Appendix A: Accounting Tutorial

This tutorial gives you the basics you need to get up and running with OFBiz Accounting Manager.

It contains a quick overview of some common accounting concepts, a list of the setup required and an example for you to work through.

By the end of this tutorial you should have enough information to begin your own accounting setup in OFBiz.

Target Audience

This document is written for the complete novice end user. No programming or technical experience is required.

What is Accounting?

Accounting can be defined as the "systematic recording, reporting and analysis of financial transactions for a business". A business generally exists to make money. Accounting then is that basic function that tracks the financial success (or failure) of a business.

Mapping Business Processes to OFBiz Features

OFBiz is a full ERP and you may not be using all the functionality - so by defining what you want will ensure you don't waste time setting up something that you wont use.

If you are using OFBiz E-Commerce then the main process used will be Sales Order Management. This covers the complete cycle from a customer placing an order through the webstore all the way to product delivery and payment.

The sequence of your customer payment is important in determining how you setup your OFBiz accounting.

For example:

- Does your customer need to pay your before the product is dispatched?
- Or do you dispatch the product and allow the customer a certain number of days in which to pay?

OFBiz supports both of these variations in the order process out of the box.

AN EXAMPLE SCENARIO

Each business accounting setup will be different. For demonstration purposes we'll use an example scenario to take you through the accounting setup required step-by-step.

THE E-COMMERCE ONLINE STORE

Our business has an online store that sells a range of goods and services ("products") to customers.

- We don't allow our customer credit as we like them to pay for our products before we deliver them.

- Customers can pay us using a variety of methods including cash, cheque, direct credit into our bank, credit card and Paypal.

If we do an analysis of our business processes then we have the following activity flow for our Sales Order Management process:

- A customer places an order through the E-Commerce online store. This automatically creates a "Sales Order"

- The customer pays for the order using a credit card, Internet banking or some other allowed payment method

- We verify and confirm receipt of the customer payment, then dispatch the goods purchased to the customer.

Our Objective for OFBiz

We will setup this business in OFBiz with a simple chart of accounts and configure the accounting rules to record the accounting transactions for customers ordering products from us.

OFBiz has several default accounting transactions configured as part of the out-of-the-box accounting setup. We shall use our knowledge of these defaults to help us set up our unique accounting system

Default OFBiz Transactions

OFBiz has what we call "default transactions". These transactions are integral to OBiz and you will need to use and understand them for accounting.

An OFBiz transaction is a balanced accounting transaction (remember our transaction needs to balance to zero).

OFBIZ TRANSACTION	TRANSACTION USE
Incoming Payment	Tracks the money that comes from the customer to pay for the order
Sales Invoice	Produces an invoice to the customer for the order
Payment Applied	Allocates the money from a payment to an order and/or an invoice
Sales Shipment	Dispatches products out of the warehouse to the customer

When a customer sends products back and you refund the money then this has an accounting impact too because it involves the movement of money.

OFBIZ TRANSACTION	TRANSACTION USE
Outgoing Payment	Track the money that needs to be paid out by the business
Sales Invoice***	Reversal of the customer invoice for the returned product. This becomes a credit to the customer.
Sales Shipment	Reversal of dispatch of products and becomes a transaction to receive the returned products into the warehouse.

All of this will help us track:

- How much sales we have made,

- How much tax we charge (or have been charged)

- How much our customers owe us

- How much is in our company bank account

The 5 Main Steps

To simply the setup, we have broken it down into five main steps which are listed below.

Before you begin these steps you will need to have a version of OFBiz downloaded and installed with the demo data.

NOTE: You can use the online demo at the OFBiz site but other users may also be using the system and so the results may be inconsistent. It is recommended that you download your own version and get it up and running on your own PC.

Step 1: Create Your Company

The first step is to begin setting up your business in OFBiz. You will need to enter your company details including address, contacts and basic bank information.

Step 2: Setup Basic Accounting Details

In this step you will establish basic company accounting information such as Financial Period, Currency and Invoice Numbering Sequences and error Journal.

Step 3: Tax Setup

This step involves creating an entity to represent your Tax Authority, setting up a tax rate and then linking this to your company or products.

Step 4: Create the Company Chart of Accounts

This step involves setting up your chart of accounts and the rules for mapping transactions to particular general ledger accounts to be used for your business.

Step 5: Test Your Accounting Setup

Finally you will test the setup by placing an order and then track it through the complete accounting cycle.

Step 1: Create Your Company

Our first task is to setup a company in OFBiz. This company will be used to receive payments for goods and services sold through our e-commerce storefront.

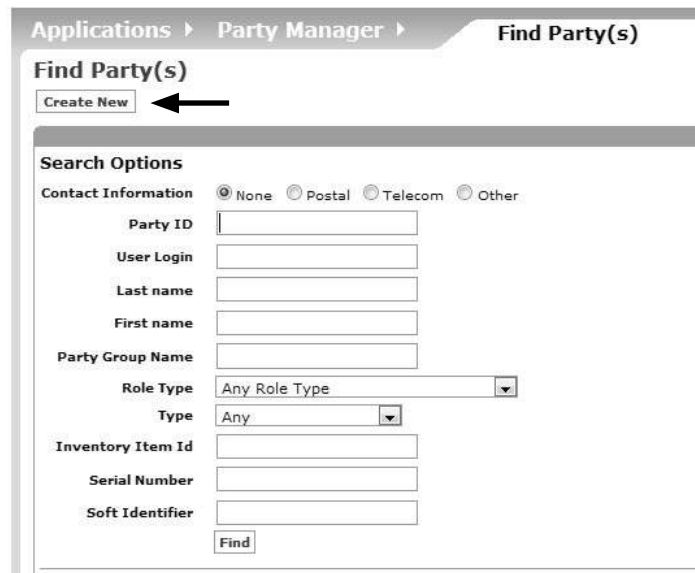*T*ip: This is also covered in Chapter 4 Business Accounting Setup

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The first step is to create a party that represents our business or organisation. This is done in Party Manager.

NOTE: Party Manager is the application where we create all the entities (companies, people, groups, departments) that we deal with in the course of doing business.

To access Party Manager

↳ Select "Party" from the Applications drop down menu

A screen similar to the one below will be displayed.

Figure A.1: Party Manager Default Screen

Let's create our new company.

↳ Click "Create New"

Figure A.2: Create New Party

The company we are creating is not an individual (person, customer, prospect or employee). It is an organisation and in OFBiz this is called a "party group" (i.e. a group of people).

↳ Click "Create New Party Group"

A screen similar to the one below will be displayed.

Figure A.3: Creating a New Party Group

↳ Enter "My New Test Company" in the Group Name

↳ Click "Save"

A screen similar to the following will be displayed.

Figure A.4: Newly Created Party Details

Next we need to add some contact details.

Locate the "Contact Information" section

↳ Click "Create New"

Figure A.5: Create Party Contact Details

↳ Select "Postal Address"

↳ Click "Create"

Figure A.6: Select Postal Address

↳ Enter "123 Any Street" for Address Line 1

↳ Enter "Any City"

↳ Select "Utah" for State/Province

↳ Enter "UT123" for Zip/Postal Code

↳ Select "United States" for Country

↳ Click "Save"

Figure A.7: Adding a New Address

The address will be added - but there is still some missing setup. We need to include a purpose (or use) for the address.

↳ Click "Update" next to the address details

↳ Select "Primary Address"

↳ Click "Add Purpose"

↳ Add "Shipping Origin Address" and "Shipping Destination Address" in the same way.

Figure A.8: Adding Address Purpose

The address purpose will be updated.

We now need to add a specific role to our company to let OFBiz know that it is an organisation that will have an accounting setup. To do this:

↳ Click "Roles"
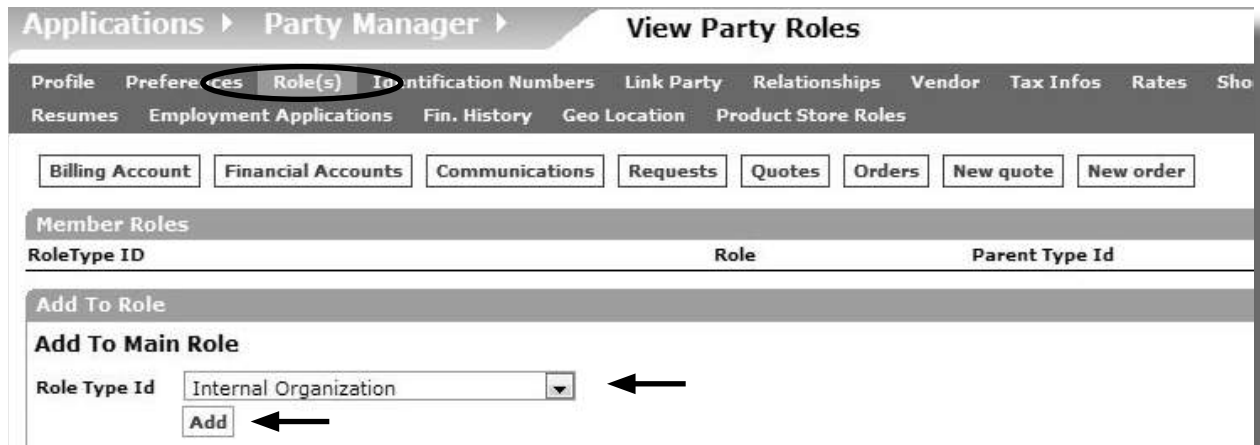
Figure A.9: Adding the Internal Organization Role

↳ Select "Internal Organization" for the Role Type Id

↳ Click "Add

The internal organization role will be added to our new Party Group.
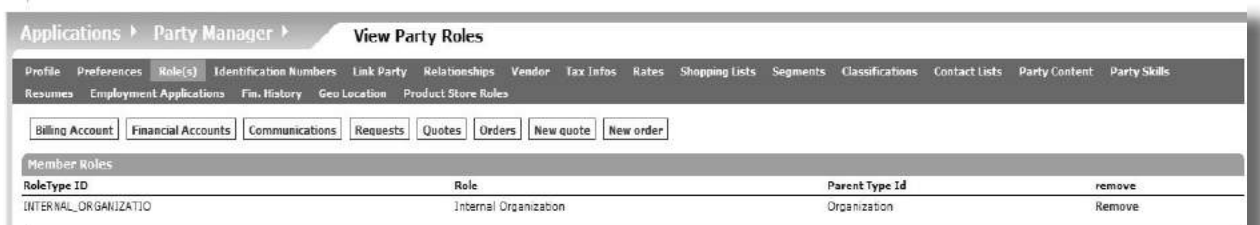
Figure A.10: Internal Organization Role Added

Now this is done we can begin the Accounting setup.

Step 2: Setup Basic Accounting Details

Next we need to do the basic accounting setup for "My New Test Company" that we have just created.

Tip: This is also covered in Chapter 4 Business Accounting Setup

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Let's go back to "Organization GL Settings":

↳ Select "Accounting" from the Applications drop down menu

↳ Select "Organization GL Settings" from the Accounting Manager drop down menu
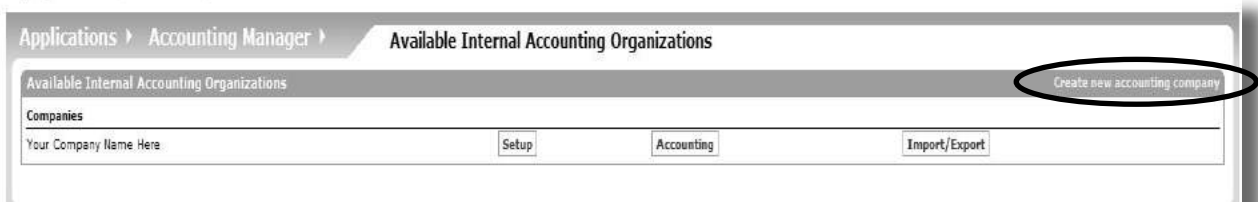
Figure A.11: Available Internal Organizations

You will notice that our new company doesn't appear yet. That's because we need to create another link.

↳ Click "Create new accounting company"

Figure A.12: Create New Accounting Company

↳ Select "My New Test Company" for the Organization Party Id

↳ Click "Create new accounting company"

The Accounting Preferences screen for the new company will be displayed.

Figure A.13: Accounting Preferences for New Accounting Company

↳ Enter the details (NOTE: In our example we left the defaults and entered only the prefixes TI, TO and TQ for Invoices, Orders and Quotes)

↳ Click "Add"

Our new Accounting Preferences have now been created.

Journals

When we created our new company (My New Test Company) we didn't include an Error Journal for it.

Error Journals are important because it is used to store any accounting transactions that fail because of errors.

We need to create an error journal and then link it to our new company.

