

MODULE 2: CHART OF ACCOUNTS

Module Overview

General Ledger is the central application area of **MICROSOFT DYNAMICS® NAV 2013** that is used to post, summarize and report financial information.

Two main components of the General Ledger application area are the Chart of Accounts and G/L Budgets. The Chart of Accounts provides quick access to G/L accounts and balances, and the budgets feature provides a comparison between actual amounts and budgeted amounts, by using a combination of G/L accounts, periods, and dimensions.



Note: Because G/L budgets are used in financial reporting, the setup and use of G/L budgets is covered in the course *Finance Advanced in Microsoft Dynamics NAV 2013*.

Objectives

The objectives are:

- Explain how to use the Chart of Accounts.
- Explain the elements of the G/L Account Card.
- Explain the elements of the G/L Account Card ribbon.

Explain the elements of the Chart of Account ribbon.

Chart of Accounts Overview

The income statement and balance sheet are two important company reports.

An account in the income statement and the balance sheet is called a G/L account, and all the G/L accounts make up the **Chart of Accounts** list.

You use G/L account cards to create and edit G/L accounts.

G/L Account Card

In the **Chart of Accounts** list, all G/L accounts are available and can be viewed at one time. However, there is also a **G/L Account Card** for each account, and this can be accessed from the **Chart of Accounts** list.

The G/L account card has five FastTabs that are explained in the following section.

General FastTab

To open a G/L account card page, follow these steps.

1. In the **Search** box, enter **Chart of Accounts**, and click the related link.
2. Select the relevant account to view.
3. On the **Home** tab, click **Edit**.



Best Practice: You can also double-click the line of the relevant account to open the G/L account card.

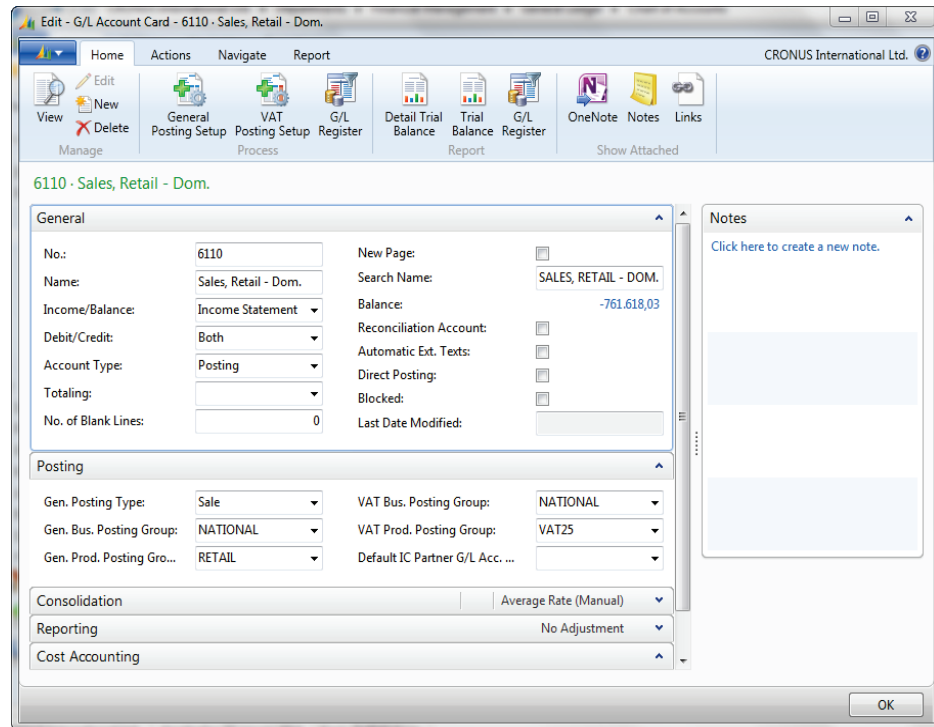


FIGURE 2.1: G/L ACCOUNT CARD WINDOW

The **General** FastTab contains the following fields:

- **No.:** The number of the G/L account.
- **Name:** The name or description.
- **Income/Balance:** Indicates whether the account is classified as an income statement or a balance sheet account. This field is important to determine whether an account must be closed in the fiscal year-end.
- **Debit/Credit:** Indicates the type of entries that will be posted to this account. The selection made does not restrict the type of transaction posted to the account.
- **Account Type:** Indicates the purpose for the account in the different list, journals, and reports. The following options are available:
 - **Posting:** The only account type where entries can be posted.
 - **Heading:** Used for description and reporting purposes only.
 - **Total:** Used to total the accounts nominated in the **Totaling** field.
 - **Begin-Total:** Marks the beginning of an account range in the **Totaling** field.
 - **End-Total:** Marks the end of an account range in the **Totaling** field.

