

## Year End 2006

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## Fixed Assets And Compliance Services

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for story.

## Measuring Financial Fitness

Year end is a good time to review the financial health of your business. Industry-standard calculations can give you a picture of your financial fitness in the form of ratios. Sage MAS 90 ERP and Sage MAS 200 ERP track and report on your key ratios in an easy-to-read graphical format on your **Business Insights Dashboard**. Let's take a look at how the ratios are calculated, and what each ratio can tell you about your business.

### Solvency Ratios

**Current Ratio**—Current Assets divided by Current Liabilities. This indicates liquid assets available to cover current debt.

**Quick Ratio**—Cash plus accounts receivable, divided by current liabilities. This is a more stringent version of the Current Ratio.

### Operational Efficiency Ratios

**Days Sales in Inventory**—Average Inventory divided by Cost of Goods Sold, times 365. Indicates the number of days that can be handled with existing inventory.

**Inventory Turnover**—Sales divided by Inventory. Higher ratio indicates lower carrying costs.

**Accounts Receivable Turnover**—Sales divided by Accounts Receivable. In general the higher the turnover ratio the better.

**Average Sales Days Outstanding**—365 divided by Accounts Receivable Turnover.

Compliments of:



### Leverage Ratios

**Equity Ratio**—Net Income divided by Owner's Equity. The higher the ratio, the more willing investors would be to invest in the company.

**Debt Ratio**—Total Debt divided by Total Assets. In general, the less the company relies on debt for asset formation, the less risk.

**Debt to Equity Ratio**—Total Liabilities divided by Total Equity. The smaller the ratio, the greater the long-term solvency.

### Profitability Ratios

**Net Income to Sales**—After-tax Profits divided by Annual Sales. This key profit ratio indicates the company's profit as a percentage of sales.

**Gross Profit to Sales**—Pre-tax Profit divided by Sales. A downward trend in this ratio might indicate you need to

raise prices to remain profitable.

**Operating Expense to Sales**—Accounts Payable divided by Annual Sales. Higher numbers indicate the use of suppliers to float operations.

**Return on Total Assets**—Net Profit divided by total assets, a key indicator of profitability.

If you're not sure what your ratios should be, standards or benchmarks for your industry can readily be found on the Internet. Give us a call with any questions, or for help getting your Business Insights Dashboard configured. ★



The Key Ratios Report in the Sage MAS 90 Business Insights Dashboard gives you an instant picture of your financial fitness.

# Preparing For Year End

Year-end processing within Sage MAS 90 and MAS 200 ERP involves many steps, and many of these steps can be performed in advance of the actual closing process. Here's a quick checklist highlighting some of the most important steps you can take in preparation for the important and necessary year-end process.

## Perform A Backup—And Test It

Before you perform any year-end processing tasks make certain you perform a complete backup of your Sage MAS 90 data. Then test the backup to be sure it's readable. The only way to undo year-end processing in Sage MAS 90 is to restore from backup, so be certain that backup is kept safe yet accessible—just in case.

## Create An Archive Company

Set up an archive company code and copy your data to this company code before performing

year-end processing.

You can set up this company code right now. See our article below for instructions or give us a call if you're uncertain. Once 2007 rolls around, and you've entered all transactions that belong in 2006, copy your live company's data into your new 2006 archive company.

## Review Setup Options

Before performing year-end processing is an excellent time to double-check your setup options. Be certain to review the setup options in each module before you begin year-end processing. Many options defined here determine what data is saved and how.

## Give Your Data A Workout

The year-end process exercises some files that may not see a lot of activity throughout the year. It's a wise idea to be certain these files are in good

health and without data corruption before you begin processing. Take advantage of the built-in utilities and year-end related reports for analyzing data to head-off any surprises. By reviewing the results you may find anomalies, problems, or questions that require research or attention.

If you're uncomfortable with using these utilities, or have problems when utilizing them, please give us a call.

## Gather Needed Data And Supplies

Do you have the needed 1099 information from all of your vendors? Get this information together now, so it won't slow you down come January.

Be certain that you have entered all payroll-related address and W-4 form changes.

Order your 2006 W-2 and 1099 forms, including a reasonable number of spares.

