RM Accounts

PETERBOROUGH CITY COUNCIL

Booklet 4

Guidance Notes

Nominal Ledger Transactions including Bank, Journals and Payroll

(Updated Aug 2018)

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Nominal Ledger Transactions

Nominal Ledger transactions are **not** connected with the Purchase Ledger (paying suppliers) or the Sales Ledger (receiving money from customers). These transactions are when the payment or receipt is coded directly to a Nominal Ledger Account.

In addition, this is where transactions can be posted for transferring income or expenditure to another code i.e. miscodes.
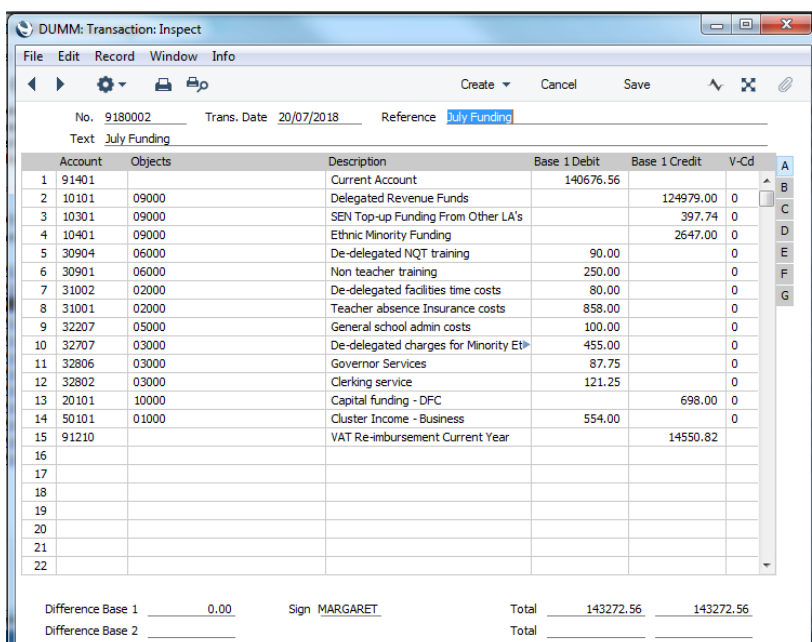
All of the following transactions are entered by way of a nominal ledger transaction.

1.1 Bank Journals - Receipts and Payments

Switch Module > Nominal Ledger > Registers > Transactions >Create > New Transaction

This opens the journal screen.

Example for Funding Statement transactions

	Account	Objects	Description	Base 1 Debit	Base 1 Credit	V-Cd
1	91401		Current Account	140676.56		
2	10101	09000	Delegated Revenue Funds		124979.00	0
3	10301	09000	SEN Top-up Funding From Other LA's		397.74	0
4	10401	09000	Ethnic Minority Funding		2647.00	0
5	30904	06000	De-delegated NQT training	90.00		0
6	30901	06000	Non teacher training	250.00		0
7	31002	02000	De-delegated facilities time costs	80.00		0
8	31001	02000	Teacher absence Insurance costs	858.00		0
9	32207	05000	General school admin costs	100.00		0
10	32707	03000	De-delegated charges for Minority Et▶	455.00		0
11	32806	03000	Governor Services	87.75		0
12	32802	03000	Clerking service	121.25		0
13	20101	10000	Capital funding - DFC		698.00	0
14	50101	01000	Cluster Income - Business	554.00		0
15	91210		VAT Re-imbursement Current Year		14550.82	

Difference Base 1 0.00   Sign MARGARET   Total 143272.56   143272.56
Difference Base 2

No.	System generated field.
Trans. Date	Enter the date or CTRL Enter to access the calendar.
Reference	Enter a reference here.
Text	Enter a description for the transaction. It will be this description that shows on the Bank Reconciliation screen (along with the date, transaction number and amount).
Account	CTRL Enter to choose the account to code this payment to. It's usual to choose the Bank account first, but not compulsory. **As this is a receipt we will be Debiting the Bank Account.**
Objects	Ctrl Enter to select an object code if applicable (balance sheet codes 90000:99999 do not require an Object)

Description   Pre-populates according to account code selected but can be over-typed for more detailed information.

Debit/Credit   Enter the amount to be debited/credited

V-Cd   PCC Funding statements should always have '0' in the VAT code column. Other income may have a VAT element which will need to be coded to the correct VAT code (see example in section 2 'Meals Income')

On subsequent rows use CTRL Enter for the income/expenditure codes (and if applicable the objects), **credit the income codes; debit the expenditure codes**. You may code a transaction to more than one income/expenditure code but the transaction must balance. **Debits=Credits**.

