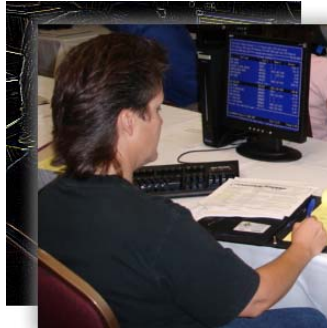


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November 2005

ADVANTAGE BUSINESS COMPUTER SYSTEMS, LTD NEWSLETTER

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ADVANTAGE ACADEMY

Another successful session of Advantage Academy has just been completed. It is a learning experience that can't be duplicated. Class instructors lead the students through the applications and procedures. That kind of learning is

expected. But the interaction among the participants is also a valuable and important aspect of the whole session.



Because there are always experienced users attending the classes, novice users can learn many timesaving techniques from them as well as from the instructors. Breaks are a time when contacts and new friends are made.

If you have never attended Advantage Academy classes or it has been a long time since you were last here, be sure to sign up for the next session in the Spring. You will definitely have a "learning" experience.

Table Of Contents

Starting with this issue of the newsletter, you can use your mouse to jump from the table of contents on the left directly to an article. Just double click with your mouse on any article . Use the first page button or back button on your PDF file reader to return to the table of contents page. Try it out.



Who's Affecting Your Bottom Line

Competition, increased inventory costs, and climbing overhead expenses are commonly known and discussed contributors to decreasing bottom lines. The challenge of discovering ways to control the seemingly uncontrollable is stimulating conversation. Success stories give us hope that there is a way to not only make money, but to actually keep some of it as well.

A much less popular topic of bottom line conversation is employee theft. Although we all know about it, addressing it is quite a different issue. Theft happens! Employee polls reveal 21% are honest and would never steal; 13% of employees are dishonest and steal and 66% would steal if they saw others stealing without consequence. Whether we are talking about stolen time, such as "milking the clock" type issues, inventory or money, they all affect your bottom line. The statistics are startling:

- Better Business Bureau statistics indicate that employee theft accounts for 70% of all inventory losses in stores, increasing the cost of goods to consumers by 5% to 10%.
- 95% of all businesses experience employee theft, most of which is unnoticed or unrealized.
- The Department of Commerce estimates employees quietly steal over 1 billion dollars a week.
- Nearly 1/3 of all bankruptcies are caused by employee theft.

Smaller businesses are much more vulnerable to theft or fraud than their larger counterparts, according to The Association of Certified Fraud Examiners in Austin, Texas.

Businesses employing less than 100 employees are victims of fraud more often than larger corporations.

Businesses employing less than 100 employees are victims of fraud more often than larger corporations. Although smaller companies are less able to absorb the loss, the numbers show that they are taking almost as large a hit. A survey by the ACFE reported 2500 cases of employee fraud totalled \$15 billion. Smaller businesses had median losses of \$127,500, while larger

businesses with 100 to 1000 employees sustained median losses of \$135,000. With the rise of credit and other debt, the financial burden of many employees is increasing more quickly than their take-home

pay. In this atmosphere the 66% group becomes even more likely to step over the traditional lines of company loyalty and honesty. It becomes easy for employees to rationalize theft when they need more and the employer is not offering them what they feel they deserve.

There's a good chance that some of your employees are stealing without you realizing it. Unexplained inventory shortages, rumors, bypassed procedures, oversights, and other irregularities are warning signs that possible employee theft, often with the help of customers, may be happening. If embezzlers or thieves had a visible characteristic that we could identify, we would have no worries. They could be quickly identified. Unfortunately, statistics tell us that, in most cases of fraud, it's the long-term, trusted employee who is the perpetrator. Even the most honest-appearing employee may become a thief when confronted with need and opportunity. Prudence demands that policies and procedures be established to preclude the possibility of theft or fraud. Preventing losses starts here. While we know that you are already extremely busy, unless you address the problem, theft will grow and systematically drain your profit. Don't wait for your business to become one of the bankruptcies that was caused by employee theft.

Things You Can Do Today To Protect Yourself

Establish a hierarchy of cross-checks in your accounting practices. Redefine any procedure that allows the person who does the work initially to also reconcile the work. Breakup any footholds where autonomy or isolation have allowed an employee to establish his own undocumented and unaudited procedures. Establish written procedures and solid audit trails for all procedures. Unexpectedly monitor compliance with the procedures. Forced time off, cross-training, or temporary job switches can reveal potential problem areas. Be particularly suspicious of any employees who resent intrusions into their areas of responsibilities.

One fact rises above all others: occupational fraud is easier to prevent than to detect. Most schemes could have been avoided altogether with basic accounting controls, audits and proper oversight. Education is the armor needed to protect your business. The more you know, the less likely you are to become a casualty.

