways. One is by using the **Copy to** function to create the sales invoice while viewing the sales order. The other is by selecting the **Order number** after choosing a customer on the sales invoice:



- **Status:** This column includes descriptive terms about sales order status. Status is determined automatically. Exact options depend on which features are in use by the business. Complete status progression is in the following order, as illustrated below:

Not delivered → Partially delivered → Uninvoiced → Partially invoiced → Invoiced

	Amount	Qty to deliver	Invoiced	Status
	1,776.00	-		Uninvoiced
	200.00	1	150.00	Not Delivered
	200.00	0.5	200.00	Partially Delivered
	200.00	0	150.00	Partially Invoiced
	200.00	0	200.00	Invoiced
	2,576.00		700.00	

Not delivered and Partially delivered only show for businesses dealing with inventory items. So without inventory items, status progresses like this:

Uninvoiced → Partially invoiced → Invoiced



Example

Northwind Traders currently has two unfulfilled sales orders from a customer, Around the Horn. Its **Sales Orders** tab listing shows these two orders encompass 17 inventory items awaiting delivery and invoicing:

Sales Orders		New Sales Order				Search		Search	
		Date	#	Customer	Description	Amount	Qty to deliver	Invoiced	Status
Edit	View	07/04/2021	22	Around the Horn	Frozen food supplies	18.40	1		Not Delivered
Edit	View	04/30/2021	15	Around the Horn	Italian specialities	374.50	16		Not Delivered

Northwind makes a partial delivery on sales order #15 and full delivery on sales order #22. It records the partial delivery on #15 with a delivery note and raises both a sales invoice and corresponding delivery note for #22. The status in the **Sales Orders** tab changes, showing that sales order #22 is fully delivered and invoiced, and sales order #15 is partially delivered, but not invoiced at all:

		Date	#	Customer	Description	Amount	Qty to deliver	Invoiced	Status
Edit	View	07/04/2021	22	Around the Horn	Frozen food supplies	18.40	0	18.40	Invoiced
Edit	View	04/30/2021	15	Around the Horn	Italian specialities	374.50	11		Partially Delivered

After receiving additional inventory, Northwind delivers the remaining quantity on sales order #15 and copies the full sales order to a sales invoice. Status is updated again:

		Date	#	Customer	Description	Amount	Qty to deliver	Invoiced	Status
Edit	View	07/04/2021	22	Around the Horn	Frozen food supplies	18.40	0	18.40	Invoiced
Edit	View	04/30/2021	15	Around the Horn	Italian specialities	374.50	0	374.50	Invoiced



Notes

In the preceding example, it is easy to see that both sales orders are completely fulfilled. All inventory quantities have been delivered. And the full amounts entered when the sales orders were taken have been invoiced. But these might be imperfect indicators of true order status.

The option to track quantities to deliver might not have been selected on a sales order. Non-inventory items are not counted at all by Manager, so their delivery status is never reflected. (See example below.) Invoiced prices might have changed since the sales order was entered. Or manually created sales invoices might not have been linked to sales orders. All these would spoil the perfect matches illustrated above.

Monitoring sales order status requires discipline. Intelligent use of **Form Defaults** can help. Consistent work practices are essential.



Example

Northwind has two other unfulfilled sales orders. Sales order #35 is for a standard coffee service, set up as a non-inventory item with the delivery tracking option selected. Nothing has yet been delivered against it. Sales order #17 is for catering services, entered manually, without use of any defined inventory or non-inventory item. Northwind's accounting clerk forgot to check the delivery tracking option. Neither has been invoiced:

Sales Orders		New Sales Order		Search					
		Date	#	Customer	Description	Amount	Qty to deliver	Invoiced	Status
Edit	View	03/11/2021	35	B's Beverages	Monthly coffee service, including machine rental and maintenance and all coffee, creamer, sugar, and disposable cups	100.00	0		Uninvoiced
Edit	View	02/25/2021	17	Franchi S.p.A.	Catering services	990.00	-		Uninvoiced

Note one crucial difference between the two listings. Because sales order #35 has the delivery tracking option selected, the **Qty to deliver** column shows a zero, even though there is nothing to count (because the coffee service is a non-inventory item). On the other hand, because sales order #17 does not have that option selected, it shows a hyphen in the same column. Also note the *Not delivered* and *Partially delivered* statuses have been bypassed because no inventory items are included on the sales order.

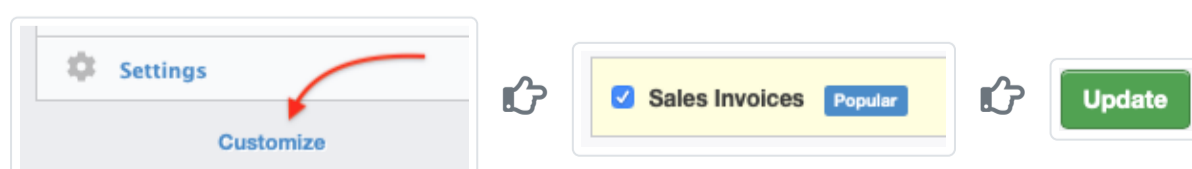
7.4 Sales Invoices

7.4.1 Create sales invoices

Sales invoices make demands for payment from customers for goods or services. They increase the balance of the customer's subaccount in *Accounts receivable* and, therefore, are used when selling on credit. They do not record receipt of money, which must be handled by a second transaction, even if the customer pays immediately. In a double-entry accounting system like Manager, they also post income to appropriate revenue accounts and convert inventory costs from assets to expenses.

Enable the **Sales Invoices** tab

Before a sales invoice can be created, you must enable the **Sales Invoices** tab. Click **Customize** below the left navigation pane, check the box for **Sales Invoices**, and click **Update** below the list:

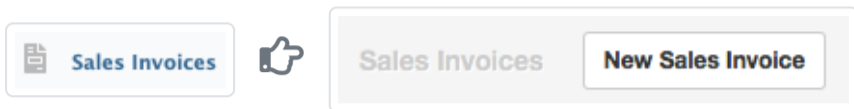


Manager offers four methods for creating sales invoices:

- Standard method
- Cloning
- From the **Customers** tab
- Copying with the **Copy to** feature

Standard method

In the **Sales Invoices** tab, click on **New Sales Invoice** :



Complete the form:

Sales Invoice

Issue date **Due date** **Reference** Optional

Customer

Billing address

Description

Item	Account	Date	Qty	Unit price	Total	Tax Code	Tax Amount	Total
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	No tax	0	0

- Line description
- Discount
- Amounts are tax inclusive
- Rounding
- Withholding tax
- Early payment discount
- Late payment fees
- Total amount in words
- Total amount in base currency
- Hide due date
- Custom title
- Custom theme

- By default, **Issue date** is prepopulated with today's date.
- An optional **Due date** can be entered, either as a calendar date or as a number of days after the issue date. If a **Due date** is not entered, Manager will automatically use the **Issue date** as the **Due date**.
- **Reference** is optional and may be used for internal or external sequences. If the box within the field is checked, Manager will number the transaction automatically. The program will search for the highest number among all existing sales invoices and add 1.
- A previously defined **Customer** must be selected in the dropdown box. Once a customer has been selected, two optional, related fields appear with dropdown selection menus containing transaction references relevant to that customer:

Customer

Optional Optional

- A **Quote number** can be selected if a sales quote preceded the sales invoice. If the sales invoice is created by copying another form

with a sales quote reference, that number will carry over automatically. This number links the sales invoice to the sales quote so [quote status](#) can be tracked.

- An **Order number** can be selected if a sales order preceded the sales invoice. If the sales invoice is created by copying another form with a sales order reference, that number will automatically populate this field. Linking the sales invoice to a sales order helps [track sales order status](#).
- The customer's **Billing address** is filled automatically, but may be edited.
- A summary **Description** of the overall invoice can be entered, if desired.
- Line items can be completed semi-automatically by selecting a predefined inventory or non-inventory **Item** and entering quantities. Or, they may be entered manually. Additional lines can be added 1, 5, 10, or 20 at a time.
- An applicable **Tax Code** can be selected for each line item.
- If divisions have been created, the **Division** field appears any time an account is selected to which a division might apply.



Note

Prices and amounts will be in the currency designated for the customer. Conversions of sales prices defined for inventory items in the base currency to foreign currencies are not performed automatically.

- If inventory locations have been defined and the [Delivery Notes](#) tab is not enabled, a field for **Inventory location** appears below the last line item when the first inventory item is added to the sales invoice:

The image shows a screenshot of a software interface. It features a label 'Inventory location' above a dropdown menu. The dropdown menu is currently open and displays the text 'Unspecified location' with a small downward-pointing arrow on the right side of the text.

Inventory items sold are then assumed to be immediately removed from the designated inventory location. However, if [Delivery Notes](#) is enabled, the field does not appear, and removal of inventory items from inventory locations occurs via the delivery note. (This behavior is also dependent on tracking selections for inventory items themselves.)

Near the bottom of the screen are checkboxes for various options. Availability of some options depends on which tabs and features are enabled. Additional fields appear when some options are checked:

Line description

Discount
Percentage

Amounts are tax inclusive

Rounding
None

Withholding tax
Rate 0 %

Early payment discount
Percentage 0 % If paid within days

Late payment fees
Charge monthly 1 %

Total amount in words

Total amount in base currency

Hide due date

Custom title
Invoice

Custom theme
Plain

- **Line description** adds a Description field to each line item. Line descriptions are optional.
- If **Discount** is checked, further options appear for *Percentage* or *Exact amount* discounts. This selection governs the entire invoice, but discounts must be entered line item by line item.
- Another option lets you indicate **Amounts are tax inclusive**. If this box is checked, tax amounts are deducted from the unit price; otherwise they are added to the invoiced amount.
- Options for **Rounding** are available.
- **Withholding of tax** can also be selected by checking the box to **Deduct withholding tax** and entering the *Rate* or *Amount*. This option is used only when your customers are required by law to withhold and pay tax at the source on your behalf.
- An **Early payment discount** can be offered. *Percentage* or *Exact amount* discounts can be offered. The payment deadline is adjustable.
- **Late payment fees** can be selected. These will initially be applied monthly on the same date of the following month as the issue date. If the following month is shorter than the current month, the late payment fee will be added on the last day of the following month, if necessary to keep it within the month. Subsequent late payment fees will then be shifted to the same date of succeeding months.
- The **Total amount in words** can be shown near the bottom of the invoice. (This feature is only available if the language preference is English.)
- If the customer is denominated in a foreign currency, you can check the box to show the **Total amount in [base currency]**. This amount is also shown near the bottom of the completed form.
- The due date can be suppressed on the completed invoice by checking the box to **Hide due date**. This would normally only be done if your practice is not to set due dates, and you want to suppress the automatic one. (The due date is not deleted, because Manager needs it for various functions. But it is not displayed on the sales invoice for the customer to see.)
- A **Custom title** can be entered, such as when local regulations require a sales invoice to be titled as a tax invoice.
- A **Custom theme** can be indicated.


Click to generate the finished sales invoice.



Example

The following sales invoice uses many of the features described:

Tax Invoice



NORTHWIND TRADERS

<p>Consolidated Holdings Berkeley Gardens 12 Brewery London NULL WX1 6LT UK</p>	<p>Invoice date 07/15/2021</p> <p>Due date 07/29/2021</p> <p>Invoice number 2738</p> <p>Quote number 6545</p> <p>Order number PO 588</p>	<p>Northwind Traders 1313 North Webfoot Walk Duckburg Calisota</p>
--	---	---

Wholesale grocery supplies

Description	Qty	Unit price	Discount	Amount
Tarte au sucre	8	49.30	5 %	374.68
Gravad lax	14	26.00	5 %	345.80
Sub-total				€ 720.48
VAT 20%				€ 144.10
Rounding				- € 0.58
Total				€ 864.00
Less: Withholding tax 4%				€ 34.56
Balance due				€ 829.44
Less: Early payment discount 2%				€ 17.28
Balance due if paid by 07/25/2021				€ 812.16

Telephone
(171) 555-2282

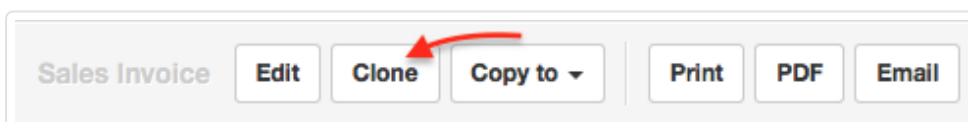
Total amount in words
Eight Hundred Sixty Four Only

Notes
Thank you for your business.

Cloning

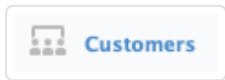
For repeat sales, an existing sales invoice can be duplicated by cloning. It will be identical to the source invoice, including the issue date. Only the reference number will be different if automatic sequencing is set under `Form Defaults` .

While viewing the existing sales invoice, click `Clone` , edit as required, and click `Create` :



From the Customers tab

If the Billable Time or Billable Expenses tabs are being used, sales invoices can be created from the Customers tab:



Drill down by clicking the blue balance in the Uninvoiced column for a customer:

Customers		New Customer	Search		Search	
		Name	Invoices	Qty to deliver	Uninvoiced	Accounts receivable
Edit	View	ACME Distributing	1	2	350.00	43.57

Select any uninvoiced billable time or billable expenses to be invoiced and click New Sales Invoice :

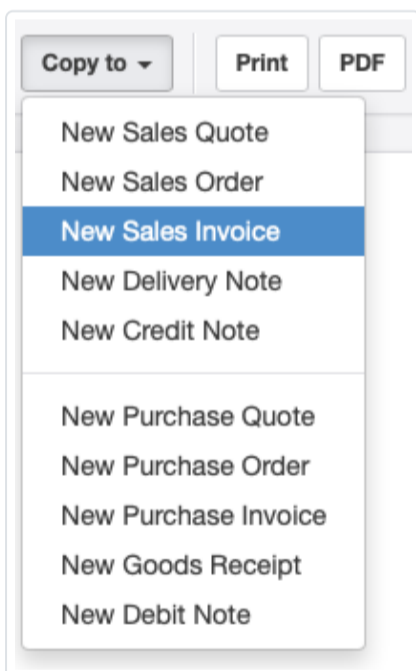
New Sales Invoice						
<input type="checkbox"/>	Date	Customer	Type	Description	Amount	Status
<input checked="" type="checkbox"/>	05/03/2021	ACME Distributing	Billable time	Market planning	350.00	Uninvoiced

New Sales Invoice

A sales invoice is created, which can be edited or added to. See [this Guide](#) for more information.

Copying

To create a sales invoice from any sales- or purchase-related transaction, click the Copy to button while viewing the source transaction and select *New Sales Invoice* from the menu:





Examples

If the customer was given a sales quote before goods or services were ordered, a sales invoice can be created directly from the sales quote without re-entering information. Necessary information is carried forward, including the quote number. Anything can be edited as needed.

If a sales order was created in response to a customer’s purchase order, a sales invoice can be created directly from it.

Sometimes, goods are delivered before a sales invoice is created, often because exact quantities are not know until delivery. In that case, a delivery note can be copied to a sales invoice.

If goods or services being invoiced to a customer were purchased from a supplier, and the supplier’s sales invoice was entered into Manager as a purchase invoice, a sales invoice can be created directly from the purchase invoice.

Of course, if a customer wishes to purchase the same thing as previously purchased, the older sales invoice can be copied to a new one, which will have the current issue date.

7.4.2 Set up and manage recurring sales invoices

Recurring sales invoices are useful if your business routinely issues similar sales invoices to customers. Once you have set them up, Manager will notify you they are ready to be created when they come due at the prescribed intervals. Recurring sales invoices are often used for:

- Customer subscriptions
- Monthly service billings
- Organizational memberships and dues
- Rent due notices

Set up a recurring sales invoice

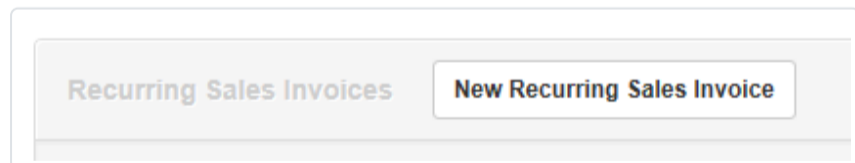
There are two methods for setting up recurring sales invoices.

First method

The first method for creating a new recurring sales invoice is to go to the **Settings** tab and click **Recurring Sales Invoices** :

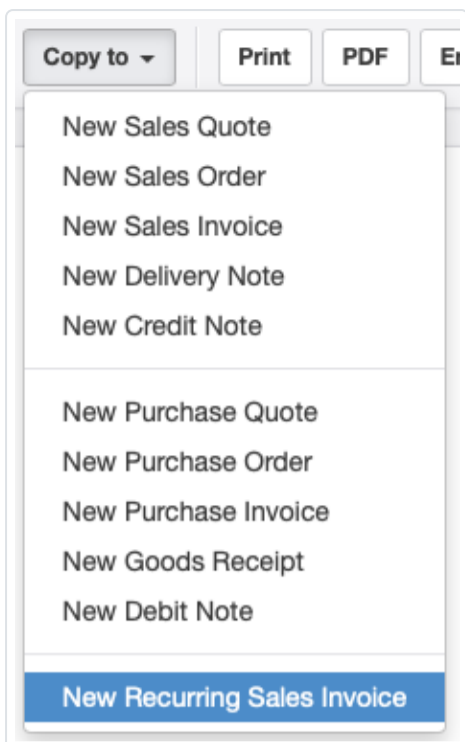


Then click **New Recurring Sales Invoice** :



Second method

The second method is to use the **Copy to** function while viewing an existing sales invoice you want to make recurring:



For either method

Whichever way you begin, enter **Next issue date** to establish when the first recurring invoice will be created:

Next issue date

If desired, enter the number of days after the issue date of the optional **Due Date**. If nothing is entered, Manager will assign the issue date as the due date:

Due date
 Net days

Select an **Interval** to control how often this recurring invoice will be created:

Interval
 Every Month(s)

Select whether the recurring invoice will be good *Until further notice* or until a *Custom* date. If *Custom is selected*, a calendar date picker will appear:

Until further notice
 Custom

Enter remaining information as if [creating a regular sales invoice](#) and click **Create** . On the **Recurring Sales Invoices** screen, **Next issue date** will be updated based on the selected **Interval**. Termination date (if set) will also be shown:

Recurring Sales Invoices		New Recurring Sales Invoice		Search		Search
	Customer	Description	Next issue date	Interval	Termination	Amount
<input type="button" value="Edit"/>	Bottom-Dollar Markets	Wholesale grocery supplies	08/15/2021	Every 1 Month(s)	11/15/2021	864.00

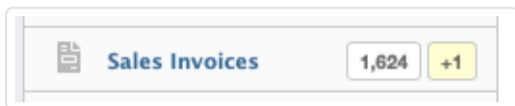


Note

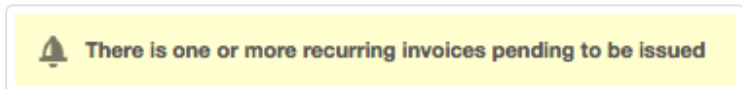
Recurring sales invoices in Manager are templates from which actual sales invoices will be generated later. Setting up a recurring sales invoice does not affect your customer balances, customer statements, inventory, income, or expenses. In fact, while Manager will notify you recurring invoices are pending, it will not automatically generate them for you. This avoids problems if you need to edit an invoice before issuing it or you forget to enter a service modification.

Generate invoices

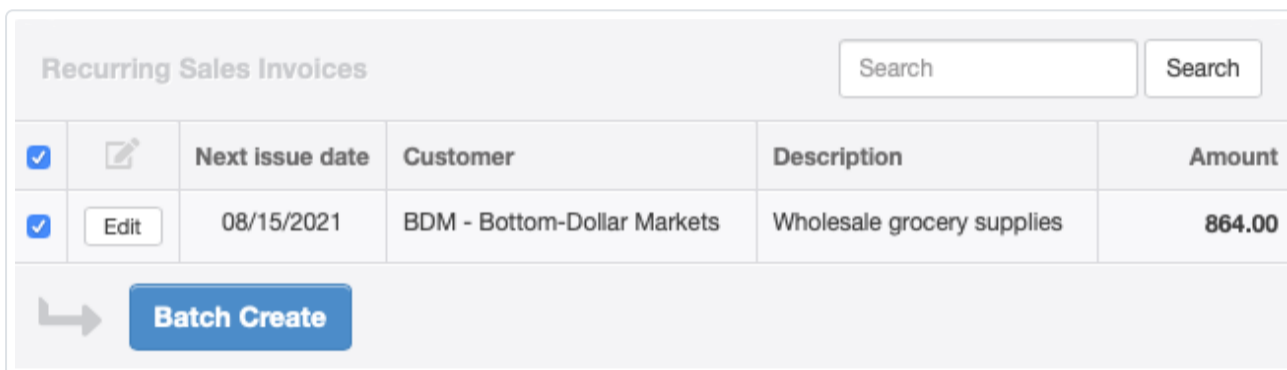
When one or more recurring sales invoices are due (or past due) to be issued, two notifications are provided. The first is a yellow counter window in the left navigation pane showing the number of recurring invoices for which invoices are pending (not the number of pending invoices, which could be higher if you have not kept up by creating invoices that are due):



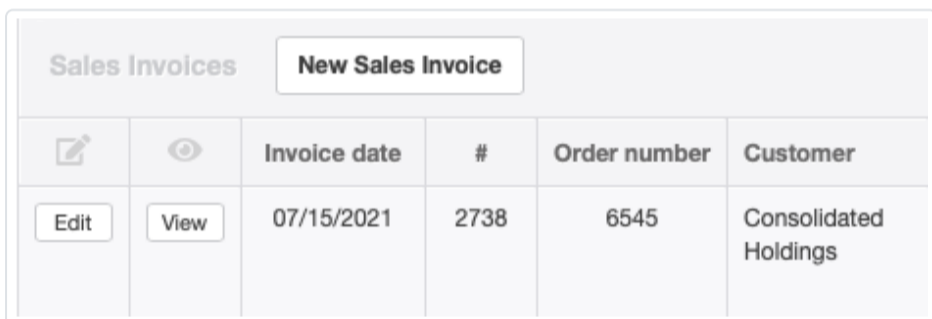
The second notification occurs any time you go to the **Sales Invoices** tab. You will see a yellow banner notice that at least one recurring invoice is pending:



Click on the yellow bar to review invoices to be generated. Select all pending recurring invoices by checking the top box. Or, select individual recurring invoices. Then click **Batch Create** :



The next recurring invoice for each selection will be immediately created under the **Sales Invoices** tab. You can further **Edit** or **View** it without affecting future recurring invoices:



Note

When you view an invoice directly in the **Sales Invoices** tab, you are viewing it as a standard invoice, not a recurring invoice. Any changes you make to it will not affect the recurring sales invoice defined in the **Settings** tab.

When you create an invoice from the recurring sales invoice selection screen, only one invoice is created at a time. If more than one invoice is due from the same recurring invoice (because you fell behind), the date in the **Next issue date** column will change according to the interval defined for the recurring invoice. Selecting that recurring invoice and clicking **Batch Create** again will generate an additional standard invoice. Repeat this process until the recurring sales invoice is grayed out on screen.

While you are selecting recurring invoices, you can also edit them. Click the **Edit** button to go to the recurring invoice definition screen.

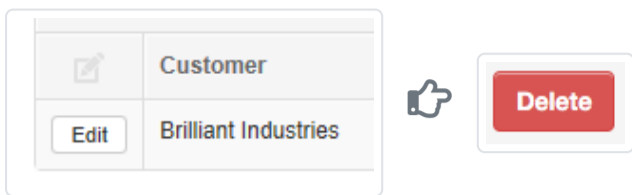


Caution

Edits made during the selection process affect the recurring invoice itself, not the standard invoice you are generating from it. Therefore, all future sales invoices created from the recurring sales invoice will reflect the changes made during the editing process, including any invoice you create immediately. So, if you want to change only the current invoice you are creating, click **Batch Create** first and edit the resulting invoice in the **Sales Invoices** tab.

Cancel a recurring invoice

When circumstances change, such as when a customer cancels a subscription, you may want to cancel future recurring invoices. Click **Edit** for the recurring invoice in **Settings**, then **Delete**:



The recurring invoice will be removed from the list and no new invoices will be created from it. Cancelled recurring invoices cannot be restored. They must be recreated from scratch.

Skip an invoice

If recurring invoices must be skipped, but routine invoicing will resume in the future, click **Edit** for the recurring invoice in **Settings**. Set a new **Next issue date**, then click **Update** to save the change.



Example

Your customer's next recurring sales invoice for monthly service should be generated on 15 July 2021:

Next issue date	Interval
07/15/2021	Every 1 Month(s)

Your customer pauses the service subscription for one month; therefore, no invoice should be issued on 15 July. The next invoice should be issued on 15 August, so you edit the recurring sales invoice in **Settings** and click **Update**:

Next issue date	Due date	Interval
08/15/2021	Net 30 days	Every 1 Month(s)



Update

You now see the next sales invoice is due 15 August:

Next issue date	Interval
08/15/2021	Every 1 Month(s)

7.4.3 Monitor sales invoice status

Manager helps you **monitor sales invoice status** with a convenient **Status** column in the **Sales Invoices** tab listing:

Sales Invoices		New Sales Invoice		Search		Search	
		Invoice date	#	Customer	Invoice total	Balance due	Status
Edit	View	05/01/2021	1	Bob's Hardware	330.00	- 1.65	Overpaid
Edit	View	06/08/2021	4	Bob's Hardware	110.00	60.00	38 days overdue
Edit	View	05/19/2021	8	ACME Distributing	984.00	874.00	Due in 14 days
Edit	View	01/07/2021	7	Bob's Hardware	660.00	660.00	Due in 25 days
Edit	View	01/02/2021	6	Bob's Hardware	333.00	333.00	195 days overdue
Edit	View	12/03/2020	5	Bob's Hardware	357.50	357.50	225 days overdue
Edit	View	01/01/2015	10	Lumen Lighting	800.00	800.00	2388 days overdue
Edit	View	05/26/2021	9	Bob's Hardware	0.00	0.00	Paid in full
Edit	View	06/03/2020	3	Lumen Lighting	600.00	0.00	Paid in full
Edit	View	06/01/2020	2	Lumen Lighting	299.00	0.00	Paid in full

Status is defined as one of four, color-coded categories:

- Overpaid (gray)
- Due in X days (yellow)
- Y days overdue (red)
- Paid in full (green)

No user action is ever required (or possible) to designate status. It is determined automatically, depending on the following criteria:

- Issue date of the sales invoice
- Due date
- Current balance due

Status controls the default display order of sales invoices according to the following priorities. Within each priority, invoices are listed in reverse date order (newest first):

1. **Overpaid.** These invoices are the result of accounting errors by you or your customer and require correction.
2. **Unpaid.** Includes both coming due and overdue invoices. Partially paid invoices are regarded as unpaid. (See, for example, sales invoice #4 in the illustration above.)
3. **Paid in full.**

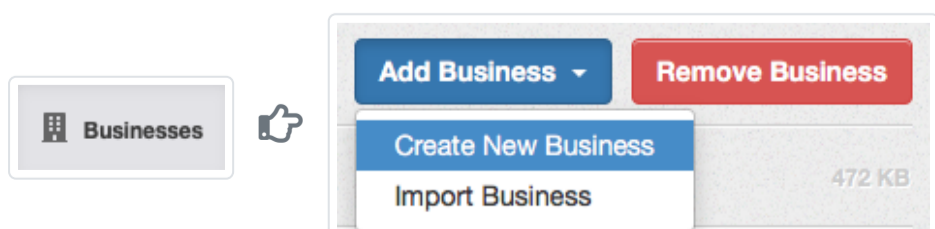
7.4.4 Issue your first invoice to a customer

You have just started your new business and completed your first job or sold your first merchandise. Now you want to be paid, but **your customer has requested an invoice from you**. What is that? It is basically a list of goods sent or services provided, indicating the amount due for these. You might think of it as a bill. For accounting purposes, many customers won't pay until a sales invoice is presented.

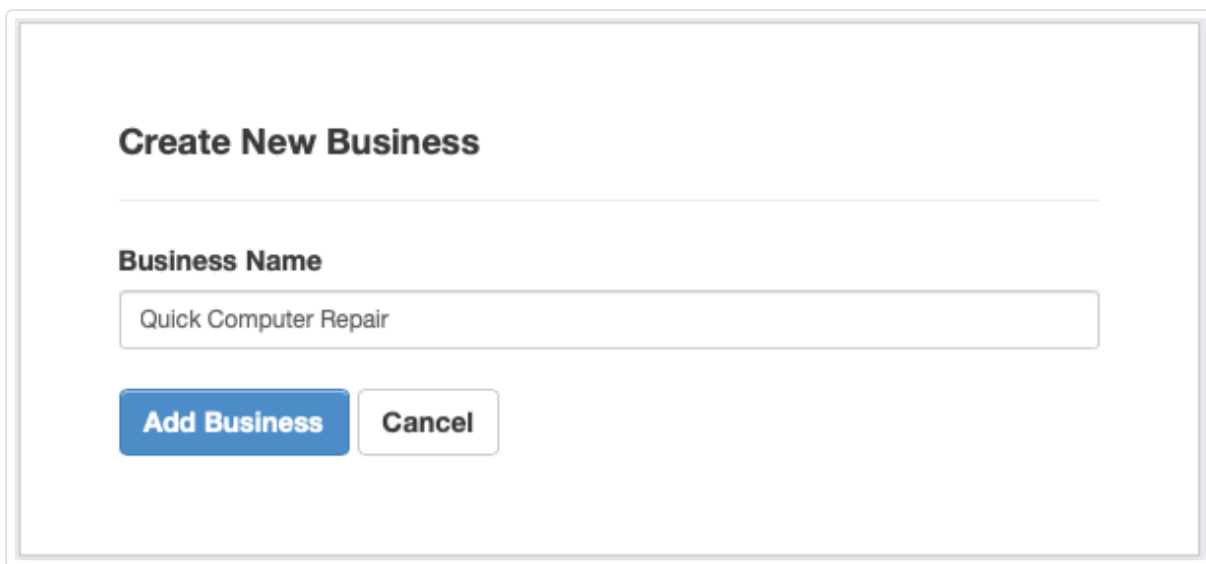
So let's say you are running a computer repair business. Before you can start issuing invoices to customers, you need to set yourself up as a business in Manager.

Create a business

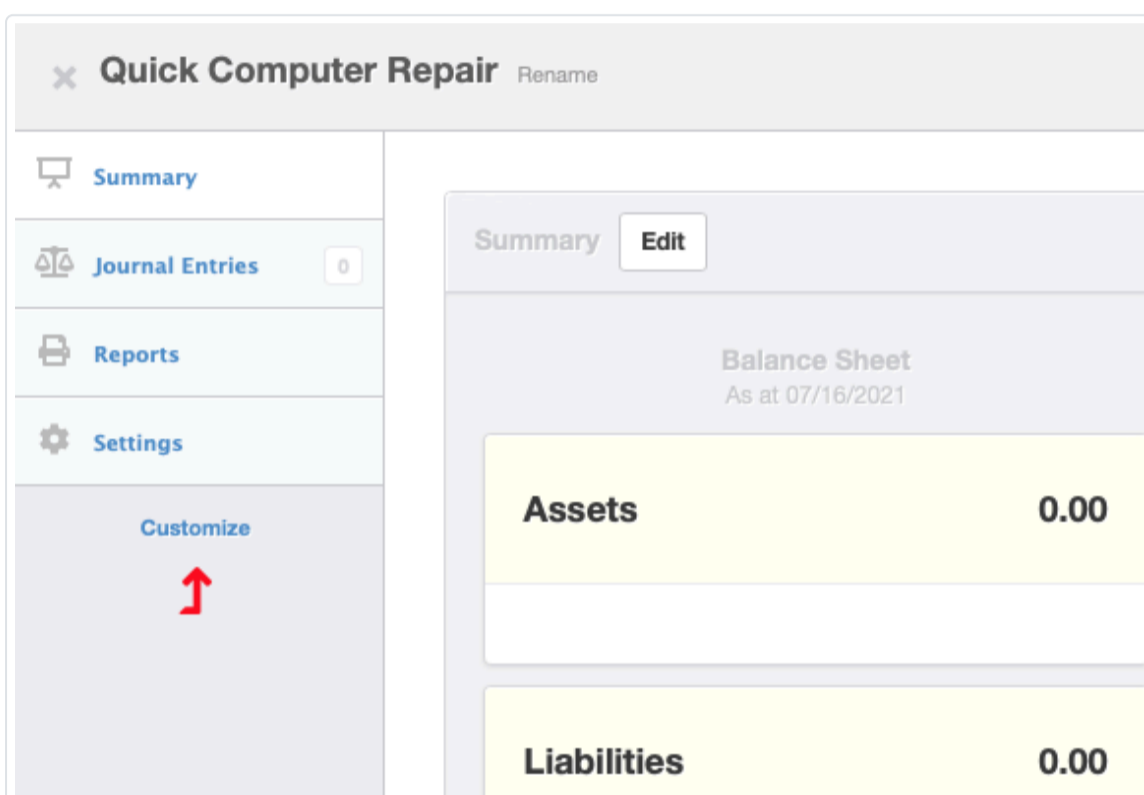
In the **Businesses** tab, click **Add Business** and select *Create New Business*:



Enter your business name. This will be the name of your business data file. Click [Add Business](#) :



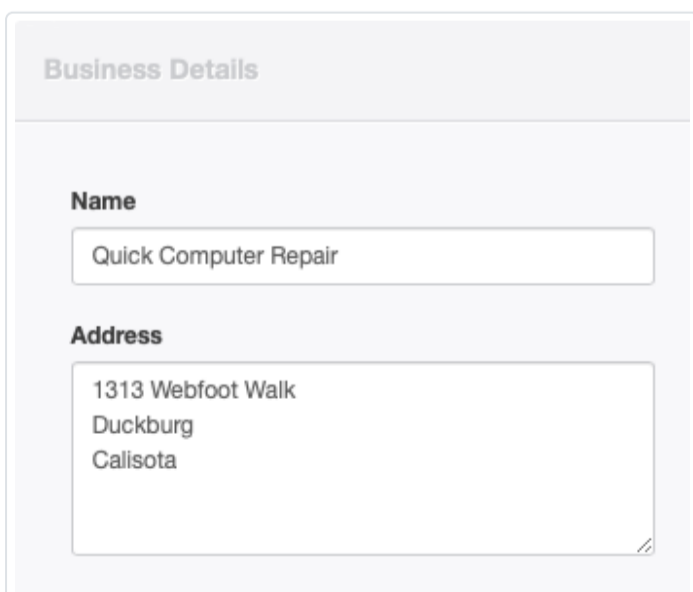
Your business will be created, but it will look nearly empty, with only a few tabs showing at the left:



Now click on [Settings](#) , then [Business Details](#) :



Enter your business information as you want it to appear on the sales invoice:

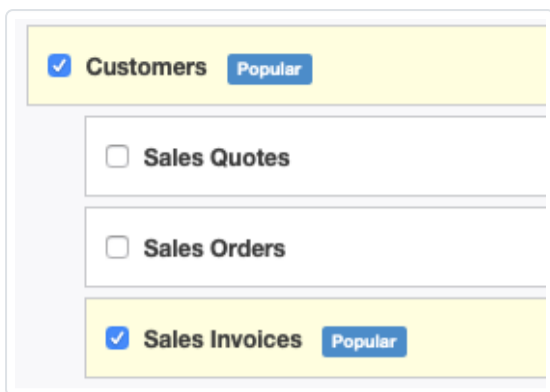


Click [Update](#) .

Customizing left navigation

Since every business is different, all but those four modules will be disabled by default. To issue a sales invoice to a customer, you will need to enable the [Customers](#) and [Sales Invoices](#) tabs.

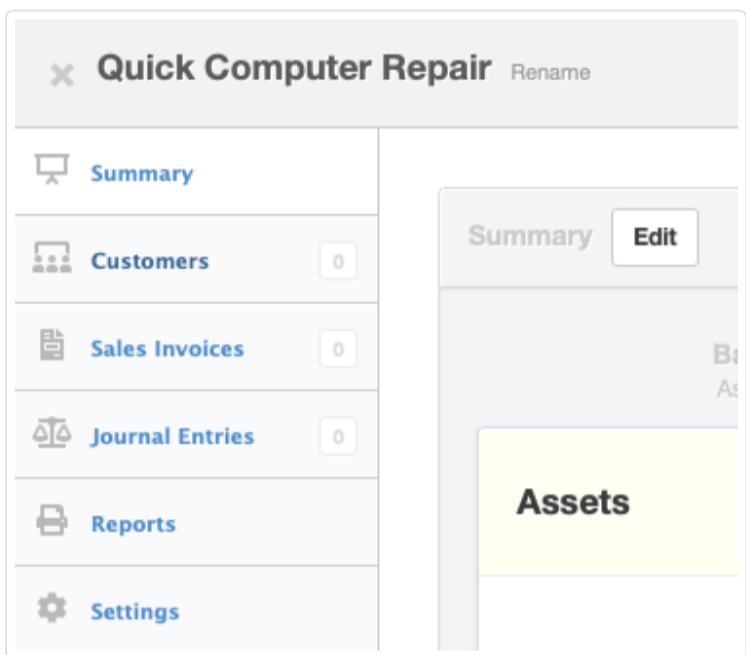
Click [Customize](#) below the left navigation pane and enable these two tabs:



Be sure to click **Update** at the bottom to save your choices:

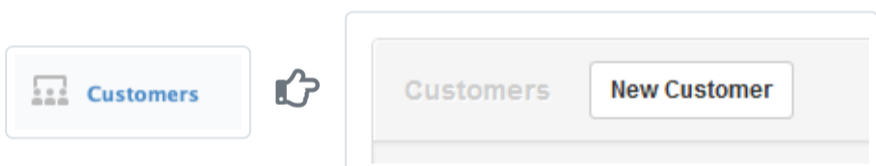


Now you are getting somewhere. Your left navigation pane will contain two new tabs, **Customers** and **Sales Invoices** :



Adding a customer

Before you can issue your first invoice, you must [add at least one customer](#). Click on the **Customers** tab, then click **New Customer** :



Enter the customer's details:

A form titled 'Customer' with three sections: 'Name' with a text input containing 'Brilliant Industries', 'Business Identifier' with an empty text input, and 'Billing address' with a text area containing 'P. O. Box 283', '8562 Fusce Rd.', and 'Frederick 20620'.

Click **Create** . Your customer is now saved and can be seen in the list of customers:

Customers		New Customer
		Name
Edit	View	Brilliant Industries

Now you are ready to issue an invoice to this customer.

Issuing an invoice

In the **Sales Invoices** tab, click **New Sales Invoice** :

A sales invoice form will open, where you need to select or fill in at least four fields:

- **Customer**, which causes previously entered customer details to populate the form
- **Account** to which the sale will be posted.
- **Description** of what is being sold
- **Unit price**

Invoice date	Due date	Invoice number	Order number	Quote number
09/06/2018	By ▾	# 1	# Optional	# Optional

Customer
Brilliant Industries × ▾

Billing address
P. O. Box 283
8562 Fusce Rd.
Frederick 20620

Description
Optional

Item	Account	Description	Qty	Unit price	Amount
▾	Service sales - fixed rate × ▾	Computer repair		299	299
Add line ▾					299

Discount
 Amounts are tax inclusive
 Round off the total
 Deduct withholding tax
 Early payment discount
 Late payment fees
 Custom title

Click **Create** to save the invoice. You will be instantly taken to a preview of your invoice:

Invoice

Brilliant Industries
P. O. Box 283
8562 Fusce Rd.
Frederick 20620

Invoice date
07/16/2021

Due date
07/16/2021

Quick Computer Repair
1313 Webfoot Walk
Duckburg
Calisota

Description	Amount
Computer repair	299.00
Total	299.00

Notes

- **Unit price** doesn't show on the completed invoice because you didn't enter any **Qty**. Manager will always try to make the invoice as simple as possible. If you are not using the **Qty** field, Manager won't show **Qty** and **Unit price** columns on the invoice. It will show only the **Amount** column.
- If you are charging tax, such as GST, VAT, sales tax, or similar, go to the **Settings** tab, then **Tax Codes**, and **create relevant tax codes**. Then **Edit** this invoice to select the right tax code.
- If you want to show payment terms on the invoice, you can create a **Notes** or **Terms custom field**.
- If you would like to **show your business logo**, go to **Settings**, then **Business Logo**.

To change the overall look of your invoice, read about [themes](#), which allow you to vary the appearance of your invoice and other forms.

After applying a tax code and changing the theme, your invoice could look like this:

Invoice

Brilliant Industries
P. O. Box 283
8562 Fusce Rd.
Frederick 20620

Invoice date
07/16/2021

Due date
07/16/2021

Description	Amount
Computer repair	299.00
Sub-total	299.00
VAT 15%	44.85
Total	343.85

Quick Computer Repair
1313 Webfoot Walk Duckburg Calisota

Then use the **Email** button to email the invoice to your customer or use the **PDF** button to generate a PDF image to be saved or printed.

7.4.5 Offer early payment discounts on sales invoices

An **early payment discount** is a reduction of the balance due on a sales invoice offered to a credit customer for payment by a deadline earlier than the regular due date. Early payment discounts are usually offered to incentivize faster payment and minimize carrying costs of receivables.



Note

An early payment discount is not an ordinary **discount** as that term is generally used throughout Manager. Normally, a discount is a percentage or fixed amount price reduction on an individual line item. An early payment discount applies to an entire invoice.



Example

Brilliant Industries regularly extends credit to customers by issuing sales invoices net 30 days. In other words, the due date on each new invoice is 30 days in the future. But it offers a 5% early payment discount if customers pay within 10 days.

As issuer of a sales invoice, you cannot know in advance whether a customer will take advantage of your early payment discount or wait until the due date to pay the full amount. So your sales invoice cannot adjust prices in anticipation. Nor is it good practice to edit the sales invoice after the fact if the customer pays early. Yet when a customer pays early and reduces payment, you still must clear the full balance due for the sales invoice in *Accounts receivable*. Therefore, you must offer the early payment discount on the sales invoice, but adjust your accounting only if the customer pays early.

To offer an early payment discount, check the **Early payment discount** box near the bottom of the sales invoice entry screen. A dropdown box for *Percentage* or *Exact amount*, a field for the corresponding rate or amount, and another field for **If paid within __ days** will all appear:

Choose a method; fill in the percentage discount rate or fixed amount, as appropriate; and enter the number of days until the payment deadline. The resulting sales invoice will include the early payment discount amount, the payment deadline, and the reduced balance due if payment is received by the deadline.



Example

Brilliant issues a sales invoice to Bob's Hardware for a lamp kit, offering its standard early payment discount described above. The sales invoice entry is completed as below:

Early payment discount

Percentage % If paid within days

The sales invoice appears like this:

Invoice

Bob's Hardware
1111 Main Avenue
Anywhere

Invoice date
07/16/2021

Due date
08/15/2021

Invoice number
11

Brilliant Industries
1313 Webfoot Walk
Duckburg
Calisota
info@brilliantindustries.com

Code	Description	Kit	Unit price	Amount
150	Ceramic base, socket, silk shade, 2-m cord, 2 each 60 W bulbs	1	299.00	299.00
Sub-total				299.00
GST 10%				29.90
Total				328.90
Less: Early payment discount 5%				16.44
Balance due if paid by 07/26/2021				312.46

7.4.6 Refresh unit prices on sales invoices

When a customer purchases items on a regular basis, instead of creating a new sales invoice from scratch for every sale, it may be convenient to use the or buttons to replicate a previous invoice:

Everything is carried forward onto the new invoice, including quantities, unit prices, discounts, and tax codes:

Item	Account	Qty	Unit price	Discount	Total	Tax Code	Tax Amount	Total
Rhönbräu Klosterbier ×	Inventory - sales	1	7.75	10 %	6.98	GST 10% ×	0.7	7.68

This may not be completely desirable if your item prices have been updated since you issued the prior invoice. But there is a quick way to remedy the problem. If you need to refresh the unit price of an inventory or non-inventory item, click the inside the **Item** field to clear it. Then select the same item again:

Rhönbräu Klosterbier ×

This refreshes the **Unit price** field to the current sale price. **Qty** and **Discount** fields will not change. But **Tax Amount** and both **Total** fields will recalculate:

Item	Account	Qty	Unit price	Discount	Total	Tax Code	Tax Amount	Total
Rhönbräu Klosterbier x	Inventory - sales	1	8.75	10 %	7.88	GST 10% x	0.79	8.67

As always, any aspect of the new invoice can be edited before clicking **Create**. And the same procedure works when editing an invoice that has already been created.



Note

The same procedure works on any transaction form in Manager.

7.4.7 Resolve overpaid status on sales invoices

In Manager, sales invoices can become **overpaid** when more has been received or posted against it than the original total of the invoice. This results in the **Balance due** for the invoice showing as a negative amount. Manager will display *Overpaid* in the **Status** column of the main **Sales Invoices** tab listing:

Sales Invoices		New Sales Invoice		Search		Search	
		Invoice date	#	Customer	Invoice total	Balance due	Status
Edit	View	05/01/2021	1001	Bob's Hardware	1,000.00	- 100.00	Overpaid

There are many reasons an invoice could become overpaid:

- The customer paid more than the invoice total.
- A receipt from a customer was allocated to the wrong invoice.
- A credit note was posted to an already-paid invoice.
- A receipt was posted to a correct invoice to which Manager had already distributed money automatically because an invoice was not selected during a previous receipt entry.

Overpaid invoices are considered bookkeeping errors. Manager will display overpaid invoices at the top of **Sales Invoices** tab listing so you can see and resolve them. You should resolve overpaid status before sending out customer statements.

Viewing the sales invoice ledger

To determine the specific reason a sales invoice is overpaid, view the ledger for that invoice. To access the ledger, click on the blue amount under the **Balance due** column in the tab list:

Invoice total	Balance due	Status
1,000.00	- 100.00	Overpaid

This will reveal all transactions posted against the specific invoice (including the invoice itself) and a running balance:

Date	Transaction	Customer	Amount	Balance
07/18/2021	Receipt	Bob's Hardware	- 1,100.00	- 100.00
05/01/2021	Sales Invoice — 1001	Bob's Hardware	1,000.00	1,000.00
			- 100.00	

Resolving overpaid status

Resolve overpaid status by editing one or more of the transactions in the invoice ledger.



Example

You issued a sales invoice to Bob’s Hardware for 1,000. By mistake, Bob paid you 1,100, resulting in overpayment of 100 on the invoice. To resolve this issue, you edit the transaction where you recorded the receipt of 1,100 and split the amount so only 1,000 is allocated to the invoice and 100 remains unallocated:

Account					Qty	Unit price	Total
Accounts receivable	x	Customer	Bob's Hardware	Invoice #1001 – 05/01/2021		1000	1000
Accounts receivable	x	Customer	Bob's Hardware	Invoice Automatic		100	100
							1100

After the transaction is updated, the invoice status shows *Paid in full*:

Invoice date	#	Customer	Invoice total	Balance due	Status
05/01/2021	1001	Bob's Hardware	1,000.00	0.00	Paid in full

The unallocated 100 is applied to any other unpaid invoices Bob’s Hardware has, oldest due date first, or remains as a credit to be applied to future invoices.

Careless mixing of automatic and explicit allocations can also result in overpayment of a sales invoice. When you record a receipt from a customer, but do not specify the invoice, Manager automatically allocates the transaction to the unpaid invoice with the oldest due date. But if the transaction was intended for a specific invoice, it should normally be recorded that way. Problems can arise as later receipts are entered, because automatic allocations could be adjusted without any action on your part, with confusing results. So close attention to invoice allocations is good practice, with explicit allocation usually, but not always, being the best approach. Below is an interesting example.



Example

ACME Distributing has two unpaid sales invoices. The first is for 5,000 and the second for 150. The 5,000 invoice has the older due date of the two:

Invoice date	#	Customer	Invoice total	Balance due	Status
07/01/2021	1002	ACME Distributing	150.00	150.00	13 days overdue
06/15/2021	1001	ACME Distributing	5,000.00	5,000.00	17 days overdue

ACME pays 150 without designating which invoice the payment applies to. You record this receipt, allocating it manually to the first, older invoice. This decreases its balance due from 5,000 down to 4,850, while keeping the balance due on the second invoice unchanged:

Invoice date	#	Customer	Invoice total	Balance due	Status
07/01/2021	1002	ACME Distributing	150.00	150.00	13 days overdue
06/15/2021	1001	ACME Distributing	5,000.00	4,850.00	17 days overdue

A few days later, you receive 5,000 with a remittance advice specifying the payment is for the earlier invoice. If you allocate 5,000 to the first invoice, you would end up with overpayment of 150 on first invoice and the balance due still being 150 on the second invoice:

Invoice total	Balance due	Status
5,000.00	-150.00	Overpaid
150.00	150.00	4 days overdue

Obviously, ACME doesn't owe you anything and has not overpaid. Your mistake was allocating the 150 receipt to a specific invoice when the customer did not intend that. So you should click on the negative **Balance due** amount, find the payment of 150, and delete the invoice allocation. Manager will automatically reallocate the 150 to the unpaid invoice. Now all invoice balances are shown correctly and the customer's *Accounts receivable* balance is correct:

Invoice date	#	Customer	Invoice total	Balance due	Status
07/01/2021	1002	ACME Distributing	150.00	0.00	Paid in full
06/15/2021	1001	ACME Distributing	5,000.00	0.00	Paid in full

7.4.8 Resolve automatic credit allocations on sales invoices

When you enter a new sales or purchase invoice, you might find that Manager automatically credits the invoice with some amount, making the **Balance due** less than the invoice **Total**.



Example

You issue a sales invoice to Antonio Moreno Taquería for 3,370.00 and Manager automatically applies credit of 2,345.30, leaving a balance due of 1,024.70:

Total	3,370.00
Less: Receipt – 26-04-2021	2,345.30
Balance due	1,024.70

An automatic credit allocation happens when the customer has a pre-existing credit balance. In other words, you owe a customer money. Normally this is the desired outcome. You want any credits to be automatically applied to invoices, so you are not trying to collect from a customer more than is really owed to you. For example, if a customer has a credit balance of \$100 due to a previous credit note, Manager will remember this until the next invoice is issued to that customer and will automatically apply the \$100 credit to it without your having to keep track of anything. But if you are certain the customer or supplier didn't have a credit balance, such an automatic credit allocation indicates something has been recorded incorrectly.



Example

Continuing with the example above, the problem is easy to diagnose. The mini-statement at the bottom of the invoice tells you a receipt was applied to the sales invoice. You could look up that receipt in Manager, determine who it was from, and decide whether an error was made. Perhaps the receipt was mistakenly recorded as coming from the wrong customer. Or, the customer may have simply overpaid its account, in which case Manager stored the leftover credit, applied it to the new sales invoice, and everything is as it should be.

Some bookkeeping errors can be discovered immediately; some can take weeks or even months to discover. Used properly, Manager's double-entry accounting system ensures all errors will be ultimately discovered.

In the example above, even if you did not notice the bookkeeping error, eventually the customer who actually paid 2,345.30 on 26/04/2021 would complain that its customer statements did not reflect the payment. Or your Aged Receivables report would show that customer's account becoming more and more overdue. Sooner or later, you would discover the payment having been attributed to the wrong customer.

Some automatic allocations are not so obvious.



Example

Consider a sales invoice for the same goods to Antonio Moreno Taqueria on which the mini-statement shows the following:

Total	3,370.00
Less: Receipt – 17-02-2021	1,842.30
Less: Receipt – 26-04-2021	1,460.22
Balance due	67.48

That receipt on 26/04/2021 is still there, but now shows only 1460.22 having been applied to this sales invoice. And there is another receipt on 17/02/2021. Only 67.48 is due on the sales invoice. What happened? The full answer is not available by examining the sales invoice.

Two other sources of information are helpful. The first is to go to the **Customers** tab, locate the customer, and click on the **Accounts receivable** figure:

		Name	Invoices	Accounts receivable
Edit	View	Antonio Moreno Taquería	2	67.48

Drilling down reveals every transaction contributing to the balance:

Antonio Moreno Taquería – Accounts receivable							Search	Search
		Date	Transaction	Customer	Bank account	Description	Amount	Balance
Edit	View	19-07-2021	Sales Invoice – 2809	Antonio Moreno Taquería			3,370.00	67.48
Edit	View	26-04-2021	Receipt	Antonio Moreno Taquería	Checking account		- 2,345.30	- 3,302.52
Edit	View	09-03-2021	Credit Note – 1050	Antonio Moreno Taquería			- 607.22	- 957.22
Edit	View	17-02-2021	Receipt	Antonio Moreno Taquería	Checking account		- 1,842.30	- 350.00
Edit	View	01-01-2019	Customer	Antonio Moreno Taquería		Starting balance	- 350.00	1,492.30
Edit	View	01-01-2019	Sales Invoice – 333	Antonio Moreno Taquería			1,842.30	1,842.30
							67.48	

Another source is to view a Customer Statement (Transactions) for the customer:

Date	Description	Debit	Credit	Balance
01-01-2019	Invoice 333	1,842.30		1,842.30 Dr
01-01-2019	Customer – Starting balance		350.00	1,492.30 Dr
17-02-2021	Invoice 2809 – Receipt		1,842.30	350.00 Cr
09-03-2021	Credit Note – 1050		607.22	957.22 Cr
26-04-2021	Receipt		2,345.30	3,302.52 Cr
19-07-2021	Invoice 2809	3,370.00		67.48 Dr
Total debits				5,212.30 Dr
Total credits				5,144.82 Cr
Closing balance				67.48 Dr

Both show the same information, but in different formats and orders. One key to understanding what happened on this

sales invoice is the presence of a starting balance, indicating a start date for the business of 01/01/2019. The customer had a 350.00 credit balance unassociated with any other transaction and a pending, pre-start-date invoice for 1842.30. But when a receipt for that sales invoice was entered on 17/02/2021, it was not allocated specifically to the old invoice. Likewise, a credit note for return of some of the goods on that invoice was not allocated to it, but was left undesignated. So Manager applied both to the next sales invoice.

Overall, there are three errors to correct: (1) proper allocation of the first receipt for the old invoice, (2) allocation of the credit note to the old invoice, and (3) posting of the second receipt to the correct customer. When all these have been accomplished, the new sales invoice mini-statement shows:

	Total	3,370.00
Less: Antonio Moreno Taquería — 01-01-2019		350.00
	Balance due	3,020.00

This is correct. Because the receipt and credit note for the old invoice are now properly posted, the starting credit balance cannot be automatically assigned, either to it or any other invoice. The starting credit balance is now cleared by applying it to the new sales invoice.

7.4.9 Offset simultaneous sales and purchase invoices

If you have a customer who is also a supplier, you may sometimes have simultaneous, outstanding sales and purchase invoices with the same business. In Manager, all sales invoices are subaccounts of *Accounts receivable*, while purchase invoices are subaccounts of *Accounts payable*.



Example

You have a customer who owes you 1,000 from a sales invoice, as shown in the **Sales Invoices** tab:

Sales Invoices		New Sales Invoice		Search		Search	
		Invoice date	#	Customer	Invoice total	Balance due	Status
Edit	View	02/18/2021	135	ACME Corporation	1,000.00	1,000.00	Due in 30 days

At the same time you have made a purchase on credit for 200 from this same business (in its role as a supplier). The purchase invoice shows in the **Purchase Invoices** tab:

Purchase Invoices		New Purchase Invoice		Search		Search	
		Invoice date	#	Supplier	Invoice total	Balance due	Status
Edit	View	02/18/2021	79	ACME Corporation	200.00	200.00	Due in 30 days

Instead of receiving money from the other business for your sales invoice while paying for the purchase invoice, you can **offset the outstanding sales and purchase invoices**, decreasing the amount due from your sales invoice by the amount of the purchase invoice. (Of course, if the purchase invoice is larger, you would be decreasing the amount owed from the purchase invoice by the amount of the sales invoice.) There are three methods you could use:

- Contra journal entries
- Offsetting receipts or payments
- Simultaneous credit and debit notes

The approaches produce slightly different financial results, because some only offset obligations, while one also records movement of money. They all have their own advantages and disadvantages.

