

Understanding Chart of Accounts Segment Values and GL Accounts

Narrator: The Finance team has set up their chart of accounts and are enjoying a fresh pot of coffee. Corrine Capital, the Chief Financial Officer, shows the gang what's next.

Corrine: Now that our COA account structure is set up, we need to enter our general ledger accounts.

Barbara B: Are you saying we can set up general ledger accounts for specific financial areas! Details, details, details!

Elizabeth: I love this nitty gritty stuff. It makes analyzing results precise. We put together different account segments, right?

Corrine: That's right. Natural account segments track financial activity like AR, AP, and Sales. Then we link these segments to Division and Department segments.

Barbara: I can't wait to create our accounts. What programs do we use?

Corrine: These two here. Account Segment Values and General Ledger Account Maintenance.

Elizabeth: Okay, I'm so stoked about this! Show us what you can do!

Narrator: Corrine now explains how to create general ledger accounts. Use the top button to get rolling. At any time, click Home to return here. Then when you're ready to take the quiz, you can then... take the quiz.

Topics

- Defining Segment Values
- Creating GL Accounts
- Generating GL Accounts
- Deleting GL Accounts

Defining Segment Values

The first thing you define are segment values for the general ledger accounts. Do this within Account Segment Values. Through this program, you define Natural, Controlled, and Dynamic segment values.

What's the difference between them? Natural accounts make up the base structure of your financial statements. Assign all kinds of values to natural account segments, like category and normal balance.

Controlled segment values define the main financial areas within your company. If your company has two or more divisions, create a controlled segment for each division. Set up departments, like welding and shipping, as controlled segments too.

Dynamic segments populate with values that come from reference types and business entities. Use them to track the costs of a short-term project. You first set up an account with the Natural, Department, and Division segments. Then add the fourth dynamic segment value specific to that project. Posting rules determine what values populate these account segments.

The account structure you use depends on the chart of accounts, or COA you select. Set up COAs in Chart of Accounts Maintenance. Take the COA course or review the application help for details on how you create chart of accounts.

Let's create a Natural account segment value. First, select the Chart of Account, like the Main COA. Then select the Segment. When you expand this drop-down list, you'll see the Main COA's structure. Since you're defining a Natural segment, select the Chart option.

If the Global and Global Segment icons turn green, it means you've selected a chart of accounts and an account segment used in multiple companies, like parent or subsidiary companies. But the COA selected here, the Main COA, is only used by one company.

From the New menu, select New Value.

Enter the Segment Value, like 1000 or 4000. The COA's structure defines the segment's length. The Natural segment is limited to four characters. Other segments, like Division, can have two characters. Be sure to follow best practices for your company before you enter these values.

If the global Values icon is green, this segment tracks finances for multiple companies. To stop account updates that come from the parent company, select the Global Lock check box.

Now enter the segment's Name, Description, and Abbreviation. The Name displays on reports and drop-down lists, so name it something you can recognize. The Description identifies the segment. That's useful when you come back to Account Segment Values later. The Abbreviation helps identify the segment in GL account descriptions.

A Category defines how the ERP system maintains this segment's balance. If this is a balance sheet account, the segment maintains a balance amount.

The Normal Balance options determine if financial statements display this segment's balance as a credit or a debit. When you run the GL Report Wizard, it uses both the Category and the Normal Balance to generate financial statements.

Use the Reverse Balance Category to switch this segment's main and alternative category. This depends on whether the current balance matches the Normal Balance on the main category.

Select a Report Category when your government requires codes for financial reporting, like Balance Sheet and Income Statement.

Make sure the segment is Active. You can't use it if it's not!

Now if this segment is only available during a set period of time, enter this period in the Effective From Date and To Date fields. You'll have set periods when you're recording transactions for events, like trade shows. If you use this segment all the time, don't put anything in these fields.

Save the segment.

Now there's more things to check out, but those are all the main values you define. Expand the recap to read notes about account segments. When you're ready, continue on to see how you create a GL account.

