IQ DEBTORS - INTEREST CHARGING

P R E F A C E

This is the IQ Debtors – Interest Charging guide for IQ Retail (PTY) Ltd Accounting Software Systems. It will cover in detail, the technical aspects which are applicable to the IQ Enterprise 7 Accounting Software system.

The IQ Debtors – Interest Charging document will by no means make an expert of you, but it will aid in configuration of the IQ Debtors for it to function correctly with the IQ Enterprise 7 Accounting Software system.

Although every effort has been made to keep this IQ Debtors – Interest Charging document up to date, some of the screen examples may not be 100% the same as the ones reflected in previous versions of IQ Debtors – Interest Charging. This is due to the continuous development and improvement of the IQ Debtors – Interest Charging.

Unfortunately, there will be a discrepancy from time to time. We do apologize for the inconvenience that it may cause.

Should you feel that the IQ Debtors – Interest Charging document is inadequate or requires further explanation or more and better examples, please feel free to email us.

We would love to have some feedback to improve the IQ Debtors – Interest Charging document in some way or another.

Regards,

IQ Retail (PTY) LTD

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IQ DEBTORS – INTEREST CHARGING

INTRODUCTION

The IQ Debtors – Interest Charging module helps the user to charge interest on overdue amounts for Debtors.

NOTE: The Interest Charging process must be done once a month (if it is not done monthly, it should be done for every specified period). **NO PERIOD SHOULD BE SKIPPED**. Try to do the Interest Charging on the same date for every period.

The system makes provision to reverse Interest charges if the user made a mistake.

One of the new features is that the system will allow the user for example to run in December the interest charges for November. Let's say that the user has processed all the payments and other transactions on the debtors, by the third of the month, then he can charge interest on all the overdue debtors accounts.

Before any interest charges can be made, the user must setup the Prime Interest Rate, and he must ensure that the Debtors' Risk Profiles are setup correctly.

The user is advised to allocate all payments or credits to the oldest balances or to the specific invoices or debits. Unallocated payments will stay in the current month, which will influence the Interest value charged. The credit will thus be deducted from the current month's transactions (debits), where there can still be outstanding amounts on 180 days. The user can also set the system to automatically allocate amounts to the oldest balances, then this would not be problem. (Utilities, Setup and Company Details. Select Default Settings (1) and enable (tick) "Automatically Allocate to Oldest Balance".)

COMPANY DETAILS

The very first thing that needs to be done, is that the user must set the Prime Interest Rate on the system.

From IQ main menu, select Utilities, Setup and Company Details.
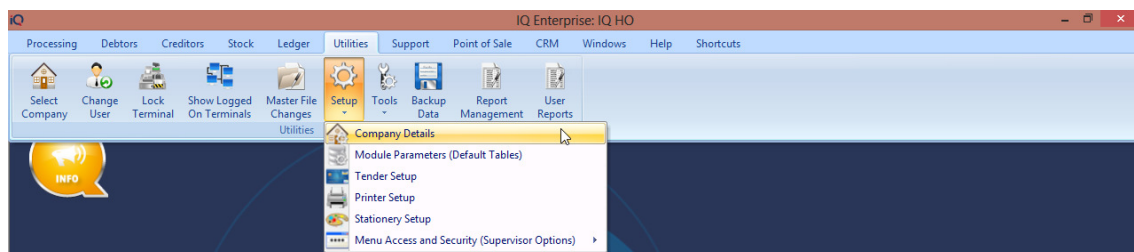
Select the Default Settings (2) tab and set your Prime Interest Rate here. This is a percentage value and will be used during interest charging. This interest rate is the default that the user will decide on using for the company's default interest rate, to be charged on overdue debtor's accounts. The percentage can be adjusted by means of Risk Factors for each Debtor.

Individual debtor's interest risk profile will be added to this rate. Therefore, if the prime interest rate is 10% and the individual debtor's interest risk profile is -1%, then only 9% interest will be added to that individual debtor's account when doing an interest charge.

