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# A Plain English Guide to Bookkeeping Using Sage Line 50

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## Introduction

This manual has been written as a user-friendly and simple to read guide to the day-to-day bookkeeping procedures to be followed using Sage Line 50. It does not cover the modules for 'Sales Order Processing', 'Purchase Order Processing' and 'Invoicing' as these usually need to be specifically tailored to your business.

The first section of this guide, entitled "Setting Up Your Company" summarises the key steps to be taken when you first set up your details on Sage. Although you will only need to do this once, it is an important step.

## General overview of Sage Line 50

It is often worth loading the 'Demo data' that comes with the program and using it to have 'a play'. When you open Sage the Line 50 desktop appears showing the Menu Bar.

To select the 'Demo data':

- Select **File** from the Menu bar, select **Open**, and then select **Demo data**.

To return to your own data:

- Select File, Open and Company data.

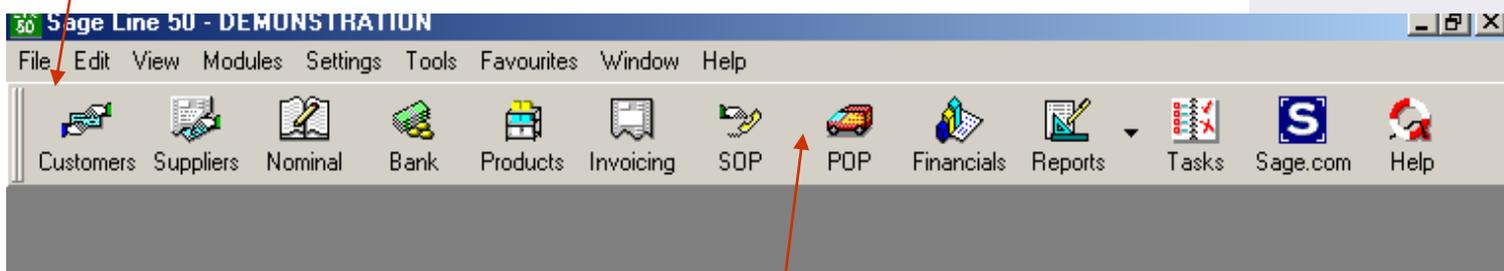
### Help Facility

Sage has a very good Help system that should be able to answer many of the questions you have or give you more detailed information about any part of the program.

To access this either press F1 on your keyboard or select Help on the tool bar.

### Menu Bar

Each of the items on the menu bar provides access to a drop-down menu. To access these just select the menu option name and then select the required item from the menu.



### Toolbar

Each icon on the toolbar represents one area of the accounting ledger.

Selecting any of these icons on the toolbar will give you entry into a second toolbar that will contain icons for all the data entry and reporting functions for that ledger.

## Toolbar Options

**Customers = sales ledger, where you can:**

- Create and maintain your customer details records;
- Record invoices and credit notes you have sent to your customers;
- Print customer statements;
- Mark items as disputed;
- Analyse your customer transactions;
- Print various reports;
- Find out how much money is owed to you by your customers (your debtors).

**Suppliers = purchase ledger, where you can**

- Create and maintain your supplier details records;
- Record invoices and credit notes you have received from your suppliers;
- Record invoices and credit notes you have received from the utility companies etc.;
- Mark items as disputed;
- Analyse your supplier transactions;
- Print various reports;
- Find out how much money you owe to your suppliers (your creditors).

**Nominal = nominal ledger, where you can:**

- Amend the nominal ledger accounts – that is the headings transactions will be analysed to;
- Make journal entries;
- Analyse nominal ledger transactions;
- Print various reports.

**Bank = your cash books, where you can:**

- Create and amend your bank account records;
- Record money you receive;
- Record payments you make;
- Record transfer of money between bank accounts;
- Reconcile your bank account to the statements sent to you by the bank;
- Print various reports;
- Find out how much money you have at this moment in time.

**Product = stock record, where you can:**

- Keep records of all the products you buy and sell;
- Record movements of all your products;
- Analyse the product transactions;
- Print various reports;
- Find out how much stock you have.

**Invoicing = a way of generating your invoices or credit notes, where you can:**

- Generate and print invoices and credit notes for the product you sell;
- Generate and print invoices and credit notes for the services you sell;
- Keep track of invoices you have raised but haven't sent out or entered onto the sales ledger;
- Post generated invoices and credit notes to the correct customer accounts in the sales ledger automatically.

**SOP = sales orders, where you can:**

- Create sales orders for the product you sell;
- Create pro-formas and quotes;
- Allocate stock to the sales orders;
- Print sales orders and delivery notes;

**POP = purchase orders, where you can:**

- Create purchase orders for the products you buy;
- Print purchase orders;
- Update product records;
- Record deliveries against orders;

**Financials = your regular financial reports and VAT, where you can:**

- Look at an audit trail (a list of all postings);
- Produce a Profit and Loss and Balance Sheet report;
- Look at the Trial Balance;
- Generate, check and print the VAT return for a specified period.

