



# Sage 50 Accounts for Charities



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# Sage 50 Accounts for Charities

The terminology used and reporting needs of a non-profit organisation differ to those of a profit organisation.

This guide explains how to tailor Sage 50 Accounts for a non-profit organisation. The information complements the activities described in your program’s Help system.

This guide focuses on fund analysis and SORP reporting.

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## What Does Sage 50 Accounts Offer?

- Easy access to the features designed for charities from one screen.
- A Chart of Accounts (COA) designed for charities.

The COA is the collective term used to describe the named accounts (nominal accounts), which are used to monitor the income and expenditure of an organisation. The nominal accounts in the charity COA use terms you are familiar with such as Donations Received, Grants and Legacies.
- The maintenance of various funds, allowing funds to be tracked and analysed.
- Tailored screens referring to funds when recording money in and out of the organisation.
- A sample gift aid declaration.
- Useful reports such as:
  - Gift Aid report.
  - Balance Sheet (for charities)
  - Statement Of Recommended Practice (SORP) reports.



## Set Up Sage 50 Accounts for a Non-Profit Organisation

To get the best out of Sage 50 Accounts you need to set it up to work the way you want. This means switching options on and setting up records.

### Enabling Charities

This is done by switching on a setting that is part of the activity to customise the program.

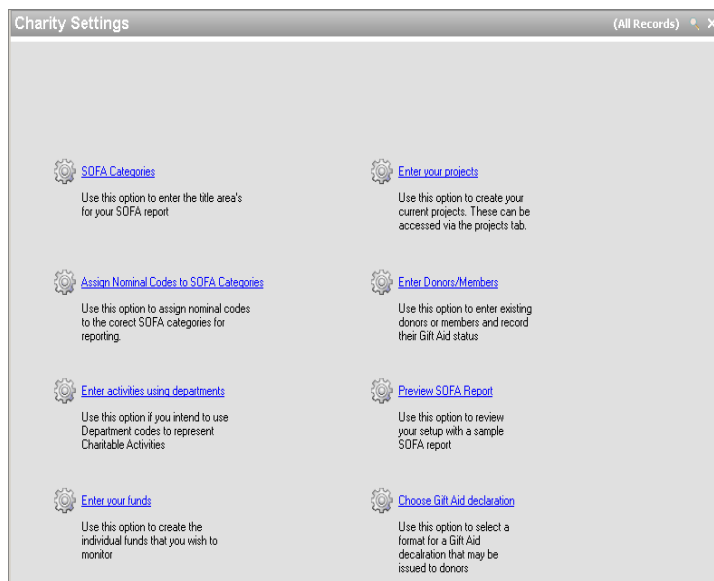
When the setting is switched on, the software displays additional fields and icons specifically for a non-profit organisation, such as funds and donations.

You can also enter the registered charity number for your organisation. This will be printed on the SORP and Gift Aid reports you produce.

If at a later date you disable charities, the additional fields and icons will no longer be visible in the program. Any balances held on funds are retained and the SOFA categories are ignored.

### To enable charities

1. From the menu bar, select Settings > Company Preferences.
2. Click the Parameters tab, select 'Enable Charity\Non-Profit options', then click OK.
3. Click the Address tab and enter a registered charity number, then click OK.
4. Click the Company icon on the lower left side of the program window, and then click on Charity Settings in the Links section of the Navigation bar.





## Establishing your Chart of Accounts

**Note:** This section is aimed at new users. It is not meant for existing users who have an established Chart of Accounts.

Sage 50 Accounts offers new users a COA specifically designed for a non-profit organisation, providing a range of nominal accounts with names that are familiar to you. This COA should provide a good basis for you to use, but it may require modification as your COA will be unique to your organisation.

### To establish your Chart of Accounts

1. Install the Charity COA.

The first time you open Sage 50 Accounts after installation the ActiveSetup Wizard appears. This is used to install the right COA for you.

If you have already completed the ActiveSetup Wizard and want to change the installed COA, provided transactions have not been entered into Sage 50 Accounts you can change it.

