

SAGE-50 PRACTICAL MANUAL MADE EASY

Prepared By: Nasimoir'e Technologies

Mr. Israel Okeke Nkasiobi

PRACTICAL ACCOUNTING SOFTWARE MANUAL

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Sage 50 Financial Module:

- ❖ Business Status
- ❖ Customers & Sales
- ❖ Vendors & Purchases
- ❖ Inventory & Services
- ❖ Employees & Payroll
- ❖ Banking
- ❖ Payment Centre
- ❖ System

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Objectives:

- ❖ Quotes
- ❖ Sales Orders
- ❖ Sales Invoices
- ❖ Proposals (Sage 50 Premium Accounting and above)
- ❖ Purchase Orders created automatically (Sales Order Related Transaction list only)
- ❖ Receipts
- ❖ Credit Memos

Tasks

Maintain Customers/Prospects

Quote

Sales Order

Sales/Invoicing

Receipt

Procedure

Set up customer

Print a proposal for sale of product or services

Order items for your customer

Enter an invoice for product or services

Apply a receipt payment against sales invoice or record cash sales

Creation of Customers & Balances

Client (Debtors)

Wembley Ltd

Alade& Sons Ltd

Brexit Holdings

Honda Nig Ltd

Utazi& Co

Osagie& Sons Ltd

Fidelity Bank

Netcom Enterprises

Opening Balances

500,000

120,000

325,000

675,000

1,000,000

352000

124000

13200

XYZ Received Money from the following parties

Wembley Ltd

200k

<i>Alade& Sons Ltd</i>	<i>130k</i>
<i>Brexit Holdings</i>	<i>320k</i>
<i>Honda Nig. Ltd</i>	<i>500k</i>
<i>Utazi& Co.</i>	<i>362k</i>

Before you begin using sage 50 to invoice customer, we recommend that you enter the amount of money that is owed to you. We refer to this amount as customer beginning balance. The beginning balance can be entered in lump sum or as individual invoices.

Creation of Vendors & Balances

- ❖ Update a vendor record
- ❖ Enter a purchase order
- ❖ Receive inventory and/or record a purchase invoice
- ❖ Make a payment for the purchase invoice
- ❖ Analyze payments to vendors

Tasks	Procedure
Maintain Vendors	Set up a vendor
Purchase Orders	Order items from your vendor
Purchase Invoice	Receive inventory or services and/or apply a purchase order to a purchase invoice
Payment	Apply a disbursement payment against the purchase invoice or record cash purchase

Creation of Vendors & Balances

<i>Samuel Orimisan</i>	<i>42,000</i>
<i>Asinobi Michael</i>	<i>1,100,000</i>
<i>Iweka Isaiah</i>	<i>86,500</i>
<i>AbimbolaAzeezat</i>	<i>250,000</i>
<i>Babatunde Emmanuel</i>	<i>427,000</i>
<i>MichaelineEnt.</i>	<i>45,000</i>
<i>Stanbic Ltd</i>	<i>450,000</i>

XYZ also made **PAYMENT** to the following parties:

<i>Samuel Orimisan</i>	<i>32k</i>
<i>Omolaraonbehalf of Asinobi Michael</i>	<i>1M</i>
<i>Iweka Isaiah</i>	<i>50k</i>
<i>AbimbolaAzeez</i>	<i>200k</i>
<i>BabatundeEmmanuel</i>	<i>400k</i>

Inventory & Services

Objectives:

- ❖ Inventory Item Default
- ❖ Set up an inventory item
- ❖ Use inventory with purchases
- ❖ Use inventory with sales
- ❖ Make adjustment to inventory levels
- ❖ Maintain item prices

Tracking Inventory Items:

You can track inventory items and assemblies in both purchasing and sales. When you set up an inventory item, you can establish the general ledger accounts to update with purchases and sales.

Types of inventory Items

There are several types of items you can see on Sage. These are called item classes.

