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.

<u>Step 1 Document Posting / Test Posting</u>: 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.

1	🖉 Journal Entries								
Start with :		•••		Journal Entry Type :		All		All	
						Max S	earch Result Lir	nes : 50 🌻	
	Drag a colu								
Г	Entry No	Description	Account Name	Entry Date	Journal Entry Type	Post to Period	Amount	Status	G/L Posted
Þ	000628	Cost Adjustment, A/P Invoice 000		Nov-19-2009	Type 1 Purchase Co	Nov-19-2009	10.00	Closed	
	000627	[Receipt]Wire Trans Ref No.:0001		Nov-12-2009		Sep-15-2009	123.00	Closed	
	000626			Oct-20-2009		Oct-20-2009	0.00	Closed	
	000625	[Receipt]Wire Trans Ref No.:0001		Oct-15-2009		Oct-01-2009	100.00	Closed	
	000624	test		Sep-03-2009	ACCUMULATED DE	Sep-03-2009	232.00	Open	
	000620	Cost For MNT:19.7-5		Jan-12-2009	Type 5 MNT -Post V	Jan-12-2009	20.80	Closed	
									Þ
	🖂 📯 🗸 Cancel								

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

Current Open Fiscal Year : 2008 🏠							
Periods : 12 🗨 Current : 13 🌩							
	From	То	Closed				
Period 1:	1/1/2009 📃 💌	1/31/2009 💌					
Period 2:	2/1/2009 📃 💌	2/28/2009 💌					
Period 3:	3/1/2009 📃 💌	3/31/2009 💌					
Period 4:	4/1/2009 💌	4/30/2009 💌					
Period 5:	5/1/2009 🔍	5/31/2009 💌					
Period 6:	6/1/2009 🔍	6/30/2009 💌					
Period 7:	7/1/2009 🔍	7/31/2009 💌					
Period 8:	8/1/2009 🛛 💌	8/31/2009 💌					
Period 9:	9/1/2009 🔍	9/30/2009 💌					
Period 10 :	10/1/2009 🚽	10/31/2009 💌					
Period 11 :	11/1/2009 📃 👻	11/30/2009 💌					
Period 12 :	12/1/2009 🚽	12/31/2009 💌					

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.

Informa	ation 🛛 🔀
٩	There are Open Periods in Accounting Setup
	Ok]

<u>Step 3 Retained Earnings</u>: 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).

Accounting Setup						
Image: set Planet Image: set Planet Image: set Planet Edit Set Planet Opt Cancel Of						
Fiscal Year Periods Late Charges Defaults						
General Fiscal Year Begins : 1/1/2009						
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						

<u>Step 4 Verify Begin Balance Records</u>: 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.

💽 Financials Menu	×
🕀 🗊 Account Receivable	^
🗄 👘 Account Payable	
🗄 👘 General Ledger	
🗄 🗊 Fixed Assets	
🖻 🗊 Administration	
🛛 📓 Banks List	
🔤 🛅 General Bank List	
🖨 👘 G/L Codes	
🔚 View/Build Tree	
Posted Transactions	
🔄 🛅 G/L Accounts Table	
🕀 💼 Taxes	
🔤 🔚 Shipping Duty	
📲 Shipping Cost	
📲 Journal Entry Type Codes	
	~

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.

Information 🔀					
(į)	There are 1 duplicated GL codes: 0. 100-00-00 Please fix the duplications manually and try again.				
	(Ok				

<u>Step 5 Run Financial Reports</u>: 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

<u>Step 6 Back Up Database:</u> 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.

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



<u>Step 2 Open Transactions</u>: 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.

