▶ Closing Accruals
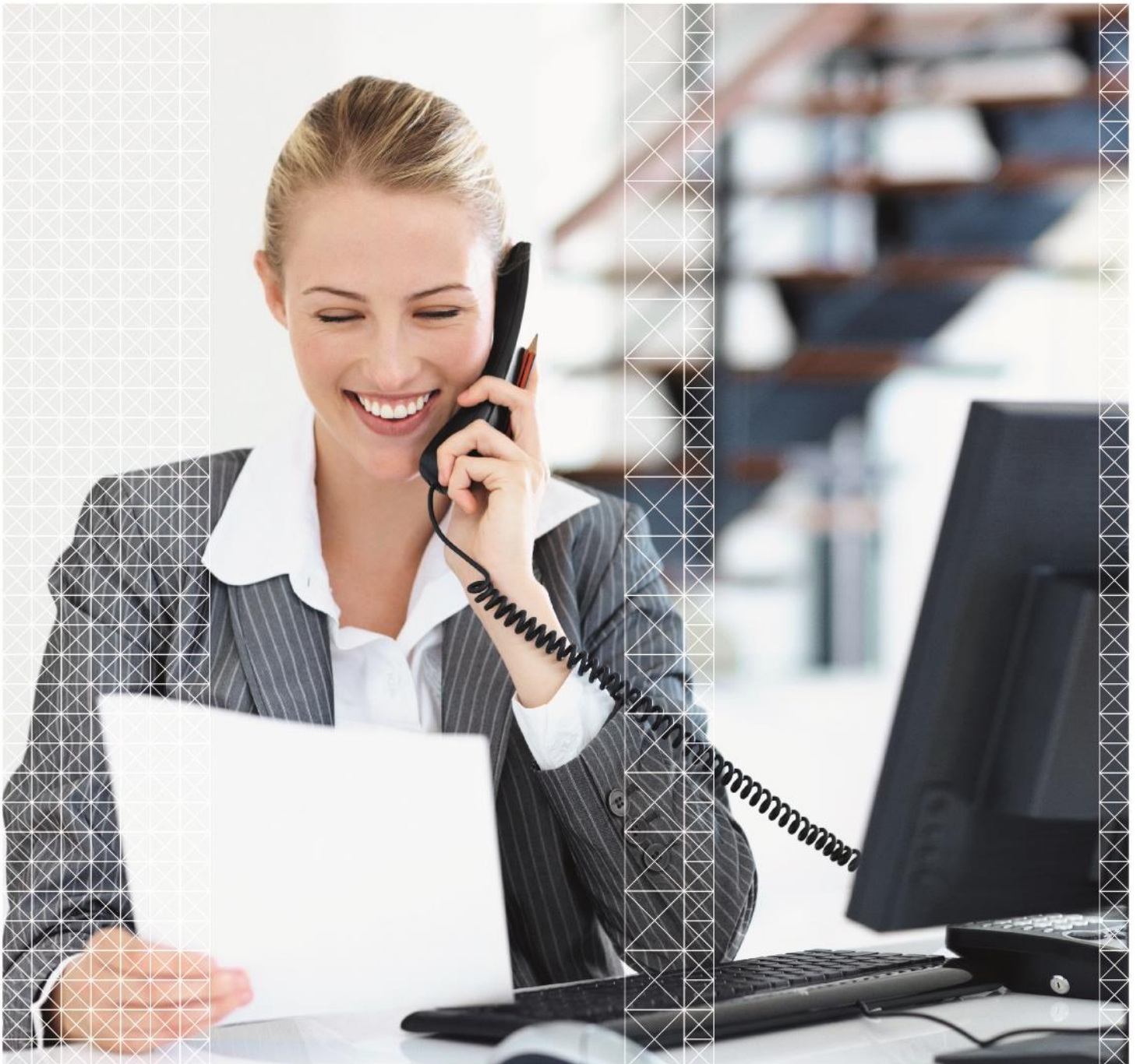
Sage X3 Help Sheet

The Closing Accruals function can be used to create prepayments and deferred revenue postings from invoices that have had a service period date range entered. It can be used with both sales and purchase invoices.

▶ **Financials > Closing Processing > Closing Accruals (CPTSVC)**

When a Purchase Invoice, Supplier BP Invoice, Sales Invoice or Customer BP Invoice is entered, a service date range can optionally be specified.

Here you can see a purchase invoice with a service start date of 01/01/23 and an end service date of 31/12/23. The invoice amount has been conveniently entered as £365 thus giving a value that equates to £1.00 per day and make the example calculations straight-forward to follow.

If we look at the lines of the invoice you will see that the start and end date has been automatically copied from the header values on the Controls tab but this can be set differently if required so in theory you could have different service period dates against different lines.