***In Next Month's Newsletter
More detailed suggestions for
cross-checks and proper
procedures to protect your
business from employee theft.***



A DIVISION OF ADVANTAGE BUSINESS COMPUTER SYSTEMS

Incorrectly Applied Payments

You have checked your daily payment journal and all totals match and you know that the payments have been entered properly. You have followed this procedure daily and feel very confident of its validity. The statements are prepared, printed and sent to the customers in a timely manner. A few days later you receive a phone call from a customer saying that their balance is incorrect because they have made a payment not reflected on the statement. What happened?

Have all payments been entered against the correct customer?

The above scenario does occur. The first place to start looking is the payment journals from the month in question. Have all payments been entered against the CORRECT customer? This kind of error happens. The amount of the payment was entered originally against the wrong customer because the payment was sent by the customer not specifying the invoice numbers to which it should be

applied. If in your search you discover this to be the case, these are the proper steps to correct this error.

The following should be done with no other payments being entered. You will see the reason for this later. Start with the customer that had the incorrect payment applied to his balance.

- Go into the cash receipts entry screen and enter every field up to and including the check number.
- At the check amount, enter the payment as a **negative** amount.
- Terms code will be 3;
- Answer NO automatically apply credits or unapplied payments to invoices.
- After entering the negative amount, the system will ask if you desire bounced check information. Answer NO to this question.
- Select the specific invoice option (S) when the invoices are displayed.
- At reference number enter the incorrect payment reference number and the same **negative** amount as entered above.

The entry will balance to zero and end this routine.

From this point, you can proceed to the proper customer for the payment and enter it normally.

Here is the reason for doing this stand-alone. If the above procedure was done properly, the net effect to AR is zero and no posting will be done to the GL package. If the net is not zero, stop here, don't post and fix the entries. Rerun the journal, verify net is zero and post. This routine is quite easy to perform and to verify its correctness. Don't panic if the above scenario occurs. If you have questions or need assistance with this issue, please contact Versyss support.

Inventory Valuation and Non-Stock Items

For those customers using Non-Stock Inventory Items (spacebar-enter and Mark Up/Down Code 5 and 6 types), we recommend that you consider the following procedure so that your General Ledger inventory account accurately reflects your Inventory asset value. This procedure will only work for those customers who post to the General Ledger by Inventory (check your Main Parameter setting for "Post G/L by Invoice?" field).

1. You should build a separate General Ledger asset account for Non-Stock Inventory in the General Ledger Chart of Accounts Maintenance. Remember to insert this new account into your Balance Sheet Management Report. Also, add it to the "stock" Inventory Account, if desired, and create a new totals line includes both "stock" and "non-stock" assets accounts.
2. Build a new G/L Code Record (located in Customer and Statements File Maintenance) that has the Inventory and Inv Purchasing fields pointing to this new "Non-Stock" Inventory Asset Account. (An example would be Store 1, GL Code 99).
3. In the Inventory Store Maintenance for all Mark Up/Down Code 5 and 6 type of Inventory Items, set the G/L Code Field to the new G/L Code Record you created (in our example above, it would be 199).

Now, when a purchase order is invoiced and posted for these items, the "Non-Stock" Inventory account will be debited with the purchase. If using "N" - Non-stock item - during line entry, ensure that clerks use this new G/L Account for "Non-Stock" Inventory.

Build a separate General Ledger asset account for Non-Stock Inventory.

Continued Versyss Inventory Valuation and Non-Stock Items

When a sales order is verified and posted for these items, the “Non-Stock” Inventory Account will be credited with the sale. If using the “spacebar-enter” – Non-stock item - during line entry, ensure that clerks use the G/L Category for “Non-Stock” Inventory (*i.e.*, 99 in our example).

The best case scenario is that this “Non-Stock” Inventory Asset General Ledger Account will carry a zero balance. In some instances, especially near month-end, the account may carry a debit balance reflecting a non-stock item that was received into your warehouse, but not yet picked up by your customer.

Spacebar-enter and Mark Up/Down Code 5 and 6 Non-Stock type of Items do not have their on-hand quantities nor their costs tracked as does a normal stock item. These items will not be valued on the Inventory Cost Report. Therefore, this report should only be compared to the “Stock” Inventory Asset Account. For an accurate assessment of the Inventory Asset value, combine the two Inventory Accounts – Stock and Non-Stock. Please contact Versyss support if you have any questions about the above procedure or inventory valuation in general.