🖉 Open Transactions	X						
Cancel OK							
The following documents have Open Transactions :							
Sales Invoice [39 Documents] Cost/Qty Updates [74 Documents]	Purchase Invoice [30 Documents]						
R.M.A. [15 Documents]	Claim [21 Documents]						
A/R By Customer [13 Documents]	A/P By Vendor [14 Documents]						
Please post all transactions before Closing the Period. Press O.K. to continue anyway							

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

Confirm	Confirm						
?	 Please make sure you have a current backup before you continue. Please run all your financials reports before proceeding. Once closing is done, please make sure that all the balances were transferred correctly. Please run all your financials reports after the closing is done. Do you wish to continue? 						
	Yes No						

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

Confirm	ı 🔀
2	***** CLOSING THE YEAR *****
\checkmark	** You Must Have A Current Backup Of Company and Global DataBases ! ** ** All Users Should not perform any accounting Functions during Closing **
	1. Moving begining Balance to the closed year transactions
	2. Calculating Balance Forward for a. Assets b. Liabilities c. Capital
	3. Calculating Retained Earnings per Company/Div/Dept (Getting Retained Earnings G/L Code From Accounting Setup)
	4. Reset to Zero all Revenues and Expenses G/L Begin Balances
	5. Reset Periods Dates for the new Fiscal Year
	Continue?
	[Yes] No

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



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

Please wait					
Status Description	Closing the year Calculating Retained Earnings				
	100%				

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:

Accounting Setup							
A A A A Edit Set P Opt Cancel Opt	Cļose				27		1. 27-
Fiscal Year Periods Late Charges Defaults							
Fiscal Year Begins : 1/1/2010		Current	: Op	en Fiscal Year	: 2	2010	•
A/R G/L Table -Hdr : 400-00-00		F	Perio	ods : 1	2 Cur	rent : 1 🌲	
A/R G/L Table - Line : 400-00-00				From		To	Closed
A/P G/L Table -Hdr : 500-00-00		Period	1:	1/1/2009		1/31/2010	
A/P G/L Table - Line : 500-00-00		Period	2:	2/1/2010	_	2/28/2010	
Retained Earnings : 300-02-00-01		Period	3:	3/1/2010	_	3/31/2010	
Post to Closed Periods : 🔽		Period	4 :	4/1/2010	_	4/30/2010	
Post Intercompany Transactions :		Period	5	5/1/2010	_	5/31/2010	
None None Ry Company		Period	с. с.	6/1/2010	_	6/30/2010	
C By Company/Division		Poriod	0. 7.	7/1/2010	_	7/31/2010	
Sales			· · ·	0/1/2010	_	0/01/2010	
AutoPost to A/R : AutoPost to	A/P : 🔽	Period	8:	8/1/2010	_	0/31/2010	
Post Receive	rs By :	Period	9:	9/1/2010	_	9/30/2010	
Receive Dat	e	Period ⁻	10:	10/1/2010	_	10/31/2010	
Post Invoices By : Post Vend. In	voices By :	Period ⁻	11 :	11/1/2010		11/30/2010	
Approved/Printed Date Our Invoice I	Date	Period [*]	12 :	12/1/2010		12/31/2010	
Post R.M.A By : Post Claims B	y :						
Approved Date Approved Date	ite						

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.

<u>Step 1 Close Year</u>: 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.

🖉 Open Transactions	X						
Cancel OK							
The following documents have Open Transactions :							
Sales Invoice [39 Documents] Cost/Qty Updates [74 Documents]	Purchase Invoice [30 Documents]						
R.M.A. [15 Documents]	Claim [21 Documents]						
A/R By Customer [13 Documents]	A/P By Vendor [14 Documents]						
Please post all transactions before Closing the Period. Press O.K. to continue anyway							

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

Confirm	ı 🛛 🔀
?	 Please make sure you have a current backup before you continue. Please run all your financials reports before proceeding. Once closing is done, please make sure that all the balances were transferred correctly. Please run all your financials reports after the closing is done. Do you wish to continue?
	Yes No

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

Confirm	ı 🔀
2	***** CLOSING THE YEAR *****
Ŷ	** You Must Have A Current Backup Of Company and Global DataBases ! ** ** All Users Should not perform any accounting Functions during Closing **
	1. Moving begining Balance to the closed year transactions
	2. Calculating Balance Forward for a. Assets b. Liabilities c. Capital
	3. Calculating Retained Earnings per Company/Div/Dept (Getting Retained Earnings G/L Code From Accounting Setup)
	4. Reset to Zero all Revenues and Expenses G/L Begin Balances
	5. Reset Periods Dates for the new Fiscal Year
	Continue?
	[Yes] No