Contra journal entries

It makes no difference whether the sales or purchase invoice is larger; the procedure is identical. To make an offsetting contra entry, go to the **Journal Entries** tab and click **New Journal Entry** :



In your journal entry, **debit Accounts payable** for the supplier by the smaller of the sales or purchase invoice balances. If the purchase invoice has a reference number, it can be selected. Otherwise, leave the **Invoice** field blank. **Credit Accounts receivable** for the customer and the sales invoice by the same amount.



Example

The smaller amount in the example above is the 200 purchase invoice. So a journal entry is created:

Account	Description	Debit	Credit
Accounts payable x ▾ Supplier ACME Distributing x ▾ Invoice #79 — 02/28/2021 x ▾	Sales and purchase invoices offset	200	
Accounts receivable x ▾ Customer ACME Distributing x ▾ Invoice #135 — 02/18/2021 x ▾	Sales and purchase invoices offset		200
		200	200

If there are more invoices, do not select invoice numbers. Instead, enter as the contra amount the smaller of the total *Accounts payable* or *Accounts receivable* balances for the other business. (Check these in the **Customers** and **Suppliers** tabs.) Manager will automatically offset outstanding sales and purchase invoices on the basis of oldest due dates. But still debit *Accounts payable* and credit *Accounts receivable*.



Example

After making the journal entry illustrated above, your purchase invoice will be marked as paid in full, even though your payment was actually via journal entry:

Purchase Invoices		New Purchase Invoice		Search		Search	
		Invoice date	#	Supplier	Invoice total	Balance due	Status
Edit	View	02/18/2021	79	ACME Corporation	200.00	0.00	Paid in full

The balance due on the sales invoice will decrease by 200:

Sales Invoices		New Sales Invoice		Search		Search	
		Invoice date	#	Customer	Invoice total	Balance due	Status
Edit	View	02/18/2021	135	ACME Corporation	1,000.00	800.00	Due in 30 days

An advantage of this method is offsetting of obligations with a single transaction. A disadvantage is that a journal entry is only an internal record. You have no suitable transaction to send to the other business to document the effort. You must rely upon mutual agreement that the other business will make a corresponding adjustment in some way. You run the risk of misunderstanding, exchange of remittances based on the initial documents, and the need for potential refunds. Another disadvantage is that a separate transaction is still required to settle one of the invoices (if it was not completely offset).

Offsetting receipts or payments

If settlement of both the sales and purchase invoices involved is imminent, you can resolve the situation with a single receipt or payment form. This approach has the advantage of providing a legal transaction record to furnish the other business. It also accomplishes the process with a single transaction. It has the disadvantage of requiring slightly different entries depending on whether the sales or purchase invoice is larger.



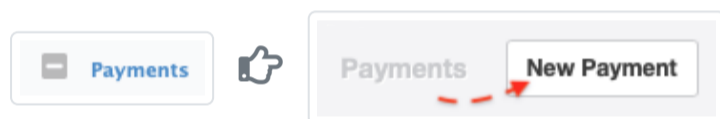
Caution

This method can only be accomplished if the other business agrees to make or receive payment at the same time. Otherwise, you will have offset the invoices while the other business will not. This raises the possibility of confusion and means that your records will be incorrect until the other business takes corresponding action.

To use this approach, determine whether the balance due on the sales invoice(s) or purchase invoice(s) is larger. If the amount owed to you for the sales invoice(s) is larger than the amount you owe on the purchase invoice(s), go to the **Receipts** tab and click **New Receipt** (solid arrow). If the amount you owe the other business on the purchase invoice(s) is larger, go to the **Payments** tab and click **New Payment** (dashed arrow):



OR



On the receipt or payment entry screen post one line item to *Accounts payable*, the other business' name as a supplier, and the relevant purchase invoice reference number. Post a second line item to *Accounts receivable*, the other business' name as a customer, and the relevant sales invoice reference number.

Here is where procedures differ based on relative balances due of the sales and purchase invoices. If the form is a receipt (based on your selection above), enter the balance due of the sales invoice as a positive number, posted to *Accounts receivable*, and the purchase invoice balance due as a negative number, posted to *Accounts payable*. But if the form is a payment, reverse the signs, entering the sales invoice balance due as a negative number, posted to *Accounts receivable*, and the purchase invoice balance due as a positive number, posted to *Accounts payable*. See the table below:

Larger Balance	Form Type	Accounts receivable	Accounts payable
Sales invoice(s)	Receipt	+	-
Purchase invoice(s)	Payment	-	+



Example

In the same situation described in the examples above, since the sales invoice balance due is larger than the purchase invoice balance due, a receipt is selected. The invoice balances are entered with signs as in the table above:

Item	Account	Description	Qty	Unit price	Amount
	Accounts payable	ACME Distributing Invoice #79		-200	-200
	Accounts receivable	ACME Distributing Invoice #135		1000	1,000
					800

Because this method accounts for the actual movement of money, both invoices now show as being paid in full:

Sales Invoices		New Sales Invoice		Search		Search	
		Invoice date	#	Customer	Invoice total	Balance due	Status
Edit	View	02/18/2021	135	ACME Corporation	1,000.00	0.00	Paid in full

Purchase Invoices		New Purchase Invoice		Search		Search	
		Invoice date	#	Supplier	Invoice total	Balance due	Status
Edit	View	02/18/2021	79	ACME Corporation	200.00	0.00	Paid in full



Note

If the sales and purchase invoices balances are identical, it does not matter whether you choose a receipt or payment. But the signs on entries must still follow the convention in the table above. A transaction in this situation is known as a zero-valued receipt or payment.

Simultaneous credit and debit notes

The final method involves more transactions than either of the other two. But it can be used without coordinating simultaneous settlement of the invoices with the other business. In that respect, it is similar to a contra journal entry. However, it can produce a recognizable accounting transaction to send to the other business. It is most useful when the balance of the sales invoice is larger than the balance of the purchase invoice.

If the balance of the sales invoice is larger, issue a credit note to the other business (as a customer) for the balance of the purchase invoice. At the same time, issue yourself a debit note from the other business (as a supplier) for the balance of the purchase invoice. This will reduce the amount the other business owes to you, regardless of when they settle the sales invoice. And it will reduce the amount you owe on the purchase invoice to zero.

If the balance of the purchase invoice is larger, issue a credit note to the other business (as a customer) for the full balance of the sales invoice. Issue yourself a debit note from the other business (as a supplier) for the balance of the sales invoice, This will reduce the balance the other business owes you to zero and the amount you owe on the purchase invoice by the amount of the sales invoice.



Example

Using the same example as before, since the sales invoice balance is larger, a credit note is issued for the 200 balance of the purchase invoice. The balance due on the sales invoice decreases to 800. A debit note is created for the same 200 balance of the purchase invoice. The balance due on the purchase invoice decreases to zero. The balance due on the sales invoice can be received whenever the other business pays.



Note

Often, a debit note is created in response to a credit note received from a supplier. But debit notes can also be created in response to less formal communications with a supplier, such as an email or telephone conversation. You should coordinate with the other business to determine what procedure will be followed. When a formal credit note will not be sent, good practice is to document the debit note in some fashion.

Summary

Contra journal entries adjust obligations in a single transaction. But they still require a receipt or payment to record the movement of money. And they cannot provide a recognizable transaction document to another business.

Offsetting receipts or payments accomplish everything with one transaction. But they require close coordination with the other business.

Simultaneous credit and debit notes give freedom to both businesses, document the transactions well with recognizable accounting records, but still need a separate receipt or payment when money is moved.

7.5 Credit Notes

7.5.1 Use credit notes for customer returns and refunds

A **credit note** records the return of goods by a **customer** or a credit adjustment (refund) to a customer's account for goods or services previously invoiced. It makes all necessary corrections to inventory and income accounts. A credit note does not record actual payment of money to the customer, but only adjusts the customer's balance in *Accounts receivable*. A credit note can be created regardless of whether the customer has yet paid for the goods or services.



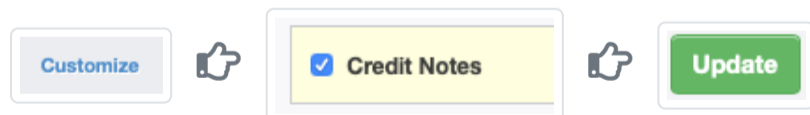
Notes

A credit note should not normally be used if the original transaction was a **cash sale**, because the sale will not have been recorded in the customer's subaccount in *Accounts receivable*. In such situations, a direct refund should usually be made via a bank or cash payment under the **Payments** tab. However, if the cash buyer has also been defined as a customer and prefers an account credit rather than a cash refund, a credit note may be used.

If the **Delivery Notes** tab is enabled and a delivery note was issued to record movement of goods sold, a delivery note must also be created to record receipt of returned goods (if any) on a credit note. In that case, enter a negative quantity on the delivery note.

Enable the **Credit Notes** tab

Before credit notes can be created, the **Credit Notes** tab must be enabled. Click **Customize** below the left navigation pane, check the box for **Credit Notes**, and click **Update** below the list:



Manager offers two methods for creating credit notes:

- Manual entry
- Copying with the **Copy to** feature (usually from a sales invoice)

The second method is easiest and used most frequently, but manual entry will be discussed first to explain general information about credit notes.

Manual entry

If no sales invoice exists or can be found, create a credit note manually. In the **Credit Notes** tab, click on **New Credit Note** :

✕ Credit Notes
👍
Credit Notes
New Credit Note

Complete the form:

Credit Note

Issue date **Reference** Optional

Customer **Sales Invoice**

Billing address

Description

Item	Account	Qty	Unit price	Total	Tax Code	Tax Amount	Total
↑ ↓ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	No tax	0	0

Line description
 Discount
 Amounts are tax inclusive
 Withholding tax
 Custom theme

- By default, today's **Issue date** is prepopulated.
- **Reference** is optional and may be used for internal or external sequences. If the box within the field is checked, Manager will number the transaction automatically. The program will search for the highest number among all existing credit notes and add 1.
- A **previously defined Customer** must be selected in the dropdown box.
- After a customer is selected, the **Sales Invoice** dropdown list will include that customer's sales invoices appears. If the credit note applies to a specific invoice, select it there:
- The customer's **Billing address** is filled automatically.
- General information about the credit note can be entered on the **Description** line.
- Line items can be completed semi-automatically by selecting predefined inventory or non-inventory items in the **Item** field and entering quantities. Or, they may be entered manually.
- If an item is not selected, the **Account** to be credited must be chosen.
- **Qty** and **Unit price** are self-explanatory.
- An applicable **Tax Code** can be selected.
- If divisions have been defined and an account is selected to which divisions can apply, a **Division** field will appear where you can make your choice.
- Additional lines can be added 1, 5, 10, or 20 at a time.
- If an inventory item is selected and inventory locations have been defined, an Inventory location field appears below the last line item:

Inventory location

Checkboxes at the bottom of the form offer some of the same options as when [creating sales invoices](#). When some of these boxes are checked, additional fields appear:

- **Line description** adds a Description field to each line item. Line descriptions are optional.
- If **Discount** is checked, further options appear for *Percentage* or *Exact amount* discounts. This selection governs the entire credit note, but discounts must be entered line item by line item.
- Another option lets you indicate **Amounts are tax inclusive**. If this box is checked, tax amounts are deducted from the unit price; otherwise they are added to the invoiced amount.
- **Withholding tax** can be selected by checking the box and entering the *Rate* or *Amount*. This option is used only when your customers are required by law to withhold and pay tax at the source on your behalf. Checking this box acts to reverse withholding tax that may have been applied originally on a sales invoice.
- A **Custom theme** can be indicated.

Save the transaction by clicking [Create](#).

Copying

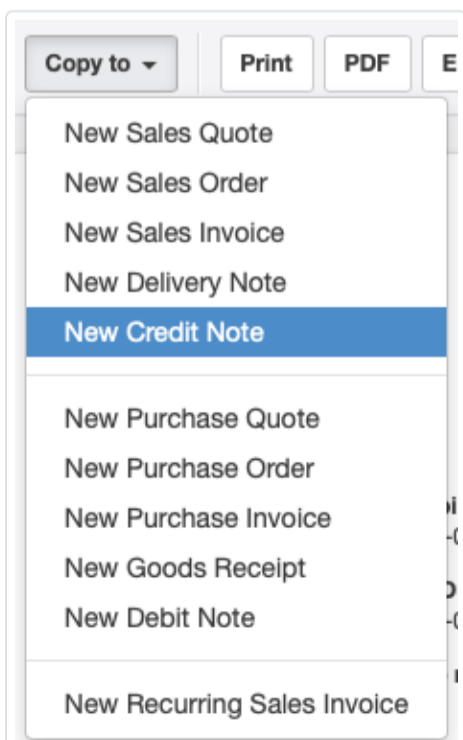
The easiest way to create a credit note is by copying another transaction, almost always the original sales invoice. Go to the [Sales Invoices](#) tab:



Click the [View](#) button alongside the sales invoice issued for the goods or services being returned or adjusted:

	Invoice date	#	Customer	Invoice total	Balance due	Status
	01-07-2021	1	Island Trading	150.00	150.00	Due in 12 days

Then click the [Copy to](#) button and select *New Credit Note* to open a credit note from the existing sales invoice:



A credit note entry screen will open, prefilled with information from the sales invoice. This avoids re-entering information manually. In particular, the **Customer** and **Sales Invoice** field will be filled, linking the credit note to that specific invoice:

Customer	Sales Invoice
Island Trading	#1 – 01-07-2021

If the customer is to receive a full refund, no changes to the credit note are required, because the credit note will match the original sales invoice:

Qty	Unit price	Amount
2	46.00	92.00
3	14.00	42.00
4	4.00	16.00
Total		150.00

If a customer is to receive a partial refund or credit, reduce quantities or amounts on the credit note to match. Remove line items for goods or services not being adjusted. (If the price of an inventory item is being partially or fully refunded, but the item itself will not be returned, enter the refund amount and **change the quantity to be blank.**)

Qty	Unit price	Amount
2	46.00	92.00
4	4.00	16.00
Total		108.00

When finished editing, click **Create** to issue the credit note.

The credit amount will be applied to the original sales invoice. If the customer has not paid or only partially paid the invoice, the balance due on the invoice will be reduced by the credit note amount. If a credit note is applied to a fully paid sales invoice, the credit note amount will be credited to the customer’s subaccount in *Accounts receivable*. Any excess credit balance will be automatically applied to the unpaid sales invoice for that customer with the oldest due date. If there are no unpaid sales invoices, the credit will be applied to the next sales invoice for that customer.

Paying out a refund

If a customer requests a refund of the credit balance, record a payment from a bank or cash account and allocate the refund to *Accounts receivable* and the customer’s subaccount. When a refund payment is recorded, the balance of *Accounts receivable* for the customer will move in the positive direction, as shown by the green arrow in the illustration below:

Island Trading – Accounts receivable							Search	Search
		Date	Transaction	Customer	Bank account	Amount	Balance	
Edit	View	20-07-2021	Payment – 1621	Island Trading	Checking account	108.00	0.00	
Edit	View	19-07-2021	Credit Note – 1051	Island Trading		- 108.00	- 108.00	
Edit	View	10-07-2021	Receipt	Island Trading		- 150.00	0.00	
Edit	View	01-07-2021	Sales Invoice – 1	Island Trading		150.00	150.00	

7.6 Late Payment Fees

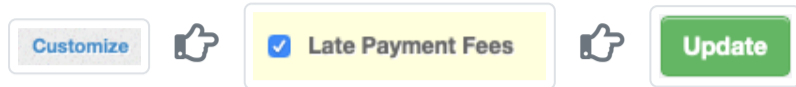
7.6.1 Assess late payment fees

Manager can automatically determine **late payment fees** on overdue sales invoices. You can also add, delete, or edit late payment fees manually.

Enable the Late Payment Fees tab

Late payment fees are recorded in a separate tab, Late Payment Fees. For fees determined automatically, Manager will enable this tab when the first late payment fee is assessed. No action by the user is necessary.

If late payment fees will be added, deleted, or edited manually, but the tab is not yet enabled, click on Customize below the left navigation pane. Check the box for **Late payment fees**. Then click Update:

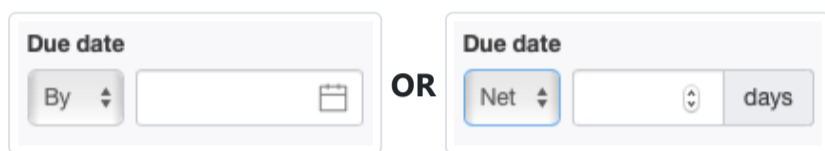


Determine late payment fees automatically

Automatic determination of late payment fees is set up when creating or editing a sales invoice in the Sales Invoices tab. Follow three steps:

1. Enter a due date

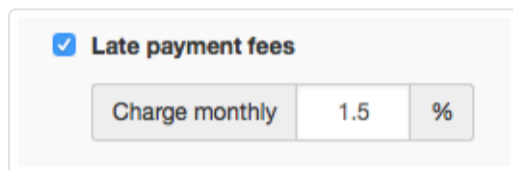
The **Due date** field is blank by default, but offers two choices, a fixed calendar date or net payment days:



If no date is entered, Manager will assign the **Invoice date** as the **Due date** when you create the sales invoice.

2. Select a charging option and rate

By default, late payment fees are not charged. To determine them automatically, check the **Late payment fees** box in the list of options. An auxiliary rate field will appear. Enter the percentage to be used for determining the late fee:



Manager will now automatically generate a notice that a late fee is due on the first day after the due date. If the sales invoice remains overdue, additional late payment fees will be determined on the same day of each following month until the invoice is paid in full. The fee is compounded by being calculated on the total balance due of the unpaid invoice, including any prior late fees.

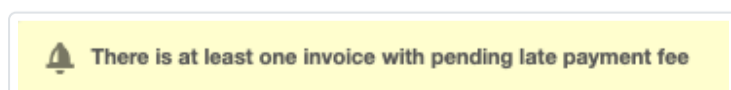


Note

If a late payment fee would become due on a day of the month that does not occur, such as the 31st of a 30-day month, Manager will determine the fee on the latest day that does occur. So, for example, a late fee due on October 31st will next be determined on November 30th. Subsequent fees will be determined December 30th and January 30th, then on February 28th (or 29th in leap years), March 28th, etc. This is done so one late payment fee falls in every calendar month.

3. Assess late payment fees

When one or more sales invoices are eligible to be charged late payment fees, a notice appears when the Sales Invoices tab is entered:



Click on the yellow banner to see a list of sales invoices with pending late payment fees:

Sales Invoices / Late Payment Fees

Late Payment Fees

	Invoice date	#	Customer
<input checked="" type="checkbox"/>	08/10/2018	6	Bob's Hardware

[Create](#)

Click [Create](#) to assess the fee(s) for the first month of eligibility. If additional late payment fees are pending, the list of sales invoices and the notice will appear again. Repeat the process until all pending late payment fees have been assessed and the notice no longer appears. This repetitive approach is necessary because every monthly determination of late payment fees depends on the prior assessments.



Note

If more than one sales invoice is shown, a late payment fee will be generated for each one every time you click [Create](#).



Example

On June 1, 2018, a sales invoice is raised for 100.00 with payment terms of net 30 days and a monthly late payment fee of 1.5%:

Qty	Unit price	Amount
10	10.00	100.00
Total		100.00

The day the invoice becomes overdue, the pending late payment fee notice appears. A late payment fee is assessed, and 1.5% of the total is added. The invoice is sent to the customer again with a new balance due of 101.50. One month later, the invoice remains unpaid, so another late payment fee is assessed, adding 1.5% of 101.50 (1.52), for total late fees of 3.02:

	Each	Unit price	Amount
	10	10.00	100.00
Total			100.00
Late Payment Fee — 06/02/2018			1.50
Late Payment Fee — 07/02/2018			1.52
Balance due			103.02

Determine late payment fees manually

Late payment fees can be added, deleted, or edited manually in the [Late Payment Fees](#) tab.

Add a late payment fee

Late payment fees can be added manually on any desired schedule (daily, weekly, etc.). To add a fee, click [New Late Payment Fee](#) :

[Late Payment Fees](#) [New Late Payment Fee](#)

Complete the form and click [Create](#). On this form, fields appear sequentially as others are completed.



Example

The sales invoice from the previous example continues to accrue late payment fees for eight months, accruing 12.65 in late fees. Eventually, the customer asks whether the invoice can be settled for 10.00 in total late fees if payment is made within 3 days. The business agrees on the condition that 20.00 will be assessed if payment is late again. A manual late payment fee is entered:

Late Payment Fee

Date

Customer

Sales Invoice

Amount



Note

When a late payment fee is added manually, it will be shown on the sales invoice whether or not the **Late payment fees** box is checked.

Delete a late payment fee

To delete a late payment fee, go to the **Late Payment Fees** tab and click **Edit** beside the fee to be deleted. Click the **Delete** button.



Example

Because all the automatically determined late payment fees in the previous examples will be replaced by the agreed 10.00 fee, they are deleted as described above. (Note that **Batch Delete** can be used.) Only the manually entered late payment fee remains:

	Each	Unit price	Amount
	10	10.00	100.00
Total			100.00
Late Payment Fee - 01/10/2019			10.00
Balance due			110.00

Edit a late payment fee

To edit a late payment fee, go to the **Late Payment Fees** tab and click **Edit** beside the relevant transaction. Modify any field and click **Update**.



Example

The payment in the previous example is late. So the 10.00 late payment fee that was entered manually is edited to 20.00:

	Each	Unit price	Amount
	10	10.00	100.00
Total			100.00
Late Payment Fee — 01/10/2019			20.00
Balance due			120.00



Caution

If the first late payment fee is manually entered, Manager will not determine or notify you of subsequent automatic late payment fees.

If a late payment fee is deleted after subsequent fees have been automatically determined and assessed, Manager will not redetermine the deleted fee. However, if the latest fee is deleted, Manager will redetermine it automatically and notify you it is pending.

Where are late fees posted?

Late fees are posted automatically to an uncategorized income account named *Late payment fees*. This account appears in your chart of accounts when the first late fee is assessed:

Uncategorized	3.02
Late payment fees	3.02

No action on your part is required unless you wish to rename the account or place it into an existing group. Both steps are accomplished by editing the account under Settings Chart of Accounts after it appears.

7.7 Delivery Notes

7.7.1 Create delivery notes

Delivery notes document the delivery of goods sold to defined customers. They can be used as:

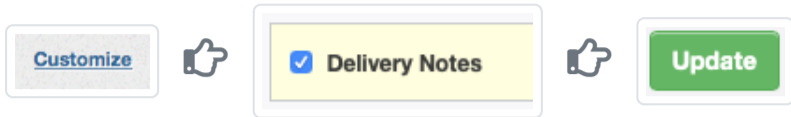
- Physical (as opposed to financial) records of sales transactions
- Packing lists
- Delivery route instructions
- Confirmation of receipt (when acknowledged by a customer)

They have no financial impact. Indeed, they include no financial information. Delivery notes are completely optional. Without them, that is, when the Delivery Notes tab is not enabled, delivery of goods is assumed to occur as soon as the sales invoice or receipt is created. When the tab is enabled, however, delivery notes separate the financial and quantitative aspects of a sale from one another.

This Guide provides information on creating delivery notes. [Another Guide](#) furnishes instructions on how they are used.

Enable the **Delivery Notes** tab

To use delivery notes, first enable the **Delivery Notes** tab. Click **Customize** below the left navigation pane, check the box for **Delivery Notes**, and click **Update** below the list:



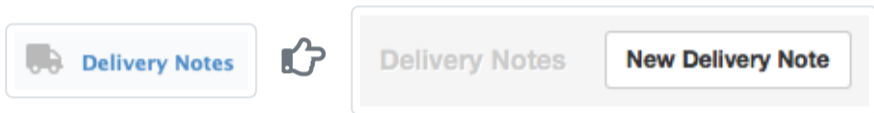
Create a delivery note

Delivery notes can be created three ways:

- Manual entry
- Cloning
- Copying

Manual entry

In the **Delivery Notes** tab, click **New Delivery Note** :



Complete the delivery note entry form:

Delivery Note

Delivery date	Reference	Order number	Invoice number
<input type="text"/>	<input type="checkbox"/> Optional	<input type="text"/>	<input type="text"/>

Inventory location

Customer

Delivery address

Description

Item	Description	Qty
<input type="text"/>	<input type="text"/>	<input type="text"/>

Custom title

Custom theme

- **Delivery date** contains today's date by default, but may be edited.

- **Reference** is optional and may be used for internal or external sequences. If the box within the field is checked, Manager will number the transaction automatically. The program will search for the highest number among all existing delivery notes and add 1.
- **Order number** is the corresponding sales order number, if any. This field is filled automatically if the delivery note is created by copying a sales order or other transaction that includes an order number.
- **Invoice number** is the corresponding sales invoice number, if any. This field is filled automatically if the delivery note is created by copying a sales invoice.
- **Inventory location** appears if inventory locations are defined under **Settings**. Choose which location goods are delivered from. A delivery note can contain inventory items from only one location.
- **Customer** is a predefined customer from the **Customers** tab. Delivery notes cannot be created for “walk-in” buyers.



Note

After a customer is selected, additional dropdown menus appear listing that customer’s sales orders and sales invoices:

Selecting corresponding sales order and sales invoice numbers here is essential if you are using delivery notes to track status of the other transactions.

- **Delivery address** will be filled automatically if the customer has a predefined delivery address. If no delivery address exists in the customer’s profile, Manager **will not** use the customer’s billing address. The **Delivery address** must be filled in manually.
- The first **Description** is for an optional summary of the entire delivery.
- **Item** allows you to select inventory items or non-inventory items.
- The second and all subsequent **Description** fields describe individual line items. If this field is defined for an inventory or non-inventory item, that definition will automatically be carried over. The field may be edited.
- **Qty** is the quantity of the line item being delivered **at this time**. If **Unit Name** is defined for the item, it will appear in the shaded box next to the quantity.



Note

When a delivery note is entered in conjunction with a credit note, **enter a negative quantity**.

- **Add line** allows you to add more line items 1, 5, 10, or 20 at a time.**
- A **Custom title** can be substituted. If the box is checked, a secondary field appears where the title can be entered. Possibilities include *Packing List*, *Shipping Manifest*, or *Delivery Voucher*.
- A **Custom theme** can be selected, if any are defined, by checking the box and choosing a theme from the dropdown menu that appears.


Click **Create** to issue the delivery note. All necessary adjustments to inventory quantities and status by location occur automatically.



Example

Northwind Traders has sold 5 boxes of frozen blue crab meat to Great Lakes Food Market. Northwind issued sales invoice #46224. It issues delivery note #311 as a packing list for the shipment:

Delivery Note



NORTHWIND TRADERS

Great Lakes Food Market
2988 Charlie Avenue
Unit4B
Eugene OR 97401
USA

Delivery Date
11/17/2016

Reference
311

Order number
98765

Invoice number
46224

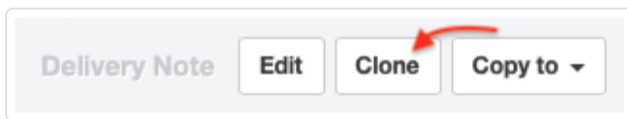
Northwind Traders
1313 Webfoot Walk
Calisota
Bank 234 566788
Phone 333-444-5555

Frozen food delivery

Code	Description	Box
BCM	Box of frozen blue crab	5

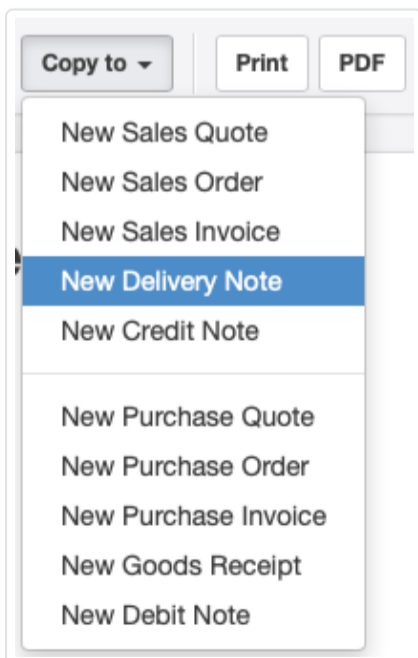
Cloning

If a delivery note for similar items already exists, it can be cloned to create a new delivery. While viewing the existing delivery note, click **Clone** :



Copying

All other methods of delivery note creation use the **Copy to** function. When viewing an eligible sales- or purchase-related form, click **Copy to ...** and select *New Delivery Note*:



A completed delivery note entry screen will appear. All relevant information from the copied form will carry over to the delivery note. Edit as required and click **Create** .



Caution

Think carefully before enabling the **Delivery Notes** tab. Once you start using it, you must either continue or undertake considerable effort to render delivery notes unnecessary. Manager will not allow you to disable the tab after your first delivery note is created. The functionality this tab provides can be very important for some businesses. But it can also entail extra work every time an inventory item is purchased or sold. Consider creating a test company to explore whether delivery notes are truly necessary for your business. They can always be added later.

7.7.2 Use delivery notes

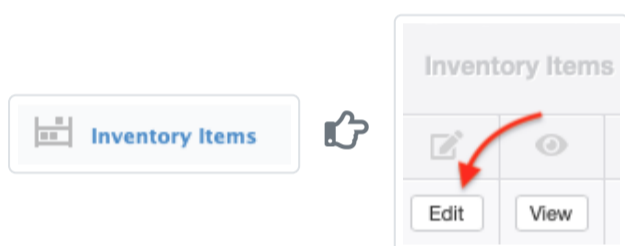
Delivery notes can be used for two major functions:

- Quantitative tracking of inventory items sold to defined customers
- Tracking status of sales orders including inventory items

Delivery notes are created following instructions in [another Guide](#). Read it first.

Tracking items sold to customers

Delivery notes can separate the financial aspect of selling inventory items to a customer from their quantitative removal from inventory and delivery to the customer. But this separation is not automatic. It must be chosen independently for each individual inventory item. To make the election for an inventory item, go to the **Inventory Items** tab and **Edit** the inventory item:



Near the bottom of the screen, check the box to **Track quantity to deliver**:

Track quantity to receive
 Track quantity to deliver
 Custom income account
 Custom expense account
 Inactive

Then click **Update**. Now, whenever the inventory item is sold to a defined customer, a delivery note is required to complete the transaction.



Example

Brilliant Industries defined one of its inventory items, a table lamp, to include the option to track the quantity to deliver. The **Inventory Items** tab listing shows 10 table lamps to deliver:

Inventory Items		New Inventory Item											Search	
		Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost	
Edit	View	101	Table lamp	White ceramic lamp with silk shade	195	395	Each		41	10	31	197.48	6,121.89	

Drilling down on the quantity, Brilliant sees that all 10 await delivery to Bob's Hardware:

101 - Table lamp – Qty to deliver		Search	
Customer	Qty to deliver		
Bob's Hardware	10		

Drilling further, Brilliant sees the pending deliveries all originate from the same sales invoice:

Bob's Hardware		Search				
		Date	Transaction	Description	Qty to deliver	Balance
Edit	View	12/03/2020	Sales Invoice – 5	White ceramic lamp with silk shade	10	10

Brilliant copies that sales invoice to a delivery note:

Delivery Note

Bob's Hardware
4325 Branch Drive
Anytown
Anyprovince

Delivery date
07/31/2020

Invoice number
#5 – 12/03/2020

Brilliant Industries
1313 Webfoot Walk
Duckburg
Calisota
info@brilliantindustries.com

Code	Description	Each
101	White ceramic lamp with silk shade	10

The **Inventory Items** tab list is automatically adjusted:

Inventory Items		New Inventory Item											Search	
		Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost	
Edit	View	101	Table lamp	White ceramic lamp with silk shade	195	395	Each		31	0	31	197.48	6,121.89	

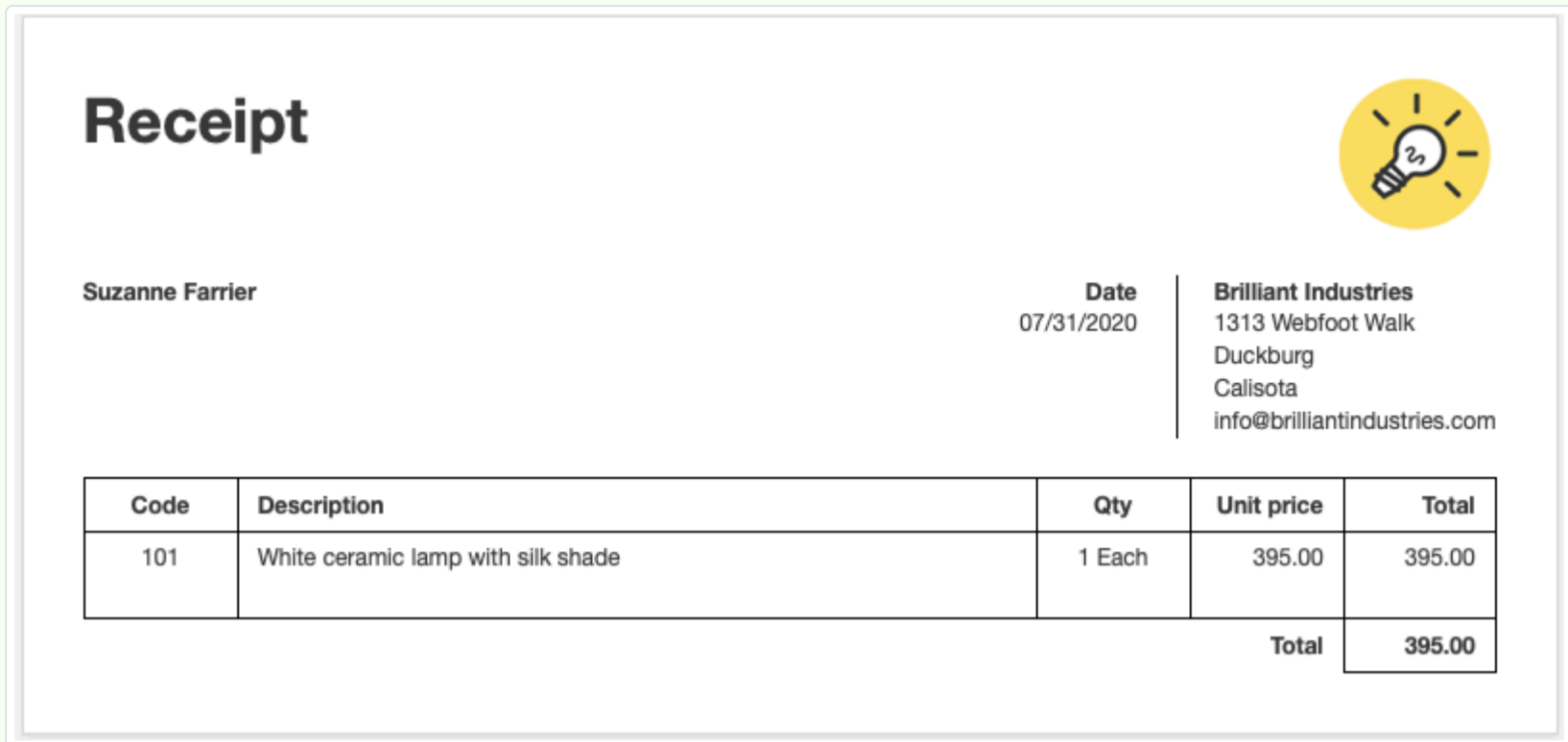
Note, however, that while quantities on hand and to deliver are reduced, the quantity owned, average cost, and total value of inventory remain unchanged. That is because those figures were adjusted by the sales invoice.

In the preceding example, quantity to deliver was tracked because Bob’s Hardware was a defined customer from the **Customers** tab. But if the sale had been to someone other than a defined customer, the quantity to deliver would not have been tracked.



Example

After completing delivery in the example above, Brilliant Industries sells another table lamp to a walk-in buyer, recording the sale only with a receipt:



The quantities on hand and owned are immediately reduced, but the quantity to deliver remains zero, despite no delivery note having been created:

		Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
		101	Table lamp	White ceramic lamp with silk shade	195	395	Each		30	0	30	197.45	5,923.56



Notes

Prior to Version 21.4.58, Manager required a delivery note to complete the sale of every inventory item recorded on a sales invoice if the **DeLivery Notes** tab was enabled. With that version, the choice became optional. Additionally, delivery notes became applicable to all sales to defined customers, even if recorded via receipts. Prior to Version 21.4.58, sales via receipts were always assumed to be delivered simultaneously.

The **Batch Update** function can be used to make bulk changes to the delivery tracking option for inventory items.

The decision on whether to track quantity to deliver—and therefore use delivery notes—for a particular inventory item depends on several factors, including stocking practices, purchase or production lead times, volume of credit versus cash sales, and your need for delivery planning and documentation.



Caution

Once you decide to track quantity to deliver, you must follow through. If you do not create the necessary delivery notes, your accounting records will show income and costs related to sales, but your inventory counts will never be reduced.

Tracking status of sales orders

When **sales orders** include inventory items, delivery notes can be used to help track fulfillment. To take advantage of this capability, the delivery note must be linked to the sales order through the **Order number** field. Complete information is provided in [another Guide](#).

7.8 Billable Time

7.8.1 Record billable time

Billable Time records work for a customer who will be invoiced on an hourly basis at a defined rate. It is suitable for a wide range of business applications, such as:

- Consultants who bill by the hour rather than the project
- Lawyers who charge different rates for research than for courtroom time
- Repair technicians billing for time and materials

Billable Time is not a time clock. It does not record start or stop times of tasks. It cannot be used to monitor employee attendance or directly support payslip generation.

Enable the **Billable Time** tab

Enable the **Billable Time** tab by clicking **Customize** below the left navigation pane, ticking the **Billable Time** box, and clicking **Update** below the list:



Changes to your chart of accounts

When you create your first **Billable Time** entry, Manager will automatically add three new accounts to your chart of accounts:

Account	Type	Purpose
Billable time	Asset	Records asset value of billable time until it is invoiced
Billable time – invoiced	Income	Records revenue from billable time after it is invoiced
Billable time – movement	Income	Temporarily stores value of billable time (work in progress) until it is invoiced

These accounts can be renamed under **Settings** **Chart of Accounts**, but cannot be deleted while the tab is in use. You can assign them to Groups of your choosing and give them numerical **Codes**.

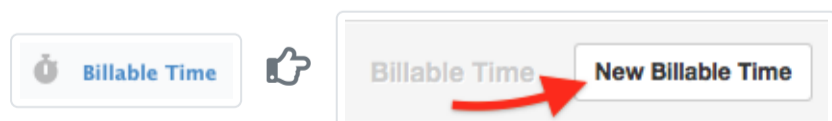


Note

The **Billable Time** tab can be used under cash basis accounting. But balances of these automatic accounts will never show. Therefore, your financial position and performance will not be completely represented on your financial statements.

Enter billable time

Now, you can make a basic entry of billable time. Select the **Billable Time** tab and click **New Billable Time**:



Complete the entry:

Billable Time

Date

Customer

Description

Hourly rate

Time spent
 Hours Minutes

Division

Status

- **Date** will be prefilled with today's date.
- A **Customer** must be selected from the dropdown list of [predefined customers](#). If you do not select a customer, you will not be able to invoice the billable time.
- **Description** allows you to record the nature of work performed during the billable time.
- Enter **Hourly rate** in your base currency.
- Record **Time spent** in hours and minutes.
- Choose a **Division** (if enabled and desired). This field will not appear if no divisions are defined.
- **Status** will be *Uninvoiced* by default.

Click when finished.



Example

Sample Consulting records billable time worked for ACME Distributing:

Billable Time

Date
05/03/2021

Customer
ACME Distributing

Description
Market planning

Hourly rate
175

Time spent
Hours: 2 Minutes: 0

Division
Main branch

Status
Uninvoiced

The entry is visible in the **Billable Time** tab. Its status shows as *Uninvoiced*:

Billable Time		New Billable Time		Search		Search	
		Date	Customer	Description	Time spent	Amount	Status
Edit	View	05/03/2021	ACME Distributing	Market planning	2h	350.00	Uninvoiced

Sample Consulting's **Summary** (stripped of all other transactions) shows the result of the entry:

Assets		Income	
	350.00		350.00
Accounts receivable	-	Billable expenses - invoiced	-
Billable expenses	-	Billable time - invoiced	-
Billable time	350.00	Billable time - movement	350.00

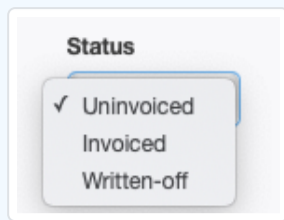
Edit billable time

You can **Edit** the completed entry in the **Billable Time** tab. Remember to click **Update** to save any changes.



Note

Although a dropdown **Status** field appears on the form:



this field is not used for normal invoicing. Ignore it for now. Invoicing of billable time is described in [another Guide](#).

7.8.2 Add billable time details with custom fields

Standard **Billable Time** entries can be made more useful by adding custom fields. In the **Settings** tab, select **Custom Fields**. Locate the **Billable Time** group and click **New Custom Field**:



Define your custom field. This first example adds a single, free-text line for a staff member's name. It is positioned to be first among custom fields. A check mark indicates the field will show as a column in the **Billable Time** listing:

Custom Field

Name	Position
<input type="text" value="Staff member"/>	<input type="text" value="1"/>
Type	
<input type="text" value="Single line text"/>	
Size	
<input type="text" value="Small"/>	
Description	
<div style="border: 1px solid #ccc; height: 40px;"></div>	
<input checked="" type="checkbox"/> Show custom field as a column <input type="checkbox"/> Show custom field on printed documents	

Additional fields can be added in the same way as the first. The second example adds a service type from a dropdown list, assigned to the second position. Such lists help standardize time entries. More options are available, including paragraph text and images:

Custom Field

Name **Position**

Service type 2

Type

Drop-down list

Options for drop-down list

Advertising layout
Photography
Customer consultation

Size

Small

Description

Show custom field as a column

Show custom field on printed documents

The resulting Custom Fields list shows the result:

Billable Time New Custom Field		
	Position	Label
Edit	1	Staff member
Edit	2	Service type

Now the Billable Time listing provides more useful information that can be used for searching and sorting:

Billable Time New Billable Time									
Search <input type="text"/> Search									
		Date	Customer	Description	Staff member	Service type	Time spent	Amount	Status
Edit	View	05/08/2020	Blauer See Delikatessen	Advertising contract	Moustapha	Photography	1h	€ 100.00	Invoiced



Note

Entries made before defining custom fields must be edited if you want them to show the new information.

7.8.3 Invoice billable time

Manager can directly **invoice billable time**.



Note

This Guide uses an example from [another Guide](#), in which Sample Consulting has recorded billable time for services to its customer, ACME Distributing. Read that Guide first.

When you first record an instance of billable time, its status will be set to *Uninvoiced*.



Example

In the **Billable Time** tab, Sample Consulting sees the uninvoiced billable time amount of 350 for ACME Distributing:

Billable Time		New Billable Time		Search		Search	
		Date	Customer	Description	Time spent	Amount	Status
Edit	View	05/03/2021	ACME Distributing	Market planning	2h	350.00	Uninvoiced

To invoice billable time to a customer, go to the **Customers** tab:



Under the **Uninvoiced** column, click the amount for the customer you are invoicing.



Example

Sample searches for ACME Distributing, then clicks the uninvoiced balance:

Customers		New Customer		Search		Search	
		Name	Invoices	Uninvoiced	Accounts receivable		
Edit	View	ACME Distributing	-	350.00	-		

Select the items you want to bill to the customer, then click **New Sales Invoice**.



Note

If you have also entered billable expenses for the customer, these will appear in the same list and can be selected for invoicing along with billable time.



Example

Sample selects the billable time entry for 350 and clicks the button:

New Sales Invoice						
<input type="checkbox"/>	Date	Customer	Type	Description	Amount	Status
<input checked="" type="checkbox"/>	05/03/2021	ACME Distributing	Billable time	Market planning	350.00	Uninvoiced

A sales invoice will be created instantly.



Example

Sample's sales invoice lists the date and description for the billable time, the hours spent, and rate (as unit price):

Description	Hours	Unit price	Amount
05/03/2021 - Market planning	2	175.00	350.00
Total			350.00

If you wish to modify the invoice, especially to add additional line items, offer discounts, or mark up the billed time for extra profit, click , make any changes, and click . When you go back to the tab, you will see the status of your uninvoiced items has changed to *Invoiced*.



Example

Sample verifies the status in the tab:

Amount	Status
350.00	Invoiced

If you click the button for the time entry in , you will see the newly created sales invoice has been automatically added to the *Status* field.



Example

Sample clicks to see the original time entry, which shows both the change of status and the relevant sales invoice:

Status	Sales Invoice
<input type="button" value="Invoiced"/>	<input type="text" value="#1 - 08/02/2021"/>

Creating a sales invoice with billable time transfers the value of the time from the *Billable time* asset account to the *Billable time - invoiced* account.



Example

Sample Consulting's financial statements show the result of invoicing:

Assets		Income	
	350.00		350.00
Accounts receivable	350.00	Billable expenses - invoiced	-
Billable expenses	-	Billable time - invoiced	350.00
Billable time	-	Billable time - movement	-



Notes

You cannot add billable time to an existing sales invoice. Generate a sales invoice from the **Customers** tab first. Then add any other necessary line items.

Discounts and markups of billable time on a sales invoice from their recorded value have no effect on the Profit and Loss Statement besides changing the balance of *Billable time - invoiced*. Nor do they change the value of the time recorded on the billable expense transaction. This is because billable time does not represent an actual financial transaction until it is invoiced. It is only carried in *Billable time - movement* as imputed income. If that imputed income is modified by a discount or markup during invoicing, its value in *Billable time - movement* is still zeroed out by the act of invoicing. This is distinctly different from billable expenses, which have real costs, and for which discounts or markups are reflected in a difference between *Billable expenses - invoiced* and *Billable expenses - cost*.

Likewise, the value of a billable time entry in the *Billable time* asset account will be zeroed out when the underlying time entry is invoiced, regardless of any discount or markup. Similar to income recognition, the value of billable time in the *Billable time* account is only an imputed asset until it is invoiced. Then, it is transferred to *Accounts receivable* at the amount actually invoiced. Thus, before invoicing, the value of a billable time entry is the same in *Billable time* and *Billable time - movement*. After invoicing, its value is the same in *Accounts receivable* and *Billable time - invoiced*.

7.8.4 Write off or write down billable time

Sometimes, you learn a customer will not reimburse you for billable time. Or you decide not to bill the customer for the full amount (or any) of time spent on a project. These situations can happen before, during, or after invoicing. When they do, you will need to **write off or write down** the billable time. Several paths are open to you.

Before invoicing

Complete write-off

To abandon any attempt at billing the time the customer, go to the **Billable Time** tab:



Find the billable time to be written off and click **Edit** :

Billable Time		New Billable Time	
		Date	Customer ▾
Edit	View	5/10/2019	Around the Horn

Change the **Status** field from *Uninvoiced* to *Written-off*. A **Date** field will appear:

Status

Written-off Date 08/02/2021

Click **Update** to save the change.

From an accounting point of view, the billable time was a recoverable asset from the date it was recorded until you decided it should be written off because it was imputed income. When it is written off, it becomes worthless. The amount will be removed from the *Billable time* asset and *Billable time - movement* accounts. The record will, however, remain in the **Billable Time** tab.

Partial write down

If, for some reason, you decide to eventually invoice the customer for only part of the billable time, you can simply **Edit** the time entry. Reduce either the time spent or rate by an appropriate amount.

During invoicing

While creating a sales invoice with billable time from the **Customers** tab, you can write off or write down any billable time line item. First, follow the invoicing procedures described in [another Guide](#). When the new sales invoice appears, immediately click the **Edit** button at the top of its view screen:

Invoice
Edit
Clone
Copy to ▾
Print
PDF
New Receipt

Check the **Discount** box. Select *Percentage* or *Exact amount* and enter the discount, 20% in this example:

Account	Description	Order ID	Qty	Unit price	Discount	Total
Billable time - invoiced	05/03/2021 - Market planning		2	175	20 %	280

A 100% discount is financially equivalent to a complete write-off. A lower percentage means you are absorbing some of the customer's expense, but not all. Either way, the sales invoice will indicate the discount you are providing the customer:

Description	Hours	Unit price	Discount	Amount
05/03/2021 - Market planning	2	175.00	20 %	280.00
Total				280.00

After invoicing

After invoicing, billable time is no different financially from any other invoice line item. If it cannot be recovered from the customer, it must eventually be written off or written down. This can be done by writing it off as a bad debt with a journal entry or by reducing the customer's obligation with a credit note.

Write off as a bad debt

Writing off billable time converts it from an asset in *Accounts receivable* to an expense in your bad debts account. See [another Guide](#) for instructions on writing off bad debts. Note, in particular, that the journal entry will not write off billable time explicitly. Instead, it will write off all or a portion of *Accounts receivable* to the bad debts account.

You can however, use more than one expense account to post bad debts. If desired, you could add an account specifically for unrecoverable time billing and post billable time there as you write it off or down. Or, you could post it to ordinary expense accounts according to the nature of the time. For example, an unrecoverable travel time entry could be written off to your own wages account.

Write down with a credit note

You can use credit notes to reduce specific amounts owed on sales invoices for unrecoverable billable time. The income from billable time was moved from the *Billable time - movement* income account to the *Billable time - invoiced* income account when the sales invoice was created. Manager will allow you post a credit note line item to *Billable time - invoiced*:

Account	Description	Qty	Unit price	Total
Billable time - invoiced	Write-down of billable time	.1	300	30

Such an entry reduces the balance in *Accounts receivable* for the customer selected. If the sales invoice number is selected on the credit note, the write-down will be applied to that specific invoice. Otherwise, it will be available for general application to amounts owed by the customer.

7.9 Billable Expenses

7.9.1 Record billable expenses

Billable expenses are expenses incurred on behalf of a customer. They do not initially appear on your Profit and Loss Statement, because they are not expenses of your business. Instead, they will reside temporarily as assets on your Balance Sheet and be passed through to the customer by invoicing. Only after invoicing do they show up on your Profit and Loss Statement. In this respect, they are treated much like inventory items.

Enable the **Billable Expenses** tab

Enable the **Billable Expenses** tab by clicking **Customize** below the left navigation pane, ticking the **Billable Expenses** box, and clicking **Update** below the list:



Changes to your chart of accounts

When you enable the **Billable Expenses** tab, Manager automatically adds three new accounts to your chart of accounts:

Account	Type	Purpose
<i>Billable expenses</i>	<i>Asset</i>	Records asset value of billable expenses until invoiced
<i>Billable expenses – invoiced</i>	<i>Income</i>	Records income from billable expenses after invoicing
<i>Billable expenses – cost</i>	<i>Expense</i>	Records actual cost of billable expenses after invoicing

These accounts can be renamed under **Settings** **Chart of Accounts**, but cannot be deleted while the tab is in use. You can assign them to Groups of your choosing and give them numerical **Codes**.



Notes

Prior to version 19.12.5, Manager used two different automatic accounts. *Billable expenses - markup* is **converted** by version 19.12.5 (or later) to *Billable expenses - invoiced*. Any assigned code and group are retained. *Billable expenses - unrecoverable*, is **replaced** by *Billable expenses - cost*. That new account must be edited in the **Settings** tab if you want to add a code or assign it to any group or subgroup other than *Expenses*.

The **Billable Expenses** tab can be used under cash basis accounting. But balances of some automatic accounts will not show until a receipt is entered against the relevant sales invoice. Therefore, your financial position and performance will not be completely represented on your financial statements.

Record a billable expense

Unlike most entries in Manager, you cannot record billable expenses directly under the **Billable Expenses** tab using a **New Billable Expense** button. Instead, billable expenses are recorded in one of these tabs:

- **Payments**
- **Expense Claims**
- **Purchase Invoices**

- [Journal Entries](#)
- [Debit Notes](#)



Note

Enter a debit note when you receive a credit note (or equivalent) from a supplier for goods or services originally posted to *Billable expenses* on a purchase invoice. The result will be a negative billable expense.

To enter a billable expense, post the applicable line item to the *Billable expenses* asset account. Two additional fields will appear:

Account

× ▾
 × ▾
 ▾

- Select the **Customer** from the dropdown list. A customer must be defined under the [Customers](#) tab before a billable expense can be entered on its behalf.
- Leave the default entry of *Uninvoiced* in the **Invoice** field. (This field appears after a customer is selected.)

Line items categorized this way will appear as disbursements under the [Billable Expenses](#) tab.



Example

Sample Manufacturing Company buys materials on behalf of its customer, Consolidated Holdings, entering a purchase invoice:

Billable Expenses						
		Search		Search		
		Date	Customer	Description	Amount	Status
<input type="button" value="Edit"/>	<input type="button" value="View"/>	12/16/2019	Consolidated Holdings	Materials purchased for customer	350.00	Uninvoiced

Any expense categorized this way will appear on the Balance Sheet in the *Billable expenses* asset account instead of inflating your expenses.



Example

Stripped of other transactions, Sample Manufacturing’s balance sheet shows the billable expense asset:

Assets	0.00
Accounts receivable	-
Billable expenses	350.00

Amounts under *Billable expenses* are cleared by invoicing them to the customer, as described in [another Guide](#).



Note

You have two options when taxes apply to recording of billable expenses:

(1) **If a tax is nonrecoverable**, such as a sales tax, include it in the unit price of the billable expense and **do not apply a tax code**. The tax will be passed directly to the customer for reimbursement and will not affect your tax liability. You (and your customer) will lose separate visibility of the tax. However, that will not matter, because neither of you can claim the tax to offset tax liabilities. The tax is effectively part of the price of whatever was purchased.

(2) **If a tax is recoverable**, such as a value-added tax, **apply the tax code** to the line item. The unit price can be either tax-exclusive or tax-inclusive, but, when tax-inclusive, you must check the box indicating **Amounts are tax-inclusive**. In either case, only the tax-exclusive billable expense will be passed to the customer. The tax amount will be posted to your own tax liability account, where it will offset taxes payable to the tax authority.

7.9.2 Invoice billable expenses

Manager can directly **invoice billable expenses**.



Note

This Guide uses an example from [another Guide](#), in which Sample Manufacturing has purchased materials worth 350 on behalf of its customer, Consolidated Holdings. Read that Guide first.

When you first record a billable expense, its status will be set to *Uninvoiced*.

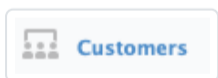


Example

In the **Billable Expenses** tab, Sample Manufacturing sees the uninvoiced expense of 350 for Consolidated Holdings:

Billable Expenses		Search				
		Date	Customer	Description	Amount	Status
Edit	View	12/16/2019	Consolidated Holdings	Materials purchased for customer	350.00	Uninvoiced

To invoice billable expenses to a customer, go to the **Customers** tab:



Under the **Uninvoiced** column, click the amount for the customer you are invoicing.



Example

Sample Manufacturing searches for Consolidated Holdings, then clicks the uninvoiced balance:

	Name	Invoices	Uninvoiced	Accounts receivable
Edit	Consolidated Holdings	-	350.00	-


Select the items you want to bill to the customer, then click **New Sales Invoice**.



Example

Sample selects the billable expense entry for 350 and clicks the button:

New Sales Invoice						
<input type="checkbox"/>	Date	Customer	Type	Description	Amount	Status
<input checked="" type="checkbox"/>	12/16/2019	Consolidated Holdings	Billable expense	Materials purchased for customer	350.00	Uninvoiced





Notes

If a debit note was posted to *Billable expenses* covering any of the billable expenses to be invoiced, be sure to check the box for its negative entry, too. Otherwise, you will be overbilling your customer.

If you have also entered billable time for the customer, those entries will appear in the same list and can be selected for invoicing along with billable expenses.

A sales invoice will be created instantly. The billable expense amount on the sales invoice is posted to *Billable expenses - invoiced*. The asset in *Billable expenses* is transferred to the *Billable expenses - cost* expense account.



