Intercompany reconciliation review

Two related eCommerce entities | December 2024

The deposit reached the bank. It belonged to the other company.

Entity A received $12,500.00 of Amazon proceeds belonging to Entity B and recorded the deposit as its own sales. B had already recorded the marketplace activity. Its clearing balance remained outstanding even though the money had arrived in A's bank account.

The review traces ownership, invoice purpose and transfers through both ledgers. It separates money collected for the other company from revenue, owner funding and expense payments.

A = LumenTrail Commerce Demo LLC. B = LumenTrail Retail Demo LLC. This is an independent fictional scenario, separate from the annual LumenTrail records and other portfolio examples. All source extracts and outcomes are simulated.

The simulated effect in each company

Measure	A before	A adjusted	B before	B adjusted
Gross sales	$12,500.00	$0.00	$15,000.00	$15,000.00
Fees and fulfillment expense	$2,400.00	$0.00	$2,000.00	$4,400.00
Result before product COGS and other costs	$10,100.00	$0.00	$12,500.00	$10,100.00
Cash	$32,100.00	$32,100.00	$10,000.00	$13,000.00
Due from the other company	$8,000.00	$5,400.00	$0.00	$9,500.00
Due to the other company	($3,000.00)	$9,500.00	$3,000.00	$5,400.00
Amazon settlement clearing	$0.00	$0.00	$12,500.00	$0.00

A negative payable before review represents a debit balance, not a supported negative obligation. Refunds in B of $500.00 are included in the result calculation. Product COGS, other operating costs and taxes are excluded; this is not a complete business net profit comparison.

What the owner can now distinguish

A owes B $9,500.00 for proceeds it collected and has not yet remitted. B separately owes A $5,400.00 for the remaining advance and paid-on-behalf expense. Both obligations have an event-by-event explanation.

The model records a missing $3,000.00 bank receipt in B. That increases recorded cash to the amount already received under the fictional facts. It does not create new cash.

Fictional demonstration. No actual client records or live QuickBooks account were changed.

What belonged in each company

Payout belonging to B received by A

B-AMZ-01 identifies B as the merchant owner: $15,000.00 gross sales, $500.00 refunds and $2,000.00 fees produce a $12,500.00 payout. A-BANK-08 shows the payout reaching A's bank account on December 8. The settlement already recorded in B remains valid.

A should remove the deposit from its sales and recognize an amount due to B. B should move the collected payout from Amazon clearing to an amount due from A. B has a claim against A once A receives the proceeds; the platform no longer owes that payout.

Completion: Sales in A no longer include B's money; B's clearing is settled; the same $12,500.00 event appears as opposite intercompany effects in both ledgers.

A paid an invoice for B

B-LOG-01 names B as the customer and service recipient for $2,400.00 of outbound fulfillment. A-BANK-14 supports A's payment on December 14. The fictional reimbursement agreement establishes that B owes A for the payment.

A should replace its expense with a receivable from B. B should record its own fulfillment expense and a payable to A. The expense moves to the company that incurred it. Combined expense does not increase or decrease.

Completion: the invoice appears once as B's expense; A's receivable equals B's payable; the valid bank payment remains in A.

The repayment was not owner funding

Both bank records identify REPAY-A, a $5,000.00 payment from B to A on December 20 against the opening advance. B correctly reduced its payable. A credited owner capital instead of reducing its receivable.

Only A needs a correction for this event: debit owner capital and credit the receivable from B. No sales or expense adjustment is needed.

The remittance reached B before year-end

A correctly recorded its $3,000.00 payment to B on December 30. B-BANK-31 supports receipt on December 31, but B's ledger omitted the receipt. B should record cash and reduce its receivable from A using the December 31 bank date.

The different bank dates are retained. A already has the correct entry, so it does not receive another cash posting.

The obligations reconcile separately

Obligation from B to A

Component	Amount
Opening advance from A to B	$8,000.00
Fulfillment invoice for B paid by A	$2,400.00
Advance repaid by B	($5,000.00)
Receivable in A and payable in B	$5,400.00

Obligation from A to B

Component	Amount
Amazon proceeds belonging to B received by A	$12,500.00
Proceeds remitted by A to B	($3,000.00)
Payable in A and receivable in B	$9,500.00

The final paired balance check

Relationship	A adjusted	B adjusted	Difference
A due from B / B due to A	$5,400.00	$5,400.00	$0.00
A due to B / B due from A	$9,500.00	$9,500.00	$0.00

The arithmetic net is $4,100.00 payable by A to B. This is an explanation of the position, not an assumed right to offset or settle net. The example retains both gross obligations in each company.

Why matching the ledgers was only part of the work

The payout and the paid-on-behalf invoice were absent from both intercompany records before review. They could not be discovered by looking only for a difference between those balances. The work therefore starts with the bank, marketplace ownership, invoice recipient and transfer purpose, then checks that each event is recorded in both companies.

The Event Matching schedule shows the original posting, adjustment and final signed effect for each company. Individual differences are checked separately so opposite errors cannot disappear inside a net total.

Source: workbook Sources, both unadjusted ledgers, Event Matching and Intercompany Bridge. These are invented evidence extracts. No real attachment or external confirmation is represented as reviewed.

Supported entries and completion

The model retains the original ledgers and applies six equivalent adjusting entries. Each entry is balanced within its own legal entity. No entry is posted directly between two different company files.

Entry	Entity	Debit	Credit	Amount
AJ-01	A	Marketplace Sales	Due to B	$12,500.00
AJ-02	B	Due from A	Amazon Settlement Clearing	$12,500.00
AJ-03	A	Due from B	Outbound Fulfillment Expense	$2,400.00
AJ-04	B	Outbound Fulfillment Expense	Due to A	$2,400.00
AJ-05	A	Owner Capital Contributions	Due from B	$5,000.00
AJ-06	B	Operating Bank - B	Due from A	$3,000.00

These entries illustrate the accounting effect. If an original open-period bank transaction is safely recategorized, do not also post the equivalent adjustment. Preserve the bank amount, date, reconciliation history and valid integrated sales.

What the final checks establish

Both original ledgers balance. All six adjusting entries balance within their respective entities. Each source event agrees to both adjusted intercompany records, and the two gross balance pairs have no difference. The fulfillment expense is recorded once in B.

Cash in A is unchanged. Cash in B includes its previously omitted December 31 receipt once. Each company's modeled accounting equation remains balanced. A changed invoice amount was also tested to confirm that the paired receivable and payable update together.

The financial explanation

The combined result before product COGS and other costs falls by $12,500.00 when A's duplicate revenue is removed. Moving $2,400.00 of fulfillment expense from A to B does not change combined expense. The repayment affects owner capital and the advance balance, not income.

A recurring control for related entities

Identify the legal owner of marketplace activity, document paid-on-behalf costs, use clear transfer references and reconcile both company records at close. Retain gross obligations and an itemized explanation. Group reporting and consolidation adjustments would be separate work; they do not replace correct entity books.

Verified means checked inside this fictional model. This sample does not establish legal offset rights, tax treatment, a full consolidation or a real client financial outcome.

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