

# iDMS Accounting Manual

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## Purpose

To provide additional information to augment the iDMS online help, in regard to the iDMS Accounting features and functionality, including setup and configuration of iDMS accounting and various third party accounting integrations.

## Components of iDMS Flexible Accounting

The iDMS Flexible accounting design allows the system to be configured in such a way as to meet the complex needs of today's automotive dealerships and finance companies. With Custom Chart of Accounts and granular GL mapping of every transaction in the system, iDMS is intended to grow with your business.

iDMS accounting consists of three primary areas.

1. Bookkeeping company- The bookkeeping company manages the Chart of Accounts and the mapping of the GL Accounts for various transactions that happen in the system. A bookkeeping company is associated with a Sales Location and or a Portfolio.
2. Sales Location- The bookkeeping company associated with a sales location is used for all inventory and deal related transactions.
3. Portfolio- The bookkeeping company associated with a Portfolio is used for any transactions that happen to an account (receivables).

## Bookkeeping Company

iDMS can be set up with one or multiple bookkeeping companies depending on the organization's needs. One bookkeeping company can be used with many sales locations and or portfolios. If more separation is needed between sales locations or portfolios, additional bookkeeping companies can be created to handle the different Chart of Accounts or GL classcode mappings specific to those entities needs.

## Chart of Accounts

Every bookkeeping company must have a Chart of Accounts (COA) to be able to perform the GL accounting transactions that occur in the system. The system comes with a default chart of accounts that should be satisfactory for most organizations. However, if the organization has been using a different chart of accounts before migrating onto iDMS, there is an option to import a custom Chart of Accounts. This enables the dealership to continue using a familiar COA to reduce the amount of disruption caused by switching to a new DMS.

A couple of things to remember about the iDMS COA:

1. Accounts Receivable type of accounts are not used, Other Current Assets would be used instead.
2. Clearing accounts are used to track inventory liabilities, money received, and receivable amounts moving from a Deal transaction into an Account.

See [Manage Chart of Accounts](#) in iDMS for details.

## Class Code Mapping

Every transaction in the system is governed by a classcode when it comes to the way GL transactions are recorded. For example, classcode 70 for Inventory Acquisition, is mapped with the appropriate debit and credit GL Accounts. Anytime a vehicle is acquired, the system looks to classcode 70 to see which GL account to use for the debit and credit side of the entry.

When using the default Chart of Accounts, the system will automatically map all the classcodes. With over 3000 classcodes, this is a nice option. However, if it is deemed necessary to use a custom chart of accounts, the system required some special attention to make sure all the classcodes are mapped correctly.

All three main sections of the system have separate mapping screens. In the Class Code Map tab of the bookkeeping company you will find tabs for Inventory, Sales and Accounts.

The inventory tab is simple with only a handful of transactions to map. For Sales and Accounts though, the mapping becomes much more in depth. Within the sales and accounts tabs there is a selection for Transaction type. When a transaction type (which are made up of Wholesale, Cash, Outside Finance and In-House Finance options) is selected, the list of classcodes will change. This allows the bookkeeping company to handle the GL accounting for these different types of transactions differently by mapping to different GL accounts.

If needed a user can edit any of the classcode mappings manually and change the account associated with the debit and or credit side of the mapping.

See [Manage Class Code Map](#) in iDMS for details.

## FastMap

With so many classcodes to map (over 3000 possible combinations) anytime a custom chart of accounts is used, it is beneficial to utilize the FastMap tool to quickly map most of the commonly defined transactions. The intent of the Fastmap is to allow a few questions (around 40) to be answered and then apply the GL accounts selected to answer the questions, to the correct corresponding Classcodes. It is very common for one GL Account to be used for multiple Classcodes. While this tool will map all transactions, it is expected that not every transaction will be mapped perfectly how the organization wants. There is simply no way for iDMS to anticipate all the differences in each organization's accounting practices. After using the Fastmap, it will most likely be necessary to review the mappings and make any manual modifications as necessary. This can be done over time to fine tune the accounting configuration as not every mapping will be obvious until seeing how the system operates over time.