- **Totaling:** Specifies an account interval or a list of account numbers. The program will total the entries of the accounts displayed in this field. Totaling formulas are possible for G/L accounts of the account type **Total** and **End-Total**.
- **No. of Blank Lines:** Determines the number of blank lines to insert before the account is displayed in a report.
- **New Page:** Determines whether a new report page is printed after the account is displayed in the report.
- **Search Name:** Used to search for a particular account when the account number cannot be recalled.
- **Balance:** Displays the current balance of the account. Click the balance amount to access the **General Ledger Entries** list.
- **Reconciliation Account:** Determines whether the G/L account is included in the **Reconciliation** list in the general journals. Use the **Reconciliation** list before posting to review the effect of posting the accounts in the journal.
- **Automatic Ext. Texts:** If this is selected, extended text set up on the accounts is automatically added to the sales and purchase documentation in the **Description** field. If this is not selected, extended text can still be set up on the account and added to documents manually. To create the extended text, click **Extended Text** in **Navigate** tab.
- **Direct Posting:** Indicates whether posting can move directly into this account from a journal line. Be aware that this field is automatically selected when new accounts are created. G/L accounts such as the receivables (trade debtors) account, that are posted based on posting groups, are usually only set up for indirect posting.
- **Blocked:** If you select it, this field prevents entries from posting to this account. Accounts can be blocked and reopened as needed.
- **Last Date Modified:** System generated field that displays the date the G/L account is last changed.

Posting FastTab

The **Posting** FastTab contains the following fields that determine how the G/L and value-added tax (VAT) transactions are recorded.

- **Gen. Posting Type:** Defines whether the account is used only for a Sale or Purchase transaction or with both types of transactions. This field is used with the **VAT Bus. Posting Group** and **VAT Prod. Posting Group** fields to determine where the system will posts VAT. The following options are available:

- **<Blank>**
- **Purchase**
- **Sale**
- **Gen. Bus. Posting Group:** Identifies the default general business posting group for the account. This field is used together with the Gen. Prod. Posting Group and Gen. Posting Type fields to find the G/L accounts to post to for sales, purchases, discount amounts, Cost of Goods Sold (COGS), and inventory adjustments. Because the general business posting group indicates whom you sell-to or buy-from, the customer's or vendor's general business posting group takes priority over the G/L account's general business posting group. When there is no customer or vendor involved in a transaction, the program will use the G/L account's general business posting group.
- **Gen Prod. Posting Group:** Identifies the default general product posting group for the account. This field is used with the **Gen. Bus. Posting Group** and **Gen. Posting Type** fields to find the G/L accounts to post to for sales, purchases, discount amounts, COGS, and inventory adjustments. The general product posting group of an item takes priority over the G/L account's general product posting group.
- **VAT Bus. Posting Group:** Identifies the default VAT Business Posting Group for the account. This field is used with the **VAT Prod. Posting Group** and **Gen. Posting Type** fields to determine the VAT percentage and the VAT calculation type and to find the G/L accounts where the program posts VAT. Because the VAT business posting group indicates whom you sell-to or buy-from, the customer's or vendor's VAT business posting group takes priority over the G/L account's VAT business posting group. When there is no customer or vendor involved in a transaction, the program will use the G/L account's VAT business posting group.
- **VAT Prod. Posting Group:** Identifies the default VAT Product Posting Group for the account. This field is used with the **VAT Bus. Posting Group** and **Gen. Posting Type** fields to determine the VAT percent and the VAT calculation type and to find the G/L accounts where the program posts VAT. The VAT product posting group of an item takes priority over the G/L account's VAT product posting group.
- **Default IC Partner G/L Acc. No.:** Identifies the default Intercompany (IC) G/L account number for this G/L account. When you enter this G/L account in an intercompany general journal, the IC G/L account specified in this field is used as the default balancing account number.

After the posting types and the posting group codes are assigned to a G/L account, these codes are automatically inserted in a journal, sales, or purchase line when the G/L account is selected.



