Chapter One
Introduction to Sage 50 Accounting

After installation of Sage 50 Accounting Software to your computer, you are ready to start running your business with Sage 50. Your remaining tasks will be:

1. Creating Your Company
2. Set Up Your Company
3. Run Your Company
4. Analyzing Your Company

The following tables offer more details about the workflow of your remaining tasks in setting up your system

1. Creating Your Company

Business Types	Select from over 70 samples, or create your own
Accounting Method	Cash or Accrual
Posting Method	Batch or Real-Time
Accounting Period	Define up to 26 periods

2. Setting Up Your Company

General Ledger	Beginning Chart of Accounts balances
Customers	Default information, Vital information, Beginning balances and Open invoices
Vendors	Default information, Vital information, Beginning balances and Open purchases
Employees	Default information, Vital information, and Beginning balances

3. Running Your Company

General Ledger	Journal entries, Bank reconciliation…..
Customers	Quotes, Sales orders, Invoices, Receipts, Credit memos, Statements……
Vendors	Purchase orders, Payments, Checks, Credit memos…..
Employees	Paychecks…….

4. Analyzing Your Company

| General Ledger	Financial Statements and other reports
Customers	Aged receivables, invoice register, sales backorder, and other repots
Vendors	Aged payables, cash requirements, check register and other reports
Employees	Current earnings, exceptions, quarterly earnings, and other reports

Starting the Program

There are several ways to open Sage 50

- **From the Taskbar**
  Select **Start** – Select **Program** – Select **Sage 50 Accounting 2013** - Click **Sage 50 Accounting 2013** icon
- **From the Desktop**
  Double-click **Sage 50 Accounting 2013** icon

The Start Screen

Once you start Sage 50, the **Start Screen** appears, giving you options for proceeding
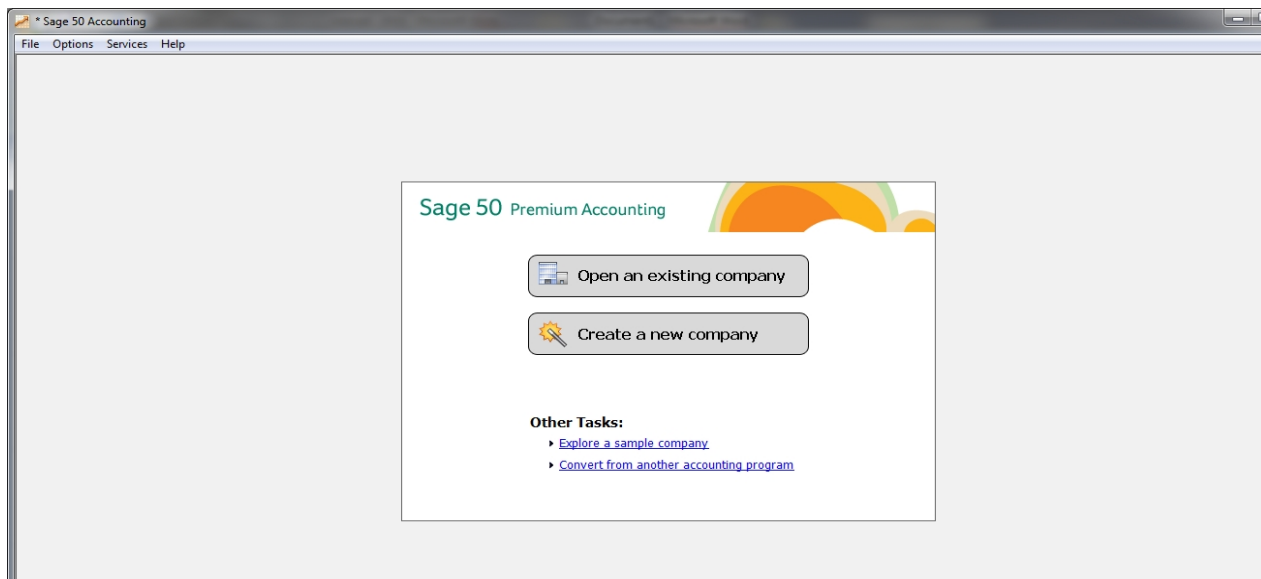
Starting with Last-opened Company

If you want to start with last open company when you start the Sage 50 then you need to Click **Option** – and check **Start with last Opened Company.** If you uncheck this option, Sage 50 displays the start screen when launched.