See [Manage Class Code Map](#) in iDMS for details.

## AR Payment Methods

AR (Accounts Receivable) Payment methods are used to identify the source of payments made by customers and tie it back to a specific GL Account. By default, the GL Account assigned to all AR Payment Methods is Undeposited Funds when using the standard COA. This keeps things simple and requires the user to create a GL Entry periodically (daily) to clear the Undeposited funds and record the deposit into the appropriate bank account in the accounting system used (Quickbooks, Intacct or any other product). Even with the ability to map AR payment methods, it may be preferable to continue with the standard methodology. However, if needed, the AR Payment methods can be mapped to specific GL accounts related to the Payment method used to receive the money. For Instance, it may be preferable to have EPS payments go directly to a bank account.

See [Manage AR Payment Methods](#) in iDMS for details.

## AP Payment Methods

AP (Accounts Payable) Payment methods are used to identify the source of a payment method used to pay for expenses in the system (vehicle acquisitions and expenses) and tie it back to a specific GL Account. The use of AP in the name of AP Payment Methods, in this instance, is a little bit of a misnomer in that these payment methods reflect all payments and not just Accounts Payable. Anytime you acquire a vehicle or pay for an expense, the payment method drop down allows you to say how you will pay for the expense. Not all the methods will show up in this list. Exceptions are Trade-In and Repossession as these are used by the system only and not available for manual selection. One item that is not on this tab that will show up is the Payment Method called AP. If AP is selected, the system will try to create an AP Bill in the integrated accounting software that is used such as Quickbooks or Intacct. To pay for an expense with AP (creating a bill that can be used to produce a check to a vendor), we must employ the AP Channels functionality since AP requires a Vendor to be selected.

See [Manage AP Payment Methods](#) in iDMS for details.

## AP Channels

As mentioned in the AP Payment Methods discussion, if you want to create a bill for a vehicle acquisition or expense, then select the AP Payment Method. By doing this, the system knows you want to create a bill and will then look for the vendor selected. Vendors are a type of channel. iDMS has several channel types that are treated as vendors. These would include Dealers/Wholesaler/Auctions, Vendors, Repair Service Shop, FloorPlan/Inventory Finance, Sales Locations. Depending on the type of channel selected for the vendor or acquired from field, the system will refer to the AP Channels tab to see what account to use for that type of Channel. For a bill to be created in Quickbooks or Intacct, the account number associated with the channel must be of the Accounts Payable type. The GL Account types available on the AP Channels tab are only Accounts Payable and Other Liabilities. If an "Other Liability" type account is selected, the system will just create a journal entry and no bill will be generated. You will know if a bill is able to generate if the GL Batch has an Entry Type line item coded as AP

JOURNAL TRANSACTION

SHOW TRANSACTION ROLLUP

Batch #: 3452471

Date: 12/21/18 09:23

Status: Open

Batch Description: Stock# S2434 - Inventory Transactions

Debit Total: \$10,000.00

Credit Total: \$10,000.00

Source: Inventory

Account:	Trans Descr:	Entry Type:	Debit:	Credit:	Location:	Class:	GLSource:
202000 Accounts Payable	Inventory Acquired: [S2434] [REF# ] 2016 Acura ILX	AP	\$0.00	\$10,000.00	Mado	Used	AP Channel - Wholesaler
230000 Inventory Clearing	Inventory Acquired: [S2434] [REF# ] 2016 Acura ILX	GJ	\$10,000.00	\$0.00	Mado	Used	Class Code [70]