Note: If the general posting groups are set up with default VAT posting groups, the VAT posting group fields are automatically populated with the default values when the general posting group(s) is selected.

Consolidation FastTab

The **Consolidation** FastTab contains the following fields that specify the link with the consolidated company:

- **Consol. Debit Acc.:** Specifies the number of the account in a consolidated company that you will transfer debit balances to on this account.
- **Consol. Credit Acc.:** Specifies the number of the account in a consolidated company that you will transfer credit balances to on this account.
- **Consol. Translation Method:** Contains the consolidation translation method that will be used for the account. The translation methodology identifies the currency translation rate to be applied to the account.



Note: For more information about the fields that appear on the **Consolidation** FastTab, refer to the Help.

Reporting FastTab

The **Reporting** FastTab specifies how general ledger accounts will be adjusted for exchange rate fluctuations between the local currency (LCY) and the additional reporting currency, if you post in an additional reporting currency.

More information on the additional reporting currency is available in the *Finance Advanced in Microsoft Dynamics 2013* courseware.

Cost Accounting FastTab

The **Cost Accounting** FastTab specifies a cost type number to establish the cost type that a general ledger account belongs to.

More information on cost accounting is available in the *course Finance Advanced in Microsoft Dynamics NAV 2013*.

Create an Account in the G/L Account Card

To create an account in the **G/L Account Card**, follow these steps.

1. In the **Search** box, enter **Chart of Accounts**, and click the related link.
2. In the **Home** tab of the ribbon, click **New**.
3. On the **General** FastTab, in the **No.** field, enter the account number.
4. In the **Name** field, enter a description.
5. In the **Income/Balance** field, click the drop-down list and select the relevant option.
6. In the **Account Type**, field, click the drop-down list and select the relevant option.
7. If it is necessary, enter the range in the Totaling field.



Note: By running the **Indent Chart of Accounts** function, the **Totaling** field is populated automatically.

8. If it is necessary, enter a value in the **No. of Blank Lines** field.
9. Enter check marks in the check boxes as is needed.
10. On the **Posting** FastTab, in the **Gen. Posting Type** field, click the drop-down list and select the relevant option.
11. In the **Gen. Bus. Posting Group** field, click the drop-down list and select the relevant option.
12. In the **Gen. Prod. Posting Group** field, click the drop-down list and select the relevant option.
13. Enter information on the **Consolidation, Reporting and Cost Accounting** FastTabs as necessary.
14. Click **OK** to close the G/L account card.

To assign a dimension to the G/L account, follow these steps.

1. In the **Navigate** tab of the ribbon, click **Dimensions** and then select **Dimensions-single**.
2. In the **Dimension Code** field, click the drop-down list and select the relevant dimension from the list.
3. In the **Dimension Value Code** field, click the drop-down list and select the relevant dimension value from the list.
4. If there are dimension posting requirements, in the **Value Posting** field, click the drop-down list and select the appropriate option.
5. Close the **Default Dimension** and the **G/L Account Card**.

When you use begin-total and end-total accounts, you can use the **Indent Chart of Accounts** function to do the following:

- Indent the G/L accounts between the begin-total account and the end-total account.
- Populate the totaling field of the end-total account.

To indent the new G/L account, follow these steps.

1. In the **Chart of Accounts** list, locate and select the new account.
2. Click **Actions**, point to **Functions**, and then click **Indent Chart of Accounts**.
3. Click **Yes** to run the indent function.
4. Close the **Chart of Accounts** list.

G/L Account Card Ribbon

The G/L account card ribbon provides several functions and overviews related to the G/L account. The following tabs are available in the ribbon:

- **Home**
- **Actions**
- **Navigate**
- **Report**

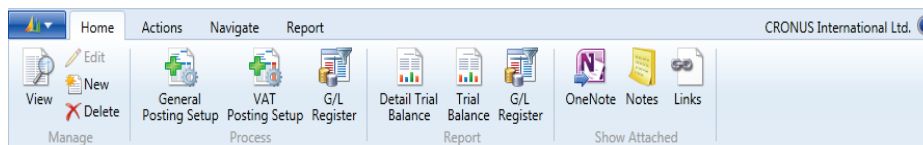


FIGURE 2.2: G/L ACCOUNT CARD RIBBON

Home Tab

From the **Home** tab, you can view, edit, delete, or create a new G/L account.

