

Hesabu ERP Accounting Manual

Accounting and finance

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Documentation version 1.0, published 17 November 2026. The screens in your own workspace may differ slightly depending on your plan and settings.

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Accounting and finance

Chart of accounts, invoices, payments, bank reconciliation and financial reports.

Accounting and finance

The chart of accounts

Understand account groups and types, and add the accounts your business needs.

Beginner · About 15 minutes · Version 1.0 · Updated 17 November 2026

Overview

The **chart of accounts** is the list of every account your books are kept in. It is shown as a tree. Every transaction you post lands in one or more of these accounts, which is how the reports are built.

There are five **root types**:

Root type	Examples
Asset	Cash, Bank, Accounts Receivable, Stock, Fixed Assets
Liability	Accounts Payable, Loans, Taxes Payable
Equity	Capital, Retained Earnings
Income	Sales, Other Income
Expense	Cost of Goods Sold, Rent, Salaries, Transport

Prerequisites

The Accounts Manager role, and a company created. See Creating and configuring your company.

Steps

Add an account

1. Open **Accounting** and click **Chart of Accounts**.
2. Choose your company at the top, if asked.
3. Click the group the new account belongs to, for example *Bank Accounts*, then click **Add Child**.
4. Enter the **Account Name**, such as `Equity Bank`.
5. Set the **Account Type** (Bank, Cash, Receivable, Payable, Tax, Stock, Expense Account and so on). This tells the system how to treat it.
6. Leave **Is Group** unticked, because this is an account that receives postings.
7. Click **Create New**.

Review a balance

Click an account to see its balance on the tree, or use the **General Ledger** report to see every entry.

Practical example

Mwangaza Hardware opens separate accounts under *Bank Accounts* for `NCBA Current` and `M-Pesa Till`, and one under *Indirect Expenses* for `Transport and Delivery`. Their reports then show each clearly.

Important notes

- **Group** accounts are folders. You can only post to non-group (leaf) accounts.
- Do not rename or delete accounts that already have entries. Disable them instead.
- Use the **Account Type** correctly. For example, a *Bank* type account is needed for bank reconciliation.

Common mistakes

- Creating a very detailed chart. Start simple. You can add accounts later.
- Making an account a group by mistake, so it cannot receive postings.

Troubleshooting

An error saying an account is a group means you chose a folder. Pick one of its children instead.

Next steps

Read Journal entries and opening balances.

Related documentation

- Journal entries and opening balances
- Financial reports
- Creating and configuring your company

Accounting and finance

Journal entries and opening balances

Make manual accounting entries, record opening balances and understand debits and credits.

Intermediate · About 20 minutes · Version 1.0 · Updated 17 November 2026

Overview

A **Journal Entry** is a manual accounting entry. Use it for things that are not an invoice or a payment: opening balances, adjustments, bank charges and transfers between accounts. Every entry must **balance**: total debits equal total credits.

Prerequisites

The Accounts User or Accounts Manager role, and the accounts you need in your chart.

Steps

Make a journal entry

1. Search for **New Journal Entry**.
2. Choose the **Entry Type**, for example *Journal Entry*, *Bank Entry* or *Cash Entry*.
3. Set the **Posting Date**.
4. In the **Accounting Entries** table, add a row for each account: choose the **Account**, and enter the amount in **Debit** or **Credit**.
5. Check that the **Total Debit** and **Total Credit** match. The difference shows at the bottom.
6. Add a **Reference Number** and **User Remark** explaining the entry.
7. Click **Save**, then **Submit**.

Record opening balances

1. Create a **Journal Entry** with the **Entry Type** set to *Opening Entry*.
2. Set the **Posting Date** to the day before you start using the system.
3. Debit your asset accounts (bank, cash, receivables) and credit your liability and equity accounts, so that debits equal credits. Use *Temporary Opening* if you need a balancing account.
4. For customers' and suppliers' outstanding invoices, use the **Opening Invoice Creation Tool** so each invoice is recorded individually.
5. For stock, use a **Stock Reconciliation**. See Opening stock and stock counts.

Practical example

The bank charged KES 1,500 in fees. The accountant makes a *Bank Entry*: debit `Bank Charges` 1,500, credit `NCBA Current` 1,500. The expense appears in the Profit and Loss, and the bank balance drops by 1,500.

Important notes

- Remember: **debit** increases assets and expenses, and **credit** increases liabilities, equity and income.
- Do not use a journal entry to record a sale or a purchase. Use the invoice, so receivables and stock stay correct.
- Cancelled entries are reversed, not erased.

Common mistakes

- An entry that does not balance cannot be saved. Check the totals.
- Posting to a group account.

Troubleshooting

If you get an error about the fiscal year, see Invoice submission errors.

Next steps

Read Creating a sales invoice.

