

## Posting Example - Cash Basis Accounting

The following example represents the posting of accounting transactions in **AMS 360** for an agency who chooses Cash Basis Accounting in **Agency Setup**. To understand the example, read through the Accounting Events below the chart and then trace the postings by following the number code (x).

Note: All positive amounts indicate debit postings to the GL number indicated; all amounts in parentheses represent credit postings.

Balance Sheet Accounts												Income Statement Accounts						
Trust Bank Account #11120		Operating Bank Account #11130		A/R Agency Bus #11211		Deferred AB Comm Inc-Ins Cos #21410		A/P Ins Cos. #21111		Comm Payable-Agcy Bus #21131		Deferred AB Comm Exp #21132		Agency Bill Comm Income #40111		AB Comm Expense #51110		
				1000	[1]	(100)		[1]	(900)	[1]	(50)	[1]	50	[1]				
1000	[2]			(1000)	[2]	100		[2]a							(100) **	[2]a		
(900)	[3]							900	[3]									
(100)	[4]	100	[4]															
		(50)	[5]							50	[5]	(50)	[5]a			50 ***	[5]a	

Date	Accounting Event:
4/2	[1] Agency bill invoice posted in AMS 360; \$1000 gross premium, 10% agency commission, 50% of agency commission to producer
4/12	[2] Customer receipt of \$1000 balance posted
4/12	[2]a System-generated journal entry moves income from deferred to actual because invoice balance is zero
4/15	[3] Trust check issued to company for net premium of \$900
4/19	[4] Income transferred from trust to operating account
4/30	[5] Operating check issued to producer for \$50
4/30	[5]a System-generated journal entry moves commission expense from deferred to actual because producer is paid

### Key Points:

- \*\* Income recorded in the Income Statement on the date invoice balance reaches \$0.00
- \*\*\* Commission expense recorded in the Income Statement on the date payment made to the producer