ACCOUNTING MODULE

Check Book Function

This section in accounting handles all tasks to maintain checking or credit card accounts. The following functions can be performed from this screen; Writing Checks, Deposits, Voiding, Checks, Credit Cards, Reconcile, and Cash Clearing.

Writing Checks

The "Write a Check" button allows you to write checks or record manually written checks. **Warning** - Although this screen will assign costs to items in inventory when the "Stock #" is inserted (the "StockNo box can be found in the line that starts with "Account Number" halfway down the screen) this is *Not* the recommended method of entry. If checks are normally written run in batches (most payments made at the same time) or if you want to be able to view vendor history, then you will want to make use of the Accounts Payable functions rather then writing checks in this screen. These are generally purchases where payment is made at the time of delivery, for costs not associated with inventory or payroll or for purchase made on a credit card. See Credit Cards for explanation of how to set up, use and pay credit cards.

The following is a representation of the Check Writing screen.

1.   Enter the "Account" (Drop down menu)(Checking or cash accounts) This is the asset account (or liability account for a credit card) that payment was made from. The

"Balance" will show that amount of money available in the account.
2.   Enter the "Check #" or leave the box empty. If the "Auto Check #" has been set up in "Presets" module the "Auto Check# should generate the correct check number and show it in the box.
3.   Enter the "Invoice No" if applicable
4.   In the "Pay To" field enter the vendor or payee (Drop down menu)(Vendor List). *Note: you will not be allowed to record the entry unless this box is completed.* If a vendor does not appear on the vendor list you can simply type in the name.
5.   Enter the "Amount" of the check
6.   The "Memo" line is optional.
7.   Enter the "Account Number" (drop down menu) (liability or expense account) and the amount to be applied to that account. The amount paid can be applied to more than one account but the total amount in the "Account"grid must equal the total amount paid.(If the vendor has been set up with default account in "Set Up" then the account will automatically come up, check to assure that it is the account you wish to apply to payment to).
8.   If the "Out of Balance" field is 0.00 then click the "Record" button. The check will appear ready to print. If you allow the system to write the check click "Print", if you write checks manually, click "Cancel". The 'Clear All' button removes all entries on this screen.   The 'Erase' button removes only the currently selected line in the account grid.
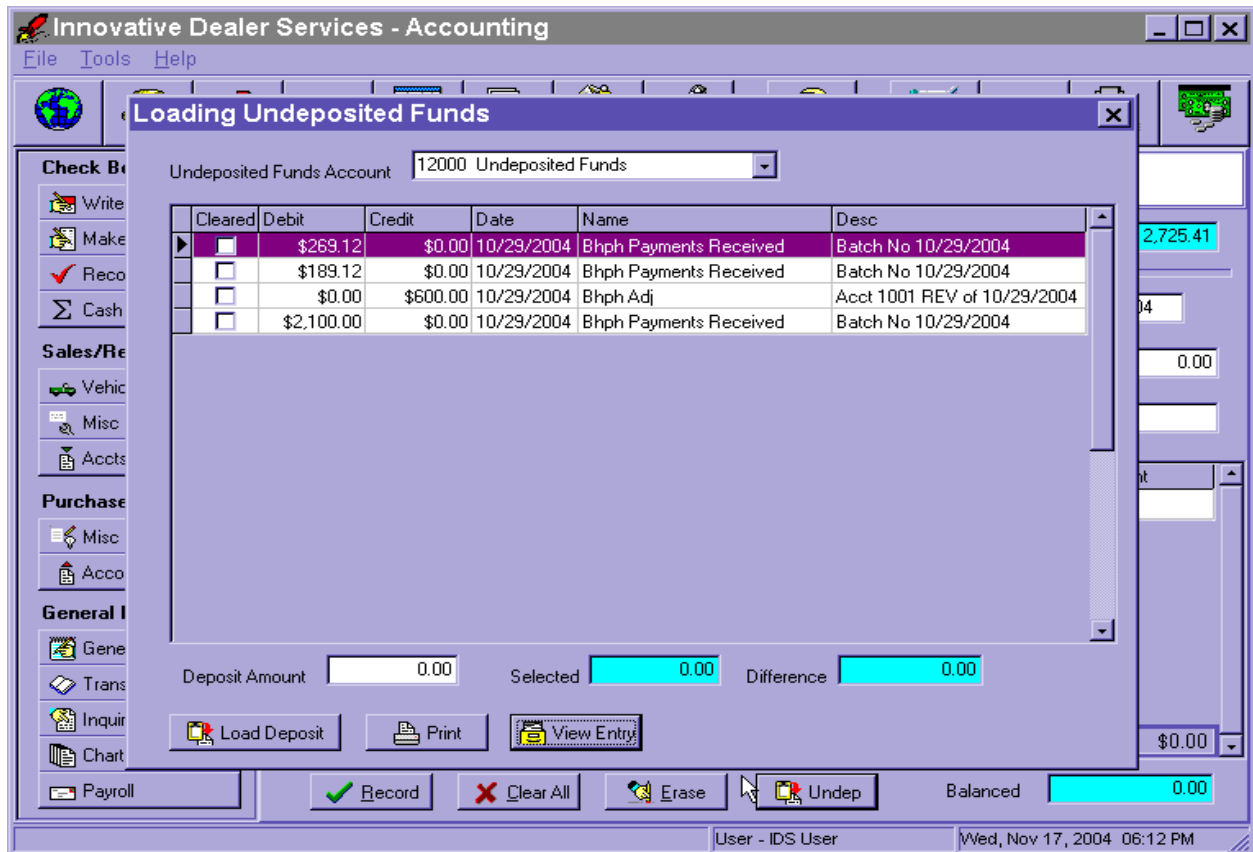
Deposits

Since it is impractical to run to the bank each time the dealership receives money, there will almost always be some kind currency on the premises waiting to be taken to the bank. It is also difficult to keep funds received for different reasons separate so that you can match accounting entries to the deposit slips. The "Make a Deposit" screen allows you to 1). physically verify that recorded receipts (no matter the source) match funds to be deposited, and 2). verify that the total amount recorded in the general ledger matches the total on the deposit slip (this is very helpful when reconciling bank accounts). *Note:* An asset account that is designated to record Undeposited Funds (funds received but not yet deposited) is necessary for this function to work properly. *Note:* Since you receive cash and checks from many different sources for many different reasons, this system provides different methods of entry for different types of receipts. See the Receipts section for an explanation of the different types of receipts and instructions on how each is to be entered.

At the top of the following page is a representation of the "Make a Deposit" screen.
1.   Enter the "Account" (Drop down menu)(Checking or cash accounts) this is the asset account where the deposit is to be posted.. The "Balance" field will automatically show the bank balance of the account.
2.   Enter the "Deposit #" This is a reference number that is optional, but can be used to assist in verifying that all deposits have been recorded.

3.   Enter the "StockNo" if this is a deposit on a vehicle sale. Generally speaking the "StockNo" should rarely be used in this screen. It is strongly suggested that receipts be entered in other places according to the type of receipt. See the "Receipt" section for proper handling.

4.   The "Date" field will automatically show the current date, make change if deposit is made on a different date.

5.   Enter the "Payer" (Drop down menu)(Vendor List) The payer can be manually entered if they do not appear on the Vendor list. It is not necessary to enter a Payee when you use the "Undep" button to generate the entry. The "Undep" function will fill in this box. *Note:* the "Payer" box must be completed before the system will allow you to record the deposit.

6.   When the Deposit being made contains receipts that have been recorded elsewhere (this should be the case with most deposits) click on the "Undep" button at the bottom of the screen. The screen at the top of the following page will appear.

7.   Click the "Cleared" box next to each receipt to be included in the deposit. Click the "View Entry" button to review the accounting entry that will be made. Enter Click the "Load Deposit" button to insert the information into the "Make a Deposit" screen. *Note:* Once the "Load Deposit" button is selected, lines marked as cleared will no longer be available. You will not be able to retrieve the information by using the "Clear All" or "Erase" buttons in the "Make a Deposit"screen or by closing the screen before recording the entry.

8.   Enter the "Amount" of the total deposit. When all receipts in the deposit are accounted for in the "Undep" screen the "Load Deposit" function will insert the deposit amount that was entered at the bottom of the screen.
9.   "Memo" is for comments about the deposit.
10.   Enter that "Account Number" (Drop down menu) (Chart of Accounts) and amount to be applied to that account. The "Undep" function will insert the account numbers and amounts necessary for those items cleared. Receipts not included in "Undep" will need to be manually entered. Since the types of receipts entered directly into "Make a Deposit" are for transaction that are out of the ordinary you may want to refer to the "Receipts section for assistance on the type of account that should be entered.   Deposit amounts can be applied to more than one account but the total in the account grid must equal the total amount being deposited.
11.   If the "Out of Balance" field is 0.00 then click the "Record" button to post. The 'Clear All' button removes all entries on this screen.   The 'Erase' button removes only the currently selected line in the account grid. *Remember:* Items marked as cleared in the "Undep" screen will be unrecoverable once you click the "Load Deposit" button. **"**Erase" and "Clear All" buttons do not affect the "Undep" screen.

