# Managing journal entries

**Goal:** Learn how to record and change journal entries in Ajera.

## In this quick lesson

A *journal entry* is a group of related transactions with offsetting credit and debit amounts that total zero when the journal is in balance.

It is a common practice to record any adjusting or closing entries for business transactions and amortization or prepaid insurance expenses *before* you print financial statements.

Although these adjusting entries affect financial reporting, they have no effect on project reporting.

In this lesson, you will learn how to create a journal entry, change it, review it in the session journal, and print a financial statement that includes the journal entry.

To learn how to save time on journal entries that you make repeatedly, see the *Setting up and creating recurring journal entries* quick lesson.

**Important!** Before making journal entries, you must know which accounts to debit and which to credit. Consult your CPA for the appropriate entries to make, if needed.



In this lesson, you will make a journal entry to this account.

# Step 1: Enter a journal entry

You enter journal entries on the **New** tab of the Manage Journal Entries window.

1. Click **Manage** > **Journal Entries**.

2. Enter general information about the entry:

You would use this field if you were entering an auto-reversing journal entry. For more information, see the *Setting up auto-reversing journal entries* quick lesson.

When you enter a journal entry, Ajera automatically creates both accrual and cash accounting entries.

The accounting basis you select applies to the entire set of transactions that make up the journal entry. It determines how and when revenue, cost, and expense are recognized to the general ledger.

This date determines the period for which the journal entry appears on financial statements.

The Reference ID, Description, and Notes fields are optional and print on the Journal Entries report, allowing you to track the journal entry for auditing and reporting purposes.

## *Step 1: Enter a journal entry (continued)*

3.  Now, debit and credit the accounts. You enter an amount as a debit to increase expenses. You enter an amount as a credit to increase income:

**Enter the debit to the Short Term Investments account.**

**Make an offsetting entry to balance the account.**

| Account | Department | Debit Amount | Credit Amount | Notes |
|---|---|---|---|---|
| 1420 Short Term Investments | | 150.00 | | |
| 9110 Interest Income | Admin | | 150.00 | |
| | ... | | | |
| | | 150.00 | 150.00 | |

In balance

Close  Edit  Save  Cancel  Delete  Help

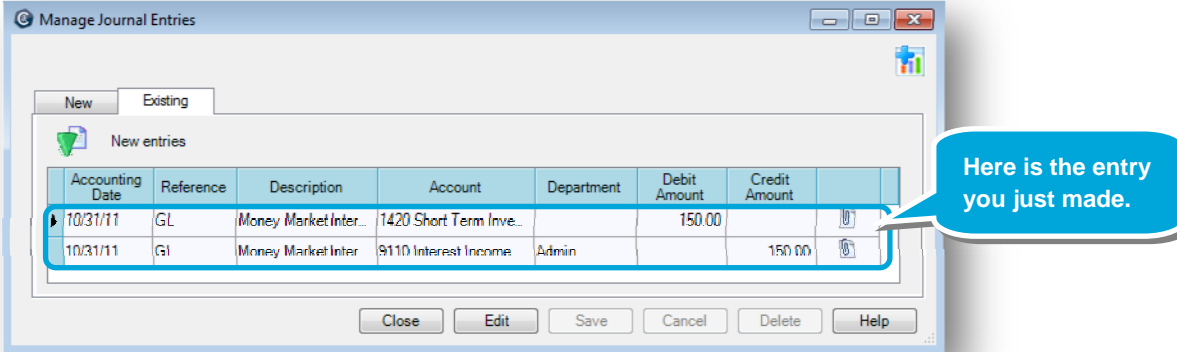4.  When the entry is in balance, click **Save**.

If you make regular journal entries using Expense or Other Income accounts, you can save time by using *allocated accounts*. When you select an allocated account, Ajera enters the amount per department for you.

For more information, see the *Setting up and using allocated accounts* quick lesson.

# Step 2: Change the journal entry

You change journal entries on the **Existing** tab of the Manage Journal Entries window.

1. Click the **Existing** tab.



**Note:** If the table does not display the entry you want, click the Change View button and select the correct accounting date and entry status.