It is only the bank account amount (**91401**) that will appear in the Bank Reconciliation screen.

Tip: After using CTRL Enter, you can type the account number (this will appear in the search field, you don't have to click in the search field) and press Enter to find the account quickly instead of scrolling down the list of accounts.

Click the Save button to post this transaction.

In addition to income and charges on the Funding Statement, schools may use this process for:-

Payroll

Meals/Tuck/Photograph commission income   Posting the bank transaction – you must add a new row for the VAT output Account (**92105**) on Staff/Adult meals, Tuck and Commission and apportion the Income between the income code and VAT.

Trips/Swimming

Uniform (if not invoicing parents)

Miscellaneous Income and Donations (including direct receipts on bank statement)

General Income Cheque un-presented on Bank statement

Income from Lettings and other chargeable services should be processed through the Sales Ledger route (see Booklet 3)

1.2 Bank Journals – Returned cheques

See Booklet 3 Section 1.6, first two bullet points.

2. New Transactions

Transactions can also be used to move an amount from one account code to another – they are actual transactions performed directly on to the Nominal Accounts. Typically they are used to correct errors and on occasions when items have been coded incorrectly.

Switch Module > Nominal Ledger > Registers > Transactions >Create > New Transaction

|	
Trans. Date	Enter the date of the transaction
Reference	Enter a reference
Text	Enter a description of this transaction
Account	CTRL Enter to select the account.
Objects	CTRL Enter to select the object/s
Debit/Credit	Enter the debit and credit amounts. Debits and credits must balance or the system will not allow the transaction to be saved.
V-cd	CTRL Enter to select the VAT code. If there is no VAT then the V-cd can be left as the default value if 0 or changed to 0
Tip :	**Enter through the debit and credit fields on the last row of the journal and RM Accounts will enter the last entry for you. It self balances.**
Save	Click Save to post this transaction.

3. Reversing Transactions

Nominal Ledger transactions may be completely reversed to correct an error.

Switch Module > Nominal Ledger > Registers > Transactions >Create > New transaction

– find the transaction that needs to be reversed.

Open Original Transaction, Create > Duplicate. This creates a duplicate of the original transaction.
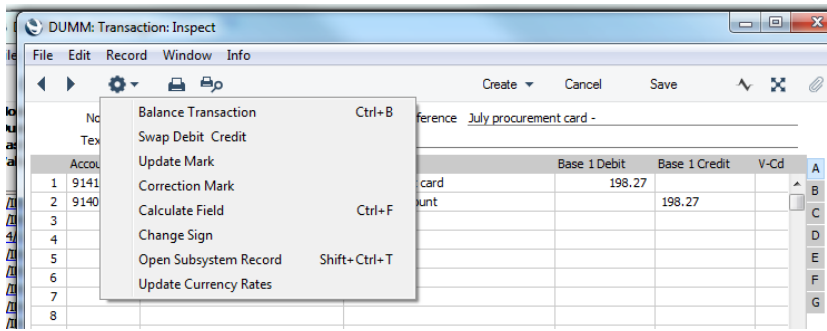
Go to the Operations menu (Cog wheel) and select "Swap Debit Credit".

This will swap the debits and credits of the original transaction.

Enter a new reference and amend the text if necessary and click Save to post the new transaction.

This is used for correcting journals posted to incorrect codes or reversing accruals in the following period.

## 4. Payroll journals – Using the Payroll Control Account

*If your school pays salary on-costs in the following month, the Payroll Control Account **must be used**. If your school pays the salary bill at the end of the month as one individual payment, a Normal Journal from the Bank to the individual employee salary codes **can** be used.*

The Salary journal represents a significant transaction to a school and so deserves a special mention here so we can understand how to process all the Salary related transactions.

Enter the salary journal as a normal transaction except that the balancing entries will be against the Payroll Control account (92203). This account balance represents the "on-costs" that a school has to pay to 3rd parties over and above the staff's net pay, such as national insurance, pension etc.

