

Building an Account In Sage 50 Complete Accounting Section 0112A

Presentation Objectives

The goal of this section is to present the following concepts to the reader.

1. An introduction into the types of accounts within Sage 50 Complete Accounting.
2. The pre account creation decisions.
3. An introduction into utilizing the Maintain Chart of Accounts dialog box to create an account.
4. An introduction to verifying if an account has been created or is available for use.
5. An introduction to Chart of Accounts Report and using it to verify if an account has been created or is available for use.
6. An introduction to making an account inactive or active.
7. An introduction to adjusting or correcting the setup of an account.

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Types of Accounts

With basic, pencil and paper or textbook accounting you have several options for account types. The account type specifies where the account and value will be presented in the financial statements. With basic, pencil and paper or textbook accounting you determine manually where the accounts are presented and how the values are presented. There are some options in account types with basic, pencil and paper or textbook accounting, they include:

Option #1

Assets,	Liabilities, and	Owners' Equity
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One of the nice things about this presentation is it matches both the Accounting Equation of $\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$ and the balance sheet, which in the book format, has assets on the left and liabilities and owners' equity accounts on the right, correlating strongly to the Accounting Equation. The issue with this presentation is that the revenue, expense, and dividend accounts are hidden. So some textbooks expend this presentation to this.

Assets	Liabilities	Owners' Equity
		+ Preferred Stock
		+ Common Stock
		+ Retained Earnings
		+ Revenues
		- Expense
		- Dividends

As you get deeper into accounting you will find that you have adjunct accounts, those with increase the value of their control or principal account, and contra accounts, those which decrease the value of their control or principal accounts. With these added you could end up with the following structure.

Assets

- + Assets
- Allowance for Doubtful Accounts
- Accumulated Depreciation
- + Premium on Bonds Receivable
- Discount on Bonds Receivable

Liabilities

- + Accounts Payable
- + Premium on Bonds Payable
- Discount on Bonds Payable

Owners' Equity

- + Preferred Stock
- + Additional Paid-in Capital – P/S
- + Common Stock
- + Additional Paid-in Capital – C/S
- Treasury Stock
- + / - + Add'l Paid-in Capital – T/S
- + Retained Earnings
- + Revenues
- Expense
- Dividends

Computerized accounting applications, such as Sage 50 Complete Accounting, must follow hard, firm stated rules. Here is Sage 50 Complete Accounting's account type options.

Cash	Long Term Liabilities
Accounts Receivable	
Inventory	Equity-doesn't close
Other Current Assets	Equity-Retained Earnings
Fixed Assets	Equity-gets closed
Accumulated Depreciation	
Other Assets	Income
Accounts Payable	Cost of Sales
Other Current Liabilities	Expense

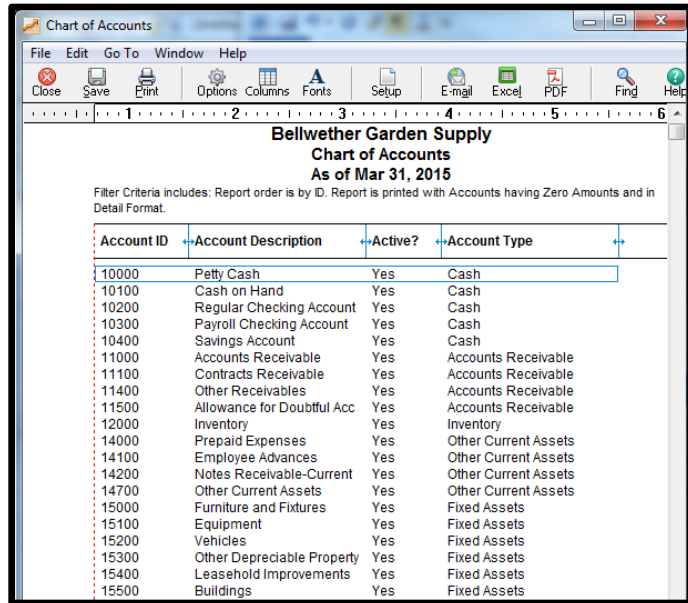
The purpose of these classifications is specific to how Sage 50 Complete Accounting will handle the values. It will place all accounts with the classification of cash, accounts receivable, inventory, other current assets, fixed assets, accumulated depreciation, or other assets in the asset portion of the balance sheet. It will place all accounts with the classification of accounts payable, other current liabilities, or long term liabilities in the liabilities section of the balance sheet. It will list all income, cost of sales (cost of goods sold), and expense accounts on the income statement.

