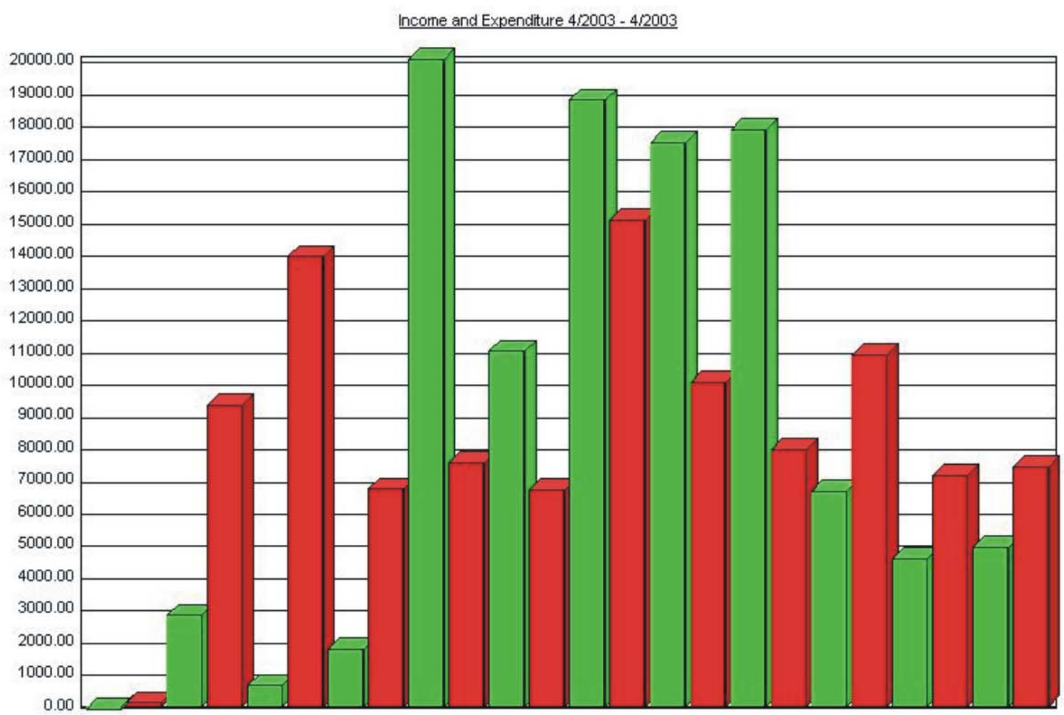
Farm it 3000 GOLD

A guide to Farm IT 3000 Accounts



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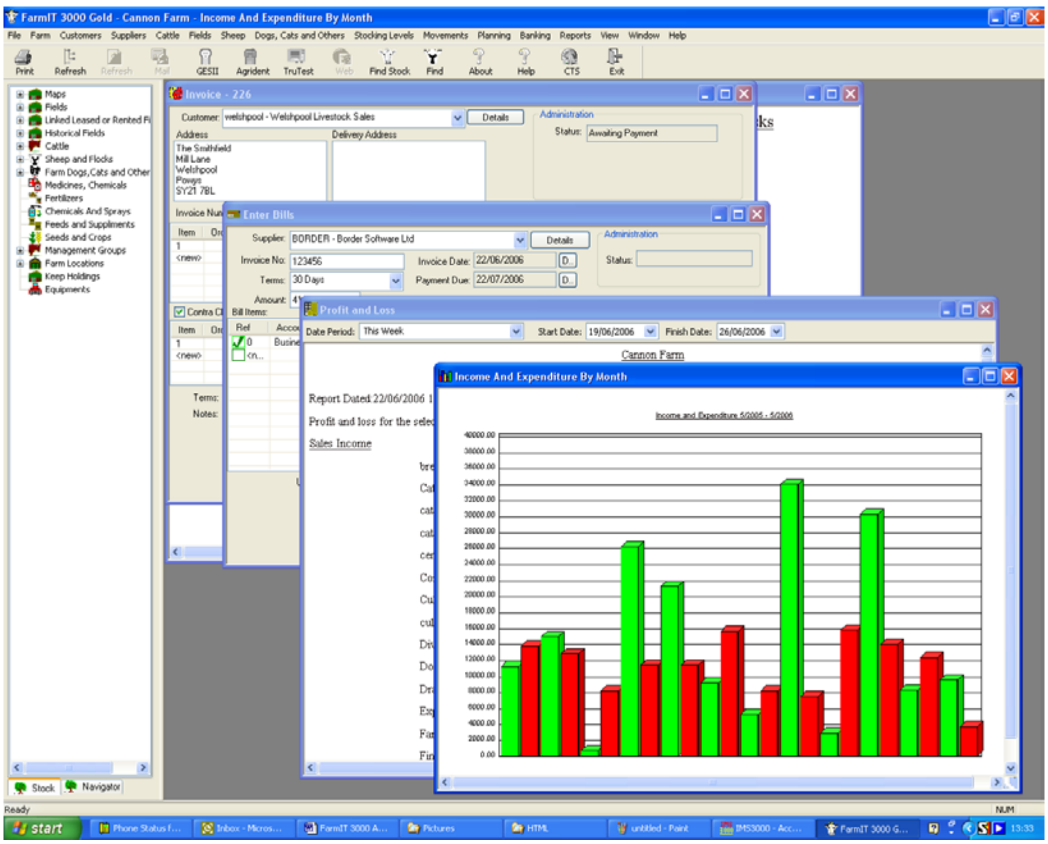
Farm IT 3000 – Accounts

Introduction

This manual is a supplement to the FarmIT 3000 Help which is provided as an online help file when the software is installed on your computer. This manual is intended to provide a reference for farmers and accountants using or auditing FarmIT 3000.

Although this is not a book on accounting, we hope it provides you with enough accounting knowledge to not only enable you to keep your accounts but also enough to analyse them and your business.



The Accounts

Keeping farm accounts is not complicated provided you understand the basics of accounting, why you are doing it and how the software works. Keeping accounts is often seen as a chore to satisfy government demand, for tax and VAT purposes. However they also provide you with details of how well your business is doing and this reason may be more important to you than the VAT man. Accounts may also be important for your bank or if you ever want to sell your business.

FarmIT 3000 provides a full double entry book keeping system that an accountant would understand with minimal introduction to the software, although double entry does not mean more work, it does mean that the accounts can be validated and errors identified more easily.

Accounting Basics

The main role of accounting is to record the financial transactions your make, then allow you to analyse those transaction to ensure the business is running correctly. One vital aspect of this is to identify what parts of your business are making money and what parts are costing you money.

To achieve this you first need to write the details of sales and purchases down in a list. This list is known as a 'Ledger'. The entry in the ledger describes the details of the sale or purchase. This entry is known as a 'Transaction'.

Each transaction has a certain amount of data associated with it, for example.

Date, Ledger Reference Number, Account, Description, Credit, Debit.

12/06/2006, 01, Stock Sales, Sale of 3 Sheep, £175.00, 0.

In the example above you see we have recorded that on the 12 June 2006 we sold 3 sheep for £175. The account entry of 'Stock Sales' identifies the part of your business where this income is from. The actual name of the account is up to you.

In a simple farm business you could record all sales of animals to the account 'Stock Sales' and similarly all purchases to an account called 'Stock Purchases'.
However the aim of specifying the account is to allow us to analyse at the end of year which accounts are making more money, therefore if we did record all sales of animals under one account we may then not easily identify sales of different types of animals, for example sheep from cattle, or ewes from lambs.

In double entry book keeping each sale or purchase transaction will actually be a minimum of two records, hence the term double entry. So we would not only record what we have sold but also where the money went (in what cash or bank account) for example. If you were given a cheque for the sheep above and paid it into your current bank account, it would be recorded as follows.

Date, Ledger Reference Number, Account, Description, Credit, Debit.

12/06/2006, 01, Stock Sales, Sale of 3 Sheep, £175.00, 0.
12/06/2006, 01, Current, Payment for xxxx, 0, £175.00,

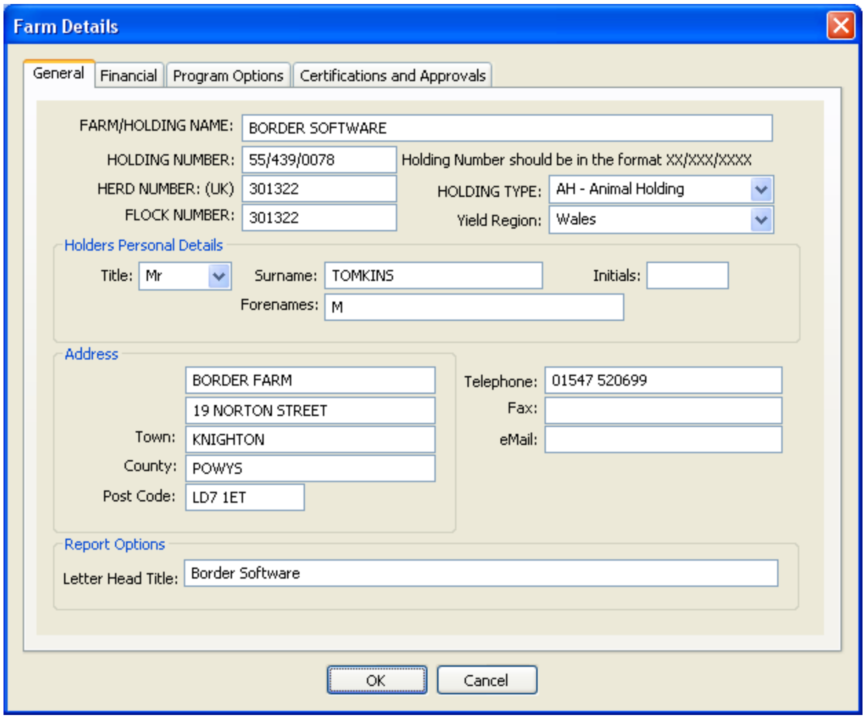
You will see that the ledger reference is the same, thus linking the two transactions, the account is ‘Current’ account, and it has been debited with 175.00. This may seem a little odd, but in double entry systems, paying money into bank accounts is always recorded as a debit, paying out as a credit.

The reason is simple, if you now add up the two transactions, credits = debits

This simple calculation ensures that at all times the entries in the ledgers must add up to the same figure, If they don’t we must have done something wrong. When they do add up the transactions are said to ***‘balance’***.

Basic Farm Details

Before you start you just need to enter your basic farm details, name, address etc. These will be used when printing invoices,



Then on the financial tab, enter your VAT number (if VAT Registered) and VAT periods.

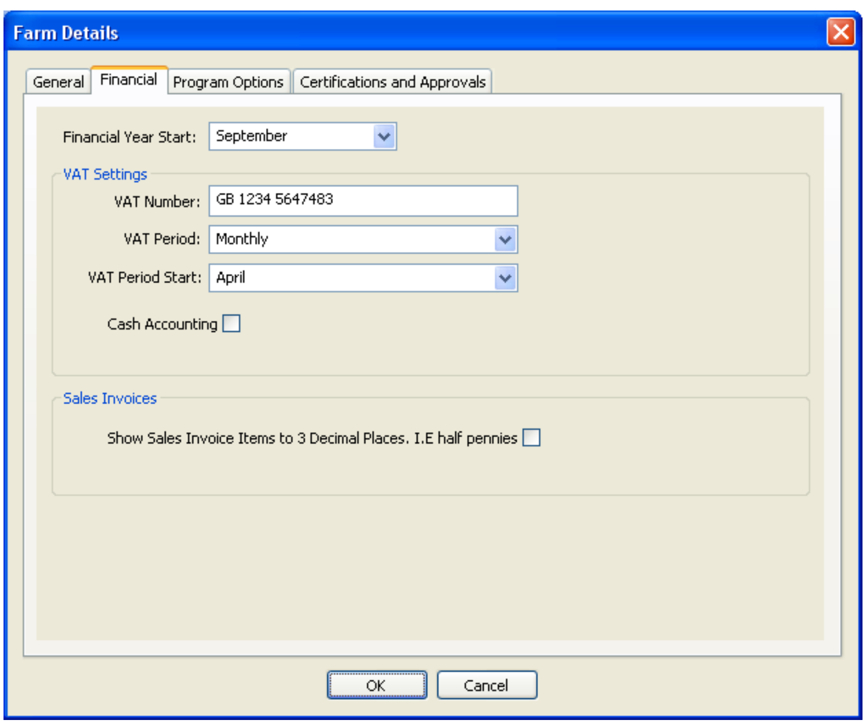
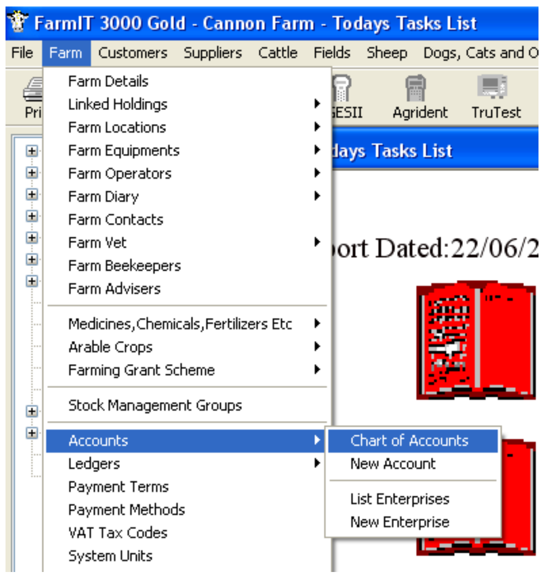


Chart Of Accounts

As described above we can define the accounts we want to use or analyse. The list of these accounts is known as the ***'Chart of Accounts'.*** FarmIT 3000 when first installed has a list of accounts already defined for you, however these may not be exactly what you want, but you can add new accounts or delete unused accounts.

A number of these accounts are 'system accounts' and can not be removed, for example the '***VAT***' account is used to track VAT, '***Accounts Receivable***' and '***Accounts Payable***', to track money owed, '***Current***' the default bank account.

To open the chart of accounts select the 'Chart of Accounts' option from the main Farm menu.



YOU NEED TO REVIEW THE CHART OF ACCOUNTS BEFORE YOU START. YOU MAY WISH TO MODIFY IT.

The Chart of Accounts lists the account name, description, type and enterprise.

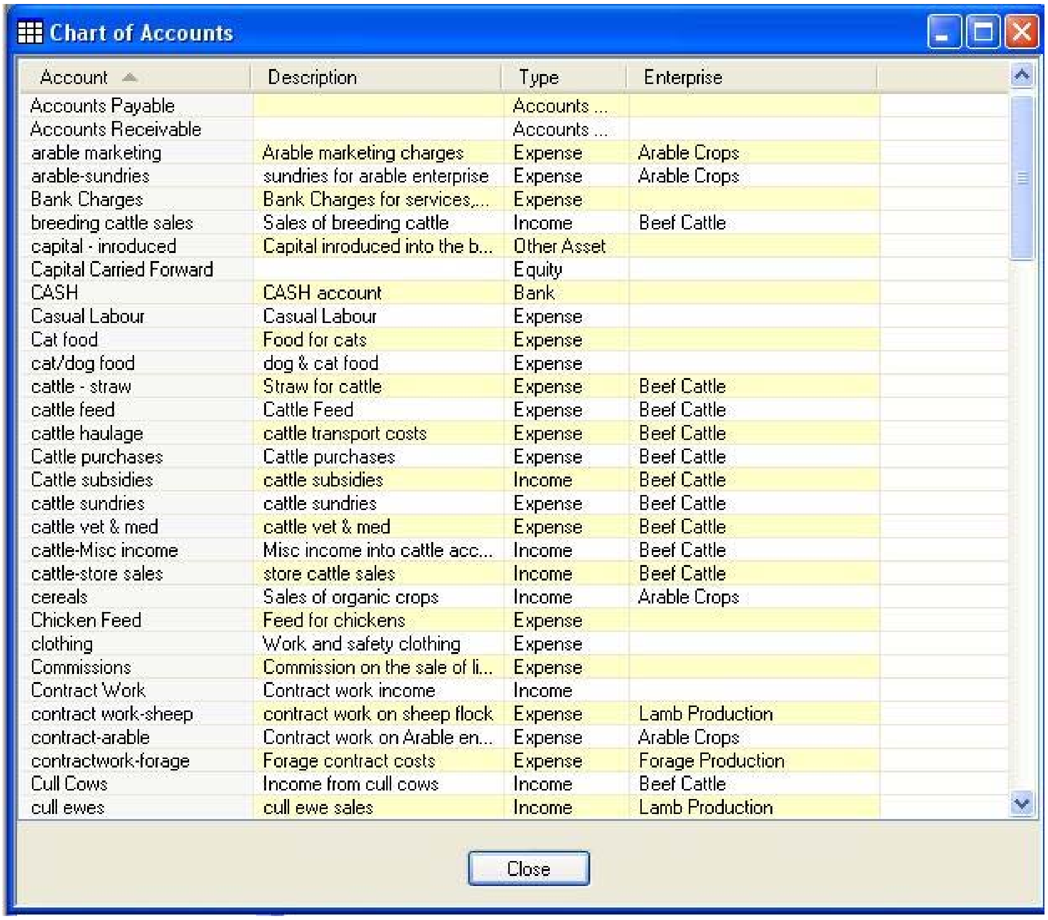
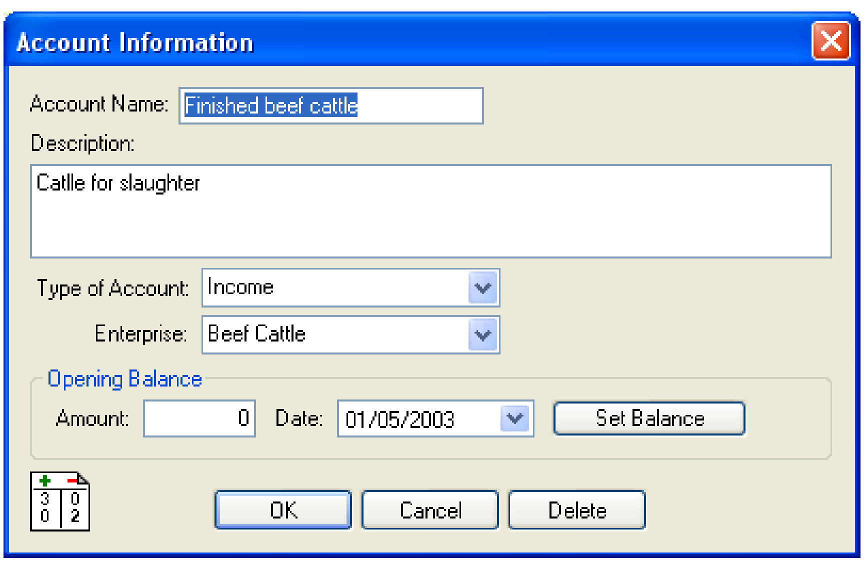


Chart of Accounts

Account	Description	Type	Enterprise
Accounts Payable		Accounts ...	
Accounts Receivable		Accounts ...	
arable marketing	Arable marketing charges	Expense	Arable Crops
arable-sundries	sundries for arable enterprise	Expense	Arable Crops
Bank Charges	Bank Charges for services,...	Expense	
breeding cattle sales	Sales of breeding cattle	Income	Beef Cattle
capital - inroduced	Capital inroduced into the b...	Other Asset	
Capital Carried Forward		Equity	
CASH	CASH account	Bank	
Casual Labour	Casual Labour	Expense	
Cat food	Food for cats	Expense	
cat/dog food	dog & cat food	Expense	
cattle - straw	Straw for cattle	Expense	Beef Cattle
cattle feed	Cattle Feed	Expense	Beef Cattle
cattle haulage	cattle transport costs	Expense	Beef Cattle
Cattle purchases	Cattle purchases	Expense	Beef Cattle
Cattle subsidies	cattle subsidies	Income	Beef Cattle
cattle sundries	cattle sundries	Expense	Beef Cattle
cattle vet & med	cattle vet & med	Expense	Beef Cattle
cattle-Misc income	Misc income into cattle acc...	Income	Beef Cattle
cattle-store sales	store cattle sales	Income	Beef Cattle
cereals	Sales of organic crops	Income	Arable Crops
Chicken Feed	Feed for chickens	Expense	
clothing	Work and safety clothing	Expense	
Commissions	Commission on the sale of li...	Expense	
Contract Work	Contract work income	Income	
contract work-sheep	contract work on sheep flock	Expense	Lamb Production
contract-arable	Contract work on Arable en...	Expense	Arable Crops
contractwork-forage	Forage contract costs	Expense	Forage Production
Cull Cows	Income from cull cows	Income	Beef Cattle
cull ewes	cull ewe sales	Income	Lamb Production

To edit or delete an account 'double click' on the account name to open the details of the account.