Voiding Checks

There are three different ways to void checks.
1.   Situations where the check is written manually but not posted to the system.
2.   Situations where the check is posted to the system.
3.   Situations where the check has been written and posted but needs to be re-issued with a different number.

Check written but not posted: Use the Write Check screen to create a check as you normally do. Enter the check number to be voided, type Void in the "Pay To" field, 0.00 in the "Amount" field, and click Record.

Check posted to the system: Enter the transaction journal, highlight the check that needs to be voided and click the "Reverse" button.

Checks to be re-issued with another number: From the Reconcile screen click the "Edit" button enter the new check number in "Ref No" field and click "Create Void Check" and click OK. This will create a voided entry with a zero balance for the old number and create re-issue the check under the new number.

Credit Cards

The system allows you to enter Credit Card transactions like checks, reconcile transactions for each card and pay the credit cards.

Set Up of Credit Card Accounts: Credit Card accounts are configured as Liability accounts.

1.   Enter the Chart of Accounts, click the "Liability" tab and click the "Add" button. The following screen will appear.
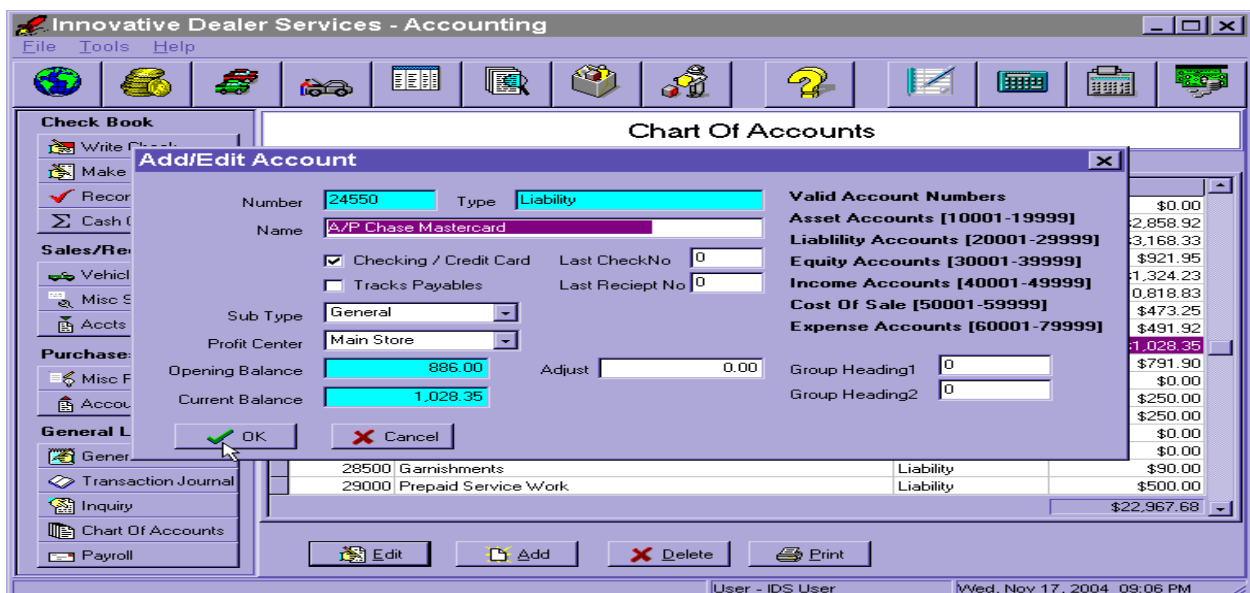
2.   Enter a "Number" that is in the Liability Account range of 20001-29999.
3.   Enter the "Name" of the account (the name should include the name of the card).
4.   Check the "Checking/Credit Card" box
5.   The "Sub Type" should be General
6.   Enter the "Profit Center" (Drop down menu)
7.   Enter "Opening Balance" if any
8.   Click "OK". This sets up the account for transaction entry.

Now you must set up the Vendor so that checks can be issued to pay the Credit Card company.
1.   Enter the "Pre-Set Module"
2.   Click the "Vendor" tab
3.   Click the "Add" button, the following screen will appear.

4.   Enter the "Name, Address, City, State, Zip Code, Contact, Phone #, E-Mail, Web page, Tax ID and Terms" of the Credit Card
5.   Enter the "Type" as general (Drop Down Menu)
6.   Enter the "Default" as the Liability account set up for the Credit Card. (Drop down menu)
7.   To record add another account or move to different screen.

Entering Credit Card transactions: Credit Card transactions are enter in the "Checkbook" in "Write Check" but you need to select the Credit Card Account in the "Account" field at the top of the screen. See Writing Checks for full instructions.

Reconciling Credit Cards: You reconcile Credit Cards in the same way that cash accounts are reconciled except that in the "Account" field at the top of the screen the Credit Card Liability account is chosen. See Check Book, Reconcile for full instructions.

Reconcile

The Reconcile window allows you to reconcile for both checking and credit card accounts to statements issued by the bank or credit card company. The following is a representation of the screen that will appear when "Reconcile" is chosen.

1. Record any interest or bank charges associated with the statement being reconciled via the "General Journal". See "General Journal" for instructions on how to enter.   Remember when entering statement adjustments for Asset/Checking accounts that a Debit (deposit, interest earned, etc.) increases and a Credit (check, bank charges, etc.) decreases the accounts value. If it's a Liability/Credit Card account then a Debit decreases and a Credit increases the account value.
2. Click on the "Accounting" Module, in the "Checkbook" section click the "Reconcile"button.
3. In "Account" at the top of the screen, select the desired account to be reconciled
4. In "Sort By" (drop down menu) pick how you want the checks and deposits sorted, either by reference number or by date.
5. Leave the Reconcile Month as Unreconciled.
6. In "Statement Balance' enter the amount shown on the bank or credit card statements being reconciled.
7. Click the "Cleared" box for each check and deposit that appears on your statement. If the "Make a Deposit" screen was used to record individual receipts and the bank deposits combined many transaction to click the "Cleared" box beside each individual deposit transaction associated with the bank deposit. Proper recording of "Receipts" and Deposit will save you a lot time and frustration when reconciling accounts.

8.   Once the "Out of Balance" field is 0.00 the "Record" button at the bottom of the screen will become active and you can click it to reconcile the items marked "Cleared". This will remove the reconciled entries from this screen. A screen will pop up asking for the month to be reconciled. Enter the Month.

Previously reconciled months can be accessed by entering the "Reconcile" screen and highlighting the month you wish to view in the drop down menu for the "Reconcile Month" box.

Cash Clearing

The Cash Clearing function was developed to help you to gather, organize and match up details of the sale and actual amounts received for each sales transaction. The "Cash Clearing" function is the first level of receivable/receipt tracking. The IDEA system provides three different levels of receivable/receipt tracking. To illustrate the reasons for the different levels, lets look at a very simple retail business transactions: A customer approaches a seller and agrees to purchase a piece of merchandise for a specific amount of cash, the seller accepts the cash in the amount specified for the item, the customer leaves with the items, the transaction is complete. From a record-keepers point of view the only information needed is the amount of cash received and the cost of the item. There was no reason for the seller to collect any information about the buyer (such as name, address, etc), the transaction is complete, and there is no reason to have any further contact. But if the seller received a check instead of cash, the record keeper would want to have more information about the person in case the check does not clear. This illustrates that at the first level the need for detailed records is quite low. A record-keeper would only want, a record that a sale is made, that financial re-numeration is received, and basic information about the buyer needed for future issues. Now lets add that the seller has arranged to have a bank give the buyer a loan for most of the sale price and the buyer will provide the balance. The bank arranged to pay the seller in 5 days. The buyer has agreed to pay in 2 days. This illustrates the need for the second level. In this system the second level is the "Accounts Receivable" function. The bank information is needed in addition to all of the previous information need in level 1.   Now lets say that the seller agrees to give the merchandise to the buyer for a promise to pay the seller a set amount each month until total is paid. This illustrates the third level or in this system the BHPH function. The record-keeper would want more information about the buyer, and the arrangement would require more accounting entries to track receipts.

The set up of the "Cash Clearing" function allows the dealership to decide what types of transactions they wish to be reported in this function. You could set it up the function so that when a deal is entered in the "F&I" module/"Finance" screen, the amounts entered in the "Deposit" box, the "Cash Down" box and the "Payment" box (only in cases were the "Lien" box is set to Cash Sales) will be reported in the "Cash Clearing" screen.

Now lets look at how the "Cash Clearing" function works. When a sale has been posted and the corresponding receipt has been entered in the F&I/Finance tab/Σ screen, the system will marry up the two entries and the entries will cancel each other out and the receivable will no longer appear in Cash Clearing.   Lets review. When the vehicle sale is moved from Working to Delivered the system generates an accounting entry that (after "Vehicle Sales" posting) will appear in the Cash Clearing screen for the amounts the buyer has agreed to pay.   The buyer comes back and pays the

agreed upon amount and the receipt is recorded in the F&I/Finance tab/Σ screen. The "Cash Clearing" function would match up the expected amount and the actual amount received and complete the sale.