**Reports = where you can modify existing or create new reports**

## Setting up your Company

When you first install Sage Line 50 the program should load the **Startup Wizard**.

- Choose the option **Create A New Set Of Data Files** and select **Next**.
- The wizard will create a default set of Nominal ledger account codes for you. From the list of account structures supplied select the one for your type of business, or if your business is not listed then select **General Business – Standard Chart of Accounts**. Select **Next**, and then **Finish**.
- With your mouse pointer, go to **Tools** (on the menu bar) and select **Wizards**. Select the **Startup Wizard** and work through it.
- The first three screens are the welcome and introductions. Just select **Next** to move to the next page.
- The next screens are where you provide information about the business. Tick all the boxes shown on the first page (Select **Next**), and read and check the following two screens (again selecting **Next** to move to the next page).
  - Enter the Company Name, address and postcode.
  - Enter the Company telephone and fax numbers, the e-mail address and the address of the company website.
- The next two screens are to enter the bank information.
  - Enter the names of the current bank account, the deposit bank account, the building society account, the cash account and any credit card accounts.
  - On the page to select your preferred bank reporting style tick both boxes.
- Your VAT registration number should be entered into the next screen.
- The following screens allow you to provide the basic customer information.
  - Select how you would like your debtors to be sorted when they are presented in the form of an aged debtors list. We would recommend that you select to age your customer accounts on a calendar month basis.
  - Enter your default credit control details. Define the normal credit limit you would give to a customer, your agreed settlement terms and the number of days credit you would normally give.
  - Enter the nominal code and VAT rate to be used as a default when producing sales invoices. The nominal code is usually 4000 and the VAT rate is usually T1 17.50 – the standard rate of VAT.
- The following screens allow you to provide the basic supplier information.
  - Select how you would like your creditors to be sorted when they are presented in the form of an aged creditors list. We would recommend that you select to age your supplier accounts on a calendar month basis.
  - Enter your default credit control details. Define the normal credit limit you would receive from a supplier, the normal settlement terms and the number of days credit you would normally receive.
  - Enter the nominal code and VAT rate to be used as a default; this is usually the item you buy the most from your suppliers. The nominal code is usually 5000 (purchases for resale) and the VAT rate is usually T1 17.50 – the standard rate of VAT.
- The next two pages are just additional information.
- The last two pages give you the next steps to take and complete the Startup. Once you are happy that all the details are correct select **Finish**. If, however, you wish to change any of the details you have just entered then select **Back** until you reach the page you wish to amend.

Everything that you have just entered or selected can be amended at a later date in **Settings** (on the menu bar).

### Setting up your VAT Codes

- Select **Settings** and **Company Preferences**. Select **Parameters** and **Item VAT Amendable**.
- If you are going to produce your VAT return on a cash accounting basis (Please ask your accountant if you don't know what this is) then also select **VAT Cash Accounting**.
- Select **T9** as the **Non-Vatable Tax Code**.
- Select **OK** to save and close this screen.
- In **Settings** select **Tax Codes** and make sure that the codes and rate are set up as:

T0	0.00	Zero-rate
T1	17.50	Standard-rate
T5	5.00	5% rate
T8	0.00	EEC rate

### Passwords and Access Rights

- Select **Settings** and **Company Preferences**. Select **Parameters** and **Access Rights**.
- You can add users and control their access rights by selecting **Settings**, **Access Rights** and **New**. Add the logon name and password and as to whether the user will have full or no access rights. If you want to give limited access rights then select **Details** and **Modules**. Highlight the areas you do not want that person to have access to and select **No Access**. Save the changes.
- Remember that it is not just the modules that you may want to limit access to, but also some of the reports.
- Passwords and users can be changed at any time when required.

### Invoice format

Sage has many templates for invoicing set up in the program. You can select the default templates provided or customise your own template to your own needs.

Check that all your company information on the invoice is correct. Remember, if you are charging VAT then your VAT registration number **must** appear on your invoice.

Note – creating your own invoices on Sage is not included in this manual.

### Chart of Accounts

There is a standard chart of accounts set up when you install Sage Line50. This chart of accounts is how we define how the Profit and Loss and Balance Sheet reports will look.

- To edit the chart of accounts select **Nominal** and **COA**. Highlight the **Default Layout of Accounts** and select **Edit**.
- Select **Sales** in **Category Type**. On the right hand side of the screen the **Category Account** box will appear. Enter any sales you wish to be shown under its individual heading and enter the starting nominal code (Low) and ending nominal code (High) for that type of sale.

For example, if you were an Off Licence you would sell many different types of alcohol. One of these may be wine. You may have set up three nominal codes for wine, 4100 for white wine, 4110 for rose wine and 4120 for red wine. In the Category Account you could then show the 'Sales' as 'Wine' and the Low code would be 4100 and the High code would be 4120. The value for 'Wine' on the Profit and Loss report would be the total of all the codes between 4100 and 4120, in this case, all the wine sale.

