

Managing journal entries

Goal: Learn how to record and change journal entries in Ajera.

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A *journal entry* is a group of related transactions with offsetting credit and debit amounts that total zero when the journal is in balance.

It is a common practice to record any adjusting or closing entries for business transactions and amortization or prepaid insurance expenses *before* you print financial statements.

Although these adjusting entries affect financial reporting, they have no effect on project reporting.

In this lesson, you will learn how to create a journal entry, change it, review it in the session journal, and print a financial statement that includes the journal entry.

To learn how to save time on journal entries that you make repeatedly, see the *Setting up and creating recurring journal entries* quick lesson.

Important! Before making journal entries, you must know which accounts to debit and which to credit. Consult your CPA for the appropriate entries to make, if needed.

In this lesson, you will make a journal entry to this account.

Financial Statement - Balance Sheet Group

September 2011

Accutera Architects
Balance Sheet
9/30/2011

Basis : Accrual
Printed : 10/28/2011

Assets

Current Assets

1110 Bank Account - Checking	\$113,891.03
1120 Bank Account - Payroll	11,668.41
1130 Petty Cash	183.70
1140 Pending Deposits	55,203.29
1210 Accounts Receivable	150,551.34
1220 Employee Receivables	(75.00)
1310 Work In Progress- Labor	106,232.28
1320 Work In Progress - Expenses	8,143.52
1330 Work In Progress - Consultants	24,195.00
1410 Prepaid Expenses	(0.01)
1420 Short Term Investments	28,976.68
Total Current Assets	\$498,970.24

Balance Sheet-Balance Sheet

Close Print Export Help

Step 1: Enter a journal entry

You enter journal entries on the **New** tab of the Manage Journal Entries window.

1. Click **Manage > Journal Entries**.
2. Enter general information about the entry:

You would use this field if you were entering an auto-reversing journal entry. For more information, see the [Setting up auto-reversing journal entries](#) quick lesson.

This date determines the period for which the journal entry appears on financial statements.

The Reference ID, Description, and Notes fields are optional and print on the Journal Entries report, allowing you to track the journal entry for auditing and reporting purposes.

When you enter a journal entry, Ajera automatically creates both accrual and cash accounting entries. The accounting basis you select applies to the entire set of transactions that make up the journal entry. It determines how and when revenue, cost, and expense are recognized to the general ledger.

Step 1: Enter a journal entry (continued)

- Now, debit and credit the accounts. You enter an amount as a debit to increase expenses. You enter an amount as a credit to increase income:

The screenshot shows a journal entry form with the following data:

Account	Department	Debit Amount	Credit Amount	Notes
1420 Short Term Investments		150.00		
9110 Interest Income	Admin		150.00	
		150.00	150.00	

Below the table, there is a button labeled "In balance". At the bottom of the form are buttons for "Close", "Edit", "Save", "Cancel", "Delete", and "Help".

Enter the debit to the Short Term Investments account.

Make an offsetting entry to balance the account.

- When the entry is in balance, click **Save**.

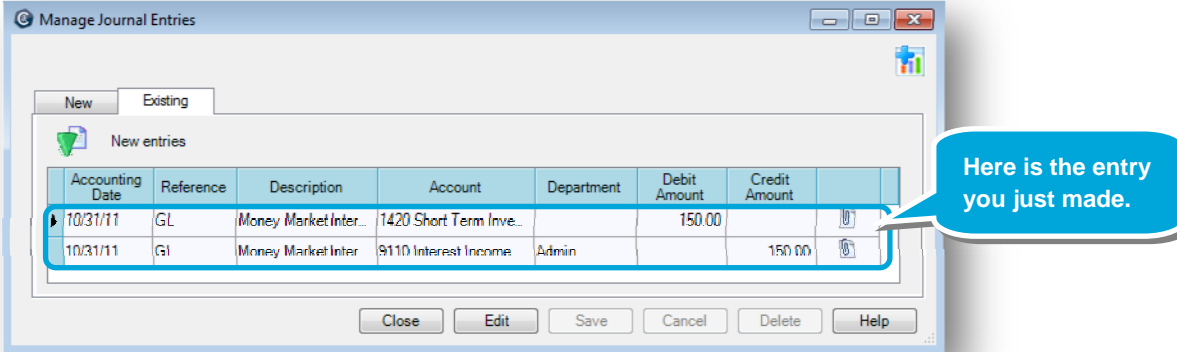
If you make regular journal entries using Expense or Other Income accounts, you can save time by using *allocated accounts*. When you select an allocated account, Ajera enters the amount per department for you.

For more information, see the [Setting up and using allocated accounts](#) quick lesson.

Step 2: Change the journal entry

You change journal entries on the **Existing** tab of the Manage Journal Entries window.

1. Click the **Existing** tab.



Manage Journal Entries


New Existing

New entries

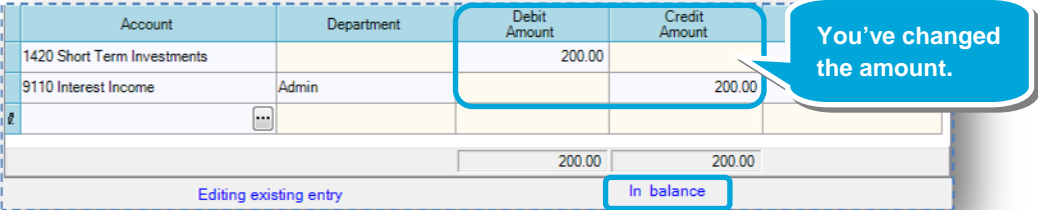
Accounting Date	Reference	Description	Account	Department	Debit Amount	Credit Amount
10/31/11	GL	Money Market Inter...	1420 Short Term Inve...		150.00	
10/31/11	GL	Money Market Inter	9110 Interest Income	Admin		150.00

Close Edit Save Cancel Delete Help

Here is the entry you just made.

