Changing from Cash to Accrual Accounting

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About Changing the Accounting Method
Changing the accounting method at the start of the fiscal year involves the fewest procedures. Additional procedures are required if there are closed months in the current fiscal year, if the firm uses the Accounts Payable module, or has payment activity in open months of the current fiscal year.

This document lists all procedures necessary for changing the accounting method. Each procedure is listed below with a check box so you can mark only the procedures you need to do. The procedures are then described in detail under their own topic heading in the order that they are to be performed.

<table>
<thead>
<tr>
<th>To do</th>
<th>Done</th>
<th>Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔</td>
<td>☐</td>
<td>Creating a Client Disb Recov (1210) Account.</td>
</tr>
<tr>
<td>✔</td>
<td>☐</td>
<td>Contacting LexisNexis PCLaw Technical Support.</td>
</tr>
</tbody>
</table>

 Adjusting Disbursements
- Are there unbilled disbursement at the end of the previous fiscal year?
- Are there disbursements in closed months of the current year?

 Adjusting Accounts Receivable
- Is there an A/R balance at the end of the previous fiscal year?
- Is there billing activity in closed months of the current fiscal year?

 Adjusting Receive Payments
- Are there payments in closed months in the current fiscal year?
- Are there payments in open months of the current fiscal year
- Are there reallocated general retainers in open months of the current year?

 Adjusting Accounts Payable
- Is there an A/P balance at the end of the previous fiscal year?
- Is there A/P activity in closed months in the current fiscal year?

 Adjusting Payments to Accounts Payable
- Are there payments to payables in closed months of the current fiscal year?
- Are there payments to payables in open months of the current fiscal year?

If there are already closed months in the current fiscal year, re-opening the months will reduce the quantity of required adjusting entries needed.

Cash and Accrual systems differ in the way unbilled disbursements, accounts receivables, receive payments, taxes, and accounts payable are handled.
Cash systems do not have an A/R account, therefore fees do not affect the G/L, disbursements remain in
Client Disb Expense (5010), and taxes are not allocated to their respective payable accounts until payment
is received. Client disbursements are an expense, not an asset. Accounts payable are allocated directly to
expense but not until the payable is processed.

Accrual systems post fees to Accounts Receivable (1200), taxes to their respective payable accounts, and
transfers costs from the Client Disb Recov (1210) account at the time of billing. General Liabilities (2000)
is used for the Accounts Payable module.

<table>
<thead>
<tr>
<th>Account Nickname</th>
<th>Account Type</th>
<th>Cash</th>
<th>Accrual</th>
</tr>
</thead>
<tbody>
<tr>
<td>1200</td>
<td>Asset</td>
<td>Does not exist</td>
<td>Accounts Receivable</td>
</tr>
<tr>
<td>1210</td>
<td>Asset</td>
<td>Does not exist</td>
<td>Client Disb Recov</td>
</tr>
<tr>
<td>5010</td>
<td>Expense</td>
<td>Client Disb Expense</td>
<td>Does not exist</td>
</tr>
<tr>
<td>2000</td>
<td>Liability</td>
<td>Does not exist</td>
<td>General Liabilities</td>
</tr>
</tbody>
</table>

Exhibit 1. A comparison of general ledger accounts that are particular to one or more accounting methods

An equity account, (3500), is called in a partnership ‘Income for Alloc’. For a corporation, it is called
Retained Earnings. For simplicity, this document refers to the account as Income for Alloc (3500).

Creating a Client Disb Recov (1210) Account

1. Type in the Nickname box, **1210**.
2. Type in the Account box, **Client Disb Recov**.
3. Select **Current Asset** from the Type drop down list.
4. Click **OK** to return to the Pop Up Help - G/L Accounts window (or the G/L Accounts window for
versions 9.00 to 9.10).
5. For 9.20 and higher: Click **Save and Close**.
   For 9.00 to 9.10: Click **OK**.

Contacting LexisNexis PCLaw Technical Support

1. Click the **Tech Support** button to display the Technical Support window.
2. Call the technical support number for your location.

