- 1 -

Accounts Payable

For Internal Use Only

Author	??????
Approver	?????
Effective Date	03/26/06
File	E Drive on Manuals

Change History   - 2 -

Author	Release Date	Change Description
?????	03/25/06	Initial Document
?????	03/26/06	ALL

Activity Overview

Name of Process	Y/N	Cut off time :
Purchase Journal	Y	6 to 7 hours
Check Entry	Y	3-4 hours for one client
Check Printing	Y	2-3 hours
1099 Forms	Y	

Approximate Time Taken for Activity	
Process Owner	
Reporting MAnager	

Customers (Internal, External)

Store Name	State	Phone Number	2nd Contact	Fax

Service Level Agreement Deliverables

A) If Complete Information has been received from the client by 5th of the Following month for the Previous Month then Financials are supposed to be delivered by 15th of that following month.

B) If complete information received after 5th of the following Month then financials are supposed to be delivered within 7 days of the date of information received.

Escalations:

TO BRS Team: *(THROUGH MAIL):* In case of any abnormal movement in AP Process.

TO P B TECH: (THROUGH MAIL): In case of any abnormal/suspicious transaction for which client interaction /approval/confirmation is required.

TO Client:(THROUGH FAX): Any Missing Invoices required from client/Vender.

Technical terms

Term/Acronym	Full form/Definition	Explanation
AP	Accounts Payable	Process
EOM	End Of Month	Process
PTC	Peachtree Conversion	Process

Guiding to complete the Accounts Payable Process:

Requirement for Accounts Payable Processing
All the invoices, statements, bills of any sort from all the parties are required for the process. We input all these information sent by the clients (invoices, statements and bills of any sort) related to accounts payable into the purchase journal.

Process for invoice codes:
After attaining the invoices, we have to input the invoices in Peachtree according to description specified on the invoice, in specific GL Code in which they come.
Codes, which were used by us for coding process. These codes were as follows:

| GL codes	Description	Account Type	
122	INV. MAJOR BRANDS	INVENTORY	
124	INV. BIG 'O' TIRE	INVENTORY	
125	INV. PRESTIGE BRANDS	INVENTORY	
126	INV. SNOW TIRES	INVENTORY	
131	INV. OTHER NEW TIRES	INVENTORY	
135	INV. RETREADS	INVENTORY	**135 goes to 131**
136	INV. USED TIRES	INVENTORY	
137	INV. TUBES	INVENTORY	
141	INV. WHEELS AND ACCESSORIES	INVENTORY	
142	INV. USED WHEELS	INVENTORY	
143	INV. BRAKES	INVENTORY	
144	INV. OIL, FILTER, &BATTERY	INVENTORY	
145	INV. FRNT END PARTS	INVENTORY	
146	SHOCKS END PARTS	INVENTORY	
147	INV. AIR CONDITIONING	INVENTORY	
148	INV. MISC.	INVENTORY	
304	CORE CLEARING A/C	OTHER C/ASSETS	
653	OUTSIDE LABUR	COST OF SALES	
660	FREIGHT	EXPENSES	
801	ADVERTISING	EXPENSES	
808	CUSTOMER SATISFACTION	EXPENSES	
917	LAUNDERY & AND UNIFORM	EXPENSES	
927	OFFICE SUPPLIES	EXPENSES	
931	SHOP SUPPLIES	EXPENSES	
934	TRANSPORTATION	EXPENSES	

The above mention GL Codes list gives us the idea to give specific code head to the description mentioned on the invoices.
For coding we have an excel sheet which is prepared on the behalf of previous invoices received by the Indian facility from United States (J.S.M). For description wise coding of the invoices we have an Excel Sheet in which we   have recorded all the data according to client wise parties from which they purchase the material for stock or for their self.

DESCRIPTION ABOUT COMPANY BACK UP AND IMAGE FILE

Data Uploaded from US Facility to India Facility contains Client's back up and Image file which contains the Invoices / Statements, etc. Company's back up is in the form of PTB. This is an extension of Peachtree data backup and the extension of Image File is. tiff.

1. It shows the folder for the back up file and tif file for other processes.
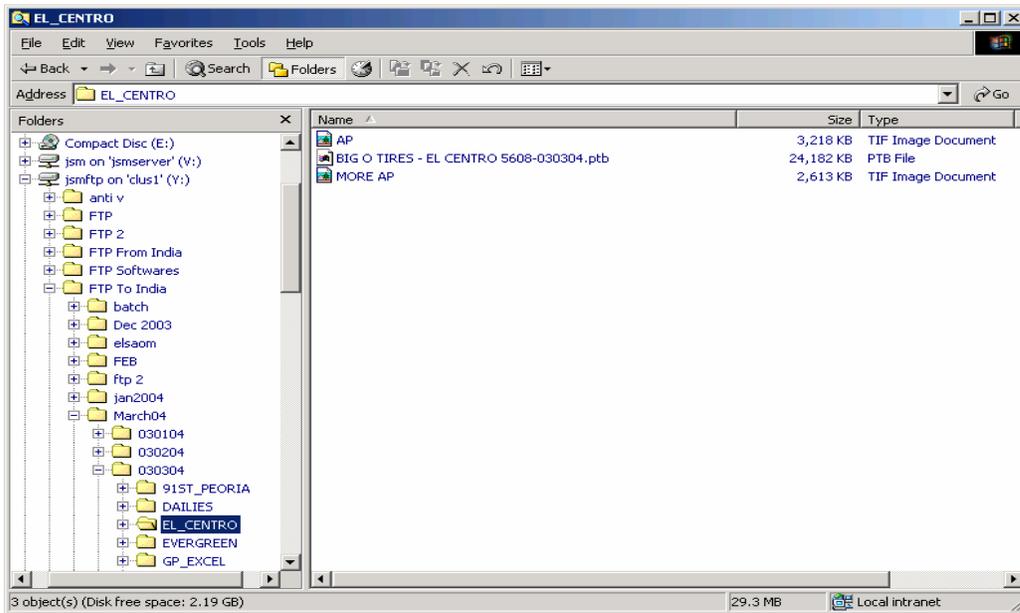
2. Double click the second file, we get the invoice image. From here coding and feeding of the invoices in Peachtree starts.
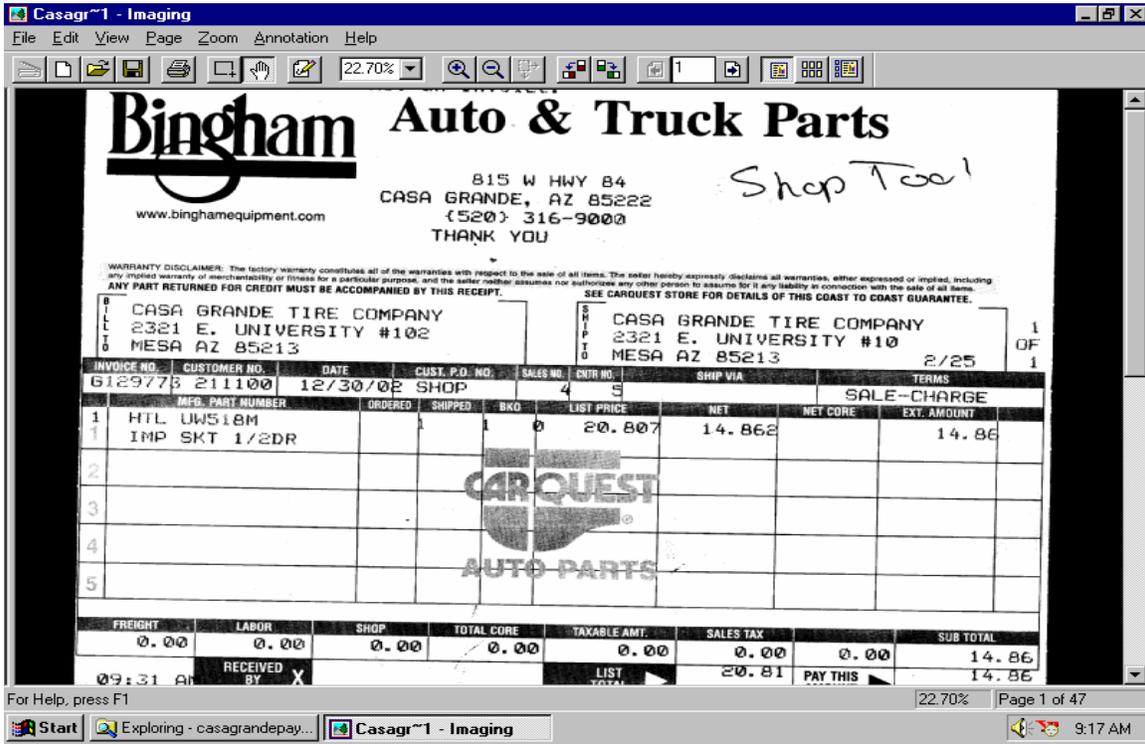
It's an example of invoice, which we get.

POINTS TO BE NOTED FOR GIVING THE CODES FOR THE DESCRIPTION MENTIONED ON THE INVOICE:

1. Description of the item given in the invoices should be entered in the appropriate head for the item. First check the codes for a particular description be double sure from the excel sheet, in case there is an item with the same description then use it else use default code / judgment and inform the US reviewer.
2. Check the breakup of the price, if there is core mention on the invoice. Amount related to core description should post to GL Code 304.
3. If there is mention on the invoice body: Customer satisfaction GL Code 808, Warranty GL Code 809, Employees Advance GL Code 112 (name of the employee should be mentioned on the invoice), and they should be give the codes according to the significance given on the invoice.
4. Check for the amount of Freight (if any) paid on the good purchased. Freight is entered in GL Code 660.
5. When an Invoice is entered in Peachtree, one must check 5 things –

- ✓ Vendor ID
- ✓ Invoice Number
- ✓ Date
- ✓ GL Code
- ✓ Amount.

6. While entering the Invoice, one must check if the payment is made thru Cash or COD is mentioned on the face of Invoice. Cash Paid Invoices are not supposed to be entered in Peachtree. Also any Invoice paid thru Credit Card is entered when we receive Credit Card Statement.

_____

NOTE: Some times the employees at stores receive the goods on behalf of store and they sign it, in that situation we need to be very careful that whether the goods are for employees self consumption or just received by him on the dealers behalf.

If phrase "taken out of check" is mentioned along with the employees name on the invoice then we need to post the invoice in employees account.