Click on Accept and click on Yes to accept the changes to the Company Details and yes to continue.
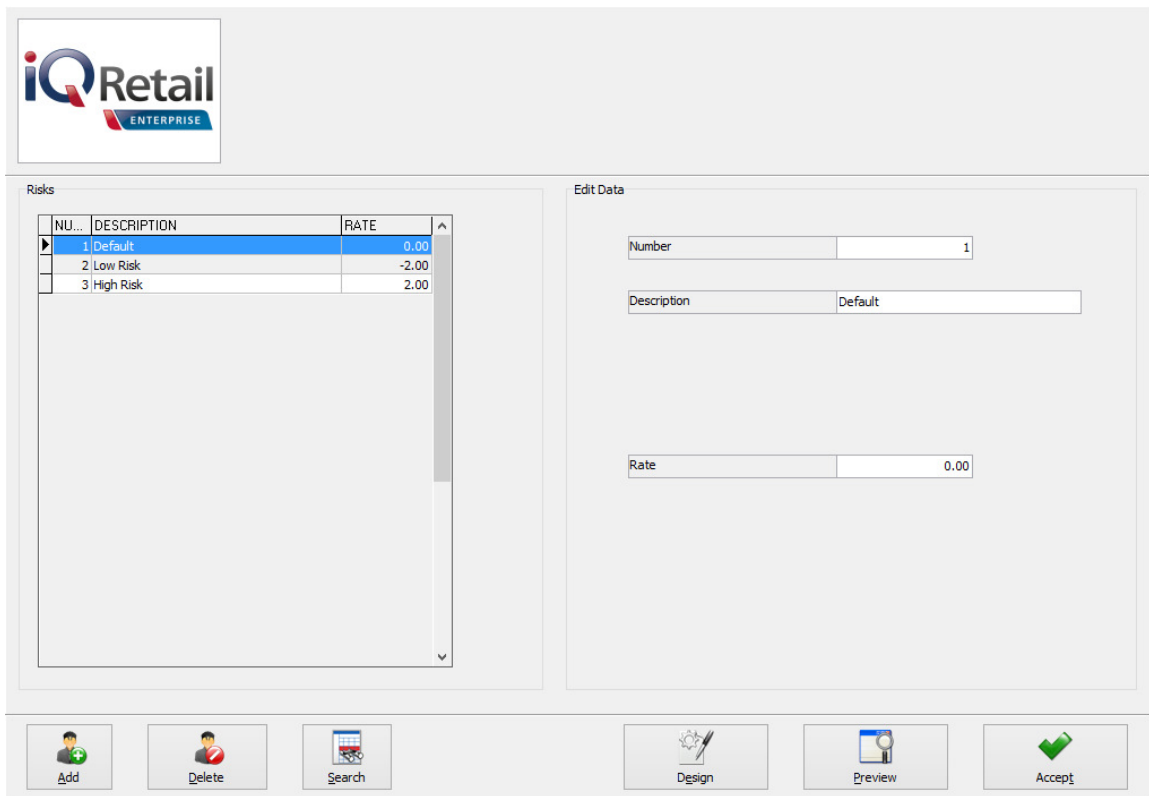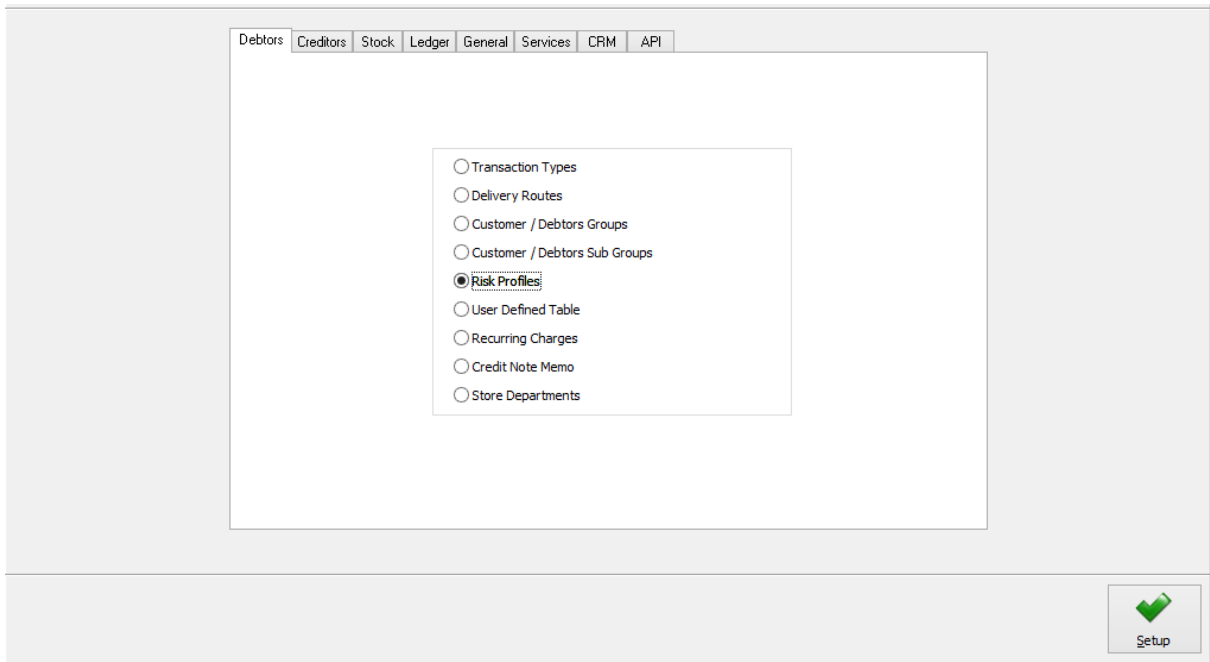
RISK PROFILE

The risk profile for different debtors can be added or created. The percentage for each profile entered here, can be linked to a debtor's account. This debtor's interest risk profile percentage is then combined with the prime interest rate as entered in the system.