You could also have nominal codes for Champagne (4200), Beer (4300), Soft Drinks (4400, 4410, 4420, 4430, 4440, 4450)

Then under the Category Type – 'Sales' you would have Category Accounts:

Wine	Low (4100)	High (4120)
Champagne	Low (4200)	High (4200)
Beer	Low (4300)	High (4300)
Soft Drinks	Low (4400)	High (4450)

Work through all the Category Types in a similar way.

**Remember, setting up the chart of accounts is very important. It will save you time if you get it right first time.**

## Opening Balances

The 'Opening Balances' show the financial position of your company on the day you start entering 'live' transactions. Without accurate opening balances Sage will not be able to show a true picture of your business.

### VAT scheme

Ask your accountant to set up the correct VAT scheme on Sage.

### Opening Trial Balances

Ask your accountant to enter the opening trial balance information onto Sage (the posting of trade debtors and trade creditors, and bank balances to nominal code 9998).

### Opening Customer Balances

Set up customer records for your customers and enter the balance they owe to you at the opening balance date.

- Select the **Customers** icon on the toolbar and then on the **New** icon. The Customer Record Wizard will then start. Complete as much detail as you can.
- When you reach the page for **Entering your customer's opening balance** select **Yes, as individual transactions**. In the table that appears enter every individual invoice and credit note that remained outstanding at the opening balance date. (Make sure that you show the invoice number under **Refn**)
- Continue the wizard until you finish.

### Opening Supplier Balances

Set up supplier records for your suppliers and utilities and enter the balance that you owe to them at the opening balance date.

- Select the **Suppliers** icon on the toolbar and then on the **New** icon. The Supplier Record Wizard will then start. Complete as much detail as you can.
- When you reach the page for **Entering your supplier's opening balance** select **Yes, as individual transactions**. In the table that appears enter every individual invoice and credit note that remained outstanding at the opening balance date. (Make sure that you show the invoice number under **Refn**).
- Continue the wizard until you finish.

## Opening Bank Balances

Set up your bank accounts and enter the balance in them at the opening balance date.

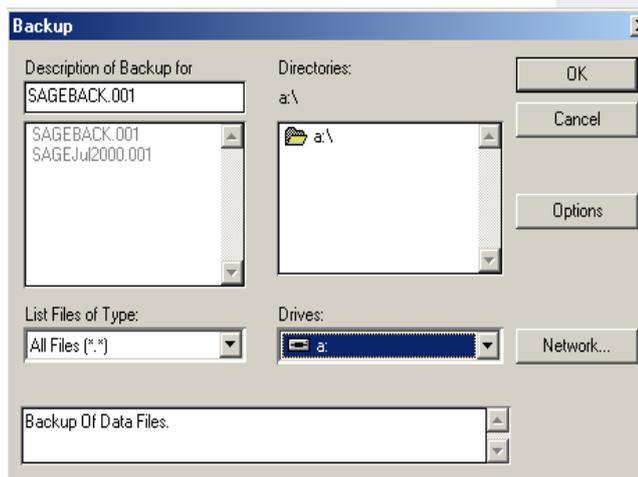
- Select the **Bank** icon on the toolbar and then on the **New** icon. The Bank Record Wizard will then start. Complete as much detail as you can.
- When you reach the page for **Entering your bank's opening balance** select **Yes, as individual transactions**. In the table that appear enter every individual payment and receipt that remained outstanding at the opening balance date. (Make sure that you show the cheque number of any payment under **Refn**)
- Continue the wizard until you finish.

## Print Trial Balance

Print the trial balance and agree with your accountant. Check that the suspense account has a zero balance.

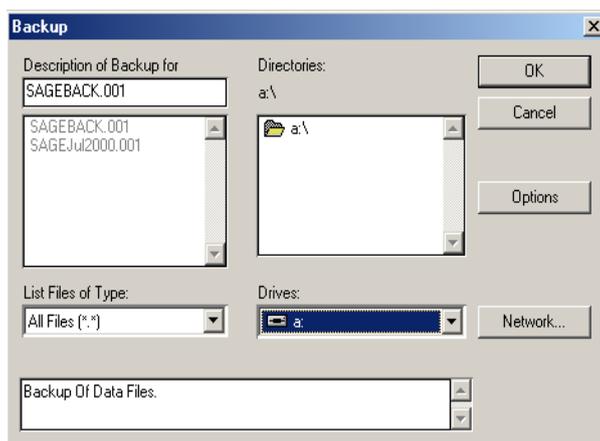
## Backing up Opening Balances

- Check your data by selecting **File** on the Menu bar, select **File Maintenance** and select **Check**.
- Backup your data onto floppy disk.
- To do this select **File** on the menu bar, select **Backup**.
- Put a floppy disk into the disk drive and select **a:** in **Drives:**
- Enter **Opening Balance** in the **Description of Backup** and select **OK**.