2. Review the COA to identify any changes you may need to make.

To do this, print the Nominal List by selecting Company > Nominal Ledger. From the Nominal Ledger window click Print List

Using the Nominal List, identify nominal accounts that you can delete or where the title needs to be changed. Check if there are any nominal accounts you do use which are not listed so that you know which accounts need to be added.

3. Modify the COA in line with the review.
4. Check the COA.

## Recording Opening Balances

This section only describes how to deal with opening balances for funds. Please refer to the Sage 50 Accounts Help system for more information about the process of entering opening balances for donors (customers), suppliers, products and nominal accounts.

A fund opening balance updates three areas:

- The balance on the fund (this is a notional calculated figure rather than a true nominal balance).
- The capital and reserves nominal account associated with the fund.
- Either the bank account associated with the fund, or if you don't want the balance to go to the bank account, the suspense nominal account. This will depend on what you choose when you enter the opening balance.



## Setting Up Records

All records in Sage 50 Accounts operate under the same rules regardless of whether you are a profit or non-profit organisation. This section provides supplementary information on how to manipulate and use records to your best advantage. In particular we will focus on funds, nominal accounts, donors (customers) and suppliers.

Bank records and product records are not covered as they operate in exactly the same way as they would do for a profit organisations.

## Setting Up Fund Records

By setting up fund records you have the means to track the income and expenditure of the funds you are managing. As income and expenditure is recorded in Sage 50 Accounts you can assign the relevant fund to a transaction so that the balance on the fund is updated.

Sage 50 Accounts distinguishes three types of funds: Restricted, Unrestricted and Endowment. There are no restrictions applied to any one type of fund. The fund type is used for reporting purposes.

Each fund has a nominal account linked to it. This must be a capital and reserves nominal account, which you associate with the fund as you create the fund record. Normal day-to-day transaction entries are not updated to a fund's nominal account. Updates only occur by entering an opening balance, fund transfer or running the year end process. The fund record shows the cumulative balance on a day-to-day basis.

### To create a fund record

1. Select Company > Charity Settings > Enter your funds.

The Add Fund window appears.

2. Enter the fund's name or description (maximum 60 characters).



3. Select the type of fund from the drop-down list (Endowment, Restricted, Unrestricted). The fund type is used for reporting purposes.
4. Select a nominal account for the fund from the drop-down list. This must be a Capital and Reserves nominal account.

**Tip:** To create a nominal account while setting up a fund, click the drop-down button and then click New.

5. Enter an opening balance for the fund by clicking the button to the right of the O/Balance box. In the displayed Opening Balance window select the bank account you want the balance applied to. If you don't want the balance to go to a bank account, select the suspense nominal account. Enter the date, reference and value, then click OK.
6. Enter a contact name associated with the fund. This is optional.
7. Enter the name of the holding institution (for example Barclays) associated with the fund (maximum 60 characters). This is optional.
8. Click OK to save the fund record.

**Tip:** To view a list of your funds, click Company > Funds.

### Setting Up Nominal Account Records

As a non-profit making organisation your nominal accounts must be associated with SOFA categories. This enables Sage 50 Accounts to generate your SORP reports.

Sage 50 Accounts comes with a set of SOFA categories but you can change them to suit. See *Changing the Headings in your SORP Reports* on page 17.

Each nominal account has one SOFA category. The categories provide the report headings such as donations, grants and legacy, that Sage 50 Accounts should use. They also indicate to Sage 50 Accounts the nominal accounts you want it to use to calculate the monetary values associated with each heading. Several nominal accounts can use the same SOFA category and Sage 50 Accounts will group and calculate the total balance for each category in the SORP reports.

The categories that you are likely to change are those that represent your charity's activities. Alternatively, if you would like to separate your activities from your nominal analysis, you can use departments to represent activities.

#### Do I need to work on my nominal accounts?

- New user: If you have selected the Charity COA suggested in *Establishing your Chart of Accounts* on page 4, the nominal accounts, SOFA categories and reports are all set up to work for you. You only need to make changes if you want to assign a nominal account to a different area on the SORP reports.
- Upgrading from version 11 or earlier: You need to apply a SOFA category to each nominal account.