To setup the Risk Profiles for the Debtors, from the IQ Main Menu, select Utilities, select Setup and click on the Module Parameters (Default Tables).
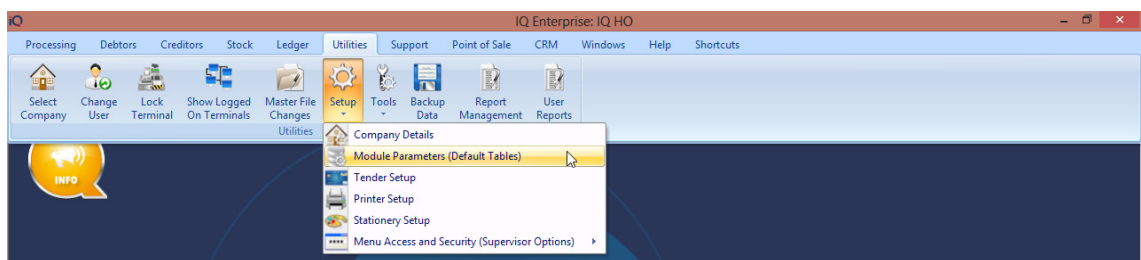
On the Debtors tab, select the Risk Profiles option and click on Setup.

RISKS OPTIONS

NUMBER

The number field displays the risk profile number. The risk profile number may only contain numeric characters.

DESCRIPTION

The description displays the risk profile description. This risk profile description may be 30 characters in length.

RATE

The rate field displays the rate that has been allocated to the relevant risk profile. This rate entered is a percentage value. This rate will be added to or deducted from the Prime Interest Rate.

NOTE: Change the Default Rate that the system shows as 10%, make it for example 0%. Remember this percentage will be added to the Prime Rate, in other words if the user leaves it at 10% and the Prime Interest Rate is 10%, the system will charge 10+10=20% interest for the debtors that are on Risk Profile 1.

EDIT DATA

NUMBER

The number field is where the risk profile number is entered. The risk profile number may only contain numeric characters.

DESCRIPTION

The description field is where the description of the risk profile is entered.

RATE

The rate field is where the rate of the risk profile is entered. A negative rate (-2) entered will deduct from the prime interest charging rate and the customers that are linked to this profile will be charged less interest. A positive rate (2) entered will add to the Prime Interest charging rate and the customers that are linked to this profile will be charged more interest.

EXAMPLE: If the normal interest rate is 10% and the customer is linked to a risk profile that is set to -5% then that customer will be charged 5% interest because the system will deduct the 5% from the prime interest rate.

EXAMPLE: If the normal interest rate is 10% and the customer is linked to a risk profile that is set to 5% then that customer will be charged 15% interest because the system will add the 5% to the prime interest rate.

SAVE EDITS

The save edits button allows the user to save the newly created or added risk profiles.

CANCEL EDITS

The cancel edits option allows the user to cancel any editing while busy editing an existing risk profile.

BUTTON FUNCTIONALITY

ADD

The add option allows the user to add any new risk profiles.

DELETE

The delete option allows the user to delete any of the existing risk profiles. The system will prompt the user to ensure that he wants to delete the risk profile. Click on Yes to continue.

SEARCH

The search option allows the user to search for specific information on the risk profile screen.

DESIGN

The design option allows the user to design the existing report layout.

PREVIEW

The Preview option allows the user to preview a list of all the Risk Profiles. This list can be printed, saved, converted to a .PDF format and it can be emailed.
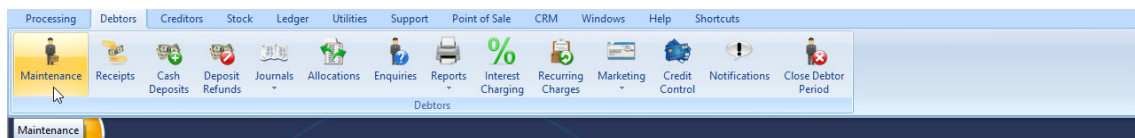
IQ HO	Debtor Risk Profiles as at 31/10/2014		Page 1
Number	**Description**	**Rate**	
1	Default	0.00%	
2	Low Risk	-2.00%	
3	High Risk	2.00%	

*** END OF REPORT ***

ACCEPT

Select the accept option to accept any changes made.

SETUP THE DEBTORS

The user needs to select the Interest Risk Profiles for each of the Debtors. From the IQ main menu, select Debtors and click on Maintenance.

