

ThinCats User Manual

Version 2.0

Financial Reports Supplement

Introduction

This supplement provides a brief introduction to the new financial reports module, released by ThinCats on 29 January 2014. It assumes that users are familiar with the basics of the ThinCats interface, as described in the main User Manual.

We hope to incorporate this material in a future edition of the manual. Meanwhile, comments are welcome (via either forum).

Warning: The nominal ledger report is very long. For some lenders it may run to several hundred pages. We strongly recommend that you do not print it to paper. Alternatives are described on page 8.

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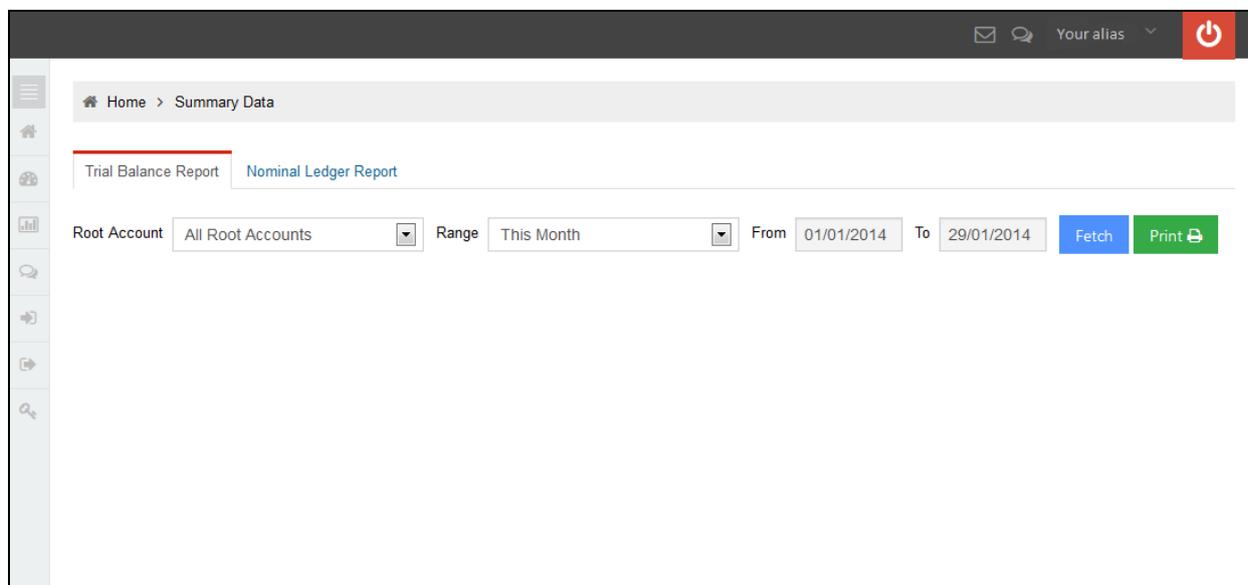
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Accessing the Reporting Module and Generating Reports

The reporting module is accessed via a new Reporting button  in the Sidebar.

Users on small screens have a corresponding menu item in their pull down menu at the top of the screen. Two reports are available - Trial Balance and Nominal Ledger. The module opens at the Trial Balance tab:



The two tabs have identical pull-down menus from which you can select the accounts and date range for which you want to generate a report. Just make your selection and click on Fetch. No report will be displayed until you click on Fetch.

Neither tab contains a Back button. The only way out of the reporting module is via the menu.

Accounts options

The options for the range of accounts are:

All Root Accounts	All accounts.
Current Assets	This contains all your asset accounts except long term assets (see below). It also (wrongly) includes your Client Account, as a large negative item, and VAT due from HMRC, which for most lenders will be an expense (see page 3).
Current Liabilities	As far as we know these accounts are not used for lenders. They should all have nil balances.
Long Term Assets	This is your investments no longer in Suspense. It corresponds to 'Assets' on the Dashboard.
Retained Earnings	Profits less losses.

See the Trial Balance section for more information about these accounts and what they mean.

Selecting a limited range can be useful if you want to focus on particular areas. Unfortunately, it is not possible to drill down further and generate reports on individual accounts. However, as we shall see, the nominal ledger report includes a partial fix for this.