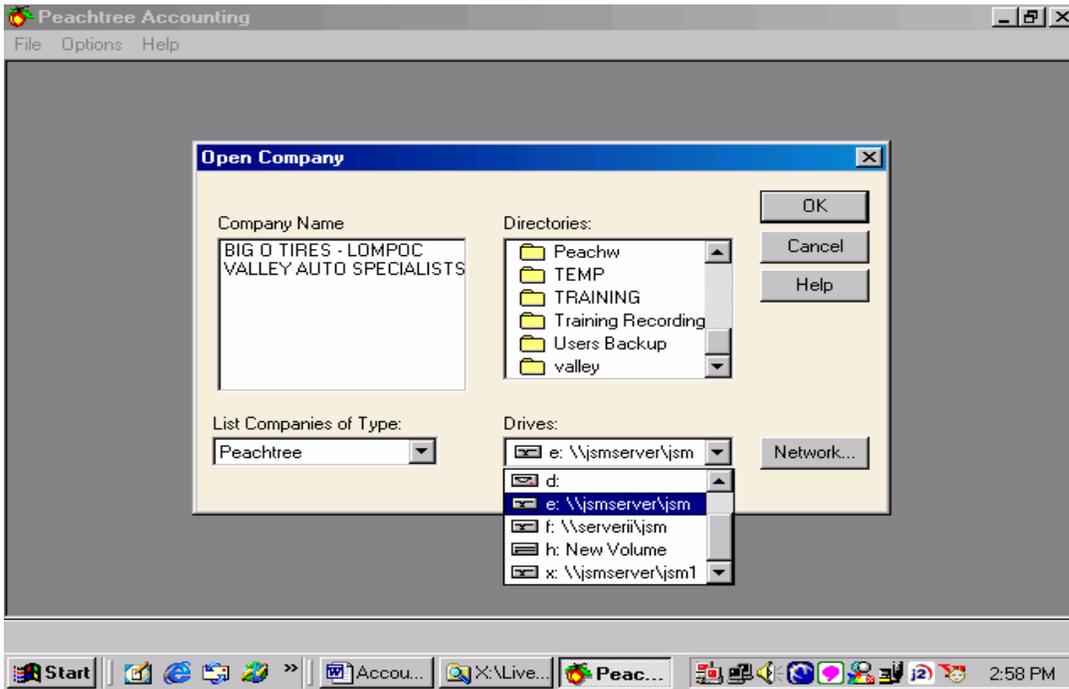**STEPS TO INPUT THE INVOICES IN PEACHTREE ACCOUNTING SOFTWARE.**

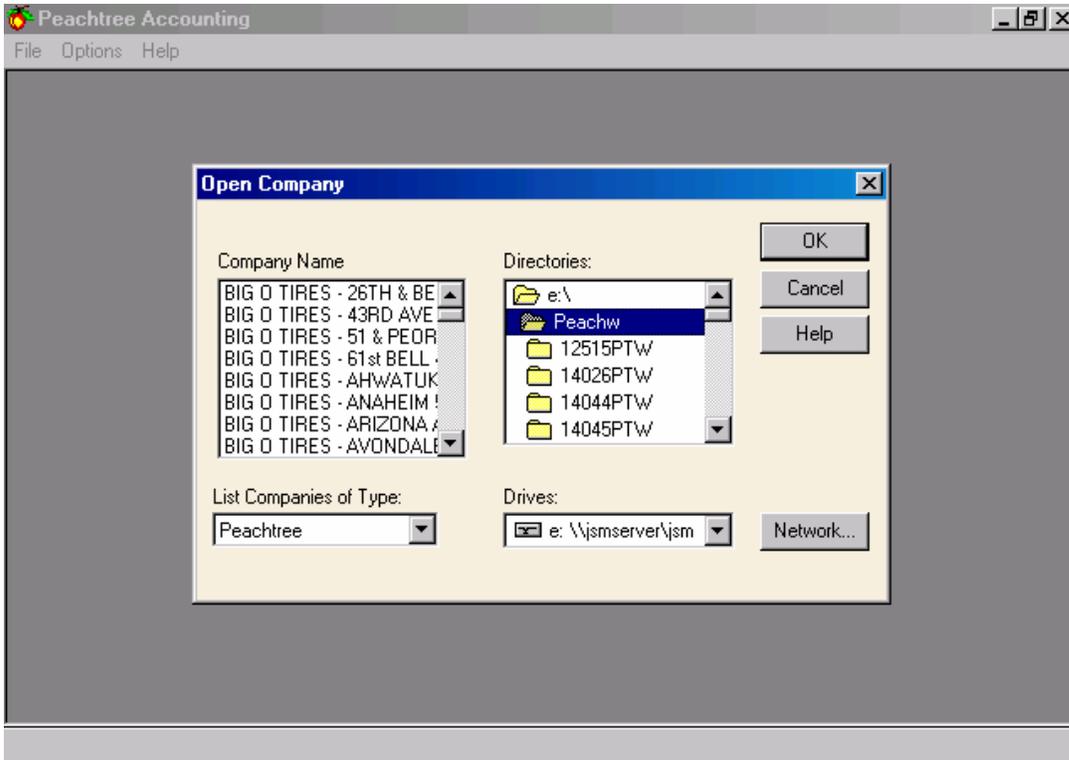1. **Select the Peachtree complete accounting and double click on it.**
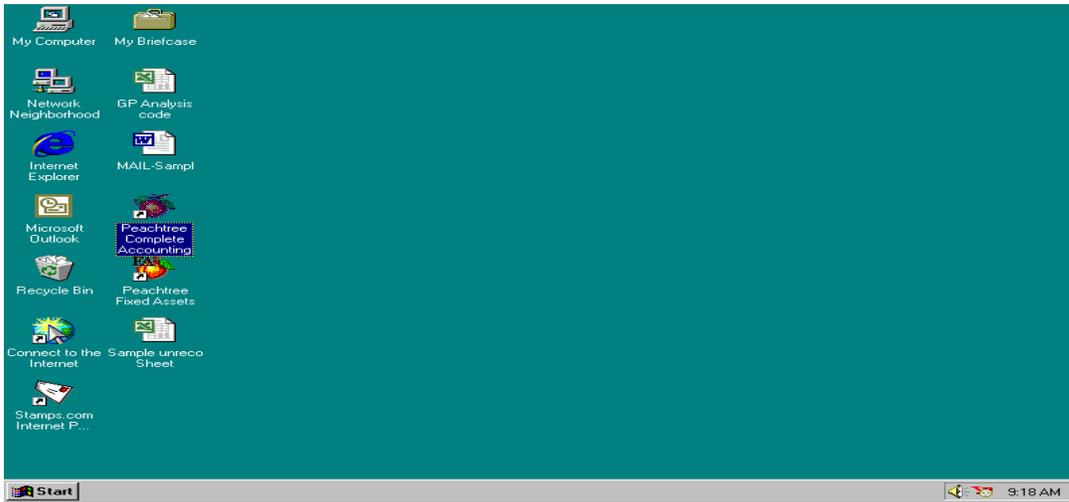
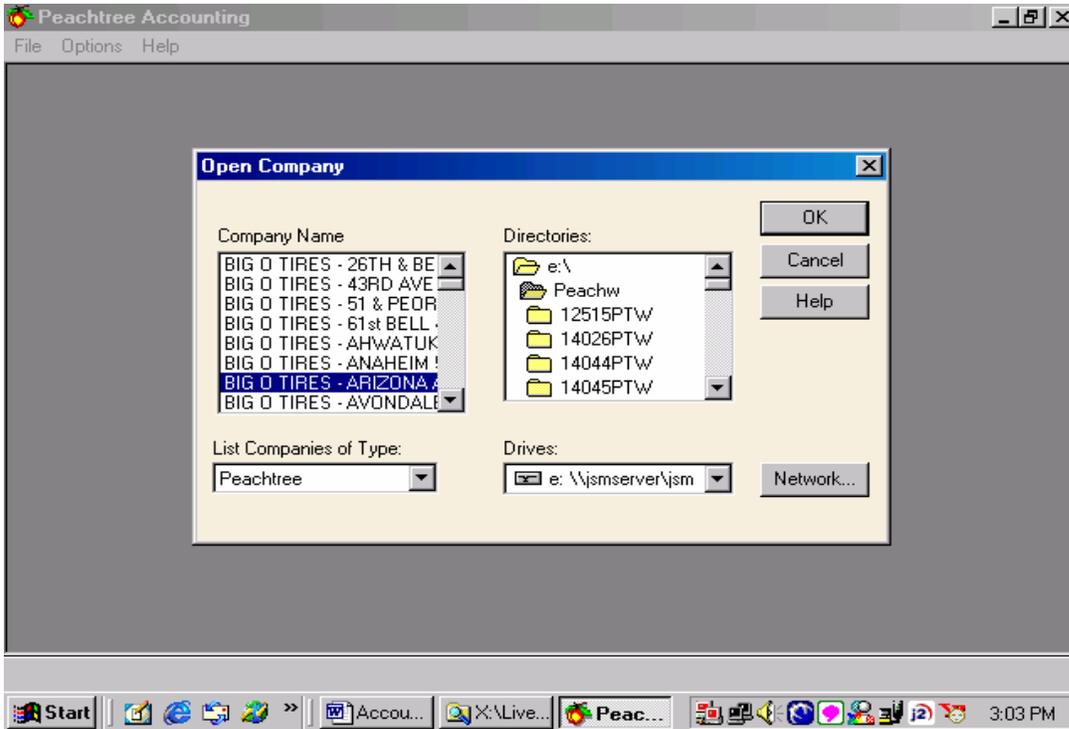2. **It will open the Peachtree and window that shows the procedure to open the existing companies.**
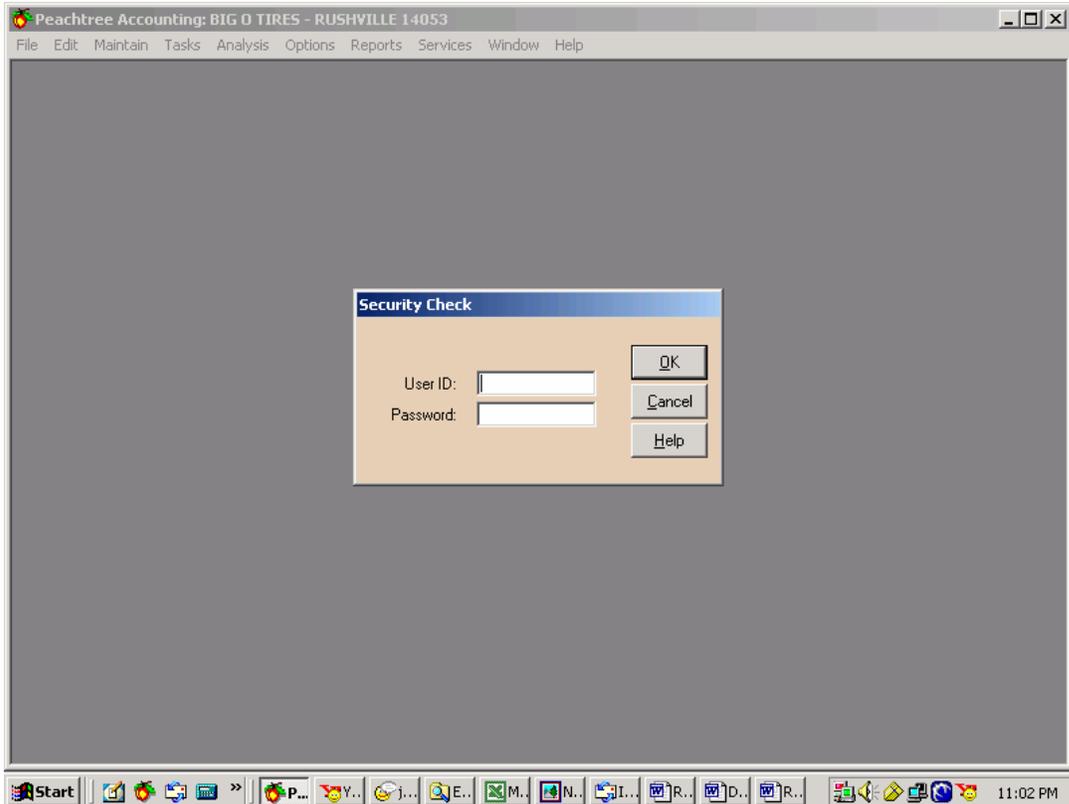
3. **Select the Common Drive name from the list.**

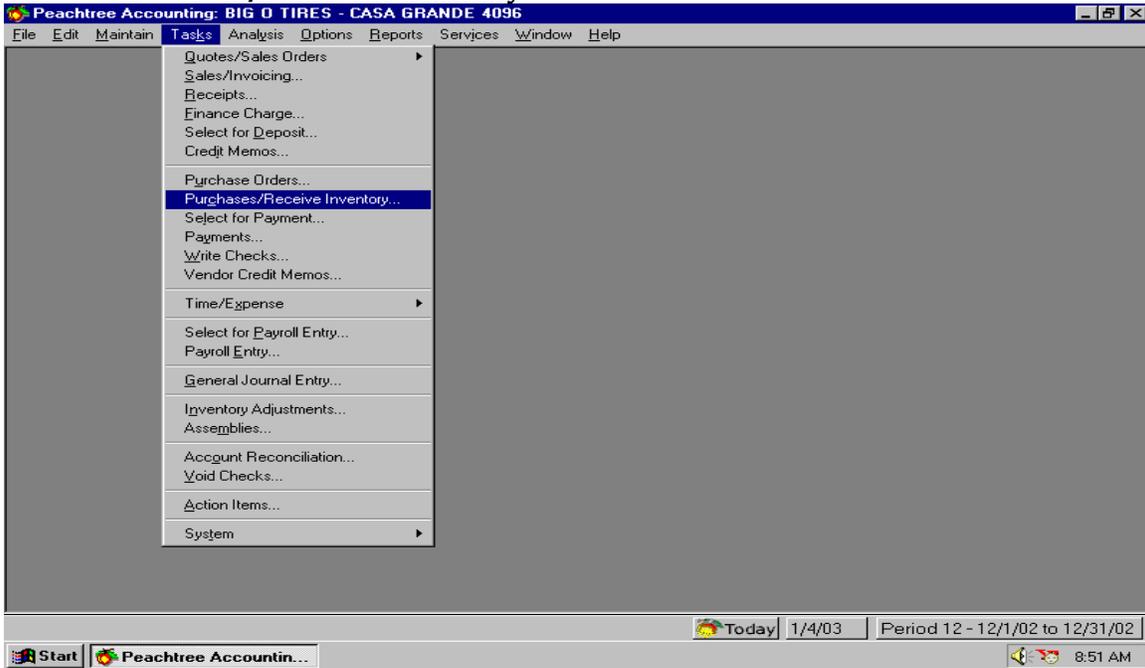4. **Select the Folder Peachw from the list.**

