Sage Accounts Opening Balances

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What are opening balances

First things first

Before working on your opening balances, make sure you have completed the Customise your Company settings tasks. If you have not yet defined these settings , select Help > Customise your company and follow the instructions provided.

If your company has been trading, it is likely that you will have opening balances that represent your financial position. These balances need to be entered into your software.

Without accurate opening balances, the financial statements produced by your software can't give a true picture of your financial position.

There are two methods for entering opening balances:

- Method 1 uses the Opening Balances window.

  Most people prefer this method as it brings all the tasks needed to enter opening balances in one place, so you can:

  - See at a glance how far on you are with entering balances.

  - Mark tasks as complete.

  - Create customer and supplier records as you complete the process.

    > Full access rights to Opening Balances is needed to use the Opening Balances window. Anyone with full access also has access to backup, restore and journals.
    >
    > **Note:** The Opening Balances window does not support those with foreign currency opening balances or when the software is set to operate as a Charity.

- Method 2 uses many areas of the software to enter opening balances.

  This method is used when the software is set to operate as a Charity or when foreign currency opening balances are involved. Accountants and those experienced in using Sage accounting software may prefer this method.

Tip: If you prefer to view details about opening balances in booklet form, we have included a guide supplied as a PDF. From the menu bar, choose Help > PDF Guides > Opening Balances.

Getting started

First, you need to prepare a list of your opening balances. If you have an Accountant ask them to prepare an opening trial balance for you. Otherwise, prepare a list yourself. See, *Gathering your opening balances on page 6*.

Gathering your opening balances

Prepare an opening trial balance

This is about listing all your nominal accounts and the value (balance) on each account.

1. Print the nominal list to identify the nominal accounts you have decided to use for your business.

   Choose Company > Nominal Ledger, then click Print List.

2. Add two columns to the print out, one for debit and one for credit.

3. Refer to your previous bookkeeping method to find the value (balance) of each listed nominal account.

4. Write the value (balance) of each nominal account as either a debit or a credit.

   Tip: In accounting terms an asset to the business is recorded as a debit and a liability is recorded as a credit.

5. Total the values in the debit column and then total the values for the credit column. The debit value should equal the credit value.

Prepare bank, customer and supplier opening balances

This is about breaking down certain values in the trial balance, which you may find beneficial. The following should help you to decide if you need to do this and how it is done.

Standard VAT and the UK Flat rate - invoiced based scheme: As VAT becomes liable at the point of sale, the assumption is the VAT on your transactions has already been dealt with in your previous accounting system. During opening balance entry your software applies the T9 non-vatable tax code to transactions. Therefore, tax is not calculated, there is no impact on the VAT Control account or further VAT Returns. If a transaction has not been VAT reconciled you should enter it as a new transaction in your software.

Bank	Do you want to reconcile uncleared items, such as cheques? Then:
	1. Match your bank statement to your bank records.
	2. List each unlearned item.
	The bank balance as shown on your bank statement is added to your software as one amount. The uncleared items are added separately as individual values. More about this later.
	Tip: Money credited to your bank account is an asset to the business. Accountancy rules show this as a debit on the bank account. This may seem odd, but it is how the bank account views the money. The bank account owes the business the amount that has been deposited, in other words it is in debt to the business to that amount. On the other hand, if the bank is overdrawn, it is a liability to the business and this will be shown as a credit balance.

Customers	Such values are needed if you intend to keep customer records to monitor what they have purchased and what they owe you. If you operate as a retail outlet using till and cash sales, you are unlikely to track customers.

These values are the amounts each customer owes your business, and can be found in documents such as outstanding invoices.

Each item can be recorded separately to a customer's record so it can be aged, which is useful when chasing the customer for payment.

To break down your customer opening balances:

1. Check your sales records for outstanding transactions (invoices, credit notes, payments on account).

2. List customers with outstanding transactions, together with the value of the transactions, dealing with the VAT element as follows:

VAT Scheme	Gross	Net
Standard VAT (UK and Irish)	✓	x
UK Flat Rate Invoiced based	✓	x
VAT Cash Accounting (UK and Ireland)	x	✓
UK Flat Rate - Cash based	x	✓

Gross = The full amount for a transaction, including VAT.

