

ABM Support Bulletin # 25 How to Enter Opening Balances

When setting up a new ABM system, the following process is recommended for entering opening balances.

Creation of New Data Set

At the time of data creation, ensure that the dataset is created at the beginning of last financial year (not current financial year). This will ensure that you will be able to backdate the opening balances to prior periods.

Once this has been done, log into the ABM data set and set the Financial and GST Period to the current reporting period (or the reporting period where processing will begin)

Entry of Outstanding Customer & Supplier Invoices

Enter a separate invoice for current, 30, 60 & 90 day balance for each customer/supplier and date accordingly.

For example, if the current period is 30/07/2004 and you want to enter the 30 day balance, date the invoice 30/06/2004

The invoice should be entered as a 'ledger line item' against the Trade Debtors/Creditors account. The transaction should be entered as GSTFREE. (As the opening tax liability would be included in the opening General Ledger Balances).

Entering the transaction this way means there will be nil effect on GL (It will debit & credit Trade debtors/creditors for the same value)

NOTE: If reporting for GST under the "Cash Method", the transactions must be entered as GSTTAXABLE in order for ABM to report them on the BAS when the payments are processed and allocated against these invoices.

Entry of Opening General Ledger Balances

The opening General Ledger balances (including the Bank Balance) would normally be entered from a Trial Balance. This would be printed from the old system or obtained from the Accountant. These can be entered in ABM by selecting Accounts/Journal Entries/Ledger. Enter the required opening balances by using the debit and credit journals to the nominated GL accounts.

These balances would include the opening balance for customer and supplier control accounts, bank account, stock on hand as well as outstanding GST liability.

In ABM version 2.0 and above, the system does not allow journal entry direct to the Bank account. You will need to enter the opening balance via receipts or payments and post to a

Advanced Business Manager Pty Ltd



Suite 2/599 Doncaster Road
Doncaster, VIC 3108
ACN 073 061 677

Email: abmsupport@advancedbusinessmanager.com.au
Tel: (03) 9532 4199 Fax: (03) 9840 1799
Website: www.advancedbusinessmanager.com.au

suspense account. When entering the trial balance you post the bank balance to the suspense account which should bring it to zero.

Entry of Bank Reconciliation Unpresented Cheques and Deposits

Method 1:

Unpresented transactions can be entered from the Cashbook Receipts & Payments entry. Enter the transactions as a 'sundry payment/receipt' against a nominated GL Clearing account (The nominated GL Clearing account must be set up as a dummy Bank account, account group "Local Currency Bank Account")

Once all the entries have been keyed in, enter a Bank Transfer under the Cashbook section to transfer the balance of the Clearing account back against the Bank account to offset.

This will allow the unpresented transactions to be created and the Bank Balance will remain the same (as per original opening balance journal entries)

Method 2:

Enter a receipt/payment to the clearing account for the Statement Balance.
Enter the un-presented receipts/payments to the clearing account.
Journal the balance as per the trial balance to the clearing account.

If the bank was reconciled correctly before setup then the balance on the clearing account should now equal the opening balance for the bank.

Method 3:

Unpresented Payments:

Unpresented payment transactions can be entered from the Cashbook Payments entry. Enter the transactions as a 'sundry payment' against a nominated GL Clearing account.

Once all the payment entries have been keyed in, enter a 'Sundry Receipt' for the total amount of all of the payments. Present the receipt in the bank rec. This will clear the nominated GL Clearing Account and return the bank to the correct opening balance.

Unpresented Receipts:

Unpresented receipt transactions can be entered from the Cashbook Receipts entry. Enter the transactions as a 'sundry receipt' against a nominated GL Clearing account.

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Once all the receipt entries have been keyed in, enter a 'Sundry Payment' for the total amount of all of the payments. Present the payment in the bank rec. This will clear the nominated GL Clearing Account and return the bank to the correct opening balance.

Entry of Job Costing Balances

Most sites just enter a journal against the job for the WIP value. However, if detailed information is required then suggest entering the various costs into the job cost system with the previous period date and process the contra to a suspense account which should then equal the amount of WIP which would be offset by a journal from the opening Trial Balance.

GST Implications

Once the opening balances have been entered in the new system and the user begins to enter live invoices all new live invoices will update the BAS reports accordingly. As it is highly likely that the transition from the old system to the new system is mid month, the BAS reporting will require the user to consolidate and reconcile the BAS information from the old system and the new system in order to obtain an accurate BAS for the month/quarter.

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