

## CHAPTER 3: GENERAL JOURNALS

### Objectives

The objectives are:

- Explain the General Journal entry and posting system.
- Create and post General Journal entries.
- Describe Recurring Journals, including fields and allocations.
- Demonstrate how to use Recurring Journals with allocations and how to record accruals.
- Explain the process of reversing and correcting journal entries.

### Introduction

In Microsoft Dynamics® NAV 2009, General Journals are used to post information into the general ledger and other accounts. The General Journal is also used to post cost allocations and other adjustments to the accounts.

General Journals have three layers: templates, batches, and lines. These layers help the user in the process of creating and posting journal entries. It also help the user track all postings.

The General Journal is also used to entering information into recurring journals, which is used when a company needs to allocate recurring entry lines.

In addition, General Journals enable users to reverse and correct incorrect entries, when necessary.

## Journal Overview

General journals are used to enter data into general ledger accounts and other accounts, such as customers, vendors, and banks.

The journal entry system has three layers:

- Journal templates
- Journal batches
- Journal lines

The following figure, displays the journal structure.

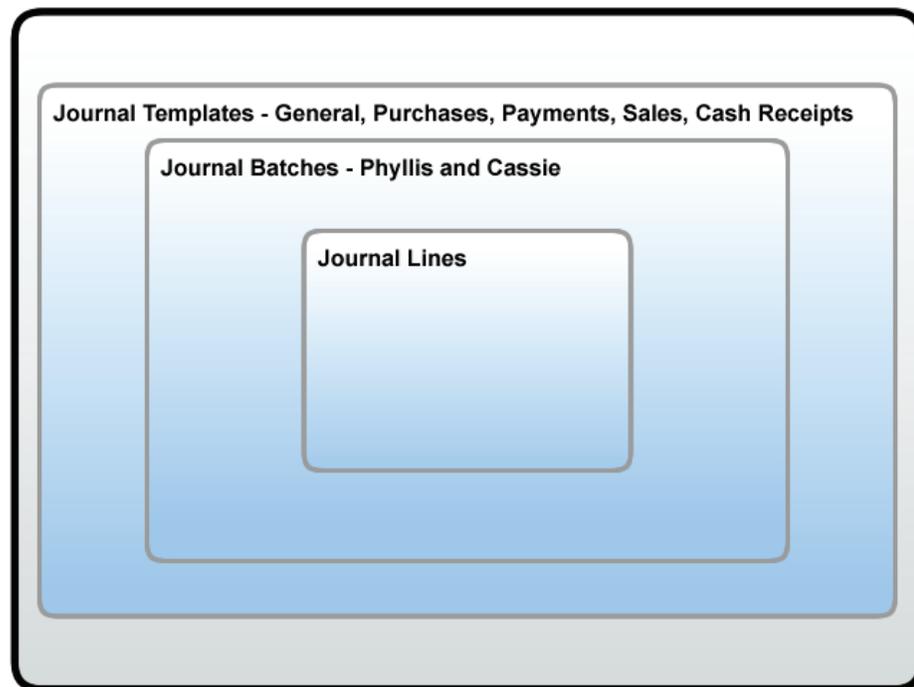


FIGURE 3.1 JOURNAL STRUCTURE: TEMPLATES, BATCHES, AND LINES

Although all three layers are always present, only the journal lines and batch name display in a journal window.

### Journal Templates

Journals are used for different types or groups of entries and can be applied to other application areas, such as:

- Sales
- Purchase

- Cash Receipts
- Payment
- Fixed Asset

Each journal type is set up with its own journal template. Use the journal template to provide the basic journal structure and to specify default information for all batches.

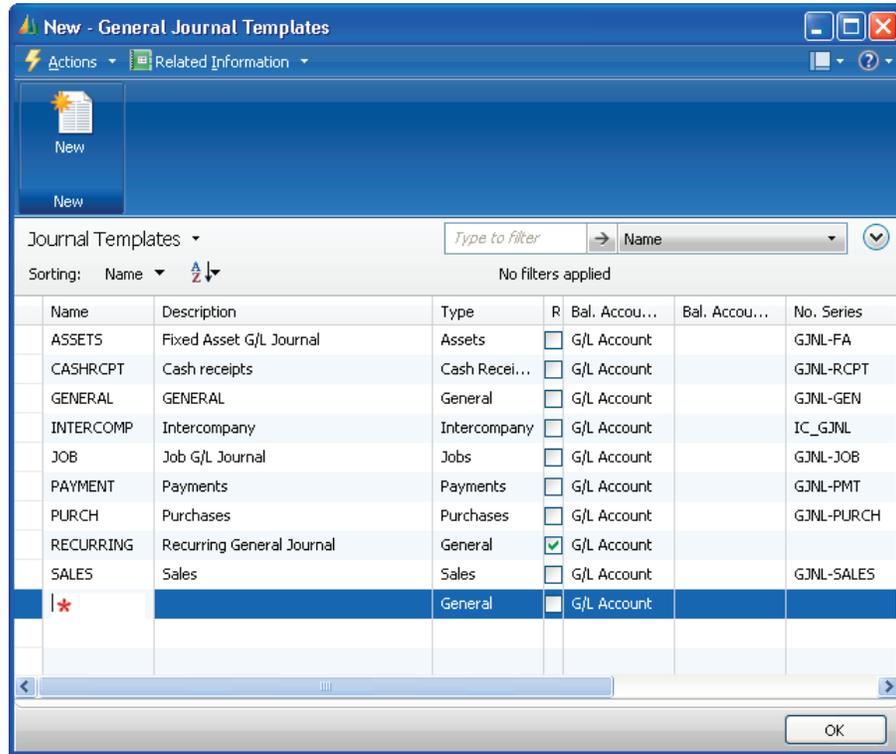


FIGURE 3.2 GENERAL JOURNAL TEMPLATES

In Microsoft Dynamics NAV 2009, there are several standard general journal templates set up in the application areas. These templates cover the most common routines that are used in the program, and in all these journal templates, entries can be posted to general ledger, customer, vendor, and fixed asset accounts. Some standard templates are also automatically set up with a default batch.

**NOTE:** Journal templates are set up in the Application Setup in Microsoft Dynamics® NAV 2009 courseware.

## Journal Batches

Journal Batches are created based on the journal templates. Batches that are created from a specific template have identical:

- Structure
- Default settings
- Information

These similarities are defaults that can be changed for each journal batch.

