

## Appendix A: Expenditure Accruals

At the end of any month there might be some costs that you know you have incurred but for which you haven't yet received (or logged onto CUFS) the invoice.

### Example:

- ◇ An engineer comes to the Department in the middle of July and repairs a machine.
- ◇ You know that he is going to charge you £1,500 for the work but you won't get his invoice until the end of August.
- ◇ However, that repair actually took place in July and should therefore be included in the accounts for July.

This is more significant at year-end when it is important to get the repair cost in the right accounting year.

The costs are allocated to the correct year by means of a General Ledger journal. This journal is then reversed out in the following month/year so that when the invoice is logged onto CUFS and paid in the normal way, you don't have a double charge to your departmental account.

### How to raise the Journal

1. Log into CUFS in the normal way and go into your departmental General Ledger responsibility.
2. Select **Journals** → **Enter**.
3. Click on the **New Batch** button and complete the header details in the normal way.
4. Click on the **Journals** button and start to enter the accrual journal for July
  - a) Period : should be **JUL-15** at this year-end
  - b) Category: select **Auto Reversal** from the list of values
  - c) Description: enter as appropriate
  - d) Control Total: enter as appropriate

5. Account codes to be used:

	<b>Debit</b>	<b>Credit</b>
Department code	As normal	As per debit line
Cost Centre	As normal	As per debit line
Source of Funds	As normal	0000
Transaction code	Appropriate to the expenditure being accrued	<b>VBAK (accrual)</b>

6. **Save** your Journal

**Journals (CAPSA Set of Books) - AG/HP/YE01**

Journal: AG/HP/YE01

Description: CAPSA Set of Book

Ledger: CAPSA Set of Book

Period: JUL-15

Balance Type: Actual

Clearing Company:

Category: **Auto Reversal**

Effective Date: 31-JUL-2015

Budget:

Tax: Not Required

Control Total:

Conversion:

Currency: GBP

Date: 31-JUL-2015

Type: User

Rate: 1

Reverse:

Date: AUG-15

Period: AUG-15

Method: Switch Dr/Cr

Status: Not Reversed

Reverse

**Lines** Other Information

Line	Account	Debit (GBP)	Credit (GBP)	Description
10	U.AG.AGBG.AAAA.EMZZ.0000	1,500.00		Accrual for repairs carried out on 16 July
20	U.AG.AGBG.0000.VBAK.0000		1,500.00	Accrual for repairs carried out on 16 July
		1,500.00	1,500.00	

Acct Desc: UC.Finance.Training Balance Sheet Default.Uninvoiced Accrual - No S.Default

Post Approve Line Drilldown... T Accounts...

Check Funds Reserve Funds View Results Change Period... Change Currency...

### Post the journal.

From the Navigator screen choose **Journals > Post**. Enter the batch name to recall the journal and tick the box to select it for posting. Behind the scenes, a second (reversing) journal will be created in the next period and will be automatically posted by the Finance Division.

If the journal category 'Accrual' or 'Adjustment' is used then you must remember to manually reverse it in the AUG-15 period using the 'More Actions' button and to post both journals.

### In your accounts...

The accrual journal will debit (or charge) expenditure – in place of the absent invoice. The credit entry will go to the VBAK balance sheet code, representing a liability for the goods/services received but not yet invoiced.

The reversal journal will create a credit against the original expenditure transaction code (e.g. EMZZ from the screen shot above) which in turn will be cancelled out by a corresponding debit balance when the supplier's invoice is finally received and processed on CUFS in the normal way.

**Example:**Current financial year:

29-Jul-2015	Create journal to accrue expenditure	<b>£1,500</b>
(No invoice received but expenditure is charged to correct year)		

New Financial Year:

01-Aug-2015	Journal reverses automatically	(£1,500)
20-Aug-2015	Invoice for repairs is entered in AUG-14	<u>£1,500</u>
	Effect on expenditure in the new year	<b>£ 0</b>

**FAQs**

Does it matter if I have already raised a Purchase Order for the goods/services in July?

No.

Should I include the VAT element of the goods/service in the accrued total?

Yes.

What if the invoice is still not received in August?

*Then the accrual journal must be repeated in August. It will reverse in September when, hopefully, the invoice will be entered on CUFS.*