How to Create a New Company

Click **Create a New Company** button – Click **Next** button – Enter the **Company Information –** Click **Next** button – Select a method to create your company – Select **Sample Business Type –** Click **Next** button – Select a **Business Type** (Simplified Types / Detailed Types) – Select **Retail Company –** Click **Next** button – Choose an Accounting Method – Select **Accrual** – Click **Next** button – Choose a Posting Method – Select **Real Time** – Click **Next** button – Choose an Accounting Period Structure – Select **12 month** – Click **Next** button – Choose a First Period of your Financial Year – **Month** (January) and **Year** (2013) – Click **Next** button – Click **Finish** button

Business Types:

This defines the type of business you run. When creating a new company in Sage 50, you are prompted for the form of business you operate (Business Type). Based on the choice you make, Sage 50 creates certain <u>equity accounts</u> needed by each business type. Following types of businesses are available for selection

- **Corporation** -This is a business that is owned by a few persons or thousands of persons and is incorporated under the laws. It is a body formed and authorized to act as a single entity and is legally endowed with various rights and duties including the capacity of succession.

- **S Corporation**-This is a type of corporation that, for federal tax purposes (in most states), may be taxed as a partnership provided certain requirements are met. There are certain limitations that restrict this election typically to small businesses. These are limits on the number of shareholders, the types of shareholders, the classes of stock issued, and other restrictions. Consult your tax accountant if you're considering a switch to this form of business.

- **Partnership**-This is a business owned by two or more persons associated as partners. The partners have joint control over operations and the right to share in profits.

- **Sole Proprietorship**-This is a business owned by a single individual and often managed by that same individual. A person who does business for himself or herself is engaged in the operation of a sole proprietorship. Many small service businesses such as doctors, lawyers, barbers, electricians, and small retail establishments are sole proprietorships. This is the simplest form of business. The owner is the business.

- **Limited Liability Company**-This is an unincorporated association of two or more persons (partners, corporations, and other business entities) whose members have limited personal liability for obligations or debts of the company. Similar to corporations, a limited liability company shields the assets of owners and investors from liability claims. It is classified as a partnership for federal tax purposes. If the company has more

corporate characteristics, it may be taxed as a corporation. And, state taxation varies state by state.

Accounting Methods:

- **Accrual Accounting:** Income is recorded as you invoice customers, and expenses are recorded when you receive bills from vendors, regardless of when cash is actually exchanged. This presents a truer picture of income and expenses. Most companies use this method.

- **Cash-Basis Accounting:** Income is recorded when cash (checks, money orders, or currency) is received, and expenses are recorded when paid. However, unpaid credit sales and purchases do not show on ledgers, which can present a misleading picture of income and expenses.

Posting Methods:

- **Real-Time Posting:** Transactions are posted to the journals and the general ledger as they are entered and saved. This method can save you time and is best for most business and network environments. Most companies use this method.

- **Batch Posting:** Transactions are saved by the program and then posted in a group. When you use batch posting, you can print registers and check the batch of transactions before posting them to the journals. You can switch posting methods at any time.

Accounting Period Structure:

- **12 monthly accounting periods:** Each accounting period's starting and ending dates match those of the 12 calendar months. You can choose to start your fiscal year in January or any other month of the year. Most companies follow this fiscal year structure.