Net = The transaction's value before tax, the tax rate and VAT amount.

Tip: The total owed to you by all your customers is your opening Debtors figure. If this figure does not match your Debtor figure investigate further to try and identify the problem. If you can't resolve the difference it does not stop you from entering your opening figures, but expect warnings to be displayed by your software from time to time to indicate there are discrepancies.

Suppliers	These values are needed if you intend to keep supplier records to monitor what you have purchased and what you owe them. Such values are the amounts you owe each supplier and can be found in documents such as outstanding invoices. Each item can be recorded separately to a supplier's record so it can be aged, which is useful when deciding when to make payment. To break down your supplier opening balances: 1. Check your purchase records for outstanding transactions - invoices, credit notes, payments on account. 2. List suppliers with outstanding transactions, together with the value of the transactions, dealing with the VAT element as follows:

VAT Scheme	Gross VAT	Net VAT
Standard VAT (UK and Irish)	✔	x
UK Flat Rate Invoiced based	✔	x
VAT Cash Accounting (UK)	x	✔
VAT Cash Accounting (Irish)	✔	x
UK Flat Rate - Cash based	x	✔

Gross = The full amount for a transaction, including VAT.

Net = The transaction's value before tax, the tax rate and VAT amount.

Tip: The total owed to all your suppliers is your opening Creditors figure. If the figure does not match your Creditors figure, investigate further to try and identify the problem. If you cannot resolve the difference it does not stop you from entering your opening figures, but expect warnings to be displayed by your software from time to time to indicate there are discrepancies.

Entering opening balances

Once you know what your opening figures are, and in some cases your opening balances for bank, suppliers and customers, they are ready to be entered into SAge 50 Accounts.

Method 1 - Using the Opening Balances window

1. From the Tools menu, choose Opening Balances.

   The Sage Accounts Opening Balances window opens.

2. Complete each listed task and as you do so, your software adds a tick to the task's check box to indicate it has been done.

   Tip: For detailed information when working with the data entry windows, press F1 on your keyboard to open Help.

Enter a default date for your opening balances	This date is suggested for use in the various data entry windows used to complete opening balances. It may speed up the entry of the opening balances if you intend to use the same date for each balance, but can be changed to suit individual opening balances. 1. Select Enter a default date for your opening balances. The Set a Default Date window opens. 2. Enter a date for your opening balances. **Tip:** If you have just completed your financial year, this would be the most sensible date to use. For example, if your financial year starts in January, then enter the 31st of December. If you are part way through a financial year, choose a date at the end of the most recent closed month. For example, if you are starting from June, and your financial year starts January, enter the 31st May. 3. Click Save.

Enter opening balances for your customers	Such values are needed if you intend to keep customer records to monitor what they have purchased and what they owe you. If you operate as a retail outlet using till and cash sales, you are unlikely to track customers.

These values are the amounts each customer owes your business, and can be found in documents such as outstanding invoices.

Each item can be recorded separately to a customer's record so it can be aged, which is useful when chasing the customer for payment.

Tip: You can create customer records during this task.

1. Select Enter customers opening balance.

   The Customer Opening Balances window opens.

2. Enter your customer opening balances into the table.

   If a customer's opening balance comprises more than one transaction and you want to age each outstanding debt, enter each transaction on a separate row using the transaction's original date, thereby overwriting the default opening balance date.

   If you are using either the Standard VAT or UK Flat Rate Invoice based VAT scheme, and are not interested in ageing the outstanding debt, enter a customer's opening balance as a lump sum.

3. When the Balance value at the top right of the window matches your opening balance for all customers, click Save. |

Enter opening balances for your suppliers	These values are needed if you intend to keep supplier records to monitor what you have purchased and what you owe them. Such values are the amounts you owe each supplier and can be found in documents such as outstanding invoices. Each item can be recorded separately to a supplier's record so it can be aged, which is useful when deciding when to make payment. **Tip:** You can create supplier records during this task. 1. Select Enter suppliers opening balance. The Supplier Opening Balances window opens. 2. Enter your supplier opening balances into the table. If a supplier's opening balance comprises more than one transaction and you want to age each outstanding debt, enter each transaction on a separate row, using the transaction's original date, thereby overwriting the default opening balance date. If you are using either the Standard VAT or UK Flat Rate Invoice based VAT scheme, and are not interested in ageing the outstanding debt, enter a supplier's opening balance as a lump sum. 3. When the Balance value at the top right of the window matches your opening balance for all suppliers, click Save.