Trial Balance Report

The Trial Balance Report provides a summary of your ledger accounts on ThinCats, in three columns:

- *Forward* Balance at the start of the selected period
- *Net change* Change during the period
- *Balance* Balance at the end of the period

Current Assets

Below is the top part of the trial balance report, showing Current Assets:

Trial Balance Report			
(Currency: British Pound)			
(From 01/12/2013 To 31/12/2013)			
Client:			Address:
Name: Redacted			Redacted
Organisation: Redacted			
Ref. Redacted			
Current Assets			
Account	Forward	Net Change	Balance
Bank Cleared	3,211.68	-3,062.99	148.69
Bank Uncleared	.00	.00	.00
Bank Suspense	9,000.00	-7,000.00	2,000.00
Client Account	-67,324.95	-2,077.86	-69,402.81
Income Tax due from HMRC	.00	.00	.00
Debtors Control	122.68	-2.21	120.47
VAT due from HMRC	.00	.00	.00
	-54,990.59	-12,143.06	-67,133.65

Bank Cleared	This is the same as the Cash account on your Dashboard.
Bank Uncleared	This is used by ThinCats during the posting process. All receipts go in and out of this account, but the total should always be nil.
Bank Suspense	This is the same as the Suspense account on your Dashboard.
Client Account	This should be the total of your net deposits on the platform (deposits less withdrawals) and is in the wrong place. As we explain later, it should be adjacent to Retained Earnings.
Income tax due from HMRC	As far as we know, this account is not used for lenders.
Debtors Control	This corresponds to Debtors on your Dashboard. There are a lot of postings in and out of this account each month (see nominal ledger for details), which is why it can fluctuate while postings are being made. But when postings are complete it should settle down to a relatively small number. See the main Manual for what is and is not included in Debtors.
Vat due from HMRC	This is VAT on ThinCats fees. The caption, and the presentation within current assets, assumes it will be recoverable from HMRC. For corporate lenders this may be true, but for most lenders, particularly individuals, it will be an expense (see page 6).

Trial Balance Report (cont.)

Current Liabilities and Long Term Assets

Moving on down the trial balance, we come to Current Liabilities and Long Term Assets:

Current Liabilities			
Account	Forward	Net Change	Balance
Income Tax Holding Account	.00	.00	.00
Income Tax due to HMRC	.00	.00	.00
Purchase Control	.00	.00	.00
VAT due to HMRC	.00	.00	.00
VAT due to/from	.00	.00	.00
	.00	.00	.00

Long Term Assets			
Account	Forward	Net Change	Balance
Principal Outstanding	55,699.30	12,513.56	68,212.86
	55,699.30	12,513.56	68,212.86

As noted previously, we don't think any of the Current Liability accounts are used for lenders.

The only Long Term Asset is Principal Outstanding, which is the same as 'Assets' on your Dashboard, ie the total par value of your investments, excluding both (a) those in suspense, and (b) debtors.

If you wish, you can hide Current Liabilities using the arrow button circled above. When hidden, Current Liabilities look like this:

Current Liabilities			
Long Term Assets			
Account	Forward	Net Change	Balance
Principal Outstanding	55,699.30	12,513.56	68,212.86
	55,699.30	12,513.56	68,212.86

It would be more usual for the arrows to turn through 90 degrees when the item is hidden, but this does not happen.

Any account group can be hidden. If a hidden account group contains a balance the trial balance will not add up.

Trial Balance Report (cont.)

Retained Earnings

The final part of the trial balance shows Retained Earnings, together with a grand total:

Retained Earnings			
Account	Forward	Net Change	Balance
Capital Discount	272.97	2.28	275.25
Capital Gain	.00	.00	.00
Capital Loss	.00	.00	.00
Capital Premium	.00	.00	.00
BLN Listing Fees	.00	.00	.00
Interest Write Off	.00	.00	.00
Principal Write Off	.00	.00	.00
Interest	-981.68	-372.78	-1,354.46
	-708.71	-370.50	-1,079.21
Total	.00	.00	.00

In principle, Retained Earnings should comprise all of your profit and loss accounts. Profits are shown as negative items and expenses/losses as positive. This sign convention follows the double entry bookkeeping and ensures the trial balance always adds up to zero (assuming there are no errors).