From the Forms Department

- ☞ **Better Prices:** We have been able to negotiate better prices for the 6X9 statement envelopes and for the deposit forms used by the deposit slip program. Contact Patricia in the Forms Department to find out about these savings.
- ☞ **ATTENTION Laser Check Customers:** We need to know whether you use the faceup or facedown option when printing checks. It makes a difference to which check you need. Be sure to include that information if you order by email or fax.
- ☞ **Quantity Discounts:** As with many other things, if you order larger quantities of laser or continuous feed checks, you can get a better price. Contact the Forms Department for a price quote.
- ☞ **IRS Forms:** You have until November 18 to order these 100% compatible forms to get the best pricing. You can still order forms after that date, but you will miss out on the discounted prices. Contact the Forms Department as soon as possible.
- ☞ **1099 Misc. Form Changes:** Please note that there have been a couple of small changes to this form for 2005. You will need to get a patch to update your software before sending this form in January.

WELCOME

To our new customers

Mackey Lumber Company
 S & S Home Center
 Smith & Sons Building Center



S & S Home Center
 Wes Stockwell, Store Manager
 Jacque Baker, Commercial Sales
 Debra Colinger, Inventory Manager



Smith & Sons Building Center



For questions, a price quote, or to place an order for any of these items, contact Patricia in the Forms Department.
Phone: 800-452-2502 extension 246
Fax: 903-636-4674 or 903-636-5434
Email: patriciaL@abcsinc.com

YEAR-END PREPARATIONS

It's never too early to prepare for the end of the year. In fact, it's just around the corner and time is getting short. With the holiday season rapidly approaching, many of you will be busier than ever, which means you will have even less time to spend preparing for year-end.

The calendar year-end also means the end of your fiscal year for many users. So NOW IS THE TIME TO GET CAUGHT UP. A sure way to reduce stress at year-end is to have all of your data cleaned up and to verify that you have sufficient hard drive space to complete the year-end processing.

Data Preparation:

- In General Ledger balance each G/L account to its subledger. See the General Ledger-> How to reference files-> Balance to G/L section for documents on balancing.
 - * Balance inventory value to inventory G/L account.
 - * Balance A/R Aging to Accounts Receivable G/L account.
 - * Balance A/P Aging to Accounts Payable G/L account.
- Reconcile your bank statements to G/L checking accounts.
- Clean up customer accounts of unapplied payments and open credits.
- Clean up vendor accounts of credits and improper distribution of expenses.
- Clean up open Point-Of-Sale orders that will not be invoiced.
- Clean up open Purchase Orders that will never be received.
- Clean up inventory transfers that are not completed.
- Confirm payroll tax liabilities and YTD information.

Hard Drive Space Management:

- Do you have adequate space for all year-end datasets? Go to System Administration-> Hard drive space management-> Size of current area to check the size of each dataset that you will be closing. For each dataset and common area note the "Path" and

how much space is needed. Repeat the procedure in each dataset until you have a complete list.

- In System Administration-> Hard drive space management-> Examine disk space, note the space available on each hard drive. The first number is the available space.
 - /work : Disk space: 1684.38 MB of 7326.76 MB available
- For each dataset, go to End of month/year-> Administrative menu-> EOM header configuration-> Screen 1 and note the path where the EOY dataset will be created. If no path is entered in either of these fields, the dataset will be created on the same drive as the current dataset's live area. If an alternate path is configured, it will write to that path instead. This path can be changed to take advantage of another hard drive that has available space.
 - Create monthend area
 - Enter the full path where the NON-default monthend area will exist:
 - Enter the full path where the monthend common area (monthcmn) will exist:
- Compare the space available with the space needed for each hard drive. Less than 50 MB left on any drive is outside a reasonable safety zone for your year-end procedures. If you have space available on other drives, go back to the End of month/year-> Administrative menu-> EOM header configuration-> Screen 1 for the required dataset and enter the new path. Review the [F1] help for instructions on how to configure the path.

How To Reference Files:

For more information read the following documents on the End-of-Month/Year-> How to reference files menu:

- Pre-end of year procedures
- Year-end procedures
- Year-end reminders
- Hard drive space management

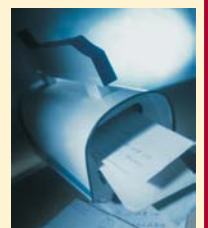


THANKSGIVING SUPPORT HOURS

Advantage will be observing the Thanksgiving holiday, Thursday, November 24. Emergency support will be available for those with an inoperable system.

Email Addresses

We are trying to update our database of customer email addresses. If you are not getting the newsletter directly from us or would like to change your address, send us your information in a email to newsletter@abcsinc.com.





Purchase Order Tracking

Get visibility in all phases of the purchasing process with Purchase Order Tracking

Has it ever taken you days or weeks to discover that a vendor did not receive your purchase order? Have you ever had orders delayed because someone was waiting for a simple answer before processing could be completed? Are you keeping spreadsheets or charts in an attempt to track your purchasing activity through to completion? If these scenarios have happened in your business, you will find that our new Purchase Order Tracking software is exactly what you need.



Purchase Order Tracking

One Place For All

From...

Importers tracking freight forwarders, manifests, customs documents, local handling and receiving

To...