To create the new journal

↳ Select "Accounting" from the Applications drop down menu

↳ Select "Organization GL Settings" from the Accounting Manager drop down menu

↳ Click "Setup" for My New Test Company

↳ Click "Journals"

To enter the Journal details

↳ Enter "My Test Journal" for Gl Journal Name
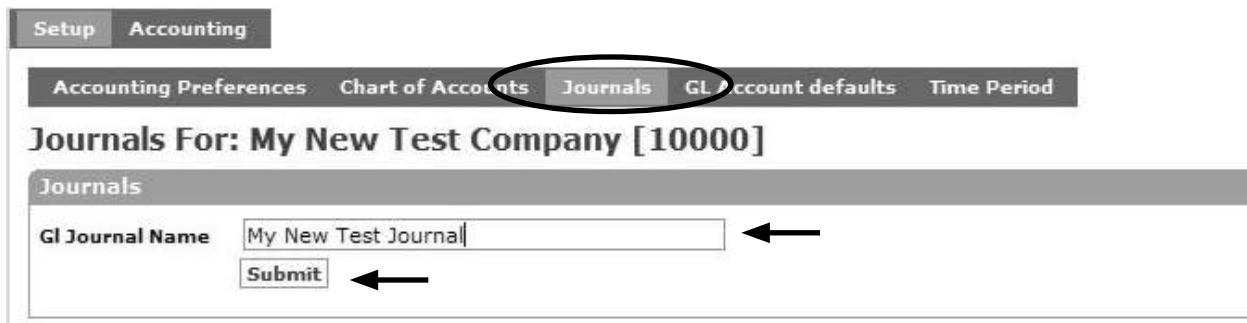
↳ Click "Submit"

Figure A.14: Creating a New Journal
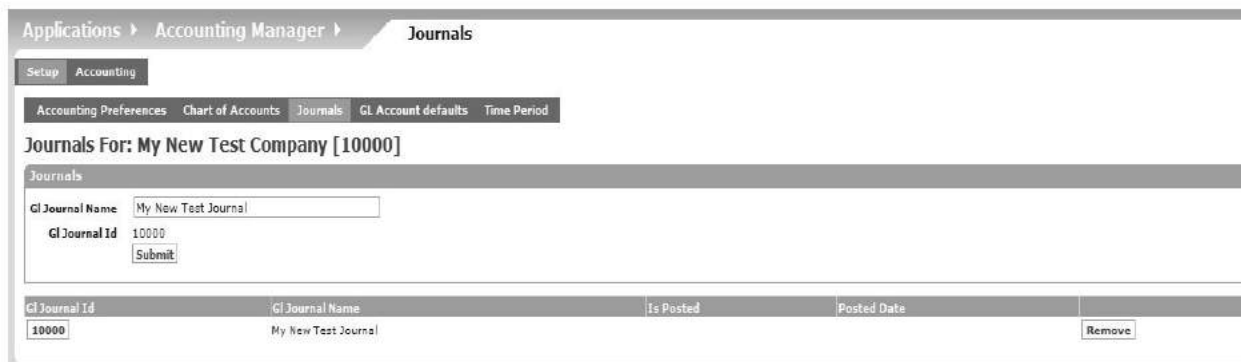
The new journal will be displayed.

Figure A.15: Newly Created Journal

Next we need to add this journal to the Accounting Preferences setup for My New Test Company.

↳ Click "Accounting Preferences"

Figure A.16: Adding the Journal to Accounting Preferences

> ↳ Select the newly created journal for "Error Gl Journal Id"
>
> ↳ Click "Update"

Our Error Journal is now linked to our company.

SETUP A FINANCIAL YEAR

A "Financial Year" is a defined period, usually 12 months, that is aligned to your country's tax period.

We need to setup a Financial Year for our new company. Our Financial Year will begin on 1st January 2014 and run through to the 31st December 2014.

To create a Financial Year

> ↳ Select "Organization GL Settings"
>
> ↳ Click "Setup" next to "My New Test Company"
>
> ↳ Click "Time Period"

↳ Enter the details from the following table

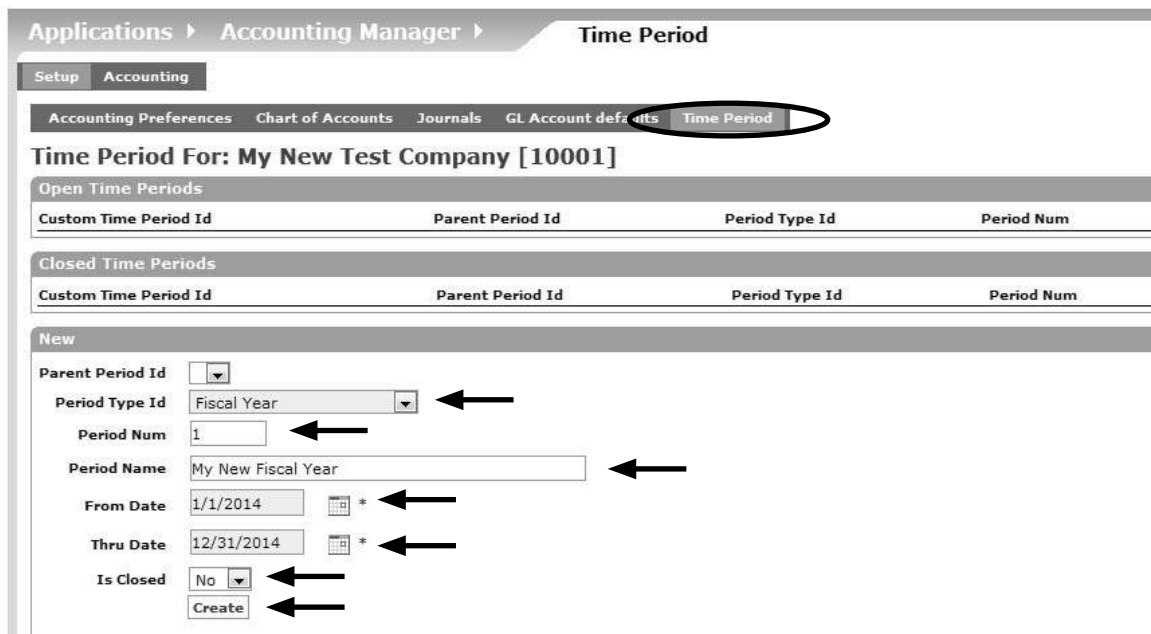| FIELD	VALUE
Period Type Id	Fiscal Year
Period Num	1
Period Name	My New Fiscal Year
From Date	1st January 2014
Thru Date	31st December 2014
Is Closed	No

↳ Click "Create"

Figure A.17: Creating a New Fiscal Year

The time period is created.

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*T*ip: The minimum setup you need for OFBiz is a Financial Year. You can create other periods (e.g. monthly or quarterly) but this will depend on how you want to track your financial transactions

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Our next step is to do the Tax Setup for this company.

Step 3 Tax Setup

A "Tax Authority" is legal organisation representing the government (of a country, state, region, province or city) that is responsible for imposing and collecting the financial levies determined by the government.

These levies are normally imposed on business transactions as a "tax". In OFBiz tax authorities are used to calculate where business or related taxes are due.

Tax setup is very important as it links into the calculated price that you charge your customers and also flows through into any related legal documents that are generated (e.g. Sales Order, Sales Invoice, Purchase Order etc).

The OFBiz demo data comes with some default tax authorities and parties for the US and Canada. If you are within these areas then you can use or modify these. However if you are outside these areas you will need to create a new one.

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*T*ip: This is covered in Chapter 6 Tax Authorities

We are going to:

- Create a new Tax Authority,
- Setup a specific tax rate to use
- Then link the Tax Authority to our new company.

The first step is to create a new party to represent our Tax Authority. This is done using Party Manager.

To access Party Manager:
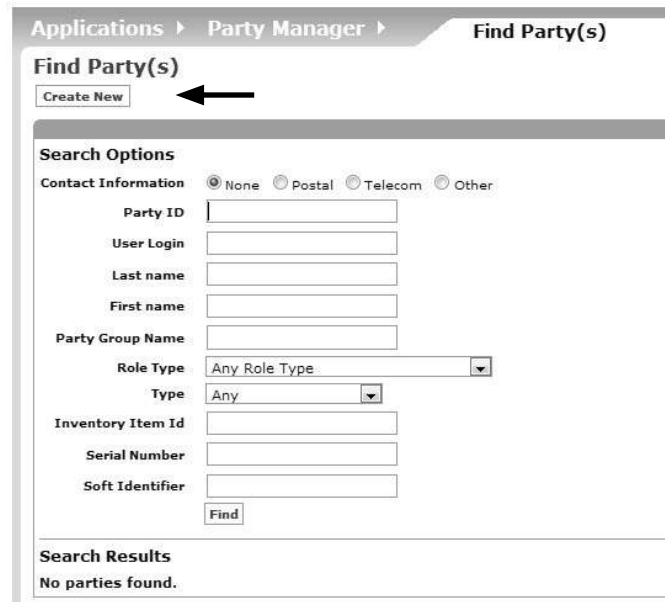
↳ Select "Party" from the Applications drop down menu

Figure A.18: Party Manager Default Screen

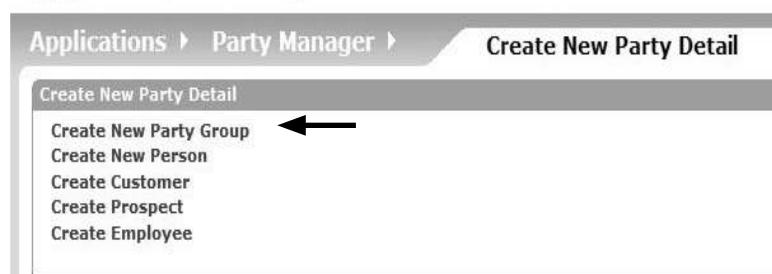We need to create a new party

↳ Click "Create New"

Figure A.19: Creating a New Party

The Tax Authority we are creating is not an individual (person, customer, prospect or employee). It is an organisation and in OFBiz this is a called a "party group" (i.e. a group of people!).

↳ Click "Create New Party Group"

A screen similar to the following will be displayed.

Figure A.20: Creating a New Tax Authority Party Group

↳ Enter "MyNewTaxAuthority" in the Group Name

↳ Click "Save"

Figure A.21: Newly Created Party

The new party group has been created but we need to add a specific role to it - to let OFBiz know that it is Tax Authority.

To do this:

⤷ Click "Roles"

Figure A.22: Adding the Tax Authority Role

Under the "Add to Main Role"

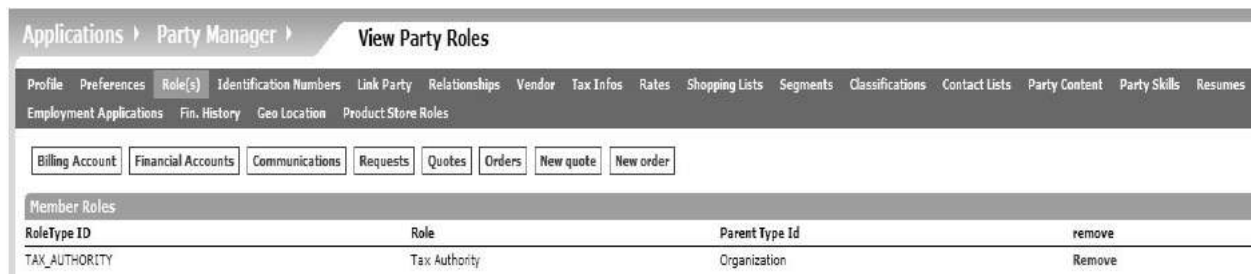⤷ Select "Tax Authority" for the Role Type Id

⤷ Click "Add"

Figure A.23: Tax Authority Role Added

Now this is done - we can use the Tax Authorities menu to complete the Tax Authority setup.

Setting up Tax Authority Region and Rates

Next we need to specify what region the Tax Authority relates to and what tax rates need to be applied.

↳ Select "Accounting" from the Applications drop down menu

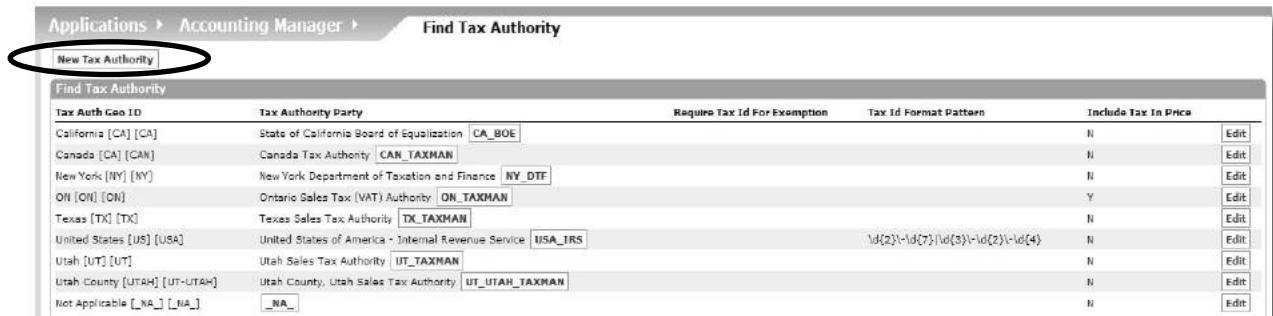↳ Select "Tax Authorities" from the Accounting Manager drop down menu

Figure A.24: Accounting Tax Authorities Screen

↳ Click "New Tax Authority"

In reality we have already created our Tax Authority in Party Manager and we are just adding to that setup.