Select the Debtor and double click on it, or click on the edit button at the bottom of the screen.
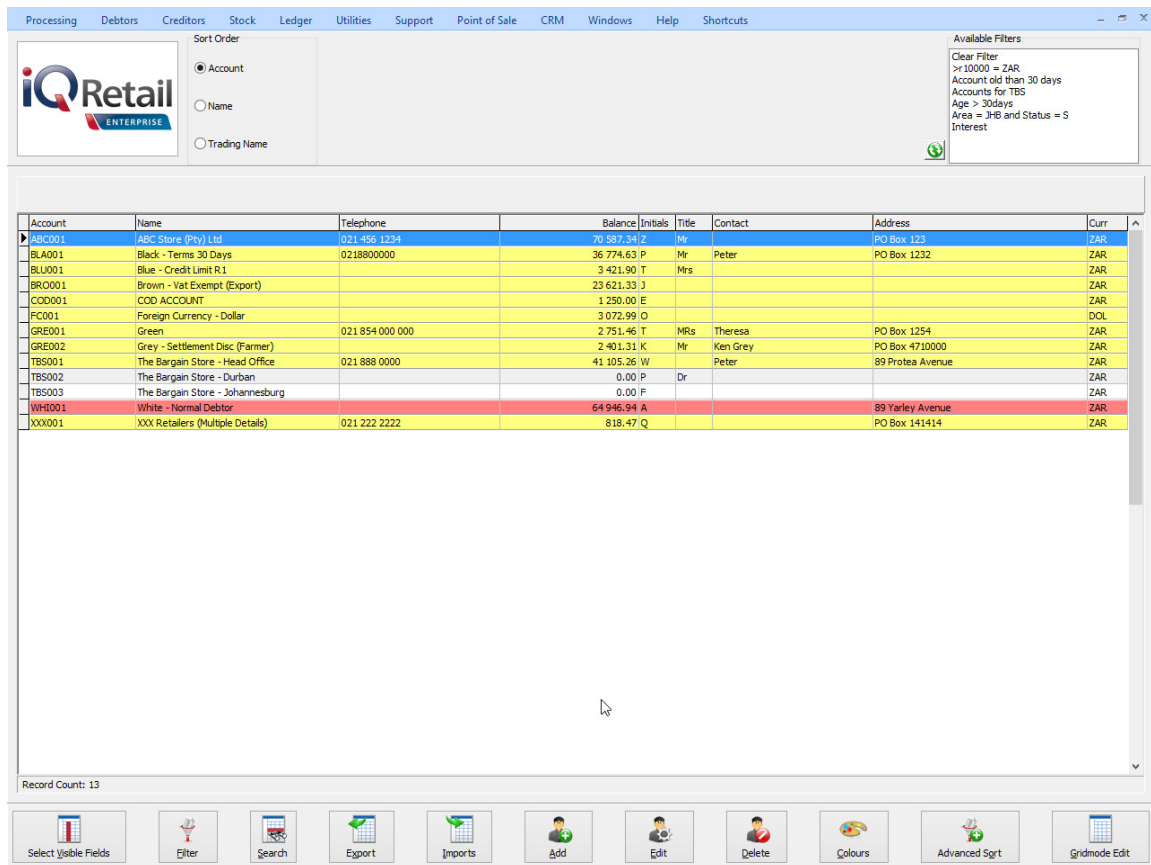
One of the important things to check on a Debtor, for Interest Charging to work correctly, will be to ensure that each Debtor's Terms is setup correctly.

INTEREST RISK PROFILE

Select the Interest Risk Profile for the Debtor. This interest will be combined with the Default interest rate in Company Details to give the total interest to be charged to the Debtor. For example, if the default prime interest rate is 10% and this Debtor is selected as a low risk Debtor with an Interest Risk Profile of -2% then the total interest charged to his account will be 8%.

EXCLUDE FROM INTEREST

Select this to exclude the relevant Debtor from interest charging. If it is on, interest will not be charged for this debtor, if it is off, interest will be charged.

PROCESS OPTIONS

NOTE: Remember that the Interest Charging process must be done every month (or period). No period should ever be skipped.

The system makes provision that you can for example process interest charging on the 5th of each month for the previous month, this will ensure that all payments and credits were processed to all the debtors accounts before charging interest.

Once the user has ensured that the Terms and Risk Profiles for each of the Debtor accounts has been setup and is correct, he can start with the Processing Options of Interest charging.

