

# Step 4 – Creating Beginning Balances

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This guide explains how to create beginning balances. It is intended for system administrators.

**Warning:** Before you begin this step of entering beginning balances, it is essential that you read this guide in its entirety – you must understand the process *before* beginning the process.

After you have [identified and fixed any bank discrepancies](https://aace6.knowledgeowl.com/help/step-3-reconciling-transactions) (<https://aace6.knowledgeowl.com/help/step-3-reconciling-transactions>), your system is ready to create beginning balances.

The other preceding stages for importing data create accounting debits and credits that result in various account balances. These values represent the activity you have entered as part of the beginning balances process.

The next step is to generate a zeroing entry to zero out the beginning balance values. This helps ensure you are not accounting for anything twice. Then you will create a single general journal entry for your beginning balances, representing every transaction in your company's history from its inception to your aACE Go-Live Date.

## Generating a Zeroing Entry

aACE makes this task simple with the Generate Zeroing Entry action. This feature creates a balancing transaction which you can post to yield a zero value in each account. It creates a single, offsetting entry that covers *all* accounts which currently have values. For example, if the Cash Checking account had a credit balance of \$100 as of the Start Date, this action would create a debit entry of \$100 (or vice versa).

1. Navigate from **Main Menu > Accounting > General Journal**.
2. Click **Admin Actions > Generate Zeroing Entry**.
3. Enter the **As Of Date** in mm/dd/yyyy format. Typically this will be the Go-Live date.
4. Click **Actions > Post GJ Entry > Post**.

When you generate the zeroing entry, aACE creates reversing entries for each account

except the Current Year Earnings (i.e. "Net Income"). The Current Year Earnings account is automatically calculated, so it will zero itself automatically.

If you need to make an offsetting entry for this account, make sure it is dated with your Go-Live Date.

## Confirm Results

Review your aACE general ledger / account balances. If any account balances do *not* have a zero value, you must [reconcile your previous system and aACE](https://aace6.knowledgeowl.com/help/step-1-preparing-your-data#ConfirmAccountingDependencies) before continuing. Otherwise, move on to the next step.

## Entering Beginning Account Balances

The beginning balance entry for the accounting system establishes the starting point for your balance sheet and income statement as of your Start Date. This step is straightforward, but there are some details to consider:

- If your previous system included a value similar to Retained Earnings, make sure your aACE system includes an equity account titled "Opening Balance Equity". The value from the previous "retained earnings" should be posted to your aACE Opening Balance Equity account.
- The aACE Retained Earnings account cannot accept direct entries. aACE calculates the value automatically (i.e. the sum of the Current Year Earnings account across all closed fiscal years).
- The aACE Current Year Earnings account also cannot accept direct entries. aACE calculates the value automatically (i.e. the value for net income – profit / loss – for the currently open fiscal year).

Note: When the current fiscal year is closed, aACE automatically transfers this value to the Retained Earnings account.

## Go-Live Date and Fiscal Year

If you are conducting a go-live that is *not* in sync with your company's fiscal year, entering beginning balances requires additional steps. You must enter your income statement values (i.e. the 5-9 accounts). This helps to balance the Beginning Balance general journal entry.

## Enter Beginning Balances

This step consists of creating a General Journal entry:

1. Navigate from **Main Menu > Accounting > General Journal**.
2. Click **New > Journal Entry**.
3. Enter the following details:
  - Title – "Beginning Balances" (or similar)
  - Reference ID – "BB" (or similar) to help you easily find the transaction later
4. Enter *all* debit and credit balances from your previous system's balance sheet as of the Go-Live Date, including entering the Retained Earnings value from your previous system in the aACE Opening Balance Equity account.
5. Visually confirm that the transaction balances.  
**Warning:** If the transaction does *not* balance, there is a problem – Stop and double-check your work.
6. Depending on when your Go-Live occurs, you may need to complete additional steps:
  - Go-Live *is synced* with the start of your fiscal year – You may now click **Save** and **Post**. You only need to import the starting account balances for the balance sheet items as described above.
  - Go-Live *is not synced* with the start of your fiscal year – Continue with the following steps.
7. Enter *all* the income statement's debit and credit balances as of the Go-Live Date.
8. Visually confirm that the transaction balances.  
**Warning:** If the transaction does *not* balance, there is a problem – Stop and double-check your work.
9. You may now click **Save** and **Post**.

## Importing General Journal Transactions

If you have a large number of entries from your balance sheet, it may be more efficient to create general journal entries by importing records.

After you have prepared spreadsheets of your GJ entry header data and items data, [import the transaction data](https://aace6.knowledgeowl.com/help/importing-transaction-data) (https://aace6.knowledgeowl.com/help/importing-transaction-data). Afterwards, save and post the imported GJ entry.

When all the steps for creating beginning balances have been completed, you are able to [reconcile your income statements and balance sheets](https://aace6.knowledgeowl.com/help/step-5-reconciling-your-income-statement-and-balance-sheet) (https://aace6.knowledgeowl.com/help/step-5-reconciling-your-income-statement-and-balance-sheet).

