

PASTEL VERSION 14

SETTING UP A COMPANY


LESSON 1

GETTING STARTED

To understand the day-to-day transactions on Pastel, it is important to understand the process of creating or setting-up of a “set of books” or *chart of accounts* for the business.

SETTING UP A RETAIL BUSINESS OR SHOP

Before setting up the company one needs to gather business details and financial requirements.

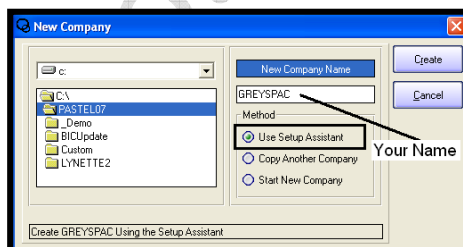
- ✓ Buttons/menu items are presented by a **BOX**, so **File New** will mean one needs to click on *file* in the main menu and then the *new* button in the sub menu.
- ✓ Text boxes, where you will enter text are represented by [type here] brackets
- ✓ A *radio button*  is a small circular button that is selected by clicking on it. Only one *radio button* can be selected at any one time.
- ✓ Text to be entered/typed are printed in **BOLD**

To create a company for the first time,

- Select **File New**
- Select [New Company Name Box] and type: **YOUR SURNAME OR YOUR INITIALS and YEAR, i.e. SAM18**

Pastel company file names can be a maximum of 8 characters without any spaces.

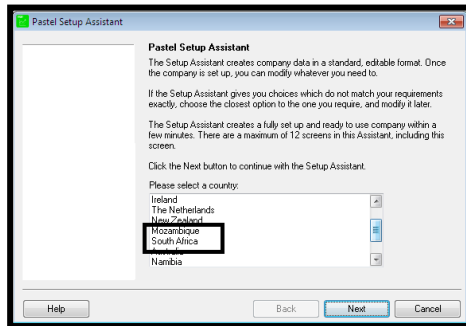
- Select the **Radio Button** next to *Use Setup Assistant*



- Select **Create**

USING THE SETUP ASSISTANT

The *setup assistant* creates a standard set of accounts for the business. In the next 12 dialogue boxes, the *setup assistant* will guide the completion of the setup. The accounts can easily be modified after the initial setup.



- Select **Next**

COMPANY INFORMATION

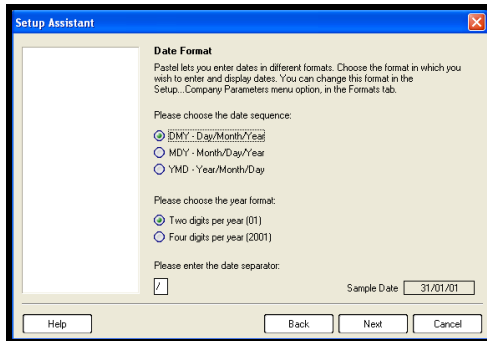
Type the following:

- **Your Name Game Reserve**, i.e. Grey's Game Reserve
- **P O Box 25580, Nelspruit, 2101**
- **Tel: (051) 4598725**
- **Fax: (051) 4587214**

Normally, the VAT number will always be placed in the last line in the information block:

- **VAT No: 78457411**
- Select **[Next]**

DATE FORMAT

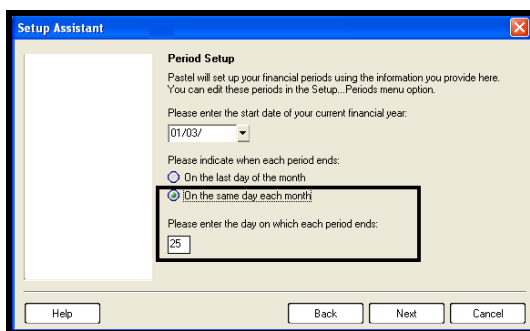


- Leave the *Date Format* as is.
- Select **Next**

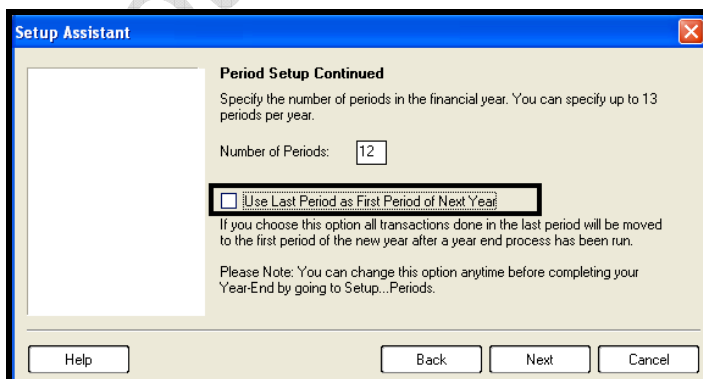
OPERATIONAL PERIODS

The first setting is the financial year, one will be working in. Pastel will automatically set the financial year to 1 March to 29 February, in the current calendar year (as per the computer date). One can change this to suit ones requirements.

The second setting is the operational periods, which one set to either the last day of each month, or a specific date in each month, say the 25th.



- Set the *Financial Year* to **01/03/XX (1 March 20XX)**.
- Select **Next**



- Set *number of periods* to **12**

- Select **Next**

THIRTEEN OPERATIONAL PERIODS AND YEAREND

In accounting, all records must be recorded in the financial year that they occur. This raises a problem around year end, when one will not have all the documents in time to complete the financial yearend on yearend day, normally the 28/29 February.

Pastel has the functionality to extend the financial year by one period, i.e. period 13, normally March of the following year, which is also the first period on the next financial year.

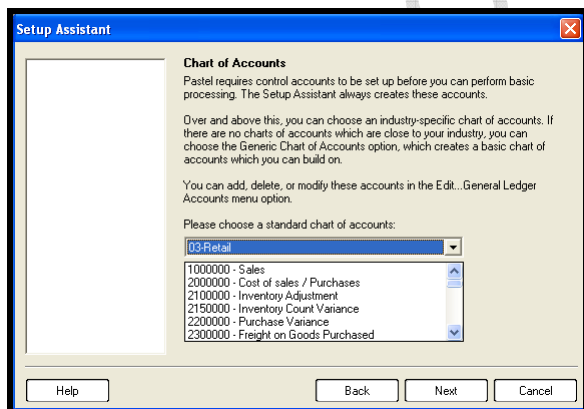
This allows one to process in both period 12 of the previous financial year and period 1 of the next financial year, while in the first period of the new financial year (or period 13 of the old financial year.

Once, yearend is completed, all transactions processed in period 13, will automatically be moved to period 1 of the new financial year. The previous financial year will reflect its 12 periods.

However, there is a catch. If one selects 13 periods, **without also** selecting the [Use Last Period], the financial year will load with 13 periods of FOUR WEEKS in length each. (13 x 4 weeks = 52 weeks) and not 12 periods of one calendar month in length each. (Jan, Feb, March...)

CHART OF ACCOUNTS

Pastel comes pre-loaded with generic accounts for a range of business types, like retail stores, guesthouses, farms and the like. The idea is to select a profile closest to the required business type.



- Set Chart of Accounts to **03 – Retail**



Do not confuse the two sets of drop-down-arrows on this screen. The top one is for a range of various chart of account options, while the bottom one, displays the actual accounts contained within the selected option.

- Select **Next**

CASHBOOKS

Cashbooks are the place where all real money that flows into and out of the company is recorded. Each bank account used for the business will have its own cashbook. If a “cash” business is operated, the monies not processed via a bank account, will also have its own cashbook. Even petty cash will have its own cashbook for record purposes.

Setup Assistant

Cash Books / Bank Accounts

Pastel lets you create up to 6 cash books (bank accounts). Each cash book is reconciled separately. You can create new cash books at any stage, so we suggest you create only as many as you need for now.

Enter the number of cash books to create:

Please enter the name for each cash book. You can enter up to 40 characters for each.

Number	Cash Book / Bank Account Description
1	Lowveld Bank
2	Petty Cash
3	Beach Investments

Buttons: Help, Back, Next, Cancel

- Set the number of *Cash Books* to **3**
- Select **1** and type **Lowveld Bank**
- Select **2** and type: **Petty Cash**
- Select **3** and type **Beach Investments**

Pastel Xpress can maintain up to 6 cash books, while Pastel Partner can maintain up to 30 cash books

- Select **Next**

PRICE LISTS

All business requires at least one pricelist. A lot of business owners, will tell you that this is impossible as they need to quote per request/job. The reality is that most jobs can be broken down into price list items.

