

CLOSE YEAR PREREQUISITES

In order to ensure a smooth transition of closing your fiscal year to opening a new, Pentagon 2000 Software has recommended prerequisites to accommodate your accounting practices close year process. Although the Pentagon 2000 Software has an automatic and systematic way of closing the fiscal year, there are many transactions to be analyzed and entered and reports to run in order to correspond with the general accounting practices involved in closing a fiscal year.

Here are some special notes and rules good to know before you proceed:

NOTE: In the new year you can edit or update any GL Codes if necessary.

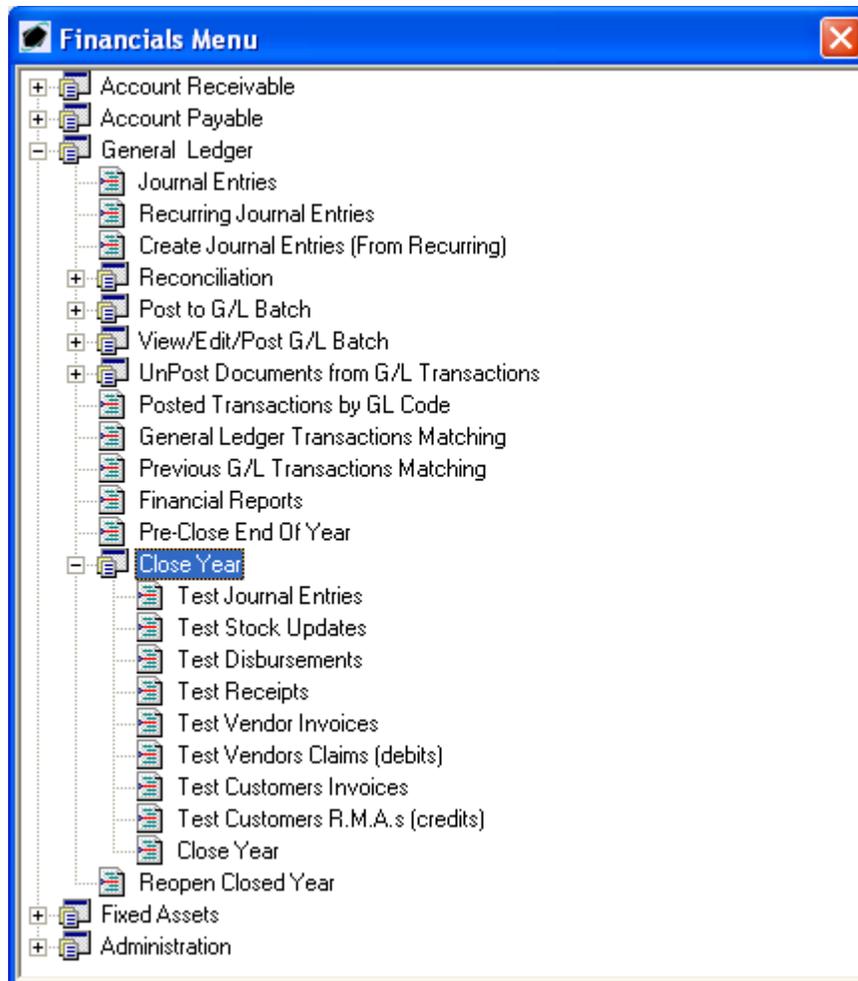
NOTE: If you do not close the year, you can continue to post into future dates, the system will prompt you with a warning message but will not stop you.

NOTE: You can run financial reports only for the date range that is in your current fiscal year setup; i.e. you cannot run financial reports for the next year if you did not close the current year, but you can run the "General Ledger Transactions Journal" report for any date range at any time.

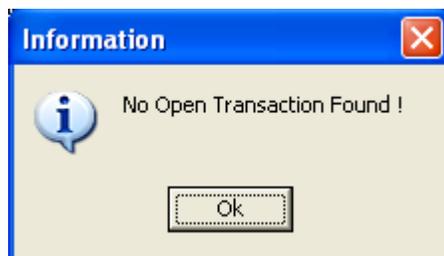
NOTE: If you close the year, you cannot run financial report for the previous, closed year. Make sure you have copy of the financial reports prior to closing.

Step 1 Document Posting / Test Posting: In the Financials Menu under General Ledger - Close Year, you will see the option to test (post) each type of transaction.

- Test Journal Entries: manual entries to the G/L
- Test Stock Updates: manual adjustments to stock (cost / qty)
- Test Disbursements: accounts payables
- Test Receipts: accounts receivable
- Test Vendor Receivers (when applicable): unvouchered inventory
- Test Vendor Invoices: purchase invoices
- Test Vendor Claims (debits): returns to vendor
- Test Customer Invoices: sales invoices
- Test RMA's (credits): returns from customer

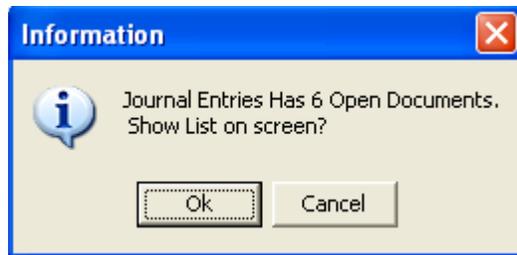


If all transactions tested have been posted to the G/L, you will receive the following message:

