

## Reconciliation of Net Sales for VAT Purposes

This document explains how to reconcile the Net Sales on the Sales Ledger Audit and VAT Report with the Sales Value shown on the Trial Balance and Profit & Loss Report.

It can be used if Customs & Excise query the sales values submitted on VAT Returns.

### Internal Sales

When parts and labour are used internally the sales value of these invoices will update the Sales Accounts in the Nominal, however they will not be included in the Sales figure submitted to the VAT office.

### Pre-Sold Wholegoods

When wholegood invoices are raised before the wholegood has been received into stock the sales value will be included in the Sales VAT figure however will not be showing in the Nominals yet.

### Warranty Credits Processed as Self Bills

These types of credit get added into the Sales VAT report but will not be showing in the nominal.

### WSJ Hire Invoices

If you have an invoice type setup as "WSJ Hire" and there is a value in "Hire Revenue %", the value of sales hitting the nominal will be lower by this percentage compared to what is on the VAT Return.

### Credit Charges

Credit charges that get applied to invoices as default go to a nominal account outside the sales range but will show in the Sales VAT figures (zero rated).

### Fixed Asset Sales

As default if you raise a sales invoice for a fixed asset using the parts prefix of ZZ the sales value goes to a nominal account outside the sales range but will be showing in the Sales VAT Report.

### Special Mapping

Sometimes gold users will set up special mapping for their own purpose so that when sales invoices are raised the values do not hit the Sales Accounts in the nominal ledger.

### Over allowances on Trade Ins

Depending on the mapping, over allowances on trade-ins can reduce the sales figure in the nominal but will not show in the Sales VAT return

### Planned Maintenance

The sales revenue of a service contract will go to PM Sales Prepayment account and not the sales nominal. This can cause an imbalance to the VAT report.

### Manual Sales/Manual Journals

Adjustments may also be necessary if manual sales or manual nominal journals have been posted.

## How to Balance the Sales Figures

This example is how to balance one month. To balance over a greater period just run the reports for each period involved and in certain cases run the reports on a wider date range.

### Start Point

Acquire the net sales figure from the Audit Report & VAT Analysis for external sales, i.e. the normal figure used in VAT returns. At the same time find the total sales figure for the same period by looking at the Trial Balance for that month and taking the current value.

### Internal Sales

The total internal sales figure for a month can be found on the same Audit Report & VAT Analysis, at the start of the report. Add this figure to the figure found above.

### Pre-Sold Wholegoods

Ascertain what nominal account is the Wholegoods Prepayment account (default 2050100). Take the opening value for the period and deduct the closing balance on the account for that period, i.e. the movement in the value of Wholegoods Prepayments. If the figure is negative it will need adding to the Nominal Sales value, if positive deduct from the Nominal Sales Value

### Warranty Credits Processed as Self Bills

Determine which sales ledger accounts are being used, normally 9917 and 9918 or 9937 and 9938, there may be more depending on system setup. In the Customer Enquiry program for each account in use, add all of the invoice transactions together and then deduct the VAT value of each invoice to give a net figure of warranty credits processed as Self Bills. This amount will need adding to the Nominal Sales value.

### WSJ Hire Invoices

First acquire the total value of WSJ Hire Invoices raised in the period. The Invoice History Summary is a good way to find this when run just on the relevant invoice type. Now calculate from this total what percentage has been deducted as per setup in Invoice Type Maintenance. This amount will need adding to the Nominal Sales.

### Credit Charges

A value for credit charges can be found by looking at the Credit Charges Income nominal account, normally 6994141. This amount will need adding to the Nominal Sales value if it is a credit value (or deducting if debit).

### **Fixed Asset Sales**

The nominal accounts for disposal of fixed assets as default start with 612. Ascertain whether invoices have been raised to these nominal accounts and then add up the value of the invoice transactions ignore any journals or purchase invoices. This amount will need adding to the Nominal Sales value if credit or deducting if debit.

### **Special Mapping**

Ascertain whether you actually have any special mapping. This can be done by printing / exporting the mapping and looking at the Sales nominal accounts. All should start with a 3 unless it is special. For example, prefix XC could be mapped to 699???? account or ZZ mapped to 612????.

If there are, ascertain whether those prefixes are being actively used. This can be achieved by either running the Part Sales Analysis report by Prefix for the date range in question or by investigating any nominal accounts in the mapping that do not start with a 3 and examine them to determine if any sales invoices have been posted in the period concerned. Values found will need adding to the Nominal Sales value if credits or deducting if debits.

### **Over allowances on Trade-ins**

Depending on the mapping, over allowances on trade-ins can reduce the sales figure in the nominal but will not be showing in the Sales VAT return

### **Planned Maintenance**

Ascertain the nominal for PM Sales Prepayments, default 1960100.

Like Wholegood prepayments, it is the movement showing for the period concerned that will need adding to the difference.

### **Parts Mapped to Non Sales Accounts**

Adjustments may also need to be made for parts mapped for manual invoicing if non sales nominal accounts have been used. For example, if using manual invoicing for things such as advertising where it may be set to reduce the expense account rather than going to a sales account.

### **Manual Journals**

Adjustments may also be necessary if manual nominal journals have been posted to the series 3 nominal accounts.