
OverNet Computer Services

Mechanic helpdesk query

Adjusting Small Amounts Using Journal Entries – To Balance Off Accounts.

This process shows how to clean-up the small amounts that are occasionally left over from a transaction.

Refer this document to your accountant so they can ensure that your DISCOUNT or ROUNDING ledgers are setup as required for your situation. Your accountant may want the discount ledger replaced with a miscellaneous or rounding ledger or even the bank or petty cash ledgers.

This following process shows how to use journals to adjust customers balances, suppliers accounts or ledger totals by small amounts.

Remember that the accounts that are used are interchangeable – as long as the overall transaction has a DEBIT and CREDIT total that matches. So the suppliers account can be replaced by a customers account or even another ledger.

A common use of this situation is when a customer brings a cheque for that is already made out for \$220.00 to pay for an invoice for \$220.17. The simplest solution is to move the 17 cents to a discount ledger.

NOTE: In the above example, GST is not involved at all. Technically, the GST on the 17 cents should be reversed out – but its not worth it and the ATO does not require it.

In the following example...

The Telstra bill was for \$308.12, but it was incorrectly entered as \$308.14. So after the \$308.12 amount was paid there was still 2 cents outstanding to this supplier.

This journal shows how 2 cents was moved from the Telstra supplier into a discount account. Then the Telstra supplier will not be owed 2 cents and there will be a 2 cent discount shown.

JOURNAL ENTRY					24 Jul 2003	U
Account		Comment			JE-13	
Type	Code		Debit	Credit		
S	TELSTRA	Invoice amount was 2 cents too high.	0.02			
I	DISCOUNT	Invoice amount was 2 cents too high.		0.02		
			0.02	0.02		
Full Details						

How to start a journal entry... From the Main Menu, select options 2, 8 and 1.

LINE 1:

- Enter S for supplier into the TYPE, and then enter the suppliers code.
- Enter an appropriate description.
- Check the arrows to ensure the Telstra account is DECREASED by 2 cents.

LINE 2:

- Enter L for liability and then the ledger account the 2 cents is to be moved into.
- Use the " to repeat the description.
- Enter the same amount into the other column.

Press F7 to post the journal.

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