

Consultant Course



F140 Credit Control 2023 R2

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How To Use This Course

This course provides a set of lessons that illustrate the credit control processes in a midsize company. The course consists of lessons that guide you step by step through the examples and explanations of the configuration and business process flow in Acumatica ERP.

What Is in This Guide

The guide includes the *Company Story* topic and process activities. The *Company Story* topic explains the organizational structure of the company that has been preconfigured in the *U100* dataset, as well as the company's business processes and requirements. Each of the process activities of the course is dedicated to a particular user scenario and consists of processing steps that you complete.

Which Training Environment You Should Use

All lessons of the course should be completed in an instance of Acumatica ERP 2023 R2 with the *U100* training dataset preloaded; this dataset provides the predefined settings and entities you will need as you complete the activities of this course.

You or your system administrator need to prepare an instance of Acumatica ERP 2023 R2, as described in the *How to Create a Tenant with the U100 Dataset* section below.

What Is in a Configuration Lesson

A *configuration lesson*—that is, a lesson dedicated to the configuration of system settings and entities—provides a brief overview of the required system configuration and a description of other settings that could affect the configuration workflow.

Each configuration lesson includes at least one implementation activity that you have to complete in your Acumatica ERP instance to configure the core system settings or to prepare system entities.

What Is in a Lesson

Each lesson provides a story describing a particular user scenario and an overview of the relevant features that have been enabled in the system; configuration settings that are related to the described scenario are also listed. The lesson provides a brief overview of the process that should be performed to complete the described scenario, and instructions that guide you through the process in Acumatica ERP.



The completion of a lesson depends on the steps performed in the previous lessons. We recommend that you complete the lessons in the listed order.

What Is in a Process Lesson

A *process lesson*—that is, a lesson dedicated to the performing of a particular business process—includes a brief user scenario and a description of the process workflow. It can also include process diagrams that illustrate the user scenario supported by this process. The lesson also provides a brief overview of the settings that need to be specified and the entities that need to be prepared in the system before you start to perform this business process.

Each process lesson includes at least one process activity that you have to complete in your Acumatica ERP instance to learn how to perform the described business process.

What the Documentation Resources Are

The complete Acumatica ERP documentation is available on <https://help.acumatica.com/> and is included in the Acumatica ERP instance. While viewing any form used in the course, you can click the **Open Help** button in the top pane of the Acumatica ERP screen to bring up a form-specific Help menu; you can use the links on this menu to quickly access form-related information and activities and to open a reference topic with detailed descriptions of the form elements.

How to Create a Tenant with the U100 Dataset

Before you complete this course, you need to add a tenant with the *U100* dataset to an existing Acumatica ERP instance. You will then prepare the tenant for completing the activities. To complete this preparation, perform the following instructions:

1. Go to [Amazon Storage](#).
 2. Open the folder that corresponds to the version of your Acumatica ERP instance.
 3. In this folder, open the **Snapshots** folder, and download the `u100.zip` file.
 4. Launch the Acumatica ERP instance, and sign in.
 5. Open the [Tenants](#) (SM203520) form, and click **Add New Record** on the form toolbar.
 6. In the **Login Name** box, type the name to be used for the tenant.
 7. On the form toolbar, click **Save**.
 8. On the **Snapshots** tab, click **Import Snapshot**.
 9. In the **Upload Snapshot Package** dialog box, select the `u100.zip` file, which you have downloaded, and click **Upload**.
- The system uploads the snapshot and lists it on the **Snapshots** tab of the [Tenants](#) form.
10. On the form toolbar, click **Restore Snapshot**.
 11. If the **Warning** dialog box appears, click **Yes**.
 12. In the **Restore Snapshot** dialog box, make sure that the correct snapshot package is being uploaded, and click **OK**. The system will restore the snapshot and sign you out.

You are now on the Sign-In page, and you can sign in to the tenant you have just created.

Which License You Should Use

For the educational purposes of this course, you use Acumatica ERP under the trial license, which does not require activation and provides all available features. For the production use of this functionality, you have to activate the license your organization has purchased. Each particular feature may be subject to additional licensing; please consult the Acumatica ERP sales policy for details.

Company Story

This topic explains the organizational structure and operational activity of the company you will work with during this training.

Company Structure

The SweetLife Fruits & Jams company is a midsize company located in New York City. The company consists of the following branches:

- SweetLife Head Office and Wholesale Center: This branch of the company consists of a jam factory and a large warehouse where the company stores fruit (purchased from wholesale vendors) and the jam it produces. Warehouse workers perform warehouse operations by using barcode scanners or mobile devices with barcode scanning support.
- SweetLife Store: This branch has a retail shop with a small warehouse to which the goods to be sold are distributed from the company's main warehouse. This branch is also planning on selling goods via a website created on an e-commerce platform to accept orders online. The e-commerce integration project is underway.
- SweetLife Service and Equipment Sales Center: This branch is a service center with a small warehouse where juicers are stored. This branch assembles, sells, installs, and services juicers, in addition to training customers' employees to operate juicers.

Operational Activity

The company has been operating starting in the 01-2023 financial period. In November 2023, the company started using Acumatica ERP as an ERP and CRM system and migrated all data of the main office and retail store to Acumatica ERP. The equipment center has begun its operations in 01-2024 in response to the company's growth.

The base currency of the company and its subsidiaries is the US dollar (USD). All amounts in documents and reports are expressed in US dollars unless otherwise indicated.

SweetLife Company Sales and Services

Each SweetLife company's branch has its own business processes, as follows:

- SweetLife Head Office and Wholesale Center: In this branch, jams and fruit are sold to wholesale customers, such as restaurants and cafes. The company also conducts home canning training at the customer's location and webinars on the company's website.
- SweetLife Store: In the store, retail customers purchase fresh fruit, berries, and jams, or pick up the goods they have ordered on the website. Some of the goods listed in the website catalog are not stored in the retail warehouse, such as tropical fruits (which are purchased on demand) and tea (which is drop-shipped from a third-party vendor).
- SweetLife Service and Equipment Sales Center: This branch assembles juicers, sells juicers, provides training on equipment use, and offers equipment installation, including site review and maintenance services. The branch performs short-term service provision.

The company has local and international customers. The ordered items are delivered by drivers using the company's own vehicle. Customers can pay for orders by using various payment methods (cash, checks, or credit cards).

Company Purchases

The company purchases fruits and spices from large fruit vendors for sale and for jam production. For producing jams and packing jams and fruits, the company purchases jars, labels, and paper bags from various vendors. For

the internal needs of the main office and store, the company purchases stationery (printing paper, pens, and pencils), computers, and computer accessories from various vendors.

The company also purchases juicers and juicer parts from large juicer vendors, and it either purchases the installation service for the juicers or provides the installation service on its own, depending on the complexity of the installation.

Part 1: Credit Verification Rules

This part includes lessons about configuring credit verification rules and analyzing how the system performs automatic credit verification for customers.

For completing the lessons of this part of the course, you will use a company with the *U100* dataset preloaded, which provides a fully configured company with sample data specially designed for this course. The lessons of this part are independent: you can complete the lesson activities in any order.

You need to complete the activities in this part by using user accounts with specific access rights. Each activity provides the credentials to use for sign-in to the prepared *U100* tenant in the *System Preparation* section.

Lesson 1.1: Configuring Credit Verification Rules

In this lesson, you will find general information on how to configure credit verification rule and an activity that describes how to set up credit verification rules for specific customers.

Credit Verification Rules: General Information

Although accurate evaluation of customers' credit worthiness is required, employees may perform it outside of the system by gathering data on the financial health of potential customers, including their current credit score.

In Acumatica ERP, credit verification is invoked each time a user creates an invoice for a customer in accounts receivable.

Learning Objectives

In this lesson, you will learn how to set up credit verification rules for specific customers.

Credit Verification in Accounts Receivable

When you create an invoice and the customer fails the credit check, the system checks the value of the **Hold Documents on Failed Credit Check** check box on the [Accounts Receivable Preferences](#) (AR101000) form, which defines what happens to new invoices if the credit check fails:

- If the check box is selected, you may save the document (invoice or debit memo) with the *On Hold* status, but the document cannot be released until the credit violation is resolved.
- If the check box is cleared, you can save new documents with the *Balanced* status and process them regardless of the credit check result, although the system warns users about customers that have failed their credit check.

Setup of Credit Verification Rules

You can set up credit verification rules for individual customers and for groups of customers. To provide default credit verification settings for groups of similar customers, you can specify credit rules by customer class on the [Customer Classes](#) (AR201000) form. If needed, you can disable or redefine the default rules for individual customers by using the [Customers](#) (AR303000) form.

In the **Credit Verification** box on these forms, you can select one of the following options:

- *Credit Limit*: If the customer's total outstanding balance is greater than the amount specified in the **Credit Limit** box, the system generates a warning. If the value in the **Over-Limit Amount** box on the [Customer](#)

[Classes](#) (AR201000) form is also exceeded, the system puts new invoices on hold or issues a warning, depending on the state of the **Hold Documents on Failed Credit Check** check box and on the state of the **Hold Invoices on Failed Credit Check** check box if sales orders are used.

- **Days Past Due:** Credit terms are defined and due dates are calculated based on the customer's terms. If the customer has a document that is past due by more days than the number of days past due specified in the **Credit Days Past Due** box, the system puts new invoices on hold or issues a warning, depending on the state of the **Hold Documents on Failed Credit Check** check box and on the state of the **Hold Invoices on Failed Credit Check** check box if sales orders are used.
- **Limit and Days Past Due:** Both types of rules are applied: The customer's debt should not exceed the credit limit, and the payment date should not exceed the due date of an invoice by more days than the specified number of days past due. If either rule is violated (or both rules are), the system puts new invoices on hold or issues a warning, depending on the state of the **Hold Documents on Failed Credit Check** check box and on the state of the **Hold Invoices on Failed Credit Check** check box if sales orders are used.
- **Disabled:** No credit rules are to be applied.

You can view the unused credit limit of a customer in the **Available Credit** box on the **General** tab of the [Customers](#) form.

Recalculation of Customer Balances

You can use the [Recalculate Customer Balances](#) (AR509900) form to recalculate customer balances and match them with the account balances stored in the database. In the Selection area of the form, you select a particular customer class or leave the **Customer Class** box blank to view the customers of all classes.

You can run this process if there is any discrepancy between the customer balance and the total amount of all the released customer documents.

Credit Verification Rules: Implementation Activity

In the following implementation activity, you will learn how to set up credit verification rules for specific customers.



This activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

Story

Suppose that SweetLife Fruits & Jams has decided to start tracking credit limits and days past due for some of the customers. The *COFFEESHOP* customer has multiple unpaid documents and a large balance. This customer should be put on credit hold if the total balance of its open documents exceeds \$2,000. For this customer, the *Credit Limit* verification rule should be used.

The *GOODFOOD* customer sometimes fails to pay the documents in time, so the *Days Past Due* verification rule should be used for this customer. Acting as Yona Jones, an accountant in charge of the Credit Control team, you need to set up the credit verification rules for these customers.

Process Overview

In this activity, on the [Customers](#) (AR303000) form, you will set up credit verification rules for the *COFFEESHOP* and *GOODFOOD* customers. On the [Accounts Receivable Preferences](#) (AR101000) form, you will review the accounts receivable preferences settings and make sure that the **Hold Documents on Failed Credit Check** check box is selected.

System Preparation

Before you start setting up credit verification rules, launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. You should sign in as an accountant with the *jones* username and the *123* password.

Step 1: Setting Up Credit Verification Rules

To set up credit verification rules for specific customers, do the following:

1. On the [Customers](#) (AR303000) form, open the *COFFEESHOP* customer.
2. On the **Financial** tab (**Credit Verification Rules** section), specify the following settings:

- **Credit Verification:** *Credit Limit*
- **Credit Limit:** 2000

The specified credit limit means that the maximum total balance of open documents of the customer in the system should not exceed the credit limit (\$2,000). The **Available Credit** box shows the difference between the limit, the open order balance, and the customer balance displayed on the form, which in this case is – 6,041.04

3. On the form toolbar, click **Save** to save the changes.
4. In the **Customer ID** box, select *GOODFOOD*.
5. On the **Financial** tab, specify the following settings:
 - **Credit Verification:** *Days Past Due*
 - **Credit Days Past Due:** 15
6. On the form toolbar, click **Save** to save the changes.

Step 2: Reviewing the Accounts Receivable Preferences

To review the accounts receivable preferences, do the following:

1. Open the [Accounts Receivable Preferences](#) (AR101000) form.
2. On the **General** tab, make sure that the **Hold Documents on Failed Credit Check** check box is selected.

Because this check box is selected, users will not be able to release documents for the customers who failed credit check.

Lesson 1.2: Analyzing Automatic Credit Verification for Customers

In this lesson, you will find general information on how to manage credit holds and an activity that describes how to analyze automatically applied credit checks and remove credit hold for an invoice.

Automatic Credit Verification: General Information

You may encounter an unfortunate situation when a customer has not paid for a long time and has not responded to any inquiries or requests for payment. You might have notified the customer about due invoices with a sequence of dunning letters or in some other way. In this case, you can put a hold on the customer's credit until the issue is resolved.

Learning Objectives

In this lesson, you will learn how to do the following:

- Analyze how credit verification rules affect customers' credit check
- Remove credit hold for an invoice

Putting AR Documents and Customers on Credit Hold

On the [Invoices and Memos](#) (AR301000) form, you can put an AR document on credit hold, even if the customer for whom the document is created is not on credit hold and has passed credit verification.

An employee who is authorized to manage customer credit can apply credit holds to applicable customers by using the [Manage Credit Holds](#) (AR523000) form. Once a credit hold has been applied to a customer account, no new sales orders or invoices can be created for this customer.

Removing Credit Hold for AR Documents and Customers

On the [Invoices and Memos](#) (AR301000) form, when you save an AR invoice (or other document on the form) for the customer or click **Remove Hold** on the form toolbar, the system validates the customer's credit limit and places the invoice on credit hold if the validation has failed (which can occur when the credit limit has been exceeded or a document is long past due). When the system places the invoice on credit hold, it changes the status of the document to *Credit Hold*.

To remove credit hold from a document, you click **Remove Credit Hold** (under **Approval**) on the More menu of the [Invoices and Memos](#) form. When you remove credit hold from the document, the system changes the document's status to the one it had before it was put on credit hold—*Balanced*, *Pending Print*, or *Pending Email*. If you modify a document for which credit hold was removed, the system puts this document on credit hold again when you save these modifications if the updated document's amount is greater than the amount at the moment when credit hold was removed for the document.

An authorized user can manually remove a customer from credit hold by changing the customer status from *Credit Hold* to *Active*. To do this, the authorized user's role should have access to the **Status** box of the [Customers](#) (AR303000) form. This can also be done on the [Manage Credit Holds](#) (AR523000) form.

Automatic Credit Verification: Process Activity

The following activity will walk you through the process of analyzing how credit verification rules affect customers' credit check and removing credit hold for an invoice.

Story

Suppose that credit verification rules have been defined for some of SweetLife customers. On January 30, 2024, the *COFFEESHOP* customer bought online training services, but failed the credit check. On the same date, the *GOODFOOD* customer bought consulting services, but also failed the credit check.

Yona Jones called the *COFFEESHOP* customer and they told him that they sent the payment the day before but it had not yet been received. Yona decided to release the invoice from credit hold.

Acting as Yona Jones, you need to create two invoices for these customers and analyze how the credit verification rules set up earlier affect the customers' credit check. Then you need to remove credit hold for an invoice of the *COFFEESHOP* customer.

Process Overview

In this activity, on the [Invoices and Memos](#) (AR301000) form, you will create two invoices for customers that failed the credit check. On the same form, you will remove credit hold for one of the invoices and release the invoice.

System Preparation

Before you begin analyzing automatic credit verification, do the following:

1. Launch the Acumatica ERP website with the *U100* dataset preloaded, and sign in as an accountant by using the *jones* username and the *123* password.
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/30/2024*. If a different date is displayed, click the Business Date menu button, and select *1/30/2024* on the calendar. For simplicity, in this activity, you will create and process all documents in the system on this business date.
3. As a prerequisite activity, in the company to which you are signed in, be sure you have set up credit verification rules, as described in [Credit Verification Rules: Implementation Activity](#).
4. On the Company and Branch Selection menu on the top pane of the Acumatica ERP screen, select the *SweetLife Head Office and Wholesale Center* branch.

Step 1: Creating AR Invoices

To create an AR invoice for each customer, do the following:

1. On the [Invoices and Memos](#) (AR301000) form, add a new record.
2. In the Summary area, specify the following settings:
 - **Type:** *Invoice*
 - **Customer:** *GOODFOOD*
 - **Date:** *1/30/2024* (inserted automatically)
 - **Post Period:** *01-2024* (inserted automatically)
 - **Description:** *Consulting*

Notice that the system displays a warning near the **Customer** box that the customer's days past due limit has been exceeded.
3. On the table toolbar of the **Details** tab, click **Add Row** and specify the following settings for the added row:
 - **Branch:** *HEADOFFICE*
 - **Transaction Descr.:** *Consulting*
 - **Ext. Price:** *380*
4. On the form toolbar, click **Save** to save your changes.
5. On the form toolbar, click **Remove Hold**. The status of the document has changed to *Credit Hold* because the **Hold Document on Failed Credit Check** check box is selected on the [Accounts Receivable Preferences](#) (AR101000) form and the customer's document is on credit hold. You cannot release this document. (If the check box was cleared, you could release any document of the customer despite the warning.)
6. On the form toolbar, click **Save** to save your changes.
7. On the form toolbar, click **Add New Record** to enter the other invoice and in the Summary area, specify the following settings:
 - **Type:** *Invoice*
 - **Customer:** *COFFEESHOP*
 - **Date:** *1/30/2024* (inserted automatically)

- **Post Period:** 01-2024 (inserted automatically)
- **Description:** Online training

Notice that the system displays a warning near the **Customer** box that the customer's credit limit has been exceeded.

8. On the table toolbar of the **Details** tab, click **Add Row** and specify the following settings for the added row:
 - **Branch:** HEADOFFICE
 - **Transaction Descr.:** Online training
 - **Ext. Price:** 1450
9. On the form toolbar, click **Save** to save your changes.
10. On the form toolbar, click **Remove Hold**. The status of the document has also changed to *Credit Hold*. You now need to remove the credit hold for this document.

Step 2: Removing Credit Hold for the Document

To remove the credit hold for the document, do the following:

1. While you are still viewing the invoice on the *Invoices and Memos* (AR301000) form, on the form toolbar, click **Remove Credit Hold**.
The document's status has changed to *Balanced* and you can now release the document.
2. On the form toolbar, click **Release**. The document's status has changed to *Open*.

Part 2: Dunning Letter Management

This part includes lessons about configuring the dunning process, preparing dunning letters, and managing customers' credit status.

For completing the lessons of this part of the course, you will use a company with the *U100* dataset preloaded, which provides a fully configured company with sample data specially designed for this course. The lessons of this part are independent: you can complete the lesson activities in any order.

You need to complete the activities in this part by using user accounts with specific access rights. Each activity provides the credentials to use for sign-in to the prepared *U100* tenant in the *System Preparation* section.

Lesson 2.1: Setting Up the Dunning Process

In this lesson, you will find general information on how to set up the dunning process and an activity that describes how to implement the dunning process for specific customers.

Dunning Process Setup: General Information

Acumatica ERP provides you with capabilities that ease the process of producing dunning letters. Dunning letters are letters of payment collection used to inform your customers of past-due invoices, debit memos, and overdue charges. The form and content of dunning letters generally vary depending on the country in which you perform business. Usually, multiple letters are sent in a sequence. For all customers, the dunning process checks customers' due documents and gives you the ability to prepare and send reminder letters of different levels of severity.

To start producing dunning letters, you define the process settings that suit your company (one-time setup) and then you run the process when needed. As a result of executing the process, you have prepared dunning letters that can be emailed to customers or printed to be sent by postal mail.

The functionality is available if the *Dunning Letter Management* feature is enabled on the [Enable/Disable Features](#) (CS100000) form.

In this topic, you will read about the dunning process options offered by Acumatica ERP and the general steps of setting up the process.

Learning Objectives

In this lesson, you will learn how to do implement the dunning process in the system.

Applicable Scenarios

You implement the dunning process if you want to inform your customers about past-due documents by sending them dunning letters.

You can create the text of successive dunning letters, varying in tone and content from a polite first letter informing the customer about unpaid invoices to a last letter mentioning all allowable collection options. We recommend that these letters be sent at carefully selected intervals so that a customer with intent to pay has enough time between letters to settle all invoices before the arrival of the next letter.

Dunning Process Options

In Acumatica ERP, you can select how the system prepares dunning letters: by grouping overdue documents by customer account (the *By Customer* option) or by grouping overdue documents by customer and by the dunning

level of a document (*By Document*). You select the appropriate option in the **Dunning Process** box on the **Dunning** tab of the [Accounts Receivable Preferences](#) (AR101000) form. By default, the *By Customer* option is selected. If you want more manual control over the process, you can select the *By Document* option.