Be sure to call us with your questions. ☆

## Creating A New Company In Sage MAS 90 Is Easy As 1-2-3

It's a simple task to create a new Sage MAS 90 and Sage MAS 200 ERP company and copy the data from an existing company into the new company. This is particularly useful at year end to establish an archive company for the year's data. This way you have a copy of the current year's data intact even after you perform year-end processing in your live company. This is accomplished by selecting the **Company Maintenance** task from the Library Master module's Main Menu. First, create a new company code for the archive company. A suggestion is to include the last two digits of the year to be archived in the code, for example: A06 for the year 2006. Next, from this new company's Company Maintenance screen, click on the **Copy** button and type in the Company Code of your current year's live company. You'll be presented with a list of the modules installed in that company and you can select which module or modules you wish to copy to your archive company. The steps below provide an overview of the process.

### 1 Set Up A New Company:

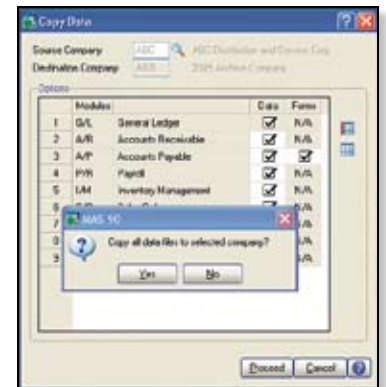
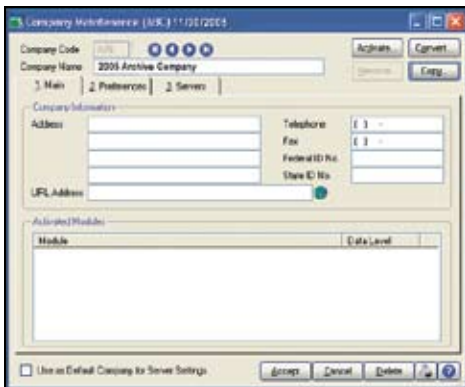
Create a new (archive) Company Code into which your 2006 data will be copied. Next, enter in the source company code (your current live company) to copy the data from.

### 2 Modules To Copy:

You may elect to include every module's data or selectively choose just the data you wish to copy. If your intention is to create a duplicate of the current year's company data, select all of your modules and copy to your new company code.

### 3 Confirm:

After you've confirmed your selection, answer **Yes** to the prompt to copy all selected data files to the archive company. It's that easy. ☆



# Year-End News, Reviews, And Updates

## Tax Table Update

The Tax Table Update for the first quarter of 2007, typically referred to as the year-end TTU, will be available for download from Sage Software Online by mid-December. As always, if you have questions, please contact us before you download and install this update.

## W-2 Changes

Changes to the 2006 W-2 form include **Box e**—a new suffix field, and **Box 12**—new codes AA and BB for designated Roth contributions. The year-end TTU from Sage Software will accommodate the required changes.

## 1099 Changes

There are changes to the 1099-R form for 2006, specifically to handle Roth distributions. The year-end TTU available from Sage Software will accommodate the necessary changes.

Occasionally you may have the need to change or correct a vendor's 1099 figures stored within Sage MAS 90.

Here's how to make those changes:

1. Select *Accounts Payable/Vendor Maintenance*.
2. Select the Vendor to change.
3. Click on the *Additional* tab.
4. Click on the *1099 History* button.
5. Select *1099 Form Type*.
6. In the *1099 Payment History* screen make the

necessary changes or corrections.

7. Click *OK* when done and then click *Accept*, and exit *Vendor Maintenance*.

## Electronic Reporting Changes

If you are an employer with over 250 employees, you are required to file W-2 information electronically with the Federal Government unless the IRS granted you a waiver. The last year for filing on diskette was tax year 2005. Beginning with the 2006 tax year, electronic filing is the only accepted method.

As a result, the Magnetic Media Reporting module for Sage MAS 90 and 200 has been renamed to **Electronic Reporting for W-2's and 1099s**. Electronic filing instructions can be found in the following document:

[http://www.irs.gov/irb/2006-27\\_IRB/ar08.html#d0e1128f](http://www.irs.gov/irb/2006-27_IRB/ar08.html#d0e1128f)

General information about filing your form data electronically can be found at:

[www.irs.gov/pub/irs-pdf/p3609.pdf](http://www.irs.gov/pub/irs-pdf/p3609.pdf)

## SSA Changes

The maximum taxable earnings subject to Social Security tax was raised to \$97,500 from \$94,200 for 2007. The updated Q1 2007 tax table will reflect this change. The Social Security tax (FICA) rate for employees remains unchanged since 1990 at 7.65 percent.