When the Vehicle Sale is posted the buyers name, the agreed upon amount and the stock number of the vehicle will move to the Cash Clearing section. Since the Vehicle Sales entry pulls information from a number of boxes in the Finance screen it will combine all of the amounts into one receivable in the Uncollected column. Now for the other side of the transaction, as the dealership receives the agreed upon amount from the buyer, the F&I module/ Finance tab/Σ button should be accessed and the receipt should be entered in the Σ screen. The entry will move to the Cash Clearing screen when the "Print Receipt" button is selected (the receipt does not have to actually be printed) When the Cash Clearing function matches up the posted receipt in the collected column with the posted sales entry in the uncollected column the entries will cancel each other out and the receivable will be removed from the Cash Clearing screen. *Note:* Since the Cash Clearing screen show the Vehicle Sale posting as uncollected and the posting of Receipts as collected the order in which these transaction are posted does not matter. The Cash Clearing screen matches entries by the Stock No of the vehicle and when the two amounts are equal the receivable is removed.

Cash Clearing Screen
The "Cash Clearing" screen provides you with up-to-date information about each individual that has a level 1 receivable/receipt. . As was discussed previously, the "Cash Clearing" screen gathers information that is input in the "F&I"module, "Finance" screen.   The following is a representation of the "Cash Clearing" screen that can be accessed in the "Accounting" module, "Cash Clearing" button.
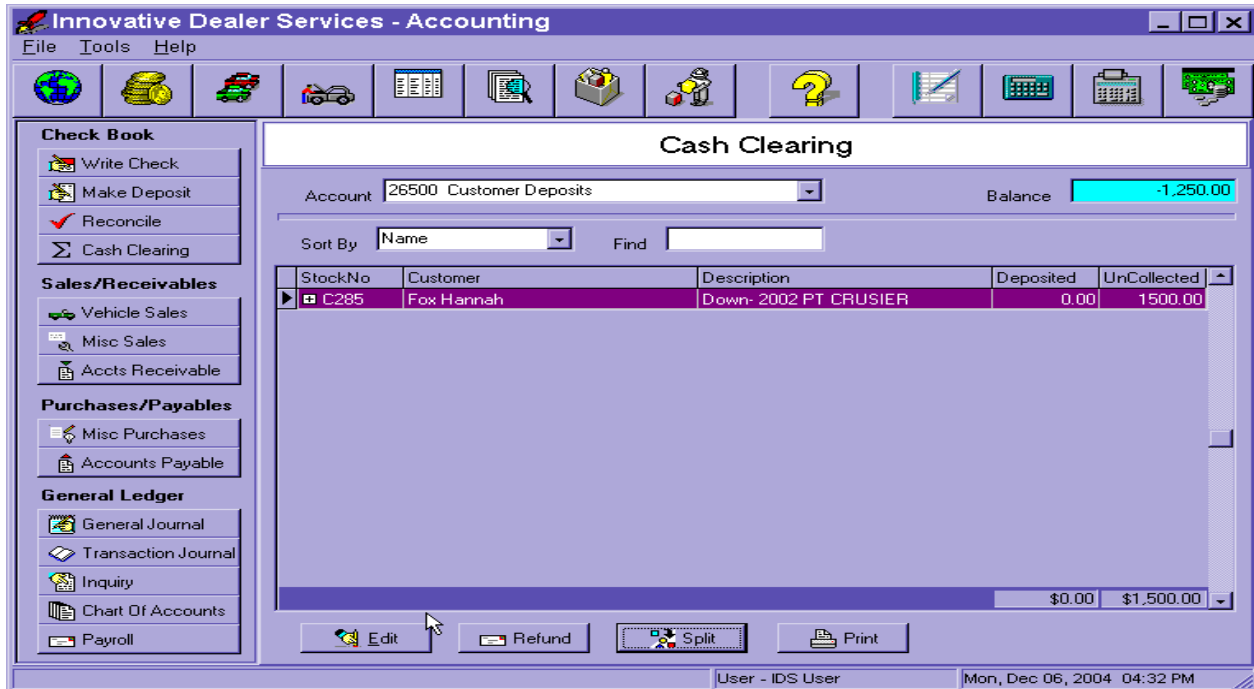
The "Cash Clearing" screen contains 4 button, the "Edit,""Refund,""Split," and the "Print."

> Edit - The edit screen allows a limited number of changes to be made. *Important Note:* If changes need to be made that will affect the general ledger then they should not be made in this screen. You will need to reverse the original in the "Transaction Journal" and re-enter the corrections in the "F&I" module, "Finance" screen. The changes made through the"Edit"button in this screen will only affect what is shown in this screen.
>
> Refund - The "Refund" button will allow you to write a check to the highlighted customer.
>
> Split - Since the system uses the "StockNo." as the key to matching up entries, there may be some circumstances where you may have two different customers with entries on the same stock number vehicle. The "Split" button allow you to manipulate the highlighted line and produce a second line to show that more than one individual has an interest.
>
> Print - The print button will produce a report containing all of the lines in the "Cash Clearing" screen.

Note: The order of entry of sales/service or receipt of funds does not matter. This screen will track all entries posted to the accounts where Customer Deposits are entered. In order for an account to be tracked by this screen the "Subtype" in the "Chart of Accounts" entry screen must be set to "Cash Clearing".

Sales/Receivables

As the sales staff makes sales the accounting staff must account for them and assure that receivables are collected. This section contains three buttons: Vehicle Sales, Misc Sales and Accounts Receivable

The following is a representation of the "Sale/Receivables" screen, notice the first screen to appear is the "Vehicle Sales" screen.

Vehicle Sales:

As the sales staff completes a sale the F&I module generates the accounting entry for the deal will be input into the "Vehicle Sales" screen. The administrative staff will be required to review the entry for accuracy and post the sales to the accounting systems. See the section on "Vehicle Sales Posting, for information on how the entry is generated and accuracy.

They drop down menu in the "Stock Number" box contains a list of all sales entries transferred from the F&I module for posting.

The previous screen shows one such entry. The date box defaults to the current date but can be changed to reflect other dates such as the date of the actual sale. The right side of the entry shows the accounts and amounts that will be debited and the left side shows the accounts and amounts to be credited. *Note:* if the "Account" box in a line contains zeros then an account number will need

to be entered (drop down menu)(Chart of Accounts). This also signals that one of the "Presets" has not been set up.

New Debit/New Credit

The "New Debit" and "New Credit" buttons provide you with a way to add new lines to the journal entry. This will assist in accounting for additional costs, income, etc. that are not generated when the vehicle was moved to delivered. The following is a representation of the screen that appears when either the "New Debit" or "New Credit' buttons are chosen.
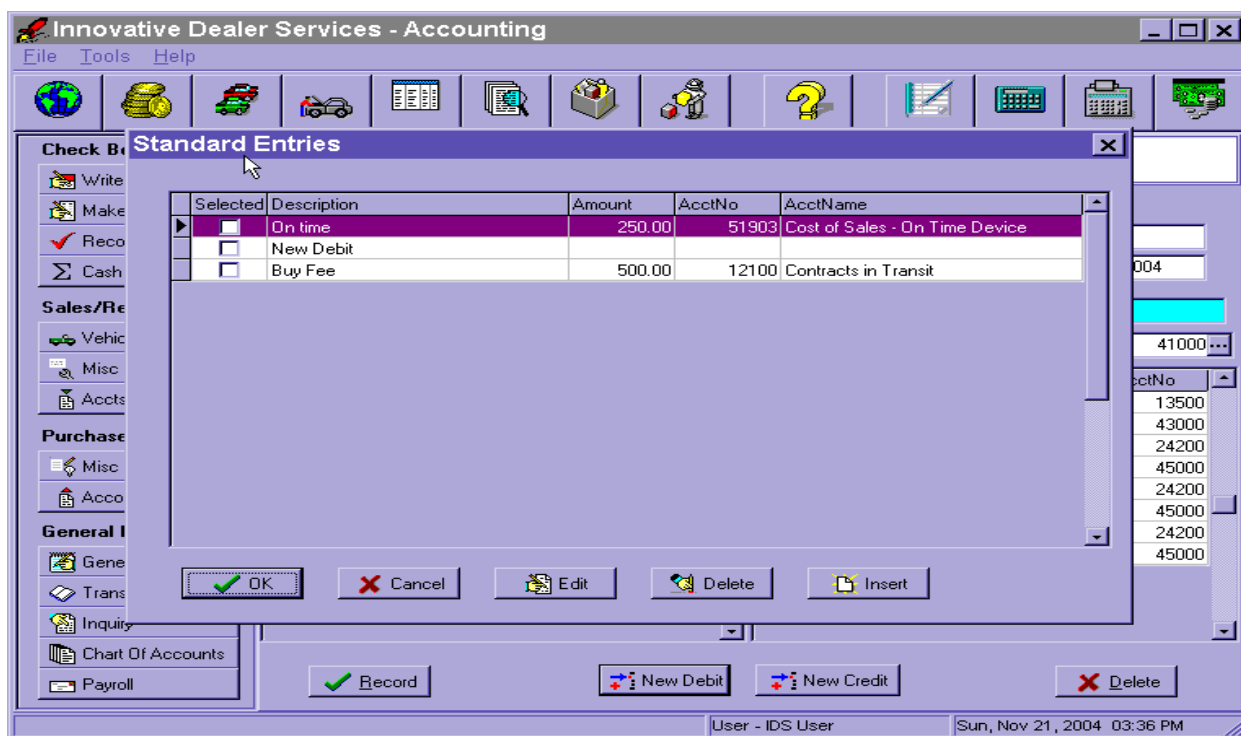

Note: "New Debit" and "New Credit" buttons create only one side of the entry. It is not necessary to enter a "New Debit" for each "New Credit" entry that is made and vice versa.   The system will adjust the entry to account for the additional line.