Related documentation

- The chart of accounts
- Bank accounts and bank reconciliation
- Currency, fiscal year and accounting periods

Accounting and finance

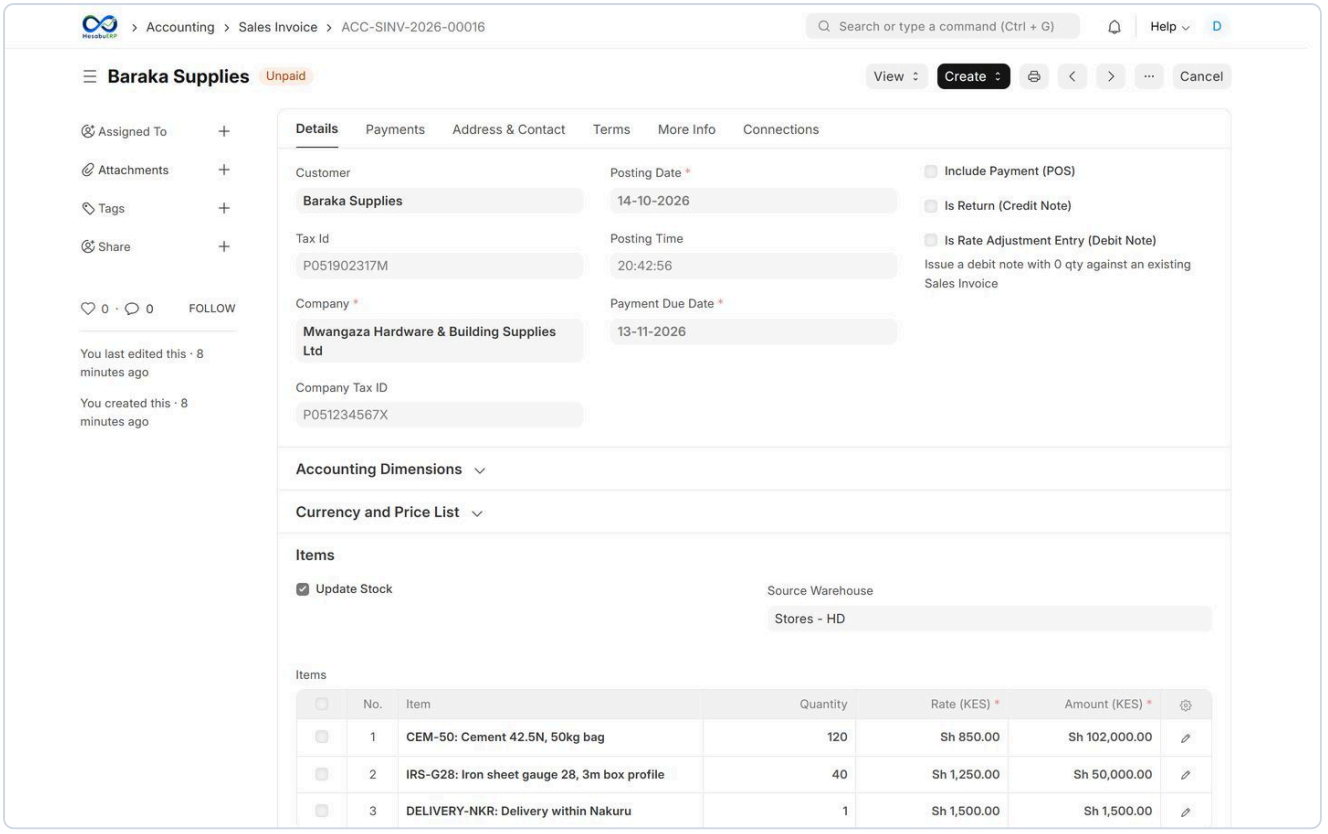
Creating a sales invoice

Raise an invoice, add items and taxes, submit it, and email or print it.

Beginner · About 15 minutes · Version 1.0 · Updated 17 November 2026

Overview

A **Sales Invoice** is the bill you send to a customer. When you submit it, the amount is added to what the customer owes (Accounts Receivable) and recorded as income.



A submitted sales invoice for Baraka Supplies, showing the customer, dates, company details, an Update Stock option and three item rows.

Prerequisites

- A **Customer** record. See Customers.
- **Items** created, if you bill for goods. See Creating items.
- The Accounts User or Sales User role.

Steps

1. Search for **New Sales Invoice**.

2. Choose the **Customer**. Their tax ID and address fill in.
3. Check the **Posting Date** and **Payment Due Date**. The due date follows the customer's payment terms.
4. In the **Items** table, click **Add Row** and choose the **Item**. The description and rate fill in. Enter the **Quantity**.
5. If this invoice should reduce stock itself, tick **Update Stock** and choose the **Source Warehouse**. Leave it unticked if a Delivery Note already moved the stock.
6. Under **Taxes and Charges**, choose a **Sales Taxes and Charges Template** if the sale is taxable. See Sales taxes and VAT.
7. Check the **Grand Total** at the bottom.
8. Click **Save**, then **Submit**. The invoice gets its number, for example `ACC-SINV-2026-00016`.

