



A/R & A/P on a Cash Basis Balance Sheet

Balances in A/R & A/P stay on the Balance when converting from Accrual to Cash IF the transactions are open as of the report date AND they are posted to another Balance Sheet account. There are many causes that are outlined in the Intuit article INF12397 <http://support.quickbooks.intuit.com/support/Articles/INF12397>

Steps to address this problem should be done at year end after all yearly transactions have been entered, but before you take your QuickBooks® file to the accountant to have your taxes done.

1. Make sure all customer payments and credits have been applied (Use Client Data Review if possible)
2. Identify problem transactions
 - a. Double-Click on the A/R balance on the Balance Sheet
 - b. Modify the report to **remove the From date** in the Date criteria
 - c. Use the Advanced options to display the data **as of the Report Date**
 - d. Filter the report to show only transactions with a **Paid Status of Open**
3. Make then necessary Journal Entries date 12/31/xx
 - a. Checking & Undeposited Funds to Income
 - b. Inventory Assets to COGS
4. Make Reversing Journal Entries as of 1/1/xx
5. Apply the Journal Entries so they don't appear in the A/R report (Use Client Data Review if possible)

You'll do the same type of thing for A/P.