Batch #: 3450063

Date: 12/19/18 18:18

Status: Open

Batch Description: Stock# S2434 - Inventory Transactions

Debit Total: \$10,000.00

Credit Total: \$10,000.00

Source: Inventory

Account:	Trans Descr:	Entry Type:	Debit:	Credit:	Location:	Class:	GLSource:
230000 Inventory Clearing	Inventory Acquired: [S2434] [REF# ] 2016 Acura ILX	GJ	\$0.00	\$10,000.00	Mado	Used	Class Code [70]
129000 Dealer Inventory	Inventory Acquired: [S2434] [REF# ] 2016 Acura ILX	GJ	\$10,000.00	\$0.00	Mado	Used	Class Code [70]

In the above example also notice the GL Source column says AP Channel- Wholesaler. This column is visible when the Show Transaction Details/Rollup button is clicked. This identifies which Channel type is used to determine the GL account to use. If the transaction does not create the AP Entry type as expected, go to the bookkeeping company and verify that the AP Channel tab is mapped to an Accounts Payable account type for this Channel type.

## Sales Location/Branch

Sales locations can serve different purposes but when considering their impact on how iDMS accounting operates, there are a few things to remember. A sales location is associated with a Bookkeeping company. As stated earlier, a bookkeeping company can be associated to several sales locations. The sales location determines which bookkeeping company will handle the recording of GL transactions for all vehicle acquisitions, vehicle expenses and vehicle sales. Inside the bookkeeping company mapping section you find Inventory and Sales mapping tabs. These are the important tabs to pay attention to when looking at a bookkeeping company that is used with a sales location.

## Portfolio

Portfolios are used to group Accounts into similar buckets. There are many reasons and ways of grouping accounts. Accounts are simply a Receivable and can consist of a simple cash or wholesale receivable, an Outside Financing account that is waiting on funding or a Buy Here Pay Here account created by an inside finance deal. Every deal once booked, ends up in a portfolio.

Portfolios are like sales locations in that they control specific accounting functions in the system and are associated with one Bookkeeping company. Also, like Sales Locations, Bookkeeping companies can be used in association with multiple portfolios. However, the portfolio is only controlling GL transactions related to the accounts and the account receivables activity. When a deal is Contracted/Booked, the system will record the sell using the sales location bookkeeping company, but the resulting account receivable transactions will be controlled by the portfolio that is utilized in the scenario. All GL activity from funding, BPH payment collections, RFC transfers, Earned Discount, write downs, charge offs, side

notes and Collateral Protection Insurance are controlled by the bookkeeping company associated with the account's portfolio. When working with the bookkeeping company associated with a portfolio, you will want to pay attention to the GL mapping tab for Accounts.

## Accounting Integrations

iDMS currently supports three different accounting packages via a direct integration. These are Quickbooks Desktop versions (Pro and Enterprise), Quickbooks Online, and Sage Intacct.

### Quickbooks Desktop

All transactions will be transmitted to Quickbooks via an IIF File export. This is a manual process that the user is responsible to perform on a periodic basis. The file will generate General Journal entries and AP Bills in Quickbooks.

**How it integrates with iDMS:** In relation to Quickbooks Desktop, iDMS controls the receivables piece of the puzzle as well as the vehicle inventory management and sales origination accounting. All vehicle acquisitions, vehicle expenses, booked deals, money collected, and accounts receivables are transacted in iDMS. These transactions generate GL entries that will be transmitted to Quickbooks via IIF file imports. Some transactions such as acquiring vehicles, adding expenses to vehicles, and selling after-market products have the added option of generating Accounts Payable bills in Intacct, depending on how the system is configured.

#### Supported Quickbooks Desktop features:

1. Location: The location code in iDMS can be passed to Quickbooks Desktop as a location identifier on the accounting transactions.
2. Accounting Class: iDMS's Accounting Class will write to the Accounting Class field in Quickbooks transactions.
3. Custom Chart of Accounts: iDMS allows the user to import a chart of accounts that is easily exported from Quickbooks Desktop. Additionally, if an GL Account is added in iDMS, then the integration will create the GL Account in Quickbooks if it does not already exist.
4. Bills: When a transaction is created in iDMS that utilizes an Accounts Payable type of account, a bill will be generated in Quickbooks Desktop. Edits to these types of transactions in iDMS will create Credit Memos that can be used to offset the original Bill.
5. Inventory Transaction write the vehicle stock # in the description of the transaction
6. Deals write the Deal ID and the Stock # in the description of the transactions
7. Account transactions (taking payments, Account Receivables, etc.) will write the Account # and Stock # in the description of the transactions.

