REVENUE ACCRUAL EXAMPLE #1

Account 2205000 receives an order to test a soil sample on April 30th. The test results are completed and the customer is invoiced on May 31st for $200. The customer pays us on July 3rd. What document(s) would be used for these two transactions, and when would this revenue be recognized? How would you record the receipt of $200 from the customer on July 3rd?

The revenue is booked when the work is complete. Since the work is complete on May 31st (FY21), an Adjustment Voucher document will be completed to book the revenue in May and to set up the receivable.
Once the revenue is received you will fill out the Cash Receipt document, and book it to the 1437 object code, to clear the Receivable. Note: If the payment received is accidentally booked to revenue instead of OC1437, a correction (GEC) will be needed since the revenue was already booked in May and because we need to reduce the receivable.

Make this CR entry on 7/3/21 (FY22) when the check is received.
REVENUE ACCRUAL – EXAMPLE #2

Account 2609860 received and booked a $500 conference deposit to OC4380 on May 31st for a conference to be held September 1-3 2021. What document(s) would you use to book this accrual, and what fiscal year does it go in?

The revenue belongs in FY22 since that is when the conference is being held and when the revenue will be considered as earned. Since the revenue is already booked (when the deposit was made), you will do an Accrual Voucher document with a reversal date of 9/3/21 (FY22), when the revenue is earned. The accrual will DR OC4380 to clear the revenue out of the current FY and will CR OC2590 – Other Unearned Revenue because it hasn’t been earned yet. When the accrual automatically reverses on 9/30/21 (FY22), it will move the revenue from unearned to earned.
EXPENSE ACCRUAL – EXAMPLE #1

Account 1262000 ordered office supplies on April 30th in the amount of $500 and the supplies were received 5/31/21. The vendor was paid on 7/2/21 (after FYE). What document should be used to book this expense and what fiscal year should the expense be in?

The expense is recognized in FY21 since the supplies were received in FY21. When the supplies are received an Adjustment Voucher Document should be completed to book the expense and the Year-end Payable. Once it is paid through a Disbursement Voucher document, the Year-end Payable OC2103 that was set up in the Adjustment Voucher should be reduced; however, this should be watched to make sure the entry cleared the OC2103 instead of OC2101.

Note: If the DV or PREQ uses OC2101, a correction GEC is needed to clear OC2101 and OC2103.
EXPENSE ACCRUAL – EXAMPLE #2

Account 1356570 entered into a 12-month Service agreement in the amount of $12,000 that runs 4/1/21 – 3/31/22. It was originally booked in full to OC6601. What document(s) will be used to accrue for the expense and what fiscal year will this be recognized in?

Since the full amount was booked to OC6601, we need to do an Accrual Voucher with a reversal date of 3/31/22 to move the FY22 portion of the expense out of FY21 to FY22 and record the Prepaid Expense OC1740. ($12,000/12mo. = $1,000/mo x 9mo. = $9,000 for FY22).

When the AV automatically reverses on 3/31/22, the $9,000 expense will be recognized in FY22.