2. Let's change the entry. Select a row and click the **Edit** button. Change the entry.
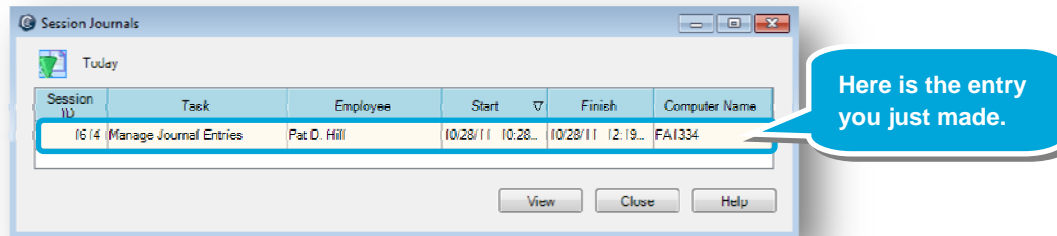


3. When the entry is in balance, click **Save**.

# Step 3: Review the session journal

To review your journal entries, open the Session Journal.

1. Click **Reports** > **Session Journals**.



**Here is the entry you just made.**

**Note:** If the table does not display the entry you want, click the Change View button and select the correct date range and session type.

2. Click the session and click the **View** button to view the session journal.



**You can print or export the session journal, if you want.**
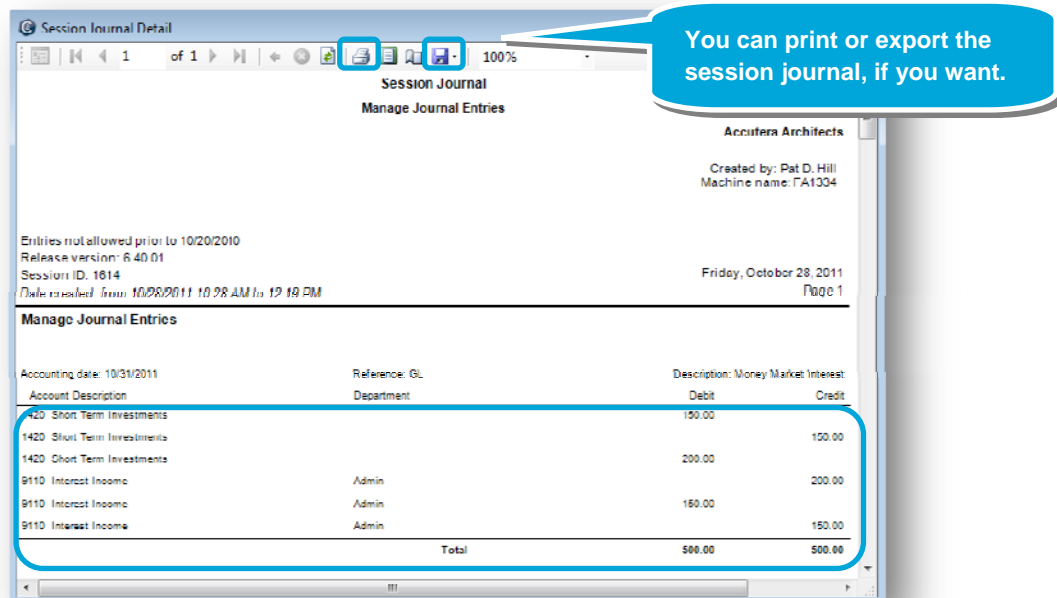
3. Verify your entries and close the session journal.

# Step 4: Print a financial statement with the journal entry

Now that you've entered and verified all the adjusting entries for the month, you're ready to print your financial statements.

1. Open the financial statement by clicking **Reports** > **Financial** > **Financial Statements** and selecting the statement group you want.



**You clicked Reports > Financial > Financial Statements > Balance Sheet Group for this statement.**

**Notice that this is now $200 more than the amount shown on page 1.**

**The financial statement now includes the adjusting entry you made in this lesson.**

2. Click the **Print** or **Export** button, if needed.

3. If you want a comparative view of your firm's financial position, you can view accrual or cash statements by selecting **Accrual** or **Cash** in the Financial Statement Groups window. You must have permission to manage financial statements to view this window.

   For more information, in Ajera Help click **Contents** > **Statement groups**.

**Summary**

You now know to make enter and change journal entries before printing financial statements.

If you make make the same journal entries regularly, see the *Setting up and creating recurring journal entries* quick lesson.