From the IQ main menu, select Debtors and click on % Interest Charging. The following screen will appear:
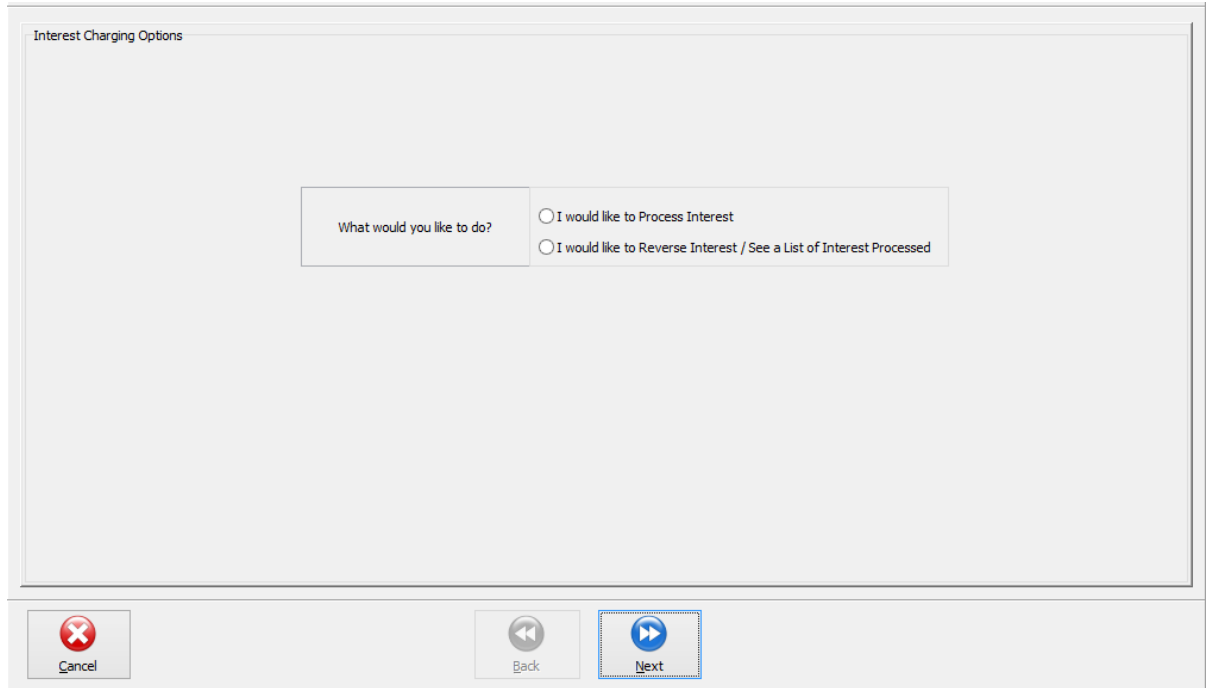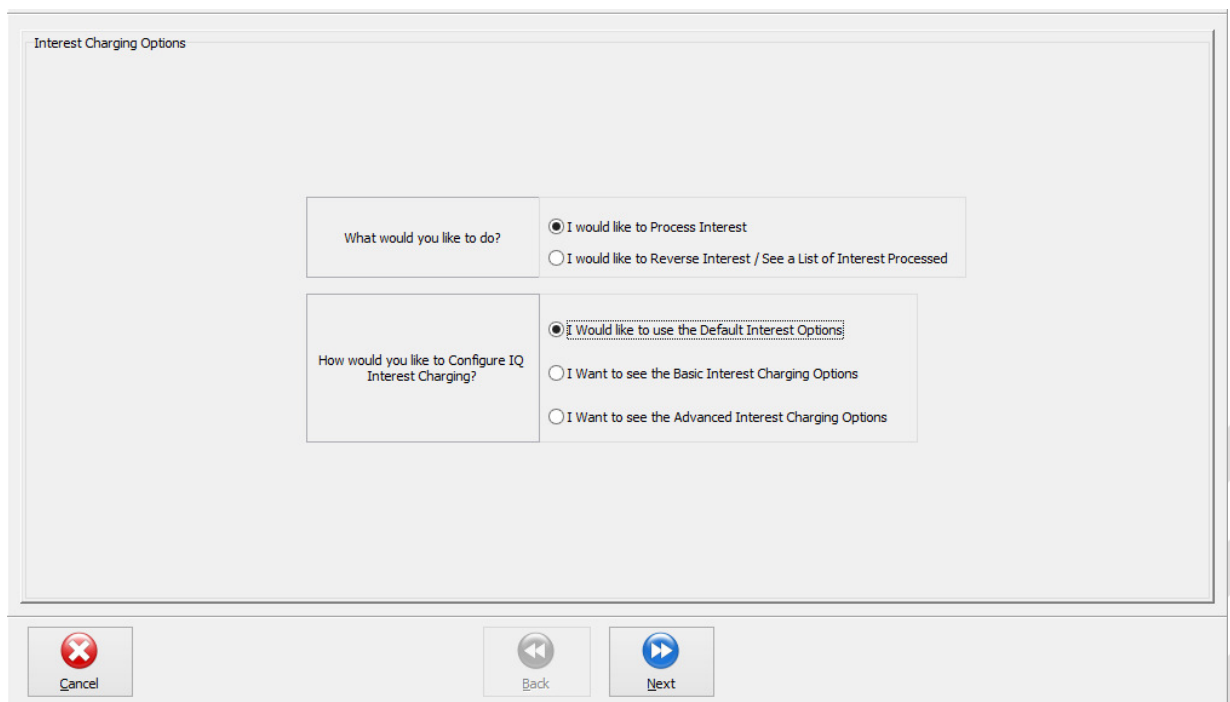
There are two Interest Charging Options to select from, to Process Interest or to Reverse Interest. The second option, to reverse Interest also allows the user to see a List of Interest Processed.

As soon as the user click on the option "I would like to Process Interest", three options appear on how the user would like to configure the Interest Charging.

- Default Interest charging Options

- Basic Interest charging options

- Advance interest charging options.

DEFAULT INTEREST CHARGING OPTIONS

On the Default Interest charging, there are no extra options to choose from. On both the other options there are extra options available.

DATE OPTIONS

INTEREST CALCULATION PERIOD

MONTH

This will be the month for which the user wants to charge interest.

YEAR

This is the financial year for which the user wants to charge interest.

TRANSACTION DATE

This will be the date on which the interest run should be done. The user can change this date to be the date on which the Debtors period should be closed for the previous month.

FILTER OPTIONS

There is a selection of 10 filter options the user can select one or more from, to show the accounts he wants to see and charge interest on.

REFRESH BUTTON

This button allows the user to Refresh the information that appears on the Debtors Interest Charging grid.

INTEREST CHARGING PREVIEW

Interest will be charged on all the accounts that the user sees on the screen. The "Filter Options" can be used to Filter out the Accounts that you don't want to charge interest on.