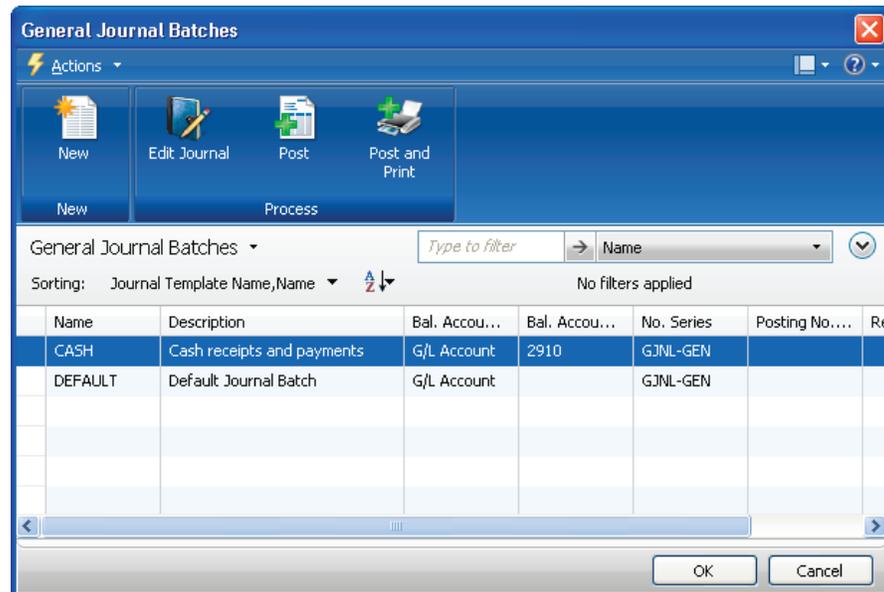


FIGURE 3.3 GENERAL JOURNAL BATCHES

Journal Batches are frequently used to separate one user's entries from another. For example, the following people at CRONUS International, Ltd. use general journals:

- Phyllis, the accounting manager
- Cassie, the accountant

Cassie makes entries and posts them later upon approval. To keep Phyllis's entries from becoming mixed with Cassie's entries, separate batches are assigned to the two users.

## Journal Lines

Journal lines are the entries that must be posted. Information entered in journal lines includes:

- Account numbers
- Posting dates

- Amounts
- Offsetting accounts

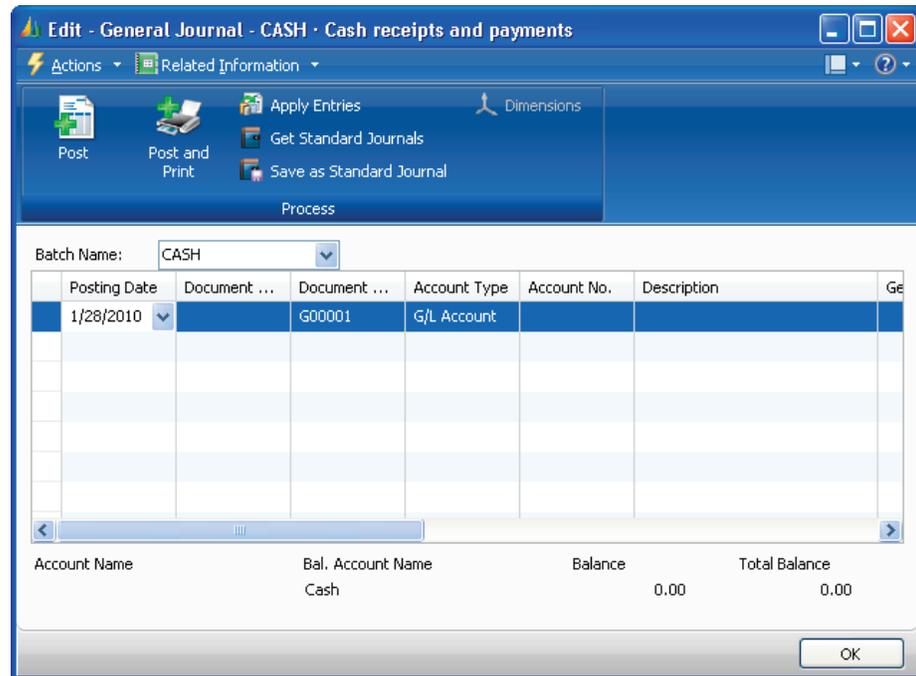


FIGURE 3.4 GENERAL JOURNAL - CASH

The lines entered in a journal are temporary and can be changed as long as the journal has not been posted.

## Journal Posting

Each journal has a series of posting routines called Codeunits. These codeunits are used during the posting process to post the information entered from the journal to one or more ledgers. For example, the sales journal uses Codeunits 11 through 15 to post the information entered into both the customer ledger and general ledger.

Because the program has a uniform data structure, the five Codeunits are also used to post the following journals:

- General
- Cash Receipts
- Purchases
- Payments

However the following journals have their own posting routines because of their significant differences:

- Item
- BOM
- Job
- Resource

### Test Your Knowledge: Journal Entry System

The following categories list the elements of the Journal Entry System. Based on information in the Journal Overview section, match these elements that have the listed attributes.

Categories (Journal Entry System):

1. Templates
2. Batches
3. Lines
4. Posting

\_\_\_\_\_ Item 1: Provide the basic journal structure.

\_\_\_\_\_ Item 2: Use Codeunits.

\_\_\_\_\_ Item 3: Default information can be changed.

\_\_\_\_\_ Item 4: Specify default information.

\_\_\_\_\_ Item 5: Are temporary and can be changed before posting.

\_\_\_\_\_ Item 6: Separate one user's journal from another user.

\_\_\_\_\_ Item 7: Standards are in the application areas.

\_\_\_\_\_ Item 8: Only this and the Batch Name appear in journal windows.

## Creating and Posting Journal Entries

Users can create and post journal entries for:

- Single entry lines without a separate balancing account line
- Multiple entry lines using a balancing account line
- Entries with Dimensions

## Create and Post a Journal Entry

To enter lines in a general journal, follow these steps:

1. In the Navigation Pane, click the **Departments** button, click **Financial Management**, and then click **General Ledger**.
2. Under Task in the General Ledger Page, select **General Journals**.
3. In the **Batch Name** field, click the drop-down list and select the relevant batch.
4. Click **OK**.
5. In the **Posting Date** field, enter the date of this entry.
6. In the **Document Type** field, click the drop-down list and select the relevant document type for this entry.
7. In the **Document No.** field, leave the defaulted number or assign a unique number if this field is empty.
8. In the **Account Type** and **Account No.** fields, click the drop-down list and select the account this entry is to be posted to.
9. The **Description** field is automatically populated with the name of the account. Update this field as necessary.
10. The **Gen. Posting Type**, **Gen. Bus. Posting Group**, and **Gen. Prod. Posting Group** fields are populated based on the posting setup on the **Account No.** selected. These fields can be updated as needed.
11. In the **Amount** field, enter the amount of the entry. Positive and negative amounts in general journals are posted to the account specified in the **Account No.** field as follows:
  - A positive amount represents a debit to the account.
  - A negative amount represents a credit to the account.