We recommend that you make the **Dunning Process** selection when you begin implementing the process and keep that setting. You can switch from *By Customer* to *By Document*, but switching from *By Document* to *By Customer* is not recommended.

You can use the following forms to view the history of dunning letters that have been produced:

- [Dunning Letter History by Customer](#) (AR408000): Shows the history of dunning letters that have been produced for the selected customer account
- [Dunning Letter History by Document](#) (AR408500): Displays the history of dunning letters that have been produced for documents of the selected customer account

Dunning Level of a Document

A dunning level is a rule that defines a range for days past due, days to settle, and the amount of the dunning fee. A dunning level acts as a filter when you print or email dunning letters. By default, dunning level 1 has 30 days past due and 3 days to settle, and each new dunning level has 30 more days past due. When specifying these dunning settings, you can override the default values.

A dunning level is associated with a particular document (invoice or credit memo). The system assigns a dunning level to a document that is equal to the level of the last dunning letter that included this document. If the document has not been included in a dunning letter yet, the system sets the dunning level to 0 for the document.

You can view the current dunning level of a document in the **Dunning Info** section on the **Financial** tab of the [Invoices and Memos](#) (AR301000) form. Also, in this section, you can view the date of the last released dunning letter that included this document.

Dunning Level of a Customer Class

On the [Accounts Receivable Preferences](#) (AR101000) form, you can define the dunning levels to be used by default for new customer classes, using the most typical levels. (If you do not define them, they cannot be used for customer classes at all.) If dunning levels have been specified in the AR settings, they can also be defined for specific customer classes. For example, different dunning processes can be required for business-to-business (B2B) customers and business-to-consumer (B2C) customers, for key customers and regular customers, and for customers located in different countries.

You define the dunning levels of a customer class on the **Dunning** tab of the [Customer Classes](#) (AR201000) form. When you create a new customer class on the [Customer Classes](#) form, the list of dunning levels is copied to the **Dunning** tab from the [Accounts Receivable Preferences](#) form. A customer always inherits the dunning levels of the customer class, and they cannot be overridden for the individual customer.

For the class you are defining, you can delete unneeded levels, change the settings of existing levels, and add new levels that were not defined on the [Accounts Receivable Preferences](#) form. At any time, you can change the dunning levels specified for a customer class on the [Customer Classes](#) form and for accounts receivable on the [Accounts Receivable Preferences](#) form.

The dunning levels specified on the [Accounts Receivable Preferences](#) form are used for only the creation of new customer classes. If the dunning settings on the [Accounts Receivable Preferences](#) form are changed, the dunning level settings defined for existing customer classes are not updated. To change the dunning levels for existing customers, you should update the dunning levels of the appropriate customer class on the [Customer Classes](#) form.

Exclusion from the Dunning Process

You can exclude a customer account from the dunning process, regardless of what option is selected for the dunning process. To do this for a customer, you clear both the **Send Dunning Letters by Email** and **Print Dunning Letters** check boxes in the **Print and Email Settings** section on the **Billing** tab of the [Customers](#) (AR303000) form.

If you prepare dunning letters by document (that is, if the *By Document* option is selected in the **Dunning Process** box), you can exclude a particular document from the dunning process by selecting the **Revoked** check box that appears in the **Dunning Info** section of a document (the [Invoices and Memos](#) form). For example, suppose that the dunning level of a particular document is 1, and it is time to prepare dunning letters; however, the customer has notified you that the invoice is settled, but because of bank holidays, the payment is late. By selecting the **Revoked** check box for the document, you can exclude this invoice from the dunning process to avoid negatively affecting your company's relations with this customer.



If you prepare dunning letters by customer, a particular document cannot be excluded from the dunning process.

Dunning Fee Collection

You may want to charge your customers for the expenses your company incurs while sending dunning letters. If you do this, you can specify a numbering sequence, which the system will use when it assigns numbers to dunning fees, in the **Dunning Fee Numbering Sequence** box on the [Accounts Receivable Preferences](#) (AR101000) form. If you leave this box empty, when the system assigns numbers to dunning fees, it uses the numbering sequence specified in the **Invoice Numbering Sequence** box of the form.

On the **Dunning** tab of the [Accounts Receivable Preferences](#) form, you can specify the amount of the dunning fee for each level. You specify a dedicated non-stock item that provides a sales account and a subaccount (if applicable) to register the collected fee, and a tax category.



Make sure that a correct account and a subaccount (if applicable) are specified for the non-stock item in the **Sales Account** and **Sales Sub.** boxes on the **GL Accounts** tab of the [Non-Stock Items](#) (IN202000) form.

When a dunning letter of a particular level is released, the system generates an invoice for customer with the fee amount specified for the level. This invoice is created with the *Balanced* status. You can adjust the fee amount, if needed, and then release the invoice on the [Invoices and Memos](#) form.



If the dunning fee amount is set to 0.00, no invoice is generated.

If you do not need to adjust any dunning fee invoices, you can configure the automatic release of dunning fee invoices when corresponding dunning letters are released. To do this, select the **Automatically Release Dunning Fee Documents** check box on the **Dunning** tab of the [Accounts Receivable Preferences](#) form.



The amount of the dunning fee is converted to the customer's currency if the **Enable Currency Override** check box is cleared on the [Customers](#) form.

Dunning Process Configuration

You need to perform the following steps to set up the dunning process:

1. *Dunning process setup:* You configure the process of generating and sending dunning letters on the **Dunning** tab of the [Accounts Receivable Preferences](#) (AR101000) form. You can specify the settings for the levels, the dunning fee details, and the sending criteria for each letter in the sequence. Also, you can define the number

of days you offer a customer to settle the due document. For details on configuring the dunning process, see [Dunning Process Setup: Implementation Activity](#).

2. *Report modification:* If the default design of the [Dunning Letter](#) (AR661000) report does not suit you, you can modify it by using the Acumatica Report Designer.
3. *Mailing configuration:* If you plan to send dunning letters by email, you need to configure the [DUNNINGLETTER](#) mailing for a customer class or a customer. If you want to send an email attachment with the details of due documents, select the [Dunning Letter](#) report to generate it. For details on setting up a dunning letter mailing, see [To Set Up a Dunning Letter Mailing](#).

When you have finished setting up the process, you may proceed to preparing and sending dunning letters.

Dunning Process Setup: Implementation Activity

In the following implementation activity, you will learn how to implement the dunning process.

Story

Suppose that SweetLife Fruits & Jams decided to implement the dunning process in the system, which the Credit Control team can use to streamline its work. In the system, the following dunning levels should be used:

Days Past Due	Days to Settle	Dunning Fee
30	3	\$0
60	3	\$5
90	3	\$10

Acting as an implementation consultant (Kimberly Gibbs), you need to enable the needed feature and set up the dunning process on the **Dunning** tab of the [Accounts Receivable Preferences](#) (AR101000) form.

Process Overview

In this activity, you will first enable the *Dunning Letter Management* feature on the [Enable/Disable Features](#) (CS100000) form. On the [Accounts Receivable Preferences](#) (AR101000) form, you will update the dunning settings for accounts receivable. Finally, on the [Customer Classes](#) (AR201000) form, you will set up dunning letter levels for the *DEFAULT* customer class.

System Preparation

Before you start implementing the dunning process, launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. You should sign in as Kimberly Gibbs with the *gibbs* username and the *123* password.

Step 1: Enabling the Needed Feature

To enable the *Dunning Letter Management* feature, do the following:

1. On the [Enable/Disable Features](#) (CS100000) form, click **Modify** on the form toolbar.
2. In the *Advanced Financials* group of features, select the **Dunning Letter Management** check box.
3. On the form toolbar, click **Enable**.

Step 2: Updating the Accounts Receivable Preferences

To set up the dunning process, do the following:

1. Open the [Accounts Receivable Preferences](#) (AR101000) form.
2. On the **Dunning** tab, specify the following settings:
 - **Dunning Process:** *By Customer*
 - **Add Coming-Due Invoices:** Selected
 - **Dunning Fee Item:** *DUNNINGFEE*
 - **Terms:** *7D - 7 Days*
 - **Automatically Release Dunning Fee Documents:** Selected
3. On the form toolbar, click **Save** to save your changes.

Step 3: Specifying Dunning Settings for a Customer Class

To specify the dunning settings for the *DEFAULT* customer class, do the following:

1. Open the [Customer Classes](#) (AR201000) form and in the **Class ID** box, select *DEFAULT*.
2. Go to the **Dunning** tab.
3. On the table toolbar, click **Add Row** and specify the following settings for the row:
 - **Dunning Letter Level:** *1* (inserted automatically)
 - **Days Past Due:** *30* (inserted automatically)
 - **Days to Settle:** *3* (inserted automatically)
 - **Description:** *30 days*
 - **Dunning Fee:** *0.00* (inserted automatically)
4. Click **Add Row** again and specify the following settings for the second row:
 - **Dunning Letter Level:** *2* (inserted automatically)
 - **Days Past Due:** *60* (inserted automatically)
 - **Days to Settle:** *3* (inserted automatically)
 - **Description:** *60 days*
 - **Dunning Fee:** *5*
5. Click **Add Row** again and specify the following settings for the third row:
 - **Dunning Letter Level:** *3* (inserted automatically)
 - **Days Past Due:** *90* (inserted automatically)
 - **Days to Settle:** *3* (inserted automatically)
 - **Description:** *90 days*
 - **Dunning Fee:** *10*
6. On the form toolbar, click **Save** to save your changes.

Lesson 2.2: Preparing Dunning Letters

In this lesson, you will find general information on how to use the AR Aging report and prepare dunning letters, an activity that describes how to run the AR Aging report, an activity that describes how to prepare dunning letters, and other reports that can be useful to find and view past-due documents.

Preparation of Dunning Letters: General Information

In Acumatica ERP, the [Dunning Letter](#) (AR661000) report is used to generate a printed version of a dunning letter. You can control the look and feel of this report in addition to the reporting functions. You can use the default report or customize the report by using the Acumatica Report Designer. You can provide settings specifying who will receive the report-based email and which format should be used, as well as possibly a specific template to be used as the email body (for email personalization). For details on modifying reports, see the [Acumatica Report Designer Guide](#).

Learning Objectives

In this lesson, you will learn how to do the following:

- Run and review the [AR Aging](#) (AR631000) report
- Prepare dunning letters by using the *By Customer* dunning process

Applicable Scenarios

You prepare and send dunning letters if you want to remind your customers about overdue documents they must pay.

Appearance and Content of Dunning Letters

By using the [Dunning Letter](#) (AR661000) report form, you can print a dunning letter by using the **Print** action on the report toolbar or email it by using the **Send** action. By default, the system generates an email based on the *DunningLetterNotification* notification template, which you can edit by using the [Email Templates](#) (SM204003) form.

If you want to print or email multiple letters at once, you can use the [Print/Release Dunning Letters](#) (AR522000) mass-processing form. The mass-emailing process requires the mailing with the *DUNNINGLETTER* identifier to be configured for the customer accounts that you plan to notify. For details on mailings, see [Managing Mailings](#). For details on the configuration of a dunning letter mailing, see [To Set Up a Dunning Letter Mailing](#).

Documents Included in Dunning Letters

You can include the following documents in dunning letters, in addition to overdue and open invoices and debit memos:

- Open credit memos
- Open payments, prepayments, and refunds

You include additional documents by selecting the **Add Open Payments and Credit Memos** check box on the [Prepare Dunning Letters](#) (AR521000) form. Depending on the states of the **Add Coming-Due Invoices** and **Add Open Payments and Credit Memos** check boxes, documents are included in the generated dunning letters as described in the *System Behavior* column of the following table.

Add Coming-Due Invoices	Add Open Payments and Credit Memos	System Behavior
Cleared	Cleared	Overdue invoices and debit memos are included in the dunning letter.
Selected	Cleared	Open invoices and debit memos are included in the dunning letter.

Add Coming-Due Invoices	Add Open Payments and Credit Memos	System Behavior
Cleared	Selected	Overdue invoices, overdue debit memos, open credit memos, and open payments are included in the dunning letter.
Selected	Selected	Open invoices, open debit memos, open credit memos, and open payments are included in the dunning letter.

When you run the [Dunning Letter](#) (AR661000) report, the amounts of the following documents that increase the customer's balance are shown with the plus sign (+):

- Invoices
- Debit memos
- Overdue charges
- Refunds

The amounts of the following documents that decrease the customer's balance are shown with the minus sign (–):

- Credit memos
- Payments
- Prepayments

Letter Preparation

You use the [Prepare Dunning Letters](#) (AR521000) form to prepare dunning letters. The table on this form lists the customer accounts that have at least one overdue document. You can generate dunning letters for all listed customers or only those you select.

After you have selected the customer accounts that you want to process (by selecting the check boxes in their rows), you click **Process** (on the form toolbar) to prepare dunning letters. You can instead prepare dunning letters for all records in the table by clicking **Process All**. If the letters have been generated successfully, the system displays a green check mark on the form toolbar. The letters are prepared with the *Released* status and are ready for printing or emailing.



You can schedule the preparation of dunning letters to be performed automatically by using the automation schedule functionality. For details on configuring schedules, see [Scheduling Automated Processing](#).

When a dunning letter is prepared, the system updates the information in the **Dunning Letter Info** section on the **Financial** tab of the [Invoices and Memos](#) (AR301000) form. For each document involved, the system updates the date of the last released dunning letter that included the document, and increases the document's dunning level by one.

Dunning Letter Statuses

During the processing of a dunning letter, the system changes the status of the letter as follows:

- **Released**: This status indicates that the dunning letter has been prepared and released and can be printed, sent by email, or voided. If a nonzero dunning fee was specified for the level of this letter on the **Dunning** tab of the [Accounts Receivable Preferences](#) (AR101000) form, the system also creates the invoice for the dunning fee during the release of the dunning letter. If the **Automatically Release Dunning Fee Documents** check box is selected on the **Dunning** tab of the [Accounts Receivable Preferences](#) form, the system automatically releases the invoice when the corresponding dunning letter is released.

- *Voided*: This status indicates that the dunning letter has been voided, the system decreases the dunning level for each document that was included to this letter, and will process these documents when you prepare a dunning letter for this customer account again.

Letter Previewing and Sending

You use the [Print/Release Dunning Letters](#) form to print released dunning letters or initiate the emailing of them. On this form, you can print dunning letters to be sent through postal mail, or generate emails that you can preview before sending them on the [Emails Pending Processing](#) (SM507000) form.



This is the default workflow of sending emails; consult your system administrator to find out whether it has been modified.

Letters from all branches can be sent separately or can be consolidated (on generation) into a single letter to the customer. This is controlled by the **Prepare Dunning Letters** box on the **General** tab of the [Accounts Receivable Preferences](#) (AR101000) form. In the **Dunning Letter from Branch** box on this tab, you should also select the branch that will be specified as the sender.

Preparation of Dunning Letters: Dunning Process by Customer

You select the *By Customer* option in the **Dunning Process** box on the **Dunning** tab of the [Accounts Receivable Preferences](#) (AR101000) form to define that the system groups overdue documents by customer account when it prepares dunning letters.

In general, you prepare dunning letters as follows:

1. You select the customer accounts for which you want to prepare dunning letters and initiate the preparation.
2. You print or send by email the prepared dunning letters.

In this topic, you will read about the letter generation rules, the dunning process workflow, and the way the system changes the status of the dunning letter.

Dunning Letter Generation Rules

When you group overdue documents by customer account, the generation of the letters is based on the following rules:

- The letter of the *first* level is generated for a customer account if the customer has at least one invoice or memo whose number of days past the due date exceeds the number of days specified for the first level in the **Days Past Due** box on the **Dunning** tab of the [Customer Classes](#) (AR201000) form. The document is marked with the first dunning level when you initiate letter preparation.
- The letter of the *second* level is generated if the customer has at least one document with the first level that is still unpaid and the number of days this document is past due exceeds the number specified for the second level in the **Days Past Due** box. If there are other overdue documents (with 0 level), the system includes in the letter these documents as well, and increases their dunning level to 1. The system increases the dunning level to 2 for the document whose number of days past due exceeds the number specified for the second level.
- The letters of the *next* levels in the sequence are generated similarly to the letters of the second level.
- The letter of the *last* level for the customer is generated if at least one document listed in the previous letter is unpaid and the number of days this document is past due exceeds the number of days specified for this level. When this letter is prepared, the system selects the **Final Reminder** check box for this letter on the [Print/Release Dunning Letters](#) (AR522000) form. In this case, after letter generation, the customer account

is excluded from the dunning process and can be selected on the [Manage Credit Holds](#) (AR523000) form, so you can put this account on credit hold.



If for some reason the process of dunning letter preparation was delayed for a period of time, the system will shift the dates of dunning letter generation for the period of the delay.

In your company's dunning letters, you can notify customers receiving the letters about all open documents—unpaid (the due date is still in the future) and overdue (the due date has passed). To do this, you select the **Add Coming-Due Invoices** check box on the **Dunning** tab of the [Accounts Receivable Preferences](#) (AR101000) form. In the printed version of these letters, the unpaid due documents will be listed at the end, and the **Falling Due** column contains the word *Current* instead of the due date.



The system generates the printed version of a dunning letter with the help of the [Dunning Letter](#) (AR661000) report. You can use the default look and feel of the report or customize the report by using the Acumatica Report Designer.

Preparation of Dunning Letters: Using the AR Aging Report

Acumatica ERP includes reports that can be used by your collection personnel to determine which invoices are overdue for payment. These reports can also be used by management to determine the effectiveness of the credit and collections efforts. The following section describes the [AR Aging](#) (AR631000) report. For descriptions of other reports, see [Preparation of Dunning Letters: Related Reports](#).

AR Aging Report

You use the [AR Aging](#) (AR631000) report and its multicurrency version, [AR Aging MC](#) (AR631100), to determine which documents are overdue for payment and for how long.

These reports show all released AR documents in the system whose document dates are earlier than or the same as the date specified in the **Age as of Date** box on the report form. These documents are grouped by statement cycle and by customer.



To see overdue customer balances at the end of the particular period, use the [AR Aged Period-Sensitive](#) (AR630500) report.

For each customer, the report shows the outstanding customer balance in the system and lists the released AR documents, which are broken down by aging periods. The balance of the listed AR documents is calculated as the difference between the original amount of the documents and the application amounts of the documents that were applied no later than the specified aging date. The balances of the documents are sorted into columns that represent aging buckets. The system forms aging buckets for a particular statement cycle depending on whether the **Use Financial Periods for Aging** check box is selected for this cycle on the [Statement Cycles](#) (AR202800) form as follows:

- If the check box is selected, the system uses aging buckets that correspond to the financial periods; the zero period (the leftmost column in the report) is the financial period of the **Age as of Date** specified on the report form; the other aging periods are the preceding financial periods.
- If the check box is cleared, the system will show the aging buckets that are specified for the statement cycle.

Depending on the **Age Based On** setting of the statement cycle on the [Statement Cycles](#) form, in the report, debit documents are aged by due dates or by document dates as follows:

- If the *Due Date* option is selected, the system will compare the due dates of invoices, debit memos, and overdue charges with the aging date (which you specify in the **Age as of Date** box of the report form) to determine the appropriate aging periods for the documents included in the report. If the due date of a debit document is the same as or later than the aging date, the document balance is reflected in the **Current**

column of the report. Otherwise, the document balance is reflected in the aging period associated with the number of days past due.

- If the *Document Date* option is selected, the system will compare the document dates of invoices, debit memos, and overdue charges with the aging date (which you specify in the **Age as of Date** box of the report form) to determine the appropriate aging buckets for the documents included in the report. If the document date of a debit document is the same as or later than the aging date, the document balance is reflected in the **Current** column of the report. Otherwise, the document balance is reflected in the aging period associated with the number of days that have passed after the document date.

Credit documents are aged based on their document date and the aging date specified for the report if the **Age Credits** check box is selected on the *Accounts Receivable Preferences* (AR101000) form. By default, the check box is cleared and the credit amounts are shown in the **Current** column of the report. With the check box selected, if the document date of a credit document is the same as or later than the aging date, the document balance is reflected in the current aging period of the report. Otherwise, the document balance is reflected in the aging period associated with the number of days that have passed after the document date.

