



Sage 50 Accounting

Premium 2014

Level 2

Courseware
1616-1



For Evaluation Only

MasterTrak Accounting Series

Lesson 2: Banking and Credit Cards

Lesson Objectives

In this lesson, you will learn how to set up and use the bank reconciliation feature in Sage 50 Accounting. You will also work with credit cards for sales and purchases and reconcile credit card statements. Upon successful completion of this lesson, you will be able to:

- use the Deposit feature
- set up the bank reconciliation
- reconcile a bank account
- produce bank reconciliation reports
- create credit card accounts
- set up credit cards for sales and purchases
- account for sales on credit card
- account for purchases on credit card
- reconcile credit card statements
- make credit card payments
- reconcile Petty Cash
- use a debit card

This courseware requires the data to be saved to a hard drive or network drive. If you have not done so already, please see the Preface for instructions on how to download the data files from www.ccilearning.com and then expand the data files to a designated place on a local or network drive, as directed by your instructor.

Restoring the *House of Dee* – *Student.cab* File

1. Start Sage 50 Accounting and in the Sage 50 window select **Restore from backup** and click **OK**.
2. In the Restore from Backup dialog box click **Next**.
3. In the Select Backup File dialog box click **Browse** to locate the *House of Dee - Student.cab* file, select the file and click **Open** (or double-click the file).
4. The Select Backup File dialog box shows the Cab file to be opened. Click **Next**.
5. In the Confirm Backup File dialog box click **Next**.
6. In the New File Name box browse to the folder where the restored data file is to be stored, and type: HD Lesson 2 – Student Name (using your own name in place of “Student Name”) in the **File name** field to replace the word New and click **Save**.
7. In the New File Name dialog box click **Next**, then **Finish**.
The data file will be restored and Sage 50 Accounting will proceed to open it.
8. Accept the Session Date of 02/28/2014 and click **OK**. If necessary, close the Getting Started window.

Making a Bank Deposit

Counter sales often take the form of cash or cheques from the customer (credit and debit cards are dealt with differently) without the necessity of adding the customer's name into the bookkeeping system. Instead, many businesses create a customer name such as "Cash Drawer" or "Cash for Deposit". As sales occur they are posted using this customer name.

The funds received in these transactions (usually in the form of cheques or cash) are then placed into a cash drawer in the business, pending the actual deposit to be taken to the bank on a periodic basis.

Certain steps need to be taken to create a deposit slip from the "Cash to be deposited" account.

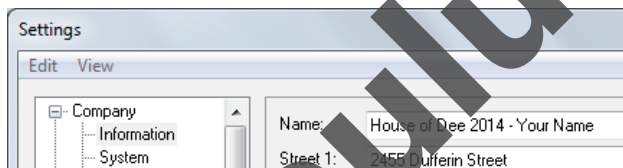


Learn the Skill

In this exercise, you will learn to create a Deposit Slip.

Normally any cash or cheques received by the business during the course of the day would be deposited at the end of the day or certainly every few days to ensure the funds are safe and available for the issuance of cheques. For the purpose of this courseware cash and cheques coming into the business during the month of February have instead been left in the Cash for Deposit account, to allow students to practice the process of making a bank deposit. Two Deposits will be made; one on February 17, 2014 covering the first half of the month and the second on February 28, 2014.

- 1 If necessary, start Sage 50 Accounting and open the *House of Dee* data file provided with this courseware. Accept the session date of February 28, 2014. Close the Getting Started window.
- 2 In the Home window, click **Setup, Settings, Company, Information**. Replace the words *Your Name* with your own name. This will ensure that you can identify your printouts during the course.



- 3 Click **OK** to close the window.

You will now determine how much is currently in our Cash for Deposit account effective February 15, 2014.

- 4 In the Home window, select the **Reports** menu, then **Financials** and **General Ledger**.
- 5 Select account **1070 Cash for Deposit**.
- 6 Select a Start date of **Feb 1, 2014** and a Finish date of **Feb 15, 2014**.
- 7 In the Sort By area select **Date**.

Start: 02/01/2014 Finish: 02/15/2014

Select Accounts...

- 1050 Petty Cash
- 1070 Cash for Deposit
- 1080 RBC Chequing Account
- 1090 RBC Payroll Account
- 1200 Accounts Receivable
- 1220 Allowance for Bad Debts
- 1240 Payroll Advances
- 1290 Purchase Prepayments
- 1300 Prepaid Insurance
- 1500 Inventory
- 1660 Furniture & Equipment

Include inactive accounts Select All

Show Corrections

Sort By:
 Transaction Number
 Date

For General Journal entries
 Show transaction comment
 Show line comment

8 Click **OK** to generate the report.

House of Dee 2014 - Your Name
General Ledger Report 02/01/2014 to 02/15/2014
Sorted by: Date

Date	Comment	Source #	JE#	Debits	Credits	Balance
1070	Cash for Deposit					- Dr
02/06/2014	9, <One-time customer>	325	J41	2,542.50	-	2,542.50 Dr
02/07/2014	10, <One-time customer>	1548	J42	2,768.50	-	5,311.00 Dr
02/08/2014	8, Weekly Cash Sales	Cash	J40	688.17	-	5,999.17 Dr
02/15/2014	12, Weekly Cash Sales	Cash	J57	575.17	-	6,574.34 Dr
				6,574.34	-	

As of Feb 15, 2014 our cash drawer (**Cash for Deposit** account) contained two cheques and two cash entries for \$688.17 and 575.17 respectively. You will be making a total deposit of \$6,574.34.

9 Close the General Ledger Report.

10 In the Home window, click **Banking** in the navigation pane.

11 In the Tasks pane, click **Make Deposit** to open the Reconciliation & Deposits window.

12 In the Transaction field make sure **Deposit Slip** is selected. The other option is Account Reconciliation.

13 In the Account field select the **1080 RBC Chequing Account**, the account which is to receive the deposit.

14 Change the date to **Feb 17, 2014** (the date the deposit is to take place).

Transaction: Deposit Slip Order deposit slips

Account: 1080 RBC Chequing Account

Branch Name: Deposit Slip No:

Transit Number: Date: 02/17/2014

Account Number: Comment: Bank deposit

Cheques

Start Cheques by:

Cheque No.	Description	Amount

Cheques: \$0.00
 Foreign Currency Cheques: 0.00
 Foreign Exchange plus/minus: 0.00
 Total Cheques: \$0.00

Cash

Count	Denomination	Amount
	x\$5	..
	x\$10	..
	x\$20	..
	x\$50	..
	x\$100	..
	Coin	..

Cash: \$0.00
 Foreign Currency Cash: 0.00
 Foreign Exchange plus/minus: 0.00
 Total Cash: \$0.00

Total Deposits: \$0.00 Post

The screen is divided into two sections: The left side is used to select cheques to be deposited; the right side will be used to record actual cash.

- 15 In the Cheques area click the **Select** button.
- 16 In the From account field make sure **1070 Cash for Deposit** is selected.
- 17 In the On or After field enter: 02/01/2014 or use the calendar button to select the date.

Date	Cheque No.	Description	Currency	Amount	Foreign Amt.
02/06/2014	325	<One-time customer>	CAD	2,542.50	--
02/07/2014	1548	<One-time customer>	CAD	2,768.50	--
02/17/2014	14-256	<One-time customer>	CAD	3,051.00	--
02/18/2014	314	Goodman, Notary Public	CAD	159.36	--
02/18/2014	122	Snowdon Realty	CAD	1,998.97	--

All cheques collected since Feb 1, 2014 will be displayed. You will now select only the cheques we identified as having been in the cash drawer on Feb 15, 2014.

- 18 Click cheque **325** from <One-time customer> to select it, and then click the **Add** button.

Selecting the **Add All** button would place the entire list of cheques which have been collected since the last deposit into the Cheques on Deposit Slip area. Making individual selection of cheques allows you to cater to a customer's wishes that a cheque be held until a specific agreed upon date for deposit is reached.

The cheque will now appear in the Cheques on Deposit Slip field.

- 19 Repeat the process for the next cheque which had been received in the specified time period:

Cheque No.	Description	Amount
1548	<One-time customer>	2,768.50

Date	Cheque No.	Description	Currency	Amount	Foreign Amt.
02/17/2014	14-256	<One-time customer>	CAD	3,051.00	--
02/18/2014	314	Goodman, Notary Public	CAD	159.36	--
02/18/2014	122	Snowdon Realty	CAD	1,998.97	--
02/18/2014	417	Fairfield Insurance Co.	CAD	2,500.00	--
02/19/2014	522	Breer Architects Inc.	CAD	2,232.00	--

Date	Cheque No.	Description	Currency	Amount	Foreign Amt.
02/06/2014	325	<One-time customer>	CAD	2,542.50	--
02/07/2014	1548	<One-time customer>	CAD	2,768.50	--

The other cheques shown in the upper section of the Reconciliation & Deposits window will be dealt with in the next deposit.

- 20 Click **OK** to return to the Reconciliation & Deposits window.
- 21 In the Cash area click the **Select** button.

Selecting cash to be deposited usually depends on what denominations customers paid the business in. Most businesses deposit all cash in excess of the daily float amount.

- 22 Complete the top portion as shown below:

As displayed in the General Ledger Report in step 8 above, House of Dee had collected \$1,263.34 from Weekly Cash Sales.