Creating GL Accounts

Now that you've set up the account segments, create your general ledger accounts for the COA. Do this with General Ledger Account Maintenance.

General ledger accounts have a natural account segment and controlled segments. General ledger accounts do not include dynamic segments.

Just like you did earlier, select the Chart of Accounts. Then click New.

Create the account by expanding the drop-down list. The Chart, Division, and Department structure displays; that comes from the COA you selected. Click the Chart button to launch the Account Segment Values Search.

Search for and select the chart segment, like 2000 AR and click OK.

Do the same thing for the Division segment. Select the 01 Minneapolis division.

Then for the Department, select the 00 Corporate segment.

To change the account's description, select the Override Default Description check box. If you clear this check box, the description only changes during automatic updates.

Make sure the account is Active. And if you want this account to stay active, select the Preserve Activation check box. This stops the account from de-activating during updates.

Just like segments, if this GL account is only available during a set period of time, enter this period in the Effective From Date and To Date fields. If this account is active all the time though, don't enter any dates here.

Save the account.

Tap below to see notes about creating a GL account. When you're ready, move on to learn how you generate GL accounts.

Generating GL Accounts

Sometimes you just need to add a series of accounts for a new department. Manually creating each GL account takes a lot of time. Instead, generate a series of them at once. In GL Account Maintenance, go to Actions > Generate Accounts.

Your selected COA displays here, but you can change it.

There's a couple generation options. Select Simple Generation to create accounts using the segment values you define for the COA. Use either specific segment values or a range of values.

Select the Generation with copying option to merge an existing segment with a new segment. Let's say you have all the Division and Department combinations set up for your company. But now you have a new 2500 AR natural account.

Use this option to copy the mandatory Division and Department combinations from the original 2000 AR account.

Once in this mode, use the Target Segments Definition sheet to enter the new segment. To find the new 2500 AR account, select the Segment Value Selection check box.

The search program displays. Select the 2500 account and click OK.

Now move onto the Source Segments Combination Definition tab to enter the source segments. In the Code field, enter 2000. Then enter values for the mandatory Division and Department segments.

Notice these Override Existing Accounts Options. You can Create New Accounts Only. The process keeps the existing GL accounts and only adds new ones. Use Preserve Mode so that existing accounts do not update their descriptions and active statuses. To redo everything, select Override Mode.

Preview to see the GL accounts this process generates. They display on the GL Edit List. Do this before you run the process to make sure you're getting the GL accounts you want.

Then when you're ready, Generate the accounts. And away you go, the process generates the new and updated GL accounts.

Tap below to read some notes on generating accounts. But if you create some accounts by mistake, no worries. You can delete them. Move on to see how you do that.

Deleting GL Accounts

Use the Delete Accounts window to remove accounts you're not using or that you created by mistake. From the Actions menu, select Delete Accounts.

The COA you selected within GL Account Maintenance displays here, but you can change it.

Select the Delete All Unused Accounts check box to get rid of accounts not tracking financial transactions.

Just remember, you cannot delete an account if it contains a transaction, is included within an unposted journal, or is assigned to a GL control.

You can pick which unused accounts you want to delete as well. Clear the Delete All Unused Accounts check box. Then use the Include From Code and To fields to enter the range of accounts you're deleting.

You can also do this the opposite way. Enter segments in the Exclude From and Exclude To Code fields so that this range of segment values does not delete.

Use the Balance Sheet or Income Statement check boxes to delete the natural account segments that contain these types. You can also optionally identify the categories you want to delete.

Select the Segment Value Selection check box to pull in specific values. This brings up a search where you can find them.

Select the Delete Blank check box to remove accounts with blank segments.

Once you've set up which accounts to delete, Preview everything to make sure you're deleting what you want.

Then when you're ready, Delete them. The system deletes the selected accounts from your chart of accounts.

Click or tap below for notes on deleting accounts. Then when you're ready, take the quiz.

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