

SAGE 50 ACCOUNTING TEST ONE VERSION A

Name: _____ Class: _____

Date: _____

The information provided in this test allows you to set up the General, Payables and Receivables ledgers for an Ontario company named GEORGE'S WELDING owned and run by Chris George, a master welder. He performs all kinds of welding jobs for individuals as well as companies. George has contracted you to set up his company to use Sage 50 Accounting for general ledger, accounts receivable and accounts payable.

(NOTE TO INSTRUCTOR: if you do not wish to have students tested on setting up an entire company from scratch, you may use the template files provided, and start on page 6).

DO EACH OF THE FOLLOWING TASKS IN ORDER.**1. Using Sage 50 Accounting, create a new company file using the following information:**

Company Name: GEORGE'S WELDING
 Address: 33 Maple St.
 Windsor, Ontario
 N9S 4B6
 Phone: (519) 653-8383 Fax: (519) 653-7700
 Fiscal start: 07-01-2017
 Earliest transaction date: 07-01-2017
 Fiscal end: 12-31-2017

Select: Let me build the list of accounts myself after the company is created

Industry: Service

Store company files in a new folder named George and use George as the file name.

Select: I will update my tax information myself

2. Working from the Company module window, change default settings if necessary to include the following:

User Preferences Options	Use Accounting Terms Automatically save changes to Suppliers, Clients and Other Records Show list buttons
User Preferences View	Turn off Checklists and Daily Business Manager at startup and after changing session date Turn off Employee & Payroll, Inventory & Services, Project and Time & Billing Turn on Change Session Date at startup
User Preferences Transaction	Turn on confirmation message Box
Company Information Settings	Business No: 342 121 190
Company System Settings	Do not allow transactions dated before 07-01-2017 Do not allow transactions in future
Company Backup Settings	Backup frequency: Weekly; turn off automatic backups
Company Features Settings	Company does not use quotes, orders, packing slips and project Company does business in French and English
Company Forms Settings	Next Client & Sales Invoice number: 121 Next Receipts number: 297
Company Date Format Settings	Month, day, year. Use long date format on the screen and in reports

**3. Create accounts to match the following Chart of Accounts.
Edit the current earnings account.**

Account types are shown in brackets beside the account.

(A) = Subgroup (S) = Subgroup total (H) = Heading (T) = Total (X) = Current Earnings

All other accounts (unmarked) are Group accounts.

**GEORGE'S WELDING
Chart of Accounts**

1000 CURRENT ASSETS (H)	2800 LONG TERM LIABILITIES (H)
1050 Test Balance	2850 Mortgage Payable
1080 Bank: Chequing Account	2890 TOTAL LONG TERM LIABILITIES (T)
1100 Bank: Credit Card	
1200 Accounts Receivable	3000 OWNERS' EQUITY (H)
1290 Welding Supplies	3560 Chris George, Capital
1390 TOTAL CURRENT ASSETS (T)	3600 Net Income (X)
	3690 TOTAL OWNERS' EQUITY (T)
1400 CAPITAL ASSETS (H)	
1420 Torches	4000 REVENUE (H)
1450 Computers	4020 Revenue from Services
1480 Other Welding Equipment	4100 Sales Allowances
1500 Vehicle	4200 Sales Discounts
1550 Shop	4390 TOTAL REVENUE (T)
1590 TOTAL CAPITAL ASSETS (T)	
2000 CURRENT LIABILITIES (H)	5000 EXPENSES (H)
2100 Bank Loan	5020 Advertising
2200 Accounts Payable	5030 Bank and Credit Card Fees
2250 Credit Card Payable	5040 Cleaning and Maintenance
2650 HST Charged on Services (A)	5060 Hydro Expense
2670 HST Paid on Purchases (A)	5220 Insurance Expense
2750 HST Owing (Refund) (S)	5240 Interest Expense
2790 TOTAL CURRENT LIABILITIES (T)	5260 Telephone Expense
	5270 Payroll Service Fees
	5280 Welding Supplies Used
	5590 TOTAL EXPENSES (T)

Print the Chart of Accounts.

4. Add account balances from the following Trial Balance:

GEORGE'S WELDING
Post-Closing Trial Balance
July 1, 2017

1080 Bank: Chequing Account	\$12 150	
1100 Bank: Credit Card	200	
1200 Accounts Receivable	5 000	
1260 Welding Supplies	900	
1420 Welding Torches	3 800	
1450 Computer	1 500	
1480 Other Welding Equipment	4 200	
1500 Vehicle	9 000	
1550 Shop	150 000	
2100 Bank Loan		\$ 6 000
2200 Accounts Payable		1 600
2250 Credit Card Payable		1 100
2650 HST Charged on Services		950
2670 HST Paid on Purchases	750	
2850 Mortgage Payable		99 000
3560 Chris George, Capital		<u>78 850</u>
	<u>\$187 500</u>	<u>\$187 500</u>

Hint: Remember to use account 1050 Test Balance for out of balance amounts.