Default System Accounts

Default System Accounts are fixed and used within the system to track specific accounts for example VAT. The default accounts cannot be deleted or modified.

Current: default bank account – represents your main business account.
Accounts Receivable: represents all outstanding income (customers who have not paid you).
Accounts Payable: represents all unpaid bills, (suppliers you owe money).
VAT: System VAT account – to which all VAT is debited or credited

Types Of Accounts

The system breaks accounts down by type. This is primarily for analysis but also so we may limit the selection of accounts when creating invoices, entering bills etc. The type of account effects how the transactions are displayed on the ***'profit and loss'*** and '***balance sheet'*** reports.

Main Account Types

Bank: - The account represents a physical bank account.

Income: - The account represents money received from the sale of assets (items on invoices)

Expense: - The account represents money paid in exchange for goods or services (items on bills)

Cost Of Goods Sold: - The account represents money paid specifically for items that will be resold. This may include for example 'Store Cattle' or 'Lambs'.

Tax: - VAT account

Credit Card: - Similar to a bank account

Equity: - Money introduced by the owner

Loan: - Money borrowed by the business and being repaid.

Enterprises

If you analyse the FarmIT accounts as a whole they will provide the general overall profitability of your farm, however you may wish to know whether the sheep are making more money than the cattle. In other words, break the farm down into enterprises.

The first step to achieving this is to create more detailed accounts for cattle and sheep. For example it is no good recording the sale of sheep and cattle under the same account of 'Stock Sales' we need more detail, so we need to create at least two accounts.

'**Sheep Sales**' and '**Cattle Sales'**

In reality we may actually want more e.g.

Lamb Sales
Cull Ewe Sales
Wool Sales
Ram Sales, etc, etc

And

Store Cattle Sales
Cull Cow Sales
Bull Sales
Finished Cattle Sales, etc, etc

Similarly we need to break down the expense accounts into more detail.

Sheep VET and Med,
Sheep Feed
Sheep Contract Work, etc , etc

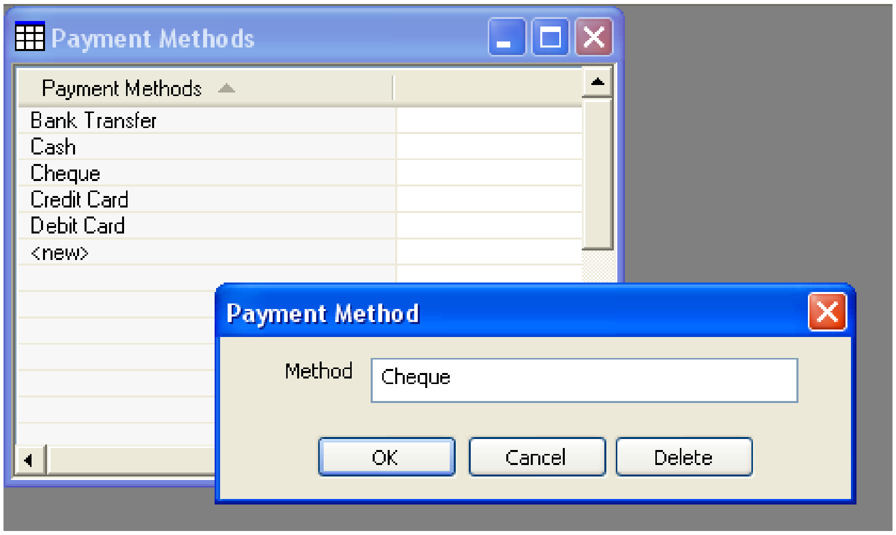
And

Cattle VET and Med
Cattle Feed
Cattle Contract Work etc, etc

The next step is to create two enterprises, 'Cattle' and 'Sheep' and to assign the various accounts to these enterprises. Within FarmIT 3000 you may create as many as you like and even change the enterprise or delete it.

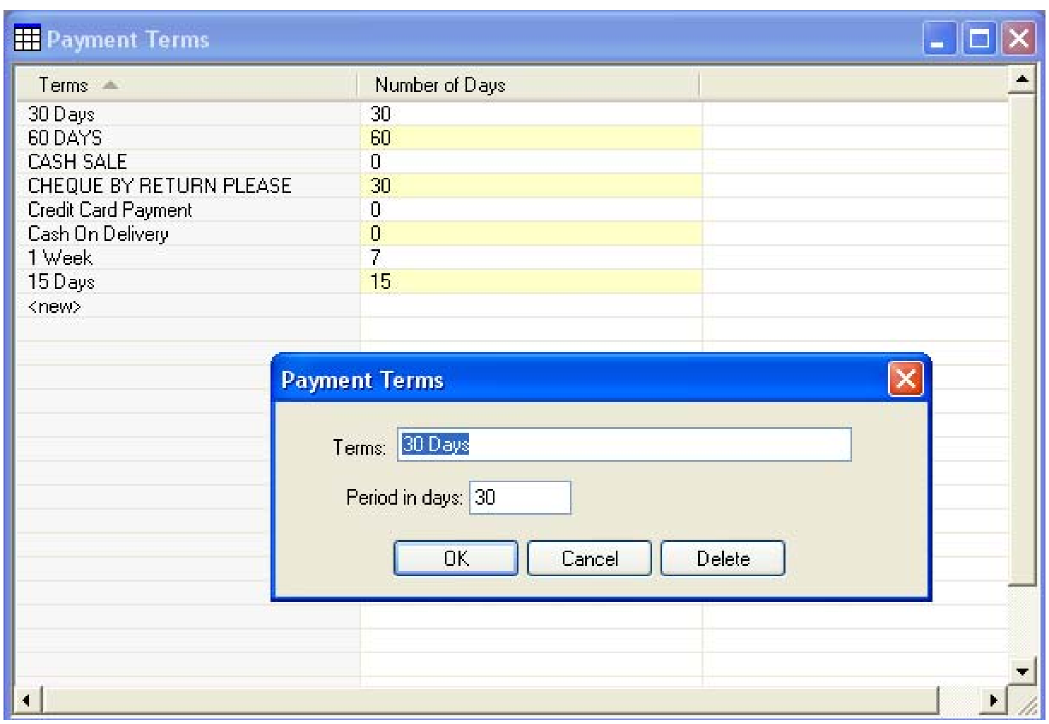
Payment Methods

The system lets you define your own payment methods. To list the current payment methods select the '***Payment Methods'*** option from the '***Farm***' menu. You may then ***'double click'*** on the name, to edit or delete the method or '***double click'*** on ***'<new>***' to add a new payment method.



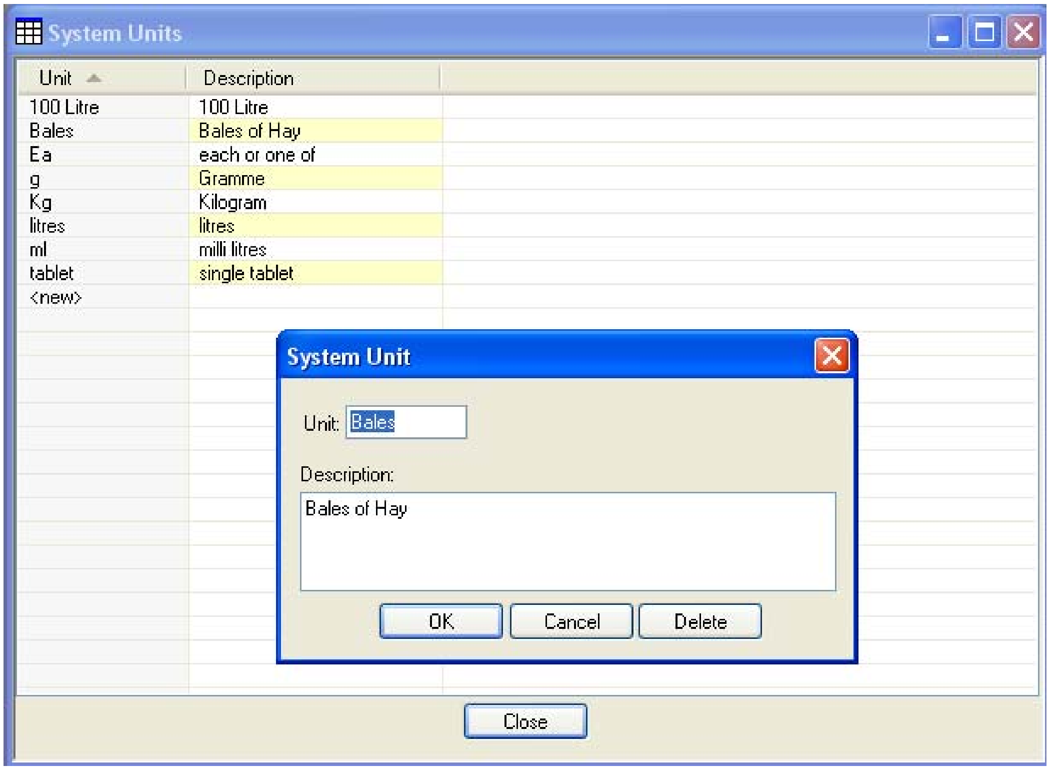
Payment Terms

The system lets you define your own payment Terms. To list the current payment terms select the '***Payment Methods'*** option from the '***Farm***' menu. You may then ***'double click'*** on the name, to edit or delete the entry or '***double click'*** on ***'<new>***' to add a new payment term.



System Units

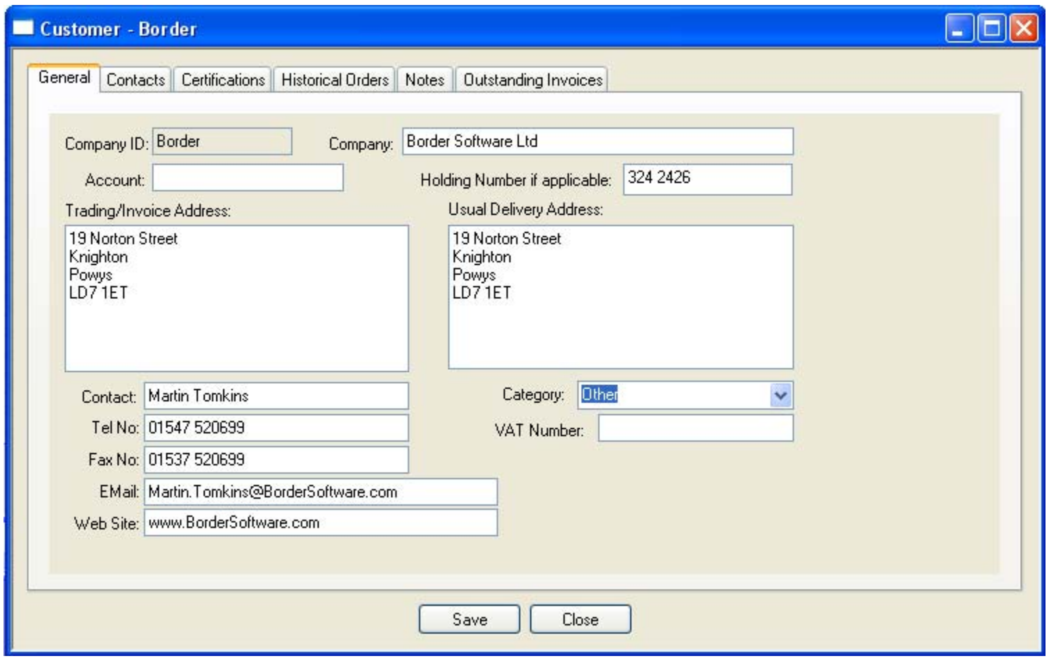
The system lets you define your own units. To list the current system units select the 'System Unit***s'*** option from the '***Farm***' menu. You may then ***'double click'*** on the unit, to edit or delete the entry or '***double click'*** on ***'<new>***' to add a new unit.



Customer and Suppliers

Within FarmIT 3000 each customer and supplier, has his or her own personal details recorded. Although you may create a customer record as you enter your invoice, it is easier to enter them first. You may create a new customer record by selecting the '***Add Customer***' entry from the 'Customer' menu.

When you open a customer or supplier details record, the record not only shows contact information but also shows any outstanding invoices (unpaid) and historic invoices (paid), allowing you to see what the customer has purchased in the past. Similarly supplier records list bills and historical orders.



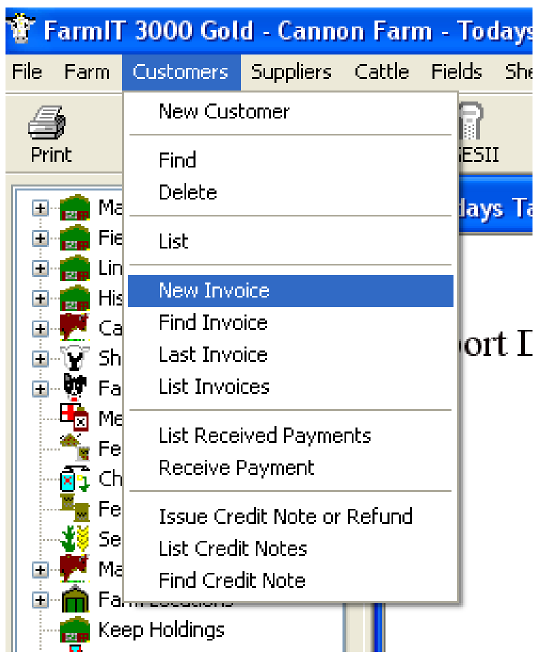
Customers

Invoices

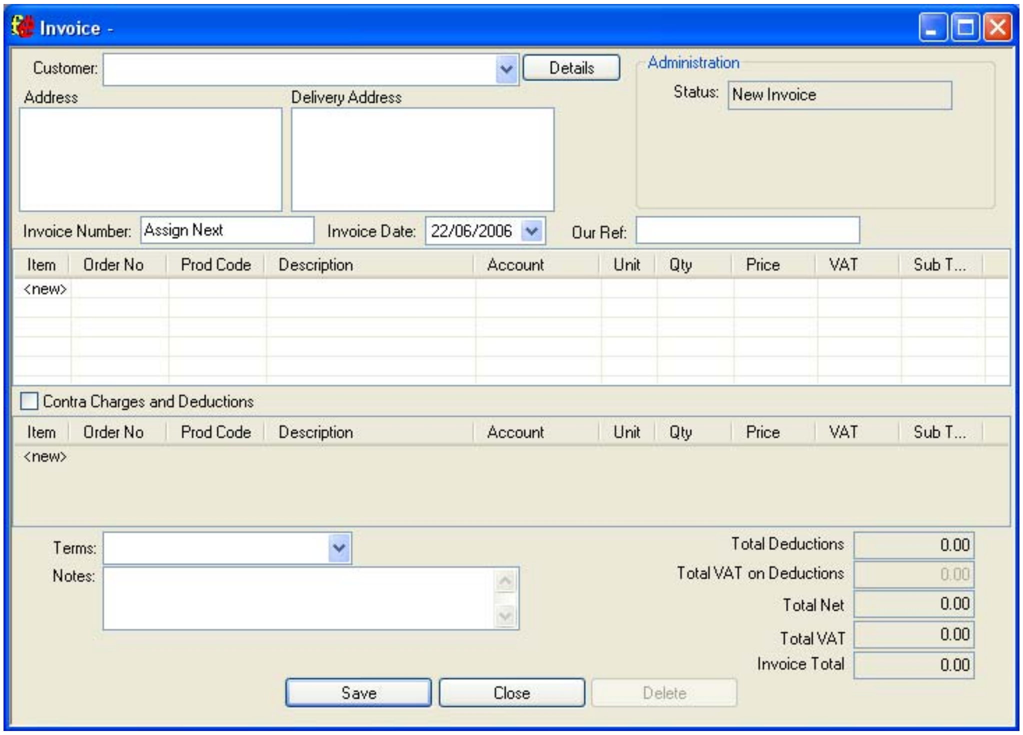
When you sell something to a customer you need to create an invoice, even if it's a cash sale and the customer pays straight away. This has two purposes, firstly to give the customer a copy of the invoice for his records and secondly to record the sale in your records, assign the income to an account and calculate VAT.

In farming it is standard practice for a Market or Slaughter houses to produce the invoice for you, and on that invoice also list the charges and deductions for processing your animals. These charges are often referred to as '***Contra Charges***'. You still need to enter this invoice into FarmIT in order to record the sales. FarmIT allows you to specify the contra charges on the invoice, thus ensuring we also record the charges and associated VAT.

