

Sage Business Cloud Accounting: **Journal Entries**

Objectives

After completing this module, you should be able to:

- Understand how to create a journal entry using double-entry accounting
- Copy and Reverse a journal entry
- Add attachments to journal entries
- Print Journal Entries

NOTE Throughout the duration of the course, you will encounter important icons and visual conventions as part of your learning experience to guide learners through the chapters. Some of the cues are indicated here.

	Important Information / Important Note / Additional Information	Item where caution and attention is required or additional insight and information is provided.
	Exercise	Your opportunity to practice a concept.
	End of Exercise	Indicates the end of an exercise.
	Check Your Knowledge	Review questions at the end of a lesson to check your understanding and ability to implement concepts.
	Summary	Overview of the most important items covered in a section or lesson.
	End of Lesson	The end of the lesson.

Journal Entries

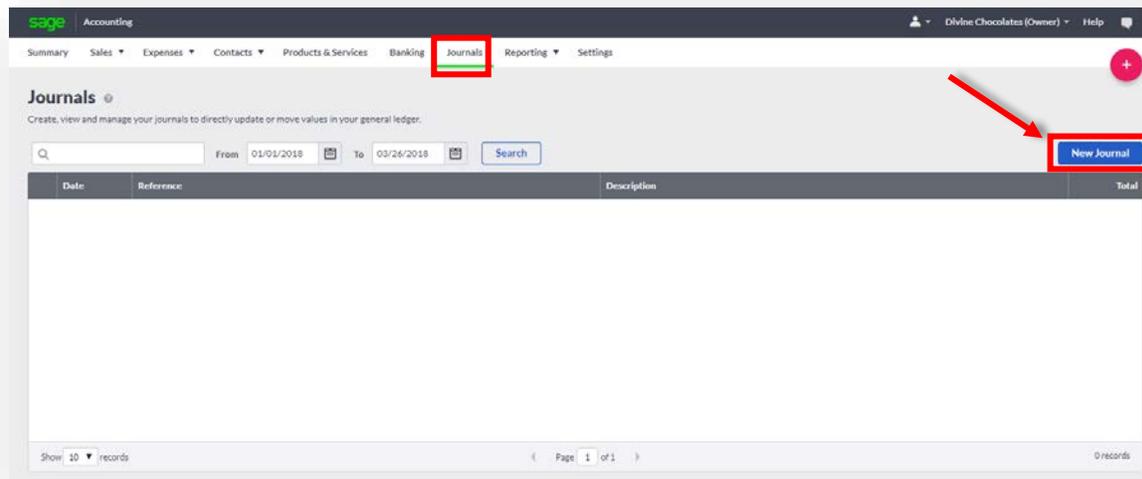
At times you may be required to make an accounting entry to handle special accounting transactions. These may include accounting items like deferred revenue, work in progress, simple error corrections or any other non-regular transactions (for example, the depreciation of a fixed asset or writing off bad debt). You can also use journal entries to transfer money from one ledger account to another.

In doing so, you must follow the principles of double-entry accounting; The basic principle of double-entry accounting is that there are always two entries/accounts for every business transaction. One entry is known as a credit entry and the other a debit entry. For every debit total, there must be a corresponding credit balance. This can be made up of several credits as long as the overall total balances. For example, when Divine Chocolates borrowed money from bank for the kitchen equipment, the company's Cash account increased and its liability account Loans Payable increased. If you recall from Module 2 -Introduction to Bookkeeping, double-entry is used to satisfy the equation **Assets = Liabilities + Equity**, in which each entry is recorded to maintain the relationship.

Once Divine Chocolates completed their services for Lisa Smith's wedding, they realized they inadvertently forgot to charge her 100\$ for boxes that went with her order. Lisa and her new husband have since relocated out of the area and Divine Chocolates is unable to reach them to settle the remaining balance of 100\$. The balance will be written off as bad debt. We'll create a journal entry to demonstrate:

To create a journal entry:

- Navigate to **Journals** from the menu and select **New Journal**:



- Enter a **Reference**: Type *Journal #1*

Journals

Enter your journal values, and record a description and details. Any line details entered show on activity grids.

Reference**

Date**

Description

Ledger Account*	Details	Debit	Credit
6100 - Bad Debts	White Boxes- Bad Debt not received	100.00	0.00
1200 - Inventory	White Boxes- Bad Debt not received	0.00	100.00
Please select	(Journal Entry)	0.00	0.00
Total		100.00	100.00
Balance			

Buttons: Save, Save & New, Cancel

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- For the **Description**: Type *Smith Wedding-Bad Debt Write-Off*
- **Date**: Chose *today's date* or the date it should be recorded as.