Regardless of whether you are a new user or an existing user it would be prudent to check the report heading provided by Sage 50 Accounts and make changes if required. See *Changing the Headings in your SORP Reports* on page 17.

### How do I work on my nominal accounts?

There are two ways to do this:

- Work with individual nominal accounts.

Open a nominal record and link a SOFA category to the account. The SOFA category is found on the Details tab of a nominal record.

- Work with a full list of nominal accounts and their associated SOFA categories.

From the list you can quickly change the SOFA category associated with the nominal account. Select Company > Charity Settings > Assign Nominal Code to SOFA Categories.

N/C	Name	Sofa Category
0010	Freehold Property	Charitable Activity:1
0011	Leasehold Property	Charitable Activity:2
0020	Plant and Machinery	Charitable Activity:2
0021	Plant/Machinery Depreciation	None
0030	Office Equipment	None
0031	Office Equipment Depreciation	Charitable Activity:2
0040	Furniture and Fixtures	None
0041	Furniture/Fixture Depreciation	None
0050	Motor Vehicles	None
0051	Motor Vehicles Depreciation	None
1001	Stock	None
1002	Work in Progress	None
1003	Finished Goods	None
1100	Debtors Control Account	None
1101	Sundry Debtors	None
1102	Other Debtors	None
1103	Prepayments	None
1200	Bank Current Account	None
1210	Bank Deposit Account	None
1220	Building Society Account	None

0 of 147 accounts selected

Swap Clear Print List Change SOFA Category Close



## Setting Up Donor (Customer) Records

Referred to in Sage 50 Accounts as customer records.

**Customer Record**

**Details**

**Account Details**

A/C: [Dropdown]  
 Name: [Text]  
 Balance: 0.00 [Currency]

**Address**

Street1: [Text]  
 Street2: [Text]  
 Town: [Text]  
 County: [Text]  
 Post Code: [Text]  
 Country: United Kingdom GB [Dropdown]  
 VAT Number: [Text]  
 [Delivery Addresses...]

**Contact Information**

Contact name: [Text]  
 Trade contact: [Text]  
 Telephone: [Text] [Currency]  
 Telephone 2: [Text] [Currency]  
 Fax: [Text]  
 Website: [Text] [Currency]

**e-Mail Settings**

e-Mail: [Text] [Currency]  
 I send invoices to this customer electronically: [Checkbox]

**Account Type**

☐ Donor ☐ Inactive  
☐ Customer  
☐ Member

**Donor Information**

Default Fund: [Dropdown]  
 Gift Aid Declaration Received: [Checkbox]  
 Declaration Valid From: [Text] [Currency]

**Membership Details**

Member Since: [Text] [Currency]  
 Renewal due: [Text] [Currency]  
 Reminder: 0 days

[Save] [Discard] [Close]

The options relevant to a non-profit making organisation are:

- **Account type**
  - **Donor, Customer or Member**  
 If you want to filter your customer list to display only donors, customers or members, select the account type on the donor (customer) records you set up.
  - **Inactive**  
 If you want to omit a donor (customer) from the customer list, select this option.



- Donor Information

- Default Fund

A fund can be assigned to each customer record. This is intended to speed up transaction entry. When you record income from a customer, Sage 50 Accounts automatically applies the fund assigned to the customer's record to the transaction. This is referred to as a default. If during transaction entry the default fund is not appropriate you can record another fund against the income at that point.

- Gift Aid Declaration Received

This is extremely useful if you intend to reclaim tax for charitable donations. By setting this option you have the means to generate a Gift Aid report. The report details customers that have made donations. These details cover a customer's name, address and the tax that can be reclaimed. See *Reporting* on page 15. However, to ensure the money received from a customer is included in the report, record the donation as an invoice or donation (see *Recording a Donation* on page 12). Both methods require a customer to be associated with the transaction. A bank receipt does not require a customer to be associated with the transaction and therefore will not be included in the Gift Aid report.

- Declaration Valid From

This information is only used for reference purposes on the record. It does not affect the Gift Aid report.

