PASTEL | ACCOUNTING

EVOLUTION

2011 YEAR END GUIDE

The trusted business solution for quick & easy accounting.

sage

Contents

[WELCOME TO YOUR PASTEL EVOLUTION YEAR END GUIDE]

When the Year End draws closer, we understand the overwhelming challenge which confronts you, having to ensure that the whole year's accounts are prepared correctly, and that your financial records are completed for auditing. We are therefore, pleased to issue you with your Year End Guide for 2011. The guide highlights important steps in using your Sage Pastel software to ensure the successful completion of your financial Year End.

We have prepared this step-by-step Pastel Evolution Year End Guide with easy-to-follow instructions and screen illustrations, in order to assist you in ensuring that your books are accurately balanced for a smooth rollover into the next financial year. This guide is produced exclusively for you, our Pastel Evolution customers, because we want you to spend less time in support queues and more time managing your business efficiently.

[Website and online support]

This guide is available electronically on the Customer Zone, which is exclusive to our Pastel Evolution customers. Visit the Customer Zone to ensure you have the latest tips & tricks and documents at your fingertips.

[Support]

Contact your loacal Sage Pastel business partner for support.

[Contacting Sage Pastel]

When contacting Sage Pastel, use the following telephone, fax numbers and e-mail addresses:

Switchboard	011 304 3400	info@sagepastel.com
Sales	011 304 3428	isales@sagepastel.com
	011 304 3420	
	011 304 3436	
Training	011 304 3415	itraining@sagepastel.com
Registration	011 304 3400	iregistrations@sagepastel.com
Website	www.evolution.sagepastel.com	

Note Always have your Customer Number handy when contacting Sage Pastel Support to ensure your call is routed correctly and efficiently.

[WHY RUN A YEAR END?]

Pastel Evolution has the capacity to accommodate up to five financial years of General Ledger information. Upon completion of the 5th financial year, you will be required to purge the information contained in the 1st year. By completing the First Year Purge Procedure, you are able to add an additional year to the system.

Purging can also be done to reduce the size of your company database and increase working speed.

A summary of the Year End procedure:

STEP 1: Backing Up Your Data

STEP 2: Stock Take

STEP 3: Running the Year End

- a) Receivable and Payable Accounts and Transactions
- b) Stock Transactions

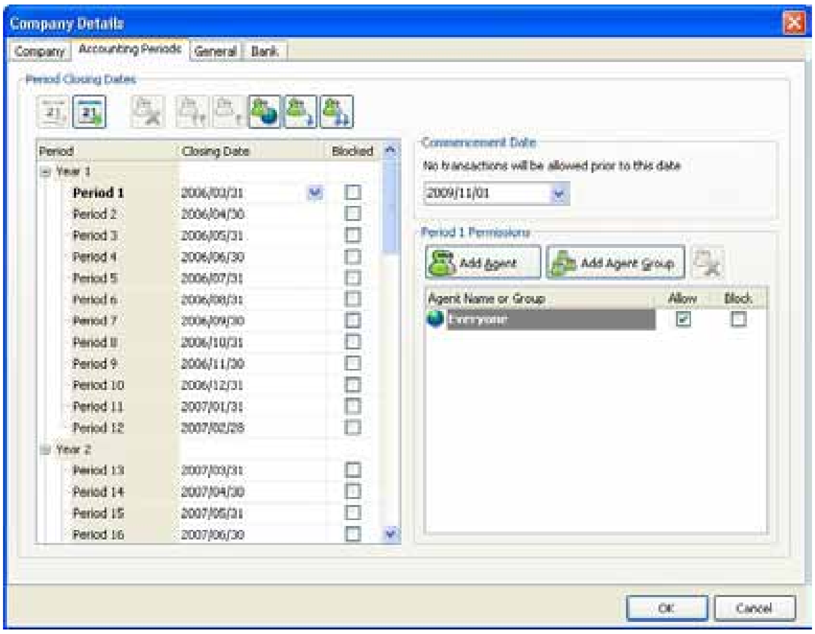
STEP 4: Print the Relevant Reports

- a) Ensure that all the reports for Year 1 have been printed according to your auditor or company's requirements.

STEP 5: Purge First Year Procedure

[BEFORE YEAR END]

Before commencing with the Year End procedure you should establish which year you are currently in. In order to do so, go to Maintenance, select the option Common and then Company Details. Now click on Accounting Periods. Your processing for Year 1 must be completed in its entirety, before purging the 1st Year.



Ensure your current processing period is not in Year 1.

The First Year Purge can be performed at any point when working in Year 2, 3 4 or 5. However, it is imperative that Year 1 must have been audited and cleared by your accountants prior to you completing a First Year Purge. It is therefore not necessary to wait until the last day of your financial year - it can be done right now!

Note

The only report that must be completed on the last day of your financial year is the Inventory Valuation Report (which you can access by going to Reports and selecting Inventory and then the Valuation option). This report is required by your accountant and/or auditor in order to calculate the value of your stock at that point in time. This report cannot be backdated or run in advance as it works on the current stock value only. It is therefore critical to ensure that all stock related transactions, such as Invoices, Credit Notes, Stock Take procedures, Adjustments etc. have been completed for the specified financial year BEFORE printing the Valuation Report. You are NOT able to obtain this valuation after completing the Year End.

[YEAR END PROCEDURE]

[STEP 1: Backing Up Your Data]

Data loss is an unforeseen but very real risk. Backups are therefore vital to retain the integrity of the data. Multiple backup sets will enable you to restore your data as recent or as old as you require.

Typically you should use three sets of backup disks. These disks should be rotated (i.e. an odd and even set of disks for different days of the week). With this method, previous backups could be used, should the backup set be damaged. This would require only minimal data recapture.

Pastel is now offering all customers the ability to backup their data online to an independent, mirrored data centre infrastructure. The facility, known as Pastel IronTree automates the full backup process and ensures that data is secure and accessible 24 hours a day, anywhere in the world. For more information on Pastel IronTree, contact Pastel Sales on 011 304 3600, or alternatively Pastel IronTree on 0861 112 429 or visit www.pastelirontree.co.za.