When using the CASH batch name, the balancing account is automatically set to the cash G/L account. To insert a balancing account follow these steps:

1. In the **Bal. Account Type** and **Bal. Account No.** fields, click the drop-down list to select the balancing account for this entry.
2. The **Bal. Gen. Posting Type**, **Bal. Gen. Bus. Posting Group**, and **Bal. Gen. Prod. Posting Group** fields are populated based on the posting setup on the **Bal. Account No.** selected. These fields can be updated as needed.
3. Make sure that the pointer is no longer in the **Bal. Account No.** field. Notice that the **Balance** and **Total Balance** fields at the bottom of the window are zero (0).

Because this line contains a balancing account, it is balanced and can be posted. Journal lines that do not balance cannot be posted.

4. In the Action Pane, click **Post**.

5. Click **Yes** to post the journal lines.
6. Click **OK**.
7. Close the **General Journal** window.

There are additional hidden fields on the **General Journal** window. Use the Choose Column function to display these fields.

### Create and Post Journal Entries with a Balancing Line

When a journal contains multiple entries that are all applied to the same balancing account, users can enter one final balancing line so that only one complete line is posted to the balancing account. This is helpful, for example, in the Cash Receipt Journal to represent a deposit amount.

To create journal entries with a separate balancing line, follow these steps:

1. On the Navigation Pane, click the **Department** button, click **Financial Management**, click **General Ledger**, and then select **General Journals**.
2. In the **Batch Name** field, click the drop-down list and select the relevant batch.
3. In the **Posting Date** field, enter the date of this entry.
4. In the **Document Type** field, click the drop-down list and select the relevant document type for this entry.
5. In the **Document No.** field, leave the defaulted number or assign a unique number if this field is empty.
6. In the **Account Type** and **Account No.** fields, click the drop-down list and select the account this entry is to be posted to.

The **Description** field is automatically populated with the name of the account. Update this description as necessary.

7. In the **Amount** field, enter the amount of the entry.
8. Press the **DOWN ARROW** key. Notice that many of the fields on the new line are identical as those on the first line.
9. Repeat steps 6-8 for the second line.

To enter the balancing line and post the journal, follow these steps:

1. Press the **DOWN ARROW** key.
2. In the **Account No.** field, select the balancing account for these entries.
3. In the **Amount** field, enter the total amount of the first two fields as an offsetting amount.
4. Verify that the **Total Balance** field is zero.
5. In the Action Pane, click **Post**.

6. Click **Yes** to post the journal lines.
7. Click **OK**.
8. Close the **General Journal** window.

### Create and Post a Journal Entry with Dimensions

Dimensions can be assigned to journal entries. A dimension first must be displayed on the **General Journal** window.

To display the dimension and assign to entries, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **General Ledger**, and then select **General Journals**.
2. In the **Batch Name** field, click the drop-down list and select the relevant batch.
3. Right-click the table-header to open the **Choose Columns** function.
4. Select the dimensions on the list and click add.
5. Click **OK** when all the dimensions is added.
6. Click **OK** in the **Information** box.
7. Close the **General Journal** to activate the dimensions in the journal
8. Click **General Journals**.
9. Scroll to view that the dimension field(s) appears at the end of the journal line.
10. Click **OK** to close the **General Journal**.

The dimensions can also be added to the lines without adding the fields to the window. Follow these steps to add dimensions:

1. Fill in a line in the **General Journal** window. Do not fill in any dimensions (if dimensions were added to the window).
2. With the line selected, click **Related Information**, point to **Line** and then click **Dimensions**.
3. In the **Dimension Code** field, click the drop-down list and select the relevant dimension.
4. In the **Dimension Value Code** field, click the drop-down list and select the relevant dimension.
5. To close the **Journal Line Dimensions** window, click **OK**.
6. If the dimension specified in steps 3-4 was added to the window, notice that the dimension field is populated with the value entered in step 4.
7. Close the **General Journal** window.

### General Journal Posting Results

If a filter is set, only those lines that are within the filter and are in balance are posted. The entries hidden because of applying the filter are not posted, even if they balance.

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***NOTE:** Several batches can be posted at the same time by clicking **Post** in the **General Journal Batches** window. All lines in all batches appearing in the **General Journal Batches** window are posted.*

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The results of a journal posting can be viewed in the G/L register. To access the entries, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **General Ledger**, and then select **Chart of Accounts**
2. In the Action Pane click **G/L Register**.
3. Press **CTRL+END** to move to the bottom of the **G/L Registers** window and select the relevant journal batch. Notice that today's date is listed as the **Creation Date**.
4. In the Action Pane click **General Ledger**.
5. Review the register and then close the open windows.

### Preview a Test Report

To see the effect that the journal will have on the accounts set up as reconciling accounts, you can print a test report before posting. To preview the test report from a general journal, follow these steps:

1. Fill in a line in the **General Journal** window.
2. Click **Actions** and point to **Posting** and then click **Test Report**.
3. Click **Preview**.
4. Review the report and then close the **Print Preview** and **General Journal** windows.

### Demonstration: Post a Cash Payment for Cleaning Expenses

**Scenario:** On January 25, 2010, Cassie, the accountant for CRONUS International Ltd. has to post the amount 60.00 payment for a cleaning expense. Because this is a single entry, a separate balancing line will not be used.

This expense has to be posted to the Production department dimension. Notice that the Department dimension has already been added to the **General Journal** window.

Review the entry after posting.

## Steps

To post the journal entry, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **General Ledger**, and the click **General Journals**.
2. In the **Batch Name** field, click the drop-down list and select the Default Journal Batch.
3. Delete existing lines, if any.
4. In the **Posting Date** field, enter 01/25/10.
5. Do not change the **Document No.** field.
6. In the **Account Type** field, click the drop-down list and select G/L Account.
7. In the **Account No.** field, enter 8110.
8. In the **Amount** field, enter 60.00.
9. In the **Bal. Account No.** field, enter 2910.
10. In the **Department** field, click the drop-down list and select Production.
11. Verify that the **Total Balance** is zero.
12. Click **Post**.
13. Click **Yes** to post the journal lines.
14. Click **OK**.
15. Click **OK** to close the **General Journal**.
16. In the bottom of the General Ledger page, under History, click **G/L Registers**.
17. Press **CTRL+END** to move to the bottom of the **G/L Registers** window and select the DEFAULT journal batch.
18. Click **General Ledger**.
19. Review the entries and close the open windows.