The following single-click accesses are also available from the **Home** tab:

- General Posting Setup
- VAT Posting Setup
- G/L Register
- Detail Trail Balance
- Trial Balance

Additionally, you can show information attached to the G/L account from the following sources:

- OneNote
- Notes
- Links

Actions Tab

The **Actions** button provides the most relevant navigation accesses for the **G/L Account Card**.

You can use the **Apply Template** function to create G/L accounts by using **Data Templates**. Data templates are part of the Rapid Start tool. This tool is explained in the *Application Setup in Microsoft Dynamics NAV 2013* content.

Navigate Tab

You can use the **Navigate** tab to display information about the balances and transaction amounts for the account. You can also open the set up windows for the relevant G/L account.

The **Navigate** tab provides single-click access to the following functions and overviews:

- **Ledger Entries:** Display all ledger entries for the account.
- **Comments:** Display or enter comments that relate to the account.
- **Dimensions:** Display or enter default dimensions for the account.
- **Extended Texts:** Display or enter extended test for the account.
- **Receivables-Payables Overview:** Provides a summary of the following:
 - Expected net operational cash flow from customers and vendors over time.
 - Open customer and vendor ledger entries sorted by their Due Date instead of Posting Date.

This summary can be viewed by the:

- Period, such as daily, monthly, or quarterly.
- Expected cash flow movement for a period by clicking the **Net Change** option.
- Expected net balance of outstanding customer and vendor balances at any date by clicking the **Balance at Date** option.
- **Where-Used List:** Displays a list of tables where this G/L account is used.

- **G/L Account Balance:** Displays the balance or net change for the G/L account over time.
- **G/L Balance:** Displays the balance or net change for all G/L accounts for a specific period.
- **G/L Balance by Dimension:** Displays balance or net change information for all accounts. The information displayed in columns and lines can be set to one of the following views:
 - G/L account
 - Period
 - Global dimensions 1 and 2
- **General Posting Setup:** Specifies which accounts will be used to post sales, purchases, discounts, COGS, and inventory adjustments.
- **VAT Posting Setup:** Consists of combinations of VAT business posting groups and VAT product posting groups. You can set up as many combinations that you must have and link various G/L accounts to each combination.
- **G/L Register:** Contains the general ledger register that is created every time that a general ledger entry is posted.

Report Tab

On the **Report** tab, you can run the following reports:

- **Detail Trial Balance:** Shows a detail of the entries for selected general ledger accounts.
- **Trial Balance:** Shows the chart of accounts that have balances and net changes.
- **Trial Balance by Period:** Shows the opening balance by general ledger account, the movements in the selected period of month, quarter, or year, and the resulting closing balance.
- **G/L Register:** Contains the general ledger register that is created every time that a general ledger entry is posted.

Lab 2.1: Create a Revenue Account

Scenario

A new revenue account must be created for miscellaneous sales. Because you are the accounting manager at CRONUS International Ltd., it is your responsibility to use the following information to set up the new account by using the G/L Account Card.

- Miscellaneous Sales, account number 6140, is an income statement account that is used to accumulate transactions.
- You can use direct posting.
- The posting groups are as follows:

Field	Value
Gen Posting Type	Sale
Gen. Bus. Posting Group	NATIONAL
Gen. Prod. Posting Group	MISC
VAT Bus. Posting Group	NATIONAL
VAT Prod. Posting Group	VAT25

Make sure that the Account Types are formatted and the hierarchy is established.

Exercise 1: Create a Revenue Account

Task 1: Create the revenue account by using the information that is provided in the scenario.

High Level Steps

1. Open a new **G/L Account Card** page.
2. Complete the **General** FastTab by using the information that is provided in the scenario.
3. Complete the **Posting** FastTab by using the information that is provided in the scenario.

Detailed Steps

1. Open a new **G/L Account Card** page.
 - a. In the navigation pane, click **Departments** and then click **Financial Management**.
 - b. In the **Financial Management** page, click **General Ledger**, and then click **Chart of Accounts**.
 - c. In the Action Pane, select the **New** button.

2. Complete the **General** FastTab by using the information that is provided in the scenario.

In the **General** FastTab enter the following:

- a. In the **No.** field, enter 6140.
 - b. In the **Name** field, enter Sales, Miscellaneous.
 - c. Make sure that the **Income/Balance** field displays Income Statement.
 - d. Make sure that the **Account Type** field displays Posting.
 - e. Make sure that a check mark is in the **Direct Posting** field.
3. Complete the **Posting** FastTab by using the information that is provided in the scenario.