   **Note to support personnel:** Refer to Technical Support Appendix Cash to Modified to Accrual.
Adjusting Disbursements

For Cash systems, Client Disb Expense (5010) zeroes out as part of the End of Year Adjusting Entries. Since revenues and expenses are written off to equity at year end, an equity account, Income for Alloc (3500) is credited when allocating the balance of unbilled disbursements to Client Disb Recov (1210). Disbursements created in the current fiscal year, whether billed or unbilled, are transferred from Client Disb Expense (5010) to Client Disb Recov (1210).

Client Disb Expense (5010) is not a reconcilable account. In Accrual systems, Client Disb Recov (1210) is reconciled to the balance of unbilled disbursements less unapplied general retainers. The balance appears in the work in progress report.

Are there unbilled disbursements at the end of the previous fiscal year?
The unbilled disbursement balance at the end of the previous fiscal year is transferred to Client Disb Recov (1210).

Producing a Work-in-Progress Report

Pull-down menu | Reports > Client > Work-in-Progress

The Work-in-Progress report provides the balance of unbilled disbursements, including unapplied general retainers, for a specific period.

Exhibit 3. The Common tab of the Work-in-Progress report

1. Leave the Matter, Client, and Resp Lawyer boxes blank.
2. Accept the default Start Date of 1/1/82.
3. Select the End Date of the last day of the prior fiscal year.
4. Select Firm Totals Only.
5. Click OK to produce the Work-in-Progress report.
6. Refer to the Disbs and Retainer values under the Total column.

<table>
<thead>
<tr>
<th>Unbilled Work in Progress - Firm Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>+ Fees</td>
</tr>
<tr>
<td>+ Retainers</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
G/L Adjusting Entry

**Pull-down menu**  
G/L > General Journal > G/L Adjustment

Create a general journal entry to transfer the value of unbilled disbursements from equity to Client Disb Recov (1210).

Exhibit 4. The Create G/L Adjustment window transferring unbilled disbursements from equity to a recovery account

1. Select the **Date** for the first day of the first open month.
2. Select in the **Explanation** box, an explanation code or type an extended explanation.
3. Debit **Client Disb Recov (1210)** for the value of Total > Disbs less Total > Retainers.
4. Credit **Income for Alloc (3500)** for the value of Total > Disbs less Total > Retainers.
5. Click **OK** to proceed to a confirmation prompt:

   Exhibit 5. The Common tab of the Client Costs Journal

6. Click **Yes** to post the adjusting entry.

**Are there disbursements in closed months of the current fiscal year?**

Disbursements in closed months of the current fiscal year is transferred from Client Disb Expense (5010) to Client Disb Recov (1210).

**Producing a Client Costs Journal**

**Pull-down menu**  
Reports > Journal > Client Costs

The Client Cost Journal provides the balance of disbursements for a specific period.

Exhibit 4. The Create G/L Adjustment window transferring unbilled disbursements from equity to a recovery account

1. Leave the **Matter, Ref#**, and **G/L Account** boxes blank.
2. Select the **Start Date** of the first day of the current fiscal year.
3. Select the **End Date** of the last day of the last closed month of the current fiscal year.
4. Click the **Other** tab to proceed to the Client Costs Journal > Other window:

5. Check **Expense Recovery Entries**.
6. Check **General Check Allocations**.
7. Check **Account Payable Entries**.
8. Check **G/L Summary Only**.
9. Uncheck **Daily Totals**.
10. Click **OK** to produce the Client Costs report.
11. Refer to the G/L Account Summary.

### G/L Adjusting Entry

<table>
<thead>
<tr>
<th>G/L Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>5210 - Client Disb Recov</td>
<td>300.00</td>
<td>300.00</td>
</tr>
<tr>
<td>Total:</td>
<td>300.00</td>
<td>300.00</td>
</tr>
</tbody>
</table>

**Pull-down menu**

**G/L > General Journal > G/L Adjustment**

Create a general journal entry to move the value of the current year’s disbursements from Client Disb Expense (5010) to Client Disb Recov (1210).

![Create G/L Adjustment window]

1. Select the **Date** for the first day of the first open month.
2. Select in the **Explanation** box, an explanation code or type an extended explanation.
3. Debit **Client Disb Recov (1210)** for the value of disbursements in all closed months.
4. Credit **Client Disb Exp (5010)** for the value of disbursements in all closed months.
5. **Click OK** to proceed to a confirmation prompt:

   ![Image of a confirmation prompt]

6. **Click Yes** to post the adjusting entry. The Client Costs journal includes unapplied general retainers, therefore a separate entry is not required for retainers.

