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A Guide to Month-end & Year-end Accounting

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Structure of Xebra Accounting

The easiest way I can explain the financial accounting functions of Xebra is to think of there being 3 main modules (we are ignoring Inventory & Prospecting for the moment).

There is your Order Entry Module which looks after job management & production, the Accounting Module which looks after day to day accounting, & then there is the Financial Accounting module.

The Accounting Module, which we explored in depth in the Guide to the day to day accounting process, works in Calendar year mode, as does the Order Entry module. The Financial Accounting Module, however, works in Financial Year mode. So in this module – Month 1, 2009 is actually calendar month July 2008 in Australia or April 2008 in New Zealand.

This is the main point you need to keep in mind when working in this module.

After you have reconciled all your Bank Accounts for a month:

We have discussed reconciling your bank accounts in the Day to Day Manual. During this process we said not to commit your Bank Account until you have balanced your month. This is due to the fact, that if there is an error in an entry causing an imbalance, once you have committed the entry in your Banking / Chequebook screen, you can not adjust it. We can still fix the error, it just makes it more complicated.

So, we pick up this process at the point where you have reconciled all your bank accounts in the Banking / Chequebook screen for the month. For the moment, we are still in the General Accounting module, so normal calendar months apply.

Reports
General Ledger Balance Report
In Accounting / Reports/ Reports: Run your General Ledger Balance Report: this should be run at every month end before running your ABSJ report. This report identifies any discrepancies between your AP & AR ledgers & the GL. A clean report will state that there are no errors. A report with problems will list either the Job number or the AP sequence number causing the error.

Example of Clean Report:

```
DATE: 2/2009                      Pantheon Systems              PAGE:   1
                                  G/L Balance Report            22-06-09
                                                                12:15PM

JOB/SEQ         TRANSACTION              AMOUNT
_____

Accounts Receivable...
                Beginning A/R            139120.41
                Ending A/R               139120.41
                There are no Accounts Receivables problems.

Accounts Payable...
                Beginning A/P            118387.29
                Ending A/P               118387.29
                There are no Accounts Payable problems.
```

Example of Error Report – Receivables:

```
DATE: 4/2009                      Pantheon Systems              PAGE:   1
                                  G/L Balance Report            22-06-09
                                                                12:22PM

JOB/SEQ         TRANSACTION              AMOUNT
_____

Accounts Receivable...
1867            Beginning A/R            1206.50
                Sales                    0.00
                Cash Receipts            1006.50
                Ending A/R               0.00


Accounts Payable...
                Beginning A/P            86344.36
                Ending A/P               86344.36
                There are no Accounts Payable problems.
```

Each transaction identified should be investigated & if required fixed. The most common causes of errors are:

a. Changes being made to a job after your customer has been invoiced. If you go to the job – check the following 3 figures:

        1. View / Financial Review – what is the job total?

        2. View / Job Documents – open the most recently created invoice – what is the Invoice Total?

        3. What has the customer paid you – View/ Payment History.

Determine the correct job total & either re-invoice the job or reset the job item details back to the invoiced values.

b. An Invoice being paid before the month of the invoice (AP) ie: an invoice being entered as paid in February, but the invoice is dated March of the same year or a job where a deposit is received prior to commencement. This is just a timing issue, while it should be corrected, the ledgers will be in balance once the later of the 2 months has passed.

If we investigate Job 1867 from our error report above:

The Order Entry Screen Appears as follows:
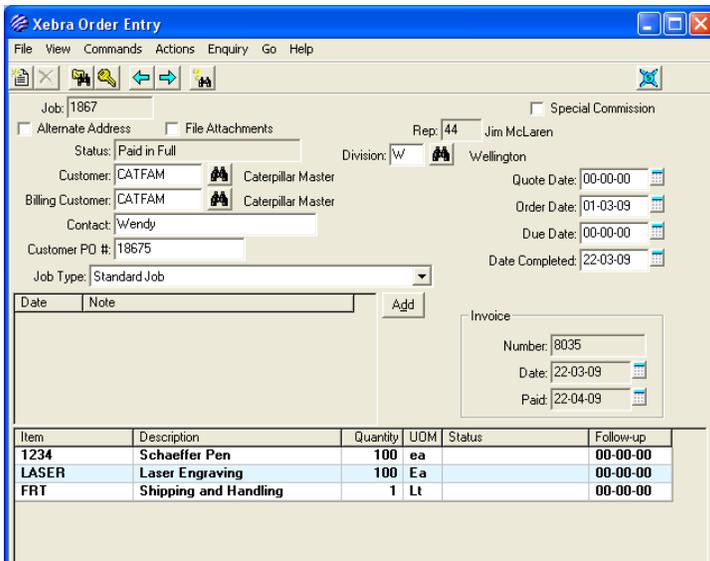
At first glance, there is nothing wrong with this job – it's status is showing as being paid in full.

However, if we follow the guidelines above:

1. View / Financial Review:

Quantity	UOM	Description	Price	Cost	Margin	
100	ea	Schaeffer Pen	900.00	540.00	360.00	40.00%
100	Ea	Laser Engraving	200.00	130.00	70.00	35.00%
1	Lt	Shipping and Handling	15.00	10.00	5.00	33.33%

Close	Subtotal:	1115.00	680.00	435.00	39.01%
	Freight:	0.00	0.00	0.00	*.**%
	Composition:	0.00	0.00	0.00	*.**%
	Total:	1115.00	680.00	435.00	39.01%
	Sales Tax:	91.50			
	Invoice Total:	1206.50			

2. View / Job Documents:

Quantity	Unit	Description	Unit Price	Extension
100	ea	Schaeffer Pen	9.00	900.00
100	Ea	Laser Engraving	0.00	0.00
1	Lt	Shipping and Handling	15.00	15.00

DELIVERED TO: Caterpillar Master

CATFAM

SUB TOTAL	915.00
FREIGHT	0.00
GST	91.50
TOTAL	1006.50
RECEIVED	0
BALANCE	1006.50

REMITTANCE ADVICE

And 3. View / Payment History

Customer	Date	Payment	Discount	Balance
CATFAM	22-04-09	1006.50	0.00	200.00

The Totals are as follows:

1. $1206.50
2. $1006.50
3. $1006.50

We can see that the difference is that $200 of Laser Engraving charges have been added after the original invoice was created.

At this point, we can make the choice of either changing the job details back to the original invoice, or creating a new invoice at the new job total & contacting the customer for additional payment.

For this example, we are going to change the details back to the original invoice, by entering $0.00 in the Sell Price of the Laser Engraving Line item.

When we re-run the GL Balance report – there are now no errors for that month.

In our next example, we will show how to research an AP error:

```
DATE: 5/2009                    Pantheon Systems              PAGE:   1
                                G/L Balance Report            22-06-09
                                                              12:34PM

JOB/SEQ         TRANSACTION            AMOUNT
_____
Accounts Receivable...
                Beginning A/R          118399.19
                Ending A/R             122081.33
                There are no Accounts Receivables problems.

Accounts Payable...
     317        Beginning A/P               0.00
                Purchase                    0.00
                Disbursement             1048.30
                Ending A/P                  0.00
```

If we look at Sequence number 317 in Payables / AP Entry:

If you notice – the Invoice & Purchase dates are in June & the Payment date is in May.

This is creating the error on our GL Balance report.

If you investigate further there are several options – either the invoice date was entered incorrectly & should be 16/05/09, or the payment date has been entered incorrectly or in fact you made a prepayment when you ordered which is fine and will correct the reported error in the following month.

If you change the invoice date, make the change to the Invoice date first & then also the Purchase date (you must make the changes in this order or you will get error messages – BOTH dates must be changed).

If you change the payment date – you can make the change in this screen, but you must also then go to your Banking / Chequebook screen & find the cheque withdrawal & change the date there as well, or you will create a new error in your ABSJ report.

Once you have verified your General Ledger Balance report balances or you know you made a prepayment which will definitely fix the next period - you then need to run your Accrual Basis Summary Journals Report

Accrual Basis Summary Journal - ABSJ

This report is the main report used for your month end processes. You may hear me refer to it as the BIBLE for your month end processing. This report **must** be in balance to close your month.