When making the backup, the complete company is backed up. You should not choose to backup only specific files, even though your backup program might allow for this type of operation. The reason is that it would be very easy to miss one file and find that, that specific file was crucial to the restoration process.

Always make backups under the following circumstances:
1. Before doing a Year End (this backup should be kept in a safe place, separate from normal backups).
2. Before making an adjustment or purging data.
3. Before running any of the re-link options under the Maintenance menu.
4. To prevent loss of valuable data and time due to hard disk failure, fire or theft.

Only restore backups if no other alternatives exist.

Consider the following:
1. Re-link options such as GL Relink and others could recalculate transactions and balances but not necessarily fix severe data corruption instances.

2. When significant capturing and processing errors have been made, a backup can be restored to bring the company back to the same state before the incorrect capturing and processing.

Note

The restoring process will discard any changes that have been made following the backup that you have elected to restore. I.e. the data will be exactly as it was at that stage of the backup. It is also advisable to practice restoring to a TEST company until you are satisfied with your knowledge of the procedure in order to avoid inadvertently overwriting the wrong set of data.

Backup devices available:
- CD — Fast and reliable. Ideal for larger, long-term backups. Requires a CD writer.
- Optical Drive - Fast and reliable. Ideal for larger, long-term backups.
- Zip Drive - Fast and reliable. Ideal for larger, daily backups.

Put together a backup plan.

Before developing your backup strategy, you need to develop a plan of action. Evaluate your company and ask yourself what the maximum amount of downtime you can live with is. Once this is established, you can decide on the appropriate course of action by matching your company’s needs to the appropriate level of database backup.

Full Backups

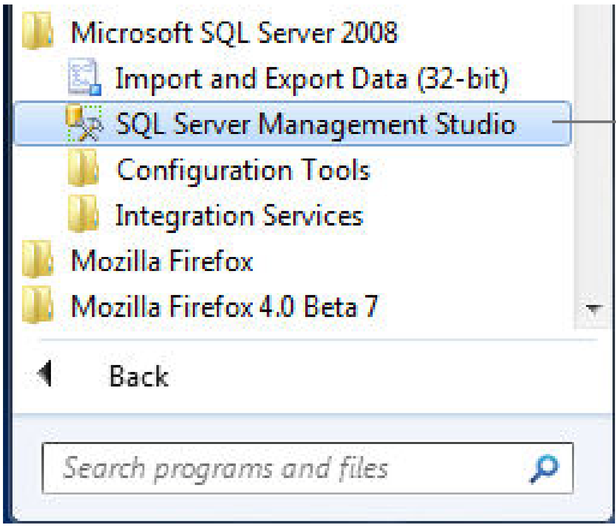
A full backup is the easiest type of backup to implement in SQL Server. It takes a complete picture of your database that includes backing up the users and their permissions. Although it is not advised, this backup can be done while transactions are still being processed in your system. When the backup begins, the date is recorded, the data pages are backed up and all transactions that occur while the backup runs are appended (added) to the backup.

Backup Procedures

1. Backups through MS SQL Server

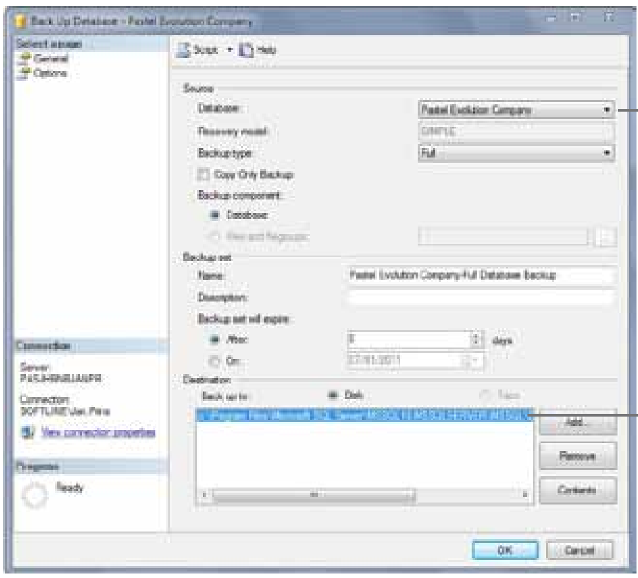
Using SQL Server Management Studio Express 2005 or 2008.
To implement a full backup using SQL Server Management Studio expand the SQL Server to display your databases.

- Go to Start and select All Programs. Click on Microsoft SQL Server and then the option SQL Server Management Studio.



Click on Microsoft SQL Server and then SQL Server Management Studio

- Right click on the Database and select All Tasks and then Backup Database to access the options shown in the screenshot below.



Select the name of the database

Select the destination to which you wish to backup to

Under Backup, choose Database - complete. Then, select a Destination (tape or disk). If this is the first backup of your database, you will have to create a backup device or file. A backup device is simply a location that stores your backups. A backup file can also hold multiple backups. It is recommended that you select to backup the complete database and not differential backups. A complete backup is far easier to restore than that of a differential backup.