Send it to the customer

1. On the submitted invoice, click the **printer** icon to print, or the **...** menu, then **Email**.
2. Choose your **Print Format** if you have a branded one. See Print formats.
3. Click **Send**. The PDF is attached.

Practical example

Baraka Supplies orders 120 bags of cement at KES 850, 40 iron sheets at KES 1,250 and a delivery fee of KES 1,500. The invoice totals KES 153,500, is due in 30 days, and shows as **Unpaid** until the payment is recorded.

Important notes

- A submitted invoice cannot be edited. To fix a mistake, cancel and amend it, or issue a credit note. See Understanding document status.
- The **Is Return (Credit Note)** option on an invoice is for returns. Do not tick it for a normal sale.
- If your business must issue KRA eTIMS invoices, ask support to set up the eTIMS connection before you go live. See Electronic tax invoices and eTIMS.

Common mistakes

- Ticking **Update Stock** and also raising a Delivery Note. Stock then reduces twice.
- Not setting the right tax template, so VAT is missing.

Troubleshooting

See Invoice submission errors.

Next steps

Read Recording customer payments.

Related documentation

- Recording customer and supplier payments
- Credit notes and debit notes
- Sales taxes and VAT
- From quotation to payment

Accounting and finance

Recording customer and supplier payments

Record money received or paid, allocate it to invoices and handle partial and advance payments.

Beginner · About 15 minutes · Version 1.0 · Updated 17 November 2026

Overview

A **Payment Entry** records money received from a customer or paid to a supplier, and ties it to the invoices it settles. Submitting it moves the invoice to **Paid** (or **Partly Paid**) and updates your bank or cash balance.

Prerequisites

A submitted invoice and a **Mode of Payment** set up with an account (Cash, Bank or M-Pesa).

Steps

Receive a customer payment from an invoice

1. Open the submitted **Sales Invoice**.
2. Click **Create**, then **Payment**. A Payment Entry opens with the party and amount filled in.
3. Check the **Mode of Payment**, such as *M-Pesa* or *Bank Draft*.
4. Enter the **Reference No** (for example the M-Pesa code or bank transaction number) and the **Reference Date**.
5. Check the **Paid Amount**. Change it if the customer paid only part.
6. Click **Save**, then **Submit**.

Pay a supplier

1. Open the submitted **Purchase Invoice** and click **Create**, then **Payment**.
2. Choose the **Mode of Payment**, enter the reference and amount, and submit.

Record a payment with no invoice yet (advance)

1. Search for **New Payment Entry**.
2. Choose the **Payment Type**: *Receive* or *Pay*.
3. Choose the **Party Type** (Customer or Supplier) and the **Party**.
4. Enter the **Paid Amount** and the reference, then save and submit. Leave it **unallocated**.
5. Later, allocate it with the **Payment Reconciliation** tool, or when you create the invoice.

Practical example

Baraka Supplies pays KES 100,000 by M-Pesa against a KES 153,500 invoice. The accountant creates the payment, enters the M-Pesa code as the reference, and sets the paid amount to 100,000. The invoice shows **Partly Paid**, with KES 53,500 outstanding.

Important notes

- Always enter the **reference number**. It makes bank reconciliation fast.
- To spread one payment across several invoices, open **New Payment Entry**, choose the party, and click **Get Outstanding Invoices**. Then allocate the amount to each.
- Cancel a payment by clicking **Cancel**. The invoices return to unpaid.

Common mistakes

- Recording a payment against the wrong customer.
- Forgetting to submit the payment, so the invoice stays unpaid. Check the list for **Draft** payments.

Troubleshooting

If the invoice does not appear in the **Get Outstanding Invoices** list, check the company and currency match, and that the invoice is submitted and unpaid.

Next steps

Read Credit notes and returns.

Related documentation

- Creating a sales invoice
- Recording supplier bills
- Bank accounts and bank reconciliation

Accounting and finance

Credit notes and debit notes

Reverse or reduce an invoice for returns, discounts and corrections, without deleting anything.

Intermediate · About 10 minutes · Version 1.0 · Updated 17 November 2026

Overview

A **credit note** reduces what a customer owes you. A **debit note** reduces what you owe a supplier. They keep your records honest when goods are returned, you give a discount after invoicing, or a price was wrong.

Steps

Issue a credit note to a customer

1. Open the submitted **Sales Invoice**.
2. Click **Create**, then **Return / Credit Note**.
3. A new invoice opens with **Is Return (Credit Note)** ticked and the items shown as negative quantities.
4. Edit the quantities to include only what is being returned or credited.
5. Click **Save**, then **Submit**.
6. The original invoice now shows the credit. If the customer has already paid, you can refund them with a Payment Entry, or leave the credit against future invoices.