Misc Sales:

Misc Sales screen is to record the sale of parts, accessories, etc. that are not part of a vehicle sale or not part of repair services in the Service module. At the top of the following page is a representation of the screen for Misc Sales:

1.   Enter the Date (the default date is the current date, changes can be made).
2.   Enter the Customer Name
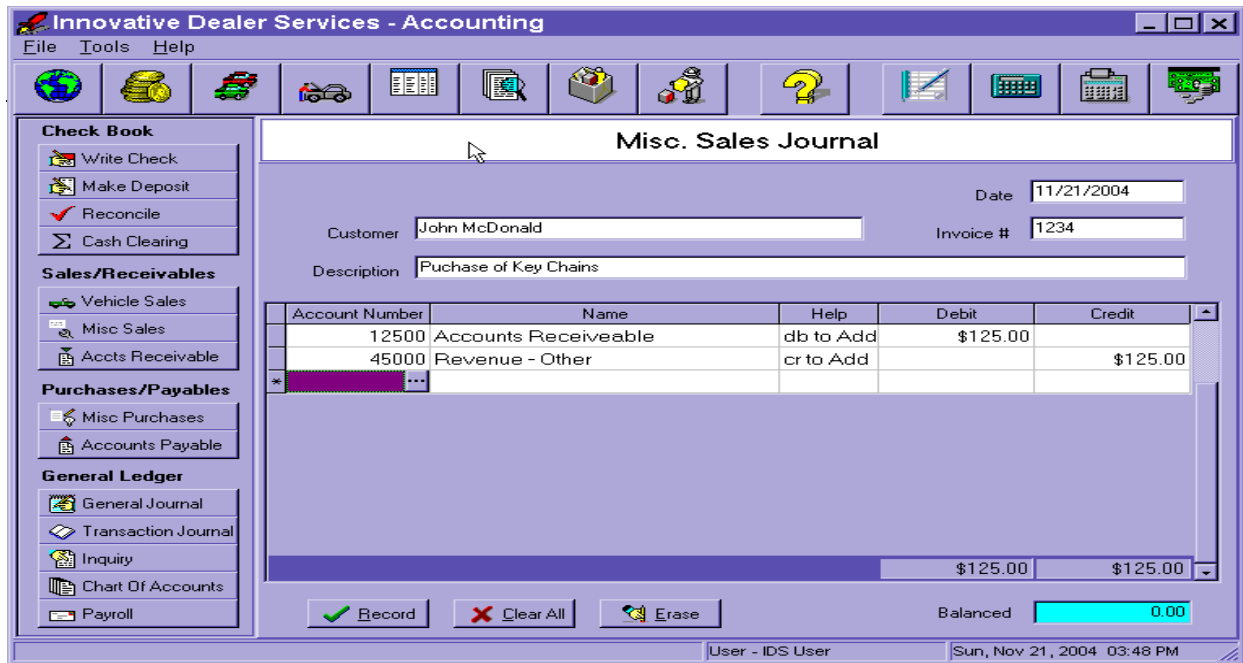
3.   Enter the Invoice #
4.   Enter the Description (short description of sale)
5.   Enter the debit side of the account (Drop down menu)(Chart of Accounts) *Important Consideration :* if this entry is recording the receipt of funds that will later be deposited in the bank with other receipts then the "Account Number" should be for the "Undeposited" account, if the total for entry being made here will match the total on the Bank Deposit slip then you would choose the account number for the "Bank Account".
6.   Enter the credit side of the account (normally an entry to an income account).
7.   When entry is complete hit the record button, clear all or erase. (Clear all will clear the entire entry, erase will clear the lower part of the screen or journal entry). If the entry does not contain the required information the "Record" button will not work and the entry will not clear the screen.

Accounts Receivable:

Accounts Receivables holds the amount customers owe, allows you to post received payments, and analyze them by due date.   Accounts receivable is generated by Vehicle Sales, Misc Sales and the Floorplan screens. Since most of the receivable recorded in this screen are from financial institutions or other businesses that do not personally deliver the money and expect a receipt, this screen allows entry of multiple checks from multiple vendors at one time, therefore you may have a bank deposit of only those amounts entered in this screen. *Note:* As before it is important to treat the recording of the receipt of funds and Bank Deposits separately. Unlike the other methods of recording receipts Accounts Receivable section gives you the opportunity to make the Bank Deposit recording at the same time receipts are recorded. It is strongly suggested that this should only be used when the total on the Bank Deposit slip is the same as the total being recorded in this entry. We feel the need to stress that matching the total deposit being recorded in the general ledger with the Bank deposit slip will save a great time and frustration when you reconcile the accounts at month end, it will also create a way to verify that receipts have been entered and that the amount collected has been accounted for in the Bank Deposit or other cash account. This will reduce the potential for undetected employee theft and provide greater accountability.

The following is a representation of the Accounts Receivable screen.

Posting a Payment

1.   In "Deposit To" enter the account in which the payment will be deposited. (Drop down menu)(the default account is usually "Undeposited Funds" account, use the "Bank Account" only when the amount being recorded will match the Bank Deposit slip)
2.   The "Deposit Date" will automatically enter the current date, changes can be made if the deposit date is different from the entry date.
3.   Enter your "Deposit Number" to be used only when the "Deposit To" box contains a bank account and your dealership uses a deposit number system.
4.   Enter the amount being applied to this particular receivable.
5.   Locating the specific Accounts Receivable to be paid can be accomplished in two ways.
     1.   In the "Find Vendor" box enter the first letter of the Vendors name and hit enter key. The program will highlight the first accounts receivable entry for the customer or vendor in the invoice grid. In cases where more than one entry is due for a vendor, you will search the list of entries for the specific entry in question.
     2.   Scroll through the Invoice grid to locate the specific entry.
6.   Enter the amount to be applied in the "Amt Recvd" column and the check number in the "CheckNo" column for the invoice being paid. If multiple invoices are being paid, enter the amounts that apply to each invoice. (Note: Only the unpaid invoices are displayed in the Invoice grid.)
7.   If the entered vendor "Received" amount equals the total "Amt Recvd" entered in the invoice grid then the "Out of Balance" field will display 0.00 and the "Record' button will become active. Double check your entries and make sure the amounts are entered for the correct invoices. Once everything is correct click "Record" to post.

The "W/O Balance column is only checked when the balance of the receivable will not be paid and you want to write off the remaining invoice amount.

Edit AR

1.   If you need to edit a particular invoice for a vendor.   Highlight the specific entry to be edited in the "Invoice" grid and click the "Edit AR" button. The following screen will be displayed.

2.   *Adjust Amount Due*- If this invoice was posted with the incorrect amount due click the "Adjust Amount Due" Tab and enter the "New Amount Due", The "Reason," and the account to be "Offset Account" number (the offset account is the account that the adjustment should be posted to (this is normally a revenue account) once all changes are made click "OK" to record your change.
3.   *Change Accounts Receivable*- If this invoice was posted to the wrong Receivable Account click the "Change Account Receivable" tab, enter the correct Receivable Account, and click 'OK' to record your change.
4.   *Vendor, Description, Comments, Invoice #, Date, Stock #, Deal ID*- Can all be changed by simply entering the corrected information, and click 'OK' to record your change.

Analyze
If you wish to view or print your receivables by the aged days click the "Analyze" button. The

main view shows all vendors with invoice totals. If you wish to view only the invoices for a particular vendor click the vendor in the display grid and select "Invoices" at the top of the window. You can print either view by clicking the "Print" button.

Payments
All posted payments can be viewed by selecting the desired invoice and click the 'Payments' button.

Viewing Paid Invoices
All invoices paid in full are saved and can be viewed by clicking on the "Received" tab located at the bottom of the invoice display grid. Again, the view shows the paid invoices by vendor.

You can purge all paid invoices by date. This utility is located in Utilities Module.