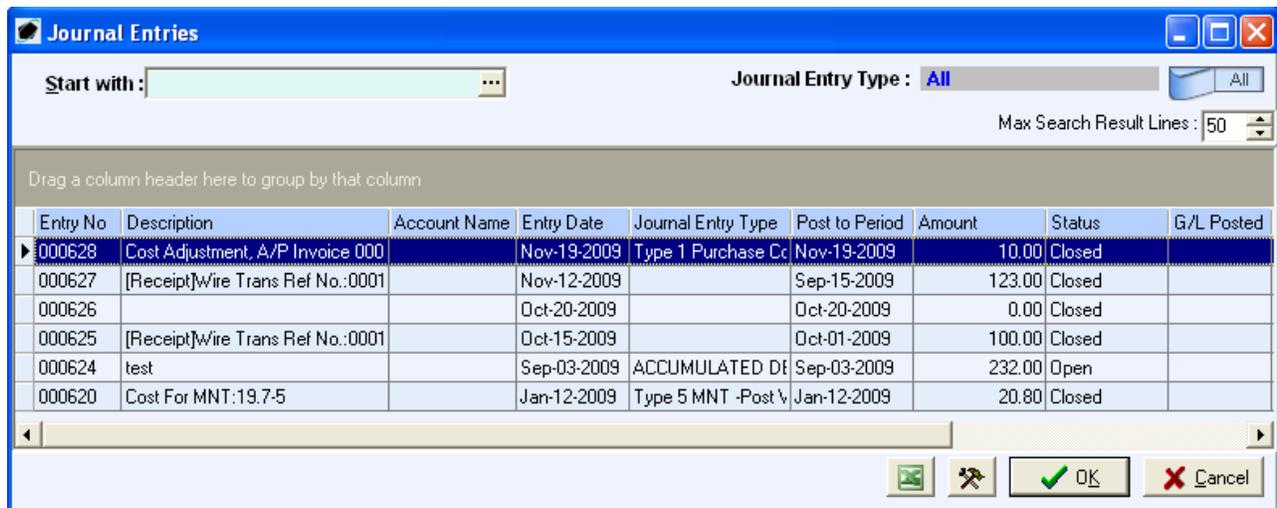


Click OK to continue to the next transaction to test.

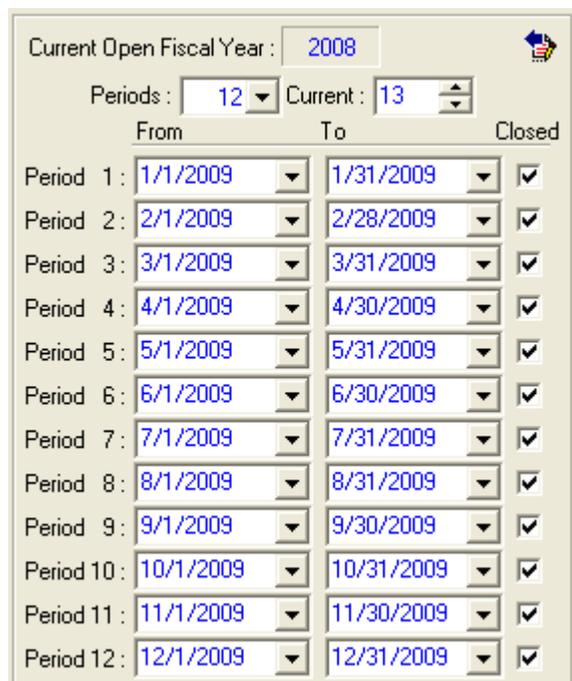
NOTE: If any transactions have not been posted to the G/L for the period or year you are testing, you will be prompted for "Open Documents" upon closing. "Open" meaning not posted to the G/L.



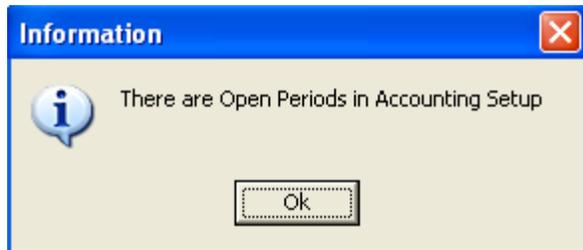
NOTE: If you click OK to the Information message you would receive for open transactions, you will get a list of these transactions which you can then decide what to do with.



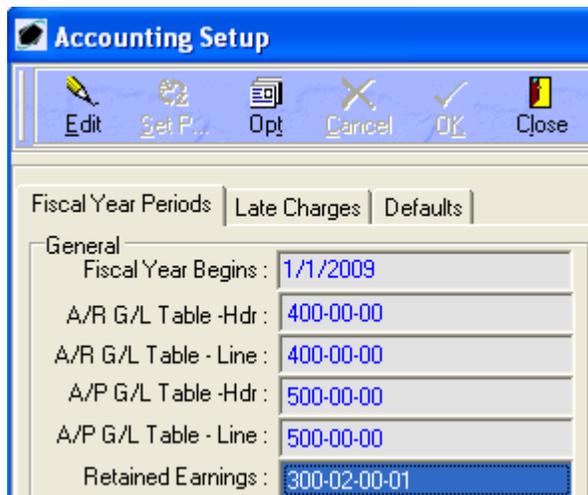
Step 2 Close Periods: Go to the Financials – Administration – Accounting Setup and make sure all Periods are “Closed”. To close a period, you must increase the “Current” period.



NOTE: If you try to Pre-Close or Close the Fiscal Year without closing the Periods, you will receive the following message, prompting you to close them before you proceed.

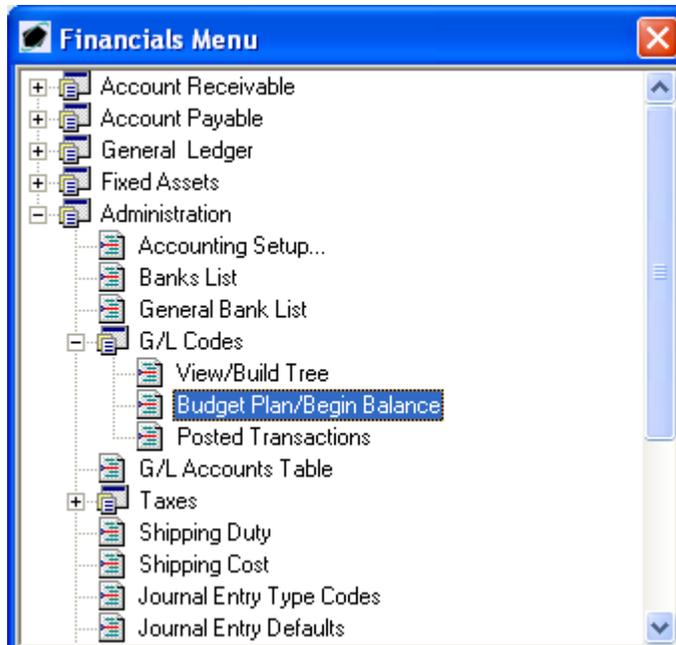


Step 3 Retained Earnings: Check to make sure the Retained Earning General Ledger Code is correctly defaulted in the Accounting Setup. This Code will be used to automatically calculate the year end net income into (sales – costs – expenses).