Count	Denomination	Amount
9	x\$5	45.00
7	x\$10	70.00
27	x\$20	540.00
12	x\$50	600.00
	x\$100	
	Coin	8.34
Total Bills:		\$1,255.00
Total Coins:		\$8.34
Total Cash Deposits:		\$1,263.34

- 23 Click **Apply to Deposit Slip** to transfer the breakdown of currency to the Cash on Deposit Slip portion.

Currency	Bills	Coins	Amount	Foreign Amt.	Foreign Exg.
CAD	1,255.00	8.34	1,263.34

- 24 Click **OK** to return to the Reconciliation & Deposits window.
- 25 In the Deposit Slip No field enter 2.

- 26 In the menu bar on the Reconciliation & Deposits window select **Report**, then **Display Deposit Slip Journal Entry**.

House of Dee 2014 - Your Name
Deposit Slip Journal Entry 02/17/2014 (J64)

Account Number	Account Description	Debits	Credits
1080	RBC Chequing Account	2,542.50	-
	<One-time customer>		
1080	RBC Chequing Account	2,768.50	-
	<One-time customer>		
1080	RBC Chequing Account	1,263.34	-
	CAD Cash Deposit From 1070		
1070	Cash for Deposit	-	2,542.50
	<One-time customer>		
1070	Cash for Deposit	-	2,768.50
	<One-time customer>		
1070	Cash for Deposit	-	1,263.34
	CAD Cash Deposit To 1080		
Additional Date: Additional Field:			
		6,574.34	6,574.34

Sage 50 Accounting will keep track of the individual amounts which make up this deposit, although in the Bank Reconciliation screen you will note that only the total deposit of \$6,574.34 will be shown in order to match this amount with the amount the bank received and will subsequently display in the Bank Statement.

- 27 Review the entry, and then close the journal entry.
- 28 Click **Post**.
- 29 Close the Reconciliation & Deposits window.
- 30 Using the above steps 4 to 9, look up how much cash is available for deposit covering the period Feb 17 to Feb 28, 2014. The total should be \$14,669.15, comprised of one Cash entry amounting to \$123.17 and nine cheques totalling \$14,545.98.
- 31 Complete steps 10 to 25 to make Deposit 3 effective Feb 28, 2014. It is not always necessary to deposit all Cash received from customers, but it is generally good practice to do so.

Your deposit slip should show the following amounts:

Cheques 14,545.98

Cash 123.17

Cheques

Sort Cheques by: Cheque No. A...Z↑ Select...

Cheque No.	Description	Amount
14-256	<One-time customer>	3,051.00
112	J. Freeman Accountant	904.00
122	Snowdon Realty	1,998.97
145	Kennedy Consulting	339.00
254	Smith & Smith Advertising Inc.	1,361.65
314	Goodman, Notary Public	159.36

Cheques: **\$14,545.98**

Foreign Currency Cheques: 0.00

Foreign Exchange plus/minus: 0.00

Total Cheques: **\$14,545.98**

Cash

Select...

Count	Denomination	Amount
1	x\$5	5.00
3	x\$10	30.00
4	x\$20	80.00
	x\$50	--
	x\$100	--
	Coin	8.17

Cash: **\$123.17**

Foreign Currency Cash: 0.00

Foreign Exchange plus/minus: 0.00

Total Cash: **\$123.17**

Total Deposits: **\$14,669.15** Post

- 32 **Post** the deposit, then close the Reconciliation & Deposits window.

- 33** Display the General Ledger Report for the **1070 Cash for Deposit** account for the period of **Feb 1** through **Feb 28**, sorted by **Date**. Compare your report to the following:

House of Dee 2014 - Your Name
General Ledger Report 02/01/2014 to 02/28/2014
Sorted by: Date

Date	Comment	Source #	JE#	Debits	Credits	Balance
1070	Cash for Deposit					- Dr
02/06/2014	9, <One-time customer>	325	J41	2,542.50	-	2,542.50 Dr
02/07/2014	10, <One-time customer>	1548	J42	2,768.50	-	5,311.00 Dr
02/08/2014	8, Weekly Cash Sales	Cash	J40	688.17	-	5,999.17 Dr
02/15/2014	12, Weekly Cash Sales	Cash	J57	575.17	-	6,574.34 Dr
02/17/2014	11, <One-time customer>	Cash	J56	123.17	-	6,697.51 Dr
02/17/2014	13, <One-time customer>	14-256	J58	3,051.00	-	9,748.51 Dr
02/17/2014	Bank deposit	2	J64	-	6,574.34	3,174.17 Dr
02/18/2014	Goodman, Notary Public	5	J46	159.36	-	3,333.53 Dr
02/18/2014	Snowdon Realty	6	J47	1,998.97	-	5,332.50 Dr
02/18/2014	Fairfield Insurance Co.	7	J48	2,500.00	-	7,832.50 Dr
02/19/2014	Breer Architects Inc.	8	J49	2,232.00	-	10,064.50 Dr
02/21/2014	Kennedy Consulting	9	J55	339.00	-	10,403.50 Dr
02/22/2014	14, J. Freeman Accountant	112	J59	904.00	-	11,307.50 Dr
02/25/2014	Dennis & Schultz, Attorneys at Law	10	J60	2,000.00	-	13,307.50 Dr
02/25/2014	15, Smith & Smith Advertising Inc.	254	J61	1,361.65	-	14,669.15 Dr
02/28/2014	Bank deposit	3	J65	-	14,669.15	- Dr
				21,243.49	14,243.45	

The Cash for Deposit account should show a zero balance as at Feb 28, 2014.

- 34** Close the report to return to the Home screen.

Setting Up the Bank Reconciliation

The task of reconciling bank statements is typically tedious, but very necessary. Sage 50 Accounting has a built-in reconciliation function that makes the task much easier to perform. As you enter transactions that affect the bank account Sage 50 Accounting recognizes and identifies them for future reference.

Sage 50 Accounting helps you reconcile your bank statement to the transactions recorded in the system. To use this reconciliation facility, any account to be reconciled needs to be set up for this purpose. This is accomplished only once for any account to be reconciled.

Your bank will most likely offer you the ability to access your accounts online and download your monthly statement to your computer. As long as your bank uses the standard *Open Financial Exchange* (OFX) data format, you will be able to load this data directly into Sage 50 Accounting and streamline your bank statement reconciliation process even more.

This function will not be replicated in this courseware as it would require linking to an actual bank account.

Setting Up an Account for Reconciliation

Typically the accounts that are reconciled are:

- **Bank accounts**

- These are usually accounts containing cash belonging to the business, which are accessed by others. For example, for bank service charges, bank interest payments, or loan payments coming directly from the account without further consultation to the owner of the account.

- **Credit card accounts**

- Credit card statements are prepared by the credit card company. Verification is required that all charges match the company's data file, that payments are recorded correctly, and that other charges (interest and fees) are legitimate.

Account Reconciliations can be completed manually or on the computer using the Reconciliation & Deposits option.

You may want to make a backup of your data file before proceeding with this exercise.

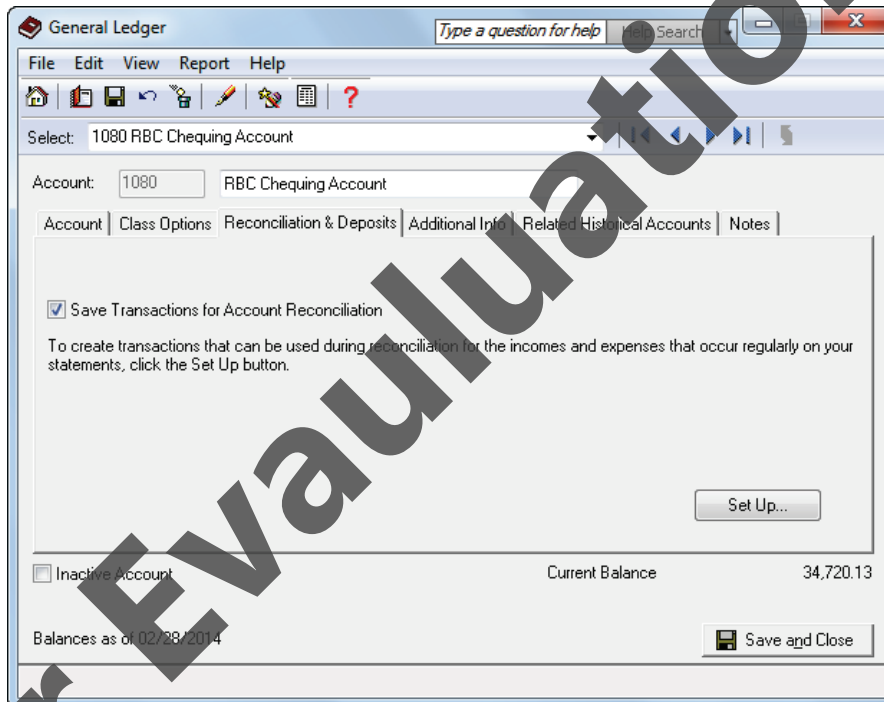


Learn the Skill

In this exercise, you will learn to set up a bank account to perform account reconciliations.

You will now set up the RBC Chequing Account so that you can use the account reconciliation feature.

- 1 In the Home window, select the **Company** option in the navigation pane. Click **Chart of Accounts**, and then double-click **1080 RBC Chequing Account**.
- 2 When the General Ledger window opens, select the **Reconciliation & Deposits** tab.
- 3 Click to select the **Save Transactions for Account Reconciliation** check box.



- 4 Click **Set Up**.