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



The Pentagon 2000 Software will process the Close Year:

Please wai	t	
Status Description	Closing the year Calculating Retained Earnings	
	100%	

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:

Accounting Setup	
Kara Kara Kara Kara Kara Kara Kara Kara	
	1. Previous Closed Years

0	Pre	vious Clos	ed Yea	IFS								×
	Ada	l <u>E</u> dit	_ ∑ Delete	X <u>D</u> anc	el O <u>K</u> Clo	ose		7.50	7		7.50	
Г	Year	Start Of Fisi	cal 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 -
┢	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	4/30/200
	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	4/30/200
	2005											
	2006											
L	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		
 		3
Fiscal Year Periods Late Charges Defaults		
General Fiscal Year Begins : 1/1/2010	Current Open Fiscal Year : 2010	•
A/R G/L Table -Hdr : 400-00-00 A/R G/L Table - Line : 400-00-00	Periods : 12 Current : 1🜩 From To	Closed
A/P G/L Table -Hdr : 500-00-00 A/P G/L Table - Line : 500-00-00 Retained Earnings : 200-03-00-01	Period 1: 1/1/2018 1/31/2010 Period 2: 2/1/2010 2/28/2010	
Post to Pre Closed Periods : Post to Pre Closed Year : Post Intercompany Transactions :	Period 3: 3/1/2010 3/31/2010 Period 4: 4/1/2010 4/30/2010 Period 5: 5/1/2010 5/31/2010	
 None By Company By Company/Division By Company/Division/Department 	Period 6/: 6/1/2010 6/30/2010 Period 7: 7/1/2010 7/31/2010	
Sales Purchasing AutoPost to A/R : ▼ AutoPost to A/P : ▼ Post Receivers By : Post Receivers By :	Period 8: 8/1/2010 8/31/2010 Period 9 9/1/2010 9/30/2010	
Post Invoices By : Post Vend. Invoices By : Accessed (Printed Date)	Period 10 : 10/1/2010 10/31/2010 Period 11 : 11/1/2010 11/30/2010	
Post R.M.A By : Approved Date Approved Date Approved Date	Period 12 : 12/1/2010 12/31/2010	

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:

7.7.7.7
Current Open Fiscal Year : 2009 为 🌚
Periods : 12 Current : 1÷
From <u>To</u> Closed
Period 1: 1/1/2010 1/31/2010
Period 2: 2/1/2010 2/28/2010
Period 3: 3/1/2010 3/31/2010
Period 4: 4/1/2010 4/30/2010
Period 5: 5/1/2010 5/31/2010
Periot 6: 6/1/2010 6/30/2010
Period 7: 7/1/2010 7/31/2010
Period 8: 8/1/2010 8/31/2010
Period 9: 9/1/2010 9/30/2010
Period 10: 10/1/2010 10/2010
Period 12: 12/1/2010 12/31/2010

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:

🖉 Financials Menu 🛛 🔀
🕀 🗊 Account Receivable
🔁 🚰 Account Payable
📴 📵 General Ledger
🖉 Journal Entries
📰 Recurring Journal Entries
Create Journal Entries (From Recurring)
E Post to G/L Batch
Bosted Fransactions by GL Code
🔚 General Ledger Transactions Matching
Frevious G/L Transactions Matching
E Financial Reports
Test Stock Updates
Test Disburgements
Test Vendors Claims (debits)
Test Customers B.M.A.s (credits)
🕞 Reopen Closed Year
Fixed Assets
Administration

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:

Confirm	. 🔀
?	The following users are connected to the database : 009 ALX CMC RMS It is most important that all users will log out, continue? Yes No

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

Please wai	t	
Status Description	Reopening last closed year Reseting Periods Dates	
	100%	

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

Informa	ation 🔀
į	Reopen Closed Year Process finished successfully! Please relogin for changes to take 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