End of Financial Year Guide

Contents

INTRODUCTION

Preparing your clients' company files at End of Financial Year has just become easier using QuickBooks Online. QuickBooks Online makes it simple and easy to do.

Before Quickbooks Online, we had our desktop-based accounting software packages which required obtaining a of copy of the client file, either by way of backing up the clients file to work from and or most the time would be at your clients site or placing restrictions on your clients work while you have the file in your office to complete the task that need to be completed at year end June 30th.

Today, Quickbooks Online allows you to do this work on the live online file from anywhere, at any time without inconveniencing you or your client. This will speed up your workload at EOFY while you commence the finalising of all year-end procedures from all end of year reconciliations: PAYG summaries, TPAR's for the construction industry reporting to the accountant for Financials required for your clients Tax Returns and of course lodging BAS with the ATO.

1: RECONCILE ACCOUNTS

Reconcile: Bank accounts, Loan accounts, Term Deposits, Credit Cards and Clearing accounts

Reconciling all the various bank and credit card accounts, checking that clearing accounts such as Payroll Clearing accounts are at zero as at 30 June.

This ensures the accuracy of your bookwork and also verifies that all transactions on your bank, credit cards, and loan accounts have been entered and match to your reconciliations.

1. Tools / Gear button right hand top
2. Tools
3. Click on Reconcile
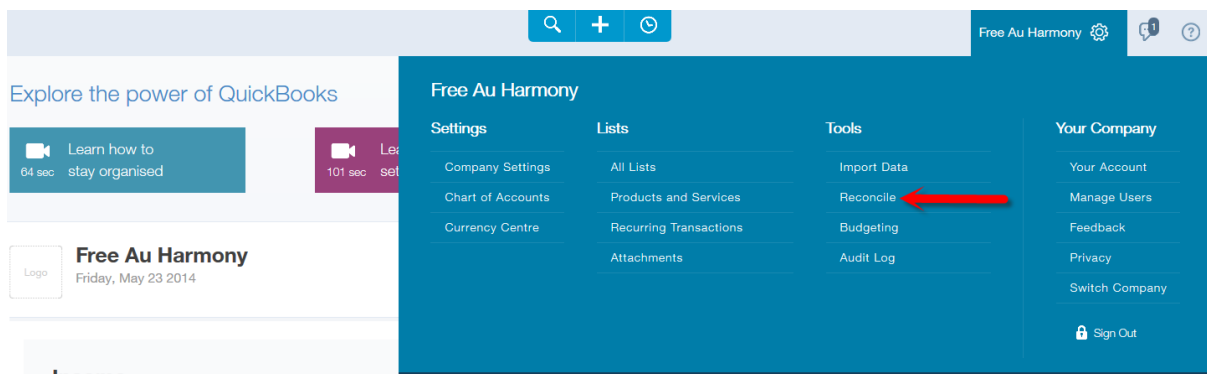
Once you see the Reconcile window you will be able to see the Reconciliation History and if any changes and Auto Adjustments have been made - you will be able to tab down and commence Reconciling your bank account
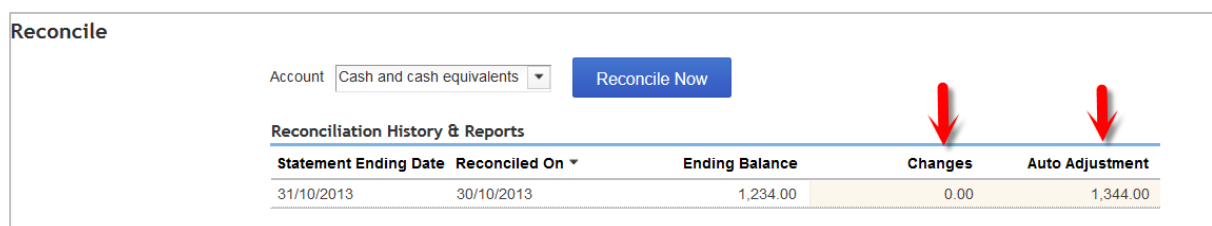
1. Choose the **bank account** you need to reconcile from account drop down box
2. Click the **Reconcile Now** button
3. A pop up window will appear and this is where you will enter you bank statement date and balance
4. Click the **OK** button
5. Reconcile the bank account and **Click Finish Now**

Once selecting the Finish Now button the Difference will show zero.
Follow this process for **ALL bank accounts**
Ensure ALL clearing accounts are at zero unless there is a reason for it not to be

Reconciling Credit Cards Year End

Credit cards are normally not usually dated at month end, so you will have to draw a line as at June 30th and reconcile to this balance. So you may find that depending on last date reconciled you will have to reconcile to June 30th and then to statement date balance

Reconciling Loan accounts

These type accounts should be reconciled on a regular occurrence as they are a liability to the business and should reflect the true and accurate balance as at June 30.

Reconciling Clearing accounts

Clearing accounts should also have a zero balance at the end of financial year, follow process above with a zero balance 30th June this will ensure that you have checked the clearing accounts and there is not a balance that needs to be allocated.

Reconciling Petty Cash

Petty cash needs to counted and reconciled to balance as at June 30th Ensuring that all receipts have been entered into Quickbooks online and reconciled to Petty Cash tin held by business.

Undeposited Funds Account

As per the clearing accounts this account also needs to be checked off and looked at June 30th with the remaining balance in this account only to be the amounts left unbanked as at June 30th.
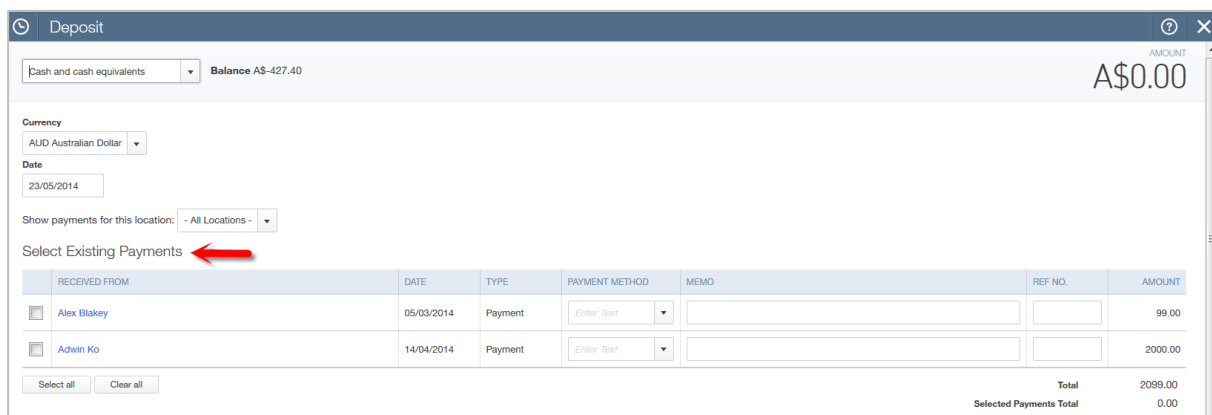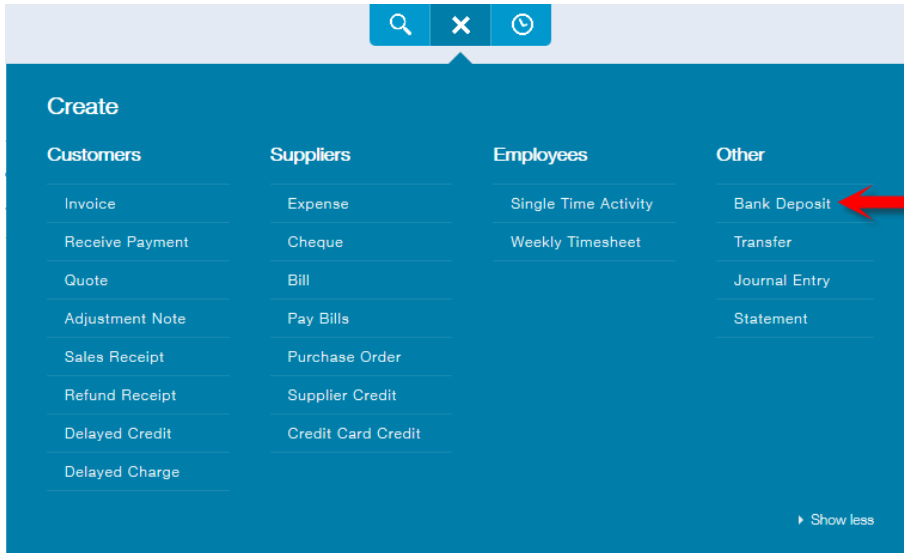
Suspense Accounts

The suspense accounts transactions are mainly transactions that you have put on hold until you can work out the correct account to allocate to. This needs to be at zero as at June 30th.

2: BALANCE SHEET

Once reconciliation of all accounts has taken place then you can be assured of the accuracy of all transactions that have taken place in the year have been entered.

