



# **OpenERP for Accounting and Financial Management**

*Release 1.0*

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# **The OpenERP Solution**



OpenERP can build a new breed of business applications, more modular, more customer-friendly, fully web-based, which others cannot due to the heritage of their legacy systems.

OpenERP is a comprehensive suite of business applications including Sales, CRM, Project management, Warehouse management, Manufacturing, Financial management, and Human Resources, just to name a few. More than 1000 OpenERP modules are available from the OpenERP Apps market place (<http://apps.openerp.com/>).

The key to continued business success is effective and integrated Accounting & Financial Management, and that is precisely the main topic of the book you are reading. OpenERP's Accounting features are flexible and highly developed to assist you in managing all aspects of financial management.

OpenERP offers you integration with your sales & purchase cycle, so that invoices can easily be generated for the accountant's review according to various criteria. This way, the accountant can skip most of the encoding and dedicate himself to Financial Analysis and Reporting. OpenERP's management dashboards and extensive Analysis reporting allows the financial staff to keep a clear view on Customers and Suppliers, as well as on the company's financial status.

## About the authors

### Fabien Pinckaers

Fabien Pinckaers was only eighteen years old when he started his first company. Today, over ten years later, he has founded and managed several new technology companies, all based on Free / Open Source software.

He originated Tiny ERP, now OpenERP, and is the director of two companies including OpenERP S.A., the editor of OpenERP. In a few years time, he has grown the Tiny group from one to sixty-five employees without loans or external fund-raising, and while making a profit.

He has also developed several large scale projects, such as Auction-in-Europe.com, which became the leader in the art market in Belgium. Even today people sell more art works there than on ebay.be.

He is also the founder of the LUG (Linux User Group) of Louvain-la-Neuve, and of several free projects like OpenReport, OpenStuff and Tiny Report. Educated as a civil engineer (polytechnic), he has won several IT prizes in Europe such as Wired and l'Inscene.

A fierce defender of free software in the enterprise, he is in constant demand as a conference speaker and he is the author of numerous articles dealing with free software in the management of the enterprise.

Follow Fabien on his blog <http://fptiny.blogspot.com/> or on twitter [fpopenerp](#).

### Els Van Vossel

Els Van Vossel always had a dedication to both written and spoken word. Clear and explicit communication is crucial.

Educated as a Professional Translator in Antwerp, she worked as an independent translator on the localization of major ERP software. Els acquired ERP knowledge and decided to start working as a functional ERP consultant and a Technical Communicator for ERP software.

As such, the world of OpenSource software became more and more attractive. She started working with OpenERP software in her free time and doing so, Els really wanted to meet Fabien Pinckaers to share thoughts about documentation and training strategy. Now Els is reviewing and writing OpenERP Books.

Being an author of several Software Manuals, she finds it exciting to work on the OpenERP documentation and continuously take it to a higher level. Please note that this is a hell of a job, but Els finds great pleasure in doing it!

Follow Els on her blog <http://training-openerp.blogspot.com/> or on twitter [elsvanvossel](#).  
SPHINXENDFOREWORDDIRECTIVE

OpenERP is an impressive software system, being easy to use and yet providing great benefits in helping you manage your company. It is easy to install under both Windows and Linux compared with other enterprise-scale systems, and offers unmatched functionality.

Whether you want to test OpenERP or put it into full production, you have at least two possible starting points:

- you can use OpenERP Online by subscribing to <http://www.openerp.com/online/>;
- you can install the solution on your own computers to test it in your company's system environment.

In this chapter, the easy-to-use *OpenERP Online* solution will be briefly explained. For more information about installing OpenERP on your computer, please refer to the on line documentation.



note.png

### Some Interesting Websites from OpenERP

- Main Site: <http://www.openerp.com>,
- OpenERP Online Site: <http://www.openerp.com/online>,
- Online demo at <http://demo.openerp.com>,
- Documentation site: <http://doc.openerp.com/>,
- List of Modules: <http://apps.openerp.com/>,
- Community discussion forum where you can often receive assistance: <http://www.openerp.com/forum/>.

## **Part I**

# **Use OpenERP Online**



Nothing is easier for you to discover OpenERP than subscribing to the OpenERP Online offer. You just need a web browser to get started.

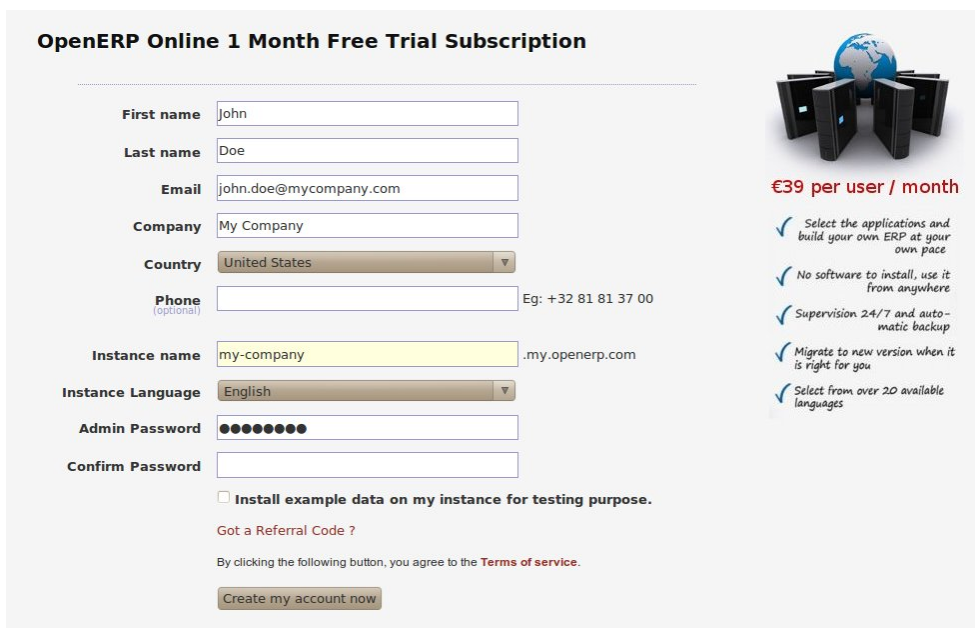
The Online service can be particularly useful to small companies, that just want to get going quickly at low cost. You have immediate access to OpenERP's Integrated Management System built on the type of enterprise architecture used in many organizations.

OpenERP's Online offer includes several services: hosting at high bandwidth, database management, stable security update, backups, maintenance (24/7 server monitoring), bug fixing and migrations.

OpenERP guarantees that the software running on OpenERP Online is exactly the same as the Open Source official version of OpenERP. Any improvement made on OpenERP will be available online. This allows you to easily switch from the online version to the local version anytime.

So even if the OpenERP Online solution might be the best solution to suit your needs today, you can easily switch to an installation on your own servers according to your company's changing requirements or growth. You are also able to change your service provider anytime, while continuing to use the exact same system. Hence, you do not depend on your host. In addition, OpenERP works with standard and open formats and programming languages which allow you to export your data and use them in any other software.

These advantages give you total control over your data, your software, your platform.



**OpenERP Online 1 Month Free Trial Subscription**

First name: John  
Last name: Doe  
Email: john.doe@mycompany.com  
Company: My Company  
Country: United States  
Phone (optional): Eg: +32 81 81 37 00  
Instance name: my-company .my.openerp.com  
Instance Language: English  
Admin Password: ●●●●●●●●  
Confirm Password:   
 Install example data on my instance for testing purpose.  
Got a Referral Code ?  
By clicking the following button, you agree to the [Terms of service](#).


  
**€39 per user / month**  
✓ Select the applications and build your own ERP at your own pace  
✓ No software to install, use it from anywhere  
✓ Supervision 24/7 and automatic backup  
✓ Migrate to new version when it is right for you  
✓ Select from over 20 available languages

Figure 1: *Subscribe and Start with OpenERP Online*

If you want to start working with the online platform, you can navigate to <http://www.openerp.com/online>. After successful registration, you will be able to configure and use OpenERP online. To log in to your OpenERP Online account, you will receive a username and password. You can build the software to fit your needs, at your own pace!

OpenERP Online - Software as a Service - is hosted by OpenERP and paid in the form of a monthly subscription. The pricing model is extremely simple. OpenERP charges a fixed fee per month per user. You will get an invoice each month according to the number of users registered in the system at that time. If you add new users during the next 30 days, they will only be charged with the next invoice. You can find the details of current pricing and payment options at <http://www.openerp.com/online>.

tip.png

### Free Trial

For a month's free trial, check out OpenERP's <http://www.openerp.com/online>, which enables you to get started quickly without incurring costs for integration or for buying computer systems. After the free trial expires, you can easily continue using OpenERP Online.



## **Part II**

# **Initial Configuration of your Instance**



If you want to focus on your customers, you need tools: to capture all the knowledge you have available; to help you analyze what you know; to make it easy to use all of that knowledge and analysis. OpenERP invites you to discover the Accounting & Financial Management Business Application!

In this chapter, you can start exploring OpenERP!

Use a web browser of your choice to connect to OpenERP Web.

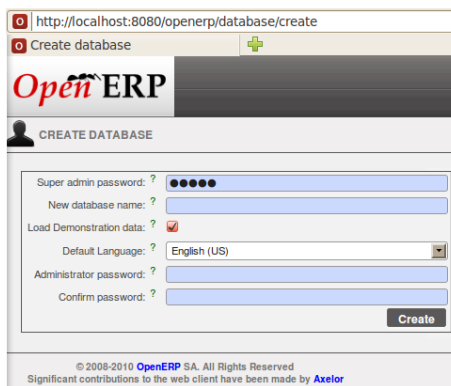


Figure 2: *Web Client at Startup*

OpenERP suggests that you configure your database using a series of questions. In the software, these series of questions are managed through so-called Configuration Wizards.

Click the `Start Configuration` button to continue.

The next configuration wizard will help you to decide what your user interface will look like, whether the screens will only show the most important fields - `Simplified` - or whether you also want to see the fields for the more advanced users, the `Extended` view. Select `Extended` and click `Next` to continue.



In the next wizard, you can fill your company data, select your company's base currency and add your company logo which can be printed on reports. Click `Next` to continue.

Select the `Customer Relationship Management` and `Sales Management` business applications for installation and click `Install`. Now OpenERP will start to install CRM & Sales, allowing you to do a complete sales cycle, from lead / opportunity to quotation and sales order. You will have to wait for the next configuration wizard to be displayed (`Loading` will appear).

OpenERP's modularity enables you to install a single Business Application (such as CRM) if that is all you need. Of course, you can choose to also install Sales Management, to handle quotations,

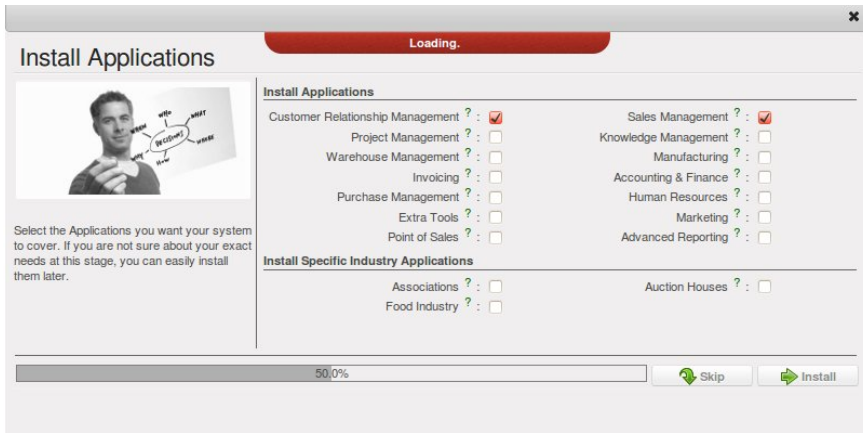


Figure 3: *Selecting the CRM & Sales Functionality*

sales orders and sales invoices as well. For now, please install Customer Relationship Management and Sales Management, as these two Business Applications will be discussed in this book.

tip.png

### Reconfigure

Keep in mind that you can change or reconfigure the system any time, for instance through the *Reconfigure* option in the main bar.

When you choose a business application for installation, OpenERP will automatically propose to add or configure related (smaller) applications to enrich your system. When you install CRM, OpenERP will also ask you whether you want to install Fetchmail, or Sales FAQ, for instance.

The figure *Selecting Accounting Configuration* (page 13) shows the Accounting Application Configuration screen that appears when you select Sales Management to be installed.

Indeed, accounting is required to create sales invoices. Select the *Generic Chart of Account* and fill in the Sale Tax (%) applicable in your country. Click *Configure* to continue the configuration.

note.png

### Accounting

Please note that you can perfectly well use OpenERP's CRM without doing your accounting in OpenERP. When you only install CRM, there is no need to configure accounting.

OpenERP CRM offers lots of features. You can easily manage your address book (prospects, customers, ...), keep track of leads and/or opportunities, manage meetings & phone calls, share (sales) knowledge and much more.

The figure *Selecting CRM Configuration* (page 13) shows the CRM Application Configuration screen

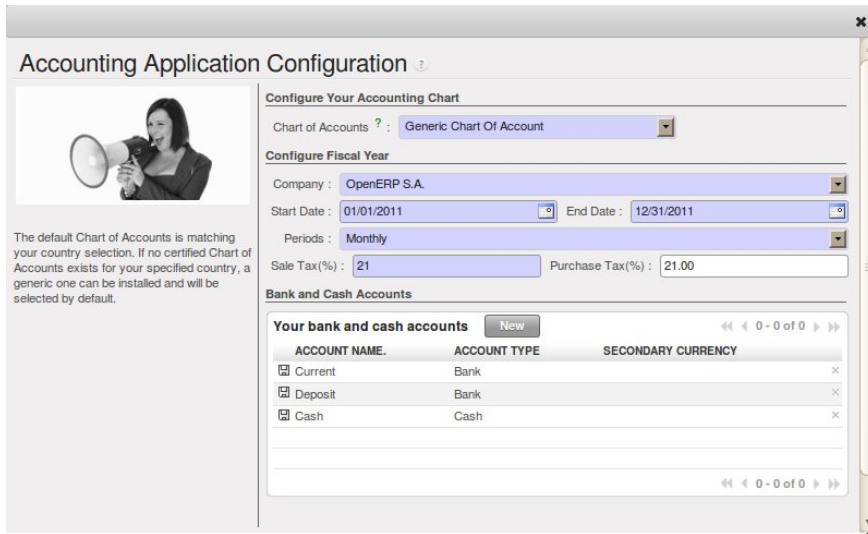


Figure 4: Selecting Accounting Configuration

that appears when you select Customer Relationship Management to be installed.

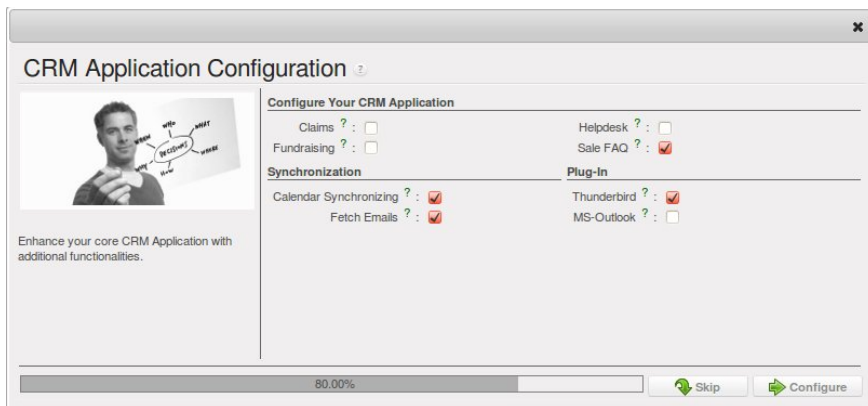


Figure 5: Selecting CRM Configuration

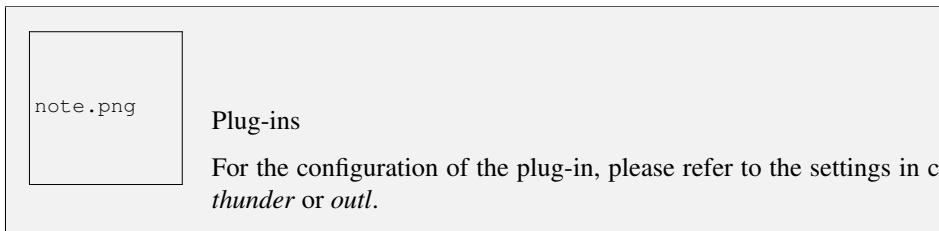
To stay in line with what will be described later in this book, please install the following options:

- Opportunity to Quotation will be checked by default, allowing you to create quotations from an opportunity,
- Sale FAQ to install a company wiki to share your sales knowledge,
- Calendar Synchronizing to link your OpenERP calendar to your mobile device, for instance,
- Fetch Emails to manage incoming and outgoing emails in OpenERP directly,

- Thunderbird or Outlook according to the email client you are using, to link your current mailbox to OpenERP and to create new leads or partners in OpenERP, directly from your mailbox.

If you have selected all of the above options, the following Configuration Wizards will appear:

- Configure your *Sales* application: click `Configure` to accept the default settings (no options checked).
- Configure your *Knowledge* application: click `Configure` to accept the default settings.
- *Thunderbird / Outlook* Plug-in Configuration: for now, you only have to click the `Save as` button to save the plug-in to your disk (or desktop). Then you can click `Configure` to continue the installation.
- Configure your *Accounting* application: click `Configure` to accept the default settings.
- Configure your *Sales* application: click `Configure` to accept the default settings.
- *Knowledge* application configuration: click `Next` to accept the default settings for the server address.



OpenERP's menu will be displayed, because your system is now ready for actual configuration. To get started, you click the *Sales* button in OpenERP's main screen. In the next chapter *ch-team* you will start working in the CRM application by telling OpenERP how your company's sales teams are organized.

As your business is growing and evolving all the time, your requirements as to the use of OpenERP are likely to change. To sustain your growth, you can easily extend your CRM with other OpenERP business applications, such as logistics or HR, to name some. OpenERP offers this flexibility; you can start with one business application, such as Customer Relationship Management, and gradually complete OpenERP to suit your ever changing needs!

## **Part III**

# **Customer Invoicing & Payments**





OpenERP provides various features to keep track of your invoicing and payments. The simple workflow of invoicing, with efficient encoding of the payment process of your customers, makes OpenERP more adoptable. In this section, we discuss two processes, the easy workflow for non-accountants who just want to keep track of their payments, and the complete accounting section. Note that only the customer process will be described, but of course OpenERP offers equal invoicing and payment methods for suppliers.



# INVOICING WORKFLOW

In OpenERP, the invoicing workflow is very simple. You can see it in the following figure:

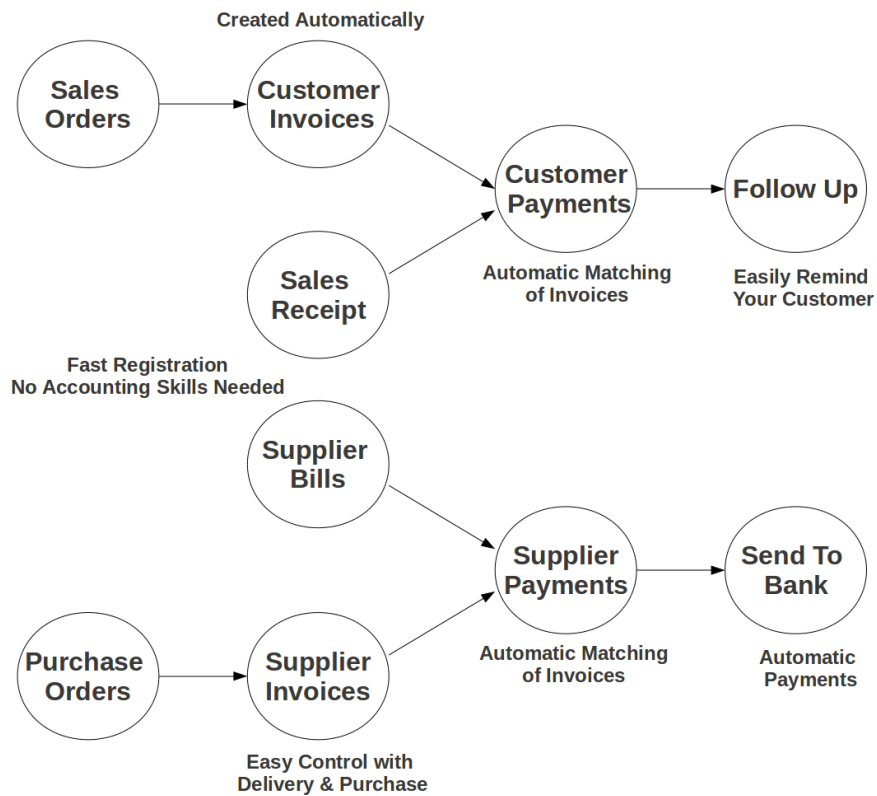


Figure 1.1: *Invoicing Workflow*

An invoice can be generated from various documents like a *Sales Order*, a *Purchase Order* and also at the time of confirming a shipment. These methods will be used when you use OpenERP as a true accounting system.

Of course, companies often work together with an external accountant who keeps their books. In that case, you would like to know which invoices exist and have been paid.

The specific and easy-to-use *Invoicing* system in OpenERP allows you to keep track of your accounting, even when you are not an accountant. It provides an easy way to follow up your suppliers and customers. You could use this simplified accounting when your (external) account keeps your books, but you would like to keep track of payments. The Invoicing system includes receipts and vouchers (an easy way to keep track of sales and purchases) as well as payment registration without the need to encode complete abstracts of account.

## 1.1 Customer Receipts / Supplier Vouchers

When you sell products to a customer, you can give him an invoice or a *Sales Receipt*, which is also called *Customer Receipt*. Sales Receipts are merely a kind of sales ticket and not a real invoice.

When the sales receipt is confirmed, OpenERP creates journal items automatically and you can record the customer payment related to this sales receipt. The easy invoicing system does not require extensive accounting setup, and so you will be up and running quickly!

You can create and modify the sales receipt using the menu *Accounting* → *Customers* → *Sales Receipt*.

ACCOUNT	DESCRIPTION	AMOUNT	ANALYTIC ACCOUNT
X20011 Product Sales	Customer Voucher for invoice no. 143	2,000.00	
X20011 Product Sales	Customer Voucher for invoice no. 144	3,500.00	
		5,500.00	

Internal Notes	Payment Options	Total
Sale receipt of Axelor's invoices	Payment : Pay Directly Account : X110051 Cash Ref # ? : C4576	Tax : SalVat 550.00 Total : 6,050.00

Figure 1.2: Defining a Customer Receipt

When you create a new *Sales Receipt*, you have to enter the *Customer* for whom you want to create a voucher. You can also define *Sales Lines* in the *Sales Information* tab. Here you have to define *Account*,

*Amount and Description.* At the bottom of the form, you will have two options for *Payment*: one is *Pay Directly* and another is *Pay Later or Group Funds*. You have to enter the *Account* in the case of the *Pay Directly* option. The *Total* amount displays automatically with calculation of tax when you click the *Compute Tax* button.