Example

Samples' sales invoice lists the date and amount of the billable expense:

Description	Amount
12/16/2019 - Materials purchased for customer	350.00
Total	350.00

The financial statements (stripped of other transactions) show the results:

Assets 350.00		Income 350.00	
Accounts receivable	350.00	Billable expenses - invoiced	350.00
Billable expenses	-	Other income	-
Cash at bank	-	Service sales - fixed rate	-
Cash on hand	-		
Fixed assets	-	Less Expenses 350.00	
Fixed assets, accumulated depreciation	-	Accounting fees	-
Intangible assets	-	Advertising and promotion	-
Intangible assets, accumulated amortization	-	Bank charges	-
		Billable expenses - cost	350.00
Less Liabilities 350.00		Electricity	-
Accounts payable	350.00	Entertainment	-

If you wish to modify the sales invoice—adding other line items, applying a discount, marking the expenses up for additional profit or down to forego expense recovery, or applying a tax code—click . Make the changes, then click . Changing billable expense amounts on a sales invoice affects only the amount posted to *Billable expenses - invoiced*. The asset transfer to *Billable expenses - cost* remains the same. Any difference between the original cost and the invoiced amount will be reflected in net profit.



Example

Sample Manufacturing decides to mark up the billable expense to 400. So it edits the sales invoice. The financial statements show the result:

Assets		400.00	Income		400.00
Accounts receivable		400.00	Billable expenses - invoiced		400.00
Billable expenses		-	Other income		-
Cash at bank		-	Service sales - fixed rate		-
Cash on hand		-			
Fixed assets		-	Less Expenses		350.00
Fixed assets, accumulated depreciation		-	Accounting fees		-
Intangible assets		-	Advertising and promotion		-
Intangible assets, accumulated amortization		-	Bank charges		-
Less Liabilities		350.00	Billable expenses - cost		350.00
Accounts payable		350.00	Electricity		-
			Entertainment		-

When you go back to the **Billable Expenses** tab after invoicing, you will see the status of your billable expenses has changed to *Invoiced*.



Example

Sample verifies the status (without the markup in this illustration):

Amount	Status
350.00	Invoiced

If you click the **Edit** button for the transaction in **Billable Expenses**, you will see the newly created sales invoice has been automatically added to the source transaction.



Example

Sample clicks to see the original purchase invoice, which now shows the line item linked to the relevant sales invoice:

Account

Billable expenses x Customer Consolidated Holdings x Invoice #1234 - 08/04/2021 x

Adding billable expenses to a sales invoice

A billable expense can also be recorded directly on an existing sales invoice. This approach can be used when a billable expense is anticipated, but has not been incurred. It can also be used when the billable expense has been recorded but is forgotten during the normal invoicing process.

You cannot post directly to *Billable expenses* on a sales invoice. Instead, post the line item to *Billable expenses - invoiced*. This bypasses the *Billable expenses* account and posts the billable expense directly to the *Billable expenses - invoiced* income account and *Accounts receivable*.

Adding expense before the purchase

If no purchase has yet been recorded, the invoiced billable expense will be pure revenue.



Example

Sample knows it will pay a 500 meeting expense on behalf of Consolidated Holdings, so it adds that billable expense onto the sales invoice for 350 just created. Financial statements reveal higher income, but not higher costs:

Assets	850.00	Income	850.00
Accounts receivable	850.00	Billable expenses - invoiced	850.00
Billable expenses	-	Other income	-
Cash at bank	-	Service sales - fixed rate	-
Cash on hand	-		
Fixed assets	-	Less Expenses	350.00
Fixed assets, accumulated depreciation	-	Accounting fees	-
Intangible assets	-	Advertising and promotion	-
Intangible assets, accumulated amortization	-	Bank charges	-
		Billable expenses - cost	350.00
Less Liabilities	350.00	Electricity	-
Accounts payable	350.00	Entertainment	-

Later, when recording the purchase for the billable expense, post the line item to *Billable expenses* *Customer* *Invoice*. The cost of the billable expense will appear in the *Billable expenses - cost* expense account.



Example

Sample Manufacturing later pays the meeting expenses, allocating the payment as described above. The financial statements reflect the change to *Billable expenses - cost*. And *Cash at bank* shows the offsetting credit:

Assets		350.00	Income		850.00
Accounts receivable		850.00	Billable expenses - invoiced		850.00
Billable expenses		-	Other income		-
Cash at bank		- 500.00	Service sales - fixed rate		-
Cash on hand		-			
Fixed assets		-	Less Expenses		850.00
Fixed assets, accumulated depreciation		-	Accounting fees		-
Intangible assets		-	Advertising and promotion		-
Intangible assets, accumulated amortization		-	Bank charges		-
			Billable expenses - cost		850.00
Less Liabilities		350.00	Electricity		-
Accounts payable		350.00	Entertainment		-
			Equipment		-

Adding expense after the purchase

If a billable expense has already been recorded, but is added to a sales invoice directly rather than through the normal process, **revisit the original purchase transaction and select the sales invoice** to which it was added. The expense will then be removed from *Billable expenses* and posted to *Accounts receivable*, *Billable expenses - invoiced*, and *Billable expenses - cost*.



Caution

If the pre-existing purchase transaction is not revisited and edited as described above, the billable expense will remain in the *Billable expenses* account. This will erroneously inflate your net income and overstate your assets.

For this reason, it is always best practice to enter billable expenses **before** creating a sales invoice in the **Customers** tab. Then, be sure to select all desired billable expenses before creating the sales invoice.

7.9.3 Write off or write down billable expenses

Sometimes, you learn a customer will not reimburse you for a billable expense. Or you decide not to bill the customer for the full amount (or any) of a legitimate expense. These situations can happen before, during, or after invoicing. When they do, you will need to **write off or write down** the billable expense. Several paths are open to you.



Note

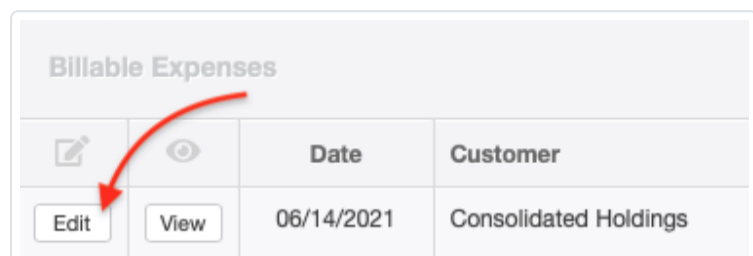
Prior to Manager version 19.11.91, billable expense write-offs were recorded within the **Billable Expenses** tab with a distinct entry form. Write-downs were not possible. Version 19.11.91 simplified the billable expense functions and eliminated that form. All billable expense write-offs and write-downs are now possible with ordinary features of the program, providing more flexibility.

Before invoicing

To abandon any attempt at recovering the expense from the customer, go to the **Billable Expenses** tab:



Find the billable expense to be written off and click **Edit** :

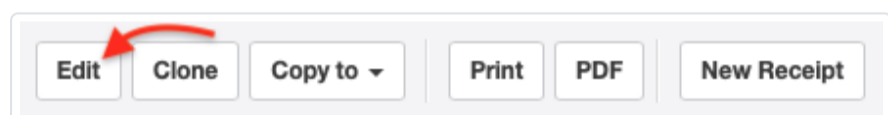


Simply change the posting account for the transaction to some expense account. The transaction ceases to record a billable expense and instead records an ordinary expense that appears on your Profit and Loss Statement.

From an accounting point of view, the billable expense was a recoverable asset from the date it was incurred until you decided it should be written off. Therefore, it was not truly an expense of your business, but of your customer's. When it is written off, it becomes your expense. The amount will be transferred from the *Billable expenses* asset account to the expense account you choose. Click **Update** to save the change.

During invoicing

While creating a sales invoice with billable expenses from the **Customers** tab, you can write off or write down any billable expenses. First, follow the invoicing procedures described in [another Guide](#). When the new sales invoice appears, immediately click the **Edit** button at the top of its view screen:



Check the **Discount** box. Select *Percentage* or *Exact amount* and enter the discount, 20% in this example:

Account	Description	Order ID	Qty	Unit price	Discount	Total
Billable expenses - invoiced	06/14/2021 - Materials purchased for customer			350	20 %	280

A 100% discount is financially equivalent to a complete write-off. A lower percentage means you are absorbing some of the customer's expense, but not all. Either way, the sales invoice will indicate the discount you are providing the customer:

Description	Discount	Amount
06/14/2021 - Materials purchased for customer	20 %	280.00
Total		280.00

The discount will reduce the amount posted to the *Billable expenses - invoiced* account.

After invoicing

After invoicing, billable expenses are no different financially from any other invoice line item. If they cannot be recovered from the customer, they can be written off or written down as bad debts. This converts them from assets in *Accounts receivable* to expenses in your bad debts account. See [another Guide](#) for instructions on writing off bad debts.

You can use more than one expense account to post bad debts. If desired, you could add an account specifically for unrecoverable expenses and post billable expenses there as you write them off or down. Or, you could post them to ordinary expense accounts according to the nature of the expense. For example, an unrecoverable travel expense could be written off to your own travel expense account.

Billable expenses can also be credited to the customer with credit notes to reduce amounts owed on sales invoices. But Manager will not let you post a credit note line item to *Billable expenses*. Unlike prices for regular goods and services, billable expenses are actual purchases you made on behalf of the customer. Their value was fixed when you paid for them. Instead, post the credit note line item to *Billable expenses - invoiced*. This will reduce *Accounts receivable* for the customer without affecting the cost you paid.

7.10 Withholding Tax Receipts

7.10.1 Account for withholding tax on sales invoices

Some tax authorities require **withholding tax** (also called **tax withheld at the source**) to increase tax law compliance and secure earlier receipt of tax revenues. In simple terms, customers are required to withhold a portion of the balance due on sales invoices and pay that portion directly to the tax authority. Then, either the customer or the tax authority provides certification of payment of withheld amounts to the supplier. The supplier reduces subsequent payments of its tax liabilities by amounts already paid on its behalf by customers.

Withholding tax may be a form of advance payment of income taxes, value added taxes, goods and service taxes, or some combination of these and other types of tax. Because the entire process involves both customers and suppliers, Manager supports withholding tax accounting through both its sales invoice and purchase invoice processes, though procedures are somewhat different.



Notes

As implemented in Manager, withholding tax **does not** refer to deductions on payslips of taxes due from employees. These are referred to as **Payslip Deduction Items** and are explained in [another Guide](#).

Withholding tax cannot be applied on cash receipts, because the full amount of the transaction must be recorded. Further, cash receipts cannot be associated with individual customers' subaccounts as withholding tax must.

As a seller or supplier who issues sales invoices indicating the need to withhold tax, you must do four things:

- Activate withholding tax accounts.
- Use withholding tax on sales invoices to reduce receipts from customers.
- Record customer remittances on your behalf to tax authorities.
- Apply customer remittances to your tax bill.

Activate withholding tax accounts

Withholding tax functionality for sales invoices does not require activation of any new tabs. Nor do you need to create any new accounts. All necessary accounts are added automatically to your chart of accounts the first time you check the **Withholding tax** box on a sales invoice:

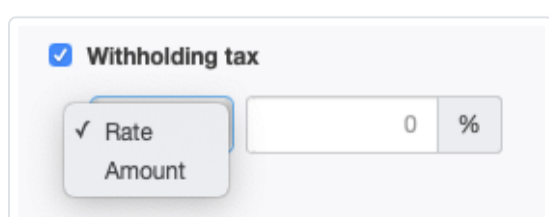


Two accounts are created in the *Assets* group, because the money they represent technically belongs to your business until it is eventually used to pay taxes owed. They are:

- **Withholding tax receivable** - This account records amounts your customers owe to the tax authority on your behalf but have not yet paid. If withholding tax had not been deducted from sales invoice balances, amounts in this account would be included in *Accounts receivable*.
- **Withholding tax** - This account records amounts your customers have paid to the tax authority that are available to offset your tax bill.

Use withholding tax on sales invoices

When the **Withholding tax** box is checked on a sales invoice, two options appear in a dropdown box, *Rate* and *Amount*. A secondary field accepts either the percentage or amount:



Because withholding tax is independent of any other tax code that may be applied, percentage amounts are calculated on the total due, including other taxes. (Remember, withholding tax is not an additional tax, only a way for the tax authority to collect prospective taxes earlier.)



Notes

If various line items on the sales invoice are subject to different withholding rates, calculate the total amount to be withheld manually and enter as an *Amount*. You may wish to explain the calculation in a custom field named **Notes** on the sales invoice.

If withholding tax in your jurisdiction is not calculated on the total amount of an invoice, either (a) calculate the withholding tax manually and enter an *Amount* or (b) lower the withholding percentage to offset any tax codes applied. Option (a) is usually easier.



Example

Sample Consulting invoices Brilliant Industries for advertising design services worth 1,000. (For clarity of illustration, all other transactions have been removed.) In this case, no tax is due directly on the design services, but 10% must be withheld by the customer against expected income tax. So the **Withholding tax** box on the sales invoice is checked, and a *Rate* of 10% is entered. The resulting sales invoice shows the customer how much to withhold from payment:

Invoice											
Brilliant Industries	<table border="0"> <tr> <td>Invoice date 07/15/2021</td> <td rowspan="3" style="border-left: 1px solid black; padding-left: 10px;"> Sample Consulting 1313 Webfoot Walk Duckburgh Calisota </td> </tr> <tr> <td>Due date 08/14/2021</td> </tr> <tr> <td>Invoice number 1</td> </tr> </table>	Invoice date 07/15/2021	Sample Consulting 1313 Webfoot Walk Duckburgh Calisota	Due date 08/14/2021	Invoice number 1						
Invoice date 07/15/2021	Sample Consulting 1313 Webfoot Walk Duckburgh Calisota										
Due date 08/14/2021											
Invoice number 1											
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;">Description</th> <th style="width: 20%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Advertising design</td> <td style="text-align: right;">1,000.00</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">1,000.00</td> </tr> <tr> <td style="text-align: right;">Less: Withholding tax 10%</td> <td style="text-align: right;">100.00</td> </tr> <tr> <td style="text-align: right;">Balance due</td> <td style="text-align: right;">900.00</td> </tr> </tbody> </table>		Description	Amount	Advertising design	1,000.00	Total	1,000.00	Less: Withholding tax 10%	100.00	Balance due	900.00
Description	Amount										
Advertising design	1,000.00										
Total	1,000.00										
Less: Withholding tax 10%	100.00										
Balance due	900.00										

900 is posted to *Accounts receivable* and 100 to *Withholding tax receivable*:

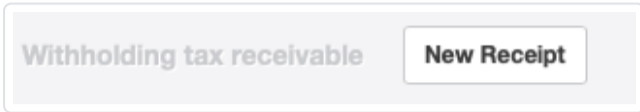
Assets	
	1,000.00
Accounts receivable	900.00
Withholding tax	-
Withholding tax receivable	100.00

In the **Customers** tab, a new column appears showing **Withholding tax receivable**:

Invoices	Accounts receivable	Withholding tax receivable
1	900.00	100.00

Record customer remittances

When the customer remits the withheld tax, either the customer or the tax authority will send you some form of “proof” of the remittance (a certificate, account statement, voucher, etc.). This “proof” can be recorded in Manager by clicking on the **Withholding tax receivable** figure in the **Customers** tab, then on **New Receipt** :



Enter **Date**, **Customer**, and **Amount** of the customer’s remittance. A **Description** is optional:

Withholding tax receipt

Date

Customer

Amount

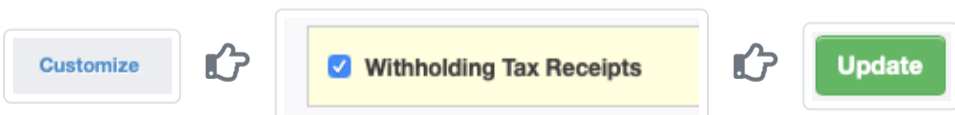
Description

Click **Create** to record the transaction. The transaction amount will move from *Withholding tax receivable* to *Withholding tax* .

Example
 Sample Consulting receives proof of remittance by Brilliant Industries. It enters a transaction for 100. The balance sheet shows the movement between the two accounts:

Assets	1,000.00
Accounts receivable	900.00
Withholding tax	100.00
Withholding tax receivable	-

The transfer between the two asset accounts creates a withholding tax receipt in Manager. This receipt appears in a tab named **Withholding Tax Receipts** that is enabled automatically. The tab can also be enabled manually by clicking **Customize** below the left navigation pane, checking the box, and clicking **Update** :



Once the tab is activated, you can also enter withholding tax receipts manually. Required information is the same as for the automatic method described above.

Apply customer remittances to tax bill

When a tax filing is made, the balance of *Withholding tax* is available to offset your tax due. It has already been paid to the tax authority. Indicate the amount being applied on the appropriate forms of the tax authority and submit with your filing. **This step in the process does not occur in Manager, only in your tax filing.**

To record your application of available withholding tax credits in Manager, use a journal entry. Credit *Withholding tax* and debit either:

- An appropriate expense account, such as *Taxes paid*, if the tax is an obligation of the business, or
- An equity account, such as *Owner's equity* or *Capital accounts*, depending on your form of organization, if the tax is an obligation of the owner or partners.



Example

When it submits its tax filing, Sample Consulting applies the 100 from *Withholding tax* to its total bill. Sample Consulting is a sole proprietorship, so its income is taxed on the owner's tax return. Therefore, it makes a journal entry debiting *Owner's equity* and crediting *Withholding tax*. That account is zeroed out on the Balance Sheet.

Journal entry

Date	12/31/2017	Sample Consulting
Reference	1	1313 Webfoot Walk
		Duckburg
		Calisota

Recovery of withholding tax credits for income tax

Account	Description	Debit	Credit
Owner's equity	Quarterly tax filing	100.00	
Withholding tax	Quarterly tax filing		100.00

7.11 Customer Portals

7.11.1 Establish customer portals

You can give customers access to important transactions in Manager by establishing **customer portals**. Customer portals can be established for all, or only some, of your customers. Within them, you can control the types of transactions a customer can view, including:

- Sales quotes
- Sales orders
- Sales invoices
- Credit notes
- Delivery notes

Customers cannot be given access to their receipt or payment history, nor to any reports. All access to transactions is in view-only mode. Customers will not be able to add or change any transaction.

Establish a customer portal

To establish a customer portal, go to the **Settings** tab, click on **Customer Portals**, and **New Customer Portal**:



Complete the portal definition:

Customer Portal

Customer

- Sales Quotes
- Sales Orders
- Sales Invoices
- Credit Notes
- Delivery Notes

- Select a predefined **Customer**.
- Check boxes for the transaction types you want the customer to be able to view.

Click **Create** to activate the portal. It will be included in the **Customer Portals** listing under **Settings**, where it can be viewed or edited.



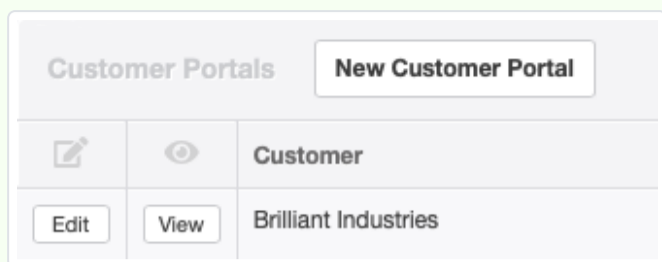
Note

Whether you have the relevant tabs enabled or not, the choices shown in the illustration above will be available. If you select a transaction type for which the tab is not enabled, that tab will not automatically be enabled. However, if you later enable the tab, the customer will have access to transactions you enter, based on the earlier portal definition. Therefore, good practice is not to enable access until a tab is enabled, lest you accidentally provide unintended access to something.

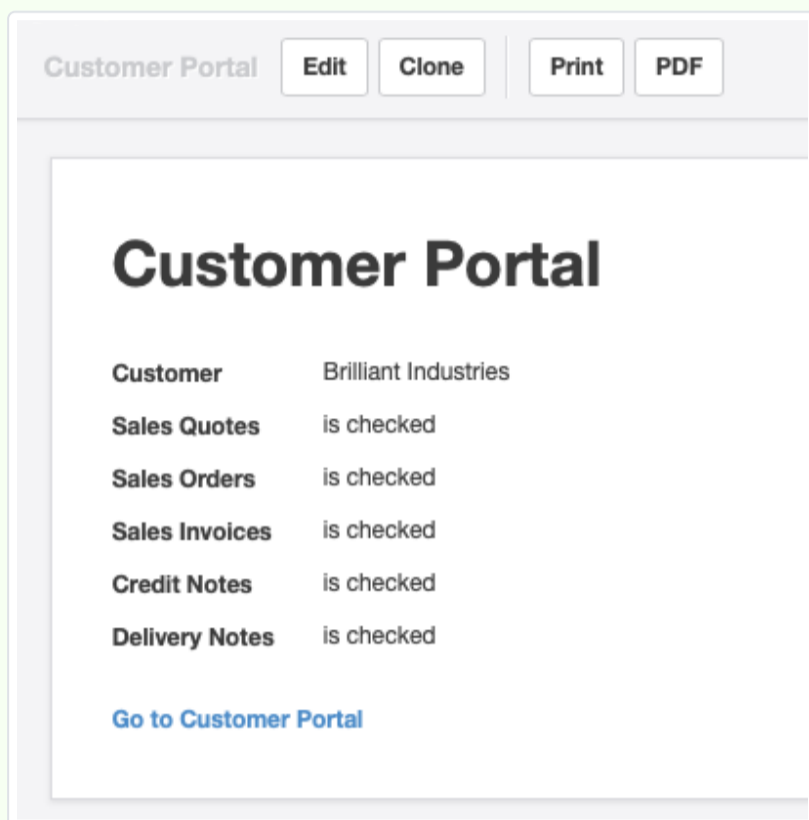


Example

Northwind Traders establishes a customer portal for Brilliant Industries, allowing access to all five transaction types.



Northwind views the portal definition to confirm its accuracy:



Share the portal with the customer

When viewed, the portal definition includes a hyperlink labeled **Go to Customer Portal**. Copy the link and furnish it to the customer. Or, if **Email Settings** are defined for the business, an **Email** link will be available while viewing the portal definition. The definition itself can be emailed directly to the customer. A customer visiting that link will be taken to a portal **Summary** page.



Example

Northwind establishes another customer portal for Bottom-Dollar Markets. It furnishes the hyperlink to Bottom-Dollar. Bottom-Dollar visits the link and sees the information in its profile and all the transaction types it will be able to view. At present, there are 2 quotes and 24 sales invoices:

By clicking on the various tabs, the customer will be able to view individual transactions. None of your transaction data is exported to anywhere. Through the portal, the customer will be accessing the data in real time from the same business data file in your application data folder as you do. If you add or edit transactions affecting the customer, they will be visible to the customer via the same hyperlink.



Notes

In the desktop edition, all features described in this Guide work, but only on your computer. A customer visiting the hyperlink for the portal would not be able to access it.

In the server edition, the hyperlink will direct the customer to your own server. Therefore, in order to function, your server must be online and accessible by the customer.

In the cloud edition, the hyperlink will direct the customer to your Manager cloud server. You do not need to be logged into your account for the customer to access the portal.

**Caution**

The hyperlink is, for all practical purposes, unguessable. Nevertheless, it is the only thing controlling access to the customer's transactions through the portal, so it must be recorded somewhere by the customer. That means the link is inherently subject to both physical and electronic compromise. Therefore, it would be wise to regard anything included in the portal as public information.

Whether access by unauthorized customer (or other) personnel to a portion of your accounting records is of concern to you depends on many factors. At the same time, unauthorized access may be of concern to your customer's management, possibly for different reasons. The dissemination of a customer portal is not a step to be taken lightly, and certainly not without careful consideration of the security, marketing, business intelligence, and customer relationship ramifications.

Protection of proprietary information can be a many-layered challenge. While access to customer portals by restricted users of the server or cloud editions can be controlled by permissions on your side, true security is not so simple. A customer might, for example, innocently furnish a portal hyperlink to your employee who is not permitted to see sales quotes. That could give the employee insight into your pricing without your knowledge. Similarly, while the portal does not permit direct printing of transactions, customers cannot be prevented from taking screen shots of their transactions and printing those.

Close a customer portal

To close a customer portal, go the **Settings** tab, then the **Customer Portals** page. Click **Edit** for the portal, then **Delete**.

Once you delete a customer portal, its hyperlink will no longer be active. The customer will not be able to access the portal or any transactions included in it.

Chapter 8: Purchasing from Suppliers

Guides in this group cover setup and management of defined suppliers and ordering and buying goods or services from them on credit. As with customers and the sales process, purchasing processes can vary.

8.1 Suppliers

8.1.1 Enter suppliers

A **Supplier** in Manager is an entity (person, business, or other organization) with whom you have or plan to have an *Accounts payable* relationship. Suppliers in Manager are actually subaccounts of *Accounts payable*. You must first create a Supplier before you can:

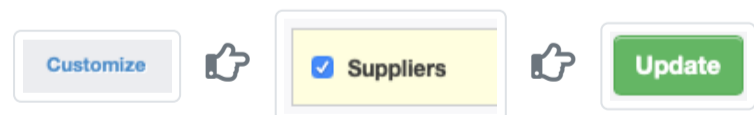
- Enter a purchase invoice corresponding to a received sales invoice
- Buy on credit for future payment
- Create a supplier statement showing balances due or summarizing past transactions
- Issue a request for quotation
- Generate a purchase order
- Make a deposit or advance against future work or delivery of goods by someone else
- Issue a debit note for return of goods to someone else
- Track your complete purchase and payment history with another entity

Not everyone from whom you buy must necessarily be a Supplier. You can make a cash purchase involving immediate payment without creating a Supplier simply by entering a name as **Payee** when [making a payment from a bank or cash account](#). But such transactions will not be recorded in a history for that Payee, even if the Payee is already defined as a Supplier. Examples of purchases where a Supplier might not be needed include:

- Purchases by cash or check from a merchant
- Timely payment of monthly utility bills
- Credit card payments for business expenses

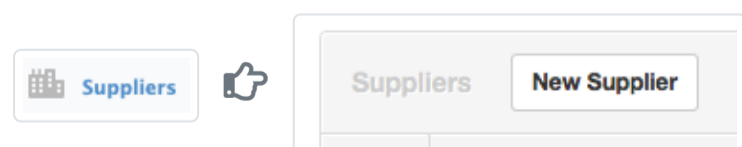
Enable the **Suppliers** tab

To enable the **Suppliers** tab, click **Customize** below the left navigation pane, check the box for **Suppliers**, and click **Update** below the list.



Create a Supplier

Select the **Suppliers** tab, then click the **New Supplier** button:



Complete the entry. This information will appear on purchase invoices and similar documents:

Supplier

Name

Code

Credit limit

Currency

Address

Email

Division

Control account

Starting balance

Available credit

- **Name** is the legal name of the supplier
- **Code** is a short alphabetic or numeric designation of your supplier.
- **Credit limit** is optional, but can be filled in if the supplier has limited how much credit it will extend to you. If a limit is entered, Manager will track and display remaining, available credit in the **Suppliers** tab listing.
- **Currency** in which the supplier operates can be selected if any foreign currencies have been set for the business. Transactions for the supplier will be denominated in the designated currency. Otherwise, the supplier will be denominated in the base currency.
- **Address** should be the mailing address of the supplier.
- **Email** is where documents will be emailed from within the program.
- **Division** appears if any divisions are defined for the business. A supplier can be allocated to a single division. Or this field can be left blank for suppliers usable by the entire business.
- **Control account** can be selected if any custom control accounts for suppliers are defined. Otherwise, the field does not appear and the supplier is assigned to the default *Accounts payable* control account.
- **Starting balance Available credit** can be set only if a start date has been set in the **Settings** tab. See [another Guide](#) for details about starting balances.

Click **Create** to save the supplier. Your supplier will now appear in the **Suppliers** tab. Suppliers are listed in alphabetical order according to their names. Use scrolling, paging, and search functions to find them. The listing shows the number of purchase invoices created for a supplier and the supplier's *Accounts payable* balance. Other columns may appear, depending on tabs in use and setup of custom fields. Click on blue numbers for more details of any column.

Suppliers		New Supplier	Search			
✎	👁	Name	Invoices	Qty to receive	Accounts payable	
Edit	View	ACME Distributing	7	0	8,601.11	
Edit	View	Edison Electrical Supply	1	0	- 522.00	



Note

As in the illustration above, a supplier can have a negative balance in *Accounts payable*. This indicates that the supplier owes you money. For example, you may have returned goods without yet being reimbursed.

8.1.2 Edit or add supplier information

Edit or add supplier information in the **Suppliers** tab after clicking the **Edit** button next to a supplier's name. For example, add a **Code** to make suppliers easier to find or distinguish from other suppliers with identical names. Codes will appear in the **Suppliers** tab listing if any are present:

		Code	Name
Edit	View	BB210	Bigfoot Breweries

Codes can appear on completed forms after the supplier's name. To see codes on forms, follow instructions in [this Guide](#).

You can also add custom fields for other information about your suppliers. Under **Settings**, click **Custom Fields** and locate the list for suppliers. Click **New Custom Field**:



[Define your custom field](#). Checkboxes allow you to specify whether the custom field will show as a column in the **Suppliers** tab list and on printed documents.



Example

You can add a custom field for a point of contact at your supplier:

Custom Field

Name **Position**

Point of contact ▼

Type

Single line text ▼

Size

Small ▼

Description

Show custom field as a column


Show custom field on printed documents

The results appear as below in the Suppliers tab listing:

		Code	Name	Point of contact
Edit	View	BB210	Bigfoot Breweries	Judith Barnes

and on a purchase invoice:

Purchase Invoice



**NORTHWIND
TRADERS**

Bigfoot Breweries
3400 8th Avenue
Suite 210
Bend OR 97101
USA

Invoice date
10/29/2020

Due date
10/29/2020

Northwind Traders
1313 North Webfoot Walk
Duckburg
Calisota

Description	Qty	Unit price	Amount
Aniseed syrup	1	10.00	10.00
Total			10.00

Point of contact
Judith Barnes

8.1.3 Set starting balances for suppliers

Starting balances exist only if you are transferring an existing business to Manager from another accounting system. In that case, you may need to set starting balances for suppliers with or to whom, on the day you begin using Manager, sometimes referred to as the start date:

- You have available credit unrelated to purchase invoices, or
- You owe money because of unpaid purchase invoices.

General procedures for entering starting balances are found in [another Guide](#). Read it first. Before you can enter any type of starting balance, your suppliers themselves must be created. Follow [these procedures](#) to enter them.

Enter available credit

Available credit in the context of a supplier refers to any amount your supplier owes you on your start date. This credit could be the result of past debit notes, settlement of contract disputes, or promised refunds. If you have a credit balance that can be applied to future purchase invoices, go to the **Suppliers** tab and click **Edit** beside the supplier's name.

Enter the **Starting balance** of the available credit:

Starting balance

Available credit

Click **Update** .



Note

The available credit must be entered in the currency selected for the supplier.

Repeat for all suppliers with whom you have credit balances.

Enter unpaid purchase invoices

You cannot enter the starting balance for unpaid purchase invoices as a single figure. Manager requires you to enter the specific unpaid purchase invoices, fully completed. This is so Manager can assign future payments to proper purchase invoices, generate accurate cash-basis reports, and produce detailed supplier statements.

Enter a starting-balance invoice in the same manner as a regular purchase invoice. See [this Guide](#) for purchase invoice instructions. The **Issue date** field will, by default, be prefilled with the current date. Edit this to match the original issue date from your old accounting system.

Manager uses these pre-start purchase invoices to establish starting balances in *Accounts payable*. They will not affect profit and loss statements during the current or later financial periods. If an invoice has been partially paid on the day you begin using Manager, only its remaining balance due should be entered.

When finished, click **Create** to save the invoice. Repeat for all open purchase invoices preceding your start date.



Note

Carefully consider inventory items on pre-start invoices. If items on a purchase invoice were already received under the prior accounting system, subtract them from starting balances for those inventory items, because the pre-start purchase invoice tells Manager they must be received again.

8.1.4 Use supplier codes

The **Code** field for suppliers is completely optional. It can be used for several purposes, including:

- Distinguishing suppliers with identical names

- Annotating different departments or ordering centers at a single supplier (with each department being created as a distinct supplier)
- Assigning suppliers to regions, purchasing personnel, or facilities

Assign a supplier code

When creating or editing a supplier in the **Suppliers** tab, enter any combination of letters or numbers in the **Code** field:

The screenshot shows a form titled "Supplier". It has two input fields: "Name" containing "Leka Trading" and "Code" containing "LEK2".

By default, the supplier's code will not be shown on printed documents.

The code will, however, show in the **Suppliers** listing:

		Code	Name
Edit	View	LEK2	Leka Trading

and can be entered as a search parameter in dropdown selection menus:

The screenshot shows a dropdown menu titled "Supplier" with the selected option "LEK2 - Leka Trading".

Adding the supplier code to finished documents

If you wish to add the supplier code to completed forms, edit the theme used to display them. While viewing the theme's computer code, insert the variable `{{ recipient.code }}` at the place in the theme you want the code to appear. This will act as a placeholder variable that inserts the supplier code (when one exists) into your documents.



Example

To show the supplier's code on printed documents after the supplier's name, insert `{{ recipient.code }}` in the line containing `{{ recipient.name }}` as below:

```
<div style="font-weight: bold">{{ recipient.name }} {{ recipient.code }}</div>
```

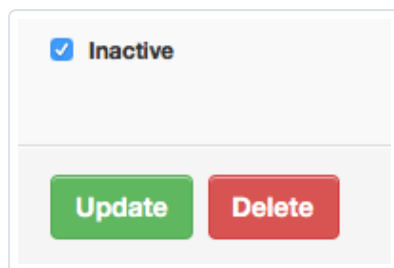
The result will be:



8.1.5 Manage inactive suppliers

Old, inactive Suppliers can clog your lists. You can delete them if you have never entered any type of transaction for them. **Edit** the Supplier and click **Delete** at the bottom of the screen.

But if you have entered any transactions, Manager will not allow you to delete a Supplier, because doing so would also delete all related transactions. Instead, you can make a Supplier inactive. **Edit** the Supplier and check the **Inactive** box. Click **Update** and the Supplier will no longer appear in active lists:



If the Supplier ever returns to active status, scroll to the bottom of the suppliers list, where you will see the Supplier's name in light grey text. Click **Edit** next to the Supplier's name:



Uncheck the **Inactive** box and click **Update**.

8.2 Purchase Quotes

8.2.1 Create purchase quotes or requests for quotation

A **purchase quote** records an offer by a supplier of goods or services at defined prices and terms. A **request for quotation** solicits offers from suppliers. In Manager, both use the same form, but with alternate titles. They are both created under the **Purchase Quotes** tab. In this Guide, they are both referred to as "purchase quotes."

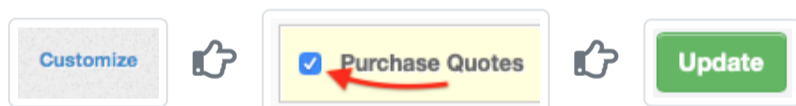
Strictly speaking, neither is an accounting transaction. They have no financial or inventory impact. They do not involve actual purchase of goods or services, movement of inventory, or payment of money. In fact, they are not really necessary at all, but can be used for a variety of purposes, such as:

- Soliciting price quotes in advance of issuing a purchase order when suppliers' current prices are unknown
- Confirming whether previously quoted supplier prices are still valid
- Documenting suppliers' quotes

If you accept a purchase quote from a supplier, it can be copied to a purchase order, purchase invoice, goods receipt, or other sales- or purchase-related transaction.

Enable the **Purchase Quotes** tab

Before creating a purchase quote, enable the **Purchase Quotes** tab. Below the left navigation pane, click **Customize**, check the box for **Purchase Quotes**, and click **Update**:

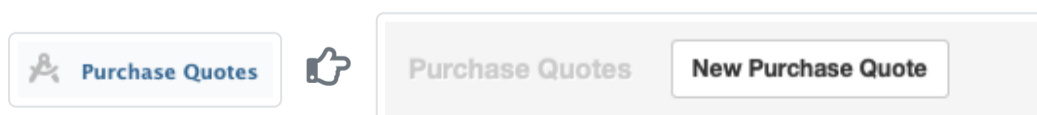


Manager allows purchase quotes to be created in two different ways:

- Standard method
- Cloning
- Copying

Standard method

In the **Purchase Quotes** tab, select **New Purchase Quote**:



Complete the purchase quote form:

Purchase Quote

Date 03/08/2021 **Reference** Optional

Supplier

Description

Item	Description	Qty	Unit price	Total	Tax Code	Tax Amount	Total
			0	0	No tax	0	0

Request for quotation
 Amounts are tax inclusive
 Discount
 Custom theme

- **Date** will be prepopulated with today's date. This may be edited.
- **Reference** is optional and may be used for internal or external sequences. If the box within the field is checked, Manager will number the transaction automatically. The program will search for the highest number among all existing purchase quotes and add 1.
- A previously defined **Supplier** can be selected from the dropdown list.



Note

While purchase quotes can be prepared for suppliers already defined in the **Suppliers** tab, they can also be created without first defining a supplier. This is helpful when your acceptance of the purchase quote is doubtful, preventing unnecessary clutter in your supplier database.

To create a purchase quote without specifying an entity in your supplier list, leave the **Supplier** field blank. Be aware, however, if the purchase quote is copied to another transaction, no supplier name or address will carry forward. You will have to define the supplier before other transaction forms can be completed.

- An overall **Description** of the quote is optional.
- Line items can be entered semi-automatically by selecting inventory or non-inventory items in the **Item** field. Or they can be entered manually.
- **Tax Code** can be selected.

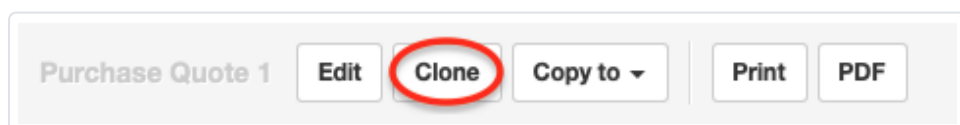
Near the bottom of the screen are checkboxes for various options. Additional fields appear when some options are checked. Default fields vanish when others are checked:

- **Request for quotation** changes the title from *Purchase Quote* to *Request for Quotation*. All fields relating to prices and tax codes disappear.
- A box can be checked to indicate **Amounts are tax inclusive**.
- When the **Discount** box is checked, options appear for *Percentage* or *Exact amount*. The discount entry must be made line item by line item. Discounts would normally only be indicated if you have a prearranged agreement with the supplier.
- A **Custom theme** can be selected if any theme besides the default is active.

Click **Create** when finished.

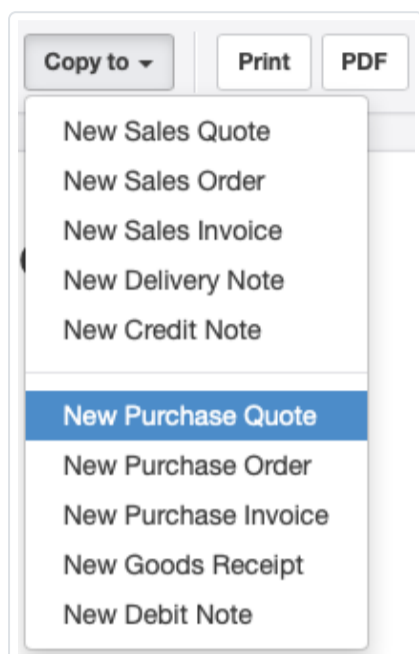
Cloning

Repeat purchase quotes can be easily prepared by cloning previous ones. While viewing a similar purchase quote, click **Clone**. The new purchase quote need not be identical to the previous one or even to the same supplier. Anything can be edited or added:



Copying

A purchase quote can be created by copying any other sales- or purchase-related transaction. While viewing the source form, select *New Purchase Quote* from the dropdown menu:



Using purchase quotes

Two basic methods for using purchase quotes produce somewhat different results.

Unpriced request for quotation


When the option **Request for quotation** is checked and unit prices are not entered into a purchase quote, a form titled as a request for quotation is returned.



Example

Northwind Traders sends a purchase quote to Leka Trading for aniseed syrup. No prices or taxes are indicated. (These will be added, as necessary, to any resulting purchase invoice.) Nor is a discount entered, because Leka's terms are unknown. The completed purchase quote looks like this, with the title changed:

Request for Quotation



NORTHWIND
TRADERS

Leka Trading
471 Serangoon Loop
Suite #402
Singapore 0512

Issue date
09/29/2019

Reference
1

Northwind Traders
1313 Webfoot Walk
Duckburg
Calisota

Description	Qty
Aniseed syrup	25

Priced purchase quote

Two applications for priced purchase quotes are possible:

- Validating previous prices received or quoted
- Recording a supplier's response to an unpriced request for quotation


The only difference between an unpriced request for quotation and a priced purchase quote is that unit prices (and tax codes, if applicable) are entered for the latter.



Example

Northwind receives a sales quote from Leka Trading for the aniseed syrup at 13 each. Leka’s sales quote also includes the VAT it will add to the order. Northwind edits the request for quotation from the previous example for its records, unchecking the option it originally selected, causing the title to change along with other information:

Purchase Quote



NORTHWIND
TRADERS

Leka Trading
471 Serangoon Loop
Suite #402
Singapore 0512

Issue date
09/29/2019

Reference
1

Northwind Traders
1313 Webfoot Walk
Duckburg
Calisota

Description	Qty	Unit price	Amount
Aniseed syrup	25	13.00	325.00
Sub-total			325.00
VAT 20%			65.00
Total			390.00



Note

Rather than edit a request for quotation when a sales quote is returned from a supplier, a completely new purchase quote could also be entered. Neither purchase quote would have any financial impact. And a more complete record of purchasing activity would be maintained.

8.3 Purchase Orders

8.3.1 Issue purchase orders

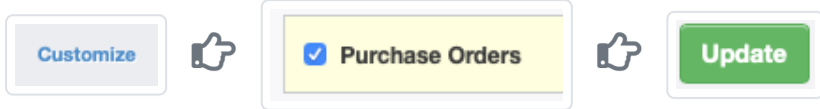
A **purchase order** is sent to suppliers to order goods or services. It authorizes the supplier to deliver items at listed prices and quantities by a specified date. Legally, it may be considered an offer to purchase which, if accepted by the supplier for the consideration enumerated, forms the basis of a contract.

Unlike most records in Manager, purchase orders have no financial or inventory impact. They do not involve actual provision of services, movement of inventory, or payment of money. Accordingly, they can be used for a variety of purposes:

- Internal requests for purchase authorization
- Documentation of order pricing
- Inventory planning
- Supplier communication
- Drafts of purchase or sales invoices

Enable Purchase Orders tab and define supplier

Before creating a purchase order, enable the Purchase Orders tab. Below the left navigation pane, click Customize , check the box for Purchase Orders , and click Update :

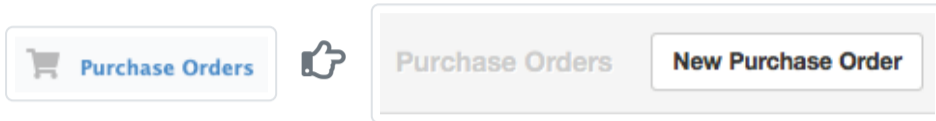


Next, be sure the supplier to whom the purchase order will be sent has been [defined in the Suppliers tab](#). Manager allows purchase orders to be created in three different ways:

- Standard method
- Cloning
- Copying

Standard method

In the **Purchase Orders** tab, select **New Purchase Order** :



Complete the purchase order form:

Purchase Order

Date 08/09/2021 **Reference** Optional

Supplier

Description

Item	Description	Qty	Unit price	Total	Tax Code	Tax Amount	Total
<input type="text"/>	<input type="text"/>	<input type="text"/>	0	0	No tax	0	0

Amounts are tax inclusive

Discount

Custom theme

- **Date** will be prefilled with today's date, which may be edited.
- **Reference** is optional and may be used for internal or external sequences. If the box within the field is checked, Manager will number the transaction automatically. The program will search for the highest number among all existing purchase orders and add 1.
- A **Supplier** must be selected from the dropdown list.
- Line items can be entered semi-automatically by selecting inventory or non-inventory items in the **Item** field. Or they can be entered manually. **Description**, **Qty**, and **Unit price** for each line item are entered in their fields.
- Select an appropriate **Tax Code**. The principal benefit of selecting a tax code on a purchase order comes later, if the purchase order is copied to another transaction type. Tax codes on purchase orders have no financial impact.

Near the bottom of the screen are checkboxes for various options. Additional fields appear when some options are checked:

Discount

Percentage ▾

Amounts are tax inclusive


Custom theme

Plain ▾

- When the **Discount** box is checked, options appear for *Percentage* or *Exact amount* . The discount entry must be made line item by line item.
- A box can be checked to indicate **Amounts are tax inclusive**.
- A **Custom theme** can be selected if any theme besides the default is active.

Click when finished:

Purchase Order



NORTHWIND TRADERS

Leka Trading
471 Serangoon Loop
Suite #402
Singapore 0512

Issue date
09/26/2016

Reference
3457

Northwind Traders
1313 Webfoot Walk
Calisota
Bank 234 566788
Phone 333-444-5555

Cafe supplies

Description	Qty	Unit price	Amount
24-pack case of Chef Anton's Gumbo Mix	1	14.73	14.73
Sub-total			14.73
GST 10%			1.47
Total			16.20

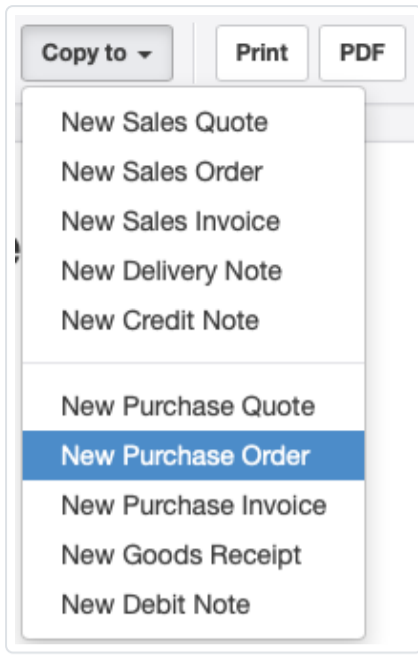
Cloning

Repeat purchase orders can be entered by cloning previous ones. While viewing a similar purchase order, click . The new purchase order need not be identical to the previous one. Anything can be edited or added:

Purchase Order

Copying

A purchase order can be created by copying any sales- or purchase-related transaction. While viewing the source transaction, select *New Purchase Order* in the dropdown box and edit as required:



Examples

If a sales quote was given to a customer including items that must be purchased from a supplier, a purchase order to the supplier can be generated directly from the sales quote. When items on the sales quote are purchased from several suppliers, several copies can be made and inapplicable line items deleted from each supplier's purchase order.

If a sales order was created after receiving a customer's order, a purchase order can be created directly from it.

If items are purchased only as the customer is invoiced for them (such as when inventory is shipped directly from the supplier), or if they are being purchased as part of a repeat sale, a purchase order can be generated from a sales invoice.

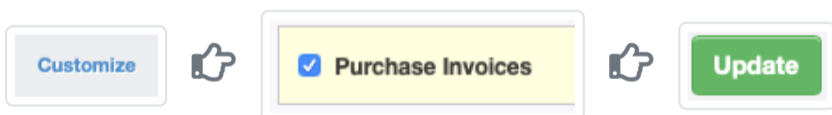
8.4 Purchase Invoices

8.4.1 Create purchase invoices

Purchase invoices are how you enter sales invoices received from suppliers into Manager. They increase the balance of the supplier's subaccount in *Accounts payable* and, therefore, are used when buying on credit. They can also be used to maintain a record of transactions with a supplier. They do not, however, record payment of money, which must be handled by a second transaction, even if the supplier is paid upon delivery. In a double-entry accounting system like Manager, they also post expenses to appropriate accounts and record additions to inventory.

Enable the **Purchase Invoices** tab

To enable the **Purchase Invoices** tab, click **Customize** below the left navigation pane, check the box for **Purchase Invoices**, and click **Update** below the list:

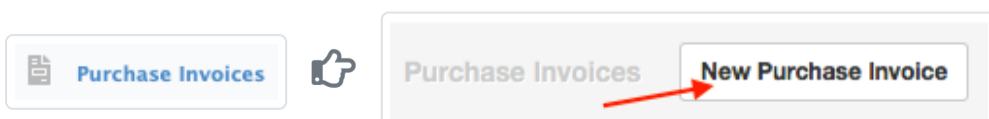


Purchase invoices can be created three ways:

- Standard method (from suppliers' sales invoices)
- Cloning
- Copying

Standard method

In the **Purchase Invoices** tab, click on **New Purchase Invoice** :



Complete the form:

Purchase Invoice

Issue date **Due date** **Reference** Optional **Order number** Optional

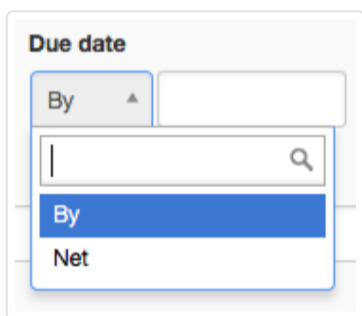
Supplier

Description

Item	Account	Qty	Unit price	Total	Tax Code	Tax Amount	Total	Division
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	No tax	0	0	Optional


Line description
 Amounts are tax inclusive
 Discount
 Withholding tax
 Custom theme

- By default, the **Issue date** field is prepopulated with today's date.
- A **Due date** can be entered from the supplier's invoice. The date can be entered as *By* a certain date or *Net* in days:



If a date is not entered, Manager will automatically use the **Issue date** as the **Due date**.

- **Reference** can be the supplier's sales invoice number or an internally assigned reference. If the box within the field is checked, Manager will automatically assign a sequence number. The program will find the highest number among all existing purchase invoices and add 1.

 **Caution** If automatic sequencing is used, the number assigned will be higher than any previously assigned number, including suppliers' numbers. Therefore, best practice is to use either all suppliers' numbers or all automatic numbers.

- The **Order number** field can be used to record your own purchase order number, if you issued one. If the purchase invoice is created by copying another transaction containing a purchase order number, that number will automatically be carried forward into this field.
- A **previously defined Supplier** must be selected in the dropdown box.
- A summary-level **Description** of the invoice can be entered.
- Line items can be completed semi-automatically by selecting predefined inventory or non-inventory items in the **Item** field. If they are, **Account**, **Description**, and **Unit price** will fill automatically.
- Enter quantity in the **Qty** field.
- An applicable **Tax Code** can be selected.
- A **Division** can be selected if divisions are defined and an account to which they might be applicable has been selected.

- Additional lines can be added 1, 5, 10, or 20 at a time.

Near the bottom of the screen are checkboxes for various options. Additional fields appear when some options are checked:

Line description

Amounts are tax inclusive

Discount

Percentage ▾

Withholding tax

Rate ▾ %


Custom theme

Plain ▾

- Line description adds a **Description** field to every line item.
- Note the option to indicate **Amounts are tax inclusive**. If this box is checked, tax amounts are deducted from the unit price; otherwise they are added.
- **Discount** allows you to indicate whether a was given by your supplier. When checked, further options of *Percentage* or *Exact amount* discounts appear. This option applies to the entire purchase invoice, but discounts must be entered line item by line item.
- **Withholding tax** indicates you must withhold tax from your payment to your supplier and remit the tax to the government on behalf of the supplier. When the box is checked, a dropdown menu appears, with choices of percentage *Rate* and *Amount*. Enter the corresponding number in the auxiliary field.
- A **Custom theme** can be selected if any are enabled.

Click to generate the finished purchase invoice. (In the illustration below, several options were applied.):

Purchase Invoice



NORTHWIND

TRADERS

Invoice date
08/09/2021

Due date
08/24/2021

Invoice number
675752

Order number
4653

Northwind Traders
1313 North Webfoot Walk
Duckburg
Calisota

Leka Trading
471 Serangoon Loop
Suite #402
Singapore 0512

Cafe supplies

Description	Case	Unit price	Discount	Amount
24-pack case of Chef Anton's Gumbo Mix	6	14.73	5 %	83.96
Sub-total				83.96
GST 10%				8.40
Total				92.36
Less: Withholding tax 7%				6.47
Balance due				85.89

The transaction is now listed in the **Purchase Invoices** tab:

Purchase Invoices		New Purchase Invoice		Search		Search			
		Invoice date ▾	#	Order number	Supplier	Description	Invoice total	Balance due	Status
Edit	View	08/09/2021	675752	4653	Leka Trading	Cafe supplies	85.89	85.89	Due in 15 days

It can also be located by drilling down in the **Suppliers** tab and clicking on the number of invoices for a particular supplier:

Suppliers	29		Edit	View	LEK2	Leka Trading			56
-----------	----	--	------	------	------	--------------	--	--	----

Cloning

For a repeat purchase, an existing purchase invoice can be duplicated by cloning. While viewing the existing purchase invoice, click **Clone** :

Purchase Invoice	Edit	Clone	Copy to ▾	Print	PDF	Email
------------------	------	-------	-----------	-------	-----	-------

Copying

A purchase invoice can be created by copying any sales- or purchase-related transaction. While viewing the source transaction, choose **New Purchase Invoice** from the **Copy to** menu:

Copy to ▾	Print	PDF	Email
<ul style="list-style-type: none"> New Sales Quote New Sales Order New Sales Invoice New Delivery Note New Credit Note New Purchase Quote New Purchase Order New Purchase Invoice New Goods Receipt New Debit Note New Recurring Purchase Invoice 			



Note

If a sales-related transaction is copied to a purchase invoice, the customer information on the source transaction will not carry over to the purchase invoice.



Examples

If a purchase order was issued from Manager and the supplier's sales invoice matches it, a corresponding purchase invoice can be created directly from the existing purchase order. This eliminates the need to enter information a second time. The resulting purchase invoice can be edited, if necessary, in case of differences from the purchase order.

If a customer was given a sales quote for items that now have been provided by a supplier, the supplier's sales invoice may closely match the sales quote. A purchase invoice can be created directly from the sales quote without re-entering information.

If an internal sales order was created in response to a customer's order, but items to fulfill it were purchased from outside suppliers, a purchase invoice representing the supplier's sales invoice can be created directly from the sales order. This is useful when no purchase order was created in Manager. (If one was, create the purchase invoice from the purchase order, as described above.)

Another method for creating a purchase invoice is from your own customer sales invoice. This option might be useful when a business keeps records of goods and services from a supplier and does not require a sales invoice from the supplier. Instead, the business assumes it must pay its supplier for what it has invoiced its customer.

A final method is from a goods receipt. This method can be helpful when suppliers send merchandise for inspection prior to issuing an invoice or automatically replenish stock based on contractual terms.

8.4.2 Set up and manage recurring purchase invoices

Recurring purchase invoices are useful if your business routinely purchases similar goods or services from suppliers at regular intervals. Once you have set them up, Manager will notify you they are ready to be created when they come due at the prescribed intervals. Recurring purchase invoices are often used for recording:

- Subscription bills
- Monthly service bills
- Organizational memberships and dues
- Rent due

Set up a recurring purchase invoice

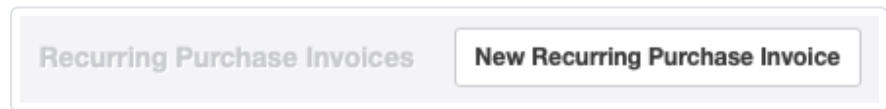
There are two methods for setting up recurring purchase invoices.