Looking at the balance sheet you need to ensure that all balance sheet balances do reflect the real position of your business. There are a few other accounts that need to be checked.

Accounts Receivables (Debtors)

This report summarises the customers that owe money at year end and how long they have owed it to you. This is extremely useful to determine the status of a customer that may have owed you money and the possible outcome of receiving your money is doubtful.

1. **Reports** bar on left hand side
2. Click on Balance Sheet
3. Click on the Debtors $ amount
4. Drill down into the total amount owed this will give you a transaction report of all outstanding monies

Accounts Payables (Creditors)

This report summarises the suppliers that you owe money to at year end, how long you have owed it and also to determine why you have not paid this, it could be it has been doubled up during the year and the correct amount has not been take up.

1. **Reports** bar on left hand side
2. Click on Balance Sheet
3. Click on Creditors $ amount
4. Drill down into the total amount owed this will give you transaction report of all outstanding monies

Write off bad debts

Once the debtors have been reviewed and bad debts decided you then need to reflect this in QuickBooks Online, and the task will be to write these debt expenses and the GST as well

There are different ways to write off a Bad Debt in Quickbooks Online

Writing of Bad Debts (only available in QuickBooks Online Accountant

1. Under the Tools / Gear button
2. Accountant
3. Write off Invoices

This function at present does not adjust GST yet!
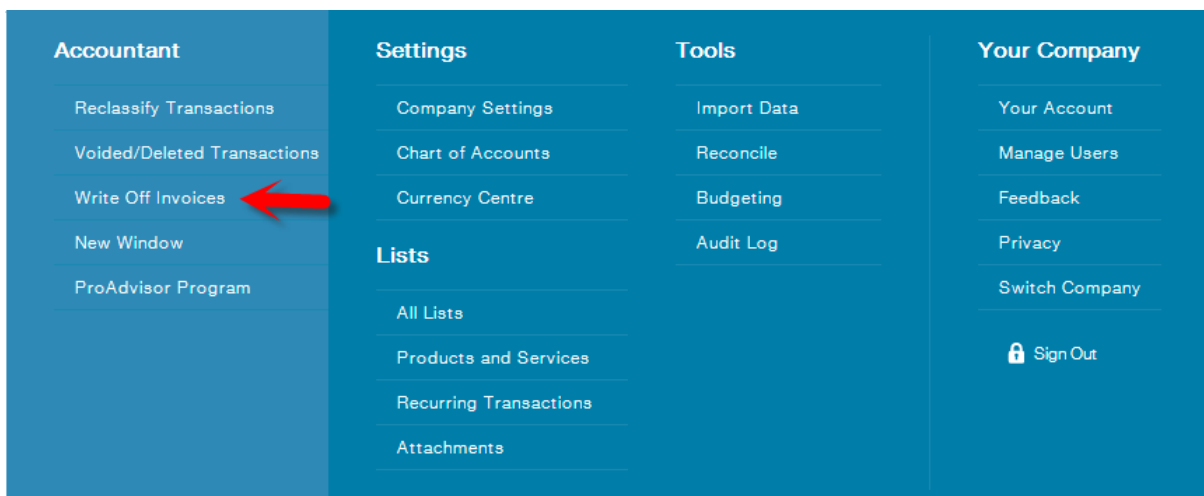
Creating an Adjustment Note:

This will capture the GST amount
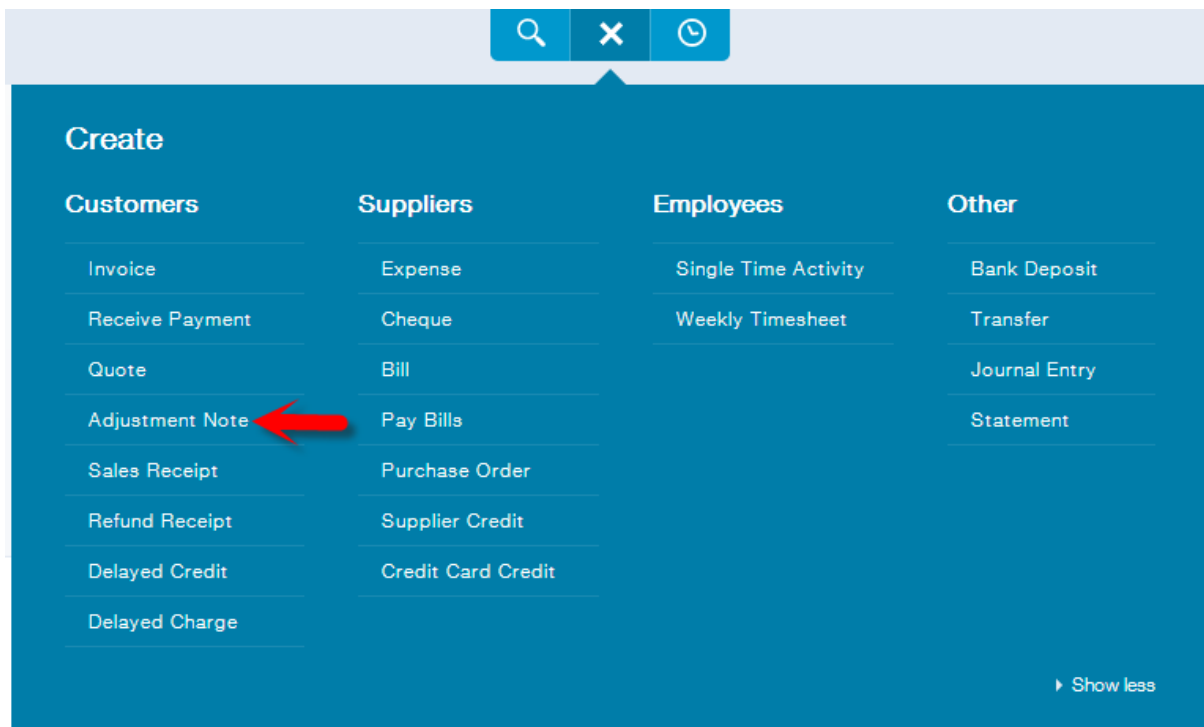
1. Global Create button
2. Under Customers > Adjustment Note button
3. Complete the adjustment Note choosing the customer that you will be writing of the bad debt – in description – BAD DEBT on Invoice no: 12345 this will pick up correct GST amount
4. Global Create button
5. Click on Receive Payment
6. Choose Customer and apply credit to invoice that is to be written off.

Reconcile Foreign Currency Debtors and Creditors

If the business has multicurrency you may have foreign debtors (receivables) or creditors (payables), you will want to make sure that the year-end balance of the accounts payable and accounts receivable in each foreign currency is valued at the correct financial year-end exchange rate. That way, the balance sheet, which is always in the home currency, will display the correct home currency value of each foreign currency debtor and creditor account.

QuickBooks Online creates a journal entry behind the scenes, affecting **Exchange Gain or Loss** in the home currency only. Again, the number of foreign monetary units (by account and by supplier or customer) in each of the foreign accounts being revalued does not change; only the value in the home currency is changed

This is achieved by making a home currency adjustment in QuickBooks Online,

Revaluation of foreign currency debtors and creditors

If you would like to revalue the debtors and creditors to reflect the exchange rates at the end of the financial year:

1. Select Tools/ Gear button > Company Tools
2. Under Settings
3. Click on Currency Centre
4. **Click on the drop down list of the currency you are revaluing and select Home Currency Adjustment**
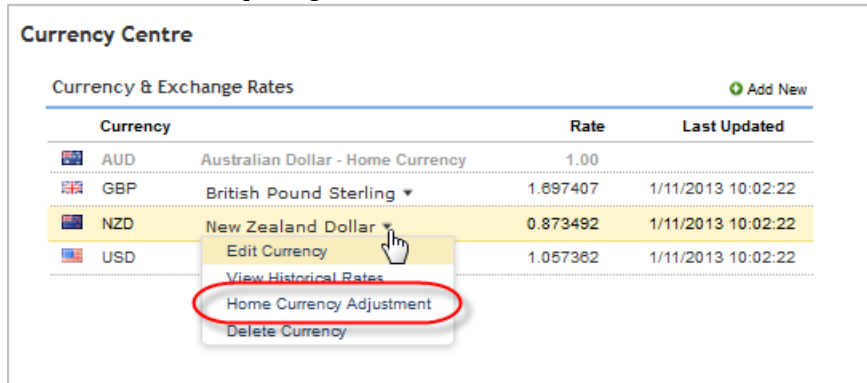
This screen now shows you the exchange rate for today
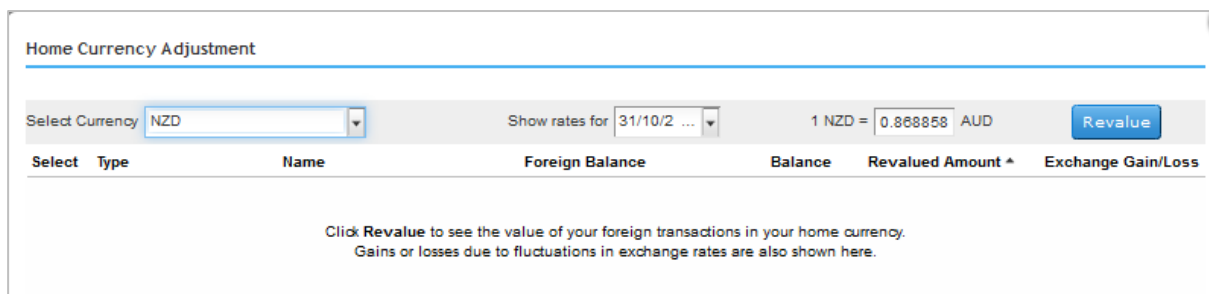
Change the date to 30 June and click on Revalue
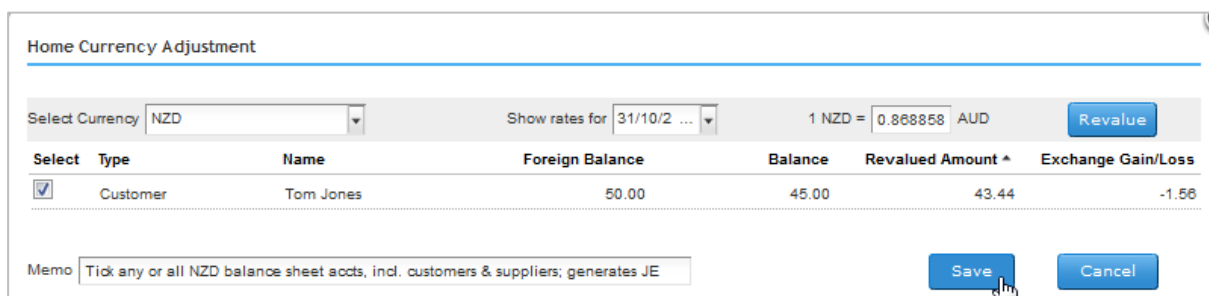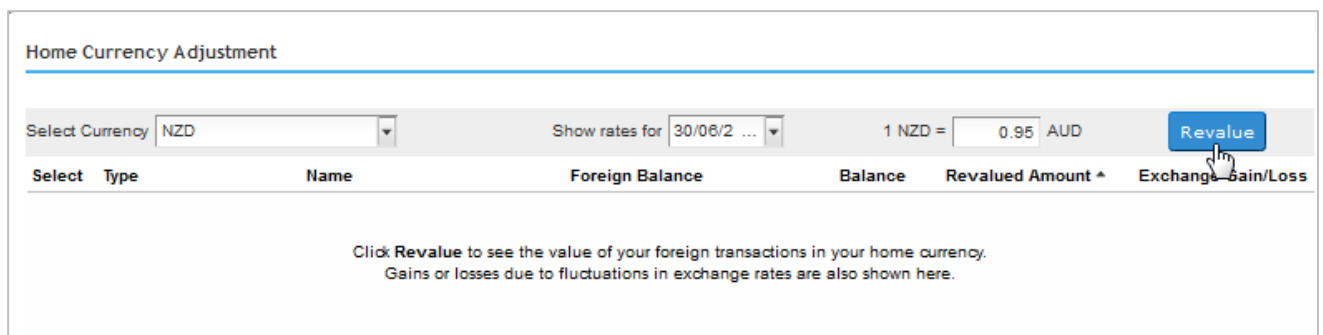
This will show all the balance sheet accounts in this currency as well as any open

invoices for customer and bills for suppliers for this currency

It will also show you the exchange gain/loss based on the exchange rate you entered and Save

This step will create a journal entry for you for the unrealised gain/loss for these transactions for this currency as at June 30th. **NOTE: This is a huge time saver helping you to revalue your debtors and creditors.

Review Advanced Deposits and show link to orders

If your client has prepaid deposits to suppliers before the bills were received, these monies are likely sitting in an asset account as a prepaid expense or deposit. Conversely, if your client has received prepaid deposits from customers before invoices were issued, these monies are likely sitting in a liability account as unearned or deferred income.

At the financial year-end (and as often as monthly or more frequently if the situation calls for it), it is important to ensure that the amounts in these deposit asset and liability accounts are valid. Review the suppliers who were paid these funds and the customers who paid them up-front. To do so, you may wish to start with the Balance Sheet report.

1. Go to **Reports** tab.

2. Select **Balance Sheet** in the sub menu**.**

3. Modify **Transaction Date** as needed.

4. Click the **Run Report** button**.**

5. Click the **Amount** column of deposits received liability account or the deposits paid asset account to drill down to the detail in the account.

6. Select the **Customise** button on the report.

7. Choose to **Group by Supplier** or **Group by Customer** in the rows/columns section, depending on account.

8. Click **Run Report**.

9. Choose the Memorise button to save this report for future use.
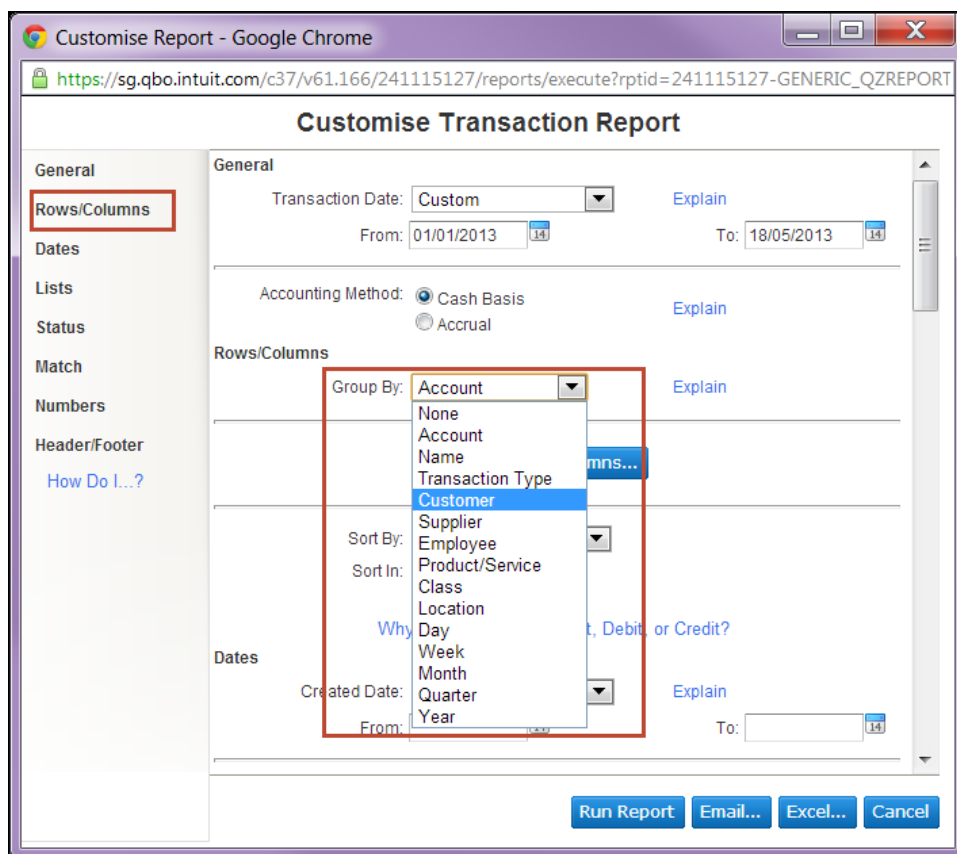
If any prepaid supplier amounts should be applied to a supplier bill, **create a bill credit** for this amount and specify the asset account in which the monies are currently sitting. This will reduce the asset account by the amount of the supplier deposit, while reducing the accounts payable, which were previously overstated.

If any prepaid customer deposit amounts should be applied to a customer invoice, **create an adjustment note type of credit** for this amount and specify the liability account in which the monies are currently sitting. This will reduce the liability account by the amount of the customer deposit, while reducing the accounts receivable, which were previously overstated.

Review returns or credits & unbilled charges; apply to invoices or clear

Review returns your client has made to their suppliers, and ensure that bill credits have been received and recorded for legitimate returns.
Review the **Supplier Balance Detail** report to see if any offsetting transactions add up to zero and should be applied and cleared.
1. Go to the **Reports** tab.
2. Select **All Reports**
3. Select **Manage Accounts Payable**
4. Click on **Supplier Balance Detail** to review the report for credits that should have been applied.
5. In order to clear quickly, click on the Bill to bring up the original transaction.
6. Select the **Make Payment** option right top of the screen

7. **Add Credit** from right hand side drawer and apply to open bill.
8. Select **Save**.
9. Click the browser back button until you get back to the Supplier Balance Detail report.

