

KnowledgeBase Article 2102

Accounts Definitions

In Guardian's Financial module, there are a variety of Account parameters that must be set up within the Chart of Accounts. Some are defaults for specific transactions, others are used to define Assets and Liabilities. The purpose of this document is to clarify what the various definitions are, how they are used, and whether they are required.

Guardian Version 8

Main Menu

- Production**
 - Inventory Management
 - Production Management
 - Material Issue Management
 - Labor Management
 - MRP Management
 - Quality Management
 - Certification Management
 - Physical Inventory Management
- Corrective Action**
 - Corrective Action Management
- Financials**
 - Account Payable Management
 - Account Receivable Management
 - General Ledger Management
 - Financial Statements
 - Financial Settings
 - Chart of Accounts
 - Bank Accounts List
 - Region Tax Rate List
 - Period List
 - Account Reasons
 - Part Account Assignments
 - Human Resource Management
- Reporting**
 - Reporting Management
 - Reporting Modules
- Settings**
 - Global Setting Management

Account

☒ Active

Number

Name

☐ Consolidation Account

Account Type ☐ Is Sub-Account

Normal Balance Parent :

Account Sub Type

Currency

Account Use

Location ☐ All Locations

Default

- ☐ Inventory Material
- ☐ Inventory Labor
- ☐ Inventory Setup Labor
- ☐ Inventory FOH
- ☐ Inventory VOH
- ☐ Inventory Outside
- ☐ WIP Material
- ☐ WIP Labor
- ☐ WIP Setup Labor
- ☐ WIP FOH
- ☐ WIP VOH
- ☐ WIP Outside
- ☐ Sales Credit
- ☐ Sales Return
- ☐ Cost Of Goods Sold

Starting Balance

Starting Balance (USD) as of

Offsetting Account

Invalid Entry File Not Saved Full Access

8.4.1001.27 Guardian Admin GUARD2 GUARDIAN 01 Central Standard Time 1033x897



Account Type

Account Types are required and used to identify the GL Account as listed below.

ALL Accounts must have a Type designation.

- Asset
- Liability
- Equity
- Revenue
- Expense

Account Sub-Type

Account Sub-Types are only used on the *Cash Flow Statement* Report. Account Sub-Types are required and defined by the system. Sub-Types are dependent upon the Account Type.

Asset Account Type:

- Cash & Cash Equivalents
- Accounts Receivable
- Other Receivables
- Other Current Assets
- Fixed Assets
- Intangible Assets
- Other Long-Term Assets
- Inventory

Liability Account Type:

- Accounts Payable
- Other Payables
- Other Short-Term Liabilities
- Long Term Liabilities

Equity Account Type:

- Owners, Partners, Stockholders Equity
- Retained Earnings

Revenue Account Type:

- Sales/Revenue

Expense Account Type:

- Cost of Sales, Cost of Goods Sold, Cost of Revenues, Cost of Labor
- Selling, General and Administrative Expenses
- Other Income and Expense
- Gains and Losses
- Taxes other than Income
- Income Tax Expense (Benefit)
- Depreciation Expense



Account Use

The **Account Use** is the identification of the *General Ledger Account* for a specific function. This removes the requirement of the user to remember specific *GL account numbers*. The list below shows the Account Use designations as well as where and how they are used.

- Accounts Payable
 - Account that is adjusted when *AP invoices* are created or edited
 - When the *Use Current Exchange Rate* option is selected, Financial Statements will calculate the current exchange rate of any accounts with this Use
- Accounts Receivable
 - Account that is adjusted when *AR invoices* are created or edited
 - When the *Use Current Exchange Rate* option is selected, *Financial Statements* will calculate the current exchange rate of any accounts with this Use
- Cash
 - Account that is used for the *Cashflow Statement Report*
- Cost of Goods Sold
 - Account that is debited when a *Part* is shipped, during the *Post Inventory/Labor to GL* function.
 - The *Income Statement* displays these (expense) accounts in their own section, separate from other expense accounts
- Customer Credits
 - Account that is used when a deposit goes to *Cash in Advance* or a *Customer Credit* is created
- Energy Surcharge
 - Account that is used when a Customer Invoice or Credit is created from a Sales Line with an *Energy* surcharge. Energy Surcharges may be setup in Sales > Sales Order Management > Energy Surcharge.
- Gain/Loss on Foreign Exchange
 - Account that is adjusted when a currency revaluation is executed
 - Adjusted when *AR* or *AP invoices* are paid when there is a gain or loss
 - IE the exchange rate has changed since the invoice was created
- Labor Hours Variance
 - Account that is adjusted with the variance of standard to actual when *Labor Tickets* are processed during the *Post Inventory/Labor to GL* function.
- Movement
 - Account that is the offsetting entry to the *Part's inventory* entries when inventory moves are processed during the *Post Inventory/Labor to GL* function.
- Payroll
 - Account that is adjusted from each *Labor Ticket* to offset the amount that goes to *Labor WIP* during the *Post Inventory/Labor to GL* function.
- Physical Inventory Adjustment
 - Account that is the offsetting entry to the *Part's Inventory* entries when *Physical Inventories* are processed during the *Post Inventory/Labor to GL* function.
- Purchase Accruals
 - Account that is debited (credited in the case of a Credit) for *AP invoice* lines that came from a *Receiver* when *Use Inventory Posting* is on
 - When the *Inventory Batch* is run, the amounts are moved out of this accrual account over to the account from the *PO* line