Next, enter the first line of the double–entry, the **Debit**:

- Navigate to **Ledger Account** and select the **GL account** this journal entry debit should post to. *Select 6100 - Bad Debts. Type: 100\$ in the Debit Column.*

Next, navigate to the next line of the double–entry, and enter the **Credit**. In doing so, it will satisfy the equation to balance:

- Navigate to **Ledger Account** and select the **GL Account** this journal entry credit should post to. *Select 1200 – Inventory Type: 100\$ in the Credit Column.*
- Verify that the total value of credits and debits balances. **Accounting** will not allow you to save the journal entry unless your debits and credits balance.
- **Attachments** - To add an attachment, like an invoice, or a receipt, click on the paper clip icon and upload a file. Christina would like to attach an invoice of the sales receipt for the bad debt for reference. 

Journals ⊕

Enter your journal values, and record a description and details. Any line details entered show on activity grids.

Reference* Description

Date*

Ledger Account*	Details	Department	Cost Centre	Project	Debit	Credit
6100 - Bad Debts	White Boxes - Bad Debt not received	None	None	None	100.00	0.00
1200 - Inventory	White Boxes - Bad Debt not received	None	None	None	0.00	100.00
Please select	(Journal Entry)	None	None			0.00

Attachments

SI-299 - Lisa Smith (Wedding) Invoice Attachment...

Upload complete

[+ Upload files](#)

Save **Save & New** **Cancel**

Invoice

Number: SI-299
 Issued: 06/01/2018
 Due: 07/01/2018

Deliver To
 250 Ediston Ave
 Mississauga ON L4T1A2



Lisa Smith
 250 Ediston Ave
 Mississauga ON L4T1A2

Divine Chocolates
 100 Chocolate Way
 Toronto ON M9W1J9
 Canada
 1-888-247-2262
 kim.steward@sage.com
 GST/HST 879879797 RT 7987

Item	Sales Tax	Amount
White wedding boxes with bows	HST 13.00%	90.00
Subtotal		90.00
Comments Open Monday - Friday 9-5	HST 13.00%	10.00
Invoice Total		100.00
Total to Pay		\$100.00

Terms and Conditions
 "Lisa, thank you for your business! We look forward to creating delicious wedding favors for your wedding day! Final changes to custom orders must be made 7 days in advance. 50% deposit required. Remaining balance due upon pickup."

- Click **Save**.

The journal entry will appear as a line item on the dashboard:

Date	Reference	Description	Total
05/08/2018	Journal #193		50.00
03/26/2018	Journal #1	Smith Wedding-Bad Debt Write-Off	100.00

Journal entries can be **copied, reversed or edited**. Reversing it keeps the details of the original entry and the reversal for your records. To **Reverse** a journal, click on the journal entry, navigate to **Manage Journal** and select **Reverse**:

Reference*: Journal #1
Date*: 03/26/2018
Description: Smith Wedding-Bad Debt Write-Off

Ledger Account*	Details	Debit	Credit
6100 - Bad Debts	White Boxes- Bad Debt not received	100.00	0.00
1200 - Inventory	White Boxes- Bad Debt not received	0.00	100.00
Total		100.00	100.00
Balance			

In doing so, the **Debit** and **Credit** entries have switched positions accordingly.

Reference*: Journal #1
Date*: 03/26/2018
Description: Smith Wedding-Bad Debt Write-Off

Ledger Account*	Details	Debit	Credit
6100 - Bad Debts	White Boxes- Bad Debt not received	0.00	100.00
1200 - Inventory	White Boxes- Bad Debt not received	100.00	0.00
Please select	(Journal Entry)	0.00	0.00
Total		100.00	100.00
Balance			

The original journal is reversed and both journal entries appear on the journal list:

The screenshot shows the Sage Accounting interface for the 'Journals' section. The user is logged in as 'Divine Chocolates (Owner)'. The page displays a list of journal entries for the period from 01/01/2018 to 03/26/2018. Two entries are highlighted with a red box:

Date	Reference	Description	Total
03/26/2018	Journal #1	Smith Wedding-Bad Debt Write-Off	100.00
03/26/2018	Journal #1	Reversal: Smith Wedding-Bad Debt Write-Off	100.00

A red arrow points to the 'Reversal' entry. Below the table, it shows 'Show 10 records' and 'Page 1 of 1'. At the bottom, a green banner indicates 'Created Journal Successfully'.

Journal Entry Reporting

Students/Instructors: To print **Journal Entries** navigate to **Reporting**:

The screenshot shows the Sage Accounting interface for the 'Reports' section. The user is logged in as 'Atlanta Bower Resuse'. The page displays a grid of reports under two categories: 'ESSENTIAL REPORTS' and 'DETAILED REPORTS'.

