

## Using Journal Entry

Journal entries are used to make adjustments, changes, corrections and reallocations to accounts. A journal entry is commonly not a transaction such as a sale, purchase or banking.

Whilst using a journal entry is convenient to make changes, it is recommended that if you are unsure as to the impact a journal entry will have in your accounts, please consult your accountant or advisor.

A journal entry will impact two accounts and consistently with double entry, the values affecting the two accounts must be in balance.

Liberty Accounts provides the following types of Journal entries:

- ◆ Basic Journal
- ◆ Memorised Journal
- ◆ Reversing Journal
- ◆ Fixed Asset Journal
- ◆ Operating Lease Journal

### Basic Journal

Creating a Journal is accessed via the **ENTITY NAME** menu

**ENTITY NAME → JOURNAL ENTRY**

Note that if the **Prompt for Analysis** box (set in **Profile**) is ticked then when transactions are entered which require analysis to branches; the analysis tab is presented first by default so that the required analysis is not forgotten.

- ◆ Select a **Relates To** connection from the dropdown list if the journal is associated with one
- ◆ As this journal is basic, leave the **Reversing** check box and **Date** field empty

Journal
Analysis
Memorise

Relates To:  ?      Reference:  ?

Reversing Journal:   ?      Date:  ?

Non-VAT  
  VAT Input (eg Expense)  
  VAT Output (eg Income) ?

Memo:

(A)dd Item
(U)ndo Item
(G)ive Item
(R)eset
Submit
Delete
Cancel

Account ?	Debit ?	Credit ?	VAT Rate ?	VAT Amount ?	Memo
1 ...Sales - Consulting			1000.00	17.5%	175.00
2 VAT Control			175.00		
3 Other Debtors	1175.00				
4					
5					
6					
7					
8					
	1175.00	1175.00		175.00	

- ◆ Enter a **Reference** if necessary.
- ◆ The **Date** defaults to to-days date, this to can be amended. This date is the transaction date for system recording.
- ◆ If the Journal is to impact the VAT control account and the VAT100 return then select whether it needs to be included in the output tax side (as a supply) by clicking the **VAT**

**Output (e.g. income)** button or the input tax side (as an acquisition) by clicking the **VAT Input (e.g. Expenses)** button. If there is

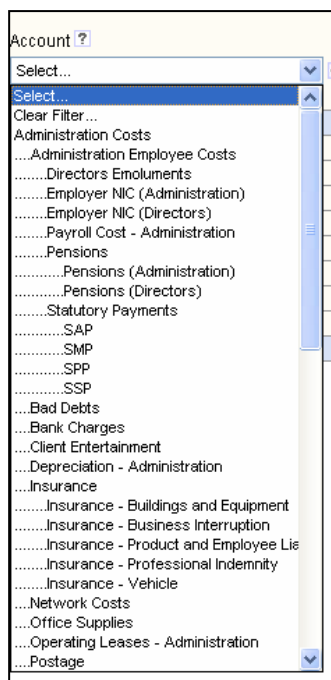
Single Tx VAT testing VAT Transaction Report For the period February 1, 2007 to April 30, 2007									
Type	Tax Point	Reference	Name	Memo	VAT Code	VAT Rate	VAT Amount	Net Amount	VAT 100
<b>Outputs</b>									
Journal Entry	30/04/2007				S1	0.175	175.00	1,000.00	
Total Outputs for current VAT period							175.00	1,000.00	
<b>Total Outputs</b>							175.00	1,000.00	
<b>Total Inputs</b>							0.00	0.00	
<b>Total VAT Owed(Due)</b>							175.00	1,000.00	

no VAT impact then leave the **Non VAT** default. The VAT impact from the above Journal can be seen in the VAT transaction report extract

- ◆ The **Memo** field can be used to enter free format descriptive text, it can be left blank.

The line items that make up the journal now need to be added. A line item is an account and the value which will impact it.

- ◆ **ADD ITEM** accesses the Line Item input. Click on the Account dropdown; a selection dropdown appears displaying account types. Select the relevant account type to display the accounts available under that account type. Select the account desired.
- ◆ To return to the list of account types click **CLEAR FILTER** and repeat if necessary.



Account ?

Select...

Select...

Clear Filter...

