# How to get Net movement and prepare accounts for year-end?

**Learning Objectives:**

A. **What is mean by Net Movement in Accounting term?**

B. **When Net Movement Not Required, When Net Movement Required?**

C. **How to get Net Movement from Various Bookkeeping Software?**

D. **How to Post Net Movement in Xero (Finalising Software)?**

A. **What is mean by Net Movement in Accounting term?**

The movement of **Amount** between **specific Period.** or

The Difference between **Opening Balance** and **Closing balance** of **Specific period**.

(**Specific Period** for FY -2024 will be from 01/07/2023 to 30/06/2024.

**Opening Balance** for FY -2024 will be balance as on 30/06/2023 (PY Closing balance will be Opening balance for CY)

**Closing Balance** for FY -2024 will be balance as on 30/06/2024

**For Example: Fixed Asset A/c GL**

| **Date** | **Particular** | **Debit** | **Credit** | **Notes** |
|---|---|---|---|---|
| **01/07/2023** | **Opening Balance** | **70,000** | | |
| 08/10/2023 | Monitor Purchase | 20,000 | | **Net Movement** |
| 07/06/2024 | Laptop Purchase | 50,000 | | |
| 30/06/2024 | Deprecation for the Year | | 25,000 | |
| **30/06/2024** | **Closing balance (b/f)** | | **115,000** | |
| | **Total** | **140,000** | **140,000** | |

In above example net movement of **Fixed Asset, a/c** for the FY – 2024 will be

**Method 1**

The movement of **Amount** between **specific Period.**

20,000 + 50,000-25,000 = 45,000

**or**

**Method 2**

The Difference between **Opening Balance** and **Closing balance** of the Specific period

Opening balance 70,000

Closing balance 115,000

**Net Movement 45,000**

## B. When Net Movement Not Required, When Net Movement Required?

**Why do you need to Post Net Movement?**

Business maintains their Books of Accounts in various software, The are lot of bookkeeping software available in market based on the business nature, Size, cost and required business use different account software's.

**When Net Movement Not Required**

If Bookkeeping Software and Finalizing software are **same**

**For Example**: Bookkeeping Software used by company ABC Pty Ltd is Xero as well as Finalising Software use by Auditor Liston Newton Advisory is also Xero, then net movement not required.

**When Net Movement Required**

If Bookkeeping Software and Finalizing software are **not same**

**For Example:**

| **Bookkeeping Software** | **Finalising Software** |
|---|---|
| MYOB | **Xero** |
| Quick Book | **Xero** |
| Tax Assistant | **Xero** |
| MS - Excel | **Xero** |
| MYOB | **Tax Assistant** |
| Quick Book | **Tax Assistant** |
| Xero | **Tax Assistant** |
| MS - Excel | **Tax Assistant** |

C. **How to get Net Movement from Various Bookkeeping Software?**

**Whatever the Bookkeeping software may be every software can be able to generate either one or all the report mentioned below.**

1. General ledger Summary Report
2. Comparative Trial Balance
3. Profit and Loss of the year & Comparative Balance sheet.

Any one of the above reports is sufficient to Post Net Movement in Finalising Software, **but most preferable and reliable Report is General ledger Summary Report.**

**Please note Finalising software will understand Negative Amount as Credit Amount and Positive Amount as Debit Amount for the Purpose of Net Movement**

**How to Find net Movement from the Reports:**

1. **Using General Ledger Summary Report**

| A | B | C | D | E | F | G= D-E |
|---|---|---|---|---|---|---|
| **Account No** | **Account Name** | **Beginning balance** | **Total Debit** | **Total Credit** | **Ending balance** | **Net Movement** |
| 2-1110 | Directors Loan | 10,000 Cr | 50,000 | 48,000 | 8,000 Cr | **2,000** |
| 2-1111 | HP Loan | 50,000 Cr | 10,000 | 0 | 40,000 Cr | **10,000** |
| 2-1112 | Bank Loan | 20,000 Cr | 5,000 | 0 | 15,000 Cr | **5,000** |
| 2-1113 | Capital | 10,000 Cr | 0 | 0 | 10,000 Cr | **0** |
| 2-1114 | Retained Earning | 15,000 Cr | 0 | 0 | 15,000 Cr | **0** |
| 3-1110 | Fixed Asset | 55,000 | 10,000 | 0 | 65,000 | **10,000** |
| 3-1111 | Bank | 33,000 | 108,000 | 115,000 | 26,000 | **-7,000** |
| 3-1112 | Cash | 30,000 | 0 | 5,000 | 25,000 | **-5,000** |
| 4-1112 | Sales | 35,000 Cr | 0 | 50,000 | 85,000 Cr | **-50,000** |
| 4-1112 | Other Income | 25,000 Cr | 0 | 10,000 | 35,000 Cr | **-10,000** |
| 5-1112 | Purchase | 17,000 | 25,000 | 0 | 42,000 | **25,000** |
| 5-1112 | Other Expenses | 30,000 | 20,000 | 0 | 50,000 | **20,000** |
| **Total** | | **0** | **228,000** | **228,000** | **0** | **0** |