- **Accounting periods that do not match the calendar months:** Choose this option if you want to set up a custom fiscal year structure. For example, you may want four accounting periods per year or possibly 13 four-week accounting periods per year.
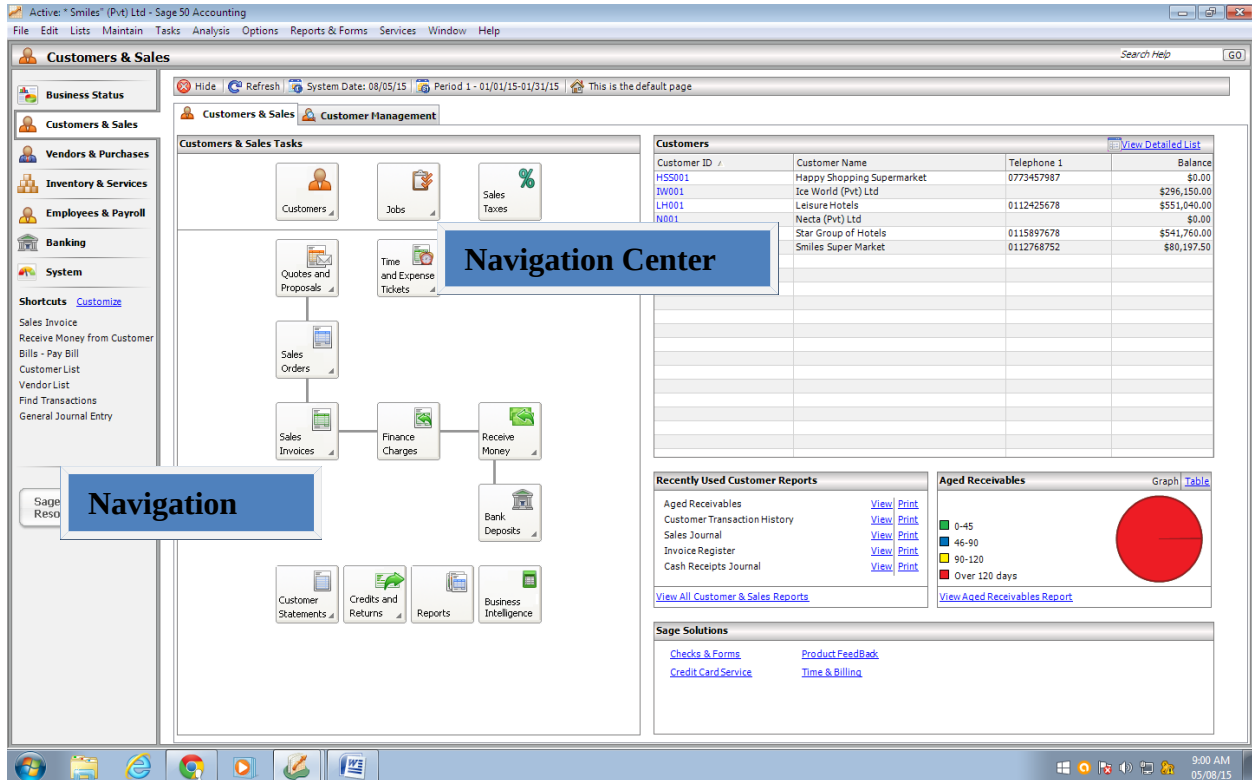
The Sage 50 Desktop Window:
There are two methods of navigating available from the desktop:
- **Menu Bar** – which provides drop-down lists of options

- **Navigation Bar**- provides entry to the Navigation Centers. **Navigation Centers**- provide useful, at glance information about areas of Sage 50. It also features a group of Shortcuts, links to Sage 50 functions.


The Menu Bar

At the top of the window is the menu bar. It consist of 11 menu buttons

File	The File menu is used to set up and open companies within Sage 50. It is the corridor for interfacing with printers, previewing a form before it prints, backing up and restoring, and importing or exporting information. You also use it to archive your company data, as well as verify company data and update payroll tax tables.
Edit	Use the Edit menu to work with information in records, transactions, reports, or forms.
Lists	Use the Lists menu to call up lists of records or transactions. From the List window, you can view balances, do searches, and open records or transactions.
Maintain	Use the Maintain menu to set up and change information about your customers, vendors, employees, chart of accounts, inventory items, item prices, jobs, company, Sage 50 operational defaults, memorized transactions, sales taxes, and