- 5 Complete the Account Reconciliation Linked Accounts window as shown in the following:

- 6 Click **OK** to implement the changes.
- 7 Repeat steps 2 through 7 using account **1090 RBC Payroll Account**
- 8 Close all open windows to return to the Home window.

Reconciling an Account for the First Time

Find the most recent statement for the bank or credit card account you want to reconcile. If you have never reconciled this account, find all the statements you have received for it. It is a good habit to produce a General Ledger Report of the account you want to reconcile.



Learn the Skill

In this exercise, you will learn to reconcile an account for the first time.

- 1 From the Home window menu bar, click **Reports, Financials, General Ledger** and select only **1080 RBC Chequing Account**, make sure the Start date is **01/01/2014** and the Finish date is **01/31/2014**. Ensure the Sort By **Date** is selected, then click **OK**.

House of Dee 2014 - Your Name
General Ledger Report 01/01/2014 to 01/31/2014
Sorted by: Date

Date	Comment	Source #	JE#	Debits	Credits	Balance
1080	RBC Chequing Account					31,703.50 Dr
01/02/2014	January 2014, Executive Realty Hold...	282	J2	-	4,788.94	26,914.56 Dr
01/03/2014	Fraser Carpets	283	J3	-	1,185.45	25,729.11 Dr
01/03/2014	Fine Furniture Designers	284	J4	-	389.95	25,339.16 Dr
01/20/2014	Fine Furniture Designers	285	J17	-	485.67	24,853.49 Dr
01/20/2014	Fraser Carpets	286	J18	-	852.14	24,001.35 Dr
01/31/2014	FIC 1356, Fairchild Insurance Corp.	287	J23	-	8,926.20	15,075.15 Dr
01/31/2014	ECS 147, Excel Computer Store	288	J25	-	197.75	14,877.40 Dr
01/31/2014	Bell Canada	289	J28	-	141.65	14,735.75 Dr
01/31/2014	Black's Janitorial Services	290	J29	-	395.50	14,340.25 Dr
01/31/2014	Colvin Office Supplies	291	J30	-	255.78	14,084.47 Dr
01/31/2014	Ontario Hydro	292	J31	-	253.89	13,830.58 Dr
01/31/2014	Toronto Star	293	J32	-	282.50	13,548.08 Dr
01/31/2014	Bank deposit	1	J36	10,141.08	-	23,689.16 Dr
				10,141.08	18,155.42	

This ledger displays the entries we made into our system for the month of January 2014. The purpose of the Bank Reconciliation is to verify that all of these entries and only these entries have cleared the Bank.

- 2 Close the General Ledger Report window.
- 3 In the Home window, click **Banking** in the navigation pane, then click the **Reconcile Accounts** icon.
- 4 The Transaction drop-down field should show **Account Reconciliation**.
- 5 From the Account field list, select **1080 RBC Chequing Account**.

The First Reconciliation screen opens.

The **Transactions** tab displays instructions for reconciling an account for the first time. These instructions will not show in subsequent reconciliations for this account.

- 6 Change the dates to appear as follows:
 - Statement Start Date: **01/01/2014**
 - Statement End Date: **01/31/2014**
 - Reconciliation Date: **01/31/2014**

At this time we are reconciling this account only for the month of January 2014. Normally the reconciliation should take place as early as possible after receipt of the bank statement. The reconciliation should usually be dated into the month of the reconciliation. This will allow any entries completed by the bank automatically, such as service charges to be posted into the month to which they apply.

- 7 Click **Add Prior Outstanding**. Accept the confirmation message if it appears.

- 8 At this time, we are only interested in January 2014 entries. Click **OK** to bypass the Add Outstanding Transactions window.

Observe the Unresolved and the Discrepancy of 31,703.50. By the end of the reconciliation process, these two amounts must be displaying zero balances.

- 9 Click to place a check mark in the **Do not show corrections** check box.

Transaction: Account Reconciliation

Account: 1080 RBC Chequing Account

Statement Start Date: 01/01/2014 Statement Opening Balance: 0.00

Statement End Date: 01/31/2014 Statement End Balance: 0.00 CAD


Reconciliation Date: 01/31/2014 Comment:

Worksheet Transactions Income Expense

Sort Trans. by: Date A...Z+ Add Prior Outstanding... Show Deposit Slip Details Do not show corrections

Source	Deposit No.	Date	Comment	Deposits	Withdrawals	Status
282		01/02/2014	January 2014, Execu	--	4,788.94	Outstanding
283		01/03/2014	Fraser Carpets	--	1,185.45	Outstanding
284		01/03/2014	Fine Furniture Desigr	--	389.95	Outstanding
285		01/20/2014	Fine Furniture Desigr	--	485.67	Outstanding
286		01/20/2014	Fraser Carpets	--	852.14	Outstanding
287		01/31/2014	FIC 1356, Fairchild Ir	--	8,926.20	Outstanding
288		01/31/2014	ECS 147, Excel Com	--	197.75	Outstanding
289		01/31/2014	Bell Canada	--	141.65	Outstanding
290		01/31/2014	Black's Janitorial Ser	--	395.50	Outstanding
291		01/31/2014	Colvin Office Supplie	--	255.78	Outstanding
292		01/31/2014	Ontario Hydro	--	253.89	Outstanding
293		01/31/2014	Toronto Star	--	282.50	Outstanding
Deposit Slip	1	01/31/2014	Bank deposit	10,141.08		Outstanding

Resolved 0.00 Outstanding -8,014.34 Unresolved 31,703.50

Discrepancy 31,703.50 

The Bank Statement that we have just received from RBC shows us different figures as indicated below:

Date		Deposits	Cheques	Balance
Opening Balance				31,703.50
Jan 04	Cheque # 282		4,788.94	26,914.56
Jan 04	Cheque # 284		389.95	26,524.61
Jan 07	Cheque # 283		1,185.45	25,339.16
Jan 19	Cheque # 286		852.14	24,487.02
Jan 21	Cheque # 285		485.67	24,001.35
Jan 31	Cheque # 290		395.50	23,605.85
Jan 31	Cheque # 291		255.78	23,350.07
Jan 31	Deposit	10,141.08		33,491.15
Jan 31	Cheque # 288		197.75	33,293.40
Jan 31	Interest	37.62		33,331.02
Jan 31	Bank charges		65.50	33,265.52
Balance end of month				33,265.52

Let's compare our reconciliation screen to the Bank Statement.

- 10 Leave the Dates as entered in the previous window.

11 Complete the Opening Balance and End Balance from the Bank Statement:

Opening Balance: 31,703.50
 End Balance: 33,265.52

Note how the Outstanding and Unresolved and Discrepancy amounts change as changes are made to the Reconciliation screen.

12 Type a comment: Bank Rec. for January 2014.

13 Beginning with the first entry on the Bank Statement (cheque 282 for \$4,788.94), locate this entry on the Bank Reconciliation screen and, once found, place a check mark in the **Reconciled** column (☑). Also place a pencil mark next to this cheque on your Bank Statement to indicate that this item has cleared the bank.

If corrections or adjustments were made involving the bank account there may be offsetting Deposits and Withdrawals displayed in this window. While these may not affect the ending bank balance they should be removed from the system.

14 Continue this process with all entries, working your way down the Bank Statement one item at a time. Keep in mind that dates will usually vary from those in your Bank Reconciliation screen.

15 When you have worked your way to the bottom of the Bank Statement, excluding **the Bank Interest (37.62)** and the Service Charges (\$65.50), you will have four items remaining unchecked on your Bank Reconciliation screen.

Source	Deposit No.	Date	Comment	Deposits	Withdrawals	☑	Status
282		01/02/2014	January 2014, Executive Realty	--	4,788.94	✓	Cleared
283		01/03/2014	Fraser Carpets	--	1,185.45	✓	Cleared
284		01/03/2014	Fine Furniture Designers	--	389.95	✓	Cleared
285		01/20/2014	Fine Furniture Designers	--	485.67	✓	Cleared
286		01/20/2014	Fraser Carpets	--	852.14	✓	Cleared
287		01/31/2014	FIC 1366, Fairchild Insurance Co	--	8,926.20		Outstanding
288		01/31/2014	ECS 147, Excel Computer Store	--	197.75	✓	Cleared
289		01/31/2014	Bell Canada	--	141.65		Outstanding
290		01/31/2014	Black's Janitorial Services	--	395.50	✓	Cleared
291		01/31/2014	Colvin Office Supplies	--	255.78	✓	Cleared
292		01/31/2014	Ontario Hydro	--	253.89		Outstanding
293		01/31/2014	Toronto Star	--	282.50		Outstanding
Deposit Slip	1	01/31/2014	Bank deposit	10,141.08	--	✓	Cleared

These items have not yet been presented to the bank for processing and will be dealt with as part of next month's Bank Reconciliation.

Note the Unresolved at this time reads: -27.88. This will be taken care of in the next steps.

16 Click the **Income** tab, in Interest Income, type: Bk Stmt in the **Source No.** field, and 37.62 into the **Amount** field.

Name	Source No.	Date	Comment	Acct	Amount
Interest Income	Bk Stmt	01/31/2014	Interest Income	4100 Interest Earned	37.62
Exchange Gain		01/31/2014	Exchange Gain		--
Error - Gain		01/31/2014	Error - Gain		--

Notice that the Unresolved changed from -27.88 to -65.50.