## Lab 3.1 - Create a Journal Entry

### Scenario

As the accounting manager at CRONUS International Ltd., you have to create and post a debit journal entry that is divided between the Sales and Administration departments. But the credit entry must not be separated by department. Use the following criteria to complete this journal entry:

- Default Journal Batch
- Posting Date January 1, 2010
- Debit to G/L account 8110
  - 100.00 to the Sales department
  - 60.00 to the Administration department
- Credit to G/L account 2910

After posting, review your entries in the G/L Register and then close all open windows.

### Challenge Yourself!

1. In the **General Journal** window, enter the debit and credit lines.
2. Post the lines.
3. Review the entries in the G/L Register.
4. Close the open windows.

### Need a Little Help?

1. Open the **General Journal** window.
2. Select the Default journal batch.
3. Enter a line for the Sales department debit.
4. Enter a line for the Administration debit.
5. Enter a line for the credit posting.
6. Post the lines.
7. Close the open windows.
8. Review the entries in the G/L Register.
9. Close the open windows.

## Step by Step

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **General Ledger**, and then click **General Journals**.
2. In the **Batch Name** field, click the drop-down list and select the Default journal batch.
3. In the **Posting Date** field, click the drop-down list and select 01/01/10.
4. Do not change the **Document No.** field.
5. In the **Account No.** field, enter 8110.
6. In the **Amount** field, enter 100.
7. In the **Department** field, click the drop-down list and select Sales.
8. Press the DOWN ARROW key.
9. In the **Account No.** field, enter 8110.
10. In the **Amount** field, enter 60.
11. In the **Department** field, click the drop-down list and select Administration.
12. Press the DOWN ARROW key.
13. In the **Account No.** field, enter 2910.
14. In the **Amount** field, enter -160.00
15. Click **Post**.
16. Click **Yes** to post the journal lines.
17. Click **OK** and close the **General Journal** window.
18. In the General Ledger page, under **History**, click **G/L Registers**.
19. Press CTRL+END to move to the bottom of the **G/L Registers** window and select the DEFAULT batch.
20. Click **General Ledger**.
21. Review and then close the open windows.

## Recurring Journals Overview

Recurring journals are useful for transactions that are posted frequently with few or no changes. A recurring journal:

- Is a general journal that contains special fields for managing recurring transactions
- Can be used to allocate single entries to multiple general ledger accounts

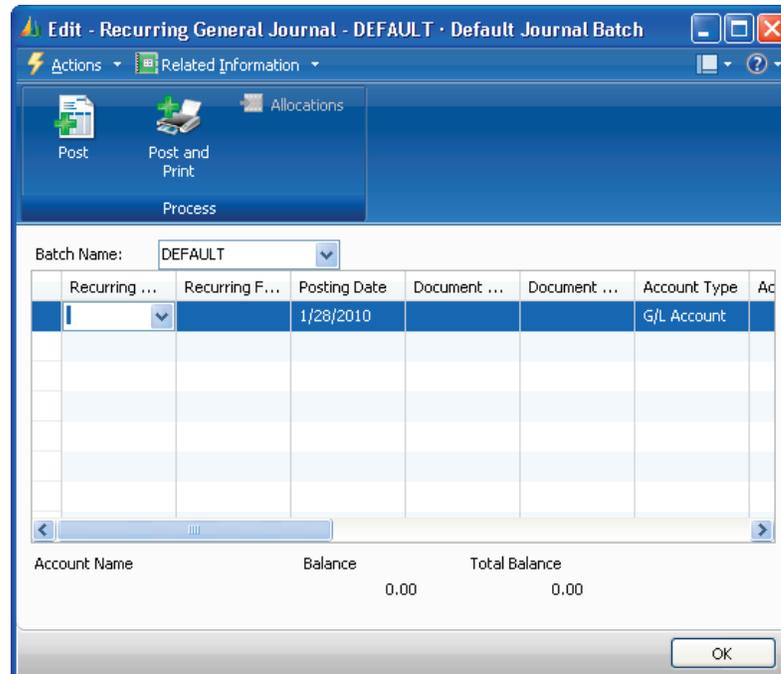


FIGURE 3.5 RECURRING GENERAL JOURNAL WINDOW

Recurring Journals can be accessed under Periodic Activities in the following application areas:

- Financial Management
  - General Ledger
  - Receivables
  - Payables
  - Fixed Assets
- Jobs
- Resource Planning

The Purchase application area contains two recurring journals, accessed from the Inventory & Costing page:

- Recurring Item Journal
- Recurring BOM Journal

The following recurring journals do not post to the general ledger:

- Item
- BOM
- Job
- Resource

Item, BOM, and Job journals use separate posting functions and Resource journals are never posted to the general ledger.

### Recurring Methods

The Recurring Method determines how the amount on the journal line is treated after posting. The following table shows the various Recurring Methods.

Recurring Method	Description	Examples
Fixed	Use when the amount of the journal is the same each period. The amount on the journal line remains after posting.	Monthly expensing of prepaid annual insurance premium throughout the year. Recording fixed expense invoices if purchase documents are not used (for example, cleaning on a contract basis).
Variable	Use when the amount of the journal is different each period. The amount on the journal line is deleted after the recurring journal is posted.	Recording variable expense invoices if purchase documents are not used (for example, stationary, maintenance). Recording regular customer sales if sales documents are not used.

Recurring Method	Description	Examples
Balance	The balance of the account on the line is allocated among the accounts specified for the line in the Allocations window. Therefore, the balance on the account on the line is set to zero. Remember to fill in the Allocation % field in the Allocations window.	Periodic allocation of an expense account between departments. Periodic allocation of overheads posted to a single overhead account to several specific overhead accounts. Intercompany expense allocations.
Reversing Fixed	The amount on the journal line remains after posting, and a reversing entry posts on the following day.	Monthly accrual of contract cleaning invoice not received until the following month.
Reversing Variable	The amount on the journal line is deleted after posting, and a reversing entry is posted the next day.	Monthly accrual of electricity invoice not received until the end of the first week of the following month. Monthly income accrual for sales value of items shipped but not invoiced.
Reversing Balance	The balance of the account on the line is allocated among the accounts specified for the line in the <b>Allocations</b> window. The balance on the account is set to zero. A reversing entry posts on the following day.	The same examples as the Balance method but the allocations are only temporary. (For example, the allocations are temporary because they are only an estimate for periodic reporting.)

### Recurring Frequency

The **Recurring Frequency** field contains a formula that determines how frequently the entry on the journal line will be posted. This formula can contain a maximum of 20 alphanumeric characters that the program recognizes as abbreviations for time specifications.

For example, if the formula 1M is entered with a Posting Date of 01/15/10, when the journal is posted, the date is changed to 02/15/10.

Use one of the following methods to post an entry on the last day of every month after the current month:

- Post the first entry on the last day of a month and enter the formula 1D+1M-1D (1 day + 1 month - 1 day). With this formula, the program calculates the date correctly regardless of how many days are in the month.
- Post the first entry on any arbitrary day of a month and then enter the formula: 1M+CM. With this formula, the program calculates one full month plus the remaining days of the current month.