### Quickbooks Online

With this version of Quickbooks, transactions are electronically transmitted to Quickbooks. This can be done as an automatic real time sync or performed manually on a periodic basis. There is no file to download and upload manually as the system handles all the transmission electronically. All General Journal entries are created and AP Bills are created in Quickbooks with this integration.

**How it integrates with iDMS:** In relation to Quickbooks Online, iDMS controls the receivables piece of the puzzle as well as the vehicle inventory management and sales origination accounting. All vehicle acquisitions, vehicle expenses, booked deals, money collected and accounts receivables are transacted in iDMS. These transactions generate GL entries that will be transmitted to Quickbooks Online in real time. Some transactions such as acquiring vehicles, adding expenses to vehicles, and selling after-market products have the added option of generating Accounts Payable bills in Intacct, depending on how the system is configured.

**Supported Quickbooks Online features:**

1. Location: The location code in iDMS can be passed to Quickbooks Online as a location identifier on the accounting transactions.
2. Accounting Class: iDMS's Accounting Class will write to the Accounting Class field in Quickbooks transactions.
3. Custom Chart of Accounts: iDMS allows the user to import a chart of accounts that is easily exported from Quickbooks Online. Additionally, if an GL Account is added in iDMS, then the integration will create the GL Account in Quickbooks if it does not already exist.
4. Bills: When a transaction is created in iDMS that utilizes an Accounts Payable type of account, a bill will be generated in Quickbooks Online. Edits to these types of transactions in iDMS will create Credit Memos that can be used to offset the original Bill.
5. Inventory Transaction write the vehicle stock # in the description of the transaction
6. Deals write the Deal ID and the Stock # in the description of the transactions
7. Account transactions (taking payments, Account Receivables, etc.) will write the Account # and Stock # in the description of the transactions.

## Sage Intacct

Intacct is a SaaS model accounting platform that is considered a next level accounting solution over Quickbooks. It has many advanced features, reporting and modules that make it a strong accounting platform. Intacct is leveraged for its bookkeeping functionality Accounts Payables, Purchase Orders features and integrations with banks and payroll processing services.

**How it integrates with iDMS:** In relation to Intacct, iDMS controls the receivables piece of the puzzle as well as the vehicle inventory management and sales origination accounting. All vehicle acquisitions, vehicle expenses, booked deals, money collected and accounts receivables are transacted in iDMS. These transactions generate GL entries that will be transmitted to Intacct in real time. Some transactions such as acquiring vehicles, adding expenses to vehicles, and selling after-market products have the added option of generating Accounts Payable bills in Intacct, depending on how the system is configured.

**Supported Intacct features:**

1. Dimensions- iDMS maps to 3 Intacct dimensions



- a. Location Dimension: The bookkeeping company in iDMS is associated with an Intacct Entity and will write the Entity to the Location dimension field in the transactions in Intacct.
  - b. Class Dimension: iDMS's Accounting Class will write to the Class dimension field in Intacct transactions.
  - c. Department Dimension: iDMS's Location Code will write to the Department dimension field in Intacct transactions.
2. Custom Chart of Accounts: iDMS allows the user to import a chart of accounts that is easily exported from Intacct.
3. Bills: When a transaction is created in iDMS that utilizes an Accounts Payable type of account, a bill will be generated in Intacct. Edits to these types of transactions in iDMS will create Debit Memos that can be used to offset the original Bill.
4. Inventory Transaction write the vehicle stock # in the description of the transaction
5. Deals write the Deal ID and the Stock # in the description of the transactions
6. Account transactions (taking payments, Account Receivables, etc.) will write the Account # and Stock # in the description of the transactions.

