

Balancing Your A/R

What It Does

When you use the A/R module, the system uses a master file and a batch file. When you make a posting, the system posts the same amount to both files. The batches will reflect the postings for a particular period. If you create a new A/R batch for each day, for example, then each batch reflects the postings for one business day.

The system also posts to the appropriate G/L control account. These control accounts will reflect the amount that your A/R increases or decreases.

To remain accurate, all three files, the master file, batch file, and G/L file, must synchronize with each other. Suppose that you posted \$1,000 to A/R today. After you release your A/R batches at the end of the day, all three files (AR-BATCH, AR-MASTER, and GL-MASTER) must show A/R postings of \$1,000. When you balance A/R, you determine whether all three files show the same postings.

These files normally do show the same postings, but occasionally something happens that prevents them from matching. If you made a manual adjustment to G/L, for example, the three files would no longer match.

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Balancing your A/R can have an impact on your business. Suppose you go to the bank for a loan — they'll ask for your financial reports. If those look good, they'll probably also want to see detailed information on your invoices. They may want to see if you have many invoices that are over 90 days old, for example, or if there's one customer who owes you a large amount of money. To obtain this information, you'd print trial balance reports for your A/R, and perhaps also for A/P. If you haven't been balancing the A/R and A/P in the President's screens, though, the figures in these reports may not match the figures in your financial reports, and you won't know why.

Note: Instructions for balancing A/P can be found in *Fax File 61: Balancing Your A/P*.

How to Do It

Perform the daily A/R audit using the A/R Batch Report (which you print as part of your day-ending procedures) and the (PDA) President's A/R screen.

You can continue to use the notebook you've been using to do A/R audits. (If you don't keep a notebook, we'll de-