Purchases/Payables Module

The purchase/payable module is made up of two different screens:
1.   Misc Purchases
2.   Accounts Payable

The function of the Purchases/Payables module is to facilitate the entry of invoices for costs that are not directly attributable to inventory items, aftersale market costs or payoffs on trade ins, gather detailed information for all payables (regardless of where they are entered) in one place, and prepare checks for those items chosen for payment . The entry of costs that relate directly to items in the vehicle inventory are entered in the Inventory Module. See the "Inventory" section for entry instructions. The "Service" module is available to dealerships that have an income generating service department. Costs directly associated to Service will be entered in the "Service" module. See the "Service" section for entry instructions. The entry of amounts payable for aftermarket sales and payoffs on trade ins will be entered in the "F&I" module "Finance" screen, see F&I section for instructions on how to enter.

Misc Purchase

A miscellaneous purchase would be items where costs are not directly attributable to inventory items.   An example would be postage for general correspondence.

1.   Click on the "Accounting" Module, "Misc Purchases" Button. The following screen will appear:

2.   Enter the:
1.   Enter the "AP Account" (Drop down menu)(list of A/P Accounts)
2.   Enter the "Invoice Date"
3.   Enter the "Purchased From" (Drop down menu) (Vendor List)

4.   Enter the "Description" (optional)
5.   Enter the "Invoice Num"
6.   Enter the "Due Date"
7.   Enter the total "Amount" of the invoice.
8.   Enter the "Account Number" (Drop down menu)(Chart of Accounts) and the amount of the cost that is to be recorded in that account. Costs can be split and allocated to multiple accounts in this box by entering more lines. Each line should contain the "Account Number" and the "Amount" to be allocated to this account. The sum of all lines should be equal to the total "Amount" of the invoice that was entered above.
9.   Once entry is complete and the "Balance" box reads 0.00 the "Record" button will become active. You can choose any of the following.
    1.   Record will post the entry to Accounts Payable
    2.   Clear All will clear the entire entry
    3.   Erase will clear the debit half of the entry.

Accounts Payable

The "Accounts Payable" section provides a number of valuable functions. It gathers the information on unpaid invoices or costs entered in the "Inventory" module, the "Service" module and the "Misc Purchases" section combines them and for each vendor, shows all invoices that are payable regardless of where they are entered. Since this section writes checks, you are given the ability to issue one check to a vendor for multiple invoices due instead of one check for each. This section also provides the mechanism to manage cash flow by providing full visibility of all payables and the ability to select what and when to pay. Additionally, this section contains an aging report which shows all vendors, the total amount due, and the total amount payable based upon the amount of time that they have been on the books. This can provide a great cost savings in cases where payment discounts and delinquencies fees are involved. This system also provides a payment history for each vendor. This can be a valuable tool if you choose to run all checks through the "Accounts Payable" system because you will have access to a complete payment history for all vendor.   The accounts payable system is set up to pay one vendor at a time.

The following is a representation of the Accounts Payable screen.

Analyze

This function can assist with cash flow management. This screen gives you the option to view or print your payables by the aged days. When you click the "Analyze" button the following screen will appear.

The main view shows all vendors with invoice totals. If you wish to view only the invoices for a particular vendor click the vendor in the display grid and select 'Invoices' at the top of the window. You can print either view by clicking the "Print" button.

Paying Accounts Payable or Posting a Payment

1.   Enter the "Payment From" (Drop down menu)(Checking Account List) with the account number of the account where payment will be paid from.
2.   Select the "Vendor" you wish to pay (Drop down menu)(Vendor List)
3.   Enter "Comment" (optional)
4.   Enter " Date" (this is the date you are paying, this box should automatically enter today's date, and should only be changed if check run date is different for check issue date)
5.   Enter the "Check No" (if you are working on a <u>system that writes the check</u> leave blank, the system will generate the next number, if checks are written Manually then enter the check number)
6.   Enter the total amount to be paid to this vendor in the "Payment" box. If you do not know the amount of all invoices to be paid, go to the list of invoices below and double click on each invoice to be paid. The total will appear in this box. To view a specific invoice enter the invoice number in the "InvoiceNo Lookup"
7.   Enter the amount to be paid on this invoice in the "Amt Applied" column for the invoice being paid. If the full amount of the invoice is being paid you may choose to double click on the invoice and the amount of the invoice will be placed in the "Amt Applied" box and add to the "Payment" box above. (If multiple invoices are being paid enter the amounts that apply to each invoice or double click on each invoice). (*Note*: Only the unpaid invoices for the selected vendor are displayed in the Invoice grid).
8.   If the entered vendor "Payment" amount equals the sum total of all "Amt Applied" entered in the invoice grid then the "Balanced" field will display 0.00 and the "Record" button will become active. Double check your entries and make sure the amounts are entered for the correct invoices. Once everything is correct click "Record" to post. If your system writes the check, the "Record" button will activate the check to print.

Hint: If paying single invoice you can hit "Apply Bal" button instead of typing in the amount for the Amt Applied.

Edit AP

If you need to edit a particular invoice for a vendor, enter the vendor and select the invoice. Now Click the "Edit AP" button and the "Edit AP" window is displayed.

1.   *Adust Amount Due-* If this invoice was posted with the incorrect amount due click the "Adjust Amount Due" Tab and enter the 'New Amount Due'. If you already made an adjusting entry in the General Journal then leave the "Create Adjusting Entry" checkbox unchecked and do NOT enter a "Offset Account". If you did not make an adjusting entry and one is needed then click the "Create Adjusting Entry" checkbox and enter the desired "Offset Account" number. If this is a base cost or internal adjustment enter the stock number to which it applies. Once all desired information is entered click "OK" to record your change.

2.   *Change Vendor-* If this invoice was posted to the wrong vendor click the "Change Vendor" tab, select the correct vendor, and click "OK" to record your change.

3.   *Change Account Payable-* If this invoice was posted to the wrong Payable Account click the "Change Account Payable" tab, enter the correct Payable Account Number, and click "OK" to record your change.

4.   You can also change the "InvoiceNo" , "Date due", "Description", and "Comment". Note: These input fields are live so any changes are saved as they are typed in.

Select

The "Select" button allows you to select for payment all invoices that meet the set parameters in the "Select" screen.

Payment
All posted payments for the selected vendor can be viewed by selecting the desired invoice in the "Paid" tab and click the "Payments" button.

Viewing Paid Invoices
All paid invoices are saved and can be viewed by clicking on the "Paid" tab located at the bottom of the invoice display grid. Again, the view shows the paid invoices by vendor.

You can purge all paid invoices by date. This utility is located in Utilities Module.

General Ledger

The General Ledger consists of the following sections:
1.	*Chart of Accounts*- The Chart of Accounts window displays all your accounts, organized by account category. Each account is listed along with its account type and balance.
2.	*General Journal*- General Journal window allows you to enter transactions that aren't specific to Check writing, Sales & Receivables, and Purchases & Payables.
3.	*Transaction Journal*- The Transaction Journal allows you to view previously entered transactions.
4.	*Inquiry Register*- Account Inquiry Register shows entered transactions for a specific account.

Chart of Accounts

The chart of accounts is the core of your accounting system. Accounts store the balance of the money that flows in and out of your dealership. These accounts are used to track your financial activity.

Innovative Accounting Software uses six categories of accounts:

Asset Accounts- Asset accounts track things your dealership owns, such as money in checking/savings accounts, office buildings and furniture, and money owed to your business. Asset accounts use account numbers between 10000 to 19999 and normally have a debit balance.

Liability Accounts- Liability accounts track things a dealership owes, such as a working capital loan. Money owed by a dealership for purchases is also considered a liability. Liability accounts use account numbers between 20000 to 29999 and normally have a credit balance.

Equity Accounts- Equity accounts track a dealership's net worth. A dealership's equity is calculated by subtracting its liabilities from its assets. Some common equity accounts are current year earnings, retained earnings and shareholders' equity. Equity accounts use account numbers between 30000 to 39999 and normally have a credit balance. In the Innovative system, there are 2 equity accounts that can not be renamed or moved to a different account number. The two fixed accounts are 38000 Retained Earnings and 39000 Current Year Earnings.

Income Accounts- Income accounts track the increase in equity from the sale of cars, parts, or service. Income accounts use account numbers between 40000 to 49999 and normally have a credit balance.

Cost of Sales Accounts- Cost of sales accounts track the amount paid to sell a car, parts, or service. Cost of Sales amounts are subtracted from Income amounts to determine gross profit. Cost of Sales accounts use account numbers between 50000 to 59999 and normally have a debit balance.

Expense Accounts- Expense accounts track the indirect costs incurred when a dealership attempts to create income. Expense accounts use account numbers between 60000 to 79999 and normally

have a debit balance. (Indirect costs are those costs that can not be directly attributable to a particular income generating item or service).