↳ Enter the details from the following table

FIELD	VALUE
Geo	USA (This is the region the Tax Authority represents)
Party ID	10000 (**This is the Party ID of the MyNewTax Authority that we created earlier)
Require Tax Id for Exemption	"Y" (This ensures that a valid Tax ID needs to be input to exempt an order or customer from the Tax Calculation.)
	NOTE: This must be set to "N" if you cannot verify the Tax ID of a customer or supplier. This is especially important for Export Sales as your company is liable for not charging tax in these circumstances.
Tax ID Format Pattern	Leave blank (This allows you to specify format of the Tax ID)
Include Tax in Price	"N" (This ensures that the tax amount will be calculated on top of the stated price. If you set this to "Y" then your product prices are show fully inclusive of the tax amount. This could be complicated if you offer discounts or promotions)

NOTE: An example of the Tax Id Format Pattern is as follows: \d{2}\-\d{7}|\d{3}\-\d{2}\-\d{4} which translates to two formats 99-9999999 or 999-99-9999

Figure A.25: Enter Tax Authority Region Details

    ↳ Click "Update"

You should get a screen similar to the one below.

Figure A.26: Newly Created Tax Authority

NOTE: There is no message. If the screen re-displays then this means that the Tax Authority has been created successfully.

We now need to add the Tax Rate (e.g. GST or VAT) that will be applied when anyone buys something from us via the E-Commerce store.

    ↳ Click "Product Rates"

    ↳ Enter the details from the following table

FIELD	VALUE
Type	"Sales Tax"
Store ID	Leave blank (NOTE: If left blank this means that the Tax Rate is valid for all stores. If you specify a Store ID it will only be valid for that store)
Category	Leave blank (NOTE: If Categories have been created via the Categories link then they will be available to select here)
Title Transfer	Leave blank (NOTE: This is normally related to the legal transfer of ownership of goods.)
Min Item Price	Leave blank (NOTE: This allows you to enter a minimum value for a product where the tax is to be applied. If left blank then it is zero)
Min Purchase	Leave blank (NOTE: This allows you to specify a minimum purchase for where the tax is to be applied.)
Tax Shipping	"Y" (NOTE: This specifies whether to apply the tax to shipping charges)
Tax Percentage	"12.5" (This is the tax rate used to calculate our Sales Tax)
Tax Promotions	"Y" (NOTE: This specifies whether to apply the tax to promotional prices, items or discounts)
From Date	Use the Date Picker to select "Now"
Thru Date	Leave Blank
Description	"MyOwn Sales Tax" (This description will displayed and printed on documents when the tax is applied)

IMPORTANT NOTE: You can setup multiple entries (i.e. different rates for product categories or different stores) but there is a current OFBiz warning not to create more than one entry with Tax Shipping and Promotions = "Y"

Figure A.27: Entering Product Rates

↳ Click "Add"

An new entry will be created on the lower part of the screen.

Figure A.28: New Sales Tax Rate

NOTE: To update or delete this Sales Tax entry just scroll to the end of the line to find the links.

We have setup the tax authority and specified a tax rate. Now we need to link this to our new company.

To create the link

↳ Click "Parties

Figure A.29: Party Info

You will see that there aren't any parties are linked to our Tax Authority yet. We need to add our new company.

↳ Click "New Tax Authority Party Info"

↳ Enter the following information from the table

FIELD	VALUE
Party ID	The Party ID of "My New Test Company" (Type this in or use the lookup)
From Date	Current date (Use the date picker to select "Now")
Thru Date	Leave blank
Party Tax ID	Leave blank (Or enter the VAT or GST Number)
Is Exempt?	"N" (Only specific businesses are tax exempt)
Is Nexus?	"N" (See note below)

NOTE: "Nexus" is a term that refers to an agreement between the Tax Authority and the potential tax payer (e.g. your company) that the Tax Authority can impose the tax on. This usually applies to Sales Taxes. If you have a Sales Tax that is uniformly applied to a product or range of products then the "Nexus" field can be set to "Y".

Figure A.30: Adding "Company" to Tax Authority

↳ Click "Create"

Our Tax setup is now complete.

Step 4: Setup Detailed Accounting Information

If you are following along and attempting these tasks, expect to take approximately 30 minutes to complete this step.

Our chart of accounts is simple one. The things we want to track include:

THINGS WE WANT TO TRACK	OFBIZ CHART OF ACCOUNTS NAME
Our company bank account	GENERAL CHECKING ACCOUNT
Any cash we receive	CASH
Money not yet deposited in our company company's bank account	UNDEPOSITED RECEIPTS
Money our customers owe us	ACCOUNTS RECEIVABLE
Money we owe our suppliers	ACCOUNTS PAYABLE
The value of products we have in stock but have not yet sold	INVENTORY
Customer Sales	GENERAL SALES
Sales Tax	SALES TAX COLLECTED
Delivery or Shipment Charges	MISCELLANEOUS SALES
Discounts given to customers	DISCOUNTS ON SALES
Money returned to customers when they return our products	CUSTOMER RETURNS
Cost of Goods Sold	COST OF GOODS SOLD

This translates into a General Ledger organisation as follows:

ASSETS
GENERAL CHECKING ACCOUNT
CASH
UNDEPOSITED RECEIPTS
ACCOUNTS RECEIVABLE
INVENTORY

LIABILITIES
SALES TAX COLLECTED
ACCOUNTS PAYABLE

EXPENSE
COST OF GOODS SOLD

INCOME
GENERAL SALES
MISCELLANEOUS SALES
DISCOUNTS ON SALES
CUSTOMER RETURNS
COST OF GOODS SOLD

A standard chart of accounts would also include other accounts for expenses (i.e. the money spent to keep the business going such as rent, stationery, salaries etc) and equity (which is the total value of the company).

NOTE: To setup a Chart of Accounts in OFBiz simply means that we need to select the accounts we want to use from the OFBiz Global Master Template. See Chapter 3 Global GL Settings and Chapter 4 Business Accounting Setup for more details

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Out of the box the global template is organised as a hierarchy of eleven (11) top level account groupings. Each grouping has a name and a number assigned to it.

ACCOUNT CODE	TOP-LEVEL ACCOUNT GROUPING
100000	ASSETS
200000	LIABILITIES
300000	OWNERS EQUITY AND NET WORTH
400000	SALES
500000	COST OF GOODS SOLD
600000	EXPENSE
700000	OTHER EXPENSES
800000	OTHER INCOME
820000	OTHER EXPENSE
850000	NET INCOME
900000	INCOME TAX

There are over 450 accounts in the template, so grouping them in this way helps us to find individual accounts. Each account we wish to map from the global template will fall into one of these groups and will have an account code that falls within the range for the grouping.

You can see this organisation and how the accounts are arranged under the top level accounts as follows:

↳ Select "Accounting" from the drop down menu

↳ Select "Global GL Settings"

↳ Click "Navigate Accounts"

This will display an expandable list of the template accounts.

From this we may change many aspects of the global account settings including the account name and the accounting code assigned.

NOTE: The OFBiz Global Template is very US focused and other countries may need to either rename the accounts or look at loading their own master template in their own language.

CREATING THE CHART OF ACCOUNTS

We will use the new company (My New Test Company) that we created in the previous section.

↳ Select "Accounting" from the Applications drop down menu

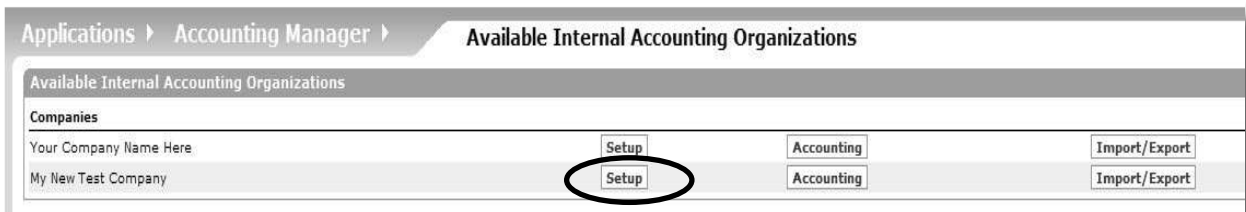↳ Select "Organization GL Settings" from the Accounting Manager drop down menu

Figure A.31: Organization GL Settings Default Screen

↳ Click "Setup" for My New Test Company

↳ Click "Chart of Accounts"
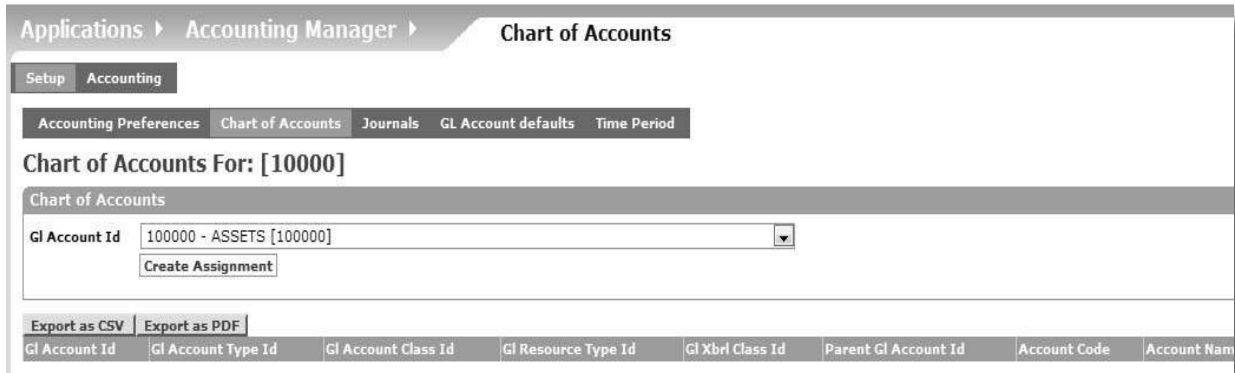
The Chart of Accounts will be empty.

Figure A.32: Empty Chart of Accounts

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*R*eminder: A Chart of Accounts is made up of accounts from 5 main areas: Assets, Income, Expenses, Liabilities, Equity

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We are now going to assign accounts from the Global Template to our specific chart of accounts. The ones accounts we are interested in are as follows:

FIELD	ACCOUNT TYPE
110000 CASH	ASSET
111100 GENERAL CHECKING ACCOUNT	ASSET
112000 UNDEPOSITED RECEIPTS	ASSET
120000 ACCOUNTS RECEIVABLE	ASSET
140000 INVENTORY	ASSET
210000 ACCOUNTS PAYABLE	LIABILITY
224000 SALES TAX	LIABILITY
310000 CAPITAL	EQUITY
401000 GENERAL SALES	INCOME
409000 MISCELLANEOUS SALES	INCOME
410000 DISCOUNTS ON SALES	INCOME
500000 COST OF GOODS SOLD	EXPENSE

The only account that may be new to you is "Capital". We are including it only for completeness.

Let's add our first account.

↳ Select "110000 Cash" from the GL Account Id drop down selection

↳ Click "Create Assignment"

The newly assigned account will be displayed in the lower part of the screen.
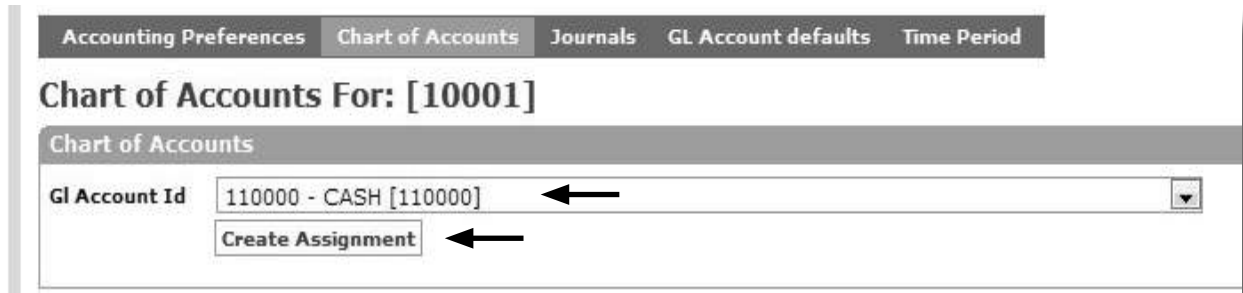

Figure A.33: First Account Added to Chart of Accounts

↳ Add the rest of accounts in the same way.