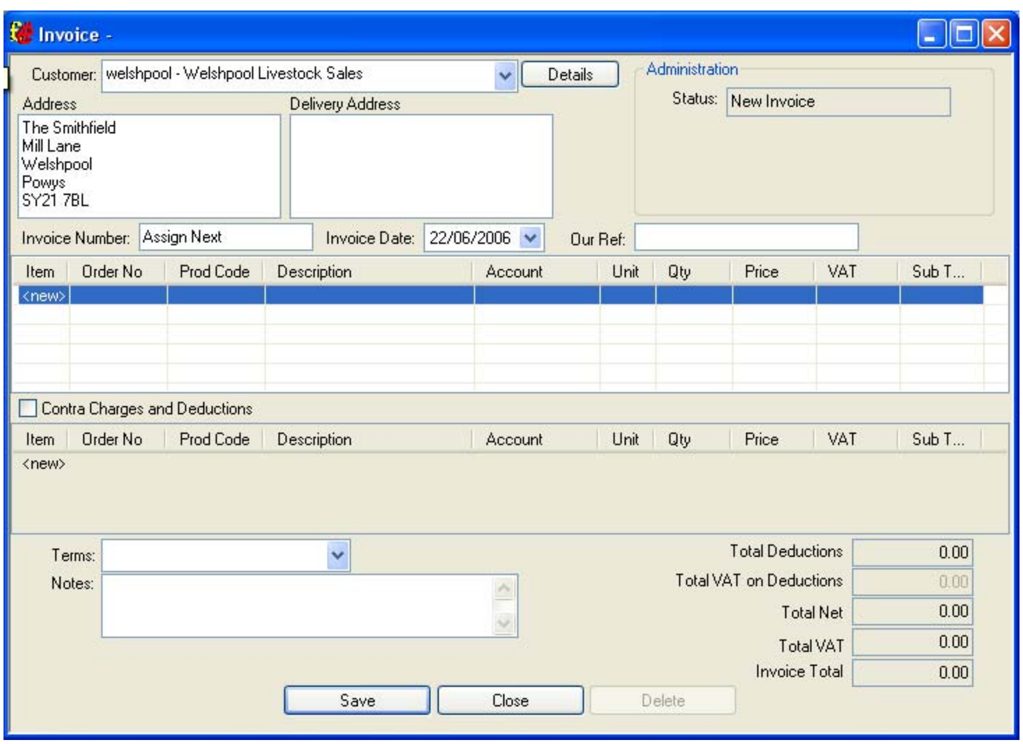
To create a new invoice select the '***New Invoice***' option from the '***Customer Menu***'



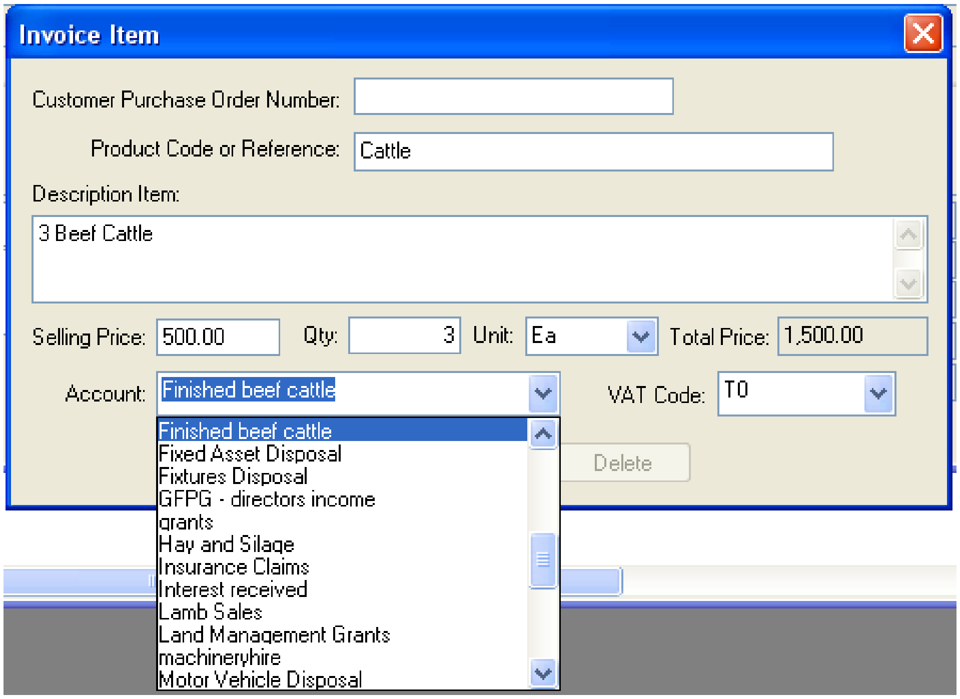
The new invoice looks as follows



First select the Customer from the drop down list. This will update the customer and bring in his address, now select the date. The next invoice number in the system will be automatically assigned.



Now click on the word ***‘<new>’*** in the item list. This displays the details of the item being sold.



Enter the details of the item. You may be as specific as you like, if entering a contra invoice for example from a slaughter house it is up to you whether you list each animal or not - you may choose to put a single entry for all animals.

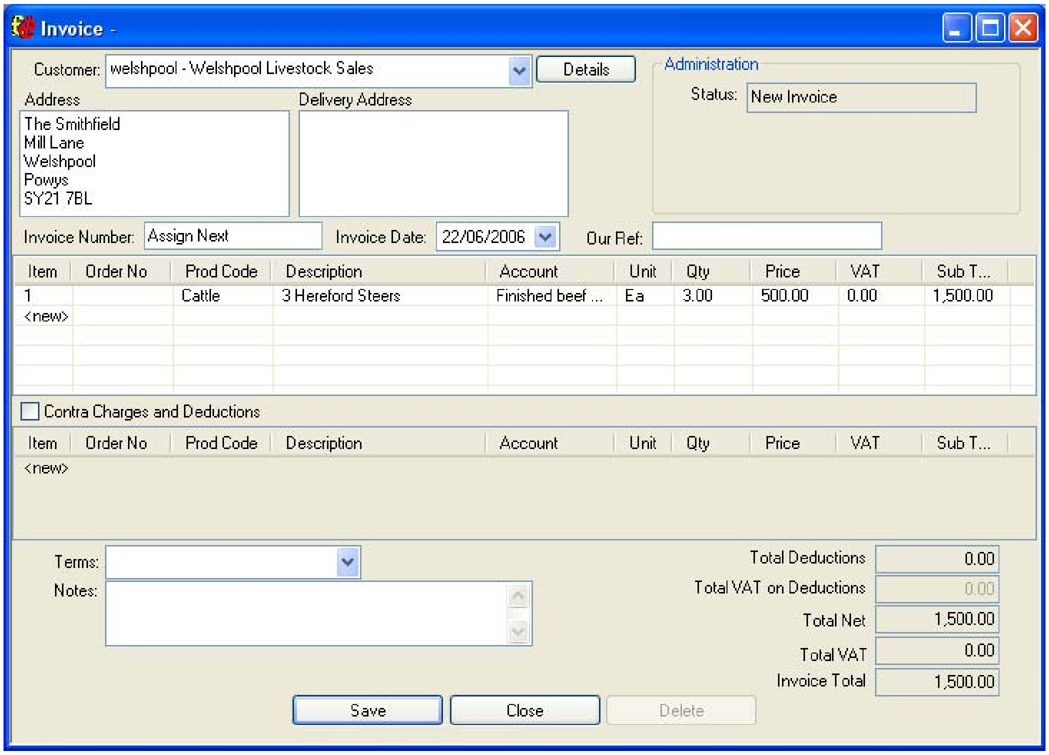
The most important thing however is to allocate the sale to an account. It is at this point that you need to think about what accounts you are using. In the example we have selected ***‘Finished beef cattle’.*** So the £1500 will be shown at the end of the year as income from Finished beef cattle.

The list of accounts at this point only shows accounts of type ‘***income***’, so you can only pick an income account.

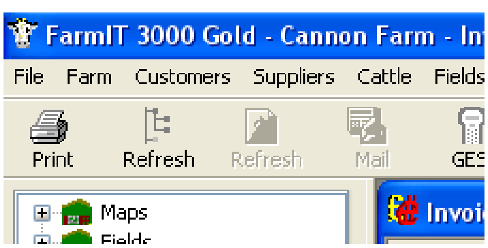
Finally you also need to pick the VAT code, which in this case is 0, but not always. If you are VAT registered and sold a tractor second hand you would have to charge VAT at 17.5% of the sale price.

You then need to go on to enter any other items, in this example we will leave it as just one.

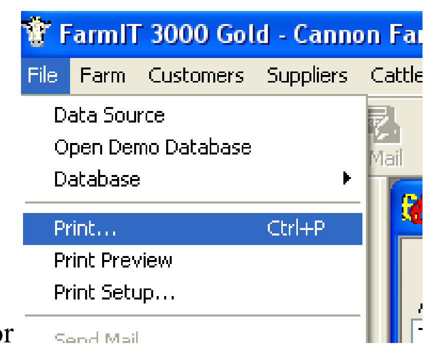
So the invoice now looks like this…



If there were no contra charges you may now complete the invoice, maybe select the payment terms and add any notes. Then click the ***'Save'*** button to save the invoice and assign the next invoice number. You may then print the invoice by clicking on the print toolbar icon or selecting the ***'Print'*** option from the ***'File'*** menu.

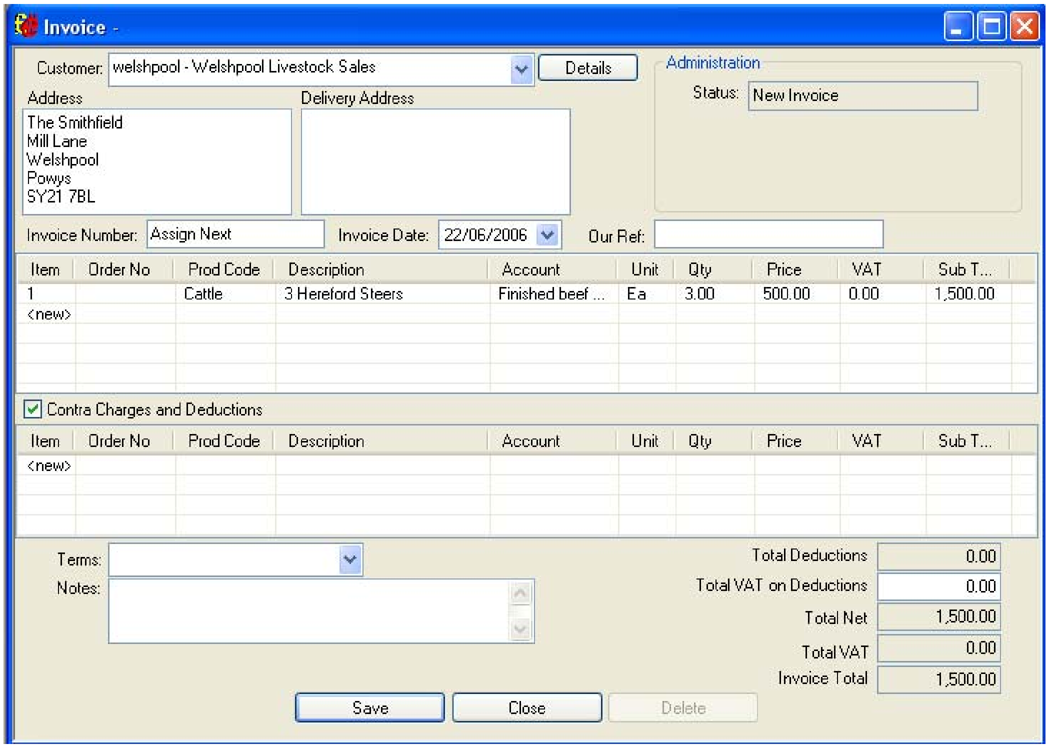


or

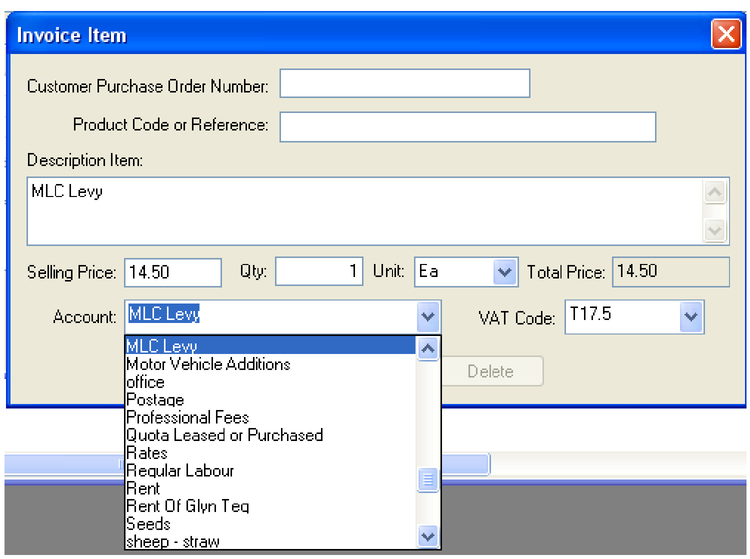


Contra Charges

If the invoice contains contra charges, once you have completed the details of the items sold you need to enter the details of the charges. First tick the ‘Contra Charges’ tick box.



Now click on the word ***<new>*** to enter the details of the charges.



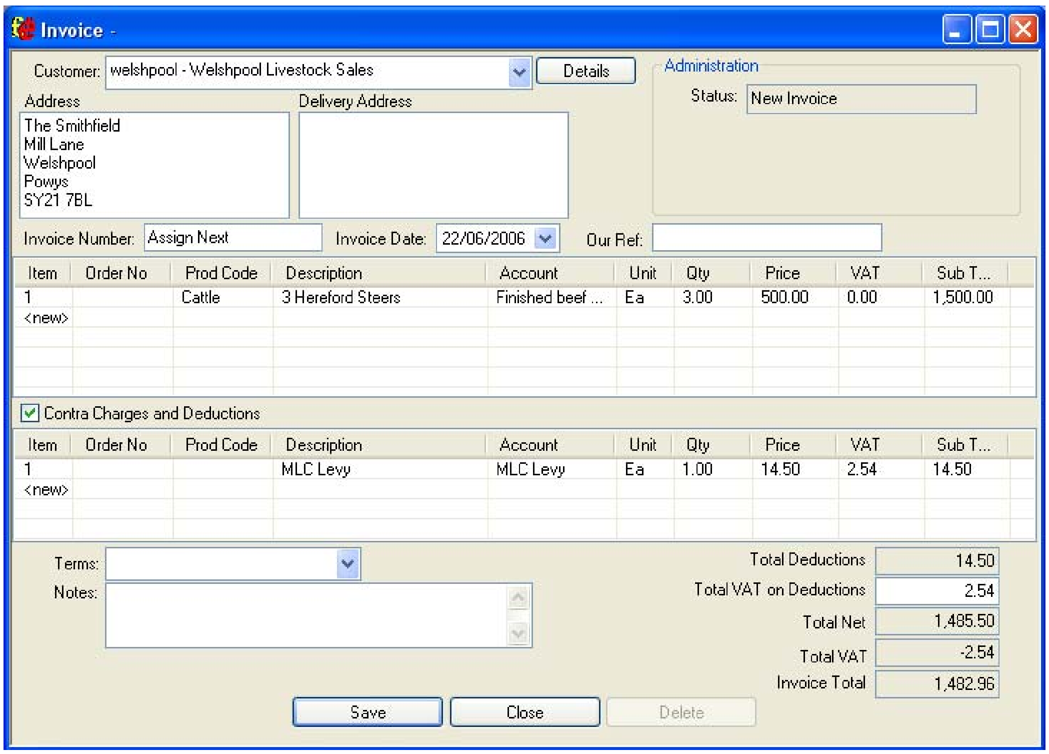
Once again it is up to you whether you actually enter the details exactly as shown on the physical invoice you have been given by the market or choose to summarise them into one entry (***only if the VAT code is the same for all***). The important bit is that you now allocate the expense to an expense account. The list of accounts for this section only shows expense accounts rather than income accounts, so you can only pick an account of type ***'expense'***.

So the expense account 'MLC Levy' is going to be debited with £14.50.

Once again don't forget to select a VAT Code.

Complete the entry and click the 'OK' button.

The invoice now looks as follows.



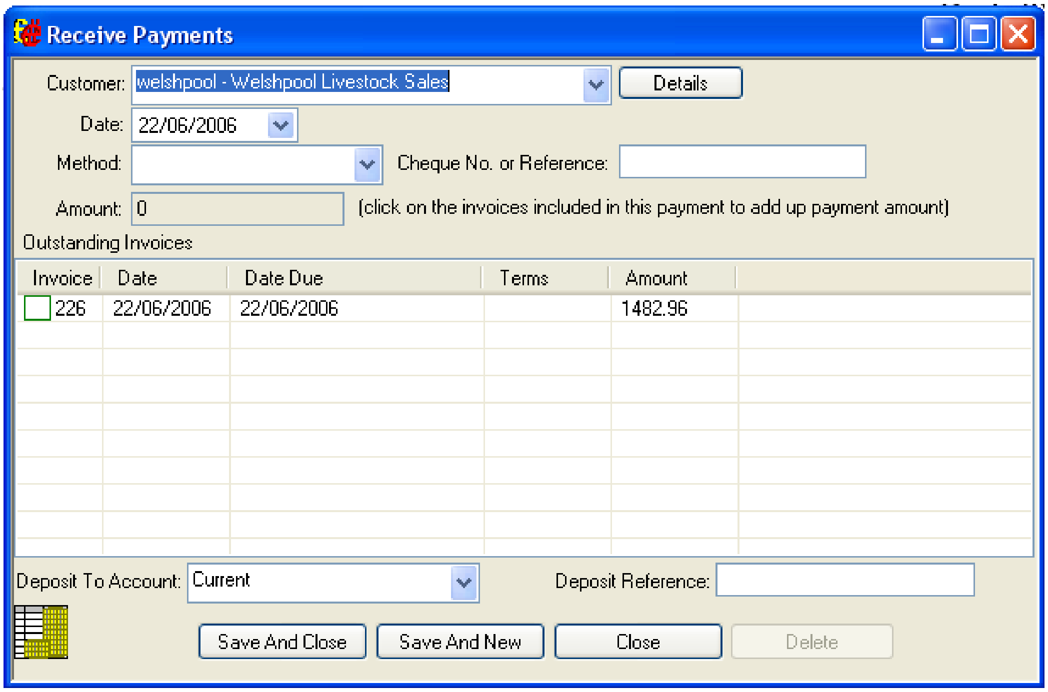
Add any other charges in a similar manner.

Total VAT on Deductions: When you calculate VAT you may choose to round the half pennies either up or down, (as long as you always do it the same way). This will sometimes result in the VAT being 1 penny out. To overcome this you may modify the total VAT on deductions to the correct amount.

Receiving Payment From Customers

Whether the Customer pays you the moment you give him his goods and invoice, or he takes 3 months to pay, you need to enter into the system that he has paid and where the money has been deposited.

To receive a payment select the **'Receive Payment'** option from the **'Customer'** menu. The receive payments form is then displayed. First select the customer.



The pending unpaid invoices for the customer are then listed.

Enter the date of the payment, method for example cheque, and cheque number or reference.

Now tick the bills being paid, you may receive a cheque, for example, that pays multiple invoices.

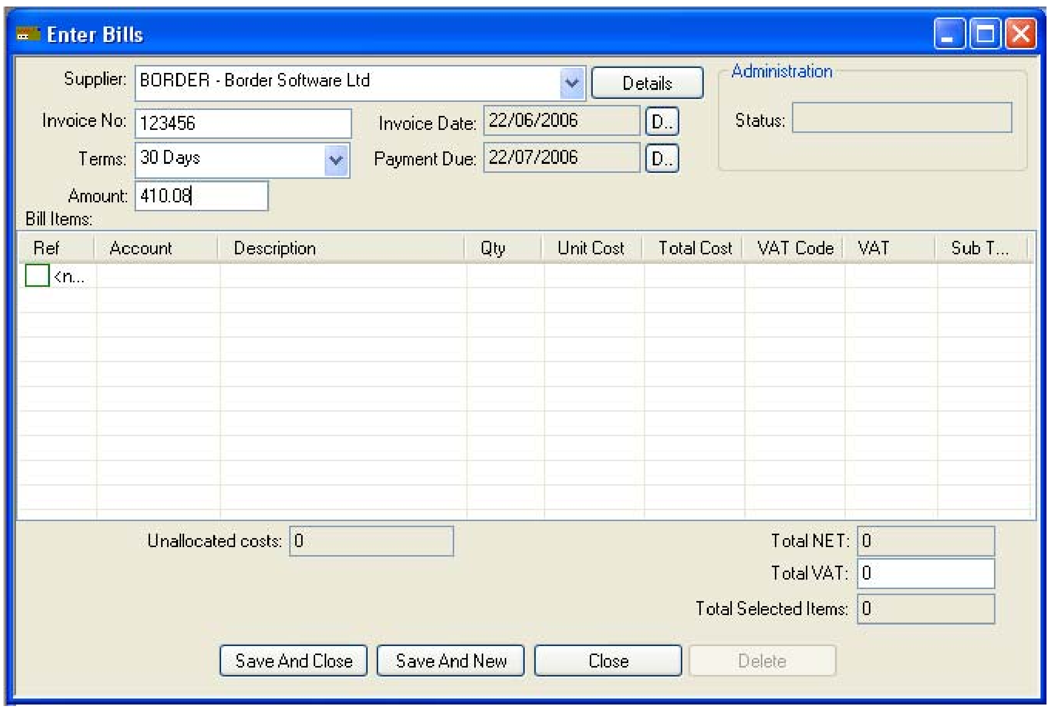
Finally select the bank account where the money is going, the default current account is selected automatically so you must change this if necessary. You may also add a deposit reference if you choose such as the number of your paying in slip.