**Are there disbursements in open months of the current fiscal year?**

Adjustments to disbursements in open months of the current fiscal are included in “Are there reallocated general retainers in open months of the current fiscal year?” on page 11.

**Adjusting Accounts Receivables**

These procedures are required if an A/R balance exists at the end of the previous fiscal year or if there is billing activity within closed months of the current fiscal year.

Run a Billing (Fees) Journal to attain the A/R balance. Create adjusting entries to transfer the balance.

**Is there an A/R balance at the end of the previous fiscal year?**

Adjustments are required for billed fees, disbursements, and taxes (if applicable) that were unpaid at the end of the previous fiscal year.

**Producing a Billing (Fees) Journal**

<table>
<thead>
<tr>
<th>Pull-down menu</th>
<th>Reports &gt; Journal &gt; Billing (Fees)</th>
</tr>
</thead>
</table>

The Billing (Fees) Journal provides the balance of outstanding fees, costs and taxes for a specific period.

**Exhibit 7. The Common tab of the Billing (Fees) Journal**

1. Leave the **Matter, Client, Resp Lawyer** and **Invoice** boxes blank.
2. Accept the **Start Date** default of 1/1/82.
3. Select the **End Date** for the last day of the previous fiscal year.
4. Check **Firm Totals Only**.
5. Check **Show Balances as of End Date**.
6. Click **OK** to produce the Billing (Fees) Journal.
7. Refer to the Total column for the balance of outstanding fees, disbursements and taxes.
G.L Adjusting Entry

Create a general journal entry to move the balance to Accounts Receivable (1200). Cash systems do not post balances to fees or tax accounts until payment is received. Client Disb Expense (5010) is zeroed out as part of End of Year Adjusting Entries. Therefore Income for Alloc (3500) is substituted for the fee and disbursement accounts.

Exhibit 8. The Create G/L Adjustment window populating the accounts receivable account
1. Select the Date for the first day of the first open month.
2. Select in the Explanation box, an explanation code or type an extended explanation.
3. Debit Accounts Receivable (1200) for the balance of billed fees, disbursements and taxes.
4. Credit Income for Alloc (3500) for the balance of billed fees, disbursements and taxes.
5. Click OK to proceed to a confirmation prompt:
6. Click Yes to post the adjusting entry.

Is there billing activity in closed months of the current fiscal year?
If there is billing in closed months of the current fiscal year, transfer the value of billed fees, disbursements and taxes (if applicable) to Accounts Receivables (1200).

Producing a Billing (Fees) Journal

The Billing (Fees) Journal provides the balance of billed fees, costs and taxes for the specific period.
1. Leave the Matter, Client, Resp Lawyer and Invoice boxes blank.
2. Select the Start Date of the first day of the current fiscal year.
3. Select the End Date of the last day of the last closed month in the current fiscal year.
4. Check Firm Totals Only.
5. Check Show Balances as of End Date.
6. Check Include Paid Invoices.
7. Click OK to produce the Billing Fees Journal.
8. Refer to the Billed column for the total of billed fees, disbursements and taxes.

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G/L Adjusting Entry

Create a general journal entry to allocate billed fees, disbursements, and taxes to Accounts Receivable (1200).

Exhibit 9. The Create G/L Adjustment window populating the accounts receivable account

1. Select the **Date** of the first day of the first open month.
2. Select in the **Explanation** box, an explanation code or type an extended explanation.
3. Debit **Accounting Receivable (1200)** for the value of fees, disbursements, and taxes billed in all closed months of the current fiscal year.
4. Credit **Fees Earned (4000)** for the value of fees billed in all closed months of the current fiscal year.
   **Tip:** A partnership may also have individual fee accounts. These accounts can be substituted for (4000) or the balance of (4000) can be reallocated at a later date.
5. Credit **Client Disb Recov (1210)** for the value of total disbursements billed in all closed months of the current fiscal year.
   **Tip:** Client Disb Recov (1210) is used instead of Client Disb Expense (5010) for all disbursements have already been transferred to Client Disb Recov (1210) in “Are there disbursements in open months of the current fiscal year?” on page 6.
6. If applicable, credit **Sales Tax Payable (2450)** and/or **GST/VAT Payable (2400)** for taxes billed in all closed months of the current fiscal year.
7. Click **OK** to proceed to a confirmation prompt:
8. Click **Yes** to post the adjusting entry.