I sidestepped the equity accounts for a reason. Sage 50 Complete Accounting handles accounts as you set them up. Contributed capital accounts must be classified as equity-doesn't close while dividends must be classified as equity-gets closed. In the process of manipulating values associated with the income, cost of sales, expense, and dividend accounts Sage 50 Complete Accounting will close the income, cost of sales, and expense accounts to the Income Summary account then transfer that value to the Retained Earnings, an equity-doesn't closed account. Then, in proper sequence Dividends, established as an Equity-Gets Closed account, are closed to Retained Earnings.

So Sage 50 Complete Accounting is going to 1) display accounts by how you classify them, not name them, and 2) it is going to close them by how you classify them, not name them.

Pre Account Creation Decisions

The screen provided here is the default chart of accounts for the Sage 50 Complete Accounting sample company of Bellwether Garden Supply. Four items need to be decided before you start creating a new account. An account number, an account description, whether the account is active or inactive, and the account type.

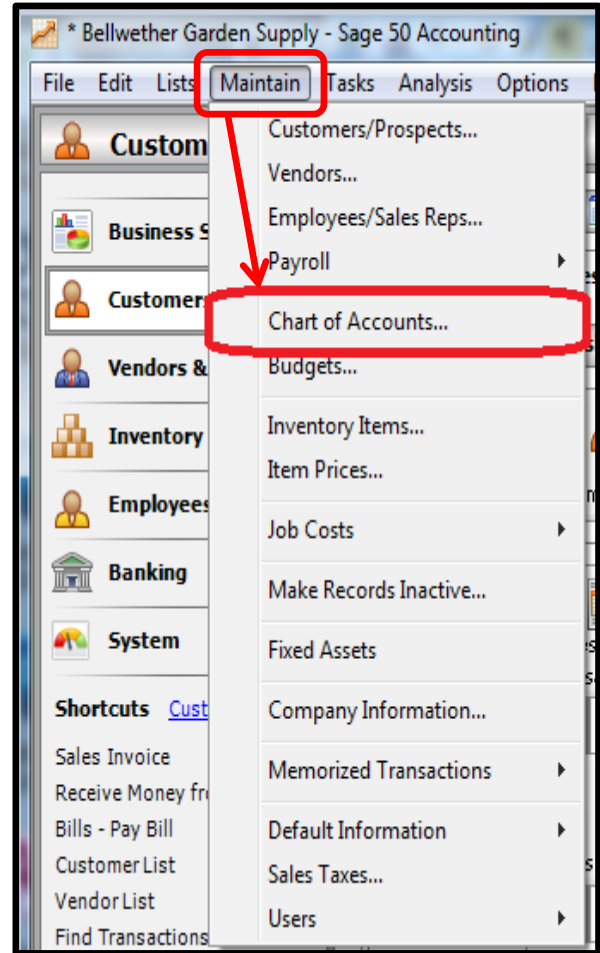


Account ID	Account Description	Active?	Account Type
10000	Petty Cash	Yes	Cash
10100	Cash on Hand	Yes	Cash
10200	Regular Checking Account	Yes	Cash
10300	Payroll Checking Account	Yes	Cash
10400	Savings Account	Yes	Cash
11000	Accounts Receivable	Yes	Accounts Receivable
11100	Contracts Receivable	Yes	Accounts Receivable
11400	Other Receivables	Yes	Accounts Receivable
11500	Allowance for Doubtful Acc	Yes	Accounts Receivable
12000	Inventory	Yes	Inventory
14000	Prepaid Expenses	Yes	Other Current Assets
14100	Employee Advances	Yes	Other Current Assets
14200	Notes Receivable-Current	Yes	Other Current Assets
14700	Other Current Assets	Yes	Other Current Assets
15000	Furniture and Fixtures	Yes	Fixed Assets
15100	Equipment	Yes	Fixed Assets
15200	Vehicles	Yes	Fixed Assets
15300	Other Depreciable Property	Yes	Fixed Assets
15400	Leasehold Improvements	Yes	Fixed Assets
15500	Buildings	Yes	Fixed Assets