Debit note to a supplier

1. Open the submitted **Purchase Invoice**.
2. Click **Create**, then **Return / Debit Note**.
3. Adjust the quantities and submit.

Practical example

Baraka Supplies returns 10 damaged iron sheets that cost KES 1,250 each. The accountant creates a credit note for 10 sheets, KES 12,500. The customer's balance drops by 12,500, and, if the return updates stock, the sheets are added back to the warehouse.

Important notes

- Do not delete or edit an invoice to reduce it. Use a credit note, so the original and the correction are both on record.
- If **Update Stock** was on the original, the return also returns the goods to stock.

Common mistakes

- Creating a new positive invoice with a negative rate instead of a proper return.
- Returning more than was originally invoiced.

Next steps

Read Recording supplier bills.

Related documentation

- Creating a sales invoice
- Recording supplier bills
- Sales returns and customer refunds
- Purchase returns and debit notes

Accounting and finance

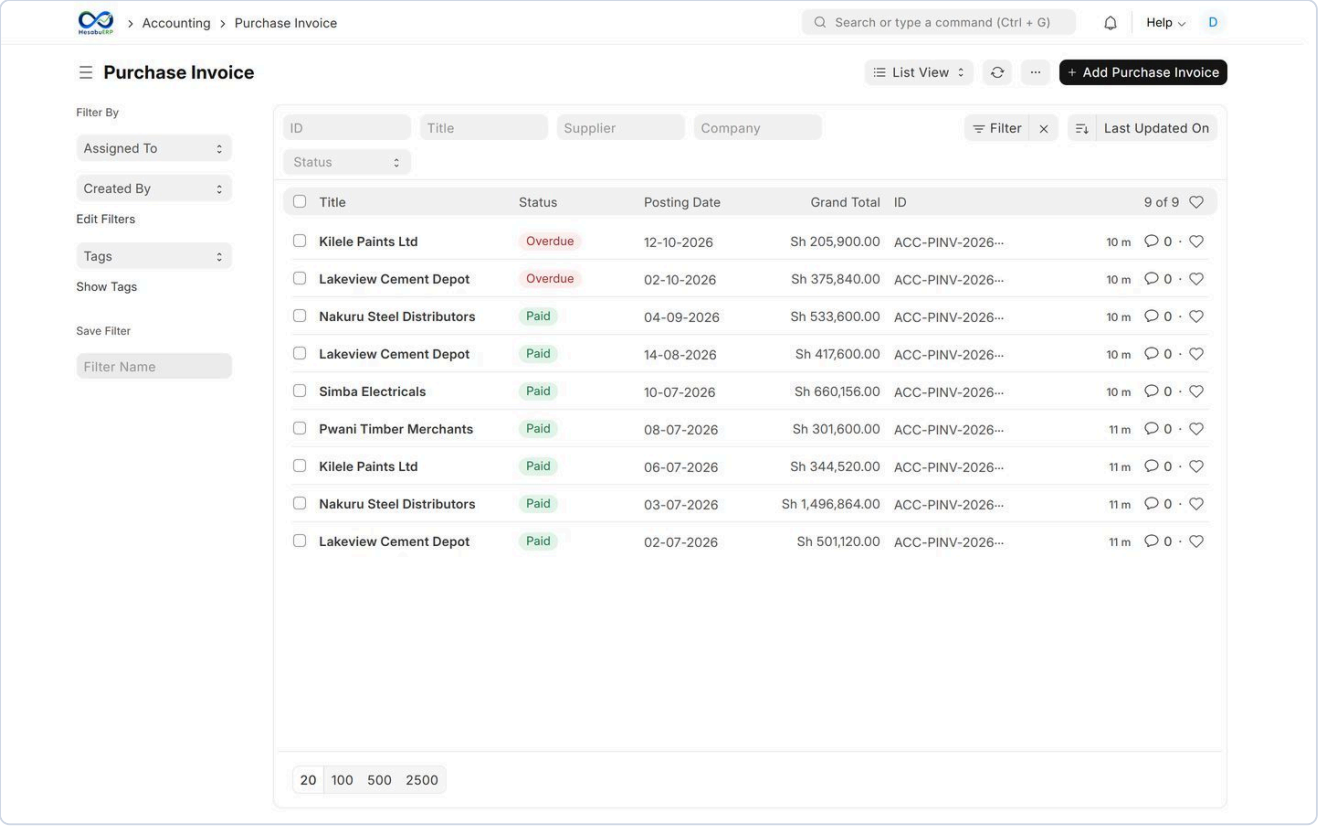
Recording supplier bills

Enter a supplier's bill, track what you owe and pay it on time.

Beginner · About 15 minutes · Version 1.0 · Updated 17 November 2026

Overview

A **Purchase Invoice** records a bill from a supplier. When you submit it, the amount is added to your **Accounts Payable**, and the cost is posted to stock or an expense account.