Print the Trial Balance.

5. Change Account Classes:

Bank: Chequing Account: Change the account class to Bank and enter 201 as the next cheque number.

Bank: Credit Card: Change the account class to Credit Card Receivable.

Credit Card Payable: Change the account class to Credit Card Payable.

Expense Group accounts: Change the account class to Expense.

6. Set up credit cards as follows:

Credit Cards Accepted: Credit Card Name: Chargit
 Currency CAD
 Linked Asset Account 1100
 Discount Fees: 3%
 Linked Expense Account: 5030

Credit Cards Used: Credit Card name: Chargit
 Linked Payable Account: 2250
 Linked Expense Account: 5030

7. Enter Sales Taxes and Tax Codes (do not enter accounts to track PST)

Tax – HST: Not Exempt, Not Taxable, Use 2670 to track tax paid on expenses

 Use 2650 to track taxes charged on revenues, Report on taxes

Code – H: Tax HST, Taxable, Rate 13%, Not included, Refundable

Code – HI: Tax HST, Taxable, Rate 13%, Included, Refundable

Enter Ledger Settings: Allow account classes to change.

General (Accounts):	Budgeting should be turned off
- Linked Accounts	Retained Earnings 3560
	Current Earnings 3600
Payables: Address	Windsor, Ontario, Canada
- Options	Aging periods: 30, 60 and 90 days
	Calculate all discounts after tax for one time suppliers
- Linked Accounts	Principal Bank Account 1080
	Accounts Payable 2200
	Early Payment Purchase Discount and Freight Expense: leave blank
	Prepayments and Prepaid Orders 2200
Receivables: Address	Windsor, Ontario, Canada
-Options	Aging periods: 5, 15 and 30 days;
	No interest charges on overdue accounts;
	Include invoices paid in last 30 days;
	Use tax code H as default for new customers
- Discounts	Terms: 2% discount in 5 days (after tax), net in 15 days
	Line discounts not used
- Comment	On sales invoices: "Where fire meets steel."
- Linked accounts:	Principal Bank Account 1080
	Accounts Receivable 1200
	Default Revenue 4020
	Freight Revenue: leave blank
	Early Payment Sales Discount 4200
	Deposits and Prepaid Orders 1200

8. Create the following supplier accounts.
Add the historical information provided.

<u>Name (Contact), Address</u>	<u>Phone/Fax</u>	<u>Terms, Tax, Account</u>
Bell Canada 339 Jupiter Ave., Toronto, ON R4S 6T3 Web: www.bell.ca Supplier since: 12/01/2005	Tel: (905) 310-5221	Terms: net 10 Tax Code: HI Expense Account: 5260 Telephone Expense
Receiver General for Canada (Margot Taxit) Summerside Tax Centre, Summerside PE C1N 6L2 Web: www.cra-arc.gc.ca Supplier since: 12/01/2005	Tel: (902) 821-8186	Terms: net 1 Tax Code: No tax (tax exempt – yes)
Welding Monthly (Leo Libra) 29 Taurus Lane, London, ON R4V 2V7 Tax ID: 493 421 289 E-mail: look.up@weld.com Supplier since: 06/12/2006	Tel: (226) 593-7191 Fax: (226) 593-1772	Terms: net 20 Tax Code: H Expense Account: 5020 Advertising
Welds 'r Us (Vulcan Sidekick) 81 Aquarian Way, Chatham, On R3T 2C9 Tax ID: 563 327 766 E-mail: weldall@welds.com Supplier since: 01/15/2008	Tel: (519) 592-6282 Fax: (519) 592-8164	Terms: net 30 Tax Code: H Expense Account: 1480 Other Welding Equipment

Historical Supplier Invoices and Payments

<u>Name</u>	<u>Terms</u>	<u>Date</u>	<u>Invoice/Chq</u>	<u>Amount</u>
Bell Canada	net 10	Jun 28/17	BC-55112	\$ 150
Welding Monthly	net 20	Jun 21/17	WM-611	\$450
Welds 'r Us	net 30	Jun 12/17	WU-4229	\$1 100
		Jun 19/17	Chq 195	-500
	net 30	Jun 28/17	WU-5110	<u>400</u>
			Balance Owing	\$1 000
Grand Total				\$1 600

Print the Supplier Aged Detail Report for all suppliers. Include terms.