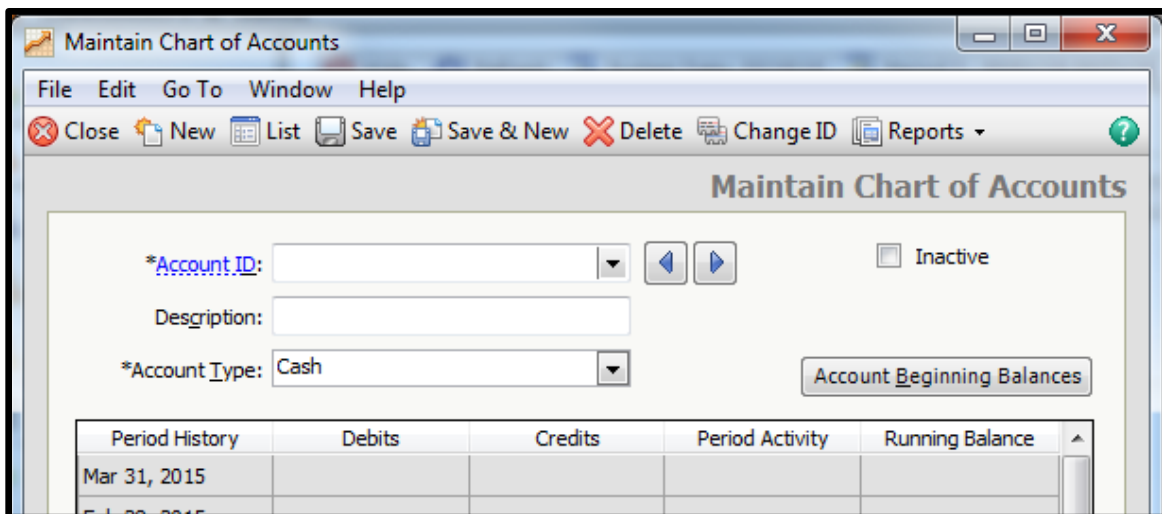
We are going to add an account to document the sales representative's debit card, which is used during sales calls. Debit cards require a prepayment of cash and the maintenance of a positive balance so the account will be classified as a Cash account. As an accurate, descriptive title the decision is "Sales Rep Debit Card." The account will be active. So the number is the last issue. As a Cash account it should be in the 10000 range. With the Cash on Hand account being 10100 and the Regular Checking Account being 10200 the decision is to insert this account as 10150, between Cash on Hand and the Regular Checking Account.

Entering the Maintain the Chart of Accounts Dialog Box

Accounts are created, maintained, made active or inactive, and deleted through the Maintain Chart of Accounts dialog box. To open the Maintain Chart of Accounts click on Maintain in the menu bar than click on Chart of Accounts in the associated drop-down menu.

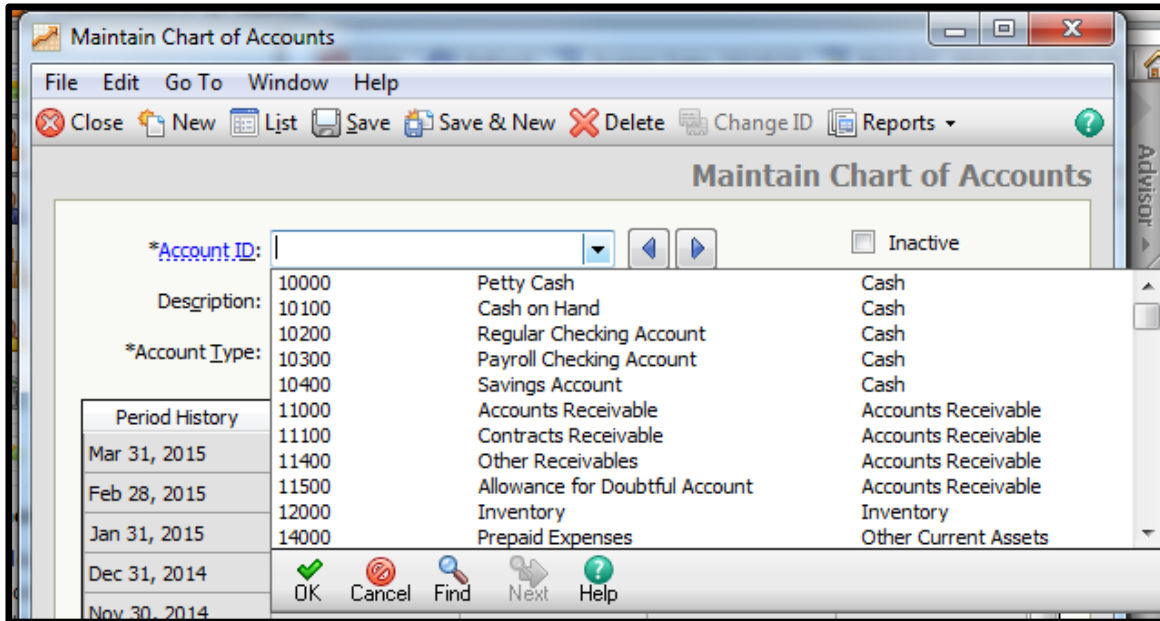


And Sage 50 Complete Accounting will present the Maintain Chart of Accounts dialog box, shown here.