Check the opening balances	Generate reports and use them to confirm the opening balances are entered correctly.
	
	1. Select Check the customer and supplier opening balances.
	
	The Criteria for Batch Report window opens.
	
	Tip: Criteria control what information is displayed in a report, such as a date range.
	
	2. Enter the criteria for the reports, then click OK.
	
	The data and period range are suggested for you based on your default opening balance date and your financial year start date, and should be OK to use.
	
	Use the Customer Ref drop-down list to select a range of customers with opening balances. Repeat this for suppliers.
	
	The reports are displayed in preview mode.
	
	3. Use the Aged Debtors Analysis (detailed) report to check your customer opening balances.
	
	Ensure your opening balances details match the transaction detail in the report.
	
	4. Use the Creditors Analysis (detailed) to check your supplier opening balances.
	
	Ensure your opening balances details match the transaction detail in the report.
	
	5. Use the Period Trial Balance report to ensure your accounts balance. Check the report's:
	
	  ■ Debtors value matches the total opening balances expected for customers.
	
	  ■ Creditors value matches the total opening balances expected for suppliers.
	
	  ■ Debit and Credit totals are equal.
	
	If discrepancies are found correct them before proceeding.

Reverse the opening balances in preparation for entering the trail balance	It may seem odd to undo your customer and suppler opening balances, but those tasks are about getting outstanding items added to trading records so you know what you owe and who owes you. Due to double-entry booking rules, values are also added to Debtors Control, Creditors Control and Suspense nominal accounts. This affect needs to be cleared before the nominal account balances can be added (these are in your trial balance) as the trial balance is likely to include a balance for both your debtors and creditors control accounts. Otherwise the values are duplicated.
	
	When you reverse the opening balances a journal is created for you. This journal brings together the values that need to be cleared from the accounts.
	
	1. Select Reverse the opening balance.
	
	    You are prompted to take a backup of your data. We recommend you do this before proceeding. If you choose to do this, the backup window appears to complete the task, then you are returned to the Opening Balances Reversals window.
	
	    The Opening Balances Reversals window displays nominal accounts and values needed to reverse the opening balances you have entered and reflects those in the Period Trial Balance.
	
	2. Check the debits and credits for the Debtors Control and Creditors Control accounts match those in the Period Trial Balance and Balance box is zero.
	
	3. Click Reverse to generate the journal and clear your Debtors, Creditors and Suspense accounts.

Enter the trial balance from your accountant	A trial balance is a list of nominal accounts and the value on each account. It represents what assets the business owns, and what liabilities it owes.
	These values are spread across the nominal accounts you have decided to use to track your business worth, such as bank, stock, capital, loans. It is likely to include creditors, which is the amount you owe to your suppliers; and debtors, the amount your customers owe you, as detailed earlier.
	When entering a bank balance, enter it as a lump sum to cover cleared and uncleared items. If you want to be able to reconcile uncleared items you can enter those transactions as individual items in the next task. Don't worry about inflating a bank's balance as this is dealt with for you as part of the task.
	Tip: If you don't have an accountant, you can prepare your own trial balance. See *Gathering your opening balances on page 6*.
	1. Select Enter the trial balance from your accountant.
	The Trial Balance Entry window appears.
	2. Enter your trial balance into the table, until the Balance box is zero and both the Debit and Credit totals display equal amounts.
	3. Click Save.

Enter the uncleared transactions for your bank accounts(s)	If you want to reconcile transactions that have not yet cleared your bank account, you need to enter these separately so that they are added as individual items to the bank account record.
	As with customer and supplier opening balances, the double-entry booking keeping also affects the Suspense account. To ensure this is cleared, when you complete this task a reversing journal is generated between bank accounts and Suspense account. This journal uses the default opening balance date.
	Tip: If you have more than one bank account, you can enter an opening balance for each account during this task.
	1. Select Enter the uncleared transactions for your bank account.
	⛪
	The Bank Opening Balances window opens.
	2. Enter each uncleared bank transaction into the table.
	3. Click Save.
Check opening balances again the trial balance from your accountant	Generate the Period Trial Balance report and confirm the recorded opening balances are correct.
	1. Select Check opening balances against the trial balance from your accountant.
	🗂
	The Criteria for Period Trial Balance window appears.
	2. Click OK to generate the report.
	3. Check the values in the report match those you expect for your opening balances.
	4. Check the Suspense Account has a zero balance.
	If not, see *Opening Balances Frequently Asked Questions on page 25*.