- 17 Click the **Expense** tab and make the changes as indicated in the following:

Name	Source No.	Date	Comment	Acct	Amount
Bank Charges	Bk Stmt	01/31/2014	Bank Charges	5040 Interest & Bank Charges	65.50
NSF fee		01/31/2014	NSF fee	5040 Interest & Bank Charges	--
Interest Expense		01/31/2014	Interest Expense	5040 Interest & Bank Charges	--

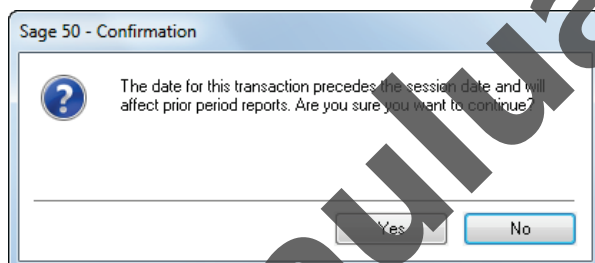
You have done it correctly if the Unresolved and the Discrepancy are both 0.00.

- 18 From the menu bar, click **Report, Display Account Reconciliation Journal Entry**.

House of Dee 2014 - Your Name
Account Reconciliation Journal Entry 01/31/2014

	Account Number	Account Description	Debits	Credits
01/31/2014	Bk Stmt, Interest Income			
	1080	RBC Chequing Account	37.62	-
	4100	Interest Earned	-	37.62
01/31/2014	Bk Stmt, Bank Charges			
	1080	RBC Chequing Account	-	65.50
	5040	Interest & Bank Charges	65.50	-
Additional Date:		Additional Field:		
			103.12	103.12

- 19 The bank interest income and the bank charges will now be journalized in your General Journal. Close this window.
- 20 Click **Post** to complete the Bank Reconciliation. If the following window appears:



- 21 Click **Yes**.
- 22 Close the Reconciliation & Deposits window.

Reconciling an Account

Once you have reconciled each bank statement for the first time, the process is quite easy.

1. In the Home window, select **Banking** and then click the **Reconcile Accounts** icon.
2. Choose the account you want to reconcile.
3. Enter the Statement Start and End Dates, the Reconciliation Date, and the Statement End Balance. Also, add a comment, such as *"Sept 30 account reconciliation"*.
4. On the Income tab, enter interest earned and any other income from the bank or credit card company.
5. On the Expense tab, enter bank charges and other expenses from the bank or credit card company.
6. On the Transactions tab, if the transaction has cleared the bank or credit card company, mark it cleared (click beside it in the Cleared column); if a transaction has not yet cleared the bank, leave its status as Outstanding.

Adjustments made may show as both deposit and withdrawal amounts on the screen. Where these amounts agree, both may be cleared to remove them from the reconciliation after it is complete and posted.

7. Use the Worksheet tab to check the details of your bank and other accounts.

You should always work towards an Unresolved amount of zero when processing the bank reconciliation. Only make an adjustment to balance the reconciliation as a last resort. If the unresolved amount is not zero, the program asks you to enter an account to which you wish to charge an adjustment for the unresolved amount. Many Sage 50 Accounting users create an account called Cash Over (Short) in the Expense area.

8. Click **Post**.



Learn the Skill

In this exercise, you will reconcile the 1090 RBC Payroll Account for the first time for the month of January 2014.

- 1 On the Home window menu bar, click **Reports, Financials**, and **General Ledger**, select only **1090 RBC Payroll Account**, change the dates to Start on 01/01/2014 and Finish on 01/31/2014 and then click **OK**.

House of Dee 2014 - Your Name
General Ledger Report 01/01/2014 to 01/31/2014
Sorted by: Transaction Number

Date	Comment	Source #	JE#	Debits	Credits	Balance
1090	RBC Payroll Account					9,568.55 Dr
01/15/2014	Polsen, Mark	36	J12	-	951.29	8,617.26 Dr
01/15/2014	Swinton, Albert	37	J13	-	1,086.91	7,530.35 Dr
01/31/2014	Polsen, Mark	38	J26	-	975.88	6,554.47 Dr
01/31/2014	Swinton, Albert	39	J27	-	976.67	5,577.80 Dr
				-	3,960.75	

These are the entries made into the system, to be compared to entries processed through our account at the bank.

- 2 Close the General Ledger Report window.
- 3 In the Home window, click **Reconcile Accounts**.
- 4 Repeat the account reconciliation steps from the previous exercise using the **1090 RBC Payroll Account** and the following Bank Statement.

Date		Deposits	Cheques	Balance
Opening Balance				9,568.55
Jan 16	Cheque # 37		1,086.91	8,481.64
Jan 18	Cheque # 36		951.29	7,530.35
Jan 31	Cheque # 38		975.88	6,554.47
Jan 31	Interest	11.39		6,565.86
Jan 31	Bank charges		25.00	6,540.86
Balance end of month				6,540.86

Note the Opening Balance is 9,568.55 and the Closing Balance is 6,540.86.

- Follow the step by step procedure clearing one entry at a time from the Bank Statement. Cheques issued at or near the end of the month may not yet have been presented to the bank and will therefore remain outstanding until the February statement is received.

Source	Deposit No.	Date	Comment	Deposits	Withdrawals	Status
36		01/15/2014	Polsen, Mark	--	951.29	Cleared
37		01/15/2014	Swinton, Albert	--	1,086.91	Cleared
38		01/31/2014	Polsen, Mark	--	975.88	Cleared
39		01/31/2014	Swinton, Albert	--	976.67	Outstanding

When you have made all the changes, notice the Outstanding of -976.67 and the Unresolved of -13.61.

- Using the Income and Expense tabs, enter the Interest earned of 11.39 and the Bank charges of 25.00. If completed correctly the Outstanding will be -976.67 (representing one cheque which was written but has not yet been presented to the bank for payment), the Unresolved and the Discrepancy are both 0.00.
- To view the Journal Entry, from the menu bar, click **Report, Display Account Reconciliation Journal Entry**.

House of Dee 2014 - Your Name Account Reconciliation Journal Entry 01/31/2014

	Account Number	Account Description	Debits	Credits
01/31/2014	Bk Stmt, Interest Income			
	1090	RBC Payroll Account	11.39	-
	4100	Interest Earned		11.39
01/31/2014	Bk Stmt, Bank Charges			
	1090	RBC Payroll Account	-	25.00
	5040	Interest & Bank Charges	25.00	-
Additional Date: Additional Field:				
			36.39	36.39

- The bank interest income and the bank charges will now be journalized in your General Journal. Close this window.
- Click **Post** to complete the Bank Reconciliation. If a warning message(s) appears, select **Yes**.
- Close the Reconciliation & Deposits window.

Printing the Bank Reconciliation Report

It is a good practice to keep a hard copy of the Bank Reconciliation. Later on you might have to check some data or pertinent information.

Learn the Skill

In this exercise you will learn how to print a Bank Reconciliation Report.

- In the Home window, click **Reports, Banking, and Account Reconciliation Report**.
- In the Account Reconciliation Modify Report window ensure the Report Type is **Summary**, then, if necessary, select **1080 RBC Chequing Account** from the Account drop-down list.
- If the Show transactions entered after reconciliation checkbox is ticked, remove the checkmark.

- 4 Change the dates to reflect Start: **01/01/2014** and Finish: **01/31/2014**.

Report Type: Summary

Account: 1080 RBC Chequing Account

Start: 01/01/2014 Finish: 01/31/2014

Group By Deposit No.

Report By

Statement End Date

Reconciliation Date

Show transactions entered after reconciliation

- 5 Click **OK**.

House of Dee 2014 - Your Name
Account Reconciliation Summary Report 01/01/2014 to 01/31/2014
Report By: Statement end date

Description	Amount	Total
Account: 1080 RBC Chequing Account		
Statement start date:	01/01/2014	
Statement end date:	01/31/2014	
Reconciliation date:	01/31/2014	
Bank Rec. for January 2014		
Reconciled		
Financial Institution		
Statement Balance Forward as of 01/01/2014		31,703.50
Transactions on or before 01/31/2014		
Deposits recorded in Statement	15,141.08	
Withdrawals recorded in Statement	-13,551.16	
Total Transactions		1,589.90
Bank Transactions		
Income	37.62	
Expense	-65.50	
Total Bank Transactions		-27.88
Adjustment Required		0.00
Statement End Balance as of 01/31/2014		33,265.52
Statement End Balance as of 01/31/2014		
Outstanding Transactions as of 01/31/2014		
Outstanding Deposits	0.00	
Outstanding Withdrawals	-9,604.24	
Total Outstanding Transactions as of 01/31/2014		-9,604.24
Adjusted Statement End Balance as of 01/31/2014		23,661.28
General Ledger Account		
Book balance as of 12/31/2013		31,703.50
Transactions on or before 01/31/2014		
Debits recorded in account	15,141.08	
Credits recorded in account	-23,155.42	
Net Amount recorded in account		-8,014.34
Book balance as of 01/31/2014		23,689.16
Bank Transactions		
Income	37.62	
Expense	-65.50	
Total Bank Transactions		-27.88
Adjustment Required		0.00
Adjusted Book Balance as of 01/31/2014		23,661.28

You may need to scroll down to view the entire report.

- 6 View the report and then close it.

Next produce an Account Reconciliation Transaction Report.

- 7 In the Home window, click **Reports, Banking,** and **Account Reconciliation Transaction Report.** Make sure that **Report Options** is selected in the left pane, click **1080 RBC Chequing Account,** and change the dates to reflect **01/01/2014** to **01/31/2014.** Accept the default in the Select Transactions to Report area. Click **OK** to produce the report.

