

## Instruction Notes

# SALES LEDGER

### Bringing Forward the Balances

The system is made operational by preparing a list of customers who owe your business money with the amounts that they each owe and then taking a grand total of these amounts (balances)

Individual ledger cards (LSP1 or LSP1A) are headed up for each of these customers with their name, address and any relevant details i.e. phone number and contact names. Customer statements are also headed up with name and address.

A journal sheet (JSP8/JSP33/JSP31A) is put in place on the writing board(2530) and headed up "Balances Brought Forward Month ..." (whichever month and year applies). The cards and statements for each customer are taken in turn and placed on the writing board over the journal(JSP8/JSP33/JSP31A) card first and statement on top of card, so that the columns match. The board has a spring clamp device which locks in place and lifts to allow the card and then statement to be put in the correct position. The deckled edge of the card lines up against the studs of the board ensuring accurate alignment with the journal below. The first free line of each card lines up with the next free line on the journal. There are line numbers on the journal to assist you.

Write account rendered on the statement and the balance owed by the customer in the new balance column of the statement. These details will automatically transfer to the ledger card and journal. Write the customers name in the reference column on the right hand side. Carry on until all the balances are entered on the cards and statements and then total the new balance column. The total should be the same as the grand total taken in the first place.

This being correct take the journal and file it away in the journal binder (JBP18).

### Control Card

Take a ledger card LSP1/LSP1A. Head it up Sales Ledger Control. Enter the total of the balances outstanding (amount in total your customers owe you in total) in the column headed New Balance. Put this away until the end of the months postings.

### Posting the Months Invoices

Take another journal (JSP8/JSP33/JSP31A) and head this up with the month and year in question. Head up the analysis columns on the right hand side with the sales headings which apply to various transactions of your business.

Take the statement and ledger card (LSP1/LSP1A) for the first customer. Put these in place on the journal sheet as before. Then record the date, details, invoice total and reference in the columns indicated on the statement. Add this to any balance outstanding (in this case of a new customer you will head up another card and statement). The balance in the column marked up new balance will be greater than the previous total unless there was no previous balance in that column (ie customer who has purchased goods since the commencement of the system). Enter the previous balance figure should there have been one in the column marked "Previous Balance". Write the customers name in the column marked "Reference". Write the amount of the invoice in the appropriate balance column.

Carry on with this until all the invoices for the month are entered up. You will have a journal sheet (JSP8/JSP33/JSP31A) showing a list of all the customers who have had goods or services from you with a total of all the invoices sent to them and these invoices analyzed out on the right had side of the journal so that you have totals of the different products you have sold or the various services your business provides.

As you complete a journal sheet total all the columns and write the totals in pencil in the shaded line that is headed Carried Forward. The total of the analysis columns added together should be the same as the total of the column headed "Invoices". If not first check that the columns are added up correctly, then that all the invoice totals have been carried over to the analysis columns correctly or have not been missed.

The total of the column marked New Balances on Ledger Cards less the total of the column marked Previous Balances on Ledger cards should be the same as the total of the column headed Invoices. If this is not correct first check your addition of the columns then check the addition as you have entered the invoices on to the statement and card. If you find an error please remember to correct this on the statement, card and journal.

Never be tempted to carry on without balancing each journal sheet as mistakes are then carried forward and it will be far more difficult to correct these. Should you have had many subsequent invoices for one particular customer this will involve corrections from the time of the error. Also your information will be wrong should you want to consult the ledger to find out the situation regarding a customers account.

If you need to move forward onto another journal sheet carry these totals forward to the next sheet entering them on the top shaded line marked Brought Forward.

### **Credit Notes**

If you have to give a customer a credit note this means that the amount of sales has decreased. Enter the date, details, the amount of the credit note circled in the column headed Invoices and the reference number. Deduct this from the Balance. If you ever ended up with a credit balance show this circled. Enter the amount of the credit note again circled in the appropriate analysis column so that the amount of the goods or services in that area decreases. (When you add up the columns remember to take

away any credits or credit balances do not add them on).

## **Cash Received**

Take a pink cash book journal (PCB6/PCB2A). Place this on the writing board(2530). Follow the same procedure for posting invoices but enter the amount with date, the word "Paid" under the Details column, enter the payment in the column headed Amount and take this away from the balance and then enter the previous balance in the next column marked Previous Balance as before. Enter the name of the customer paying in the column headed "Detail".

*N.B. This journal (PCB6/PCB2A) is designed to be used for both sales and purchase ledger and in the latter case is used as a cash book in conjunction with cheques. Therefore please disregard references to Cash Paid and the Bank Balance column)*

## **Discounts**

Normally discounts are dependent on prompt payment and would be taken at the payment stage. Show the net amount under payment, the amount of discount is entered in the "Discount" column and these added together are taken from the new balance. If you wish to show a discount to the customer and this is not dependent on their paying within a stipulated time or adhering to certain conditions then you can post this when you post the invoice showing the net amount and the discount in the discount column and then adding the net amount on to the balance column and posting the net amount to the analysis. This discount total in this case does not come into the balancing procedure.

## **Balancing the Cash Received Journal**

Balance the journal once completed in the same way as before ie total the columns but this time subtract the new balances from the previous balance and this should be the same as the total of the "Payments" column plus the total of the "Discount" column should you have entered any discounts.

## **Month End**

At month end balance off the sales journal (JSP8/JSP33/JSP31A) and cash received journal (PCB6/PCB2A) and start afresh with new journals for the next month.