In the **Posting** FastTab enter the following:

- a. In the **Gen. Posting Type** field, click the drop-down list and select Sale.
- b. In the **Gen. Bus. Posting Group** field, click the drop-down list and select NATIONAL.
- c. In the **Gen. Prod. Posting Group** field, click the drop-down list and select MISC.
- d. Press **Enter** or **Tab**. The VAT posting group fields are automatically populated based on the general posting group selections.
- e. Close the **G/L Account Card**.

Task 2: Run the function to align the account display.

High Level Steps

1. Run the **Indent Chart of Accounts** function.

Detailed Steps

1. Run the **Indent Chart of Accounts** function.
 - a. In the **Chart of Accounts** list, in the **Home** tab of the ribbon, click **Indent Chart of Accounts**.
 - b. Click **Yes** to run the indent function.
 - c. Review the new account; notice that it is indented with the other sales accounts in the same range.

Chart of Accounts

The Chart of Accounts page contains the same fields that are on the G/L Account Card page but here they are in a table format. In addition to the information on the individual account cards, the Chart of Accounts list displays the current Net Change and Balance information for the accounts.

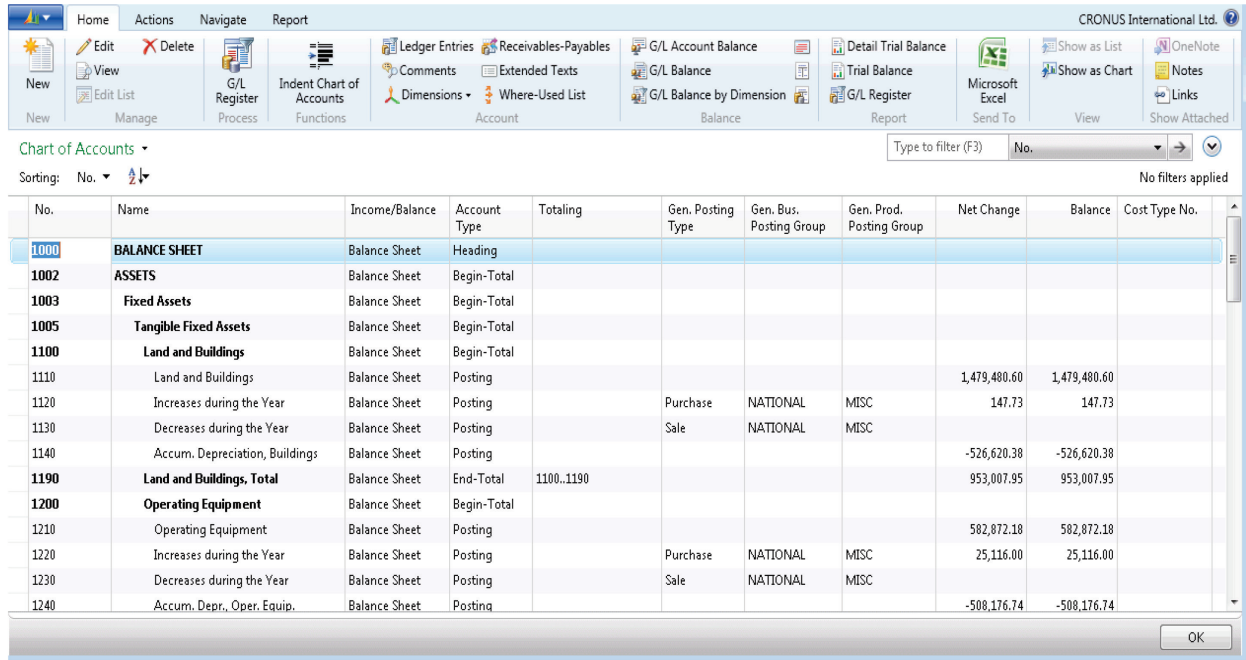


FIGURE 2.3: CHART OF ACCOUNTS WINDOW

Chart of Accounts Page

The **Chart of Accounts** page contains a ribbon with options that resemble the **G/L Account Card**:

- Home
- Actions
- Navigate
- Report

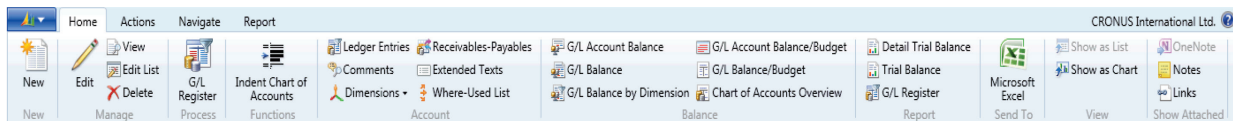


FIGURE 2.4: CHART OF ACCOUNT HOME TAB

To use the options for an account in this page, select the line and then select one of the options.



