



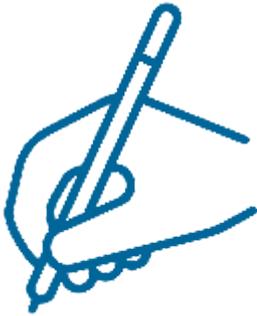
Module 2 : Manual and Computerised Accounting and Introduction to Sage 50

- A brief history of Sage 50;
- The key differences between manual accounting systems and computerised software;
- A general overview and introduction to Sage 50;
- The advantages and significance of using Sage 50;

Objectives

- A brief history of Sage 50;
- The key differences between manual accounting systems and computerised software;
- A general overview and introduction to Sage 50;
- The advantages and significance of using Sage 50;
- Sage 50 procedure and guide.

2.1 Introduction



Before moving on to an introduction to Sage 50, it is important to understand the basic differences between manual and computerised accounting systems.

This is explained in detail in the section following this introduction.

As one of the leading accounting software for small businesses, Sage 50 offers a number of flexible and practical features that help streamline accounting and financial management processes.

In this module, we will discuss the significance of computerised accounting tools offered by Sage 50 and how automated processes have revolutionised the face of business accounting. Computerised accounting systems allow for accumulation, recording and measurement, as well as presentation of information for different users.

Although they have significant benefits, computerised accounting systems are also associated with certain limitations and it is a good idea to understand these before moving onto the introduction to Sage 50.

Businesses must identify and understand their basic requirements before sourcing accounting software. Different accounting software applications cater to different customer requirements. This module will discuss these considerations.

Module 2 will also contain an introduction to Sage 50. You will learn the purpose of Sage 50 and a brief timeline regarding its development, as well as the different benefits that it offers.

2.2 The Fundamental Differences between Manual and Computerised Accounting Systems



'Behind every good business is a great accountant.'

By definition, accounting involves the identification, recording, classification, summarising and presentation of data for further analysis. It is important to understand these activities in the context of both manual and computerised accounting.

Identification:

Identification of transactions is the same in both manual and computerised accounting systems.

Recording data:

In manual systems, data is recorded in ledgers or journals whilst computerised accounting systems record data in the database. The database contains records of all transactions.

Classification:

Manual systems involve entering data into a book of original entries and these are then posted in a ledger. One of the biggest disadvantages of manual accounting systems is the duplication of transaction entries.

For example, as mentioned above, transaction data entries exist in the book of original entries as well as in the ledger.

Computerised accounting systems process recorded data into different forms and this prevents duplication of the data. The recorded data can be processed for ledger accounts and can also be processed for the purpose of generating of reports, etc. In other words, computerised accounting systems are able to process transaction data into different formats.

Summarising data:

In a manual accounting system, transaction data is summarised by ascertaining the balances of different accounts, in order to produce a trial balance which is essentially a bookkeeping worksheet. A bookkeeping worksheet incorporates all the balances from all the ledgers into debit and credit columns.

However, in a computerised accounting system, the balances of different accounts are processed and transformed into a trial balance automatically. Hence, when using computerised accounting systems to produce a trial balance, ledger accounts are redundant.

Thus, a significant level of human error is reduced and the system is instrumental in saving time.

Adjustment of entries:

Manual accounting processes follow the principle of matching the costs with revenues. In other words, each expense is matched with the revenue generated by it during a specific accounting period. The entries often have to be corrected by incorporating adjusted entries to rectify any errors.

However, computerised accounting systems record and store entries, and there is no need for additional 'adjustment entries' to rectify any errors. Users may need to incorporate adjustments if they have made a classification error, for example, recording a payment voucher as a receipt transaction.

Financial statements:

There is a key difference between manual and computerised accounting systems when it comes to the preparation of financial statements. Manual accounting processes rely on the availability of a trial balance, in order to produce financial statements. However, in computerised accounting systems, you do not require the trial balance in order to generate financial statements.

This is due to the fact that computerised accounting systems use the original transaction data to generate financial statements. Hence, the transaction date can be processed for multiple uses.

Closing the books:

After the preparation of the final financial reports, accountants typically make preparations for the subsequent accounting period. They accomplish this by closing and then reversing the journal entries. The closed and reversed journal entries are then posted.

Computerised accounting systems incorporate predesigned features for year end processing of accounts. The user can create and store account balances for the upcoming accounting period.

Computerised accounting systems such as Sage 50 are now widely used in the UK as well as all over the world.

2.3 A Brief History of Sage 50



Sage 50 accounts, formerly known as Sage Line 50, is a software application designed to help users manage financial accounts, nominal and sales ledgers and cash books.

The software is ideally suited for use in small to medium businesses.

Sage 50 has been tweaked to be compatible with the cloud application and this version is called Sage 50c.