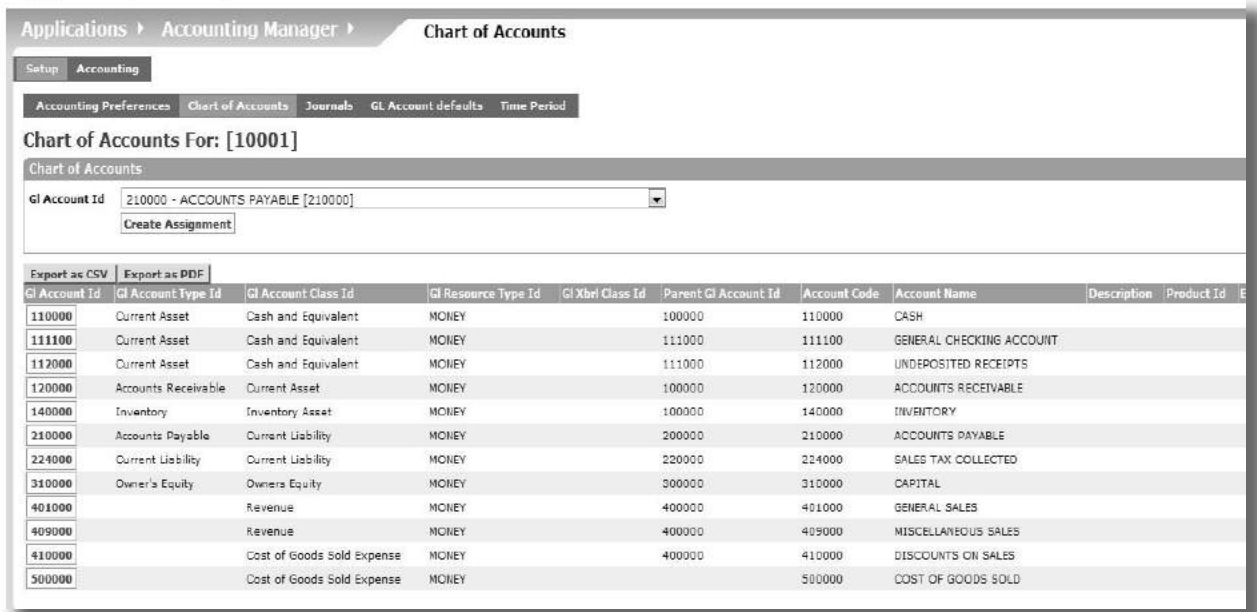When you have finished your screen should look similar to the following.

Figure A.34: Completed Chart of Accounts

We have now finished setting up the chart of accounts for our new company.

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*A*dvanced Tip: Removing accounts from a Chart of Accounts is not very straightforward. *You should only try to remove accounts that have never been used. To un-assign accounts, use Entity Data Maintenance on the Webtools menu and find the "GlAccountOrganization" entity. Delete the relevant record to remove the link.*

SETTING UP THE GL ACCOUNT DEFAULTS

Now that we have created our chart of accounts, our next step is to setup the rules concerning where the accounting transaction information should be stored (or posted) in our chart of accounts.

Tip: This is covered in Chapter 4 Business Accounting Setup

The GL Account Defaults is where we establish these transaction rules.

REMINDER: OFBiz works by using "default transactions'" A description of the key transactions we want to use are defined in this tutorial

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The minimum defaults (or rules) we need to setup are as follows:

GL ACCOUNT TYPE DEFAULTS

Each transaction coming through your accounting system will have a type (e.g. Accounts Payable, Accounts Receivable, Commission, Purchase Price Variance, Inventory etc) that describes what the transaction is for. The "GL Account Type default" allows us to map this transaction type to a general ledger account.

This is very important because it allows us to automate the generation of accounting transactions and this becomes a huge benefit when there are a large number of transactions.

SALES INVOICE DEFAULTS

The Sales Invoice is not a general ledger account but a document that shows the details relating to a customer sale. These details are also in fact accounting transactions because they show how much income you have received and any tax paid.

This "Sales Invoice default" allows you to setup the GL accounts to specify where the Sales Invoice transactions are generated.

PAYMENT TYPE / GL ACCOUNT TYPE ID

Payments can be organised into "types" that tell us about who made the payment or what it was for. (e.g. Customer , Vendor or Sales Tax Payments).

For our tutorial example we are most interested in tracking the Customer and Sales Tax payment types.

WARNING: This default isn't directly linked to a GL account but instead is linked to another GL default type

PAYMENT METHOD ID / GL ACCOUNT ID

The "Payment Method ID" tells us how payments were made or received. (e.g. Did our customers pay cash, paypal or direct credit into our bank account?)

The "Payment Method Id/GL Account Id" default allows us to link a GL account to the way the money was received.

NOTE: It is important to note that this doesn't cover Credit Cards and a separate GL Account default exists for credit cards.

CREDIT CARD TYPE GL ACCOUNT

This GL Account default allows you to link a GL account to a particular Credit Card Type. This can be useful in reconciliation.

TAXAUTHORITY GL ACCOUNT

This GL Account default is used to map the different tax authorities to different general ledger accounts.

Normal business rules require you to keep track of amounts collected or paid to various tax authorities. This mapping ensures that the tax amounts can be separated out.

NOTE: We are using the minimum setup required. Please refer to Chapter 4 Business Accounting Setup for a detailed description of all the GL Account Defaults.

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*R*EMINDER: The default OFBiz Sales Order transactions are "Incoming Payment", "Sales Shipment", "Sales Invoice" and "Payment Applied". Each of these transactions are triggered automatically when certain events occur after a product is purchased.

Default General Ledger Account Type Settings

An important account that we want to monitor is the "Accounts Receivable" type.

Usually these type of accounts receive money because a customer has paid us or is going to pay us. So our first task is to setup this account so that we can receive the money regardless of how it comes in (e.g. cash, cheque etc)

Setting up the "Incoming Payment" Transaction

In accounting terms if you expect to receive money from a customer for an order then information about this anticipated event is stored in the Accounts Receivable account until the debt is paid (i.e. we actually receive the money into our bank account).

To do this we need to map our chart of accounts ACCOUNTS RECEIVABLE (accounting code 120000) to the "Accounts Receivable" GL Type. This is done as follows:

↳ Select "Accounting" from the application menu

↳ Select "Organization GL Settings" from the drop down menu

↳ Click "Setup" next to the entry for "My New Test Company"
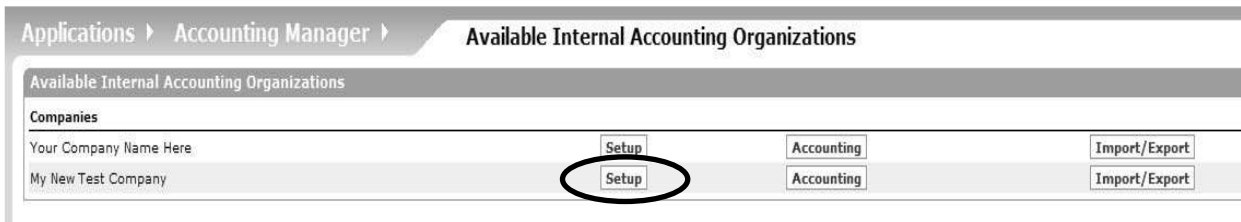
Figure A.35: Organization GL Settings Default Screen

↳ Click "GL Account defaults"

↳ Click "GL Account Type Defaults"
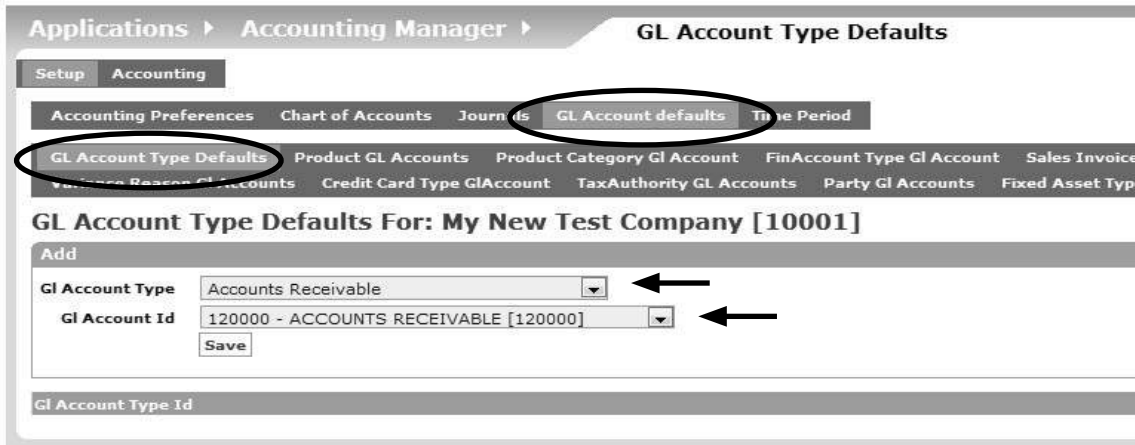
Figure A.36: Selecting the GL Account Organization GL Settings Default Screen

↳ Select "Accounts Receivable" from the GL Account Type drop down box

↳ Select "1200000 ACCOUNTS RECEIVABLE [1200000]" from the GL Account Id drop down box

↳ Click "Save"

The newly created mapping is now displayed at the bottom of the screen.

Figure A.37: Accounts Receivable Entry Added

SETTING UP THE "CASH" PAYMENT METHOD

In the previous section we told OFBiz that we have a general ledger account (called Accounts Receivable) to use for receiving money into our company. Next, we want to tell OFBiz how the payment is being made. (e.g. cash, cheque etc).

To set this up we need to map the "Incoming Payment" transaction to the payment methods we need. These will be as follows:
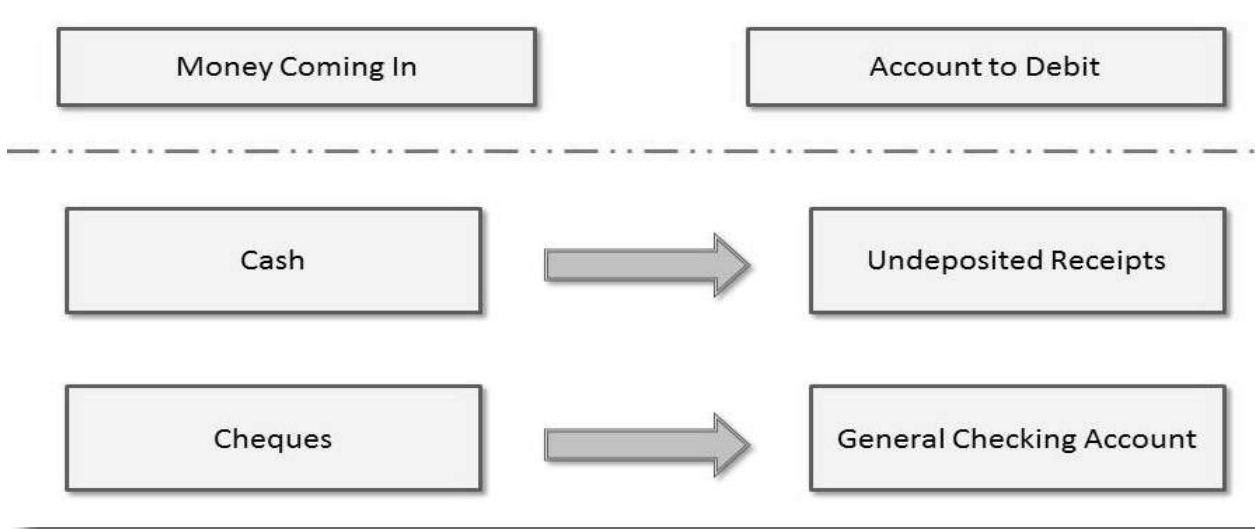
Figure A.38: Mapping Money Coming In

NOTE: Undeposited Receipts is another way of saying - money received that has not yet been paid into the bank account. (E.g. you have a pile of cheques to bank)

To create the details for a Cash payment.

↳ Click "Payment Method/GL Account ID"

↳ Select "Cash" from the Payment Method Type drop down box

↳ Select "112000 UNDEPOSITED RECEIPTS [112000]" from the Gl Account Id drop box

↳ Click "Save"
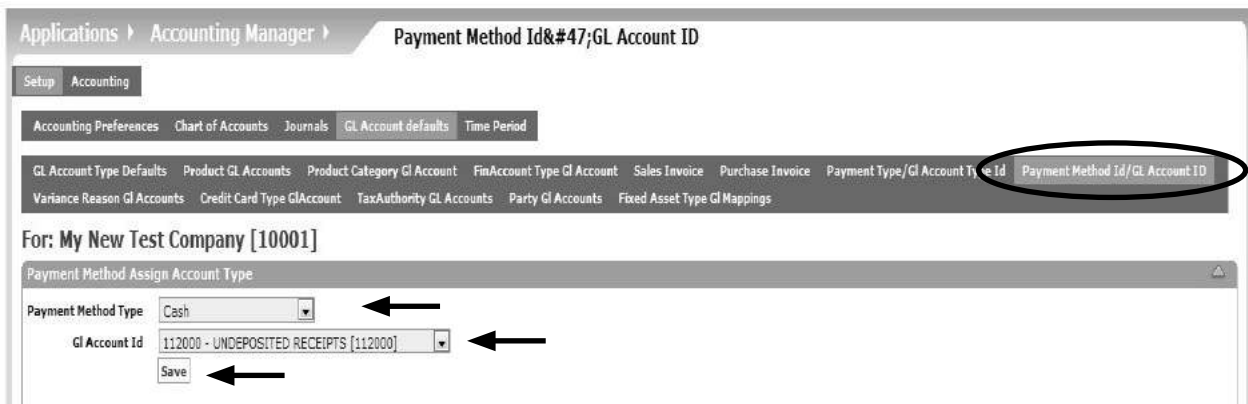
Figure A.39: Setting Up Cash Payment Method

The new entry will be added to the lower part of the screen

Payment Method Type	Gl Account Id	Default Gl Account Id	
Cash	UNDEPOSITED RECEIPTS [112000]	122000 :	Remove

Figure A.40: Cash Payment Method Created

SETTING UP THE "PERSONAL CHECK" PAYMENT METHOD

We still need to setup the link between "Personal Check" and the main bank account. This is done as follows:

↳ Click "GL Account defaults"

↳ Select "Payment Method Id/GL Account ID"

↳ Select "Personal Check" from the Payment Method Type drop down selection

↳ Select "111100 - GENERAL CHECKING ACCOUNT [111100]" from the Gl Account Id drop down selection

↳ Click "Save"

You screen should now include both entries.

