

Journal entries and opening balances

Accounting and finance

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

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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