House of Dee 2014 - Your Name
Reconciliation Transactions Detail Report 01/01/2014 to 01/31/2014

Account: 1080 RBC Chequing Account

Date	JE#	Comment	Source	Deposits	Withdrawals	Deposit No.	CI	Status
01/02/2014	J2	January 2014, Executive Realty ...	282	-	4,788.94		Y	Cleared
01/03/2014	J3	Fraser Carpets	283	-	1,185.45		Y	Cleared
01/03/2014	J4	Fine Furniture Designers	284	-	389.95		Y	Cleared
01/07/2014	J6	Breer Architects Inc.	2	5,000.00	-		Y	Reversed
01/20/2014	J17	Fine Furniture Designers	285	-	485.67		Y	Cleared
01/20/2014	J18	Fraser Carpets	286	-	852.14		Y	Cleared
01/31/2014	J23	FIC 1356, Fairchild Insurance Co...	287	-	8,926.20		N	Outstanding
01/31/2014	J25	ECS 147, Excel Computer Store	288	-	197.75		Y	Cleared
01/31/2014	J28	Bell Canada	289	-	141.65		N	Outstanding
01/31/2014	J29	Black's Janitorial Services	290	-	395.50		Y	Cleared
01/31/2014	J30	Colvin Office Supplies	291	-	255.78		Y	Cleared
01/31/2014	J31	Ontario Hydro	292	-	253.89		N	Outstanding
01/31/2014	J32	Toronto Star	293	-	282.50		N	Outstanding
01/07/2014	J34	Rev. of J6. Corr. is J35.	ADJ2	-	5,000.00		Y	Adjustment
01/31/2014	J36	CAD Cash Deposit From 1070	1	393.24	-	1	Y	Cleared
01/31/2014	J36	Breer Architects Inc.	1	5,000.00	-	1	Y	Cleared
01/31/2014	J36	<One-time customer>	1	1,637.37	-	1	Y	Cleared
01/31/2014	J36	Kent Appraisals	1	575.69	-	1	Y	Cleared
01/31/2014	J36	Goodman, Notary Public	1	1,000.00	-	1	Y	Cleared
01/31/2014	J36	Kent Appraisals	1	1,634.76	-	1	Y	Cleared
				15,141.06	23,155.42			

- 8 Review the report, and then close it to return to the Home window.

Working with Credit/Debit Card Transactions

To remain competitive in today's business world, businesses selling goods and services to customers are obliged to accept credit or debit cards for payments from their customers.

This is done by entering into an agreement with a credit card processing company (for example, *Global* or *Moneris*). In most instances, a card processing terminal is set up on the business' premises, and the customers' cards are swiped through this terminal. When the credit card sale has been approved by the automated system, the amount is saved in a batch, and the batch total is posted periodically to the merchant's bank account. This time frame can vary from daily to every three or four days, depending on the agreement entered into between the credit card processing company and the merchant.

It is advisable to open a separate bank account for the deposit of credit card sales.

The credit card processing company charges a fee for this service in the form of a percentage discount, calculated on the amount of each sales transaction. A monthly rental is also charged for the processing terminal. These charges are itemized on the monthly statement received from the credit card processing company.

For the purposes of the exercises in this manual, we will assume that each individual entry is posted to the merchant's bank account upon approval of the transaction by the credit card processing company, less the negotiated discount percentage for each transaction.



Learn the Skill

In this exercise, you will learn to create credit card information in Sage 50 Accounting.

- In the Company module open the Chart of Accounts and create the following three Accounts:
 - 1100 – Credit Card Receivable, a Group account. On the Class Options tab, select **Credit Card Receivable** and fill in according to the following:

- 2140 – Visa Card Payable, Group account, Class: Credit Card Payable
- 5190 – Credit Card Charges, Group account, Class: General & Admin Expense

- Close the General Ledger and the Accounts list.
- In the Home window, click **Setup, Settings**, click **Company**, click **Credit Cards**, then click **Accepted** to enter the names of the credit cards you accept from customers; the fee (percentage) the credit card company charges you, and the accounts you want to use to keep track of the fees charged.
- Make sure you are working in the Credit Cards Accepted screen, and complete the Credit Card Information window as shown below:

Credit Card Name	Currency	Asset Acct	Discount Fee %	Expense Acct
Visa	CAD	1100 Credit Card Receiv	1.50	5190 Credit Card Charge
MasterCard	CAD	1100 Credit Card Receiv	1.50	5190 Credit Card Charge
AMEX	CAD	1100 Credit Card Receiv	5.00	5190 Credit Card Charge

- Click **OK** to save the credit card information.

Entering Customer Sales on Credit Card

Once the credit card information has been set up in Sage 50 Accounting, you can begin to make sales to customers who wish to pay immediately by credit card.

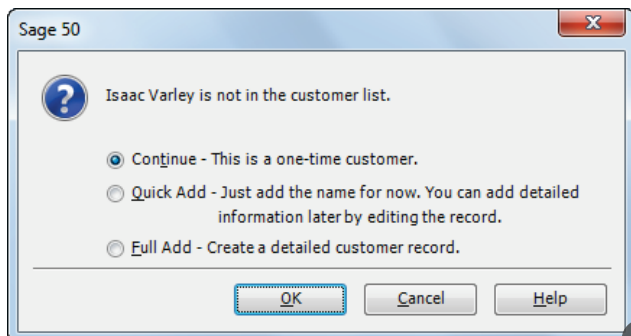


Learn the Skill

In this exercise, you will learn how to post sales transactions with immediate payment by credit card.

- 1 From the Home window, select the **Receivables** option in the navigation pane, then click **Sales Invoices**.
- 2 From the Payment Method field list, select **Visa**.
- 3 Create the following sales invoice, to a new customer by the name of Isaac Varley, not currently on your Customers List.

After entering the name into the **Customer** field, press **Tab** and the following message will display:



- 4 Click **OK** to accept Continue – This is a one-time customer.

This will give a different display in the General Journal display rather than using the <one-time customer> option, as explained in step 8 below.

- 5 Complete the invoice as shown:

Item Number	Quantity	Unit	Order	Item Description	Back Order	Base Price	Discount	Price	Amount	Tax	Account	ris
105	2	item(s)		Accessories:Sculptures		200.00		200.00	400.00	H	4020 Revenue ...	

Subtotal: 400.00
 Tax: 52.00
 Total: 452.00

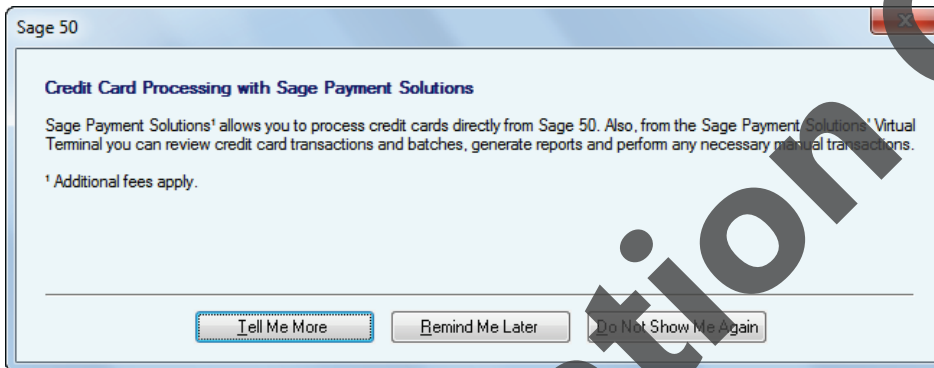
- 6 Review the bookkeeping for the entry. Click **Report, Display Sales Journal Entry**.

Notice the debit to the Credit Card Receivable account as well as the debit to the Credit Card Charges account for the discount fee.

House of Dee 2014 - Your Name
Sales Journal Entry 02/11/2014 (J70)

Account Number	Account Description	Debits	Credits
1100	Credit Card Receivable	445.22	-
5060	Cost of Goods Sold	250.00	-
5190	Credit Card Charges	6.78	-
1500	Inventory	-	250.00
2650	HST Charged on Sales	-	52.00
4020	Revenue from Sales	-	400.00
Additional Date:	Additional Field:		
		702.00	702.00

- Close the Display and click **Post** to complete the entry. Close the Sales Journal – Sales Invoice window. The following window advertising an additional service by Sage may open. If necessary, click **Do Not Show Me Again**.



Let's review the entry in another way.

- From the Home window open the **Reports** menu and select **Journal Entries, All**. Change the Start Date and the End Date to **02/11/2014** and click **OK**. Review the entry.

House of Dee 2014 - Your Name
Sales Journal 02/11/2014 to 02/11/2014

	Account Number	Account Description	Debits	Credits
02/11/2014	J70	Visa #6, Isaac Varley		
	1100	Credit Card Receivable	445.22	-
	5060	Cost of Goods Sold	250.00	-
	5190	Credit Card Charges	6.78	-
	1500	Inventory	-	250.00
	2650	HST Charged on Sales	-	52.00
	4020	Revenue from Sales	-	400.00
			702.00	702.00

The Journal will incorporate the name of the customer in the entry. This is a very useful method to complete a review/audit at a later date, rather than looking at a long list of customers in a General Journal all identified as <one-time customer>.

- Close the All Journal Entries Display.
- Create a Sales Invoice paid by **MasterCard** and give this customer a **3%** discount.

