



Home Learning
college for a brighter future

**ADVANCED COMPUTERISED
BOOKKEEPING**

**The Computerised
Process**

Level 3 Diploma



Step 1

Click on the **'Start'** button.

Step 2

Click on the word **'Run'** and you will see the cursor line blinking in the white box marked **'Open'**. This is inviting you to type the drive letter from which to make the installation (in this example the drive is the **'D'** drive).

Step 3

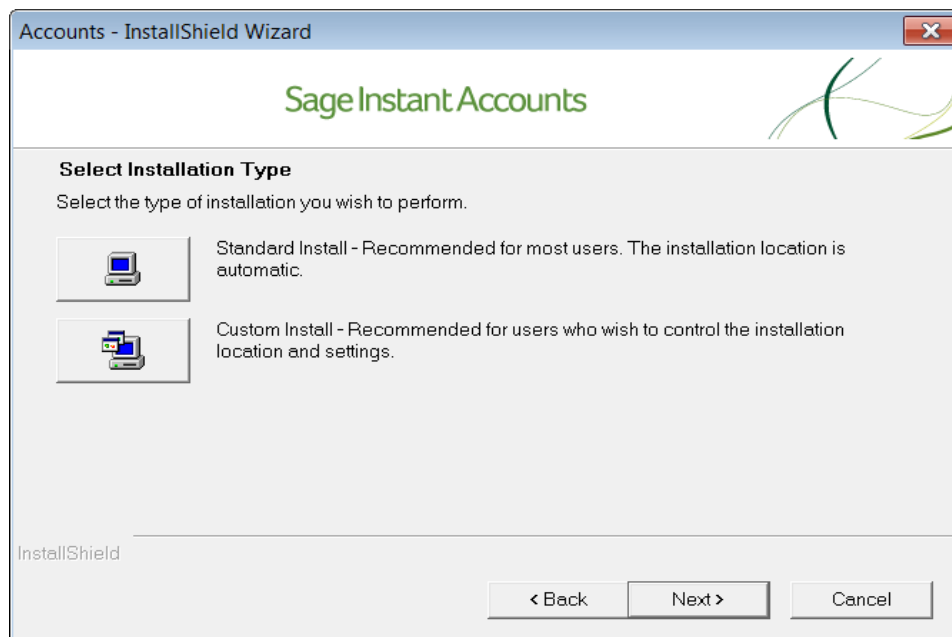
In this box type **'D: setup.exe'**; **'setup'** is an instruction written into the software that will initiate the installation procedure. If your CD Rom uses a different drive letter, use this instead of **'D'**.

Step 4

The next screen will show the **'Software Licence Agreement'** – read it carefully and if you agree to be bound by it click on the **'Yes'** button.

Step 5

The screen as shown below will appear showing the two installation options for the software. Click the **'Standard Install'** button if the system is being installed for the first time. The **'Custom Install'** option is only used when the program has already been installed and you have been sent a disc to upgrade the system or you wish to retain your current version. Click **'Next'**. If you are running another version of Sage earlier than Version 16 or you are using the operating system Vista, you will need to click **'Custom Install'** then click **'Next'** and click **'Browse'** and at the end of the given path, manually type in the version you are installing i.e. **'V16'** then click **'OK'** and **'Next'**, you will then continue with the following steps as normal.



The other codes are already in place until we get to the Partners Current Accounts, both partners will need their own accounts, we have stated the code **3003** is to be used for Baker, create this new code.

Nominal Record -

Details

N/C: 3003 New Account

Name: Current Account Baker

Month	Actuals	Budgets	To end Dec 2009
B/F	0.00	0.00	0.00
Jan	0.00	0.00	0.00
Feb	0.00	0.00	0.00
Mar	0.00	0.00	0.00
Apr	0.00	0.00	0.00
May	0.00	0.00	0.00
Jun	0.00	0.00	0.00
Jul	0.00	0.00	0.00

Buttons: Save, Discard, Close

Also create the new code **3004** for Potter.

The next new code is **3001** Capital Account for Baker.

Nominal Record -

Details

N/C: 3001 New Account

Name: Capital Account Baker

Month	Actuals	Budgets	To end Dec 2009
B/F	0.00	0.00	0.00
Jan	0.00	0.00	0.00
Feb	0.00	0.00	0.00
Mar	0.00	0.00	0.00
Apr	0.00	0.00	0.00
May	0.00	0.00	0.00
Jun	0.00	0.00	0.00
Jul	0.00	0.00	0.00

Buttons: Save, Discard, Close


Capital Accounts

The capital account of a partnership is used in the same way as a sole trader but each partner will have their own capital account to record any permanent changes, these could be further capital invested in the business or revaluation of assets. A capital account does not generally change over a short space of time.

Current Accounts

The Current Account is a working account for transactions between the partner and the business, this account will fluctuate throughout the year and records the transactions which are not permanent enough to be shown in the Capital Account. Transactions in the Current Account would show items such as Drawings, Profit Sharing and Salaries. It is to this account that income, salaries and profit share are credited as this is monies the business owes the partners. Drawings and drawing interest are debited as this is reducing the amount owed to the partners unless the drawings have their own account and only the interest is shown in the current account.

To complete the profit appropriation we need to have a look at the Profit and Loss Account, preview the report through 'Financials' – 'P&L', select 'January' to 'December'.