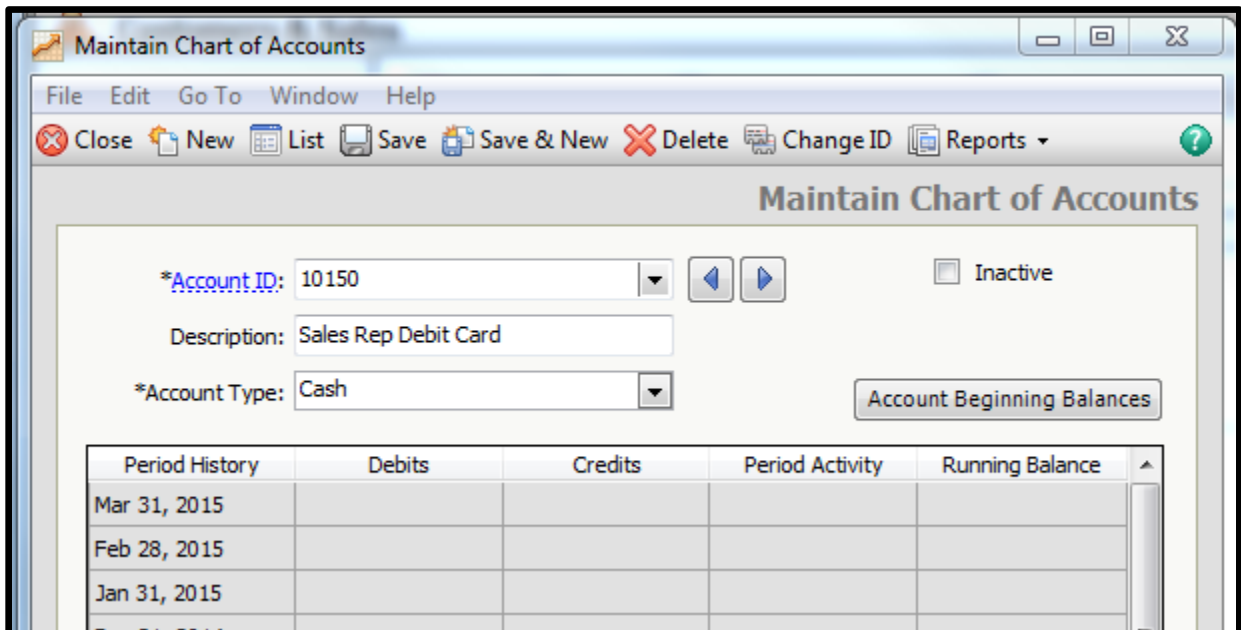


Entering the Account ID and Description

When you click into the Account ID cell Sage 50 Complete Accounting will usually present you with the current listing of accounts as shown here. As you type in 10150 into the Account ID cell Sage 50 Complete Accounting is going to start highlighting matching numbers until you have entered the “1015” sequence. There is no match so no existing accounts will not be highlighted. This is an aid to keep you from trying to overwrite an existing account.

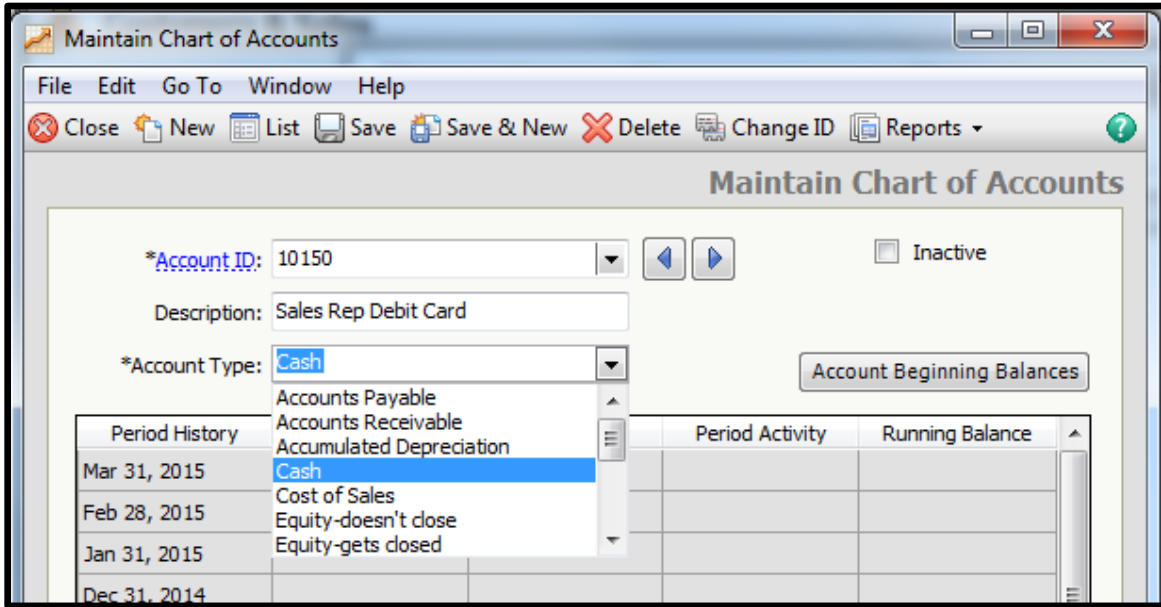


Enter the Account ID, the Description, Sales Rep Debit Card as shown here.