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***NOTE:** If posting monthly accruals that must be reversed the following month (Reversing Fixed, Reversing Variable, and Reversing Balance methods), post them on the last day of the each month. The first entry must be posted on the last day of the current month and the **Recurring Frequency** must be either 1D+1M-1D or 1M+CM. This makes sure the reversal is always posted on the first day of the following month.*

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### Document Number Formulas

Instead of using a number series to determine the **Document No.**, Microsoft Dynamics NAV 2009 provides the option to enter a formula to create a document number for each posted entry that is then updated automatically every time that the recurring journal is posted.

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***NOTE:** Posting No. Series specified on the batch overrides manual document numbers. To use the formulas, make sure that the **Posting No. Series** field on the batch is empty.*

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Simple text can be combined with the following text codes to form a number series:

- %1 - The current day number
- %2 - The current week number
- %3 - The current month number
- %4 - The current month name
- %5 - The current accounting period name

For example, if the entry's document number is R (rent) + current month, enter R%3 in the field. The document number for January will then be R1.

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***NOTE:** The **Document No.** field supports up to 20 alphanumeric characters. Consider this limitation when creating formulas.*

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If there is more than one line in the journal, the program:

- Automatically keeps the same number on the next lines until the balance for the journal is zero (0).
- Enters the next consecutive number on the next line.

### Posting Group Fields

There are three fields on the Recurring Journal that are populated from the account card and that determine posting for the journal line:

- Gen. Posting Type
- Gen. Bus. Posting Group
- Gen. Prod. Posting Group

The values in these fields can be modified or deleted as needed.

### Expiration Dates

Recurring journal lines can be set up with expiration dates. Use the **Expiration Date** field to limit the posting period by specifying the last date that an entry can be repeated.

By using this field, a line can be entered in the journal even though it will only be posted for a limited period. The line will not be posted after the date entered in the field.

The advantage of using this field is that the line will not be deleted from the journal immediately and the present expiration date can be replaced with a later one so that the line can be used additionally into the future.

If the field is blank, the line will be posted during each posting process until it is deleted from the journal.

### Allocations

Allocations are used to allocate the amount on the recurring journal line to several accounts and dimensions. That is, the allocation is a balancing account line to the recurring journal line because recurring entries do not have balancing accounts.

Just as in a recurring journal, an allocation only has to be entered one time. The allocation remains in the allocation journal after posting. Therefore, you do not have to re-enter amounts and allocations every time that the recurring journal line is posted.

Enter allocations for a journal entry by using one of the following methods:

- In the **Allocated Amt. (LCY)** field, click the drop-down list.
- Select the line, click **Related Information**, point to **Line**, and then click **Allocations**.

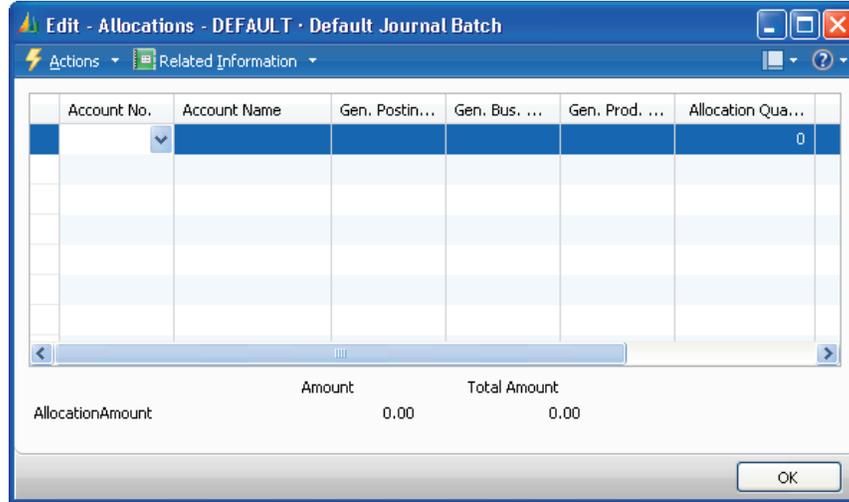


FIGURE 3.6 ALLOCATIONS WINDOW

Allocate the amount from the line to different accounts and dimensions by using one of the following allocation methods:

- **Allocation Quantity** - Allocate the amounts by quantities. An example is allocating by the number of people in each department.
- **Allocation %** - Allocate the amounts by percentage.
- **Amount** - If you use the **Allocation Quantity** or **Allocation %** field, the program calculates the allocated amount in this field. However, the field can be used to enter a manually calculated allocation amount.

After you enter the lines with the allocations, the **Recurring General Journal** window displays the following:

- The **Allocated Amt. (LCY)** field is now filled in.
- If the recurring journal line is in LCY, the **Allocated Amt. (LCY)** field will match the **Amount** field but have the opposite sign.

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**NOTE:** The posting group fields can be filled in on either the recurring journal line or on the allocation line, but not on both. These fields are as follows: **Gen. Posting Type, Gen. Bus. Posting Group, Gen. Prod. Posting Group, VAT Bus. Posting Group, and VAT Prod. Posting Group.**

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Allocations can be used with all **Recurring Methods**. However, there are some rules for using the **Balance** method:

- Allocations must be used because this method cannot post only to a balance account in another journal line.
- Do not enter an **Amount** because, as part of the posting process, the program determines the amounts to post on the line from the account balance.
- The recurring journal must be posted before the allocated amounts can be viewed. The Test Report does not show the calculated allocation amounts.

### Test Your Knowledge: Recurring Methods

Match the following Balancing Methods to the correct definition.

<p>_____ 1. The balance of the account is allocated among the accounts specified in the Allocations window. The balance on the account is set to zero and a reversing entry posts on the following day.</p> <p>_____ 2. The amount of the journal is different each period and is deleted after posting.</p> <p>_____ 3. The amount of the journal is the same each period and remains after posting.</p> <p>_____ 4. The amount on the journal line is deleted after posting and a reversing entry is posted the next day.</p> <p>_____ 5. The balance of the account is allocated among the accounts specified in the Allocations window. Therefore, the amount on the line is set to zero.</p> <p>_____ 6. The amount on the journal line remains after posting and a reversing entry posts on the following day.</p>	<p>a. Fixed</p> <p>b. Reversing Fixed</p> <p>c. Reversing Balance</p> <p>d. Balance</p> <p>e. Reversing Variable</p> <p>f. Variable</p>
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### Test Your Knowledge: Recurring Journal Overview

Fill in the blanks to test your knowledge.