Suppliers

Bills (Supplier Invoices)

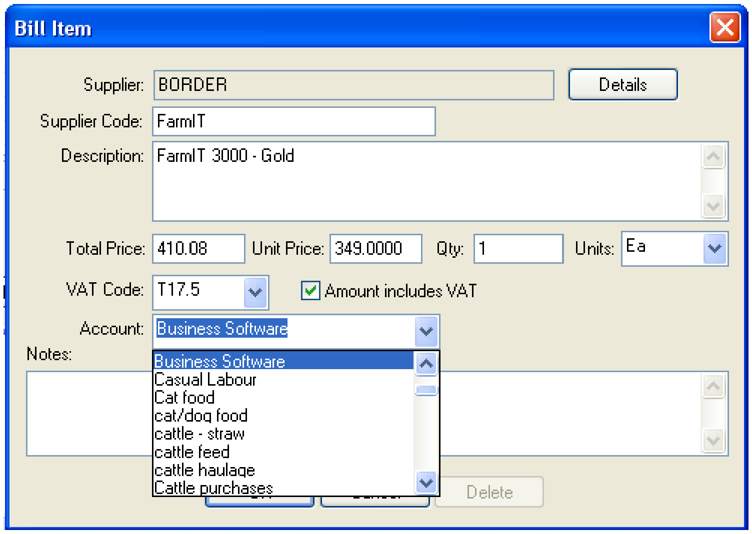
Entering a supplier bill is similar to creating your own invoices. To enter a bill select the ‘Enter Bill’ option from the ‘Supplier’ menu. If you actually paid the bill at the time of purchase you may enter the bill and pay it at the same time by using the ‘Enter Cash, Cheque or Card Purchase’ option, which is basically the same as entering the bill but also pays it straight away.

The ‘Enter Bill’ form looks as follows. Once again first select the supplier. Then enter the invoice number, date and terms. The date defaults to ‘Today’s Date’, so **make sure you change this if necessary to the date of the invoice**. Then enter the total amount of the bill.

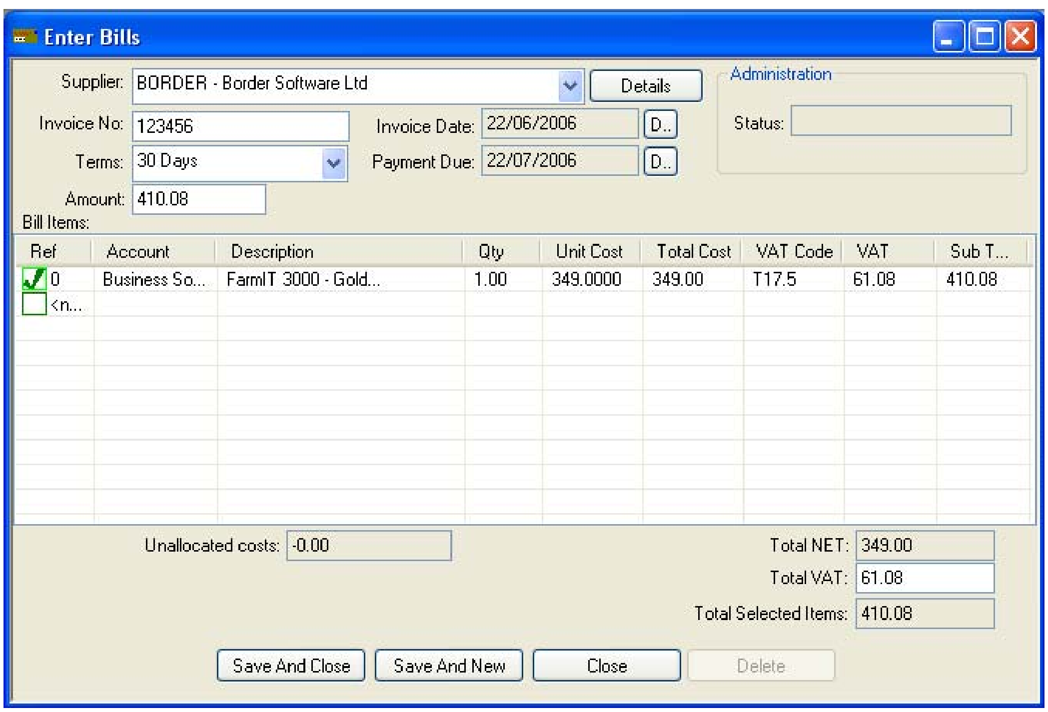


Now click on the <new> entry in the list, the item details form is displayed.

Enter the details of the item purchased, the cost will automatically come in as the total bill amount. Change this if necessary i.e. if there are multiple bill items at different rates. And most importantly select the expense account to which the item is to be charged.



Finally click the '***OK***' button to add it to the bill.

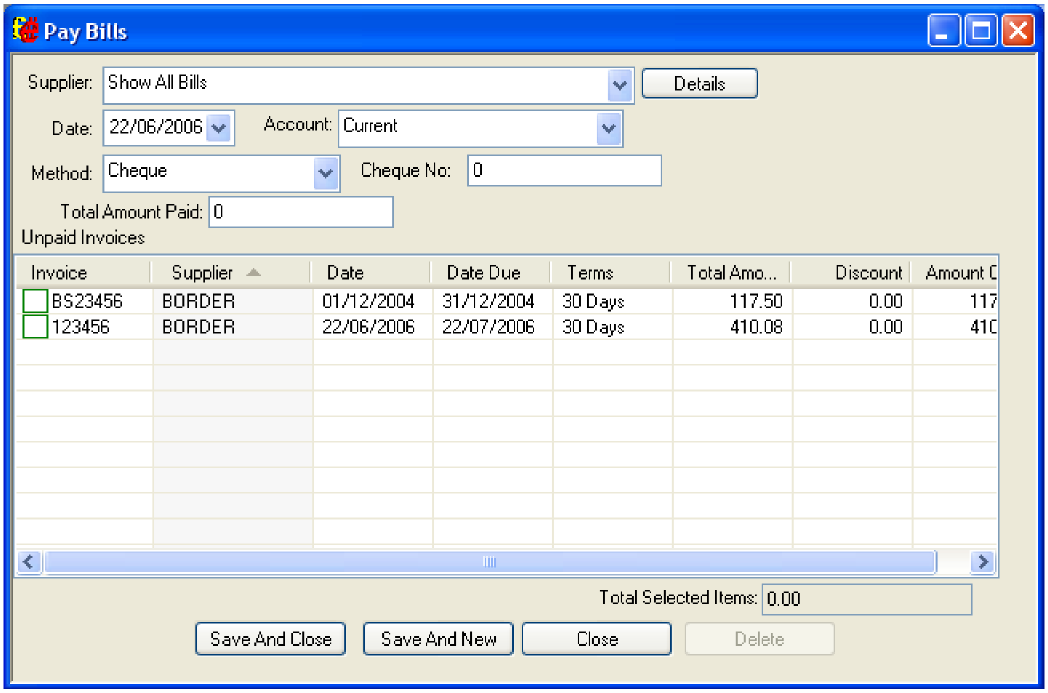


You may add other items as required. The system will ensure that the items added do add up to the total bill amount. If they do not a warning box will pop up and you must check you have entered the amounts correctly.

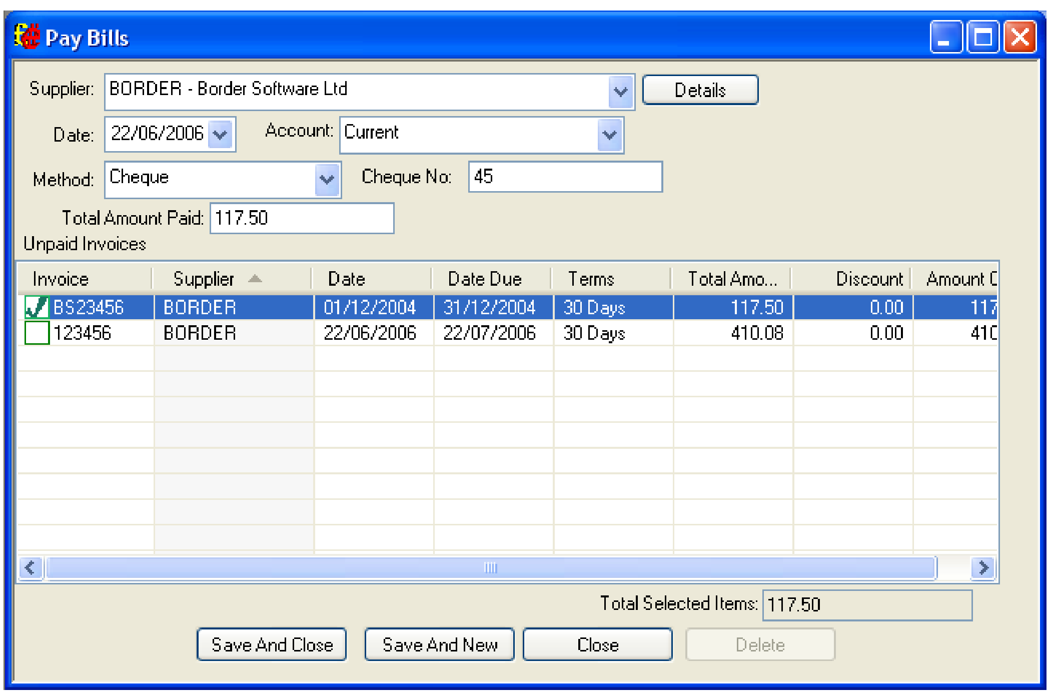
Click the '***Save and Close***' button to save the bill.

Paying Bills

To pay a suppliers bill, select the '**Pay Bills**' option from the '**Supplier**' menu. The pay bills form is then displayed listing all pending bills.



Now select the supplier to pay. Enter the date, account (bank) method, enter a cheque number if applicable and total amount paid. Then tick the invoices you are paying.



Note you may pay multiple bills at once, or pay only part of a bill.

VAT

If you are VAT registered, accounting for VAT is a very important part of the accounting system. For farmers it also has added importance because you tend to claim rather than pay VAT.

FarmIT 3000 tracks the VAT in its own account 'VAT', with all entries being made in the 'Nominal Ledger'. Like any account you may analyse the entries in the nominal ledger, however the VAT account has its own special reports and forms.

Recording the VAT is simple as it is part of entering the bill or generating an invoice, however the actual VAT date, i.e. the date that you are liable to pay the vat of a transaction, depends upon your chosen system of accounting. You have a choice of either '***Invoice***' or '***Cash***' accounting. The VAT Date effects when you actually see the transaction in your VAT Return (***VAT 100***) report. This choice needs to be indicated on the 'Financial' tab of the Farm Details form.

Invoice Accounting

If you choose invoice accounting you are liable to pay the VAT on an invoice you generate, based on the invoice date. Similarly you may reclaim the VAT on a bill you receive based on the bills date.

Therefore your ***VAT 100*** report (VAT return) includes all invoices and bills for the period irrespective of whether you have been paid by the customer or you have paid the bill.

Cash Accounting

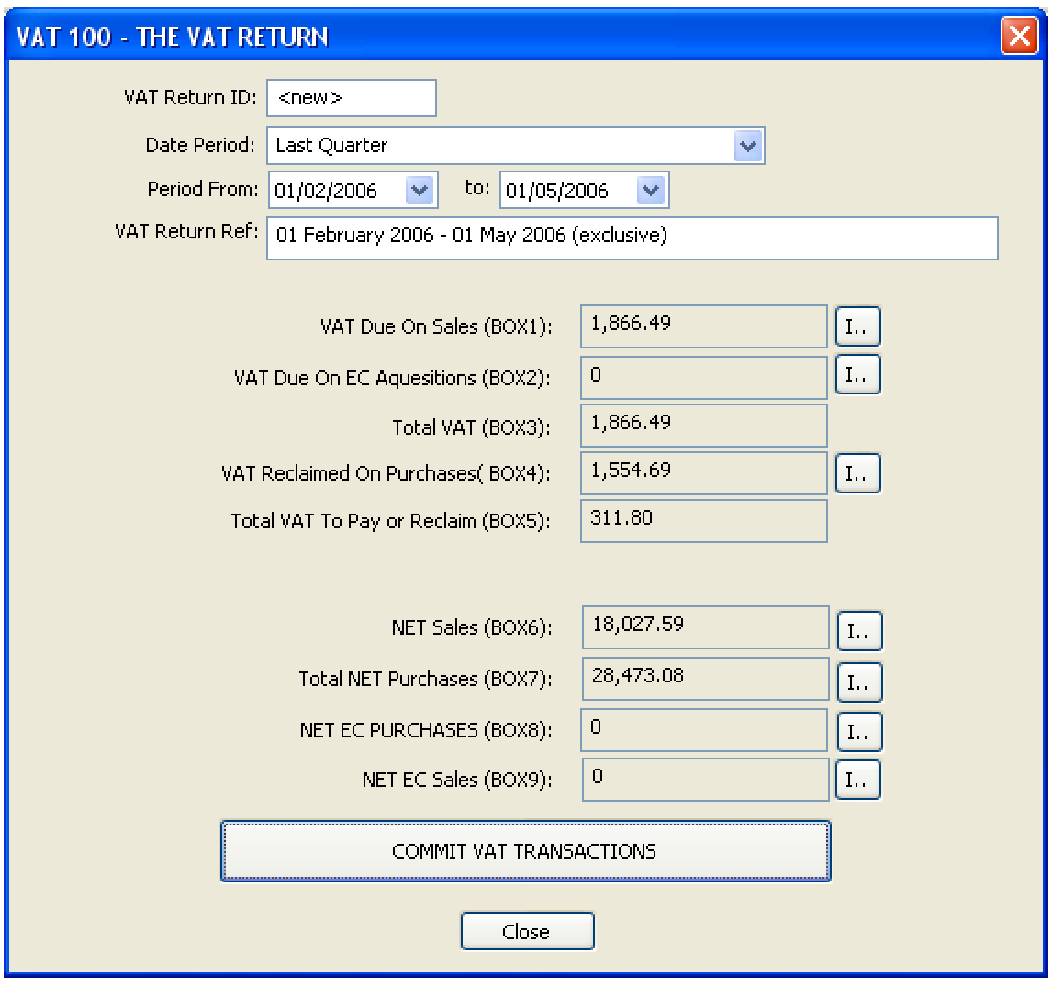
If you choose cash accounting you are liable to pay the VAT on an invoice you generate only when the customer pays you. The VAT date is based on the date you receive the payment. Similarly you may reclaim the VAT on bills only after you have paid them and based on the date of your payment.

Therefore your VAT 100 report will list only invoices you have received payment for and bills you have paid. You are not liable to pay VAT on invoices that have not been paid.

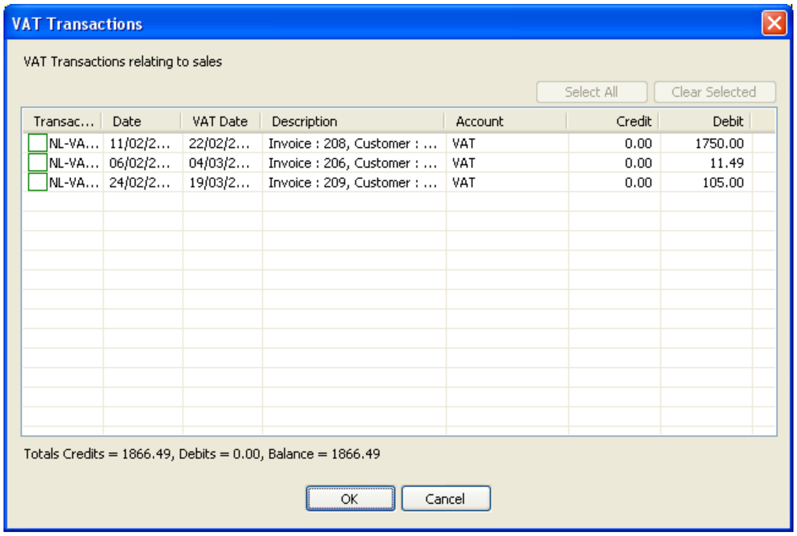
VAT 100 Report (VAT Return)

The VAT 100 Report is designed to allow you to easily complete your VAT 100 Form (VAT Return) for a selected period. To create a new VAT return select the '***New VAT Return***' option from the '***Bank***' menu.

When the form opens the system will initially check if you have any unclaimed (**uncommitted**) VAT Transactions in the system who's effective VAT Date is before the period start date. You will then be prompted to select any of these transactions in the current VAT report. You may also select the transactions and clear then so they now longer get displayed. Normally you will not have any such transactions however if you receive a bill late it may have a date relating to a previous VAT period. If you already claimed the period we need to carry forward the unclaimed VAT into the next return.