Note: Because most of the functions of the **Chart of Accounts** ribbon resemble those that are on the **G/L Account Card** ribbon, only those that are different will be explained in the following section.

Home Tab

Compared with the **G/L Account Card**, the **Home** tab of the **Chart Of Accounts** contains the following additional functions:

- **Indent Chart of Accounts:** Indents the accounts according to the defined hierarchy. Establishes the hierarchy by using the account types **Begin-Total** and **End-Total**. Account numbers within this range are included in the end-total range in the **Totaling** field.
- **Show as List:** Shows the page as a list. This is the default layout for all list locations.
- **Show as Chart:** Shows the page as a chart. This is done by selecting a measure and a dimension. The following example shows the net change of the end-total accounts.

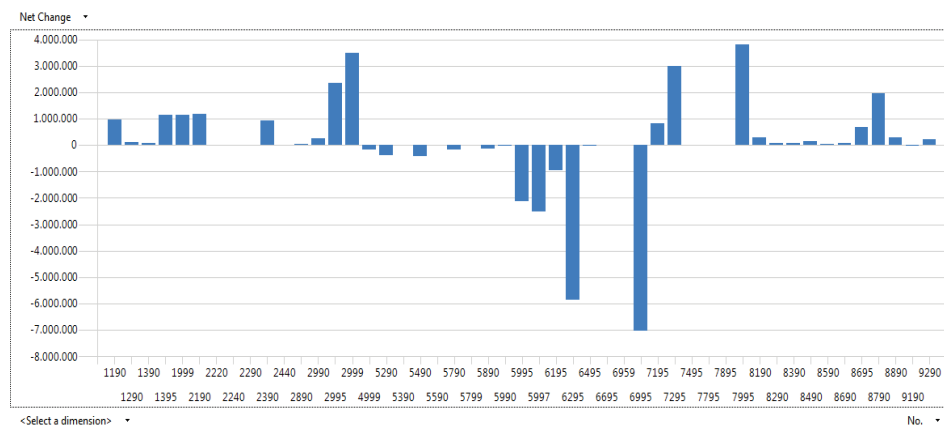


FIGURE 2.5: CHART OF ACCOUNTS IN THE CHART OVERVIEW

Actions Tab

The **Find** function helps you find accounts by searching on the fields displayed in the chart of accounts. The columns added with the **Choose Columns** function will also become available in the **Find** function.

Navigate Tab

Compared with the **G/L Account Card**, the **Navigate** tab of the **Chart Of Accounts** contains following additional functions:

- **Dimensions:**
 - **Dimensions - Single** - The same function as the Dimensions function on the account card.
 - **Dimensions - Multiple** - Used to assign the same default dimensions to multiple accounts.

Because the Chart of Accounts page is a list of accounts, you can assign the same default dimensions to several accounts by selecting the relevant account lines. Therefore, reducing the entry time is needed for setting up default dimensions.

- **Chart of Accounts Overview:** Displays the Chart of Accounts with different levels of detail. Use the expand and collapse feature to view only header and footer accounts, or all the accounts in between.

Assign the Same Dimensions to Multiple G/L Accounts

To assign the same dimensions to multiple G/L Accounts, follow these steps.

1. In the **Chart of Accounts** page, select all the accounts to assign dimensions to.
2. Click the **Home** tab, click **Dimensions** and then click **Dimensions - Multiple**.
3. Click **New** to create a new dimension.
4. Fill in the **Dimension Code**, **Dimension Value Code**, and **Value Posting** fields.
5. Close the **Default Dimension-Multiple** page.
6. Verify that the dimension is assigned to multiple accounts by selecting an account, clicking **Dimensions**, and then **Dimensions – Single** in the **Home** tab.
7. Close the **Default Dimension** page and repeat step 5 for a different account.

Lab 2.2: Assign a Dimension to Multiple Accounts

Scenario

All sales should be posted to the DEPARTMENT dimension SALES. This should be a mandatory dimension and dimension value, where SALES is the only possible dimension value.