**Explanation:**

**In the above Report Row from A to F is a Report Generated by booking keeping software.**

**Row G is Net Movement workings we must work out.**

**With the Above General Ledger Summary Report "Total Debit Minus Total Credit" (D-E) will be the Net Movement.**

2. **Using Comparative Trial Balance**

| A | B | C | D | E | BS => G= D-E<br>P&L=> G= E |
|---|---|---|---|---|---|
| **Account No** | **Account Name** | **Account Type** | **FY -2023** | **FY -2024** | **Net Movement** |
| 2-1110 | Directors Loan | Non - CL | 10,000 Cr | 8,000 Cr | **2,000** |
| 2-1111 | HP Loan | Non - CL | 50,000 Cr | 40,000 Cr | **10,000** |
| 2-1112 | Bank Loan | Non - CL | 20,000 Cr | 15,000 Cr | **5,000** |
| 2-1113 | Capital | Equity | 10,000 Cr | 10,000 Cr | **0** |
| 2-1114 | Retained Earning | Equity | 15,000 Cr | 28,000 Cr | **N/A** |
| 3-1110 | Fixed Asset | Non - CA | 55,000 | 65,000 | **10,000** |
| 3-1111 | Bank | CA | 33,000 | 26,000 | **-7,000** |
| 3-1112 | Cash | CA | 30,000 | 25,000 | **-5,000** |
| 4-1112 | Sales | Revenue | 35,000 Cr | 50,000 Cr | **-50,000** |
| 4-1112 | Other Income | Revenue | 25,000 Cr | 10,000 Cr | **-10,000** |
| 5-1112 | Purchase | Direct Cost | 17,000 | 25,000 | **25,000** |
| 5-1112 | Other Expenses | Expenses | 30,000 | 20,000 | **20,000** |
| **Total** | | | **0** | **0** | **0** |

**Explanation:**

**In above Report Row from A to E is a Report Generated by booking keeping software.**

**Row G is Net Movement workings we must work out.**

**With the above comparative Trail Balance Report, For Balance Sheet Items "FY -2023 Minus FY -2024" (D-E) will be the Net Movement**

**With the above Comparative Trail Balance Report, For Profit & Loss Items FY -2024 balance alone (E) will be the Net Movement**

Retained Earning a/c should be Ignored while posting Net Movement via Trial balance.

3. **Using Profit and Loss & Comparative Balance sheet**

**Profit and Loss a/c.**

| | | FY -2024 | | |
|---|---|---|---|---|
| **Account No** | **Account Name** | **Dr** | **Cr** | **Net Movement** |
| 4-1112 | Sales | | 50,000 Cr | **-50,000** |
| 4-1112 | Other Income | | 10,000 Cr | **-10,000** |
| 5-1112 | Purchase | 25,000 | | **25,000** |
| 5-1112 | Other Expenses | 20,000 | | **20,000** |
| **Net Profit** | | | **20,000 Cr** | |

**Comparative Balance sheet**

| A | B | C | D | **G= D-E** |
|---|---|---|---|---|
| **Account No** | **Account Name** | **FY -2023** | **FY -2024** | **Net Movement** |
| 2-1110 | Directors Loan | 10,000 Cr | 8,000 Cr | **2,000** |
| 2-1111 | HP Loan | 50,000 Cr | 40,000 Cr | **10,000** |
| 2-1112 | Bank Loan | 20,000 Cr | 15,000 Cr | **5,000** |
| 2-1113 | Capital | 10,000 Cr | 10,000 Cr | **0** |
| 2-1114 | Retained Earning | 8,000 Cr | 28,000 Cr | **N/A** |
| 2-1115 | Current Year Earning | 20,000 Cr | 15,000 Cr | **N/A** |
| 3-1110 | Fixed Asset | 55,000 | 65,000 | **10,000** |
| 3-1111 | Bank | 33,000 | 26,000 | **-7,000** |
| 3-1112 | Cash | 30,000 | 25,000 | **-5,000** |