## Inventory Accounting

This section will review some common accounting scenarios regarding Inventory. For illustration, we will be using the standard Chart of Accounts that is the default for iDMS. Any Inventory transaction is accounted for by utilizing the bookkeeping company associated with the Sales Location/Branch where the vehicle is being acquired.

### Acquiring Inventory

When a vehicle is purchased, the system will allow that vehicle to be acquired if the mileage, mileage status, and an acquired price is provided. The cost of the vehicle is used to generate a GL Batch where it will debit the inventory account and credit an inventory clearing account. The inventory clearing account is used as a holding account until the system is told what payment method was used to purchase the vehicle. Once a payment method is selected, a second GL Batch is created where the inventory clearing account is debited and the account associated with the payment method selected is credited. That account could be a liability account/ accounts payable or a bank account. Using the AP payment method will create an Accounts Payable bill if the Vendor (AP Channel) selected is configured to use an AP Type account in the bookkeeping company. If it is not set to use an AP Account (i.e. The AP Channel is using an Other Liabilities account) then a General Journal entry is created. Note the AP bill would be generated in the integrated accounting software such as Quickbooks or Intacct. iDMS does not have any AP or billing type features.

At anytime if a cost needs to be adjusted for a vehicle, the system will make reversing entries and then make new entries to represent the new cost.

In the case where an AP bill was generated, the system will create a credit memo that will post to the integrated accounting system to be used to offset the original AP Bill.

## Inventory Expenses

When adding an expense to a vehicle, the system requires one of two Class Codes to be selected. The class code determines what type of expense is created. The two options are **Expense/Make Ready** and **Asset/Inventory Improvement**.

Based on the default chart of accounts and the standard mapping of the class codes in the bookkeeping company, Expense/Make ready will debit the Cost of good sold: Make Ready Expense account and credit Inventory Clearing. As with Acquiring a vehicle, the inventory clearing account is used to hold the liability until a payment method is selected. Once that is done, either while adding the expense or later, the inventory clearing account is debited and the payment method account is credited. A make ready expense is added straight to cost and will not be considered COGS when the vehicle is sold.

Asset/Inventory Improvement on the other hand will add the expense to the value of the vehicle by debiting the Dealer inventory account. The credit side of the transaction goes to the inventory clearing account until a payment method is selected, which then debits the inventory clearing and debits the account associated with the payment method in the bookkeeping company AP Payment Method mapping tab. When a vehicle is sold that has Asset/Inventory Improvement expenses on it, the cost of those expenses are included in the COGS entry.

## Inventory Transfers

When moving vehicles from one location to another, the system will automatically account for the inventory movement. When a vehicle moves from one location to another in iDMS, the inventory transfer receivable account tracks the receivable and payable between each location.

If you only have one inventory asset account and do not want entries to be made when moving vehicle locations, you can turn off class code 76 and 77 in the inventory section in your bookkeeping company.

## Deal Accounting

As with inventory accounting, the GL transactions created when a deal is booked, are controlled by the bookkeeping company associated with the Sales Location/Branch where the deal is being contracted. When the deal is booked there will be two batches created. One for the Sale and one for the Account (receivable) created. The Account batch will be covered in a separate section below.

## Classcode Management

All Deal accounting is configured in the Class Code Map-> Sales tab in the bookkeeping company. Be sure to select the correct transaction type when reviewing or modifying the mappings. If any type of modification is made to the mapping, be sure to adjust the uncontracting version of the class code as well as the contract version. Example, if the mapping for a Title fee needs to be modified, be sure to look for the Contract- Title Fee (Classcode 502) as well as the Uncontract- Title Fee (Classcode 552) and make sure the GL accounts are mapped inversely to each other. In this way, if the deal is uncontracted, the correct accounts are used to completely reverse the transaction.