Adding Accounts
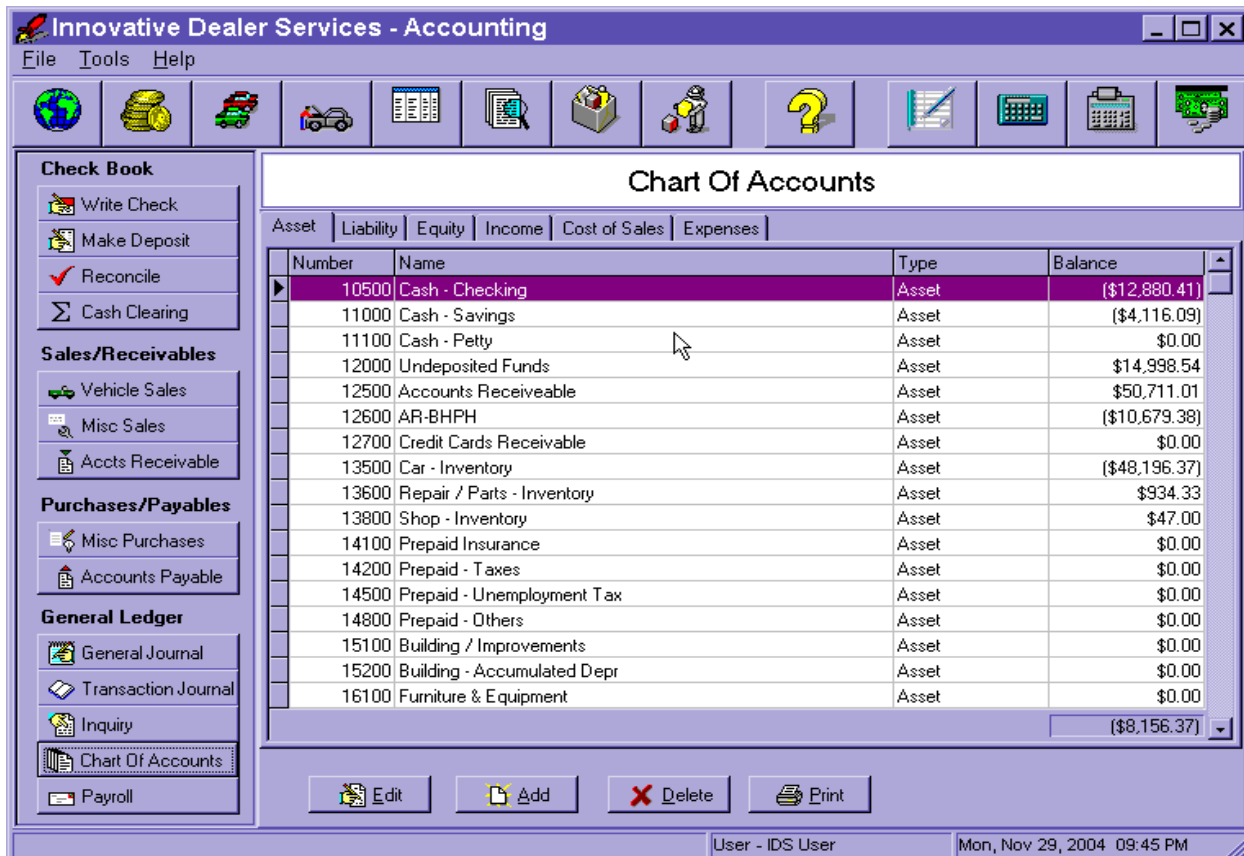
1.   Enter the "Accounting" module and click on "Chart of Accounts" button. The following screen will appear.

2.   Click the Add button located at the bottom of the Chart of Accounts screen and the Account Add/Edit window will be displayed. The screen at the top of the following page will appear.

Note: The tabs below the title "Chart of Accounts" are to assist in quicker look up of accounts that have been entered.

3.   Enter the desired "Account Number"(account numbering should follow those parameters shown). *Special Note:* The first digit of the account number will determine the "Type of Account" , the "Type" box will input the type of account (assets, liabilities, etc.) that the first digit represents.

4.   Enter the "Account Name" the account name should specifically identify the purpose of the account and contains some way to differentiate it from other accounts of this type.

5.   If the account being set up is a checking account or credit card account that payments will be made from, place a check mark in the box. *Note:* Placing a check mark in this box
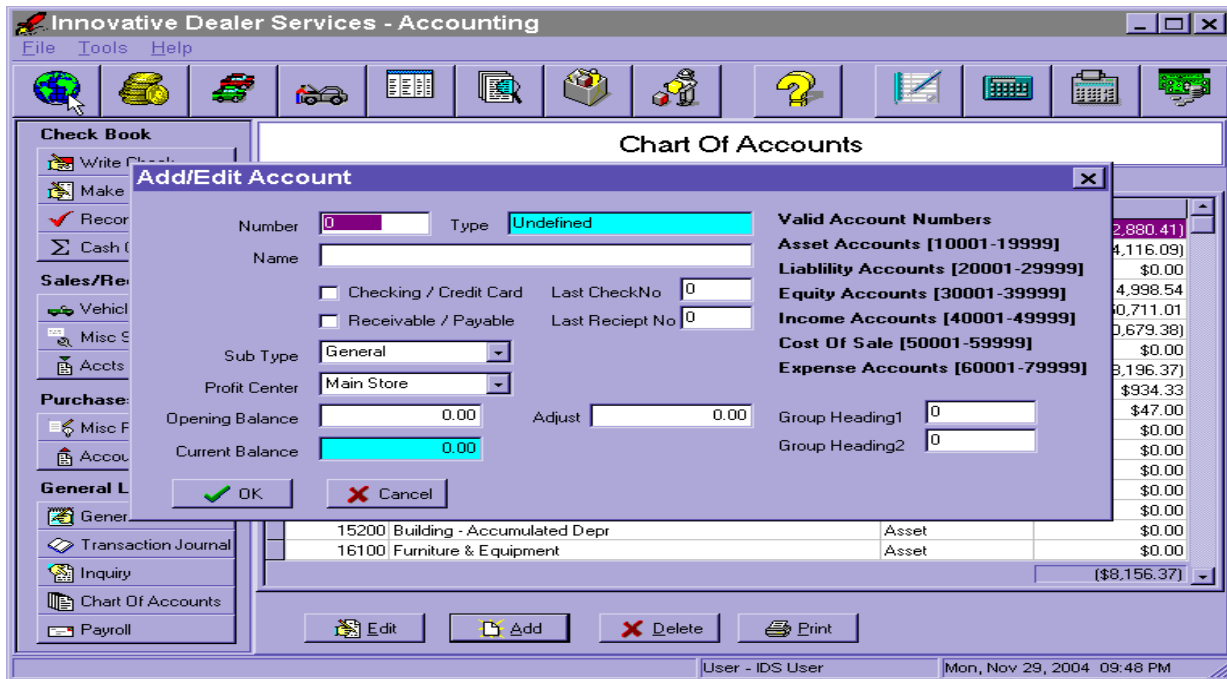
triggers the system to include this account in drop down menus used in other screens, such as Accounts Payable. If not checked the account will not be accessible in other screens to make payments from.

6.   The "Receivable/Payable" box when checked will record all transaction in detail journals such as "Accounts Receivables". Entry of specific details will be required by the system for the system to provide accurate information in the "Receivable and Payable" sections.

7.   Enter the "Sub Type"(Drop down menu)(General, Inventory, Floorplan, Cash Clearing and Deposit) Most accounts will be set as "General". Select "Inventory" for asset accounts that contain the values of inventory items. Select "Floorplan" for accounts that contain values pertaining to floorplan liabilities. Select "Cash Clearing" for only the account that is set up to perform the "Cash Clearing" functions explained in the above. Select "Deposit" only for accounts that record the deposit of funds.

8.   Enter the "Profit Center" (Drop down menu) (List of Profit Centers) (Profit centers are used to separate multiple locations, this provides the opportunity to generate reports for each location).

5.   Enter the "Opening Balance"(Note: If the Opening Balance is unknown you can enter it later using the Edit window so long as **no transactions** have been posted to this account. To insure this never happens always enter Opening Balances when you create your accounts). *Note:* Adjustments to Opening Balances can be made by use of the "Adjust" box to the right of the "Opening Balance" Box, but should be used sparingly.

10.   Once all your selections are completed click the "Record" button to save the account. If you choose to exit without saving click on "Cancel".

Deleting Accounts

1.   Enter the "Accounting" module and click on the "Chart of Accounts" button.
2.   Locate the desired account in display grid and click on it to select. It should now be
        highlighted.
3.   Click the "Delete" button located at the bottom of the Chart of Accounts screen.

Special Note: Accounts that have posted transactions **can not** be deleted.

Edit

1.   Enter the "Accounting" module and click on "Chart of Accounts" button.
2.   Locate the desired account in the display grid and click on it to select. It should now be
        highlighted.
3.   Click the "Edit" button located at the bottom of the Chart of Accounts screen and the
        Account Add/Edit window will be displayed.
4.   Make necessary changes (The "Opening Balance" amount **can not** be changed if the
        account has any posted transactions).
5.   Once all your changes are completed click the "Record" button to save. If you choose to
        exit without saving click on "Cancel".