## Taking a backup

- To do this select **File** on the menu bar, select **Backup**.
- Put a floppy disk into the disk drive and select **a:** in Drives:
- Enter **SageBackApril** in the **Description of Backup** (if you were backing up April's data) and select **OK**.



## Customers and Sales

### Entering sales invoices

Customer invoices, which have been produced manually or on other software, can be entered onto Sage in the following way:

- In **Customers** select the **Invoice icon** on the icon bar.
- A screen called **Batch Customer Invoices** will appear. Because this is a 'batch' screen you can enter as many invoices onto it and you only have to save the data once.
- For each invoice enter:
  - *A/C* - the sales ledger/customer account reference.
  - *Date* - the date on the invoice.
  - *Ref* - the invoice number.
  - *Ex Ref* - the customer's order number.
  - *N/C* - the nominal code for that type of sale (e.g. 4000 for parts).
  - *Dept* - the department reference number (if applicable).
  - *Details* - any description you would find useful.
  - *Net* - the net amount of the sale per the invoice.
  - *Tc* - the VAT rate used (e.g. T1 for standard rated i.e. 17.5%).
  - *VAT* - this should be calculated automatically by Sage but should agree to the VAT shown on the invoice.
- If you enter any details incorrectly you can use your **↑**, **←**, **→**, **↓** arrows to move you around the screen.
- If you only know the gross (sale including VAT) amount of a sale then you can enter the gross amount in the net column on the screen and select **Calculate Net**, this will then convert the gross to the net (sale before VAT) amount.
- When all the invoices are entered select **Save**.
- To come out of invoicing select **Close**.

### Entering Sales Credit Notes

To enter sales credit notes:

- In **Customers** select the **Credit icon** on the icon bar, and then follow the same procedure as for sales invoices.

### Entering sales payments received

When you receive money in respect of invoiced sales, the receipt is entered onto Sage through the **Bank** section.

- Select **Bank** and select the **Current** bank account or **Cash** account.
- Select **Customer** on the Bank Accounts tool bar.
- For each customer receipt enter:
  - *A/C* - the sales ledger/customer reference.
  - *Name* - this should come up automatically – but should be checked.
  - *Date* - date the money was received/banked.
  - *Ref* - cheque number (if applicable) or 'cash'.
  - *Amount* - amount received.
- A screen will appear showing all the customers outstanding invoices.
- The system will automatically allocate the cash if you select the **Automatic** button. But as the **Automatic** button allocates payment by date, rather than to agreed invoices, it is often better if you do not use this function but allocate the receipt to the invoices shown on the screen individually by entering a value in the **Receipt** column against the invoices actually paid.
- When you are happy that the receipt has been entered and allocated correctly, select **Save** and **Close** to come out of the screen.

### How to enter Cash sales

Wherever possible sales invoices should be issued for cash sales and entered in the same way as other sales invoices.

Where sales are recorded directly into a cash till a daily money sheet should be completed and reconciled. The till roll should be attached to the daily money sheet.

- Enter the till cash sales receipt via **Bank**, highlight **Cash Account** and select **Receipt**.

- For each group of standard rated (VAT at 17.5%) sale shown on the till roll (e.g. Parts, Labour, Consumables) enter:
  - *Bank* - Cash Account number.
  - *Date* - date of till roll receipt.
  - *Ref* - 'till' followed by the number of sales made (e.g. Till (247 Sales)).
  - *N/C* - the nominal code for that type of sale (e.g. 4000 for parts).
  - *Dept* - the department reference number (if applicable).
  - *Details* - any description you would find useful.
  - *Net* - the net amount of that sale per the till roll (or if the till roll is Gross enter the gross amount and select the button 'Calculate Net'.
  - *Tc* - T1 (the tax code for standard rate VAT).
  - *Tax* - the VAT on the sale (this should be calculated by Sage automatically but should agree to the till roll too).

### Working out how much you are owed by your customers (Debtors)

When you select the **Customers** icon on the toolbar you will see a list of all your customers and the balance outstanding from each one on the screen.

If you would like to print a list of the money owed to you – a debtors list –

- Select the **Reports** icon.
- Select the report you would like to print.
- Select **Run**.
- Select **OK** on the criteria screen.
- If the print that appears on the screen is the one that you want to print, select **Print**.
- Select **OK**.
- Select **Close** to leave that screen then select **Close** to return to the Customers screen.

# Suppliers and Purchases

## Entering purchase invoices

A purchase invoice is any invoice for goods or services bought which incur VAT at any rate (even zero rate).

Before you enter the purchase/supplier invoices onto Sage:

- Sort all purchase invoices received in the week into alphabetical, date order.
- Take out any invoices paid by credit card and keep them to one side until the credit card statement is received.
- Code the net amount of the purchase with the appropriate 'nominal analysis code'.
- Produce an add-list of the batch of invoices to be entered onto the computer.