- ❖ Non-Stock item
- ❖ Stock item
- ❖ Description Only
- ❖ Assembly
- ❖ Services
- ❖ Labor
- ❖ Activity Item
- ❖ Charge Item

Inventory & Stock Valuation

<u>Description</u>	<u>Qty</u>	<u>Cost per unit</u>	<u>S.P</u>
Honda Geneis	73	10,000	1750
Honda Civic	50	3,000	10,500
Jaguar	30	1,500	9,000
Toyota Corrola	55	8,000	15,500
Toyota Avalon	90	9,500	17,000
Opel	80	10,000	17,500
Nissan	70	7,500	15,000
Mercedes	65	9,000	16,500
Volkswagen	51	11,000	18,500

Payroll

Objectives:

- ❖ Maintain Employee
- ❖ Enter Paychecks
- ❖ Run a Payroll register

❖ *Analyze employee Earning*

Task

Employee Defaults

Maintain Employees/Sales Reps

Payroll Entry

Print Payroll Checks

Procedure

Set up Company Standard Payroll

Set up individual employees, pay rates, and special deduction

Enter paycheck information for specific pay period

Print employees paychecks

Employee Description

Daniel Ibeh

Tope Ajaiyi

Michael Obande

Momoh Dard

Stella Kuti

Afenifere Okah

Ambrose Okolie

Monthly Income (Gross)

120,000

105,000

85,000

50,000

35,000

65,000

74,500

EXERCISE

The business pays #2.6m to a landlord for a two year office rent.

You are required to determine the insurance expense to be charged to Profit and Loss Account.

A Business has just acquired equipment for #170k. It is expected to last for five years and have a residual value of #20k

	Cost	Acc. Depreciation	NetBook Value
Year 1	170,000	30000	140000
	170000	60000	110000
	170000	90000	80000
	170000	120000	50000
	170000	150000	20000

EXERCISE 1:

On January 2nd XYZ deposit 10m with Providus Mortgage Bank on fixed deposit for 3 months at interest rate of 2.5%. You are required to determine the appropriate journal entries.

EXERCISE 2:

General Journal contains transactions that establish and adjust account balances. It is used to transfer fund from one account to another or correcting journal entries.

While general ledger contains all journal transactions posted to the chart of accounts and keeps track of account balances

Steps:

1. From task menu, Select General Journal Entry
2. Select the transaction date and reference
3. Enter the GL account to Debit and Credit
4. Enter Description and amount for both debit and credit
5. Click Save to record this journal entry.

Petty cash received the sum of 150,000 via Zenith Bank. The following expenses were incurred in the course of operations:

Traveling expenses	12000
Local travel	1420
Telephone expenses	14200
Internet	18000
Loading & Offloading	4500
Printing & Stationeries	32000
Signage & Advert	800
Entertainment & Refreshment	1120
General Expenses	1700

EXERCISE 3:

Fund was transferred between Zenith bank and Access N1,000,000.
Apply General Journal Entry.

EXERCISE 4:

Drawings made by MD OdamOshomole for personal use #850k

Note: MD's Current A/c is MD's actual money while the MD's drawings are his expenditure account.

MD's drawings are used when he made expenses

EXERCISE 5:

Fund transfer between GT Bank and Stanbic/BTC 2m.

EXERCISE 6:

You advanced cash of 100k to a staff to incur an expense of unascertained sum. the staff is expected to make retirement upon incurrence. Let's assume that the staff later incurred an expense of 95k and retired 5k to you with relevant source document. How do you treat this?

SOLUTION

At initial

Dr. Staff GL A/c -100k
Cr. Bank/Cash A/c -100k

On retirement;

Dr. Expense A/c- 95k

Cr. Staff GL A/c -95k

Dr. Bank A/c– 5k

Cr. Staff GL A/c– 5k

EXERCISE 7:

What is the entries for the following

1. Purchase of PPE
2. Depreciation of PPE
3. Disposal of PPE

Before dealing with the above mentioned assets, first weigh the acquired asset in line with your policy and see if it meets your threshold;

Dr. PPE

Cr. Asset Clearing

At the depreciation Leg;

Dr. Depreciation

Cr. Provision for depreciation

On disposal;

Dr. Bank

Cr. PPE GL Alc

On loss on disposal;

Do the reversal

EXERCISE 8:

XYZ Purchased the following Asset:

Motor Vehicle	2m
Furniture & Fittings	1.2m
PP&E	3.5m
Building	1.8m

EXERCISE 9:

- ✓ How do I pass entries when I purchase inventory stock items?
- ✓ What are the two sets of disbursements that takes place when you sell inventory stock items?
- ✓ List out Sage-50 Financial Item Classes

✓ In Sage -50 Financials, why do you carry out monthly stock adjustment?

SOLUTION:

First, you must understand that withholding tax is known as tax withheld at the source. Buyers are required to withhold a portion of the balance due on invoices and pay the portion directly to the tax authority. Then either the buyer or tax authority provides certificate of payment of withheld amount to the seller.