Take the Control Card started off when you completed bringing your balances forward. Enter month and year in the date column, then enter the word "Invoices" in the "Detail" column and enter the final total of the invoices column of the (JSP8/JSP33/JSP31A) for the month in the Invoices column of the card and add this figure to the balance. On the next line down write in the word "Payments" take the final total of the Payments Column plus the Discount column of the PCB6/PCB2A for the month and subtract this from the balance. This final figure is the amount that your creditors owe you to date. Take the ledger cards and total the balances. The total of the balances on the cards should be the same as the total on the control card.

## **Aged Accounts**

If you wish a journal sheet (AA3) can be provided which will help you with your credit collection. Take each customers card and enter up the final balance in the column headed "Balance Owing", then write the customers name in the column headed "Account". If you wish you can break this total down month by month on the right hand side of the journal. The first column headed "Last Month" is for the total of invoices sent to that customer during the month you have just completed. If the customer still owes you for the month prior to that then enter the total of invoices from that month into the column headed "One Month", if there is anything owing from the month before that enter this amount into the next column headed "Two Months" and so on going back in time. On completion the total of the columns on the right hand side should be the same as the total of the "Balance Owing" column. The total of the "Balance Owing" column should be the same as the final total on the Control Card. (If you are running an Aged Balance procedure there is no need to add up the cards at month end as you have done a cross check by copying the balances out on the Aged Account Journal and totalling this. There is provision for noting any action taken on your part to collect any outstanding debts. On the left hand side of this journal there are columns in which you can note any reminders to customers such as letter, phone calls etc. and you can write any comments etc. under "Action".

### **Finding Errors**

If you do not balance after you have added up the columns on the journals, perhaps the total of the analysis columns do not agree with the total of the Invoices column or the difference between the New Balances column and the Previous Balances column does not come out the same as the total of the "Invoices" column - follow this procedure for looking for the mistake.

- First find out what the difference between the total you get and the total of the invoices column comes to ie Should your invoice column total £2,500.50 and the other total is £2,450.20 you are looking for an error amounting to £50.30. Knowing the amount of the mistake helps as you will quickly spot this figure.
- First of all check your addition of the columns. If the total of the analysis columns does not agree with the total of the Invoices column check that each invoice total has been entered, has been entered correctly or has not been entered in more than one column.
- Check to see that any credits have been subtracted and not added on. If the difference is on the other side where you have subtracted the previous from the new balances to come out the same as the total of the invoices check that the addition of the columns is correct.
- Check your calculation of each transaction. Check the entry of credit notes. If you find a mistake do make sure that this is corrected on the card, statement and journal. Although it looks messy it is better to cross out the mistake and do the entry again correctly than to use "Typed" as the accountant cannot see where you went wrong. Do not forget to alter you journal totals accordingly.
- If the total of the balance on the cards does not come out the same as the total on the Control Card follow the same procedure, look for the difference between

the totals. Check to see that a card has not been missed out, check to see that you have carried your totals forward from one journal sheet to the next - if for instance you carried the totals mistakenly from say page 1 to page 3 instead of page 2 to 3 thus missing out a page your monthly figures will be too low and this will show up this error.

## IMPORTANT POINTS TO REMEMBER

1. Always use a fine point biro never a retractable nibbed pen and use firm pressure when writing as you are writing through three copies.
2. Always write along the middle of the line and take care not to write figures over column lines.
3. File the journal sheets away as they are balanced - it is inadvisable to accumulate these on the writing board as this creates a "spongy" surface on which to work and the entries do not come out clearly on the journal. The board is fitted with steel plates so that the pressure between pen and these plates makes for a clearer imprint on the journal and ledger card. This can also distort the clamp of the board.
4. The stationery is chemically treated. The chemical reaction between statement, card and journal carries on after the entry. The entry on the ledger card and journal progressively darkens for some minutes after the entry is made.
5. Never store the cards and statements in direct sunlight or where they will become exceptionally over heated and never hold them together with staples or paper clips.
6. When posting take care not to rest your arm for any length of time on the cards in the tray when looking for cards as this puts pressure on the top edge of the card and this gets turned over and flimsy and will not go under the spring clamp of the writing board easily. Also never let them build up in the tray to the point where they are crammed in tightly. Older out dated cards can be stored on a transfer binder.
7. Boards and binders are guaranteed for one year from date of purchase. Remember that the binders have extension posts so that they can become deeper and take more records. Do not lose these posts as they are not sold separately.

*These are general notes designed to help with the posting of the Sales System sold in the Channel Islands. Instruction notes for Sales Ledger are included in the box with the system delivered to you. These have references to VAT and the sales ledger system used to control sales ledger and VAT - of course this legislature is not applicable in the Islands. However, these notes are well worth reading as they cover other aspects not mentioned i.e. contras, bounced cheques etc. and the procedure can be applied to this system.*

## **SALES SERVICE**

FREE AFTER SALES SERVICE IS PROVIDED.

IF YOU HAVE ANY DIFFICULTY IN USING THIS SYSTEM AND NEED ADVICE DO NOT HESITATE TO ASK FOR ASSISTANCE.

Please also remember that your Accountant and Bank Manager are sources of professional advice and will be pleased to help you with guidance on aspects of your business management.

### **OTHER SYSTEMS AVAILABLE**

CHEQUE WRITING/EXPENDITURE CONTROL  
PURCHASE LEDGER ACCOUNTING  
SALES LEDGER ACCOUNTING  
HOTELS - TAB LEDGER, RESERVATIONS SYSTEMS ETC.  
TELEPHONE MESSAGE RECORDING  
DATA INPUT SYSTEMS  
RECEIPTING  
JOB COSTING  
SALES REPRESENTATIVE REPORTING  
TIME COSTING  
PETTY CASH CONTROL

**Also**

COLOUR CODED FILING  
COMPUTER STATIONERY AND SUPPLIES  
ACCOUNTING SOFTWARE