## Where To Buy Forms

The Sage Software Tax Forms Division provides approved 2006 IRS forms that are guaranteed to be 100 percent compatible with Sage MAS 90 and 200. Call (800) 538-5514 to order forms or obtain a current forms catalog.

## Contact Management Integration

Late this year, Sage Software released the ACT! Link, a comprehensive integration between ACT! by Sage and Sage MAS 90 ERP. Bi-directional data exchange helps ensure your data stays current and gives your team one location from which to view all aspects of your customer relationships.

## Perfect Score For Version 4.1

It's official—and published in the September issue of *The CPA Technology Advisor*, Sage MAS 90 ERP v4.1 has been awarded five out of five stars overall in the publication's annual mid-range accounting software review, beating NetSuite, Cougar Mountain, Red Wing, and others in this comparison of nine different mid-range accounting systems.

The reviewers awarded the product perfect scores in all six review categories: Ease of Use/Transaction Entry, Modules/Notable Features, Integration/Import/Export, Reporting, Support/Training/Help System, and Relative Value. ☆

## It's The Order That Counts

**Y**ear-end processing is a vitally important step in keeping your data healthy. Some modules maintain buckets of data by year (year-to-date, prior-year, etc.). These data receptacles are reinitialized during year-end processing. Lots of other housekeeping is performed during year-end processing as well.

Year end is a busy time for most businesses, and frequently year-end processing tasks are put on a back burner. Nevertheless, do not neglect this processing, as its delay can have far-reaching impact on your data. With a little planning, information (like that contained in this newsletter), and a minor time commitment, year-end processing can proceed smoothly.

### Closing Order—It's Important!

The order in which modules are closed is very important. The period-end and year-end processes performed in one module often write data to another module. To close the modules out of order may cause damage to your data.

Modules should be processed or closed in the following order:

- ▶ **Bill of Materials**
- ▶ **Work Order**
- ▶ **Bar Code**
- ▶ **Purchase Order**
- ▶ **Sales Order**
- ▶ **Inventory**
- ▶ **MRP**

- ▶ **TimeCard**
- ▶ **Electronic Reporting**
- ▶ **Payroll**
- ▶ **Accounts Receivable**
- ▶ **Accounts Payable**
- ▶ **Job Cost**
- ▶ **General Ledger**

If you are running modules not on this list, for example e-Business Manager, one or more Sage MAS 90 Extended Solutions, or a third-party product, there may be special considerations involved in year-end closing. Give us a call and we'll advise you on the best procedure for closing your Sage MAS 90 or Sage MAS 200 software. ☆

# General Module Closing Procedures For Sage MAS 90 And 200

In this newsletter we provide general module closing procedures for the most common modules.

**Note:** Please be aware that procedures and processing may vary depending on the version of Sage MAS 90 ERP you are running. Use this document as a guide. If you are running version 4.1, some of the screens and processing are different, call us if you have questions or concerns.

## Purchase Order

Ideally, Sage MAS 90 and 200 Purchase Order Year-End Processing should be performed before any transactions are updated for the new year. If that's not possible, remember that the future posting capability for Purchase Order is limited to one accounting period beyond the current period. Failure to close Purchase Order before the end of that one future period will cause the summarized totals for the current or future period to not match the transaction detail reports.

1. Before closing the Purchase Order module for the year, make sure:

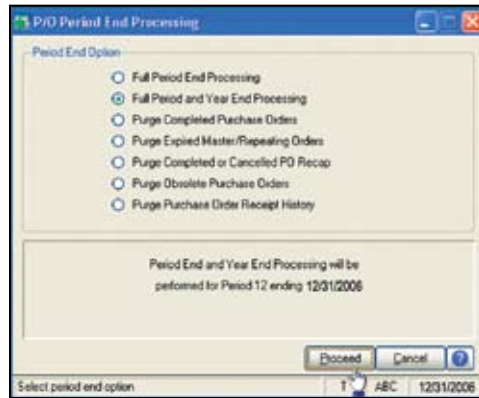
- ▶ All purchase orders for the prior year have been entered.
- ▶ All receipts and invoices have been entered and updated.
- ▶ The current Purchase Order date agrees with the period-end date.
- ▶ A backup of Purchase Order files has been made.