Withholding Tax for major contractor is 10%

Withholding Tax for minor contractors is 5%

Example: XYZ invoices Brilliant industries for advertising design services worth 20k. In this case, no tax is due directly on the design services, but 10% must be withheld by the customer as against the expected income tax.

1st Entry:

Debit:	Account Receivable	18000
Credit:	Withholding Tax Receivable	2000

2nd Entry: WHT when finally remitted to tax authority

Debit:	Tax Expenses
Credit:	WHT Receivable

WHT Payable:

Debit:	WHT Payable
Credit:	WHT Account Payable

When you remit all deductions to tax authorities

Debit:	WHT Payable Account
Credit:	Bank

EXERCISE 10:

VALUE ADDED TAX (VAT)

When goods are sold

Debit:	Account Receivable
Credit	Revenue
Credit	Vat Account

When Goods are Purchased

Debit	Purchases
Credit	Vat Account
Credit	Account payable

When we pay Vat to Government

Debit	VAT Account
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What is the entries for the following:

- 1) Purchase of PPE
- 2) Depreciation of PPE
- 3) Disposal of PPE

On acquisition:

Cr-- vendor GL
Dr --asset clearing

On payment:

Dr-- vendor gl
Cr-bank

On profit on disposal;

Cr- other income/ profit on disposal of asset

On loss on disposal;

Do d reversal

PREPAYMENT ACCOUNT USING JOURNAL OR PURCHASES/RECEIVED INVENTORY

Prepaid expense is expense paid in advance but which has not yet been incurred.

Expense must be recorded in the accounting period in which it is incurred. Therefore, prepaid expense must be not be shown as expense in the accounting period in which it is paid but instead it must be presented as such in the subsequent accounting periods in which the services in respect of the prepaid expense have been performed.

ABC LTD paid in advance rent to its landowner for N2, 500,000 on 31st December 2018 in respect of office rent for the following year. ABC LTD has an accounting year end of 31st December 2018.

ABC LTD will recognize an asset of N2, 010,000 in the financial statements of year 2010 in respect of the prepaid expense to recognize its right to use office space in the following year. Following accounting entry will be recorded in the books of ABC LTD in the year 2010:

Debit	Prepaid Rent	N2,010,000
Credit	Cash/Bank	N2,010,000

The prepaid expense will be recognized as expense in the next accounting period to which the rental expense relates. Following accounting entry will be recorded in the year 2019:

Debit	Rent Expense (Income Statement)	<i>N167,500</i>
Credit	Prepaid Rent	<i>\$167,500</i>

Prepaid Income

Prepaid income is revenue received in advance but which is not yet earned.

Income must be recorded in the accounting period in which it is earned. Therefore, prepaid income must not be shown as income in the accounting period in which it is received but instead it must be presented as such in the subsequent accounting periods in which the services or obligations in respect of the prepaid income have been performed.

Entity should therefore recognize a liability in respect of income it has received in advance until such time as the obligations or services that are due on its part in relation to the prepaid income have been performed. Following accounting entry is required to account for the prepaid income:

Debit	Cash/Bank
Credit	Prepaid Income (Liability)

Example

ABC LTD receives advance rent from its tenant of N10, 000 on 31st January 2018 in respect of office rent for the following year. ABC LTD has an accounting year end of 31st December 2010.

ABC LTD will recognize a liability of N10, 000 in the financial statements of year 2018 in respect of the prepaid income to acknowledge its obligation to make the office space available to the tenant in the following year. Following accounting entry will be recorded in the books of ABC LTD in the year 2018:

Debit	Cash/Bank	<i>N10,000</i>
Credit	Prepaid Rent Income (Liability)	<i>N10,000</i>

The prepaid income will be recognized as income in the next accounting period to which the rental income relates. Following accounting entry will be recorded in the year 2019:

Debit	Prepaid Rent Income (Liability)	<i>N10,000</i>
Credit	Rent Income (Income)	<i>N10,000</i>

Accrued Expense

Accrued expense is expense which has been incurred but not yet paid.

Expense must be recorded in the accounting period in which it is incurred. Therefore, accrued expense must be recognized in the accounting period in which it occurs rather than in the following period in which it will be paid.

As expense will be debited to record the accrued expense, a corresponding payable must be created to account for the credit side of the transaction. The accounting entry to record accrued expense will therefore be as follows:

Debit	Expense (Income Statement)
Credit	Expense Payable (Balance Sheet)

Example

ABC LTD pays loan interest for the month of December 2010 of N10, 000 on 3rd January 2011. ABC LTD has an accounting year end of 31st December 2010.

