PENTAGON_2000 Software, Inc._

QUICK REFERENCE GUIDE

Pentagon 2000 Software

Month End Closing Procedures

Version 8.0

> **Important:**
> _Use your TAB key to move from field to field or use your mouse left click to click on the appropriate field in each module._

CLOSING STEPS

The following Monthly Closing Steps can be used as a guideline towards closing the Fiscal Periods in your Pentagon 2000 Software Financials Module. Although all steps may not be relevant to your operations i.e. Work Orders and / or WIP, please abide by the steps which apply to you.

CLOSE OPERATIONS / WORK ORDERS-

1   Close all mechanics still clocked in (not signed off – when using ETS)
2   Close the Customer Work Orders for the month

- Ship Qty Finished
- Invoice Qty Finished

3   Close internal Work Orders completed

- Post Qty to Stock

4   Check 'Our Part' Work Orders to assure they are closed (when O/S have been received)
5   Post WIP Labor and WIP Parts to Journal Entry
6   Run Recalculations of all open Work Orders (see Utilities)

UPDATE PICK & SHIP

Check the Picking Tickets status for those who's Shipped Dates apply to the Post to Period of the closing Fiscal Period, make sure they have been completed and invoiced and are not:

- Pick Ticket
- In Picking
- Picked
- Stock Updated
- Closed

NOTE: Final status is Invoiced

APPROVE SALES INVOICES

Check the Sales Invoices status for those who's Post to Period applies to the closing Fiscal Period, make sure they are not:

- Pending
- Invoiced

NOTE: Invoiced (A/R) status indicates the Invoices are ready for posting to GL

- Final status is Posted to GL

APPROVE RMA'S

Check the RMA status for those who's Post to Period applies to the closing Fiscal Period, make sure they are not:

- Open
- Transit
- Stock Updated

- Closed
- Credit

> *NOTE:* Credit (A/R) status indicates the RMA's are ready for posting to GL

- Final status is Posted to GL

POST ALL ACCOUNTS RECEIVABLE

Go to the Checks, Wire Transfers, EFT's, Credit Card and Cash receipts under Receipts from Customer and Vendor Credit Receipts. Check the status for those who's Check Date applies to the Post to Period of the closing Fiscal Period, make sure they are not:

- Open
  > *NOTE1:* Closed status indicates the Receipts are ready for posting to GL

- Final status is Posted to GL
  > *NOTE 2:* Checks and Cash Receipt <u>must</u> be deposited prior to posting to GL

UPDATE RECEIVERS (option A – not posting receivers to the General Ledger)

Check the Purchase Receivers status for those who's Post to Period applies to the closing Fiscal Period, make sure they have been completed and invoiced and are not:

- Open
- Transit
- Received QA
- Stock Updated
- Closed
  > *NOTE:* Final status is Invoiced

UPDATE RECEIVERS (option B – posting receivers to the General Ledger)

Check the Purchase Receivers status for those who's Post to Period applies to the closing Fiscal Period, make sure they are not:

- Open
- Transit
- Received QA
- Stock Updated
  > *NOTE 1:* Closed status indicates the Receivers are ready for posting to GL

  > *NOTE 2:* When Posted to GL (but not yet Invoiced) the status will read Posted GL

- Final status is Invoiced (when applicable)

Calculating Unvouchered Payables –
When posting Receivers to the General Ledger, it is optional to Post to an UnVouchered Accounts Payable Account as per the specified purchasing GL Account table.

Run the Financials General Ledger Transaction Journal

- For the specific Unvouchered Account number
- Run the report by the closing Fiscal Period date ranges

APPROVE PURCHASE INVOICES

Check the Purchase Invoices status for those who's Post to Period applies to the closing Fiscal Period, make sure they are not:

- Pending
- Invoiced

  NOTE: Invoiced (A/P) status indicates the Invoices are ready for posting to GL

- Final status is Posted to GL

APPROVE CLAIMS

Check the Claims status for those who's Post to Period applies to the closing Fiscal Period, make sure they are not:

- Open
- In Picking
- Picked
- Pick Ticket
- Stock Updated
- Closed
- Debit

  NOTE: Debit (A/P) status indicates the Claims are ready for posting to GL

- Final status is Posted to GL

POST ALL ACCOUNTS PAYABLE

Check the Disbursements status for those who's Post to Period applies to the closing Fiscal Period, make sure they are not:

- Open
- Closed

  NOTE: Closed status indicates the Disbursements are ready for posting to GL

- Final status is Posted to GL

POST JOUNRAL ENTRIES

Check the manual and / or recurring Journal Entries status for those who's Post to Period applies to the closing Fiscal Period; make sure they are not:

- Open

    NOTE: Closed status indicates the Journal Entries are ready for posting to GL

- Final status is Posted to GL

POST STOCK ADJUSTMENTS

Go to the Inventory Menu – Inventory Updates. Check the status for those Qty Updates and Cost Updates who's Post to Period applies to the closing Fiscal Period, make sure they are not:

- Stock Updated

    NOTE: Closed status indicates the Inventory Adjustments are ready for posting to GL

- Final status is Posted GL

POST ALL GL BATCHES

Once all documents have been closed and fully processed, the next step is to Post these document transactions to the General Ledger. This is done through the Financials Menu under General Ledger – Post to GL Batch.