After validating the sales receipt, you can print the voucher by clicking the *Voucher Print* action at the upper right side. The voucher will be printed as follows.

Free Business Solutions	
OpenERP S.A. Chaussée de Namur 40 1367 Gerompont - Belgium Phone: (+32)81.81.37.00 Mail: _____	
<b>Sale Voucher</b>	
<b>Number:</b> SAJ/2010/009	<b>Date:</b> 12/30/2010
<b>State:</b> Posted	<b>Currency:</b> €
<b>Particulars</b>	<b>Amount</b>
<b>Account :</b>	
Axelor	350.00 €
Customer Voucher for invoice no. 144 SaVat	
Account : Output VAT	
<b>Account :</b>	
Axelor	3500.00 €
Customer Voucher for invoice no. 144	
Account : Product Sales	
<b>Account :</b>	
Axelor	200.00 €
Customer Voucher for invoice no. 143 SaVat	
Account : Output VAT	
<b>Account :</b>	
Axelor	2000.00 €
Customer Voucher for invoice no. 143	
Account : Product Sales	
<b>Through :</b>	
Sales Journal	
<b>On Account of :</b>	
Sale to Axelor	
<b>Amount (in words) :</b>	
Six Thousand, Fifty EUR and Zero Cent	
<b>6050.00 €</b>	

Figure 1.3: Sales Voucher

When you purchase products from a supplier, a *Supplier Voucher* (a ticket) is given to you which is also called *Notes Payable* in accounting terminology. When a supplier voucher is confirmed, it creates journal items automatically and you can record the supplier payment related to this purchase receipt.

You can create and modify the supplier voucher through the menu *Accounting* → *Suppliers* → *Supplier Vouchers*.

The *Supplier Voucher* form looks like the *Sales Receipt* form. In this form, carefully select the journal. After validating the *Supplier Voucher*, you can print it using the *Voucher Print* action.

**Supplier Vouchers** Voucher Print

Memo : Expense related Voucher for Axelor

1 of 3

Supplier : **Axelor**      Bill Date ? : 12/30/2010      Journal : Expenses Journal  
 Number :                      Memo : Expense related Voucher for Axelor      Ref # ? : EX123423

**Bill Information**

Expense Lines			
ACCOUNT	DESCRIPTION	AMOUNT	ANALYTIC ACCOUNT
X21101 Expenses	Expances of carriage inwards	4,500.00	
X21101 Expenses	Other expances	600.00	

Internal Notes      Payment Terms      Total

Expense related Voucher for Axelor      Due Date : 12/31/2010      Tax : PurVat 510.00     

Total : 5,610.00

State ? : Draft           

**Reports**

Voucher Print

**Attachments**

**Customize**

Manage Views

Edit Workflow

Customize Object

**Other Options**

Translate

View Log

Figure 1.4: Definition of Supplier Voucher

	Free Business Solutions
OpenERP S.A. Chaussee de Namur 40 1367 Geromport - Belgium Phone: (+32)81.81.37.00 Mail:	
<b>Purchase Voucher</b>	
<b>Number:</b> EX/2010/001	<b>Date:</b> 12/30/2010
<b>State:</b> Posted	<b>Currency:</b> €
<b>Particulars</b>	<b>Amount</b>
<b>Account :</b>	
Axelor	60.00 €
Other expances PurVat	
Account : Input VAT	
<b>Account :</b>	
Axelor	600.00 €
Other expances	
Account : Expenses	
<b>Account :</b>	
Axelor	450.00 €
Expances of carriage inwards PurVat	
Account : Input VAT	
<b>Account :</b>	
Axelor	4500.00 €
Expances of carriage inwards	
Account : Expenses	
<b>Through :</b>	
Expenses Journal	
<b>On Account of :</b>	
Purchase from Axelor	
<b>Amount (in words) :</b>	
Five Thousand, Six Hundred Ten EUR and Zero Cent	
	<b>5610.00 €</b>

Figure 1.5: *Supplier Voucher*

## 1.2 Keep Track of your Payments

You should efficiently keep track of payments of your customers and suppliers.

*Customer Payment* allows you to register the payments you receive from your customers. In order to record a payment, you have to enter the customer, the payment method (= the journal) and the payment amount. OpenERP will automatically propose the reconciliation of this payment with open invoices or sales receipts.

You can do this in OpenERP using the menu *Accounting* → *Customers* → *Customer Payment*.

**Customer Payment**  
Memo : Payment against SAJ/2010/005

New Edit Duplicate Delete

Customer : Axelor Date : 12/31/2010 Payment Method : Bank Journal  
Paid Amount : 0.00 Payment Ref : SAJ/2010/005 Memo : Payment against SAJ/2010/005

**Payment Information**

**Invoices and outstanding transactions**

JOURNAL ITEM	ACCOUNT	DATE	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	AMOUNT
SAJ/2010/005 (SAJ2010005)	X110021 Debtors	12/30/2010		900.00	900.00	900.00
					900.00	900.00

**Internal Notes**  
Customer Payment against SAJ/2010/005

**Payment Options**

Payment Difference : Reconcile with Write-Off  
Write-Off Amount : 900.00  
Write-Off account : X21101 Expenses  
Write-Off Comment : Write-Off  
Write-Off Analytic Account : OpenERP S.A. / sale / Write-Off

**Other Information**  
Number :

State : Draft [Cancel] [Validate]

Figure 1.6: *Customer Payment Form*

To create a new *Customer Payment*, select the customer and *Payment Method*. You can add invoices and other transactions in the *Payment Information* tab. Now select the proper *Payment Difference*, i.e. *Keep Open* and *Reconcile with Write-Off*. In the case of *Reconcile with Write-Off*, the write-off amount will come automatically but you have to enter the *Write-Off account* so that accounting entries can be



generated by OpenERP.

The supplier payment form allows you to track the payment you do to your suppliers. When you select a supplier, the payment method and an amount for the payment, OpenERP will propose to reconcile your payment with the open supplier invoices or bills.

Through the menu *Accounting* → *Suppliers* → *Supplier Payment*, click the *New* button to create a new *Supplier Payment*.

**Supplier Payment**  
Memo : payment againts EXJ/2010/001

New Edit Duplicate Delete

Supplier : **Axelor** Date : 12/31/2010 Payment Method : Bank Journal  
Total : 0.00 Payment Ref : EXJ/2010/001 Memo : payment againts EXJ/2010/001

**Payment Information**

**Supplier Invoices and Outstanding transactions**

JOURNAL ITEM	ACCOUNT	DATE	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	AMOUNT
EXJ/2010/001 (EX123423)	X11111 Creditors	12/30/2010	12/31/2010	5,610.00	5,610.00	5,610.00
					5,610.00	5,610.00

**Internal Notes**  
payment againts EXJ/2010/001

**Payment Options**  
Payment Difference : Keep Open

State : Draft

Cancel Validate

Figure 1.7: *Supplier Payment Form*

To create a new *Supplier Payment*, select the supplier and *Payment Method*. You can create the *Supplier Invoices and Outstanding transactions* lines by selecting the invoice lines as well outstanding expenses. Now select the proper *Payment Difference*, i.e. *Keep Open* and *Reconcile with Write-Off*.



## **Part IV**

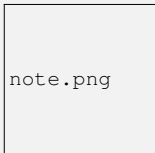
# **Accounting Management**



*This chapter traces the accounting workflow in OpenERP, from entering an invoice to registering payments. The various operations are described, from the entry of accounting receipts to the treatment of the reconciliation process, including payment orders.*

Accounting is at the heart of managing a company: all the company's operations have an impact here. It has an informational role (how much cash is there? what debts need to be repaid? what is the stock valuation?) and, because of the information it provides, a reliable and detailed accounting system can and should have a major decision-making role.

In most companies, accounting is limited to producing statutory reports and satisfying the directors' curiosity about certain strategic decisions, and to printing the balance sheet and the income statement several times a year. Even then, there is often several weeks of delay between reality and the report.



### Valuing your Accounting Function

In many small companies, the accounting function is poorly treated.

Not only do you see the data for documents being entered into the system twice, but also the results are often just used to produce legal documents and regular printouts of the balance sheet and income statements some weeks after the closing dates.

By contrast, integrating your accounts with your management system means that you can:

- reduce data entry effort – you only need to do it once,
- run your processes with the benefit of financial vision: for example, in managing projects, negotiating contracts, and forecasting cash flow,
- easily get hold of useful information when you need it, such as a customer's credit position.

So accounting is too often underused. The information it brings makes it a very effective tool for running the company if it is integrated into the management system. Accounting information really is necessary in all of your company's processes for you to be effective, for example:

- for preparing quotations it is important to know the precise financial position of the client, and to see a history of any delays in payment,
- if a given customer has exceeded his credit limit, accounting can automatically stop further deliveries to the customer,
- if a project budget is 80% consumed, but the project is only 20% complete, you could renegotiate with the client, or review and rein in the objectives of the project,
- if you need to improve your company's cash flow then you could plan your service projects on the basis of billing rates and payment terms of the various projects, and not just delivery dates – you could work on short-term client projects in preference to R&D projects, for example.

OpenERP's general accounting and analytic accounting handle these needs well because of the close integration between all of the application modules. Furthermore, the transactions, the actions and the financial analyses happen in real time, so that you cannot only monitor the situation but also manage it effectively.

The `account` module in OpenERP covers general accounting, analytic accounting, and auxiliary and budgetary accounting. It is double-entry, multi-currency and multi-company.

note.png

### Accounting

- General accounting (or financial accounting) is for identifying the assets and liabilities of the business. It is managed using double-entry accounting which ensures that each transaction is credited to one account and debited from another.
- Analytical accounting (or management accounting, or cost accounting) is an independent accounting system, which reflects the general accounts but is structured along axes that represent the company's management needs.
- Auxiliary accounting reflects the accounts of customers and/or suppliers.
- Budgetary accounts predefine the expected allocation of resources, usually at the start of a financial year.

tip.png

### Multi-company


There is a choice of methods for integrating OpenERP in a multi-company environment:

- if the companies hold few documents in common (such as products, or partners - any OpenERP resource), you could install separate databases,
- if the companies share many documents, you can register them in the same database and add OpenERP's multi-company user group to finely manage access rights,

One of the great advantages of integrating accounts with all of the other modules is in avoiding the double entry of data into accounting documents. So in OpenERP, an Order automatically generates an Invoice, and the Invoice automatically generates the accounting entries. These in turn generate tax submissions, customer reminders, and so on. Such strong integration enables you to:

- reduce data entry work,

- greatly reduce the number of data entry errors,
- get information in real time and enable very fast reaction times (for bill reminders, for example),
- exert timely control over all areas of company management.



**For Accountants**

You can configure the Accounting application using the information given in the configuration wizard.

With appropriate rights management, this allows trustees to provide customers with real-time access to their data. It also gives them the opportunity to work on certain documents that have no direct accounting impact, such as budgets.

This can provide a value-added service that greatly improves the interaction between trustees and their clients.

All the accounts are held in the default currency (which is specified in the company definition), but each account and/or transaction can also have a secondary currency (which is defined in the account). The value of multi-currency transactions is then tracked in both currencies.

For this chapter you should start with a fresh database that includes demo data, with *Sales Management* installed and a generic chart of accounts.





# ADVANCED INVOICE MANAGEMENT

The principle of entering data for invoices in OpenERP is very simple, both for people with no background in accounting (see previous chapter) and accountants. This means that your accounting information can be kept up-to-date all the time as orders are placed and received, and their taxes are calculated.

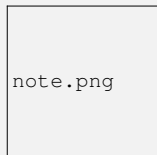
People who have more accounting knowledge will be able to keep full control over the accounting entries that are being generated. Each value proposed by OpenERP can be modified later if needed.

In OpenERP, the concept of “invoice” refers to the following documents:

- The Customer Invoice,
- The Supplier Invoice,
- A Customer Credit Note (also called Customer Refund),
- A Supplier Credit Note (also called Supplier Refund).

Only the invoice type and the representation mode are different, but still very similar, for each of the four documents. But they are all stored in the same object type in the system.

Each of the four invoice types is related to a corresponding menu item. This allows you to easily distinguish between them, and also to directly refer to the invoice type you need to work on.



## Credit Note

A credit note is a document that enables you to refund an invoice or part of an invoice.

## 2.1 Creating a Customer Invoice

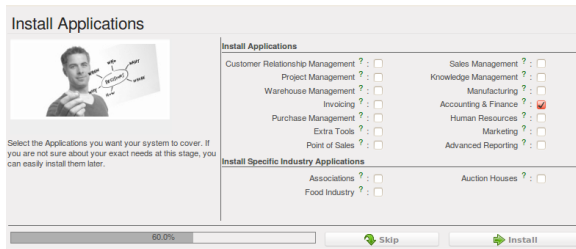
To access customer invoices in OpenERP, use the menu *Accounting* → *Customers* → *Customer Invoices*; for supplier invoices, go to the menu *Accounting* → *Suppliers* → *Supplier Invoices*.

In general, when you also use OpenERP’s functionality for sales, purchases and logistics, invoices do not need to be entered manually as they are linked to other processes in the system. Draft invoices are generated automatically by OpenERP from other documents such as Sales Orders, Purchase Orders or Shipments.

OpenERP uses the following ways to generate invoices:

- from purchase or sales orders,
- from receipt or dispatch of goods,
- from work carried out (timesheets),
- from closed tasks (projects),
- from fee charges or other rechargeable expenses (service management).

The chart *Accounting Workflow for Invoicing and Payment* (page 35) shows the financial workflow followed by each invoice.



The integrated software generates invoice proposals (also called Draft Invoices) which are initially set to the “Draft” state. While these invoices remain unconfirmed, they have no accounting impact on the system.

Draft invoices have to be approved by an accountant or other dedicated users and sent to the customer. The different invoicing methods are detailed in the following sections and chapters.

You can also create invoices manually, both for customers and suppliers. This option is usually used for invoices that are not associated with an order (e.g. purchase invoices for electricity) or credit notes.

Of course, you might need to edit or add extra information to the invoice before sending it to the customer. For example, if you have not realized that the customer is tax-exempt, the invoice you generate from an order will contain tax at the normal rates based on system settings for partner, product or account. You can then easily edit the invoice before validating it.

You can create or edit a draft customer invoice manually from the menu *Accounting* → *Customers* → *Customer Invoices*.

The information that is needed for invoicing is automatically taken from the `Partner` form (such as payment conditions and the invoice address) or from the `Product` (such as the account to be used) or from a combination of the two (such as applicable `Taxes` and the `Price` of the product). From an invoice, you can easily create a new partner, a new product, a new account without having to leave the invoice screen. You can also edit existing data, all from within one form. This makes it very easy to quickly enter invoices.

tip.png

### Draft Invoices

There are several advantages in working with draft invoices:

- You have got an intermediate validation state before the invoice is approved. This is useful when your accountants are not the people creating the initial invoice, but are still required to approve it before the invoice is entered into the accounts.
- It enables you to create invoices in advance, without approving them at the same time. You are also able to list all of the invoices awaiting approval.

You can approve (or *validate*) an invoice to change its status to “Open“. Clicking the `Pro-forma` button will set the invoice to the “Pro-forma“ status. A pro forma invoice does not have an invoice number yet, nor any accounting entries, and is commonly used as a preliminary invoice or for customs purposes. Such a pro forma invoice is more formal than a draft invoice and can easily be converted to an open invoice when required, simply by clicking the `Validate` button.

An open invoice has a unique invoice number. The invoice is sent to the customer and is marked in the system as awaiting payment.

Start by manually entering a customer invoice. Go to *Accounting* → *Customers* → *Customer Invoices* and click the *New* button.

A new invoice form opens allowing you to enter information.

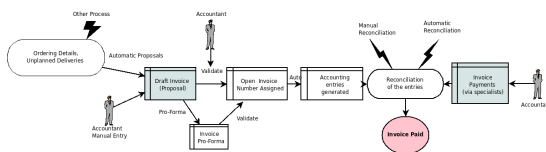


Figure 2.1: Accounting Workflow for Invoicing and Payment


The document is composed of three parts:

- the top of the invoice, with customer information,
- the main body of the invoice, with detailed invoice lines,
- the bottom of the page, with details about taxes and totals.

To enter a document in OpenERP, you should try to always fill in the fields in the order they appear on the screen. Doing it this way means that some of the later fields are filled in automatically from the selections made in earlier fields.

The Sales Journal is proposed by default. If you use several sales journals, make sure to select the required journal. Then select the *Customer*, and the following fields will be completed automatically:


- the invoice address: corresponds to the customer contact associated to the *Invoice* address type in the partner form (or otherwise the *Default* address type),
- the partner account: corresponds to the account given in the *Accounting* which is found in a tab of the Partner form,
- a specific or a default payment condition: can be defined for this partner in the *Accounting* tab of the partner form. Payment conditions are generated by rules for the payment of the invoice. For example: 50% in 21 days and 50% in 60 days from the end of the month.



### Properties Fields

The Properties fields (fields with default values, such as payment term) on the *Partner* or the *Product* form are multi-company fields. The value the user sees in these fields depends on the company he works for.

If you work in a multi-company environment that is using one database, you have several charts of accounts. Asset and liability accounts for a partner depend on the company the user works for.



### Seeing Partner Relationships

You can reach more information from certain relation fields in OpenERP.

- In the web client, a relation is commonly a hyperlink that you open by clicking the small button with the hand, next to a field - it takes you to the main form for that entity, with all of the actions and links.


So one way or another you can rapidly reach the partner's (according to the Business Applications you use):

- current sales and purchases,
- CRM requests,
- open invoices,
- accounts records,
- payable and receivable accounts.

You can add more detailed additional information to the invoice and select the currency that you want to invoice in.

Once the invoice heading is saved, you have to enter the different invoice lines. You could use either of the two techniques:

- use a product to complete the different fields automatically.
- enter all blue (= mandatory) fields manually for one-off sales,




**Invoice Line Description**

The invoice line description is more of a title than a comment. If you want to add more detailed comments you can use the *Notes* field.

Select the product `Basic PC` in the product field in an invoice line. The following fields are then completed automatically:

- *Description*: this comes from the product, in the language of the partner,
- ***Account*: determined by the sales account defined in the product properties. If no account is specified in the properties of the category the product is associated with.**
- the *Quantity* is set at 1 by default but can be changed manually,
- Unit of Measure, e.g. `PCE`, defined by default in the product form,
- *Unit Price*: this is the sales price in the product form or the price from the selected pricelist; the unit price is expressed without taxes,
- *Taxes*: provided by the product form and related to the fiscal position (either from the partner form or added manually to the invoice).



**Managing the Price with Tax Included**

By default, OpenERP invoices and processes the price without taxes – they are managed as a separate amount. OpenERP can manage tax-inclusive prices when you check the *Tax Included in Price* field when configuring the tax.

note.png

### Information about the Product

When you are entering invoice data, it can sometimes be useful to get hold of more information about the product you are invoicing. Note that the options depend on the number of Business Applications installed. Simply click the small button with the hand to select the available reports. OpenERP provides three standard reports about the product:

- forecasts of future stock,
- product cost structure,
- location of the product in your warehouses.

You can enter several invoice lines and modify the default values that are automatically completed by OpenERP. Do not forget to change the default quantity of 1 to the correct quantity.

Once the invoice lines have been entered, you can click *Compute Taxes* on the invoice to get the following information:

- details of tax calculated,
- tax rate,
- total taxes,
- total price.

In the *Taxes* area at the bottom left of the invoice you will find the details of the totals calculated for different tax rates used in the invoice.

tip.png

### Tax Calculations

You can double-click one of the lines in the tax summary areas in the invoice.

OpenERP then shows you the detail of the tax charges which will be used to compute your tax declaration at the end of the period.

It shows you the total that will be computed in the different parts of the legal declaration. This enables you to manage the declaration in OpenERP automatically.

On the second tab *Other Info*, you can change the due date of the invoice (automatically proposed according to the payment terms). You can also select a salesman, if it has not been set by default for the customer. A proposed salesman can also be changed for the invoice.

Before approving the invoice you can modify the date and the accounting period, which will be set by default to today's date on confirmation of the invoice.

The screenshot shows the 'Customer Invoices' form in OpenERP. At the top, it displays 'Description: Invoice for Axelor' and navigation buttons (New, Edit, Duplicate, Delete). The form is divided into several sections:

- Header Information:** Journal (Sales Journal - (test)), Number (SAJ/2010/005), Currency (EUR (€)), Customer (Axelor), Invoice Address (Lath Jubair, France Champs sur Marne 12 rue Albert Einstein), Invoice Date (12/14/2010), and Force Period (12/2010).
- Accounting Information:** Account (11000 Main Receivable), Payment Term (30 Days End of Month), and Description (Invoice for Axelor).
- Invoice Line Table:**

SEQ.	DESCRIPTION	SOURCE ACCOUNT	QUANTITY	UNIT OF MEASURE	UNIT PRICE	DISCOUNT (%)	SUBTOTAL
0	[PC1] Basic PC	11200 Incoming Account	1.00	PCE	450.00	0.00	450.00
- Taxes Section:** Shows 'Taxes' with columns for TAX DESCRIPTION, BASE, and AMOUNT. It includes a table with 'NS - NS' having a base of 450.00 and an amount of 45.00. Summary values include Untaxed: 450.00, Tax: 45.00, Total: 495.00, and Residual: 495.00.
- Buttons:** Cancel, Refund, and Payment.

Figure 2.2: Entering a New Invoice

**Invoice Layout**

If you want to make your invoice layout more elaborate you can install the module `account_invoice_layout`. This enables you to add various elements between the lines such as subtotals, sections, separators and notes.

Click *Validate* when you want to approve the invoice. It moves from the *Draft* state to the *Open* state. You can easily see the current status of the invoice through the coloured status fields (blue for pro forma, grey for open) at the bottom of the screen.

When you have validated an invoice, OpenERP attributes a unique number from a defined sequence (see *Number* field). By default, it takes the form *Journal Code/Year/Sequence Number* for example, `saj/2011/005`. You cannot modify an invoice number. Instead, to get a number that corresponds to your needs, you should modify the sequence numbers through the menu *Administration* → *Configuration* → *Sequences* → *Sequences*.

Accounting entries corresponding to this invoice are automatically generated when you approve the invoice. You see the details by clicking the small button with the hand next to the *Journal Entry* field on the *Other Info* tab. Here you can have a look at the account moves generated by that invoice number.

The *Print Invoice* button allows you to print the validated invoice. Automatically, the invoice will be stored as an attachment.



