

OverNet Computer Services

Mechanic helpdesk query

End Of Year Closing – Zeroing Out The Income And Expenses Ledgers.

This document defines the year end process that is used to clear the income and expense ledger balances - moving the balances into the profit and loss account.

Ensure that a full backup of Mechanic has been verified as being successful before this process is started and all the required financial reports have been printed.

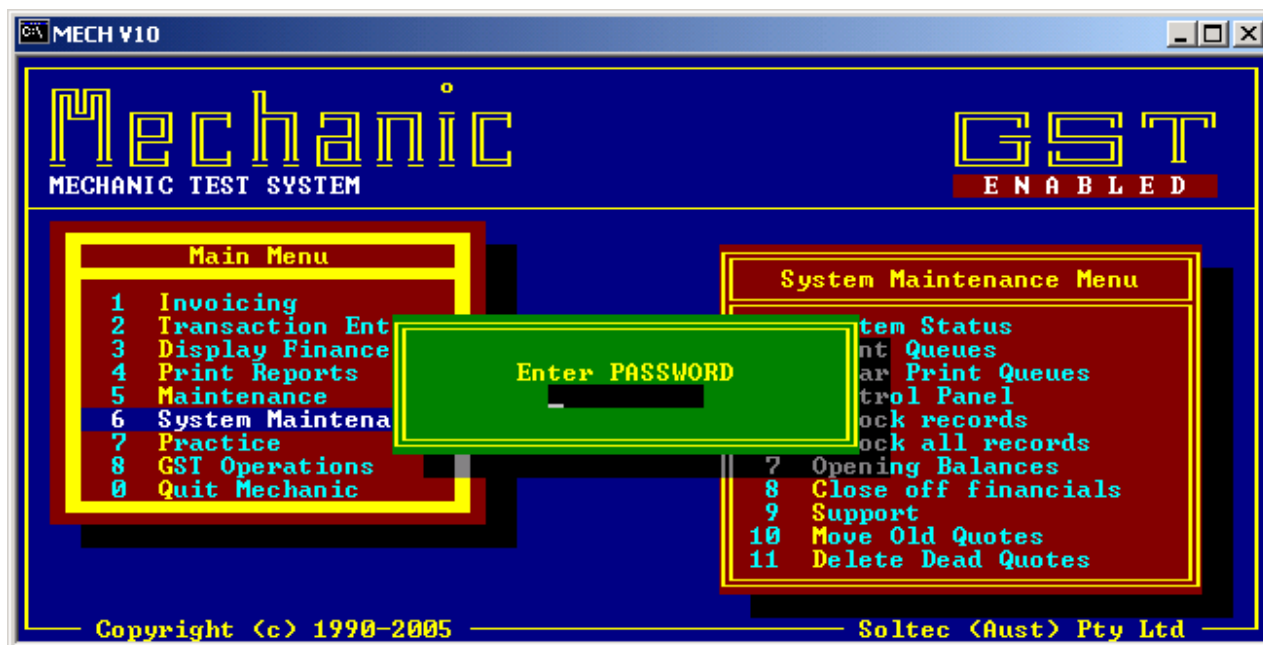
NOTE: It is STRONGLY recommended that this process is first run in the “practice” system so you can familiarise yourself with the steps and verify that this process does what you require. The live data can be copied into the “practice” system – call the support line to assist with this step.

While Mechanic creates the ledger for this process, some customers have had problems when selecting the correct Profit & Loss ledger to use. It is advised that you read this document in full and create the Profit & Loss ledger yourself beforehand with the settings details below then you can just select it when asked.

Ensure that the Mechanic system is not used at all for the duration of this process. Depending on the amount of data, this process can take up to 2 hours of computer processing time – but normally takes 15 minutes.

First, change the date as required (normally 30/06/YY – which is the last day of the year being closed) and call Mechanic support to get the big password.

From the main menu select option 6 - System Maintenance and enter in the password.



Then select option 8 – Close Off Financials.

Then select option 1 – Zero Income & Expense.

Enter the period of the last month that you wish to close off. NOTE: You can close off at any time and as many times as you like.

MECHANIC V10

TRIAL BALANCE

Debtors		Creditors	
Stock on Hand		Other Liabilities	
CASH at BANK		Sales Labour	
Other Assets		Sales Sublet	
General Expenses		les Parts	
		les Other	
TOTAL DEBITS		TOTAL CREDITS	

Close off financials to end of Month Jun 05

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Mechanic will calculate a summary Trial Balance and display it.

- If this does not balance, do not proceed and type NO to end.
- If the balance is correct type YES to proceed.

MECHANIC V10

TRIAL BALANCE

Debtors	1799.23	Creditors	104322.95
Stock on Hand	-169.12	Other Liabilities	89059.89
CASH at BANK	-50752.28	Sales Labour	242890.00
Other Assets	229172.70	Sales Sublet	15424.55
General Expenses	408753.89	les Parts	204313.75
		les Other	24931.53
TOTAL DEBITS		TOTAL CREDITS	
	680942.67		680942.67

Zero income & expense account balances (YES/NO) YE

Balanced

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The program will automatically create a new ledger called P&L 04/05. You can change the ledger code that is created or just press F10 to create the new ledger.