5. **Double click on the name of the client.**

6. **On double click the name of the client; it will ask for user Id and Password. On entering correct user ID and password it will open the record base in Peachtree.**

7. **Now to enter the invoices in Peachtree, we go to task bar and select Purchases /Receive inventory.**


8. **Click the Purchases/Receive Inventory .It will open the window to put the invoice data into the Peachtree.**
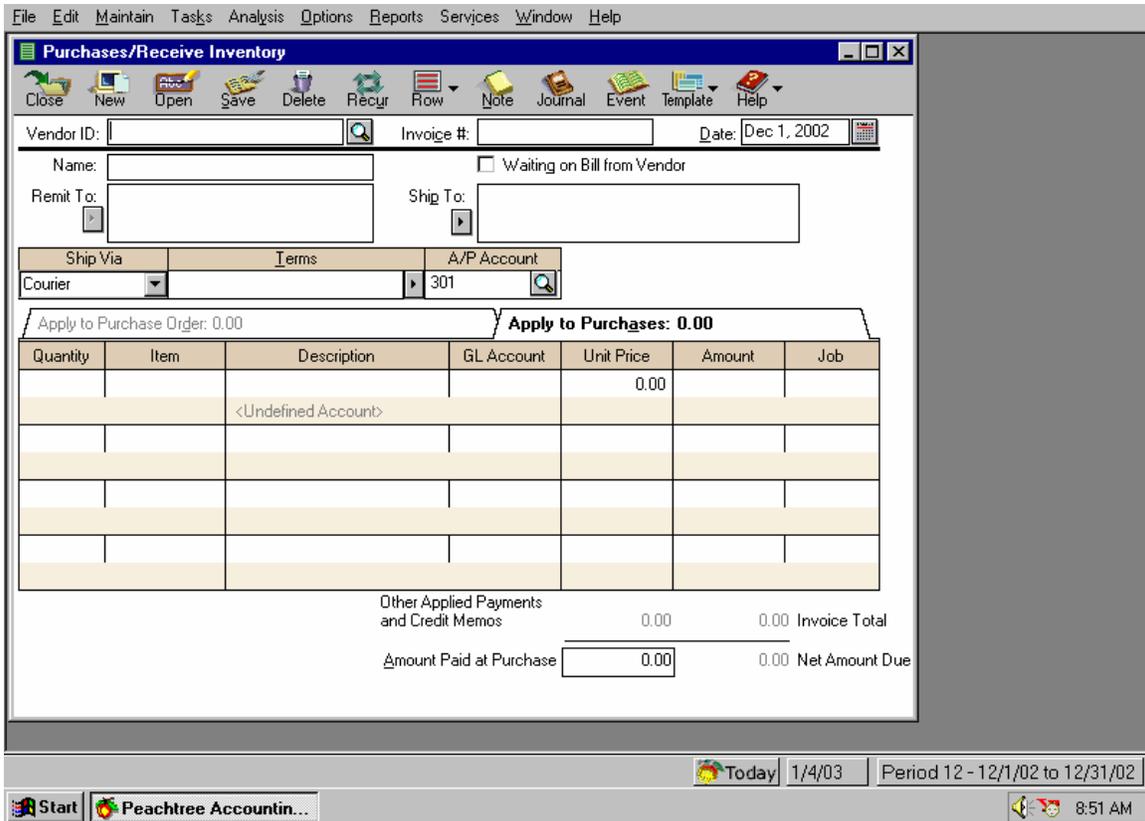
POINTS TO BE REMEMBER WHILE INPUTING INVOICES IN PEACHTREE.

- ➢ **Party name on the invoice should be match with the name and address provided in Peachtree and if they mismatch, they should be properly checked with reference of their addresses.**
- ➢ **Period of the month for which invoices are there should be posted by opening the Peachtree file in that month only. Suppose we have to enter the invoices for the month of Dec 2002 and when we open the Peachtree file, it opens in Nov 2002 we have to change the month to Dec 2002 and then only we should go ahead with posting of invoices.**
- ➢ **Last six digits of the invoice number should be entered for non-"XXXX" invoices and for "XXXX" full invoice number to be entered.**
- ➢ **The description of the invoices should be put under the correct head. For this we can use the excel sheet prepared by the Indian facility, based on the previous invoices and records.**

9. **Put the record of the invoice in the window and save it.**
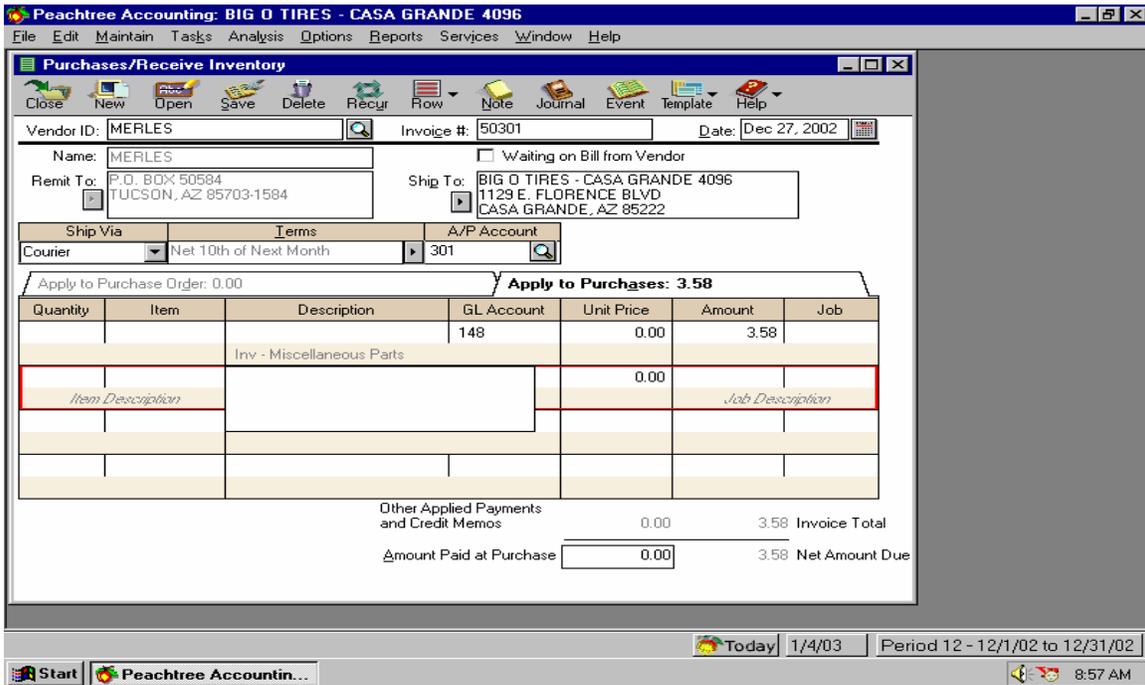
Steps to check the entry posted.

1. Use ctrl 'F' it will open the search window.
2. Change the period to find the entry to be checked. For example: Change it to "this Year".

3. Put the reference number mentioned as the invoice number OR put the total amount in the specific box and click the button FIND. It will show the path for the reference for the data if it is already present in Peachtree. And if there are no search results that mean the entry is not there in the company's file.
4. We can check the entry by clicking on the path and also can edit the entry and save it accordingly.

PEACHTREE TREATEMENT

ACCOUNTING PERIOD

How to find in which period we are in – Look at bottom of right hand corner and it will show us the present period.

How do we change accounting Period?
Go to 'TASK' (bottom of list is SYSTEM) - Then we will see CHANGE ACCOUNTING PERIOD (click on that). It then shows the accounting periods. Select the correct one.
It will then ask, do you want to post entry – ANSWER YES AS EVERYTHING MUST BE POSTED TO CHANGE ACCOUNTING PERIODS. It will then ask do you want to print reports. SAY NO. It will then select the correct accounting period.
Period can also be changed by clicking on a bar at bottom of Peachtree (as shown in Screenshot below)
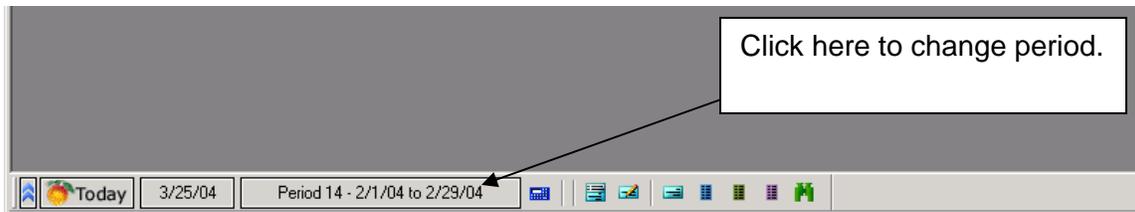
PURCHASES / RECEIVE JOURNAL – for entering payables.

Under Maintain

VENDOR I.D. Enter the Vendor I.D. No. You gave it. (Suggest you use a common name that will be easy for you to remember. Don't use phone numbers, as they are too hard to pull up. For Example "Big o" Tires, Inc. might be "BIG O".)

INVOICE NO. - Enter the invoice number from the vendor's invoice.

Date – To put in date you can type date as 060199 or you can click on the calendar Icon and use the calendar to select your date.

MAKE SURE THE PURCHASE A/P ACCOUNT NUMBER IS 301. Once it is entered you never need to change it again, as it always defaults to 301.

You don't need to enter a description as you have the original invoice with the description, so just enter the appropriate account code. Hit Enter twice and enter the amount. Any discounts and credits will be shown with a minus sign in front of the amount. Look at the bottom and make sure the total agrees with your invoice and if it does CLICK SAVE (Helpful hint). If all items on the invoice are the same account code – enter total you do not need to enter them line-by-line.

PAYMENTS SCREEN

ENTERING COMPUTER CHECKS

If you are paying bills from a vendor Enter the Vendor I.D. and all the unpaid invoices will appear on the screen. Click on the ones you wish to pay. If there is an invoice on the statement which was not put in the purchases journal, click on the **EXPENSES** folder on the screen   Enter that invoice there. You also can enter the purchase discount (with account code 610) on this screen with a negative amount. When check is ready press PRINT.   DO NOT ENTER A CHECK NUMBER. A screen will appear that allows you to enter the check number before it prints.

If you wish to print a computer check for a vendor who is not in the system or an invoice that has not been entered in the purchases journal, click on "Pay to the Order" and enter the name of the payee. By clicking on the address screen, you also may enter the address. Create for use with window envelopes. Again do not enter a check number, the system will assign the number and does give you the opportunity to change the number if it comes up with an incorrect number, but it does keep good track of the check numbers and in most cases will be correct.

If you wish to enter a handwritten check, simply click on the 'PAY TO" and type in the name of the payee for the check, check number, date, account code and amount. You may wish to enter a description for your records.

SPECIAL NOTE - If you have a vendor that you have numerous invoices to pay, you will note that you will need to put blank paper behind the check as it sometimes takes several sheets of paper to print all of the invoice numbers you are paying.

"BIG O" 'WC' USE 303 FOR CREDITS—135 IS ALWAYS 131 AND CONV. FUND IS 804. ADD **SALES TAX TO LARGEST DOLLAR AMT POSTED TO 124**.

IF VENDOR HAS US PAY FROM INVOICE (NO STATEMENT IS SENT—SEE LIST ON BOARD), PUT **POSTED** INVOICE IN CHECKS TO WRITE FILE.

PRINTING CHECKS ---INITIAL ALL CHECK STUBS!

DATE, CHECK & ENVELOPE FOR WHEN IT NEEDS TO BE MAILED. "BIG O" WILL ALLOW DISCOUNT BASED ON THE POSTMARK. OTHER VENDORS REQUIRE THE CHECK IN THEIR POSSESION.

DON'T FILL IN CHECK # (VARIOUS CHECK FORMATS).

USE BLANK PAPER FOR 2ND AND CONTINUING CHECK STUBS AND
REMEMBER TO ADJUST FOR NEXT CHECK NUMBER!

DISCOUNTS—APPLY TO EXPENSES BOX AND MANUALLY COMPUTE & POST.