2. From the Reports Menu the following reports should be printed and retained:

- ▶ Open Purchase Order
- ▶ Open Purchase Order by Item (optional)
- ▶ Cash Requirements (optional)
- ▶ Receipt History
- ▶ Purchase History
- ▶ Purchase Order Recap (optional)

3. The Purchase Order **Full Period and Year-End Processing** performs the following housekeeping tasks:

- ▶ Sets the PTD and YTD quantity and dollars purchased fields to zero.
- ▶ Removes completed purchase orders according to the number of days designated in the **Purchase Order Setup** options.
- ▶ Removes master and repeating orders that



have expiration dates on or prior to the period-end date from the open purchase order file.

- ▶ Advances current period in Purchase Order Setup Options to the next period and year.

## Sales Order

Sales Order Year-End Processing should be performed before any invoices are updated for the new year. If that's not possible, remember that the future posting capability for Sales Order is limited to one accounting period beyond the current period. Failure to close Sales Order before the end of that one future period will cause the summarized totals for the current or future period to not match the transaction detail reports. Sales orders may be entered with a date of the new year without adverse consequence.

1. Before closing the Sales Order module for the year, make sure:

- ▶ All Sales Order invoices for the current year have been entered and updated.
- ▶ The current Sales Order date agrees with the period-end date.
- ▶ A backup of Sales Order data files has been made.

2. From the Reports Menu the following reports should be printed and retained:

- ▶ Open Sales Order
- ▶ Open Orders By Item (optional)
- ▶ Back Order (if applicable)
- ▶ Customer Sales History (optional)
- ▶ Monthly Recap (optional)

3. The Sales Order **Full Period and Year End Processing** performs the following housekeeping tasks:

- ▶ Resets the PTD and YTD Sales, Cost of

Goods Sold, and Quantity Sold fields in the daily and monthly Sales Recap files to zero.

- ▶ Resets the periods for current year, quantity shipped, dollars sold, and cost of goods sold; and moves current year Quantity Sold to Prior Year Quantity Sold in the Sales Order Customer Sales History file.
- ▶ Removes master and repeating orders from the open sales order file that have expiration dates on or prior to the period-end date.
- ▶ Advances current period in Sales Order Setup Options to the next period.

## Inventory Management

Inventory Year-End Processing should be performed before any transactions are updated for the new year. If that's not possible, remember that the future posting capability for Inventory Management is limited to one accounting period beyond the current period. Failure to close Inventory Management before the end of that one future period will cause the summarized totals for the current or future period to not match the transaction detail reports.

The Inventory year-end process should occur immediately after Purchase Order and Sales Order year-end processing and before Accounts Receivable year-end processing.

1. Before closing Inventory for the year, be sure:

- ▶ All adjustments have been entered and registers updated.
- ▶ Current Inventory date agrees with period-end date.
- ▶ A backup of Inventory files has been made.

2. From the Reports Menu the following reports should be printed and retained:

- ▶ Inventory Trial Balance (should tie to the inventory accounts on the G/L Trial Balance for the same period)
- ▶ Stock Status (quantities reflect day printed)
- ▶ Inventory Valuation (should tie to G/L inventory account as of the day it's printed)
- ▶ Inventory Negative Tier Adjustment (from Period-End Menu). Be certain to update this report

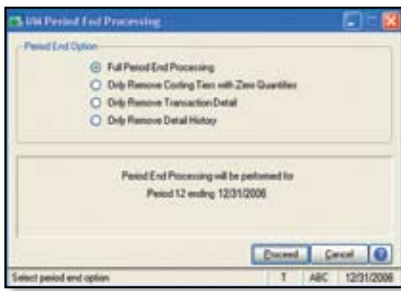
**Note:** Any negative tiers should be resolved before closing and before making any new year entries.

3. The Inventory **Full Period End and Year End**

# General Module Closing Procedures For Sage MAS 90 And 200

Processing performs the following housekeeping tasks:

- ▶ Calculates beginning average cost (by item by warehouse) and average on-hand quantity.
- ▶ Resets PTD and YTD quantity sold and issued, quantity returned, dollars sold, and cost of goods sold.
- ▶ Moves current year information to prior year fields in the Inventory Item Warehouse Detail file.
- ▶ Removes any zero quantity costing tiers for LIFO, FIFO, Lot, or Serial items (if applicable).



- ▶ Advances current period in Inventory Setup Options to next period and year.

To perform year-end processing, select the option **Full Period End Processing**. This ensures that the ending period is the last period of your year.

## Payroll

The Payroll module is based on a calendar year. There is no future period in Payroll. You cannot post a payroll in process with a check date in a future quarter until the current quarter is closed by selecting **Quarter and Year End Processing** from the Period End menu. Before proceeding with year-end processing, make sure the Quarterly Governmental Report, Quarterly 941 Form, and the employee W-2 Forms have been printed. Refer to our supplementary article on page 2 to further protect your data. Also, please review page 3 for year-end update information.