BUTTON FUNCTIONALITY

EXPORT

The Interest Charging Preview list can be exported in .CSV (comma delimited), .TXT, .HTXL, .XML and .XLS (Excel) format.

SELECT VISIBLE

The Select Visible option allows the user to select which fields he would like to see on the Debtors Interest charging grid.

VIEW CALCULATIONS

The View Calculations option allows the user to see exactly how the interest has been calculated. The user can filter to see only the transactions he wants to see. The user can select which fields should appear on the Interest Calculation screen. The list can be exported or the user can close the view.

FILTER

The user can filter to see specific information on the debtors Interest Charging grid.

SEARCH

The search option allows the user to search for specific information on the debtors Interest charging grid.

FLASH REPORTS

The flash option allows one to call up a flash report by either selecting the flash button or one can use the "alt" button. To call up a flash report using the "alt" option, hold down the "alt" button and then press either number 1 – 9 this will bring up the flash report that corresponds to the relevant number.

REPORT OPTIONS

The Report option allows the user to Design, Preview or Print the Interest charging Preview.

BACK

The Back option allows the user to go back and change the interest charging configuration.

PROCESS

Once the user has ensured that the amounts on the Debtors Interest Charging Preview are correct, he can click on the Process button, to process the interest charging.
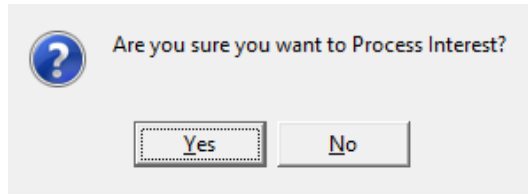
A report will appear to show how much interest was charged on which account for which period.

IQ HO	Interest Charging Process				Page: 1 of 1
	For the end of October 2014				
	Processed At: 31/10/2014 10:17:55				
Account	**Account Name**	**Currency**	**Currency Rate**	**Interest**	**Interest in Local Currency**
BLA001	Black - Terms 30 Days	ZAR	1.00	302.97	302.97
BRO001	Brown - Vat Exempt (Export)	ZAR	1.00	156.55	156.55
FC001	Foreign Currency - Dollar	DOL	8.45	25.40	214.63
GRE001	Green	ZAR	1.00	22.74	22.74
GRE002	Grey - Settlement Disc (Farmer)	ZAR	1.00	11.94	11.94
TBS001	The Bargain Store - Head Office	ZAR	1.00	371.38	371.38
WHI001	White - Normal Debtor	ZAR	1.00	19.04	19.04
				910.02	1 099.25

BASIC INTEREST CHARGING OPTIONS

PRIME INTERST RATE

The Prime Interest Rate is set up in the Company Defaults, Default Settings (2) menu.

NOTE: The prime Interest Rate can't be changed here, it must be changed in Company Defaults, Default Settings (2).

AFTER WHICH PERIOD SHOULD INTEREST BE CHARGED?

The system Defaults to "Depends on the Debtor's Terms", but the user can also select any one of the aging periods, e.g. 30 Days, 60 Days, 90 days etc. If the user for example choose, 30 days, the system will charge interest on all the accounts after 30 days.

WHEN ARE YOUR INVOICES DUE?

IQ defaults to "At the End of the Month", but he user can also specify a certain amount of days after the Statement Date or a certain amount of Days after the Invoice Date.

ADVANCE INTEREST CHARGING OPTIONS

INTEREST CHARGING OPTIONS

PRIME INTEREST RATE

The Prime Interest Rate is the Annual Interest Rate which is used to calculate the Interest Amount. The user can change the Prime Interest Rate in Company Details.

ENABLE LOGGING

If this option is enabled the IQ will save a detailed Log of all Calculations done to Determine the Interest to be charged. This Log can be used for Troubleshooting purposes.

CALCULATE INTEREST ON INTEREST

If this option is Enabled then IQ will Charge Interest on Previous Interest Transactions (Transactions with Code IT). If disabled, Previous Interest Charged will have no effect on the current Interest Calculation.

USE RISK FACTORS

Risk Profiles are used in conjunction with the Prime Interest Rate. If you disable this option, the IQ will only use the Prime Interest Rate to calculate the interest. Risk profiles can be set up per debtor account and influences the Interest Rate used for the specific debtor Account only. For example: If you have a Prime Interest Rate of 10% and you set the Debtor's Risk Profile to -1%, then IQ will use 9% to calculate interest for this debtor. Risk Profiles can be configured in Module Parameters and assigned to Debtors accounts via debtors Maintenance.

POST LEDGER ENTRIES AS A SUMMARY

If this option is enabled then IQ will minimize the Ledger Transactions that are generated when Processing. Instead of generating a ledger entry for each debtor Account, IQ will try to group the Amounts for each debtor account and Ledger Account and post a single entry for each in the Ledger.

CALCULATE INTEREST ON OVERDUE TRANSACTIONS ONLY

If this option is Enabled then IQ will only user Transactions that have not yet been paid and which are older that the Terms to calculate the interest amount. IF this option is disabled, then IQ will use the Debtor's Total to calculate the interest amount.