The order is not very logical:

Capital Discount	This is the total of premiums paid on secondary market purchases. The ThinCats system treats premiums paid as an immediate expense.
Capital Gain	This is the gain on sales made on the secondary market (before ThinCats fees).
Capital Loss	Not sure but may be losses on sales on the secondary market.
Capital Premium	Don't know. Neither of us has anything in this account. May not be used for lenders?
BLN Listing Fees	This is the fees for listing on the secondary market, excluding VAT.
Interest Write Off	Not seen by us but we assume that interest written off bad debts may be included here, if the interest has previously been recognised as income. We find it hard to envisage when this might happen, since ThinCats do not currently post interest until after it has been received.
Principal Write Off	Not seen by us but presumably will be used for any principal amount that is written off as irrecoverable. This account probably will not be used until after the recovery process is complete and the final outcome is known.
Interest	Interest income. What we are all here for!

Trial Balance Report (cont.)

Understanding Retained Earnings

Subject to the issues noted below:

- the **balance** of Retained Earnings at any date should equal your cumulative net profits to that date, and
- the **change** for any period should equal your profits for that period.

For example, if you were preparing your tax return for the year ended 5 April 2013, you would want the profit and loss account for that year so you would ask for the trial balance report for the period starting on 6 April 2012 and ending on 5 April 2013. The profit and loss information for your tax return would then be in the middle column, headed “Net Change”.

You might choose to generate the whole trial balance, showing all of your accounts, or you might choose to generate a report of retained earnings only. Be careful before you do that, however, because it may be incomplete...

Problems with Retained Earnings

There are two problems with Retained Earnings as currently reported:

1. It excludes the VAT on secondary market listing fees, which for most lenders is an expense. Fortunately this is easy to find. It is the total in the account “VAT due from HMRC”, within Current Assets. To get the true Retained Earnings (for most lenders) this account needs to be taken out of Current Assets and put into Retained Earnings.
2. There is no account within Retained Earnings for non-standard income such as underwriting fees, early bidder bonuses, or pre-drawdown “interest” (which is not really interest, because it is not paid on borrowed money). There really should be separate accounts for these items or, at the very least, a catch-all account for “other income”. Because they have nowhere to put it, ThinCats have been crediting this income not to Retained Earnings but to the Client Account, treating it as if it were a deposit from the lender. As a result, this income (which is taxable as income for UK lenders) has been left out of Retained Earnings.

Lenders with non-standard income need to track it down and add it to their Retained Earnings. This requires some work. There are two ways to do it:

(a) make sure to keep a separate record of this other income as and when it arises. This is the best and easiest way; or

(b) find and print (or download) the transactions on the Client Account from the nominal ledger (see page 8). Then find out which of the deposits on the Client Account are not real deposits, by comparing them with your bank statements. Yes, really.

Once you have identified the non-standard income, it needs to be added to Retained Earnings / profit or loss, and deducted from the Client Account.

Having to make these adjustments is onerous and will have to be done manually in a spreadsheet. It is to be hoped that these issues will be fixed soon.

Trial Balance Report (cont.)

Understanding the Trial Balance as a Whole – Client Funds

The trial balance reports the net assets you have on ThinCats and the funds that you have supporting those assets (Client Funds).

Client Funds comprise the net funds that you have deposited with ThinCats (your Client Account) plus your Retained Earnings, which are the amount by which those funds have grown. Using the sign convention adopted by ThinCats, whereby profits are negative, Client Funds in total are equal and opposite to net assets. Taking the closing balances from the trial balance above:

Net Assets	£	Client Funds	£
Current Assets (excluding the Client Account)	2,269.16	Client Account	-69,402.81
Long Term Assets	<u>68,212.86</u>	Retained Earnings	<u>-1,079.21</u>
Total	<u>70,482.02</u>		<u>-70,482.02</u>

This begins to look a bit like an ordinary balance sheet, which should not be surprising. It would look even more like an ordinary balance sheet if the sign convention for Client Funds was reversed so that the Client Account and Retained Earnings were shown as positive items.

It should be noted that the Total above differs from the Total on the Dashboard, because it includes Debtors, which the Dashboard does not.