1. Before closing the Payroll module for the year, make sure:

- ▶ All payroll cycles have been entered and updated for the quarter.
- ▶ All checks written during the quarter (including manual) have been entered and updated.
- ▶ Payroll System Date is set to the last day of the calendar year.

- ▶ Proper year tax tables are installed (2006 for 2006 Year-End Processing).
- ▶ W-2s are printed.
- ▶ Electronic Reporting files, if applicable, are processed and created.
- ▶ A backup of the payroll files has been made. Check and double-check the backup.

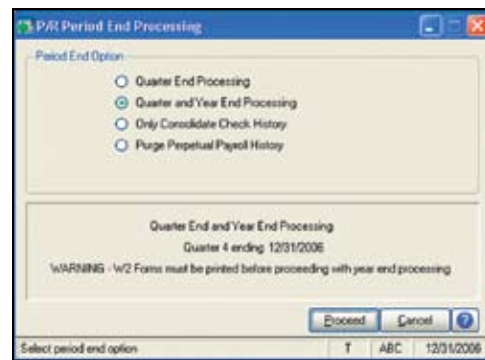
2. The following reports should be printed and retained:

- ▶ Quarterly Tax
- ▶ Payroll Check History
- ▶ Quarterly Pay Period Recap
- ▶ Earnings
- ▶ Deduction
- ▶ Quarterly Governmental
- ▶ Quarterly 941 Form
- ▶ Benefit Accrual
- ▶ Workers' Compensation

3. Be certain to reconcile QTD and YTD totals on all reports.

4. The Payroll **Period-End Processing** performs the following housekeeping tasks:

- ▶ Resets the QTD and YTD employee fields to zero.
- ▶ Increments the current year to the next year.
- ▶ Changes the current quarter from 4 to 1.
- ▶ Resets employee benefit limits according to Payroll Options Setup.
- ▶ Resets Pension Plan, Cafeteria Plan Deduc-



tion, Allocated Tips, Fringe Benefits, Non-Qualified Plan, and Dependent Care Benefits fields to zero.

- ▶ Sets all quarterly/yearly reports to zero.
- ▶ Removes check history and perpetual history depending upon your system settings.
- ▶ Purges terminated employees.
- ▶ Purges standard deductions that have met goals.

**Note:** Once you have completed year-end pro-

cessing for Payroll, be certain to install the **Q1 2007 TTU** tax tables for 2007.

## Accounts Receivable

Accounts Receivable Year-End Processing should be performed before any transactions are updated for the new year. If that's not possible, remember that the future posting capability for Accounts Receivable is limited to one accounting period beyond the current period. Failure to close Accounts Receivable before the end of that one future period will cause the summarized totals for the current or future period to not match the transaction detail reports.

1. Before closing the Accounts Receivable module for the year, make sure:

- ▶ All invoices and cash receipts have been entered and updated.
- ▶ Finance charges have been run and updated (if applicable).
- ▶ Customer statements have been printed (if applicable).
- ▶ The Accounts Receivable System Date is set to the last day of your fiscal year.
- ▶ A backup of the Accounts Receivable files has been made.
- ▶ Any AP from AR Clearing has been processed.

2. From the Reports Menu the following reports should be printed and retained:

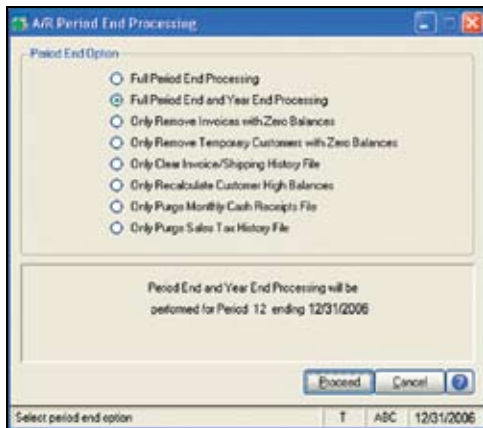
- ▶ Aged Invoice
- ▶ Trial Balance (this amount should agree and be reconciled to the General Ledger account before completing year-end processing)
- ▶ Customer Sales Analysis
- ▶ Cash Receipt Report
- ▶ Sales Analysis by Salesperson
- ▶ Salesperson Commission
- ▶ Sales Tax (if applicable, this report should be printed and cleared each month)
- ▶ Monthly Sales Analysis (optional)
- ▶ Monthly Cash Receipts
- ▶ Accounts Receivable Analysis

3. The Accounts Receivable **Full Period and Year End Processing** performs the following housekeeping tasks:

- ▶ Sets the PTD and YTD sales, cost of goods sold, cash receipts, finance charges, number of invoices, and number of finance charges in the customer master file to zero,

# General Module Closing Procedures For Sage MAS 90 And 200

and moves current year information to last year fields.