**Explanation:**

**In above Report Row from A to D is a Report Generated by booking keeping software.**

**Row G is Net Movement workings we must work out.**

**With the Above Comparative Balance Sheet Report, Balance Sheet Items "FY -2023 Minus FY -2024" (D-E) will be the Net Movement.**

**With the Above Profit & Loss Report "Debit Minus Credit" will be the Net Movement.**

Retained Earning a/c and Current Year Earning should be ignored while posting Net Movement via Balance sheet.

## D. How to Post Net Movement in Xero (Finalising Software)?

**Step 1 – Download Manual Journal Excel Template:**

Select the Company in Xero

Then select Accounts ➔ Manual Journals ➔ Import ➔ Download Template File

**Step 2 – Update the Net Movement Details in Downloaded Template as below:**

In that Downloaded Template CSV Excel File Fill the Following Mandatory Details as below:

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| 1 | ***Narration** | ***Date** | **Description** | ***AccountCode** | ***TaxRate** | ***Amount** |
| 2 | Net Movement YE -2024 | 30-06-2024 | Directors Loan | 800 | BAS Excluded | 2000 |
| 3 | Net Movement YE -2024 | 30-06-2024 | HP Loan | 801 | BAS Excluded | 10000 |
| 4 | Net Movement YE -2024 | 30-06-2024 | Bank Loan | 802 | BAS Excluded | 5000 |
| 5 | Net Movement YE -2024 | 30-06-2024 | Fixed Asset | 505 | BAS Excluded | 10000 |
| 6 | Net Movement YE -2024 | 30-06-2024 | Bank | 504 | BAS Excluded | -7000 |
| 7 | Net Movement YE -2024 | 30-06-2024 | Cash | 503 | BAS Excluded | -5000 |
| 8 | Net Movement YE -2024 | 30-06-2024 | Sales | 200 | BAS Excluded | -50000 |
| 9 | Net Movement YE -2024 | 30-06-2024 | Other Income | 201 | BAS Excluded | -10000 |
| 10 | Net Movement YE -2024 | 30-06-2024 | Purchase | 302 | BAS Excluded | 25000 |
| 11 | Net Movement YE -2024 | 30-06-2024 | Other Expenses | 330 | BAS Excluded | 20000 |
| 12 | | | | | | |

**Now save the Excel File and Close it.**

**Notes:**

**Accounts with Zero Net Movement or Nil Net Movement should be Ignored.**

**Total of Amount Column should be Zero.**

**Narration:** May change based on client, Refer Previous year Net Movement narration.

**Date:** Should be Year End date of the Financial Year

**Description**: Generally, Account Head of Bookkeeping software.

**Account Code:** Xero Account code (Finalising software Account Code)

**Tax Rate:** Should be BAS Excluded

**Amount:** Net Movement as we find from above Reports.

**Debit Net Movement will be Positive amount, Credit Net Movement will be in Negative amount.**

**Step 3 – Import the Net Movement Template in Xero:**

Accounts ➔ Manual Journals ➔ Import ➔ under “Import the updated template file” ➔ Browse, select and open the csv file as we saved earlier➔ Then Select Import➔Complete Import.

Now Net movement will Posted as draft under manual journal section ➔ Select the Manual Journal with Narration “Net Movement YE -2024”➔Then Select Post.

**Checklist After successfully Posting Net Movement:**

- **Total of Net Movement should be Zero.**
- Check Net Profit of Bookkeeping software Matched with Finalised software➔ If not check the coding. (Because P &L Items wrongly coded to BS or BS Items wrongly coded to P& L)
- Check Balance sheet balance of Bookkeeping software Matched with Finalised software ➔ If not check the coding, if coding is correct, Check the Opening balance of Bookkeeping software matched with Finalised software.

**That’s all, Thank You**