ACCOUNTING AND FINANCIAL STATEMENTS

Maestro* is an enterprise resource planning software (ERP) that ensures very precise financial management. Indeed, PAGs are linked to general ledger accounts and allow various levels of drilling. They thus act as matrices and filter the information to be generated. The result is the creation and generation of financial statements that meet the multiple needs of the main stakeholders. Even though financial report templates such as the balance sheet and income statements are predefined and provided from the outset with **maestro***, users have the possibility to customize and configure these reports, as well as create new ones and adapt them to their needs, as particular as they may be.

This document presents some good practices for the development of a chart of accounts for **maestro*** and gives an overview of the software's possibilities for the production of financial statements.

SUMMARY

Maestro*: A Project Management... and Financial Management Software

Maestro* is a project management software that has the advantage of being characterized as an Enterprise Resource Planning (ERP) software, which allows to manage and monitor a company's financial and operational data on a daily basis. Some modules are dedicated to operational data while others allow the management of financial data. Finally, some modules are used to establish a link between both.

The project structure allows to complement and therefore reduce the need to have various general ledger accounts. **Maestro*** uses masks to filter data and, if necessary, display only data specific to a prefix, project, activity, group, department, master project, or category. As all transactions are linked to a project - activity - group, they are therefore linked to a general ledger account. Users authorized to do so will therefore be allowed to generate income statements per project or category, for example. It is therefore not necessary to have a separate account number for materials from two different projects.

Coding Strategy, Groups, and Chart of Accounts

Like in any software that offers accounting management, account numbers are associated to each type of account. A user can take advantage of the standard chart of accounts provided by Maestro, or create their own chart – that can also be imported from an *Excel* file.

Type of Account	Recommended Numbers
Assets	1000...
Liabilities	2000...
Equity	3000...
Income	4000...
Expenses	5000
Internal Accounts	8000... for internal incomes 9000... for internal expenses

In **maestro*** 3.05, account numbers can only be composed of numbers, up to nine consecutive digits. When defining the chart of accounts, it is recommended to provide for the potential creation of additional accounts that may be required later on. The account numbering must therefore make allowances for this situation within the structure. For instance, some users decide to add 00 at the end of the numbers that were originally set, in order to have more flexibility.

The charts of accounts included in **maestro*** are generally less elaborate than those found in other ERP systems. Why? Because using a project structure and having the possibility to filter information by project - activity - group and/or using project groupings per type, category, or department eliminates the need to create an account for each project. For example, salary accounts can be limited to one account for administration salaries and another one for all other employees' salaries. Though simplified, with this type of chart, it will always be possible to limit the display of these accounts values to one or several projects. In short, the chart of accounts of organizations managed with **maestro*** only include two to three pages as it doesn't require duplicating the same account for each project. This makes managing this type of chart easier, thanks to its simplified structure.

> The chart of accounts included in this document's appendix can be used as a default chart or as a starting point to build a new one.

Account Groups

To facilitate, and more importantly, to simplify the display of financial statements, **maestro*** suggests creating account groups.[1] These account groups are used to organize accounts and determine which groups appear in the financial statements. Once created, the groups are linked to general ledger accounts.

The most basic use of account groups consists in having a group for each type of account (assets, liabilities, equity, revenue, expenses). However, after creating the chart of accounts, it becomes easier to identify which additional groupings are needed. It is important to keep in mind that they will be used to structure financial statements and therefore, meet the needs of the organization's managers. A security group can also be connected to an account group. A manager could decide to single out an account related to the reimbursement of their business expenses in a group and apply security specific to that group.

The recommended coding for account groups is to use the first letter of the account type and pair it with a number between 00 and 99. An organization's asset accounts could be defined as follows:

Code	Account Groups
A00	Cash
A01	Current Assets
A02	Receivables
A03	Goods
A05	Fixed Assets

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[1] Attention, these groups must not be confused with groups explained in the presentation of the project management (PAG) concept; the latter referencing to standard expense types or incomes.

Code	Account Groups
A07	Long-Term Assets
A08	Advances to Shareholders

For more examples, refer to the chart included in the appendix.

Bank Accounts and Currency Management

Of course, each company, each corporation even, must customize its chart of accounts to perfectly match its needs. That is why separate accounts must be created for each bank account. It is also to avoid having to make currency conversions that some, who use multiple currencies, decide to use separate bank accounts. In any case, whether it be to generate financial statements or to perform transactions in the software, **maestro*** renders possible the use of multiple currencies, for which the current rate and/or rate to use must have been specified.