**Is there billing activity in open months of the current fiscal year?**

An adjusting entry is not required.

**Adjusting Receive Payments**

Payments need to be adjusted for any month in the current fiscal year where payments are received.

**Warning:** Do not refer to the Paid column of the Billing (Fees) journal used in “Adjusting Accounts Receivables” on page 6. That value refers to payments made to invoices created within the data range of the report.

**Are there payments in the previous fiscal year?**

An adjusting entry is not required.
Are there payments in closed months of the current fiscal year?
Adjust payments applied to paid fees, disbursements and taxes (if applicable) to reduce the Accounts Receivables balance created in “Adjusting Accounts Receivables” on page 6.

Producing a Payment Allocation Listing

| Pull-down menu | Reports > Accounts Receivable > Payment Allocation Listing |

The Payment Allocation listing provides a record of payments within a specific period.

Exhibit 10. The Common tab of the Payment Allocation Listing as it appears for PCLaw version 8
1. Leave the Matter, Client, and Resp Lawyer boxes blank.
2. Select the Start Date for the first day of the current fiscal year.
3. Select the End Date for the last day of the last closed month in the current fiscal year.
4. Check Totals Only.
5. Click OK to produce the Payment Allocation Listing.
6. Refer to the Total Payments and Adjustments line for Fee Tot, Disb, and Tax.

| G/L Adjusting Entry |

| Pull-down menu | G/L > General Journal > G/L Adjustment |

Create a general journal entry to debit paid fees, disbursements, and taxes while crediting Accounts Receivable (1200).

Exhibit 11. The Create G/L Adjustment window adjusting for paid receivables
1. Select the **Date** of the first day of the first open month.
2. Select in the **Explanation** box, an explanation code or type an extended explanation.
3. Debit **Client Disb Recov (1210)** for the total of payments applied to disbursements in all closed months of the current fiscal year.
4. Debit **Fees Earned (4000)** for the total of payments applied to fees in all closed months of the current fiscal year.

   **Tip:** A partnership may also have individual timekeepers’ fee (4000.xxx) accounts. These accounts can be substituted for (4000) or the balance of (4000) can be reallocated at a later date.
5. Debit **Sales Tax Payable (2450)** and/or **GST/Vat Payable (2400)** for payments applied to taxes in all closed months of the current fiscal year, if applicable.
6. Credit **Accounts Receivable (1200)** for total amount of payments in all closed months of the current fiscal year.
7. Click **OK** to proceed to a confirmation prompt:

8. Click **Yes** to post the adjusting entry.

**Are there payments in open months of the current fiscal year?**

Payments received in an open month need to be adjusted on the last day of that month. A separate adjusting entry should be made for each open month for which there are payments.

**Producing a Payment Allocation Listing**

<table>
<thead>
<tr>
<th>Pull-down menu</th>
<th>G/L &gt; General Journal &gt; G/L Adjustment</th>
</tr>
</thead>
</table>

The Payment Allocation Listing provides a record of payments for a specific period.

1. Leave the **Matter**, **Client**, and **Resp Lawyer** boxes blank.
2. Select the **Start Date** for the first day of the first open month.
3. Select the **End Date** for the last day of the first open month.
4. Select **Totals Only**.
5. Click **OK** to produce the Payment Allocation Listing.
6. Repeat this procedure for each open month in which payments were received.
7. Refer to the Total Payments and Adjustments line for Fee Tot, Disb, and Tax,

**G/L Adjusting Entry**

<table>
<thead>
<tr>
<th>Pull-down menu</th>
<th>G/L &gt; General Journal &gt; G/L Adjustment</th>
</tr>
</thead>
</table>

Create a general journal entry to reallocate payments. Make a separate adjusting entry for each open month where there are payments. Date the adjustment on the last day of the month.