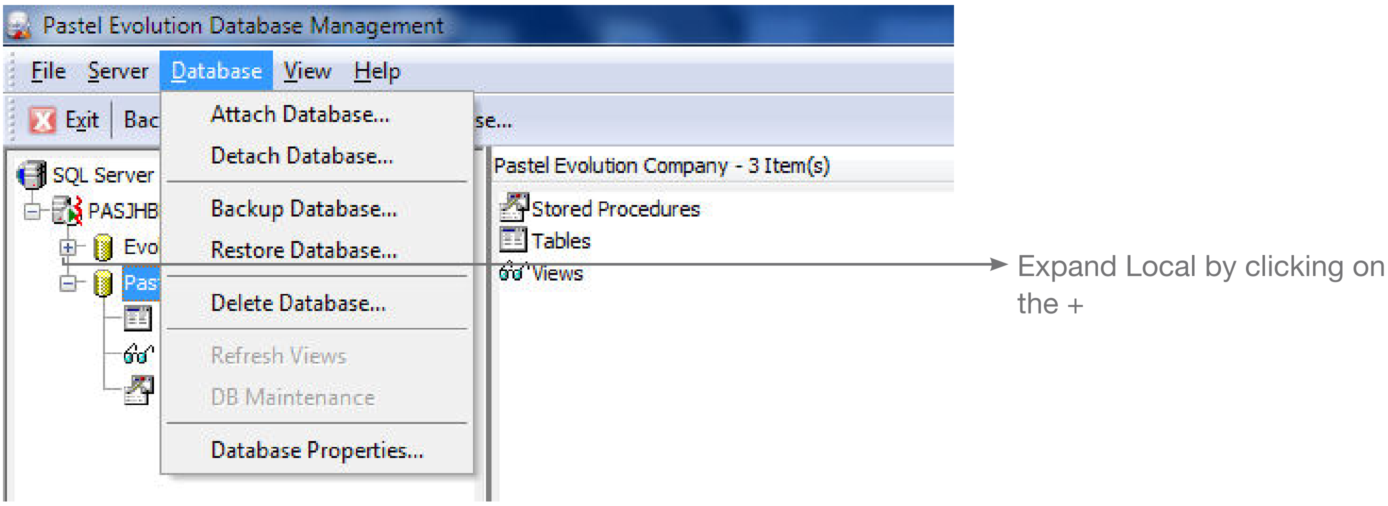
- To create a backup device or file, start by clicking Add.
- Select either File Name or Backup Device.
- Define the appropriate path and click on OK.
- Once you've created the device or file, you can select it from the Destination list box.

The SQL Server Backup dialog box also includes options to append to a backup or overwrite it. This means that you can add multiple backups to your file or device or overwrite previous backups with the most current one.

2. Using the Pastel Evolution Database Manager

The MSDE is a free version of SQL Server and as a result does not include all the tools and options discussed above. In any business however, it is imperative to make backups. Included in the Pastel Evolution Database Manager is a backup utility.

With this tool, users will be able to access all the crucial SQL functions through a graphical user interface without having to buy a full MSSQL license. Select Start and then Programs, and choose Pastel Evolution and the option Pastel Evolution Database Management. Click on the + to expand the Local option, and you will be able to see all your company databases. When you right click on a specific database you will see the Backup Database option.



On this screen you must enter the options pertaining to your own backup requirements. The backup options screen is broken up into the following areas:

a. Database Options

- In this part you will have to specify the name of the database to backup as well as the name of the backup, and a description for the backup.
- The database name will always default to the database you have right clicked on, but you can specify another database at this stage.
- The other two options contain information that will be added to the backup file, and you will be able to see these if you restore.

b. Backup Type

- Complete or Differential. The difference between a complete and differential backup is that a complete backup will take all the data in the database and write it to disk, while the differential backup will append new data to an old backup.
- Although the differential backup is faster to execute in theory, it is not advised since there have been noted problems when restoring such backups.

c. Truncate Log

- The truncate log file will reset your log file and curb database growth. If you do not truncate the log, the file will grow indefinitely although all the data within is replicated in the Master Data file already.

d. Overwrite

- When you choose to overwrite you create a new backup file. If you append you will add to an existing backup file. We suggest you have separate backups for each day to ensure that there is little or no downtime in the unfortunate event that you have to restore your data.

e. Destination

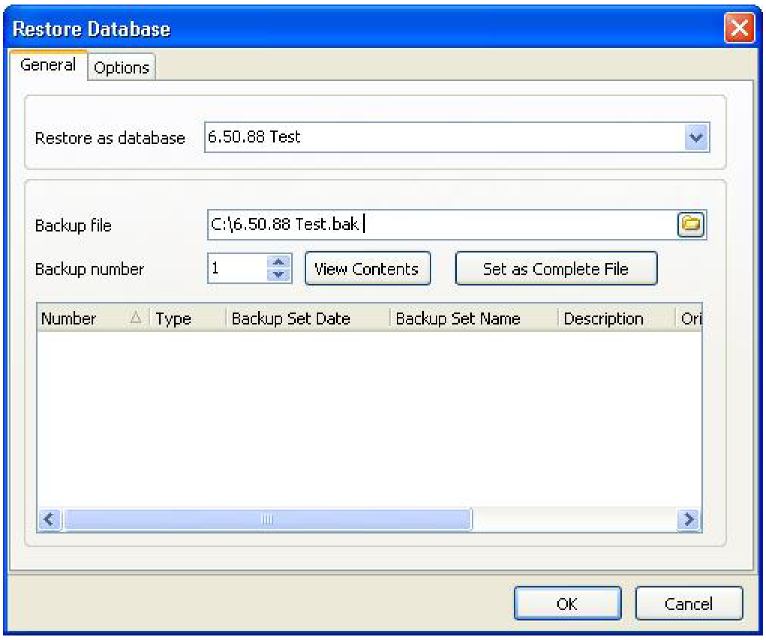
- This is the location of where the backup file will be created. If you do not backup on the server you must make sure that the path that you specify here does at least exist on the server.

Restore Procedure

1. Restore using the Pastel Evolution Database Management

- Open the Evolution Database Management and double click on Local.
- The system will list all your databases.
- Right click on the relevant database and select the option to Restore Backup.

The following screen will display:



Enter the name of the database you are restoring.

- Select the backup file and the relevant set of the backup you are restoring.
- Select OK.
- This will restore the database for you.

Note If you choose to change the location you wish to restore to, go to the Options tab and change the Restore As path.

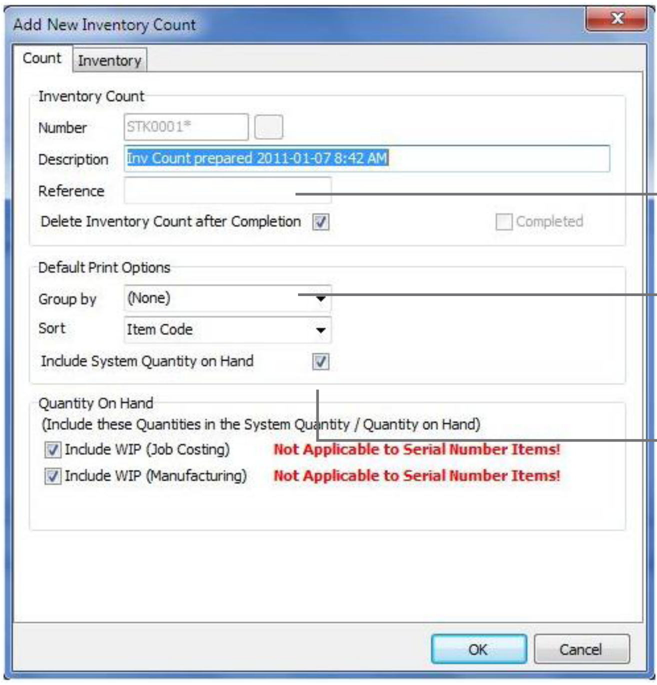
[STEP 2: Stock Take]

It is important to physically count your stock on hand at Year End. This way you can ensure that if there are any variances between your physical stock and the theoretical stock on hand, you have adequate time to correct this so that an accurate stock value can be determined.