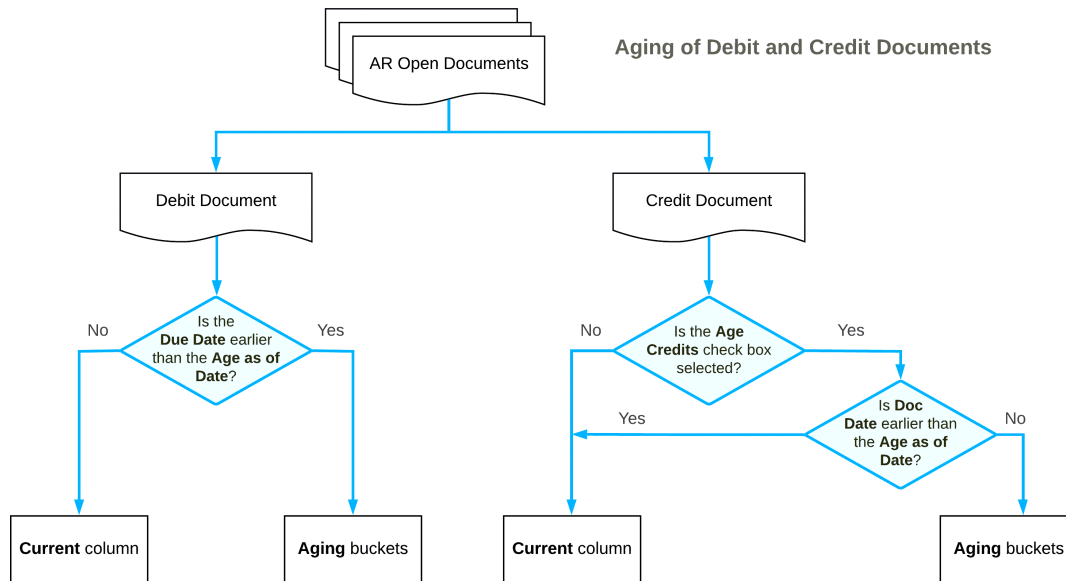


Figure: AR Aging: aging debit and credit documents

Preparation of Dunning Letters: Generated Transactions

As you prepare dunning letters, depending on the system settings, the system can create and release dunning fee invoices. To update customer balances, when releasing a dunning fee invoice, the system generates the GL transactions described in the following sections.

Transactions Generated for a Dunning Fee Invoice (without Tax)

When a dunning fee invoice is released, the system generates the following general ledger transaction:

Account	Source of Account	Debit	Credit
Accounts Receivable account	The AR account of the customer specified on the <i>Customers</i> (AR303000) form	Fee amount	0.00

Account	Source of Account	Debit	Credit
Sales account	The Sales account of the dunning fee item specified on the Non-Stock Items (IN202000)	0.00	Fee amount

You can view the reference number of the GL batch on the **Financial** tab of the [Invoices and Memos](#) (AR301000) form.

Transactions Generated for a Dunning Fee Invoice (Tax Applied)

When a dunning fee invoice with a tax applied is released, the system generates the following general ledger transaction:

Account	Source of Account	Debit	Credit
Accounts Receivable account	The AR account of the customer specified on the Customers (AR303000) form	Fee amount + tax amount	0.00
Sales account	The Sales account of the dunning fee item specified on the Non-Stock Items (IN202000)	0.00	Fee amount
Tax Payable account	The Tax Payable account of the applied tax of the customer's tax zone, which is specified on the Taxes (TX205000) form	0.00	Tax amount

You can view the reference number of the GL batch on the **Financial** tab of the [Invoices and Memos](#) (AR301000) form.

Preparation of Dunning Letters: To Run the AR Aging Report

The following activity will walk you through the process of running the AR Aging report.

Story

Suppose that the Credit Control team of SweetLife Fruits & Jams starts its operation with finding out which customer accounts are overdue. The team lead runs the AR Aging report to see which invoices are still open, the balances of unpaid invoices, and how long the invoices have been outstanding.

Acting as Yona Jones, you need to run the [AR Aging](#) (AR631000) report for local customers of the *DEFAULT* customer class and analyze this information with the team.

Process Overview

In this activity, you will run a report on the [AR Aging](#) (AR631000) form for the customers of the *DEFAULT* customer class, and review the list of past-due amounts for these customers.

System Preparation

Before you begin running the AR Aging report, do the following:

1. Launch the Acumatica ERP website with the *U100* dataset preloaded, and sign in as Jona Jones by using the *jones* username and the *123* password.
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, click the Business Date menu button, and select *1/31/2024* on the calendar.
3. On the Company and Branch Selection menu on the top pane of the Acumatica ERP screen, select the *SweetLife Head Office and Wholesale Center* branch.

Step: Running the AR Aging Report

To run the [AR Aging](#) (AR631000) report, do the following:

1. Open the [AR Aging](#) form.
2. On the **Report Parameters** tab, specify the following settings:
 - **Report Format:** *Summary*
 - **Company/Branch:** *SWEETLIFE*
 - **Customer Class:** *DEFAULT*
 - **Age as of Date:** *1/31/2024*
3. On the form toolbar, click **Run Report** and review the printed report form.

On the report, notice that the *GOODFOOD* customer has past-due documents whose amount is shown in the **11 - 30 Days** aging bucket. The *COFFEESHOP* customer has a past-due document with the amount shown in the **31 - 60 Days** aging bucket, and multiple customers have past-due documents that fall within the **Over 60 Days** aging bucket. The Credit Control team will start the dunning process by preparing dunning letters for all these customers.

Preparation of Dunning Letters: To Prepare Dunning Letters

The following activity will walk you through the process of preparing dunning letters to customers.

Story

Suppose that on January 31, 2024, the Credit Control team of SweetLife Fruits & Jams starts the process of generating dunning letters for its customers. Acting as Yona Jones, you need to run the process on the [Prepare Dunning Letters](#) (AR521000) form for the *GOODFOOD* customer.

Process Overview

In this activity, on the [Prepare Dunning Letters](#) (AR521000) form, you will prepare the first dunning letter for the *GOODFOOD* customer and print it on the [Print/Release Dunning Letters](#) (AR522000) form. You will then prepare the second dunning letter for the customer and print it on the [Prepare Dunning Letters](#) and [Print/Release Dunning Letters](#) forms, respectively. Finally, on the [Invoices and Memos](#) (AR301000) form, you will review the dunning fee invoice that was automatically generated and released by the system.

System Preparation

Before you begin preparing dunning letters, do the following:

1. Launch the Acumatica ERP website with the *U100* dataset preloaded, and sign in as Yona Jones by using the *jones* username and the *123* password.

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to 1/31/2024. If a different date is displayed, click the Business Date menu button, and select 1/31/2024 on the calendar.
3. As a prerequisite activity, in the company to which you are signed in, be sure you have set up the dunning process, as described in [Dunning Process Setup: Implementation Activity](#).
4. On the Company and Branch Selection menu on the top pane of the Acumatica ERP screen, select the *SweetLife Head Office and Wholesale Center* branch.

Step 1: Preparing the First Dunning Letter

To prepare the first dunning letter to the *GOODFOOD* customer, do the following:

1. Open the [Prepare Dunning Letters](#) (AR521000) form.
2. In the Selection area, specify the following settings:
 - **Company/Branch:** *SWEETLIFE*
 - **Customer Class:** *DEFAULT*
 - **Dunning Letter Date:** 1/31/2024
 - **Add Coming-Due Invoices:** Selected

The *GOODFOOD* customer appears in the table along with other customers because its overdue invoices match the level 1 settings and because no dunning letters have already been prepared for the customer. The earliest due date among the customer's outstanding documents (8/20/2021, which is the due date of one of the invoices) is displayed in the **Earliest Due Date** column. The invoice is three years past due on 1/31/2024, which is more than the 30 days past due specified for level 1 of dunning letters. Therefore, in the **Dunning Letter Level** column, you can see the level of the dunning letter to be generated, which is 1.

3. Select the check box in the unlabeled column for the *GOODFOOD* customer, and on the form toolbar, click **Process** to generate the dunning letter for the customer.
4. On the [Print/Release Dunning Letters](#) (AR522000) form, make sure that the following settings are specified:
 - **Action:** *Print Dunning Letter*
 - **Start Date:** 1/31/2024
 - **End Date:** 1/31/2024

The system shows the dunning letters that have not yet been printed for the time interval between **Start Date** and **End Date** (see the screenshot below).



To view all generated letters for the specified time interval, you can select the **Show All** check box. By using this form, you can also email the generated dunning letters to customers if the email accounts are configured in the system.

5. Select the check box in the unlabeled column for the only row in the table, and on the form toolbar, click **Process** to view a printable preview of the dunning letter.

Print / Release Dunning Letters CUSTOMIZATION TOOLS ▾

↶ **PROCESS** PROCESS ALL ↷

Action: Print Dunning Letter ▾ Start Date: 1/31/2024 ▾
 Company/Branch: ▾ End Date: 1/31/2024 ▾
☐ Show All

⌂ + × VIEW DUNNING LETTER |≡| ☒ All Records ▾

<input type="checkbox"/>	Branch	Customer	Dunning Letter Date	Dunning Letter Level	Overdue Balance	Dunning Fee	Final Reminder	Don't Print	Printed	Don't Email	Emailed
<input checked="" type="checkbox"/>	HEADOFFICE	GOODFOOD - GoodFood One Restaurant	1/31/2024	1	8,072.07	0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Figure: A dunning letter to be printed

The system displays the preview of the dunning letter; you can then print the letter.

The dunning letter lists all of the customer's outstanding documents. The **Total Due** amount, which is displayed in the letter's footer in the base currency, is the total balance of the listed documents. The balance of each document in the currency of the document is displayed in the **Outstanding** column and in the base currency in the **Outstanding USD** column. The documents with a due date (displayed in the **Due Date** column) earlier than the dunning letter date are overdue. The **Overdue Amount**, which is also displayed in the letter's footer in the base currency, is the total balance of the overdue documents. (For documents that are not overdue, *Current* is displayed in the **Due Date** column of the letter.)

Open payments, prepayments, and credit memos are not listed in the letter, and their balances are not counted in the total balances shown in the letter. Therefore, you have to apply all open payments and credit memos to overdue documents before you prepare the dunning letters.

The generated letter shows six overdue invoices and asks the customer to settle the documents by 2/3/2024, which is the dunning letter date of 1/31/2024 plus 3 days. The 3 days is the **Days to Settle** that you have specified for level 1 of dunning letters on the [Accounts Receivable Preferences](#) (AR101000) form.



You can modify the text and the layout of a dunning letter by customizing the [Dunning Letter](#) (AR661000) report.

Step 2: Preparing the Second Dunning Letter

You can prepare the next dunning letter for the *GOODFOOD* customer no sooner than 3/3/2024. This date is calculated as follows:

- The level 1 dunning letter is prepared on 1/31/2024. The time interval for dunning letter level 1 is 30 days, as specified in the accounts receivable preferences.
- The time interval for the level 2 dunning letter is 60 days, so the difference between level 2 and level 1 is 30 (60 – 30) days.
- The calculated difference is added to the date of the level 1 dunning letter, 1/31/2024 + 30 days = 3/2/2024. This is the last day when the payment can be made before the next dunning letter can be prepared.
- On the next day, 3/3/2024, you can prepare the level 2 dunning letter.

To prepare the second dunning letter to the *GOODFOOD* customer, do the following:

1. Open the [Prepare Dunning Letters](#) (AR521000) form.
2. In the Selection area, specify the following settings:
 - **Company/Branch:** *SWEETLIFE*
 - **Customer Class:** *DEFAULT*
 - **Dunning Letter Date:** *3/3/2024*
 - **Add Coming-Due Invoices:** Selected

The *GOODFOOD* customer appears in the table along with other customers because its overdue invoices match the level 2 settings and because the first dunning letter has already been prepared for the customer. The **Last Dunning Letter Date** column shows the date of the previous dunning letter (1/31/2024). The earliest due date among the customer's outstanding documents (8/20/2021, which is the due date of one of the invoices) is displayed in the **Earliest Due Date** column. The invoice is still three years past due on 3/3/2024, which is more than the 60 days past due specified for level 2 of dunning letters. Therefore, in the **Dunning Letter Level** column, you can see the level of the dunning letter to be generated, which is 2.

3. Select the check box in the unlabeled column for the *GOODFOOD* customer, and on the form toolbar, click **Process** to generate the dunning letter for the customer.
4. On the [Print/Release Dunning Letters](#) (AR522000) form, make sure that the following settings are specified:
 - **Action:** *Print Dunning Letter*
 - **Start Date:** 3/3/2024
 - **End Date:** 3/3/2024

The system shows the dunning letters that have not yet been printed for the time interval between **Start Date** and **End Date**.

5. Select the check box in the unlabeled column for the only row in the table, and on the form toolbar, click **Process** to view a printable preview of the dunning letter.

The system displays the preview of the dunning letter; you can then print the letter.

The generated letter shows six overdue invoices and asks the customer to settle the documents by 3/6/2024, which is the dunning letter date of 3/3/2024 plus 3 days. The 3 days is the **Days to Settle** that you have specified for level 2 of dunning letters on the [Accounts Receivable Preferences](#) (AR101000) form.

Step 2: Reviewing the Dunning Fee Invoice

To review the invoice with the dunning fee, which has been automatically generated by the system, do the following:

1. Open the Invoices and Memos (AR3010PL) list of records.
2. In the list, open an invoice for the *GOODFOOD* customer, dated 3/3/2024 with the amount of 5.00. (The invoice has the *Dunning Letter Fee* description.)
3. On the [Invoices and Memos](#) (AR301000) form, review the invoice.

The system has automatically released the generated invoice because the **Automatically Release Dunning Fee Documents** check box is selected on the **Dunning** tab of the [Accounts Receivable Preferences](#) (AR101000) form.

The invoice **Due Date** is 3/10/2024, which is the dunning letter date of 3/3/2024 plus 7 days (on the **Dunning** tab of the [Accounts Receivable Preferences](#) form, *7D (7 Days)* is selected in the **Terms** box).

4. On the **Details** tab, the *DUNNINGFEE* item has been automatically selected for the invoice line in the **Inventory ID** column.

This is the non-stock item that you selected in the **Dunning Fee Item** box on the **Dunning** tab of the [Accounts Receivable Preferences](#) form.

Preparation of Dunning Letters: Related Reports

In the following sections, you can find details about the reports you may want to review to gather information about overdue documents.



If you do not see a particular report or form that is described, you may have signed in to the system with a user account that does not have access rights to the report or form. Contact your system administrator to obtain access to any needed reports or forms.

Reviewing the AR Aging by Project Report

You use the [AR Aging by Project](#) (AR631200) report to determine which documents are overdue for payment and for how long.

The report shows all outstanding AR documents in the system and the document balances on the date specified in the **Age as of Date** box on this report form. That is, the report shows all released AR documents in the system that are still open or were closed later than the aging date you specify in the **Age as of Date** box. These documents are grouped by project (that is, the project assigned to the AR document), by statement cycle, and by customer.



To see overdue customer balances at the end of the particular period, use the [AR Aged Period-Sensitive](#) (AR630500) report and the [AR Aged Period-Sensitive by Project](#) (AR630600) report.

For each customer, the report shows all outstanding AR documents in the system and the document balances; the report lists released AR documents, which are broken down by aging periods. The balance of the listed AR documents is calculated as the difference between the original amount of the documents and the application amounts of the documents that were applied no later than the specified aging date. The balances of the documents are sorted into columns that represent aging buckets. The system forms aging buckets for a particular statement cycle depending on whether the **Use Financial Periods for Aging** check box is selected for this cycle on the [Statement Cycles](#) (AR202800) form as follows:

- If the check box is selected, the system uses aging buckets that correspond to the financial periods. The zero period (the leftmost column in the report) is the financial period of the **Age as of Date** specified on the report form; the other aging periods are the preceding financial periods.
- If the check box is cleared, the system will show the aging buckets that are specified for the statement cycle.

Depending on the **Age Based On** setting of the statement cycle on the [Statement Cycles](#) form, in the report, debit documents are aged by due dates or by document dates as follows:

- If the *Due Date* option is selected, the system will compare the due dates of invoices, debit memos, and overdue charges with the aging date (which you specify in the **Age as of Date** box of the report form) to determine the appropriate aging periods for the documents included in the report. If the due date of a debit document is the same as or later than the aging date, the document balance is reflected in the **Current** column of the report. Otherwise, the document balance is reflected in the aging period associated with the number of days the document is past due.
- If the *Document Date* option is selected, the system will compare the document dates of invoices, debit memos, and overdue charges with the aging date (which you specify in the **Age as of Date** box of the report form) to determine the appropriate aging buckets for the documents included in the report. If the document date of a debit document is the same as or later than the aging date, the document balance is reflected in the **Current** column of the report. Otherwise, the document balance is reflected in the aging period associated with the number of days that have passed since the document date.

Credit documents are aged based on their document date and the aging date specified for the report if the **Age Credits** check box is selected on the [Accounts Receivable Preferences](#) (AR101000) form. By default, the check box is cleared, and the credit amounts are shown in the **Current** column of the report. With the check box selected, if the document date of a credit document is the same as or later than the aging date, the document balance is reflected in the current aging period of the report. Otherwise, the document balance is reflected in the aging period associated with the number of days that have passed since the document date.

Reviewing the AR Coming Due Report

The *AR Coming Due* (AR631500) report and its multicurrency version, *AR Coming Due MC* (AR631600), are designed to show when you should expect to get payments for the open documents that are not overdue yet.

These reports show all open documents recorded in the system, regardless of the current business date or the date specified in the **Date** box on the report form. That is, the reports show open accounts receivable documents, even if they are posted to periods later than the aging date period. The documents are grouped by statement cycle and by customer.



To age overdue customer balances at the end of the particular period, use the *AR Aged Period-Sensitive* report.

For each customer, the report shows the outstanding customer balance in the system and lists open documents, which are broken down by aging periods. That is, the balances of the documents are sorted into columns that represent aging buckets. The system forms aging buckets for a particular statement cycle depending on whether the **Use Financial Periods for Aging** check box is selected for this cycle on the *Statement Cycles* (AR202800) form as follows:

- If the check box is selected, the system uses aging buckets that correspond to the financial periods; the zero aging period (the leftmost column in the report) is the financial period of the **Aging Date** specified on the report form; the other aging periods are the subsequent financial periods.
- If the check box is cleared, the system will show the aging buckets that are specified for the statement cycle.

Depending on the **Age Based On** setting of the statement cycle on the *Statement Cycles* form, in the report, debit documents are aged by due dates or by document dates as follows:

- If the *Due Date* option is selected, the system will compare the due dates of invoices, debit memos, and overdue charges with the aging date (which you specify in the **Date** box of the report form) to determine the appropriate aging periods for the documents included in the report. If the due date of a debit document is earlier than the aging date, the document balance is reflected in the **Past Due** column (the zero financial period) of the report. Otherwise, the document balance is reflected in the aging period associated with the number of days until the due date.
- If the *Document Date* option is selected, the system will compare the document dates of invoices, debit memos, and overdue charges with the aging date (which you specify in the **Date** box of the report form) to determine the appropriate aging periods for the documents included in the report. If the document date of a debit document is earlier than the aging date, the document balance is reflected in the leftmost (**Past Due**) aging bucket of the report. Otherwise, the document balance is reflected in the aging period associated with the number of days until the document date.

Credit documents are aged based on their document date and the aging date specified for the report if the **Age Credits** check box is selected on the *Accounts Receivable Preferences* (AR101000) form. By default, the check box is cleared and the credit amounts are shown in the first aging period of the report. With the check box selected, if the document date of a credit document is earlier than the aging date, the document balance is reflected in the **Past Due** column (the zero aging period) of the report along with overdue invoices. Otherwise, the document balance is reflected in the aging period associated with the number of days until the document date.

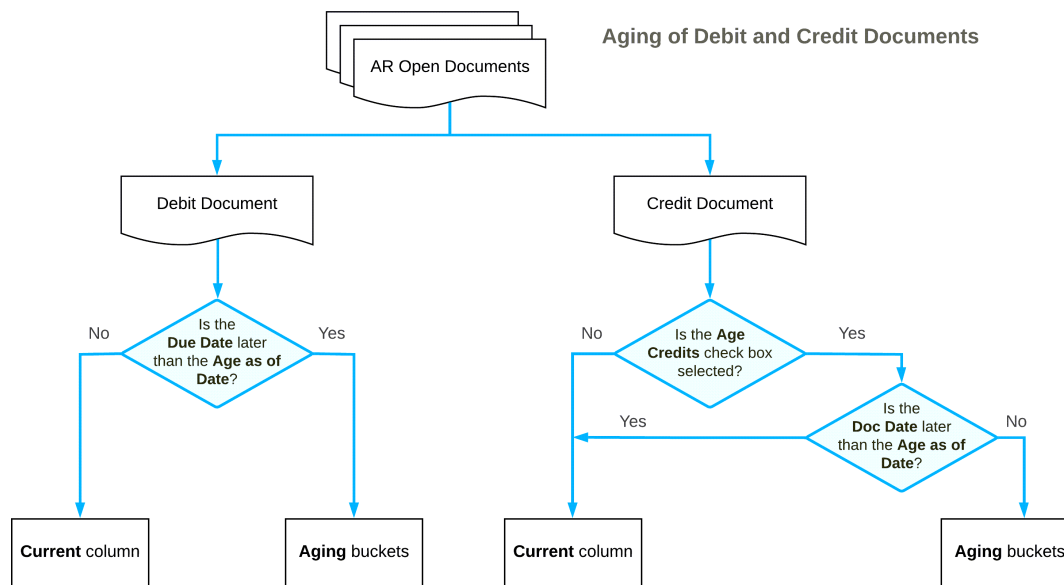


Figure: AR Coming Due: aging debit and credit documents

Reviewing the AR Aged Period-Sensitive Report

You use the [AR Aged Period-Sensitive](#) (AR630500) report to determine the state of the open documents at the end of a particular period.