First method

The first method for creating a new recurring purchase invoice is to go to the **Settings** tab and click **Recurring Purchase Invoices** :

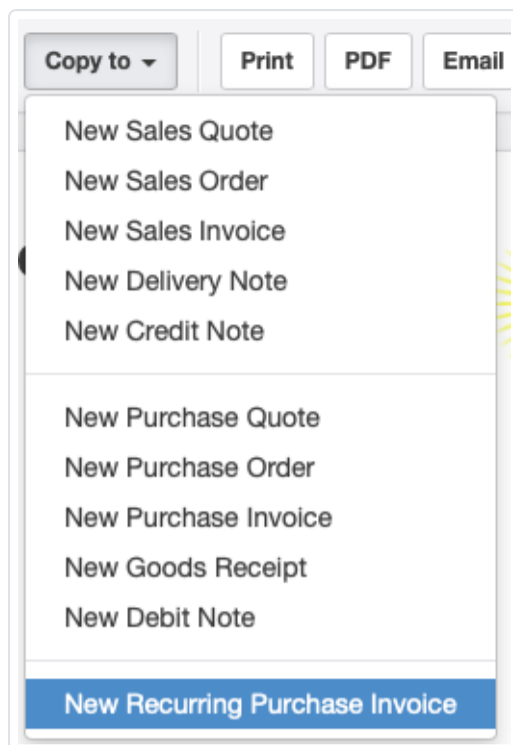


Then click **New Recurring Purchase Invoice** :



Second method

The second method is to use the **Copy to** function while viewing an existing purchase invoice you want to make recurring:



For either method

Whichever way you begin, enter **Next issue date** to establish when the first recurring invoice will be created:

Next issue date

If desired, enter the number of days after the issue date of the optional **Due Date**. If nothing is entered, Manager will assign the issue date as the due date:

Due date
 Net days

Select an **Interval** to control how often this recurring invoice will be created:

Interval
 Every Month(s)

Select whether the recurring invoice will be good *Until further notice* or until a *Custom* date. If *Custom is selected*, a calendar date picker will appear:

Until further notice
 Custom

Enter remaining information as if [creating a regular purchase invoice](#) and click **Create**. On the **Recurring Purchase Invoices** screen, **Next issue date** will be updated based on the selected **Interval**. Termination date (if set) will also be shown:

Recurring Purchase Invoices					
New Recurring Purchase Invoice					
		Search		Search	
	Supplier	Description	Next issue date	Interval	Termination
Edit	Leka Trading	Wholesale grocery supplies	07/10/2021	Every 1 Month(s)	12/15/2021

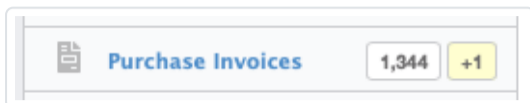


Note

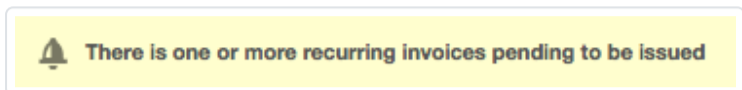
Recurring purchase invoices in Manager are templates from which actual purchase invoices will be generated later. Setting up a recurring purchase invoice does not affect your supplier balances, supplier statements, inventory, income, or expenses. In fact, while Manager will notify you recurring invoices are pending, it will not automatically generate them for you. This avoids problems if you need to edit an invoice before creating it or you forget to enter a service modification.

Generate invoices

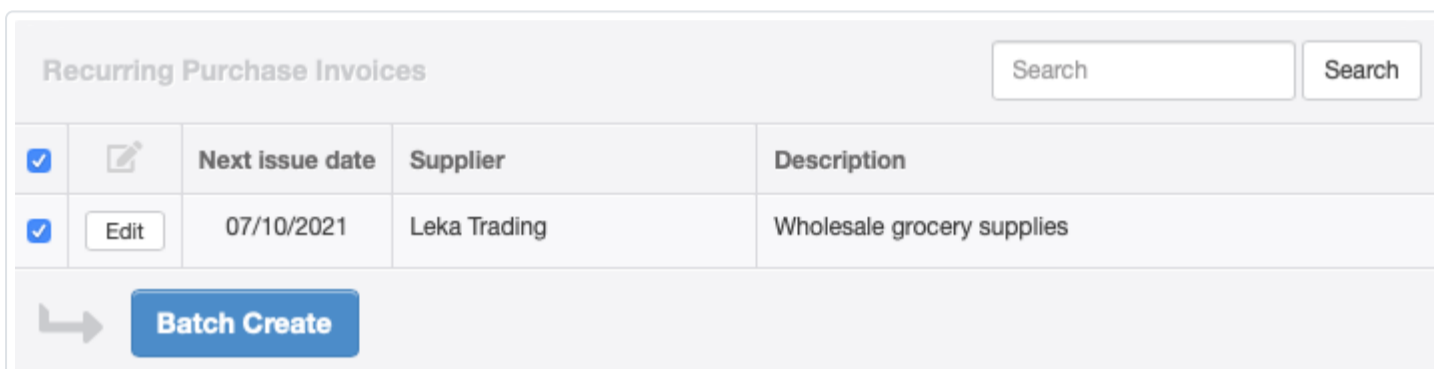
When one or more recurring purchase invoices are due (or past due) to be issued, two notifications are provided. The first is a yellow counter window in the left navigation pane showing the number of recurring invoices for which invoices are pending (not the number of pending invoices, which could be higher if you have not kept up by creating invoices that are due):



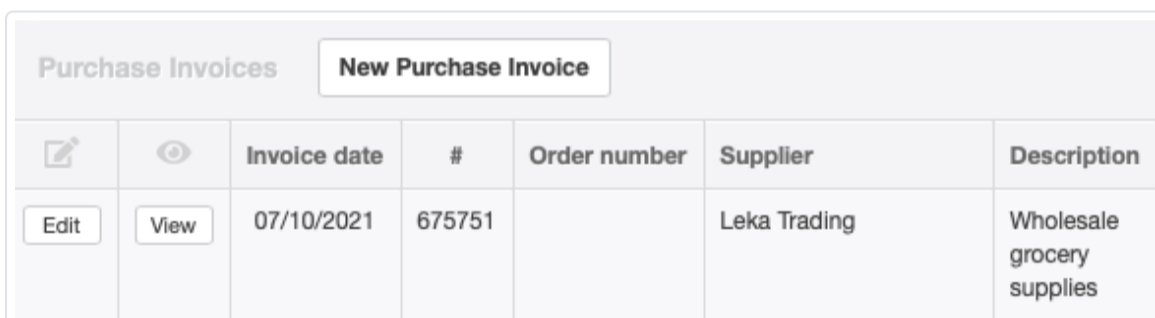
The second notification occurs any time you go to the **Purchase Invoices** tab. You will see a yellow banner notice that at least one recurring invoice is pending:



Click on the yellow bar to review invoices to be generated. Select all pending recurring invoices by checking the top box. Or, select individual recurring invoices. Then click **Batch Create** :



The next recurring invoice for each selection will be immediately created under the **Purchase Invoices** tab. You can further **Edit** or **View** it without affecting future recurring invoices:



Note

When you view an invoice directly in the **Purchase Invoices** tab, you are viewing it as a standard invoice, not a recurring invoice. Any changes you make to it will not affect the recurring purchase invoice defined in the **Settings** tab.

When you create an invoice from the recurring purchase invoice selection screen, only one invoice is created at a time. If more than one invoice is due from the same recurring invoice (because you fell behind), the date in the **Next issue date** column will change according to the interval defined for the recurring invoice. Selecting that recurring invoice and clicking **Batch Create** again will generate an additional standard invoice. Repeat this process until the recurring purchase invoice is grayed out on screen.

While you are selecting recurring invoices, you can also edit them. Click the **Edit** button to go to the recurring invoice definition screen.

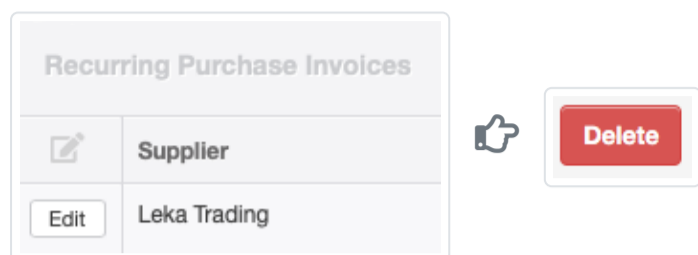


Caution

Edits made during the selection process affect the recurring invoice itself, not the standard invoice you are generating from it. Therefore, all future purchase invoices created from the recurring purchase invoice will reflect the changes made during the editing process, including any invoice you create immediately. So, if you want to change only the current invoice you are creating, click **Batch Create** first and edit the resulting invoice in the **Purchase Invoices** tab.

Cancel a recurring invoice

When circumstances change, such as when you stop buying goods or services from a supplier, you may want to cancel future recurring invoices. Click **Edit** for the recurring invoice in **Settings**, then **Delete**:



The recurring invoice will be removed from the list and no new invoices will be created from it. Cancelled recurring invoices cannot be restored. They must be recreated from scratch.

Skip an invoice

If recurring invoices must be skipped, but routine invoicing will resume in the future, click **Edit** for the recurring invoice in **Settings**. Set a new **Next issue date**, then click **Update** to save the change.



Example

Your supplier's next recurring purchase invoice for monthly service should normally be generated on 10 July 2021:

Next issue date	Interval
07/10/2021	Every 1 Month(s)

But your store will close for holidays during that month, and you have instructed the supplier not to make the customary delivery. Therefore, no invoice should be issued on 10 July. Deliveries will resume after two months. The next invoice is expected on 10 September, so you edit the recurring purchase invoice in **Settings** and click **Update**:

Next issue date	Due date	Interval
09/10/2021	30	Every 1 Month(s)



Update

You now see the next purchase invoice is due 10 September:

Next issue date	Interval
09/10/2021	Every 1 Month(s)

8.4.3 Monitor purchase invoice status

Manager helps you **monitor purchase invoice status** with a convenient **Status** column in the **Purchase Invoices** tab listing:

Purchase Invoices		New Purchase Invoice		Search		Search		
		Invoice date	#	Supplier	Description	Invoice total	Balance due	Status
Edit	View	08/09/2021	675752	Bigfoot Breweries	Wholesale grocery purchase	1,000.00	- 100.00	Overpaid
Edit	View	07/22/2021	675750	Bigfoot Breweries	Company stationery	4,500.00	4,500.00	Due in 11 days
Edit	View	11/21/2017	42656	Bigfoot Breweries	Collection fee	1,000.00	1,000.00	1358 days overdue
Edit	View	07/04/2016	27484	Specialty Biscuits	Marmalade order	1,078.92	1,078.92	1849 days overdue
Edit	View	07/10/2021	675751	Leka Trading	Wholesale grocery supplies	33.75	0.00	Paid in full

Status is defined as one of four, color-coded categories:

- Overpaid (gray)
- Due in X days (yellow)
- Y days overdue (red)
- Paid in full (green)

No user action is ever required (or possible) to designate status. It is determined automatically, depending on the following criteria:

- Issue date of the purchase invoice
- Due date
- Current balance due

Status controls the default display order of purchase invoices according to the following priorities. Within each priority, invoices are listed in reverse date order (newest first):

1. **Overpaid.** These invoices are the result of accounting errors by you or your customer and require correction.
2. **Unpaid.** Includes both coming due and overdue invoices. Partially paid invoices are regarded as unpaid.
3. **Paid in full.**

8.4.4 Add freight-in to inventory item costs

Freight-in represents the cost of obtaining goods from a supplier. This obviously includes transportation and shipping costs, but could also include handling and brokerage fees, customs charges, and so forth, as long as you do not need to record those as expenses in separate accounts. For typical accounting purposes, freight-in is added into the cost of goods, just as though the supplier charged a higher price.



Example

Northwind Traders purchases 100 units of an inventory item at a unit price of 4.00. Northwind’s supplier adds a shipping charge of 20.00. The fully delivered average cost of the items is not 4.00, but 4.20.

Manager provides two methods for entering freight-in costs:

- Manual allocation
- Automatic freight-in distribution

Manual allocation

To manually allocate freight-in costs to an inventory item, add a separate line item to a purchase invoice or cash payment form. Choose the same inventory item, but **leave the Qty field blank**. Edit the **Description** field to describe the freight-in costs.



Example

Northwind's purchase and related freight-in cost are manually entered as below:

Item	Account	Description	Qty	Unit price	Total
Chef Anton's Gumbo Mix ✕ ▾	Inventory on hand		100 Case	4	400
Chef Anton's Gumbo Mix ✕ ▾	Inventory on hand	Freight-in	 Case	20	20
					420

The freight-in cost is added to the average cost of the item without affecting the quantity on hand, as can be seen in the **Inventory Items** tab:

Qty on hand	Average cost	Total cost
100	4.20	420.00



Notes

Manual allocation is the only method available for cash payments (non-credit purchases).

It should be used whenever freight-in costs of separate inventory items can be determined independently, such as from separate line items on shipping invoices.

Manual allocation should also be used when freight-in costs are not proportional to line item amounts, such as when inexpensive but heavy items cost more to ship than lighter but more expensive items. Just add multiple line items and allocate the separate freight-in costs to their appropriate inventory items. Of course, to use this method, freight-in costs attributable to different inventory items must be separately determinable.

Automatic freight-in distribution

Automatic freight-in distribution to a single item

When recording purchases with purchase invoices, freight-in can be added to inventory cost by adding a line item and selecting *Freight-in* in the **Item** field. (This line item replaces the blank-quantity line item for the inventory item used in the manual allocation method.) As for manual allocation, the **Qty** field can be left blank. Or it can be used to force Manager to calculate a **Total**. In that case, the unit price should be proportionally reduced. Results are identical to the manual allocation method.



Example

In the same situation as the previous example, Northwind Traders enters a purchase invoice and selects *Freight-in* in the **Item** field for the second line item:

Item	Account	Description	Qty	Unit price	Total
Chef Anton's Gumbo Mix ✕ ▾	Inventory on hand		100 Case	4	400
Freight-in ✕ ▾	Inventory on hand		 	20	20
					420

Automatic freight-in distribution to multiple items

If you record the purchase of multiple inventory items **on the same purchase invoice**, you do not need to manually calculate the freight-in cost per inventory item. Instead, add a line item and select *Freight-in* in the **Item** field. Leave the **Qty** field blank or use it to force calculation of a *Freight-in Total*. Manager will distribute the freight-in **Amount** proportionally (based on total amounts) to all inventory items purchased. This is exactly the same process described above for automatic distribution to a single item. But in the prior case, all freight-in cost went to the single item because it constituted 100 percent of the purchase.



Example

Northwind purchases two items from the same supplier and wants to distribute freight-in costs proportionally. It enters the following purchase invoice:

Item	Account	Qty	Unit price	Total
Chef Anton's Cajun Seasoning x ▾	Inventory on hand	100 Case	6	600
Chef Anton's Gumbo Mix x ▾	Inventory on hand	100 Case	4	400
Freight-in x ▾	Inventory on hand		100	100
				1100

Freight-in costs are split according to the line item totals. They are added to the average cost of all inventory items purchased on that purchase invoice:

		Item name	Purchase price	Sales price	Unit Name	Qty on hand	Average cost	Total cost
Edit	View	Chef Anton's Cajun Seasoning	6	22	Case	100	6.60	660.00
Edit	View	Chef Anton's Gumbo Mix	4	21.35	Case	100	4.40	440.00

Entering separate freight-in charges

When freight-in charges are billed by and paid to different suppliers than inventory item(s), separate payment forms or purchase invoices are required. After all, you cannot record amounts paid to one entity on a transaction form for another. Examples include:

- Direct billing by freight companies
- Separate invoices from freight forwarders
- Fees from brokers
- Customs charges

For these situations, both manual allocation and automatic distribution are available. Manual allocation can be used in all cases. Automatic distribution can be used under limited circumstances and includes drawbacks some users (or their accountants or auditors) may not like.

Manual allocation of separate freight-in charges

Manual allocation is most convenient when only one or very few inventory items are involved. (But see the Note below on a simple way to enter data for many items.) It is required when freight-in costs are not proportionally distributed according to line item totals.

To use the manual allocation method, choose the inventory item to which a freight-in charge applies when entering the payment or purchase invoice to the freight-in supplier, but leave **Qty** blank. Edit the description to describe the freight-in charge. Enter the freight-in amount in the **Unit price** field. Repeat this process for every inventory item to which freight-in charges are being allocated. Dates on forms for the purchase and freight-in do not need to match. Average costs will be correctly adjusted as of the transaction date for the freight-in charge.



Example

Northwind purchases the same two inventory items from the same supplier as in the last example. But there are no freight-in charges billed by that supplier. So the *Freight-in* line item is left off the purchase invoice. At this point, average costs of the inventory items reflect only their purchase costs:

		Item name	Purchase price	Sales price	Unit Name	Qty on hand	Average cost	Total cost
Edit	View	Chef Anton's Cajun Seasoning	6	22	Case	100	6.00	600.00
Edit	View	Chef Anton's Gumbo Mix	4	21.35	Case	100	4.00	400.00

The items are shipped by a separate shipping company. The freight-in charges are billed by the shipping company on its own sales invoice, but broken out by inventory item. The freight-in charges are not proportional to total costs, so manual allocation is mandatory. The purchase invoice for the shipping contractor is completed as below:

Item	Account	Description	Qty	Unit price	Total
Chef Anton's Cajun Seasoning x	Inventory on hand	Freight-in	Case	25	25
Chef Anton's Gumbo Mix x	Inventory on hand	Freight-in	Case	75	75
					100

Freight-in charges are allocated differently to inventory item average costs than in the previous automatic distribution example:

		Item name	Purchase price	Sales price	Unit Name	Qty on hand	Average cost	Total cost
Edit	View	Chef Anton's Cajun Seasoning	6	22	Case	100	6.25	625.00
Edit	View	Chef Anton's Gumbo Mix	4	21.35	Case	100	4.75	475.00



Note

Entering freight-in charges manually for purchases involving many inventory items may seem tedious. But there is a simple shortcut that can streamline the process. View the payment or purchase invoice by which the items were purchased. Click **Clone** to generate a purchase form of the same type (payment or purchase invoice) listing all the same inventory items. Edit the form for the different **Payee** or **Supplier**. Delete quantities and enter the desired freight-in allocations in appropriate **Unit price** fields. Click **Create**.

A shortcoming of this method is that payments can only be cloned to payments and purchase invoices to purchase invoices. So you cannot generate a freight-in purchase invoice in this way if the original purchase was by cash payment. Nor can you create a payment form if the original purchase was by purchase invoice. In practical application, however, these restrictions are usually not limiting.

Automatic distribution for separate freight-in charges

Automatic distribution is most convenient when there are many inventory items affected by the same freight-in charge. But it can only be used when **all** these circumstances exist:

- Freight-in is to be distributed proportionally by line item totals.
- Inventory items to which freight-in charges apply were all purchased via the same purchase invoice. (Automatic distribution cannot be used if they were purchased via cash payment.)
- No other inventory items were on the purchase invoice.
- The purchase invoice does not predate a lock date set to prevent alteration of prior account periods' records.
- Both the original supplier and the separate freight-in supplier are denominated in the same currency.

The drawbacks mentioned earlier are:

- A separate balance sheet clearing account must be created and used. This account can be an asset or liability account, since its normal balance will be zero.
- Prior purchase invoices for inventory items must be modified with line items not on the original supplier's sales invoices. This could cause confusion if disputes arise or lead to adverse findings by auditors.

The automatic distribution method requires two separate transactions. First, create a payment or purchase invoice for the freight-in supplier. Post the freight-in amount to *Freight clearing* or a similarly named balance sheet account. Second, reopen the original purchase invoice on which affected inventory items were purchased. Add two line items to it. On the first, select *Freight-in* in the **Item** field. Make sure **Qty** is blank (not zero). Enter the freight-in charge as the **Unit price**. On the second added line, leave **Item** blank. Select the freight clearing account. Enter the freight-in charge as a **negative number** in **Unit price**.



Example

Northwind Traders buys the same two inventory items. They are shipped by a separate shipping company. Northwind enters the purchase invoice for the inventory items with no freight-in charges. When the sales invoice for shipping charges arrives, Northwind enters another purchase invoice for the shipping supplier, posting the charge to *Freight clearing*.

Northwind then reopens the original purchase invoice for the inventory items, adds the *Freight-in* line and a second reversing line:

Item	Account	Description	Qty	Unit price	Total
Chef Anton's Cajun Seasoning x	Inventory on hand		100 Case	6	600
Chef Anton's Gumbo Mix x	Inventory on hand		100 Case	4	400
Freight-in x	Inventory on hand	Separate freight-in charges from shipping supplier		100	100
	Freight clearing x	Freight-in reversal		-100	-100
					1000

The financial result is identical to entering *Freight-in* using the automatic distribution method when freight-in charges are invoiced by the supplier of the inventory items (as in the example two above). But three important things happen: (1) the purchase invoice balance matches your supplier's original sales invoice, (2) the freight-in invoice from the shipping contractor stands by itself, and (3) the clearing account is zeroed. Average costs are adjusted as below, matching what they would have been if the inventory supplier billed you for the freight-in directly:

		Item name	Purchase price	Sales price	Unit Name	Qty on hand	Average cost	Total cost
Edit	View	Chef Anton's Cajun Seasoning	6	22	Case	100	6.60	660.00
Edit	View	Chef Anton's Gumbo Mix	4	21.35	Case	100	4.40	440.00

The extra complexity arises because of the separate freight-in supplier.



Note

Whether using manual allocation or automatic distribution, if there are additional suppliers, such as for customs fees or warehouse charges, the same process must be repeated for each one.

8.4.5 Account for withholding tax on purchase invoices

Some tax authorities require **withholding tax** (also called **tax withheld at the source**) to increase tax law compliance and secure earlier receipt of tax revenues. In simple terms, customers are required to withhold a portion of the balance due on sales invoices they receive from suppliers and pay that portion directly to the tax authority instead of to their suppliers. Then, either the customer or the tax authority provides certification of payment of withheld amounts to the supplier. The supplier reduces subsequent payments of its tax liabilities by amounts already paid on its behalf by its customers.

Withholding tax may be a form of advance payment of income taxes, value added taxes, goods and service taxes, or some combination of these and other types of tax. Because the entire process involves both customers and suppliers, Manager supports withholding tax accounting through both its sales invoice and purchase invoice processes, though procedures are somewhat different.



Notes

As implemented in Manager, withholding tax **does not** refer to deductions on payslips of taxes due from employees. These are referred to as **Payslip Deduction Items** and are explained in [another Guide](#).

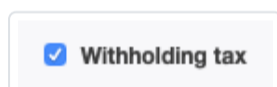
Withholding tax cannot be applied on cash receipts or payments, because the full amount of the transaction must be recorded. Further, cash receipts cannot be associated with individual suppliers' subaccounts as withholding tax must.

As a buyer or customer who receives sales invoices indicating the need to withhold tax, you must do four things:

- Activate the *Withholding tax payable* liability account.
- Record tax amounts withheld from payments to suppliers.
- Remit withheld amounts to the tax authority.
- Provide notifications about your remittances (if required by local law) to the suppliers and tax authority.

Activate the *Withholding tax payable* account

Withholding tax functionality for purchase invoices does not require activation of any new tabs. Nor do you need to create any new accounts. The necessary account, named *Withholding tax payable*, is added automatically to your chart of accounts the first time you check the **Withholding tax** box on a purchase invoice:



The account is created in the *Liabilities* group, because the money it represents technically belongs to your suppliers until it is eventually used to pay taxes owed on their behalf.

Record withheld tax

When entering a purchase invoice to which tax withholding applies, you have two concerns:

- **Posting the full amount of purchases** to the appropriate asset or expense accounts. This ensures fixed assets, inventory, and operating expenses are reflected at their actual costs. (Remember, withholding tax is not an expense of your company, so it should not affect other financial results. You are only acting as collection agent for the tax authority of amounts that would otherwise be due from the supplier.)
- **Recording tax withheld** for later remittance.

To satisfy the first concern, record purchased goods or services at their full costs, using as many lines as necessary, just as though no withholding tax was involved. Post these line items to the same accounts you normally would. Apply appropriate discounts, tax codes, and options as usual.

To satisfy the second concern, check the **Withholding tax** box and complete the additional fields that appear. This will reduce the balance due on the purchase invoice and post the withheld tax to *Withholding tax payable*, the liability account mentioned above.



Example

Sample Consulting purchases stationery worth 500 from Summit Supplies. Summit's sales invoice shows a 10% deduction for withholding tax is necessary. Sample enters the following information in its purchase invoice:

Purchase Invoice 3d2c3562-8

Issue date 06/14/2021 **Due date** By **Reference** 1 **Order number** Optional

Supplier
 Summit Supplies

Description

Item	Account	Description	Qty	Unit price	Total
↓	Printing and stationery	Business stationery		500	500

Line description
 Discount
 Withholding tax
 Rate %

The resulting purchase invoice looks like this:

Purchase Invoice

Summit Supplies **Invoice date**
06/14/2021
Due date
06/14/2021

Description	Amount
Business stationery	500.00
Total	500.00
Less: Withholding tax 10%	50.00
Balance due	450.00

450 is posted to *Accounts payable* and 50 to the *Withholding tax payable* liability account:

Liabilities	500.00
Accounts payable	450.00
Withholding tax payable	50.00

The full 500 cost of stationery is posted to an expense account:

<u>Less Expenses</u>	500.00
Accounting fees	-
Advertising and promotion	-
Bank charges	-
Billable expenses - cost	-
Computer equipment	-
Donations	-
Electricity	-
Entertainment	-
Fixed assets - depreciation	-
Inventory - cost	-
Legal fees	-
Motor vehicle expenses	-
Printing and stationery	500.00
Rent	-
Repairs and maintenance	-

Remit withheld tax

When withheld tax is remitted to the tax authority, a payment is posted to the *Withholding tax payable* account.



Example

Sample Consulting remits the 50 withheld from its payment to Summit Supplies via a bank payment:

Payment

Date 07/16/2021 **Reference** Optional

Paid from Account Business bank account **Status** Cleared

Payee Contact Other Tax authority

Description Remittance of withheld tax on behalf of Summit Supply

Item	Account	Qty	Unit price	Total
	Withholding tax payable		50	50

Line description
 Custom theme
 Custom title

The liability is cleared, but the *Accounts payable* balance will remain unchanged until Sample pays Summit Supplies the reduced balance due. The expense account where the purchase was originally posted is also not affected:

Liabilities	450.00
Accounts payable	450.00
Withholding tax payable	-
Printing and stationery	500.00

Provide notifications

Comply with local procedures after remitting withheld tax:

- File necessary information with the tax authority to indicate which suppliers' withheld tax you are remitting.
- Notify suppliers of your remittance if required by law.

For assistance preparing notifications, drill down on the balance (or dash, if the balance is zero) of *Withholding tax payable*. All relevant transactions will be listed. A General Ledger Transactions report for the *Withholding tax payable* account could also be prepared.



Example

Sample Consulting drills down on its *Withholding tax payable* account balance and obtains the following list for Summit Supplies:

Summary / Withholding tax payable / Summit Supplies								
Summit Supplies						Search		Search
		Date	Transaction	Bank account	Description	Debit	Credit	Balance
Edit	View	07/16/2021	Payment	Business bank account	Remittance of withheld tax on behalf of Summit Supply	50.00		0.00
Edit	View	06/14/2021	Purchase Invoice				50.00	50.00 Cr
						50.00	50.00	

and this report:

Sample Consulting			
General Ledger Transactions			
For the period from 06/01/2021 to 07/16/2021			
		Debit	Credit
Withholding tax payable			
06/14/2021	Summit Supplies		50.00
07/16/2021	Payment - Summit Supplies - Remittance of withheld tax on behalf of Summit Supply	50.00	
			50.00 Cr
			-

8.4.6 Adjust rounding differences on purchase invoices

Rounding differences can occur when a supplier uses different methods to calculate discounts or taxes on its sales invoices than Manager uses when you record those supplier sales invoices as purchase invoices.



Note

Rounding discussed in this Guide is the rounding necessary when multiple line items are included on a purchase invoice, not the rounding of the final balance that can be elected for a sales invoice when exclusion of fractional currency units is desired.

When a supplier sends you a sales invoice, you typically enter the invoice into Manager as a purchase invoice, exactly the same way it appears on the supplier's invoice.



Example

Derek purchases 2 different items for 100 each. The transaction would normally be recorded as follows, and everything is straightforward:

	Qty	Unit price	Amount
	1	100.00	100.00
	1	100.00	100.00
Total			200.00

The problem

A problem can arise if you are charged tax or when a discount is applied. Your supplier might use either of two methods for calculating taxes and discounts:

1. Calculate tax and discount on each line item individually, round the amounts, then total them.
2. Total line item amounts, then apply taxes and discounts.

Most automated accounting systems (including Manager) use the first method, because individual line items are often posted to different accounts and it is necessary that rounding be applied to each line item separately to do that. The second method is typically used when invoices are prepared manually, because fewer calculations are needed when taxes and discounts are calculated on the total invoice amount rather than each line item. If your supplier uses the second method, the calculated total in Manager may be different from the total on the supplier's invoice.



Example

Derek buys two different items from his supplier for \$11.55 and \$24.59 and receives a 3% discount. No tax is assessed.

Derek creates a purchase invoice in Manager (using the first method), so the discount is applied to individual amounts, the line figures are rounded, then the two discounted prices are totaled. \$11.55 is discounted to \$11.2035 and rounded to **\$11.20**. \$24.59 is discounted to \$23.8523 and rounded to **\$23.85**. The total using the first method is **\$35.05**, shown on his purchase invoice as below:

	Qty	Unit price	Discount	Amount
	1	11.55	3 %	11.20
	1	24.59	3 %	23.85
Total				35.05

But Derek's supplier used the second method. Both prices were added before any discount, that is:

$$\$11.55 + \$24.59 = \$36.14$$

Then the 3% discount was applied and the result rounded:

$$\$36.14 \times 0.97 = \$35.0558 \approx \mathbf{\$35.06}$$

So there is a small difference between Manager and Derek's supplier. Derek is tempted to ignore it. But if he wants his accounting for *Accounts payable* and *Tax payable* (if tax codes are used) to be correct, he must resolve the difference.



Note

The example above used discounts to illustrate the problem. Similar discrepancies can occur when tax codes are used.

The solution

If a rounding discrepancy like this occurs, do not enter a percentage discount on your purchase invoice. Instead, either:

- Calculate discounted unit prices manually and enter those in the **Unit price** fields. This gives you complete freedom to adjust the discounted, rounded amounts manually so they add up to the total amount charged on the sales invoice received from the supplier. Or,
- Enter exact discount amounts for one or more line items.

The selection of which line item price(s) to adjust is arbitrary and will generally have negligible impact on average unit cost of any inventory items involved. Regardless, the difference must be taken up somewhere so your purchase invoice total matches the supplier's sales invoice.



Example

If Derek manually calculates discounted unit prices. He rounds and enters them in his purchase invoice as \$11.20 and \$23.85. But of course, he notices his total is \$0.01 low compared to the supplier's invoice. So he adds one cent to the first unit price:

	Qty	Unit price	Amount
	1	11.21	11.21
	1	23.85	23.85
Total			35.06

Derek could also have entered exact discount amounts, keeping original unit prices the same, with an identical ultimate result:

	Qty	Unit price	Discount	Amount
	1	11.55	0.34	11.21
	1	24.59	0.74	23.85
Total				35.06

If a discrepancy occurs due to tax calculations, enter into the **Unit price** field the tax-inclusive price and check the box on the purchase invoice form to make the amounts tax-inclusive:

Amounts are tax inclusive

8.4.7 Resolve overpaid status on purchase invoices

In Manager, a purchase invoice can become **overpaid** when more has been paid or posted against it than the original total of the invoice. This results in the **Balance due** for the invoice showing as a negative amount. Manager will display *Overpaid* in the **Status** column of the main **Purchase Invoices** tab listing:

Purchase Invoices		New Purchase Invoice		Search		Search		
		Invoice date	#	Supplier	Description	Invoice total	Balance due	Status
Edit	View	03/05/2021	7	ACME Distributing	Miscellaneous supplies	4,000.00	- 400.00	Overpaid

There are many reasons an invoice could become overpaid:

- You accidentally paid the supplier more than the current invoice balance due.
- A payment to a supplier was allocated to the wrong invoice.
- A debit note was posted to an already-paid invoice.
- A payment was posted to a correct purchase invoice to which Manager had already distributed money automatically because an invoice was not selected during a previous payment entry. (The program can often, but not always, resolve situations like this spontaneously.)

Overpaid invoices are considered bookkeeping errors. Manager will display overpaid invoices at the top of the **Purchase Invoices** tab listing so you can see and resolve them. You should resolve overpaid status before generating supplier statements.

Viewing the purchase invoice ledger

To determine the specific reason a purchase invoice is overpaid, view the ledger for that invoice. To access the ledger, click on the blue amount under the **Balance due** column in the tab list:

Invoice total	Balance due	Status
4,000.00	- 400.00	Overpaid

This will reveal all transactions posted against the specific invoice (including the invoice itself) and a running balance:

Date	Transaction	Supplier	Bank account	Description	Amount	Balance
05/10/2021	Payment — 25	ACME Distributing	Credit card		- 4,400.00	- 400.00
03/05/2021	Purchase Invoice — 7	ACME Distributing		Miscellaneous supplies	4,000.00	4,000.00
					- 400.00	

Resolving overpaid status

Resolve overpaid status by editing one or more of the transactions in the invoice ledger.



Example

You entered a purchase invoice for ACME Distributing for 4,000. By mistake, you entered your credit card payment of the invoice for 4,400. However, a check of your credit card statement reveals you actually paid the correct amount. So this is only a data entry error. To resolve this issue, you edit the transaction where you recorded the payment as 4,400 to the correct amount of 4,000.

Suppose, however, you discover that you really did overpay. In that case, edit the payment and split the amount so only 4,000 is allocated to the purchase invoice and 400 remains unallocated:

Account	Qty	Unit price	Total
Accounts payable <input type="text" value="x"/> <input type="text" value="v"/>	Supplier ACME Distributing Invoice #7 — 03/05/2021 <input type="text" value="x"/> <input type="text" value="v"/>	4000	4000 <input type="text" value="x"/>
Accounts payable <input type="text" value="x"/> <input type="text" value="v"/>	Supplier ACME Distributing Invoice Automatic <input type="text" value="v"/>	400	400 <input type="text" value="x"/>
			4400

After the transaction is updated, the invoice status shows *Paid in full*:

Invoice date	#	Supplier	Description	Invoice total	Balance due	Status <input type="text" value="v"/>
03/05/2021	7	ACME Distributing	Miscellaneous supplies	4,000.00	0.00	<input type="button" value="Paid in full"/>

The unallocated 400 is applied to any other unpaid purchase invoices you have with ACME Distributing, oldest due date first, or remains as a credit to be applied to future purchase invoices.



Note

In situations like the one just described, good practice is to communicate with your supplier about your wishes. Do you want a refund? Or do you want your supplier to carry your credit on account for upcoming purchases?

Overpaid purchase invoices can also result from unexpected debit notes against already-paid invoices.



Example

Brilliant Industries has a purchase invoice from Edison Electrical Supply for inventory. The invoice is paid in full:

Purchase Invoices		New Purchase Invoice		Search		Search		
		Invoice date	#	Supplier	Description	Invoice total	Balance due	Status
Edit	View	03/01/2021	6	Edison Electrical Supply	Electrical inventory	5,466.00	0.00	Paid in full

Upon opening one of the boxes to replenish merchandise on its shelves, Brilliant discovers some of the goods were damaged during transit. Rather than having the broken goods returned, Edison agrees to issue a credit note to Brilliant for their cost. Brilliant enters this transaction as a debit note, allocating it to the original purchase invoice. The purchase invoice is now overpaid:

Invoice date	#	Supplier	Description	Invoice total	Balance due	Status
03/01/2021	6	Edison Electrical Supply	Electrical inventory	5,466.00	- 522.00	Overpaid

Brilliant has two choices. It can ask Edison for a refund, posting the receipt to *Accounts payable* and the specific purchase invoice. The purchase invoice ledger will show all relevant transactions:

#6 — 03/01/2021 — Balance due		New Payment		Search		Search	
		Date	Transaction	Supplier	Description	Amount	Balance
Edit	View	07/18/2021	Receipt	Edison Electrical Supply	Refund	522.00	0.00
Edit	View	07/08/2021	Debit Note — 2	Edison Electrical Supply	Electrical inventory	- 522.00	- 522.00
Edit	View	04/04/2021	Payment	Edison Electrical Supply		- 5,466.00	0.00
Edit	View	03/01/2021	Purchase Invoice — 6	Edison Electrical Supply	Electrical inventory	5,466.00	5,466.00

As an alternative, Brilliant can edit the debit note by deleting the purchase invoice allocation, leaving the 522 credit on account with Edison:

Supplier	Purchase Invoice
Edison Electrical Supply	Automatic

Manager will then automatically apply it to the next purchase invoice created for Edison. Either way, the purchase invoice status returns to *Paid in full*:

Invoice date	#	Supplier	Description	Invoice total	Balance due	Status
03/01/2021	6	Edison Electrical Supply	Electrical inventory	5,466.00	0.00	Paid in full

8.4.8 Offset simultaneous sales and purchase invoices

If you have a customer who is also a supplier, you may sometimes have simultaneous, outstanding sales and purchase invoices with the same business. In Manager, all sales invoices are subaccounts of *Accounts receivable*, while purchase invoices are subaccounts of *Accounts payable*.



Example

You have a customer who owes you 1,000 from a sales invoice, as shown in the **Sales Invoices** tab:

Sales Invoices		New Sales Invoice		Search		Search	
		Invoice date	#	Customer	Invoice total	Balance due	Status
Edit	View	02/18/2021	135	ACME Corporation	1,000.00	1,000.00	Due in 30 days

At the same time you have made a purchase on credit for 200 from this same business (in its role as a supplier). The purchase invoice shows in the **Purchase Invoices** tab:

Purchase Invoices		New Purchase Invoice		Search		Search	
		Invoice date	#	Supplier	Invoice total	Balance due	Status
Edit	View	02/18/2021	79	ACME Corporation	200.00	200.00	Due in 30 days

Instead of receiving money from the other business for your sales invoice while paying for the purchase invoice, you can **offset the outstanding sales and purchase invoices**, decreasing the amount due from your sales invoice by the amount of the purchase invoice. (Of course, if the purchase invoice is larger, you would be decreasing the amount owed from the purchase invoice by the amount of the sales invoice.) There are three methods you could use:

- Contra journal entries
- Offsetting receipts or payments
- Simultaneous credit and debit notes

The approaches produce slightly different financial results, because some only offset obligations, while one also records movement of money. They all have their own advantages and disadvantages.

Contra journal entries

It makes no difference whether the sales or purchase invoice is larger; the procedure is identical. To make an offsetting contra entry, go to the **Journal Entries** tab and click **New Journal Entry** :



In your journal entry, **debit Accounts payable** for the supplier by the smaller of the sales or purchase invoice balances. If the purchase invoice has a reference number, it can be selected. Otherwise, leave the **Invoice** field blank. **Credit Accounts receivable** for the customer and the sales invoice by the same amount.



Example

The smaller amount in the example above is the 200 purchase invoice. So a journal entry is created:

Account	Description	Debit	Credit
Accounts payable x ▾ Supplier ACME Distributing x ▾ Invoice #79 — 02/28/2021 x ▾	Sales and purchase invoices offset	200	
Accounts receivable x ▾ Customer ACME Distributing x ▾ Invoice #135 — 02/18/2021 x ▾	Sales and purchase invoices offset		200
		200	200

If there are more invoices, do not select invoice numbers. Instead, enter as the contra amount the smaller of the total *Accounts payable* or *Accounts receivable* balances for the other business. (Check these in the **Customers** and **Suppliers** tabs.) Manager will automatically offset outstanding sales and purchase invoices on the basis of oldest due dates. But still debit *Accounts payable* and credit *Accounts receivable*.



Example

After making the journal entry illustrated above, your purchase invoice will be marked as paid in full, even though your payment was actually via journal entry:

Purchase Invoices		New Purchase Invoice		Search		Search	
		Invoice date	#	Supplier	Invoice total	Balance due	Status
Edit	View	02/18/2021	79	ACME Corporation	200.00	0.00	Paid in full

The balance due on the sales invoice will decrease by 200:

Sales Invoices		New Sales Invoice		Search		Search	
		Invoice date	#	Customer	Invoice total	Balance due	Status
Edit	View	02/18/2021	135	ACME Corporation	1,000.00	800.00	Due in 30 days

An advantage of this method is offsetting of obligations with a single transaction. A disadvantage is that a journal entry is only an internal record. You have no suitable transaction to send to the other business to document the effort. You must rely upon mutual agreement that the other business will make a corresponding adjustment in some way. You run the risk of misunderstanding, exchange of remittances based on the initial documents, and the need for potential refunds. Another disadvantage is that a separate transaction is still required to settle one of the invoices (if it was not completely offset).

Offsetting receipts or payments

If settlement of both the sales and purchase invoices involved is imminent, you can resolve the situation with a single receipt or payment form. This approach has the advantage of providing a legal transaction record to furnish the other business. It also accomplishes the process with a single transaction. It has the disadvantage of requiring slightly different entries depending on whether the sales or purchase invoice is larger.



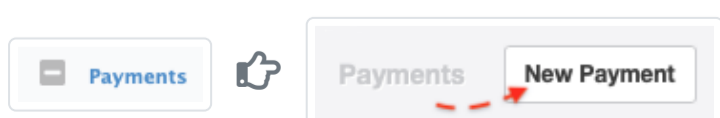
Caution

This method can only be accomplished if the other business agrees to make or receive payment at the same time. Otherwise, you will have offset the invoices while the other business will not. This raises the possibility of confusion and means that your records will be incorrect until the other business takes corresponding action.

To use this approach, determine whether the balance due on the sales invoice(s) or purchase invoice(s) is larger. If the amount owed to you for the sales invoice(s) is larger than the amount you owe on the purchase invoice(s), go to the **Receipts** tab and click **New Receipt** (solid arrow). If the amount you owe the other business on the purchase invoice(s) is larger, to to the **Payments** tab and click **New Payment** (dashed arrow):



OR



On the receipt or payment entry screen post one line item to *Accounts payable*, the other business' name as a supplier, and the relevant purchase invoice reference number. Post a second line item to *Accounts receivable*, the other business' name as a customer, and the relevant sales invoice reference number.

Here is where procedures differ based on relative balances due of the sales and purchase invoices. If the form is a receipt (based on your selection above), enter the balance due of the sales invoice as a positive number, posted to *Accounts receivable*, and the purchase invoice balance due as a negative number, posted to *Accounts payable*. But if the form is a payment, reverse the signs, entering the sales invoice balance due as a negative number, posted to *Accounts receivable*, and the purchase invoice balance due as a positive number, posted to *Accounts payable*. See the table below:

Larger Balance	Form Type	Accounts receivable	Accounts payable
Sales invoice(s)	Receipt	+	-
Purchase invoice(s)	Payment	-	+



Example

In the same situation described in the examples above, since the sales invoice balance due is larger than the purchase invoice balance due, a receipt is selected. The invoice balances are entered with signs as in the table above:

Item	Account	Description	Qty	Unit price	Amount
	Accounts payable x	ACME Distributing x Invoice #79 x		-200	-200
	Accounts receivable x	ACME Distributing x Invoice #135 x		1000	1,000
					800

Because this method accounts for the actual movement of money, both invoices now show as being paid in full:

Sales Invoices		New Sales Invoice		Search		Search	
		Invoice date	#	Customer	Invoice total	Balance due	Status
Edit	View	02/18/2021	135	ACME Corporation	1,000.00	0.00	Paid in full

Purchase Invoices		New Purchase Invoice		Search		Search	
		Invoice date	#	Supplier	Invoice total	Balance due	Status
Edit	View	02/18/2021	79	ACME Corporation	200.00	0.00	Paid in full



Note

If the sales and purchase invoices balances are identical, it does not matter whether you choose a receipt or payment. But the signs on entries must still follow the convention in the table above. A transaction in this situation is known as a zero-valued receipt or payment.

Simultaneous credit and debit notes

The final method involves more transactions than either of the other two. But it can be used without coordinating simultaneous settlement of the invoices with the other business. In that respect, it is similar to a contra journal entry. However, it can produce a recognizable accounting transaction to send to the other business. It is most useful when the balance of the sales invoice is larger than the balance of the purchase invoice.

If the balance of the sales invoice is larger, issue a credit note to the other business (as a customer) for the balance of the purchase invoice. At the same time, issue yourself a debit note from the other business (as a supplier) for the balance of the purchase invoice. This will reduce the amount the other business owes to you, regardless of when they settle the sales invoice. And it will reduce the amount you owe on the purchase invoice to zero.

If the balance of the purchase invoice is larger, issue a credit note to the other business (as a customer) for the full balance of the sales invoice. Issue yourself a debit note from the other business (as a supplier) for the balance of the sales invoice. This will reduce the balance the other business owes you to zero and the amount you owe on the purchase invoice by the amount of the sales invoice.



Example

Using the same example as before, since the sales invoice balance is larger, a credit note is issued for the 200 balance of the purchase invoice. The balance due on the sales invoice decreases to 800. A debit note is created for the same 200 balance of the purchase invoice. The balance due on the purchase invoice decreases to zero. The balance due on the sales invoice can be received whenever the other business pays.



Note

Often, a debit note is created in response to a credit note received from a supplier. But debit notes can also be created in response to less formal communications with a supplier, such as an email or telephone conversation. You should coordinate with the other business to determine what procedure will be followed. When a formal credit note will not be sent, good practice is to document the debit note in some fashion.

Summary

Contra journal entries adjust obligations in a single transaction. But they still require a receipt or payment to record the movement of money. And they cannot provide a recognizable transaction document to another business.

Offsetting receipts or payments accomplish everything with one transaction. But they require close coordination with the other business.

Simultaneous credit and debit notes give freedom to both businesses, document the transactions well with recognizable accounting records, but still need a separate receipt or payment when money is moved.

8.5 Debit Notes

8.5.1 Use debit notes for supplier returns and refunds

A **debit note** records an adjustment by a [supplier](#) of the amount owed to that supplier by a business. Typically, a debit note is created in response to a credit note received by the business from a supplier, although not all supplier credits are formally documented. Debit notes are internal; that is, they are not normally provided to the supplier. They might be for:

- Return of goods
- Adjustment (refund) of price for goods or services previously delivered
- Overpayment of amounts billed

A debit note makes all necessary corrections to inventory, expense, and tax accounts. It does not record actual receipt of money from the supplier, but only adjusts the supplier's balance in *Accounts payable*. A debit note can be created regardless of whether the supplier has yet been paid for the goods or services.



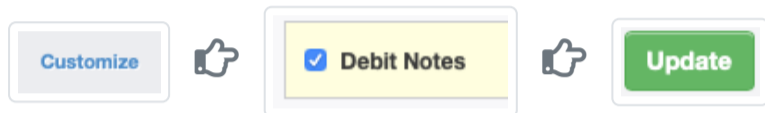
Notes

A debit note should not normally be used if the original transaction was a [cash purchase](#), because the purchase will not have been recorded in the supplier’s subaccount in *Accounts payable*. In such situations, a direct receipt should usually be entered. In these cases, enter quantities returned to the supplier as negative numbers. However, if the cash seller has also been defined as a supplier and offers an account credit rather than a cash refund, a debit note may be used.

If a goods receipt originally recorded receipt of inventory items, another goods receipt must be created to record the return of goods (if any) on a debit note. In that case, enter a negative quantity on the goods receipt.

Enable the Debit Notes tab

Before debit notes can be created, the Debit Notes tab must be enabled. Click Customize below the left navigation pane, check the box for Debit Notes, and click Update below the list:

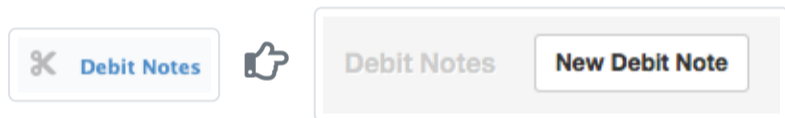


Debit notes can then be created three ways:

- Standard method
- Cloning
- Copying

Standard method

In the Debit Notes tab, click on New Debit Note :



Complete the form:

Debit Note

Issue date **Reference** Optional

Supplier **Purchase Invoice**

Description

Item	Account	Qty	Unit price	Total	Tax Code	Tax Amount	Total	Division
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	No tax	0	0	Optional

Amounts are tax inclusive

Line description

Discount

Custom theme

- By default, today’s **Issue date** is prepopulated. Normally, this date is edited to match the date of the supplier’s credit note.
- **Reference** can be used to enter the supplier’s credit note number. If the box within the field is checked, Manager will assign a number automatically. The program will find the highest number among all existing debit notes and add 1.



Caution

If automatic sequencing is used, the number assigned will be higher than any previously assigned number, including suppliers' numbers. Therefore, best practice is to use either all suppliers' numbers or all automatic numbers.

- A **previously defined Supplier** must be selected in the dropdown box.
- After a supplier has been selected, the optional **Purchase invoice** dropdown menu includes a list of that supplier's purchase invoices. If the debit note applies to a specific invoice, select it here.
- Line items being returned or adjusted can be completed semi-automatically by selecting predefined inventory or non-inventory items in the **Item** field and entering quantities. Or, they may be entered manually.
- **Qty** and **Unit price** are self-explanatory.
- An applicable **Tax Code** can be selected.
- A **Division** can be selected, if divisions have been defined. This field appears only when an **Account** has been selected to which divisions could apply.

Checkboxes at the bottom of the form offer some of the same options as when creating purchase invoices. When some of these boxes are checked, additional fields appear:


- **Amounts are tax inclusive** lets you choose between tax-inclusive and tax-exclusive prices. If this box is checked, tax amounts are deducted from the unit price; otherwise they are added to it.
- **Line description** adds a Description field to each line item. Line descriptions are optional.
- If **Discount** is checked, further options appear for *Percentage* or *Exact amount* discounts. This selection governs the entire credit note, but discounts must be entered line item by line item.
- A **Custom theme** can be indicated.

Save the transaction by clicking :

Debit Note

Aux joyeux ecclésiastiques
203 Rue des Francs-Bourgeois Paris
75004

Return of damaged product



NORTHWIND TRADERS

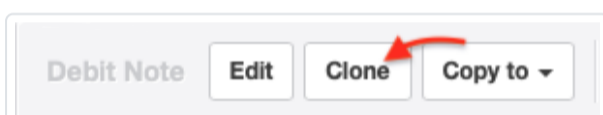
Issue date 10/07/2016
Reference 123456

Northwind Traders
1313 Webfoot Walk
Callisota
Bank 234 566788
Phone 333-444-5555

Description	Qty	Unit price	Amount
Côte de Blaye	10	192.36	1,923.60
Total			1,923.60

Cloning

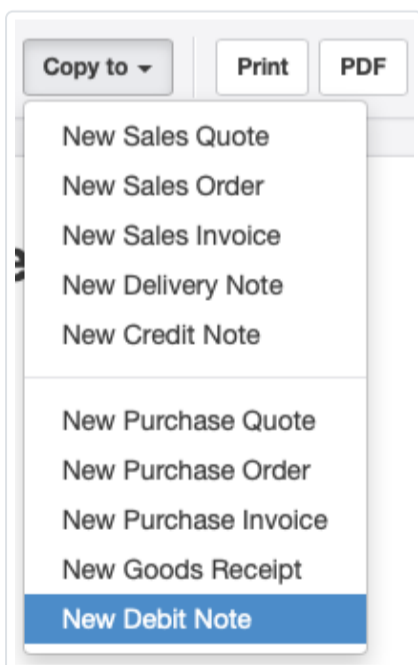
For a repeat transaction, an existing debit note can be duplicated by cloning. While viewing the existing debit note, click Clone :



The clone can be edited before clicking Create .

Copying

Debit notes can also be copied from other sales- or purchase-related transactions. While viewing a source transaction, click Copy to and select *New Debit Note*:



Relevant information will be carried over from the source transaction. However, if a sales-related transaction is copied to a debit note, customer information will not carry over.

Receiving a refund

If a supplier refunds the credit balance, receive money into a bank or cash account, allocating the refund to *Accounts payable* and the supplier's subaccount. When a receipt is recorded, the balance of *Accounts payable* to the supplier will move in the positive direction, that is, towards a credit and away from a debit balance:

		Date	Transaction	Bank account	Description	Debit	Credit	Balance
Edit	View	03/01/2021	Receipt	Checking account	Refund for damaged product		1,078.92	0.00
Edit	View	01/04/2021	Debit Note – 1		Marmalade order	1,078.92		1,078.92 Dr
Edit	View	11/10/2020	Payment – 1622			1,078.92		0.00
Edit	View	01/01/2019	Purchase Invoice – 27484		Marmalade order		1,078.92	1,078.92 Cr

8.6 Goods Receipts

8.6.1 Create goods receipts

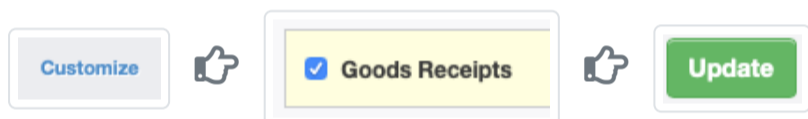
Goods receipts help track location of inventory items enroute from suppliers. They can be used to:

- Record the physical (as opposed to financial) aspect of purchase transactions
- Confirm receipt of ordered goods (when given to a supplier)

They have no financial impact. Indeed, they include no financial information. Goods receipts are completely optional. Without them, that is, when the **Goods Receipts** tab is not enabled, receipt of goods is assumed to occur as soon as the purchase invoice or payment form is created.

Enable the **Goods Receipts** tab

To use goods receipts, first enable the **Goods Receipts** tab. Click **Customize** below the left navigation pane, check the box for **Goods Receipts**, and click **Update** below the list:



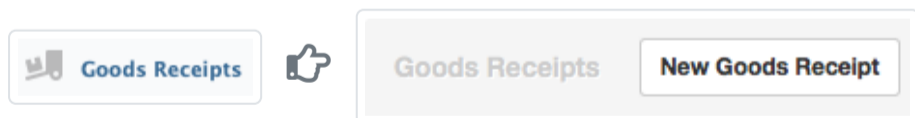
Create a goods receipt

Goods receipts can be created three ways:

- Standard method
- Cloning
- Copying

Standard method

In the **Goods Receipts** tab, click **New Goods Receipt** :



Complete the goods receipt entry form:

Goods Receipt

Date	Reference	Order number	Invoice number
<input type="text" value=""/>	<input type="checkbox"/> Optional <input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>

Supplier

Inventory location

Description

Item	Description	Qty
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>

Custom theme

- **Date** contains today's date by default, but may be edited.
- **Reference** can be used for any internal or external sequence. If the box within the field is checked, a number will be assigned automatically. Manager will locate the highest-numbered existing goods receipt and add 1 to its reference number.
- **Order number** is the corresponding purchase order number, if any.
- **Invoice number** is the corresponding purchase invoice number, if any.
- **Supplier** is a predefined supplier from the **Suppliers** tab. Goods receipts cannot be created for cash purchases, because the goods are presumed to have been received upon payment.
- **Inventory location** appears if inventory locations are defined under **Settings**. Choose the location where goods are being received.
- The first **Description** is for an optional summary of the entire goods receipt.
- **Item** allows you to select inventory items or non-inventory items.
- The second and all subsequent **Description** fields describe individual line items. If this field is defined for an inventory or non-inventory item, that definition will automatically be carried over. The field may be edited.
- **Qty** is the quantity of the line item being received **at this time**.



Note

When a goods receipt is created in conjunction with a debit note, **enter a negative quantity**.

- **Add line** allows you to add more line items 1, 5, 10, or 20 at a time.
- A **Custom theme** can be selected if any are active.

Click **Create** to issue the goods receipt. All necessary adjustments to inventory quantities and status by location occur automatically.



