Convert Cash Accounting Records to Accrual at Period End

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Many small businesses use cash accounting throughout the year and adjust to accrual only at the end of an accounting period for the purposes of tax filing, in the case of an audit, or to secure a loan with financial statements that comply with GAAP (as examples).

To convert from cash to accrual basis, an adjusting entry can be made in the general ledger. The revenue accounts (income statement) are adjusted through the accounts receivable control account (balance sheet).

The net change in your accounts receivable in Jackrabbit during the period provides the amount of the revenue adjustment needed in your general ledger.

Example

You want to convert to accrual accounting for your year end which is December 31, 2019.

- During the year you import your revenue from Jackrabbit into your QuickBooks general ledger which is cash accounting.
- Your previous year end (12/31/18) accounts receivable balance was $17,000.
- Your current year end (12/31/19) accounts receivable balance is $21,500.

The **Family Balance Summary report**, with the *As of Date* criteria, is used to provide the accounts receivable balances needed to calculate the net change for the revenue adjustment.

Debit	Accounts Receivable	$4,500
Credit	Revenue	$4,500

This journal entry not only corrects the accounts receivable account, but also increases revenue. For the purposes of accrual accounting, unrecorded accounts receivable means that there is also unrecorded revenue.