To complete an Inventory Count, go to Transactions, select Inventory and then the Inventory Count option. To start a new count, click on Add.

On the Add New Inventory Count screen, you can give your inventory count a description and a reference which will allow you to identify which report belongs to which person, in the event that you have multiple people counting different groups of inventory items.

You are also able to select how you would prefer the items on the report to be Grouped and Sorted. You have an option to print the theoretical quantity on hand, as it is on the system. If you are not counting the inventory yourself, we suggest you do not include this quantity, eliminating the temptation for the individuals counting the items to enter a similar quantity.



Enter a description and reference for your report

Select how you would like to see the items grouped and sorted on the report

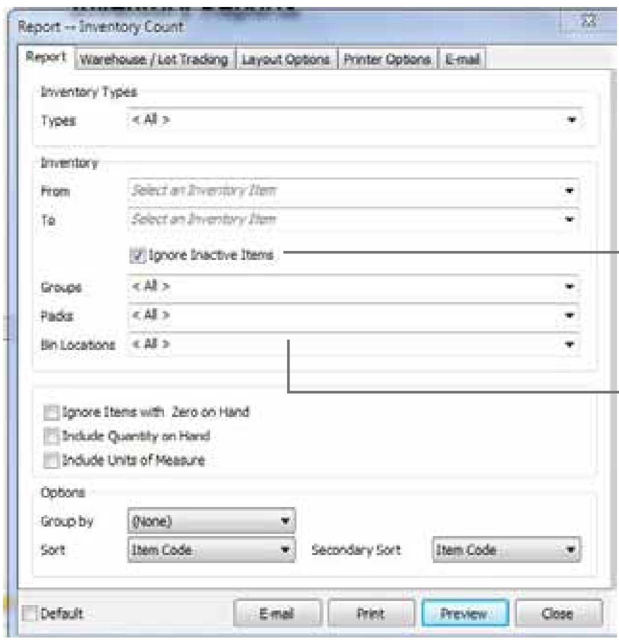
You can select to include or exclude the theoretical quantity on hand as it is on the system

On the Inventory tab, you can select which Items, Groups, Packs, Bin Location and Warehouses you want to perform a count for.

Note In order to shorten the task of your inventory count, you can select to Ignore Inactive Inventory Items, which will make sure only your active items are included in the count.

Select OK to create the inventory count.

To print the inventory count report, right click on the highlighted Inventory Count record and select Inventory Count Report.



If you have many inactive items, ignore these, shortening the count task

You may customise your print out for certain Groups, Packs and Bin Locations

All the options you selected on the Add New Inventory Count screen will automatically be pulled through to the Inventory Count Report filter screen, e.g. Ignore Inactive Items.

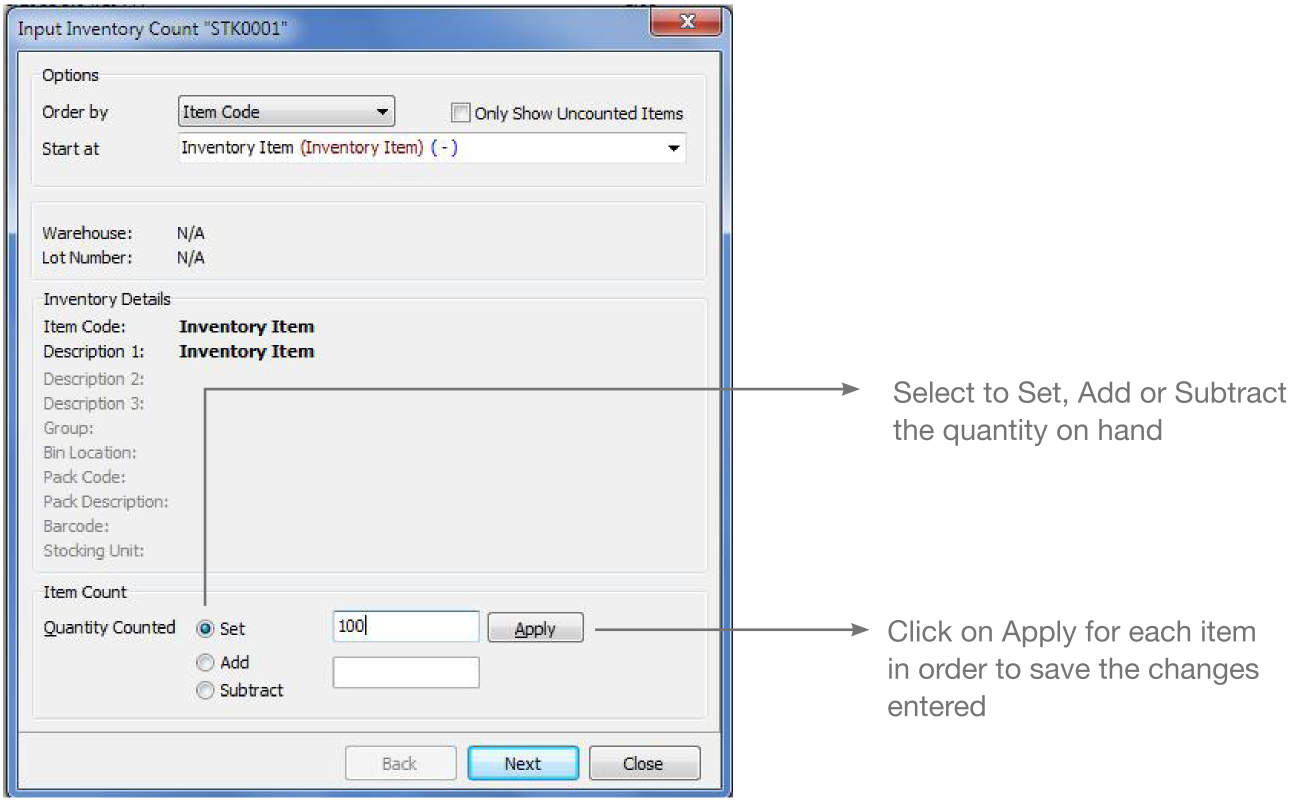
Select Print to print out your Inventory Count report. You should now count the physical stock on hand for your inventory.

