



**Champ Systems, Incorporated**

# **A/P Cash/Accrual Financial Reporting User Guide**

For Sage 100 – Version 2017 (Level 5.40)

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## **Introduction**

This enhancement provides the ability for a business to maintain two parallel sets of General Ledger books in two separate companies within Sage 100. One company runs on an accrual basis, which is the Sage 100 standard, and the other company runs on a cash basis. The two companies do not need to use the same fiscal year, but they must use the same chart of accounts. Once the postings are made, any standard Sage 100 reporting tool may be used to generate financial reports from either company. The enhancement is designed so that after the initial setup is complete, all processing is done in the accrual company and the appropriate postings flow from the accrual company to the cash company with minimal extra entry. Only the G/L module is activated in the cash company. The enhancement is configurable so that multiple pairs of cash/accrual companies may exist in Sage 100 as well as companies not using the enhancement.

## **Installation and Registration**

See the separate Installation and Registration Instructions you received with the enhancement. Please read all documentation and have a valid backup prior to installation.

## **Scope of Documentation**

This guide assumes that the standard Sage 100 A/P module has already been installed and that the user is familiar with its operation. This guide describes only the changes associated with the A/P Cash/Accrual Financial Reporting enhancement.

# Setup

## A/P Cash-Basis Company Interface

This new program is on the Accounts Payable Setup Menu and is only run in the accrual company. Prior to accessing this program, **Cash/Accrual** must be activated for the G/L module in the accrual company. When you access this program the first time after a new installation or an upgrade, you will be prompted to convert the data files in order to be able to activate the enhancement. If you answer **Yes** you will be further prompted: **Was Cash/Accrual installed prior to level 4.20?** If you are converting from a level prior to 4.20 and **A/P Cash/Accrual** was activated for this company, answer **Yes** to the prompt; if this is a new installation or the prior level is 4.20 or greater, answer **No**.

The screenshot shows the 'A/P Cash-Basis Company Interface' dialog box. The 'Cash-Basis Company' field is set to 'CAB' and displays 'ABC Dist & Supply Corp. (Cash)'. The 'Conversion Expense' field contains '765-10-00' and is labeled 'Conversion Expense - CAB'. The 'G/L Posting Comment' dropdown is set to 'Invoice Detail'. The 'Data Level' is '5.30', 'Data Sub-Level' is '01', and 'Release Date' is '04/01/2016'. The 'Convert' button is highlighted. The status bar at the bottom shows 'CSI', 'ABC', and '5/10/2010'.

### Cash-Basis Company

This field is display-only. It shows the cash company as set up in **G/L Cash-Basis Company Interface**.

### Conversion Expense

This account need only exist in the cash company. The lookup displays the chart of accounts from the cash company. Refer to the explanation of postings for the **Check and Electronic Payment Update** for the use of this account. It is recommended that you create a new account in the cash company for this rather than use an existing account. A valid account must be entered in before the system will accept the interface record.

### G/L Posting Comment

This option governs the format and summarization of the G/L posting comments when the system posts to the cash company. There are 3 options:

- 1) Summarize by Account: The postings are summarized by each G/L account. The posting remark identifies the register.
- 2) Summarize by Check: The postings are summarized by check. The posting remark includes the vendor code, bank code, check number and check comment.
- 3) Invoice Detail: A separate posting is made for each line of the invoice.

**Data Level, Data Sub-Level and Release Date**

These three fields are display-only and show the current values.

**Convert**

Use this button to convert the A/P data from one level to the next when Sage 100 is upgraded. After an upgrade you should perform the data conversion prior to allowing other users into Sage 100. The data conversion consists of adding new fields to existing Sage 100 files. The conversion logic is such that re-converting the data multiple times will not cause any harm. If you have more than one accrual company defined in Sage 100, you will need to convert each company individually. No data conversion is required for the cash companies.

**Delete**

Use this button to delete the interface record and de-activate **A/P Cash/Accrual** processing for this company.

## Using the Enhancement

The following explanations apply only to using the programs in the accrual company. If you access them a company that is not set up as the accrual company, there are no changes to their standard operation. All standard A/P processing is done in the accrual company. There will not be any visible changes to the standard Sage 100 programs when **Cash/Accrual** is activated except those specifically noted in the documentation.

### Invoice Register Update

During the update, the system posts the original lines as entered in **Invoice Data Entry** to a new file of the invoice detail, AP\_008OpenInvDistrDetail. This file is used to make the G/L postings into the cash company when the invoices are paid.