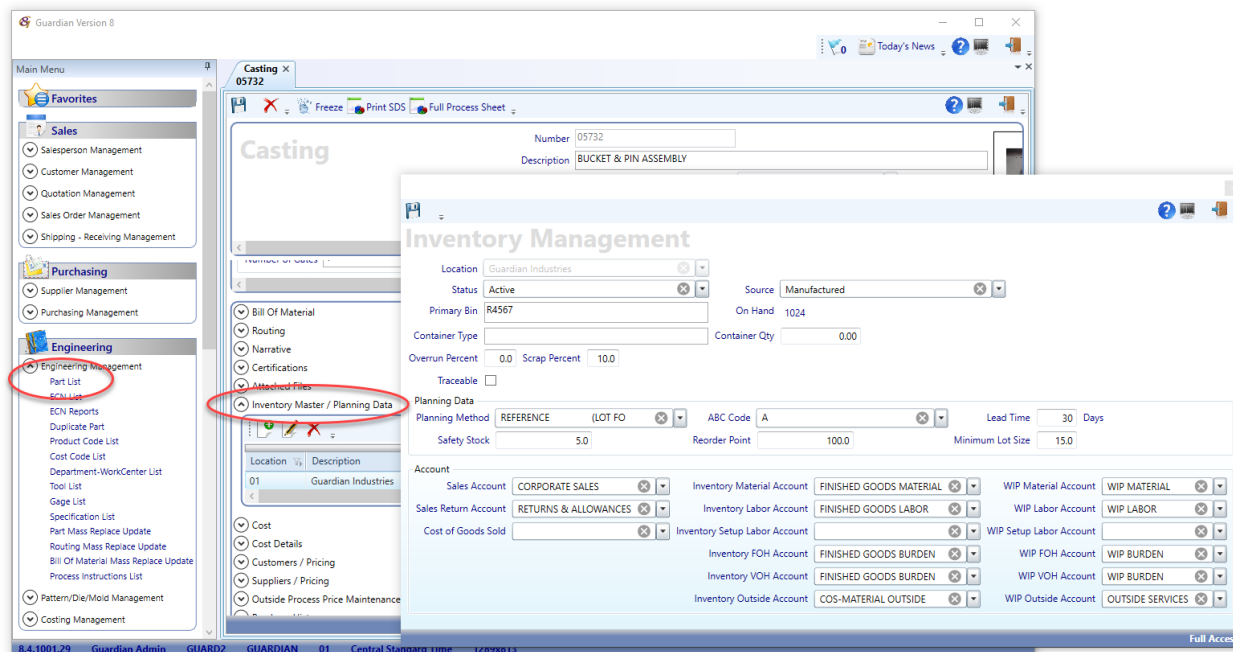


- Purchase Discount
 - Account that is credited when an *AP Invoice* is paid and discount is taken
- Purchase Variance
 - Account that the variance of *Invoiced Amount to Standard Amount from Receiver* is posted upon invoice creation when *Use Inventory Posting* is on
- Retained Earnings
 - Account that is used for the difference when the *Balance Sheet* is out of balance by 5 dollars or less
- Sales Discount
 - Account that is debited when an *AR Deposit* is entered with a discount
- Sales Tax
 - Account that is adjusted when an *AR Invoice* is created and a line has tax
- Scrap Expense
 - Account that is the *Scrap* expense when *Scrap Labor Tickets* or *Scrapped PO Receipts* are processed during the WIP batch
- WIP Variance
 - Accounts that the variance of the several cost components (setup, material, etc.) get posted for the location when a *Work Order* is closed during the *Post Inventory/Labor* to *GL* function. These include:
 - WIP Fixed Overhead Variance
 - WIP Labor Variance
 - WIP Material Variance
 - WIP Outside Process Variance
 - WIP Setup Labor Variance
 - WIP Variable Overhead Variance



Account Defaults

There are Part and Inventory functions within Guardian that automatically get posted to the General Ledger. When creating a *new* Part master record, the *default accounts* are assigned to the Part's Inventory Management Accounts as indicated.



To accommodate this interaction, a single *Default Account* may be designated for each of the following transactions:

- Inventory Material
- Inventory Labor
- Inventory Setup Labor
- Inventory Fixed Overhead
- Inventory Variable Overhead
- Inventory Outside
- WIP Material
- WIP Labor
- WIP Setup Labor
- WIP Fixed Overhead
- WIP Variable Overhead
- WIP Outside
- Sales Credit
- Sales Return
- Cost of Goods Sold



Account Reasons

Indirect Reasons are the list of options for MES and Labor to indicate the Indirect purpose. This includes non-direct labor such as holiday, bereavement, etc. and general indirect. The Indirect Reasons allows the system to show reports on different reasons while posting to a single GL Account.

Indirect Reasons are associated with Account Reasons for GL interaction. Multiple Indirect Reasons may be tied to the same Account Reason.

Account Reasons are defined as the cross-reference between the common description and the General Ledger Account. The purpose is to avoid having to remember GL account numbers when processing data.

The Account Reason is setup with a code and description to identify the Reason. The Reason is then assigned a Type and a GL Account.

- Each Reason is assigned 1 Type and 1 Account
- Types designate the Account purpose for:
 - Labor Transactions – used on MES and Labor Tickets
 - Bereavement
 - Dollars
 - Holiday
 - Indirect
 - Jury
 - Vacation
 - Inventory Transactions – used on the Inventory Adjustment screens
 - Miscellaneous Deposits – used for Deposits
- Types may be assigned to multiple Reasons and therefore, multiple Accounts
 - When posting, the user may select the appropriate Reason which will then post to the correct GL Account.
 - *For example:* Account Reasons setup for Vacation may be listed as:
 - Indirect Labor Vacation
 - Office Vacation
 - Direct Labor Vacation
 - All Assigned Type: Vacation
 - Each Assigned a different GL Account
- The Reasons Types are system defined and may not be edited nor amended
 - Bereavement
 - Dollars
 - Holiday
 - Indirect
 - Inventory Adjustment
 - Jury
 - Miscellaneous Deposits
 - Vacation