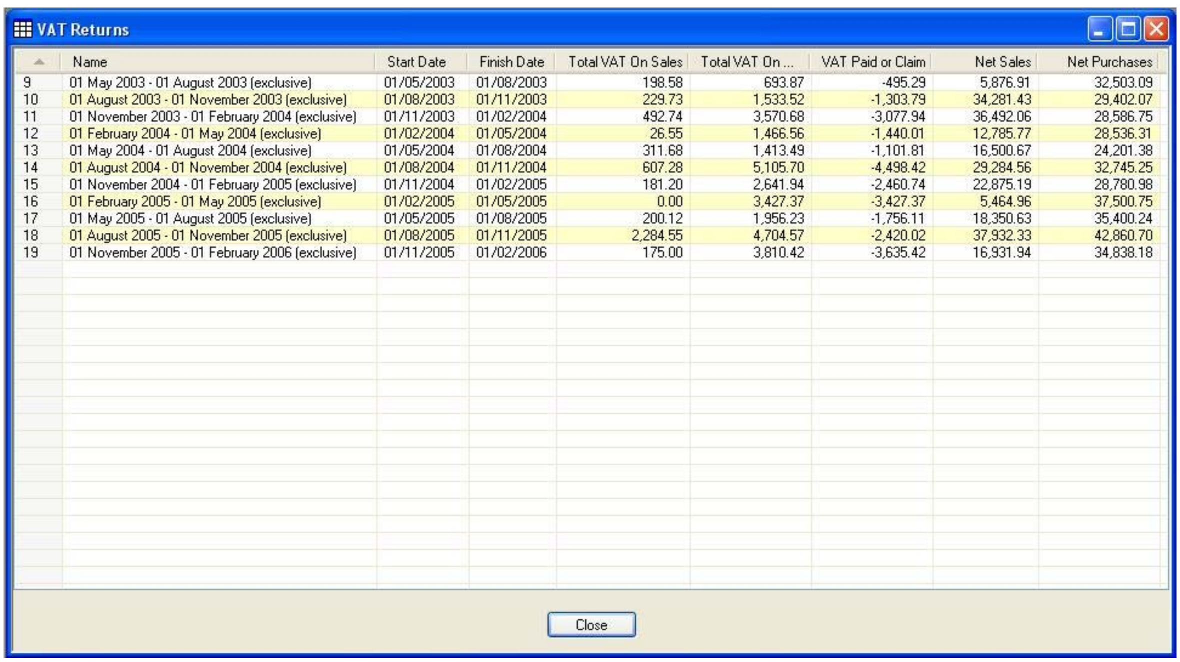


When you complete your VAT return you need to 'Commit' the VAT transactions. This records the Transactions with the VAT return reference (simply the dates of the return) and ensures that transaction are only included in a VAT return once, and that any unclaimed transactions entered after the VAT return has been committed are carried forward to the next VAT return if the date is before the start date of the selected period. You may view the transactions that make up the entries by clicking on the "I.." buttons

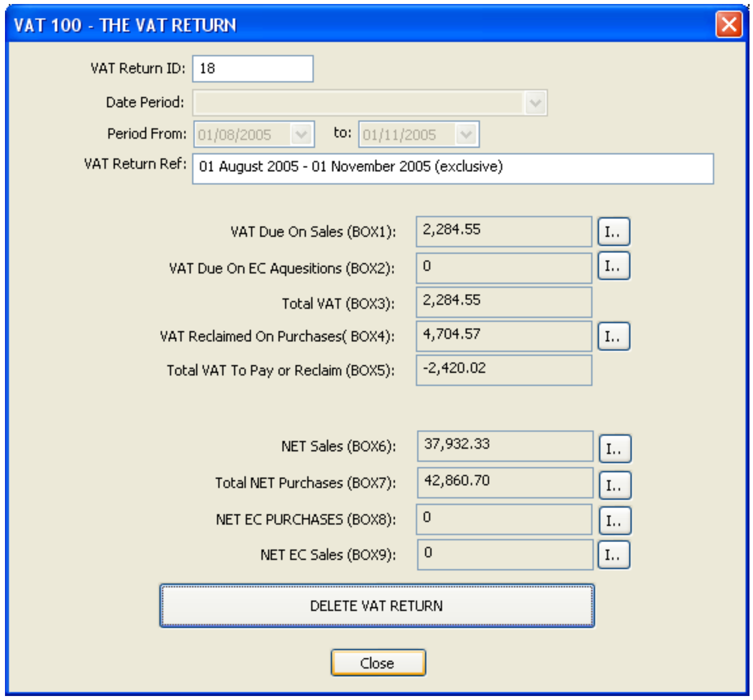


You also then have a record of exactly how each VAT return looked when you completed the VAT return form.

You may list historical VAT returns by selecting the '***List VAT Returns'*** option from the '***Bank***' Menu.



You may '***double click'*** on a list entry to open the VAT Return.

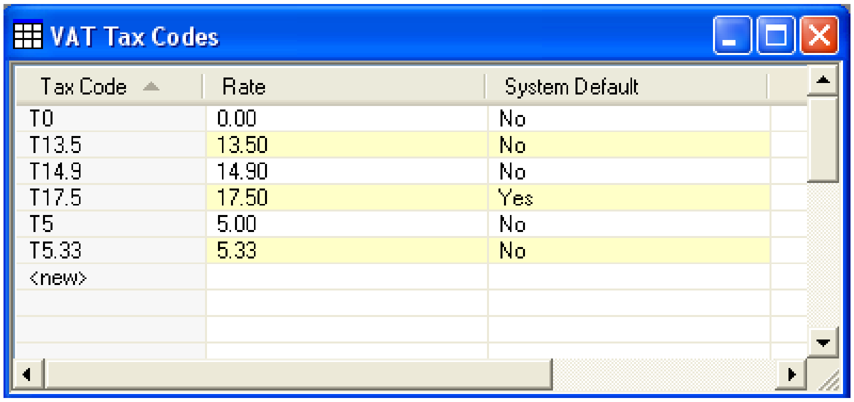


You may then delete the VAT 100 Record by '***clicking*** ' the '***DELETE VAT RETURN'*** button. The VAT 100 record will be deleted and all transactions reset to unclaimed.

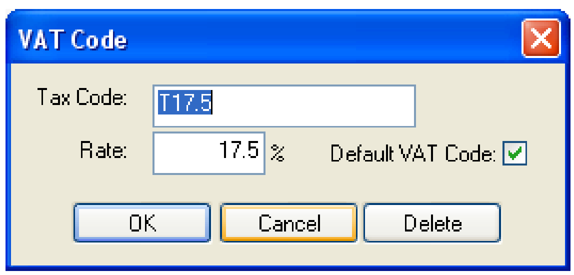
VAT Tax Codes and Rates

You may add/define/delete and edit Vat tax codes and rates within the system.

From the Farm menu select the '***VAT Tax Codes'*** option from the main '***Farm***' menu. This displays the list of VAT codes.



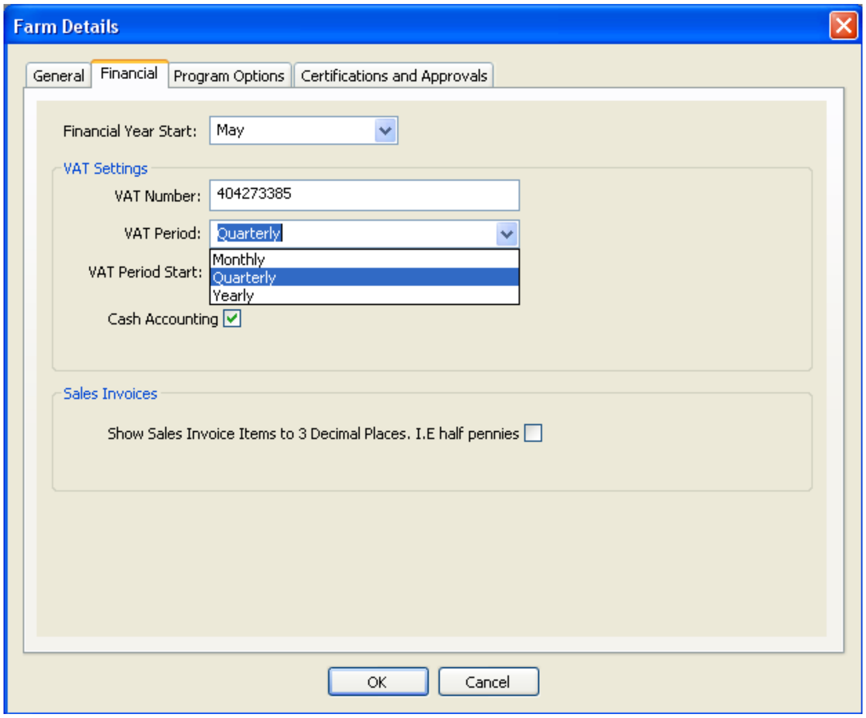
To add a new tax code double click on the ***<new>*** entry in the list. To edit or delete one double click on the Tax Code. The details of the record are then displayed.



The name of the tax code is up to you, but we would suggest that it reflect its value, the rate is the % value of the cost. You will note that the above example T17.5 is set as the default value, which will automatically be applied to bill and invoice items.

VAT Periods

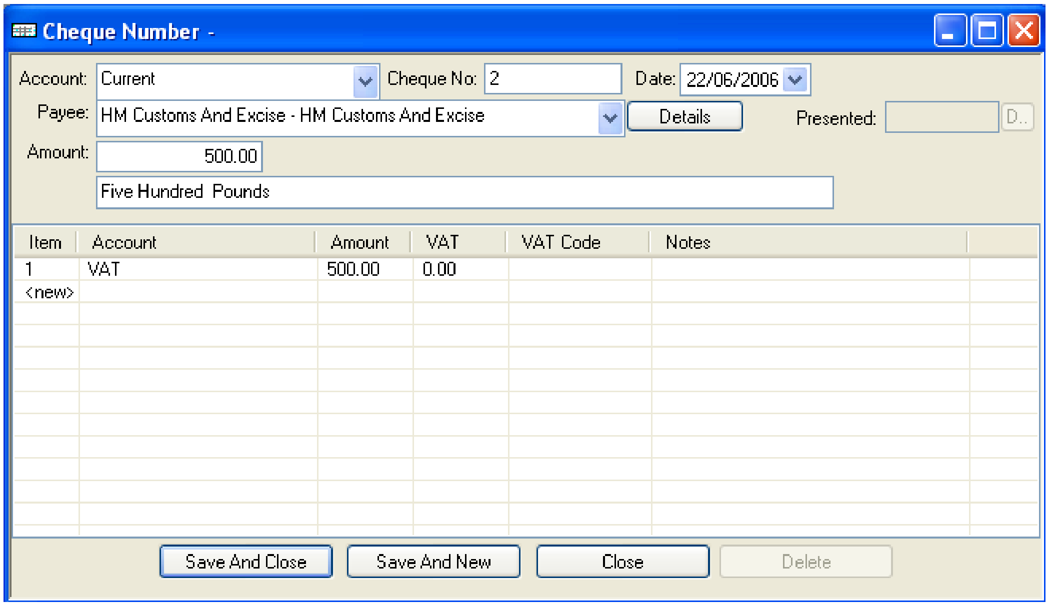
The default VAT period is quarterly starting on the 1st April. You may however change this on the Farm Details – Financial Tab. Where you may also change the VAT Period start date.



Paying VAT

Should you calculate that you need to pay the VAT man some money, you do this by simply writing him a cheque.

First however add 'H.M. Customs and Excise' to your list of suppliers. Then select the '***Write Cheques***' option from the '***Bank***' menu. Select the Supplier you are paying and enter the amount of the cheque. You then need to account for the amount paid in a similar way to entering a bill. Click on the word ***<new>*** and select the account to which this payment is to be charged. In the case of writing a cheque for VAT, select the VAT account. DO NOT select a VAT Rate as in this case it would not apply.

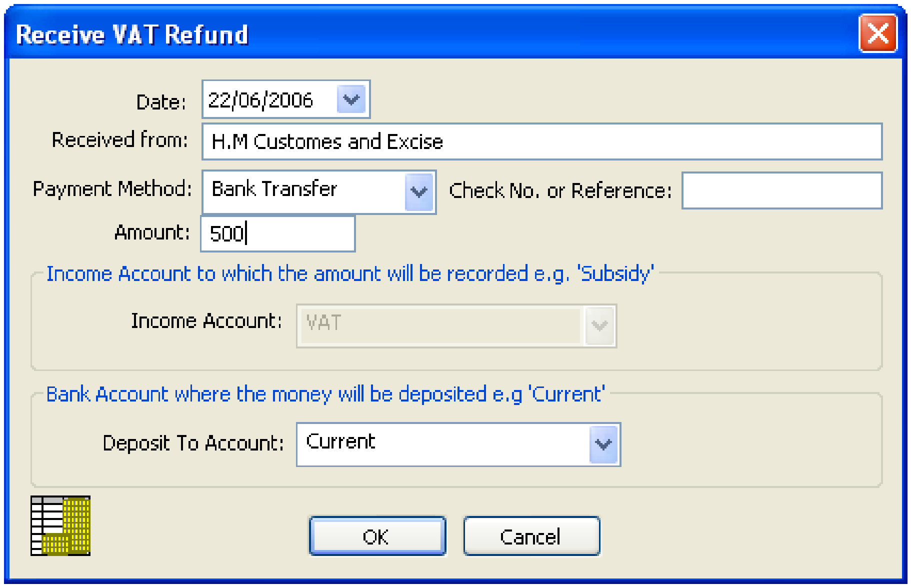


Then click 'Save and Close' to complete the transaction.

Entering VAT Refunds

Because most farmers get a refund from H.M Customs and Excise for the VAT they have paid FarmIT 3000 provides a specific form for receiving this payment.

To enter a VAT refund select the 'Receive VAT Refund' option from the 'Bank' menu. The following form is displayed.



Change the date if required, enter the payment method and amount, then the account to which the funds are deposited, the Current account will be displayed by default so change this if necessary.

Cheques

You may record the writing of a cheque either via the '***Write Cheques***' option on the '***Bank***' menu or by simply specifying a cheque number when paying a bill, which automatically creates a cheque record.

IF YOU ARE PAYING A BILL YOU SHOULD ONLY DO THIS VIA THE PAY BILLS FORM .

You are restricted from using the same cheque number more than once, and may list all the cheques using the '***List Cheques'*** option on the '***Bank***' menu. You may then double click a cheque to see its details.

You will not be able to delete a cheque from the list if it was part of a 'pay bills' transaction. You may however delete the 'pay bills' entry, which will also delete the cheque.

Un-presented Cheques

When paying a supplier by cheque there is of course no guarantee the supplier will actually cash the cheque. Un-presented cheques (cheques you have written but which the supplier has not presented to the bank) represent a liability. Although you bank account may say it has £500 in it, if an un-presented cheque exists you could suddenly find you have no money or your account is suddenly overdrawn when the cheque is presented. It is therefore important that we keep tabs on the date cheques are presented and identify any that are un-presented.

When you reconcile a bank account the date that the cheque is presented will be automatically updated within the system. You may also get a list of '*un-presented'* cheques by selecting the '***List un-presented Cheques'*** option from the '***Bank***' menu.

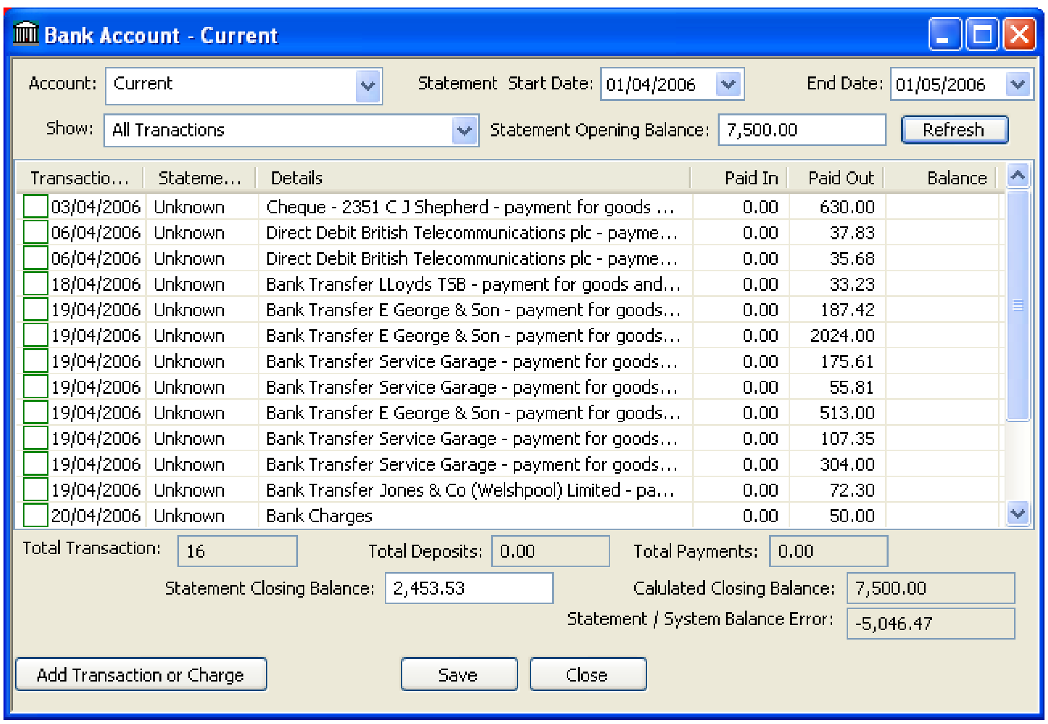
Bank Reconciliation

Bank reconciliation is one of the most important parts of accounting, and serves as a check that everything has been entered correctly.

Reconciling a bank account is important for the following reasons.

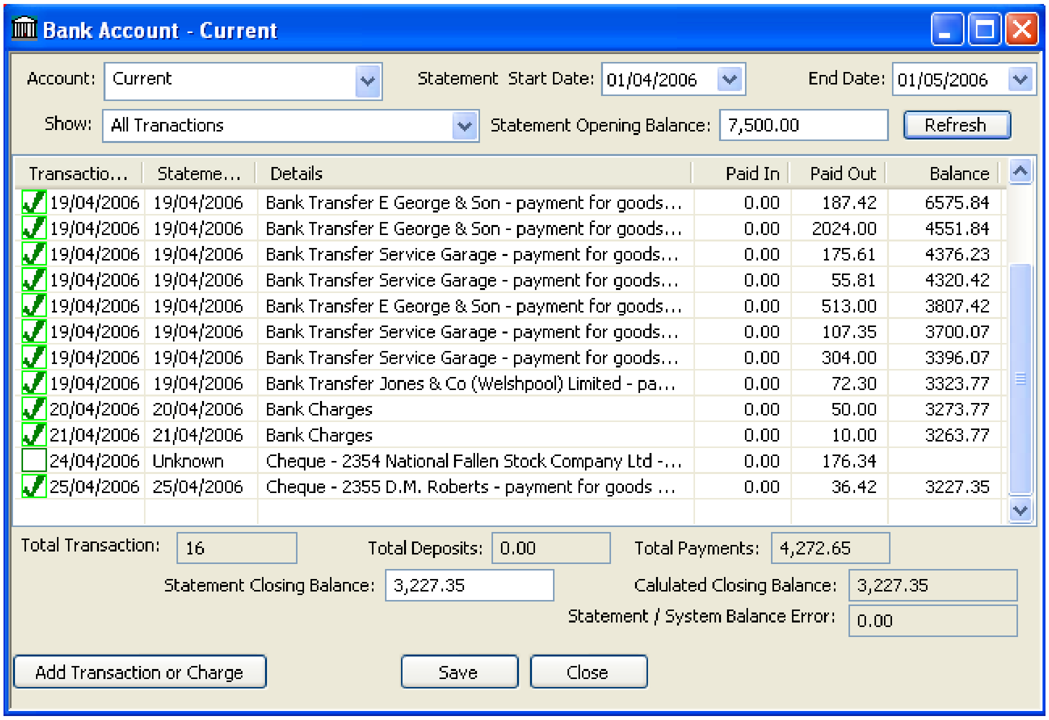
1. It ensures that any bank transactions or charges are added to the system.
2. It provides a check upon whether moneys have been deposited correctly.
3. It provides tracking of the presentation of cheques and therefore outstanding liabilities.

Reconciliation is normally performed from your bank account statement so with your statement in one hand open the bank reconciliation form by selecting the '***Reconcile Bank Account***' from the '***Bank***' menu. By default the form displays all the transactions for the month previous to the current date – but you may change these dates to those that best represent your statement



Set the opening bank balance from your statement and the statement closing bank balance from your statement. This will result in a Statement / System Balance error indicating that there are unrecognised transactions.

Now tick the transactions that appear on your bank statement, and adjust the statement date if required. Once complete click on the refresh button to recalculate the closing balance.