A list of purchase invoices with Overdue and Paid status labels.

Prerequisites

A **Supplier** record, and **Items** or expense accounts. See Suppliers.

Steps

1. Search for **New Purchase Invoice**.
2. Choose the **Supplier**.
3. Enter the supplier's **Supplier Invoice No** and **Supplier Invoice Date** from their invoice, so you can match them later.

4. Set the **Due Date**.
5. In the **Items** table, add each item with its quantity and rate. For a service or expense with no item, you can add a row and choose an **Expense Account**.
6. If the invoice should update your stock, tick **Update Stock** and choose the warehouse. Skip it if a Purchase Receipt already recorded the goods.
7. Add taxes if applicable.
8. Click **Save**, then **Submit**.
9. To pay, click **Create**, then **Payment**. See Recording customer and supplier payments.

Practical example

Lakeview Cement Depot bills KES 375,840 for cement, due in 30 days. The accountant enters their bill number, submits the invoice, and sets a reminder using the **Overdue** filter. In 30 days, the invoice status changes to **Overdue** if unpaid, which shows in the list.

Important notes

- Entering the supplier's **Supplier Invoice No** helps catch duplicates. The system warns you if the same number already exists for that supplier.
- Use the **Accounts Payable** report to see everything you owe and how late each bill is.

Common mistakes

- Entering the same bill twice.
- Ticking **Update Stock** after you already received the goods on a Purchase Receipt.

Next steps

Read Bank reconciliation.

Related documentation

- Recording customer and supplier payments
- The procurement cycle
- Credit notes and debit notes

Accounting and finance

Bank accounts and bank reconciliation

Link your bank, import statements and match them to your books.

Intermediate · About 25 minutes · Version 1.0 · Updated 17 November 2026

Overview

Bank reconciliation makes sure your books agree with the bank. You match each line on the bank statement to a payment or journal entry in Hesabu ERP. What is left over shows mistakes or missing entries.

Prerequisites

- A bank **account** in your chart of accounts, of type *Bank*. See The chart of accounts.
- A bank statement for the period, as a CSV or Excel file.

Steps

Set up the bank account

1. Search for **Bank Account** and click **Add Bank Account**.
2. Enter the **Account Name**, choose the **Bank**, and select the **Company Account**, which is the matching account in your chart.
3. Enter the account number, tick **Is Company Account**, and save.

Import and reconcile

1. Search for **Bank Statement Import** and add a new one. Choose the bank account and attach your statement file.
2. Map the columns (date, description, deposit, withdrawal, reference), and start the import. The lines become **Bank Transactions**.
3. Search for **Bank Reconciliation Tool** and choose the bank account and date range.
4. For each bank transaction, click it and choose **Match** with the suggested payment or journal entry, or **Create Voucher** for something not yet recorded, such as bank charges.
5. When all lines are matched, the reconciliation is complete.

Practical example

The NCBA statement shows an M-Pesa deposit of KES 100,000 with the code `QJK3...`. The Payment Entry for Baraka Supplies has the same reference, so the tool suggests it. The accountant clicks **Match**. A bank charge of KES 1,500 has no entry, so they click **Create Voucher** to record it.

Important notes

- Recording the **reference number** on every payment makes matching much faster.
- Reconcile at least once a month.
- The difference between the statement balance and your ledger balance should be explained by unmatched items.

Common mistakes

- Importing the same statement twice.
- Matching a payment to the wrong line because two amounts are equal. Check the reference.

Troubleshooting

If the bank account is missing from the tool, check that **Is Company Account** is ticked and the GL account type is *Bank*.

Next steps

Read Financial reports.

Related documentation

- Recording customer and supplier payments
- Journal entries and opening balances
- The chart of accounts

