

# Post Job Closing Deposit BEFORE Posting a Job Closing Journal Entry

BEFORE using the features described in this Help Document to prepare a Job Closing Journal Entry, the closing deposit should be posted. See the Help Document about posting a Job Closing Deposit available on the Add/Edit Deposits window. A quick example of a Job Closing Deposit is also shown on this page.

Continue to the next page.

**H125: 1000 South Park Ave. - KING**

**Job Trial Balance Before Posting Closing Deposit!** As Of: 18-Mar-07

0.1	CASH ACCOUNTS TOTAL	\$114,105.72
1430	DIRECT CONSTRUCTION COSTS	\$427,524.43
2000	CONSTRUCTION LOANS PAYABLE	(\$469,806.37)
2010	CONTRACT DEPOSITS	(\$20,000.00)
2020	CHANGE ORDER DEPOSITS	(\$40,898.92)
2110	ACCOUNTS PAYABLE - TRADE	(\$10,924.86)

DEPOSIT	CASH (BANK) ACCOUNT	DATE	DEPOSIT #	Total Deposit	Genl Ledger Bal
	1020 - CASH-CONSTRUCTION CHECKING	03/19/07	40368	\$2,233.43	\$0.00

**Example: Final Job Closing Deposit (check from title company)**

Payor	ALAMOTITLE	AR Inv#	0	Category	CONTRACT DEPOSITS	Check#	12345
Job	H125	CO Num	NONE	GL #	2010-CONTRACT DEPOS	Amount	\$495,000.00
Dept	CH	Desc	Alamo Title - Sales Price W/O ChgOrds	Job Cost	0-0-NONE	Markup	0.00%
Payor	ALAMOTITLE	AR Inv#	0	Category	CONTRACT DEPOSITS	Check#	12345
Job	H125	CO Num	NONE	GL #	2010-CONTRACT DEPOS	Amount	(\$20,000.00)
Dept	CH	Desc	Alamo Title - Credit Down Pmt	Job Cost	0-0-NONE	Markup	0.00%
Payor	ALAMOTITLE	AR Inv#	0	Category	INTERIM DRAW	Check#	12345
Job	H125	CO Num	NONE	GL #	2000-CONSTRUCTION LC	Amount	(\$469,806.37)
Dept	CH	Desc	Alamo Title - Payoff Loan	Job Cost	0-0-NONE	Markup	0.00%
Payor	ALAMOTITLE	AR Inv#	0	Category	JOB COST	Check#	12345
Job	H125	CO Num	NONE	GL #	1430-DIRECT CONSTRUC	Amount	(\$2,150.20)
Dept	CH	Desc	Alamo Title - Interest on Loan	Job Cost	1510-Construction F	Markup	0.00%
Payor	ALAMOTITLE	AR Inv#	0	Category	JOB COST	Check#	12345
Job	H125	CO Num	NONE	GL #	1430-DIRECT CONSTRUC	Amount	(\$810.00)
Dept	CH	Desc	Alamo Title - Closing Costs	Job Cost	1507-Interest on Loans	Markup	0.00%

*Notice that AFTER the Job Closing Deposit is posted, the 'Construction Loans Payable' account no longer appears on the Job's Trial Balance below. That's because it was paid off by the Title Company, and cleared to zero when the closing deposit was posted!*

*NOW, the total in 'Contract Deposits' is the amount of the Sales Price (without Change Orders)!*

Do not use spaces in the AR Invoice Number!

**Job Trial Balance AFTER Posting Closing Deposit!**

**As Of: 19-Mar-07**

0.1	CASH ACCOUNTS TOTAL	\$116,339.15
1430	DIRECT CONSTRUCTION COSTS	\$480,484.63
2010	CONTRACT DEPOSITS	(\$495,000.00)
2020	CHANGE ORDER DEPOSITS	(\$40,898.92)
2110	ACCOUNTS PAYABLE - TRADE	(\$60,924.86)
<b>TOTAL (Should be zero if in balance)</b>		<b>\$0.00</b>

## Job Closing Journal Entry - Introduction

IMPORTANT! These instructions pertain to builders that are posting Job Costs to Work-In-Progress (WIP) accounts (like Direct Construction Costs on the NAHB Chart of Accounts) and are posting monies received to Liability accounts (like Construction Loans Payable, Contract Deposits, and Change Order Deposits). The Work-In-Progress and Liability accounts do NOT appear on an Income (Profit and Loss) Statement until they are 'closed' with a journal entry to Sales and Cost of Sales accounts. IF you post all of your job costs directly to 'Cost of Sales' accounts and monies received to 'Sales' accounts as the job progresses, these instructions may not pertain to you.