1. Allocations can be used with all Recurring \_\_\_\_\_.
2. The three fields populated from the account card determine \_\_\_\_\_ for the journal line.
3. The \_\_\_\_\_ is a balancing account line to the recurring journal line.
4. Text code formulas can be used to form a number series in the \_\_\_\_\_ field.

5. The program recognizes the Recurring \_\_\_\_\_ formula as abbreviations for time specifications.
6. Use the \_\_\_\_\_ Date field to limit the posting period.

## Processing Recurring Journals

Processing recurring journals allows users to save postings that are posted frequently to use as a recurring template for the general journal, this helps user save time, when posting in the accounts.

The demonstrations in this lesson show how to process recurring journals. Both demonstrations use a new recurring batch that is set up in the first demonstration, which shows how to post recurring payable entries that must be paid but do not require invoice documents. Different Recurring Methods are used and the costs are allocated to multiple departments.

The second demonstration summarizes income and expense accruals and shows how to post an accrual by using the Reverse Variable method.

### Demonstration: Process a Recurring Journal with Allocations

**Scenario:** Cassie, the accountant at CRONUS International Ltd., must set up a recurring payables journal for monthly expenses. This includes the following:

- **Cleaning:** The amount 500.00, always due on the fifteenth of each month, and allocated between these three departments:
  - Administration - 50 percent
  - Production - 25 percent
  - Sales - 25 percent
- **Advertising Expenses:** variable, but always due on the twenty-fifth of each month and allocated only to the sales department.

These expenses must be available for payment selection but do not require an invoice document.

For this demonstration, a new recurring journal batch is created so that manual document numbers can be used.

### Steps

To enter the line for the cleaning expense, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Periodic Activities**, click **General Ledger**, and then click **Recurring General Journals**.
2. In the **Batch Name** field, click the drop-down list.
3. Click **New**.

4. In the **Name** field, enter Recurring.
5. In the **Description** field, enter Recurring Journals.
6. Remove the value in the **Posting No. Series** field.
7. Click **OK**.
8. In the **Recurring Method** field, click the drop-down list and select Fixed.
9. In the **Recurring Frequency** field, enter 1M.
10. In the **Posting Date** field, enter 11/15/10.
11. In the **Document Type** field, click the drop-down list and select Invoice.
12. In the **Document No.** field, enter 2010Cleaning %3.
13. In the **Account Type** field, click the drop-down list and select Vendor.
14. In the **Account No.** field, enter 20000.
15. In the **Amount** field, enter -500.00.

To enter the allocations for the cleaning expense, follow these steps:

1. Click **Related information**, point to **Line** and then click **Allocations**.
2. Right-click in the table-header and click **Choose Column** and add the Department Code.
3. In the **Account** field, enter 8110.
4. In the **Department Code** field, click the drop-down list and select Administration.
5. In the **Allocation %** field, enter 50.
6. Press the **DOWN ARROW** key.
7. In the **Account** field, enter 8110.
8. In the **Department Code** field, click the drop-down list and select Production.
9. In the **Allocation %** field, enter 25.
10. Press the **DOWN ARROW** key.
11. In the **Account** field, enter 8110.
12. In the **Department Code** field, click the drop-down list and select Sales.
13. In the **Allocation %** field, enter 25.
14. Click **OK** to close the **Allocations** window.

To enter the line and allocations for the advertising expense, follow these steps:

1. In the **Recurring Journal** window, press the **DOWN ARROW** key.
2. In the **Recurring Method** field, click the drop-down list and select V Variable.
3. In the **Recurring Frequency** field, enter 1M.
4. In the **Posting Date** field, enter 11/25/10.

5. In the **Document No.** field, enter 2010Advert %3.
6. In the **Account No.** field, enter 60000.
7. For November, the advertising expense is -760.00. Enter this amount in the **Amount** field.
8. In the Action Pane, click **Allocations**.
9. In the **Account** field, enter 8410.
10. In the **Department Code** field, click the drop-down list and select Sales.
11. In the **Allocation %** field, enter 100.
12. Close the **Allocations** window.

To post the recurring journal, follow these steps:

1. Click **Post**.
2. Click **Yes** to post the journal lines.
3. Click **OK**.

Review the lines remaining in the window:

- The **Posting Date** on the first line is 12/15/10 and the second line is 12/25/10.
- The **Amount** field contains the following:
  - The first line still contains the -500 because it is a fixed amount.
  - The second line is empty because the method is variable.
- The **Allocated Amt. (LCY)** fields still display the allocation amounts.

---

***NOTE:** To record the December expenses, update the amount on the second line and then post the journal. Because the **Allocation %** was set to 100 for the second line, the allocation always calculates based on the value entered in the **Amount** field on the recurring journal line; therefore, it does not have to be updated.*

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To finish this part of the demonstration, follow these steps:

1. Delete the journal lines because they will not be used again.
2. Close the **Recurring General Journal** window.

To review the posted recurring journal entries, follow these steps:

1. In the navigation pane, click the **Departments** button, click **Financial Management**, and then click **General Ledger**.
2. Scroll to the bottom, under History, click **G/L Registers**.
3. Press **CTRL+END** to move to the last entry.
4. In the Action Pane, click **General Ledger**.

5. Review the entries in the register:
  - The **Document No.** field contains the results of the formula. The 11 represents November.
  - The amounts are allocated to the Departments.
6. Close the open windows.

### Demonstration: Recording Accruals

The recurring journal is ideal for recording accruals.

- Income and expense accruals are entered at the end of an accounting period to make sure that all income and expenses for the period are included in the financial results.
- These accruals are reversed out of the ledger the day after the entry is posted.

**Scenario:** Starting in November 2010, Cassie, the accountant for CRONUS International Ltd. has to set up a recurring monthly accrual for bank interest of the amount 200.00. The interest is received the second day of the month following the month it is accrued.

The recurring journal with allocation is set up as follows:

- The interest is recorded in the month that it is earned and is posted to account 9110, Interest on Bank Balances.
- The **Document No.** field contains the current month name and the word Interest.
- The day after the interest is posted to 9110, the entry is reversed and the interest is posted to account 2330, Accrued Interest.

Review the entries after posting.

### Steps

To enter the accrual and allocations, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Periodic Activities**, click **General Ledger** and then **Recurring General Journals**.
2. In the **Batch Name** field, make sure that the RECURRING batch (created in the "Process a Recurring Journal with Allocations" demonstration) is selected.
3. In the **Recurring Method** field, click the drop-down list and select Reversing Variable.
4. In the **Recurring Frequency** field, enter 1M+CM.
5. In the **Posting Date** field, enter 11/30/10.
6. In the **Document No.** field, enter %4 Interest.