- ▶ Purges AR Monthly Cash Receipts file.
- ▶ Purges PTD and YTD COG in AR Analysis by Salesperson. Moves current year information to prior year.
- ▶ PTD and YTD sales, gross profit, and commission amounts are reset in AR Salesperson masterfile. YTD information is moved to prior year field.
- ▶ Removes all zero balance invoices from the Accounts Receivable open invoice files.
- ▶ Purges all temporary customers with zero balances.
- ▶ Purges paid invoices according to the number of days to retain history in Accounts Receivable Setup Options.
- ▶ Sets current fiscal year to next sequential year and the current period changes to 1.

**Note:** Sage MAS 90 and 200 allows two Accounts Receivable periods to be *open* at a time: the current period and one future period. Transactions are posted to the period corresponding to the batch's Accounting Date, and therefore must be segregated by period and separately updated.

## Accounts Payable

Accounts Payable Year-End Processing should be performed before any transactions are updated for the new year. If that's not possible, remember that the future posting capability for Accounts Payable is limited to one accounting period beyond the current period. Failure to close Accounts Payable before the end of that one future period will cause the summarized totals for the current or future period to not match

the transaction detail reports. You don't need to print 1099 forms before proceeding with the Accounts Payable year-end processing because Sage MAS 90 and 200 has a separate 1099 calendar year in Accounts Payable options.

**Note:** Please check with us for specific instructions if your 1099 information is not correct before proceeding with year-end closing.

1. Before closing the Accounts Payable module for the year, make sure:

- ▶ All invoices have been recorded in both the Accounts Payable and Purchase Order modules.
- ▶ All checks have been printed and updated.
- ▶ All manual checks written during the month have been entered.
- ▶ The current Accounts Payable date agrees with the period-end date.
- ▶ Accounts Payable files are backed up.
- ▶ AP from AR clearing has been processed.
- ▶ 1099 data for the calendar year is verified.

2. From the **Reports Menu** the following reports should be printed and retained:

- ▶ Aged Invoice
- ▶ Trial Balance (this amount should agree and be reconciled to the General Ledger account before completing period-end processing)
- ▶ Vendor Purchase Analysis
- ▶ Monthly Purchase
- ▶ Check History
- ▶ Accounts Payable Analysis
- ▶ 1099 printing to paper (verification only)

3. The Accounts Payable **Full Period End and Year End Processing** performs the following housekeeping tasks:

- ▶ Resets the PTD and YTD purchases, payments and discounts fields in the vendor

master file to zero. Moves current year information to prior year fields.

- ▶ Removes all temporary vendors with zero balances from the vendor master file.
- ▶ Purges paid invoices and check history according to the number of days to retain history in Accounts Payable Setup Options.
- ▶ Sets current fiscal year to next sequential year and the current period changes to 1.

**Note:** Sage MAS 90 and 200 allows two Accounts Payable periods to be *open* at a time: the current period and one future period. Transactions are posted to the period corresponding to the batch's Accounting Date, and therefore must be segregated by period and separately updated.

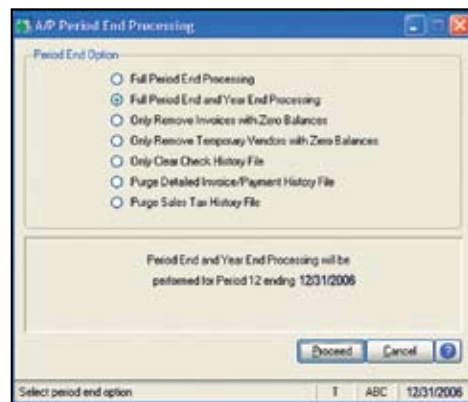
## General Ledger

1. Before closing General Ledger for the year, make sure:

- ▶ The current General Ledger date agrees with year-end date.
- ▶ Balance Sheet is in balance.
- ▶ Budget revisions through Budget Revision Entry and Update the Budget Revision Register are entered.
- ▶ All activity and adjustments in modules integrated with General Ledger are complete in the year to be closed.
- ▶ Recurring Journals have been printed and updated.
- ▶ Allocations have been posted if necessary and the Allocation Journal has been updated.
- ▶ General Journal adjustments have been entered.