There is information about 'Recognizing Profit and Loss' and 'Methods of Accounting' on a button towards the bottom of the 'Chart of Accounts Management' window. Open that window by using the 'Accounting' button on the Navigation/Home window.

ALL of this information should be discussed with your accountant!

If a builder uses the 'Completed Contract' accounting method OR the 'Percentage of Completion' accounting method, there are probably balances in WIP and Liability accounts that need to be closed to Cost of Sales and Sales accounts when the job is completed. **IF you use the 'Percentage of Completion' method of accounting, please don't miss the last page of this Help document!**

The program has a handy window that will help you create the 'Job Closing Journal Entry' that will close the WIP and Liability accounts to Sales and Cost of Sales accounts. Continue to the next page for more information about creating a Job Closing Journal Entry.



## Posting a Job Closing Journal Entry - continued

Select Job ->	H125
Date For the Closing Journal Entry ->	03/19/07
<a href="#">Continue to Job Closing Window</a>	




When you are ready to prepare a Job Closing Journal entry, use the button labeled 'Continue to Job Closing Window'.

A window will open that lists Work In Progress and Liability account balances that might need to be closed to Sales and Cost of Sales. Please read the information on the window.

Continue to the next page.

NOTE: If you use the Percentage Of Completion method of accounting, don't miss the last page of this document!

### Worksheet to Help Close \*WIP Balances to Profit and Loss Accounts




[Home](#)

This is simply a Worksheet to help you create Journal Entries to move \*Work-In-Progress account balances to Income Statement accounts. That type of journal entry is usually referred to as a "closing journal entry". This window displays Asset or Liability accounts that have balances for the job as of the Closing Entry Date. The list does not include Cash, Payables, or Receivables control accounts because those are not relevant to a closing entry. Click on the appropriate button to create a journal entry that will move (or "close") an account balance to another account. IMPORTANT! This window should be used to create journal entries to close APPROPRIATE balances ONLY. Some accounts listed may not need to be closed! It is a very good idea to discuss closing journal entries with your accountant.

**H125: 1000 South Park Ave. - KING**

**Note: Revenues are usually Credit (negative) amounts and Costs are usually Debit (positive) amounts.**


**Balances As Of----> 19-Mar-07**

Asset and Liability Accounts With Balances For The Job		
1430	DIRECT CONSTRUCTION COSTS	\$480,484.63
2010	CONTRACT DEPOSITS	(\$495,000.00)
2020	CHANGE ORDER DEPOSITS	(\$40,898.92)

Use X button to close this window to review a complete list of all balances for the job.

	<a href="#">&lt;---Create Journal Entry to Move This Balance</a>
	<a href="#">&lt;---Create Journal Entry to Move This Balance</a>
	<a href="#">&lt;---Create Journal Entry to Move This Balance</a>

**\*WIP = Work In Progress; Asset or Liability accounts that hold work in progress activity until the job close**

Record:  1 of 3

## Posting a Job Closing Journal Entry - continued

In our example, we have job costs of \$480,484.63 in the WIP account titled 'Direct Construction Costs'. That amount needs to be 'closed' to a Cost of Sales account. The \$495,000.00 in 'Contract Deposits' liability account AND the \$40,898.92 in 'Change Order Deposits' liability account need to be 'closed' to a Sales account.

To create the Job Closing Journal entry for each amount, use the buttons labeled 'Create Journal Entries to Move This Balance'.

On the window that opens, select the appropriate 'Into' account from your Income Statement Accounts. In our example, we are 'closing' the 'Direct Construction Costs' INTO the 'Cost of Sales-Sngl Fam Custom' account.

After selecting the 'Into' account, use the button labeled 'Create Closing Journal Entry'. The window shown to the right will open with selections for continuing to close more balances OR for completing the process. We have more balances to close, so will use the button labeled 'Close more account balances for the job'.

Continue to the next page.

**H125: 1000 South Park Ave. - KING**

**Note: Revenues are usually Credit (negative) amounts and Costs are usually Debit (positive) amounts.**

**Balances As Of----> 19-Mar-07**

**Asset and Liability Accounts With Balances For The Job**

Account #	Account Name	Balance	Action
1430	DIRECT CONSTRUCTION COSTS	\$480,484.63	<a href="#">&lt;--- Create Journal Entry to Move This Balance</a>
2010	CONTRACT DEPOSITS	(\$495,000.00)	<a href="#">&lt;--- Create Journal Entry to Move This Balance</a>
2020	CHANGE ORDER DEPOSITS	(\$40,898.92)	<a href="#">&lt;--- Create Journal Entry to Move This Balance</a>

Use X button to close this window to review a complete list of all balances for the job.