Accounts Generator

A workbook to generate a basic set of accounts from the Trial Balance Report is available here:

<http://www.forum.thincats.net/wp-content/uploads/2014/01/Accounts-generator.xls>

As well as preparing the accounts for you, it automates the adjustment for irrecoverable VAT and includes a space to enter your adjustments for non-standard income (underwriting fees, etc).

Printing and Exporting

Printing the trial balance report is easy using the Print button. If you want a permanent electronic record, you can print to pdf. If you have a scanner, you probably already have print to pdf software. If not, free programs such as PrimoPDF are available online.

You can also print using your browser's print command, but it will not look the same and there may be some formatting errors.

There is at present no export to Excel function, but we understand that this is planned for a future release.

Meanwhile, sections can be copied to Excel using click-and-drag to select, then Copy and Paste Special as text into Excel. This works in all supported browsers (Chrome, Firefox, Safari). If you want to copy the whole report, Select All (Ctrl-A) is easier than click-and-drag.

Nominal Ledger Report

The Nominal Ledger Report provides a detailed record of all of the transactions on your ledger accounts. The options for generating a report are exactly the same as for the Trial Balance Report (see page 2).

Printing and Exporting

Printing and exporting works the in same way as for the Trial Balance Report (page 7).

If you print using the Print button in the application, the printed report also includes running headers, which help you find your way around the report. The printed report is even longer than the on-screen version. For many lenders the full report may run to hundreds of pages, so we do not recommend printing to paper. Printing to pdf is the best solution if you want to keep a record.

The Print button does not allow you to print only part of a report. If you want to print part of a report to paper, there are three options:

- Print the report to pdf first, then print your chosen page(s) from the pdf
- Highlight what you want and use your browser's print function to print the selection. This may not always format correctly, and you will not get running headers.
- Highlight what you want, copy and paste into Excel and work on it there

Managing the Length of the Report

To find an individual account you have to either scroll through the whole report or (if you know what you are looking for) use the Find function in your browser.

Fortunately the accounts in the Nominal Ledger are in the same order as in the Trial Balance and have the same names, so you can use the Trial Balance as a "road map" to the Nominal Ledger. If you first print out the Trial Balance Report for the relevant period, this will give you the balances for the period, which may be useful in conjunction with the Find function.

Other ways to manage the length of the report are:

- You can generate the report for just a group of accounts, not the whole nominal ledger.
- You can generate the report for a short period.
- The report has hide arrows, similar to the trial balance, which you can use to focus on a single account. Any accounts that are hidden on screen will remain hidden when you print the report.

The example on the next page is a Current Assets report for one month only. The arrows have been used to hide the details of all except the Bank Suspense account, which corresponds to Suspense on the Dashboard.

Other Features

The columns and headings in the example are common to all reports. The first of the grey shaded headers contains a useful summary of the movements on the account for the period. The opening and closing balances will agree to the trial balance for the period.

Note that the transactions are reported in reverse date order, with the most recent at the top.

