



Chartered Professional Accountant
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How to Enter Your Year-End Adjusting Journal Entries (AJEs)

The Why: Adjusting Journal Entries (AJES) correct errors and provide insight into your bookkeeping. They make bookkeeping easier by cleaning up issues and improve the quality and reliability of your information. If you have more than 5 AJEs, consider if additional training is needed.

The steps below are for Sage50, QuickBooks Desktop and QuickBooks Online software users. We do not provide guidance for other bookkeeping programs.

1. **What:** Open your PDF marked 'Bookkeeping Matters'.
 - a. 6.2: The first several pages are your Trial Balance (6.3.2) which will be used to check that your AJEs were entered correctly.
 - b. 6.4: The second document is the Adjusting Journal Entries (6.4). These will be entered into your bookkeeping software.
 - c. 6.5: The third document (that you may not have) is the Reclassifying Journal Entries (6.5) and should not be entered.
2. **When:** AJEs should be entered on the year-end date. If this is not possible because your file has been rolled forward, enter the AJEs on the 1st day of the following year with any income statement accounts (income or expense items) being posted to your 'Retained Earnings' account (if you use account numbers this will be in the 3000 section).
3. **How:** AJEs should be entered through the 'General Journal Entries' function except for journal entries for an Accounts Receivable (AR) or Accounts Payable (AP) account. These journal entries should be posted through the AR and AP function with specific customers/vendors/clients selected. This will prevent errors between the AR / AP summaries and your balance sheet.

Journal entries should use the 'source' number of AJE1, AJE2, AJE3... Entering AJEs individually makes it significantly easier to find errors that may occur during entry.

QuickBooks (Online):

- Select + New > Select Journal entry > Tick the "Is Adjusting Journal Entry?" checkbox
- Each AJE should be entered individually. Enter the date as your yearend date. **Journal no.** should be the ADJ number (i.e. AJE1).
- Search for the account name rather than the account number. Select the closet option available. The most important consideration is to ensure the assets/liabilities and income/expenses categorization is comparable to the journal entry detailed in 6.4.
- Enter the details as provided on 6.4. Select Save and New to proceed to the next AJEs.



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Sage50 (Desktop):

- **Most entries:** under the **General / Company** section select **General Journal**. Change the Date to the yearend date (or date of posting). Enter the AJEs using the same or similar account numbers/names as provided in 6.4. The debit credit details should follow what is shown on 6.4. Post this entry and continue until all AJEs are entered.
- **AR or AP entries:** Refer to the journal entry and see if a client has been identified, if not, please enter via the General Journal (above). If a client has been identified, navigate to the **Receivables / Payables** section and select **Client Invoices / Fees** or **Vendor Invoices / Expenses**. Select the client/vendor enter the applicable details. To ensure you've put in a positive or negative number correctly go to the top of the display window and find **Report** then display journal entry. Compare this to the AJE and adjust as needed.

QuickBooks (Desktop):

- **Most entries:** go to **Company > Make General Journal Entries** from the top menu bar. Change the Date field to the year end date (or date of posting). Enter the AJE number into the Entry No. field. Enter the general ledger account in the Account column using the same or similar details as in the AJEs. Enter the debit or credit following details provided in 6.4. Then select **Save & New** and continue until all AJEs have been entered.
 - **AR or AP entries:** Refer to the journal entry and see if a client has been identified, if not, please enter via the General Journal (above). If a client has been identified, you'll need to put the customer or supplier under the Name column.
4. **Is It Correct?** Once all AJEs are entered the 'Trial Balance' (6.3.2) should be compared to the trial balance available in your bookkeeping software at the yearend date (or the date available for AJE posting). You are comparing the 'Rep' column on the Trial Balance. Sometimes the 'Reclass' column may cause a variance in your comparisons. In this case, you need to combine the 'Prelim' and 'Adj's' column to confirm your amount.

QuickBooks (Online): Review adjusting journal entries by running an **Adjusted Trial Balance Report** to review your adjusting journal entries. This report lists all account balances in the general ledger before and after you make adjusting journal entries. It also lists the total adjusting entries. Go to the **Reports** menu and select the **Trial Balance report**. Select **Customize** to adjust the report as needed and make sure the total debit balances equal the total credit balances.

Sage50 (Desktop): Along the top window find **Reports** then **Financials** then **Trial Balance**. Enter the date you used to enter the AJEs and Hide Accounts with Zero Balances. Then click Ok.



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QuickBooks (Desktop): Along the top window find **Reports** then **Accountant & Taxes** then select **Trial Balance**. Enter the date you used to enter the AJEs.

At the end of your comparison if you have an outage, please double-check your AJEs for: account names/numbers/category, amounts, dates, and debit (right) / credits (left).

- 5. Still Having Issues?** In some cases, you may have entered transactions (that were dated during the yearend) into your bookkeeping software after giving the records to your accountant. This could be causing variances in your accounts and should be avoided whenever possible.

Try searching for these transactions and then moving the dates forward into the current year-end (the year-end after the one you've just entered the AJEs into) if the receipt is small and relatively insignificant. If the receipt is more than \$1,000 please reach out to us for further guidance.

If you continue to have issues, we can reconcile your year end records for an hourly fee; alternatively, you can leave the variance outstanding and we'll review it during your next corporate year end services.