- Membership Details

The membership dates can be used for reporting purposes. To take advantage of them you need to create customised reports in Report Designer. Select Tools > Report Designer.

## Setting Up Supplier Records

A fund can be assigned to each supplier record. This is intended to speed up transaction entry. When you record an expense associated with a supplier, Sage 50 Accounts automatically applies the fund assigned to the supplier's record to the transaction. This is referred to as a default. If during transaction entry the default fund is not appropriate you can record another fund against the expense at that point.

The option is found on the Defaults tab on the supplier record.

## Setting Up Customer and Supplier Defaults

A common default fund can be set for both your customers and suppliers and is intended to speed record creation. This means you can set Sage 50 Accounts to suggest the fund you are most likely to assign to a record when you create customer or supplier records. Ultimately it is the fund that will be used when income or expense is recorded for the customer or supplier.

The option is found on the Defaults tab on a customer or supplier record.



## Recording Transactions

Recording transactions into Sage 50 Accounts for a non-profit organisation is basically the same as that for a profit organisation. Records are updated following the same accounting rules. This section supplements information described throughout your Sage 50 Accounts Help system.

The difference for a non-profit organisation when recording transactions is you can associate a fund with each transaction you enter. This means you can track the income and expenditure associated with each fund you are managing. To do this you need to tell Sage 50 Accounts which fund you want the monetary updates applied to. This simply means selecting a fund from a drop-down list when entering transactions or selecting a fund check box. This is the only additional step you need to do when recording transactions.

**Financial Controller:** Funds are not available in Sale Order Processing. Once an order has been processed and is available for invoicing you can then apply the fund to the income.

There are a further two transaction entry methods specifically designed for a non-profit organisation; recording a fund transfer and recording a donation. These activities are detailed in full in this section.

**Note:** Sage 50 Accounts must be enabled for charities in order to manage funds, see *Enabling Charities* on page 3.

## Transferring Funds

This is a way to move money between funds. The money from all fund types, Restricted, Unrestricted and Endowment can be moved, there is no limitation. However, this method cannot be used to move money from a fund into another area such as a bank.

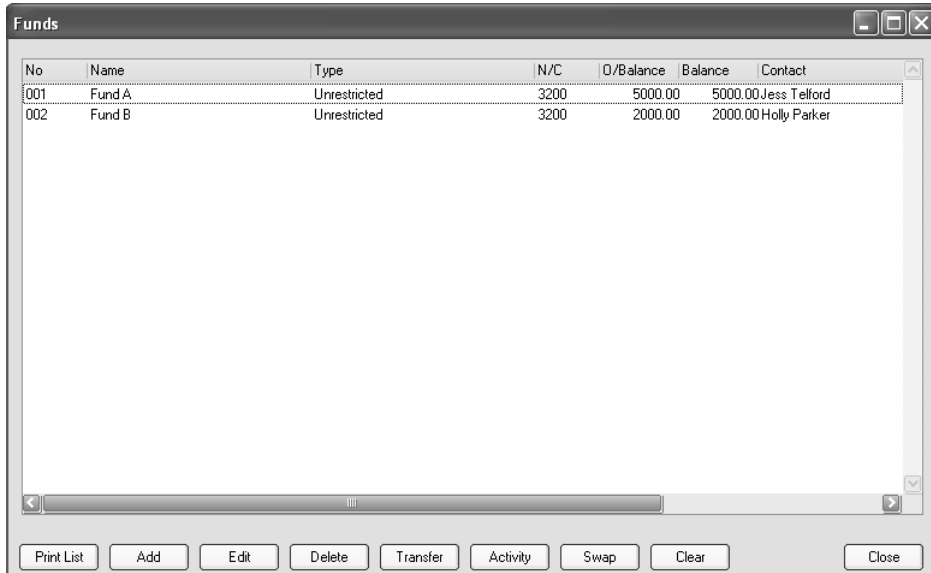
A fund transfer will update the balance on the fund and the nominal accounts that are associated with the funds. Sage 50 Accounts processes the change by creating a journal to increase and decrease the nominal account balances. These are shown as journal debit (JD) and journal credit (JC) in the audit trail.