Administration Costs

...Administration Employee Costs

.....Directors Emoluments

.....Employer NIC (Administration)

.....Employer NIC (Directors)

.....Payroll Cost - Administration

.....Pensions

.....Pensions (Administration)

.....Pensions (Directors)

.....Statutory Payments

.....SAP

.....SMP

.....SPP

.....SSP

...Bad Debts

...Bank Charges

...Client Entertainment

...Depreciation - Administration

...Insurance

.....Insurance - Buildings and Equipment

.....Insurance - Business Interruption

.....Insurance - Product and Employee Lie

.....Insurance - Professional Indemnity

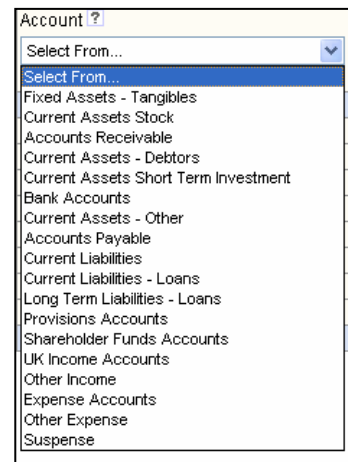
.....Insurance - Vehicle

...Network Costs

...Office Supplies

...Operating Leases - Administration

...Postage



Account ?

Select From...

Select From...

Fixed Assets - Tangibles

Current Assets Stock

Accounts Receivable

Current Assets - Debtors

Current Assets Short Term Investment

Bank Accounts

Current Assets - Other

Accounts Payable

Current Liabilities

Current Liabilities - Loans

Long Term Liabilities - Loans

Provisions Accounts

Shareholder Funds Accounts

UK Income Accounts

Other Income

Expense Accounts

Other Expense

Suspense

- ◆ Enter the value which is to impact the account either as a Debit or Credit. **SAVE EDIT** confirms the entry.

- ◆ Further Line items can be entered by clicking on **ADD ITEM** on each occasion. **UNDO EDIT** cancels the current line item data. **UNDO ALL EDITS** cancels all line item inputs. NOTE that the journal must balance with the sum of all debits equalling the sum of all credits. The journal will not be accepted until it is in balance.
- ◆ Click on **SUBMIT** to confirm the journal

### Analysis Tab

The analysis tab allows for further details to be added for recording if the business is using the Branches. If this feature is not in use, nothing needs to be added in the analysis tab.

- ◆ Select an appropriate **Branch** if this journal is to be analysed to a branch

## Editing a Basic Journal

Any time after a journal has been created it can be edited. Please be sure that the changes are necessary.

Edit a journal via the **LISTS** menu.

**LISTS → JOURNAL ENTRIES**

- ◆ Locate the relevant journal and click on **EDIT**
- ◆ The full journal screen (see above) is displayed with the current data.
- ◆ Edit the data as necessary
- ◆ When editing line item entries, highlight the appropriate line by clicking on it. The information appears in the edit line. Amend as necessary and **SAVE EDIT** to complete.
- ◆ When all changes have been made, clicking **SUBMIT** saves and confirms the transaction.

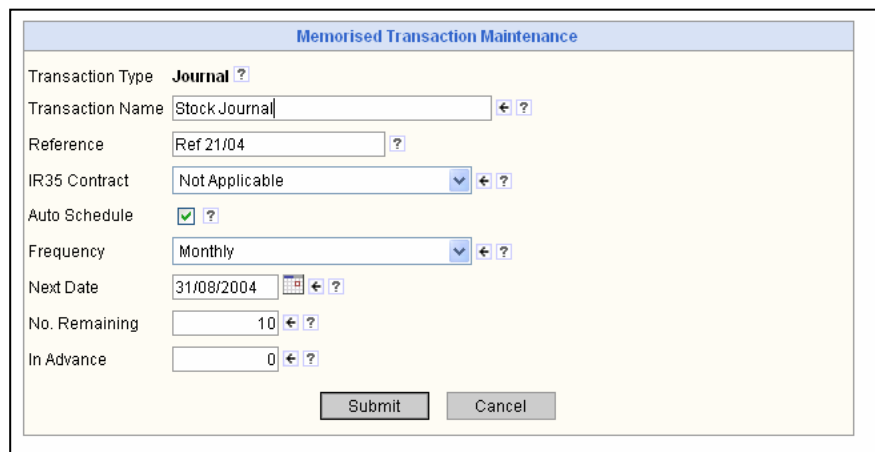
## Memorised Journal

A memorised journal is a basic journal which is stored so that it is available for future use. Usually the values of the journal will vary.

- ◆ Enter the first occurrence of the journal in the usual way.
- ◆ From the journal list locate the relevant journal and click on **EDIT**
- ◆ The details of the journal are displayed, and a **MEMORISE** button is visible to the top right of the screen.

Click on the **MEMORISE** button and the maintenance screen is displayed.