Check your data	This is an optional task, but it is a good idea to check your data to ensure everything is working as it should. 1. Select Check your data. The File maintenance window opens. If there are no problems, the File Maintenance window appears, informing you of this. To continue, click OK. If problems are found they are displayed in the File Maintenance Problems Report window.
Backup your data	Take a copy of your data incase your computer fails, or if you encounter data corruption. If you have a recent copy of your data it can then be restored. 1. Select Backup your data. The Backup window opens. 2. Enter the backup details and then click OK.

Method 2 - Entering opening balances

Use this method if you are a Charity or have foreign currency opening balances.

Enter your customer opening balances

1. Select the Customers module then, if appropriate, use the view selector to switch to the Customers view.

2. Select the customers you have opening balances for, then click Customer Record.

   The Customer Record window appears, showing the details of the first customer you selected.

3. Choose the OB button, which is attached to the Balance box.

   The Opening Balance Setup window appears.

4. Enter the opening balance details, which are dependant on your VAT scheme.

   Standard VAT scheme

Ref	
Ref	Enter the reference for this opening balance. This reference appears on the audit trail and will help you to identify this transaction. If you are entering each outstanding invoice/credit note separately, you can enter the invoice or credit note number. Alternatively you can enter O/BAL as the reference.
Date	Enter the original date for the transaction. This ages the invoice/credit note correctly by that date, so you can have an accurate picture of the overdue debts on all your customer accounts. Alternatively, you can enter the last day of the previous accounting period. For example, the last day of the previous financial year. **Note:** The date used must always be in the previous accounting period. For example, if you are entering your opening balances for financial year commencing January 2011, the opening balance must be dated December 2010 or earlier.

Type	From the drop-down list, select the type of opening balance you want to enter - Invoice or Credit. If you owe your customer money, choose Credit from the drop-down list. This would create a negative balance when you enter their opening balance. If they owe you money, you would choose Invoice.
Gross	Enter the full amount of the outstanding transaction. **Tip:** If you don't want to age this customers debt, you could enter the total amount as a lump sum rather than entering transactions separately.

VAT Cash Accounting scheme

Ref	Enter the reference for this opening balance. This reference appears on the audit trail and will help you to identify this transaction. If you are entering each outstanding invoice/credit note separately, you can enter the invoice or credit note number. Alternatively you can enter O/BAL as the reference.
Date	Enter the original date for the transaction. This ages the invoice/credit note correctly by that date, so you can have an accurate picture of the overdue debts on all your customer accounts. Alternatively, you can enter the last day of the previous accounting period. For example, the last day of the previous financial year. **Note:** the date used must always be in the previous accounting period. For example, if you are entering your opening balances for financial year commencing January 2012, the opening balance must be dated December 2011 or earlier.

Type	From the drop-down list, select the type of opening balance you want to enter - Invoice or Credit. If you owe your customer money, choose Credit from the drop-down list. This would create a negative balance when you enter their opening balance. If they owe you money, you would choose Invoice.
Net	Enter the net amount of the original transaction.
T/C	The default tax code for this customer is suggested for use. If it does not match that used for the original transaction, select another from the drop-down list.
VAT	Your software calculates the amount of VAT due, but you can change it if necessary.

Tip: Press ENTER after each entry to move to the next entry box.

5. To accept these details, click Save.

6. To return to the Customers window, click Close.

Enter your supplier opening balances

1. Select the Suppliers module then, if appropriate, use the view selector to switch to the Suppliers view.

2. Select the suppliers you have opening balances for, then click Supplier Record.

   The Supplier Record window appears, showing the details of the first supplier you selected.

3. In the Supplier Balance box, click the OB button.

   The Opening Balance Setup window appears.