9. Create the following customer accounts with historical information.

The credit limit for all customers is \$5 000. The terms for all customers are 2/5, n/15.

The tax code for all customers is H. If information is not provided, leave fields blank.

<u>Name (Contact), Address</u>	<u>Phone/Fax</u>	<u>Revenue Account</u>
Wacky Welding (Major Stickit) 45 Dunnit St., Wallaceburg, ON R1E 6T3 E-mail: the_major@wacky.com Web site: www.wacky.com Customer since: 01/01/2006	Tel: (519) 591-7722 Fax: (519) 591-9112	4020 Revenue for Services
Noya Welding (Para Noya) 110 Oxygen St., Windsor, ON N8T 9A1 E-mail: pnoya@interface.ca Customer since: 09/16/2008	Tel: (519) 592-9001 Fax: (519) 592-9991	4020 Revenue for Services
Flamer's Steel (Clare Flame) 10A Readers Den, Woodstock, ON N3H 7D3 Web site: www.flamers.com Customer since: 11/06/2007	Tel: (519) 762-6712	4020 Revenue for Services

Historical Supplier Invoices and Payments

<u>Name</u>	<u>Terms</u>	<u>Date</u>	<u>Invoice/Chq</u>	<u>Amount</u>
Wacky Welding	2/5, n/15	Jun 22/17	108	\$ 5 500
		Jun 23/17	Chq 212	<u>-500</u>
Balance owing (Grand Total)				\$5 000

Print the Customer Aged Detail Report for all customers. Include terms.

10. Back up your files in your data folder.

Continue with the working copy of your data files, Welding.SAI.

Finish entering the history.

When you have finished entering the history, enter the transactions that follow.

11. Change the session date to July 8, 2017. Create shortcuts or change modules and enter the following transactions.

NOTE: Deposits and withdrawals, except credit card transactions, use Chequing bank account.

Credit Card Purchase Invoice # WM-639 Dated July 2, 2017
From Welding Monthly, \$460, plus \$59.80 HST for print advertising. Purchase invoice total \$519.80.
Charge to Advertising expense. Paid by Chargit.

Sales Invoice #121 Dated July 4, 2017
To Noya Welding, \$900 plus \$117 HST for welding beams for a wedding party. Invoice total, \$1017.
Terms 2/5, net 15.

Payment Cheque #201 Dated July 5, 2017
To Bell Canada, \$150 in full payment of account. Reference invoice #BC-55112.

Cash Receipt #297 Dated July 6, 2017
From Wacky Welding, cheque #239 for \$1,600 in partial payment of account. Reference invoice #108.

Sales Invoice #122 Dated July 6, 2017
To Flamer's Steel, for 5 hours of welding on steel girders, \$500 plus \$65 HST. Invoice total \$565.
Terms 2/5, net 15.

Credit Card Sales Invoice #123 Dated July 7, 2017
Sales Summary: To One-time walk-in welding customers, \$360 for various types of welding jobs, plus \$46.80 HST. Invoice total \$406.80. The customers paid with Chargit credit cards.

Memo #1 Dated July 7, 2017
Welding supplies used during the past week amounted to \$24. Adjust welding supplies account and charge to Welding supplies used expense account. Store as weekly recurring entry.

Bank Memo # PB-77225 Dated July 8, 2017
From Paylo Bank, \$1,600 for NSF cheque from Wacky Welding. Reference invoice #108 and cheque #239. The company has been notified of the unpaid account.

Memo #2 Dated July 8, 2017
Adjust Sales Invoice #122 to Flamer's Steel. Flamer's Steel will be using our services on a weekly basis so their rate will be reduced. The amount billed should be reduced to \$400 plus \$52 HST. Store the sales invoice as a weekly recurring transaction.

Memo #3 Dated July 8, 2017
Chris's welding tank exploded when a customer accidentally dropped it. Write off the welding tool recorded in account # 1480 valued at \$750. Create new Group expense account 5100 Damaged Tools.

Bank Debit Memo #PB-77386 Dated July 8, 2017
From Payblo Bank, pre-authorized bi-weekly payroll for employees.
Wages and payroll expenses \$6,000.00
Payroll services fee 80.00
HST paid on payroll services 10.40
Total withdrawal \$6,090.40
Create new Group expense account 5290 Wage and Payroll Expenses

Change the session date to July 15, 2017. Enter the following transactions:

Cash Receipt #298 Dated July 9, 2017
From Noya Welding, cheque # 431 for \$996.66 in payment of account, including 2% discount for prompt payment. Reference invoice #121.