Also, review returns your client's customers have made or refunds which their customers have claimed, and ensure that adjustment notes, refunds, or non-posting credits have been recorded as appropriate if these returns or claims are legitimate.

First, review the **Customer Balance Detail** report to see if any credits should be applied and cleared.

1. Go to the **Reports** tab
2. Select **All Reports**
3. Select **Manage Accounts Receivable**
4. Click on **Customer Balance Detail** to review the report for adjustment notes that should have been applied.
5. In order to quickly clear, click on the Invoice to bring up the original transaction.
6. Select the **Receive Payment** option right top of the screen
7. **Add Credit** and apply to open invoice, make sure the amount to be paid at top is zero.
8. Select **Save**.
9. Click the browser back button until you get back to the Customer Balance Detail report.

Clearing accounts

Point-of-sale clearing accounts, like electronic clearing accounts, should be zero at the end of any given day. However, if, at the end of a year-end date, there happens to a non-zero balance in this type of account, this account should be reconciled to find out why this non-zero balance exists, because this money should have been electronically deposited into a bank account. In all likelihood, this balance is very temporary and, like the Undeposited Funds account, will be zeroed out within a day or two, especially if this year-end date occurs on a weekend or a public holiday. If it does not clear out on its own, then you must check with the financial institution to find out what happened to the money.

3: RECONCILE SUPERANUATION & PAYG

Reconcile Unpaid Superanuation to balance sheet Superanuation Liability

End year you will also need to reconcile various payroll reports within the Balance Sheet in QuickBooks Online to confirm that the payroll is being done properly. Also, you will want to confirm that no non-payroll transactions such as journal entries were recorded to affect the various payroll accounts in the general ledger.

Under Employees Tab

1. Select **Reports.**

2. Select **Super Contributions Report**. Specify the full year and run the report.

3. Compare any as-yet-unpaid Superannuation in the super report to the Balance Sheet figure for Superannuation Liability in QuickBooks Online at the year-end date. These figures should match. If they do not, click on the Superannuation Liability balance on the Balance Sheet to see the detail; if there are any non-payroll transactions that affected that balance edit them and correct if necessary.

Reconcile unpaid PAYG withholding to Balance Sheet to PAYG withholding liability

End year you will also need to reconcile various payroll reports within the Balance Sheet in QuickBooks Online to confirm that the payroll is being done properly. Also, you will want to confirm that no non-payroll transactions such as journal entries were recorded to affect the various payroll accounts in the general ledger

Under Employees Tab

1. Select **Reports.**

2. Select **PAYG Withholding Report**. Specify the full year and run the report.

3. Compare any as-yet-unpaid PAYG (normally last month June) in the PAYG report to the Balance Sheet figure for PAYG withholding Liability in QuickBooks Online at the year-end date. The figure should match. If they do not, click on the PAYG Withholding Liability balance on the Balance Sheet to see the detail; if there are any non-payroll transactions that affected that balance, edit them and correct if necessary.

** NOTE: Also pre running your PAYG withholding summaries to your client's employees the above should be run and reconciled – See End of Financial Year Payroll procedures with Key Pay and Quickbooks Online

4: RECONCILE LOAN & INTER – COMPANY LOANS

Review Directors' Loans

Review and answer the following questions pertaining payments during the year with respect to payment directly to directors or on their behalf:

• Have expense headings which could include non-business expenditures paid to or on behalf of the company's directors been reviewed to identify any non-business elements?

• Have any payments made to or on behalf of the directors as part of their remuneration package been treated as employment income and all relevant employment taxes operated?

• Has any personal expenditure of the directors that does not form part of their remuneration package been charged to the directors' loan accounts as appropriate?

• Have any relevant repayments or credits to the directors' loan accounts been calculated correctly?

• Have all transactions relevant to the directors' loan accounts been posted correctly and in a timely fashion?

• If a director's loan account is overdrawn, has the money been reimbursed to the director or, if the loan is not to be repaid, has it been properly re-categorised?

• Have all loans made to directors been considered separately where appropriate?

• If any loans made to directors or participators have been repaid by way of bonus or dividends, have these been credited correctly and in the correct year?

• Have any released or written off loans made to directors or participators been treated correctly?

To review directors' loans in QuickBooks Online, running a **Transaction List by Date** report will certainly help in answering the questions above.

1. Go to the **Report** tab.

2. Select **All Reports**.

3. Select Accountant Reports

4. Click the Transaction Detail by Account report.

5. Click the **Customise** button.

6. Modify the date as needed.

7. Select **Lists** on the left side menu.

8. In the Account drop down box, click **Select Multiple** if there are more than one loan accounts.

9. Add each of the Director's Loan accounts.

10. Click **OK**.

11. Click the **Run Report** button.
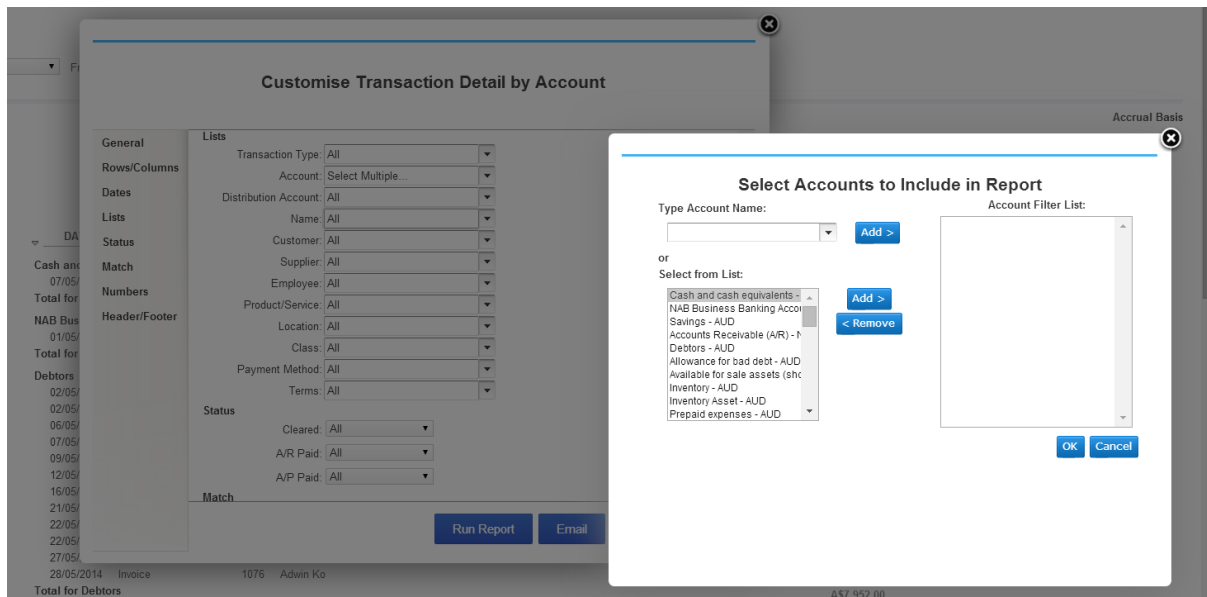
Alternately, display a Balance Sheet as of the financial year-end.

1. Go to the **Report** tab.

2. Select **Balance Sheet** from the submenu.

3. Select the year end date.

4. Click **Run Report** button.

5. Locate each Director's Loan account and click on it to produce a Transaction Report for that account. (Again, remember to customise for the year-end date.)

The Directors' Loan accounts may be reconciled in the same way that bank and credit card accounts are reconciled from the **Banking** menu if you wish.

If any loans outstanding are required to be paid out or adjusted to payroll, other expenses, dividends or income, make the adjustments and ensure that if payroll is involved, any resulting payroll liabilities are assessed - ** Note: you may want to check with your clients accountant in relation to this.

Reconcile Inter-Company Loans and ensure Balances are the same in both inter-company loan ledgers.

When reviewing related companies which advance funds to each other or receive or pay funds on behalf of each other, it is important to ensure that the inter-company loan accounts in each company relating to its sibling in the other company are in sync as of any given date, but certainly as of the year-end date.

5: Reconcile Inventory

Write off Obsolete Stock

If the company has stock that can no longer be sold as of the financial year-end, a simple way of dealing with obsolescence is to create a Sales Receipt (**Global Create > Customers > Sales Receipt**) to sell the entire quantity of the obsolete product to a customer named "Obsolete" for $0.00. Insert a memo describing the write-down. If you wish, you may then create a journal entry to credit the Cost of Goods Sold account and debit the Obsolescence expense account for the amount of the write-down of that product resulting from that sales entry, and insert an explanatory memo in the journal entry as well.

When the stock taking has been done, and the Transaction Report has been produced and customised form the Balance Sheet's Inventory Asset figure (see next section), you may file this report, which will show the "sale" of the worthless products to this customer called "Obsolete" on the year-end date.