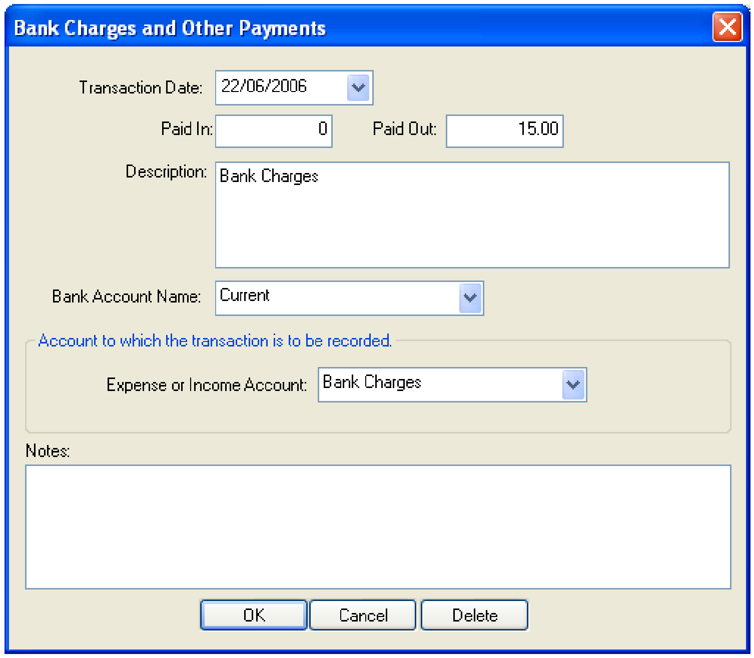
If you have reconciled all the transactions that are on your statement the 'Statement / System Balance Error should now be zero. If not check your transactions again as you may need to add bank charges or ensure you have entered all the received payment, cheques etc into the system. It may be that your statement shows a transaction that you have not entered – e.g a Debit Card payment. In this case you will need to enter this as a bill, then come back to the bank reconciliation – refresh it and tick off this new entry.

When the reconciliation balances to zero you can be sure that you have got all the entries in.

It may also be a good idea to view '***All unreconciled transactions'*** at some point so you keep track of items such as un-presented cheques that fall outside of you current statement dates.

Adding Bank Charges

If you need to add bank charges click the '***Add Transaction or Charge***' button. Complete the form ensuring you select an appropriate expense account.

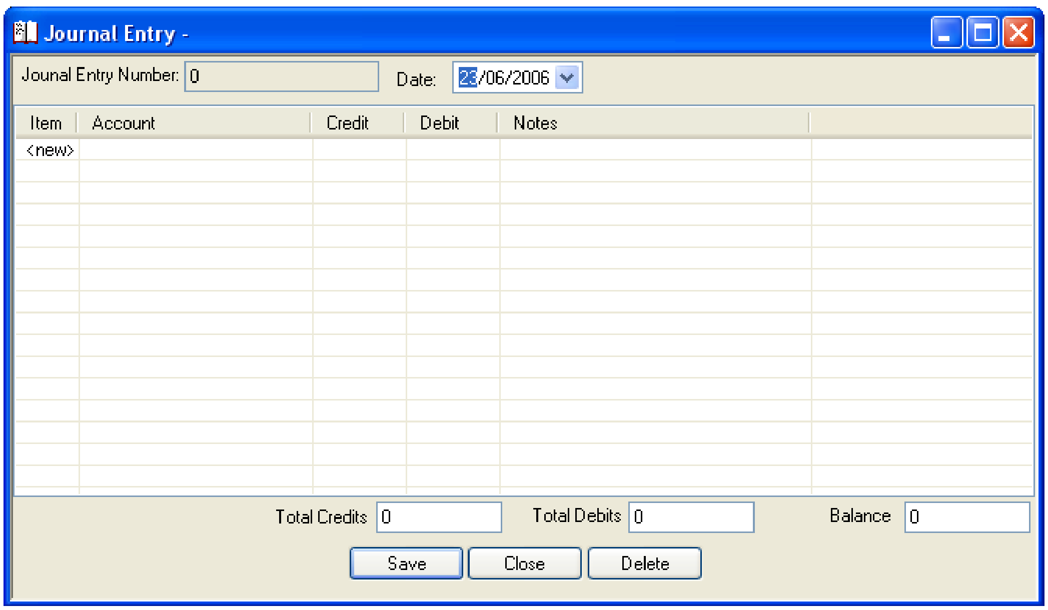


Once the reconciliation is complete click on the 'Save' button to save the transactions as reconciled.

Journal Entries.

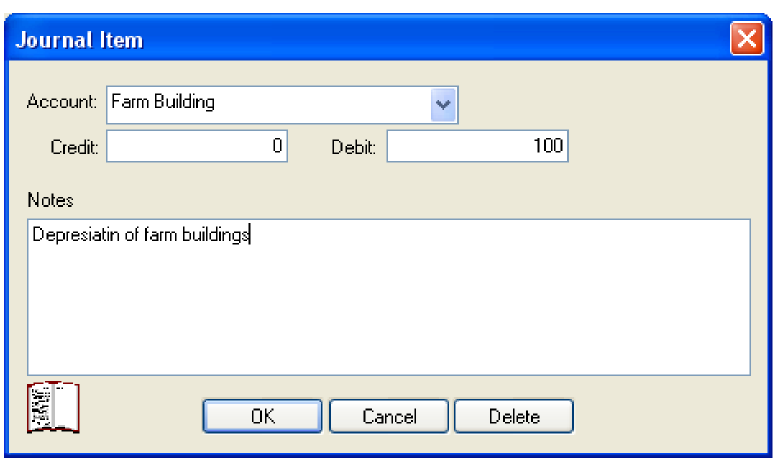
Most of the transactions you enter will relate either to an invoice you produce or a bill you receive. There are however times when the transactions is not related to one of these tasks. For example the correction of errors, writing off of bad debts, adjustments by your accountant or any other item. For these transactions the '***Journal***' provides the record of entry.

To create a new journal entry select the '***Make Journal Entry***' option from the '***Bank***' menu. The journal entry form is displayed.



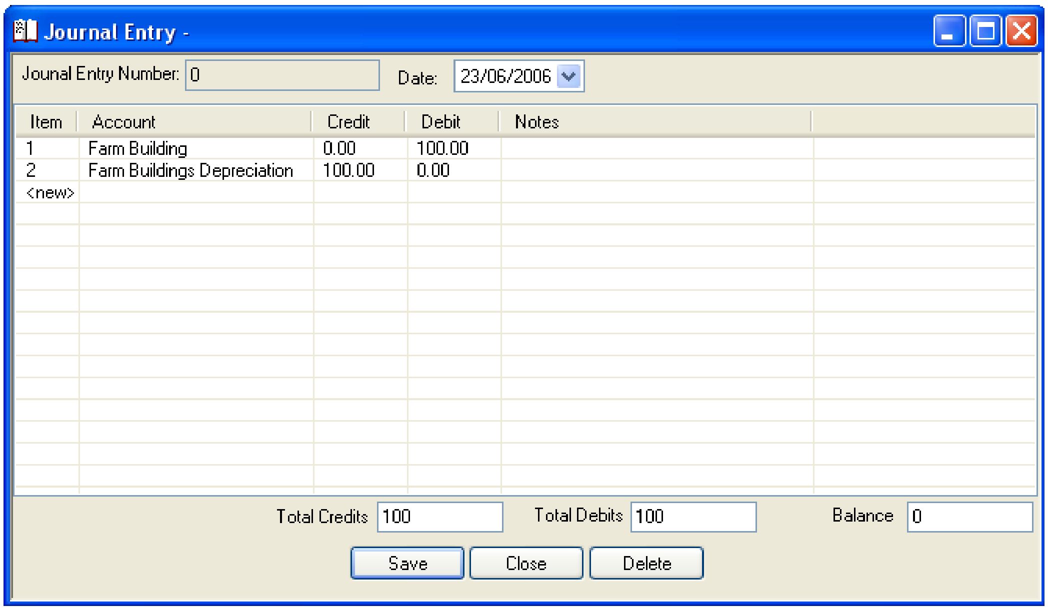
First check the date.

Then click on the '<new>' entry in the list to add your first item.



In this example we are recording the financial depreciation of the value of the farm buildings. To do this we need to first '***debit***' the '***Farm Buildings***' account.

We then have to enter another item saying where the money has gone, in this case we would then ‘credit’ the ‘***Farm Building Depreciation’*** account.



You may add as many entries as you like, however the total sum of ‘***Debits***’ **MUST** equal the total sum of ‘***Credits***’. The system will enforce this and stop you creating a journal entry that does not balance.

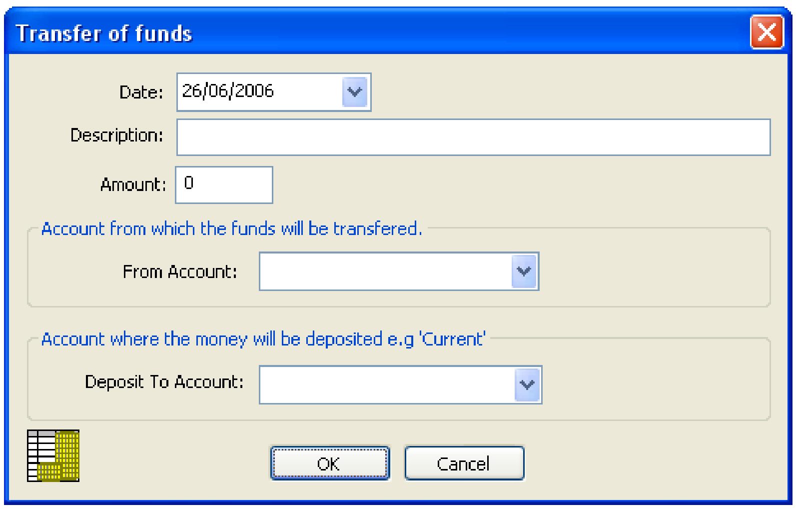
Once complete click the ‘***Save***’ button to save the journal entry.

You may list Journal Entries by selecting the ‘***List Journal Entries***’ option from the ‘***Bank***’ menu.

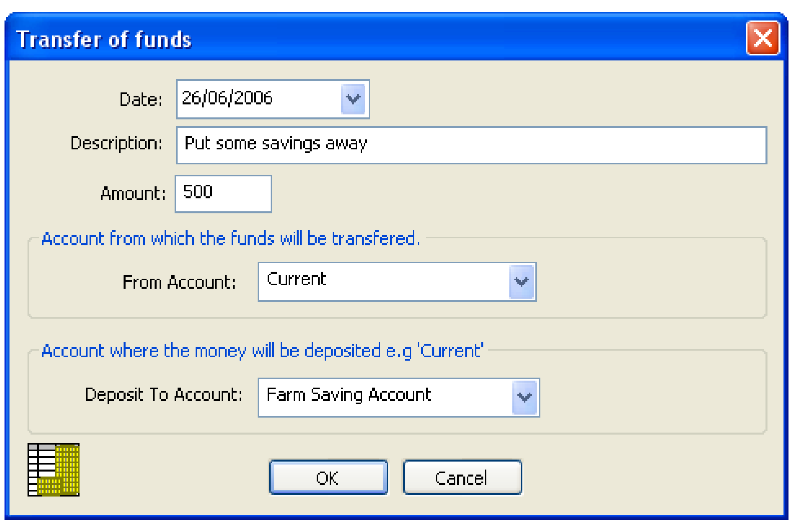
Transferring Funds Between Bank Accounts.

In addition to the default ***(Current)*** bank account, you may create others. Having multiple bank accounts will of course mean that you will at some point transfer funds from one to another. To simplify this process, FarmIT 3000 provides a form specifically to record the transfer of these funds. Although you may still of course write yourself a cheque from the one account and pay it into the other.

To transfer funds select the ***'Transfer Funds'*** option from the ***'Bank***' menu.



Confirm the date, enter a description for the transaction, the amount transferred and select the 'from' and 'to' accounts. Then click on the 'OK' button to save the record.



The Ledgers

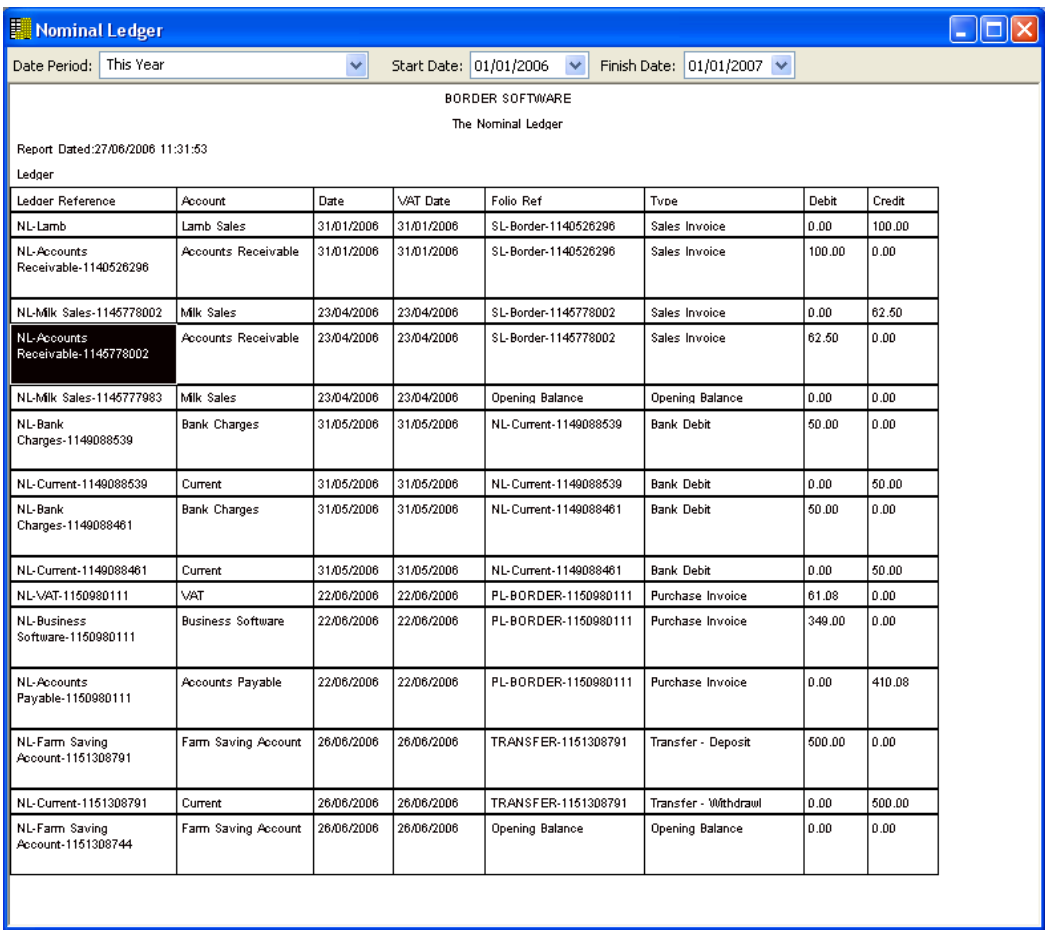
The ledgers provide the data storage for FarmIT 3000 accounts just as if you had kept the books manually. There are three ledgers,

1. The Nominal Ledger
2. The Sales Ledger
3. The Purchase Ledger

Under normal circumstances there is no requirement to alter the data in the ledgers directly, as this may result in the transactions not being cross-referenced correctly. The ledgers form the basis for the financial reports, which may be printed or exported to Microsoft Excel etc.

Nominal Ledger

The 'Nominal Ledger' is the main ledger and records all the detail of transactions by account. You may open a report on the Nominal Ledger for a selected period by selecting the 'Nominal Ledger' option from the 'Reports/Financial Reports/Nominal Ledger' menu.



BORDER SOFTWARE

The Nominal Ledger

Report Dated:27/06/2006 11:31:53

Ledger

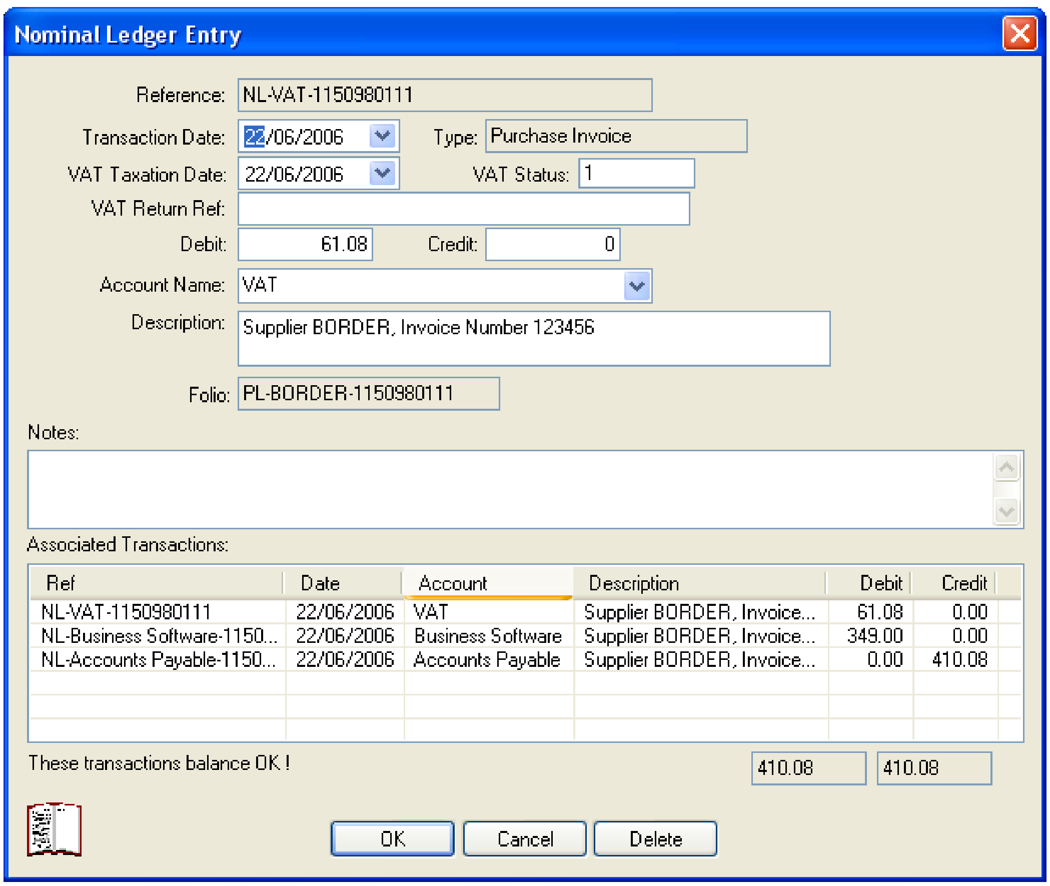
Ledger Reference	Account	Date	VAT Date	Folio Ref	Type	Debit	Credit
NL-Lamb	Lamb Sales	31/01/2006	31/01/2006	SL-Border-1140526296	Sales Invoice	0.00	100.00
NL-Accounts Receivable-1140526296	Accounts Receivable	31/01/2006	31/01/2006	SL-Border-1140526296	Sales Invoice	100.00	0.00
NL-Milk Sales-1145778002	Milk Sales	23/04/2006	23/04/2006	SL-Border-1145778002	Sales Invoice	0.00	62.50
NL-Accounts Receivable-1145778002	Accounts Receivable	23/04/2006	23/04/2006	SL-Border-1145778002	Sales Invoice	62.50	0.00
NL-Milk Sales-1145777983	Milk Sales	23/04/2006	23/04/2006	Opening Balance	Opening Balance	0.00	0.00
NL-Bank Charges-1149088539	Bank Charges	31/05/2006	31/05/2006	NL-Current-1149088539	Bank Debit	50.00	0.00
NL-Current-1149088539	Current	31/05/2006	31/05/2006	NL-Current-1149088539	Bank Debit	0.00	50.00
NL-Bank Charges-1149088461	Bank Charges	31/05/2006	31/05/2006	NL-Current-1149088461	Bank Debit	50.00	0.00
NL-Current-1149088461	Current	31/05/2006	31/05/2006	NL-Current-1149088461	Bank Debit	0.00	50.00
NL-VAT-1150980111	VAT	22/06/2006	22/06/2006	PL-BORDER-1150980111	Purchase Invoice	61.08	0.00
NL-Business Software-1150980111	Business Software	22/06/2006	22/06/2006	PL-BORDER-1150980111	Purchase Invoice	349.00	0.00
NL-Accounts Payable-1150980111	Accounts Payable	22/06/2006	22/06/2006	PL-BORDER-1150980111	Purchase Invoice	0.00	410.08
NL-Farm Saving Account-1151308791	Farm Saving Account	26/06/2006	26/06/2006	TRANSFER-1151308791	Transfer - Deposit	500.00	0.00
NL-Current-1151308791	Current	26/06/2006	26/06/2006	TRANSFER-1151308791	Transfer - Withdrawl	0.00	500.00
NL-Farm Saving Account-1151308744	Farm Saving Account	26/06/2006	26/06/2006	Opening Balance	Opening Balance	0.00	0.00

Tip – You may enlarge the report by hitting the '+' key on the right hand side of your keyboard!