Payment Method Type	Gl Account Id	Default Gl Account Id	
Cash	UNDEPOSITED RECEIPTS [112000]	122000 :	Remove
Personal Check	GENERAL CHECKING ACCOUNT [111100]	122000 :	Remove

Figure A.41: Personal Check Payment Method Added

NOTE: Only the accounts we setup with mappings to our chart of accounts will show up in the "GL Account Id" drop down selection box. This is because OFBiz will not allow us to post a transaction to an account that has not been defined beforehand.

To recap, so far we have created two possible money flows and two ways to account for our "Incoming Payment" transaction.

If a customer pays us using cash, OFBiz will generate the following transaction:

TRANSACTION TYPE	GENERAL LEDGER ACCOUNT IMPACTED
Debit (CR)	126000 ACCOUNTS RECEIVABLE - UNAPPLIED PAYMENTS
Credit (DR)	112000 UNDEPOSITED RECEIPTS

If a customer pays using a personal cheque, OFBiz will generate the following alternative transaction:

TRANSACTION TYPE	GENERAL LEDGER ACCOUNT IMPACTED
Debit (CR)	126000 ACCOUNTS RECEIVABLE - UNAPPLIED PAYMENTS
Credit (DR)	111100 GENERAL CHECKING ACCOUNT

The setup of what happens when a payment is received is now complete.

NOTE: The account "126000 ACCOUNTS RECEIVABLE - UNAPPLIED PAYMENTS" doesn't yet exist in our Chart of Accounts but we will be adding this later on in this tutorial.

Payment Type Default

Next, we want to track "who" made the payment. Was it a Customer, a Vendor or other payment type?

To set this up in the transaction rules we need to use the "Payment Type/GL Account Type Id" default.

In OFBiz a "Payment Type" is just another way to categorise transactions. The payment type we are interested in is called "Customer Payment" since we want to track our customer payments to us.

Our business will receive payments from our customers so when we receive a payment we want to be able to flag it as this type.

---

*R*EMEMBER: We know that when customers pay us it affects "Accounts Receivable" because all incoming payments do.

So putting that together means that we need to link a "Customer Payment" to "Accounts Receivable"

In reality we are going to link "Customer Payments" to "Accounts Receivable - Unapplied Payments" and once we "apply the payment" it will be moved to Accounts Receivable. (NOTE: We will explain more about this when we setup the OFBiz "Payment Applied" transaction)

To map "Customer Payment" to "Accounts Receivable - Unapplied Payments"

↳ Click "Payment Type/GL Account Id"

↳ Select "Customer Payment" from the Payment Type drop down selection

↳ Select "Accounts Receivable - Unapplied Payments" from the GL Account Type drop down selection

↳ Click "Save"

Figure A.42: Entering the Payment Type

The entry will be created in the lower part of the screen.

Setting up Credit Cards

In our example we want our customers to have the option to pay us using a credit card. Normally this is tracked in a separate general ledger account.

The OFBiz Global accounting template includes accounts such as:

- Accounts Receivable - Visa
- Accounts Receivable - AMEX
- Accounts Receivable - Paypal

This is done so we can separate out exactly how much money has been paid to us via these methods. It would also help us to reconcile the payments we receive.

> *R*eminder: In our chart of accounts we **didn't** create separate accounts for this as we will be keeping it all together in one account called "Accounts Receivable".

Let's map any credit card payment to use our "Accounts Receivable" account.

↳ Click "Credit Card Type GlAccount"

↳ Select "Visa" from the "Card Type" drop down selection

↳ Select "120000 - ACCOUNTS RECEIVABLE [120000]" from the "GL Account ID" drop down selection

↳ Click "Add"
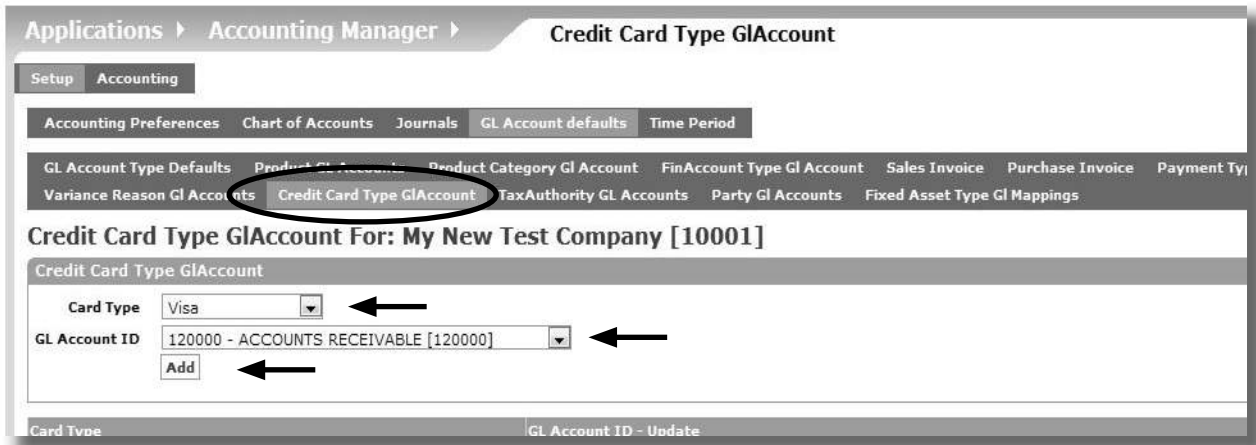
Figure A.43: Adding Credit Card Default Entry

The details will be added to the lower part of the screen.

Figure A.44: Credit Card Entry Added

You can add any other credit card type in the same way.

Setting up the "Sales Shipment" Transaction

The "Sales Shipment" transaction records that you have taken a product out of the warehouse and sent it to the customer.

Tip: Anything to do with warehousing involves the "Inventory" account

---

In our chart of accounts we have an inventory account called "140000 INVENTORY". The inventory account keeps track of the value of the products you have in stock.

When we ship products to our customer we can calculate the profit we have made (i.e the difference between what we paid to make or buy our product, and the amount the customers pays us for it). This calculation is tracked using an account called "Cost of Goods Sold" sometimes abbreviated to COGS.

To track the effect of Sales, Inventory and Cost of Goods Sold, we will set up three different "GL Account Type Defaults"; these are

- Inventory
- Costs of Goods Sold
- Sales

We will map each of these to their respective "GL Account ID" in our chart of accounts as shown.

GL ACCOUNT TYPE ID	GENERAL LEDGER ACCOUNT
Inventory	140000 INVENTORY
Cost of Goods Sold	500000 COST OF GOODS SOLD
Sales	401000 GENERAL SALES

To setup the Inventory mapping

↳ Click "GL Account Type Defaults"

↳ Select "Inventory" from the "GL Account Type" drop down selection

↳ Select "140000 - INVENTORY" from the "GL Account Id" drop down selection

↳ Click "Save"

Figure A.45: Creating the Inventory GL Type Default Mapping

The Inventory mapping will be added.

↳ Add the mappings for the Cost of Goods Sold and Sales in the same way.

After you have added these your screen should be similar to the following:

Figure A.46: Completed GL Type Default Mapping

As a quick recap - now this setup has been done, whenever the "Sales Shipment" transactions is triggered in OFBiz it will produce the following accounting transaction:

TRANSACTION TYPE	GENERAL LEDGER ACCOUNT IMPACTED
Debit (DR)	500000 COST OF GOODS SOLD
Credit (CR)	140000 INVENTORY

A *nd this transaction will be triggered whenever we ship a order to a customer.*

Setting up the "Payment Applied" Transaction

The "Payment Applied" transaction links the "Customer Payment" to the "Sales Invoice"

We may receive payments from customers but when we receive the payment we are not exactly sure which invoice it is for. (E.g. we may need to look at the payment reference to match it to one of our orders or invoices).

OFBiz allows us to keep the "unmatched" payments separately from the "matched" ones.

- Unapplied Payments are the "Unmatched" payments
- Applied Payments are the "Matched" payments

⚠️ IMPORTANT NOTE: We haven't included an account in our Chart of Accounts for Unapplied Payments so we will need to add it before we can do this mapping.

↳ Click "Chart of Accounts"

↳ Select "126000 ACCOUNTS RECEIVABLE - UNAPPLIED PAYMENTS" as the GL Account ID

↳ Click "Create Assignment"

Figure A.47: Adding Unapplied Payments to the Chart of Accounts

The account will be added to the chart of accounts.

Now we need to can add another mapping to the "GL Account Type Default".

↳ Click "GL Account Type Defaults"

↳ Select "Accounts Receivable - Unapplied Payments"

↳ Select "126000 ACCOUNTS RECEIVABLE - UNAPPLIED PAYMENTS"

↳ Click "Save"

Figure A.48: Adding the Unapplied Payments Entry

The entry is added to the lower part of the screen.

The "Payment Applied" transaction will generate the following accounting transaction:

TRANSACTION TYPE	GENERAL LEDGER ACCOUNT IMPACTED
Debit (DR)	120000 ACCOUNTS RECEIVABLE - UNAPPLIED PAYMENTS
Credit (CR)	120000 ACCOUNTS RECEIVABLE

----

*R*eminder: This transaction moves money from "unmatched" to "matched" (e.g. unapplied to applied)

Setting up the "Sales Invoice" Transaction

A "Sales Invoice" is a document generated when a customer buys a product from our company's e-commerce store.

Sales invoices can be made up of a variety of items as well as information about the product purchased. For example, an invoice may contain information about discounts, promotions, work effort, labour costs and taxes.

The majority of businesses will want to track these type of items separately in the chart of accounts.

IMPORTANT NOTE: Failing to keep track of the tax charged on your sales is a criminal offence in many jurisdictions - which is why keeping accurate records of the your sales is important.

In OFBiz a Sales Invoice is automatically created once we ship an order to a customer.

Our next task is to setup the accounting entries we want to generate and record from our Sales Invoice. In particular, we want the creation of a Sales Invoice to automatically generate the following accounting transactions:

TRANSACTION TYPE	GENERAL LEDGER ACCOUNT IMPACTED
Debit (DR)	120000 ACCOUNTS RECEIVABLE
Debit (DR)	410000 DISCOUNTS ON SALES
Credit (CR)	400000 GENERAL SALES
Credit (CR)	224000 SALES TAX COLLECTED

Out of the box, OFBiz supplies mappings for General Sales, Discounts on Sales, Miscellaneous Sales in the Global Template,[1] but we still need to map the account for the "Sales Tax Collected".

In all the defaults we have encountered so far, we have had to manually set them up but the Sales Invoice is automatically brought through from the mappings in the Global Template. (See Chapter 3 Global GL Settings).

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1 OFBiz allows us to specify override accounts if we don't want to use the default accounts from the Global Template. For Sales Invoice the Global Template accounts are the default.

To see the default entries that have been brought through from the Global Template

↳ Select "Organization GL Settings"

↳ Click "Setup" next to "My New Test Company"

↳ Click "GL Account Type Defaults"

↳ Click "Sales Invoice"

The screen will be similar to the one below.
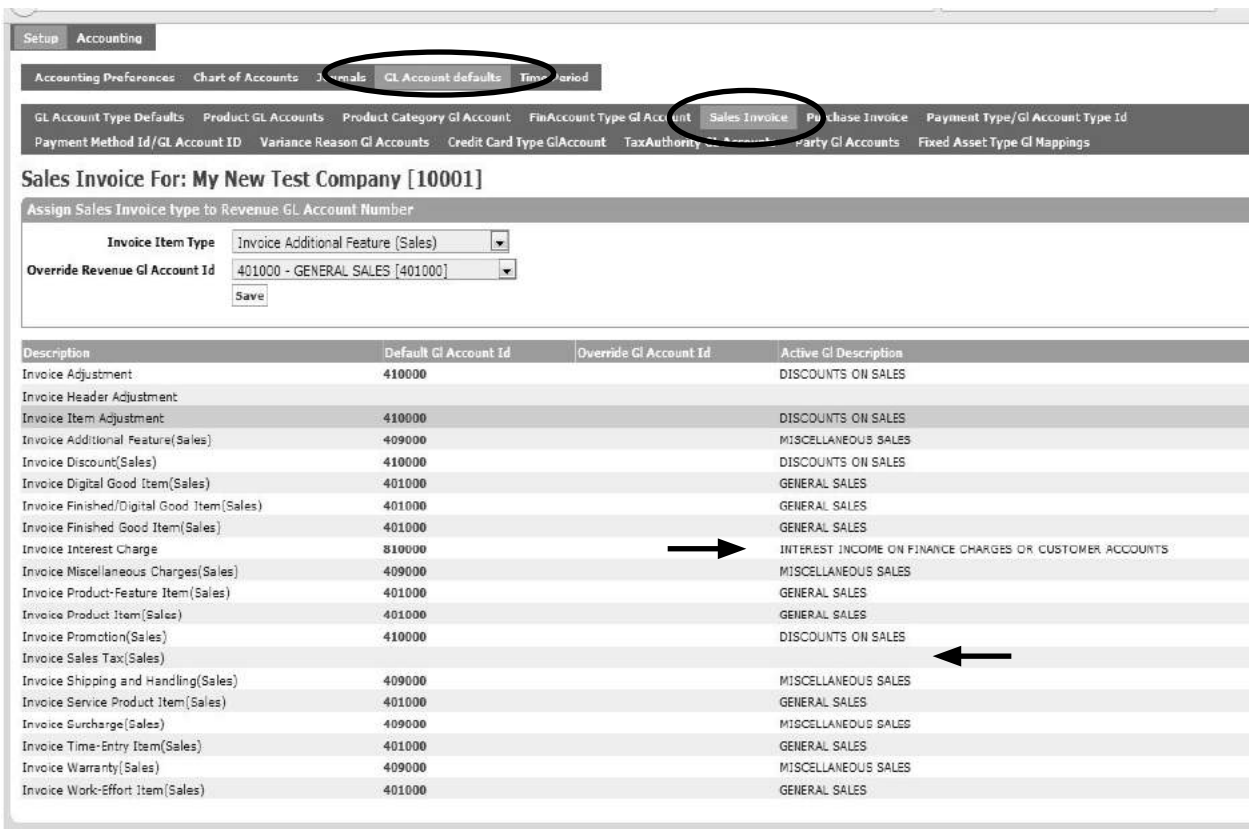
Figure A.49: Sales Invoice Defaults

If you look closely at the screenshot above you will notice a couple of things.