Today, Sage 50 has millions of customers all over the world. The key industrial focus areas include HR and payroll, healthcare, accountancy, transport and distribution and payment processing.

Different versions of Sage 50 are available, depending on individual requirements.

FACT



The Sage Group is a British multinational enterprise software company founded by David Goldman, Paul Muller and Graham Wylie. Its headquarters are in Newcastle-upon-Tyne in the UK. The Sage 50 line was first developed in order to offer accounting and estimating business software to small business enterprises.

Source: wikipedia.org

2.4 Sage 50 Software: Objectives and General Overview



Sage 50 has been thoughtfully designed to anticipate the needs of small or medium business owners and these include the management of cash flow and the creation of invoices.

It is equipped with a range of tools that make it a user-friendly product. It can easily be used by certified accountants, as well as by people who are not accountants.

Businesses that make the decision to switch to Sage 50 enjoy the use of a more unified accounting solution. More importantly, they are able to use the software to identify areas of their business that are doing well and those areas that require improvement.

Sage 50 has three versions: Sage 50 Pro, Sage 50 Premium and Sage 50 Quantum.

Whilst the Sage 50 Pro version offers basic accounting tools, the Sage 50 Premium version

introduces a wider range of tools and supports a larger number of users. The Sage 50 Premium version also incorporates customer management, audit trails, job costing, inventory tools, vendor management, automated billing and comprehensive company support.

The more advanced accounting tools allow users to perform more complex tasks, including budgeting, serialised inventory, archiving, changes to order processing, and financial statements prepared by department.

There are also differences in the number of users for each Sage 50 version. Sage 50 Pro, for example, supports a one-user system whilst Sage 50 Premium supports up to five users. Sage 50 Quantum supports up to forty users.

Sage 50 Quantum offers inbuilt features that facilitate optimised and in-depth reporting, analysis, automated workflows, role-based security enhancements and a centralised dashboard.

Sage 50 Premium offers a range of tools and features specifically designed for use in small businesses. These include billing, accounting, vendor and customer management, banking, payroll processing and inventory management.

Sage 50 can perform a range of functions, including the printing of income statements and pick lists.

In addition, Sage 50 has the inbuilt potential to print 150 different types of preconfigured reports, and users can track and filter custom data fields. Users can generate reports for CPA's (Certified Public Accountants), investors and internal decision-making purposes. Thus the user can make better business decisions.

Additional features include:

- Generation and sharing of income statements
- Journal entries
- Ledger entries
- Gross profit reports
- Audit trails
- Transaction reports

Users can also focus on report items, in order to access details of the original entry and additional information. All data can be altered, in line with company procedure, or exported to other software for further editing.

Sage 50 also supports the sharing of reports using email and exporting files in PDF and Excel format.

Sage 50 is also known for its enhanced ability to generate professional-looking invoices, print cheques and manage automated bank payments. Furthermore, it also incorporates a powerful inventory manager that has the ability to handle a wide range of inventory data, including preferred

vendor, location, assemblies and substitution.

The comprehensive and flexible employee functions allow the incorporation of details, such as emergency contacts, commissions, overtime and accrued holiday time. However, users are required to subscribe to different payroll modules, depending on the number of employees.

You can use Sage 50 to produce reports for different types of employees and can incorporate details of hourly, salaried or commission pay structures.

Here is a brief summary of all three versions of Sage 50:

Sage 50 Pro:

This is a basic accounting package that includes the handling of accounts payable, accounts receivable and cash management.

Sage 50 Premium:

This version supports audit trails, budgets, automated tasks and change order processing.

Sage 50 Quantum:

This is designed for workflow management, industry-specific features and faster processing. Shari Willman, Product Marketing Manager for Sage 50, suggested that, although Sage 50 versions were available for a larger number of users, the optimum number was ten or less. This is ideal for small businesses whereby accounting tasks are usually managed by the owner plus two or three employees.

Sage 50 incorporates all the modules of accounting, such as payroll, banking, billing, invoicing, vendors, customers and sales, into one unified package. It can also distribute payroll payments, either by cheque or automated bank payment.

It also helps manage special payroll payments and overtime payments and helps track expenses and weekly timesheets.

It can also track various types of employee data, including employee contact information, emergency contact information, demographics, employment status, withheld payments, deductions, holiday and sickness records, annual earnings, tax liability and compensation reports.

2.5 Important benefits of using Sage 50 include:

**Speed and accuracy:**

It offers improved speed and accuracy and is designed to handle a large volume of transactions. It is instrumental in reducing human error which invariably creeps in with the use of manual accounting systems. Such a system is designed to work at a far higher speed than humans can.