The report shows the AR documents that are open at the end of the financial period you select in the **Financial Period** box on the report form. The documents are grouped by statement cycle and by customer.

The report ages the balances of the debit and credit document in the same way as the [AR Aging](#) (AR631000) report does. For details, see [Preparation of Dunning Letters: Using the AR Aging Report](#).

AR Aged Period-Sensitive by Project Report

You use the [AR Aged Period-Sensitive by Project](#) (AR630600) report to see the documents that are outstanding at the end of the financial period that you have selected in the **Financial Period** box on this report form. These documents are grouped by project (that is, the project assigned to each AR document), by statement cycle, and by customer, and they are broken down by aging periods or financial periods, depending on the settings of the statement cycle specified for each customer.

The balances are arranged by days past due on the last day of the specified period or by document dates. All the amounts are shown in the base currency.

The report ages the balances of the debit and credit documents in the same way as the [AR Aging](#) (AR631000) report does. For details, see [Preparation of Dunning Letters: Using the AR Aging Report](#).

Lesson 2.3: Managing Customers' Credit Status

In this lesson, you will find general information on how to manage customers' credit status and an activity that describes how to generate the final dunning letter for a specific customer, put the customer on credit hold, and remove the credit hold for the customer.

Credit Status: General Information

On a regular basis, you can view a list of the customers that have not paid for a long time and have ignored the dunning letters. You can put these customers on credit hold in the system. If a customer record is on credit hold, users cannot create invoices, debit memos, and overdue charges for the customer.

Learning Objectives

In this lesson, you will learn how to do the following:

- Generate the final dunning letter for a customer
- Put the customer on credit hold
- Remove the credit hold for the customer

Applicable Scenarios

You put customers on credit hold to prevent users from creating documents for these customers. You remove credit hold for customers that have paid the debt to enable sales on credit for these customers.

Managing Customers' Credit Status

You can set the *Credit Hold* or *Active* status for a customer in either of the following ways:

- By processing the customer record on the [Manage Credit Holds](#) (AR523000) form
- By manually changing the customer status on the [Customers](#) (AR303000) form

The credit verification that executes automatically every time you create or edit a customer document does not affect the customer status in any way. That is, based on the results of the credit verification, the system does not assign the *Credit Hold* status to the customer if it fails the credit check, and the system does not release the customer from credit hold by restoring the *Active* status once the customer pays the debt. For more details on automatic credit verification, see [Automatic Credit Verification: General Information](#).

To put a customer on credit hold by using the [Manage Credit Holds](#) form, you need to generate the final dunning letter first (the letter with the highest dunning level).

Credit Status: Process Activity

The following activity will walk you through the process of managing the credit status of a customer.

Story

Suppose that the Credit Control team of SweetLife Fruits & Jams regularly reviews a list of customers that have not paid for a long time and have ignored dunning letters. One of the customers, *GOODFOOD* has already received two dunning letters, but failed to pay the outstanding invoices. This customer has been put on credit hold to prevent users from creating documents for it.

Further suppose that on May 15, 2024 the customer called SweetLife to inform them that a bank transfer has been sent to pay the debt. The Credit Control team decided to remove the credit hold for the customer on the same day.

Acting as Yona Jones, you need to generate the final dunning letter for *GOODFOOD*, put this customer on credit hold, and remove the credit hold for the customer.

Process Overview

In this activity, you will prepare the final dunning letter on the [Prepare Dunning Letters](#) (AR521000) form and print it on the [Print/Release Dunning Letters](#) (AR522000) form. On the [Manage Credit Holds](#) (AR523000) form, you will put the customer on credit hold and review its status on the [Customers](#) (AR303000) form. Finally, on the [Manage Credit Holds](#) form, you will remove the credit hold for the customer.

System Preparation

Before you begin preparing dunning letters, do the following:

1. Launch the Acumatica ERP website with the *U100* dataset preloaded, and sign in as Yona Jones by using the *jones* username and the *123* password.
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to 4/3/2024. If a different date is displayed, click the Business Date menu button, and select 4/3/2024 on the calendar.
3. As a prerequisite activity, in the company to which you are signed in, be sure you have set up the dunning process, as described in [Dunning Process Setup: Implementation Activity](#).
4. As a prerequisite activity, be sure that you have prepared dunning letters for the customer, as described in [Preparation of Dunning Letters: To Prepare Dunning Letters](#).
5. On the Company and Branch Selection menu on the top pane of the Acumatica ERP screen, select the *SweetLife Head Office and Wholesale Center* branch.

Step 1: Preparing the Final Dunning Letter

To prepare the final dunning letter for the *GOODFOOD* customer, do the following:

1. Open the [Prepare Dunning Letters](#) (AR521000) form.
2. In the Selection area, specify the following settings:
 - **Company/Branch:** *SWEETLIFE*
 - **Customer Class:** *DEFAULT*
 - **Dunning Letter Date:** 4/3/2024
 - **Add Coming-Due Invoices:** Selected

The *GOODFOOD* customer appears in the table along with other customers because its overdue invoices match the level 3 settings and because two dunning letters have already been prepared for the customer. In the **Dunning Letter Level** column, you can see the level of the dunning letter to be generated, which is 3.

3. Select the check box in the unlabeled column for the *GOODFOOD* customer, and on the form toolbar, click **Process** to generate the dunning letter for the customer.
4. On the [Print/Release Dunning Letters](#) (AR522000) form, make sure that the following settings are specified:
 - **Action:** *Print Dunning Letter*
 - **Start Date:** 4/3/2024
 - **End Date:** 4/3/2024

Notice that for the only row in the table, the check box in the **Final Reminder** column is selected, indicating that this is the final dunning letter.

5. Select the check box in the unlabeled column for row, and on the form toolbar, click **Process** to view a printable preview of the dunning letter.

The system displays the preview of the dunning letter; you can then print the letter.

The dunning letter lists all of the customer's outstanding documents. The generated letter shows seven overdue invoices, including the dunning fee invoice, and asks the customer to settle the documents by 4/6/2024, which is the dunning letter date of 4/3/2024 plus 3 days. The 3 days is the **Days to Settle** that you have specified for level 3 of dunning letters on the [Accounts Receivable Preferences](#) (AR101000) form.

Step 2: Putting the Customer on Credit Hold

To put the customer on credit hold, do the following:

1. Open the [Manage Credit Holds](#) (AR523000) form.
2. In the Selection area, specify the following settings:
 - **Action:** *Credit Hold*
 - **Start Date:** 4/3/2024
 - **End Date:** 5/7/2024

The *GOODFOOD* customer with the overdue balance of \$8,503.81 appears in the table (see the following screenshot), because with the specified settings, the system displays the customers with the *Active* status, which have an overdue balance on 4/3/2024 and to which the last-level dunning letter has been sent in the specified time interval (3/3/2024 to 4/3/2024).

3. Select the check box for the only row in the table, and on the form toolbar, click **Process** to put the selected customer on credit hold.

The screenshot shows the 'Manage Credit Holds' form. The toolbar includes a 'PROCESS' button highlighted with a red box. Below the toolbar, the 'Action' is set to 'Credit Hold', 'Start Date' is 4/3/2024, and 'End Date' is 5/7/2024. A table lists customers, with the 'GOODFOOD' customer highlighted by a red box. The table has columns for Customer ID, Customer Name, Dunning Letter Date, Overdue Balance, Customer Balance, and Customer Status.

Customer ID	Customer Name	Dunning Letter Date	Overdue Balance	Customer Balance	Customer Status
<input checked="" type="checkbox"/> > GOODFOOD	GoodFood One Restaurant	4/3/2024	8,503.81	3,923.81	Active

Figure: Customer to be put on credit hold

Step 3: Reviewing the Customer Record

To review the settings of the *GOODFOOD* customer, do the following:

1. On the [Customers](#) (AR303000) form, open the *GOODFOOD* customer.
2. Review the customer's settings.

Notice that the customer record has *Credit Hold* displayed in the **Status** box. Because of this status, users cannot create new invoices and debit memos for this customer. On the [Invoices and Memos](#) (AR301000) form, the customer record does not appear in the lookup table of the **Customer** box.

Step 4: Removing Credit Hold for the Customer

To remove the credit hold for the *GOODFOOD* customer, do the following:

1. In the info area, click the Business Date menu button and select 5/15/2024 on the calendar.
2. Open the [Manage Credit Holds](#) (AR523000) form.
3. In the Selection area, specify the following settings:

- **Action:** *Remove Credit Hold*
- **Start Date:** 5/15/2024 (inserted automatically)
- **End Date:** 5/15/2024 (inserted automatically)

The *GOODFOOD* customer appears in the table, because with this action selected, the form shows all customers that have the *Credit Hold* status.

4. Select the unlabeled check box for the customer, and on the form toolbar, click **Process** to release the customer from credit hold.



Alternatively, you can release the customer from credit hold manually by changing the status of the customer on the [Customers](#) (AR303000) form.

Part 3: Customer Statements and Overdue Charges

This part includes lessons about processing customer statements and applying overdue charges to customer documents.



In a production environment, you would use either the dunning process or customer statements. In this course, for the training purposes, we will demonstrate both approaches.

For completing the lessons of this part of the course, you will use a company with the *U100* dataset preloaded, which provides a fully configured company with sample data specially designed for this course. The lessons of this part are independent: you can complete the lesson activities in any order.

You need to complete the activities in this part by using user accounts with specific access rights. Each activity provides the credentials to use for sign-in to the prepared *U100* tenant in the *System Preparation* section.

Lesson 3.1: Preparing Customer Statements

In this lesson, you will find general information on how to process customer statements, an activity that describes how to generate and print statements, and report and inquiries that can be useful to find and view created statements.

Customer Statements: General Information

In Acumatica ERP, you can configure statement cycles to be used for collection procedures. At the end of a statement cycle, you prepare statements and send them to your customers. Statements provide customers with records of their financial activity for a specific period, including the ending balance. Customers can reconcile the balances of their accounts with the information in the statements.

Learning Objectives

In this lesson, you will learn how to do the following:

- Prepare customer statements
- Print customer statements

Applicable Scenarios

You prepare and print customer statements in the following cases:

- You want to remind your customers about outstanding invoices.
- You want to inform them about the ending balance so that they can reconcile the balances of their accounts.

Statement Cycle Settings

You use the [Statement Cycles](#) (AR202800) form to create new statement cycles and modify existing ones. For each statement cycle, you define the following:

- The schedule: You can select any of the following **Schedule Type** options for generating statements:
 - *Weekly*: Statements will be generated each week, on the day specified in the **Day of Week** box.

- *Twice a Month:* Statements will be generated twice a month, on the days specified in the **Day of Month 1** and **Day of Month 2** boxes.
- *Fixed Day of Month:* Statements will be generated each month, on the day specified in the **Day of Month 1** box (such as 15 if billing occurs on the 15th day of each month).
- *End of Month:* Statements will be generated on the last day of each month.
- *End of Financial Period:* Statements will be generated on the last day of each financial period of the current year—that is, on the **End Date** specified for the financial period on the [Master Financial Calendar](#)(GL201000) form.



You can prepare an on-demand statement on any date except for the date when the regular statement is prepared in the system.

- The aging periods: You can set up five aging periods for each cycle, to group the sums of the balances of open invoices, overdue charges, and debit memos by the number of days they are past due. You use the **Aging Period (Days)** settings of the **Aging Settings** section of this form to define the maximum number of days past the due date for each aging period and the description of the period. If you want to use financial periods as the aging periods of the statement cycle, select the **Use Financial Periods for Aging** check box in this section. By default, documents are aged based on their due dates. If you want to age documents based on their document dates, you can select *Document Date* in the **Age Based On** box. The system also uses the aging period settings in Accounts Receivable aging reports, which you can analyze to identify potential cash flow problems.

If you want aging periods to include the balances of credit memos and open payments, select the **Age Credits** check box on the **General** tab of the [Accounts Receivable Preferences](#) (AR101000) form.

- The statement processing options: You can use the following check boxes to implement your company's policies:
 - **Require Overdue Charge Calculation Before Statement:** If you select this check box, when you try to prepare statements, the system checks whether overdue charges have been calculated and, if not, issues a warning that overdue charges should be calculated before the statements are created.
 - **Require Payment Application Before Statement:** If you select this check box, when you try to prepare statements, the system checks whether all customer payments are applied and, if not, issues a warning that payments should be applied to invoices before statements are created.
- The overdue charges: The **Apply Overdue Charges** and **Overdue Charge ID** settings define, respectively, whether the calculation of overdue charges is required for customers assigned to the statement cycle and which overdue charges should be used; these settings apply only if the **Set Default Overdue Charge by Statement Cycle** check box on the **General** tab of the [Accounts Receivable Preferences](#) form is selected. If the check box is cleared, the overdue charges defined for the customer class are applied instead.

You can assign a statement cycle to a customer class by using the [Customer Classes](#) (AR201000) form or directly to a customer by using the [Customers](#) (AR303000) form.

Statement Types

Acumatica ERP offers two types of statements:

- *Open Item:* The statement lists open documents of all types of the customer through the date when the statement was prepared. If a document is closed on a date earlier than or the same as the statement date, this document is not included in the statement.
- *Balance Brought Forward:* The statement lists all documents recorded during the last statement cycle period. Also, the amount outstanding from the previous statement is shown at the beginning of the statement.

You can assign either statement type to customer classes and to individual customers. You use the **Statement Type** box to set this option for a specific customer class on the [Customer Classes](#) (AR201000) form and for an individual customer on the [Customers](#) (AR303000) form.

Statement Processing Workflow

The statement processing workflow consists of the following stages:

- Preparing statements (required). For details, see [Customer Statements: Process Activity](#).
- Viewing statements (optional).
- Preparing on-demand statements (optional).
- Regenerating statements (optional). For details, see [Regeneration of Statements: General Information](#).
- Deleting the most recent statements of customers of the selected statement cycle (optional).
- Printing statements (optional). For details, see [Customer Statements: Process Activity](#).
- Emailing statements (optional).

Preparing Statements (Required)

Before you prepare statements, make sure that you have applied open payments from customers to the corresponding invoices (if any) and calculated any overdue charges to avoid incorrect calculation of aged balances. You can also run the payment application process for the customer accounts associated with the appropriate statement cycles, as described in [Auto-Applying Payments: Process Activity](#).

You use the [Prepare Statements](#) (AR503000) form to prepare statements for all statement cycles or for only selected ones. The system prepares statements in the appropriate format required for printing them or sending them by email to customers. When statements are prepared, you can view them, regenerate them (if, for instance, you have discovered that a document was missing), delete the most recent statements of customers of the selected statement cycle (if, for instance, you have generated them on a wrong future date), print them, or send them by email.

Because the process of generating statements may require significant time, you should schedule it to be performed at the most convenient time.



If the process of statements preparation was interrupted for some reason, the system will prepare statements for all customer accounts selected during the next run of the process. If some customers were excluded from the statement generation, a warning message is displayed to inform you of this.

Printing Statements (Optional)

You can print statements on paper to send them to customers by postal mail, by using the [Print Statements](#) (AR503500) form. The **Print Statement** action marks processed statements as printed—that is, the **Printed** check box of each statement is selected automatically.

Emailing Statements (Optional)

You can generate emails with statements by using the [Print Statements](#) (AR503500) form. The **Email Statement** action marks processed statements as emailed—that is, the **Emailed** check box of each statement is selected automatically. The system generates the body of the email and the attachment according to the settings of the *STATEMENT* mailing. For details, see [Mailings for Customers](#).

Deleting Statements (Optional)

You can delete the most recent customer statements of the selected statement cycle by clicking the **Delete Last Statement** button on the form toolbar of the [Statement Cycles](#) (AR202800) form. Once the last customer statements are deleted, you can delete the statements that now have the latest date (which became the most recent statements after the later customer statements were deleted).



This button appears on the form only for users with the *Financial Supervisor* role assigned on the [Users](#) (SM201000) form.

Customer Statements: Process Activity

The following activity will walk you through the process of preparing and printing customer statements.

Story

Suppose that at the end of each month, the accounting department of the SweetLife Fruits & Jams company sends customer statements to its customers.

Acting as a SweetLife accountant, at the end of January 2024 you need to prepare and print the customer statements that you will later send to customers. You need to prepare customer statements based on the end-of-month (EOM) cycle, view the statement history, and then print the statements.

Process Overview

In this activity, on the [Accounts Receivable Preferences](#) (AR101000) form, you will review the consolidation settings used in generation of customer statements. You will prepare statements on the [Prepare Statements](#) (AR503000) form, view the generated statements on the [Statement History Summary](#) (AR404000) form, view the list of the customer statements on the [Statement History Details](#) (AR404300) form, and then print the statements on the [Print Statements](#) (AR503500) form.

System Preparation

To prepare the system, do the following:

1. Launch the Acumatica ERP website with the *U100* dataset. Sign in as an accountant by using the following credentials:
 - Username: *johnson*
 - Password: *123*
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/31/2024*. If a different date is displayed, click the Business Date menu button and select *1/31/2024*. For simplicity, in this activity, you will create and process all documents in the system on this business date.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Reviewing Consolidation Settings

To review the consolidation settings that will be used in generating customer statements, do the following:

1. Open the [Accounts Receivable Preferences](#) (AR101000) form.
2. On the **General** tab, make sure that *For Each Branch* is selected in the **Prepare Statements** box (**Consolidation Settings** section).

This setting indicates that statements will be generated for each branch separately.

Step 2: Preparing Customer Statements

To prepare customer statements, do the following:

1. Open the [Prepare Statements](#) (AR503000) form.
2. In the **Prepare For** box, verify that 1/31/2024 is displayed. (This is the date for which you are preparing statements.)
3. In the table, select the unlabeled check box for the *EOM* statement cycle, and on the form toolbar, click **Process**.
4. In the **Processing** pop-up window, which is opened, click **Close**.

The system has generated statements for the customer records that have the *EOM* statement cycle specified.

Step 3: Viewing the Generated Statements

To view the generated customer statements, do the following:

1. Open the [Statement History Summary](#) (AR404000) form.
2. In the **Statement Cycle ID** box, select *EOM*.
3. In the **Start Date** and **End Date** boxes, verify that 1/1/2024 and 1/31/2024, respectively, are displayed.

The table displays the number of statements that have been generated within the specified range of dates in the system. The number in the **Number of Documents** column shows the number of statements that have been generated.

4. Click the link in the **Statement Cycle ID** box in the table row that corresponds to the 1/31/2024 date.
5. On the [Statement History Details](#) (AR404300) form, which is opened, view the customer statements that have been generated on 1/31/2024 for the *EOM* statement cycle, as shown in the following screenshot.

Statement History Details										TOOLS ▾
<div> ↺ ↻ ◀ ▶ STATEMENT HISTORY PRINT STATEMENT 🔍 📄 🔍 </div>										
<div> <div> <div>* Statement Cycle:</div> <div>EOM - End of Month</div> </div> <div> <div>Statement Date:</div> <div>1/31/2024</div> </div> </div>										
Customer	Customer Name	Statement Balance	Overdue Balance	Don't Print	Printed	Don't Email	Emailed	On-Demand Statement	Prepared On	
> ABAKERY	Allen's Bakery	498.70	498.70	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9/27/2023	
BLUECAFE	Blue Cafe	-5.00	0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9/27/2023	
CAKEADO	Cakeado Cafe	1,000.00	688.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9/27/2023	
CITRUS	Citrus Store	868.55	868.55	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9/27/2023	
COFFEESHOP	FourStar Coffee & Sweets Shop	4,008.41	0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9/27/2023	
FOODCLVR	Food Clever	750.00	750.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9/27/2023	
GOODFOOD	GoodFood One Restaurant	3,908.81	3,482.07	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9/27/2023	
HMLBAKERY	HM's Bakery & Cafe	7,361.00	0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9/27/2023	
MORNINGCAFE	Morning Cafe	3,736.25	0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9/27/2023	
RETSALE	Individual Retail Customer	0.00	0.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9/27/2023	
TOMYUM	Thai Food Restaurant	2,100.00	0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9/27/2023	
VANILLO	Vanillo Candy Space	617.32	617.32	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9/27/2023	

Figure: Customer statements generated for January 2024

6. Click the link for the *GOODFOOD* customer to view the list of the statements generated for the customer on the [Customer Statement History](#) (AR404600) form.

The cleared **Printed** check box means that this customer statement has not been printed yet.