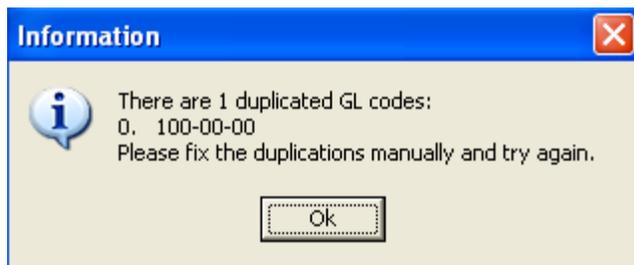


Step 4 Verify Begin Balance Records: You must check to make sure each General Ledger Code has only **one** Budget Plan / Begin Balance Record per Company / Division / Department combination (where multiple Company / Division / Department environments apply). If you are working in a single Company environment with no Divisions or Departments, there will need to be only **one** Budget Plan / Begin Balance Record per General Ledger Code.

Go in the Financials – Administration – G/L Codes – Budget Plan / Begin Balance and make sure there are no duplicate records per GL Code.



NOTE: If you try to Pre-Close or Close the Fiscal Year without verifying the duplication, you will receive the following message, prompting you to fix the duplication manually before you proceed.



Step 5 Run Financial Reports: Save to file and print hard copies of any necessary Financial Reports. Here are some suggestions reports –

- Balance Sheet
- Income Statement
- Trial Balance
- Account Aging Reports (for A/R and A/P)
- Inventory Value As Of

Step 6 Back Up Database: We highly recommend you have a full, current back up of your Pentagon 2000 Software SQL Databases after all Closing Prerequisite Steps are taken and / or right before you Pre Close or Close Year. Contact your IT Administrator or Pentagon 2000 Software Technical Support if you need assistance with this step.

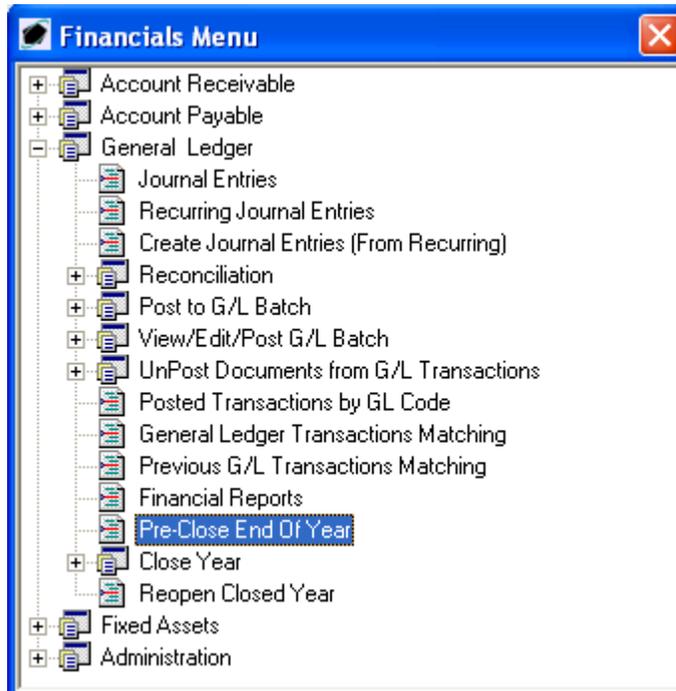
PRE-CLOSE YEAR PROCEDURES

The Pentagon 2000 Software also has the option to Pre-Close the Fiscal Year for an unlimited amount of time needed prior to final closing. This method is beneficial to help verify the balances

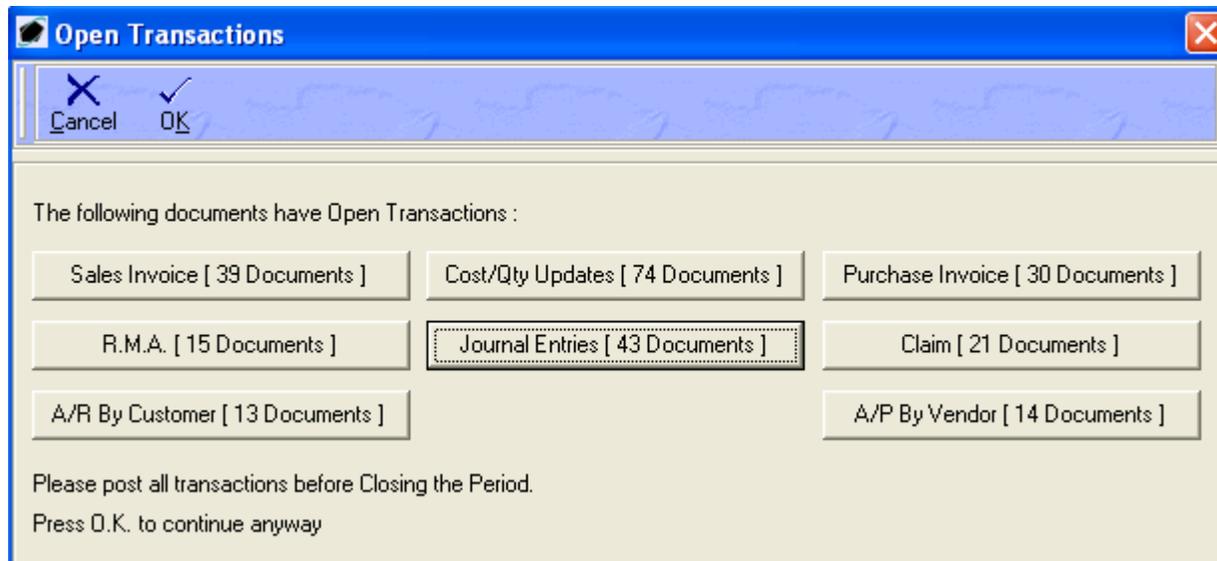
will forward correctly as well as to give the users the ability to post into a new fiscal year with the previous year set aside awaiting final auditing transactions and adjustments.

We recommend the Close Year Prerequisite Steps are taken, just as you would need to do to for a final close, for the Pre-Close Fiscal Year process.