## Sales Liability/Add-Ons: How to customize if you have more than one account

In the fast map, there is a question that asks, “What is your sales liability clearing account?” If you have a different account for your state sales tax and document fee, you will most likely want to customize your accounting mapping in iDMS. Answer the question with your most frequently used liability account and go to the sales tab to adjust the rest. Starting at class code 400, all the available taxes and fees in iDMS are listed. Locate the taxes and fees you charge on your deals and adjust the debit or credit to use the correct account. A few things to remember:

1. If you change one class code, you will need to change another class code for if the deal ever gets reversed. For example, if we change class code 401, Contract – State Sales Tax, we will need to change class code 451, Uncontract – State Sales Tax.
2. There are four different types of deals in iDMS and you will need to change the mapping for each type manually. We suggest starting on the Wholesale deal type and working your way through the list until all 4 deal types are mapped the same.

If you are not sure which changes to make, book a deal and analyze the accounting entries that are made. If you see that your document fee is going to the wrong account, use that example deal to figure out which class code needs to be adjusted.

## Contract Clearing Accounts

A normal accounting entry for selling a vehicle includes the income, cost of goods, liabilities, and receivable entries. In iDMS, there are two different data sources and because of that, we split the vehicle sale entry into two accounting batches—one for the deal and one for the account. The deal entry includes the income, cost of goods, and liabilities associated with the deal and the account entry sets up the receivables. The contract clearing account bridges the gap between these two entries and connects them together. This account should always have a zero balance, but it will have transactions inside of it. If you are using your own chart of accounts in iDMS, you will need to create an account specifically for this. We suggest the account type be “Other Current Asset” and label it “iDMS Contract Clearing”. You will only use this account in iDMS.

## Customer Deposits

While we normally think of customer deposits as being associated with a deal, in iDMS the customer deposit is treated more like an escrow account that can be used to satisfy any amounts owed by the customer to the dealership. This is very useful for taking down payment money, especially when the work flow requires that a sales person not take payments but may be able to take a deposit. When taking a deposit, be sure the deposit is taken at the same Sales Location as the Account will be associated with when the deposit will be applied. Other wise the money will not be available since iDMS tracks money received by location. If this happens, then the customer deposit will need to be reversed and then retaken at the correct location or simply taken as a payment at that time.

## Account Accounting

For every deal that is contracted, there will be a GL Batch created that represents the receivable portion of the deal. Where as the Deal accounting looks to the Sales Location book keeping company, the Account side is controlled by the portfolio that the deal is booked into. So for any modifications to the accounting of the Account, look at the portfolio the Account is in at the time of the transaction in question.

## Down Payment Receivable

If a customer has a cash down payment or deferred downs, that will be specified on the deal worksheet in the Initial Cash Down field or in the deferred downs section. When the deal is booked, a receivable will be created for the down payment amount. After the deal is booked, the down payment can be collected through the Post a Payment screen. If a Customer Deposit has already been taken, then the deposit can be used to apply against the Down Payment needing to be paid.

## Deferred Sales Tax

For states (Texas) where sales tax can be deferred, there is some special accounting that takes place to accommodate this transaction. We want to track the entire sales tax liability as a type of Contra Asset transaction, but then be able to generate the deferred liability and account for the tax that is collected when a payment is made to know what should be paid to the state. The sale side of this tracks the sales tax as a credit to the sales tax liability account (classcode 52), this is offset when the account is created.

When the deal is booked with deferred sales tax, the account is created, and the sales tax liability is offset with a debit to the sales tax liability account and a credit to the Deferred Sales tax contra asset account (Classcode 120). iDMS tracks the deferred liability in a separate Deferred Liability account to make sure it is not lumped into the same accounting as any other currently due sales tax liabilities.

As payments are made, the tax portion of the payment is moved from the contra asset (deferred sales tax liability) account with a debit entry, to the actual Sales tax liability account via a credit (Classcode 121). By monitoring the credit amount in this account, you know how much tax to pay the state for any payments made.