▪ There is no mapping for Sales Tax

▪ At least one account listed here has not been setup in our chart of accounts.

"Sales Tax" has its own special account mapping and we will do this in the next section "Mapping the Sales Tax Transaction".

The missing account is "810000 INTEREST INCOME ON FINANCE CHARGES OR CUSTOMER ACCOUNTS"

We will not be using this account for our example company since we do not plan to charge interest for late payments.

Also as we will not be creating any transactions for late payments, we can leave this account mapping here rather than try to remove it.

Tip: Clicking "Remove" on the Sales Invoice default will not remove the mapping entry. This is because the mapping is done at the Global Template level. If you have overridden the default account with another, then "Remove" will return the mapping back to the Global Template default.

IMPORTANT NOTE: We know that we have something mapped in our accounting setup that doesn't exist in our chart of accounts. If we generated a Sales Invoice that contains interest charges then the accounting transaction would fail.

Remember: When an accounting transactions fails, it gets put in our Error Journal that we created as part of our basic setup.

Mapping the Sales Tax Transaction

"Sales Tax" is mapped using the "Tax Authority GL Account" default. We are going to map our Sales Tax to the Account "224100 SALES TAX COLLECTED"

To do this

↳ Click "Tax Authority GL Accounts"

----

*R*eminder: *During the basic setup we created My New Tax Authority and linked it to the tax setup and rate for our company and its products.*

↳ Locate the "MyNewTaxAuthority" that we created earlier

↳ Select "224100 SALES TAX COLLECTED" from the GL account ID drop down selection

↳ Click "Add"
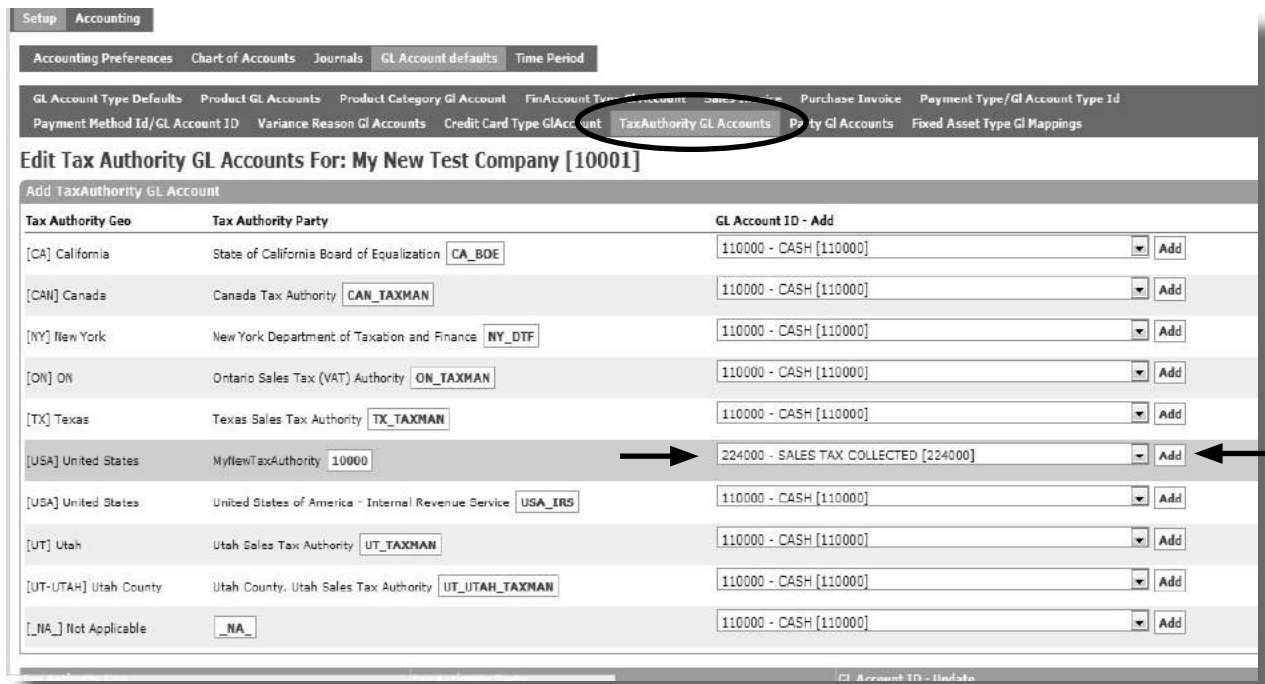
Figure A.50: Tax Authority GL Defaults

This step is now complete.

Step 5: Test Your Accounting Setup

To test the setup we are going to place an order using the OFBiz e-commerce storefront and track it through the complete order cycle using our newly created accounting setup.

Before we do anything, we need to change some out-of-the-box defaults. OFBiz is automatically setup to use "Company" as the default company and not our newly created one. We will change it so that it will use "My New Test Company" and its newly created accounting setup as the default.

The things we are going to change are as follows:

- The e-commerce store owner and payee,
- The storefront warehouse owner, and
- We need to disable the default tax setup (so that it will use ours instead)

USING CATALOG MANAGER TO UPDATE THE WEBSTORE

Let's start by doing the changes to the e-commerce store. For this we need to use another OFBiz application called "Catalog Manager".

To get to Catalog Manager

↳ Select "Catalog" from the "Applications" drop down menu

↳ Select "Stores" from the Catalog Manager drop down menu
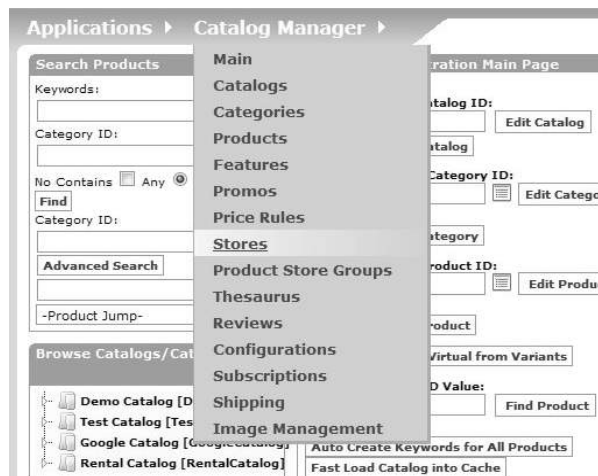
Figure A.51: Catalog Manager

A screen similar to the following will be displayed
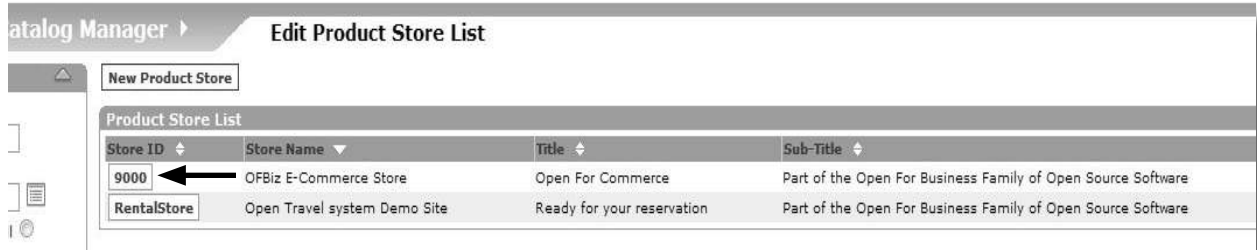
Figure A.52: List of Product Stores

↳ Click on Store ID "9000"

This will display the details available to edit

↳ Scroll down to the "Payments" section

↳ Click the "+" to expand the payment configuration information

↳ Update the "Pay to Party ID" to "My New Test Company" (Tip: You can do this easily using the lookup. This is the small icon at the end of the field

↳ Click "Update"
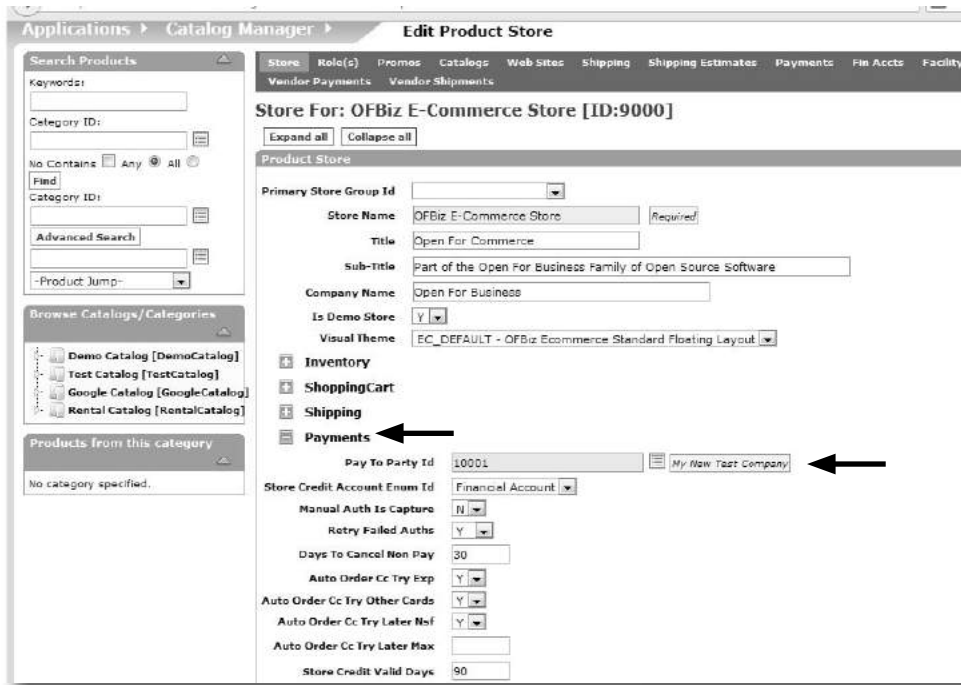
Figure A.53: Changing the Product Store Pay To Party

Once you update the store configuration, you will be returned to the main "Store" page with the "Payments" section closed.

To verify that you have successfully changed this value, open the "Payments" section again by clicking on the "+" sign.

Using the Facility Manager to Update the Webstore Warehouse

Next we need to do a similar change for the warehouse. By default this too is linked to the default OFBiz company and we need to change it so that it uses "My New Test Company" instead.

We will use the OFBiz Facility Manager application to make this change:

To access "Facility Manager".

↳ Select "Facility" from the "Applications" drop down menu

↳ Update the "Owner" to "My New Test Company"

↳ Click "Update"

Figure A.54: Changing the Product Store Pay To Party

We only have one more change to make and that is to disable the "out of the box" Tax settings. If these are not disabled then these default settings could get in the way of testing our own accounting setup.

Disable Unwanted Tax Defaults

In a previous step we set up a sales tax rate of 12.5% for all products sold on the e-commerce store for our newly created company.

Now, because OFBiz comes with some other demonstration tax authorities configured that also taxes products purchased from the e-commerce store, we should remove these to avoid any confusion during our testing.

So how do we disable any unwanted settings?

We are going to expire them by setting a 'Thru Date' so that OFBiz treats them as being no longer valid.

NOTE: In most cases, data is not removed or deleted from the OFBiz database. Rather it is "expired" or made inactive by setting a field in the database, usually the "thruDate" to a value that indicates that the record is no longer current.

Let's disable three of the demo tax authorities ("Utah", "Utah County" and "Not Applicable") by setting a "Thru Date" for the sales tax settings, to a value before the current date. This will effectively expire these entries.

We will start with the tax authority that has a unique partyId of "UT_TAXMAN" also known as the "Utah" tax authority:

↪ Select "Accounting" from the Applications drop down menu.

↪ Select "Tax Authorities" from the Accounting Manager drop down menu.