## To transfer funds

1. Select Company > Funds.

The Funds window appears.



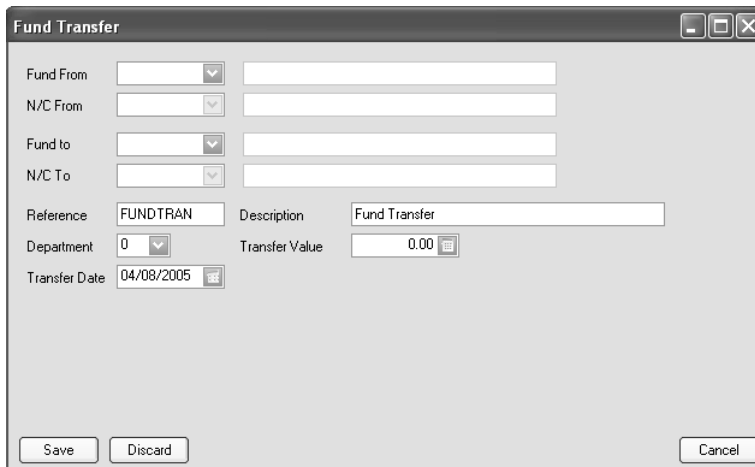
The Funds window displays a table with the following data:

No	Name	Type	N/C	0/Balance	Balance	Contact
001	Fund A	Unrestricted	3200	5000.00	5000.00	Jess Telford
002	Fund B	Unrestricted	3200	2000.00	2000.00	Holly Parker

At the bottom of the window, there are buttons for: Print List, Add, Edit, Delete, Transfer, Activity, Swap, Clear, and Close.

2. Click Transfer.

The Fund Transfer window appears.



The Fund Transfer window contains the following fields and controls:

- Fund From: [Dropdown] [Text Field]
- N/C From: [Dropdown] [Text Field]
- Fund to: [Dropdown] [Text Field]
- N/C To: [Dropdown] [Text Field]
- Reference: FUNDTRAN
- Description: Fund Transfer
- Department: 0
- Transfer Value: 0.00
- Transfer Date: 04/08/2005

At the bottom, there are buttons for: Save, Discard, and Cancel.



3. Select the funds for the transfer using the 'Fund from' and 'Fund to' drop-down lists.  
The nominal accounts set for each fund are displayed for information purposes only, they cannot be changed here.
4. Enter a reference (maximum 8 characters) and description (maximum 60 characters) you want recorded with the fund transfer.
5. Select a department from the drop-down list, if you analyse fund transfers by department.
6. Enter the amount you want to transfer in 'Transfer Value'.
7. Check the date and change if required. You can use the Calendar button to enter your date or you can type the date directly into the 'Transfer Date' box. Sage 50 Accounts's program date appears by default.
8. Click Save to complete the transfer.

### Recording a Donation

This method not only records money into a bank account but also provides a means to associate a fund with the donation as well as a donor (customer). If you intend to produce a Gift Aid report this is a good method to use to record a donation so that the customer details are picked up in the report. See *Reporting* on page 15.

There are two outcomes depending on whether you assign a donor (customer) to the donation.

- With donor: Sage 50 Accounts generates a sales invoice and a sales receipt, immediately allocating the sales receipt to the invoice. These transactions are shown in the audit trail as type SI and SR.

The balance on the customer's record and bank record are updated. If a fund has been assigned to the donation then its balance is updated too.

The Debtors nominal account is updated. This is both increased by the sales invoice and then decreased by the sales receipt.

The nominal account you choose to assign the donation to is also updated.

- Without donor: The bank balance is updated, provided a fund has been assigned to the donation then the balance on the fund is also updated. The transaction is shown as a bank receipt (BR) in the audit trail. This method gives the same result you would get from recording a bank receipt.







Fund	Select the fund you want to donation associated with. Selecting a fund is optional.
Dept	Enter the department that you want this transaction to be analysed to. This is optional.
Details	If you want to record additional information with the donation enter the details here.
Net	Enter the value of the donation.
T/C	Select the tax code you want the donation analysed against. By default, the non-vatable tax code (normally T9) appears.
Tax	Depending on the tax code selected this box automatically shows the amount of tax associated with the donation.