1. Select the **Date** for the last day of the first open month.
2. Select in the **Explanation** box, an explanation code or type an extended explanation.
3. Debit **Client Disb Recov (1210)** for the value of payments applied to disbursements for the month.
4. Debit **Fees Earned (4000)** for the value of payments applied to fees for the month.

   **Tip:** A partnership may also have individual fee accounts. These accounts can be substituted for (4000) or the balance of (4000) can be reallocated at a later date.
5. Debit **Sales Tax Payable (2450)** and/or **GST/VAT Payable (2400)** for the value of payments applied to taxes for the month, if applicable.

6. Credit **Accounts Receivable (1200)** for total value of payments for the month.

7. Click **OK** to proceed to a confirmation prompt.

8. Click **Yes** to post the adjusting entry.

9. Repeat this procedure for each subsequent open month where there are payments.

**Are there reallocated general retainers in open months of the current fiscal year?**

This step is not required if Client Disb Expense (5010) has a zero balance as of today’s date.

General retainers reallocated in open months need to be adjusted on the last day of that month. The adjustment is required for general retainers entered in open or closed months, that are reallocated in an open month when billing a matter.

**Producing a General Ledger for Client Disb Expense (5010)**

<table>
<thead>
<tr>
<th><strong>Pull-down menu</strong></th>
<th><strong>G/L &gt; G/L Statements</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Ledger</td>
<td></td>
</tr>
</tbody>
</table>

The value of reallocated general retainers are included in the closing balance of the general ledger for Client Disb Expense (5010). The closing balance also includes unbilled and billed but unpaid disbursements which would normally be switched to Client Disb Recov (1210) automatically when changing the system configuration.

![Image of the Common tab for producing g/l statements](Image)

**Warning:** Do not refer to the Payment Allocation Listing for the value of reallocated general retainers. Although the Payment Allocation Listing does include applied general retainers, it does not account for any portion of a general retainer that does not get applied during billing.

1. Check **General Ledger**.
2. Select **5010** from the **Start** drop down list.
3. Select **5010** from the **End** drop down list.
4. Select in the first **Current Report Period** date box, the date of the first day of the first open month in the current fiscal year.
5. Select in the second **Current Report Period** date box, the date of the last day of the first open closed month of the current fiscal year.
6. Click **OK** to produce a general ledger for Client Disb Expense (5010).
7. Refer to the Closing Balance - Client Disb Expense value.

8. Repeat this procedure for each open month where payments were received against disbursements or retainers were applied during billing.

G/L Adjusting Entry

**Pull-down menu**  
**G/L > General Journal > G/L Adjustment**

Create a general journal entry to reallocate the balance of Client Disb Expense (5010). Make a separate entry for each open month dated on the last day of the month.

Exhibit 13. The Create G/L Adjustment window transferring the balance of client disb recov

1. Select the **Date** of the last day of the first open month.
2. Select in the **Explanation** box, an explanation code or type an extended explanation.
3. **If Client Disb Expense (5010) has a debit value (the closing balance is not in brackets):**
   - Debit **Client Disb Recov (1210)** for the value as shown on the general ledger.
   - Credit **Client Disb Expense (5010)** for the value as shown on the general ledger.
4. **If Client Disb Expense (5010) has a credit value (the closing balance is in brackets):**
   - Debit **Client Disb Expense (5010)** for the value as shown on the general ledger.
   - Credit **Client Disb Recov (1210)** for the value as shown on the general ledger.
5. Click **OK** to proceed to a confirmation prompt:
6. Click **Yes** to post the adjusting entry.
7. Repeat the procedure for each subsequent open month where there are payments to disbursements or applied general retainers.

Adjusting Accounts Payable

These procedures are for firms using Accounts Payable.

In Accrual systems, a liability is incurred through accounts payable as soon as the payable is created. The liability is continued until the payable is processed. Cash systems allocate a payable directly to an expense account but not until the payable is processed. The balance of an expensed payable is not carried over to the next year.
Is there an A/P balance at the end of the previous fiscal year?
Add the value of payables outstanding at the end of the previous fiscal year to General Liabilities (2000) and equity, in order to be carried forward to the current year.