One of the main reasons behind the reduction of human error is the fact that transaction data is entered only once and then processed for different applications and purposes. Human error arises from posting the same set of data repeatedly for different purposes.

Reliability:

It offers excellent reliability because, unlike with human beings, it is not subject to fatigue or boredom.

Accessibility:

Data is easily accessible, as opposed to having to pull out files and retrieve individual documents. Whenever accounting data is entered and stored, the system updates the records. This means that, whenever records are retrieved, they are the latest versions. Furthermore, whenever reports are printed, they reflect the most up-to-date data.

For example, if you enter data regarding a transaction involving the cash purchase of goods, the cash account, purchase account and profit and loss account all reflect this.

Real-time user interface:

Most computerised accounting systems are designed to work on a network of computers for improved multi-user access. One of the biggest advantages of using Sage 50 is that it offers immediate availability of information to multiple users in a work environment.

Automated document production:

It offers a flexible range of user-defined and standard formats for documents and reports. You can print reports and documents, such as trial balance, cash book and statement of accounts just by the click of a mouse.

Scalability:

Additional staff requirements for the usage of Sage 50 are confined to data entry operators who are required to enter details of vouchers, etc. Additional processing does not involve extra costs. Thus Sage 50 offers excellent scalability features for small businesses.

Legibility:

It offers a comprehensive range of standard font, to ensure a high quality of legibility. Manual accounting often results in poor legibility due to untidy handwriting Improved legibility means a reduced likelihood of mistakes.

Efficiency:

It is designed to maximise usage of resources and time by helping in the decision-making process, the generation of reports and the production of useful information.

Generation of detailed and insightful MIS (Management Information Systems) reports:

The real-time production of MIS reports is extremely useful for management as they help managers to monitor progress and identify areas that require attention and improvement.

For example, reliable debtors analysis can help identify bad debt or defaults, concentration of debt, as well as its effect on the balance sheet.

For instance, if the business has a policy of restricting credit sales by a fixed amount for a customer, the accounting system will indicate every time a voucher is entered through the system.

Easy storage and retrieval of data:

Sage 50 does not require the use of filing cabinets, drawers or other physical storage of data.

Seamless integration with Microsoft Office packages and other Sage products:

This helps transform Sage 50 into a complete business management system.

2.6 Introduction to Sage 50 Software



Users who are familiar with Windows will find it familiar to navigate Sage 50 software.

Sage 50 is the most popular accounting software package in the UK and is recommended by a

majority of accountants. It is specifically designed to streamline time-consuming and tedious tasks, such as data entry and accounting procedures.

Small businesses can benefit from using Sage 50 as it will save them valuable time and money. The scalability features of Sage 50 make it an ideal choice for growing businesses.

Small businesses can expect to use the following functions:

Customer management

An expanding customer base necessitates instant and accurate access to customer details and records. Details that can be recorded in the customer database include contact information, purchase history, credit and trading terms.

Product management

Regardless of the complexity of your product line-up, Sage 50 offers features that allow efficient management of stocks, order fulfilment and production details.

Supplier management

Supplier management is as important as customer management for any business. Sage 50 incorporates features that help track supplier information, including products to order, payment details and debt management.

Account management

Comprehensive access and complete control over accounting procedures helps business owners make strong, confident and informed decisions regarding the direction of the business. The confidence arises from the knowledge that all transactions have been accurately, reliably and fully accounted for.

Finance management

Sage 50 offers an excellent report generating function that helps business owners and managers produce regular financial reports. The outset, business owners can start producing reports from the first transaction entered into the system, to understand how the business is performing.

Business management

The overall control over accounts and financial management, coupled with customer and supplier management, allows for improved business management.

Funds management

Non-profit-making or charitable organisations can particularly benefit from Sage 50, by using it to manage their funds. Sage 50 offers the option to perform accounting procedures, either based on accruals or receipts and payment methods. It incorporates special functions for charities.

2.7 Sage 50 Installation Guide



The following step-by-step guide explains the installation of Sage 50 for a single user.

In order to install Sage 50 for a multi-user network, the user must possess administrative rights. The multi-user installation cannot proceed if the user is not logged in as the administrator.

The installation is fairly straightforward; however, following the steps below will help make the installation easier.

Verification of System Requirements

Sage 50 is supported by all Microsoft Windows versions, including Windows 10, Windows 1, Windows 8, Windows 7 and Windows Vista.

Please note that Sage 50 cannot be installed onto non-Windows software or Windows XP.

The system will also need the following requirements:

- 2Ghz processor or equivalent
- 2GB RAM
- 2GB of free disk space for the software plus additional space for data files
- A minimum internet speed of 1Gbps (100Mbps minimum)

You will require a reliable broadband internet connection for uploads and downloads. The recommended download speed is 4Mbps and the recommended upload speed is 2Mbps.

