Using The AR Aging Report

The A/R Aging Report is a useful tool for managing customer accounts that are past due. Depending on the options chosen, you can use the report to create business advisor data, close accounts, calculate finance charges, and more.

By the end of this course, you'll be ready to

- Set up and run the A/R Aging Report
- Identify the differences between the report's selection criteria, and when to use them
- And Lastly, we describe the report's Update Options

Objectives

- Running the Report
- Identify Options
- Update Options

Running the Report

The A/R Aging Report has a variety of uses, including

- Aging account balances
- Updating aging buckets
- Updating expanded credit history
- Recalculate running balances
- Calculate finance and late charges
- Post finance charges and late charges to customer accounts
- Purge paid transaction detail, and
- Create or adjust balance forward transactions

Open the A/R Aging Report from the Reports folder under Accounts Receivable Reports or enter RAG in the launch bar and press Enter.

With the report open, start in Print Setup by defining the Print Options.

Usually, you'll want Spooler Only.

Once you make a selection, choose the Options tab.

You must make selections for the three option categories shown: Select options, Update Options, and Print Options.

For Select Options, enable the check boxes corresponding to the accounts that you want to include in the report.

Then in the Update Options section, choose the functions you want the system to run with the report.

Use the Print Options section to choose the customer information and formats to include in the report.

Further limit the accounts to include on the report by using the From/To and Code Selection tabs.

When ready to run the report, select Run.

The system runs and prints the report. Here are examples of typical Details and Totals pages.

Select Continue when ready to begin the Select Options section.

Identify Options

You'll use the Select Options section to determine which accounts the system includes on the report.

These options consider customer accounts based on their credit standings.

A good use of this report is for monitoring past due accounts.

For example, you might want to look at all accounts that are significantly past due, such as 60 or 90 days.

In this case, you would choose one of the past due options.

If selecting any of the options 1-4, the A/R Aging report includes customer accounts with past due balances based on the option selected.

These options exclude revolving charge accounts and ignore accounts with a selected past due balance AND a zero or negative balance.

To include these, you must also use option A, C, or Z.

These options include accounts based on their current account balance and credit limit.

When choosing Option A, the system selects accounts with a running balance of Zero and a document whose date is greater than the same day last month compared to the closing date on this report.

Option C selects accounts whose running balance is negative one cent or less.

Option L includes accounts with running balance over its credit limit. Note that if the running balance and account balance are equal, this option excludes it.

These two options are a little more complicated.

Option U includes accounts that are either past due or over their credit limit, not both.

To include accounts that are both past due and over credit limit, enable both one option from 1 through 4, past due periods, and Option L.

Use Option Z to include accounts with a running balance of zero.

Note! This includes accounts with no transactions on file. You must enable this option to include accounts with zero balance on your report.

Update Options

With selection options in place, you're ready to address update options.

The system completes the functions according to the update options chosen.

Option B: Create Business Advisor Data

This option creates accounts receivable data for Business Advisor.

To keep Business Advisor data current, run the A/R Aging report at least once a week with these settings:

- Select Options = C, A, and Z
- Print Options = T
- Items to Include = A
- Closing Date = BLANK

Option C: Close (Prepare for Statements)

Use this option to prepare accounts for statements. The system sets the closing date for accounts as of today, transactions due on or before this date next month as current, and transactions due after that date as future.

To determine the break point between the future and current aging buckets, the system looks at the Closing Date field and uses the same day of the next month.

This option also affects the due date of your finance charges. The system looks at the Closing Date field and assigns a due date of the same day of the next month.

For example: If your Closing Date is 8/25/01. The system assigns a due date of 9/25/01 to the finance charges.

Note that if you do not use this option, the system determines the break point between the future and current aging buckets as follows: 1) It looks at the Closing Date field in Terms Maintenance (MTM) for each Customer and 2) Uses the next occurrence of the terms closing date after the A/R Aging Report closing date.

This option also effects the due date of your finance charges. The system looks at the Closing Date field and assigns a due date of the same day of the next month.

Option F: Finalize

Enable this for balance forward and open item accounts.

On the Customer Payment Tab in Customer Maintenance, this option updates Aged account balances to the value generated by the A/R Aging report.