"XXXX" CHECKS---CLICK ON DISCOUNT, ENTER AMOUNT, AND PRINT CHECK.
THEN GO TO EXCEL AND PRINT 2 REMITTANCE ADVICES (LISTED
UNDER 'MISC')

RENT CHECK FOR "XXXX" USES 'ACH' AS CHECK #. APPLY TO EXPENSES—RENT
929—AND POST.

MANUAL CHECKS AND AUTOMATIC PAYMENTS

USE MANUAL CHECK # OR ACH (IF AUTO. PAYMENT)—APPLY TO EXPENSES
AND POST

PRINT 2 CHECK REGISTERS—1 FOR US AND 1 TO SEND WITH CHECKS. USE
CHECK # TO SORT FOR PRINTING.

DUPLICATE ENTRIES

IF IN CURRENT MONTH (FINANCIALS HAVEN'T BEEN DONE), DELETE THROUGH
PURCHASE JOURNAL.

IF OLDER THAN CURRENT MONTH: ENTRY MUST BE CLEARED IN PAYMENTS:
USE 'CLEAR' AS THE CHECK #, CHECK OFF THE INVOICE, APPLY TO EXPENSES,
PUT IN DESCRIPTION: CORRECTION—DUPLICATE A/P ENTER NEGATIVE
AMOUNT TO ZERO OUT THE CHECK, POST.

SPECIAL CHECKS

WHILE PRINTING CHECKS FOR **SALES TAX AND ROYALTY**, DON'T FORGET TO
WRITE "SALES TAX" / "ROYALTY" WITH RESPECTIVE MONTH IN DESCRIPTION
COLUMN.

GENERAL INSTRUCTIONS FOR FILING SYSTEM

PAYABLES

Keep a track of all Statements received from Clients because checks are printed on
basis of statements and file them in respective client's folder.

After check is written, file one copy of check or mark check number on statement.

<u>**XXXX INVOICES**</u>

To assure no missed discounts, tracking of "XXXX" invoices is critical. After the inventory received has been entered in the computer have a tickler file where you can file the invoice for the date it has to be postmarked for to receive the discount. Most important submit check with remittance advice. Retain a copy of the remittance advice and file it.

Royalty Payment forms will be completed by the Trust and faxed to the dealer to copy over on the form and send in on the 15th of each month. Make sure dealer has an adequate supply of the forms.

Guiding to complete the 1009 forms

1099's are prepared for the dealers requiring 1099's.

Any Supplier to the client that the client has paid more than $600 to in the year that are not incorporated are sent a 1099 form. Clients assist us with identifying suppliers requiring 1099's. Usually there are no more that 10 totals sent out for all clients as most supplies are incorporated.

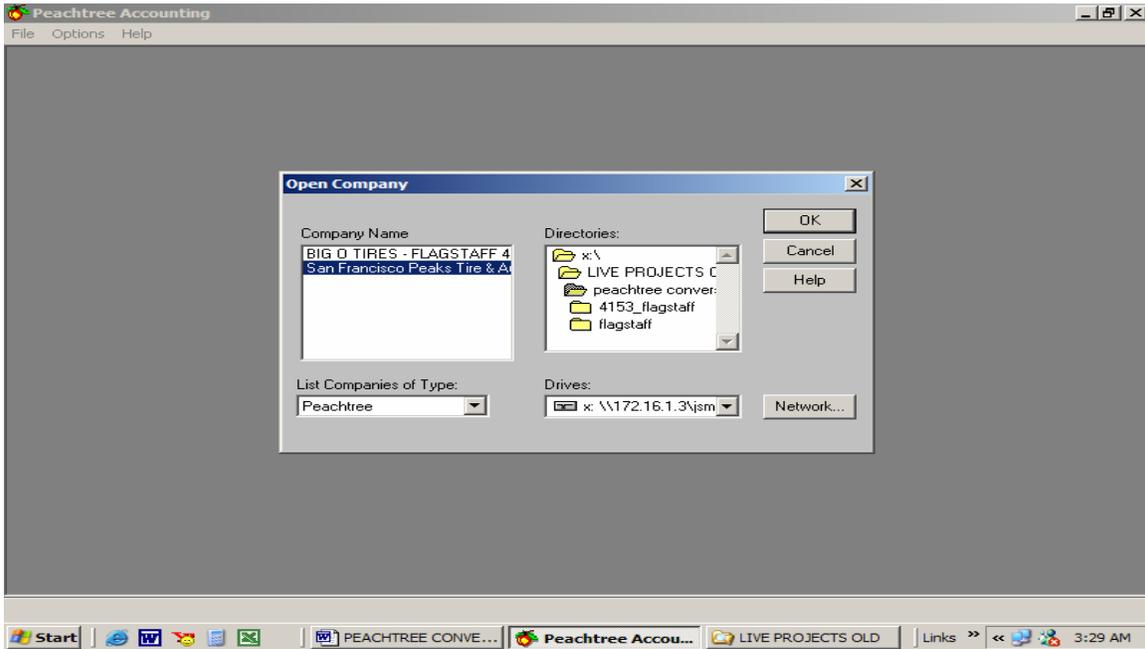## Guiding to complete the Peachtree Conversion Process:

For this client we need the Peachtree Backup of the client.
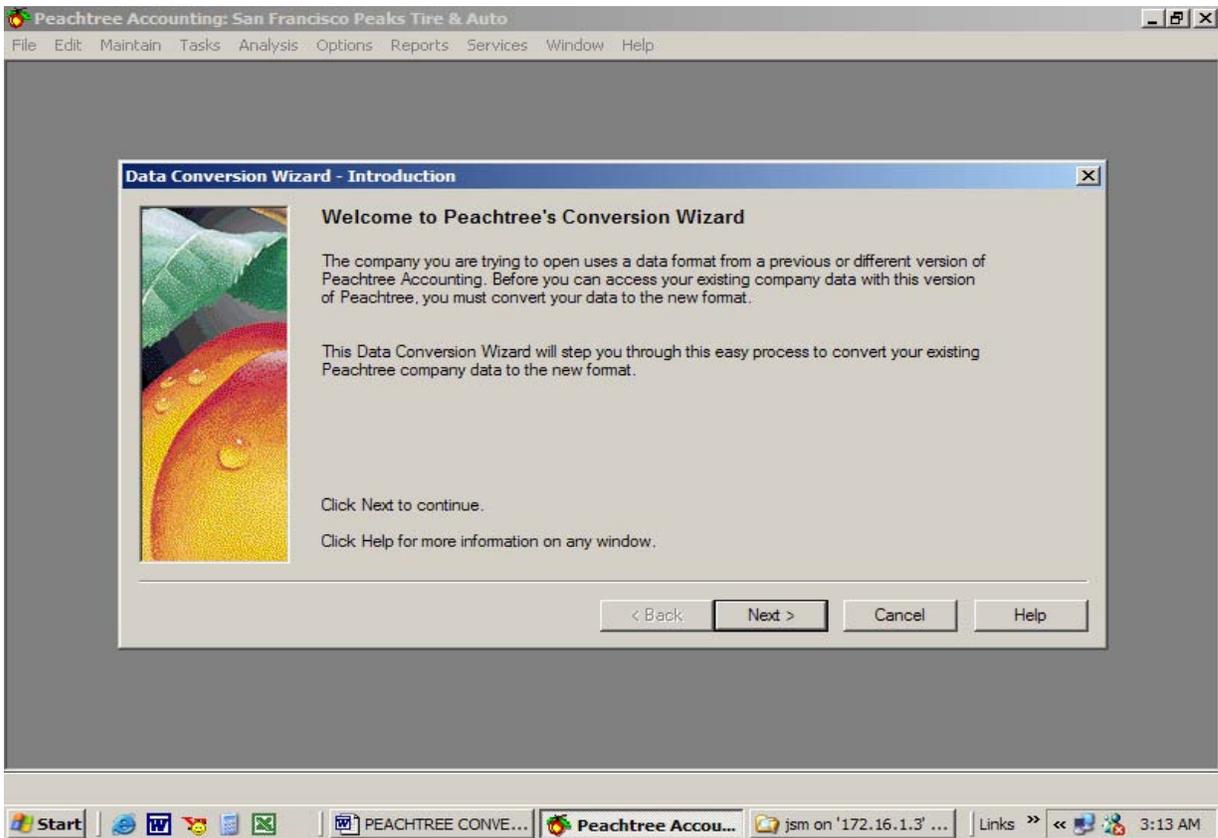
Following Steps need to be followed