Print

The printing option located on the Chart of Accounts screens prints all accounts for the selected
category. If a more detailed print out is needed see the "Reports" Module.

General Journal

General Journal entries are transactions you can use to track business activity that you wouldn't
want to track in the other journals. General Journal entries are used for special situations only,
such as recording Depreciation of your company's assets, or when you need to enter Month-end or
Year-end adjustments to you financial records. You may also find that creating a General Journal
entry is the best way to correct mistakes in your account balances. *Note:* adjustments to Inventory
accounts, Accounts Payable accounts, Accounts Receivable accounts and Cash Clearing accounts
should not be made in the General Journal. To adjust any of these types of accounts see the
instructions pertaining to these types of transactions.

Entering a General Journal Transaction

1.   Enter the "Accounting" and click on "General Journal". The screen at the top of the
        following page will appear.
2.   When the General Journal window is displayed the date line defaults to the current date.
        You can change it by typing over it. To advance to the next line press the "Enter" key or
        "Tab" key.
3.   Enter the Description of the transaction. Your description should be short but detailed
        enough, so you can differentiate the transaction from other similar transactions. There is a
        memo line also available for additional comments.
4.   If this entry is for a specific vehicle or particular deal then enter the stock number and/or

the deal number.

5.   Enter the accounting entries in the General Journal account grid. Each row in the grid is
        called a line item. You can enter as many line items as you want but there has to be at
        least one debit and credit entry. To enter and "Item Line" enter the "Account" number
        (Drop down menu)(Chart of Account). The "AcctHelp" column shows whether a debit or
        credit amount will increase that account's value.
6.   Enter a "Debit" amount or a "Credit" amount. (The transaction cannot be recorded until
        the debit and credit columns equal. There is a display at the bottom of the General Journal
        screen that shows if your line items Balance or are Out of Balance).
7.   Enter the "CtrBy" and "Control" if you are required to build an audit trail.
8.   When entry is complete click the "Record" button. *Note:* The "Record" button will not
        become active until the "Balanced" box reads 0.00 and the lines that require data entry in
        the "CtrBy" and "Control" boxes are complete. If you choose to exit without saving click
        "Clear All" or "Erase".

Transaction Journal

The Transaction Journal located in the General Ledger allows you to view previously entered
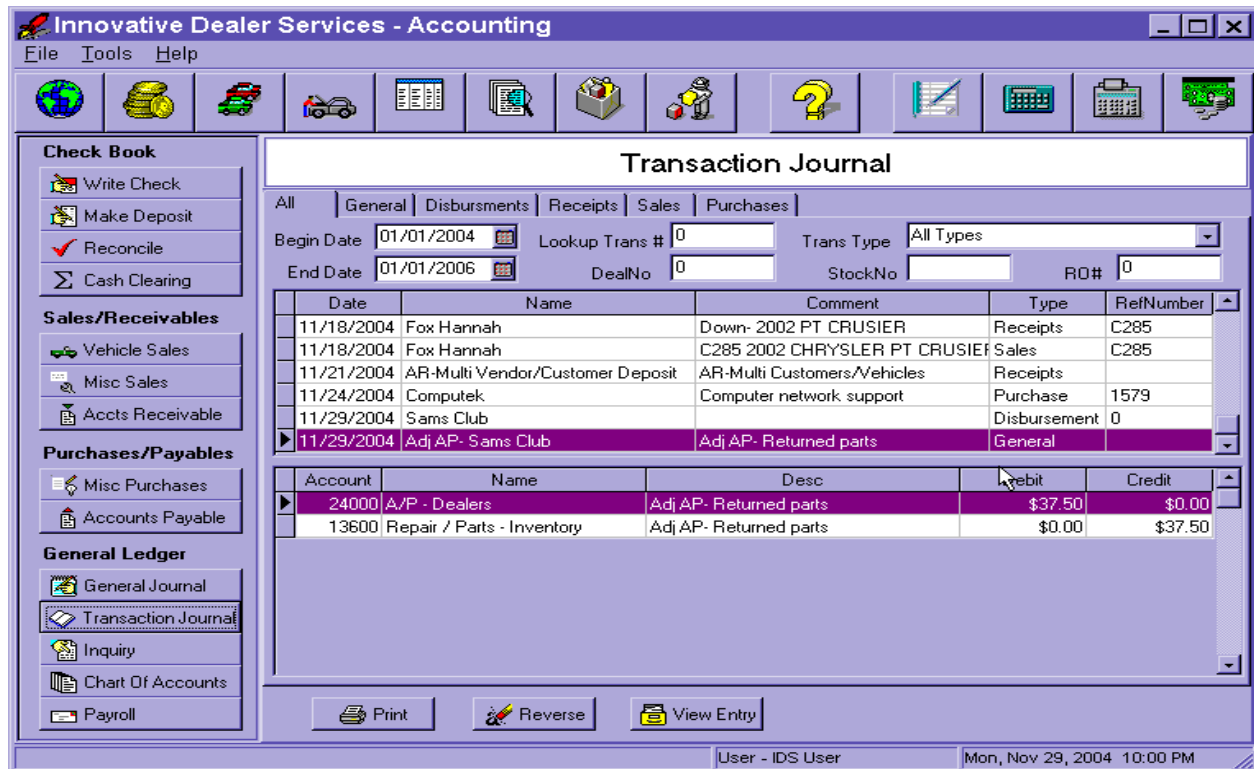
transactions.

1.   Enter the "Accounting" and click on "Transaction Journal"button. The following screen
      will appear.

2.   Select the desired tab across the top to view a specific journal or all.
3.   The "Begin Date", "End Date", "Lookup Trans #", "DealNo", "Trans Type", "StockNo"
      and "RO#" boxes are available to assist in finding specific entries. Entry of information in
      these boxes will be used to find and show transactions.
4.   The first Grid is a general overview of the transaction, the bottom grid has the detail info.
      Scroll through the top grid and select (Click on it) the transaction that you wish to view.
5.   The description and the account number is the only information that can be changed in the
      entry. The add or change the description or account number, double click on the line,
      make changes and click "OK". If other changes are needed to the entry, reverse the entry
      and re-enter, in the place where original entry was made.

Reversing Entries

To reverse a transaction, select the entry in the top grid and click the "Reverse" button. An
additional entry is added with the amounts reversed. Both the original and the reversal entry are
now highlighted in yellow.

Note: If the entry reversed is a check, then the check in reconcile, is marked voided and the amount changed to zero.

Print a Entry
If you want to print the selected transaction click the Print button at the bottom of the window.

Inquiry Registry
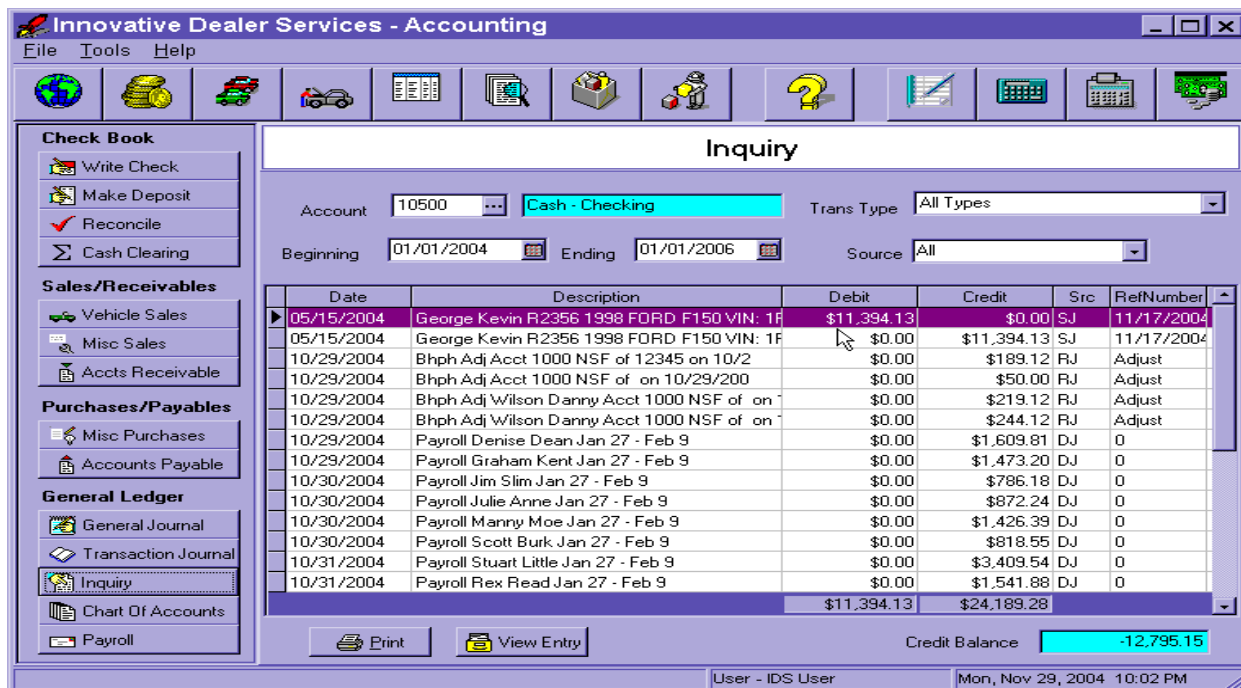
The Inquiry Register option is located in the General Ledger. The Inquiry Register locates information about a specific account. The following is a representation of the screen that will appear.