To run the report for month end, enter the date range of the full calendar month you are covering, leave all items ticked & click OK.

Scroll to the very bottom of the report – our focus is on the Net Cash Change Section:

Net Cash Change:

Account	General Ledger	Checkbook	Difference
1100	-17156.61	-17156.61	0.00
2010	2000.00	2000.00	0.00
Total Cash Change:	-15156.61	-15156.61	0.00

The difference column must be $0.00 for each account – if there is an error, your ledger is out of balance & must be fixed before you commit your Bank Rec & / or close the month's accounts.

An example of an error report:

Net Cash Change:

Account	General Ledger	Checkbook	Difference	
1100	-16744.11	-17156.61	412.50	Error*
2010	2000.00	2000.00	0.00	
Total Cash Change:	-14744.11	-15156.61	412.50	

Balancing your Accrual Basis Summary Journal - ABSJ

Chequebook Accounting Analysis Report (CAA)
The first report we run to assist in finding errors in the ABSJ is the CAA.
You run this for each cash account, for the same period as the ABSJ.
Details on how to run this report are contained in the Day to Day Accounting Guide.

There are 2 parts to the CAA – the first is the Disbursements Section:

```
Ending Balance:    -2063668.89          Pantheon Systems                    PAGE:   1
Starting Balance:  -2046512.28    *** Chequebook/Accounting Analysis ***    22-06-09
Net Change:          -17156.61          Chequing Account #1                 12:46PM
                                        01-03-09 - 31-03-09

Date        Vendor                           Disb. Total    Cheque #       Amount

17-03-09    Image Collection                   21205.38     60            21205.38
17-03-09    Nottage International P/L - The Range 1059.30    61             1059.30
17-03-09    Pride Leather Products Pty Ltd       1101.00    62             1101.00
17-03-09    Shiny Embroidery                     2134.00    63             2134.00
20-03-09    Shiny Embroidery                     2266.00    64             2266.00
20-03-09    TelstraClear Limited                 2200.00    65             2200.00
20-03-09    The Premier Collection               6726.50    66             6726.50
20-03-09    T.S.C.O Pty Ltd                      2290.75    67             2290.75
17-03-09    Prepaid Courier                       110.00    868768          110.00
17-03-09                                              0     978968           50.00   ERROR
17-03-09                                              0     17030901       2000.00   ERROR
17-03-09    Salaries w/e 16/3                    4000.00    17030902       4000.00
17-03-09                                              0     2009031701          0
17-03-09    Adams Rubber Stamp Co               1100.00     2009031701001  1100.00
                                          --------------------          --------------------
            Total Disbursements               44192.93                  46242.93   ERROR
```

The second is the Deposits:

```
Ending Balance:    -2063668.89          Pantheon Systems                    PAGE:   2
Starting Balance:  -2046512.28    *** Chequebook/Accounting Analysis ***    22-06-09
Net Change:          -17156.61          Chequing Account #1                 12:46PM
                                        01-03-09 - 31-03-09

                          Total Daily Cash Receipts        Total Daily Deposits

16-03-09                              20636.32                               ERROR
17-03-09                               2350.00               23036.32       ERROR
20-03-09                               6050.00                6050.00
30-03-09                                412.50                               ERROR
                          --------------------          --------------------
            Total Deposits            29448.82               29086.32       ERROR
```

There are errors showing in both sides of this report.

If we investigate them 1 at a time:

A. Withdrawal of $50.00 on the 17/03/09 Ref 978968.

We go to our Banking / Chequebook screen:

Our entry is showing – if we double click on the item & select OK – we are returned to the main screen, there is no AP entry attached. However, this transaction actually relates to a customer (you can see a deposit has been received on the same day). If we review the Receivables / Print Daily Cash Receipts Report for that day:
Details on how to run this report are contained in the Day to Day Accounting Guide.