TERMS / CALCULATE INTEREST ON TRANSACTIONS OLDER THAN

This option depicts which Terms will be used to calculate interest. If the user select the "Debtors Terms" then IQ will use the Terms associated with each debtor Account. Interest will then only be charged if the Transaction Age is older than the Debtor's Terms. If the user select any Terms then IQ will Charge Interest only when the Transaction Age is older than the selected Terms.

NOTE: Selecting "None" is the same as selecting a Zero (0) Day Term and will cause all Debtors accounts with transactions to be charged with interest.

TRANSACTION AGE CALCULATION

This option depicts how Aging will be calculated.

NOTE: The Debtor period used in All Examples was the 31st (End of the Month).

IQ DEBTOR PERIODS

If an Invoice was done on 15 April 2014, then the invoice will be aged to [30 days] at the end of the first debtor Period (30 April 2014). Aging will then occur at the end of Each Debtor Period thereafter.

PERIOD FROM STATEMENT DATE

For the Period form statement Date – IQ will age the transactions a certain Period after the First Debtor Period has ended. For example: Using 30 days from Statement date – If an Invoice was done on 15 Jan 2014, then the invoice will be Aged to [30 Days], Thirty days after the end of the First Debtor Period (02 March 2014). Aging will then occur at the end of Each Debtor Period thereafter. Then user can choose what is the Number of Days / Months that will be used to calculate the Transaction Age.

PERIOD FROM TRANSACTION DATE

For the Period from Transaction date – IQ will Age the transactions a certain Period after the Transaction Occurred. For example: Using 30 days from Transaction Date – If an invoice was done on 15 Jan 2014 then the invoice will be aged to [30 Days] on 14 Feb 2014. Aging will then occur after Each 30 Days thereafter. The user can choose if IQ should use a Number Of days (e.g. 30) or a Number of Months (e.g. 1) when calculating the Transaction Age.

The following options are available after the selection of the Interest charging options were made. All three the Interest charging options will bring the user to this screen.

DATE

The Interest Calculation Period will be the period for which the user wants to charge interest. The user can for example by the fifth of December, after all payments and transactions for Debtors for November were processed, charge interest on the overdue amounts for November. Select the month and year for which you want to charge interest and type in the transaction date when you want the transaction to reflect on the debtor's accounts. Click on the Refresh button to see all the debtors.

FILTER OPTIONS

10 Filter options are already created on the system, the user can select any number of these options to include in the list of debtor's accounts on which interest will be charged. If the box next to the description has a tick in, it means that this selection of accounts will be listed on the grid below.

Once the user has selected the filters he wants to use, he can click on the Prepare button on the bottom of the screen to show the accounts selected.

REFRESH

The refresh button will take all the date and filter options into consideration and provide a list of the list of debtors that comply to these set conditions.

EXPORT

The Export option allows the user to export the information on the debtors Interest Charging grid to .CSV (comma delimited), TXT, HTML, XML and XLS (Excel).

SELECT VISIBLE FIELDS

The Select Visible Fields option allows the user to select what he wants to see on the Debtors Interest Charging grid.

VIEW CALCULATION

The View Calculation option allows the user to see how the interest is calculated. We First Filter out transactions that occurred after the Interest charging Period. Then we calculate interest only on transactions that meet the set criteria. Interest is calculated on the Amount Due * (1/12) <1 month> * (Interest Rate/100).

FILTER

The filter options allow the user to select which accounts he wants to charge interest on.

SEARCH

The Search option allows the user to search for specific information on the Interest grid.

FLASH REPORTS

The flash option allows one to call up a flash report by either selecting the flash button or one can use the "alt" button. To call up a flash report using the "alt" option, hold down the "alt" button and then press either number 1 – 9 this will bring up the flash report that corresponds to the relevant number.

REPORT OPTIONS

The report option allows one the Design, Preview or Print the list of debtor's accounts, the outstanding amounts per period, the interest rate charged and then the amount to be charged per debtor.

Account	Account Name	Total	Current	30 Days	60 Days	90 Days	120+ Days	Interest Rate	Currency Rate	Interest
ABC001	ABC Store (Pty) Ltd	70 587.34	1 434.14	1 670.00	0.00	0.00	67 483.20	12.00	1.00	691.53
BLA001	Black - Terms 30 Days	36 774.63	1 184.77	93.00	0.00	0.00	35 496.86	20.00	1.00	593.16
BRO001	Brown - Vat Exempt (Export)	23 621.33	241.56	10 526.00	0.00	0.00	12 853.77	8.00	1.00	155.87
COD001	COD ACCOUNT	-75 152.33	-75 152.33	0.00	0.00	0.00	0.00	10.00	1.00	0.00
FC001	Foreign Currency -Dollar	3 072.99	50.38	0.00	0.00	0.00	3 022.61	10.00	1.00	25.19
GRE001	Green	2 751.46	45.10	0.00	0.00	0.00	2 706.36	10.00	1.00	22.55
GRE002	Grey - Settlement Disc (Farmer)	2 401.31	62.46	930.00	0.00	0.00	1 408.85	20.00	1.00	38.98
TBS001	The Bargain Store -Head Office	41 105.26	1 265.98	3 720.00	0.00	0.00	36 119.28	12.00	1.00	398.39
TBS002	The Bargain Store - Durban	0.00	0.00	0.00	0.00	0.00	0.00	10.00	1.00	0.00
WHI001	White - Normal Debtor	64 946.94	1 064.70	0.00	0.00	0.00	63 882.24	10.00	1.00	532.35
XXX001	XXX Retailers (Multiple Details)	818.47	13.47	0.00	0.00	0.00	805.00	10.00	1.00	6.82
		170 927.40	-69 789.77	16 939.00	0.00	0.00	223 778.17			2 464.84