1. Open Peachtree and select Open An Existing Company option.
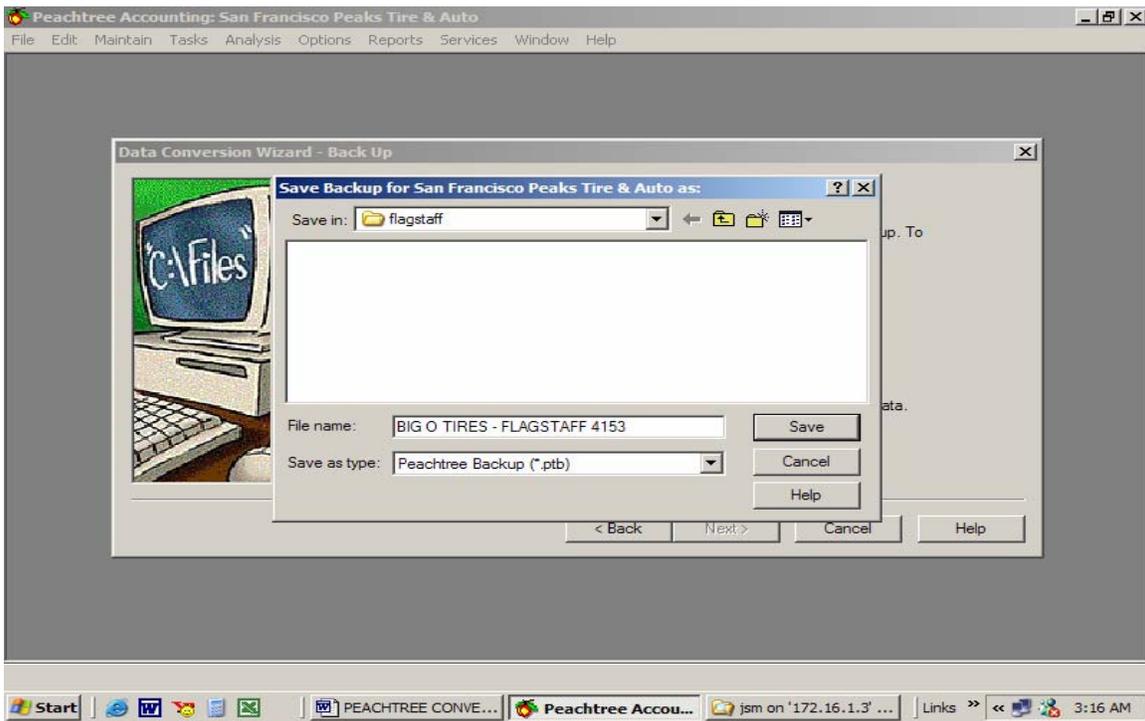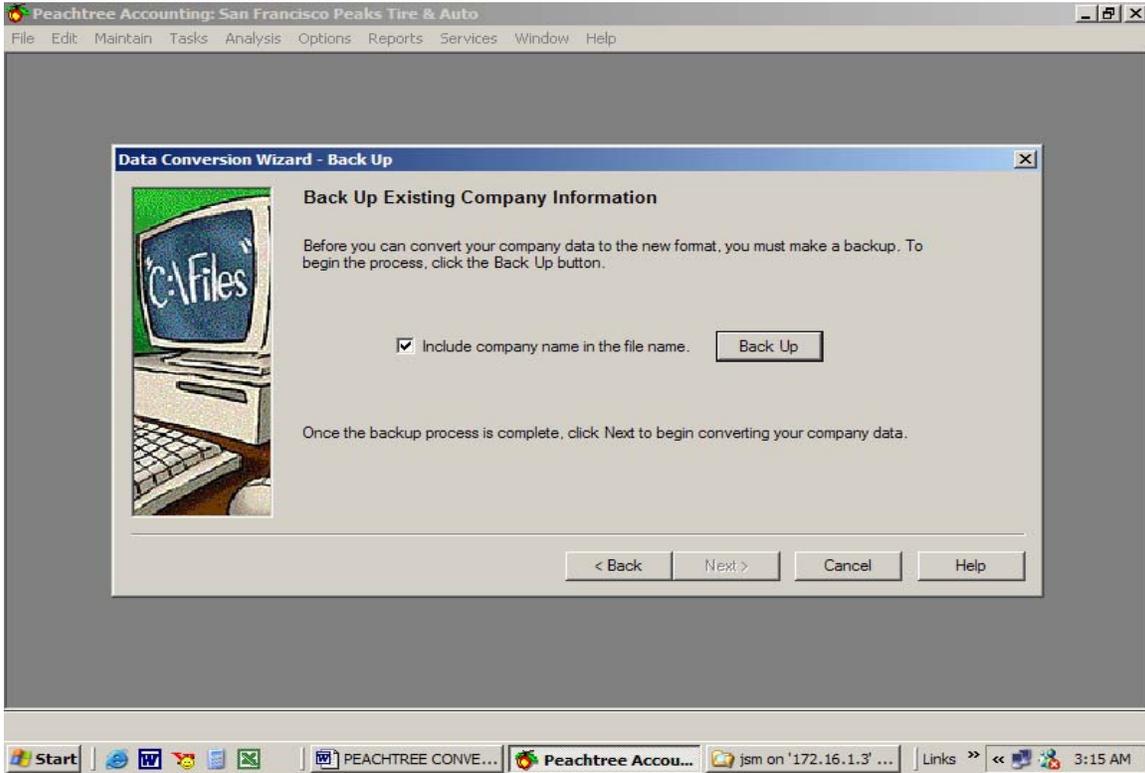2. Press Browse and select the drive where the conversion file is kept.
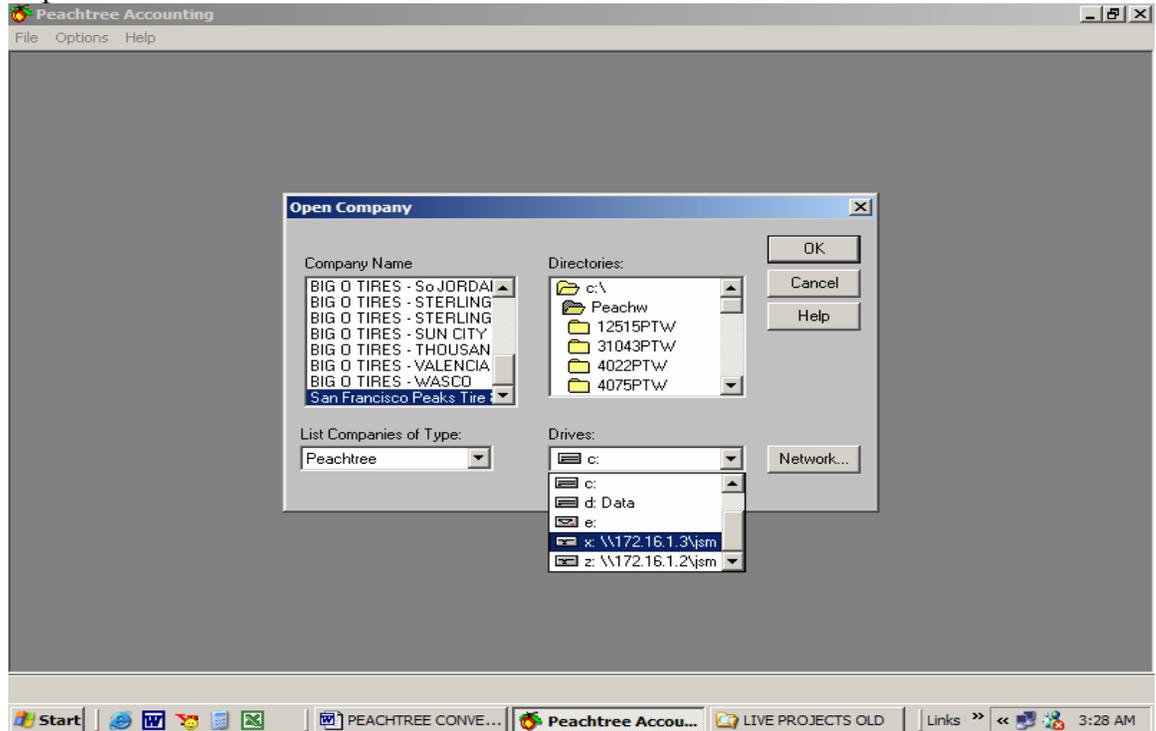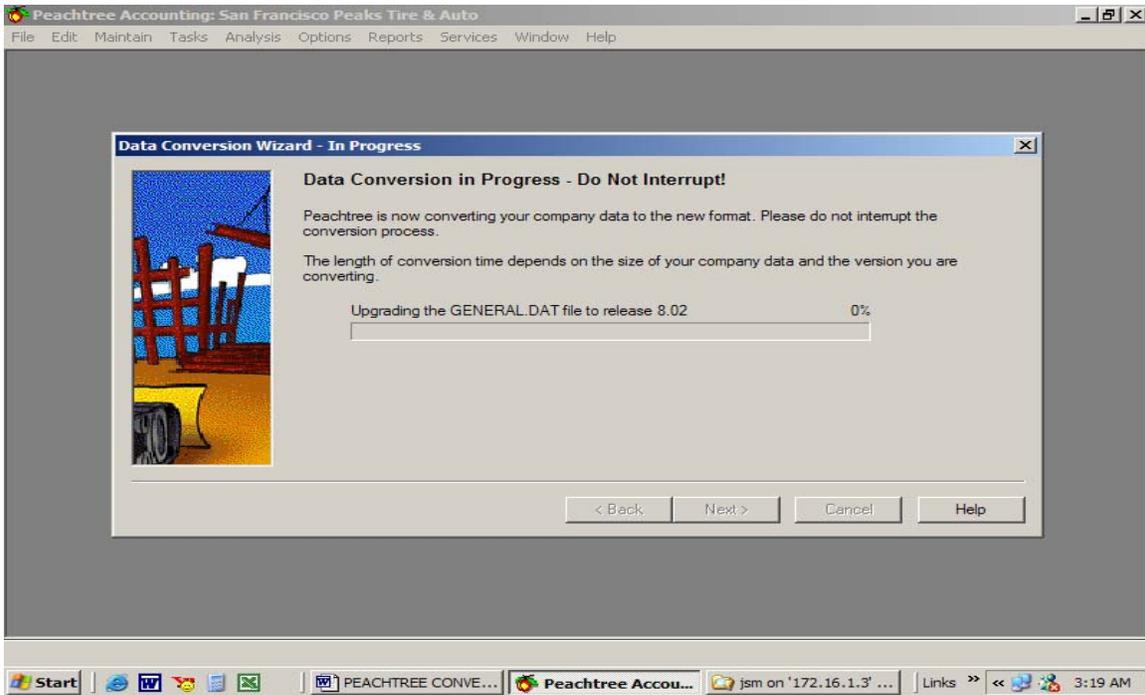
3. **Select and open the Conversion file.**

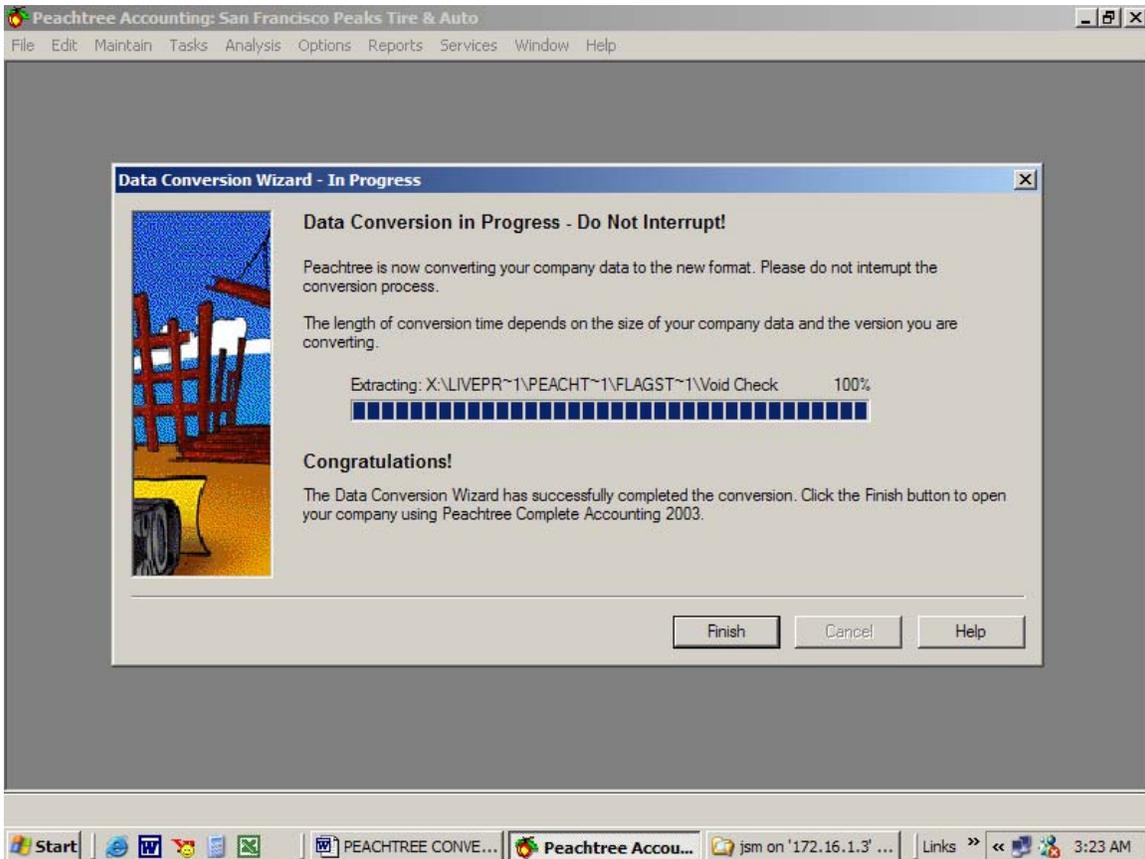4. **The Peachtree Conversion Wizard will appear on the screen.**

5. **Press next then next and then Backup to take the backup of the Existing Company Information.**
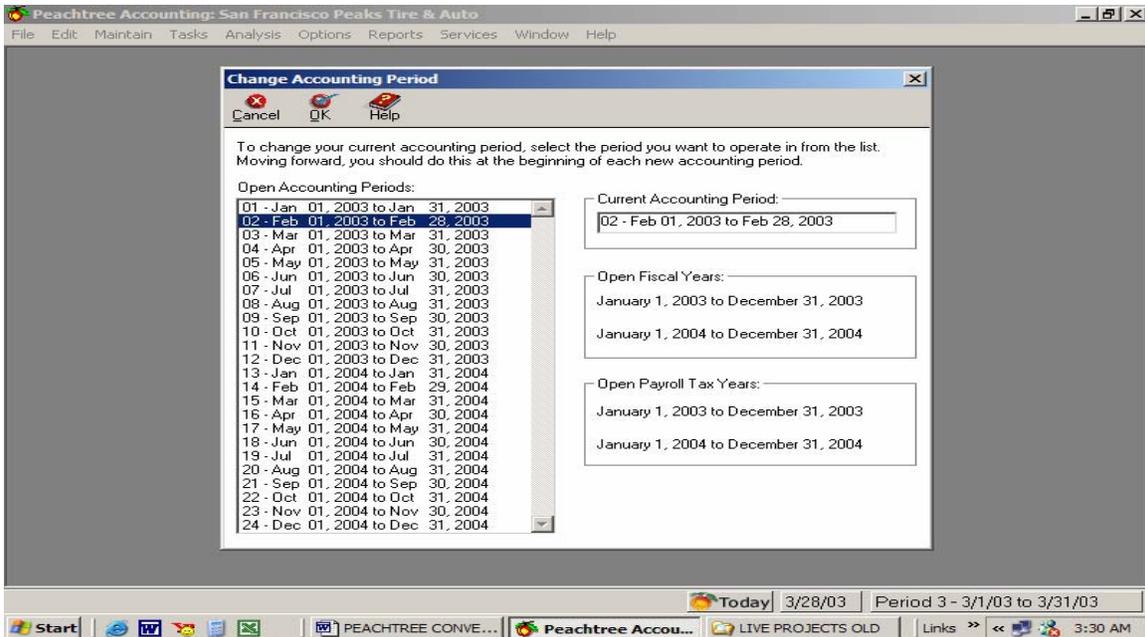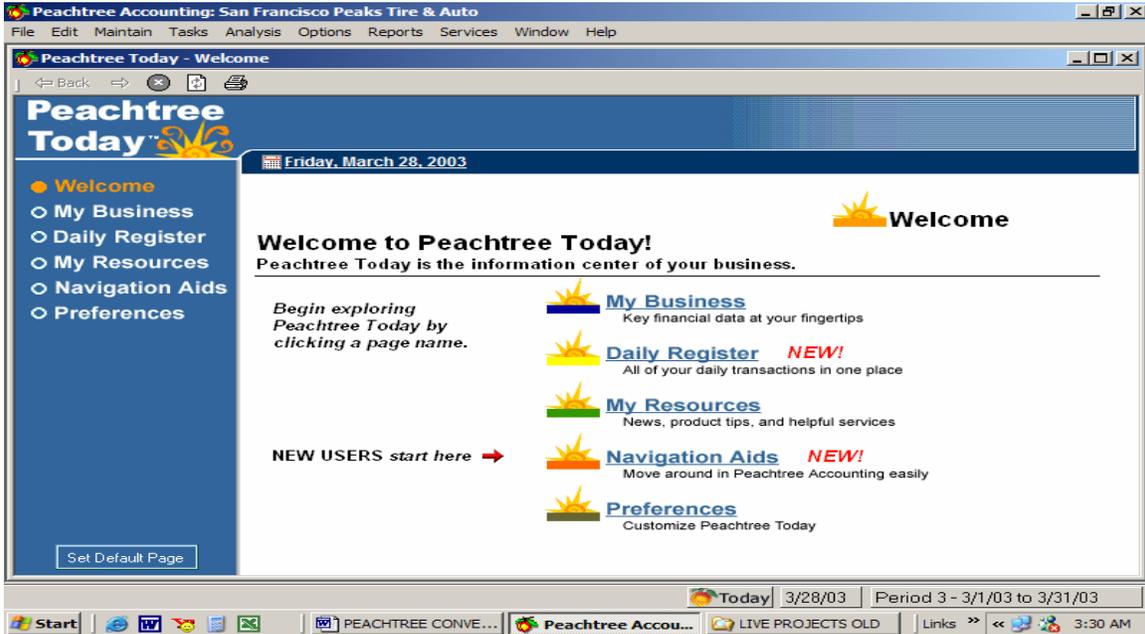
6. **After taking the backup, press next and then Finish.**