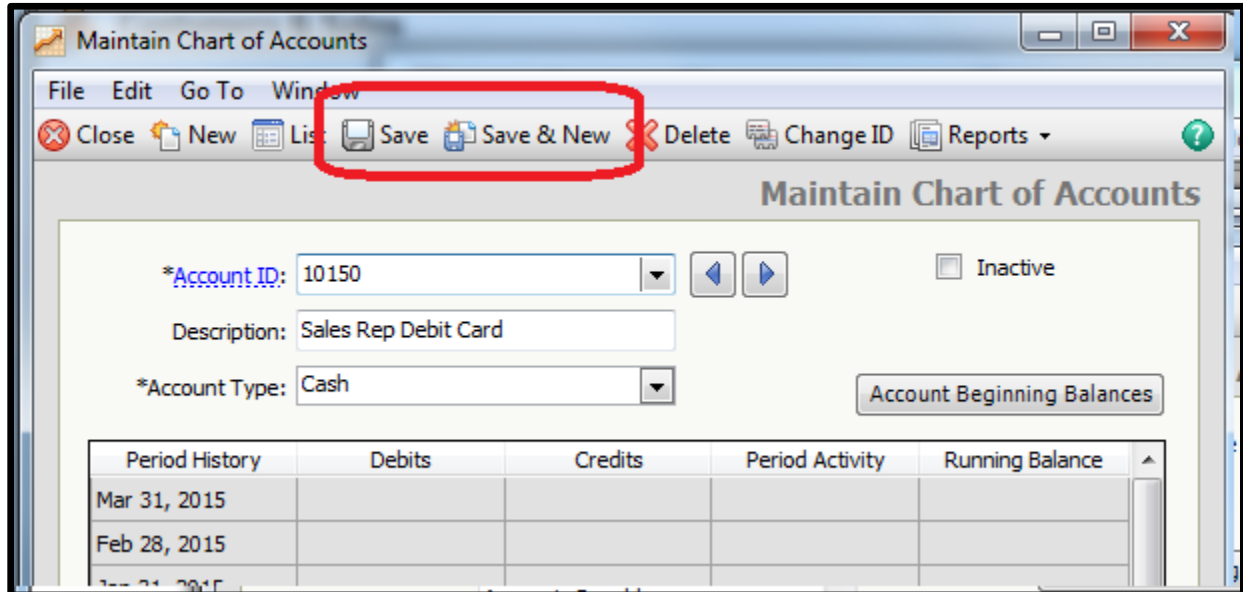
Selecting the Account Type

Sage 50 Complete Accounting defaults to the Account Type of Cash. However, you need to ensure that Cash is selected, as shown here, out of good practice policies.