ESSENTIAL REPORTS:

- Profit and Loss**: How much profit have I made?
- Balance Sheet**: How much are my assets and liabilities worth?
- Trial Balance**: What is the balance for each ledger account?
- Accounts Receivable (A/R) Aging Report**: Who owes money to me?

DETAILED REPORTS:

- Sales Day Book**: What were my sales?
- Purchase Day Book**: What were my purchases?
- Profit Analysis**: How much profit did I make on each of my sales?
- Sales Revenue - Products & Services**: What was my revenue from sales of products and services?

- Navigate to **Audit Trail**:

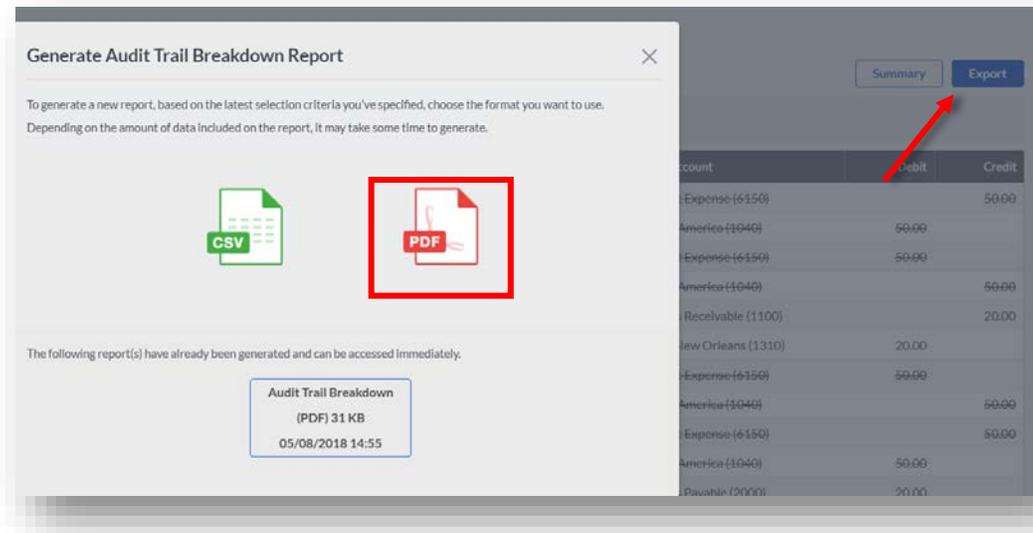
The screenshot shows the Sage Accountant Edition interface. The top navigation bar includes 'Reporting' and 'Settings'. A dropdown menu is open under 'Reporting', showing several options: 'Accounts Payable (A/P) Aging Report', 'Cash Flow Forecast', 'Cash Flow Statement', 'General Ledger Report', 'Audit Trail', and 'Chart of Accounts'. The 'Audit Trail' option is highlighted with a red box, and a red arrow points to it from the left.

- Enter the date **Period** to pull the journal entries for by navigating to **More** and selecting **Journal** from the **Type** drop-down menu:

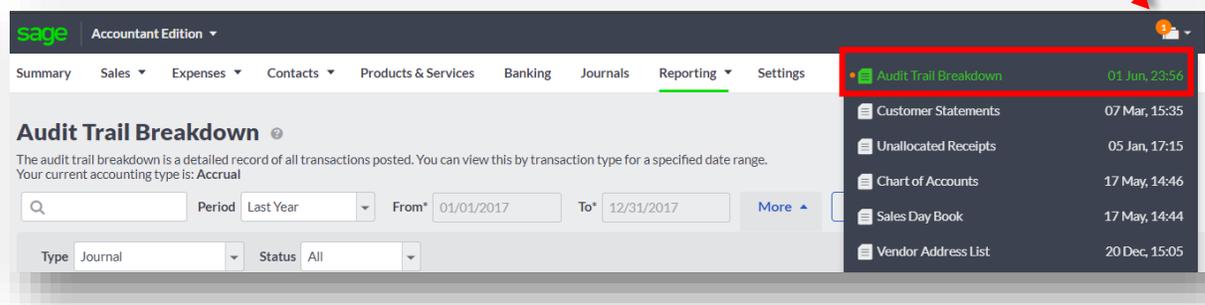
The screenshot shows the 'Audit Trail Breakdown' report in Sage Accountant Edition. The report is filtered for the period from 01/01/2017 to 12/31/2017. The 'More' button is highlighted with a red box, and a red arrow points to it. A dropdown menu is open under 'More', showing a list of transaction types. The 'Journal' option is highlighted with a red box, and a red arrow points to it. The report table below shows various journal entries with columns for Trx No, Trx Date, Name, Type, Invoice Number, Ref, Ledger Account, Debit, and Credit.

