



DATAFLOW
Financial Software Solutions

Inter-Company Processing

Dear user,

You must make sure that you have read “Navigating the System” first before reading any other Clarity guides as without a good knowledge of the navigation you will not fully benefit from the features and shortcuts that Clarity will provide for you.

Click here to read Navigating the System:

https://dataflow.co.uk/images/uploads/release_notes/Clarity - Navigating the System .pdf

Also at the end of each guide, there may be a list of other supplements for further explanation of features within this routine.

Enjoy exploring Clarity and please do not hesitate to suggest any improvement that you feel will be useful to add to this document.

Warmest regards

Dataflow (UK) Ltd



Inter-company Processing overview

The Inter-company postings routine allows postings in two sets of books from one posting entry. You can record an expense, either through an Invoice or directly through the Nominal Ledger transactions posting routine, where the cost is part of a larger Invoice billed to one company, but part of the expense belongs to another company in the group.

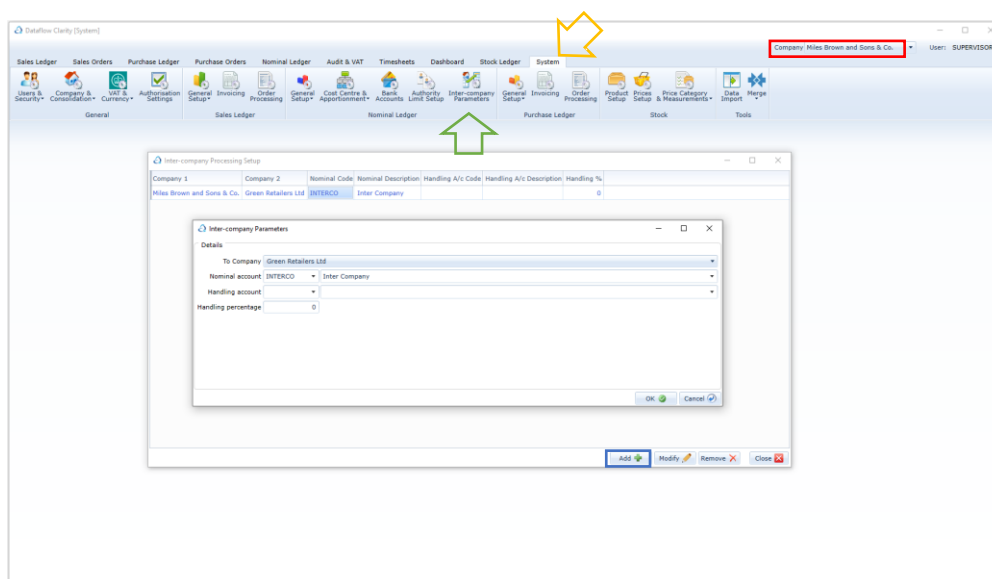
Inter-company Setup

Before you establish an Inter-company Processing link you will firstly need to create a new Nominal Ledger code. In the example screenshot below we have created a new Balance Sheet Nominal Ledger Code called *INTERCO*. A Nominal code can also be created for the Handling charges if they occur between the two companies. The value that will be posted to the Handling account is calculated using the percentage value entered into the Handling percentage field.

If you are unsure how to add a new Nominal Code please refer to our *Chart of Accounts and Report Groups assignment guide* which can be downloaded [here](#).

Before you can use Inter-company processing some pre-configuration will need to be set within the Inter-company Parameters window. This window is located within the *System* tab (yellow arrow on the screenshot below) and *Inter-company Parameters* (green arrow below). This is where you define the two companies linked for Inter-company postings.

To add an Inter-company link click the *Add* button (highlighted below in blue). This will open another window where you are prompted to define the Inter-company Parameters using the available drop-down menus. These parameters include the *To Company*, *Nominal Account*, *Handling Account* and *Handling percentage*. The 'from' company is defined by the selected company in the top right corner of Clarity e.g. the active company (highlighted below in red).