7. **Then go to the right bottom of the screen and change the period from which conversion is to be done.**

8. **Select the Import/Export option from the file menu.**
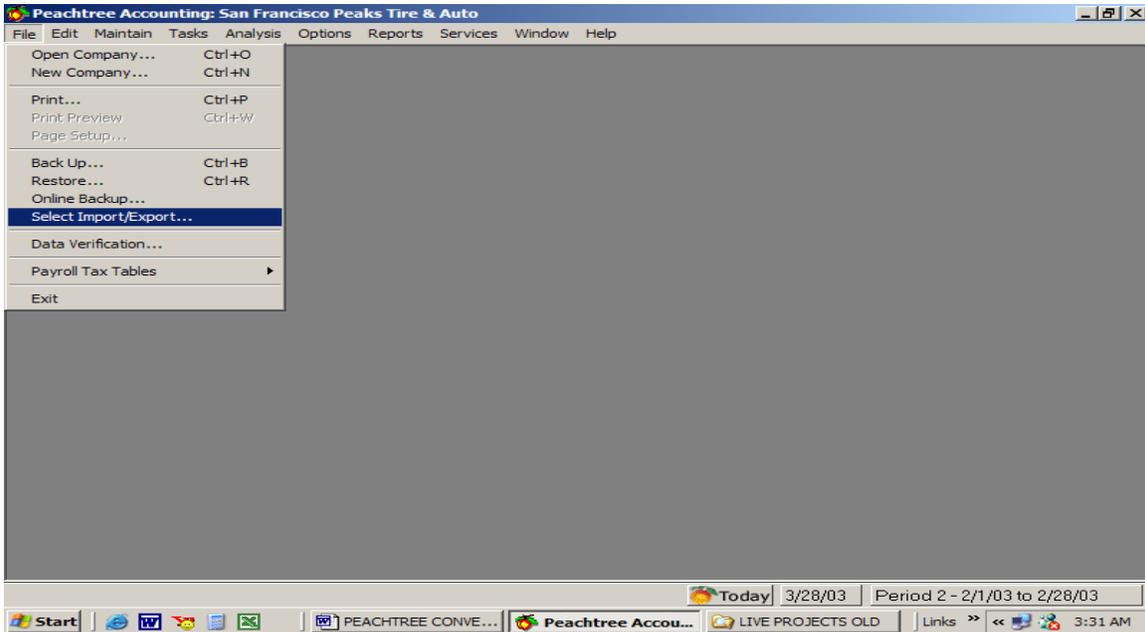
9. **Select Accounts Payable in the Import/Export window.**
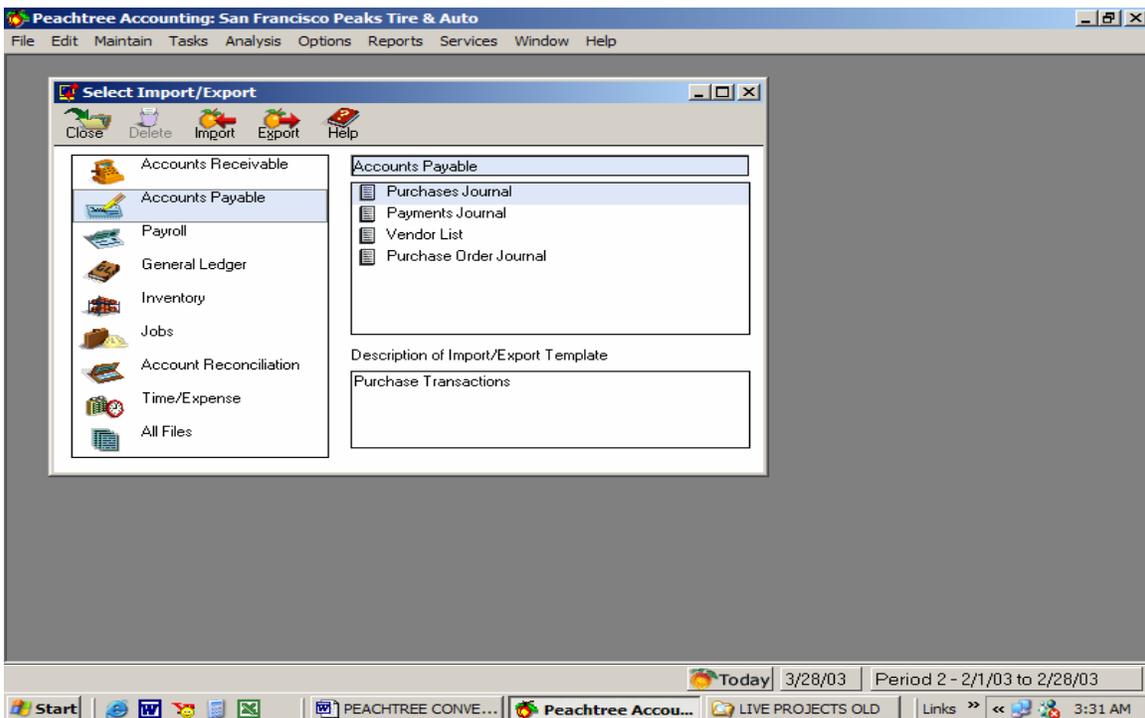
10. **First of all select Vendor List for exporting purpose and overwrite the existing Vendor List.**

11. **Then export Purchase Order Journal till the latest date.**

12. **Then export Purchase Journal till the latest date.**
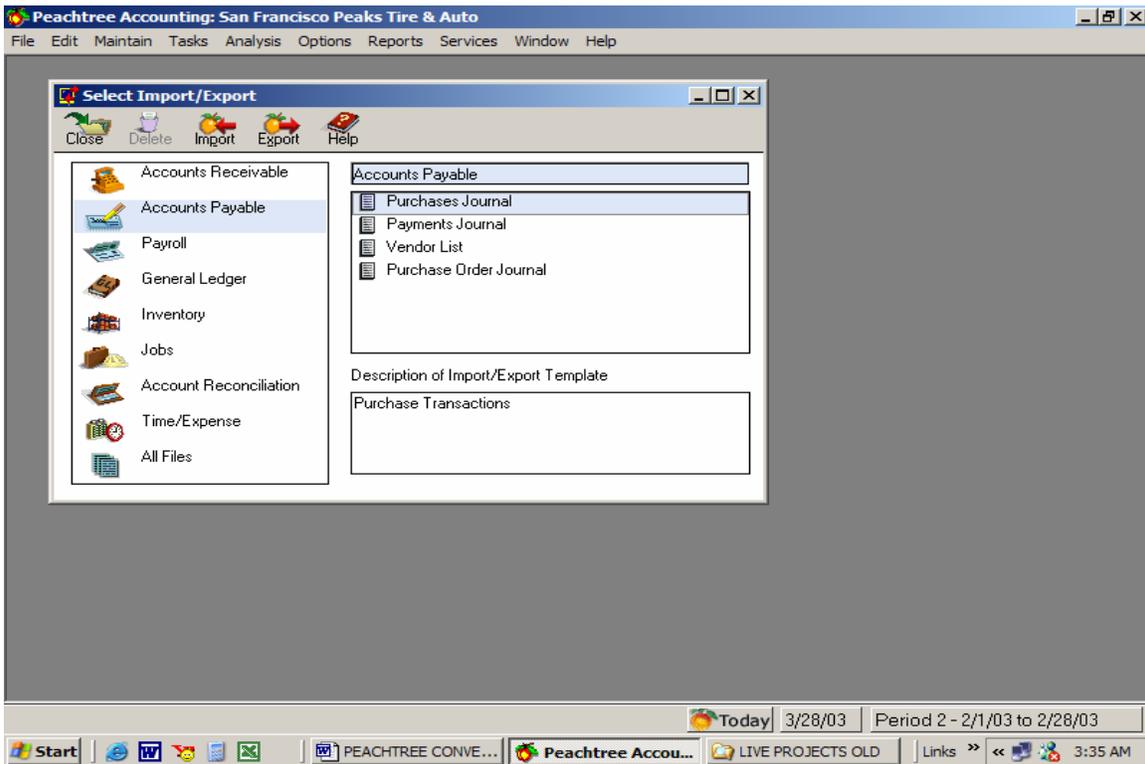
13.   **Export the Latest Journal till the date**
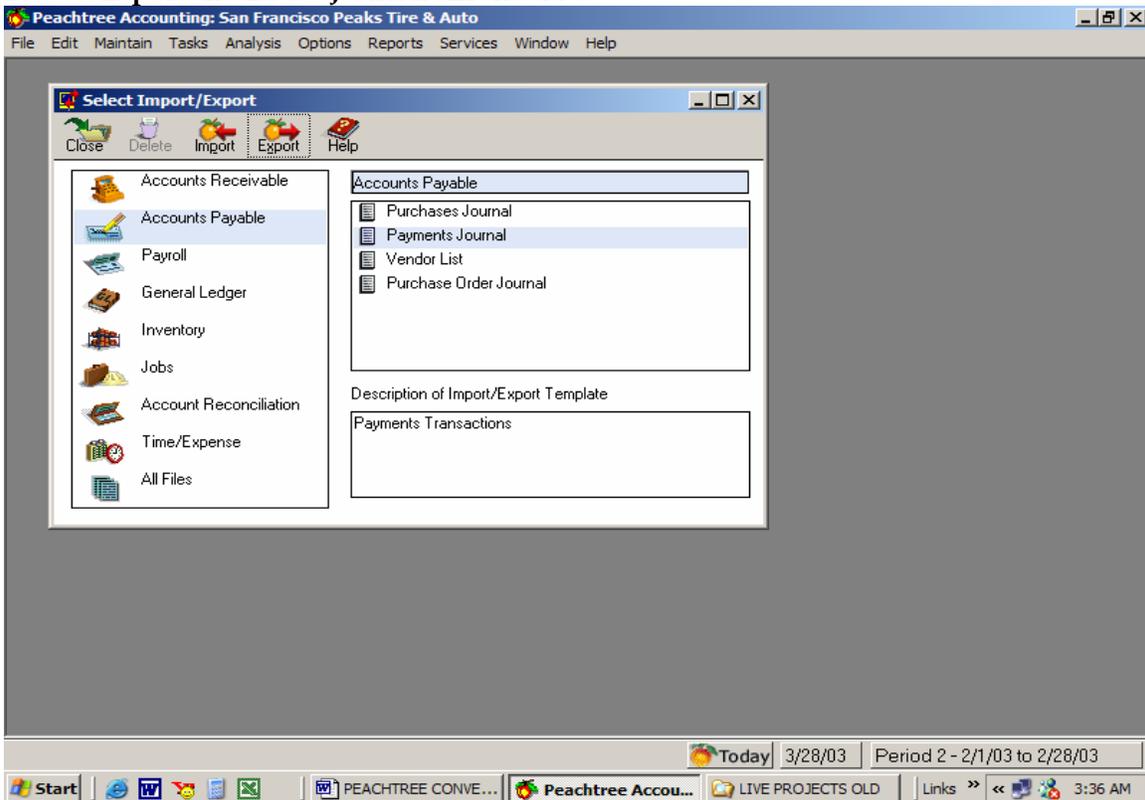
14. After exporting Accounts Payable, restore the latest Peachtree Backup file, which is provided with the Peachtree Conversion File.