Cheque Purchase Invoice #CP-2990 Dated July 10, 2017
From Crystal Products, Inc. (use Quick Add for new supplier), \$900 plus \$117 HST for one welding tank to replace the destroyed tank. Invoice total \$1 017 paid by cheque #202.

Purchase Invoice #WU-5331 Dated July 11, 2017
From Welds 'r Us, \$600 plus \$78 HST, for one arc welding torch kit. Invoice total \$678. Terms net 30.

Cash Receipt #299 Dated July 11, 2017
From Wacky Welding, certified cheque #WW-44239 for \$1 600 to replace NSF cheque.
Reference invoice #108 and Bank Memo # PB-77225.

Sales Invoice #124 Dated July 13, 2017
To Wacky Welding, \$900 for steel welding and consultations, plus \$117 HST. Invoice total \$1 017.
Change the customer's terms to net 15 for this invoice and in the customer ledger.

Sales Invoice #125 Dated July 13, 2017
To Flamer's Steel, \$400 plus \$52 HST for 5 hours of arc welding. Invoice total \$452. Terms 2/5, net 15. Recall stored entry. (Accept message)

Credit Card Sales Invoice #126 Dated July 13, 2017
To One-time customers,
150 minutes @ \$1.00 each 150.00 total
HST Charged 19.50
Total amount paid by Chargit \$169.50

Cash Sales Invoice #127 Dated July 14, 2017
Sales Summary: To One-time walk-in clients, \$380 for various types of welding jobs, plus \$49.40 HST. Invoice total \$429.40. Paid by Cash.

Memo #5 Dated July 14, 2017
Welding supplies used in the past week amounted to \$24. Adjust welding supplies account and charge to welding supplies used expense account. Recall stored entry.

Bank Memo # PB-82771 Dated July 15, 2017
From Paylo Bank, \$1 500 for regular monthly mortgage payment. This amount includes interest of \$1 200 and \$300 in principal.

12. Print the following reports:

Journal Entries for all journals from July 1 to July 15, 2017
Show corrections.
Comparative Balance Sheet (with percent difference) at July 1, 2017 and July 15, 2017
Income Statement from July 1 to July 15, 2017

13. Bonus question:

Customize the sales invoice as follows to prepare for printing:

Align the names and addresses with the envelope window type ENV002

Change the Ship to label to Bill to

Remove the columns for Item, Unit, Shipped Quantity, Price and Tax Code

Name and save the invoice

Preview and then **print** invoice #125 (Look up the invoice first.)

CHAPTER 1 QUESTIONS (Getting Started)

1. When first opening the Sage 50 program you will be asked to choose –
 - a. select an existing company
 - b. to create a new company
 - c. select a recently used company
 - d. any one of the above
2. To see that your working copy contains all the files from the data folder –
 - a. open the sample company
 - b. open the appropriate drive to verify data folders and files
 - c. show the select company window at startup
 - d. create a new company
3. The save function automatically –
 - a. saves changes to the data file and the backup file at same time
 - b. saves changes as another file and keep it open
 - c. takes place each time you close a data file
 - d. restores a file that was previously saved
4. The Sage 50 help function will –
 - a. give information on using the Sage 50 program
 - b. give other information about the program
 - c. give information about accounting procedures and practices
 - d. give you advice on all of the above items
5. Sage 50 Advice, the Help Menu, the Status Bar and the Tool Buttons –
 - a. are other textbooks on the Sage 50 Program
 - b. are various methods available for on-screen assistance
 - c. allow you to make changes to the journal entries
 - d. allow you to make changes to the ledger accounts
6. The home window main menu bar contains such functions as –
 - a. file, edit, view, setup, maintenance, graphs, reports, help
 - b. tool buttons, sizing buttons, open buttons, close buttons
 - c. recording general journal entries
 - d. recording general ledger entries
7. The Sage 50 home window does not display –
 - a. icons for the ledger accounts
 - b. icons for ledgers and journals
 - c. icons for individual accounts
 - d. icons for the journals
8. Which one of the following comments is not true of the Sage 50 program –
 - a. the help menu may be removed or hidden
 - b. the automatic advice option may be turned off or on
 - c. the shortcuts may be removed or changed
 - d. the home window modules may be removed or hidden