			** EFT Receipts **		
98796		Lomax Systems Limited			
1	8001	1771	200.00	0.00	-50.00
EFT Total:			200.00	0.00	
978968		Lomax Systems Limited			
1	8001	1771	-50.00	0.00	0.00
EFT Total:			-50.00	0.00	
786786		ABC Plumbing Company - NY			
ABC	7872	1231	12.00	0.00	0.00
ABC	7875	1257	288.00	0.00	0.00
EFT Total:			300.00	0.00	
** Total EFT:			450.00	0.00	

There has been a negative Cash receipt posted on the same day. This is following the procedure detailed in the Day to Day guide for a customer refund.

If we look again at the CAA report & review the deposits on the 17/03/09, there is also an error showing. This error appears to relate to 2 separate issues – one is a timing difference between the 16/03 & the 17/03 of $20636.32. However, there is also a remaining $50 discrepancy. This offsets the discrepancy from the Disbursements side.

Even though the CAA report is showing errors – they offset each other & are not affecting our ABSJ report. As long as we have confirmed the reasons behind the entries – we have no reason to try & adjust the amounts.

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B: Withdrawal of $2000.00 on the 17/03/09 Ref 17030901.

If we review the entry in the Banking / Chequebook screen – this is a transfer to the Amex card. As noted in the Day to Day Guide, the processing of these transactions will create an error in the CAA report. All you need to review is both sides of the transaction (also in the Amex account) confirm they have been processed correctly & you can move on to the next item.

C: Deposit of $412.50 on the 30/03/09.

If we run a Receivables / Print Daily Cash Receipts report for the 30/03/09.

```
DATE:    30-03-09                     Pantheon Systems                    PAGE:   1
                                       Cash Receipts

CHECKING ACCOUNT
   CHQ/EFT          RECEIVED FROM
    CUSTOMER  INVOICE      JOB         PAYMENT     DISCOUNT  DISC ACCOUNT     JOB BALANCE

NAB Account                           300-304-2

   141415           Lifetime Trophies
    14        8033          1866          93.50       0.00                         30.00

   Cheque Total:                          93.50       0.00

   141414           Lifetime Trophies
    14        8034          1865         319.00       0.00                         15.00

   Cheque Total:                         319.00       0.00

NAB Account                             412.50       0.00
```

And comparing this to the Banking / Chequebook screen for the same period:

There is no entry in our Banking / Chequebook screen for this amount. If you look closely at the Cash Receipt report – the deposit was entered as a cheque deposit– this indicates that the second half of the cheque deposit procedure was not completed.

We must complete the Banking / Chequebook entry & will then be in balance.
(Refer to the Day to Day Guide for full Cheque Deposit instructions.)

Detailed GL Trans Summary

Sometimes, the CAA report will not show any obvious errors, but the ABSJ will still be out of balance.

In this case we turn to the Detail GL Transaction summary.

Run the Detail GL trans summary report for the month you are trying to balance, for the cash account which is out of balance (enter the GL code of the Cash Account).

Review all entries with MISC in the Source Column.

The most common error in this regard is through the Interest Posting entry function. Review these entries through your Banking / Chequebook screen. If they are causing an error in your ABSJ report, it is usually due to the Credit GL account being the bank account itself (thus turning the entry back upon itself) – fix the allocation to either an Interest Income account or the appropriate cash account & re run the ABSJ – it should now be in balance.

If ABSJ is still out of balance

If there are no obvious errors in either the CAA or GL Transaction Detail report, you will need to run the ABSJ for each day to determine the date of the error.

I usually run this in batches, for example – I would run the report for the 1st to the 10th. If there was no error, then move on & run for the 11th to the 20th, etc.

Once you narrow down the date range, you can run reports for shorter lengths of time to determine the date of the error.

Then review the ABSJ for that date.

1. Is there a negative discount amount showing in the Disbursements section?
2. Review the AP Sequence Vouchers created on the day. Go through Payables / AP Entry & call them up on screen, are they in balance? (ie: is the amount in the To Be Distributed box $0?)

If this does not turn up causes of the error, please let us know & we will investigate further for you.

Loading to Financial Ledger

You can only perform this process ONE MONTH AT A TIME. If you a closing an entire Quarter at once, you must repeat this process 3 times, one month at a time. Otherwise the correct files will not be held in the system memory to transfer to the financial ledger.

