

Overview

Each individual company according to their own business practices establishes month end closing procedures. Typically, a company will create a monthly accounting calendar, which sets the dates for each department to have completed all transactions for the particular month. The administrator (usually the company's accounting manager or controller) of the calendar monitors activity to ensure all work has been completed and all transactions for the current period have been posted by the due dates established.

SedonaOffice has a recommended list of activities to complete at the end of an accounting period. SedonaOffice provides a large selection of reports, many of which are typically generated at month-end and may be saved electronically or printed. We recommend you take the time to test and review the available reports prior to your company's first month-end closing to determine which reports suit your particular needs.

Once all closing activities have been completed, you will need to set the status of the accounting period just completed to "Closed". You must set the status of the next accounting period to "Open" and update the current accounting period, to be able to begin posting transactions into the next accounting month. These processes are performed from the General Ledger module.

Service Management

- Invoice/Close all resolved service tickets

Job Management

- Invoice all completed jobs or those that are ready for a partial invoicing

Accounts Payable

- Vendor invoices entered and posted to A/P
- Checks written

Inventory

- Parts received and posted to inventory
- Parts issued to jobs
- Excess parts returned to inventory
- Transfer parts where necessary
- Perform and post physical inventory (if required by your company during this accounting month)

Accounts Receivable

- Cycle billing completed
- Job billing completed
- Service billing completed
- Miscellaneous billing (including credit memos) completed
- Cash posted
- ACH / Credit Card processing completed

General Ledger

- Deferred Income Recognition process completed
- Current Accounting Period advanced in Accounting Period setup
- Journal entries completed
- Bank accounts reconciled
- Royalties/Commissions calculated and paid through A/P

Month-End Journal Entries

Job Costing Labor JE

If your company is posting Job Labor to the G/L, you will need to perform the following Journal Entry to clear-out any amounts posted to the Job Costing Labor account. Amounts posted to the Job Costing Labor account occurs when a Job is invoiced and/or a Job is closed. Amounts that were posted into this account are for reporting purposes only. Actual wages are posted through your Payroll Journal Entry.

	<u>Debit</u>	<u>Credit</u>
Job Costing Labor	Jobs labor deferred	Jobs direct labor expense (zero out this account)

Service Costing Labor JE

If your company is posting Service Labor to the G/L, you will need to perform the following Journal Entry to clear-out any amounts posted to the Service Costing Labor account. Amounts posted to the Service Job Costing Labor account occurs when a ticket is invoiced. If the Ticket is non-billable, this transaction automatically occurs when the ticket is closed. Amounts that were posted into this account are for reporting purposes only. Actual wages are posted through your Payroll Journal Entry.

	<u>Debit</u>	<u>Credit</u>
Service Costing Labor	Service labor deferred	Service direct labor expense (zero out this account)

Month-End Journal Entries

Inventory Labor JE

If your company is posting Inventory Labor for the building of parts kits, you will need to perform the following Journal Entry to clear out any amounts posted to the Inventory Labor account. Amounts posted to this account occur when part kits are built. Amounts that were posted to this account are for reporting purposes only. Actual wages are posted through your Payroll Journal Entry.

	<u>Debit</u>	<u>Credit</u>
Inventory Labor	Inventory Labor Deferred	Labor Inventory Expense (zero out this account)

Purchase Price Variance (PPV) JE

If inventory parts are received into a warehouse or received and issued immediately to a Job or a Ticket, where the cost on the Purchase Order is either higher or lower than the standard cost of the part in the receiving warehouse, a Journal Entry is automatically recorded to your PPV account. The PPV account is a balance sheet account (oca); any entries into this account should be reviewed on a monthly basis to determine whether the entry was caused by a special purchase or a cost change from the vendor. If the cost variance is due to a new purchase cost, the Part setup should be changed to reflect the new vendor cost and also update the standard cost in the warehouse or warehouses.

Your month-end Journal Entry should debit (or credit) the PPV account and credit (or debit) a material cost of sales account.

Accounts to Reconcile

Below is a list of G/L Accounts that are typically reconciled as a part of the Month-End close process.

<u>G/L Account</u>	<u>Reconcile To</u>	<u>Comments</u>
Accounts Receivable	A/R Aging By Effective Date Report	If not in balance, make certain no manual journal entries were made into this account.
Accounts Payable	A/P Retroactive Aging Report	“ “
Inventory	Stock Status Report	“ “
Advanced Deposits	Open Credits Report	“ “
Unapplied Cash	Open Credits Report	“ “
Unapplied Credits	Open Credits Report	“ “
Inventory Receipts	Open Receipts Report	“ “
Un-deposited Funds		Should always -0- out at month end
Inter-Branch A/R		“ “
Customer Refunds		“ “
Inventory Transfer		“ “
Inter-Branch Bills (A/P)		“ “