Step 4: Printing the Statements

To print the customer statements, do the following:

1. Open the [Print Statements](#) (AR503500) form.
2. In the Selection area of the form, specify the following settings:
 - **Actions:** *Print Statement* (selected by default)
 - **Statement Cycle:** *EOM*
 - **Statement Date:** *1/31/2024*
 - **Branch:** *HEADOFFICE* (inserted by default)
3. On the form toolbar, click **Process All** to print all the statements.

The system prints each statement on a separate page.

Customer Statements: Related Report and Inquiry Forms

In the following sections, you can find details about the reports and inquiry forms you may want to review to gather information about customer statements.



If you do not see a particular report or form that is described, you may have signed in to the system with a user account that does not have access rights to the report or form. Contact your system administrator to obtain access to any needed reports or forms.

Viewing Statements

You can preview a statement that you have printed or emailed by using the [Print Statements](#) (AR503500) form.

Also, Acumatica ERP provides the following inquiries, which display detailed statement histories:

- By statement cycle: [Statement History Summary](#) (AR404000)
- By customer: [Customer Statement History](#) (AR404600)

Printing Customer Statements

To prepare a printable form of the customer statement, you use the [Customer Statement](#) (AR641500) report (for local customers) or the [Customer Statement MC](#) (AR642000) report (for foreign customers). You can modify these report forms to format the statements to better meet your needs.

Lesson 3.2: Regenerating Customer Statements

In this lesson, you will find general information on how to regenerate statements, an activity that describes how to regenerate and print statements, and report and inquiries that can be useful to find and view created statements.

Regeneration of Statements: General Information

When customer statements have been prepared in Acumatica ERP, they are not affected by new transactions. To update the prepared statements, you have to regenerate them.

Learning Objectives

In this lesson, you will learn how to do the following:

- Create and release a document that was missing in a previous statement
- Regenerate a customer statement

Applicable Scenarios

You regenerate customer statements if you discover some missing documents after the customer statements have been generated. You can create and release these documents and then regenerate the statements.

Forms on Which Statements Can Be Regenerated

You can regenerate statements by using the following forms:

- [Print Statements](#) (AR503500): You select *Regenerate Statement* in the **Action** box on this form to regenerate statements for customers of a particular statement cycle. The form lists only statements that were previously prepared.
- [Customers](#) (AR303000): You click **Regenerate Last Statement** (under **Statements**) on the More menu on the form toolbar to regenerate the most recent statement of the selected customer.
- [Statement Cycles](#) (AR202800): You click **Regenerate Last Statement** on the form toolbar to regenerate statements of the selected statement cycle.

Printed and emailed versions of the updated statement are marked with appropriate notes if previous statement versions have been printed or emailed already (that is, if the **Printed** or **Emailed** check boxes, respectively, of a statement are selected).

Regeneration of Statements: Process Activity

The following activity will walk you through the process of regenerating customer statements.

Story

Suppose that after the generation of customer statements, the sales manager of the SweetLife Fruits & Jams company found out that an invoice as of 1/31/2024 for Morning Cafe in the amount of \$210 had not been entered into the system.

Acting as the chief accountant of SweetLife, you need to record this invoice and regenerate the customer statement for this customer.

Process Overview

You will enter an invoice on the [Invoices and Memos](#) (AR301000) form. On the [Print Statements](#) (AR503500) form, you will regenerate the last statement for this customer and print the statement on the same form.

System Preparation

To prepare the system, do the following:

1. Launch the Acumatica ERP website with the *U100* dataset. Sign in as an accountant by using the following credentials:
 - Username: *johnson*
 - Password: *123*
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/31/2024*. If a different date is displayed, click the Business Date menu button and select *1/31/2024*. For simplicity, in this activity, you will create and process all documents in the system on this business date.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Creating the Invoice

To create the invoice, do the following:

1. Open the [Invoices and Memos](#) (AR301000) form.
2. On the form toolbar, click **Add New Record**, and specify the following settings in the Summary area:
 - **Type:** *Invoice*
 - **Customer:** *MORNINGCAF*
 - **Date:** *1/31/2024* (inserted by default)
 - **Description:** *3 hours of service*
3. On the **Details** tab, click **Add Row**, and specify the following settings for the added row:
 - **Branch:** *HEADOFFICE* (inserted by default)
 - **Transaction Descr.:** *3 hours of service*
 - **Ext. Price:** *210*
4. On the form toolbar, click **Remove Hold**, and click **Release** to release the invoice.

Step 2: Regenerating the Customer Statement

To regenerate the last customer statement, do the following:

1. Open the [Print Statements](#) (AR503500) form.
2. In the **Actions** box, select *Regenerate Statement*.
3. In the **Statement Cycle** box, verify that *EOM - End of Month* is displayed.
4. In the **Branch** box, make sure that *HEADOFFICE* is specified.
5. In the table, review the customer statements. Note the **Statement Balance** for the *MORNINGCAF* customer.
The selected **Printed** check box means that this statement has been already printed.
6. Select the unlabeled check box for the *MORNINGCAF* customer statement and click **Process** on the form toolbar, as shown in the following screenshot.

Print Statements TOOLS ▾

Actions: ▾ * Branch:

* Statement Cycle: ▾ ☐ Foreign Currency Statements

Statement Date: 1/31/2024 ☐ Show All

Message:

<input type="checkbox"/>	Customer	Customer Name	Statement Balance	Overdue Balance	Currency	FC Statement Balance	FC Overdue Balance	FC Statement	Don't Print	Printed	Don't Email	Emailed
<input type="checkbox"/>	ABAKERY	Allen's Bakery	498.70	498.70	USD	498.70	498.70	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	BLUECAFE	Blue Cafe	-5.00	0.00	USD	-5.00	0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	CAKEADO	Cakeado Cafe	1,000.00	688.00	USD	1,000.00	688.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	CITRUS	Citrus Store	868.55	868.55	USD	868.55	868.55	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	COFFEESHOP	FourStar Coffee & Sweets Shop	1,396.39	0.00	USD	1,396.39	0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	FOODCLVR	Food Clever	750.00	750.00	USD	750.00	750.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	GOODFOOD	GoodFood One Restaurant	3,908.81	3,482.07	USD	3,908.81	3,482.07	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	HMBAKERY	HM's Bakery & Cafe	-64.00	0.00	USD	-64.00	0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	MORNINGCAF	Morning Cafe	3,736.25	0.00	USD	3,736.25	0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	RETSALE	Individual Retail Customer	0.00	0.00	USD	0.00	0.00	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	VANILLO	Vanillo Candy Space	617.32	617.32	USD	617.32	617.32	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Figure: The printed customer statement to be regenerated

- In the **Processing** pop-up window, which is opened, click **Close**.

Step 3: Printing the Statement

To print the regenerated statement, do the following:

- While you are still on the [Print Statements](#) (AR503500) form, in the **Actions** box, select *Print Statement*.
- Select the unlabeled check box for the *MORNINGCAF* statement, and on the form toolbar, click **Process**.

The statement is printed. Notice that the printed statement contains a note that the statement has recently been updated. The **Amount Due** of the statement has been increased by the amount of the invoice you created in Step 1.

Regeneration of Statements: Related Report and Inquiry Forms

In the following sections, you can find details about the reports and inquiry forms you may want to review to gather information about customer statements.



If you do not see a particular report or form that is described, you may have signed in to the system with a user account that does not have access rights to the report or form. Contact your system administrator to obtain access to any needed reports or forms.

Viewing Statements

You can preview a statement that you have printed or emailed by using the [Print Statements](#) (AR503500) form.

Also, Acumatica ERP provides the following inquiries, which display detailed statement histories:

- By statement cycle: [Statement History Summary](#) (AR404000)
- By customer: [Customer Statement History](#) (AR404600)

Printing Customer Statements

To prepare a printable form of the customer statement, you use the [Customer Statement](#) (AR641500) report (for local customers) or the [Customer Statement MC](#) (AR642000) report (for foreign customers). You can modify these reports to format the statements to better meet your needs.

Lesson 3.3: Preparing an On-Demand Statement

In this lesson, you will find general information on how to prepare on-demand statements and an activity that describes how to prepare an on-demand statement for a specific customer.

On-Demand Statements: General Information

In addition to regular customer statements, you can create on-demand statements for dates outside the dates of the statement cycles configured in the system.

Learning Objectives

In this lesson, you will learn how to do the following:

- Generate an on-demand statement
- Review and print the on-demand statement

Applicable Scenarios

You generate on-demand customer statements when a customer asks you to provide a statement as of a specific date to reconcile balances.

Process Description

For an on-demand statement to be prepared for a customer, the *Open Item* statement type should be selected for the customer on the **Billing Settings** tab of the [Customers](#) (AR303000) form.

You can prepare an on-demand statement for this customer by clicking **Generate on Demand** (under **Statements**) on the More menu of this form. Then, in the dialog box that opens, you need to specify the date to be used for the on-demand statement. You can specify any date except for the date for which the regular statement has been prepared in the system. If you have already prepared an on-demand statement on the specified date, the previous on-demand statement will be deleted.



To print the prepared on-demand statement for a particular customer, you can use the **Print Statement** command (under **Statements**) on the More menu of the [Customers](#) form.

On-Demand Statements: Process Activity

The following activity will walk you through the process of preparing an on-demand customer statement.

Story

Suppose that one of the customers of the SweetLife Fruits & Jams company, FourStar Coffee & Sweets Shop (*COFFEESHOP*) has called the accounting department and asked for a statement dated 1/25/2024, to reconcile it with their records. Because a regular statement for this customer was generated on 1/31/2024, the new statement must be an on-demand one.

Acting as a SweetLife accountant, you have to generate an on-demand statement as of 1/25/2024 for the *COFFEESHOP* customer.

Process Overview

You will generate an on-demand statement on the [Customers](#) (AR303000) form and then review and print it on the [Customer Statement History](#) (AR404600) form.

System Preparation

To prepare the system, do the following:

1. Launch the Acumatica ERP website with the *U100* dataset. Sign in as an accountant by using the following credentials:
 - Username: *johnson*
 - Password: *123*
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/31/2024*. If a different date is displayed, click the Business Date menu button and select *1/31/2024*. For simplicity, in this activity, you will create and process all documents in the system on this business date.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step: Preparing and Printing a Statement

To prepare and print an on-demand statement for a particular customer, do the following:

1. Open the [Customers](#) (AR303000) form.
2. In the **Customer ID** box, select *COFFEESHOP*.
3. On the More menu (under **Statements**), click **Generate on Demand**.
4. In the **Generate On-Demand Statement** dialog box, which is opened, enter *01/25/2024* in the **Statement Date** box, and then click **OK**.
5. On the More menu (under **Statements**), click **Statement History** to review the history of statements generated for this customer.
6. On the [Customer Statement History](#) (AR404600) form, which opens, review the statements in the table.
Notice that the statement dated 1/25/2024 has the **On-Demand Statement** check box selected.
7. Select the statement dated 1/25/2024 and, on the form toolbar, click **Print Statement** to print the statement, as shown in the following screenshot.

Customer Statement History TOOLS ▾

PRINT STATEMENT

Company/Branch: HEADOFFICE - SweetLife Head Offi... ▾
 * Customer: COFFEESHOP - FourStar Coffee & Si ▾

Branch	Statement Cycle	Statement Date	Statement Balance	Overdue Balance	Don't Print	Printed	Don't Email	Emailed	On-Demand Statement	Prepared On
> HEADOFFICE	EOM	1/25/2024	-189.09	0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	9/27/2023
HEADOFFICE	EOM	1/31/2024	1,396.39	0.00	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9/27/2023

Figure: The on-demand customer statement before printing

Lesson 3.4: Setting Up and Applying Overdue Charges

In this lesson, you will learn about the setup of the overdue charges process and the calculation methods for overdue charges. You can calculate additional charges on overdue documents and show them in customer statements. Overdue charges are calculated on documents that are overdue on the calculation date. Overdue charges can be calculated for groups of customers, based on their statement cycle or customer class.

You will set up an overdue charge code and calculate overdue charges for customers that are assigned to a particular statement cycle.

Overdue Charges: General Information

In Acumatica ERP, you can set up the functionality that makes the system calculate overdue charges and show them on customer statements to inform customers of additional charges they have incurred for documents that are past due.

You can define multiple overdue charge codes (particular overdue charge IDs) with their own rates and other settings that affect when and how overdue charges are applied. Thus, you can adjust Acumatica ERP to fit your existing policies and any policies you want to implement in future.



The system calculates overdue charges for all customer accounts for which overdue charges are assigned, except for accounts with the *Inactive* or *On Hold* status on the [Customers](#) (AR303000) form.

This functionality is available only if the *Overdue Charges* feature is enabled on the [Enable/Disable Features](#) (CS100000) form.

Learning Objectives

In this lesson, you will learn how to do the following:

- Set up the overdue charges functionality and configure overdue charges
- Process overdue charges and create the *Overdue Charge* documents for particular customers
- Prepare customer statements for particular customers and review how overdue charges are shown in the statements

Applicable Scenarios

You use overdue charges if you want to charge your customers for overdue documents that have not been paid in time.

Setup of Overdue Charge Collection

You perform the following steps to configure the collection and processing of overdue charges:

1. On the [Overdue Charges](#) (AR204500) form, you configure at least one overdue charge code, which defines the calculation method and the criteria for collecting charges. For details, see [Overdue Charges: Charge Codes](#).
2. On the [Customer Classes](#) (AR201000) form, you do the following for each customer class whose customers you want to be subject to overdue charge collection:
 - a. Select the **Apply Overdue Charges** check box.
 - b. Associate the overdue charge code you created with the customer class by specifying the code in the **Overdue Charge ID** box.

When a new customer account is created on the [Customers](#) (AR303000) form and a customer class is selected, the customer class supplies the default state of the **Apply Overdue Charges** check box (on the **General** tab). You can change this default state for any customer account. If the customer account is subject to overdue charge collection (that is, if this check box is selected for the customer), for all of the customer's debit documents, the system displays the **Apply Overdue Charge** check box on the **Financial** tab of the [Invoices and Memos](#) (AR301000) form. By default, the check box is selected, but you can clear the check box for a particular document.

Setup of Overdue Charge Calculation by Statement Cycle

By default, the system uses the overdue charge code specified in the applicable customer class to calculate overdue charges. Alternatively, you can indicate to the system that the code should be copied from the applicable statement cycle to calculate charges.

Customer accounts are initially assigned the statement cycle, if any, specified for their customer class. But specifying a statement cycle in a customer class is not mandatory, as it is for a customer account. Additionally, for each customer, you may override the statement cycle that was assigned by default. Therefore, customer accounts within the same customer class may have different statement cycles.

You perform the following steps to set up overdue charge calculation by using the code specified in the statement cycle:

1. On the [Statement Cycles](#) (AR202800) form, you specify an overdue charge code for each statement cycle used in the system. You may associate different codes with different statement cycles or use the same code for all statement cycles.
2. On the [Accounts Receivable Preferences](#) form, you select the **Set Default Overdue Charges by Statement Cycle** check box, to indicate to the system that the source of the overdue charge code is the statement cycle of the customer account.

After you have performed these configuration steps, the system will use the overdue charge code assigned to the applicable statement cycle to calculate overdue charges for customers and documents included in the charge collection process.

Processing of Overdue Documents

You process the calculation of the overdue charges for the overdue documents (that is, invoices and debit memos) on the [Calculate Overdue Charges](#) (AR507000) form. On this form, once you specify the criteria in the selection area, the system displays the documents that comply with the following requirements:

- The customer of the document is subject to overdue charges—that is, the **Apply Overdue Charges** check box is selected for the customer on the **Financial** tab of the [Customers](#) (AR303000) form.
- The document is subject to overdue charges—that is, the **Apply Overdue Charge** check box is selected for the document on the **Financial** tab of the [Invoices and Memos](#) (AR301000) form.

To run the calculation process, you click **Calculate** on the form toolbar. If the **Calculate on Overdue Charges Documents** check box is cleared on the [Accounts Receivable Preferences](#) (AR101000) form, to calculate simple charges the system does the following:

- Checks whether an invoice or a debit memo is past due by using the associated credit terms
- Calculates the charges for the days past due (if there are no previous overdue charges for the document)
- Calculates the charges since the date of the last overdue charges (if overdue charges have been recorded for the document)

After the calculation is completed, the system displays the list of overdue documents with the relevant details for each document, including the amounts of calculated overdue charges. You review the calculation results and process either the overdue documents you select (by using the unlabeled check boxes) or all of the documents by clicking either **Process** or **Process All**, respectively, on the form toolbar.

The result of processing is an AR document of the *Overdue Charge* type with the *Balanced* status (or the *On Hold* status if **Hold Documents on Entry** is selected on the [Accounts Receivable Preferences](#) form).

If the system finds multiple overdue documents for the same customer account, it creates one document of the *Overdue Charge* type for this customer. This document lists the charge amounts for each invoice.

You further process this document of the *Overdue Charge* type by using the [Invoices and Memos](#) form.

If the **Calculate on Overdue Charges Documents** check box is selected on the [Accounts Receivable Preferences](#) form, the system searches for documents of the *Overdue Charge* type as well and calculates charge amounts the same way as it does for the invoices and debit memos.

Exclusion of a Customer or a Document from Charge Collection

To exclude a customer account from the charge collection process, you clear the **Apply Overdue Charges** check box for the customer on the **Financial** tab of the [Customers](#) (AR303000) form.

To exclude a particular document from the process, you clear the **Apply Overdue Charge** check box for the document on the **Financial** tab of the [Invoices and Memos](#) (AR301000) form.



This check box is displayed for the document only if the customer of the document is included in the charge collection process.

Overdue Charges: Charge Codes

By using the [Overdue Charges](#) (AR204500) form, you can create an unlimited number of overdue charge codes—particular overdue charge entities with their own rates and settings. Overdue charges are applied in either the base currency or the currency of the overdue document.

You plan the overdue charge code or codes needed to suit your company's credit policy. The planning includes the following for each overdue charge code:

- Selecting the calculation method to be used with the code
- Deciding on the amount of the overdue charge
- Deciding on the amount of the overdue fee, if you plan to charge one
- Defining the criteria for creation of a document of the *Overdue Charge* type for this code

Calculation Methods

The system provides three calculation methods you can use to define the amount that is subject to overdue charges based on the number of days after the due date. The charges can be calculated either for open documents (those that are not fully paid) or for closed documents (those that are fully paid). The base all the methods use for calculation is the open balance of the overdue document.

For each overdue charge code, you select one of the following options in the **Calculation Method** box on the [Overdue Charges](#) form:

- *Interest on Balance*: To calculate the charges for the days past due with this calculation method, the system uses the document's open balance as of the date of the overdue charges calculation. If overdue charges have been recorded for the document, the system calculates the charges for the number of days since the date of the last overdue charges. The overdue document is subject to charges until it is closed.
- *Interest on Prorated Balance*: To calculate the charges for the days past due with this calculation method, the system uses the document's open balance for each of the days to which charges have not been applied. If overdue charges have been recorded for the document, the system calculates the charges for the number of days since the date of the last overdue charges. The overdue document is subject to charges if there is an open balance of the overdue document to which charges have not been applied. The overdue document to which charges have not been applied is subject to charges.
- *Interest on Arrears*: To calculate the charges for the days past due with this calculation method, the system uses the document's open balance for each of these days. The overdue document becomes subject to charges at the moment it is closed.

The calculation method is used along with the charging method, described in the next section of this topic, to determine how overdue documents are charged for a particular overdue charge code.

Charging Methods

A charging method defines how the system charges an overdue document. An overdue charge can be defined either as a fixed amount or as a percentage (annual rate) on an open balance for the number of days late. If the overdue charge is a percentage, the following formula is used to calculate overdue charges, based on the number of days past due.

$$\text{Charge Amount} = (\text{Percent Rate}) * (\text{Number of Days Past Due}) * \text{Open Balance} / (365 * 100)$$

A percentage can be configured with a fixed minimum amount or a threshold amount. If you configure a percentage with a fixed minimum amount, the system charges an overdue document for at least the fixed minimum amount. If you configure a percentage with a threshold amount, the system charges a document only if the calculated charge amount is greater than or equal to the threshold amount. For details, see the following subsections of this topic.

Charging a Percentage with a Minimum Amount

If you define an overdue charge as a percentage on an open balance for the number of days late with a minimum amount specified, the system charges a document as follows:

- If the charge amount is less than the specified minimum amount, the system charges the document for the minimum amount.
- If the charge amount is greater than or equal to the specified minimum amount, the system charges the document for the calculated charge amount.

To charge a percentage with a minimum amount, in the **Charging Settings** section on the [Overdue Charges](#) form, you do the following:

- In the **Charging Method** box, you select the *Percent with Min. Amount* option.
- In the **Min. Amount** box (which appears once you have selected this charging method), you specify the minimum amount an overdue document should be charged.
- In the **Total Threshold** box, you specify the minimum amount of the overdue charge document; if the total amount of the lines of the overdue charge document is less than the total threshold amount, the document will not be created.
- In the table (which appears once you have selected this charging method), you specify percent rate (or rates) with the date when the rate becomes effective.