Wholesalers tracking each PO and its freight arrangements, reloading activity, and deliveries

And...

Retailers tracking PO's from order date, through shipping, and on to receiving

Contact the Advantage Sales Department at 800-452-2502, extension 216 or 242, to find out more about this great new tool.

Purchase Order Tracking allows you to enter and view all the details of your purchasing trail in one place.

Track the progress of the purchase orders by setting checkpoints along the way. This "alarm date" can be set to identify the next time the PO activity should be reviewed to assess its progress. See which PO's are not moving as anticipated to preempt costly delays and swiftly get the order back on track. Interested in seeing just how long it took for each step to be completed? Purchase Order Tracking makes it a snap.

View all the details of your purchasing trail in one place.

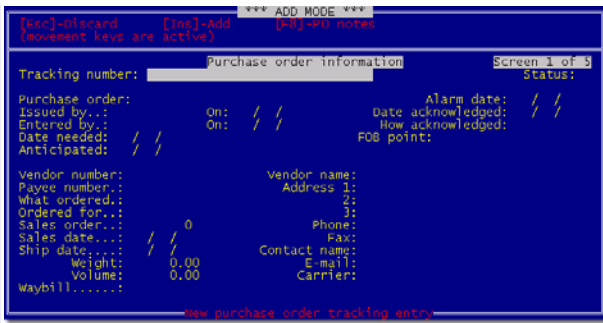
Easily integrate Document Imaging into PO Tracking.

- With Document Imaging Store All Related Documents In One Place**
- Images of the original purchase order
 - Images of manifests and customs documents
 - Images of the vendor's acknowledgment
 - Images of packing slips and other receiving documents
 - Images of any special instructions
 - Plus any other miscellaneous information you choose to image with these records
 - Images of bills of lading and other freight documents

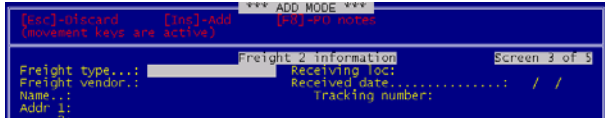
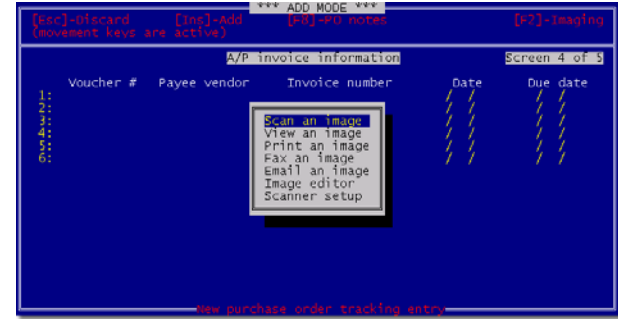
PURCHASE ORDER TRACKING

PURCHASE ORDER TRACKING

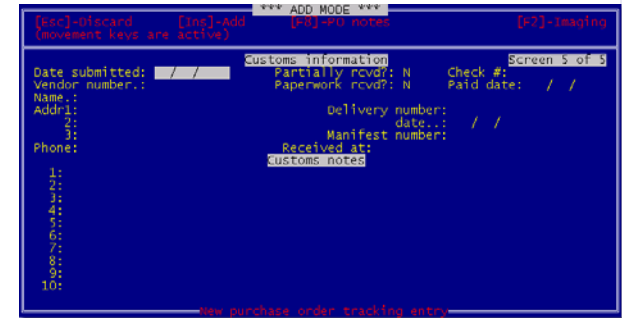
Purchase Order Tracking



Purchase Order Tracking has 5 screens in which to store relevant PO data. Information needed from other sources can easily be imported: PO information is retrieved from the data in the PO; vendor information shows phone numbers, contacts, etc. for easy reference; all vouchers associated with the purchasing process may be imported along with information regarding their status.



For quick lookup and additions, the [F8] notes and note categories from the purchase order are available on each screen.



This allows you to store as many notes as needed. Categorizing the notes can make this a powerful tool to quickly find and review pertinent data entered throughout the purchasing cycle.

Document Imaging is the perfect compliment to Purchase Order Tracking.

It provides the added benefit of imaging all related documents from handwritten notes and shipping documents to vendor invoices. No need to dig through filing cabinets to find that one piece of paper you need. It's all right there at your finger tips. The idea of a paperless office becomes more and more tangible when Document Imaging is introduced into your business. Purchase Order Tracking and Document Imaging are two more tools from Advantage to allow you to simplify your business processes and reduce your labor costs.

Document Imaging:

Scan the purchase orders, vendor's acknowledgments, special instructions, bills of lading, manifests and customs documents, packing slips, notes and any other documents that complete the purchasing transaction.



Contact the Sales Department at
800-452-2502,
extension 216 or 242,
to find out more.