↪ Locate the entry for "UT_TAXMAN" tax authority and click the adjacent "Edit" link

NOTE: Don't click on the "UT_TAXMAN" link itself. This will bring up the Party Manager profile page for this tax authority and this is NOT the page we want.
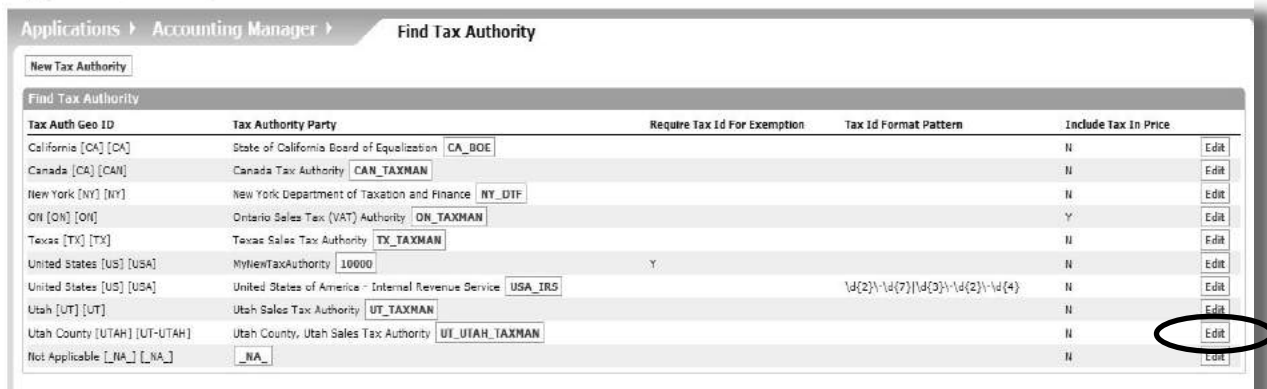
Figure A.55: Selecting the UT_TAXMAN Tax Authority

↳ Click "Product Rates"

↳ Locate the "Sales Tax" entry in the lower part of the screen

↳ Use the Date Picker to select "Now" (or any value before the current date) in the "Thru Date"

↳ Click "Update" (NOTE: You may have to scroll to the end of the line to see the "Update" link)
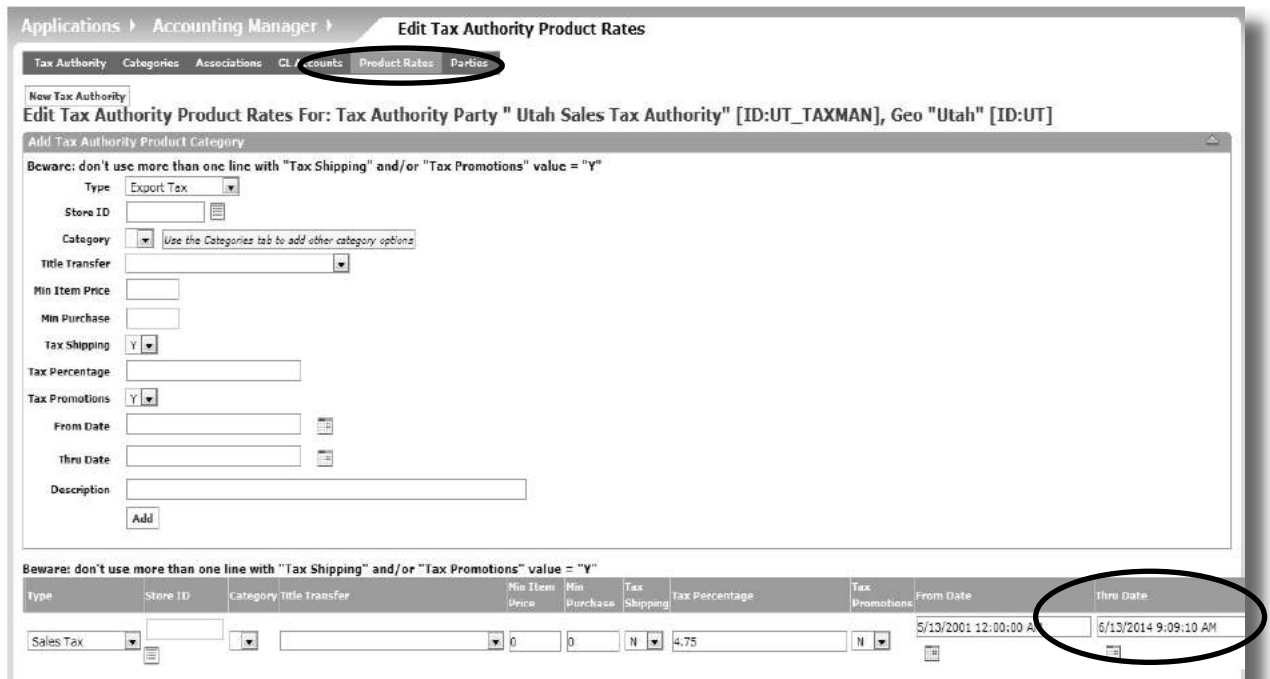
Figure A.56: Expiring the Sales Tax Rate

The Sales Tax rate is now expired and will no longer be used.

Expiring The UTAH and N/A Tax Authorities

You will also need to expire the Tax Authorities "_NA_" and "UT_UTAH_TAXMAN" in the same way.

↳ Go back to the list of Tax Authorities and expire the Product Rates for " _NA_" and "UT_UTAH_TAXMAN"

NOTE: If you do not disable these entries, your Sales Orders and customer confirmation documents will have these additional Sales Taxes applied.

Now that these Tax Authorities have been expired we are ready to start testing our new setup.

Running An Initial Trial Balance

Before we do anything that effects accounting we should verify that our accounts are balanced, which means that everything is set to "zero".

This is important because we want to be able to reconcile all the transactions that are posted. Setting a baseline of "zero" will help us validate our outcome and reconcile transactions.

A "trial balance" is a list of the general ledger accounts showing the debits (DR) in one column and the credits (CR) in another. The main objective of a trial balance is to ensure that the total credits and total debits balance.

When our trial balance debits are equal to credits we are effectively saying that we are set to "zero".

Let's run the trial balance report for our new company.

↳ Select "Accounting" from the Applications drop down menu.

↳ Select "Organization GL Settings".

↳ Click "Accounting" next to "My New Test Company"

The Accounts Summary screen for our company will be displayed.
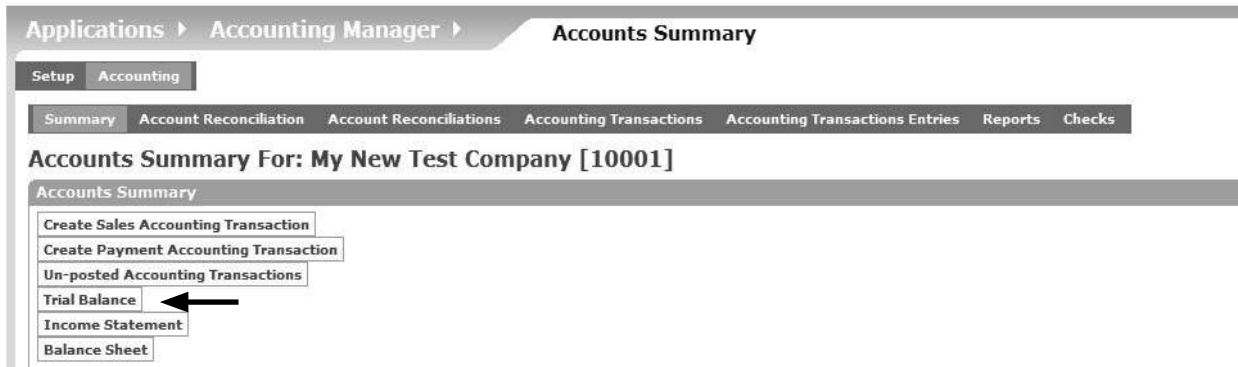
Figure A.57: Selecting the Trial Balance

↳ Click "Trial Balance"

A screen similar to the one below will be displayed.
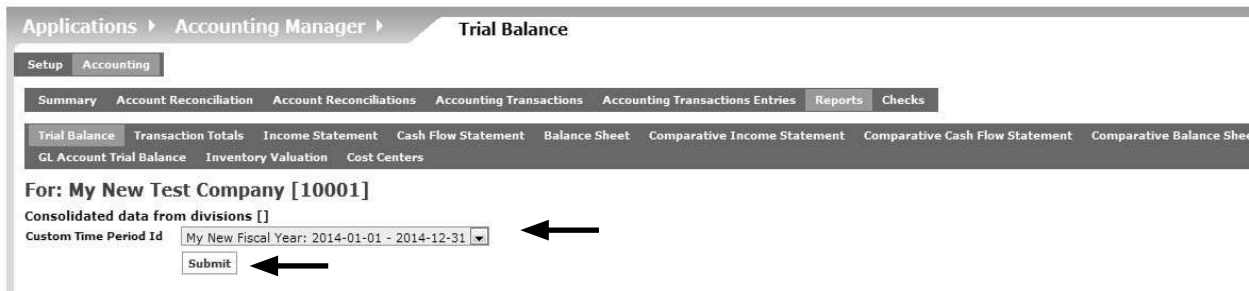
Figure A.58: Running the Trial Balance

↳ Select "My New Fiscal Year" (NOTE: This is the one we set up in Step 2) for the Custom Time Period Id

↳ Click "Submit"
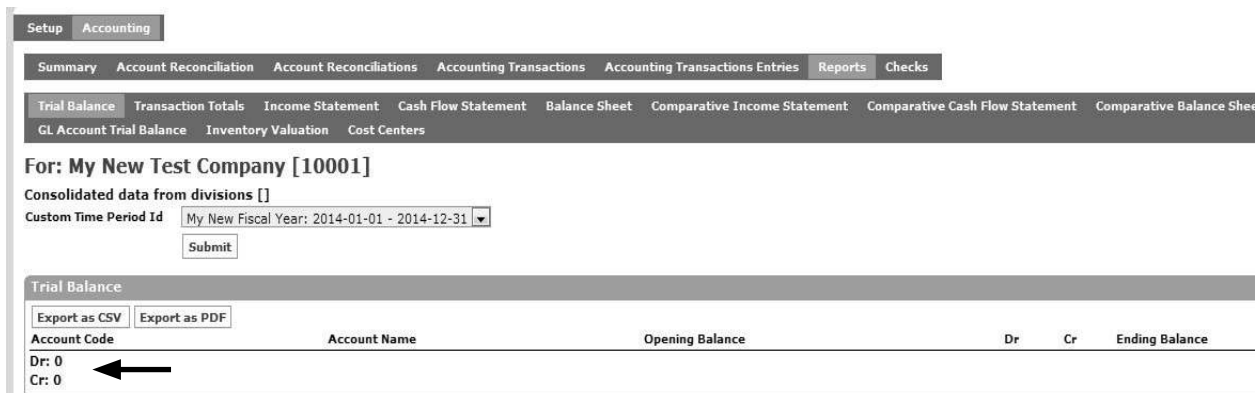
Figure A.59: Zero Trial Balance

If everything is OK, the report should return a zero balance. In our case, no transactions have occurred yet, so we are set to zero.

Processing a Customer Sale

Now that we have verified that our accounts are all ready, we can begin testing with some actual transactions.

- We are going to test our by processing a customer sale
- To purchase a product from the demonstration store (that is now tied to the My New Test Company) we need to access either the OFBiz e-commerce store or Order Manager

We will do it using the e-commerce store. Type the following in the web navigation bar.

http://localhost:8080/ecommerce

↳ Add a Tiny Chrome Widget (WG-5569) to the Shopping Cart"

Tip: There may be a minimum order quantity of 3 so you may find that you will have to buy 3 Tiny Chrome Widgets instead of 1
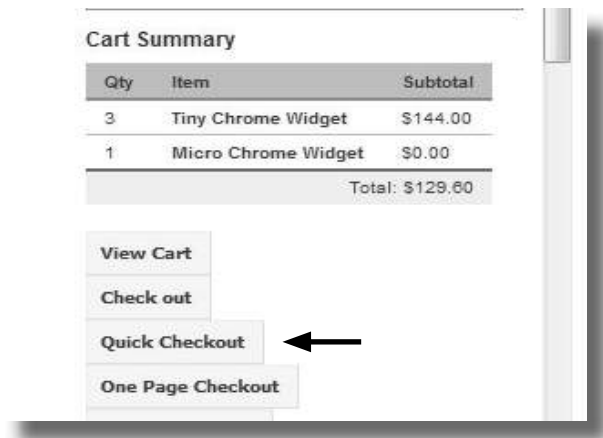
Figure A.60: Shopping Cart

↳ Click "Quick Checkout"

↳ Complete the checkout process using the user "DemoCustomer" and password "ofbiz"; a payment method of "Mail Check/Money Order" and select the "No Shipping" option.

↳ Continue to Final Order Review

↳ Submit the Order

↳ Logout

We are now ready to begin the accounting tests.

Verify Tax Correctly Applied To Order
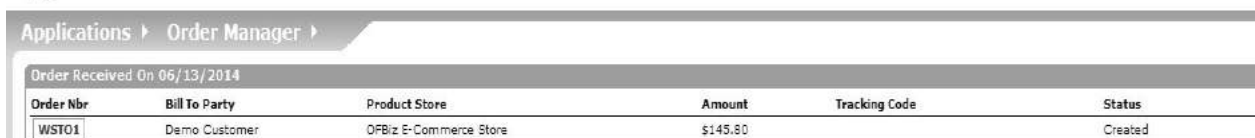
Our first test is to check that the Tax Authority, Product tax rate and tax application (only on the purchased product and not on shipping or any promotional items) is correctly applied to the order, confirmation and Sales Order documents.