Inter-company posting Scenario

A Sales Invoice for expenses is billed to a customer by Miles Brown Ltd, but part of the travel expenses were incurred by an employee from Green Retailers. The Invoice will be made out to Miles Brown but part of the Invoice need to be posted across to Green Retailers allocating the cost to the relevant Nominal Account.

The basic postings required will be as follows:

<i>Nominal</i>	<i>Company</i>	<i>£</i>	<i>£</i>
TRAVELEXP	Miles Brown	- 100	
TRAVELEXP	Green Retailers - 200		
DEBTORS	Miles Brown		300

To achieve the above scenario, the entry for Green Retailers would be posted using the Inter-company account. By defining this Account in the Intercompany Parameter setup the system recognises that this is an Inter-company posting, and forces the input of the Nominal account to which the debit in Green Retailers is to be posted to in the Inter-company Processing routine.

N.B. Entries (4) and (5) in the example below will be generated automatically when the Inter-company processing routine is run under Nominal Ledger Transactions.

In detail, the postings will be as follows:

<i>Entry No</i>	<i>Nominal</i>	<i>Company</i>	<i>£</i>	<i>£</i>
1.	TRAVELEXP	Miles Brown	- 100	
2.	INTERCO	Miles Brown	- 200	
3.	DEBTORS	Miles Brown		300
4.	TRAVELEXP	Green Retailers	- 200	
5.	INTERCO-Miles Brown	Green Retailers		200

Below is a screenshot of the Sales Invoice containing the TRAVELEXP and INTERCO transaction lines as they would appear when creating your invoice. Note the line Nominal selection and amounts correspond with the example postings above (highlighted below in yellow):

Notes	Quantity	Price	Goods	Net	VAT Code	VAT %	VAT	Nominal Code
Conference Hotel Expenses	0.00	100.00	100.00	100.00	1	20.00 %	20.00	TRAVELEXP
Conference Hotel Expenses	0.00	200.00	200.00	200.00	1	20.00 %	40.00	INTERCO