15. Close the company (Peachtree conversion file) and open the company (Peachtree of the client) for which the Conversion Process has to be done.
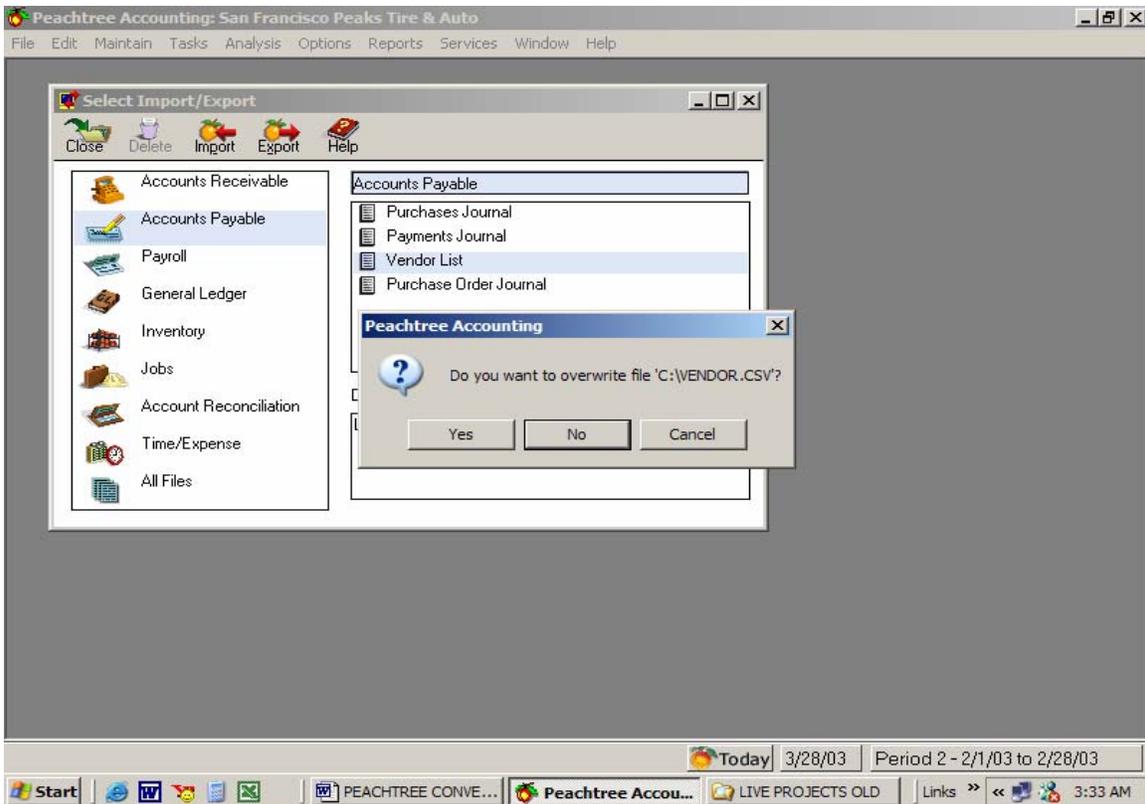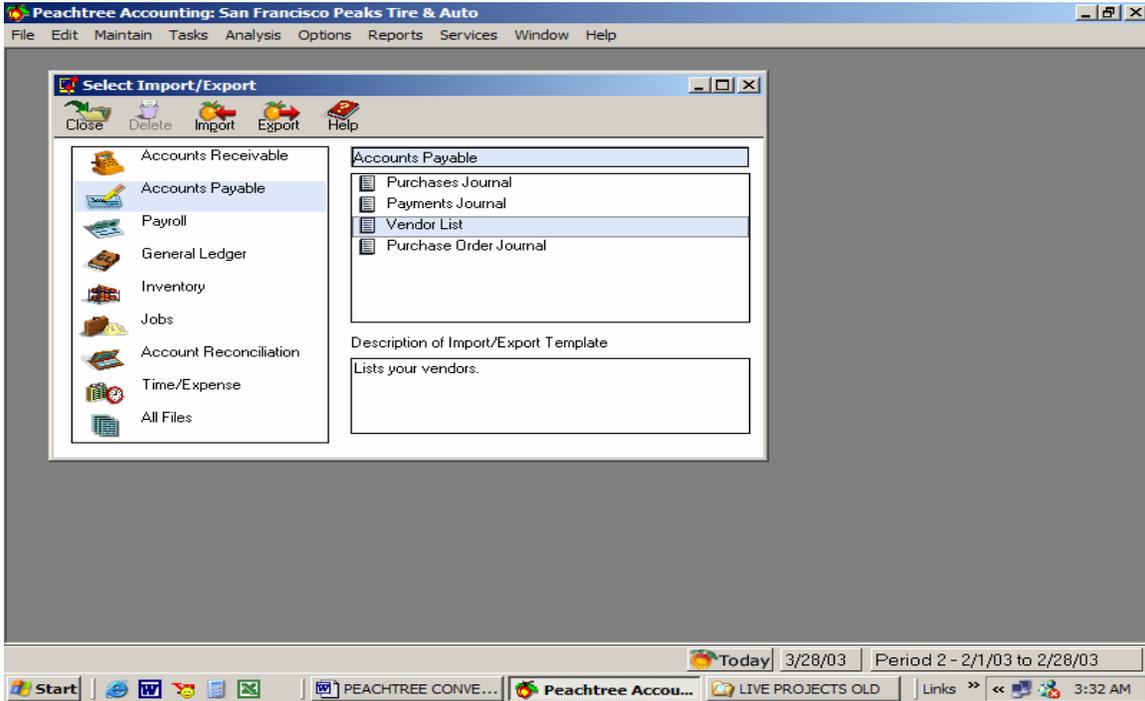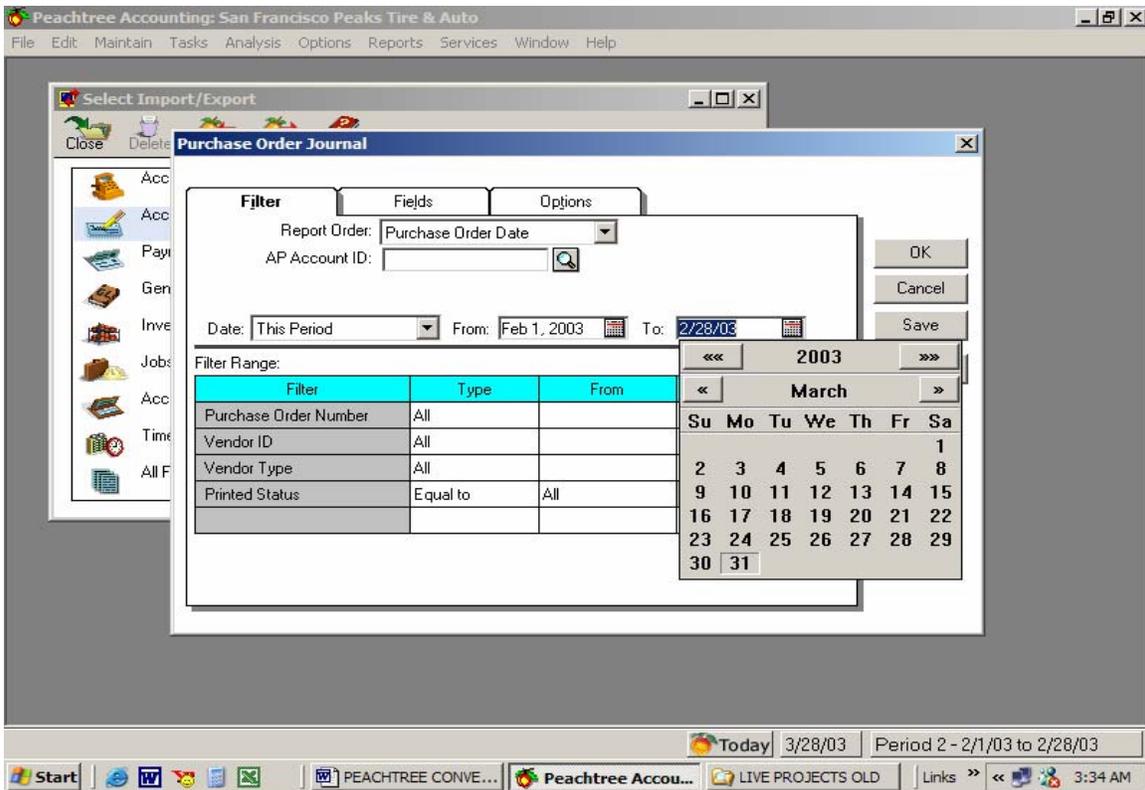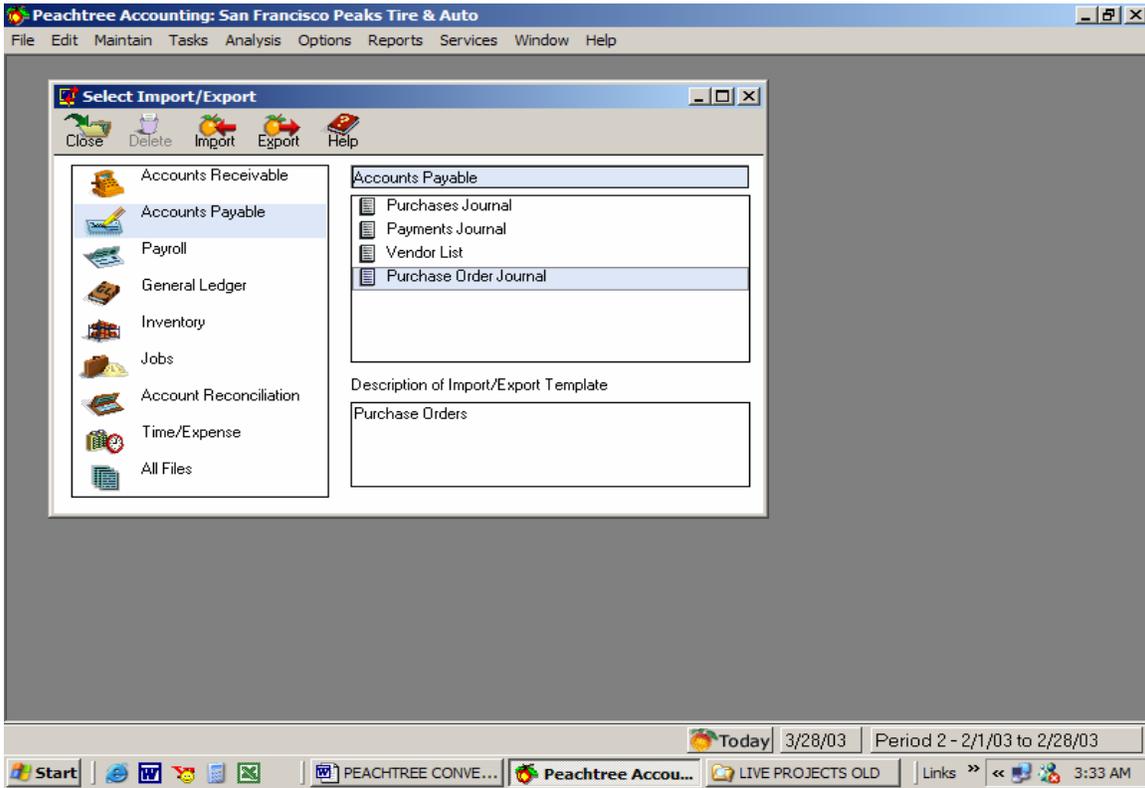
16. Change the period of the company to the period from which Conversion process is being done means to the period for which period Exporting Process has been done.