↳ Login to OFBiz

We are going to take a detailed look at the order that has just been created. We do this using Order Manager.

↳ Select "Order" from the Applications drop down menu

By default OFBiz will display any orders that are made during that day.

Order Nbr	Bill To Party	Product Store	Amount	Tracking Code	Status
WSTO1	Demo Customer	OFBiz E-Commerce Store	$145.80		Created

Figure A.61: Sales Order List

Notice the numbering: (WSTO1)

*R*eminder: In our Accounting Preferences setup we specified that our orders would use "TO" as a prefix.

NOTE: The OFBiz web store also has an Order Prefix ("WS") which we did not change. This is why the both prefixes have been used.

↳ Click the Order Id link

The Order View screen will be displayed.

↳ Scroll down to the "Order Items" section
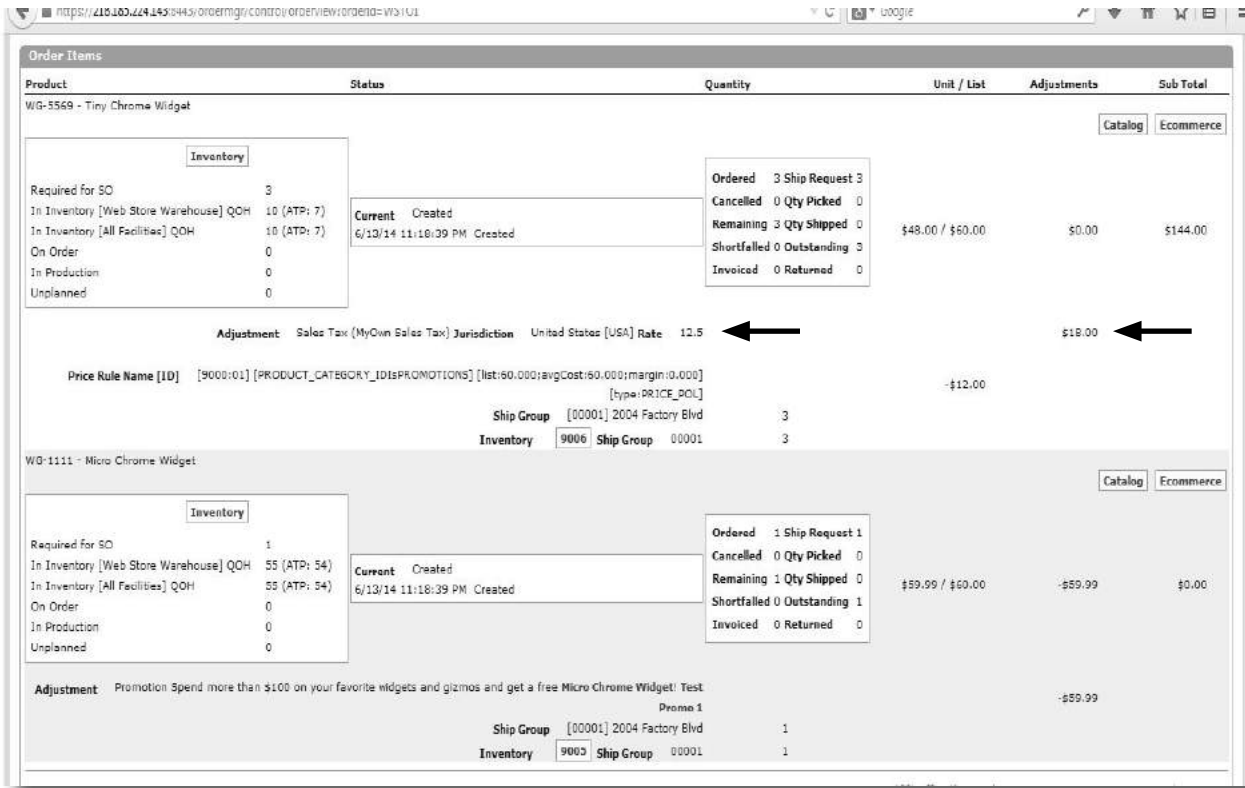
Figure A.62: Verifying the Sales Tax

Notice that

- Our Sales Tax (My Own Sales Tax) has been applied to the Order
- The Sales Tax Rate is 12.5%

This is exactly what we setup earlier.

☑ It confirms that our Tax Setup has worked.

Triggering The "Incoming Payment" Transaction

Now that we have an order, we want to ensure that the money for the products is received before we dispatch the customer order.

NOTE: Not all businesses will work this way but the vast majority of online stores will want you to pay before receiving any products.

Let's view the payment status for our order.

Figure A.63: Order Payment Information

The payment status is "Not Received" so we are waiting for our customer (DemoCustomer) to pay us.

A few days later DemoCustomer sends us a cheque for $145.80. We need to link this payment to this order so that it can be shipped.

Apply Payments To Orders

Remember when we created this order we selected the payment option was "Mail Check/Money Order"? This means that we need to wait for the money to arrive and then manually apply it to the order.

"Applying a payment" to an order just means that we link the payment to the order.

NOTE: If this payment had been through an online method where the payment is processed while the customer is still on the webstore the payment would have been automatically applied to the order.

As the customer didn't pay at the time of order the "online", receiving the payment as a cheque or cash is referred to as an "offline payment".

↳ Click "Receive Payment"

↳ Enter 145.80 in the Personal Check field

↳ Click "Save"

Figure A.64: Receiving an Offline Payment

The "Payment Information" is updated to reflect the new information and a "payment" has been created.

Figure A.65: Payment Received and Applied

↳ Click the Payment link

A screen similar to the following should be displayed.

Figure A.66: Payment Details

This is the Payments Overview screen.

Notice:

- The comment OFBiz has automatically included "Payment Received Offline and Manually Entered"

- That an accounting transaction has been created and automatically posted to our chart of accounts

- That the accounting transaction matches exactly what we specified in our setup of the "Personal Check" Payment Method

- That the payment amount is still open (it hasn't yet been applied to an invoice because we haven't generated one yet)

Triggering Other OFBiz Transactions

At some point we will need to actually remove the product from the warehouse, ship it to the customer and generate an invoice with all the relevant taxes.

In fact our customer invoice (Sales Invoice) will look the same as customer order (Sales Order). Why?

The Sales Order is a customer document allowing the customer to verify what they have ordered and what they will pay.

The Sales Invoice is both a legal business and customer document.

- For the business it is the official registration of what has been sold and the taxes charged.

- For the customer it an official confirmation receipt showing what has been bought, the date and amount paid.

NOTE: As a customer if you want return something you have bought or want a refund - the document you need to do this is the Sales Invoice.

To trigger the other standard OFBiz transactions (Sales Shipment, Payment Applied and Sales Invoice) we need to go back to our Sales Order and tell OFBiz to ship it.

To do this.

↪ Locate our Sales Order

↪ Click "Quick Ship Entire Order" (Tip: It's on the left hand side of the screen)

Figure A.67: Quick Ship Entire Order

You will get a message similar to the following confirming the shipment has been made and the order is complete.

Figure A.68: Shipment Confirmation Message

Also if you look at the Payment Information section again, you will see that an invoice has been created.

Figure A.69: Sales Invoice Created

NOTE: The Invoice Prefix (TI) is exactly as we specified in our Accounting Preferences setup in Step 2

↳ Click the Invoice ID link

The Invoice Details screen will be displayed.

This is the Sales Invoice that has been created based on our Sales Order. Notice that our Payment has now been fully applied (allocated) to this invoice. The "Open" amount is zero.

Applied Payments $145.80 Open $0.00					
Item No	Product Id	Description	Total	Payment Id	Amount Applied
			$145.80	10000	$145.80

Figure A.70: Payment Applied to Sales Invoice

↳ Scroll down to the "Transactions" section.

This shows the details of the accounting transactions that have been automatically created and posted.

Acctg Trans Id	Acctg Trans Entry Seq Id	Is Posted	Fiscal Gl Type Id	Acctg Trans Type Id	Transaction Date	Posted Date	Gl Journal Id	Trans Type Description	Payment Id	Fixed Asset Id	Gl Account Id	Product Id	Debit Credit Flag	Amount	Orig Amount	Organization Party Id	Gl Account Type	Account Code	Account Name	GL Account Party Class	Reconcile Status Id	Acctg Trans Entry Type Id
10003	00001	Y	ACTUAL	Payment Applied	2014-06-16 20:34:55.449	2014-06-16 20:34:55.535		Payment Applied	10000		126000		D	$145.80	$145.80	10001	Accounts Receivable - Unapplied Payments	126000	ACCOUNTS RECEIVABLE - UNAPPLIED PAYMENTS	Current Asset	Customer	Not Reconciled	_NA_
10003	00002	Y	ACTUAL	Payment Applied	2014-06-16 20:34:55.449	2014-06-16 20:34:55.535		Payment Applied	10000		120000		C	$145.80	$145.80	10001	Accounts Receivable	120000	ACCOUNTS RECEIVABLE	Current Asset	Customer	Not Reconciled	_NA_
10004	00001	Y	ACTUAL	Sales Invoice	2014-06-16 20:34:54.793	2014-06-16 20:34:55.837		Sales Invoice			401000	WG-5569	C	$144.00	$144.00	10001		401000	GENERAL SALES	Revenue		Not Reconciled	_NA_
10004	00002	Y	ACTUAL	Sales Invoice	2014-06-16 20:34:54.793	2014-06-16 20:34:55.837		Sales Invoice			401000	WG-1111	C	$59.99	$59.99	10001		401000	GENERAL SALES	Revenue		Not Reconciled	_NA_
10004	00003	Y	ACTUAL	Sales Invoice	2014-06-16 20:34:54.793	2014-06-16 20:34:55.837		Sales Invoice			410000	WG-1111	D	$59.99	$59.99	10001		410000	DISCOUNTS ON SALES	Cost of Goods Sold Expense		Not Reconciled	_NA_
10004	00004	Y	ACTUAL	Sales Invoice	2014-06-16 20:34:54.793	2014-06-16 20:34:55.837		Sales Invoice			410000		D	$14.40	$14.40	10001		410000	DISCOUNTS ON SALES	Cost of Goods Sold Expense		Not Reconciled	_NA_
10004	00005	Y	ACTUAL	Sales Invoice	2014-06-16 20:34:54.793	2014-06-16 20:34:55.837		Sales Invoice			224000		C	$16.20	$16.20	10001	Current Liability	224000	SALES TAX COLLECTED	Current Liability	MyNewTaxAuthority	Not Reconciled	_NA_
10004	00006	Y	ACTUAL	Sales Invoice	2014-06-16 20:34:54.793	2014-06-16 20:34:55.837		Sales Invoice			120000		D	$145.80	$145.80	10001	Accounts Receivable	120000	ACCOUNTS RECEIVABLE	Current Asset	Customer	Not Reconciled	_NA_

Figure A.71: Sales Invoice Accounting Transactions

This includes both the "Payment Applied" and the "Sales Invoice" transactions.

Notice that accounts we specified for Cost of Goods Sold, Sales and Tax have all been used.

IMPORTANT NOTE: At the time of writing the "Sales Shipment" transaction was still being created as part of Company. This is because the storage details (Inventory Item) of our product (WG-5569) still specified "Company" as the product owner.

You can find the "Sales Shipment" transaction under the Accounting Transactions for Company.

Figure A.72: Viewing the Sales Shipment Accounting Transaction

As a final check we would run the "Trial Balance" report again to verify that all the accounting transactions that have been created are balanced.

At the time of writing, there appears to be a bug with the Trial Balance report because if we now run another trial balance - it still displays zero.

Instead we will run another report - "Transaction Totals".

↳ Select "Accounting" from the Applications main menu.

↳ Select "Organization GL Settings".

↳ Click on the "Accounting" adjacent to "My New Test Company"

↳ Click "Transactions Totals"

Figure A.73: Viewing the Transactions Totals Report

The accounts impacted by the transactions we have created are displayed.

This completes our tutorial.

The Tutorial Results

We have setup and run our example scenario using the "out of the box" accounting functionality in OFBiz. It has successfully given us the information that we expected.

Here's a quick summary of what we've done in this tutorial

- ☑ We created a new company
- ☑ We setup the basic accounting details for the new company including financial year, an error journal and a tax authority.
- ☑ We defined and then created a Chart of Accounts
- ☑ Next we went through the GL Account defaults and set them up to match our new chart of accounts
- ☑ We customized some of our setup to create different transactions depending on how a payment was made
- ☑ We linked our new company and its accounting setup to the e-commerce store and the facility
- ☑ We setup a new rate for Sales Tax and made sure all our orders would use it
- ☑ We checked our setup by putting an order through the webstore and tracking through the system
- ☑ Finally we verified our results using the Transactions Total Report

A lot of material has been covered in this document and we hope it's given you a good insight of the accounting functionality that's available in OFBiz "out of the box".

Now that you've been through our example scenario, the next step is for you to have a go at setting up OFBiz up for your own business.