Setting Up Accounts Receivable

Extending payment terms to your customers can increase sales and promote consumer loyalty. Managing this liability *effectively* requires a little setup and enforcement of your company policies.

This course will show you how to add tenders for accounts receivable payments, how to create credit terms, how to add payment adjustment reasons and review the settings available to determine statement and finance charge behavior.

Objectives

- Setting Up Tenders
- Adding Credit Terms
- Creating AR Adjustment Reasons
- Managing AR Settings

Setting Up Tenders

Before you begin using A/R, you need to be sure that the correct payment options are available to your customers. To do this, we will check our *tenders* settings.

From the main menu, select **Sales** > **Setup** and then **Tenders**.
Tap **Search** to bring up a list of available tenders.

Select the tenders you want to be available when collecting A/R payments from your customers and then tap **Edit**.

The **Edit Tender** screen displays.
You can scroll through tenders using the forward and backward buttons if you've selected more than one tender.

Use the **Payment on Account** toggle to determine if the tender can be used to 'pay on account'.
Use *this* toggle to allow customers to receive any applicable terms discount when paying with this tender.

Click **Save** after you've finished editing each tender.

Adding Credit Terms

Once you've identified the payment methods your customers can use, the next step is to decide *when* they need to pay you.

Terms Code come into play here.
They determine the customer's due date and any available early payment discount.

From the main menu, select **Accounts Receivable, Setup** and then **Credit Terms**.
The *Credit Terms* page appears.

From *this* grid, you can see the list of available terms and their status.
To add a *new* credit term, click the **Add** button.

The **General Information** screen is displayed. Fields marked with a red asterisk are mandatory.
Determine whether the credit type is based on a *date* or *days*. Use the radio button to select one.

By Date calculates the due and discount date as of a *specific* date.
By Days calculates the due and discount date based on the *invoice* date*.*

In the **Credit Terms Code** field, enter a three-character alphanumeric code.
For example, 310 could be used to get a 3% discount if paid within 10 days.

Add a good description *here.*
For example, *3% 10 Net 30* indicates that a 3% discount is available for payment in 10 days *or* the net payment due
in 30 days.

Set the *status* of the code by using this drop-down menu.

If the **Credit Type** is *By Date*, enter the due date of the invoice *here*.
If the **Credit Type** selected is *By Days,* enter the number of days the invoice is due *after* the invoice date.

You can set the discount percentage allowed if the invoice is paid on time.

If the **Discount Type** is *By Date*, enter the cut-off date for the discount to be applied.
Invoices paid *after* this date are not eligible for a discount.
If the **Discount Type** is *By Days,* enter the number of days *after* the invoice date that the customer will be eligible
for the discount.

The **Close Date** field is only visible if the credit type is *By Date.*

From the drop-down menu, select the last day of the A/R cycle.

Don't forget to **Save** your Terms Code.

Creating AR Adjustment Reasons

Now that you've established *how* and *when* your customers pay you, there's always the possibility that you will
have returns, need to correct an error or write off some bad debt.

For example, this customer has the **Charge Allowed** option *enabled*, so any returns should be reflected in the
customer's A/R account.
In such cases, reasons for A/R adjustments must be created.

From the AR Setup screen, select **Adjustment Reasons.**

The grid displays the list of existing adjustment reasons. Tap the **Add** button to add a new one.

Enter the Adjustment Reason *here* and provide a brief description *here.*
Adjustments are used to credit or charge a customer's account. Select the **Adjustment Type** from the drop-down menu.

Tap **Save** and your Adjustment Reason is now ready for use.

Managing AR Settings

Now that the A/R supporting files are ready to use, let's go over some basic configuration options.

From the Accounts Receivable Setup Screen, select **AR Settings.**
The basic settings, statement setup, and statement past due warnings are all visible here.

In the first section, determine the finance charge percent, if any.
If this field is left blank, finance charges will not be applied to past-due accounts.

If the customer's terms include a *discount*, enter the number of days past the due date that they continue to receive it.

To combine previous and current finance charges, turn *on* the **Compound Finance Chargers** toggle.

A value less than the amount you enter here will not be charged.

Switch on *this* toggle to allow a customer to receive special pricing *even* if their credit limit has been reached.
Switch on *this* toggle to prevent a terms discount amount from being applied to past-due accounts.

You can also specify the default credit terms code. Whatever you choose here will be the default when you create a new customer.

In the **Statement Setup** section, decide whether to include zero balance or credit balance accounts.

You can also choose to create statements only for the past due accounts and whether or not to print terms discounts on past-due account statements.

Finally, in the **Statements Past Due Warnings** section, type the message that should be printed on the customer's statement when the payment is past due by 30, 60, or 90 days.

Tap **Save** to save your changes.

Recap

You can easily manage your customers credit with a little setup.

Refer to the help articles, videos, and guided learning for more information.

In this course, we showed you how to adjust tender settings, add terms codes, add account adjustment reasons and manage statement and finance charge settings.

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