Once you have balanced your ABSJ – run the report a final time for the full calendar month.

Then return to the Accounting Menu – Select Ledger / Accrual Basis General Ledger (ABGL)
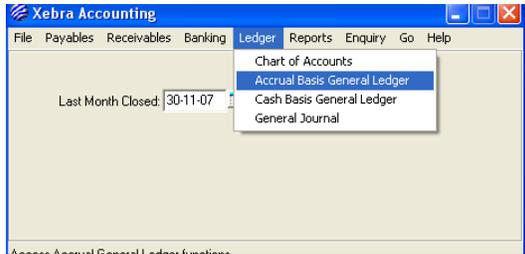
We are now in Financial Accounting World & operate on the Financial Year Calendar.
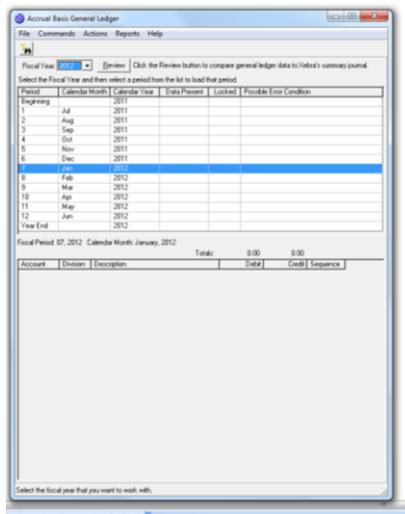
Select Actions/ Import from Sales
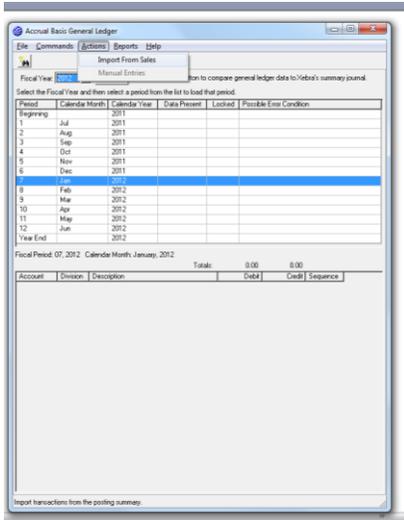
(ignore the name of this function – this will import the summary total of all transactions for the month – generated from the final ABSJ report we just ran).

This will then load the following screen:
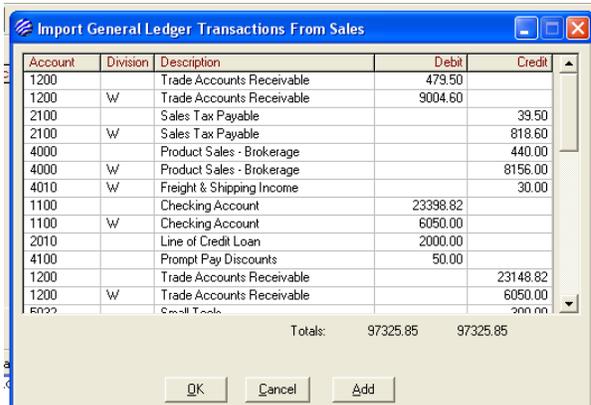
If you get a mismatch report or an imbalance, your ABSJ has either been run for the incorrect period or did not balance before you tried to import the data. Close out of the ABGL & rerun your ABSJ report & start the process again.

Click OK – Now Wait (the system is calculating these entries – it will take a moment).

We are now back at the ABGL menu with the entries we just loaded now at the bottom half of the screen.

This has now loaded the entries from our production system for the month into our financial ledger.

You should now lock the period - Select Commands / Lock Period

This will turn the values that have been loaded into *italics*.

Note: you will still have the option of Unlocking this period at a later point, so it is ok to lock for now.

You can now exit the ABGL (File / Close or hit the red X button)

Now change the date at the main accounting screen to the last day of the month you just closed:

You need to change this date manually – it is not automatic.

This date will stop any items (AP invoices or Jobs) being accidentally changed from a closed period. You can still receive payments or pay AP invoices from an older period, but the payments will be in current dates. Again, you can still manually change this date & make adjustments to older items, just remember that if you do, you will need to go back into the ABGL, unlock the period, delete the period, re run the ABSJ report from that period, reload the data through Import from sales & relock.