### Occasional Invoices

When you create an invoice for a product that will only be sold once, you do not have to encode a new product. Instead, you will have to provide quite a bit of information manually in the invoice line, especially the blue or mandatory fields:

- sales price,
- applicable taxes,
- account,
- product description.

## 2.2 Tax Management

Taxes can be defined from the *Accounting* → *Configuration* → *Financial Accounting* → *Taxes* → *Taxes* menu. OpenERP not only allows you to define general sales and purchase taxes, but also specific taxes, such as ecological taxes, that should be added to a product together with the default tax.

You can combine as many taxes as required for an invoice line. For further details about tax definition, please refer to the chapter about accounting configuration.

Default taxes can be added to a product or to a general account (mostly for purchase invoices). One of the main options to determine the applicable taxes for an invoice line, are the taxes defined in the *Product* form. By default, OpenERP takes account of all the taxes defined in the product form. This means you can easily add several legal taxes to one product, such as the Belgian Recupel (collection of waste electronic and electric material) and Bebat (battery) taxes.

Take the case of the following product:

- Applicable taxes:
  - VAT: 19.6% type VAT
  - DEEE: 5.5, type DEEE



### DEEE Tax

The DEEE tax (disposal of electronic and electrical equipment) is an ecological tax that was imposed in France from 2009. It is applied to batteries to finance their recycling and is a fixed sum that is applied to the before-tax amount on the invoice.



If you trade with a company in your own country, and your country has a DEEE-type tax, the applicable taxes for this invoice could be:

- DEEE: 5.5,
- VAT: 19.6%.

If you sell to a customer in another company in the European community (intracommunity) instead, then tax is not charged. In the partner form, in the tab *Accounting*, the *Fiscal Position* field keeps information about whether the customer is a local, an intracommunal or an export customer. When you create an invoice for this customer, OpenERP will calculate the following taxes on the product:

- DEEE: 5.5,
- Intracommunal VAT: 0%.

If you have not entered the parameters in the customer form correctly, OpenERP will suggest incorrect taxes in the invoice. That is not a real issue, because you can always modify the information directly in the *Fiscal Position* field of the invoice before approving it.

If you do not enter a product in the invoice line, but instead use text, you can easily add taxes manually, or they may be added automatically from the general account if it has been linked to default taxes.

## 2.3 Cancelling an Invoice

By default, OpenERP will not allow you to cancel an invoice once it has been approved. Since accounting entries have been created, you theoretically cannot go back and delete them. However, in some cases, it is more convenient to cancel an invoice when there is an error than to produce a credit note and reconcile the two entries. Your attitude to this will be influenced by current legislation in your accounting jurisdiction.

OpenERP accommodates either approach. The `account_cancel` module can be installed if in your country it is allowed to cancel an existing invoice, correct it and revalidate it. You have to set up some parameters for this module to work. You need to allow cancellation of entries by checking the *Allow Cancelling Entries* box in the Journal corresponding to an invoice. You will then be allowed to cancel the invoice if the following two conditions are met:

1. The accounting entries have not been reconciled or paid: if they have, then you will have to cancel the reconciliation first.
2. The accounting period or the fiscal year has not been closed yet: if it is closed, no modification is possible.

When you cancel an invoice, the corresponding accounting entries will automatically be modified accordingly.

You can cancel an invoice by clicking the *Cancel* button in the invoice form. You could then move it from *Cancelled* to the *Draft* state to modify it. Once you have made the required changes, you have to regenerate the invoice by clicking the *Validate* button. Note that the original invoice number will still be used for this invoice.

tip.png

#### Numbering Invoices

Some countries require you to have contiguously numbered invoices (that is, with no break in the sequence). If, after cancelling an invoice that you are not regenerating, you find yourself with a break in the numbering you would have to go and modify the sequence, redo the invoice and replace the sequence number with its original value.

You can control the sequences using the menu *Administration* → *Configuration* → *Sequences* → *Sequences*.

Cancelling an invoice without regenerating it, will cause a break in the number sequence of your invoices. You are strongly advised to recreate this invoice and reapprove it to fill the hole in the numbering if you can.

## 2.4 Controlling a Supplier Invoice

The form that manages supplier invoices is very similar to the one for customer invoices. However, it has been adapted to simplify rapid data entry and monitoring of the amounts recorded.

tip.png

#### Entering Data

Many companies do not enter data through supplier invoices, but simply enter accounting data corresponding to the purchase journal.

This particularly applies to users that have focused on the accounting system rather than all the capabilities provided by an ERP system. The two approaches reach the same accounting result: some prefer one and others prefer the other depending on their skills and needs.

However, when you use the Purchase Management functions in OpenERP you should work directly on invoices because they are provided from Purchase Orders or Goods Receipt documents.

To enter a new supplier invoice, use the menu *Accounting* → *Suppliers* → *Supplier Invoices*.

Everything is similar to the customer invoice, starting with the *Journal* unless the default journal is acceptable, and then the *Supplier*, which will automatically complete the following fields:

- *Invoice Address*,
- *Partner Account*.

Unlike the customer invoice, you do not have to enter payment conditions (although you can, of course) – simply a *Due Date* will do. If you do not give a due date, OpenERP assumes that this invoice will be paid in cash. If you want to enter more complete payment conditions than just the due date, you can use the *Payment Term* field which you can find on the second tab *Other Info*.

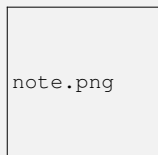
You can also store the supplier's invoice number in the *Free Reference* field. You also have to enter the invoice *Total* amount, with taxes included. OpenERP uses this amount to check whether all invoice lines have been entered correctly before it will let you validate the invoice.

Indicate the *Currency* if the invoice is not going to use the default currency, then you can enter the *Invoice lines*.

Just like the customer invoice, you have the choice of entering all the information manually or use a product to complete many of the fields automatically. When you enter a product, all of the following values are completed automatically:

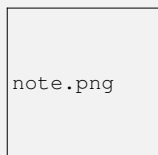
- the product *Account* is completed from the properties of the product form or the *Category* of the product if nothing is defined on the product itself,
- the *Taxes* come from the product form and/or the partner form, based on the same principles as the customer invoice,
- the *Quantity* is set at 1 by default but can be changed manually,
- set the *Unit Price* according to the total price on the invoice after deducting all the different applicable taxes (so the amount exclusive of taxes),

Click *Compute Taxes* to ensure that the totals correspond to those indicated on the paper invoice from the supplier. When you approve the invoice, OpenERP verifies that the total amount indicated in the header corresponds to the sum of the amounts exclusive of tax in the invoice lines plus the different applicable taxes.



### Invoice Date

OpenERP automatically completes the *Date Invoiced* and the accounting period on validation, so make sure to enter the invoice date indicated on your supplier invoice before validating.



### Dates and Accounting Periods

Accounting periods are treated as legal period declarations. For example, a tax declaration for an invoice depends on the accounting period and not on the date of invoicing.


Depending on whether you have monthly or quarterly declarations, the fiscal year generally contains either twelve or four accounting periods. We do not take into account any opening / closing periods here.

The dates are shown in the document you created in the accounting system. They are used to calculate due dates.

You may find that the amounts do not correspond with what your supplier has given you on paper for

reasons that may include:

- the supplier made a calculation error,
- the amounts have been rounded differently.



**Rounding Tax**

It often happens that a supplier adds 1 to the total because the tax calculation has been rounded upwards. Some tax amounts are not valid because of this rounding.

For example, it is impossible to arrive at the amount of 145.50 if you are working with a precision of 2 decimal places and a rate of 19.6%:

- $121.65 \times 1.196 = 145.49$
- $121.66 \times 1.196 = 145.51$

In this case, you can modify a value in the lines the total is based on, or the total amount of taxes at the bottom left of the form (in the tax box): both are editable so that you can modify them to adjust the total.

When the totals tally, you can validate the invoice. OpenERP then generates the corresponding accounting entries. You can manage those entries using the *Account* fields on the invoice and on each of the invoice lines.

In a logistic configuration, invoice control for purchase invoices can be done either according to the purchase order, or the picking. When invoicing is from the purchase order, a draft invoice will be created on confirmation of the purchase order. This allows the accountant to easily check the purchase order against the invoice received from the supplier without actually looking at the purchase order. When invoicing is done from the picking, an invoice will be created as soon as the picking is confirmed. This allows the accountant to easily check the picking list against the invoice received from the supplier without actually looking at the picking list.

## 2.5 Credit Notes / Refunds

Entering a customer credit note is almost identical to entering a customer invoice. You just start from the menu *Accounting* → *Customers* → *Customer Refunds*.

Similarly, entering a supplier credit note is the same as that of the supplier invoice, and so you use the menu *Accounting* → *Suppliers* → *Supplier Refunds*.

It is easy to generate a credit note quickly from an existing invoice. To do this, select the customer or supplier invoice that has to be refunded, with *Open* or in *Paid* status. Click the *Refund* button. OpenERP allows you to select several methods for creating credit notes directly from the related invoice (both for customers and suppliers).

Below you find the different options displayed when you click the *Refund* button on an invoice.

**Modify** Creates a credit note for the existing invoice, validates the credit note and reconciles it with the invoice. The existing invoice is duplicated so that you can modify it.

**Credit** Creates a draft credit note of the complete invoice. You can change this credit note, i.e. to make a partial credit note.

**Cancel** Creates a credit note for the complete invoice, validates the credit note and reconciles it with the invoice concerned. The existing invoice is “cancelled” in a legal way.

## 2.6 Advanced Setup: Payment Terms and Fiscal Positions

### Payment Terms

You can define whatever payment terms you need in OpenERP. Payment terms determine the due dates for paying an invoice.

To define new payment terms, go to the menu *Accounting* → *Configuration* → *Miscellaneous* → *Payment Terms* and click *New*.

The figure below represents the following payment term: 5000 within 5 days, 50% payment at the last day of current month, remaining balance the 15th of next month.

Figure 2.3: *Detail of Tax Charges on an Invoice*

To configure new conditions, start by giving the condition a name in the *Payment Term* field. Text you put in the field *Description on invoices*, will be printed on the invoice, so enter a clear description of the payment terms there.

Then create individual lines to allow the system to automatically calculate the due dates in the section *Computation*. You should give each line a name (*Line Name*). The name is for information only and does not affect the actual computation of payment terms. The *Sequence* field lets you define the order in which the rules are evaluated.

**Drag & Drop**

You can leave the sequence number to the default value and easily drag and drop payment term lines to change the computation order. Sequence numbers will then be updated automatically.

The *Valuation* field enables you to calculate the amount to pay for each line according to three options:

- **Percent:** the line corresponds to a percentage of the total amount, the factor being specified in *Amount To Pay*. The number indicated in *Amount To Pay* has to take a value between 0 and 1 (1 equals 100%, 0,50 means 50%).
- **Fixed Amount:** this is a fixed value determined by the *Amount To Pay* box.
- **Balance:** refers to the balance remaining after accounting for the other lines.

Make sure to set the last line of the computation to `Balance`, to avoid rounding errors. The highest sequence number will be the last.

The two last fields, *Number of Days* and *Day of the Month*, enable the calculation of the delay in payment for each line. The delay *Day of the Month* can be set to `-1`, `0` or any other positive or negative number.

Example starting from today's date, e.g. 20th December 2011, and the following payment terms:

- *5000 within 5 days:* set *Valuation* to `Fixed Amount`, *Amount To Pay* to `5000`, *Number of Days* `5` and *Day of the Month* `0`. That creates a journal entry with a due date of 25th December 2011.
- *50% last day of current month:* set *Valuation* to `Percent`, *Amount To Pay* to `0,50`, *Number of Days* `0` and *Day of the Month* `-1`. That creates a journal entry with a due date of 31st December 2011.
- *Remaining 15th of next month:* set *Valuation* to `Balance`, *Number of Days* `0` and *Day of the Month* `15`. That creates a journal entry with a due date of 15th January 2012.

What do the digits mean in the *Day of Month* field?

- `-1` = last day of the current month
- `0` = net days
- `1` = first day of the next month
- `-2` = last but one day of the current month
- `2` = second day of the next month
- `30` = 30th of the next month
- `-30` = 30th of the current month

You can add default payment terms to a customer or supplier through the *Accounting* tab in the *Partner* form. On an invoice level, you can change the default payment terms.

- **Fiscal Positions\***

The basic configuration of products, for instance, will only take into account local taxes. But of course, you would like OpenERP to determine the corresponding taxes for you when you are invoicing to a customer within the European Community, to give an example.

Now that is what fiscal positions can be used for. Through fiscal positions, you can instruct OpenERP to use the correct taxes. Fiscal positions allow you to make a mapping from e.g. national taxes to intracommunal or external taxes. Moreover, these mappings also allow you to change income / expense accounts automatically when posting entries. An example of this: suppose you have an income account

for local sales, one for intracommunal sales and one for export. By defining fiscal positions, you can have the system change the income account automatically.

You can link fiscal positions to your customers and suppliers to ensure automatic and easy VAT and/or account conversion.

To create a new fiscal position, go to *Accounting* → *Configuration* → *Financial Accounting* → *Taxes* → *Fiscal Positions* and click *New*.

Create for instance a fiscal position for Intracommunal Taxes.

Type Intracommunal Taxes in the *Fiscal Position* field. In the *Tax Source* field, select the local tax that has to be converted for use with intracommunal partners. Then link the intracommunal tax to be used in the *Replacement Tax* field. Do this for each local tax that has to be converted for intracommunal use. If you also want accounts to be changed, you can add *Account Source* (the local account) and *Account Destination* (intracommunal account).





# ADVANCED CASH MANAGEMENT

Various methods can be used to create accounting entries. You have already seen how an invoice creates its own entries, for example.

This section deals with:

- managing bank statements,
- managing cash,
- manual journal entries.

Here we will show you how to enter financial transactions. In OpenERP, you can handle bank statements and you can keep a cash register. Use different journals for these two kinds of transaction, i.e. a journal of the Bank type for bank statements, and a journal of the Cash types to keep a cash register. According to the journal type selected, you will have a different screen. For more information, refer to the chapter on Configuration.

## 3.1 Managing Bank Statements

OpenERP provides a visual tool for managing bank statements that simplifies data entry into accounts. As soon as a statement is validated, the corresponding accounting entries are automatically generated by OpenERP. Also non-accounting people can enter financial transactions without having to worry about things such as credit, debit and counterparts. In a bank statement, you can enter positive amounts if you gain money with a transaction and negative amounts if you pay money from your account.

To enter a bank statement, go to the menu *Accounting* → *Bank and Cash* → *Bank Statements*. A data entry form for bank statements then opens as shown in figure *Data Entry Form for a Bank Statement* (page 51).

The statement reference *Name* and the *Date* are automatically suggested by OpenERP. The *Name* will be filled with the statement number at confirmation of the bank statement. You can configure your own reference by managing sequences in the *Administration* → *Configuration* → *Sequences* menu.

Then select the correct *Journal*. Ideally, when you are configuring your company, you would create at least one journal for each bank account and one journal for petty cash in your company. So select the journal corresponding to the bank account whose statement you are handling.

Sequence	Line Name	Valuation	Amount To Pay	Number of Days	Day of the Month	
1	5000 within 5 days	fixed	5000.0	5	5	0
2	50% last day of current month	percent	0.500000	0	0	-1
3	Remaining 15th of next month	balance	0.0	0.0	15	0

Figure 2.4: Configuring Payment Terms

The currency you are using for the statement line is that of the selected journal. If you are entering statement lines for an account in US Dollars (USD), the amounts have to be entered in USD . The currency is automatically converted into the company’s main currency when you confirm the entry, using the rates in effect at the date of entry. (This means that you would need valid currency conversion rates to be created first. Go to *Accounting* → *Configuration* → *Miscellaneous* → *Currencies* menu.)

OpenERP automatically completes the initial balance based on the closing balance of the preceding statement. You can modify this value and force another value. This lets you enter statements in the order of your choice. Also if you have lost a page of your statement, you can enter the following ones immediately and you are not forced to wait for a duplicate from the bank.

Enter the closing balance which corresponds to the new value in the account displayed on your bank statement. This amount will be used to control the operations before approving the statement.

Then you have to enter all the lines in the statement. Each line corresponds to a banking transaction indicated on your paper statement.

Enter the transaction line. You have two ways of entering financial transactions: manually or through the *Import Invoices* button.

#### Manual Entry

When you type the Partner name, OpenERP automatically proposes the corresponding centralisation account.

You should then enter the amount that appears on your statement line: a negative sign for a withdrawal and a positive sign for a cash payment or deposit.

In the *Payment* select *Create and Edit* to reconcile your payment directly with the corresponding accounting entry or entries to be paid.

#### Import Invoices

Click the *Import Invoices* button, then click Add to select the invoices for which your payment will have to be reconciled. Click OK to confirm your selection; the statement line will automatically be added with the corresponding reconciliation.

Figure 3.1: Data Entry Form for a Bank Statement

note.png

### Reconciliation

Other methods of reconciliation are possible: from accounting entries, when saving the payment directly on an invoice, or using the automatic reconciliation tool.

You can carry out either a full or a partial reconciliation.

If you see a difference between the payment and the invoices to reconcile, you can enter the difference in the second part of the form *Write-off*. You have to set an account for the adjustment. The main reasons explaining the difference are usually:

- profit or loss,
- exchange differences,
- discounts given for fast payment.

When the reconciliation is complete - that is, the payment is equal to the sum of the due payments and the adjustments - you can close the reconciliation form.

The reconciliation operation is optional – you could very well do it later or not do it at all. However, reconciliation has got two significant effects:

- marking that the invoices have been paid,
- preventing the payment and invoice amounts from appearing on customer reminder letters. Unless you have reconciled them, a customer will see the invoice and payment amounts on his reminder letter (which will not alter the balance due since they will just cancel each other out).

Finally, once you have entered the complete bank statement, you can validate it. OpenERP then automatically generates the corresponding accounting entries if the calculated balance equals the final

balance, indicated in the Closing Balance field. The reconciled invoices are marked as paid at that point.

You can also enter general accounting entries, for example, banking costs. In such cases, you can enter the amounts directly in the corresponding general accounts.

A user with advanced accounting skills can enter accounting entries directly into the bank journal from *Accounting* → *Journal Entries* -> *Journal Items*. The result is the same, but the operation is more complex because you have to know the accounts to use and master the ideas of credit and debit.

### 3.2 Cash Register Management

To manage cash, you can use the menu *Accounting* → *Bank and Cash* → *Cash Registers*. At the start of the day you set the opening amount of cash in the entry (*Opening Balance*). Then open the cashbox to start making entries from the *Cash Transactions* tab.

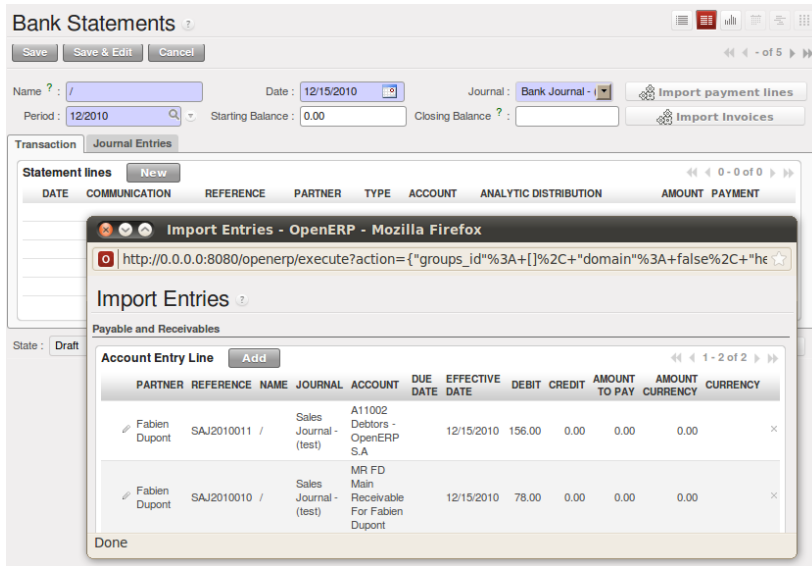


Figure 3.2: Reconciliation from Data Entry of the Bank Statement

All the transactions throughout the day are then entered in this statement. When you close the cashbox, generally at the end of the day, enter the amounts on the *CashBox* tab, in the *Closing Balance* section. Then confirm the statement to close the day's cash statement and automatically generate the corresponding accounting entries. Note that the *Calculated Balance* and the *CashBox Balance* need to be equal before you can close the cashbox.

tip.png	<p><b>Confirming the Statement</b></p> <p>Accounting entries are only generated when the cash statement is confirmed. So if the total statement has not been approved (that is to say during the day, in the case of petty cash), partner payments will not have been deducted from their corresponding account.</p>
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### 3.3 Miscellaneous Operations

Invoices and statements produce accounting entries in different journals. But you could also create entries directly in a journal (line by line) without using the dedicated journal views. This functionality is often used for miscellaneous entries.

To make manual entries, go to the following menu *Accounting* → *Journal Entries* → *Journal Items*. In the *Journal* field from the filter, start typing the journal in which you want to post (OpenERP will autocomplete), then click *Search*. When you select a journal in this filter, you do not have to fill in the journal on each line when posting new entries.

You can also post miscellaneous entries from the menu *Accounting* → *Journal Entries* → *Journal Entries*. Click *New* and select the journal in which you want to post your miscellaneous entry. In the Journal Items block, click *New* to start entering lines. Enter the required fields, such as *Name* and *Account*, *Debit* or *Credit*. Press the Enter key to confirm your line; the counterpart entry will automatically be proposed.



# RECORDING JOURNAL ITEMS

All the accounting transactions in OpenERP are based on records, whether they are created by an invoice or created directly.

Financial statements such as the general ledger, account balance, aged balance (or chronological balance) and the various journals are all based on accounting entries. It does not matter if you generated the entry from an invoice form or directly in the invoice journal. It is the same for the tax declaration and other statutory financial statements.

## 4.1 Recording Sales Entries through Journal Items

Journal entries can be entered in several ways, either manually or automatically. As discussed in previous chapters, journal entries are generated automatically on confirmation of purchase and sales invoices, for instance. Manual entries can be added through Journal Entries (several entries in one journal) or through Journal Items (line by line, for accountants).

Let us give the example of manually entering a sales invoice through *Accounting* → *Journal Entries* → *Journal Items*. Note however that these entries are usually generated automatically by OpenERP.

Click the *New* button. Fill these fields manually in the following order:


- *Reference*: reference from the invoice or entry,
- *Effective date*: effective date of the entry, will be preset with today's date
- *Period*: financial period, will be preset with the current period
- *Statement*: to manually enter bank statements,
- *Partner*: partner concerned,
- *Account*: general account (e.g. income account `Product Sales`),
- *Name*: description of the invoice line (e.g. `PC2`),
- *Due date*: due date of the entry
- *Journal*: here you select the journal in which you want to post (it may be preselected).
- *Debit*: here you type the debit amount.

