

# ANSWERS TO REVIEW QUESTIONS AND CASES

For reference, we have included the questions and cases (in italics) with their solutions. These are suggested solutions only. Remember that we use general rather than the industry-specific terms in most cases. Answers may vary depending on the interpretation of the question or case. Some of the answers we provide may include points covered in later chapters. Where discussion is involved, students should be encouraged to think of alternative solutions. They should also be encouraged to experiment with entering transactions in the data files (**after making backups**) to discover how the program handles different kinds of transactions.

## CHAPTER 1: GETTING STARTED

### Review Questions

1. *What are the differences between Save As and Save A Copy (in the File menu)? How are these commands different from the Backup command?*

The Save As command saves the current working file under a separate file name. That is, it creates a separate, working, backup copy of the file and opens the renamed file. If you use the name of an already existing file, the previous file will be replaced after you confirm that this is what you want to do. Save a Copy will also create a separate working copy of your data file but the current file stays open instead of the new file. If you use the name of an already existing file, the previous file will be replaced after you confirm that this is what you want to do. As you work in Sage 50, your data file is continually saved with any changes you make. The Save tool in the Home window also opens the Save As window.

Backup also makes a copy of your file and keeps the current file open. However, the new file is a compressed version of the original data that must first be restored (from the Restore option on the File menu or the Company module Data Management icon drop-down list, or from the Select Company window) before you can work with it. The compressed file saves data space so it is easier to save separate backups for different time periods.

2. *Why is it important to make backups of your data files?*

If you have a backup, you can return to it if your working data file is corrupted and unusable because of a computer error, or if you have made changes to the file that were not correct and cannot be reversed, like starting a new fiscal period. (The author has recently had an entire database wiped out while opening a file. The resulting file had no ledger records or journal entries. Backups work!)

3. *What information does the Status bar provide? In module Home windows? In other windows?*

DVD files are read-only files and this property cannot be changed. Because Sage 50 continually saves your work by writing to your data file and because it cannot write directly to the DVD, it cannot open the read-only files. The read-only property does not allow a file to be changed. The same principles apply to opening files from a CD-ROM – these files are also read-only.

You can access and restore backup files from a DVD or CD-ROM because does not write to this same file. However, you cannot restore the backup file to either of these medias.

4. *How does Sage 50 Help differ from Sage 50 Advice?*

Help provides general information about accounting procedures and how to use Sage 50 software. Advice includes general information about good accounting practice as well as specific information and advice about accounting procedures related to the data file that is currently open.

5. *Describe the different ways of getting help in Sage 50.*

- The Status Bar line shows the purpose of the icon or field on which the cursor is placed.
- The Help function accessed from the Help menu or the Help icon includes an index of topics, a glossary of terms and the option to search for help on a topic that you enter.
- Advice on accounting practice and the data file are available from the Help menu and Advice tool found in the Business Assistance menu.
- Access to consultants and on-line help is also available from the Help menu when you have an Internet connection.
- Enhanced view Module windows include a direct link to the Learning Centre in the Modules list pane to access the Help features.
- The Home window in the Classic view includes a Learning Centre icon that accesses the Help features.
- Help buttons are also available in other windows and provide context-sensitive help – help about the options in the open window.

6. *What are the roles of the ledger and journal icons in the Enhanced view module Home windows? In the Classic view Home window?*

In both the Enhanced view and the Classic view, the ledger icons provide access to the accounting ledgers so that you can create and modify ledger records. Before finishing the history for a ledger, you also add data from historical transactions and account balances for the records. Journal icons provide access to the journals for these ledgers so that you can enter day-to-day accounting transactions that update the ledger records automatically.

7. *What is the role of the module windows?*

The expanded module windows in the Enhanced view show the journals and ledger functions for that specific ledger as separate icons and open the specialized journal or ledger features directly.

8. *What purpose do the tool buttons in the Home window serve?*

Tool buttons in any window provide immediate access to commonly used program functions as an alternative to choosing these commands from the main menus.

9. *Why might the status bar line in a Sage 50 window be blank?*

The status bar will be blank when the mouse is pointing to a blank portion of the window (not to an icon, tool button, menu item or input field) or to an area outside the main Sage 50 screen.

