Table Of Contents

13. Introduction – Month End Processing

Month-end processing is a procedure that must be performed in order to roll the open account balances for customers to the next balance period as well as rolling the inventory sales history information at the end of a fiscal quarter (i.e. March, June, September, December).

Month-end processing will not allow month-end to be performed without first doing a backup and without first running statements.

☞ <u>Note:</u> **If prior month is setup on the system, statements can be printed after the month end procedure has been performed. To have a prior month statement and aged accounts receivable reporting capabilities, please contact a Customer Service Representative to set this up on the system.**

13.1 Month End Closing Summarized

<u>Note:</u> Before starting the month end processing, it is vital that Product Line and Inventory Hash Count Checks be run! (See the *System Commands* section of the user's manual)

System Backup	Perform a backup of the data files and retire it for safekeeping.
Daily Sales Analysis	Print a Daily Sales Analysis Report for counterman A - 9.
Transaction Register	Print and then clear the Transaction File.
Customer Sales Analysis	Print a Customer Sales Analysis Report for all Customers or optionally by Salesman.
Print Statements	Print Month End Statements for all Customers. Vendor statements can also be printed.
Print Aged A/R Balance	Print a complete Aged A/R Balance Report.
Month End Procedure	Prepares Customers and Vendors for month end closing. Closes the current month, making way for the new month. Prints a Sales Tax Report.

13.1.1 Month End Processing

The Month End Processing program rolls forward all accounting and monthly sales history period information. In addition, several other options are available to Clear Current Period Sales Units, Zero Out Stock Outs, Clear Customer Sales History, Clear Lost Sales Records and print a Monthly Inventory Report.

The Month End Process will perform the following functions:

♦ Clears all flagged Customer/Vendor statement details
♦ Rolls all customer open balances forward
♦ Clears all current month customer and product line sales totals
♦ Rolls all monthly customer sales history totals forward
♦ Increments each customers' Months on System field
♦ Updates beginning month inventory value for each product line
♦ Calculates each product lines' Inventory Turnover Ratio
♦ Rolls all monthly product line sales history totals

13.1.2 Additional Notes On Month End

To develop consistency in billing procedures and sales analysis, the month end procedure should be done at the same time each month. Typically a month end close is performed on the 25th or 31st of each month.

Review the third page of the Daily Sales Analysis Report for open workspaces and remove them before performing the month end process. By removing all workspaces, the inventory value and product line sales totals will be accurate. Open workspaces can be re-entered after all month end functions are performed.

Retire the backup tape or diskettes made as part of the month end procedure. The backup is *critical* if hardware or data errors develop during the month end closing process.

Printing a Customer Sales Analysis Report can be used to determine salesperson commissions, based upon net sales and profit or for just analyzing a Customer's sales activity.

Printing a Negative Quantity On Hand Report the night before the month end process can insure an accurate store inventory value to be totaled on the Monthly Inventory Sales Report.

Month end processing *must* be run with all other terminals at the `login:` prompt!

If clearing stock out values, we recommended printing a Stock Out report prior to clearing. If clearing lost sales records, we recommended printing a Lost Sales report prior to clearing.

Using the *Flexible Printing* program and a second printer, user's can print statements on two printers at once.

13.2 Performing The Month End Procedure

• From the *Autologue Main Menu*, enter **12** (*Month End Processing*) and press **<Return>**.

The following screen will now be displayed as shown:

```
                        MONTHLY ROLL OVER

    ┌─────────────────────────────────────────────────────┐
    │                                                       │
    │                   *** WARNING ***                     │
    │                                                       │
    │          THIS PROCESS WILL PHYSICALLY CLOSE YOUR       │
    │                                                       │
    │          CURRENT MONTH'S ACTIVITY FOR CUSTOMER /       │
    │                                                       │
    │          VENDOR ACCOUNTS, AND START A NEW MONTH        │
    │                                                       │
    │                  AFTER IT'S COMPLETED !!              │
    │                                                       │
    │                 CONTINUE (Y/N) ?  █                    │
    │                                                       │
    │                                                       │
    │    ** NOTE: MAKE SURE NO ONE ELSE IS USING THE SYSTEM ** │
    │      ********** BEFORE ANSWERING 'Y' **********        │
    │                                                       │
    └─────────────────────────────────────────────────────┘

                     F11 ... EXIT PROGRAM
```

☞ **The purpose of this message is to remind the user that it is very important to have all other terminals at login during month-end. Any attempt to continue with daily sales activity during the month-end procedures can account for major problems in customer and inventory records! Note the reminder that a new month will begin after completion of the month end process. Once it's complete, the only way to reverse the process is to reload the most current data backup.**

- With the cursor positioned at the **CONTINUE (Y/N) ?** prompt, enter **Y** or **N** and press **<Return>**.

