Chapter 4 Sarah's Kitchen Stores

1. **Fiscal Start** this date is the beginning of the latest fiscal year for the company or the date that a company began business, if the business was started this current year.

   Fiscal End is the current year-end date of the company.

   Earliest Transaction is the date of the start of the fiscal year, or the date of conversion as defined by Sage 50 Accounting.

   Session is the actual working date you are using the computer.

   Latest Transaction is the date of the last posted entry.

   Historical Transactions are account balances created, by Simply, when you start a new fiscal year.

2. Account categories/groups are ranges of accounts used by Simply. These ranges are Assets, Liabilities, Equity, Revenue and Expenses. Each of these ranges has normal debit or credit balances. Sage 50 Accounting has assigned a range of account numbers to each group as follows:

Group	No. Range	Normal Balance
Assets	1000-1999	Debit
Liabilities	2000-2999	Credit
Equity	3000-3999	Credit
Revenue	4000-4999	Credit
Cost of Goods Sold, and Expenses	5000-5999	Debit

   These groups are important to consider because the Sage 50 Accounting program will produce financial statements (Income Statement and Balance Sheet) based on these groups. It is important to select account numbers appropriately within these groups. Some students, in error, may make Cost of Goods accounts, Purchases, etc., in the Revenue section.

3. **Postable** accounts are accounts that can have debits or credits posted to them. Postable accounts are Subgroup Account (**A**) and Group Account (**G**) accounts in Sage 50 Accounting.

   Non-postable accounts cannot have debits or credits posted to them. These accounts are Group Heading (H), Subgroup Total (S), Group Total (T) and X (the Current Earnings/Income Summary) accounts. When accounts are added to the list, one of the above categories must be selected.

   You designate a postable account when setting up the account for the first time or when changing the designation (e.g., changing a Subgroup Account to a Group Account).

4. Two ways to correct History balance errors after the system has been set to Ready are:
   a) Use a backup device to restore the file before turning the system to Ready.
   b) Create a journal entry to correct the error.
   c) If the above choices are not appropriate, then you will have to create the company from the beginning.

5. Making a module Ready means changing the module from History mode to Ready mode. Defaults and history invoice numbers and amounts must be entered before the module is made ready. After a module has been changed to ready, the module can be used for recording transaction entries. Once a module is made ready, no changes can be made to the history.

6. A linked account is an account that will be updated when a transaction is recorded in a module; e.g., the cash account is updated when a receipt is recorded in the RECEIVABLES module.

7. The account types are H A S G T.

    H type of account is the Heading of a section

    A type of account (postable) is used when you need a sub-total of a group of accounts displayed. The A type accounts are displayed in the left-hand column of values.

    S type of account is displayed in the right hand column of values and accumulates the A account balances above its number.

    G type of account (postable) is shown in the right hand column of values.

    T type of account totals the S and G accounts within each section.

    X (Not postable) see answer to # 8 .

8. The purpose of the **X** account in the chart of accounts is to move the Net Income/Loss from the Income Statement to the Equity section of the Balance Sheet.

9. You would enter the history balance of HST Paid on Purchases account as a negative number. The HST Paid on Purchases account is a contra liability account (Debit balance within the Liability section) and requires the amount to be shown as a negative amount within the Liability section.

10. The Class Options in the accounts is a way to group accounts for sorting and filtering reports.