Lines

		Source	Tax 1	Tax 2	Tax 3	Start service	End service	Qu
1	⋮	Miscellane ▼	GBNIL 🔍 ⋮	🔍 ⋮	🔍 ⋮	01/01/23 📅	31/12/23 📅	No
2	⋮	▼		🔍 ⋮	🔍 ⋮	🔍 ⋮	📅	📅	

When initially posting the invoice the service period dates are not considered and the invoice will be posted as normal and create the usual journal where the full £365 is posted to the usual GL account with an accounting date of 01/01/23.

The Closing Accruals function will typically be run at month end to post an adjustment value to a specified prepayments/acccruals GL account to account for the fact some of the expense/revenue on this invoice relates to a future period and shouldn't yet be taken into consideration.

The journal is designed to be a temporary adjustment so will reverse out on the first day of the next period.

To run the process head to **Financials > Closing Processes > Closing Accruals**

The criteria screen looks like this:

▶ Select the company/site/legislation and then whether you are running this for Expense accruals (Purchasing) or Revenue accruals (Sales).

▶ There are optional criteria ranges for BP, Invoice number and Invoice dates.

▶ **Reference Date** is a key field - it will default to today's date but its **very important that you remember to change this to the correct date** – typically the period end date.

▶ You can run this in simulation to see a log file of the proposed calculations by leaving Generate Entries unticked.

For demonstration purposes I'm going to run this for expense accruals and simulate what I would do at January period-end so I have used a reference date of 31/01/23. I'll limit the results to just the BP that I have used on the example invoice using the BP range fields. I haven't ticked Generate Entries as I want to see the proposed values before posting them.

A typical log reading entry is produced and as shown below, it has picked up the example invoice that I posted earlier.

```
Company : GB10

-------------------------------------------------


Expense accruals : GB015 : Cycle World, GBP

-------------------------------------------------------------

Invoice : PIN2301GB01100026, 365 - Tax, Expense accruals journal amount : 334 - Tax
```

The calculation will essentially be:

(Total Value / Total Service Period Days) * Days Remaining

The Days Remaining is calculated 'as at' the Reference Date so in the above example on the 31/01 there are 334 days remaining in the period 01/01 to 31/12

In this case that's:

(365 / 365) * 334 = 334

When you are happy with the results and are ready to generate the entries then go back into the function and run this in the same way but this time with Generate Entries ticked.

Generation				
✔ **Generate Entries**	**Generation Type** ◉ Actual ○ Active Simulation ○ Inactive Simulation	**Distribution Status** ◉ Temporary ○ Final		
Document Type * ACCRL 🔍 ⋮ Accruals	**Journal** * PURCH 🔍 ⋮ Purchasing	**Document date** 31/01/23 📅 ⋮	**Reversing date** 01/02/23 📅 ⋮	✔ Log file

Note: Care must be taken when generating the journals as once they have been created, they cannot be deleted.

The document type and journal will default to ACCRL and PURCH but these can be changed should you wish.

The default document type is defined in parameter VCRTYPSVC (module CPT, group CLO). The default journal type is read from the document type.

The Document date will default to the Reference Date. The Reversing date will be the first date of the following period.

I have clicked OK to run the process and again, we get a typical Log Reading entry.

```
Company : GB10

----------------------------------------------------

Expense accruals : GB015 : Cycle World, GBP

-----------------------------------------------------------

Invoice : PIN2301GB01100026, 365 - Tax, Expense accruals journal amount : 334 - Tax

Document creation ACCRL ITR2301GB01100001

Create reverse : ITR2302GB01100002
```

As shown above the journal has now been created. Note that the reversal entry has already been created so here is no need to process the reversal against the original entry.

The transaction in question has now been stamped as having been accrued up to the 31/01/23. If you went in to run the process again with a date <= 31/01/23 then this invoice wouldn't be picked up. This is the main reason why remembering to change the Reference Date on the criteria screen is so important.

Simulation journals - When generating entries you get the option of creating the journals as Active or Inactive Simulation to give you the ability of seeing the journals in the accounts without them being actual journals. If you run the journals in active simulation mode, at the point when you want these to become Actual journals then you just need to run the process again with a generation type of Actual. The simulation journals will be deleted for you at this point.

Defining the GL Accounts Used – The 2 line journal will be reducing the value posted to the original expense/revenue GL account and posting it to a GL account defined in lines 6/7 of the Company Accounting Code.

▶ Parameters > Financials > Accounting Codes

All > Parameters > Financials > Accounting Interface

Accounting codes GB1 GB Account Mono Transaction

Type	Code *	Description	Short title
Company	STD	Company	Company
	Company		

Details

		Account type	Description	Mandatory	General
1		Modifier	Purchasing	No	999200
2		Modifier	Sales	No	999100
3		Modifier	Services	No	
4		Modifier	Profit account	Yes	402000
5		Modifier	Loss account	Yes	402000
6		Modifier	Expense acrruals	No	250300
7		Modifier	Revenue accruals	No	350700