4. Enter the opening balance details, which are dependant on your VAT scheme.

   Standard VAT scheme

Ref	Enter the reference for this opening balance. This reference appears on the audit trail and will help you to identify this transaction. If you are entering outstanding invoices/credit notes separately, you can enter the invoice or credit note number. Alternatively you can enter O/BAL as the reference.
Date	Enter the original date for the transaction. This ages the invoice/credit note correctly by that date, so you can have an accurate picture of the overdue debts on all your customer accounts. Alternatively, you can enter the last day of the previous accounting period. For example, the last day of the previous financial year. **Note:** The date used must always be in the previous accounting period. For example, if you are entering your opening balances for financial year commencing January 2011, the opening balance must be dated December 2010 or earlier.
Type	From the drop-down list, select the type of opening balance you want to enter - Invoice or Credit. If you owe your supplier money, choose Invoice from the drop-down list. If they owe you money you would choose Credit. This would create a negative balance when you enter their opening balance.
Gross	Enter the full amount of the outstanding transaction. **Tip:** If you don't want to age the transactions for this supplier, you could enter the total amount as a lump sum rather than entering transactions separately.

VAT Cash Accounting scheme

Ref	Enter the reference for this opening balance. This reference appears on the audit trail and will help you to identify this transaction. If you are entering outstanding invoices/credit notes separately, you can enter the invoice or credit note number. Alternatively you can enter O/BAL as the reference.

Date	Enter the original date for the transaction. This ages the invoice/credit note correctly by that date, so you can have an accurate picture of the overdue debts on all your customer accounts. Alternatively, you can enter the last day of the previous accounting period. For example, the last day of the previous financial year. **Note:** The date used must always be in the previous accounting period. For example, if you are entering your opening balances for financial year commencing January 2012, the opening balance must be dated December 2011 or earlier.
Type	From the drop-down list, select the type of opening balance you want to enter - Invoice or Credit. If you owe your supplier money, choose Invoice from the drop-down list. If they owe you money you would choose Credit. This would create a negative balance when you enter their opening balance.
Net	Enter the net amount of the original transaction.
T/C	The default tax code for this supplier is suggested for use. If it does not match that used for the original transaction, select another from the drop-down list.
VAT	Your software calculates the amount of VAT due, but you can change it if necessary.

Tip: Press ENTER after each entry to move to the next entry box.

5. To accept these details, click Save.

6. To return to the Suppliers, click Close.

Check the customer and supplier opening balances

1. To check your customer opening balances, from the Customers module, click Reports.

2. From the Customer Reports Browser, select the Aged Debtors reports folder.

3. From the list of reports, print the Aged Debtors Analysis Detail report.

4. Use this report to check that you have entered the correct customer opening balances and if necessary, amend any entries before proceeding.

5. To check your supplier opening balances, from the Suppliers module, click Reports.

6. From the Supplier Reports Browser, select the Aged Creditors reports folder.

7. From the list of reports, print the Aged Creditors Analysis Detail report.

8. Use this report to check that you have entered the correct supplier opening balances and if necessary, amend any entries before proceeding.

Reverse the customer and supplier opening balances

1. Print the trial balance report.

   Open the Company module, from the Links pane select Financials then click Trial Balance.

   Select the required output, for example printer then click Run.

   From the Period drop-down list, choose the required Trial Balance period, for example, Brought Forward

   Complete the Print window then to print the report, click OK.

2. Clear the opening balances.

   Open the Company module then from the Tasks pane select Journal Entry.

   Enter a reference and date for the journal, then enter the relevant information to reverse the trial balance figures.

   To save the journal, click Save.

   The journal posts and the Nominal Ledger Journals window clears.

Enter your nominal opening balances

1. Open the Company module, from the Links pane select Nominal Ledger then select the required nominal code.

2. From the Nominal Ledger toolbar, click Nominal Record, click O/B then enter the opening balance information into the Opening Balance Setup window.

Ref	Enter a text reference. This text appears on the audit trail and will help you identify the transaction. The text O/Bal is entered for you as the default, but you can change it if you want.
Date	Enter the last day of your previous accounting period.
Debit	Enter the debit value, if appropriate. Asset nominal ledger accounts, for example, bank accounts, purchases and overhead accounts, for example, electricity charges, are normally debit values.
Credit	Enter the credit value, if appropriate. Liability nominal ledger accounts, for example, loans and income accounts, for example, sales of wine, are normally credit values.