9. The Sage 50 Advice topics –
 - a. give information on various ledger accounts
 - b. give other information on various journals
 - c. give information about good accounting procedures and practices
 - d. give you advice on how to proceed to the advice tool
10. To change date format settings in the Sage 50 data file, you must access –
 - a. the Sage program system settings screen
 - b. the Windows control panel screen
 - c. the Windows explorer properties menu
 - d. none of the above
11. The save as function will automatically –
 - a. save changes to the data file in a compressed backup version
 - b. save changes as another file and keep the new file open
 - c. save changes as another file and keep the original file open
 - d. restore a file that was previously saved
12. The backup function will automatically –
 - a. create a compressed backup version of the current file and close the current file
 - b. save changes as another file and keep the new file open
 - c. create a compressed backup version of the current file and keep the original file open
 - d. restore a file that was previously saved
13. The save a copy function will automatically –
 - a. save changes to the data file and the backup file at same time
 - b. save changes as another file and keep the new file open
 - c. save changes as another file and keep the original file open
 - d. restore a file that was previously saved
14. When you work with a DVD you cannot –
 - a. back up your data files to the DVD
 - b. make a copy of your data with the save a copy command
 - c. open a working copy of your data file
 - d. perform any of the above actions
15. To restore a classic view home window from an enhanced view module window you should –
 - a. choose classic view from the view menu
 - b. choose the classic view tool in the module window
 - c. choose restore from the home window help menu
 - d. choose switch to classic view in the module window
16. To find help on a topic in Sage 50 you would –
 - a. find the topic on the help window contents tab screen
 - b. find the topic on the help window index tab screen
 - c. enter the topic on the help window search tab screen
 - d. all of the above may provide the help you need

17. Before you use the Sage 50 program you must –
 - a. install the program
 - b. install the data files you want to work with
 - c. register and activate the program
 - d. all of the above
18. The date format used in a Sage 50 data file –
 - a. is the same as in other Windows programs on your computer
 - b. applies to all Sage 50 data files
 - c. is set for the individual data file
 - d. cannot be changed after you set it up
19. Registering the Sage 50 program –
 - a. is necessary to continue using the program
 - b. is required before you can create new company data files
 - c. occurs automatically after you install the program
 - d. is required annually to continue using the program
20. To access the journals for the any Sage 50 module you should –
 - a. click the item in the modules pane list to show the journal icons
 - b. click the particular module column heading in the classic view
 - c. choose the desired module from the view menu
 - d. do nothing, all icons are always available
21. When you restore a file from a backup, you must –
 - a. accept the default file name and location for the restored file
 - b. verify that you are replacing the backup file
 - c. verify that you are using the correct version of Sage 50 for your data
 - d. press back to change any of your selections
22. Home window tool icons in Sage 50 –
 - a. are the same in the classic and enhanced view
 - b. are shortcuts for accessing features provided by some menu options
 - c. provide access to journals
 - d. provide access to ledger windows
23. Before opening a data file with the Student version of Sage 50, you must –
 - a. choose to activate the program from the help menu
 - b. enter the key code and activation code at the beginning of the installation procedure
 - c. get the activation code from the online registration process after installing the program
 - d. get the activation code from the online registration before installing the program
24. Payroll activation –
 - a. is not required for the Student version of Sage 50
 - b. is required before you can open a Sage 50 data file that uses payroll
 - c. is required within 15 days of starting to use the Sage 50 program
 - d. is required for all versions of the Sage 50 program before you can use the payroll features

25. To activate the Student version of Sage 50 –
- a. open any data file and choose Activate from the help menu
 - b. open any data file and choose Activate from the home window file menu
 - c. registration and activation are not required for the Student version of Sage 50
 - d. none of the above

CHAPTER 1: ANSWERS

1. d. any one of the above
2. b. open the appropriate drive to verify data folders and files
3. c. takes place each time you close a data file
4. d. give you advice on all of the above items
5. b. are various methods available for on-screen assistance
6. a. file, edit, view, setup, maintenance, graphs, reports, help
7. c. icons for individual accounts
8. a. the help menu may be removed or hidden
9. c. give information about good accounting procedures and practices
10. d. none of the above
11. b. save changes as another file and keep the new file open
12. c. create a compressed backup version of the current file and keep the original file open
13. c. save changes as another file and keep the original file open
14. d. perform any of the above actions
15. d. choose switch to classic view in the module window
16. d. all of the above may provide the help you need
17. a. install the program
18. c. is set for the individual data file
19. a. is necessary to continue using the program
20. a. click the item in the modules pane list to show the journal icons
21. d. press back to change any of your selections
22. b. are shortcuts for accessing features provided by some menu options
23. c. get the activation code from the online registration process after installing the program
24. a. is not required for the Student version of Sage 50
25. d. none of the above