

## Balancing the Financial Statements

Tammy Mason - 2017-09-18 - in Reports

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The “**Year to Date Profit**” prints a total of four times on the financial statements. The amount should be the same in each place:

1. At the end of the Balance Sheet in the owner's equity section as Current YTD Profit.
2. At the end of the Profit and Loss Statement. In the YTD column, the amount appears on the last line labeled Total Operating Profit.
3. Twice on the Trial Balance. There will be a positive amount and a negative amount for the same figure labeled YTD Balance.

Print all three financial statements: Trial Balance, Balance Sheet, and Profit and Loss Statement. Print separate debit/credit columns on the Trial Balance. Do not exclude any accounts.

#### **If the profit is not the same on all statements check the following:**

1. If the General ledger is **out** of balance on System Checks and Balances report, then Balance the General Ledger. Do the amounts now balance?
2. If the General Ledger is **in** balance on the Systems Checks and Balances report, do the following:
  - a. Compare the list of GL accounts on the Trial Balance to the other two financial statements to verify that all accounts listed on the trial balance appears on one of the other statements. On the trial balance mark any that are missing as these need to be inserted into one of the sequence files. On the Balance Sheet and Profit & Loss Statement, mark any account that does not belong, as these will need to be deleted from the sequence file.
  - b. Correct the sequence files by inserting or deleting records as needed.
3. Other steps which may resolve the problem are:
  - a. Index all files

- b. Reset GL pointers, both current and next
- c. Clear locks

4. If all options have been completed and the financial statements are still not balancing, the following step should ONLY be taken with the assistance of the Support Department:

- a. The GLEDGER file may need to be viewed thru ASI\_UTIL to verify that the DRCR and BSPL fields contain only capital letters. Lower case letters can create problems in printing GL reports and financial statements. Edit the records as needed.

**Other tips on General Ledger records**

Print the GL Chart of Accounts to verify the debit/credit and statement codes for each account. For the standard Chart of Accounts, the GL accounts will be as follows:

<b>All accounts listed: Statement:</b>	<b>on Financial Must have this balance:</b>
As an Asset DEBIT	Balance Sheet
As a liability CREDIT	Balance Sheet
As an owner's equity CREDIT	Balance Sheet
Above the Net Sales line CREDIT	P&L
In Cost of Sales DEBIT	P&L
As Selling Expense DEBIT	P&L
As Gen. Admin. Expense DEBIT	P&L
In Other Income CREDIT	P&L
In Other Expense DEBIT	P&L

Correct any accounts as needed under Masters/Code, Maintenance, GL accounts.