### Check and Electronic Payment Register Update

This explanation is for the postings in the cash company. The postings are made into the G/L Daily Transaction File in the cash company and must be updated from there into the "live" G/L. The postings in the accrual company are not changed by this enhancement.

During the update, the system posts to **Cash** and generates the G/L postings to the original distribution accounts of the invoices being paid. If a partial payment is made, the system pro-rates the posting to each distribution account on a pro rata basis. When **Cash/Accrual** is first activated, undoubtedly there will be open A/P invoices; therefore, those invoices are not represented in the new AP\_008OpenInvDistrDetail file. When the update encounters such an invoice, in order to offset the posting to **Cash**, the system posts to the **Conversion Expense** account as set up in the **A/P Cash-Basis Company Interface**.

### Manual Check and Payment Register Update

For on-file invoices, this program behaves as described for the A/P Check Register Update. For not-on-file (outside) invoices, the system posts to **Cash** and the invoice distribution accounts as entered. The system posts the original lines as entered to AP\_008OpenInvDistrDetail in case of a later reversal.

### Daily Transaction Register and Update

All postings made to the cash company from the accrual company post into the G/L Daily Transaction file in the cash company. This standard program has been enhanced to allow you to print and update the cash company from the accrual without having to switch companies. After this program has completed running for the accrual company it looks for postings in the cash company. If it finds any, it runs again for the cash company. If Paperless Office is activated, the

register observes the Paperless Office setup established separately for the accrual company and the cash company. During the Update in the accrual company, the system looks to duplicate the Inventory and/or Payroll postings per the options set in **G/L Cash-Basis Company Interface**.

Per standard Sage 100, if you run this from the A/P menu, only A/P postings will print. If you run it from the G/L menu, all postings will print.

Even if you answer **No** to the update prompt in the accrual company, the program will still run for the cash company; however, if postings from I/M or P/R are being duplicated, you must update in the accrual company in order to duplicate those postings in the cash company.

## **Delete and Change Vendors**

When this utility updates the A/P Open Invoice file, the same changes are applied to the AP\_008OpenInvDistrDetail\_008 file.

## **Remove Zero Balance Invoices**

When zero balance invoices are removed by the system using the utility or during **Period-End Processing**, the system removes the records associated with each open from the AP\_008OpenInvDistrDetail file.

## Frequently Asked Questions

**Can I activate or run A/P Cash/Accrual without G/L Cash/Accrual already being activated?**

No.

**Does any module except G/L need to be activated in the cash company?**

No. All A/P processing is done in the accrual company so it is done only once.

**Does this enhancement change the standard Sage 100 processing and postings in the accrual company?**

No. Standard Sage 100 processes A/P on an accrual basis. This enhancement creates postings in the cash company from A/P on a cash basis.

**If only G/L is active in the cash company, how do I set up the A/P Daily Transaction Register to print to Paperless Office?**

In Journal and Register Maintenance for the cash company, choose 'All Modules' and 'All Documents'.

**How do I convert the new company to be on a cash basis?**

Champ Systems, Inc. is not an accounting firm; therefore, we do not provide accounting advice. Before following either of the methods listed below, check with your accountant as to the suitability of these for your company.

Method A: If the new cash company only has the chart of accounts and no postings, then you will need to make G/L journal entries to establish the balances on a cash basis. As existing invoices are paid, the system will credit **Cash** and debit the **Conversion Expense** account. If you know the original distribution of the open invoices, you may use **G/L Journal Entry** to move the posting from the **Conversion Expense** account to the original distribution account. Once the invoices that were open when you activated **Cash/Accrual** are paid in full, no further postings should be made to the **Conversion Expense** account.

Method B: If you copied your existing company using **Company Maintenance** to create the cash company, then all G/L transactions are in the cash company. In the cash company, create a new account for the **Conversion Expense** account. Use **General Journal Entry** to zero-out the balance in the **Accounts Payable** account. Normally, **Accounts Payable** has a credit balance so debit it and post the offset (a credit) to the **Conversion Expense** account. This removes the **Accounts Payable** account from the Balance Sheet of the cash company and creates an offset to the expenses that have already been posted to the P&L. As existing invoices are paid, the system will credit **Cash** and debit the **Conversion Expense** account, eventually clearing the original posting. This method does not correct the postings to the individual expense accounts, but only offsets them in total. If you wish to correct the individual expense accounts, use **General Journal Entry** as noted in Method A.