Interest Charging Preview — For the end of October 2014 — Printed At: 23/10/2014 12:33:38 — IQ HO — Page: 1 of 1

PROCESS & GL AUDIT

The Process Option allows the user to charge interest to the debtor's accounts.

REVERSAL

The "I would like to Reverse Interest / See a List of Interest Processed" option allows the user to see a list of off the Interest charges processed on the system, and it allows the user the Reverse Interest Charges that were incorrectly done.

SORT ORDER

The Sort Order option allows the user to change the order in which the list will appear on the Debtors Interest Charging grid.

NUMBER

The Number will be the number of each interest charge that was processed.

ACCOUNT

The Account is the Account number of the Debtors on which the interest was charged.

INTEREST DATE

The interest date is the date on which the interest charge was processed.

INTEREST PERIOD

The interest Period is the period for which the interest was charged. This is usually the last day of each month as the Month Ends were setup in the Company defaults under closing Dates.

INTEREST AMOUNT

The interest amount is the Rand or currency value of each Interest charge that was processed.

PARAMETERS

The Reversal Date allows the user to select a specific date on which he wants to reverse the selected interest charge.

The system also allows the user to choose if he wants to use the Spot Rate from the Interest Transactions or not. Click on the box to activate the Spot Rate.

COLOUR LEGEND

All the items on the list that are in Green have already been Reversed and Cannot be Reversed again.

AVAILABLE FILTERS

If the user has created and saved filters on this list of Interest charges, the filter would appear in the Available Filters List. The user will be able to double click on the filter to see only the Interest charges that comply to the filter conditions.

BUTTON FUNCTIONALITY

FILTER
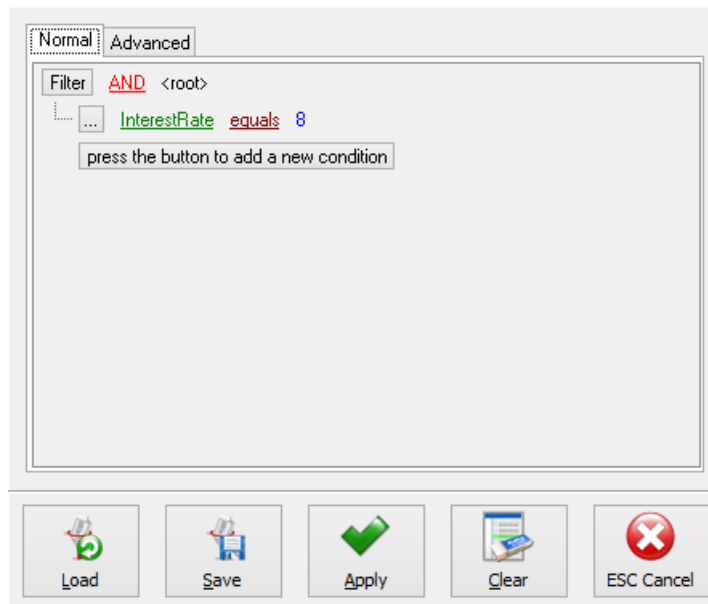
The Filter option allows the user to select which Interest charges he would like to see on the grid.

SELECT VISIBLE

The Select visible option allows the user to change the layout of the columns on the debtors Interest Charging grid.

SELECT ALL

The Select All option allows the user to select all the filtered transactions, to be reversed.

NOTE: The Items in Green that already been reversed will not be selected again.

DE-SELECT ALL

The de-Select All option allows the user to de-select all the charges that were selected.

REPORT OPTIONS

The Report Option allows the user to design, Preview or Print a list of the selected interest charges which are to be Reversed.

REVERSE SELECTED

Account	Account Name	Currency	Currency Rate	Amount	Amount in Local Currency
ABC001	ABC Store (Pty) Ltd	ZAR	1.00	691.53	691.53
BLA001	Black - Terms 30 Days	ZAR	1.00	593.16	593.16
BRO001	Brown - Vat Exempt (Export)	ZAR	1.00	155.87	155.87
TBS001	The Bargain Store - Head Office	ZAR	1.00	398.39	398.39
WHI001	White - Normal Debtor	ZAR	1.00	532.35	532.35
				2 371.30	2 371.30

IQ HO — Interest Reversal Process — Page: 1 of 1 — Processed At: 23/10/2014 15:32:42

The Reverse Selected option allows the user to process the Reversal of the Selected Interest transactions. A report will be generated, to show exactly which accounts and which amounts on each were reversed.

- End of Document –