Charging a Percentage with a Threshold Amount

If you define an overdue charge as a percentage on an open balance for the number of days late with a threshold amount specified, the system charges a document as follows:

- If the charge amount is less than the specified threshold amount, the system does not charge the document.
- If the charge amount is greater than or equal to the specified threshold amount, the system charges a document for the calculated charge amount.

To charge a percentage with a threshold amount, in the **Charging Settings** section on the [Overdue Charges](#) form, you do the following:

- In the **Charging Method** box, you select the *Percent with Threshold* option.
- In the **Threshold** box (which appears once you have selected this charging method), you specify the amount of charges that should define whether to charge a document.
- In the **Total Threshold** box, you specify the minimum amount of the overdue charge document; if the total amount of the lines of the overdue charge document is less than the total threshold amount, the document will not be created.
- In the table (which appears once you have selected this charging method), you specify a percent rate (or rates) with the date when the rate becomes effective.

Charging a Fixed Amount

An overdue charge can be defined as a fixed amount. To define an overdue charge as a fixed amount, in the **Charging Settings** section on the [Overdue Charges](#) form, you do the following:

- In the **Charging Method** box, you select the *Fixed Amount* option.
- In the **Amount** box (which appears once you have selected this charging method), you specify the fixed amount of the charge for overdue documents.
- In the **Total Threshold** box, you specify the minimum amount of the overdue charge document; if the total amount of the lines of the overdue charge document is less than the total threshold amount, the document will not be created.

Thus, if an open balance of an overdue document is greater than zero, the system charges the specified fixed amount.

Overdue Fees

Some companies charge a fixed amount (a fee) for processing documents of the *Overdue Charge* type. In these cases, a customer must pay the fee amount in addition to the amount of calculated overdue charges.

A fee is charged for each overdue charge document. An additional line with the fee amount is added to the document.

If your company charges a fee for processing late documents, on the [Overdue Charges](#) (AR204500) form, for any overdue charge code, specify the following settings:

- **Fee Amount:** The fixed amount to be charged for a document of the *Overdue Charge* type. A customer pays the amount in addition to the amount of the overdue charges.
- **Fee Account (Fee Subaccount):** The account (and subaccount, if applicable) to which fee amounts are recorded.

You can leave these boxes empty if your company does not charge fees for overdue charge documents.

Overdue Charges: Criteria for Creating Overdue Charge Documents

The processing of overdue documents creates documents of the *Overdue Charge* type. When the system finds a customer's overdue document, the system adds this document as a line item to the document of the *Overdue Charge* type (which is created once any overdue document is found). If the system has found multiple overdue documents of a customer, the system creates a document of the *Overdue Charge* type with multiple lines. These documents of the *Overdue Charge* type, also referred to as overdue charge documents, can be viewed on the [Invoices and Memos](#) (AR301000) form.

You can set up a threshold amount that defines the amount of charges that should initiate the generation of an overdue charge document. You specify this threshold amount in the **Total Threshold** box on the [Overdue Charges](#) (AR204500) form.



The overdue fee is not included in the overdue charge document amount that is compared to the threshold.

With the total threshold specified, the system decides whether to create an overdue charge document as follows:

1. It finds an overdue document of a customer or multiple documents of the customer.
2. It calculates the charge amount for each overdue document it found.
3. It compares the total amount of the calculated charges to the threshold amount, and then the system proceeds as follows:
 - If the total amount is greater than the threshold amount, the system creates an overdue charge document for the customer.
 - If the total amount is less than the threshold amount, the system does not create an overdue charge document for the customer.

For example, suppose that your company collects overdue charges only if the charge amount is greater than \$10; you thus specify 10 in the **Total Threshold** box. Further suppose that your company charges a fixed charge amount of \$1. If a customer has at least 10 overdue documents, the system will create an overdue charge document to debit the customer account. If your company instead charges an annual rate, the system behaves in the same way. If the total of calculated percentages for a customer's overdue documents is greater than \$10, the system creates an overdue charge document for the customer.

In addition to setting a threshold for the overdue charge amount, you can set a minimum amount and a threshold amount for adding a document as a line to the overdue charge document. You can configure the line threshold for only a charge that is defined as a percentage. To do this, you set up an overdue charge code on the [Overdue Charges](#) form and specify the *Charging a Percentage with a Minimum Amount* or *Charging a Percentage with a Threshold Amount* charging method. For details, see [Overdue Charges: Charge Codes](#).

Overdue Fee Collection

You may want to charge your customers an additional fee each time overdue charges are calculated. In the **Overdue Fee Settings** section of the [Overdue Charges](#) form, you can specify the amount of the overdue fee and the account and subaccount to register the collected fee to.

The fee is recorded as a separate line in the document of the *Overdue Charge* type on the [Invoices and Memos](#) (AR301000) form.

Overdue Charges: Generated Transactions

As you apply overdue charges, you create and process documents of the *Overdue Charge* type. You release this document by using the [Invoices and Memos](#) (AR301000) form. When you release an overdue document, to update customer balances, the system generates a GL transaction described in the following section.

Transactions Generated for *Overdue Charge* Documents

When you create and release an overdue charge, the system generates the following general ledger transaction:

Account	Source of Account	Debit	Credit
Accounts Receivable account	The AR account specified in the original document, which is usually the default AR account of the customer (specified on the GL Accounts tab of the Customers (AR303000))	Amount	0.00
Overdue Charges account	The account specified on the Overdue Charges (AR204500) form for the particular charge	0.00	Amount

You can view the reference number of the GL batch on the **Financial** tab of the [Invoices and Memos](#) (AR301000) form.

Overdue Charges: Implementation Activity

In the following implementation activity, you will learn how to implement the overdue charges functionality.

Story

Suppose that starting on January 1, 2023 the CFO of SweetLife Fruits & Jams decided to start applying overdue charges to customer documents that are past due. Overdue charge documents should be generated for two customers that have multiple past due documents—*COFFEESHOP* and *GOODFOOD*. The overdue charges should be calculated for the days past due by using the outstanding balance of a document for each of these days. The annual rate for overdue charges is 10%.

Acting as the chief accountant, you need to enable the needed feature and set up the overdue charge functionality.



In a production environment, you have to set up calculating overdue charges before you start creating and processing documents to avoid manual updates of settings for existing documents. For training purposes, this lesson will show how to manually update the settings of particular documents to apply overdue charges to them.

Process Overview

In this activity, you will first enable the *Overdue Charges* feature on the [Enable/Disable Features](#) (CS100000) form. On the [Overdue Charges](#) (AR204500) form, you will create an overdue charge code and specify its settings. On the [Statement Cycles](#) (AR202800) form, you will update the settings of the *EOM* statement cycle and select the new overdue charge code for it. On the [Accounts Receivable Preferences](#) (AR101000) form, you will update the AR settings to make the system calculate overdue charges by statement cycle. On the [Customers](#) (AR303000) form, you will turn on the calculation of overdue charges for the *COFFEESHOP* and *GOODFOOD* customers. Finally, on the

[Invoices and Memos](#) (AR301000) form, you will apply calculation of overdue charges for particular open invoices of these customers.

System Preparation

Before you start implementing the overdue charge functionality, launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. You should sign in as the chief accountant with the *johnson* username and the *123* password.

Step 1: Enabling the Needed Feature

To enable the *Overdue Charges* feature, do the following:

1. On the [Enable/Disable Features](#) (CS100000) form, click **Modify** on the form toolbar.
2. Select the **Overdue Charges** check box within the **Advanced Financials** group.

The check boxes for the other needed features are already selected because you have preloaded the *U100* dataset into the company; you do not have to change the selection of any other features.

3. On the form toolbar, click **Enable**.



In a production environment, after the features have been enabled, you would have to activate the Acumatica ERP license by using the [Activate License](#) (SM201510) form. For the educational purposes of this course, you are using Acumatica ERP under a trial license, which does not require activation and provides all available features. For production use, you have to activate the purchased license. Particular features may be subject to additional licensing requirements.

Step 2: Creating an Overdue Charge Code

To create an overdue charge code for 10 annual rate, do the following:

1. On the [Overdue Charges](#) (AR204500) form, create a new record.
2. In the **General Settings** section, specify the following settings for the new code:

- **Overdue Charge ID:** `OVERDUE10`
- **Description:** `Overdue charges of 10% annually`
- **Calculation Method:** `Interest on Prorated Balance`

This calculation method means that the system will calculate overdue charges for the days past due by using the outstanding balance of a document for each of these days. The overdue document is subject to charges until it is closed. If overdue charges have been recorded for the document, the system calculates the charges for the number of days since the date of the last overdue charges.

- **Terms:** `30D`

These credit terms will be inserted into the generated overdue charge documents.

- **Overdue Charge Account:** `41000 (Overdue Charge Income)`
- **Tax Category:** `EXEMPT`

3. In the **Charging Settings** section, specify the following settings for the new code:

- **Total Threshold:** `5`

This box specifies the minimum amount of the overdue charge on which the system initiates the generation of a document of the *Overdue Charge* type.

- **Charging Method:** `Percent With Threshold`

If this method is selected, the overdue charge will be calculated as an annual percentage of the open balance of the document.

- **Threshold:** 0

The system compares the charge amount calculated for each overdue document with the threshold amount specified in this box to check whether to include the charges as line items to the generated *Overdue Charge* document. A threshold amount of \$0 means that the charges calculated for all overdue documents will be included in the generated *Overdue Charge* document as is.



If you specify a particular amount in this box, the calculated overdue charges whose amounts are less than the threshold amount will not be included in the generated *Overdue Charge* document.

4. In the table that appears when you select the *Percent With Threshold* charging method, add a row with the following settings:

- **Start Date:** 1/1/2023

- **Percent Rate:** 10

This is the annual percentage rate to be used for calculation overdue charges.

5. On the form toolbar, click **Save** to save the changes.

Step 3: Updating the Settings of the Statement Cycle

To update the settings of the *EOM* statement cycle, do the following:

1. On the [Statement Cycles](#) (AR202800) form, open the *EOM* statement cycle.
2. In the **Finance Charge Settings** section, select the **Apply Overdue Charges** check box to make possible the use of overdue charges for the statement cycle.
3. In the **Overdue Charge ID** box, select the *OVERDUE10* code. The system will use this code when calculating overdue charges for customers that use the *EOM* statement cycle.
4. On the form toolbar, click **Save** to save the changes.

Step 4: Updating the Accounts Receivable Preferences

To update the AR preferences, do the following:

1. Open the [Accounts Receivable Preferences](#) (AR101000) form.
2. In the **Data Processing Settings** section on the **General** tab, select the **Set Default Overview Charges by Statement Cycle** check box.
3. On the form toolbar, click **Save** to save your changes.

Step 5: Setting Up the Calculation of Overdue Charges for Customers

To update the settings of the *COFFEESHOP* and *GOODFOOD* customers, do the following:

1. On the [Customers](#) (AR303000) form, open the *COFFEESHOP* customer.
2. On the **Financial** tab, select the **Apply Overdue Charges** check box. The system calculates overdue charges on documents of only customers for which this check box is selected.
3. On the form toolbar, click **Save**.
4. In the **Customer ID** box, select *GOODFOOD*.
5. On the **Financial** tab, select the **Apply Overdue Charges** check box.
6. On the form toolbar, click **Save**.

The newly created invoices to *COFFEESHOP* and *GOODFOOD* will have the **Apply Overdue Charges** check box selected. The previously created invoices for these customers (which were created before you enabled

the calculation of overdue charges for the customers) currently have the **Apply Overdue Charges** check box cleared. You need to select this check box in the invoices manually if you need to calculate the overdue charges for these invoices.

Step 6: Updating the Settings of Overdue Invoices

To update the settings of existing overdue invoices to make the system calculate overdue charges for them, do the following:

1. Open the Invoices and Memos (AR3010PL) list of records.
2. In the table, filter the documents of the *COFFEESHOP* customer as follows:
 - a. Click the **Customer** column.
 - b. In the dialog box that is displayed, specify the following settings:
 - **Equals:** Selected
 - Customer lookup box: *COFFEESHOP*
 - c. Click **OK** to close the dialog box and apply the filter.
3. In the table, locate an invoice in the amount of \$5,300 and open it.
4. On the **Financial** tab of the *Invoices and Memos* (AR301000) form, which is opened, select the **Apply Overdue Charges** check box.
5. On the form toolbar, click **Save** to save the changes.
6. In the **Reference Nbr.** box, open the lookup table.
7. In the table, find an invoice for the *GOODFOOD* customer in the amount of \$3,030 and open it.
8. On the **Financial** tab, select the **Apply Overdue Charges** check box.
9. On the form toolbar, click **Save** to save the changes.

Overdue Charges: Process Activity

The following activity will walk you through the process of calculating overdue charges for overdue documents of particular customers.

Story

Suppose that in February 2024, SweetLife Fruits & Jams started to send overdue charge documents to some of its customers and want these documents to be shown in customer statements. Further suppose that on February 15, 2024, *COFFEESHOP* made a payment of \$2,000 that should be applied to one of the customer's outstanding documents. On February 28, an accountant of SweetLife prepared customer statements for February 2024, which is the next statement date according to the *EOM* statement cycle.

Acting as the SweetLife accountant, you need to record the payment of \$2,000 from *COFFEESHOP*, generate and release overdue charge documents for the *COFFEESHOP* and *GOODFOOD* customers, and generate customer statements for February 2024.

Process Overview

In this activity, on the *Payments and Applications* (AR302000) form, you will process a partial payment for one of the customers. On the *Calculate Overdue Charges* (AR507000) form, you will calculate and generate overdue charges for the two customers. On the *Invoices and Memos* (AR301000) form, you will release the *Overdue Charge* documents.

On the [Customer Details](#) (AR402000) form, you will review the updated customer balances. Finally, on the [Prepare Statements](#) (AR503000) form, you will prepare statements for the customers, print the statements, and review them.

System Preparation

Before you begin calculating overdue charges and generating customer statements, do the following:

1. Launch the Acumatica ERP website with the *U100* dataset preloaded, and sign in as Anna Johnson by using the *johnson* username and the *123* password.
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *2/28/2024*. If a different date is displayed, click the Business Date menu button, and select *2/28/2024* on the calendar.
3. As a prerequisite activity, in the company to which you are signed in, be sure you have configured the overdue charge functionality, as described in [Overdue Charges: Implementation Activity](#).
4. On the Company and Branch Selection menu on the top pane of the Acumatica ERP screen, select the *SweetLife Head Office and Wholesale Center* branch.

Step 1: Processing a Partial Payment

To process a partial payment of \$2,000 from the *COFFEESHOP* customer, do the following:

1. On the [Payments and Applications](#) (AR302000) form, create a new record.
2. In the Summary area, specify the following settings for the new record:
 - **Type:** *Payment*
 - **Customer:** *COFFEESHOP*
 - **Payment Method:** *CHECK*
 - **Cash Account:** *10200WH (Wholesale Checking)*
 - **Application Date:** *2/15/2024*
 - **Application Period:** *02-2024*
 - **Description:** *Partial payment for training*
 - **Payment Amount:** *2000*
3. In the table, select the unlabeled check box for the invoice with the *000000042* reference number and the \$5,300 amount.
4. In the **Amount Paid** column for this row, enter *2000*.
5. On the form toolbar, click **Save** to save the payment.
6. On the form toolbar, click **Remove Hold** and then click **Release** to release the payment and its application.

Step 2: Calculating Overdue Charges

To calculate overdue charges, do the following:

1. Open the [Calculate Overdue Charges](#) (AR507000) form and in the Selection area, specify the following settings:
 - **Statement Cycle:** *EOM*
 - **Overdue Charge Date:** *2/28/2024* (inserted automatically based on the business date)
 - **Fin. Period:** *02-2024*
2. On the form toolbar, click **Calculate** to run the calculation process.

When you run the calculation process, the system searches for overdue invoices and debit memos among the documents of the customers of the selected statement cycle. For each found document, the system

calculates the amount of overdue charges on the specified date by using the calculation method that is specified in the overdue charge code that is assigned to the selected statement cycle.

- Review the two invoices that appear in the table, as shown in the following screenshot. On 2/28/2024, there are two overdue documents, which are the invoices to *COFFEESHOP* and *GOODFOOD*. The **Last Payment Date** column for the *COFFEESHOP* invoice shows the date of the most recent payment applied to the invoice, which is 2/15/2024.

Calculate Overdue Charges

TOOLS

CALCULATE

PROCESS

PROCESS ALL

VIEW LAST CHARGE

Statement Cycle:

EOM - End of Month

Overdue Charge Date:

2/28/2024

Fin. Period:

02-2024

<div><div></div><div></div></div>	Type	Reference Nbr.	Date	Due Date	Customer	Customer Name	Currency	Amount	Open Balance	Last Payment Date	Last Charge Date	Overdue Days	Charge Currency	Charge Amount
<div><div></div><div></div></div>	Invoice	000000042	5/5/2021	6/4/2021	COFFEESHOP	FourStar Coffee & Sweets Shop	USD	5,300.00	3,300.00	2/15/2024		999	USD	608.55
<div><div></div><div></div></div>	Invoice	000000052	2/17/2022	3/19/2022	GOODFOOD	GoodFood One Restaurant	USD	3,030.00	3,030.00			711	USD	351.98

Figure: Overdue charges after a partial payment has been applied

- On the form toolbar, click **Process All** to create *Overdue Charge* documents.



If the system finds an unreleased overdue charge document for an invoice during overdue charge processing, the invoice is marked with an error and no new overdue charge document is created. You can select this invoice and click **View Last Charge** on the form toolbar to view and release the existing overdue charge document. Then you can calculate and process overdue charges for this invoice again.

Step 2: Releasing the Overdue Charges

To release the overdue charge documents, do the following:

- Open the [Invoices and Memos](#) (AR301000) form.
- In the **Type** box, select *Overdue Charge*.
- In the **Reference Nbr.** box, select the document for the *GOODFOOD* customer to open it.

The system has inserted the calculated overdue charge amount into the document; you can change the amount if needed. In the **Transaction Descr.** column on the **Details** tab, the type and reference number of the overdue document are displayed, which is the *GOODFOOD* invoice from which the overdue charge document has been generated. The *30D* credit terms and the *41000 (Overdue Charge Income)* account have been inserted into the document from the *OVERDUE10* overdue charge code, which is specified for the *EOM* statement cycle and used for the calculation of overdue charges.

The system has saved the created overdue charge document with the *On Hold* status, because the **Hold Documents on Entry** check box is selected on the [Accounts Receivable Preferences](#) (AR101000) form.



Regardless of the **Hold Documents on Entry** setting, overdue charges are saved with the *On Hold* status if the **Hold Document on Failed Credit Check** check box is selected on the [Accounts Receivable Preferences](#) form.

- On the form toolbar, click **Remove Hold**, and then click **Remove Credit Hold** to give the document the *Balanced* status.
- Click **Release** to release the document.
- In the **Reference Nbr.** box, select the document for the *COFFEESHOP* customer.
- On the form toolbar, click **Remove Hold**, and then click **Remove Credit Hold** to give the document the *Balanced* status.

8. Click **Release** to release the document.
9. Go to the **Financial** tab and click the link in the **Batch Nbr.** box to open the generated GL transaction on the [Journal Transactions](#) (GL301000) form.

On release of the overdue charge document, the system has updated the current balance of the customer and generated a batch to debit the AR account specified in the document and credit the specified income account. Because the *NYSTATE* tax zone is specified for the *COFFEESHOP* customer, an entry for the Tax Payable account has been added to the GL transaction. This entry has 0.00 debit and credit amounts because the *EXEMPT* tax category has been specified for the *OVERDUE10* charge code.

Step 3: Reviewing Customer Balances

To review the updated balances of the customers, do the following:

1. Open the [Customer Details](#) (AR402000) form.
2. In the **Customer** box, select *COFFEESHOP*.
3. Clear the **Show All Documents** check box.

The customer's current balance has increased to by the amount of the overdue charge (\$608.55). The *Overdue Charge* document is displayed in the list of open documents of the customer and should be paid in the same way as an invoice or debit memo is paid.

4. In the **Customer** box, select *GOODFOOD* and review the list of the customer's documents.

The *Overdue Charge* document in the amount of \$351.98 is displayed in the list of open documents of the customer.

Step 4: Preparing and Reviewing Customer Statements

To prepare and review customer statements for 2/29/2024, do the following:

1. Open the [Prepare Statements](#) (AR503000) form.
2. In the **Prepare For** box, select 2/29/2024.
3. Select the unlabeled check box for the *EOM* statement cycle row in the table, and on the form toolbar, click **Process** to generate customer statements.

The **Next Statement Date** column in the table shows on which date the statements will be generated.