To enter the purchase invoices onto Sage:

- In '**Suppliers**' select the **Invoice icon** on the icon bar.
- A screen called 'Batch Supplier Invoices' will appear. Because this is a 'batch' screen you can enter as many invoices onto it and you only have to save the data once.
- For each supplier invoice enter:
  - *A/C* - the purchase ledger/supplier account reference.
  - *Date* - the date on the invoice.
  - *Ref* - the invoice number.
  - *Ex Ref* - leave blank.
  - *N/C* - the nominal code for that type of purchase (e.g. 5000 for goods for resale, 7201 for gas).
  - *Dept* - the department reference number (if applicable).
  - *Details* - a unique entry number - which is usually your filing reference number followed by any description you would find useful.
  - *Net* - the net amount of the purchase per the invoice.
  - *T/C* - the VAT rate used (e.g. T1 for standard rated i.e. 17.5%).
  - *VAT* - this should be calculated automatically by Sage but must agree to the VAT shown on the invoice.
- The total of all the invoices entered (the Batch Total on the Sage screen) should equal the add-list produced.
- If you enter any details incorrectly you can use your **↑**, **←**, **→**, **↓** arrows to move you around the screen.

- If you only know the gross (sale including VAT) amount of a sale then you can enter the gross amount in the net column on the screen and select **Calculate Net**, this will then convert the gross to the net (sale before VAT) amount.
- When all the invoices are entered select **Save**.
- To come out of invoicing select **Close**.

## Entering purchase credit notes

To enter purchase/supplier credit notes:

- In '**Suppliers**' select the **Credit icon** on the icon bar, then follow the same procedure as for purchase invoices.

## Working out how much you owe your suppliers (Creditors)

When you select the **Suppliers icon** on the toolbar you will see a list of all your suppliers and the balance outstanding to each one on the screen.

If you would like to print a list of the money you owe – a creditors list –

- Select the **Reports icon**.
- Select which report you would like to print.
- Select **Run**.
- Select **OK** on the criteria screen.
- If the print that appears on the screen is the one that you want to print, select **Print**.
- Select **OK**.
- Select **Close** to leave that screen then select **Close** to return to the Customers screen.

## Paying purchase/supplier invoices

### Before paying suppliers

- If your accounting system has the facility print a suggested list of payments due. Otherwise print an aged creditors list and note those accounts due for payment.
- Agree the amounts due for payment to suppliers statements.
- Check that the payment has not already been made, but not entered onto the accounting system. (Look out for payments made by direct debit, standing order or credit card).
- Check that payment is not being withheld due to some dispute (if this is the case it should have been recorded on the accounting system as a disputed invoice).
- Make sure that there will be enough money in the bank to cover the payments.

### To enter the payment into Sage

- Go to **Bank**, highlight the bank account the payment was made out of, and select **Supplier**.
- The layout of a cheque will appear on the screen. Enter:
  - *Payee* - the purchase ledger/supplier account reference (the supplier name should come up automatically – but do check that it is correct).
  - *Date* - The date on the cheque.
  - *Chq No*: - enter the cheque number or 'DD' if paid by direct debit.
  - *£* - The value of the cheque payment being made to that supplier.
- Allocate the payment to the invoices on the screen by entering in the **Payment** against the **Value**.
- If you wish to print a remittance then select the **Remittance** button. (Make sure that you have your remittance stationery in the printer). Select the layout you require and select the **Run** button. Check how the remittance looks on screen, if it is correct then select the **Print** button. Close the two screens and return to the payment screen.
- Select the **Save** button, and then the **Close** button to leave the screen.

## Dealing with money

### Depositing money into the bank

- Go to **Bank** and select **Transfer**.
- For each banking enter
  - *Account from* - Cash account.
  - *Account to* - Bank current account.
  - *Ref* - Banking reference.
  - *Dept.* -the department (if applicable).
  - *Date* -the date on the paying-in slip.
  - *Details* - paid into bank.
  - *Amount* - amount on paying-in slip.
- Select **Save**. Then select **Close** to leave the screen.

### Entering receipts which are not for Customer accounts

These are usually insurance claims, asset sales, employment grants etc.

- Enter via **Bank**, highlight the account the money was paid into, and select **Receipt**.
- For each receipt enter:
  - *Bank* - Current Bank Account number.
  - *Date* - date receipt per statement.
  - *Ref* - reference shown on bank statement.
  - *N/C* - the nominal code for that type of sale (e.g. 4903 for insurance claim).
  - *Dept* - the department reference number (if applicable).
  - *Details* - any description you would find useful.
  - *Net* - the net amount of that sale.
  - *Tc* - the tax code applicable for that sale (normally T0 or T9).
  - *Tax* - the VAT on the sale if applicable (this should be calculated by Sage automatically but should agree to any remittance received).
- When all receipts are entered select **Save**.

### Entering payments which are not for Supplier accounts

Where you pay for goods and services that are exempt from VAT, for example, Road Fund License, Wages, Inland Revenue payments etc., (but NOT petty cash cheques – see ‘Cashing a petty cash cheque).