Due to the double entry mechanics, you will always see multiple entries in this ledger for a single transaction. For example generating an invoice to be paid later by the customer will generate a minimum of two entries:

1. Accounts Receivable will be debited with the amount owned by the customer.
2. VAT will be credited with the amount of VAT
3. At least one income account will be credited with the NET value.

The sum of the credits should always add up to the sum of the debits, You may see this and other information about a transactions by ‘double clicking’ on the ledger reference (column one).



The form shows the details of the transaction and the list of related transactions. It has also added them up just to check that its OK

You can also see the VAT Date, Status and VAT Return reference; in this case blank indicating it has not yet been included in a VAT return.

Note you may modify or delete a nominal ledge transaction, **however you should only do this if you are really sure of what you are doing.**

Bad Transactions

The 'Nominal Ledger' report 'Bad Transactions' lists all transactions in the Nominal Ledger that do not balance. Under normal circumstances ALL transactions should balance, however should something go wrong, this list should enable you or your accountant to track down the problem.

Sales Ledger

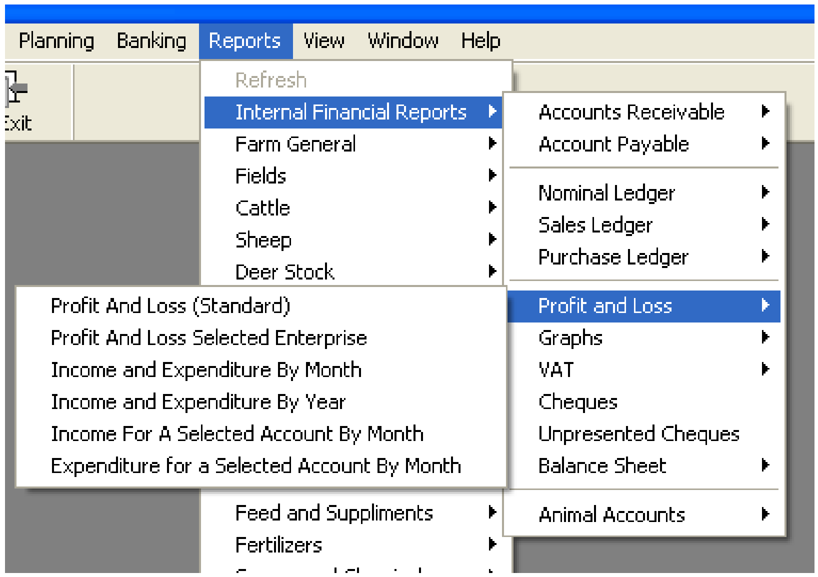
The sales ledger records the general information about customer sales invoices. It may also be used to view all the invoices and payments for a specific customer account.

Purchase Ledger

The purchase ledger records the general information about supplier purchase invoices (bills). It may also be used to view all the bills and payments for a specific supplier account.

Reports

The financial reports are only available in FarmIT Gold and are available under the main 'Reports' Menu.

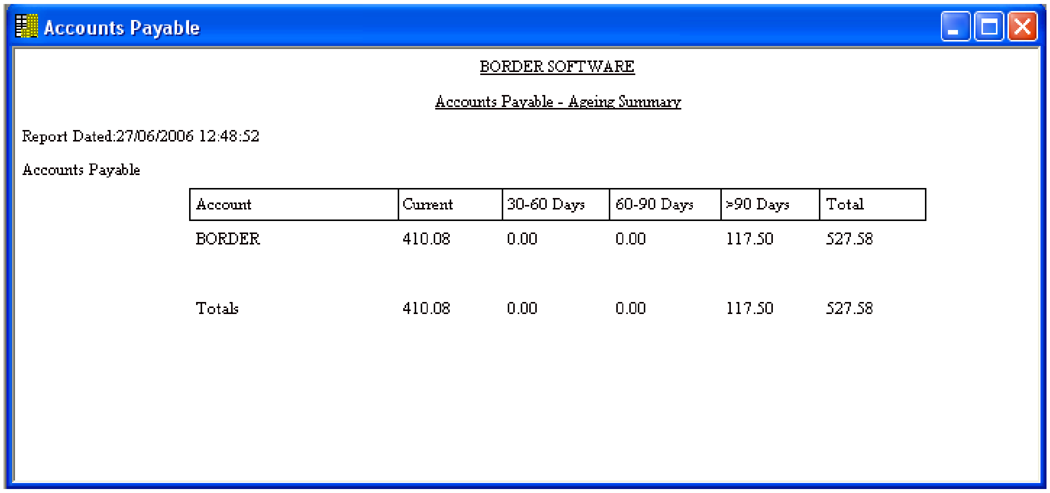


All reports may be printed or exported to Microsoft Excel. You may also enlarge a report on the screen by pressing the '+' key on the right hand side of the keyboard.

Where a report links to actual records you may view the record by double clicking on column 1.

Accounts Payable

The '***accounts payable***' report details suppliers who you owe money and how many days it's been due or is now overdue.



BORDER SOFTWARE

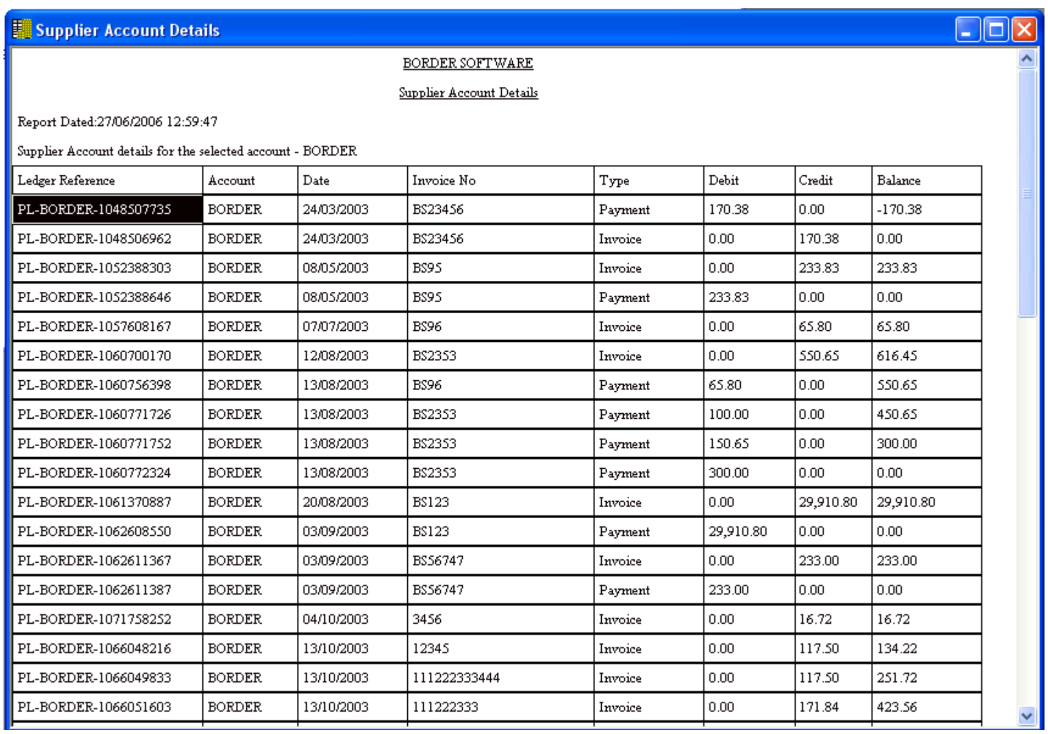
Accounts Payable - Ageing Summary

Report Dated:27/06/2006 12:48:52

Accounts Payable

Account	Current	30-60 Days	60-90 Days	>90 Days	Total
BORDER	410.08	0.00	0.00	117.50	527.58
Totals	410.08	0.00	0.00	117.50	527.58

To view the detail of the account '***Double Click'*** on the account name.



BORDER SOFTWARE

Supplier Account Details

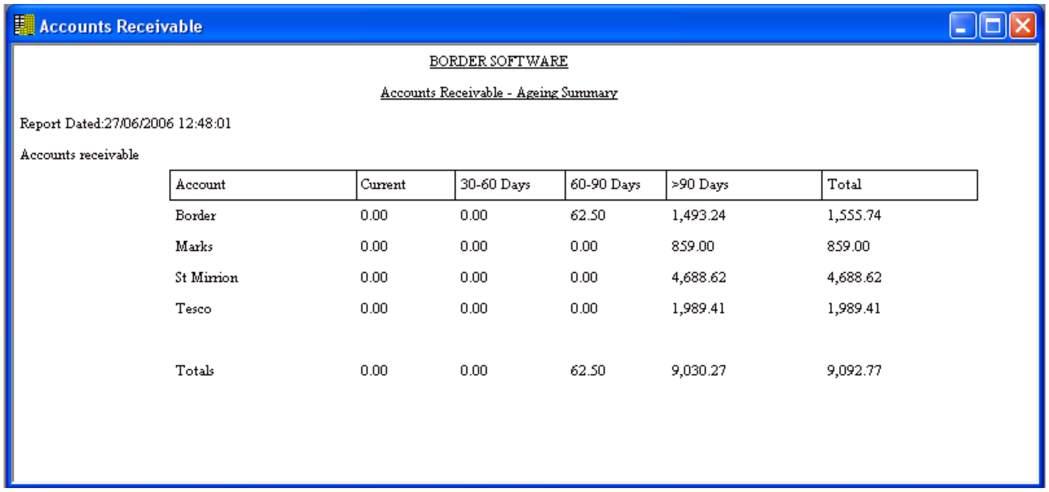
Report Dated:27/06/2006 12:59:47

Supplier Account details for the selected account - BORDER

Ledger Reference	Account	Date	Invoice No	Type	Debit	Credit	Balance
PL-BORDER-1048507735	BORDER	24/03/2003	BS23456	Payment	170.38	0.00	-170.38
PL-BORDER-1048506962	BORDER	24/03/2003	BS23456	Invoice	0.00	170.38	0.00
PL-BORDER-1052388303	BORDER	08/05/2003	BS95	Invoice	0.00	233.83	233.83
PL-BORDER-1052388646	BORDER	08/05/2003	BS95	Payment	233.83	0.00	0.00
PL-BORDER-1057608167	BORDER	07/07/2003	BS96	Invoice	0.00	65.80	65.80
PL-BORDER-1060700170	BORDER	12/08/2003	BS2353	Invoice	0.00	550.65	616.45
PL-BORDER-1060756398	BORDER	13/08/2003	BS96	Payment	65.80	0.00	550.65
PL-BORDER-1060771726	BORDER	13/08/2003	BS2353	Payment	100.00	0.00	450.65
PL-BORDER-1060771752	BORDER	13/08/2003	BS2353	Payment	150.65	0.00	300.00
PL-BORDER-1060772324	BORDER	13/08/2003	BS2353	Payment	300.00	0.00	0.00
PL-BORDER-1061370887	BORDER	20/08/2003	BS123	Invoice	0.00	29,910.80	29,910.80
PL-BORDER-1062608550	BORDER	03/09/2003	BS123	Payment	29,910.80	0.00	0.00
PL-BORDER-1062611367	BORDER	03/09/2003	BS56747	Invoice	0.00	233.00	233.00
PL-BORDER-1062611387	BORDER	03/09/2003	BS56747	Payment	233.00	0.00	0.00
PL-BORDER-1071758252	BORDER	04/10/2003	3456	Invoice	0.00	16.72	16.72
PL-BORDER-1066048216	BORDER	13/10/2003	12345	Invoice	0.00	117.50	134.22
PL-BORDER-1066049833	BORDER	13/10/2003	111222333444	Invoice	0.00	117.50	251.72
PL-BORDER-1066051603	BORDER	13/10/2003	111222333	Invoice	0.00	171.84	423.56

Accounts Receivable

The '***accounts receivable***' report details customers who owe you money and how many days it's been due or is now overdue.



BORDER SOFTWARE

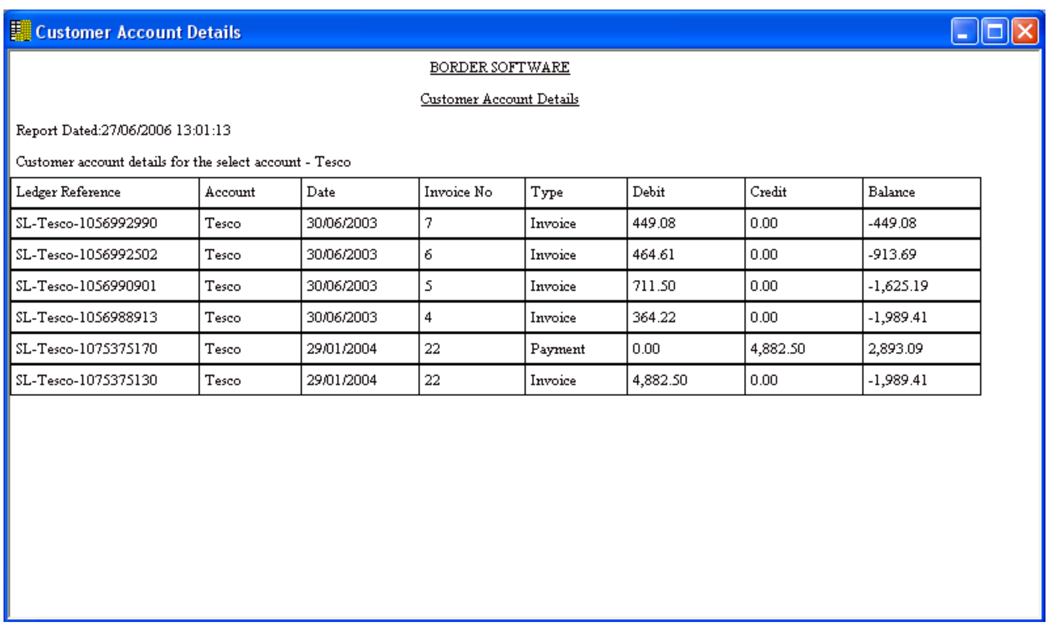
Accounts Receivable - Ageing Summary

Report Dated:27/06/2006 12:48:01

Accounts receivable

Account	Current	30-60 Days	60-90 Days	>90 Days	Total
Border	0.00	0.00	62.50	1,493.24	1,555.74
Marks	0.00	0.00	0.00	859.00	859.00
St Mirrion	0.00	0.00	0.00	4,688.62	4,688.62
Tesco	0.00	0.00	0.00	1,989.41	1,989.41
Totals	0.00	0.00	62.50	9,030.27	9,092.77

To view the detail of the account '***Double Click'*** on the account name.



BORDER SOFTWARE

Customer Account Details

Report Dated:27/06/2006 13:01:13

Customer account details for the select account - Tesco

Ledger Reference	Account	Date	Invoice No	Type	Debit	Credit	Balance
SL-Tesco-1056992990	Tesco	30/06/2003	7	Invoice	449.08	0.00	-449.08
SL-Tesco-1056992502	Tesco	30/06/2003	6	Invoice	464.61	0.00	-913.69
SL-Tesco-1056990901	Tesco	30/06/2003	5	Invoice	711.50	0.00	-1,625.19
SL-Tesco-1056988913	Tesco	30/06/2003	4	Invoice	364.22	0.00	-1,989.41
SL-Tesco-1075375170	Tesco	29/01/2004	22	Payment	0.00	4,882.50	2,893.09
SL-Tesco-1075375130	Tesco	29/01/2004	22	Invoice	4,882.50	0.00	-1,989.41

Profit And Loss

The profit and loss reports form the backbone of business analysis. They provide the Nominal Ledger data grouped into income and expenses by accounts allowing us to assess the profitability of the business. For example the following shows a very simple set of accounts.

Border Software Ltd
Profit And Loss

Report Dated 1 July 2006

Profit and loss for the selected period 1 – 09 – 2005 to 1 – 09 - 2006-06-27

Sales Income		
Finished Beef Cattle	15,000.00	
Finished Lamb Sales	13,605.00	
Grants And Subsidies	5,067.00	
Wool Sales	67.00	
Total Income	33,739.00	
Cost OF Goods Sold		
Store Cattle Purchase	500.00	
Gross Profit	33239.00	*'Total Income – Anything we have brought to sell'*
Expenses		
Cattle Feed	£500.00	
Sheep Feed	£30.00	
Cattle Vet and Med	£150.00	
Wages	£15,000	
Tax and Insurance	£3,234.00	
Contract Work	£1000.00	
Total Expense	19,914.00	
Net Profit	13,845.00	*'Gross Profit – Total Expenses'*

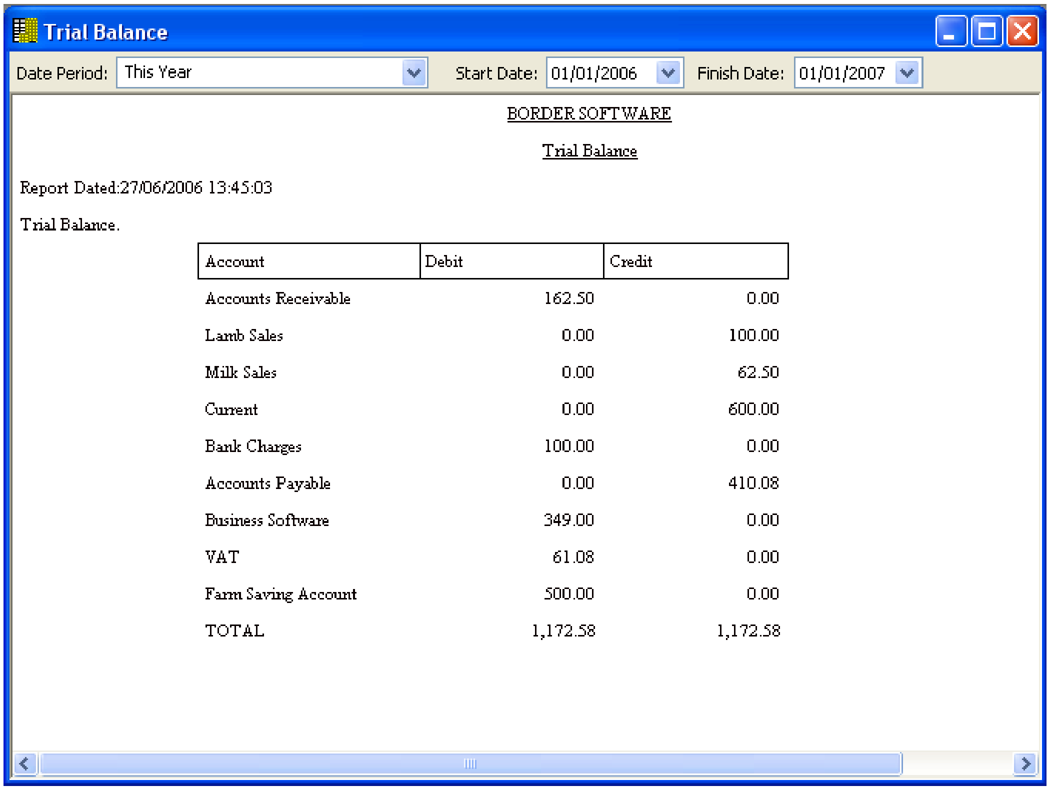
Tip if you 'double click' on the account name you will see the detail of the account.