  If **N** is entered, the user will be returned to the *Autologue Main Menu*.

If **Y** is entered, the following screen will be displayed:

```
                     ┌─────────────────────────┐
                     │    MONTHLY ROLL OVER     │
                     └─────────────────────────┘
    ┌──────────────────────────────────────────────────────┐
    │                                                        │
    │                                                        │
    │                                                        │
    │           HAS THE SYSTEM BEEN BACKED-UP ?              │
    │                                                        │
    │               ┌───────┐                                │
    │               │ TODAY │ (Y/N) ?  ▌                     │
    │               └───────┘                                │
    │                                                        │
    │                                                        │
    │                                                        │
    └──────────────────────────────────────────────────────┘
                  ┌──────────────────────────┐
                  │   F11 ... EXIT PROGRAM    │
                  └──────────────────────────┘
```

- With the cursor positioned at the **TODAY (Y/N) ?** prompt, enter **Y** and press **<Return>** if a back up has been performed or enter **N** and press **<Return>** if a back up has NOT been performed.

  If **N** is entered, the screen will display the message *YOU ARE GOING TO BACK UP YOUR SYSTEM NOW!*. The Backup Program will be automatically called up so the user can perform a backup.

  If **Y** is entered, the following screen will be displayed:

```
                     ┌─────────────────────────┐
                     │    MONTHLY ROLL OVER     │
                     └─────────────────────────┘
    ┌──────────────────────────────────────────────────────┐
    │                                                        │
    │                                                        │
    │          DO YOU WANT TO RUN STATEMENTS NOW,            │
    │                                                        │
    │             BEFORE STARTING ROLL-OVER                  │
    │                                                        │
    │                ANSWER (Y/N) ?  ▌                       │
    │                                                        │
    │                                                        │
    │                                                        │
    └──────────────────────────────────────────────────────┘
                  ┌──────────────────────────┐
                  │   F11 ... EXIT PROGRAM    │
                  └──────────────────────────┘
```

Remember that statements should be run before the month-end rollover. However, the Autologue software allows user's to print the prior month's statements. Therefore, it is possible to print statements once month end is completed.

- With the cursor positioned at the **DO YOU WANT TO RUN STATEMENTS NOW, BEFORE STARTING ROLL-OVER ANSWER (Y/N) ?** prompt, enter **Y** or **N** and press **<Return>**.

  If **Y** is entered, the screen will then prompt to load the statement forms on the printer. After loading the statement paper, enter **Y** at the **PLEASE LOAD STATEMENT FORM ON THE PRINTER** prompt and press **<Return>**.

  The following screen will now be displayed as shown:

```
                    PREPARE STATEMENTS FOR :

                        (1) PRIOR MONTH
                        (2) CURRENT MONTH

                        ENTER '1' OR '2' █




                        ▗▄▄▄▄▄▄▄▄▄▄▄▖
                          F11 .. EXIT
```

- With the cursor positioned at the **ENTER '1' OR '2'** prompt, enter **1** (*Current Month*) or **2** (*Prior Month*) and press **<Return>**.

  If **N** is entered at the **DO YOU WANT TO RUN STATEMENTS NOW, BEFORE STARTING ROLL-OVER ANSWER (Y/N) ?** prompt, with the cursor positioned at the **HAVE YOU ALREADY RUN STATEMENTS FOR THIS MONTH (Y/N) ?** prompt, enter **Y** and press **<Return>**.

The *Monthly Roll Over* screen will now appear as shown:

```
                      MONTHLY ROLL OVER


                      ENTER (Y/N)



      ROLL QUARTERLY INVENTORY HISTORY .............  N
      CLEAR CURRENT UNITS SALES / REPLENISHMENT DATA  Y
      ZERO OUT STOCK OUTS ........................  Y
      CLEAR GRAPH # 7 IN CUSTOMER FILE ............  N
      CLEAR LOST SALES RECORDS ....................  Y
      PRINT MONTHLY INVENTORY REPORT ..............  N
      ZERO OUT ALL TAX TOTALS .....................  Y




                   F11 ... EXIT PROGRAM
```

- With the cursor positioned at the **ROLL QUARTERLY INVENTORY HISTORY** prompt, enter **Y** or **N** and press **<Return>**.

  Entering **Y** will roll the Current Quarter Unit sales unit values into the previous quarters history periods for all part numbers within the Inventory file. This should only be rolled at the end of each quarter.

- With the cursor positioned at the **CLEAR CURRENT UNIT SALES/REPLENISHMENT DATA** prompt, enter **Y** or **N** and press **<Return>**.

  Entering **Y** will clear the Current Period Unit Sales field for all part numbers within the Inventory file. This field can be cleared monthly or allowed to accumulate.

- With the cursor positioned at the **ZERO OUT STOCK OUTS** prompt, enter **Y** or **N** and press **<Return>**.