An example of the GL mapping for a deferred sales tax scenario when a sales company books the deal, the account is created, then transferred to an RFC and payment is made.

Assume \$625 in deferred sales tax on a deal				
Book the deal				
	Account Description	Debit	Credit	Class Code
	Contract A/R Clearing	\$ 625.00		401
	Sales Liability		\$ 625.00	401
Account is booked				
	Contract A/R Clearing		\$ 625.00	100
	Note Rec - Def Sales Tax	\$ 625.00		100
	Sales Liability	\$ 625.00		120
	Def Sales Tax Liability		\$ 625.00	120

<b>Account transferred out of Sales Portfolio</b>				
	Note Rec - Def Sales Tax		\$ 625.00	106
	Trans A/R Clearing	\$ 625.00		106
<b>Account transferred into RFC Portfolio</b>				
	Trans A/R Clearing		\$ 625.00	107
	Note Rec - Def Sales Tax	\$ 625.00		107
<b>Payment made in RFC Portfolio: \$4.32 is deferred tax amount</b>				
	Note Rec - Def Sales Tax		\$ 4.32	101
	Undeposited Funds	\$ 4.32		101
	Sales Tax Due to Related Dealership		\$ 4.32	121
	Deferred Sales Tax Intercompany	\$ 4.32		121

### Notes Receivable Principal for In House vs other deal types

The fast map question that says, “What is your notes receivable principal account?” is asking for your main receivable account. If you do not do in house financing, this account will most likely be your Contracts in Transit. If you do in house financing, you will most likely have a principal receivable account. If you do both, in house and outside financing, answer the question with your Contracts in Transit or receivable for your outside finance deals and then go to the accounts tab in the class code map and customize the In-House Finance transaction type section to reflect your in-house receivable for the principal balance (classcodes 1000 and any other associated classcodes that were using the old account and need to be changed to the new Notes Receivable A/R Principal account).

### Discount Accounting – Related Finance Company

For a Buy Here Pay Here dealership, having a related finance company is common practice. iDMS facilitates this relationship by allowing the transfer of an Account from one portfolio (the originating or sales portfolio) to another portfolio (the RFC portfolio). During the transfer process (which can be automated to occur without any human interaction) a portion of the receivable can be discounted. This reduces the amount received by the selling portfolio which will reduce the tax liability for the sales company. The RFC will then be able to collect on the full amount of the note. Here is an example of what this might look like.

<b>Principal</b>	\$ 15,000.00				
<b>Discount %</b>	30%				
<b>Discount</b>	\$ 4,500.00				
<b>Tran Out</b>	<b>Classcode</b>	<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
	1006	105000	A/R Principal		\$ 10,500.00
	1006	103600	Transfer A/R Clearing	\$ 10,500.00	
	1036	105000	A/R Principal		\$ 4,500.00
	1036	450000	Principal Write Down	\$ 4,500.00	
<b>Tran In</b>					
	1007	105000	A/R Principal	\$ 10,500.00	

	1007	103600	Transfer A/R Clearing		\$ 10,500.00
	1037	105000	A/R Principal	\$ 4,500.00	
	1037	260000	Unearned Discount		\$ 4,500.00

As payments are made in the RFC portfolio the discount is earned. The following is based on a \$100 payment.