- *Credit*: here you type the credit amount, e.g. 1196 .
- *Tax*: here you can select applicable taxes.

Press the *Enter* key on your keyboard to validate the first line. The next draft move number is assigned to your accounting entry. Your line is then colored red and takes the *Unbalanced* state. When a line is in the draft state, it is not yet reflected in the accounts. OpenERP will not validate that line until the balancing entry is made (so the credit amounts should balance the debit amounts for that set of entries).

OpenERP now proposes the balancing accounting line to be filled in. If the account used (in this case an income account such as *Product Sales* ) includes taxes by default, OpenERP automatically proposes taxes associated with the amount entered. Otherwise, you have to enter the corresponding tax yourself. At this stage you can modify and validate this second line of the account, or replace it with other information such as a second purchase line.

When you have entered all of the data from your lines, OpenERP automatically proposes counterpart entries to you, based on the lines already entered.



**Completing a Balancing Entry**

When an accounting entry is matched, OpenERP moves it to the *Valid* state automatically and prepares to enter the next data. Do not forget to definitely post the valid entries by clicking the *Action* button and selecting *Post Journal Entries*.

If you want to add some other balancing lines you can enter the number of the entry on the new line that you are entering. In such a case the whole line stays *Draft* until the whole set balances to zero.

## 4.2 Miscellaneous Operations: Creating an Opening Entry

When you use OpenERP Accounting & Financial Management for the first time, you will have to enter your Opening Balance for your balance sheet accounts. You can do this through a miscellaneous entry. The best thing is to create a specific Opening Journal (see also the Configuration chapter for more details) and an Opening Period.

Then, each balance sheet account that has a balance in your previous accounting system has to be reopened with the exact same balance. To do this, go to *Accounting* → *Journal Entries* → *Journal Entries*, click *New* and select the Opening Journal and Period. For each account, create a new line and enter the balance (either debit or credit). The counterpart account for such an entry will typically be your Profit & Loss Account (defined in your journal settings).

Once you started to keep your books in OpenERP, opening entries can be generated automatically at the annual closing (see also the Configuration chapter).



## 4.3 Journal Entries

To get an overview of existing journal entries or to create new journal entries, go to *Accounting* → *Journal Entries* → *Journal Entries*. Journal entries can be generated in two ways: automatically from invoices or manually by entering account lines in a journal.

You can indeed create the accounting records directly, without using the invoice and account statements. Some accountants prefer this approach because they might find it easier to think in terms of accounting records rather than in terms of invoices and payments.

You should really try use the forms designed for invoices and bank statements rather than manual data entry records, however. These are simpler and are managed within an error-controlling system.

Through this view, you can see each and every entry that has been made in your accounting system, grouped by move number (each journal entry gets an automatic number). If you want to see each individual move line, you should go to *Accounting* → *Journal Entries* → *Journal Items*.

From the State column, you see whether the journal entry has already been validated (*Posted*) or not (*Draft*).

If you want to have a certain journal entry reviewed by someone else (e.g. your accountant if you prepare most of the entries yourself), you can check the *To Review* box. In List view, the *To Review* button allows you to easily look up entries that need a second opinion.

This screen can also be used to group entries, for instance by partner, journal, or period. The order in which you click the *Group by* buttons determines the way your data will be displayed. With the Advanced Filters, you can look up entries according to amount (is equal to, smaller than, greater than, ...). These extended filters allow you to get a great view on all your accounting entries!

## 4.4 Manual Reconciliation Process

note.png

**Reconciliation**

Reconciliation links entries in an account that cancel each other out – they are reconciled to each other (sum of credits = sum of debits).

This is generally applied to payments or credit notes against corresponding invoices.

Without the reconciliation process, OpenERP would be incapable of marking invoices that have been paid. Suppose that you have got the following situation for the *Smith and Offspring* customer:

- Invoice 145: 50,
- Invoice 167: 120,
- Invoice 184: 70.

If you receive a payment of 120, OpenERP will delay reconciliation because there is a choice of invoices to pay. It could either reconcile the payment against invoices 145 and 184 or against invoice 167.

tip.png

### Treatment in Lots

Usually, different transactions are grouped together and handled at the same time rather than invoice by invoice. This is called batch work or lot handling.

You can select several documents in the list of invoices: check the checkboxes of the interesting lines using the web client and click the appropriate shortcut button at the right; or shift-click the lines using the mouse in the GTK client and use the action or print button at the top – these give you the option of a number of possible actions on the selected objects.

This reconciliation transaction can be carried out at various places in the process, depending on your preference:

- at data entry for the accounting statement,
- manually from the account records,
- automatically using OpenERP's intelligent reconciliation.

The reconciliation operation consists of matching entries in different accounts to indicate that they are related. Generally reconciliation is used for:

- matching invoice entries to payments, so that invoices are marked as paid and customers do not get payment reminder letters for those entries (reconciliation in a customer account),
- matching deposits and cheque withdrawals with their respective payments,
- matching invoices and credit notes to cancel them out.

A reconciliation has to be carried out on a list of accounting entries by an accountant, so that the sum of credits equals the sum of the debits for the matched entries.

Reconciliation in OpenERP can only be carried out in accounts that have been configured as reconcilable (the *Reconcile* field).

For manual reconciliation, open the entries for reconciling an account through the menu *Accounting* → *Periodical Processing* → *Reconciliation* → *Manual Reconciliation*.

You can also call up manual reconciliation from the *Journal Items* screen.

Before starting to reconcile entries, print a partner ledger to have a good view on related entries.

Select the account and/or partner for which entries need to be reconciled.

tip.png

**Sorting Entries to be Reconciled**

If you only select an account (e.g. account receivable) to be reconciled, you can easily click the *Partner* column to sort the entries by partner. Note that in OpenERP you can click any column heading to sort your data differently. Click once to sort in ascending order and twice to sort in descending order.

OpenERP indicates the sum of debits and credits for the selected entries. When these are equal you can click the *Reconcile Entries* action (at the right side of the screen; when hidden, click the small arrows) to reconcile the entries.

note.png

**Example Real Case of Using Reconciliation**

Suppose that you are entering customer order details. You wonder what is outstanding on the customer account (that is the list of unpaid invoices and unreconciled payments). To review it from the order form, navigate to the *Partner* field, click the button with the hand and select the option *Receivables and Payables*. OpenERP opens a history of unreconciled accounting entries on screen.

*Unreconciled Accounting Entries*

After running the *Reconcile Entries* wizard, these lines can no longer be selected and will not appear when the entries are listed again. If there is a difference between the two entries, OpenERP suggests you to make an adjustment. This “write-off” is a compensating entry that enables a complete reconciliation. You should therefore specify the journal and the account to be used for the write-off.

For example, if you want to reconcile the following entries:

Table 4.1: Entries for reconciliation

Date	Ref.	Description	Account	Debit	Credit
12 May 11	INV23	Car hire	4010	544.50	
25 May 11	INV44	Car insurance	4010	100.00	
31 May 11	PAY01	Invoices n° 23, 44	4010		644.00

On reconciliation, OpenERP shows a difference of 0.50. At this stage you have two possibilities:

- do not reconcile, and the customer receives a request for 0.50,
- reconcile and accept an adjustment of 0.50 that you will take from the P&L account.

OpenERP generates the following entry automatically:


Table 4.2: Write-off account

Date	Ref.	Description	Account	Debit	Credit
Date	Ref.	Description	Account	Debit	Credit
03 Jun 11	AJ001	Adjustment: profits and losses	4010		0.50
03 Jun 11	AJ001	Adjustment: profits and losses	XXX	0.50	

The two invoices and the payment will be reconciled in the first adjustment line. The two invoices will then automatically be marked as paid.


## 4.5 Productivity Tips

To quickly find related information, for instance for a partner, an account or a product, you can use the small button with the hand. When you click this button, some options related to the object will be displayed, of course taking into account the Business Applications installed.



**Duplicating a Document**

The duplication function can be applied to all the system documents: you can duplicate anything – a product, an order, an invoice, or a delivery.



**Duplicating Invoices**

Instead of entering a new invoice each time, you can base an invoice on a similar preceding one and duplicate it. To do this, first search for a suitable existing invoice. Open the selected invoice, then click *Duplicate*. In the GTK client, select *Form* → *Duplicate* from the top menu.

The duplication creates a new invoice in the `Draft` state. That enables you to modify the invoice before approving it. Duplicating documents in OpenERP is an intelligent function, which enables the duplicated invoice to be given its own sequence number, today's date, and the draft state, even if the preceding invoice has been paid.



note.png

### Getting Information by Navigating to it

As you are creating an invoice you will often find you need extra information about the partner to help you complete the invoice. As described earlier, you can navigate to other information linked to this partner by clicking the small button with the hand, such as:

- Monthly Turnover
- Benefit Details,
- Most Recent Invoices,
- Receivables & Payables,
- Contracts / Analytic Accounts,
- Latest Orders - Sales Order, Purchase Order.

Please note that the displayed options depend on the number of Business Applications you have installed. Do the same to get information about the products you are invoicing. For example: is there enough stock? When will you be getting more stocks in? What are the costs and normal list prices for this product?

By making this information easily accessible while you are invoicing, OpenERP greatly simplifies your work in creating the invoice.



note.png

### Find what You Need from a Journal Entry

When you are encoding journal entries, you will see the button with the small hand which allows you to drill down to related information for the field concerned. Below you will see an example of information that can be looked up for a journal, such as Unpaid Invoices and Bank Statements. The drill-down button can be found on many fields, such as account, product, partner, journal, analytic accounts, and more. This button also provides a quick way to check any unreconciled entries for an account.

*Clicking the Drill-Down Button for Extra Information*



# AUTOMATE YOUR PAYMENTS

OpenERP gives you forms to prepare, validate and execute payment orders. This enables you to manage issues such as:

1. Payment provided on several due dates.
2. Automatic payment dates.
3. Separating payment preparation and payment approval in your company.
4. Preparing an order during the week containing several payments, then creating a payment file at the end of the week.
5. Creating a file for electronic payment which can be sent to a bank for execution.
6. Splitting payments depending on the balances available in your various bank accounts.

## 5.1 Supplier Payments

To use the tool for managing payment orders you should first install the module `account_payment` or check the `Supplier Payment Management` option from the *Add More Features Wizard*. Supplier Payments are part of the core OpenERP system.

The system lets you enter a series of payments to be carried out from your various bank accounts. Once the different payments have been registered, you can validate the payment orders. During validation you can modify and approve the payment orders.

For example, if you have to pay a supplier's invoice for a large amount you can split the payments amongst several bank accounts according to their available balance. To do this, you can prepare several draft orders and validate them once you are satisfied that the split is correct.

This process can also be regularly scheduled. In some companies, a payment order is kept in `Draft` state and payments are added to the draft list each day. At the end of the week, the accountant reviews and confirms all the waiting payment orders.

Once the payment order is confirmed, there is still a validation step for an accountant to carry out. You could imagine that these orders would be prepared by an accounts clerk, and then approved by a manager to go ahead with payment.

tip.png

### Payment Workflow

An OpenERP workflow is associated with each payment order. Select a payment order, and if you are in the GTK client click *Plugins* → *Print workflow* from the top menu.

You can integrate more complex workflow rules to manage payment orders by adapting the workflow. For example, in some companies payments must be approved by a manager under certain cash flow or value limit conditions.

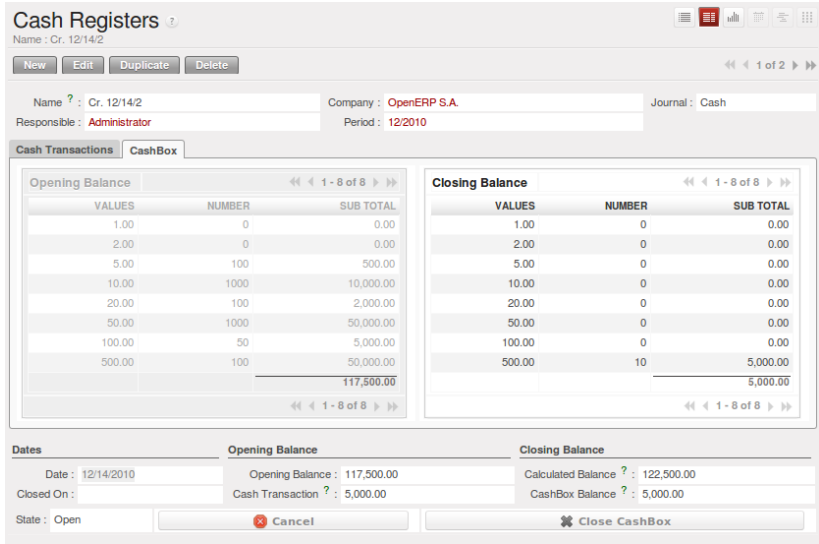


Figure 3.3: Defining the Cash Register

In small businesses it is usually the same person who enters the payment orders and who validates them. In this case you should just click the two buttons, one after the other, to confirm the payment.

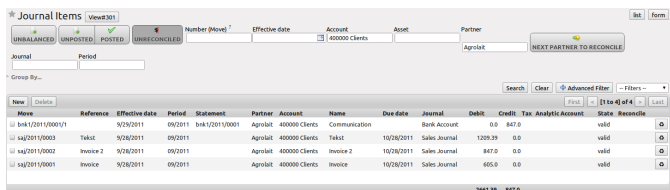
First configure the *Payment Modes* you want to use. Consider these as the bank accounts from which you want to pay your suppliers. This can be a bank account or a credit card account to name some. Go to the menu *Accounting* → *Configuration* → *Miscellaneous* → *Payment Mode*. Enter the name of the Payment mode, choose a bank journal and the related bank account (IBAN or normal bank account).

Some examples are:

- Cheques
- Bank transfer,
- Visa card on a bank account,
- Petty cash.

To enter a payment order, go to the menu *Accounting* → *Payment* → *Payment Orders* and click *New*.





OpenERP proposes a reference number for your payment order; this number can also be changed from the *Administration* → *Configuration* → *Sequences & Identifiers* → *Sequences*. Use the sequence of the *Payment Order* type if you want to adapt the reference number that will be proposed automatically for each new payment order.

You then have to select a payment mode from the various methods available for your company (cfr. configuring Payment Modes).

The *Preferred date* for the payment allows you to determine when the payments have to be executed:

- **Due date:** each operation will be effected at the due date specified on the invoice (the default option),
- **Directly:** the operations will be effected when the orders are validated, i.e. the payment date will be the order validation date,
- **Fixed date:** you have to specify an effective payment date in the *Scheduled date if fixed* field that follows.

The date is particularly important for the preparation of electronic transfers, because banking interfaces enable you to select a future execution date for each operation. The default option of OpenERP is to pay all invoices automatically at their due date.

Now select the invoices to pay. Invoices can be entered manually in the payment lines block, but you can also add them automatically. Simply click the *Select Invoices to Pay* button and OpenERP will propose documents according to the specified due date. For each due date you can see:

- the invoice *Payment Date*,
- the reference *Invoice Ref.*,
- the deadline for the invoice,
- the amount to be paid in the partner's default currency.

You can then accept the payment proposed by OpenERP, or select the entries that you will pay or not pay on that order. OpenERP gives you all the necessary information to make a payment decision for each line item:

- account,
- supplier's bank account,
- amount that will be paid,
- amount to pay,
- the supplier,

- total amount owed to the supplier,
- due date,
- date of creation.

You can modify the first three fields on each line: the account, the supplier's bank account and the amount that will be paid. This arrangement is very practical because it gives you complete visibility of all the company's trade payables. You can pay only a part of an invoice, for example, and in preparing your next payment order OpenERP automatically suggests payment of the remainder owed.

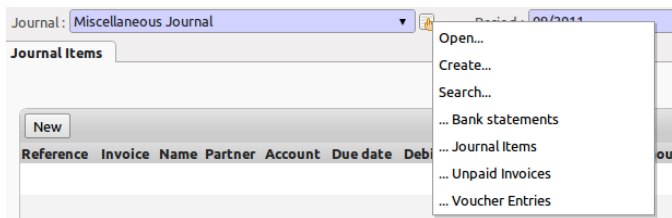
When the payment has been prepared correctly, click *Confirm Payments*. The payment then changes to the `Confirmed` state and a new button appears that can be used to start the payment process.

As usual, you can change the start point for the payment workflow from the *Administration* → *Customization* → *Workflow* menu.

## 5.2 Automatic Reconciliation

For automatic reconciliation, you will be asking OpenERP to search for entries to reconcile in a series of accounts. OpenERP tries to find entries for each partner where the amounts correspond.

Depending on the level of complexity that you choose (= power) when you start running the tool, the software could reconcile from two to nine entries at the same time. For example, if you select level 5, OpenERP will reconcile, for instance, three invoices and two payments if the total amounts correspond. Note that you can also choose a maximum write-off amount, if you allow payment differences to be posted.



To start the reconciliation tool, click *Accounting* → *Periodical Processing* → *Reconciliation* → *Automatic Reconciliation*.

A form opens, asking you for the following information:

- *Accounts to Reconcile* : you can select one, several or all reconcilable accounts,
- the dates to take into consideration (*Starting Date / Ending Date*),
- the *Reconciliation Power* (from 2 to 9 ),
- checkbox *Allow write off* to determine whether you will allow for payment differences.
- information needed for the adjustment (details for the *Write-Off Move*).



note.png

### Reconciling

You can reconcile any account, but the most common accounts are:

- all the Accounts Receivable – your customer accounts of type Debtor,
- all the Accounts Payable – your supplier accounts of type Creditor.

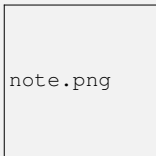
The write-off option enables you to reconcile entries even if their amounts are not exactly equivalent. For example, OpenERP permits foreign customers whose accounts are in different currencies to have a difference of up to, say, 0.50 units of currency and put the difference in a write-off account.



tip.png

### Limit Write-off Adjustments

You should not make the adjustment limits too large. Companies that introduced substantial automatic write-off adjustments have found that all employee expense reimbursements below the limit were written off automatically!



note.png

### Default Values

If you run the automatic reconciliation tool regularly, you should set default values for each field by using the right-click mouse button in the web client (in edit mode) or the GTK client. The resulting context menu enables you to set default values. This means that you will not have to retype all the fields each time.



**Part V**

**Analytic Accounts**




*Sitting at the heart of your company's processes, analytic accounts (or cost accounts) are indispensable tools for managing your operations well. Unlike your financial accounts, they are for more than accountants - they are for general managers and project managers too.*

You need a common way of referring to each user, service, or document to integrate all your company's processes effectively. Such a common basis is provided by analytic accounts (or management accounts, or cost accounts, as they are also called) in OpenERP.

Analytic accounts are often presented as a foundation for strategic enterprise decisions. But because of all the information they pull together, OpenERP's analytic accounts can be a useful management tool, at the center of most system processes.

There are several reasons for this:

- they reflect your entire management activity,
- unlike the general accounts, the structure of the analytic accounts is not regulated by legal obligations, so each company can adapt it to its needs.



### Independence from General Accounts

In some software packages, analytic accounts are managed as an extension of general accounts – for example, by using the two last digits of the account code to represent analytic accounts.

In OpenERP, analytic accounts are linked to general accounts, but they are treated independently. So you can enter various different analytic operations that have no counterpart in the general financial accounts.

While the structure of the general chart of accounts is imposed by law, the analytic chart of accounts is built to fit a company's needs closely.

Just as in the general accounts, you will find accounting entries in the different analytic accounts. Each analytic entry can be linked to a general account, or not, as you wish. Conversely, an entry in a general account can be linked to one, several, or no corresponding analytic accounts.

You will discover many advantages of this independent representation below. For the more impatient, here are some of those advantages:

- you can manage many different analytic operations,
- you can modify an analytic plan on the fly, during the course of an activity, because of its independence,
- you can avoid an explosion in the number of general accounts,
- even those companies that do not use OpenERP's general accounts can use the analytic accounts for management.



tip.png

#### Who Benefits from Analytic Accounts?

Unlike general accounts, analytic accounts in OpenERP are not so much an accounting tool for accountants as a management tool for everyone in the company. (That is why they are also called management accounts.)

The main users of analytic accounts should be the directors, general managers and project managers.

Analytic accounts make up a powerful tool that can be used in different ways. The trick is to create your own analytic structure for a chart of accounts that closely matches your company's needs.

For this chapter, you should start with a fresh database that includes demo data, with `account` and `sale` and its dependencies installed, and no particular chart of accounts configured.



# TO EACH ENTERPRISE ITS OWN ANALYTIC CHART OF ACCOUNTS

To illustrate analytic accounts clearly, you will follow three use cases, each in one of three different types of company:

1. Industrial Manufacturing Enterprise,
2. Law Firm,
3. IT Services Company.

## 6.1 Case 1: Industrial Manufacturing Enterprise

In industry, you will often find analytic charts of accounts structured into departments and products the company itself is built on.

So the objective is to examine the costs, sales and margins by department and by product. The first level of the structure comprises the different departments, and the lower levels represent the product ranges the company makes and sells.

note.png

Analytic Chart of Accounts for an Industrial Manufacturing Company

1. Marketing Department
2. Commercial Department
3. Administration Department
4. Production
  - Product Range 1
  - Sub-groups
  - Product Range 2

In daily use, it is useful to mark the analytic account on each purchase invoice. The analytic account is the one to which the costs of that purchase should be allocated. When the invoice is approved, it will automatically generate the entries for both the general and the corresponding analytic accounts. So, for each entry on the general accounts, there is at least one analytic entry that allocates costs to the department which incurred them.

Here is a possible breakdown of some general accounting entries for the example above, allocated to various analytic accounts:

Table 6.1: Breakdown of general and analytic accounting entries (Case 1)

General accounts				Analytic accounts	
Title	Account	Debit	Credit	Account	Value
Purchase of Raw Material	600	1500		Production / Range 1	-1 500
Subcontractors	602	450		Production / Range 2	-450
Credit Note for defective materials	600		200	Production / Range 1	200
Transport charges	613	450		Production / Range 1	-450
Staff costs	6201	10000		Marketing	-2 000
				Commercial	-3 000
				Administrative	-1 000
				Production / Range 1	-2 000
				Production / Range 2	-2 000
PR	614	450		Marketing	-450

The analytic representation by department enables you to investigate the costs allocated to each department in the company.

So, the analytic chart of accounts shows the distribution of the company's costs using the example above:

Table 6.2: Analytic chart of accounts  
(Case 1)

Account	Total
Marketing Department	-2 450
Commercial Department	-3 000
Administration Department	-1 000
Production	-6 200
Product Range 1	-3 750
Product Range 2	-2 450

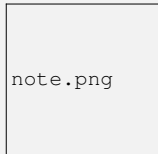
In this example of a hierarchical structure in OpenERP, you can analyse not only the costs of each product range, but also the costs of the whole production. The balance of a summary account (*Production*) is the sum of the balances of the child accounts.