	user security.
Tasks	Allows you to perform all of your daily tasks in Sage 50, as well as to carry out system tasks like changing accounting periods
Analysis	Use the Analysis menu to examine different aspects of your business using the Sage 50 Managers: Cash Manager, Collection Manager, Payment Manager, and Financial Manager.
Options	Allows you to set global performance for a company and to change the system date
Reports & Forms	Use the Reports & Forms menu to print reports, forms, and financial statements, as well as designing them. You can also create report groups and customize report styles.
Services	Use the Services menu to access and synchronize with various Sage 50 Web resources and manage or process downloaded Web transactions.
Window	Use the Windows menu to decide how you want your desktop to look.
Help	Use the Help menu to answer questions you may have on Sage 50 and to get information about Sage 50 products and services.

Navigation Bar:

The Navigation Bar is on the left side of the Sage 50 Desktop. It has a series of icons that represent individual Navigation Centers, such as Customers & Sales. Click an icon, and you will see the Navigation Center corresponding to it. (In Peachtree First and Peachtree Pro, you won't see the **Business Status** icon; the Business Status Center won't be available).
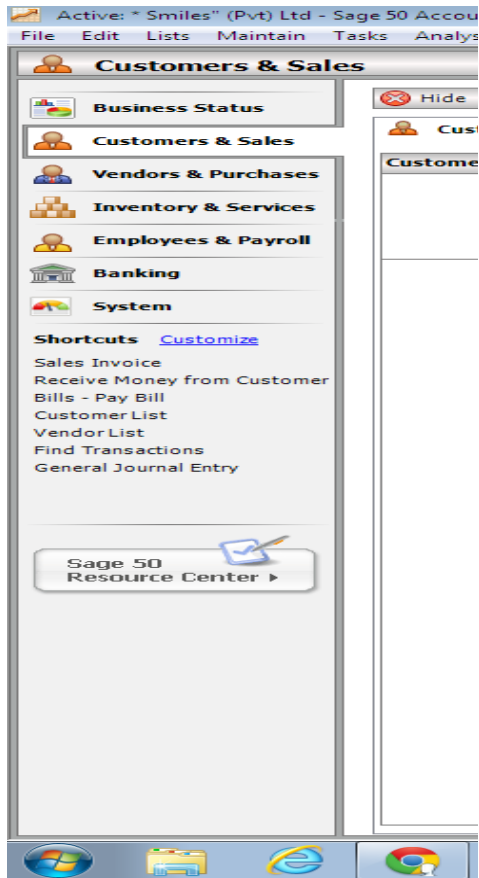
Shortcuts:

The Navigation Bar also displays a number of Shortcuts, which are links to Sage 50 functions that you use on a regular basis. When you first set up your company, Sage 50 will offer default Shortcuts, but you can customize them so you have quick access to the functions you want.

Navigation Centers:

There are several Navigation Centers; they resemble pages of information about the following areas of Sage 50 and also provide access to functions that pertaining to those areas:

- Business Status
- Customers & Sales
- Vendors & Purchases
- Inventory & Services
- Employees & Payroll
- Banking
- Systems

Each Navigation Center also provides a graphical representation of the flow of tasks related to that area of Sage 50. At the bottom of each center is a section called **Sage 50 Solutions** which will take you to information about value-added features, such as Sage 50 Checks & Forms.

Button Control Bar:

A bar at the top of the Sage 50 Desktop help you to work with the Navigation Centers and perform other tasks related to Sage 50 operation:

- ❖ **Hide/ Show:** This button acts like a toggle.
- ❖ **Refresh:** Click this to update the company data that currently appears in the main Sage 50 window.
- ❖ **System Date:** Click this to change the Sage 50 system date.
- ❖ **Accounting Period:** Click this to change the current accounting period in Sage 50.
- ❖ '**This is the default page':** The Navigation Center you're currently working with will be the default center and will appear each time you open a company.