Create/Edit G.L. Accounts

PROGRAM NAME: GLMASTER
MENU OPTION TITLE: Create/Edit G.L. Accounts
MAIN MODULE: GENERAL LEDGER
HELP KEY ACTIVE: Yes

PROGRAM OVERVIEW

ACCOUNT STRUCTURE

As you design your accounting structure, starting with your chart of accounts, you should ensure that your structure be within full compliance of generally accepted accounting principals. If you are not sure what this means, then you should consult with a professional accountant to assist you in this task. Here are some general guidelines to assist you in your design.

You will build your account structure to facilitate two primary financial statements. They are; BALANCE SHEET; and PROFIT/LOSS STATEMENT. Therefore, accounts typically range from lowest number to highest number starting with the balance sheet accounts to the profit/loss accounts. The balance sheet accounts are generally in order of liquidity, with the most liquid accounts such as "CASH ON HAND" having a lower number than "FIXED ASSETS". Profit/Loss accounts usually start with the sales/revenue accounts as the lower account numbers and grow larger for cost of sales accounts, gross margin, administrative, sales, advertising, and tax expense accounts.

Below is shown a typical example of a basic account structure for a manufacturing operation.

BALANCE SHEET

ASSETS

10100 CASH ON HAND
10150 CASH IN SAVINGS
10200 ACCOUNTS RECEIVABLE
10300 INVENTORY
10400   FIXED ASSETS
10410   ACCUMULATED DEPRECIATION
10450 NET FIXED ASSETS
10460   TOTAL ASSETS

LIABILITIES

20100 ACCOUNTS PAYABLE
20200 ACCRUED PAYROLL TAXES
20300 ACCRUED PAYROLL AND VACATION
20400 ACCRUED FED INCOME TAX

20500 ACCRUED STATE INCOME TAX
20600 ACCRUED DIVIDENDS
20700 NOTES PAYABLE
20800 TOTAL LIABILITIES

OWNERS EQUITY

30100 COMMON STOCK
30200 RETAINED EARNINGS
30300 CURRENT PERIOD PROFIT/LOSS
30400 TOTAL OWNERS EQUITY

30500 TOTAL LIABILITIES AND OWNERS EQUITY

PROFIT/LOSS STATEMENT

40100 SALES
40200 REFUNDS/RETURNS
40300 BAD CHECKS
40400 SALES TAX
40500 NET SALES

50100 BEGINNING INVENTORY
50200 PURCHASES
50210 PURCHASES FREIGHT
50300 SUBCONTRACTORS EXPENSE
50400 CGS: MFG DEPT A DIRECT LABOR
50410 CGS: MFG DEPT A INDIRECT LABOR
50420 CGS: MFG DEPT A FACTORY OVERHEAD
50430 CGS: MFG DEPT A CUTTERS/FIXTURE EXP.
50500 CGS: MFG DEPT B DIRECT LABOR
50510 CGS: MFG DEPT B INDIRECT LABOR
50520 CGS: MFG DEPT B FACTORY OVERHEAD
50600 TOTAL GOODS AVAILABLE FOR SALE

50700 ENDING INVENTORY

50800 COST OF GOODS SOLD

50900 GROSS MARGIN

60000 ADMIN: SALARIES PAYROLL
60100 ADMIN: CLERICAL PAYROLL
60200 ADMIN: POSTAGE
60300 ADMIN: LEGAL
60400 ADMIN: ACCOUNTING
60500 ADMIN: TRAVEL

60600 ADMIN: BANK FEES
70000 SALES: PAYROLL
70100 SALES: TRAVEL
70200 SALES: PRINTED MATERIALS
70300 SALES: POSTAGE
70400 SALES: TRADE SHOW EXPENSE
70500 SALES: ADVERTISING
80100 SHIPPING: PAYROLL
80200 SHIPPING: SUPPLIES
80300 SHIPPING: FREIGHT OUT
80500   INCOME/LOSS BEFORE TAXES

90100 GEN: FEDERAL INCOME TAX
90200 GEN: STATE INCOME TAX

99999   INCOME AFTER TAXES

MANUFACTURING COST SUPPORT

You will notice directly under the sales section the cost of goods sold section. This would be an example of a multi-department manufacturer. It is important to note the breakdown of accounts in each manufacturing department. There are three basic accounts; direct labor, indirect labor, and factory overhead. You may determine the need to have a more detailed account structure such as for cutter expense etc. You can use this type of account structure to set up for quick determination of manufacturing hourly costs. Here is how it can work!

You will need to make payroll is paid directly to the proper accounts with payroll taxes allocated accordingly, and if accounts payable

Again, NBS highly recommends that you consult with your professional accounting advisors to properly set up your accounting structure. Once you have done this, you will need to consider the closing process necessary to generating the financial statements.

PROGRAM OPERATION