- Select **Bank**, highlight the bank account the payment was made out of, and select **Payment** on the icon bar.
- Note on the cheque book stub the ‘Nominal analysis code’ the payment is being posted to (e.g. 2202 for payment to Customs and Excise), or if the payment is a direct debit only showed on the bank statement note the ‘Nominal analysis code’ on the bank statement.
- For each payment enter:
  - *Bank* - Bank Account number.
  - *Date* - date of payment per cheque stub or bank statement.
  - *Ref* - the cheque number or statement reference number.
  - *N/C* - the nominal code for that type of payment (e.g. 2202 for Customs and Excise payments).
  - *Dept* - the department reference number (if applicable).
  - *Details* - any description you would find useful.
  - *Net* - the value of the payment.
  - *Tc* - either T0 or T9 (Zero rated or exempt).
  - *Tax* - this is calculated by Sage automatically but should be nil - if there was a VAT invoice then it should have gone on a purchase/supplier ledger account.

### Entering credit card payments and charges

#### Method 1

When credit card statements arrive find the receipts for each individual item on the statement. Attach the receipts to the statement and extract any VAT. Analyse the net amount on the statement for entry into Sage.

Usually the charges for the use of a credit card are included on the credit card statement. Therefore use the credit card statement as the documentation (like a purchase invoice) and enter the charges as a purchase invoice.

#### Method 2

If the credit card charges are taken directly from the bank then enter the payment as a ‘Payment that is not for Suppliers’.

### Entering payments made out of petty cash

Any money taken from the petty cash tin should be replaced with a petty cash voucher which states what the money was taken for and who took it.

If a receipt is received for a purchase made from petty cash then this should be attached to the relevant voucher issued when the money was taken from the petty cash tin.

The total of the petty cash vouchers and the actual cash in the tin should always add up to the agreed cash float amount (e.g. £100).

- Select **Bank**, highlight **Petty cash account** and select **Payment** on the icon bar.
- For each petty cash voucher enter:
  - *Bank* - Petty cash Account number.
  - *Date* - date of payment per voucher.
  - *Ref* - the reference number of the voucher.
  - *N/C* - the nominal code for that type of purchase (e.g. 8205 for coffee).
  - *Dept* - the department reference number (if applicable).
  - *Details* - a description of the purchase and whom it was from.
  - *Net* - the net amount.
  - *Tc* - the VAT code for that type of purchase (note if there is no VAT invoice OR VAT number then it must be T0 or T9).
  - *Tax* - the VAT on the purchase (this is calculated by Sage automatically but should agree to the VAT invoice or the amount on the voucher).

The total of the Net plus VAT should equal the value of the voucher.

### Cashing a petty cash cheque

Each week the petty cash vouchers should be added up and a cheque cashed for that amount. This cash should be put back into the petty cash tin, so that the cash in the tin is brought back up to the agreed maximum amount.

To enter the cheque onto Sage:

- Go to **Bank** and select **Transfer**.
- For each banking enter:
  - *Account from* - Bank current account.
  - *Account to* - Petty cash account.
  - *Ref* - Cheque number.
  - *Dept.* - the department (if applicable).
  - *Date* - the date on the cheque.
  - *Details* - petty cash cheque.
  - *Amount* - amount on cheque.
- Select **Save**. Select **Close** to leave the screen.

### Entering transfers between accounts

- Go to **Bank** and select **Transfer**.
- For each transfer enter:
  - *Account from* - Bank account money is being taken from.
  - *Account to* - Bank account money is being paid to.
  - *Ref* - authorisation reference.
  - *Dept* - the department (if applicable).
  - *Date* - the date of the transfer.
  - *Details* - any details that you would find useful.
  - *Amount* - amount of the transfer.
- Select **Save**. Then select **Close** to leave the screen.

### Balancing the bank accounts - making sure that all money transactions have been entered onto Sage

- In **Bank** highlight the account you want to reconcile, and select **Reconcile**.
- Enter:
  - *Date* - the statement date.
  - *Statement End Balance*- the final balance on the statement.
- Check that the opening balance shown on the screen is the same as the opening balance on the statement.
- Work down the bank statement matching each transaction to the screen. When you find a match highlight the transaction on screen by clicking the left mouse button on it.
- When all the transactions on the bank statement have been highlighted on the screen the **Statement Balance** should be the same as the closing balance on the bank statement.
- Select **Save** to complete the reconciliation.

- Sign the bank statement to say that you have reconciled it to Sage.

## Preparing your Vat Returns

- Check that if you have a fuel scale charge adjustment on the VAT return, you have run the **Scale Charge Wizard** in **Modules, Wizards**.
- Select the **Financials** icon on the toolbar and then select the **VAT** icon on the following toolbar.
- Type in the date of the first day of the VAT period, and the date of the last day of the VAT period.
- Select **Calculate** (include un-reconciled transactions).
- Print both the **VAT Return** and the **Detailed** print.
- Check all details.
- Once you are sure that the VAT calculation is correct, take a backup onto floppy disk.
- Select **Reconcile**.
- **Flag these transactions?** Select **Yes**.