Switch Module > Nominal Ledger > Registers> Transactions >Create > New Transaction – or use the Duplicate option

Enter the transaction as required ensuring that all entries balance to your external payroll reports (EPM/PCC). A Salary journal may look like this:
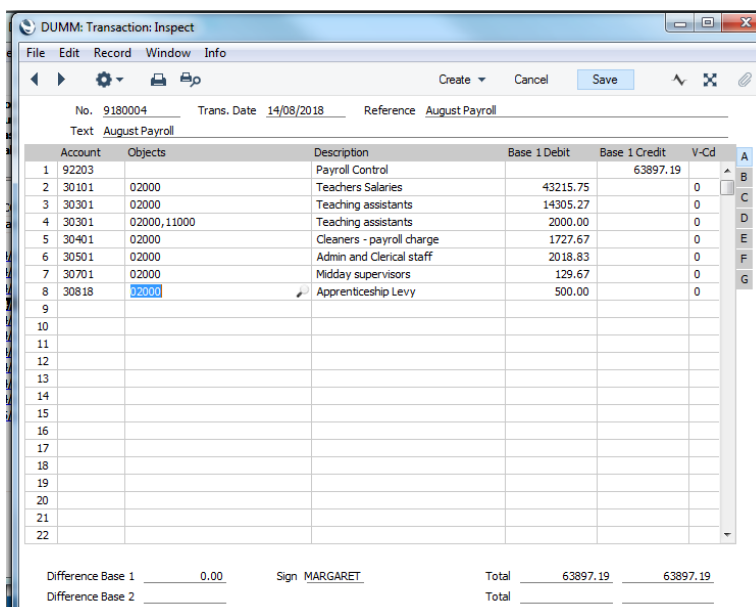
Notice the credit entry for the Payroll Control account. This will be listed on the Balance Sheet as a liability – the school has a liability to pay this amount.

When the various on-costs and 3rd parties e.g. NI, Pensions and Unions etc and the Net Pay are paid, make sure that the charge goes to the Payroll Control account. The payment will then Debit the Payroll Control account thus reducing the balance on the account meaning that the school owes less or in many cases absolutely nothing as it is usual to clear the amounts owed each month.

It should be a regular month end process to check that the Payroll Control account represents what is truly owed at that point in time.

In subsequent months – go to transactions list – pick up the last month journal and duplicate.

Update for new month (date & Reference Text) and change values. Save

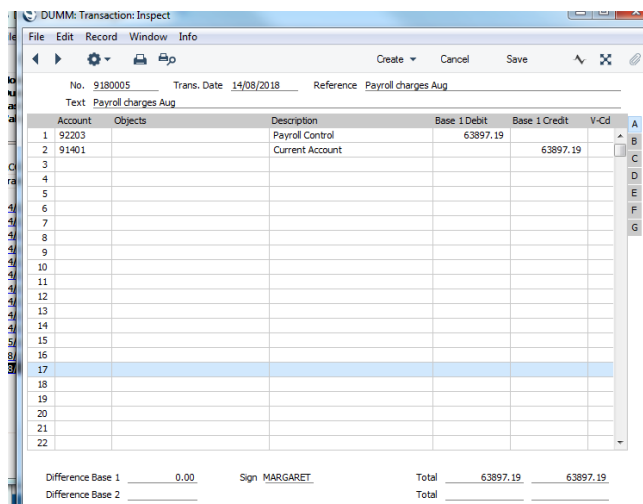## 5. Payroll journals – EPM payroll charges on Bank Statement

As the Payroll charges appear on the Bank Statement, create a Transaction as example below.

The figure should match the charge on the Bank Statement. Initially this could be just the net costs.

When the NI, Pensions and On-cost charges appear on the Bank Statement another journal will be created.

When all charges have been made the Payroll account 92203 should have a closing balance of zero.

In subsequent months the original journal can be duplicated – changing the Text – Sept – to October etc and the Debit and Credit amounts.

6. Payroll journals – PCC payroll charges on Bank Statement on pay day

If Payroll charges are all paid on Pay day – a journal can be created between the Salary codes and the Bank – bypassing the Payroll Control.

7. Procurement card transactions – Procurement/Credit Card charges on Bank Statement

When the credit/procurement card charge appears on the Bank Statement go to

Switch Module > Nominal Ledger > Registers > Transactions >Create > New Transaction – or use the Duplicate option

Row 1 - Select Account **91410**

Object – leave blank

Description – pre-populated – Procurement card, change if required

Debit amount

Row 2- Select Account 9**1401**

Object – leave blank

Description – pre-populated – Current Account

Credit amount

The resulting transaction puts the charge on the Bank Reconciliation for the current account (91401) and clears/reduces the balance on the Procurement/ Credit Card account (91410).