ABC LTD will recognize interest expense of N10, 000 in the financial statements of year 2010 even though it was paid in the next accounting period as it relates to the current period. Following accounting entry will need to be recorded to account for the interest expense accrued:

Debit	Interest Expense	<i>N10,000</i>
Credit	Interest Payable	<i>N10,000</i>

and the date of payment of interest (i.e. 3rd January of the next year) following accounting entry will need to be recorded in the subsequent year:

Debit	Interest Payable	<i>N10,000</i>
Credit	Bank	<i>N10,000</i>

Accrued Income

Accrued income is income which has been earned but not yet received.

Income must be recorded in the accounting period in which it is earned. Therefore, accrued income must be recognized in the accounting period in which it arises rather than in the subsequent period in which it will be received.

As income will be credited to record the accrued income, a corresponding receivable must be created to account for the debit side of the transaction. The accounting entry to record accrued income will therefore be as follows:

Debit	Income Receivable (Balance Sheet)
Credit	Income (Income Statement)

Example

ABC LTD receives interest of N10,000 on bank deposit for the month of December 2010 on 3rd January 2011. ABC LTD has an accounting year end of 31st December 2010.

ABC LTD will recognize interest income of N10,000 in the financial statements of year 2010 even though it was received in the next accounting period as it relates to the current period. Following accounting entry will need to be recorded to account for the interest income accrued:

Debit	Interest Income Receivable	N10,000
Credit	Interest on Bank Deposit (Income)	N10,000

On the date of receipt of interest (i.e. 3rd January of the next year) following accounting entry will need to be recorded in the subsequent year:

Debit	Bank	N10,000
Credit	Interest Income Receivable	N10,000

I. MAINTAIN/SET UP SETTINGS

Creation of Ledgers & Bal.

Creation of Customers & Bal.

Creation of Vendors & Bal.

Budgeting & Projection

Project Mgt. & Job Costing

Human Resource Mgt.

Inventory & Stock Valuation

VAT Settings

V. EVALUATION OF FINANCIAL REPORTS

Financial Statement Categories

a. Cash Flow Statement

b. Income Statement

c. Balance Sheet

d. Revenue & Expenditure A/c

Customer Reports

a. Cash Receipt Journal

b. Customers Ledgers

c. Customer Transactions History

d. Aged Receivables and more.....

Vendor Reports

Users' Security

II. TRANSACTIONS

Invoice Transactions

Quotations/Sales Orders

Product Sales Transactions

Service Sales Transactions

Collection Of Debtors Balances

Credit Purchase Transactions

Product Purchase Transactions

Service Purchase Transactions

Payment Of Creditors Balances

1. *Purchase Orders*

1. *Sales/Purchases Returns*

2. *General Journal Transactions*

3. *Project Revenue Transactions*

4. *Project Expenditure Transactions*

5. *Payment Of Salaries*

6. *Stock Adjustments*

7. *Account Reconciliation*

8. *Internal Accounting Review*

9. *Closing of Financial Year*

III. FINANCIAL MANAGEMENT

Ratio Analysis

Operational Analysis

Cash Management

IV. DOCUMENTS CUSTOMIZATION/DESIGN

Sales Invoice Form Design

Receipt Form Design

Form Alignment

Logos & Images

a. *Vendor Ledgers*

b. *Cash Disbursements Journal*

c. *Aged Payables*

d. *Purchase Journal*

e. *Vendor Transactions History*

Project Reports

a. *Project Profitability Report*

b. *Project Ledgers*

c. *Job Retainage Report*

d. *Work In Progress Report*

Stock/Inventory Reports

a. *Stock Status Report*

b. *Stock Profitability Report*

c. *Stock Valuation Report*

d. *C.O.G.S Journal*

Human Resource Reports

a. *Payroll Journal*

b. *P.A.Y.E Reports*

c. *Tax Liability Reports*

d. *Current Earnings Report*

VI. DOCS & REPORTS PRINTING

Printing Options

Microsoft Excel Navigation

PDF Navigation

VII. DATA SECURITY

Manual Back up/Restore

Online Back up/Restore

VIII. TRAINING PRAC./CASE STUDY

Class works during training will cover:

Oil & Gas Financial operations

Manufacturing Financial operations

Construction Financial operations

Project Management

General business Fin. Operations and more.....