Accounting and finance

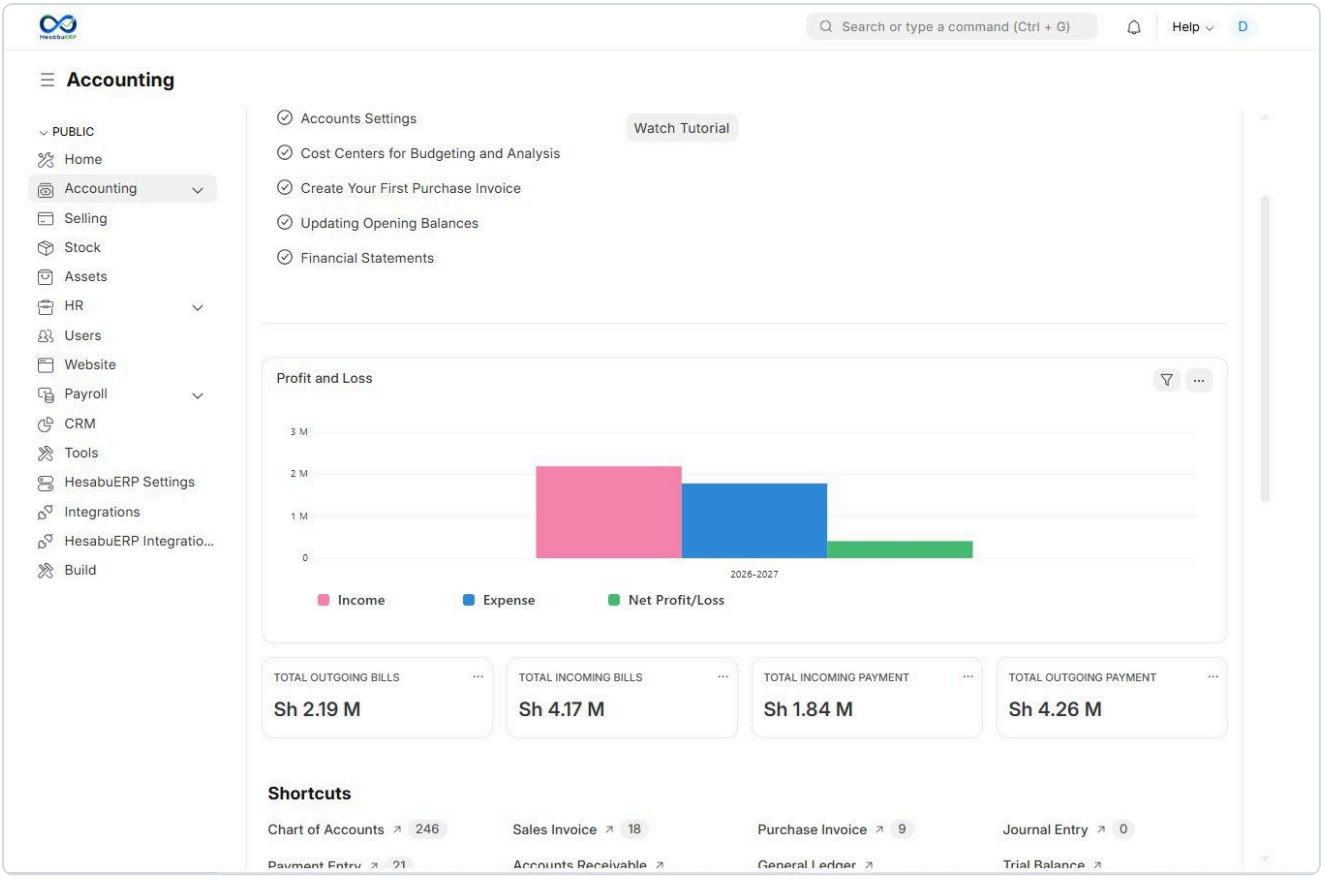
Financial reports

Produce the Profit and Loss, Balance Sheet, Cash Flow, Trial Balance and receivables reports, and read them.

Beginner · About 20 minutes · Version 1.0 · Updated 17 November 2026

Overview

Financial reports turn your transactions into the statements an owner, bank or tax adviser needs. Find them on the **Accounting** workspace under **Reports & Masters**, or type the name in the search bar.



The Accounting workspace, with a Profit and Loss chart and the list of reports and shortcuts.

The key reports

Report	It shows
Profit and Loss Statement	Income, expenses and net profit for a period
Balance Sheet	What you own, owe and your equity on a date
Cash Flow	Where cash came from and went
Trial Balance	Every account's balance, to check the books agree
General Ledger	Every entry in an account, with filters
Accounts Receivable	Who owes you, and how overdue each invoice is
Accounts Payable	Whom you owe, and how overdue

Steps

1. Open the report, for example **Profit and Loss Statement**.
2. Choose the **Company** and **Fiscal Year**, or a **From** and **To** date.
3. Choose how to **Periodicity** group the columns: Monthly, Quarterly or Yearly.
4. Optionally filter by **Cost Center** or another dimension.
5. Read the totals. Click an account name to open its ledger entries.
6. Use **Menu**, then **Export** or **Print** to share it. Save your filter settings using **Save** in the menu.

Practical example

At the end of each month, the owner opens the **Profit and Loss Statement** with *Monthly* periodicity for the fiscal year. Net profit for October is lower than September. She clicks the *Transport and Delivery* line, which opens the ledger and shows a large fuel bill she had not expected. She then checks the **Accounts Receivable** report and phones the three biggest overdue customers.

Important notes

- Reports include **submitted** documents only. Drafts are not counted.
- If the **Balance Sheet** does not balance, look for entries posted to the wrong account, or an unsubmitted opening entry.
- Use the **Trial Balance** to check that total debits equal total credits.
- Tax reports depend on your tax setup. See Sales taxes and VAT.

Common mistakes

- Comparing two reports with different fiscal years or companies.
- Forgetting that backdated entries change past months' figures.

Next steps

Read Sales taxes and VAT.