10. How do you open or access a Sage 50 company data file? How do you open the file if you start with a backup file?

The steps in accessing a data file are:

- Double-click the Sage 50 desktop shortcut, if you added one, to open the Select Company window.  
Or,
- Choose Start on the task bar (main Windows desktop).
- Choose All Programs (or Programs) *or* {Windows10 }-Right click START & select Programs & Features
- Choose Sage 50 Accounting Premium 2019 (or Pro 2021) from the Program Files list.
- Choose Sage 50 Accounting Premium 2019 (or Pro 2021) from the Sage 50 list to open the Select Company window.
- Choose Select An Existing Company from the Sage 50 - Select Company screen.
- Choose the folder that contains your data set from the Open Company window.
- Open the folder.
- Choose the .SAI data file (do not choose the .SAJ folder).
- Double-click the file or click Open to access the file.

The steps in restoring a backup file are:

- Double-click the Sage 50 desktop shortcut, if you added one, to open the Select Company window. Or,
- Choose Start on the task bar (main Windows desktop). *or* {Windows10 }-Right click START & select Programs & Features
- Choose All Programs (or Programs).
- Choose Sage 50 Premium 2021 (or Pro 2021) from the Program Files list.
- Choose Sage 50 Premium 2021(or Pro 2021) from the Sage 50 programs list to open the Select Company window.
- Choose Restore From Backup from the Sage 50 - Select Company screen. From any open data file, choose the File menu and click Restore or choose Restore from the Company module Data Management icon drop-down list.
- Click OK to start the Restore From Backup wizard.
- Click Next and then Browse.
- Locate the folder with the backup you want. Click Open to list the files in the folder.
- Click the Backup file you want and click Open or double-click the file to begin restoring.
- Continue with the steps in the wizard to confirm the file you selected and enter the name of the file you want to create from the backup.
- Confirm that you are replacing an existing file if necessary.
- Click Finish to display the Session Date prompt.

11. *What does it mean if the icons for a ledger are missing from the Home window?*

If icons for a ledger are missing from the Home window, they may be hidden from the Home window Setup menu, User Preferences, View screen or they may have access denied through security/password settings.

In the Enhanced view, only the ledger and journal icons for the open module are shown so the Home window will be missing the icons for all the other modules that are not selected.

12. *What does it mean if the module names for a ledger are missing from the Home window?*

In the Enhanced view, modules that are not hidden are listed in the Modules pane to the left of the ledger and journal icons. If modules names are missing, these ledgers have been hidden from the Home window Setup menu, User Preferences, View screen or they may have access denied through security/password settings.

13. *Describe the differences in the Home window in the Classic and the Enhanced views.*

The Classic view Home window shows all the ledger and journal icons for the ledgers that are not hidden. Different types of transactions may be selected from within the journals. The tool bar has more options than the one in the Enhanced view Home window.

The Enhanced view Home window shows the ledger and journal icons for one module at a time. Separate icons provide access to all the ledger tasks and features for that module. Access to the other modules or ledgers is available from the Modules pane list or from shortcuts the user has created.

14. *What is the significance of the  symbol on a ledger icon?*

The not-finished symbol shows that the history for a module has not been closed off or finished. Historical opening balance data may still be added or changed at this stage.

15. *In the Classic view, if you have selected the General Journal icon, and you point to the Suppliers icon, what will the status bar line tell you?*

The status bar will describe the function of the Suppliers icon because that is the location of the mouse pointer. Suppliers contains information about the suppliers/vendors from whom you make purchases.

16. *What happens if your date format is set up as day-month-year? How can you change it?*

If your date format is set as day/month/year, any date that can be ambiguous (i.e., the first two numbers entered are both 12 and less) may be misinterpreted by the program (day and month will be reversed). For example, May 10 (entered as 5-10) might be recorded as October 5. Date formats are changed from the Setup menu, Settings option, Company, Date Format screen. Date formats can be set and apply only to the data file that is open. If the date you enter is ambiguous, you must use the date order that is selected in the data file to enter the correct date. The year can also be entered as two digits and may have also create ambiguity for the early 2000 years.