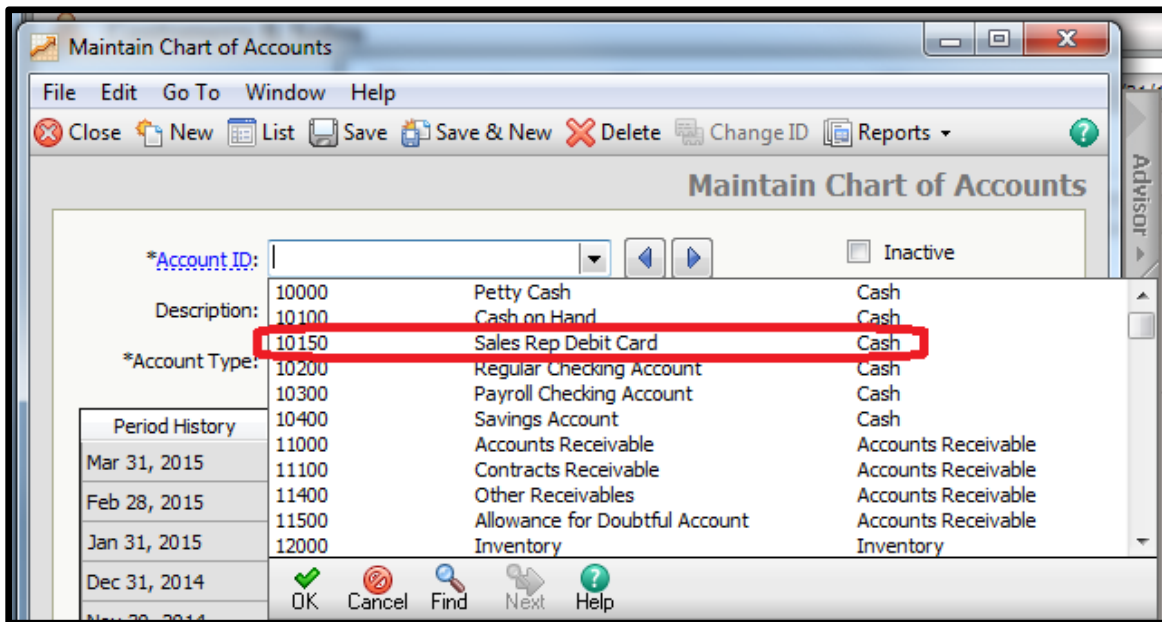
Saving the New Account

With the Account ID of 10150, the Description of Sales Rep Debit Card entered, and the Account Type set to Cash, as shown in the following screen print, you have two options. If you click on “Save” Sage 50 Complete Accounting will save and establish the account as entered and the screen will not change. If you click on “Save & New” the account will be established and the Account ID, Description, and Account Type cells will be emptied awaiting the next account.



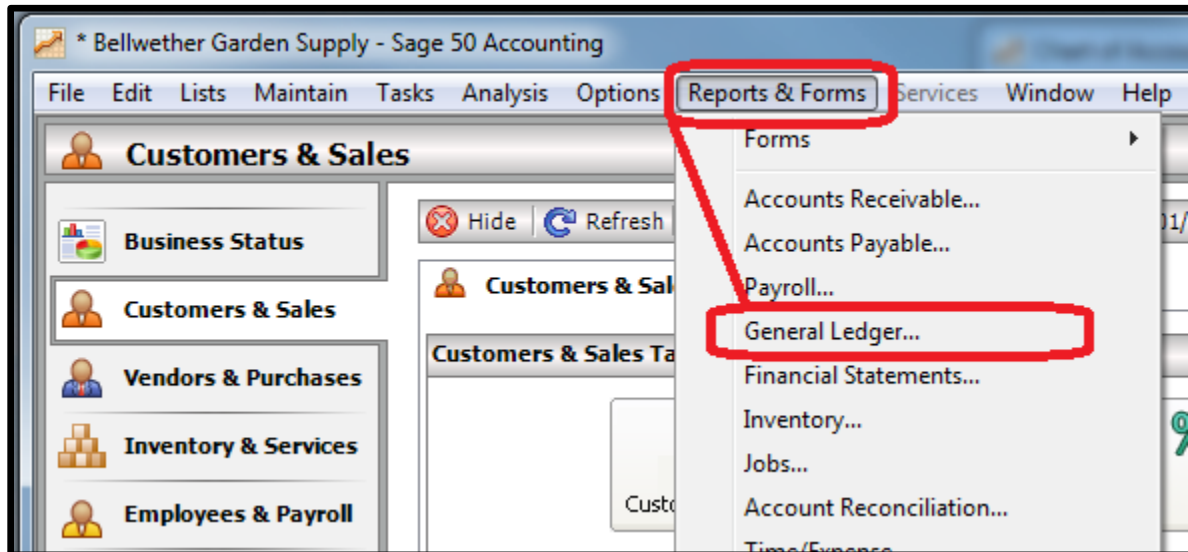
Within the Maintain Chart of Accounts Dialog Box is the Account Established?

One of the ways you can check to see if the account was created is to check it in the Maintain Chart of Accounts dialog box. By clicking into the Account ID cell and then clicking on the down arrow to the right of the cell you will see the first portion of the chart of accounts. If we had created an account not visible we could scroll down using the scroll bar to the right. You can also use the left and right arrows to the right of the Account ID cell to move through the accounts one at a time.