Financial Statements in maestro*

Maestro* makes it possible to elaborate its various financial reports. As previously mentionned, it offers the basic version of a balance sheet and income statement, from which can be created various other versions of these same report types, to meet various needs and customer preferences. It is also possible to create a report from scratch.

Desired lines and columns can be defined for each financial report. It is therefore important to think about the data to be displayed, compared, and... eventually printed (since the number of lines and columns is not limited, it is also important to consider this aspect)! The structure of projects and possible groupings, based on project types, project categories, and project departments, thus impact the possibilities for creating financial statements. It is important to take this into account when configuring projects in **maestro***. How do we want to analyse the company's profitability? Do we wish to view results by project, department, administrative region, division, service, etc.? Do we plan on comparing the current data with last year's figures at this time? Do we wish to display certain ratios and percentages?

The financial structure and configurations are directly linked to the report we wish to generate. And the best time to think about it is beforehand, before starting the implementation!

There are many advantages to using **maestro*'**s financial statements instead of simply doing them in an *Excel* file:

- The data used is available in real time;
- Users can generate and work on reports without creating files external to **maestro***;

- Users can generate multiple income statements of different formats to meets various needs (i.e. a very detailed report for internal users vs a more summarized report for the accountant);
- If needed, the currency conversion is performed in the software;
- Income statements can be generated at any time, even if they are not final;
- Users can drill into the data to understand the origin and source of certain amounts;
- Reports can be saved under different formats and/or transferred by email;
- When used in multidimensional mode, **maestro*** allows to generate consolidated financial reports;
- When resources are shared between different offices, companies, or divisions, or when using the **maestro*** multidimensional mode, masks can be used to filter the displayed information;
- Etc.

As the composition and presentation of financial reports are configurable, it is possible to make comparisons between actual values and budget forecasts. Some variables and ratios can also be added and calculated in the financial statements.

Finally, it should be mentionned that **maestro*** allows the configuration of print queues, i.e. combinations of lists and different financial report formats, which a user can print, for example, at the end of each period. All financial reports generated in **maestro*** can be exported in an *Excel* file and/or transferred by email.

The amount of detail and parameters available in **maestro*** ensures the display and drilling of countless data, linked to as many transactions. This is not without affecting the performance of the software, when used excessively. It is therefore important to limit the number of fragmentation levels (for data drilling) and the number of lines and columns to what is really needed, in order to fully benefit from the flexibility and efficiency that **maestro*** offers.

Display and Layout

Various financial statement display details can also be managed in **maestro***. Users can decide:

- the font and font size;
- whether they wish to round out displayed amounts or not;
- whether they wish to display zeros;
- whether they wish to display the account numbers as well as their description;
- the account display order;
- whether they wish to isolate certain accounts in the account group and/or perform account groupings;
- whether or not to display subtotals and/or totals;
- whether or not to display ratios;
- to automatically reverse a debit or credit income or expense to allow them to be added together;
- to mask certain information when printing;

- to add, in the financial statements, the quantities sold in order to also display the average cost per sold unit;
- etc.

Variables

In addition to ratios, variables can also be used in **maestro***'s financial statements. Some basic variables, such as BUDMENSANPREC (for the monthly budget of the previous year) and more than thirty others are already configured for users, but they also have the possibility to create new ones from scratch.

(?) *Frequently Asked Questions*

Is it possible to generate an income statement combining real incomes to date and projections made for the following month?

This type of functionality does not currently exist in **maestro***. For most construction companies, near 90% of the budget is linked to projects. As data is highly variable and subject to change, obtaining financial statements generated by **maestro*** that combine real and fictitious values could generate misperceptions and/or false indicators to an uninformed user.

Can reports be generated for cash flow management analysis?

Maestro* has a specific option and tools for cash flow analysis. Functionalities and analysis tables are available but managed in options separate from those dedicated to the creation of financial statements.

That said, **maestro*** allows the almost unlimited creation of reports and other financial documents to address specific needs.

When multiple companies or divisions are managed using maestro*, is it possible to generate combined or consolidated financial statements? What is the difference between the two?

Consolidated Financial Statement

Consolidated financial statements are only available in multidimensional mode, meaning when more than one company of a corporation are managed by **maestro***, that ressources are shared between these companies, and that intercompany entries are generated.

Consolidating the financial statements of two or more companies in **maestro***, in multidimensional mode, ensures that the software applies the appropriate financial rules specific to the consolidation. In fact, when generating the consolidated income statement, a confirmation page is printed and displays the balance of intercompany accounts at 0. Internal incomes and expenses are therefore cancelled out. The data of all the companies in the corporation are compulsorily pooled.