### Create the Job Closing Journal Entry

Close GL # 1430      \$480,484.63

Into-> 3620-COST OF SALES-SNGL FAM CUS

**IMPORTANT NOTE!** Any entries displayed below are entries posted to the account to close AFTER the date entered for the closing entry. The total of the entries displayed below WILL NOT BE CLOSED since the closing entry ONLY uses the total of entries up to and including the date for the closing entry. This might be okay if you plan to post another closing entry later for the additional balance in the account. (Ignore the "Temporary Entry". It is for display purposes only.)

GL #	DATE	DOC	JRNL	VENDOR	DEPT	DESCRIPTION	COST CODE	TOTAL
1430	30-Mar-07	0	NA	Z	NA	Temporary Entry	0	0.00

**Total of Entries AFTER Date selected for Closing Entry**      0.00

**A Journal Entry batch has been created to close the selected account balance for the job.**

**FIRST!** If you are finished closing job accounts and would like to supply a closing date and a status of CLOSED to the job, enter the date the job actually closed. (Date can be different than journal entry date.) Then click the button labeled 'Update the Job Status to Closed'.

Actual Closing Date (for Closed Jobs Lists)      03/19/07

Select one of the options below:

## Posting a Job Closing Journal Entry - continued

After using the button shown on the previous page to 'Close more balances for the job', this window will reopen. Notice that the balance for the WIP 'Direct Construction Costs' is no longer displayed. That's because we created the journal entry to close that balance to Cost of Sales.

We will continue to use the buttons labeled 'Create Journal Entry...' to close BOTH the 'Contract Deposits' AND the 'Change Order Deposits' liability accounts to the 'Sales-Single Family Custom' account.

**H125: 1000 South Park Ave. - KING**

**Note: Revenues are usually Credit (negative) amounts and Costs are usually Debit (positive) amounts.**

**Balances As Of----> 19-Mar-07**

Asset and Liability Accounts With Balances For The Job		
2010	CONTRACT DEPOSITS	(\$495,000.00)
2020	CHANGE ORDER DEPOSITS	(\$40,898.92)

Use X button to close this window to review a complete list of all balances for the job.

[<---Create Journal Entry to Move This Balance](#)

[<---Create Journal Entry to Move This Balance](#)

**Create the Job Closing Journal Entry**

Close GL # 2010 (\$495,000.00)

Into->

[Create Closing Journal Entry](#)

[Exit, Do Not Post Closing Entry](#)

AFTER all appropriate WIP and Liability accounts have been 'closed' to the appropriate Sales and Cost of Sales accounts, enter the 'Actual Closing Date' for the job. THEN use the button labeled 'Update the Job Status to Closed...'. This will mark the job as Closed as of the Actual Closing Date. NOTE: The Actual Closing Date is often different than the date used for the Closing Journal Entry. That's because the job may have closed at the Title Company BEFORE you have posted all job costs for the job. A Job Closing Journal entry is usually created AFTER all job costs have been posted for the job. However, IF a closing entry is created before all costs have been posted, the program WILL alert the user when posting job costs that the job is closed and that they might want to post the cost directly to a Cost of Sales account. ALSO, these windows can be used again for a previously closed job in order to Job Closing entries with a later date to close any remaining balances in WIP and Liability accounts.

See the next page for information about 'Reviewing The Journal Entry Batch'.

A Journal Entry batch has been created to close the selected account balance for the job.

FIRST! If you are finished closing job accounts and would like to supply a closing date and a status of CLOSED to the job, enter the date the job actually closed. (Date can be different than journal entry date.) Then click the button labeled 'Update the Job Status to Closed'.

Actual Closing Date (for Closed Jobs Lists)

[Update the Job Status to Closed \(using above date\)](#)

Select one of the options below:

[Close more account balances for the job.](#)

[Exit and Review the journal entry batch.](#)

[Review the resulting Trial Balance for the job.](#)

[I'm finished. Exit Job Closing Entry Windows.](#)

## Reviewing the Job Closing Journal Entry Batch

On the previous windows, the program helped create an 'Adjusting Journal Entry' to close job WIP account balances to Income Statement accounts. The adjusting journal entry COULD have been created manually by your accountant without using the handy windows for creating a Job Closing Entry. The 'Adjusting Journal Entry' that the program helped create CAN BE DELETED or EDITED just like any other 'AJE' (as described in the Help Document about Journal Entries).

To review the 'Adjusting Journal Entry' created by the program, use the button labeled 'Exit and Review the journal entry batch.' on the window shown on the previous page.