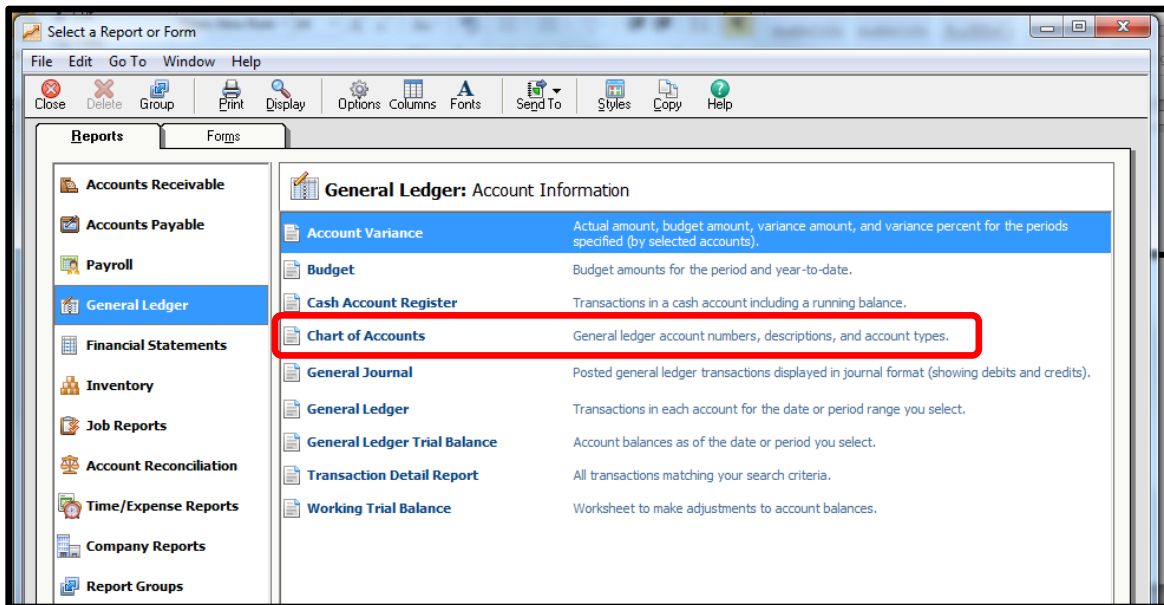


Within the Chart of Accounts Report is the Account Established?

All of the accounts are listed in a report accessed by clicking on Reports & Forms on the Menu bar and then clicking on General Ledger.



This path brings up the Select a Report or Form dialog box. From this pop-up dialog box you can attain the chart of account by double-clicking on the Chart of Accounts option.



A portion of the chart of accounts for Bellwether Garden Supply, with our new account, is shown here. From the task bar you have icons which will send the chart of accounts to numerous other destinations such as a PDF file, a Microsoft Excel workbook, an installed printer, or to an e-mail account.

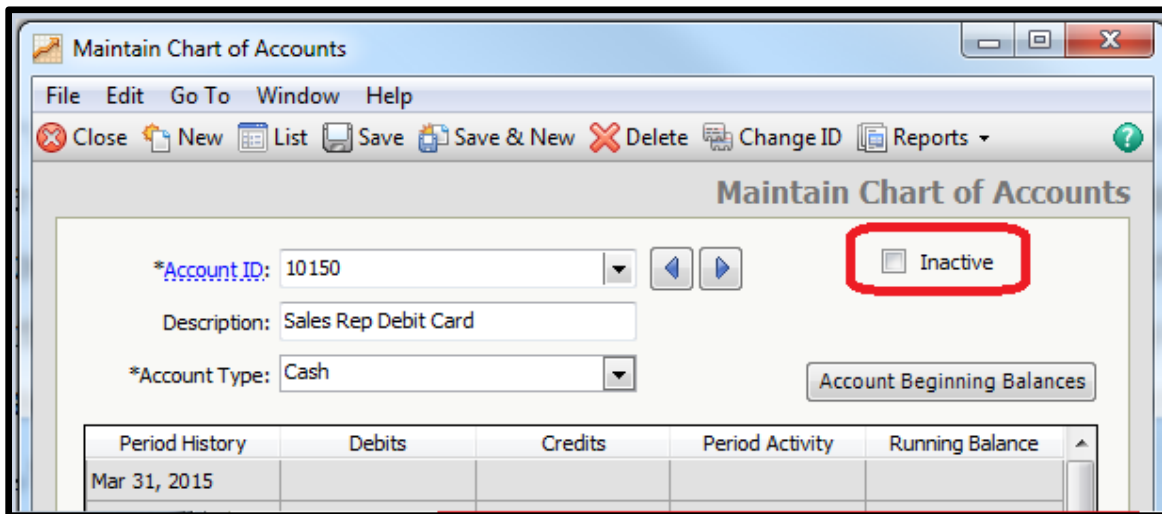
Bellwether Garden Supply
Chart of Accounts
As of Mar 31, 2015

Filter Criteria includes: Report order is by ID. Report is printed with Accounts having Zero Amounts and in Detail Format.