  Entering **Y** will clear the Stock Outs field for all part numbers within the Inventory file. This field can be cleared monthly, quarterly or at any month end.

- With the cursor positioned at the **CLEAR GRAPH #7 IN CUSTOMER FILE** prompt, enter **Y** or **N** and press **<Return>**.

  Entering **Y** will clear the Customer Product History field graph sales information. Product history allows customer purchases to be broken up into 24 different groups to analyze a buying pattern. This field can be cleared monthly, quarterly or at any month end.

- With the cursor positioned at the **CLEAR LOST SALES RECORDS** prompt, enter **Y** or **N** and press **<Return>**.

Entering **Y** will delete all lost sales records from the Lost Sales file. This field can be cleared monthly, quarterly or at any month end.

☞ **Note: A Lost Sales Report should be printed before deleting all records in the Lost Sales file.**

- With the cursor positioned at the **PRINT MONTHLY INVENTORY REPORT** prompt, enter **Y** or **N** and press **<Return>**.

  Entering **Y** will generate a detailed Monthly Inventory Sales Report listing sales information and analysis ratios by product line, plus sales and inventory values of the entire inventory.

- With the cursor positioned at the **ZERO OUT ALL TAX TOTALS** prompt, enter **Y** or **N** and press **<Return>**.

  Entering **Y** will zero out the Tax Collected field totals for all customers within the current period.

- With the cursor positioned at the **BEGIN PROCESSING?** prompt, enter **Y** or **N** and press **<Return>**.

  Entering **Y** will display the message *PROGRAM IN PROGRESS* and begin the rolling of the Product Line file. As product lines are rolled, the product line number will be displayed in the lower right hand corner. The system will then print the Monthly Inventory Sales Report if request. It will then start calculating the service charges for each customer and print a report. It will then print a tax report.

  Entering **N** will return the cursor to the **ROLL QUARTERLY INVENTORY HISTORY** prompt.

  The management printer must be "ON LINE" for the Monthly Inventory Sales Report to print.

☞ **If the month-end process fails or terminates while running, the following message will appear during a normal login:**

```
        ********** THE "MONTH END PROCESSING" HAS FAILED **********

* THIS MAY BE DUE TO A POWER OUTAGE OR A DATA ERROR.  IF YOU ARE AWARE OF    *
* POWER INTERRUPTION, PLEASE RELOAD THE MONTH-END BACKUP THROUGH "RESTORE    *
* DATA FILES" ON THE SYSTEM COMMAND MENU, AND RERUN THE MONTH END PROCESS.   *
* OTHERWISE, PLEASE CALL ACS CUSTOMER SERVICE FOR FURTHER INSTRUCTIONS.      *
```

This message indicates that the month end process has encountered difficulties. This may be due to a power problem or data error. If unaware of a power interruption, restore the data using the backup tape. Otherwise, contact the Autologue Customer Service Department for assistance.

13.2.1 Monthly Inventory Sales Report

The Monthly Inventory Sales Report is a powerful inventory management tool that supplies sales and turnover ratio analysis for each product line for the current month plus the past 24 months.

By product line, the report will print the following information for the current month:

- Net Sales
- Cost of Sales
- Profit Percent
- Profit Dollars
- Core Sales
- Purchases

- Turnover Ratio
- Return on Investment
- GMROI
- Months of Inventory Supply
- Value of Inventory
- Core Value of Inventory

For the previous 24 months, the report will print the following information by product line:

- Net Sales
- Profit Percent
- Turnover Ratio

- Return on Investment
- GMROI

The report provides grand totals of sales and inventory values for all 256 product lines.

The formula for determining the Inventory Turnover Ratio is:

$$\frac{Beginning + Ending\ Month\ Inventory\ Value}{2} = Average\ Inventory\ Value$$

$$Current\ Month's\ Cost\ Of\ Sales\ X\ 12 = Annualized\ Cost\ Of\ Sales$$

$$\frac{Annualized\ Cost\ Of\ Sales}{Average\ Inventory\ Value} = Inventory\ Turnover\ Ratio$$

The formula for determining the Return On Investment (ROI) is:

$$Current\ Month's\ Profit\ Dollars\ X\ 12 = Annualized\ Profit\ Dollars$$

$$\frac{Annualized\ Profit\ Dollars}{Average\ Inventory\ Value} = Return\ On\ Investment\ Percentage$$

The formula for determining the Gross Margin Return On Investment (GMROI) is:

$$\frac{Current\ Month's\ Profit\ Dollars}{Current\ Month's\ Sales} = Gross\ Margin\ Percentage$$

$$Gross\ Margin\ \%\ X\ Return\ On\ Investment\ \% = Gross\ Margin\ Return\ On\ Investment\ Percentage$$

A typical GMROI % is close to 100, but it varies from year to year and with the size of the business. GMROI is also known as the Turn and Earn Profitability Index. We encourage comparing the GMROI % in primary product categories to the average GMROI % figures of similar business in the same sales volume category.