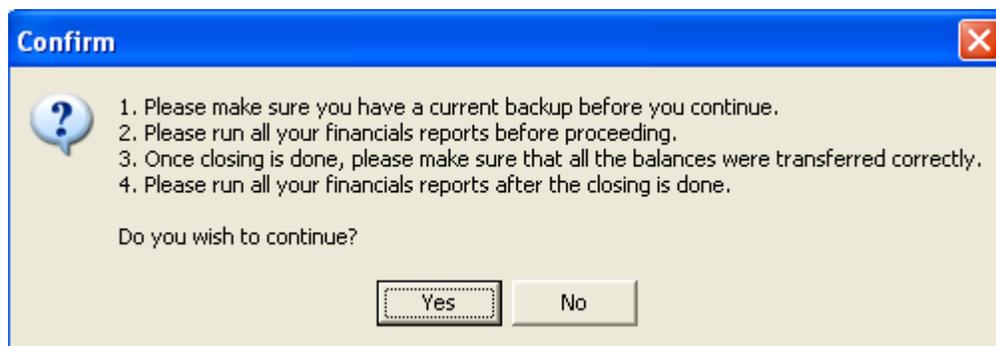
Step 1 Close Year: In the Financials Menu under General Ledger - Close Year, double-click on Pre-Close End of Year –



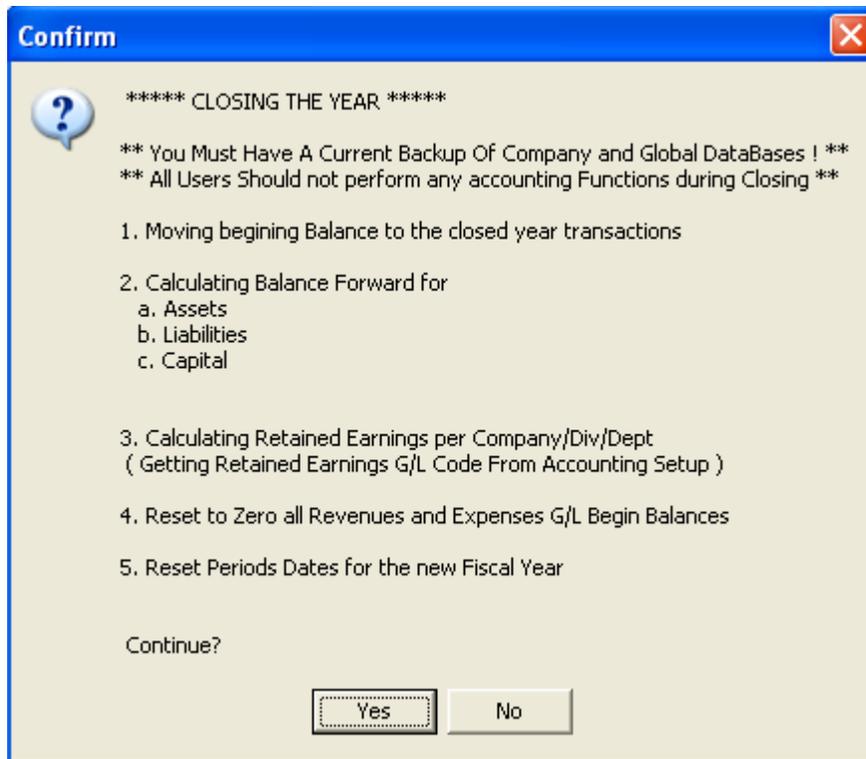
Step 2 Open Transactions: If there are any open transactions dated the fiscal year you are about to pre-close, you will be prompted with a window listing the open transactions. However, once the test has been done as per the Close Year Prerequisites, you will not receive this message unless the open transactions can be bypassed. If the open transactions can be bypassed, click OK to continue or go back to the Close Year Prerequisites Step 1.



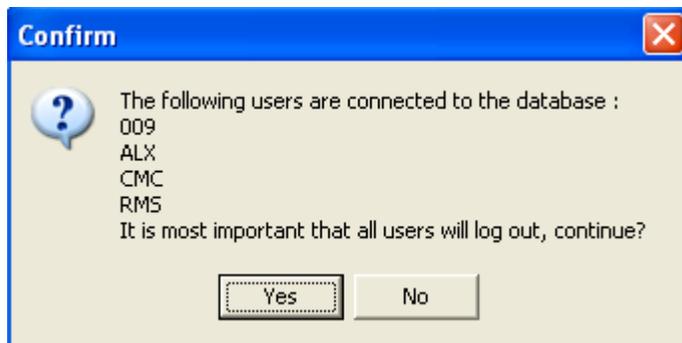
You must then confirm you have done the Close Year Prerequisites, click OK to continue:



Here is a list of what the Pentagon 2000 Software will systematically do when you proceed with Pre-Closing a Year:



Make sure no users are logged into the database, especially using the Financials Module:



The Pentagon 2000 Software will process the Pre-Close Year:

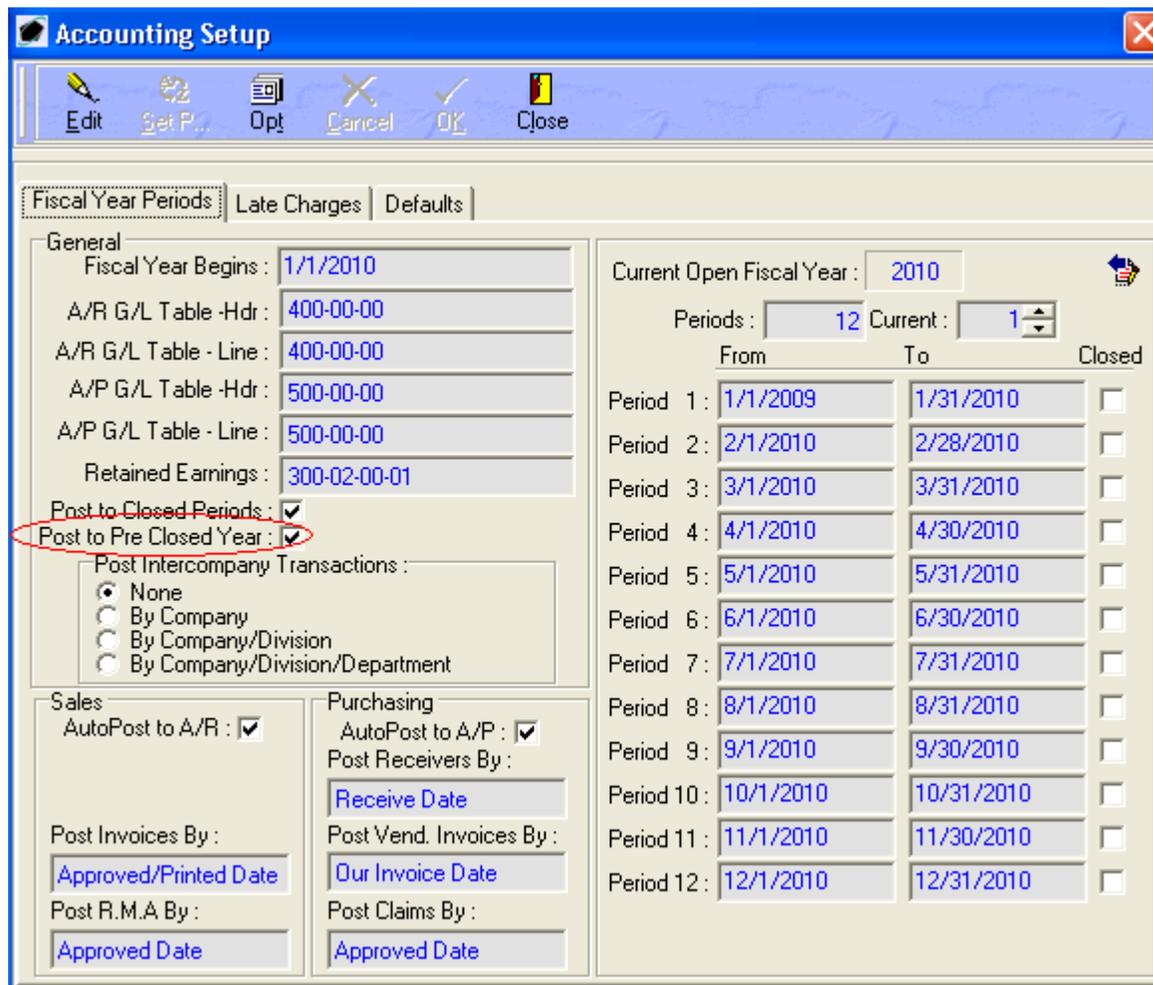


Once the process is complete, you will receive the following message:



Click OK to proceed to exit the Pentagon 2000 Software

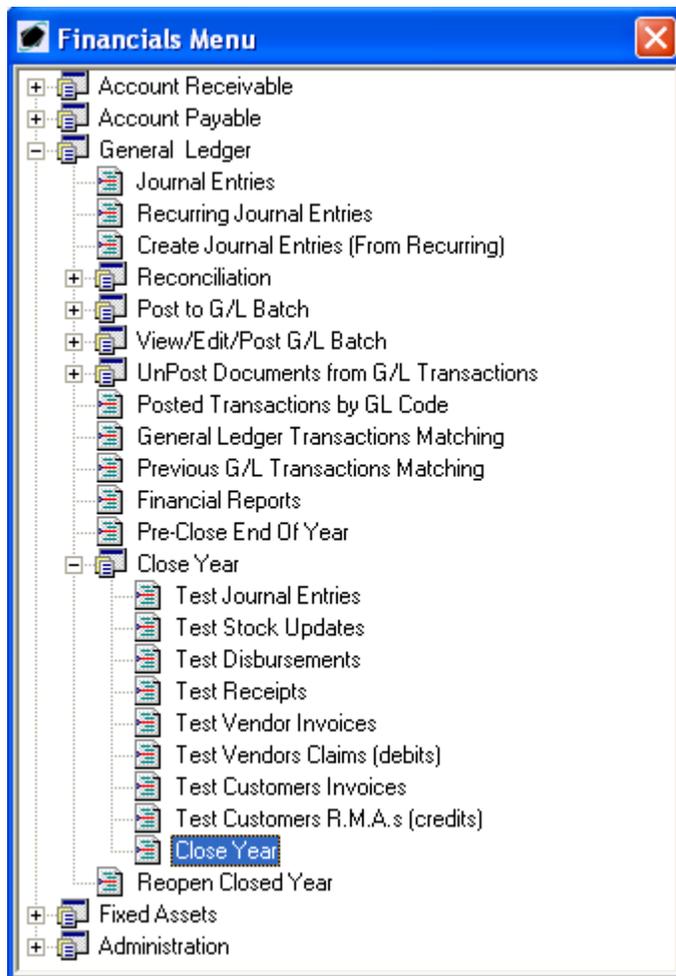
NOTE: Once a year has been “Pre-Closed”, transactions can be posted back into it according to the flag in Accounting Setup as shown:



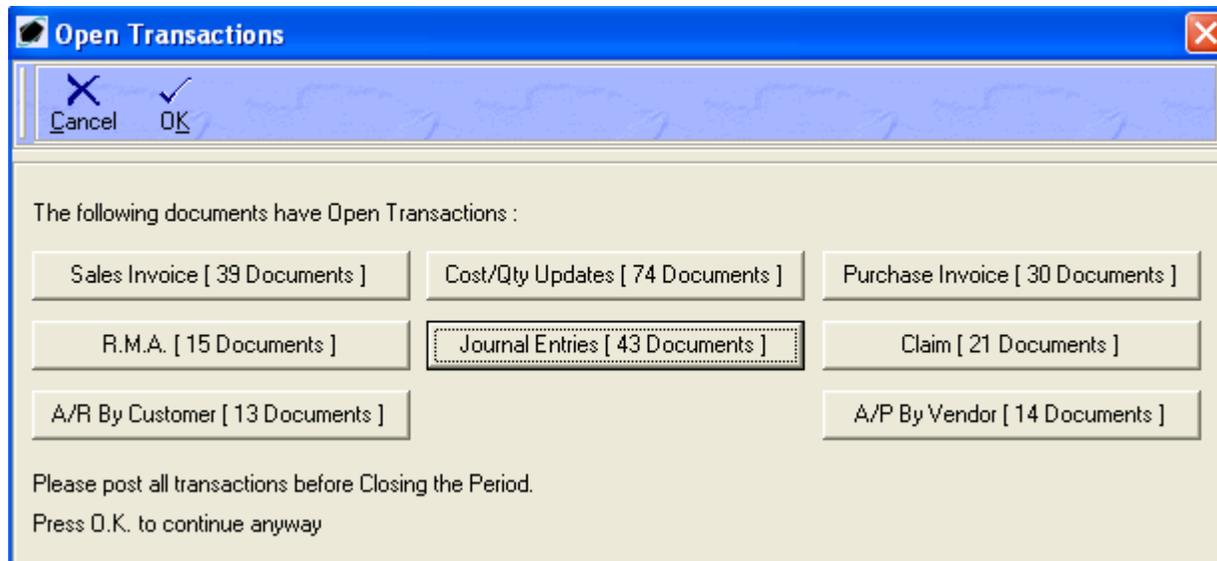
CLOSE YEAR PROCEDURES

Once all of the Close Year Prerequisite Steps are taken, you can then proceed with Closing the Year in the Pentagon 2000 Software.