Producing a Payable Listing

**Pull-down menu**  
**Reports > Accounts Payable > Payable Listing**

The Payable Listing provides a record of payables for a specific period.

Exhibit 14. The Common tab of the Payable Listing

1. Leave the **Vendor** and **Invoice** boxes blank.
2. Select the following **Invoice Date** and **Due Date**:
   - Accept the default **Start Dates** of 1/1/82.
   - Select the **End Dates** of the last day of the previous fiscal year.
3. Select **Unpaid**.
4. Select **Both**.
5. Select the **Payments Up To** date for the last day of the previous fiscal year.
6. Uncheck **Detailed Report**.
7. Click **OK** to produce the Payable Listing.
8. Refer to the breakdown of expenses in the AP Allocations Summary section of the report.

```
     5010 - Advertising       1000.00
     6020 - Accounting        2028.00
     8410 - Travel            240.00
     2470 - Utilities         55.00
     2482 - GST Payables      175.00
     Allocation Totals       3500.00
```

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Changing from Cash to Accrual Accounting
**G/L Adjusting Entry**

<table>
<thead>
<tr>
<th><strong>Pull-down menu</strong></th>
<th><strong>G/L &gt; General Journal &gt; G/L Adjustment</strong></th>
</tr>
</thead>
</table>

Create a general journal entry to credit General Liabilities (2000) and debit equity. Since expenses are not carried over from one year to the next, the balance of outstanding payables at year end is allocated to equity.

![Create G/L Adjustment window](image)

**Exhibit 15.** The Create G/L Adjustment window populating the general liabilities account

1. Select the **Date** for the first day of the first open month.
2. Select in the **Explanation** box, an explanation code or type an extended explanation.
3. Debit **Income for Alloc (3500)** for the Allocation Totals value as shown on the AP Allocation Summary.
5. Click **OK** to proceed to a confirmation prompt:

![Leave Bank Office](image)

6. Click **Yes** to post the adjusting entry.

**Is there A/P activity in closed months of the current fiscal year?**

Add payables in closed months of the current fiscal year to General Liabilities (2000).

**Producing a Payable Listing**

<table>
<thead>
<tr>
<th><strong>Pull-down menu</strong></th>
<th><strong>Reports &gt; Accounts Payable &gt; Payable Listing</strong></th>
</tr>
</thead>
</table>

The Payable Listing provides a record of payables in a specific period.

1. Leave the **Vendor** and **Invoice** boxes blank.
2. Select the **Invoice Date > Start Date** for the first day of the first closed month.
3. Select the **Invoice Date > End Date** for the last day of the last closed month.
4. Accept the default **Due Date > Start Date** of 1/1/82.
5. Accept the default **Due Date > End Date** of 12/31/1999.
6. Select **Both** in the **Include Invoices** area.
7. Select **Both** in the **Include Vendors** area.
8. Deselect **Detailed Report**.
9. Click **OK** to produce the Payable Listing.
10. Refer to the breakdown of expenses in the AP Allocations Summary section of the report.

```
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>5240</td>
<td>Equipment Lease</td>
<td>1000.00</td>
<td></td>
</tr>
<tr>
<td>5350</td>
<td>Office/Gen. Expense</td>
<td></td>
<td>142.86</td>
</tr>
<tr>
<td>2400</td>
<td>G/L Payable</td>
<td></td>
<td>57.14</td>
</tr>
<tr>
<td></td>
<td>Allocation Totals</td>
<td></td>
<td>1200.00</td>
</tr>
</tbody>
</table>
```

**G/L Adjusting Entry**

Create a general journal entry to transfer payables from expenses to General Liabilities (2000).

**Pull-down menu** | **G/L > General Journal > G/L Adjustment**

Exhibit 16. The Create G/L Adjustment window transferring payables to a liabilities account

1. Select the **Date** of the first day of the first open month.
2. Select in the **Explanation** box, an explanation code or type an extended explanation.
3. Debit the individual expense accounts as shown on the AP Allocations Summary.
5. Click **OK** to proceed to a confirmation prompt:

```
A G/L Adjustment made to this GL Account (2000) will not affect the associated sub-ledger. Y/N?
```

6. Click **Yes** to post the adjusting entry.

**Is there A/P activity in open months of the current fiscal year?**

An adjusting entry is not required.