4. Open the [Customer Statement History](#) (AR404600) form.
5. In the **Customer** box, select *COFFEESHOP*.

The table displays a row with the statement dated 2/29/2024.

6. On the form toolbar, click **Print Statement** to review the statement.

The *Open Item* statement shows the \$4.94 debit balance due on 2/29/2024 and a list of all the customer's documents.

7. In the **Customer** box of the [Customer Statement History](#) form, select *GOODFOOD*.

The table displays a row with the statement dated 2/29/2024.

8. On the form toolbar, click **Print Statement** to review the statement.

The *Open Item* statement shows the \$4,260.79 due on 2/29/2024 and a list of all the customer's documents. The amount of the overdue charge (\$351.98) is shown in the **Current** column because it is not overdue yet. Other amounts are displayed in the respective columns showing the number of day they are past due.

Part 4: Write-Offs

This part includes lessons about processing direct write-offs and write-offs created when entering a payment and applying it to AR documents.

For completing the lessons of this part of the course, you will use a company with the *U100* dataset preloaded, which provides a fully configured company with sample data specially designed for this course. The lessons of this part are independent: you can complete the lesson activities in any order.

You need to complete the activities in this part by using user accounts with specific access rights. Each activity provides the credentials to use for sign-in to the prepared *U100* tenant in the *System Preparation* section.

Lesson 4.1: Processing Direct Write-Offs

This lesson describes how to configure and process write-offs in accounts receivable by using the direct write-off method. You will learn to create credit write-offs and balance write-offs.

Direct Write-Offs: General Information

You can use the write-off functionality to implement the direct write-off and allowance methods. In this topic, you will read about how write-off methods are used and what transactions are generated when you implement the direct write-off or allowance method.

Learning Objectives

In this lesson, you will learn how to do the following:

- Set up the write-off functionality
- Process a credit write-off
- Process a balance write-off

Applicable Scenarios

You perform direct write-offs in the following cases:

- You need to write off small balances of customer documents. You use credit write-offs to write off the balances of payments, prepayments, and credit memos. You use balance write-offs to write off the balances of invoices, debit memos, and overdue charges.
- You need to write off bad debts once they are recognized.

Balance Write-Offs and Credit Write-Offs

The system creates documents of the *Balance WO* and *Credit WO* type when you write off balances and credits of multiple documents at once by using the [Write Off Balances and Credits](#) (AR505000) mass-processing form. The system decreases the customer's balance by the written-off balance and increases the customer's balance by the written-off credit.

To identify documents of this type, the system uses the numbering sequence specified in the **Write-Off Numbering Sequence** box on the **General** tab of the [Accounts Receivable Preferences](#) (AR101000) form.

Direct Write-Off Method

Your business may use the direct write-off method for financial reporting when you can determine that an amount will be uncollectible in the period when the sale took place and that the amount represents an insignificant amount, as with bank charges. The direct write-off method ignores tax amounts previously paid to a tax authority on the documents being written off. You may need to manually record the written-off amounts and the corresponding tax amounts to use them for adjustments to the tax return.

In the direct method, a write-off requires a journal entry that increases an expense account (the Balance Write-Off account) and a journal entry that decreases accounts receivable for the customer. You configure a reason code that determines the expense account and then write off an amount from a customer invoice by using this reason code.

If you write off customer credits, the amount will be recognized as income, and the customer balance of accounts receivable will be increased. You configure a reason code that determines the income account and then write off an amount from a customer invoice by using this reason code.

If a customer pays a debt that has been written off, you enter the payment as usual and do not apply it to any document. You then write off the payment by using a document of the *Credit WO* type.

Allowance Method

The allowance method is based on the idea that some of customer debts will not be paid, although companies do not know in advance which customers will not pay. This method involves using two special accounts:

- **Allowance for Doubtful Accounts:** This contra asset account to accounts receivable contains the estimated amount of the debts that will not be collected. The estimate may be a percentage of sales or an amount based on an aging analysis of accounts receivable.
- **Bad Debts Expense:** This is a temporary expense account that reports credit losses for only the period shown on the income statement.

The allowance method is used as follows: At the end of the accounting period, you estimate the amount to become uncollectible in accounts receivable and manually update accounts by using the [Journal Transactions](#) (GL301000) form. Accounts are affected as shown below.

Account	Debit	Credit
Bad Debts Expense	Amount	0.00
Allowance for Doubtful Accounts	0.00	Amount

You configure a reason code that points to the Allowance for Doubtful Accounts account. When a specific customer's account is identified as uncollectible, you write off debts by using this reason code. Accounts are affected as shown below.

Account	Debit	Credit
Allowance for Doubtful Accounts	Amount	0.00
AR Account (customer account)	0.00	Amount

Under the allowance method, a write-off does not change the net realizable value of accounts receivable. It simply reduces accounts receivable and the allowance for bad debts by equivalent amounts.

Direct Write-Offs: Write-Off Setup

To use the write-off functionality, you need to configure the following entities:

- GL accounts to record balance and credit write-offs
- Reason codes to point to the GL account and subaccount where write-offs are to be recorded
- Customer accounts with the write-off functionality enabled and write-off limits specified; if these accounts already exist, you just need to change their settings

In this topic, you will read about setting up write-off functionality and additional information that you may need during configuration. For a description of how to configure automatic write-offs for SO invoices, see [Configuration of Automatic Write-Offs in Invoices](#).

Write-Off Process Setup

To use the write-off functionality, you perform the following steps:

1. You configure the GL accounts and subaccounts to be used for writing off expenses by using the [Chart of Accounts](#) (GL202500) form as follows:
 - For the direct write-off method, you configure an expense account (for instance, the Balance Write-Off account) and subaccounts (if needed).
 - For the allowance method, you configure a contra asset account to accounts receivable (for instance, Allowance for Doubtful Accounts) and an expense account (for example, Bad Debts Expense) and subaccounts (if needed).
2. On the [Reason Codes](#) (CS211000) form, you configure reason codes that point to the GL accounts you have configured in Step 1:
 - For the direct write-off method, you create a reason code that points to the expense account and subaccount to be used for writing off expenses. You can configure different reason codes to distribute write-offs to different accounts or use one reason code for all such expenses.
 - For the allowance method, you create a reason code that points to the contra asset account (Allowance for Doubtful Accounts) and subaccount. Then you write off bad debts by using this reason code directly from an invoice and make the entries manually for the contra asset account on the [Journal Transactions](#) (GL301000) form.
3. You enable the write-off functionality for a group of customer accounts by using the [Customer Classes](#) (AR201000) form or individually for a customer account by using the [Customers](#) (AR303000) form.

After configuration is done, you can:

- Write off balances directly from an invoice when you apply a payment to it by using the [Payments and Applications](#) (AR302000) form. For details, see [Payments with Write-Offs: General Information](#).
- Write off balances or credits of several documents at once by using the [Write Off Balances and Credits](#) (AR505000) form.
- Write off balances directly from an invoice when you apply a payment (created to match a bank transaction) to it by using the [Process Bank Transactions](#) (CA306000) form.

Default Reason Codes

By using the [Accounts Receivable Preferences](#) (AR101000) form, you can specify the reason codes to be used by default for writing off credits and balances. The system will fill in the reason codes specified here in the **Reason Code** box on the [Write Off Balances and Credits](#) (AR505000) form, as well as on the [Payments and Applications](#) (AR302000) form, when you select the type of write-off operation.

Direct Write-Offs: Generated Transactions

As you process direct write-offs, the system creates and releases the *Credit WO* and *Balance WO* documents. To update customer balances, the system generates the GL transactions described in the following sections.

Transaction Generated for a Credit Write-Off

When you process a credit write-off, the system creates and releases a *Credit WO* document and generates the following general ledger transaction:

Account	Source of Account	Debit	Credit
Accounts Receivable account	The AR account of the customer, specified on the GL Accounts tab of the <i>Customers</i> (AR303000) form	Amount	0.00
Income account	The account specified for the <i>Credit Write-Off</i> reason code on the <i>Reason Codes</i> (CS211000) form	0.00	Amount

You can view the reference number of the GL batch on the **Financial** tab of the *Invoices and Memos* (AR301000) form.

Transaction Generated for a Balance Write-Off

When you create and release a balance write-off, the system creates and releases a *Balance WO* document and generates the following general ledger transaction:

Account	Source of Account	Debit	Credit
Balance Write-Off account	The account specified for the <i>Balance Write-Off</i> reason code on the <i>Reason Codes</i> (CS211000) form	Amount	0.00
Accounts Receivable account	The AR account of the customer, specified on the GL Accounts tab of the <i>Customers</i> (AR303000) form	0.00	Amount

You can view the reference number of the GL batch on the **Financial** tab of the *Payments and Applications* form.

Direct Write-Offs: Implementation Activity

In the following implementation activity, you will learn how to implement the write-off functionality.

Story

Suppose that SweetLife Fruits & Jams decided to start using the write-off functionality for its customers. At first, users should be enabled to write off small balances in documents of the *ABAKERY* and *CITRUS* customers. The write-off threshold for *ABAKERY* is \$5 and the write-off threshold for *CITRUS* is \$10. The reason codes for credit write-offs and balance write-offs have already been defined in the system.

Acting as the chief accountant of SweetLife, you need to set up the write-off functionality.

Process Overview

In this activity, you will first update the settings of one reason code on the [Reason Codes](#) (CS211000) form. On the [Customers](#) (AR303000) form, you will allow write-offs for the two customers. Finally, on the [Accounts Receivable Preferences](#) (AR101000) form, you will specify the default reason code for one of the write-off types.

System Preparation

Before you start setting up the write-off functionality, launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. You should sign in as the chief accountant with the *johnson* username and the *123* password.

Step 1: Updating the Settings of the *BALWOFF* Reason Code

To update the settings of the reason code used for balance write-offs, do the following:

1. On the [Reason Codes](#) (CS211000) form, open the *BALWOFF* reason code.
2. In the **Account** box, select the *61200 (Small Balance Write-Offs)* account.
3. On the form toolbar, click **Save**.

Step 2: Allowing Write-Offs for Particular Customers

To allow write-offs for the *ABAKERY* and *CITRUS* customers, do the following:

1. On the [Customers](#) (AR303000) form, open the *ABAKERY* customer.
2. On the **Financial** tab (**Financial Settings** section), specify the following settings:
 - **Enable Write-Offs:** Selected
 - **Write-Off Limit:** 5

The write-off limit that you specify is the default limit that is used on the [Write Off Balances and Credits](#) (AR505000) form; it is also the maximum limit that users may write off on the fly by using the [Payments and Applications](#) (AR302000) form.
3. On the form toolbar, click **Save**.
4. In the **Customer ID** box, select the *CITRUS* customer.
5. On the **Financial** tab (**Financial Settings** section), specify the following settings:
 - **Enable Write-Offs:** Selected
 - **Write-Off Limit:** 10
6. On the form toolbar, click **Save**.

Step 3: Updating the Accounts Receivable Preferences

To update the accounts receivable preferences, do the following:

1. Open the [Accounts Receivable Preferences](#) (AR101000) form.
2. On the **General** tab (**Default Write-Off Reason Codes** section), in the **Credit Write-Off Reason Code** box, select *CRWOFF*.

The appropriate default reason code is inserted by the system when you select the credit or balance type of write-off process on the [Write Off Balances and Credits](#) (AR505000) form or when you select a document to which the payment is applied on the [Payments and Applications](#) (AR302000) form. However, you can override the default reason code.

3. On the form toolbar, click **Save**.

Direct Write-Offs: To Process a Credit Write-Off

The following activity will walk you through the processing of a credit write-off.

Story

Suppose that while looking through customer accounts, the chief accountant of SweetLife Fruits & Jams noticed that the *BLUECAFE* customer had a small credit balance of \$5. The accountant decided to write it off. Previously, write-offs were made allowed for this customer and the write-off functionality has been set up.

Acting as the SweetLife accountant, you need to process a direct credit write-off in the system.

Process Overview

In this activity, on the [Write Off Balances and Credits](#) (AR505000) form, you will specify write-off criteria and process a credit write-off. On the [Invoices and Memos](#) (AR301000) form, you will review the *Credit WO* document automatically generated and released by the system. Finally, on the [Customer Details](#) (AR402000) form, you will review the customer's balance to make sure it is \$0.

System Preparation

Before you begin processing a direct write-off, do the following:

1. Launch the Acumatica ERP website with the *U100* dataset preloaded, and sign in as Anna Johnson by using the *johnson* username and the *123* password.
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/30/2024*. If a different date is displayed, click the Business Date menu button, and select *1/30/2024* on the calendar. For simplicity, in this activity, you will create and process all documents in the system on this business date.
3. As a prerequisite activity, in the company to which you are signed in, be sure you have set up the write-off functionality, as described in [Direct Write-Offs: Implementation Activity](#).
4. On the Company and Branch Selection menu on the top pane of the Acumatica ERP screen, select the *SweetLife Head Office and Wholesale Center* branch.

Step 1: Processing a Credit Write-Off

To create and release a credit write-off, do the following:

1. Open the [Write Off Balances and Credits](#) (AR505000) form.
2. In the Selection area, specify the following settings:
 - **Type:** *Credit WO*
 - **Doc. Date:** *1/30/2024*
 - **Company/Branch:** *HEADOFFICE*
 - **Post Period:** *01-2024*
 - **Customer:** *BLUECAFE*
 - **Reason Code:** *CRWOFF* (inserted automatically)

The payment that has the \$5 balance appears in table (see the screenshot below), because the form shows the documents of this customer that have a balance no greater than the amount specified in the **Limit** box, which by default contains the **Write-Off Limit** amount specified for the customer.

Branch	Type	Reference Nbr.	Customer	Customer Name	Date	Post Period	Balance	Description	Reason Code	Amount
HEADOFFICE	Payment	000076	BLUECAFE	Blue Cafe	1/27/2024	01-2024	5.00	CRWOFF		490.00

Figure: A payment that can be written off



To write off credits for multiple customers at once, you could clear the **Customer** box and specify the needed **Limit** to see the document balances of all customers, which do not exceed the limit and therefore can be written off.

- In the table, select the unlabeled check box for the payment.

The **Selection Total** box in the Summary area shows the total amount of the selected documents that will be written off during the process, which in this case is \$5 for the only payment that you have selected.

- On the form toolbar, click **Process** to write off the customer's credit and generate a write-off transaction to be posted to the specified date and period.

The system generates and releases a *Credit WO* type of document for each document selected in the table.

Step 2: Reviewing the *Credit WO* Document

To review the generated *Credit WO* document, do the following:

- Open the [Invoices and Memos](#) (AR301000) form.
- In the **Type** box, select *Credit WO* and open the document that the system created and released in Step 1.

Notice that the system has inserted the amount, the document date, and the post period into the *Credit WO* document, based on the settings you have specified on the [Write Off Balances and Credits](#) (AR505000) form. The system has automatically released and closed the *Credit WO* document. The payment whose amount has been written off is displayed on the **Applications** tab. In the **Amount Paid** column, you can see the written-off amount of the payment.

- On the **Financial** tab, click the number of the batch that has been generated on release of the *Credit WO* document; the system displays the batch on the [Journal Transactions](#) (GL301000) form.

On release of the *Credit WO* document, the system increases the customer's current balance by the written-off amount, closes the document that has been processed, and generates a GL transaction to credit the account specified for the reason code and to debit the AR account of the document.



If you write off a balance of a prepayment, the prepayment account will be debited.

Step 3: Reviewing the Customer's Balance

To review the customer's balance, do the following:

1. Open the [Customer Details](#) (AR402000) form.
2. In the **Customer** box, select *BLUECAFE*.
3. Make sure that the customer's current balance after the \$5 credit write-off has been processed is \$0.
4. Select the **Show All Documents** check box to view the closed *Credit WO* document.

Direct Write-Offs: To Process a Balance Write-Off

The following activity will walk you through the processing of a balance write-off.

Story

Suppose that in January 2024, SweetLife Fruits & Jams undercharged one of its customers, Morning Cafe, in the amount of \$7 for onsite training courses. However, on January 30, the chief accountant of SweetLife decided to write off this small amount.

Acting as the chief accountant, you need to create a \$7 debit memo, update to customer's settings to enable write-offs, and create a balance write off for the \$7.

Process Overview

In this activity, you will create a debit memo on the [Invoices and Memos](#) (AR301000) form. On the [Customers](#) (AR303000) form, you will update the settings of the customer. On the [Write Off Balances and Credits](#) (AR505000) form, you will process a balance write-off to write off the amount of the debit memo. Finally, on the [Payments and Applications](#) (AR302000) form, you will review the *Balance WO* document automatically generated by the system.

System Preparation

Before you begin processing a direct write-off, do the following:

1. Launch the Acumatica ERP website with the *U100* dataset preloaded, and sign in as Anna Johnson by using the *johnson* username and the *123* password.
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/30/2024*. If a different date is displayed, click the Business Date menu button, and select *1/30/2024* on the calendar. For simplicity, in this activity, you will create and process all documents in the system on this business date.
3. As a prerequisite activity, in the company to which you are signed in, be sure you have set up the write-off functionality, as described in [Direct Write-Offs: Implementation Activity](#).
4. On the Company and Branch Selection menu on the top pane of the Acumatica ERP screen, select the *SweetLife Head Office and Wholesale Center* branch.

Step 1: Creating a Debit Memo

To create a debit memo, do the following:

1. On the [Invoices and Memos](#) (AR301000) form, add a new record.
2. In the Summary area, specify the following settings:
 - **Type:** *Debit Memo*
 - **Date:** *1/15/2024*
 - **Post Period:** *01-2024* (inserted automatically)
 - **Customer:** *MORNINGCAF*

- **Description:** Undercharged amount for onsite training
- On the **Details** tab, click **Add Row** on the table toolbar, and specify the following settings in the added row:
 - **Branch:** *HEADOFFICE*
 - **Transaction Descr.:** Undercharged amount for onsite training
 - **Ext. Price:** 7
 - On the form toolbar, click **Save**.
 - On the form toolbar, click **Remove Hold**, and then click **Release** to release the debit memo.

Step 2: Updating the Customer's Settings

To update the customer's settings, do the following:

- On the *Customers* (AR303000) form, open the *MORNINGCAF* customer.
- On the **Financial** tab (**Financial Settings** section), specify the following settings:
 - **Enable Write-Offs:** Selected
 - **Write-Off Limit:** 10
- On the form toolbar, click **Save**.

Step 3: Processing a Balance Write-Off

To create and release a balance write-off for the customer, do the following:

- Open the *Write Off Balances and Credits* (AR505000) form.
- In the Selection area, specify the following settings:
 - **Type:** *Balance WO*
 - **Doc. Date:** *1/30/2024*
 - **Company/Branch:** *HEADOFFICE*
 - **Post Period:** *01-2024*
 - **Customer:** *MORNINGCAF*
 - **Reason Code:** *BALWOFF* (inserted automatically)

The debit memo that has the \$7 balance appears in table (see the screenshot below), because the form shows the documents of this customer that have a balance no greater than the amount specified in the **Limit** box, which by default contains the **Write-Off Limit** amount specified for the customer.

The screenshot shows the 'Write Off Balances and Credits' form. The Selection area is expanded, showing the following settings:

- Type: Balance WO
- Doc. Date: 1/30/2024
- Company/Branch: HEADOFFICE - SweetLife ...
- Post Period: 01-2024
- Customer: MORNINGCAF - Morning Cafe
- Reason Code: BALWOFF
- Limit: 10.00
- Selection Total: 0.00

Below the settings is a table with the following columns: Branch, Type, Reference Nbr., Customer, Customer Name, Date, Post Period, Balance, Description, Reason Code, and Amount. The table contains one row highlighted in red:

Branch	Type	Reference Nbr.	Customer	Customer Name	Date	Post Period	Balance	Description	Reason Code	Amount
HEADOFFICE	Debit Memo	000126	MORNINGCAF	Morning Cafe	1/15/2024	01-2024	7.00	Undercharged amount for onsite training	BALWOFF	7.00

Figure: Debit memo that can be written off

- In the table, select the unlabeled check box in the row of the debit memo.

The **Selection Total** box in the Summary area shows the total amount of the selected documents that will be written off during the process, which in this case is \$7 for the debit memo.

4. On the form toolbar, click **Process** to write off the customer balance and generate the write-off transaction to be posted to the specified date and period. The system generates and releases a *Balance WO* type of document for each document selected in the table.

Step 4: Reviewing the *Balance WO* Document

To review the generated *Balance WO* document, do the following:

1. Open the [Payments and Applications](#) (AR302000) form.
2. In the **Type** box, select *Balance WO* and open the document that the system created and released in Step 3.
Notice that the system has inserted the amount, the document date, and the post period into the *Balance WO* document, based on the settings you have specified on the [Write Off Balances and Credits](#) (AR505000) form. The system has automatically released and closed the *Balance WO* document. The debit memo whose amount has been written off is displayed on the **Application History** tab. In the **Amount Paid** column, you can see the written-off amount.
3. On the **Financial** tab, click the number of the batch that has been generated on release of the *Balance WO* document; the system displays the GL transaction on the [Journal Transactions](#) (GL301000) form.
On release of the *Balance WO* document, the system decreases the customer's current balance by the written-off amount, closes the document that has been processed, and generates the batch to debit the account specified for the reason code and credit the AR account of the document.