A report that relates both general accounts and analytic accounts enables you to get a breakdown of costs within a given department. An analysis of the Production / Product Range 1 department is shown in this table:

Table 6.3: Report merging both general and analytic accounts for a department (Case 1)

Production / Product Range 1	
General Account	Amount
600 – Raw Materials	- 1 300
613 – Transport charges	- 450
6201 – Staff costs	-2 000
Total	-3 750

The examples above are based on a breakdown of the costs of the company. Analytic allocations can be just as effective for sales. That gives you the profitability (sales - costs) of different departments.



**Representation by Unique Product Range**

This analytic representation by department and by product range is generally used by trading companies and industries.

A variant of this, is not to break it down by sales and marketing departments, but to assign each cost to its corresponding product range. This will give you an analysis of the profitability of each product range.

Choosing one over the other depends on how you look at your marketing effort. Is it a global cost allocated in some general way, or is each product range responsible for its own marketing costs?

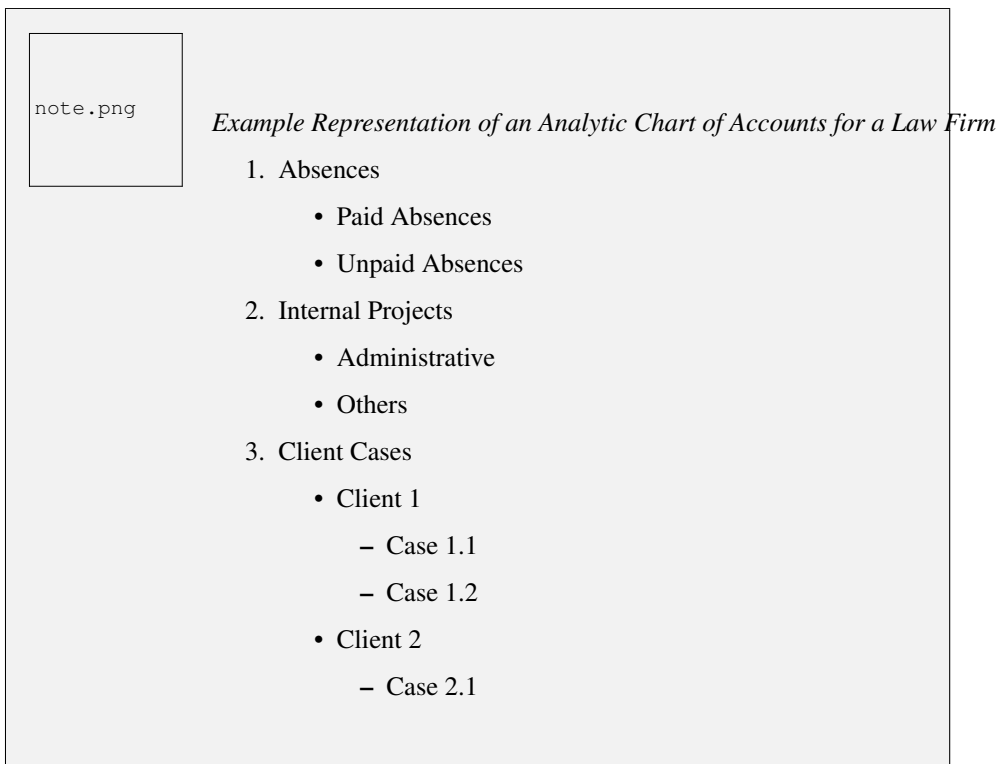
## 6.2 Case 2: Law Firm

Law firms generally adopt management by case, where each case represents a current client file. All of the expenses and products are then attached to a given file.

A principal preoccupation of law firms is the invoicing of hours worked, and the profitability by case and by employee.

Mechanisms used for encoding the hours worked will be covered in detail in *Human Resources*. Like most system processes, hours worked are integrated into the analytic accounting. Every time an employee enters a timesheet for a number of hours, that automatically generates analytic accounts corresponding to the cost of those hours in the case concerned. The hourly charge is a function of the employee's salary.

So a law firm will opt for an analytic representation which reflects the management of the time that employees work on the different client cases.



All expenses and sales are then attached to a case. This gives the profitability of each case and, at a consolidated level, of each client.

Billing for the different cases is a bit unusual. The cases do not match any entry in the general account nor do they come from purchase or sales invoices. They are represented by the various analytic operations and do not have exact counterparts in the general accounts. They are calculated on the basis of the hourly cost per employee. These entries are automatically created when billing worksheets.

At the end of the month when you pay salaries and benefits, you integrate them into the general accounts

but not in the analytic accounts, because they have already been accounted for in billing each account. A report that relates data from the analytic and general accounts then lets you compare the totals, so you can readjust your estimates of hourly cost per employee depending on the time actually worked.

The following table shows an example of different analytic entries that you can find for your analytic account:

Table 6.4: Analytic Entries for the Account Chart (Case 2)

Title	Account	Amount	General Account	Debit	Credit
Study the file (1 h)	Case 1.1	-15			
Search for information (3 h)	Case 1.1	-45			
Consultation (4 h)	Case 2.1	-60			
Service charges	Case 1.1	280	705 – Billing services		280
Stationery purchase	Administrative	-42	601 – Furniture purchase	42	
Fuel Cost -Client trip	Case 1.1	-35	613 – Transports	35	
Staff salaries			6201 – Salaries		3 000

Such a structure allows you to make a detailed study of the profitability of various transactions. In this example, the cost of Case 1.1 is 95.00 (the sum of the analytic costs of studying the files, searching for information and service charges), but has been invoiced at 280.00, which gives you a gross profit of 185.00.

But an interest in analytical accounts is not limited to a simple analysis of the profitability of different cases.

The same data can be used for automatic recharging of the services to the client at the end of the month. To invoice clients, just take the analytic costs in that month and apply a selling price factor to generate the invoice. Invoicing mechanisms for this are explained in greater detail in *Services & Project Management*. If the client requires details of the services used on the case, you can print the service entries in the analytic account for this case.



**Invoicing Analytic Costs**

Most software that manages billing enables you to recharge hours worked. In OpenERP, these services are automatically represented by analytic costs. But many other OpenERP documents can also generate analytic costs, such as credit notes and purchases of goods.

So when you invoice the client at the end of the month, it is possible for you to include all the analytic costs, and not just the hours worked. So, for example, you can easily recharge the whole cost of your journeys to the client.

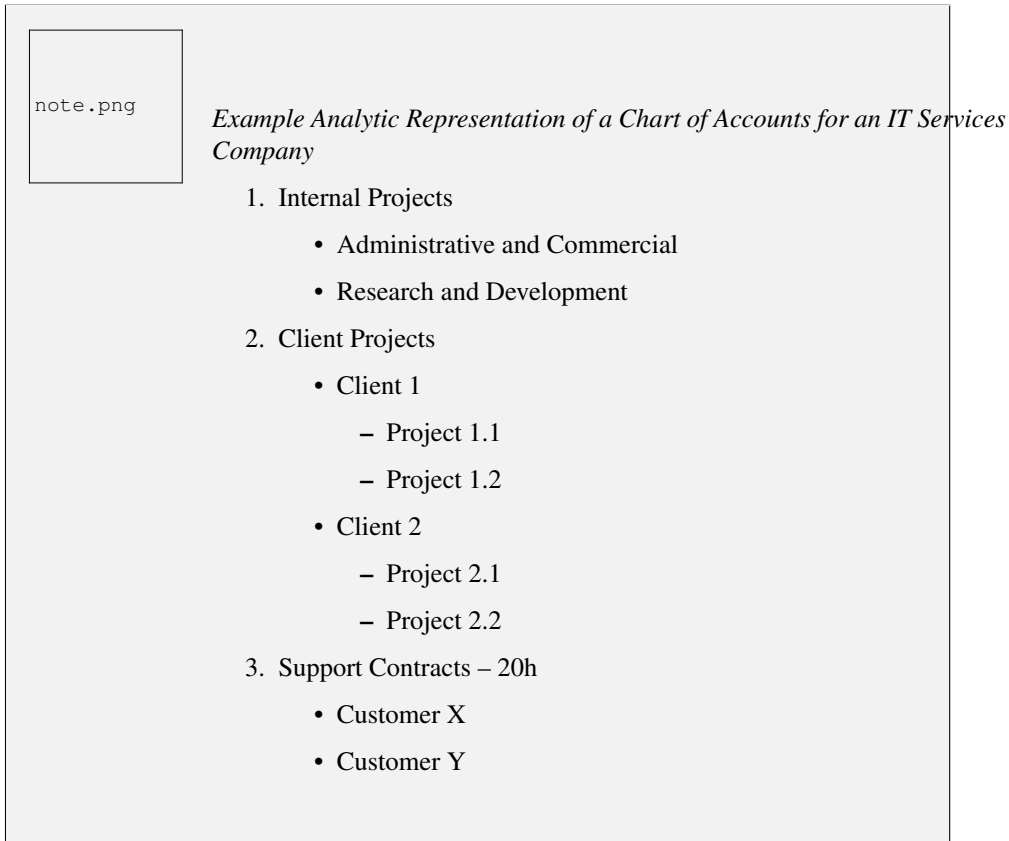
### 6.3 Case 3: IT Services Company

Most IT service companies face the following problems:

- project planning,

- invoicing, profitability and financial follow-up of projects,
- managing support contracts.

To deal with these problems, you would use an analytic chart of accounts structured by project and by contract. A representation of that is given in the following example:



The management of services, expenditures and sales is similar to that presented above for lawyers. Invoicing and the study of profitability are also similar.

But now look at support contracts. These contracts are usually limited to a prepaid number of hours. Each service posted in the analytic accounts shows the remaining hours of support. To manage support contracts, you would use the quantities and not the amounts in the analytic entries.

In OpenERP, each analytic line lists the number of units sold or used, as well as what you would usually find there – the amount in currency units (USD or GBP, or whatever other choice you make). So you can sum the quantities sold and used on each analytic account to determine whether any hours of the support contract remain.

To differentiate services from other costs in the analytic account, you use the concept of the analytic journal. Analytic entries are then allocated into the different journals:


- service journal,
- expense journal,

- sales journal,
- purchase journal.

To obtain the detailed breakdown of a support contract, you only have to look at the service journal for the analytic account corresponding to the contract in question.

Finally, the analytic account can be used to forecast future needs. For example, monthly planning of staff on different projects can be seen as an analytic budget limited to the service journal. Accounting entries are expressed in quantities (such as number of hours, and numbers of products), and in amounts in units of currency (USD or GBP for instance).

So you can set up planning on just the basis of quantities. Analysing the analytic budget enables you to compare the budget (that is, your plan) to the services actually carried out by month end.



**Cash Budgets**

Problems of cash management are amongst the main difficulties encountered by small growing businesses. It is really difficult to predict the amount of cash that will be available when a company is young and rapidly growing.

If the company adopts management by case, then staff planning can be represented in the analytic accounts report, as you have seen.

But since you know your selling price for each of the different projects, you can see that it is easy to use the plan in the analytic accounts to more precisely forecast the amounts that you will invoice in the coming months.





# ANALYTIC ENTRIES

## 7.1 Integrated with General Accounting

Just as in general accounting, analytic entries should be related to an account and an analytic journal.

Analytic records can be distinguished from general records by the following characteristics:

- they are not necessarily legal accounting documents,
- they do not necessarily belong to an existing accounting period,
- they are managed according to their date and not an accounting period,
- they do not generate both a debit and a credit entry, but a positive amount (income) or a negative amount (cost).

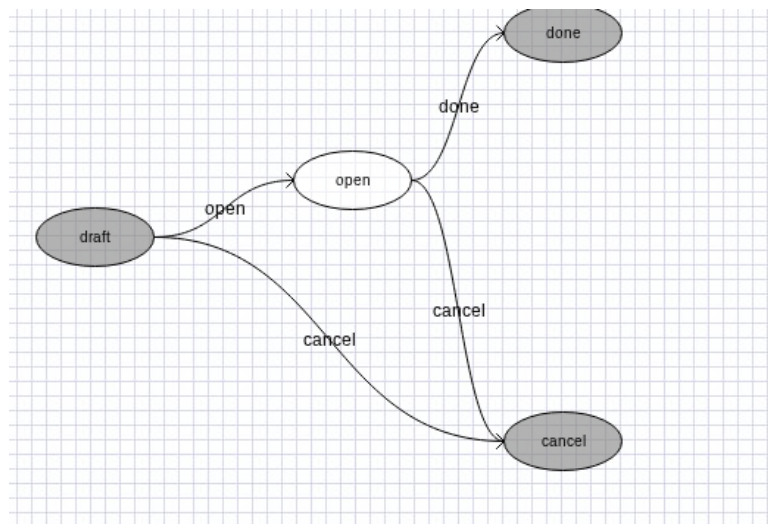


Figure 5.1: *Payments Workflow*

The figure *Analytic Account Records for a Customer Project* (page 85) represents the entries in an analytic account for a customer project.

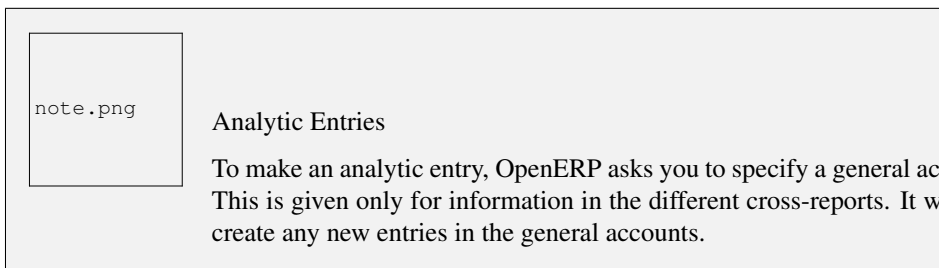
You can see there:

- the service costs for staff working on the project,
- the costs for reimbursing the expenses of a return journey to the customer,
- purchases of goods that have been delivered to the customer,
- sales for recharging these costs.

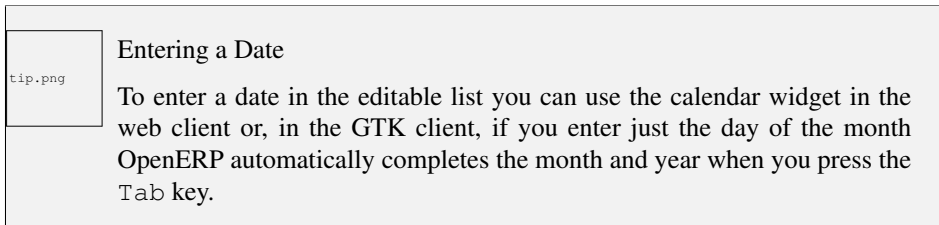
## 7.2 Manual Entries

Even though most analytic entries are produced automatically by the other OpenERP documents, it is sometimes necessary to record manual entries. It is usually needed for certain analytic operations which have no counterpart in the general accounts.

To record manual entries, go to the menu *Accounting* → *Journal Entries* → *Analytic Journal Items* and click the *New* button.



Select a journal and complete the different fields. Write an expense as a negative amount and income as a positive amount.



note.png

### Example Cost Redistribution

One of the uses of manual data entry for analytic operations is reallocation of costs. For example, if a development has been done for a given project, but can be used again for another project, you can reallocate part of the cost to the other project.

In this case, make a positive entry on the first account and a negative entry for the same amount on the account of the second project.

## 7.3 Automated Entries

Analytic accounting is totally integrated with the other OpenERP modules, so you never have to re-enter the records. They are automatically generated by the following operations:

- confirmation of an invoice generates analytic entries for sales or purchases connected to the account shown in the invoice line,
- the entry of a service generates an analytic entry for the cost of this service to the given project,
- the manufacturing of a product generates an entry for the manufacturing cost of each operation in the product range.

Other documents linked to one of these three operations produce analytic records indirectly. For example, when you are entering a customer sales order, you can link it to the customer's analytic account. When you are managing by case or project, mark the project with that order. This order will then generate a customer invoice, which will be linked to the analytic account. When the invoice is validated, it will automatically create general and analytic accounting records for the corresponding project.

Expense receipts from an employee can be linked to an analytic account for reimbursement. When a receipt is approved by the company, a purchase invoice is created. This invoice represents a debit on the company in favour of the employee. Each line of the purchase invoice is then linked to an analytic account which automatically allocates the costs for that receipt to the corresponding project.

To visualise the general entries following these different actions, you can use one of the following menus:

1. To see all of the entries, *Accounting* → *Journal Entries* → *Analytic Journal Items*
2. To see the entries per account, per user, per product or per partner, you can use the menu *Accounting* → *Reporting* → *Statistic Reports* → *Analytic Entries Analysis*.

## 7.4 Analytic Models

Standard OpenERP allows you to post analytic entries to one chart at a time. Using the *Analytic Model* concept (install the option `Multiple Analytic Plans` from the *Add New Features* wizard), you can distribute your income or expenses to one or several analytic charts of account at the same time. You can define the combination of analytic plans through the menu *Accounting* → *Configuration* → *Analytic Accounting* → *Multi Plans* → *Analytic Plan*.

The screenshot shows the 'Payment Orders' form in OpenERP. At the top, there are buttons for 'New', 'Edit', 'Duplicate', and 'Delete'. Below these are fields for 'Reference : 2010/002', 'Payment mode ? : Direct Payment', and 'User : Administrator'. There are also fields for 'Preferred date ? : Due date' and 'Scheduled date if fixed ? :'. A button 'Select Invoices to Pay' is visible. The main part of the form is a table titled 'Payment Line' with the following data:

INVOICE REF.	PARTNER	DESTINATION BANK ACCOUNT	DUE DATE	PAYMENT DATE	AMOUNT	PARTNER CURRENCY	YOUR REFERENCE
EXJ/2010/004	Elec Import			12/15/2010	800.00	EUR (€)	005
EXJ/2010/003	Wood y Wood Pecker			12/15/2010	3,900.00	EUR (€)	006
EXJ/2010/002	Distrib PC			12/15/2010	50.00	EUR (€)	007

At the bottom of the form, there are fields for 'Creation date : 12/15/2010', 'Execution date :', and 'State ? : Draft'. There are also buttons for 'Cancel' and 'Confirm Payments'.

Figure 5.2: Entering a Payment Order

Using the link *Distribution Models* at the right side of the *Analytic Plan* form, you can define the distribution of either your expenses while creating supplier invoice, or revenue when defining customer invoices. Thanks to these models, you can have one amount distributed amongst several analytic accounts. Models can be reused, and they can be applied to one analytic chart of accounts, but also to a combination of various charts of account, such as projects and cost centers.

For example, when you create the invoice (suppose 1000 EUR) for the product `Client Project` with analytic distribution that we defined as above.

When the invoice has been validated, you can find the *Analytic Journal Entries* with the amount distributed amongst the analytic accounts through the menu *Accounting* → *Journal Entries* → *Analytic Journal Items*.

You can also specify default *Analytic Distribution* for a particular product, partner, user and company for specific time interval using the menu *Accounting* → *Configuration* → *Analytic Accounting* → *Analytic Defaults*.

### Account Automatic Reconcile

**Reconciliation**

For an invoice to be considered as paid, the invoice entries must be reconciled with counterparts, usually payments. With the automatic reconciliation functionality, OpenERP makes its own search for entries to reconcile in a series of accounts. It finds entries for each partner where the amounts correspond.

Chart of accounts								Add	« 1 - 2 of 2 »	
CODE	NAME	DEBIT	CREDIT	BALANCE	INTERNAL TYPE	COMPANY	COMPANY CURRENCY			
X11002	Debtors - (test)	7,306.50	4,806.50	2,500.00	Receivable	OpenERP S.A.	EUR			X
X1111	Creditors - (test)	0.00	300.00	-300.00	Payable	OpenERP S.A.	EUR			X

Accounts to Reconcile:

Starting Date: 01/01/2010 Ending Date: 12/15/2010  
 Power: 2 Allow write off:

**Write-Off Move**

Maximum write-off amount: 100 Account: X11005 Cash - (test)  
 Journal: Sales Journal Period: 12/2010

Figure 5.3: Automatic Reconciliation

**Analytic Journal Items** View#411

SALES PURCHASES OTHERS TO INVOICE

Date: Description: Analytic Account: User: MY ENTRIES

Group By...

Search Clear Advanced Filter Filters

Date	Ref.	Description	Analytic Journal	Amount	Analytic Account	Type of Invoicing	General Account
10/3/2011		Design and specification	Timesheet Journal	-30.0	Your Company / Our Super Product / Consultancy		X2110 Expenses - (test)
10/3/2011	Manual Purchase 2		Purchases	-200.0	Your Company / Our Super Product / Consultancy		600000 Achats de matières premières
10/3/2011	Manual Entry 1		Sales	1400.0	Your Company / Our Super Product / Consultancy		700000 Ventes en Belgique
9/15/2011	EXP/002	Travel Expenses	Purchases	-32.0	Your Company / Our Super Product / Consultancy		600000 Achats de matières premières
9/15/2011	EXP/002	Hotel Accommodation	Purchases	-250.0	Your Company / Our Super Product / Consultancy		600000 Achats de matières premières

888.0

Figure 7.1: Analytic Account Records for a Customer Project

# Part VI

## Financial Analysis



*This chapter is dedicated to statutory taxation and financial reporting from OpenERP. Whether you need reports about customers and suppliers, or statements for various statutory purposes, OpenERP enables you to carry out a whole range of parametric analyses regarding the financial health of your company.*

Whether you want to analyze the general health of your company or review the status of an Account Receivable in detail, your company's accounts are the place to define your various business indicators.

To show you the most accurate picture of your business, OpenERP's accounting reports are flexible, and the results are calculated in real time. This enables you to automate recurring actions and to change your operations quickly when a company-wide problem (such as cash reserves dropping too low or receivables climbing too high) or a local problem (a customer that has not paid, or a project budget overspend) occurs.

This chapter describes the various reports and financial statements supplied by OpenERP's accounting modules. It also describes how OpenERP handles purchase and sales taxation, and the related tax reporting.

For this chapter you should start with a fresh database that includes demo data, with `sale` and its dependencies installed and no particular chart of accounts configured.





# REPORTING

OpenERP provides many tools for managing customer and supplier accounts. You will see here:

- financial analysis of partners, to understand the reports that enable you to carry out an analysis of all of your partners,
- multi-level reminders, which is an automatic system for preparing reminder letters or emails when invoices remain unpaid,
- detailed analysis of individual partners.

## 8.1 Financial Analysis of Partners

When members of your accounts department sign on to the OpenERP system, they can immediately be presented with the *Accounting Dashboard*. By default, it contains a useful graph for analyzing receivables. Then look at it using the menu *Accounting* → *Reporting* → *Dashboard* → *Accounting Dashboard*.