17. *How does the computer system date format (day, month, year or month, day, year) affect the Sage 50 data file?*

It does not affect the data formats in Sage 50 because these can be set from within the program for each data file. (Note: The computer system date format is used as the initial default when you create a new company from scratch.)

18. *If you are unsure of the date format settings, how can you enter a date to determine the date format settings?*

You can enter a data that is not ambiguous, such as 20-05-2021 to see how Sage 50 displays it in the Date field. If the order is mm-dd-yyyy, the date will display as 05-20-2021, whereas if the order is dd-mm-yyyy, the date will display as 20-05-2021. You can also enter a date as text, such as May 12, 2021, or choose a date from the Date field pop-up calendar to see how the program displays it.

19. *If you are unsure of the date format settings, how can you enter a date to be certain that it is interpreted correctly?*

Enter the date in text format or choose a date from the pop-up calendar in the Date field.

20. *How do you finish a session in Sage 50?*

Before closing the program and data file, back up your data file. Then choose the Control Menu icon and click Close, or click the Close button, or choose the File menu and click Exit.

21. *What must you do before you can work with your company data files in Sage 50 after you download the files from MyLab Accounting?*

You will need to install the Sage 50 program and register or activate it – immediately before you can use the Student version or before the trial period expires for the non-student retail versions. Payroll must also be activated before it can be used in the non-student retail programs. Automatic payroll updates should be turned off to work through the applications in the Text. You must also have your company data on a re-writable medium such as a hard drive or a USB memory drive.

22. *What features in the Enhanced view Home window require an Internet connection?*

Accessing the SAGE 50 Learning Centre

23. *What information does the Dashboard window provide? How do you close this window?*

The Dashboard window provides the title bar containing the program name and file name. This is followed by a menu bar and a tool bar which provides quick access to menu items and the search function. It also provides several key performance indicators in various panes in both graphic views and tables. Clicking on any other module in the Modules pane will close the Dashboard window.

24. *How does the Dashboard window differ from other Sage 50 windows?*

The Dashboard window does not provide ledger and journal icons, but provides a Revenue Summary, Bank account balances, Aged Receivables, Aged Payables, Order Summary, and Revenue vs Payroll expenses in various panes in both graphic views and tables.

25. *What must you do before you can access ledgers and journals from a backup file?*

Double click the desktop program icon, or the SAGE 50 program button on the Start window to open the Welcome and Select Company window. Select the option Restore From Backup. Click OK to start the Sage 50 Restore from Back up Wizard. Sage 50 assumes that backup files are in a Backup Folder within the folder you recently used. Select the backup file you want to access. When you have selected the backup file you want restored click Finish. Once the backup process is complete you will have access to ledgers and journals.

26. *How can you recognize that a Sage 50 file is a backup file?*

Back up files have a .CAB designation in the data file name.

27. *How do you restore a backup file? When or why do you need to do this?*

Click Restore from Backup wizard. Locate your backup file. Click on the backup file. Click OPEN. You will return to the wizard with the backup file listed in Select A Backup file text box. Follow the screen instructions. You may need to do this when the company file you have been working on has become corrupted or your computer has been damaged.

4. *What are some of the advantages of entering transactions in Sage 50 overusing a manual accounting approach? Are there any disadvantages?*

The main advantages are the built-in controls and the ease of generating reports. Because the software will not allow posting of entries until all information is added to the journal and debits and credits are equal, the chance of making a mistake is reduced compared with the manual entries where omissions might not be noticed. Reports are available instantly for any time period without extra data entry. Ledgers are updated automatically and do not require separate entries.

The Adjust An Entry feature in Sage 50 can also save time and prevent errors by allowing a previously recorded entry to be recalled, corrected and resaved. The program automatically creates the intermediate reversing entry and minimizes the chance of making an additional error. Similarly, the program can create a reversing entry automatically when no further corrections are needed. Again, the opportunity for error is reduced.