7. In the **Account No.** field, enter 9110.
8. In the **Amount** field, enter -200.00.
9. In the Action Pane click **Allocations**.
10. In the **Account** field, enter 2330.
11. In the **Allocation %** field, enter 100.
12. Close the **Allocations** window.
13. Notice that the **Allocated Amt. (LCY)** field displays 200.00.
14. Click **Post**.
15. Click **Yes** to post the journal lines.
16. Click **OK**.

Review the line remaining in the window:

- The **Posting Date** is now 12/31/10.
- The **Amount** field is empty because the method is variable.
- The **Allocated Amt. (LCY)** field displays the allocation amount.

To record the December interest accrual, enter the amount and post the journal.

To complete this part of the demonstration, follow these steps:

1. Delete the journal line because it will not be used again.
2. Close the **Recurring General Journal** window.

To review the posted accrual, follow these steps:

1. In the navigation pane, click the **Departments** button, click **Financial Management**, and then click **General Ledger**.
2. Click **Chart of Accounts**, and in the Action Pane, click **G/L Registers**.
3. Press **CTRL+END** to move to the last entry.
4. In the Action Pane, click **General Ledger**.
5. Review the entries in the register:
  - The two accrual entries posted on 11/30/10 and the two reversal entries posted on 12/01/10.
  - The **Document No.** field contains the results of the formula. November is displayed because %4 was used.
6. Close the open windows.

## Lab 3.2 - Create and Post a Recurring Journal

### Scenario

On November 1, 2010, CRONUS International Ltd. signed a new vehicle repairs and maintenance contract for a fixed amount of the amount 1,000.00, due on the twenty-fifth of every month.

As the accountant, it is your responsibility to set up and post this expense starting November 2010 with an expiration date of November 1, 2011. You also want a document number to reflect an abbreviation of the expense (VRM) and the number of the month.

Use the RECURRING batch to credit this expense to the Cash account (2910) and allocate it to the company departments as follows:

- Administration: 18 percent
- Production: 58 percent
- Sales: 24 percent

You do not have to review the entries after posting.

---

***NOTE:** If the RECURRING batch has not been set up, refer to steps 2-7 in the "Process a Recurring Journal with Allocations" demonstration.*

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### Challenge Yourself!

1. Use the Recurring Journal to set up the vehicle repair and maintenance expense.
2. Allocate to the departments specified in the scenario.
3. Post the journal.

### Need a Little Help?

1. Open the Recurring Journal, RECURRING batch.
2. Enter a line for the cash account credit, starting November 25.
3. Set the expiration date.
4. Open the **Allocations** window.
5. Set up the department allocations to the vehicle repair and maintenance expense.
6. Post the journal.

## Step by Step Solution

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Periodic Activities**, click **General Ledger** and then click **Recurring General Journals**.
2. In the **Batch Name** field, make sure that the RECURRING batch is selected.
3. In the **Recurring Method** field, click the drop-down list and select Fixed.
4. In the **Recurring Frequency** field, enter 1M and press **enter**.
5. In the **Posting Date** field, enter 11/25/10 and press **enter**.
6. In the **Document No.** field, enter VRM %3 and press **enter**.
7. In the **Account No.** field, enter 2910 and press **enter**.
8. In the **Amount** field, enter -1000 and press **enter**.
9. In the Action Pane click **Allocations**.
10. In the **Account No.** field, enter 8530 and press **enter**.
11. In the **Allocation %** field, enter 18 and press **enter**.
12. In the **Department Code** field, click the drop-down list and select Administration and press **enter**.
13. In the **Account No.** field, enter 2910 and press **enter**.
14. In the **Allocation %** field, enter 58.
15. In the **Department Code** field, click the drop-down list and select Production and press **enter**.
16. In the **Account No.** field, enter 2910 and press **enter**.
17. In the **Allocation %** field, enter 24 and press **enter**.
18. In the **Department Code** field, click the drop-down list and select Sales and press **enter**.
19. Close the **Allocations** window.
20. In the Action Pane, click **Post**.
21. Click **Yes** to post the journal lines.
22. Click **OK**.

## Reversals and Corrections

Occasionally, users will have to reverse or correct journal entry lines because changes or entries booked wrongly. Reversing journal entry lines helps users to reverse entries easy and correct.

### Reversing Journal Entries

In Microsoft Dynamics NAV 2009, when an incorrect general journal is posted, the posted ledger entries can be reversed in the corresponding registers. However, to reverse an entry, the following must be true of the original entry:

- The **Journal Batch Name** field must be completed in the G/L Register.
- Customer Ledger Entries must not be applied.
- Vendor Ledger Entries must not be applied.
- Bank Ledger Entries must not be closed by reconciliation.
- The total amount of the G/L Entries must equal zero.
- The entry must not include any Item Ledger Entries.
- The ledger entries must not have been created by a reversal.

After reversing entries, you can then post it in the same register.

To reverse posted ledger entries from a register, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, and then click **General Ledger**.
2. Scroll to the bottom under History and select **G/L Registers**.
3. Locate and select the register to be reversed.
4. In the Action Pane, click **Reverse Register**.
5. In the **Reverse Register Entries** window, click **Reversing** and then **Reverse**.
6. Click **Yes** to reverse the entries.
7. Click **OK** to the message that the entries were reversed.
8. Review the fields on the reversing entry:
  - The **Source Code** is Reversal.
  - The **Creation Date** is the system date.
  - The **Posting Date** is the original posting date of the entry.
9. Close the **G/L Registers** window.

## Posting Correction Entry Lines

Posted ledger entries cannot be changed or deleted in Microsoft Dynamics NAV 2009. However, you can correct the incorrect entries by posting one or more corrective entries using the general journal.

When you are correcting entries, selecting the Correction check box affects the way entries are posted.

To use the correction functionality, use the Form Designer to add the following fields to the **General Journal** window:

- Correction
- Debit Amount
- Credit Amount

If a check mark is not added in the **Correction** check box on the journal lines:

- The **Amount** field on the line must have the opposite sign of the original, incorrect entry.
- Positive amounts in the **Amount** field are posted as a positive amount in the **Debit Amount** field as usual.
- Negative amounts in the **Amount** field are posted as a positive amount in the **Credit Amount** field as usual.

If a check mark is added in the **Correction** check box on the journal lines:

- The **Amount** field on the line must have the opposite sign of the original, incorrect entry.
- Positive amounts in the **Amount** field are posted as a negative amount in the **Credit Amount** field.
- Negative amounts in the **Amount** field are posted as a negative amount in the **Debit Amount** field.

The **Debit Amount** and **Credit Amount** fields in the journal display the difference between corrections and usual postings.

- After you post a correcting entry in a journal, the effect on the account that is used for posting is as follows:

- If a check mark is added in the **Correction** check box:
  - The original entry and correcting entry are posted to the same side of the account, either as debits or credits.
  - The correcting entry has a negative sign. This is helpful when you run reports such as the Cash Flow Statement.
  