Tip: Debit balances usually include, fixed assets, bank accounts that are not overdrawn, purchases and overhead accounts such as electricity charges.

3. To save the opening balance, click Save.

   The opening balance is saved and the Nominal Record appears.

   Repeat this process until you have entered all of your Nominal Ledger opening balances

Enter the bank opening balances through the Bank record

Note: If you have already entered your bank opening balances through the Nominal Record, you **must not** enter them again, but move onto check your nominal and bank opening balances.

1. Open the Bank module, select the bank account for which you want to enter an opening balance then click Bank Record.

   The Bank Record window appears.

2. From the Bank Record, click O/B then enter the opening balance information into the Opening Balance Setup window, for example:

   Note: The O/B button is part of the Current Balance box.

Ref	Enter a reference. This appears on the audit trail and helps you to identify the transaction. O/BAL is entered by default, but can be amended.
Date	Enter the date. This should be the last day of your previous accounting period.
Receipt	If you have money in this account this is a debit balance, and should be entered here.
Payment	If you are overdrawn in your bank account, this is a credit balance, and should be entered here.

3. To save the opening balance, click Save.

   The opening balance is saved and the Bank Record appears.

4. To close the Bank Record and return to the Bank Accounts window, click Close.

   Repeat this process until you have entered all of your bank opening balances.

Check the nominal and bank opening balances

1. Open the Company module, from the Links pane select Financials then click Trial Balance.

   The Print Output window appears.

2. Select the required output, for example, Printer then click Run.

   The Criteria window appears.

3. From the Period drop-down list, choose the required Trial Balance period, for example, Brought Forward.

   If you selected the Printer output, the Print window appears.

4. Complete the Print window as required then to print the Trial Balance report, click OK.

5. Use the figures from this trial balance to check that you have posted all your nominal and bank opening balances. You should also ensure that the Suspense nominal code balance is zero. If it is not, print the Nominal Activity report and check for the following:

   - All nominal opening balances from your trial balance have been entered.

   - None of the opening balances have been entered twice.

   - Balances have not been entered as debits when they should be credits, and vice versa.

Check and back up your data

1. Run the Check Data option to check the validity of your data files.

   Choose File > Maintenance > Check Data.

2. Take at least one backup of your data files.

   Choose File > Backup.

   This ensures that in the future you can restore back to this point. You may want to do this to check the values or details of your opening balances.

Opening Balances Frequently Asked Questions

Q. My Period Trial Balance includes a balance for the Suspense Account. What should I do?

A. Print the Nominal Activity report (Company > Reports > Nominal Activity Reports) then check the following:

- All nominal balances from your trial balance have been entered.

- None of the opening balances have been entered twice.

- Balances have not been entered as debits when they should be credits, and vice versa.

- Opening balances have been entered using an incorrect date.

Q. How do I deal with product opening balances?

A. Products (stock) are treated differently to other accounts in your software as they don't directly affect the Nominal Ledger. Any adjustments to the Nominal Ledger, as a result of products, are made using a journal. Entering your product balances is about adding the quantity and value of products to individual product records. It is more about stock taking than it is about accounting.

In terms of the opening balance, this is typically dealt with in your opening trial balance when you would expect to add values to your stock nominal account.

Q. When is the best time to enter opening balances?

A. If you have just completed your financial year, this would be the most sensible date to use for your opening balances. If you are part way through a financial year, choose a date at the end of the most recent month which has been closed.

Q. After completing my opening balances, how should I deal with new accounts as they are added to the software?

A. This depends on the account you are adding:

- Customer and supplier accounts - simply add the sales transactions such as invoices and orders to the account as usual.

- Bank and nominal accounts - use a journal to update the necessary accounts.

- Products accounts - use the OB button on the product record.

Q. What are the opening balance buttons found on many accounts used for?

A. There are a number ways to enter opening balances.

Those with experience of the software and opening balances may prefer to use the OB buttons. They are also used to enter opening balances when the software is up for a Charity or when the opening balances include foreign currency values. See *Method 2 - Entering opening balances on page 17*.