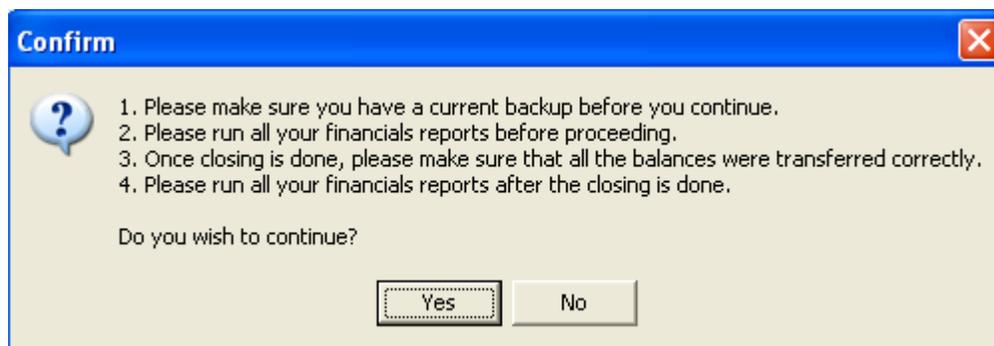
Step 1 Close Year: In the Financials Menu under General Ledger - Close Year, double-click on Close Year –



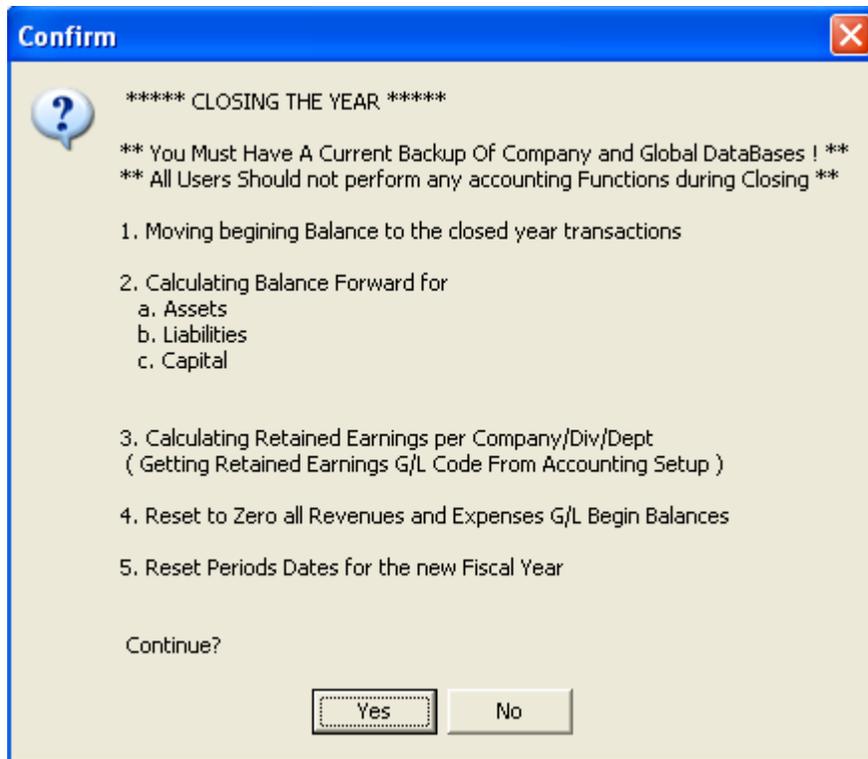
Step 2 Open Transactions: If there are any open transactions dated the fiscal year you are about to close, you will be prompted with a window listing the open transactions. However, once the test has been done as per the Close Year Prerequisites, you will not receive this message unless the open transactions can be bypassed. If the open transactions can be bypassed, click OK to continue or go back to the Close Year Prerequisites Step 1.



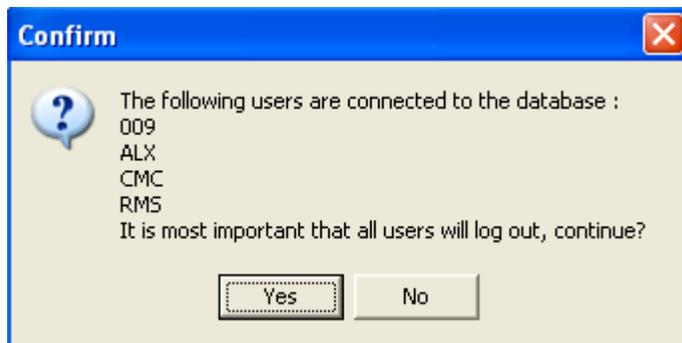
You must then confirm you have done the Close Year Prerequisites, click OK to continue:



Here is a list of what the Pentagon 2000 Software will systematically do when you proceed with Closing Year:



Make sure no users are logged into the database, especially using the Financials Module:



The Pentagon 2000 Software will process the Close Year:



Once the process is complete, you will receive the following message:



Click OK to proceed to exit the Pentagon 2000 Software

NOTE: Once a year has been closed, transactions cannot be posted back into it.

PROCEDURES FOR MANUAL CALCULATION YEAR END CLOSE

Use this alternate method of closing the fiscal year if you would rather calculate the balances manually.

**** If you have Multi Company, run the reports and calculations per company ****

1. Run the Trial Balance report as of the end of year.
2. Close the year in the Financials Menu.

Begin balance for the New Year:

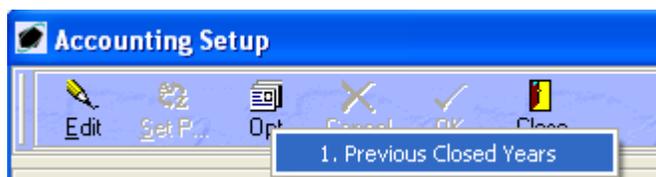
1. Codes 1,2,3 remain the same as the ending of last year
2. Codes 4-9 reset to 0.00
3. Retained Earnings calculation:
 - + [Last Year Retained Earnings]
 - + [(Total of Last Year Ending Balance of codes 4) - (Total Codes 5+6+7+8+9)]
 - = [Retained Earnings value for the New Year]

NEW FISCAL YEAR

In the Accounting Setup – check to see if the new Fiscal Year and Periods are correct.