Transaction: Invoice Payment Method: MasterCard [Tell me more about processing credit card payments](#)

Sales Invoice

Customer: * Dickson Bros. Investment
 Shipping Address: <Mailing Address>
 Invoice No.: * 17
 Date: * 02/12/2014
 Order/Quote No.:
 Shipping Date:
 Salesperson:
 Ship from: Primary location
 Division:

Item Number	Quantity	Unit	Order	Item Description	Back Order	Base Price	Discount	Price	Amount	Tax	Account
310	1	it...		Chairs:Exec-armchair		500.00		500.00	500.00	H.	4020 Reven...
715	1	Each		Credenza: Oak		899.00		899.00	899.00	H.	4020 Reven...

Early Payment Discount: 3.00 % 47.43
 MasterCard Amount: 1,533.44
 Subtotal: 1,399.00
 Freight:
 Tax: 181.87
 Total: 1,580.87

Message:

11 Click **Report**, **Display Sales Journal Entry**.

House of Dee 2014 - Your Name
Sales Journal Entry 02/12/2014 (J71)

Account Number	Account Description	Debits	Credits
1100	Credit Card Receivable	1,510.44	
5060	Cost of Goods Sold	750.00	-
5190	Credit Card Charges	23.00	-
5240	Sales Discount	47.43	-
1500	Inventory		750.00
2650	HST Charged on Sales		181.87
4020	Revenue from Sales		1,399.00
Additional Date:	Additional Field:		
		2,330.87	2,330.87

Note the 3% Discount is debited to the Sales Discount account, increasing the balance in this Expense account, at the same time the Credit Card Receivable account is reduced by a similar amount.

12 Close the Display Sales Journal Entry and click **Post** to complete the entry. Close the Sales Journal – Sales Invoice window.

Let's review the sales with credit cards.

13 From the Home window menu bar, click **Reports**, **Financials**, and **General Ledger**. Change the dates to reflect **02/01/2014** to **02/28/2014**, and select **1100 Credit Card Receivable** as the account, sort by **Date** then click **OK**.

House of Dee 2014 - Your Name
General Ledger Report 02/01/2014 to 02/28/2014
Sorted by: Date

Date	Comment	Source #	JE#	Debits	Credits	Balance
1100	Credit Card Receivable					- Dr
02/11/2014	16, Isaac Varley	Visa	J70	445.22	-	445.22 Dr
02/12/2014	17, Dickson Bros. Investment	MasterCard	J71	1,510.44	-	1,955.66 Dr
				1,955.66	-	

14 Close the General Ledger Report to return to the Home window.

Reconciling the Credit Card Account

As the proceeds of the credit card sales are deposited into a bank account, on receipt of the bank statement, this is reconciled in the normal way.

If there are large numbers of daily transactions grouped into daily batch totals for each type of credit/debit card, this may become fairly complex and each situation will require the bookkeeper to set up systems for handling these transactions. This is why a separate bank account is recommended. The reconciliation of the credit card receivable account will be completed later on.

Creating and Setting Up Credit Cards for Purchases

Purchases may be made using a credit card issued in the name of the business.



Learn the Skill

In this exercise, you will learn to set up Sage 50 Accounting to allow you to make purchases using a credit card.

- 1 In the Home window, click **Setup, Settings; Company, Credit Cards**, then click **Used**.
- 2 Complete the window as shown:

Enter the credit cards you use to make purchases.
Under Payable Acct, enter the account that tracks the amount you owe the credit card company.
Under Expense Acct, enter the account you want to charge any fees, such as interest charges and annual fees, against.

Credit Card Name	Payable Acct	Expense Acct
Visa	2140 Visa Card Payable	5190 Credit Card Charges

- 3 Click **OK** to record the changes.

Enter Supplier Purchases on Credit Card

Once the credit card information has been set up in Sage 50 Accounting, you can begin to make purchases from vendors using the business' credit card.



Learn the Skill

In this exercise, you will input and post purchases using the CIBC Visa credit card.

- 1 From the Home window, select the **Payables** option in the navigation pane, and then click **Purchase Invoices**.
- 2 From the drop-down list in the Payment Method field, select **Visa**.
- 3 Enter the following purchase transaction. Use **Quick Add** to add Toronto Sun to the supplier's list.

Transaction: Invoice Payment Method: Visa

Purchase Invoice Invoice Received

Supplier: Toronto Sun

Invoice No.: TSun 169
Date: 02/14/2014
Order/Quote No.:

Items stored at: Primary location
Division:

Quantity	Unit	Order	Item Description	Back Order	Price	Tax	Tax Amount	Amount	Account
			Weekly Advertising			H	60.45	465.00	5020 Adverti...

Early Payment Discount: %
 Visa Amount: 525.45
 Subtotal: 465.00
 Freight:
 Tax: 60.45
 Total: 525.45

- Review the Purchases Journal Entry.

House of Dee 2014 - Your Name
Purchases Journal Entry 02/14/2014 (J72)

Account Number	Account Description	Debits	Credits
2670	HST Paid on Purchases	60.45	
5020	Advertising	465.00	
2140	Visa Card Payable		525.45
Additional Date:	Additional Field:		
		525.45	525.45

Notice the credit to the Visa Card Payable account.

- Close the Purchases Journal display. Click **Post** to complete the transaction.
- Input one more purchase transaction from a new vendor:

Eureka Furnishings Tel: (852) 281-4200
 46 Wyndham Street Web: www.eurekafurnishings.com
 Hong Kong Supplier Since: 2/18/2014

Transaction: Invoice Payment Method: Visa

Purchase Invoice Invoice Received

Supplier: Eureka Furnishings

Invoice No.: EF 159
Date: 02/18/2014
Order/Quote No.:

Items stored at: Primary location
Division:

Item Number	Quantity	Unit	Order	Item Description	Back Order	Price	Tax	Tax Amount	Amount	Account
201	4	item(s)		Carpets:Chinese Floral		359.00			1,436.00	1500 Inventory

Early Payment Discount: %
 Visa Amount: 1,511.00
 Subtotal: 1,436.00
 Freight: 75.00
 Tax: 0.00
 Total: 1,511.00

Post

- 7 Review the purchases journal entry. Click **Report, Display Purchases Journal Entry**.

House of Dee 2014 - Your Name
Purchases Journal Entry 02/18/2014 (J73)

Account Number	Account Description	Debits	Credits
1500	Inventory	1,436.00	-
5150	Freight Expense	75.00	-
2140	Visa Card Payable	-	1,511.00
Additional Date:	Additional Field:		
		1,511.00	1,511.00

- 8 Close the Purchases Journal display. Click **Post** to complete the transaction.
- 9 Close the Purchases Journal – Creating an Invoice window.

Let's review the transactions paid with credit cards.

- 10 On the Home window menu bar, click **Reports, Financials**, and **General Ledger**. Use a Start date of **02/01/2014** and Finish date of **02/28/2014**. Select **2140 Visa Card Payable** and click **OK**.

House of Dee 2014 - Your Name
General Ledger Report 02/01/2014 to 02/28/2014
Sorted by: Date

Date	Comment	Source #	JE#	Debits	Credits	Balance
2140	Visa Card Payable					- Cr
02/14/2014	TSun 169, Toronto Sun	Visa	J72		525.45	525.45 Cr
02/18/2014	EF 159, Eureka Furnishings	Visa	J73		1,511.00	2,036.45 Cr
					2,036.45	

- 11 Close the General Ledger Report to return to the Home window.

Reconciling the Credit Card Statement

The reconciliation of the credit card payable account works similar to reconciling a bank account, except that the transactions are matched to those listed on the credit card statement.



Learn the Skill

In this exercise, you will learn how to reconcile the credit card payable account.

- 1 Open the Chart of Accounts window, double-click the account record for account **2140 Visa Card Payable**, click the **Reconciliation & Deposits** tab and select the **Save Transactions for Account Reconciliation** option.
- 2 Click **Set Up**, and enter the following:

Interest Income:	4100 Interest Earned
Adjustment:	5190 Credit Card Charges
Bank Charges:	5190 Credit Card Charges
Interest Expense:	5190 Credit Card Charges
- 3 Click **OK** and close the General Ledger and Accounts windows.
- 4 In the Home window, select the **Banking** option and click **Reconcile Accounts**.
- 5 From the Transaction field drop-down list, select **Account Reconciliation**.
- 6 From the Account field, select **2140 Visa Card Payable**.

The Transactions tab displays instructions for reconciling an account for the first time.

- 7 Click **Add Prior Outstanding** and note that there are no prior transactions shown in the Add Outstanding Transactions window
- 8 Click **OK** to complete this step of the process.

Ensure the dates show 02/01/2014 and 02/28/2014. Reconciliation Date should be 02/28/2014.

Transaction: Account Reconciliation

Account: 2140 Visa Card Payable

Statement Start Date: 02/01/2014 Statement Opening Balance: 0.00

Statement End Date: 02/28/2014 Statement End Balance: 0.00 CAD

Reconciliation Date: 02/28/2014 Comment:

Worksheet Transactions Income Expense

Sort Trans. by: Date A...Z+ Add Prior Outstanding... Show Deposit Slip Details Do not show corrections

Source	Date	Comment	Deposits	Withdrawals	Status
Visa	02/14/2014	TSun 169, Toronto Sun	--	525.45	Outstanding
Visa	02/18/2014	EF 159, Eureka Furnishings	--	1,511.00	Outstanding

Resolved 0.00 Outstanding 2,036.45 Unresolved 0.00 Post

Discrepancy 0.00

The RBC Visa Account statement for February 28, 2014 has arrived and you are ready to complete the reconciliation for February. It shows a balance of \$2,080.45 (entries of 525.45 and 1,511.00, plus 44.00 service charge).