Trx No	Trx Date	Name	Type	Invoice Number	Ref	Ledger Account	Debit	Credit
728	02/01/2017	Bank Transfer Correction	Journal		Correction for Misposting in December	Bad Debt Expense (6150)		50.00
		Customer Allocation				Bank Of America (1040)	50.00	
		Customer OB Credit				Bad Debt Expense (6150)	50.00	
		Customer Receipt				Bank Of America (1040)		50.00
		Customer Refund				Bank Of America (1040)		50.00
847	05/17/2017	Deposit	Journal		Correction for misapplied payment	Accounts Receivable (1100)		20.00
		Journal Opening Balance				Bank of New Orleans (1310)	20.00	
		Other Receipt				Bad Debt Expense (6150)	50.00	
848	02/01/2017	Other Payment	Journal		Correction for Misposting in December	Bank Of America (1040)		50.00
		Vendor OB Credit				Bank Of America (1040)		50.00
		Vendor OB Invoice				Bad Debt Expense (6150)		50.00
		Sales Credit Note				Bank Of America (1040)	50.00	
		Sales Invoice				Bank Of America (1040)		50.00
862	09/08/2017	09/08/2017	Journal		Journal #030	Accounts Payable (2000)	20.00	
						Accounts Receivable (1100)		20.00
898	10/31/2017	10/31/2017	Journal		Kelly's Candy Misapplied payment	Accounts Payable (2000)	40.00	
						Accounts Receivable (1100)		40.00
900	12/01/2017	12/01/2017	Journal		Kim test	Accountex Checking Account (10002)	5.00	

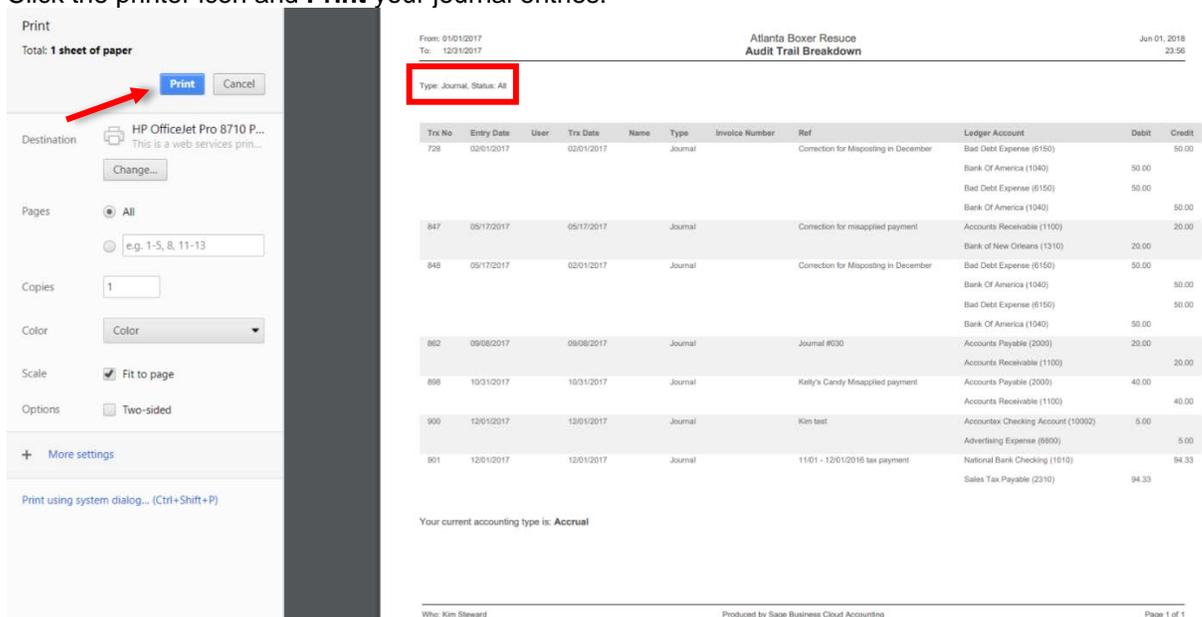
- To print the journals, navigate to **Export** and select **PDF** to generate the report:



- When the report is complete, a notification will appear on the menu bar, in orange:



- Click the printer icon and **Print** your journal entries:



Please note:

Every effort has been made to ensure that the information provided in this educational series is accurate, up-to-date, and complete, but no guarantee is made to that effect. URLs and additional resources 'Beyond the Classroom' are continuously changing. Because the software is customizable in a number of ways, the language used in this guide may be different from what you 'see' when you work with your company's data file(s).

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