Financial Reports

The main report used from the Accrual Basis General Ledger (ABGL) menu is the Balance / Income Report
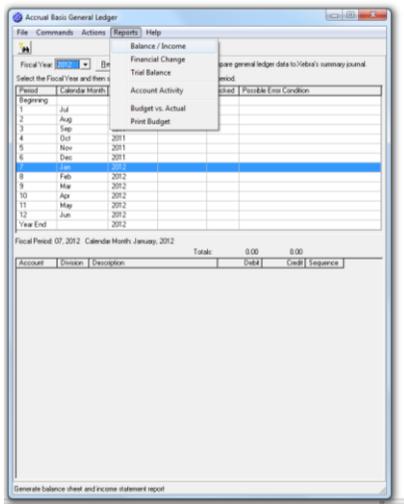
This will give you your Balance Sheet & P&L report for the financial period you select plus the Year To Date. Remember to select the financial accounting month.

You can run a report that includes only beginning balances, or if after year end – you can also include end of year adjustments from your accountant once they have been loaded.

You can exclude zero balances for a shorter report.

If you click on the By Month option, you can run an export of data over a range of months, this will create excel spreadsheets – one for Income Statement & another for Balance Sheet.
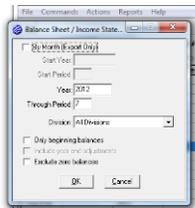
There are different Headings on this report, depending upon what you have entered into the ABGL.

CONDITIONAL report is one where data is being picked up from the Operating system but not loaded into the ABGL. This indicates that the data is still subject to change & may not be in balance.

The next stage is PRELIMINARY. This means you have Imported the data from the Operating System but have not LOCKED the period in General Ledger. NOTE: all periods must be Locked before Year End Processing is possible and it is advisable to lock them as you go.

Once the word CONDITIONAL or PRELIMINARY are no longer present, all your data is loaded & locked in place. This would indicate that your accounts should be in balance.

Year End Adjustments

Once you have closed your June month (or March in NZ) & finalized your supplier invoices for the year, you can send your details to your accountant for review.

The information your accountant requires will vary for each business.

You can run the Balance / Income report, for period 12 & turn it to a PDF & send it to them.

You could run an export of all 12 months & send the resulting Excel files.

You can run a Banking Reconciliation report for each Cash Account (find these details in the Day to Day guide) to confirm back to the GL Balance.

You can run an AR Aging report (run effective date for end of financial year) as noted in the Day to Day guide to confirm back to the GL Balance.

You can run an AP Aging report (run effective date for end of financial year) as noted in the Day to Day guide to confirm back to the GL Balance.

Any particular accounts your accountant wishes to see detailed transactions for you can run a Detail GL Transaction listing for any individual account for the whole year, or for a group of accounts.

You also have the option of installing your Xebra client software at your accountant's office & allowing them to log in & interrogate your accounts remotely.

NOTE: it may be some time before your accountant gets around to reviewing your accounts. You need not wait until carrying on with the next year's accounting. You may run the YEAR END CLOSE (see below) to generate opening balances for the following year and carry on with your month to month processing. Once you have the Accountant's adjustments, enter them (see below) and then re-run the Year End Close. You will be prompted with a message advising you that the Year End has already been run – do you want to overwrite – answer YES.

Once your accountant has reviewed your figures & provided any adjusting entries, you need to review them before entering them into the system.

Firstly – check that there are no adjustments being made to any of your Cash Accounts (this includes Credit card accounts).

Then check that no adjustments are being made to your Control Accounts (Trade Debtors or Trade Creditors).

If this is ok, then you may proceed to load the adjustments from your accountant.