After completing a physical count of your stock items, you can use one of three ways to enter the counted quantities:

1. Input

On the Input Inventory Count screen, you are able to set the order in which items should be displayed and to either, Set, Add or Subtract from your item quantity.

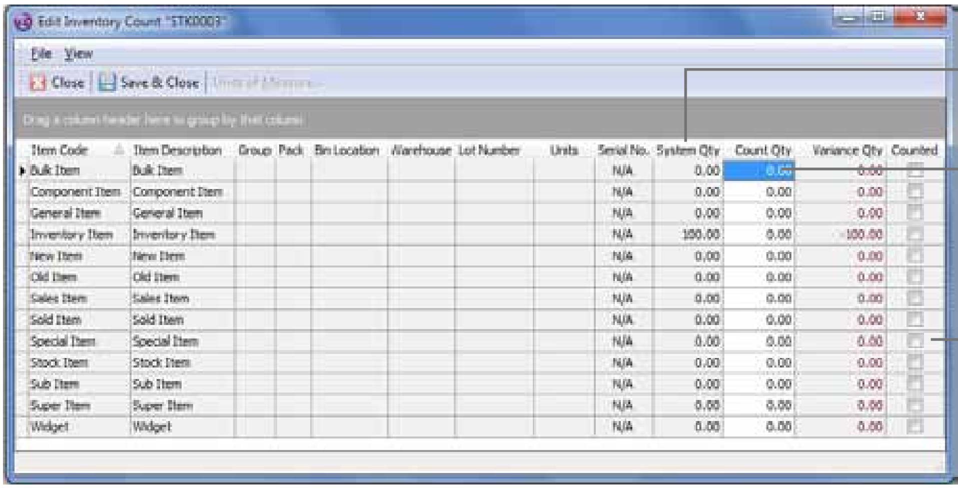
- Choosing to Set the quantity counted will alter the quantity on hand to the quantity entered.
- Choosing to Add, will increase your inventory on hand by the quantity entered.
- Selecting to Subtract, will decrease the quantity on hand by the quantity entered.



Note You must click the Apply button for each item in order to save the changes.

2. Edit Quantities

When using the Edit Quantities option, you will see a grid into which you can enter the counted quantity. This will then also reflect the system quantity as well as calculate and display the variance to be posted.

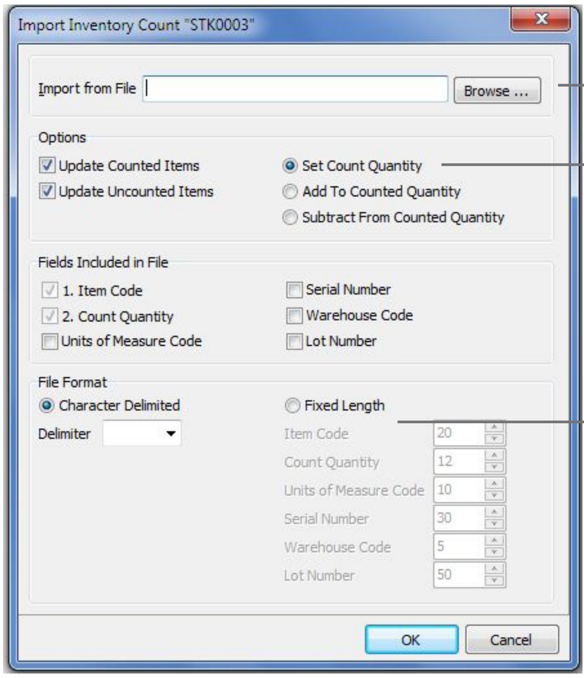


System Quantity

Enter the quantity counted

The variance qty will be the difference between the qty counted and the system qty

3. Import



Select the import file

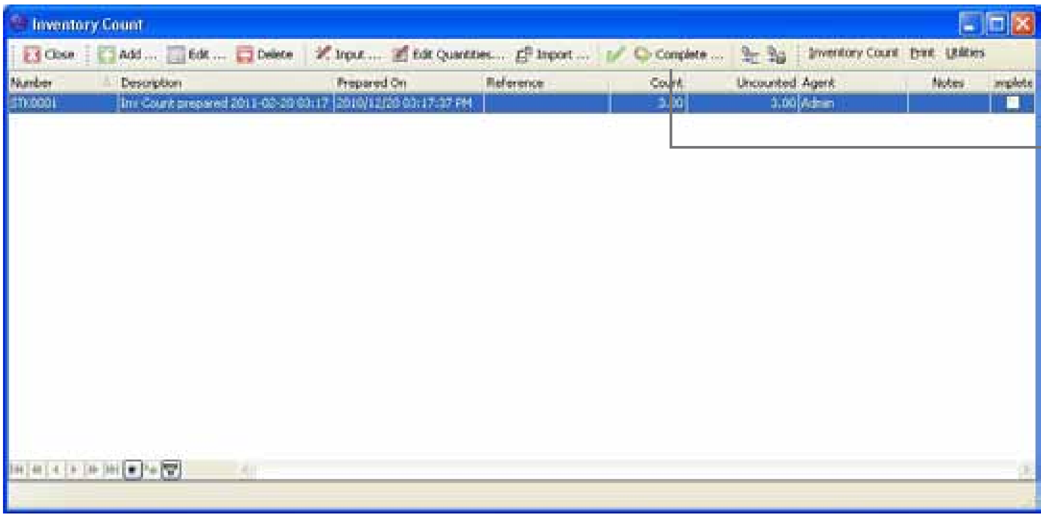
Set import options

Select the format of the file

The Import option will be used when you have captured your physical count into another system or by making use of a hand held device. These options must create an ASCII file, which you can then import into Pastel Evolution.