As the accounting manager, it is your responsibility to set up the default dimension by using the following criteria:

- G/L accounts 6100 to 6955.
- The SALES dimension value of the DEPARTMENT dimension should be assigned.

Use the value posting to make the dimension and dimension value mandatory.

Exercise 1: Assign a Dimension to Multiple Accounts

Task 1: Select the Sales G/L Accounts

High Level Steps

1. Open the chart of accounts page, locate and select the sales G/L accounts.

Detailed Steps

1. Open the chart of accounts page, locate and select the sales G/L accounts.
 - a. In the navigation pane, click **Departments**, and then click **Financial Management**.
 - b. In the **Financial Management** page, click **General Ledger**, and then click **Chart of Accounts**.
 - c. Select the lines of accounts 6100 to 6955.

Task 2: Assign a Default Dimension

High Level Steps

1. Open the **Default Dimensions-Multiple** page and assign the default dimension.

Detailed Steps

1. Open the **Default Dimensions-Multiple** page and assign the default dimension.
 - a. In the **Navigate** tab, click **Dimensions**, and click **Dimensions-Multiple**.
 - b. In the **Home** tab, click **New**.

- c. In the **Dimension Code** field, click the drop-down list and select **DEPARTMENT**.
- d. In the **Dimension Value Code** field, click the drop-down list and select **SALES**.
- e. In the **Value Posting** field, click the drop-down list and select **Same Code**.
- f. Click **OK**.

Module Review

Module Review and Takeaways

As the core component of a company, the Chart of Accounts lesson covered the **G/L Account Card** and the **Chart of Accounts** page, and the process for creating G/L accounts. This lesson also covered additional functions such as, indenting the chart of accounts, and assigning default dimensions to multiple accounts.

Understanding the Chart of Accounts is essential when users are working in Microsoft Dynamics NAV 2013.

Test Your Knowledge

Test your knowledge with the following questions.

1. What function is used to create default G/L account setups for accounts that are frequently created, such as expenses?
 - () Assign Template
 - () Enter Template
 - () Import Template
 - () Apply Template
2. In the G/L Account Card, what field is used to determine which accounts are closed during the fiscal year end closing process?
 - () Reconciliation Account
 - () Debit/Credit
 - () Account Type
 - () Income/Balance
3. What is true about the chart of accounts page?
 - () You cannot change the name of an account, using the chart of accounts page.
 - () You cannot set up a graphical overview of all the G/L accounts with a negative balance, using the chart of accounts page.
 - () You can create new G/L accounts from the chart of accounts page.
 - () You cannot export the chart of accounts to Word and Excel.

4. How do you define a G/L account as a sales account?
- () By selecting the Sales Account check mark.
 - () By assigning a general business posting group that is linked to a sales account.
 - () By assigning a general product posting group that is linked to a sales account.
 - () By linking the combination of the general business posting group and general product posting group to a sales account.
 - () By selecting Sale in the Gen. Posting Type field.
5. Direct posting is typically not enabled for G/L accounts on which only system-generated transactions are posted. For which of the following G/L account would you not select direct posting?
- () Receivables account
 - () Cash account
 - () Office supplies account
 - () Inventory Finished Goods account

Test Your Knowledge Solutions

Module Review and Takeaways

1. What function is used to create default G/L account setups for accounts that are frequently created, such as expenses?
 - Assign Template
 - Enter Template
 - Import Template
 - Apply Template

2. In the G/L Account Card, what field is used to determine which accounts are closed during the fiscal year end closing process?
 - Reconciliation Account
 - Debit/Credit
 - Account Type
 - Income/Balance

3. What is true about the chart of accounts page?
 - You cannot change the name of an account, using the chart of accounts page.
 - You cannot set up a graphical overview of all the G/L accounts with a negative balance, using the chart of accounts page.
 - You can create new G/L accounts from the chart of accounts page.
 - You cannot export the chart of accounts to Word and Excel.

4. How do you define a G/L account as a sales account?
 - By selecting the Sales Account check mark.
 - By assigning a general business posting group that is linked to a sales account.
 - By assigning a general product posting group that is linked to a sales account.

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- By linking the combination of the general business posting group and general product posting group to a sales account.
 - By selecting Sale in the Gen. Posting Type field.
5. Direct posting is typically not enabled for G/L accounts on which only system-generated transactions are posted. For which of the following G/L account would you not select direct posting?
- Receivables account
 - Cash account
 - Office supplies account
 - Inventory Finished Goods account