Related documentation

- Running and saving reports
- Currency, fiscal year and accounting periods
- The chart of accounts

Accounting and finance

Sales taxes and VAT

Set up a tax template so VAT is calculated correctly on sales and purchases.

Intermediate · About 20 minutes · Version 1.0 · Updated 17 November 2026

Overview

A **Sales Taxes and Charges Template** adds tax to every line of a sale automatically. A matching **Purchase Taxes and Charges Template** does the same for purchases. This lets you report the tax you collected and the tax you paid.

> **Check the rules with your accountant**
>
> Tax rules change. In Kenya, the standard VAT rate is currently 16% and VAT registration is required once taxable sales pass the threshold set by law. Confirm your own rate, exemptions and filing obligations with your accountant or the Kenya Revenue Authority before you use a template.

Prerequisites

- A **Tax** account in your chart, for example `VAT Payable` under *Duties and Taxes*, with **Account Type** *Tax*.
- The Accounts Manager role.

Steps

1. Search for **Sales Taxes and Charges Template** and click **Add**.
2. Name it, for example `Kenya VAT 16%`, and choose the company.
3. In the **Sales Taxes and Charges** table, add a row.
4. Set **Type** to *On Net Total*, choose the **Account Head** (your VAT account), enter the **Rate** (16), and give a **Description**.
5. Tick **Default** if most of your sales use it, then **Save**.
6. On a **Sales Invoice**, choose the template under *Taxes and Charges*. The tax is added to the totals.
7. For purchases, create a **Purchase Taxes and Charges Template** in the same way, using an *input tax* account.

Items with no tax

For exempt or zero-rated items, create a second template (for example `Zero Rated`) with a 0% row, or set an **Item Tax Template** on the item.

Practical example

The hardware business uses `Kenya VAT 16%` by default. A KES 100,000 sale shows KES 16,000 tax and a KES 116,000 total. At month end the accountant compares VAT collected on sales to VAT paid on purchases to prepare the VAT return.

Important notes

- Hesabu ERP calculates and records tax. Your accountant files returns.
- If your business must issue KRA eTIMS invoices, ask support to set up the eTIMS connection. See Electronic tax invoices and eTIMS.

Common mistakes

- Using the wrong account type for the tax account.
- Adding tax on top of prices that already include it. Tick **Is this Tax included in Basic Rate** on the tax row if your prices include tax.

Next steps

Move on to Selling.

Related documentation

- Creating a sales invoice
- Recording supplier bills
- Financial reports

Accounting and finance

Budgets

Set spending limits by account and cost centre, and be warned or stopped when they are exceeded.

Advanced · About 25 minutes · Version 1.0 · Updated 17 November 2026

Overview

A **Budget** sets how much you plan to spend on an expense account for a cost centre or project in a fiscal year. When someone raises a bill or order that would exceed it, the system can warn or stop them.

Prerequisites

Cost centres, a fiscal year, and an expense plan by account.

Steps

1. Search for **Budget** and click **Add Budget**.
2. Choose whether it applies to a **Cost Center** or a **Project**, and select it.
3. Choose the **Fiscal Year**.
4. In the **Budget Accounts** table, add each expense **Account** and its **Budget Amount** for the year.
5. Choose the **Monthly Distribution** if spending is uneven, such as higher in January. Create it under **Monthly Distribution**.
6. Under the **Action** options, choose what happens when the budget is exceeded: - **Stop**: block the document - **Warn**: show a message but allow it - **Ignore**: do nothing Under **Control Action**, set separate actions for the annual budget and the accumulated monthly budget, on **Material Requests**, **Purchase Orders** and **actual expenses**.
7. Save and **Submit**.

Compare budget and actual

Open **Budget Variance Report**. It lists each account with the budget, the actual spend and the difference by month.

Practical example

Marketing is given KES 600,000 for the year, with a monthly distribution that puts more in the school opening months. When a purchase order would take spending 5% over, the system warns the buyer, and a manager must agree.

Important notes

- Cost centres and accounts in budgets must match those on transactions, or the budget is not checked.
- Revise a budget by cancelling and amending it, or add a new one for the next year.
- A **Stop** action can block urgent bills. Use **Warn** while people learn the process.

Common mistakes

- Budgets without cost centres on transactions.
- Setting **Stop** without telling staff.

Next steps

Read Multiple currencies.

Related documentation

- Cost centres and accounting dimensions
- Financial reports
- The chart of accounts

Accounting and finance

Multiple currencies

Invoice and pay in dollars or other currencies, and handle exchange rates and exchange gains and losses.

Advanced · About 25 minutes · Version 1.0 · Updated 17 November 2026

Overview

If you buy or sell in a foreign currency such as US dollars, Hesabu ERP records each document in that currency and converts it to Kenya shillings for your books, using the **exchange rate** on the document date.

Prerequisites

Your company currency (KES) is set. Enable the foreign currency (search for **Currency**, open it and tick **Enabled**).