1.   Enter the "Account" number (Drop down menu)(Chart of Accounts) of the desired account you wish to view.
2.   Enter the "Transaction Type" (Drop down menu)(List of transaction types).
3.   To narrow down information displayed, enter the date range in the "Beginning" and "Ending" fields. Information about the selected account is displayed.
3.   If you want to view information about the account from a specific transaction journal only, select the journal from the "Source" Journal list (Drop down menu).
4.   If you want to printed your selected output click the "Print" button located at the bottom of the window.
5.   The View Entry button will show the actual journal entry that corresponds the line that you have highlighted

Payroll

Payroll Settings

Payroll set-up requires that defaults be established for the posting of payroll to the Chart of Accounts and the set up of employee information for each employee to be paid. There is information included in this screen that does not relate to payroll. Since they will ultimately have to be entered for the system to work properly, we will go through them but point them out so that you are aware of the differences.

Payroll Default Settings:

1.   Enter "Pre-sets Module", click on "Acct" tab. The following screen will appear.

2.   In the column marked "Print Transaction Summary" choose whether you would like the transaction summary to print a). after posting b). not the print after posting or c). to prompt before printing after posting. This item is not associated with payroll.
3.   Enter "Check Type" (drop down menu)(Types of Checks avail)
4.   Enter the number of "Post Ahead Months" that you wish to allow posting to occur in advance.
5.   Enter "Default Checking" (drop down menu)(Chart of Accounts) Default checking should be set to the checking acct that is most used for all transactions not just payroll transactions.

6.   Enter " Undeposited Funds" (drop down menu)(Chart of Accounts) This entry does not relate to payroll. This account relates to Cash Clearing. This account should be set to the account number that has been established to record that the dealership has received money from customers but the money has not been deposited in the bank or otherwise dispensed.

7.   Enter "Credit Card Deposit" (drop down menu)(Chart of Accounts) Enter the Bank account where credit card deposits are recorded. This entry does not relate to payroll.

8.   The remainder of this screen relates to payroll. The column marked "Payroll Info" contains a list of payroll items with boxes next to each for you to enter the account number it relates to. (Drop down menu)(Chart of Accounts). Below is an overview of the types of accts that should be entered. *Checking* (asset (checking acct that all payroll transactions are drawn from)); *Federal* (liability); *Fica* (liability); *Medicare* (liability); *State* (liability); *City*   (liability); *Futa*   (liability); *Sui* (liability); *Spiff* (Expense or Cost of Sales); *Commission* (Expense or Cost of Sales); *Cafeteria* (Liability). Two thirds of the way down the list you will notice a change with Pre Tax 1, Pre Tax 2 and Misc 1 to Misc 4. An additional box has been added that allows you to enter a description of these items. The Pre Tax blocks would be for pension plans, K-Plans, etc. that are deducted before taxes are calculated. The account numbers should be set as liability accounts.   The Misc 1 to Misc 4 boxes would be for such things as garnishments, uniform charges, and other deductions specific to your business. These deductions are made after tax calculations are made. The account numbers would be set as liabilities except when the deductions is to repay an advance or other charges that the employee owes the dealership. In situations where the dealership has prepaid and is receiving reimbursement from the employee, the account would be an asset account or the expense account where the initial expense was recorded.

9.   Enter the "Pay Plan" (Drop down menu)(Pay frequency) This box instructs the payroll system how many payroll periods to set up for the year. If your dealership pays some employees more often than others, then the pay frequency that has more pay periods should be put in the box. For example, mechanics are paid weekly and sales people are paid monthly, you would enter weekly because that would be 52 pay periods as opposed to 12.

10.   Enter the "Expense Accounts" (Drop down menu)(Chart of Accounts) The expense accounts entered will relate to the payroll item directly to the right in the second column. For example, the first box will tell the system where to record the employer expense for FICA.

11.   Halfway down the column in the boxes marked FUTA enter the percent you are required to pay. Enter the state unemployment rate in the box marked "Sui"

12.   In the final three boxes enter the expense account where "Holiday, Vacation, Sick and Overtime pay should be recorded.

Employee Information

1.   Enter "Pre-sets Module", click on "Employee" tab. The following screen will appear.

2. To **Add** an employee click on the add button at the bottom of the screen. In the "Information" tab enter the initial or nickname of the individual, the name, address, Social Security number, phone, e-mail, password, and commission %.

3. In the "Security" tab the individuals access to different areas of the program are set. To allow an individual to access to a section of the program place a check mark next to the section title listed. To restrict access uncheck the box next to the section title.

4. At the bottom of the Security tab is the place where designation as a Services Technician and the entry of an "Hourly Rate" is made. If the employee is a Service Technician then click on the box and enter the "Hourly Rate", if the employee is not a Service Technician then no entry is made.

5. In the "Payroll" tab the individuals information for federal & state status and/or exemptions, pay rates, and percentage of deductions are entered.
    A). The "Pay Plan" will be employee specific if more than one pay frequency is used. This block should contain the pay frequency of this particular employee.
    B). Employee On Payroll must be checked in order to write a check. You can remove the check mark to remove an employee from the payment list in payroll.
    C). Enter "Department" number if applicable.
    D). Entry of the following information is determined by the W-4 provided by each employee: *Federal* (Drop down menu)(Federal Status); *Federal Tax Exempt* (check box if exempt); *Federal Percent* (if applicable enter percent in box and mark "Use %"); *Additional Withholding* (enter dollar amount if applicable).
    E). Information for the following information pertaining to State withholding normally comes from the W-4 but in some instances an employee may choose to use different withholding amounts for state, therefore additional documentation maybe attached. *State* (Drop down menu)(State Status); *State Tax Exempt* (check box if exempt); *State Percent* (if applicable enter percent in box and mark "Use %"); *Additional Withholding* (enter dollar amount if applicable).

F). Enter the individuals rate of pay in under "Hours 1 Rate, Hours 2 Rate, or Salary based upon how you will be paying the individuals. (Note: persons paid only commission will show no hourly rate or salary, the commission percentage is entered in the "Information" tab, the boxes to show rate of pay are left empty). Salary amounts should show what basis was used, example if the individual was enter as being paid $35,000 annually then annually should be placed in basis.

G). Enter the percentage being deducted for "Pension, K-Plan and/or Cafeteria" the "Use %" box should be checked.

H). Enter the Expense Account number (Drop down menu)(Chart of Accounts) of the account you wish the expense to be posted to.

5. To make changes to an existing employee highlight the individuals name and make changes. Changes are automatically saved.

6. To **Delete** highlight the individuals name and press delete. An individual can not be deleted if a check has been written to them. At year end you will be able to delete individuals no longer on payroll.

How to Run Payroll:

1. Click on the "Accounting Module".

2. Click on the Payroll button the following screen will appear.

3. Choose "Pay Period" (drop down menu)(dates of pay periods)..

4. If any changes have been made in the "Employee" tab of the Preset module then you will need to click on "Import Employee" or changes will not be made. (Note: temporary changes can be made to employee in the payroll screen, but permanent changes will have to be made in the "Pre-sets Module", "Employee Tab."

5. To make temporary changes, highlight the employee to be changed and click on the "Edit Employee" button. The following screen will appear.

Make necessary changes and click "OK." *Note:* changes made here will not transfer to the employees permanent file in the "Preset Employee" tab nor will they transfer to any other payroll period. Permanent changes should be made in" Preset Employee" tab and be imported to the Payroll screen.

6. Check entry is performed by highlighting each employee and entering the required information based upon the following situations.
   A). Hourly employees time is entered in "Hours1, Hours2, Overtime1, Overtime2, Holiday, and/or Vac/Sick."
   B). Salary employees amount for the pay period will import from the "Pre-sets Employee section."
   C). Enter Commission in the "Comm" box, commission amounts can be found in "Reports Module, Finance Tab, Salesperson Reports."

7. Once entry and editing is complete the check needs to be printed and posted. To run checks highlight the employee and click on "Post Checks". The check to be printed will appear on the screen. Choose whether to print or cancel. (Note: check will post whether the check is printed or not). If print is chosen then the print preview screen will appear and you will choose to print or cancel.

8. After checks are posted a report showing the checks run and posted during the period can be run by clicking on "Paid List.". You can also print the "Unpaid List" which contains list of employees who were not paid this period. I some situation you may not issue a check to the employee (such as direct deposit) but you want to give them a stub. In these situations highlight the employee you want a stub for and click on the "Stub" button. Only one stub at a time can be done.