Check Stock-take Balance against Balance Sheet Stock on Hand Balance

It is important to make sure that if inventory is being tracked, that all transactions that affect the inventory asset account are purely as a result of products in transactions, not accounts. This will help ensure that the Inventory Asset account on the balance sheet on any given date will be accurately supported by a sub-ledger for each product.

First, run the Products/Service List report in QuickBooks Online.

1. Go to the **Tools / Gear button** in the upper right of your home screen.

2. Select under **Lists > Products and Services** click **Print** at top right corner for list

3. Click on each product on screen and ensure that it is using the correct inventory Asset account on the Balance sheet. If not, correct it. Also verify that the income and Expense account for each product has been chosen correctly.

Products and Services

Name	Description	account	Price/Rate	Quantity
Consultation	Consultation	Sales	100.00	
Frames		Construction	0.00	
Exterior Frame	Standard exterior door frames	Sales of Product Income	35.00	-55
Interior Frame	Standard interior door frame	Construction	0.00	
Framing	Framing labour	Construction	55.00	
Hours		Sales	0.00	
Sales		Sales	0.00	

Product or Service Information   ✕

*Name   ✔ Is sub-product/service

[Exterior Frame]   [Frames]   ▾

Track Quantity on Hand (for inventory items)
Current quantity on hand
                          Includes transactions dated on or after
-55   [Update...]   29/10/2013

Inventory Asset Account

[Inventory Asset]   ▾

Sales Information   **Purchasing Information**
Description on sales forms   **Description on purchase forms**

[Standard exterior door frames]   [Standard exterior door frames]

Price/Rate   **Cost**

[35.00]   [20.00]

Income Account   **Expense Account**

[Sales of Product Income]   ▾   [Cost of sales]   ▾

☐ Inclusive of GST   ☐ Inclusive of purchase tax

GST   **Purchase Tax**

[GST]   ▾   [GST on non-capital]   ▾

[Cancel]   [**Save**]

After taking a count of the stock and year end date, run a Balance Sheet

1. Go to the **Report** tab.

2. Select Balance Sheet

3. Select the year end date.

4. Click **Run Report** button.

5. Click on the **Inventory Asset account figure $amount** to produce a Transaction Report. Ensure that it covers the entire period being reviewed.

6. Select **Customise**.

7. Select Change Columns.

8. Select **Product/Service** and choose **Add**.

9. Select **Qty** and choose **Add**, reorder the list if necessary.

10. Click **OK**.

11. Under **Rows/Columns** section, select the drop-down box next to **Group By** and choose **Product/Service**.

12. Click **Run Report**.
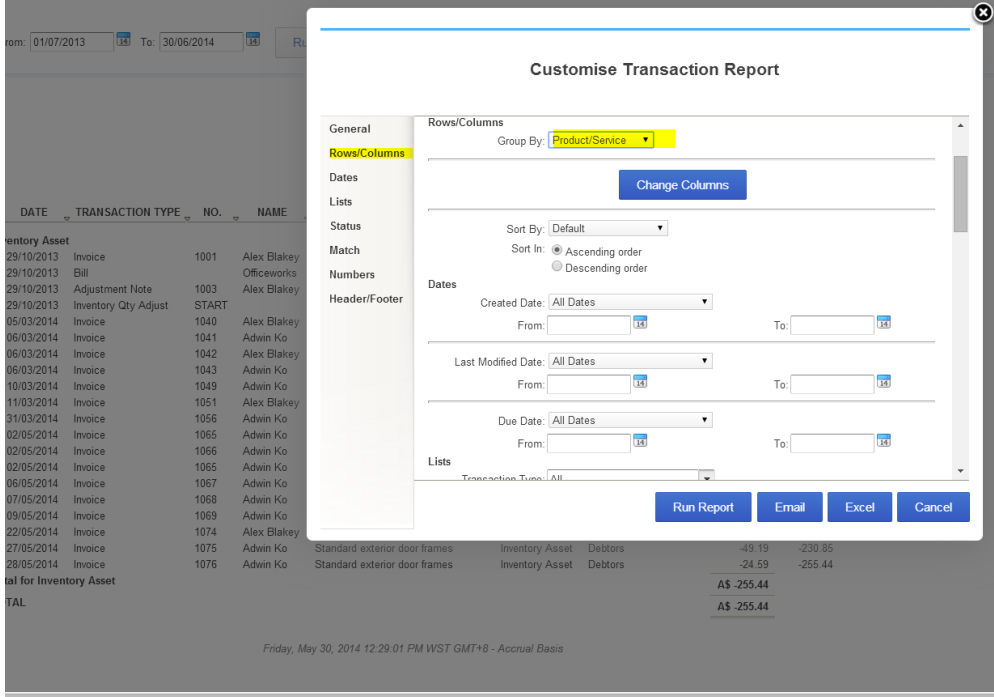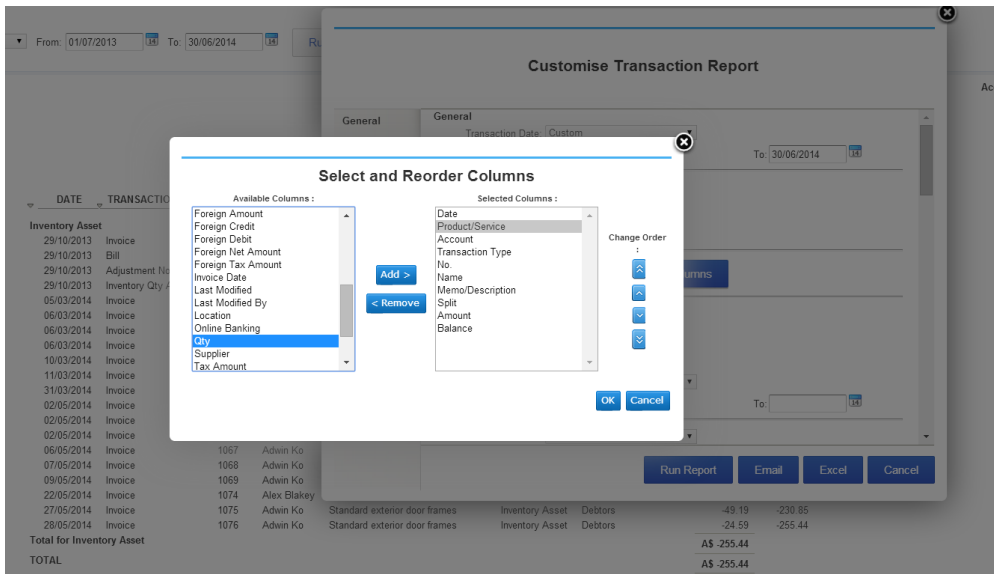
Note: You may wish to export this report to Excel in order to get quantity totals for each product by selecting the **Excel** button. If the report is simple enough, this may not be necessary.

Review the Quantity and Amount totals for each product. Compare the totals to the inventory count results. (Remember, the Amount total in QuickBooks Online reflects FIFO inventory costing, and so compare the FIFO cost of what is remaining to the stock take and the current value and test for reasonableness.) Look to see if any transactions used the Inventory Asset account without specifying a product, which will have its own section labelled "Not Specified." Click on each of the transactions in this section to correct the transactions, then re-run this report to ensure that there are no "Not Specified" inventory transactions and that the totals match the Balance Sheet figure as well as the stock count.

6: Reconciling GST Control Accounts

Keep in mind that although the content below covers reports using the Reports tab in QuickBooks Online, you will also want to make use of the **GST** tab for GST-related reports, completing the BAS, and making a payment.

Ensure that tax codes have been entered in all necessary transactions

Because you can enter a purchase transaction without a GST code, and deposits and journal entries do not have a tax code column at all, it is important to ensure that all necessary transactions do indeed have a tax code.

1. Go to **Reports** tab.

2. Select **All Report's** in the sub menu**.**

3. Select Accountant Reports

4. Click **General Ledger** from the report options.

5. Click the **Customise** button.

6. Modify your date range as needed.

7. Click the **Change Columns** button.

8. Scroll to bottom of available columns list to select and add columns for **Tax Amount**, **Tax Code**, and **Taxable amount**.