Setup Assistant

Inventory Price Lists

If you do not use inventory, you can ignore this screen.

When you create inventory items, you can have up to three different selling prices for each item. You can give each price list a name. For example, you could have a trade price, a retail price, and a distributor price.

You can default each customer to use a specific price list. Choose the price list you use for most of your customers by selecting the Most Common option.

Please enter your price list names and indicate which is the most common.

Price	Description	Most Common
Price List 1	Cash	<input checked="" type="checkbox"/>
Price List 2	Accounts	<input type="checkbox"/>
Price List 3	Corporate	<input type="checkbox"/>

Buttons: Help, Back, Next, Cancel

- Select **1** and type **Cash**
- Select **2** and type **Accounts**
- Select **3** and type **Corporate**

Pastel Xpress can contain a total of 3 price lists, while Pastel Partner can contain a total of 10 price lists

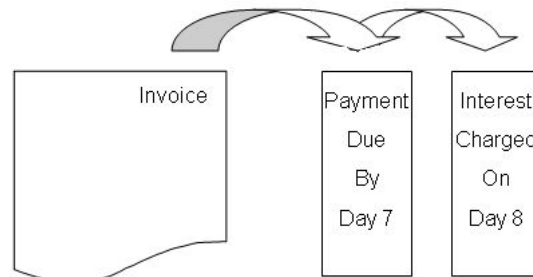
- Select

CUSTOMER'S DEFAULT TERMS FOR PAYMENT

Default terms are simply the “length of time” the business will give free credit to a customer before charging interest on outstanding accounts. The first thing to remember is that money loses value over time and the longer the customer takes to pay their outstanding account, the less buying power the money will have, when received.

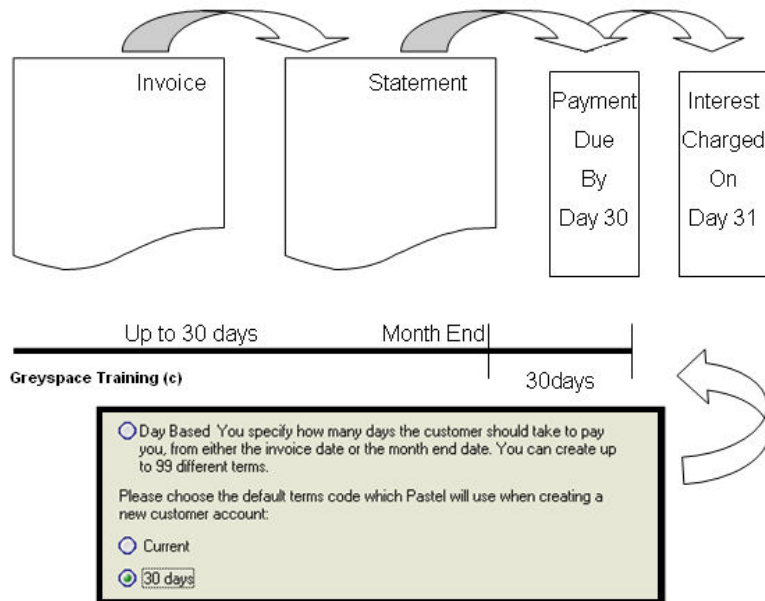
Secondly, the payment of interest will “force” customer to pay their accounts sooner than later, to avoid the cost of interest payment.

There are basically two ways to calculate interest on an outstanding account. Day - or Invoice based, set a fixed number of days from the creation of the tax invoice to the day on which interest will be charged. Normally, this will be 7 or 14 days, so interest will be charged on day 8 or 15, if payment has not been made.



Day Based: You specify how many days the customer should take to pay you, from either the invoice date or the month end date. You can create up to 99 different terms.

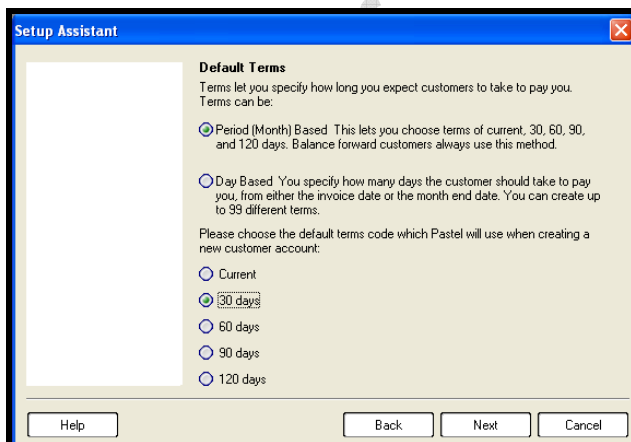
The more common version is period or *statement based*, where a fixed number of periods (in multiples of 30 days) are set after the creation of the first customer statement. Remember, customer statements are normally printed, just after month end, after each period.