**Note:** The General Ledger Worksheet is a useful tool in determining which adjustments to make.

- ▶ Daily Transaction Register is printed and updated.
- ▶ A backup of the General Ledger files has been made. This is even more important for General Ledger than the other modules. **Do not neglect this step.** Label and store the backup for safekeeping.
- ▶ Auto Budget option is set to **none** if you have already entered budgets for the next year.
- ▶ A second backup has been performed. Label and store the backup for safekeeping, once year-end processing is completed.



# Module Closing

CONTINUED

From the **Period End Report Selection** menu confirm the list of reports you wish to print during year-end processing. The reports you select here will print automatically during year-end processing if you check the *Print Period End Reports* box on the **Period End Processing** window. At minimum, the following reports should be printed and retained:

- ▶ General Ledger Detail (the reports for periods 01–12 should be printed and retained)
- ▶ Trial Balance
- ▶ Standard Financial Statements
- ▶ General Ledger Analysis
- ▶ General Ledger Worksheet
- ▶ Balance Sheet

**3. Full Period-End and Year-End Processing** performs the following housekeeping tasks:

- ▶ Sets current fiscal year to next sequential year and the current period changes to 1.
- ▶ Clears all income and expense account balances and posts net profit to the Retained Earnings account.
- ▶ Creates next year's budget based on your setup options in the Auto Budget feature in General Ledger Options.

**Note:** Options determine how you create next year's Current Budget. The options are: create a **Zero Budget**, copy this year's Actual, copy this year's **Current Budget**, copy this year's **Revised Budget**, copy this year's **Budget 3**, or finally an option to do nothing to next year's Current Budget.

- ▶ Transaction history may be purged depending upon how you have set the **Number of Years to Retain General Ledger History** setting in the General Ledger Options.



To perform period-end processing, select the option **Period-End Processing** from the General Ledger period-end menu, ensuring that the period number displayed is your final period of the year. ☆

# Fifteen Ways To Improve Your Cash Flow

**D**id you know that more businesses fail for lack of cash flow than for want of profit? The root cause is simple—you assume the cost of goods or services in advance of receiving payments from customers. The solution, while not quite as straightforward, is achievable with a little effort. Here are our top suggestions:

## 1. Invoice More Frequently

If you sell products, mail the invoice the same day the product ships. And if you are a service-based business, bill your clients twice a month or once a week instead of monthly.

## 2. Request Deposits or Multiple Stage Payments

For large orders or engagements, it is reasonable to request an up-front deposit of up to 50 percent. Cover costs before fulfilling the order.

## 3. Offer payment discounts for timely payments

Encourage customers to pay early or on time by offering a discount for prompt payment. Even a small discount can motivate faster payment.

## 4. Check Credit References

Create procedures to check credit before giving terms and make sure they are followed. Get e-mail addresses with credit references. It is easy to send the references an e-mail, in template form, with the credit questions you need answered.

## 5. Generate Receivable and Aging Reports

Regularly graph your total receivables and past due amounts over time so you understand your cash flow trends. This can help you identify potential cash shortfalls and take early action.

## 6. Add Late Payment Charges

Like early payment discounts, late payment charges can motivate your customers to pay promptly. Send account statements at least once a month if your terms are net 30, more frequently if your terms are shorter. Include the late charge information prominently on your invoices and statements.

## 7. Generate Mid-Month Payment Reminders

Generate e-mail reminders based on criteria within your Sage MAS 90 ERP database. Use the Business Alerts module to make it automatic.

## 8. Accept Credit Card Payments and Deposits

Your customers may be having cash flow problems—accepting credit card payments gives them relief while allowing you to collect on time. Encourage credit card payments for

deposits as well. In this way, you'll have the cash right away to begin working on the order.

## 9. Adjust Your Prices

As the cost of doing business increases through rising fuel, labor, and insurance costs, be sure your prices keep pace. Smaller, more frequent increases are easier for customers to accept.

## 10. Charge For Items That You Now Give Away

Do you go out of your way to process rush orders, but fail to charge extra for the service? What about local delivery services? Does your service-based company too often *not bother* to bill for a five-minute phone call? Think about what other services you are currently giving away for which you could charge fees.