Note Remember to visit the Pastel Customer Zone to obtain the latest documents concerning Pastel Evolution, with Tips, Tricks and answers to Frequently Asked Questions.

After entering the quantities by making use of one of the three above options, you can select the Complete button.



Complete Button

c) A variance report will show you what is going to be adjusted

b) Select the date you wish to post the adjustments on

a) Select to ignore uncounted items or adjust them to zero

On the Complete Inventory Count screen, you will be able to:

a. Ignore uncounted items or select to adjust them to zero. Should you select to adjust the items to zero, the system will then post adjustment transactions to change the quantities to zero, and also affect the relative stock accounts in the General Ledger. Choosing not to do this is recommended as some of these items may have been skipped in the stock count procedure.

b. You can also select the date on which you want to post the inventory count transactions. This Inventory Count can be posted on any date. However, the physical quantity adjustment will be made against your current quantity on hand. If you printed your Inventory Valuation report prior to completing the inventory count, please ensure that you reprint the Inventory Valuation report again afterwards to compare to the stock General Ledger account.

c. Print an Inventory Count Variance Report.

Once you click on OK, the system will automatically do a validation to make sure everything on the Inventory Count is in order, and then process the count and update all item quantities.

Step 3: Purging of Accounts and Transactions

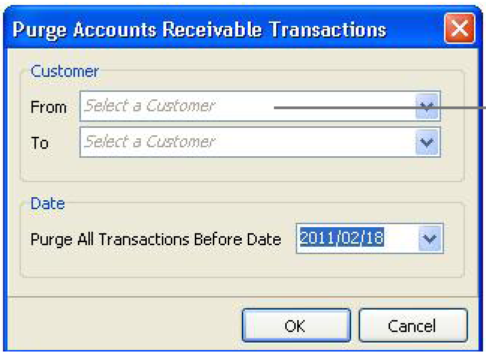
The following points should be taken into consideration when attempting to purge or delete any of the relevant account types:

a. Receivable and Payable Accounts and Transactions

No debtor or creditor account can be deleted if there are invoices outstanding or a balance exists. Ensure that the account has a zero balance and that all transactions have been fully allocated (i.e. Maintenance | Receivables/Payables | Allocation Utilities).

Purging Receivables/Payables Accounts:

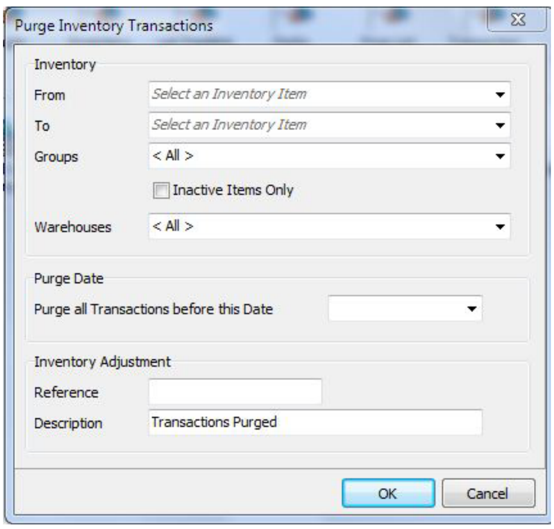
- Click on Maintenance and select the option Accounts Receivables or Accounts Payable. Now choose the Purge Transactions option.
- Specify the account(s) and date range options. Please note that you are only able to purge fully allocated transactions.
- Go to Maintenance, choose Accounts Receivables or Accounts Payables. Then select Customers or Suppliers.
- Highlight the specific account and then select Delete.



Be sure that you make the correct selection. After the purge you cannot retrieve the data unless you restore a backup

b. Stock Transactions

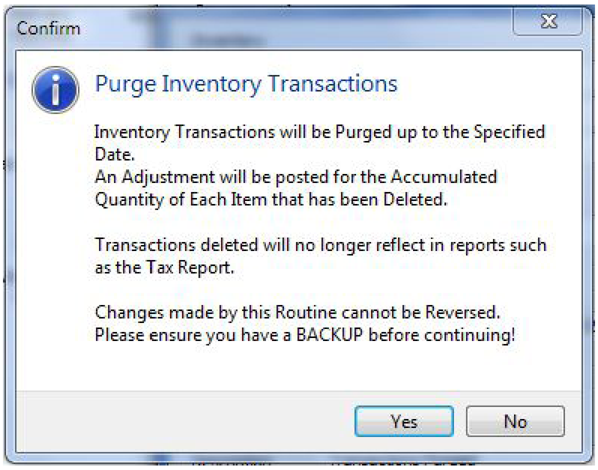
1. Make a reliable backup of your company data.
2. Go to Inventory Maintenance and then select Purge Transactions.



The Purge Inventory Transactions window allows you to delete stock transactions by filtering on specific Inventory Items, Inventory Groups, Warehouses, Active or Inactive items as well as transactions before a certain date.

3. The date specified, in the Purge all Transactions before this Date field, cannot be a date in the current year. If you inadvertently select a date in the current year, you will receive the message indicated below. Select OK and re-enter the correct date.

4. Once you enter a valid date and select OK, the following message is displayed to confirm that the purging of stock transactions will occur. Select Yes if you have made a reliable backup. As this routine cannot be reversed, should you encounter an error, or should you have selected the incorrect date, you will have to restore your backup.