- If a check mark is not added in the **Correction** check box, the original entry and correcting entry are posted to opposite sides of the account, one as a debit and the other as a credit.

### Test Your Knowledge: Reversals and Corrections

1. To reverse a posted ledger entry, which the following condition(s) must be met?
  - ( ) The Journal Batch Name field must be blank.
  - ( ) Customer and Vendor ledger entries must not be applied.
  - ( ) Bank ledger entries can be either open or closed by reconciliation.
  - ( ) The total of the G/L entries must be greater than zero.
  
2. Regardless of whether the Correction check box contains a check mark or not, what must be done when you post a correcting ledger entry in the general journal?
  - ( ) Enter positive amounts in the Debit Amount field on the line.
  - ( ) Enter the same sign as the original, incorrect entry in the Amount field on the line.
  - ( ) Enter the opposite sign of the original, incorrect entry in the Amount field on the line.
  - ( ) Enter negative amounts in the Credit Amount field on the line.
  
3. Which of the following are results of posting a correction with the Correction check box checked? (Select all that apply)
  - ( ) The original entry and correcting entry are posted to opposite sides of the account, one as a debit and the other as a credit.
  - ( ) The original entry and correcting entry are posted to the same side of the account, either as debits or credits.
  - ( ) The correcting entry has a positive sign.
  - ( ) The correcting entry has a negative sign.

### Summary

General Journals are the basis of many financial functions in Microsoft Dynamics NAV 2009.

General Journal can be posted with and without balancing lines and user can set up dimensions.

Recurring journals help user to record frequently posted entries and to allocate expenses to various departments.

The processes of reversing and correcting incorrect entries is useful in the everyday work and a full understanding of how journals are used is helpful in performing other finance related tasks, such as reconciling of accounts or for informational purposes.

## Test Your Knowledge

1. Which of the following are the layers in the journal entry system? (Select all that apply)
  - Lines
  - Templates
  - Posting
  - Batches
  
2. What type of journal does not have a balancing account on the line?
  - Payment Journal
  - Recurring General Journal
  - General Journal
  - Sales Journal
  
3. Which of the following journals do not use Codeunits 11-15 to post information to the relevant ledgers? (Select all that apply)
  - Item Journals
  - Job Journals
  - Sales Journals
  - BOM Journals
  
4. What does the following Document No. formula represent: %4?
  - Current month name
  - Current month number
  - Current accounting period name
  - Current day number
  
5. On a Recurring General Journal, which Recurring Method must use allocations?
  - Variable
  - Reversing Variable
  - Balance
  - Fixed

## Quick Interaction: Lessons Learned

Take a moment and write down three key points you have learned from this chapter

1.

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2.

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3.

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## Solutions

### Journal Overview

#### ***Test Your Knowledge: Journal Entry System***

The following categories list the elements of the Journal Entry System. Based on information in the Journal Overview section, match these elements that have the listed attributes.

Categories (Journal Entry System):

1. Templates
2. Batches
3. Lines
4. Posting

  1   Item 1: Provide the basic journal structure.

  4   Item 2: Use Codeunits.

  2   Item 3: Default information can be changed.

  1   Item 4: Specify default information.

  3   Item 5: Are temporary and can be changed before posting.

  2   Item 6: Separate one user's journal from another user.

  1   Item 7: Standards are in the application areas.

  3   Item 8: Only this and the Batch Name appear in journal windows.

### Recurring Journals Overview

#### ***Test Your Knowledge: Recurring Methods***

Match the following Balancing Methods to the correct definition.

<p><u>  c  </u> 1. The balance of the account is allocated among the accounts specified in the Allocations window. The balance on the account is set to zero and a reversing entry posts on the following day.</p> <p><u>  f  </u> 2. The amount of the journal is different each period and is deleted after posting.</p> <p><u>  a  </u> 3. The amount of the journal is the same each period and remains after posting.</p>	<p>a. Fixed</p> <p>b. Reversing Fixed</p> <p>c. Reversing Balance</p> <p>d. Balance</p> <p>e. Reversing Variable</p>
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<p><u>e</u> 4. The amount on the journal line is deleted after posting and a reversing entry is posted the next day.</p> <p><u>d</u> 5. The balance of the account is allocated among the accounts specified in the Allocations window. Therefore, the amount on the line is set to zero.</p> <p><u>b</u> 6. The amount on the journal line remains after posting and a reversing entry posts on the following day.</p>	<p>f. Variable</p>
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**Test Your Knowledge: Recurring Journal Overview**

Fill in the blanks to test your knowledge.

1. Allocations can be used with all Recurring Methods
2. The three fields populated from the account card determine posting for the journal line.
3. The allocation is a balancing account line to the recurring journal line.
4. Text code formulas can be used to form a number series in the Document No. field.
5. The program recognizes the Recurring Frequency formula as abbreviations for time specifications.
6. Use the Expiration Date field to limit the posting period.

**Reversals and Corrections**

**Test Your Knowledge: Reversals and Corrections**

1. To reverse a posted ledger entry, which the following condition(s) must be met?
  - ( ) The Journal Batch Name field must be blank.
  - (●) Customer and Vendor ledger entries must not be applied.
  - ( ) Bank ledger entries can be either open or closed by reconciliation.
  - ( ) The total of the G/L entries must be greater than zero.

2. Regardless of whether the Correction check box contains a check mark or not, what must be done when you post a correcting ledger entry in the general journal?
  - Enter positive amounts in the Debit Amount field on the line.
  - Enter the same sign as the original, incorrect entry in the Amount field on the line.
  - Enter the opposite sign of the original, incorrect entry in the Amount field on the line.
  - Enter negative amounts in the Credit Amount field on the line.
  
3. Which of the following are results of posting a correction with the Correction check box checked? (Select all that apply)
  - The original entry and correcting entry are posted to opposite sides of the account, one as a debit and the other as a credit.
  - The original entry and correcting entry are posted to the same side of the account, either as debits or credits.
  - The correcting entry has a positive sign.
  - The correcting entry has a negative sign.

### Test Your Knowledge

1. Which of the following are the layers in the journal entry system? (Select all that apply)
  - Lines
  - Templates
  - Posting
  - Batches
  
2. What type of journal does not have a balancing account on the line?
  - Payment Journal
  - Recurring General Journal
  - General Journal
  - Sales Journal
  
3. Which of the following journals do not use Codeunits 11-15 to post information to the relevant ledgers? (Select all that apply)
  - Item Journals
  - Job Journals
  - Sales Journals
  - BOM Journals

4. What does the following Document No. formula represent: %4?
- Current month name
  - Current month number
  - Current accounting period name
  - Current day number
5. On a Recurring General Journal, which Recurring Method must use allocations?
- Variable
  - Reversing Variable
  - Balance
  - Fixed