Steps

Invoice in a foreign currency

1. Create the **Customer** with a **Default Currency** of USD, or choose it on the invoice.
2. On the **Sales Invoice**, set **Currency** to USD. The **Exchange Rate** fills in from your rate table or the last known rate. Check it and correct it to your actual rate.
3. Item prices use a price list in that currency. Create a USD **Price List** if needed.
4. Submit. The invoice shows USD amounts and the shilling equivalent.

Keep exchange rates

1. Search for **Currency Exchange** and add the rate, with the date, **From Currency** and **To Currency**.
2. Update it regularly. Use your bank's or the Central Bank of Kenya's rate.

Receive payment

1. Create the **Payment Entry** from the invoice. Enter the **Exchange Rate** on the payment date.
2. If it differs from the rate on the invoice date, the difference goes to **Exchange Gain/Loss** automatically when the payment is matched.

Revalue balances

At the end of a period, balances in foreign bank and debtor accounts should be revalued to the current rate.

1. Search for **Exchange Rate Revaluation** and click **Add**.
2. Select the **Company** and enter the **Posting Date**.
3. Click **Get Entries** to list foreign-currency accounts, then check the new exchange rates.
4. Save and submit, then click **Create**, then **Journal Entries** to post the revaluation. Gains and losses go to the company's **Unrealized Exchange Gain/Loss Account**.

Practical example

An invoice for USD 1,000 is issued at 129.00 (KES 129,000). The customer pays when the rate is 128.20, so you receive KES 128,200 and the KES 800 difference is booked as exchange loss.

Important notes

- Set the **Exchange Gain/Loss** and **Unrealized Exchange Gain/Loss** accounts in the company settings.
- Reports are in KES unless you filter by currency.
- Ask your accountant how to treat unrealised exchange differences for tax.

Common mistakes

- Using a stale exchange rate on the invoice.
- Not revaluing at the month or year end.

Next steps

Read Closing the financial year.

Related documentation

- Currency, fiscal year and accounting periods
- Creating a sales invoice
- Recording customer and supplier payments

Accounting and finance

Closing the financial year

Lock periods, close your books for the year and carry balances forward safely.

Advanced · About 30 minutes · Version 1.0 · Updated 17 November 2026

Overview

At the end of the financial year you check your accounts, post year-end adjustments, then **close** the year. Closing moves the year's profit or loss into retained earnings, and locks the period so nothing changes later by accident.

Prerequisites

The Accounts Manager role. Agree the steps with your accountant or auditor.

Steps

1. Check and adjust

1. Make sure all invoices, payments and bank transactions are entered. See Bank accounts and bank reconciliation.
2. Post depreciation. See Depreciation.
3. Count stock and correct differences. See Opening stock and stock counts.
4. Post accruals and prepayments by journal entry.
5. Review the **Trial Balance**. See Financial reports.

2. Create the next fiscal year

Search for **Fiscal Year** and add the new year, so new transactions can be posted. See Currency, fiscal year and accounting periods.

3. Close the year

1. Search for **Period Closing Voucher** and click **Add**.
2. Set the **Posting Date** to the last day of the year, the **Fiscal Year**, and the **Closing Account Head**, which is the retained earnings (or reserves) account.
3. Save and **Submit**. Income and expense balances are transferred, and the year's profit or loss goes into the closing account.

4. Lock the period

1. Search for **Accounting Period** and click **Add**, choose the dates, and list the document types that are **closed** (for example Sales Invoice and Journal Entry).

2. Or set **Accounts Frozen Till Date** in **Accounts Settings** to the last day of the year. Only users with the role named in **Role Allowed to Set Frozen Accounts and Edit Frozen Entries** can post before this date.

Practical example

On 15 January the accountant finishes the audit adjustments, creates the Period Closing Voucher dated 31 December, and sets *Accounts Frozen Till Date* to 31 December. A later invoice dated 28 December is refused, so the signed accounts do not change.

Important notes

- Close only after the auditor agrees the figures. Cancelling a closing voucher is possible, but should be rare.
- Take a backup or data export before closing. See Backups, logs and security.
- Opening balances for the new year are carried forward automatically from the closed accounts.

Common mistakes

- Closing before depreciation or stock adjustments.
- Forgetting to create the next fiscal year.

Troubleshooting

If you cannot post a late correction, ask the user who can set frozen accounts to temporarily allow it, or post it in the new year with a note.

Next steps

Return to Financial reports.

Related documentation

- Currency, fiscal year and accounting periods
- Financial reports
- Journal entries and opening balances

Support

Call or WhatsApp 0117 801 786.
Support requests: https://www.hesabuerp.co.ke/support.html
Website: https://www.hesabuerp.co.ke
Online documentation: https://www.hesabuerp.co.ke/documentation/

When you contact us, please give your workspace address and a short description of what you were doing. A screenshot helps.