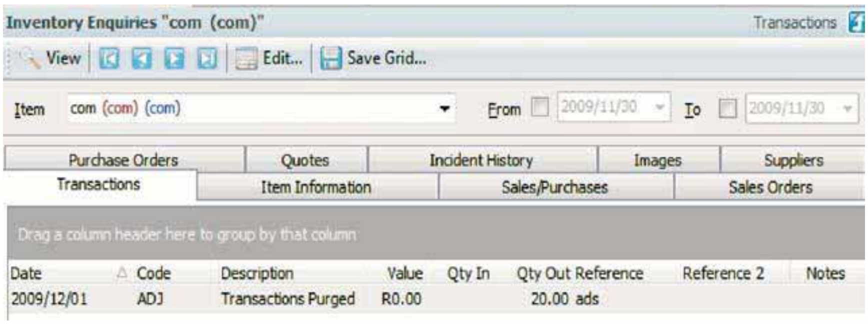


5. The following message is received as confirmation, once the purge has been completed successfully.

6. The difference between the purging of stock and customer/supplier transactions is that a stock item cannot be deleted even if all its stock transactions history has been deleted.

   If a specific customer's or supplier's transactions have all been deleted (via respectively either the Accounts Receivable or Accounts Payable Purge Transactions functionality), then the relevant account can be deleted afterwards.

7. While the selected stock transaction history has now been removed, simultaneously an entry for the consolidated purging of transactions has been posted on the affected inventory items as can be seen on the Item enquiry screen:



Step 4: Print Relevant Reports

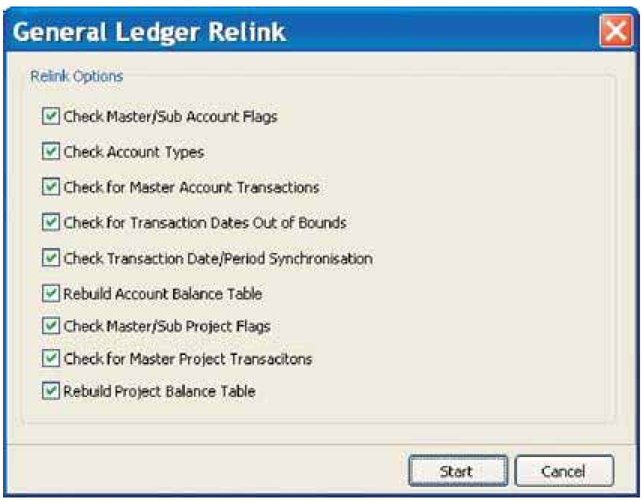
Ensure that all the following reports for Year 1 have been printed according to your auditor or company's requirements:

- Trial Balance
- Income Statement
- Balance Sheet
- Ledger Accounts (if required)
- Account Balances (if required)
- Project Profit & Loss (if required)
- Inventory Management (if required)
- Any additional reports that may be required by the business

Note Ensure that the relevant reports balance for Year 1 prior to starting the purge.

In the event that the reports do not balance, do the following:

- Ensure you have reliable backups (See Backing Up your Data as detailed in Step 1 on page 6).
- This is essential to ensure that you are able to return to the same starting position prior to beginning any of the data interrogation listed below.



- Run a General Ledger Relink by going to Maintenance and selecting General Ledger and then the option General Ledger Relink. This will recalculate the balances in your General Ledger Balance table and make sure the data integrity is kept intact.
- Re-run the reports. Should they still be out of balance, run an Audit Trail report for the relevant time frame by selecting Reports, then the option General Ledger and choosing the option Audit Trail.
  - Ensure that the options Margin of Error (set to 0.01) and Periods are selected only.
  - If you find that a transaction is out of balance, contact the Pastel Evolution Support Team or your dealer for assistance.

Date Formats

Should a date format problem exist, (your date appears as yy/mm/dd as opposed to dd/mm/yyyy) the following will assist:

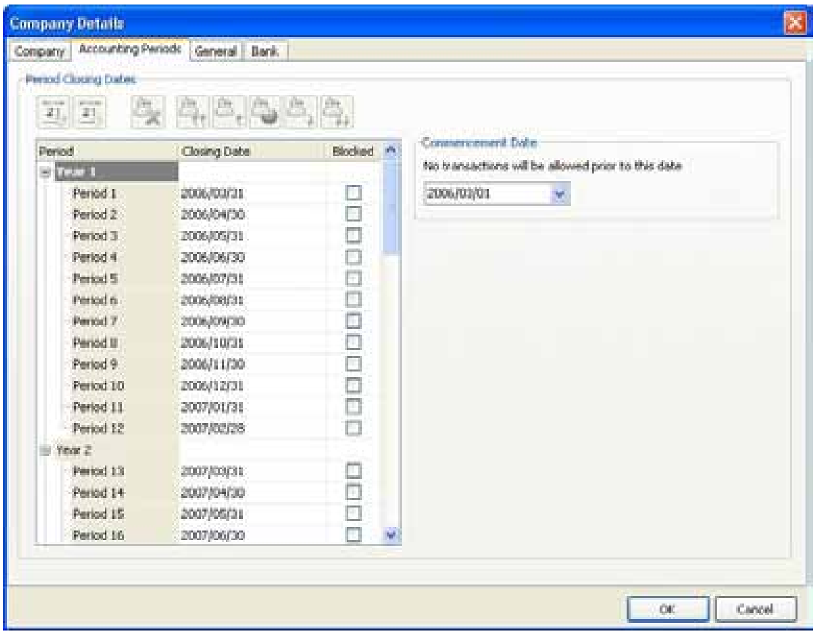
Go to Start and choose Settings and then the option Control Panel.
a. Double click on Regional Settings.
b. Click on the Date tab and change short date to dd/mm/yyyy.
c. Click on Apply and then on OK.