9. Rearrange the order of your columns, if needed.

10. Select the **OK** button to close pop up window.

11. Then click the **Run Report** button.
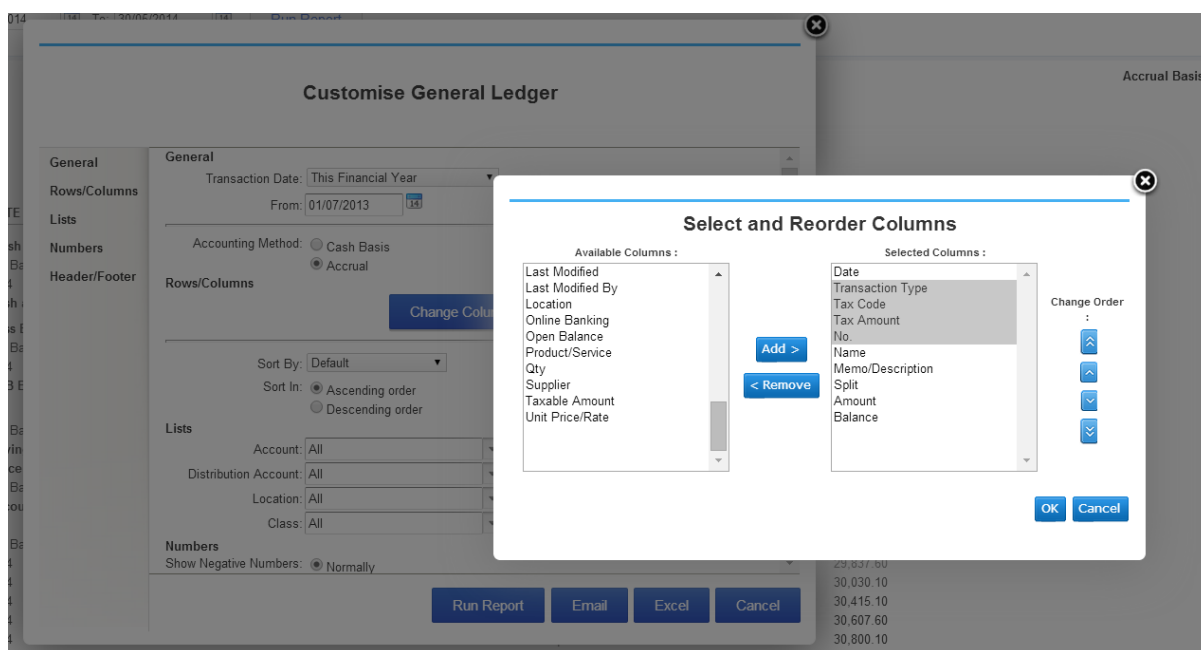
Review all income and expense accounts as well as balance sheet accounts related to purchases, such as fixed assets and stock. If you encounter any

transactions that were entered by your client in an incorrect fashion so that GST was excluded, correct them as necessary.

GST on Cash Basis: Reconcile outstanding GST to the GST of Debtors and Creditors

If your client's company is lodging GST on a cash basis, even if it does the rest of its Accounting reporting on an accrual basis, you have the tools you need to reconcile the GST owing amount.

By definition, the GST owing (or receivable) on a cash basis should be equal to the GST owing on an accrual basis, adjusted for the GST of the Debtors (accounts receivable) less the GST of the Creditors (accounts payable) outstanding.

That being said, it is possible to compare the various figures in the equation described above to test the GST owing on a cash basis for reasonableness.

Compare the GST balance on the Balance Sheet as of the year-end date on a cash basis and on an accrual basis by running the Balance Sheet twice for the same date and taking note of the GST payable amount:

1. Go to **Reports** tab.
2. Select Balance Sheet
3. Modify **Transaction Date** as needed.
4. Click the **Run Report** button**.**

This will produce a Balance Sheet in whatever *default* Accounting Method, cash or accrual, is set in the Company Preferences screen.

Then, in a different tab (or a different browser on a different monitor, if you have a multiple monitor run the Balance Sheet again for the *other* reporting basis.

1. Go to **Reports** tab.
2. Select Balance Sheet
3. Modify **Transaction Date** as needed.
4. Click the **Customise** button.
5. Change the report basis in the **Accounting Method** section to Cash
6. Click the **Run Report** button**.**

The difference between these two figures is the amount you will want to reconcile. Let's call this difference **>GST_{Accrual-Cash}.** as $>GST_{Accrual-Cash}$.

Next, run the ***Accounts Receivable*** report as of the year-end date:

1. Go to the **Reports** tab.

2. Select **ALL Reports**.

3. Select Manage Accounts Receivables

4. Click A/R Ageing Detail.

5. Select **Last Financial Year** as Transaction Date.

6. Click **Run Report**.

Review the listing. Export to Excel if necessary, and extract the amount of the receivables (as different invoices might have different GST implications) that will relate to the GST total amount outstanding. Call this figure >**GST**Debtors.

Another method is to use the **Transaction List by Date** report.

1. Go to the **Reports** tab.

2. Select Accountant Reports (QBOA Only)

3. Click Transaction List by Date.

4. Click the **Customise** button

5. Leave the *From* **date range blank** and enter your year-end date in the *To* field

6. Click the **Change Columns** button.

8. Select the **Taxable Amount** and **Tax Amount** options and add them to the report click **OK**

9. Click **List** on the left side menu or scroll down to the Lists section.

10. In the Account drop down, select **All Accounts Receivable (A/R) Accounts**.

11. Click Run Report
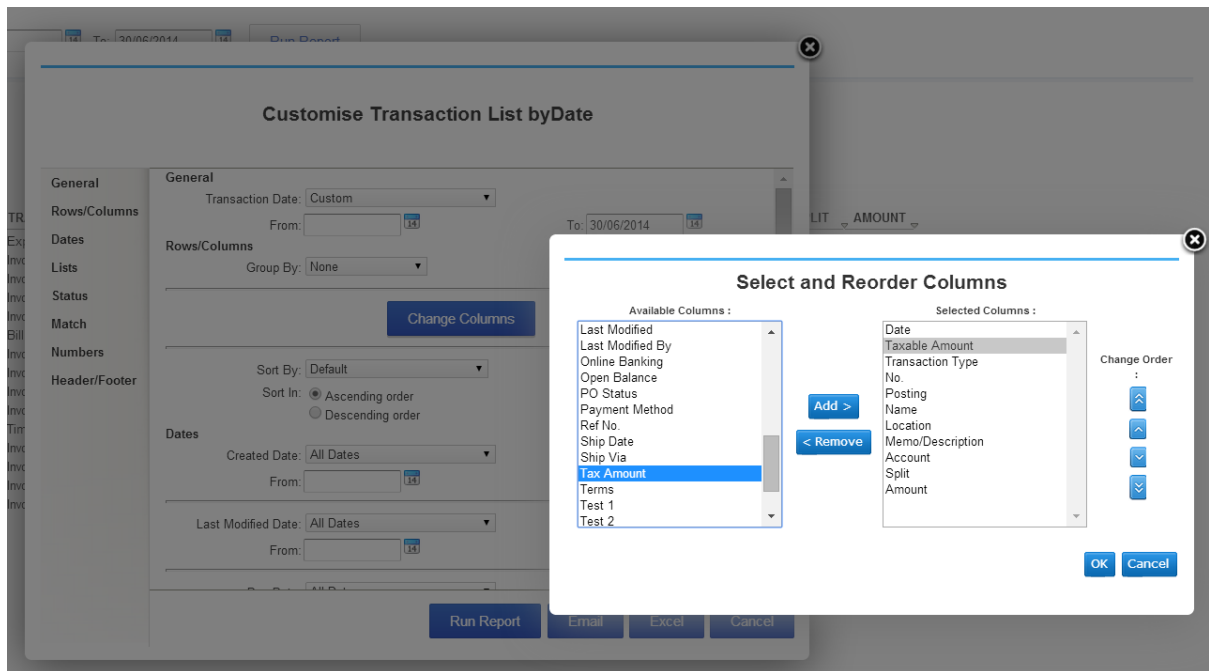
Next, run the *Accounts Payable* report as of the year-end date:

1. Go to the **Reports** tab.
2. Select All Report
3. Select Manage Accounts Payable
4. Click A/P Ageing Detail.
5. Select **Last Financial Year** as Transaction Date.
6. Click **Run Report**.

Review the listing, export to Excel if necessary, and extract the amount the payables (as different bills might have different GST implications) this will relate to GST amount outstanding from this total. Call this figure **>GST**Creditors.**

You can also run the Transaction List by Detail report as listed above, except you will choose All Account Payable (A/P) check all GST entering is correct.

We can now check to see if our GST outstanding as at June 30th matches to our balance sheet
 So formula as per the above amounts

>GSTAccrual-Cash = >GSTDebtors – >GSTCreditors.

GST on Accrual Basis: Reconcile outstanding GST to the GST paid on June BAS

If QuickBooks Online has been used properly, you and/or your client will have used the **GST** tab and its contained reports and functions to complete the BAS, mark it as Lodged, and record the related GST payment.

Before doing so, run a Balance Sheet on an accrual basis as of the year-end date to review the GST payable balance. The numbers will correlate between the Balance Sheet and the reports in the **GST** tab. Print and/or Save the reports, and ensure that you can see the precise date and time when the reports were produced, regardless of the effective "as of" date of the reports.

It is always prudent to ensure that all transactions related to the year in question are entered before completing the BAS. Nevertheless, regardless of how diligent you and your client are about producing sales invoices in a timely fashion, there are times when you cannot prevent a disorganised supplier from sending a bill dated June 29, months after the fact. If that happens, there will be GST amounts affecting the GST payable balance after the BAS has been lodged and the balance paid.