- ◆ The **TRANSACTION TYPE** will be displayed
- ◆ Enter a **TRANSACTION NAME**, this is for identification purposes.



Memorised Transaction Maintenance	
Transaction Type	Journal ?
Transaction Name	Stock Journal
Reference	Ref 21/04 ?
IR35 Contract	Not Applicable
Auto Schedule	<input checked="" type="checkbox"/> ?
Frequency	Monthly
Next Date	31/08/2004
No. Remaining	10
In Advance	0
<input type="button" value="Submit"/> <input type="button" value="Cancel"/>	

- ◆ The **REFERENCE** has been brought forward from the original transaction, but can be changed if necessary.
- ◆ If appropriate an **IR35 Contract** is also brought forward from the original transaction.
- ◆ Checking **AUTO SCHEDULE** means that the system will automatically perform the transaction on the due date. (It can always be edited after if necessary).
- ◆ Set the **FREQUENCY** of payments by selecting from the list.
- ◆ Enter the date of the next transaction in **NEXT DATE**.
- ◆ **NO. REMAINING** is the number of times the transaction has still to be made.
- ◆ If you would like to record the transaction before the due date, enter a number of days in the **IN ADVANCE** field.
- ◆ Click **SUBMIT** to record the data.

## Editing a Memorised Journal

By selecting **MEMORISED TRANSACTIONS** under the **LISTS** menu, you can see a list of all memorised transactions.

	Transaction Name	Type	Frequency	Next Date	Amount	No. Remaining	In Advance	Auto Schedule	?
<a href="#">EDIT</a>	Monthly Food Accrual	Journal Entry	Monthly		£100.00	0	0 days		<a href="#">USE</a>
<a href="#">EDIT</a>	Monthly Purchase	Debit Card	Monthly	01/03/2006	£1,762.50	10	0 days	✓	
<a href="#">EDIT</a>	bill1	Bill	Monthly	13/12/2005	£293.75	0	0 days	✓	

The details of any transaction can be changed by clicking the [EDIT](#) button. The memorised transaction maintenance screen reappears. Change any information as necessary. **SUBMIT** will update the information, **DELETE** will delete the memorised transaction from the list and **CANCEL** will return to the previous screen making no changes.

## Manually Recording a Memorised Journal

From the list of memorised transactions, select the one you wish to record, click on [USE](#), the journal is recorded with today's date. The journal screen appears, to allow you to make any amendments and resubmit; If Auto Schedule has been set for the Memorised journal then the [USE](#) button will not be available. If necessary **EDIT** the journal to switch the Auto Schedule off and the [USE](#) button will be available.

## Reversing Journal

A reversing journal is a basic journal that reverses itself after a certain date. An example of its use would be a situation where goods have been received from a supplier on the last day of the month or year and the purchase invoice has not yet been received. As the goods have been added to stock the liability needs to be recognised. Create a reversing journal for the value of the goods, the liability is recognised in the accounting period the goods have been received. The journal automatically reverses in the next accounting period at which time the purchase invoice has been received and dealt with in the usual way. The impact is to ensure that the first accounting period correctly recognises the

liability and the second accounting period is not distorted by the late arrival of the purchase invoice.

Accounting Period 1		
Reversing Journal:	Debit	Credit
Value of stock	1500	
Accrued liabilities		1500
Accounting Period 2		
Reversing Journal:		
Value of stock		1500
Accrued liabilities	1500	
Purchase Invoice		
Value of Stock	1500	
Trade Creditors		1500

Create a basic journal and use the checkbox to define the transaction as a **reversing journal**.

A **reversing journal** requires a reversal date. This is normally the first day of your next accounting period.

If your charging schedule is defined as annual in your business profile the reversal date will default to the first day of your next financial year (NB if you change your year end, reversal dates will not change automatically). If your charging schedule is defined as monthly or manual the reversal date will default to the first day of the next month.

In either case you may override the date if required. This can be done manually (e.g 19/12/2002) or by clicking on the calendar icon to select date from the calendar.

## Fixed Asset and Operating Lease Journal

Fixed Asset or Operating Lease Journal are journals which can be attached to a specific asset or operating lease so that a full audit trail is available of all transactions impacting a fixed asset or operating lease.

The journal is used and operates in the same way as a basic journal.

These specific journals are accessed via the **ADD-INS** menu.

Fixed Asset Journal:

**ADD-INS → ASSETS → ASSET JOURNAL ENTRY**

Operating Journal:

**ADD-INS → OPERATING LEASES → LEASE JOURNAL ENTRY**

It is strongly recommend that these specific journals are used when making adjustments to fixed assets or operating leases.