

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

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 (sorry!).

What: Open your bookkeeping or financial statement package provided by your accountant and find:

- The **Trial Balance**. This will be used to check your AJEs are entered correctly (like an answer key)
- The **Adjusting Journal Entries**. These will be entered into your bookkeeping software.
- The **Reclassifying Journal Entries** (that you may not have). These should not be entered into your bookkeeping software as they are for disclosure purposes only.

When: AJEs should be entered on the year-end date. If this is not possible enter the AJEs on the 1st day of the next year with any income statement accounts (income or expense items) being posted to 'Retained Earnings' to mimic the year-end process.

How: Most AJEs should be entered through the 'General Journal Entries' function with identification numbers set as AJE1, AJE2, AJE3, etc. Entering AJEs individually (one at a time) makes it significantly easier to find errors.

QuickBooks (Online):

- A tutorial video is available from QBO [here](#).
- 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 (see **When** above). **Journal no.** should be the ADJ number (i.e. AJE1).
- Search for the account name. Select the closest option available. Ensure assets/liabilities and income/expenses categorization is comparable to the journal entry. Enter client/customer/supplier/vendor details when listed.
- Enter any description details such as 'To adjust retained earnings to actual'. Select **Save** and **New** to proceed to the next AJEs.

Sage50 (Desktop):

- **Most entries:** under the **General / Company** section select **General Journal**. Change the Date to the yearend date (see **When** above). Enter the AJEs using the same or similar account numbers/names. The debit credit details should follow what is shown. Post this entry and continue until all AJEs are entered.

Sage50 (Desktop) Continued:

- **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 (**Most entries** above). If a client has been identified, navigate to the **Receivables / Payables** area, and select **Client Invoices / Fees** or **Vendor Invoices / Expenses**. Select the client/vendor and enter the applicable details. To ensure you've entered the positive/negative 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** to the year end date (see **When** above). Enter the AJE number into **Entry No.** Enter the account in the **Account** column using the same or similar details as in the AJEs. Enter the debit/credit following details provided in the AJEs report. 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 (**Most entries** above). If a client has been identified, you'll need to put the customer or supplier under the **Name** column.

Is It Correct? Compare the trial balance in your bookkeeping software to the Trial Balance report provided by your accountant (watch the date 😊).

Reclassifying entries (see **What** above) may cause a variance. In this case, calculate the account balances without the reclass entries.

QuickBooks (Online): Select **Reports** and then **Trial Balance**. Enter the date you used to enter the AJEs. Compare the 'Trial Balance' provided by your accountant to the **Trial Balance** in QBO to review your AJEs.

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. Review the report by comparing the 'Trial Balance' provided by your accountant.

QuickBooks (Desktop): Along the top window find **Reports** then **Accountant & Taxes** then select **Trial Balance**. Enter the date you used to enter the AJEs. Review the report by comparing the 'Trial Balance' provided by your accountant.

At the end of your comparison if you have an outage, double-check AJE data entry.

Still Having Issues? You may have entered transactions that were dated during the yearend into your bookkeeping software *after* giving the records to your accountant. Your accountant won't have included these in your tax return causing variances.

Search for these transactions by using look-up/search functions. Then move the dates forward to the next year-end if the receipt is small and relatively insignificant. If the receipt is more than \$1,000 reach out to your accountant for further guidance.

If you continue to have issues, your accountant can reconcile your bookkeeping (usually for a fee), or you can leave the variance outstanding, and it will be reviewed during your next year-end services.

Creekside Accounting