



Bookkeeping 101: The Ceterus Way

Many business owners, especially those owning franchise locations, have more than one business or franchise location. Oftentimes, it is necessary for a business owner to move money from one location to another. Typical reasons for this activity include covering payroll obligations, large expenses, and other standard business needs. Let's see how this plays out in the books.

For our walkthrough, let's assume that Location A gives Location B \$10,000 to cover payroll.

Location Books	Account	Debit	Credit	Explanation
Location A	Due From Location B	10,000		Amount owed from Location B
Location A	Operating Account		10,000	Cash outflow to Location B
Location B	Operating Account	10,000		Cash inflow from Location A
Location B	Due To Location A		10,000	Amount owed to Location A

What's the end result? Location B has \$10,000 more in their operating account and Location A has \$10,000 less. Additionally, the journal entry has ensured we have properly tracked the fact that Location B owes Location A \$10,000. This "loan" will sit on the books of both locations until it is repaid. These "Due To and Due From" accounts must balance for the books to have been prepared properly.