

Year - End Entries

In India, an accounting period from 1st April to 31st March is followed. Hence, on 31st of March, closing of the accounts is done and the balances are carried forward to next financial year. There are various entries, which are entered at the end of the financial year only, such as depreciation charged on fixed assets, interest paid on loan, profit transferred to partners account and tax (GST) payment for the last month of the year. In this document, we will discuss posting of all these year – end entries in detail.

Year- End Entries

At the end of a financial year, a company needs to post various entries. These entries are yearly entries which are entered only once in a year and that too at the end of the financial year. In this document, we will try to cover all such entries that are posted at the end of the financial year.

Entry 1 – Depreciation charged on Fixed Assets

Depreciation is charged at the end of financial year on the Fixed Assets as per the rates prescribed by the government. In BUSY, you need to enter a Journal voucher at the end of financial year for posting of entry for depreciation charged on fixed assets.

In Journal voucher, you need to debit the Depreciation account and credit the Fixed Assets account. For example, a Company has charged depreciation of Rs. 30,000 on the Maruti Van that it uses to deliver goods to its dealers. To post this entry, Company will enter a *Journal* voucher and debit / credit the following accounts.

Debit: Depreciation A/c	30,000
Credit: Van A/c	30,000

Given here is a screenshot displaying *Journal* voucher entered for the depreciation charged on fixed asset.

Add Journal Voucher

Voucher Series **Main** Date **31-03-2018** (Sat) Vch No.

GST Nature **Not Applicable/Non-GST**

S.No	D/C	Account	Debit (Rs.)	Credit (Rs.)	Short Narration
1	D	Depreciation A/c	30,000.00		
2	C	Van A/C		30,000.00	
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					

(Cur. Bal. : Rs. 0.00) **30,000.00** **30,000.00**

Long Narration
Depreciation@15% is charged on Maruti Van worth Rs. 2,00,000 on 31st March

Vch. Other Detail Master Other Detail ACC IMAGE VCH IMAGE

Esc=>Quit F2=>Done F4=>Std.Nar. F6=>Vch.Type F7=>Repeat F9=>Del.Line

Entry 2: Interest paid on Loan taken from Bank

Another entry that needs to be posted at the end of financial year is for interest paid on loan taken from bank. For posting this entry, you need to enter a Journal voucher and debit the Interest on Loan account and credit the Bank Loan account.

For example, a Company has taken a loan of Rs. 10,00,000 from HDFC Bank on which interest of Rs. 80,000 has been paid throughout the year. The Company will post the following entry in the *Journal* voucher:

Debit: Interest on Loan A/c 80,000
 Credit: HDFC Loan A/c 80,000

Entry 3: Profit transferred to Partners account

Profit or loss of partnership firm needs to be posted to partners account. This entry is also posted at the end of financial year. To transfer profit to partners account, you need to enter a Journal voucher and debit the Profit & Loss account and credit the Capital account of partners.

For example, a Company has accrued a profit of Rs. 8,00,000 in a financial year. For this, the Company will post the following entry in the *Journal* voucher:

Debit: Profit & Loss A/c	8,00,000
Credit: Capital A/c - Rakesh	4,00,000
Capital A/c - Ankit	2,00,000
Capital A/c - Amit	2,00,000

In the above entry, profit is divided according to capital invested by the partners in the firm.

- In case of Proprietorship firm, the profit is transferred to Proprietor's A/c.

Debit: Profit & Loss A/c
Credit: Proprietor's A/c

- In case of a Company, profit is transferred to Reserves & Surplus account.

Debit: Profit & Loss A/c
Credit: Reserves & Surplus A/c

Entry 4: GST Payment for the last month of the Year.

Apart from the entries explained above, one more entry that needs to be explained is of GST payment of the last month of the year. Payment of GST to the government for the last month of the year i.e. March will be made in the month of April. It means that although GST is of the previous financial year but it is deposited in the current financial year. This entry needs to be reflected in the reports of the previous financial year as payment of GST is for previous year only. To enter entry for GST payment for the last month of the year, you need to perform the following steps:

Step 1: Enter Payment voucher on 31st March in which debit the IGST/CGST/SGST Output account and credit the GST Payable account (created under the head Current Liabilities).

Step 2: Change Financial Year in BUSY. In the new financial year, enter a Payment voucher in which debit the GST Payable account and credit the Bank account.

Step 3: Switch back to previous financial year in BUSY, open the Payment voucher in modify mode and enter GST related details in it.

We will now discuss posting of these entries with the help of an example.

A Company's GST payable amount is Rs. 10,000 for the month of March for 2017-18 financial year. For this, the company will enter following entries in BUSY:

Step 1: Enter a Payment voucher on 31st March 2018 with following entry:

Debit: IGST/CGST/SGST Output A/c	10,000
Credit: GST Payable A/c	10,000

On saving the *Payment voucher*, a *GST Adjustment Details* window will appear because GST account is debited in the voucher. In the window, details about the GST payment such as Challan Number, Cheque Number are to be entered. Since the GST amount is not yet deposited to the government and the Company is not having these details so leave the window as blank.

Step 2: Change Financial Year in BUSY and enter a *Payment* voucher in the new financial year with following entry:

Debit: GST Payable A/c	10,000
Credit: Bank A/c	10,000

Note: Above entry needs to be posted after depositing the GST to the government i.e. at any time in the current financial year.

Step 3: Switch back to the previous financial year i.e. 2017-18 and open the *Payment* voucher entered on 31st March 2018 in modify mode. Enter the required details in *GST Adjustment Details* window.

Hope the document has helped you in solving queries related to Year-End Entries.

For more details you can refer to our Video on 'Year – End Process' which is hosted on YouTube.