Example

Northwind Traders has purchased 18 jars of marmalade from Specialty Biscuits. Northwind entered purchase invoice #27484. It issues goods receipt #2315 when the product arrives:

Goods Receipt



NORTHWIND TRADERS

Specialty Biscuits
Sales Representative
29 King's Way
Manchester UK
M14 GSD

Date
3/3/2017

Reference
2315

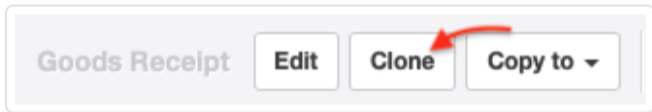
Invoice number
27484

Northwind Traders
1313 Webfoot Walk
Calisota
Bank 234 566788
Phone 333-444-5555

Description	Qty
Sir Rodney's Marmalade	18

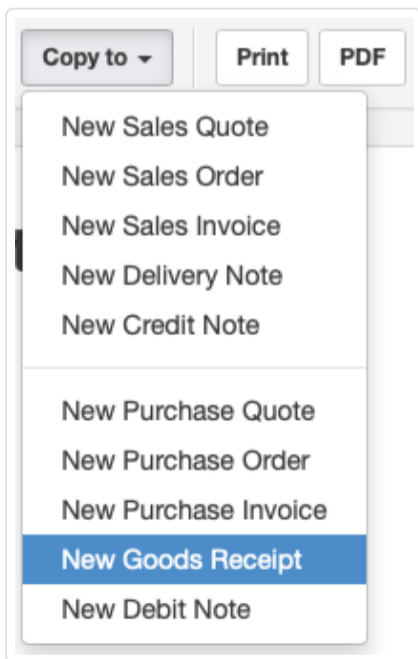
Cloning

If a goods receipt for similar items already exists, it can be cloned to create a new goods receipt. While viewing the existing goods receipt, click **Clone** :



Copying

All other methods of goods receipt creation use the **Copy to** function. This is available from any sales- or purchase-related transaction. When viewing an eligible transaction, click **Copy to** and select *New Goods Receipt*:



A completed goods receipt entry screen will appear. Edit as required and click **Create** .



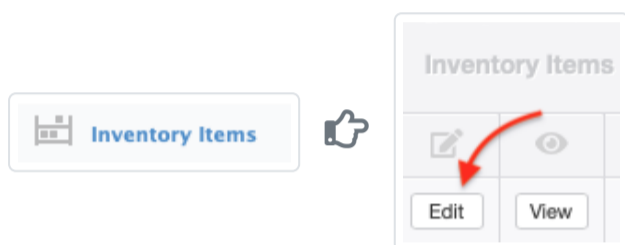
Caution

Think carefully before enabling the **Goods Receipts** tab. Once you have started using it, you must continue. Manager will not allow you to disable the tab after the first goods receipt is created. The functionality this tab provides can be very important for some businesses. But it also entails extra work every time an inventory item is purchased. Consider creating a test company to explore whether it is truly necessary for your business. It can always be added later.

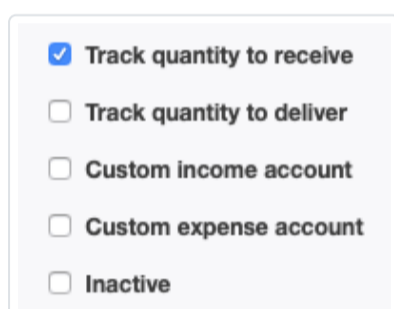
8.6.2 Use goods receipts

Goods receipts can be used for quantitative tracking of inventory items purchased from defined suppliers. Goods receipts are created following instructions in [another Guide](#). Read it first.

Goods receipts can separate the financial aspect of purchasing inventory items from a supplier from their quantitative addition to inventory and receipt from the supplier. But this separation is not automatic. It must be chosen independently for each individual inventory item. To make the election for an inventory item, go to the **Inventory Items** tab and **Edit** the inventory item:



Near the bottom of the screen, check the box to **Track quantity to receive**:



Then click **Update**. Now, whenever the inventory item is purchased from a defined supplier, a goods receipt is required to complete the transaction.



Example

Brilliant Industries defined one of its inventory items, a table lamp, to include the option to track the quantity to receive. The **Inventory Items** tab listing shows 10 table lamps to receive:

Inventory Items		New Inventory Item											Search	
		Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost	
Edit	View	101	Table lamp	White ceramic lamp with silk shade	195	395	Each	10	30	0	40	195.02	7,800.96	

Drilling down on the quantity, Brilliant sees that all 10 await reception from ACME Distributing:

101 - Table lamp — Qty to receive		Search	
Supplier	Qty to receive		
ACME Distributing	10		

Drilling further, Brilliant sees the pending deliveries all originate from the same purchase invoice:

ACME Distributing		Search		
Date	Transaction	Description	Qty to receive	Balance
06/08/2021	Purchase Invoice — 80	White ceramic lamp with silk shade	10	10

Brilliant copies that purchase invoice to a goods receipt:

Goods Receipt

ACME Distributing
1234 Main Avenue
Anytown, Sample Province
Lovaronia

Date
08/11/2021

Invoice number
80

Brilliant Industries
1313 Webfoot Walk
Duckburg
Calisota
info@brilliantindustries.com

Code	Description	Each
101	White ceramic lamp with silk shade	10

The **Inventory Items** tab list is automatically adjusted:

		Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
Edit	View	101	Table lamp	White ceramic lamp with silk shade	195	395	Each	0	40	0	40	195.02	7,800.96

Note, however, that while quantities on hand and to receive are adjusted, the quantity owned, average cost, and total value of inventory remain unchanged. That is because those figures were adjusted by the purchase invoice.

In the preceding example, quantity to receive was tracked because ACME Distributing was a defined supplier from the **Suppliers** tab. But if the purchase had been from someone other than a defined supplier, the quantity to receive would not have been tracked.



Example

After completing receipt of the lamps in the example above, Brilliant Industries buys another table lamp from another source who is not a defined supplier, recording the purchase only with a payment form:

Payment

Downtown Lamp Supply	Date 08/11/2021	Brilliant Industries 1313 Webfoot Walk Duckburg Calisota info@brilliantindustries.com
-----------------------------	---------------------------	--

Code	Description	Qty	Unit price	Total
101	White ceramic lamp with silk shade	1 Each	195.00	195.00
Total				195.00

The quantities on hand and owned are immediately increased, but the quantity to receive remains zero, despite no goods receipt having been created:

		Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
		101	Table lamp	White ceramic lamp with silk shade	195	395	Each	0	41	0	41	195.02	7,995.96



Notes

Prior to Version 21.4.58, Manager required a goods receipt to complete the purchase of every inventory item recorded on a purchase invoice if the **Goods Receipts** tab was enabled. With that version, the choice became optional. Additionally, goods receipts became applicable to all purchases from defined suppliers, even if recorded via payments. Prior to Version 21.4.58, purchase via payments were always assumed to be received simultaneously.

The **Batch Update** function can be used to make bulk changes to the goods receipt option for inventory items.

The decision on whether to track quantity to receive—and therefore use goods receipts—for a particular inventory item depends on several factors, including stocking practices, purchase or production lead times, volume of credit versus cash purchases, and your need for inventory planning and documentation.



Caution

Once you decide to track quantity to receive, you must follow through. If you do not create the necessary goods receipts, your accounting records will show expenses related to purchases, but your inventory counts will never be increased.

Chapter 9: Inventory

Inventory includes tangible goods held for sale or production. Inventory management can be complex, and Manager's behavior changes, depending on which functional tabs are enabled. Read Guides in the Overview section first to see which capabilities you want to use.

9.1 Overview

9.1.1 Manage inventory - Part 1 Introduction

Inventory comprises goods held by a business for sale or production. It does not include fixed assets, such as equipment or buildings. Nor does it include tools or consumable supplies used during operations. The value of inventory is an asset, because it can generate future income. Therefore, it appears on a company's balance sheet.

So inventory must be counted and valued. It must be tracked as it is produced, bought, or sold. Manager includes many features to help **manage inventory**. Some are essential; others are optional. Program behavior changes, depending on which tools are used. This Guide explains how various tools and capabilities interact so you can decide which to use in your situation. It is divided into three parts: Introduction, [Continuation](#), and [Conclusion](#). You are reading Part 1 Introduction.

The three parts of this Guide do not furnish detailed, step-by-step instructions for enabling functional tabs, completing transaction forms, or generating reports. Those can be found in [other Guides](#), to which hyperlinks are provided. Instead, they focus on relationships between the inventory management features of the program:

- **Inventory items** are defined elements by which inventory is managed. They can have purchase and sales prices, specified tax codes to be applied, and individual units of measure. Their costs and revenues can be assigned to custom accounts. Most importantly, they have standard item codes, names, and descriptions by which they can be referenced.
- **Purchase invoices** record purchases of inventory items from suppliers on credit.
- **Sales invoices** record sales of inventory items to customers on credit.
- **Goods receipts** document receipt of goods at a location or from a supplier.
- **Delivery notes** document delivery of goods to a location or customer.
- **Debit notes** record return of goods to suppliers.
- **Credit notes** record return of goods to your business from customers.
- **Cash receipts and payments** record transactions of inventory items paid at the time.
- **Production orders** record in-house manufacture of inventory items from other inventory items and non-inventory cost inputs.
- **Inventory kits** are data entry shortcuts for combinations of inventory items stocked individually but sold together under a single identification. (The items may also be sold individually in other transactions.)
- **Inventory locations** are discrete places where inventory items are physically stored, such as different warehouses or shops.
- **Inventory transfers** record movement of inventory items between inventory locations.
- **Inventory write-offs** document the loss, damage, or other non-revenue-producing reduction of inventory.
- **Inventory reports** provide information on changes in quantities, values, or locations of inventory. They also list profitability and price of inventory items.



Note

Purchase orders and sales orders are not included in this discussion because they are not actual financial transactions and have no impact on inventory. They are convenient shortcuts for recording orders to suppliers or from customers. And they can be copied to other transactions that affect inventory. But in the current version of Manager, purchase orders do not adjust inventory availability or backorder status. Nor do sales orders commit inventory to a particular customer or future sales transaction.



Example

All three parts of this Guide illustrate various aspects of inventory management using an example company, Brilliant Industries. Brilliant Industries sells electric lamps and lamp parts at wholesale. It is not required to collect or pay any taxes on sales or purchases in its jurisdiction. Brilliant has 6 different items in inventory and assigns 3-digit item codes:

Inventory Items		New Inventory Item				
	Item code	Item name	Description	Purchase price	Sales price	Unit Name
Edit	101	Table lamp	White ceramic lamp with silk shade	195	345	Each
Edit	222	Lamp kit	Ceramic lamp base with socket	87	123	Each
Edit	388	Lamp shade	Ivory silk lamp shade	24.35	55.99	Each
Edit	395	Lamp cord	2-meter replacement lamp cord	3.25	5.79	Each
Edit	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case
Edit	463	60 W bulbs	Twin-pack of 60 Watt bulbs	3.5	7.95	Pack

Brilliant currently has two customers and two suppliers:

Customers		New Customer	
	Name		
Edit	Bob's Hardware		
Edit	Lumen Lighting		

AND

Suppliers		New Supplier	
	Name		
Edit	ACME Distributing		
Edit	Edison Electrical Supply		

So far, Brilliant Industries has enabled just three tabs related to inventory management (**Reports** is always enabled for all businesses):

- Customers
- Suppliers
- Inventory Items

Purchasing inventory

Inventory can be purchased with purchase invoices or cash payments.



Example

Brilliant Industries buys an initial stock of inventory via a combination of purchase invoice and cash payment. ACME Distributing presents its sales invoice upon delivery of the merchandise. So as soon as Brilliant enters the corresponding purchase invoice, the items are considered to be in stock. Edison Electrical Supply sells only over the counter. So Brilliant’s owner leaves Edison’s warehouse with purchased items in hand, having written a check on the spot.

Brilliant enables the **Purchase Invoices** tab. The **Bank Accounts** and **Receipts & Payments** tabs were enabled when the company’s bank account was established. (As Brilliant enables tabs, it sets up all forms for automatic sequential reference numbers under [Form Defaults](#).) The two transactions are entered as below:

Purchase Invoice

Invoice date: 05/30/2020 Due date: By Invoice number: Automatic

Supplier: ACME Distributing

Description: Initial inventory purchase

Inventory location: Unspecified location

Item	Account	Description	Qty	Unit price	Amount
101 - Table lamp	Inventory on hand	White ceramic lamp with silk shade	20	195	3,900
222 - Lamp kit	Inventory on hand	Ceramic lamp base with socket	10	87	870
388 - Lamp shade	Inventory on hand	Ivory silk lamp shade	10	24.35	243.5
					5,013.5

Add line

Payment or Receipt

Date: 05/30/2020 Type: Payment Reference: Automatic

Account: Checking account Status: Cleared Date:

Payee: Edison Electrical Supply

Description: Initial inventory purchase

Inventory location: Unspecified location

Item	Account	Description	Qty	Unit price	Amount
395 - Lamp cord	Inventory on hand	2-meter replacement lamp cord	10	3.25	32.5
410 - 24 lumen LED bulbs	Inventory on hand	Case of 12 24-lumen LED bulbs	2	75	150
463 - 60 W bulbs	Inventory on hand	Twin-pack of 60 Watt bulbs	50	3.5	175
					357.5

Add line

Since all transactions were complete when they were entered, there is no need for Brilliant Industries to enable the

Goods Receipts tab. The Inventory Items list shows the results of the two purchases:

Inventory Items		New Inventory Item		Search		Search			
<input type="checkbox"/>	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty on hand	Average cost	Total cost
<input type="button" value="Edit"/>	101	Table lamp	White ceramic lamp with silk shade	195	345	Each	20	195.00	3,900.00
<input type="button" value="Edit"/>	222	Lamp kit	Ceramic lamp base with socket	87	123	Each	10	87.00	870.00
<input type="button" value="Edit"/>	388	Lamp shade	Ivory silk lamp shade	24.35	55.99	Each	10	24.35	243.50
<input type="button" value="Edit"/>	395	Lamp cord	2-meter replacement lamp cord	3.25	5.79	Each	10	3.25	32.50
<input type="button" value="Edit"/>	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	2	75.00	150.00
<input type="button" value="Edit"/>	463	60 W bulbs	Twin-pack of 60 Watt bulbs	3.5	7.95	Pack	50	3.50	175.00
									5,371.00

Average cost

Manager employs the perpetual average cost method for inventory valuation. This method divides the total acquisition cost of units of an inventory item in stock by the number of that item in stock. Thus, if more units are acquired at a cost higher than the current average cost, the average cost of all units will go up, no matter how many units are acquired or in stock or what their individual costs were.

When items are produced, the cost of inventory consumed is transferred to the new finished goods at the average cost of each input item. Any non-inventory costs are also apportioned among the finished goods.

Producing inventory

When inventory items are produced in-house, production orders record consumption of resources and output of new finished goods.



Example

Brilliant Industries can buy finished table lamps from ACME Distributing. But it can also produce them from parts purchased from various suppliers. It decides to manufacture a batch of 3 table lamps. So it enables the **Production Orders** tab and enters the following production order:

Production Order

Date **Reference**

Description

Finished item
 x

Bill of materials

- ↑ x x
- ↑ x x
- ↑ x x

Add non-inventory cost into production

Account x **Amount**

The inventory listing shows the increase in finished table lamps, as well as reductions in the three items that went into production. Also notice that average cost of table lamps has declined because of the production order. The cost of input items for a lamp (87.00 + 24.35 + 3.25 = 114.60) plus labor (75.00 / 3 = 25.00) is less (139.60) than the purchase cost of a finished lamp (195.00). In other words, Brilliant Industries can assemble table lamps itself for less than it can buy them, potentially allowing more profit:

Inventory Items		New Inventory Item		Search		Search			
	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty on hand	Average cost	Total cost
<input type="button" value="Edit"/>	101	Table lamp	White ceramic lamp with silk shade	195	345	Each	23	187.77	4,318.80
<input type="button" value="Edit"/>	222	Lamp kit	Ceramic lamp base with socket	87	123	Each	7	87.00	609.00
<input type="button" value="Edit"/>	388	Lamp shade	Ivory silk lamp shade	24.35	55.99	Each	7	24.35	170.45
<input type="button" value="Edit"/>	395	Lamp cord	2-meter replacement lamp cord	3.25	5.79	Each	7	3.25	22.75
<input type="button" value="Edit"/>	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	2	75.00	150.00
<input type="button" value="Edit"/>	463	60 W bulbs	Twin-pack of 60 Watt bulbs	3.5	7.95	Pack	50	3.50	175.00
									5,446.00

Also note that total value of inventory has risen because of the 75.00 labor cost to manufacture 3 lamps. The company now has more invested in its inventory. But it can also sell that same inventory for much more because of the value added through manufacturing operations.

Selling inventory

Inventory can be sold with sales invoices or cash receipts.



Example

Brilliant Industries sells products to Bob's Hardware. It enables the **Sales Invoices** tab and records the sale on the following sales invoice:

Sales Invoice

Invoice date: 05/30/2020 Due date: By Invoice number: 1 Order number: # Optional Quote number: # Optional

Customer
Bob's Hardware

Billing address
1111 Main Avenue
Anywhere
Kingdom of Money

Description
Product sales

Item	Account	Description	Qty	Unit price	Amount
101 - Table lamp	Inventory - sales	White ceramic lamp with silk shade	4	345	1,380
463 - 60 W bulbs	Inventory - sales	Twin-pack of 60 Watt bulbs	6	7.95	47.7
					1,427.7

Add line

It also sells 1 case of LED bulbs to Lumen Lighting for cash, and enters that transaction as a receipt:

Payment or Receipt

Date: 05/30/2020 Type: Receipt Reference: 2

Account: Checking account **Status**: Cleared Date:

Payer: Lumen Lighting

Description: Cash sale

Item	Account	Description	Qty	Unit price	Amount
410 - 24 lumen LED bulbs	Inventory - sales	Case of 12 24-lumen LED bulbs	1	100	100
					100

Add line

Quantities on hand have decreased for table lamps, 60 Watt bulbs, and LED bulbs:

Inventory Items **New Inventory Item** Search Search

	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty on hand	Average cost	Total cost
Edit	101	Table lamp	White ceramic lamp with silk shade	195	345	Each	19	187.77	3,567.70
Edit	222	Lamp kit	Ceramic lamp base with socket	87	123	Each	7	87.00	609.00
Edit	388	Lamp shade	Ivory silk lamp shade	24.35	55.99	Each	7	24.35	170.45
Edit	395	Lamp cord	2-meter replacement lamp cord	3.25	5.79	Each	7	3.25	22.75
Edit	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	1	75.00	75.00
Edit	463	60 W bulbs	Twin-pack of 60 Watt bulbs	3.5	7.95	Pack	44	3.50	154.00
									4,598.90

Because the goods were delivered immediately and either accompanied by a sales invoice or a cash receipt, Brilliant Industries did not use the **Delivery Notes** tab. Manager treated all inventory movements as having happened immediately.

Understanding backorders

When you have sold more inventory items than you own (have on hand) the situation is described as a **backorder**. That term is somewhat misleading, because additional stock has not necessarily been ordered. This situation shows up in Manager as negative inventory quantities. The negative quantity indicates how many units of the inventory item must be purchased or produced to satisfy existing sales.



Example

If Brilliant Industries had sold 3 cases of LEDs to Lumen Lighting in the previous example, a backorder situation would exist, because only 2 had been purchased and were on hand. The inventory list would show a quantity on hand of -1:

	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty on hand	Average cost	Total cost
<input type="button" value="Edit"/>	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	-1		0.00

Notice that total cost of this item has dropped to zero, and average cost is non-existent because there is no inventory.

Inventory reports

Four reports became available when the **Inventory Items** tab was enabled:

- **Inventory Value Summary** lists opening balances, value added through purchases or production orders, cost (on an average cost basis) of inventory sold, adjustments, and closing balances. The report can be generated for any defined period of time. An inventory item that is out of stock for the entire period will not be listed, because there will be neither value nor value movement at any time during the period. But an item that is in stock but has no movement will be included.



Example

Brilliant Industries began the year with no inventory, made initial purchases, produced some lamps, and made sales. Its Inventory Value Movement report is shown below. Notice that only the 2 cases of LEDs actually delivered are included; the backordered merchandise will not appear until more are purchased and delivered:

Brilliant Industries						
Inventory Value Summary						
For the period from 01/01/2020 to 12/31/2020						
	Opening balance	Purchases	Production Orders	Cost of sales	Adjustments	Closing balance
101 - Table lamp	-	3,900.00	418.80	- 751.10	-	3,567.70
222 - Lamp kit	-	870.00	- 261.00	-	-	609.00
388 - Lamp shade	-	243.50	- 73.05	-	-	170.45
395 - Lamp cord	-	32.50	- 9.75	-	-	22.75
410 - 24 lumen LED bulbs	-	150.00	-	- 150.00	-	-
463 - 60 W bulbs	-	175.00	-	- 21.00	-	154.00
	0.00	5,371.00	75.00	- 922.10	0.00	4,523.90

- **Inventory Quantity Summary** corresponds closely with the previous report, but lists quantities instead of values.



Example

Brilliant Industries' matching Inventory Quantity Movement report is below. Note the backordered LEDs second from the bottom of the list:

Brilliant Industries					
Inventory Quantity Summary					
For the period from 01/01/2020 to 12/31/2020					
	Opening balance	Purchases	Production Orders	Sales	Closing balance
101 - Table lamp	-	20	3	-4	19
222 - Lamp kit	-	10	-3	-	7
388 - Lamp shade	-	10	-3	-	7
395 - Lamp cord	-	10	-3	-	7
410 - 24 lumen LED bulbs	-	2	-	-3	-1
463 - 60 W bulbs	-	50	-	-6	44
	0	102	-6	-13	83

- **Inventory Profit Margin** tabulates profits and margin rates on inventory items sold during a period. Items not sold during the period are omitted. This report includes the effects on profit of merchandise returns by credit note. It does not, however, include the

effect of returns by direct payment, because such a transaction would be indistinguishable from a cash purchase of inventory.



Example

Brilliant Industries sold only 3 different items during the reporting period, so only those show on the Inventory Profit Margin report:

Brilliant Industries				
Inventory Profit Margin				
For the period from 01/01/2020 to 12/31/2020				
	Sales	Cost of sales	Profit	Margin
101 - Table lamp	1,380.00	- 751.10	628.90	45.57%
410 - 24 lumen LED bulbs	300.00	- 150.00	150.00	50%
463 - 60 W bulbs	47.70	- 21.00	26.70	55.97%
	1,727.70	- 922.10	805.60	

- **Inventory Price List** includes all current sales prices of inventory items. If a sales price is not defined, the item will not appear on the list. If a custom field has been defined for inventory items, the report can be filtered by content of the custom field.



Example

Brilliant Industries' full current price list is show below:

Brilliant Industries	
Inventory Price List	
	Sales price
101 - Table lamp	345.00
222 - Lamp kit	123.00
388 - Lamp shade	55.99
395 - Lamp cord	5.79
410 - 24 lumen LED bulbs	100.00
463 - 60 W bulbs	7.95

Brilliant adds a custom field for inventory categories. It filters the report for *Finished lamps*, with a corresponding title:

Inventory Price List

Name

Filter by custom field

Inventory category × ▾

Finished lamps × ▾

The resulting report appears below:

Brilliant Industries	
Inventory Price List	
Finished lamps	
	Sales price
101 Table lamp	345.00



Note

Because Inventory Value Summary and Inventory Quantity Summary reports are related to transactions within a specified time period, they will not necessarily reflect total value or quantities of inventory on hand. That information can be obtained by drilling down on the *Inventory on hand* account in the **Summary** tab or by clicking on the **Inventory Items** tab. Both resulting lists can be [exported to a spreadsheet program](#).

9.1.2 Manage inventory - Part 2 Continuation

[Part 1 of this Guide](#) on how to **manage inventory** covers purchasing, producing, and selling inventory items in Manager. It also covers backorders and content of inventory reports when only basic functions are enabled. If you have not yet read Part 1, you should read it first.

This Part 2 covers more advanced features, including credit and debit notes, inventory kits, delivery notes, and goods receipts. It describes how the program's behavior changes when these additional functions are used. Information in Part 1 is not repeated here.

[Part 3](#) describes additional capabilities: inventory locations, transfers, and write-offs. You will need to understand information in Parts 1 and 2 before you can use the capabilities discussed in Part 3.

Credit Notes

In one sense, [credit notes](#) can be thought of as an aspect of managing *Accounts receivable*. They reduce how much a customer owes your business. But they can also impact inventory records when they record return of goods. Their effects are opposite those of a sales invoice, as described in Part 1 of this Guide.



Example

Brilliant Industries' customer, Bob's Hardware, returns one of the four white table lamps (Item code 101) it purchased in Part 1 due to a manufacturing defect. Brilliant creates a credit note:

Credit Note

Issue date **Reference** Automatic

Customer **Invoice**

Billing address

Description

Item	Account	Description	Qty	Unit price	Amount
<input type="text" value="101 - Table lamp"/>	<input type="text" value="Inventory - sales"/>	<input type="text" value="White ceramic lamp with silk shade"/>	<input type="text" value="1"/>	<input type="text" value="345"/>	<input type="text" value="345"/>
<input type="button" value="Add line"/>					<input type="text" value="345"/>

The lamp is taken back at the same unit price as it was sold. If a tax code had been applicable upon sale, the same tax code would be applied to the return. Brilliant will deal with issues of repair, replacement, or write-off later. These have nothing to do directly with the credit note.



Note

When an inventory item is returned via credit note, its cost is transferred from the *Inventory - cost* expense account to the *Inventory on hand* asset account according to the cost(s) posted to *Inventory - cost* for the most recent sales of that quantity of the item (whether by sales invoice or receipt). Manager does not use the specific average cost applied when it was sold to the customer returning it.

Debit notes

[Debit notes](#) are parallels of credit notes, but for returning goods to suppliers instead of taking them back from customers. Their effects on inventory reverse those of purchase invoices.



Example

Brilliant Industries realizes it will probably not be able to sell as many silk lamp shades (Item code 388) as it purchased. So it returns four to ACME Distributing for account credit. ACME sends a credit note, which Brilliant enters in Manager as a debit note:

Debit Note

Issue date **Reference** Automatic

Supplier **Invoice**

Description

Item	Account	Description	Qty	Unit price	Amount
<input type="text" value="388 - Lamp shade"/>	<input type="text" value="Inventory on hand"/>	<input type="text" value="Ivory silk lamp shade"/>	<input type="text" value="4"/>	<input type="text" value="24.35"/>	<input type="text" value="97.4"/>
<input type="button" value="Add line"/>					<input type="text" value="97.4"/>

Again, had a tax code applied to the original purchase, the same tax code would be applied to the debit note. Overall inventory status after both the credit and debit note from the last two examples are entered is shown in the **Inventory Items** tab:

Inventory Items		New Inventory Item								Search	
	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty on hand	Average cost	Total cost		
<input type="button" value="Edit"/>	101	Table lamp	White ceramic lamp with silk shade	195	345	Each	20	187.77	3,755.48		
<input type="button" value="Edit"/>	222	Lamp kit	Ceramic lamp base with socket	87	123	Each	7	87.00	609.00		
<input type="button" value="Edit"/>	388	Lamp shade	Ivory silk lamp shade	24.35	55.99	Each	3	24.35	73.05		
<input type="button" value="Edit"/>	395	Lamp cord	2-meter replacement lamp cord	3.25	5.79	Each	7	3.25	22.75		
<input type="button" value="Edit"/>	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	-1		0.00		
<input type="button" value="Edit"/>	463	60 W bulbs	Twin-pack of 60 Watt bulbs	3.5	7.95	Pack	44	3.50	154.00		
									4,614.28		



Note

Because there is no cost of goods calculation for purchases analogous to what occurs when inventory items are sold, there is no transfer of costs back into the *Inventory on hand* account with a debit note. The full purchase price of the item(s) returned is subtracted directly from *Inventory on hand*.

Inventory kits

The simplest enhancement of inventory management is use of [inventory kits](#). These are not additional inventory items, but rather groups of already-defined items that are sold together. The items that make them up may also be sold separately. They are defined in the **Settings** tab.

Inventory kits are not pre-assembled, but are grouped together only as sold. They are not counted during physical inventory verification, because they do not exist until sold, so they have no value in *Inventory on hand*. When an inventory kit is sold, its constituent items are subtracted from inventory quantities on hand (quantities owned) as though they had been sold individually, at their existing average cost. Prices for inventory kits can be different from the sum of constituent prices.



Example

Brilliant Industries sells table lamps. It also sells a complete parts kit from which an end user can assemble a finished lamp. It sells the kit for more than it would sell the individual components, making additional profit from the confidence a consumer gains that all parts are compatible. Brilliant defines the following inventory kit:

Inventory kit

Item code	Item name	Unit Name
<input type="text" value="150"/>	<input type="text" value="Complete parts kit"/>	<input style="border-bottom: none; border-right: none; border-top: none; border-left: none; width: 100%;" type="text" value="Kit"/> x ▾

Description

Sales price

Bill of materials

↑	↓	1	<input type="text" value="222 - Lamp kit"/>	x ▾	x
↑	↓	1	<input type="text" value="388 - Lamp shade"/>	x ▾	x
↑	↓	1	<input type="text" value="395 - Lamp cord"/>	x ▾	x
↑	↓	1	<input type="text" value="463 - 60 W bulbs"/>	x ▾	x

Brilliant sells one of these kits to Lumen Lighting on the sales invoice below:

Sales Invoice

Invoice date	Due date	Invoice number	Order number	Quote number
<input type="text" value="06/01/2020"/>	<input type="text" value="By"/> ▾	<input type="checkbox"/> <input type="text" value="2"/>	# <input type="text" value="Optional"/>	# <input type="text" value="Optional"/>

Customer

x ▾

Billing address

Description

Item	Account	Description	Qty	Unit price	Amount
<input style="border-bottom: none; border-right: none; border-top: none; border-left: none; width: 100%;" type="text" value="150 - Complete parts kit"/> x ▾	<input type="text" value="Inventory - sales"/>	<input type="text" value="Ceramic base, socket, silk shade, 2-m cord, 2 each 60 W bulbs"/>	1	299	299
<input type="button" value="Add line"/> ▾					299

The quantities and values of all four constituent items go down by 1, as shown by the list. Note that

the inventory kit itself does not appear in this tab:

Inventory Items		New Inventory Item		Search		Search			
	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty on hand	Average cost	Total cost
Edit	101	Table lamp	White ceramic lamp with silk shade	195	345	Each	20	187.77	3,755.48
Edit	222	Lamp kit	Ceramic lamp base with socket	87	123	Each	6	87.00	522.00
Edit	388	Lamp shade	Ivory silk lamp shade	24.35	55.99	Each	2	24.35	48.70
Edit	395	Lamp cord	2-meter replacement lamp cord	3.25	5.79	Each	6	3.25	19.50
Edit	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	-1		0.00
Edit	463	60 W bulbs	Twin-pack of 60 Watt bulbs	3.5	7.95	Pack	43	3.50	150.50
									4,496.18

Delivery notes

A major step up in complexity comes by using [delivery notes](#). These document delivery of goods to a location or customer. Their use implies that physical delivery of goods does not always occur simultaneously with issuance of a sales invoice or cash receipt. Possible reasons include:

- Customer credit is not approved, so goods will not be delivered until payment is received.
- Items sold are backordered.
- Deliveries are spaced in time per contractual agreement.
- Products will be drop-shipped to an end user by a supplier.
- Sales invoices are issued immediately, with delivery notes serving as packing lists.

When the [Delivery Notes](#) tab is enabled, the [Inventory Items](#) list immediately changes. Two additional columns are added for quantity to be delivered and quantity owned. The original quantity on hand column now shows what should be found on premises, while quantity owned represents what is available to sell.



Example

Brilliant Industries enables the **Delivery Notes** tab. Its **Inventory Items** list changes, even though no new transactions have been entered. Notice that net quantities of everything previously sold by sales invoice (3 table lamps, 6 packs of 60 W bulbs, and 1 complete parts inventory kit) now show as still to be delivered, including those items sold as part of an inventory kit. Only items sold by cash receipt are considered to have been delivered. However, the backorder situation with LEDs still exists. Because that sale of 3 cases exceeded stock on hand of 2 cases, Brilliant Industries still owes 1 case to Lumen Lighting:

Inventory Items		New Inventory Item		Search		Search				
Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
Edit 101	Table lamp	White ceramic lamp with silk shade	195	345	Each	23	3	20	187.77	3,755.48
Edit 222	Lamp kit	Ceramic lamp base with socket	87	123	Each	7	1	6	87.00	522.00
Edit 388	Lamp shade	Ivory silk lamp shade	24.35	55.99	Each	3	1	2	24.35	48.70
Edit 395	Lamp cord	2-meter replacement lamp cord	3.25	5.79	Each	7	1	6	3.25	19.50
Edit 410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	-1	0	-1		0.00
Edit 463	60 W bulbs	Twin-pack of 60 Watt bulbs	3.5	7.95	Pack	50	7	43	3.50	150.50
										4,496.18

Brilliant Industries enters delivery notes by **copying** from previous sales invoices and credit notes. It also purchases 5 additional cases of LEDs from Edison Electrical for cash. The backorder is cleared and all quantities to be delivered are zero:

Inventory Items		New Inventory Item		Search		Search				
Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
Edit 101	Table lamp	White ceramic lamp with silk shade	195	345	Each	20	0	20	187.77	3,755.48
Edit 222	Lamp kit	Ceramic lamp base with socket	87	123	Each	6	0	6	87.00	522.00
Edit 388	Lamp shade	Ivory silk lamp shade	24.35	55.99	Each	2	0	2	24.35	48.70
Edit 395	Lamp cord	2-meter replacement lamp cord	3.25	5.79	Each	6	0	6	3.25	19.50
Edit 410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	4	0	4	75.00	300.00
Edit 463	60 W bulbs	Twin-pack of 60 Watt bulbs	3.5	7.95	Pack	43	0	43	3.50	150.50
										4,796.18



Note

Since credit notes are effectively reverse sales invoices, Manager assumes movement of goods is not automatic once the **Delivery Notes** tab is enabled. So delivery notes are required for credit notes, too, indicating that the credited goods have been delivered to your business. If a delivery note is created by copying a credit note, quantities will automatically be negative. If you create a delivery note manually, **enter negative quantities**.



Caution

Manager does not alert you to deliver backordered items sold by cash receipt when stock is replenished. Because the program assumes all cash sales are delivered at the time of transaction, it does not designate unfulfilled quantities as still needing to be delivered. Therefore, if you accept cash payment for inventory you do not have on hand, you will need a separate method to remind yourself to deliver the remaining quantity. You can, however, drill down on a negative quantity in the **Inventory Items** list to see transactions responsible for the backorder situation. And if a single transaction was responsible, it is easy to confirm who the backordered quantity (shown by a negative balance) should be delivered to.

Goods Receipts

Goods receipts provide capability that is a mirror image of delivery notes. That is, they record receipt of goods at a location or from a supplier. When the **Goods Receipts** tab is enabled, another column is added to the **Inventory Items** list showing quantity to be received. Now, the inventory picture is complete. Quantities purchased but not yet received are displayed, as are quantities on hand, which should be verifiable by checking stock. Quantities committed to delivery from previous sales and not available to sell to others are listed. Quantities still owned and available for sale without additional purchases or production are visible, too.



Example

Brilliant Industries is worried that some inventory may not be delivered immediately in the future. So it enables the **Goods Receipts** tab to track goods it is awaiting from suppliers. All its prior purchase invoice quantities now show as to be received. Quantities purchased with cash payments are assumed to have been delivered immediately:

Inventory Items												New Inventory Item		Search	Search
	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost			
Edit	101	Table lamp	White ceramic lamp with silk shade	195	345	Each	20	0	0	20	187.77	3,755.48			
Edit	222	Lamp kit	Ceramic lamp base with socket	87	123	Each	10	-4	0	6	87.00	522.00			
Edit	388	Lamp shade	Ivory silk lamp shade	24.35	55.99	Each	6	-4	0	2	24.35	48.70			
Edit	395	Lamp cord	2-meter replacement lamp cord	3.25	5.79	Each	0	6	0	6	3.25	19.50			
Edit	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	0	4	0	4	75.00	300.00			
Edit	463	60 W bulbs	Twin-pack of 60 Watt bulbs	3.5	7.95	Pack	0	43	0	43	3.50	150.50			
														4,796.18	

Brilliant copies past purchase invoices and debit notes to goods receipts, and the quantities to be received are zeroed out. Quantities on hand now match quantities owned:

Inventory Items												New Inventory Item		Search	Search
	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost			
Edit	101	Table lamp	White ceramic lamp with silk shade	195	345	Each	0	20	0	20	187.77	3,755.48			
Edit	222	Lamp kit	Ceramic lamp base with socket	87	123	Each	0	6	0	6	87.00	522.00			
Edit	388	Lamp shade	Ivory silk lamp shade	24.35	55.99	Each	0	2	0	2	24.35	48.70			
Edit	395	Lamp cord	2-meter replacement lamp cord	3.25	5.79	Each	0	6	0	6	3.25	19.50			
Edit	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	0	4	0	4	75.00	300.00			
Edit	463	60 W bulbs	Twin-pack of 60 Watt bulbs	3.5	7.95	Pack	0	43	0	43	3.50	150.50			
														4,796.18	



Note

Just as credit notes require delivery notes, debit notes require goods receipts. In like fashion, quantities entered through copying will automatically be negative.

Manager tracks partial receipts (and, for that matter, partial deliveries) as well as complete ones.



Example

Lumen Lighting orders another 6 cases of LED bulbs. But Brilliant has only 4 cases in stock, but thinks it can obtain more stock quickly and enters the sales invoice. That produces a backorder of 2 cases:

	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
Edit	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	0	4	6	-2		0.00

So Brilliant buys 5 more cases from ACME Distributing on credit, entering a purchase invoice, only to find out delivery will be delayed several weeks:

	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
Edit	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	5	4	6	3	75.00	225.00

Hoping to keep a customer happy, Brilliant delivers the 4 cases it has on hand, entering a delivery note:

	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
Edit	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	5	0	2	3	75.00	225.00

ACME surprises Brilliant, making a partial delivery of 3 cases, so Brilliant enters a goods receipt for that quantity:

	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
Edit	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	2	3	2	3	75.00	225.00

Now Brilliant Industries can fulfill the remaining balance of 2 cases on its sales invoice to Lumen Lighting. It enters a delivery note for the final 2 cases:

	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
Edit	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	2	1	0	3	75.00	225.00

Brilliant now has 1 case in its warehouse and awaits receipt of 2 more. When they arrive, it enters a final goods receipt for 2 cases and sanity is restored:

	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost
Edit	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	0	3	0	3	75.00	225.00



Note

Delivery notes and goods receipts are insensitive to workflow. Manager will allow you to receive or deliver goods before you have purchased or sold them. Negative quantities to be received or delivered may show in the **Inventory Items** list until covered by purchase or sales transactions. Quantities on hand and owned will be correct.



Caution

Think carefully before enabling the [Delivery Notes](#) or [Goods Receipts](#) tabs. Once you have started using them, you must continue. Manager will not allow you to disable the tabs after the first delivery note or goods receipt exists. All delivery notes and goods receipts would need to be deleted before the tabs could be disabled. The functionality these tabs provide can be very important for some businesses. But they also entail extra work every time an inventory item is purchased or sold or goods are returned. Consider [creating a test company](#) to explore whether they are truly necessary for your business. They can always be added later.

Inventory reports with delivery notes and goods receipts

Inventory reports available are not affected by activation of [Delivery Notes](#) and [Goods Receipts](#) tabs. All reports are based on items owned. Thus, they reflect purchases and sales, regardless of whether items have been received or delivered.

The effects of credit and debit notes are shown in the [Adjustments](#) column on the Inventory Value Summary. They appear in dedicated columns in Inventory Quantity Summary reports.

Inventory kits are not included in the Inventory Price List report. A list of inventory kit descriptions and prices can be obtained by exporting the [Inventory Kits](#) page in the [Settings](#) tab.

9.1.3 Manage inventory - Part 3 Conclusion

[Part 1](#) of this Guide on how to **manage inventory** covers purchasing, producing, and selling inventory items in Manager. It also covers backorders and content of inventory reports when only basic functions are enabled. If you have not yet read Part 1, you should read it first.

[Part 2](#) covers more advanced features, including credit and debit notes, inventory kits, delivery notes, and goods receipts. It describes how the program's behavior changes when these additional functions are used. If you have not read Part 2, you should read it after Part 1.

This Part 3 describes additional capabilities: inventory locations, transfers, and write-offs. You will need to understand information in Parts 1 and 2 before you can use the capabilities discussed here. To begin, here is the complete status of inventory after all transactions described in the ongoing story of Parts 1 and 2:

Inventory Items		New Inventory Item											
												Search	Search
	Item code	Item name	Description	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost	
Edit	101	Table lamp	White ceramic lamp with silk shade	195	345	Each	0	20	0	20	187.77	3,755.48	
Edit	222	Lamp kit	Ceramic lamp base with socket	87	123	Each	0	6	0	6	87.00	522.00	
Edit	388	Lamp shade	Ivory silk lamp shade	24.35	55.99	Each	0	2	0	2	24.35	48.70	
Edit	395	Lamp cord	2-meter replacement lamp cord	3.25	5.79	Each	0	6	0	6	3.25	19.50	
Edit	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs	75	100	Case	0	3	0	3	75.00	225.00	
Edit	463	60 W bulbs	Twin-pack of 60 Watt bulbs	3.5	7.95	Pack	0	43	0	43	3.50	150.50	
													4,721.18

Inventory locations

[Inventory locations](#) are separate places where physical inventory is held, such as warehouses, retail shops, and workrooms. They are defined under [Settings](#) . By default, all inventory is held at a location named *Unspecified location* until transferred elsewhere.



Example

Brilliant Industries decides to open a second warehouse for inventory storage and shipment. It names the original warehouse *North warehouse* and the new one *South warehouse*:

Inventory Locations		New Inventory Location
	Name	
Edit	North warehouse	
Edit	South warehouse	

If inventory locations have been defined, a field appears on cash receipt and payment forms whenever an inventory item is added to select which **Inventory location** the items will be delivered from or received into:

Inventory location

Unspecified location
▼

A cash sale or purchase is presumed to involve immediate delivery or receipt of goods from or to a location that can be specified at the time of the transaction.

The same field will appear on sales and purchase invoices unless the **Delivery Notes** and **Goods Receipts** tabs are enabled. Then, location must be selected on the corresponding delivery note or goods receipt. This is because a credit sale or purchase may involve delivering or receiving goods from or to different locations at different times.



Example

Brilliant Industries must now make a location selection on every cash receipt or payment and every delivery note or goods receipt:

Inventory location

Unspecified location
▲

🔍

North warehouse

South warehouse

Inventory transfers

To [move inventory between locations](#), enable the **Inventory Transfers** tab. Transfers can shift one or more inventory items in any quantities between locations, regardless of whether the stock is owned by the business or already committed in a sales transaction. Manager will correctly track which stock is owned, to be delivered, etc.



Example

Brilliant Industries uses an inventory transfer to move about half its inventory from the *Unspecified location* to *North warehouse*. In our example, this transaction only assigns inventory to the new location name, since the physical location has not changed:

Inventory Transfer

Date **Reference**

Description

Item		Description	Qty	
101 - Table lamp	x	White ceramic lamp with silk shade	10	x
222 - Lamp kit	x	Ceramic lamp base with socket	3	x
388 - Lamp shade	x	Ivory silk lamp shade	1	x
395 - Lamp cord	x	2-meter replacement lamp cord	3	x
410 - 24 lumen LED bulbs	x	Case of 12 24-lumen LED bulbs	2	x
463 - 60 W bulbs	x	Twin-pack of 60 Watt bulbs	20	x

▾

From

To

Brilliant transfers the remaining inventory to *South warehouse* with a similar inventory transfer. A new report, Inventory Quantity by Location, became available when the new locations were created. That report now shows where all Brilliant's stock is stored:

Brilliant Industries				
Inventory Quantity by Location				
As at 06/02/2020				
	South warehouse	North warehouse	Unspecified	Total
101 - Table lamp	10	10	-	20
222 - Lamp kit	3	3	-	6
388 - Lamp shade	1	1	-	2
395 - Lamp cord	3	3	-	6
410 - 24 lumen LED bulbs	1	2	-	3
463 - 60 W bulbs	23	20	-	43
	41	39	0	80

Inventory write-offs

Inventory is sometimes lost, stolen, damaged, or spoiled and no longer available for sale. Or, it may be consumed for internal company purposes, given away for marketing reasons, and so forth. In these situations, the value of inventory must be transferred to an appropriate expense account. Inventory write-offs accomplish such transfers and correct quantity counts. To [write off inventory](#), first enable the `Inventory Write-offs` tab.



Example

Brilliant Industries uses several 60 W light bulbs from its inventory when moving into the new south warehouse. So it writes them off to a *Repairs and maintenance* expense account:

Inventory Write-off

Date **Reference**

Description

Inventory Item **Qty**

Location

Allocation

The procedure would have been identical if those light bulbs had been broken during the move, but a different expense account might have been chosen. The Inventory Quantity Summary report reflects the adjustment:

Brilliant Industries						
Inventory Quantity Summary						
For the period from 01/01/2020 to 12/31/2020						
	Opening balance	Purchases	Production Orders	Sales	Adjustments	Closing balance
101 - Table lamp	-	20	3	-4	1	20
222 - Lamp kit	-	10	-3	-1	-	6
388 - Lamp shade	-	10	-3	-1	-4	2
395 - Lamp cord	-	10	-3	-1	-	6
410 - 24 lumen LED bulbs	-	12	-	-9	-	3
463 - 60 W bulbs	-	50	-	-7	-3	40
	0	112	-6	-23	-6	77

The Inventory Value Summary report likewise shows an adjustment to value and average cost. And the Inventory Quantity by Location report shows a reduction in quantity on hand at the south warehouse.

Inventory effects on financial statements

Inventory transactions affect both the Balance Sheet and Profit and Loss Statement. Many transactions are posted by default to accounts created automatically by Manager as relevant tabs are enabled. The principal accounts involved are used as follows:

- *Inventory on hand*, an asset account, reports the value of all inventory items owned but not yet sold. Recorded inventory value can generate future income.
- *Inventory – sales*, an income account, records revenue earned from sales of inventory items.
- *Inventory – cost*, an expense account, records the cost (at average cost) of inventory items sold.

Additionally, expense accounts are typically created to collect non-inventory costs of production orders, write-off expenses for advertising, breakage and loss, and internal consumption.

**Note**

You can assign inventory items to [custom control accounts](#). You can also designate accounts of your choosing for posting of inventory sales and cost of sales on an item-by-item basis. See [another Guide](#) for instructions.



Example

Brilliant Industries' Balance Sheet and Profit and Loss Statement for the year encompassing all example transactions in the three parts of this Guide are shown below. (The business began the year with 10,000 in the bank. Zero balances are suppressed. Accrual basis accounting is selected.) For purposes of illustration, no other transactions are included:

Balance Sheet As at 12/31/2020		Profit and Loss Statement For the period from 01/01/2020 to 12/31/2020	
Assets	16,259.88	Operating income	2,281.70
Cash at bank	9,567.50	Inventory - sales	2,281.70
Accounts receivable	1,981.70		
Inventory on hand	4,710.68		
		<u>Less</u> Cost of goods sold	1,377.42
<u>Less</u> Liabilities	5,291.10	Inventory - cost	1,377.42
Accounts payable	5,291.10		
		Gross operating profit (loss)	904.28
Equity	10,968.78		
Owner's equity	10,968.78	Non-operating income	0.00
		<u>Less</u> Operating expenses	- 64.50
		Manufacturing labor	- 75.00
		Repairs and maintenance	10.50
		Non-operating expenses	0.00
		Net operating profit (loss)	968.78



Caution

If cash basis accounting is employed, inventory transactions on open sales and purchase invoices are ignored. This can result in large differences between the main financial statements and inventory reports, making it very difficult to reconcile and verify accounting records. A more complete and accurate representation of business position and performance is provided by accrual basis accounting. For this reason, most accountants strongly prefer accrual basis accounting. And in some tax jurisdictions, companies selling inventory are legally required to use it.

9.2 Inventory Items

9.2.1 Create and manage inventory items

Inventory items are used to identify, count, and manage physical goods or materials held by a business for sale or production. They are used when entering line items in many transaction forms in Manager. Beyond being the foundation of quantity monitoring, they:

- Standardize terminology by always referring to a product with identical language
- Improve accounting accuracy by always posting similar income or expense items to the same accounts
- Store and apply consistent prices to frequently sold or purchased goods
- Speed up entries by automatically filling information on forms

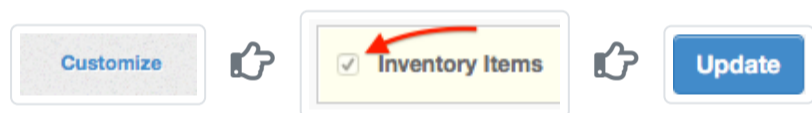


Note

Inventory items are used for sale, purchase, and management of physical goods, because they support counting quantities on hand, monitoring stock movement, and calculating profitability. For commonly sold or purchased goods or services that are not managed in this way, use [non-inventory items](#).

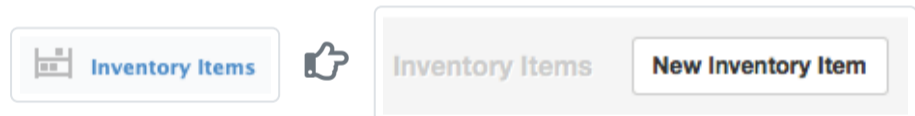
Enabling the Inventory Items tab

To use any inventory-related function in Manager, enable the Inventory Items tab. At the bottom of the left navigation pane, click Customize, check the box for Inventory Items, and click Update below the list:



Basic steps for creating inventory items

In the Inventory Items tab, click the New Inventory Item button:



Complete the definition:

Inventory Item

Item code	Item name	Unit Name
<input type="text" value="Optional"/>	<input type="text"/>	<input type="text"/>
Purchase price	Sales price	
<input type="text" value="0"/>	<input type="text" value="0"/>	
Description		
<div style="border: 1px solid #ccc; height: 60px; width: 100%;"></div>		
Production stage		
<input type="text" value="1"/>		
Division		
<input type="text" value="Optional"/>		
Control account		
<input type="text" value="Inventory on hand"/>		
Tax Code		
<input type="text" value="No tax"/>		
Starting balance		
<input type="text" value="0"/>	@ <input type="text" value="Unspecified location"/>	Average cost <input type="text" value="0"/>
<input type="button" value="Add line"/>		
<input type="checkbox"/> Track quantity to receive <input type="checkbox"/> Track quantity to deliver <input type="checkbox"/> Custom income account <input type="checkbox"/> Custom expense account		

- **Item code** can be anything that helps find, sort, or categorize the item. This could be a stock-keeping unit (SKU) code, a model number, or a simple memory aid. It must be unique and should be short. Codes will appear on forms if they are used. Serial numbers are not acceptable item codes, because every unit of inventory would be treated as a separate product.
- **Item name** should be a relatively brief, informative name for the inventory item. It will appear when searching for an inventory item to complete a line item. It will also appear on various management reports. If no further description of the item is entered, **Item name** will appear in the **Description** field on completed forms, such as sales invoices.
- **Unit Name** is optional, but can be used to specify units by which the item will be sold, purchased, and counted. Only one unit name is allowed; if materials are purchased and sold in different units, either apply conversions before making entries or create separate inventory items and use production orders or inventory kits to handle the differences.
- **Purchase price** is the price at which the item is usually purchased. This can remain blank if prices vary from purchase to purchase. If a purchase price is entered, it will be automatically populated into purchase-related forms, but can be edited.
- **Sales price** is the price at which the item will be sold. Leave blank if the sales price frequently changes. If a sales price is entered, it will appear automatically on sales-related forms, but can also be edited.
- The **Description** field is for more comprehensive information. Its contents, if present, will appear on finished forms in place of **Item name**, so it should also adequately identify the item, not simply add detail. Anything a customer or supplier should see can be placed into this field.
- **Production stage** appears only when the **Production Orders** tab is enabled and the first production order has been entered. The default entry is *1*. Higher integer numbers can be entered when a finished item requires other items to be produced or purchased first.



Notes

Production stages ensure final inventory item costs added to *Inventory on hand* properly include the current average costs of all input inventory items by executing production orders in the correct sequence. They also help prevent confusing automatic entries when production orders drawing on the same inventory item are entered on the same day.

More details about production stages is found in [another Guide](#).

- Select a **Division** if the inventory item will be accounted for as an asset of a single division of the business.
- Choose a **Control account** if you want the inventory item to be reported under a custom control account rather than the default *Inventory on hand* account. The control account must be created first.
- A default **Tax Code** can be selected.
- If migrating from another accounting system, **Starting balance** quantity, inventory location, and average cost can be transcribed. Starting balances can be set for every inventory location that has been defined.
- The **Track quantity to receive** checkbox determines whether goods receipts are required to manage the inventory item.
- The **Track quantity to deliver** checkbox determines whether delivery notes are required to manage the inventory item.

Several accounts are activated automatically when the **Inventory Items** tab is enabled and the first inventory item is created. By default, inventory transactions will post to these:

- *Inventory on hand*, an asset account
- *Inventory - sales*, an income account
- *Inventory - cost*, an expense account

For many businesses, these are sufficient. But for businesses wishing to further divide inventory accounts, two checkboxes indicate whether sales prices or costs of the inventory item should be posted to custom accounts created by the user. When these are checked, fields appear for non-standard account designation. Such [custom accounts must be created first in the chart of accounts](#):

Custom income account

When this item is sold, you can specify custom income account where the price of this item should be allocated to.

Custom expense account

When this item is sold, you can specify custom expense account where the cost of this item should be allocated to.

- A **Custom income account** is where sales prices will be posted when an inventory item is sold, either through a sales invoice or receipt.
- A **Custom expense account** is where the current average cost of an item will be posted when it is sold, transferring its cost from the *Inventory on hand* asset account.

Click **Create** to save the inventory item. The inventory item will be visible in the **Inventory Items** tab:

Inventory Items		New Inventory Item					
		Item code	Item name	Description	Purchase price	Sales price	Unit Name
Edit	View	101	Table lamp	White ceramic lamp with silk shade	195	395	Each

Using inventory items

Inventory items can be used for:

- Receipts and payments

- Expense claims
- Sales and purchase quotes
- Sales and purchase orders
- Sales and purchase invoices
- Credit and debit notes
- Delivery notes
- Goods receipts
- Inventory transfers and write-offs
- Production orders
- Journal entries

When completing most of these forms, an **Item** field will appear at the left end of line items whenever any applicable inventory or **non-inventory** items have been defined. To use an inventory item, click on the dropdown box of the **Item** field. Or, begin typing the **Item Code** or **Item Name** in the field to take advantage of the autosearch capability. When an inventory item has been selected, all its parameters will automatically be filled for the line. Either cost price or sales price will be used, depending on the type of form. Anything can be edited except specified accounts:

BCM Boston Crab Meat x ▾	Inventory - sales	10 kg box of frozen blue crab meat	1	18.40	0	%	18.4	GST 10% x ▾
--------------------------	-------------------	------------------------------------	---	-------	---	---	------	-------------

Updating inventory items

Inventory items can be updated when required, such as when a price change occurs. In the **Inventory Items** tab, click **Edit** for the item to be changed:

		Item code	Item name	Description
		101	Table lamp	White ceramic lamp with silk shade

Edit the item as desired and click **Update**. Existing forms using the inventory item **will not be modified**. Only future forms will be affected.

If the inventory item is no longer needed, it can be deleted as long as it has never been used. But Manager will not allow inventory items to be deleted if they have been used. In that case, check the **Inactive** box, and the inventory item will no longer be available.

If an inactive inventory item becomes useful again, scroll to the bottom of the inventory item list, where you will see the item's name in light grey text. Click **Edit** next to the item's name:

Edit	View	101	Table lamp	White ceramic lamp with silk shade
-------------	-------------	-----	------------	------------------------------------

Uncheck the **Inactive** box and the item will once again be available. Remember to click **Update** when finished editing.