Combined Financial Statement

The production of combined income statement is possible for all companies managing more than one company or division in **maestro***, including those managed using the multidimensional mode. However, the account balances are only added; the intercompany income and expense accounts are not eliminated. The user determines, using the prefixes linked to the companies, which values will be added. They can therefore decide, for example, to combine the revenues and expenses of two out of five companies. If they decide to combine the data of all companies, the latter will add-up, but the internal incomes and expenses will not cancel out, as is the case when generating consolidated financial statements.

> Please refer to the document concerning the **maestro*** multidimensional mode for more information on this subject and to decide, with your implementation specialist, on the best strategy for your company.

REMINDER

- **Maestro***'s project structure allows to complement and therefore reduce the need to have various general ledger accounts.
- Using this project structure and the possibility to filter information by project - activity - group and/or use project groupings by type, category, or department eliminates the need to create an equivalent account for each project.
- The projects - activities - groups are linked to general ledger accounts and allow for different drilling levels. They thus act as matrices and filter the information to be generated.
- Each general ledger account created must be assigned a groupe identification code, such as the account type (assets, liabilities, equity, income, or expenses).
- **Maestro*** allows the grouping of general ledger accounts; these account groups are therefore used to determine the groups used for financial statement presentation and to group accounts.
- **Maestro*** offers a basic version of a balance sheet and income statement, from which can be created various other versions of these same report types, to meet a variety of needs.
- With **maestro***, it is possible to customize financial statements:
    - Every line in a financial statement can be configured;
    - It is possible to manage the displayed columns in financial statements, in order to perform calculations between data, use variables, and view ratios.
- The presentation and display of financial reports can also be customized.
- All financial reports generated with **maestro*** can be exported to an *Excel* file and/or shared through email.
- **Maestro*** allows the configuration of print queues, i.e. combinations of lists and different financial report formats, which a user can print, for example, at the end of each period.
- When a balance sheet, income statement, or trial balance are displayed on the screen, it is possible to drill on each of the accounts to view the transactions and find out what generated the account balance.
- During the **maestro*** implementation, it is possible to import the company's chart of accounts using an *Excel* file containing the necessary information.

	ACCOUNTING AND FINANCIAL STATEMENTS IN MAESTRO* - FOOD FOR THOUGHT

☐ What is the size of your chart of accounts? How many accounts does it hold: 200, 1000, etc.?

☐ Do you have equivalent accounts for each project?

☐ Which account groupings would you like to make?

☐ Do any of these account groupings require special security?

☐ Do you use customized financial statements or statements other than the balance sheet and income statement? What is their composition? Do you wish to modify or add to the displayed data?

☐ What do you want to compare and evaluate (ratios) on these reports?

☐ What is the start date of your fiscal year? When do your periods close?

☐ What cheque format(s) do you use?

☐ What are the cheque statuses that should be set up in **maestro***?

☐ How many bank accounts do you have?

☐ Do you need to manage foreign currencies?

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APPENDIX - DEFAULT ACCOUNT LIST SUGGESTED BY MAESTRO

Account	Description	Group	Description
10000	Bank	A00	CASH
10005	Bank Revenue	A00	CASH
10010	Bank Wages	A00	CASH
10020	Bank Direct Payment	A00	CASH
10050	Petty Cash	A00	CASH
11000	Prepaid Expenses	A01	CURRENT

Account	Description	Group	Description
11100	Employee Advances	A01	CURRENT
11200	Supplier Advances	A01	CURRENT
12000	Accounts Receivable	A02	ACCOUNTS RECEIVABLE
12100	Withholding on Sales	A02	ACCOUNTS RECEIVABLE
12800	Allowance for Doubtful Accounts	A02	ACCOUNTS RECEIVABLE
13000	Inventory	A03	INVENTORY
13100	Work in Progress	A03	INVENTORY
15000	Land	A05	FIXED ASSETS
15100	Building	A05	FIXED ASSETS
15150	Cumulative Depreciation Building	A05	FIXED ASSETS
15200	Computer Hardware and Software	A05	FIXED ASSETS
15250	Cumulative Depreciation Hardware and Software	A05	FIXED ASSETS
15300	Office Furniture and Fixtures	A05	FIXED ASSETS
15350	Cumulative Depreciation Office Furniture and Fixtures	A05	FIXED ASSETS
15400	Equipment and Tools	A05	FIXED ASSETS
15450	Cumulative Depreciation Equipment and Tools	A05	FIXED ASSETS
15500	Rolling Stock	A05	FIXED ASSETS
15550	Cumulative Depreciation Rolling Stock	A05	FIXED ASSETS
17000	Instal. Payment Provincial	A07	LONG-TERM ASSETS
17500	Instal. Payment Federal	A07	LONG-TERM ASSETS
18000	Advances to Shareholders	A08	ADVANCES TO SHAREHOLDERS
20000	Bank Overdraft	P00	CURRENT LIABILITIES
20100	Line of Credit	P00	CURRENT LIABILITIES
21000	Accounts Payable	P01	ACCOUNTS PAYABLE
21100	Withholding on Purchase	P01	ACCOUNTS PAYABLE
21200	Customer Advances	P01	ACCOUNTS PAYABLE
22000	Salaries Payable	P02	SALARIES
22100	Accrued Salaries	P02	SALARIES
22101	Accrued Fringe Benefits	P02	SALARIES