Account ID	Account Description	Active?	Account Type
10000	Petty Cash	Yes	Cash
10100	Cash on Hand	Yes	Cash
10150	Sales Rep Debit Card	Yes	Cash
10200	Regular Checking Account	Yes	Cash
10300	Payroll Checking Account	Yes	Cash
10400	Savings Account	Yes	Cash
11000	Accounts Receivable	Yes	Accounts Receivable
11100	Contracts Receivable	Yes	Accounts Receivable
11400	Other Receivables	Yes	Accounts Receivable
11500	Allowance for Doubtful Acc	Yes	Accounts Receivable
12000	Inventory	Yes	Inventory

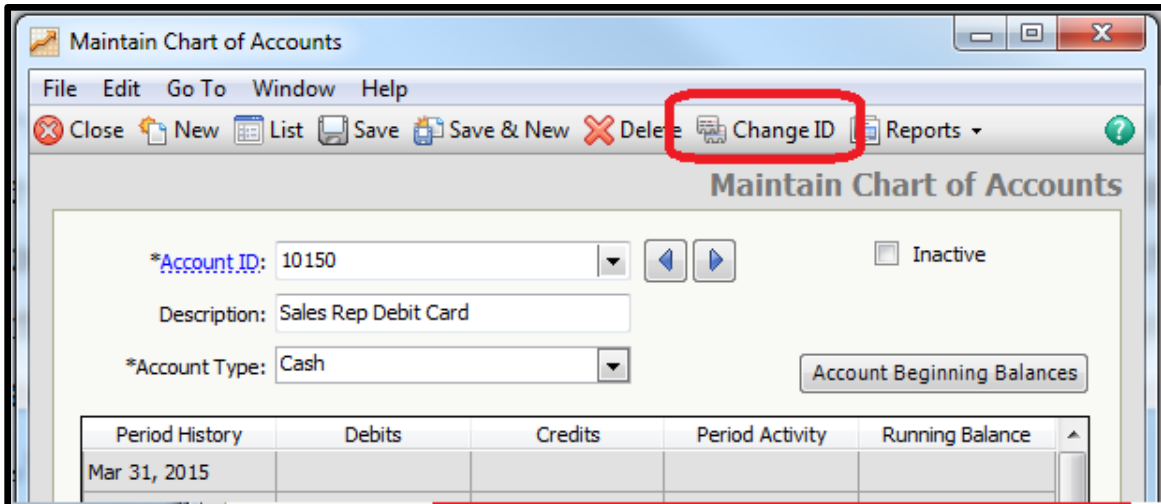
Making an Account Inactive or Active

To make an account inactive is different than deleting an account. Accounts with any history cannot be deleted. Almost account can be made inactive which simply stops further entries from being made to it. Access the account you would like to make inactive through the Maintain Chart of Accounts dialog box. When it is selected, such as our new Sales Rep Debit Card account. When it is selected simply click into the “Inactive” box and then save the account. To reactivate the account, select it through the Maintain Chart of Accounts dialog box, remove the checkmark in Inactive by clicking on it, and save the account.



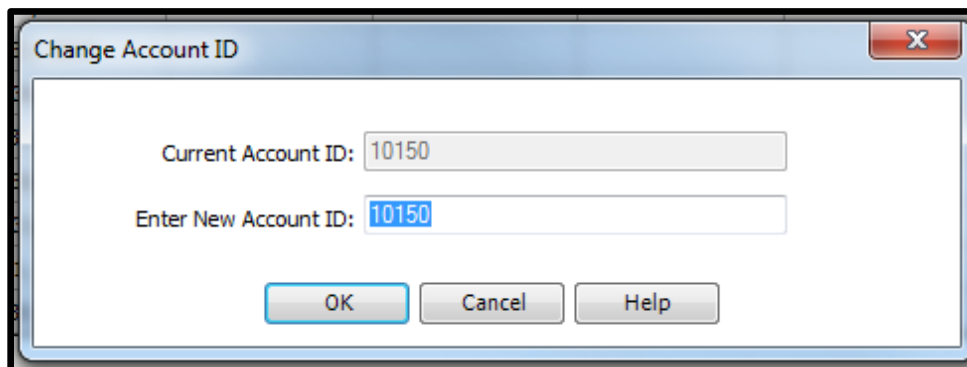
Adjusting or Correcting the Setup of an Account

Sage 50 Complete Accounting allows you to adjust or correct most accounts after they are set up. Assume that you want to change the Account ID for better placement. With the account selected in the Maintain Chart of Accounts dialog box, as shown for our Sales Rep Debit Card account, click on Change ID.



And Sage 50 Complete Accounting presents the Change Account ID dialog box as shown here. It shows the Current Account ID. Enter the new Account ID in the Enter New Account ID cell and click on OK. To cancel the operation, click on Cancel.

Note: Remember that Sage 50 Complete Accounting places accounts in the financials and handles closings by Account Type, not Account ID. So changing the Sales Rep Debit Card Account ID into the 2XXXX series, normally liabilities, does not make it a liability account. That is done by changing the Account Type to Accounts Payable, Other Current Liabilities, or Long Term Liabilities.



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