17. Again go to the file menu and select Import/Export option.

18. Choose Accounts Payable and Import the Vendor List, Purchase Order Journal, Purchase Journal and then Payments Journal in the same order in which Importing was done.

19. During Importing Purchase Journal if any Reference Number occurs for the second time means if any reference number already exists in Peachtree, just press OK to skip that reference number and continue with the Importing process**.**
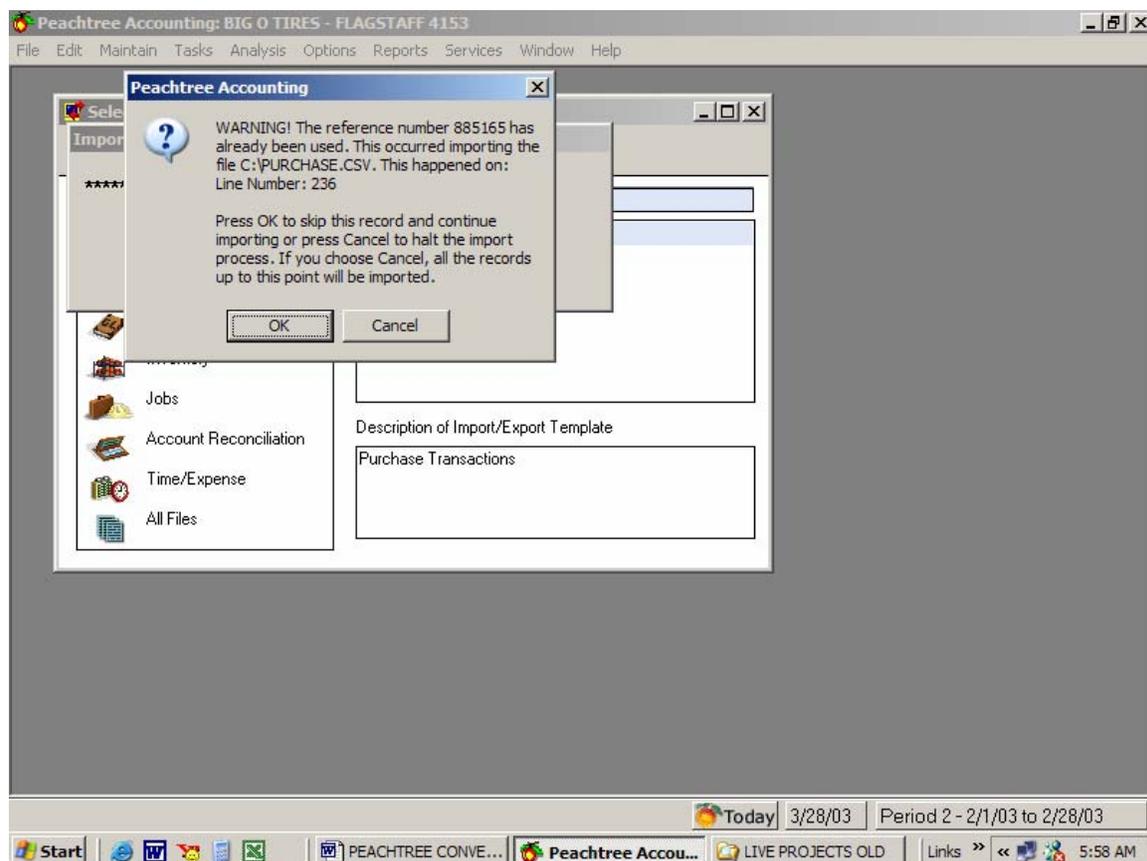
20. **When importing process gets completed take the backup of the company.**

Process Flow

ACCOUNTS PAYABLE PROCESS:

```
┌─────────────────────────────┐
│ Receipt of Input Data       │ ◄──────────────────┐
│ (Peachtree back up and      │                    │
│ Image File)                 │                    │
└─────────────────────────────┘                    │
              │                                     │
              ▼                                     │
┌─────────────────────────────┐                    │
│ Restore the Back up data    │                    │
│ file.                       │                    │
└─────────────────────────────┘                    │
              │                                     │
              ▼                                     │
┌─────────────────────────────┐    ┌───────────────────────────┐
│ Check for the correctness of│    │ If data is not correct    │
│ data by restoring it on P B │───►│ then request for fresh    │
│ Techserver.                 │    │ back up to work on        │
└─────────────────────────────┘    └───────────────────────────┘
              │
              ▼
┌─────────────────────────────┐
│ If restored correctly, start│
│ recording transactions.     │
└─────────────────────────────┘
              │
              ▼
┌─────────────────────────────┐    ┌───────────────────────────┐
│ Give the final output to BRS│    │ If BRS / Final Team is not│
│ Team / Final Team to        │───►│ going to work on this output│
│ proceed on.                 │    │ then take the back up and │
└─────────────────────────────┘    │ send it to P B TECH.      │
                                    └───────────────────────────┘
```

Peachtree Conversion

PHASE 1:

Client Conversion file of Peachtree

File: Select Import / Export

Accounts Payable:

(1)	(2)	(3)	(4)
Purchase Journal (For 2 Months)	Payment Journal (For 1 Month)	Vendor List	Purchase Order Journal (For 2 Months)

EXPORT
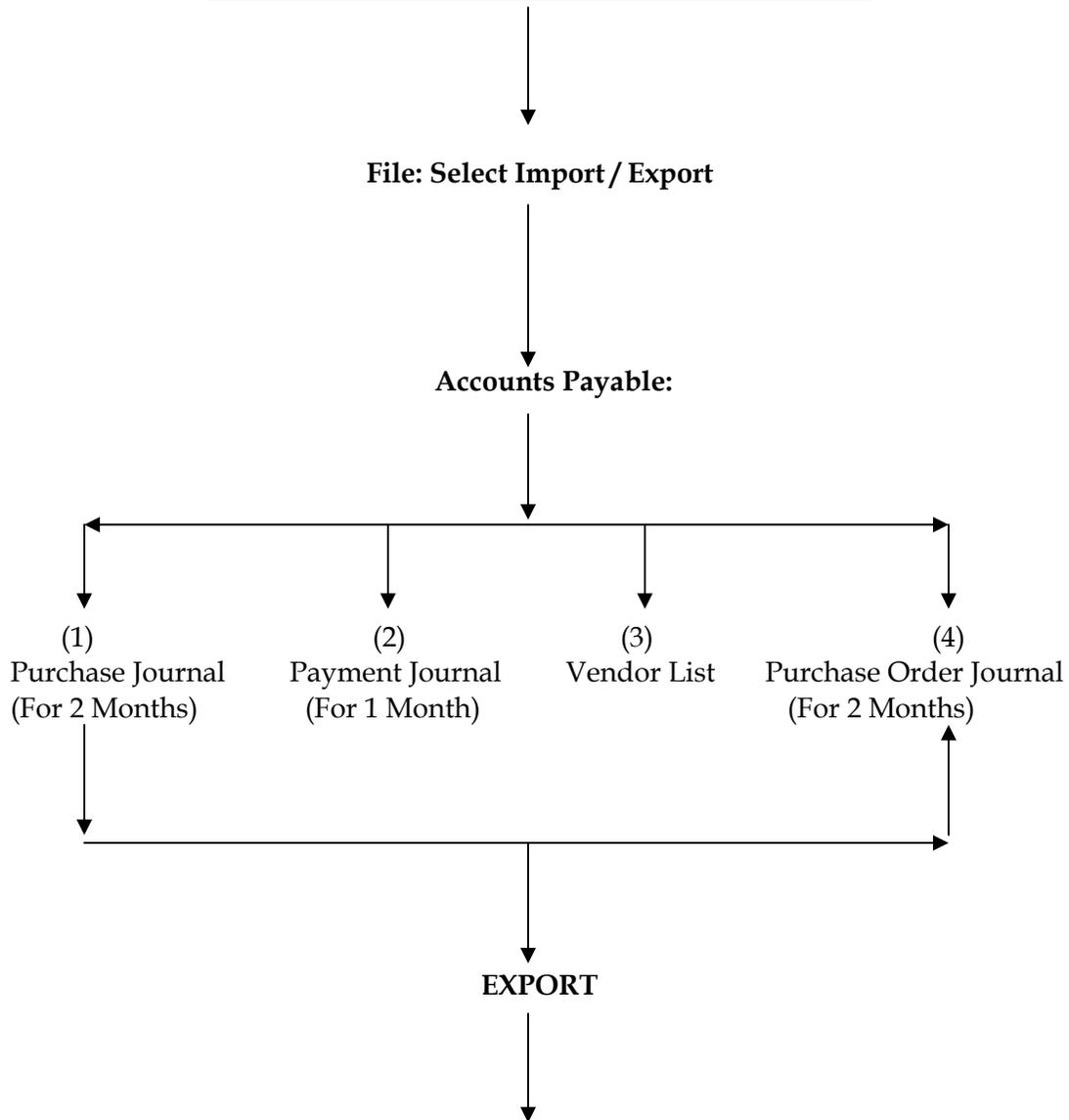
This will create .CSV files automatically in Local C: Drive

PHASE 2:

Client Backup File of Peachtree

↓

File: Select Import / Export

↓

Accounts Payable:

↓

IMPORT

(1)	(2)	(3)	(4)
Vendor List	Purchase Order Journal (For 2 Months)	Purchase Journal (For 2 Months)	Payment Journal (For 1 Month)
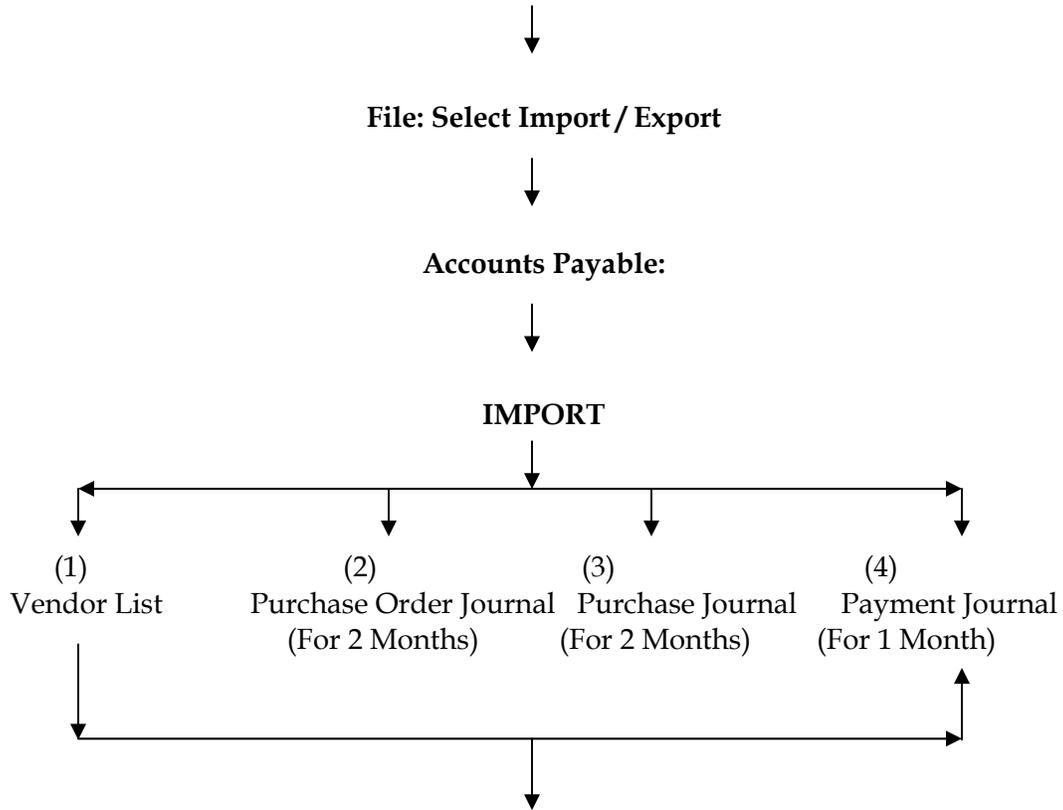
In case of purchase Journal if it is showing error then click OK

↓

In case of Payment Journal note Down: Error line No. That is appearing while importing the data into Peachtree. Then Click OK

↓

Locate Check No. Against the error line No. From payment .CSV

↓

Enter these checks No manually if they have not been entered before.
(Pick out the required information from the clients conversion file)

↓

If the invoice against which check has been issued is being there then "Apply to those invoices" otherwise "Apply to Expenses."