Classcode	Account	Account Description	Debit	Credit
1001	105000	Notes Receivable A/R Principal		\$ 100.00
1001	103000	Undeposited Funds	\$ 100.00	
1031	260000	Unearned Discount		\$ 30.00
1031	302500	Loan Discount Income	\$ 30.00	

## Appendix

### How to Videos

[Contract Clearing Account](#)

[Customer Deposit](#)

[Down Payment Receivable](#)

[How to Import A Custom Chart of Accounts in iDMS](#)

[Inventory Clearing](#)

[Inventory Expense Class Codes](#)

[Inventory Transfer Receivable](#)

[Manually Adjusting Class Code Mappings](#)

[Notes Receivable Principal for In House vs Other Deal Types](#)

[Reason Codes](#)

[Sales Liability/Add-Ons: How to customize if you have more than one account](#)

[AP Channels' Effect on Generating Bills in Quickbooks and Intacct](#)

### Standard Chart of Accounts

Account ID	Account Type	Account Name	Parent Account #
101000	Bank Account	Cash in Bank	0
102000	Other Current Asset	Petty Cash	0
103000	Other Current Asset	Undeposited Funds	0
103500	Other Current Asset	Contract A/R Clearing	0
103600	Other Current Asset	Transfer A/R Clearing	0
104000	Other Current Asset	Notes Receivable	0
105000	Other Current Asset	A/R Principal	104000
105100	Other Current Asset	A/R Down Payments	104000

105200	Other Current Asset	A/R Non Earning Principal	104000
105300	Other Current Asset	A/R Misc Fees Due	104000
105400	Other Current Asset	A/R Late Fees Due	104000
105500	Other Current Asset	A/R Deferred Sales Tax	104000
106000	Other Current Asset	A/R Accrued Interest	104000
107000	Other Current Asset	A/R Interest	104000
110000	Other Current Asset	Contracts In Transit	0
110010	Other Current Asset	Retail Contracts In Transit	110000
110020	Other Current Asset	Wholesale Contracts In Transit	110000
129000	Other Current Asset	Dealer Inventory	0
129500	Other Current Asset	Inventory Improvements	129000
202000	Accounts Payable	Accounts Payable	0
202100	Other Current Liability	Sales Liabilities	0
203000	Other Current Liability	Customer Deposit	0
226000	Other Current Liability	Sales Tax Payable	0
227000	Other Current Liability	Deferred Sales Tax	0
230000	Other Current Liability	Inventory Clearing	0
232000	Other Current Liability	Trade In Payoff To Others	0
242000	Other Current Liability	Discount On A/R	0
250000	Other Current Liability	Unearned Interest	0
260000	Other Current Liability	Unearned Discount	0
301000	Income Account	Sales	0
301010	Income Account	In-House Finance Sales	301000
301011	Income Account	Outside Finance Sales	301000
301012	Income Account	Cash Sales	301000
301013	Income Account	Wholesale Sales	301000
301500	Income Account	Sales Other	301000
302000	Income Account	Interest Income	0
302500	Income Account	Discount Earned	0
303000	Income Account	Late Fee Income	0
305000	Income Account	Misc Fee Income	0
306000	Income Account	Trade-Ins	301000
307000	Income Account	Sales Add-On Products	301000
400000	Cost Of Goods Sold	Cost Of Goods Sold	0
410000	Cost Of Goods Sold	Make Ready Expense	400000
410005	Cost Of Goods Sold	Sold Inventory	400000
415000	Cost Of Goods Sold	Tags/Title/License	400000
416000	Cost Of Goods Sold	Sales Expenses	400000

417000	Cost Of Goods Sold	Cost Of Add-On Products	400000
418000	Cost Of Goods Sold	Allowance For Trade In	400000
425000	Cost Of Goods Sold	Repo Expenses	400000
440000	Expense Account	Write Downs	0
450000	Expense Account	Prin Adjustment	440000
450010	Expense Account	Discounted Prin	440000
451000	Expense Account	Interest Adjustment	440000
452000	Expense Account	Late Fee Adjustment	440000
453000	Expense Account	Misc Fee Adjustment	440000
454000	Expense Account	Sales Tax Adjustments	440000
455000	Expense Account	Down Payment Adjustments	440000
456000	Expense Account	Non Earn Prin Adjustment	440000
460000	Expense Account	Adjustments/Losses A/R	0
500034	Expense Account	Meals	0
500035	Expense Account	Towing Fee	0