Run a Trial Balance as of the Begin of the Fiscal Year to ensure the Begin Balances were carried forward from the Ending Balances; also confirm any other necessary Financial Reports.

You can view any Previous Closed Years in the Accounting Setup – Options:



Year	Start Of Fiscal Year	Periods	Period 1 - From	Period 1 - To	Period 2 - From	Period 2 - To	Period 3 - From	Period 3 - To	Period 4 - From	Period 4 - To
2009	1/1/2009	12	1/1/2009	1/31/2009	2/1/2009	2/28/2009	3/1/2009	3/31/2009	4/1/2009	4/30/2009
2009	1/1/2009	12	1/1/2009	1/31/2009	2/1/2009	2/28/2009	3/1/2009	3/31/2009	4/1/2009	4/30/2009
2005										
2006										
2007										

NOTE: A "Closed" fiscal year will reflect the Current Open Fiscal Year and the Fiscal Periods as the same, the new year as shown:

Accounting Setup

Edit Set P Opt Cancel OK Close

Fiscal Year Periods | Late Charges | Defaults

General

Fiscal Year Begins : 1/1/2010

A/R G/L Table -Hdr : 400-00-00

A/R G/L Table - Line : 400-00-00

A/P G/L Table -Hdr : 500-00-00

A/P G/L Table - Line : 500-00-00

Retained Earnings : 300-02-00-01

Post to Closed Periods :

Post to Pre Closed Year :

Post Intercompany Transactions :

None

By Company

By Company/Division

By Company/Division/Department

Sales

AutoPost to A/R :

Post Invoices By : Approved/Printed Date

Post R.M.A By : Approved Date

Purchasing

AutoPost to A/P :

