Retained Earnings

The Retained Earnings (or carry forward as more commonly known at UQ) is a Balance Sheet account that represents the balance at the beginning of a year. This balance is currently divisible by chart component (e.g. Operational unit, Project etc.).

This is calculated as the net of any income and expenditure for preceding years. That is, at the end of a year income and expenditure is closed to the Retained Earnings account and the new year begins with revenue and expense accounts of 0.

As this account represents an “Opening Balance”, this balance should not change within a year. Therefore the policy on Retained Earnings is as follows:

1. Retained Earnings is a system generated process calculated by rules within UniFi

2. Users will be permitted to submit changes to retained earnings in the following circumstances
   a. Accounting error due to coding of the Function or Site codes
      i. The only components of the chart that are able to be changed in the journal are Function and Site

   b. A Restructure
      i. In this instance the operational unit would also be allowed to be changed

   c. Moving of a project from one operational unit to another
      i. The most common instance of this is when an Academic moves to another Operational Unit

   d. Consolidation of “Operating” Fund Group balances – End of Year only
      i. This process enables a School to consolidate the balances of all operational units into 1 or for a Faculty or Institute to Consolidate all school balances to Faculty Level.
      ii. This is an End of Year Process and should be limited to the adjustment period or period 1 of the following year.

3. Reinstatement of Project funding related to prior year (FPA Only)
   a. There have been some instances where VC or DVC R commitments have not been transferred correctly during a year. To ensure that the accumulated position is balanced the correction will be processed against the Retained Earnings account.

4. Any changes regarding fund code 4XX must be discussed with Contract and Grants Accounting.
If there are opening balances in chart strings and a user wishes to clear these balances (for reasons not mentioned above) to another chart string this will need to be corrected against revenue or expense accounts. For example the clearing of a debit project balance.

**Journals**

The Retained Earnings Account is a control account, meaning that any journals against Retained Earnings need to be loaded by FPA. If users wish to make changes to Retained Earnings a journal must be prepared (using the spread sheet template) and submitted to journals@fbs.uq.edu.au. The account to use is 301210. The journal must only include the account 301210. If other accounts are used the journal will be rejected and a new journal will need to be submitted for approval.

**Note:** The general principle for journals against the Retained Earnings Account is that the journal must not exceed the value of the retained Earnings account. That is, the journal cannot include the in year result. Please note the one exclusion is the Consolidation of Operating Fund Group balances and this is limited to the adjustment period and period 1.

**Justification for Journal**

The submission must include justification for making the change. This justification is to be provided by completing the “Retained Earnings Journal Justification form” available on the FBS website. Once this has been approved by either the Chief Financial Officer or Associate Director Financial Planning and Analysis the journal will be loaded by FPA.