[Step 5: Purge First Year Procedure]

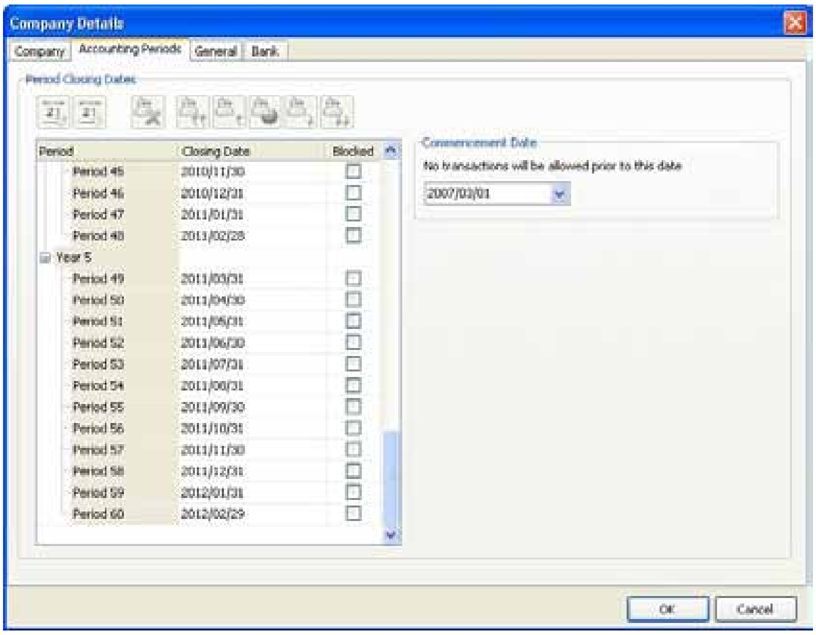
What happens during the First Year Purge?

1. Transactions in periods 1 to 12 of Year 1 will be deleted. The net profit or loss will be calculated (i.e. income vs. expenses) and the balance transferred into the Accumulated Profit account as specified during the first year purge procedures.

2. On your financial reports, the account balances for the periods 1 to 12 will be displayed as the previous year's figures.



3. Below is a screen shot of your accounting periods before a first year purge:
4. Your second year information will become your first, while the third year will become the second etc.
5. The company period table will automatically adjust by adding the next 12 periods (months) to the table (i.e. Year 5 will be created and made available). See the screen shot below:



General Ledger Accounts

- Once a transaction has been allocated against a General Ledger account, the account cannot be deleted.
- Should the account be an expense or income account, it can only be deleted after the first year purge has been completed, as the system deletes all transactions for these accounts and brings forward a balance in the new year as an accumulated profit or loss.
- Should the above have taken place, go to the Maintenance, select General Ledger and then the option Accounts.
- Highlight the specific account and click on the Delete button.
- Balance Sheet accounts have a balance brought forward only if an amount exists to be brought forward. Should a zero balance exist, this account can be deleted after purging.

Running the Purge First Year Procedure

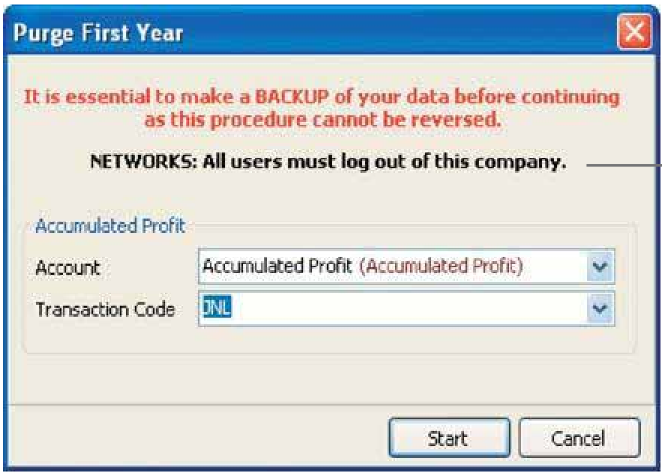
Upon completion of all the above steps, you are ready to perform the First Year Purge.

Note Once this procedure has been started, it cannot be interrupted. Should an interruption occur, restore your backup.

The Purge First Year Procedure is processed by selecting Maintenance, then the option General Ledger and then Purge First Year. Select an Accumulated Profit type account. Should none be

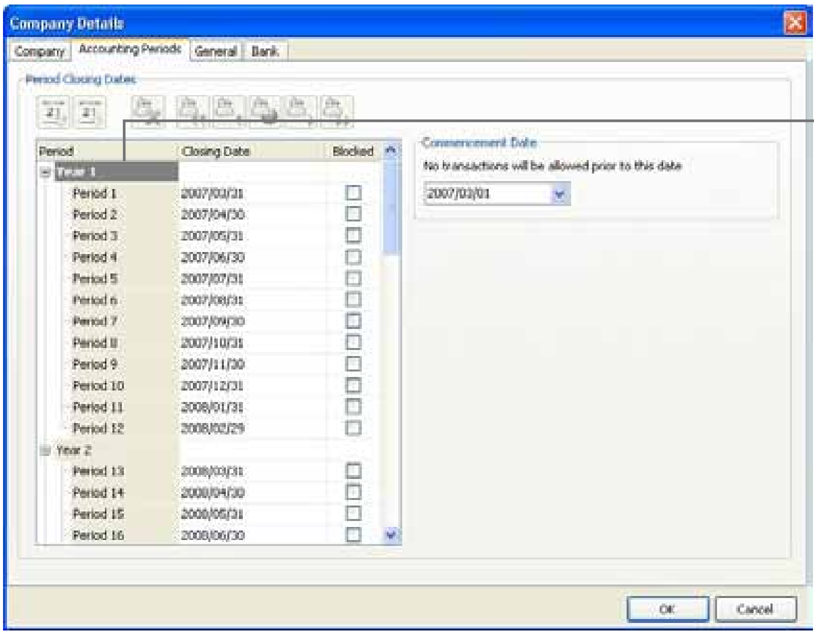
available, make use of the Insert key to create an account.
Alternatively cancel this screen. Go to Maintenance, choose General Ledger and then Accounts and click on Add, to create an account with the account type as Accumulated Profit.

Select a Transaction Code (i.e. JNL) and click on Start.



Ensure all network users are logged off before starting the purge process

Once this has been completed, you will be provided with a confirmation screen and your company period table will have moved to create the new year.



The dates for Year 1 have moved on by 12 months

AFTER THE YEAR END

Pastel Evolution retains transaction history for five financial years. It is possible to post transactions in both the current year and last year. However the last year transactions are limited to Journals, Cashbook & Bank Reconciliations. You cannot process any Customer or Supplier documents into last year.

In order to process in the new financial year, a Year End has to be done at the end of the current financial year. Although the Year End is not time critical, you will not be able to process any Documents, Cashbook Transactions, other Journals or the Bank Reconciliation in the new financial year, until the current Year End has been completed.