## Month end Financial reporting

### Entering journals

You will probably need to write and enter journals for the following, as they are not actually money transactions -

- Depreciation
- Profit or loss on sale of asset
- Payroll costs
- Prepayments
- Accruals
- Bad debt provisions
- Obsolete stock provision
- Corporation tax
- PAYE on directors' bonuses

### To enter a journal

- On the toolbar select **Nominal**, then select **Journals**.
- Enter
  - *Ref* - your journal reference number per the journal book.
  - *Date* - the month end date of the month the journal is to be entered in.
  - *N/C* - the nominal analysis code you wish to post to.
  - *Name* - this should come up automatically – but do check it.
  - *Dept* - the department if applicable.
  - *Detail* - any detail you would find useful to see on screen.
  - *Tc* - should be T9.
  - *Debit* - the debit amount OR
  - *Credit* - the credit amount.
- Remember the **Balance** at the top right hand corner must equal zero once the entire journal has been entered.
- Then select **save**.

### Printing a trial balance

The trial balance shows how much you have received or spent, are owed or owe. It is a list of each nominal account that has a balance on it at a particular date selected.

- On the toolbar select Financials, then select Trial.
- Select the 'Period' by selecting the ▼ and selecting the month you have just finished processing.
- Select OK and then, if you are happy with the preview shown on the screen, select Print, followed by OK.

### Printing the Profit and Loss Account and Balance Sheet

The Profit and Loss report shows whether or not your business is making a profit or loss during trading. The standard report shows the balances of each of your income and expenditure nominal ledger accounts grouped into categories. These are Sales, Purchases, Direct Expenses and Overheads. The amount of Gross profit (before overheads) and Net profit (after overheads) is also shown.

The Balance Sheet shows what your business owns (its assets), what it owes (its liabilities) and what form the money is in (property, vehicles, debtors, creditors, bank accounts etc). The difference between the assets and the liabilities is known as the business's net assets (or worth).

### To print the Profit and Loss report

- On the toolbar select **Financials**, then select P and L.
- Select the 'Period' from and to by selecting the ▼ and selecting the month

you have just finished processing.

- Select the chart of accounts to be used (usually 1 –unless you have designed your own layout).
- Select **OK** and then, if you are happy with the preview shown on the screen, select Print, followed by **OK**.

### To print the Balance Sheet

- On the toolbar select **Financials**, then select **Balance**.
- Select the 'Period' from and to by selecting the ▼ and selecting the month you have just finished processing.
- Select the chart of accounts to be used (usually 1 –unless you have designed your own layout)
- Select **OK** and then, if you are happy with the preview shown on the screen, select **Print**, then select **OK**.

### Checklist of records to be kept

- File all bank statements in statement order number and check that no statements are missing.
- Complete all cheque book stubs, including date, payee, and amount.
- List all monies received separately, including date received paid invoice numbers and amount.
- Complete all paying-in slips, including date and list all cheques etc paid in.
- File all sales invoices in invoice number order and record on the face of each the date payment received
- Number in red all purchase invoices with own numbering system
- File all purchase invoices in red number order and record on the face of each:-
  - The date of payment.
  - Method of payment e.g. Cheque (including cheque number), credit card, standing order etc.
- File all cash purchases in date order (ensure the receipts show clearly sufficient information to identify the nature of the expense).
- Keep a separate file of all loan agreements, lease and hire purchase agreements, and all items which are not vatable paid by direct debit (e.g. rates).

<b>FINANCE SYSTEMS</b>		<b>Daily Checklist</b>	
Responsibility of:		Bookkeeper	
PROCEDURE			✓
<b>1</b>	Enter all sales invoices issued today.		
<b>2</b>	Print the Customer Report, 'Day books: customer invoices (detailed)' (using the range from the <b>last transaction number</b> on previously filed report to 999999) and check the postings are correct.		
<b>3</b>	File the sales invoices in a lever arch file in invoice number order. File the <i>Day books: Customer invoices (detailed)</i> print in front of the invoices.		
<b>4</b>	Do steps 1 to 3 for all sales credit notes.		
<b>5</b>	Enter all purchase/supplier invoices received today.		
<b>6</b>	Print Suppliers, Report, 'Day books: supplier invoices (detailed)' (using the range from the <b>last transaction number</b> on previously filed report to 999999) and check the postings are correct.		
<b>7</b>	File the purchase invoices in a lever arch file in the 'unique entry number' order. File the 'Day books: Supplier invoices (detailed)' print in front of the invoices.		
<b>8</b>	Do steps 5 to 7 for purchase credit notes.		
<b>9</b>	Enter daily takings into the 'Cash' bank account.		
<b>10</b>	Enter banking as a transfer from the 'Cash' account to the 'Current bank' account.		
<b>11</b>	Enter all cheque payments (either as 'Supplier' payments or as bank 'Payments').		
<b>12</b>	Enter all cash payments.		
<b>13</b>	Agree the cash in hand with the cash balance shown on Sage.		
<b>14</b>	If you have received a bank statement enter any direct debits or direct credits.		
<b>15</b>	Reconcile the bank on Sage to the bank statement received.		
<b>16</b>	Run <i>File, Maintenance, Check data</i> to verify data files and take a backup.		
Completed by:		Date:	
Checked by:		Date:	