MECHANIC V10

TRIAL BALANCE

Debtors	1799.23		
Stock on Hand	-169.12		
TOTAL DEBITS 680942.67			
Balanced			

Select Ledger

- P&L 04/05
- P&L 01/02 L
- P&L 02/03 L
- P&L 03/04 L
- P&L 95/96 L
- P&L 96/97 L
- P&L 97/98 L
- P&L 98/99 L
- P&L 99/00 L
- PARTS WASHER A
- PETTY CASH A
- PHONE A
- PHONE & FAX E
- PHONE MOBILE E
- PLANT/EQUIP A
- POWER SUPPLY A
- PPS PAYMENT E
- PREPAID SUPER A

Liabilities	104322.95
Other Liabilities	89059.89
Sales Labour	242890.00
Sales Sublet	15424.55
Sales Sublet	204313.75
Sales Sublet	24931.53
TOTAL CREDITS	680942.67

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Press "Y" to create ledger.

Enter a suitable ledger description, leave the Group code as L because the profit or loss is a liability to the company. The GST type is F because GST does not apply. Press F10 to save the ledger and move on.

MECHANIC V10

TRIAL BALANCE

Debtors	1799.23	Creditors	104322.95
Stock on Hand	-169.12	Other Liabilities	89059.89
CASH at BANK	-50752.28	Sales Labour	242890.00
Other Assets	229172.70	Sales Sublet	15424.55
General Expenses	408753.89	Sales Sublet	3.75
Cost		Sales Sublet	1.53
TOTAL		TOTAL	2.67

EDIT LEDGER

Ledger Code: P&L 04/05

Description: PROFIT & LOSS ACCOUNT (04/05)

Group: L (A/L/I/E)

Account Number:

Further Info:

Current Balance: 0.00

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Mechanic will now start to post the financial data from the income and expense ledgers to the new P&L ledger. This can be seen in the lower section of the screen.

MECHANIC V10			
TRIAL BALANCE			
Debtors	1799.23	Creditors	104322.95
Stock on Hand	-169.12		
CASH at BANK	-50752.28	Other Liabilities	89059.89
Other Assets	229172.70		
General Expenses	408753.89	Sales Labour	242890.00
Cost of Sales Exp	92138.25	Sales Sublet	15424.55
		Sales Parts	204313.75
		Sales Other	24931.53
TOTAL DEBITS	680942.67	TOTAL CREDITS	680942.67
Balanced			
Posting Account SAL LABR GEN 47160.30			
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To verify the results of this process, go back to the Main Menu and...

- select option 3 – Display Financials.
- select option 3 – Ledgers.
- select option 2 – Transactions.

Select the P&L 04/05 ledger to display all the amounts transferred from each of the income and expense ledgers. The current balance is the profit or loss amount.

MECHANIC V10			
P&L 04/05 LIABILITY			
PROFIT & LOSS ACCOUNT (04/05)			
Opening Balance			0.00
Current Balance			-13332.31
Date	Docket	Ref#	Amount
30 Jun 05		Transferred from AMPOL REBURS	4381.90
30 Jun 05		Transferred from CTP'S INCOME	20369.63
30 Jun 05		Transferred from SAL LABR ALT	8824.86
30 Jun 05		Transferred from SAL LABR AUT	3288.00
30 Jun 05		Transferred from SAL LABR AUV	14507.40
30 Jun 05		Transferred from SAL LABR BIK	88.00
30 Jun 05		Transferred from SAL LABR BRK	21855.89
30 Jun 05		Transferred from SAL LABR CAR	275.00
30 Jun 05		Transferred from SAL LABR CLU	682.00
30 Jun 05		Transferred from SAL LABR DES	29.64
30 Jun 05		Transferred from SAL LABR EXH	1718.60
30 Jun 05		Transferred from SAL LABR FUL	33600.00
30 Jun 05		Transferred from SAL LABR GEN	47160.30
30 Jun 05		Transferred from SAL LABR IDC	514.85
30 Jun 05		Transferred from SAL LABR INT	22587.60
30 Jun 05		Transferred from SAL LABR LPG	1186.00
30 Jun 05		Transferred from SAL LABR LUB	15977.70

Select one of the other income / expense accounts to verify the amount transferred to the closing "P&L 04/05" ledger. And so the Current Balance must now be the sum of the transactions done after the date of this year end process.