The screenshot shows a software window titled 'Profit and Loss - Preview'. The report is for 'Baker and Potter Partnership' and covers the period from 'Month 1, January 2010' to 'Month 12, December 2010'. The report is titled 'Profit and Loss' and is page 1 of 1. It displays a 'Chart of Accounts' with a 'Default Layout of Accounts'. The data is presented in a table with three columns: 'Account Name', 'Period', and 'Year to Date'. The 'Period' column is further divided into 'Period' and 'Year to Date' sub-columns. The 'Year to Date' column is also further divided into 'Period' and 'Year to Date' sub-columns. The data is as follows:

Chart of Accounts	Period		Year to Date	
Sales				
Product Sales	95,960.00		95,960.00	
		95,960.00		95,960.00
Purchases				
Purchases	65,020.00		65,020.00	
Stock	(1,540.00)		(1,540.00)	
		63,480.00		63,480.00
Direct Expenses				
		0.00		0.00
Gross Profit(Loss):		32,480.00		32,480.00
Overheads				
Gross Wages	14,840.00		14,840.00	
Rent and Rates	3,900.00		3,900.00	
Motor Expenses	2,500.00		2,500.00	
Depreciation	7,340.00		7,340.00	
		33,580.00		33,580.00
Net Profit(Loss):		(1,100.00)		(1,100.00)

Looking at the Profit and Loss Account we can see that the Net Profit is a deficit and therefore we are appropriating a loss of £1,100 and not a profit.

The first step is to transfer the loss out of the Profit and Loss account through the journal:

Nominal Ledger Journals

Reference: Partner Appropriati
Posting Date: 31/12/2010
Balance: 0.00

N/C	Name	Details	T/C	Debit	Credit
				0.00	0.00

Nominal Ledger (All Records)

A/C	Name
3200	Profit and Loss Account
4000	Sales Type A
4001	Sales Type B
4002	Sales Type C
4009	Discounts Allowed
4100	Sales Type D
4101	Sales Type E

Buttons: Save, Discard, Print List, Close

Nominal Ledger Journals

Reference: Partner Appropriati
Posting Date: 31/12/2010
Balance: 1100.00 Cr

N/C	Name	Details	T/C	Debit	Credit
3200	Profit and Loss Account	Partner Journals Year End	T9	0.00	1100.00
				0.00	0.00

Buttons: Save, Discard, Print List, Close

This is entered as a credit as it is a loss, do not click save at this point as we have further journal transactions to be made. Interest calculations now need to be carried out:

Assignment 2 Scenario 2

Give brief explanations to the following questions:

1. Maitland & Munroe are a partnership with a financial yearend of December 31st 2010, they have decided to amalgamate with a sole trader Simmons on March 31st 2010.

What process will need to be carried out for the current partnership before new partner can be included within the accounts?

2. Andrew Firth runs a partnership with his son's David and Steven under the business name of Firth & Sons.

Steven only joined the business this year and would like to understand what an appropriation account is, how it calculated and the process for entering appropriation into the accounts.

- a) Explain to Steven what transactions take place once the profit or loss is calculated to complete the Profit Appropriation
 - b) Advise if each calculation is added or deducted
 - c) Then explain how the final figures are recorded in the accounts
3. What does a Debit Balance on a Current Account signify?
 4. Mrs Fuller, who is a sole trader, asks you to explain when you can change a depreciation policy.

Submit your completed assignment for grading.

To enter these transactions in Sage, we will use the nominal code 4200 which is the account for Sale of Assets, this account will act as the disposal account, this is already set up as a default on the Sage system. As the business is selling the vehicle to William, this is entered in the Sales nominal code range.

The loss on the sale, will need a new nominal code created in the 8000's near the Depreciation accounts, the loss on the sale of the asset is recorded as an expense to the business and needs to be shown in the Profit and Loss Account.

We will use the nominal code 8005:

Nominal Record -

Details

N/C: 8005 New Account

Name: Loss on Disposal of Assets

Month	Actuals	Budgets	To end Dec 2009
B/F	0.00	0.00	0.00
Jan	0.00	0.00	0.00
Feb	0.00	0.00	0.00
Mar	0.00	0.00	0.00
Apr	0.00	0.00	0.00
May	0.00	0.00	0.00
Jun	0.00	0.00	0.00
Jul	0.00	0.00	0.00

Buttons: Save, Discard, Close

The journal for the disposal of the asset will look like this:

Nominal Ledger Journals

Reference: Disposal of Vehicle Posting Date: 31/12/2010 Balance: 0.00

N/C	Name	Details	T/C	Debit	Credit
4200	Sales of Assets	Disposal of Vehicle - William	T9	25000.00	0.00
0050	Motor Vehicles	Disposal of Vehicle - William	T9	0.00	25000.00
0051	Motor Vehicles Depreciation	Disposal of Vehicle - William	T9	15000.00	0.00
4200	Sales of Assets	Disposal of Vehicle - William	T9	0.00	15000.00
3001	Capital Account William	Disposal of Vehicle - William	T9	7000.00	0.00
4200	Sales of Assets	Disposal of Vehicle - William	T9	0.00	7000.00
8005	Loss on Disposal of Assets	Disposal of Vehicle - William	T9	3000.00	0.00
4200	Sales of Assets	Disposal of Vehicle - William	T9	0.00	3000.00
				50000.00	50000.00

Buttons: Save, Discard, Print List, Close