9.2.2 Use inventory kits

An **Inventory kit** is a defined group of inventory items that are sold together but not counted or necessarily stored together. The individual components of the kit may also be sold separately on other occasions. When an inventory kit is sold, component items are picked from their individual storage locations for delivery. The inventory kit is not a manufacturing tool, but a sales shortcut with several benefits. It:

- Minimizes transaction entry time
- Standardizes pricing (discounts or premiums) for items sold together
- Reduces need to assemble kits in advance
- Eliminates demand forecasting of kit sales versus component sales



Example

Northwind Traders sells a wide range of individual food products from around the world. Each is stocked and sold individually as an inventory item with its own price. Three items could be entered on a cash receipt or sales invoice as below:

Item	Account	Description	Qty	Unit price	Amount
Chef Anton's Cajun Seasoning ✕ ▾	Inventory - sales		1	22.00	22
Chef Anton's Gumbo Mix ✕ ▾	Inventory - sales		1	21.35	21.35
Louisiana Hot Spiced Okra ✕ ▾	Inventory - sales		1	17.00	17
Add line ▾					60.35

But Northwind has found it can sell more by also advertising the same three products as the "Cajun cuisine pack." So it creates an inventory kit, offering the three items together, at a discount.

Create an inventory kit

Before an inventory kit can be created, all items in it must first be created as individual inventory items. Procedures are described in [another Guide](#). Once all component inventory items have been created, the kit can be defined.

Go to the **Settings** tab and click **Inventory Kits** :



Complete the entry:

Inventory kit
9596ec4a-e3eb-4664-b1a2

Item code	Item name	Unit Name
<input type="text" value="Optional"/>	<input type="text" value="Cajun cuisine pack"/>	<input type="text"/>

Description

Sales price

Inventory Item	Qty
↕ <input style="width: 95%; border: 1px solid #ccc;" type="text" value="Chef Anton's Cajun Seasoning"/> × ▾	<input style="width: 50%; border: 1px solid #ccc;" type="text" value="1"/> ×
↕ <input style="width: 95%; border: 1px solid #ccc;" type="text" value="Chef Anton's Gumbo Mix"/> × ▾	<input style="width: 50%; border: 1px solid #ccc;" type="text" value="1"/> ×
↕ <input style="width: 95%; border: 1px solid #ccc;" type="text" value="Louisiana Hot Spiced Okra"/> × ▾	<input style="width: 50%; border: 1px solid #ccc;" type="text" value="1"/> ×

▾

Tax Code

 ▾

Division

 ▾

Custom income account

 ▾

Inactive

- **Item code** can be anything that helps find, sort, or categorize the item. This could be a stock-keeping unit (SKU) code, a model number, or a simple memory aid. It must be unique and should be short. Codes will appear on forms if they are used.
- **Item name** should be a relatively brief, informative name for the inventory kit. It will appear when searching for an inventory kit to complete a line item. If no further description of the item is entered, **Item name** will appear in the **Description** field on completed forms, such as sales invoices.
- **Unit Name** is optional, but can be used to specify units by which the kit will be sold.
- The **Description** field is for more comprehensive information. Its contents, if present, will appear on finished forms in place of **Item name**, so it should also adequately identify the kit, not simply add detail. Anything a customer should see can be placed into this field.
- **Sales price** is the price at which the kit will be sold. The price can be higher or lower than the sum of component prices. Leave blank if the sale price frequently changes. If a sale price is entered, it will appear automatically on sales-related forms, but can also be edited.
- Select an **Inventory Item** that is part of the kit and enter its **Qty**. Add more lines if necessary.
- A **Tax Code** can be specified, if applicable.
- A **Division** can be specified if sales of the inventory are always associated with a certain business profit center.
- A **Custom income account** can be specified if the kit's revenue is to be posted somewhere besides the default *Inventory - sales* account.
- An **Inactive** box can later be checked if the kit is no longer sold. Inactive kits do not appear when searching for items on transaction forms.

Click to save the inventory kit. The completed definition is available for printing, emailing, or other purposes by clicking . Inventory kits can also be cloned as the starting point for defining other inventory kits with similar, but not identical, components:

InventoryKitView

Edit
Clone
Print
PDF
Email

Switch Theme ▾

Inventory kit

Cajun cuisine pack

Bill of materials

Qty	Item name	Description
1	Chef Anton's Cajun Seasoning	
1	Chef Anton's Gumbo Mix	
1	Louisiana Hot Spiced Okra	

**NORTHWIND
TRADERS**

Northwind Traders
1313 Webfoot Walk
Calisota
Bank 234 566788
Phone 333-444-5555



Note

No quantities on hand can be specified for inventory kits, because they do not exist as separate items in inventory.

Using an inventory kit

Once a kit has been defined, it is used exactly like an inventory item on sales-related transaction forms. But it never has to be counted, because no actual separate stock exists. Only components are managed as physical inventory.



Example

Northwind sells the inventory kit illustrated above, saving time and ensuring pricing accuracy:

Description	Qty	Unit price	Amount
Cajun cuisine pack	1	55.99	55.99
Total			55.99

An inventory kit does not appear on the Inventory Quantity Summary or Inventory Value Summary reports. But its sale contributes to those reports through component items. In the case of the Inventory Value Summary report, component costs defined for the inventory items are used. Sale price of the kit has no effect on that report. Kits are not included in the Inventory Profit Margin report.

9.2.3 Set starting balances for inventory items

Starting balances for inventory exist only if you are migrating an existing business to Manager from another accounting system. In that case, you need to set starting balances for inventory items already in stock, including both quantities and average costs. Your starting balances in Manager will be your closing balances from your previous accounting system.

Set a start date

Starting balances cannot be entered unless a start date is set. To set a start date, following procedures in [this Guide](#).

Create inventory items

All inventory items on hand on your start date must first be created in the **Inventory Items** tab. Follow procedures in [this Guide](#).



Example

Brilliant Industries has six different inventory items in stock on the day it begins using Manager. It sets a start date and defines those six items:

Inventory Items		New Inventory Item				
	Item code	Item name	Description	Purchase price	Sales price	Unit Name
Edit	101	Table lamp	White ceramic lamp with silk shade	195	345	Each
Edit	222	Lamp kit	Ceramic lamp base with socket	87	123	Each
Edit	388	Lamp shade	Ivory silk lamp shade	24.35	55.99	Each
Edit	395	Lamp cord	2-meter replacement lamp cord	3.25	5.79	Each
Edit	410	24 lm LED	Case of 12 24-lumen LED bulbs	75	100	Case
Edit	463	60 W bulb	Twin-pack of 60 Watt bulbs	3.5	7.95	Pack

Enter starting balances

General procedures for entering starting balances are found in [this Guide](#). More specific procedures for inventory items are given below.

In the **Inventory Items** tab, click **Edit** next to an item with a starting balance on your start date. Enter the starting quantity and average purchase cost per unit:

Starting balance

Qty owned × Average cost =

If you have more than one [inventory location](#) defined, the default location will be *Unspecified location*:

Starting balance

Unspecified location

Add line Average cost =

Other locations can be selected from the dropdown menu. And additional locations can be added:

Starting balance

North warehouse ×

South warehouse ×

Add line Average cost =

The same average cost must be used for all inventory locations.



Example

Brilliant Industries had 10 of its lamp kits on hand on the start date. So it clicks that item's **Edit** button:

Inventory Items		New Inventory Item	
	Item code	Item name	Description
Edit	101	Table lamp	White ceramic lamp with silk shade
Edit	222	Lamp kit	Ceramic lamp base with socket
Edit	388	Lamp shade	Ivory silk lamp shade
Edit	395	Lamp cord	2-meter replacement lamp cord
Edit	410	24 lumen LED bulbs	Case of 12 24-lumen LED bulbs
Edit	463	60 W bulbs	Twin-pack of 60 Watt bulbs

It enters the starting locations, quantities at each location, and average cost from the prior accounting system:

Starting balance			
North warehouse	x ▾	5	x
South warehouse	x ▾	5	x
Add line		10	Average cost 87 = 870



Notes

Starting balances should match the physical count on the start date. If unpaid sales or purchase invoices issued prior to the start date are entered to establish starting balances in *Accounts receivable* or *Accounts payable*, **do not** adjust the inventory item starting balance quantities for items on unpaid sales or purchase invoices. Manager ignores inventory item quantities on starting balance invoices, only using price information.

If you have many inventory items with starting balances, you can use the **Batch Update** function in the bottom-right corner of the **Inventory Items** tab, as described in [another Guide](#):

Create	Batch Update	Batch
---------------	---------------------	--------------

9.2.4 Find and merge duplicate inventory items

Manager allows you to **find and merge duplicate inventory items** into a single inventory item. It will not, however, prevent you from accidentally or purposely creating duplicates in the first place. (You might, for example, want to treat individual units and packaged cases separately.)

Finding duplicates

Click **Find & merge** at the bottom of the **Inventory Items** tab listing to see potential duplicate items. This search looks for matches in the **Item code** field. No other fields are considered.



Note

Manager displays one group of potential matches at a time. After these are merged, another group will appear (if any more exist.)



Example

Brilliant Industries has inventory clerks who mistakenly create two different new inventory items for the same table lamp already in Manager’s system without checking the existing list. To make matters worse, the clerks do not follow consistent practices when defining the new items. So inventory of one item is spread among three, with different purchase and sales prices:

Inventory Items		New Inventory Item					
		Item code	Item name	Description	Purchase price	Sales price	Unit Name
Edit	View	101	Ceramic lamp	White lamp with shade	190	399	Each
Edit	View	101	Table lamp	White ceramic lamp with silk shade	195	395	Each
Edit	View	102	Table lamp	White lamp with shade	199	399	Each

Brilliant’s inventory manager notices the problem and clicks **Find & merge**. Manager returns a list of matches. In this case, because item codes are inconsistent, only the first two are found:

101

Item code 101

Item name Table lamp

Unit Name Each

Purchase price 195

Sales price 395

Description White ceramic lamp with silk shade

Production stage 2

Track quantity to receive is checked

Track quantity to deliver is checked

101

Item code 101

Item name Ceramic lamp

Unit Name Each

Purchase price 190

Sales price 399

Description White lamp with shade

Production stage 2

The inventory manager clicks the **Merge** button.

Effects of merging duplicates

When the **Merge** button is clicked, Manager determines which inventory item has been referenced in the most transactions. All other items found in the search are combined with this item:

- Only the definition of the kept item is retained.
- Quantities of merged items are combined with those of the kept item.
- The identity of the kept item is substituted on prior transactions for merged items. However, **prices on previous transactions are not changed.**
- Merged items are deleted.



Note

Because this capability applies only to item codes, other techniques for locating duplicates can be useful, including searching the **Inventory Items** tab list by item name or keyword and sorting by item name or description. Once a duplicate is found, it can be edited to include the same item code as the item that will be kept. Then, it can be merged, with all the benefits listed above.



Caution

If the inventory item to be kept is referenced by fewer transactions than one you want to merge, **do not use this function.** The feature has no item selection option.

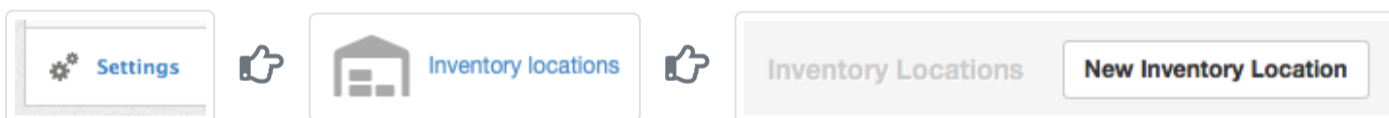
9.3 Inventory Transfers

9.3.1 Use inventory locations

Businesses that keep inventory at more than one store or warehouse may need to track availability by geographic location. Manager can do this with **inventory locations**.

Establish inventory locations

To establish locations, go to **Settings** and click **Inventory Locations**, then **New Inventory Location**:



Enter the location's name:

Inventory Location

Name

Click **Create**. The location will appear in the list of locations:

Inventory Locations		New Inventory Location
✎	Name	
Edit	Boston warehouse	
Edit	Main warehouse	

**Note**

By default, all inventory items in Manager are in an automatic location named *Unspecified*. This location cannot be edited or deleted and does not appear in the list of inventory locations. But inventory items can be transferred from it to other locations in the `Inventory Transfers` tab.

A field for **Location** will appear in sales and purchase transaction forms:

The screenshot shows a form field labeled "Location" with a dropdown menu. The selected option is "Main warehouse". There is a small 'x' icon and a downward arrow on the right side of the dropdown.

Use this field to select the location from or to which the inventory item will be shipped or received.

**Note**

If the `Delivery Notes` or `Goods Receipts` tabs are enabled, the **Location** field will be disabled. Goods shipments and receipts must then be entered with delivery notes and goods receipts to track inventory item quantities to their correct locations. Think carefully before enabling those tabs, because they impose considerable additional work.

Inactivate inventory locations

When an inventory location is no longer necessary, it can be inactivated and will no longer appear in menus. Click `Edit` for the location. Since the location has already been created, a checkbox appears to make the location **Inactive**. Check the box:

The screenshot shows a form titled "Inventory location". It has a "Name" field with "Main warehouse" entered. Below the name field is a checkbox labeled "Inactive", which is currently unchecked.

If the location becomes active again, simply uncheck the box. In either case, click `Update` to save the change.

9.3.2 Transfer inventory between locations

Inventory transfers are used to record movement of physical inventory items from one location to another without a sale or purchase being involved. They are completely optional, and can only be used when at least two inventory locations have been defined (see Notes below). Inventory locations are created as described [in another Guide](#).

**Example**

Sanjay's Drum and Guitar Shop has a small retail display showroom. Because of limited space, Sanjay also rents a warehouse in a nearby industrial park where he stores most of his inventory. Sanjay creates two inventory locations: *Retail store* and *Warehouse*. As he sells items from the showroom, he brings inventory from the warehouse to replace them. He uses inventory transfers to record the movements.

Now, if a customer wants more of an item than he has in the showroom, Sanjay can look up his full stock level and see not just how many he has in total, but how many are at each location. He can avoid ordering more until he really needs to, and can make the sale immediately (arranging to deliver from the warehouse), even though he cannot physically see his inventory.



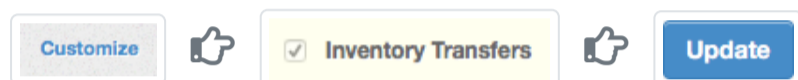
Notes

One location automatically exists for all businesses with inventory: *Unspecified location*. Until transfers or purchases add inventory to other locations, all inventory items will be located at *Unspecified location*. Therefore, when inventory locations are first implemented, items must be counted and assigned to their correct locations. Make these assignments using inventory transfers.

Inventory items themselves are not associated with any specific inventory location, because they can be moved from one to another. Quantities at various locations are determined by the net result of purchases, sales, write-offs, and transfers, not according to item identity.

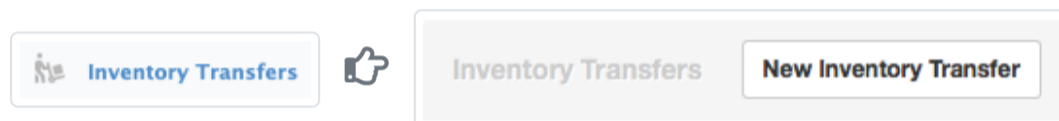
Enable the Inventory Transfers tab

To use inventory transfers, enable the Inventory Transfers tab. Click Customize below the left navigation pane, check the box for Inventory Transfers, and click Update below the list:



Enter the inventory transfer

In the Inventory Transfers tab, click New Inventory Transfer:



Complete the form:

New Inventory Transfer

Date	Reference		
<input type="text" value="10/23/2018"/>	<input type="checkbox"/>	<input type="text"/>	
Description			
<input type="text" value="Optional"/>			
Item	Description	Qty	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
<input type="button" value="Add line"/>			
From			
<input type="text" value="Unspecified location"/>			
To			
<input type="text" value="Unspecified location"/>			
<input type="checkbox"/> Custom theme			

- **Date** will show today's date by default. This may be edited.
- **Reference** can be used for any internal or external sequence. If the box within the field is checked, Manager locates the highest-numbered existing inventory transfer and adds 1 to its **Reference** number.
- The first, summary **Description** is optional, allowing you to describe the transfer in general terms.
- **Item** allows you to select the inventory item by item code or item name.
- The second and all subsequent **Description** fields will prefill from inventory items' definitions, if they exist. Or descriptions can be entered manually.
- **Qty** is the number of inventory items being transferred.

- **From** is the origin location. *Unspecified location* is the default.
- **To** is the destination location. Again, *Unspecified location* is the default.

Click [Create](#) to record the transfer. Inventory quantities at both locations will be adjusted automatically.



Caution

Remember that the inventory transfer form only records the movement of inventory. Unless you move the proper number of items from one location to another, and unless those locations are correct, physical inventory counts will be off and reconciliation may be very difficult.

9.4 Inventory Adjustments

9.4.1 Write off inventory

Write off inventory to record loss, damage, obsolescence, conversion to internal use, or other non-revenue reductions of inventory. When inventory items are written off, they are no longer available for sale or production, so they are no longer assets in the *Inventory on hand* account. Their value must be transferred to some expense account. This is done in the [Inventory Write-offs](#) tab.

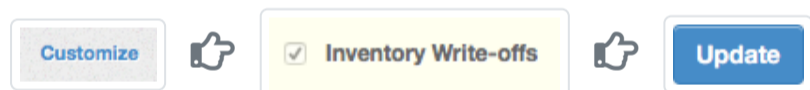


Example

ACME Distributing gives away samples of its products at trade shows. To keep inventory records accurate, it writes off the items, allocating the expense to a *Trade show advertising* account. The balance of *Inventory on hand* declines.

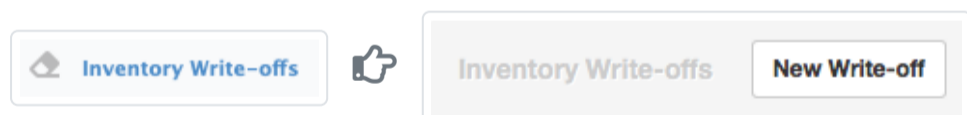
Enable the [Inventory Write-offs](#) tab

Click [Customize](#) below the left navigation pane, check the box to enable [Inventory Write-offs](#), and click [Update](#):



Enter the write-off

In the [Inventory Write-offs](#) tab, click [New Write-Off](#):



Complete the form. Some fields appear only when relevant selections have been made in the [Settings](#) tab:

Inventory Write-off

Date **Reference**

4/23/2022 Optional

Description

Inventory location

Unspecified location

Inventory Item **Qty**

Allocation **Tax Code** **Project** **Division**

Account No tax Optional Optional

Custom theme

- **Date** will be today's date by default. This may be edited.
- **Reference** can be used for any internal or external sequence. If the box within the field is checked, Manager will assign a number automatically. The program will find the highest existing number among all inventory write-offs and add 1. This field can be edited.
- **Description** is for a summary narration explaining the write-off.
- **Inventory location** (if any are defined under) lets you select where the write-off is occurring.
- **Inventory item** is where you select the item being written off. Both item codes and item names show in the dropdown box.
- **Qty** is the number of items being written off.
- **Add line** allows you to add inventory items to the transaction.
- **Allocation** is where you select the account to be debited. Only expense accounts and certain balance sheet accounts can be chosen.
- **Tax Code** allows you to select a tax code if the disposition of the inventory item is subject to tax. Normally, this will only be the case under value-added tax schemes when tax paid to a supplier was claimed when the item was purchased and conversion for non-revenue usage is considered taxable by your tax authority. Consult a local accountant if you are unsure about this.
- **Project** is selected only when the write-off is specifically allocable to a defined project.
- **Division** lets you choose an applicable profit center.

Click to write off the inventory item(s) and make all necessary accounting adjustments.

9.4.2 Write on inventory

Write on inventory to record upward adjustments (increases) of inventory when no purchases have occurred. Situations where write-ons may be necessary include:

- Physical stock verification
- Belated discovery of excess supplier deliveries
- Reversing erroneous inventory [write-offs](#)

When inventory items are written on, they are available for sale or production, so they must be added as assets in the *Inventory on hand* account. Their value must also be added to some income account or subtracted from some expense account to offset the increase to *Inventory on hand*.

Write on inventory with a journal entry

Upward adjustments of inventory are recorded with journal entries. The debit leg of the journal entry is posted to *Inventory on hand* (or another control account if the inventory item in question has been assigned to one besides the default account). The credit leg is posted to an account designated for the purpose. The specific account used is not as important as consistency. Options include:

- An inventory adjustments income account
- An inventory adjustments expense account (where it will be a contra entry)
- A miscellaneous income account

Determine the write-on value

While the adjustment quantity is known, write-on value is not always easy to determine. Several possibilities exist:

- **Average cost.** One convenient approach is to look up the current average cost of the inventory item in the Inventory Items tab and use that. This approach may not be absolutely correct, but it is reasonable and will generally be accepted by an auditor. It assumes that newly found inventory items are as valuable as the ones already in stock.
- **Write-off cost.** Upward adjustments sometimes result from locating misplaced inventory that was previously written off. If an inventory write-off record for the specific item exists, use the average cost from that transaction. This ensures the amount formerly written off is exactly reversed, even if average cost has since changed.
- **Purchase price.** When an inventory item has not been purchased recently, prices may have changed, making average cost a poor indicator of current value. In that case, a recent price quote from a supplier may be a better representation of an item's value.



Note

Local law or accounting standards may dictate how write-ons should be valued. Be sure to follow any such guidance.

However you determine unit cost, multiply by the number of units being added and enter the product as the debit amount of the journal entry. (Manager will not perform this calculation automatically as it does in many other transactions. However, you can [enter the calculation](#) into the **Debit** field to avoid manual calculation.) The credit amount, of course, must balance. Multiple inventory items can be adjusted with a single journal entry by including additional debit line items. Only one credit line for the total amount is necessary.



Example

Brilliant Industries conducts a year-end physical count of stock on hand and discovers two more table lamps than its records show. The listing in the **Inventory Items** tab initially looks like this:

Inventory Items		New Inventory Item											Search	
	Item code	Item name	Description	Supplier code	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost	
Edit	101	Table lamp	White ceramic lamp with silk shade		195	345	Each	0	21	5	16	196.06	3,136.96	

Brilliant creates a journal entry, debiting *Inventory on hand* and selecting the table lamp. It uses the average cost method, multiplying 196.06 by the two units, for a total debit of 392.12:

Journal Entry

Date 12/31/2018 **Reference** 1

Narration
Inventory adjustment after physical count

Account	Debit	Credit
Inventory on hand x Inventory Item 101 - Table lamp x Qty 2 Each	392.12	
Inventory adjustments x		392.12
	392.12	392.12

The two units are added to the quantity on hand (and owned) without altering average cost. But the total cost of table lamps in *Inventory on hand* goes up:

Inventory Items		New Inventory Item											Search	
	Item code	Item name	Description	Supplier code	Purchase price	Sales price	Unit Name	Qty to receive	Qty on hand	Qty to deliver	Qty owned	Average cost	Total cost	
Edit	101	Table lamp	White ceramic lamp with silk shade		195	345	Each	0	23	5	18	196.06	3,529.08	

The credit from the journal entry appears in the *Inventory adjustments* account. Because Brilliant expected most inventory adjustments to be write-offs rather than write-ons, it set this account up as an expense account. So the 392.12 became a

contra entry, moving the balance of the account in a negative direction:

<u>Less Operating expenses</u>	- 281.62
Accounting fees	-
Advertising and promotion	-
Bank charges	-
Electricity	-
Equipment	-
Intangible assets - amortization	175.00
Intangible assets - loss on disposal	-
Inventory adjustments	- 392.12



Note

If a different costing method had been used in the example above, average cost of table lamps would have changed.

9.5 Production Orders

9.5.1 Use production orders to manufacture inventory items

Production orders are used to record manufacture of finished inventory items using existing inventory and other resources. For example, manufacturing bottled fruit juices requires fruits, bottles, and lids purchased from suppliers as inventory items. These inventory items can be converted into the finished products sold to customers.



Notes

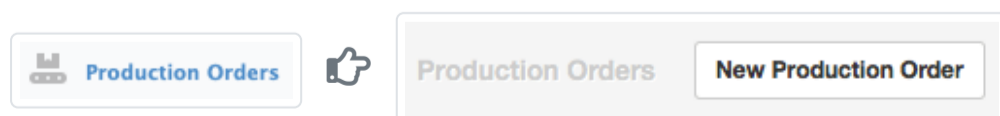
Finished goods must be created as separate [inventory items](#) before they can be entered on production orders.

When the first production order is created, a **Production stage** field appears for every inventory item under the **Inventory Items** tab. By default, all items will be preset to production stage 1. Production stages can be adjusted as described in [this Guide](#) to ensure costs of later-stage items in *Inventory on hand* correctly include costs of earlier-stage items.

Multiple stages are possible, as described in [another Guide](#). Inventory items always purchased from suppliers should be left at the default production stage 1. Items produced from only stage 1 items should normally be designated as stage 2. Finished goods that use stage 2 items should be stage 3, and so on.

Basic production order with inventory items

To record a production order, go to the **Production Orders** tab and click **New Production Order** :



Complete the entry screen:

New Production Order

Date **Reference**

Description

Finished item
 x

Bill of materials
 x

Location

Add non-inventory cost into production

Custom theme

- **Date** will be autofilled with today's date, but may be edited.
- **Reference** can be used for any form of identifier. If the box within the field is checked, Manager will assign a number automatically. The program find the highest **Reference** number among existing production orders and add 1.
- **Description** can be any text useful for describing the production order.
- Select quantity and *Inventory item* to be produced under **Finished item**.
- Select quantity and *Inventory item* for the first raw material to be used for production under **Bill of materials**. If more than one inventory item is used, click to add more line items.
- **Location** of the finished item(s) can be selected if inventory locations have been defined.

Click to save the production order.

Adding non-inventory costs

If non-inventory costs, such as wages, consumables, or overhead allocations are required to produce the finished inventory item(s), check the box to **Add non-inventory cost into production**. Enter accounts to which the costs will be posted and the amounts. Add lines if necessary:

Add non-inventory cost into production

Account	Amount
<input type="text" value="Suspense"/>	<input type="text"/>
<input type="button" value="Add line"/>	

Manager will add the non-inventory costs to the current average cost of inventory item(s) consumed by the production order to calculate the cost of the produced inventory item(s).

In the tab, the quantity of the manufactured inventory item will increase while the quantities of input inventory items will decrease by the quantities included in the production order.



Example

Brilliant Industries creates a production order to build three table lamps for its north warehouse. Each lamp uses one each of three other parts in stock. Brilliant also includes 75.00 worth of manufacturing labor in the cost of the three lamps (25.00 each):

Production Order 1

Date **Reference**

Description

Finished item
 x

Bill of materials

- x x
- x x
- x x

Location

Add non-inventory cost into production

Account **Amount**

Custom theme

The tab summarizes the order:

Production Orders		New Production Order		Search		Search	
		Date	#	Description	Location	Finished item	Qty
<input type="button" value="Edit"/>	<input type="button" value="View"/>	08/09/2017	1	Batch of 3 table lamps	North warehouse	Table lamp	3

9.5.2 Manage production stages

The **Production stage** field on inventory items is used to **manage production stages**.

This field appears on the definition screen for all inventory items when the tab is enabled and the first production order has been entered:

Production stage



Note

The default value is 1. **Inventory items not used in production orders should be left this way.** So should inventory items always purchased from suppliers.

Normal production stages

To understand production stages, consider a simple case involving three inventory items:

- Pulp purchased from outside suppliers
- Paper produced in-house from the pulp
- A book printed in-house on the paper

The overall workflow is Purchase Pulp Convert Pulp to Paper Print Book on Paper Sell Book.



Example

You purchase 1,000 kg of pulp for 2,000. You create a production order converting 200 kg of pulp to 40,000 sheets paper, then another production order using 20,000 sheets of paper to print 100 books, all on the same day.

The **Inventory Items** tab shows you have 800 kg of pulp remaining at an average cost of 2.00 per kg. That average cost follows from your initial purchase of 1,000 kg for 2,000:

Inventory Items		New Inventory Item		Search	
	Item name	Unit Name	Qty on hand	Average cost	Total cost
	Book	Copy	100	2.00	200.00
	Paper	Sheet	20,000	0.01	200.00
	Pulp	kg	800	2.00	1,600.00
					2,000.00

You also have 20,000 sheets of unused paper left over from the production run of 40,000. The paper is carried at .01 per sheet, calculated from production of 40,000 sheets from 400 worth of pulp. Because half the paper was used to print books, half the value of pulp used to produce the paper remains, while the other half has passed on because of the second production order.

Finally, you now have 100 books in inventory at an average cost of 2.00 per book. The total cost of inventory owned is the same 2,000 you originally spent to purchase the pulp.

In the absence of production stages, production orders issued the same day for pulp conversion and printing might be executed out of order. Manager does not normally distinguish transaction order when events occur the same day, a problem potentially made worse if other inventory purchases, sales, returns, production orders drawing on the same items, and inventory transfers also intervene in rapid succession. Average costs transferred to new finished goods could be wrong. In our example, final average costs for both the book and remaining quantities of interim items would be erroneous. This, in turn, would result in inaccurate profit calculations during an accounting period.

Production stages solve the problem. Manager checks your production orders for potential problems and displays an alert in the **Inventory Items** tab if it finds any:

Based on entered production orders, at least one inventory item needs to have production stage elevated.

When you click on the alert, you will see list of problem inventory items, their current production stages, and recommended production stages. There are two options for action:

- Manually **Edit** inventory items where the current production stage is lower than recommended. Set the production stage at least as high as required.
- Check boxes for items to be elevated and click **Batch Update**.

Either way, the display may change with further recommendations.



Example

Because production stages were never assigned to the inventory items in our illustration, the **Inventory Items** tab displays an alert. When clicked, it shows the following recommendations:

Inventory Items		Search	Search
<input type="checkbox"/>		Item name	Production stage
<input type="checkbox"/>	Edit	Book	1
<input type="checkbox"/>	Edit	Paper	2

Both items are checked and **Batch Update** clicked. Manager now recognizes the Book item needs further elevation:

Inventory Items		Search	Search
<input type="checkbox"/>		Item name	Production stage
<input type="checkbox"/>	Edit	Book	2

The process is repeated. The ultimate result assigns production stages as below:

Inventory Item	Stage
Pulp	1
Paper	2
Book	3

Circular production

Circular production refers to a situation where an earlier-stage inventory item requires a later-stage item for its own production. Neither Manager nor any other accounting system can resolve circular production orders.



Example

Suppose we shred unsold books to create pulp. We create the production order below:

Production Order

Date **Reference**

Description

Finished item

Bill of materials

Manager shows an alert, recommending elevation of Pulp to stage 4:

Inventory Items		Search	Search
<input type="checkbox"/>	<input type="button" value="Edit"/>	Item name	Production stage
<input type="checkbox"/>	<input type="button" value="Edit"/>	Pulp	1
			4
<input type="button" value="Batch Update"/>			

But if we follow the recommendation, the program immediately suggests elevating Paper to stage 5. That leads to a recommendation to elevate Book to stage 6, and so on, forever.

The solution for circular production orders is to break the circle with an inventory write-off of the later-stage item. Then, a new production order can be used to add earlier-stage inventory produced from it. Nothing is entered for the bill of materials of the new production order if the item produced is stage 1, but the value of the write-off is incorporated as a non-inventory cost. If the item produced from the written-off item is higher than stage 1, additional inventory items can be added to the bill of materials. And if additional non-inventory costs are incurred, they can be added, too.



Example

We shred and write off 50 books, posting the write-off to a suitable expense account, which will serve as a temporary clearing account. For this example, we choose *Other expenses*:

Inventory Write-off

Date **Reference**

Description

Inventory Item **Qty**

Location

Allocation

Tax

In this case, recycling yield is not 100%, so only 75 kg of pulp is obtained of the 100 that originally went into these 50 books. Drilling down from the **Summary** tab on the *Other expenses* account, we find the value of books written off was 100.00:

Other expenses						<input type="text" value="Search"/>	<input type="button" value="Search"/>
<input type="button" value="edit"/>	<input type="button" value="view"/>	Date	Transaction	Description	Debit	Balance	
<input type="button" value="Edit"/>	<input type="button" value="View"/>	06/06/2020	Inventory Write-off — 1	Conversion of books to pulp	100.00	100.00 Dr	

We immediately create a new production order for the amount of pulp produced by shredding. We add non-inventory costs equal to the write-off, allocating them to the same expense account as the write-off. We leave the bill of materials blank, because no other inventory items are involved:

Production Order

Date 06/06/2020 **Reference** 3

Description
Addition of recycled pulp to inventory

Finished Item
75 x Pulp

Bill of materials
1 x Inventory Item

Location
Unspecified location

Add non-inventory cost into production

Account Other expenses **Amount** 100

Our final inventory status shows fewer books, more pulp, and no change to paper:

Inventory Items		New Inventory Item		Search	
	Item name	Unit Name	Qty on hand	Average cost	Total cost
<input type="button" value="Edit"/>	Book	Copy	50	2.00	100.00
<input type="button" value="Edit"/>	Paper	Sheet	20,000	0.01	200.00
<input type="button" value="Edit"/>	Pulp	kg	875	1.94	1,700.00
					2,000.00

9.5.3 Understand insufficient quantity on a production order

An **insufficient quantity** occurs when a [production order](#) requires more of an inventory item to satisfy its bill of materials than the business owns. Such a situation might arise for many reasons, including:

- A business follows a just-in-time purchasing policy, buying raw materials only after production orders requiring them are issued.
- Suppliers deliver new inventory prior to sending a sales invoice (which is entered by the business as a purchase invoice). In this situation, the inventory may be on hand in the warehouse but not yet technically owned by the business, because the purchase has not been recorded.

Insufficient quantities cause accounting problems, because the cost of inventory items not yet owned is unknown. (Quoted or expected prices do not count.) Therefore, the true cost of the production order's finished item(s) is also unknown. In turn, the cost of sales for sold items is unknown and profit is miscalculated.



Note

In the long run, after all inventory replenishment is recorded, overall profit could be correctly calculated. However, costs of individual production orders and sales, and profits for interim periods could still be incorrect.

Manager avoids these problems by determining when quantities of inventory items are insufficient for production orders and actively controlling allocation of costs to the right accounts at appropriate times. Fortunately, you do not need to do anything. Everything is automatic.



Note

Nothing about insufficient quantities or Manager’s treatment of them controls or prevents actual production. They only affect when and how costs are distributed to finished items and eventually to the cost of goods sold. If required materials are physically available in inventory, production can occur, regardless of whether their purchase has been recorded, they are needed for other production orders, or their reception has been recorded by goods receipts.

Problems caused by insufficient quantities

To explain concepts behind insufficient quantities, this Guide uses a very simple example. Imagine a business with two inventory items, both with starting quantities of zero:

- **Leather**, a raw material
- **Handbag**, a finished item

A customer buys a handbag on June 24, 2020. We record the sale with a sales invoice on that day at a price of 100:

Sales Invoice

Invoice date	Due date	Invoice number	Order number
<input type="text" value="24/06/2020"/>	By <input type="text"/>	<input type="checkbox"/> <input type="text"/>	# <input type="text" value="Optional"/>

Customer

Billing address

Description

Item	Account	Description	Qty	Unit price	Amount
<input type="text" value="Handbag"/>	<input type="text" value="Inventory - sales"/>	<input type="text"/>	1	100	100
<input type="button" value="Add line"/>					100

Before we can deliver the handbag to our customer, we need leather to produce it. We do not have leather in stock, so we order it from our leather supplier. Our leather supplier will deliver the required leather the next day, June 25, 2020, but will invoice us at the end of the month.

Once we have the leather on hand, even though we do not yet legally own it, we create a production order on June 25, 2020 to take 5 units of leather to produce 1 unit of handbag:

Production Order

Date 25/06/2020 **Reference**

Description
Optional

Finished item
1 x Handbag

Bill of materials
5 x Leather

Add non-inventory cost into production

Finally, on June 30, 2020 our leather supplier gives us a purchase invoice for 20 covering our purchase of 5 units of leather:

Purchase Invoice

Invoice date 30/06/2020 **Due date** By **Invoice number**

Supplier
Leather supplier

Description

Item	Account	Description	Qty	Unit price	Amount
Leather	Inventory on hand		5	4	20
					20

Absent Manager's insufficient quantity process, this sequence of transactions would end up showing a value of 20 for inventory on hand even though the quantity of everything on hand is zero:

Inventory Items

	Item name	Qty on hand	Average cost	Total cost
<input type="button" value="Edit"/>	Handbag	0		20.00
<input type="button" value="Edit"/>	Leather	0		0.00
				20.00

That would occur because, when the production order was created on June 25, 2020, it created 1 handbag with a cost of 0 because the cost of leather became known only at the end of the month when we entered the purchase invoice from our leather supplier. But by that time, the handbag had been sold and delivered, so the purchase cost of leather was transferred directly to handbags, of which none existed. This sequence also would distort the Inventory Profit Margin report, because no cost is being allocated to the sale (as the cost of the leather became known several days after the sale). Profit margin for this sale would incorrectly show 100%:

Test 111				
Inventory Profit Margin				
For the period from 24/06/2020 to 24/06/2020				
	Sales	Cost of sales	Profit	Margin
Handbag	100.00	-	100.00	100%
	100.00	0.00	100.00	

In normal production and sales environments, idiosyncrasies like this could easily be overlooked, buried by other transactions.

Solving the problem

To solve this problem, Manager does not “produce” finished items until all input items are fully costed.

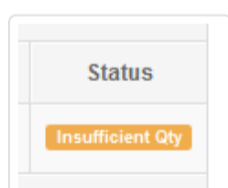


Note

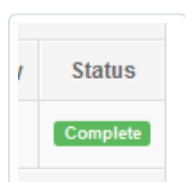
In the context of this Guide, the term *produce* means to account for the production of finished inventory items, including their proper costs. As mentioned in a Note above, production orders do not actually control manufacturing activity.

For example, if your production order has 5 input items and even one is of insufficient quantity, the output item is not costed and added to inventory until there is sufficient quantity of all input items. This means once the finished item is finally produced, the full cost is known and subsequent sales of this item will correctly record the cost of goods sold. We will return to our example of leather and handbag to see this concept at work.

When the production order is entered on June 25, 2020, leather has been ordered and delivered, but not yet purchased. So from an accounting perspective, its cost is unknown. In the **Production Orders** tab, Manager shows **Status** of the production order to be *Insufficient Qty*:



Insufficient Qty means the production order has one or more items on its bill of materials for which the business does not own the required quantity. (Remember, ownership is conveyed by a purchase invoice or payment.) In this case, we have insufficient quantity because we are using 5 units of leather which we did not purchase yet. We will own these 5 units of leather once the purchase invoice from our leather supplier is entered on June 30, 2020. Once that leather is purchased, production order status will automatically switch from *Insufficient Qty* to *Complete*:



Status being *Complete* triggers addition of the finished inventory item to inventory on the date the production order is fulfilled, **not** on the date the production order is created. This is important because, on the date the production order is created (June 25, 2020), the cost of leather is not known yet. It becomes known on June 30, 2020. So the finished handbag is added to inventory on June 30, 2020 with its full cost.

Because there was a sale entered on June 24, 2020 to remove one handbag, the handbag can finally be removed from inventory on June 30, 2020, along with its full cost:

Handbag — Total cost		Search		Search				
		Date	Transaction	Description	Qty	Average cost	Amount	Balance
Edit	View	30/06/2020	Sales Invoice		-1	20.00	-20.00	0.00
Edit	View	30/06/2020	Production Order		1	20.00	20.00	20.00

Export (2) Batch Delete

As a consequence, the Inventory Profit Margin report is correct, too:

Test 111

Inventory Profit Margin

For the period from 24/06/2020 to 24/06/2020

	Sales	Cost of sales	Profit	Margin
Handbag	100.00	-20.00	80.00	80%
	100.00	-20.00	80.00	

The *Production in progress* account

Now, the example above is trivial because the production order required 5 units of leather and none was in inventory. Let's look at a situation where a production order requires the same 5 units of leather, but we already have 2 units of leather in inventory:

Inventory Items		New Inventory Item		Search		Search	
	Item name	Qty on hand	Average cost	Total cost			
Edit	Leather	2	4.00	8.00			
Edit	Handbag	-		0.00			
				8.00			

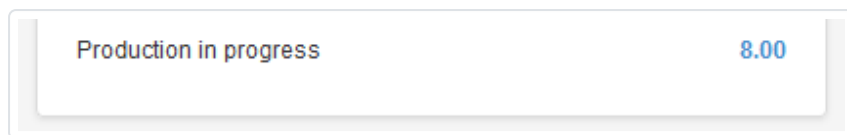
Export (2) Batch Create Batch Update Batch Delete

After the production order is created, the **Inventory Items** screen shows this:

Inventory Items		New Inventory Item		Search		Search	
	Item name	Qty on hand	Average cost	Total cost			
Edit	Handbag	-		0.00			
Edit	Leather	-3		0.00			

Export (2) Batch Create Batch Update Batch Delete

Qty on hand for leather is reduced by 5 and total cost changes from 8.00 to 0.00. But inventory costs cannot simply disappear. In this case, the value of 2 units of leather is transferred to an account named *Production in progress*:



Production in progress is an asset control account added to your chart of accounts automatically when your first production order is created. Partial costs are temporarily accumulated there for production orders with insufficient quantity. When the production order collects sufficient quantities for all inventory items on the bill of materials, the cost is transferred to *Inventory on hand*. If you have no production orders with insufficient quantity, the balance of *Production in progress* will always be zero.

9.5.4 Use production orders for repairs, maintenance, or improvements

Production orders can be used to record internal consumption of inventory items for **repairs, maintenance, or improvement** of other inventory items.

To do this, follow the same procedure as when [using production orders for manufacturing](#), but enter zero as the quantity of the **Finished item**. Non-inventory costs, such as labor, can also be added to a production order used this way.

This will decrease the quantity in stock of inventory items included in the **Bill of materials** without increasing the quantity of the **Finished item**. All inventory and non-inventory costs will be added to the average cost of the **Finished item**.



Example

A car dealer uses inventory items to track cars available for sale. It also uses inventory items to track spare parts required by the service department. Spare parts are not used to manufacture new vehicles. They are used to repair, maintain, or improve existing vehicles, including those held for sale. The car dealer, of course, wants to track consumption of parts when they are installed in a car already in inventory, but does not purchase or sell them in the process. No money changes hands.

So, when repairs are made to a used vehicle or optional accessories are installed on a new one, a production order is prepared. The vehicle being repaired or improved is selected as the **Finished item**. All parts consumed from inventory are listed on the **Bill of materials**. Labor for installation is added as a **Non-inventory cost**, posting to an appropriate labor expense **Account**. Costs of parts and labor are transferred to the vehicle's cost.

Chapter 10: Employees and Payroll

These Guides describe how to record earnings, deductions, and contributions associated with your employees, as well as how to pay employees what they are owed.

10.1 Employees

10.1.1 Enter employees

Employees in Manager are persons for whom the business will record payroll transactions. Individuals must be set up as employees before pay slips can be issued to them. Employees are also eligible to submit expense claims, even if they are not specifically defined as expense claims payers and do not have a capital account. (See [another Guide](#) for more information about expense claims.)

Local laws usually govern who is considered an employee. Even when a regular amount is paid to them, some individuals might need to be treated as partners (with capital accounts), sole traders/proprietors (with equity accounts), or subcontractors. The key factor in deciding to enter a person as an employee is usually whether their compensation can be considered a wage expense under local law and accounting regulations.



Note

Some businesses use third-party processing services to manage payroll. In such cases, there is usually no reason to enable the **Employees** tab, because individual payroll transactions are not entered in Manager. Instead, lump-sum transactions are entered for each payroll period and individual payroll records are maintained by the outside processor. This can be advantageous when local tax and retirement laws are complex or change frequently.

Enable the **Employees** tab

Before an employee can be entered, enable the **Employees** tab. Below the left navigation pane, click **Customize**. Check the box for **Employees**, and click **Update** below the list:

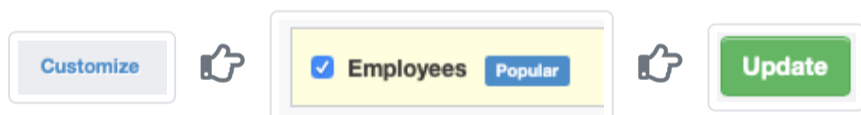
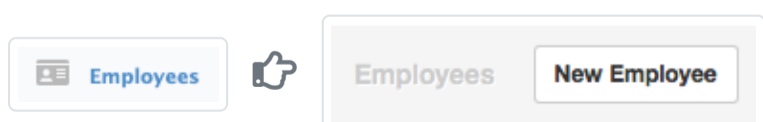


Chart of accounts addition

When the **Employees** tab is enabled, the *Employee clearing account* is automatically activated. This is a liability account recording amounts owed to (and by) employees in individual subaccounts. This account can be renamed, but not deleted, while the **Employees** tab is enabled by editing it under **Settings** **Chart of Accounts**.

Enter an employee

In the **Employees** tab, click **New Employee**:



Complete the entry:

Employee

Name **Code**

Address

Email

Currency

Division

Control account

Starting balance

- Enter the employee's **Name**.
- **Code** is optional, but may be used for an employee identification number.
- **Address** is for the employee's mailing address
- **Email** will be used if payslips are later emailed to the employee.
- **Currency** can be selected only if a base currency has been set and a foreign currency has been defined. Payslips for the employee will be denominated in the currency selected, otherwise the base currency.
- A **Division** can be selected if the employee works only for one division of the business and divisions have been defined.
- **Control account** is available when a custom control account for employees exists. Otherwise, employees are automatically assigned to the *Employee clearing account*.
- **Starting balance** appears only if a start date has been set for the business. If making a transition to Manager's payroll management from another accounting or payroll system, employees may have balances owed to them or owing to the business. The amount must be entered in the currency selected for the employee:

Starting balance

Paid in advance

- Paid in advance
- Amount to pay

Select *Paid in advance* if the employee owes the business money, such as for an employee loan. Select *Amount to pay* if the employee has unpaid earnings as of the start date. Enter the amount owed or owing as a positive number, regardless of the situation.

Click to enter the employee, who will show in the tab listing:

Employees		New Employee		
		Code	Name	Email address
Edit	View	123	Ernst Handel	eh@northwind.com
Edit	View	456	John Fitz	jf@northwind.com
Edit	View	266	Patricia Montfort-Jones	pmj@northwind.com

Inactive employees

When employees terminate employment and will no longer be paid, you can remove them from lists by making them inactive. In the **Employees** tab, click to **Edit** the employee and check the box:

Inactive

Click **Update** and the employee will not appear in active lists.

If the employee ever returns to active status, scroll to the bottom of the employees list, where you will see the employee's name in light grey text with strike-through markings:

Edit ~~John Fitz~~

Edit the employee and uncheck the **Inactive** box.

10.1.2 Pay employees



Note

This Guide provides instructions on paying employees set up under the **Employees** tab and whose payroll transactions have been entered in the **Payslips** tab. It does not address third-party payroll processing.

In Manager, payslips record earnings, deductions, etc. of employees. They **do not** record actual payments to those employees of amounts owed as a result of payslips. To **pay employees**, you must enter payments in the **Payments** tab. Two approaches can be used, depending on whether the employee is owed for a single payslip, multiple payslips, or expense claims.

Single payslip approach

The simplest situation is paying an employee for whom there is only one outstanding payslip. In the **Payslips** tab, click **View** beside the payslip to be paid:

Payslips

Payslips		New Payslip			Search		Search	
		Date	Employee	Gross pay	Deduction	Net pay	Contribution	
Edit	View	05/25/2017	Patricia Montfort-Jones	600.00	42.00	558.00	18.00	

Click **New Payment** :

Payslip **Edit** **Clone** **Print** **PDF** **Email** **New Payment**

A payment entry screen will appear, prefilled with information for paying the employee:

Payment

Date Reference Automatic

Paid from

Payee Other

Description

Item	Account	Description	Qty	Unit price	Total	Tax Amount	Total
	Employee clearing account	Employee 266 - Patricia Montfort-Jones		558	558	0	558

Add line

Line description
 Amounts are tax inclusive
 Custom theme

 Custom title

- **Date** will be prefilled with the current date. Verify or edit as desired.
- Enter a **Reference** number if desired. If the box within the field is checked, Manager will automatically assign a **Reference** by finding the highest existing number among payslips and adding 1.
- Under **Paid from**, select the bank or cash **Account** you will use.
- Select *Cleared* or *Pending* **Status** in the field that appears if paying from a bank account. Cash account payments are presumed to be cleared immediately, so this field does not appear for them.
- **Payee** should be filled with the name to which payments are made for the employee on the relevant payslip. Normally, this is the employee's legal name, but an employee may have given instructions for payments to be made to someone else. Leave the contact type as *Other*.
- **Description** can contain summary information for the entire payment.
- **Item** should be left blank, as no inventory or non-inventory items are involved in payroll transactions.
- **Account** will be prefilled with *Employee clearing account* and *Employee name*. Do not change these.
- **Description** for the line item is optional, but can be filled with distinguishing information, especially if other items are being added to the payment. This field is hidden by default.
- **Qty** should remain blank.
- **Unit price** will be prefilled with the amount of the payslip.
- Check the box for **Line description** to unhide **Description** fields for line items.
- Leave the box for **Amounts are tax inclusive** unchecked. This would have no effect, because no tax code can be applied to payments posted to *Employee clearing account*.
- Check the box if you will use a **Custom theme**. Select the theme from the dropdown menu that appears.
- Check the box if you will use a **Custom title**. A field will appear in which to enter the alternate title.

If other items are to be added to the payment, click . When finished, click .

Other situations for one employee

When there are expense claims or multiple outstanding payslips for an employee, drill down from the page on *Employee clearing account* by clicking the blue balance:



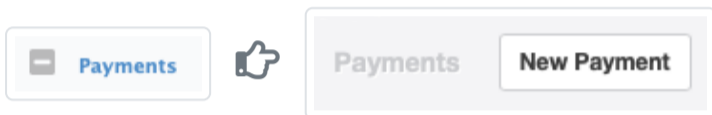
Either continue using the total balance shown for the employee, or drill down further by clicking the employee's balance (in this illustration, no other employees have balances):

Employee clearing account	
<input type="text" value="Search"/> <input type="button" value="Search"/>	
Name	Balance
Patricia Montfort-Jones	607.95

If you drill down on the employee’s balance, you will be able to see all transactions contributing to it. Whichever path you follow, make note of the amount(s) owed to the employee:

Patricia Montfort-Jones						
<input type="text" value="Search"/> <input type="button" value="Search"/>						
		Date	Transaction	Description	Credit	Balance
		08/02/2021	Expense Claim	Staple machine	49.95	607.95 Cr
		07/30/2021	Payslip		558.00	558.00 Cr

Initiate payment directly in the **Payments** tab. Click **New Payment** :



Manually complete the entry form, exactly as you would for a single-payslip payment. Post the transaction to *Employee clearing account* and *Employee name*. For **Unit price**, enter either the full amount due from *Employee clearing account* or one contributing amount from the employee’s drill-down listing. If following the second path, click **Add Line** to enter additional contributing amounts.

When all amounts have been entered, the payment total should equal the employee’s balance in *Employee clearing account*. Click **Create** to record the payment:

Payment

NORTHWIND TRADERS

Patrician Montfort-Jones	Date 08/15/2021	Northwind Traders 1313 North Webfoot Walk Duckburg Calisota
	Reference 1623	

08/15/2021 payroll and expense claim payments

Description	Total
Payslip	558.00
Expense claim	49.95
Total	607.95

Bulk payments

Multiple employees’ payments can be recorded simultaneously. Go to the **Employees** tab, where you will see a list of amounts owed to each employee in the **Amount to pay** column. Click the total for the column:

Employees		New Employee		Search	
		Code	Name	Email address	Amount to pay
Edit	View	123	Ernst Handel	eh@northwind.com	1,825.00
Edit	View	456	John Fitz	jf@northwind.com	0.00
Edit	View	266	Patricia Montfort-Jones	pmj@northwind.com	607.95
					2,432.95

A new page will appear, listing all employees with amounts due. On this screen, employee details can be edited, but amounts owed cannot. Those must be altered by editing the original transactions, which are accessible by clicking individual employees' balances. To record the bulk payment, click **New Payment** :

Employees – Amount to pay		New Payment		Search	
	Employee			Amount to pay	
Edit	Patricia Montfort-Jones			607.95	
Edit	Ernst Handel			1,825.00	
					2,432.95

A new payment transaction form will appear with line items for all employees owed money:

Item	Account	Qty	Unit price	Total	Tax Amount	Total
▼	Employee clearing account ×	Employee 266 - Patricia Montfort-Jones ×	607.95	607.95	0	607.95 ×
▼	Employee clearing account ×	Employee 123 - Ernst Handel ×	1825	1825	0	1825 ×
				2432.95	0	2432.95



Note

Since several employees are being paid, enter something like *Payroll* or *Various* in the **Payee** field of the payment form.

Edit the amounts to be paid, if necessary. Otherwise, click **Create** .



Caution

For all methods described above, be sure to complete steps in making the payment: write the cheques, enter electronic direct deposits, or prepare cash envelopes. Remember, the payment form **records** the payments; it **does not complete** them.

Effect of payments

Each payment line item debits *Employee clearing account* *Employee name* and credits the bank or cash account that is the source of funds. If all employees are paid the full amounts owed, *Employee clearing account* will be reduced to a zero balance.

10.2 Payslips

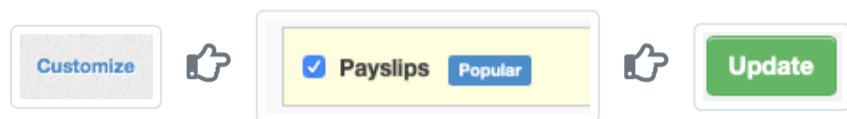
10.2.1 Set up payslip items

Payslip items are specific elements that can appear on payslips. They are necessary so entries on employees' payslips will be posted to the proper account or accounts. Therefore, you must define at least one payslip item before you can issue your first payslip. Every payslip item must be one of three types:

- Earnings
- Deductions
- Contributions

Enable the **Payslips** tab

Before payslip items can be defined, you must enable the **Payslips** tab. Under the left navigation pane, click **Customize**, check the box for **Payslips**, then click **Update** below the list:



Set up payroll accounts

Before you can create payslip items, you must add accounts to which they will be posted. Add these accounts according to instructions in [this Guide](#). Payroll accounts can be:

- **Expense accounts** on the Profit and Loss Statement. Such accounts record the various types of payroll expenses of the business. Examples include *Wages, Manufacturing labor, Vacation pay, Holidays, Sales commissions, and Bonuses*. All payroll expenses can be combined in a single account, or you can divide them into as many categories as will be convenient for management review. Consider whether government authorities require reporting of certain categories of payroll expense when choosing your accounts.
- **Liability accounts** on the Balance Sheet. These accounts record amounts owed to outside entities, such as tax authorities or benefit funds on behalf of employees. Examples include *Income tax withholding, Pension fund salary deferrals, Employee medical insurance premiums, and Employer retirement contributions*. Some may represent funds deducted from employees' pay. Others may represent funds contributed by the business. The primary considerations in determining which accounts to establish are who the funds will eventually be remitted to and for what purpose.
- **Asset accounts** on the Balance Sheet. These accounts record amounts owed to the business, such as salary advances to employees that must be repaid.

These accounts can be used to post more than one payslip item or type.



Example

Northwind Traders establishes the following payroll accounts:

- *Wages & salaries*, an expense account for normal and vacation or holiday earnings
- *Retirement matching*, an expense account for the company's portion of retirement contributions
- *Income tax withheld*, a liability account for tax deductions from employees' pay
- *Retirement fund deferrals*, a liability account for both employees' and the employer's contributions to a retirement fund

Earnings items

Earnings items are typically wages, salaries, bonuses, commissions, and various allowances you will pay to employees. Employees, in turn, will see earnings on their payslips broken out into these categories.