Close more account balances for the job.

Exit and Review the journal entry batch.

Review the resulting Trial Balance for the job.

I'm finished. Exit Job Closing Entry Windows.

**Add/Edit Journal Entries ((JE in index) - Entries Sorted By Entry Number**

Find Another JE Batch    Start a New JE Batch    Delete This JE Batch

Change Doc ID or Date    Doc ID: Close H125    JE Date: 03/19/07

Post Credits as a negative (minus) amount and Debits as a positive (plus) amount. The TOTAL should equal zero when the AJE batch is complete.

Ent#		G/L Account Number	Job	Dept.	Description	Cost Code	Type	Markup	Amount		
40375	<a href="#">Edit Line</a>	3620-COST OF SALES-SINGL FAM CUSTOM	H125	CH	Job Closing Entry for Job H125	0-0-NONE	OTHER	0.00%	\$480,484.63	<a href="#">New Line</a>	<a href="#">Copy Line</a>
40376	<a href="#">Edit Line</a>	1430-DIRECT CONSTRUCTION	H125	CH	Job Closing Entry for Job H125	0-0-NONE	OTHER	0.00%	\$480,484.63	<a href="#">New Line</a>	<a href="#">Copy Line</a>
40377	<a href="#">Edit Line</a>	3120-SALES-SINGLE FAMILY CUSTOM	H125	CH	Job Closing Entry for Job H125	0-0-NONE	OTHER	0.00%	\$495,000.00	<a href="#">New Line</a>	<a href="#">Copy Line</a>
40378	<a href="#">Edit Line</a>	2010-CONTRACT DEPOSITS	H125	CH	Job Closing Entry for Job H125	0-0-NONE	OTHER	0.00%	\$495,000.00	<a href="#">New Line</a>	<a href="#">Copy Line</a>
40379	<a href="#">Edit Line</a>	3120-SALES-SINGLE FAMILY CUSTOM	H125	CH	Job Closing Entry for Job H125	0-0-NONE	OTHER	0.00%	(\$40,898.92)	<a href="#">New Line</a>	<a href="#">Copy Line</a>
40380	<a href="#">Edit Line</a>	2020-CHANGE ORDER DEPOSITS	H125	CH	Job Closing Entry for Job H125	0-0-NONE	OTHER	0.00%	\$40,898.92	<a href="#">New Line</a>	<a href="#">Copy Line</a>

**Genl Ledger Bal**  
\$0.00

JOB REVENUES: Do not use this Journal Entries window to post Job Revenues that should display on Job Cost and Revenue reports. Use the Add/Edit Deposits window and the Deposit Categories that are needed for the reports. If needed, post a "zero" deposit. Use the allocation lines on the Deposit window to create the deposit in/out "journal entry". (DP in navigation index)

**TOTAL** \$0.00  
(should be zero when finished)

## Reviewing the Resulting Trial Balance for the Job

After posting a 'Job Closing Journal Entry' as described on the previous pages, the resulting balances for the job can be reviewed on a 'Trial Balance for the Job'. Type 'TB' in the 'Index' field on the Navigation/Home window. (See Help Documents available on the window that opens.)

Enter a 'Begin Date' and an 'End Date' for the Period Trial Balance. Select the 'Job:'. Then click on '13-Trial Balance For Job - Period'.

On the 'Trial Balance Of Period Activity-1 Job' report, review the 'End Balance' column. If you enter Begin and End dates that just cover the date of the closing deposit and the date of closing journal entries, you can see the results of those entries in the 'Period Activity' column.

This information can be useful for your accountant to determine that the proper accounts have been 'closed'.

### Trial Balances, Cash Available, Cash Flow, and Cash Activity (TB or C

Trial Balance = List of Account Balances

YTD = All To Date Through End Date

Begin Date 03/18/07

End Date 03/19/07

Click on selections below, or enter a selection #--->

For Entire Company	For One Job
01-Cash Flow for Company - Period	JOB: H125-1000 South Park Ave.-KING
02-Trial Balance for Company - YTD	12-Cash Flow for Job - YTD
*AP is calculated from Unpaid on Reports below.	<b>13-Trial Balance For Job - Period</b>
03-Trial Balance For Company-Period	14-Cash Accts Total for Job