The interesting thing to understand of 30 day – period based interest, is that a customer can have up to sixty day of free credit before interest is charged on the account:

If a customer buys a product and is invoiced on the 1 January, the statement is only printed on the 31 January, giving them the first 30 days without interest. Then interest is only charged on 30 days from statement, which means the customer has till 29 February to pay, before interest is charged. This is a very important point to remember.

- Select the **Radio Button** next to *Period (Month) Based*
- Select the **Radio Button** next to *30 Days*
- Select **Next**



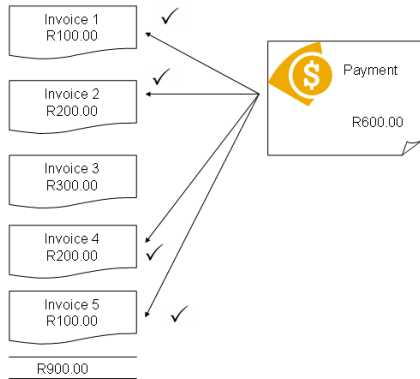
UNDERSTANDING THE CUSTOMER DOCUMENT PROCESSING OPTIONS

The first part of any business is selling a customer product or a service and the second part is ensuring that one gets paid for that product or service. In Pastel one can either link every payment received from a

customer to a specific sale or invoice, or one can simply deduct any payment received from a customer from their outstanding account.

OPEN ITEM PROCESSING

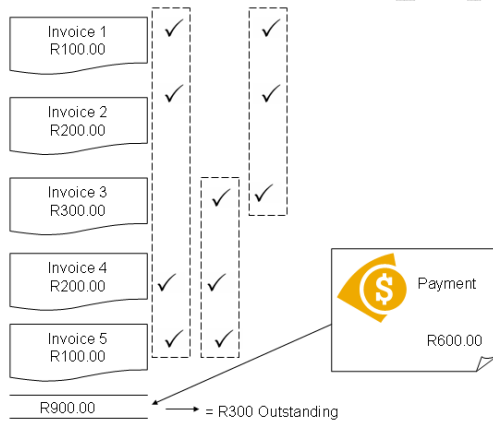
Open item processing is the first method, where each payment received must be allocated against a specific invoice (sale). The biggest advantage of this method is that entries can be double-checked and outstanding payment easily traced to a specific invoice or sale.



This process has one limitation in that all entries and accounts needs to be up to date and batched, for Pastel to be able to link the various entries.

BALANCE BROUGHT FORWARD PROCESSING

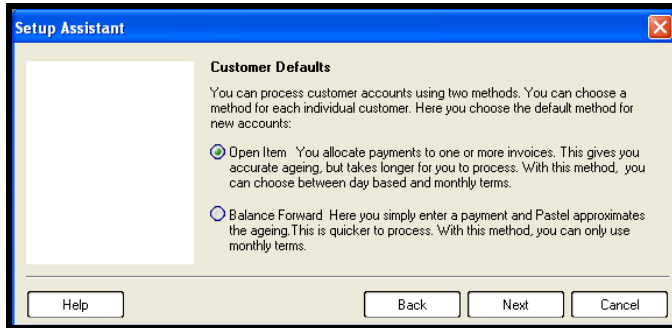
Balance brought forward processing is where payment are allocated against an customer account. The advantage of this method is that there is no need to match a payment against a specific invoice.



Accounts or entries do not need be up to date or “batched”. The one limitation of this process is that one cannot track whether a specific invoice has been paid.

One can always change the capturing from Open Item (payment matched against specific invoice) to Balance Brought Forward (payment to matched), but not the reverse. One cannot go from “not matching” payments to matching payments.