Plan Name	Sequence	Root Account	Minimum Allowed (%)	Maximum Allowed (%)
Your company	0	Your Company	100.0	100.0
Projects	0	Projects	100.0	100.0

Figure 7.2: Definition of Analytic Plan

In the dashboard, the graph at the right entitled *Aged Receivables* represents your receivables week by week. That shows you at a glance the cumulative amount of your customer debtors by week.

All of OpenERP's graphs are dynamic. So you can, for example, filter the data by clicking *Zoom* and then *Filter* on the Search form. Or just click on *Zoom* to open in a larger window for a graph, then click *Search* to display this in a list view.

To obtain a more detailed report of the aged balance (or order by past date), use the menu *Accounting* → *Reporting* → *Generic Reporting* → *Partners* → *Aged Partner Balance*.

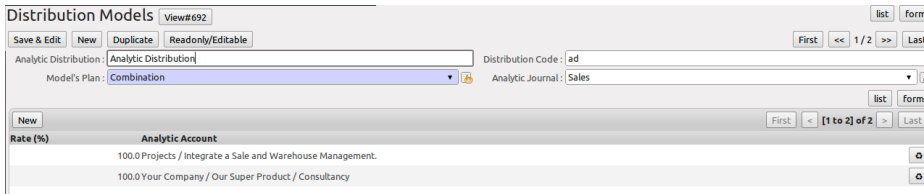


Figure 7.3: Definition of Distribution Models

When opening that report, OpenERP asks for the name of the company, the fiscal period and the size of the interval to be analyzed (in days). OpenERP then calculates a table of credit balance by period. So, if you request an interval of 30 days, OpenERP generates an analysis of creditors for the past month, past two months, and so on.

For an analysis by partner, you can use the partner balance that you get through the menu *Accounting* → *Reporting* → *Generic Reporting* → *Partners* → *Partner Balance*. The system then supplies you with a PDF report containing one line per partner representing the cumulative credit balance.

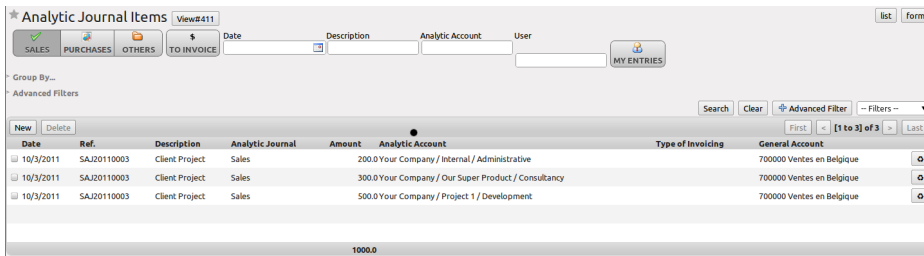


Figure 7.4: Journal Entries with Distributed Amount

If you want detailed information about a partner, you can use the partner ledgers that you reach through the menu *Accounting* → *Reporting* → *Generic Reporting* → *Partners* → *Partner Ledger*.

Finally, you can look up individual account entries by searching for useful information. To search for account entries, you can use the menu *Accounting* → *Reporting* → *Statistic Reports* → *Entries Analysis*.

tip . png

### Exporting Entries

It is helpful to remember that you can export all types of resources in OpenERP. From the web client, you need to navigate to a search list for the resource, then click the *Export* link at the bottom left of the list. From the GTK client, you would use the menu *Form* → *Export data*. This enables you to easily make your own analysis in Microsoft Excel or OpenOffice.org Calc, by exporting accounting entries.

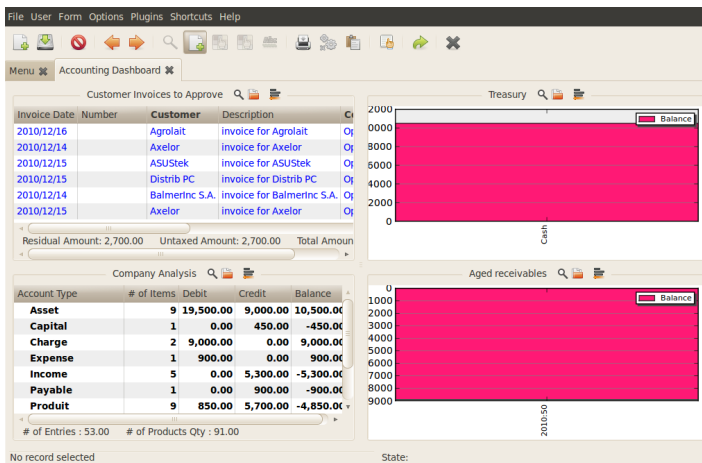


Figure 8.1: Accounting Dashboard

## 8.2 Multi-step Reminders

To automate the management of follow-ups (reminders) you should install the module `account_followup` (or check the *Followups Management* option in the *Add New Features* wizard).

Once the module is installed, configure your levels of follow-up using the menu *Accounting* → *Configuration* → *Miscellaneous* → *Follow-Ups*.

The levels of follow-up are relative to the date of creation of an invoice, and not the due date. This enables you to put payment conditions such as ‘payable in 21 days’ and send a reminder in 30 days, or the converse.

For each level, you should define the number of days and create a note which will automatically be added into the reminder letter. The sequence determines the order of the level in ascending order.

Table 8.1: Example of Configuring Follow-up Levels

Sequence	Level	Days	Description
1	Level 1	15 days net	First payment reminder
2	Level 2	30 days net	Second reminder
3	Level 3	45 days from end of month	Put on notice

You can send your reminders by mail and/or email with the menu *Accounting* → *Periodical Processing* → *Billing* → *Send followups*.

OpenERP presents you with a list of partners who are due to be reminded, which you can modify before starting the procedure. On the second tab of the form, you can supply the information you will send in the email reminder.

The system then gives you a PDF report with all of the reminder letters for each partner. Each letter is produced in the language of the partner (if that is available), and you can therefore get letters in several languages in the same PDF on several pages.

Chart of Account	Fiscal Year	Start Date	Period Length	Partner's	Analysis Direction	Target Moves
OpenERP S.A.	Fiscal Year 2010	12/16/2010	30		DEB	All Entries
<b>Partners</b>						
	No due	0.00	30.00	60.00	90.00	-120
Accounts Payable	1001 €	-800.00 €	0.00 €	0.00 €	0.00 €	800.00 €
Assets	0.00 €	4500.00 €	0.00 €	0.00 €	0.00 €	4500.00 €
OpenERP S.A.	0.00 €	800.00 €	0.00 €	0.00 €	0.00 €	800.00 €
Bank de Commerce de Liege	0.00 €	-800.00 €	0.00 €	0.00 €	0.00 €	800.00 €

Figure 8.2: Aged Balance using a 30-days Period

You should check the due date of customers and/or suppliers before starting the reminder procedure. You get a list of unreconciled entries' accounts. You can then modify the date, the last follow-up and the level of reminder for each entry.

To obtain a detailed statistical report of sent follow-ups use the menus in *Accounting* → *Reporting* → *Generic Reporting* → *Partners* → *Follow-ups Sent*.

The different reports are standard OpenERP screens, so you can filter them and explore the elements in detail.

Chart of Account	Fiscal Year	Journals	Filter By	Partner's	Target Moves
OpenERP S.A.	Fiscal Year 2010	SAJ - (test), SCNJ - (test), EXJ - (test), ECNJ - (test), BNK - (test), CHK - (test), CSH - (test), STJ, SAJ, EXJ, SCNJ, ECNJ, BNK1, BNK2, BNK3, BNK	No Filter	Receivable Accounts	All Entries
<b>Code (Account)Partner Name Debit Credit Balance In dispute</b>					
<b>Total:</b>		<b>10650.00</b>	<b>19950.00</b>	<b>-9300.00 €</b>	<b>0.00 €</b>
<b>401000</b>	<b>Efets à recevoir</b>	<b>10200.00</b>	<b>19500.00</b>	<b>-9300.00 €</b>	<b>0.00 €</b>
	Axelor	1800.00	5900.00	-4100.00 €	0.00 €
	Camplocamp	3000.00	2200.00	800.00 €	0.00 €
	Ecole de Commerce de Liege	5400.00	11400.00	-6000.00 €	0.00 €

Figure 8.3: Partner Balance

# GENERAL LEDGER AND TRIAL BALANCE

To print the *General Ledger*, you can use the menu *Accounting* → *Reporting* → *Legal Reports* → *Accounting Reports* → *General Ledger*. You will find the following wizard which is used to filter the resulting report.

Date	JNL	Ref	Account	Entry Label	Debit	Credit	Balance
<b>OpenERP S.A.</b>							
<b>Partner Ledger</b>							
Opus ERP S.A. Fiscal Year 2010							
Initial Balance							
12-31-2010	SAI	SAJ2010001	401000	SAJ2010011	400.00	400.00	0.00 €
12-31-2010	SAI	SAJ2010004	401000	BRK201004 SAJ2010011	0.00	400.00	400.00 €
<b>Debit</b>							
					<b>380.00</b>	<b>1180.00</b>	<b>400.00 €</b>
<b>Credit</b>							
					<b>180.00</b>	<b>580.00</b>	<b>400.00 €</b>
12-14-2010	SAI	SAJ2010008	401000	SAJ2010007	400.00	0.00	400.00 €
12-14-2010	BRK	1	401000	SAJ2010006	0.00	400.00	400.00 €
12-14-2010	SAI	SAJ2010008	401000	SAJ2010007	400.00	0.00	400.00 €
12-14-2010	SAI	SAJ2010008	401000	SAJ2010007	400.00	0.00	400.00 €
12-14-2010	BRK	BRK2010008	401000	BRK201008 SAJ2010007	0.00	400.00	400.00 €
<b>Initial Balance</b>							
12-14-2010	SAI	SAJ2010007	401000	SAJ2010007	400.00	0.00	400.00 €
12-14-2010	BRK	Payment 1	401000	Payment by cheque	0.00	500.00	500.00 €
<b>Payments of Cheques/Receives</b>							
					<b>0.00</b>	<b>0.00</b>	<b>0.00 €</b>
<b>Compartments</b>							
					<b>400.00</b>	<b>400.00</b>	<b>1800.00 €</b>
<b>Initial Balance</b>							
12-14-2010	BRK	1	401000	SAJ2010010	0.00	200.00	200.00 €
12-14-2010	SAI	SAJ2010010	401000	SAJ2010010	300.00	0.00	300.00 €
12-14-2010	BRK	BRK2010007	401000	BRK201007 SAJ2010010	0.00	200.00	200.00 €
<b>Payments of Cheques/Receives</b>							
					<b>180.00</b>	<b>280.00</b>	<b>1080.00 €</b>
<b>Initial Balance</b>							
12-14-2010	BRK	BRK2010008	401000	BRK201008 SAJ2010010	0.00	540.00	540.00 €
12-14-2010	SAI	SAJ2010012	401000	P2004 50004	540.00	0.00	540.00 €
12-14-2010	BRK	BRK2010008	401000	Payment cheque SAJ2010012	0.00	600.00	600.00 €

Figure 8.4: *Partner Ledger*

Select the proper options and journal(s) from the above wizard to print the *General Ledger*.

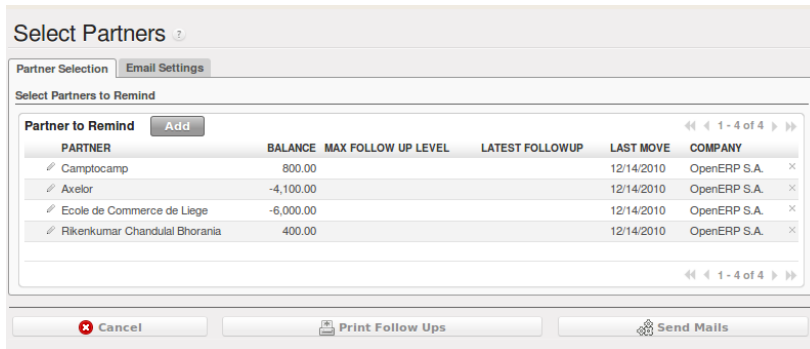


Figure 8.5: Prepare Reminders

tip.png

### Simulated Balance

While you are printing account balances, if you have installed the `account_simulation` module from `extra-addons`, OpenERP asks you which level of simulation to execute.

Results will vary depending on the level selected. You could, for example, print the balance depending on various methods of amortization:

- the normal IFRS method,
- the French method.

More generally, it enables you to make analyses using other simulation levels that you could expect.

To print the *Trial Balance*, you can use this menu *Accounting* → *Reporting* → *Legal Reports* → *Accounting Reports* → *Trial Balance*. This report allows you to print or generate a PDF of your trial balance, allowing you to quickly check the balance of each of your accounts in a single report.

You can print the *General Ledger* and *Trial Balance* report directly from the *Account* form also.

Follow-ups Sent

THIS FISCAL YEAR NOT LITIGATION

Partner: Balance: First move: Last move:

Group By: PARTNER LITIGATION FOLLOWUP LEVEL LATEST FOLLOWUP DATE COMPANY

Follow-Up lines

FOLLOW UPS	PARTNER	FIRST MOVE	LAST MOVE	LATEST FOLLOWUP	DEBIT	CREDIT	BALANCE	COMPANY
undefined					4,300.00	13,200.00	-8,900.00	
/	Rikenkumar Chandulal Bhorania	12/13/2010	12/13/2010		200.00	0.00	200.00	OpenERP S.A.
/	Camplocamp	12/14/2010	12/14/2010		0.00	200.00	-200.00	OpenERP S.A.
/	Ecole de Commerce de Liege	12/14/2010	12/14/2010		0.00	6,000.00	-6,000.00	OpenERP S.A.
/	Rikenkumar Chandulal Bhorania	12/14/2010	12/14/2010		200.00	0.00	200.00	OpenERP S.A.
/	Camplocamp	12/14/2010	12/14/2010		0.00	2,000.00	-2,000.00	OpenERP S.A.
/	Axelor	12/14/2010	12/14/2010		0.00	5,000.00	-5,000.00	OpenERP S.A.
/	Axelor	12/14/2010	12/14/2010		450.00	0.00	450.00	OpenERP S.A.
/	Axelor	12/14/2010	12/14/2010		450.00	0.00	450.00	OpenERP S.A.
/	Camplocamp	12/14/2010	12/14/2010		3,000.00	0.00	3,000.00	OpenERP S.A.
							-8,900.00	

Figure 8.6: Summary for Follow-ups

# BALANCE SHEET AND PROFIT & LOSS REPORT

OpenERP also offers a Balance Sheet and a Profit & Loss Report.

A Balance Sheet is a financial statement that summarises the assets, liabilities and shareholders' equity of a company at a specific point in time. These three balance sheet segments give investors an idea as to what the company owns and owes, as well as the amount invested by the shareholders.

The balance sheet must follow the following formula:

$$\text{Assets} = \text{Liabilities} + \text{Shareholders' Equity}$$

A balance sheet is often described as a snapshot of a company's financial condition.

The Profit & Loss Report is a financial statement which gives a summary of the revenues, costs and expenses during a specific period of time. Such a report provides information that shows the ability

of a company to generate profit by increasing revenue and reducing costs. The P&L statement is also known as an “Income Statement”.

The result shown in this report, is a the net profit or loss of a business.

In general, the Profit and Loss report will be used to determine profit ratios, to examine sales prices and costs, and to set marketing budgets, for instance.



# THE ACCOUNTING JOURNALS

To configure the different journals use the menu *Accounting* → *Configuration* → *Financial Accounting* → *Journals* → *Journals*.

The screenshot shows a web-based configuration window titled "General Ledger". The window contains the following elements:

- General Ledger** (Section Header)
- Description:** "This report allows you to print or generate a pdf of your general ledger with details of all your account journals"
- Chart of account ? :** 0 OpenERP S.A. (dropdown)
- Fiscal year ? :** Fiscal Year 2010 (dropdown)
- Target Moves :** All Entries (dropdown)
- Display accounts :** All (dropdown)
- Sort By :** Date (dropdown)
- Landscape Mode :**
- Include initial balances ? :**
- With Currency ? :**
- Filters** (Tabbed interface with "Journals" selected)
- Filter by :** Periods (dropdown)
- Dates** section:
  - Start Date : (text input)
  - End Date : (text input)
- Periods** section:
  - Start period : 01/2010 (text input with search icon)
  - End period : 12/2010 (text input with search icon)
- Buttons:** Cancel (with a red 'x' icon) and Print (with a printer icon)

Figure 9.1: Wizard for selecting the specific entries in report

OpenERP provides three main reports regarding the journals:

- To print *Journals*, use the menu *Accounting* → *Reporting* → *Legal Reports* → *Journals* → *Journals*.
- To print *General Journals*, use the menu *Accounting* → *Reporting* → *Legal Reports* → *Journals* → *General Journals*.
- To print *Centralizing Journal*, use the menu *Accounting* → *Reporting* → *Legal Reports* → *Journals* → *Centralizing Journal*.

The screenshot shows the 'General Ledger' for 'OpenERP S.A.' as of 12/31/2010. The interface includes a menu bar (File, Edit, View, Go, Help), navigation buttons (Previous, Next), and a page indicator (1 of 31). The main window displays a table with columns for Date, Period, JMNL, Partner, Ref, Move, Entry Label, Counterpart, Debit, Credit, Balance, and Currency. The table lists various accounts such as 'CLASSE 1', 'CAPITAL', 'Capital amorti', 'Capital non amorti', 'Opérations courantes', 'Impôts et taxes', 'Plus-values de réévaluation', and 'RESERVES'. The total debit is 12817.00 and the total credit is 12816.00, resulting in a balance of 9995.00 €.

Date	Period	JMNL	Partner	Ref	Move	Entry Label	Counterpart	Debit	Credit	Balance	Currency
								12817.00	12816.00	9995.00 €	
						1 CLASSE 1		0.00	0.00	0.00 €	
						10 CAPITAL		0.00	0.00	0.00 €	
						101 Capital successif ou Capital permanent		0.00	0.00	0.00 €	
						10000 Capital non amorti		0.00	0.00	0.00 €	
						10100 Capital amorti		0.00	0.00	0.00 €	
						101000 Capital non amorti		0.00	0.00	0.00 €	
						109 Compte de l'apporteur		0.00	0.00	0.00 €	
						10900 Opérations courantes		0.00	0.00	0.00 €	
						10910 Impôts et taxes		0.00	0.00	0.00 €	
						10920 Remboursements et autres avantages		0.00	0.00	0.00 €	
						11000 PRIMES D'ENTRÉE		0.00	0.00	0.00 €	
						12 PLUS-VALUES DE REEVALUATION		0.00	0.00	0.00 €	
						120 Plus-values de réévaluation sur immobilisations incorporelles		0.00	0.00	0.00 €	
						12000 Plus-values de réévaluation		0.00	0.00	0.00 €	
						12010 Reprises de réductions de valeur		0.00	0.00	0.00 €	
						121 Plus-values de réévaluation sur immobilisations corporelles		0.00	0.00	0.00 €	
						12100 Plus-values de réévaluation		0.00	0.00	0.00 €	
						12110 Reprises de réductions de valeur		0.00	0.00	0.00 €	
						122 Plus-values de réévaluation sur immobilisations financières		0.00	0.00	0.00 €	
						12200 Plus-values de réévaluation		0.00	0.00	0.00 €	
						12210 Reprises de réductions de valeur		0.00	0.00	0.00 €	
						12300 Plus-values de réévaluation sur stocks		0.00	0.00	0.00 €	
						12400 Reprises de réductions de valeur sur placements de trésorerie		0.00	0.00	0.00 €	
						13 RESERVES		0.00	0.00	0.00 €	

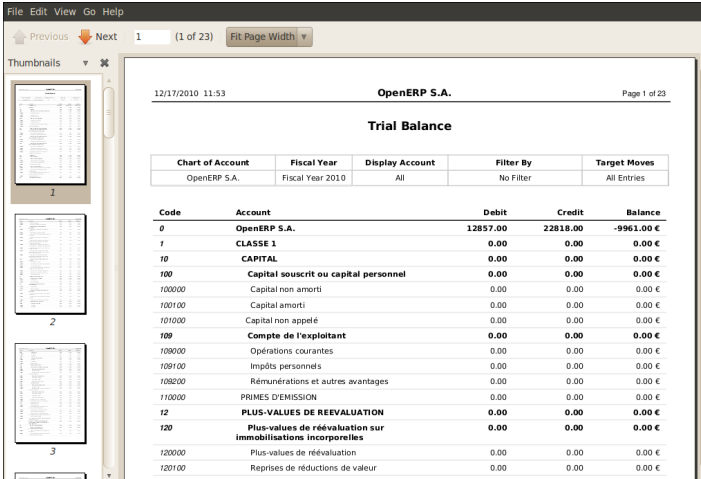
Figure 9.2: General Ledger

# TAX DECLARATION

Information required for a tax declaration is automatically generated by OpenERP from invoices. In the section on invoicing, you will have seen that you can get details of tax information from the area at the bottom left of an invoice.

You can also get the information from the accounting entries in the columns to the right.

OpenERP keeps a tax chart that you can reach from the menu *Accounting* → *Charts* → *Chart of Accounts*. The structure of the chart is for calculating the tax declaration, but all the other taxes can be calculated also (such as the French DEEE).



The screenshot shows the OpenERP interface displaying a Trial Balance report for 'OpenERP S.A.' as of 12/17/2010. The report is titled 'Trial Balance' and includes a filter table and a main data table. The filter table shows 'Chart of Account' as 'OpenERP S.A.', 'Fiscal Year' as 'Fiscal Year 2010', 'Display Account' as 'All', 'Filter By' as 'No Filter', and 'Target Moves' as 'All Entries'. The main table lists various accounts with their respective debit and credit amounts, and a final balance column.

Chart of Account	Fiscal Year	Display Account	Filter By	Target Moves
OpenERP S.A.	Fiscal Year 2010	All	No Filter	All Entries

Code	Account	Debit	Credit	Balance
0	OpenERP S.A.	12857.00	22818.00	-9961.00 €
1	CLASSE 1	0.00	0.00	0.00 €
10	CAPITAL	0.00	0.00	0.00 €
100	Capital souscrit ou capital personnel	0.00	0.00	0.00 €
100000	Capital non amorti	0.00	0.00	0.00 €
100100	Capital amorti	0.00	0.00	0.00 €
101000	Capital non appelé	0.00	0.00	0.00 €
109	Compte de l'exploitant	0.00	0.00	0.00 €
109000	Opérations courantes	0.00	0.00	0.00 €
109100	Impôts personnels	0.00	0.00	0.00 €
109200	Rémunérations et autres avantages	0.00	0.00	0.00 €
110000	PRIMES D'EMISSION	0.00	0.00	0.00 €
12	PLUS-VALUES DE REEVALUATION	0.00	0.00	0.00 €
120	Plus-values de réévaluation sur immobilisations incorporelles	0.00	0.00	0.00 €
120000	Plus-values de réévaluation	0.00	0.00	0.00 €
120100	Reprises de réductions de valeur	0.00	0.00	0.00 €

Figure 9.3: Trial Balance

The tax chart represents the amount of each area of the tax declaration for your country. It is presented in a hierarchical structure which lets you see the detail only of what interests you and hides the less interesting subtotals. This structure can be altered as you wish to fit your needs.