Profit and Loss - Selected Enterprise

The profit and loss for a selected enterprise report lists on those accounts assigned to a specific enterprise.

Trial Balance

The trail balance report will be referenced by your accountant to validate the system is working. The issue here again being the double entry, Credits must equal Debits. If they do all is well.



BORDER SOFTWARE

Trial Balance

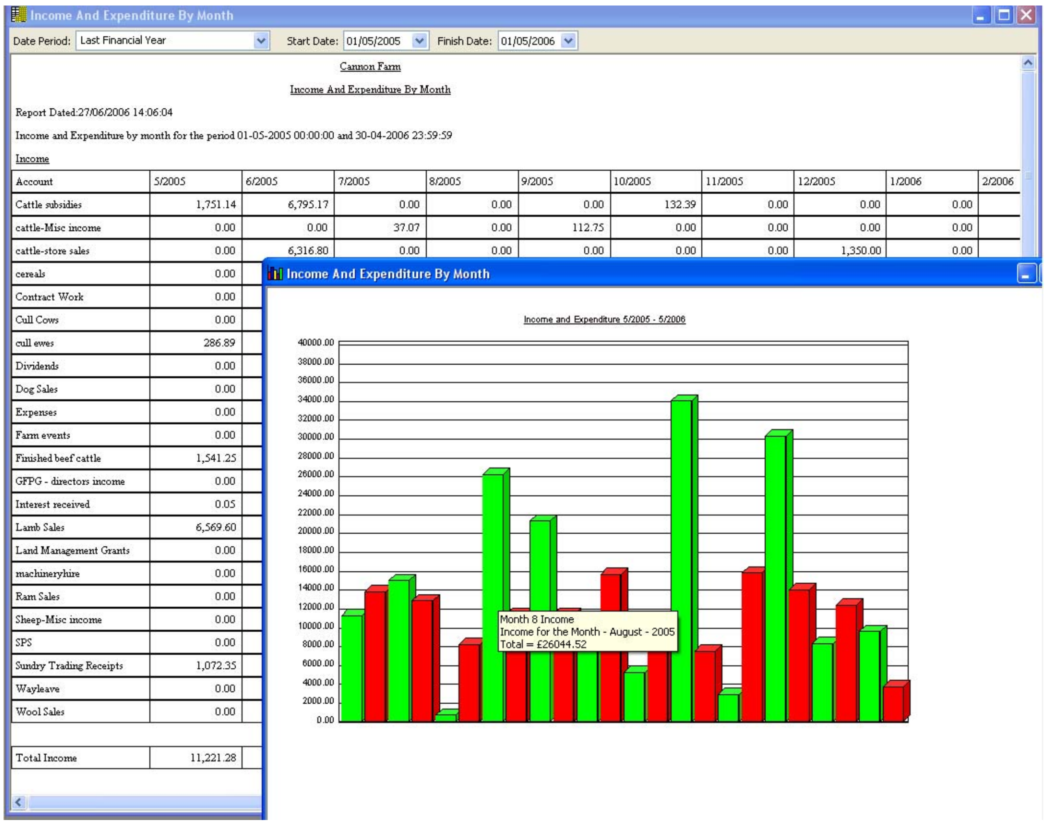
Report Dated:27/06/2006 13:45:03

Trial Balance.

Account	Debit	Credit
Accounts Receivable	162.50	0.00
Lamb Sales	0.00	100.00
Milk Sales	0.00	62.50
Current	0.00	600.00
Bank Charges	100.00	0.00
Accounts Payable	0.00	410.08
Business Software	349.00	0.00
VAT	61.08	0.00
Farm Saving Account	500.00	0.00
TOTAL	1,172.58	1,172.58

Income and Expenditure By Month

These reports allow you to see how your income and expenditure changes month by month, based on the data from the nominal ledger it is an expanded Profit and Loss report. You may also see this in graphical form



Helpful Tips

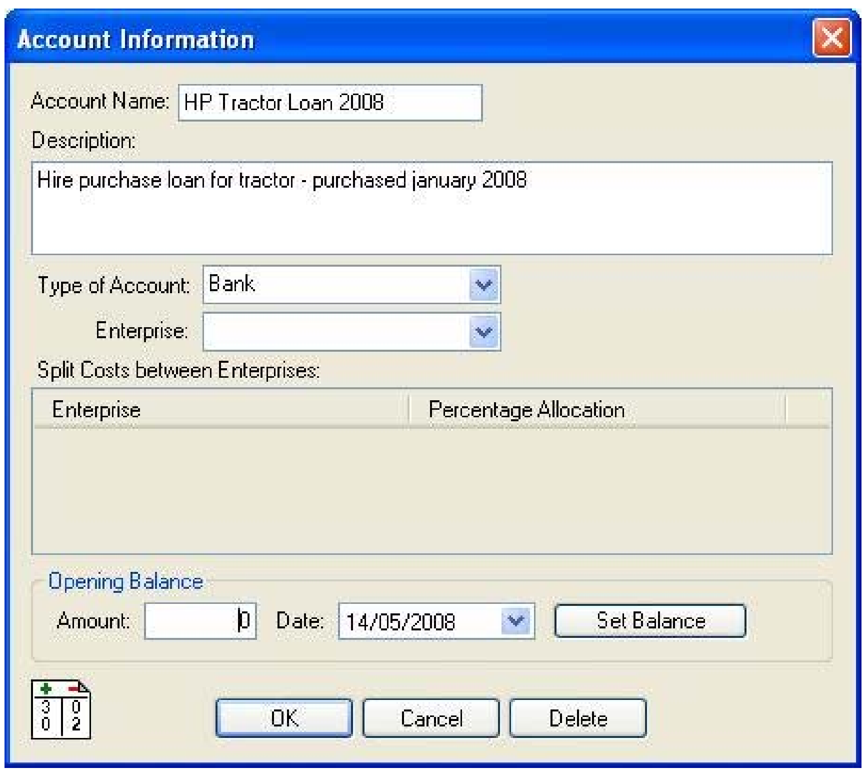
This section is here to provide for specific scenarios, which may appear more complex than the norm. More will be added over time – check out this document in download section of our website for updates.

Purchasing Goods with Loans or Hire Purchase

Recording the purchase of farm equipment on hire purchase or with the use of a loan is simple, but does require the setting up of an account to use as the source of the funds and subsequent repayment. The bill for the equipment is thus entered in the normal way, but paid using the loan account rather than the current bank account. This ensures that you get the VAT back in the first instance and that the purchase of the equipment is recorded. The HP or loan repayments are then entered as 'transfers of funds' from the current bank account (or other bank account) on a monthly basis, these transactions not being liable for VAT. Any extra charges relating to the HP or loan account can then be entered in a similar manner.

Step 1- Create a HP loan Account

From the main 'Farm' menu select 'Farm/Accounts and Enterprises/New Account' the new account box is then displayed.

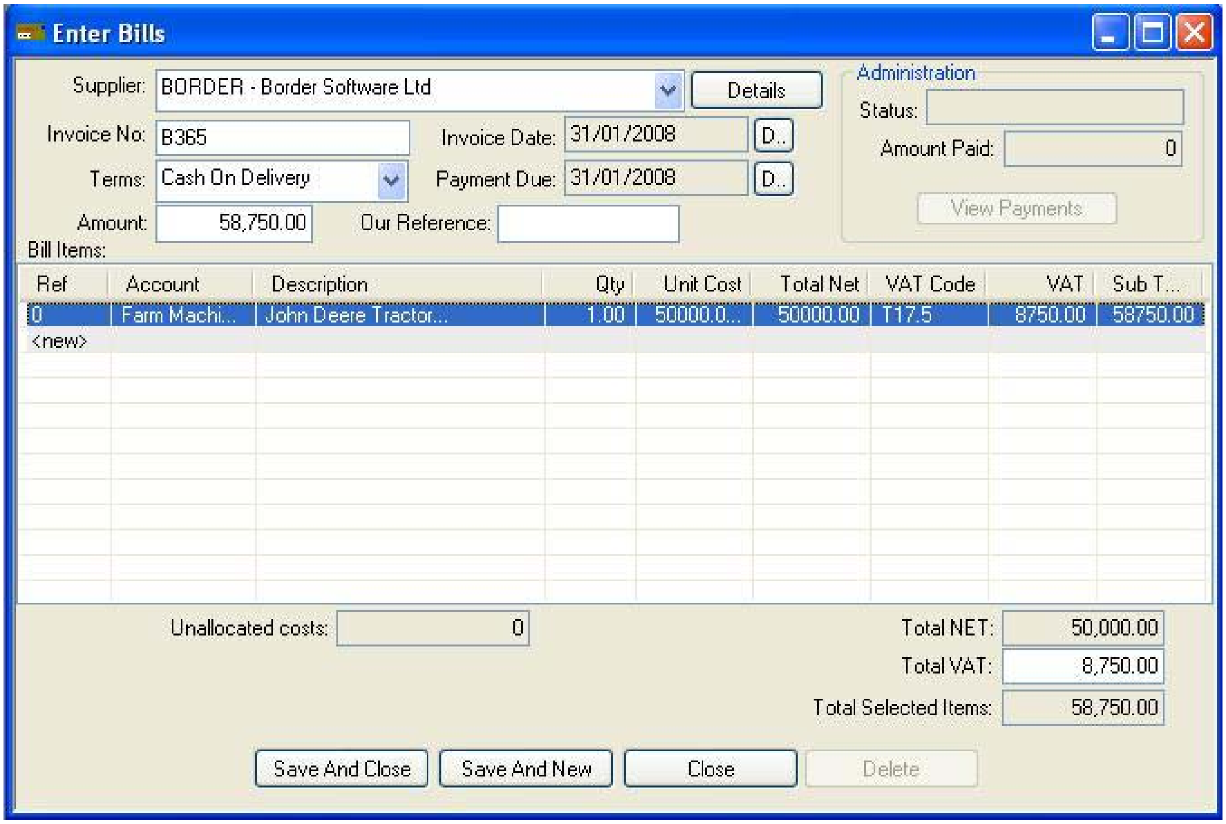


Enter an Account Name, try to give it a name that easily identifies the account, enter a description and select the account type as 'Bank'.

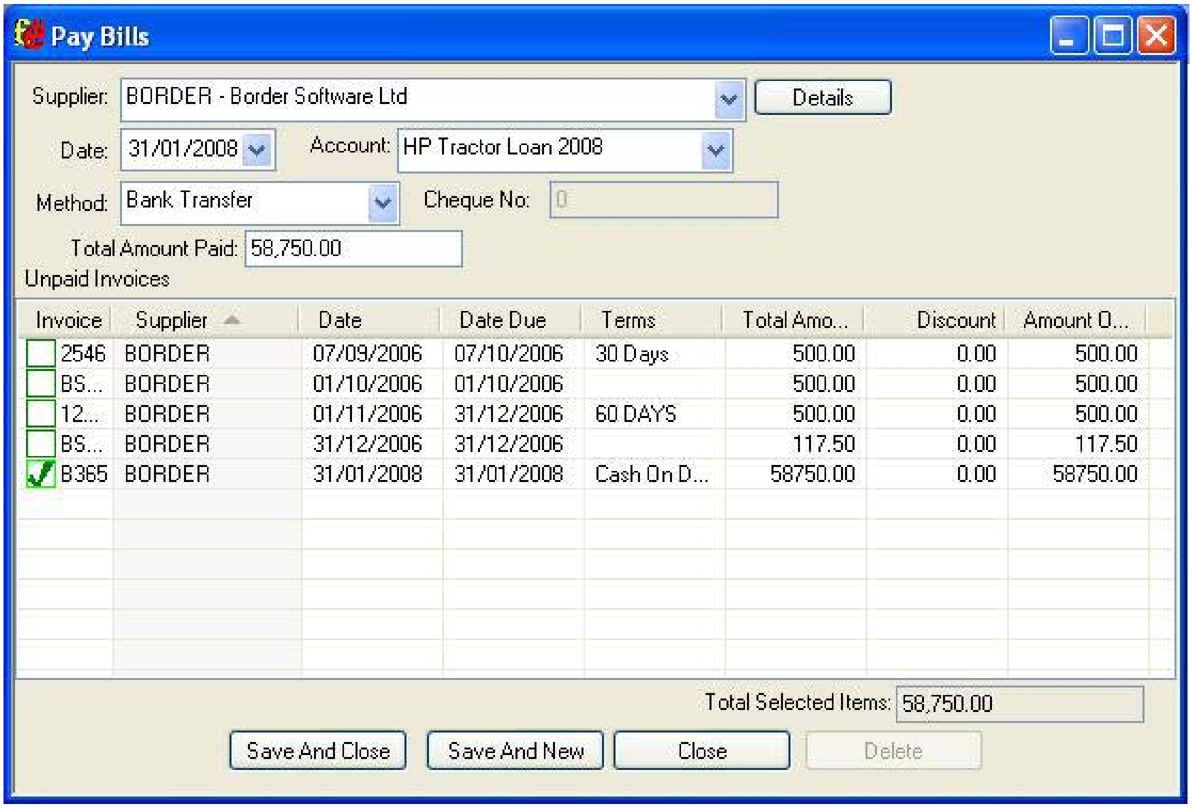
DO NOT set an opening balance; we want to show the account as negative once we pay the bill.

Step 2 - Enter the Bill

Enter the bill in the normal manner.



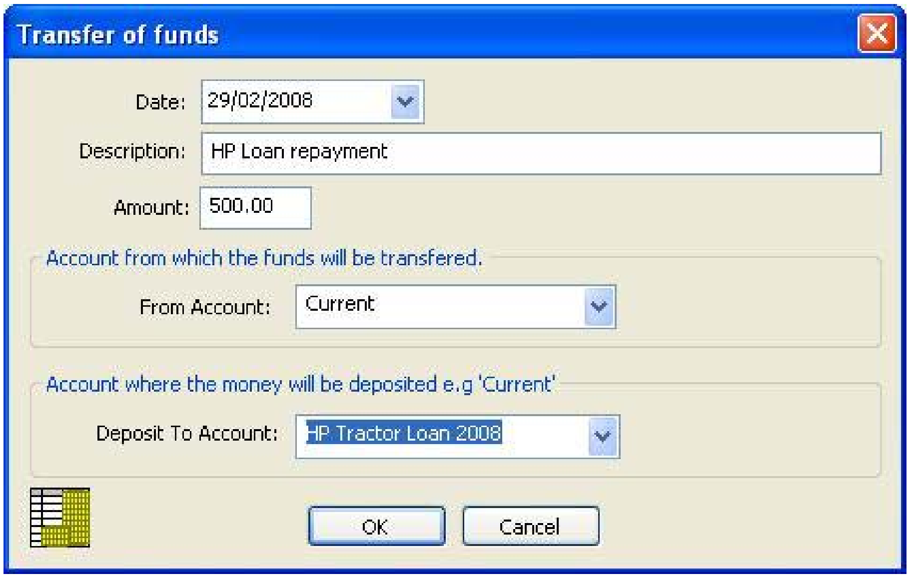
Step 3 - Pay the Bill using the HP loan account



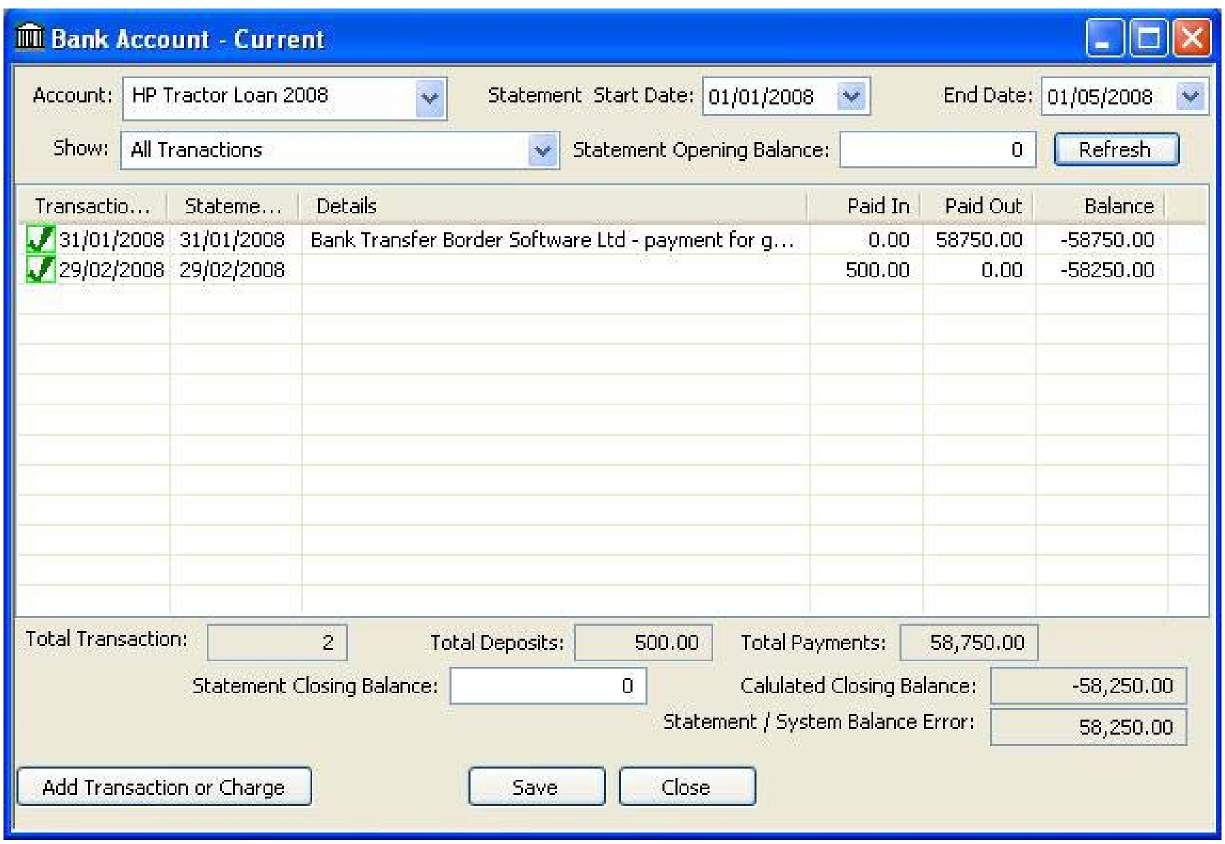
Pay the bill for the equipment in the normal manner but use the new HP Loan account to pay the bill. At this point the bill is paid and the VAT will appear in the VAT quarter. The HP loan account will then be negative thus showing that you owe the money. Reconciling this account will show this.

Step 4 - Monthly repayments

Enter the repayments by transferring funds from the current bank account, to the HP Loan Account. To transfer funds select the 'Transfer funds' option from the 'Banking' menu.



Again reconciling the account will show the balance....



When reconciling the account you may also add any additional charges, interest etc.