The principal disadvantage is probably the need to enter complete setup data for the company. However, the initial data required is minimal (most data can be added later when it is needed) and the time saved for preparing Trial Balances, Balance Sheets and Income Statements is more than made up by the setup time. Some people feel that the inability to “erase” mistakes is a disadvantage. It is, however, an important control technique that allows the software to be used in real business settings, so this feature has its own advantages. Instead of erasing incorrect entries, Sage 50 can reverse them automatically in most journals.

5. *Describe a method of creating new General Ledger accounts.*

You can create new accounts from any Account field in a journal by double-clicking while in the field to access the Select Account screen. Click Add New Account and click Create to start the Account Wizard. You can also type in a new unique account number. When you press Tab or Enter, Sage 50 recognizes that the number is new and asks if you want to create or add it. If you choose Yes, the Add Account Wizard will begin.

6. *What are the limits on entering new session dates? On entering transaction dates?*

You can advance the session date up to the first date of the next fiscal period. After starting a new fiscal period, you can enter later session dates for the new fiscal period up to the end of the new fiscal period. Transaction dates must fall between the Earliest Transaction date and the session date. You cannot go beyond a current session date until you advance the session date (unless you have allowed future-dated transactions). You can also move the session date to an earlier date, up to the Earliest Transaction date – the date you started to record ongoing journal transactions in Sage 50. Entering a date for the Company - System screen option Do Not Allow Transactions Dated Before can also place restrictions on the dates you can enter and prevent the user from entering incorrect earlier dates.

7. *What date appears as the default in journals? In reports?*

The default date in journals and reports is usually the session date. If you have a journal open after posting a transaction, the default date is the posting date used for the previous entry. Income Statements, and other reports that cover a period of time, have the Fiscal Start and the session date as the default start and finish dates respectively. The session date is the default for reports that are prepared for a single date.

8. *How is a General Journal entry in Sage 50 different from a manual accounting journal entry?*

In Sage 50, source information is required before you can post the entry and debit and credit entries must be equal. The account balances are automatically posted to the ledger records for the accounts used, so the General Ledger is continually updated. The manual system has no built-in controls for the accuracy of the bookkeeper. It is possible to record an incomplete entry and the ledger records must be updated separately, creating another opportunity to transcribe the amounts incorrectly. Neither system has the ability to detect an incorrectly chosen account, although the software includes the complete account names so you can more easily check your work.

9. *Describe the different ways that you can add the account number to the account field in the General Journal.*

You can type the account number directly into the Account field in the journal. You can also find the number in the Select Account list. To access the account selection list, click the list icon in the Account field, press Enter when the cursor is in the Account field or double-click the Account field. If you type a number in the account field before opening the selection list, the list will advance to the first account beginning with that number. In the selection list, click the account you need and press Enter or click the Select button to add the account to the account field in the journal.

10. *Describe the procedure for correcting a journal entry after posting.*

Click the Adjust An Entry tool button or choose Adjust An Entry from the Entry menu in the journal. Browse to locate the journal entry you want to correct and double-click it to open it or click to select it and then click the Select button. Make the corrections and post the changed transaction. Sage 50 posts two entries — the reversing entry and the correct transaction entry. If an entry should be removed, it can be reversed (see question 19).

11. *Describe the procedure for correcting a journal entry before posting.*

Return to the field that has the error. Clicking the field is the easiest way to return to it. Select the text you want to change by clicking or dragging through it and type the correct information. To change an account, click the Account field and press Enter to open the Select Account list. Double-click the account you need or click it to select and click the Select button to add the account to the journal.

12. *What does it mean if a button or menu option is dimmed?*

The option you are selecting is not available. The option may be turned off, not available because of multi-user restrictions, or the command may not apply for the present situation – such as trying to use the copy command when no text has been selected.

13. *How do you advance the session date in Sage 50?*

Close all open windows. You cannot change the session date while other Sage 50 windows are open. You can use the Home window Close All Windows tool or close each window separately. Then choose Change Session Date from the Maintenance menu, enter a new date and click OK. You can also click the date calendar icon beside the current session date on the right-hand side of the Home window in the Enhanced view to open the calendar. Click the new session date on the calendar and then click OK to enter the date and return to your Home window and entering transactions.