Should this be the case, review the new GST Payable balance on the Balance Sheet as of the year-end. Then run a ***GST Exception Report***, which lists the transactions containing GST that have been added, modified or deleted in prior "marked as lodged" GST periods and have changed the company's GST liability.

There are two ways to get to the GST Exception Report:

1. Go to the **Reports** tab.

2. Select **ALL Reports**

3. Select **Manage GST**

4. Click GST Exception Report.

You can also access this report from the **Run Reports** button in the **GST Centre**.

Compare this report to the amount in the new GST Payable balance to ensure that it accounts for all the changes to GST in this period.

If desired, you may reconcile the GST payable account in the same fashion as reconciling a bank or credit card account. (this also can be done for any other liability account i.e. PAYG / Superannuation)

1. Go to the Tools / Gear button tab.

2. Select under **Tools > Reconcile**

3. Select Reconcile.

4. Choose the BAS Liabilities Payable account from the Account drop down menu.

5. Click the **Reconcile Now** button to begin.

6. A pop up screen will appear, here you will enter the year-end date on the BAS, enter the ending balance as the year-end date on the BAS.

7. Click the **Ok** button to begin.

8. Choose to tick Hide transactions after the statement's end date right hand top corner.

9. Mark all transactions on each side of the **Reconcile** window, unmark the entered-or-edited-too-late transactions uncovered using the Transaction Report above, observe that the Difference is zero.

10. Click the **Finish Now** button in lower right.

Then you will have a permanent record of the transactions that affected GST payable after the lodging of the BAS.

7: Review Assets bought and sold

Review Last Year Depreciation Schedule for Assets to Write off or to Record as Sold

One task you must complete in order to ensure that both the Balance Sheet and the Profit & Loss for the year being reviewed will be correct is the review of the fixed assets on the Balance Sheet. You will want to know with certainty that the depreciation that the accountant will calculate will be based on the correct fixed assets on the Balance Sheet.

You will want to begin with the previous year's ending balance, to ensure that it matches the Depreciation Schedule that was provided by the accountant after that year's end. (Assuming that you're being thorough with the year-end work in the current year, you will have checked the opening trial balance anyway and, as part of that, you will know that the fixed asset balance and detail are correct going into the year you are currently reviewing.)

Next, check with your client about the state and location of each fixed asset on that list as of the new year-end. If the asset is no longer serviceable, or if it has been sold, it must be correctly recorded as such in QuickBooks Online. If the asset was sold, review the transaction that was intended to reflect that sale and ensure that any gain or loss on the disposal of the asset was correctly entered, and that the remaining undepreciated asset value of that asset was reduced to zero. If it was donated, or if it no longer worked, then a journal entry reflecting the disposal of the asset at $0 and any loss on the disposal should be entered, so that the undepreciated asset value of that asset is reduced to zero.

That way, producing a **Transaction Report** on the Fixed Asset accounts on the Balance Sheet for the year will provide sufficient information for the accountant to know what is truly to be depreciated.

1. Go to the **Report** tab.

2. Select Balance Sheet

3. Select the year end date.

4. Click **Run Report** button.

5. Click on the **Fixed Asset account(s) figure** to produce a Transaction Report. Ensure that it covers the entire period being reviewed.

6. Click Run Report

Review all Assets Purchased During the Year

You must also ensure that all new assets acquired during the course of the year you are reviewing were properly recorded, to ensure that the new year's Depreciation Schedule will be correct.

Review all large expenses on the Profit & Loss, and check with your client to see if any of these "expenses" should really have been recorded as fixed asset purchases. (Many clients make this mistake, expensing everything, regardless of the nature of the expenditure.) If so, make the necessary corrections. Also, ensure that each purchase has the correct purchase date, value and full description so that a Transaction Report on the Fixed Asset accounts from the Balance Sheet will provide the accountant with the detail required to calculate the correct depreciation expense for the year.

8: Reports and Adjustments

Provide Information to the Client

Various types of reports and information should be offered to the client at several points during the year, not just at the financial year-end.

The reason for this is as follows: if there are problem areas that need addressing, pinpointing them on mid-year financials and comparative reports will enable the client to make decisions and change course so that the situation is remedied sooner rather than later. Waiting until the financial year-end may be far too late for action to be taken.

These reports, when run at year-end, can be preliminary in nature, and once the accountant's end-of-year adjusting entries are made, they can be presented in their final form to the client again.

It's a good idea to access the client file using QuickBooks Online Accountant, as some of these functions and reports are available only in QuickBooks Online Accountant, and are not even available to the Master Admin user of the company file. Your access to QuickBooks Online Accountant comes at no cost and only to you and at no additional cost to your QuickBooks Online client.

In order for you to access your client's file using QuickBooks Online Accountant, your client must invite you to be an Accounting Firm user of their company file.

1. Have client go to the Tools / Gear button > Your Company

2. Select Manage Users

3. Click the **Invite Accountant** button under the Accounting Firms section.

4. Fill in email and/or name of accountant/bookkeeper.

5. Click the **Next** button and then the **Finish** button on next page. This generates an invitation email to you, and once you select **Accept** (and create an Intuit ID or use one you've created previously), you will be able to access this company file (and any other company file from which you have accepted similar invitations) by going to www.intuit.com.au and signing in under Quickbooks Online Accountant

Reports

Note: Clicking on figures or transaction details can be done in any report to "zoom in" on the selection and provide more detail and ultimately open original transactions. When changing the settings of any report, such as the date range, select **Run Report** to display it using the new settings.

Assume that the dates are for the year-end just being completed unless otherwise stated:

Profit & Loss

1. Go to the **Report** Tab.

2. Select Profit and Loss

3. Change the Dates to produce this report for the client at any time for **This**

Financial Year-to-date (YTD) and, after the year-end that just occurred, for the **Last Year**.

4. Select **Run Report** to display the report using the new settings.

5. Click on any figure in this report to produce a detail of all transactions adding up to that figure, and click on any transaction in the detail to open up the original transaction for review/edit.

Profit & Loss YTD analysis vs. previous year YTD

1. Go to the **Reports**

2. Select Accountant Reports

3. Select Profit and Loss Comparison (Accountants Only).

Note: This report is only available in QuickBooks Online Accountant. Clicking on figures in this report will display details behind any glaring discrepancy between the year being reported and the previous

Balance Sheet at Year-End

1. Go to the **Report** tab.

2. Select Balance Sheet

3. Select the year end date.

4. Click **Run Report** button.

Note: This is not a report that clients typically understand, so take the time to explain the significance of certain accounts that are of particular importance. Show them their bank and credit card balances, debtors, creditors, loans, and inventory.

Summary of Outstanding Debtors

1. Go to the **Report** tab.

2. Select **Recommended**

3. Click the A/R Ageing Summary.

4. For more detailed information, click the **A/R Ageing Detail (All Reports > Manage Account Receivable)** report as well.

Note: If viewing the Summary version of this report prompts questions, clicking on the figures in the Summary report will provide details as well. Review this report with the client to ascertain if any invoices should be written off as bad debts.

Summary of Outstanding Credits

1. Go to **Report** tab.

2. Select Recommended

3. Click A/P Ageing Summary.

4. For more detailed information, click the **A/P Ageing Detail (All Reports > Manage Account Payable)** report as well.

Note: If viewing the Summary version of this report prompts questions, clicking on the figures in the Summary report will provide details as well. Review this report with the client to ascertain if all these outstanding bills are indeed payable.