- Select the **Radio Button** next to *Open Item*

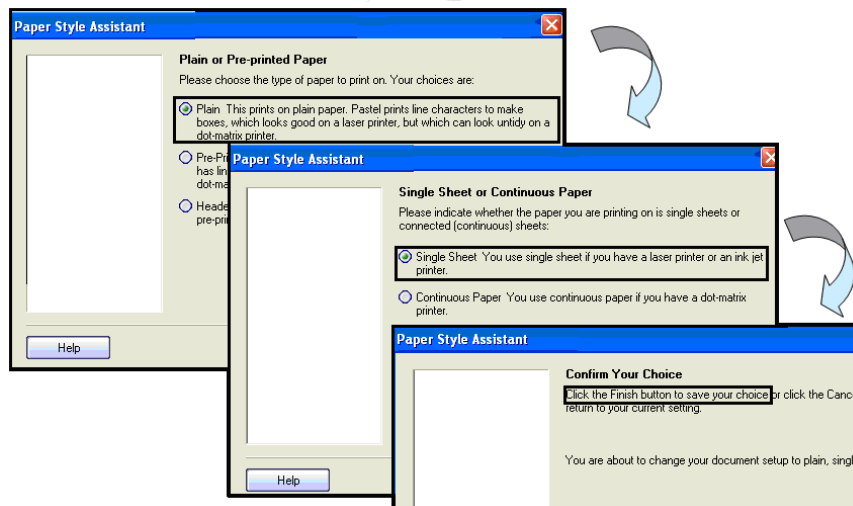


- Select **Next**

PRINTING OPTIONS

Depending on the working environment, one can set various paper types, i.e. continues paper for dot-matrix printers, single sheet for A4 printers, or specifically designed paper as may be required. Each document type can be set to print to a different printer and paper type.

So, invoices can be printed on three-fold continuous paper with a dot-matrix printer, because the business may require three copies of each invoice, while return notes can be printed on A4 as only one copy is required.

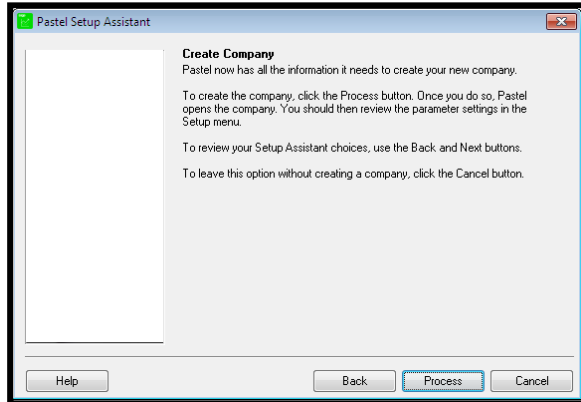


- Select **Plain**
- Select **Next**

- Select **Single Sheet**
- Select **Finish**
- Select **Next**

COMPLETING CREATING A COMPANY

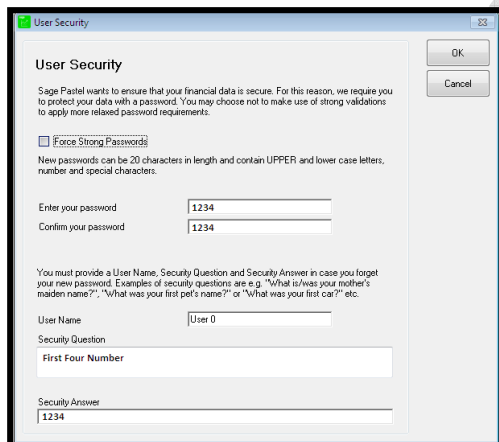
Once, completed with the *Paper Style Assistant*, Pastel allow one to create the company



- Select **Process**
- Select **Finish**

NEW USER SECURITY

The (new) *User Security* wizard will display



- Select [Enter your password] and type **1234**
- Select [Confirm your password] and type **1234**
- Select [Security Question] and type **First Four Numbers**
- Select [Security Answer] and type **1234**
- Select **OK**

Pastel will display the new company's *opening screen* with the company name displayed in the title bar at the top of the window.

ASSESSMENT:

What are the three steps involved to create a company in Pastel?

Describe the three ways to create a company in Pastel?

Where would one enter the company's VAT Number?

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Why would one select *13 periods*¹ and "*Last Period as First Period*"² during setup and what becomes of the 13th period at yearend?

How many *cash books* can be created in Pastel?

Partner Express

How many characters can the *folder name* of the Pastel company contain?

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