You can create several tax charts if your company is subject to different types of tax or tax-like accounts, such as:

- authors' rights,

- ecotaxes, such as the French DEEE for recycling electrical equipment.

Each accounting entry can then be linked to one of the tax accounts. This association is done automatically by the taxes which had previously been configured in the invoice lines.

tip.png

### Tax Declaration

Some accounting software manages the tax declaration in a dedicated general account. The declaration is then limited to the balance in the specified period. In OpenERP, you can create an independent chart of taxes, which has several advantages:

- it is possible to allocate only a part of the tax transaction,
- it is not necessary to manage several different general accounts depending on the type of sale and type of tax,
- you can restructure your chart of taxes as you need.

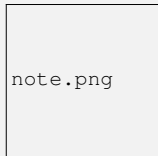
At any time, you can check your chart of taxes for a given period using the report *Accounting* → *Reporting* → *Generic Reporting* → *Taxes* → *Taxes Report*.

This data is updated in real time. This is very useful because it enables you to preview at any time the tax that you owe at the start and end of the month or quarter.

Furthermore, for your tax declaration, you can click on one of the tax accounts to investigate the detailed entries that make up the full amount. This helps you search for errors, such as when you have entered an invoice at full tax rate when it should have been zero-rated for an inter-community trade or for a charity.

In some countries, tax can be calculated on the basis of payments received rather than invoices sent. In this instance, choose `Payments` instead of `Invoices` in the *Based On* field. Even if you make your declaration on the basis of invoices sent and received, it can be helpful to compare the two reports to see the amount of tax that you pay but have not yet received from your customers.

# MANAGEMENT INDICATORS



note.png

## Financial Indicators

Indicators, sometimes called financial ratios, are tools for analyzing a company's finances. They enable you to compare two accounts or sets of accounts from the balance sheet or the profit and loss account, in the form of a ratio. They also let you measure the financial health of a company, and make comparisons from one year to the next or against those of other companies.

To define financial indicators in OpenERP, you should install the module `account_report` (from `extra-addons`). When installing the module, the usual financial indicators are registered in OpenERP.

You can consult your indicators, calculated in real time, from the menu *Accounting* → *Reporting* → *Generic Reporting* → *Reporting* → *Custom reporting*.

Indicators defined by default in OpenERP are the following:

- *Indicators of Working Capital* : determines if the company can pay its short term debts in normal conditions. It is calculated from  $(\text{Stocks} + \text{Cash} + \text{Current Assets}) / \text{Current Liabilities}$ .
- *Financial Ratios* : enables you to calculate the company's liquidity. It is defined as follows:  $(\text{Current Assets} - \text{Stocks}) / \text{Current Liabilities}$ .
- *Fixed Assets* : in a going concern, the value of fixed assets are covered in the first place by owners' capital and in the second place by all of the long term liabilities. Ideally, this indicator will be greater than 1.

tip.png

**Calculation of Indicators**

Calculating indicators can take quite a while in OpenERP, because you have to analyse the whole company's accounting entries.

So it is best not to calculate all of the indicators at once, but just a small selection to keep calculation time within limits.

### 13.1 Time Analysis of Indicators

You can analyze the financial indicators along two axes. You must have a figure calculated at a particular instant of time when you compare accounts, balances and the ratios between them. But you can also calculate a time series to follow the change of a given indicator throughout the life of the company.

To do a temporal analysis of your indicators, you must install the module `account_report` from the set of modules in `extra-addons`.

Once this module is installed, you can click on a financial indicator to get a graph of its evolution in time.

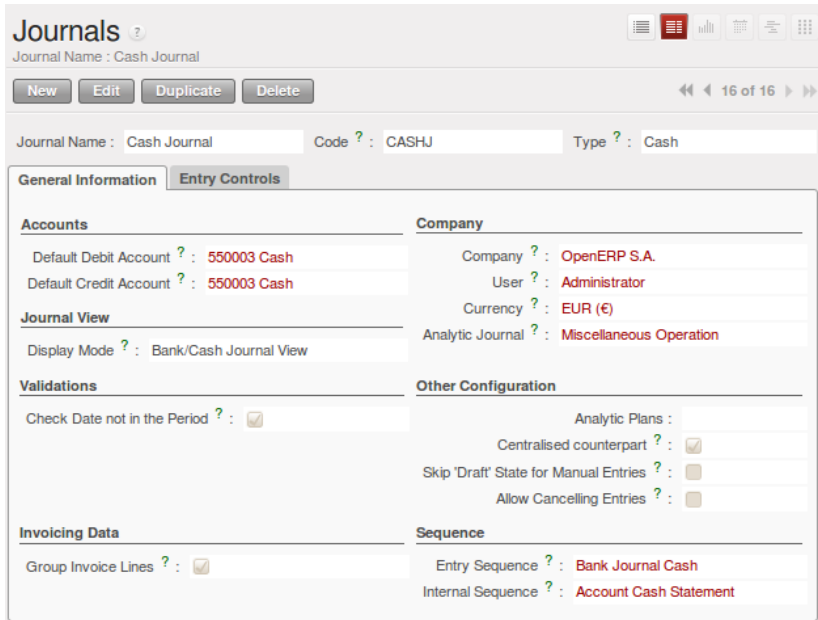
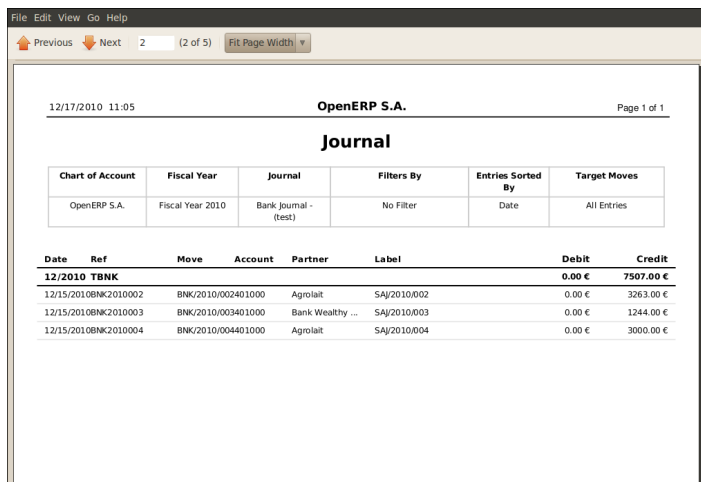


Figure 11.1: *Definition of the Journal*

## 13.2 Defining your Own Indicators

You can define your own indicators in OpenERP using the menu *Accounting* → *Reporting* → *Generic Reporting* → *Reporting* → *Custom reporting*.



The screenshot shows a web browser window displaying the OpenERP S.A. Journal report. The report is titled "Journal" and is dated 12/17/2010 11:05. It is page 1 of 1. The report includes a filter table and a main table of journal entries.

Chart of Account	Fiscal Year	Journal	Filters By	Entries Sorted By	Target Moves
OpenERP S.A.	Fiscal Year 2010	Bank Journal - (test)	No Filter	Date	All Entries

Date	Ref	Move	Account	Partner	Label	Debit	Credit
<b>12/2010 TBNK</b>						<b>0.00 €</b>	<b>7507.00 €</b>
12/15/2010	BNK2010002		BNK/2010/002401000	Agrolait	SAJ/2010/002	0.00 €	3263.00 €
12/15/2010	BNK2010003		BNK/2010/003401000	Bank Wealthy ...	SAJ/2010/003	0.00 €	1244.00 €
12/15/2010	BNK2010004		BNK/2010/004401000	Agrolait	SAJ/2010/004	0.00 €	3000.00 €

Figure 11.2: Printing a Journal

You should make sure that the accounts that you base indicators on are given unique account codes, because codes are used in the creation of formulae. Create a formula using the syntax indicated in the instructions at the bottom of the form:

- Sum of debits in a general account: `debit ('12345')` ,
- Sum of credits in a general account: `credit ('12345')` ,
- Balance of a general account: `balance ('12345')` ,
- Value of another indicator: `report ('IND')` .

where:

- 12345 represents the code of a general account,
- IND represents the code of another indicator.

So, using this notation, the cash ratio is defined by `balance ('4', '5') / balance ('1')` – that is the balance in accounts 4 and 5 divided by the balance in account 1.





# GOOD MANAGEMENT BUDGETING

OpenERP manages its budgets using both General and Analytic Accounts. You will see how to do this here for General Accounts and then in *Analytic Accounts* (page 71) for Analytical Accounts. Install `account_budget` to be able to do this.

Use the menu *Accounting* → *Budgets* → *Budgets* to define a new budget by clicking the *New* button.

Chart of Taxes:12/2010

OpenERP S.A.

TAX CASE NAME	CASE CODE	PERIOD SUM	YEAR SUM	COMPANY
∇ V. Solde des taxes dues a l'Etat	71-72	54.00	54.00	OpenERP S.A.
∇ IV. Taxes dues	xx	54.00	54.00	OpenERP S.A.
TVA sur operations des grilles 01,02,03	54	54.00	54.00	OpenERP S.A.
TVA sur operations des grilles 86, 88	55	0	0	OpenERP S.A.
TVA sur operations des grilles 87	56	0	0	OpenERP S.A.
TVA relatives aux importations	57	0	0	OpenERP S.A.
Diverses regularisations en faveur de l'Etat	61	0	0	OpenERP S.A.
TVA a reverser sur notes de credit recues	63	0	0	OpenERP S.A.
∇ V. Taxes deductibles	yy	0	0	OpenERP S.A.
T.V.A. deductible	59	0	0	OpenERP S.A.
Regularisations TVA en faveur du declarant	62	0	0	OpenERP S.A.
TVA a recuperer sur notes de credit delivrees	64	0	0	OpenERP S.A.
∇ I. Valeur des operations		900.00	900.00	OpenERP S.A.
∇ II. Operations a la sortie		900.00	900.00	OpenERP S.A.
Operations soumises a un regime particulier	00	0	0	OpenERP S.A.
Operations avec TVA a 6%	01	900.00	900.00	OpenERP S.A.
Operations avec TVA a 12%	02	0	0	OpenERP S.A.
Operations avec TVA a 21%	03	0	0	OpenERP S.A.
∇ Services intra-communautaires et ABC	44	0	0	OpenERP S.A.
Services intra-communautaires	44a	0	0	OpenERP S.A.
ABC intra-communautaires	44b	0	0	OpenERP S.A.
Operations avec TVA due par le cocontractant	45	0	0	OpenERP S.A.
Livraisons intra-communautaire exemptees	46	0	0	OpenERP S.A.
Autres operations exemptees	47	0	0	OpenERP S.A.
∇ Notes de credit et corrections negatives		0	0	OpenERP S.A.
Notes de credit aux operations des grilles 44, 46	48	0	0	OpenERP S.A.
Notes de credit aux operations du point II	49	0	0	OpenERP S.A.
∇ III. Operations a l'entree		0	0	OpenERP S.A.
Marchandises, matieres premieres et auxiliaires	81	0	0	OpenERP S.A.
Services et biens divers	82	0	0	OpenERP S.A.
Biens d'investissement	83	0	0	OpenERP S.A.
Acquisitions intra-communautaires et ventes ABC	86	0	0	OpenERP S.A.
Autres operations	87	0	0	OpenERP S.A.
Acquisitions intra-communautaires de services	88	0	0	OpenERP S.A.
∇ Notes de credits		0	0	OpenERP S.A.
Notes de credits sur operations grilles 86, 88	84	0	0	OpenERP S.A.
Notes de credits autres operations	85	0	0	OpenERP S.A.
∇ Autres		0	0	OpenERP S.A.
TVA due pour la periode du 1er au 20 decembre	91	0	0	OpenERP S.A.

Figure 12.1: Example of a Belgian TVA (VAT) declaration

tip.png

### Budget Revisions

Even though you *can* modify a budget at any time to make a revision of it, it is best if you do not do that.

Rather than edit an existing budget document, make a new version so that you can keep your original estimates safe for comparison. This lets you analyze your changing perspectives of the company from revision to revision.

Begin data entry by entering a *Name*, a *Code*, a *Start Date* and an *End Date* in your new budget. Then you can define the budgeted amounts within that period, one by one. For each, you define:

- an *Analytic Account*
- a *Budgetary Position* : for example *Sales* or *Purchases*,
- a *Start Date* and *End Date* for the use of the budget,
- a *Planned Amount* in the default currency of the chart of accounts.

Once it is completed, you can save your budget.

To print a budget and make calculations of expenditure through budget, use the menu *Accounting* → *Budgets* → *Budgets*. OpenERP then gives you a list of available budgets. Select one or more budgets and then click *Print Budgets* to create the report for each, in a date range of your choice. The figure *Printing a budget* (page 119) gives an example of a budget produced by OpenERP.

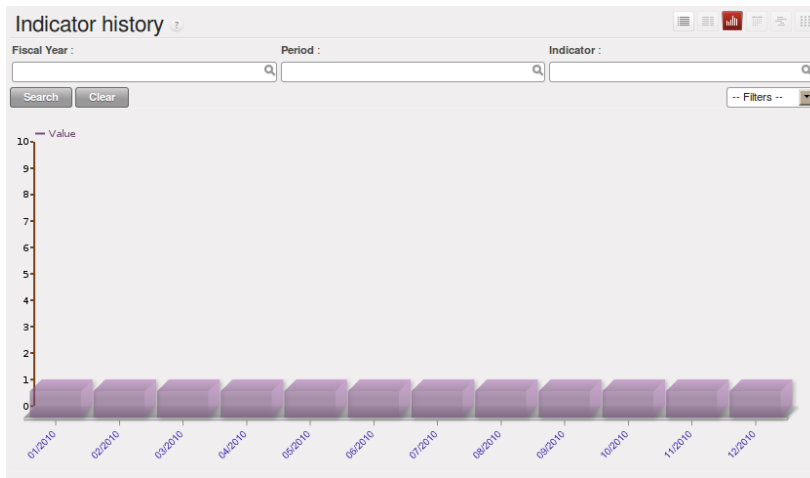


Figure 13.1: *History of an accounting indicator*

You could also use the menu *Accounting* → *Reporting* → *Generic Reporting* → *Budgets* → *Budget Lines*. This gives a budgetary analysis report for each budget line.

# THE ACCOUNTING DASHBOARD

You can open the *Accounting Dashboard* using the menu *Accounting* → *Reporting* → *Dashboard* → *Accounting Dashboard*.

Custom reporting ?

Name : Account Report

New Edit Duplicate Delete

General Notes

Name : Account Report

Code : ADR

Parent : Account Demo Report

Type : Fiscal Statement

Badness Indicator Limit ? : 100.00

Expression : debit>0.0

Display Tree ? :

Active ? :

Sequence ? : 1

Goodness Indicator Limit ? : 10,000.00

Display As Graph ? :

Legend of operators

Account Debit: debit([ACCOUNT\_CODE],[fiscalyear])

Account Credit: credit([ACCOUNT\_CODE],[fiscalyear])

Account Balance: balance([ACCOUNT\_CODE],[fiscalyear])

Account Tax Code: tax\_code([ACCOUNT\_TAX\_CODE],[period])

Report Amount: report('REPORT\_CODE')

Operators: + - \* / ( )

Example: (balance(['6','45'],-1) - credit(['7'])) / report('RPT1)

Note: The second argument 'fiscalyear' and 'period' are optional arguments. If the value is -1, previous fiscalyear or period is considered.

Return value for status

< Badness Indicator Limit: Very bad

= Badness Indicator Limit: Bad

= Goodness Indicator Limit: Good

> Goodness Indicator Limit: Very Good

Figure 13.2: *Defining a new indicator*

OpenERP gives you an accounting dashboard that can be presented to your accounting staff as they sign into the system (if you have set it as their Home Page). This dashboard provides an analysis of the company's financial health at a glance.

The description of the different parts of the dashboard, from top to bottom, then from left to right, is as follows:

- *Customer Invoices to Approve* : gives the list of invoices waiting to be approved by an accountant.
- *Company Analysis* : gives the credit, debit and balance of all account types.

- *Treasury* : shows balance per Account
- *Aged receivables* : gives a weekly graph of the receivables that have not yet been reconciled.

In each panel of the *Accounting Dashboard*, you can click the *Zoom* button at the top right to investigate the detail of your financial indicators.

The *Accounting Dashboard* is dynamically integrated, which means that you can navigate easily through the data if you want more detail about certain factors, and edit the entries if necessary.

## **Part VII**

# **Configuring Accounts from A to Z**



*Accounts must be configured to meet your company's needs. This chapter explains how to modify your chart of accounts, journals, access rights, initial account balances and default values for the initial configuration of your OpenERP accounts.*

Assuming that it calculates sufficiently accurately, the best accounting software would be marked out by its usability and simplicity of data entry, and flexibility in configuring its different components. You would be able to easily modify the accounting module to meet your own needs, so that you could optimize it for the way you want to use it.

OpenERP lets you adapt and reconfigure many functions to ease the task of data entry:

- adding controls for data entry,
- customizing the screens,
- filling fields automatically during data entry with data that is already known to the system.


For this chapter, you should start with a fresh database that includes demo data, with `sale` and its dependencies installed, and no particular chart of accounts configured.





# CHART OF ACCOUNTS

You view active charts of accounts using the menu *Accounting* → *Charts* → *Chart of Accounts*, and *Open Charts* for the selected year and account moves.



**Hierarchical Charts**

Most accounting software packages represent their charts of accounts in the form of a list. You can do this in OpenERP as well if you want to, but its tree view offers several advantages:

- it lets you show and calculate only the accounts that interest you,
- it enables you to get a global view of accounts (when you show only summary accounts),
- it simplifies searches semantically,
- it is more intuitive, because you can search for accounts on the basis of their classification,
- it is flexible because you can easily restructure them.

The structure of the chart of accounts is hierarchical, with account subtotals called account views. You can develop a set of account views to contain only those elements that interest you.

To get the detail of the account entries that are important to you, all you need to do is click the account's *Code* (if you have no codes, you can select the line, then click *Switch* to get the account definition, then click the *Entries* in the *LINKS* part of the toolbar).

Displaying the chart of accounts can take several seconds, because OpenERP calculates the debits, credits and balance for each account in real time.

## 16.1 Using a Preconfigured Chart of Accounts

On installation, the software is given a default chart of accounts that is the same regardless of your country. To install the chart of accounts and tax definitions for your own country, install the module `l10n_XX` where `XX` represents your country code in two letters. For example, to get the chart of accounts for France, install the module `l10n_fr`.

Some of these pre-built modules are comprehensive and accurate, others have rather more tentative status and are simply indicators of the possibilities. You can modify these, or build your own accounts onto the default chart, or replace it entirely with a custom chart.

## 16.2 Creating a Chart of Accounts

To add, modify or delete existing accounts, use the menu *Accounting* → *Configuration* → *Financial Accounting* → *Accounts* → *Accounts*.

**Budgets**  
Name : Budget 2011: Optimistic

Code : +2011

Responsible User : Administrator

Start Date : 01/01/2011

End Date : 12/31/2011

Company : OpenERP S.A.

ANALYTIC ACCOUNT	BUDGETARY POSITION	START DATE	END DATE	PAID DATE	PLANNED AMOUNT	PRACTICAL AMOUNT	THEORETICAL AMOUNT	PERCENTAGE
OpenERP S.A. / Our Super Product / Consultancy	Purchases	01/01/2011	12/31/2011		-250.00	0.00	0.00	0.00
OpenERP S.A. / Our Super Product / Consultancy	Sales	01/07/2011	12/31/2011		900.00	0.00	0.00	0.00
OpenERP S.A. / Our Super Product / Consultancy	Sales	01/01/2011	12/06/2011		300.00	0.00	0.00	0.00
OpenERP S.A. / Our Super Product / Training	Sales	09/01/2011	12/31/2011	12/03/2011	375.00	0.00	375.00	0.00
OpenERP S.A. / Our Super Product / Integration / Seagate P1	Purchases	01/01/2011	12/31/2011		-2,000.00	0.00	0.00	0.00
OpenERP S.A. / Our Super Product / Integration / Seagate P1	Sales	01/01/2011	12/31/2011		20,000.00	0.00	0.00	0.00
OpenERP S.A. / Our Super Product / Integration / Seagate P2	Purchases	01/01/2011	12/31/2011		-1,000.00	0.00	0.00	0.00
OpenERP S.A. / Our Super Product / Integration / Seagate P2	Sales	01/01/2011	12/31/2011		10,000.00	0.00	0.00	0.00
					28,325.00	0.00	375.00	

Status : Draft

Confirm

Figure 14.1: Budget Form

tip.png

### Multi-lingual Fields

In OpenERP, multi-lingual fields are marked by a small flag to their right. Click on the flag to get a translation of the value of the field in the different installed languages. You can also edit the translation.

This enables you to efficiently manage other languages as you need them. The field's value appears in the language of the logged-in user or, in the case of reports printed for a partner, that of the partner.

The main account fields are:

- *Name* : gives the account a name.
- *Account Type* : account types determine an account's use in each journal. By default, the following types are available: *View*, *Receivable*, *Payable*, *Income*, *Expense*, *Tax*, *Cash*, *Asset*, *Equity*. You can add new types through the menu *Accounting* → *Configuration* → *Financial Accounting* → *Accounts* → *Account Types*. Use the *View* type for accounts that make up the structure of the charts and have no account data inputs of their own.
- *Internal Type* : internal types have special effects in OpenERP. By default, the following types are available: *View*, *Regular*, *Receivable*, *Payable*, *Liquidity*, *Consolidation*, *Closed*.

note.png

### Type of Account

Account types are mainly used as informative titles. The only two types that have any particular effect are *Receivable* and *Payable*.

These two types are used by reports on partner credits and debits. They are calculated from the list of unreconciled entries in the accounts of one of these two types.

- *Code* : the code length is not limited to a specific number of digits. Use code 0 for all root accounts.
- *Secondary Currency* : forces all the moves for this account to have this secondary currency.
- *Reconcile* : determines if you can reconcile the entries in this account. Activate this field for partner accounts and for chequeing (checking) accounts.
- *Parent* : determines which account is the parent of this one, to create the tree structure of the chart of accounts.
- *Default Taxes* : this is the default tax applied to purchases or sales using this account. It enables the system to generate tax entries automatically when entering data in a journal manually.