Account	Description	Group	Description
22102	Accrued Expenses	P02	SALARIES
22150	Vacation Payable	P02	SALARIES
22200	CCQ Payable	P02	SALARIES
22210	QRBHCA Payable	P02	SALARIES
22300	Payroll Deductions Federal	P02	SALARIES
22350	Payroll Deductions Provincial	P02	SALARIES
22360	Alimony Garnishing Payable	P02	SALARIES
22370	Pension Fund Payable	P02	SALARIES
22380	CNESST Payable	P02	SALARIES
22390		P02	SALARIES
22395	Group Insurance	P02	SALARIES
22400	Union Payable	P02	SALARIES
23000	Accrued Liabilities	P03	PAYABLES
23005	Accrued Liabilities Subcontractors	P03	PAYABLES
25000	GST Payable	P05	TAXES
25100	QST Payable	P05	TAXES
25200	GST and QST on Purchase	P05	TAXES
25300	GST Receivable	P05	TAXES
25400	QST Receivable	P05	TAXES
25500	GST and QST on Receivable	P05	TAXES
26000	Income Tax Payable Federal	P05	TAXES
26100	Income Tax Payable Provincial	P05	TAXES
27000	Long-term Loans	P07	LONG-TERM LIABILITIES
28000	Shareholders Advances	P08	SHAREHOLDER LIABILITIES
28100	Dividends Payable	P08	SHAREHOLDER LIABILITIES
29999	Machinery Accrued	P99	INTERCEPTION GROUP
30000	Share Capital	C01	EQUITY
32000	Dividends	C01	EQUITY
35000	Retained Earnings	C01	EQUITY
40000	Revenues	R00	REVENUES
41000	Sales Discounts	R00	REVENUES
45000	Revenues Interests	R05	INVESTMENT INCOME

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Account	Description	Group	Description
49999	Revenues Internal	R00	REVENUES
50000	Cost of Goods Sold	D00	COGS
51000	Purchases	D01	MATERIALPURCHASES
51150	Purchase Discounts	D01	MATERIALPURCHASES
52000	Salaries Work Site	D02	DIRECT LABOR
52500	Social Benefits	D02	DIRECT LABOR
53000	Equipment	D03	EQUIPMENT
54000	Subcontractors	D04	SUBCONTRACTORS
55000	Other Costs	D05	OVERHEAD COSTS
57000	Motor Vehicle Costs	D05	OVERHEAD COSTS
58000	Depreciation	D05	OVERHEAD COSTS
59999	Expenses Internal	D05	OVERHEAD COSTS
60000	Sales Costs	D06	SALES COSTS
70000	Salaries Administration	D07	ADMINISTRATIVE COSTS
70100	Administration Social Benefits	D07	ADMINISTRATIVE COSTS
71000	Rent	D07	ADMINISTRATIVE COSTS
71100	Electricity	D07	ADMINISTRATIVE COSTS
71200	Heating	D07	ADMINISTRATIVE COSTS
71300	Maintenance	D07	ADMINISTRATIVE COSTS
72000	Office Costs	D07	ADMINISTRATIVE COSTS
72100	Computer Supplies	D07	ADMINISTRATIVE COSTS
72200	Hospitality Costs	D07	ADMINISTRATIVE COSTS
72300	Phone	D07	ADMINISTRATIVE COSTS
72400	Internet	D07	ADMINISTRATIVE COSTS
73000	Taxes, Licences and Permits	D07	ADMINISTRATIVE COSTS
75000	Depreciation	D07	ADMINISTRATIVE

Account	Description	Group	Description
			COSTS
80000	Interest and Bank Costs	D08	FINANCIAL COSTS
90000	Income Tax	D09	INCOME TAXES
91000	Deferred Income Tax	D09	INCOME TAXES
99999	Interception Account	P99	INTERCEPTION GROUP