3. To save the donation click Save.  
Alternatively to clear the information and start again click Discard, or click Close to cancel.



## Reporting

Sage 50 Accounts offers several reports specifically designed for a non-profit organisation such as:

- Funds Transactions by Activity (Dept) by Project
- Departmental VAT Breakdown

Those of particular note are described in more detail in the following sections.

### Gift Aid

This report identifies transactions against customers who you have marked as Gift Aided. This can be used as a basis for the Statutory Gift Aid report but is not a substitute form. To work correctly, the gift aid option on the donors (customers) record must be switched on, and the donations entered into Sage 50 Accounts using the Donation Receipt or Sale Invoice entry method.

The Gift Aid Report is accessed by selecting, Customers > Reports > Customer Activity Reports.

**Tip:** Do you want your Charity Tax Reference to appear on your Gift Aid report? Then enter it in Company Preferences on the Address tab. Select Settings > Company Preferences.

### Gift Aid Declaration

This is a standard declaration that comes with the program. You can print it, get the donor to make the declaration and then use it to enter the information into Sage 50 Accounts.

### SOFA

This is the report you are required to submit to your appropriate reporting body if your accounts are prepared on an accruals basis.

### Receipts and Payments

This is the report you are required to submit to your appropriate reporting body if your accounts are prepared on a receipts and payments basis.

The SOFA and Receipts and Payments reports are accessed by selecting Company > Financials > Reports > Charities.

**Note:** If your accounts are prepared on a receipts and payments basis you also need to submit a Statement of Assets report. You can prepare this report using your Balance Sheet and following the rules and guidelines published by your appropriate reporting body.



## **Fund Activity Report**

This report lists fund activities, providing details of individual transactions for each fund, by department and nominal account.

The Fund Activity Report is accessed by selecting, Company > Nominal Ledger > Reports > Nominal Activity Reports.

## **Balance Sheet (for charities)**

This report provides a good start for your final Balance Sheet, submitted to the Charity Commission. The report shows the current assets, liabilities, creditors and final balances.



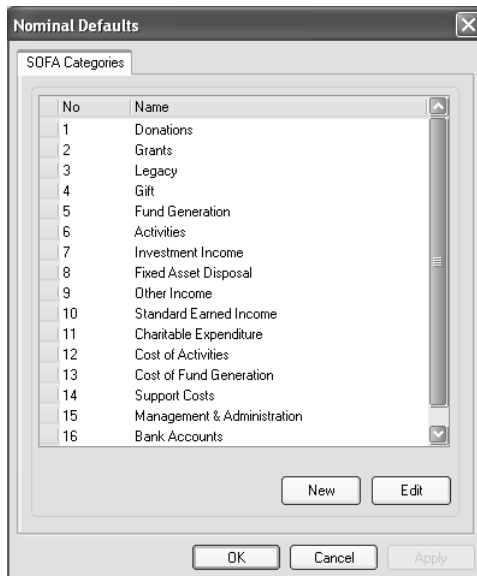
## Changing the Headings in your SORP Reports

Standard headings are printed on the SOFA and Receipts and Payments reports, such as Donations, Grants and Gifts. These headings are part of the SOFA categories, which are used to indicate to Sage 50 Accounts the nominal accounts you intend to report on. See *Setting Up Nominal Account Records* on page 6. It is possible to change these headings.

### To change the report headings

1. From the Sage 50 Accounts toolbar choose Settings > Nominal Defaults.

The Nominal Defaults window appears.



2. Select the report heading from those displayed, and click Edit.  
The Edit SOFA Category window appears.
3. Enter the report title in the Name box (maximum 30 characters).
4. Click OK and then click OK on the Nominal Defaults window.



## Year End

The Year End process produces many results. In relation to funds, the following updates are made:

- The balance on the fund is transferred to the fund's nominal account (capital and reserves).
- The balance on the fund is set to zero.