Go to **Settings**, then **Payslip Items**, locate the **Payslip Earnings Items** list, and click **New Payslip Item**:



Give the earnings item an informative **Name**, such as *Regular wages, Holiday pay, or Vacation*. Assign earnings items to the expense account created for each one.



Example

Northwind creates an item for regular wages and assigns it to the *Wages & salaries* account:

Payslip Earnings Item

Name

Account

Click to save the earnings item, which will appear on the [Payslip Earnings Items](#) list:

Payslip Earnings Items		<input type="button" value="New Payslip Item"/>
	Name	Account
<input type="button" value="Edit"/>	Regular wages	Wages & salaries



Note

Earnings items must be posted to expense accounts because they are expenses of the business in the current accounting period.

Deduction items

Deduction items include payroll taxes, insurance premiums, union fees, or wage garnishments you subtract from an employee’s pay. Employees will see their deductions broken out into these categories.

Deduction items are defined the same way as earnings items, except that you click for the [Payslip Deduction Items](#) list:

Payslip Deduction Items

Give the deduction item an informative **Name**, such as *Income tax*. Assign deduction items to the accounts you set up for them.



Example

Northwind creates a deduction item for income tax and assigns it to the *Income tax withheld* account:

Payslip Deduction Item

Name

Account

It also creates a deduction item for retirement fund contributions by employees, assigning it to the *Retirement fund deferrals* account. And it creates an item for recovery of salary advances and assigns it to the *Staff salary advances* account. All three appear on the **Payslip Deduction Items** list:

Payslip Deduction Items		New Payslip Item
	Name	Account
<input type="button" value="Edit"/>	Income tax	Income tax withheld
<input type="button" value="Edit"/>	Recovery of salary advance	Staff salary advances
<input type="button" value="Edit"/>	Retirement contributions	Retirement fund deferrals



Note

Deduction items are most frequently posted to liability accounts because deductions from an employee’s gross pay (e.g., payroll tax, union fees) are payable to someone else (e.g., tax authority, union) by the business. Only when the deductions are payable to the business itself should the associated payroll account be classified as an asset account.

Contribution items

Contribution items are paid by an employer and characterized as both earnings and deductions.



Example 1

You are required to deposit a certain percentage of an employee’s gross pay into a pension or superannuation fund. This is regarded as a contribution. It represents a type of employee earnings paid by the employer, but is deducted from gross pay at the same time and subsequently paid into the employee’s pension fund.

Example 2

You have a matching gift program under which you add to an employee’s charitable contribution. Your matching gifts would normally be earnings for the employee and an expense for you, but the simultaneous deduction also makes it a liability you will pay to the charity.

Contribution items are defined the same way as earnings and deduction items, except that you click for the **Payslip Contribution Items** list:

Payslip Contribution Items

Give the contribution item an informative **Name**, such as *Retirement match* or *Matching gift*. Assign contribution items to both the **Expense account** and **Liability account** you set up for them.



Example

Northwind creates a contribution item for its portion of retirement contributions. It assigns the item to the *Wages & salaries* expense account and the *Retirement fund deferrals* liability account:

Payslip Contribution Item 34b918dd-af

Name

Expense account

Liability account

Click **Create** to define the contribution item, which will appear in the **Payslip Contribution Items** list:

Payslip Contribution Items		New Payslip Item	
	Name	Expense account	Liability account
Edit	Retirement match	Wages & salaries	Retirement fund deferrals
Edit	Superannuation guarantee	Wages & salaries	Income tax withheld

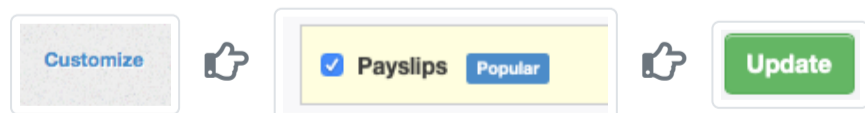
10.2.2 Issue payslips

Payslips are forms issued to employees recording:

- Earnings, e. g., wages, salaries, commissions, and bonuses
- Deductions, e. g., taxes, union dues, retirement savings, or anything else funded by the employee from gross earnings but withheld by the business and paid to another entity on the employee’s behalf
- Contributions by the business, e. g., retirement plan contributions, charitable matching gifts, or other things paid to outside authorities, organizations, or custodians on the employee’s behalf

Enable the **Payslips** tab

Before you can issue a payslip, enable the **Payslips** tab. Under the left navigation pane, click **Customize**, check the box for **Payslips**, and click **Update**:





Notes

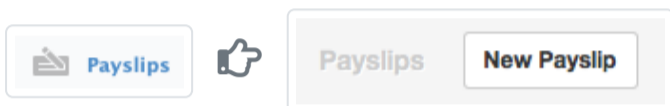
Some businesses use third-party processing services to manage payroll. In such cases, there is usually no reason to enable the **Payslips** tab, because individual payroll transactions are not entered in Manager. Instead, lump-sum transactions are entered for each payroll period and individual payroll records are maintained by the outside processor. This can be advantageous when local tax and retirement laws are complex or change frequently.

Payslips cannot be issued until payslip items have created under **Settings** . See [another Guide](#) for procedures.

Payslips also cannot be issued until employees have been entered in the **Employees** tab. See [another Guide](#) for procedures.

Issue a payslip

In the **Payslips** tab, click **New Payslip** :



Complete the entry:

Payslip

Date **Reference**

Description

Employee

Earnings	Description	Units	Rate	Amount	Division
<input type="text"/>	<input type="text" value="Optional"/>	<input type="text"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="Optional"/>
<input type="button" value="Add line"/>					

Deductions	Description	Amount	Division
<input type="text"/>	<input type="text" value="Optional"/>	<input type="text" value="0"/>	<input type="text" value="Optional"/>
<input type="button" value="Add line"/>			

Contributions	Description	Amount	Division
<input type="text"/>	<input type="text" value="Optional"/>	<input type="text" value="0"/>	<input type="text" value="Optional"/>
<input type="button" value="Add line"/>			

Show totals for the period
From


Custom theme

- **Date** will automatically be prefilled with today's date, but may be edited.
- **Reference** is optional and may be used for internal or external sequences. If the box within the field is checked, Manager will number the transaction automatically. The program will search for the highest number among all existing payslips and add 1.
- Enter an optional **Description** of the payslip.
- Select **Employee** from the dropdown list of predefined employees.

- Select an **Earnings** item from the dropdown list.
- Additional **Description** is optional.
- **Units** and **Rate** automatically produce the **Amount**.
- A **Division** can be selected if divisions are defined.
- Select a **Deductions** item from the dropdown list.
- Add further **Description**, if desired.
- Enter **Amount** of the deduction.
- Again, a **Division** can be selected if divisions are defined.
- Select a **Contribution** from the dropdown list.
- Add further **Description** if necessary.
- Enter **Amount** of the contribution.
- Once more, a **Division** can be selected if divisions are defined.
- Check the box for **Show totals for the period** (if desired) and enter a date in the **From** field that appears. Totals will be displayed at the bottom of the payslip for the period beginning with the entered date and ending with the **Date** of the payslip.
- Check the box for **Custom theme** (if any are enabled) to select a theme.

More earnings, deductions, or contributions can be added by clicking **Add Line**. When finished, click **Create** to issue the payslip:

Payslip



NORTHWIND
TRADERS

Patricia Montfort-Jones
No. 27 Duckbill Place
Calisota

Date
07/30/2021

Northwind Traders
1313 North Webfoot Walk
Duckburg
Calisota

Description	Qty	Rate	Total
Regular wages	40	15.00	600.00
Gross pay			600.00
Less: Income tax			42.00
Net pay			558.00
Retirement match			18.00

Payslips can be emailed to employees directly. Click **Email** while viewing the payslip:

Payslip
Edit
Clone
Print
PDF
Email
New Payment

The payslip will be emailed to the address on file in the employee's profile in the **Employees** tab:

Email
×

To

Subject

Payslip effects

Payslips affect at least three accounts. More could be affected if various payslip items are allocated to more than one account. The first is *Employee clearing account*, where the net pay amount is posted:

Employee clearing account		Search	Search
Name	Balance		
Patricia Montfort-Jones	558.00		

Second are the payroll liability accounts, where both deductions and contributions are posted. All amounts posted to these accounts are owed to outside entities. In this illustration, corresponding to the payslip shown above, income tax and retirement match are posted to *Income tax withheld* and *Retirement fund deferrals*, respectively. In both cases, other payslips add to the overall account balances:

Income tax withheld								Search	Search
		Date	Transaction	Employee	Description	Debit	Credit	Balance	
Edit	View	07/30/2021	Payslip	Patricia Montfort-Jones			42.00	158.00 Dr	

Retirement fund deferrals								Search	Search
		Date	Transaction	Employee	Description	Debit	Credit	Balance	
Edit	View	07/30/2021	Payslip	Patricia Montfort-Jones			18.00	68.00 Cr	

Third are the payroll expense accounts, where expenses to the business are posted. In this illustration, both wages and retirement match are posted to *Wages & salaries*:

Wages & salaries							Search	Search
		Date	Transaction	Employee	Debit	Balance		
Edit	View	07/30/2021	Payslip	Patricia Montfort-Jones	600.00	618.00 Dr		
Edit	View	07/30/2021	Payslip	Patricia Montfort-Jones	18.00	18.00 Dr		



Caution

Payslips do not record payment to the employee. They only record expenses and liabilities associated with payroll. Further transactions are needed to discharge the liabilities by paying the employee and forwarding deductions and contributions to relevant entities.

10.2.3 Set up and manage recurring payslips

Recurring payslips are useful when you pay employees on a regular schedule and most details of their payslips are identical from one payroll period to the next. Manager can track when payslips are due, remind you to create them, yet give you the opportunity to edit details.



Note

Procedures for issuing regular payslips are described in [another Guide](#). Read it first. Recurring payslips are very similar.

Before you can set up recurring payslips, you must enable the **Employees** and **Payslips** tabs, enter one or more employees, and define payslip items.

Enter a recurring payslip

To set up a recurring payslip, go to [Settings](#)  [Recurring Payslips](#) and click [New Recurring Payslip](#) :



Complete the entry form exactly as for a regular payslip, with the following additions:

- **Next issue date** is the date of the next recurring payslip. You should enter a date that is the same day of the week or month you want future payslips to be issued.
- **Interval** must include the number of weeks or months between recurring payslips.


Instead of the standard **Reference** field, which would not be applicable for a recurring payslip, the form includes a checkbox for **Automatic reference**, as shown above.

Click [Create](#) to save the recurring payslip, which will be visible in the **Recurring Payslips** listing under [Settings](#) :


Recurring Payslips		New Recurring Payslip	<input type="text" value="Search"/>	<input type="button" value="Search"/>
	Employee	Next issue date	Interval	
<input type="button" value="Edit"/>	Patricia Montfort-Jones	08/01/2021	Every 1 Month(s)	

Create recurring payslips

Whenever a recurring payslip is due, two notifications are provided. The first is a yellow counter window in the left navigation pane showing the number of recurring payslips for which payslips are pending (not the number of pending payslips, which could be higher if you have not kept up by creating payslips that are due).

 **Example**
One recurring payslip has at least one pending payslip:

The second notification occurs any time you go to the [Payslips](#) tab. You will see a yellow banner.

 **Example**

Click on the banner to see a list of payslips due.



Example

Recurring Payslips		Search	
<input type="checkbox"/>		Next issue date	Employee
<input type="checkbox"/>	Edit	08/01/2021	266 - Patricia Montfort-Jones

Batch Create

Select all pending recurring payslips by checking the top box. Or, select individual recurring payslips. Then click **Batch Create**. The next recurring payslip for each selection will be immediately created under the **Payslips** tab. You can further **Edit** or **View** it without affecting future recurring payslips.



Note

When you view a payslip directly in the **Payslips** tab, you are viewing it as a standard payslip, not a recurring one. Any changes you make to it will not affect the recurring payslip defined in the **Settings** tab.

When you create a payslip from the recurring payslip selection screen, only one payslip is created. If more than one payslip is due from the same recurring payslip (because you fell behind), the date in the **Next issue date** column will change according to the interval defined for the recurring payslip. Selecting that recurring payslip and clicking **Batch Create** again will generate an additional standard payslip. Repeat this process until the recurring payslip is grayed out on screen.

While you are selecting recurring payslips, you can also edit them. Click the **Edit** button to go to the recurring payslip definition screen.



Caution

Edits made during the selection process affect the recurring payslip itself, not the standard payslip you are generating from it. Therefore, all future payslips created from the recurring payslip will reflect the changes made during the editing process, including any payslip you create immediately. So, if you want to change only the current payslip you are creating, click **Batch Create** first and edit the resulting payslip in the **Payslips** tab.

Manage recurring payslips

If a recurring payslip should be skipped, modified in frequency, or changed in amounts, simply **Edit** it under **Settings**. Frequently, this involves only changing the **Next issue date**.

If the recurring payslip ceases to be useful, **Delete** it in the **Settings** tab. Since a recurring payslip is a template, not an actual transaction, Manager will allow you to delete recurring payslips that have already been used.

Chapter 11: Investments

Investments are marketable securities, something that can be bought or sold that represents an asset held to generate current income or future capital appreciation outside normal business operations.

11.1 Investments

11.1.1 Track investments in marketable securities

Manager can help you **track investments in marketable securities** in the `Investments` tab. As used in Manager, investments do not include depreciable fixed assets, loans to outside entities, capital contributions by owners, or inventory held for sale or production. Investments include, but are not limited to:

- Shares of stock issued by other companies
- Marketable bonds
- Mutual funds
- Exchange-traded funds

Essentially, an investment is something that can be bought or sold that represents an asset held to generate current income or future capital appreciation outside normal business operations.

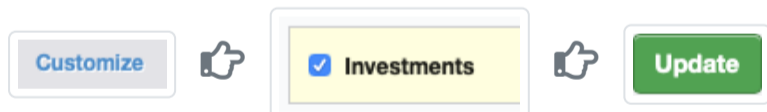


Note

Currently, the tab functions as a simple register. Other capabilities are planned.

Enable the `Investments` tab

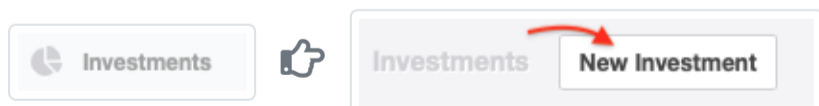
To record an investment, first enable the `Investments` tab. Below the navigation pane, click `Customize`, check the appropriate box, and click `Update`:



Create an investment

Before you can record any transaction involving an investment, you must create it. This establishes a subsidiary register for the investment.

*In the `Investments` tab, click `New Investment`:



Complete the entry:

Investment

Code	Name
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Market price	
<input style="width: 100%;" type="text" value="0"/>	
Starting balance	
Qty	<input style="width: 100%;" type="text" value="0"/>
Total cost	<input style="width: 100%;" type="text" value="0"/>

- **Code** can be any alphanumeric identifier for the investment. (Stock trading symbols are excellent examples.)
- **Name** is how you want to refer to the investment.
- **Market price** is the current market price of the investment. This field will be updated frequently, especially when transactions are entered involving the investment.
- **Starting balance** is used only when migrating to Manager from a prior accounting system. It includes two components. **Qty** is where you enter the number of shares or units owned on the day you begin using Manager. **Total cost** is your total invested amount on that date (adjusted, if necessary for prior reductions). In many jurisdictions, this would be considered your accounting or tax basis.



Example

Moustapha uses Manager for personal financial management. On the day he begins using the program, he owns 100 shares of XYZ Corporation common stock. Moustapha bought the stock several years ago, before using Manager, at a price of 50.00 per share. Today's market price is 75.00 per share. He creates the following investment:

Investment

Code	Name
<input style="width: 100%;" type="text" value="XYZ"/>	<input style="width: 100%;" type="text" value="XYZ Corporation common stock"/>
Market price	
<input style="width: 100%;" type="text" value="75"/>	
Starting balance	
Qty	<input style="width: 100%;" type="text" value="100"/>
Total cost	<input style="width: 100%;" type="text" value="5000"/>

Automatic accounts

When the first investment is created, a control account named *Investments* is automatically activated in the *Assets* group of your chart of accounts. This account cannot be deleted while any investments exist, but it can be moved to another group if desired. The balance of the *Investments* account represents the current book value of all investments held.

A second account is automatically created in the Profit and Loss Statement named *Capital gains on investments*. By default, this account is uncategorized. Normally, this account should be assigned to a revenue group. When investments are sold, capital gains or losses are realized and posted here.

Transact investments

Once an investment is created, typical Manager transactions can reference it.



Example

Moustapha decides to capture some of the capital gains accrued by his investment in XYZ. So he sells 10 shares at the current market price of 75.00. In doing so, he incurs fees of 15.00, for net proceeds of 735.00. Moustapha enters the following receipt:

Receipt

Date 6/24/2022 **Reference** Optional

Paid by Contact Other Continental Brokerage Services

Received in Account Personal account **Cleared** On the same date

Description Net proceeds from sale of 10 shares of XYZ Corporation common stock

Item	Account	Description	Qty	Unit price	Total
Investments	Investment	XYZ - XYZ Corporation common stock	10	75	750
Investment fees		Transaction fees		-15	-15
					735

The **Investments** tab shows the market value of the remaining 90 shares of XYZ stock. Recall that these were purchased at the same 50.00 price as the shares sold, so the average cost has not changed. Unrealized gains are calculated based on the current market price:

Investments		New Investment		Search		Search		
	Code	Name	Qty	Average cost	Total cost	Market price	Market value	Unrealized gains
Edit	XYZ	XYZ Corporation common stock	90	50.00	4,500.00	75.00	6,750.00	2,250.00

The sale caused 250.00 of capital gains to be recognized. These were automatically posted to *Capital gains on investments*:

Capital gains on investments	250.00
------------------------------	--------



Notes

In the example above, transaction fees were entered as a negative amount on the receipt because they reduced the amount received. The amount was posted to an expense account because it did not affect the average cost of the remaining investment quantity.

In the case of a purchase, transaction fees would be entered as a positive amount because they add to the amount paid. In some jurisdictions, such fees can be included in the cost basis of the investment and would be posted to the *Investments* account along with the cost of the investment units. In other jurisdictions, such fees are not considered part of the cost basis of investments and would be posted to a suitable expense account. Check with a qualified local accountant or tax authority to verify which situation applies in your jurisdiction.



Caution

Realized capital gains are calculated from the difference between the average cost of the investment and the unit price reported for the sale. However, market value and unrealized gains are based on the market price specified for the investment in its definition. **For accurate reporting of market values and unrealized gains, all market prices must be up to date. This does not occur automatically.**

Chapter 12: Fixed Assets

Fixed assets include physical property owned by a business with long lifetimes. Their full cost is usually recovered over an extended period of time through depreciation rather than being counted entirely as a current expense.

12.1 Fixed Assets

12.1.1 Purchase fixed assets

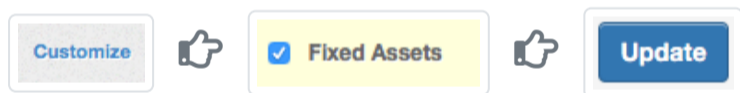
Fixed assets are tangible property owned by a business, such as buildings, machinery, furniture, vehicles, and equipment. To be considered a fixed asset, property must:

- Have a useful life longer than one major accounting period (usually one year)
- Cost more than the capitalization threshold (set either by company policy or local law)
- Be held for productive use rather than immediate sale (inventory is not included among fixed assets)

The acquisition cost of a fixed asset is recovered over its economic life through depreciation, rather than as an expense during a single accounting period.


Enable the **Fixed Assets** tab

Before you can enter any transaction related to a fixed asset, the fixed asset itself must be created in Manager. If the **Fixed Assets** tab has not already been enabled, click **Customize** below the left navigation pane. Check the box for **Fixed Assets** and click **Update** below the list:



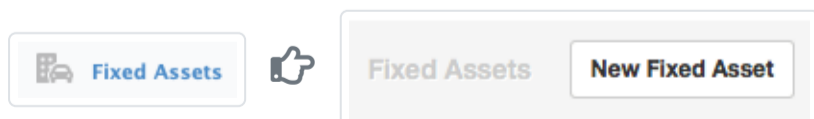
When the tab is enabled, four accounts are automatically activated in your chart of accounts:

- *Fixed assets, at cost*, an asset account recording the acquisition cost of all fixed assets
- *Fixed assets, accumulated depreciation*, a contra asset account summing depreciation to date of all fixed assets
- *Fixed assets - depreciation*, recording current depreciation expenses
- *Fixed assets - loss on disposal*, an expense account recording loss (gain) on disposal of fixed assets

These accounts cannot be disabled while the **Fixed Assets** tab is enabled, but they can be renamed under **Settings**  **Chart of Accounts**.

Create a fixed asset

Return to the left navigation pane, click **Fixed Assets**, then **New Fixed Asset**:



Complete the entry:

Fixed Asset

Item code

Item name

Depreciation rate

 %

Description

Control account - acquisition cost

Control account - accumulated depreciation

Starting balance

Acquisition cost	0	Accumulated depreciation	0
------------------	---	--------------------------	---

Custom depreciation expense account

Disposed fixed asset

Date of disposal	<input type="text"/>	Account	<input style="width: 95%;" type="text" value="Fixed assets - loss on disposal"/>	Tracking Code	<input style="width: 95%;" type="text" value="Optional"/>
------------------	----------------------	---------	--	---------------	---

- **Item code** is an optional alphabetic or numeric designation for the fixed asset.
- **Item name** is the name that will appear for the fixed asset in reports and lists.
- **Depreciation rate** is the notional **annual** percentage depreciation rate for the asset. This rate will be used by the Depreciation Calculation Worksheet in the **Reports** tab to calculate a **daily** depreciation rate, which will be used in calculations.
- **Description** accepts detailed information about the fixed asset.
- The **Control account – acquisition cost** field appears only when a **custom control account** made up of fixed assets exists. Otherwise, the asset is assigned to the *Fixed assets, at cost* control account by default.
- The **Control account – Accumulated depreciation** field appears whenever a custom control account for fixed asset depreciation exists. Otherwise, the asset’s depreciation will be posted to *Fixed assets, accumulated depreciation*.
- **Starting balance** fields appear for *Acquisition cost* and *Accumulated depreciation*. These are used only when making a transition to Manager from a prior accounting system.
- When the **Custom depreciation expense account** box is checked, a dropdown field appears that allows you to select any regular expense account for posting current depreciation expenses for the asset. If nothing else is selected, current depreciation for the asset will be posted to *Fixed assets - depreciation*.
- See [another Guide](#) for information about the **Disposed fixed asset** checkbox and related fields.

Click .



Example

Brilliant Industries is adding a packaging machine in its factory. The machine has an expected life of 10 years and will be depreciated using a straight-line method, so a fixed asset is created:

Fixed Asset

Item code **Item name**

Optional Packing machine

Depreciation rate

10 %

Description

Acme 2900X box handler

Custom depreciation expense account

Disposed fixed asset

The fixed asset will show under the **Fixed Assets** tab with no book value:

Fixed Assets		New Fixed Asset		Search		Search	
	Name	Description	Depreciation rate	Acquisition cost	Accumulated depreciation	Book value	Status
<input type="button" value="Edit"/>	Packing machine	Acme 2900X box handler	10	0.00	0.00	0.00	Active



Note

To this point, you have not recorded the purchase of the fixed asset. You have only set it up in Manager. Now you can record financial transactions related to the fixed asset.

Purchase a fixed asset

Purchase of the fixed asset can be recorded under following tabs:

- **Payments** , if purchased without credit from the supplier
- **Purchase Invoices** , if purchased from a supplier on credit
- **Expense Claims** , if paid by you or someone else on behalf of the business
- **Journal Entries** , if purchase was financed by a loan

When recording the purchase of a fixed asset under any of these tabs, post the amount spent to the *Fixed assets* account (or the custom control account you created for the purpose) and the subaccount for the fixed asset you have purchased.

If you purchase the fixed asset using a loan, you should also create a liability account in your chart of accounts with a name something like *Loan* before you record the purchase transaction. Then record the journal entry as a debit to the *Fixed assets* or other control account for the purchase cost and a credit to the *Loan* account of the same amount. Loan repayments must be posted to the *Loan* account. They have nothing to do with purchase cost, depreciation, or book value of the fixed asset.



Example

Brilliant Industries purchases its packaging machine on credit from the manufacturer, entering the 10,500 cost with a journal entry. The purchase cost now shows in the **Fixed Assets** tab register:

Fixed Assets		New Fixed Asset		Search		Search	
	Name	Description	Depreciation rate	Acquisition cost	Accumulated depreciation	Book value	Status
<input type="button" value="Edit"/>	Packing machine	Acme 2900X box handler	10	10,500.00	0.00	10,500.00	<input type="button" value="Active"/>

The purchase cost of the fixed asset will be combined with any other fixed assets' costs and displayed under the *Assets* category on the **Summary** page:

Fixed assets, at cost	10,500.00
Fixed assets, accumulated depreciation	-

12.1.2 Expense fixed assets

The cost of a **fixed asset** is normally recovered through depreciation over its economic life. Only current depreciation is treated as an expense each accounting period, even though the full cost of the asset might have been paid when it was purchased.

However, some local tax authorities allow fixed assets to be treated as current expenses under exceptions to normal practice for various reasons, including:

- Promoting business investment
- Reducing administrative burdens
- Encouraging small business formation

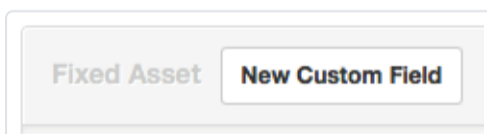
A typical exception is to allow the entire cost of a fixed asset to be recovered in a single year as a **current expense** under specific circumstances. However, such exceptions often include restrictions of their own, such as requirements to recapture (give back) accelerated depreciation taken previously if the fixed asset is retired from service or the company goes out of business before the asset's expected lifespan has passed. In other words, the tax authority will demand its due if criteria for the exception are not met.

Manager can help track necessary information if you take advantage of such exceptions for fixed assets. [Purchasing](#), [depreciating](#), and [disposing](#) of fixed assets are covered by other Guides. Extra steps necessary when expensing fixed assets are accomplished using [custom fields](#).

In the **Settings** tab, select **Custom Fields** :



Locate the Fixed Asset list and click **New Custom Field** :



Define a custom field for the date the fixed asset is placed in service. Assign this custom field to Position 1. Check the box to **Show custom field as a column** . Make the field **Type** *Single line text*:

Custom Field

Label **Position**

Date in service 1

Type

Single line text

Size

Small

Description

Optional

Show custom field as a column

Show custom field on printed documents

Inactive

Click .

Define a second custom field for depreciation method in the same way, assigning it to Position 2. Make this custom field **Type** a *Drop-down list*. Enter list options allowed by local law and business policy. In this example, straight-line depreciation and accelerated depreciation under (fictional) Rule 24-3998 are allowed:

Custom Field

Label **Position**

Depreciation method Optional

Type

Drop-down list

Options for drop-down list

Straight line
Rule 24-3998

Description

Optional

Show custom field as a column

Show custom field on printed documents

Define a third custom field for the recovery period. Assign it to Position 3. Define a fourth custom field for the end of the recovery period, which may or may not match the actual expected life of the fixed asset. Of course, labels for all these custom fields can be altered to match local requirements.

When these custom fields are completed for all fixed assets, the register becomes a useful tool for determining:

- Whether a fixed asset was subject to a depreciation exception
- How long the fixed asset must remain in service to avoid recapture of depreciation expenses



Example

In the register below, the delivery truck is being depreciated in a standard, straight-line fashion over a 7-year lifespan. No special treatment is required. But the packaging machine was fully depreciated at the time it was purchased, yet is expected to last 10 years. It currently has no book value, even though it remains a valuable business asset. So if it is disposed early, adjustments to income may be necessary to recapture the accelerated depreciation. Follow local tax law in this respect.

Fixed Assets		New Fixed Asset		Search		Search					
	Name	Description	Depreciation rate	Date in service	Depreciation method	Recovery period	End of recovery	Acquisition cost	Accumulated depreciation	Book value	Status
Edit	Delivery truck	2014 Toyota	14.29	6/6/2015	Straight line	7 years	06/05/2022	35,200.00	5,028.57	30,171.43	Active
Edit	Packing machine	Acme 2900X box handler	10	5/7/2013	Rule 24-3998	10 years	05/06/2023	2,950.00	2,950.00	0.00	Active

The same basic approach can be followed whenever additional information must be tracked for future decision-making about fixed assets.

12.1.3 Dispose of fixed assets

When a fixed asset is removed from service, it must be **disposed of** in your accounting records. Several circumstances may exist. The fixed asset may have:

- Already been fully depreciated over its useful life
- Passed the end of its useful life, but have residual salvage or resale value
- Been only partially depreciated, with useful life and resale value remaining
- Been partially depreciated, but with no value remaining (worn out early)

Other circumstances could also apply, especially if special tax provisions covered purchase of the fixed asset. Regardless of the exact situation, the purchase cost of the fixed asset must be removed from the *Fixed assets* account and its accumulated depreciation must be removed from *Fixed assets, accumulated depreciation*. Otherwise, the balances of these two accounts would grow endlessly as the business purchases assets over the years, even if those assets are no longer owned. Finally, whether the fixed asset is sold, scrapped, or given away, the difference between its book value and any amount recovered through disposal must be recorded, either as income or expense.

To dispose of a fixed asset, go to the **Fixed Assets** tab, click the **Edit** button for the asset disposed, check **Disposed fixed asset**, then enter the date of disposal. This transfers the book value of the asset to the designated expense account and the book value on the balance sheet is reduced to zero.

By default, disposal gains or losses are posted to *Fixed assets - loss on disposal*, a control account activated automatically when the **Fixed Assets** tab is enabled. If desired, the disposal gain or loss can be posted to any regular expense account.



Example

Brilliant Industries decides to replace the packaging machine it purchased in January with a more capable model, even though only three months of its useful life have passed. The disposal is recorded as below:

Fixed Asset

Item code **Item name**

Optional Packing machine

Depreciation rate

10 %

Description

Acme 2900X box handler

Division

Optional

Control account - acquisition cost

Fixed assets, at cost

Control account - accumulated depreciation

Fixed assets, accumulated depreciation

Starting balance

Acquisition cost 0 Accumulated depreciation 0

Custom depreciation expense account

Disposed fixed asset

Date of disposal 6/13/2020 Account Fixed assets - loss on disposal

After Brilliant Industries' disposal action, its Balance Sheet shows no balance for either *Fixed assets, at cost* or *Fixed assets, accumulated depreciation*. The Profit and Loss Statement shows three months' worth of depreciation expense and the large remaining book value:

Fixed assets, at cost	-
Fixed assets, accumulated depreciation	-
Fixed assets - depreciation	262.50
Fixed assets - loss on disposal	10,237.50

Unless Brilliant Industries can find a buyer for the used packaging machine, this situation will look like a serious business mistake.

Like fixed asset purchases and depreciation, disposals are reported on the Fixed Asset Summary in the **Reports** tab:

Brilliant Industries						
Fixed Asset Summary						
For the period from 01/01/2017 to 12/31/2017						
	Opening balance	Acquisition cost	Consideration received	Depreciation	Profit (loss)	Closing balance
Packing machine						
At cost	-	10,500.00	-		(10,500.00)	-
Accumulated depreciation	-			(262.50)	262.50	-
Total — Packing machine	0.00	10,500.00	0.00	(262.50)	(10,237.50)	0.00
	0.00	10,500.00	0.00	(262.50)	(10,237.50)	0.00



Notes

In the Fixed Asset Summary, the **Acquisition cost** column includes all purchases and upwards revaluations. **Consideration received** includes all sales posted to the asset’s subaccount (see below) and downwards revaluations. **Depreciation** includes all depreciation during the reporting period. **Profit (loss)** includes amounts transferred to other accounts when the asset is disposed.

Two methods can be used when a disposed fixed asset is sold. The first is to post a receipt in the **Receipts & Payments** tab to *Fixed assets, at cost* and the specific asset’s subaccount prior to recording disposal. This reduces the purchase cost balance, decreasing any loss on disposal. Such a receipt would show up in the **Consideration received** column. The second method is to post the transaction to *Fixed assets - loss on disposal* after disposal. The net effects are the same, but the second method would not show on the Fixed Asset Summary, because the transaction would not be posted directly to the asset’s subaccount.

12.1.4 Migrate fixed assets from prior accounting system

When migrating to Manager from a prior accounting system, fixed assets must be carried forward at their book values from the previous system. This is accomplished in Manager in two steps:

- Create the fixed asset.
- Enter starting balances for purchase cost and accumulated depreciation to date being carried over from your old account system. (Manager will automatically calculate book value.)

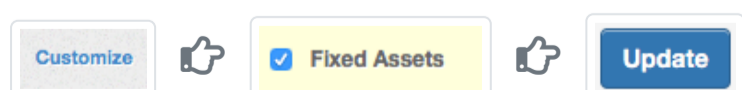
These steps can be accomplished separately, or they can be combined into a single operation as the asset is being created. There is no difference in the final results.

Set a start date

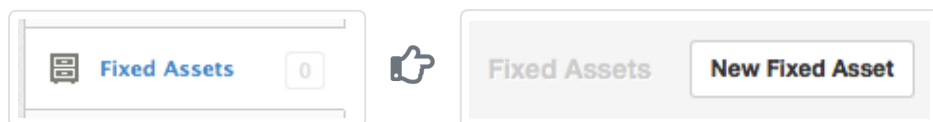
Starting balances cannot be entered unless a start date is set. To set a start date, follow procedures in [this Guide](#).

Create the fixed asset

Before you can enter any transaction related to a fixed asset, the fixed asset itself must be created in Manager. If the **Fixed Assets** tab has not already been enabled, click **Customize** below the left navigation pane. Check the box for **Fixed Assets** and click **Update** below the list:



To migrate a fixed asset, return to the left navigation pane, click **Fixed Assets**, then **New Fixed Asset** :



Complete the entry:

Fixed Asset

Item code **Item name**

Depreciation rate

%

Description

Control account – At cost

Control account – Accumulated depreciation

Starting balance

Acquisition cost USD

Accumulated depreciation USD

Book value USD

Custom depreciation expense account

- **Item code** is an optional alphabetic or numeric designation for the fixed asset.
- **Item name** is the name that will appear for the fixed asset in reports and lists.
- **Depreciation rate** is the notional **annual** percentage depreciation rate for the asset. This rate will be used by the Depreciation Calculation Worksheet in the **Reports** tab to calculate a **daily** depreciation rate, which will be used in calculations.
- **Description** accepts detailed information about the fixed asset.
- The **Control account – At cost** field appears only when a **custom control account** made up of fixed assets exists. Otherwise, the asset is assigned to the *Fixed assets, at cost* control account by default.
- The **Control account – Accumulated depreciation** field appears whenever a custom control account for fixed asset depreciation exists. Otherwise, the asset’s depreciation will be posted to *Fixed assets, accumulated depreciation*.
- When the **Custom depreciation expense account** box is checked, a dropdown field appears that allows you to select any regular expense account for posting current depreciation expenses for the asset. If nothing else is selected, current depreciation for the asset will be posted to *Fixed assets - depreciation*.

Click **Create** .

Enter starting balances

Original purchase cost and accumulated depreciation to date from your old accounting system must be entered as starting balances. General procedures for entering starting balances are contained in [this Guide](#). Read it first.

When migrating fixed assets, go to the **Fixed Assets** tab. Click **Edit** for the asset you are migrating and enter *Acquisition cost* and *Accumulated depreciation* in the **Starting balance** fields. These amounts should be the closing balances for equivalent figures from your old accounting system.



Example

Northwind Traders is migrating its accounting system to Manager. The first fixed asset it migrates is a packing machine. Following procedures described above, it creates the packing machine as a fixed asset, then enters starting balances:

Starting balance	
Acquisition cost	10500
Accumulated depreciation	5655
Book value	4,845

Results

The fixed asset, with starting balances carried over from your old accounting system, will show under the **Fixed Assets** tab. The purchase cost of the fixed asset will be combined with any other fixed assets' costs and displayed under the *Assets* category on the **Summary** page. A contra account, *Fixed assets, accumulated depreciation*, will record depreciation to date for all fixed assets. The difference between the two account balances represents current book value of all fixed assets. Of course, if you assign the cost and accumulated depreciation of an asset to custom control accounts, applicable figures will be summed there, instead.



Example

After migrating its first fixed asset, the packaging machine, Northwind's fixed asset list and **Summary** show the results:

Fixed Assets		New Fixed Asset		Search		Search	
	Name	Description	Depreciation rate	Acquisition cost	Depreciation	Book value	Status
Edit	Packing machine	Acme 2900X box handler	10	10,500.00	5,655.00	4,845.00	Active

AND

Fixed assets, at cost	10,500.00
Fixed assets, accumulated depreciation	- 5,655.00



Note

When migrating many fixed assets, consider using [batch operations](#) to accomplish the steps described above.

12.2 Depreciation Entries

12.2.1 Depreciate fixed assets

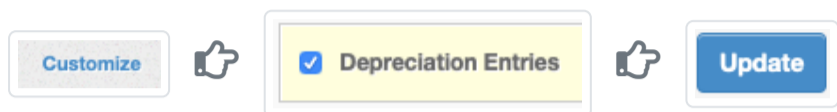
Depreciation is the portion of a fixed asset's cost recorded as an expense during the current accounting period. In simple terms, since a fixed asset has a useful life longer than one accounting period, depreciation represents the part of its value used up during the current period.

Depreciation can be calculated many ways. You must determine allowable depreciation for the current accounting period according to a fixed asset's useful life, original cost, depreciation method, and local regulations. Once you have done that, Manager will keep track of how much depreciation has been accumulated for the fixed asset.

Straight-line depreciation is the simplest method, dividing the fixed asset's cost by the number of accounting periods it is expected to last. Other methods can yield greater depreciation in early accounting periods to recognize rapid obsolescence or take into account the salvage or scrap value of the fixed asset after it is fully depreciated. Tax regulations might also allow accelerated depreciation to encourage business investment or simplify filing. And laws may specify which depreciation methods must be used or cannot be used.

Enable the **Depreciation Entries** tab

Before depreciation can be entered, the **Depreciation Entries** tab must be enabled. Click **Customize** below the left navigation pane, check the box, and click **Update** :

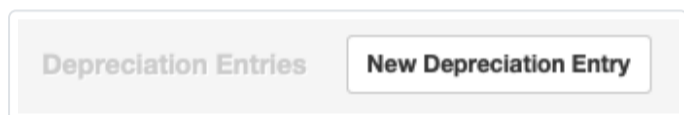


Note

If you entered depreciation in a version of Manager before the **Depreciation Entries** tab was added, the box will already be checked. Just click **Update** .

Enter depreciation

To enter depreciation for a specific fixed asset, go to the **Depreciation Entries** tab. Click **New Depreciation Entry** :



Complete the entry:

Depreciation Entry

Date **Reference**

Description

Fixed Asset	Division	Amount
<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text" value="Optional"/>	<input style="width: 90%;" type="text" value="0"/>
<input type="button" value="Add line"/> <input type="button" value="v"/>		

- **Date** will be prefilled with the current date, but can be edited.
- **Reference** can be used for any form of identifier. If the box within the field is checked, Manager will add a sequence number automatically when the depreciation entry is created. Manager finds the highest **Reference** among existing depreciation entries and adds 1.
- Enter an optional **Description**.
- Choose the **Fixed Asset** from among those already defined.
- Enter the depreciation **Amount**.
- Select a **Division** if desired and if any are defined.

Click **Create** .



Example

Brilliant Industries purchased a packaging machine for 10,500. It has an expected lifetime of 10 years and is being depreciated monthly. Monthly depreciation is calculated using the straight-line method:

$$10,500 \text{ cost} / 120 \text{ months} = 87.50 / \text{month}$$

This amount is entered on the depreciation entry screen:

Depreciation Entry

Date **Reference** Automatic

Description

Fixed Asset	Division	Amount
<input type="text" value="Packing machine"/> x	<input type="text" value="Main branch"/> x	87.50
<input type="button" value="Add line"/> ▾		

The **Fixed Assets** register now shows the depreciation amount and reduced book value:

Fixed Assets		New Fixed Asset		Search		Search	
	Name	Description	Depreciation rate	Acquisition cost	Depreciation	Book value	Status
<input type="button" value="Edit"/>	Packing machine	Acme 2900X box handler	10	0.00	87.50	- 87.50	Active

Subsequent depreciation entries will add to the total of accumulated depreciation. A complete record of depreciation for the asset can be seen by clicking on the blue **Depreciation** balance for an asset in the **Fixed Assets** tab:

Fixed Assets / Packing machine — Depreciation

Amount

Packing machine — Depreciation

		Date	Transaction	Description	Amount	Balance
<input type="button" value="Edit"/>	<input type="button" value="View"/>	02/28/2017	Depreciation Entry	February 2017 depreciation	87.50	175.00
<input type="button" value="Edit"/>	<input type="button" value="View"/>	01/31/2017	Depreciation Entry — 1	January 2017 depreciation	87.50	87.50
					175.00	

By default, the **Summary** tab combines accumulated depreciation for all fixed assets. It displays *Fixed assets, accumulated depreciation* as a contra asset account (meaning the balance is normally negative). This control account is activated automatically when you enable the **Fixed Assets** tab:

Fixed assets, at cost	10,500.00
Fixed assets, accumulated depreciation	- 175.00

However, depreciation can be accumulated in custom control accounts instead. These custom control accounts can be assigned on an asset-by-asset basis. See [another Guide](#) for a complete, illustrated example.

12.2.2 Calculate depreciation automatically



Caution

Manager's Depreciation Calculation Worksheet currently calculates depreciation using the declining balance method. Depreciation is calculated as a percentage of book value based on the number of days in the depreciation period. If this is not your depreciation method, you cannot use this worksheet for that asset. Capabilities for other depreciation methods, including straight-line, will be added in the future.

Manager can **calculate depreciation automatically** and enter depreciation for an accounting period for all fixed assets at once. To include a fixed asset in this process, its annual depreciation rate must be entered on the [fixed asset form](#):

The annual depreciation rate can be entered when purchasing new fixed assets. Or it can be added by clicking **Edit** for a fixed asset in the **Fixed Assets** tab.



Note

Manager treats the annual depreciation rate as a notional rate for a typical, 365-day year. To figure depreciation over a defined time period, the program calculates a daily depreciation rate from the notional annual rate by dividing the annual rate by 365. As a result, depreciation calculated for leap years will be slightly more than for standard-length years.

Calculate depreciation

After you specify depreciation rates on all your active fixed assets, go to the **Reports** tab and click on **Depreciation Calculation Worksheet**, then on **New Report**:

Create a report covering the period for which you want to calculate depreciation for your fixed assets:

- The **From** date will be prefilled with the current date. Change this to the first day of the accounting period for which you are calculating depreciation.
- The **Until** date will also be prefilled with the current date. Change this to the last day of the accounting period for which you are calculating depreciation.

- Enter a **Description** of the depreciation being calculated.

Click . The report will calculate depreciation amount for each fixed asset.



Cautions

Before creating a new report, all prior depreciation must be calculated and entered for all fixed assets. The calculation worksheet assumes book values of fixed assets are valid from the first day of the defined period. If this is not true, both current and future depreciation calculations will be wrong. (If depreciation for a prior accounting period has not been entered, you can calculate and enter it by creating reports with earlier date ranges. However, these **must be created in chronological order**.)

When an asset has no book value at the beginning of a period, no depreciation should be calculated for it. Therefore, when assets are added during an accounting period, depreciation for existing assets must be calculated through the day before a new asset is added. A separate worksheet must be created beginning on the date of acquisition of the new asset, running through the end of the accounting period. If assets are acquired on staggered dates, several worksheets might be required for a single accounting period.



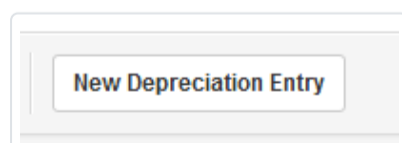
Example

Brilliant Industries has two fixed assets with different annual depreciation rates. Based on the depreciation rates entered for each, the Depreciation Calculation Worksheet produces the following results for 2018:

Brilliant Industries				
Depreciation Calculation Worksheet				
For the period from 01/01/2018 to 12/31/2018				
	Book value	Depreciation rate	Depreciation days	Depreciation
Delivery truck	30,171.43	14.29%	365	4,311.50
Packing machine	2,950.00	10%	365	295.00
	33,121.43			4,606.50

Enter depreciation

If you are satisfied with calculated figures, click on on the report:



This will copy the figures from the report into an actual transaction in the tab. There, you can edit the figures if needed. The Depreciation Calculation Worksheet is just a worksheet to give you good starting point so you don't have to calculate all the figures from scratch.



Example

Brilliant Industries reviews the worksheet from the previous example, confirming the accuracy of the numbers. It clicks on **New Depreciation Entry** to generate a depreciation entry for all fixed assets for the 2018 accounting period:

Depreciation Entry

Date 12/31/2018 **Reference** Optional

Description
For the period from 01/01/2019 to 12/31/2018

Fixed Asset	Division	Amount
Delivery truck	Optional	4311.5
Packing machine	Optional	295
		4606.5

Add line

Since Brilliant does not assign fixed assets to divisions, it leaves those fields blank. It could, however, have chosen divisions if it desired.

Calculate depreciation for subsequent accounting periods

For subsequent accounting periods, the book values determined by Manager after applying the calculated depreciation will be used as the starting point for the next Depreciation Calculation Worksheet.



Example

For the following year, Brilliant Industries generates another Depreciation Calculation Worksheet. Note the different book values and calculated results:

Brilliant Industries				
Depreciation Calculation Worksheet				
For the period from 01/01/2019 to 12/31/2019				
	Book value	Depreciation rate	Depreciation days	Depreciation
Delivery truck	25,859.93	14.29%	365	3,695.38
Packing machine	2,655.00	10%	365	265.50
				3,960.88

Calculate depreciation for disposed assets

When fixed assets are disposed part way through an accounting period, Manager makes appropriate adjustments on the worksheet.



Example

Brilliant Industries packing machine failed at the end of August 2019 and was scrapped. The fixed asset was **disposed**. As a result, only 243 days worth of depreciation is calculated:

Brilliant Industries				
Depreciation Calculation Worksheet				
For the period from 01/01/2019 to 12/31/2019				
	Book value	Depreciation rate	Depreciation days	Depreciation
Delivery truck	25,859.93	14.29%	365	3,695.38
Packing machine	2,655.00	10%	243	176.76
	28,514.93			3,872.14



Note

If your depreciation scheme allows only full or half accounting periods to determine depreciation, adjust your disposal dates to the end or mid-point of the period.

Chapter 13: Intangible Assets

Intangible assets are non-physical property, such as patent rights, owned by a business with long lifetimes. Their full cost is recovered over an extended period of time through amortization rather than being counted entirely as a current expense.

13.1 Intangible Assets

13.1.1 Purchase intangible assets

Intangible assets are non-physical property owned by a business. The acquisition cost of an intangible asset is recovered over its economic life through amortization, rather than as an expense during a single accounting period. To be considered an intangible asset, property should generally:

- Be expected to enhance cash flow for longer than one major accounting period (usually one year)
- Cost more than the capitalization threshold (set either by company policy or local law)

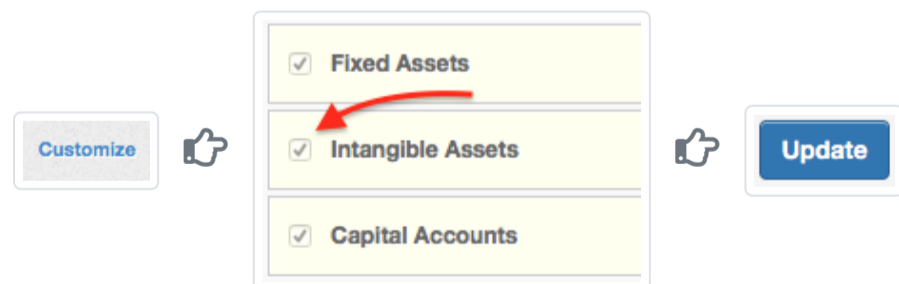
Intangible assets can be related to marketing, intellectual property, contracts, or technology and can include, among other things:

- Patents
- Trade or internet domain names
- Licenses
- Customer lists
- Copyrights
- Franchises
- Trade secrets
- Good will

Often, intangible assets are acquired when an ongoing business is purchased. Part of the purchase price is allocated to intangible assets. In other cases, intangible assets are created through reallocation of prior, internal expenses, such as when research and development costs are converted into the intangible asset of a patent. Local law and accounting standards often influence what can or must be considered an intangible asset.

Enable the Intangible Assets tab


Before you can enter any transaction related to a intangible asset, the intangible asset itself must be created in Manager. If the Intangible Assets tab has not already been enabled, click Customize below the left navigation pane. Check the box for Intangible Assets and click Update below the list:



When the tab is enabled, four accounts are automatically activated in your chart of accounts:

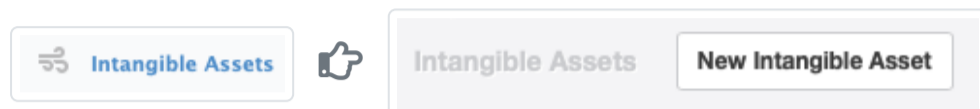
- *Intangible assets, at cost*, an asset account recording the purchase cost of all intangible assets
- *Intangible assets, accumulated amortization*, a contra asset account summing amortization to date of all intangible assets
- *Intangible assets - amortization*, recording current amortization expenses

- *Intangible assets - loss on disposal*, an expense account recording and loss (gain) on disposal of intangible assets

These accounts cannot be disabled while the **Intangible Assets** tab is enabled, but they can be renamed under **Settings**  **Chart of Accounts**.

Create the intangible asset

Return to the left navigation pane, click **Intangible Assets**, then **New Intangible Asset**:



Complete the entry:

Intangible Asset

Name	Code
<input type="text"/>	<input type="text" value="Optional"/>
Amortization rate	
<input type="text"/>	<input type="text" value="%"/>
Description	
<input style="width: 100%;" type="text"/>	
Control account – At cost	
<input type="text" value="Intangible assets, at cost"/>	
Control account – Accumulated amortization	
<input type="text" value="Intangible assets, accumulated amortization"/>	
<input checked="" type="checkbox"/> Custom amortization expense account	
<input type="text" value="Intangible assets - amortization"/>	

- **Name** is the name that will appear for the intangible asset in reports and lists.
- **Code** is an optional alphabetic or numeric designation for the intangible asset. Numeric entries will control the position of the asset on lists.
- **Amortization rate** is the **annual** rate of amortization for this intangible asset. This rate will be used by the Amortization Calculation Worksheet in the **Reports** tab.
- **Description** accepts detailed information about the intangible asset.
- The **Control account – At cost** field appears only when a custom control account made up of intangible assets exists. Otherwise, the asset is assigned to the *Intangible assets, at cost* control account by default.
- The **Control account – Accumulated amortization** field appears when a custom control account for intangible assort amortization exists. Otherwise, the asset’s amortization will be accumulated in *Intangible assets, accumulated amortization*.
- If the **Custom amortization expense account** is checked, any regular expense account can be selected for posting current amortization. Otherwise, current amortization will be posted to *Intangible assets - amortization*.

Click **Create**.



Example

ACME Industries purchased the patent on an electric controller from its inventor. The patent has a remaining life of 15 years, so an intangible asset is created:

Intangible Asset

Name **Code**

Electric controller patent Optional

Amortization rate

10 %

Description

Patent number A-423-45981

Custom amortization expense account

Disposed intangible asset

The intangible asset shows under the Intangible Assets tab with no book value:

Intangible Assets		New Intangible Asset		Search		Search	
	Name	Description	Acquisition cost	Accumulated amortization	Book value	Status	
Edit	Electric controller patent	Patent number A-423-45981	0.00	0.00	0.00	Active	



Note

To this point, you have not recorded the purchase of the intangible asset. You have only set it up in Manager. Now you can record financial transactions related to the intangible asset.

Purchase an intangible asset

Purchase of the intangible asset can be recorded under following tabs:

- Receipts & Payments , if purchased from the seller without credit
- Purchase Invoices , if purchased from a supplier on credit
- Expense Claims , if paid by you or someone else on behalf of the business
- Journal Entries , if acquisition was financed by a loan or transfer of expenses

When recording the purchase of an intangible asset under any of these tabs, post the amount spent to the *Intangible assets* account and the subaccount for the intangible asset you have purchased.

If you purchase the intangible asset using a loan, you should also create a liability account in your chart of accounts with a name something like *Loan* before you record the purchase transaction. Then record the journal entry as a debit to the *Intangible assets* account for the acquisition cost and a credit to the *Loan* account of the same amount. Loan repayments must be posted to the *Loan* account. They have nothing to do with acquisition cost, amortization, or book value of the intangible asset.



Example

ACME Industries purchases its patent from the inventor for cash, entering the 10,500 cost with a bank transaction. The acquisition cost now shows in the **Intangible Assets** tab register:

	Name	Description	Acquisition cost	Accumulated amortization	Book value	Status
Edit	Electric controller patent	Patent number A-423-45981	10,500.00	0.00	10,500.00	Active

The acquisition cost of the intangible asset will be combined with any other intangible assets' costs and displayed under the *Assets* category on the **Summary** page:

Intangible assets, at cost	10,500.00
Intangible assets, accumulated amortization	-

13.1.2 Dispose of intangible assets

When an intangible asset can no longer enhance future cash flow, it must be **disposed of** in your accounting records. Several circumstances may exist. The intangible asset may have:

- Already been fully amortized over its useful life
- Passed the end of its useful life for your business, but have residual resale value
- Been only partially amortized, with useful life and resale value remaining
- Been partially amortized, but with no value remaining (became useless early)

Other circumstances could also apply, especially if special tax provisions covered purchase of the intangible asset. Regardless of the exact situation, the purchase cost of the intangible asset must be removed from the *Intangible assets, at cost* account and its accumulated amortization must be removed from *Intangible assets, accumulated amortization*. Otherwise, the balances of these two accounts would grow endlessly as the business purchases assets over the years, even if those assets are no longer owned. Finally, whether the intangible asset is sold or has merely lost its value, the difference between its book value and any amount recovered through disposal must be recorded, either as income or expense.

To dispose of an intangible asset, go to the **Intangible Assets** tab, click the **Edit** button for the asset disposed, check **Disposed intangible asset**, then enter the date of disposal. This transfers the book value of the asset to the designated expense account and the book value on the balance sheet is reduced to zero.

By default, disposal gains or losses are posted to *Intangible assets - loss on disposal*, a control account activated automatically when the **Intangible Assets** tab is enabled. If desired, the disposal gain or loss can be posted to any regular expense account.



Example

ACME Industries' electric controller patent becomes useless because the company discontinues products in which it is used, even though only two months of its anticipated life have passed. The disposal is recorded as below:

Intangible Asset

Item code **Item name**

Optional Electric controller patent

Amortization rate

6.67 %

Description

Patent number A-423-45981

Division

Optional

Starting balance

Acquisition cost 0 Accumulated amortization 0

Custom amortization expense account

Disposed intangible asset

Date of disposal 10/22/2019 Account Intangible assets - loss on disposal

After ACME Industries' disposal action, its Balance Sheet shows no balance for either *Intangible assets, at cost* or *Intangible assets, accumulated amortization*. The Profit and Loss Statement shows two months' worth of amortization expense and the large remaining book value:

Intangible assets, at cost	-
Intangible assets, accumulated amortization	-
Intangible assets - amortization	175.00
Intangible assets - loss on disposal	10,325.00

Unless ACME Industries can find a buyer for the patent, this situation will look like a serious business mistake.