The tree structure of the accounts can be altered as often and as much as you wish without recalculating any of the individual entries. So you can easily restructure your account during the year to reflect the

reality of the company better.

## 16.3 Virtual Charts of Accounts

The structure of a chart of accounts is imposed by the legislation in effect in the country of concern. Unfortunately, that structure does not always correspond to the view that a company's CEO needs.

In OpenERP, you can use the concept of virtual charts of accounts to manage several different representations of the same accounts simultaneously. These representations can be shown in real time with no additional data entry.

So your general chart of accounts can be the one imposed by the statutes of your country, and your CEO can then have other virtual charts as necessary, based on the accounts in the general chart. For example, the CEO can create a view per department, a cash-flow and liquidity view, or consolidated accounts for different companies.

The most interesting thing about virtual charts of accounts is that they can be used in the same way as the default chart of accounts for the whole organization. For example, you can establish budgets from your consolidated accounts or from the accounts from one of your companies.

tip.png

### Virtual Accounts

Virtual accounts enable you to provide different representations of one or several existing charts of accounts. Creating and restructuring virtual accounts has no impact on the accounting entries. You can then use the virtual charts with no risk of altering the general chart of accounts or future accounting entries.

Because they are used only to get different representation of the same entries, they are very useful for:

- consolidating several companies in real time,
- depreciation calculations,
- cash-flow views,
- getting more useful views than those imposed by statute,
- presenting summary charts to other users that are appropriate to their general system rights.

So there are good reasons for viewing the execution of financial transactions through virtual charts, such as budgets and financial indicators based on special views of the company.

To create a new chart of accounts you should create a root account using the menu *Accounting* → *Configuration* → *Financial Accounting* → *Accounts* → *Accounts*. Your top level account should have *Code 0* and *Type View*. Then you can choose your structure by creating other accounts of *Type View* as necessary. Check your virtual structure using the menu *Financial Management* → *Charts* → *Charts of Accounts*.

You have to set *Internal Type* as *Consolidation* and set *Consolidated Children* accounts to make accounts consolidate.

Finally, when you have got your structure, you must make the general accounts and virtual accounts match. For that, search the general accounts and ensure that each non-View account there also has a virtual account in the field *Parent*.

You can then check through your general chart of accounts as well as your virtual charts which give you another representation of the company. All the actions and states in your general account are also available in the virtual accounts.

Finally, you can also make virtual charts of accounts from other virtual charts. That can give an additional dimension for financial analysis.



# JOURNALS

All your accounting entries must appear in an accounting journal. So you must, at a minimum, create a Sales Journal for customer invoices, a Purchase Journal for supplier invoices and a Cash Journal for cash and bank transactions.

## 17.1 Configuring a Journal

To view, edit or create new journals use the menu *Accounting* → *Configuration* → *Financial Accounting* → *Journals* → *Journals*.

12/17/2010 15:07 OpenERP S.A. Page 1 of 1

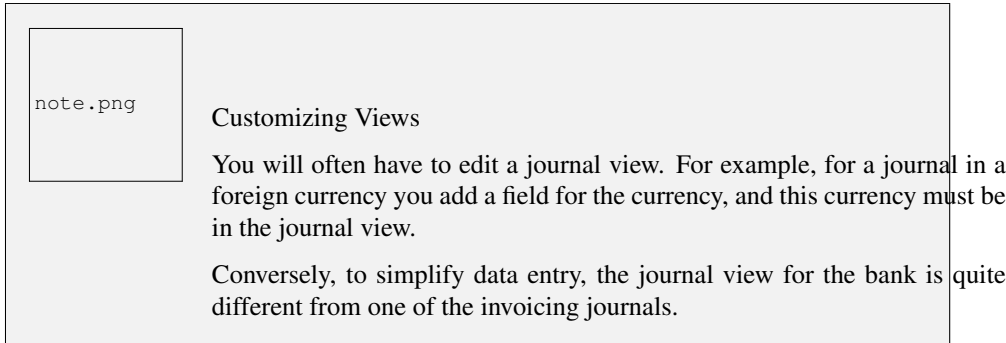
**Budget**

Analysis from		Budget		Currency
01/01/2010 to 12/31/2010		Budget 2011: Optimistic		EUR
Description	Theoretical Amt	Planned Amt	Practical Amt	Perc(%)
<b>Consultancy</b>	<b>0.00 €</b>	<b>950.00 €</b>	<b>0.00 €</b>	<b>0.00%</b>
Purchases	-0.00 €	-250.00 €	0.00 €	0.00%
Sales	0.00 €	1200.00 €	0.00 €	0.00%
<b>Training</b>	<b>375.00 €</b>	<b>375.00 €</b>	<b>0.00 €</b>	<b>0.00%</b>
Sales	375.00 €	375.00 €	0.00 €	0.00%
<b>Seagate P2</b>	<b>0.00 €</b>	<b>9000.00 €</b>	<b>0.00 €</b>	<b>0.00%</b>
Purchases	-0.00 €	-1000.00 €	0.00 €	0.00%
Sales	0.00 €	10000.00 €	0.00 €	0.00%
<b>Seagate P1</b>	<b>0.00 €</b>	<b>18000.00 €</b>	<b>0.00 €</b>	<b>0.00%</b>
Purchases	-0.00 €	-2000.00 €	0.00 €	0.00%
Sales	0.00 €	20000.00 €	0.00 €	0.00%
<b>Total :</b>	<b>375.00 €</b>	<b>28325.00 €</b>	<b>0.00 €</b>	<b>0.00%</b>

Figure 14.2: *Printing a budget*

You have to associate a view with each journal. The journal view indicates the fields that must be visible and required to enter accounting data in that journal. The view determines both the order of the fields and the properties of each field. For example, the field *Account Number* must appear when entering data in the bank journal but not in the other journals.

Before creating a new view for a journal, check that there is nothing similar already defined for another journal. You should only create a new view for new types of journals.



You can create a sequence for each journal. This sequence gives the automatic numbering for accounting entries. Or several journals can use the same sequence if you want to define one for them all.

The credit and debit account by default permit the automatic generation of counterpart entries when you are entering data in the journal quickly. For example, in a bank journal you should put an associated bank account for default matching credits and debits, so that you do not have to create counterparts for each transaction manually.

A journal can be marked as being centralized. When you do this, the counterpart entries will not be owned by each entry, but globally for the given journal and period. You will then have a credit line and a debit line centralized for each entry in one of these journals, meaning that both credit and debit appear on the same line.

## 17.2 Controls and Tips for Data Entry

You can carry out two types of control on journals in OpenERP – controls over the financial accounts and access controls for groups of users. In addition to these controls, you can also apply all of the rights management detailed in *ch-config*.

To avoid mistakes while entering accounts data, you can place conditions in the general accounts about who can use a given account. To do this, you must list all the accounts or valid account types in the second tab, *Entry Controls*. If you have not added any accounts there, OpenERP applies no restriction on data entry in the accounts or journals. If you list accounts and the types of accounts that can be used in a journal, OpenERP prevents you from using any account not in that list. This verification step starts from the moment you save the entry.

This functionality is useful for limiting possible data entry errors. Also, in a bank journal, it is possible to restrict the accounts that can be linked to a bank to classes 1 to 5. Using this, you would help prevent the user from making any false entries in the journal.





tip.png

### Control of Data Entry

In accounting it is not a good idea to allow a data entry directly from bank account A to bank account B. If you enter a transaction from bank A to bank B, the transaction will be accounted for twice.

To prevent this problem, pass the transaction through intermediate account C. At the time of data entry, the system checks the type of account that is accepted in the bank journal: only accounts that are not of type Bank are accepted.

If your accountant defines this control properly, non-accounting users are prevented from transferring payment from one bank to another, reducing your risks.



# PERIODS AND FINANCIAL YEARS

note.png

**Periods and Fiscal Years**

A fiscal year (or financial year) corresponds to twelve months for a company. In many countries, the fiscal year corresponds to a calendar year. That is not the case in others.

The fiscal year is divided into monthly or three-monthly accounting periods.

OpenERP's management of the fiscal year is flexible enough to enable you to work on several years at the same time. This gives you several advantages, such as creating three-year budgets, and statements straddling several calendar years.

## 18.1 Defining a Period or a Financial Year

To define your fiscal year, use the menu *Accounting* → *Configuration* → *Financial Accounting* → *Periods* → *Fiscal Year*. You can create several years in advance to define long-term budgets.

First enter the date of the first day of your fiscal year and the last day. Then to create the periods, click one of the two buttons at the bottom depending on whether you want to create twelve 1-month or four 3-month periods:

- *Create Monthly Periods* ,
- *Create 3 Months Periods* .

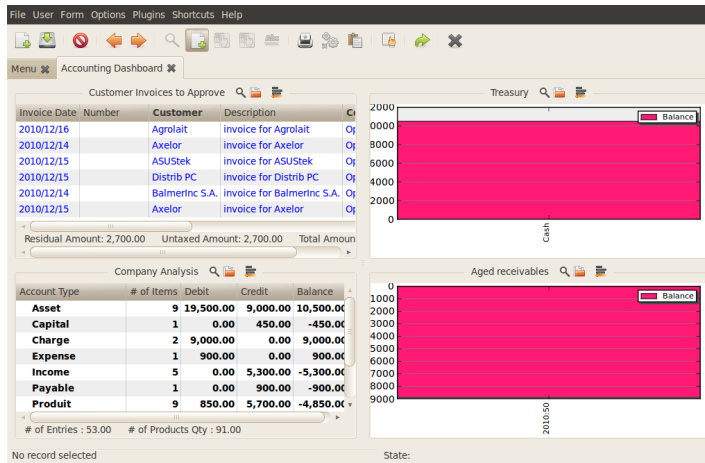



Figure 15.1: Accounting Dashboard

## 18.2 Closing a Financial Year

To close a financial year, use the menu *Accounting* → *Periodical Processing* → *End of Period* → *Close a Fiscal Year*. A wizard opens asking you for the essential information it needs to close the following year.

When the year is closed, you can no longer create or modify any financial transactions in that year. So you should always make a backup of the database before closing the fiscal year. Closing a year is not obligatory, and you could easily do that sometime in the following year, when your accounts are finally sent to the statutory authorities, and no further modifications are permitted.

It is also possible to close an accounting period. You could, for example, close a monthly period when a tax declaration has been made. When a period is closed, you cannot modify any of the entries in that period. To close an accounting period, use the menu *Accounting* → *Periodical Processing* → *End of Period* → *Close a Period*.

**Account** 

  
 Name : Cash

Name : Cash      Code : 5500031      Company : OpenERP S.A.  
 Parent : X10 Assets      Internal Type ? : Regular      Account Type ? : **Produit**

---

**Currency** **Reconcile**

Secondary Currency ? : EUR (€)      Reconcile ? :   
 Outgoing Currencies Rate ? : At Date

**Default Taxes**

**Account Tax**

TAX NAME	TAX INCLUDED IN PRICE	TAX CODE
Marchandises Déductibles 6%		A-NAT-M 6

---

**Consolidated Children**

**Chart of accounts**

CODE	NAME	DEBIT	CREDIT	BALANCE	COMPANY CURRENCY	COMPANY	INTERNAL TYPE

Figure 16.1: *Definition of an account*

---

**CHAPTER  
NINETEEN**

---

# PAYMENT TERMS

You can define whatever payment terms you need in OpenERP. Payment terms determine the due dates for paying an invoice.

To define new payment terms, use the menu *Accounting* → *Configuration* → *Miscellaneous* → *Payment Terms* and then click *New*.

The figure below represents the following payment term: 5000 within 5 days, 50% payment at the last day of current month, Remaining on 15th of next month.

Figure 17.1: Definition of an accounting journal

To configure new conditions, start by giving a name to the *Payment Term* field. Text that you put in the field *Description on invoices*, is used on invoices, so enter a clear description of the payment terms there.

Then create individual lines for calculating the terms in the section *Payment Term*. You must give each line a name (*Line Name*). These give an informative title and do not affect the actual calculation of terms. The *Sequence* field lets you define the order in which the rules are evaluated.

The *Valuation* field enables you to calculate the amount to pay for each line:

- **Percent** : the line corresponds to a percentage of the total amount, the factor being given in *Value Amount*. The number indicated in *Value Amount* must take a value between 0 and 1.
- **Fixed Amount** : this is a fixed value given by the *Value Amount* box.
- **Balance** : indicates the balance remaining after accounting for the other lines.

Think carefully about setting the last line of the calculation to *Balance* , to avoid rounding errors. The highest sequence number is evaluated last.

The two last fields, *Number of Days* and *Day of the Month*, enable the calculation of the delay in payment for each line. The delay *Day of the Month* can be set to  $-1$  , 0 or any positive number. For example, if today is 20th December 2010, and if you want to set payment terms like this:

- *5000 within 5 days*: set *Valuation Fixed Amount*, *Number of Days* 5 and *Day of the Month* 0. That creates journal entry for date 25th December 2010.
- *50% payment at the last day of current month*: set *Valuation Percent*, *Number of Days* 0 and *Day of the Month* -1. That creates journal entry for date 31st December 2010.
- *Remaining on 15th of next month*: set *Valuation Balance*, *Number of Days* 0 and *Day of the Month* 15. That creates journal entry for date 15th January 2011.

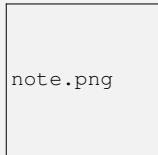
You can then add payment terms to a Partner through the tab *Accounting* on the partner form.





# OPENING AND CLOSING A FINANCIAL YEAR WHEN YOU ARE ALREADY USING OPENERP FOR YOUR ACCOUNTING

At the end of a financial year, you will have to transfer the closing balance of that year as an opening balance to the new financial year. OpenERP allows you to automatically post such an entry. You can transfer the new opening balance numerous times, because it is impossible to close a year at once. Correction entries will have to be made, due to which balances will change. The new balance can easily be transferred through a wizard, so you do not have to keep track of each correction entry made in the previous financial year.



note.png

OpenERP Accounting

This procedure is valid if you already have a financial year in OpenERP.

## 20.1 Steps to Open a new Financial Year in an existing OpenERP Configuration

Before generating the opening balance for your various accounts, you have to go through several steps.

#. Create the new Financial Year Create the new financial year as explained in *Defining a Period or a Financial Year* (page 123).

#. Define an Opening Period Go to *Accounting* → *Configuration* → *Financial Accounting* → *Periods* → *Periods* and create a new period for the financial year you wish to open (in case it has not been generated automatically). Make sure to link the period to the newly defined financial year. Select the

Opening/Closing Period checkbox to indicate that this period should be used for opening entries. Both dates typically match the first day of your financial year (e.g. 01/01/YYYY).

#. Check the Account Types Before generating the opening entries, make sure to check the defined account types, more specifically the *Deferral Method*. The deferral method determines whether and how account entries will be transferred to the new financial year. There are four possible deferral methods: None, Balance, Detail, Unreconciled.

Deferral Method	Action
None	Nothing will be transferred (typically P&L accounts)
Balance	Account balance will be transferred (typically Balance Sheet accounts)
Detail	All entries are transferred, also reconciled entries
Unreconciled	Only entries that are not reconciled on the first day of the new financial year will be transferred (typically receivable and payable)

#. Check the Link between Account and Account Type. Check whether each account is linked to the correct account type to avoid generating an incorrect opening entry.

#. Create an Opening/Closing Journal Go to *Accounting* → *Configuration* → *Financial Accounting* → *Journals* → *Journals* Create a new journal to post your opening entries. Make sure to respect the following settings:

1. *Type* should be *Opening/Closing Situation*.
2. *Standard debit/credit account* could be something like 111300 Reserve and Profit & Loss Account (generic chart of accounts).
3. *Centralised counterpart* will be checked automatically when you save the journal, to avoid a counterpart on each line, and instead have one debit and one credit entry on the corresponding opening account.
4. The *Entry Sequence* will also be created automatically on save.

## 20.2 Generating the Opening Entry

To automatically generate the opening entries based on your actual books, OpenERP provides a wizard. Go to *Accounting* → *Periodical Processing* → *End of Period* → *Generate Opening Entries*.

In the wizard, enter the financial year for which you want to transfer the balances (fiscal year to close). Select the new financial year (the year in which you want to generate the opening entry). You also have to select the journal and the period to post the opening entries. The description for the opening entry is proposed by default, but of course you can enter your own description, such as *Opening Entry for financial year YYYY*. Then you click the *Create* button to generate the opening entry according to the settings defined.

To have a look at the draft opening entry that has been generated, go to *Accounting* → *Journal Entries* → *Journal Entries*. Click the *Unposted* button to filter only draft entries. Open the corresponding entry and verify the data. Click the *Post* button to confirm the entry.

A small rectangular box containing the text "note.png".

### Changes in Previous Financial Year







As long as the audit is ongoing, extra entries may be added to the financial year to close. To automatically have the correct balances, OpenERP allows you to use the *Cancel Opening Entries* wizard. This wizard will automatically cancel the existing opening entry.

To update the balances to show the correct results, you should run the *Generate Opening Entries:guilabel:* wizard again. The new opening entry will contain the correct balances. This way, you can generate your opening entry as many times as required.

## 20.3 Closing a Financial Year

To close a financial year, use the menu *Accounting* → *Periodical Processing* → *End of Period* → *Close a Fiscal Year*. A wizard opens asking you for the essential information it needs to close the following year.

When the year is closed, you can no longer create or modify any financial transactions in that year. So you should always make a backup of the database before closing the fiscal year. Closing a year is not mandatory, and you could easily do that sometime in the following year, when your accounts are finally sent to the statutory authorities, and no further modifications are permitted.

**Fiscal Years** 






  
 Fiscal Year : Fiscal Year 2010

<< < 1 of 1 > >>

Fiscal Year :  Code :   
 Start Date :  End Date :   
 Company :  End of Year Entries Journal :

**Periods**

<< < 1 - 12 of 12 > >>

PERIOD NAME	CODE	START OF PERIOD	END OF PERIOD	OPENING/CLOSING PERIOD	STATE
01/2010	01/2010	01/01/2010	01/31/2010		Open ✓
02/2010	02/2010	02/01/2010	02/28/2010		Open ✓
03/2010	03/2010	03/01/2010	03/31/2010		Open ✓
04/2010	04/2010	04/01/2010	04/30/2010		Open ✓
05/2010	05/2010	05/01/2010	05/31/2010		Open ✓
06/2010	06/2010	06/01/2010	06/30/2010		Open ✓
07/2010	07/2010	07/01/2010	07/31/2010		Open ✓
08/2010	08/2010	08/01/2010	08/31/2010		Open ✓
09/2010	09/2010	09/01/2010	09/30/2010		Open ✓
10/2010	10/2010	10/01/2010	10/31/2010		Open ✓
11/2010	11/2010	11/01/2010	11/30/2010		Open ✓
12/2010	12/2010	12/01/2010	12/31/2010		Open ✓

<< < 1 - 12 of 12 > >>

**States**

State :

Figure 18.1: *Defining a financial year and periods*

# GETTING STARTED WITH OPENERP ACCOUNTING: STEPS TO START YOUR FINANCIAL YEAR

When you decide to do your accounting in OpenERP, and you already have an accounting system, you should enter your opening balance and outstanding entries in OpenERP. Make sure you configure your accounting system as explained in the Configuration chapter. Below we explain the minimal configuration required to post your opening balance and outstanding entries.

#. Create the new Financial Year Create the new financial year as explained in *Defining a Period or a Financial Year* (page 123).

#. Define an Opening Period Go to *Accounting* → *Configuration* → *Financial Accounting* → *Periods* → *Periods* and create a new period for the financial year you wish to open. Make sure to link the period to the newly defined financial year. Select the *Opening/Closing Period* checkbox to indicate that this period should be used for opening entries. Both dates typically match the first day of your financial year (e.g. 01/01/YYYY).

#. Check the Account Types Before generating the opening entries, make sure to check the defined account types, more specifically the *Deferral Method*. The deferral method determines whether and how account entries will be transferred to the new financial year. There are four possible deferral methods: None, Balance, Detail, Unreconciled.

Deferral Method	Action
None	Nothing will be transferred (typically P&L accounts)
Balance	Account balance will be transferred (typically Balance Sheet accounts)
Detail	All entries are transferred, also reconciled entries
Unreconciled	Only entries that are not reconciled on the first day of the new financial year will be transferred (typically receivable and payable)

#. Define Accounts Check whether each account with an opening balance has been defined in the Chart of Accounts and is linked to the correct account type. We recommend you to define one or

more suspense accounts to post your outstanding entries from the previous financial year. Check the *Reconcile* for such suspense accounts, because their balance will be zero.

#. Create an Opening/Closing Journal Go to *Accounting* → *Configuration* → *Financial Accounting* → *Journals* → *Journals* Create a new journal to post your opening entries. Make sure to respect the following settings:

1. *Type* should be *Opening/Closing Situation*
2. *Standard debit/credit account* could be something like 111300 Reserve and Profit & Loss Account (generic chart of accounts)
3. *Centralised counterpart* will be checked automatically when you save the journal, to avoid a counterpart on each line, and instead have one debit and one credit entry on the corresponding opening account.
4. The *Entry Sequence* will also be created automatically on save.

#. Create a Purchase and/or Sales Journal for Outstanding Entries We recommend you to create separate purchase and sales journals to post the outstanding entries from your previous accounting system. This will allow you to easily keep track of such entries.

Go to *Accounting* → *Configuration* → *Financial Accounting* → *Journals* → *Journals*. Create a new purchase and sales journal to post your outstanding entries. Make sure to respect the following settings:

1. *Type* should be *Purchase* or *Sales*.
2. The *Entry Sequence* will also be created automatically on save.

Now you can start entering your outstanding customer and supplier entries according to your list of open entries at the end of the year.

Go to the menu *Accounting* → *Customers* → *Customer Invoices* to post your outstanding sales entries. To post your outstanding purchase entries, go to Go to the menu *Accounting* → *Suppliers* → *Supplier Invoices*.

We recommend you to use suspense accounts instead of expense or income accounts. Indeed, your expense and income accounts have already been posted in the previous financial year, and there is no need to transfer these balances. The outstanding entries from previous financial years should not contain any VAT entries; they only get the balance the customer still has to pay you, or the balance you have to pay to the supplier.

1. Enter the Opening Balance (Miscellaneous Entry)

For each account that needs to be reopened, enter account data (debit or credit) in the journal. For this operation, go to the menu *Accounting* → *Journal Entries* → *Journal Entries*.

You can also use OpenERP's generic import tool if you load the balance of each of your accounts from other accounting software.

**You might create a csv file with the first line:** "Account","Effective date","Journal","Name","Period","Debit","Credit"

**And the data lines like this:** "1000","2011-01-01","Opening Journal","Opening Balance Entry","01/01 - 01/01",0,53828

Go to the menu *Accounting* → *Journal Entries* → *Journal Items*. While the form is still in List view, click *Import* from the *Other Options* section at the bottom right of the list.