**Adjusting Payments to Accounts Payable**

These procedures are for firms using Accounts Payable.

In Cash systems, payables are allocated to the respective expense accounts when the payable is processed.

In Accrual systems, General Liabilities (2000) is decreased when payment is received.

**Warning**: Do not refer to the Paid column on the Payable Listing in “Adjusting Accounts Payable” on page 12. This value refers to payments of payables created in the date range for the report.

**Are there payments to payables in the previous fiscal year?**

An adjusting entry is not required.
Are there payments to payables in closed months of the current fiscal year?
Payments occurring in any closed month of the current fiscal year need to be adjusted. The payments may apply to payables created in the current or prior fiscal year.

**Producing a Payment Listing**

| Pull-down menu | Reports > Accounts Payable > Payment Listing |

A Payment Listing provides a record of payments for a specific period.

---

1. Leave the **Vendor** and **G/L Account** boxes blank.
2. Select in the **Include Vendors** area, **Both**.
3. Accept the default **Invoice Date > Start Date** of 1/1/82.
4. Select the **Invoice Date > End Date** for the last day of the last closed month of the current fiscal year.
5. Select the **Payment Date > Start Date** for the first day of the current fiscal year.
6. Select the **Payment Date > End Date** for the last day of the last closed month.
7. Click **OK** to produce the Payment Listing.
8. Refer to the G/L Account Summary for breakdown of payments in all closed months of the current fiscal year.

---

<table>
<thead>
<tr>
<th>G/L Account</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000</td>
<td>Cash Bank Amt</td>
<td>1000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>5210</td>
<td>Client Club Cont</td>
<td>120.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1240</td>
<td>Equipment Lease</td>
<td>400.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

---

| Total       | 1520.00 | 1000.00 |

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Exhibit 17. The Common tab of the Payment Listing
G/L Adjusting Entry

Create a general journal entry to reduce General Liabilities (2000) and the individual expense accounts according to how the payments are applied.

Exhibit 18. The Create G/L Adjustment window transferring processed payables from general liabilities
1. Select the **Date** of the first day of the first open month.
2. Select in the **Explanation** box, an explanation code or type an extended explanation.
3. Debit **General Liabilities (2000)** for the total value of payments as shown on the Payment Listing.
4. Credit the individual expense accounts for the value of payments as shown on the Payment Listing.
5. Click **OK** to proceed to a confirmation prompt:
6. Click **Yes** to post the adjusting entry.

**Are there payments to payables in open months of the current fiscal year?**
Payments made to payables in an open month need to be adjusted for the last day of that month. Make an adjusting entry for each open month where payables were processed.

**Producing a Payment Listing**

Run a Payment Listing for each open month where payables were processed.
1. Leave the **Vendor** and **G/L Account** boxes blank.
2. Accept the default **Invoice Date > Start Date** of 1/1/82.
3. Select the **Invoice Date > End Date** of the last day of the open month.
4. Select the **Payment Date > Start Date** of the first day of the open month.
5. Select the **Payment Date > End Date** for the last day of the open month.
6. Check **Include Unpaid Invoices**.
7. Click **OK** to produce the Payment Listing.
8. Repeat this procedure for all open months where payables were processed.
9. Refer to the G/L Account Summary for the value of payments made for each open month of the current fiscal year.
G/L Adjusting Entry

<table>
<thead>
<tr>
<th>Pull-down menu</th>
<th>G/L &gt; General Journal &gt; G/L Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create a general journal entry to allocate payments to General Liabilities (2000) from the respective expense accounts. Make a separate payment for each month, on the last day of that particular month.</td>
<td></td>
</tr>
</tbody>
</table>

1. Select the **Date** for the last day of the first open month.
2. Select in the **Explanation** box, an explanation code or type an extended explanation.
4. Credit the individual expense accounts for the value of payments as shown on the Payment Listing.
5. Click **OK** to proceed to a confirmation prompt.
6. Click **Yes** to post the adjusting entry.
7. Repeat this procedure for each open month where payables were processed. Substitute the date of the last day of the particular month.