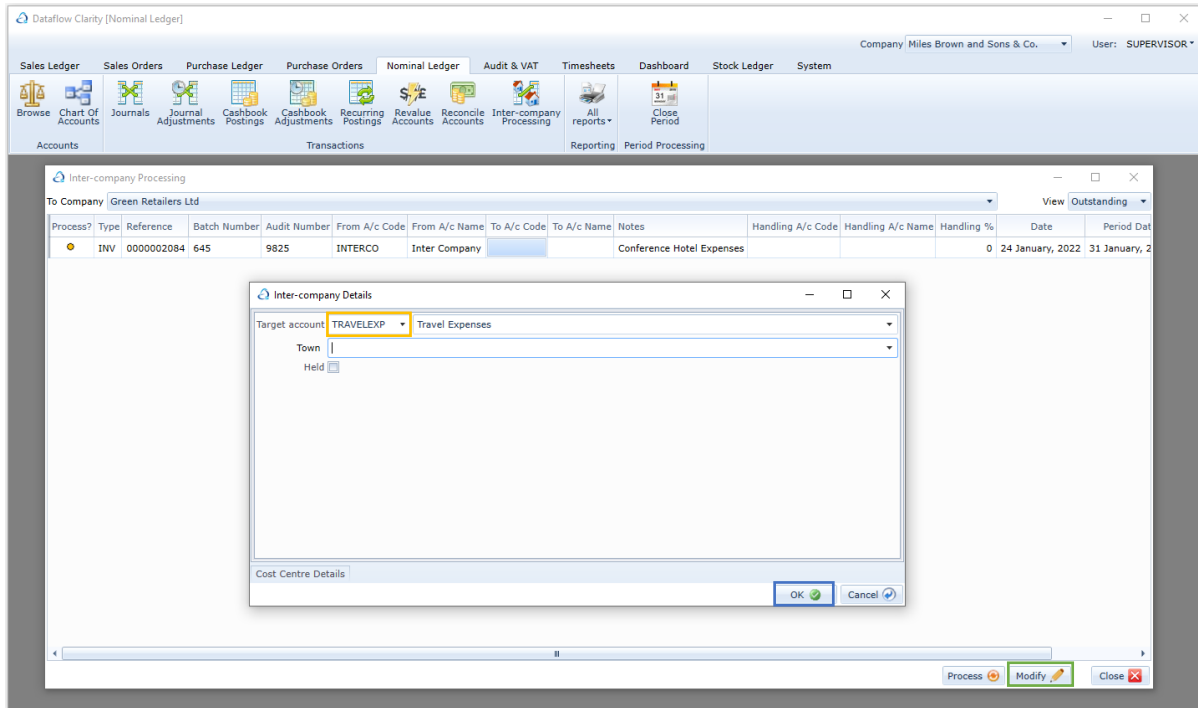
Inter-company Processing

Once you have created and updated to Ledger a Sales invoice that includes the Intercompany value you can navigate to *Nominal Ledger* (yellow arrow below) and *Inter-company Processing* (green arrow) where you will see the Inter-company element of your invoice awaiting update to Green Retailers.

Process?	Type	Reference	Batch Number	Audit Number	From A/c Code	From A/c Name	To A/c Code	To A/c Name	Notes	Handling A/c Code	Handling A/c Name	Handling %	Date	Period Dat
●	INV	0000002084	645	9825	INTERCO	Inter Company			Conference Hotel Expenses			0	24 January, 2022	31 January, 2

Before you're able to update the transaction to Green Retailers you must first define the *Target account*. The *Target account* is the destination Nominal to where the balance will be posted to from the Inter-company Control Account (*INTERCO*). To set the *Target account* click on your entry line within the grid and click the *Modify* button (highlighted below in green). In this scenario *TRAVELEXP* has been selected as the Target account (highlighted below in yellow).

Confirm the selection by clicking the *OK* button (highlighted below in blue).

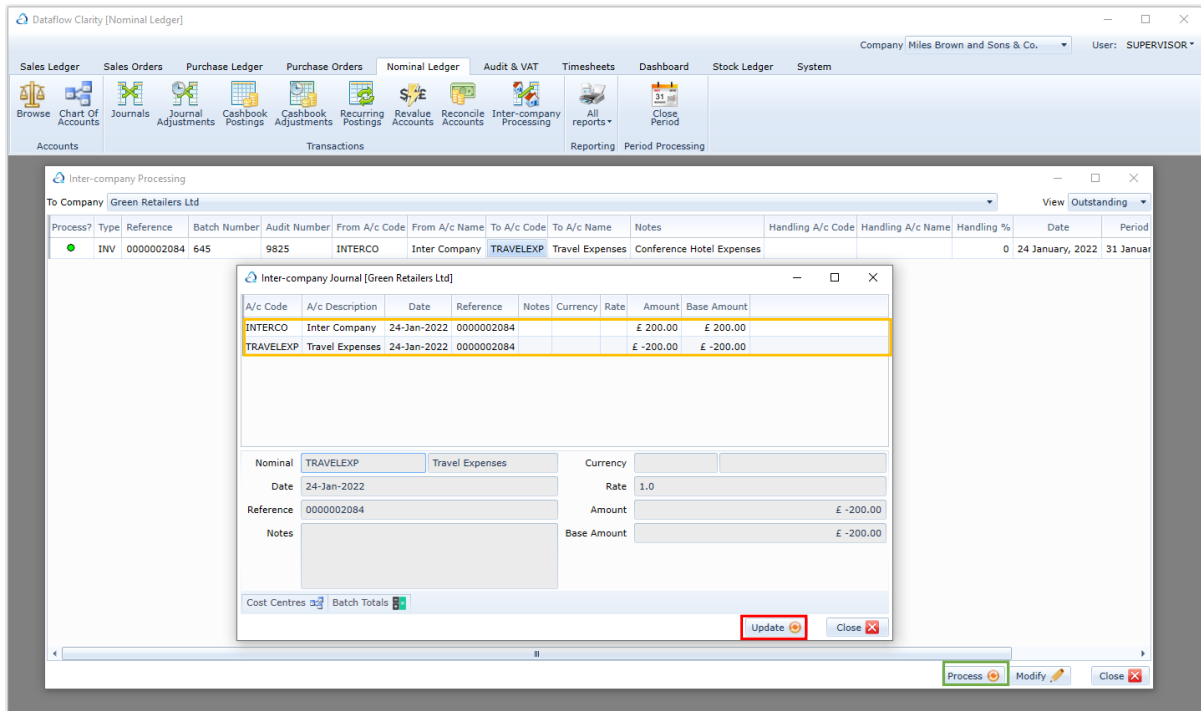


Once you've set the Target account you'll be able to update the Inter-company transaction to Green Retailer's Nominal Ledger. To process the entries click the *Process* button (highlighted below in green).

