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BOOKS

Journal Entries

Manual double-entry adjustments for accruals, depreciation, owner equity, and anything that doesn't fit the standard transaction flow.

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Journal Entries are the manual, double-entry alternative to the standard Add Expense / Add Income flow. Use them for adjustments, accruals, depreciation, owner contributions/draws, and anything else that doesn't fit the everyday transaction model.

When to Use a Journal Entry

- **Adjusting entries** — moving expenses between months, fixing a misclassification across many transactions
- **Accruals & deferrals** — recording revenue earned but not yet invoiced, or expenses incurred but not yet paid
- **Depreciation** — annual write-down of fixed assets
- **Owner equity** — capital contributions, owner draws, partner distributions
- **Closing entries** — year-end income → retained earnings transfers

Anatomy of a Journal Entry

Every journal entry has:

- **Date** — when the entry takes effect
- **Memo** — describes why (this is your future-self trying to remember what you did)
- **Lines** — two or more lines, each with an account and either a debit or credit amount
- **Balance** — total debits must equal total credits. Books won't let you save until they balance.

Creating a Journal Entry

1. Go to **Journal Entries** → **Create**.
2. Set the date and write a memo explaining the purpose.
3. Add lines: pick an account, enter a debit or credit amount.
4. Add more lines until debits and credits balance.

5. Save.

> **ADVISOR TIP**
>
> If you're not confident with double-entry bookkeeping, ask your accountant before creating a journal entry. Journal entries can move money in ways that the standard transaction flow can't, which means they can also misstate your books in ways the standard flow won't.

Reversing Entries

Sometimes you want a journal entry to reverse itself the next period (common for accruals). When creating an entry, check **Auto-reverse on**: pick a future date, and Books creates a mirror-image entry on that date automatically.

Recurring Entries

For entries you make every month — monthly depreciation, recurring accruals — save the entry as a **recurring journal entry**. Books generates the entry automatically on the schedule you set. You can review and approve each occurrence, or have them auto-approve.

Journal Entries vs. Transactions

In day-to-day work, prefer **Add Expense / Add Income / Add Transfer** over journal entries. The standard flow:

- Updates your bank balance automatically (debits and credits land on the right accounts without you thinking about it)
- Shows up in payee and category reports automatically
- Plays nicely with reconciliation

Journal entries DON'T update a bank balance (they're ledger-only). Use them for things that aren't cash movements — adjustments, accruals, and non-cash entries.