Post Receivers By : Receive Date

Post Vend. Invoices By : Our Invoice Date

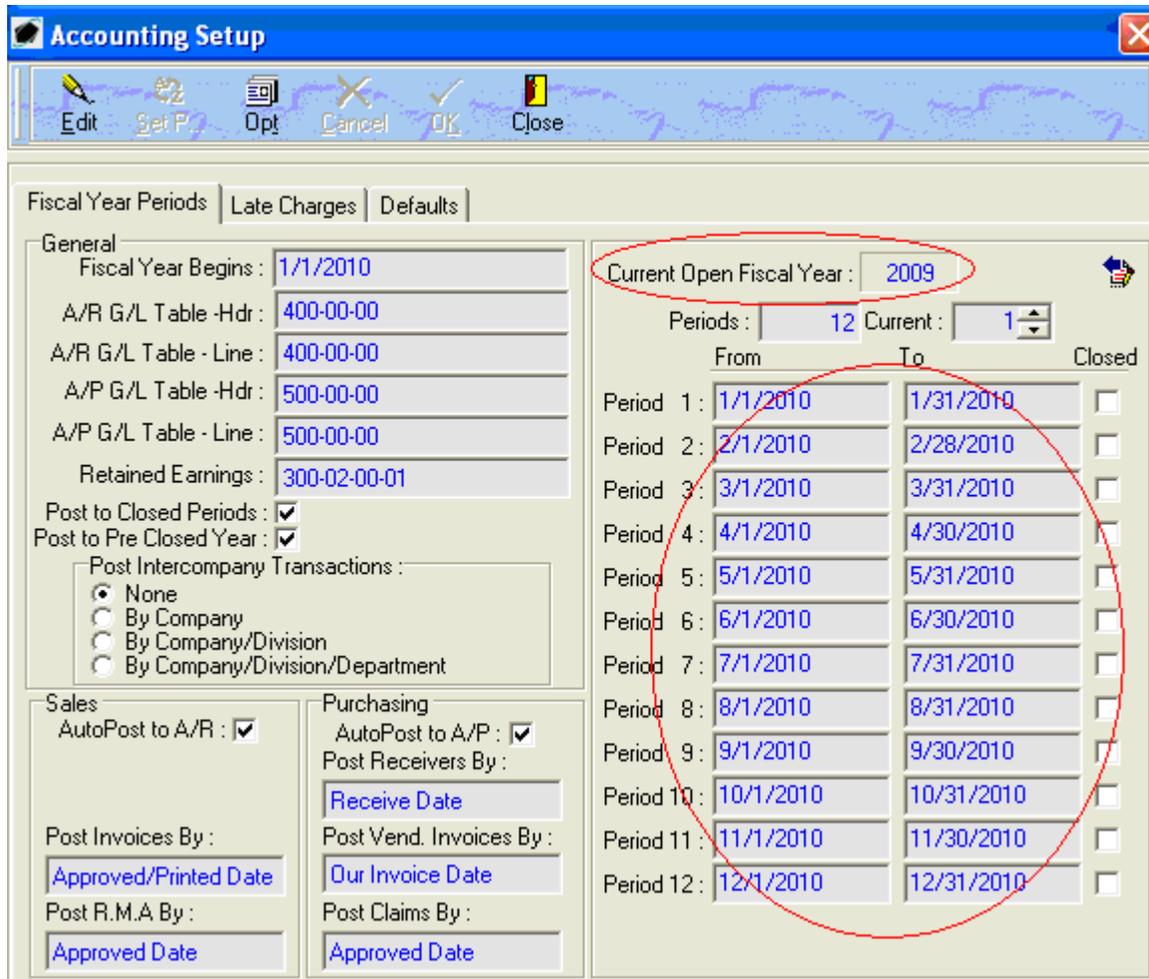
Post Claims By : Approved Date

Current Open Fiscal Year : 2010

Periods : 12 Current : 1

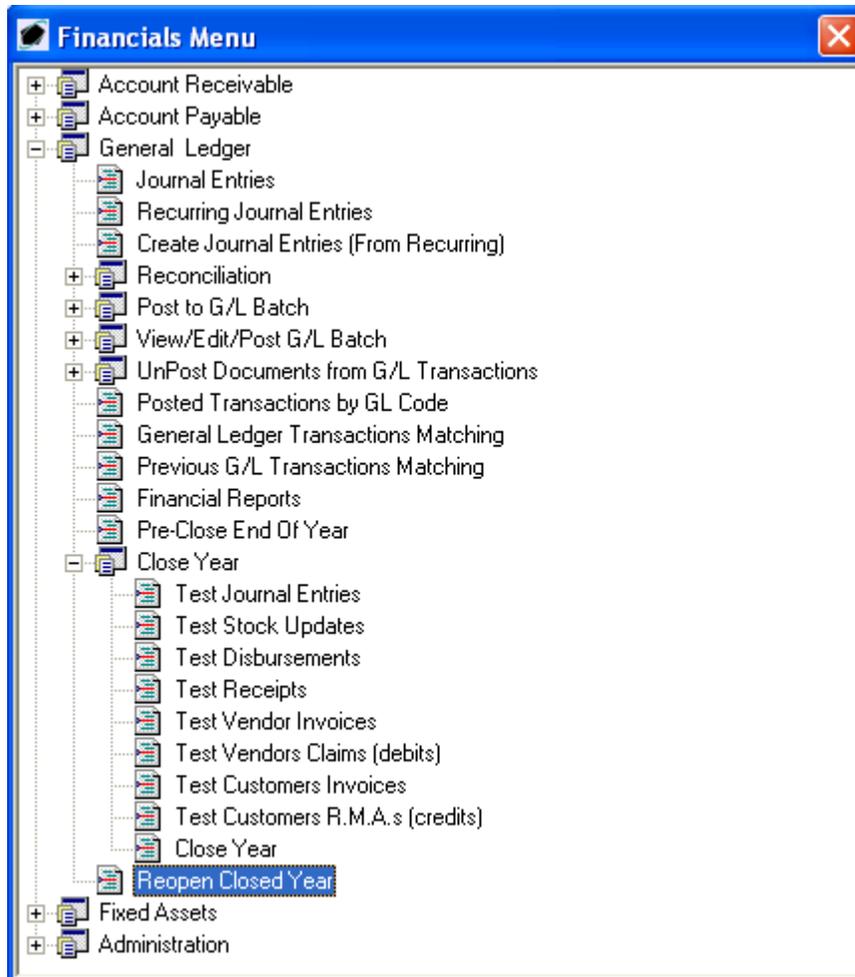
	From	To	Closed
Period 1 :	1/1/2010	1/31/2010	<input type="checkbox"/>
Period 2 :	2/1/2010	2/28/2010	<input type="checkbox"/>
Period 3 :	3/1/2010	3/31/2010	<input type="checkbox"/>
Period 4 :	4/1/2010	4/30/2010	<input type="checkbox"/>
Period 5 :	5/1/2010	5/31/2010	<input type="checkbox"/>
Period 6 :	6/1/2010	6/30/2010	<input type="checkbox"/>
Period 7 :	7/1/2010	7/31/2010	<input type="checkbox"/>
Period 8 :	8/1/2010	8/31/2010	<input type="checkbox"/>
Period 9 :	9/1/2010	9/30/2010	<input type="checkbox"/>
Period 10 :	10/1/2010	10/31/2010	<input type="checkbox"/>
Period 11 :	11/1/2010	11/30/2010	<input type="checkbox"/>
Period 12 :	12/1/2010	12/31/2010	<input type="checkbox"/>

NOTE: A "Pre-Closed" fiscal year will reflect the Current Open Fiscal Year as the year you have not closed and the Fiscal will reflect the new year as shown:

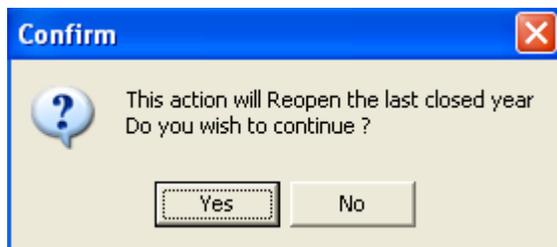


REOPEN A CLOSED FISCAL YEAR

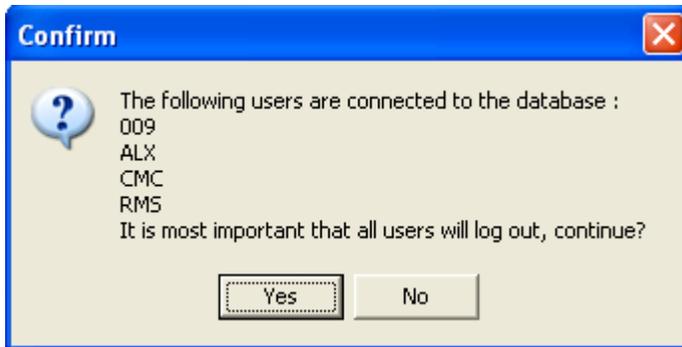
If you need to re-open a closed Fiscal Year you can do so from the Financials Menu – General Ledger – Close Year – Reopen Close Year. This will revert your Fiscal Year, Periods and balances back to their states prior to the Closing:



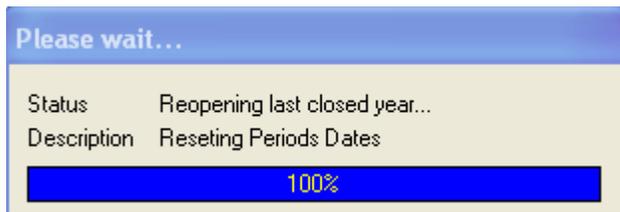
The system will ask you to confirm this process, click Yes to continue:



Make sure no users are logged into the database, especially using the Financials Module:



The system will then process the Reopening of the last closed Fiscal Year:



Once the process is complete and successful you must log out and back in again in order for the changes to take into effect:



NOTE: Once you re-enter the system, go to the Accounting Setup to verify your previously closed year is now open and run a Trial Balance.

Close Process Checklist
Activity
Pre-Close
Close Operations
Sign Off all Mechanics – ETS
Close Customer Work Orders
Close In-House Work Orders
Close O/S Work Orders - if received
Post WIP Labor and WIP Parts (where applicable)
Sales Documents

Update all Pick Tickets
Approve Sales Invoices
Approve RMA Credits
Purchasing Documents
Update all Receivers
Approve all Purchase and Misc Vendor Invoices
Approve Claim Debits
Accounts Receivable
Deposit all A/R Checks and Cash receipts
Close all Accounts Receivable receipts
Accounts Payable
Close all Accounts Payable Disbursements
Inventory
Update and Close all manual Stock Adjustments
Financials
Enter and Close all final Employee Expense / Payroll Journal Entries
Enter and Close all final other Journal Entries i.e. accumulated depreciation, bank fees, adjustments, write offs.
Close
Post all documents to the General Ledger
Close the Fiscal Period in Accounting Setup
Post-Close
Reports
Run Financial Reports
Run Operation Reports
Run Sales Reports
Run Purchasing Reports
Run Inventory Reports
Financials
Bank Reconciliation