- 9 On the **Transactions** tab add a Comment, enter the Statement End Balance of 2080.45 and clear the two entries.

Transaction: Account Reconciliation

Account: 2140 Visa Card Payable

Statement Start Date: 02/01/2014 Statement Opening Balance: 0.00

Statement End Date: 02/28/2014 Statement End Balance: 2,080.45 CAD

Reconciliation Date: 02/28/2014 Comment: Visa reconciliation for February 2014

Worksheet Transactions Income Expense

Sort Trans. by: Date A...Z+ Add Prior Outstanding... Show Deposit Slip Details Do not show corrections

Source	Date	Comment	Deposits	Withdrawals	Status
Visa	02/14/2014	TSun 169, Toronto S	--	525.45 ✓	Cleared
Visa	02/18/2014	EF 159, Eureka Furn	--	1,511.00 ✓	Cleared

Resolved 2,036.45 Outstanding 0.00 Unresolved 44.00 Post

Discrepancy 0.00

10 Click the **Expense** tab, and complete the window as shown:

Name	Source No.	Date	Comment	Acct	Amount
Bank Charges	CC Stmt	02/28/2014	Bank Charges	5190 Credit Card Charges	44.00
NSF fee		02/28/2014	NSF fee		--
Interest Expense		02/28/2014	Interest Expense	5190 Credit Card Charges	--

The Outstanding is 0.00, the Unresolved is 0.00 and there is no Discrepancy. Good Work!

11 Review the Account Reconciliation Journal Entry.

House of Dee 2014 - Your Name
Account Reconciliation Journal Entry 02/28/2014

	Account Number	Account Description	Debits	Credits
02/28/2014	CC Stmt, Bank Charges			
	2140	Visa Card Payable	-	44.00
	5190	Credit Card Charges	44.00	-
Additional Date: Additional Field:				
			44.00	44.00

12 Close the Journal Display and click **Post**. Close the Reconciliation & Deposits window.



Learn the Skill

In this exercise, you will learn how to reconcile the 1100 CIBC Credit Card Receivable account.

- 1 Open the Chart of Accounts window, double-click the account record for account **1100 Credit Card Receivable**, click the **Reconciliation & Deposits** tab and select the **Save Transactions for Account Reconciliation** option.
- 2 Click **Set Up**, and enter the following:

- 3 Click **OK** and close the General Ledger and Accounts windows.
- 4 In the Home window, select **Banking**, click **Reconcile Accounts**, and select account **1100 Credit Card Receivable** from the Account drop-down list. If necessary change the dates to: 02/01/2014 and 02/28/2014. Reconciliation date is 02/28/2014.

- 5 Click **Add Prior Outstanding** and note that there are no prior transactions shown in the Add Outstanding Transactions window.
- 6 Click **OK** to complete this step of the process.

The Reconciliation & Deposits window appears, and you are ready to do the first reconciliation.

The RBC Visa and Master Card Account statements for February 28 have arrived, and you are ready to complete the reconciliation for February. It shows a balance of \$1,956.49 (entries of 445.22 and 1,510.44, plus .83 of interest income).

- 7 On the **Transactions** tab fill in according to the following:

- 8 Click the **Income** tab, and complete the window as shown:

Name	Source No.	Date	Comment	Acct	Amount
Interest Income	CC Stmt	02/28/2014	Interest Income	4100 Interest Earned	0.83
Exchange Gain		02/28/2014	Exchange Gain		..
Error - Gain		02/28/2014	Error - Gain		..

The Outstanding is 0.00, the Unresolved is 0.00 and there is no Discrepancy. Good Work!

- 9 Review the Account Reconciliation Journal Entry.

House of Dee 2014 - Your Name
Account Reconciliation Journal Entry 02/28/2014

	Account Number	Account Description	Debits	Credits
02/28/2014	CC Stmt, Interest Income			
	1100	Credit Card Receivable	0.83	-
	4100	Interest Earned	-	0.83
Additional Date:		Additional Field:		
			0.83	0.83

- 10 Close the Account Reconciliation Journal Entry.
- 11 Click **Post**. Close the Reconciliation & Deposits window.



Learn the Skill

In this exercise, you will review what was done in the credit card reconciliations.

- 1 On the Home window, click **Reports, Journal Entries, Account Reconciliation**, Report By **Date**. Accept the default dates of 01/01/2014 and 02/28/2014 and then click **OK**.

House of Dee 2014 - Your Name Account Reconciliation Journal 01/01/2014 to 02/28/2014

		Account Number	Account Description	Debits	Credits
01/31/2014	J66		Bk Stmt, Interest Income		
		1080	RBC Chequing Account	37.62	-
		4100	Interest Earned	-	37.62
01/31/2014	J67		Bk Stmt, Bank Charges		
		1080	RBC Chequing Account	-	65.50
		5040	Interest & Bank Charges	65.50	-
01/31/2014	J68		Bk Stmt, Interest Income		
		1090	RBC Payroll Account	11.39	-
		4100	Interest Earned	-	11.39
01/31/2014	J69		Bk Stmt, Bank Charges		
		1090	RBC Payroll Account	-	25.00
		5040	Interest & Bank Charges	25.00	-
02/28/2014	J74		CC Stmt, Bank Charges		
		2140	Visa Card Payable	-	44.00
		5190	Credit Card Charges	44.00	-
02/28/2014	J75		CC Stmt, Interest Income		
		1100	Credit Card Receivable	0.83	-
		4100	Interest Earned	-	0.83
				184.34	184.34

Note: Your Journal numbers may not match the above display. Ignore such variance.

- 2 Close the Account Reconciliation Journal Display.

Making Credit Card Payments

When a business uses a credit card to make purchases, it will be necessary on a periodic basis to make payment towards this liability either in full or as a partial payment. This is usually completed once a month when the credit card statement is received.



Learn the Skill

In this exercise, you will learn how to make a payment towards your Visa credit card account.

- 1 From the Home window, select the **Payables** option in the navigation pane, then click the **Payments** icon.
- 2 Change the first field to **Pay Credit Card Bill**.
- 3 In the Pay To the Order of field select **Visa**.

The balance of your Visa account is displayed

- 4 Enter: 2080.45 into the Payment Amount field.

Pay Credit Card Bill By Cheque From 1080 RBC Chequing Account [Order cheques](#)

House of Dee 2014 - Your Name Cheque No. 298

Pay Two Thousand Eighty45/100

To the Order of Visa Date 02/28/2014 Amount \$2,080.45

The amount in the Credit Card Payable Account Balance is the current balance of that account and is displayed for informational purposes only. The actual credit card balance may be different, please see your credit card statement for the actual balance.

Credit Card Payable Account Balance: 2,080.45

Additional Fees and Interest: 0.00

Payment Amount: 2,080.45

Comment

- 5 Select **Report** in the menu and **Display Payments Journal Entry**.

House of Dee 2014 - Your Name
Payments Journal Entry 02/28/2014 (J76)

Account Number	Account Description	Debits	Credits
2140	Visa Card Payable	2,080.45	-
1080	RBC Chequing Account		2,080.45
Additional Date:	Additional Field:		
		2,080.45	2,080.45

- 6 Close the Journal display and **Post** the entry.
- 7 Close the Payments Journal.

Handling Petty Cash

Most businesses maintain a Petty Cash fund to handle minor daily purchases, where it is impractical to create a Payable account or to use a cheque. Examples of this could be small purchases of office supplies, a cake, or a birthday card for an employee, flowers, a pizza for the staff for the month end inventory count after hours.

The amount of the Petty Cash fund may vary from \$50.00 to several hundred dollars, depending on need. It would be impractical for a business to have a \$100.00 Petty Cash, when average purchases from the fund may run into \$50 or more.

The Petty Cash fund is generally under the control of one staff member, the bookkeeper, or someone else who has some cash handling experience.

Once the Petty Cash Account is set up for a specific amount the account will remain static for this set amount. A Petty Cash Account will ever only be accessed under three conditions in a bookkeeping entry:

- To set up the Petty Cash fund.
- To revise the amount of the fund up or down.
- To close the fund because it is no longer needed.



Learn the Skill

In this exercise, you will learn how to set up the Petty Cash fund.

Mark Polsen will be looking after the Petty Cash fund. It will be necessary to add his name to the supplier's list.

- 1 Select **Payables** then click the **Suppliers** icon.
- 2 Click the **Create** button and add Mark Polsen to the Payables Ledger as of Feb 1, 2014.
- 3 Save and close all screens to return to the Home window
- 4 In Payables, click the **Payments** icon.
- 5 In the first field select **Make Other Payment**, and then select **Mark Polsen** in the To the Order of field.
- 6 Change the date to: 02/18/2014.
- 7 Complete the window as shown. Enter the cheque number into the Invoice/Ref field.

Acct	Description	Amount	Tax	Tax Amount	Allo
1050 Petty Cash	Set up Petty Cash	200.00			

Subtotal: 200.00
 Tax:
 Total: 200.00

Invoice/Ref: 299
 Comment:
 Post

- 8 Review the bookkeeping entry.