Project/Job/Location/Class Profitability

1. Go to the **Report** Tab.

2. Select **All Reports** from submenu.

3. Click the **Business Overview** button.

4. Click on Profit and Loss by Location or/and Profit and Loss by Class

5. Modify date as needed.

6. Click on Customise

5. Select **Rows/Columns** on the left side menu.

6. Select Customers or Locations or Classes in the **Column drop down** menu.

7. Click **Run Report** button.

Customise Profit & Loss by Location
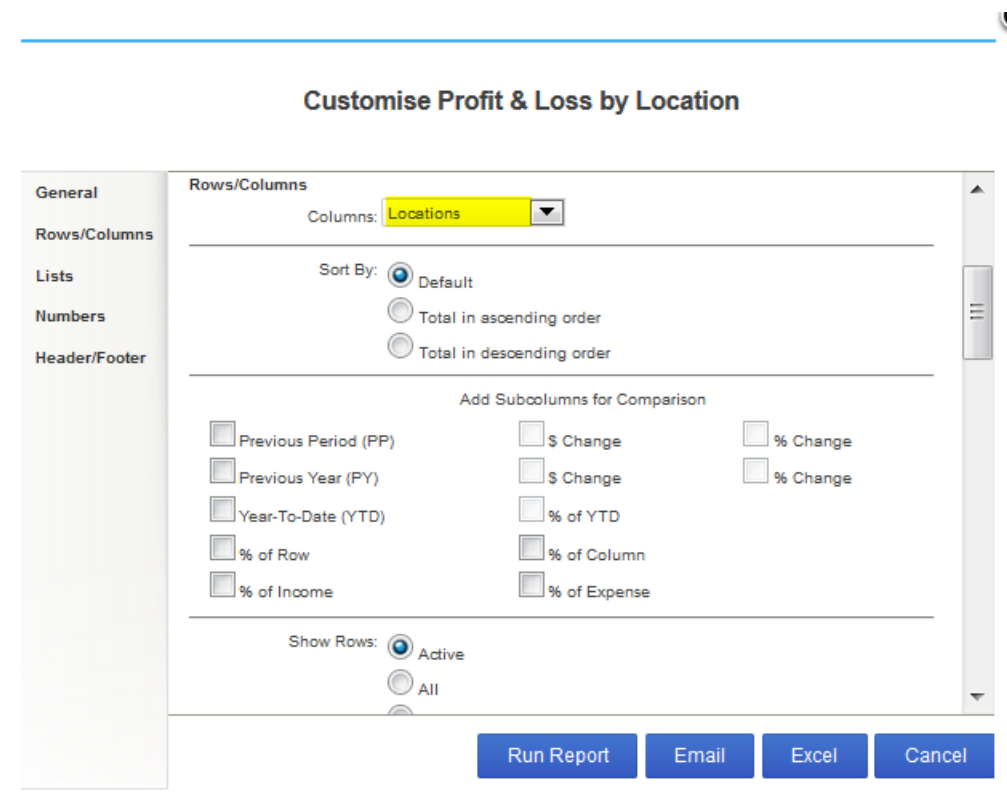
Note: This is most useful in QuickBooks Online Plus, as there is the ability to pass costs on to customers or set up different classes and locations for transactions.

Provide Information to the Accountant

Providing information to the accountant at year-end is quite easy in QuickBooks Online, because the accountant will be able to log in to QuickBooks Online Accountant (by going to www.intuit.com.au once they have accepted the invitation to be an Accountant User and have created an Intuit ID for logging in) and view the data for him or herself. (Remember, the accountant does not require a client file backup when QuickBooks Online is in use.) Nevertheless, here are the reports the accountant will want to see and how he or she can produce them at year end:

Profit & Loss

1. Go to the **Report** Tab.

2. Select **Profit and Loss** from submenu.

3. Change the Dates to produce this report for the **Last Year**.

4. Select **Run Report** to display the report using the new settings.

5. Click on any figure in this report to produce a detail of all transactions adding up to that figure, and click on any transaction in the detail to open up the original transaction for review/edit.

Balance Sheet at Year-End

1. Go to the **Report** tab.

2. Select **Balance Sheet** from the submenu.

3. Select the year end date.

4. Click **Run Report** button.

Trial Balance at Year End

1. Go to the **Reports**

2. Click on Accountants Reports

3. Select the **Trial Balance** report.

4. Modify dates to year end.

5. Click **Run Report** button.

Receivables Reconciliation Summary at Year-end

1. Go to the **Report** tab.

2. Select **All Reports** from the submenu.

3. Select Manage Accounts Receivable

4. Click Customer Balance Summary.

5. Modify dates to reflect year end.

6. Click **Run Report** button.

7. Compare balance on this report to balance of A/R on **Balance Sheet** report.

Payables Reconciliation Summary at Year-end

1. Go to the **Report** tab.

2. Select **All Report** from the submenu.

3. Select Manage Accounts Payable

4. Click Supplier Balance Summary.

5. Modify dates to reflect year end.

6. Click **Run Report** button.

7. Compare balance on this report to balance of A/P on **Balance Sheet** report

Inventory Reconciliation Summary at Year-end

1. Go to the **Report** tab.

2. Select **Balance Sheet** from the submenu

3. Select the year end date.

4. Click **Run Report** button.

5. Click on the **Inventory Asset account figure** to produce a Transaction Report. Ensure that it covers the entire period being reviewed.

6. Select **Customise**.

7. Select Change Columns.

8. Select **Product/Service** and choose **Add**.

9. Select **Qty** and choose **Add**, reorder the list if necessary.

10. Click **OK**.

11. Under **Rows/Columns** section, select the drop-down box next to **Group By** and choose **Product/Service**.

12. Click Run Report

Copy of all BAS Reports for the Year

1. Go to the **Reports** tab.

2. Select All Reports.

3. Select **Manage GST** on the left.

4. Click GST Exception, Summary, Detail Reports

5. Modify dates This Financial Year

| Recommended | Frequently Run | My Custom Reports | **All Reports** | Accountant Reports |

Manage GST

GST Liability Report

This report lists the transactions that are included in each box on the Business Activity Statement. The report is based on accrual accounting unless you changed your GST reporting preference to cash basis.

Run | Customise

GST Summary Report

This report shows you the summary information for each line of the BAS. This will help you as you complete your BAS in QuickBooks Online Plus and then lodge and submit your BAS to the ATO.

Run | Customise

GST Detail Report

This report lists the transactions that are included in each line on the BAS.

Run | Customise

GST Exception Report

This report lists the transactions containing GST that have been added, modified or deleted in prior lodged GST periods and have changed the companys GST liability.

Run | Customise

9: Enter EOY Adjustments

The accountant may wish to enter these end-of-year adjustments directly into the client's QuickBooks Online file, or he or she may give you the finalised trial balance with the entries to record. Regardless of who enters the adjustments, the information below is quite useful.

Although journal entries can be recorded in any of the subscription levels of QuickBooks Online, it's best to be accessing the company via QuickBooks Online Accountant, as it features special tools that are unavailable to even the Master Admin user of a QuickBooks Online file. One such tool is the ability to tag a journal entry as Adjusting by checking a box on the journal entry screen. Start out by making a journal entry in the usual way:

1. Global Create > Journal Entry.
2. Then check the box next to **Adjusting Journal Entry**, and then fill out the journal entry as per the accountant's year-end entries.

Other special tools, which are related to Adjusting Journal Entries, under the **Accountant Reports**, and they include the following tools which will be very useful for you after you enter the end-of-year entries:

• List of Adjusting Journal Entries to compare to the accountant's list (**Accountant Reports > Adjusting Journal Entries**)

• Adjusted Trial Balance to view the unadjusted (pre-adjustments) trial balance, the total adjustments in adjusting journal entry form by account, and the adjusted trial balance by account (**Accountant Reports > Adjusted Trial Balance**)**.** This will enable you to compare the accountant's papers with QuickBooks, and segregate the pre-adjustment and post-adjustment figures in case there is a discrepancy that must be located.

10: Start or Rolling over a new Financial Year

Take a Copy of the File? Not necessary!

Typically, using desktop accounting software, it is simply due diligence to make a copy of the data file and store it in a properly labelled folder (such as a folder with the four-digit year indicating the year-end date being the name) when the year-end work is complete.

One of the beautiful aspects of QuickBooks Online is that this is totally unnecessary! Just keep working in the same file and QuickBooks Online will maintain all the history for easy access in the future should it be necessary. The entries are always there.

You may be concerned about loss of data or corruption. Again, this is a beautiful aspect of QuickBooks Online; it's secure, it's cloud-based, and all these typical accounting data file worries are a thing of the past.

Roll over the file to a new year? Again, not necessary!

Because QuickBooks Online keeps everything in the one cloud-based company file into which you sign in with your chosen browser, you need not concern yourself with creating a new company file for each new financial year. Just have your client continue to enter transactions using the proper dates, including new dates in the next year, as if there is nothing different to consider. In fact, there *is* nothing different to consider; just pretend that a day has passed rather than a financial year!

The only worry you might have is what if your client decides to delete or make other changes to the year-end that was just completed, or any date before then. A simple way to prevent this is to set a closing date.

1. Go to the Tools / Gear button > Settings

2. Select the Company Settings

3. Select **Advanced** from the left side menu **> Accounting** and then edit **Closing the Books**

4. Place a checkmark in the box next to **Closing the Books**. This will open up some more functionality.

5. Enter a **Closing Date** (i.e. the year-end you are completing).

6. Choose the drop down button in the **Closing Date warning type** section next to **Warn and require password**.

7. Enter the password you wish to establish for this closing date and then re-enter it to confirm it.

8. Save

Since your client is likely the Master Admin user of this QuickBooks Online file, that won't stop him or her from entering the closing date password (or changing the password if they forgot it) and making changes to periods that should be left untouched except for reporting purposes. However, creating a closing date and password, along with updating the closing date as time elapses, means that if necessary, you can run an **Exceptions to Closing Date** report, which will show what changes anyone with the proper credentials and knowledge of the password made to these "should be closed" periods.

This is an **"audit trail"** type of report and will come in very handy should you be required to undo whatever trouble your client created because they didn't understand the meaning and significance of the term "closed period."

Notify your client repeatedly, verbally and in writing, that they are not to make any changes to closed periods and explain to them what that means. Furthermore, explain to them that if they do so, they will incur increased bookkeeping and accounting fees to undo the mess they created despite the warnings.