## 11. Add Handling Charge to Freight Charge

The cost of labor and packing supplies is significant. Consider adding a handling charge to actual freight to cover these costs.

## 12. Reduce Inventory/Streamline Product Lines

Excess or obsolete inventory adds a heavy burden to your costs. Can excess inventory be returned to the vendor? Could you reduce the number of SKUs by eliminating low volume or similar items?

## 13. Negotiate Discount/Extended Terms

Suppliers who value your business will often be willing to offer special terms, especially for larger orders, giving you time to collect balances from your customers.

## 14. Renegotiate Bank Service Charges

Bank charges and transaction fees can really add up. If you do all your banking with one institution, or hold assets such as certificates of deposit with your bank, your bank may be willing to waive checking account and other service fees.

## 15. Consolidate Debt

If you have several loans related to your business, such as a car loan, an equipment loan, and a business line of credit, review the rates and terms. You may be able to consolidate them into a single lower-interest account.

Which of these fifteen items has potential to improve cash flow in your business? Your Sage MAS 90 software contains the tools and features to help you implement many of these improvements. Call us to discuss. ☆



## In The Spotlight: Assets And Compliance



**Y**ear end is a time when companies have much to do, both to close out the prior year and set the stage for the new year's operations. Two common areas of consideration at year end are accounting for fixed assets and corporate tax filings. Sage Software has two tools available for Sage MAS 90 ERP users that can simplify both of these tasks. Let's take a quick look at **Sage FAS Fixed Assets** and **Sage Compliance Services**.

### Sage FAS Fixed Assets

Sage FAS Fixed Assets is a market-leading fixed asset accounting solution and is part of the FAS Business Solutions Suite from Sage Software. With over 300,000 IRS tax rules and dozens of GAAP-supported depreciation calculation engines, FAS Fixed Assets is a comprehensive solution for asset tracking that integrates seamlessly with your Sage MAS 90 software.

#### Automatic Depreciation Calculations

FAS Fixed Assets can automatically create AMT and ACE schedules using your choice of the dozens of depreciation methods. If one of the many included methods does not meet your needs, FAS Fixed Assets provides the flexibility to create customized methods.

#### Easy To Use

FAS Fixed Assets is designed to be user-friendly and makes the job of tracking and reporting upon your company's assets easier and more accurate. For example, templates can provide an easy way to create a new asset. When you add a new asset, the selected template automatically fills out the asset information, saving time and reducing errors.

You also can store image files associated with your assets. Keep a photo of an asset, a scanned copy of the maintenance agreement, or warranty easily accessible with this feature.

#### Integration With Sage MAS 90

FAS Fixed Assets integrates with the Sage MAS 90 General Ledger module through a specialized, built-in link. The Link creates accurate depreciation expense postings in General Ledger for you to review and update. The Link Posting Report provides you with printed verification of the activity performed. Beginning with Version 4.2, a special version of Sage FAS Asset Accounting will be available as a fully integrated module called Sage MAS 90 Fixed Assets. Call us for complete details.

### Sage Compliance Services

Sage Compliance Services is a complete outsourced tax filing service from Sage Software. Sage Compliance Services supports Federal Payroll Withholding Tax, Social Security, Medicare, FUTA, state and local income tax, state unemployment insurance, state disability insurance, and IRS Forms 940, 941, 943, 944, and 945. The service also can print and mail your employees' W-2 forms and file via Electronic Reporting. You simply upload an electronic file containing your tax data to Sage Compliance Services following each payroll cycle.



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#### Keep Your Money Working

Most service bureaus impound your payroll tax liabilities during each pay cycle. It's a great deal for the bureaus, since they collect interest on your money until the taxes are due. Sage Compliance Services does not impound your tax liabilities. Instead, your payment is electronically routed directly from your bank account to the taxing authority just before or on the tax due date. You keep the money, and earn interest on that money, until it's due.

#### W-2 Printing Service

High quality, laser printing technology means your tax forms are easy-to-read and meet all government requirements. You won't need to worry about last-minute form changes with Sage Compliance Services; your W-2 forms will be ready and mailed on time. Elect to have the W-2's mailed directly to each employee, or have the set delivered to your offices for distribution.

If you are required to file electronically, Sage Compliance Services will create the electronic submittal of your company's W-2 forms. Should you have any questions, your assigned tax professional will work with you to ensure W-2's are accurate and on time.

Call us for more details and pricing for this service.