Double Click on each item and post based on the Fiscal Period Date Range –

1   Post Journal Entries
2   Post Stock Updates (where applicable)
3   Post Disbursements
4   Post Receipts
5   Post Vendor Receivers (where applicable)
6   Post Vendor Claim's (debits)
7   Post Customer Invoices
8   Post Customer RMA's (credits)

BANK RECONCILIATIONS

Once all documents have been posted to the General Ledger, you can reconcile your Bank statement with the Pentagon 2000 Software data. The Bank Reconciliation between the 2 systems will reconcile your Cash Accounts based on the Receipts, Disbursements and Journal Entries applied and posted to the Cash Accounts. Where applicable and depending on your Banks Statement Cycle. This can be done at month end or beginning.

REPORTS

Once all documents have been posted to the General Ledger, you can run a number of reports in the Pentagon 2000 Software to manage your Financials, Sales, Purchasing, Operations and Inventory. Here are a few reports we recommend:

Financials –

1 Accounts Receivable Aging Report
   ▪ You have an option to run the summary or detailed reports
   ▪ Make sure to include credits
   ▪ Run 'As Of' the EOM

2 Accounts Payable Aging Report
   ▪ You have an option to run the summary or detailed reports
   ▪ Make sure to include credits
   ▪ Run 'As Of' the EOM

3 Accounts Payable Check Register (and or All Accounts Payable)
   ▪ By 'Check Date' (Fiscal Period)

4 Accounts Receivable Deposit Register (and or All Accounts Receivable)
   ▪ By 'Check Date' (Fiscal Period)

5 Trial Balance
   ▪ You have an option to run the summary or detailed reports
   ▪ Run 'As Of' the EOM

6 Financial Statements
   ▪ Profit and Loss Statement 'As Of' the EOM
   ▪ Balance Sheet 'As Of' the EOM

Inventory -

1 Inventory Analysis / Physical Warehouse
   ▪ Run for the 'Received Date' range for the Fiscal Period closing
   ▪ This will calculate and list the total quantities in stock and its Extended Cost and tie into your Inventory GL Account (by Warehouse / Inventory GL Category where applicable)

Document Registers –

Run these reports for status of Open Only (not posted to the GL)

1   Purchase Order Register

2   Claims Register

3   Sales Order Register

4   RMA Register

REPORTS (continued)

Operations –
Run the following Work Order and Operation Reports (if applicable)

1   Work Order Reports

2   Cost / Charge Distribution – Detailed

3   Work Order WIP

4   Work Orders Shipped not Invoiced

5   Work Orders Invoiced not Shipped

6   Work Order Labor Material Cost – Open Only

ACCOUNTING SETUP
Final, is closing the Fiscal Period in the Accounting Setup-

1   Go to the Financials Menu

2   Select the (Financials) Administration

3   Double click on Accounting Setup

4   Click on Edit

5   Increase the Current Period number to reflect which period would now be open
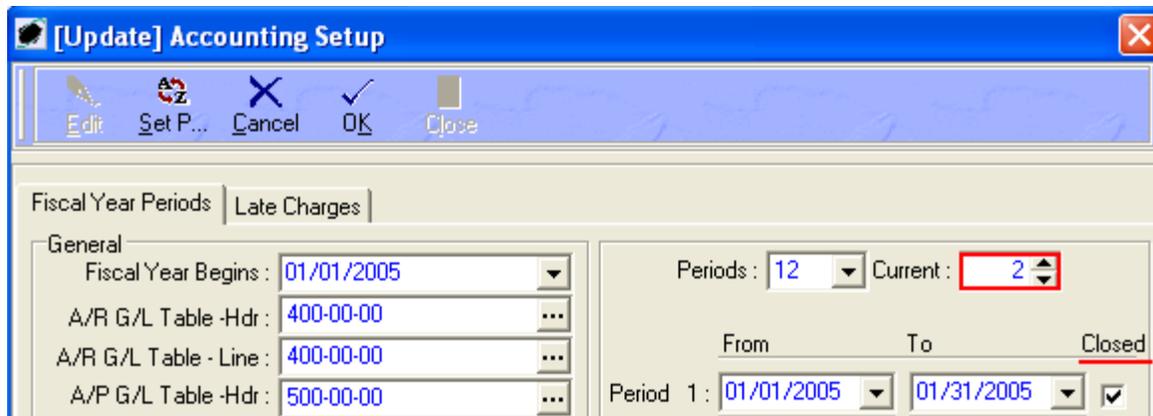
NOTE: You must close the month using step # 5, simply checking the Closed box will not close the month. You must reflect what the current open period is.

6   Once you have closed the Fiscal Period, click OK to save the changes