## Trial Balance Of Period Activity-1 Job

H125-1000 South Park Ave.-CAROL KING

Dates - From: 18-Mar-07 To: 19-Mar-07

H125-1000 South Park Ave.-CAROL KING		Begin Bal	Period Activity	End Balance
0.1	CASH ACCOUNTS TOTAL	\$114,105.72	\$2,233.43	\$116,339.15
1430	DIRECT CONSTRUCTION COSTS	\$427,524.43	(\$427,524.43)	\$0.00
2000	CONSTRUCTION LOANS PAYABLE	(\$469,806.37)	\$469,806.37	\$0.00
2010	CONTRACT DEPOSITS	(\$20,000.00)	\$20,000.00	\$0.00
2020	CHANGE ORDER DEPOSITS	(\$40,898.92)	\$40,898.92	\$0.00
2110	ACCOUNTS PAYABLE - TRADE	(\$10,924.86)	(\$50,000.00)	(\$60,924.86)
3120	SALES-SINGLE FAMILY CUSTOM	\$0.00	(\$535,898.92)	(\$535,898.92)
3620	COST OF SALES-SNGL FAMCUSTOM	\$0.00	\$480,484.63	\$480,484.63
GRAND TOTALS		\$0.00	\$0.00	\$0.00

## Review the Resulting Income Statement (Profit and Loss) for the Job

After posting a Job Closing Journal Entry, it's a good idea to take a look at the Income (Profit and Loss) Statement for the job. Type 'ISP' in the 'Index' field on the Navigation/Home window.

Leave the 'Curr. Period Dates' as they are when the window opens.

Select the **Job** in the 'From' and 'To' columns.

Then use the button labeled '**Period Income Statement**' to open the report shown to the right.

See Help Documents about Financial Statements for more information about Income Statements.

**INCOME STATEMENT FOR PERIOD (ISP in I**

Sub Heading Title For Income Sta  
Job H125

	FROM	TO
<b>Curr. Period Dates</b>	03/01/07	03/19/07
<b>Jobs</b>	H125	H125
<b>Departments</b>	CH	CH

Output **Period Income Statement**

<b>Amazing Builders, Inc.</b>		
<b>Income Statement</b>		
<b>FOR THE PERIOD 3/1/2007 TO 3/19/2007</b>		
<b>Job H125</b>		
<b>SALES/ REVENUES</b>		
<b>SALES AND REVENUES</b>		
SALES-SINGLE FAMILY CUSTOM	\$535,898.92	
	<u>\$535,898.92</u>	
		<b>\$535,898.92</b>
<b>SALES/ REVENUES TOTAL</b>		
<b>COST OF SALES</b>		
<b>COST OF SALES - HOMES</b>		
COST OF SALES-SNGL FAMCUSTOM	\$480,484.63	
	<u>\$480,484.63</u>	
		<b>(\$480,484.63)</b>
<b>COST OF SALES TOTAL</b>		
<b>GROSS PROFIT</b>		<b>\$55,414.29</b>
<b>ADJUSTED GROSS PROFIT</b>		<b>\$55,414.29</b>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>		<b>\$55,414.29</b>
<b>NET INCOME (LOSS)</b>		<b>\$55,414.29</b>

## Closing a Job That Has PERCENTAGE OF COMPLETION Entries

If you have been using the Percentage Of Completion accounting method, there will probably be some additional WIP and Liability accounts to close. See Help Documents about Percentage of Completion accounting entries.

The additional accounts that might be in the list if you are using the Percentage of Completion method are one titled 'Cost of Sales Recognized' and one titled 'Job Income Recognized'.

The '**Cost of Sales Recognized**' account should be closed to an appropriate 'Cost of Sales' account (the SAME Cost of Sales account that is used to close the WIP Direct Construction Costs Account).

The '**Job Income Recognized**' account should be closed to an appropriate 'Sales' account (the SAME Sales account that is used to close the WIP Liability accounts like Contract Deposits).

When the Percentage of Completion accounting method is used, progressive entries are usually posted to Sales and Cost of Sales accounts at the end of each month. Those entries are 'offset' with entries to the 'Cost of Sales Recognized' and 'Job Income Recognized' accounts. When the job closing entries are posted, the balances in those accounts and the other WIP and Liability accounts will cause a net income or loss effect that is appropriate for the closing month.

Balances As Of----> 20-Mar-07			Use X button to close this window to review a complete list of all balances for the job.
Asset and Liability Accounts With Balances For The Job			
1430	DIRECT CONSTRUCTION COSTS	\$668,888.64	<---Create Journal Entry to Move This Balance
1450	COST OF SALES RECOGNIZED	(\$648,603.35)	<---Create Journal Entry to Move This Balance
2210	CONTRACT DEPOSITS	(\$735,543.33)	<---Create Journal Entry to Move This Balance
2220	JOB INCOME RECOGNIZED	\$705,383.57	<---Create Journal Entry to Move This Balance

See previous pages of this Help Document for information on posting the closing entries.