Note: If the table does not display the entry you want, click the Change View  button and select the correct accounting date and entry status.

2. Let's change the entry. Select a row and click the **Edit** button. Change the entry.



Account	Department	Debit Amount	Credit Amount
1420 Short Term Investments		200.00	
9110 Interest Income	Admin		200.00
		200.00	200.00

Editing existing entry

In balance

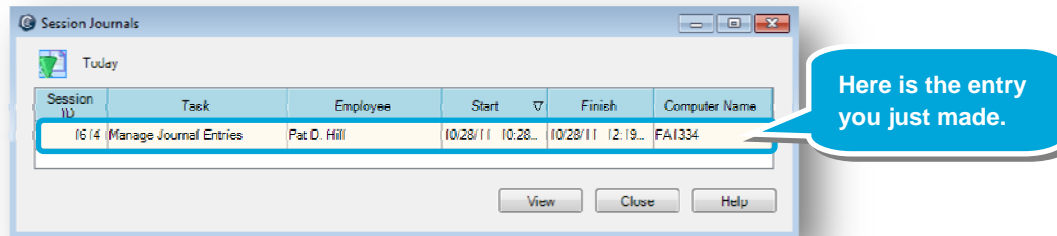
You've changed the amount.


3. When the entry is in balance, click **Save**.

Step 3: Review the session journal

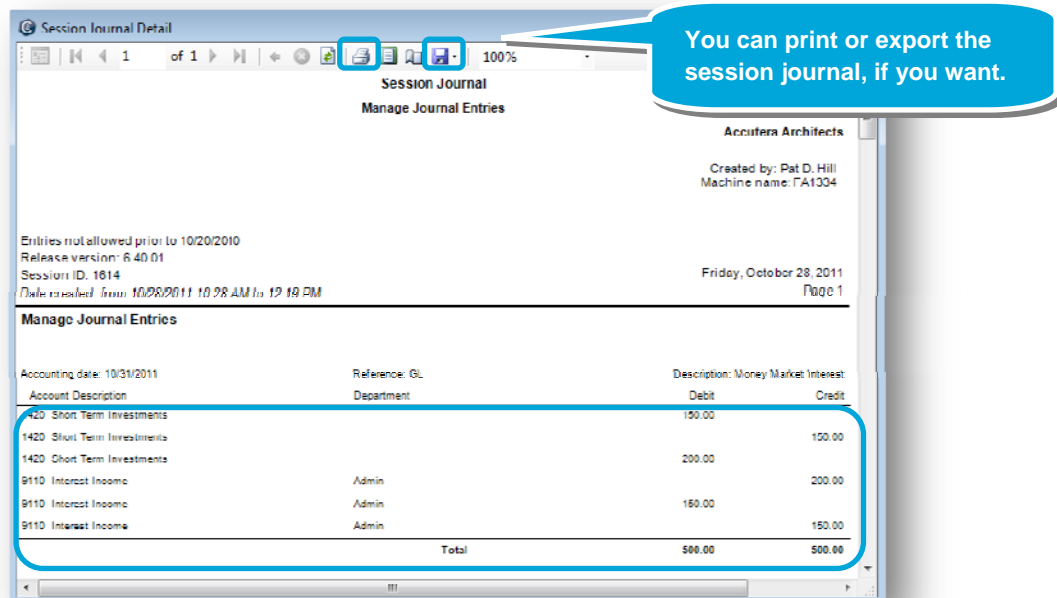
To review your journal entries, open the Session Journal.

1. Click **Reports > Session Journals**.



Note: If the table does not display the entry you want, click the Change View  button and select the correct date range and session type.

2. Click the session and click the **View** button to view the session journal.



3. Verify your entries and close the session journal.

Step 4: Print a financial statement with the journal entry

Now that you've entered and verified all the adjusting entries for the month, you're ready to print your financial statements.

1. Open the financial statement by clicking **Reports > Financial > Financial Statements** and selecting the statement group you want.

Financial Statement - Balance Sheet Group

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1320 Work In Progress - Expenses	8,143.52
1330 Work In Progress - Consultants	24,195.00
1410 Prepaid Expenses	(0.01)
1420 Short Term Investments	29,176.68
Total Current Assets	\$499,170.24

Balance Sheet-Balance Sheet

Close Print Export Help

You clicked Reports > Financial > Financial Statements > Balance Sheet Group for this statement.

Notice that this is now \$200 more than the amount shown on page 1.

The financial statement now includes the adjusting entry you made in this lesson.

2. Click the **Print** or **Export** button, if needed.
3. If you want a comparative view of your firm's financial position, you can view accrual or cash statements by selecting **Accrual** or **Cash** in the Financial Statement Groups window. You must have permission to manage financial statements to view this window.

For more information, in Ajera Help click **Contents > Statement groups**.

Summary

You now know to make enter and change journal entries before printing financial statements.

If you make make the same journal entries regularly, see the *Setting up and creating recurring journal entries* quick lesson.