Once you've clicked the Process button a secondary window will open displaying all entries that will be updated to Green Retailers Nominal Ledger (highlighted below in yellow).

Click the *Update* button to complete the process (highlighted below in red).

In this example the screen below shows that the transaction will credit the INTERCO account and debit the TRAVELEXP account by £200 in Green Retailers.



Once you've updated a transaction via the Inter-company process you can view the entries that have been posted to Green Retailers via the Audit Trail.

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Miles Brown and Sons & Co. 24 January 2022 12:13 Page 1 of 1

Financial Audit Trail Batch range from 645 to 645

Batch	Audit	Nominal Code	Dated	Type	Source	Reference	Amount	VAT		Currency		User ID	Timestamp	Notes
								Value	Code	Amount	VAT			
645	9825	TRAVELEXP	24/01/2022	SA-INV	A00001	0000002084	(100.00)	(20.00)	1			SUPERVISOR	24/01/2022 11:55:36	Conference Hotel Expenses
645	9825	INTERCO	24/01/2022	SA-INV	A00001	0000002084	(200.00)	(40.00)	1			SUPERVISOR	24/01/2022 11:55:36	Conference Hotel Expenses
645	9826	VATSTAND	24/01/2022	NO-BAT			(60.00)	0.00	1			SUPERVISOR	24/01/2022 11:55:36	
645	9827	DEBTORS	24/01/2022	SA-BAT			360.00	0.00				SUPERVISOR	24/01/2022 11:55:36	

You can select which company the Intercompany transaction is being posted to and from by using the company selection drop down (highlighted below in green). You can also choose whether the grid displays *All*, *Outstanding* or *Processed* by using the *View* drop down (highlighted below in yellow).

Dataflow Clarity [Nominal Ledger] Company: Miles Brown and Sons & Co. User: SUPERVISOR

Sales Ledger Sales Orders Purchase Ledger Purchase Orders Nominal Ledger Audit & VAT Timesheets Dashboard Stock Ledger System

Browse Accounts Chart Of Accounts Journals Journal Adjustments Cashbook Postings Cashbook Adjustments Recurring Postings Revalue Accounts Reconcile Accounts Inter-company Processing All reports Close Period

Accounts Transactions Reporting Period Processing

Code: like D | All | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V | W | X | Y | Z | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9

Per: Inter-company Processing

To Company: Green Retailers Ltd View: Processed

Process?	Type	Reference	Batch Number	Audit Number	From A/c Code	From A/c Name	To A/c Code	To A/c Name	Notes	Handling A/c Code	Handling A/c Name	Handling %	Date
<input checked="" type="checkbox"/>	INV	89002	373	3758	INTERCO	Inter Company	FOOD	Food costs for the events	Hotel expenses Nov 2004			0	19 August, 2018
<input checked="" type="checkbox"/>	INV	89003	373	3759	INTERCO	Inter Company	ACCOUNTS	Accountancy Fees	Entertaining expenses			0	19 August, 2018
<input checked="" type="checkbox"/>	INV	89005	373	3760	INTERCO	Inter Company	ACCOUNTS	Accountancy Fees	Hotel costs for Director's meeting			0	02 August, 2018
<input checked="" type="checkbox"/>	JRN	Conference	644	9822	INTERCO	Inter Company	ACCOUNTS	Accountancy Fees				0	04 January, 2022
<input checked="" type="checkbox"/>	INV	000002084	645	9825	INTERCO	Inter Company	TRAVELEXP	Travel Expenses	Conference Hotel Expenses			0	24 January, 2022

Process Modify Close