House of Dee 2014 - Your Name Payments Journal Entry 02/18/2014 (J77)

Account Number	Account Description	Debits	Credits
1050	Petty Cash	200.00	-
1080	RBC Chequing Account	-	200.00
Additional Date:	Additional Field:		
		200.00	200.00

- 9 Close the Journal display and **Post** the entry.
- 10 Close the Payments Journal to return to the Home screen.

This cheque is taken to the bank by the Petty Cash Custodian and cashed. The money is usually retained in a small cash box and kept in a safe place in the business. As small purchases are made from this fund a cash receipt is retained in exchange for the money being paid out to an employee who made a legitimate purchase.

The Petty Cash box should always contain the amount of the fund (\$200.00 in this case) by way of Cash and total receipts. When the Cash on hand is getting close to depletion it will be necessary to replenish this fund with a new cheque being issued to the custodian for the amount of the receipts on hand, and an entry being recorded dividing up the various expenses into appropriate expense accounts.

The Petty Cash custodian empties the receipts from the Petty Cash box and sorts them into Expense accounts as per the following example. Items being charged to the same account may be combined into one entry in the Journal.

What purchased	Petty Cash		Expense Account
	Net Amount	Gross Amount	
Birthday Card	6.95	7.85	5200 Miscellaneous
Potted Plant for Office	29.95	33.84	5280 Office Expense
Hockey Team solicitation	25	25.00	5020 Advertising
Printer Paper	16	18.08	5280 Office Expense
Month end inventory - Pizza	26.95	30.45	5200 Miscellaneous
Paper delivery	30	33.90	5200 Miscellaneous
Courier collect delivery charge	20	22.60	5140 Delivery Expense
Friday morning muffins	12	13.56	5200 Miscellaneous
Total		185.29	

Learn the Skill

In this exercise, you will learn how to replenish the Petty Cash fund.

- 1 In the **Payables** module, click the **Payments** icon.
- 2 In the first field select **Make Other Payment**, then select **Mark Polsen** in the To the Order of field.
- 3 Complete the journal as shown. Enter the cheque number as an Invoice/Ref.

Acct	Description	Amount	Tax	Tax Amount	Allo
5200 Miscellaneous	Birthday Card	6.95	H	0.90	
5280 Office Expense	Potted Plant for Office	29.95	H	3.89	
5020 Advertising	Hockey Team solicitation	25.00			
5280 Office Expense	Printer Paper	16.00	H	2.08	
5200 Miscellaneous	Month end inventory - Pizza	26.95	H	3.50	
5200 Miscellaneous	Paper delivery	30.00	H	3.90	
5140 Delivery Expense	Courier delivery charge	20.00	H	2.60	
5200 Miscellaneous	Friday morning muffins	12.00	H	1.56	
Subtotal		166.85			
Tax		18.43			
Total		185.28			

You will occasionally run into rounding up or down situations as shown here. In that case it is common practice to adjust one of the tax amounts in the journal entry to reflect the correct amount from the receipt.

In our example we have purposely left the one cent variance in place to demonstrate that rounding differences can occur when dealing with percentages.

- Review the bookkeeping entry.

House of Dee 2014 - Your Name
Payments Journal Entry 02/28/2014 (J78)

Account Number	Account Description	Debits	Credits
2670	HST Paid on Purchases	18.43	-
5020	Advertising	25.00	-
5140	Delivery Expense	20.00	-
5200	Miscellaneous	75.90	-
5280	Office Expense	45.95	-
1080	RBC Chequing Account	-	185.28
Additional Date:	Additional Field:		
		185.28	185.28

- Close the Journal display and **Post** the entry.
- Close the Payments Journal to return to the Home screen.

Mark Polsen will take this cheque to the Bank, cash it and place the funds into the Petty Cash box. This fund should now be back to \$200.00.

Using Debit Cards

Debit cards have become an everyday tool to make purchases and avoid having to carry large amounts of cash. Whether the purchase is small or large, a debit card is now accepted by almost all businesses.

Using a Debit Card to Make a Purchase

A debit card used by the business to make a purchase will most likely be tied to the business chequing account. In that case, the entry will be no different than if cash had been taken out of the chequing account for the exact amount of the purchase and will be handled like any other cash purchase.

Using a Debit Card to Make a Sale

When a customer offers his debit card to the business to pay for a purchase, the transaction will be handled as if it were a cash sale with some very important differences.

The business has a contract with a financial institution to handle their debit card as well as credit card transactions. The equipment to handle the transactions is rented by the business on a monthly basis for a fee which can vary from the inexpensive \$30.00 to \$40.00 per month to the wireless which can run as high \$50.00 to \$60.00 per month.

In addition to the monthly rental, the financial institution levies a transaction fee of \$0.08 to \$0.15 per transaction. The net amount of the transaction is deposited into an account controlled by the financial institution. The business has the opportunity on a daily basis to view a transaction statement. The funds less the transaction fee are automatically deposited to the business bank account every three or four days.

The financial institution issues a monthly statement outlining all transactions and fees collected.


Backing Up Sage 50 Accounting Data Files

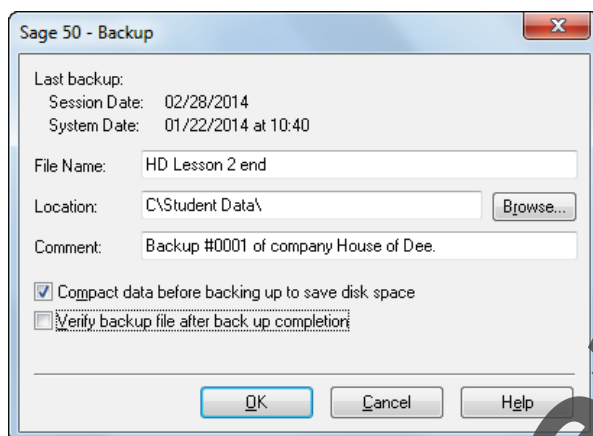
At the end of each lesson complete a backup of the lesson data file using a name such as *HD Lesson 2 end*.



Learn the Skill

In this exercise, you will learn how to create a Backup of your data file.

- 1 Select **File, Backup** from the Home window menu bar, or click  **(Backup)** from the toolbar.
The Backup window will open.
- 2 Replace the File Name with: HD Lesson 2 end.



If necessary, check with the instructor to find the correct procedure or location for backup of files.

- 3 Ensure **Compact data before backing up to save disk space** is selected and click **OK**.
- 4 Click **OK** to acknowledge that the backup is complete.
- 5 Close Sage 50 Accounting.

Backup files are compressed before they are copied, so they take less space on your disk. If you wish to use your backup file, go to the Home window, click **File**, then **Restore** or choose **Restore from backup** in the Sage 50 Accounting Open/Welcome window and follow the steps indicated in the Restore windows.

Lesson Summary

In this lesson, you learned how to set up and use the bank reconciliation feature. You have also worked with credit cards for sales and purchases, and reconciled credit card statements. Now that you have completed this lesson, you should know how to:

- | | |
|---|--|
| <input checked="" type="checkbox"/> use the deposit feature | <input checked="" type="checkbox"/> account for sales on credit card |
| <input checked="" type="checkbox"/> set up the bank reconciliation | <input checked="" type="checkbox"/> account for purchases on credit card |
| <input checked="" type="checkbox"/> reconcile a bank account | <input checked="" type="checkbox"/> reconcile credit card statements |
| <input checked="" type="checkbox"/> produce bank reconciliation reports | <input checked="" type="checkbox"/> make credit card payments |
| <input checked="" type="checkbox"/> create credit card accounts | <input checked="" type="checkbox"/> reconcile Petty Cash |
| <input checked="" type="checkbox"/> set up credit cards for sales and purchases | <input checked="" type="checkbox"/> use a debit card |

Review Questions

1. The bank reconciliation is extremely important, as it is the only source of external audit to verify your day-to-day bookkeeping.
 - a. True
 - b. False
2. The Cash Deposit amount must always be equal to the total of cash sales during the period.
 - a. True
 - b. False
3. When you are setting up the bank reconciliation in Sage 50 Accounting for the first time, you must work from your last balanced reconciliation (either manual or from another accounting system).
 - a. True
 - b. False
4. Outstanding entries from the last balanced reconciliation may be manually keyed in to the bank reconciliation system.
 - a. True
 - b. False
5. Entries for bank service charges and interest must be entered through the bank reconciliation.
 - a. True
 - b. False
6. If you are unable to balance your bank reconciliation, it is acceptable to post an adjustment and move on.
 - a. True
 - b. False
7. An Unresolved amount of anything but 0.00 means that the bank reconciliation is not balanced.
 - a. True
 - b. False
8. Where adjusting entries have been made and there are matching Deposit and Withdrawal amounts in the Reconciliation, these may be cleared.
 - a. True
 - b. False
9. Credit cards used for sales to customers can be set up so that a discount is calculated and deducted from each transaction.
 - a. True
 - b. False
10. Invoices for sales to customers on credit card are all "Pay Later" invoices.
 - a. True
 - b. False
11. Proceeds from credit card sales are normally deposited to a bank account in the name of the merchant.
 - a. True
 - b. False
12. A liability account is needed in the Chart of Accounts to record purchases made on a credit card.
 - a. True
 - b. False
13. The account used for purchases on credit card has to be reconciled in the same way as a regular bank account.
 - a. True
 - b. False
14. To purchase small items for cash, it is alright to use the Petty Cash account in a General Journal.
 - a. True
 - b. False