Sage 50 integrates with Microsoft Office versions 2003, 2007, 2010 (32-bit edition), 2013 (32-bit edition) and 2016 (32-bit edition).

The screen resolution should be 1024 x 768 pixels.

It is a good idea to check that the antivirus software is not hampering the installation of Sage 50 as

antivirus software may lock the files.

Purchasers of Sage 50 will receive a serial number and an activation key, in order to activate the software. If you happen to have a Sage login, you can use that to access the serial number and account number online.

If you are not accessing the software through your company, you can purchase it or use the Sage50cloud trial version using this link: www.sage.co.uk. You will then be sent an email with the account details.

How to Create and Activate your Sage 50 Login

1. Go to my.sage.co.uk, click on 'Create a Sage login', enter your name and your e-mail address and create a password.
2. You will receive an e-mail - open it and click on the link to activate it.
3. Enter the password that you entered during the login process and click 'submit'.

How to Link your Login to your Account

- Enter your email address and password and log into your online Sage account.
- Go to 'My accounts' and click on 'Link to an account'.
- Select the option that says 'I am an existing customer, business partner, accountant or developer with an account number' and click 'next'.
- Enter your contact details and account details. Your login is now linked to your Sage account.

Check the activation key by logging into your account and clicking on 'My products and services'. Select or enter your serial number and note down the activation key. You are now ready to download Sage.

Downloading Sage 50 from a CD

1. Ensure that any other programmes that are running are shut down.
2. Insert the Sage 50 CD into the CD-ROM drive. Alternatively, you can use your activation key and download the software from the Sage website.
3. The Sage 50 menu should appear automatically. In the event that the menu does not appear, click the Start button at the bottom left-hand corner of the PC or laptop, choose Run and then type d:\start in the text box that opens. The installation menu should now open.

Tip: Sometimes the drive letter may be a different letter other than 'd'; in which case, please use the appropriate drive letter in your command.

1. Before commencing the actual installation, ensure that you double-click on 'Readme', so that you are updated with any additional information regarding the latest version of Sage 50. The Readme file can be read with the help of Microsoft Windows Explorer.

Tip: Older versions of Sage 50 sometimes require the use of Internet Explorer. In this case, you may need to first install Internet Explorer from the Sage 50 CD before installing Sage 50. However, the later versions of Sage 50 require Internet Explorer 10 or later versions, in order to run.

1. Now the Installation menu is on the screen. Follow the instructions and complete the installation by clicking 'Finish'. Once the installation is complete, a shortcut will appear on your desktop. The software may prompt you to restart your computer. The next time you wish to start the Sage 50 software, you simply need to double-click on the shortcut.

Note:

Sage 50 software automatically goes into your 'Downloads' folder. If you are a system administrator and wish to install Sage 50 for multiple users, you may need to download it into a shared folder.

Registration of Sage 50

When you click on the Sage 50 software for the first time, a registration window will appear. You are required to enter the serial number and activation key, in order to register the software.

Once the details are filled in, click on 'Register now' and 'Ok'. The software is now registered.

Assignment

Manual and Computerised Accounting and Introduction to Sage 50

Time: 15+ minutes

Now it is time to put what you have learnt in Module 2 to the test. Work your way through this worksheet and do your best to fully participate in every activity set.

Download the worksheet below and complete.

[Download Worksheet \(PDF\)](#)

Module Summary

Computerised accounting systems offer multiple advantages over older, manual versions. Some key benefits include improved legibility, faster speeds and higher levels of efficiency.

Business owners can focus on business management, rather than having to waste time on rectifying errors. Opting for a computerised accounting system such as Sage 50 allows business owners to analyse the broader issues that impact their business, rather than micro-managing day-to-day tasks.

Sage 50 is Windows-compatible software. If you are already familiar with Windows, it is far easier to learn Sage 50 and the learning process becomes more intuitive.

Sage 50 helps streamline routine accounting tasks, including payroll processing, banking, taxation, VAT, vendor and customer management, as well as the generation of reports and financial statements.

Sage 50 offers multi-user and multi-company configurations, thus making it a flexible, intuitive and user-friendly piece of software.

As one of the most popular accounting packages for small businesses, Sage 50 also offers a range of useful add-on tools, such as credit card processing, document management, POS (point of sale) software and mobile access.

Sage is scalable and has the potential to grow with a business. It can be used for businesses with up to 499 employees and is designed with an unlimited database. It can be used on a single computer or in a multi-user environment.

Sage 50 is useful for its macro-management as well as micro-management features. In addition, it offers improved security, as well as year end report generating and account closing features.

For multiple users, Sage 50 should be installed on the most frequently used computer as the 'server'.

The other computers will be able to share and access Sage 50 only when the server computer is switched on.

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