FINANCE SYSTEMS		Monthly Checklist	
Responsibility of:		Bookkeeper	
PROCEDURE			✓
1	Make sure that all transactions have been posted for the month.		
2	Enter all recurring entries, depreciation and journals.		
3	Make sure that all bank accounts have been reconciled to bank statements.		
4	Run <i>File, Maintenance, Check data</i> to verify data files and take a backup.		
5	<b>Providing all the daily input reports have been taken and checked, only the following reports need to be run at the month end.</b>		
6	Customer - Aged Debtors list - [Via <i>Customers; Reports</i> ; select ' <i>Aged Debtors Analysis (Summary)</i> ' [Select report date as month end date and tick the 'Exclude later payments' box but enter through all other boxes]].		
7	Customer statements - [In <i>Customers</i> highlight the customers for whom you require statements, select <i>Statement</i> , select layout, select <i>Run</i> and <i>Print</i> ].		
8	Supplier - Aged Creditors list - [Via <i>Suppliers; Reports</i> ; select ' <i>Aged Creditors Analysis (Detailed)</i> ' [Select report date as month end date and tick the 'Exclude later payments' box but enter through all other boxes]].		
9	Supplier Transaction List - [Via <i>Suppliers; Reports</i> ; select ' <i>Suppliers Activity (Detailed)</i> ' [Select transaction dates as month beginning and end dates and enter through all other boxes]].		
10	Bank and Cash Control Statements and Un-reconciled payments and Receipts - [In <i>Bank</i> , select <i>Statement</i> [Select the dates from the first day of the month to the last day of the month; enter through other boxes] In <i>Bank; Reports</i> select ' <i>Bank Report - Un-reconciled</i> ' [Enter through all boxes]].		
11	VAT report - [Via <i>Financials; VAT</i> [Select the period range.] Select <i>Calculate</i> (included un-reconciled transactions). Print both the <i>VAT Return</i> and the <i>Detailed</i> print]. If this month is your VAT period end then reconcile the VAT once you have agreed the figures.		
12	Journals entered - [Via <i>Nominal; Reports</i> select ' <i>Day Books: Nominal ledger</i> ' [Select the Transaction number from: one after the last transaction number on this print taken last month, To: 9999999 but enter through all other boxes]].		
13	Nominal activity - [Via <i>Nominal; Reports</i> select ' <i>Nominal Activity with A/C ref</i> ' [Select the transactions dates from the first day to the last day of the month; enter through all other boxes]].		
14	Trial Balance - [Via <i>Financials; Trial</i> [Select the Period To: the month end]].		
15	Profit and Loss and Balance Sheet.		
Completed by:		Date:	
Checked by:		Date:	

<b>FINANCE SYSTEMS</b>	<b>Year End Checklist</b>	
Responsibility of:	Financial Accountant	
<b>PROCEDURE</b>		✓
<b>1</b>	Run <i>File, Maintenance, Check data</i> to verify data files.	
<b>2</b>	Take a year end backup and label clearly – put the disk in the safe or in a secure place away from the business (e.g. director’s home).	
<b>3</b>	Make sure that your system date (the date shown at the bottom of the screen) is the same as your year end date – if not, go into Settings and Change the Program Date.	
<b>4</b>	Run the year end routine – go into Tools, choose Period End, then Year End. Check that the year end date and today’s date are the same and enter through the screens.	
<b>5</b>	Clear the audit trail – go to Tools, Period End, Clear Audit Trail.	
<b>6</b>	Remove any unwanted customer/supplier records.	
<b>7</b>	Run check data again.	
<b>8</b>	Compress the files.	
<b>9</b>	Check the data.	
<b>10</b>	Take a backup labelled ‘After year end’.	
<b>11</b>	Check the financial date is the first month of your new year - go into Settings, Financial year.	
<b>Completed by:</b>		<b>Date:</b>
<b>Checked by:</b>		<b>Date:</b>

## Further Information

This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

If you would like to receive further information about this subject or other publications, please call us – see our contact details on the next page.

This document has been created from "A Plain English Guide to Bookkeeping with Sage Line 50", a publication from Wickersham & Co., and their copyright is acknowledged. Wickersham & Co. provide a bookkeeping training service and can be contacted on 0114 243 1668.

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Publication issued or updated on:  
13 October 2004

Ref: 683



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**Managing Director Geoff Cole says:**

"Our aim, as Chartered Accountants, is to help you to achieve your personal goals and aspirations. Yes, we can deal with the compliance work such as audits, tax returns and the preparation of accounts but these are not the area of our principle focus"

**"It's about you."**

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