Nominal Ledger Report							
(Currency: British Pound)							
(From 01/12/2013 To 31/12/2013)							
Client:			Address:				
Name: Redacted			Redacted				
Organisation: Redacted							
Ref: Redacted							
<div style="display: flex; justify-content: space-between; align-items: center;"> Bank Cleared (Balance: £148.69) ▼ </div>							
<div style="display: flex; justify-content: space-between; align-items: center;"> Bank Uncleared (Balance: £.00) ▼ </div>							
<div style="display: flex; justify-content: space-between; align-items: center;"> Bank Suspense (Balance: £2,000.00) ▼ </div>							
Bank Suspense		Start: 9,000.00	Debits: 6,013.80	Credits: 13,013.80	Balance: 2,000.00		
Ref.	Date	Description	Counterparty	Debits	Credits	Balance	
GT 413	23/12/2013	Bid allocated amount disbursed (Auction: KOH Business Development Loan)	Redacted		2,000.00	2,000.00	
GT 409	23/12/2013	Bid allocated amount disbursed (Auction: Bradshaw Land Development Loan)				1,000.00	4,000.00
GT 407	23/12/2013	Bid allocated amount disbursed (Auction: Phase Four Creative)				1,000.00	5,000.00
GT 406	23/12/2013	Capital Discount (Auction: Phase Four Creative)				2.28	6,000.00
GT 405	23/12/2013	Price Difference Refund (Auction: Phase Four Creative)				11.52	6,002.28
GT 408	19/12/2013	Bid allocated amount disbursed (Auction: Street UK Loan 2)				1,000.00	6,013.80
GT 404	18/12/2013	Auction Offer (Auction: Bradshaw Land Development Loan)			1,000.00		7,013.80
GT 403	18/12/2013	Auction Offer (Auction: UK Exim Loan 3)			1,000.00		6,013.80
GT 402	18/12/2013	Auction Offer (Auction: Phase Four Creative)			1,013.80		5,013.80
GT 395	16/12/2013	Auction Offer (Auction: Odyssey Airlines Loan 2)			1,000.00		4,000.00
GT 398	13/12/2013	Bid allocated amount disbursed (Auction: Highpad Property Development Loan (Re-listed))				5,000.00	3,000.00
GT 345	12/12/2013	Auction Offer (Auction: KOH Business Development Loan)			2,000.00		8,000.00
GT 346	06/12/2013	Bid allocated amount disbursed (Auction: Segkind Relisted at Fixed rate)				1,000.00	6,000.00
GT 344	02/12/2013	Bid allocated amount disbursed (Auction: Guaranteed Asphalt Ltd 3 £950k)				2,000.00	7,000.00
<div style="display: flex; justify-content: space-between; align-items: center;"> Client Account (Balance: £-69,402.81) ▼ </div>							
<div style="display: flex; justify-content: space-between; align-items: center;"> Income Tax due from HMRC (Balance: £.00) ▼ </div>							
<div style="display: flex; justify-content: space-between; align-items: center;"> Debtors Control (Balance: £120.47) ▼ </div>							
<div style="display: flex; justify-content: space-between; align-items: center;"> VAT due from HMRC (Balance: £.00) ▼ </div>							

Example “focused” nominal ledger report as it appears on screen – see page 8 for description

Nominal Ledger Report (cont.)

Description of the Accounts

For a general description of the accounts, please see the pages on the Trial Balance Report. Some particular points to highlight with regard to the nominal ledger are noted below.

Assets and Liabilities

Bank Uncleared	This very long account, which is used by ThinCats during the posting process, should always total to nil. If it does, you can safely ignore it. You may wish to hide it in any reports.
Client Account	This account is relatively short and you will need a report of it if you have non-standard income, which will have been mis-posted to this account by ThinCats (see page 6). See page 8 for how to produce a “focused” report.
Debtors Control	Another very long account, which corresponds to Debtors on the Dashboard. Unfortunately, the large number of postings obscures the individual debtor balances within it. A spreadsheet for finding the debtors is available here: http://www.forum.thincats.net/wp-content/uploads/2014/01/DebtorsThincats.xls Remember, Debtors have nothing to do with late payments. If there is no payment there will be no accounting entry (see Limitations, page 11).
Current Liabilities	All accounts should be nil for lenders and, if so, can be hidden in any report. This includes the very long account “VAT due to HMRC”, which is full of transactions all of which are zeroes.

Retained Earnings

Capital Discount	} These accounts should all be relatively short. If you have anything in them, you may need the information for your tax return so it is well worth printing off a Retained Earnings report showing the details for each tax year.
Capital Gain ¹	
Capital Loss	
Capital Premium	
BLN Listing Fees	
Interest Write Off	
Principal Write Off	
Interest	Another long account. It is unlikely that HMRC will need a breakdown of the interest, so if you are printing your Retained Earnings report to paper we recommend that you hide it. You can pick up the total interest for the year from the corresponding Trial Balance Report, and/or print a pdf showing the full details, in case needed.
Adjustments	If applicable, do not forget to make the adjustments described on page 7.

¹ NB gains on sales during the first month of SM3 (the third stage of the secondary market) were initially posted back to front but were reversed and then corrected within the month. Hence these sales will have multiple entries in the ledger.

Limitations

The reporting package is useful for providing supporting information for tax returns, and for finding additional information about some accounts, which was not available before – including the Client Account and Debtors.

However, it does have some limitations. In particular:

- There is no investments ledger with details of your investments loan by loan. The only way to access this information is via the Dashboard > Loans Invested In > View Loan Financials, individually for each loan.
- It can only report what is in the system. ThinCats do not post accruals or late payments to the ledger, so there is no information whatsoever about late payments. Debtors do not represent late payments.