Important! If you have open item accounts, you must use Update Option H in addition to Option F. This way, when you implement unapplied payments and credits in Backoffice ROA (Received on Account) (do not narrate – add to transcript), the system has the Last Updated aging date. This date is required to apply the payment to the same aging bucket as the applied-to invoice.

You can use this option more than once during a statement period for all but revolving charge accounts.

Option H: Update Credit History in MCR. (run with Select Options A, C, and Z)

To ensure correct calculation of overdue account balance aging, run this update option only once each month. It's best to do so after running statements.

When updating the # of Times field, the system only updates the aging column of the oldest portion of the account balance.

For example: An account has a positive balance over 90 days past due and a positive balance 1-30 days past due. The system adds 1 to the # of Times field in the Over 90 column. It does not add 1 to the # of Times field in the 1-30 column.

When updating the Last Occur field, the system uses the A/R Aging report closing date. If the closing date is equal to or less than any of the account's Last Occur dates, the system will not update the expanded credit history. This prevents you from updating the Last Occur field more than once during the same month.

If you use a closing date that is equal to or less than one of the Last Occur dates, the following warning message prints on the report: Warning: Credit History not updated--RAG (H) already ran for this month. Account should be XXX not YYY. (XXX = the correct aging bucket, for example, Over 90; YYY = the aging bucket if you had updated the history twice in one month, for example, 61-90)

Update Option K: Create Customer Combo Lookup Information requires System option 3517 enabled. The Update Option creates the data used for wildcard searches. It's best to run this report frequently, so your wildcard searches are up to date.

We recommend only using this option if you have less than 10,000 customers. A database with more than that may negatively impact System Performance.

Option P: Purge

Use this option to remove transaction detail from customers' accounts. The system purges transactions based on each account's balance method and the Past Due Periods Kept After Purch field in A/R Control File Maintenance (MCT).

Note that a special column called Action prints on the right side of the report.

For open item accounts, the system purges transactions that:

- have been fully paid,

- are not disputed,

- meet the Past Due Periods Kept After Purge field requirements in MCT,

- and have a valid apply-to number (only for transaction type A,C, and P)

For balance forward accounts, the system creates a balance forward transaction and deletes individual transitions that are not disputed and meet the Past Due Periods Kept After Purge field requirements in MCT.

For revolving charge accounts, the system creates a current balance from the items that have appeared on a statement and deletes individual transactions (If not disputed).

Use Option R: Recalculate Running Balance to reset customers' running balance, so it equals the sum of the open items. Use this in conjunction with Update Option F: Finalize.

Option S: Calculate Special Charges generates the special charge information for accounts. To apply the charges to accounts, you must also enable Update option F: Finalize when running the report. You should do this monthly before running statements.

You can run this function manually, but consider adding the report to the end of month report queue.

To recalculate the terms discounts from the appropriate percentages in Maintain Terms (MTM), use Option V: Recalculate Variable Discounts.

You may use this option more than once per statement period.

The system performs these updates:

- Adds the customer's purchases for the month, and subtracts any credits or negative adjustments,

- determines the customer's terms discount level (from Maintain Terms (MTM)),

- updates the Terms Discount PTD field in Customer Maintenance on the Sales tab, and

- updates the Terms Disc field in Open Item Maintenance (MOI) and Discount Amount field in the Transaction Viewer with the allowable discount amount.

Option X: Calculate Finance Charges

This Update Option calculates finance and late charges while printing a list of them.

The system will only post the finance charges to the customer accounts if you also have Update Option F: Finalize enabled.

Option Y: Age Unapplied Credits for Open Item Accounts based on Due Date.

To use this update option, you must set option 3556 Calculate due dates on unapplied credits same as invoices to Yes in options configurator. This sets unapplied credits' due dates based on terms.

Note: If you run the report without this option enabled, unapplied credits age based on Due date, but if a credit balance exists, the system applies the credit to the next most current aging bucket.

Recap

As you can see, the A/R Aging Report is a valuable tool for helping to manage past due customer accounts.

In this course, we showed how to set up and run the A/R Aging Report.

We identified the differences between the report's selection criteria and described when to use them.

We also described the report's Update Options.

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