Like intangible asset purchases and amortization, disposals are reported on the Intangible Asset Summary in the **Reports** tab:

Brilliant Industries						
Intangible Asset Summary						
For the period from 01/01/2017 to 12/31/2017						
	Opening balance	Acquisition cost	Consideration received	Amortization	Profit (loss)	Closing balance
Electric controller patent						
At cost	-	10,500.00	-		(10,500.00)	-
Accumulated amortization	-			(175.00)	175.00	-
Total — Electric controller patent	0.00	10,500.00	0.00	(175.00)	(10,325.00)	0.00
	0.00	10,500.00	0.00	(175.00)	(10,325.00)	0.00



Notes

In the Intangible Asset Summary, the **Acquisition cost** column includes all purchases and upwards revaluations. **Consideration received** includes all sales posted to the asset’s subaccount (see below) and downwards revaluations. **Amortization** includes all amortization during the reporting period. **Profit (loss)** includes amounts transferred to other accounts when the asset is disposed.

Two methods can be used when a disposed fixed asset is sold. The first is to post a receipt in the **Receipts & Payments** tab to *Intangible assets* and the specific asset’s subaccount prior to recording disposal. This reduces book value, decreasing any loss on disposal. Such a receipt would show up in the **Consideration received** column. The second method is to post the transaction to *Intangible assets - loss on disposal* after disposal. The net effects are the same, but the second method would not show on the Intangible Asset Summary, because the transaction would not be posted directly to the asset’s subaccount.

13.1.3 Migrate intangible assets from prior accounting system

When migrating to Manager from a prior accounting system, intangible assets must be carried forward at their book values from the previous system. This is accomplished in Manager in two steps:

- Create the intangible asset.
- Enter starting balances for purchase cost and accumulated amortization to date being carried over from your old account system. (Manager will automatically calculate book value.)

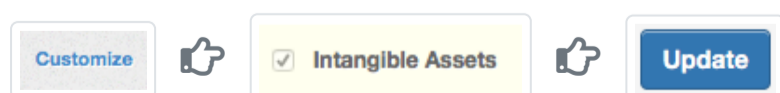
These steps can be accomplished separately, or they can be combined into a single operation as the asset is being created. There is no difference in the final results.

Set a start date

Starting balances cannot be entered unless a start date is set. To set a start date, follow procedures in [this Guide](#).

Create the intangible asset

Before you can enter any transaction related to an intangible asset, the intangible asset itself must be created in Manager. If the **Intangible Assets** tab has not already been enabled, click **Customize** below the left navigation pane. Check the box for **Intangible Assets** and click **Update** below the list:



To migrate a fixed asset, return to the left navigation pane, click **Intangible Assets**, then **New Intangible Asset** :

Intangible Assets
Intangible Assets
New Intangible Asset

Complete the entry:

Intangible Asset

Name **Code**

Amortization rate
 %

Description

Control account – At cost

Control account – Accumulated amortization

Starting balance

Acquisition cost	0	USD
Accumulated amortization	0	USD
Book value	0	USD

Custom amortization expense account

- **Name** is the name that will appear for the intangible asset in reports and lists.
- **Code** is an optional alphabetic or numeric designation for the intangible asset. Numeric entries will control the position of the asset on lists.
- **Amortization rate** is the **annual** rate of amortization for this intangible asset. This rate will be used by the Amortization Calculation Worksheet in the Reports tab.
- **Description** accepts detailed information about the intangible asset.
- The **Control account – At cost** field appears only when a custom control account made up of intangible assets exists. Otherwise, the asset is assigned to the *Intangible assets, at cost* control account by default.
- The **Control account – Accumulated amortization** field appears when a custom control account for intangible asset amortization exists. Otherwise, the asset's amortization will be accumulated in *Intangible assets, accumulated amortization*.
- If the **Custom amortization expense account** is checked, any regular expense account can be selected for posting current amortization. Otherwise, current amortization will be posted to *Intangible assets - amortization*.

Click Create .

Enter starting balances

Original purchase cost and accumulated amortization to date from your old accounting system must be entered as starting balances. General procedures for entering starting balances are contained in [this Guide](#). Read it first.

When migrating intangible assets, go to the Intangible Assets tab. Click Edit for the asset you are migrating and enter *Acquisition cost* and *Accumulated depreciation* in the **Starting balance** fields. These amounts should be the closing balances for equivalent figures from your old accounting system.



Example

Brilliant industries is migrating its accounting to Manager. It owns one intangible asset, the patent for an electronic controller. Following procedures described above, it creates the patent as an intangible asset, then enters starting balances:

Starting balance	
Acquisition cost	10500
Accumulated amortization	175
Book value	10,325

Results

The intangible asset, with starting balances carried over from your old accounting system, will show under the **Intangible Assets** tab. The purchase cost of the intangible asset will be combined with any other intangible assets' costs and displayed under the Assets category on the **Summary** page. A contra account, *Intangible assets, accumulated amortization*, will record amortization to date for all intangible assets. The difference between the two account balances represents current book value of all intangible assets. Of course, if you assign the cost and accumulated amortization of an asset to custom control accounts, applicable figures will be summed there, instead.



Example

After migrating its intangible asset, the patent, Brilliant's intangible asset list and **Summary** show the results:

Intangible Assets		New Intangible Asset		Search		Search	
	Name	Description	Acquisition cost	Amortization	Book value	Status	
Edit	Electric controller patent	Patent number A-423-45981	10,500.00	175.00	10,325.00	Active	

AND

Intangible assets, at cost	10,500.00
Intangible assets, accumulated amortization	- 175.00



Note

When migrating many intangible assets, consider using [batch operations](#) to accomplish the steps described above.

13.2 Amortization Entries

13.2.1 Amortize intangible assets

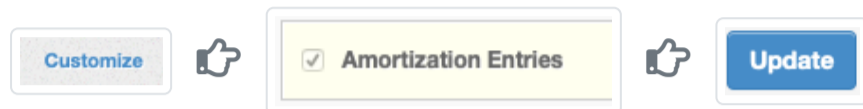
Amortization is the portion of an intangible asset's cost recorded as an expense during the current accounting period. In simple terms, since an intangible asset has a useful life longer than one accounting period, amortization represents the part of its value, if any, used up during the current period.

Amortization can be calculated many ways. You must determine allowable amortization for the current accounting period according to an intangible asset's remaining life, original cost, amortization method, possible impairment of the asset, and local regulations. Once you have done that, Manager will keep track of how much amortization has been accumulated for the intangible asset.

Straight-line amortization is the simplest method, dividing the intangible asset’s unamortized cost by the number of remaining accounting periods it is expected to last. Other methods can yield greater amortization in early accounting periods to recognize rapid obsolescence or take into account the residual value of the intangible asset after it is fully amortized. Tax regulations might also allow accelerated amortization to encourage business investment or simplify filing. And laws may specify which amortization methods must be used or cannot be used.

Enable the **Amortization Entries** tab

Before amortization can be entered, the **Amortization Entries** tab must be enabled. Click **Customize** below the left navigation pane, check the box, and click **Update** :

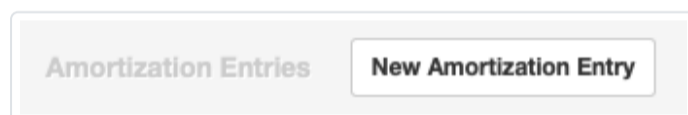


Note

If you entered amortization in a version of Manager before the **Amortization Entries** tab was added, the box will already be checked. Just click **Update** .

Enter amortization

To enter amortization for a specific intangible asset, go to the **Amortization Entries** tab. Click **New Amortization Entry** :



Complete the entry:

Amortization Entry

Date	Reference	
<input type="text" value="4/24/2022"/>	<input type="checkbox"/>	<input type="text" value="Optional"/>
Description		
<input style="width: 100%;" type="text"/>		
Intangible Asset	Division	Amount
<input style="width: 100%;" type="text"/>	<input type="text" value="Optional"/>	<input type="text" value="0"/>
<input type="button" value="Add line"/>		

- **Date** will be prefilled with the current date, but can be edited.
- **Reference** is optional and may be used for cheque numbers, bank confirmation numbers, or other internal sequences. If the box within the field is checked, Manager will number the transaction automatically. The program will search for the highest number among all existing amortization entries and add 1.
- Enter an optional **Description** .
- Choose the **Intangible Asset** from among those already defined.
- Select a **Division** if desired and if any are defined.
- Enter the amortization **Amount** .

Click **Create** .



Example

ACME Industries purchased a patent for 10,500. It has a remaining lifetime of 15 years and is being amortized monthly. Monthly amortization is calculated:

$$10,500 \text{ cost} / 120 \text{ months} = 87.50 / \text{month}$$

This amount is entered on the amortization entry screen:

Amortization Entry

Date **Reference**

Description

Intangible Asset	Division	Amount
<input type="text" value="Electric controller patent"/>	<input type="text" value="Optional"/>	<input type="text" value="87.50"/>
<input type="button" value="Add line"/>		

The **Intangible Assets** register now shows the amortization amount and reduced book value:

Intangible Assets		New Intangible Asset		Search		Search	
<input type="button" value="Edit"/>	Name	Description	Acquisition cost	Amortization	Book value	Status	
<input type="button" value="Edit"/>	Electric controller patent	Patent number A-423-45981	10,500.00	87.50	10,412.50	Active	

Subsequent amortization entries will add to the total of accumulated amortization. A complete record of amortization for the asset can be seen by clicking on the blue **Amortization** balance for an asset in the **Intangible Assets** tab.



Example

ACME enters amortization for the following month. The drill-down shows all entries:

Electric controller patent — Accumulated amortization				Search		Search	
<input type="button" value="Edit"/>	Date	Description			Amount		
<input type="button" value="Edit"/>	6/23/2017	Amortization for June 2017			87.50		
<input type="button" value="Edit"/>	5/23/2017	Amortization for May 2017			87.50		
					175.00		

By default, the **Summary** tab combines accumulated amortization for all intangible assets. It displays *Intangible assets, accumulated amortization* as a contra asset account (meaning the balance is normally negative). This control account is activated automatically when you enable the **Intangible Assets** tab.



Example

ACME's balance sheet shows its complete position with respect to intangible assets:

Intangible assets, at cost	10,500.00
Intangible assets, accumulated amortization	- 175.00

However, amortization can be accumulated in custom control accounts instead. These custom control accounts can be assigned on an asset-by-asset basis. See [another Guide](#) for a complete, illustrated example. (That Guide illustrates using custom control accounts for a fixed asset, but the principles and processes are identical.)

13.2.2 Calculate amortization automatically



Caution

Manager's Amortization Calculation Worksheet currently calculates amortization using the declining balance method. Amortization is calculated as a percentage of book value based on the number of days in the amortization period. If this is not your amortization method, you cannot use this worksheet for that asset. Capabilities for other amortization methods, including straight-line, will be added in the future.

Manager can **calculate amortization automatically** and enter amortization for an accounting period for all intangible assets at once. To include an intangible asset in this process, its annual amortization rate must be entered on the [intangible asset form](#):

Amortization rate

%

The annual amortization rate can be entered when purchasing new intangible assets. Or it can be added by clicking Edit for an intangible asset in the Intangible Assets tab.

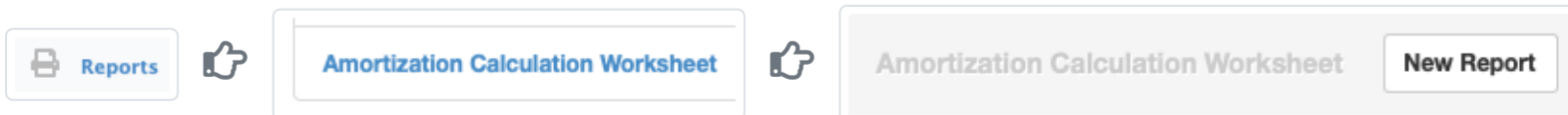


Note

Manager treats the annual amortization rate as a notional rate for a typical, 365-day year. To figure amortization over a defined time period, the program calculates a daily amortization rate from the notional annual rate by dividing the annual rate by 365. As a result, amortization calculated for leap years will be slightly more than for standard-length years.

Calculate amortization

After you specify amortization rates on all your active intangible assets, go to the Reports tab and click on Amortization Calculation Worksheet, then on New Report :



Create a report covering the period for which you want to calculate amortization for your intangible assets:

Amortization Calculation Worksheet

From

Until

Description

- The **From** date will be prefilled with the current date. Change this to the first day of the accounting period for which you are calculating amortization.
- The **Until** date will also be prefilled with the current date. Change this to the last day of the accounting period for which you are calculating amortization.
- Enter a **Description** of the amortization being calculated.

Click . The report will calculate amortization amount for each intangible asset.



Cautions

Before creating a new report, all prior amortization must be calculated and entered for all intangible assets. The calculation worksheet assumes book values of intangible assets are valid from the first day of the defined period. If this is not true, both current and future amortization calculations will be wrong. (If amortization for a prior accounting period has not been entered, you can calculate and enter it by creating reports with earlier date ranges. However, these **must be created in chronological order**.)

When an asset has no book value at the beginning of a period, no amortization should be calculated for it. Therefore, when assets are added during an accounting period, amortization for existing assets must be calculated through the day before a new asset is added. A separate worksheet must be created beginning on the date of acquisition of the new asset, running through the end of the accounting period. If assets are acquired on staggered dates, several worksheets might be required for a single accounting period.



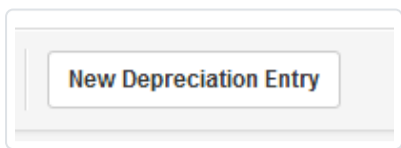
Example

Brilliant Industries has only one intangible asset. Based on the amortization rate entered for it, the Amortization Calculation Worksheet produces the following for 2018:

Brilliant Industries				
Amortization Calculation Worksheet				
For the period from 01/01/2018 to 12/31/2018				
	Book value	Amortization rate	Amortization days	Amortization
Electric controller patent	10,500.00	10%	365	1,050.00
	10,500.00			1,050.00

Enter amortization

If you are satisfied with calculated figures, click on **New Amortization Entry** on the report:



This will copy the figures from the report into an actual transaction in the **Amortization Entries** tab. There, you can edit the figures if needed. The Amortization Calculation Worksheet is just a worksheet to give you good starting point so you don't have to calculate all the figures from scratch.



Example

Brilliant Industries reviews the worksheet from the previous example, confirming accuracy of the numbers. It clicks on **New Amortization Entry** to generate an amortization entry for all (in this example, only one) intangible assets for the 2018 accounting period:

Amortization Entry 94a2dcfe-978e-4bce-b7a8-72190f1bd97

Date **Reference**

Description

Intangible Asset	Division	Amount
<input type="text" value="Electric controller patent"/> <input type="button" value="x"/>	<input type="text" value="Optional"/>	<input type="text" value="1050"/>
<input type="button" value="Add line"/>		

Since Brilliant does not assign intangible assets to divisions, it leaves that field blank. It could, however, have chosen a division if it desired.

Calculate amortization for subsequent accounting periods

For subsequent accounting periods, the book values determined by Manager after applying the calculated amortization will be used as the starting point for the next Amortization Calculation Worksheet.



Example

For the following year, Brilliant Industries generates another Amortization Calculation Worksheet. Note the different book values and calculated results:

Brilliant Industries				
Amortization Calculation Worksheet				
For the period from 01/01/2019 to 12/31/2019				
	Book value	Amortization rate	Amortization days	Amortization
Electric controller patent	9,450.00	10%	365	945.00
	9,450.00			945.00

Calculate amortization for disposed assets

When intangible assets are disposed part way through an accounting period, Manager makes appropriate adjustments on the worksheet.



Example

Brilliant Industries became worthless to the company at the end of August 2019 when products using it were discontinued. The intangible asset was **disposed**. As a result, only 243 days worth of amortization is calculated:

Brilliant Industries				
Amortization Calculation Worksheet				
For the period from 01/01/2019 to 12/31/2019				
	Book value	Amortization rate	Amortization days	Amortization
Electric controller patent	9,450.00	10%	243	629.14
	9,450.00			629.14

Chapter 14: Journal Entries

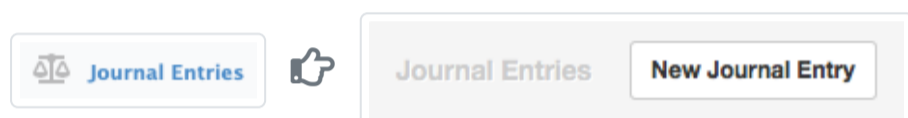
14.1 Journal Entries

14.1.1 Make journal entries

Journal entries record accounting transactions of a business. The terminology refers to the days of hand-written accounting records, when daily transactions were entered in a journal and later posted to individual account ledgers.

In Manager, most transactions are entered in other functional tabs, thereby automating many decisions about account posting and reducing errors. So journal entries are relatively few. Most record transfers between accounts. In fact, no transaction involving the actual receipt or payment of funds by a business can be recorded via a journal entry.

The **Journal Entries** tab is always enabled for every business. To make a journal entry, go to that tab and click **New Journal Entry**:



Complete the entry:

The screenshot shows the 'Journal Entry' form. It includes fields for Date, Reference (with an 'Optional' checkbox), Currency, and Narration. Below these is a table with columns for Account, Description, Debit, Credit, Tax Code, and Division. The table has two rows, each with a dropdown arrow on the left and a close button on the right. The Debit and Credit columns show '0'. Below the table is an 'Add line' button and two checked options: 'Line description' and 'Custom theme' (with a 'Plain' dropdown).

- **Date** is prefilled with today's date, but can be edited.
- **Reference** can be used for any form of identifier. If the box within the field is checked, Manager will add a sequence number automatically when the journal entry is created. Manager finds the highest **Reference** among existing journal entries and adds 1.
- The **Currency** field appears if more than one currency is defined, allowing selection of the currency for the transaction.
- **Narration** should be a brief description of the overall transaction being entered.
- **Account** indicates which account a line will post to. If necessary, subaccount fields appear and must be completed.



Notes

The journal entry form initially opens with fields for two line items, and every journal entry must include lines for at least two accounts. More can be entered, as long as the sum of all debits equals the sum of all credits. Click if more lines are needed.

If an account and subaccount are chosen that involve previously specified inventory locations, an **Inventory location** field also appears:

- **Description** for each line item is optional. These fields appear only if the **Line description** option further down the screen is checked.
- Enter debit amounts under the **Debit** column and credit amounts under **Credit**.
- Select a **Tax Code** and **Division** if applicable. Frequently they are not for journal entries. (These fields do not appear unless tax codes and divisions have been defined under .



Note

If a tax code is selected, a dropdown field appears. Select whether the journal entry represents a *sale or sale adjustment* or a *purchase or purchase adjustment*. Manager uses this information to properly categorize journal entries on tax reports:

- A **Custom theme** can be selected if any are active.



Caution

If a journal entry line item requires a tax code, enter the gross amount, including tax. The amount debited or credited to the selected account is automatically reduced, proportionate to the tax code. The reduction is debited or credited to the tax liability account designated in the tax code's definition. **See the example below.**

Because debits and credits must balance for all journal entries, Manager calculates the difference between their sums as inputs are made. The difference shows in a temporary **Out of balance** field, which disappears when balance is zero:

Order of lines can be changed by dragging the arrow symbols to their left. Lines can be deleted by clicking to their right.



Note

By long tradition in accounting, debits in a journal entry are entered first, followed by credits. But the order has no financial impact.

Click **Create** to save the entry. If the journal entry includes more than one debit or credit, the finished transaction view will show totals for both:

	Debit	Credit
	12,000.00	
		10,000.00
		2,000.00
Total debits	12,000.00	
Total credits		12,000.00



Example

Brilliant Industries purchases a delivery truck and records it as a fixed asset. At the same time, it buys and installs a package rack in the truck. The rack costs 100.00, inclusive of 10% tax. Brilliant posts the tax-inclusive payment to its *Motor vehicle expenses* account, applying the 10% tax code.

Brilliant’s accountant later determines that local tax law requires the cost of the rack, including tax, to be capitalized and depreciated as part of the cost of the truck, not taken as a current operating expense. So the rack’s full cost, including tax, must be shifted to the *Fixed assets* account. And since the tax can no longer be counted as an offsetting input tax, it must be removed from the *Tax payable* account.

This oversight is corrected with a single journal entry. The transaction records a 100.00 debit to *Fixed assets* and the subaccount for the truck. No tax code is selected. To balance this, a 100.00 credit is posted to *Motor vehicle expenses* with a 10% tax code applied. The journal entry is designated as a purchase adjustment:

Journal Entry e298e4

Date 01/28/2021 **Reference** Optional

Narration
Transfer of package rack cost and tax to fixed asset

Account	Description	Debit	Credit	Tax Code
Fixed assets, at cost ×	Fixed Asset Delivery truck × Package rack, including taxes	100		No tax
Motor vehicle expenses ×	Package rack, including taxes		100	GST 10% ×
		100	100	

Add line

For tax purposes, this is purchase or purchase adjustment

Line description
 Custom theme

When the journal entry is created, the book value of the truck in *Fixed assets* goes up by 100.00. But the balance of the *Motor vehicle expenses* account only goes down by 90.91. The remaining 9.09 is added to *Tax payable* to compensate for the input tax that can no longer be claimed. The accuracy of the *Motor vehicle expenses* account is preserved because, when the rack was originally recorded as a tax-inclusive payment, only 90.91 was posted to the expense account. (90.91 x 1.10 = 100.00)

14.1.2 Set up and manage recurring journal entries

Recurring journal entries are useful when you make journal entries on a regular schedule and most details are identical from one period to the next. Manager can track when these journal entries are due, remind you to create them, yet give you the opportunity to edit details.



Note

Procedures for making regular journal entries are described in [another Guide](#). Read it first. Recurring journal entries are very similar.

Set up a recurring journal entry





To set up a recurring journal entry, go to [Settings](#)  [Recurring Journal Entries](#) and click [New Recurring Journal Entry](#) :



Complete the entry form as you would a regular journal entry, with the following changes:

Recurring Journal Entry

Next issue date **Interval**

- **Next issue date** is the date of the next recurring journal entry. You should enter a date that is the same day of the week or month you want future journal entries to be recorded. This field replaces the **Date** field of a regular journal entry.
- **Interval** must include a number (with choices of *Month* or *Week*) between recurring journal entries. Future entries will be on the same day of the week or month. The **Interval** can be *Until further notice* or a *Custom* date you pick.

Automatic reference


Instead of the standard **Reference** field, which would not be applicable for a recurring journal entry, the form includes a checkbox for **Automatic reference**, as shown above.



Note

Whether checked or unchecked, this setting will override any **Reference** setting in [Form Defaults](#) , because the recurring journal entry creates a specific entry, not a default entry...

Click [Create](#) to save the recurring journal entry, which will be visible in the **Recurring Journal Entries** listing under [Settings](#) :

	Narration	Next issue date	Interval
Edit	Monthly partner profit allocations	01/01/2021	Every 1 Month(s)

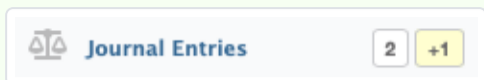
Create recurring journal entries

When one or more recurring journal entries are due (or past due) to be issued, two notifications are provided. The first is a yellow counter window in the left navigation pane showing the number of recurring journal entries for which journal entries are pending (not the number of pending journal entires, which could be higher if you have not kept up by creating journal entries that are due).

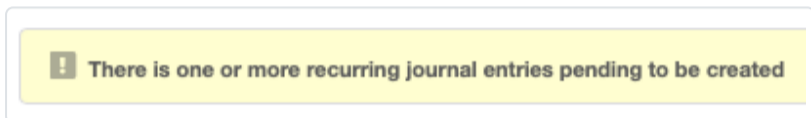


Example

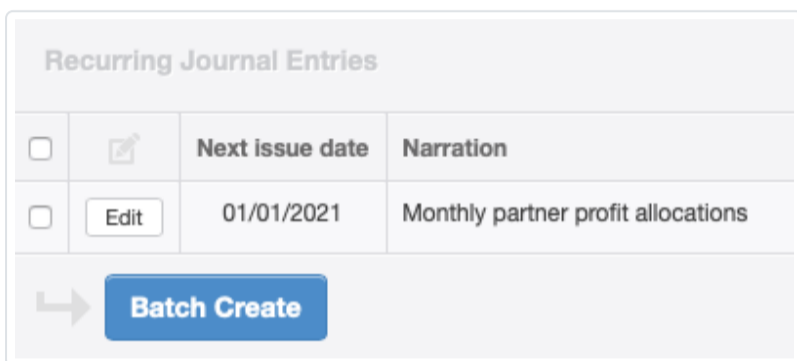
One recurring journal entry has at least one journal entry pending:



The second notification occurs any time you go to the **Journal Entries** tab. You will see a yellow notice at the top that at least one journal entry is pending:



Click the yellow bar to see a list of journal entries due:



Select all pending recurring journal entries by checking the top box. Or, select individual recurring journal entries. Then click **Batch Create**. The next recurring journal entry for each selection will be immediately created under the **Journal Entries** tab. You can further **Edit** or **View** it without affecting future recurring journal entries.



Note

When you view a journal entry directly in the **Journal Entries** tab, you are viewing it as a standard journal entry, not a recurring one. Any changes you make to it will not affect the recurring journal entry defined in the **Settings** tab.

When you create a journal entry from the recurring journal entry selection screen, only one journal entry is created. If more than one journal entry is due from the same recurring journal entry (because you fell behind), the date in the **Next issue date** column will change according to the interval defined for the recurring journal entry. Selecting that recurring journal entry and clicking **Batch Create** again will generate an additional standard journal entry. Repeat this process until the recurring journal entry is grayed out on screen.

While you are selecting recurring journal entries, you can also edit them. Click the **Edit** button to go to the recurring journal entry definition screen.



Caution

Edits made during the selection process affect the recurring journal entry itself, not the standard journal entry you are generating from it. Therefore, all future journal entries created from the recurring journal entry will reflect the changes made during the editing process, including any journal entry you create immediately. So, if you want to change only the current journal entry you are creating, click **Batch Create** first and edit the resulting journal entry in the **Journal Entries** tab.

Manage recurring journal entries

If a recurring journal entry should be skipped, modified in frequency, or changed in amounts, simply **Edit** it under **Settings**. Frequently, this involves only changing the **Next issue date**. But any field can be edited.

If the recurring journal entry ceases to be useful, **Delete** it in the **Settings** tab. Since a recurring journal entry is a template, not an actual transaction, Manager will allow you to delete recurring journal entries that have already been used.

14.1.3 Write off bad debts

Despite your best efforts to pre-qualify loan recipients, check customer credit references, and vigorously pursue collection, it may become necessary to **write off bad debts**. Debts can include loans you have made to others, balances due on sales invoices under *Accounts receivable*, or other assets recording money owed to you. Underlying reasons might include:

- Bankruptcy of the customer or debtor
- Legal disputes over contract terms
- Death or disappearance of a customer
- Termination of a business without payment of obligations

Whatever the reason, a debt should only be written off when there is a reasonable and sincere belief it cannot be recovered.



Note

Standards may exist in your jurisdiction for when bad debts can be written off and what evidence may be required to justify the write-off. Check with a local accountant or tax authority for accurate information.

Write-offs of bad debts do not include credits for return of merchandise, price adjustments for faulty or damaged items, or warranty refunds. Those should be handled with credit notes, as described in [another Guide](#).

Establish a *Bad debts* account

When a bad debt is written off, an asset that previously had the potential to generate income is converted to an expense. So you must choose an expense account for the write-off. Good practice is to [add an account](#) to the *Expenses* category of your chart of accounts, naming it something like *Bad debts*. But any suitable expense account can be used.

Write off a bad debt

Use a [journal entry](#) to write off a debt. Debit the *Bad debts* account by the amount being written off. Credit the asset account where the bad debt is recorded by the same amount.



Example

Quick Computer Repair previously invoiced Brilliant Industries 350.00 for computer repair services. No taxes were applied:

Invoice							
Brilliant Industries P. O. Box 283 8562 Fusce Rd. Frederick 20620	Invoice date 02/20/2018 Due date 02/20/2018 Invoice number 1						
	Quick Computer Repair 1313 Webfoot Walk Duckburg Calisota						
<table border="1"> <thead> <tr> <th>Description</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Computer diagnosis and repair</td> <td>350.00</td> </tr> <tr> <td style="text-align: right;">Total</td> <td>350.00</td> </tr> </tbody> </table>	Description	Amount	Computer diagnosis and repair	350.00	Total	350.00	
Description	Amount						
Computer diagnosis and repair	350.00						
Total	350.00						

Brilliant Industries has gone out of business without paying for the work, so Quick Computer Repair must write off the bad debt. It makes a journal entry, debiting 350.00 to *Bad debts* and crediting the same amount to *Accounts receivable*, Brilliant's subaccount, and the specific sales invoice:

Journal Entry											
	Date 05/05/2018	Quick Computer Repair 1313 Webfoot Walk Duckburg Calisota									
Write off bad debt											
<table border="1"> <thead> <tr> <th>Account</th> <th>Debit</th> <th>Credit</th> </tr> </thead> <tbody> <tr> <td>Bad debts</td> <td>350.00</td> <td></td> </tr> <tr> <td>Accounts receivable — Brilliant Industries — #1 — 02/20/2018</td> <td></td> <td>350.00</td> </tr> </tbody> </table>	Account	Debit	Credit	Bad debts	350.00		Accounts receivable — Brilliant Industries — #1 — 02/20/2018		350.00		
Account	Debit	Credit									
Bad debts	350.00										
Accounts receivable — Brilliant Industries — #1 — 02/20/2018		350.00									

If the original debt was the result of a sales invoice, the journal entry leaves the income in the income account where it was first posted. This preserves a record of the economic activity. But that income is offset by the expense in the *Bad debt* account.

Adjust taxes

If the debt being written off was the result of a taxable transaction, things are more complex. You must first determine whether, under local tax law:

- Tax is payable to the authority because taxable goods or services were delivered, regardless of whether they were paid for, **OR**
- Tax is not payable because the goods or services were not paid for.

Tax is payable

In the first case, debit *Bad debts* for the gross amount of the debt, including taxes. Credit the asset account where the debt is recorded by the same amount. But **do not apply any tax codes**.



Example

The services in the prior example are subject to a 10% goods and services tax. The original sales invoice was entered as follows:

Account	Description	Qty	Unit price	Total	Tax Code	Tax Amount	Total
Sales	Computer diagnosis and repair		350	350	GST 10%	35	385

showing this on the completed sales invoice:

Description	Amount
Computer diagnosis and repair	350.00
Sub-total	350.00
GST 10%	35.00
Total	385.00

Since the tax is payable regardless of collection status, the debt is written off with the following journal entry. Note the absence of tax codes:

Narration					
Write off bad debt					
Account		Debit	Credit	Tax Code	
Bad debts		385		No tax	
Accounts receivable	Customer Brilliant Industries Invoice #1 - 02/20/2018		385		
		385	385		

After the journal entry is made, *Sales* still records the sale at 350.00. *Bad debts* records the full write-off at 385.00. And 35.00 remains in *Tax payable*. Thus, Quick Computer Repair incurs a loss on the transaction of 35.00, equal to the tax it must pay on behalf of its defunct customer.

Tax is not payable

In the second case, not only must the full debt be transferred to expenses, the tax liability must also be eliminated. So apply the relevant tax code to the *Bad debt* debit.



Example

The journal entry includes gross amounts and applies the tax code only to the debit line. The transaction is designated as a sales adjustment:

Narration					
Write off bad debt					
Account		Debit	Credit	Tax Code	
Bad debts		385		GST 10%	
Accounts receivable	Customer Brilliant Industries Invoice #1 - 02/20/2018		385		
		385	385		

For tax purposes, this is **sale or sale adjustment**

Tax is removed from *Tax payable*. Both *Sales* and *Bad debts* include 350.00. The final result is no tax owed to the authority and no net profit on the transaction. But both sales activity and the bad debt are recorded.

Reverse a write-off

Occasionally, a bad debt legitimately thought to be unrecoverable becomes recoverable, such as when:

- A lost customer is located
- A customer or debtor emerges from bankruptcy and makes good on its former debts

Do not delete the write-off journal entry. Instead, place the formerly bad debt back into your assets with a reverse journal entry. This time, debit the asset account where the debt was lodged and credit *Bad debts*.



Example

Brilliant Industries resumes business and notifies Quick Computer Repair it will honor its former obligations. A second journal entry is made:

Narration				Debit	Credit	Tax Code
Reverse write off of bad debt						
Account				Debit	Credit	Tax Code
Accounts receivable	Customer	Brilliant Industries	Invoice #1 - 02/20/2018	385		
Bad debts					385	GST 10%
				385	385	

Add line

For tax purposes, this is sale or sale adjustment

(This illustration is for the second tax situation, where tax is not payable unless it is collected. In the opposite case, where tax is payable regardless, apply no tax code to *Bad debts* on the credit side of the journal entry.)

The reversal leaves 35.00 in *Tax payable*, 350.00 in *Sales*, and removes the debt amount from *Bad debts*. *Accounts receivable* shows 385.00 due from Brilliant Industries, just as though the unfortunate circumstances had never occurred.

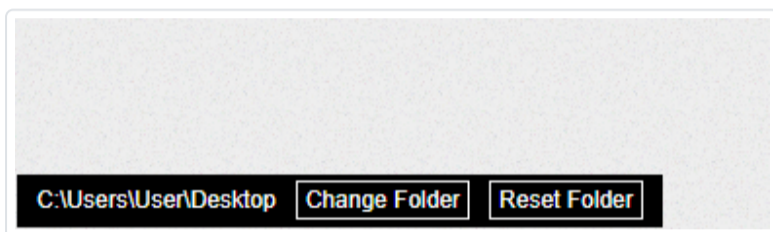
When you use the desktop edition, Manager initially saves all your business data files to its default **application data folder**. The application data folder is where Manager probes for ***.manager** files, each file representing a separate business. Each file contains all of a single business' accounting data, settings, attachments, emails, and history.

There are two ways you can move business data to another location:

- Change the application data folder
- Move a business data file

Change the application data folder

When viewing the list of businesses under the **Businesses** tab, the current application data folder path and a control button for changing it are in the bottom left corner. The default data path varies by operating system (and may be hidden in the operating system's normal file management view). Once a change has been made, a control button for resetting the application data folder to the default location is also shown:



Changing or resetting the folder does not modify or delete any of your businesses, their settings, or attachments. It merely tells Manager where to look for ***.manager** files. Changing the folder also does not move any business data files to or from that location. (See below.)

To change the application data folder, whether into the cloud or onto any accessible drive, first create the new folder.

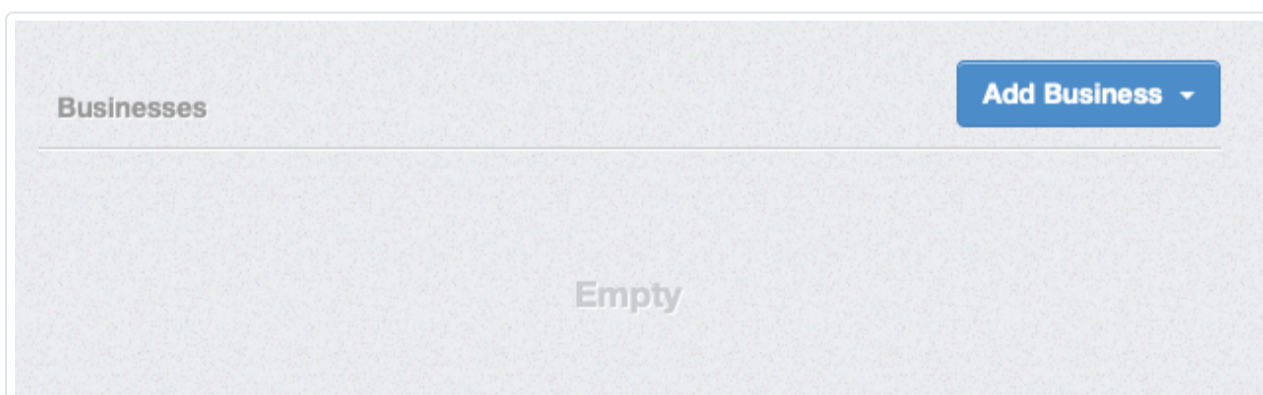


Example

You want to move your data to Dropbox and have created a **Manager** folder within the Dropbox folder on your computer:



Next, click on the **Change Folder** button. A file browsing window will open. Browse for and select the new folder. At this point, the **Businesses** tab will be empty:



Now you have two choices:

- Use the **Add Business** button to **import the business files** from the old application data folder. (You may have to make hidden files visible.)
- Using your operating system's file management tools, move all files with the ***.manager** extension from the old application data folder to the new one. They will automatically appear on your **Businesses** page. **Do not move any other files. And do not move or delete the folder.**

If you install Manager on another computer from which the new application data folder is accessible, you do not have to import or move any files, because all files are already in the folder. Selecting the new application data folder on the other computer will make the same data available.



Note

Changing your application data folder location to Google Drive, Microsoft OneDrive, Dropbox, iCloud, or some other synchronized folder is often a good practice. This means your businesses in the desktop edition will be automatically and continuously backed up.



Cautions

Importing a business file to the new application data folder does not remove it from the old location. The file remaining there **will not be updated** as you work with the file in the new application data folder. Therefore, to avoid confusion and potential loss of data, it is advisable to remove the corresponding file from the old application data folder after importing the business to the new location.

If you use cloud storage, do not use Manager from multiple computers on the same business at the same time. Cloud services are not good at merging changes among users working on the same file. Simultaneous multi-user access requires the server or cloud editions of Manager.

After changing the application data folder location, do not delete the original folder. Manager uses it to store housekeeping information, including the location of the new application data folder.

Move a business data file

A second way to store data elsewhere is to [create a backup of the business](#) in the desired storage location. Then, rather than launching Manager and selecting the business from the list of businesses on the [Businesses](#) page, open the data file directly from the remote location using your computer's operating system features. This action will launch the Manager application; the business will be active.



Note

Whenever Manager has opened a business file directly, a separate instance of the Manager application is launched. If a business is subsequently removed from this instance, a **Trash** folder will be created in the same folder as the standalone business file. Removed business files will be moved to that special **Trash** folder.



Caution

Opening a file directly does **not** add it to the application data folder, so it will not appear in the list on the [Businesses](#) page when your regular installation of Manager is launched. To avoid confusion and potential, accidental recording of accounting transactions in the wrong file, [remove the business](#) from the application data folder, leaving only the remotely stored copy.

15.2.3 Reduce data file size

As transactions, customers, suppliers, assets, inventory items, accounts, and attachments are entered, edited, and possibly deleted, the accounting data file for a business can grow to a size larger than strictly necessary. Data file size can be compacted by going to the [Businesses](#) page and clicking on the file size for a business:

B	Brilliant Industries	556 KB
N	Northwind Traders	2 MB
S	Sample Manufacturing Company	40 KB

All data is preserved.



Note

Previous versions of Manager compacted the data file automatically when a business was backed up. But that process took excessively long when a business had many transactions, customers, suppliers, etc., causing the data file to exceed 1 GB. The current implementation allows any data file to be compacted whenever desired, reducing the size of the application data folder. The process is now entirely voluntary.

15.2.4 Open a data file directly

Any Manager business **data file can be opened directly** if the desktop edition is properly installed on a computer.

Rather than first launching Manager and selecting a business from the list of businesses in the **Businesses** tab, open the data file using the computer's operating system features. This action will launch the Manager application; the business file will be active.

Thus, copies or backups of a business can be stored remotely, transmitted electronically, transported on portable media, and opened by accountants or coworkers who do not have access to your applications data folder. The business does not need to be imported into an application data folder.



Caution

Opening a file directly does not add it to your regular **application data folder**, so it will not appear in the **Businesses** tab when you launch Manager in the normal way. However, the program will temporarily assign its application data path to the folder where the business file was located. So businesses in the folder will appear on the **Businesses** page of the instance of Manager opened directly. Businesses in the regular application data folder will not appear on the **Businesses** page associated with the directly opened data file.

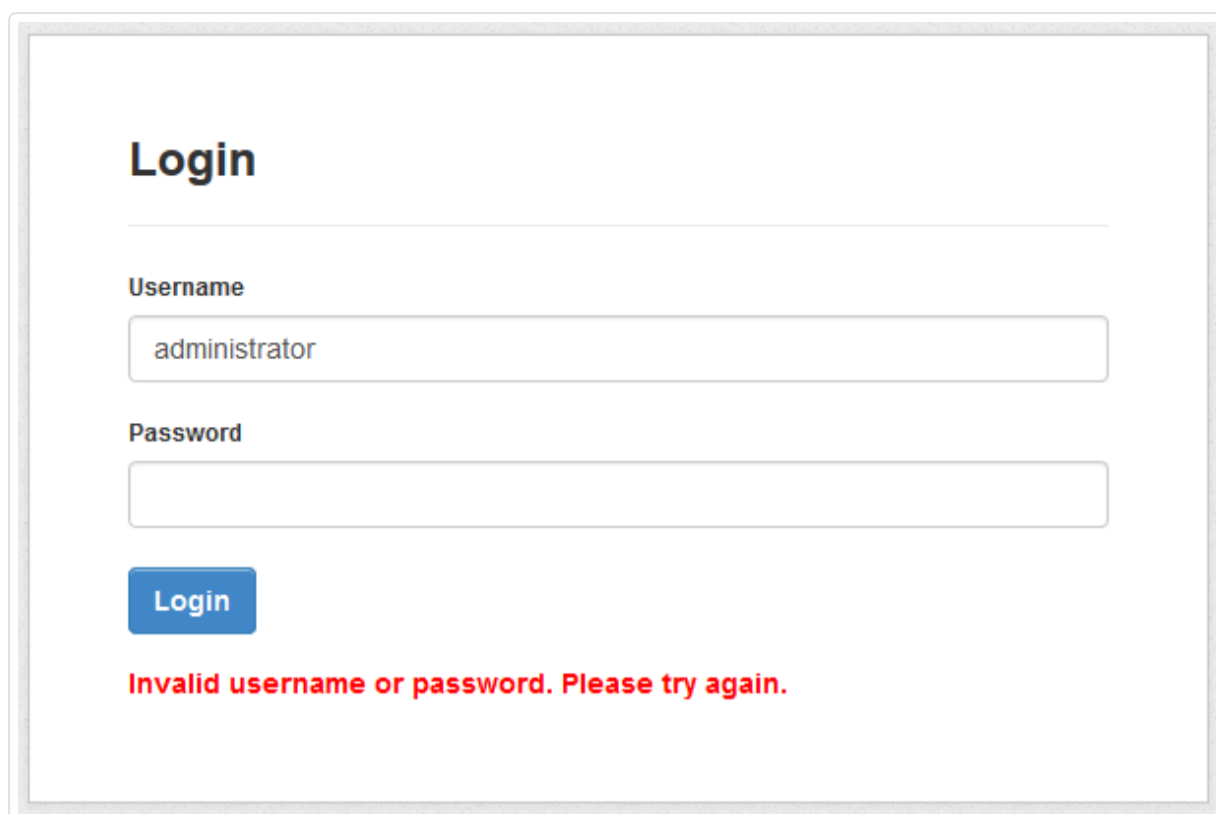
If a version of the business remains in the regular application data folder (appearing in the **Businesses** tab), be aware that these are two separate accounting records, even if they have the same name. Changes made in a directly opened file are not picked up by the version in the regular application data folder. Nor will changes to a version listed in the regular **Businesses** tab appear in the directly opened file.

15.3 Users

15.3.1 Reset the administrator password

Server edition

If you are using Manager's server edition and forget the password for the administrator, you will be unable to log in under the **Username administrator**. So you will not be able to **create new users or modify permissions**. Attempting to log in without a valid password will return a warning:



To regain access, you must **reset the administrator password**. Follow these instructions:

- [Go to the application data folder](#).
- Find the file named **password** and delete it. This will remove the password from the **administrator** account.
- Go back to the login screen, enter the **Username administrator**, and click **Login** (Do not enter anything into the **Password** field).
- Once you log in, set a new password in the **Users** tab so no-one will be able to access your server as **administrator** without entering a password.

Cloud edition

To reset the administrator's password for the cloud edition, go to the cloud edition customer support page. See [this Guide](#) for information.

15.3.2 Display a custom logo on the user login screen



Note

This Guide does not apply to desktop edition installations, because multiple users are not allowed. Therefore, there is no login process.

Organizations hosting a server edition installation or subscribing to the cloud edition of Manager can **display a custom logo on the user login screen**. The login screen logo will be distinct from any logo set in the **Settings** tab for a specific business. For instructions on setting individual business logos, see [another Guide](#).

The login screen logo option is universal, displaying to all users of all businesses recorded under the same license or subscription. So it will normally be used in the following situations:

- Multiple users within a single business, where the benefit is primarily cosmetic
- Accounting professionals providing services to multiple businesses, where the intent is to emphasize the service provider as users log in

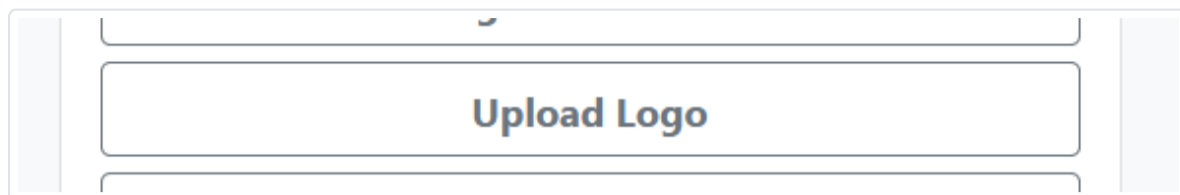


Note

The logo must be in PNG format and smaller than 250 kB in file size.

Cloud edition login logo

To upload a login screen logo for for the cloud edition, go to <https://cloud.manager.io> and click the **UpLoad Logo** button:



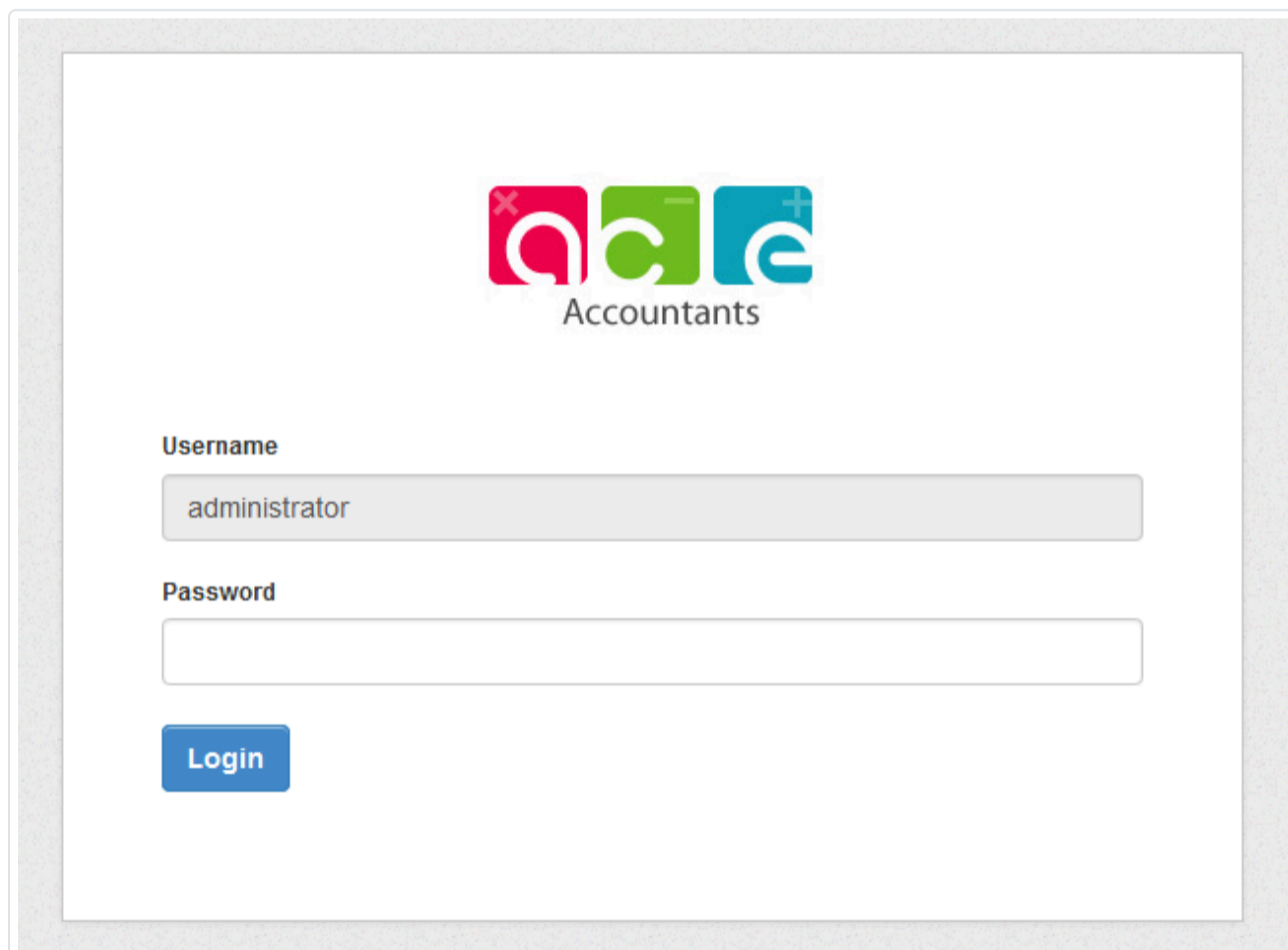
Follow through the self-explanatory procedure.

Server edition login logo

For the server edition, simply place your logo, in a file named **Logo.png**, in your **Application data** folder.

Results

The login screen will show the logo instead of the "Login" title:



15.4 Self-Hosting

15.4.1 Self-host a Manager installation

Most Manager users will use either the single-user desktop edition or the multi-user cloud edition. However, users with necessary skills and access to required hardware and software resources can **self-host a Manager installation**.



Note

Whenever users question whether the server or cloud edition is more suitable for their circumstances, our default recommendation is to use the cloud edition. Users with necessary skills and resources to successfully install, operate, and maintain a self-hosted installation will usually not have such questions. They will already be aware of what is involved and understand the tradeoffs.

Pricing

Pricing information for the server edition is found [here](#). Server edition licenses can be purchased in most currencies. The server license entitles you to perpetual use of the server edition version you purchase. Version updates are also free for the first year, after which a license renewal entitles you to updates for another year.

Initial download and installation

Instructions for setting up self-hosting vary by operating system. Specific instructions can be found at this web page: [Installation | Manager](#). On that page, choose the link for your operating system.

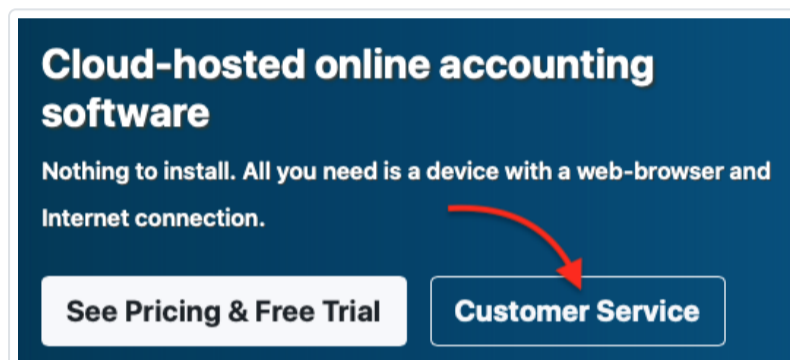
Updating

When the time comes to update self-hosted installations, download the latest version from the same web page as the installation instructions for your operating system. Updating is exactly like initial installation.

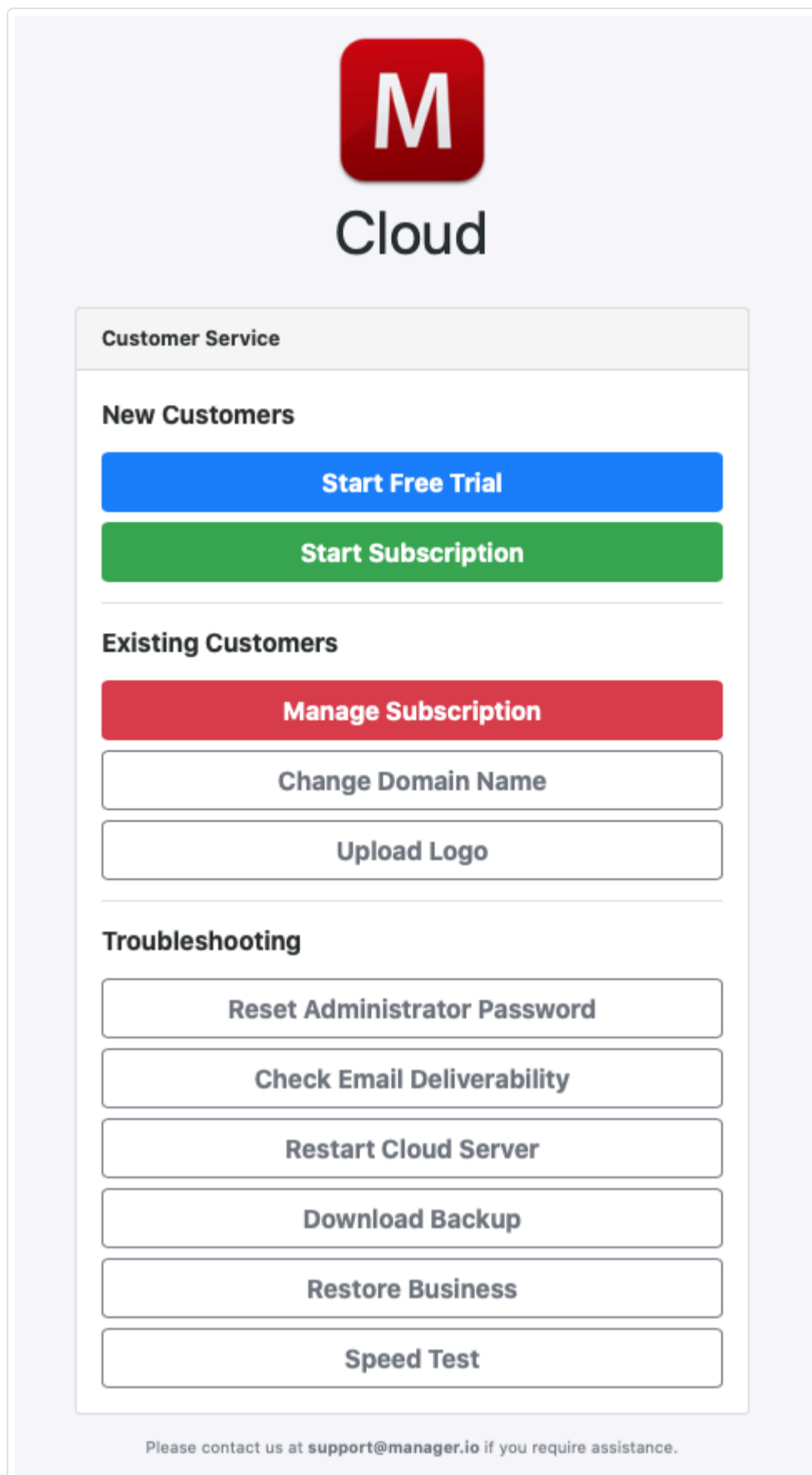
15.5 Cloud edition customer support

15.5.1 Obtain cloud edition customer support

Cloud edition users can obtain most **customer support** online. Go to the cloud edition home page at [Cloud Edition | Manager](#). Click on :



Select the support function you need from the menu:



The image shows a customer service menu for Manager Cloud. At the top is the Manager logo, a red square with a white 'M', and the word 'Cloud' below it. The menu is titled 'Customer Service' and is divided into three sections: 'New Customers', 'Existing Customers', and 'Troubleshooting'. Each section contains several buttons for user actions.

Customer Service

New Customers

- Start Free Trial
- Start Subscription

Existing Customers

- Manage Subscription
- Change Domain Name
- Upload Logo

Troubleshooting

- Reset Administrator Password
- Check Email Deliverability
- Restart Cloud Server
- Download Backup
- Restore Business
- Speed Test

Please contact us at support@manager.io if you require assistance.

If you require further assistance, contact us by email at the address at the bottom of the support page.