Direct Write-Offs: Mass Processing

On the [Write Off Balances and Credits](#) (AR505000) form, you can create direct write-off for multiple documents at once. To do this, you perform the following instructions:

1. On the [Write Off Balances and Credits](#) form, you specify the needed settings in the Selection area.
2. You leave the **Customer** box cleared.
3. In the **Limit** box, you specify the needed limit to see the document balances of all customers that are no greater than the limit and therefore can be written off.
4. You select the unlabeled check boxes for the needed documents and click **Process** on the form toolbar or click **Process All** to create write-offs for all the customers displayed in the table.

Lesson 4.2: Processing Payments with Write-Offs

This lesson describes how to create a customer payment document, apply it to multiple invoices, and create a credit write-off while you are processing the payment. You will also learn how to create a balance write-off when creating a payment and applying it to an invoice.

Payments with Write-Offs: General Information

In Acumatica ERP, when you receive a customer payment, you enter the payment by using the [Payments and Applications](#) (AR302000) form. In the payment, you specify the customer from which you have received the payment, the cash account to which the payment amount should be recorded, the payment amount, and the payment method. The payment method denotes the actual means of payment: cash, printed check, or wire transfer. You can then apply the payment you created to an invoice (or multiple invoices) of the customer.

Learning Objectives

From reading the topics in this lesson and completing the process activity, you will learn how to do the following:

- Create a credit write-off as you are processing a customer payment applied to multiple documents
- Create a balance write-off as you are processing a customer payment applied to an invoice

Applicable Scenarios

You can manually create a payment in the system if you have received a payment from a customer and want to apply it to an outstanding invoice of this customer (or multiple invoices).

When processing a payment from a customer, you can create the following types of write-offs, if needed:

- Credit write-off: If the payment amount slightly exceeds the amount of the invoice being paid and you need to close both documents. (This scenario is described in [Payments with Write-Offs: To Create a Payment with a Credit Write-Off.](#))
- Balance write-off: To write off some amount along with the payment application. (This scenario is described in [Payments with Write-Offs: To Create a Payment with a Balance Write-Off.](#))

Workflow of Creating a Payment with a Credit Write-Off

If the payment amount is greater than the invoice amount, you can create small credit write-offs directly on the [Payments and Applications](#) (AR302000) form. To do this, when creating a payment for an invoice, on the **Documents to Apply** tab, you enter a negative amount in the **Write-Off Amount** column and select the credit write-off reason code in the **Write-Off Reason Code** column.

You can also enter negative write-offs on the **Applications** tab of the [Invoices and Memos](#) (AR301000) and [Invoices](#) (SO303000) forms.

The following diagram illustrates the process of creating a payment with a credit write-off.

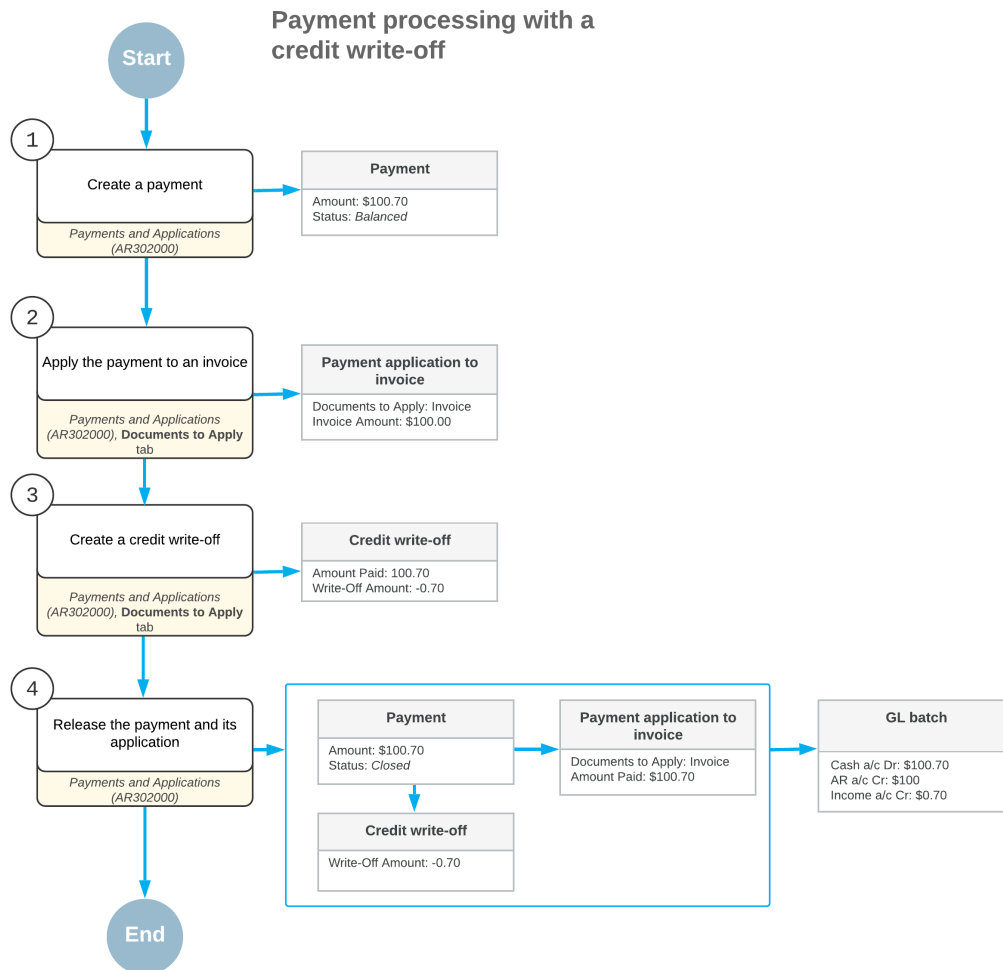


Figure: Payment processing with a credit write-off

Workflow of Creating a Payment with a Balance Write-Off

If the payment amount is less than the invoice amount, you can create small balance write-offs directly on the [Payments and Applications](#) (AR302000) form. To do this, when creating a payment for an invoice, on the **Documents to Apply** tab, you enter a positive amount in the **Write-Off Amount** column and select the balance write-off reason code in the **Write-Off Reason Code** column.

You can also enter positive write-offs on the **Applications** tab of the [Payments and Applications](#) (AR302000) form.

The following diagram illustrates the process of creating a payment with a balance write-off.

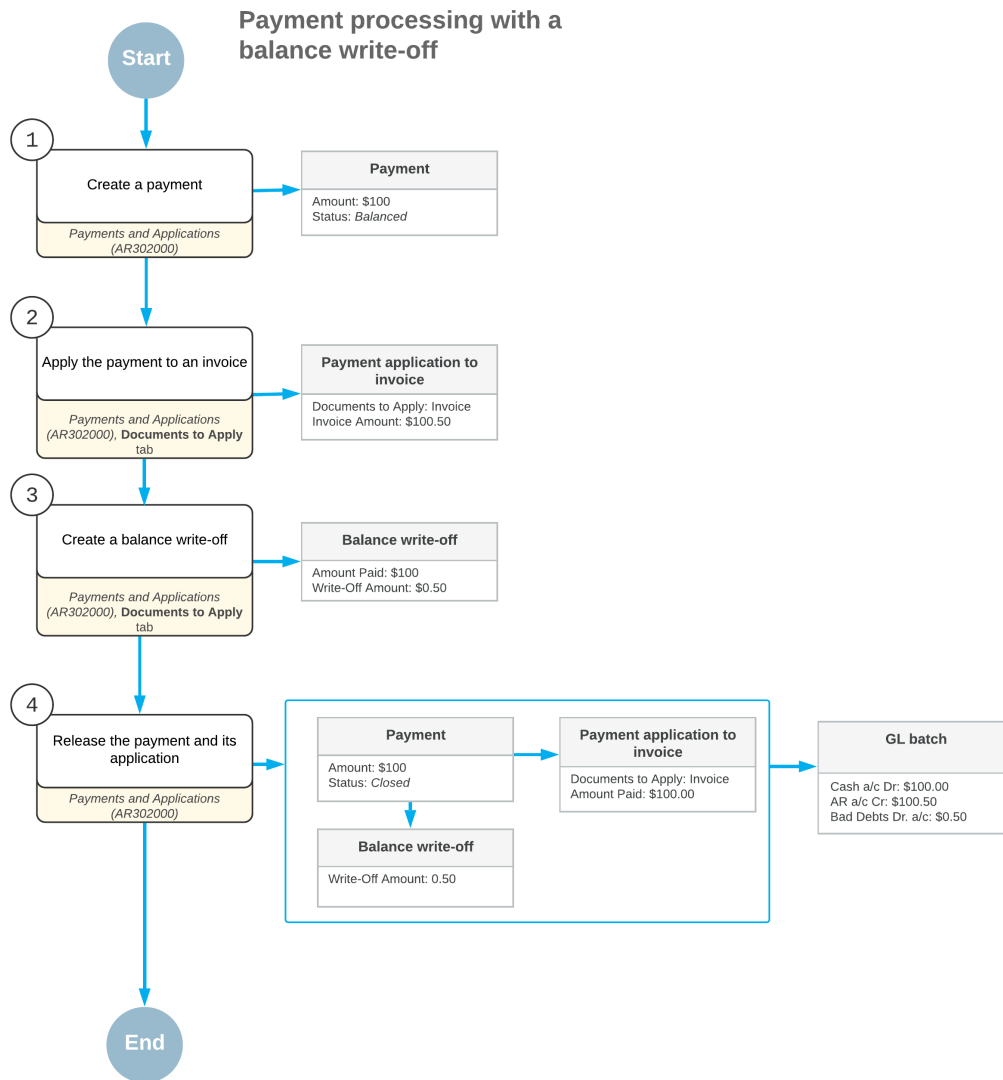


Figure: Payment processing with a balance write-off

Voiding of Write-Offs

You can void a balance write-off that was applied to an invoice, debit memo, or overdue charge. To do this, you perform the following instructions:

1. On the [Payments and Applications](#) (AR302000) form, you open the needed *Balance WO* document.
2. You click **Void** on the form toolbar.

The system generates a reversed application record and displays it on the **Documents to Apply** tab.

3. You click **Release** on the form toolbar to release the reversed application.

After you release the reversal, the system assigns the balance write-off the *Voided* status and opens the document to which it has been applied. Also, the system generates a transaction in the general ledger, which reverses the entries posted by the balance write-off.

You can void a credit write-off that was applied to a payment, prepayment, or credit memo. To do this, you perform the following instructions:

1. On the [Invoices and Memos](#) (AR301000) form, you open the document to which the credit write-off has been applied.
2. On the **Application History** tab, where the needed application to the *Credit WO* document is shown, you click **Reverse Application** on the table toolbar.

The system generates a reversed application record and displays it on the **Documents to Apply** tab.

3. On the form toolbar, you click **Release** to release the reversal.

The system assigns the credit write-off the *Voided* status and opens the document to which it has been applied. Also, the system generates a transaction in the general ledger, which reverses the entries posted by the credit write-off.

Payments with Write-Offs: Generated Transactions

When you release a payment, its application, and a write-off (if applicable), the system generates a GL transaction to update the involved asset accounts with the journal entries related to the payment.

The following payment-related transaction will be recorded to the general ledger when a payment with a credit write-off is released. If there is no credit write-off, the third journal entry is omitted.

Account	Debit	Credit
Cash account	Payment amount	0.00
Accounts Receivable account	0.00	Invoice amount
Income account set up for credit write-offs	0.00	Write-off amount

The following payment-related transaction will be recorded to the general ledger when a payment with a balance write-off is released. If there is no balance write-off, the third journal entry is omitted.

Account	Debit	Credit
Cash account	Payment amount	0.00
Accounts Receivable account	0.00	Invoice amount
Expense account set up for balance write-offs	Write-off amount	0.00

You can view the batch details by clicking the link in the **Batch Nbr.** box on the **Financial** tab of the [Payments and Applications](#) (AR302000) form, which causes the system to open the batch on the [Journal Transactions](#) (GL301000).

Payments with Write-Offs: To Create a Payment with a Credit Write-Off

In this activity, you will learn how to create a payment, apply it to multiple invoices, and create a credit write-off.

Story

Suppose that on January 30, 2024, the SweetLife Fruits & Jams company received a check for \$80.70 from one of its customers, Morning Cafe.

Acting as a SweetLife accountant, you need to create the payment in the system and apply it to two outstanding invoices of this customer, which have a total amount of \$80. As you are processing the payment, you need to create a credit write-off for the remaining payment balance of \$0.70 and apply it to one of the invoices.

Process Overview

To process the customer payment, you create a payment document on the [Payments and Applications](#) (AR302000) form, and then apply the payment to two of the customer's invoices. While applying one of the invoices to the payment, you enter a credit write-off in the row for this invoice on the **Documents to Apply** tab. You then release the payment and its applications and review the GL transaction generated by the system on the [Journal Transactions](#) (GL301000) form.

System Preparation

To prepare the system for the processing of the customer payment, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:
 - Username: *johnson*
 - Password: *123*
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/30/2024*. If a different date is displayed, click the Business Date menu button and select *1/30/2024*. For simplicity, in this exercise, you will create and process all documents in the system on this business date.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Entering a Payment

To enter a payment, do the following:

1. On the [Payments and Applications](#) (AR302000) form, add a new record.
2. In the Summary area, specify the following settings:
 - **Type:** *Payment*
 - **Customer:** *MORNINGCAF*
 - **Application Date:** *1/30/2024* (inserted by default)
 - **Application Period:** *01-2024* (inserted by default)
 - **Payment Amount:** *80.70*
 - **Description:** *Check payment received on 1/30/2024*

Step 2: Applying the Payment to Multiple Invoices and Creating a Credit Write-Off

To apply the payment to two of the customer's invoices and create a credit write-off, do the following:

1. While you are still on the [Payments and Applications](#) (AR302000) form viewing the payment you have created, in the table on the **Documents to Apply** tab, review the customer's invoices, which the system has loaded automatically.
2. Click the Included check box for the two rows in the table, which correspond to a \$46 invoice and a \$34 invoice. Notice that the **Applied to Documents** box in the Summary area now displays *80.00* and the **Available Balance** box displays *0.70*.

- On the **Documents to Apply** tab, in the row of the \$34 invoice, specify the following settings (also shown in the screenshot below):
 - Write-Off Amount:** -0.70
 - Write-Off Reason Code:** CRWOFF
 - Amount Paid:** 34.70
- On the form toolbar, click **Save** to save your changes. The saved payment is illustrated in the following screenshot.

Figure: A payment with a credit write-off

- Review the Summary area of the form. The **Applied to Documents** box now displays 80.70, the **Write-Off Amount** box displays -0.70, and the **Available Balance** box displays 0.00.

Step 3: Releasing the Payment and Its Applications

To release the payment and its applications to the invoices, do the following:

- While you are still on the [Payments and Applications](#) (AR302000) form viewing the payment you have created, click **Remove Hold** on the form toolbar to give the payment the *Balanced* status.
- On the form toolbar, click **Release** to release the payment and its applications.
Notice that the payment now has the *Closed* status.
- On the **Application History** tab, review the rows that the system has added, and click the link in the **Batch Number** column in any row.

The system opens the [Journal Transactions](#) (GL301000) form with the GL transaction generated after the release of the payment and its applications.

Payments with Write-Offs: To Create a Payment with a Balance Write-Off

The following activity will walk you through the processing of a payment with a balance write-off.

Story

Suppose that on January 30, 2024, SweetLife Fruits & Jams received a payment from Morning Cafe in the amount of \$195. The payment should be applied to a \$199 invoice dated 1/6/2024.

Acting as a SweetLife accountant, you need to create the payment in the system and apply it to the outstanding invoices of this customer. As you are processing the payment, you need to create a balance write-off for the remaining invoice balance of \$4 and apply it to the payment.

Process Overview

In this activity, on the [Payments and Applications](#) (AR302000) form, you will create a payment, apply it to the customer's invoice, and create a balance write-off on the **Documents to Apply** tab of the form. You will then release the payment and its application and review the generated GL transaction on the [Journal Transactions](#) (GL301000) form.

System Preparation

To prepare the system for the processing of the customer payment, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:
 - Username: *johnson*
 - Password: *123*
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/30/2024*. If a different date is displayed, click the Business Date menu button and select *1/30/2024*. For simplicity, in this exercise, you will create and process all documents in the system on this business date.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Creating a Payment

To create a payment received from the customer, do the following:

1. On the [Payments and Applications](#) (AR302000) form, add a new record.
2. In the Summary area, specify the following settings:
 - **Type:** *Payment*
 - **Customer:** *MORNINGCAF*
 - **Application Date:** *1/30/2024* (inserted by default)
 - **Application Period:** *01-2024* (inserted by default)
 - **Payment Amount:** *195*
 - **Description:** *Payment received on January 30*

Step 2: Applying the Payment to an Invoice and Creating a Balance Write-Off

To apply the payment to the customer's invoice and create a balance write-off, do the following:

1. While you are still on the [Payments and Applications](#) (AR302000) form viewing the payment you have created, in the table on the **Documents to Apply** tab, review the customer's invoices, which the system has loaded automatically.
2. Click the Included check box for the row in the table, which corresponds to a \$199 invoice. Notice that the **Applied to Documents** box in the Summary area now displays *199.00* and the **Available Balance** box displays *-4.00*.

- On the **Documents to Apply** tab, in the row of the \$199 invoice, specify the following settings (also shown in the screenshot below):
 - Amount Paid:** 195
 - Write-Off Amount:** 4
 - Write-Off Reason Code:** BALWOFF
- On the form toolbar, click **Save** to save your changes. The saved payment is illustrated in the following screenshot.

Branch	Doc. Type	Reference Nbr.	Line Nbr.	Inventory ID	Amount Paid	Cash Discount Taken	Write-Off Amount	Write-Off Reason Code	Date	Due Date	Cash Discount Date	Cross Rate	Balance
HEADOFFICE	Invoice	000109	0		195.00	0.00	4.00	BALWOFF	1/6/2024	2/5/2024	2/5/2024	1.00000000	0.00

Figure: Payment with a balance write-off

- Review the Summary area of the form. The **Applied to Documents** box now displays 195.00, the **Write-Off Amount** box displays 4.00, and the **Available Balance** box displays 0.00.

Step 3: Releasing the Payment and Its Application

To release the payment and its application to the invoice, do the following:

- While you are still on the *Payments and Applications* (AR302000) form viewing the payment you have created, click **Remove Hold** on the form toolbar to give the payment the *Balanced* status.
- On the form toolbar, click **Release** to release the payment and its application.
Notice that the payment now has the *Closed* status.
- On the **Application History** tab, review the row that the system has added, and click the link in the **Batch Number** column for this row.

The system opens the *Journal Transactions* (GL301000) form with the GL transaction generated after the release of the payment and its application.

Payments with Write-Offs: Related Reports and Forms

This topic describes reports and forms you may review to gather information about customer payments and the documents to which they have been applied.



If you do not see a particular form or report form, this could mean that you have signed in to the system with a user account that does not have access rights to the form. To access it, you should sign in as the *admin* user (if you have permission to do so), or contact your system administrator.

Viewing Invoices Paid with a Payment Document

To check which invoices, debit memos, and overdue charges a customer payment is applied to, you open the payment document on the [Payments and Applications](#) (AR302000) form and view the **Application History** tab.



You can see which payment documents were applied to a particular invoice on the **Applications** tab of the [Invoices and Memos](#) (AR301000) form.

To view the documents that have been paid with a specific payment document, do the following:

1. Open the [Payments and Applications](#) (AR302000) form.
2. In the **Type** box of the Summary area, select the type of the payment.
3. In the **Reference Nbr.** box, select the payment whose applications you want to view.
4. On the **Application History** tab, check the list of applications.

This tab shows the history of applications rather than the list of documents paid by this payment. When an invoice is applied, the system adds a row with the invoice data, and the applied amount is listed in the **Amount Paid** column. When an invoice application is reversed, the system adds a row with the invoice data and shows the reversed paid amount (that is, the amount with the negative sign) in the **Amount Paid** column.

Reviewing Payment Details

Once you have released a payment and its application to an invoice, you can review the details of the payment by running the [AR Register Detailed](#) (AR622000) report. You can run this report directly (by navigating to the report form) or from the [Payments and Applications](#) (AR302000) form while you are viewing a payment by clicking **AR Register Detailed** (under **Reports**) on the More menu. If you run the report from the [Payments and Applications](#) form, the report shows the details of the payment you were viewing. You can review the GL batch the system created when releasing the payment and the accounts that have been updated by the transaction.