In the ABGL: Select Commands / Year End Adjustments
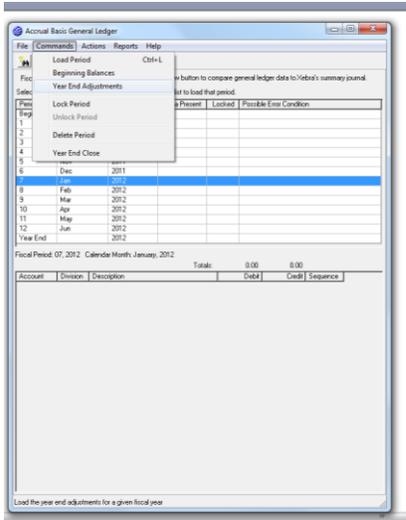
Enter the financial year you wish to adjust: (ie: 30 June 2011 in Australia or 31 March 2011 in New Zealand is 2011)
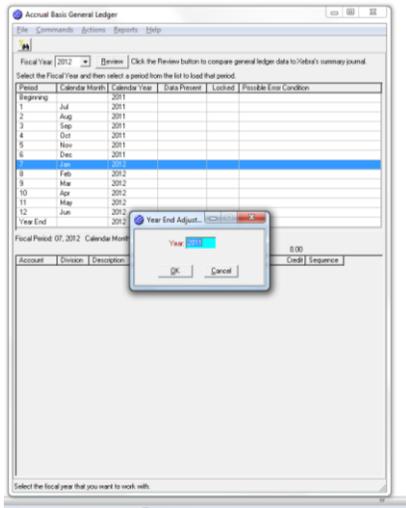
Select Actions / Manual Entries
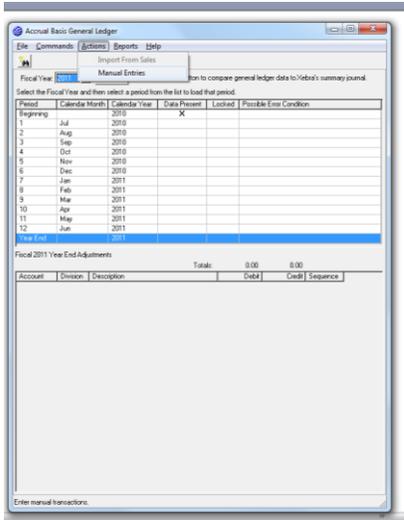
Click on ADD
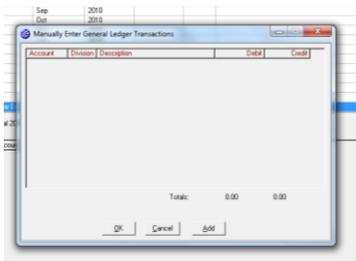
Please note – that at this point you are entering the adjustments (not the final balances).

Enter in DRs & CRs as required, until all adjustments are complete. Please note you can not close this screen until you are in balance. You will not be able to create a new Account if it is required after you have entered this screen – so review your entries first & make sure that all accounts exist before commencing.

(We do offer a booking service if you would like us to enter these for you – please contact us for details)

Once your entries have balanced, click OK & you will be taken back to the ABGL screen.

Lock the period & run a final Balance / Income report to check your balances against your Accountant's final figures.

Once you are happy with your entries you can close your year & roll to the new financial year.

Year End Close
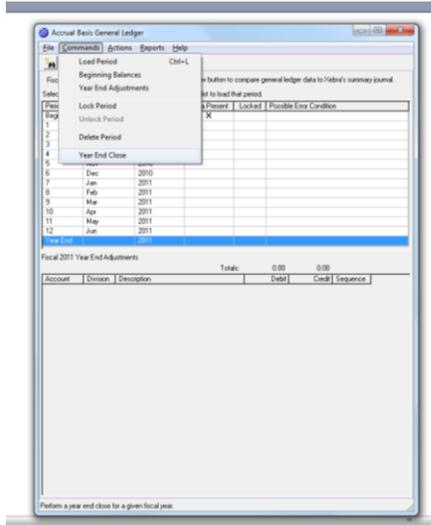
Select Commands / Year End Close

You need to confirm your Retained Earnings account

& click OK.

You will get a message on the screen stating the fiscal year was closed successfully.

The screen then resets to Beginning Balances for the new Financial Year – Select Commands / Lock Period.

You have now closed & rolled your financial year. Remember, this process can be re-run at a later stage (see previous section)

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