MECHANIC V10					CONSUMABLES EXPENSE	
FOR WORKSHOP USE <SEALERS ETC>					Opening Balance	0.00
					Current Balance	254.55
Date	Docket	Ref#	Comment		+DR -CR	Amount
10 Jan 05	P-16752	PETTY CAS	PHONE SOCKET			6.32
14 Jan 05	P-16785	STRATHFIE	ADAPTOR			18.14
14 Jan 05	P-16785	STRATHFIE	BATTERY			13.64
14 Feb 05	P-16913	PETTY CAS	NARUA GLOBES			5.41
22 Mar 05	P-17045	PETTY CAS	CLIPS AND TIES			7.27
08 Apr 05	P-17110	CRAIGHILL	TOILET PAPER			60.00
26 Apr 05	P-17166	PETTY CAS	RP7			6.91
06 May 05	P-17210	WURTH	WIRE BRUSH			4.14
12 May 05	P-17234	MOVING	PARTS WASHER FLUID 40L			105.60
16 May 05	JE-1470		4 BAGS OF RAGS			156.37
30 Jun 05			Transferred to P&L 04/05			-1652.92
13 Jul 05	P-17445	CJS	ULTRA BLUE			29.12
25 Jul 05	P-17387	SNAPON	GLOBE			14.60
25 Jul 05	P-17504	RYDE MITS	SEALER			48.56
03 Aug 05	P-16472	FRASERS	NAVY JSY			30.00
05 Aug 05	P-17562	PETTY CAS	GLOBE			18.18
10 Aug 05	P-17578	CITIBANK	REGULATOR			114.09

THIS NEXT STEP IS OPTIONAL:

Now that the year end closing off process has completed, use the Set Freeze Date program (6,8,2) should be used to prevent transactions from being posted back to this closed financial year.

1. Press UP-ARROW to highlight the START DATE LIMIT line.
2. Press [ENTER] to go into edit mode.
3. Type 01/07/05 (the first day after the close off) and press F10 to save this and exit.
- 4.

MECHANIC V10

EDITING COMPANY CONTROL PANEL

29020 - Start date limit
Mechanic date cannot be changed to before this date.

OPTION	DESCRIPTION	SETTING
29020	Start date limit	01/07/05
29030	End date limit	-

DEFAULT

<COMPANY>

TERMINAL

SESSION

CURRENT

LEGEND:

OPTION SET

OPTION USED

OPTION NOT SET

THIS NEXT STEP IS OPTIONAL – REFER TO YOUR ACCOUNTANT:

The profit or loss made during any financial year should be accounted for. Any profit may be re-invested, withdrawn, etc – refer to your accountant. Any loss should be applied to the NEXT financial year as a liability, (ie reduce the next years profit and therefore reduce any tax on profits).

To do this...

STEP 1 - Use F12 to change the date to the first day of the next financial year.

The screenshot shows the MECHANIC V10 software interface. At the top, it says "MECHANIC V10" and "GST ENABLED". The main menu on the left lists options: 1 Inv, 2 Tra, 3 Dis, 4 Pri, 5 Mai, 6 Sys, 7 Pra, 8 GST, 0 Qui. The central screen displays "Licensed to MECHANIC TEST SYSTEM" and "Change Mechanic Date 01/07/05 <ENTER to accept>". Below this, it says "NOTE : The correct Date is important for correct operation of the Accounting System." and "X23082006 Version 10.0b". The bottom right shows "7 Credit Received" and "8 Journal Entry". The copyright notice at the bottom is "Copyright (c) 1990-2005 Soltec (Aust) Pty Ltd".

STEP 2 – Enter and post the following journal to transfer the loss amount from the P&L 04/05 ledger into a RETAINED EARNINGS ledger as shown here.

The screenshot shows the MECHANIC V10 software interface with a "JOURNAL ENTRY" screen. The date is "01 Jul 2005" and the entry is labeled "JE-1471". The table below shows the journal entry details:

Account Type	Code	Comment	Debit	Credit
L	P&L 04/05	Year end closing (04/05)		13332.31
L	RET EARNINGS	Year end closing (04/05)	13332.31	
			13332.31	13332.31

Below the table, it says "Full Details".

This journal is used to move the loss of \$13332.31 that is shown at the bottom of page 4 from the P&L 04/05 ledger into the RET EARNINGS ledger. The P&L 04/05 ledger should now have a \$0.00 current balance as shown here.

MECHANIC V10				P&L 04/05 LIABILITY	
PROFIT & LOSS ACCOUNT <04/05>				Opening Balance	0.00
				Current Balance	0.00
Date	Docket	Ref#	Comment	+CR -DR	Amount
30 Jun 05			Transferred from SUPER-SALTER		-21700.00
30 Jun 05			Transferred from SUPER-STAFF		-9250.08
30 Jun 05			Transferred from TAX & WAGES		-69977.11
30 Jun 05			Transferred from TOOLS		-378.90
30 Jun 05			Transferred from TRAINING		-1478.18
30 Jun 05			Transferred from UNIFORMS		-289.09
30 Jun 05			Transferred from WAGES ANDREW		-15780.00
30 Jun 05			Transferred from WAGES LOUISE		-29190.00
30 Jun 05			Transferred from WAGES PAUL		-2580.00
30 Jun 05			Transferred from WAGES SCOTT		-7382.00
30 Jun 05			Transferred from WAGES STEPH		-31147.00
30 Jun 05			Transferred from WARRANTY		-1244.09
30 Jun 05			Transferred from WASTE REMOUL		-9.09
30 Jun 05			Transferred from WATER BOARD		-562.75
30 Jun 05			Transferred from ZPETROL-CO.		-3726.26
30 Jun 05			Transferred from ZPHONE 1054		-3549.47
01 Jul 05	JE-1471		Year end closing <04/05>		13332.31

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