The *Automotive Wholesaling Financial Operation and Performance Analysis* published annually by ASAI, lists average GMROI for primary product categories by jobber and warehouse sales volume.

13.2.1.1 Sample Monthly Inventory Sales Report

```
                                       MONTHLY INVENTORY SALES REPORT                          DATE MM/DD/YY

PRODUCT LINE #  58  BCA BEARING/SEALS GREASE
A:0    B:0    C:0    D:0    W:0    R:0    S:0    O:0    CATALOGUE DATE:mm/yy
                    CURR MO      DEC     NOV     OCT     SEP     AUG     JUL     JUN     MAY     APR     MAR     FEB     JAN

   NET SALES        330.00       400     500     260     350     480     510     650     750     650     640     580     490
                                 510     570     650     610     590     700     750     350     500     600     790     500

   PROFIT %            39         38      41      38      40      41      41      34      41      40      39      38      37
                                  41      40      42      39      41      44      39      38      41      50      53      39

   TURNOVER RATIO     2.8        4.0     3.0     3.6     3.5     4.1     4.0     3.9     3.8     4.1     4.2     4.5     3.9
                                 3.8     3.7     4.1     4.0     4.1     4.2     4.5     3.9     4.0     4.1     4.1     4.0

   R.O.I. %           180        260     208     220     233     284     277     200     264     273     268     275     229
                                 310     246     296     255     284     330     287     239     277     410     462     255

   G.M.R.O.I. %      70.4       94.6    73.5    74.2    53.8    96.0    91.1    72.0    82.2    80.2    68.8    67.8    32.8
                                82.2    82.4    83.1    80.7    76.0    77.4    80.8    65.8    61.1    60.0    77.4    60.7

INVENTORY $$ BEGIN MO.   990.88        PURCHASES CURR MO.       56.98        SALES CURRENT MONTH      330.86
INVENTORY $ MONTH END.   732.60        COST OF SALES           201.30        PROFIT DOLLARS           129.56
MONTHS  INVENTORY SUPPLY   3.6         CORE SALES                0.00        CORE VALUE                 0.00


PRODUCT LINE #  59  EAT CAM BRGS/GASKETS
A:0    B:0    C:0    D:0    W:0    R:0    S:0    O:0    CATALOGUE DATE:mm/yy
                    CURR MO      DEC     NOV     OCT     SEP     AUG     JUL     JUN     MAY     APR     MAR     FEB     JAN

   NET SALES        287.60       380     230     100     110      80      90      90     130     110      80     100      80
                                  90     100      70      80      80      70      90     100     130      80      90     110

   PROFIT %            39         65      62      51      54      60      51      58      61      52      59      59      57
                                  54      53      56      48      56      53      48      43      60      54      46      53

   TURNOVER RATIO     0.8        0.4     7.9     8.6     7.8     5.1     7.8     7.0     6.0     6.9     6.5     7.0     5.9
                                 4.9     8.5     8.4     7.9     8.1     6.9     7.1     7.5     5.5     5.2     5.1     6.6

   R.O.I. %            50         74     290     296     116     165     212     166     138     147     136     108     182
                                 575     959     169     130     131     178      56      65      25      10      34      44

   G.M.R.O.I. %      19.9       56.9    52.7    61.8    61.7    67.5    64.5    63.1    63.3    60.8    56.5    76.4    77.0
                                72.8    74.1    57.6    51.6    49.4    41.4    33.5    23.8    37.5    34.7    68.9    33.3

INVENTORY $$ BEGIN MO  2784.28         PURCHASES CURR MO.        0.00        SALES CURRENT MONTH      287.60
INVENTORY $ MONTH END  2669.24         COST OF SALES           173.20        PROFIT DOLLARS           114.40
MONTHS  INVENTORY SUPPLY  15.4         CORE SALES                0.00        CORE VALUE                 0.00
```

13.2.2 Sales Tax Report

The Sales Tax Report prints the taxable sales and tax collected totals for all state tax codes that have been setup. A grand total is given at the end of the report.

The Sales Tax Report totals the taxable sales and tax collected by reviewing the Customer file. The Customer file contains the following information for each customer: state code, taxable sales and tax collected.

13.2.2.1 Sample Sales Tax Report

```
MM/DD/YY HH:MM:SS                                               STR1

                    <<  REPORT - SALES TAX BY STATE  >>
                        ===========================




             STATE      TAX       TOTAL TAXABLE     TOTAL TAX
             CODE     PERCENT         SALES          COLLECTED


               0       6.500        210905.06        13708.83
               1       6.750         10211.02          689.24
             =================================================


             GRAND TOTALS *         221116.08        14398.07
```